

## Rice

06<sup>th</sup> -13<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:

#### Vietnam Rice Export Prices Quoted Steady

The rice crops in the Vietnam reportedly finished. The increased supply along with global demand led the countries export prices to offer steady. The fresh demand from Philippines, Iran and Africa influenced the price sentiments. On Friday Vietnam's 5% broken rice was quoted steady at \$253-\$255 PMT, FOB while 25% broken was also offered steady at \$240-\$242 PMT.

#### Vietnam Sold 500,000 MT Rice to Philippines

Vietnam sold about 500,000 MT of rice to Philippines. The majority of the total rice included 25% broken rice amounted to 425,000 MT priced at \$286.54 PMT. The rice reportedly would deliver between June and August. Philippines state-owned trading firm, NFA purchased 50,000 MT of 15% broken Thai rice at \$301.19 PMT and 25% broken Pakistani-origin rice amounted to 15,000 MT priced at \$286.54 PMT.

#### India: Estimated Rice Production is Increased

The rice out put for the current year to June 2006 has revised presently and estimated to 89.88 million MT. The production estimated to increase by 2.02 million MT as against previous estimation of 87.86 million MT. However, the total rice production estimated is higher comparing to previous year's production of 83.13 million MT.

#### Bangladesh: Rice Spot Prices Higher Despite Supply

The rice prices in Bangladesh retail market witnessed higher sentiments despite the harvesting of IRRI-boro rice in the country. Almost half of the total crops have harvested already. The remaining parts likely to be finished end of this month. However, the prices remained somewhat ease in the wholesale rice market. At the Badamtali market, the largest rice wholesale market in Dhaka, high quality rice per maund is being sold at Tk 660 to Tk 670 compared to Tk 680 to Tk 690 early last month. The total production target was 150.5 lakh tons of paddy. The total acreage of paddy was reportedly 43.55 lakh hectares of land. The estimated production is 5 lakh tons higher than previous year total out put of paddy.

#### Rice: USDA Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on Thursday i.e. May11, 2006. This

summary is based on reports from exporters (for the period April 28-May04, 2006).

Rice: Net sales of 31,500 MT were 4 percent above the previous week, but 25 percent under the prior 4-week average. Major increases for Costa Rica (27,800 MT), the United Kingdom (2,400 MT), Canada (2,100 MT), and Germany (1,200 MT) were partially offset by decreases for Mexico (4,500 MT). Exports of 56,200 MT were 11 percent below the previous week and 18 percent under the prior 4-week average. The primary destinations were Mexico (24,400 MT), Iraq (10,000 MT), Guatemala (6,200 MT), Saudi Arabia (6,100 MT), the United Kingdom (2,700 MT) and Belgium (2,500 MT). Note: Accumulated exports of long grain milled rice were adjusted as follows: down by 35,700 MT for Iraq and up by 35,700 MT for UAE.

#### WASDE: U.S. Rice production is Projected at 205 Million cwt

This report presents USDA's initial assessment of U.S. and world crop supply and demand prospects and U.S. prices for the 2006/07 seasons. U.S. rice production in 2006/07 is projected at 205 million cwt, 18.2 million cwt below 2005/06, and the smallest crop since 2003/04. Planted area is estimated at 2.972 million acres and harvested area is projected at 2.951 million acres, both down about 12 percent from 2005. Average rice yield is projected at a near-record 6,947 pounds per acre, up 311 pounds per acre or nearly 5 percent above weather-reduced yields in 2005/06. Imports for 2006/07 are projected at a record 18 million cwt, up 2 million cwt from revised 2005/06.

Source: USDA

#### WASDE: Global Rice Production 5.5 Million Up

Global 2006/07 rice production is projected at a record 417 million tons, up 5.5 million from 2005/06. World consumption is projected at a record 423.2 million tons, up 5.1 million tons. Global exports are expected to be about the same as 2005/06. Ending stocks are expected to decline for the sixth consecutive year to 62 million tons, 6.1 million below 2005/06, and the lowest since 1982/83. The global stocks-to-use ratio is projected at 14.6 percent, down from 16.3 percent in 2005/06, and the lowest since 1974/75.

Source: USDA

## DOMESTIC MARKET COMMENTARY

### DELHI MARKET

Rice prices at Delhi mandi witnessed bullish sentiments on meagre arrivals. Increased 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.2900-2950. Rice basmati (Lalquila) Rs.4400, Shri Lal Mahal Rs. 4600. DB Rice quoted steady at Rs.3000. 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 in the coming week.

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

Delhi	06.05.06	13.05.06
Basmati New	2900-2950	2900-2950
Basmati paddy	1425	1425
Sharbati raw	1710-1725	1720
Sharbati sella	1700	1700
Parmal raw	1150-1200	1180-1200
Wand	1240-1280	1260-1280
Parmal sella	1250	1250
DB Rice	3000	3000

### RUDRAPUR MARKET:

Rudrapur market showed some range bound to bullish undertone 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	06.05.06	13.05.06
Parmal paddy	720	720
Parmal raw rice	1100-1120	1120
Wand	1150-1180	1160-1190
Basmati paddy	1425	1425
Basmati rice	2800	2800-2825
Sharbati sella	1800	1800
DB sella	2300	2400

### KARNAL MARKET:

Karnal mandi witnessed also a firm sentiment during this week. The market activity reportedly increased presently.

The demand reportedly increased. However, supply of rice decreasing. Increased demand as against lower arrivals is mainly underpinning the market sentiments. 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.2800-2830 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	06.05.06	13.05.06
Basmati rice raw	2800	2800-2830
Sharbati esteem	1740-1750	1750-1760
Sharbati sella	1675-1700	1680-1700
Parmal raw rice	1150-1180	1150-1190
Parmal sella	1200-1240	1200-1230
DB rice sella	2600	2600
IR8	950	960

### DEHRADUN MARKET:

The prices for all the rice varieties remained range bound to bullish in this week as comparing to last week. Increased demand amidst decreasing supply had underpinned the market sentiments. Basmati raw offered higher in the range of Rs.2500-2600. Sharbati raw rice also offered higher between Rs. 1800-1900. Where 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	06.05.06	13.05.06
Basmati Raw	2450-2600	2500-2600
Sharbati	1725-1800	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. 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 above normal monsoon rainfall 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	06.05.06	13.05.06
IR 36 (super)	1200	1180-1200
Minikit Shankar	1300-1400	1350-1380
Minikit (M- Shankar)	1550	1520-1540
Doodh Kalma	1400-1450	1430
Swarna (New)	1050-1100	1050-1080
Pankaj	1000	1000
Swarna parboiled	1100	1100
Govindobhog	2200	2200
Chawl Moni	1650	1650

## AMRITSAR MARKET:

Rice prices in Amritsar mandi witnessed further bullish tone 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. The Basmati rice prices quoted steady in the range of Rs.2800-2850. The arrival of Basmati paddy reportedly at lower sides. Prices are expected to remain range bound to slightly increased for the coming week.

## Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	06.05.06	13.05.06
Sharbati sella rice	1680-1700	1700
Sharbati raw rice	1600-1650	1630-1660
Sharbati esteem	1700-1725	1720-1740
Basmati rice raw	2800-2850	2800-2850
Basmati Paddy	-	-
Parmal Govt. Quality	1000-1050	1050
Parmal Wand (New)	1200-1275	1275-1285

## CONCLUSION

The Rice prices in the majority of the spot markets in the country witnessed firm sentiments during the week despite the harvesting of boro rice in the country. Decreasing arrivals coupled with increased demand mainly underpinning the market sentiments. The demand from domestic sector has been increased due to the changing pattern of food habit on the rising temperature in the country. The export demand of rice on basmati and sharbati varieties also increased. The anticipation of lower production of rainfed kharif rice due to below normal rainfall also motivated the stockists. However, The estimated rice out put (89.88 million MT) for the current year to June 2006 is higher comparing to last year and The Govt. reportedly procured higher amount of 23.2 million MT rice from farmers in the periods of Oct. 1 and April 24, as against the year-earlier periods of 20.7 million MT. These factors will regulate the market sentiments in near futures. The boro rice mainly cultivated over the eastern part of the country. Majority of the boro rice crop harvested so far and reached

at the processing centres. However, others domestic markets of the country remained bullish as boro rice did not reached so far. The arrivals have been coming from old stocks of godown. According to the traders the fresh arrivals would be started in the first fortnight of the June. Rice prices in the markets of Delhi, Amritsar, karnal, Rudrapur mandi witnessed a bullish tone in this week. Traders are optimistic about the rising prices in coming days due to increase in demand amidst meagre arrivals. Range bound with firm undertone sentiments is likely to witness in the coming week.

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

Loading of 15,250 MT of rice is continuing at Kandla Port on the vessel 'Banglar Kakoli' to Nigeria. Interoccean agents is handling the vessel. The port is expecting 'Merco Mirissa' to load 12,500 MT of rice to Dammam. Sai Shipping agents will be handling the vessel. 'Wise King' is expected at the port to load 15,000 MT of rice to Dammam. Aditya agents will be handling the vessel.

## ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

Heat wave conditions over pockets of north Rajasthan, western Haryana and Vidarbha where day temperatures are above 45 Degree C, are likely to continue during next 4-5 days. Plains of northwest India, north Gujarat, central India, Interior Maharashtra, interior and south Coastal Andhra Pradesh may continue to experience day temperatures above 40 Degree C, which are 2-4°C above normal, during next 2-3 days. Rest of the India is likely to experience normal and below normal day temperatures. Model prediction suggests that the rainfall activity over Bay Islands and parts of south peninsular India mainly over Kerala may enhance from 17 May 2006. A fresh western disturbance is expected to affect hilly regions of NW India viz. J&K and Himachal Pradesh during 14-15 May 06, which is expected to cause scattered rainfall/snowfall over the hilly region and isolated dust storm/ thunderstorm over plain areas. The ongoing rainfall activity over NE states, Sub-Himalayan West Bengal, Orissa, Chattisgarh, coastal Andhra Pradesh, south peninsular India, Bay Islands and Lakshadweep may continue during next 3-4 days.

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

J&K, H.P. and Uttaranchal may experience scattered rainfall/snowfall and isolated duststorm/ thunderstorm over plains during 14-15 May 2006.

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

Scattered to fairly widespread rains are expected over NE States and Sub-himalayan West Bengal. Coastal Orissa, Gangetic West Bengal, Bihar and Jharkhand may experience isolated rains during next 3-4 days.

## CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Isolated thunder storm activity is likely over Chhatisgarh, east MP and Vidarbha during next 4-5 days.

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

Isolated to scattered thunderstorm activity is expected over Kerala, coastal Tamilnadu, south/north interior Karnataka, Bay Islands, Lakshadweep during next 3-4 days. Isolated thunder storm activity is expected over Telangana, coastal Andhra Pradesh and Rayalaseema. Andman & Nicobar, Lakshdweep and Kerala are to experience enhanced rainfall from 17 May 2006.

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

Mainly dry weather conditions are likely to prevail over the region. Isolated duststorm activity is expected in North

Rajasthan during next 24 hours and again on 14 and 15 May, 2006.

#### **FOREX (As on 13<sup>th</sup> May, 2006):**

Foreign Currency	Rs. per unit
1 US \$	45.05
1 Euro	57.98
100 Yen	40.92
1 British £	84.96

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

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 08.05.06)			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 08.05.06**

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 08.05.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	28.70	28.71
Chhattisgarh	28.37	28.57	24.23
Haryana	16.62	20.40	16.56
Maharashtra	2.05	1.66	1.00
Orissa	15.90	11.37	9.31
Punjab	91.06	88.34	89.99
Tamil Nadu	6.52	7.19	6.40
Uttar Pradesh	29.71	26.69	25.75
Uttaranchal	3.16	3.24	2.76
West Bengal	9.44	11.75	5.27
All-India	246.84	238.14	212.83

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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