



Special Executive Report

DATE: April 23, 2018

SER#: 8137

SUBJECT: Milling Yield Premium and Discount Schedule Effective September 4, 2018
in Rough Rice Futures

Effective September 4, 2018, 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 2018 rice loan rates by class¹. For the 2018 crop stored in commercial warehouses, the whole kernel (head rice) loan rate for long grain rice is \$10.08 per hundredweight (cwt.) and the broken kernel (broken rice) loan rate for long grain rice is \$6.14 per cwt. The Rough Rice futures contract milling yield premium and discount schedule that takes effect on the first delivery day of the September 2018 contract (September 4, 2018) is based on the 20 percent trimmed mean of the 2014 through 2018 USDA loan rates for long grain rice as described below.

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

Year	Head Rice	Broken Rice
2014	\$10.25	\$6.18
2015	\$10.22	\$6.51
2016	\$9.98	\$7.16
2017	\$10.01	\$6.96
2018	\$10.08	\$6.14
Trimmed Mean Avg.	\$10.10	\$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 \$10.16 per cwt. for head rice and \$6.55 per cwt. for broken rice. Beginning September 4, 2018, milling yield premium and discount rates will decrease to \$10.10 per cwt. for head rice and remain at \$6.55 per cwt. for broken rice. For example, an outstanding shipping certificate specifying 58 percent head rice and 12 percent broken rice and with an underlying futures price of \$12.00 would be delivered at \$12.1065 per cwt. ($12.00 + (.58 - .55) * 10.10 - (.15 - .12) * 6.55$). For assistance in calculating the prices on any outstanding receipts, please see [this calculator](#).

¹ <https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Price-Support/pdf/2018/2018ricelr.pdf>

To help the market efficiently price the July – September spread, below are the milling yields on outstanding CBOT rough rice warehouse receipts/shipping certificates as of 5:00 p.m. Central Time on April 5, 2018 and the count of warehouse receipts for each milling yield.

Milling Yield	Quantity
50 / 69	22
52 / 69	75
53 / 67	10
53 / 69	138
54 / 68	2
54 / 69	13
54 / 70	36
55 / 68	5
55 / 69	43
55 / 70	135
56 / 68	14
56 / 69	51
56 / 70	280
57 / 68	11
57 / 70	1
58 / 69	26
58 / 70	57
59 / 70	9
60 / 70	142
61 / 70	3
Grand Total	1,073

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