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### Rice Market Report-September 20, 2007

There were not many developments over the last 2 weeks.

New crop markets are finally settling down to the higher trading ranges. Most buyers have accepted the increases as necessary to compete against other crops like soy beans, corn and wheat.

US long grain and medium grain rice markets have gone up. Most domestic buyers have covered their requirements until the end of the year and are trying to cover the 2008 requirements. We are hearing that quotes for first quarter of 2008 are already at higher prices for long grain and parboiled rice. Most mills are resisting to booking out too long on hopes that prices will be higher in 2008.

In the long grain rough rice market, we are hearing that the cash prices have gone up. Growers are looking for better offers in Arkansas. This is indicative of higher prices to come.

In the medium grain market, we are hearing high prices. The concern is already with the 2008/09 crop which will be planted in the spring of 2008. There are concerns that we will lose acres to fresh produce and other competing crops if we do not pay a fair return to the California growers. An interesting development for the medium grain market has been from Egypt. The government in Egypt has imposed a US\$ 35.53/mt export tax. This will increase the demand for California calrose rice more in the international market.

The Chicago Board of Trade (CBOT) rice futures are continuing to go up. The CBOT November futures have hit recent highs closing over \$11.40/cwt. Attached is the CBOT long grain rough rice November (new crop) futures chart for your review.

***Markets are firm. No possibility of prices going down for a while.***

Finally, today we witnessed a historical event...Canadian dollar has hit par with the US dollar. We have not seen this in over 30 years. Great news for all Canadian importers and US exporters!  
***Go Canada Go...***

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

Ali Bilgen

