

Rice

27th December-2nd January 2006

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

AP Rice Millers Eager on Meeting Duty Obligations

The rice trading has twisted dull because of year-end holidays however exporters are not likely to make offers until middle of January. This is due to mills, particularly in Andhra Pradesh. The mills in A.P. are trying to accomplish their obligations to supply to the public distribution system. Therefore they are not likely to make any fresh offers. The procurement is going on in this State. A.P. contributes more than 35% of the rice it produces to the Central pool. Despite the recent rains have caused some damage while kharif rice production is reported to be good in A.P. According to Ministry of Agriculture, kharif rice production is pegged at 73.83 million tonnes (MMT) against 71.67 MMT last season. The quality of the rice has affected due to the rains during November and this month. The paddy has been discoloured and the solution lies in converting into parboiled where polishing can take care of the problem.

Non Basmati Rice Export Increasing in India

The international market showed a slow trading of rice due to the holidays and stocks are available at the markets. The overall demand is sluggish. There is no liquidity in the market as all buyers have stocked up. Pakistan's white rice being quoted lower, India stood no chance of selling its white rice due to its higher prices. While Pakistan's 25% broken is quoted at \$217 a tonne, India's quote is \$236. The only opportunity is parboiled rice but the market is slow currently. Currently, India's parboiled 5% broken is quoted at \$270 a tonne and Thailand quotes \$276, which is main competitor. Nigeria, South Africa, Djibouti, Somalia and Senegal are main buyers of parboiled rice of India. According to the APEDA, non-basmati exports during April-September of the current fiscal were 20.03 lakh tonnes valued at Rs 2,135 crore compared with 9.04 lakh tonnes valued at Rs 989 crore during the corresponding period a year ago.

Haryana Delivered 10 LMT of Rice to Central Pool

The Haryana Government added further 10.43 lakh tonnes of rice to the Central pool as compared with 8.65 lakh metric tonnes (LMT) during the corresponding period last year. According to Haryana deputy Chief Minister Chander Mohan, rice millers and dealers has contributed 3.58 LMT while government agencies had procured 6.85 LMT. So far as 2.85 LMT had been contributed by Haryana State Co-operative Supply and Marketing Federation Limited

(HAFED), 1.96 lakh tonnes by Food and Supplies Department, 62,000 tonnes by Haryana Agro Industries, 54,399 tonnes by Haryana Warehousing Corporation, 52,000 tonnes had been contributed by CONFED and Food Corporation of India had contributed by 36,044 tonnes.

Pakistan: Rice Prices Eased amidst Less Export Orders

Rice prices remained steady in Pakistan in this week over the past week, and dealers said on Tuesday that prices might fall further in the coming weeks as exports turned dull and stock rose. There is lack of fresh export orders while domestic stocks are healthy, according to the trade sources. Pakistan's major rice importers are Western Africa, where dealers said stocks were already high and fresh orders unlikely. The country expects a crop of more than 5 million tonnes against last year's 4.8 million. The crop year runs from April to November. Sowing normally starts in mid-April and harvesting begins in August, peaking in September. Annual domestic consumption is about 2.3 million tonnes.

Foodgrain Production Likely to be Up in India

It is expecting that the kharif (harvested in winter) foodgrains production would be higher in India with overall yield estimated to be 105.25 million tonnes (MMT), about 1.87% over the 103.32 MMT kharif yield last year, according to sources. Whereas the first advance estimates have placed the overall kharif foodgrains production for 2005-06 at 105.25 MMT, the rice production at 73.83 MMT is also above the production level of 71.67 MMT achieved last year, according to agriculture ministry. The good rainfall during the southwest monsoon (June-Sept) has resulted in reasonably good scenario for foodgrains and commercial crops production. The sowing of the Rabi crop (harvested in summer) is also going well.

Rice: Pakistan Likely to Grasp China Market

China National Cereals, Oils and Foodstuffs Import and Export Corp (COFCO) and Chinese companies have secured their support for finding a big market for Pakistani rice. Pakistani rice exporters, who have visited China, have got assurance from them. COFCO officials reported that it is a big opportunity to the Pakistani rice exporters to supply rice in the local market especially long grain rice. China is likely to import 2.3 MMT grain rice this year. According to an estimate, initially Pakistan's annual rice supply to China

could be around 50,000 tons. Pakistani rice exporters are hoping to successfully compete with rice exporters from other countries by presenting better quality on relatively less prices. According to sources, Pakistan's rice growers and exporters have bright prospects of earning reasonable profits, since tariff on agriculture products would come to zero from January 1, under the Early Harvest Programme, recently signed by the two countries.

S. Korea Likely to Import 30,000 MT of Rice from China

South Korea is likely to import 30,000 MT of Chinese brown rice on January 18. The state-run agency of South Korea would look for 15,000 MT of non-glutinous brown rice and 15,000 MT of short non-glutinous brown rice. The tender will be the third tender for imported rice this year. South Korea imported a totaled of 45,165 MT rice in the previous two tenders. South Korea has to import 225,575 MT of rice to meet its 2005 import quota.

USDA: Weekly Export Sales Highlights on Rice

According to latest report of USDA export sales highlights on rice; the net sales of 100,000 MT were 30 percent below the previous week, but 19 percent above the prior 4-week average. The major buyers were Cuba (20,000 MT), Mexico (16,600 MT), Haiti (15,600 MT), the Dominican Republic (11,900 MT), Honduras (10,800 MT), and Ghana (6,500 MT). Exports of 91,100 MT were 6 percent above the previous week and 14 percent over the prior 4-week average. The primary destinations were Honduras (15,300 MT), Nicaragua (10,000 MT), Haiti (9,600 MT), El Salvador (8,800 MT), Saudi Arabia (7,700 MT), the Dominican Republic (6,000 MT), and Taiwan (6,000 MT). (This summary is based on reports from exporters for the period December 16-22, 2005.)

Cereals Output Likely to Hit 17.50Mt in Karnataka

The excess rainfall in many districts in July/August and again in September/October affected standing crops in about 1.98 lakh hectares and 42,000 hectares respectively in Karnataka. The temporary estimates based on the feedback from field functionaries show that foodgrains production would be around 79.90 lakh tonnes against the set target of 82.10 lakh tonnes. The cereals production is anticipated to touch 17.50 tonnes (Mt). The Karnataka is expected to witness 2.94 lakh hectares under cereals (paddy 2.51 lakh hectares). In coastal districts transplanting of Rabi paddy is under progress. Sowing of Rabi crops is completed in most of the northern districts. Sowing of summer transplanting of paddy is reported in Gulbarga, Bellary, Raichur, Koppal and Haveri.

NCMSL Acquired Permission to Procure Paddy in Orissa

National Collateral Management Services Limited (NCMSL), a Mumbai-based management organisation got permission from the State Government to procure paddy from the farmers in the State during the current kharif season. The organisation will purchase paddy for Food Corporation of India (FCI). The NCMSL will be initially occupied in Balangir, Nuapada, Balasore and Bhadrak districts of Orissa. If necessary, then the Food Supplies and Consumer Welfare Department would be considered and approved to procure paddy in other districts. Government has given a target to the agency to procure of 1 lakh ton paddy at the MSP through account payee cheques. FCI will ensure that the farmers get the minimum support price before releasing the cost of the custom-milled rice to

NCMSL. The Government will fix the district-wise procurement target for the agency.

Pakistan Govt Likely to Buy Rice from Farmers

The Pakistan government has decided to procure paddy or rice from growers of Balochistan and Sindh region to arrest the decreasing in price of Irri-6, reported Federal Minister of Food, Agriculture and Livestock Sikandar Hayat Khan Bosan. The government is likely to procure Irri-6 rice at Rs.750 per quintal as compared to the existing price ranging between Rs.625-650 per quintal in the market. He also included PASSCO would procure unlimited quantity of Irri-6 from the growers in Sindh and Balochistan. The rice production had increased about 13% in the current fiscal year. Apart from this, there is a bright prospect of Pakistani rice for export to China and Malaysia. According to him, the Chinese government had indicated to import rice worth \$500 million at marginal duty of one percent.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

The market sentiment remained almost range bound in this week in Delhi as against of last week. Stable demand and arrival kept the prices almost stable. Only Parmal variety fetched slight good return from the market due to export buying pressure. 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	26.12.05	2.01.06
Basmati New	2400-2500	2400-2500
Sharbati new	1525-1560	1525-1560
Sharbati old	1625-1650	1625-1660
Parmal raw	960-1000	960-1015
Wand	1050-1100	1060-1100
Parmal sella	1025-1090	1020-1070
IR 8	910-960	910-960
DB Rice	1700-2000	1800-2000

DEHRADUN MARKET:

Only Parmal and IR-8 variety fetched higher return from the market and other varieties remained on stable range. 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	26.12.05	2.01.06
Basmati Raw	2150-2250	2150-2250
Sharbati	1600-1675	1600-1675
Parmal Raw	1000-1100	1015-1110
IR 8	950-965	975-1000

RUDRAPUR MARKET:

Rudrapur market showed a range bound with steady sentiment in this week as compared to last week. The most of the varieties traded on steady range. 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. The arrival of new Basmati rice is pronounced. Government is procuring most part of farmers produce. Therefore it kept the prices on stable range. 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	26.12.05	2.01.06
Sharbati paddy (New)	750-800	750-800
DB paddy	1050	1040-1060
Parmal paddy	625-650	620-650
Parmal raw rice	1050	1040-1060
Wand	1050	1040-1060
Basmati paddy	1100-1125	1100-1130
Basmati rice	2400-2500	2400-2500
Sharbati sella	1550-1600	1540-1600
Sharbati esteem	1600	1575-1600
DB sella	2200-2250	2200-2300

KARNAL MARKET:

A mixed sentiment is witnessed in the Karnal market in this week as compared to previous week. The slight strong demand for Parmal, Basmati and IR-8 kept the prices on slight higher side for these varieties. Where as the Sharbati rice has traded on slight lower side. The other varieties remained on steady range. 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 is procuring parmali rice 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	26.12.05	2.01.06
Basmati rice sella	2800-2850	2800-2900
Basmati rice raw	2300-2350	2275-2450
Sharbati esteem	1725-1775	1700-1760
Sharbati sella	1550-1600	1540-1590
Parmal raw rice	1050	1040-1060
Parmal sella	1050-1080	1060-1100
IR 8	900-925	910-930
DB rice sella	1900-2000	1950-2000

KURUKHESTRA MARKET:

The sowing progress is proceeding well in Kurukhestra due to good weather. The most of the varieties has traded on range bound position. The daily average arrival is remained at 1100-1400 bags in this market, according to the traders. The most of the varieties is coming from U.P., Delhi and Karnal. The prices are likely to remain steady in the coming week and may increase near January particularly for Basmati varieties.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	26.12.05	2.01.06
DB rice (New)	2200-2250	2210-2245
DB Rice (Old)	2200-2300	2200-2290
Sharbati esteem	1600-1700	1650-1700
Sharbati sella	1550-1650	1575-1625
PR11 sella	1100-1150	1100-1150
Parmal rice	1050-1100	1050-1100
Parmal Wand	1050-1100	1050-1100
Parmal Sella	1050-1100	1050-1100
Basmati Rice New	2400-2500	2400-2500
Basmati Rice Old	2800-2900	2850-2900
Basmati paddy	1250-1350	1200-1325

AMRITSAR MARKET:

The market sentiment for various rice varieties remained mostly range bound in this week as against of last week. The government is procuring rice from the farmers at their MSP; therefore the spot prices do not go to the lower side despite the arrival is increasing. The export demand for rice is also restricting the price movement on lower side. The export demand from Middle East country, Dubai etc. is hopeful. Nigeria is importing Sharbati, Basmati and Parmal rice, according to trade sources. Arrivals were stable around 2500-4000 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	26.12.05	2.01.06
Sharbati sella rice	1500-1525	1510-1525
Sharbati raw rice	1450-1500	1500-1550
Sharbati esteem (New)	1600-1650	1600-1650
Basmati rice raw	2500-2550	2500-2560
Basmati Paddy	1250-1375	1250-1375
Parmal Govt. Quality	1000	1000-1010
PR11 paddy	700	690-700
PR11 rice	1100-1150	1100-1150
Parmal Wand (New)	1100-1150	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 100-150 trucks in Burdwan region is witnessed. The government procurement is going on in most of the mandis. The harvesting pressure is still going on in this market and it is likely to complete in mid January. 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	26.12.05	2.01.06
Ratnachudi	1000-1050	1050-1150
Fine	1230-1300	1000-1300
Super Fine	1200-1250	1200-1300
IR 36 (super)	1000-1050	990-1040
Minikit Shankar	1325-1360	1320-1360
Minikit (M- Shankar)	1290-1330	1280-1325
Doodh Kalma	1250-1300	1240-1300
Swarna (New)	850-900	840-890
Pankaj	875-900	870-885
Swarna parboiled	940-960	935-960
Govindobhog	2275-2325	2275-2340
Chawl Moni	1600-1650	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 slight 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 30th December, 2005)

Loading of 5,000 MT of rice is continuing on the vessel 'Glory' to Red Sea Port. James Mackintosh agents is handling the vessel. 'Paraskevi II' has berthed at Kandla Port and continues to load 10,000 MT of rice to West Africa. St. John agents is handling the vessel. Kandla Port is loading 8,500 MT of rice to Jeddah on the vessel 'Aboudi'. Aditya agents is handling the vessel. 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. These vessels will be handled by Aditya agents. 'Bright Star' is expected at the port to load 13,500 MT of rice to Lagos. Interoccean agents will be handling the vessel. Loading of 12,500 MT of rice is expected at the port on the vessel 'Merces Mirissa' to Dammam. Sai Shipping agents will be handling the vessel.

Mumbai Port is expecting 'Glory' to load 8,000 MT of rice. Mitsutor agents will be handling the vessel.

WEATHER WATCH (As on 1st January, 2006)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

The western disturbance over north Pakistan and adjoining Jammu & Kashmir persists as an upper air system. Also, the associated induced low-pressure area persists over West Rajasthan and neighborhood. Under its influence, scattered to fairly wide spread snowfall/rain is likely over the hilly region of NW India viz. J&K, Himachal Pradesh and Uttaranchal and scattered rainfall over the plains of NW India viz., Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan during next 2 days.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

- Hilly regions of NW India viz. J&K, Himachal Pradesh and Uttaranchal are likely to receive scattered to fairly wide spread snowfall/rains and the plains of NW India viz., Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan scattered rainfall during next 2 days.

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

- Mainly dry weather may prevail over the region except over East Uttar Pradesh and Bihar where isolated rains are expected during 4-5 Jan., 2006.

CENTRAL I INDIA [MP, CHATTISGARH, VIDARBHA]

- Region is likely to experience mainly dry weather condition.

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

- Isolated to scattered rainfall are likely over Andaman & Nicobar islands, south Tamilnadu, Kerala and Lakshadweep during next 24 hours and then during 5-6 Jan 06. Mainly dry weather may prevail of rest areas of the region.

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

- Mainly dry weather is expected to prevail over the region except over North Rajasthan where isolated to scattered rains are likely during next 24-48 Hrs.

Source: NCMRWF

FOREX (As on 2nd January, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.07
1 Euro	53.55
100 Yen	38.44
1 British £	77.89

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

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