

Rice

17th -22nd July, 2006

MAJOR ACTIVITY HIGHLIGHTS

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- Domestic Market Commentary
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DOMESTIC AND INTERNATIONAL NEWS

Govt Scales Down Food Grain Production

According to the federal government, the total food grain production estimates were modified down to 208 million tons from the previous projection of 210 million tons made in May as compared to total production of 198.3 million tons in 2004-05. The rice production is estimated to up therefore it will to some extent make up for the deficit in wheat in the overall cereals basket. But, even higher rice production couldn't support overall food grains output owing to a bad performance in pulses. The government has scaled down the pulse production to 13.11 million tons from the earlier estimate of 13.92 million tons as compared to last year estimation of 13.13 million tons. The government scaled up the estimated rice output in the current year to June 2006 at 91.04 million tons, up from the previous estimate of 89.88 million tons. It is also higher than last year's actual output of 83.13 million tons.

India: Summer Rice Sowing Increased to 10.2 Mln Ha

The summer rice sowing is increasing in India in this year. The acreage of rice in the current summer planting season that began June 1 is estimated at 10.2 million hectares, up from 8.2 million hectares from the year-earlier period. The summer rice planting is mainly depended on monsoon rains, since around 60% of the areas under cultivation aren't irrigated. The monsoon, which began 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 and has again been subdued since July 5.

Pakistani Rice Exporters Complained on Delaying Basmati Issue

Pakistani rice exporters have articulated their unhappiness over the indifferent response of the government to the handling of the super Basmati issue with India. The exporters are worried about this delay in action, which will deprive the country of its hybrid variety developed 15 years ago. The rice producers protest that the commerce ministry has not even issued a statement to condemn the Indian commerce ministry move for officially allowing Pakistani super Basmati variety for export. In the current year, the rice export crossed the \$1 billion mark for the first time in Pakistan's history.

Rice: USDA Weekly Export Sales Highlights

According to the latest weekly export sales highlights on rice by USDA, the net sales reductions of 20,900 MT resulted as major increases for Saudi Arabia (6,300 MT), Mexico (1,300 MT), and Canada (1,200 MT) were more than offset by decreases for Iraq (29,000 MT). Sales of 50,200 MT for delivery in 2006/07 (which begins August 1) were mainly for Nicaragua (29,000 MT), and Mexico (17,200 MT). Exports of 73,700 MT improved from the prior week's marketing-year low and were 58 percent above the prior 4-week average. Mexico (26,600 MT), Haiti (11,500 MT), Guatemala (6,000 MT), the United Kingdom (5,600 MT), and Canada (5,400 MT) were the leading destinations. (This summary is based on reports from exporters for the period July 7-13, 2006)

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

The rice prices continued show bearish trend in Delhi, Punjab, Haryana and other parts while it remained mostly strong in West Bengal during the week. The strong arrival of new rice crop from Uttar Pradesh, Chhattisgarh and Madhya Pradesh is pulled down the rice prices further in Delhi mandis. The negative demand from the buyer front also kept the market on negative territory. The heavy monsoon in West Bengal affected on arrival and it pushed up the prices by Rs.50-60/qtl in all variety of rice, according to the traders. The government was being stopped during the week. The new crop from Punjab, Haryana, and Rudrapur is expected to arrive in the local market in the first part of August. The export demand remained steady and India is still offering rice in competitive prices as against Thailand, Pakistan and Vietnam. But the Thailand rice is much higher than these countries. The export demand of India might be increase in the coming futures on the poor stocks of global market. The rice prices quoted in Delhi mandis like Sharbati sella quoted at Rs. 1500-1600, Sharbati raw offered between Rs. 1600-1700, Parmal wand quoted at Rs.950-1000. According to the federal government, the total food grain production estimates were modified down to 208 million tons from the previous projection of 210 million tons made in May as compared to total production of 198.3 million tons in 2004-05. The rice production is estimated to up therefore it will to some extent

make up for the deficit in wheat in the overall cereals basket. But, even higher rice production couldn't support overall food grains output owing to a bad performance in pulses. The summer rice sowing is increasing in India in this year. The acreage of rice in the current summer planting season that began June 1 is estimated at 10.2 million hectares, up from 8.2 million hectares from the year-earlier period.

DELHI MARKET:

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

Delhi	15.07.06	22.07.06
Basmati Old	2800-2900	2500-2800
Basmati New	2650-2700	2650-2750
Sharbati raw	1600-1680	1600-1700
Sharbati sella	1550-1600	1500-1600
Parmal raw	1000-1050	1000-1025
Wand	975-1050	950-1000
Parmal sella	1075-1125	1050-1100
DB Rice	2175-2375	2200-2300

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	15.07.06	22.07.06
Parmal paddy	-	-
Parmal raw rice	1120-1150	1100-1130
Wand	1125-1180	1100-1140
Basmati paddy	-	-
Basmati rice	2800-2850	1250-2850
Sharbati sella	1710-1760	1700-1750
DB sella	2375-2425	2350-2400

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	15.07.06	22.07.06
Basmati rice raw	2700-2800	2700-2800
Sharbati esteem	1750-1800	1740-1770
Sharbati sella	1750-1800	1750-1790
Parmal raw rice	1160-1170	1150-1170
Parmal sella	1150-1200	1150-1175
DB rice sella	2500	2300-2400
IR8	950-965	920-950

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	15.07.06	22.07.06
Basmati Raw	2600-2700	2600-2700
Sharbati	1950-2000	1950-2000
Parmal Raw	1090-1180	1065-1160
IR 8	980-1000	950-980

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL	15.07.06	22.07.06
IR 36 (super)	1200-1220	1250-1270
Minikit Shankar	1450-1500	1500-1550
Minikit (M- Shankar)	1530-1560	1580-1610
Doodh Kalma	1330-1360	1380-1410
Swarna (New)	1050-1080	1100-1150
Pankaj	950-1000	1000-1050
Swarna parboiled	1100	1150-1160
Govindobhog	2270-2300	2320-2350
Chawl Moni	1880-1900	1930-1950

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	15.07.06	22.07.06
Sharbati sella rice	1700	1650
Sharbati raw rice	1625-1650	1600
Sharbati esteem	1750	1750
Basmati rice raw	2900	2900
Basmati Paddy	1500-1600	1600
Parmal Govt. Quality	1025	1025-1030
Parmal Wand (New)	1100-1200	1150-1200

CONCLUSION

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

PORT WATCH (As on 21st July, 2006)

Loading of 14,000 MT of rice is expected at the port on the vessel 'Bunglar Urmi' to Dammam. The vessel will be handled by Aditya agents. The port is expecting 'Fedel Arab' to load 10,000 MT of rice to Jeddah. Loading of 13,500 MT of rice is expected at the port on the vessel

'Mercs Mahara' to Dammam. Sai Shipping agents will be handling these vessels. 'Aziza' is expected at the port to load 9,000 MT of rice to Dammam. Aditya agents will be handling the vessel.

Monsoon Outlook (21.07.06)

Outlook for the week ending on 26th July, 2006

- 1 The southwest monsoon is likely to further advance into remaining parts of West Rajasthan and thus cover the entire country.
2. A low pressure area is likely to form over eastern parts of the country and move in west-northwesterly direction. Under its influence, enhanced rainfall with heavy to very heavy falls is likely over east and central India on many days of the week
- 3 Scattered rains are likely over northwest India with possibility of increase.
4. Fairly widespread rains are also likely along the west coast and northeastern states.

5. Isolated to scattered rainfall activity likely over the south peninsula.

Source: GOI (IMD)

FOREX (As on 21st JULY, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.83
1 Euro	59.17
100 Yen	40.07
1 British £	86.61

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

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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