

## Rice

2<sup>nd</sup>-8<sup>th</sup> August, 2005

### MAJOR ACTIVITY HIGHLIGHTS

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

### DOMESTIC AND INTERNATIONAL NEWS:

#### **Vietnam 2005 Rice Exports Likely to Hit US\$1.15bn**

The export revenue for rice in Vietnam is likely to hit US\$1.15 billion in this year, while the government has loosened its grip on export volumes, according to the chairman of the Vietnam Food Association (VFA). Local companies have signed 4.4 million tons of rice export contracts, including 3.2 million tons delivered. The soaring rice export value is mainly due to the country is forecasting bumper crops and the world rice price has increased by \$39-40 per ton against the previous year. Another advantage for Vietnamese exporters is that global demand outstrips supply. Major rice exporters have limited or cut exports. China has sold only 700,000 tons of rice this year compared to the 2002 figure of over 1 million tons. India and Pakistan have also decreased outbound sales. Thailand, which used to be the world-leading rice exporter, has decided to buy rice to keep prices at a high rate. Meanwhile, the demand for rice in Vietnam's major export markets has increased. The Philippines has signed to import 1.8 million tons of rice, mainly from Vietnam while earlier this year the country planned to buy only 1.4-1.5 million tons.

#### **CRRI Developed Six High-Yielding Rice Varieties**

The Central Rice Research Institute (CRRI), Cuttack, India has developed six high yielding varieties of rice for Orissa to increase the rice production in the State. These included two hybrid rice varieties - Ajay and Rajlaxmi, two scented rice varieties - Geetanjali and Ketekijoha and two high yielding varieties - Naveen and Varshadhan. While Naveen a high yielding variety is suitable for irrigated condition, Varshadhan is suitable for semi deep and deep-water condition. The aromatic variety Geetanjali is a mutant of Basmati 370 and Ketekijoha was developed by RARS, Titabar, Assam Agriculture University.

#### **India: Hybrid Rice Cultivation Increasing**

Hybrid rice cultivation in India is slowly but surely spreading across the country in spite of problem on the seed front and is likely to cover 0.8 million hectares this year in five States, up from 0.56 million hectares last year. Eastern Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand and

Chhattisgarh account for 80 % of the hybrid rice grown in the country. It is estimated that the additional revenues earned through the hybrid seed and rice in the country at INRs 920 crore (US\$ 118.91 million). Since the start of research on hybrid rice in 1989, rice scientists and the private sector have been able to release 20 hybrid varieties into the commercial market. The yields also have been 1-1.5 MT per hectare higher than regular rice varieties.

#### **Kharif 2004-05 Rice Sowing Improves**

Kharif acreage shortfall is on a decrease trend. According to the latest agriculture ministry data, commodities like cotton, soybean, sugarcane, jowar and bajra, the acreage may be higher than last year. The shortfall in kharif acreage this year due to the delay in onset and advancement of the south west monsoon. Though rice sowing has started in most states, it is merely down 3 per cent on year at 196.60 lakh hectares. The data entails major shortfall has been reported in sowing in Orissa, Chattisgarh, Maharashtra and Gujarat.

#### **Pakistan: Rice Production Likely to Go Beyond Set Target**

According to Pakistani agriculture officials, rice production in Pakistan is anticipated to go beyond set target due to never-ending rainfall in the country and timely cultivation of rice. Rice import by Europe and China from Pakistan is expected to witness considerable rise. The previous year rice production target was set 51,14000 MT, which the target could not be achieved but 49,92000 MT rice production target was attained. The current year record rice production is expected following ease in ban on Pakistani rice by European Union, which would pave way for rice considerable export.

#### **United States Rice Net Sales Reduced by 4800 MT**

According to the latest United States Department of Agriculture export sales report for the week July 22-28, the U.S. net sales of rice has reduced by 4800 MT, a marketing year low, as major increases for Honduras (16,900 MT), Haiti (2,800 MT), Italy (1,200 MT), and the Netherlands (1,000 MT) were more than offset by decreases for Iraq (30,400 MT, switched to marketing-year 2005-06). Net Sales of 64,500 MT for delivery in 2005-06 (which began

Aug. 1) were primarily for Iraq (30,400 MT) and Nicaragua (20,000 MT). Exports of 113,900 MT were two and nine-tenth times the week earlier and two and one-tenths times the prior 4-week average. The primary destinations were Iraq (60,600 MT), Haiti (15,200 MT), Honduras (13,500 MT), Mexico (6,600 MT), and Chile (5,600 MT).

#### Bangladesh Eased Rice Import Ban

The Bangladesh government has eased the earlier restrictions on imports of rice by allowing it to enter the country through land ports in order to stabilize the market price of rice. The National Board of Revenue has decided to open import of rice through Bhomra customs station with a hope that import of rice will have a positive impact on the rice market. Imported rice in Bangladeshi markets mainly comes from India. According to the government, the country has produced enough rice in the current season. However, in the recent time supply shortages in the domestic market has raised the price of the staple food. Traders are now expecting that by lifting the ban on rice import, the prices may go down significantly.

#### Domestic Market Commentary

##### DELHI MARKET

The rice prices in this week under review, witnessed a range bound movement with a moderate decline seen in some varieties. The demand situation remained almost unchanged as against the previous week. The new rice crop has started arriving at the market and the arrival from Haryana and Uttar Pradesh remained stable. The Sharbati variety has witnessed a Rs 50 per quintal decline in this week due to poor demand. Also some decline is seen in IR-8 and DB rice prices. It is expected that the rice prices in the Delhi market will remain steady in the coming week.

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

Delhi	08.08.05	01.08.05
Basmati	2450-2550	2500-2600
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1550-1650	1600-1700
Sharbati old	1650-1700	1700-1750
Parmal raw	925-975	925-975
Wand	100-1100	1000-1100
Parmal sela	950-1025	950-1025
IR 8	910-950	920-960
DB Rice	2100-2350	2200-2300

##### KARNAL MARKET:

At the Karnal market, rice prices witnessed a mixed sentiment in this week. Due to the arrival of new crop, some varieties registered lower prices in this week as compared to last week. However, the other varieties held a stable position in this week. Varieties like Parmal, Sharbati, DB varieties were the losers in this week. With the arrival of the new crop increasing day by day, it is expected that the rice prices will remain moderately weak in the coming days.

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

KARNAL	08.08.05	01.08.05
Basmati rice sheila	2250-2300	2300
Basmati rice raw	2400-2500	2400-2500
Sharbati Esteem	1850-1900	1850-1900
Sharbati sheila	1630-1650	1650
Parmal raw rice	940-1050	940-1050
Parmal sheila	990-1000	1000-1025
IR 8	840-860	840-875
Wand	1000	1000
Govind	900	900
Db rice sheila	2050-2100	2100
Db rice esteem	2200-2250	2300

##### AMRITSAR MARKET:

Rice prices at the Amritsar market remained almost steady in this week. However, the prices of Sharbati varieties witnessed a significant rise in this week as against last week, while the Basmati varieties registered some decline in this week. It is expected that the rice prices will remain stable in the coming days.

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

AMRITSAR	08.08.05	01.08.05
Tewar Old	2400-2600	2400-2600
Duar	1950-2000	1950-2000
Mogra	1100-1400	1100-1400
Sharbati paddy	1100-1150	1000-1050
DB paddy	1000-1050	1000-1050
Sharbati sella raw rice	1600-1650	1600
Sharbati esteem (New)	1700-1800	1650-1700
DB parboiled	NA	NA
IR 8	NA	NA
Basmati rice raw	2450-2500	2500
Basmati rice sella	2200-2250	2250-2300
Parmal (Govinda New)	925-935	930-940
PR11 sella	1100-1200	1200
Parmal Wand (New)	1100-1250	1050

##### RUDRAPUR MARKET:

At the Rudrapur market, Sharbati paddy new and Parmal paddy continued the uptrend and quoted higher in this week as against last week. However, for the other varieties prices remain almost unchanged in this week. It is likely that the market sentiment will continue the stable trend in the coming days.

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

RUDRAPUR	08.08.05	01.08.05
Sharbati paddy (New)	700-750	700
DB paddy	1100-1150	1150
Parmal paddy	550-575	550
Parmal rice	1000-1100	1000
Basmati paddy	1200	1200
Basmati rice	1250	2450
Sharbati sheila	1600-1650	1650
Sharbati esteem	1650-1700	1700
DB sheila	2300	2350
DB esteem	2450	2500

### WEST BENGAL MARKET:

Rice prices at the West Bengal markets extended previous week's sentiment in this week. The varieties like Ratnachudi, Coarse, CO 36 and Govindobhog were offered at a higher price in this week as against last week. However, for the other varieties the market sentiment remained almost unchanged in this week. The new crop will hit the market in the month of October-November. It is expected that the market sentiment will remain stable until the new crop hit the markets.

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

WEST BENGAL	08.08.05	01.08.05
Ratnachudi	1150-1250	1130-1220
CO 36	1050-1100	1040-1060
Coarse	875-975	860-960
CO 43 Medium Boiled	1070-1090	1070
Fine	1240-1260	1240-1260
Super Fine	1750-1800	1750-1800
IR 36 (super)	1175-1185	1170-1180
Minikit Shankar	1250	1250
Minikit (M- Shankar)	1400-1450	1400-1450
Nagra	1600	1600
Doodh Kalma	1375-1425	1360-1410
Swarna	950	950
Pankaj	965	965
BM 20	1400	1400
Swarna parboiled	950	950
Govindobhog	2200-2250	2200
Chawl Moni	1725	1700

### KURUKHESTRA MARKET:

At the Kurukhestra market the rice prices remained side ways in this week as against last week. The prices of DB, Sharbati and Parmal varieties registered some losses in this week as against last week. However, the prices of other varieties remained almost unchanged in this week. It is expected that the rice prices will remain stable in the coming days at the Kurukhestra markets.

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

KURUKHESTRA	08.08.05	01.08.05
DB paddy	1200-1225	1225-1250
DB rice	2175-2225	2200-2250
DB esteem	2500-2600	2500-2700
Sharbati esteem	1800-1900	1800-1900
Sharbati sheila	1625-1675	1650-1690
PR11 sheila	1150-1250	1150-1250
Parmal rice	1100-1125	1100-1125
Basmati sheila	2200-2300	2200-2350
Raw Basmati	2650-2850	2650-2850
Basmati paddy	1400-1450	1400-1450

### DEHRADUN MARKET:

At the Dehradun market rice prices witnessed a mixed trend in this week. Basmati prices registered a further Rs 25 decline in this week over the last week. The prices of other varieties remained steady in this week as against last week. It is expected that the market sentiment will continue the same trend in the coming days also.

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

DEHRADUN	08.08.05	01.08.05
Basmati Raw	2275-2375	2300-2400
Sharbati	1650-1775	1650-1775
Parmal Raw	1025-1100	1025-1100
IR 8	950-1000	950-1000

### Conclusion

The domestic rice markets witnesses on an average a mixed sentiment in this week under review. The demand and supply scenario remained stable in this week. However, the new crop has started reaching different markets. Consequently, the prices of some varieties have registered losses in this week. Mainly the Parmal and Sharbati varieties were the losers in this week. It is expected that the market sentiment at the major rice markets will remain stable in the coming days.

## Port Watch (As on 8<sup>th</sup> August 2005)

Loading of 16,500 MT of rice is continuing at Kandla Port on the vessel 'Mazin Arab' to Jeddah. Sai Shipping is handling the vessel. 'Dellagrazia' has berthed at Kandla Port and continues to load 18,000 MT of rice to West Africa. Atlantic agents is handling the vessel. The port is expecting 'Tai Pen I' to load 13,500 MT of rice to Mozambique. The vessel will be handled by Pangea agents. Loading of 14,000 MT of rice is expected at the port on the vessel 'El Tanin' to Jeddah. 'Aboudi' is expected at the port to load 8,000 MT of rice to Dammam. These vessels will be handled by Aditya agents.

## Weather Watch (As on 7<sup>th</sup> August 2005)

### ALL INDIA WEATHER FORECAST

#### Monsoon Outlook

Yesterday's low-pressure area over Jharkhand has weakened and now lies as an upper air cyclonic circulation over Bangladesh and adjoining NE states. The monsoon trough has moved to the north of its normal position temporarily and hence rainfall is likely to continue over Uttaranchal, Himachal Pradesh and J & K for next 1-2 days. The trough in mid-latitude westerlies that lies around 80°E longitude is likely to move north-north-eastwards. Hence, rainfall activity is expected to recede from plains of Punjab, Haryana and west Uttar Pradesh. Scattered to fairly widespread rainfall is likely over West Bengal, Sikkim, Orissa, Chhattisgarh, East Madhya Pradesh and parts of Jharkhand and Vidarbha during next 2-3 days. Subsequently, the upper air cyclonic circulation is getting organized in to a well-marked low-pressure area around 10th August 2005. Under its influence, the rainfall activity over Orissa, Chhattisgarh, East Madhya Pradesh and parts of Jharkhand and Vidarbha is expected to enhance beginning from 10th August 2005 onwards. The off-shore trough now runs from south Konkan to north Kerala coast and is likely to cause moderate rainfall with isolated heavy falls over Konkan & Goa and coastal Karnataka during next 4-5 days.

#### NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Scattered rainfall is likely over the region during next 24 hours. Subsequently, rainfall activity is likely to recede from the plains of north and northwest India. However, fairly widespread activity is expected over J & K, Himachal Pradesh and Uttaranchal for next 48 hours.

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

Orissa, parts of Jharkhand and NE states are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2-3 days. Subsequently, activity over NE states is likely to reduce. Isolated to scattered rainfall activity is likely over rest of the regions during this period.

#### CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive scattered to fairly widespread rains during next 4-5 days.

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

Karnataka, north Kerala, are likely to receive fairly widespread rainfall activity during next 2-3 days with isolated heavy falls in Coastal regions of Karnataka and Kerala. Rest areas of the region are likely to receive isolated to scattered rains during this period.

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

Konkan & Goa and parts of north Maharashtra may receive fairly widespread rains with isolated heavy falls in Konkan & Goa during this period. Rest areas of the region are likely to receive isolated to scattered rains during this period.

### Rice Production Estimates for Kharif 2004-05

Crop	Season	2003-04		2004-05	
		4 <sup>th</sup> Adv Est.	Final	Target	4 <sup>th</sup> 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 01.08.2005 (lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 01.08.05	
		In Marketing season 2004-05	In Marketing season 2003-04
Andhra Pradesh	42.30	37.76	41.22
Bihar	3.63	3.04	3.63
Chhattisgarh	23.74	26.36	22.90
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.43	1.09
Maharashtra	3.08	1.57	2.74
Orissa	13.73	13.57	12.18
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	3.07	3.15
West Bengal	9.25	7.78	9.15
All-India	228.28	237.75	224.24

Source: Ministry of Agriculture, Gol

## Summary of Progress of Kharif Rice (Area Coverage)

(Area in lakh hectares)

Crop	Normal area	Area Coverage (as reported on 01.08.05)			Area Difference in Important States-this year vs. Last year (absolute, %)
		This Year	Last Year	Difference	
Rice	399	196.60	202.64	-6.04	AP (+2.1, +81.0), Maharashtra (-2.1, -33.8), Bihar (-0.3, -2.4), Gujarat (-2.1, -61.7), Haryana (+0.9, +10.0), Orissa (-3.9, -15.9), Jharkhand (+0.5, +13.3), UP (+0.9, +2.1), Chhattisgarh (-3.3, -11.3), Punjab (-0.5, -2.0), Karnataka (-0.3, -8.0), Assam (+1.5, +20.1)

## International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$287	5% DP	\$254
5%	\$281	5%	\$253
10%	\$278	10%	\$251
15%	\$268	15%	\$243
25%	\$253	25%	\$234
35%	\$251		
Jasmine	\$401		
PB 100% Sortexed	\$288		
A1 super	\$214		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$252	Basmati (fine grade)	\$850
20%	\$245	PR 106 PB 5%	\$280
25%	\$243	1001 25%	\$237
		PR 106 25%	\$230

## FOREX (As on 8<sup>th</sup> August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.55
1 Euro	53.70
1 British £	77.29
100 Yen	38.75

## Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.