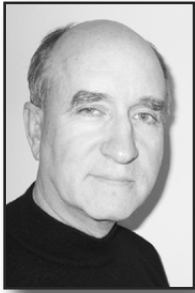


Ski Mississippi Rice Fields

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When I left my previous employer, my co-workers gave me a T-shirt with the words, "Ski Mississippi" embossed on it. That seems absurd but it contained a picture of a skier who was skiing across a cotton field. It was a big laugh at

my retirement party. But the joke is on the rice industry. I did not stay retired.

Somehow that image has stayed with me in my new business which is advising people on the rice market here and overseas. I plan to be in Mississippi at Conservation Tillage Systems Conference at the Grand Casino in MS, 21-22 January 2008. I hope to see you all there to share stories about the rice market.

If you can ski Mississippi on a ripe cotton field, you can ski the Delta on a long grain rice field as well. Skiing is sort of an image of crop marketing. It seems strange but it can be fun and it can be a little dangerous without a coach and without any lessons. You have to admit skiing is different from growing a crop, even if you have never skied yourself. I consider myself a rice market ski coach.

I think of marketing cotton as sort of like skiing across the top of the cotton crop. It is an activity that no one learns to do very well that grows the stuff. When I start my talks at the Conference I always preface my remarks by telling the audience that if they are there to find out about the cotton market, they are in the wrong room. I get some cotton farmers that get up and leave and some that stay. Perhaps this year some will stay because rice is beginning to look better than cotton right now. I think all the soybean and wheat farmers will leave, however. That is the problem with rice next year, who will grow it at almost any price?

Here is the dilemma for the price of rice in 2008. It is different from all the other crops that we grow. In Asia, rice trades more like a food stamp than a grain and it is Asia that sets the over all level of pricing, just as cotton prices are

set to a large extent in Asia. No other grain is as important to politicians in Asia as rice. It feeds 3 billion folks, most of whom grow the stuff and eat it. Of food, clothing and shelter, food is always number one. As we say in our company, "More precious than pearls or jade are the five grains of which rice is first."

Rice recently traded at a 93 year low to the wheat market. Did you know that? Rice nearly reached a \$4.00 per bushel discount to wheat over the Christmas holidays. Did you know that? Normally in a rice bull market, the rice price trades at a premium to wheat. So what the hector is going on? I will address that at the conference.

Asia cannot grow enough rice to build up its rice stocks. Why is that happening? I will discuss that in my words at the conference.

Asia invented the soybean. Asia also invented the rice plant. Asia could not grow enough soybeans to feed itself so it imports soybeans from the Western Hemisphere to the tune of about 50 million MT of beans. Yet, Asia has been burying the world market in rice since the late 1990s and rice takes a lot more urea and water than beans. So what is happening? I will address these issues in Tunica with you.

If you own rice land or you farm rice land, I invite you to come to our booth or our workshop. I bought millions of dollars of rice for 18 years, made millions of dollars on the rice market and now I advise CEOs all over the globe on the rice market. I am not bragging. It is the truth. In the meantime, give yourself a rice market Christmas present and sign up for a free trial at my website, www.firstgrain.com. We give free lessons on how to ski the treacherous slopes of rice rumors and rice market trends. And I believe there is still some more chair lift underneath you in this world rice market before the big descent in price. Sign up now, learn a few things from us and come to the conference...there will be a test and we will provide the calculations and the rice price ski poles to give you a lay of the land up ahead. Δ

Milo Hamilton writes rice market commentary for the website, www.firstgrain.com. You can click on it for a free seven-day trial.