

Rice

18th-24th October, 2005

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Shipping Companies Hovers Cargo Charges in Pakistan

Pakistani exporters are getting trouble because they could face heavy losses in the shipment of goods due to shipping companies have announced a big increase in freight charges. It is already informed by the shippers that a heavy increase of \$40 for 20 feet containers and \$80 for 40 feet containers for shipment to the Gulf countries in the name of Bulk Adjustment Charges. For Far Eastern countries, freight rates had been raised to \$75 for 20 feet containers and \$150 for 40 feet containers in the name of General Rate Increment (GRI).

Sonepat Paddy Growers Favours Delhi Market

Sonepat paddy growers are getting more prices in Narella mandis in Delhi; therefore they are taking their produce to the nearby Narella market for sale every day. For this reason the Haryana Government and market committees are suffering huge loss as the procurement is going on in Haryana. According to the paddy growers, they are fetching Rs.10 per quintal more for their produce in Narella than the Sonepat market. They are also getting payment on the same day.

Rice: U.S. Export Slipped to Downside

According to the USDA latest export sales highlights on rice, net sales of 70,600 MT were 48 percent below the previous week and 32 percent under the prior 4-week average. The major buyers were Japan (26,100 MT), Mexico (23,500 MT), Canada (10,600 MT), the United Kingdom (5,500 MT), and Belgium (1,500 MT). Exports of 72,200 MT were 27 percent below the previous week and 3 percent under the prior 4-week average. The primary destinations were Iraq (33,000 MT), the United Kingdom (11,900 MT), Mexico (7,200 MT), Haiti (6,100 MT), Canada (3,400 MT), and Saudi Arabia (2,500 MT). (This summary is based on reports from exporters for the period October 7 - October 13, 2005.)

Asian Rice Prices Remained Stable

The market sentiment for rice in Asian market remained steady in spite of thin trading on Thursday. It is expected that Thai prices would remain strong though the arrival of fresh supplies starting next month, according to the

exporters. Farmers will begin harvesting the main crop starting next month in Thailand. However, the government will implement a price intervention program for paddy beginning Nov. 1, which will prevent dramatic price falls. Iran, which usually imports around 1 MMT of Thai rice, has so far bought only 200,000 tons, balanced amount are importing from Vietnam and Paraguay, according to the exporter. Therefore Thai exporters are losing their opportunity. Vietnam's export supply is also at a low level, but farmers will begin harvesting the main crop in December. Thai 100% grade B was offered Thursday at \$296-\$300/ton, FOB, Bangkok, 5% broken at \$291-\$295/ton, while parboiled 100% sortexed was offered at \$295-\$298/ton. These prices were unchanged from prices Wednesday. In Vietnam, no offers were made Thursday because of a government directive prohibiting exporters from signing fresh contracts. One exporter said the indicative price for Vietnam's 5% broken is at \$270/ton, FOB, Ho Chi Minh City, while 25% broken is at \$250/ton. (1 Dollar = Rs.45.20)

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.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

Delhi mandis showed a range bound with stable sentiment in this week as compared to last week. Some variety witnessed slight improvement of prices basically Basmati and Sharbati. Basmati and Sharbati variety fetched higher price in this week due to good domestic demand and festive demand. The Parmal variety fetched lower price due to more arrival. It is expected that the prices of new varieties would stable in the coming days. The arrival was from Uttar Pradesh and Haryana.

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

Delhi	24.10..05	17.10.05
Basmati	2500-2550	2400-2500
Basmati Lalqila	4400	4400
Lalmahal	4600	4600
Sharbati new	1500-1550	1500-1550
Sharbati old	1650-1700	1600-1700
Parmal raw	940-975	960-1000
Wand	1050-1080	1050-1110
Parmal sella	1000-1050	1010-1070
IR 8	900-950	930-975
DB Rice	2100-2300	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	24.10.05	17.10.05
Basmati Raw	2200-2300	2200-2300
Sharbati	1600-1700	1600-1700
Parmal Raw	1035-1115	1035-1115
IR 8	975-1010	975-1010

RUDRAPUR MARKET:

The demand for old varieties of rice remained stable where as new variety fetched slight higher price in this week as against of last week. Good domestic demand pushed up the prices slightly at this market. The Sharbati and Parmal varieties fetched strong prices in this week on less arrival at the markets and significant demand from the market. 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	24.10.05	17.10.05
Sharbati paddy (New)	725-750	700-725
DB paddy	1100	1050-1100
Parmal paddy	680-720	650-700
Parmal rice	1100-1150	1100-1125
Basmati paddy	1100-1150	1100-1150
Basmati rice	2450-2500	2400-2500
Sharbati sella	1700-1750	1675-1750
Sharbati esteem	1675-1700	1650-1700
DB sella	2200-2300	2300
DB esteem	2400-2450	2400-2450

KARNAL MARKET:

The continued demand from Rajasthan and Haryana pushed up the prices at Karnal market. Therefore the Sharbati and Parmal varieties fetched higher price in this week over 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 continuing at this market. It can be expected 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	24.10.05	17.10.05
Basmati rice sella	2750-2850	2700-2800
Basmati rice raw	2350-2400	2300-2400
Sharbati esteem	1825-1875	1800-1850
Sharbati sella	1525-1570	1500-1550
Parmal raw rice	975-1050	975-1050
Parmal sella	1075-1100	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:

Some upward ness of rice prices also witnessed at Kurukhestra market. The demand for old varieties continued its stable sentiment in this week under review as against of last week. Stable arrival of the new varieties was noticed in this market yards; 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	24.10.05	17.10.05
DB paddy	950-1000	950
DB rice	1700-1750	1750
DB esteem	2200-2300	2200-2300
Sharbati esteem	1675-1700	1650-1700
Sharbati sella	1475-1520	1450-1500
PR11 sella	1150	1150
Parmal rice	975-1050	950-1000
Parmal Wand	1100-1125	1050-1100
Parmal Sella	1050-1100	1050-1100
Basmati sella	2200-2300	2200-2300
Raw Basmati	2900-3000	2800-3000
Basmati paddy	1400-1450	1400-1450

AMRITSAR MARKET:

Parmal Govt. Quality, PR11 paddy, PR11 rice, and Parmal Wand (New) varieties remained strong at Amritsar market due to good market demand and export demand of Parmal variety. The export demand for Parmal rice inched 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 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	24.10.05	17.10.05
Sharbati sella rice	1550-1600	1550-1600
Sharbati raw rice	1500-1550	1500-1550
Sharbati esteem (New)	1650	1575-1650
Basmati rice raw	2800-3000	2800-2900
Parmal Govt. Quality	1050	950-975
PR11 paddy	650	575-625
PR11 rice	1150-1200	1150
Parmal Wand (New)	1200-1250	1150

WEST BENGAL MARKET:

The drastic reduction of prices is witnessed at West Bengal market. The lack of demand and well-distributed rainfall hindered the market activity. The market is waiting for the new kharif crop, which would be arrived at the market within November at full-fledged. The demand for Minikit rice remained slight stable in this market but other rice varieties traded on downside. Due to water stagnation at the main field hampered the crop growth and production is likely to decline, according to the traders. 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	24.10.05	17.10.05
Ratnachudi	1200-1220	1200-1250
Fine	1220-1250	1250-1300
Super Fine	1650-1700	1775-1800
IR 36 (super)	1000-1050	1175-1200
Minikit Shankar	1200-1250	1225-1250
Minikit (M- Shankar)	1250-1300	1400-1450
Doodh Kalma	1150-1200	1400-1425
Swarna	960-970	950-975
Pankaj	950-960	950-1000
Swarna parboiled	970-1000	925-950
Govindobhog	2000-2200	2000-2200
Chawl Moni	1400-1450	1500-1550

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 parmal rice from India boost up the domestic prices for parmal 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 21st October, 2005)

'EL Tanin' has berthed at Kandla Port and continues to load 14,000 MT of rice to Jeddah. The vessel is being handled by Aditya agents. The port is expecting 'Aboudi' to load 8,000 MT of rice to Dammam. Aditya agents will be handling the vessel. 'Mercs Mahara' is expected at the port to load 13,500 MT of rice to Dammam. Sai Shipping agents will be handling the vessel. Loading of 16,000 MT of rice is expected at the port on the vessel 'Islambad' to Nigeria. Interocean 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 24th October, 2005)

Meteorological Analysis

Last week's low-pressure area over southwest Bay of Bengal and adjoining areas of Coastal Tamil Nadu persisted and became well marked on 13th. The associated upper air cyclonic circulation extended upto mid-tropospheric levels. It lay over southern parts of Rayalaseema and adjoining Karnataka & Tamil Nadu on 14th morning and weakened into a low pressure area in the same evening. It was seen over North Interior Karnataka and adjoining south Madhya Maharashtra and Konkan &

Goa on 15th and became less marked on 16th. However the associated upper air cyclonic circulation extending upto mid-tropospheric levels lay over eastcentral Arabian Sea and adjoining Konkan coast. It lay over East Madhya Pradesh & adjoining Vidarbha extending upto 3.1 km a.s.l. on 17th. It was seen over East Madhya Pradesh extending upto 0.9 km a.s.l. on 18th morning and over East Uttar Pradesh and neighbourhood between 3.1 and 4.5 km a.s.l. in the evening. The system became less marked on 19th.

The other low pressure area persisted over southeast Arabian Sea and neighbourhood on 13th & 14th. It lay over western parts of southeast Arabian Sea on 15th and became well marked on 16th. It lay over eastcentral Arabian Sea on 17th. It weakened into a low pressure area on 18th morning and became unimportant thereafter.

Last week's western disturbance as an upper air system over North Pakistan and adjoining Jammu & Kashmir lay over Jammu & Kashmir and neighbourhood on 13th and moved away northeastwards on 14th. However another western disturbance as an upper air system was seen over North Pakistan on the same day. It lay over north Pakistan & adjoining Jammu & Kashmir upto 16th and over extreme northwest Jammu & Kashmir on 17th. It moved away northeastwards on 18th. An induced upper air cyclonic circulation formed over central Pakistan extending upto 3.1 km a.s.l. on 16th which persisted upto 17th and became less marked on 18th.

A trough in westerlies was seen with its axis at 500 hpa roughly along long. 68°E and north of lat. 25°N on 16th and along long 72°E and north of lat. 30°N on 17th. It also became less marked on 18th.

A fresh upper air cyclonic circulation extending upto mid-tropospheric levels was seen over central parts of south Bay of Bengal on 17th. Under its influence a feeble low pressure area formed over southwest and adjoining westcentral Bay of Bengal off south Andhra-North Tamil Nadu coasts in the evening of 18th which persisted on 19th.

Rainfall

Under the influence of the above systems rain/thundershowers occurred at many places with isolated heavy to very falls over south Peninsula on many days of the week. Light to moderate rainfall occurred at a few places over Andaman & Nicobar Islands, Maharashtra, Chhattisgarh, Orissa and Lakshadweep on many days of the week. However, rainfall activity increased with heavy to very heavy falls over coastal areas of Orissa and West Bengal towards the end of the week. Isolated light to moderate rainfall also occurred over Bihar, Jharkhand, parts of northeastern States, East Madhya Pradesh, East Uttar Pradesh, rest West Bengal & Sikkim on 1-2 days of the week.

Light to moderate rainfall /snowfall occurred over Jammu & Kashmir on some days of the week. Weather was mainly dry over the rest regions of the country.

Rainfall During The Week (Week ending on 19th October, 2005)

Rainfall was excess/normal in 17, deficient/scanty in 11 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 33.0mm, Normal: 15.2 mm and Departure: +118%).

Cumulative Seasonal Rainfall (1st October to 19th October, 2005)

Rainfall was excess/normal in 16, deficient/scanty in 16 and no rain in 4 out of 36 meteorological sub-divisions. (Actual: 55.9 mm, Normal: 57.9 mm and Departure: -3%).

Outlook For The Week Ending On October 26th, 2005

- 1). Enhanced rainfall activity is likely over West Bengal & Sikkim, Orissa and northeastern States during the first half of the week. Scattered rainfall also likely over East Uttar Pradesh, Bihar, Jharkhand and Chhattisgarh.
- 2). Moderate rainfall activity is likely over south Peninsula during the first half of the week which may increase during the 2nd half.
- 3). A western disturbance is likely to affect western Himalayan region during second half of the week and may cause light to moderate scattered rain/snow over Jammu & Kashmir.

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 24th October, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.09
1 Euro	54.31
1 British £	80.08
100 Yen	39.09

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, GoI

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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