

Rice

30<sup>th</sup> September - 09<sup>th</sup> October' 2006

## MAJOR ACTIVITY HIGHLIGHTS

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

## DOMESTIC AND INTERNATIONAL NEWS

### About 8,424 quintals Paddy Procured in Kerala So Far

Procurement of kharif rice began in Punjab, Haryana and Kerala due to early arrivals of paddy in the market. Near about 8,424 quintals of paddy have been purchased by the Kerala Civil Supplies corporation. About 20,000 farmers have registered with the corporation. The purchasing price of paddy for the current season is higher and fixed at Rs 8.50 per kg.

### Orissa to Procure 22 Lakh MT Of Paddy

The Orissa Govt. is likely to procure 22 lakh MT of paddy. Near about 16 lakh MT of paddy from the total amount is to be purchased by government agencies. To facilitate the transaction the farmers would be paid via account payee cheques on the day of sale. The state Govt. introduces this facility first time to avoid distress sale. The banks were told to permit the farmers to open accounts even without any initial deposit. According to some officials of the state a bumper crop is likely to witness due to good harvesting despite the recent rains and the production is about to surpass last year's 58 lakh MT. However, at Bargarh and Sambalpur districts the open prices exceeding the minimum support price of Rs 620 per quintal of fair average quality rice. This led to difficulty in procurement.

### Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 51,500 MT were three and one-tenth times the previous week and 8 percent over the prior 4-week average. Major increases for Iraq (30,000 MT), Canada (9,400 MT), Guatemala (7,300 MT), Ghana (6,000 MT), and Haiti (4,300 MT) were partially offset by decreases for Cuba (10,000 MT). Exports of 24,600 MT were 79 percent below the previous week and 59 percent under the prior 4-week average. The primary destinations were Haiti (6,400

MT), Mexico (5,400 MT), Canada (4,800 MT), El Salvador (2,500 MT), and Saudi Arabia (1,400 MT).

Source: FAS, USDA

## DOMESTIC MARKET COMMENTARY

Increase arrivals of paddy doesn't allow the rice prices to go up further. Mostly steady to somewhat ease sentiment is witnessed in majority of rice markets on good domestic demand. The arrival of the paddy in the mandis of Haryana, Punjab, Orissa, Kerala is picking up gradually and over 1.20 lakh metric tonnes of paddy has arrived in the Haryana mandis so far. However, paddy procurement has started in many states. In the marketing season 2006-07, the MSP for paddy is decided at 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 to avoid distress sale. The good response is achieved in rice procurement so far. The higher MSP doesn't permit the domestic rice prices to go down at major dips. 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. In the Amritsar market the Sharbati raw as well as Sela is offered steady to somewhat lower and quoted at Rs. 1530-1550/Qt. whereas, rice Sharbati Steam at Rs. 1600-1630/ Qt. and PR sathi is quoted at Rs. 1100 / Qt. 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 from the last year's estimation of 74 MT. Export demand is likely to increase in the coming days as demand from China, Africa and Indonesia are rising due to higher consumption rate. 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.

**DELHI MARKET:**

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

DELHI	30.09.06	09.10.06
Basmati Old	2800-2900	2800-2900
Sharbati raw	1600-1650	1600-1630
Sharbati sella	1625-1650	1620-1640
Parmal raw	1060-1085	1050-1070
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	30.09.06	09.10.06
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	30.09.06	09.10.06
Basmati rice raw	2750-2800	2750-2800
Sharbati esteem	1650-1700	1630-1700
Sharbati sella	1650-1680	1640-1680
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)	30.09.06	09.10.06
IR 36 (super)	1250-1290	1250-1290
Minikit Shankar	1450-1470	1450-1470
Minikit (M- Shankar)	1600-1630	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	1900-1920	1900-1920

**AMRITSAR MARKET:**

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	30.09.06	09.10.06
Sharbati sella rice	1550	1530-1550
Sharbati raw rice	1550	1530-1550
Sharbati esteem	1600-1650	1600-1630
Basmati rice raw	3100	3100
Basmati Paddy	-	-
Parmal Govt. Quality	975	975
Parmal Wand (New)	1150	1140-1150

**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): Steady to ease on increasing arrivals amidst slightly improved demand
- ✍ 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 06<sup>th</sup> October, 2006)

Loading of 14,000 MT of rice is continuing at Kandla Port on the vessel 'Precious' to Jeddah. Aditya agents is handling the vessel. 'Merco Mirisa' has berthed at Kandla Port and continues to load 12,500 MT of rice to Dammam. The vessel will be handled by Sai Shipping agents. Loading of 13,500 MT of rice is continuing at Kandla Port on the vessel 'Tina' to West Africa. Universal agents is handling the vessel. Kandla Port is expecting 'Baku' to load 14,100 MT of rice to West Africa. Universal agents will be handling the vessel.

### Monsoon Outlook (10.10.06)

- Yesterday's low pressure area over east central & adjoining northeast Bay of Bengal persists
- The off-shore trough now extends from Konkan & Goa to Kerala coast.

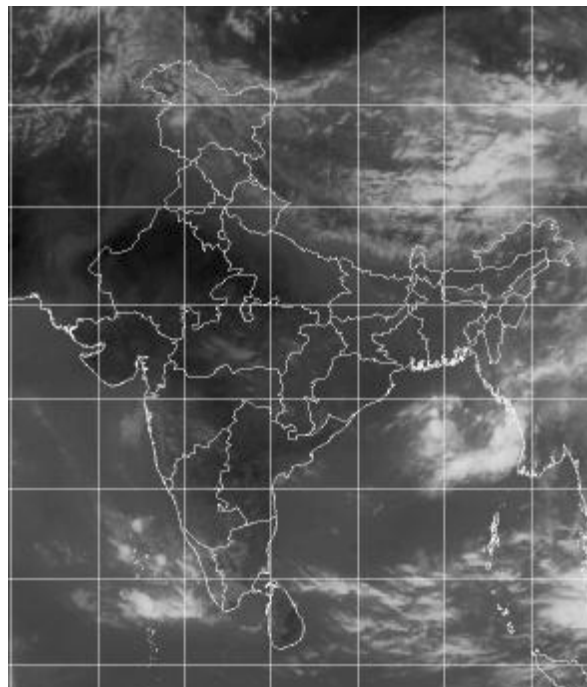
### Heavy Rainfall Warning:

- Isolated heavy falls are likely over Andaman & Nicobar Islands, Coastal Karnataka and Kerala.

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

- Scattered to fairly widespread rainfall activity is likely over south peninsula.

Source: GOI (IMD)



Source: IMD (10.10.06)

### FOREX (As on 10<sup>th</sup> October, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.72
1 Euro	57.62
100 Yen	38.36
1 British £	85.53

## 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 (10.10.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$302	5% DP	\$270
5%	-	5%	-
10%	-	10%	-
15%	\$282	15%	\$258
25%	\$270	25%	\$245
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%	\$235

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