

Rice

October 14th-24th, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Supplyco has Procured 1,46,646 Quintals of Paddy

The Kerala State Civil Supplies Corporation (Supplyco) has procured 1,46,646 quintals of paddy under the State Government's direct Paddy Procurement Scheme for 2006-07. The paddy was mainly purchased from the farmers in Kuttanad and Palakkad regions of the state. The procured paddy is under process in the rice mills across the State.

A.P. is Likely to Procure 80 Lakh Tonnes of Rice

Andhra Pradesh Govt. is likely to procure 80 lakh tonnes of rice by opening 500 purchase centres under the State Government's direct Paddy Procurement Scheme for 2006-07. FCI, Civil Supplies Corporation and Indira Kranti Pathakam groups are involve in the purchase programme. The NAFED is likely to procure about 2 lakh tonnes of paddy for itself.

Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 29,200 MT were two and three-fifths times the previous week, but 2 percent under the prior 4-week average. Major increases for Japan (26,000 MT), Mexico (6,000 MT), and Honduras (2,300 MT) were partially offset by decreases for the Netherlands (3,400 MT) and the United Kingdom (3,000 MT). Exports of 25,100 MT were 70 percent below the previous week and 61 percent under the prior 4-week average. The primary destinations were Honduras (10,800 MT), Mexico (6,100 MT), Canada (3,400 MT), and Guatemala (1,900 MT).

Source: FAS, USDA

corresponding period of last year. The total amount in the corresponding period of last year was 33 lakh tonnes. Procurement has already commenced in States like Punjab, Haryana, Andhra Pradesh and Uttar Pradesh while it is scheduled to start on November 1, 2006 in Chhattisgarh, Bihar and West Bengal. The good procurement activities in different states restricted the activities of private stockiest. The sentiments of different rice varieties showed some strength on good demand. In Delhi mandis the rice prices offered like Rice basmati (lal quila) 4400, Shri Lal Mahal 4600, Basmati common 2800-2900, Permal raw new 1060-1085, old 900-930, permal wand 1195-1265, sela 1200-1265 and rice IR-8 975-1000. The rising global demand is also underpinning the spot market tone. 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	14.10.06	20.10.06
Basmati Old	2800-2900	2800-2900
Sharbati raw	1600-1630	1600-1630
Sharbati sella	1620-1640	1620-1640
Parmal raw	1060-1085	1060-1085
Wand	1195-1265	1195-1265
Parmal sella	1200-1265	1200-1265
DB Rice	2200-2400	2200-2400

DOMESTIC MARKET COMMENTARY

The rice sentiment remained steady at some higher side during the week. The good festive demand amidst some fresh arrivals is mainly underpinning the market sentiments. Moreover, the smooth procurement at some higher prices in this marketing session has also supported the tone. The total procurement of rice in the current marketing session is 45 lakh tonnes as on October 16, 2006. This amount is much more as against the procurement in the

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	14.10.06	20.10.06
Parmal paddy		
Parmal raw rice	980-1000	960-980
Wand	1060-1080	1040-1080
Basmati paddy	-	-
Basmati rice	2700-2750	2700-2750
Sharbati sella	1600	1560-1600
DB sella	2250	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	14.10.06	20.10.06
Basmati rice raw	2750-2800	2750-2800
Sharbati esteem	1630-1720	1630-1700
Sharbati sella	1660-1680	1640-1650
Parmal raw rice	1040-1060	1020-1050
Parmal sella	1150-1190	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	14.10.06	20.10..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)	14.10.06	20.10.06
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	14.10.06	20.10.06
Sharbati sella rice	1550	1550
Sharbati raw rice	1540-1550	1540-1550
Sharbati esteem	1630-1650	1630-1650
Basmati rice raw	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):** 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 19th October, 2006)

Loading of 13500 MT rice is continuing on vessel Mercs Mahara. Sai shipping agent is handling this vessel. Loading of rice is continuing on vessel 'Ashma' at Mumbai port. Razvi shipping agent is handling this vessel.

Monsoon Outlook (24.10.06)

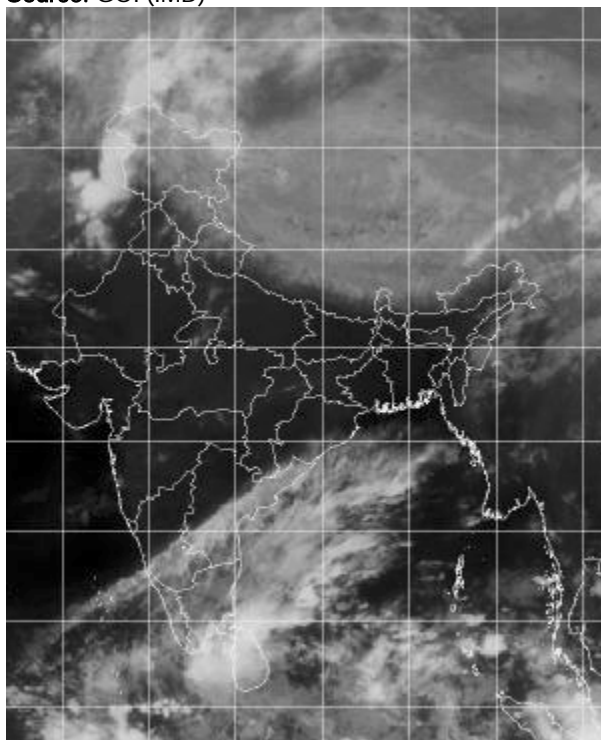
- Under the influence of an easterly wave, fairly widespread rainfall is likely over south peninsula during next 4-5 days

- A western disturbance is likely to affect Western Himalayan region and adjoining northern plains of Punjab & Haryana during 26-28 October. Rise in temperatures by 2-3°C is likely over northwest India during next 48 hours.
- Numerical weather models output suggest formation of low pressure area over southeast Arabian Sea around 27th, which may cause increase in rainfall activity over south peninsula particularly over Tamil Nadu, Kerala and Lakshadweep where isolated heavy rainfall is also likely

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

- Enhanced rainfall activity over south Peninsula is likely to continue.

Source: GOI (IMD)



Source: IMD (24.10.06)

FOREX (As on 25th October, 2006):

Foreign Currency	Rs. per unit
1 US \$	45.40
1 Euro	57.18
100 Yen	38.19
1 British £	85.33

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 13.10.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
382	367.47	369.84	-2.37	AP (-0.4, -1.5), Ass (-2.2, -10.3), Bih (+0.5, +1.7), Har (-0.3, -3.2), Jhar (+2.5, +18.6), Pun (-0.7, -2.7), TN (+0.6, +8.6), UP (+0.6, +1.0), WB (-3.0, -6.8)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 13.10.06

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 03.10.06	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.45	-	-
Chhattisgarh	32.36	-	-
Haryana	20.49	7.50	4.40
Maharashtra	1.94	-	-
Orissa	17.81	-	-
Punjab	88.52	28.64	21.43
Tamil Nadu	9.25	0.38	-
Uttar Pradesh	31.51	-	-
Uttaranchal	3.37	-	-
West Bengal	16.94	-	-
All-India	280.10	36.64	25.83

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (20.10.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$308	5% DP	\$275
5%	-	5%	-
10%	-	10%	-
15%	\$285	15%	\$265
25%	\$270	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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