

Rice

3rd -9th January 2006

MAJOR ACTIVITY HIGHLIGHTS

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- Domestic Market Commentary
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DOMESTIC AND INTERNATIONAL NEWS:

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.

Rabi Rice Transplanting Progressing a Little Slow

Transplanting of rice is going a little slow. Transplanting of Rabi rice has in progress in Andhra Pradesh, Assam, Karnataka, Kerala and Tamil Nadu. It is expected to start in January in Bihar Orissa and West Bengal. Total area coverage so far is 7.53-lakh hectare against 7.67-lakh hectare for last year.

Haryana Govt Procured Record Amount of Paddy

Haryana government procured a record amount of paddy in this season (October-December) at 23.53 lakh tonnes as compared to the earlier record of 15.75 lakh tonnes in the year 2001. According to Haryana Deputy Chief Minister, Chander Mohan, the farmers of the state had been paid a record amount of Rs 1,411.80 crore for their produce. He also concluded that Kurukh district was leading with a figure of 7.71 lakh tonnes followed by Karnal with 7.03 lakh tonnes, Kaithal with 5.43 lakh tonnes and Fatehabad with 5.20 lakh tonnes out of the total arrival of 44.06 lakh tonnes of paddy in the state. Mohan reported that the state government had so far contributed 10.90 lakh tonnes of rice to the central pool.

Rabi Rice Sowing Decreasing in 2006

Rabi rice and coarse cereals sowing continues to shows lower coverage, especially jowar and maize. The area under rice prevails at 7.53 lakh (7.67 lakh of last year) with coverage in Andhra Pradesh being down by 1.1 lakh and 10,000 hectares in Kerala. The sowing is up in Tamil Nadu. The area under maize is down in Tamil Nadu.

Rice: US Export Remains Down

According to latest weekly sales report of USDA, the net sales of 24,600 MT--a marketing-year low--were 75 percent below the previous week and the prior 4-week average. The major buyers were Costa Rica (6,000 MT), Nicaragua (5,000 MT), Mexico (4,800 MT), Guatemala (3,600 MT), and Cuba (1,500 MT). Exports of 31,800 MT were 65 percent below the previous week and 59 percent under the prior 4-week average. The primary destinations were Cuba (21,500 MT), Taiwan (2,500 MT), Germany (1,400 MT), Barbados (1,200 MT), Canada (1,200 MT), and Liberia

(1,100 MT). (This summary is based on reports from exporters for the period December 23-29, 2005)

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.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

The market sentiment improved in this week a compared with last week amidst slight upward demand and less arrival. The most of the varieties increased Rs.5-7 per quintal in this week. Government reduced subsidies on foodgrains and increased issue prices, which was also supported the market. Parmal variety fetched good return from the market due to export buying pressure. The government procurement in various centres is restricting 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	2.01.06	9.01.06
Basmati New	2400-2500	2450-2550
Basmati paddy	-	1250-1350
Sharbati new	1525-1560	1550-1575
Sharbati paddy	-	800-850
Sharbati old	1625-1660	1625-1650
Parmal raw	960-1015	965-1025
Wand	1060-1100	1070-1100
Parmal sella	1020-1070	1025-1075
IR 8	910-960	915-965
DB Rice	1800-2000	1700-2000

DEHRADUN MARKET:

Most of the varieties fetched same return as of last week except Parmal rice. The demand for Parmal rice pushed up the rice prices in this market. The demand for other varieties remained stable in this week. The arrival is coming from Haryana.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	2.01.06	9.01.06
Basmati Raw	2150-2250	2150-2250
Sharbati	1600-1675	1600-1675
Parmal Raw	1015-1110	1025-1120
IR 8	975-1000	975-1000

RUDRAPUR MARKET:

Rudrapur market showed a range bound with steady sentiment for rice but sentiment remained bullish for paddy 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. for government procurement but the domestic demand is stable in this market. 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	2.01.06	9.01.06
Sharbati paddy (New)	750-800	800
DB paddy	1040-1060	1050-1100
Parmal paddy	620-650	650-675
Parmal raw rice	1040-1060	1040-1060
Wand	1040-1060	1040-1060
Basmati paddy	1100-1130	1150-1200
Basmati rice	2400-2500	2400-2500
Sharbati sella	1540-1600	1600
Sharbati esteem	1575-1600	1650
DB sella	2200-2300	2250-2300

KARNAL MARKET:

Karnal market witnessed mixed 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 parmali 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	2.01.06	9.01.06
Basmati rice sella	2800-2900	2850-2900
Basmati rice raw	2275-2450	2275-2450
Sharbati esteem	1700-1760	1700-1760
Sharbati sella	1540-1590	1550-1600
Parmal raw rice	1040-1060	1050-1075
Parmal sella	1060-1100	1060-1075
IR 8	910-930	910-935
DB rice sella	1950-2000	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 1000-1500 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 where as other varieties traded on stable range. 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	2.01.06	9.01.06
DB rice (New)	2210-2245	2210-2245
DB Rice (Old)	2200-2290	2200-2290
Sharbati esteem	1650-1700	1675-1700
Sharbati sella	1575-1625	1600-1630
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	2850-2900	2850-2900
Basmati paddy	1200-1325	1175-1250

AMRITSAR MARKET:

The market sentiment for various rice varieties remained mostly range bound in this week as compared with 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 2600-4100 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	2.01.06	9.01.06
Sharbati sella rice	1510-1525	1515-1530
Sharbati raw rice	1500-1550	1500-1550
Sharbati esteem (New)	1600-1650	1600-1650
Basmati rice raw	2500-2560	2500-2550
Basmati Paddy	1250-1375	1250-1375
Parmal Govt. Quality	1000-1010	1000-1010
PR11 paddy	690-700	700
PR11 rice	1100-1150	1100-1150
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. Daily average arrival of 125-200 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 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	2.01.06	9.01.06
Ratnachudi	1050-1150	1050-1150
Fine	1000-1300	1000-1300
Super Fine	1200-1300	1200-1300
IR 36 (super)	990-1040	950-1030
Minikit Shankar	1320-1360	1300-1350
Minikit (M- Shankar)	1280-1325	1250-1300
Doodh Kalma	1240-1300	1240-1300
Swarna (New)	840-890	830-880
Pankaj	870-885	860-880
Swarna parboiled	935-960	925-950
Govindobhog	2275-2340	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 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 9th 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. 'Bright Star' is expected at the port to load 13,500 MT of rice to Lagos. Interocean agents will be handling the vessel.

Mumbai Port is loading 8,000 MT of rice on the vessel 'Glory' to Red Sea Ports. Mitsutor agents is handling the vessel.

WEATHER WATCH (As on 9th January, 2006)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5-DAYS

WEATHER OUTLOOK

Prevailing cold wave to severe cold wave conditions over most parts of J&K, Punjab, Haryana, Rajasthan; Uttar Pradesh and parts of Bihar are likely to continue during next 24Hrs. Thereafter the night temperatures over northwest India are likely to increase by about 3 degree C during 11-12 January. Frost may continue over parts of Punjab, Haryana, Rajasthan and Uttar Pradesh during next 24 Hrs. A weak western disturbance is likely to affect J&K in next 24 Hrs. and move in east-north-eastward direction across hilly regions of J&K & H.P. Under its influence hilly regions of NW India viz. J&K, H.P. and Uttaranchal likely to experience scattered snowfall during 10-12. Under the influence of an easterly wave, scattered rainfall activity is expected over southern Peninsular India during next 2-3 days.

ZONE-WISE WEATHER FORECAST FOR NEXT 5-DAYS

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

Scattered snowfall is likely over J&K, H.P. and Uttaranchal during next 3 days. Isolated rain may occur over adjoining parts of Punjab and Haryana.

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

The region is likely to experience mainly dry weather during next 5 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

South Tamilnadu, Kerala and Lakshadweep are likely to receive scattered rainfall during next 2-3 days.

Source: NCMRWF

FOREX (As on 9th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.28
1 Euro	53.77
100 Yen	38.87
1 British £	78.42

SUMMARY OF 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	\$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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