



Big River Rice and Grain
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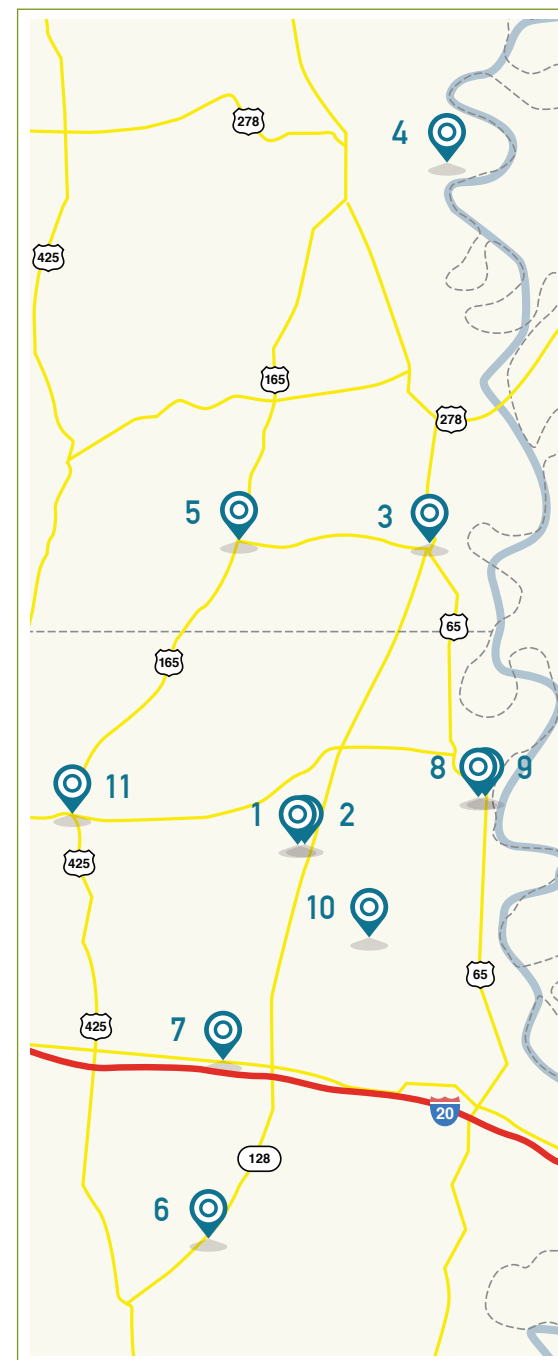
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C = Corn S = Soybeans W = Wheat R = Rice M = Milo



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BIG RIVER NEWS

Fall 2015

COMPANY NEWS

STAY CONNECTED WITH BIG RIVER

We now offer a number of ways you can stay connected with Big River and updated with the latest market information. The Big River daily marketing text-messaging service and email distributions provide invaluable market insights when you need them, so sign up today! To receive these messages or emails or to request Big River bid sheets, please contact your local representative or Jeremy Raley at jeremy@bigrivergrain.com. And be sure to visit bigrivergrain.com for the most up-to-date market information.

BIG RIVER 5K SUCCESS

The first-ever Big River Rice and Grain 5K and 1-Mile Fun Run event was a great success. The race attracted more than 200 participants and raised \$14,000 for the American Lung Association. Big River would like to thank everyone who participated or donated time and money to this event. With such a successful turnout, Big River is proud to announce that the planning for the second race has already started. Stay tuned for the 2016 5K information!



BIG IMPROVEMENTS AT BIG RIVER

We're proud to announce that we've recently completed some major improvements at our Crowville, Louisiana, and Lake Providence, Louisiana, locations. These projects will help us stay true to our mission to increase productivity in sustainable ways.

CROWVILLE

Crowville improvements included the addition of two scales, two hydraulic grain probes, an RFID scale automation system, two 60,000-bushel hopper tanks, a 15,000-bushel load-out tank, a 20,000-bushel-per-hour receiving pit, addition of new 5,000 bushel-per-hour dryer, and a two million-bushel ground-storage unit with 25,000-bushel-per-hour loading belt.

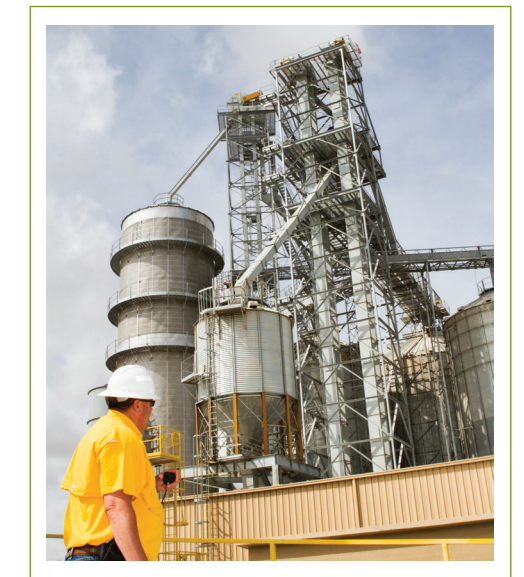
The project started in February 2014 and lasted until September 2014, due to the wet summer months and inadequate roadways. The delayed construction caused issues when the late harvest began, but in the end, the improvements resulted in an average of 280,000 bushels dumped a day and a turn time of 35 minutes.

"There were still three cranes on the lot when harvest started," said Matt Raley, location manager. "There were lots of difficult circumstances to overcome to complete construction, but our customer base was patient and stuck with us."



LAKE PROVIDENCE

Construction at Lake Providence began in 2013 and was completed in fall 2014. The improvements at this facility included four 60,000-bushel hopper tanks, a 10,000-bushel-per-hour dryer, a 230,000-bushel bin, four grain-receiving pits, additional mooring points for barge positioning, two truck scales, a hydraulic grain probe, RFID scale automation system and a PLC operations management center.



"These are the major investments, but not nearly all that has been done. All facilities have had some upgrades and major safety improvements," said Steve Henderson, Regional Vice President, Operations.

With these new improvements, Lake Providence jumped from loading five million bushels to 26 million bushels annually. Wait time was also decreased, down to an average of 22 minutes.

CROSS-COUNTRY LOGISTICS WITH BIG RIVER

Whether it's unsatisfactory grain prices or long wait times at elevators, many producers will not sell grain at harvest time. Big River understands this thought process, so we make sure that our producers are able to sell grain when it is convenient for them, even if that means during the off-season.

"We don't just want to buy grain at harvest," said John Goetting, CEO. "We want to be an outlet for grain throughout the year."

By utilizing cross-country logistics, Big River is able to transport grain where it is most needed, any time of year. This method is especially beneficial to customers because our experienced staff also takes care of all aspects of the sale, from picking up the product to lining up the trucks to sending directly to the end-user. Our mission is to ensure that customers receive high-quality service, no matter the season.

"When you sell directly to the end-user, you are able to accommodate the farmer," said Tori VanderWagen, grain merchandiser. "The grain doesn't go through a third party, meaning we are able to maximize its value."

With the ability to trade across the country, Big River provides maximum benefit to both the end-user and the farmer. While other companies claim to provide benefits to their customers, there is one aspect of cross-country logistics with Big River that stands apart from the rest: local service supported by access to the global market.

"We still want that hands-on experience," said Goetting. "The grains are sent long ways, but Big River is still the one cutting the check."

Market Outlook

From INTL FCStone

CORN

The corn market has remained in a firm downtrend since the mid-July \$4.54 high, but government and private analysts stay cautiously optimistic about the upcoming corn crop. Early harvest has generally produced good yields out of the Delta and southern Illinois/Missouri regions, but the overall results continue to show yields running 20-30 bu/acre behind last

year's record production. Due to early season rain, producers were unable to plant uniformly. Therefore, harvest is likely to drag out in the Corn Belt. The FCStone September crop survey estimates the national corn yield at 165.4 bu/acre, with trade likely discounting a 169 bu/acre yield at current values. Interior basis numbers decrease as movement remains slow due to low flat price values and unknown production. It is recommended to lock in the carries in the market on cash sales as export demand lags. The EU corn crop will likely see a 20-percent reduction

in final production from last year's record 76 MMT production due to adverse weather during pollination, which will lead to additional corn imports. With less production potential and little farmer selling, look to lock in weaker spreads on any breaks as they could potentially firm up.

The weekly December 2015 chart suggests major hedge points at \$3.85, \$4.02 and \$4.28. Values have now eased nearly \$1 from the mid-summer high of \$4.54 ¼. As harvest begins with values already near the recent lows, there is the potential of a contra-seasonal rally back to \$4 due to the variability of the corn crop. Therefore, producers should have orders in place to take advantage of any rally on the board. Producers needing to make space could look to sell grain and buy deferred call options to participate in any upside.

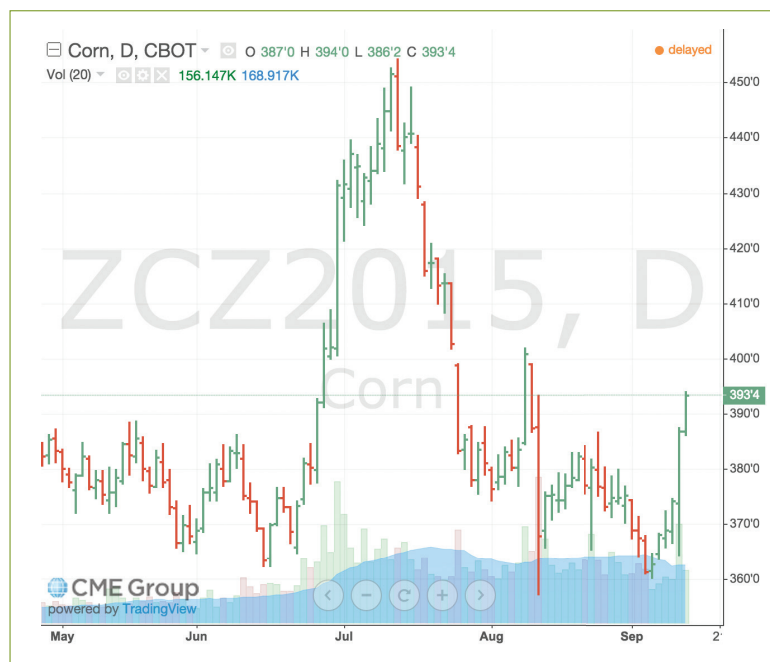


Figure 1: December 2015 CME Corn Futures (weekly)

SOYBEANS

The soybean market has now decreased nearly \$1.60 from the mid-July highs, as the once-concerning heavy rains from this spring gave way to the potential for another large crop. The August WASDE pegged U.S. yield at 46.9 bu/acre, but FCStone estimates the national yield to be closer to 45.4 bu/acre. Early soybean harvest results from the Delta have been significantly lower than last year's record yields. Prices have trended lower

because of lagging new crop export sales caused by the struggling Chinese economy and competitive South American values. However, the U.S. now has the cheapest export values out of the Gulf.

Basis values have strengthened due to excellent crush margins in the ECB, which has tightened spreads. The decreasing value of the Brazilian Real has been a big factor in the bean market. This decrease resulted in large South American farms selling on any CBOT rallies

due to very high prices to the producers. However, bean acres are expected to increase yet again across South America and FCStone's Brazilian team estimates the 2015/16 crop at 100.9 MMT, up from this year's 96.2 MMT crop.

Soybeans are trading at a six-year low, but some volatility should be expected as the North American harvest begins. Some analysts remain cautious on actual yields due to early season problems and the potential of a drawn-out harvest will likely lead to early frost concerns.



Overall, it appears we will face another year of increasing world soybean stocks. Demand will need to stay steady to support prices at current levels.

WHEAT AND RICE

The wheat market continued to decline during August, marking its lowest settlement price since May. A lack of demand and burdensome stocks remain the two key drivers. Chicago wheat saw a \$0.60 range for the month, posting losses of \$0.17, as early strength could not be sustained. KC futures saw a \$0.57 range for the month with losses of \$0.285 and took out the 2010 lows of \$4.55 in the process. The 2007 low of \$4.33 is the next likely level of support.

Minneapolis wheat futures saw a \$0.56 range with losses of \$0.27, as the large harvest of hard red spring wheat grows. Chicago wheat gained substantially on KC and Minneapolis prices during the month. The Chicago calendar spreads remain tight, with KC and Minneapolis wheat carries widening due to large stocks. The soft white wheat harvest in the PNW produced high protein and low yields for the second consecutive year, which will likely result in a sub-190 million bu crop vs. early estimates at 204 million bu. U.S. and French values remained nearly unchanged for the month, with German and Black Sea values ranging \$4-\$10/ton lower. The Matif contract has been under heavy pressure as the expected record 40.4 MMT crop has plugged up delivery elevators in France. The latest estimates for the Russian wheat crop are 60+ MMT. The potential bright spot for U.S. hard red winter wheat exports could be Brazilian demand, as the Argentinian wheat crop will be considerably lower. El Niño has not had any poor effects on the Australian wheat crop as rains continue to boost prospects. Overall, the world remains flush with wheat with little demand.

The rough rice market has been in a strong uptrend since May and added nearly \$3/cwt, reaching the highest values since December. Rice values have rallied in part due to strong palm oil futures, due to possible production issues and insatiable demand in Southeast Asia. The latest USDA report suggests 2015/16 domestic production down 7 percent from last year, with all U.S. ending stocks 11 percent less than last year. Total use is expected to be up 3 percent from last year. Despite another large crop we will see a decrease in stocks and production, but with the strengthening dollar, producers should look to have resting orders to hedge rice between the next two major areas of resistance at \$12.50 and \$13.20 to take advantage of any continued strength.

