

**Rice**

**5<sup>th</sup> -11<sup>th</sup> July, 2005**

## MAJOR ACTIVITY HIGHLIGHTS

- International News
- Domestic commentary
- International rice prices.
- Domestic rice prices.
- Rice procurement position.

## DOMESTIC AND INTERNATIONAL NEWS:

### Kharif Rice Sowing Moving Ahead on Expected Ways

With the advent of monsoon rains the sowing of almost all kharif crops was moving ahead on anticipated lines. But it is witnessed that rice sowing became declined in acreage mainly due to low coverage in Punjab and Haryana. According to the latest update report of Agriculture Ministry, the total rice coverage declined by 16% to 38.23-lakh hectares till June 30, 2005 as compared to 45.84-lakh hectares in the year-ago period. The low rice coverage in Punjab and Haryana was due to disordered power supply in Punjab. Therefore it is advised to the farmers that they should delay the rice sowing by 15 days in Haryana. According to a farm official after the weekly meeting of Crop and Weather Watch Group, it is expected that the July rainfall would be abundant and proven water reservoirs are recharging.

### Asian Rice Prices Started on a Weaker Tone

At the starting of this week, the Asian rice markets witnessed on a quiet note, with limited demand from overseas buyers contributing to a weaker tone. Lower prices in Vietnam are discouraging buyers from seeking Thailand rice. Even so, Thai exporters report interest from Nigeria and other African nations for parboiled rice. The week started with exporters in Thailand asking U.S. \$280 to \$286 MT for 100% B grade FOB Bangkok; \$275 to \$279 MT for 5% broken; and \$278 MT for parboiled 100% sortexed rice. Exporters in Vietnam are asking \$234 to \$235 MT for 5% broken rice. Government officials in Thailand expect this year's rice production to rise 14.12% to 21.28 million MT in 2005-06.

### Asian Rice Prices Settled on Lower Side

The export prices of rice in Vietnam were down due to continue selling by farmers. The main governing factor was harvest pressure, which created a downtrend sentiment in the market, with the result export asking prices were down U.S. \$5 to \$8 MT at \$236 FOB Ho Chi Minh City for 5% broken and \$220 MT for 25% broken on Monday. Exporters expect to load 213,500 MT of rice on 13 vessels this week, up from 46,016 MT on four vessels last week. Traders in India report rice markets range between U.S. \$225 and \$230 MT for New Permal variety and between \$230 and \$235 MT for Old Permal variety. In Thailand the

rice prices also remained on lower side due to stagnant demand and weakening Thai baht on Monday. Thai 100% B grade was offered at \$280-\$286 a metric ton, free on board, compared with around \$290/ton quoted last week. Thai 5% broken rice was also offered lower, at \$275-\$279/ton, FOB, compared with \$285/ton offered last week. Thai parboiled 100% sortexed was offered around \$278/ton, FOB, down from \$282/ton quoted last week.

### Not a Single Thailand Rice Contract Traded on Monday

It was witnessed that not a single Thai rice futures contract was traded on Monday due to investors waited for the government to decide what to do with its huge stocks. There was lack of any factor to move the market and no one wanted to take any positions until they know what the government will do with its stocks, as per the local trade. The amount of stock at present on 5 million MT of paddy, equivalent to 3 million MT of milled rice, bought from farmers since November to keep domestic prices up in the world's largest exporter of rice. 1 US\$ = 39 THB approx.

### India's Agri Exports Increase by 11%

It was reported that the exports of agricultural products in the fiscal year of 2004-2005 have increased 11 percent to 6.03 billion USD compared with the previous fiscal year in India. The increased exports include rice, peas and cashew nuts. Meanwhile, exports of milk and milk products have increased 65 percent.

### Rice Prices Remains Under Pressure in Thailand

According to the U.S. agricultural attaché, Thailand rice export prices remained under pressure due to ongoing weakness in the value of the Thai baht and lacklustre export demand. However, some exporters were reluctant to lower the prices, as current rates are considered to be volatile. Thai exporters is also expected that the price would remain under pressure as foreign buyers who cannot secure rice from Vietnam will shift to Thai rice because the Vietnamese Government plans to restrict rice exports in excess of 3.8 million MT. So far, its rice export contracts have reportedly reached 3.8 million MT. In addition, the Thai Government still has no plan for the release of intervention stocks.

## **IMD Believes Monsoon Likely to End Up as Normal**

Indian Meteorological Department continues to believe that the monsoon will finish up being normal in this year, predicting total rainfall in the June to September period will be 98% of normal. Though June was dry, the department believes July will see 97% of normal rainfall, allowing farmers to lift kharif crop seeding to expected levels.

## **Vietnam Witnesses a Bumper Rice Harvest**

According to the Ministry of Agriculture and Rural Development, in spite of unfavourable weather conditions, Vietnam has obtained a bumper winter-spring rice harvest this year, with an estimated output of nearly 17 million MT. Acreage under winter-spring rice cultivation this year fell by 14,300 hectares compared to last year due to crop reforming. Cold spells and severe droughts hit large areas in the northern region, badly affecting growth periods of rice. Thanks to a score of drastic measures taken by localities, most of the cultivated acreage has received due care, thus minimizing negative impacts caused by adverse weather conditions.

## **Asian Rice Prices Showed Downward Sentiment**

Asian physical rice prices were lower Thursday, with Thai rice offers falling mainly on a weaker baht against the U.S. dollar, while Vietnamese rice prices dropped following the arrival of new crops. Buyers have not yet come into the market to buy rice as they anticipate prices to fall further. Thursday, Thai 100% B grade was offered at \$283 a metric ton, free on board, Bangkok, compared with around \$286-\$289/ton so far this week. Thai 5% broken rice was also offered lower at \$278/ton, FOB, Bangkok from \$279-\$282/ton earlier in the week. In Vietnam, prices fell slightly amid an arrival of new crops, a Vietnamese. Vietnam's 5% broken was offered around \$230-\$234/ton, FOB, Ho Chi Minh City, from around \$230-\$236/ton earlier this week. 25% broken was quoted unchanged at \$220/ton, FOB, Ho Chi Minh City. Traders in India report rice markets range between U.S. \$225 and \$230 MT for New Permal variety and between \$230 and \$235 MT for Old Permal variety.

## **USDA Latest Rice Export Sales Highlights**

According to the latest report of USDA, the net sales of 31,900 MT rice were 50 percent below the previous week and 56 percent under the prior 4-week average. Major increases were reported for Mexico (28,900 MT) and Honduras (1,800 MT). Exports of 45,200 MT were 61 percent below the previous week and 58 percent under the prior 4-week average. The primary destinations were Mexico (23,800 MT), Jamaica (5,600 MT), Haiti (4,700 MT), and Canada (3,500 MT). This summary is based on reports from exporters for the period June 24 - 30, 2005.

## **Estimated Foodgrains Output At 204.61 MMT for 2004-05**

According to the Fourth Advance Estimates of the Ministry of Agriculture, the foodgrains production during 2004-05 has now been projected at 204.61 million tonnes; which includes 103.32 million tonnes of Kharif foodgrains and 101.29 million tonnes of Rabi foodgrains. The Fourth Advance Estimates put the rice production at 85.31 million tonnes, wheat production at 72 million tonnes, coarse cereals at 33.92 million tonnes and pulses at 13.38 million tonnes. The production of oilseeds has been put at 261.03 lakh tonnes, of cotton at 170.02 lakh bales of 170 kgs each, of jute and mesta at 104.89 lakh bales of 180 kgs of each and of sugarcane at 2323.18 lakh tonnes.

## **Bangladesh Expected To Buy Rice**

Bangladesh decides to import 50,000 MT of rice for October consignment to meet a procurement shortfall, a senior Food Ministry official said on Saturday. The ministry may only be able to procure 600,000 MT of rice from local farmers against a 1 million MT procurement target. Bangladesh lost about 700,000 MT of rice in the worst flooding in 15 years between July and September last year. After the floods, Bangladesh had good crops as the government offered subsidies for seeds and fertilisers, but in recent months retail prices have risen by nearly a fifth due to a shortage of supplies intensify by some traders hoarding stocks. It imported 2.29 million MT of food grain in 2003/2004, including about 800,000 MT of rice and 1.5 million MT of wheat.

## **Pakistan Witnessed Huge Amount of Rice Losses**

A large quantity of rice has destroyed in Pakistan by the activity of Torrential rains. It caused huge losses to millers and rice traders in various mills of Sindh and Balochistan region. The Sindh Balochistan Rice Millers and Traders Association has advocated the federal government to rescue rice growers and millers who have sustained massive losses due to recent rains. According to the Rice millers, they would not be able to purchase rice in coming season due to huge loss, as banks have refused to give loans since the millers failed in paying the earlier loans. The destruction of rice stock would adversely affect the economy of the country as far as rice export.

## **India Is Going to Receive License on Golden Rice**

India will receive the full production transfer of GM Golden Rice from Switzerland, five years after the strain was engineered to help combat blindness and disease in Asia. Golden rice has attracted much attention because it has been developed to contain building blocks for vitamin A. The prospect of offering daily doses of key nutrients to millions of Asians in their staple food has excited both researchers and government's worldwide. Golden Rice is a transgenic variety of rice, which has genes for the synthesis of b-carotene. These genes are taken from the garden favourite *Narcissus pseudonarcissus* (daffodil) and inserted into the genome of a temperate strain of rice.

## **India: Basmati Rice Exports Up 39.42%**

Exports of agricultural and processed foods grew by 15.6% in the year ended March 2005 to Rs 16,559 crore over Rs 14,324 crore of the previous year, exceeding the target of Rs 16,213 crore set by the Agricultural and Processed Food Export Development Authority (APEDA). The exports of non-scheduled products such as basmati rice, wheat and cereals grew by 5.6%. Exports of basmati rice grew by 39.42%. Money said certain products such as rice especially the basmati; poultry and meat products had great export potential. Apeda was exploring new market opportunities in countries, such as Africa, for basmati rice.

## **Domestic Rice Market Commentary**

### **DELHI MARKET**

In this week the market price for rice remained unchanged in Delhi. It is due to stable demand and supply. There was no government intervention programme. It is expected that the market sentiment would remain stable in the coming days.

### Market Price For Different Varieties Of Rice In Delhi Mandis

Delhi	11.07.05	4.07.05
Basmati rice old	3100-3150	3000-3100
Basmati	2475-2575	2500-2600
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1625-1675	1625-1675
Sharbati old	1725-1775	1725-1775
Parmal raw	975-1015	980-1025
Wand	1060-1125	1075-1125
Parmal sela	1020-1100	1030-1100
IR 8	940-980	950-985
DB Rice	2150-2350	2150-2350

#### KARNAL MARKET:

In the Karnal market, it is witnessed that the market price for rice remained weak for some varieties like Parmal raw rice and IR 8 due to ample supply in this week, where as some varieties remained unchanged. The new crop has reached in the market. The sowing of kharif rice crop is going on. The weather condition of this market remained well, which helped in the sowing progress. It can be expected that the rice prices would remain stable in the coming days.

### Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	11.07.05	4.07.05
Basmati rice shella	2200	2000-2250
Basmati rice raw	2400-2525	2450-2575
Sharbati shella	1500-1600	1500-1600
Parmal raw rice	960-1080	1450-1500
Parmal sella	1010-1090	960-1080
IR 8	840-875	1025-1100
Wand	840-875	840-875
Govind	1050	1050
Db rice shella	2000	2000
Db rice esteem	1900-2000	1950-2000

#### AMRITSAR MARKET:

The Amritsar market for rice witnessed mixed sentiment in this week. According to the traders, the new Parmal rice crop will be available in August in this market. Sharbati and Parmal variety showed slight upward sentiment. The ongoing market sentiment suggested that rice price would remain stable in the coming days until the new crop will hit the market.

### Market Price For Different Varieties Of Rice In Amritsar Mandis

AMRITSAR	11.07.05	4.07.05
Sharbati paddy	900	900
DB paddy	1000-1050	1000-1100
Sharbati sella raw rice	1600-1650	1600
Sharbati esteem	1700-1800	1650-1700
Sharbati parboiled	1700-1750	1600
DB parboiled	2100-2200	2100-2200
IR 8	1050	1050
Basmati rice raw	2800-2850	2600-2650
Basmati rice sella	2500	2300-2400
Parmal	1100	1150
PR11 sella	1200-1250	1250
Parmal wand	1100-1250	1150

#### RUDRAPUR MARKET:

The market price for most of the rice variety in Rudrapur market remained range bound with stable market in this week. The new crop has been reached in the market. The new Saket or Parmal rice has been traded at the range of Rs.1000-1050 per qtl. 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	11.07.05	4.07.05
Sharbati paddy	900	900
DB paddy	1150-1250	1150-1250
Parmal paddy	500-550	650
Parma rice	1000-1050	1050
Basmati paddy	1250	1250
Basmati rice	2200	2200
Shabati shella	1700	1700
Sharbati esteem	1850	1850
DB shella	2350	2350
DB esteem	2600	2600

#### DEHRADUN MARKET:

The market price for different varieties in Dehradun market remained unchanged in this week due to stable demand. The most of the variety prevailed at the same rate as of the previous 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	11.07.05	4.07.05
Basmati Raw	2350-2450	2350-2450
Sharbati	1650-1800	1650-1800
Parmal Raw	1065-1120	1050-1100
IR 8	975-1000	950-975

### WEST BENGAL MARKET:

In this market the different varieties of rice were sold in the stable range. The non-scented variety is exported to Bihar, Jharkhand and scented varieties are exported to Karnataka, Kerala, Tamilnadu etc. It is expected that the price would be up in the coming days due to shortage of rice in the market. In this area the rice sowing is carried on with the availability of monsoon rains. The next crop will be reached in the market in October to November.

## Market Price For Different Varieties Of Rice In West Bengal Mandis

WEST BENGAL	11.07.05	4.07.05
Ratnachudi	1175-1200	1100-1200
CO 36	990-1010	960-980
Coarse	870-890	900
CO 43 Medium Boiled	1060-1070	1060
Fine	1230-1240	1220
Super Fine	1750-1760	1750
IR 36 (super)	950-1000	1170-1180
Minikit Shankar	1250	1250
Minikit (M- Shankar)	1400	1400-1450
Nagra	1500	1600
Doodh Kalma	1450	1360-1410
Swarna	950	950
Pankaj	965	965
BM 20	1150	1400
Swarna parboiled	950	950
Govindobhog	2100-2200	2200
Chawl Moni	1600	1700

### KURUKHESTRA MARKET:

In this market, the rice prices maintained its range bound with stable position in this week over last week. The demand for rice was mainly offset the supply of rice. It is expected that the market price would recover on downside when the new crop would hit the market.

## Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	11.07.05	4.07.05
DB paddy	1200-1225	1250
DB rice	2100-2250	2100-2300
DB esteem	2600-2700	2500-2700
Sharbati esteem	1850-1900	1900
Sharbati sheila	1650-1725	1700
PR 11 rice	1200	1150-1250
PR11 sheila	1200	1150-1200
Parmal rice	1100-1130	1100
Basmati sheila	2250-2300	2200-2300
Raw Basmati	2700-2800	2600-2800
Basmati paddy	1350-1400	1400

### Conclusion

The market sentiment for different varieties of rice remained range bound with stable trend. The new Parmal rice has been reached in the Rudrapur market, therefore the market sentiment in this area remained slightly weak only for Parmal variety. The demand behind this market sentiment remained stagnant. It is expected that the ongoing situation would continue this tone in the coming days. It was also noticed that the export prices for rice remained down in the global market.

### Port Watch

'Aboudi' has berthed at Kandla Port and continues to load 8,000 MT of rice to Dammam. Aditya agents is handling the vessel. The port is expecting 'Merces Mirissa' to load 12,500 MT of rice on the vessel to Dammam. The vessel will be handled by Sai Shipping agents.

Mumbai Port is loading 7,025 MT of rice on the vessel 'Santha Maria'. Shann Marine Services is handling the vessel.

### Weather Watch

### Progress Of Southwest Monsoon

The southwest monsoon has further advanced over the remaining parts of West Rajasthan on 30<sup>th</sup> June and thus covered the whole country almost two weeks ahead of its normal schedule.

### Meteorological Analysis

Last week's depression over Jharkhand & adjoining Gangetic West Bengal with its centre close to Jamshedpur moved slowly west-northwestwards and lay over Jharkhand and neighbourhood with its centre close to Daltonganj on 30<sup>th</sup>. Moving further west-northwestwards it was seen over northeast Madhya Pradesh and adjoining southeast Uttar Pradesh with its centre close to Rewa on 1<sup>st</sup> July and close to Khajuraho on 2<sup>nd</sup>. The system practically remained stationary on 3<sup>rd</sup> & 4<sup>th</sup> and lay close to Banda in southeast Uttar Pradesh on 5<sup>th</sup>. It further moved west-northwestwards and weakened into a well marked low pressure area over



southwest Uttar Pradesh and adjoining East Rajasthan on 6<sup>th</sup>. A westerly trough was seen over the Western Himalayan Region during 2<sup>nd</sup> half of the week, which interacted with the above system enhancing the rainfall over northwest India and Western Himalayan Region.

Last week's upper air cyclonic circulation over Gujarat and neighbourhood extending between 2.1 and 5.8 km a.s.l. tilting southwards with height persisted upto 3<sup>rd</sup> July and became less marked on 4<sup>th</sup>.

Last week's offshore trough at sea level over east Arabian Sea also became less marked on 30<sup>th</sup> June.

An upper air cyclonic circulation over northwest Rajasthan and neighbourhood extending in the lower tropospheric levels was seen on 30<sup>th</sup> June & 1<sup>st</sup> July and it merged with the seasonal trough on 2<sup>nd</sup>. Another upper air cyclonic circulation was also seen extending in the lower tropospheric levels over Punjab and neighbourhood on 3<sup>rd</sup> July. It was seen over Haryana and adjoining areas of Rajasthan and west Uttar Pradesh during 4<sup>th</sup> to 6<sup>th</sup>.

A fresh upper air cyclonic circulation formed over Bangladesh and neighbourhood on 4<sup>th</sup> & 5<sup>th</sup> July. It became less marked on 6<sup>th</sup>. Another upper air cyclonic circulation extending upto 4.5 km a.s.l. formed over northwest Bay of Bengal off Gangetic West Bengal-Orissa coast on 6<sup>th</sup>.

The seasonal monsoon trough at sea level was near it's normal position throughout the week.

#### Rainfall

During this week enhanced rainfall activity occurred over central India which extended westwards into northwest India and Western Himalayan Region during 2<sup>nd</sup> half.

Southwest monsoon was active to vigorous over Gujarat state, Uttaranchal, east Rajasthan, East Madhya Pradesh on many days of the week, over West Rajasthan, Konkan & Goa, West Uttar Pradesh, west Madhya Pradesh and Haryana on a few days of the week and over Karnataka, Punjab, Jammu & Kashmir, Himachal Pradesh, west Bengal & Sikkim, Jharkhand, Chhattisgarh, East Uttar Pradesh and Kerala on 1-2 days of the week.

During the week, **heavy to very heavy** rainfall occurred **at a few places over** Gujarat Region, East Madhya Pradesh, Himachal Pradesh, Konkan & Goa and **isolated** over Andaman & Nicobar Islands, West Bengal & Sikkim, Jammu Division, Uttaranchal, Haryana, West Uttar Pradesh, West Madhya Pradesh, Chhattisgarh, Madhya Maharashtra, Saurashtra, Coastal & South Interior Karnataka and Kerala on 2-3 days during the week.

**Light to moderate** rainfall also occurred in the rest regions of the country, however the rainfall activity remained generally subdued over parts of Northeastern States, interior Peninsula, Marathwada and Vidarbha.

#### Outlook for the week ending on July 13

Rainfall activity is likely to increase over Orissa, Chhattisgarh, peninsular India and Maharashtra during 1<sup>st</sup> half of the week and over central parts of the country during 2<sup>nd</sup> half. It may also increase over northeastern States and Sub-Himalayan West Bengal & Sikkim during the 2<sup>nd</sup> half of the week. Generally subdued rainfall activity likely over the remaining parts of the country.

#### Rice Output Estimates For Kharif 2004-05

Crop	Season	2 <sup>nd</sup> Advance Estimates 2004-05	Per cent change	4 <sup>th</sup> 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 4.07.2005 (lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 4.07.05	
		In Marketing season 2004-2005	In Marketing season 2003-2004
Andhra Pradesh	42.30	36.79	39.70
Bihar	3.63	2.85	3.63
Chhattisgarh	23.74	25.75	22.35
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.42	1.09
Maharashtra	3.08	1.21	2.61
Orissa	13.73	12.44	11.09
Punjab	86.62	90.58	86.59
Tamil Nadu	2.07	6.50	2.07
Uttar Pradesh	25.54	25.75	22.33
Uttaranchal	3.23	3.07	3.15
West Bengal	9.25	7.14	9.02

Source: GOI, Ministry of Agriculture

## International Asian Rice Prices FOB

Thailand	\$/Mt	Vietnam	\$/Mt
100%B	\$286	5% DP	\$235
5%	\$279	5%	\$234
10%	\$276	10%	\$232
15%	\$264	15%	\$225
25%	\$251	25%	\$220
35%	\$249		
Jasmine	\$375		
PB 100% Sortexed	\$284		
A1 super	\$211		
Pakistan		India	
5%	\$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 43.56**

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