

## Rice

October 28<sup>th</sup>-November 07<sup>th</sup> 2006

### MAJOR ACTIVITY HIGHLIGHTS

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

### DOMESTIC AND INTERNATIONAL NEWS

#### Pakistan Basmati Production to Drop on Heavy Rainfall

The recent heavy rains in Central and Northern Punjab has damaged the fine varieties of basmati standing crops. This leads to some fall in overall production. Basmati production in Pakistan in the current season reportedly would be around 2.0 to 2.16 million tonnes against the target of 2.4 million tonnes. The higher moisture condition would also delay the harvesting and consequently delay in the wheat sowing. Domestic consumption of basmati rice in the country is about 1-1.2 million tonnes while the rest amount is mainly means for export. In the year 2004-05, more than 2.7 million tonnes of rice was exported, including 0.921 million tons of basmati and 1.823 million tonnes of Irri-6.

#### India: White Rice Export Down on Lower Quotation in Pakistan

White rice export from India has slowed down from India due to the increasing arrivals of fresh crops in Pakistan. The country like Africa, Indonesia and Vietnam are reportedly going towards out of stocks. The lower prices of Pakistan white rice dominated the export market. Pakistan is offering 25 per cent broken white rice at lower prices of \$240-242 as against the prices India is quoting. The higher MSP for paddy in India this marketing year is also added some extra cost. However, some demand from African nation helps India to smoothly export the parboiled rice. The lower prices as well as freight ground helped India to smooth its parboiled rice export and compete successfully with main challenger Thailand. India is in position to export about 40-50 lakh tonnes of parboiled rice. The white rice export is likely to increase further around February as only by then Pakistan is expected to exhaust its stock. The basmati rice export from India is up. The Centre has estimated kharif rice production at 76 million tonnes, up from 74 million tonnes a year ago..

#### Rice: USDA Weekly Export Sales Highlights

**Rice:** Net sales of 77,100 MT were 49 percent above the previous week and two and one-fifth times the prior 4-week average. Increases were reported for Canada (39,300 MT), Mexico (31,600 MT), and Nicaragua (5,000 MT). Exports of 47,700 MT were 23 percent below the previous week and 3

percent under the prior 4-week average. The primary destinations were Iraq (27,000 MT), Mexico (7,200 MT), Canada (4,200 MT), and Jamaica (3,600 MT).

**Source: FAS, USDA**

### DOMESTIC MARKET COMMENTARY

The rice sentiment is weakened on the wholesale grains market during the week on steady demand against fresh arrival. The on going harvesting of standing crops mainly influencing the sentiments. The smooth procurement at some higher prices in this marketing session is supported the sentiments and doesn't allow to dip the prices much lower sides. The good response among farmers in paddy intervention programme is also witnessed. Paddy stock of Govt. is increase to 5.96 million tons from 4.84 million tons Oct. 1 of last year due to higher procurement policy. The good procurement activities in different states restricted the activities of private stockiest. The rice prices offer mostly lower during the week. In Delhi mandi the different varieties of rice quoted as, Basmati common 2800-2900, Parmal raw new at 1060-1085, old at 900-930, parmal wand at 1180-1250, sela at 1185-1250 and IR-8 at 975-1000. Asian physical rice prices are mostly steady amid thin trade as most buyers opt to wait for softer prices. White rice export from India has slowed down due to the increasing arrivals of fresh crops in Pakistan. Pakistan has edge over India in white rice export and is offering 25 per cent broken white rice at lower prices of \$240-242 as against the prices India is quoting. The higher MSP for paddy in India this marketing year is also added some extra cost. The white rice export is likely to increase further around February as only by then Pakistan is expected to exhaust its stock. However, India is dominating in parboiled rice export. The lower prices as well as freight ground helped India to smooth its parboiled rice export and compete successfully with main challenger Thailand. The Centre has estimated kharif rice production in the year at 76 million tonnes, up from 74 million tonnes a year ago.

**DELHI MARKET:**

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

DELHI	28.10.06	07.11.06
Basmati Old	2800-2900	2800-2900
Sharbati raw	1600-1650	1600-1650
Sharbati sella	1620-1640	1620-1640
Parmal raw	1060-1080	1060-1080
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	28.10.06	07.11.06
Parmal paddy		
Parmal raw rice	960-980	960-980
Wand	1040-1080	1040-1080
Basmati paddy	-	-
Basmati rice	2700-2750	2700-2750
Sharbati sella	1560-1600	1560-1600
DB sella	2250	2250

**KARNAL MARKET:**

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	28.10.06	07.11.06
Basmati rice raw	2750-2800	2750-2800
Sharbati esteem	1630-1700	1620-1690
Sharbati sella	1640-1650	1640-1650
Parmal raw rice	1020-1050	1020-1050
Parmal sella	1140-1190	1140-1190
DB rice sella	2200-2350	2200-2350
IR8	950-980	920-970

**DEHRADUN MARKET:**

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	28.10..06	07.11..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)	28.10.06	07.11.06
IR 36 (super)	1250-1300	1250-1300
Minikit Shankar	1550	1550
Minikit (M- Shankar)	1640	1640
Doodh Kalma	1300-14000	1300-14000
Swarna (New)	1100	1100
Pankaj	1050	1050
Swarna parboiled	1200	1200
Govindobhog	2500	2500
Chawl Moni	1950	1950

**AMRITSAR MARKET:**

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	28.10.06	07.11.06
Sharbati sella rice	1530-1580	1530-1580
Sharbati raw rice	1550	1550
Sharbati esteem	1650-1680	1650-1700
Basmati rice raw	3100	3000-3100
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
- ✍ Steady domestic demand
- ✍ 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.

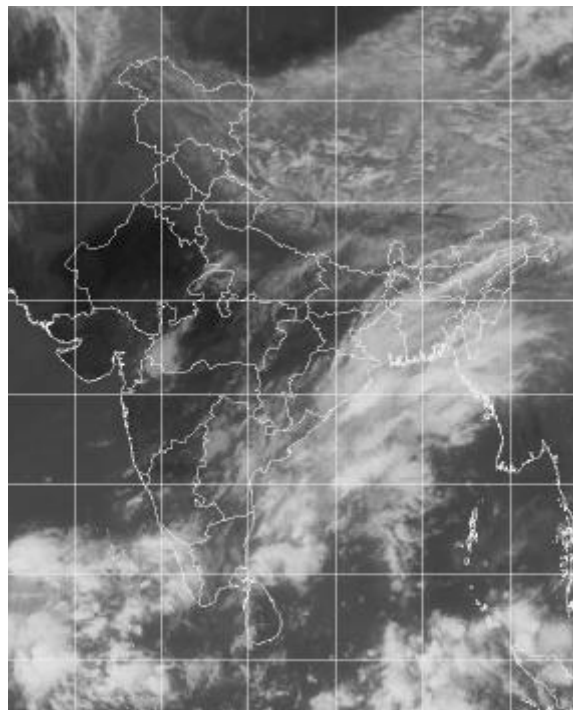
## Monsoon Outlook (08.11.06)

- Night temperatures are continuing to be above normal by about 3-6° C over plains of northwest India and adjoining central India. The current meteorological analysis suggests fall in night temperatures over the plains of northwest India during next 2-3 days.
- Under the influence of an easterly wave, fairly widespread rainfall with isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala and coastal Andhra Pradesh during next 2-3 days. Scattered to fairly widespread rainfall is also likely along the remaining parts of east coast and south peninsula during the same period.

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

- Scattered rainfall activity is likely over south peninsula.
- Decrease in rainfall activity over east India.

Source: GOI (IMD)



Source: IMD (08.11.06)

### FOREX (As on 08<sup>h</sup> November, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.68
1 Euro	57.07
100 Yen	37.98
1 British £	85.17

## 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 (27.10.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$307	5% DP	\$285
5%	-	5%	-
10%	-	10%	-
15%	\$283	15%	\$275
25%	\$268	25%	\$260
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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