



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- December 18, 2007

Usually we issue our market report every 2 weeks. However, we waited a little longer this time to see if we can actually say anything other than *“The market has gone crazy”, “Prices are up”, “US long grain rice market is on fire”, “We think that prices will go higher”, CBOT rough rice future prices for all months have hit new market highs”* etc etc etc. Unfortunately, it is becoming all too old but we have to repeat all these sentences again. *It is all TRUE. The US rice market is very strong and prices will continue to go up.*

Today, we are looking at highest US average farm price for rice since 1980/81 and at highest milled rice prices since 1994. US ending stocks for 2007/08 are down substantially compared to last year. International rice stocks are down. Global projected rice ending stocks are down. In short, all the news is bullish.

It seems that the US rice market has no top. All those who claimed that the rice prices would level off and maybe even go down, are now looking to cover their requirements for long term. Since our last report on November 22nd, US long grain rice prices have gone up by another US\$ 1.00 per 100 lbs for shipment in December 2007/January 2008. No one really knows what sort of prices we will see after January. It is certain that prices will be higher than today.

This week, CBOT rough rice future prices for all months have hit new market highs. Today’s closing numbers were US\$ 13.23/cwt for January, US\$ 13.56/cwt for March and US\$ 13.80/cwt for May and US\$ 14.00/cwt for July. The futures market is extremely firm. Attached is the CBOT January futures chart for your review.

In the international markets, Thailand is still the only source selling rice in Asia. Thai prices are up. The export bans in Vietnam and India are continuing.

California Calrose rice market is very firm as well. Prices have nowhere but up to go with the absence of Australia in the export markets, drought in China’s short grain production areas and due to high prices in Egypt and high international demand. We expect the market to firm up.

So our recommendation... *“Buy high and sell higher! Because there won’t be a low price for a while”*

“Merry Christmas, Happy New Year & Best Wishes in 2008”

A & B Rice Inc.

Ali Bilgen

