

Rice

November 25th-December 01st '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 Prices Hovering Up in Physical Market

Basmati rice sentiment is firming up on increased demand from retailers as well as stockists. The arrival is seen decreasing on the speculation of higher prices in near future. The upcoming marriage season is also bolstering the sentiments at some higher side. Lower acreage of basmati rice variety is 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 increase in the price by 25 per cent in the next couple of months. 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.

ASEAN and 3 Country Approves Rice Reserves Till 2008

China, Japan and South Korea along with the 10-member Association of Southeast Asian Nations (ASEAN), has approved an extension of the emergency rice reserve program until 2008. The rice reserve program is to ensure rice supply in the different areas during calamities. The ASEAN+3 could increase the rice reserve to 500,000 metric tons this year. The ASEAN groups are the Philippines, Indonesia, Brunei, Cambodia, Laos, Malaysia, Myanmar Singapore, Thailand and Vietnam.

Vietnam Govt. Partially Raises the Ban on Rice Export

The Ministry of Trade of Vietnam has partially lifted the ban on rice exports and allowing domestic firms to export 116,000 MT of rice that is already moved to port warehouses. This will relax the traders as they can fulfil existing contracts. The decision will also help the traders of that country to stay away from the high charges for their rice stocks kept in warehouses at ports.

Basmati Rice Prices Firming Up in Domestic Markets

Basmati rice price remains firm in domestic wholesale grains market on actively buying of stockists amidst the decreasing arrivals. The sharply decreasing acreage in the major basmati rice production belts in the current year has also increased the speculative buying among stockists. In Delhi mandis rice basmati common is quoted higher at Rs 3300-3550 instead of Rs.3200-3500 per quintal on increased demand. The other rice varieties are also quoted firm like; Rice basmati (lal quila) 4400, Shri Lal Mahal 4600, Parmal raw new 1100-1140, old 900-950, parmal wand 1250-1340, sela 1250-1400 and rice IR-8 1025-1050 per qtl.

Rice Price in Thailand Remains Flat

Asian rice price remains flat. Despite the ongoing harvesting of standing crops in the Thailand the different varieties of rice quoted almost steady on Govt. intervention programme. On Wednesday, Thai 100% grade B was quoted steady at \$305-\$308/ton, FOB Bangkok, 5% broken was offered steady also at \$303-\$304/ton, FOB. However, Parboiled 100% sortexed was offered higher by around \$5 at \$315-\$318/ton as compared to last week prices.

India is Likely to Export 4.5 MT of Rice in 2006-07

According to latest estimates by the All India Rice Exporters Association, India is likely to export 4.5 million tonnes of rice in 2006-07 valued almost 8,000 crore. Out of the total amount basmati rice export is about to 1.1 million tonnes valued Rs 3,500 crore. Rice export is steady business in India as the country has a structural surplus of about 5 million tonnes rice annually.

Rice: USDA Weekly Export Sales Highlights

Rice: Net sales of 150,900 MT were nearly four and one-fifth times the previous week and 70 percent above the prior 4-week average. Major increases were reported for Iraq (90,000 MT), El Salvador (16,000 MT), South Korea (14,500 MT), Japan (13,000 MT), and Nicaragua (12,000 MT). Exports of 75,300 MT were much improved from the previous week and 80 percent above the prior 4-week average. The primary destinations were Costa Rica (36,900 MT), Nicaragua (14,000 MT), and Japan (13,400 MT).

Source: FAS, USDA

Thai Rice Prices Quoted Somewhat Higher

Thailand rice prices quoted somewhat higher during Thursdays' trade. The strong sentiments of Thailand rice is due to strong Thai currency. Presently, Vietnam is almost out of market. On Thursday Thai 100% grade B was quoted higher at \$312-\$313/ton, free on board Bangkok as against the previous day price, while 5% broken was offered higher too at \$305-\$306/ton. However, Parboiled 100% sortexed was offered steady at \$318/ton.

DOMESTIC MARKET COMMENTARY

Rice sentiment remains firm on increased demand from retailers as well as stockists. The arrival is seen somewhat lower on the speculation of higher prices in near future. The upcoming marriage season is also bolstering the sentiments at some higher side. Basmati rice price is firming up in domestic market on actively buying of stockists amidst the decreasing arrivals. The sharply decreasing acreage in the major basmati rice production belts in the current year has also increased the speculative buying among stockists. In Delhi mandis rice basmati common is quoted higher at Rs 3300-3550 per quintal on increased demand. The other rice varieties are also quoted firm like; Rice basmati (lal quila) 4400, Shri Lal Mahal 4600, Parmal raw new 1100-1140, old 900-950, parmal wand 1250-1340, sela 1250-1400 and rice IR-8 1025-1050 per qtl.. 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. However, 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 on smooth procurement. The government has set a target to purchase 27 million tons of locally produced rice from farmers in the current marketing year. Asian rice price remains steady to somewhat higher. Despite the ongoing harvesting of standing crops in the Thailand the different varieties of rice quoted almost steady to firm on Govt. intervention programme. 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	25.11.06	02..02.06
Basmati Common	3200-3400	3300-3550
Sharbati raw	1600-1650	1600-1650
Sharbati sella	1620-1650	1620-1650
Parmal raw new	1100-1140	1100-1140
Wand	1250-1340	1250-1340
Parmal sella	1260-1400	1250-1400
DB Rice	2200-2400	2200-2400

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	25.11.06	02.12.06
Parmal paddy	-	-
Parmal raw rice	980	980
Wand	1060-1080	1060-1080
Basmati paddy	-	-
Basmati rice	2720-2750	2800-3000
Sharbati sella	1560-1620	1560-1620
DB sella	2270	2270

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	25.11.06	02.12.06
Basmati rice raw	2900-3000	3100-3250
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	25.11..06	02..12..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)	25.11.06	02.12.06
IR 36 (super)	1200	1200
Minikit Shankar	1500	1500
Minikit (M- Shankar)	1600	1600
Doodh Kalma	1250-1300	1250-1300
Swarna (New)	1100	1100
Pankaj	1100	1100
Swarna parboiled	1150	1150

Govindobhog	2500	2500
Chawl Moni	1850	1850

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	25.11.06	02..12.06
Sharbati sella rice	1675-1700	1680-1700
Sharbati raw rice	1625-1650	1660-1770
Sharbati steam	1680-1700	1750-1800
Basmati rice raw	3200-3400	3450-3550
Basmati Paddy	-	-
Parmal Govt. Quality	975-1000	980-1010
Parmal Wand (New)	1150	1150-1160

Price Drivers:

- ✍ Decreasing arrivals amidst good demand
- ✍ Govt. announced higher MSP for rice
- ✍ Lower acreage of basmati rice so far
- ✍ 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 lower 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 (02.12.06)

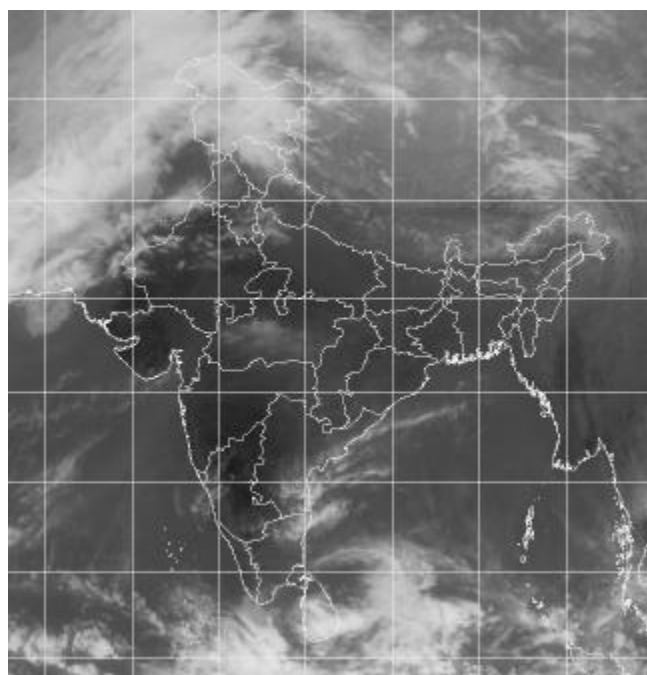
- Numerical weather models suggest that northwest India is likely to be affected by a western disturbance during the period 3rd to 6th December, under its influence enhanced snowfall activity with isolated heavy falls is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal commencing from 3rd. Plains of northwest India are also likely to experience scattered rain/thundershower activity from 4th onwards.
- Day temperatures are likely to fall whereas night temperatures are likely to increase over northwest India during the above period

- Lowest night temperature in the plains of the country was 4.0°C recorded at Adampur in Punjab.

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

- Fairly widespread snowfall activity with isolated heavy falls is likely over Western Himalayan region. Scattered rain/thundershowers also likely over the plains of northwest India.

Source: GOI (IMD)



Source: IMD (02.12.06)

FOREX (As on 02nd December, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.67
1 Euro	59.26
100 Yen	38.55
1 British £	88.18

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 24.11.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
49	2.73	2.38	+0.35	AP (+0.2, +57.5), Ker (+0.1, +28.1)

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 24.11.06

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 24.11.06	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	1.79	0.71
Chhattisgarh	32.65	-	-
Haryana	20.54	15.53	17.36
Maharashtra	1.94	0.09	0.05
Orissa	17.85	0.25	-
Kerala	0.94	0.43	-
Punjab	88.55	71.10	77.74
Tamil Nadu	9.26	1.95	-
Uttar Pradesh	31.51	0.68	0.78
Uttaranchal	3.36	0.03	0.07
West Bengal	12.75	-	-
All-India	276.56	91.95	96.73

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (01.12.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$308	5% DP	\$297
5%	-	5%	-
10%	-	10%	-
15%	\$290	15%	\$285
25%	\$270	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%	\$220

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