

# Rice Lookout, Outlook And Lookback

MILO HAMILTON

AUSTIN, TEXAS



**O**ver the last 28 years, I have been advising employers and clients on the rice market, not to earn brokerage fees or kudos from my neighbors but to make them money. For 18 years I bought millions of dollars of rice all over the world. For the

last 10 years I have been in "private practice", supplying rice market strategy to my clients. In case no one told you so I have clients that are farmers, brokers and clients that buy from farmers or from millers or from exporters. I advise every link in the rice marketing chain from Arkansas to Asia. I can go anywhere in the rice market to get a straight answer.

At Firstgrain we have two key values. First, when it come to rice information, an educated consumer is our best customer. Second, every individual is a market force. There are a lot of folks that believe that money is made in the dark and that the rice farmer is really not interested in trying to understand the complexity of the rice market. These are the kind of attitudes that brought you the successes of all the financial advisors on Wall Street over the last few years. They are in the business of making themselves salaries and money and letting the customer pick up the crumbs. I want my clients, buyers and sellers, to pick up the center cut of the market, not the market crumbs.

Someone recently complained to their marketing people that they earned \$1.30 per bushel less than another advisor/marketer of rice during the last crop year. They asked, "Why did you give me such poor returns?" He was asking for some accountability for their miserable showing. That farmer may have just asked the wrong question. He might have asked himself instead, "OK, so why don't I build my own bins and do my own marketing?" That is not a whining question it is a positive action taking, net worth building question.

If you give someone else your wallet, you get all the money back you deserve. If you produce 100,000 bushels of rice, that is a trading position of \$500,000 to \$1,000,000 per year. Is that chump change to you? I would not give someone else my wallet if it had a million dollars in it. I would manage that million myself. I am not talking about understanding the financials on 14,000 stocks. I am talking about the little, old rice price. Since March, the rice price has increased by almost 40 percent. Now that is volatility, is it not?

Some have accused me of always being bullish. Here is my actual track record. From January 1998 until December 2002 (47 straight months) I was a big grizzly bear on the rice price. From December 2002 until the first week of May 2004, I was a bull. From May 2004 until October 2005 (16 months), I was a raging bear. From October 2005 until October 2008 I was a flat out bull. From October 2008 until August

2009(11 months), I was a raging bear. I suspect some of my detractors between October 2008 and August 2009 were bullish and got their wallets stuff full of margin calls. Someone in December 2008 was gobbling up all the warehouse receipts so I told my farmer clients to find out who was so bullish on the rice price and to dump their rice into their laps. As I just said, I am not always bullish. If a farmer had marketed his crop based on USDA data, he would have sold out at the lows in the market in 2009. Also he would have no clue as to why world rice prices are rising recently.

So am I a bull or a bear? I have held certain opinions for our farmers since August 2009. Come hear me speak about my opinions at Tunica in January. But ask my clients what I advised them to do. I never advised them to hold their cash rice. I told them to sell out their cash rice, every time a new bear story surfaced and the rice futures price declined. That is just what happened in December in rice futures, a big fat price break. I told them to step from the cash market into the futures and options. That way, all my merchant, broker and milling clients can get a hold of cash rice and move it on up the marketing chain. No, I have never ever advocated sellers to clutch and hold rice. Remember I have a buyer and seller, not just a seller service.

But I am not bullish or bearish; rather I am grateful and ask others to do likewise. When the price is rising sell some rice and say thank you. The only gratitude the market understands as the rice price is rising in altitude is selling some rice. Always sell too soon but do not always exit the market. That way everyone makes money, the farmer sells at a higher average price, the merchant gets his rice and the miller can take delivery on cash rice when he has the business.

Talking the market down does not make anyone money. Talking the market up is a waste of time. Getting the market right and being grateful by selling is the sure fire way to fill your wallet, not someone else's. Come to the Tunica conference in January, where I will give two talks on the Rice Situation and Outlook, Lookout and Lookback for 2010!  $\Delta$

Milo Hamilton is President and Co-founder of the rice market advisory service, The Firstgrain Rice Market Strategist. He has extensive background buying and selling rice from 1981-1999. He established Firstgrain, Inc. in 2000. He has clients from farmers to rice processors, brokers and traders to international concerns involved in human and pet food rice products. With his business partner, Kevin Ries, Milo publishes the online service, [www.firstgrain.com](http://www.firstgrain.com) that is read by buyers and sellers around the world. His company, Firstgrain, Inc. is focused on rice and believes that "every individual is a market force." The name, Firstgrain, comes from a Chinese proverb, "The precious things are not pearls and jade but the five grains, of which rice is first." His email address is: [milo@firstgrain.com](mailto:milo@firstgrain.com).



Link Directly To: **AMERICOT**



*The miracles of science™*

Link Directly To: **DUPONT**