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Rice Market Report- November 7, 2007

The US long grain rice prices are continuing to go up daily. The market is very strong. Prices for nearby shipments (November/December) have gone up by another US\$ 0.50 per 100 lbs since our last report. **Price indications for shipments January 1, 2008 onwards are US\$ 2.00-3.00 per 100 lbs higher than the current levels.** This is mainly based on the Chicago Board of Trade (CBOT) futures and growers' expectations for higher prices.

This is the strongest US long grain rice market we have seen since 1993 when Japan suffered a rice crop failure forcing them to import rice under emergency measures. At that time, we saw the long grain rice prices go up US\$ 6.00-7.00 per 100 lbs compared to current price levels!!! We are not sure if this will happen again. It is worth watching carefully.

Another indication for stronger markets was USDA's move to raise the trend setting world market price.

Export and domestic sales of US long grain and parboiled rice are very good. Most mills are very busy and booked up through the end of the year.

Chicago Board of Trade (CBOT) rice future prices for all months have hit new market highs. Future prices keep climbing up. The futures market is extremely firm. Attached is the CBOT January futures chart for your review.

In the international markets, Thailand is the only source selling rice in Asia. Thai prices have gone up based on strong export demand. Vietnam is still out of the market based on the export ban placed earlier. The Indian ban for non-basmati type of rice is continuing. This is putting a lot of pressure on parboiled rice prices in the international markets. Countries such as Saudi Arabia, South Africa and Nigeria used to buy large volume of Indian parboiled rice. Today, this option has gone away. We expect much of this business to go to Thailand. We may see some spill over to the US. Australia is out of the market with very little rice production. Overall, the international supply of rice continues to be very tight.

California medium grain (calrose) rice prices remain unchanged. Market is firm. Mills are busy with the traditional export business to Japan and Korea. There are rumors that Turkey, a major medium grain rough rice buyer, is looking to buy US rice. This could add some pressure to the medium grain (calrose) rice market. There are also reports of on-going sales to Jordan, Israel and Lebanon. Don't expect calrose rice prices to go down.

In conclusion, rice markets are very firm. Prices will remain firm nearby and go up substantially in January.

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