



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- November 19, 2008

There were not too many new things or major changes to communicate since our last report. At the moment, rice markets are very quiet.

Continuing and worsening global financial crisis is starting affect companies' ability to finance their operations and purchases. We are starting to see some major warning signs such as delayed payments and inability to finance some large purchases.

Regardless of how optimistic we look at this market, we are starting to get very concerned. It is not a healthy one to say the least...

Long Grain Rice

Long grain rice prices are soft due to the lack of fresh new export demand and widening gap between US and Asian rice prices. From the supply side, we still feel that there is less long grain rice then USDA has projected. We expect USDA will revise its numbers soon. Regardless, lack of export demand and lower Asian prices are the driving force behind the US long grain prices.

The Chicago Board of Trade (CBOT) long grain rough rice futures are continuing to go down just like all other agricultural commodities. The free-fall in the CBOT rice futures have not been matched by the cash market. Growers are not selling their rice anywhere near the CBOT future prices. There is a wide gap between the CBOT and cash market prices. Buyers are waiting for cheaper prices. Sellers are reluctant to sell at the cheaper bids. As such, rough rice trading in the cash market is virtually at standstill.

We still expect a lot of volatility in long grain rice prices.

Our recommendation to buy hand to mouth has not changed.

Calrose Rice

The situation in California is very different. Prices are unchanged. Market is still steady to firm. Japanese buying and other international tenders have resumed. Mills are busy with domestic and export sales. We are still watching the water situation in California. Lack of water in the reservoirs and below average rainfall over the winter may affect the California crop in 2009 severely.

The two concerns we still have about the California market are: 1. The widening price difference between long grain and medium grain rice, 2. Egypt and China opening their doors for export.

Like we said before, it will be very tough to predict calrose prices this year. If and when the market collapses, decreases can be big. However, we do not expect any changes until early 2009.

Our recommendation is to buy hand to mouth until early 2009.

International Markets

Asian prices have declined further as a result of new demand. Market tone is soft.

Conclusion

Our view for long grain and parboiled rice is *soft*. Our view for calrose rice is *steady*. Expect lots of volatility...Continue buying hand to mouth.

Please feel free to contact us should you have any questions or requests.

A & BB Rice Inc.

Ali Bilgen