



Special Executive Report

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February 12, 2013

MILLING YIELD PREMIUM AND DISCOUNT SCHEDULE EFFECTIVE SEPTEMBER 3, 2013 IN ROUGH RICE FUTURES

USDA has announced the 2013 rice loan rates by class¹. For the 2013 crop stored in commercial warehouses, the whole kernel (Head Rice) loan rate for long grain rice is \$10.34 per hundredweight (cwt.) and the broken kernel loan rate for long grain rice is \$5.83 per cwt. The CBOT Rough Rice futures contract milling yield premium and discount schedule that takes effect on the first delivery day of the September 2013 contract (September 3, 2013) is based on the 20 percent trimmed mean of the 2009 through 2013 USDA loan rates for long grain rice.

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

Year	Head Rice	Broken Rice
2009	\$9.94	\$6.84
2010	\$9.94	\$7.01
2011	\$9.93	\$7.06
2012	\$10.13	\$6.03
2013	\$10.34	\$5.83
Trimmed Mean Avg.	\$10.00	\$6.63

CBOT Rough Rice futures specify that head rice over (below) 55 percent receives a premium (discount) and broken rice over (below) 15 percent receives a premium (discount). Current milling yield premiums and discount rates are \$9.96 per cwt. for head rice and \$6.84 per cwt. for broken rice. Beginning September 3, 2013, milling yield premium and discount rates will increase to \$10.00 per cwt. for head rice and decrease to \$6.63 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 \$16.00 would be delivered at \$16.101 per cwt. $(16.00 + (.58 - .55)*10.00 - (.15 - .12)*6.63)$.

To help the market efficiently price the July – September spread, below are the milling yields on outstanding CBOT Rough Rice warehouse receipts as of 2:00 p.m. Chicago Time on February 11, 2013 and the count of warehouse receipts for each milling yield.

¹ http://www.fsa.usda.gov/Internet/FSA_File/2013ricelr.pdf

Milling Yield	Quantity
51.00 / 65.00	18
51.00 / 66.00	100
53.00 / 66.00	3
53.00 / 68.00	35
54.00 / 65.00	34
54.00 / 68.00	17
54.00 / 69.00	52
54.00 / 70.00	3
54.00 / 71.00	159
55.00 / 68.00	25
55.00 / 69.00	66
55.00 / 70.00	532
56.00 / 67.00	22
56.00 / 69.00	62
56.00 / 70.00	308
57.00 / 67.00	187
57.00 / 69.00	31
57.00 / 70.00	10
57.00 / 71.00	9
58.00 / 68.00	13
58.00 / 70.00	86
59.00 / 70.00	83
59.00 / 71.00	9
60.00 / 69.00	21
60.00 / 70.00	390
60.00 / 71.00	14
61.00 / 69.00	25
61.00 / 70.00	69
61.00 / 71.00	90
62.00 / 70.00	18
62.00 / 71.00	143
62.00 / 72.00	9
63.00 / 70.00	65
63.00 / 71.00	98
64.00 / 70.00	15
64.00 / 71.00	343
65.00 / 70.00	45
65.00 / 71.00	92
Grand Total	3301

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