

Rice

12th July- 19th August, 2006

MAJOR ACTIVITY HIGHLIGHTS

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- Domestic and International Rice Prices
- Rice Production Estimates

DOMESTIC AND INTERNATIONAL NEWS

Sri Lanka to Export 50,000 MT Paddy to India

Sri Lanka likely to export 50,000 Metric tons of paddy to India at Rs.12 a kilo following the agreement between the two countries. The Sri Lankan Government may incur some losses on the above-mentioned price. However, the clearance of stock is needed in order to taking purchasing decision further. The highly bearish sentiments of rice prices in local market of the country also influenced the decision. After clearing the stock Govt. is likely to purchase paddy from farmers at the next harvesting season.

Rice Prices to Increase Heavily by 2008

Oryza.com reported that according to Stephan Wrobel, chief executive officer at Diapason Commodities Management SA in Lausanne, Switzerland the rice prices likely to double within two years to almost \$20 per 100 pounds from present price of \$9.90. The heavy production of rice crop is also not ample for the staple of 3 billion people.

Haryana Demanded Higher MSP of Paddy

Deepender Singh Hooda, the Member of Parliament from Rohtak demanded higher MSP for paddy in the current year. According to him the MSP should be increased about 100 per quintal from Govt. early declaration. He attribute that MSP of paddy should be accordingly with the cost of production and must vary with state to state. The cost of production of paddy is highest in Haryana. Therefore, farmers of the state must enjoy the higher MSP rate.

Rice: USDA Weekly Export Sales Highlights

Rice: Net Sales of 22,500 MT were 66 percent below the previous week. The major buyers were Mexico (9,600 MT), Ghana (4,700 MT), Canada (3,500 MT), and Honduras (3,300 MT). Exports of 37,000 MT were 59 percent below the previous week and 48 percent under the prior 4-week average. The primary destinations were Mexico (21,400 MT), Ghana (5,200 MT), Canada (3,800 MT), and Honduras (3,700 MT).

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

Rice prices remained weak in different major spot market of northern India on good arrivals amidst steady demand. The prices continued decreasing due to good stock in the market. The major rice market in of Delhi, Uttaranchal, Punjab, and Haryana enjoyed further fresh arrivals of Parmal and Sharbati varieties in this week. The price of different varieties of rice still in weak state and offered in the Amritsar market like, Sharbati sella Rs. 1630-1650, Sharbati raw Rs. 1600, Basmati raw Rs. 2800-2900, Parmal wand Rs. 1100-1130 etc. The peak arrivals of harbati rice in different major markets are expected to October. The rainy season also pressurized the market sentiments. Somewhat lower demand prevailed in the market. However, good demand is expected in near future on coming festivals. The domestic demand is likely to increase in the coming months due to different festivals. Asian market of rice remained firm due to lower stock in different major export country. In this situation India offered competitive export prices to capture the market. According to some expert the higher production of paddy in different country is still not sufficient for the staple of 3 billion people. This led to increase the global price level in coming years. The rice production in India is expected to increase in the current year on higher acreage and suitable rainfall. India is also importing 50,000 Metric tons of paddy from Sri Lanka at lower prices to increase the stock levels. The government raised the minimum support prices of Kharif 2006-07 Common Paddy at Rs 580 per qtl, and for grade 'A' it was fixed at Rs.610 a quintal. However, to safeguard the interest of farmers the Punjab and Haryana Govt is demanding for higher MSP. However, higher production is not likely to slid down the prices heavily in near future as Govt. supposed to increase minimum support prices of Kharif rice. It is expected that GOI would increase the MSP. The higher MSP also hinder the private traders to regulate the market in near future. The Govt. procurement policy, export scenario and total production will determine the market price in near future.

DELHI MARKET:

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

DELHI	12.08.06	19.08.06
Basmati Old	2900	2900
Basmati New	-	-
Sharbati raw	1550-1600	1550-1600
Sharbati sella	1625-1650	1625
Parmal raw	980--1000	980--1000
Wand	1100-1120	1100-1120
Parmal sella	1100-1150	1120-1175
DB Rice	2200-2300	2175-2375

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	12.08.06	19.08.06
Parmal paddy		
Parmal raw rice	1100	950-1100
Wand	1050-1100	1020-1090
Basmati paddy	-	-
Basmati rice	2750-2850	2750-2850
Sharbati sella	1700-1725	1700
DB sella	2350-2400	2350-2400

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	12.08.06	19.08.06
Basmati rice raw	2800	2800
Sharbati esteem	1675-1725	1650-1700
Sharbati sella	1650	1650
Parmal raw rice	1100-1130	1050-1100
Parmal sella	1100-1125	1100-1125
DB rice sella	2300-2400	2200-2300
IR8	900-950	900-950

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	12.08.06	19.08.06
Basmati Raw	2600-2700	2500-2600
Sharbati New	-	1450-1500
Parmal Raw	1065-1160	1075-1100
IR 8	950-980	960-980

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	12.08.06	19.08.06
IR 36 (super)	1250	1270
Minikit Shankar	1400-1450	1420-1450
Minikit (M- Shankar)	1590-1620	1600-1630
Doodh Kalma	1500-1600	1550-1600
Swarna (New)	980-1000	980-1000
Pankaj	1030-1060	1030-1060
Swarna parboiled	1170-1200	1170-1200
Govindobhog	2400	2420
Chawl Moni	1900	1900

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	12.08.06	19.08.06
Sharbati paddy	650	650
Sharbati sella rice	1650	1630-1650
Sharbati raw rice	1610	1600
Sharbati esteem	1700-1750	1700-1725
Basmati rice raw	2800-2900	2800-2900
Basmati Paddy	1400-1450	1400-1450
Parmal Govt. Quality	975	975
Parmal Wand (New)	1100-1150	1100-1130

CONCLUSION

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

PORT WATCH (As on 18th August, 2006)

Loading of 7,500 MT of rice is continuing at Kandla Port on the vessel 'Golden Aries' to Russia. JM Baxi agents is handling the vessel. Loading of 23,500 MT of rice is continuing at Kandla Port on the vessel 'Fu Ping Shan' to Nigeria. The vessel is being handled by Interocean agents. Loading of 13,500 MT of rice is expected at the port on the vessel 'Merco Mahara' to Dammam. Sai Shipping agents will be handling these vessels. '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 (18.08.06)

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Yesterday's depression over Chhattisgarh moved west-northwestwards and now lies over southwest Madhya Pradesh at 0830 hours IST of today with its centre near lat. 23.00 N and long. 78.00 E about 100 km southeast of Bhopal. The system is likely to move in a west-northwesterly direction and weaken gradually. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours.

Yesterday's low pressure area over Saurashtra & Kutch and neighbourhood moved away westwards.

Heavy Rainfall Warning:

Heavy to very heavy falls likely at a few places over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours. Isolated heavy falls also likely over Kerala and Coastal Karnataka.

Outlook for subsequent two days from 0830 hours IST of 15th August 2006 (Based on numerical weather products):

Numerical weather prediction models suggest formation of a low pressure area over north Bay of Bengal around 22nd. This may subsequently enhance the rainfall activity over Orissa and Gangetic west Bengal.

Source: IMD

Source: GOI (IMD)

FOREX (As on 19th August, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.48
1 Euro	59.66
100 Yen	40.09
1 British £	87.61

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 31.07.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
399	192.64	180.72	+11.92	AP (-3.0, -62.0), Bih (+4.2, +31.8), Chhatt (+0.9, +3.4), Guj (+1.7, +99.4), MP (+1.7, 28.2), Ori (+1.8, +9.5), TN (+0.9, +69.3), UP (+4.2, +14.7), WB (-1.0, -7.4)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 31.07.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 31.07.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	46.69	37.76
Chhattisgarh	28.37	31.38	26.07
Haryana	16.62	20.49	16.62
Maharashtra	2.05	1.87	1.57
Orissa	15.90	16.38	13.42
Punjab	91.06	88.48	90.56
Tamil Nadu	6.52	8.45	6.52
Uttar Pradesh	29.71	31.51	29.71
Uttaranchal	3.16	3.37	3.16
West Bengal	9.44	14.14	7.77
All-India	246.84	274.15	237.17

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$320	5% DP	\$265
5%	\$315	5%	\$260
10%	\$310	10%	\$255
15%	\$300	15%	\$250
25%	\$277	25%	\$245
35%	\$NA		
Jasmine	\$495		
PB 100% Sortexed	\$315		
A1 super	\$NA		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	\$255	Basmati (fine grade)	\$850
20%	\$NA	PR 106 PB 5%	\$270
25%	\$248	PR 106 5%	\$270
		PR 106 25%	\$228

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