

Rice

10th-15th July, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Basmati Rice Expected to be Import to Europe from Uttaranchal

The Basmati rice of the Indian state of Uttaranchal will now be exported to European countries. This rice will also be supplied to South Indian States. According to the source, the Satnam Overseas Ltd and KRBL have signed an agreement with Uttaranchal Basmati rice farmers to buy and market their product in the international market. The companies have guaranteed to procure organic Basmati paddy at Rs.1250/qlt and Pusa organic Basmati paddy at Rs.1500/qlt. According to official statistics, a total of 500 hectares of land is under organic Basmati rice cultivation in Uttaranchal on which nearly 800 MT of paddy is grown every year.

India: Rice Sowing Estimated to Up This Year

The kharif sowing progress of rice is increasing in this year in India. India's rice acreage in the current kharif-planting season that began June 1 is so far estimated at 6.1 million hectares, which is up from 5.3 million hectares in the year-earlier period. The late monsoon has delayed the sowing progress. The monsoon, which initiated almost a week ahead of schedule on May 26, had undergone a weak phase of around 17 days last month in many regions across the country. The acreage has been increased in Chhattisgarh and Orissa while it lagged behind in Punjab and Haryana. This year, the area has touched to 39.34 lakh hectares as compared to 39.64 lakh hectares of previous year same period. But now the sowing progress is improving well.

USDA: Latest WASDE Report on US Rice

This WASDE report contains changes to global supply and use based on revisions made to the China supply and use, 1997/98-2006/07. U.S. rice production in 2006/07 is projected at 200 million cwt, 2 percent below last month and 10 percent below 2005/06. Estimated harvested area of 2.895 million acres reported in the June 30 Acreage report is 2 percent below last month, and 14 percent below 2005/06. The yield for 2006/07 is projected at 6,908 pounds per acre, 39 pounds per acre below last month, and 272 pounds per acre below 2005/06. Long-grain rice production is projected at 154 million cwt, 2 percent below last month, and 13 percent below 2005/06. Combined

medium- and short-grain rice production is projected at 46 million cwt, 4 percent below last month, but nearly 1 percent above 2005/06. Projected domestic and residual use of rice for 2006/07 is lowered slightly from a month ago. Exports for 2006/07 are projected at 100 million cwt down 3 million cwt from last month. Milled and brown rice exports are projected at 64 million cwt (rough basis), 3 million cwt below last month, while rough rice exports are projected at 36 million cwt, unchanged from last month. Ending stocks are projected at 22.8 million cwt, 7 percent below last month, and 34 percent below 2005/06. The season-average farm price range for 2006/07 is raised 15 cents per cwt on each end to \$9.15 to \$9.65 per cwt compared to a revised \$7.60 to \$7.65 per cwt for 2005/06.

Source: WASDE Report, USDA

USDA: WASDE Report on Global Rice Outlook

This month, USDA made revisions to global rice supply and use because of changes to China's stocks and domestic use estimates for 1997/98 to 2006/07. The revisions in China's supply and use estimates resulted in larger ending stocks from 2004/05-2006/07. While the upward revision in stocks is substantial, little, if any, impact on world trade and prices is expected. The July stocks revisions are primarily based on information from China's National Grain and Oilseeds Information Center indicating a substantial decline in feed use of rice in China since 2002/03. In addition, the combination of strong economic growth and increased urbanization have likely caused per capita food consumption of rice in China to slightly decline. The adjustment in the supply and use series for China beginning in 1997/98 resulted in an ending stocks estimate in 2006/07 of 37.4 million tons compared to last month's estimate of 18.8 million tons. Projected global 2006/07 production, and ending stocks are raised from a month ago, while consumption is lowered and trade is nearly unchanged. World production is projected at a record 418.3 million tons, 0.7 million above a month ago. The increase in global production is primarily due to a larger crop projected for Bangladesh, which is partially offset by lower U.S. production. Global consumption and ending stocks are changed primarily because of revisions made to the China rice supply and use balance. Global consumption is projected at 418.1 million tons, 6.7 million tons below last month, while ending stocks are projected at

79.1 million tons, 19 million tons above a month ago and nearly the same as the revised 2005/06 estimate.

Source: WASDE Report, USDA

Rice: USDA Weekly Export Sales Highlights

Net sales of 4,800 MT--a marketing-year low--were 90 percent below the previous week and 94 percent under the prior 4-week average. Major increases for Jordan (4,100 MT), Canada (400 MT), and Belgium (300 MT) were partially offset by decreases for Mexico (1,100 MT). Sales of 10,400 MT for delivery in 2006/07 were for Mexico. Exports of 14,300 MT--a marketing-year low--were 83 percent below the previous week and 77 percent under the prior 4-week average. The primary destinations were Mexico (7,800 MT), Guatemala (3,000 MT), and Canada (1,600 MT). (This summary is based on reports from exporters for the period June 30 - July 6, 2006)

Source: FAS, USDA

India: Govt Possess Ample Stocks of Rice

The government has huge stocks of rice, as around 26.5 million tons, which were purchased from farmers between October and June, up from 22.8 million tons in the year-earlier period. The government procure wheat and rice at set intervention prices and sells it to consumers at much lower subsidized rates from its own outlets through a program called the Public Distribution System, or PDS.

DOMESTIC MARKET COMMENTARY

The prices for rice fell down at major mandis in the country due to higher arrival as the new crop has hit in the Uttar Pradesh, Chhattisgarh, Madhya Pradesh mandis. Therefore the prices declined by Rs.20-50/qlt at most of the places like Delhi, Rudrapur, Amritsar, Kurukh, and Karnal etc. The new crop from Punjab, Haryana, and Rudrapur is expected to arrive in the local market in the first part of August. The higher arrival of UP raw rice and Sella rice from M.P. pulled down the prices in Delhi, traders said. The domestic demand as well as export demand remained quiet in context of higher arrivals. The export demand of India might be increase in the coming futures on the poor stocks of global market. India is still offering rice in competitive prices as against Thailand, Pakistan and Vietnam. The export prices of Thailand rice are much more than that of India therefore Vietnam rice is the main competitor for Indian rice. Recently the monsoon is progressing well and it is encouraging the farmers to sow kharif rice though it is being late. No procurement from Govt. was reported from the mandis. The rice prices quoted in Delhi mandis like Sharbati sella quoted at Rs. 1550-1600, Sharbati raw offered between Rs. 1600-1680, Parmal wand quoted at Rs.975-1050. According to the source, the Satnam Overseas Ltd and KRBL have signed an agreement with Uttaranchal Basmati rice farmers to buy and market their product in the international market. The companies have guaranteed to procure organic Basmati paddy at Rs.1250/qlt and Pusa organic Basmati paddy at Rs.1500/qlt. The kharif sowing progress of rice is increasing in this year in India. India's rice acreage in the current kharif-planting season that began June 1 is so far estimated at 6.1 million hectares, which is up from 5.3 million hectares in the year-earlier period. The late monsoon has delayed the sowing progress.

DELHI MARKET:

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

Delhi	08.07.06	15.07.06
Basmati Old	2900	2800-2900
Basmati New	2700-2750	2650-2700
Sharbati raw	1650-1730	1600-1680
Sharbati sella	1700-1725	1550-1600
Parmal raw	1050-1100	1000-1050
Wand	1150-1200	975-1050
Parmal sella	1150-1200	1075-1125
DB Rice	2425-2460	2175-2375

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	08.07.06	15.07.06
Parmal paddy	-	-
Parmal raw rice	1160	1120-1150
Wand	1180-1200	1125-1180
Basmati paddy	-	-
Basmati rice	2850	2800-2850
Sharbati sella	1750-1780	1710-1760
DB sella	2400-2450	2375-2425

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	08.07.06	15.07.06
Basmati rice raw	2850-2900	2700-2800
Sharbati esteem	1750	1750-1800
Sharbati sella	1730-1750	1750-1800
Parmal raw rice	1180	1160-1170
Parmal sella	1200	1150-1200
DB rice sella	2500	2500
IR8	950-965	950-965

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	08.07.06	15.07.06
Basmati Raw	2600-2700	2600-2700
Sharbati	1950-2000	1950-2000
Parmal Raw	1090-1180	1090-1180
IR 8	980-1000	980-1000

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL	08.07.06	15.07.06
IR 36 (super)	1220	1200-1220
Minikit Shankar	1475	1450-1500
Minikit (M- Shankar)	1530-1560	1530-1560
Doodh Kalma	1330-1360	1330-1360
Swarna (New)	1050-1080	1050-1080
Pankaj	950-1000	950-1000
Swarna parboiled	1100	1100
Govindobhog	2270-2300	2270-2300
Chawl Moni	1880-1900	1880-1900

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	08.07.06	15.07.06
Sharbati sella rice	1700	1700
Sharbati raw rice	1625-1650	1625-1650
Sharbati esteem	1780	1750
Basmati rice raw	2800-2900	2900
Basmati Paddy	-	1500-1600
Parmal Govt. Quality	1050	1025
Parmal Wand (New)	1075-1200	1100-1200

CONCLUSION

A somewhat bearish sentiment is likely to expect for the coming week on good arrival.

PORT WATCH (As on 29th June, 2006)

'Selcon' has berthed at Kandla Port and is continuing to load 10,000 MT of rice to Dammam. Sai Shipping agents is handling the vessel. Loading of 12,500 MT of rice is expected at the port on the vessel 'Merco Mirissa' to Dammam. The vessel was handled by Sai Shipping agents. The port is expecting 'Fedel Arab' to load 10,000 MT of rice to Jeddah. Sai Shipping agents will be handling the vessel. 'Aziza' is expected at the port to load 9,000 MT of rice to Dammam. Aditya agents will be handling the vessel.

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 10.07.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
399	61.11	53.73	+7.88	AP (+0.4, +257.1), Bih (+0.4, +40.0), Chhatt (+2.8, +102.2), Maha (+1.1, +55.4), Ori (+3.4, +42.2), Pun (-1.6, -9.4)

Source: Ministry of Agriculture, GOI

Loading of 1,000 MT of rice is expected at Mumbai Port on the vessel 'Asha Himani'. The vessel will be handled by Mitsutor agents.

Monsoon Outlook (15.07.06)

Southwest monsoon further advanced into Delhi, most parts of West Uttar Pradesh and some more parts of Haryana on 9th July. It further advanced into remaining parts of Haryana & Punjab and some more parts of Rajasthan on 10th and most parts of East Rajasthan and some more parts of West Rajasthan on 11th. The northern limit of monsoon as on 11th July passed through Udaipur, Ajmer, Churu and Sri Ganganagar.

Outlook for the week ending on 19th July, 2006.

1. Ongoing rainfall activity over Western Himalayan Region and adjoining Plains of Northwest India is likely to continue during 1st half of the week and decrease significantly thereafter.
2. Scattered heavy to very heavy falls are likely over Kerala and Coastal Karnataka during 1st half of the week which is likely to extend into Konkan & Goa and Madhya Maharashtra during 2nd half.
3. Fairly widespread rainfall with isolated heavy falls is likely over Uttar Pradesh, West Bengal & Sikkim, Bihar and Jharkhand during the week.
4. Scattered rainfall activity likely to continue over remaining parts of the country.
5. A low pressure area is likely to form over northwest Bay of Bengal off Orissa coast around 16th. This is likely to increase rainfall activity over Orissa, Chhattisgarh and Madhya Pradesh during 2nd half.

Source: GOI (IMD)

FOREX (As on 14th JULY, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.43
1 Euro	58.76
100 Yen	40.01
1 British £	85.25

PROGRESSIVE PROCUREMENT OF RICE AS ON 10.07.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 26.06.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	44.60	36.95
Chhattisgarh	28.37	30.38	25.39
Haryana	16.62	20.49	16.62
Maharashtra	2.05	1.78	1.41
Orissa	15.90	15.57	12.60
Punjab	91.06	88.40	90.56
Tamil Nadu	6.52	8.32	6.51
Uttar Pradesh	29.71	30.28	25.75
Uttaranchal	3.16	3.37	3.16
West Bengal	9.44	13.19	7.21
All-India	246.84	267.52	229.88

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$318	5% DP	\$251
5%	\$310	5%	\$251
10%	\$305	10%	\$249
15%	\$295	15%	\$240
25%	\$272	25%	\$225
35%	\$NA		
Jasmine	\$490		
PB 100% Sortexed	\$305		
A1 super	\$NA		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$242	Basmati (fine grade)	\$850
20%	\$NA	PR 106 PB 5%	\$270
25%	\$240-242	PR 106 5%	\$270
		PR 106 25%	\$236

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