



## Special Executive Report

**DATE:** May 24, 2021

**SER#:** 8779

**SUBJECT: Milling Yield Premium and Discount Schedule Effective September 1, 2021 in Rough Rice Futures**

Effective September 1, 2021, 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 2021 rice loan rates by class.<sup>1</sup> For the 2021 crop stored in commercial warehouses, the whole kernel (head rice) loan rate for long grain rice is \$11.06 per hundredweight (cwt.) and the broken kernel (broken rice) loan rate for long grain rice is \$6.76 per cwt. The Rough Rice futures contract milling yield premium and discount schedule that takes effect on the first delivery day of the September 2021 contract (September 1, 2021) is based on the 20 percent trimmed mean of the 2017 through 2021 USDA loan rates for long grain rice as described below.

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

Year	Head Rice	Broken Rice
2017	\$10.04	\$6.96
2018	\$10.08	\$6.14
2019	\$11.09	\$6.11
2020	\$11.10	\$6.45
2021	\$11.06	\$6.76
<b>Trimmed Mean Avg.</b>	\$10.74	\$6.45

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 \$10.39 per cwt. for head rice and \$6.52 per cwt. for broken rice. Beginning September 1, 2021, milling yield premium and discount rates will increase to \$10.74 per cwt. for head rice and decrease to \$6.45 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 \$12.1287 per cwt. ( $12.00 + (.58 - .55)*10.74 - (.15 - .12)*6.45$ ). For assistance in calculating the prices on any outstanding certificates, please see [this calculator](#).

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<sup>1</sup> <https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Price-Support/pdf/2021/2021%20Rice%20Loan%20Rates.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 May 20, 2021 and the count of warehouse receipts for each milling yield.

<b>Milling Yield</b>	<b>Quantity</b>
55/70	112
56/70	313
57/70	16
58/70	33
59/69	15
59/70	78
59/71	607
60/70	113
60/71	179
61/71	12
62/72	100

If you require any additional information, please contact Fred Seamon at 312-634-1587 or via e-mail at [Fred.Seamon@cmegroup.com](mailto:Fred.Seamon@cmegroup.com) or Alison Coughlin at 312-338-7171 or via email at [Alison.Coughlin@cmegroup.com](mailto:Alison.Coughlin@cmegroup.com).