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This update covers Monday, May 4, 2009 to Friday, May 8, 2009

## **FACTORS BEHIND THE RISE IN GLOBAL RICE PRICES IN 2008**

Global rice prices rose to record highs in the spring of 2008, with trading prices tripling from November 2007 to late April 2008. The price increase was not due to crop failure or a particularly tight global rice supply situation. Instead, trade restrictions by major suppliers, panic buying by several large importers, a weak dollar, and record oil prices were the immediate cause of the rise in rice prices. Because rice is critical to the diet of about half the world's population, the rapid increase in global rice prices in late 2007 and early 2008 had a detrimental impact on those rice consumers' well-being. Although rice prices have dropped more than 40 percent from their April 2008 highs, they remain well above pre-2007 levels.

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