

Rice

16nd - 25th September, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Despite Lower Acreage Expected Rice Production Likely to Increase

Despite the lower acreage of sowing the kharif rice production in India is expected to increase by 2.7 percent in the current season and likely to 76 million MT. The last year's estimation was 74 MT. Near about 2.5 million hectare area have been shifted from rice to oilseeds, pulses and cotton in the last five to six years under crop diversification. The total acreage under rice 38 million hectares including hybrid variety on 3.5 million acres

CCEA Approved the Advancement in Rice Procurement

On the request from the several state Governments, the Cabinet Committee on Economic Affairs approved the advancement of paddy/levy rice under MSP operations along with the incentive bonus of Rs. 40 per quintal in the three States of Punjab, Haryana and Kerala from 25th September 2006 upto 31st March 2007. The decision would help the farmers as paddy arrivals have already commenced in some states.

Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 40,000 MT were 17 percent below the previous week and 34 percent under the prior 4-week average. The major buyers were Japan (13,000 MT), Mexico (10,300 MT), Haiti (6,000 MT), and Honduras (5,000 MT). Exports of 33,700 MT were 37 percent over the previous week, but 37 percent under the prior 4-week average. The primary destinations were Mexico (24,700 MT, including 8,500 MT late reporting) and Canada (2,500 MT).

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

The majority of the domestic market is witnessed a mix sentiments in different varieties of rice. Basmati old and new, DB Sela remained steady at somewhat upper side on increased domestic as well as global demand amidst steady stocks. The domestic demand has improved on festive season and likely to increase further within couple of days. Whereas, some ease sentiments has observed in the variety of Sharbati, PR Sathi due to fresh arrivals. In the Amritswar market the Sharbati raw as well as Sela is offered at Rs. 1550/Qt. whereas, rice Sharbati Steam at Rs. 1600-1650/ Qt. and PR sathi is quoted at Rs. 1100 / Qt. However, the increase arrivals wont dip the prices much lower as CCEA has approved the advancement of paddy/levy rice under MSP operations along with the incentive bonus of Rs. 40 per quintal in the three States of Punjab, Haryana and Kerala from 25th September 2006 upto 31st March 2007. The Global rice price is also increasing. Asian rice prices increased 10 per cent in this year as against corresponding period of the last year on lower carry forward stock amidst increasing demand in Global market. The demand from China, Africa and Indonesia are increasing due to higher consumption rate. Consequently, India is dominating in the export of white rice in Global market. However, due to the hike in MSP on rice India's white rice is likely to lose its competitive edge in the world market to some extent. The good thing is that in the current season the kharif rice production in India is expected to increase by 2.7 per cent and likely to 76 million MT despite the lower acreage of sowing.

DELHI MARKET:

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

DELHI	16.09.06	25.09.06
Basmati Old	2800-2900	2800-2900
Sharbati raw	1575-1625	1600-1625
Sharbati sella	1625-1650	
Parmal raw	1075	1060-1085
Wand	1180-1240	1180-1250
Parmal sella	1185-1250	1185-1250
DB Rice	2200-2375	2200-2400

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	16.09.06	25.09.06
Parmal paddy	-	-
Parmal raw rice	960-980	960-980
Wand	1040-1060	1040-1080
Basmati paddy	-	-
Basmati rice	2700-2750	2700-2750
Sharbati sella	1600	1600
DB sella	2250	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	16.09.06	25.09.06
Basmati rice raw	2700-2750	2750-2800
Sharbati esteem	1620-1650	1650-1700
Sharbati sella	1650	1650-1680
Parmal raw rice	1000-1010	1020-1050
Parmal sella	1120-1175	1140-1190
DB rice sella	2200-2300	2200-2350
IR8	900-950	950-980

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	16.09..06	25.09..06
Basmati Raw	2500-2600	2500-2600
Sharbati New	1500-1550	1525-1575
Parmal Raw	1075-1170	1100-1200
IR 8	960-980	985-10000

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	16.09.06	25.09.06
IR 36 (super)	1280	1280
Minikit Shankar	1450	1450
Minikit (M- Shankar)	1620	1620
Doodh Kalma	1575-1600	1575-1600
Swarna (New)	980-1000	980-1000
Pankaj	1030-1060	1030-1060
Swarna parboiled	1170-1200	1170-1200
Govindobhog	2400	2400
Chawl Moni	1900	1900

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	16.09.06	25.09.06
Sharbati sella rice	1600-1620	1550-1575
Sharbati raw rice	1560-1580	1550
Sharbati esteem	1650-1680	1600-1650
Basmati rice raw	3000-3100	3000-3100
Basmati Paddy	-	
Parmal Govt. Quality	975	975
Parmal Wand (New)	1150	1150

Price Drivers:

- ✍ Flood and Drought in some part of India may reduce some out put.
- ✍ Govt. announced higher MSP for rice
- ✍ Hike in MSP to lose the competitive edge of white rice in Global market.
- ✍ Increased domestic demand due to festival season
- ✍ Increased Global demand amidst lower stocks.

Outlook:

- ✍ Short Term (1 week): Slightly firm on increasing demand due to festival season.
- ✍ Medium Term (1 Month): Steady on increased arrivals from Punjab, Haryana and West Bengal of summer crop. However, high global demand will act as support at some lower levels.
- ✍ Long Term (3 Month): Firm on the anticipation of lower domestic as well as global rice production amidst higher demand.

PORT WATCH (As on 25th September, 2006)

Loading of 15,500 MT of rice is continuing at Kandla Port on the vessel 'Raban I' to Dammam. Tristar agents is handling the vessel. Kandla Port is expecting 'Aboudi' to load 19,500 MT of rice to Dammam. Aditya agents will be handling the vessel. 'Merces Mirisa' is expected at the port to load 12,50 MT of rice to Dammam. These vessels will be handled by Sai Shipping agents.

Monsoon Outlook (25.09.06)

- Southwest monsoon has further withdrawn from some parts of Jammu division, entire Punjab, most parts of Haryana (including Delhi & Chandigarh) and West Rajasthan; some parts of East Rajasthan. The withdrawal line passes through Jammu, Chandigarh, Delhi, Ajmer and Barmer.
- Yesterday's well marked low pressure area now lies as a low pressure area over Bihar and neighbourhood. Under its influence, widespread rainfall with isolated heavy to very heavy falls likely over Bihar and Sub-Himalayan West Bengal & Sikkim and Assam & Meghalaya. Fairly widespread rainfall also likely over East Uttar Pradesh and Jharkhand.
- Yesterday's deep depression over northeast and adjoining eastcentral Arabian Sea further weakened into a well marked low pressure area last night and now lies as a low pressure area over the same area.
- Numerical weather prediction models suggest formation of a low pressure area over east-central Bay of Bengal around 27th September.

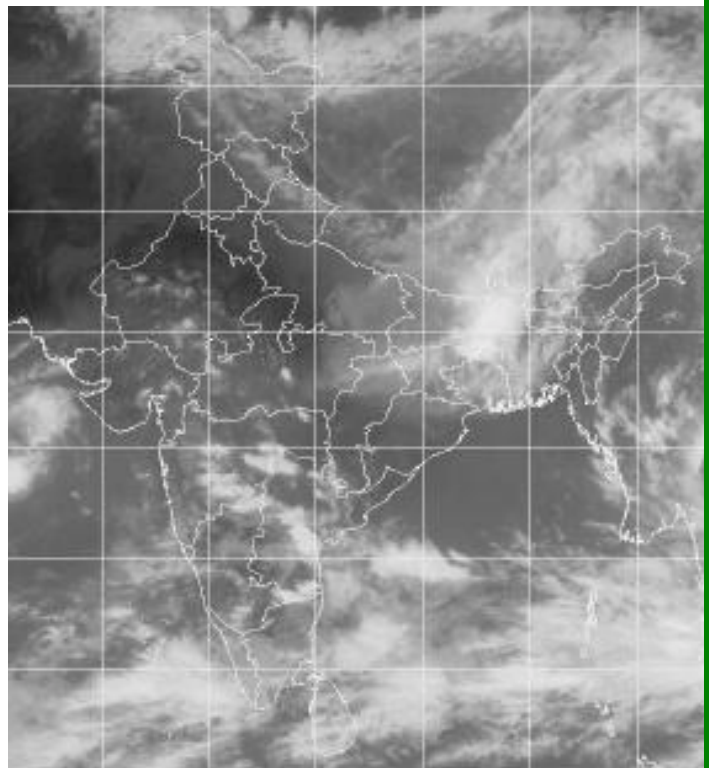
Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Bihar and Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya, Kerala, Lakshadweep and Andaman & Nicobar Islands

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

- Enhanced rainfall activity likely over Coastal Andhra Pradesh and adjoining areas.

Source: GOI (IMD)



Source: IMD (25.09.06)

FOREX (As on 26th September, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.86
1 Euro	58.77
100 Yen	39.46
1 British £	87.44

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 08.09.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
382	348.55	346.19	+2.36	AP (+1.7, 10.0), Ass (-1.8, -9.4), Bih (+1.1, +3.7), Chhatt (+0.8, +2.2), Guj (+0.4, +7.6), Jhar (+2.3, +17.9), Maha(-0.8, -5.2), Pun (-0.7, -2.7), TN (+1.7, +83.6), UP (+0.6, +1.0), WB (-3.0, -6.8)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 08.09.06

(Lakh tonnes)

State	Total procurement in marketing season 2004-05 (Oct.- Sept.)	Progressive Procurement as on 11.09.06	
		In Marketing season 2005-06	In Marketing season 2004-05
Andhra Pradesh	39.06	48.56	38.79
Chhattisgarh	28.37	31.80	26.51
Haryana	16.62	20.49	16.62
Maharashtra	2.05	1.91	1.71
Orissa	15.90	17.27	14.91
Punjab	91.06	88.52	91.06
Tamil Nadu	6.52	8.99	6.52
Uttar Pradesh	29.71	31.51	29.71
Uttaranchal	3.16	3.37	3.16
West Bengal	9.44	16.94	9.29
All-India	246.84	281.16	242.56

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$313	5% DP	\$272
5%	\$315	5%	\$260
10%	\$310	10%	\$255
15%	\$295	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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