



*1033 Bay Street, Suite 209
Toronto, Ontario M5S 3A5
Canada*

*Tel No: 416-929-7423
Fax No: 416-929-7438*

*e-mail: ali@abbrice.com
www.abbrice.com*

Rice Market Report- October 12, 2007

We have to advise you that long grain and parboiled prices have gone up since our last report. The medium grain (Calrose) market remains unchanged but steady after earlier price increases. There is no doubt that the US rice market continues to be very firm. Strong export sales and good domestic demand are fueling the fire.

Over the past 3 weeks, the cash prices for long grain rough rice (raw material) have risen substantially. Consequently, US mills have been increasing its milled rice prices to keep up with the increasing raw material cost.

Another factor for the increasing prices is that farmers are not selling and holding on the rice for higher prices. All other grains such as wheat, soy beans and corn are at all time high prices. Farmers can sell these commodities for their immediate cash needs and afford to hold on to their rice. As such, mills are forced to pay more money to entice the farmers to sell the rice.

We are also seeing excellent demand from the domestic buyers. There has been heavy buying recently which tells us that most buyers believe that prices will not go down but actually go up more.

Chicago Board of Trade (CBOT) rice futures have gone up substantially. November futures have hit all time high numbers. Attached is the November Futures Chart for your review.

In the international markets, supply of rice remains very tight. The big news this week was that India has banned the export of all non-basmati rice. Pakistan and Vietnam do not have a lot of rice to sell. That leaves Thailand as the only viable source. As expected, prices in Thailand are going up. The situation in Australia looks terrible. There will not be any meaningful rice volume available for export from Australia.

In conclusion, rice markets are very firm. We expect the prices to go up more in the upcoming months. We do not expect any price decreases.