

## Rice

10<sup>th</sup> June-17<sup>th</sup> June, 2006

### MAJOR ACTIVITY HIGHLIGHTS

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

### DOMESTIC AND INTERNATIONAL NEWS

#### India Exports Rice to Cameroon and Ivory Coast

India has exported 25% broken rice to Cameroon and Ivory Coast. Three trading firms of India exported a sum of 12,500 PMT above mention grade to these countries. A total of 3,000 MT was exported to Ivory Coast at \$218.50 PMT, FOB, whereas, 9,500 PMT exported to Cameroon at \$211.85-\$216.75 PMT, FOB.

#### India: Rice Acreage Marginally Higher So Far

The acreage under rice sowing in the periods of June 1-12<sup>th</sup> is marginally higher as against year earlier period. The total acreage under rice in the above mention periods is estimated higher at 499,000 hectares, from 432,000 hectares of last year. However, declines of rainfall in the recent time may harm the sowing coverage. June-September monsoon rains very vital for India's staple rice crop. The kharif rice crop mostly depends on S.W. monsoon rains in many parts of the country. Despite the early arrivals of S.W. monsoon ahead of normal schedule, experienced a weak phase between June 2 and June 6, which according to the weather bureau is likely to continue until around June 19. Therefore, the farmers have to wait a while to sow the rice crops in their respective fields. However, rice plantation can presently be done in coastal areas, which received good rains already.

#### India Facing Stiff Competition in Super Basmati Prices With Pakistan

India has officially included super basmati rice in its export package in order to accelerate total exports. This variety is mostly grown in Pakistan. The Punjab Agricultural University officially released 'Super' in 2001 after sourcing the seeds from Pakistan and working on it for about three years. However, India has to face stiff completion with Pakistan in the export of super basmati rice as Pakistan has the advantage of a cheaper currency as against India. Pakistan's rupee currency is around 30% cheaper than Indian rupee. Moreover, basmati rice is not subjected to the 8% taxes in Pakistan unlike India. But, in the qualitative side India is much comfortable as compare to Pakistan. India's farm practices including drying system for rice is better, moisture content is lower and there is no trouble of aflatoxins in basmati. The profits from selling broken basmati grains in the domestic market are also higher and likely to help compete globally with cheaper basmati from

Pakistan. Therefore, India has a good hope to compete successfully in the export of super basmati rice.

#### Thai and Viet's Export Prices Of Rice Remained Higher

Asian rice prices are showing divergence between suppliers. Vietnam rice prices presently quoted higher as against last month. Presently, Viet 5% rice increased by \$9 from last month and quoted at \$261 PMT, FOB. In India, the 5% rice is currently offered lower at \$250 PMT, FOB. Whereas, Thai 100B is presently offered at \$318 PMT, FOB, increased by \$7 from last month. The appreciation of the Baht coupled with huge exports demand from Iran, Iraq and Middle East boosted the prices.

#### Rice: USDA Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on Thursday i.e. June 16, 2006. This summary is based on reports from exporters (for the period June02-June 08, 2006).

Rice: Net sales of 66,000 MT were two and one-third times the previous week and 89 percent above the prior 4-week average. Major increases were reported for Mexico (26,800 MT), Cuba (21,800 MT), the United Kingdom (5,900 MT), and Ghana (5,000 MT). Exports of 81,200 MT were 37 percent above the previous week and 27 percent over the prior 4-week average. The primary destinations were Mexico (22,100 MT), Cuba (21,800 MT), Nicaragua (15,000 MT), and El Salvador (10,800 MT).

### DOMESTIC MARKET COMMENTARY

A range bound with firm undertone sentiments prevailed in the majority of the domestic markets. The meager arrivals coupled with good demand mainly governing the market tone. The prices of rice at Amritsar, Karnal, Rudrapur, Dehradun market remained range bound with firm undertone. However, the rice prices remained slightly eased in Delhi mandis due to some arrivals from Uttar Pradesh. The improved arrival amidst steady demand is underpinning the price sentiments there. The rice prices offered somewhat lower in Delhi mandi as Sharbati raw quoted lower at Rs. 1675-1700, Parmal raw also quoted lower at Rs. 1100-1125. DB rice offered between Rs.2400-2425. Rice also exported from the Delhi as well as Amrisar

mandi. The rice prices in West Bengal market turned to higher levels on decreasing arrivals amidst steady demand. The arrivals were in lower sides due to rainy season. However, despite the early arrivals of S.W. monsoon, in recent times the country has been running through the weak monsoon phase. This may cause some delay in kharif rice sowing in many parts of the country. Moreover, IMD's projection of below normal rainfall from S.W. monsoon is also playing a vital role in the minds of stockiest. They are closely monitoring the monsoon progress and sowing activity for taking decision about releasing their old stocks. However, The total acreage under rice in the periods of June 1-12th is marginally higher and estimated to 499,000 hectares, as against 432,000 hectares of last year. But declines of rainfall in the recent time may harm the rainfed kharif rice crops. Rice export from India likely to increase in the coming future on the ending stocks of Pakistan as well as good global demand. India is also offering rice in competitive prices as against Thailand, Pakistan and Vietnam. The demand from domestic sector is steady at some higher level. There is a good demand also of the broken basmati grains in domestic markets. Thus, Govt.'s profits from selling broken basmati grains in the domestic market likely to help compete globally with cheaper basmati from Pakistan. The kharif rice production, the intensity 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, export scenario and will also regulate the market sentiments in near futures.

#### DELHI MARKET:

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

Delhi	10.06.06	17.06.06
Basmati Old	2800-2900	2900
Basmati New	2600-2700	2700
Sharbati raw	1675-1750	1700-1725
Sharbati sella	1700-1750	1725-1750
Parmal raw	1100-1150	1100-1150
Wand	1200-1280	1200-1280
Parmal sella	1175-1200	1175-1200
DB Rice	2450	2450

#### RUDRAPUR MARKET:

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

RUDRAPUR	10.06.06	17.06.06
Parmal paddy	720	750
Parmal raw rice	1080-1100	1100-1150
Wand	1120-1140	1140-1160
Basmati paddy	-	-
Basmati rice	2800	2850
Sharbati sella	1800	1750-1775
DB sella	2400	2400

#### KARNAL MARKET:

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

KARNAL	10.06.06	17.06.06
Basmati rice raw	2850	2850
Sharbati esteem	1700-1740	1710-1740
Sharbati sella	1700	1700-1720
Parmal raw rice	1150	1150
Parmal sella	1200-1220	1200-1220
DB rice sella	2500	2500
IR8	950-965	950-965

#### DEHRADUN MARKET:

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

DEHRADUN	10.06.06	17.06.06
Basmati Raw	2600-2700	2600-2700
Sharbati	1950-2000	1950-2000
Parmal Raw	1100-1190	1090-1180
IR 8	1000-1025	980-1010

#### WEST BENGAL MARKET:

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

WEST BENGAL	10.06.06	17.06.06
IR 36 (super)	1050-1150	1075-1150
Minikit Shankar	1350-1400	1400
Minikit (M- Shankar)	1450-1500	1475-1520
Doodh Kalma	1300	1300
Swarna (New)	1050	1050-1080
Pankaj	950-1000	950-1000
Swarna parboiled	1050	1050
Govindobhog	2200-2250	2200-2250
Chawl Moni	1700-1800	1700-1800

#### AMRITSAR MARKET:

##### Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	10.06.06	17.06.06
Sharbati sella rice	1650-1700	1650-1675
Sharbati raw rice	1600-1650	1600-1650
Sharbati esteem	1700-1750	1725-1750
Basmati rice raw	2850	2900
Basmati Paddy	-	-
Parmal Govt. Quality	1050	1050
Parmal Wand (New)	1150-1200	1150-1200

## CONCLUSION

Range bound with firm undertone is likely to witness in the coming week on steady demand amidst lower arrivals

## PORT WATCH (As on 16<sup>th</sup> June, 2006)

Kandla Port is expecting 'Precious' to load 14,000 MT of rice to Jeddah. The vessel will be handled by Aditya agents. Kandla Port is expecting 'Regal Star' to load 15,500 MT of rice to Jeddah. Sai Shipping agents will be handling the vessel. Loading of 5,500 MT of rice is expected at the port on the vessel 'Aboudi' to Dammam. Aditya agents will be handling the vessel.

## Monsoon Outlook (17.06.06)

As predicted on 3rd June 2006, southwest monsoon went into weak phase from 8 June and there is no change in the scenario till date. Under its influence all meteorological subdivisions of country have reported scanty ( -60% to -99 %) or deficient (-19% to -59%) rainfall during the week 8-14 June, except Bihar; Assam & Meghalaya; Arunachal Pradesh; Nagaland, Mizoram, Manipur and Tripura where normal and excess rainfall has been reported during the week. The prevailing conditions of weak monsoon may continue for another 2 days. . Model predictions suggests for strengthening of cross equatorial flow, increase in moisture in lower and middle troposphere and establishment of an east-west wind shear zone along 8-10 deg N across south peninsular India at 3 km above mean sea level around during 19-20 June. All these conditions are prelude for revival of monsoon over south peninsular India. . Southwest monsoon is expected to revive during 19-20 June over south peninsular India and progress northward. . Chief amount of rainfall (cm) during past 24 hours reported at 08:30 am today are: Honavar-11, Dhubri-10, North Lakhimpur-7, Passighat, & Dibrugarh-4 each Shimla & Kozhikode-3 each,. Quazigund, Batote, Belgaum and Kochi-2 each.

## ALL INDIA WEATHER FORECAST BULLETIN WEATHER OUTLOOKS

Yesterday's western disturbance still lies over J&K. The W.D. is expected to remain near stationary during next 48 Hrs and move in eastward direction. Under its influence

scattered to fairly wide spread snowfall/rainfall occur over hilly regions of NW India during next 48 Hrs. Isolated to scattered rainfall/thunderstorm activity are also likely over plains of NW India viz. Punjab, North Rajasthan and Haryana, including Delhi on during next 48 Hrs.

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

Under the influence of western disturbances, J&K, H.P. and Uttranchal are likely to receive scattered to fairly wide spread snowfall/rainfall during next 48 Hrs. Adjoining plains of NW India viz. Punjab and Haryana including Delhi are likely to receive isolated to scattered during next 48 Hrs.

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

Fairly widespread rains / thundershowers are likely over NE States and isolated over rest areas of the region except over East UP where it may be mainly dry during next 2-3 days. The rainfall activity over NE States may increase after 19th June.

## CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

The region is likely to experience isolated rains /thundershowers during next 3-4 days.

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

Scattered rainfall is likely over Andaman & Nicobar Islands, Kerala, Lakshadweep and Coastal Karnataka and isolated over rest areas of the region. Rainfall activity over Lakshadweep, Kerala and Coastal Karnataka is likely to enhance after 18th June.

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

Konkan & Goa, may receive isolated to scattered rains during next 3-4 days and increase thereafter. North Rajasthan may receive isolated rains/thundershowers during next 24 Hrs. Other areas of the region are likely to experience mainly dry weather during this period.

## SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 12.06.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
399	4.99	4.32	+0.67	Ass (+0.4, +9.7), WB (+0.3, +50.0)

Source: Ministry of Agriculture, GOI

## PROGRESSIVE PROCUREMENT OF RICE AS ON 12.06.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 12.06.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	39.58	34.90
Chhattisgarh	28.37	29.17	24.67
Haryana	16.62	20.40	16.56
Maharashtra	2.05	1.73	1.21
Orissa	15.90	13.40	10.88
Punjab	91.06	88.38	90.49
Tamil Nadu	6.52	7.69	6.47
Uttar Pradesh	29.71	28.18	25.75
Uttaranchal	3.16	3.28	3.04
West Bengal	9.44	12.97	6.57
All-India	246.84	255.83	223.94

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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