

THE RICE TRADER

TRT Rice Americas



TRT – April 23, 2013

WHERE DO WE GO
FROM HERE?
THIS IS A CONFUSING,
DIFFICULT ISSUE.



THE RICE TRADER

International Commodity Institute

The only integrated media source connecting you to all critical aspects of the rice industry.

THE RICE TRADER

The Rice Trader is the world's best source of accurate and timely industry analysis and trade information.

This weekly publication provides in-depth analysis of major rice export origins and large import destinations, prices, currency, and the allied markets that will help improve your risk management, trade, and decision-making abilities.

RICE TODAY

Rice Today, published in collaboration with the International Rice Research Institute, is a world-renowned rice research publication focused on sustaining and increasing the global food supply.

It is the premier source of sustainable rice research and technologies and their effects on the market.

Rice Today is a quarterly magazine that offers you global exposure through full-page, full-color advertisements to reach researchers, traders, universities, and decision makers.

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LORD OF RICE 2009

Chef Jonathan
Justus



BEST RICE IN THE WORLD 2009

Thai Jasmine, C.P. Intertrade Co., Ltd.

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LORD OF
RICE
2010

Chef
Enrique
Diaz



BEST RICE IN
THE WORLD
2010

Thai Jasmine,
International Rice &
Products Co., Ltd.

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LORD OF RICE 2011

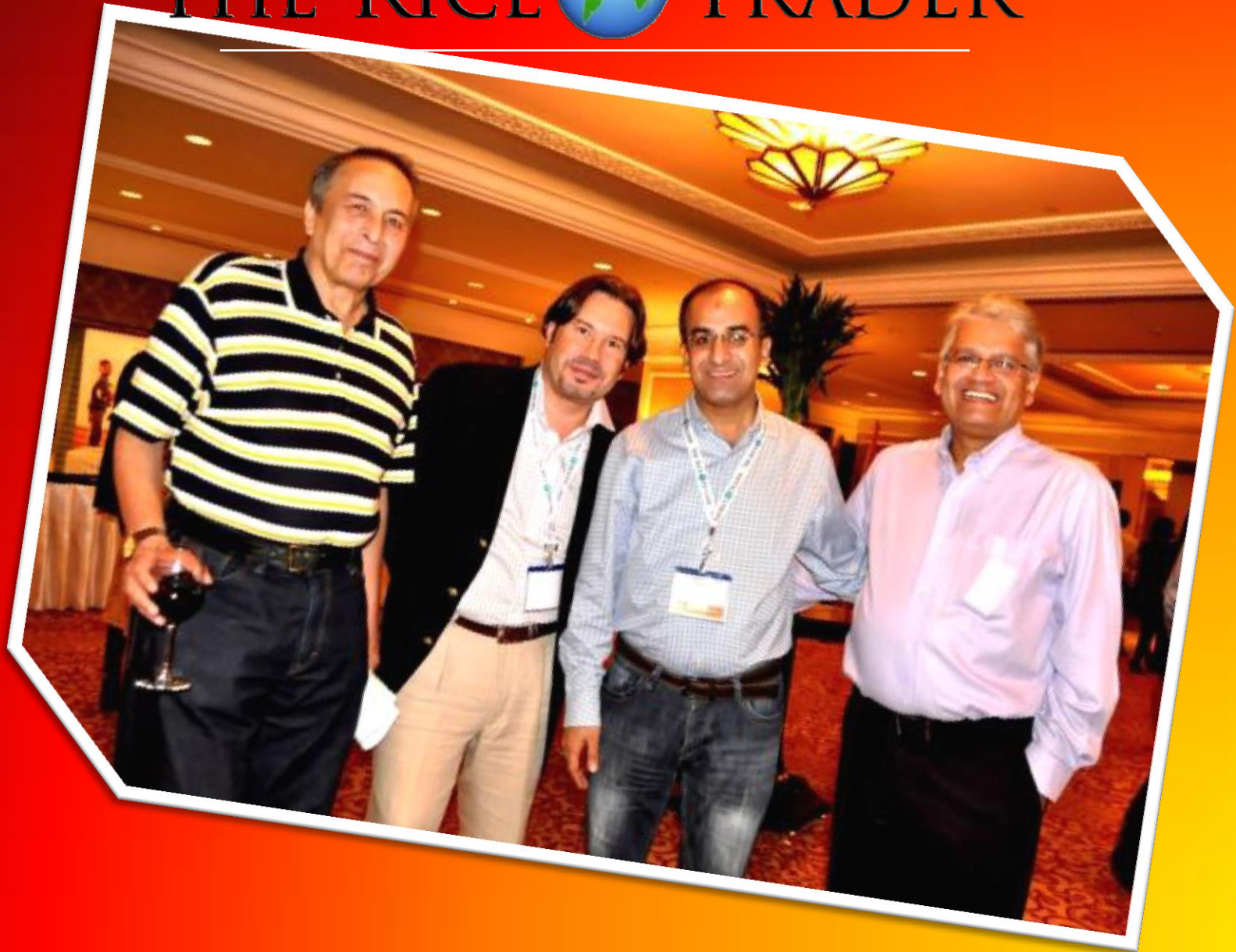
Chef Michael Cross



BEST RICE IN THE WORLD 2011

Myanmar Pearl Pawsan specialty rice,
Myanmar Rice Industry Association

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GAMBLING OR STRATEGIC RISK?



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The 12 Key Topics: Where are we going?

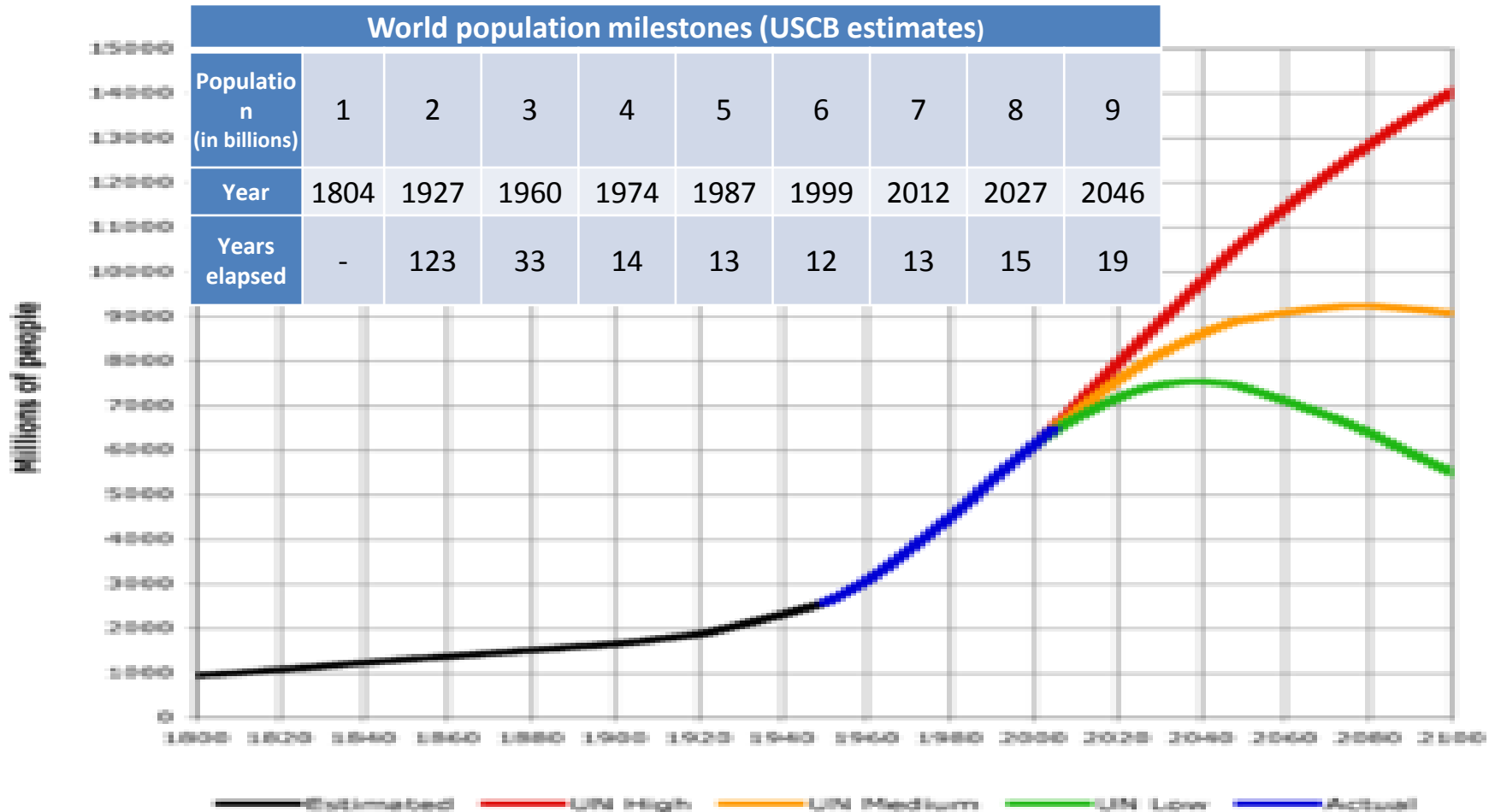
- Will population increases push demand and prices
- Effects of oil, dollar, grains, and other factors in the mix
- Quantity Vs. Quality... U.S. quality issues, S. America gains
- What is easier to predict? The weather or political moves?
- Key Perspective: Government Intervention... Trade Effects
- Politics of Rice and Food... Gambling or Strategic Risk
- Who is Market Mover? Thai, India, U.S., Russia, or Brazil?
- North Vs. South Americas in trade
- Asia Vs. Americas
- Demand Is Strong So Far in 2013...
- Other key things: Thai moves, Viet, India
- Other unknowns: Monsoon, Bird Flu, Water



Summary Point: THIS is far from a simple market , as unpredictable factors in the weather, political, and economic sides come together !!!

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Population reaches 7 billion!



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Foreign Currency Exchange Rates (vs. \$1 U.S.) Source: St. Louis Fed.

<u>Day End Data</u>	<u>US</u> Index	<u>EU</u> (Euro)	<u>Thai</u> (Baht)	<u>India</u> (Rupee)	<u>China</u> (Yuan)	<u>Japan</u> (Yen)	<u>Sing</u> (Dollar)	<u>Brazil</u> (Real)	<u>S. Africa</u> (Rand)
4/4/2013	82.68	0.7762	29.3239	54.8855	6.2038	96.1344	1.2416	2.0190	9.1592
3/28/2013	83.01	0.7800	29.2936	54.2826	6.2173	94.1801	1.2406	2.0097	9.2098
3/21/2013	82.74	0.7746	29.2130	54.2878	6.2152	95.0967	1.2494	1.9950	9.3166
3/7/2013	82.61	0.7708	29.6330	54.3708	6.2183	96.1646	1.2497	1.9674	9.1905
1 Year Ago	73.20	0.7618	31.0100	51.1800	6.2975	82.6200	1.2595	1.8293	7.8090
5 Years Ago	70.20	0.6355	31.6600	39.9300	7.0150	101.7500	1.3816	1.7100	7.8000
1 week change	-0.40%	-0.49%	0.10%	1.11%	-0.22%	2.08%	0.08%	0.46%	-0.55%
1 year change	12.94%	1.89%	-5.44%	7.24%	-1.49%	16.36%	-1.42%	10.37%	17.29%
5 year change	17.77%	22.14%	-7.38%	37.45%	-11.56%	-5.52%	-10.13%	18.07%	17.43%

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Dollar Index (ICE, NYBOT) Monthly Price Chart

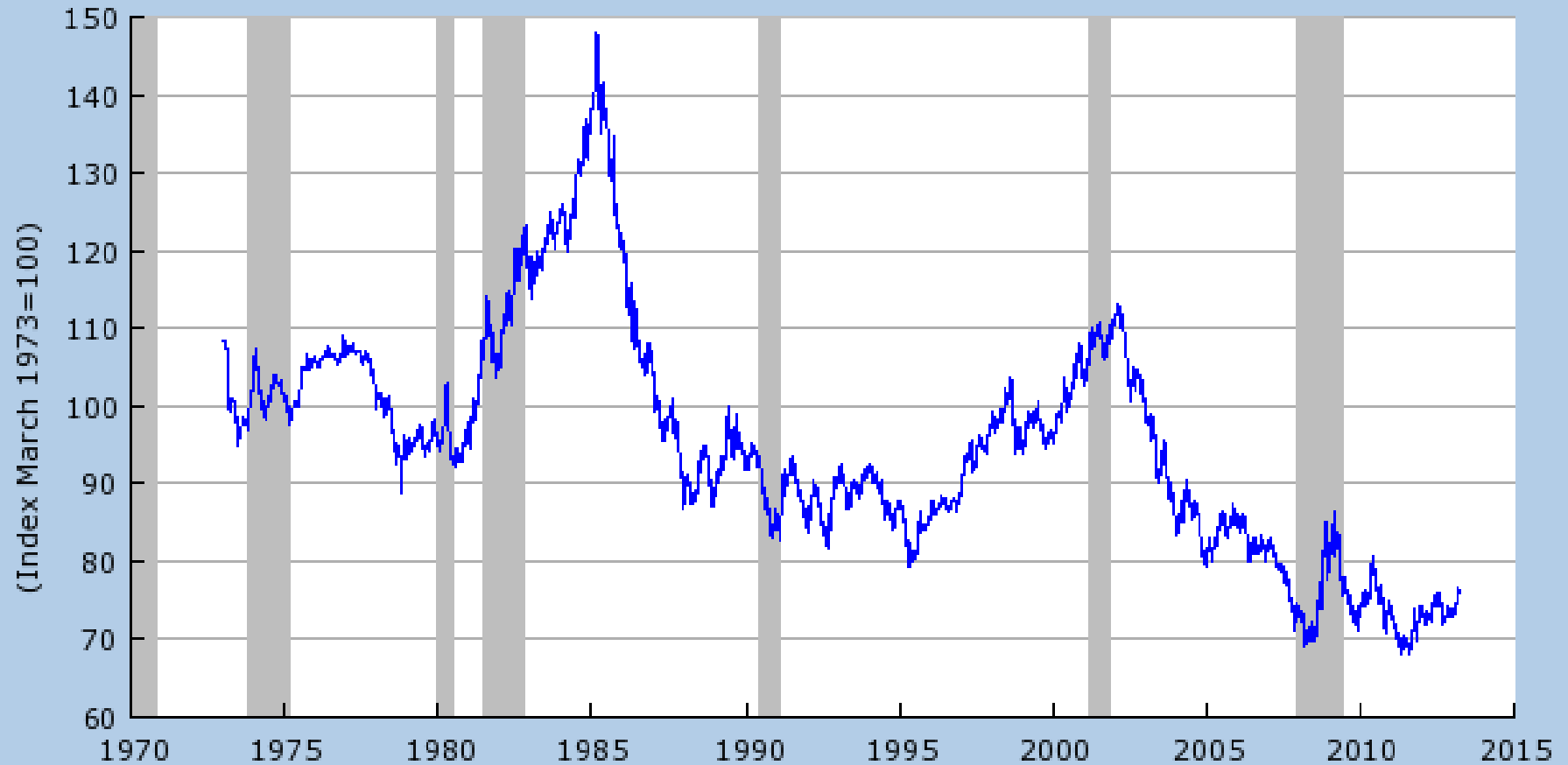
03/29/2013 C=83.175 +1.172 O=82.010 H=83.520 L=81.830



Volume 631166.00 Open Interest 72370.00

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Trade Weighted U.S. Dollar Index: Major Currencies (DTWEXM)
Source: Board of Governors of the Federal Reserve System



Shaded areas indicate US recessions.
2013 research.stlouisfed.org

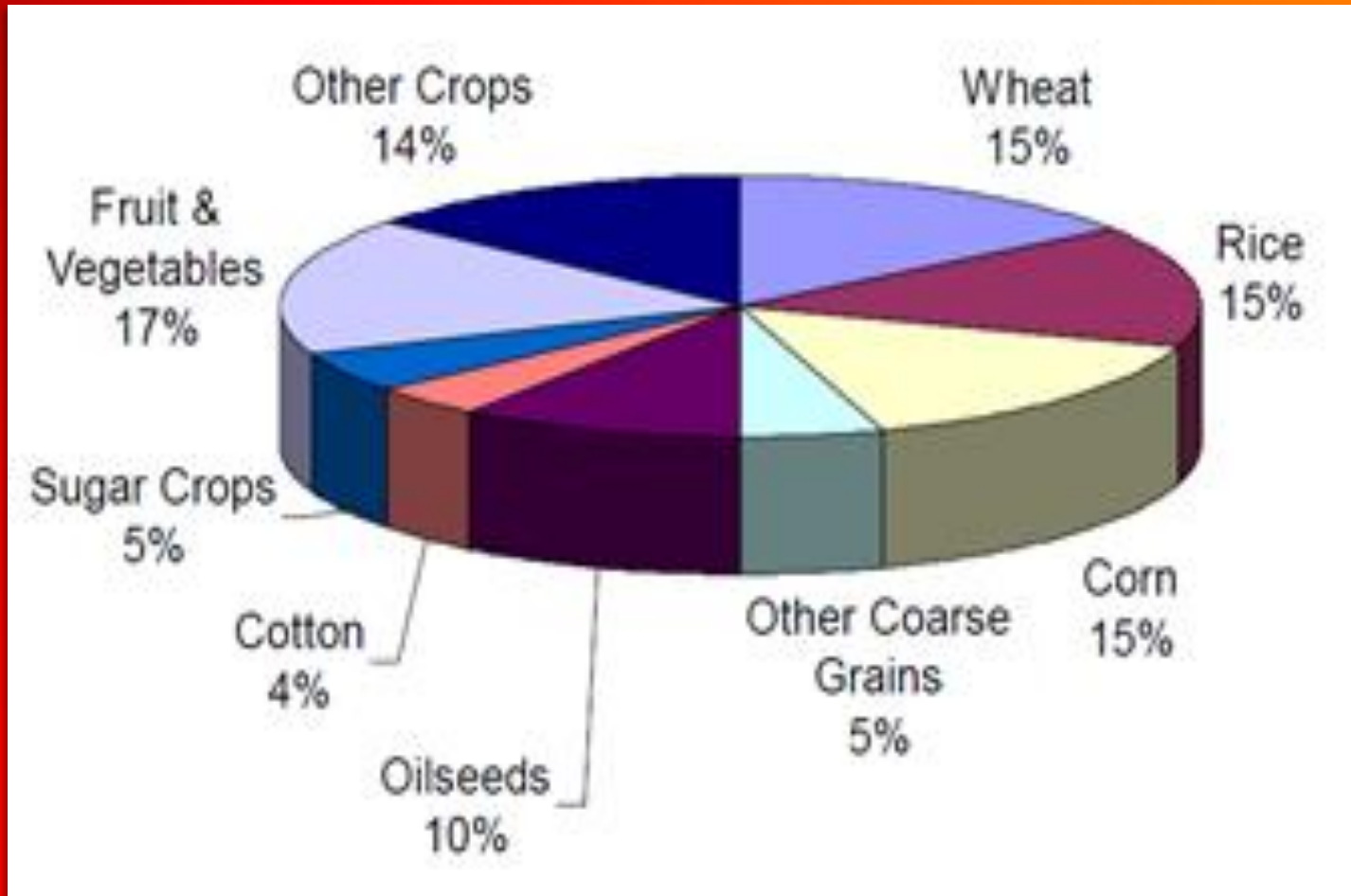
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Light Crude (CL, NYMEX) Monthly Price Chart



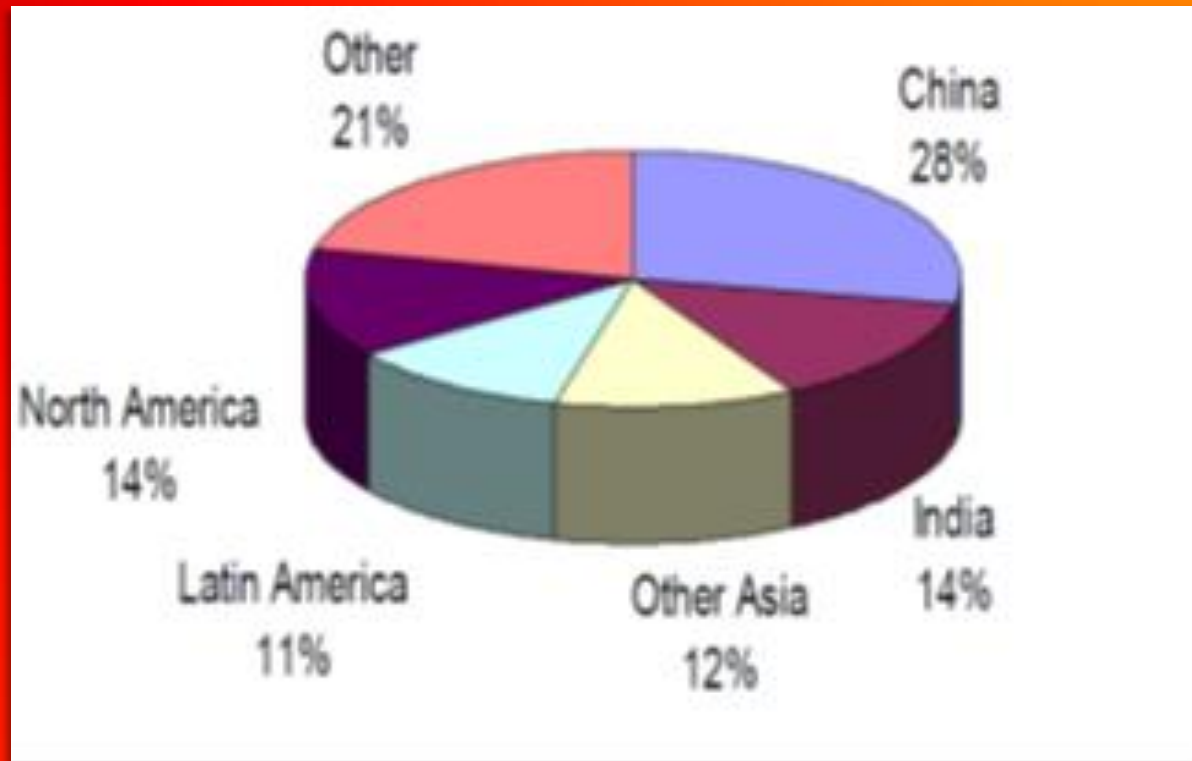
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Fertilizer breakdown: crop usage



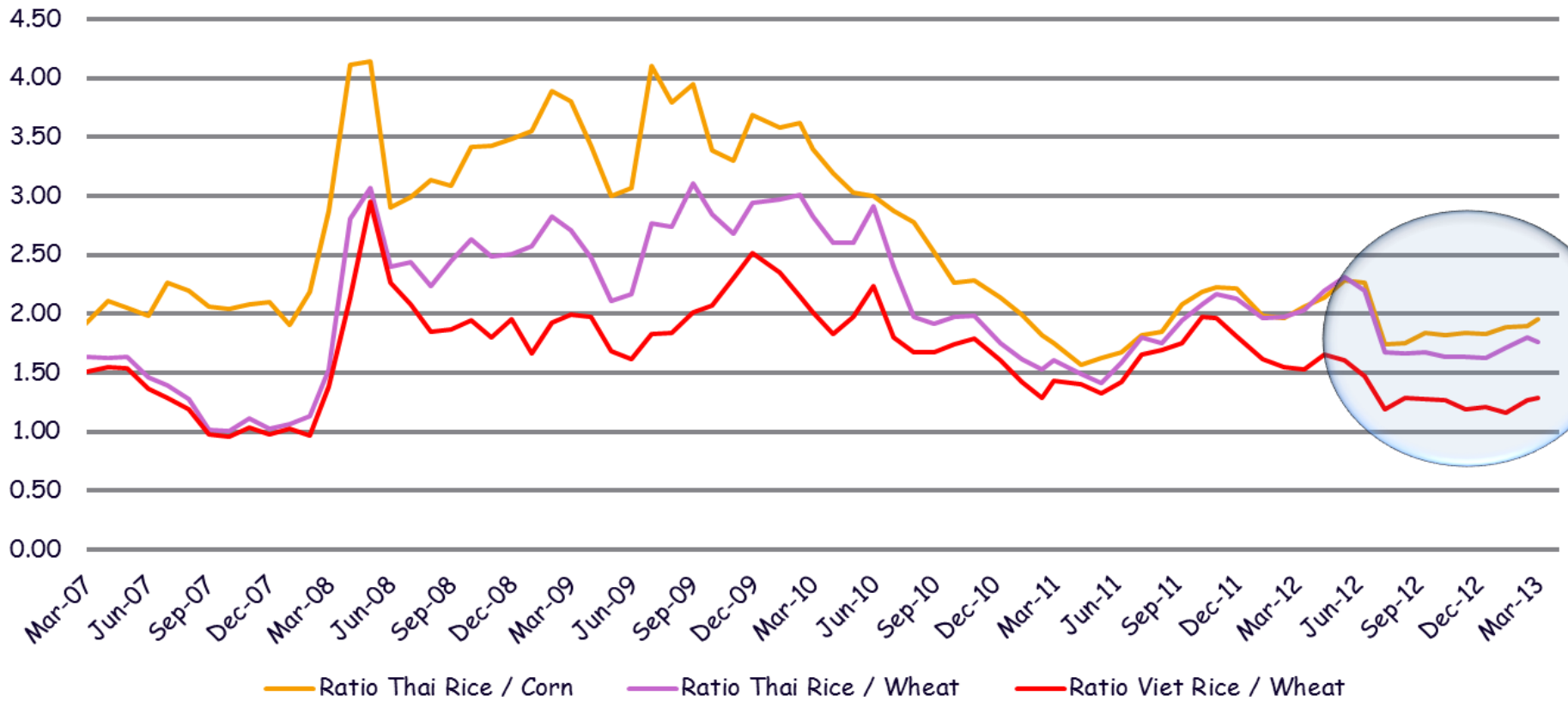
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Fertilizer breakdown: country usage



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Ratios: Rice Price / Corn / Wheat



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Corn vs. Rice Monthly Price Chart



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Balancing The Rice Trade Equation !



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PRICE SHIFT AND PRICE SPREADS?

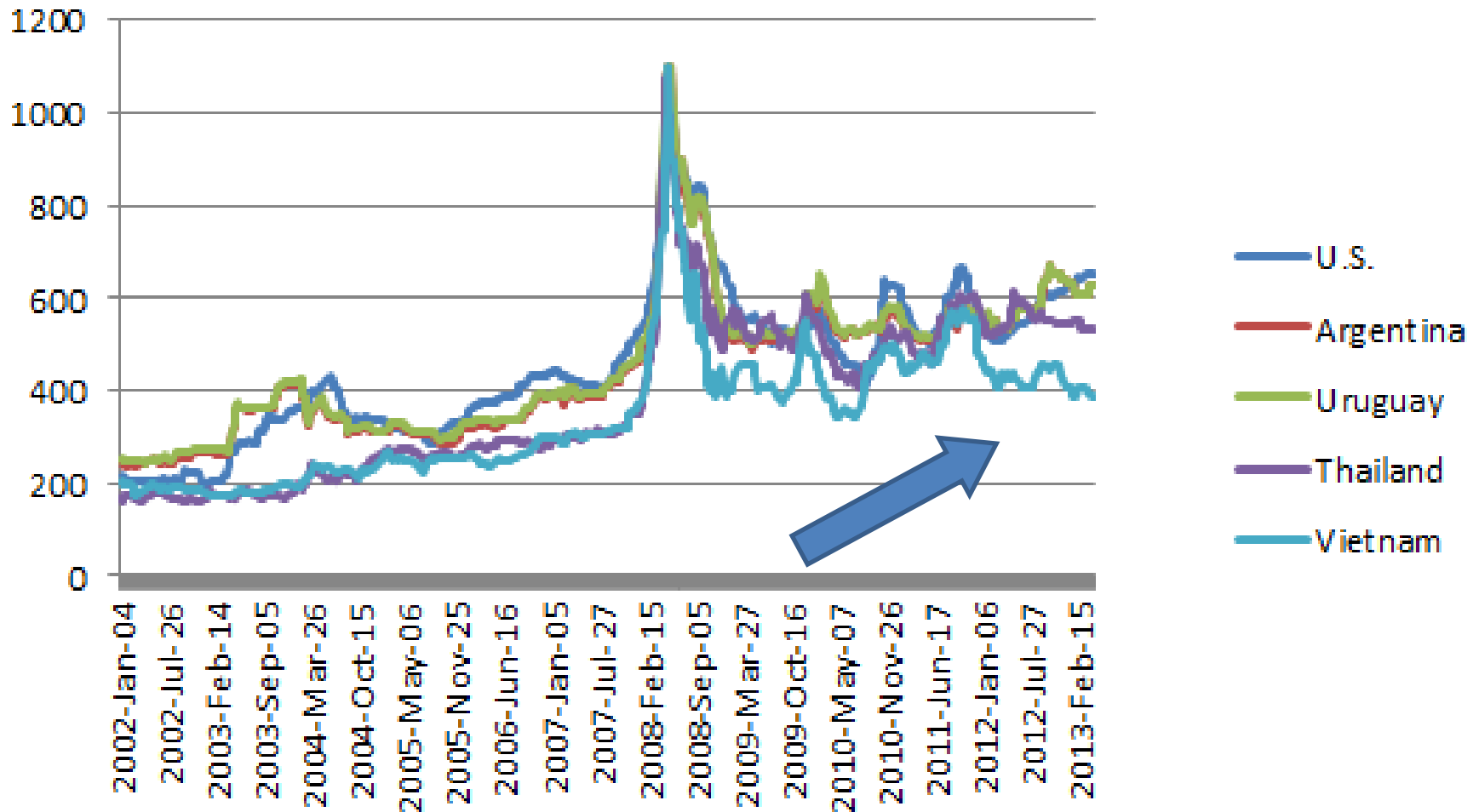
WORLD EXPORT PRICE SUMMARY

4/19/2013

	<u>Today</u>	<u>1 Year Ago</u>	<u>5 Years Ago</u>	<u>1 Year Change</u>	<u>5 Year Change</u>
Thai 100% B	\$550	\$570	\$950	-\$20	-\$400
Viet 5% d.p.	\$385	\$425	\$750	-\$40	-\$365
Pak 5% d.p.	\$420	\$470	\$800	-\$50	-\$380
India 5%	\$430	\$440	NQ	-\$10	NA
U.S. #2/4% LG	\$650	\$525	\$900	\$125	-\$250
Urug/Arg 5%	\$625	\$555	\$950	\$70	-\$325

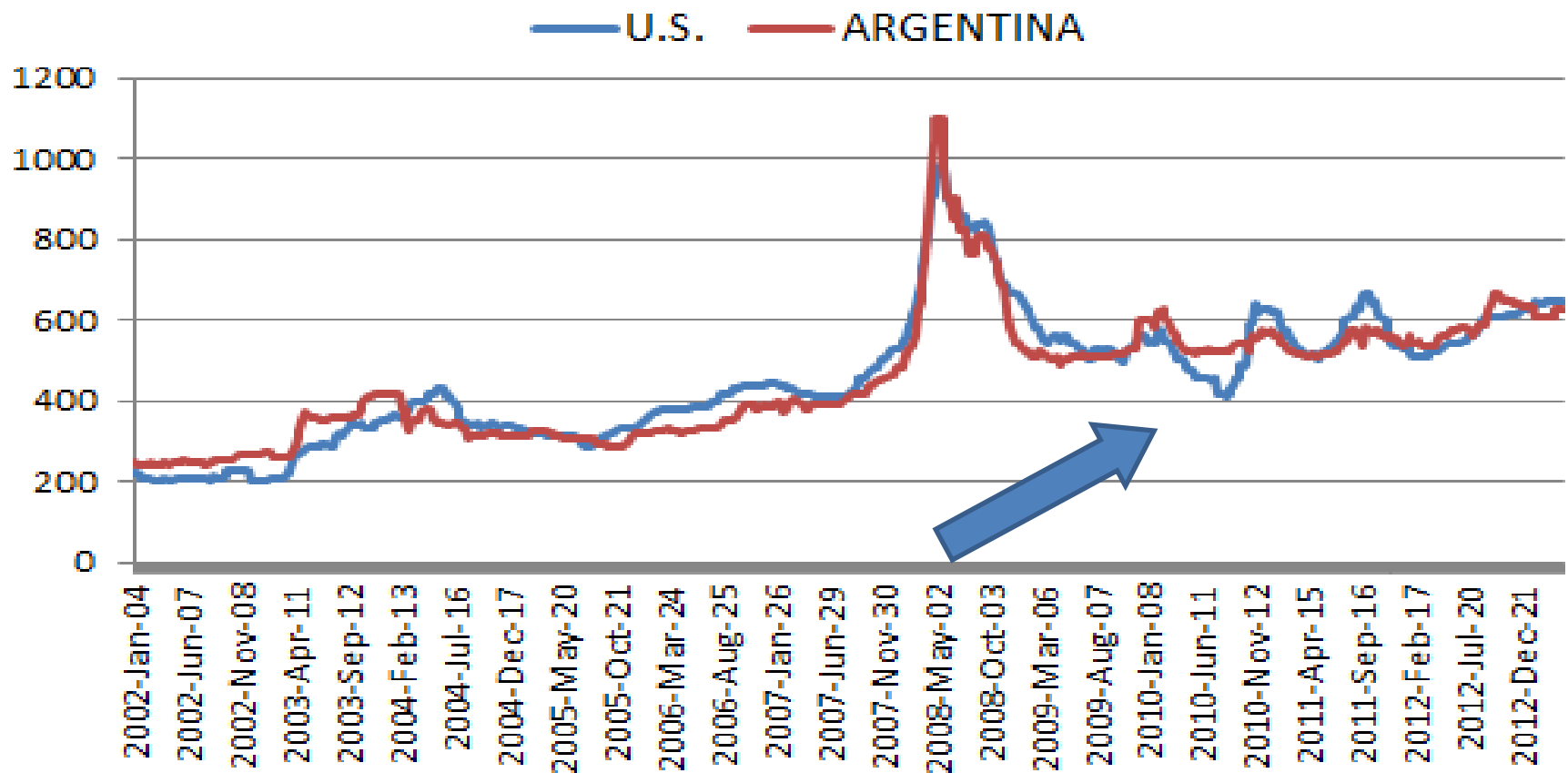
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RICE PRICE REVIEW (5% in \$ PMT)



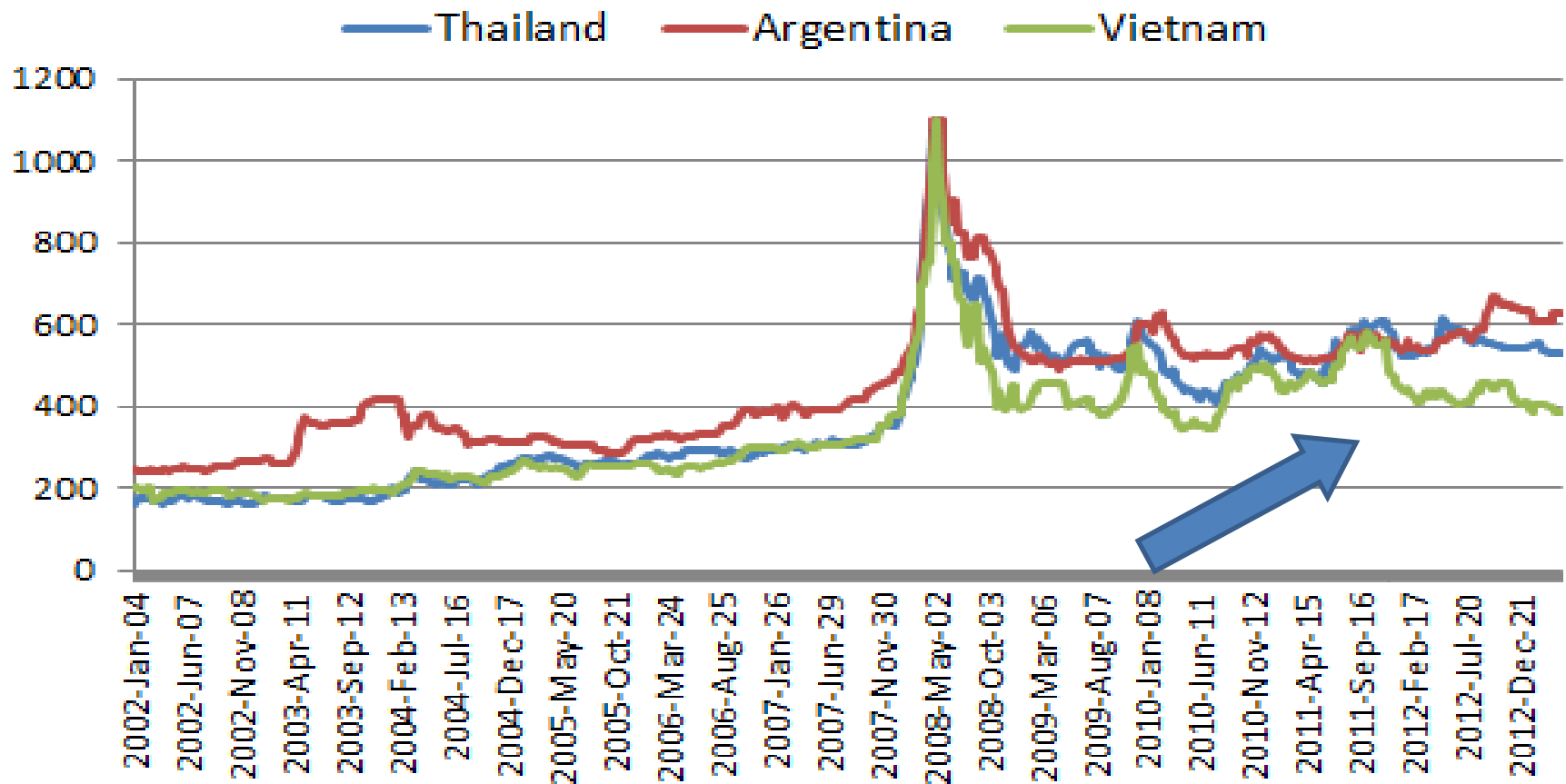
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RICE PRICE REVIEW (5% in \$ PMT)



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RICE PRICE REVIEW (5% in \$ PMT)



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Brazil – Average Paddy Prices

	18-Apr	Week	Month	Year
	\$/Ton	CHG	CHG	CHG
RGS	\$311.28	-\$1.10	-\$2.68	\$43.86
MT	\$293.55	-\$6.10	-\$53.75	\$45.48

SOURCE: *Safras & Mercado*

\$1 = R\$ 2.02

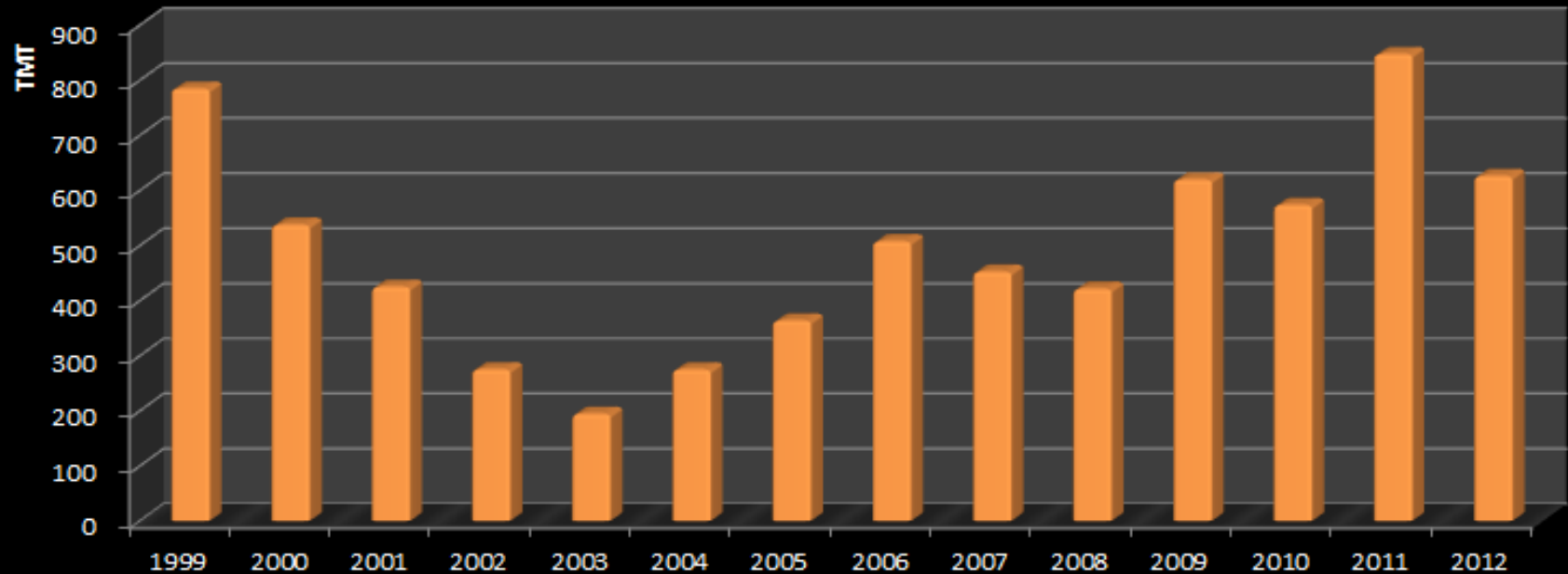
FOB prices closed today as follows for April/May Shipment (in 50 kg pp bags)

SOUTH AMERICAN EXPORT PRICES

	19-Apr	12-Apr	5-Apr	29-Mar	1 Year Ago	5 Yrs Ago
Uruguay 5%	625	625	625	625	555	825
Uruguay 10%	615	615	615	615	545	810
Argentina 5%	625	625	625	625	555	815
Argentina 10%	615	615	615	615	545	810
Brazil PB 5%	NA	NA	NA	NA	630	NA
Brazil 5%	NA	NA	NA	NA	565	NA
Brazil Broken	380	380	380	380	400	NA

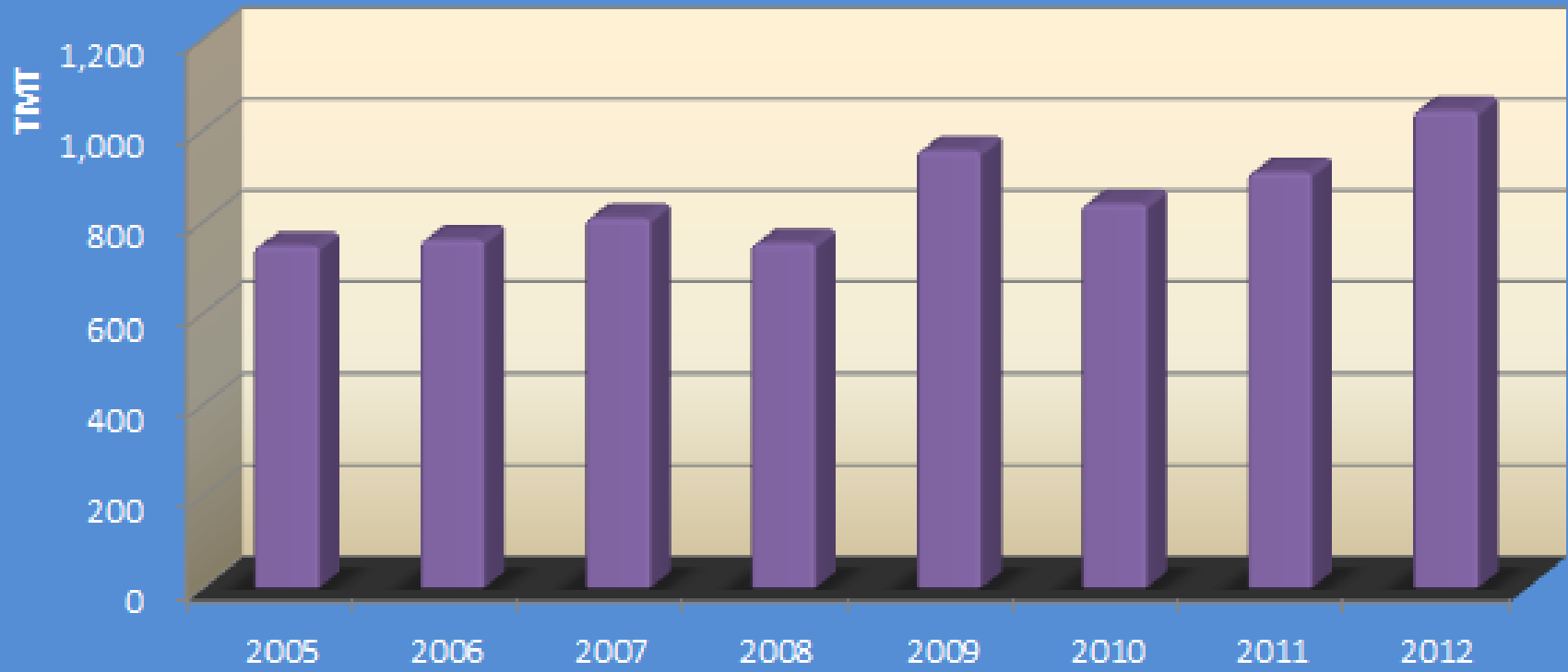
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ARGENTINA ANNUAL EXPORTS 1999 - 2012



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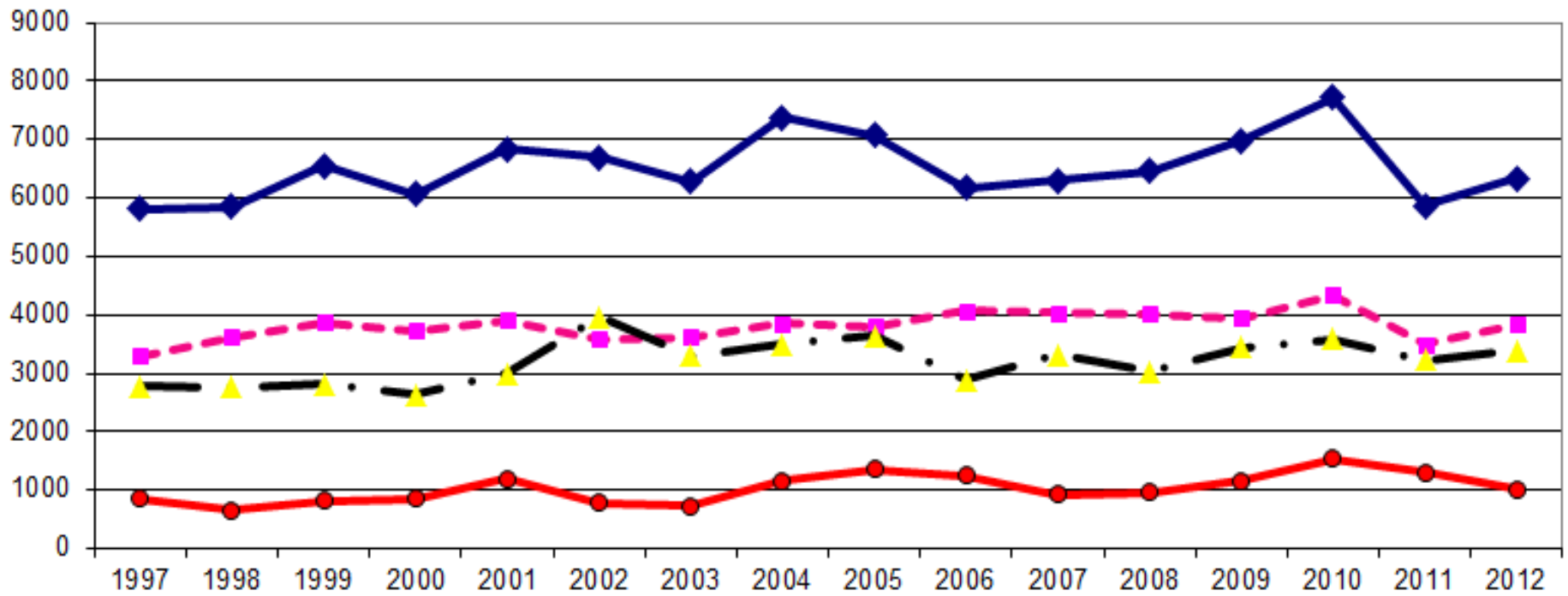
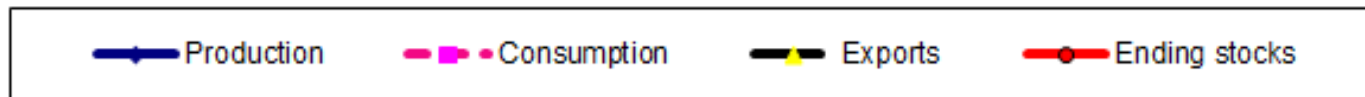
URUGUAY ANNUAL EXPORTS (2005-2012)



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Most (90%) planted 7 varieties are lowest quality!

U.S. TOTAL RICE: (Milled Eqv. Thousand Tons)

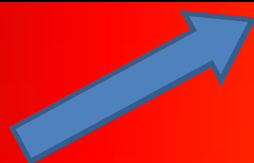


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FOB prices closed today as follows for May Shipment (in 50 kg pp bags)

Thai Export Prices

	5-Apr	29-Mar	22-Mar	15-Mar	1 Year Ago	5 Years Ago
100% B	550	550	550	550	555	800
5%	530	530	530	530	540	NQ
15%	525	525	525	525	NQ	760
25%	523	523	523	520	NQ	755
A 1 S	520	520	520	520	535	688
F A 1 S	560	560	560	560	590	640
P 100% S	545	545	545	545	600	790
Hom Mali	1,075	1,075	1,075	1,075	968	NA



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Demand Remand Strong In Q1!

WEEKLY EXPORT MOVEMENTS (TMT)

ORIGIN	PERIOD	PRIOR WEEK	THIS WEEK	%	CUMULATIVE				Yearly CHG	CY 2010 Full Yr	CY 2011 Full Yr	CY 2012 Full Yr
					2010	2011	2012	2013				
Thai	16-Apr	104	95	-8.65%	2,705	3,533	1,889	1,840	-2.59%	8,991	10,759	6,970
India	16-Apr	88	85	-3.41%	496	655	2,965	1,929	-34.94%	2,304	4,125	10,652
Viet	16-Apr	240	121	-49.58%	1,805	1,787	1,371	1,813	32.24%	6,704	7,135	7,734
Pak	16-Apr	102	95	-6.86%	1,060	996	1,459	1,353	-7.27%	4,012	3,361	3,316
Subtotal		534	396	-25.84%	6,066	6,971	7,684	6,935	-9.75%	22,011	25,380	28,121
U.S.	11-Apr	84	106	26.70%	1,064	981	917	1,070	16.71%	3,858	3,213	3,333
Total		618	502	-18.71%	7,130	7,952	8,601	8,005	-6.93%	25,869	28,593	31,454

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Demand Remand Strong In Q1!

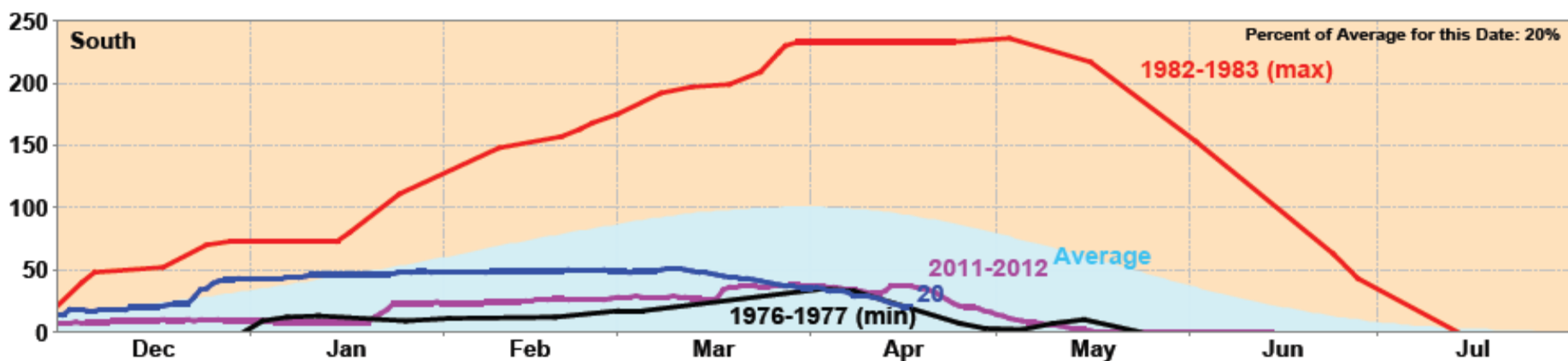
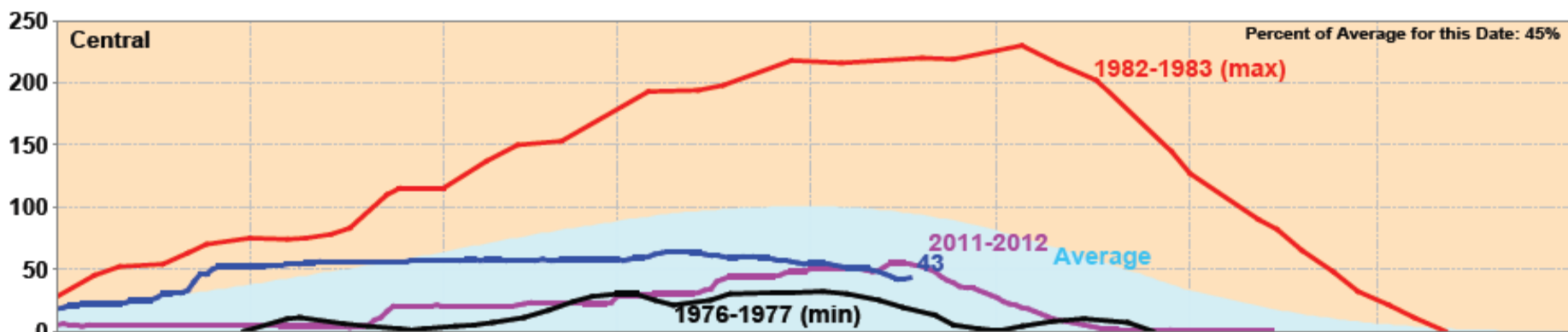
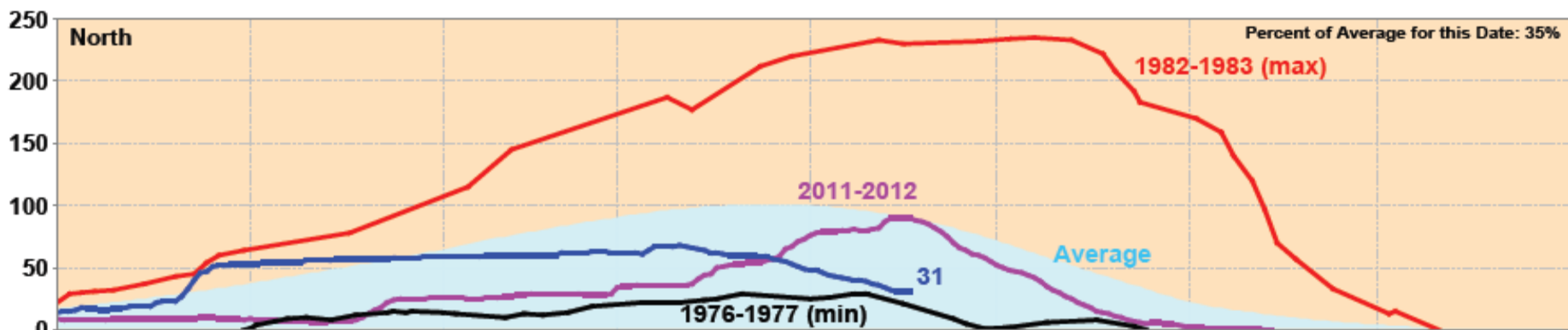
Big 5 Exporters: Summary of First Quarter

	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average
INDIA	784	1,423	376	1,396	1,268	311	637	681	3,066	1,105
PAKISTAN	513	795	1,009	965	902	732	1,037	931	1,269	906
THAILAND	2,033	1,935	1,779	1,935	3,232	2,022	2,115	3,010	1,654	2,191
VIETNAM	1,027	1,043	1,242	652	829	1,567	1,280	1,840	1,110	1,177
U.S.	923	955	1,068	816	924	760	1,041	873	834	911
Total	5,281	6,153	5,475	5,764	7,154	5,393	6,110	7,335	7,933	6,289
Year Change		116.51%	88.98%	105.29%	124.11%	75.39%	113.30%	120.03%	108.17%	

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	2010				
	I	II	III	IV	Total
INDIA	637	550	547	570	2,304
PAKISTAN	1,037	1,211	572	1,193	4,012
THAILAND	2,115	1,884	2,090	2,903	8,991
VIETNAM	1,280	2,025	2,043	1,357	6,704
UNITED STATES	1,041	1,017	831	970	3,858
Total	6,110	6,686	6,082	6,992	25,870
Cummulative	6,110	12,796	18,878	25,870	25,870
	2011				
	I	II	III	IV	Total
INDIA	681	816	884	2,527	4,907
PAKISTAN	931	1,004	599	1,074	3,606
THAILAND	3,010	3,306	2,674	1,600	10,590
VIETNAM	1,840	2,065	1,987	1,199	7,091
UNITED STATES	873	870	718	772	3,233
Total	7,335	8,060	6,860	7,172	29,428
Cummulative	7,335	15,395	22,255	29,428	29,428
	2012				
	I	II	III	IV	Total
INDIA	3,066	2,562	2,222	2,801	10,652
PAKISTAN	1,269	793	438	1,147	3,648
THAILAND	1,654	1,804	1,554	1,958	6,970
VIETNAM	1,110	2,336	2,365	1,922	7,734
UNITED STATES	834	928	617	955	3,334
Total	7,933	8,424	7,197	8,783	32,337
Cummulative	7,933	16,357	23,554	32,337	32,337

California Snow Water Content, April 17, 2013, Percent of April 1 Average



Statewide Percent of April 1: 35%

Statewide Percent of Average for Date: 35%

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The 12 Key Topics: Where are we going?

- Will population increases push demand and prices
- Effects of oil, dollar, grains, and other factors in the mix
- Quantity Vs. Quality... U.S. quality issues, S. America gains
- What is easier to predict? The weather or political moves?
- Key Perspective: Government Intervention... Trade Effects
- Politics of Rice and Food... Gambling or Strategic Risk
- Who is Market Mover? Thai, India, U.S., Russia, or Brazil?
- North Vs. South Americas in trade
- Asia Vs. Americas
- Demand Is Strong So Far in 2013...
- Other key things: Thai moves, Viet, India
- Other unknowns: Monsoon, Bird Flu, Water



Summary Point: THIS is far from a simple market , as unpredictable factors in the weather, political, and economic sides come together !!!

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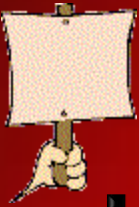
**POLITICS, SECURITY, AND MORE?
WILL THINGS GO AS PLANNED**





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The 10 Key Topics: U.S. Market?



- Crop Size & Many Challenges... This could be summary!
- Grain Markets Having Been More Profitable
- Spread from Cash to Futures... Market inconsistencies
- Quantity Vs. Quality... U.S. quality issues, S. America gains
 - Most (90%) planted 7 varieties are lowest quality
- Issues: Arsenic, Viet Rice, Lead in Imports
- Viet Vessel and Vietnam trading into Haiti
- Iran Vessels and Colombia TRQ helped
- North Vs. South Americas in trade
- Asia Vs. Americas... Vietnam Vessel
- Demand Is Strong So Far in 2013...



Summary of it all: The U.S. market in a very challenging time as competition from the major grains, poor marketing efforts, Asian aggression, and low quality of plantings effect direction...

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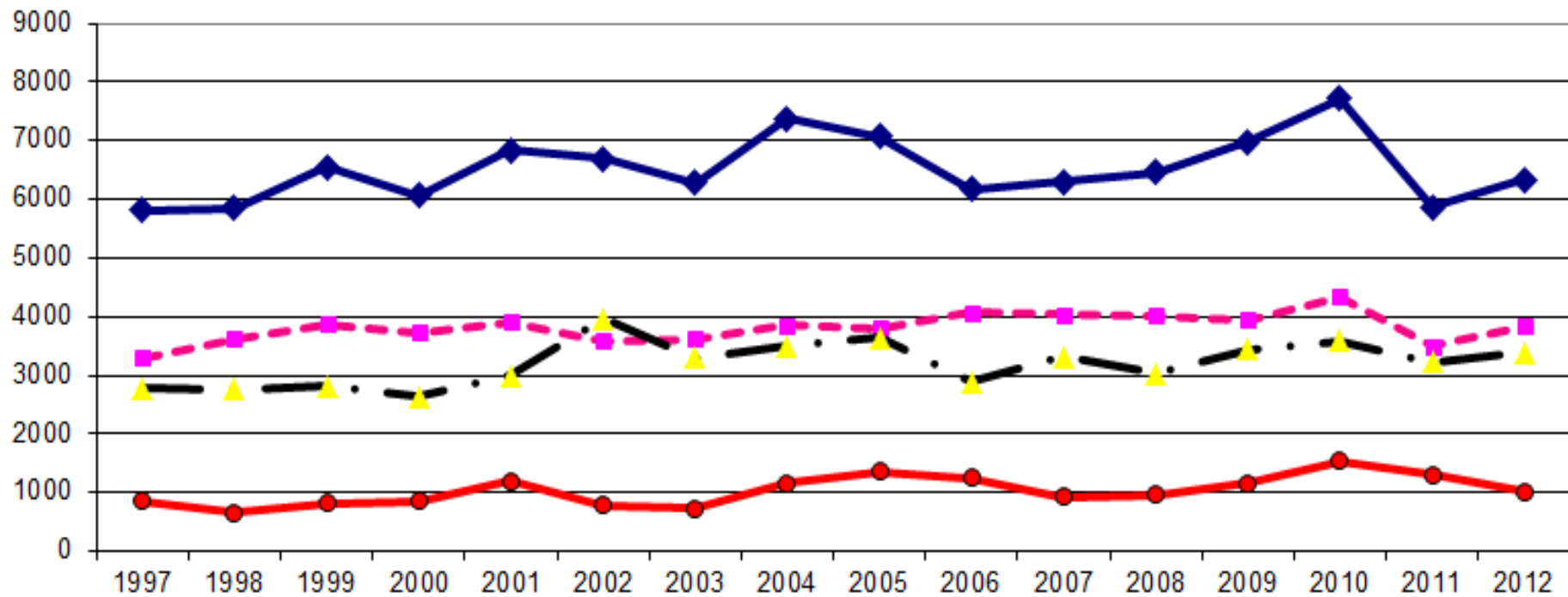
Corn vs. Rice Monthly Price Chart



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U.S. TOTAL RICE: (Milled Eqv. Thousand Tons)

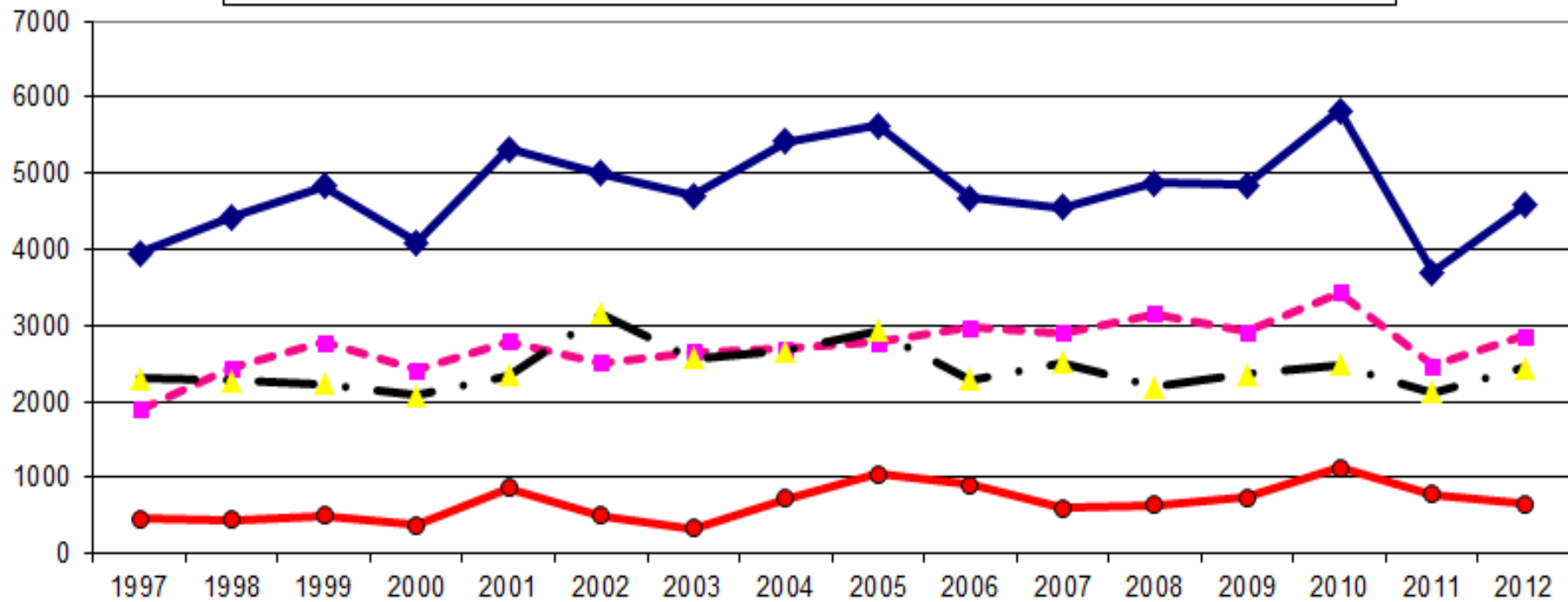
Production Consumption Exports Ending stocks



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U.S. INDICA RICE: (Milled Eqv. Thousand Tons)

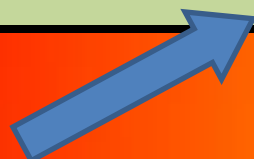
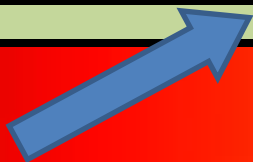
Production Consumption Exports Ending stocks



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Final 2012 Certified Acreage Report - CA off 65k Acres!

2012 December Report (Planted Acres)						
State	Medium Grain	Long Grain	Short Grain	Total		
Arkansas	110,594.97	1,167,481.53	71.60	1,278,148.10		
California	493,244.24	5,595.00	44,424.40	543,263.64	78	42,374,563.92
Louisiana	25,171.23	373,692.37	0.00	398,863.60		
Mississippi	0.00	126,439.92	0.00	126,439.92		
Missouri	3,745.56	171,802.21	0.00	175,547.77		
Texas	2,616.10	128,668.52	0.00	131,284.62		
Total	635,372.10	1,973,679.55	44,496.00	2,653,547.65		



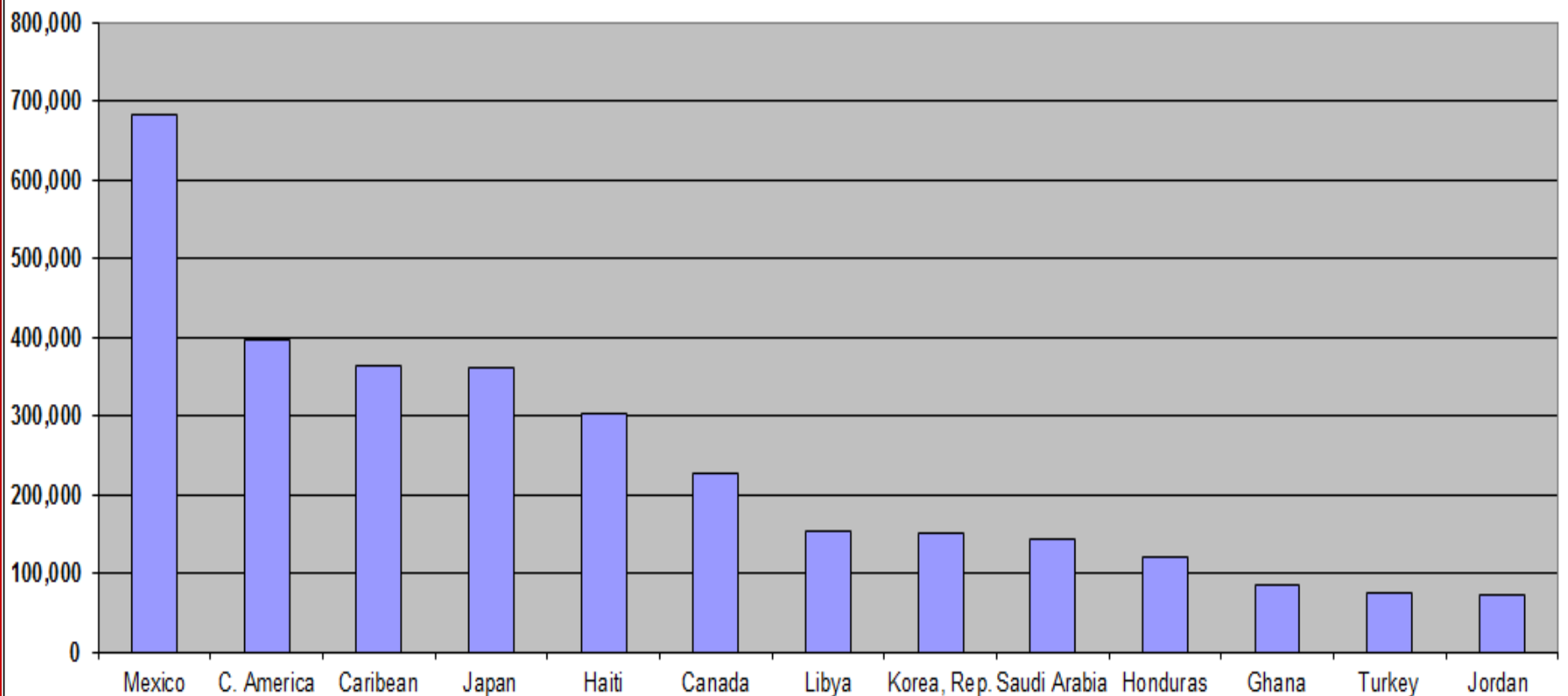
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Final 2011 Certified Acreage Report!

2011		January Final Estimate (Harvested Acres)				
State	Medium Grain	Long Grain	Short Grain	Total		
Arkansas	239,091.08	911,815.24	172.40	1,151,078.72		
California	527,396.00	6,821.70	30,728.10	564,945.80	83	46,890,501.40
Louisiana	46,084.96	369,272.66	0.00	415,357.62		
Mississippi	91.00	105,283.70	0.00	105,374.70		
Missouri	5,135.97	122,796.70	0.00	127,932.67		
Texas	6,938.90	172,845.67	0.00	179,784.57		
Total	824,737.91	1,688,835.67	30,900.50	2,544,474.08		
Change to 2012	-22.96%	16.87%	44.00%	4.29%		

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MAJOR U.S. EXPORT DESTINATIONS (Metric Tons)



U.S.: EXPORTS, MARKETING YEAR (M.R.E., TMT)

DESTINATION	AUG-JUL					AUG- [*] MAR		% Chg
	06/07	07/08	08/09	10/11	11/12	11/12	[*] 12/13	
Americas	1,797	2,026	1,620	1,802	1,773	1,061	1,370	29%
Of which:								
Brazil	0	1	0	20	1	0	0	26%
Canada +	241	264	209	222	229	157	155	-1%
C. America +	0	230	230	423	374	37	268	617%
Cuba +	60	9	0	0	0	0	0	NA
Haiti +	294	269	257	316	311	192	229	19%
Mexico +	590	750	542	647	666	433	483	12%
E.U.	70	105	89	90	60	35	38	7%
F.S.U. 1/	4	2	2	7	7	4	4	4%
Middle East	501	563	456	532	453	327	223	-32%
Of which:								
Iraq +	345	179	121	114	0	0	0	NA
Jordan	53	70	89	85	107	67	42	-38%
Saudi Arabia +	85	142	139	117	125	91	85	-7%
Turkey +	1	109	18	148	146	111	42	-62%
Africa	138	220	147	516	274	184	213	15%
Of which:								
Ghana +	80	76	55	90	100	72	71	-1%
South Africa	0	21	9	2	2	1	1	11%
Asia	477	518	579	559	670	461	367	-20%
Of which:								
Japan +	320	293	331	304	333	223	188	-15%
Philippines +	0	72	56	6	0	0	0	-87%
Taiwan +	66	29	1	32	71	51	31	-39%
TOTAL	2,989	3,437	2,897	3,510	3,238	2,074	2,215	7%

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U.S. Weekly Millings (TMT)			
4/19/2013	LG	MG/SG	Total
California Milling	0.00	33.66	33.66
Southern Milling	90.13	5.03	95.16
Weekly Total	90.13	38.69	128.82
Market Year Weekly Average	94.08	40.23	134.31
Prior Week Total	93.62	45.59	139.16
Percent Weekly Change	-3.73%	-15.12%	-7.43%
Year Ago Weekly Total	96.25	42.59	138.84
Percent To Last Year Change	-6.36%	-9.16%	-7.22%
Average Over Last 3 Years MY Weekly	93.71	50.98	144.74
Cummulative Current MY	3,575.49	1,529.06	5,104.55
2011/12 MY	3,235.93	1,703.19	4,939.12
Percent Yearly Change	10.49%	-10.22%	3.35%
Average Over last 3 Years	3,495.66	1,639.65	5,135.30

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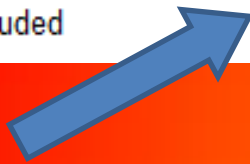
U.S. RICE DEMAND COUNTER (Exports & Sales)

April 12, 2013 - April 18, 2013 (MARKETING YEAR 08/01 -07/31)

(1,000 TONS)	SALES (unshipped)		EXPORTS		TOTAL DEMAND		% Chg	'12/ '13 CWTs
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12		
Rough: Long Grain	172.5	113.7	904.2	770.5	1,076.7	884.2	121.77%	23,737,165
Rough: Medium, Short Grain	5.9	35.3	122.0	137.3	127.9	172.6	74.10%	2,819,712
Brown: Long Grain	2.4	15.6	51.1	24.2	53.5	39.8	134.42%	1,179,473
Brown: Medium, Short Grain	23.1	17.7	82.6	102.4	105.7	120.1	88.01%	2,330,285
Milled: Long Grain	178.1	99.9	732.6	520.3	910.7	620.2	146.84%	20,077,493
Milled: Medium, Short Grain	168.3	146.0	479.1	560.1	647.4	706.1	91.69%	14,272,723
TOTAL	550.3	428.2	2,371.6	2,114.8	2,921.9	2,543.0	114.90%	64,416,850
	128.51%		112.14%		114.90%			

*Based on USDA data

*Puerto Rico Not Included



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PRICE SHIFT AND PRICE SPREADS?

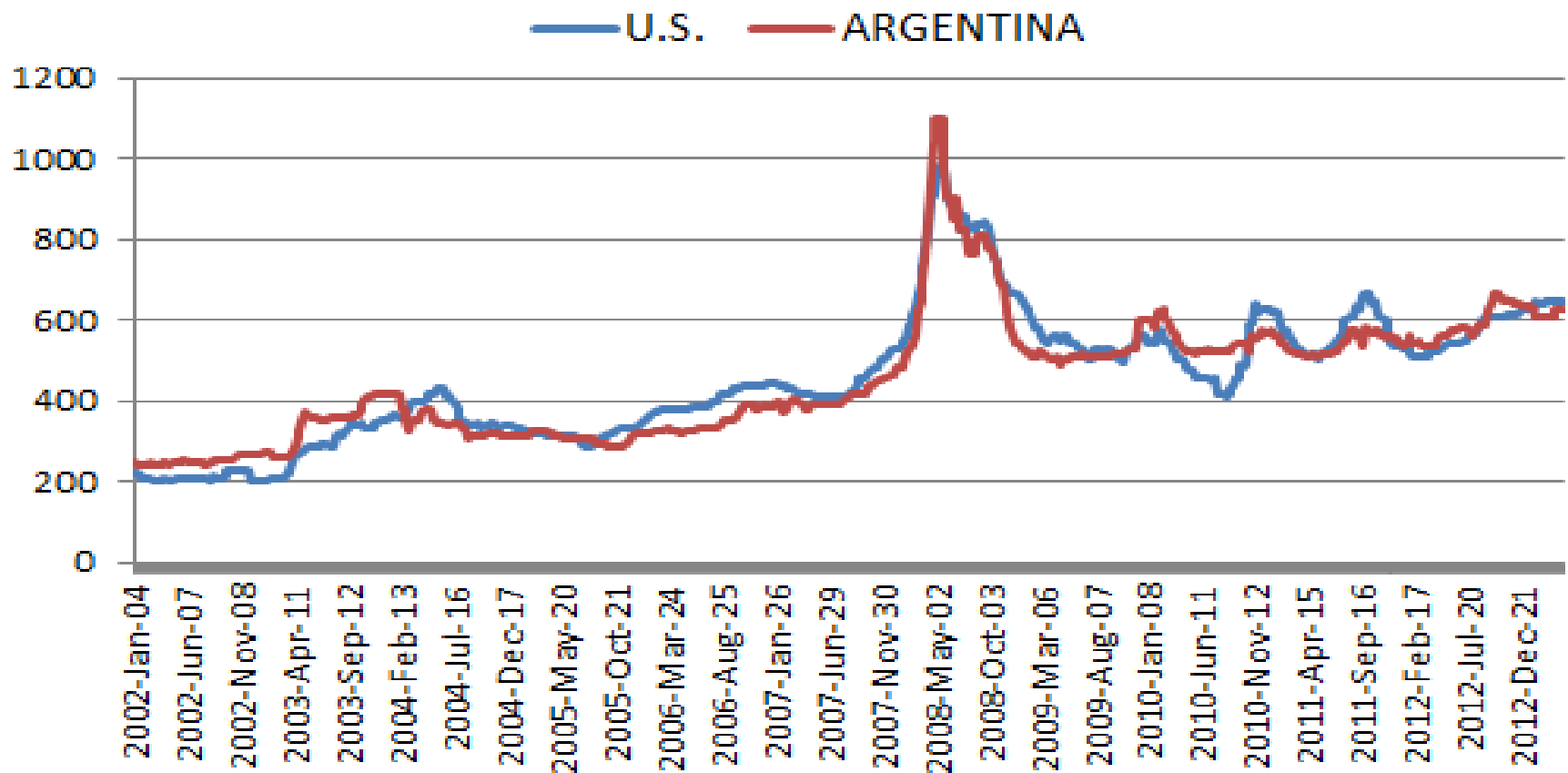
WORLD EXPORT PRICE SUMMARY

4/19/2013

	<u>Today</u>	<u>1 Year Ago</u>	<u>5 Years Ago</u>	<u>1 Year Change</u>	<u>5 Year Change</u>
Thai 100% B	\$550	\$570	\$950	-\$20	-\$400
Viet 5% d.p.	\$385	\$425	\$750	-\$40	-\$365
Pak 5% d.p.	\$420	\$470	\$800	-\$50	-\$380
India 5%	\$430	\$440	NQ	-\$10	NA
U.S. #2/4% LG	\$650	\$525	\$900	\$125	-\$250
Urug/Arg 5%	\$625	\$555	\$950	\$70	-\$325

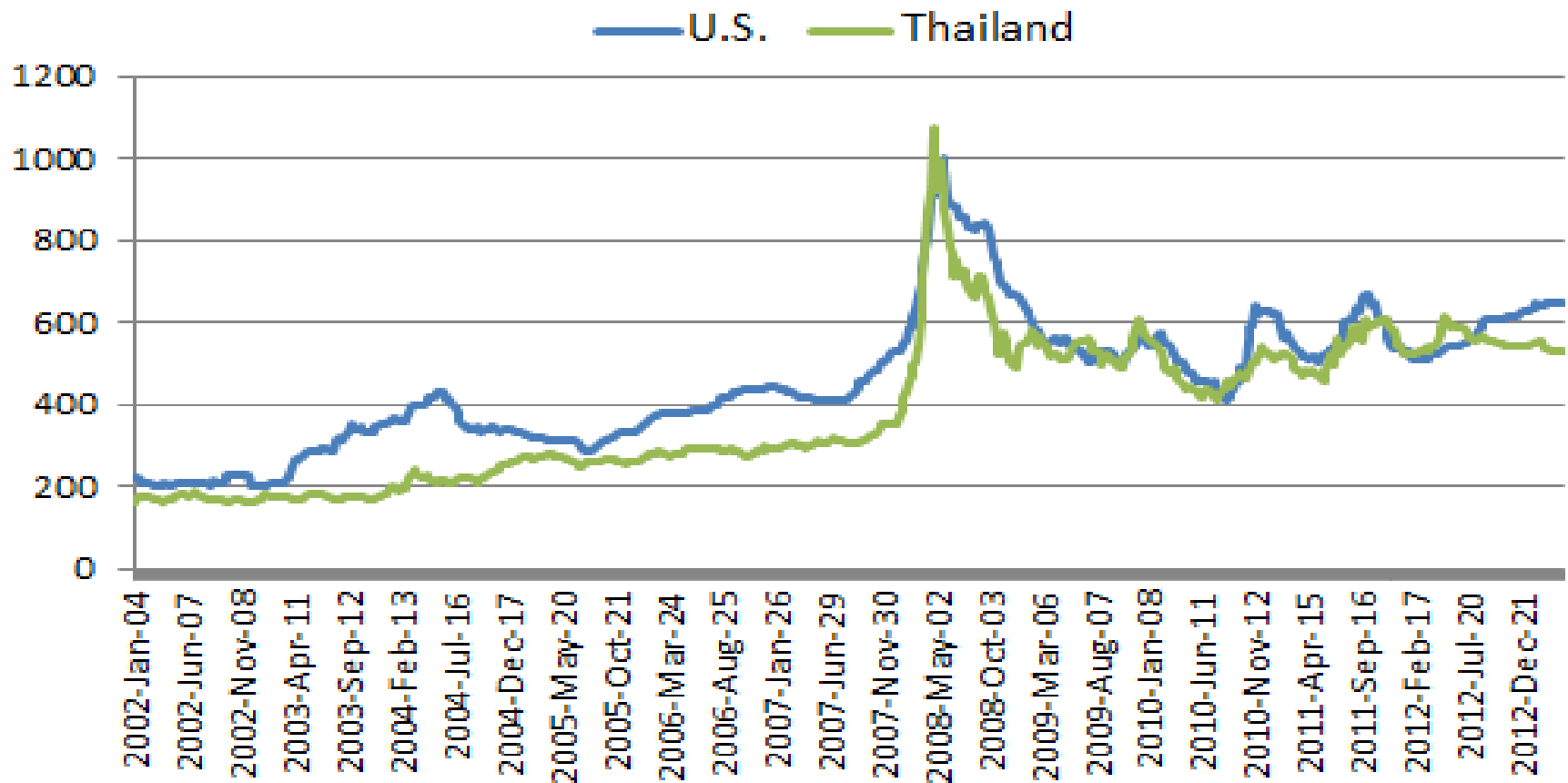
THE RICE TRADER

RICE PRICE REVIEW (5% in \$ PMT)



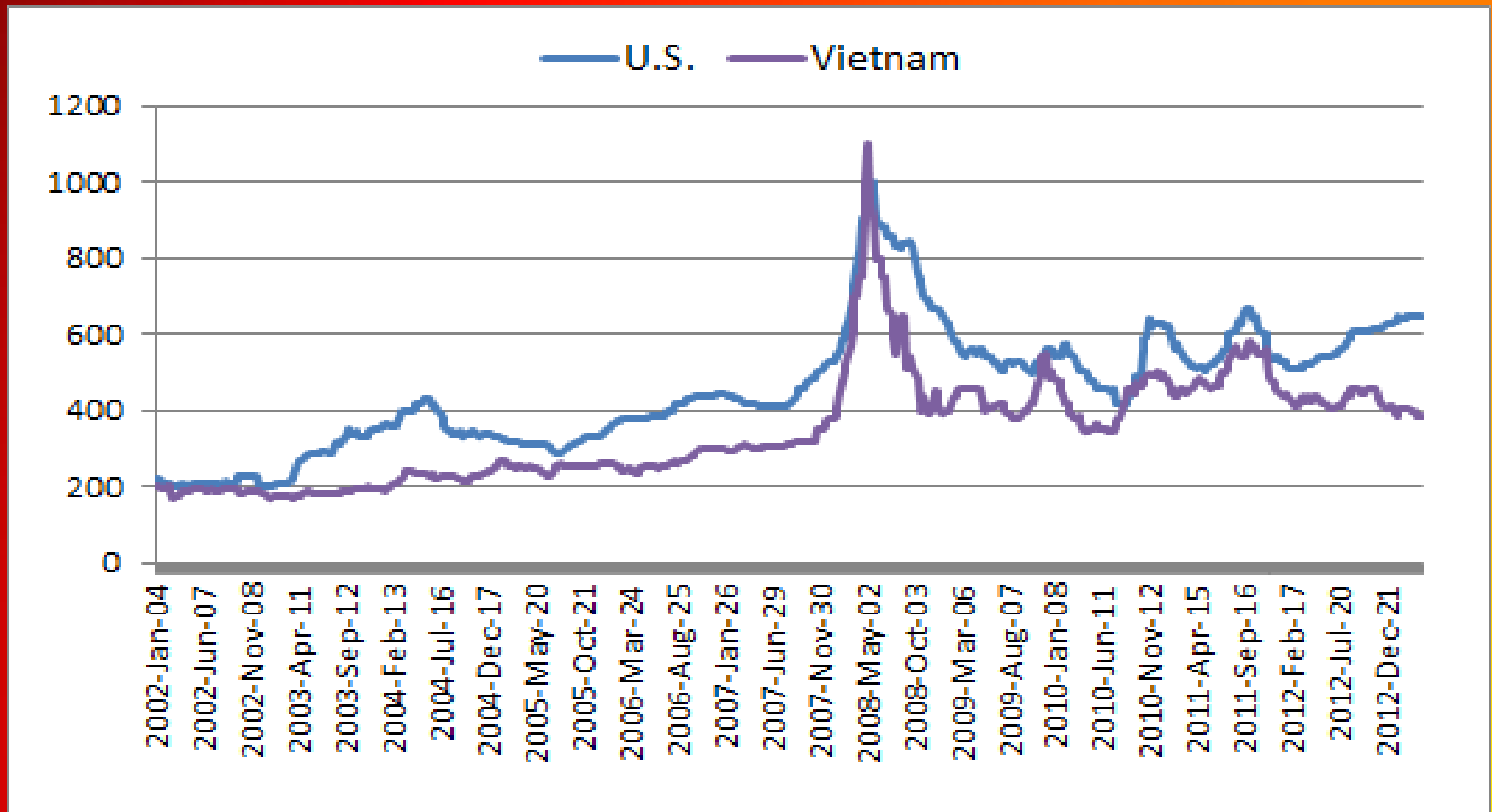
THE RICE TRADER

RICE PRICE REVIEW (5% In \$ PMT)



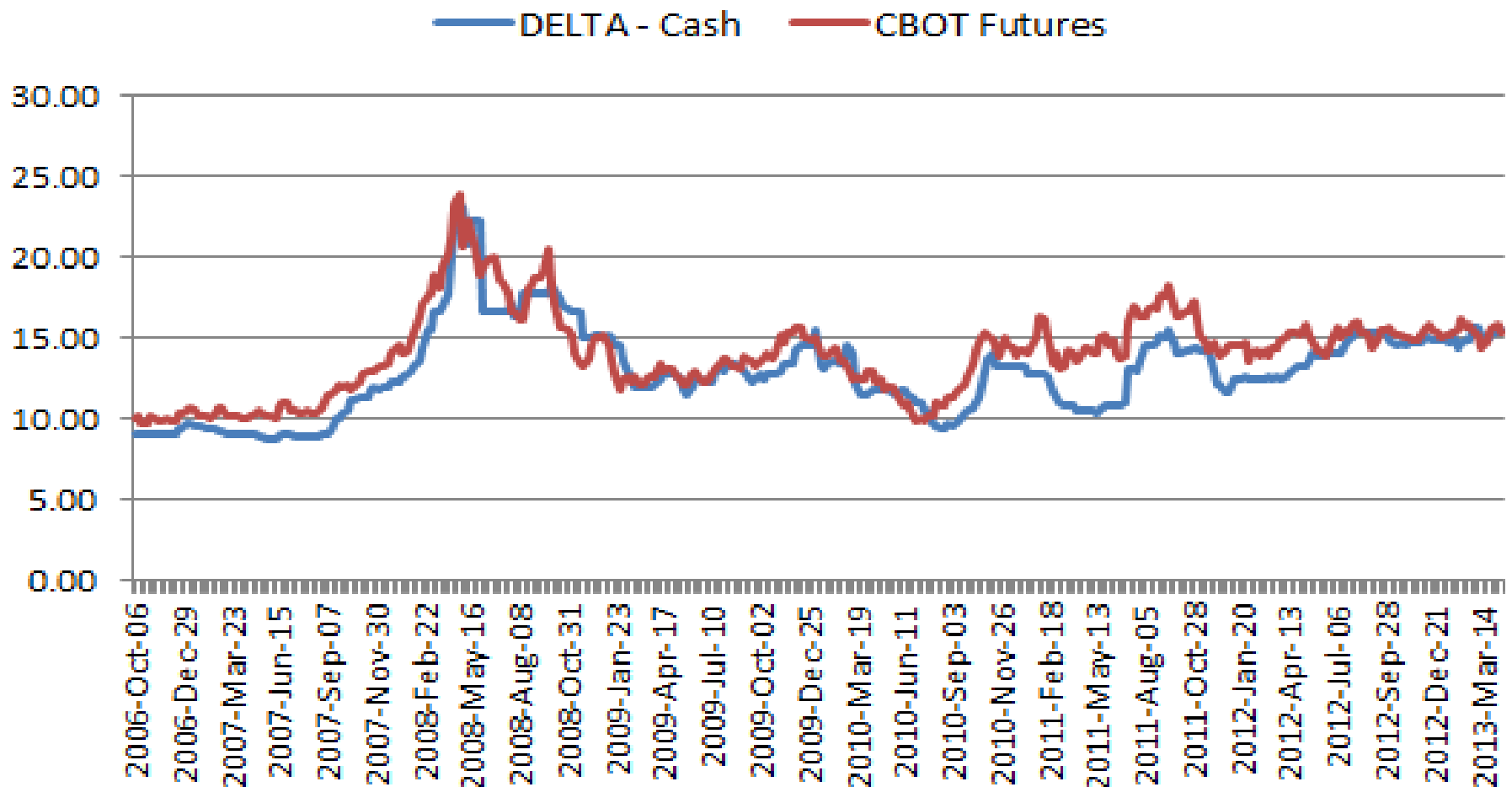
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RICE PRICE REVIEW (5% in \$ PMT)



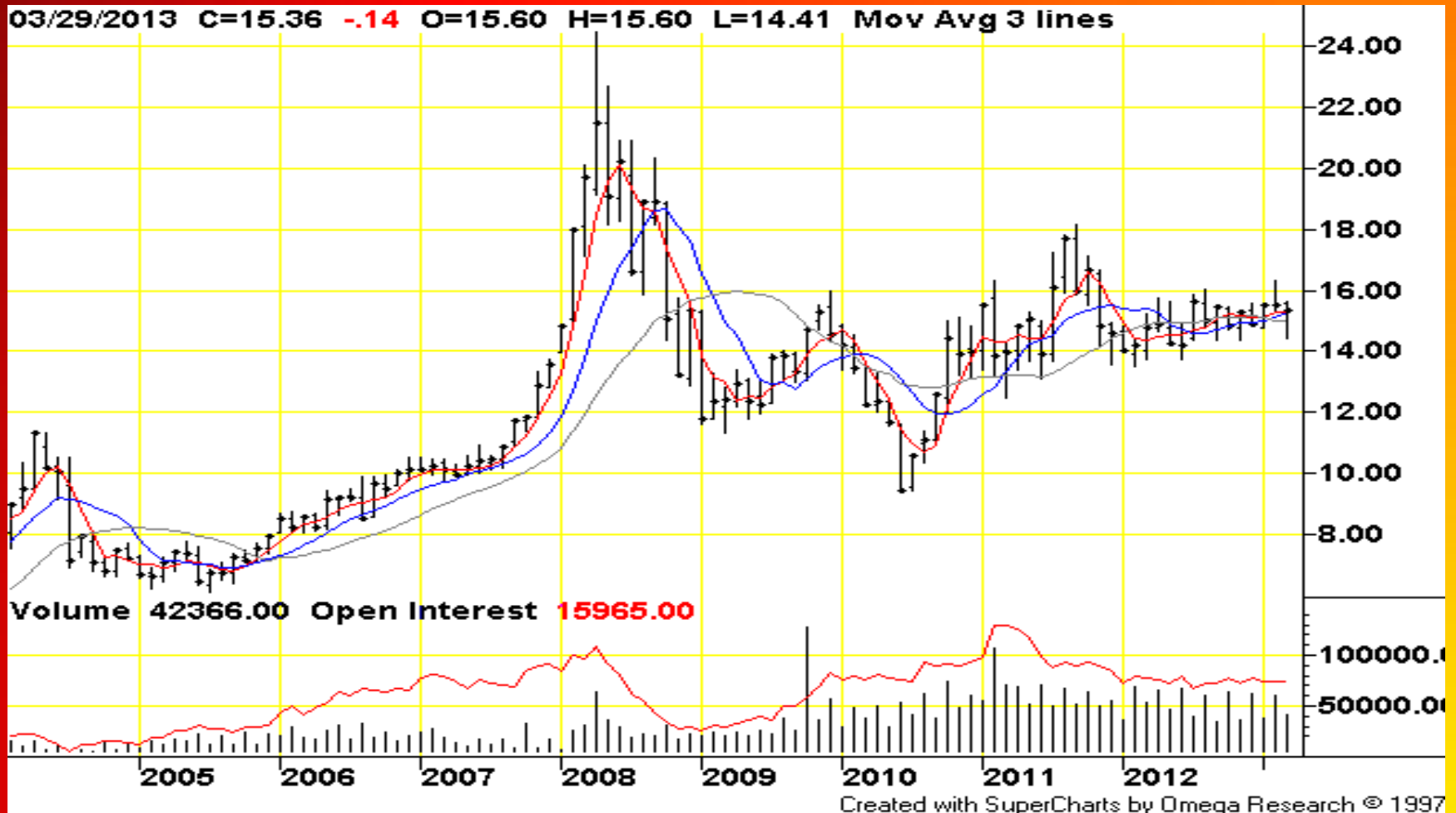
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U.S. PADDY PRICE REVIEW (\$ In Cwt)



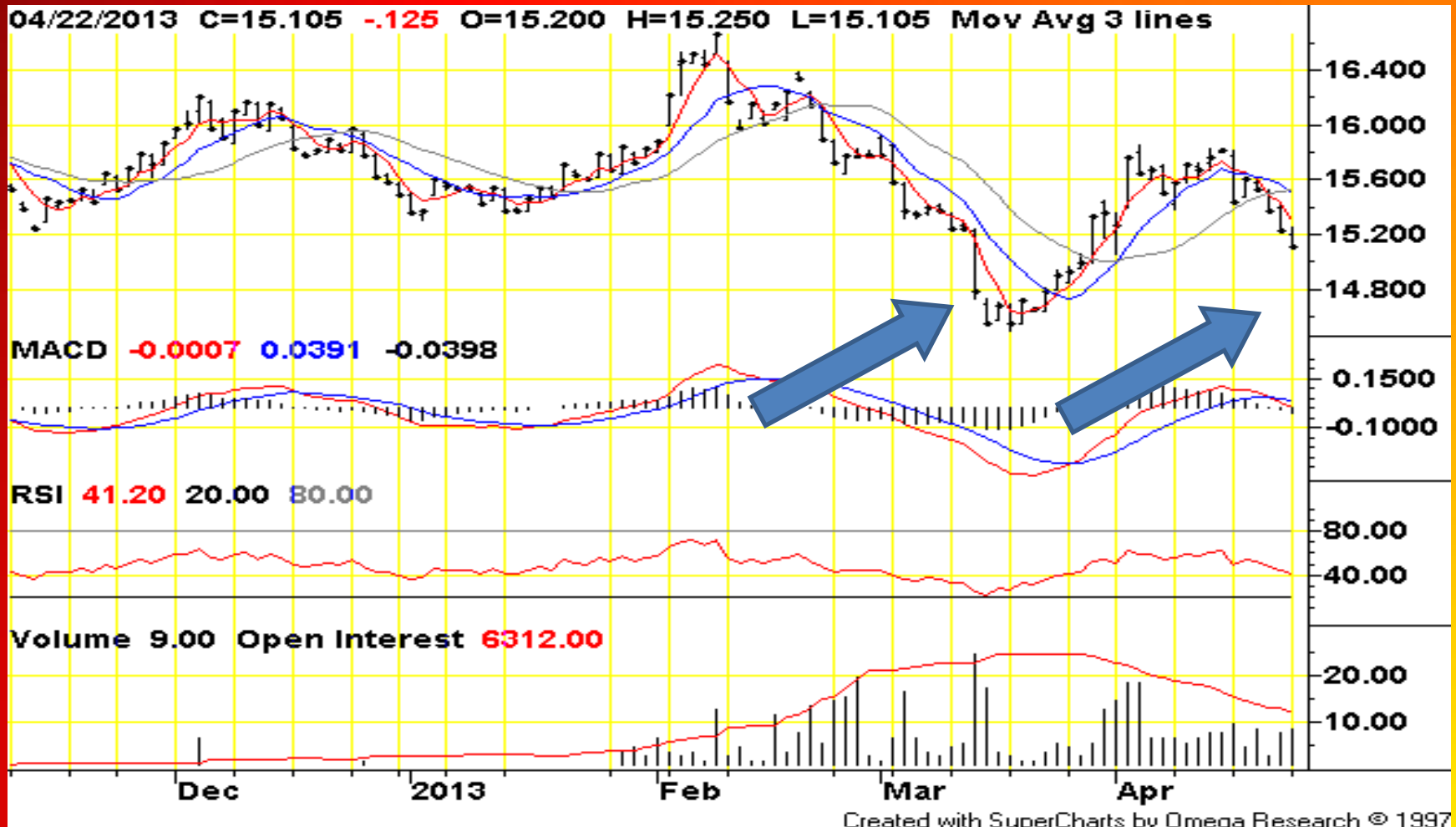
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Rice (RR, CBOT) Monthly Price Chart



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Rice (RR, CBOT) Daily Price Chart



Facts on Arsenic and Rice

ARSENIC FACTS

People are exposed to **TRACE AMOUNTS OF ARSENIC EVERY DAY.**

Arsenic is one of many naturally occurring elements found in:



AIR



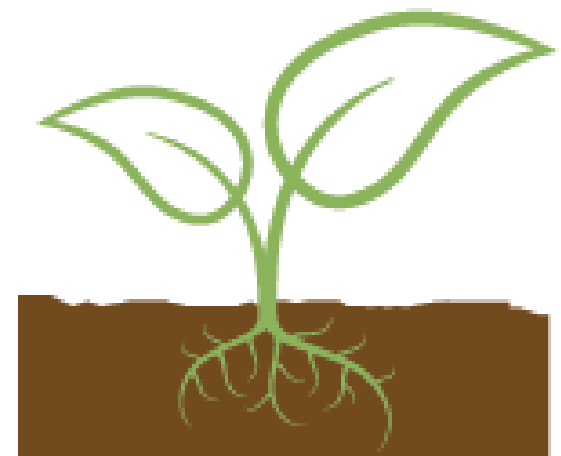
WATER



ROCKS & SOIL

PLANTS & SOIL

Trace amounts of arsenic are unavoidably present in a variety of foods and beverages, whether grown using conventional or organic farming methods.



Facts on Arsenic and Rice

From a Codex Alimentarius Report Table (2012)

U.S. rice has the **lowest** “mean” inorganic levels and the **lowest** “max” inorganic arsenic level of the following countries:

Table 2 Total and inorganic As levels in rice from various countries

Country	Total As		Inorganic As	
	Min-max mg/kg	Mean mg/kg	Min-max mg/kg	Mean mg/kg
Australia	0.05-1.20	0.29	-	-
China	0.08-5.71	0.29	<0.04-0.45	0.13
Japan	0.04-0.43	0.17	0.04-0.37	0.15
EU	0.01-1.98	0.16	0.02-1.88	0.14
UK	0.12-0.47	0.22 (median)	0.06-0.16	0.11 (median)
USA	0.04-0.41	0.21	0.025-0.157	0.091 (different study to min-max values)
Mercosur		0.05-0.13 (parboiled) <0.02-0.03 (polished rice) 0.1 (whole grain)		
Sweden		0.24 (longgrain brown rice) 0.21 (parboiled white rice) 0.1 (white rice)		0.110
Spain		0.197	0.027-0.253	
Slovak Republic		0.158		

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Not all factors
of trades are
equal

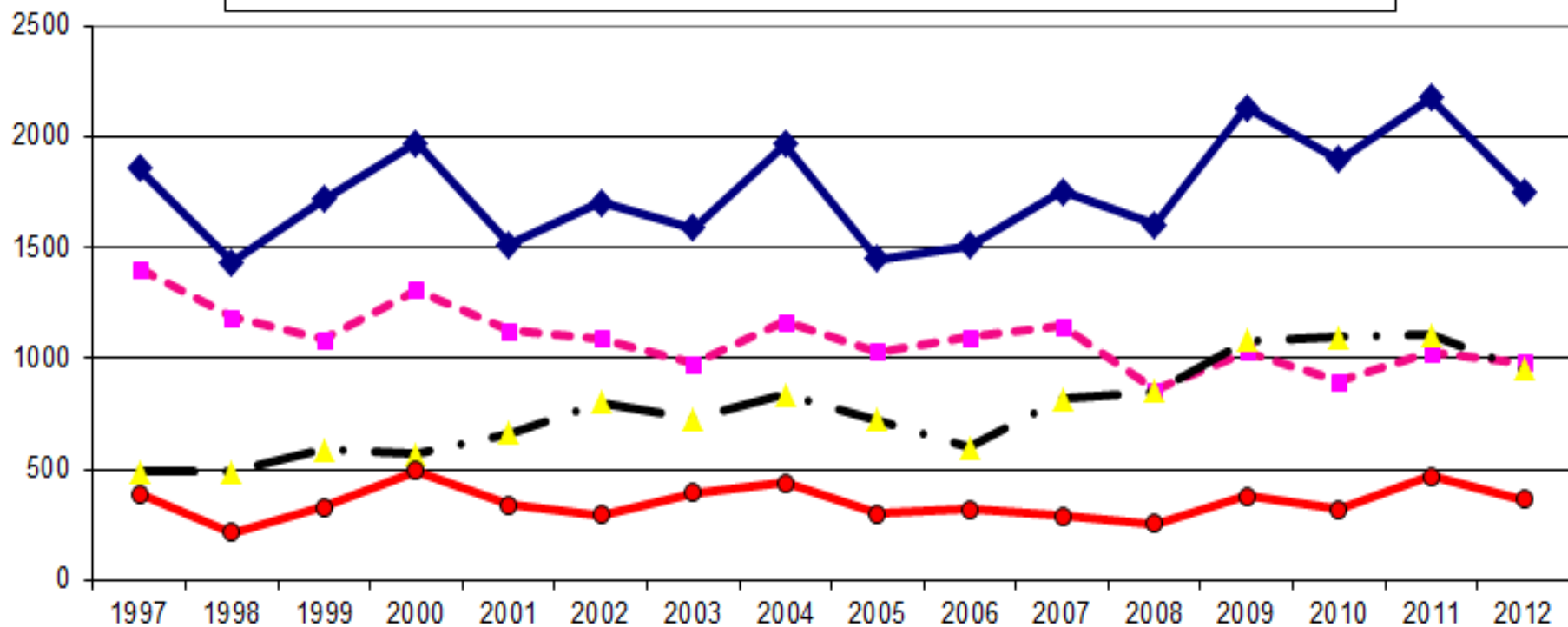
Specialty
Vs.
Commodity



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U.S. JAPONICA RICE: (Milled Eqv. Thousand Tons)

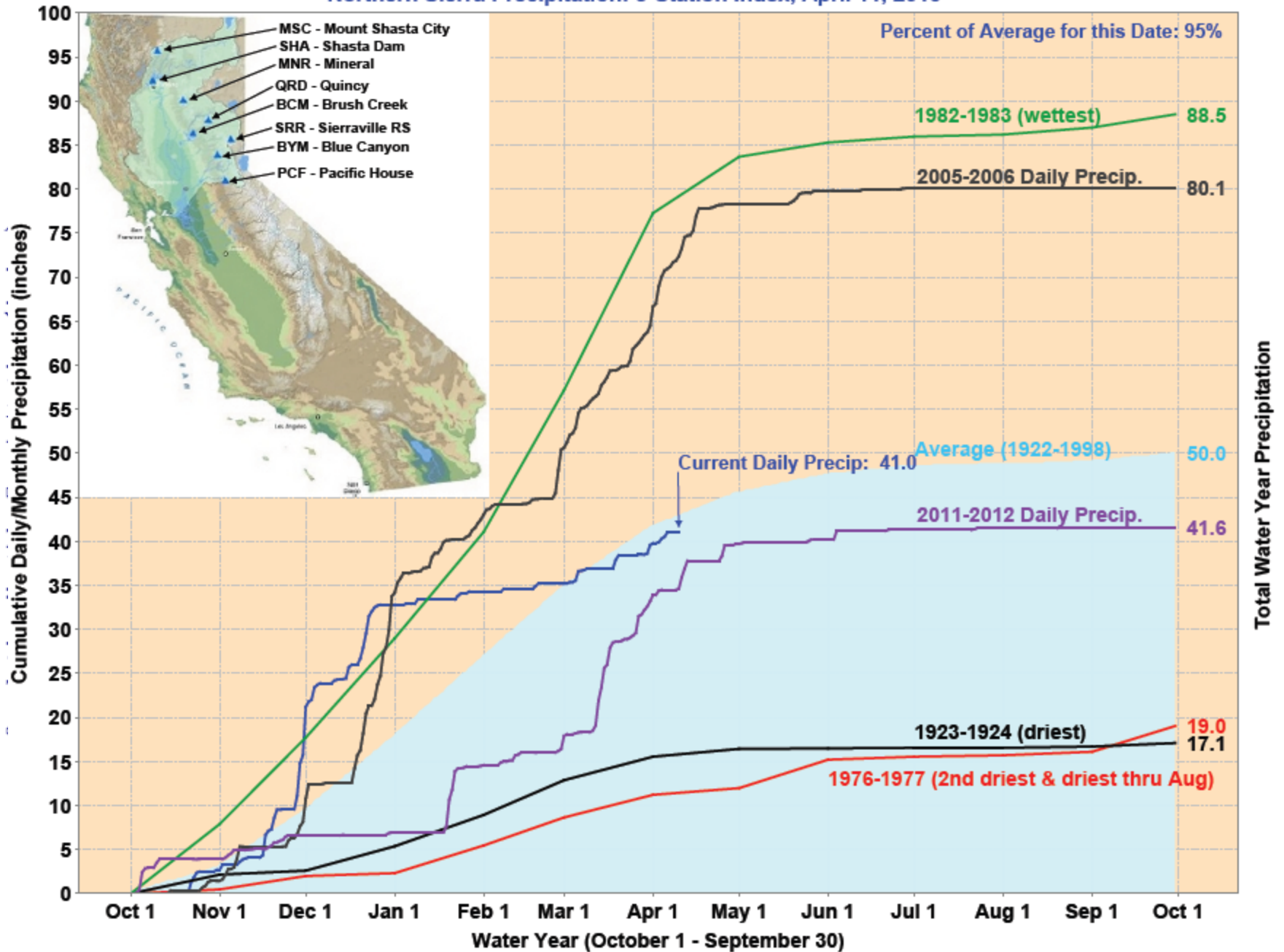
Production Consumption Exports Ending stocks



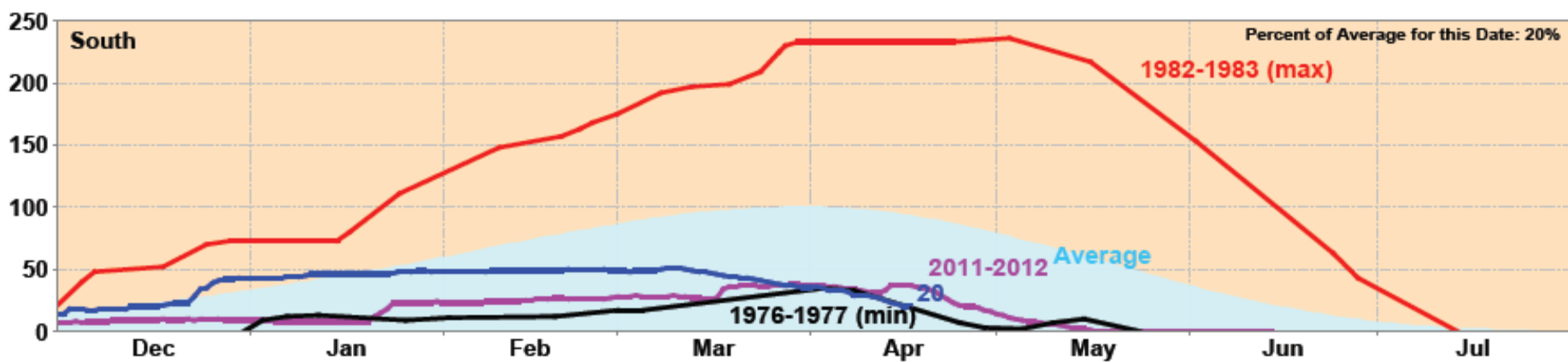
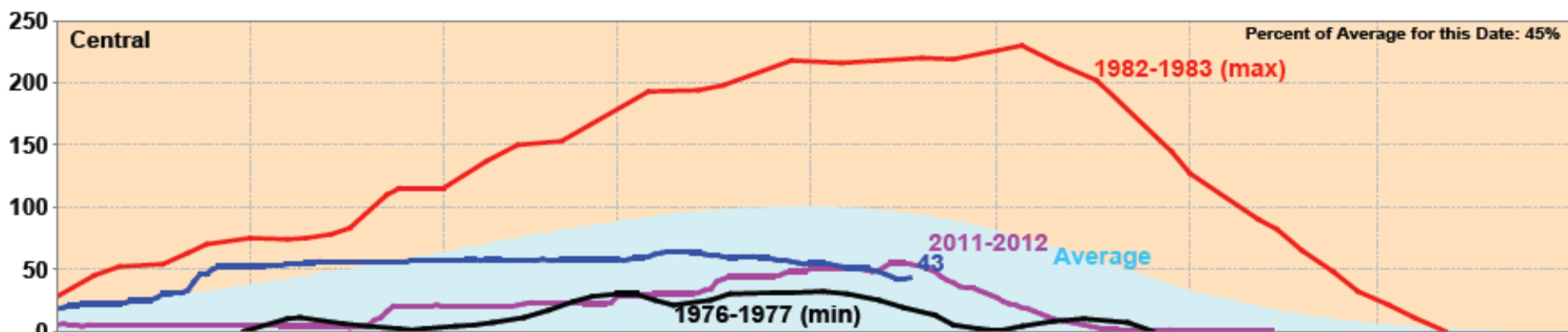
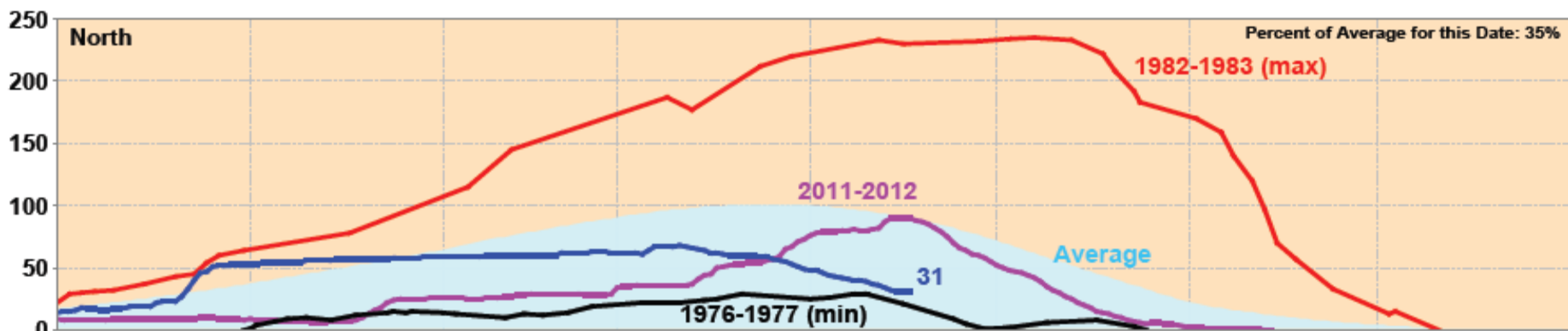
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2011-12	Million cwts	Running Total	Notes
Sep	3.2		Old Crop
Oct	2.8		Old Crop
Nov	4.2	4.2	New Crop
Dec	5.9	10.1	
Jan 2012	10.5	<u>20.6</u>	1/2 crop
Feb	4.0		
Mar	4.1		
Apr	3.8		
May	2.9		
Jun	2.2		
Jul	2.3		Usage
Aug	3.0	22.3	Feb-Aug
Sep -Aug	48.8	42.9	Total

Northern Sierra Precipitation: 8-Station Index, April 11, 2013



California Snow Water Content, April 17, 2013, Percent of April 1 Average

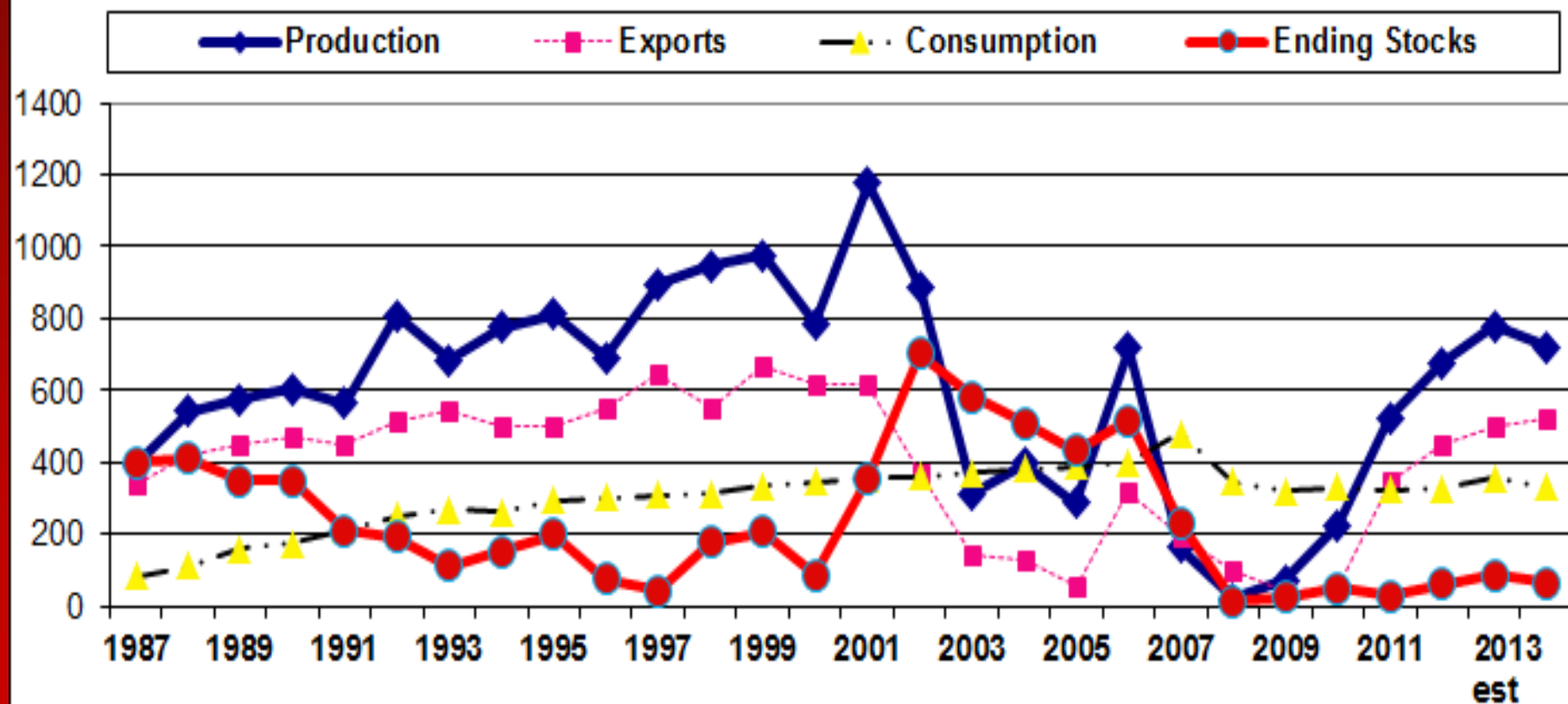


Statewide Percent of April 1: 35%

Statewide Percent of Average for Date: 35%

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AUSTRALIA RICE: Milled Basis (Thousand Tons)



2012 – UC Cooperative Ext. Updates “Sample Costs to Produce Rice”

UNIVERSITY OF CALIFORNIA COOPERATIVE EXTENSION

2012

SAMPLE COSTS TO PRODUCE **RICE**



SACRAMENTO VALLEY
Rice Only Rotation, Medium Grain

Summary: CA Breakeven in 2012

\$12.85/cwt over

- + This is with land rent of \$280 Per acre
- + Equals about 19.50/cwt or \$430 PMT
- + Land owners cheaper by \$3/cwt
- + Land owners cheaper by \$70 PMT

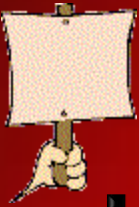
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Finally a Solution!



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The 10 Key Topics: U.S. Market?



- Crop Size & Many Challenges... This could be summary!
- Grain Markets Having Been More Profitable
- Spread from Cash to Futures... Market inconsistencies
- Quantity Vs. Quality... U.S. quality issues, S. America gains
 - Most (90%) planted 7 varieties are lowest quality
- Issues: Arsenic, Viet Rice, Lead in Imports
- Viet Vessel and Vietnam trading into Haiti
- Iran Vessels and Colombia TRQ helped
- North Vs. South Americas in trade
- Asia Vs. Americas... Vietnam Vessel
- Demand Is Strong So Far in 2013...



Summary of it all: The U.S. market in a very challenging time as competition from the major grains, poor marketing efforts, Asian aggression, and low quality of plantings effect direction...

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