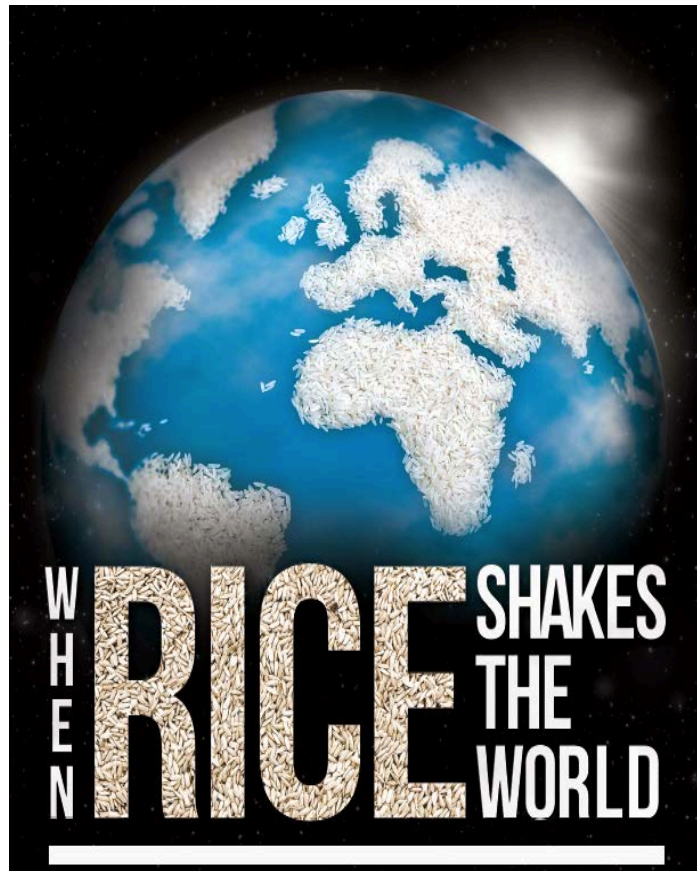




IS THE RICE SUPPLY MORE IMPORTANT THAN RICE DEMAND TO THE PRICE?



BY MILO HAMILTON
WWW.FIRSTGRAIN.COM

WATER IS THE KEY TO RICE SUPPLY

IF THE COST OF WATER GOES UP, SO WILL THE RICE PRICE.

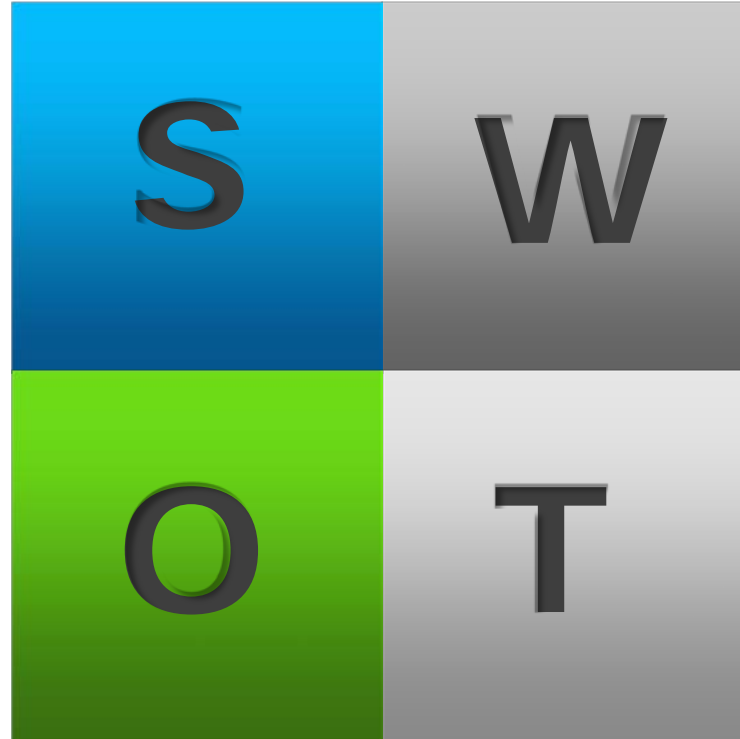
INDIA/CHINA ARE THE KEYS TO THE 21ST CENTURY RICE AND WATER MARKETS.

WHY WATER MATTERS TO RICE

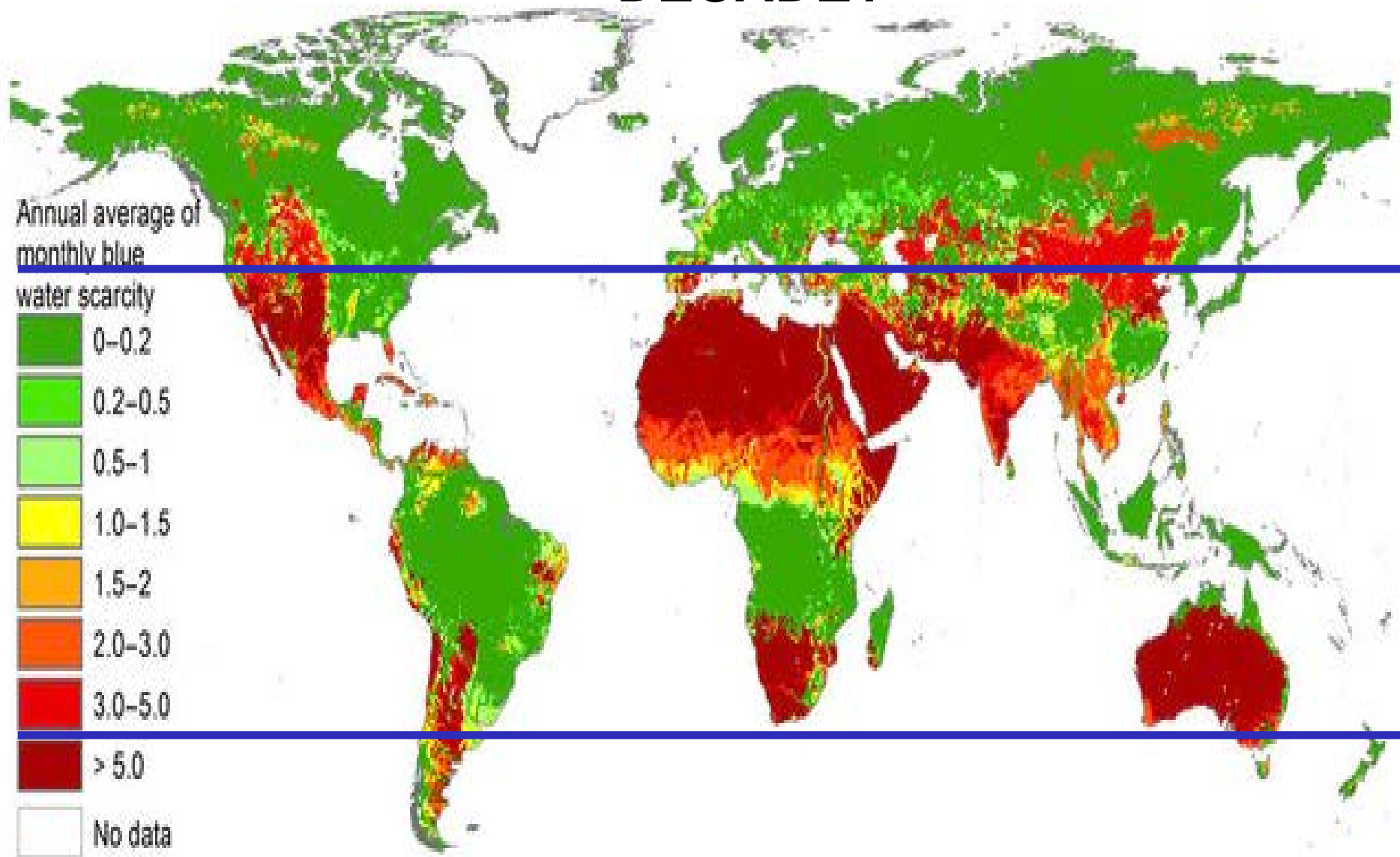
**“WHEN YOU GROW YOUR RICE
KNOW THAT THE WATER IS YOUR
LIFE.”**

-ZEN PROVERB

**STRENGTHS,
WEAKNESSES,
OPPORTUNITIES,
THREATS**



SO, WHO WILL SUPPLY THE RICE IN THE NEXT DECADE?



SCIENCE JOURNALS

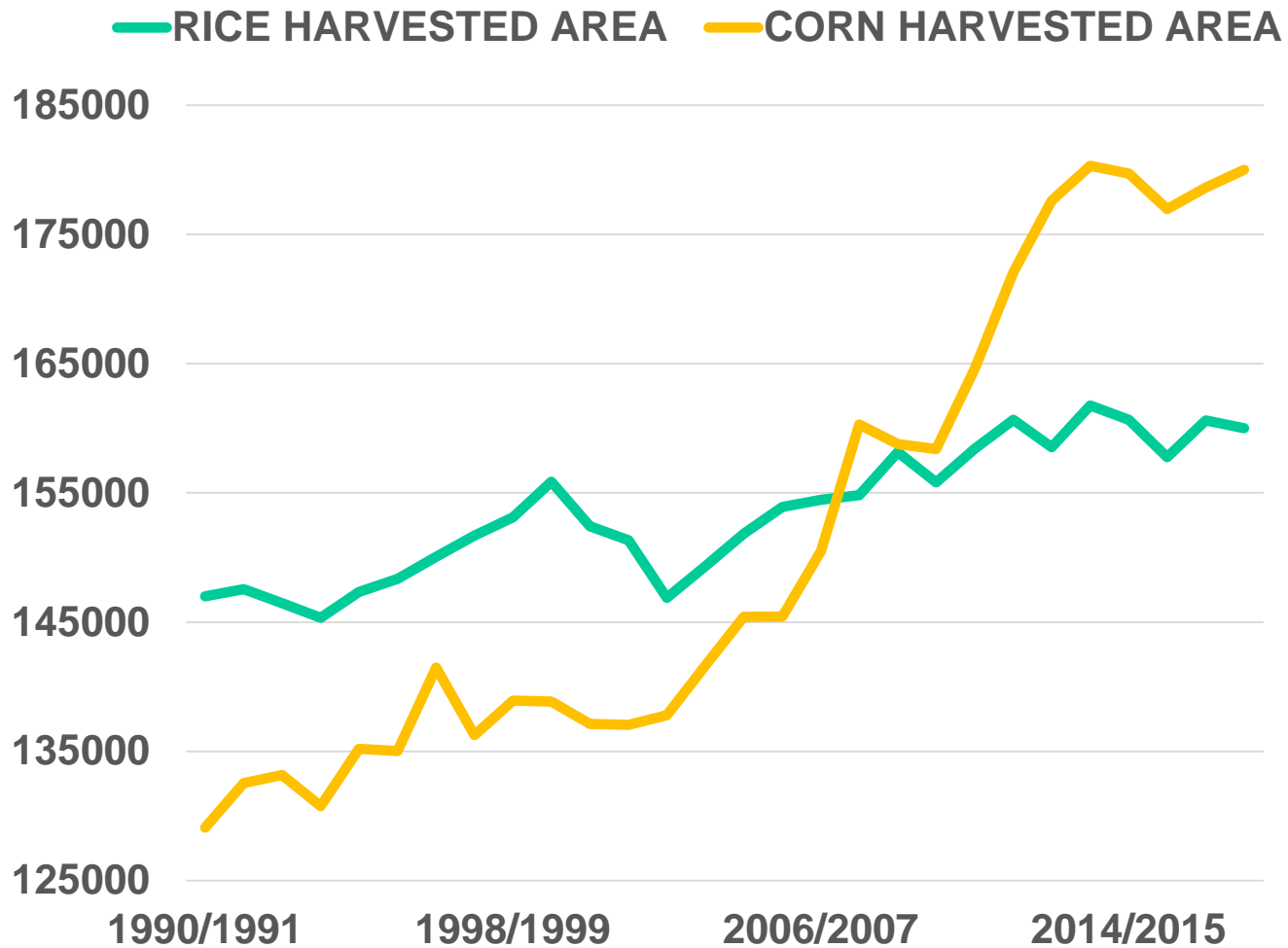
About two-thirds of the world's population faces water scarcity for at least one month out of the year.

FIVE OPPORTUNITIES:

- **#1 RICE IS ASIA'S LARGEST IRRIGATED WATER CUSTOMER.**
- **#2 WATER RESOURCES PER CAPITA ARE DROPPING AT 1-2% PER YEAR IN ASIAN RICE COUNTRIES**
- **#3 RICE USES 70% OF CHINA'S IRRIGATED WATER AND "COSTS" TWICE AS MUCH WATER AND LABOR AS OTHER CROPS IN ASIA.**
- **\$4 IMPORTED RICE IS "VIRTUAL WATER"**
- **#5 RICE SUPPLY = YIELD TIMES HARVESTED AREA**



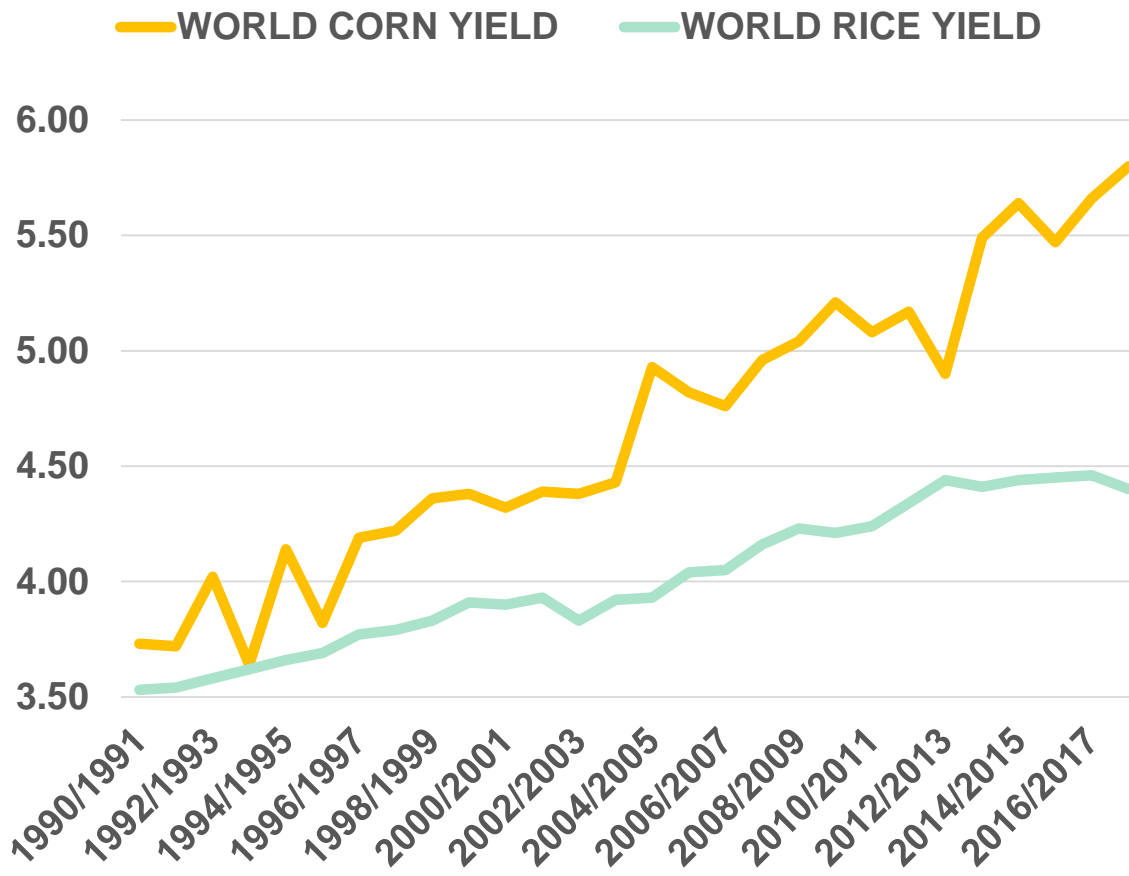
COMPARED TO CORN RICE HARVESTED AREA IS GOING NOWHERE FAST!





COMPARED TO CORN RICE YIELDS ARE GOING NOWHERE FAST!

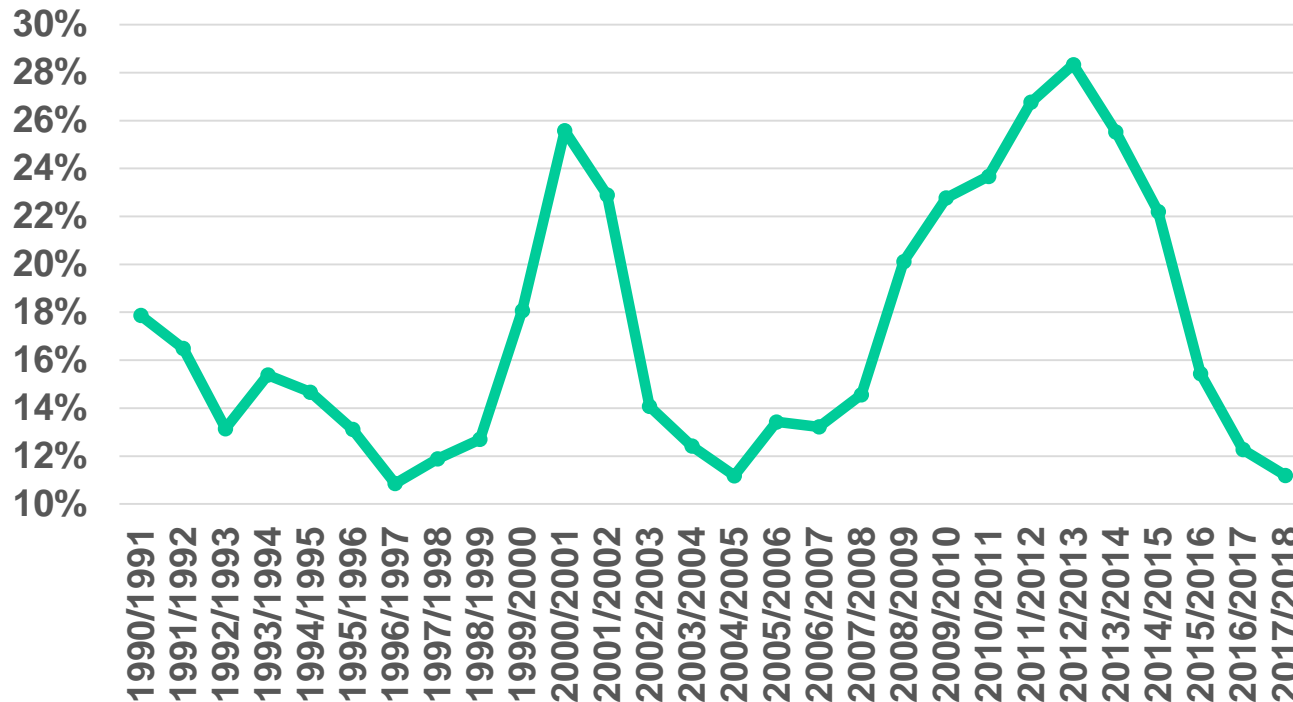
WORLD RICE: NO GMO
WORLD CORN: GO GO GMO!



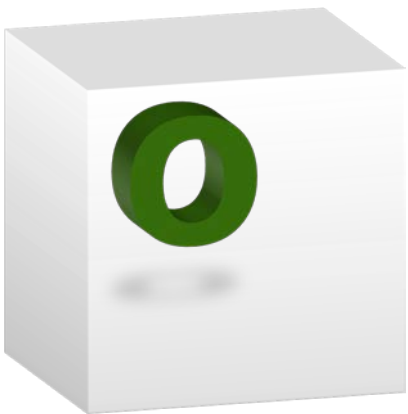


ANY WONDER RICE STOCKS ARE PLUNGING?

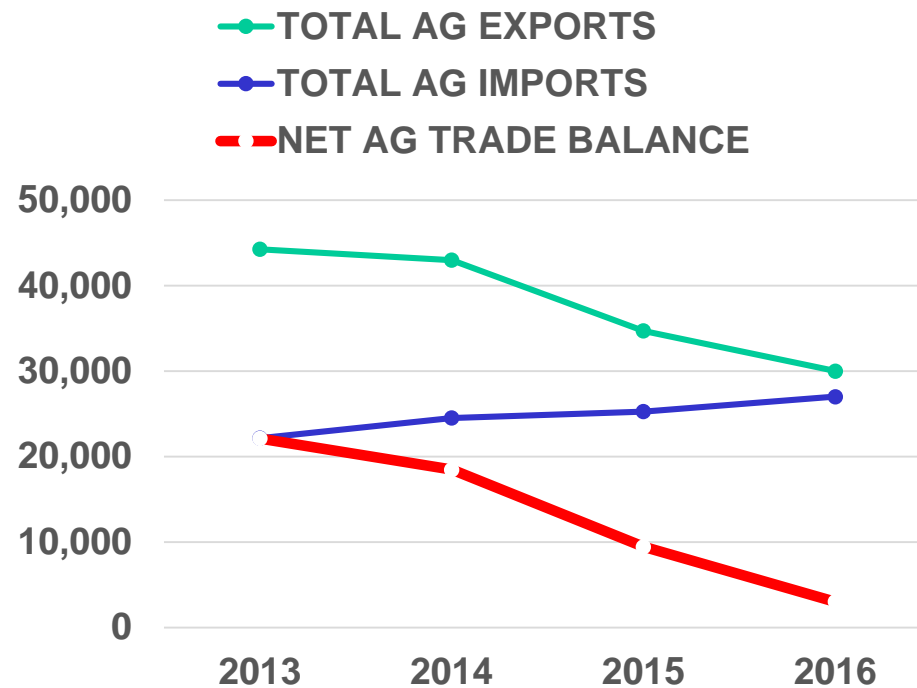
8 MAJOR RICE EXPORTERS STOCKS/USE:
(Burma, India, Pakistan, Laos, Cambodia,
Vietnam, Thailand, United States)



WHAT IS WRONG WITH INDIA?

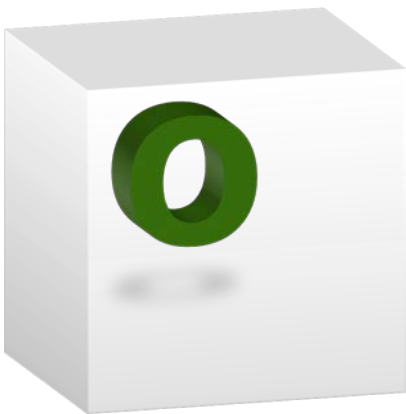


INDIA AG TRADE BALANCE
FIRSTGRAIN FCT 2016/2017
IN BILLIONS USD

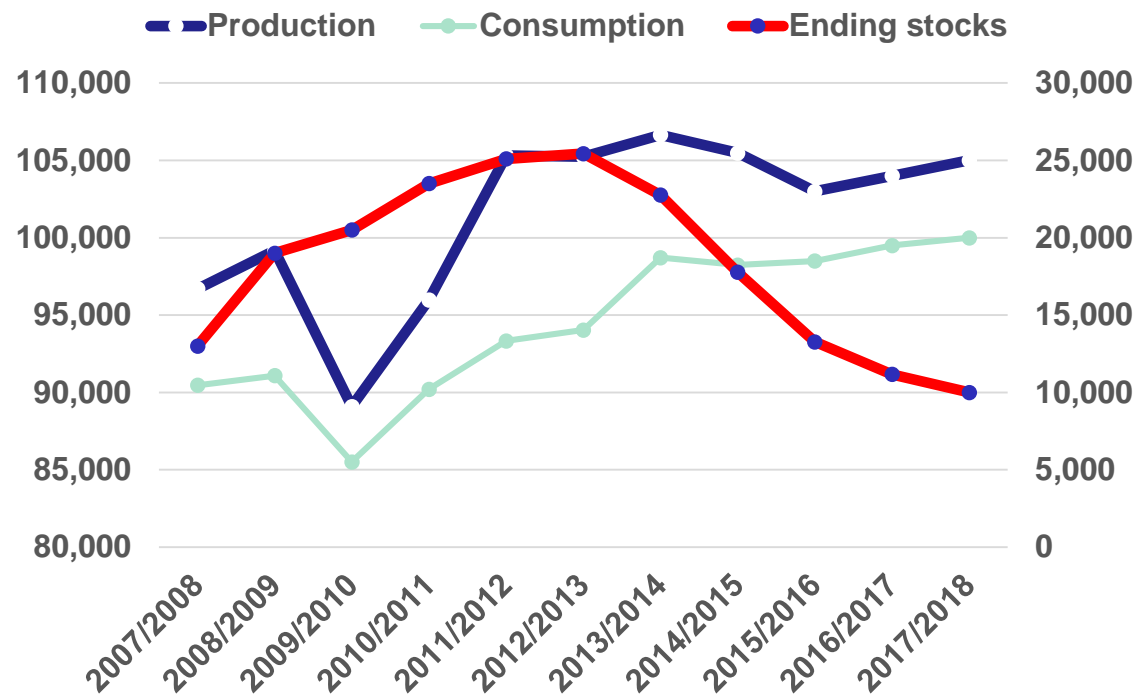


SWOT ANALYSIS FUNDAMENTAL OPPORTUNITIES:

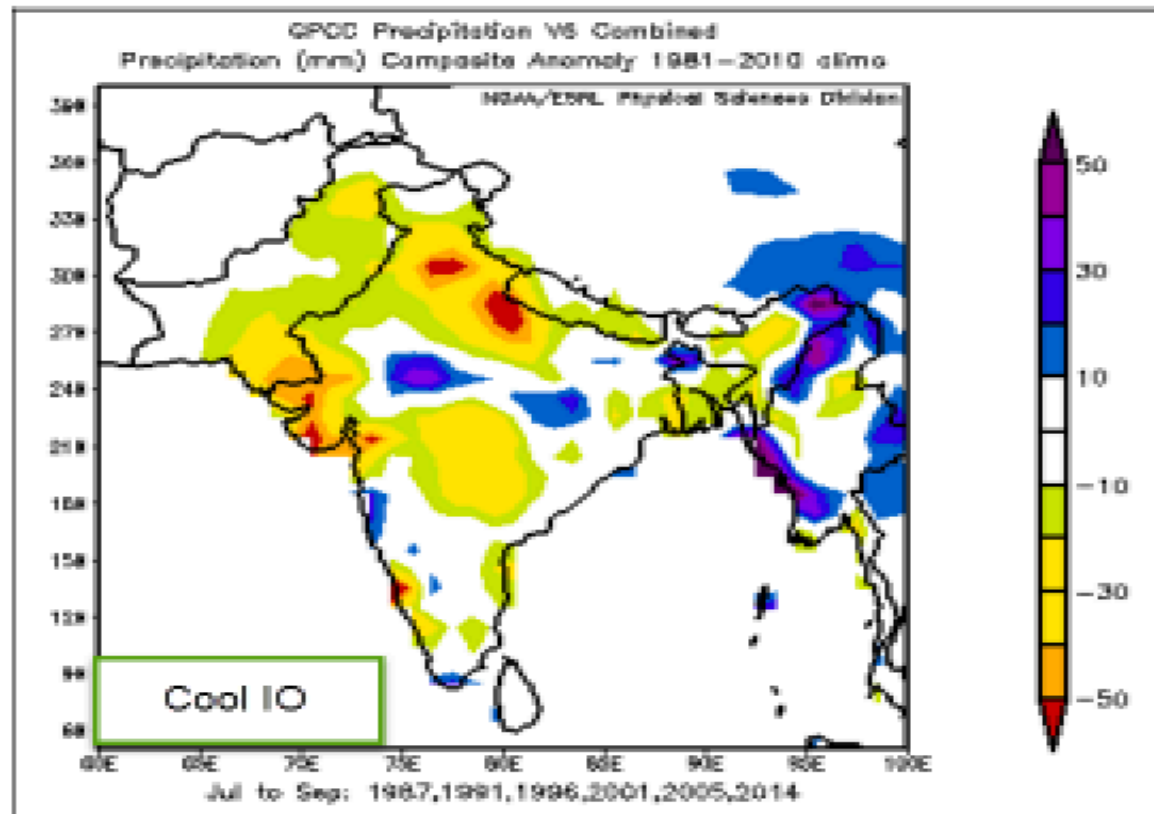
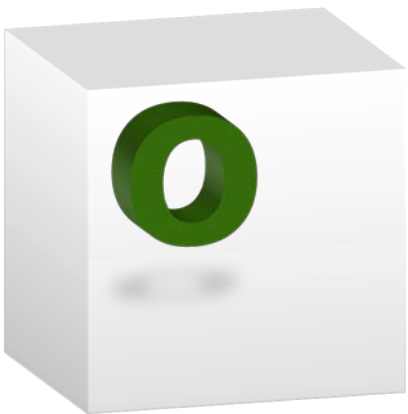
WHAT IS WRONG WITH INDIA?



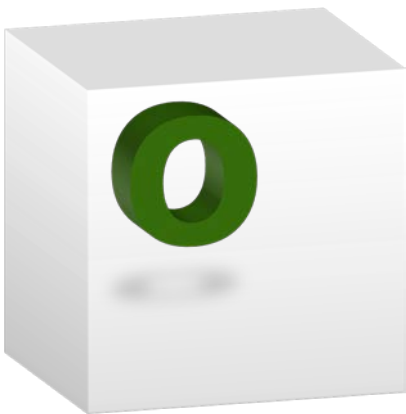
INDIA RICE SITUATION
(STOCKS, EXPORTS ON RIGHT AXIS)
2016/2017 IN 000 MTS
FIRSTGRAIN FORECAST



IS INDIA OK JULY-SEPTEMBER?

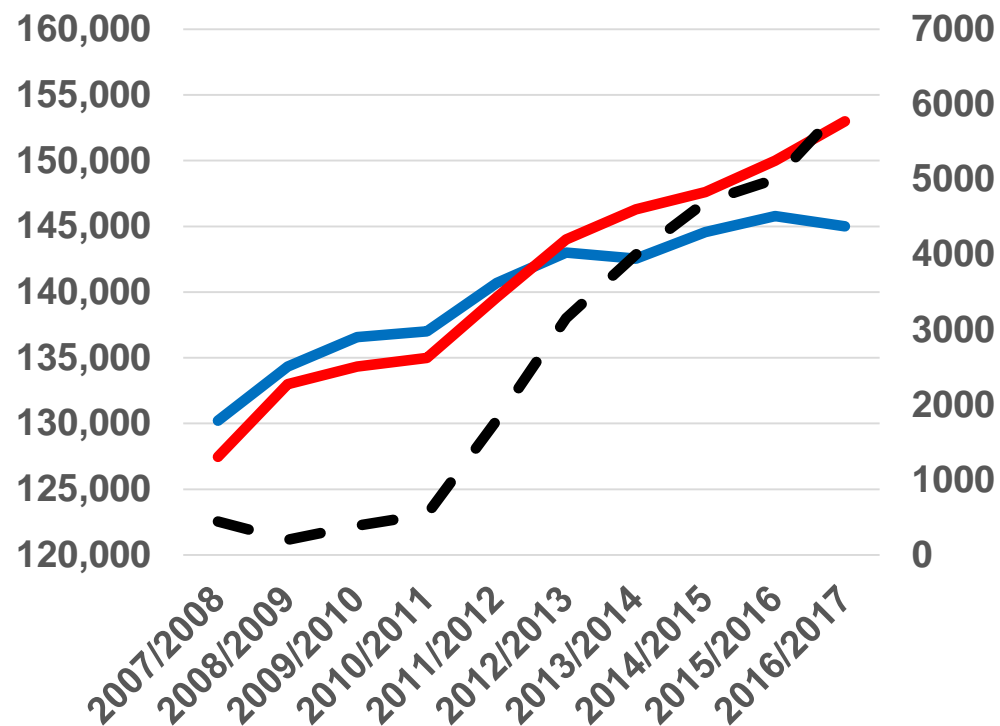


CHINA RICE DEFICIT GROWING



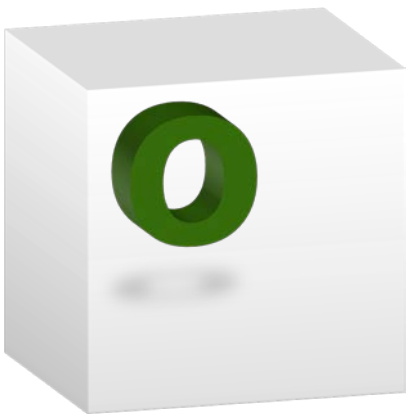
CHINA RICE DEFICIT GROWING

— Milled Production — Consumption
- - RICE IMPORTS

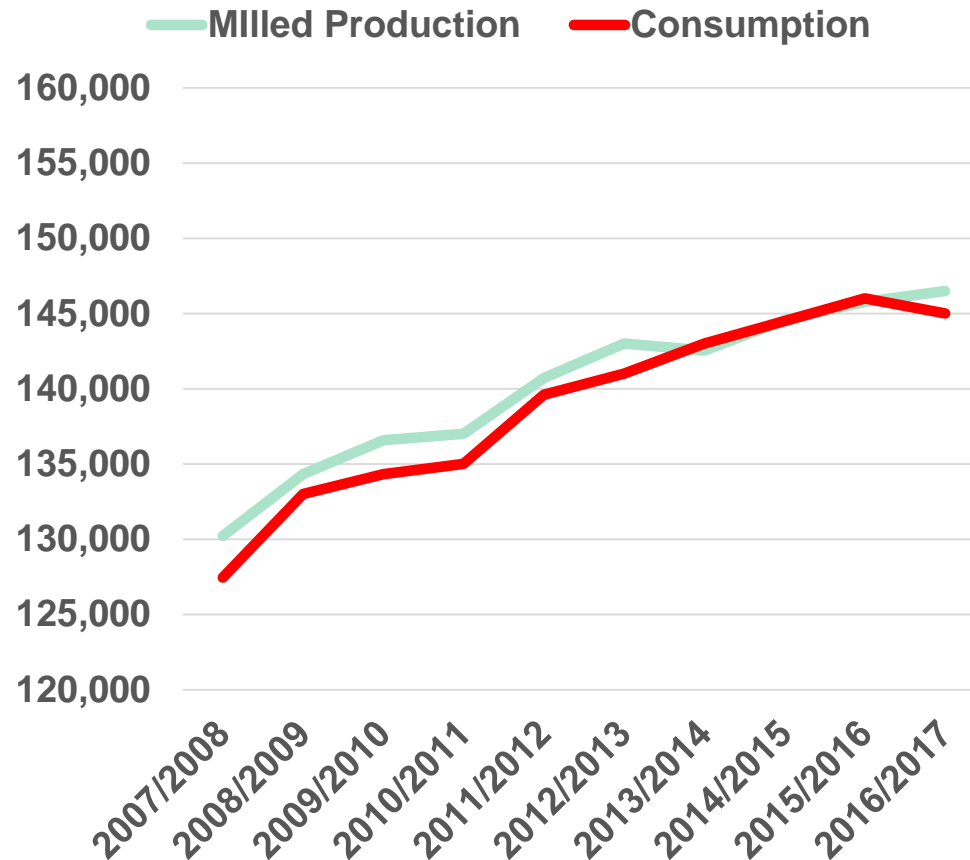


OPPORTUNITIES:

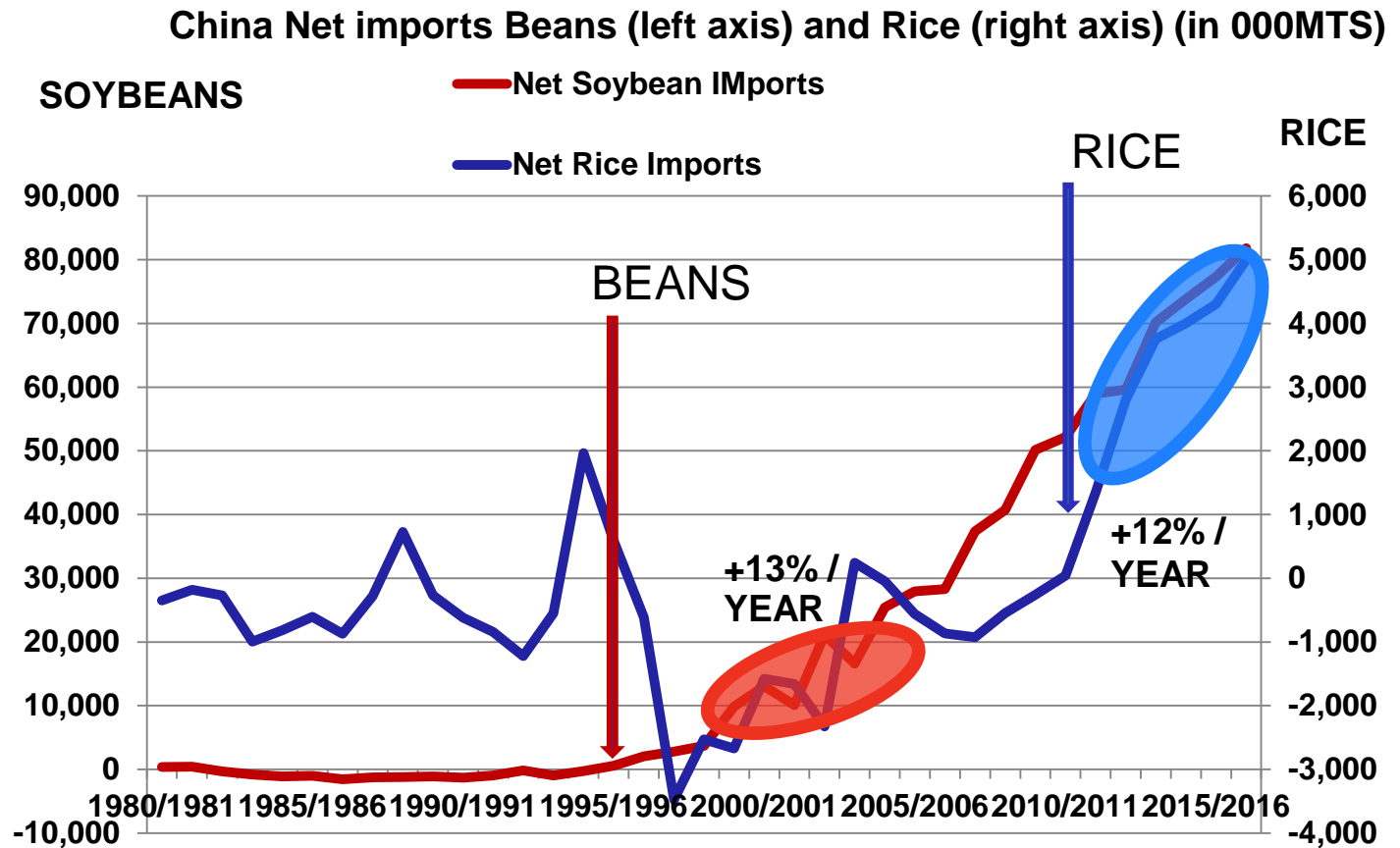
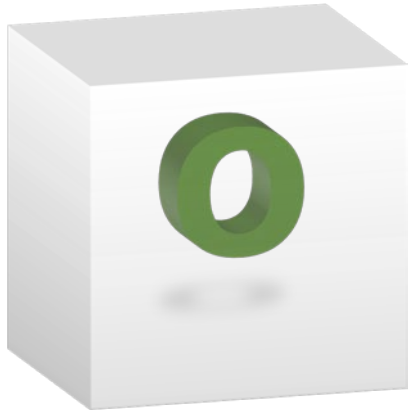
BIG SURPRISE IN MAY 2016



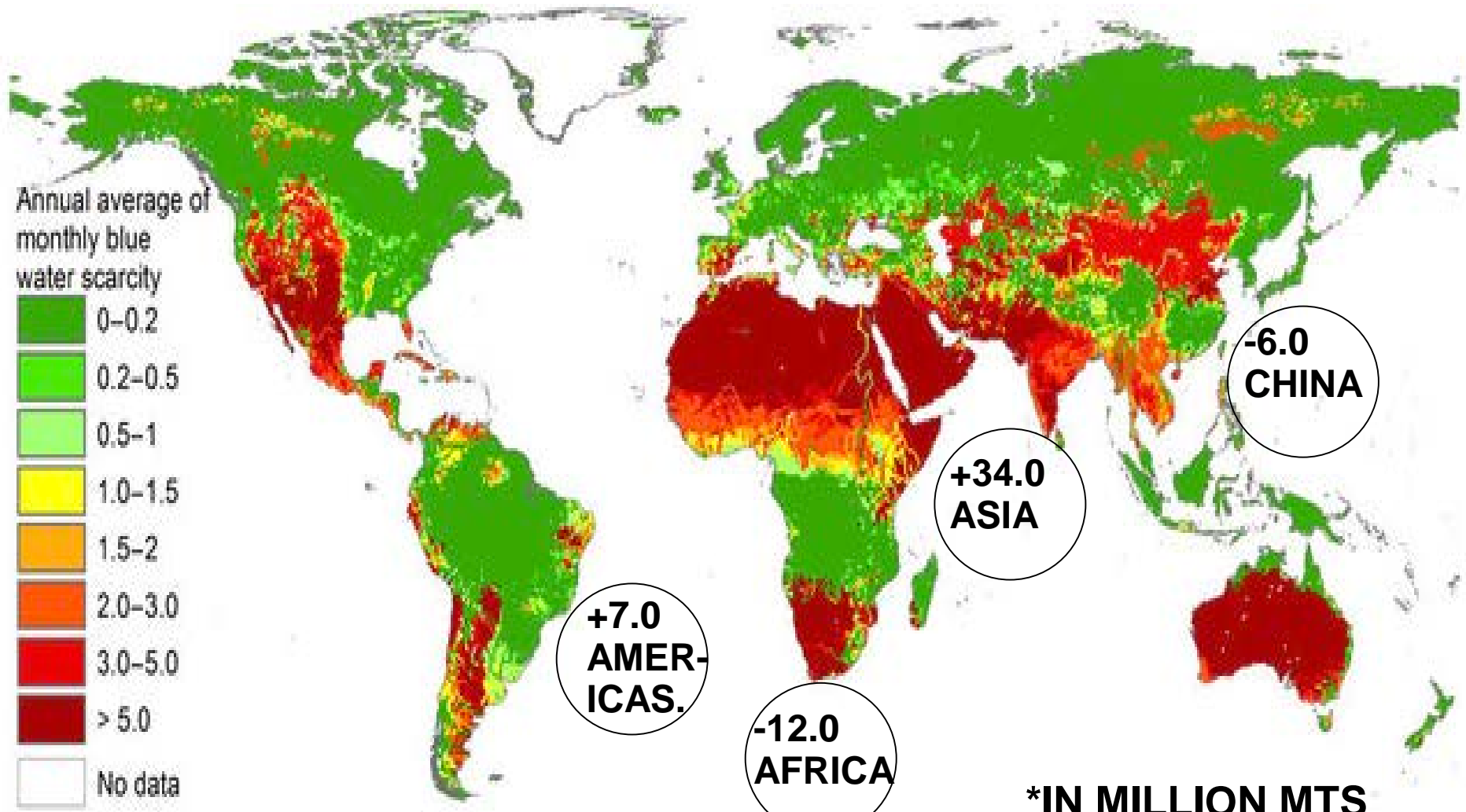
CHINA RICE DEFICIT DISAPPEARS



**“THIS IS DEJA VUE ALL OVER AGAIN.”
-YOGI BERRA**



WHERE CAN CHINA FIND A LOT OF RICE TO BUY?



SCIENCE JOURNALS

***IN MILLION MTS
+ EXPORTS
- IMPORTS**

About two-thirds of the world's population faces water scarcity for at least one month out of the year.

OPPORTUNITIES:

% WATER RESOURCES PER PERSON VERSUS BRAZIL (@41,603 m³ per person)

PAKISTAN
3%

INDIA
4%

BURMA
52%

CHINA
5%

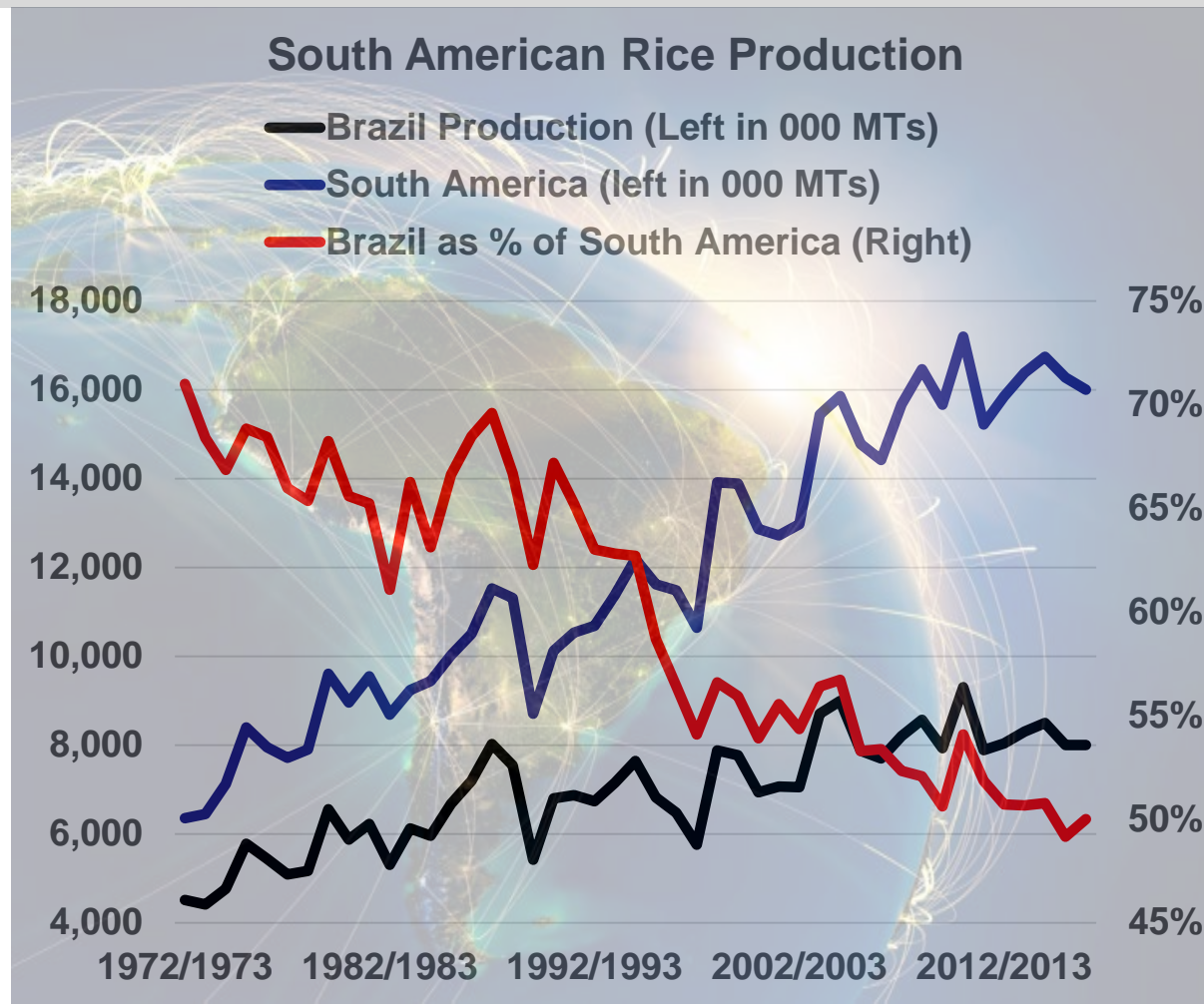
VIETNAM
23%

THAILAND
16%





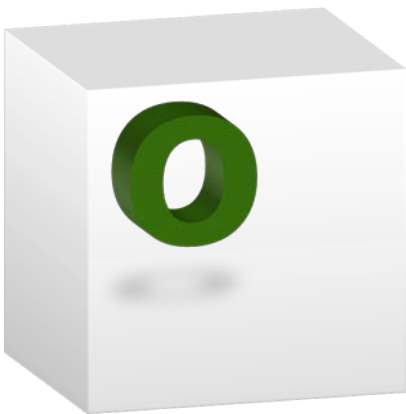
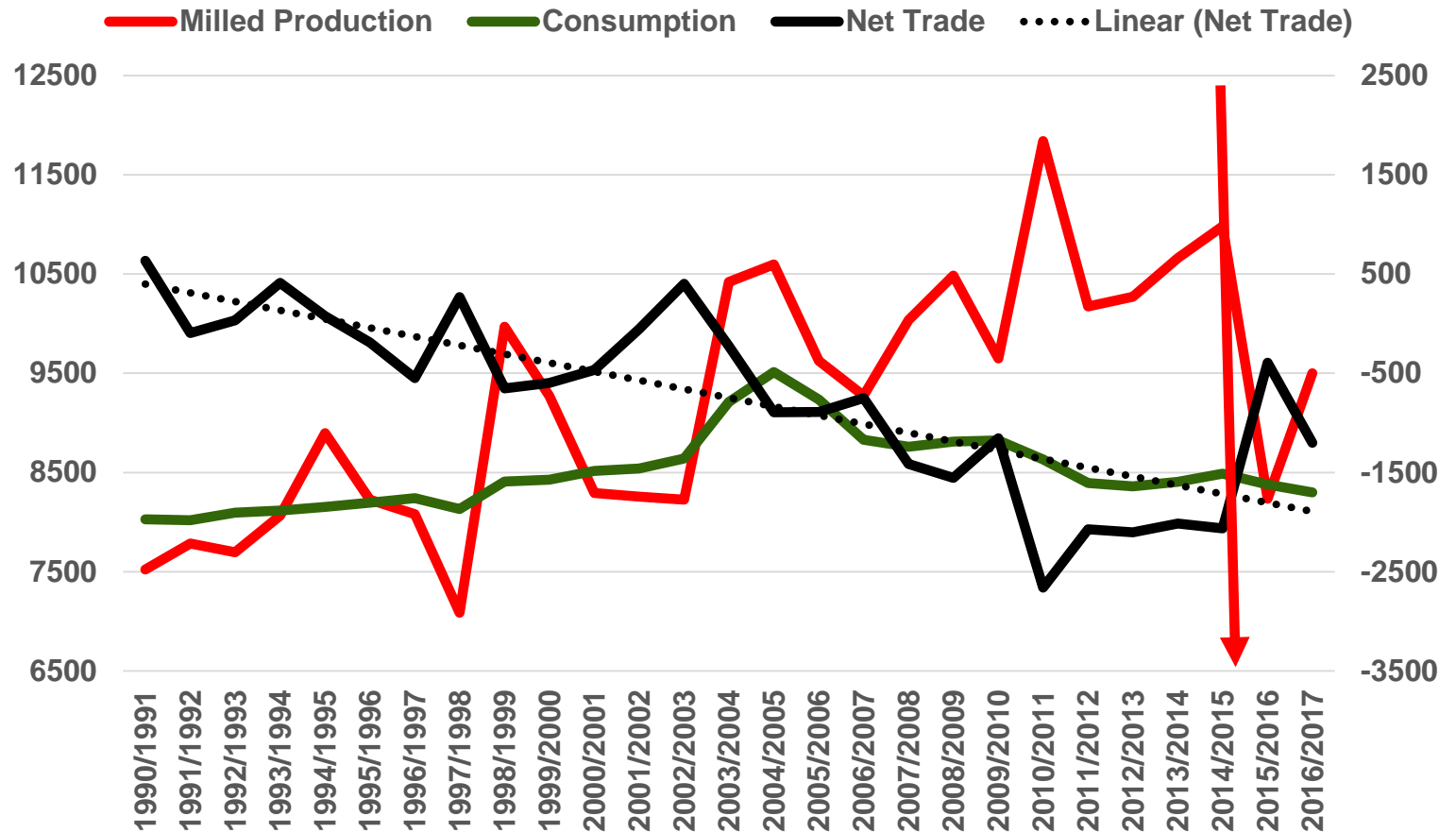
BRAZIL HAS NO INCENTIVE TO GROW ITS RICE PRODUCTION



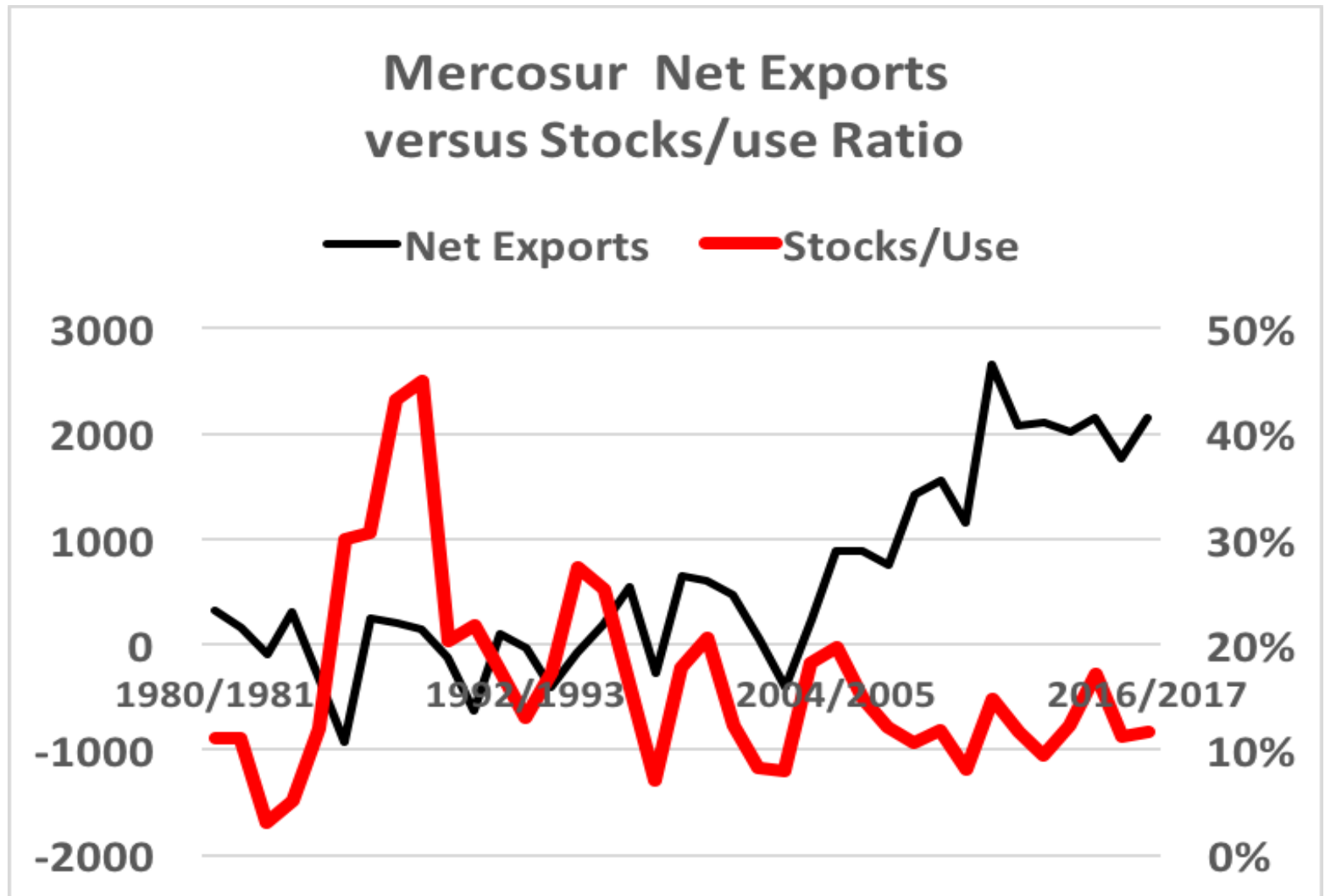
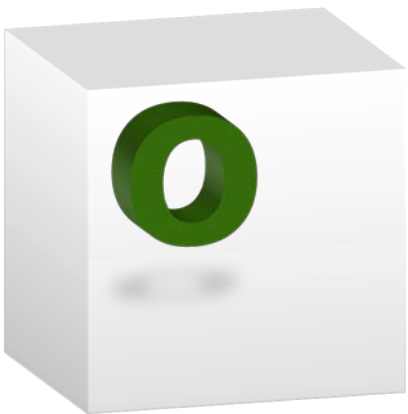
SOUTH AMERICA HIT BY EL NINO (-20%)

SO WHAT IS NEXT?

"MERCOSUR": BRAZIL, URUGUAY, ARGENTINA, PARAGUAY
IN 000 MTS, FIRSTGRAIN FORECAST 2016/2017

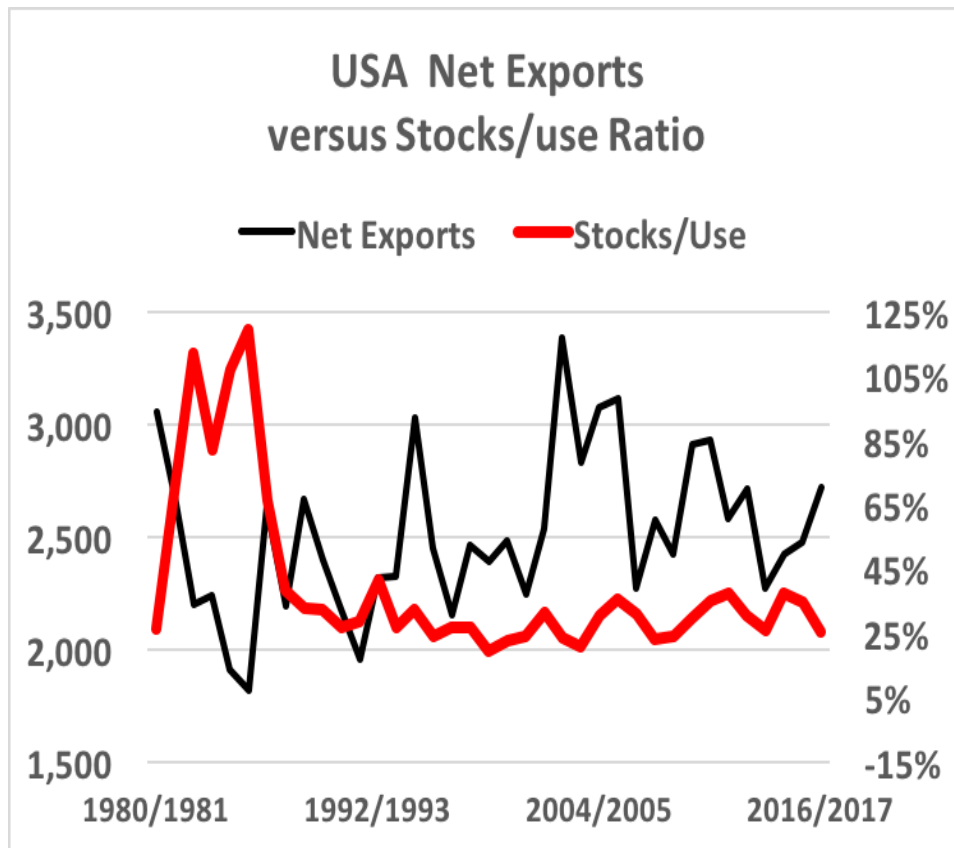


OPPORTUNITIES: MERCOSUR TRENDS



WEAKNESSES:

USA HAS BIG EXPORT ISSUES AHEAD





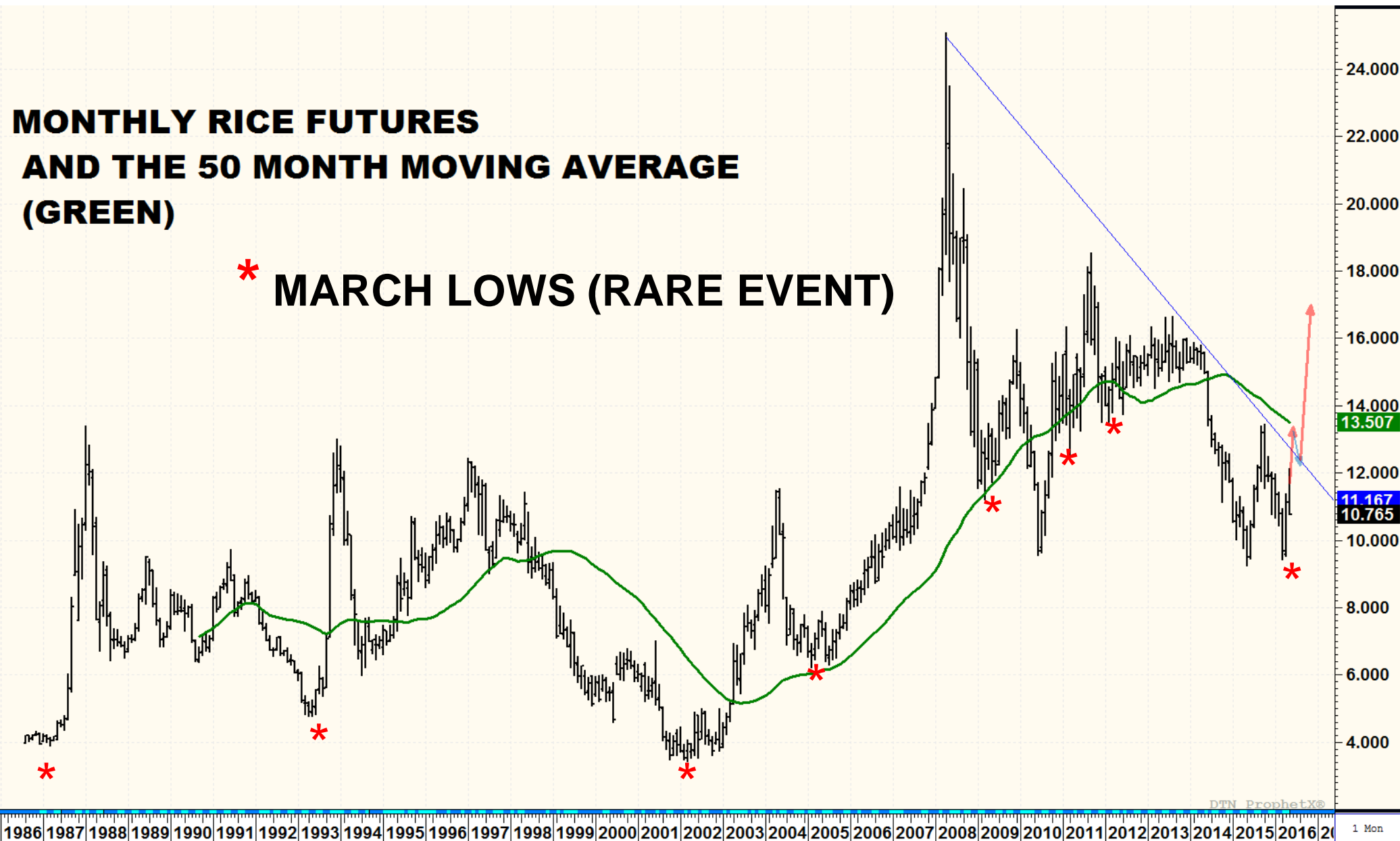
Four issues facing the USA

- #1 A futures contract that “works”
RICE IS THE ONLY GRAIN THAT A FARMER REALLY CAN NOT BOOK THE PRICE AT PLANTING DUE TO LOW VOLUME.
- #2 Better rice quality. New hybrids?
- #3 Consumer perception of “sustainable” rice
- #4 Dynamic world demand

MARCH COMES IN LIKE A BEAR AND GOES OUT LIKE A BULL

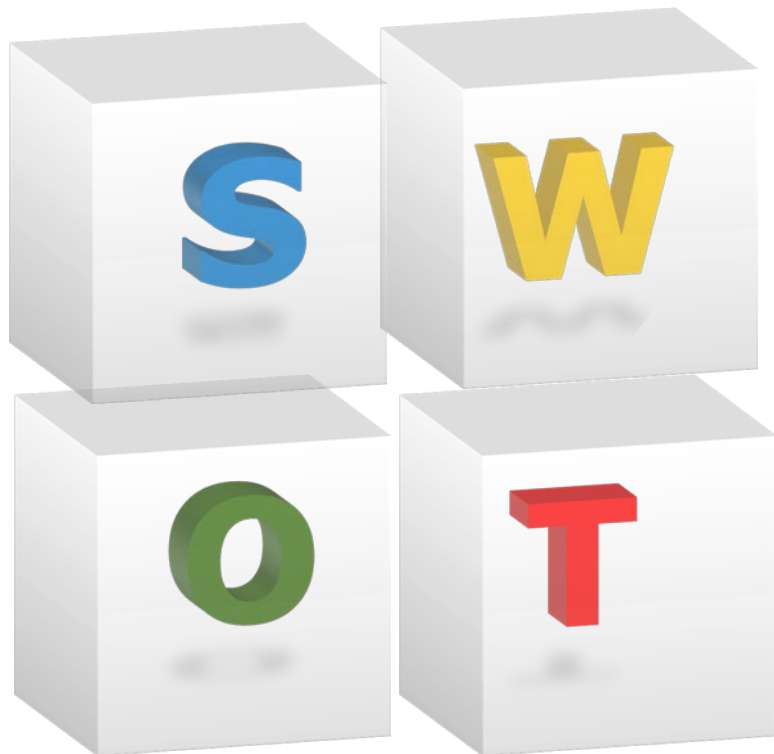
**MONTHLY RICE FUTURES
AND THE 50 MONTH MOVING AVERAGE
(GREEN)**

*** MARCH LOWS (RARE EVENT)**



SWOT ANALYSIS

Summary



SWOT summary for Americas Rice Exporters

- THREAT:** "INSOLVENT" RICE PRICES: NO FARMER PROFIT
- WEAKNESS:** LONG TERM COLLAPSE IN WATER RESOURCES
- STRENGTH:** CHINA RICE IMPORTS STILL STRONG
- THREAT:** POST-EL NINO PRODUCTION RECOVERY?
- OPPORTUNITY:** WATER SHORTAGES WILL PLAGUE ASIAN RICE EXPORTERS

WILL RICE PRICES GAIN ON OTHER GRAIN PRICES DUE TO LOW STOCKS?

Thank you

**Create an Account at:
www.Firstgrain.com**

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Stuart Hoetger @

Stuart@firstgrain.com

THANK YOU!

