

## Rice

21<sup>st</sup> -27<sup>th</sup> February 2006

### MAJOR ACTIVITY HIGHLIGHTS

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

### DOMESTIC AND INTERNATIONAL NEWS:

#### Upward Rice Export in Pakistan

Pakistan crossed \$350-million mark in the area of rice export during the first seven months of the current fiscal year. With this marks it has accounted 13 per cent increased as against the same period of previous financial year. According to the official of Export Promotion Bureau the majority of the amounts were exported to Southeast Asian, European countries, and also to the some Arab states. In coming futures Pakistan likely to export rice to China, the world's biggest consumer of rice. Among the rice varieties exported were including mostly of Basmati and Irri-6. Govt. of Pakistan had set export target of \$1 billion for rice in this year.

#### Rice Export Prices Go Down in Vietnam

Havoc harvesting of rice in the Mekong Delta region of Vietnam influenced the export rice prices to offered down further. On Tuesday, 5% broken rice was quoted below at \$258 PMT as against \$260 PMT last week, while the 25% broken grade was offered at \$243 PMT, quiet below from \$245 PMT last week. According to the traders of Vietnam Food Association the price of 5% broken rice should not go down below to \$250 PMT in the coming weeks because of higher export demand.

#### International Market Price for Rice Moves Up

According to the General Manager of the Guyana Rice Development Board (GRDB), the international market prices for rice go up. Reduction of global stock has influenced the prices of rice to go upward. However, the increase was steady with the trend over the previous years as United Nations Food and Agriculture Organisation (FAO) index increased from 74 in 2001 to 101 in the current year. In the area of all rice category the index has showed a six percent increased and for the high rice category it has showed 21 per cent increased from December to January.

#### Rice Export From India Looks Upon Global Rice Price

Total exports of rice from India for the year ending March 2006 are expected to be between 4.5 and 5.0 million MT. The export of rice in the current year estimated so far is 4.0 million tons. Total export from India will largely depend on the world supply/demand situation expected that export of basmati rice from India should be about 1.2 to 1.5 million MT. Indian high-quality basmati rice overtake US rice in

several markets specially in the European Union. Preferential duty structure for basmati rice helped Indian to increase its coverage. On the other hand, Indian low-quality white rice exports facing severe challenges in the world market.

#### Pakistan: Rice Prices Bullish on Export Demand

In Pakistan prices of rice mainly IRRI-6 variety showed strong in the week on increasing export demand from Africa. IRRI-6 varieties were offered in local markets at the range of Rs.1,150 and 1,160 for a 100-kg bag as against last week's prices of 1,090 to 1,095 rupees. Traders of Pakistan are storing of that particular variety for making profit in near future. High demand coupled with weak supply is the main reason of upward movement of prices of different IRRI-6 variety. In global market, Pakistan was offering IRRI-6 at \$214-\$215 PMT. The price is quiet less around \$15 than the Thai and Vietnamese offers

#### Rice: USDA Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on Friday i.e. February 24, 2006. This summary is based on reports from exporters (for the period February 10-16, 2006).

Rice: Net sales of 174,200 MT, higher than last week and also the marketing year high. South Korea existed as the major buyer of 37,300 MT, followed by Mexico (36,000 MT), Japan (26,900 MT), Nicaragua (25,000 MT), the United Kingdom (8,800 MT), Haiti (8,100 MT), and Honduras (8,100 MT). Exports amounted 92,100 MT increased by 13 percent as against the previous week and 22 percent over the prior 4-week average. The major exports destinations were Mexico (19,600 MT), Nicaragua (10,800 MT), Costa Rica (10,800 MT), France (6,900 MT), the United Kingdom (6,900 MT), Guatemala (6,900 MT), and Italy (6,600 MT).

#### Thai Rice Export Prices Quoted Steady at Tight Supply

Rice exporters of Thailand facing severe challenges from other exporter countries. Due to tight supply they couldn't able to offer rice to global market at attractive prices. On Friday Thailand rice quoted at steady prices of 305-308 PMT, free-on-board for 100% B grade rice and around \$300 PMT, FOB for 5% broken rice.

### DOMESTIC MARKET COMMENTARY

## DELHI MARKET

Rice trading at Delhi mandis witnessed on an average a slightly strong sentiment in this week. At the Delhi mandis rice prices are pushed up on increasing demand from domestic sector as well as from retailers. Rice export also started from these mandis. Basmati, DB, Sarbati varieties are exported. Export buying pressure from international country influenced the market sentiment. The export demand from Middle East country, Dubai etc. is hopeful. Nigeria is importing Sharbati, Basmati and DB rice, according to trade sources. The Basmati rice showed firm demand against previous week and quoted in the range of Rs.3000. The prices of other varieties likely to Rice basmati (Lalquila) Rs.4400, Shri Lal Mahal Rs. 4600, Parmal raw Rs.1070-1100, Parmal wand Rs.1150-1200, Parmal Sella Rs.1080-1140, DB Rice Rs.2100-2300, IR-8 Rs.930-975 per quintal on fresh demand. 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	20.02.06	27.02.06
Basmati New	2600-2800	3000
Basmati paddy	1250-1350	1300-1350
Sharbati new	1650-1750	1650-1750
Sharbati paddy	825-850	825-850
Parmal raw	1010-1070	1070-1100
Wand	1120-1200	1150-1200
Parmal sella	1080-1135	1080-1140
DB Rice	2050-2350	2100-2300
DB Paddy	1100-1150	1100-1150

## RUDRAPUR MARKET:

Rudrapur market showed steady sentiment for majority of the rice variety in this week. Increasing domestic demand pushed up the market price last week but remained range bound in this week. The rice supply is going on to Uttaranchal and U.P. for government procurement. Parmal raw and Wand are quoted at the Rs.1040-1070 each. The arrival of new Basmati rice is almost nil. Basmati rice quoted higher in the market at Rs.2900. The arrival reported in the market nearly steady at 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.

### Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	20.02.06	27.02.06
Sharbati paddy (New)	850	850
DB paddy	1150-1200	1180-1200
Parmal paddy	650	650
Parmal raw rice	1060	1040-1070
Wand	1060	1040-1070
Basmati paddy	1250	1200
Basmati rice	2800	2800-2900
Sharbati sella	1700-1750	1700-1750
DB sella	2350	2350

## KARNAL MARKET:

Rice at Karnal market mostly traded range bound sentiment for almost all of the varieties except Parmal varieties in this week as compared to last week. Parmal raw quoted in the range of Rs.1100-1150, Parmal sella Rs.1050-1100. 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. The price of basmati rice offered steady at higher level because new pure Basmati rice arrived in the mandi. Basmati rice in Karnal mandis marketed steady in the range of 3000 in this week. Others varieties also traded on mostly stable side. The demand for DB sella, Sharbati sella IR8 and Sharbati eteem remained steady. 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	20.02.06	27.02.06
Basmati rice raw	3000	3000
Sharbati esteem	1760	1700
Sharbati sella	1600-1650	1600-1650
Parmal raw rice	1100	1100-1150
Parmal sella	1045-1080	1050-1100
DB rice sella	2100-2200	2100-2200
IR8	900	900

## DEHRADUN MARKET:

Most of the rice varieties showed a range bound sentiment in this week as against last week. Increased demand and tight supply pushed up the prices of Basmati raw. Basmati raw offered this week at Rs.2400-2650. Where others varieties are quoted like: Sharbati at 1700-1800, Parmal raw Rs.1035-1115 and IR-8 Rs.975-1000. 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	20.02.06	27.02.06
Basmati Raw	2350-2600	2400-2650
Sharbati	1700-1800	1700-1800
Parmal Raw	1035-1115	1035-1115
IR 8	975-1000	975-1000

## KURUKHESTRA MARKET:

Kurukhstra market showed almost range bound 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	20.02.06	27.02.06
DB rice (New)	2100-2200	2100-2200
Sharbati esteem	1700-1780	1700-1780
Sharbati sella	1600-1650	1600-1650
Parmal raw	1100	1100
Parmal Wand	1100	1100
Parmal Sella	1100	1100
Basmati Rice New	2500-2700	2500-2700
Basmati paddy	1250-1300	1250-1300

### WEST BENGAL MARKET:

The rice in West Bengal market traded mostly range bound to slightly upwards. Tight supply coupled with increasing domestic demand influencing the markets, which pushed up the prices. Mill owners mostly controlling the markets with their fluctuating supply. Govindobhog and Chawlmoni are offered moderately higher at Rs.2400 and Rs.1680-1700 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 rising. According to the traders, the market may be bullish on mid February. The prices may be range bound to bullish up to the coming of rabi crop on April.

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

WEST BENGAL	20.02.06	27.02.06
IR 36 (super)	1100-1200	1150-1200
Minikit Shankar	1450-1500	1450-1500
Minikit (M- Shankar)	1400-1500	1450-1500
Doodh Kalma	1200-1300	1250
Swarna (New)	1000-1050	1050-1080
Pankaj	850-900	850-900
Swarna parboiled	1000-1050	1025-1050
Govindobhog	2400	2400
Chawl Moni	1680	1680-1700

### AMRITSAR MARKET:

At Amritsar market rice prices quoted up on increasing demand from export as well as domestic sector. The arrival remained less to stable on increasing demand and this led to some upwards movement of rice this week. The Basmati rice prices witnessed strong on increasing demand in this week as compared to last week. Rice export has started for DB rice as well as Basmati from this market. The government is also procuring the Parmal rice from this market; at the price of Rs.1053 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 steady at around 2000-3000 bags daily. The present prices of different varieties in Amritsar market are Old Basmati rice Rs.2800-2950, Sarbati raw Rs.1550-1575, Sarbati sella Rs.1600,

Esteem Rs.1650-1680, Parmal Wand Rs.1175-1200, Basmati paddy Rs.1300-1375. 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	20.02.06	27.02.07
Sharbati sella rice	1500-1600	1600
Sharbati raw rice	1500-1550	1550-1575
Sharbati esteem (New)	1600-1680	1650-1680
Basmati rice raw	2650	2800-2950
Basmati Paddy	1400-1450	1300-1375
Parmal Govt. Quality	1000	1050
Parmal Wand (New)	1120-1180	1175-1200

### CONCLUSION

Rice in majority of the markets in the country traded mostly range bound at higher levels in the week. Increasing domestic demand coupled with govt. procurement keep the rice prices at strong sides 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 low to medium. 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 24<sup>th</sup> February, 2006)

Loading of 7,000 MT of rice is continuing at Kandla Port on the vessel 'Aliya' to Jeddah. An Aditya agent is handling the vessel. 'Merco Mahara' has berthed at the port and continues to load 13,500 MT of rice to Dammam. Sai Shipping agents are 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 24<sup>th</sup> February, 2006)

#### ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

Major parts of the country continue to experience dry weather conditions except NE States and Sikkim where light rain/thundershowers have been experienced. Model prediction suggests that similar conditions are likely to prevail during next 4-5 days except over the NW India particularly; over upper reaches of J & K, Himachal and Uttaranchal where isolated to scattered rainfall/snowfall is expected to take place associated with the anchoring of mid-latitude westerly trough over Pakistan and adjoining regions. Even some parts of Punjab and north Haryana could also experience isolated rainfall activity in coming days. Northeastern states are likely to experience isolated light thundershowers during next 24 Hrs. Day and night temperatures continued to remain above normal by 4-6 ° C over north & Central India. They were 6-8 ° C above normal over parts of Rajasthan and Madhya Pradesh. Numerical

model prediction suggests that these warm conditions are likely to continue during next 2-3 days. Thereafter a fall of 2-3° C in temperatures is expected.

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

Isolated to scattered rain/snowfall is likely in upper reaches of J&K, H.P. and Uttaranchal during next 2-3 days.

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

North-eastern states and Sub-Himalayan West Bengal may receive isolated rains/thundershowers during next 24 hours. Mainly dry weather is likely over rest regions.

#### **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]**

Nicobar Islands may receive isolated rain/thundershowers during next 48 Hrs. Mainly dry weather is likely to prevail over remaining areas.

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

Mainly dry weather is expected to prevail

Source: NCMRWF

#### **FOREX (As on 27<sup>th</sup> February, 2006):**

Foreign Currency	Rs. per unit
1 US \$	44.45
1 Euro	52.99
100 Yen	38.10
1 British £	77.87

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

Normal Area	Area Coverage (As reported on 20.02.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	35.63	31.43	+4.20	AP (+3.3, +41.0), Ass (-0.3, -13.2), Kar (+0.9, +88.6), Ker (-0.2, -31.4), TN (+1.3, +21.1), WB (-1.0, -8.3)

Source: Ministry of Agriculture, GOI

#### **PROGRESSIVE PROCUREMENT OF RICE AS ON 20.02.06**

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 20.02.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.04	17.09	16.62
Chhattisgarh	28.37	26.32	20.96
Haryana	16.62	20.05	16.16
Maharashtra	2.05	1.18	0.46
Orissa	15.90	6.19	5.00
Punjab	91.06	86.22	86.90
Tamil Nadu	6.52	4.08	3.47
Uttar Pradesh	29.71	21.43	20.00
Uttaranchal	3.16	2.45	1.86
West Bengal	9.44	4.19	2.42
All-India	246.83	192.59	174.96

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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