

**Rice Graphics and Commentary**

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**By**

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Data taken from USDA's October rice projections showed the following:

- ◆ USDA raised their 2007 U.S. long grain rice production projection from 138.2 million cwt in September to 142 million cwt. This is the lowest U.S. long grain production since 2000, but still the 8<sup>th</sup> largest on record.
- ◆ Total long grain supply was increased from 181.8 million cwt in September to 185.5 million cwt. which is the lowest since 2003, but still the sixth largest on record.
- ◆ U.S. long grain exports were raised from 77 million cwt in September to 83 million cwt, which is above the last marketing period's 72.6 million cwt and if achieved would be the sixth largest on record.
- ◆ U.S. long grain total use is projected at 172 million cwt the 3<sup>rd</sup> largest on record and above the 2006/07 marketing period's 164.6 million cwt.
- ◆ U.S. long grain ending stocks are estimated at 13.5 million cwt significantly below the previous marketing period's 28.5 million cwt. and more in line with a normal ending stocks expectation.

Turning to the price outlook for long grain rice, the U.S. Federal Reserve's rate cut was bullish for continued global growth, which is bullish for most commodities including food, feed, and fiber. I expect the Fed to cut the interest rate once again at the end of October to assure global growth and momentum remains strong. Reducing interest rates should weaken the dollar and be inflationary. Inflationary expectations should attract commodity speculators.

By October 19, 2007 many of the equity and commodity markets appear to be correcting. For these markets price weakness may be around for the next 2 to 7 weeks. A key question remains has wheat put in a top given its huge price run-up or will it push back up beyond its previous high. Soybeans, corn, and cotton appear to also be pulling back before moving beyond their previous highs. As with corn, soybeans and cotton I continue to expect rice will have some price weakness before moving higher. As we have stated previously both cotton and rice are extremely expensive crops to produce, so producers will be seeking pricing opportunities that will allow their operations to cash flow. U.S. producers continue to remain at a significant disadvantage in the milled rice export market (see data below).

On October 31, 2007 the U.S. Federal Reserve will announce their next interest rate move. This will give an idea of their expectations about growth and inflation. My expectation is that the Fed will remain concerned about maintaining growth and momentum and will lower interest rates. I continue to see more positives than negatives in the U.S. and global economy, which will continue bullish for commodities.

Commodities continue to display significant price volatility and uncertainty, due to the dynamics of the global economic setting; therefore I continue to believe professional marketing assistance is advisable from co-ops or individual marketing professionals.

Thai rice prices in milled metric tons are as follows:

2000/01	\$184 milled metric ton
2001/02	\$192
2002/03	\$199
2003/04	\$220
2004/05	\$278
August 2005	\$288
September 2005	\$291
October 2005	\$292
November 2005	\$283
December 2005	\$286
January 2006	\$299
February 2006	\$307

March 2006	\$309
April 2006	\$308
May 2006	\$314
June 2006	\$319
July 2006	\$321
August 2006	\$319
September 2006	\$318
October 2006	\$307
November 2006	\$302
December 2006	\$312
January 2007	\$320
February 2007	\$323
March 2007	\$327
April 2007	\$324
May 2007	\$325
June 2007	\$331
July 2007	\$335
August 2007	\$334
September 2007	\$332
October 2007	\$332

Vietnam rice prices in milled metric tons are as follows:

2000/01	\$165 milled metric ton
2001/02	\$187
2002/03	\$184
2003/04	\$212
2004/05	\$244
August 2005	\$256
September 2005	\$256
October 2005	\$266
November 2005	NQ
December 2005	NQ
January 2006	\$265
February 2006	\$264
March 2006	\$253
April 2006	\$243
May 2006	\$259
June 2006	\$264
July 2006	\$264
August 2006	\$269
September 2006	\$272
October 2006	\$278
November 2006	\$297
December 2006	NQ
January 2007	NQ
February 2007	NQ
March 2007	\$303
April 2007	\$303
May 2007	\$301
June 2007	\$303
July 2007	\$307
August 2007	\$316
September 2007	\$320
October 2007	\$320

Southern Long Grain rice prices in milled metric tons are as follows:

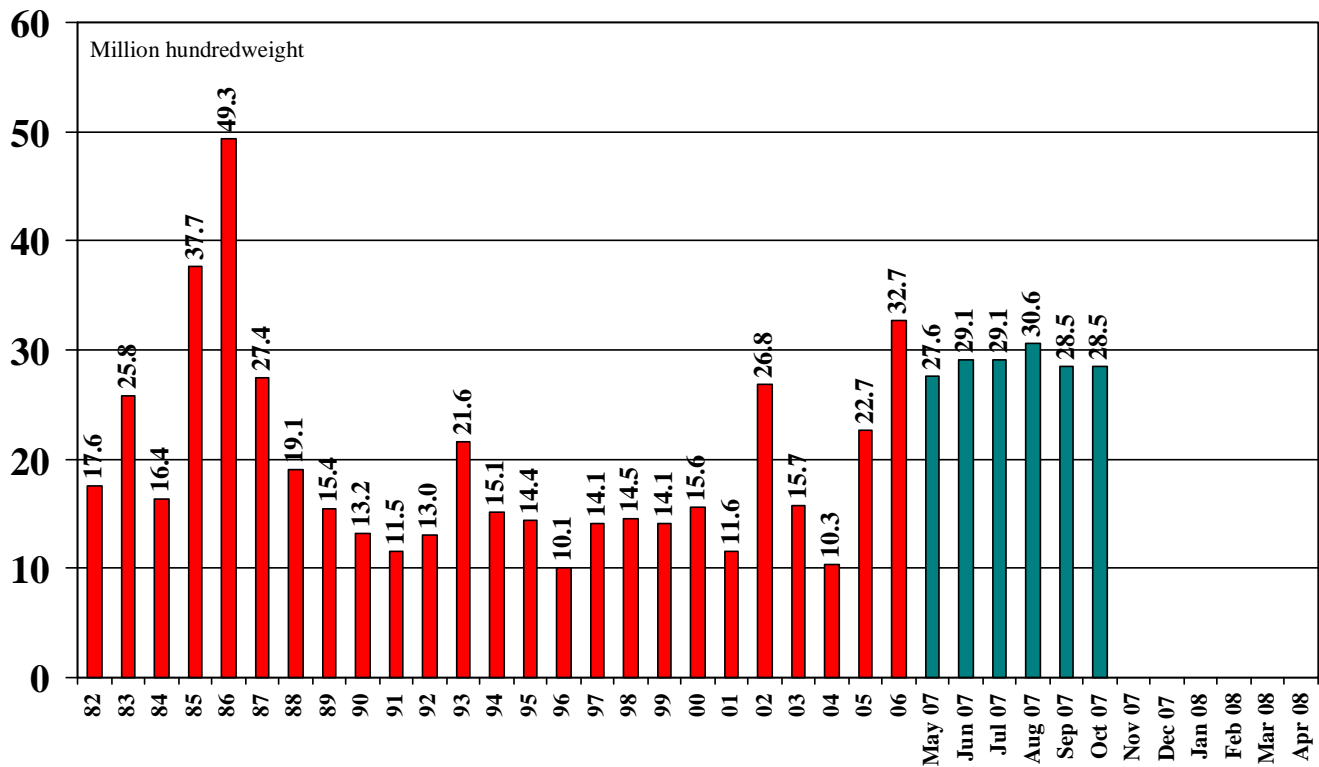
2000/01	\$290 milled metric ton
2001/02	\$222
2002/03	\$238
2003/04	\$375
2004/05	\$327
August 2005	\$293
September 2005	\$307
October 2005	\$318
November 2005	\$323
December 2005	\$335
January 2006	\$358
February 2006	\$369
March 2006	\$368
April 2006	\$373
May 2006	\$379
June 2006	\$379
July 2006	\$386
August 2006	\$410
September 2006	\$421
October 2006	\$433
November 2006	\$434
December 2006	\$438
January 2007	\$435
February 2007	\$432
March 2007	\$420
April 2007	\$415
May 2007	\$412
June 2007	\$412
July 2007	\$407
August 2007	\$410
September 2007	\$428
October 2007	\$456

Southern Long Grain rough rice prices in metric tons are as follows:

2000/01	\$157
2001/02	\$107
2002/03	\$123
2003/04	\$206
2004/05	\$176
August 2005	\$157
September 2005	\$165
October 2005	\$176
November 2005	\$183
December 2005	\$188
January 2006	\$201
February 2006	\$205
March 2006	\$205
April 2006	\$205
May 2006	\$202
June 2006	\$202
July 2006	\$213
August 2006	\$220
September 2006	\$227
October 2006	\$242

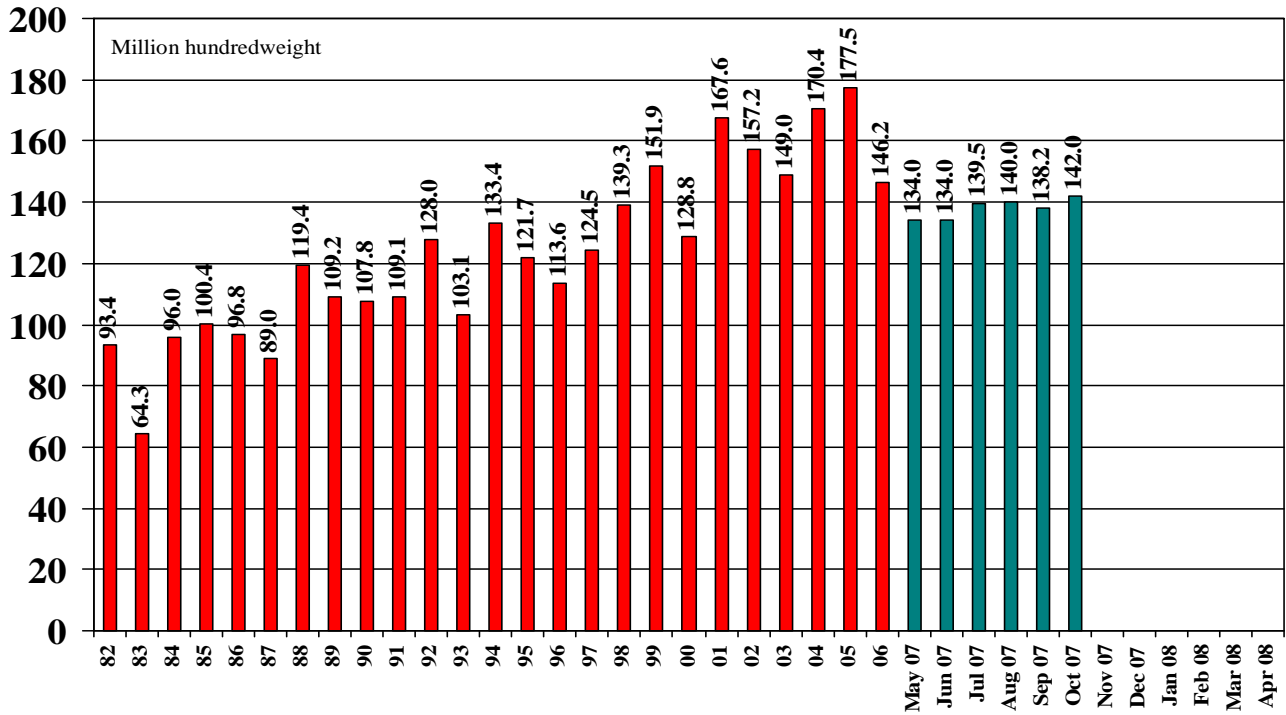
November 2006	\$245
December 2006	\$245
January 2007	\$243
February 2007	\$240
March 2007	\$240
April 2007	\$240
May 2007	\$237
June 2007	\$235
July 2007	\$235
August 2007	\$249
September 2007	\$284
October 2007	\$285

## U.S. Long Grain Rice Beginning Stocks 1982/83 – 2007/08



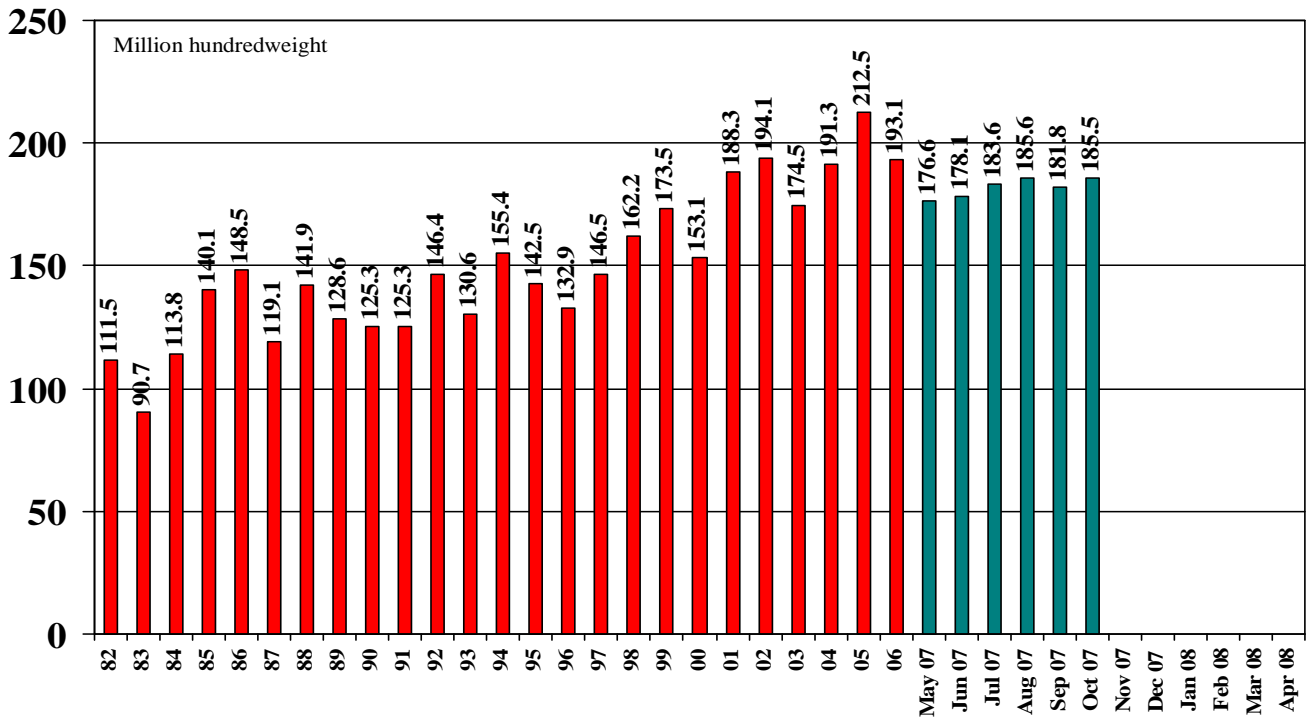
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Production 1982/83 – 2007/08



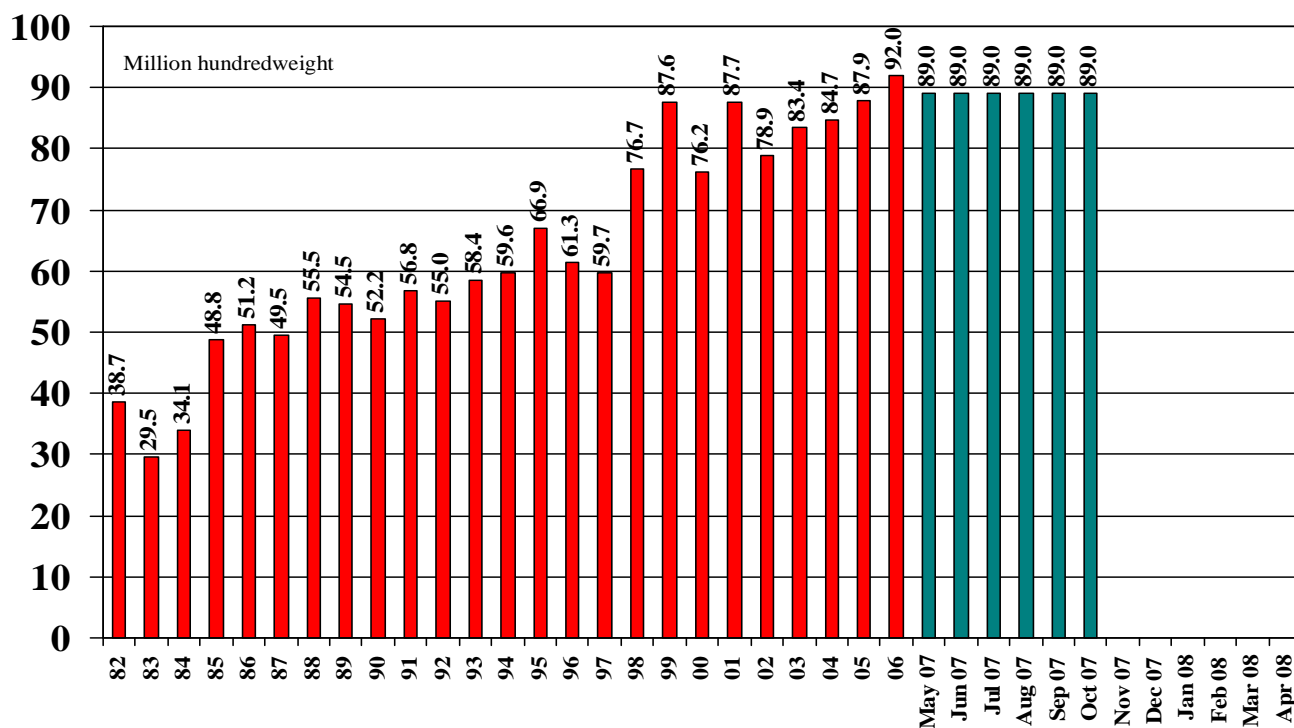
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Total Supply 1982/83 – 2007/08



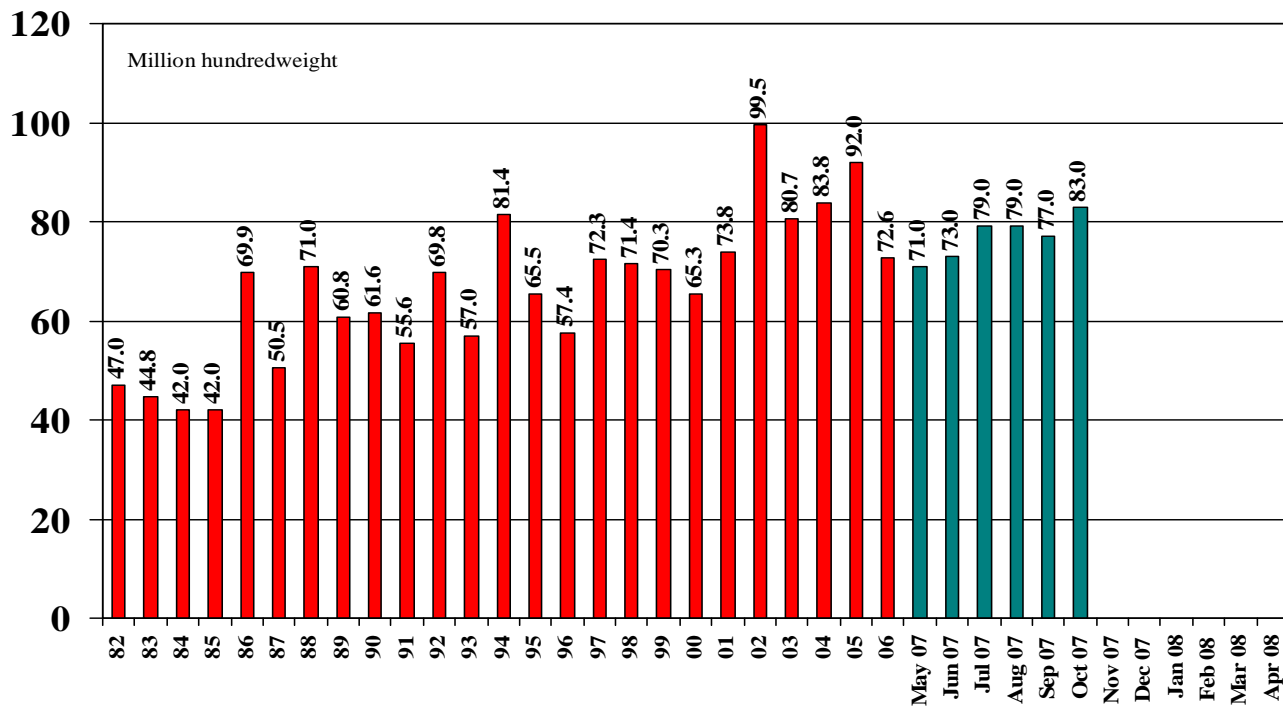
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Domestic & Residual 1982/83 – 2007/08



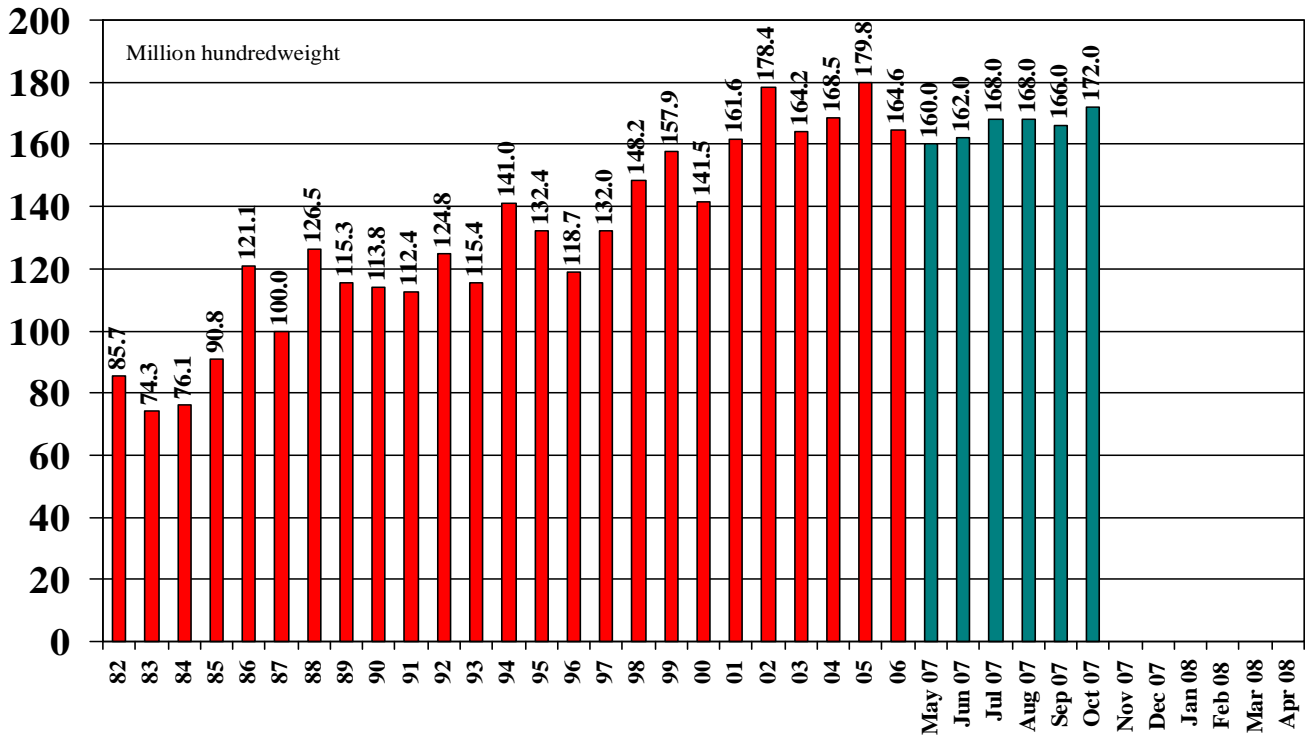
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Total Exports 1982/83 – 2007/08



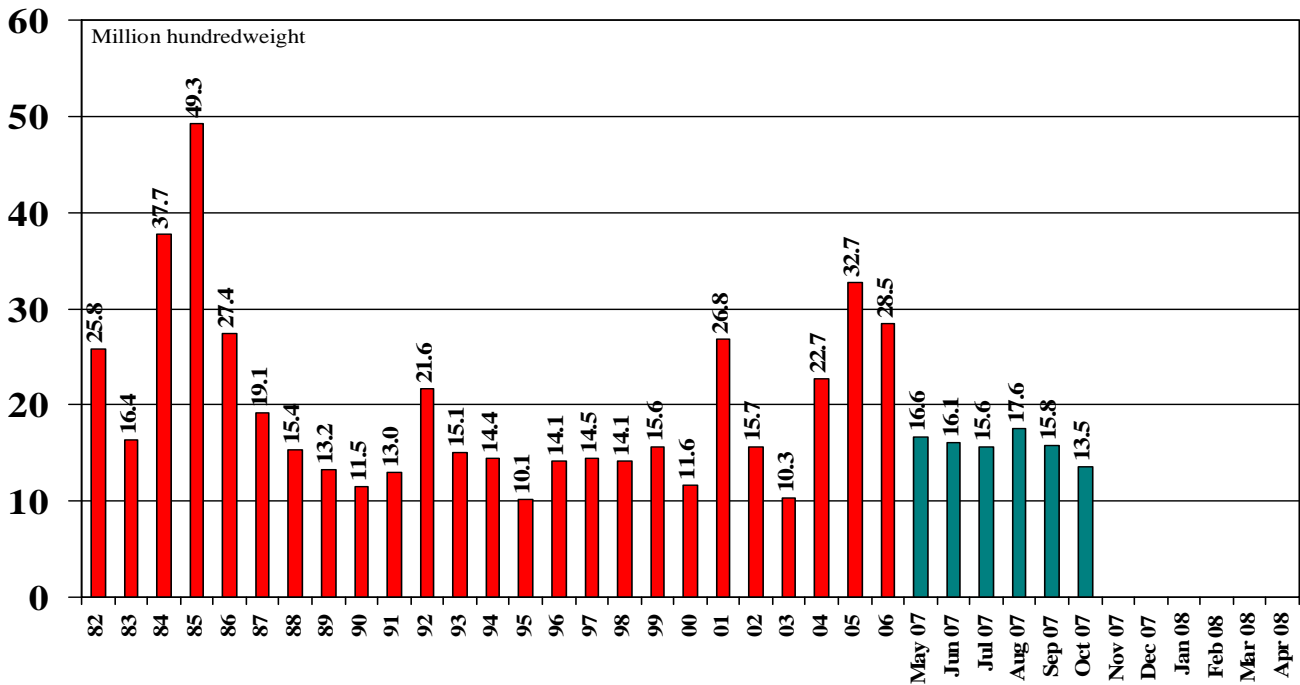
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Total Use 1982/83 – 2007/08



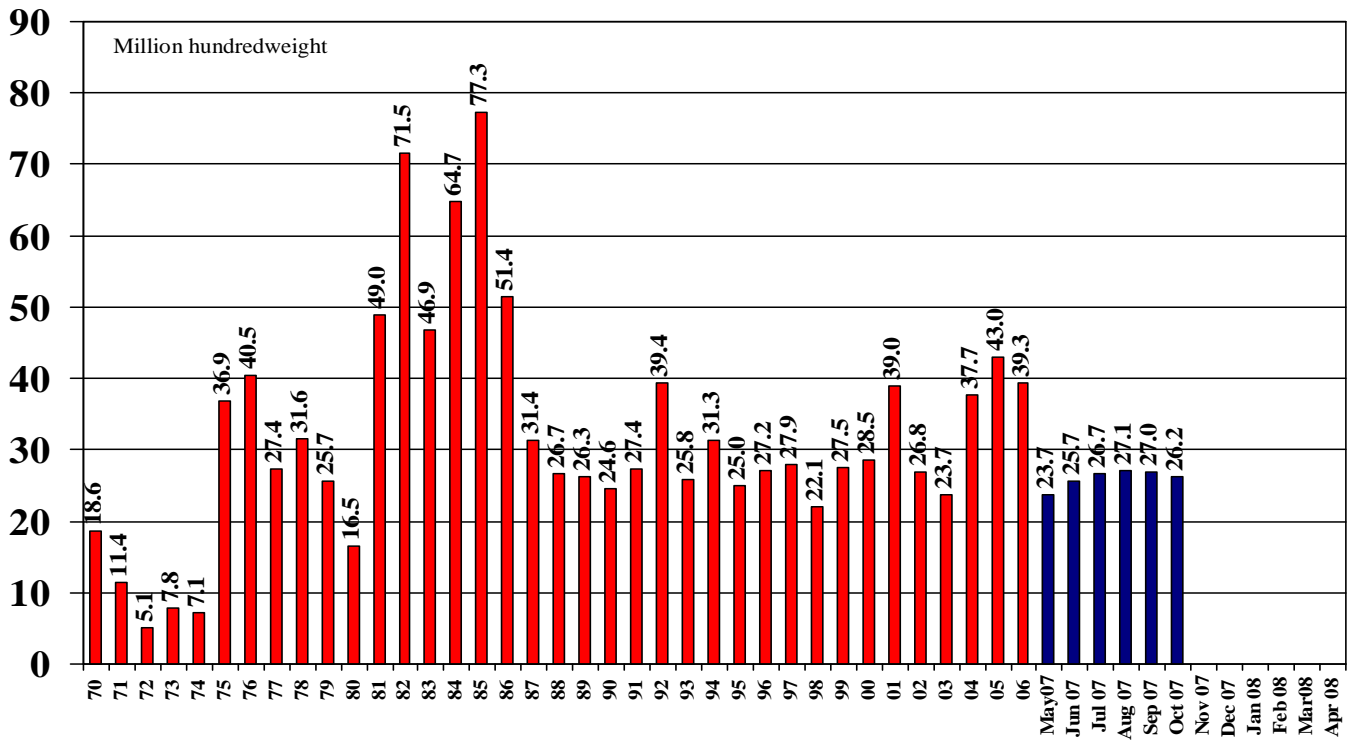
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Ending Stocks 1982/83 – 2007/08



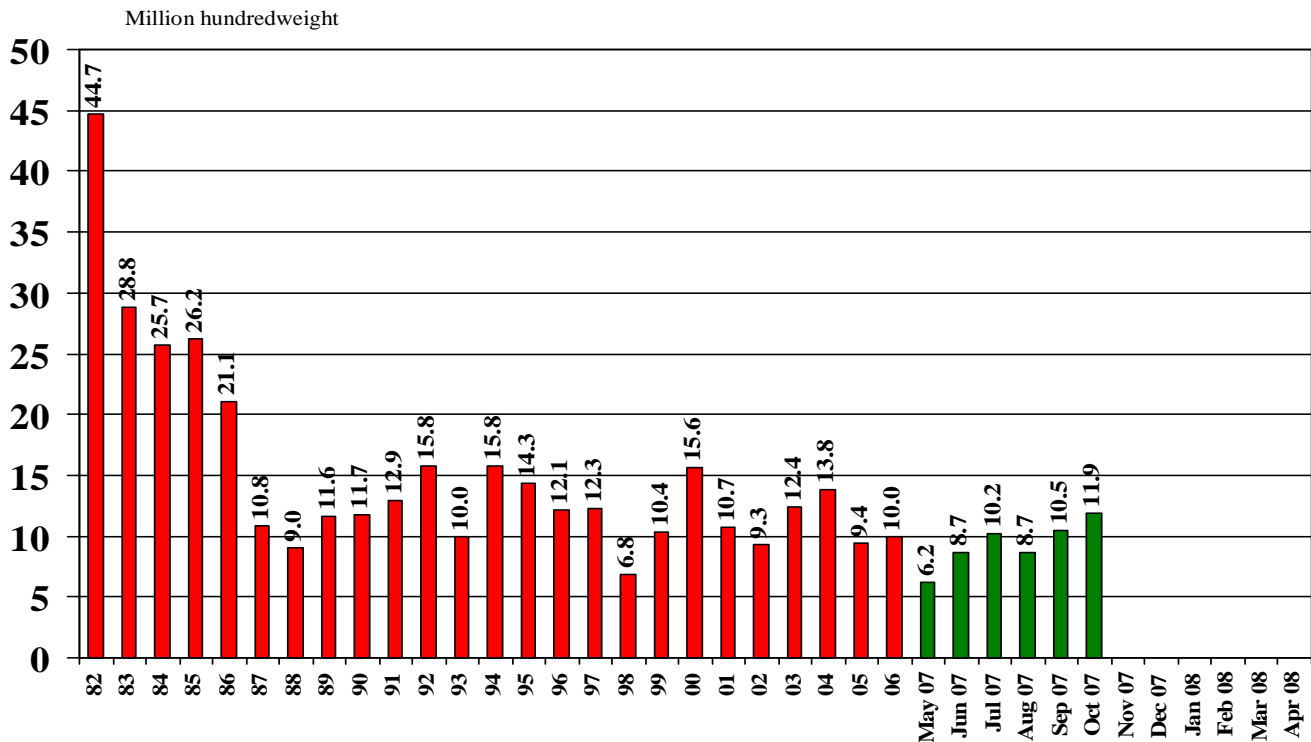
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. All Rice Ending Stocks 1970/71 – 2007/08



Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Medium and Short Grain Rice Ending Stocks 1982/83 – 2007/08



Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

