

Grains

March 5, 2015



Flour

Flour prices are influenced each day by three rather independent and potentially volatile components.

The first component, wheat future prices, forms the base from which actual wheat prices are derived. Futures are standardized, tradable contracts. Parties swap pieces of paper, obligating them to make or take delivery of wheat sometime in the future.

The second component is cash basis. The basis serves to adjust the futures price to better represent the actual cost of delivering wheat to the mill. It also adjusts for the specific grades and quality the miller needs. The basis combined with the futures represents the actual price the miller pays to supply wheat to the mill.

The third component is millfeed. Because less than 80 percent of the wheat kernel can become flour, the flour mill must deal with a by-product referred to as millfeed or millrun. The price that mills receive for by-products is treated as a credit against the cost of the wheat and reduces the price of the flour to customers.

Rice

National Weekly Rice Summary
(Arkansas-Louisiana-Texas-California)

Domestic Trend

In the south, long and medium grain milled rice prices steady to weak. Parboiled, Second heads and Brewers steady to weak. Rice by-products: rice bran mostly steady, instances 15.00-25.00 lower in Arkansas and Louisiana; millfeed mostly steady, instances 5.00 lower in Louisiana; ground rice hulls fully steady. Weather slowed normal business activities in terms of logistics however current shipments seem to be flowing.

In California, medium grain milled rice prices mostly steady. Second heads and Brewers mostly steady. Rice by-products: rice bran prices mostly steady; rice hull prices not full established. Water usage and availability continues to be a heavy topic throughout California rice country. Depending on the water outcome, the market could move either direction. An agreement contract was reestablished at west coast ports which should allow rice millers and foodservices to resume future import/export business as normal.

CME Rough Rice settlements for Friday Feb 27th, Mar closed .085 higher at 10.47; May closed .09 higher at 10.745; Jly closed .085 higher at 10.985. US dollar index on Friday settled at 95.26.

	Arkansas	Texas	Louisiana	California
MILLED RICE				
Long grain	M23.50-24.50	24.00-26.75	23.50	-----
Medium grain	29.25-29.50	-----	28.00	M42.00-44.00
Short grain	-----	-----	-----	NA
Parboiled	M25.50-27.50	31.50	32.00	-----
Second heads	18.50-21.00	18.00-22.00	18.00	M 22.00-26.00
Brewers	17.00-19.00	17.00-18.00	17.50	M 19.00-21.00

Domestic shipment: Offers, fob mills, milled rice, spot prices, dollars per cwt, bagged. (All milled rice grade No 2 not to exceed 4 percent broken, except California grade No 1. All second heads grade No 4 or better, second head and brewers are bulk.) Rough rice per cwt FOB farm for grade 2, milling 55/70.

Rice by-products (spot prices, dollars per short ton, fob mills).

	Arkansas	Texas	Louisiana	California
Rice Bran	95.00-115.00	100.00-120.00	85.00-87.50	155.00-165.00
Rice Millfeed	50.00-55.00	50.00	35.00	-----
Rice hulls(ground)	10.00-15.00	10.00-15.00	7.00-10.00	NFE
Rice hulls(whole)				8.00

*M = mostly.

*NFE = not fully established.

Wheat

Chicago Mercantile Exchange, Soft Red Winter Wheat (Cash Price)

Quote: 4.81-5.16  3/4/2015

52 Week Avg	5.79
Last Week Avg	5.00
This Week Last Year	6.55
52 Week High	7.49 May 06, 2014
52 Week Low	4.39 Oct 01, 2014
Since 1999 - High	12.35 Feb 27, 2008
Since 1999 - Low	1.69 Nov 29, 1999
Seasonal Factor (5 year)	101%

RECENT QUOTES

Mar 04, 2015	4.81-5.16	
Mar 03, 2015	4.91-5.26	
Mar 02, 2015	4.85-5.10	
Feb 27, 2015	4.98-5.33	
Feb 26, 2015	4.88-5.03	
Feb 25, 2015	4.83-4.98	
Feb 24, 2015	4.91-5.06	
Feb 23, 2015	4.96-5.06	
Feb 20, 2015	5.00-5.10	
Feb 19, 2015	5.18-5.28	

Wheat futures are lower this week, basis premium prices are mostly firm to higher.

The news this week was that Egypt made two large purchases of U.S. hard red winter wheat using a \$100 million dollar aid package they were given recently. This was on the heels of Egypt's rejection of U.S. wheat as too expensive last week.

Egypt's purchases have thus far failed to support Kansas City futures prices, but they do change the March/April balance of available supply.

100% of the Texas winter wheat crop has emerged, and the crop is off to a much better start this year than last. Some dry areas of Texas and Oklahoma were receiving an ice and snow weather mixture, but any moisture at this point is deemed likely to be a help.

With futures continually flirting with, and sometimes setting, season lows; expect the basis to stay firm. Farmers will see these prices as too low.