

## Rice

24<sup>th</sup> -30<sup>th</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

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

### DOMESTIC AND INTERNATIONAL NEWS:

#### Pakistan: Rice Production Likely to Up

According to the Federal agriculture authorities and researchers in Pakistan the estimate of rice production for this season likely to touch 5.5 million MT, which is higher than the earlier estimate of 5.4 million MT. Therefore, the export volume is expected to rise to 2.4 million MT. The country is expected to export about \$1 billion worth of rice during current fiscal year. The export of rice during the first six months of current fiscal year rose by nearly 20 %. Whereas, 0.85 million MT of rice worth about \$200 million was exported during July-December, which included 0.5 million MT of Irri and 0.35 million MT of Basmati rice

#### Rice Export Price Remain Steady in Pakistan

Although the demand for IRRI-6 from Africa is getting higher but Pakistan rice prices are likely to remain steady. January and February are usually peak period for exports, so prices are anticipated to stay stable to higher as there are fresh demands from exporters. The Pakistan IRRI-6 rice variety prevailed at \$216/217 PMT, two to three dollars lower than Thai and Vietnamese offers. Exporters have exported about 150,000 MT of IRRI-6 in January, while orders of more than 100,000 MT were waiting to be exported.

#### 2.5 Million MT More Rice Production Likely to in India

According to the anticipation of Indian government rice production would be 1.5 million MT above the preceding (September) forecast and 2.5 million MT more than in 2004. The government has also reported about 4% expansion of the area under the main kharif crop. The profusion of rainfall has allowed the replenishment of reservoirs with bodes well for the second irrigated Rabi paddy crop. The Rabi paddy crop supposed to planted between November and February.

#### Global Paddy Production Supposed to Increase by 7 Million Tonne in 2005

According to The Food and Agriculture Organisation (FAO) Global paddy production supposed to increase in 2005 by 7 million tonne to 622 million tonne, 2.6% higher than in 2004. This is due to the fact of plenty of production of several of the major rice producing countries. Majority of the production anticipated to contributing by Bangladesh, China, India and Thailand among the Asian countries. It is

also reported that European Union, US and Australia harvested a lower output.

#### Thai Rice Exports Prices Higher on Tight Supply

Thai rice export prices increased on Friday. Thai 100% B grade was offered steady at \$300-\$305 PMT, free on board, compared with Thursday's \$300-\$303 PMT. Thai 5% broken rice was priced at \$297 PMT, FOB from \$295-\$299 PMT, while Thai parboiled 100% sortexed was offered at \$297 PMT, FOB, from \$293-\$298 PMT Thursday. Tight supply, international demand for rice as growing population along with strengthening baht are the major governing factors which pushing Thai export prices up.

#### 26,630 MT of Foreign Rice was Bought by Japan

Japan bought 26,630 MT of foreign rice on last Friday. According to the Japan's Agriculture Ministry the same was bought at a rice import tender. The tender was under the simultaneous buy and sell (SBS) system.

#### Vietnam: Record Rice Export of 5.2 MMT in 2005

2005 proved to be great year for Vietnam as it earned over US\$1.34 billion by exporting a record of 5.2 Million Metric Tonne of rice at an average price of US\$267 Per Metric Tonne. This is also the same year in which the country set all three records in export rice quantity, price and turnover from the time when Vietnam officially participated in the world rice market.

### DOMESTIC MARKET COMMENTARY

#### DELHI MARKET

Delhi market showed a steady sentiment in this week over last week. The most of the varieties has traded on mostly stable side except Wand. The supply of Wand was a smaller amount. The Basmati rice showed stable demand like previous week. Rice basmati (Lalquila) 4400, Shri Lal Mahal 4600, Basmati common 2500-2650, Parmal raw new 980-1030, old 900-940, Parmal wand 1075-1100, Parmal Sella 965-1020 and IR-8 915-950 in each quintal on Monday. Traders are noted that the prevailing sentiments are likely to continue in the coming days also due to the good export buying demand of Basmati rice in international country.

### Market Price For Different Varieties Of Rice In Delhi Mandis (Rs. per Qtl.)

| Delhi          | 23.01.06  | 30.01.06  |
|----------------|-----------|-----------|
| Basmati New    | 2500-2650 | 2500-2650 |
| Basmati paddy  | 1200-1350 | 1200-1350 |
| Sharbati new   | 1575-1600 | 1575-1600 |
| Sharbati paddy | 800-825   | 800-825   |
| Sharbati old   | 1650-1675 | 1650-1675 |
| Parmal raw     | 980-1030  | 970-1020  |
| Wand           | 1040-1075 | 1075-1100 |
| Parmal sella   | 1040-1090 | 1025-1075 |
| IR 8           | 925-975   | 900-935   |
| DB Rice        | 1800-2100 | 1800-2100 |
| DB Paddy       | 1100-1150 | 1100-1150 |

### RUDRAPUR MARKET:

Rudrapur market showed strong sentiment for paddy 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 for Basmati rices and restricted arrival is also pushed up the market. The arrival of new Basmati rice is nil Government is procuring most part of farmers produce. Therefore it put some pressure on prices. It is expecting that the rice price to remain firm in end of 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             | 23.01.06  | 30.01.06  |
|----------------------|-----------|-----------|
| Sharbati paddy (New) | 820-860   | 860-900   |
| DB paddy             | 1075-1125 | 1150-1250 |
| Parmal paddy         | 660-680   | 660-700   |
| Parmal raw rice      | 1050-1070 | 1100-1150 |
| Wand                 | 1050-1070 | 1100-1150 |
| Basmati paddy        | 1190-1225 | 1250-1300 |
| Basmati rice         | 2475-2550 | -         |
| Sharbati sella       | 1600-1625 | 1700-1750 |
| Sharbati esteem      | 1650-1675 | 1750-1800 |
| DB sella             | 2300-2350 | 2300      |

### KARNAL MARKET:

Karnal market showed stable sentiment in this week as compared to previous week for most of the varieties. The demand for paddy remained slight bullish and demand for Parmal rice remained slight weak. 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 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             | 23.01.06  | 30.01.06  |
|--------------------|-----------|-----------|
| Basmati rice sella | 2850-3000 | 2900-3000 |
| Basmati rice raw   | 2400-2600 | 2400-2600 |
| Sharbati esteem    | 1700-1760 | 1700-1760 |
| Sharbati sella     | 1575-1625 | 1575-1625 |
| Parmal raw rice    | 1025-1080 | 950-985   |
| Parmal sella       | 1060-1070 | 1000-1055 |
| IR 8               | 920-950   | 865-900   |
| DB rice sella      | 2000-2050 | 2000-2050 |

### DEHRADUN MARKET:

Most of the rice varieties showed a range bound with steady sentiment in this week as compared to last week due to stable-demand scenario. 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    | 23.01.06  | 30.01.06  |
|-------------|-----------|-----------|
| Basmati Raw | 2250-2400 | 2250-2400 |
| Sharbati    | 1650-1725 | 1650-1725 |
| Parmal Raw  | 1035-1115 | 1035-1115 |
| IR 8        | 975-1000  | 975-1000  |

### KURUKHESTRA MARKET:

Kurukhestra market showed a steady sentiment in this week over last week. The most of the varieties has traded on mostly stable side. No arrival is reported in this market. 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      | 23.01.06  | 30.01.06  |
|------------------|-----------|-----------|
| DB rice (New)    | 2220-2250 | 2220-2250 |
| DB Rice (Old)    | 2200-2300 | 2200-2300 |
| Sharbati esteem  | 1680-1710 | 1680-1710 |
| Sharbati sella   | 1610-1640 | 1610-1640 |
| PR11 sella       | 1110-1160 | 1110-1160 |
| Parmal rice      | 1060-1110 | 1060-1110 |
| Parmal Wand      | 1060-1110 | 1060-1110 |
| Parmal Sella     | 1060-1110 | 1060-1110 |
| Basmati Rice New | 2450-2550 | 2450-2550 |
| Basmati Rice Old | 2875-2925 | 2875-2925 |
| Basmati paddy    | 1200-1250 | 1200-1250 |

## WEST BENGAL MARKET:

Prices have increased in West Bengal market due to tight supply coupled with strong demand. The restricted arrival raising the prices at the domestic spot market. Farmers are storing their crops for making advantage of this situation. The demand of Ratnachudi and Swarna are rising. Therefore, prices reaches to 1150-1160 compared to last week 1050-1150 for Ratnachudi. In case of Swarna prices reaches to 950-1050 from 830-880. Though, arrivals of new kharif crop are rising and therefore the prices are expected to going down for most of the paddies. But the rice prices remained range bound with steady in this week. 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 upper side.

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

| WEST BENGAL          | 23.01.06  | 30.01.06  |
|----------------------|-----------|-----------|
| Ratnachudi           | 1050-1150 | 1150-1160 |
| Fine                 | 1000-1300 | 1300-1350 |
| Super Fine           | 1200-1300 | 1420-1425 |
| IR 36 (super)        | 950-1030  | 1050-1200 |
| Minikit Shankar      | 1300-1350 | 1350-1400 |
| Minikit (M- Shankar) | 1250-1300 | 1300-1350 |
| Doodh Kalma          | 1240-1300 | 1200-1300 |
| Swarna (New)         | 830-880   | 950-1050  |
| Pankaj               | 860-880   | 848-860   |
| Swarna parboiled     | 925-950   | 975-1025  |
| Govindobhog          | 2275-2340 | 2275-2350 |
| Chawl Moni           | 1600-1650 | 1550-1650 |

## AMRITSAR MARKET:

The Basmati rice prices remained somewhat strong in this week as compared to last week. The demand remained strong and arrival remained stable due storing in mill. 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 less around 500-1000 bags daily. Prices are expected to improve in near future as government has reduced its release quota.

### Market Price For Different Varieties Of Rice In Amritsar

| AMRITSAR              | 23.01.06  | 30.01.06  |
|-----------------------|-----------|-----------|
| Sharbati sella rice   | 1500-1550 | 1500-1550 |
| Sharbati raw rice     | 1510-1560 | 1550-1600 |
| Sharbati esteem (New) | 1600-1650 | 1600-1650 |
| Basmati rice raw      | 2625-2675 | 2650-2675 |
| Basmati Paddy         | 1360-1425 | 1360-1425 |
| Parmal Govt. Quality  | 1000-1010 | 1053      |
| PR11 paddy            | 700-725   | 700-725   |
| PR11 rice             | 1150-1175 | 1150      |
| Parmal Wand (New)     | 1100-1150 | 1100-1150 |

## CONCLUSION

The most of the trading centre showed a range bound to steady sentiment in this week as compared to last week except West Bengal and Rudrapur. Last two market reflected bullish sentiments. In Rudrapur market domestic demand coupled with restricted arrival pushed up the market. But traders of most of the domestic spot markets for rice are expecting an increase in demand in January for export demand. Prices for basmati varieties are expected to rise on increased export demand in February months.

### PORT WATCH (As on 27<sup>th</sup> January, 2006)

Loading of 8,000 MT of rice is continuing at Kandla Port on the vessel 'Bunglar Urmi' to Dammam. The vessel is being handled by Aditya agents. 'Mercs Mirissa' has berthed at Mundra Port and continues to load 13,500 MT of rice to Dammam. Sai Shipping agents is handling the vessel. Kandla Port is expecting 'Indruwa Valley' to load 3,000 MT of rice to Yemen. Universal agents will be handling the vessel.

'Sancris' has berthed at Mumbai Port and continues to load 4,000 MT of rice. JM Baxi agents is handling the vessel.

### WEATHER WATCH (As on 30<sup>th</sup> January, 2006)

#### ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOK

A western disturbance is likely to approach in next 24 Hrs. and affect NW India during next 2-3 days. Under its influence J&K, H.P. and Uttaranchal is likely to experience scattered snowfall/rains during 23-24 January 2006. Temperatures over NW India are likely to remain near normal during next 3-4 days. Some parts of Indogangetic Plains of north India are likely to experience light foggy condition in morning and evening hours during 24-26 January 2006.

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

Isolated snowfall/rainfall activity is likely over J&K and H.P. during next 24-36 hours. Slight rise in day and night temperatures is expected during next 2-3 days.

#### 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 to prevail. Rise in day and night temperatures by 2-3 deg C is expected during next 2-3 days.

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

Mainly dry weather is likely to prevail over the region.

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

Mainly dry weather is expected to prevail. Day and Night temperatures are likely to increase to become normal or slightly above normal during next 4 days.

Source: NCMRWF

### FOREX (As on 30<sup>th</sup> January, 2006):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$          | 44.14        |
| 1 Euro           | 53.43        |
| 100 Yen          | 37.61        |
| 1 British £      | 78.03        |

**SUMMARY PROGRESS OF RABI RICE**  
(Area Coverage) (Area in lakh hectares)

| Normal Area | Area Coverage<br>(As reported on 23.01.06) |           |            | Area Difference in Important States-<br>This Year vs. Last Year<br>(Absolute, %) |
|-------------|--|-----------|------------|--|
|             | This Year                                  | Last Year | Difference |  |
| 38          | 14.29                                      | 13.89     | +0.40      | AP (-1.0, -21.2), Ass (-0.2, -16.7), Ker (-0.2, -31.4), TN (+1.3, +24.9),        |

Source: Ministry of Agriculture, GOI

**PROGRESSIVE PROCUREMENT OF RICE AS ON 23.01.06**

(Lakh tonnes)

| State          | Total procurement in marketing season<br>2004-05 (Oct.- Sept.) | Progressive Procurement as on 23.01.06 |                                |
|----------------|--|--|--------------------------------|
|                |  | In Marketing season<br>2005-06         | In Marketing season<br>2004-05 |
| Andhra Pradesh | 39.04  | 11.80                                  | 11.33                          |
| Chhattisgarh   | 28.37  | 21.53                                  | 17.05                          |
| Haryana        | 16.62  | 19.88                                  | 15.78                          |
| Maharashtra    | 2.05   | 0.72                                   | 0.31                           |
| Orissa         | 15.90  | 3.76                                   | 2.93                           |
| Punjab         | 91.06  | 84.59                                  | 85.12                          |
| Tamil Nadu     | 6.52   | 0.43                                   | 0.55                           |
| Uttar Pradesh  | 29.71  | 16.44                                  | 13.43                          |
| Uttaranchal    | 3.16   | 1.75                                   | 1.53                           |
| West Bengal    | 9.44   | 2.30                                   | 1.05                           |
| All-India      | 246.83   | 165.18                                 | 149.70                         |

Source: Ministry of Agriculture, GOI

**International Asian Rice Prices Per MT FOB (Current)**

| THAILAND         | \$/Mt | VIETNAM              | \$/Mt |
|------------------|-------|----------------------|-------|
| 100%B            | \$310 | 5% DP                | \$263 |
| 5%               | \$303 | 5%                   | \$262 |
| 10%              | \$300 | 10%                  | \$259 |
| 15%              | \$285 | 15%                  | \$247 |
| 25%              | \$266 | 25%                  | \$240 |
| 35%              | \$264 |                      |       |
| Jasmine          | \$411 |                      |       |
| PB 100% Sortexed | \$299 |                      |       |
| A1 super         | \$215 |                      |       |
| 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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