

Rice

26th July-1st August, 2005

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS:

Pakistan Rice Exporters Claimed Freight Subsidy

In Pakistan, it is witnessed that the Rice Exporters Association of Pakistan (REAP) has requested the commerce ministry to offer 50 percent freight subsidy in shipments to Bangladesh. Bangladesh is importing non-basmati parboiled rice and white rice through their ministry of food and disaster management. Freight is around \$40 per tonne and it was further added by the withholding tax and Export Development Surcharge charged by the authorities concerned. According to Vice Chairman of REAP, the government should enter into a permanent trade agreement for sale of rice to Bangladesh in terms of liberalizing duties and taxes to Pakistan share in the Bangladesh market. To compete India in Bangladesh market, rice exporters do need subsidy in freight.

Saudi Rice Market Grasped By India; Pakistan Losing Share

It is witnessing that Pakistan is continuously losing its share in the Saudi rice market because different varieties of commodity are unable to make place in 700,000 to 800,000 ton market. Pakistani share in the Saudi rice market had gone down to 9 percent in 2002, from 41 percent in 1992. Once upon a time, Pakistan had a monopoly of the Saudi rice market, with little competition from elsewhere. But now Indian exports of rice were increasing and US rice had also maintained a strong presence in the Saudi market. The main reason for declining Pak share was the competition from India over the past many years. Almost 80 per cent of the rice imported to Saudi Arabia is of Basmati variety. Another reason is Pakistani share has been the gradual increase of the parboiled (Sela) rice consumption in Saudi; currently 80 per cent of the total Saudi rice imports are of parboiled variety. The sources said no tangible increase was seen in Pakistani export of parboil (sela) rice due to the market perception that Pakistani rice was No-2 quality. Unfortunately many bags of pure Irri-9 or 386 were seen in the Saudi markets labeled as pure Pakistani basmati rice, the sources said. This matter was discussed in the Rice Exporters Association of Pakistan (REAP) meeting but no remedial actions were taken except lip service. The association had suggested that the Saudi ambassador should be invited to visit quality research centre to see for the high quality of work being done.

Pakistan to Boost Its Rice Export by Exploring African Market

It is a great opportunity for Pakistan to enhance its rice export to \$1 billion easily by exploring potential African market. But the exporters will have to do aggressive marketing for selling the commodity to this region. The total size of African market where all sort of goods are being imported is \$150 billion but Pakistan's share stands at a meager \$530 million. There was also great potential for parboil rice in African countries but Pakistan's presence was negligible. For this purpose the rice exporters should adopt latest marketing techniques and also pay frequent visits to African countries to keep themselves side by side with the trends in the market.

Indian Rice Export Scenario

Rice, both basmati and non-basmati is being exported to several countries including Bangladesh, Nigeria, South Africa, Vietnam, Sri Lanka, Senegal, Somalia, and Guinea. During the year 2004-05 Saudi Arabia topped the list of countries importing basmati rice with a quantity of 860278 metric tonnes valued at Rs. 156780 lakh. Bangladesh imported 917540 tonnes of non-basmati rice valued at Rs. 83302 lakh during the same period. No allocation of wheat and rice from central pool is being made with effect from August 2003 for the purpose of export. Export on private account is market driven and the price and destination depend on demand and supply conditions.

Kerala State Civil Supplies Corporation to Buy Paddy Each Year

It is decided that the Kerala State Civil Supplies Corporation (Supplyco) will procure paddy every year. The procure paddy will sell through the ration shops as rice. The Food and Civil Supplies Minister, Mr Adoor Prakash, said in the State Assembly on Tuesday that paddy would be procured even from unregistered cooperatives in response to such a demand from various quarters. The Minister also noted that the corporation had begun procurement after getting clearance from the Centre for sale of rice through ration shops using the services of the Food Corporation of India (FCI). However, the operation was a loss-making exercise as the procurement price fixed by FCI was Rs 5.60 a kilo. The corporation had decided to bear the losses in

the interest of protecting the paddy growers in the State, he added.

Indian Rice Sowing Lagged Behind from Last Year

The sowing progress of winter crops, mainly rice has been delayed in India because of a slow start to the monsoon as rainfall in the central part of India, which is a major oilseed and rice growing region, was 39 % below normal between June 1 and July 20. The area under winter crops, mainly rice, pulses and oilseeds, is lower than last year because June, the first month of the four-month monsoon season, was largely dry in key growing regions. Rice, the season's main grain crop, has been worst hit with sowing completed on only 14.3 million hectares, compared with 16.9 million hectares a year ago, with no time left for planting.

Slow Trade Pushed the Rice Prices Stable in Pakistan

Pakistani rice prices witnessed a steady undertone over the past week amid slow trade and no major activity was expected in the days ahead as they had exhausted stocks. According to the sources, around 80,000 MT of rice from last year's crop were available, but those stocks were unlikely to attract buyers due to quality problems. A few exporters were shipping old commitments to East Africa but fresh orders were lacking. Pakistani traders have exported around 2.2 million MT of rice during the current season. IRRI-6 varieties were quoted between 1,350 and 1,375 rupees for a 100-kg bag, unchanged from the previous week. (1 US\$= 59.64 PKR)

Unlawful Export Of Rice Causing A Setback to India

It was a recent news that, about 30 per cent of the rice allocated by the central government for public distribution, particularly for the tsunami-affected areas, is being illegally exported at present thus causing a hinder to India's efforts to emerge as a significant exporter of non-basmati rice in India. It has also come to notice that when the Food Corporation of India (FCI), country's procurement agency released its buffer stocks for export by traders in 1995-96, there were complaints from Philippines and Indonesian importers as the rice released was old and of poor quality which in turn stopped importing rice from India for all practical purposes. Subsequently, in 2003-04 and 2004-05, export of rice declined to 2.21 million MT and 1.5 million MT respectively.

India: Saudia Arabia Ranks First in Basmati Rice Import

It was witnessed that Saudi Arabia topped the list of countries importing basmati rice from India, during the year 2004-05 with a quantity of 860278 MT valued at INR 156780 lakh. Where as Bangladesh imported 917540 MT of non-basmati rice valued at INR. 83302 lakh during the same period. It was reported that rice, both basmati and non-basmati is being exported to several countries including Bangladesh, Nigeria, South Africa, Vietnam, Sri Lanka, Senegal, Somalia, and Guinea.

Vietnam Crosses 3.8 MMT of Rice Export Limit

According to the local media, Vietnam's rice exporters have signed contracts to ship 4.1 million MT exceeding a 3.8 million MT, which was fixed temporarily by the government. Vietnam Food Association (Vietfood) exporters had shipped 3.1 million MT of the 4.1 million MT contracted for so far this year. On July 1, Vietfood, the industry watchdog, ordered a halt to talks on new export deals, saying the contracted volume had hit the government's temporary 3.8 million MT limit for this year.

Egypt Rice Exports Reaches a Record Limit in 2005 MY

Egypt had exported a record 1 million MT of rice in the 2005 marketing year thus topping the previous record of 750,000 MT in the 2004 marketing year. The local consumption decreased from 2.5 million MT to 2.2 million MT due to rising local prices. Syria is cited as the number one importer of rice from Egypt, purchasing 170,000 MT followed by Turkey, which imported 115,000 MT, Libya with 110,000 MT and finally Romania, which bought 70,000 MT.

USDA Latest Rice Export Sales Report

According to USDA, the net sales of 37,500 MT rice remained 68 percent below the previous week and 42 percent under the prior 4-week average. Major increases were reported for Mexico (16,400 MT), Haiti (12,400 MT), and Germany (3,500 MT). Net Sales of 1,100 MT for delivery in 2005/06 (which begins Aug. 1) resulted as increases for the United Kingdom (1,900 MT), Mexico (200 MT), and Djibouti (100 MT) were partially offset by decreases for the Netherlands (1,200 MT). Exports of 38,800 MT were 23 percent below the previous week and 47 percent under the prior 4-week average. The primary destinations were Haiti (7,900 MT), Mexico (6,200 MT), Jamaica (5,400 MT), Canada (3,500 MT), and the Netherlands (2,800 MT). (The Reports Only For 15-21 July, 2005)

Latest Kharif Rice and Maize Sowing Progress

Rice sowing has been started in most of the states, though it is still down 15.4 per cent on year at 143.55-lakh hectare as on today. The data said major shortfall is reported in sowing in Orissa (15.46 lakh hectare), Bihar (8.60 lakh hectare), Chattisgarh (16.82 lakh hectare) and Uttar Pradesh (26.08 lakh hectare). The maize planting is also down by 8.8 per cent at 54.44 lakh hectares.

FDA Seizes Adulterated Pakistani Basmati Rice In NJ

The Food and Drug Administration (FDA), US have seized of over \$80,000.00 worth of basmati rice, imported from Pakistan at POF International, Inc. (POF) located in Irvington, NJ. The seized basmati rice, which had been imported from Pakistan, is adulterated under the Federal Food, Drug, and Cosmetic Act because of insect contamination. Specifically, laboratory analysis of the rice revealed that it contained substantial numbers of weevils, beetles and insect larvae, which rendered it unfit for human consumption. Prior to the seizure, the basmati rice had been placed under embargo by the New Jersey Department of Health and Senior Services to ensure that the product was not distributed to consumers. FDA initiated the seizure after POF declined to destroy the rice or recondition it in appropriate manner. The FDA has initiated this action to promote and protect the public health by enforcing the Federal Food, Drug, and Cosmetic Act.

Domestic Rice Market Commentary

DELHI MARKET

In this week, the rice prices remained range bound with stable undertone amidst stable demand. The new rice crop has hit the market. The arrival for new paddy from Haryana and Uttar Pradesh remained stable in this week. Therefore the demand for old rice has been decreased. There was no government intervention programme. It is expected that the

market sentiment would remain weak in the coming days. There was no monsoon rains in this week.

Market Price For Different Varieties Of Rice In Delhi Mandis

Delhi	25.07.05	1.08.05
Basmati	2475-2575	2500-2600
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1650-1700	1600-1700
Sharbati old	1700-1750	1700-1750
Parmal raw	930-980	925-975
Wand	1030-1100	1000-1100
Parmal sela	990-1070	950-1025
IR 8	925-970	920-960
DB Rice	2150-2350	2200-2300

KARNAL MARKET:

The rice market price in Karnal witnessed a witnessed a mixed sentiment, where some variety showed stable range and some variety noticed slightly decreased due to new crop arrival. The new Parmal variety has hit the market and therefore the prices decreased, according to the traders. The sowing of kharif rice crop is going on. It can be expected that the rice prices would remain weak in the coming days.

Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	25.07.05	1.08.05
Basmati rice shella	2300	2300
Basmati rice raw	2400-2500	2400-2500
Sharbati Esteem	1800	1850-1900
Sharbati shella	1600-1650	1650
Parmal raw rice	950-1065	940-1050
Parmal sella	1000-1050	1000-1025
IR 8	900-950	840-875
Wand	1100	1000
Govind	960	900
Db rice shella	2100-2150	2100
Db rice esteem	2300	2300

AMRITSAR MARKET:

In this market, rice prices showed a mixed sentiment. Where the Sharbati paddy increased and Basmati variety decreased. The new varieties of rice have reached in the market, which decreased the demand for old variety. The ongoing market sentiment suggested us that rice price expected to remain stable in the coming days.

Market Price For Different Varieties Of Rice In Amritsar Mandis

AMRITSAR	25.07.05	1.08.05
Tewar Old	2400-2600	2400-2600
Duar	1950-2000	1950-2000
Mogra	1100-1400	1100-1400
Sharbati paddy	900-950	1000-1050
DB paddy	1000-1050	1000-1050
Sharbati sella raw rice	1600-1650	1600
Sharbati esteem (New)	1650-1675	1650-1700
DB parboiled	NA	NA
IR 8	NA	NA
Basmati rice raw	2800-2900	2500
Basmati rice sella	2400-2500	2250-2300
Parmal (Govinda New)	-	930-940
PR11 sella	1200	1200
Parmal Wand (New)	1100-1250	1050

RUDRAPUR MARKET:

In Rudrapur mandis, the new Sharbati paddy and Parmal variety has been increased. Other variety showed a range bound with stable sentiment due to stable demand from the market. It can be expected that the prices would continue this tone in the coming days.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	25.07.05	1.08.05
Sharbati paddy (New)	625-650	700
DB paddy	1150-1175	1150
Parmal paddy	425-450	550
Parmal rice	890-935	1000
Basmati paddy	1200-1250	1200
Basmati rice	2250-2300	2450
Shabati shella	1650	1650
Sharbati esteem	1750	1700
DB shella	2200	2350
DB esteem	2500	2500

WEST BENGAL MARKET:

The rice prices witnessed a mixed sentiment in this State. Some variety showed an upward tone where as others remained stable with range bound position. Ratnachudi, Coarse and CO36 increased from previous week's prices. The next crop will be reached in the market in October to November. It is expected that the prices would continue this tone in the coming days until the new crop hit the market.

Market Price For Different Varieties Of Rice In West Bengal Mandis

WEST BENGAL	25.07.05	1.08.05
Ratnachudi	1175-1250	1130-1220
CO 36	970-1000	1040-1060
Coarse	850-900	860-960
CO 43 Medium Boiled	1070	1070
Fine	1230-1250	1240-1260
Super Fine	1750-1760	1750-1800
IR 36 (super)	1200	1170-1180
Minikit Shankar	1250	1250
Minikit (M- Shankar)	1400-1500	1400-1450
Nagra	1550-1600	1600
Doodh Kalma	1360-1400	1360-1410
Swarna	950	950
Pankaj	970	965
BM 20	1350-1400	1400
Swarna parboiled	950-1000	950
Govindobhog	2200	2200
Chawl Moni	1700	1700

KURUKHESTRA MARKET:

In Kurukhestra market, the market price for rice showed range bound with stable undertone in this week. The new crop has reached in the market. It is expected that the market price would recover on downside.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	25.07.05	1.08.05
DB paddy	1200-1250	1225-1250
DB rice	2150-2250	2200-2250
DB esteem	2500-2700	2500-2700
Sharbati esteem	1850-1900	1800-1900
Sharbati sheila	1650-1700	1650-1690
PR11 sheila	1150-1250	1150-1250
Parmal rice	1100-1150	1100-1125
Basmati sheila	2200-2350	2200-2350
Raw Basmati	2600-2800	2650-2850
Basmati paddy	1400	1400-1450

DEHRADUN MARKET:

The market price for different varieties in Dehradun market remained almost unchanged, but Basmati variety decreased around Rs.40-50 per quintal. The other 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	25.07.05	1.08.05
Basmati Raw	2350-2450	2300-2400
Sharbati	1650-1775	1650-1775
Parmal Raw	1050-1110	1025-1100
IR 8	975-1000	950-1000

Conclusion

It is witnessed that the rice prices remained almost range bound with stable undertone in most of the market due to stable demand. Some variety decreased due to new crop arrival in the market. The new crop was Parmal and Sharbati variety. However the demand for old crop remained promising rather than new crop. 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 days.

Port Watch

Mumbai Port is loading 1,200 MT of rice on the vessel 'Zale'. The vessel is being handled by Seagull agents.

Weather Watch

Meteorological Analysis

An upper air cyclonic circulation lay over North & adjoining Central Bay of Bengal extending between 5.8 & 7.6 Km above sea level on 22nd. Under its influence a low pressure area formed over North Bay of Bengal off Gangetic West Bengal - Orissa Coasts on 23rd. The system persisted on 24th & 25th and became well marked. It moved inland and lay over Orissa & neighbourhood on 26th and over East Madhya Pradesh & neighbourhood on 27th. The associated upper air cyclonic circulation extended upto mid tropospheric levels tilting southwestwards with height.

A fresh upper air cyclonic circulation extending in lower tropospheric levels formed over southwest Rajasthan & neighbourhood on 23rd. It persisted on 24th & became less marked on 25th.

Another upper air cyclonic circulation extending upto 0.9 km above sea level developed over East Uttar Pradesh on 24th and it merged with seasonal monsoon trough on 25th.

An offshore trough running from Konkan to Kerala Coast was seen on 21st & 22nd; from Karnataka Coast to Kerala Coast on 23rd & 24th and from Konkan to Karnataka Coast during the later half of the week.

The monsoon trough shifted southwards in the beginning of the week and was located in its near normal position subsequently with the eastern end more southward.

Last week's upper air cyclonic circulation over Marathwada & neighbourhood became less marked on 21st.

Towards the end of the week an upper air cyclonic circulation extending upto 0.9 km above sea level was seen over West Rajasthan & Central Pakistan on 27th.

Rainfall

Heavy to very heavy rainfall occurred at a few places over Konkan & Goa and Coastal Karnataka on many days of the week; over Telangana, Madhya Maharashtra, Marathawada, South Interior Karnataka on some days of the week and over East Uttar Pradesh, southwest Madhya Pradesh, Uttaranchal, Coastal Andhra Pradesh and Tripura on 1-2 days of the week.

Mumbai(SCZ) received exceptionally heavy rainfall of 94.4 cms on 27th which was an all time record for Mumbai

During this week, light to moderate rainfall also occurred at many/at a few places over the rest regions of the country outside Rajasthan, Punjab, Haryana, Gujarat, Jammu & Kashmir and Tamil Nadu & Pondicherry where it was isolated.

Rainfall During The Week (For the week ending on 27th July, 2005)

Rainfall was excess/normal in 18 and deficient/scanty in 18 out of 36 meteorological sub-divisions (Actual: 69.3 mm, Normal: 68.6 mm and Departure: +1%).

Cumulative Seasonal Rainfall (1st June to 27th July, 2005)

Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions (Actual: 426.4 mm, Normal: 418.2 mm and Departure: +2%).

Outlook For The Week Ending On August 3rd, 2005

i) Heavy to very heavy rainfall activity likely over West Madhya Pradesh, Gujarat, south Rajasthan and north Konkan during first half of the week.

ii) A depression has formed over northwest Bay of Bengal close to Balasore in Orissa. It is likely to enhance the rainfall activity over eastcentral India during first half of the week and may extend westward subsequently.

iii) Increase in rainfall in Gangetic Plains.

iv) Normal rainfall activity over west coast of India.

v) Subdued rainfall activity likely to continue over northeast India.

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 22.07.2005 (lakh tonnes)

State	Total procurement	Progressive Procurement as on 22.07.05	
		In Marketing season 2004-2005	In Marketing season 2003-2004
Andhra Pradesh	42.30	37.58	41.22
Bihar	3.63	2.97	3.63
Chhattisgarh	23.74	26.18	22.80
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.43	1.09
Maharashtra	3.08	1.49	2.74
Orissa	13.73	13.23	11.76
Punjab	86.62	90.58	86.59
Tamil Nadu	2.07	6.52	2.07
Uttar Pradesh	25.54	25.75	22.33
Uttaranchal	3.23	3.07	3.15
West Bengal	9.25	7.77	9.13
All-India	228.28	232.91	220.49

Source: GOI, Ministry of Agriculture

Summary of progress of Kharif crop (area coverage) (Area in lakh hectares)

Crop	Normal area	Area Coverage (as reported on 25.07)			Area Difference in Important States-this year vs. Last year (absolute, %)
		This Year	Last Year	Difference	
Rice	399	143.55	169.78	-26.23	AP(+0.8, +66.7), Ass(+1.2, +17.1), Bih(-2.2, -20.4), Guj(-2.1, -61.7), Jhar(-0.5, -16.9), Kar(-0.3, -10.1), MP(-2.5, -29.3), Chh(-4.4, -19.0), Mah(-2.0, -41.0), Ori(-3.4, -15.4), Pun(-0.5, -2.0), UP(-11.0 -30.5)

International Asian Rice Prices FOB (Current)

Thailand	\$/Mt	Vietnam	\$/Mt
100%B	\$284	5% DP	\$252
5%	\$277	5%	\$251
10%	\$273	10%	\$248
15%	\$260	15%	\$238
25%	\$248	25%	\$234
35%	\$246		
Jasmine	\$384		
PB 100% Sortexed	\$284		
A1 super	\$208		
Pakistan		India	
5%	\$252	Basmati (finer grade)	\$850
20%	\$245	PR 106 PB 5%	\$290
25%	\$243	1001 25%	\$237
		PR 106 25%	\$230

Indicative Closing Forex Rate **1 USD = Rs 43.45**

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