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Rice Market Report-September 4, 2007

The latest news from the USDA is that there was less rice stocks available as of August 1st than previously reported. Specifically, there was 2.2 million cwt less long grain rice and 400,000 cwt less medium grain rice. This will certainly put more upward pressure on new crop long grain and medium grain rice prices.

Important news is that the new crop long grain rice is testing *negative* for GMO rice. There have been no positive reports. This is great news for the industry and may be instrumental in opening up the much needed European markets to the US rice once again. If the European markets open up, we will see upward pressure on long grain and parboiled rice prices.

The Chicago Board of Trade (CBOT) rice futures have gone up substantially over the last few days based on the news from the USDA and industry reports. Attached is the CBOT long grain rough rice November (new crop) futures chart for your review.

Our view for long grain rice has now changed. We have been calling the market steady to firm. Today, we are calling the market firm. New crop prices will be higher than the current prices without any doubt. We expect the prices to go up even further if there are any potential harvest problems, yield issues or unexpected export sales.

Our view for medium grain (calrose) rice is firm as well. As our last special medium grain report indicated, we expect prices to go up at new crop without any doubt.

Overall, recent developments point to stronger markets. Do not expect prices to go down.

Please do not hesitate to call us should you have any questions or requests.

Ali Bilgen

