

Rice

19<sup>th</sup> -26<sup>th</sup> September, 2005

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- Domestic Market Commentary
- International Rice Prices
- Domestic Rice Prices
- Rice Procurement Position

## DOMESTIC AND INTERNATIONAL NEWS:

### USDA: U.S. Corn Export Increased

According to the latest export sales report for corn of USDA, the net sales of 746,600 MT were 36 percent above the previous week. Increases for Mexico (248,000 MT), Taiwan (170,000 MT, including 58,000 MT switched from unknown destinations), Japan (169,600 MT, including 38,600 MT switched from unknown destinations), Costa Rica (64,400 MT, including 54,600 MT switched from Guatemala), Algeria (39,000 MT), and Morocco (32,900 MT, including 30,000 MT switched from unknown destinations) were partially offset by decreases for Guatemala (62,200 MT) and unknown destinations (48,600 MT). Exports of 914,800 MT were more the two and one-tenth times the previous week and 32 percent over the prior 4-week average. The primary destinations were Japan (328,400 MT), Mexico (198,600 MT), Taiwan (77,700 MT), South Korea (58,400 MT), Syria (50,700 MT), Morocco (32,900 MT), and Venezuela (32,000 MT). (This summary is based on reports from exporters for the period September 9-15, 2005)

### Punjab Expecting Bumper Paddy Crop

The Chief Minister, Capt Amarinder Singh, today predicted bumper paddy crop in the Punjab state. The Food and Supplies Minister said elaborate arrangements had been made for the smooth procurement. He said bumper paddy crop was expected this year. Therefore the production are expecting to reach around 155 to 160 lakh MT against the last year target of 150 lakh MT, according to him. Addressing a rally of farmers in the Asia's biggest grain market here, after formally launching paddy procurement.

### Basmati Rice: Remained Volatile on MCX

Basmati rice remained volatile throughout the year on MCX with a total price difference between the highest and the lowest recorded at Rs 463 per quintal. The commodity early this year surged to the highest level of Rs 2,983 per quintal followed by a rising demand from small-time retail buyers. The demand increases with the beginning of matrimonial season. Moving in a close range, the price lowered to Rs 2,520 per quintal on August 26.

India is the largest producer and exporter of basmati rice in the world with an annual production of around 10-15 lakh tonne, of which around two-thirds is exported. The remaining is consumed within the country.

Basmati rice is grown exclusively in the northern part of western Punjab (on both sides of the Indo-Pakistan border), Haryana and Western Uttar Pradesh. Haryana accounts for around 50 per cent of the acreage in the country, followed by Uttar Pradesh (25 per cent) and Punjab (18 per cent). The productivity of basmati paddy in the country is around 1,400-2,100 kg a hectare against the yield of non-basmati paddy of 4,500-500 kg a hectare.

## DOMESTIC MARKET COMMENTARY

### DELHI MARKET

The rice prices at Delhi market witnessed range bound with steady in this week under review. Due to rains in Delhi and adjoining areas the prices remained range bound. Parmal raw, wand and sella rice remained slight strong in this week. However, other varieties were available on an average unchanged in this week on steady demand for these varieties. It is estimated that the prices of new varieties will remain weak in the coming days on higher arrival from Uttar Pradesh and Haryana. Less trading activity was seen due to monsoon.

### Market Price For Different Varieties Of Rice In Delhi Mandis (Rs. per Qtl.)

Delhi	26.09.05	17.09.05
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	950-990	925-975
Wand	1040-1100	1020-1100
Parmal sella	1000-1060	975-1025
IR 8	920-965	900-950
DB Rice	2100-2300	2100-2300

**DEHRADUN MARKET:**

The rice prices at the Dehradun market witnessed a range bound with slight weak undertone in this week as compared to last week due to new crop arrival. The excess supply offset the market demand. The rice prices are expected to maintain the prevailing sentiment in the coming week.

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

DEHRADUN	26.09.05	17.09.05
Basmati Raw	2200-2300	2200-2350
Sharbati	1600-1700	1650-1750
Parmal Raw	1010-1085	1000-1090
IR 8	950-985	960-985

**RUDRAPUR MARKET:**

The most of the varieties of rice remained strong in this week at the Rudrapur market due to strong demand and monsoon activity. The demand for new crop remained pronounced. The Sharbati and Parmal varieties registered strong in this week on less arrival at the markets. It is likely that the rice prices will maintain the prevailing trend in the coming week. The market is eyeing on the arrival of the kharif crop and export demand.

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

RUDRAPUR	26.09.05	17.09.05
Sharbati paddy (New)	725	650-700
DB paddy	1100	1000-1050
Parmal paddy	625	590-615
Parmal rice	1070	850-900
Basmati paddy	1100	1150-1200
Basmati rice	2250	2200-2250
Sharbati sella	1700	1500-1550
Sharbati esteem	1650-1675	1550-1625
DB sella	2300	2250-2300
DB esteem	2375-2425	2370-2400

**KARNAL MARKET:**

At Karnal the new varieties like Sharbati and Parmal were available at a lower range in this week on increased arrival at the local markets. The DB, IR-8 and Govind varieties registered strong on good demand in this week as against the last week. However, the other old varieties were available mostly steady in this week. The government procurement is likely to enhance the rice prices due to higher MSP than the prevailing rice prices. However, it is likely that the prices of the old varieties would remain mostly steady in the coming week. The market demand for sharbati rice remained remarkable.

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

KARNAL	26.09.05	17.09.05
Basmati rice sella	2800-2900	2700-2800
Basmati rice raw	2300-2400	2300-2400
Sharbati esteem	1650-1700	1750-1800
Sharbati sella	1550	1500-1550
Parmal raw rice	1000	925-1000
Parmal sella	1040	975-1000
IR 8	935	850-875
Wand	960-1000	950-1000
Govind	1025	850-900
DB rice sella	-	2000-2050
DB rice esteem	-	2100-2150

**KURUKHESTRA MARKET:**

The demand for old varieties at Kurukhestra market maintained its stable sentiment in this week under review as against the last week. But the price volatility for new crop remained remarkable. The arrival of the new varieties remained higher, therefore it put some pressure on the prices and consequently the Sharbati fetched lower prices in this week. But due to export demand for parmali variety from Kandla port boost up the prices. The demand for Basmati rice is decreasing day by day. The Government quality rice has been exported from Punjab in the range of Rs.850-900 per quintal to Africa, according to the traders. It is expected that the prices of the new varieties would decline further, while the prices of the old varieties are likely to remain range bound in the coming days.

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

KURUKHESTRA	26.09.05	17.09.05
DB paddy	-	1175-1200
DB rice	-	2100-2200
DB esteem	2300-2400	2450-2550
Sharbati esteem	1600	1550-1650
Sharbati sella	1400-1500	1500-1550
PR11 sella	1150-1200	1150-1200
Parmal rice	1050-1100	1000-1025
Parmal Wand	1100	1050
Parmal Sella	1050	1050
Basmati sella	2200-2300	2200-2300
Raw Basmati	2800-3000	2800-3000
Basmati paddy	1400-1450	1400-1450

**AMRITSAR MARKET:**

At the Amritsar market the rice prices remained almost stable in this week as compared to the last week.

The demand for parmal varieties and for sharbati sella and sharbati raw rice increased. The parmal variety has been exported from Kandla port. Therefore the demand for parmal rice is increasing. It is expected that the rice prices would maintain the prevailing trend in the coming week.

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

AMRITSAR	12..09.05	17.09.05
Sharbati sella rice	1550	1550
Sharbati raw rice	1475-1500	1475-1500
Sharbati esteem (New)	1550-1600	-
Basmati rice raw	2700-2800	2700-2800
Basmati rice sella	-	-
Parmal (Govinda New)	900	900
PR11 paddy	-	-
PR11 rice	1125	1125
Parmal Wand (New)	1050-1075	1025-1150

#### WEST BENGAL MARKET:

The rice prices at the West Bengal market remained range bound with stable sentiment in this week. The market is awaiting for the new kharif crop. The new kharif crop is likely to hit the market in October-November. However, the prices remained mostly unchanged on steady demand. According to the traders, the market sentiment would continue the prevailing trend till the new crop hits the market in October-November. The rice crop position remained good in this kharif season. The kharif rice production is likely to increase. It is expected that the rice prices in West Bengal markets would maintain the prevailing trend in the coming week.

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

WEST BENGAL	26.09.05	17.09.05
Ratnachudi	1150-1250	1200-1250
CO 36	1075-1125	1100-1125
Coarse	900-1000	920-1000
Fine	1225-1250	1250-1300
Super Fine	1750-1800	1775-1800
IR 36 (super)	1175-1200	1175-1200
Minikit Shankar	1225-1250	1225-1250
Minikit (M- Shankar)	1400-1450	1400-1450
Doodh Kalma	1400-1425	1400-1425
Swarna	950-975	950-975
Pankaj	950-1000	950-1000
Swarna parboiled	925-950	925-950
Govindobhog	2200-2300	2200-2300
Chawl Moni	1725-1775	1725-1775

#### Conclusion

The rice prices witnessed a mixed sentiment in this week under review as against the last week at the domestic markets. Surplus arrival of the new varieties in the North Indian markets pressurised the prices and consequently the Sharbati and Parmal varieties were available at a lower price in this week. The export of parmal rice from India boost up the domestic prices for parmal rice, but the other rice variety remained slight weak at most of the places. The prices of the old varieties remained mostly steady on stable demand for the old varieties. It is expected that the prices of the new varieties would decline further on increased arrivals, while the prices of the old varieties are expected to remain range bound in the coming week.

#### Port Watch (As on 26<sup>th</sup> September 2005)

Kandla Port is loading 15,000 MT of rice on the vessel 'Wajdi Arab' to Jeddah. Sai Shipping agents is handling these vessels. Loading of 13,750 MT of rice is continuing on the vessel 'Luxury SW' to Benin. Pangea agents are handling the vessel. 'EL Tanin' is expected at the port to load 14,000 MT of rice to Jeddah. Aditya agents will handle the vessel. The port is expecting 'Amfitrionas' to load 22,000 MT of rice to Africa. Vibhuti agents will be handling the vessel.

#### Weather Watch (As on 26<sup>th</sup> September 2005)

##### Meteorological Analysis

Last week's well marked low pressure area over East Madhya Pradesh and neighbourhood moved northwestwards and lay over northwest Madhya Pradesh and adjoining southwest Uttar Pradesh on 15<sup>th</sup>. It moved in a northerly direction and intensified into a depression on 16<sup>th</sup> and lay over southwest Uttar Pradesh with its center close to Agra at 0830 hrs. IST. It lay about 100 km southeast of Delhi in the evening of 16<sup>th</sup>. It weakened into a low pressure area over West Uttar Pradesh on 17<sup>th</sup> morning and became less marked on 18<sup>th</sup>. However, the associated upper air cyclonic circulation persisted over the same area which moved over to Uttaranchal and neighbourhood of 18<sup>th</sup> evening and over to Uttaranchal and adjoining Himachal Pradesh on 19<sup>th</sup>. It became less marked on 20<sup>th</sup> morning.

Last week's depression over northeast Arabian Sea with its center at 20.5°N/68°E about 250 km west-southwest of Veraval persisted over the same area till 15<sup>th</sup>. It weakened into a well marked low pressure area on 16<sup>th</sup> morning. It then moved northwards and weakened into a low pressure area over Gujarat State on 17<sup>th</sup> and became less marked on 18<sup>th</sup>. The associated upper air cyclonic circulation persisted over Gujarat and adjoining southeast Rajasthan on 18<sup>th</sup> and moved away westwards to Pakistan on 19<sup>th</sup> morning.

An upper cyclonic circulation extending upto mid-tropospheric levels lay over north Andaman Sea and adjoining eastcentral Bay of Bengal on 15<sup>th</sup>. Under its influence, a low pressure area formed over the same area on 16<sup>th</sup>. It moved northwestwards and concentrated into a depression on 17<sup>th</sup> morning over northeast Bay of Bengal near lat. 20.5°N/long. 90.5°E with its center about 400 km southeast of Balasore. It moved in a westerly direction and intensified into a deep depression and lay centred at 0830 hrs. IST near lat.20.0°N/ long. 87.5°E about 100 km east of Paradeep on 18<sup>th</sup> morning. It then moved in a west-southwesterly direction and intensified into a cyclonic storm at 1730 hrs. IST of 18<sup>th</sup> and lay near lat. 19.5°N/

long.86.5°E about 80 km east-southeast of Puri. It crossed north Andhra Pradesh near Kalingapatnam on 19<sup>th</sup> morning at 0830 hrs. IST and lay centred near lat. 18.5°N/ long.84.0°E close to Kalingapatnam. It then moved westwards and lay centred at 1430 hrs. IST near lat. 18.5°N/ long.83.5°E about 50 km west of Kalingapatnam on the evening of 19<sup>th</sup>. It moved west-northwestwards and weakened into a deep depression with its center at 0230 hours IST of 20<sup>th</sup> near lat. 18.5°N/ long.83.0°E. about 100 km west of Kalingapatnam and at 0830 hrs. IST of 20<sup>th</sup> near lat. 19.0°N/ long.82.5°E close to Jagdalpur. It lay centered at 1430 hours IST of 20<sup>th</sup> near lat. 19.0°N/ long.81.5°E near about 50 km west of Jagdalpur. It weakened further into a depression at 1730 hrs. IST of 20<sup>th</sup> and lay centred near lat. 19.0°N/ long.80.5°E about 150 km west of Jagdalpur. It then moved northwestwards and lay centred at 0830 hrs. IST of 21<sup>st</sup> near lat. 19.5°N/ long.79.5°E close to Chandrapur in Vidarbha.

### Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places over northwest & central India, Gujarat, Konkan & Goa and Coastal Karnataka during 1<sup>st</sup> half of the week. During 2<sup>nd</sup> half of the week the rainfall activity increased along the east coast. Subsequently the rainfall belt shifted to the interior peninsula towards the end of the week. Isolated to scattered rains occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim throughout the week except on 21<sup>st</sup> when rain/thundershowers occurred at most places with heavy rains.

### Rainfall During The Week (Week ending on 21<sup>st</sup> September, 2005)

Rainfall was excess/normal in 25 and deficient/scanty in 11 out of 36 meteorological sub-divisions (Actual: 59.3 mm, Normal: 36.9 mm and Departure: +61%).

### Cumulative Seasonal Rainfall (1<sup>st</sup> June to 21<sup>st</sup> September, 2005)

Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions. (Actual: 835.0 mm, Normal : 848.5 mm and Departure: -2%).

### Outlook For The Week Ending On September 28<sup>th</sup>, 2005

- 1). Fairly widespread to scattered rainfall with heavy to very heavy falls at a few places is likely over Maharashtra, Gujarat Coastal Karnataka and south Rajasthan till 24<sup>th</sup>. It will decrease significantly thereafter till the end of the week.
- 2). Rain/Thundershower are likely to be fairly widespread over western Himalayas and scattered over plains of northwest India in the first half of the week with reduction in the second half of the week.
- 3). Scattered light to moderate rainfall will continue in remaining part of India outside Tamil Nadu and south Andhra Pradesh where it may be isolated only.

### Rice Production Estimates for Kharif 2005-06 in million tonnes

Crops	2004-05 (4 <sup>th</sup> Advance Estimates)	2005-06 (1 <sup>st</sup> Advance Estimates)	% Variation
Rice	71.67	73.83	3.0

Source: Ministry of Agriculture, GoI

### Progressive Procurement of Rice as on 05.09.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 19.09.05	
		In Marketing season 2004-05	In Marketing season 2003-04
Andhra Pradesh	42.30	38.89	42.18
Bihar	3.63	3.43	3.63
Chhattisgarh	23.74	27.54	23.20
Haryana	13.34	16.62	13.34
Madhya Pradesh	1.12	0.43	1.12
Maharashtra	3.08	2.05	2.97
Orissa	13.73	15.17	13.39
Punjab	86.62	91.06	86.62
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	9.30	9.20
All-India	228.28	244.64	227.14

Source: Ministry of Agriculture, GoI

### FOREX (As on 26<sup>th</sup> September 2005):

Foreign Currency	Rs. per unit
1 US \$	43.95
1 Euro	52.87
1 British £	78.01
100 Yen	39.11

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

(Area in lakh hectares)

Crop	Normal Area	Area Coverage (As reported on 19.09.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
		This Year	Last Year	Difference	
Rice	399	347.07	338.93	+8.14	AP(+2.0, +12.4), Ass(+0.4, +2.1), Bih(+5.6, +21.7), Jhar(+0.6, +4.9), Ori (-1.9, -5.1), Maha(+0.7, +4.6), Pun(-0.9, -3.5), UP(+3.0, +5.7), WB(-1.7, -3.8)

Source: Ministry of Agriculture, Govt

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

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$292	5% DP	\$256
5%	\$286	5%	\$255
10%	\$283	10%	\$253
15%	\$274	15%	\$245
25%	\$260	25%	\$236
35%	\$258		
Jasmine	\$399		
PB 100% Sortexed	\$295		
A1 super	\$219		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$248	Basmati (fine grade)	\$850
20%	\$240	PR 106 PB 5%	\$285
25%	\$236	PR 106 5%	\$247
		1001 25%	\$236
		PR 106 25%	\$850

### 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.