

Rice

31st-6th January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- Domestic Market Commentary
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DOMESTIC AND INTERNATIONAL NEWS:

Indian Farmers Planted 2.1 Million Hectares of Rice

Ministry of Agriculture of India reported on 30th January that Indian farmers have planted 2.1 million hectares of rice in the period of Nov.1-Jan.30. The current acreage is larger than previous year. In previous year the acreage was 1.7 million hectares.

700,000 MT of Rice Released by Thai Government

Thailand rice exporters are each welcomes the pronouncement of releasing 700,000 MT of rice by Thailand's government. Deputy Prime Minister and Commerce Minister of Thailand has approved the plan so that it can support the ongoing Thai rice exports accompanied by increased demand and prices on the world market. Bidding of the rice has to be in US dollars based on the free on board (FOB) Bangkok price. In the government stocks the rice contain 5 per cent, 15 per cent and 25 per cent white rice.

Thai Tender: Highest Bid of \$300/Mt for 5% Broken Rice

A tender was arranged by Thailand government on 31st January to sell 700,000 tons of rice from its stocks accumulated under the domestic intervention program for the main crop for the 2004-05 crop year and second crop from 2005. Among the eight rice exporters in Thailand bid for rice at the tender the Capital Cereals Co. offering the highest price of \$300/MT for 5% broken rice. At present, Thai 5% broken rice for export is offered at \$297/MT, FOB Bangkok.

Customs Duties on Imported Rice up in S.Lanka

Abundant rice stocks in the Sri Lanka market influenced the downward pressure on prices. In this scenario, Sri Lanka Govt. has raised customs duties on imported rice to LKR20/kg from LKR9/kg to support the local rice paddy farmers.

TN: Relaxation on Paddy Procurement Norms

Centre has given relaxation on quality control guidelines of paddy on the basis of heavy rainfall during October-December last year, which affected paddy production both quantitatively and qualitatively. The Tamil Nadu Civil Supplies Corporation will procure paddy, which is discoloured up to five per cent and having moisture content up to 20 per cent. Earlier the moisture-content rate of paddy was 17 per cent and the level of colour changed of paddy

was 3 per cent. According to Chief Minister of Tamil Nadu, paddy will be procured from the farmers through the Direct Purchase Centres of Tamilnadu Civil Supplies Corporation for Rs 600 per quintal for Grade A paddy and Rs 570 per quintal for common variety paddy till 31 July, 2006.

Bullish Market of Rice is Expected in Pakistan

Pakistan rice prices are expected to bullish in coming days as the demand from exporter up. The grounds are that the demand for Pakistan's IRRI-6 rice variety had boost in Africa because of lacking supplies from India and Vietnam, the key competitors of Pakistan. The Present price in local market for various IRRI-6 varieties varies between 1,155 and 1,160 rupees/100-kg bag. Pakistan IR-6 variety of rice is very popular in West African countries as of its low prices. For the period of October to January Pakistan has already exported about 650,000 tons of IRRI-6 grade rice from the new crop. It is also in news that Shipments of another 100,000 tons are due in the second week of February.

Thai Rice Prices is Tight on Iraqi Purchase

Thailand increases their prices on Iraqi purchase. On 1st February Thai 100% B grade and 5% broken rice were quoted higher at \$310 PMT and around \$302 PMT, FOB Bangkok respectively, as against last weeks \$300-\$303 PMT and \$297 PMT in that order. Thai parboiled 100% sortexed was also increased by \$10 from last weeks \$300 PMT, FOB Bangkok. Luckily, Iraq has received 100,000 MT of 5% broken rice at \$285 PMT, free-on-board combine from Thailand's Capital Rice Co. and Asia Golden Rice Co. as the transaction was completed about two weeks ago and it is to be shipped promptly. Iraq is also expected to look for another 100,000 to 200,000 MT of rice for shipment in coming month.

Bangladesh to Import 50,000 MT of Rice

On last November the ministry of Bangladesh declared to procure 200,000 MT of rice by February in the year. But in reality it has collected only 36 MT of grains. Therefore, it is in the news that Bangladesh is supposed to import additional 50,000 MT of non-basmati parboiled rice. According to the official at the Food and Disaster Management Ministry, Bangladesh will issue a tender shortly to import the same around this month.

Vietnam New Year Gifts: Huge Rice Export Contracts

Vietnam, the second rice exporter only after Thailand, as reported by the ministry targeted rice exports this year at 4-

4.2 million with having deals to sell million MT of rice in the first month of the New Year it self. A large amount i.e., 400,000 MT export intended to Philippines while, 200,000 MT meant for Middle Eastern and African countries. In last year, Vietnam rice exports reached a record 5.2 million tons with the value of US\$1.39 billion. Though, Vietnam holds a major share in the area of medium and low quality rice market, it continues its efforts to capture a portion of the high-quality rice market. Presently, Thailand dominating the high-quality rice market in the World.

India: Rice Stock Position is Fairly Good

In the context of India, the government stock position is quite good and production of rice about 255 lakh tonnes as against 246 lakh tonnes in the previous year. The procurement of rice till February 1, 2006 was 176.2 lakh tonnes compared to 159 lakh tonnes on the corresponding day last year.

USDA Rice: Export Sales Highlights

Export sales highlight of US Department of Agriculture released on 2nd February 2006. This summary is based on reports from exporters for the period January 20-26, 2006.

Net sales of 103,800 MT were 93 percent above previous week and 35 percent over the prior 4-week average. The major buyers were Japan (27,600 MT), Mexico (16,100 MT), Haiti (12,800 MT), Cuba (10,300 MT), El Salvador (7,000 MT), Nicaragua (5,000 MT), Guatemala (5,000 MT), and Ghana (4,300 MT). Exports of 72,200 MT were 29 percent below the previous week and 3 percent under the prior 4-week average. The primary destinations were Japan (27,000 MT), Haiti (12,800 MT), Cuba (8,500 MT), Mexico (8,000 MT), Taiwan (5,200 MT), and Honduras (4,800 MT).

Source: USDA

Pakistan has Started Rice Export to China

According to the Export Promotion Bureau official of Pakistan, the same country has started rice export to China for the first time and become the fourth country, which has signed agreement with China in the area of rice trade. This trading started after signing a MoU in last year itself. Already, 10 containers of rice have reached Chinese ports from Pakistan. China imports millions of tonnes rice every year to fulfil its domestic demand.

Chhattisgarh: Record Rice Procurement

Chhattisgarh had procured 3.34 million tonnes of rice from farmers in the period of Oct 25 to Jan 31 and hit a record. The procured rice will be sent to the Food Corporation of India and rice millers. Among the different district in the state Raipur district topped with 828,000 tonnes procurement followed by Durg (627,000 tonnes)

Japan: Import Rice Tender of 66,000 MT

According to a ministry official of Japan the agriculture minister of the same country will hold an eighth ordinary import tender of the current fiscal year for rice on February 10. The amount mentioned by him is 66,000 MT. Of the total, the ministry plans to acquire the maximum amount i.e. 26,000 MT from the United States and 5,000 MT from Thailand. The ministry bought about 443,500 MT of foreign rice in the last seven tenders of this fiscal year to March 31, 2006.

DOMESTIC MARKET COMMENTARY DELHI MARKET

Delhi market showed a steady to bearish sentiment in this week over last week. The most of the varieties has traded

on mostly stable side except Basmati, The Basmati rice showed stable to weak demand against previous week. the prices of other varieties like Rice basmati (Lalquila) 4400, Shri Lal Mahal 4600, Basmati common 2450-2600, Parmal raw new 975-1025, Parmal wand 1075-1100, Parmal Sella 1025-1075 in each quintal on Monday. The arrival also seen as weak. Traders are noted that the prevailing sentiments are likely to continue in the coming days. The price may be increased near future 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 | 30.01.06 | 06.02.06 |
|----------------|-----------|-----------|
| Basmati New | 2500-2650 | 2450-2600 |
| Basmati paddy | 1200-1350 | 1200-1350 |
| Sharbati new | 1575-1600 | 1575-1600 |
| Sharbati paddy | 800-825 | 800-825 |
| Parmal raw | 970-1020 | 975-1025 |
| Wand | 1075-1100 | 1075-1100 |
| Parmal sella | 1025-1075 | 1025-1075 |
| DB Rice | 1800-2100 | 1800-2100 |
| DB Paddy | 1100-1150 | 1100-1150 |

RUDRAPUR MARKET:

Rudrapur market showed bearish sentiment for all the rice variety in this week. The most of the varieties traded on weak side. The rice is supplying to Uttaranchal and U.P. for government procurement. Poor domestic demand pushed down the market price. The arrival of new Basmati rice is almost nil. The arrival reported in this market nearly 2500 bags. It is expecting that the rice price to up in end of February when export pressure will come in full-fledged, according to the traders. Traders are expecting that market may be steady to range bound in the coming week.

Market Price For Different Varieties Of Rice In Rudrapur Mandis

| RUDRAPUR | 30.01.06 | 06.02.06 |
|----------------------|-----------|-----------|
| Sharbati paddy (New) | 860-900 | 850 |
| DB paddy | 1150-1250 | 1150-1200 |
| Parmal paddy | 660-700 | 650-670 |
| Parmal raw rice | 1100-1150 | 900-925 |
| Wand | 1100-1150 | 960-1030 |
| Basmati paddy | 1250-1300 | 1250-1270 |
| Basmati rice | - | 2500 |
| Sharbati sella | 1700-1750 | 1700-1750 |
| DB sella | 2300 | 2250-2300 |

KARNAL MARKET:

Karnal market witnessed a positive sentiment in this week as compared to last week. The most of the varieties has traded on mostly strong side. The demand for basmati raw and esteem remained 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 | 30.01.06 | 06.02.06 |
|--------------------|-----------|-----------|
| Basmati rice sella | 2900-3000 | - |
| Basmati rice raw | 2400-2600 | 3000 |
| Sharbati esteem | 1700-1750 | 1760 |
| Sharbati sella | 1575-1625 | 1600 |
| Parmal raw rice | 950-985 | 950-985 |
| Parmal sella | 1000-1055 | 100-1055 |
| DB rice sella | 2000-2050 | 2000-2050 |
| IR8 | 860-900 | 865-900 |

DEHRADUN MARKET:

Most of the rice varieties showed a range bound with steady sentiment in this week as similar to last week due to stable-demand scenario. The most of the arrival is coming from Haryana. It is also expected that the prices would remain stable in the coming days.

Market Price For Different Varieties Of Rice In Dehradun Mandis

| DEHRADUN | 30.01.06 | 06.02.06 |
|-------------|-----------|-----------|
| 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 as 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.

Market Price For Different Varieties Of Rice In Kurukhestra Mandis

| KURUKHESTRA | 30.01.06 | 06.02.06 |
|------------------|-----------|-----------|
| DB rice (New) | 2220-2250 | 2220-2250 |
| Sharbati esteem | 1680-1710 | 1685-1710 |
| Sharbati sella | 1610-1640 | 1610-1640 |
| Parmal rice | 1060-1110 | 1060-1110 |
| Parmal Wand | 1060-1110 | 1060-1110 |
| Parmal Sella | 1060-1110 | 1060-1110 |
| Basmati Rice New | 2450-2550 | 2450-2555 |
| Basmati paddy | 1200-1250 | 1200-1250 |

WEST BENGAL MARKET:

The rice prices remained range bound with steady in this week as against of last week in West Bengal. No arrival of rice is witnessed. The restricted arrival raising the prices at the domestic spot market. Farmers are storing their crops for making advantage of this situation. 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 market may be changed on mid February. The prices till the end of sowing of rabi crop are expected to remain range bound on a slightly upper side.

Market Price For Different Varieties Of Rice In West Bengal

| WEST BENGAL | 30.01.06 | 06.02.06 |
|----------------------|-----------|-----------|
| IR 36 (super) | 1050-1200 | 1050-1200 |
| Minikit Shankar | 1350-1400 | 1350-1400 |
| Minikit (M- Shankar) | 1300-1350 | 1300-1350 |
| Doodh Kalma | 1200-1300 | 1200-1300 |
| Swarna (New) | 950-1050 | 950-1050 |
| Pankaj | 848-860 | 848-860 |
| Swarna parboiled | 975-1025 | 975-1025 |
| Govindobhog | 2275-2350 | 2275-2350 |
| Chawl Moni | 1550-1650 | 1550-1650 |

AMRITSAR MARKET:

The Basmati rice prices remained weak in this week as compared to last week. The demand remained stable and arrival remained less to stable due to storing in mill. The government is also procuring the Parmal rice from this market; therefore it put some pressure on rice prices. Demand from different varieties of rice rising slightly and therefore push up the market price of both Sarbati sella and raw varieties by Rs.50. 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 and also for rising demand.

Market Price For Different Varieties Of Rice In Amritsar

| AMRITSAR | 30.01.06 | 06.02.06 |
|-----------------------|-----------|-----------|
| Sharbati sella rice | 1550-1600 | 1600 |
| Sharbati raw rice | 1500-1550 | 1550 |
| Sharbati esteem (New) | 1600-1650 | 1600-1655 |
| Basmati rice raw | 2650-2675 | 2600 |
| Basmati Paddy | 1360-1425 | 1450 |
| Parmal Govt. Quality | 1053 | 1000 |
| Parmal Wand (New) | 1100-1150 | 1100-1150 |

CONCLUSION

The most of the trading centre showed a range bound to bullish sentiment in this week. Government procurement as well as poor domestic demand pushed down the market price. Domestic demand increases slowly. But traders of

most of the domestic spot markets for rice are expecting an increase in demand in near future for export demand. Prices for basmati varieties are expected to rise on increased export demand in February months.

PORT WATCH (As on 6th February, 2006)

Loading of 13,500 MT of rice is continuing at Kandla Port on the vessel 'Emirates Star' to Jeddah. Sai Shipping agents are handling the vessel. 'Med Salvador' has berthed at Kandla Port and is continuing to load 7,500 MT of rice to Italy. Pearl shipping agents is handling the vessel. 'Kallang' is expected at the port to load 13,650 MT of rice to Logos. Interocean agents will be handling the vessel. Kandla Port is expecting 'Aziza' to load 9,000 MT of rice to Dammam. Aditya agents will be handling the vessel. Loading of 3,000 MT of rice is expected at the port on the vessel 'Seven Star' to Kuwait. The port is expecting 'Mercs Mirissa' to load 12,500 MT of rice to Kuwait. Sai Shipping agents will be handling these vessels.

WEATHER WATCH (As on 3rd February, 2006)

ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

Most parts of the country are experiencing mainly dry weather condition except extreme south peninsular India where isolated rains are expected. Also, except extreme south peninsular India, most parts of the country continue to witness appreciably above normal day and night temperatures.

The model predictions are, however, indicating falling trends in both the day and night temperatures over NW and Central India. While this trend over North and Central India may continue for next 2-3 days, northeastern parts of the country may also experience fall in day temperatures beginning from tomorrow and fall in night temperatures beginning from 7th February.

A fresh western disturbance is likely approach NW India by 7th February that may cause isolated rainfall/snowfall in hilly region of NW India. Under its influence, there could be slight rise in night temperatures over NW India beginning from 7th February 2006.

Isolated rain/thundershowers are expected over extreme south Peninsular India viz., South Tamilnadu and parts of

NE region viz., Arunachal Pradesh, Assam, Sub-Himalayan West Bengal & Sikkim on 4th and 5th February, 2006.

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

Day and night temperatures are expected to fall by 2-4 deg C during next 2-3 days. Another western disturbance is likely to approach NW India by 7th Feb. 2006 causing isolated rain/snowfall in hilly region beginning from 7th Feb.

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 except isolated rains in Arunachal Pradesh, Assam, Sub-Himalayan West Bengal & Sikkim during next 48 hours. The region may experience fall in day temperatures beginning from tomorrow and fall in night temperatures beginning from 7th February.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail. Slight fall (2-3 Deg C) in both day and night temperatures is expected during next 2-3 days.

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

South Tamilnadu is likely to receive isolated rain during next 2 days. Remaining parts may experience mainly dry weather condition.

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

Mainly dry weather is expected to prevail. Both Day and Night temperatures are likely to fall by 2-4 deg C during next 3 days.

Source: NCMRWF

FOREX (As on 6th February, 2006):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 44.20 |
| 1 Euro | 53.13 |
| 100 Yen | 37.23 |
| 1 British £ | 77.80 |

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 | \$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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