

Rice

November 18th -25th '2006

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Basmati Rice Price is Likely to Hike on Lower Acreage

The basmati rice price is likely to increase by 25 per cent in the next couple of months. Lower acreage of basmati rice variety in the current season is mainly underpinning the market tone. In Punjab area under evolved basmati is down almost 45% comparing to last year. In Haryana, the area under the same variety is down 29%. In UP it is decreased by 25% while in Uttaranchal, it is down by almost 29%. On the other hand, traditional basmati rice variety has increased to 9% in Punjab and Haryana. However, traditional basmati acreage has decreased 41% in UP and 8% in Uttaranchal. Traders are very optimistic about the hike in prices. The basmati paddy prices are also seen tight sentiments on decreasing production.

Vietnam Rice Prices Down on Export Suspension

Vietnam rice prices turned down slightly from early bullish tone on the suspension of export. However, increasing demand is likely to support the market at lower level. Rising demand is expected in the end of the year.

Winter Sown rice Acreage is Down in India

The acreage under winter sown rice crop has down in the current year as reported on 16th November. The total acreage is reported at 231,000 hectares so far as against 236,000 hectares in the year-earlier period. The basmati rice acreage is also down significantly this time. Many farmers diversified into wheat and pulses to get better price.

Kharif Rice Out Put is Likely to Up in West Bengal

Kharif rice out put in West Bengal is likely to increase in the current year despite the adverse weather in some parts of the state during the early period of the year. The total kharif rice production is likely to cross the last year's production of 105 lakh tonne. Traditional rice belts in the state are suffered due to the climatic hazards. However, the higher production is expected in the laterite zone in the western part of the state. Additional 1 lakh tonne of rice is expected from the different districts of laterite zone due to higher acreage.

Haryana Mandis Received Over 37.78 LMT of paddy so far

The Haryana mandi has received over 37.78 lakh metric tonnes of paddy so far as against 38.74 lakh metric tonnes during the corresponding period last year. In the total arrivals reported near about 9.50 lakh metric tonnes are of the basmati and other superior variety. The six Government agencies have purchased about 20.36 lakh metric tonnes of paddy at the Minimum Support Price. The remaining amount has purchase by the private millers and traders. Among the districts in the state the Kurukshetra district was leading in arrivals. About 7.19 lakh metric tonnes of paddy reportedly arrived at Kurukshetra, followed by Karnal with about 5.44 lakh metric tonnes, Fatehabad with 4.89 lakh metric tonnes, Kaithal with 4.78 lakh metric tonnes and Ambala with 3.16 lakh metric tonnes. The state has delivered a higher amount of rice over 3.89 lakh metric tonnes to the Central Pool so far, as against 3.08 lakh metric tonnes of rice delivered during the same period last year.

Thai Rice Prices Offer Higher on Good Demand

Thailand rice prices quoted higher Wednesday by around \$4/ton from prices offered last Friday. Increased demand amidst some lower stocks is underpinning the tone. The demand of exporter reportedly increases significantly on the speculation of good prices in near future. The fresh arrival is in slow pace due to the flood in some parts of the country. The local stock level has reduced on aggressive buying from exporters. However, the fresh arrivals is likely to increase in the next fortnight. Thai 100% grade B was offered Wednesday at \$308-\$312 a metric ton, FOB Bangkok, and 5% broken was offered at \$305-\$307/ton, FOB, while parboiled 100% sortexed was offered at \$306-\$310/ton. On the other side Vietnam rice offered mostly steady prices on export ban decision.

India and China Signed Protocol on Export of Basmati Rice

India and China the two neighbouring countries signed a protocol to facilitate the export of Indian basmati rice to China. The protocol will help India to extend its export market of basmati rice. The protocol was signed by honourable Agriculture Minister Sharad Pawar and the Administrator of Quality Supervision, Inspection and Quarantine of the Chinese Republic. ICAR and Chinese Academy of Agricultural Sciences was also signed a MoU to promote cooperation in exchange of scientific personnel, germplasm and breeding material, scientific literature, information and methodology and equipment.

Rice Export is Up in Pakistan So Far

Pakistan have shipped around 0.4 million tonnes of Irri rice varieties to African countries in the first two months (October and November) of the current season. The good export leads to increase the prices of the commodity in the domestic grain wholesale market of the country. The Irri-6 is offered higher at Rs14.50 per kg in the local market as against the earlier price of Rs. 12.50 to Rs. 13 per kg. The traders are optimistic about the hike in total rice output in the current year on the good acreage of 6.424 million acres this year. The availability of irrigation increases the productivity this time. Pakistan exported about 2.9 million tonnes of rice worth \$1.2 billion in this year. The main rice markets of Pakistan are Middle East, EU, Afghanistan, Sri Lanka and African countries.

DOMESTIC MARKET COMMENTARY

Rice market remains tight on increased demand from retailers. The upcoming marriage season bolster the sentiments at some higher side despite the fresh arrivals. Moreover, higher MSP in this year is also supported the tone. Good international demand is seen in global rice market. The acreage in India is decreasing so far as many rice farmers diversified into pulses and wheat crop to make better profit in coming future. In Delhi mandi different variety of rice offered like; Rice basmati (lal quila) 4400, Shri Lal Mahal 4600, Basmati common 3200-3400, Parmal raw new 1100-1140, old 900-940, parmal wand 1250-1340, sela 1260-1400 and rice IR-8 1030-1050. The Govt. stock has increased to 12.51 million tons as on Nov. 1 from 10.33 million tons of same period of last year. The government has set a target to purchase 27 million tons of locally produced rice from farmers in the current marketing year. Rice production is likely to increase this year to 76 million tones as against last year's 74 million tones. However, significantly lower acreage of basmati rice has seen in major production belts and this leads to increase the price by 25 per cent in the next couple of months. Asian physical rice prices were offered higher in the week. Thailand rice prices are quoted higher by around \$4/ton in the week as against last week. On the other side Vietnam rice offered mostly steady prices on export ban decision. India is in tough competition with Pakistan in the white rice export. The higher production of Pakistan helps the country to offer rice at competitive prices. However, India is dominating parboiled rice export market.

DELHI MARKET:

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

DELHI	18.11.06	25.11.06
Basmati Common	-	3200-3400
Sharbati raw	1600-1650	1600-1650
Sharbati sella	1620-1650	1620-1650
Parmal raw new	-	1100-1140
Wand	1180-1250	1250-1340
Parmal sella	1185-1250	1260-1400
DB Rice	2200-2400	2200-2400

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	18.11.06	25.11.06
Parmal paddy	-	-
Parmal raw rice	960-980	980
Wand	1040-1080	1060-1080
Basmati paddy	-	-
Basmati rice	2700-2750	2720-2750
Sharbati sella	1560-1600	1560-1620
DB sella	2250	2270

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	18.11.06	25.11.06
Basmati rice raw	2800-2900	2900-3000
Sharbati esteem	1650-1690	1650-1690
Sharbati sella	1600-1625	1600-1625
Parmal raw rice	1020-1050	1020-1050
Parmal sella	1140-1190	1140-1190
DB rice sella	2200-2350	2200-2350
IR8	920-970	920-970

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	18.11..06	25.11..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)	18.11.06	25.11.06
IR 36 (super)	1250-1275	1200
Minikit Shankar	1550-1570	1500
Minikit (M- Shankar)	1650	1600
Doodh Kalma	1350-1400	1250-1300
Swarna (New)	1100	1100
Pankaj	1070	1100
Swarna parboiled	1200	1150
Govindobhog	2500	2500
Chawl Moni	1950-1970	1850

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	18.11.06	25.11.06
Sharbati sella rice	1675-1700	1675-1700
Sharbati raw rice	1625-1650	1625-1650
Sharbati steam	1680-1700	1680-1700
Basmati rice raw	3000-3100	3200-3400
Basmati Paddy	-	-
Parmal Govt. Quality	975	975-1000
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.
- ✍ Steady Procurement
- ✍ Good domestic demand
- ✍ Increased Global demand amidst lower stocks.
- ✍ Pakistan is dominating white rice export market

Outlook:

- ✍ **Short Term (1 week):** Firm on increasing arrivals amidst 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.

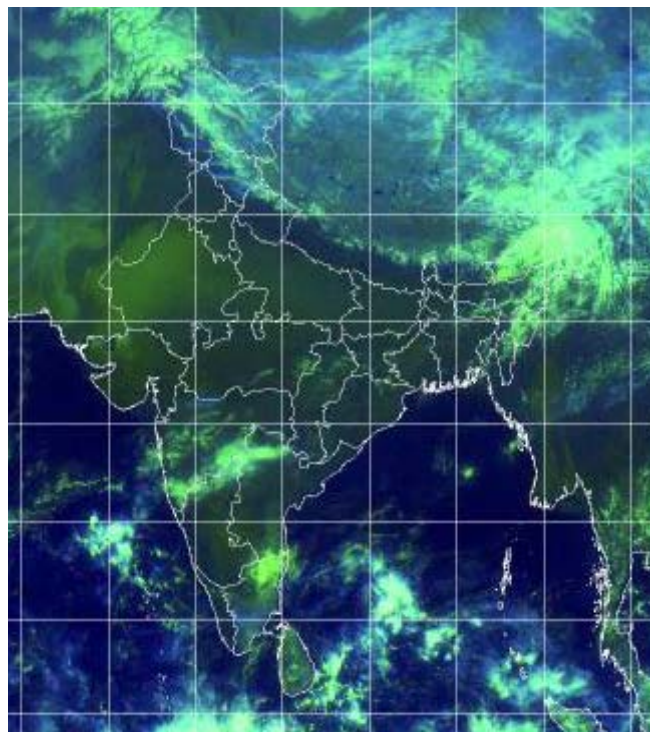
Monsoon Outlook (25.11.06)

- Night temperatures have fallen by 3-4°C over northwest India and adjoining central India. They have become near normal over some parts of the plains of northwest India but are still above normal by 2-4°C over remaining parts of northwest and adjoining central India.
- Current meteorological analysis suggest they will fall further by 2-3°C over north & central India thus becoming normal over the region during next 1-2 days. Night temperatures are also likely to fall over parts of East India.
- Subdued rainfall activity is likely to continue over south Peninsula during next 3-4 days.

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

- Fall in the night temperature over East India and Maharashtra.
- Subdued rainfall activity likely to continue over south Peninsula.
- Mainly dry weather likely to continue over northwest India.

Source: GOI (IMD)



Source: IMD (18.11.06)

FOREX (As on 25^h November, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.87
1 Euro	58.15
100 Yen	38.57
1 British £	85.99

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 20.10.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
382	370.59	373.26	-2.67	AP (-0.9, -3.5), 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 (+0.8, +10.7), UP (+0.6, +1.0), WB (-3.0, -6.8)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 20.10.06

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 20.10.06	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.45	0.07	0.01
Chhattisgarh	32.36	-	-
Haryana	20.49	10.26	7.80
Maharashtra	1.94	-	-
Orissa	17.81	-	-
Kerala	0.95	0.16	-
Punjab	88.52	46.36	37.47
Tamil Nadu	9.25	0.80	-
Uttar Pradesh	31.51	0.02	-
Uttaranchal	3.37	-	-
West Bengal	16.94	-	-

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (17.11.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$300	5% DP	\$297
5%	-	5%	-
10%	-	10%	-
15%	\$277	15%	\$285
25%	\$265	25%	\$280
35%	-		
Jasmine	-		
PB 100% Sortexed	-		
A1 super	-		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (fine grade)	-
20%	-	PR 106 PB 5%	-
25%	\$240	PR 106 5%	-
		PR 106 25%	\$225

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