

Rice

28<sup>th</sup> June-4<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:

### Rice: Worldwide Demand To Augment 50% By 2050

The International Rice Research Institute (IRRI) is now keep watchful eyes to engage in devising new strategies for meeting the growing demand for rice, which is the staple food for millions of Asians. According to Dr Robert S. Zeigler, who took over as IRRI's new director general a couple of months back, global demand for rice is expected to increase by 50% within 2050, in spite of the changing dietary habits of the people. In some cases there may be a decrease in per capita consumption of rice due to a changing lifestyle, but the overall rising trend in global population, particularly in Asia, will increase the demand for rice. Under such circumstances, IRRI as a global research body has an additional responsibility to fulfill, he says.

### Overall Attention on Organic Paddy Cultivation of Kerala

The unique experiment on organic paddy cultivation in Kuttanad, which is Kerala's rice bowl area, has attracted global attention. A few Europe-based organisations are eager to participate in the venture and lend assistance. It was hardly three months ago that a paddy field samiti, Padasekara Samiti, at Ayyanadu in Alappuzha district, harvested 82 acres and the entire crop was procured by Poabs Envirotech, an organisation into organic product manufacturing. The Organic Kuttanad Safe Rice Project, jointly organised by Poabs and the samiti, proposes to extend this cultivation to another 1,000 acres during the next farming season in August.

### Monsoon Boost Up Sowing in India

It was witnessed that southwest monsoon has covered to about three-quarters that is 75% of the country, including the capital New Delhi, which has led to increased sowing of winter crops. It is expected that the monsoon will cover the rest of India in a week if the wind and cloud system remained strong. The progress of the June-September monsoon, a key factor driving India's economic growth, had been slow in the first three weeks. It lashed Bombay on June 10, nine days later than normal. Rains in the week ended June 22 were 31 percent below normal, compared with a deficiency of 67 percent in the previous week and 51 percent in the week ended June 8. The monsoon's

movement is keenly watched because two-thirds of India's billion-plus people earn a living from farming, which generates about a fifth of the gross domestic product. Rain is the only source of water for vast regions due to poor irrigation.

### Philippines Eyeing on Import of 185,000 MT Rice

According to a senior government official, the Philippines will hold a tender July 20 to buy 185,000 MT of rice because of production shortfall is expected to reach 1.8 million MT. The NFA would buy either 15% broken or 25% broken rice for shipment between August and September. The possible exporters are Thailand, Vietnam, China, Pakistan, Australia or the United States. A delayed onset of rains was expected to delay planting of the main crop, which should be harvested starting in September. As a result, there is a need for additional imports. The main crop accounts for around 40% of the country's total rice production. The NFA will hold a tender July 9 to buy 92,000 MT of rice.

### Rice Sowing Progress Moving Ahead in India

The kharif sowing operations for winter crops are moving ahead well in India and the pace of the monsoon is not a matter of concern, the farm minister said on Tuesday. The slow pace of the June-September monsoon in the first three weeks had led to fears sowing operations in July, which is a crucial month for cultivation, could be lashed as large parts of central and western India depend on rains for irrigation. But the monsoon picked up after that and spread to more than 75% of the country, leading to increased sowing of winter crops. Sowing is in full swing in Punjab and Haryana. In southern parts also reports are good. The rice is a major winter crop sown in June and July and harvested in October and November. The sowing progress are going ahead well in most part of the country.

### Rice Export Loading Schedule of Vietnam in This Week

In this week, eight vessels are waiting at Saigon port of Vietnam to load a total of 125,900 MT of rice for delivery to Cuba, East Timor, Africa, Malaysia and the Philippines. Last week, 18 vessels left Saigon port shipping a total of

181,208 MT to overseas destinations. The shipments comprised 26,400 MT of mixed broken rice to Cuba, 79,000 MT of 5% and 25% broken rice to Africa and 75,808 MT of 25% broken rice to the Philippines.

### **Rice Exports To Restrict by Vietnam Until 2010**

Vietnam, the world's second-largest rice exporter after Thailand, will restrict its annual exports of the grain at up to 4 million MT until 2010 to ensure domestic supplies, according to state media. A government master plan for agriculture development predicted rice exports limited to between 3.5 million MT and 4 million MT per year during the 2006-2010 period. The master plan saw the national output of paddy, or unhusked rice, stable during the period at 40 million MT per year on 4 million hectares (9.9 million acres). For ensuring food reserves, the government has set a temporary limit on rice exports this year at 3.8 million MT, down from its original target of 4 million MT. Industry officials say the limit could be removed in the last quarter of this year.

### **Pakistan would Export around 0.25 MMT of Rice to China**

On an average 0.25 million MT of rice will be exported by Pakistan to China this year as agreed upon in a memorandum of understanding (MoU). The validity for MoU would remain for a period of two years, and would be extended automatically for two-year periods unless terminated by both sides. A member of the Chinese delegation reported Pakistani Basmati, because of its peculiar taste, aroma and high quality, was liked by the Chinese, and there was a vast opportunity of its export to China. The Chinese team, expressing satisfaction over the inspection process, said they would submit a positive report to their government. They also admired the standard of rice processing units of Lahore, and expected that the rice trade between the two countries would be further enhanced.

### **Pak Rice Intervention Prices Likely to Hover**

It is expected that the intervention price (not support price) for different categories of Pakistani rice would be increased from 9.8 to 13% in 2005-06 seasons, in spite of strong opposition by the Finance Ministry. The Ministry has proposed Rs 560 per 40kg. as an intervention price for Super Basmati and Basmati 2000, against Rs 510 for 2004-05, (9.8% increase), Rs 460 per 40-kg for Basmati-385 as compared to Rs 415 (10.8%) and Rs 260 per 40-kg for Irri-6 (FAQ) from Rs 230 (13% increase). The rice production in the 2004-05 seasons was estimated at 4.99 million tons as against 4.85 million tons last year, showing an increase of 2.9%. The Punjab accounted for 69% area and 59% of production followed by Sindh sharing 22% of production and 30% of area. The NWFP and Balochistan jointly contributed about 11% in rice production, with about 9% area under its cultivation.

### **FAO Forecasts Global Rice Output to Increase by 2.7%**

The FAO stated that the international rice prices have been falling since March due to growing supplies of rice. Global rice production is anticipated to increase further in 2005, by 2.7 per cent to 415m tonnes. However, the main seasons are just starting in some major production countries so the forecast could change the FAO warned. International trade in rice is expected to fall for the third

consecutive year to 25.5m tonnes, 2.7 per cent less than the record volume in 2004.

### **Vietnam Fights To Augment Fragrant Rice Exports**

According to industry experts and businesses, Vietnam is struggling to enhance exports of its fragrant rice because of low product quality. This year, fragrant rice exports, will drop as much as 30% from last year's pace in spite of high prices, which could reach 360 per ton USD, industry experts predict. But, fragrant rice sales have always been sluggish for Vietnam in the past. Usually, fragrant rice only makes up 3 to 5% of the country's total rice exports. In 2004, the country exported 3.5 million MT of rice, but only 99,614 MT was fragrant rice. Jasmine rice contributes a large proportion of the country's fragrant rice exports, which often contains a large amount of impurities and is less fragrant than others. It is due to the local rice farmers do not apply effective farming technologies nor cultivate purebred varieties. Unstable supplies are another cause for the country's sluggish exports of fragrant rice. Vietnam's total rice exports are expected to reach 4 million MT this year.

### **Indian Rice Crop Hits by Deficient Monsoon**

Deficient southwest monsoon rains until now has lashed sowing of kharif crops, latest data released by the agriculture ministry showed Thursday. Sowing of rice is estimated at 2.8 million hectares as on June 27 compared with 3.4 million hectares last year. All-India rainfall during the ongoing monsoon season till Monday is seen 35% by the India Meteorological Department. Kharif crops are sown in June-July and harvested in September-October. However, the sowing lag so far is expected to cover in the coming weeks due to the recent rapid advancement of monsoon and very good rains in several parts of the country. The total coverage under the crop, as on June 27, is reported at 2.8 million hectares, more than double from the previous week. On June 20, rice acreage stood at 1.2 million hectares. Sowing has started in most rice-producing states including Punjab, Assam, West Bengal, Orissa, Tamil Nadu and Jammu and Kashmir. Rice is India's most important kharif crop with a normal acreage of 39.9 million hectares. Uttar Pradesh has the largest area under rice cultivation at 5.5 million hectares. The area under maize acreage fallen to 0.6 million hectares from 1.1 million hectares.

### **US Net Sales of Rice Down by 37%**

According to USDA, the net sales of U.S. rice around 63,500 MT were 37 percent below the previous week and 19 percent under the prior 4-week average. Increases were reported for Nicaragua (13,800 MT), Mexico (10,600 MT), Guatemala (10,100 MT), El Salvador (6,000 MT), and Chile (5,000 MT). Exports of 115,900 MT were 27 percent above the previous week and 17 percent over the prior 4-week average. The primary destinations were Costa Rica (38,400 MT), Mexico (25,500 MT), Nicaragua (13,800 MT), Guatemala (8,600 MT), El Salvador (6,000 MT), and Ghana (5,100 MT).

### **Pakistan: Rejected Intervention Price for Rice**

The prime minister rejected a summary seeking intervention price for basmati and Irri-6 crops at Rs560 and Rs260 per maund. He also rejected a proposal about Passco purchasing basmati and Irri-6. Mr Aziz said the rice business was purely a private sector subject and the

government would not intervene in it. He said the government had fixed the support price only for wheat and introduced intervention price for cotton owing to its bumper crop.

### 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 Delhi, it was witnessed that the market price for different varieties of rice remained range bound with stable sentiment due to stable demand in this week. 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	27.06.05	4.07.05
Basmati rice old	3100-3150	3000-3100
Basmati rice db	2500-2600	2500-2600
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1625-1675	1625-1675
Sharbati old	1725-1775	1725-1775
Parmal raw	970-1020	980-1025
Wand	1070-1120	1075-1125
Parmal sela	1030-1100	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 almost unchanged due to stable demand throughout this week. The traders are expecting that the new crop will be reached in the market within this month. Then the prices are likely to decrease amidst more supply. The sowing of kharif rice crop is going on. The weather condition of this market remained well, which helped in the sowing progress.

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

KARNAL	27.06.05	4.07.05
Basmati rice shella	2200	2000-2250
Basmati rice raw	2500	2450-2575
Sharbati shella	1500-1600	1500-1600
Parmal raw rice	1500	1450-1500
Parmal sella	950-1075	960-1080
IR 8	1150	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 remained down in this week. According to the traders, the new Parmal rice crop will be available in August in this market. Sharbati and Basmati variety showed the downward 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	27.06.05	4.07.05
Sharbati paddy	900	900
DB paddy	1000-1050	1000-1100
Sharbati sella raw rice	1700-1750	1600
Sharbati esteem	1850-1900	1650-1700
Sharbati parboiled	1700-1750	1600
DB parboiled	2100-2200	2100-2200
IR 8	1050	1050
Basmati rice raw	2800-2900	2600-2650
Basmati rice sella	2500	2300-2400
Parmal	1100	1150
PR11 sella	1200	1250
Parmal wand	1100-1250	1150

#### RUDRAPUR MARKET:

The market price for most of the rice variety in Rudrapur market remained range bound but unchanged in this week. The new crop has been reached in the market. The new Saket rice has been traded at the range of Rs.1050-1100 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	27.06.05	4.07.05
Sharbati paddy	900	900
DB paddy	1150-1250	1150-1250
Saket	-	1050-1100
Parmal paddy	650	650
Parmalrice	1050	1050
Basmati paddy	1250	1250
Basmati rice	2200	2200
Shabati shella	1700	1700
Sharbati esteem	1850	1850
DB shella	2350	2350
DB essteem	2600	2600

#### DEHRADUN MARKET:

The market price for different varieties in Dehradun market witnessed to unchange 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	27.06.05	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. But some variety witnessed to uptrend in this week. Minikit sankar, Nagra and IR-36 hovered around Rs. 50-150 per qtl due to excessive demand, where as CO-36 decreased around Rs.35-40 per qtl. 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	27.06.05	4.07.05
Ratnachudi	1130-1200	1100-1200
CO 36	990-1010	960-980
Coarse	870-890	900
CO 43 Medium Boiled	1030-1070	1060
Fine	1190-1250	1220
Super Fine	1580-1880	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 showed 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	27.06.05	4.07.05
DB paddy	1250	1250
DB rice	2100-2300	2100-2300
DB esteem	2500-2700	2500-2700
Sharbati esteem	1900	1900
Sharbati shella	1700	1700
PR 11 rice	1150-1250	1150-1250
PR11 shella	1150-1200	1150-1200
Parmal rice	1100	1100
Basmati shella	2200-2300	2200-2300
Raw basmati	2600-2800	2600-2800
Basmati paddy	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. 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.

## Port Watch

Kandla Port is loading 20,000 MT of rice on the vessel 'Qena' to Jeddah. Aditya agents is handling the vessel. Loading of 13,500 MT of rice is continuing at Kandla Port on the vessel 'Merco Mahara' to Dammam. Sai Shipping is handling the vessel. The port is loading 14,000 MT of rice on the vessel 'Banglar Mamata' to Jeddah. The vessel is being handled by Aditya agents.

## Weather Watch

### Progress Of Southwest Monsoon

The southwest monsoon advanced further as a weak current over the remaining parts of West Bengal, some more parts of Orissa & Bihar and some parts of Jharkhand & northeast Uttar Pradesh on 23<sup>rd</sup> and further into remaining parts of Maharashtra, Karnataka, Andhra Pradesh, Orissa, Bihar and Jharkhand, entire Chhattisgarh, some more parts of East Uttar Pradesh, Saurashtra & Kutch, Gujarat Region and southern parts of Madhya Pradesh on 24<sup>th</sup>. The southwest monsoon has advanced into entire East Madhya Pradesh, East Uttar Pradesh, most parts of West Madhya Pradesh & Uttaranchal and some more parts of southeast Rajasthan, West Uttar Pradesh, Himachal Pradesh and Gujarat on 26<sup>th</sup> and further into most parts of Arabian Sea, Gujarat State, entire West Uttar Pradesh, most parts of East Rajasthan, entire West Madhya Pradesh, parts of Haryana, some more parts of Punjab & Himachal Pradesh on 27<sup>th</sup>. It advanced further into entire Arabian Sea, remaining parts of Gujarat, East Rajasthan, Punjab, Haryana and Himachal Pradesh, entire Jammu & Kashmir & parts of West Rajasthan on 29<sup>th</sup>. Northern limit of monsoon passed through 26°N/70°E, Barmer, Jodhpur, Bikaner, Ganganagar, 31°N/73°E.

### Meteorological Analysis

Last week's off shore trough at sea level over east Arabian Sea extending from Gujarat coast to Kerala coasts persisted on most days of the week.

An upper air cyclonic circulation extending upto mid-tropospheric levels formed over north Bay of Bengal on 26<sup>th</sup>. It was seen as a low pressure area over northeast Bay of Bengal & adjoining Gangetic West Bengal & north Orissa on 27<sup>th</sup>. It became well marked low in the evening itself. It moved northwestwards and concentrated into depression and lay over Jharkhand & adjoining Gangetic West Bengal close to Jamshedpur on 28<sup>th</sup> & 29<sup>th</sup>.

Last week's depression over northeast Arabian Sea & adjoining Saurashtra & Kutch moved westwards and weakened into well marked low pressure area over northeast & adjoining northwest Arabian Sea on 23<sup>rd</sup> and became less marked on 24<sup>th</sup>. However, an upper air cyclonic circulation extending upto mid-tropospheric levels lay over Saurashtra & Kutch & adjoining northeast Arabian Sea on 25<sup>th</sup>. It lay over north Gujarat and adjoining southwest Rajasthan extending between 1.5 & 5.8 km a.s.l. during 26<sup>th</sup> to 29<sup>th</sup>.

Last week's upper air cyclonic circulation over coastal Orissa & westcentral Bay of Bengal extending between 3.1

& 4.5 km a.s.l. persisted on 23<sup>rd</sup>. It was seen off Andhra coast on 24<sup>th</sup> and became less marked on 25<sup>th</sup>.

An upper air cyclonic circulation formed over Sub-Himalayan west Bengal & Sikkim and neighbourhood extending in lower levels on 23<sup>rd</sup> & persisted on 24<sup>th</sup>. It lay over northeastern States on 25<sup>th</sup> and became less marked on 26<sup>th</sup>.

Another fresh upper air cyclonic circulation extending in lower levels lay over central parts of Uttar Pradesh on 24<sup>th</sup> & 25<sup>th</sup> and merged with the seasonal trough on 26<sup>th</sup>. The seasonal trough at sea level got organised during 2<sup>nd</sup> half of the week and was seen extending from northwest India to north Bay of Bengal across central India.

### Rainfall

During this week southwest monsoon was **active to vigorous** over Orissa, Chhattisgarh and Gujarat State on many days of the week; over Gangetic West Bengal, Konkan & Goa, Madhya Maharashtra and Telangana on some days of the week and over Sub-Himalayan West Bengal & Sikkim, Bihar, Uttaranchal, Himachal Pradesh, West Madhya Pradesh, Vidarbha and Coastal & North Interior Karnataka on 1-2 days of the week.

### Heavy Rainfall

**Heavy to very Heavy rainfall** occurred **at a few places** over Gujarat State, Konkan & Goa, Madhya Maharashtra and **isolated** over northeastern States, West Bengal & Sikkim, Orissa, West Madhya Pradesh, Chhattisgarh, Haryana, Chandigarh & Delhi, and Coastal Karnataka. Moderate rainfall also occurred **at a few places** over the remaining parts of the country outside Jammu & Kashmir, West Rajasthan, Rayalaseema and Tamil Nadu & Pondicherry where it was **isolated**.

### Outlook for the week ending July 6

Enhanced rainfall activity is likely to continue over Gujarat State and west coast during the first half of the week and decrease thereafter.

Ongoing rainfall activity over central India may enhance and extend westwards over northwest India during the second half of the week.

Light to moderate rain/thundershowers are also likely over 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 13.06.2005 (lakh tonnes)

State	Total procurement in marketing season 2003-04	Progressive Procurement as on 13.06.05	
		In Marketing season 2004-2005	In Marketing season 2003-2004
Andhra Pradesh	42.30	35.07	37.35
Chhattisgarh	23.74	25.17	22.16
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.42	1.08
Orissa	13.73	10.98	10.10
Punjab	86.62	90.52	86.57
Uttar Pradesh	25.54	25.75	22.33
Tamil Nadu	2.07	6.48	2.07
All-India	228.28	225.02	213.37

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%	\$222
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 43.53**

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