

Rice

14th -20th February 2006

MAJOR ACTIVITY HIGHLIGHTS

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- Domestic Market Commentary
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DOMESTIC AND INTERNATIONAL NEWS:

India: Need to Be Competitive in the White Rice Export

India is very important player in the global par-boiled rice market but yet to be competitive in the white rice segment. Presently it has been out-priced by Pakistan in the segment of white rice. India's 25 % broken variety is quoted higher at \$236 PMT as against Pakistan's \$215 PMT for the same grade. Competition in the white rice segment is increasing because of Thailand and Vietnam being insistent in the market. Though, Thailand and Vietnam quotes are even higher at \$268 and \$250 respectively but prices in Vietnam and Thailand are expected to downwards in the later of this month because of the arrival of the new crop. India to export seven lakh tones of white rice by April while, Pakistan's stocks is expected to get over at the same period. In India rice output is expected to improve this year for higher acreage of rabi crops with conducive weather. There should be enough quantity to export after meeting the domestics demand. On the other side, in the par-boiled rice category India is competing only with Thailand. Indian parboiled rice is quoted quiet lower at around \$250 levels f.o.b against \$295 by Thailand. India has been able to acquire demands from African nations such as South Africa, East Africa and Nigeria.

Upward Rice Export in Russia

Rice export in Russia has been increasing. In the first four months of the current rice-marketing year the country already exported 15,700 MT of rice as against 3,140 million MT of the corresponding period in the previous marketing year. In December itself, Russia exported as much as 4,500 MT of rice, compared with 375 MT of the same month in the last year. In December, major quantity of exported rice as about 3,200 MT reached to Azerbaijan and rest amounts to Kazakhstan, Turkey and Ukraine. Increasing rice export is due to raising harvest by 24% to about 650,000 MT in 2005 as well as introduction of EUR70 PMT rice import duty (April, 2005) for cutting off cheap imports and to inspire domestic producers.

Philippines bought 399,500 MT of Rice From Vietnam

Philippines, the Southeast Asian country emerged as world largest buyer of rice. The country imported the grain of 1.8 million MT last year and already bought 350,000 MT in December for shipment in the first quarter this year.

Philippines purchased 399,500 MT of rice last Monday from suppliers of Vietnam. This year the country likely to buy 749,500 MT to secure supply shortfall.

Australia: Rice Production is Likely to 1.0 Million MT

According to Australian Bureau of Agricultural and Resource Economics forecast the output of new rice crop, which will be harvested in autumn, 2006 will likely to be triple to 1.0 million MT as against actual old-crop production of 323,000 MT. The hottest new crop production estimated is on top of the November projection of 924,000 MT. The suitable weather, better spring rainfall and more acreage are the governing factors for this heavy output. The acreage of the new crops is about 105,000 hectares as against old-crop acreages of 48,000 hectares.

Vietnam: Increased Supply Pushed Down Export Prices

Local farmers started harvesting a new paddy crop in Vietnam therefore, it boosting the supply of exportable rice and influencing the export rice prices to move southwards. In Ho Chi Minh City and the Mekong Delta, high-quality 5% broken rice was quoted down at \$260/MT comparing to \$265/ton last week. Vietnamese firms have signed contracts to export more than 250,000 tons of rice to the Philippines by May in the year.

Thailand: Rice Prices Offered Up

Thailand sold around 160,000 MT of rice to Iran and Iraq together. Therefore, on Wednesday Thailand quoted higher prices like, Thai 100% B grade was offered slightly higher at \$308 PMT, FOB Bangkok, as against \$305 PMT of last week. Although, Thai 5% broken rice and parboiled 100% sortexed was priced steady as last week at \$300 and \$295 PMT, FOB Bangkok respectively.

Vietnam Likely to Export about 5 Million MT of Rice

Vietnam likely to export about 5 million MT of rice in the current year like to previous year. Last year Vietnam exported 5.17 million MT of rice as against Thailand's 7.27 million MT. According to the US Foreign Agricultural Service Vietnam's "aggressive early-year sales pace" indicates that the country will reach the 5 million MT mark again this year.

Thai Rice Exporter Facing Severe Challenges from India, Pak

This year reported to be not so much smooth for Thailand exporters like previous years. Thailand exporter facing severe challenges from its Asian counterparts in the current year. Heavy output in India, Vietnam and Pakistan are helping their exporters to offer the grain at competitive prices. According to the Bangkok trader parboiled rice from India was quoted around \$250 a tonne, FOB, compared with \$290 for a same grade from Thailand. On the other side, Pakistan exporters have been offering raw rice at \$215 a tonne, FOB, which is lower than India's offer of \$225 for a similar variety. To support the farmers of Thailand the rice in its domestic market is available at some higher prices compared with offers from other Asian suppliers. The Thailand government has put an export target of 7.5m tonne for 2006. Despite all the adverse situation traders of Thai expect rice exports likely to 7.2-7.4m tonne this year, almost similar to export in 2005. But it won't be able to touch the record sales of 10.1m tonne in 2004. On the other hand, Rice exports from India are expected to be between 4.5 and 5m tonne in 2005-06, as against 4.7m in the last year,

Vietnamese 5% Broken Rice Offered Lower

In some areas of Vietnam harvesting of winter-spring rice crop has started in early on this week. This led to plenty of supply of the grain. Increased supply but weak demand pushed down the rice price especially for 5% broken rice. On Friday, the Vietnamese 5% broken rice was quoted lower at \$258 PMT, free on board, as against \$260 PMT before. Although, 25% broken rice was offered steady as before at around \$245-\$246 PMT, free on board.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

At the Delhi mandis rice prices are raising on slightly increasing domestic demand and also the raising demand from retailers. According to the traders increased demand from retailers pushed up the prices of rice basmati common and other non-basmati varieties. The Basmati rice showed firm demand against previous week and quoted in the range of Rs.2600-2800. The prices of other varieties likely to Rice basmati (Lalquila) Rs.4400, Shri Lal Mahal Rs. 4600, Parmal raw Rs.1010-1070, Parmal wand Rs.1120-1200, Parmal Sella Rs.1080-1135, DB Rice Rs.2050-2350, IR-8 Rs.930-975 per quintal on fresh demand. The export demand from Middle East country, Dubai etc. is hopeful. Nigeria is importing Sharbati, Basmati and Parmal rice, according to trade sources. Govt. is procuring parmal rice at Rs.1075. Stable arrival had been seen in the mandis. Traders are noted that the prevailing sentiments are likely to continue or slightly increase for the coming days.

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

Delhi	13.02.06	20.02.06
Basmati New	2550-2800	2600-2800
Basmati paddy	1250-1350	1250-1350
Sharbati new	1600-1700	1650-1750
Sharbati paddy	825-850	825-850
Parmal raw	1000-1060	1010-1070
Wand	1100-1160	1120-1200
Parmal sella	1100	1080-1135
DB Rice	2000-2250	2050-2350
DB Paddy	1100-1150	1100-1150

RUDRAPUR MARKET:

Rudrapur market showed range bound with bullish undertone sentiment for all the rice variety in this week. The rice supply is going on to Uttaranchal and U.P. for government procurement. Increasing domestic demand influences the market price. Parmal raw and Wand are quoted at the Rs.1060 each. The arrival of new Basmati rice is almost nil. Basmati rice available in the market at Rs.2800. The arrival reported in the market nearly 2000 bags. It is expecting that the rice price to up further in the first of March when export pressure will come in full-fledged, according to the traders. Traders are expecting that market may be steady to range bound for the coming week.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	13.02.06	20.02.06
Sharbati paddy (New)	850	850
DB paddy	1150-1200	1150-1200
Parmal paddy	700	650
Parmal raw rice	1040-1060	1060
Wand	1040-1060	1060
Basmati paddy	1250-1270	1250
Basmati rice	2500-2800	2800
Sharbati sella	1700-1750	1700-1750
DB sella	2350	2350

KARNAL MARKET:

Karnal market witnessed a bullish sentiment for almost all of the varieties in this week as compared to last week. The price of basmati rice offered higher compared to last week because new pure Basmati rice arrived in the mandi. Basmati rice in Karnal mandis marketed in the range of 3000 in this week. Others varieties also traded on mostly strong side. The demand for parmal raw, DB sella and Sharbati sella showed bullish sentiments and demand for IR8 and Sharbati eteem remained steady. Government procurement in this market kept pressure on prices and therefore the prices did not go down in this mandis especially for Parmal quality. Govt. procuring parmal raw in the price of Rs.1060 from the mandi. According to traders

Govt. procurement will be continuing in the Karnal mandi for the coming month. The prices for the new varieties are likely to remain stable to slightly upwards in the coming week.

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	13.02.06	20.02.06
Basmati rice raw	2400-2600	3000
Sharbati esteem	1760	1760
Sharbati sella	1600-1620	1600-1650
Parmal raw rice	1000-1050	1100
Parmal sella	1015-1080	1045-1080
DB rice sella	2000-2100	2100-2200
IR8	875-900	900

DEHRADUN MARKET:

Most of the rice varieties showed a range bound to bullish sentiment in this week as against last week. Increased demand and tight supply pushed up the prices of Basmati raw and Sharbati. Basmati raw offered this week at Rs.2350-2600 where Sharbati at 1700-1800. On the other hand the price of Parmal raw and IR-8 quoted steady on stable demand scenario. The most of the arrival is coming from Haryana. It is also expected that the prices would remain stable to slightly increase for the coming days.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	13.02.06	20.02.06
Basmati Raw	2250-2400	2350-2600
Sharbati	1650-1725	1700-1800
Parmal Raw	1035-1115	1035-1115
IR 8	975-1000	975-1000

KURUKHESTRA MARKET:

Kurukhestra market showed almost an upward sentiment in this week as last week. The most of the varieties has traded on mostly higher side. Steady arrival is reported in this market. Government's procurement had been going on. Higher domestic demand influenced the price movement on higher side. There is a possibility of increasing domestic demand further in near future. The prices are likely to remain steady to slightly bullish in the coming days.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

KURUKHESTRA	13.02.06	20.02.06
DB rice (New)	2100-2200	2100-2200
Sharbati esteem	1685-1710	1700-1780
Sharbati sella	1600-1620	1600-1650
Parmal raw	1075-1100	1100
Parmal Wand	1075-1100	1100
Parmal Sella	1075-1100	1100
Basmati Rice New	2450-2555	2500-2700
Basmati paddy	1200-1250	1250-1300

WEST BENGAL MARKET:

The rice prices witnessed bullish sentiments as against last week in West Bengal. Increasing domestic demand but tight supply is the governing factor, which pushed up the prices. Mill owners mostly controlling the markets with their fluctuating supply. Almost all of the varieties of rice are quoted higher this week as against last week prices. Govindobhog and Chawlmoni are offered moderately higher at Rs.2400 and Rs.1680 respectively. About 200 trucks full of rice are going to Howrah, Nadia, Birbhum mandis per day from the Bardawan mandis. Farmers are storing their crops for making advantage in near future. There is a chance of increasing rice price in coming days as domestic demands are expected to rise. According to the traders, the market may be bullish on mid February. The prices may be range bound to bullish upto the coming of rabi crop on April.

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL	13.02.06	20.02.06
IR 36 (super)	1050-1185	1100-1200
Minikit Shankar	1350-1390	1450-1500
Minikit (M- Shankar)	1300-1350	1400-1500
Doodh Kalma	1200-1285	1200-1300
Swarna (New)	950-1035	1000-1050
Pankaj	848-855	850-900
Swarna parboiled	975-1025	1000-1050
Govindobhog	2275-2350	2400
Chawl Moni	1550-1650	1680

AMRITSAR MARKET:

At Amritsar market rice prices remained almost range bound in this week as compared to last week. The demand remained stable and arrival remained less to stable due to storing in mill. The Basmati rice prices witnessed a range bound with slightly over tone in this week as compared to last week. The government is also procuring the Parmal rice from this market; therefore it put some pressure on rice prices. Prices are expected to improve in near future as government has reduced its release quota and also for rising demand. Arrivals were less around 1000-1500 bags daily. The present prices of different varieties in Amritsar market are Old Basmati rice Rs.2800-2950, Sarbati raw Rs.1550-1550, Sarbati sella Rs.1550-1600, Esteem Rs.1600-1680, Parmal Wand Rs.1120-1180, Basmati paddy Rs.1400-1450. Prices are expected to improve in near future as government has reduced its release quota and also for rising demand.

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	13.02.06	20.02.06
Sharbati sella rice	1550-1600	1500-1600
Sharbati raw rice	1500-1550	1500-1550
Sharbati esteem (New)	1625-1670	1600-1680
Basmati rice raw	2550-2600	2650
Basmati Paddy	1450	1400-1450
Parmal Govt. Quality	1000	1000
Parmal Wand (New)	1100-1150	1120-1180

CONCLUSION

Majority of the mandi in the country showed a steady to bullish sentiment in this week. Most of the varieties have quoted slightly northwards. Increasing domestic demand coupled with govt. procurement pushed up the prices. Arrival remained less to stable. Mill owners and stock businessman are taking advantage from this situation and mostly controlling the prices with their fluctuating supply. But export is reportedly very low. Traders of most of the domestic spot markets for rice are expecting an increase in demand in near future for export as well; as domestic demand. Prices for basmati varieties are expected to rise on increased export demand in last of February months. Traders are noted that the prevailing sentiments are likely to continue or slightly increase in the coming days.

PORT WATCH (As on 17th February, 2006)

'Mert V' has berthed at Kandla Port and continues to load 18,600 MT of rice to Nigeria. Interoccean agents is handling the vessel. Loading of 3,500 MT of rice is continuing at Kandla Port on the vessel 'Seven Star' to Kuwait. Sai Shipping is handling the vessel. Kandla Port is expecting 'Aziza' to load 9,000 MT of rice to Dammam. Aditya agents will be handling the vessel. The port is expecting 'Merco Mirissa' to load 12,500 MT of rice to Kuwait. Sai Shipping agents will be handling these vessels. Mumbai Port is expecting 'Gulf Pride' to load 2,000 MT of rice. Sai Shipping agents will be handling the vessel.

WEATHER WATCH (As on 17th February, 2006)

ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

Major parts of the country are experiencing conditions of mainly dry weather and above normal temperatures except hilly regions of NW India. A weak western disturbance is likely to approach north Pakistan and adjoining J&K in next 24Hrs. It may cause isolated to scattered rainfall/snow over hilly region of NW India during 18-20 February. In spite of fall in day and night temperatures over NW India and central India by about 2 degree C, the temperatures over

the regions are likely to remain above normal during next 4-5 days. However there may fall in temperatures over NE states by about 3-4 degree C during next 2 days leading the temperatures over the region towards normal.

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

J&K, H.P. and Uttaranchal are likely to receive isolated to scattered rainfall/snowfall during 18-20February.

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

Northeastern states may receive isolated rains/thundershowers during next 24 Hrs.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail during the week.

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

Mainly dry weather is likely to prevail during next 4 days.

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

Mainly dry weather is expected to prevail.

Source: NCMRWF

FOREX (As on 20th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.46
1 Euro	52.86
100 Yen	37.64
1 British £	77.18

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 30.01.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	20.81	17.36	+3.45	AP (+2.4, +33.9), Ass (-0.2, -20.9), Ker (-0.2, -31.4), TN (+1.3, +24.9), WB (+0.3, +9.1)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 30.01.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 30.01.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	13.23	12.62
Chhattisgarh	28.37	23.71	18.87
Haryana	16.62	19.92	15.98
Maharashtra	2.05	0.83	0.38
Orissa	15.90	4.19	3.05
Punjab	91.06	84.96	85.44
Tamil Nadu	6.52	1.11	0.97
Uttar Pradesh	29.71	17.43	14.72
Uttaranchal	3.16	1.94	1.64
West Bengal	9.44	2.61	1.45
All-India	246.83	172.33	155.91

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$307	5% DP	\$265
5%	\$302-303	5%	\$265
10%	\$300	10%	\$260
15%	\$285	15%	\$245
25%	\$268	25%	\$250
35%	\$264		
Jasmine	\$411		
PB 100% Sortexed	\$298		
A1 super	\$215		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$230	Basmati (fine grade)	\$850
20%	\$221	PR 106 PB 5%	\$270
25%	\$215	PR 106 5%	\$270
		PR 106 25%	\$236

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