



Special Executive Report

DATE: April 5, 2017

SER#: 7888

SUBJECT: Milling Yield Premium and Discount Schedule Effective September 1, 2017 in Rough Rice Futures

Effective September 1, 2017, The Board of Trade of the City of Chicago, Inc. (CBOT or Exchange) will amend the milling yield premium and discount fee schedule for the Rough Rice Futures contract. The United States Department of Agriculture (USDA) has announced the 2017 rice loan rates by class¹. For the 2017 crop stored in commercial warehouses, the whole kernel (head rice) loan rate for long grain rice is \$10.01 per hundredweight (cwt.) and the broken kernel (broken rice) loan rate for long grain rice is \$6.96 per cwt. The Rough Rice futures contract milling yield premium and discount schedule that takes effect on the first delivery day of the September 2017 contract (September 1, 2017) is based on the 20 percent trimmed mean of the 2013 through 2017 USDA loan rates for long grain rice as described below.

USDA Loan Rates – Long Grain Rice (\$ per cwt.)

Year	Head Rice	Broken Rice
2013	\$10.34	\$5.83
2014	\$10.25	\$6.18
2015	\$10.22	\$6.51
2016	\$9.98	\$7.16
2017	\$10.01	\$6.96
Trimmed Mean Avg.	\$10.16	\$6.55

Rough Rice futures specify that head rice over or below 55 percent receives a premium or discount, respectively, and broken rice over or below 15 percent receives a premium or discount, respectively. Current milling yield premium and discount rates are \$10.20 per cwt. for head rice and \$6.24 per cwt. for broken rice. Beginning September 1, 2017, milling yield premium and discount rates will decrease to \$10.16 per cwt. for head rice and increase to \$6.55 per cwt. for broken rice. For example, an outstanding warehouse receipt specifying 58 percent head rice and 12 percent broken rice and with an underlying futures price of \$11.00 would be delivered at \$11.108 per cwt. ($11.00 + (.58 - .55)*10.16 - (.15 - .12)*6.55$).

¹ <https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Price-Support/pdf/2017/2017ricelr.pdf>

To help the market efficiently price the July – September spread, there were 945 outstanding CBOT Rough Rice warehouse receipts as of April 4, 2017. The **weighted** average milling yield for those outstanding receipts was 69.304 percent with 55.981 percent head rice.

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