

Rice

19th July- 26th August, 2006

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Out Put Likely to increased by 2.4%-3.7% This Year

According to National Council of Applied Economic Research (NCAER) the total kharif food grain production in the year likely to be increase by 0.2%-0.8% and estimated to 110-110.6 million tonne on good rainfall in major rice-growing belts. However, it is very early to predict with certainty the expected rates of production. Kharif Rice production is estimated to be increased by 2.4%-3.7% and estimated to 79.9-80.9 million tonne in this year.

Japan Ban the Import of U.S. Long-grain Rice

EU likely to suspend the imports of U.S. long-grain rice on the reports that long-grain rice contains trace amounts of a genetically modified strain unfit for human consumption. The import ban is going to affect the export market of US. Japan, the biggest rice customer already suspended the imports of US long grain rice. The genetically engineered rice was detected by German based Bayer CropScience AG who then informed the US officials.

India May Gain Opportunity of Exporting Rice To Japan

Japan to ban of U.S. long-grain rice on the reports that long-grain rice contains trace amounts of a genetically modified strain unfit for human consumption. According to USDA, Japan bought 291,000 tonne of rice from the US in 2005-06, accounting for almost half of its total rice imports. Therefore, it is expected that India can gain opportunity to extend its global market export on rice. However, India has never exported rice to Japan before. Therefore, the quality parameter should be checked thoroughly to gain the opportunity. Recently, Japan lifted the ban on India's mangoes.

Rice: USDA Weekly Export Sales Highlights

Rice: Net Sales of 35,100 MT were 56 percent above the previous week. The major buyers were Mexico (10,300 MT), Saudi Arabia (6,400 MT), the Netherlands (4,600 MT), Canada (4,400), and Nicaragua (3,800 MT). Exports of 89,700 MT were two and four-tenths times the previous week and 46 percent over the prior 4-week average. The primary destinations were Honduras (20,400 MT),

Nicaragua (17,000 MT), Mexico (10,400 MT), and El Salvador (9,100 MT).

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

Sentiments remained steady in different major spot market of Rice in northern India on steady supply demand scenario. However, the arrival is likely to increase in the coming month. The peak arrivals of sharbati rice in different major markets are expected to October. The rice production is expected to increase to a good extent in the current year. According to National Council of Applied Economic Research (NCAER) the total Kharif Rice production likely to be increased by 2.4%-3.7% and estimated to 79.9-80.9 million tonne in this year on good rainfall in major rice-growing belts. A good increase of acreage is also witnessed this year. Rice has been sown over 30.5 million hectares till August 21, compared with 28.9 million hectares in the year-ago period. The rice transplantation has commenced in all states. The normal acreage is 39.9 million hectares. Govt. of India has increased MSP for rice To Rs. 650/100Kg. The anticipation of good production and favourable MSP by the Govt. lead the traders to release their stocks. The demand remained steady and likely to increase in the coming months due to several festivals. Asian market of rice remained firm due to lower stock in different major export country and consequently global rice prices likely to double within two years to almost \$20 per 100 pounds from present price of \$9.90. In this situation India offered competitive export prices to capture the market. Moreover, Japan is now looking at India for non Basmati rice in the wake of suspended imports from USA after long grain rice tested positive for trace amounts of a genetically modified strain not approved for human consumption. Therefore, it is expected that India can gain opportunity to extend its global market export on rice. Presently, India is in a positioned to sell 300,000 to 400,000 MT of non-basmati rice to Japan. The price of different varieties of rice still in weak state and offered in the Delhi market like, Rice basmati (lal quila) 4400, Shri Lal Mahal 4600, Basmati common 2800-2850, Parmal raw new 1000-1050, Parmal wand 1110-1140, Sela 1120-1175 and rice IR-8 880-930 during the week. The Govt. procurement policy, export scenario and total production will determine the market price in near future.

However it is expected to view a weak sentiment of rice in near future on increasing arrivals.

DELHI MARKET:

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

DELHI	19.08.06	26.08.06
Basmati Old	2900	2800-2850
Sharbati raw	1550-1600	1550-1600
Sharbati sella	1625	1625
Parmal raw	980--1000	1000-1050
Wand	1100-1120	1100-1140
Parmal sella	1120-1175	1120-1175
DB Rice	2175-2375	2175-2375

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	19.08.06	26.08.06
Parmal paddy		-
Parmal raw rice	950-1100	950-1000
Wand	1020-1090	1000-1050
Basmati paddy	-	-
Basmati rice	2750-2850	2700
Sharbati sella	1700	1600
DB sella	2350-2400	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	19.08.06	26.08.06
Basmati rice raw	2800	2800
Sharbati esteem	1650-1700	1600-1650
Sharbati sella	1650	1650
Parmal raw rice	1050-1100	1050
Parmal sella	1100-1125	1100
DB rice sella	2200-2300	2200-2300
IR8	900-950	900-950

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	19.08.06	26.08.06
Basmati Raw	2500-2600	2500-2600
Sharbati New	1450-1500	1450-1500
Parmal Raw	1075-1100	1075-1170
IR 8	960-980	960-980

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	19.08.06	26.08.06
IR 36 (super)	1270	1270
Minikit Shankar	1420-1450	1420-1450
Minikit (M- Shankar)	1600-1630	1600-1630
Doodh Kalma	1550-1600	1550-1600
Swarna (New)	980-1000	980-1000
Pankaj	1030-1060	1030-1060
Swarna parboiled	1170-1200	1170-1200
Govindobhog	2420	2420
Chawl Moni	1900	1900

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	19.08.06	26.08.06
Sharbati paddy	650	Sharbati paddy
Sharbati sella rice	1630-1650	1600-1625
Sharbati raw rice	1600	1550-1600
Sharbati esteem	1700-1725	1690-1700
Basmati rice raw	2800-2900	2800-2900
Basmati Paddy	1400-1450	1500-1550
Parmal Govt. Quality	975	975
Parmal Wand (New)	1100-1130	1100-1130

Price Drivers:

- ✍ Higher acreage and favourable transplantation
- ✍ Expected higher production
- ✍ Govt. announced higher MSP for rice
- ✍ Fresh arrival of new crop from U.P., Chhattisgarh and M.P. amidst monsoon rains
- ✍ Stockists decision of releasing their old stocks
- ✍ New export market to Japan
- ✍ Government raised MSP of rice

Outlook:

- Short Term (1 week): Weak sentiments on steady demand amidst increase arrivals

PORT WATCH (As on 25th August, 2006)

Loading of 22,000 MT of rice is expected at Kandla Port on the vessel 'Rifki Bey' to Africa. Pangea Shipping agents will be handling the vessel. 'Merco Mirissa' is expected at the port to load 12,500 MT of rice to Dammam. Sai Shipping 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. 'Aboudi' is expected at the port to load 8,000 MT of rice to Dammam. Aditya agents will be handling the vessel. The port is expecting 'Regal Star' to load 8,500 MT of rice to Jeddah. The vessel will be handled by Sai Shipping agents

Monsoon Outlook (26.08.06)

- ✍ Yesterday's low pressure area over Jharkhand and adjoining Gangetic West Bengal still persists. Under its influence, fairly widespread rainfall with isolated heavy falls are likely over Gangetic West Bengal, Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh, Bihar and East Uttar Pradesh during next 48 hours.
- ✍ Fairly widespread with isolated heavy falls also likely over Sub-Himalayan West Bengal & Sikkim and northeastern states during the same period.
- ✍ The western end of the monsoon trough continue to lie close to the foothills of Himalayas, however, the eastern end passes through Muzaffarnagar, centre of low, Sri Niketan and thence eastwards to Agartala.

- ✍ A fresh low pressure area is likely to form over northwest Bay of Bengal in a day or two which may subsequently increase rainfall activity over Orissa and Gangetic West Bengal.

Heavy Rainfall Warning:

- ✍ Isolated heavy falls are likely over Gangetic West Bengal, Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh, Bihar and East Uttar Pradesh during next 48 hours.
- ✍ Isolated heavy falls also likely over Sub-Himalayan West Bengal & Sikkim and northeastern states.

Outlook for subsequent two days (Based on numerical weather products):

- ✍ Moderate rainfall activity likely to continue over Indo-Gangetic plains.
- ✍ General decrease in rainfall over the remaining parts of the country.

Source: GOI (IMD)

FOREX (As on 26th August, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.61
1 Euro	59.44
100 Yen	39.77
1 British £	87.79

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	\$314	5% DP	\$272
5%	\$315	5%	\$260
10%	\$310	10%	\$255
15%	\$290	15%	\$260
25%	\$272	25%	\$255
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%	\$250	PR 106 5%	\$270
		PR 106 25%	\$228

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