

Rice

26th August - 02nd September, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Rice: Kharif Procurement in 2006-07 to 250 - 270 LT.

Rice procurement for the kharif marketing season 2006-07 estimated to 250 to 270 lakh tonnes. Andhra Pradesh, Chattisgarh and Orissa reportedly procured more than that of previous years. However, the production in Punjab and Haryana is down on shortage of rainfall. The total rice procurement in the last kharif season was 276.77 lakh tonnes.

GOI to Purchase More Rice From Farmers

India Govt. likely to purchase about 25-27 MMT of rice from the local farmers in the year to September 2007. The government has already gone above its rice purchase target of 23 million MT for the current marketing year that ends next month. The government declared to purchase common and fine grades of rice directly from farmers at INR620/100 kilograms and INR650/100 kilograms. The procurement of the large volume of rice is likely to cushion against the short supply of wheat to some extent and also to reduce the wheat import burden.

Indonesia to Lift Ban on Rice Imports

Indonesia is about to lift ban on rice imports to maintain the stocks for the country's 220 million people. The decision on imports of rice will be come in public notice within coming fortnight.

Rice: USDA Weekly Export Sales Highlights

Rice: Net Sales of 70,000 MT were double the previous week. The major buyers were Mexico (28,000 MT), El Salvador (10,000 MT), Guatemala (7,200 MT), Jamaica (5,500 MT), and Canada (4,800 MT). Decreases were reported for Cuba (7,200 MT). Exports of 34,600 MT were 61 percent below the previous week and 50 percent under the prior 4-week average. The primary destinations were Mexico (11,800 MT), Guatemala (9,500 MT), Honduras (3,600 MT), and Jamaica (3,400 MT).

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

Sentiments remained almost steady to somewhat firm in different major spot market of Rice on somewhat lower supply amidst good demand. The arrivals of non-basmati rice are restricted somewhat from major producing belts. However, the arrival is likely to increase in the end of this month. The peak arrivals of sharbati rice in different major markets are expected to October. A good acreage of kharif rice i.e. 30.5 million hectares so far and conducive weather condition is likely to increase the production 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. However, the higher production is not likely to harm the farmers' livelihood as Govt. of India has declared to purchase common and fine grades of rice directly from farmers at INR620/100 kilograms and INR650/100 kilograms respectively. The Govt. is also likely to purchase a higher amount of about 25-27 MMT of rice from the local farmers in the year to September 2007. The Asian market of rice is also going through bullish path due to lower stocks. The higher production will facilitate the export market of India to offer the same in competitive prices as against Vietnam and Thailand. 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 anticipation of good production and favourable MSP by the Govt. lead the stockiest to release their stocks shortly. The domestic demand remained steady and likely to increase in the coming months due to several festivals. The price of different varieties of rice offered in the Delhi market like, Rice basmati (lal quila) 4400, Shri Lal Mahal 4600, Basmati common 2800-2850, Parmal raw new 1000-1030, Parmal wand 1110-1140, Sela 1130-1180 and rice IR-8 920-950 during the week. The export demand, Govt. purchasing directly from the farmers, total production will determine the rice sentiments in coming future.

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

DELHI	26.08.06	02.09.06
Basmati Old	2800-2850	2800-2850
Sharbati raw	1550-1600	1550-1600
Sharbati sella	1625	1625
Parmal raw	1000-1050	1000-1030
Wand	1100-1140	1110-1140
Parmal sella	1120-1175	1130-1180
DB Rice	2175-2375	2175-2375

RUDRAPUR MARKET:**Market Price For Different Varieties Of Rice In Rudrapur Mandis**

RUDRAPUR	26.08.06	02.09.06
Parmal paddy	-	-
Parmal raw rice	950-1000	940-980
Wand	1000-1050	1020-1060
Basmati paddy	-	-
Basmati rice	2700	2700
Sharbati sella	1600	1600
DB sella	2250	2250

KARNAL MARKET:**Market Price For Different Varieties of Rice In Karnal Mandis**

KARNAL	26.08.06	02.09.06
Basmati rice raw	2800	2700-2800
Sharbati esteem	1600-1650	1600-1650
Sharbati sella	1650	1650
Parmal raw rice	1050	985-1025
Parmal sella	1100	1110-1170
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	26.08.06	02.09..06
Basmati Raw	2500-2600	2500-2600
Sharbati New	1450-1500	1500-1550
Parmal Raw	1075-1170	1075-1170
IR 8	960-980	960-980

WEST BENGAL MARKET:**Market Price For Different Varieties Of Rice In West Bengal**

WEST BENGAL (Burdwan)	26.08.06	02.09.06
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	26.08.06	02.09.06
Sharbati sella rice	1600-1625	1600-1625
Sharbati raw rice	1550-1600	1500-1550
Sharbati esteem	1690-1700	1700-1725
Basmati rice raw	2800-2900	2800-2900
Basmati Paddy	1500-1550	1500-1550
Parmal Govt. Quality	975	975
Parmal Wand (New)	1100-1130	1100-1130

Price Drivers:

- ✍ Higher acreage and favourable transplantation
- ✍ Anticipated higher production
- ✍ Govt. announced higher MSP for rice
- ✍ Somewhat lower arrivals of non-basmati rice from major producing belts
- ✍ New export market to Japan

Outlook:

- ✍ Short Term (1 week): Steady sentiments on steady demand supply scenario.
- ✍ Medium Term (1 Month): Some bearish on increased arrivals from Punjab, Haryana and West Bengal of summer crop. However, high domestic as well as export demand will act as support at some lower levels.
- ✍ Long Term (3 Month): Bearish on the anticipation of good production of kharif crops. However, Govt. timely purchasing, M.S.P. and global export market would likely to support the market.

PORT WATCH (As on 01st September, 2006)

Kandla Port is loading 8,500 MT of rice to Jeddah on the vessel 'Regal Star'. The vessel is being handled by Sai Shipping agents. Loading of 11,000 MT of rice is expected at Kandla Port to Africa on the vessel 'Selcon'. 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.

Monsoon Outlook (03.09.06)

- ✍ Morning's low pressure area over north Bay of Bengal off north Orissa-West Bengal coast persists and is well marked. This system is likely to concentrate into a depression. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Orissa and Gangetic West Bengal during next 48 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over Jharkhand and Chhattisgarh from tomorrow onwards.
- ✍ Under the influence of a western disturbance, fairly widespread rainfall with isolated heavy to very heavy falls may continue over western Himalayan region for another 1-2 days.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places are likely over Orissa and Gangetic West Bengal during next 48 hours. Isolated heavy to very heavy falls are also likely over Jharkhand and Chhattisgarh from tomorrow onwards.

- ✍ Isolated heavy to very heavy falls are likely over Jammu & Kashmir, Himachal Pradesh, Uttaranchal and north Coastal Andhra Pradesh during next 48 hours.

Outlook for the week ending on 6th September 2006.

- ✍ Increase in rainfall activity over Rajasthan and northwest India and decrease in rainfall activity over eastern India, Chhattisgarh and east Madhya Pradesh during the first half of the week.
- ✍ Increase in rainfall activity over Orissa and Gangetic West Bengal from middle of the week.

Source: GOI (IMD)

FOREX (As on 04th September, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.53
1 Euro	59.61
100 Yen	39.67
1 British £	88.57

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 28.08.06)			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 28.08.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 28.08.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	47.98	38.53
Chhattisgarh	28.37	31.80	26.51
Haryana	16.62	20.49	16.62
Maharashtra	2.05	1.91	1.71
Orissa	15.90	16.98	14.42
Punjab	91.06	88.52	90.56
Tamil Nadu	6.52	8.83	6.52
Uttar Pradesh	29.71	31.51	29.71
Uttaranchal	3.16	3.37	3.16
West Bengal	9.44	16.86	8.78
All-India	246.84	279.92	240.78

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$315	5% DP	\$272
5%	\$315	5%	\$260
10%	\$310	10%	\$255
15%	\$295	15%	\$280
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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