

Rice

09nd - 16th 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 Acreage Increased Till End of August

Flood in Some Part of India May Reduce Rice Production
Although the abundant rains this time likely to generate soil moisture but unusual flooding in some parts in the country may lead to some adverse impacts on overall out put of rice crops. Deficit rains mainly in eastern part of the country such as Assam, Bihar and West Bengal expected to some reduction on total out put. Rains have been deficient also in northwest India such as Punjab, Haryana and west Uttar Pradesh. However, enough irrigation facility makes up the water shortage there. On the other hand, lack of rains also reduced some pest and disease attacks. The rice pest infestation is likely to increase in higher moisture condition and in cloudy weather. A conducive weather for rice production in northwest part has been witnessed but higher operating cost due to the use of diesel and electricity to operate tube wells limited the total acreage. However, the Govt. yet to make the total losses caused by flooding and estimated production of rice crops.

Hike in Rice Support Prices to Lose the Competitive Edge of White Rice

According to United States Department of Agriculture (USDA) India's white rice likely to misplace its competitive edge in the world market to some extent following the hike in support prices. The central Govt. recently increased the support price of paddy (unmilled rice) for marketing year (MY) 2006-07 by Rs 400 (\$8.6) per tonne, on top of the Rs 100 (\$2.2) per tonne increase announced on July 27. The revised support prices are Rs 6,200 (\$136.3) per tonne for coarse varieties and Rs 6,500 (\$142.9) per tonne for Grade A. The total rice export in the period of January-May 2006 is 1.74 million tonne, including 5,10,000 tonne basmati and 1.23 million tonne of white rice.

Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 48,100 MT were 46 percent below the previous week and 11 percent under the prior 4-week average. The major buyers were Japan (14,000 MT), Honduras (11,000 MT), Mexico (8,700 MT), and Canada (8,400 MT). Exports of 24,600 MT were 62 percent below the previous week and 56 percent under the prior 4-week average. The primary destinations were Haiti (11,400 MT), Mexico (3,400 MT), the United Kingdom (2,700 MT), and Canada (2,400 MT).

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

Rice prices remained somewhat upper side in different major mandis on increased domestic as well as global demand. The domestic demand is reportedly improved and likely to increase further on upcoming festive season. The lower carry forward stock amidst increasing demand in Global market is also supporting the bullishness. The demand from China, Africa and Indonesia are increasing due to higher consumption rate. Consequently, Asian rice prices increased 10 per cent in this year as against corresponding period of the last year. India is dominating in the export of white rice in Global market. However, India's white rice likely to lose its competitive edge in the world market to some extent due to the hike in support prices. The revised support prices are Rs 6,200 (\$136.3) per tonne for coarse varieties and Rs 6,500 (\$142.9) per tonne for Grade A. The arrivals in major mandis are seen to improving but this could not slid down the prices only due to the higher demand. It is also in concern that despite the abundant rains likely to good for the standing crops flooding in some parts in the country may lead to some adverse impacts on overall production. On the other hand, deficit rains mainly in eastern part of the country such as Assam, Bihar and West Bengal is also likely to reduce the total out put. However, the Govt. yet to make the total losses caused by flooding and estimated production of rice crops. The price of different varieties of rice offered in the Amritswar market per quintal as, Rice basmati (old) Rs. 3100, Sharbati sella Rs. 1600-1620, Sharbati raw Rs. 1560-1580, Parmal Govt. Quality Rs. 1000, Parmal wand Rs. 1150 during the week. Total rice out put, Global demand, export scenario would determine the market sentiments in the coming future.

DELHI MARKET:

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

DELHI	09.09.06	16.09.06
Basmati Old	2800-2850	2800-2900
Sharbati raw	1550-1600	1575-1625
Sharbati sella	1625	1625-1650
Parmal raw	1020-1040	1075
Wand	1130-1180	1180-1240
Parmal sella	1160-1210	1185-1250
DB Rice	2175-2375	2200-2375

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	09.09.06	16.09.06
Parmal paddy	-	-
Parmal raw rice	940-980	960-980
Wand	1020-1060	1040-1060
Basmati paddy	-	-
Basmati rice	2700	2700-2750
Sharbati sella	1600	1600
DB sella	2250	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

02.09.06	09.09.06	16.09.06
Basmati rice raw	2700-2750	2700-2750
Sharbati esteem	1600-1650	1620-1650
Sharbati sella	1650	1650
Parmal raw rice	985-1010	1000-1010
Parmal sella	1120-1175	1120-1175
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	09.09..06	16.09..06
Basmati Raw	2500-2600	2500-2600
Sharbati New	1500-1550	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)	09.09.06	16.09.06
IR 36 (super)	1270	1280
Minikit Shankar	1420-1450	1450
Minikit (M- Shankar)	1600-1630	1620
Doodh Kalma	1550-1600	1575-1600
Swarna (New)	980-1000	980-1000
Pankaj	1030-1060	1030-1060
Swarna parboiled	1170-1200	1170-1200
Govindobhog	2420	2400
Chawl Moni	1900	1900

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	09.09.06	16.09.06
Sharbati sella rice	1600-1625	1600-1620
Sharbati raw rice	1500-1550	1560-1580
Sharbati esteem	1700-1725	
Basmati rice raw	2800-2900	3000-3100
Basmati Paddy	1500-1550	
Parmal Govt. Quality	975	
Parmal Wand (New)	1100-1130	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 16th September, 2006)

Kandla Port is expecting 'Aboudi' to load 19,500 MT of rice to Dammam. Aditya agents will be handling the vessel. Loading of 13,500 MT of rice is expected at the port on the vessel 'Merces Mahara' to Kuwait. '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 (15.09.06)

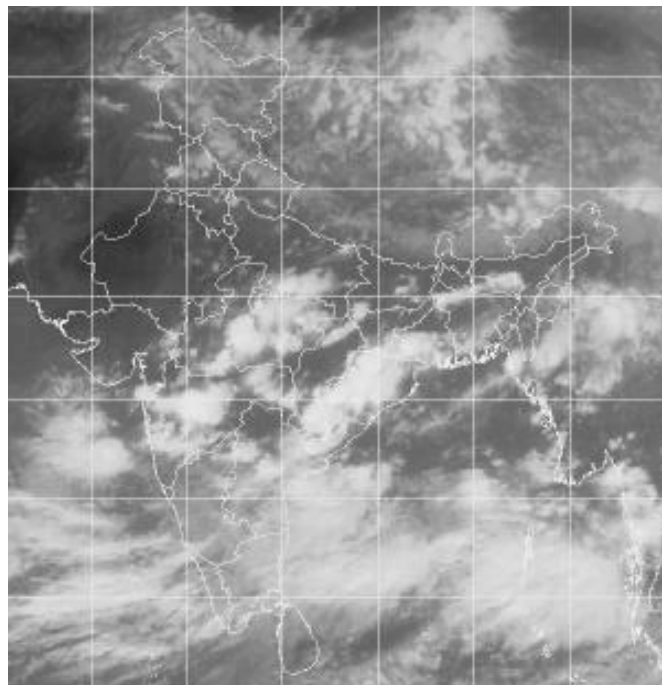
- ✍ As predicted, a low pressure area has formed over west central Bay of Bengal off Andhra Pradesh coast. The east-west shear zone has shifted slightly northwards and now runs across north Coastal Andhra Pradesh and south Konkan & Goa. Under this scenario fairly widespread rainfall with isolated heavy to very heavy falls is likely over south peninsula and Konkan & Goa during next 2-3 days.
- ✍ Ongoing enhanced rainfall activity over northeastern States is likely to decrease during next 3-4 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over Coastal Andhra Pradesh, Konkan & Goa, Coastal Karnataka, Kerala and Andaman & Nicobar Islands.

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

- ✍ With the likely northwestwards movement of the low pressure area, rainfall activity is likely to increase over parts of East India, interior Maharashtra and Madhya Pradesh.



Source: IMD (15.09.06)

FOREX (As on 16th September, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.13
1 Euro	58.69
100 Yen	39.25
1 British £	87.08

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), Blh (+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 08.09.06	
		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	\$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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