

Rice

02nd - 09th September, 2006

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Rice Acreage Increased Till End of August

Rice is India's most important kharif crop. The normal acreage under is 39.9 million hectare. However, a higher acreage so far is witnessed this time. Heavy rains in many parts of the country since July-end have boosted sowing of rice. Rice has been sown in over 33.2 million hectare till August end, compared with 32.6 million hectare ha in the year-ago period.

Rice Prices in Asia Firm on Global Demand

The rice prices in Asia are 10 percent higher this year as against the corresponding period of last year. Asia produces near about 90 percent of world's rice. However, decreasing acreage is experienced in Asia as farmers are finding it attractive to shift to other crops because of better margins. The Asian countries must overcome natural hazards to meet the rising global demand. The higher demand from Indonesia, U.S. and China keep the pressure in global rice prices. China the world's most producers and consumers imported more rice this time compared to last year. Natural calamities and delayed commercialization of transgenic rice led China to import more rice. Vietnam is expected lower production this time. Whereas, in India the rising domestic demand has limited the export. However, Thailand, the world's largest rice exporter, likely harvest higher amount of rice crop about 24 million tonnes. It is expected that Asian rice price to move upwards further until November when the harvesting begin and good arrivals in the market. After that the price might be steady.

Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 88,600 MT were 27 percent above the previous week. The major buyers were Haiti (23,000 MT), Mexico (17,000 MT), Nicaragua (10,000 MT), and El Salvador (7,200 MT). Exports of 64,300 MT were 86 percent above the previous week and 2 percent over the prior 4-week average. The primary destinations were Mexico (23,200 MT), El Salvador (9,200 MT), Honduras (7,700 MT), and Saudi Arabia (6,600 MT).

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

Rice offered at somewhat firm prices in different major mandis on increased domestic as well as global demand. The upcoming festival is rising the domestic demand in all parts of the country. The global rice prices also increased due to higher demand amidst lower stocks. Asia produces near about 90 percent of world's rice. Asian rice prices increased 10 per cent in this year as against corresponding period of last year. The demand from China, Africa and Indonesia are increasing due to higher consumption rate. The major rice producing countries in Asia are also witnessing lower production due to decreasing acreage as well as climatic hazards. Whereas, in India the production is likely to increase but rising domestic demand is also restricting the vast export. The arrivals in major mandis are improving but this could not ease the prices only due to the higher demand. The peak arrivals of sharbati rice in different major markets are expected to October. A good acreage of kharif rice i.e. 33.2 million hectares so far is witnessed and favourable rainfall is also 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 price of different varieties of rice offered in the Amritswar market per quintal as, Rice basmati (old) Rs. 3100, Sharbati sella Rs. 1600, Sharbati raw Rs. 1550-1575, Parmal Govt. Quality Rs. 1000, Parmal wand Rs. 1130-1500 during the week. Asian rice sentiments. Global demand, total domestic production 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	02.09.06	09.09.06
Basmati Old	2800-2850	2800-2850
Sharbati raw	1550-1600	1550-1600
Sharbati sella	1625	1625
Parmal raw	1000-1030	1020-1040
Wand	1110-1140	1130-1180
Parmal sella	1130-1180	1160-1210
DB Rice	2175-2375	2175-2375

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	02.09.06	09.09.06
Parmal paddy	-	
Parmal raw rice	940-980	
Wand	1020-1060	
Basmati paddy	-	
Basmati rice	2700	
Sharbati sella	1600	
DB sella	2250	

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	02.09.06	09.09.06
Basmati rice raw	2700-2800	2700-2750
Sharbati esteem	1600-1650	1600-1650
Sharbati sella	1650	1650
Parmal raw rice	985-1025	985-1010
Parmal sella	1110-1170	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	02.09..06	09.09..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)	02.09.06	09.09.06
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	02.09.06	09.09.06
Sharbati sella rice	1600-1625	1600
Sharbati raw rice	1500-1550	1550
Sharbati esteem	1700-1725	1671
Basmati rice raw	2800-2900	3100
Basmati Paddy	1500-1550	1500-1550
Parmal Govt. Quality	975	1000
Parmal Wand (New)	1100-1130	1130-1500

Price Drivers:

- ✍ Anticipated higher production due to Higher acreage and favourable weather
- ✍ Govt. announced higher MSP for rice
- ✍ Increased domestic demand due to festival season
- ✍ Increased Global demand due to lower stocks
- ✍ Some arrivals from U., West Bengal, Punjab

Outlook:

- ✍ Short Term (1 week): Range bound with firm undertone on increased demand.
- ✍ Medium Term (1 Month): Somewhat ease 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): 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.

✍ Subdued rainfall activity likely over remaining parts of the country.

Source: GOI (IMD)

Monsoon Outlook (08.09.06)

- ✍ Yesterday's well marked low pressure area over southwest Rajasthan and neighbourhood weakened into a low pressure area and moved away westwards.
- ✍ The current meteorological analysis suggests that fairly widespread rainfall with isolated heavy falls are likely over extreme south peninsula and northeastern States during next 2-3 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala, Lakshadweep, Sub-Himalayan West Bengal & Sikkim and northeastern States during next 2-3 days

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

- ✍ Enhanced rainfall activity likely to continue over extreme south peninsula, northeastern States and Sub-Himalayan West Bengal & Sikkim.

FOREX (As on 09th September, 2006):

Foreign Currency	Rs. per unit
1 US \$	46.20
1 Euro	58.72
100 Yen	39.77
1 British £	86.56

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), Blh (+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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