

Rice

27th September-3rd October, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Pakistani Rice Prices Slipped amid Modest Demand

Pakistani rice prices remained stable over the past week due to soft demand from exporters. According to the dealers, the prices likely to be down in the coming days due to increasing of new-crop arrivals. IRRI-6 varieties were traded between 1,240 and 1,260 rupees per quintal, compared with 1,300 and 1,305 rupees the previous week. Traders quoted at \$225/\$228 for exports this week from \$233/234 earlier in the month.

Cuba Likely to Buy 2 Lakh MT Rice from Vietnam in '06

The agreement between the Vietnam and Cuba has sanctioned by the Vietnam's Prime Minister to export 200,000 MT of 15% broken rice to the Central American country next year. Cuba is a traditional importer of Vietnamese rice. Under terms of the agreement, Cuba will make delayed interest-free payments over an 18-month period once the shipments of rice have been delivered. Vietnam exported 378,850 MT of rice to Cuba last year.

Thailand Rice Exports Pegged at 5.14 MMT

The Department of Foreign Trade at Thailand's Commerce Ministry Monday has pegged country's exports from Jan 1-Sep 15 rice exports at 5.14 million MT Vs 6.70 million MT. Thailand is the world's largest rice exporter. It exported a record 10.14 million MT of rice in 2004 and expects to ship around 8 million MT of rice this year.

Happy Punjab Farmers for Advanced Paddy Procurement

Punjab farmers have articulated pleasure due to the Food Corporation of India (FCI) announced to state procurement agencies to start the process of smooth procurement of paddy. The date of procurement of paddy in Punjab was advanced to September 26 from October 1 on the instructions of Union Agriculture and Food Minister Sharad Pawar. In the rest of the country the procurement would begin on October 1. The paddy arrival has been already picked up in this state. On an average 3 lakh tonnes of paddy has gone to the Amritsar market. The farmers were earlier being forced to sell their crop at below the Minimum Support Price (MSP) to private parties. But now with the help offered by the government the government agencies will pay Rs.600 per quintal. The production are expecting to reach around 155 to 160 lakh MT against the last year target of 150 lakh MT due to good rainfall and timely sowing. The procurement started 5 days before because of

the early harvesting. The state government had set up 1450 purchase centers for paddy procurement. The procurement agencies, which include, Markfed, Food and Supplies department, Punjab Agros, Punjab Warehousing Corporation and PUNSUP are ready to enter the market. The Reserve Bank of India (RBI) too has given its sanction of Rs 6700 crores to the Punjab government for the procurement of paddy crop.

USDA: U.S. Rice Export Decreased

Net sales of 57,600 MT were 66 percent below the previous week and 53 percent under the prior 4-week average. The major buyers were Turkey (18,100 MT), Japan (13,400 MT), Honduras (9,600 MT), Haiti (6,000 MT), Mexico (4,300 MT), and New Guinea (4,300 MT). Exports of 68,000 MT were 29 percent below the previous week, but 4 percent above prior 4-week average. The primary destinations were Mexico (18,800 MT), Turkey (18,100 MT), Honduras (12,200 MT), Saudi Arabia (8,500 MT), and New Guinea (4,300 MT). (This summary is based on reports from exporters for the period September 16-22, 2005)

Paddy Procurement Begins in Haryana

The paddy procurement has been initiated since Saturday by the Haryana Government from the markets of the Sonapat district at the minimum support price fixed by the Centre. According to official sources, the Food Corporation of India, Food and Supplies Department and Haryana State Co-Operative Supply and Marketing Federation (HAFED) are purchasing the paddy. The arrival of Basmati paddy (sarbati) in the markets has already started and the traders and rice sellers are purchasing the commodity.

World 2005-06 Paddy Output Pegged at 615 MMT

According to the United Nations' Food and Agricultural Organization, the new forecasts for 2005-06 global rice paddy productions pegged at 615 million MT. This is six million tons down from the FAO's June estimate, but still nine million MT above the previous year's output and remains a record high. The downward adjustment from June reflects adverse weather in China and India, the world's largest producing countries. FAO also estimated 2005-06 milled rice output at 411.1 million MT, up 1.5% on the year.

India to Create a Green Revolution in Basmati Production

Scientists affirmed that the time has come to create a Green Revolution in basmati production despite the rice exports have remained well, particularly basmati variety. This is because there is a gap of two tonne/ha between the actual realisation on productivity and what the farmer produces. The Union Agriculture Ministry has launched a plan to increase production and exports, which envisages establishment of a Centre of Excellence Labs under the Indian Council for Agricultural Research (ICAR). The Basmati Export Development Council (BEDC) is also developing its own labs to focus on DNA characterisation, necessary for effective inroads into the West. Work has initiated on developing newer varieties of basmati, designed especially for high productivity in drought and saline regions.

India's Basmati Exports Hit an All-Time High

Total rice exports now amount to 47.6 lakh tonnes, but India remains behind Thailand even as it is ahead of another top rice trader, Vietnam. In 2004-05, rice exports got \$ 1.5 billion, as against \$ 918 million in 2003-04. Of this, basmati exports hit an all-time high of 11.2 lakh tonnes, up by 45 per cent in 2004-05. In value terms, exports shot up to Rs 2,741 crore, compared to Rs 1,990 crore in 2003-04. Even non-basmati rice exports during the year touched 36.4 lakh tonnes or Rs 3,899.7 crore in value terms.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

Delhi market for rice witnessed range bound with slight strong for some variety in this week as compared to last week. Parmal raw, wand and sella rice remained slight strong in this week due to good market demand and export situation. However, other varieties continued its stable sentiment at this market. It is expected that the prices of new varieties will remain weak in the coming days on higher arrival from Uttar Pradesh and Haryana.

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

Delhi	26.09.05	3.10.05
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	960-1000
Wand	1040-1100	1050-1100
Parmal sella	1000-1060	1010-1070
IR 8	920-965	930-970
DB Rice	2100-2300	2200-2400

DEHRADUN MARKET:

The rice prices at the Dehradun market witnessed mixed sentiment where Basmati and Sharbati remained

unchanged but Parmal and IR-8 noticed an upward trend in this week as compared to last week. The demand for Parmal and IR-8 witnessed strong. The new crop has been reached at this market. 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	3.10.05
Basmati Raw	2200-2300	2200-2300
Sharbati	1600-1700	1600-1700
Parmal Raw	1010-1085	1035-1115
IR 8	950-985	975-1010

RUDRAPUR MARKET:

The demand for old varieties of rice remained almost stable in this week as against of previous week, where as the demand for new varieties increased and therefore the prices have increased at this market. 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 for parmal variety and sharbati variety.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	26.09.05	3.10.05
Sharbati paddy (New)	725	700-725
DB paddy	1100	1050-1100
Parmal paddy	625	650-675
Parmal rice	1070	1070-1100
Basmati paddy	1100	1100-1150
Basmati rice	2250	2400-2500
Sharbati sella	1700	1650-1700
Sharbati esteem	1650-1675	1650-1700
DB sella	2300	2300
DB esteem	2375-2425	2400-2450

KARNAL MARKET:

At Karnal market, the DB, IR-8 and Govind varieties registered strong on good demand in this week as against the last week. The new varieties like Sharbati and Parmal were available at a lower range in this week on increased arrival at the local markets. 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. The government procurement has been already started 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	26.09.05	3.04.05
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 price volatility for new crop remained remarkable at Kurukhestra market. The demand for old varieties maintained its stable sentiment in this week under review as against the last week. The arrival of the new varieties remained stable, therefore it put some pressure on the prices and consequently the Sharbati fetched stable prices in this week. But due to export demand for parmal 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	3.10.05
DB paddy	-	950
DB rice	-	1750
DB esteem	2300-2400	2200-2300
Sharbati esteem	1600	1650-1700
Sharbati sella	1400-1500	1450-1500
PR11 sella	1150-1200	1150
Parmal rice	1050-1100	950-1000
Parmal Wand	1100	1050-1100
Parmal Sella	1050	1050-1100
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 export demand for Parmal and Sharbati pushed up the rice prices higher in this week as

compared to last week. These rice variety are exported from the 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	26.09.05	3.10.05
Sharbati sella rice	1550	1625
Sharbati raw rice	1475-1500	1500
Sharbati esteem (New)	1550-1600	1600
Basmati rice raw	2700-2800	2700-2800
Basmati rice sella	-	-
Parmal (Govinda New)	900	1050
PR11 paddy	-	650
PR11 rice	1125	1150
Parmal Wand (New)	1050-1075	1050-1100

WEST BENGAL MARKET:

The rice prices at the West Bengal market remained range bound with stable sentiment in this week. The monsoon activity hindered the trading activity. 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	3.10.05
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

At the domestic markets, the rice prices remained range bound with stable sentiment for old varieties, where as the demand for new variety boost up the prices at most of the places. 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. But 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 30th September 2005)

Kandla Port is loading 13,500 MT of rice on the vessel 'Merco Mahara' to Dammam. Sai Shipping agents is handling the vessel. 'Commander' has berthed at the port and continues to load 13,000 MT of rice to West Africa. St. John agents is handling the vessel. The port is loading 22,000 MT of rice on the vessel 'Amfritrionas' to Africa. Vibhuti agents is 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.

Weather Watch (As on 28th September 2005)

Withdrawal of southwest monsoon

Southwest monsoon has withdrawn from entire West Rajasthan, parts of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana, East Rajasthan, Gujarat Region and Saurashtra & Kutch on 28th. The withdrawal line passed through Srinagar, Dharamshala, Patiala, Jaipur, Udaipur, Ahmedabad and Dwarka.

Meteorological Analysis

Last week's depression close to Chandrapur in Vidarbha, has moved west-northwestwards and weakened into a well-marked low-pressure area over north Madhya Maharashtra and neighbourhood on 22nd. The associated upper air cyclonic circulation extended upto mid-troposphere levels. It then moved north-northeastwards and further weakened into a low pressure area over southwest Madhya Pradesh and adjoining Gujarat Region on 23rd, over northeast Rajasthan and adjoining northwest Madhya Pradesh on 24th and over west Uttar Pradesh and Uttaranchal on 25th. The system became less marked on 26th.

A western disturbance as an upper air cyclonic circulation extending in the lower tropospheric levels moved across western Himalayan Region during 22nd to 25th. A westerly trough in the mid-tropospheric levels lay along long. 72.0°E and north of lat. 20.0° N on 24th and 25th.

An upper air cyclonic circulation extending in the lower tropospheric levels formed over north Bay of Bengal on 26th. It persisted on 27th and 28th.

A fresh upper air cyclonic circulation extending between 2.1 & 3.1 km a.s.l. lay over Saurashtra & Kutch and neighbourhood on 27th and 28th.

Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places with heavy to very heavy falls over Coastal Andhra Pradesh, Telangana, Maharashtra & Goa, Coastal Karnataka, Gujarat, West Madhya Pradesh, East Rajasthan, Haryana, Delhi, Himachal Pradesh, Uttaranchal and West Uttar Pradesh

during 1st half of the week. Fairly widespread rains with isolated heavy falls occurred over northeastern states and Sub-Himalayan West Bengal & Sikkim. Isolated to scattered rainfall also occurred over the remaining parts of the country on some days of the week. However, rainfall activity remained subdued over West Rajasthan and Jammu & Kashmir.

Rainfall During The Week (Week ending on 28th September, 2005)

Rainfall was excess/normal in 16 and deficient/scanty in 20 out of 36 meteorological sub-divisions (Actual: 35.7 mm, Normal: 35.9 mm and Departure: -1%).

Cumulative Seasonal Rainfall (1st June to 28th September, 2005)

Rainfall was excess/normal in 32 and deficient/scanty in 4 out of 36 meteorological sub-divisions. (Actual: 872.8 mm, Normal: 884.4 mm and Departure: -1%).

Outlook For The Week Ending On October 5th, 2005

The southwest monsoon is likely to withdraw from remaining parts of the northwest India and some parts of central India.

Scattered to fairly widespread rainfall likely over northeastern States, south peninsula, Konkan & Goa, Madhya Maharashtra and along the east coast of India.

Mainly dry weather is likely to prevail over northwest and westcentral India.

Progressive Procurement of Rice as on 19.09.2005 (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

Rice Production Estimates for Kharif 2005-06 in million tonnes

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

Source: Ministry of Agriculture, Gol

FOREX (As on 3rd October, 2005):

Foreign Currency	Rs. per unit
1 US \$	44.09
1 Euro	52.75
1 British £	77.53
100 Yen	38.71

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, Gol

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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