

THE FARM & TRADE REPORT

January 22, 2013

#365-251

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



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Quote of the Week: Exodus 15:2,3 “The Lord is my strength and my song, and He has become my salvation; this is my God, and I will praise Him, my father’s God, and I will exalt Him. The Lord is a man of war; the Lord is his name.”

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 February 19, 2014 - 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 **+\$15.00** cwt over loan, please call us!

SELLER INDICATION: \$15.00 - \$50.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

BUYERS INDICATION: \$15.00 - \$15.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

KNOWN MARKET TRADES: \$13.00 - \$15.00/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: CALROSE PRICES ON FIRE, DROUGHT CONCERNS LOOM !!!

- California Calrose Rice brings home coveted “World’s Best Rice” award
- Farm and Trade, Inc. and CRE Trading Floor offer \$15/cwt over for 2013/14 and 2014/15 crops
- The \$13 in 2013 level has been reached... industry and growers are selling at profitable levels!
- Australian crop looks down 20% in 2014 with poor growing conditions, as Egyptian ban on exports tightens
- Turkey buys unprecedented 8th cargo (+195 TMT) of California rice at highest price of the year.
- CA Water has major problems brewing as extreme drought conditions add to very low reservoir storage.
- AgriFin: Get Cash, Keep Control - \$7.25/cwt over loan – work together to raise prices!



++\$13 IN 2013 ↑

Profitable Industry - Better Communities

CALIFORNIA RICE 2013/14

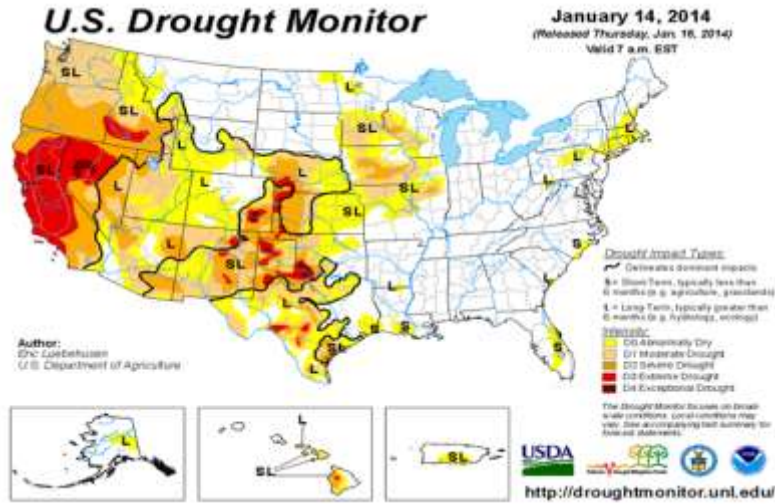



California Rice Exchange

www.calricex.com

KEY UPDATES: California Calrose Prices move back to \$15/cwt over loan, Drought concerns loom.

What A Wild Ride: Sometimes pictures are worth a thousand words and the enclosed charts from USDA and DWR, tell a very key story. While we saw a long overdue price move on extremely heavy early season demand and historic drought concerns that have the governor putting California in a state of water emergency, the market has



obviously changed greatly in just the last few weeks. On Jan 9 we saw certain players bid around \$11.25/cwt over for Japan vessels only to have prices for 2013 and also 2014 crop move the next day (with very heavy trading at Farm and Trade and the CRE trading floor) to +\$15/cwt over loan. Active trading continues here and looks to continue into the future. The reasoning is many fold including: a natural correction from a market that should not have fallen to lower levels, several players short of needed paddy, Australia lower planting added to poor growth conditions, Egyptian true export ban, poor Russian crop, the historic drought in CA which calls the 2014 crop into question, extremely heavy to record paddy demand from the Middle East, USDA revising the 2013/14 medium grain crop down by 1.7 million cwts and year end stocks for 2013/14 being at or below pipeline breakeven levels. The question of what acres can and will be planted in 2014 is surely a complete unknown. Additionally, the governor's move to allow water transfers to the best use could greatly effect direction, as resources are very tight. To cut the discussion short, there are two key questions we would like to ask and could use your help answering.

1. What price and quantity would you sell 2013/14 and 2014/15 crop rice at... Knowing this really helps us strategically work for the industry and allows efficient trading. Put a number on all or part of the crop...
2. F&T is actively helping manage the water situation and keep our clients water assets valued appropriately. What acreage would you sell if you get \$900-\$1000 per acre on water sale? Our growers have already offered us over 22,000 acre feet to negotiate for them and we believe great opportunity remains here on many levels.

