

Rice

10th-16th January 2006

MAJOR ACTIVITY HIGHLIGHTS

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- Domestic Market Commentary
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- Rice Production Estimates

DOMESTIC AND INTERNATIONAL NEWS:

Indian Rice Export Increasing on Strong Demand

India is eyeing to increase in the export demand for rice (non-basmati) which registered an unbelievable 63% growth in USD terms, in the first half of the current fiscal year. The rice exports increased above \$350 million to \$ 816.55 million in April-September 2005-06 as compared with \$500.1 million in the corresponding period last fiscal year. There has been an awfully demand for Indian rice since last two years. According to the Agriculture and Processed Food Products Export Development Authority (APEDA) officials, the main reason is the drought in Thailand, which has pushed up prices, rendering Indian exports more competitive.

RICE: Latest WASDE Report

The U.S. 2005/06 rice crop is estimated at a near-record 223.2 million cwt, up 2.5 million cwt from last month, but 9.1 million cwt below revised 2004/05 record crop. Average yield for 2005/06 is estimated at 6,636 pounds per acre, up 33 pounds per acre from last month, but 352 pounds per acre below the record 2004/05. Planted area is estimated at 3.384 million acres, up 19,000 acres from November and up slightly from 2004/05. Projected imports for 2005/06 are lowered 0.5 million cwt to 13.5 million cwt based on a slower- than-expected pace of medium- and short-grain imports through October. Total domestic and residual use is projected at a record 127.1 million cwt, up slightly from last month. The upward revision is based in part on implied use from December 1 stocks. Projected exports remain at 121 million cwt, up nearly 11 million cwt from a year earlier. Ending stocks for 2005/06 are projected at 26.3 million cwt, up 1.1 million cwt from last month, but down 11.4 million cwt from 2004/05. The season-average farm price is unchanged at \$7.65 to \$7.95 per cwt, compared with \$7.33 in 2004/05.

WASDE: Global Rice Report

Global production, consumption, and ending stocks for 2005/06 are nearly unchanged from a month ago, while exports and imports are larger. Global exports are raised 0.8 million tons due to increases for Australia, China, and Pakistan. Imports are up 0.7 million tons owing mostly to an increase for the Philippines. Global ending stocks at 66.1 million tons are up slightly from last month, down 7.0 million tons from 2004/05, and the lowest stocks since 1982/83.

USDA: Rice Weekly Export Sales Highlights

Net sales of 57,200 MT were two and one-third times the previous week, but 32 percent below the prior 4-week average. The major buyers were Mexico (29,300 MT), the United Kingdom (8,900 MT), Ghana (5,800 MT), and Costa Rica (4,000 MT). Exports of 74,400 MT were two and one-third times the previous week and 6 percent over the prior 4-week average. The primary destinations were Japan (26,000 MT), Mexico (20,100 MT), Cuba (5,300 MT), the United Kingdom (5,000 MT), Honduras (4,400 MT), and Canada (3,700 MT). (This summary is based on reports from exporters for the period December 30, 2005-January 5, 2006)

Rice Exports Touched 4.5 MMT in India

According to preliminary official trade data, rice exports were 247,629 tons (84,468 tons basmati and 163,161 tons non-basmati) in September, and 426,165 tons (51,079 tons basmati and 375,086 tons non-basmati) in October, taking January-October 2005 exports to around 4.5 million tons. September and October exports were mainly to Nigeria, Saudi Arabia, South Africa, other African countries, and the United Arab Emirates. The U.S. Department of Agriculture's Foreign Agricultural Service reported Friday. The rice stocks in India as of Jan. 01 remained at 13.6 million MT, which is up 6.2% from 12.8 million MT a year earlier on government purchases in the 2005-06 marketing year that runs from Oct. 01 through Sep. 30.

Govt. Put Hold on the PDS Rice Increase

The decision to increase the price of rice in PDS and also reduce the allocation of rice for ration cardholders had been stayed temporarily. But the Centre has not disclosed that the decision has been withdrawn or cancelled. The government has only reported that they are not implementing it for the time being, until they hold consultations with their alliance partners.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

Delhi market witnessed a positive sentiment for rice prices in this week as compared to last week. The most of the rice varieties increased by Rs.10-20 per quintal in this week but the paddy prices remained steady in this week. The export demand for Parmal and Sharbati rice pushed up the rice prices. The other market-governing factor was strong

demand from other States and less arrival kept the market hot. Besides this the government procurements also put some pressure on prices and it restricted the price movement on lower side. Government put hold on decision to reduce subsidies on foodgrains and increased issue prices, which were also supported the market. Parmal variety fetched good return from the market due to export buying pressure. 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	9.01.06	16.01.06
Basmati New	2450-2550	2450-2600
Basmati paddy	1250-1350	1250-1350
Sharbati new	1550-1575	1575-1600
Sharbati paddy	800-850	800-850
Sharbati old	1625-1650	1650-1675
Parmal raw	965-1025	975-1030
Wand	1070-1100	1075-1110
Parmal sella	1025-1075	1035-1080
IR 8	915-965	925-975
DB Rice	1700-2000	1750-2050
DB Paddy	-	1100-1150

DEHRADUN MARKET:

Most of the rice varieties remained on strong position in this week as compared to last week except IR-8, which is showed steady movement in this week. The demand for Parmal rice pushed up the rice prices in this market. The good demand and export buying pressure kept the prices hot in this week at this market. The most of the arrival is coming from Haryana. It is expected that the prices would remain stable in the coming days.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	9.01.06	16.01.06
Basmati Raw	2150-2250	2175-2275
Sharbati	1600-1675	1625-1700
Parmal Raw	1025-1120	1035-1115
IR 8	975-1000	975-1000

RUDRAPUR MARKET:

Rudrapur market showed strong sentiment for paddy and rice in this week as against of last week. The most of the varieties traded on higher side. The rice is supplying to Uttaranchal and U.P. for government procurement and as well as the domestic demand is also strong in this market. The arrival of new Basmati rice is pronounced. Government is procuring most part of farmers produce. Therefore it put some pressure on prices. The bumper production of Basmati rice kept prices under pressure at most of the trading centre though it traded on slight higher side due to export demand. 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	9.01.06	16.01.06
Sharbati paddy (New)	800	800-825
DB paddy	1050-1100	1075-1125
Parmal paddy	650-675	660-680
Parmal raw rice	1040-1060	1050-1070
Wand	1040-1060	1050-1070
Basmati paddy	1150-1200	1175-1200
Basmati rice	2400-2500	2450-2525
Sharbati sella	1600	1600-1625
Sharbati esteem	1650	1650-1675
DB sella	2250-2300	2275-2325

KARNAL MARKET:

Karnal market witnessed strong sentiment in this week as compared to previous week. The demand for paddy remained slight bullish and demand for Parmal rice remained slight strong. The slight strong demand for Parmal, Basmati and IR-8 kept the prices on slight higher side for these varieties. 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 parmal rice at the price of Rs.1050-1060 per quintal, according to the traders. 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	9.01.06	16.01.06
Basmati rice sella	2850-2900	2875-2925
Basmati rice raw	2275-2450	2300-2475
Sharbati esteem	1700-1760	1710-1770
Sharbati sella	1550-1600	1575-1625
Parmal raw rice	1050-1075	1075-1100
Parmal sella	1060-1075	1070-1080
IR 8	910-935	920-950
DB rice sella	1950-2000	1960-2010

KURUKHESTRA MARKET:

Kurukhestra market showed a positive sentiment in this week as compared to last week. The most of the varieties has traded on mostly strong side. The daily average arrival is remained at 1200-1600 bags in this market, according to the traders. The most of the varieties is coming from U.P., Delhi and Karnal. The demand for Sharbati and DB rice remained pronounced due to export buying pressure from international market. Government's procurement for rice restricted the price movement on lower side. The domestic demand witnessed good. The prices are likely to remain steady in the coming days and may increase near January particularly for Basmati varieties.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	9.01.06	16.01.06
DB rice (New)	2210-2245	2220-2250
DB Rice (Old)	2200-2290	2200-2300
Sharbati esteem	1675-1700	1680-1710
Sharbati sella	1600-1630	1610-1640
PR11 sella	1100-1150	1110-1160
Parmal rice	1050-1100	1060-1110
Parmal Wand	1050-1100	1060-1110
Parmal Sella	1050-1100	1060-1110
Basmati Rice New	2400-2500	2450-2550
Basmati Rice Old	2850-2900	2875-2925
Basmati paddy	1175-1250	1200-1250

AMRITSAR MARKET:

The most of the varieties traded on higher side in this week as against of last week. The demand remained strong and arrival remained stable. The government is also procuring the Parmal rice from this market; therefore it put some pressure on rice prices. Besides this export buying pressure from international country also bolstered the market sentiment. 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	9.01.06	16.01.06
Sharbati sella rice	1515-1530	1500-1550
Sharbati raw rice	1500-1550	1510-1560
Sharbati esteem (New)	1600-1650	1625-1675
Basmati rice raw	2500-2550	2600-2625
Basmati Paddy	1250-1375	1350-1400
Parmal Govt. Quality	1000-1010	1000-1010
PR11 paddy	700	700-725
PR11 rice	1100-1150	1150-1175
Parmal Wand (New)	1100-1150	1100-1150

WEST BENGAL MARKET:

Arrivals of new kharif crop are rising and therefore the prices are going to down for most of the paddies. But the rice prices remained range bound with steady in this week as against of last week. Daily average arrival of 100-200 trucks in Burdwan region is witnessed. The government procurement is going on in most of the mandis. The higher arrival is keeping pressure on prices. The harvesting pressure is almost completed. 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	9.01.06	16.01.06
Ratnachudi	1050-1150	1050-1150
Fine	1000-1300	1000-1300
Super Fine	1200-1300	1200-1300
IR 36 (super)	950-1030	950-1030
Minikit Shankar	1300-1350	1300-1350
Minikit (M- Shankar)	1250-1300	1250-1300
Doodh Kalma	1240-1300	1240-1300
Swarna (New)	830-880	830-880
Pankaj	860-880	860-880
Swarna parboiled	925-950	925-950
Govindobhog	2275-2340	2275-2340
Chawl Moni	1600-1650	1600-1650

CONCLUSION

The most of the trading centre showed a positive 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 for paddy. Government procurement is hindering the price movement on lower side rapidly 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 16th January, 2006)

Loading of 15,000 MT of rice is expected at Kandla Port on the vessel 'J Friends' to Jeddah. Aditya agents will be handling the vessel.

'Sancris' is expected at Mumbai Port to load 4,000 MT of rice. JM Baxi agents will be handling the vessel.

WEATHER WATCH (As on 15th January, 2006)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

As per the earlier assessment, the movement of a western disturbance towards J&K and adjoining parts of NW India has resulted in to warmer nights and the same conditions are to continue over NW India till 18-19 January 2006. Under its influence, scattered to fairly widespread snowfall over hilly regions of NW India (J & K, Himachal and Uttaranchal) and isolated to scattered rains over adjoining plains of NW India(Punjab, Haryana-including Chandigarh and Delhi, Western Uttar Pradesh, Rajasthan) is expected in coming days. Scattered to fairly widespread rains have been realized over south coastal Tamilnadu, Kerala, Lakshadweep, NE States, J &K, Himachal, Uttaranchal for the last 24-hrs. Yesterday's DEPRESSION over the southeast Arabian Sea has moved in predominant west-north-westerly direction during the last 24-hrs and persists as a low-pressure area now over the southeast Arabian Sea. It is likely to move in predominant west-north-westerly direction and dissipate gradually. Hence, only a isolated to

scattered rainfall activity is now expected over Lakshadweep and Kerala for next 24-48hrs or so.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Scattered to fairly widespread snowfall/rains is likely over J&K, H.P. and Uttaranchal and isolated rains over adjoining Punjab and Haryana in coming 3-days. Subsequently, cold-wave conditions are likely to set in all over the region.

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

The region is likely to experience mainly dry weather with fog in morning and late evenings particularly over parts of east U.P. and Bihar.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

Kerala and Lakshadweep are likely to receive isolated to scattered rainfall in coming 1-2days. Subsequently, dry weather is likely to prevail.

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

Scattered rainfall activity is expected over Rajasthan for next 2-3days only and mainly dry weather is expected to prevail over rest of the region.

Source: NCMRWF

FOREX (As on 16th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.26
1 Euro	53.35
100 Yen	38.63
1 British £	77.95

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 2.01.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	7.53	7.67	-0.14	AP (-1.1, -39.0), Ker (-0.1, -25.6), TN (+1.0, +23.8)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 2.01.06

(Lakh tonnes)

State	Total procurement in marketing season 2003-04 (Oct.- Sept.)	Progressive Procurement as on 2.01.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	7.82	6.38
Chhattisgarh	28.37	13.11	11.06
Haryana	16.62	19.39	14.96
Maharashtra	2.05	0.47	0.20
Orissa	15.90	1.93	1.25
Punjab	91.06	83.03	82.71
Tamil Nadu	6.52	-	0.15
Uttar Pradesh	29.71	10.76	9.50
Uttaranchal	3.16	1.12	1.13
West Bengal	9.44	0.58	0.26
All-India	246.83	139.45	128.00

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$297	5% DP	\$263
5%	\$291	5%	\$262
10%	\$288	10%	\$259
15%	\$275	15%	\$247
25%	\$258	25%	\$240
35%	\$256		
Jasmine	\$409		
PB 100% Sortexed	\$286		
A1 super	\$209		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$225	Basmati (fine grade)	\$850
20%	\$221	PR 106 PB 5%	\$270
25%	\$219	PR 106 5%	\$270
		PR 106 25%	\$236

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