

Rice

27th May-03rd June, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Rice Prices Continues Tight in Bangladesh Market

The rice prices in domestic market in Bangladesh continued to be higher despite of heavy rice out put. This is mainly due to hoarding of rice by some big rice traders in the anticipation of getting higher prices in the event of production shortfall. The ministry will reportedly procure about 1.0 million tonnes of rice and 0.3 million tonnes of paddy during the current boro season. The ministry has already started procuring rice at Tk 15.50 per kg and paddy at Tk 9.75 per kg from the April and the drive will likely to continue until August 3.

Early Monsoon May Boost Rice Production in Bangladesh

The farmers from Bangladesh has been preparing for sowing of kharif rice crop in advance due to early S.W. monsoon progress. The usual start of monsoon in the country is middle of June. However, in the current year the monsoon is likely to start two weeks earlier than normal date. The resort on the Bay of Bengal and nearby areas in southeastern Bangladesh recorded 350 mm of rain since Friday. The country grows on an average 26 million tonnes of rice in a year. It is the main foodstuff of Bangladesh's and depends largely on a balanced monsoon that brings enough water. The arrival of early monsoon is likely to boost the production.

Weekly Export Sales in Thailand

Export prices for most grades of rice increased by U.S.\$ 1-2/MT in response to the surge in domestic prices. White rice domestic prices continued to increase due to tighter white paddy rice supplies, following the current aggressive government intervention program. The millers who participated in the second-crop intervention program reportedly have more space to stockpile second-crop white paddy rice because they have recently been allowed to mill paddy stocks (2005/06 main crop) for delivery to government warehouses. In addition, the current second-crop paddy has a higher percentage of chalky kernels than normal due to unfavorable weather conditions, leading to additional cost to exporters, as chalky kernel content cannot exceed 6 percent (Thai Rice Export Standard). Meanwhile, foreign demand remained quiet due to current

high Thai rice prices. Also, there is a rumor that Iranian buyers are renegotiating with Thai exporters to buy 100B% B grade white rice after they failed to source rice from Vietnam. Trade sources also reported that the Thai exporters are quoting prices of U.S.\$ 330/MT for 100% B grade white rice to Iranian buyers, as compared to the U.S.\$ 310-320/MT quotations on the previous negotiation three weeks ago.

Source: USDA

Paddy Prices Were Quoted Cheaper in Vietnam

Local paddy prices were quoted around VND50/kg cheaper than last week, at VND2,400-2,450/kg. Some fresh Early Summer-Autumn quantity is available in the Mekong River Delta and quoted at VND2,300/kg. The Summer-Autumn crop is important in the Mekong Delta but its quality is inferior to the Winter-Spring crop. Farmers in the Red River Delta, in northern Vietnam, are starting to harvest their Winter Spring crop. This has made northern paddy prices slightly softer.

Exchange rate was \$1 to VND15,974 as of May 26, 2006, as slightly as VND4 down compare with last week.

Source: USDA

Rice: USDA Weekly Export Sales Higher this Week

Weekly Export Sales Highlights of US Department of Agriculture is released on Friday i.e. June 2, 2006. This summary is based on reports from exporters (for the period May19-May25, 2006).

Rice: Net sales of 52,100 MT were improved from the previous week's marketing-year low and 72 percent above the prior 4-week average. The primary buyers were Cuba (20,000 MT), Costa Rica (9,000 MT), Haiti (6,900 MT), Mexico (5,500 MT), El Salvador (2,900 MT), and Liberia (2,000 MT). Exports of 76,800 MT were 55 percent above the previous week and 28 percent over prior 4-week average. The primary destinations were Japan (31,100 MT), Haiti (14,800 MT), Mexico (9,400 MT), the United Kingdom (6,200 MT), and Nicaragua (6,100 MT).

DOMESTIC MARKET COMMENTARY

Rice prices in the majority of the spot markets in the country witnessed range bound with weak undertone sentiments during the week in the country. Early advancement of S.W. monsoon motivated farmers to preparing for sowing kharif rice crop in advance. India's June-September monsoon is critical for kharif rice plantings. Good rains would benefit farmers by allowing crops to be planted and harvested at the right time. The export demand for rice is likely to increase as Pakistan's white rice stock has finished. The export of basmati and sharbati varieties is also likely to improve as EU declared India as well as Pakistan could continue to export duty free basmati rice to the 25-nation European Union. Reportedly, India is likely to export of 'super basmati' as an evolved (hybrid) variety under the amendment of the Export of Basmati Rice (Quality Control and Inspection) Rules, 2003. This led to cause a loss of about 40 per cent in the world market to Pakistan. The domestic demand is steady at some higher sides as against meager arrivals. However, the prices of rice did not go up further on the speculation of early showing and higher production from kharif rice. The rice prices in West Bengal market remained steady at some lower levels. Whereas, at the prices of rice at Delhi, Amritsar, karnal, rudrapur, Dehradun market remained steady at some higher sides. At Delhi Mandi, the Basmati raw rice quoted range bound in the range of Rs.2800-2900. The prices of Sharbati varieties remained steady with weak undertone and quoted like, Sharbati sella at Rs.1725-1750/Q and Sharbati raw at Rs.1750-1775. All rice traders as well as farmers are eyeing towards S.W. monsoon progress. The kharif rice out put, the amount of rainfall in different growth stage of the crop and the time of arrivals in the market would determine the market sentiments in the coming futures. The procurement policy of Govt., MSP and their time of purchasing will also regulate the market sentiments in near futures. Some range bound to bearish sentiment is likely to witness in the coming week.

DELHI MARKET

Rice prices at Delhi mandi witnessed range bound tone 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 also remained steady 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	27.05.06	03.06.06
Basmati New	2800-2950	2800-2950
Sharbati raw	1750-1800	1750-1800
Sharbati sella	1750-1775	1750-1775
Parmal raw	1150-1180	1150-1180
Wand	1250-1280	1250-1280
Parmal sella	1250	1250
DB Rice	2450-2500	2450-2500

RUDRAPUR MARKET:

Rudrapur market showed range bound with weak 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.. 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	27.05.06	03.06.06
Parmal paddy	720	720
Parmal raw rice	1100-1125	1100
Wand	1160-1190	1140-1160
Basmati paddy	-	-
Basmati rice	2800	2800
Sharbati sella	1800	1800
DB sella	2400-2425	2400-2425

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. 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	27.05.06	03.06.06
Basmati rice raw	2800-2850	2850
Sharbati esteem	1750	1725-1750
Sharbati sella	1700-1725	1700
Parmal raw rice	1150-1165	1150
Parmal sella	1230	1200-1220
DB rice sella	2500-2550	2500
IR8	965	950-965

DEHRADUN MARKET:

The prices for all the rice varieties remained range bound in this week. Increased demand amidst decreasing supply had underpinned the market sentiments. The most of the arrival is coming from Haryana. It is also expected that the prices would remain steady to somewhat bearish for the coming days.

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	27.05.06	03.06.06
Basmati Raw	2600-2700	2600-2700
Sharbati	1950-2000	1950-2000
Parmal Raw	1100-1190	1100-1190
IR 8	1000-1025	1000-1025

WEST BENGAL MARKET:

The rice prices in West Bengal market witnessed range bound sentiments in this week on steady 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	27.05.06	03.06.06
IR 36 (super)	950	950
Minikit Shankar	1200	1200
Minikit (M- Shankar)	1300-1350	1300-1350
Doodh Kalma	1200-1225	1200-1225
Swarna (New)	900-925	900-925
Pankaj	950	950
Swarna parboiled	975-1000	975-1000
Govindobhog	2200-2250	2200-2250
Chawl Moni	1650	1650

AMRITSAR MARKET:

Rice prices in Amritsar mandi witnessed range bound to bearish sentiments in this week comparing to last week. Lower arrivals coupled with steady 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. Prices are expected to remain range bound to slightly weak for the coming week.

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	27.05.06	03.06.06
Sharbati sella rice	1700	1650-1700
Sharbati raw rice	1650-1680	1600-1650
Sharbati esteem	1700-1750	1700-1750
Basmati rice raw	2800-2900	2850
Basmati Paddy	-	-
Parmal Govt. Quality	1000-1050	1050
Parmal Wand (New)	1250-1275	1150-1200

CONCLUSION

Range bound to bearish tone is likely to witness in the coming week on good demand and expectation of early sowing of kharif rice.

PORT WATCH (As on 02nd June, 2006)

'Aboudi' has berthed at Kandla Port and continues to load 9,000 MT of rice to Dammam. The vessel is being handled by Aditya agents. Kandla Port is expecting 'Aziza' to load 9,000 MT of rice to Jeddah. Aditya agents will be handling the vessel. The port is expecting 'Merco Mahara' to load 13,500 MT of rice to Dammam. The vessel will be handled by Sai Shipping agents.

Monsoon Outlook (02.06.06)

Southwest monsoon has further advanced into parts of Gujarat. The northern limit of monsoon as on today passes through 22°N/60.0°E, 22°N/68°E, Porbandar, Rajkot, Ahmedabad, Baroda, Pune, Sholapur, Kurnool, Ongole, 17° N/85.0°E, 20°N/89° E and Gangtok. Conditions are favourable for its further advance into remaining parts of Gangetic West Bengal including Kolkata and remaining parts of Sub-Himalayan West Bengal & Sikkim during next 48 hours. Predictions continue to indicate weakening of monsoon current over Arabian Sea beginning from 4th June, 2006, leading to decrease in rainfall activity over west coast. Model predictions continue to suggest formation of a low pressure area over the head Bay of Bengal around 4th or 5th June triggered by strengthening of the monsoonal flow over Bay of Bengal region. Northwest and Central India may continue to experience scattered rainfall activity and below normal day temperatures during next 24-36 hours. The rainfall over above area is caused by the interaction of prevailing low pressure area over north Gujarat with the western disturbance over NW India. This north-south oriented rainfall zone is expected to weaken and shift eastward after 24 hours.

ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

During past 24 hours, fairly widespread rainfall has occurred over Lakshadweep, Kerala, Coastal Karnataka, Konkan & Goa, south Madhya Maharashtra, Gujarat region, West Bengal & Sikkim and northeastern States. Isolated heavy rainfall has occurred over Coastal Karnataka, Konkan & Goa, Madhya Maharashtra, south Gujarat region, West Bengal & Sikkim, Assam and Tripura. ! The chief amounts of rainfall (in cm) recorded at 08.30 hrs IST today

over different parts of the country are: Surat-13, Dhubri-12, Shirali-11, Mahabaleshwar, Ratnagiri & Agartala- 9 each, Karwar-7, Sri Niketan & Rajkot-6 each, Kota & Ahmedabad-5 each. ! As predicted heat wave condition over Rajasthan and northwest Madhya Pradesh is abated. ! The existing western disturbance over NW India is expected to cause scattered precipitation activity over the region during next 2 days.

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

Scattered rainfall activity over the region during next 2 days.

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

Fairly widespread to widespread rains / thundershowers are likely in NE States and West Bengal. Scattered rains/ thundershowers are likely over rest areas of the region, except Orissa and Jharkhand where rainfall activity is likely increase beginning from 4th June.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Entire region is likely to experience scattered rainfall activity during next 2-3 days. Rainfall activity over Chhatisgarh is likely to increase after 4th June, 2006.

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

Fairly widespread to widespread rains with scattered heavy falls are likely over coastal Karnataka. Scattered to fairly widespread rains are also likely over Kerala, Interior Karnataka and south coastal AP. Scattered rains are expected over rest areas of the region during next 3-4 days.

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

Widespread rains with scattered heavy rains are expected over Gujarat region and Konkan & Goa during next 48 hours. Madhya Maharashtra may also receive fairly widespread rains with isolated heavy falls during this period. Scattered to fairly widespread rains are expected over South Rajasthan and scattered over north Rajasthan during this period. Rainfall activity over the region is expected to decrease after 48 hours.

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 29.05.06)			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 15.05.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 29.05.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	35.52	32.99
Chhattisgarh	28.37	29.03	24.49
Haryana	16.62	20.40	16.56
Maharashtra	2.05	1.70	1.14
Orissa	15.90	12.60	10.17
Punjab	91.06	88.37	90.35
Tamil Nadu	6.52	7.47	6.45
Uttar Pradesh	29.71	28.10	25.75
Uttaranchal	3.16	3.25	3.04
West Bengal	9.44	12.13	5.70
All-India	246.84	249.49	219.80

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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