

Rice

13<sup>th</sup> May-20<sup>th</sup> May, 2006

## MAJOR ACTIVITY HIGHLIGHTS

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

## DOMESTIC AND INTERNATIONAL NEWS

### India Enjoying Some Demand for White Rice

India was reportedly not so much competitive as against Pakistan and Vietnam in white rice global market. Presently, India is enjoying some demand for white rice as the stock of the grade about to finish in Pakistan. However, the higher prices for white rice in India impedes huge buying from global market. Main market of Pakistan for white rice is West Asia and neighbouring countries whereas, for Vietnam it is Indonesia and the Philippines. India is likely to sell white rice to West Africa. On the other hand in the par-boiled rice segment India doing very well and progressing smoothly. In the par-boiled rice India's main competitor is Thailand but Thailand has priced its grain almost \$50-60 higher. Demand is good for par-boiled rice from South Africa and the Gulf.

### Bangladesh Boro Rice Production to Increase by 10 %

The boro rice production of Bangladesh in the current year is reportedly increased by 10 per cent as against the production of last year. The farmers have been enjoying the bumper crop out put on the expectation of good prices. The production of Boro rice is utmost important for the country. The farmers had shown this crop heavily because of its risk-free nature of cultivation. It was a minor rice crop in the late seventies or early eighties, with Aman and Aus being the number one and number two respectively in terms of out put. Presently, the production of Boro has improved on even that of Aman because of the widespread cultivation of high-yielding varieties.

### Rice: USDA Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on Thursday i.e. May18, 2006. This summary is based on reports from exporters (for the period May05-May11, 2006).

Rice: Net sales of 45,000 MT were 43 percent above the previous week and 8 percent over the prior 4-week average. The primary buyers were for Mexico (16,500 MT), Iraq (7,500 MT), Saudi Arabia (6,200 MT), Costa Rica (6,000 MT), and Germany (3,500 MT). Decreases of 5,000 MT were reported for Cuba. Exports of 70,600 MT were 26 percent above the previous week, but 3 percent under the

prior 4-week average. The primary destinations were Iraq (24,500 MT), Costa Rica (24,300 MT), Mexico (5,900 MT), and Ghana (4,900 MT).

### Rice Farmers Looking Towards Monsoon Progress for Showing

India ranks second in the production and consumption of rice in the global market. The most of the production comes from Kharif crops. The rainfed kharif crops are to a great extent depends on S.W. monsoon. The sowing of kharif rice generally begins in June and harvesting starts in middle of September and continues till end of December. Among the countries monsoon crops rice along contributes 70%. It is assumed that farmers from India may plant more rice on the projection of weather office, the four-month monsoon season may start earlier than usual. The attitude and progress of the monsoon is crucial for the country's 234 million farmers who track the northward progress of the rains to decide whether to grow rice, peanuts, soybeans or lentils.

## DOMESTIC MARKET COMMENTARY

### DELHI MARKET

Rice prices at Delhi mandi witnessed somewhat bullish sentiments on meagre arrivals. Increased domestic as well as export demand as against decreasing arrivals governing the markets sentiments. The rice reportedly exported from this market. However, according to traders exports are witnessing a slowdown since the Centre has withdrawn the target plus scheme. The Basmati raw rice quoted in the range of Rs.2800-2950. Rice basmati (Lalquila) Rs.4400, Shri Lal Mahal Rs. 4600. DB Rice quoted steady at Rs.2500. The availability of paddy was almost negligible. The prices of Sharbati varieties remained steady to bullish on lower arrivals and good demand Traders are noted that the sentiments likely to be steady to somewhat increase in the coming week.

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

Delhi	13.05.06	20.05.06
Basmati New	2900-2950	2800-2950
Basmati paddy	1425	-
Sharbati raw	1720	1750-1800
Sharbati sella	1700	1750
Parmal raw	1180-1200	1150-1180
Wand	1260-1280	1250-1280
Parmal sella	1250	1250
DB Rice	2450	2500

### RUDRAPUR MARKET:

Rudrapur market showed almost range bound sentiment for majority of the rice varieties in this week. Meagre supply amidst increased demand mainly underpinning the market sentiments. Most of the arrivals have been coming from godowns. Parmal raw and Wand are quoted higher as against previous week at Rs. 1120 and Rs.1160-1190 respectively. No arrival of new Basmati rice is reported. Basmati rice quoted in the market with somewhat bullish sentiments in the range of Rs.2800-2525. It is expecting that the rice price may be slightly firm in the coming week.

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

RUDRAPUR	13.05.06	20.05.06
Parmal paddy	720	720
Parmal raw rice	1120	1120
Wand	1160-1190	1160-1190
Basmati paddy	1425	1425
Basmati rice	2800-2825	2800-2825
Sharbati sella	1800	1800
DB sella	2400	2400

### KARNAL MARKET:

Karnal mandi witnessed also a firm sentiment during this week. The increased demand as against meagre arrivals mainly underpinning the market sentiments. The export demand reportedly increased. Parmal as well as Sharbati varieties were quoted range bound with firm undertone. DB rice witnessed steady sentiments and quoted at Rs.2600. The price of basmati rice offered firm and quoted in the range of Rs.2800-2850 in this week. According to the traders the prices for the rice are likely to witness range bound to slightly increase in the coming week on increased demand against lower arrivals.

### Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	13.05.06	20.05.06
Basmati rice raw	2800-2830	2800-2850
Sharbati esteem	1750-1760	1750
Sharbati sella	1680-1700	1700-1725
Parmal raw rice	1150-1190	1150-1190
Parmal sella	1200-1230	1200-1230
DB rice sella	2600	2600
IR8	960	960

### DEHRADUN MARKET:

The prices for all the rice varieties remained range bound to bullish in this week. Increased demand amidst decreasing supply had underpinned the market sentiments. Basmati raw offered steady in the range of Rs.2500-2600. Sharbati raw rice also offered steady between Rs. 1800-1900. Others varieties were quoted range bound like: IR-8 quoted steady Rs.975-1000; Parmal raw offered range bound with firm undertone in the range of Rs.1025-1100. The most of the arrival is coming from Haryana. It is also expected that the prices would remain steady for the coming days.

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

DEHRADUN	13.05.06	20.05.06
Basmati Raw	2500-2600	2500-2600
Sharbati	1800-1900	1800-1900
Parmal Raw	1050-1100	1050-1100
IR 8	975-1000	975-1000

### WEST BENGAL MARKET:

The rice prices in West Bengal market witnessed somewhat bearish to some range bound sentiments in this week on increase boro rice supply coupled with steady demand at the higher levels. The arrivals were reportedly at higher sides. About 400-450 load trucks arrived in the Burdwan, Howrah and Hooghly districts of west Bengal. Majority of the boro rice crop harvested so far and reached at the processing centres. Slightly increased supply of boro rice coupled with steady domestic demand traded rice at lower sides from last week. However, outlook of below normal monsoon rainfall as well as Govt. procurement did not allow decreasing of price movement further. The rice reportedly supplied to the Bihar, as well as Southern state of the country. Traders attributed the rice prices moved downwards further in the coming week

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

WEST BENGAL	13.05.06	20.05.06
IR 36 (super)	1180-1200	950-1000
Minikit Shankar	1350-1380	1200-1250
Minikit (M- Shankar)	1520-1540	1350
Doodh Kalma	1430	1200-1250
Swarna (New)	1050-1080	900-950
Pankaj	1000	950
Swarna parboiled	1100	1000
Govindobhog	2200	2200-2250
Chawl Moni	1650	1650

## AMRITSAR MARKET:

Rice prices in Amritsar mandi witnessed range bound with bullish undertone sentiments in this week comparing to last week. Lower arrivals coupled with rising demand mainly underpinning the prevailing sentiments. The export demand reportedly increases from the market on basmati as well as Sharbati varieties. Most of the varieties exported to Arab countries. The arrivals reported as about 5,0000-6,0000 bags from the godowns. Prices are expected to remain range bound to slightly increased for the coming week.

## Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	13.05.06	20.05.06
Sharbati sella rice	1700	1700-1750
Sharbati raw rice	1630-1660	1625-1650
Sharbati esteem	1720-1740	1750
Basmati rice raw	2800-2850	2700-2800
Basmati Paddy	-	-
Parmal Govt. Quality	1050	1000-1050
Parmal Wand (New)	1275-1285	1250-1275

## CONCLUSION

The Rice prices in the majority of the spot markets in the country remained range bound with firm undertone during the week in the country. Decreasing arrivals coupled with steady demand at higher sides mainly governing the market sentiments. The arrival is reportedly coming from old stock of godown. The demand from domestic sector has been increased on the changing pattern of food habit due to the rising temperature in the country. The export demand of rice on basmati and sharbati varieties increased. Recently, India is doing well also in export of white rice segment in the global market as the stock of the grade about to finish in Pakistan. The kharif rice output likely to decrease due to below normal rainfall from southwest monsoon as projected by IMD. However, higher procurement of government and their timely release of stock will influence the market sentiments. The procurement price of Govt. will also regulate the sentiments in near futures. Domestic markets in the northern part of the country witnessed bullish tone on decreasing arrivals amidst increased demand. The rice prices in Delhi, Amritsar, karnal, rudrapur, Dehradun market continued the travel through bullish pathway.

Traders attributed that the price will be at higher sides on increased domestic as well as export demand. However, the bullish sentiments may change on fresh arrivals likely in the first fortnight of the June. According to them different varieties of rice will trade at higher sides in coming days due to lower arrivals as against higher demand. Some bullish sentiment in the northern part of the country whereas, further bearish tone in the eastern part of the country is likely to witness in the coming week.

## PORT WATCH (As on 12<sup>th</sup> May, 2006)

Loading of 14,000 MT of rice is expected at Kandla Port on the vessel 'Precious' to Jeddah. The vessel will be handled by Aditya agents.

## Monsoon Outlook(19.05.06)

Southwest monsoon has further advanced into some parts of southwest & southeast Bay and Andaman Sea. The Northern Limit of Monsoon passes through Lat 5.0 °N/Long. 80.0°E, Lat 10.0 °N/Long. 87.0°E, Lat 16.5 °N/Long. 97.5°E. Prediction continues to indicate sustenance of strong lower level wind flow, moisture build up and persistent large scale rainfall activity over south Bay of Bengal and Andaman Sea region during next 3 days. Consensus forecast from several models indicate that there could be weakening of Bay of Bengal arm of monsoon current after 21st May, resulting in slight decrease in large scale cloudiness and rainfall over the region. On the other hand, the first indication of Arabian Sea arm of monsoon current, may appear in the form of cross equatorial flow along Somalia (Africa) coast beginning from 23rd May, 2006. This may be followed by strengthening of lower level wind flow over south west Arabian sea in subsequent days. Prediction also suggests, there is likely to be simultaneous excitement of Intertropical convergence zone (representing a band of cloudiness close to equator) and increase in large scale cloudiness and rainfall activity over south-central and south-east Arabian Sea.

## ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

There has been slight increase in day temperatures over many parts of northwest India, Uttar Pradesh and adjoining central India and parts of east India during past 24 hours. No large change in day temperatures is expected during next 2-3 days in these areas. During past 24 hours, rainfall has occurred at most places over Andaman & Nicobar Islands, at many places over Kerala and Lakshadweep; at a few places over Tamil Nadu, Uttaranchal and at isolated places over Delhi, Chhattisgarh, West Madhya Pradesh, South Interior Karnataka and Rayalaseema. The chief amounts of rainfall (in cm) recorded at 8.30 hrs IST today are: Nedumbaserry-12, Kochi-10, Alleppey & Minicoy-8 each, Cananor & Kottayam-7 each, Tiruchirapalli-5, Nancowrie, Car Nicobar, Karipur, Karaikal- 4 each, Nagapattinam & Tehri-3 each. The rainfall activity over NE States may increase within next 24 hours. Isolated rain and thunderstorm activity over some parts of eastern region e.g. Bihar, Jharkhand and Orissa may continue for another 2-3 days. Many parts of peninsular India e.g. coastal Andhra Pradesh, Telangana, Tamilnadu, Kerala, Interior Karnataka and Lakshadweep may receive scattered rainfall activity during next 2-3 days. Parts of Central India (e.g. Chhattisgarh, east MP and Vidarbha) and West India e.g.,

Madhya Maharashtra may also receive isolated rains and thundershowers during this period.

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

J&K, H.P. and Uttaranchal may experience isolated rainfall/snowfall during next 2-3 days. Isolated rain/thundershowers may occur over plains of NW India during this period.

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

Isolated rains/ thundershowers are likely in Bihar, Orissa and Jharkhand. Rainfall activity over NE States may increase during next 24 hours.

#### **CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**

Isolated thunder storm activity is likely over the entire region during next 3-4 days.

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

Fairly widespread rains with isolated heavy falls are expected over Bay islands during next 2-3 days. Scattered

thunderstorm activity is expected over Coastal AP, Telangana, Kerala, Tamilnadu, Interior Karnataka, Lakshadweep during next 2-3 days. Isolated thunderstorm activity is also expected over Rayalaseema.

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

Isolated rain accompanied with thunderstorm/duststorm activity is expected in Rajasthan and Madhya Maharashtra. Mainly dry weather conditions are likely over rest areas of the region.

#### **FOREX (As on 20<sup>th</sup> May, 2006):**

Foreign Currency	Rs. per unit
1 US \$	45.46
1 Euro	58.32
100 Yen	40.99
1 British £	85.94

### **SUMMARY PROGRESS OF RABI RICE**

#### **(Area Coverage) (Area in lakh hectares)**

Normal Area	Area Coverage (As reported on 155.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
38	49.36	40.19	+9.17	AP(+5.1, +61.0), Ass (-0.2, -4.6), Kar (+1.1, +51.4), TN(+2.0, +28.8), WB(+1.1, +7.6)

Source: Ministry of Agriculture, GOI

### **PROGRESSIVE PROCUREMENT OF RICE AS ON 15.05.06**

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 15.05.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	30.56	29.88
Chhattisgarh	28.37	28.85	24.36
Haryana	16.62	20.40	16.56
Maharashtra	2.05	1.67	1.03
Orissa	15.90	11.73	9.63
Punjab	91.06	88.37	90.10
Tamil Nadu	6.52	7.32	6.42
Uttar Pradesh	29.71	28.05	25.75
Uttaranchal	3.16	3.24	2.76
West Bengal	9.44	11.77	5.39
All-India	246.84	242.43	214.81

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

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.