

Rice

24th-29th July, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing Increased by 8.85% on Year

Indian farmers have sown rice 14.3 million hectares during the current kharif or summer crop season compared with 13.2 million hectares during the same period last year, the latest government data showed on Monday. Strengthen in monsoon progress favoring kharif sowing. The sowing has been progressing well, an official at the agriculture ministry said after a meeting held to monitor the progress of sowing in different parts of the country. Normally, kharif sowing starts June 1 and continues till July end. Kharif crops are harvested in September-October. Rice sowing from 1st June to till date is reported at 14.3 million hectares, up 8.85% on year. Planting of rice has covered almost all parts of the country. Rice is the most important kharif crop, with a normal acreage of 39.9 million hectares.

India Likely to Face 16 MMt Scarcity in Foodgrain by 2020

According to Ministry of Agriculture estimates, India will be short of 16 million tons (MMt) of food grain by 2020. The department of public distribution has been proposed to implement the strategies to enhancing the stagnant agriculture production. It is estimated that the annual consumption of various food grains will increase by 1.7% by 2020 if per head consumption is calculated at 150-155 kg of food grain annually. However, the increase in wheat production from 2001 to 2005 was .015% and for rice it was .08%, so this will add up to food grain shortages of about five to eight million tons by 2012 and 16 million tons by 2020. The government requirements of 30 million tons of food grain for its Targeted Public Distribution System (TPDS) and another seven to eight million tons for other welfare schemes. The department of public distribution has asked to limit food grain allocation in 2006-07 to five lakh tons of wheat and 12 lakh tons of rice in the Sampoorna Gramin Rozgar Yojna by decreasing allocation of food grain from five kilograms of food grain per man-day as proposed, according to the sources. Another proposal was to allocate 5-lakh tons of coarse grains instead of wheat under TPDS. Also, there is a proposal to increase central issue prices by Rs.100/qlt for wheat and Rs.50/qlt quintal for rice.

Price Advantage of Pakistan's Super Basmati over India

It is observed that the Pakistan's rupee currency is around 30% lower than Indian rupee, which is giving Pakistan an advantage in exports of basmati. In addition to, super or other varieties of basmati are not subjected to the 8% taxes in Pakistan as compared to India. Therefore it is not possible for India to compete with the much cheaper super Basmati from Pakistan and India will also lose share of Pusa basmati exports in the bargain, according to the source. India exports Pusa varieties of Basmati in North America at around \$625/ton, free-on-board. This is at least \$50/ton higher than Pakistan's super basmati. But on the other hand it is witnessed that the quality of Indian Super Basmati rice is much better than Pakistan.

Rice: USDA Weekly Export Sales Highlights

Net sales of 32,100 MT were 63 percent over the prior 4-week average. Major increases for Guatemala (13,200 MT), El Salvador (11,500 MT), and Haiti (7,300 MT) were partially offset by decreases for Germany (2,300 MT) and Ghana (2,000 MT). Sales of 16,100 MT for delivery in 2006/07 (which begins August 1) were mainly for Ghana (5,500 MT), Germany (5,400 MT), Mexico (1,600 MT), and the United Kingdom (1,500 MT). Exports of 56,700 MT were 23 percent below the previous week, but 5 percent over the prior 4-week average. Haiti (21,400 MT) was the leading destination, with smaller quantities for Mexico (7,700 MT), the United Kingdom (5,800 MT), Germany (4,800 MT), Jamaica (3,500 MT), and Canada (3,300 MT). (This summary is based on reports from exporters for the period July 14-20, 2006)

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

The rice market maintained steady to slight bearish sentiment during the week in Delhi, Punjab, Haryana, U.P. and other markets due to strong arrival of new crop at most of centre. Though monsoon rains hindered on the arrival but weak demand and old stocks releasing by the stockists at some pockets kept the market on slightly negative side. However the prices remained almost steady to slight up in West Bengal due to negligible stocks and strong demand ahead of festive season though government selling of rice kept pressure on prices. On the other hand, steady to slight up export demand of India rice provided underlying support to the market. The Asian rice prices slightly increased

during the week in Vietnam and Thailand therefore Indian rice fetched advantage in context of prices, as export prices of Indian rice is cheaper than that of these two countries. The government raised the minimum support of prices of Kharif 2006-07 Common Paddy- by Rs 10/qlt at Rs 580 per qtl, Grade 'A' by Rs 10 at 610 per qtl. Therefore it might be pushed up the spot prices in near future. In addition to, revival of monsoon progress is enhancing the rice acreage in this kharif season. The rice acreage increased to 14.3 million hectares during the current crop year. The rice prices quoted in Delhi mandis like Sharbati sella quoted at Rs. 1500-1600, Sharbati raw offered between Rs. 1550-1600, Parmal wand quoted at Rs.925-1000.

DELHI MARKET:

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

Delhi	22.07.06	29.07.06
Basmati Old	2500-2800	2800-3000
Basmati New	2650-2750	-
Sharbati raw	1600-1700	1550-1600
Sharbati sella	1500-1600	1500-1600
Parmal raw	1000-1025	950-1175
Wand	950-1000	925-1000
Parmal sella	1050-1100	1150-1250
DB Rice	2200-2300	2300-2350

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	22.07.06	29.07.06
Parmal paddy	-	-
Parmal raw rice	1100-1130	1100-1130
Wand	1100-1140	1100-1140
Basmati paddy	-	-
Basmati rice	1250-2850	1250-2850
Sharbati sella	1700-1750	1700-1750
DB sella	2350-2400	2350-2400

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	22.07.06	29.07.06
Basmati rice raw	2700-2800	2700-2800
Sharbati esteem	1740-1770	1650-1700
Sharbati sella	1750-1790	1650-1700
Parmal raw rice	1150-1170	1100-1150
Parmal sella	1150-1175	1150-1175
DB rice sella	2300-2400	2300-2400
IR8	920-950	900-950

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	22.07.06	29.07.06
Basmati Raw	2600-2700	2600-2700
Sharbati	1950-2000	1950-2000
Parmal Raw	1065-1160	1065-1160
IR 8	950-980	950-980

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	22.07.06	29.07.06
IR 36 (super)	1250-1270	1250-1300
Minikit Shankar	1500-1550	1500-1550
Minikit (M- Shankar)	1580-1610	1580-1610
Doodh Kalma	1380-1410	1350-1400
Swarna (New)	950-975	950-975
Pankaj	1000-1050	1020-1050
Swarna parboiled	1150-1160	1170-1200
Govindobhog	2320-2350	2325-2375
Chawl Moni	1930-1950	1940-1960

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	22.07.06	29.07.06
Sharbati sella rice	1650	1650
Sharbati raw rice	1600	1600
Sharbati esteem	1750	1750
Basmati rice raw	2900	2800-2900
Basmati Paddy	1600	1400-1450
Parmal Govt. Quality	1025-1030	1025-1030
Parmal Wand (New)	1150-1200	1150-1200

CONCLUSION

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

PORT WATCH (As on 29th July, 2006)

Kandla Port is loading 10,000 MT of rice to Jeddah on the vessel 'Fedel Arab'. Sai Shipping is handling the vessel. 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. Loading of 13,500 MT of rice is expected at the port on the vessel 'Mercks 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.

The port is expecting 'Fu Ping Shan' to load 23,500 MT of rice to Nigeria. InterOcean agents will be handling the vessel. Loading of 7,500 MT of rice is expected at the port on the vessel 'Golden Aries' to Russia. JM Baxi agents will be handling the vessel. 'Persepolis' is expected at the port to load 15,000 MT of rice to Jeddah. Aditya agents will be handling the vessel. Loading of 6,500 MT of rice is expected at the port to Mombasa on the vessel 'Emerald Sea'. Sai Shipping agents will be handling the vessel.

Monsoon Outlook (29.07.06)

The southwest monsoon advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan on 20th. It further advanced into remaining parts of West Rajasthan on 24th, thus covering the entire country by 24th July.

Outlook for the week ending on 2nd August, 2006

1. Due to likely formation of a low pressure area over northwest Bay of Bengal around 28th and its subsequent movement west-northwestwards across central India,

enhanced rainfall activity is likely over East and adjoining Central India.

2. Decrease in rainfall activity likely along the foothills of Himalayas, Indo-Gangetic plains and northeastern States.

3. Increase in rainfall activity along the west coast.

Source: GOI (IMD)

FOREX (As on 28th JULY, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.56
1 Euro	59.10
100 Yen	40.35
1 British £	86.54

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	\$322	5% DP	\$260
5%	\$315	5%	\$260
10%	\$310	10%	\$255
15%	\$300	15%	\$240
25%	\$277	25%	\$245
35%	\$NA		
Jasmine	\$495		
PB 100% Sortexed	\$315		
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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