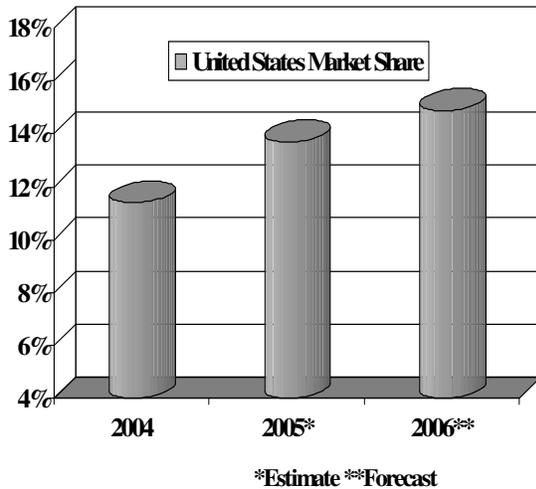

RICE: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

Egyptian Exports Booming: Egypt continues to usurp more and more of the medium grain market as its main competitors -- the United States, Australia, and China -- are strapped with tight supplies and high prices. Currently, Egyptian medium grain prices are approximately \$125 per ton, FOB, lower than that of the United States, although both are strengthening. Its main focus is in the relatively small Middle East market where it benefits from lower freight costs and the ability to supply buyers on a hand-to-mouth basis. Meanwhile, the United States, Australia, and China are heavily focused on the North Asian markets. It will be interesting to see if Egypt will snag a portion of the upcoming South Korean business, which will total approximately 225,000 tons.

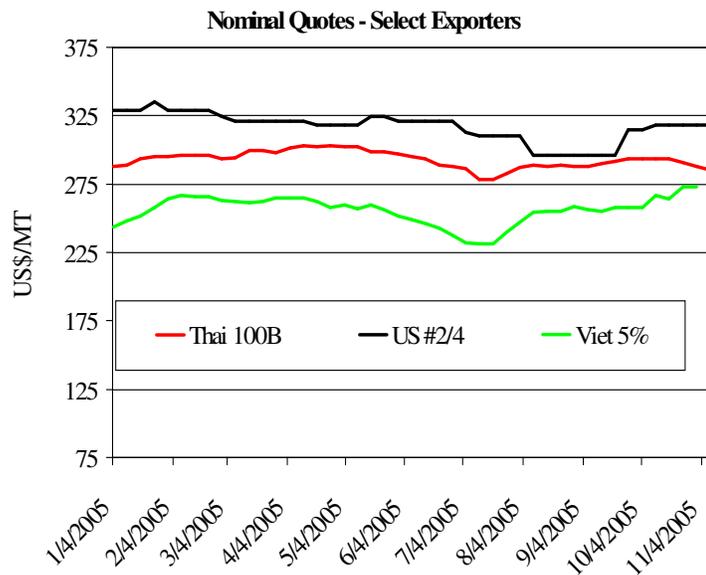


U.S. Market Share Growing: U.S. exports are forecast at a near-record 3.8 million tons for CY 2005 and 2006 on strong demand in the traditional Western Hemisphere markets, but also Iraq. (The current record is CY 2003 when the United States exported 3.824 million tons.) Additionally, trade reports indicate that the United States may also export substantial quantities to Cuba in the near future. While no new contracts have been signed at this time, there is an opportunity for this business to occur as Vietnam has large outstanding sales and government restrictions on new contracts.

PRICES:

International: Asian rice price movement was mixed this month. Price quotes for Thai rice softened about \$10 per ton per grade on weak demand. Thai 100B fell \$8 to \$285 per ton, FOB. Conversely, in Vietnam, quotes are up \$10-15 per ton on tightening supplies. Viet 5% is up \$15 to \$257 per ton, FOB.

Domestic: U.S. long grain prices have been stable over the past month, with #2/4 currently holding at \$318 per ton, FOB. U.S.



medium grain prices (California) continue to skyrocket. The recent upward movement is basically the result of tightening supplies. While California mills are working at near-capacity to fulfill Japan business and domestic demand, they are expected to continue to be busy into the new year as they fulfill Taiwan and South Korean business (tenders are expected to be held in December). Current quotes for U.S. #1/4 sacked are \$510 per ton, FOB, and are expected to stay strong in the near-term.

TRADE CHANGES IN 2006

Selected Exporters

- **Egypt** is up 150,000 tons to 1.0 million. Egyptian supplies are abundant and priced substantially lower than the other leading medium grain suppliers. Also, its proximity to nearby Middle East markets gives it a freight advantage.
- **Thailand** is down 500,000 tons to 7.5 million on increased competition from Vietnam.
- **Vietnam** is up 500,000 tons to 4.5 million as plentiful supplies, large outstanding sales, and competitive pricing are expected to support another year of strong rice exports.

Selected Importers

- **South Korea** is up 170,000 tons to 475,000 as a late start in 2005 tendering will force shipments to fall into the 2006 calendar year.
- **Syria** is up 50,000 tons to 250,000 on rising import demand, which is largely supported by relatively inexpensive and nearby medium grain supplies from Egypt.
- **Turkey** is down 75,000 tons to 175,000 as restrictive import policies are expected to continue to constrain imports.

TRADE CHANGES IN 2005

Selected Exporters

- **Pakistan** is up 150,000 tons to 2.35 million on a higher-than-expected export pace in the second half of the year.
- **Thailand** is down 250,000 tons to 7.25 million on greater competition from Vietnam. Thailand's exports through October are down approximately 27 percent from last year.
- **Vietnam** is up 200,000 tons to a record 5.0 million based on pace. Vietnam has exported over 4.6 million tons through October, about 27 percent ahead of last year, as its competitive prices allow it to steal market share from leading exporter Thailand.

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- The **United States** is up 250,000 tons to 3.8 million on strong long grain shipments, particularly to Iraq.