



Special Executive Report

DATE: April 14, 2023

SER#: 9180

SUBJECT: Milling Yield Premium and Discount Schedule Effective September 1, 2023 in Rough Rice Futures

Effective September 1, 2023, 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 (Rulebook Chapter [17](#); CME Globex Code: ZR; CME ClearPort Code: 14). The United States Department of Agriculture ("USDA") has announced the 2023 rice loan rates by class.¹ For the 2023 crop stored in commercial warehouses, the whole kernel (head rice) loan rate for long grain rice is \$11.15 per hundredweight (cwt.) and the broken kernel (broken rice) loan rate for long grain rice is \$6.74 per cwt. The Rough Rice futures contract milling yield premium and discount schedule that takes effect on the first delivery day of the September 2023 contract (September 1, 2023) is based on the 20 percent trimmed mean of the 2019 through 2023 USDA loan rates for long grain rice as described below.

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

Year	Head Rice	Broken Rice
2019	\$11.09	\$6.11
2020	\$11.10	\$6.45
2021	\$11.06	\$6.76
2022	\$11.13	\$6.47
2023	\$11.15	\$6.74
Trimmed Mean Avg.	\$11.11	\$6.55

The Rough Rice Futures contract specifies 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 \$11.08 per cwt. for head rice and \$6.35 per cwt. for broken rice. Beginning September 1, 2023, milling yield premium and discount rates will increase to \$11.11 per cwt. for head rice and to \$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 \$12.1368 per cwt. $(12.00 + (.58 - .55)*11.11 - (.15 - .12)*6.55)$. For assistance in calculating the prices on any outstanding certificates, please see [this calculator](#).

¹ <https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/Price-Support/pdf/2023-Postings/2023%20Rice%20Loan%20Rates.pdf>

To help the market efficiently price the July – September spread, there were 549 outstanding CBOT Rough Rice shipping certificates as of April 12, 2023. The weighted average milling yield for those outstanding certificates was 69.7577 percent with 56.0182 percent head rice.

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