

THE FARM & TRADE REPORT

March 13, 2014

#367-253

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



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Quote of the Week: Revelation 22:16 "I, Jesus, have sent my angel to testify to you about these things for the churches. I am the root and the descendant of David, the bright morning star."

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 March 19th, 2014 – The Harvest Room @ New Earth Market
1475 Tharp Rd. Yuba City CA, at 11:30am – Lunch Served – No buyers or buyer representatives

GROWER NOTE: We have interest in 2014/15 Calrose rice at **+\$22.00** cwt over loan, please call us!

SELLER INDICATION: \$22.00 - \$50.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

BUYERS INDICATION: \$20.00 - \$22.00/cwt over loan Indication: ▲▲— UP/UP/FLAT

KNOWN MARKET TRADES: \$20.00 - \$23.00/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 show sales at \$22/cwt over for 2013/14 crop.
- Australian down 30% in 2014 with poor growing conditions, while drought conditions put 2015 in question.
- Turkey buys unprecedented +200 TMT of California rice at highest price of the year. Also drought concerns.
- CA water has major problems brewing as extreme drought conditions add to very low reservoir storage.
- CA acres are major unknown with most guess about 300,000 acres... Snowpack is clearly worst in history.
- AgriFin: Get Cash, Keep Control... An amazing success story !



Farm & Trade, Inc

++\$13 IN 2013 ↑

Profitable Industry - Better Communities

CALIFORNIA RICE 2013/14

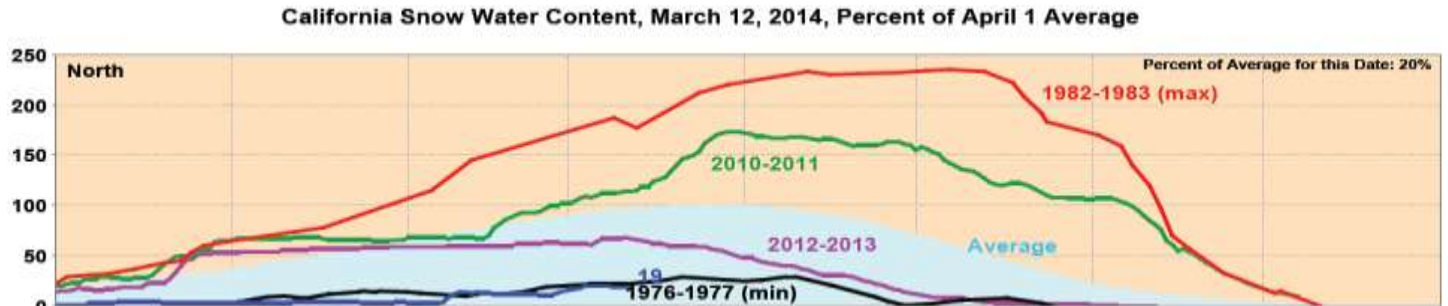



California Rice Exchange

www.calricex.com

KEY UPDATES: Calrose Prices move to \$22/cwt over loan, Drought looms, \$2000 per acre water transfers... !

Most Active and Interesting Year In Calrose History: The market has remained very active as we get through what one can only say has been the most volatile trading period in the history of the industry. Let's have a recap of what happened over the last 3 months. Prices went up from early depressed bidding of \$8-\$9/cwt over loan on the Japan tenders last fall, then to about \$13/cwt in the first week of January, after that weekly jumps of about \$1/cwt with a few \$2/cwt days increases. In just the last week, we have seen 2013 prices at \$23/cwt over and 2014 already hit \$22/cwt over, as competition for the rice in the market has remained very high. Will it move even higher?



Water transfers, talks of water taking, and water restrictions. Many of you out there are looking for water (especially our friends with tree crops) and others that are looking to transfer / sell their water based on the sound economics of earning a better return. We are working hard to facilitate these efforts. Please contact us if you need any help. On this note, there already have been **\$2000 per acre or \$600 per acre foot already agreed upon**, as parties work to transfer through economics means, rather than having the State come in and take that asset by force. We strongly commend the leadership of this efforts and believe the decision to transfer should be given to the growers. For those parties restricting transfers, we believe this is a serious mistake and potential breach of fiduciary responsibility. The bottom line is... are we in America or in a Communist country where the state / district decide what land rights the land owner is "allowed" to have. Clearly some players are protecting their own biased interests!

This is our general belief on Water... We support additional water storage and efforts to plan ahead for the future, rather than emergency management which is currently occurring. We strongly believe in the ownership right of the water holder to be able to sell rather than have political parties try to take water. We do not believe in water takings, as this is just a facilitation of income redistribution from the North to the Southern parts of California, which would have serious economic and unprecedented political effect on our state. We believe in people and that logical decisions will be made. We believe in the **RIGHT OF GROWER / LAND OWNER TO CHOOSE** if they want to sell their water or decide to grow based on their own personal circumstances. We believe entities who work to restrict water transfers are wrong in these efforts. In fact, with transfer prices that are ++ \$30/cwt over loan type returns, which are well above what rice market is currently trading, there may be a serious breach of responsibility with lasting implications. In America, people have the right to choose, rather than have things chosen for them.

CALROSE Market Fundamentals / Acres SNAPSHOT:

1. Most believe CA acres will be close to 300,000 acres (some think slightly above and some well below)
 - * Any acres below 350,000 are almost unworkable as you cannot ration enough demand
 - * At 350,000 acres, this is just 30 million cwts, leaving only 15k for domestic and 15k for export!
 - * Logic is that with worst snowpack in history and low storage, restrictions will be very heavy
2. Australia remains in flux with a 30% reduction in the crop and likely to remain very bullish in pricing
 - * Worry is that drought factors forming and looking a lot like major issue seen in 2007
3. Middle East drought is having major effects as well.
 - * This has caused Turkey to be major buyer of Calrose... taking a record +200 TMT this year
 - * Expectations are that Middle East / Turkey demand will be high in 2014/15 on supply need
4. Other:
 - * China could become a buyer as phytosanitary has potential to be completed for 2014/15 crop
 - * Egypt could export, but question is if this happens and more so if it matters as supplies so short
 - * One could make case that supply reductions are at point of near perfect storm...

THE RICE TRADER

We invite you to join us in Dubai, UAE for our Special TRT Forum 2014 focusing on Africa and the Middle East. Many experts from trade and governments for both suppliers and consumers will be in Dubai for this important conference. Don't miss your opportunity to hear expert analysis, gain important insights and network with key players in the rice trade!

RICE FORUM 2014

"Focus on Africa and the Middle East"

8-9 April 2014, Crowne Plaza, Dubai, United Arab Emirates

The highly anticipated follow up to the Nov 2013 - TRT World Rice Conference in Hong Kong

- More focus on destination markets, both basmati and non-basmati rice demand
 - Middle East Markets - focus on Saudi Arabia, Iran, Iraq, Yemen, Turkey and more
 - Africa markets - focus on Ivory Coast, Ghana, Senegal, Nigeria, South Africa and more
- Updates on key Asian origins, the latest from Vietnam's winter-spring crop, on Thailand's rice mountain and old crop availability, on India's 2013/14 production and early signs of the 2014 monsoon
- Special focus on Nigeria and the global parboiled rice market
- Networking focus - from across the rice trade and supply chain

Hotel:

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Reservations (for delegates only - speakers, please contact Subra@thericetrader.com)

Please mention "TRT Rice Network 2014" on email as subject and provide date of arrival, departure, approximate arrival time and if airport transfer is required.

Registration Fees	Subscribers	Non-Subscribers	Non-Subscribers with 1yr TRT daily (worth USD 2000 per year)
Before 30 Mar 2014	USD 500	USD 1000	USD 1700
From 31 Mar 2014	USD 700	USD 1200	USD 2000