

October 24, 2018

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

World Market Price Value Factors	This week 10/24/18	Last week 10/17/18	1 Year Ago 10/25/17	LDP	2018 Loan Factors	WMP and Loan Rates		
						'18 crop	L/G	M/G
Long Grain	To be	14.27	15.42	00.00	10.08	Yield	56.91/12.41	61.52/9.02
Medium Grain	released	13.95	15.04	00.00	9.67	WMP	9.19	9.36
Short Grain	Oct. 24	13.95	15.04	00.00	9.67	Loan	6.50	6.50
Brokens	7:00am EDT	8.61	9.30	-	6.14	Difference	(2.69)	(2.86)

US Prices: (Shipment: December/January) Note: These are nominal quotes only, not bids nor offers.

Southern U.S. - Long Grain	Abbreviation	Quote	Basis
U.S. #2 Long Grain, max. 5% Broken, Hard Milled (Iraqi Specs)	#2/5%	\$550.00	per MT sacked, F.O.B. U.S. Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled (Haiti, MX, Colombia)	#2/4%	\$520.00	per MT, BULK, F.O.B. Vessel US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$525.00	per MT Sacked F.A.S. US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$525.00	per MT containerized FOB US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$535.00	per mt sacked delivered Laredo TX
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$495.00	per MT sacked, F.A.S. U.S. Gulf
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$505.00	per mt sacked delivered Laredo TX
U.S. #2 Long Grain Brown, max. 4% Broken, 75% yield	#2/4/75	\$480.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G Brown, max. 4% Broken, 88% yield	#1/4/88	\$525.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G MILLED, max. 4% Broken	#1/4 Parb	\$560.00	per mt bulk FOB vessel NOLA
U.S. #2 Long Grain Paddy, 55/70 yield	#2 55/70	\$285.00	per mt bulk F.O.B. vessel NOLA
Long Grain, max. 20% broken, Hard milled (Ghana specs)	#4/20/hm	\$485.00	per MT sacked, F.A.S. U.S. Gulf
U.S. #5 L/G, max. 20% broken, WELL MILLED	#5/20/wm	\$480.00	per MT sacked, F.A.S. U.S. Gulf

Southern U.S. - Medium Grain

U.S. #2 Medium Grain, max. 4% broken, Hard Milled	#2/4%	\$635.00	per mt bulk FOB vessel NOLA
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	no quote	per mt bulk FOB vessel NOLA

Southern U.S. - Package Quality (add \$1.50/cwt premium for sacked truck)

Package Quality Parboiled L/G, max. 4% broken	Pkg. Parb.	\$23.50	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken	Pkg. L/G	\$22.50	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken (select variety)	Pkg. L/G	\$24.00	per cwt. bulk F.O.B. mill
Package Quality Long Grain Brown Rice, max. 4% broken	Pkg. Br.	\$24.00	per cwt. bulk F.O.B. mill
Package Quality Medium Grain Milled, max. 4% broken	Pkg. M/G	\$27.50	per cwt. bulk F.O.B. mill

California - Medium Grain

U.S. #1 Medium Grain, max. 4% Broken (Med)	#1/4	\$820	per mt sacked 25kg containerized FOB Mill
U.S. #1 Medium Grain, max. 4% Broken (Korea Specs, add \$20 for 10kg)	#1/4	\$925	per mt sacked 20kg, container CIP Oakland
U.S. #1 Medium Grain milled rice, except max. 7% Broken (Japan Specs)	#1/7%	\$810	per mt sacked in 1mt tote bags FOB vessel
U.S. #3 Medium Grain Brown rice, max. 8% broken (Korea Specs)	#3 Brown	\$760	per mt in 40kg bags containerized Oakland
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	N/A	per mt bulk ex-spout Stockton, CA

California - Package Quality

Package Rice for Industrial Use and Repackers	#1/4%	\$38-\$40	per cwt. bulk F.O.B. Mill
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U.S. South Brokens:

Flour Quality brokens	Flour Qty	17.25	per cwt. bulk, F.O.B. rail
Pet Food Quality, #4 Brewers (milled)	pet food	16.25	per cwt. bulk, F.O.B. rail

U.S. California Brokens:

Flour Quality brokens	Flour Qty	18.00	per cwt. bulk, F.O.B. mill
Pet Food Quality, #4 Brewers	spot mkt	16.00	per cwt. bulk, F.O.B. mill

Far East Report

SOUTHEAST ASIAN MARKETS

The “big ticket” item in the “East” is the NFA tender results for their first of 3 x 250,000 MT. If not for that, the market would be best characterized as “stone dead”. There was a total of 550,000 MT offered (principally **Thai** and **Viet**), of which three are awaiting final confirmation, which we now consider a done deal (all CIF various delivery ports).



- 1- Thai Capital Corp. – 18,000 MT @ \$426.30
- 2- Vinafood I – 14,000 MT @ \$427.50
- 3- Vinafood II – 15,000 MT @ \$427.68

The balance of the offers was determined to be above the “ceiling price”. A subsequent tender is in the works for 203,000 MT (we believe the tender may be held later this week, with the remaining 500,000mt to have tenders scheduled close in behind). Ag. Sec’y Piñol curiously stated, “I would prefer them to arrive all at once, and then we can control the release to the market,” Mr. Piñol added. “It’s not important that we have too much rice, as long as we have no shortage”; apparently, this statement comes without consideration and/or disregard to the congestion and vessel demurrage this would likely bring to pass.

For the time being, prices throughout the region are basically “frozen”, until the “dust settles” a bit, and the tender process unfolds, (i.e. the entire 750,000 MT sold) and its ramifications as to how the results impact each of the vendor markets participating.

The tender process is somewhat complicated account the lack of an official NFA administrator in place. So far, it appears as though things are moving along relatively smoothly. The only “hiccup” so far, is the mere fact that there were so few offers that qualified with respect to ceiling price ... we shall see, as the tender process moves forward.

The question many of you might be asking is: Where is **Indonesia** in all of this? The short answer is, according to govt. officials, they don’t need to import. Antara (print media publication), recently



reported: “Vice President Jusuf Kalla has hinted that the Indonesian Government would not implement its rice import policy because rice stocks at the warehouses of Bulog, the state-owned logistics company, remain sufficient.” Secondly, one might pontificate that this may be nothing more than “posturing” on the part of Indonesia ... perhaps yes, perhaps no. Either way, I do not see BULOG being a factor, at least not as regards this NFA buying spree is concerned, and something we best hold in abeyance until a later date.

Meanwhile, export shipments continue against “cash ‘n carry” business at destination along the West African coast.

Aside from the aforementioned excitement surrounding the Filipino business, the market is basically quiet, amid a steady but firm undertone.

Thailand Exports

Preliminary unofficial rice exports (excluding fragrant rice) from Jan. 1 – Oct. 7, 2018, totaled 7,319,788 mt, up 6.1 percent from the same period last year.

Dollar to Thai Baht exchange 1 : 32.86

INDIA AND PAKISTAN

There were some offers of **Paki**, **Indian**, and **Burmese** rice on the NFA tender, mostly lumped together as optional origin bids ... none of these has been considered by NFA except the one that has already been declared as Thai. This is not to say, that these origins will not be viable alternatives later ... we shall see. On paper, the FOB values of Indian rice, in particularly, seem to be quite competitive.



In the case of the one **Pakistani** offer that stood alone, as to origin, it failed to comply with documentary filing requirements.

At present, like elsewhere in the region, and account the concentration on **The Philippines** above all others, the market is basically unchanged and the prices mostly sideways.

The undertone of the markets here is steady, but with a guarded or slightly softer undertone ... as these origins have yet to garner an award.

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

Thailand		Vietnam		Myanmar		India		Pakistan	
100%B	\$401					5%	\$370.00		
100B Containers	\$413					10%	N/A	5%	\$390.00
5%	\$391	\$410.00	\$423.00			15%	\$355.00	10%	N/A
10%	\$389					25%	\$325.00	15%	\$380.00
15%	\$386	\$400.00				Brokens	\$275.00	25%	\$350/340
25%	\$370	\$385.00	\$343.00			IR36 PB 5%	\$365.00	Parb 5%	\$400.00
Brokens	\$340	\$360.00	\$300.00			1121 parboil	\$1050	Parb 15%**	N/A
Parb. 100B sorted	\$397		\$465.00			Pusa parboil	\$1130	Brokens	\$305.00
Thai Hom Mali	\$1080					Traditional	\$1450	<u>Basmati</u>	
Frag. Brokens	\$425					Pusa	\$1100	S. Kernal	\$1050.00
All prices basis U.S. dollars per mt, bagged FOB vessel. Thai basis '17-18 crop/old crop **Bangladesh Specs.									

Contract Month	Tuesday's Settle Price	Net Change From				Prices	
		Monday		Last Report		One Year Ago 10/24/17	
'18 Nov	\$10.820	Down	0.015	Down	0.065	'17 Nov	\$12.130
'19 Jan	\$11.030	Down	0.005	Down	0.045	'18 Jan	\$12.425
'19 Mar	\$11.180	Down	0.015	Down	0.050	'18 Mar	\$12.650
'19 May	\$11.305	Down	0.015	Down	0.060	'18 May	\$12.855
'19 July	\$11.415	Down	0.015	Down	0.060	'18 July	\$12.930
'19 Sep	\$11.290	Down	0.150	Down	0.150	'18 Sep	\$11.700

U.S. Paddy Market Report

Texas - The market in Texas is virtually unchanged. For nominal purposes, we are calling the market bid at \$3.50-4.00 per cwt over loan, depending on variety. Second crop harvesting is in the very early stages with slow progress account rain.

Louisiana - Buyers' bids are unchanged at \$10.00-10.25 per cwt. amid light trading. Like Texas, second crop harvesting is in the very early stages with slow progress account rain.

Mid-South - Bid/asked prices for long grain barges in the cash market are unchanged at \$11.50/\$12.50 per cwt CIF NOLA. The medium grain paddy market continues to be quiet, as the thrust of the harvest is just now getting underway.

California - Harvesting is about 60-70% completed. Quality has been good, for the most part. Yields are averaging 8500-8800 pounds per acre. The latest trades in the cash market have reflected \$14.00 per cwt over loan.

[USDA Crop Progress report - click here](#)

Reflective Prices (per cwt FOB country 2018 crop)				
	Texas	Louisiana	Mid-South	California
Long grain	10.00-10.50	\$10.00-10.25	\$10.50/11.50	*
Med Grain	*	\$12.35	\$13.25 asked	\$20.50

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

Just as the market in the "East" is keenly focused on The Philippines, so the market emphasis in the "West" is primarily attuned to **Iraq**. The main difference being the tonnage sold, or to be sold (180,000 MT vs. 750,000 MT). The impact on the respective markets is similar: It has and will continue to provide a firm foundation, or each of these markets. However, the businesses have not created a "bull run".

In the **U.S.**, as well as **Uruguay** and **Argentina**, **Iraq** has provided much needed sales that have filled milling time and created disappearance for inventories at origin ... albeit old crop in Mercosur, or new crop in the U.S.

In short, at the risk of over generalizing, I see very well defined and congruent market circumstances on a global basis ... something I have found extremely rare over my tenure, this my 43rd campaign ... further affirmation of the credo my father espoused ... "no two crop years are alike"!

No surprise: The futures market has changed very little in response to the aforementioned sales...down just 5-6 cents from last week.

That's about it, in a nutshell. To attempt to add to this summary, would be superfluous.

CALIFORNIA, AUSTRALIA, and the "MED"

Japan held their 5th ordinary tender for Minimum Access last Friday. 3 x 13,000mt of California medium grain milled rice was confirmed at prices reported to reflect \$810.00 per mt FOB



MERCOSUR QUOTES:

	Uru	Arg	Par
Tacuari 5% FOB container	\$590		
Olimar 5% FOB container	\$530		
generic 5% FOB vessel	\$520	\$505	\$500
10% FOB vessel	\$510	\$495	--
15% FOB vessel	\$500	\$485	
Parboiled 5%	\$515		
All prices basis U.S. \$ per mt. Tacuari-Peru specs. ** delivered Brazil boarder			

vessel. This was down about \$40 from the previous tender. The tender also called for 21,000mt of long grain which was bought from **Thailand**.

Last week's USDA Export Sales report showed 10,000mt in sales to **Jordan**. Prices are reported to reflect \$840.00 per mt for #1/4% Calrose milled rice, sacked, in containers FOB Oakland.

Otherwise, the harvest in California continues with about two-thirds of the crop having been cut. There has not been any significant activity in the paddy market, as growers are preoccupied with harvesting their rice. Milled prices are lower, as evidenced by the Japanese and Jordanian sales.

A Deniliquin Pastoral Times news article reported that SunRice has lowered their expectation on planted acres for the **Australian** 2019 crop. Whereas there have been no definitive numbers released, it is clear that this is a water issue, and only a water issue. Final water allocations have not been announced but a SunRice spokesperson stated they are anticipating a "significantly lower crop".



The following are running tallies of business done since the beginning of the emergency purchases, June 2017: (The most recent activity in bold.)

Cofco 9/20 - **Reportedly bought some Thai rice, more info to follow.** Early-March - bought 100,000mt of Thai rice against their MOU. In the market to buy via G to G agreement with Thailand.

Indonesia (BULOG) 9/24 - **Indonesian officials report that imports will not be needed until June 2019.** 4/25 - Indonesia bought 150,000mt of Indian white rice at \$457 per mt CIF in containers. 4/18 - Indonesia bought 150,000mt from Pakistan, 45,000mt of 5% at \$460 per mt CNF, and 105,000mt of 15% at \$450. 4/11 - Bought 200,000mt of Thai, 300,000mt Viet at \$465 CIF, and 30,000mt Indian at \$443 CIF. 4/04 - Bulog held a tender March 28 to buy 200,000mt Thai 5% and 300,000mt of Viet 15% for shipment latest July. 3/27 Bought a total of 50,000 mt from 8 Pakistani sellers: 12,500mt of Paki 5% at \$460 per mt containerized CNF, 37,500mt of Paki 15% at \$450 per mt containerized CNF. Mid-March - Bought 83,000mt of Thai rice.

Bangladesh - 6/13 - The Govt of Bangladesh has raised the import tariff on rice to 28% as their local rice farmers are expecting a bumper crop. 4/11 - Imports for coming year (2018/19 MY) projected to be down to just 800,000mt account ample local production. Mid-March - Border trading with India continues. Feb - Thai/Bengali 150,000mt deal cancelled due to untimely execution. G-to-G deal with India to import 150,000mt of parboiled rice at \$440 per mt. Bangladesh/Cambodia MOU for 1mmt fails to be confirmed as both sides could not agree on details of the trade. Bangladesh bought 150,000mt of Thai parboiled at \$465 per mt and 100,000mt of Indian PEC at \$455. Bought 100,000mt of white rice from Myanmar at \$442 Sept 18. Bought 250,000mt from Cambodia for prompt shipment Aug. 16. at \$453 per mt. Signed a MOU with Thailand for 1MMT to be shipped over 5 years with prices to be decided later. Signed MOU with Cambodia Aug. 2 for 1MMT with shipment over the next 5 years. Existing MOU with VN for 250,000mt, with shipments ongoing.

Sri Lanka - 3/21 India working on a sale of 100,000mt. The government has announced a tender to buy 200,000mt for closing Oct. 30. Bought 100,000mt Thai Parboiled at \$425 FOB per mt; and, ongoing negotiations with: Myanmar for white rice and parboiled; India for 100,000mt from the private sector.

Philippine - 10/28 - **Oct. 18 tender only bought 47,000mt, remaining 703,000mt to be bought promptly via a 203,000mt G-to-G tender and subsequent G-to-P tenders to follow.** 10/10 - **First Philippines tender for 250,000mt Oct 18 with two more to follow at two-week intervals.** 9/24 - **Philippines to import a total of 750,000mt of rice.** 9/17 - Typhoon Mangkhut destroyed 250,000mt of the Philippine rice crop, NFA expected to tender for 500,000mt soon. 9/17 - ANI /Vinafoods 2 sign an MOU to supply up to 2 million tons of rice to the Philippines starting 2019. 8/13 - Philippine House passes Rice Tariffication bill to allow imports. 6/13 - Philippines NFA has announced June 25 as the tender date for the minimum access volume (805,200mt) via private traders. 5/30 - NFA bought 250,000mt of mostly Thai 25% long grain milled rice at their P-to-G tender May 22. Prices ranged \$461.75 - \$463.50 CNF. 5/9 - NFA Bought at their May 4 G-to-G tender 50,000mt of Viet 15% at \$526.50 per mt, 80,000mt of Viet 25% at \$517.50 per mt, and 120,000mt of Thai 25% at \$517.50 per mt. Private to Govt tender for 250,000mt May 22. 5/1 - April 27 tender for 250,000mt G-to-G failed due to offers being above the NFA reference prices (\$483.63/MT for the 50,000 MT of 15% and \$474.18/MT for the 200,000 MT of 25%). Offers were \$540 per mt for the 15% and \$530/\$532 for the 25% Thai/Viet, respectively. 4/25 - NFA tender to buy 250,000mt of rice from Thailand and Vietnam, tender date April 27. 4/11 - NFA plans to tender for 250,000mt from Thai/Viet, another 250,000mt of Govt to Private imports being discussed. 3/21 Now that the local harvest is completed, NFA announced it is moving ahead with plans to import 250,000mt in next 45 days. NFA bought 250,000mt long grain 25%, (old crop) all Viet rice except 25,000mt of Thai, at prices ranging \$413.89 - \$425.90 per mt delivered NFA warehouse.

Upcoming Tenders:

Oct. 26 Japan SBS tender.

Oct/Nov Philippine tenders for the remaining balance of 703,000mt.

Nov. 29 AARQ auction.

Tenders Results:

Oct. 1 Iraq tender to buy long grain milled rice for reply Oct. 7. [Click here for AWARDS.](#)

Oct. 2 KCCO (inv. 2000005650) tender to buy 300mt. [Click here for AWARDS.](#)

Oct. 5 Japan MA tender to buy 2 x 12,000mt of global origin M/G, 7000mt of Thai long grain and 14,000mt global long grain. **Bought Chinese M/G and Thai Long grain.**

Oct. 11 COL-RICE tender for 15,881mt worth of TRQ certificates. [Click here for results.](#)

Oct. 18 Philippine tender to buy 250,000mt long grain 25%. **Two more tenders to follow at two-week intervals. Bought only 47,000mt click here for more details.**

Oct. 19 Japan MA tender to buy 3 x 13,000mt USA medium grain. [Click here for AWARDS.](#)

Oct. 23 KCCO (inv. 2000005655) tender to buy 370mt of #2/7% long grain well milled. **Results pending.**

USDA Export Sales Highlights (October 5-11, 2018)

Sales

Net sales of 24,800 MT for 2018/2019--a marketing-year low--were down 57 percent from the previous week and 65 percent from the prior 4-week average. Increases were reported for :

Jordan	(10,000 MT)
Mexico	(5,900 MT)
Canada	(3,000 MT)
Guatemala	(2,000 MT)
Ghana	(1,200 MT)

Reductions were reported for:

Honduras	(100 MT)
Costa Rica	(100 MT)

Exports

Exports of 26,700 MT were down 72 percent from the previous week and 37 percent from the prior 4-week average. The primary destinations were:

Costa Rica	(8,700 MT)
Honduras	(6,300 MT)
Mexico	(5,600 MT)
Canada	(2,500 MT)
Jordan	(1,300 MT)

Source: USDA

Rice Co-Products - Spot market prices basis \$ per short ton bulk, FOB mill (spot prices)

	Texas	Louisiana	Arkansas	California
Bran:	\$110	\$145	\$105-120	\$135-145/\$150
Mill Feed:	\$45	\$45	\$40	-
Ground Hulls:	\$5	\$7-10	\$0-5	-
Unground Hulls:	\$5	\$7-10	\$10	\$0

Creed Rice Co. Inc. 10213 Spring Shadows Park Circle Houston, Texas 77080 USA

Ph 1.713.782.3260 Fax 1.713.782.4671 www.RiceOnline.com email: market_report@riceonline.com

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