

Rice

7th -13th June, 2005

MAJOR ACTIVITY HIGHLIGHTS

International News

Domestic commentary

International rice prices.

Domestic rice prices.

- Rice procurement position.

DOMESTIC AND INTERNATIONAL NEWS:

USDA Estimates World Rice Output To Go Up In 2005-06

According to USDA, the global rice production in the 2005-06 marketing year is estimated at 410.3 MMT, which is up more than 8 MMT from the previous year due to production increases in China, India, Bangladesh and Thailand. The USDA's Foreign Agricultural Service said in its quarterly international trade report for rice that consumption would continue to outstrip production in 2005-06. That will reduce ending stocks by 6 MMT. On the other hand, with the majority of the decline in China, stocks in the rest of the world are forecast to show a minor gain for the first time in 5 years. The United States will export an estimated 120 million-hundredweight of rice in 2005-06, well above last year's 106 million cwt in shipments, the USDA reported.

Rice Exports Restricted by the Vietnamese Government

The Vietnamese government has limited domestic rice producers from signing export contracts in excess of 3.8 MMT overall for the year, to ensure the national food supply.

A shortage of commercial paddy and rice price increases have been reported in the Mekong Delta provinces, the nation's largest granary, for the past week, following a forecast of a severe rice shortage on the world market.

India Exported Record Volume of Rice

India exported a record volume of rice during the opening quarter of 2005, according to preliminary trade data available from India's Director General of Commercial Intelligence and Statistics. Shipments in March totalled 724,015 metric tons (MT), including 122,012 MT of basmati and 602,003 MT of non-basmati rice. This lifted shipments for the first quarter to 1.6 million MT, including around 1.3 million MT non-basmati. Bangladesh was the most important destination for rice, but local traders say shipments have slowed since April in account of an excellent summer harvest in Bangladesh.

Rice Export Likely to Reach 9 Lakh MT in Egypt

Egypt's rice exports in 2004-05 are anticipated to achieve a record and could reach 900,000 MT, according to a recent report from the U.S., agricultural attaché for the country.

During January- March 2005, Egypt exported 325,978 MT of rice compared to 207,561 MT of rice during the same period in 2004. Egypt likely to achieve a record in rice exports in 2004-05 (September 15, 2004 to September 14, 2005) reaching a total of 900,000 MT. Between September 15 and May 15, Egypt exported about 800,000 MT of rice. Egyptian rice exports made significant gains mainly due to the considerable shortage of medium grain rice supply in the international market. As a result, demand on Egyptian medium grain rice increased significantly. According to Egyptian rice exporters, export price for medium grain rice was \$300 per MT FOB at the beginning of the export season (September 15, 2004) and currently is \$370 per MT.

Indian Food Grain Stocks Witnessing to Lower This Year

According to a Food Ministry official, India had grain stocks of 28.08 million MT on May 1, which was more than 3 million MT lower than a year ago. The stocks comprised 15.05 million MT of wheat and 13.03 million MT of rice. The stocks are lower than last year mainly due to wheat procurement has been less this year.

Thailand Likely to Cut Its Rice Exports to 7.5 MMT

It is anticipated that Thailand would export 7.5 million MT of rice in 2005, which is 26 % less than last year's record of 10.13 million MT amidst high prices and lower supply. Thai rice is \$15-45 PMT more dearer, on a free-on-board basis, than rice from Vietnam, the world's second largest exporter. This year, exporters projected rice exports at 8.5 million MT the target set by the Commerce Ministry before cutting their forecast by 500,000 MT a few months later. In the first five months of the year, Thailand exported 3.12 million MT of rice, 16 % down from the same period last year, ministry figures showed. However, the prospects of smaller global stocks and high oil prices, which push up production costs, were expected to support rice prices in 2005.

Thailand: Sharp Turn Down In Rice Yields Amid Drought

In Thailand, the yield of second season rice crop has hit a record low due to earlier drought in the year. Farmers who

managed to successfully plant second season rice are enjoying the benefits of higher prices for their crops, with hom mali rice selling at up to THB 8,200 PMT, but there appears to be very little rice on the market. Thailand experienced one of its worst droughts in decades this year, and farmers are still feeling the situation.

Rice Tariff in Japan Reaches 700% in New WTO Formula

It is witnessing that rice tariff in Japan is more than 700% under a new formula to be adopted by the World Trade Organization's Doha round of global trade liberalization talks. The figure far exceeds 490% as calculated by the Japanese government, although the case is unlikely to have a substantial impact on the trade negotiations. But the astronomical tariff rate is yet another indication of a big gap between domestic and foreign rice prices.

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.

Market Price For Different Varieties Of Rice In Delhi Mandis

Delhi	13.06.05	4.06.05
Basmati rice old	3000-3100	NR
Basmati rice db	2500-2600	2500-2600
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1600-1625	1600-1650
Sharbati old	1675-1725	1700-1750
Parmal raw	890-940	925-975
Parmal old	980-1000	1000-1025
Wand	1050-1075	1050-1100
Parmal sela	980-1040	1000-1060
IR 8	875-900	900-925
DB Rice	NR	2080-2240

Karnal Market:

At the Karnal market it is noticed 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.

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.

Third International Rice Symposium Commenced In Cuba

The third international Rice Symposium that commenced Tuesday at Havana's Conference Center. The experts from several countries will analyze international standpoint bases on research and production of the cereal, which is the basic food for a huge proportion of the world population. The other issues on this aspect are genetic improvement, grain preservation, and strategies for identification, handling, and control of insects and diseases to be discussed in the event. Tuesday's discussions were about the strategy to prepare soils with low natural fertility, application of new productive techniques and the integral strategy against drought.

Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	13.06.05	4.06.05
Basmati rice shella	2200-2300	2250-2300
Basmati rice raw	2500	2500-2550
Sharbati esteem	NR	NR
Sharbati shella	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 shella	1900-2000	1900-2000
Db rice esteem	2400	2400

Market Price For Different Varieties Of Rice In Amritsar Mandis

AMRITSAR	13.06.05	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.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	13.06.05	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 esesteem	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.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	13.06.05	4.06.05
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.

Market Price For Different Varieties Of Rice In West Bengal Mandis

WEST BENGAL	13.06.05	4.06.05
Ratnachudi	1130-1200	1130-1200
CO 36	990-1010	990-1010
Coarse	870-890	870-890
CO 43 Medium Boiled	1030-1070	1030-1070
Fine	1190-1250	1190-1250
Super Fine	1580-1880	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.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	13.06.05	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 been reached in the Rudrapur 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 advanced into some more parts of southwest Bay, entire southeast Bay, parts of westcentral Bay, some more parts of eastcentral Bay and parts of north east Bay of Bengal on 2nd. It further advanced into Kerala, and also into some parts of south Arabian Sea, parts of Tamil Nadu and some more parts of southwest Bay of Bengal on 5th. It has further entire south Arabian sea, parts of central Arabian sea, entire Kerala and southern parts of coastal Karnataka, some more parts of Tamil Nadu, southwest, central and northeast Bay on 6th. It has further advanced over some more parts of central Arabian Sea, most parts of Coastal Karnataka, some more parts of South Interior Karnataka, Tamil Nadu and some more parts of southwest Bay on 7th. Southwest monsoon further advanced over some more parts of eastcentral Arabian Sea, Goa, entire Coastal Karnataka, most parts of South Interior Karnataka, Tamil Nadu, parts of Rayalaseema and southern parts of Coastal Andhra Pradesh, entire southwest Bay and some more parts of central Bay on 8th.

Rainfall

Rain/thundershowers occurred at many places over Andaman & Nicobar Islands, northeastern States, West Bengal & Sikkim, Karnataka, Kerala and Lakshadweep; at a few places over Orissa Jharkhand, Uttaranchal Himachal Pradesh, Jammu & Kashmir, Konkan & Goa and Andhra Pradesh and at isolated places over the rest regions of the country. Isolated dust storm / thunderstorm accompanied with squall occurred over plains of northwest India. Heavy to very heavy rainfall occurred at a few places over Andaman & Nicobar islands. Isolated heavy rainfall also occurred over Assam and Meghalaya, Sub Himalayan West Bengal & Sikkim and interior Karnataka.

Outlook

Conditions are favourable for further advance of southwest monsoon into the northeastern states and some more parts of south peninsula during the second half of the week

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

Progressive procurement of Rice as on 24.05.2005 (lakh tonnes)

State	Total procurement in marketing	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

Source: GOI, Ministry of Agriculture

International Asian Rice Prices FOB

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	\$384		
PB 100%			
Sortexed	\$290		
A1 super	\$214		
Pakistan		India	
15%	\$252	Basmati (finer grade)	\$850
20%	\$245	PR 106 PB 5%	\$290
25%	\$243	1001 25%	\$237
		PR 106 25%	\$242

Indicative Closing Forex Rate **1 USD = Rs 43.62n**

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