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Rice Market Report- October 25, 2007

The US long grain rice market is very firm. Long grain white and parboiled rice prices went up even more since our last report. We have seen prices move up by an additional US\$ 1.00 per 100 lbs during the last 10 days alone. Market is very volatile and prices are moving up daily. Despite higher prices, the buyers' demand has not stopped. Everyday higher prices are trading in the market. ***The best way to describe the market is "Red Hot".***

The long grain cash market prices (spot farmer sale prices) are going up faster than the CBOT rice future prices. This is an indication that the demand is strong and farmers' price ideas are high. In order to buy rough rice (raw material), mills are being forced to pay higher prices. Another factor to consider is that the milling yields for new crop long grain white rice is not very good. As such, the milled rice prices will firm up to compensate for the lost yields.

We are seeing strong export sales and good domestic demand for US long grain and parboiled rice. The demand for nearby shipments and for January onwards is very strong. Large buyers are willing to cover their requirements for January onwards at much higher prices than current prices. This gives us a good indication that prices will go up even further.

Chicago Board of Trade (CBOT) rice future prices for all months have been trading at a narrow range very close to the market highs set earlier. Attached is the CBOT November futures chart for your review.

In the international markets, Thai prices have been going up based on strong export demand from countries like Indonesia and Iraq. Also, high government intervention price for rice is adding pressure to the market. We expect Thai rice prices to rise in the upcoming weeks. Prices in Vietnam are unchanged. The Indian ban for non-basmati type of rice is continuing. Overall, the international supply of rice remains very tight.

California medium grain (calrose) rice prices remain unchanged. There are no new developments from California.

In conclusion, rice markets are very firm. Our view has not changed. Prices will remain firm and go up further. We do not expect any price decreases.