

Rice

11th-17th October, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Domestic Kharif Rice Acreage Lower Than Normal

As on 3rd October, rice acreage is up 4.1 per cent on year to 360.82 lakh hectares from 34.80 million hectare in the year-ago period. However the latest rice acreage is still far below than the normal coverage. According to the Farm Ministry, the rice acreage has pegged till today at 9.31 %, which is lower than the normal rice acreage of 39.87 million hectare. The main rice producing areas in Jharkhand and West Bengal has received less than normal rainfall whereas another major rice producing state Bihar had faced problems relating to the reporting of sowing acreage. The final rice acreage report from Bihar would definitely reduce the existing gap as against the last year acreage.

Latest WASDE Report on Rice

According to the latest World Agricultural Supply And Demand Estimates (WASDE) of USDA, U.S. rice production in 2005/06 is forecast at 223.2 million cwt, 5.1 million cwt below last month but still the second largest on record. Harvested area remains projected at 3.34 million acres, up less than 1 percent from a year earlier. The average yield is estimated at 6,678 pounds per acre, down 153 pounds per acre from last month and 264 pounds below the 2004/05 records yield. Long-grain production is projected at 175.1 million cwt, down 6.3 million cwt from last month but still the largest on record. Combined medium- and short-grain production is estimated at 48.1 million cwt, up 1.2 million cwt from last month but 13.8 million cwt below 2004/05. Beginning stocks remain estimated at 37.7 million cwt, 14 million cwt above a year earlier. Imports remain forecast at a near-record 15 million cwt, up 1.8 million cwt from 2004/05. Domestic and residual use remains forecast at 126.1 million cwt, the highest on record. Total exports were lowered 2 million cwt to 119 million cwt. Rough rice exports were lowered 1 million cwt to 37 million cwt and milled rice exports were lowered 1 million cwt to 82 million cwt. Ending stocks of all rice are projected at 30.8 million cwt, 3.1 million cwt below last month and 6.9 million cwt below a year earlier. The season-average farm price is projected at \$7.45 to \$7.75 per cwt, up 20 cents on both the high and low end from last month. Global 2005/06 rice production is lowered 0.9 million tons, with China, Brazil, United States, and Vietnam accounting for most of the decline. In contrast, 2005/06 production forecasts for India, Cuba, Madagascar, and Egypt are

raised. Ending stocks are lowered 1.3 million tons to 64.3 million tons, 8.9 million tons below 2004/05 and the smallest since 1982/83. China accounts for most of this month's reduction in 2005/06 global ending stocks. Global consumption was raised fractionally. (1 cwt = 100 Pounds)

India Govt. Unwinds Quality Standard to Procure Rice

Government decision on procurement of discolored rice grains has been agitating the farmer in major rice growing states of Punjab and Haryana. According to the government official, the outer husk is discolored and rice is anticipated to be in excellent condition after milling. However, this concession will be available until about end of October because, according to a government assessment, only rains have discolored the early-sown varieties of rice. The government purchases rice at a fixed price, which is set every year before the sowing begins. For the 2005-06 marketing year, the price has been set at Rs.570 per quintal for common varieties and Rs.600 per quintal for Grade 'A' varieties of rice respectively. The government is likely to procure 23 MMT of rice this year. In 2004-05, government procured an all time high of 24.5 MMT of rice. Government rice stocks as of Oct. 1 were 5.1 MMT, down from 6.0 MMT a year earlier, in spite of record purchases in the 2004-05 marketing year that ended Sept. 30.

U.S. Rice Export Sales Summary

According to the latest export sales highlights of USDA, the net sales of 135,600 MT rice were 90 percent above the previous week and 48 percent over the prior 4-week average. The major buyers were Nicaragua (40,000 MT), Mexico (25,400 MT), Canada (20,600 MT), Saudi Arabia (12,400 MT), Haiti (12,100 MT), and the United Kingdom (8,600 MT). Exports of 99,000 MT--a marketing-year high--were 74 percent above the previous week and 77 percent over the prior 4-week average. The primary destinations were Iraq (39,000 MT), Nicaragua (18,600 MT), Haiti (18,400 MT), Mexico (11,900 MT), Canada (2,800 MT), and Saudi Arabia (1,700 MT). (This summary is based on reports from exporters for the period September 30 - October 6, 2005.)

DOMESTIC MARKET COMMENTARY

DELHI MARKET

The rice prices is witnessed slight strong at Delhi mandis due to higher price of wheat in this week. Therefore most of the important variety traded on upside at this week as compared to last week. Basmati and Sharbati variety fetched higher price in this week due to good domestic demand and festive demand. The Parmal variety also continued its export sentiment in this week from Kandla port. It is expected that the prices of new varieties will remain further strong in the coming days if the wheat prices continue this higher tone. The arrival remained from Uttar Pradesh and Haryana.

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

Delhi	10.10.05	17.10.05
Basmati	2200-2300	2400-2500
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1400-1450	1500-1550
Sharbati old	1500-1600	1600-1700
Parmal raw	1050-1100	960-1000
Wand	1100	1050-1110
Parmal sella	1000	1010-1070
IR 8	930-950	930-975
DB Rice	2200-2300	2100-2300

DEHRADUN MARKET:

Dehradun market still remained on unchanged position from previous week. The demand remained stable and market is eyeing on the new crop arrival at full-fledged. 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	10.10.05	17.10.05
Basmati Raw	2200-2300	2200-2300
Sharbati	1600-1700	1600-1700
Parmal Raw	1035-1135	1035-1115
IR 8	975-1010	975-1010

RUDRAPUR MARKET:

The demand for old varieties of rice maintained its stable sentiment from several weeks. The demand for new rice varieties remained strong therefore the prices went up at Rudrapur markets. The Sharbati and Parmal varieties fetched strong prices in this week on less arrival at the markets. The higher price of wheat and slight festive demand also underpinned the price. It is likely that the rice prices will maintain the prevailing trend in the coming week also.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	10.10.05	17.10.05
Sharbati paddy (New)	690-715	700-725
DB paddy	1100	1050-1100
Parmal paddy	650-675	650-700
Parmal rice	1050-1100	1100-1125
Basmati paddy	1100-1150	1100-1150
Basmati rice	2450-2500	2400-2500
Sharbati sella	1600-1700	1675-1750
Sharbati esteem	1600-1700	1650-1700
DB sella	2200-2300	2300
DB esteem	2400-2450	2400-2450

KARNAL MARKET:

At Karnal market, the demand from Rajasthan and Haryana market kept the prices strong. The Sharbati and Parmal varieties fetched higher price in this week as compared to last week. However, the demand for old varieties remained stable, therefore the prices remained mostly unchanged for those varieties. The government procurement is likely to enhance the rice prices due to higher MSP than the prevailing rice prices. The government procurement is going on at this market. However, it is likely that the prices of the old varieties would remain mostly steady in the coming week. The prices for the new varieties are likely to remain strong in the coming days.

Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	10.10.05	17.10.05
Basmati rice sella	2750-2850	2700-2800
Basmati rice raw	2350-2400	2300-2400
Sharbati esteem	1700-1800	1800-1850
Sharbati sella	1470-1550	1500-1550
Parmal raw rice	975-1050	975-1050
Parmal sella	1025-1060	1070-1080
IR 8	875-900	875-900
Wand	950-1025	1000-1030
Govind	875-925	850-900
DB rice sella	2000-2050	2000-2050
DB rice esteem	2100-2150	2100-2150

KURUKHESTRA MARKET:

Kurukhestra market also showed some upward trend of prices. The demand for old varieties continued its stable sentiment in this week under review as against of last week. The arrival of the new varieties remained stable; therefore it put some pressure on the prices. But due to export demand for parmal variety from Kandla port continue to boost up the prices. The demand for Basmati rice is

stable. It is expected that the prices of the new varieties would decline, 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	10.10.05	17.10.05
DB paddy	900-950	950
DB rice	1700-1750	1750
DB esteem	2200-2300	2200-2300
Sharbati esteem	1675-1725	1650-1700
Sharbati sella	1475-1525	1450-1500
PR11 sella	1100-1150	1150
Parmal rice	950-1020	950-1000
Parmal Wand	1075-1100	1050-1100
Parmal Sella	1050-1125	1050-1100
Basmati sella	2250-2300	2200-2300
Raw Basmati	2800-3000	2800-3000
Basmati paddy	1400-1450	1400-1450

AMRITSAR MARKET:

At the Amritsar market, the export demand for Parmal rice crawled up the prices in this week also. The higher prices of wheat products also put some pressure on the rice prices. Parmal rice varieties are exported from the Kandla port. Therefore the demand for parmali 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	10.10.05	17.10.05
Sharbati sella rice	1500	1550-1600
Sharbati raw rice	1450	1500-1550
Sharbati esteem (New)	1550-1600	1575-1650
Basmati rice raw	2600	2800-2900
Parmal Govt. Quality	950	950-975
PR11 paddy	600	575-625
PR11 rice	1100	1150
Parmal Wand (New)	1100	1150

WEST BENGAL MARKET:

The festive demand and rainfall activity pushed up the prices at West Bengal market. The rainfall activity hindered the trading activity in some parts. The market is waiting for the new kharif crop, which will be arrived at the market within October last to November at full-fledged. The demand for Minikit rice remained remarkable in this market. 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 market is expecting that the kharif rice production would be

increased. 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	10.10.05	17.10.05
Ratnachudi	1100-1200	1200-1250
CO 36	1100-1150	1100-1125
Coarse	950-1000	920-1000
Fine	1225-1300	1250-1300
Super Fine	1750-1800	1775-1800
IR 36 (super)	1175-1200	1175-1200
Minikit Shankar	1200-1250	1225-1250
Minikit (M- Shankar)	1400-1450	1400-1450
Doodh Kalma	1400-1450	1400-1425
Swarna	900-1000	950-975
Pankaj	950-1000	950-1000
Swarna parboiled	900-950	925-950
Govindobhog	2200-2300	2200-2300
Chawl Moni	1725-1775	1725-1775

Conclusion

The most of the market showed a positive tone for rice prices due to export demand, higher price of wheat products and festive demand. The arrival of new crop also hindered on abrupt price increase. The demand for new variety remained almost strong at most of the places. The export of parmali rice from India boost up the domestic prices for parmali rice, but the old rice variety remained almost stable 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 stable on increased arrivals, while the prices of the old varieties are expected to remain range bound in the coming week.

Port Watch (As on 17th October, 2005)

Loading of 12,500 MT of rice is continuing at Kandla Port on the vessel 'Merco Mirissa' to Dammam. Sai Shipping agents is handling the vessel. 'EL Tanin' is expected at Kandla Port to load 14,000 MT of rice to Jeddah. The vessel will be handled by Aditya agents. The port is expecting 'Indruwa Valley' to load 3,000 MT of rice to Mukala. SDS Shipping agents will be handling the vessel.

Mumbai Port is expecting 'St.Crispian' to load 2,000 MT of rice. Astral Freight Forwarders will be handling the vessel.

Weather Watch (As on 12th October, 2005)

Withdrawal of southwest monsoon

Southwest monsoon withdrew from the remaining parts of Bihar & Maharashtra, entire Arunachal Pradesh and Sub-Himalayan West Bengal & Sikkim; some parts of Assam & Meghalaya, Gangetic West Bengal, Telangana, North Interior Karnataka & Goa and some more parts of Orissa & Chhattisgarh on 10th. It further withdrew from the remaining

parts of northeast & peninsular India and thus from the entire country, Bay of Bengal and Arabian Sea on 11th.

The Northeast monsoon set in over Tamilnadu, Kerala and adjoining parts of Andhra Pradesh and Karnataka on 12th.

Meteorological Analysis

Last week's upper air cyclonic circulation over southeast Arabian sea and neighbourhood became less marked on 6th and the upper air cyclonic circulation over Sub-Himalayan West Bengal & Sikkim became less marked on 7th.

Last week's upper air cyclonic circulation over Southwest Bay of Bengal lay over Tamilnadu and neighbourhood on 7th extending upto 0.9 km a.s.l. It became less marked on 8th.

An upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over Himachal Pradesh and neighbourhood on 8th. It moved away eastwards on 10th.

An upper air cyclonic circulation lay over East Uttar Pradesh extending upto 3.1 km a.s.l. on 8th. It moved over to East Uttar Pradesh & adjoining Bihar on 9th morning and became less marked on the same evening.

A Western Disturbance as an upper air system lay over North Pakistan and adjoining Jammu & Kashmir from 10th to 12th.

An upper air cyclonic circulation extending upto mid tropospheric levels was seen over southeast Arabian sea and neighbourhood on 11th. Under its influence, a low pressure area formed over southeast Arabian sea on 12th.

An upper air cyclonic circulation formed over southeast Bay of Bengal extending between 1.5 and 4.5 km a.s.l. on 7th. It extended upto 3.6 km a.s.l. on 8th. Under its influence, a low pressure area formed over central parts of south and adjoining west-central Bay of Bengal on 9th morning. It moved slightly westwards and lay over southwest & adjoining west-central Bay of Bengal on 9th evening. It persisted there upto 11th. Moving further westwards, it lay over southwest Bay of Bengal and adjoining areas of coastal Tamil Nadu on 12th.

RAINFALL

Under the influence of the above systems, rain/thundershowers occurred at a few places over south peninsula during first three days of the week. Subsequently, the rainfall activity over south peninsula increased with moderate rain/thundershowers at many places. Isolated heavy rainfall occurred over Tamil Nadu & Pondicherry and Kerala. Fairly widespread rainfall continued over Andaman & Nicobar islands and Lakshadweep on many days of the week. Scattered rainfall occurred over Coastal Orissa on 7th, 8th, 11th and 12th. Isolated to scattered light rainfall occurred over Western Himalayas during 2nd half of the week and over Northeastern states on many days of the week. Isolated light rain also occurred over South Konkan & Goa, South Madhya Maharashtra, Interior Orissa and Chhattisgarh on 2 to 3 days during the week and over East Uttar Pradesh and Bihar on 1-2 days of the week. Isolated light rain occurred over Punjab on 12th.

Rainfall During The Week (Week ending on 12th October, 2005)

Rainfall was excess/normal in 7, deficient/scanty in 21 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 10.1 mm, Normal: 22.5 mm and Departure: -55%).

Cumulative Seasonal Rainfall (1st to 12th October, 2005)

Rainfall was excess/normal in 6, deficient/scanty in 25 and no rain in 5 out of 36 meteorological sub-divisions. (Actual: 22.1 mm, Normal: 42.7mm and Departure: -48%).

Outlook For The Week Ending On October 19th, 2005

- Rain/thundershowers will occur at many places over south peninsula with isolated heavy to very heavy falls during first half of the week. Subsequently, the rainfall activity over south peninsula is likely to be scattered.
- Light to moderate rain/thundershowers are also likely over South Konkan & Goa, South Madhya Maharashtra, Orissa, Chhattisgarh, Marathwada and Vidarbha during first 3-4 days of the week.
- Light to moderate rain/thundershowers likely over Western Himalayas during middle of the week.
- Isolated to scattered light rainfall is also likely over Bihar, Jharkhand and Gangetic West Bengal during first half of the week and over Northeastern states during 2nd half of the week.

Rice Production Estimates for Kharif 2005-06 in million tonnes

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

Source: Ministry of Agriculture, GOI

FOREX (As on 17th October, 2005):

Foreign Currency	Rs. per unit
1 US \$	44.82
1 Euro	79.17
1 British £	54.15
100 Yen	39.22

Summary of Progress of Kharif Rice (Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 10.10.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
399	361.64	348.03	+13.61	AP(+4.7, +24.5), Bih(+5.4, +20.7), Chhatt(+0.9, +2.5), Jhar(+0.9, +7.6), Ori (-1.6, -4.3), Maha(+0.7, +4.6), Pun(-0.9, -3.5), UP(+4.9, +9.3), WB(-1.7, -3.8)

Source: Ministry of Agriculture, Gol

Progressive Procurement of Rice as on 29.09.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 29.09.05	
		In Marketing season 2004-05	In Marketing season 2003-04
Andhra Pradesh	42.30	38.99	42.30
Bihar	3.63	3.43	3.63
Chhattisgarh	23.74	27.86	23.74
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	15.64	13.73
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	9.37	9.25
All-India	228.28	245.61	228.18

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$292	5% DP	\$258
5%	\$286	5%	\$257
10%	\$283	10%	\$255
15%	\$274	15%	\$247
25%	\$260	25%	\$238
35%	\$258		
Jasmine	\$395		
PB 100% Sortexed	\$295		
A1 super	\$219		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$246	Basmati (fine grade)	\$850
20%	\$243	PR 106 PB 5%	\$280
25%	\$230	PR 106 5%	\$270
		PR 106 25%	\$236
		1001 25%	\$247

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