



RPC Monthly Newsletter

Water supply and export demand fuel uncertainty...

*Rice Producers of California **DOES NOT** take contributions or support from any particular marketer or marketing group. We are an independent grower group and only get support from growers and related ag businesses that depend on our purchasing business (ie. fertilizer, tractor dealers, flying services, etc). There is some confusion out there that a particular marketer runs our show. We need to clear up the confusion, and make it clear that we no longer associate with any marketer or marketing group.*

RPC Member hosts South Korean Delegation

CA Rice Producer and RPC Member, Jim Campbell Jr., hosted a delegation of over 30 South Koreans at his farm this fall so they could see where their US medium grain rice comes from. The event was sponsored by RPC, who's National Organization is the US Rice Producers Association.

While "rice culture" dates back centuries in South Korea, it is important that this delegation is educated on the quality standards and care we take in CA to produce a high quality product. Host, Jim Campbell said that "The focus of this delegation was to educate the South Koreans on our cultivation practices, harvesting methods, our quality standards, and for them to simply see the rice fields that produce the highest yielding crop in the world." The group consisted of students and business people who were visiting the United States and were touring numerous agriculture industries throughout the region. In reference to the group, Campbell mentioned that they were very inquisitive and

had a very positive attitude regarding our cultivation and harvesting techniques. There are plans for another tour at a future date next year.

Market Update

Water continues to be the driving force that is controlling price perception for most Growers in the state. While water is a key driver that mills are using in pricing paddy, there are several other factors of near equal importance that require consideration when pricing 2014/15 paddy. International trade agreements, port logistics, and the continued threat of Southern medium grain rice in Calrose markets are all significant factors in paddy pricing complex.



Helping producers wade through the market signals is why RPC is here, and why we have this newsletter.

Regarding our international trade agreements and our export markets; export to Japan continues to lag behind last year's demand by roughly 660,000cwt (30,000 metric tons), Taiwan is almost on track with last year, and while Turkey paddy exports are up because of Jupiter sourced from the Southern US, milled exports of our higher quality Calrose are down. South Korean exports are down significantly from the previous year because of a complete overhaul and restructure of our decade-old trade agreement, but RPC's involvement in the situation leads us to expect that demand from South Korea will rally in the coming weeks.

Cash interest remains scarce at best moving into January. While January is forecast to be drier than normal, meteorologists are projecting February and March to be on the wetter side. Producers are waiting to see what weather events lie ahead before pulling the trigger on marketing decisions. Pools have received a bit more interest recent weeks due to weakening export prices and the quieter than expected cash market. Generally speaking, we expect most pools will remain open for at least a few more weeks unless the port dilemma doesn't improve. As always, RPC is a strong supporter of the cash market.

As mentioned earlier, port congestion is a problem that is factoring into the industry's ability to market CA rice to our export destinations. The problem is that even when a deal is made and a price is agreed upon, there is no guarantee that once the rice makes it from the mill to the port, that it will make it from the port onto a ship. Therefore, agreeing on a price is no longer the difficult part, now it's agreeing on a delivery schedule. This unfortunately has nothing to do with our water situation, demand, or trade agreements. It has everything to do with union contracts; hardworking rice producers and industry members are merely casualties in their battle.

The last thing to discuss is the price difference between Calrose and Jupiter. While it is well known

that Calrose is a superior product, it is literally double the price of Jupiter, and that makes buyers take a closer look at what they're paying.. Southern medium grain paddy bids are unchanged from last week at \$8.50-9 over loan, as are Calrose bids which are around \$17 per cwt over loan. The ask price in the South is closer to \$9 per cwt over loan, whereas the ask price for Calrose is still closer to \$18.50 per cwt over loan. This is brought up only to make sure that our membership remains informed of the factors that are influencing the price of our rice, and the resulting demand situation. It is important for RPC members to make informed decisions when marketing their rice. Demand, weather, trade agreements and port conditions will continued to be monitored closely in order to better equip RPC producers with market information.

New RPC Chairman Appointed

RPC is proud to announce that Jim Campbell Jr., of Colusa County, is the new Chairman of RPC. Chris Capaul, who has held the position for the past four years, is now Vice Chairman, and will be assisting Jim in the transition of his new role. Lorraine Greco and Ron Phelps remain as Secretary and Treasurer for the organization.

If you would like to help RPC grow and become involved in the organization, we would be happy to hear from you and welcome new ideas.

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