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Market Update May 19, 2008

As we have previously discussed the demand for Ethanol and the resulting price increase in Corn and other grain markets have had an impact on the Dry Bean Markets across the board. The USDA issued their first report on anticipated plantings last month and the report indicated that Dry Beans as a category would be down 8 % this year. We are still anticipating that the decrease in Canada and Mexico will be at least this large and some would argue that the decrease may actually be higher.

Pinto: *During the winter months the anticipated decrease in New Crop planting intentions caused the market price indications for the 2008 crop to increase to a level where Dry beans were very competitive with other small grains. It now appears that the reduction in acres might not be as large as originally anticipated. The USDA report indicates that the major production area in North Dakota may only be down 10% (versus the anticipated reduction of 15% predicted by the processors in the area). Producers are still very reluctant sellers due to the continued bullish tone of all commodities and the anticipated increased value of Pintos. We would expect the Pinto market to remain very firm as we begin the planting season. However we might see some decrease in the anticipated cost of the 2008 crop as we approach harvest if we can avoid any major weather disruptions during the summer.*

Great Northern: *The value of Great Northern Beans continues to remain firm as it appears there is a possibility of a shortfall in the world's production of medium sized white beans. Currently there is little product available in South America, the Middle East or in China. Reports from South America indicate they have had weather problems during their planting season and it is now anticipated that they will have a shortfall from their normal production. We would anticipate the value of Great Northerns will continue to remain very firm as we approach planting season in the U.S.*

Black Beans: *It is anticipated that the Black Bean acreage in the United States will decrease in 2008. There are problems in South America and the demand from Brazil has cleaned up the most of the inventory of Black Beans in China and other countries in South America. Due to the increased price indications for 2008 as well as continued export demand from Mexico this market has increased and we would anticipate a very firm market for the balance of the market year.*

Navy Beans: *Values have continued to increase as end users (canners) have increased their bids to producers in an attempt to maintain a steady flow of beans to meet their production requirements. As the values have increased producers have become very reluctant to market their current crop beans as they perceive the value will continue to increase over time.*

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Kidney Beans: *We are anticipating a small increase in the production of this variety this year versus the 2007 crop. However, this small increase in the United States production will not off set the reduction in acres in Canada and other countries. Due to the large price increases this year the growers are reluctant to sell their old crop product or sign any new crop production contracts. We would anticipate this market will remain very firm and we could see continued price increases until the fall and we actually see how large the 2008 crop production actually is.*

Peas and Lentils: *The USDA continues to be the main buyer of these items and the value continues to increase. The USDA and the Pea and Lentil Council are reporting a potential decrease in Lentil acres of 6% and a small increase in the production of Peas. Given the higher value of other grain crops in the production areas it is anticipated that Peas and Lentils will maintain their firm price indications and if the demand continues from the USDA the market will increase in value over the next few months.*

Rice: *The Rice markets are all very firm and have continued to increase in value. It is anticipated that the rice plantings this year will be approximately the same as last year. We would expect this market to remain very firm through the summer season and possibly even into the fall. This is due to heavy consumer demand (caused by the rumor of a Rice shortage in the world), the heavier than normal export demand (due to lack of Rice being offered in South East Asia) and the resulting lack of production time at the U.S. Rice mills. Another point of concern is the continued wet weather in the Northeast corner of Arkansas which has delayed plantings in the major Rice growing areas of the U.S. and will force a later than normal harvest in this area.*