

Rice

31st May-6th June 2005

MAJOR ACTIVITY HIGHLIGHTS

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- EU Discards Pakistan Rice while Uganda Receives It
- Asian Rice Prices Mostly Unchanged, Thai Prices Down
- 'System of Rice Intensification' will Give Better Rice Yields
- Pakistan Rice Exports Broken All Previous Records
- Vietnam: Rice Exporters Witnesses Capital Scarcity
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- Thailand Bids To Exports Of Hom Mali Rice To China
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DOMESTIC AND INTERNATIONAL NEWS:

Iran's New Tenders To Import Rice from Viet and Uruguay

According to the Government Trading Corporation of Iran (GTC), it has issued new tenders to import up to 60,000 MT of rice from Vietnam and Uruguay. Command deadline was also on Monday, GTC said on its website. However in last week the GTC had cancelled all previously issued tenders, including tenders for 100,000 MT of rice from Vietnam and 60,000 MT of rice from Uruguay. It was now looking for offers for 30,000 MT of Uruguayan rice on a FOB basis with vessels being loaded in Montevideo during July. The GTC was also looking for 15,000 to 30,000 MT of Vietnamese rice also on FOB terms with vessels loading in Ho Chi Minh City in July.

EU Discards Pakistan Rice while Uganda Receives It

According to Pakistani media, the rice exports to the European Union (EU) from Pakistan have blocked again as the EU is sending back all rice consignment due to the presence of some chemicals in the consignments. According to reports, EU has sent back more than 40 containers loaded with Pakistani rice. However Uganda should continue importing rice from the same country and whether it is fit for human consumption. According to an official in charge of quality of imports at the Uganda National Bureau of Standards (UNBS), the quality of rice coming into the country meets required standards. Uganda spends over \$90 million on rice imports annually from

leading producers of rice in Asia like India and Pakistan and Vietnam.

Asian Rice Prices Mostly Unchanged, Thai Prices Down

It is witnessed that Asian physical rice prices were mostly unchanged Wednesday, and Thai prices edged lower as exporters tried to attract buyers to return to the market. The Thai market has been fairly quiet this week because major buyers have been absent from the market. However the domestic prices have remained stable because of support from the government's price intervention program and this has prevented them from reducing export prices substantially. Thai 100% grade B was offered Wednesday at \$293-298 a metric ton, FOB, Bangkok, 5% broken at \$289-\$295/ton, while parboiled 100% sortexed was offered at \$300-\$302/ton. These prices are lower by \$2-4 from prices offered Friday.

In Vietnam, prices were unchanged Wednesday in spite of the Philippines' purchase last week of 300,000 tons of 25% broken grade. Local supply is likely to rise because farmers will start harvesting the second crop later this month, and this will balance the increase in demand. Vietnam's 5% broken was offered at \$250-260/ton, FOB, Ho Chi Minh City, while 25% broken was quoted at \$238-\$250/ton. These prices are unchanged from prices offered Friday. In India also the prices of exported rice remained unchanged.

'System of Rice Intensification' will Give Better Rice Yields

The Indian Government has proposed farmers to adopt 'System of Rice Intensification (SRI)' which will give better yields. Agricultural experts have advised farmers to apply Zinc Sulphate as per local nutrient status of Zinc in the soil for the ensuing kharif season. Practice 10 MT of green manuring per hectare for reducing dose of Nitrogen (N), Phosphorus (P) and Potash (K). Using Chlorophyll meter would reduce requirement of nitrogenous fertilizers. For enhancing the soil health and sustain rice productivity in the long run it is advisable to apply 10 tonnes of Farm Yard Manure per hectare on regular basis. Agricultural experts have advised farmers to grow only recommended hybrid rice varieties.

Pakistan Rice Exports Broken All Previous Records

According to the data collected by the Ministry of Commerce (MoC) and the Export Promotion Bureau (EPB), Pakistan's rice exports are all set to exceed a set target of \$665 million. Exports of rice from Pakistan have broken all previous records in 2004-05 in terms of value, but it has went down in terms of volume. The target was set by the EPB for rice export around \$665 million, which has, as per the records of REAP was achieved in the first three quarters of the financial year. The projections released by the EPB and the MoC regarding exports from Pakistan (July 2004 to Mar 2005) shows that the exports stand at \$602 million, which is more than \$100 million above the target for this period. The data also confirms it when it is compared with the same period of last year, the exports of rice is \$141 million higher. For the same period the exports last year were \$461 million only.

Vietnam: Rice Exporters Witnesses Capital Scarcity

The Vietnam rice exporters are facing capital shortage, which is causing them to miss potentially lucrative export opportunities. Therefore the exporters have called for measures to ease their access to credit. Many rice exporters have reported being forced to buy paddy and rice for export at small volumes, or even having to abandon purchase altogether, due to capital shortages. In the meantime, the rice price on the world market remains high, and the Mekong Delta provinces, which comprise the country's largest granary and have reported a bumper winter-spring crop, 160,000 MT more than last year's harvest.

Global Rice Production To Be Increase

The US Department of Agriculture has pegged global 2005-06 rice production to be up for the third consecutive year at a record 410.3 million MT, up 8.3 million from 2004-05. USDA forecasts the largest increases in India, China, Bangladesh, and Thailand. During this period the United States is expected to produce 7.1 million MT; China, 128 million MT; India, 90 million MT; Thailand, 17.8 million MT; Bangladesh, 26.5 million MT, and Vietnam. 22.3 million MT. Global consumption will exceed production for the fifth consecutive year at 416.6 million MT, compared to production of 410.3 million MT. Global trade continues to be problematic with four consecutive years of declines. Global trade in 2005 is estimated at 25.1 million MT, the sixth largest on record. Record global trade of 27.8 million MT was achieved in 2001. Of the major global exporters, Argentina, Australia, Burma, Egypt, India, Pakistan, Uruguay, and EU-25 are projected to export the same quantity in 2006 as they exported in 2005. Countries with

reduced exports include Thailand 8.5 million MT in 2005 to 8 million MT in 2006 and Vietnam 4.2 million MT in 2005 to 4 million MT in 2006.

Expecting Lower Normal Rains In June

According to Government research body, India's monsoon rains are expected to be 34 percent below normal in June, where as its earlier forecast of 22 percent excess rainfall in the first month of the four-month monsoon season. It is predicted that rainfall in July will be 12 percent less than normal and 13 percent more than normal in August. The India Meteorological Department forecast in April that the June-September southwest monsoon rains would be 98 percent of the long-period average. It did not give a monthly forecast. Rice, cotton and oilseeds are the main winter crops, sown in June and July and harvested in October and November.

Thailand Bids To Exports Of Hom Mali Rice To China

Thailand is in an offer to provide its renowned hom mali to China for expanding the Chinese market. Therefore a delegation team would conduct publicity events in Beijing and Talian to boost recognition of hom mali rice among the Chinese population at a time when Thailand and China are celebrating 30 years of diplomatic relations.

China Readies to Introduce First GMO Rice

The world rice prices are increasing day by day in this year over previous year. According to the local traders that China will likely to reduce imports and could even become an exporter with the introduction of GMO rice, which can double yields. China is already the biggest producer and consumer of rice on the planet. China's average rice yields for non-GMO rice are about 2.5 MT per acre, which is among the highest in the world. Yields in Thailand are only about 1 MT per acre. Scientists believe China could give the green light as early as this year for a transgenic variety, called Xa21, which contains a gene from an African wild rice. But government officials remain reserved on the timing.

India Witnessing a Seminar On Rice Bran Oil In July

The Solvent Extractors' Association of India is organising the 8th national seminar on rice bran oil on July 29 at New Delhi. The association has so far organised a number of workshops and seminars to promote and popularise the use of rice bran oil as "Health Oil" in the country and to create awareness on its technology, nutrition, health and marketing aspects.

Rice Exports Slacken in Pakistan

Pakistan rice export prices remained stable during the past week as exports tailed off on dwindling stocks, and trade is likely to remain slow in the months ahead. There is very little spot trade in the market because of the depleting stocks. Around 300,000 MT of rice from last year's crop were available in the market. It is expected that the market activity would spontaneous from the end of September, when better-quality rice would be available from the new crop. Exporters were only filling previous orders and that most shipments were container-based.

China Sets Minimum Govt Price For Late Rice

China has set the minimum government purchase price for late long-grain non-glutinous rice to be planted and harvested this year at CNY1, 440 PMT. The move is aimed at providing farmers with an indication of future income

from planting late rice and encouraging them to grow it, according to a notice posted on the State Grain Administration's Web site late Wednesday. Government-designated grain reserve companies at central and local levels will buy the rice at the minimum purchase price if market prices fall below the minimum price.

USDA Net Export Sales Highlights on Rice

USDA net sales on rice for the period May 20 - 26, 2005 of 87,000 MT were 33 percent above the previous week and 8 percent over the prior 4-week average. The buyers were Costa Rica (37,600 MT), the United Kingdom (18,900 MT), Haiti (7,100 MT), Mexico (7,100 MT), New Guinea (4,000 MT), and Canada (3,300 MT). Exports of 83,000 MT were 26 percent under the previous week, but 3 percent above the prior 4-week average. The primary destinations were Japan (26,000 MT), Jordan (21,500 MT), Haiti (13,100 MT), the United Kingdom (5,400 MT), and Mexico (3,900 MT).

Reservoirs Position may Compensate Late Monsoon

There is a good news on the waterfront as India waits for the monsoon to arrive. The 76 reservoirs monitored by the

Central Water Commission (CWC) are taken together, at their highest storage level since 2001. The live storage of the reservoirs on May 27 was 19.34 billion cubic metres (BCM) against 15.93 BCM on the same day in 2004. This is 15 per cent of India's total live water capacity of 133.021 BCM. But the increase is not uniform. Indus basin reservoirs have gained the maximum, 65.86 per cent over the 10-year average. Compared to 2004, the Indus basin is up 135 per cent. Conversely, the Ganga basin is down overall on a 31 per cent dip below the 10-year average. Yet this being an exceptionally good year compared to 2004 even the Ganga basin is up by 99 per cent. The increasing of the water in the reservoir is being endorsed to good snowfall in winter. The post-winter snowmelt was an additional bonus. The water level in the reservoirs is already starting to fall, as this is the peak period of utilisation for power and drinking water. In the coming months more water will be needed for irrigation with sowing of rice, cotton, sugarcane set to start.

Domestic Rice Market Commentary

Delhi Market:

In Delhi, it was witnessed that the market price for different varieties of rice remained almost unchanged due to stable demand in this week. There was no government

intervention programme. It is expected that the market sentiment would remain unchanged in the coming days.

Table: Market Price For Different Varieties of Rice in Delhi Mandis NR: Not Reported

Karnal Market:

At the Karnal market it is witnessed that the rice prices remained almost unchanged in this week and remained range bound. It is expected by the traders that the new crop

will reach in the market in the next months. It is likely to continue this sentiment in the coming days.

Table: Market Price For Different Varieties of Rice in Karnal Mandis

KARNAL	30.05.05	4.06.05
Basmati rice sheila	2200-2300	2250-2300
Basmati rice raw	2500	2500-2550
Sharbati esteem	NR	NR
Sharbati sheila	1500	1500-1600
Parmal raw rice	890-1050	890-1050
Parmal sella	975-1060	975-1060
IR 8	810-860	810-860
Wand	1100	1100
Govind	NR	NR
Db rice sheila	1900-2000	1900-2000
Db rice esteem	2400	2400
Parmal sela	980-1040	1000-1060
IR 8	875-900	900-925
DB Rice	NR	2080-2240

Amritsar Market:

The Amritsar market for rice showed mixed sentiment in this week over last week. The overall market condition remained stable amidst stable demand. The ongoing

market sentiment suggested that rice price would remain stable in the coming days.

Table: Market Price For Different Varieties of Rice in Amritsar Mandis

AMRITSAR	30.06.05	4.06.05
Sharbati paddy	900	950
DB paddy	1050-1150	1000
Sharbati sella raw rice	1600-1650	1600-1650
Sharbati esteem	1650-1700	1700
Sharbati parboiled	1700-1800	1750
DB parboiled	2100-2200	2100-2200
IR 8	1050	1050
Basmati rice raw	2900-3100	2850-2950
Basmati rice sella	2300-2350	2300-2350
Parmal	1200	1150
PR11 sella	1200	1200
Parmal wand	1050-1100	1050-1100

Rudrapur Market:

The market price for most of the rice variety in Rudrapur market remained range bound in this week. The new crop is likely to reach in the market in the next week. It is

expected from the market scenario that the price would continue this tone in the coming days.

Table: Market Price For Different Varieties of Rice in Rudrapur Mandis

RUDRAPUR	30.06.05	4.06.05
Sharbati paddy	900	900
DB paddy	1150	1150
IR 8 paddy	600	600
Parmal paddy	625	625
Parmalrice	1050	1050
Basmati paddy	1150	1150
Basmati rice		
Shabati sheila	1700	1700
Sharbati esteem	1750	1750
DB sheila	2250	2250
DB essteem	2500	2500
IR 8 rice	860-970	860-970

Dehradun Market:

The market price for different varieties in Dehradun market remained range bound in this week. The market demand for IR-8 rice remained slightly strong in this week. It is

expected that the market would remain steady in the coming days.

Table: Market Price For Different Varieties of Rice in Dehradun Mandis

DEHRADUN	30.05.05	4.06.05
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Basmati Raw	2200-2400	2300-2425
Sharbati	1600-1800	1650-1800
Parmal Raw	1030-1100	1050-1100
IR 8	925-950	950-975

West Bengal Market:

In this market the different varieties of rice were sold in the stable range.

The next crop will sow after the outbreak of monsoon in this region.

Table: Market Price For Different Varieties of Rice in West Bengal Mandis

WEST BENGAL	30.05.05	4.06.05
Ratnachudi	NR	1130-1200
CO 36	NR	990-1010
Coarse	NR	870-890
CO 43 Medium Boiled	NR	1030-1070
Fine	NR	1190-1250
Super Fine	NR	1580-1880

Kurukhestra Market:

In this market the rice prices remained range bound with stable note in this week over last week. The demand was

gradually decreased and it is likely to decrease in the rice price when new crop would reach in the market.

Table: Market Price For Different Varieties of Rice in Kurukhestra Mandis

KURUKHESTRA	30.05.05	4.06.05
DB paddy	1250	1250-1300
DB rice	2100-2300	2200-2400
DB esteem	2500-2700	2300-2400
Sharbati esteem	1900	1850
Sharbati sheila	1700	1750
PR 11 rice	1150-1250	1150
PR11 sheila	1150-1200	1250
Parmal rice	1100	1100-1150
Basmati sheila	2200-2300	2250-2300
Raw basmati	2600-2800	2600-2700
Basmati paddy	1400	1350-1400

Conclusion

The market sentiment for different varieties of rice remained range bound with stable trend. The new Sharbati rice has not been reached in the Rudrapur market. It is likely to reach in the coming weeks in this market. The demand behind this market sentiment remained stagnant. It is

expected that the ongoing situation would continue this tone in the coming weeks.

It was also noticed that the market condition was also steady in the global market. It is likely to increase the rice prices in the Vietnam market.

Weather Watch

Monsoon Outlook:

Southwest monsoon has advanced over south Andaman Sea and over southern parts of southeast Bay of Bengal on

26th. It further advanced into the remaining parts of Andaman Sea, some more parts of southeast Bay of

Bengal and some parts of southwest Bay of Bengal on 28th. Southwest monsoon has further advanced into parts of

Rainfall:

Rain/thundershowers occurred at many places over Andaman & Nicobar Islands Northeastern States, Sub-Himalayan West Bengal & Sikkim, Coastal and South Interior Karnataka, Kerala and Lakshadweep and at a few places over Jammu and Kashmir, South Madhya

Outlook For The Week:

Conditions are favourable for onset of monsoon over Kerala towards the end of week. Ongoing rainfall activity over Andaman & Nicobar Islands is likely to continue. It may get

east-central Bay and some more parts of south Bay of Bengal on 31st.

Maharashtra, Chhattisgarh, Coastal Andhra Pradesh, Rayalaseema, Tamil Nadu, and North Interior Karnataka. It was isolated in the remaining parts of the country. Isolated Heavy Rainfall also occurred over Andaman and Nicobar Islands, Assam, Sub Himalayan West Bengal and Sikkim, Kerala and Lakshadweep on some days of the week.

enhanced over south Peninsula and Northeastern States. Heat wave conditions may prevail over northwestern, northern and west-central parts of the country.

Table: Rice Output Estimates For Kharif 2004-05

Crop	Season	2 nd Advance Estimates 2004-05	Per cent change	4 th Advance Estimates 2003-04
Rice	Total	87.80	0.9	87.00
	Kharif	73.29	-0.9	73.92
	Rabi	14.51	10.9	13.08

Table: Progressive procurement of Rice as on 24.05.2005 (lakh tonnes)

State	Total procurement in marketing season 2003- 04	Progressive Procurement as on 24.05.2005	
		In Marketing season 2004-2005	In Marketing season 2003-2004
Andhra Pradesh	42.30	32.30	32.63
Chhattisgarh	23.74	24.67	21.83
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.42	1.08
Orissa	13.73	9.93	9.16
Punjab	86.62	90.36	86.57
Uttar Pradesh	25.54	25.75	22.33
Tamil Nadu	2.07	6.44	2.06
All-India	228.28	219.07	206.15

International Rice Prices FOB

Indicative Asian rice prices			
Thailand	\$/Mt	Vietnam	\$/Mt
100%B	\$292	5% DP	\$246
5%	\$286	5%	\$245

10%	\$283	10%	\$242
15%	\$271	15%	\$235
25%	\$257	25%	\$232
35%	\$255		
Jasmine	\$394		
PB 100% Sortexed	\$294		
A1 super	\$215		
Pakistan		India	
15%	\$252	Basmati (finer grade)	\$850
20%	\$245	PR 106 PB 5%	\$290
25%	\$243	1001 25%	\$237
		PR 106 25%	\$242

Basmati Rice Prices for India and Pakistan

(US\$ per MT FOB)

INDIA		PAKISTAN	
BASMATI		BASMATI SUPER KERNEL	
Premium	\$850	Raw 2-4%	\$500-520
Brown	\$675	Brown 2-5%	\$470-490
Pusa 0-2%	\$480	Basmati 385	
Sharbati 2-4%	\$360	Raw 2-5%	\$360-380
OTHER GRADES		Brown 2-5%	\$350-370
IR 36 Parboiled 5%	\$152-154	IRRI 9 LONG GRAIN	
IR 8 Raw35%	\$162-164	Raw 5%	\$240-260
PR 106		Brown 5%	\$215-225
Raw 5%	\$164-167	IRRI 6	
Raw 15%	\$163-164	10%	\$190-200
PR 106 PARBOILED		15-20%	\$172-179
Sortexed 5%	\$170	25%	\$166-168
Unsortexed 15%	\$147		

Indicative Closing Forex Rate **1 USD = Rs 43.60**

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