

## Rice

6<sup>th</sup> -12<sup>th</sup> December 2005

### MAJOR ACTIVITY HIGHLIGHTS

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

### DOMESTIC AND INTERNATIONAL NEWS:

#### Indian Rice Exports Situation on Basmati and Non-Basmati

The non-basmati rice exports from India during April-August 2005 was projected at 1.8 million MT (MMT), which was up from 0.7 MMT in the same period of 2004. Where as Basmati rice exports during the period was estimated at 443,233 MT compared with 445,229 MT as of previous year. Non-basmati rice exports was estimated at 360,861 MT in August, which was up from 120,336 MT in the year earlier period. Basmati rice exports was estimated at 91,161 MT in August, up from 71,653 MT. Total rice exports in August had increased to 452,022 MT from 191,989 MT.

#### Pakistan's Rice Outlook

It is reported that Pakistani rice prices remained stable as compared to last week. According to traders, the prices are likely to come down in the coming week due to low exports and rising stocks. Exporters were only shipping previously committed orders, and besides this unsold domestic stocks were likely to go up further in the coming weeks, approaching the prices lower. Pakistan is now anticipating a crop of more than 5 million MT against last year's 4.8 million. Rice exporters, growers and millers in Pakistan have unsuccessful to reach agreement over the price issue forcing the ministry of food to seek the prime minister's intervention to resolve the old dispute. The growers and millers claimed that exporters exploited the price trend and started buying when it touched the lowest level therefore they insisted that per kilogramme prices of different varieties of rice be fixed. But, at the same time, the exporters are firm that they would not buy rice whose prices have been fixed beforehand, as it is against the market-based mechanism.

#### Thailand Rice Exports Witnessed Weak around 28%

It is witnessed that Thailand, the world's largest rice exporter, exported around 6.64 million MT (MMT) of rice in the January to November period. The exports remained down to 28% from the same period last year. They fetched \$2.06 billion, which was down 17% from a year earlier, according to the official. January to November's export volume accounted for 78% of Thailand's export target of 8.5 MMT. It is expecting that exports would total around 600,000 MT in December, which will be lower than monthly exports in the past several months as Thai export prices are higher than those of competing exporting countries,

encouraging buyers to turn to non-Thai origin rice like Vietnam rice.

#### Rice Exports Soar By 48% in Vietnam

According to the General Statistics Office (GSO), Vietnam exported approximately 5 MMT of rice in the first 11 months of this year and fetched revenue of US\$1.33 billion, a year-on-year increase of 48%. In spite of exporting record volumes, the Vietnam Food Association said the country had reserves for exporting roughly 400,000 MT more this year as Mekong (Cuu Long) Delta provinces, the country's rice basket, still had a lot of rice cultivation areas preparing for the year-end harvest.

#### Orissa Starts Rice Procurement

The paddy procurement has on track in Kalahandi of Orissa. The state government has set a levy target of 1900,00 MT of rice to the mills in Kalahandi. Therefore 115 miller agents will be procured the rice in specific gram panchayats, which will be delivered to the FCI. Around 3080 MT of paddy have to be procured by the mill owners at the gram panchayat level. Besides this, the government agencies like FCI will procure 10,000 MT rice directly from the farmers. The target fixed for other agencies: The Orissa Civil Supply Corporation (20,000 MT), NAFED (10,000 MT), MARKFED (6,000 MT) and Co-Operative Societies (6,200 MT), according to the sources. Millers also alleged that although the MSP of paddy had been increased by Rs 10 per quintal, but the levy price of the rice delivered to the FCI has not increased. Therefore the millers handed over a memorandum to the Lok Sabha member Mr Bikram Keshari Deo, who was present at the meeting. Recently Orissa Civil Supply Corporation has started direct procurement of rice in Jaipatna and Junagarh as part of its intervention in markets, showing positive results.

#### Bulk of Non-Basmati Rice Export from South India

According to government officials, the summer sown rice production in India is projected at around 74 million tons (MMT), which is up 3% on year. The sowing of Rabi rice, which to be harvested in April has begun and the area is likely to be higher on year at 339,000 hectares. The production of Rabi rice is generally about 14-16 MMT however there are worries of a lower crop in 2005-06 amidst recent floods in southern India, which destroyed lot of paddies. Basmati rice cultivation is confined to mainly in the northern regions of the Indian subcontinent. According

to J.K. Jain, director LMJ International Ltd, rains hit the crop in north India, but bulk of the non-basmati exports are taking place from southern India where the crop is good and market arrivals are anticipated to peak in December. He also concluded that Non-basmati rice exports could rise by 10%-15% in calendar 2006 and the country is exporting around 250,000 tons non-basmati rice every month. Apart from this, at present south Indian par-boiled rice is cheaper than Thailand rice around \$15/ton, resulting in good sales, mainly to Africa. Basmati exports, in the meantime, could top 1.0 MMT in calendar 2006, supported by higher output and a decline in prices. One of the rice export-trading house in India reported that they exported par boiled basmati to Saudi Arabia in 2005 at around \$670-675/ton, cost and freight. They also claimed that the prices may possibly decline to \$525-\$540/ton next year because of higher volumes being offered.

### Rice Sowing Area Marginally Increasing

Rice sowing is increasing a little bit but a clear picture is expected considering the havoc fields are under water caused by rains in Tamil Nadu and Andhra Pradesh. The latest figures, however, show the area up by 70,000 hectares in Tamil Nadu. Among coarse cereals, the area under jowar is down to 46.84 lh as compared to 50.13 lh of previous year but sowing of maize and barley is up marginally.

### USDA: WASDE Report on Rice

Only minor changes are made to the U.S. 2005/06 rice supply and use projections from a month ago. On the supply side, imports are lowered 1 million cwt to 14 million cwt, due to a slower-than-expected import pace early in the marketing year. No changes are made on the use side. As a result, ending stocks are lowered 1 million cwt to 25.2 million cwt, which are down 12.5 million cwt from a year earlier. The season-average farm price is lowered 10 cents per cwt on each end to \$7.65 to \$7.95 per cwt and compares to \$7.33 per cwt in 2004/05. Global 2005/06 rice production, imports, and ending stocks are raised from last month, while consumption and exports are nearly unchanged from a month ago. The increase in global rice production is due to larger crops projected for Australia, Pakistan, Thailand, and Turkey. Global imports are raised due primarily to increases for Indonesia, Malaysia, and Nigeria while imports for the United States were reduced slightly. Global exports are raised slightly from a month ago with increases for Australia, Pakistan, and South Korea nearly offset by a reduction for Thailand. World rice ending stocks for 2005/06 are projected at 65.8 million tons, up 1.2 million tons from last month, but down 7.1 million tons from 2004/05, and the lowest stocks since 1982/83.

## DOMESTIC MARKET COMMENTARY

### DELHI MARKET

Rice prices maintained its steady sentiment in Delhi market in this week s compared to last week. The demand remained steady as human consumption remains slight low in this time. The most of the demand is going to wheat due to its higher price. Therefore the trading activity remained moderate for rice. The export demand for Basmati is also major factor for price up. The slight less arrival is also kept prices steady for some variety in this market. Trading of rice remained depressing due to unrevised government policies. 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	5.12.05	12.12.05
Basmati New	2400-2500	2450-2550
Sharbati new	1500-1550	1500-1550
Sharbati old	1600-1625	1600-1650
Parmal raw	930-960	925-970
Wand	1010-1060	1020-1070
Parmal sella	990-1040	1000-1050
IR 8	880-935	880-950
DB Rice	1700-2000	1800-2050

### DEHRADUN MARKET:

Basmati fetched steady price but other variety got slight lower return in Dehradun market in this week as against of last week. Higher arrival kept prices lower. The arrival is also 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	5.12.05	12.12.05
Basmati Raw	2100-2200	2100-2200
Sharbati	1525-1600	1525-1590
Parmal Raw	955-1030	950-1025
IR 8	900-960	890-950

### RUDRAPUR MARKET:

The most of the varieties traded on stable range in this week as compared to last week in Rudrapur market. The rice is supplying to Uttaranchal and U.P. but the domestic demand is weak in this market. Prices for most of the varieties remained stable this week. New Basmati rice will reach market soon. Government is procuring most part of farmers produce. Traders are expecting that market may remain range bound in coming week and prices may increase sometime in January due to export demand.

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

RUDRAPUR	5.12.05	12.12.05
Sharbati paddy (New)	750	740-750
DB paddy	940	935-950
Parmal paddy	600	600
Parmal raw rice	1025	1020-1030
Wand	1025	1020-1030
Basmati paddy	-	
Basmati rice	2500	2450-2500
Sharbati sella	1600	1580-1610
Sharbati esteem	1650	1640-1660
DB sella	2300	2300

### KARNAL MARKET:

Most of the rice varieties traded on slight lower range in this week as compared to last week due to government

intervention in market. The government quality parmal rice procured at the price of Rs.1060 per quintal. Due to procurement activities of government the prices remained range bound and Parmal rice fetched low price. 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 week.

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

KARNAL	5.12.05	12.12.05
Basmati rice sella	2800-3000	2700-2800
Basmati rice raw	2400-2500	2200-2300
Sharbati esteem	1825-1875	1820-1860
Sharbati sella	-	1600-1625
Parmal raw rice	890-950	865-925
Parmal sella	1030-1050	950-975
IR 8	950	825-865
DB rice sella	2000	1950-2000

#### KURUKHESTRA MARKET:

Export demand for rice may pick up in January - February particularly from gulf countries and other Muslim nations due to festival of ID, according to the traders. The market remained steady in this week over last week. The most of the varieties traded on stable range due to stable demand and stable arrival. The prices may not decline further and may increase near January particularly for Basmati varieties.

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

KURUKHESTRA	5.12.05	12..12.05
DB rice (New)	2200-2300	2250-2300
DB Rice (Old)	2150-2200	2140-2200
Sharbati esteem	1700	1650-1700
Sharbati sella	1600	1600-1650
PR11 sella	1150-1200	1175
Parmal rice	1050-1100	1050-1100
Parmal Wand	1050-1100	1050-1100
Parmal Sella	1050-1100	1050-1100
Basmati Rice New	2400-2500	2450-2500
Basmati Rice Old	2850	2800-2850
Basmati paddy	1250-1300	1250-1300

#### AMRITSAR MARKET:

Government procurement restricted the price movement on lower side in this market. Therefore most of the varieties traded on slight higher side in this market. Demand for rice is good in domestic market however export demand for Sella rice is low. The export demand for Parmal is also low. Arrivals were stable 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	5.12.05	12.12.05
Sharbati sella rice	1550-60	1550-1600
Sharbati raw rice	1450-1500	1500-1550
Sharbati esteem (New)	1550-1650	1650-1700
Basmati rice raw	2600	2700
Parmal Govt. Quality	950-975	1000
PR11 paddy	700	650-700
PR11 rice	1150	1150-1200
Parmal Wand (New)	1100-1125	1125-1150

#### WEST BENGAL MARKET:

New kharif crop arrivals are increasing and therefore the prices are going down for some varieties. The demand for other rice is stable and prices for most of the varieties remain stable. It is expected the arrivals may increase in coming days and a clear forecast for market may be visible in the coming week. The prices till that time are expected to remain range bound on a slightly upper side.

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

WEST BENGAL	5.12.05	12.12.05
Ratnachudi	1075-1100	1090-1110
Fine	1225-30	1350-1450
Super Fine	1275-1300	1275-1300
IR 36 (super)	1100-1150	1075-1100
Minikit Shankar	1400	1400
Minikit (M- Shankar)	1350-1360	1350-1360
Doodh Kalma	1300-1350	1300-1350
Swarna (New)	950-1000	925-975
Pankaj	950-1000	950-1000
Swarna parboiled	1025	1000-1020
Govindobhog	2300	2300
Chawl Moni	1600-1700	1600-1700

#### Conclusion

Government procurement is hindering the price movement on lower side 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 coming days. 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 9<sup>th</sup> December, 2005)

` Mercs Mirissa' is expected at Kandla Port to load 12,500 MT of rice to Dammam. Sai Shipping agents will be handling the vessel. The port is expecting 'Aboudi' to load 8,000 MT of rice to Jeddah. The vessel will be handled by Aditya agents. Loading of 3,500 MT of rice is expected at the port on the vessel 'Angel' to Makkala. Aditya agents will

be handling the vessel. 'Merco Mahara' is expected at the port to load 13,500 MT of rice to Dammam. The vessel will be handled by Sai Shipping agents.

### Weather Watch (As on 12<sup>th</sup> December, 2005)

#### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

##### WEATHER OUTLOOK

- The depression over Tamil Nadu centered near Vedaranniyam has weakened into a Low Pressure area and lies over South Tamil Nadu coast at 0830 hrs IST of today and likely to weaken further. Under its influence scattered to fairly widespread rainfall with isolated heavy falls are likely over Tamil Nadu, Kerala and Lakshadweep during next 24 hrs.
- Rainfall activity over Tamil Nadu, Kerala and Lakshadweep is likely to decrease after 24 hrs.
- An easterly wave as the remnant of a low pressure system over South China Sea, appears to be moving westwards and may affect south Tamilnadu coast and Kerala on 15-16 December, 2005.
- The western Disturbance as an upper air system over north Pakistan and adjoining Jammu & Kashmir has now moved away eastwards. Another weak western disturbance is likely to approach hilly region of NW India by 14th Dec. However, being a weak one, not much impact of this system is expected.

#### ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

- Mainly dry weather may prevail over NW India during next 3 days. Isolated snow/rains are expected over upper reaches of J & K and Himachal on 14-15 December, 2005.

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

- Mainly dry weather may prevail over the region.

#### CENTRAL INDIA [ MP, CHATTISGARH, VIDARBHA]

- Mainly dry weather is expected over the region till 12th Dec., 2005.

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

- Scattered to fairly widespread rains with isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala and Lakshadweep during next 24 hours and decrease thereafter. Scattered to Fairly widespread rains are expected over Andaman & Nicobar Islands during next 3-4 days. Isolated rains are also likely in Coastal AP, Rayalaseema and south Interior Karnataka. Mainly dry weather may prevail in the rest areas of the region.

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

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

Source: NCMRWF

#### FOREX (As on 12<sup>th</sup> December, 2005):

Foreign Currency	Rs. per unit
1 US \$	46.20
1 Euro	54.68
100 Yen	38.23
1 British £	81.31

#### Summary of Progress of Rabi Rice (Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 5.12.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	3.39	3.11	+0.28	AP(-0.2, -18.1), Ker (-0.2, -41.7), TN(+0.7, +51.8),

Source: Ministry of Agriculture, GOI

#### Progressive Procurement of Rice as on 5.12.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 5.12.05	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	1.80	0.54
Chhattisgarh	28.37	4.08	3.72
Haryana	16.62	18.02	13.26
Maharashtra	2.05	0.10	0.03
Orissa	15.90	0.12	0.09
Punjab	91.06	79.44	75.83
Tamil Nadu	6.52	-	0.12
Uttar Pradesh	29.71	2.83	2.95
Uttaranchal	3.16	0.43	0.05
West Bengal	9.44	0.04	0.01
All-India	246.83	106.99	96.76

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

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