

Rice

21st-26th December 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- Domestic Market Commentary
- Domestic and International Rice Prices
- Rice Production Estimates

DOMESTIC AND INTERNATIONAL NEWS:

Rice Export Policy for Uttaranchal

The Uttaranchal State Government has permitted the rice export policy for five years till September 2010 to provide remunerative prices to farmer. The policy states that the export of basmati and pusa basmati rice from the state has been kept levy-free. On the other hand, other varieties of rice will be charged levy as per the prevailing rates. Apart from this, no mandi charge or development cess will be charged on exported rice and the paddy used to produce it. Exemption from trade tax continues on the paddy too. Therefore the rice growers or exporters will have to give evidence, including the bill of loading and attested copies of Form 'H', including amount of rice to be exported and to which country. Under the policy, the export obligation for basmati rice has been set at 50%. Above 50%, miller or rice grower has to pay trade tax, the mandi fee, and a development cess on the difference between 50% and 66.66% because it will be considered domestic sale. Likewise, if a miller exports less than 50%, he will not be entitled to exemption from trade tax, the mandi fee and the development cess. Export obligation for non-basmati rice has also been set at 50%, and if an exporter exports less rice than 50%, he will not be entitled to exemption from trade tax, the mandi fee and the development cess. Every rice grower and exporter will have to make his free registration with the Uttaranchal Industrial Development Corporation to get the facilities.

Orissa Procured around 2.5 lakh MT Paddy This Year

Rice millers and various government agencies have procured around 2.49 lakh metric ton (LMT) of paddy from the farmers during the first two months of the current food year, according to the food supplies and consumer welfare minister, Mr Manmohan Samal of Orissa. He concluded that the state government had set a target for procurement of paddy equivalent to 20 LMT of rice during the current food procurement year, which initiated from October 2005. The rice millers were procured paddy corresponding to 13.5 LMT of rice, the Orissa State Civil Supplies Corporation (OSCSC) 2 LMT, Primary Agriculture Cooperative Societies (PACS) 1 LMT, the Orissa State Cooperative Consumer Marketing Federation (Markfed) and NAFED 50,000 MT each. In addition, the FCI had been demanded to procure paddy about 2 LMT of rice. The rice millers and government agencies have procured 2,49,185 MT of paddy by 10 December, which is equivalent to 1,37,512 MT of rice. The

payment will be given by account payee cheques to the farmers.

Central Pool Received 9.38 Lakh Tonnes Rice from Haryana

The Haryana Government has procured about 9.38 lakh tonnes of rice and its delivered to the Central pool. The government had delivered around 7.82 lakh tonnes during corresponding period last year. According to Haryana Deputy Chief Minister Chander Mohan, rice millers and dealers had contributed 3.30 lakh tonnes out of total rice. Among the procurement agencies, 2.05 lakh tonnes was supplied by HAFED, 1.75 lakh tonnes by Food and Supplies Department, 54,616 tonnes by Haryana Agro Industries, 47,773 tonnes by Haryana Warehousing Corporation, 45,451 tonnes had contributed by CONFED and Food Corporation of India had contributed by 33,962 tonnes. He also concluded that state mandis had received over 43.36 lakh tonnes of paddy till yesterday as compared to 36.64 lakh tonnes during corresponding period last year. He said that out of the total paddy arrival, over 23.53 lakh tonnes had been procured by Government agencies at the Minimum Support Price fixed by the Centre and millers and dealers had purchased the remaining about 19.8-lakh tonnes leviable and non-leviable paddy.

Rice: US Export Up by 20% Against Last Week

According to latest report of USDA weekly export sales highlights on rice, the net sales of 143,200 MT were two and one-tenth times the previous week and 99 percent above the prior 4-week average. The major buyers were Mexico (52,600 MT), Japan (26,800 MT), Honduras (17,000 MT), Guatemala (13,300 MT), and Cuba (10,000 MT). Exports of 85,800 MT were 20 percent above the previous week and 22 percent over the prior 4-week average. The main destinations were Japan (28,700 MT), Honduras (15,400 MT), Mexico (8,900 MT), Ghana (6,300 MT), the Dominican Republic (5,800 MT), and Cote d'Ivoire (5,000 MT). (This summary is based on reports from exporters for the period December 9-15, 2005.)

Vietnam's Rice Export Likely to Break Record

It was reported that Vietnam is anticipated to get some US\$1.27 billion off outbound sales of 5.2 million MT of rice this year. On volume basis the expected exports were increase 35.8% and 58.6% in value year-on-year. It would comprise some 75,000 MT of glutinous rice and 60,000 MT

of fragrant rice. Vietnam exported about 5.1 MMT of rice this year through the end of November, mostly to the Philippines, Indonesia and the Middle East, earning some \$1.25 billion.

Rice Prices Remained Range Bound in Pakistan

Due to rising stocks and slow exports Pakistani rice prices are likely to fall in the coming weeks despite the prices remained range bound with stable in this week as compared to last week. According to dealers, exporters were only delivering previously committed orders. Where as unsold domestic stocks were expected to increase further in coming weeks, pushing prices lower. Pakistan is anticipating a crop of more than 5 million MT against last year's 4.8 million.

Haryana Mandis Received Over 43 lakh Tonnes of Paddy

Haryana mandis received more than 43.53 lakh tonnes of paddy as against 35.03 lakh tonnes of paddy during the corresponding period last year. According to Haryana Deputy Chief Minister Chander Mohan, more than 23.53 lakh tonnes of paddy had been procured by Government agencies at the Minimum Support Price fixed by the Centre. He also concluded that the HAFED had bought over 10.11 lakh tonnes of paddy followed by Food and Supplies Department with 6.52 lakh tonnes, Haryana Agro-Industries Corporation 2.19 lakh tonnes, Haryana Warehousing Corporation 2.02 lakh tonnes, Confed 1.73 lakh tonnes and Food Corporation of India 94,539 tonnes. The Kurukh district was foremost in the arrival of paddy in the state with 7.71 lakh metric tonnes, followed by Karnal with 6.86 lakh metric tonnes, Kaithal with 5.42 lakh metric tonnes and Fatehabad with 5.20 lakh metric tonnes. Of the total rice, rice millers and dealers had contributed 3.43 lakh tonnes while government agencies had delivered 6.36 lakh metric tonnes.

Rabi Rice Sowing Acreage Decreasing

According to Ministry of Agriculture, the current sowing acreage for Rabi rice continues to drop back due to rains in South India. Rice acreage remains low in Andhra Pradesh. According to the Ministry of Agriculture, sowing area under rice has turned down by 57,000 hectares as against of corresponding period last year. Coverage is down in Andhra Pradesh (by 70,000 hectares) and Kerala (by 10,000 hectares).

DOMESTIC MARKET COMMENTARY

DELHI MARKET

The market sentiment for rice in Delhi market witnessed range bound with stable sentiment in this week as compared to last week amidst stable demand and supply. The most of the varieties fetched same return as of previous week. The government procurement in various centres is hindering the price movement on lower side. It is expected that the prices of new varieties would be stable in the coming days.

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

Delhi	19.12.05	26.12.05
Basmati New	2400-2500	2400-2500
Sharbati new	1525-1560	1525-1560
Sharbati old	1625-1650	1625-1650

Parmal raw	960-1000	960-1000
Wand	1050-1085	1050-1100
Parmal sella	1020-1070	1025-1090
IR 8	910-960	910-960
DB Rice	1700-2000	1700-2000

DEHRADUN MARKET:

The most of the varieties has traded on steady range in Dehradun market as stable demand. The government intervention programme is also putting some pressure on prices. The arrival is coming from Haryana. Prices for rice may continue to trade range bound in the coming days.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	19.12.05	26.12.05
Basmati Raw	2150-2250	2150-2250
Sharbati	1600-1675	1600-1675
Parmal Raw	1000-1100	1000-1100
IR 8	950-965	950-965

RUDRAPUR MARKET:

The market sentiment for paddy remained pronounced but the trend remained same for rice in Rudrapur market in this week over last week. The most of the paddy varieties traded on higher side in this week as compared to last week. The positive factor was less arrival. The rice is supplying to Uttaranchal and U.P. but the domestic demand is stable in this market. Prices for most of the rice varieties remained stable this week. New Basmati rice has hit the market. Government is procuring most part of farmers produce. The bumper production of Basmati rice kept prices under pressure at most of the trading centre. It is expecting that the rice price to remain firm in January when export pressure will come in full-fledged, according to the traders. Traders are expecting that market may remain range bound in coming week.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	19.12.05	26.12.05
Sharbati paddy (New)	800-825	750-800
DB paddy	1050	1050
Parmal paddy	650-675	625-650
Parmal raw rice	1025	1050
Wand	1025	1050
Basmati paddy	1100-1175	1100-1125
Basmati rice	2400	2400-2500
Sharbati sella	1550	1550-1600
Sharbati esteem	1600	1600
DB sella	2350	2200-2250

KARNAL MARKET:

Karnal market showed a mixed sentiment in this week as compared to previous week. The most of the demand is going to Parmal, Basmati and IR-8, therefore these varieties fetched higher return in this week as against of last week. Where as the Sharbati rice has traded on slight

lower side. The other varieties remained on steady side. Government procurement in this market kept pressure on prices and therefore the prices did not go down in this mandis especially for Parmal quality. The government quality parmal rice procured at the price of Rs.1050-1060 per quintal, according to the traders. The rice is supplying from Delhi and Punjab. 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 stable in the coming week.

Market Price For Different Varieties Of Rice In Karnal Mandis

KARNAL	19.12.05	26.12.05
Basmati rice sella	2750-2850	2800-2850
Basmati rice raw	2250-2350	2300-2350
Sharbati esteem	1825-1875	1725-1775
Sharbati sella	1625-1650	1550-1600
Parmal raw rice	900-970	1050
Parmal sella	1000-1035	1050-1080
IR 8	865-900	900-925
DB rice sella	2000-2050	1900-2000

KURUKHESTRA MARKET:

The sowing progress is going well in this area due to congenial weather. The export demand for rice remained good but the stable domestic demand put the prices on relatively lower side like Parmal. The most of the varieties has traded on range bound position. The daily average arrival of 1000-1500 bags is witnessed in this market, according to the traders. The most of the varieties is coming from U.P., Delhi and Karnal. The prices may not decline further and may increase near January particularly for Basmati varieties.

Market Price For Different Varieties Of Rice In Kurukhendra Mandis

KURUKHESTRA	19.12..05	26.12.05
DB rice (New)	2250-2350	2200-2250
DB Rice (Old)	2150-2200	2200-2300
Sharbati esteem	1650-1700	1600-1700
Sharbati sella	1600-1650	1550-1650
PR11 sella	1150-1200	1100-1150
Parmal rice	1075-1125	1050-1100
Parmal Wand	1075-1125	1050-1100
Parmal Sella	1075-1125	1050-1100
Basmati Rice New	2400-2500	2400-2500
Basmati Rice Old	2800-2900	2800-2900
Basmati paddy	1250-1300	1250-1350

AMRITSAR MARKET:

The most of the varieties has traded on range bound with stable position in this week as compared to last week. The government procurement is still going on in this market especially for Parmal rice. The export demand for rice is

also restricting the price movement on lower side. The export demand from Middle East country, Dubai etc. is promising. Nigeria is importing Sharbati, Basmati and Parmal rice, according to trade sources. Arrivals were stable around 2000-4000 bags daily in domestic market. Prices are expected to improve in near future as government has reduced its release quota.

Market Price For Different Varieties Of Rice In Amritsar Mandis

AMRITSAR	19.12.05	26.12.05
Sharbati sella rice	1500-1550	1500-1525
Sharbati raw rice	1450-1500	1450-1500
Sharbati esteem (New)	1550-1650	1600-1650
Basmati rice raw	2500	2500-2550
Basmati Paddy	-	1250-1375
Parmal Govt. Quality	965-972	1000
PR11 paddy	700	700
PR11 rice	1100-1150	1100-1150
Parmal Wand (New)	1100-1125	1100-1150

WEST BENGAL MARKET:

New kharif crop arrivals are increasing and therefore the prices are going to down for most of the varieties. Daily average arrival of 100-125 trucks in Burdwan region is witnessed. The harvesting pressure is still going on in this market and it is likely to complete in mid January. The government procurement has started in West Bengal but few. The most of the varieties decreased around Rs.25-50 per quintal in this week over last week. The most of the rice is going to M.P., Chhattisgarh, and Orissa etc. According to the traders, the Rabi sowing of rice will be start at the end of January in this State. The prices till that time are expected to remain range bound on a slightly lower side.

Market Price For Different Varieties Of Rice In West Bengal Mandis

WEST BENGAL	19.12.05	26.12.05
Ratnachudi	1100	1000-1050
Fine	1250-1325	1230-1300
Super Fine	1250-1300	1200-1250
IR 36 (super)	1050-1075	1000-1050
Minikit Shankar	1375-1400	1325-1360
Minikit (M- Shankar)	1340-1360	1290-1330
Doodh Kalma	1300-1350	1250-1300
Swarna (New)	900-950	850-900
Pankaj	925-975	875-900
Swarna parboiled	990-1020	940-960
Govindobhog	2300-2350	2275-2325
Chawl Moni	1650-1700	1600-1650

Conclusion

The most of the trading centre showed a range bound with stable sentiment in this week as compared to last week. Where as strong arrival and strong harvesting pressure

kept the prices down in West Bengal market. Government procurement is hindering the price movement on lower side abruptly as arrival is increasing at most of the mandis. But traders of most of the domestic spot markets for rice are expecting an increase in demand in January for export demand. Arrivals are increasing but is expected to be followed by greater demand particularly export demand in the coming days. Prices for basmati varieties are expected to rise on increased export demand in late December and January months.

Port Watch (As on 26th December, 2005)

Loading of 14,000 MT of rice is expected at the port on the vessel 'Alyia' to Jeddah. Aditya agents will be handling the vessel. 'Aziza' is expected at the port to load 9,000MT of rice to Dammam. The port is expecting 'Aboudi' to load 8,500 MT of rice to Jeddah. These vessels will be handled by Aditya agents.

Weather Watch (As on 25th December, 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

- A trough in easterly is likely to approach southern Peninsular India in next 48 Hrs. Under its influence south Tamilnadu, Kerala and south-interior Karnataka may receive isolated to scattered rainfall during 27-29 December 2005. India
- A western disturbance is likely to approach J&K by 28th December 05. Under its influence hilly regions of NW India are likely to get snowfall and adjoining areas rainfall during 27-29 December 05.
- Cold wave conditions prevailed over many parts of Jammu & Kashmir, Punjab and parts of Rajasthan and Gujarat where night temperatures were below normal by 4-5° C. Prevailing cold wave conditions over most parts of NW India and fog conditions over Punjab, Haryana, Delhi, north Rajasthan, Uttar Pradesh are likely to continue over most parts of NW India during next 2 days. Thereafter, minimum temperatures over NW India are likely to rise by about 1-2 degree C.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTRANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

- Isolated to scattered snowfall/rainfall over J&K, H.P., Uttanchal, Punjab, Haryana and west U.P. during 27-29

December 2005. Subsequently, foggy conditions with a fall of night temperatures may occur over the plains of NW India.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

- Region is likely to experience mainly dry weather during 3-4 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

- Region is likely to experience mainly dry weather during next 4-5 days.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

- Isolated to scattered rainfall are likely over Tamilnadu, Kerala and south-interior Karnataka during 27-29 December.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

- Mainly dry weather is expected to prevail over the region.

Source: NCMRWF

FOREX (As on 26th December, 2005):

Foreign Currency	Rs. per unit
1 US \$	45.12
1 Euro	53.43
100 Yen	38.73
1 British £	78.16

SUMMARY OF PROGRESS OF RABI RICE (Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 19.12.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	5.79	6.36	-0.57	AP(-0.7, -39.1), Ker (-0.1, -25.6), TN(+0.3, +7.1)

Source: Ministry of Agriculture, GOI

Progressive Procurement of Rice as on 19.12.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 19.12.05	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	4.58	2.90
Chhattisgarh	28.37	7.09	6.05
Haryana	16.62	18.93	14.30
Maharashtra	2.05	0.30	0.13
Orissa	15.90	0.56	0.41
Punjab	91.06	81.20	80.01
Tamil Nadu	6.52	-	0.12
Uttar Pradesh	29.71	5.87	5.33
Uttaranchal	3.16	0.89	0.56
West Bengal	9.44	0.12	0.04
All-India	246.83	119.98	110.12

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$284	5% DP	\$263
5%	\$278	5%	\$262
10%	\$275	10%	\$259
15%	\$263	15%	\$247
25%	\$249	25%	\$240
35%	\$247		
Jasmine	\$383		
PB 100% Sortexed	\$279		
A1 super	\$206		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$223	Basmati (fine grade)	\$850
20%	\$219	PR 106 PB 5%	\$270
25%	\$217	PR 106 5%	\$270
		PR 106 25%	\$236

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.