

THE RICE TRADER

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DAILY EXECUTIVE SUMMARY

Related Markets Of Interest					
12/09/2011	Nearby Month Price	Change	Change (%)	Quoted Units	Source
U.S. Dollar Index (Cash)	78.632	(0.200)	-0.25%	Index	NYBOT
Rice Rough	14.010	(0.210)	-1.48%	\$/cwt	CBOT
Soybeans	1107.000	(25.500)	-2.25%	cents/Bushel	CBOT
Wheat	573.500	(3.250)	-0.56%	cents/Bushel	CBOT
Corn	585.500	(4.500)	-0.76%	cents/Bushel	CBOT
Sugar 11%	23.400	(0.730)	-3.03%	\$/cwt	NYBOT
Coffee	224.650	(1.050)	-0.47%	cents/lb.	NYBOT
Cotton #2	90.430	(1.620)	-1.76%	cents/lb.	NYBOT
Feeder Cattle	142.100	(0.375)	-0.26%	cents/lb.	CME
Crude Oil	99.410	1.070	1.09%	\$/barrel	NYMEX
Natural Gas	3.317	(0.140)	-4.05%	Mbtu / Oil Equ	NYMEX
Ethanol	2.115	(0.018)	-0.84%	\$/gal	CBOT
Copper	3.547	0.058	1.65%	cents/lb.	COMEX

We look forward to the **TRT Rice Americas Conference in Miami, Florida on May 1 - 3**. To obtain a brochure please visit <http://www.trtamericas.com/>. Attendance and opportunity look great and we believe that this event could even exceed last year's gathering in Panama City, Panama. We invite you all to the conference and to this social gathering for some fun networking.

Price Indications												
09-Dec-11	Thai	change (-/+)	Viet	change (-/+)	Pak	change (-/+)	India	change (-/+)	U.S.	change (-/+)	S. Amer.	change (-/+)
100B	605	-5										
5%	590	-5	485	-15	460	0	445	0	550	0	560	0
10%	585	-5	480	-15	440	0			535	0	550	0
15%	580	-5	465	-15	420	0			500	0	530	0
25%	575	0	440	-25	385	0	390	0	490	0	510	0
A1 Super or Brokens (sortexed)	550	0	415	-15	375	0	370	0				
Fragrant A1 Super	550	0										
Parboiled 100S or 5% for Pak / Ind	590	0			460	0	430	0				
Hom Mali 92% Purity or Jasmine Rice Equivalent (5%)	1070	0	665	0								
note- THAILAND – NO CHANGE – HOLIDAY TODAY. Hom Mali New Crop (harvesting now) is \$1160-80 PMT levels												

GLOBAL RICE NEWS INDEX FOR 08 - 09 December 2011

AFRICA

[Cameroon sets sights on rice to improve food security](#)

[Zambia: US\\$24.8 Million IFAD Loan and US\\$7 Million Grant to Boost Smallholder Agriculture](#)

ASIA

[US free trade pacts face opposition in Asia](#)

INDIA

[Paddy growers' set to demand permission to export Sona Masuri rice](#)

[Go for PPPs in agriculture](#)

[Sowing lower in rabi crops, barring pulses](#)

PAKISTAN

[Flood finance runs dry](#)

[Pakistan: Food prices remain steady during November, UN agency reports](#)

PHILIPPINES

[NFA keeping rice prices on leash this Christmas](#)

PRICES & REPORTS (GAIN)

[| Rice, Milled | Lockup report November 2011 | Grain and Feed | Hanoi | Vietnam | 12/8/2011](#)

UNITED STATES

[Farmland experts predict price upswings to continue](#)

[Agriculture now producing in time of shortage](#)

[One-size-fits-all farm bills may be on way out](#)

[WASDE Report for 12/9/11](#)

[Ark. Court Affirms \\$50M Verdict for Rice Farmers](#)

[Texas OK's possibly stopping water to farmers](#)

[Reported in Juice, Now in Rice; Arsenic is Everywhere](#)

[U.S. 2012 wheat carryover up 6% from November](#)

VIETNAM

[Ambassador expresses interest in strengthening cooperation](#)

[Agri Buzz : Vietnam Rice Exports Reaches 4.15 Lakh Tonnes In November, 2011](#)

[BUSINESS IN BRIEF 9/12](#)

[VN rice exports hit 6.735 million tonnes](#)

WORLD

[Reuters UPDATE 1-EU wheat prices drift down on economic uncertainty](#)

[FAO: Food prices almost unchanged](#)

EXECUTIVE NOTE:

***Iraq is reported to have purchased 30 TMT from India and 90 TMT from Pakistan**

****India says that it will look at the export ban when shipment exceed the 2 MMT level**

***** Watch issues in Japan, as contamination problems could then bring increased purchases**

THE BULLS:

- *Thai government Intervention buying at MEP of \$750
- *Asian Flooding reduces many buyer/supplier crops
- *Some now calling flooding historic/game changing
- *India logistics will hold exports to just 4-5 MMT
- *U.S. Small crop and many issues (down 3 MMT)
- *The markets are very volatile with profits needed
- *South American 2012 potential (down 10-15%)
- *Indonesia buying & needing more
- *Dollar again looks to weaken on EU
- *Grains supportive / currency volatile

THE BEARS:

- *Pakistan lowering price/compete with India
- *Rain makes grain: Losses today = rice later
- *BULOG multi-source buying their needs
- *India has huge amounts of grains to sell
- *South America selling into U.S. markets
- *Vietnam dropping in price on fear
- *A lot can happen before 2012
- *Philippines not buying "officially"
- *Dollar remains strong recently
- *ARE Grains Still Supportive???

RED BUTTON ITEM: The key **RED BUTTON** issue this week is going to again be India, though the holiday slowness really has almost won the award by default. The question really is how long India can continue at this aggressive rate of shipping. Frankly, most of the world trade has been in India or soon to be there to try to take advantage of this opportunity. Almost every trader we know has been or will soon go to India. At present the 125-160 TMT weekly shipments are extremely impressive and there is a push that they will have towards 5 MMT of exports (2 MMT basmati and 3 MMT of parboiled, white, and other). The question is how does this compare to the drop in production in the U.S., who has fallen to the 5th biggest exporter, and to what is happening with Thailand between the floods and the price intervention. Thailand looks to continue on their aggressive moves of protecting the rice market, though many question if this is possible with so much happening and fiscal concerns. Moves in Vietnam are also a question as prices have shifted to this new reality. India is surely setting up for some shipping issues and the question of food inflation is surely going to come back to India. Players like Indonesia are certainly building the idea that they continue to use India and this is effecting the negotiation equation. Another thing to watch is that Iraq looks to be rejecting Indian samples and this is not good for the quality here. As many in the trade have stated, this is one of the most conflicting markets we have ever seen and there is simply no consensus in the trade about the direction things are going. You could see the market drop hard or turn around aggressively. Risk is high and therefore reward for calling it right is also exceptional.

RICE (RR, CBOT) WEEKLY CHART



In more depth: The U.S. Dollar Index reverted back to negative territory today falling 0.200 at close, settling at 78.63, which is a -0.25% change. The dollar weakening again today does show the bearish trench it is in. With the much anticipated EU meeting which started last night in Brussels direction appears to be a trip down a rocky road. The fight between countries is real and yet the damage to the whole region is also real. The UK appears to have vetoed the plan to keep the EU together and it seems like the next steps are not as clear. If this gets out of hand, you would see the dollar regain its ability to be dominant in the global currency game, which would add INTENSE strength to it. We have often neglected this as a possibility, but now are taking a step back to question this. The dollar weakened against all of the major counterparts which were led by the Aussie dollar up 0.27 percent against the dollar. Once again we have the “words” stating hope that a deal will be in place to address the Euro-zone debt crisis, and as sentiment affects the market risk appetite appears to be returning, thus safe havens are again put to the side. The futures market seems to grow riskier each day as investors jump in then out. As we have been clear, we remain VERY dollar negative, but for the first time are questioning if the dollar can move down when the EU is weak.

Looking at futures, the rice market continued its slide down losing another 21 cents, which is a change of -1.48%, to close at \$14.01/CWT on nearby contracts. With the release of the governments WASDE report, rice had not changes this month in figures and it was a NON-report. Overall demand as well as the markets belief world supplies are ample continues to weaken rice futures price. Being that this is the slow season for the market one can see investors positioning themselves for years end. We must realize the effect that the EU summit in Brussels is playing on the market. The ECB cut its key lending rate to 1% (positive), but declined to commit to increase purchases of government bonds (negative). We will continue this see saw pattern until Europe gets it house in order or the euro is broken apart. There has been one voice of common sense that has come forth in the Euro crisis and that is ECB’s new head Mario Draghi. The ECB is assisting in helping cash strapped banks, but holds to the founding charter that prohibits funding governments. This could greatly effect lending and the price of commodity prices, therefore watch closely.

On nearby contracts, soybeans, corn and wheat all closed down. Soybeans lost 25 cents, a -2.25% change, closing at \$11.07/bushel. Corn lost 5 cents, a -0.76% change, to settle at \$5.85/bushel. Wheat closed down again today losing 3 cents, closing at \$5.73/bushel a change of -0.56%. In the food and fiber markets coffee, cotton and sugar all showed losses. Coffee fell 1 cent, which is a change of -0.47%, closing at \$2.24 per pound. Cotton lost 2 cents, a change of -1.76% to close at 90 cents per pound. Sugar lost 73 cents, which is a change of -3.03%, closing at \$23.40/cwt. In the energy sector, crude oil closed with a gain while ethanol and natural gas both took losses. Natural gas lost 14 cents, closing at \$3.31 a change of -4.05%. Ethanol lost 2 cents, settling at \$2.11 per gallon, a change of -0.84%. **Crude oil closed up very near the \$100 mark** closing at \$99.41 per barrel a gain of \$1.07 per barrel, a change of 1.09%. This is significant in itself as it appears we are heading towards an oil/fuel dominated system, which could be a major change on many levels.

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