

Rice

25<sup>th</sup> - 30<sup>th</sup> September, 2006

## MAJOR ACTIVITY HIGHLIGHTS

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

## DOMESTIC AND INTERNATIONAL NEWS

### NCMSL is Likely to Procure Paddy

NCMSL (National Collateral Management Services) being an associate of National Commodity & Derivatives Exchange (NCDEX) is likely to borrow from Food Corporation of India (FCI) and be going to procure about three lakh tonnes of paddy during the next 12 months. This step is taken as to support the FCI's food grain procurement programme. The total cost in the procurement is about to Rs. 240 crore.

### Japan Raises the Ban of US Long Grain Rice

US long grain rice is likely to revive its market at Japan as Japan has lifted its ban on U.S. long grain rice. However, Japan would approve the export only after the testing in the presence of an unapproved biotech variety that has been discovered in U.S. stocks, U.S.

### Farmers to Aware about MSP of Paddy

The paddy procurement has started in Punjab, Haryana and Kerala. The sates Govt. are requested to ensure payment of Minimum Support Price (MSP) to encourage the farmers and to avoid distress sale. In the marketing season 2006-07, the MSP for paddy is Rs. 620 and Rs. 650 per quintal for the common and Grade 'A' varieties respectively. This time Central Govt. has offered an incentive bonus of Rs. 40 per quintal. These prices will be available to farmers for procurement in Punjab, Haryana and Kerala from September 25, 2006 to March 31, 2007. In other states these rates are valid from October 1, 2006 to March 31, 2007. However, the awareness about MSP among farmers is very low. Therefore, the local private traders generally take this opportunity. According to the report of the NSS, 2003, there is very low awareness among farmer households in the country about the Minimum Support Price. Only 19 per cent of farmer households were aware of MSP and the details of agency for procurement, only 10 per cent were aware of the concept of MSP but not of the procurement agency at the national level. Among the states the farmers from Punjab, Haryana, and Kerala possessed some good awareness compare to other states. On the other hand the awareness level is very low in the states of Rajasthan, Orissa and Jharkhand.

### Vietnam Rice Up on the Demand from Indonesia

The Thin trading activities mainly led the Asian rice market steady. However, fresh demand from Indonesia improves

the prices of Vietnam rice. Near about of 210,000 metric tons of rice is required by Indonesia. The lower stocks in Vietnam increased the prices. Vietnam's 5% broken was offered Wednesday at \$270- \$275/ton, FOB, Ho Chi Minh City, while 25% broken was offered at \$255-\$260/ton. These prices were higher by around \$2/ton from prices offered Friday.

### Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 16,600 MT were 58 percent below the previous week and 73 percent under the prior 4-week average. The major buyers were Guatemala (9,500 MT), Mexico (5,500 MT), Canada (1,000 MT), and Jordan (500 MT). Exports of 118,300 MT improved from the previous week and the prior 4-week average. The primary destinations were Iraq (58,800 MT), Mexico (34,700 MT), Nicaragua (9,300 MT), Ghana (4,500 MT), and El Salvador (4,500 MT).

Source: FAS, USDA

## DOMESTIC MARKET COMMENTARY

Steady sentiment at somewhat higher level is witnessed in majority of rice domestic market. The domestic demand is improving due to festivals. The export demand is steady. Thin trading activities mainly led the Asian rice market to remain steady. The global stocks are also at lower level. The major rice exporting countries are waiting for the fresh harvest. Basmati old and new, DB Sela remained steady at somewhat upper side on increased domestic as well as global demand amidst steady stocks. 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 steady as of precious week and quoted 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 paddy procurement has started at Punjab, Haryana and Kerala. The sates Govt. are requested to ensure payment of Minimum Support Price (MSP) to encourage the farmers and to avoid distress sale. The MSP prices will be available to farmers for procurement in Punjab, Haryana and Kerala from September 25, 2006 to March 31, 2007. In other states these rates are valid from October 1, 2006 to March 31, 2007. However, the awareness about MSP among farmers is very low. 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	25.09.06	30.09.06
Basmati Old	2800-2900	2800-2900
Sharbati raw	1600-1625	1600-1650
Sharbati sella	-	1625-1650
Parmal raw	1060-1085	1060-1085
Wand	1180-1250	1180-1250
Parmal sella	1185-1250	1185-1250
DB Rice	2200-2400	2200-2400

#### RUDRAPUR MARKET:

##### Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	25.09.06	30.09.06
Parmal paddy	-	-
Parmal raw rice	960-980	960-980
Wand	1040-1080	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	25.09.06	30.09.06
Basmati rice raw	2750-2800	2750-2800
Sharbati esteem	1650-1700	1650-1700
Sharbati sella	1650-1680	1650-1680
Parmal raw rice	1020-1050	1020-1050
Parmal sella	1140-1190	1140-1190
DB rice sella	2200-2350	2200-2350
IR8	950-980	950-980

#### DEHRADUN MARKET:

##### Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	25.09.06	30.09.06
Basmati Raw	2500-2600	2500-2600
Sharbati New	1525-1575	1525-1575
Parmal Raw	1100-1200	1100-1200
IR 8	985-1000	985-1000

#### WEST BENGAL MARKET:

##### Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	25.09.06	30.09.06
IR 36 (super)	1280	1250-1290
Minikit Shankar	1450	1450-1470
Minikit (M- Shankar)	1620	1600-1630
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	1900-1920

#### AMRITSAR MARKET:

##### Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	25.09.06	30.09.06
Sharbati sella rice	1550-1575	1550
Sharbati raw rice	1550	1550
Sharbati esteem	1600-1650	1600-1650
Basmati rice raw	3000-3100	3100
Basmati Paddy	-	-
Parmal Govt. Quality	975	975
Parmal Wand (New)	1150	1150

#### Price Drivers:

- ✍ Fresh arrivals at some market
- ✍ Govt. announced higher MSP for rice
- ✍ Hike in MSP to lose the competitive edge of white rice in Global market.
- ✍ Procurement has started in Punjab, Haryana and Kerala
- ✍ 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): Eased 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 global demand.

### PORT WATCH (As on 29<sup>th</sup> 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 12,500 MT of rice to Dammam. These vessels will be handled by Sai Shipping agents.

### Monsoon Outlook (29.09.06)

- The well marked low pressure area over eastcentral and adjoining northeast Bay of Bengal concentrated into a depression last evening. Moving west-northwestwards, the it lay centred at 0830 hrs IST of today near lat. 19.0° N and long. 86.0° E aboput 125 km east-southeast of Gopalpur. The system is likely to move in a west-northwesterly direction and cross Orissa coast near Gopalpur around noon of today.

Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Orissa, north Coastal Andhra Pradesh and north Telangana. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over Gangetic West Bengal and Chhattisgarh during next 24 hours. Squally winds with speed raching 50-60 kmph are also likely along and off West Bengal, Orissa and north Andhra Pradesh coasts during next 24 hours. The sea condition will be rough to very rough along and off West Bengal, Orissa and north Andhra Pradesh coasts. The fishermen are advised not to venture into the sea.

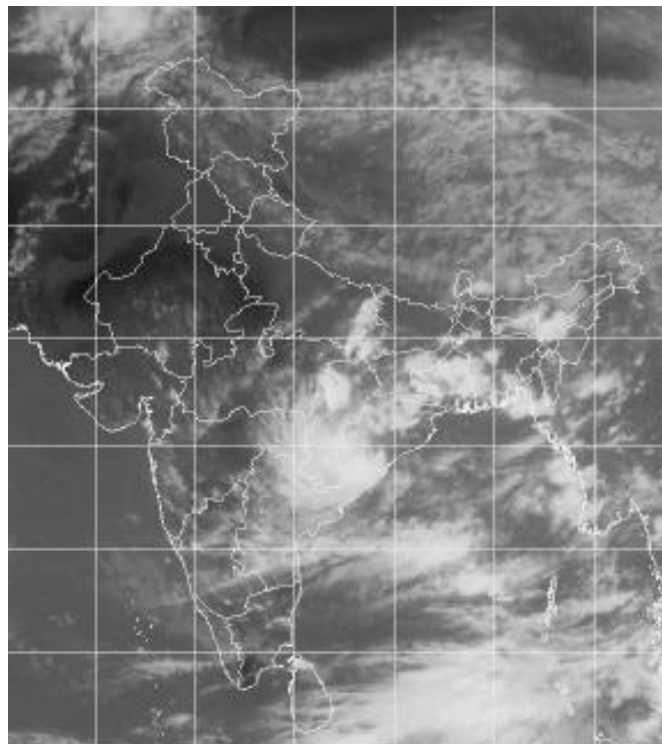
### Heavy Rainfall Warning:

- Heavy to very heavy falls at a few places are likely over Orissa, north Coastal Andhra Pradesh and north Telangana. Isolated heavy to very heavy falls are also likely over Gangetic West Bengal and Chhattisgarh during next 24 hours. Squally winds with speed raching 50-60 kmph are also likely along and off West Bengal, Orissa and north Andhra Pradesh coasts during next 24 hours. The sea condition will be rough to very rough along and off West Bengal, Orissa and north Andhra Pradesh coasts. The fishermen are advised not to venture into the sea.

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

- Fairly widespread rainfall is likely over Konkan & Goa, Marathawada, Madhya Maharashtra and south Madhya Pradesh.
- Decrease in rainfall activity over east India.

Source: GOI (IMD)



Source: IMD (29.09.06)

### FOREX (As on 30<sup>th</sup> September, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.96
1 Euro	58.33
100 Yen	38.97
1 British £	86.09

## 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 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 (29.09.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$315	5% DP	\$277
5%	-	5%	-
10%	-	10%	-
15%	\$295	15%	\$260
25%	\$275	25%	\$250
35%	-		
Jasmine	-		
PB 100% Sortexed	-		
A1 super	-		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (fine grade)	-
20%	-	PR 106 PB 5%	-
25%	\$235	PR 106 5%	-
		PR 106 25%	\$230

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