

## Rice

December 16<sup>th</sup> - December 23<sup>rd</sup>, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- Domestic Market Commentary
- Domestic and International Rice Prices
- Rice Procurement and Acreages

### DOMESTIC AND INTERNATIONAL NEWS

#### Indonesia Likely to Import Rice

Indonesia may perhaps again import rice next year if government stocks are reduced by price control operations. In response to 5% increases in local rice prices the government recently initiate "market operations," through which it released stored rice in the local market to limit excessive price inflation. Prices of rice had increased due to a deficit in domestic supply caused by low rainfall in rice growing areas.

#### Vietnam Rice Prices Remain Steady Amid Ban of Govt. Export

Vietnamese export rice prices were remaining steady in the week to Tuesday as local traders staying on the sideline and there is no new export deal, amid a government ban on rice exports. Vietnam's 5% broken rice is offered at \$280-\$285 PMT, unchanged from last week, and 25% broken grade was offered at \$255 PMT, also unchanged. In this week, no vessel was waiting to be loaded with rice for export at Saigon port although last week one vessel left the port carrying 6,500 MT of 5% broken rice to Africa.

#### Philippines Plans to Imports 500,000 MT Rice Mid-Jan

The Philippines plans to imports 500,000 MT of rice next month to fill a shortfall in supply during lean production months, a senior agriculture official said Tuesday. The probable importer countries include Vietnam, Thailand, China, the U.S., Australia, Pakistan and India.

#### Indian Rice Exports Likely to Boost in Mid Jan

Rice exports from the country are expected to pick up after the second week of January with the global market facing shortage of rice, according to trade sources. Indian rice exports might be in gain from the limit imposed on exports by Vietnam. But Pakistan is still quoting \$10-12 a tonne lower for white rice in the export market. Pakistan is expected to have stocks until February.

However, on Wednesday, Pakistan white rice 25 per cent broken was quoted at \$240-242 a tonne, whereas 25 per cent broken PR-106 white rice was quoted at \$236 by India. Thailand and Vietnam quoted \$272 and \$255, respectively.

#### Thai Govt Exports 200,000 MT Rice To Iran

Thai government will export 200,000 MT of 100% B-grade rice to Iran for \$320 PMT, slightly above the market price of \$317 PMT, between February and May next year,

Commerce Minister said Friday. The rice to be sold to Iran has been accumulated under the government's intervention program. The ministry anticipates the total amount of rice to be sold to Iran in 2007 to exceed the 800,000 MT sold in 2006. This year, rice exported from Thailand to Iran contributed around 80% of Iran's total rice imports.

#### USDA Rice Export Sales Highlights

Rice: Net sales of 112,900 MT were 67 percent above the previous week and 28 percent over the prior 4-week average. Major increases were reported for Japan (52,800 MT), Honduras (16,700 MT), Nicaragua (12,000 MT), Panama (9,500 MT), Canada (7,900 MT), and Liberia (6,800 MT). Exports of 152,400 MT--a marketing-year high--were three and two-fifths times the previous week and three and three-quarters times the prior 4-week average. The primary destinations were Iraq (63,000 MT), Mexico (32,800 MT), Honduras (20,100 MT), and Japan (14,700 MT).

Source: USDA

#### Thai Rice Prices Steady After Exports to Iran

Thai rice prices were steady on Friday along with thin trade even as Iran bought 200,000 MT of the Rice from Thailand. Thai government will sell 200,000 MT of 100% B-grade rice to Iran at \$320 PMT. Thai 100% grade B was offered Friday at \$315-318 PMT, FOB, 5% broken was quoted at \$310-\$313 PMT while parboiled 100% sortexed was offered at \$318-\$320 PMT. These prices were unchanged from prices offered Thursday.

#### Vietnam's Rice Export Ban Will Have Negligible Impact on India

Indian rice exports considered that ban of rice export of Vietnam not significantly affect the Indian companies directly. But on the national level, non-basmati exports would go up and although prices are higher for non-basmati this year. The international market is also strong and as a country they would be able to export more of non-basmati rice.

## DOMESTIC MARKET COMMENTARY

Prices of different varieties of rice are slightly moving down in major domestic markets but with the global market facing shortage of grains, rice prices could be started for further rise next year. The fresh arrivals from major producing regions and reduced offtake by stockists and retailers mainly bring down the rice prices in domestic market. Rice procurement in the marketing year of 2006-07 is likely to be somewhat lower as compared to the record procurement of 28 million tons in the marketing year of 2005-2006. However, previous year's higher procurement has improved the Govt. stock position to 11.04 million tons on December 14, 2006 compared with 11.45 million tons of corresponding period of last year. The Centre projecting a lower rice production of 76 million tonnes (mt) during the kharif season against 78.04 mt million tonnes last year. Asian rice prices were offered higher at the weekend, Thailand rice prices unchanged at higher level from last weeks' trade. The strong sentiment of Thailand rice is due to strong Thai currency. The total rice export from India during January to July 2006 was around 2.4 million tons. Pakistan is still quoting \$10-12 a tonne lower for white rice in the export market. Pakistan is expected to have stocks until February and until that Indian exporters will have to wait and watch. Pakistan could export between one to two million tonnes. Pakistan white rice 25 per cent broken was quoted at \$240-242 a tonne, whereas 25 per cent broken PR-106 white rice was quoted at \$236 by India. In India rice acreage continuously increasing. Rice sowing covered 512,000 hectares current Rabi season, boost up from 409,100 hectares in the year-earlier period. However, basmati rice acreage has declined significantly this year. The arrivals of basmati rice increase slowly in the spot markets. This led to slightly decreases the basmati rice price. In Delhi mandis rice basmati common is quoted at Rs 3500 per quintal on increased arrivals. The other rice varieties are also quoted slightly weak like; Rice basmati (lal quila) 4350, Shri Lal Mahal 4550, Parmal raw new 1075-1100, old 900-925, parmal wand 1250-1300, sela 1240-1300 and rice IR-8 960-980 per qtl.

### DELHI MARKET:

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

DELHI	23.12.06	16.12.06
Basmati Common	3400-3700	3500-3700
Sharbati raw	1600-1650	1600-1650
Sharbati sella	1650-1675	1650-1675
Parmal raw new	1050-1090	1100-1150
Wand	1220-1280	1250-1350
Parmal sella	1220-1330	1250-1400
DB Rice	2650-2750	2700-2750

### RUDRAPUR MARKET:

#### Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	23.12.06	16.12.06
Parmal paddy	-	-
Parmal raw rice	1000-1025	1000-1025
Wand	1025-1050	1050-1075

Basmati paddy	-	-
Basmati rice	2850-3000	2850-3000
Sharbati sella	1550-1625	1575-1625
DB sella	2250-2300	2275-2300

### KARNAL MARKET:

#### Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	23.12.06	16.12.06
Basmati rice raw	3100-3250	3100-3250
Sharbati esteem	1625-1690	1650-1690
Sharbati sella	1600-1650	1600-1625
Parmal raw rice	1000-1050	1025-1050
Parmal sella	1150-1200	1150-1200
DB rice sella	2200-2375	2200-2380
IR8	960-980	950-980

### DEHRADUN MARKET:

#### Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	23.12.06	16.12.06
Basmati Raw	2500-2650	2550-2700
Sharbati New	1525-1550	1525-1575
Parmal Raw	1050-1150	1100-1200
IR 8	950-1000	980-1020

### WEST BENGAL MARKET:

#### Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	23.12.06	16.12.06
IR 36 (super)	1100-1150	1200-1225
Minikit Shankar	1500	1550-1600
Minikit (M- Shankar)	1550	1600
Doodh Kalma	1200-1225	1250-1300
Swarna (New)	1125	1150-1180
Pankaj	1125-1150	1150
Swarna parboiled	1100	1150
Govindobhog	2400	2500-2550
Chawl Moni	1750	1850

### AMRITSAR MARKET:

#### Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	23.12.06	16.12.06
Sharbati sella rice	1800	1800
Sharbati raw rice	1700	1700
Sharbati steam	1825	1850

Basmati rice raw	3500	3500
Basmati Paddy	1800	1850
Parmal Govt. Quality	1000-1020	1020
Parmal Wand (New)	1150	1150-1175

#### Price Drivers:

- Fresh arrivals amidst good demand
- Govt. announcement of higher MSP for rice
- Lower acreage of basmati rice so far
- Steady Procurement
- Good domestic demand
- Increasing Rabi rice acreage so far
- Increased Global demand amidst lower stocks
- Pakistan is dominating white rice export market

#### Outlook:

- ✍ **Short Term (1 week):** Rangebound on improved arrivals amidst steady demand.
- ✍ **Medium Term (1 Month):** Slightly weak 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 expectation of global demand

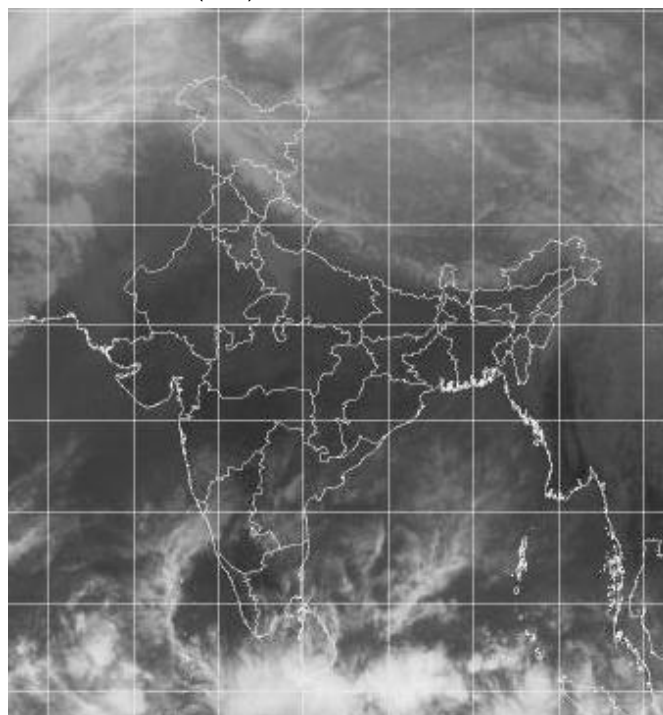
#### Monsoon Outlook (27.12.06)

- A fresh western disturbance is likely to affect Western Himalayan region during second half of the week.
- Rise in night temperature by 2-3°C over plains of northwest India and Gangetic plains during middle of the week and fall towards the end of the week.
- Subdued rainfall activity over south peninsula during second half of the week.

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

- A western disturbance is likely to affect western Himalayan region.

Source: GOI (IMD)



Source: IMD (23.12.06)

#### FOREX (As on 23<sup>rd</sup> December, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.59
1 Euro	58.83
1 British £	87.54
100 Yen	37.69

#### SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 07.12.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	6.30	5.65	+1.03	AP (+0.4, +34.9%), Ker (+0.1, +12.7), TN (+0.2, +5.4)

Source: Ministry of Agriculture, GOI

## PROGRESSIVE PROCUREMENT OF RICE AS ON 14.12.06

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 14.12.2006	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	5.62	3.10
Chhattisgarh	32.65	7.52	5.74
Haryana	20.54	16.37	18.64
Kerala	0.94	0.47	0.39
Maharashtra	1.94	0.26	0.20
Orissa	17.85	1.65	0.33
Punjab	88.55	71.56	80.45
Tamil Nadu	9.26	2.09	-
Uttar Pradesh	31.51	4.44	4.83
Uttaranchal	3.36	0.14	0.59
West Bengal	12.75	-	-
<b>All India</b>	<b>276.56</b>	<b>110.40</b>	<b>114.49</b>

Source: Ministry of Agriculture, GOI

## International Asian Rice Prices Per MT FOB (13.12.06)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$310	5% DP	\$297
5%	\$300	5%	-
10%	\$295	10%	-
15%	\$285	15%	\$285
25%	\$270	25%	\$280
PB 100% Sortexed	\$315		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (fine grade)	-
20%	-	PR 106 PB 5%	-
25%	\$220	PR 106 5%	-
		PR 106 25%	\$240

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