

Rice

7th February -13th February 2006

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS:

Rabi Rice Coverage Increased by 3.45 LH

According to the Agriculture Ministry, the Coverage of rabi rice, which had been lagging behind, has improved considerably. Favourable monsoon, conducive weather and excellent soil moisture have helped in the improved coverage of crops. At this time, its coverage is increased by 3.45 lh to 20.81 lh compared to last year 17.36lh. Among the rice growing states Tamil Nadu and Andhra Pradesh both raised the rice coverage by 3.7 lh. Good rains during the south-west monsoon helps to increase acreage in these states.

Drought to Affect Vietnam's Rice Crop

Vietnam's northern regions are facing water shortage. More than 45 percent of acreage under rice crops expected to be affected. Nearly 300,000 hectares out of over 664,000 hectares for spring rice crops in the region are encountering the shortage. To overcome the problem the ministry of the same country has given instruction to release more water from big hydropower reservoirs, and also advised rice growers in areas affected by water scarcity to shift to other suitable crops.

623,713 MT Rice Sold by Thailand Govt.

Thailand Commerce Ministry decided to sell less amount of rice from what it intended to sell. This decision arises after negotiating with bidders. The ministry tendered to sell a total of around 700,000 MT Jan. 31 but occasionally a total of 623,713 MT of 5% broken rice exported with prices ranging from \$295-\$300 PMT, free-on-board, Bangkok. Presently, the government has 783 MT of 15% broken rice and 82,490 MT of 25% broken super grade left from the tender.

Indian Govt. Procured 17.7 Mil MT Rice From Farmers

This year the rice procurement program of Indian federal government had a slow start due to quality related problems as torrential rains in September damaged the rice crop in North India. But the procurement program rises with the relaxed quality norms. In the period of Oct. 1 and Feb. 2 total amount of purchased were at 17.7 million MT, up as against 16 million MT in the same period last year. The procurements from Punjab is 8.53 million MT compared with 8.56 million MT in the year-earlier period. According to

the official Orissa and Chhattisgarh made significant contribution in rice purchases. The Govt. with the help of a private agency i.e., NCMSL (National Collateral Management Services) carried out rice procurement program in Orissa and Madhya Pradesh and get well responses there. In Chhattisgarh, rice purchased has increase to 2.4 million tons from 1.9 million tons. Whereas, in Andhra Pradesh it is estimated at 1.4 million tons, up as against 1.3 million tons in the year-earlier period. Procurement so far in Andhra Pradesh is estimated at 1.4 million tons, up from 1.3 million tons in the year-earlier period. In Haryana, the procurement is 2.0 million tons, up from 1.6 million in the same period last year. This year rice procurement is expected to surpass 25 million tons as against last year 24.6 million tons.

Vietnam to Sell 350,000 Tons of Rice to Philippines

It is good news for Vietnam as it has won a bid to sell 350,000 tons of rice to the Philippines. Maximum quantity of rice tendered including 250,000 tons of 25-percent broken rice, which is yet to deliver by the end of May. According to the Vietnamese Ministry of Agriculture and Rural Development it has set targets of selling overseas 4 to 4.2 million tons of rice this year and also set the production of about 38-39 million tons of paddy rice. In 2005 Vietnam exported over 5.2 million tons of rice worth almost 1.4 billion U.S. dollars.

India Provides Aid of 2,000 MT Rice to North Korea

Govt. of India has donated 2,000 MT of rice to North Korea as aid for meeting the food security of 23 million people of that country. The demand for grain in North Korea estimated as about six million MT per annum. Despite the rising production of grain to 4.54 million MT in 2005 a large amount is deficient. For more than a decade, this country has relied on foreign support to provide food of its 23 million people.

USDA Reports: U.S. 2005/06 Rice Supply and Use Projections

A minor change has been reported in USDA report on U.S. 2005/06 rice supply and use projections of rice as against last month. All rice imports are unchanged while long grain imports are increased slightly. The export of rice also reported unchanged. Domestic use shows slightly lower

change. The season average farm price is range bound at \$7.65 to \$7.95 per cwt. Ending stocks are increased slightly to 26.5 million cwt, long-grain stocks are projected at 20.1 million cwt in the report.

USDA Reports on Global Rice

According to USDA report on rice this month there are increased in production, imports, exports, consumption, and ending stocks of rice as against last month. In India increased crop projection by 2 million tons to 87 million ton couples with more production in Pakistan and Ukraine are the governing factors of raising global rice production. Global exports reportedly increased for Vietnam. Indonesia, Nigeria, Malaysia, and South Africa. Although, in Sri Lanka imports are reduced slightly as compared to before. World rice ending stocks for 2005/06 are projected at 66.6 million tons increased by 0.5 million tons compare to last month but reduced 6.3 million tons from 2004/05.

Basmati Rice Export Likely to Increase in India

Total exports of rice from India for the year ending March 2006 are expected to be between 4.5 and 5.0 million MT. While for basmati rice it should be about 1.2 to 1.5 million MT. India exported 4.7 million MT rice in the last fiscal year including 1.2 million MT of basmati rice. India's rice exports are valued at \$ 800 million per year. Basmati rice are generally export from India mainly to Saudi Arabia, other Middle East countries, Europe and USA. Major destinations of non-basmati rice export are Bangladesh, Indonesia, Philippines, Nigeria, and South Africa etc. According to Anil Adlakha, executive director of the All India Rice Exporters Association 6,40,000 tonne of basmati rice and 2.83 million tonne of other varieties of rice had already been exported in the first eight months of the current year. This year output of rice on the verge of increase to 87.5 Mt as against last year 86 MT. India being the world's second largest producer of rice competing for export of the same with Thailand, Vietnam and Pakistan. But it is good news that increased demand in existing and new market for basmati wide the way for more marketing. Although, Non-Basmati exports have been not going on the same path but it should stabilize to around 3 million MT per year.

DOMESTIC MARKET COMMENTARY

DELHI MARKET

Delhi market showed a bearish sentiment in this week over last week. Most of the varieties has priced northwards. Increasing domestic demand coupled with govt. procurement pushed up the prices. The Basmati rice showed firm demand against previous week and quoted in the range of 2550-2800. The prices of other varieties like Rice basmati (Lalquila) 4400, Shri Lal Mahal 4600, Parmal raw 1000-1050, Parmal wand 1100-1160, Parmal Sella 1100 in each quintal on Monday. 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	06.02.06	13.02.06
Basmati New	2450-2600	2550-2800
Basmati paddy	1200-1350	1250-1350
Sharbati new	1575-1600	1600-1700
Sharbati paddy	800-825	825-850
Parmal raw	975-1025	1000-1050
Wand	1075-1100	1100-1160
Parmal sella	1025-1075	1100
DB Rice	1800-2100	2000-2250
DB Paddy	1100-1150	1100-1150

RUDRAPUR MARKET:

Rudrapur market showed rangebound to bullish sentiment for all the rice variety in this week. The most of the varieties traded on upward side. The rice is supplying to Uttaranchal and U.P. for government procurement. Increasing domestic demand pushed up the market price. The arrival of new Basmati rice is almost nil. The arrival reported in this market nearly 1000 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	06.02.06	13.02.06
Sharbati paddy (New)	850	850
DB paddy	1150-1200	1150-1200
Parmal paddy	650-670	700
Parmal raw rice	900-925	1040-1060
Wand	960-1030	1040-1060
Basmati paddy	1250-1270	1250-1270
Basmati rice	2500	2500-2800
Sharbati sella	1700-1750	1700-1750
DB sella	2250-2300	2350

KARNAL MARKET:

Karnal market witnessed a range bound to slightly positive sentiment in this week as compared to last week except basmati rice. The price of basmati rice settled low compared to last week. Basmati rice in Karnal mandis marketed in the range of 2400-2600 in this week. Others varieties have traded on mostly strong side. The demand for parmal and esteem remained bullish and demand for IR8 remained stable. 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 to slightly upwards in the coming week.

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	06.02.06	13.02.06
Basmati rice raw	3000	2400-2600
Sharbati esteem	1760	1760
Sharbati sella	1600	1600-1620
Parmal raw rice	950-985	1000-1050
Parmal sella	1000-1055	1015-1080
DB rice sella	2000-2050	2000-2100
IR8	865-900	875-900

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	06.02.06	13.02.06
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 almost a steady sentiment in this week as last week. The most of the varieties has traded on mostly stable side. Although some variety of rice quoted slightly lower as DB rice 2100-2200, Sarbati sella 1600-1620 as export reportedly withdrawn. No arrival is reported in this market. Government's procurement had been going on but stopped for last two days. Lower demand restricted the price movement on lower side. There is a possibility of increasing domestic demand 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	06.02.06	13.02.06
DB rice (New)	2220-2250	2100-2200
Sharbati esteem	1685-1710	1685-1710
Sharbati sella	1610-1640	1600-1620
Parmal rice	1075-1110	1075-1100
Parmal Wand	1075-1110	1075-1100
Parmal Sella	1075-1110	1075-1100
Basmati Rice New	2450-2555	2450-2555
Basmati paddy	1200-1250	1200-1250

WEST BENGAL MARKET:

The rice prices remained range bound with slightly undertone a against of last week in West Bengal. No arrival of rice is reported this week also. Only about 50-100 bags of rice transporting to Howrah, Nadia, Birbhum mandis per

day from the Bardawan mandis. Domestic demand is stable as previous. Farmers are storing their crops for making advantage in near future. Though, there is a chance of increasing rice price in coming days as new stocks are expected to releasing. According to the traders, the market may be bullish on mid February. The prices may be range bound to slightly bearish upto the coming of rabi crop on April.

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL	06.02.06	13.02.06
IR 36 (super)	1050-1200	1050-1185
Minikit Shankar	1350-1400	1350-1390
Minikit (M- Shankar)	1300-1350	1300-1350
Doodh Kalma	1200-1300	1200-1285
Swarna (New)	950-1050	950-1035
Pankaj	848-860	848-855
Swarna parboiled	975-1025	975-1025
Govindobhog	2275-2350	2275-2350
Chawl Moni	1550-1650	1550-1650

AMRITSAR MARKET:

The Basmati rice prices witnessed a range bound with slightly over tone in this week as compared to last week. The demand is increasing slightly and arrival remained less to stable. Millers are starting release from the storage.. The government is also procuring the parmal rice from this market. Therefore it put some pressure on rice prices. Slightly increase demand and govt. procurement of parmal rice slightly push up the prices such as Sarbati sella 1550-1600, Sarbati esteem 1625-1670, Parmal wand 1100-1150. at amritsar mandi. 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	06.02.06	13.02.06
Sharbati sella rice	1600	1550-1600
Sharbati raw rice	1550	1500-1550
Sharbati esteem (New)	1600-1655	1625-1670
Basmati rice raw	2600	2550-2600
Basmati Paddy	1450	1450
Parmal Govt. Quality	1000	1000
Parmal Wand (New)	1100	1100-1150

CONCLUSION

The most of the trading centre showed a range bound to bullish sentiment in this week. Government procurement as

well as slightly increasing domestic demand pushed up the market price somewhat. But export is reportedly very low. Millers are influencing the market with fluctuating supply. 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.

PORT WATCH (As on 13rd February, 2006)

'Mert V' is expected at Kandla Port to load 18,600 MT of rice to Nigeria. 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 'Merics 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 12th February, 2006)

ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

Baring J&K and Himachal Pradesh where isolated light rain/ snowfall activity is expected during next couple of days in association with an approaching weak western disturbance, the entire country may continue to experience mainly dry weather situation for another 3-4 days. Most parts of the country are witnessing above normal day temperatures. These are 6-8 deg C above normal over Jammu & Kashmir, Rajasthan, Uttaranchal, Himachal Pradesh, 4-6 deg C above normal over Punjab, Haryana, Gujarat and 2-4 deg. C above normal over Uttar Pradesh, Madhya Pradesh, Bihar, Chhattisgarh and northeastern states. Large parts of Northwest India have registered rise in night temperatures by 1-2 deg. C during past 24 hours. These are above normal by 4-6 deg C over West Rajasthan, Saurashtra & Kutch, West Madhya Pradesh and parts of Vidarbha, 2-4 deg C above normal over remaining

parts of northwest India, Gangetic plains and northeastern states. With the approach of western disturbance, the night temperatures over northwest India are likely to increase further by 1-2 deg C during next 2 days followed by a fall by about 2-3 deg C.

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

Increase in night temperatures by about 1-2°C during next 2-days and a likely fall of 2-3°C subsequently. Isolated rainfall/snowfall is likely over J&K and H.P. during next 2-3 days.

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

Northeastern states may receive isolated rains/thundershowers during next 48 hours.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail during next 4-5 days.

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

Mainly dry weather is likely to prevail during next 3-days except over Andaman & Nicobar islands where some isolated showers are expected..

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

Mainly dry weather is expected to prevail.

Source: NCMRWF

FOREX (As on 13th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.21
1 Euro	53.01
100 Yen	37.52
1 British £	77.24

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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