

Rice

27th November- 5th December 2005

MAJOR ACTIVITY HIGHLIGHTS

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- Domestic Market Commentary
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DOMESTIC AND INTERNATIONAL NEWS:

USDA: Weekly Export Sales of Rice

According to the latest weekly export sales data of USDA, the Net sales of 95,700 MT were 32 percent above the previous week. The major buyers were Japan, Cuba, Mexico, Haiti and Honduras of 41,900 MT, 15,000 MT, 7,100 MT, 6,100 MT and 4,000 MT respectively. Exports of 46,100 MT were 63 percent below the previous week. The main destinations were Iraq, Saudi Arabia, Mexico, UK, Jamaica, Germany of 14,000 MT, 7,100 MT, 5,800 MT, 5,000 MT, 3,700 MT, and 3,200 MT. This summary is based on reports from exporters for the period November 11th - November 17th, 2005.

Pakistani Traders Move to Boost Rice Exports.

A delegation of 15 members of Pakistani rice traders and export promotion bureau is expected to visit China from December 15th 2005. The motive behind this visit is to encourage exports of Pakistani rice in china. Earlier Chinese delegation conducted a survey of hygiene conditions and approved the quality of Pakistani rice.

Indian Rice Production Declines

Indian Rice production declines in by 8.19 million tonnes less than the target production. The main reason for lesser production is abnormal southwest monsoon. According to 4th advance estimates for 2004-05 the rice production was of 85.31 million tonnes including production of 71.67 million tonnes of kharif rice and 13.64 million tonnes of rabi rice.

Indian Revises MSP for Rice

Government of India revised its Minimum Support Price for paddy (common) variety at Rs 570 per quintal and for paddy Grade A variety at Rs. 600 per quintal.

Indian Rice Exports Situation

Rice (non-basmati) exports have begun to shrink off on holidays and decrease in prices of other origins in the first half of the current fiscal. According to an official with ITC Agro Tech, India acquired an opportunity to export parboiled rice in the first half because prices from Thailand were higher and Vietnam was incompatible in its offerings. It is witnessed that Indian rice prices were cheaper by \$30-40 per tonne than offers from Thailand in the first half. Africa with Nigeria was the main buyer. Global rice production this year has been estimated 1.5% up at 614 million tonnes (MT), but the carryover stock this year has been less by 6 MT compared with last year at 97 MT.

Export figures pegged by the APEDA show that 18.29 lakh tonnes of non-basmati rice were exported between April and August this year against 7.57 lakh tonnes during the corresponding period a year ago. In terms of value, the shipments fetched Rs 1,918 crore during the period against Rs 814 crore last year. The other countries like Somalia, Djibouti and Senegal are the buyer of Indian parboiled rice. Thailand has reduced its prices and therefore Indian exporters are facing in the tough competition. The Indian white rice is also facing competition, as Pakistan white rice is cheaper than Indian. On Tuesday, 5% broken parboiled was quoted at \$276 per tonne fob, while from Vietnam it was quoted at \$263. White rice from India was quoted at \$236 for 25% broken, while offers from Thailand were at \$249. Vietnam's 25% broken quoted at \$240 and Pakistan's at \$217.

Haryana Received Record Paddy Arrival

It is reported that the North Indian state of Haryana has received a record paddy arrival of 4.09 MMT up to now against the total arrival of 3.66 MMT during the previous season. The maximum arrival is witnessing from Kurukh district. Out of total arrivals till Saturday, 2.34 MMT paddy had been procured by government agencies while private dealers purchased 1.74 MMT.

Lower Rates of Indian Rice Limited Pakistan's Exports

Due to lower price of other countries in the international market, the export of rice became eased in Pakistan and therefore the prices losses its brightness. African countries were the cheap importer of Pakistani rice but they are looking to lower prices in Indian and Vietnamese rice. International buyers were buying from Vietnam and India, which were offering export prices of \$216 and \$218 PMT, respectively. The same quality IRRI-6 variety from Pakistan was quoted at \$220/\$221. Domestic prices would gradually come down because of low exports and an increase in unsold stocks, but it would be another two to three weeks before export prices for IRRI-6 would reach internationally competitive levels.

NCMSL Starts Procurement of Paddy On Behalf Of FCI

National Collateral Management Services Ltd (NCMSL) has, for Food Corporation of India (FCI) initiated paddy procurement from farmers at Katangi Mandi in Balaghat District, Madhya Pradesh, according to the sources. NCMSL has procured around 50-60 metric tonnes on the first day of procurement. They made their payment to the

farmers by the cheques on the same day. The procurement has been made on the basis of minimum support prices. Going forward, NCMSL is planning to enable farmers to hold on to their produce by providing scientific storage facilities as also funding against the commodities, so as to ensure that all farmers do not rush to the procurement centre from day one.

Indian Govt. Expects 3-3.5% Growth in Agriculture Sector

According to the Indian government, it is expected that India would achieve 3-3.5 % growth in the agriculture sector during the current fiscal year. The main relevant factor was normal rainfall in Kharif, which has brightened the growth prospect this year. During the second quarter of this fiscal, the farm sector registered 2% growth as against zero growth during the same quarter last year. A deficient South West monsoon led to 1.1 % growth for the agriculture sector in 2004-05.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

The most of the varieties showed slight weak undertone in this week as compared to last week where as Basmati fetched higher price due to less arrival and strong demand. The export demand for Basmati is also major factor for price up. The slight higher arrival is also kept prices lower in this market. Trading of rice remained gloomy 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	26.11.05
Basmati New	2400-2500	2200-2300
Sharbati new	1500-1550	1600-1650
Sharbati old	1600-1625	1600-1650
Parmal raw	930-960	975-1050
Wand	1010-1060	1025-1080
Parmal sella	990-1040	1000-1050
IR 8	880-935	900-950
DB Rice	1700-2000	1900-2000

DEHRADUN MARKET:

The Dehradun market showed weak undertone in this week as against of last week. Higher arrival kept prices lower. The most of the varieties traded on relatively lower range. 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	26.11.05
Basmati Raw	2100-2200	2200-2300
Sharbati	1525-1600	1600-1700
Parmal Raw	955-1030	965-1050
IR 8	900-960	920-980

RUDRAPUR MARKET:

Markets this week remained lacklustrous and witnessed nearly same sentiments. Prices for most of the varieties remained same this week. The domestic demand for most of the varieties is negligible and export demand is expected to improve in January. New Basmati rice will reach market after one month. Prices are at its lowest levels and 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	26.11.05
Sharbati paddy (New)	750	750
DB paddy	940	940
Parmal paddy	600	600
Parmal raw rice	1025	1025
Wand	1025	1025
Basmati paddy	-	-
Basmati rice	2500	2500
Sharbati sella	1600	1600
Sharbati esteem	1650	1650
DB sella	2300	2300

KARNAL MARKET:

Most of the rice varieties traded same and remained range bound 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. The some varieties traded on slight lower range. 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	26.11.05
Basmati rice sella	2800-3000	2700-2800
Basmati rice raw	2400-2500	2250-2350
Sharbati esteem	1825-1875	1800-1850
Sharbati sella		-
Parmal raw rice	890-950	940-1040
Parmal sella	1030-1050	990-1100
IR 8	950	850-890
DB rice sella	2000	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. Slight export demand for Basmati sella and Sharbati sella kept pressure on prices. Therefore this variety fetched slight higher price. The other rice 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	26.11.05
DB rice (New)	2200-2300	1900-2000
DB Rice (Old)	2150-2200	2300-2400
Sharbati esteem	1700	1700
Sharbati sella	1600	1500
PR11 sella	1150-1200	1100-1150
Parmal rice	1050-1100	1050
Parmal Wand	1050-1100	1050
Parmal Sella	1050-1100	1050
Basmati Rice New	2400-2500	2400-2500
Basmati Rice Old	2850	2800
Basmati paddy	1250-1300	1250-1300

AMRITSAR MARKET:

Stable demand was noticed in Amritsar market as moderate demand and export demand of Parmal rice. Demand for rice is good in domestic market however export demand for Sella rice is low. The most of the varieties traded on stable range. 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	26.11.05
Sharbati sella rice	1550-60	1550-1600
Sharbati raw rice	1450-1500	1500-1550
Sharbati esteem (New)	1550-1650	1550-1650
Basmati rice raw	2600	2600
Parmal Govt. Quality	950-975	950-980
PR11 paddy	700	550-650
PR11 rice	1150	1150-1200
Parmal Wand (New)	1100-1125	1150

WEST BENGAL MARKET:

New kharif crop arrivals have started entering the market however they are very less in numbers. The demand for 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 after about 15 days. 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	26.11.05
Ratnachudi	1075-1100	1075-1100
Fine	1225-30	1225-30

Super Fine	1275-1300	1275-1300
IR 36 (super)	1100-1150	1100-1150
Minikit Shankar	1400	1400
Minikit (M- Shankar)	1350-1360	1350-1360
Doodh Kalma	1300-1350	1300-1350
Swarna (New)	950-1000	950-1000
Pankaj	950-1000	950-1000
Swarna parboiled	1025	1025
Govindobhog	2300	2300
Chawl Moni	1600-1700	1600-1700

Conclusion

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. The arrival of new crop also hindered on abrupt price increase. Prices for basmati varieties are expected to rise on increased export demand in late December and January months.

Port Watch (As on 2nd December, 2005)

'Mercs Mahara' has berthed at Kandla Port and continues to load 13,500 MT of rice to Dammam. Sai Shipping agents is handling the vessel. Kandla Port is expecting 'El Tanin' to load 14,000 MT of rice to Dammam. Aditya agents will be handling the vessel. Kandla Port is expecting 'Mercs Mahara' to load 13,500 MT of rice to Dammam. Sai Shipping agents will be handling the vessel.

Weather Watch (As on 3rd December, 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

- The cyclonic storm BAAZ over southwest Bay of Bengal moved very slowly in northwestward direction in the last 24hrs and lay centred at 1130 hrs. IST of today at around lat. 12.9°N and long. 83.8°E about 300- 350 km east of Chennai with an estimated central pressure of about 991hPa and with about 80Km/hr strong wind field around it. The organized cloud convection band-periphery is found to have started extending over coastal sectors of north Tamilnadu and coastal Andhra Pradesh. The system is likely to move very slowly in a west-northwesterly direction and south Andhra Pradesh coasts to the south of Machilipatnam approximately around night of 2 December, 2005/early 3 December, 2005. Under its influence fairly widespread rainfall with isolated heavy to very heavy falls are likely over coastal Andhra Pradesh and fairly widespread rains over north Tamilnadu during next 48 hours. Gale winds with speed reaching 35-40 kmph are likely to commence along north coastline of Andhra Pradesh from today itself that is likely to increase gradually in coming days as the system moves close to the coastline in west-northwesterly direction. Subsequently, fairly widespread rainfall activity is likely to extend over the interior parts of Andhra Pradesh and north Tamilnadu.

- The existing low pressure area over central parts of south Arabian Sea has slowly found to have moved in a northeasterly direction in last 24hrs under the influence of the mid-latitude westerly trough and the convective cloud bands associated with this low pressure area have

extended in northeasterly direction over Konkan coast, Madhya Maharashtra, Vidarbha, south Gujarat and Madhya Pradesh currently. Under the scenario, isolated to scattered rainfall activity is expected over Konkan coast, Madhya Maharashtra, Vidarbha, south Gujarat and Madhya Pradesh during next 48hrs.

- The western disturbance as an upper air system over Jammu & Kashmir and neighborhood now lies over Jammu & Kashmir and adjoining Himachal Pradesh and is expected to move eastward slowly. Under the scenario, isolated to scattered rainfall/snowfall is expected over Himachal and Uttaranchal in next 48hrs. Subsequently, isolated rains could possibly be expected over adjoining plains of north India as well.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

- Isolated to Scattered rains/snow are expected over J & K, Himachal , Uttaranchal and Uttaranchal for next 48Hrs. Night temperature is likely to fall by 2-3oC all over the north and NW India.

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]

- Isolated and scattered rains are expected over Vidarbha and Madhya Pradesh during next 48 hours and subsequently might extend over Chattisgarh as well.

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

- Widespread with **isolated heavy to very heavy rains** are expected over north coastal A.P. and widespread rains over north Tamilnadu during next 48 hrs. Subsequently, the rainfall belt may shift towards interior parts of Tamilnadu and Andhra Pradesh. Scattered rains are also expected over Karanataka, Kerala and Lakshadeep islands.

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

- Isolated and scattered rains are expected over Konkan coast, Madhya Maharashtra, south Gujarat etc.during next 48hrs. Mainly dry weather is expected to prevail over rest of the region.

Source: NCMRWF

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 5th December, 2005):

Foreign Currency	Rs. per unit
1 US \$	46.28
1 Euro	54.18
100 Yen	38.18
1 British £	80.15

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

Normal Area	Area Coverage (As reported on 21.11.05)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	1.42	1.32	+0.10	AP (-0.2, -38.7.), Ker (-0.1, -52.4), TN (+0.5, +128.9)

Source: Ministry of Agriculture, GOI

Progressive Procurement of Rice as on 21.11.2005

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 21.11.05	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	0.51	0.03
Chhattisgarh	28.37	1.09	
Haryana	16.62	17.03	12.07
Maharashtra	2.05		
Orissa	15.90		
Punjab	91.06	77.65	72.41
Tamil Nadu	6.52		0.10
Uttar Pradesh	29.71	0.61	0.45
Uttaranchal	3.16	0.07	0.03
West Bengal	9.44		
All-India	246.83	96.96	85.21

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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