

Rice

16th-22nd August, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Kharif Rice Acreage Down 1.8 Percent on Year

According to the Agriculture Ministry, the shortfall in kharif sowing is minimal at present. The delay in onset and advancement of south-west monsoon has led to the shortfall in kharif acreage in this year. However, the situation has improved recently and the kharif sowing is fast picking up. The kharif rice acreage stands at 250.37 lakh hectares so far, down 1.8 percent on year. It is reported that the acreage shortfall was reported in sowing in Uttar Pradesh, Gujarat, Karnataka, Maharashtra and Orissa.

Govt Expects to Achieve Paddy Production Target

According to the Agriculture and Food Minister, the Union government is expecting to achieve the kharif paddy production target of 79 million tonnes (MT) despite late sowing and excessive rainfall in six major growing states. It has been reported that the sowing progress of paddy is satisfactory at present and likely to curb the initial shortfall in sowing in this season. The 2005-06 kharif rice acreage stands at 250.37 lakh hectares so far, down merely 1.8 percent on year. The Union Government is trying its best in order to maintain the rising demand of rice in the country. The states are urged to set up effective procurement systems to safeguard the farmers' interest.

India, Pakistan Likely to Register Basmati Rice

India and Pakistan are all set to reach an agreement on the issue of registering Basmati rice in World Trade Organisation's (WTO) geographical indication (GI) system. The issue is under serious consideration between the two countries as part of India-Pakistan composite trade talks, as both countries are the producers of Basmati rice. To register the Basmati rice under the GI system, the goods must be registered in the country and then exported.

Thailand Govt Sold 183144 MT Rice Stock Today

The Thailand Commerce Ministry has sold 183144 metric tons (MT) of rice from its stock to Chaipayorn Rice Company. Out of the total sold quantity 5% broken rice constituted the major part at 181222 MT and sold at \$287

per MT, FOB Bangkok. The Remaining 1922 MT comprised of 15% broken rice was sold at \$272 per MT, FOB Bangkok. Earlier the Ministry planned to sell 544248 MT of its rice stocks in a tender held on Monday. However, the Ministry sold only a smaller quantity of its rice stock today. The Ministry accumulated 2.5 million MT of rice under its 2004-05 intervention program and the amount sold today is part of that stock. The Ministry aimed to boost Thailand rice prices and create a higher benchmark in the global rice market by selling its rice stocks.

Vietnam Govt Scrapped 2005 Rice Export Cap

The Government of Vietnam has scrapped its rice export cap of 3.8 million metric tons (MMT) for this year. The Vietnam Government is worried about mounting domestic stockpiles of rice in recent time. Earlier in May, Government imposed the rice export cap for 2005 in order to ensure adequate domestic rice supplies. However, the domestic exporters have already surpassed the cap. Consequently the Agriculture Ministry sought Government directives to raise the cap to 4.1 MMT on the grounds that the country has sufficient food reserves. Consequently, the Prime Minister of Vietnam directed to allow exporters to sell more than 3.8 MMT of rice to prevent unexpected mounting stockpiles. However, it is expected that the directive would not affect the rice prices at the domestic rice markets.

USDA Reported Net Sales of Rice at 43800 MT

According to the United States Department of Agriculture (USDA) export sales report based on the reports from exporters, the net sales of rice stands at 43800 metric tons (MT) for the period August 05-11, 2005. The net sales of rice in this period were 26 percent below the previous week. The major buyers were Mexico (9,900 MT), Haiti (6,600 MT), Cuba (6,500 MT), Canada (5,500 MT), and Honduras (3,900 MT). Exports of 84,800 MT were 26 percent above the previous week and the prior 4-week average. The primary destinations were Mexico (26,000 MT), Turkey (16,700 MT), Haiti (16,200 MT), and Canada (7,000 MT).

DOMESTIC MARKET COMMENTARY

DELHI MARKET

At the Delhi market the rice prices in this week under review remained mostly weak. Increased arrival of the new varieties from Uttar Pradesh and Haryana pressurised the prices and consequently the new varieties registered Rs 10-25 per quintal decline in this week. However, the stable demand for the old varieties kept the prices at steady level. The Parmal and IR-8 varieties witnessed moderate decline in this week as against previous week. It is expected that the rice prices in the Delhi market will witness further decline incase of the new varieties, while the prices of the old varieties are likely to remain range bound in the coming week.

Market Price For Different Varieties Of Rice In Delhi Mandis

Delhi	22.08.05	13.08.05
Basmati	2400-2500	2400-2500
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1500-1550	1500-1550
Sharbati old	1600-1700	1600-1700
Parmal raw	900-965	925-975
Wand	1000-1080	1000-1100
Parmal sella	950-1010	950-1025
IR 8	900-940	920-950
DB Rice	2100-2300	2100-2300

DEHRADUN MARKET:

At the Dehradun market the rice prices remained on an average steady in this week as against the last week. The Sharbati, Parmal raw and IR-8 varieties were quoted steady in this week. However, the prices of Basmati variety declined moderately in this week on lower demand. It is expected that the rice prices will witness a range bound movement with a steady trend in the coming week.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	22.08.05	13.08.05
Basmati Raw	2200-2350	2250-2375
Sharbati	1650-1750	1650-1750
Parmal Raw	1000-1075	1000-1090
IR 8	950-985	950-985

RUDRAPUR MARKET:

At the Rudrapur market the rice prices witnessed a mixed sentiment in this week. The Sharbati varieties were quoted lower on increased arrival, while the prices of the Parmal varieties remained higher on poor arrival. The other old varieties were offered on an average steady in this week. It is expected that the rice prices in the Rudrapur market will continue the mixed trend in the coming week.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	22.08.05	13.08.05
Sharbati paddy (New)	680-740	700-750
DB paddy	1000-1125	1000-1150
Parmal paddy	600-625	575-600
Parmal rice	875-925	850-900
Basmati paddy	1175-1200	1200
Basmati rice	1200-1250	1200-1250
Sharbati sella	1580-1635	1600-1650
Sharbati esteem	1625-1675	1650-1680
DB sella	2250-2275	2275-2300
DB esteem	2385-2415	2400-2425

KARNAL MARKET:

At the Karnal market the rice prices remained on an average weak in this week as compared to last week. Expectation of a bumper crop in the state and increased arrival of new varieties pressurised the prices to move to lower levels. The Sharbati and Parmal varieties registered losses on increased arrival in the market, while Basmati varieties fetched lower prices on weak demand. The IR-8 and DB varieties also witnessed some decline in prices in this week. The prices of other old varieties remained almost steady in this week. It is expected that the prices of the new varieties will witness further decline in the coming week.

Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	22.08.05	13.08.05
Basmati rice sella	2200-2275	2250-2300
Basmati rice raw	2300-2400	2350-2450
Sharbati Esteem	1800-1850	1825-1875
Sharbati sella	1590-1615	1600-1625
Parmal raw rice	900-1000	925-1025
Parmal sella	950-980	975-1000
IR 8	825-850	840-860
Wand	975-1000	975-1000
Govind	875-925	900
DB rice sella	2025-2075	2025-2075
DB rice esteem	2175-2215	2180-2220

KURUKHESTRA MARKET:

At the Kurukhestra market the rice prices extended previous week's sentiment in this week. The Sharbati and Parmal varieties registered some losses in this week as against the last week. The price of DB variety also went down to some extent in this week. However, the prices of other varieties remained almost unchanged in this week. With increased arrival of the new varieties the prices are likely to decline further in the coming week. However, the prices of the old varieties are expected to remain steady in the coming days.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	22.08.05	13.08.05
DB paddy	1175-1210	1190-1220
DB rice	2175-2225	2175-2225
DB esteem	2500-2600	2500-2600
Sharbati esteem	1775-1850	1790-1875
Sharbati sella	1590-1640	1600-1650
PR11 sella	1150-1225	1150-1225
Parmal rice	1025-1075	1075-1100
Basmati sella	2200-2300	2200-2300
Raw Basmati	2650-2850	2650-2850
Basmati paddy	1400-1450	1400-1450

AMRITSAR MARKET:

The rice prices at the Amritsar market witnessed a mixed sentiment in the week. The new Sharbati paddy was quoted at Rs 675-725 per quintal in this week on steady arrival. The Sharbati varieties fetched lower prices in this week as against the last week. The Parmal and Basmati varieties were also quoted lower in this week as against the last week. It is expected that the rice prices in the Amritsar market will continue the prevailing trend in the coming week.

Market Price For Different Varieties Of Rice In Amritsar Mandis

AMRITSAR	22.08.05	13.08.05
Tewar Old	2400-2600	2400-2600
Duar	1950-2100	1950-2100
Mogra	1200-1400	1200-1400
DB paddy	1000-1025	1000-1025
Sharbati sella raw rice	1500-1550	1600-1650
Sharbati esteem (New)	1500-1600	1700-1800
Basmati rice raw	2400-2450	2400-2450
Basmati rice sella	2150-2200	2175-2225
Parmal (Govinda New)	900-925	925-935
PR11 sella	1075-1125	1100-1150
Parmal Wand (New)	1040-1080	1100-1200

WEST BENGAL MARKET:

The rice prices in the West Bengal markets remained on an average stable in this week. The new varieties are due to hit the market in October-November. Consequently the demand for the old varieties remained stable and kept the prices within the range. However, some varieties witnessed moderate improvement on higher demand amidst poor supply. The rice prices in the West Bengal markets are likely to extend the steady trend until the new crop hits the market.

Market Price For Different Varieties Of Rice In West Bengal Mandis

WEST BENGAL	22.08.05	13.08.05
Ratnachudi	1170-1250	1175-1275
CO 36	1050-1100	1060-1120
Coarse	900-1000	900-1000
CO 43 Medium Boiled	1050-1075	1050-1090
Fine	1225-1250	1225-1250
Super Fine	1750-1800	1750-1800
IR 36 (super)	1175-1200	1175-1200
Minikit Shankar	1215-1250	1225-1265
Minikit (M- Shankar)	1400-1450	1400-1450
Nagra	1600	1600
Doodh Kalma	1375-1425	1375-1425
Swarna	950-975	940-960
Pankaj	950-975	950-975
BM 20	1400	1400
Swarna parboiled	950	960
Govindobhog	2200-2300	2200-2275
Chawl Moni	1725-1750	1720-1740

Conclusion

The domestic rice markets witnessed a mixed sentiment in this week as the prices of the new varieties continue to decline on increased arrivals, while the old varieties remain steady. The Sharbati and Parmal varieties are fetching lower prices on increased arrival from the Uttar Pradesh and Haryana markets. Moreover, expectation of a bumper crop in Punjab added to the bearishness in the rice markets. However, the demand situation for most of the old varieties are on an average steady and the prices of the old varieties are likely to remain range bound in the coming week. The domestic rice market scenario is likely to change gradually as the arrival of the new crop would pick up in the coming weeks.

Port Watch (As on 19th August 2005)

Loading of 14,000 MT of rice is expected at Kandla Port on the vessel 'El Tanin' to Jeddah. 'Aboudi' is expected at the port to load 8,000 MT of rice to Dammam. The port is expecting 'Chao Yang Men' to load 14,000 MT of rice to Dammam. These vessels will be handled by Aditya agents.

Weather Watch (As on 21st August 2005)

ALL INDIA WEATHER FORECAST

Monsoon Outlook for next week

An upper air cyclonic circulation over central Uttar Pradesh persists and is extending up to 0.9 km above sea level.

Another upper air cyclonic circulation that was lying over Gangetic West Bengal and adjoining Jharkhand earlier now lies over Bihar and neighbourhood and extends up to mid-tropospheric levels. During past 24 hours fairly widespread rainfall with isolated heavy falls occurred over Assam & Meghalaya, Arunachal Pradesh, West Bengal & Sikkim, Orissa, Chhattisgarh, Haryana (including Delhi), East Uttar Pradesh and Konkan & Goa. Scattered showers also occurred over Bihar, Jharkhand and Madhya Maharashtra. Axis of monsoon trough passes through Ferozepur, Ambikapur, Kanpur, Gaya, Dhanbad, Kolkata and thence southwards into westcentral Bay of Bengal.

Under this scenario, the fairly widespread rainfall activity with isolated heavy showers over many parts of east and Central India viz., Orissa, Gangetic West Bengal, Jharkhand, East Uttar Pradesh, East Madhya Pradesh and Chhattisgarh, and NE regions except Arunachal Pradesh, may continue for next 4-5 days. Scattered to fairly widespread rainfall activity is expected over Bihar, Konkan & Goa, Gujarat, Vidarbha, Karnataka, Telangana and coastal Andhra Pradesh. Isolated rainfall activity is expected over Marathwada, Madhya Maharashtra, Rayalseema and Kerala during the next week.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated rains are only expected over the region during the period.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Fairly widespread rainfall activity with isolated heavy showers over Orissa, Gangetic West Bengal, Jharkhand, East Uttar Pradesh and NE regions except Arunachal Pradesh. Isolated rainfall activity is expected over Bihar, Sub-Himalayan West Bengal & Sikkim and Arunachal Pradesh.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh and Madhya Pradesh regions are expected to receive fairly widespread rainfall activity with isolated heavy showers. Vidarbha is likely to receive scattered to fairly widespread rains.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Scattered to fairly widespread rainfall is expected over Karnataka, Telangana, Coastal Andhra Pradesh and Andaman & Nicobar Islands. Isolated showers are expected over rest of the regions.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Konkan & Goa and Gujarat are likely to receive scattered to fairly widespread rains during the period. Isolated to scattered rainfall is expected over the rest of the regions.

Rice Production Estimates for Kharif 2004-05

Crop	Season	2003-04		2004-05	
		4 th Adv Est.	Final	Target	4 th Adv Est.
Rice	Kharif	73.92	78.34	79.04	71.67
	Rabi	13.08	9.94	14.46	13.64
	Total	87.00	88.28	93.50	85.31

Source: Ministry of Agriculture, Gol

Progressive Procurement of Rice as on 16.08.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 16.08.05	
		In Marketing season 2004-05	In Marketing season 2003-04
Andhra Pradesh	42.30	38.27	41.72
Bihar	3.63	3.11	3.63
Chhattisgarh	23.74	26.69	23.11
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.43	1.10
Maharashtra	3.08	1.71	2.77
Orissa	13.73	14.11	12.59
Punjab	86.62	90.58	86.59
Tamil Nadu	2.07	6.52	2.07
Uttar Pradesh	25.54	29.71	25.54
Uttaranchal	3.23	3.16	3.23
West Bengal	9.25	8.06	9.20
All-India	228.28	239.70	225.5

Source: Ministry of Agriculture, Gol

FOREX (As on 22nd August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.59
1 Euro	53.06
1 British £	78.35
100 Yen	39.56

Summary of Progress of Kharif Rice (Area Coverage)

(Area in lakh hectares)

Crop	Normal Area	Area Coverage (As reported on 16.08.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
		This Year	Last Year	Difference	
Rice	399	250.37	254.96	-4.59	Andhra Pradesh (+1.9, +18.3), Bihar (+0.3, +1.5), Gujarat (-0.8, -16.1), Karnataka (-1.9, -34.4), Chhattisgarh (+0.8, +2.7), Punjab (-0.9, -3.5), Orissa (-1.5, -6.1), Maharashtra (-2.1, -33.8), Uttar Pradesh (-0.3, -0.7)

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$287	5% DP	\$256
5%	\$281	5%	\$255
10%	\$278	10%	\$253
15%	\$268	15%	\$245
25%	\$253	25%	\$236
35%	\$251		
Jasmine	\$416		
PB 100% Sortexed	\$286		
A1 super	\$216		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$250	Basmati (fine grade)	\$850
20%	\$243	PR 106 PB 5%	\$272
25%	\$240	1001 25%	\$247
		PR 106 25%	\$225

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