

THE FARM & TRADE REPORT

November 3, 2015

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COMMODITY BUYER & CONSULTANT FOR AG PRODUCTION, RISK MANAGEMENT & TRADE



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Quote of the Week: Isaiah 40:31, "But those who hope in the Lord will renew their strength. They will soar on wings like eagles; they will run and not grow weary, they will walk and not be faint."

Grower Market Discussions & Meetings: Talk on overall market conditions, current prices, and general direction

VIP! OPEN MEETING FOR ALL GROWERS / BANKERS IN CALIFORNIA

Next Grower Meeting, WEDNESDAY November 18, 2015 - Durham Office

9287 Midway, Durham CA, at 11:30am – Lunch Served – No buyers or buyer representatives

GROWER NOTE: We have interest in 2014/15 Calrose rice at **+** cwt over loan, please call us!

SELLER INDICATION: \$16.00 - \$50.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

BUYERS INDICATION: \$14.00 - \$16.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

KNOWN MARKET TRADES: \$15.00 - \$22.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

*Note the above price is based on information at print and may change depending on market conditions.

KEY MARKET HIGHLIGHTS: CALIFORNIA CALROSE WINS 2015 WORLD'S BEST RICE!!!

- California Water Supply Lowest Since 1976/77 – Reservoirs Draining!
- Australian 2016 crop is a major question on very low water reserves... looks like 2010 levels or less today.
- China market will open to California in short period... this is a great potential!
- USDA estimates acres are 385,000, with industry thinking more like 350,000. Supply 28-33 million cwts
- California rice acres very short – smallest crop since 1991 – Prior to Japan MA markets opening.
- Worldwide medium grain production down +1 MMT – California and Australia down +30% this year.
- AgriFin IS NOW PAYING **\$11/CWT OVER** LOAN UPFRONT; grower retains control of selling!



KEY UPDATES: CALIFORNIA AND AUSTRALIA IN DROUGHT... CALROSE WINS AWARD!

IMMEDIATE PRESS RELEASE. November 2, 2015

California Calrose Wins 2015 World's Best Rice Award

DURHAM, CALIFORNIA, October 30, 2015 – Today was a historic moment for the California and U.S. Rice Industries. On the final day of the 7th Annual World Rice Conference, hosted this year in Kuala Lumpur, Malaysia, it was announced that the “World’s Best Rice” award had been won by California Calrose rice. The significance of this award was even more remarkable in that California Calrose beat out the reigning champion over the last three years, Cambodia/Thai Fragrant Jasmine rice, to become the newly crowned global rice quality champion.

Jeremy Zwinger, chairman and host of the conference, presented the award to the California Rice Commission member and multigenerational rice grower, Greg Van Dyke, who was in attendance at this year’s conference along with close to 600 delegates from over 30 countries. The winning rice was chosen from a field of around 25 entries submitted by delegates from countries around the globe. The “World’s Best Rice” is decided by a panel of experts and international chefs, one of which was Chef Matthew Teruo Sato, whose Sacramento restaurant Ten22 won this year’s “Lord of Rice” culinary competition, through head chef Jay Veregge’s leadership. As The Rice Trader CEO, Mr. Zwinger, stated, “For several years, California Calrose has been very close to earning the sole title of the ‘World’s Best Rice,’ and it is with the greatest pleasure that we are able to honor Calrose. This win is a result of over 100 years of variety development by the California Rice Experiment Station, coupled with top-notch farming practices and an excellent warehousing - milling system.” Going further Mr. Zwinger stated, “We feel this is a great honor for the California Rice industry! Within the amazing diversity of the global rice industry, it is a pleasure to see the excitement and excelling quality the California industry brought to the table for this year’s contest. While many countries throughout the globe would like to take the prize, for the next year, this title is held solely by California.”

Past winners of the World’s Best Rice include: 2014 Joint Winners: Thai Hom Mali and Cambodia Fragrant; 2013 Joint Winners: Cambodia Fragrant and California Calrose; 2012: Cambodia Fragrant; 2011: Paw Son Rice – Myanmar; 2010: Red Ant Brand Thai Jasmine Rice; 2009: Royal Umbrella 100% Thai Jasmine Rice.

For more information and high resolution photos, please contact Peggy Hutsell at phone (530) 345-4140, fax 530-345-4747, email peggy.hutsell@thericetrader.com, or at our address 9287 Midway, Durham, CA 95938.

QUICK MARKET UPDATE: We are just back from the world conference, where over 500 of global trade professionals gathered to talk about the markets and do a bit of networking. The overall feel was that the global rice market should increase in value in the coming months and the 7-8 year down cycle has probably hit bottom. As shown above, California Calrose took home the 2015 World’s Best Rice award, which is a great honor. With prices of like qualities at much higher prices, it would indicate Calrose is probably significantly undervalued at present. I continue to believe in the great value that our California product brings to the table and that we have a bright future. This is even more the case as Australia is again experiencing a major drought, taking supplies massively down in the crop just being planted. The Australian water situation has turned so dramatic that reservoirs are at levels seen in 2009, when only 90 TMT were produced. We expect the crop to be significantly down on the year and exports to drop down by about half, as the small crop and lower strategic stocks come together to cause issues. The California weather is also a concern as we are just 66% of normal rainfall with November looking rather dry at this point.

In fact, this is the first time in history both **Australia and California are experiencing drought conditions at the same time**, which is really an amazing statement. One could have just stated this point and the direction should have been clear. The reality is that the last Japan tender on Friday was bid lower, as buyers used pool rice with small \$12 guarantees. So while fundamentals point too much higher prices, the ability to use pool rice to bid has kept the normal market check and balance equation from being used. This is this reason why we are rather against this type of marketing, as it hurts both the grower and in time hurts the industry / marketer. Even saying this, market misalignments can only occur in the short run as demand and better returns from other sources (water, nuts, or anything else) will shift the equation. You will see a change and the question is more of when. When this market moves, it is likely going to move very quickly and volatility is probably the name of the game.



Above: Top 3 Finalists of World's Best Rice Award. **Below:** World's Best Rice Award.





Above: Greg Van Dyke accepting World's Best Rice Award. **Below:** Jeremy Zwinger, CEO, presenting award.

