

U.S.D.A. World Market Price:

World Market Price Value Factors	This week 08/10/16	Last week 08/03/16	1 Year Ago 08/12/15	LDP	2016 Loan Factors	WMP and Loan Rates		
						'16 crop	L/G	M/G
Long Grain	To be	15.17	14.60	00.00	9.98	Yield	55.67/13.17	61.16/9.21
Medium Grain	released	14.76	14.12	00.00	9.55	WMP	9.65	9.87
Short Grain	Aug. 10	14.76	14.12	00.00	9.55	Loan	6.50	6.50
Brokens	8:30am ET	9.15	8.81	-	7.16	Difference	(3.15)	(3.37)

US Prices: (Shipment: August -September) Note: These are offers by prospective sellers, not bids by buyers.

Southern U.S. - Long Grain	Abbreviation	Quote	Basis
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$480.00	per MT sacked, F.O.B. U.S. Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$440.00	per MT, BULK, F.O.B. Vessel US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$21.00	per cwt. Sacked F.A.S. US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$22.00	per cwt. containerized FOB US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$480.00	per mt sacked delivered Laredo TX
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$20.50	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$465.00	per mt sacked delivered Laredo TX
U.S. #2 Long Grain Brown, max. 4% Broken, 75% yield	#2/4/75	\$415.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G Brown, max. 4% Broken, 88% yield	#1/4/88	\$440.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G MILLED, max. 4% Broken	#1/4 Parb	no quote	per mt sacked FOB vessel NOLA
U.S. #1 Parboiled L/G MILLED, max. 4% Broken	#1/4 Parb	\$465.00	per mt bulk FOB vessel NOLA
U.S. #2 Long Grain Paddy, 55/70 yield	#2 55/70	\$265.00	per mt bulk F.O.B. vessel NOLA
Long Grain, max. 20% broken, Hard milled (Ghana specs)	#4/20/hm	\$20.75	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #5 L/G, max. 20% broken, WELL MILLED	#5/20/wm	\$20.50	per cwt. sacked, F.A.S. U.S. Gulf

Southern U.S. - Medium Grain

U.S. #2 Medium Grain, max. 4% broken, Hard Milled	#2/4%	\$455.00	per mt bulk FOB vessel NOLA
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	\$255.00	per mt bulk FOB vessel NOLA

Southern U.S. - Package Quality

Package Quality Parboiled L/G, max. 4% broken	Pkg. Parb.	\$22.75	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken	Pkg. L/G	\$20.75	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken (select variety)	Pkg. L/G	\$24.25	per cwt. bulk F.O.B. mill
Package Quality Long Grain Brown Rice, max. 4% broken	Pkg. Br.	\$24.25	per cwt. bulk F.O.B. mill
Package Quality Medium Grain Milled, max. 4% broken	Pkg. M/G	\$22.00	per cwt. bulk F.O.B. mill

California - Medium Grain

U.S. #1 Medium Grain, max. 4% Broken (Med)	#1/4	\$630.00	per mt sacked 25kg containerized FOB Mill
U.S. #1 Medium Grain, max. 4% Broken (Korea Specs, add \$20 for 10kg)	#1/4	\$700.00	per mt sacked 20kg, container CIP Oakland
U.S. #1 Medium Grain milled rice, except max. 7% Broken (Japan Specs)	#1/7%	\$675.00	per mt sacked in 1mt tote bags FOB vessel
U.S. #3 Medium Grain Brown rice, max. 8% broken (Korea Specs)	#3 Brown	\$590.00	per mt in 40kg bags containerized Oakland
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	\$315.00	per mt bulk ex-spout Sacramento CA

California - Package Quality

Package Rice for Industrial Use and Repackers	#1/4%	31.00-33.00	per cwt. bulk F.O.B. Mill
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U.S. South Brokens:

Flour Quality brokens	Flour Qlty	16.00-17.50	per cwt. bulk, F.O.B. rail
Pet Food Quality, #4 Brewers (milled)	pet food	\$15.00	per cwt. bulk, F.O.B. rail

U.S. California Brokens:

Flour Quality brokens	Flour Qlty	15.00/17.00	per cwt. bulk, F.O.B. mill
Pet Food Quality, #4 Brewers	spot mkt	12.85	per cwt. bulk, F.O.B. mill

Far East Report

SOUTHEAST ASIAN MARKETS

Trading throughout the region remains practically dormant. There continue to be a few vessels loading for West Africa, as international traders bring cheaper priced rice to destinations with abundant inventories at higher levels...no real net demand here, moreover a case of undercutting the "other guy" on price.



However, there have been print media reports that **The Philippines** will soon tender for 250,000 MT; and, they will afford privates the opportunity to participate. The rumor is that it will call for shipment during the third quarter of 2016, which is virtually impossible, as next week marks the middle of August, and to ship 250,000 MT in six weeks is highly unlikely. In any event, logic dictates this will more likely be a G to G transaction (perhaps with a tender out front for "transparency's sake"). I would say both Thailand and Vietnam will be aggressively vying for this business. Further, whether during this transaction or in conjunction with additional purchases later down the line, I think the business will be split between the two aforementioned prospective vendors... perhaps not 50/50, but not all from one source either; as, the prices are likely to be very close in proximity...not to mention shrewd trading acumen calls for the buyer playing one vendor off the other.

The second bit of news in the market is the announcement by the Thai government that they intend to institute an intervention program for the 2016/2017 main season crop (Nov-Feb). At the same time, they seem determined to liquidate existing stocks as economically and expeditiously as possible.

I anticipate a much lower support price under the new program (than the one under Yingluck)...reportedly Bt 3.9 Billion; which would apportion about Bt 8-9000 per MT ...or about 60% of the support level under the Yingluck administration (Bt15,000).

Meanwhile, prices in Thailand are definitely trending softer, as old crop 5% has traded as low as \$335 FOB (net: saleable quality after re-milling, not for industrial use only); whilst the quotes for the '15/16 crop are more like \$410; 15% is around \$404, and 25% is \$395...the market has consistently drifted a few dollars lower each of the past three weeks...ever since I stated in the July 20 CRMR "apparently, this bull had a short tail (see July 13 & 20 reports).



Not much to add to the situation in **Vietnam**, as they seem to be somewhat in "lockstep" with one another.

Interesting distinctions between the two:

- 1- Thai 15/16 prices have been drifting "south" for the past four weeks, as the prospect for the main season crop improves with time, in concert with a lack of offshore demand...in spite of the NFA announcement...a case of a little too little, and a little too late.
- 2- Viet prices have been trending lower, amid tight stocks and even

though the S/A crop looked dismal back in June. However, they were not seeing any substantive demand by which to accurately assess the market, with the exception of the "under the radar", cross border trade with **China**.

- 3- Viet prices are moving down towards Thai intervention values; whilst '15/16 Thai prices are drifting lower towards Viet S/A prices.

The Bottom line: Although this convoluted collection of prices and crop years, amid intervention subsidies may, in a most unexpected way, clear the path to some semblance of price discovery. I think this translates to 5% values establishing a floor around \$340 FOB with resistance at \$410.

That's the way I see SE Asian pricing evolving going forward...from a "macro-economic" perspective.

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from Jan. 1 - July 10, 2016 totaled 1,870,118 mt, down 8 percent from the same period a year ago. Dollar to Thai Baht exchange 1 : 34.8875

INDIA and PAKISTAN



In our May 11 CRMR, we sighted a projection for the monsoon rains to be "about 6% of the long period average". The latest projection reflects monsoon rains are 6% above average.

What this likely translates to is a bumper Kharif November '16 crop that would be in the 92-95 MMT range...and a total crop (inclusive of the Rabi crop in the Spring) of around 105-108 MMT. However, the next six weeks are crucial, as regards total rainfall for the main season crop...so far, so good!

Although the buffer stock program conducted by FCI plans to buy 30 MMT out of the '16/'17 crop, the undertone of the market is beginning to feel pressure the closer the crop gets. However; this has not really translated into cheaper prices for Indian white rice or basmati rice offshore...perhaps, -\$5.00 per MT.

IR-64 5% is now quoted around \$390 per MT FOB Kakinada; 25% is also down \$5 at \$355.

Generally speaking, the undertone of the Basmati market is slightly softer, as well...primarily account reduced demand from **Iran**.



In **Pakistan**, there is no change as the market awaits the harvest of the new crop and the onset of the fresh July '16/June '17 campaign.

I would have to say, we anticipate much lower Paki new crop prices for late Sept/Oct. shipment. Early indications reflect around \$360/365 per MT FOB Karachi for 5%.

Obviously, the undertone is soft.

OFFSHORE QUOTES Note: These are offers by prospective sellers, not bids by buyers.

Thailand		Vietnam		India		Pakistan		Uru.	Arg.	Para.
100%B	\$420.00		S/A	5%	\$390.00			New Crop	New Crop	New Crop
100B Containers	\$435.00	5%	\$355.00	10%	N/A	5%	\$365.00*	\$500.00	\$500.00	\$500.00
5%	\$410.00	15%	\$340.00	15%	N/A	10%	N/A	\$495.00	\$495.00	\$495.00
10%	\$408.00	25%	\$335.00	25%	\$355.00	15%	N/A	\$490.00	\$490.00	\$490.00
15%	\$404.00	Brokens	\$325.00	Brokens	\$325.00	25%	\$330.00			containers
25%	\$395.00			IR64 PB 5%	\$375.00	Parb 5%	\$400.00	N/A		Asuncion
Brokens	\$368.00			1121 parboil	\$825	Parb 15%**	N/A	<u>Uru Parb</u>		
Parb. 100B sorted	\$429.00			Pusa parboil	\$800	Brokens	\$310.00	<u>Brown 5%</u>		
Thai Hom Mali	\$697.00			Traditional	\$1025	<u>Basmati</u>		N/A		
Frag. Brokens	\$426.00	MEP-25%	\$340.00	Pusa	\$850	S. Kernal	\$775.00			
All prices basis U.S. dollars per metric ton, bagged FOB vessel, corresponding home port. * October shipment new crop **Bangladesh Specs.										

Contract Month	Tuesday's Settle Price	Net Change From				Prices	
		Monday		Last Report		One Year Ago 08/11/15	
'16 Sep	\$9.700	Up	0.040	Up	0.135	'15 Sep	\$11.790
'16 Nov	\$9.905	Down	0.005	Up	0.070	'15 Nov	\$12.070
'17 Jan	\$10.120	Unch	0.000	Up	0.065	'16 Jan	\$12.365
'17 Mar	\$10.325	Unch	0.000	Up	0.060	'16 Mar	\$12.565
'17 May	\$10.520	Unch	0.000	Up	0.060	'16 May	\$12.810
'17 July	\$10.675	Unch	0.000	Up	0.060	'16 July	\$12.810

U.S. Paddy Market Report

Texas - New crop harvesting is about 50% completed. Bids for long grain on public sales last week ranged \$3.75 - \$3.85 per cwt over loan. Reports of yields and quality are good.

Louisiana - Bids for new crop long grain are \$10.00 per cwt FOB country; and, there are limited offers at \$17.00 per barrel (\$10.25/cwt). Reports of yields and quality have been average to good. The harvest is 50% completed.

Mid South - Futures prices appear to have bounced off a bottom last week, setting new contract lows (\$9.27 Sep, Friday). Since then, price have rallied such that futures are actually up slightly from our last report \$0.06 - \$0.135. In the cash market, we are calling the bid/asked on L/G barges \$11.00/11.50 per cwt CIF NOLA. Medium grain is quiet. Harvesting has begun.

California - No new trading reported. The last Calrose 2015 crop traded at \$5.00-5.50 per cwt over loan FOB farm (end July). Buyers are withdrawn with price ideas below \$5.00.

Reflective Prices (all basis per cwt FOB country 2016 crop)				
	Texas	Louisiana	Mid-South	California
Long grain	\$10.25bid	\$10.00/10.25	\$9.50/\$10.00	*
Med Grain	*	no bid	no bid	11.50-12.00

L/G is #2 55/70, M/G is #2 58/69 (California #1) New - new crop bid.

* - These areas do not have sufficient supplies of this type to quote.

U.S. Report

U.S. GULF, MERCOSUR, & FUTURES



Quiet please, you might hear a pin drop! Of course, I am referring to the U.S. market in the South.

On one hand we see a general lack of offshore demand; but, on the other hand you'll find growers that are not very willing sellers, as harvest is in the early stages.

Let's look at the bright side first:

- 1- Most recent history lesson: What started out in Mercosur as a very depressed carryover situation into what was initially thought to be an average to good crop, was rescued by the Colombian emergency purchase, then the **Iraq** business, then a keen understanding to what was in actual a short crop they were experiencing throughout the region, account inclement weather at the middle and end of the growing season. This ultimately stimulated rapid and aggressive/robust demand out of **Brazil**, which elevated prices \$100 per MT in about a 4-6 week period... the Brazilians situation has calmed, as buyers covered their nearby needs, and now face issues with customs at the border which only serve to slow down the shipment process and virtually stop fresh demand...at least, not fresh demand driving prices even higher...just not the case.
- 2- This unforeseen bullish demand-side development brought promise to the U.S. producers, in spite of an extremely large long grain projected crop.
- 3- As aforementioned numerous times in previous CRMR, the world stocks reports supported a firm market **potential**.
- 4- Although these, so called, MOU's are no more than signed documents reflecting mutual cooperation or, better put, a simple agreement between two parties to engage in something they have historically done previously...I think this MOU between Iraq and the U.S. has more intrinsic value, even if it lacks actual accountability or culpability.

I know, that sounds like a bunch of progressive verbiage; but, in a much different way do I see it. It has within it both fundamental, sensible marketing reasoning, and diplomatic and political overtures. Let's be perfectly candid...U.S. prices are now cheaper than Mercosur; therefore, if Iraq chooses to buy at least some "premium long grain milled rice" from the West, the U.S. seems to be the most logical option... interesting how the tide has seemingly turned from south to north. Now, let's be perfectly honest...a trade between Iraq and the U.S. is more than your standard commercial transaction...there are extenuating, if not virtual ramifications. And, to top it off, a 300,000 MT slice (proposed tonnage in the agreement) of a 1 MMT pie (Iraq annual imports) seems to me to be reasonable to aspire to.

Now, I will reluctantly play "devil's advocate":

- 1- Brazilian demand has dried up.

- 2- There are 2 cargoes (one each ARG. and URU.) that are long in the hands of internationals desperately seeking a buyer.
- 3- Iraq purchased much cheaper Indian parboiled rice in lieu of premium long grain white rice from the West, totaling 160,000 MT (now being shipped and under load).
- 4- CME Sept. futures hit a contract low last Friday at \$9.27, in sharp contrast to the contract high of \$12.345 on May 18...at a time that bullish proponents were sighting "El Nino" monsoon disastrous results, and low global stocks.
- 5- In our May 18 report (the aforementioned high for the CME Sept. contract), I forewarned that the outlook was yet to be determined, but one thing was for sure...the U.S. has its work cut out for it, in view of a crop that requires the marketing of an additional 1.9 MMT of long grain paddy. Unfortunately, the futures market punctuated its endorsement last Friday.
- 6- If the U.S. is so fortunate as to consummate +/-300,000 MT in sales to Iraq this marketing year, it is more likely to benefit supply-side economics via disappearance rather than price.

Conclusion: The undertone of the Mercosur market is steady nearby to slightly softer as they get closer and closer to what might very well be a bumper 2017 crop (account a cooperative La Nina and adequate water reserves); whereas, the undertone in the U.S. is soft, quite soft, I might add.

CALIFORNIA, AUSTRALIA, and the "MED"

The market in California is much like everywhere else, i.e. very quiet. Growers are preparing for the forth-coming harvest in the next few weeks. The paddy market is quiet with no new trading reported. The last paddy that traded was at the end of July and was sold for \$5.50 per cwt over loan. Now, there is virtually no buying interest as new crop will be available next month; consequently, buyers are withdrawn from the market.

So what do we have to look forward to? As mentioned above, growers will be preoccupied with the harvest shortly. Growing conditions have been good and the USDA has 80% of the crop rated as good to excellent. Acreage in California is up 33%, and yields will likely be good, given the weather. California certainly has a marking challenge ahead, the likes of which they have not seen for 5 years.

With regard to the mills, they will be looking forward to a new series of Japanese MA tenders, as this time of year has historically been the "MA tender season". No new tenders have been formally announce as of yet. In the meantime, milling schedules are fairly booked through the end of the year with old Korean business, domestic sales, exports to the MED, as well as the aforementioned Japan MA business having already been factored into the schedules. Please note that our prices on page 1 for Japan and Korea are basis last trades. Word to the wise: The early prices will be the highest prices.

Upcoming Tenders:

Philippines Govt has announced plans to import 250,000mt of rice from Vietnam, Thailand, or Cambodia via a G-to-G deal for delivery in the 3rd quarter.

Tenders Results:

July 25 Thai tender to sell 3.81 million mt of Govt. rice:

original quantity:

White rice total 1.063million mt (1.054 million mt 5%, 9,000mt 10%-25%)
 Broken total 680,000mt (Wa1su 506,000mt, Fa1su 78,000mt, fa1 big broken 96,000mt)

Hom Mali 321,000mt

Glutinous 114,000mt

Plus an additional quantity of 900,000mt for industrial use.

The Thai government has approved only 45,000mt of rice sales for industrial use at prices reported to be \$200.00-250.00 per mt. The government stated that prices on the auctions were too low. New reports this week indicate that an additional 302,000mt of rice for export have been done (pending formal government approval).

USDA Export Sales Highlights (July 22-28, 2016)

Sales

Net sales of 33,200 MT for 2015/2016 were up 90 percent from the previous week, but down 8 percent from the prior 4-week average. Increases reported for:

Mexico	(24,600 MT)
Guatemala	(7,100 MT, including 7,600 MT switched from unknown destinations and decreases of 500 MT)
Jordan	(3,800 MT)
Canada	(1,900 MT)
Saudi Arabia	(1,400 MT)
unknown destinations	(7,600 MT)
Israel	(200 MT)
For 2016/2017, net sales of 37,800 MT were reported for:	
unknown destinations	(30,500 MT)
Taiwan	(4,400 MT)
El Salvador	(1,000 MT)
Turkey	(1,000 MT)

Exports

Exports of 59,600 MT, up noticeably from the previous week, but down 21 percent from the prior 4-week average, were reported to:

Mexico	(30,400 MT)
Guatemala	(7,200 MT)
Jordan	(5,300 MT)
Saudi Arabia	(3,600 MT)
Japan	(3,100 MT)
Source: USDA	

USDA Crop Progress: Rice Harvested - Week Ending Aug.7, 2016

State	Aug. 7, 2016	July 31, 2016	Aug. 7, 2016	2011-2015 Average
Arkansas	-	(NA)	-	-
California	-	(NA)	-	-
Louisiana	35	(NA)	39	25
Mississippi	-	(NA)	-	1
Missouri	-	(NA)	-	-
Texas	16	(NA)	43	18
6 States	7	(NA)	9	5

USDA Crop Progress: Rice Headed - Week Ending Aug. 7, 2016

State	Selected States, Week Ending			2011-2015 Average
	Aug. 7, 2015	July 31, 2016	Aug. 7, 2016	
	(percent)			
Arkansas	73	80	92	67
California	64	27	60	44
Louisiana	95	91	94	94
Mississippi	86	68	86	80
Missouri	67	55	78	52
Texas	92	95	97	94
6 States	76	71	86	68
				Previous Week
				Previous Year

Rice Condition - Selected States: Week Ending Aug. 7, 2016

State	(percent)				
	Very Poor	Poor	Fair	Good	Excellent
	Arkansas	3	8	27	45
California	-	-	20	70	10
Louisiana	-	5	31	56	8
Mississippi	-	2	23	47	28
Missouri	1	3	24	51	21
Texas	3	4	45	33	15
6 States	2	5	27	51	15
					Previous Week
					Previous Year

Rice Co-Products - Spot market prices basis \$ per short ton bulk, FOB mill (spot prices, not deferred)

	Texas	Louisiana	Arkansas	California
Bran:	\$95	\$100-105	\$70-80	\$105-110
Mill Feed:	\$35	\$45-50	\$30-40	-
Ground Hulls:	\$5	\$7-10	\$5-10	-
Unground Hulls:	\$5	\$7-10	\$10	\$25

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Creed Rice Market Report

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