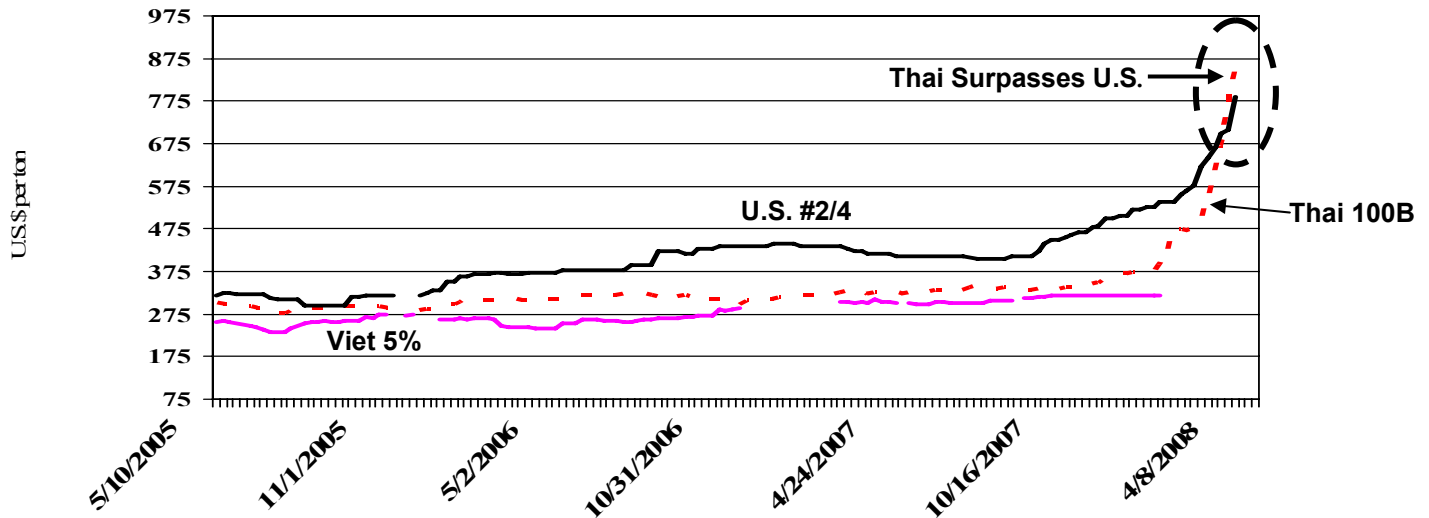


Grain: World Markets and Trade

Record Prices Reflect Concern Over Tightening Supplies



The cutback in exportable supplies has resulted in record rice prices, as indicated by Thailand and the United States. Some major suppliers have banned or restricted exports, in order to protect domestic supplies and dampen their own food price inflation. Government trade policies could continue to diminish exportable supplies, which would place additional upward pressure on prices.

Vietnam, the world's second-largest supplier, has reimposed a ban on exports that reportedly could cut shipments by at least 20 percent, which would be a million tons less than the previous year at 4.5mmt. **China** placed a tax and quota system on exports. **Egypt** banned exports from April 1 through October 2008 to help stabilize high domestic prices, which had nearly doubled in recent months. The ban had an immediate impact on prices, which dropped almost 25 per cent (\$100 per ton) on the local market. **India** recently imposed an export ban on non-basmati rice to replace its minimum export price, which had more than doubled to \$1000 per ton since October 2007.

Although **Thailand** is not presently limiting or restricting exports, it is faced with tightening domestic supplies and record prices. The Government reportedly may release its own stocks onto the domestic market to help lower prices caused by the threat of falling domestic supply, which has been fueled by strong export sales. **U.S.** ending stocks are forecast at a 27-year low, but there could be additional foreign demand for U.S. rice. The weakening dollar makes U.S. commodities more competitive in the world market, and constrained shipments from traditional suppliers could cause importers to increase purchases from the United States.