

## Rice

December 11<sup>th</sup> - December 16<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

#### Hike in Rice Prices in Madhya Pradesh

There has been a sharp hike in rice prices in Madhya Pradesh. It creates a big problem for the ordinary people. Many factors are recognized to this hike one due to reduction in production, the stocks have become less. The shortfall is also the result of a weak crop at major rice growing region. It's a matter of concern that the rate of basmati rice has touched between Rs 3,000 and Rs 5,000 a quintal. The traders put charge on this price hike to the different multinational companies. The MNCs were stocking rice and other cereals at high price. This has lead to increase in prices of rice. After the entry of private parties in this trade, hoarding of the essential items has increased. It is a serious matter of concern and the government should resolve this matter before it causes much harm to ordinary people. Rice sowing also needs improvement. The government should keep watch on the prices of essential commodities.

#### Pakistan: Rains delay rice harvesting

In Pakistan the post harvesting operations of paddy crop ceased due to heavy rains. Only 25 percent paddy was reached in mills while remaining 75 percent of is still lying in fields or heaped up in open spaces. Post harvesting operations including threshing, transportation and milling would restart if weather remains clear in coming days. After harvesting paddy crop farmers usually store it in open fields, they sow Rabi crops particularly wheat, sunflower and rapeseed etc. and then resume threshing of paddy.

#### USDA: Latest WASDE Report on Rice

According to the USDA's latest World Agriculture Supply Demand Estimates (WASDE) report, U.S. rice production in 2006-07 is forecast at 193.3 million cwt, up 1.0 million cwt from last month. Harvested area remains projected at 2.82 million acres, down 16 percent from a year earlier. The average yield is estimated at 6,847 pounds per acre, up 36 pounds per acre from last month, and 211 pounds above 2005-06. Long-grain production is projected at 143.7 million cwt, up 0.8 million cwt from last month, while combined medium- and short- grain production is estimated at 49.6 million cwt, up 0.3 million cwt from a month ago. No changes are made on the use side. Exports are projected at 97 million cwt.

Ending stocks of all rice are projected at 34.5 million cwt, 1.0 million cwt above last month but 8.5 million below a year earlier. The season-average farm price is projected at \$9.00 to \$9.50 per cwt, unchanged from last month.

Global 2006-07 rice production and consumption are lowered from a month ago, while trade and ending stocks are little changed. Global production is projected at 416.5 million tons, 0.9 million tons below last month, but 1.0 million tons above 2005-06. The decrease in global production is due primarily to smaller crops projected for Brazil, Burma, and Thailand. Brazil's 2006-07 production is projected at 7.9 million tons, 600,000 tons below a month ago due to a decrease in area. Global rice ending stocks for 2006-07 are projected at 78.8 million tons, down slightly from last month but down 1.7 million tons from 2005/06.

Source: USDA

#### Australia: Rice crop Sown Lowest in 55 years

The New South Wales Department of Primary Industries (DPI) reported this year rice acreage is the smallest for the past 55 years. The official DPI crop report estimates less than 12,000 hectares of rice has been sown. But rice systems leader John Lacey is a little more optimistic. Mr Lacey said around 14,500 to 15,000 hectares has been planted with an expected yield of 130,000 MT and this decreases is attributed to the irrigation cut backs, farmers allocate some water to irrigating their winter crops and the very higher rate of evaporation at this point in time.

#### Vietnam Rice Quoted Lower On Government Export Ban

Export prices of Vietnam rice were slightly lower in the week to Tuesday as local traders didn't go into new export contract due to the continuing government ban on rice exports. In Ho Chi Minh City and the Mekong Delta region, high-quality 5% broken rice was quoted at \$280-\$285 PMT compared with \$285-\$290 PMT last week, and 25% broken grade was offered at \$255/ton, down from \$260 PMT. Meanwhile, the country's largest rice exporter Vinafood 2, didn't issue prices as it has only meant for export rice to Indonesia under government-approved contracts.

### Thai Export Rice Quoted Higher On Strong Baht Strength

Thai export rice prices were being enhanced by strong Thai currency. Prices are likely to go up again in the days or weeks ahead due to the baht's strength. Thai 100% grade B was offered Wednesday at \$317-319 PMT, FOB, Bangkok, 5% broken was quoted at \$312-\$314 PMT, while parboiled 100% sortexed was offered at \$320-\$325 PMT. These prices were higher by around \$4 as compare to prices offered Friday of last week.

### Haryana Govt. Delivers 7.61 Lakh MT Rice to the Centres' Basket

The Haryana government has delivered 7.61 lakh MT rice to the central pool so far. Six government procuring agencies had delivered 4.98 lakh metric tonnes of rice and remaining 2.63 lakh MT were delivered by millers to the central pool. HAFED has delivered 2.11 lakh MT of rice, Department of Food and Supply had delivered 1.59 lakh metric tonnes, Haryana Agro Industries Corporation had delivered 0.54 lakh MT, Haryana Warehousing Corporation had delivered 0.23 lakh MT, Confed had delivered 0.44 lakh metric tonnes and Food Corporation of India had delivered 0.07 lakh MT of rice.

### Pakistan Rice Prices Quoted Somewhat Higher

The prices of new crop of Super Basmati surged to Rs. 31.50 per kg from Rs. 26 per kg, whereas Irri-6 rates increased to Rs.17.50 per kg from Rs. 15 per kg in domestic grain wholesale market during the last few days. Exporters are feeling difficulty in order to fulfil their export orders due to short supply. Pakistani exporters dispatched around 0.375 million tonnes of Basmati rice during a period from July-November 2006 as compared to 0.345 million tones, exported during the same period of last fiscal.

### DOMESTIC MARKET COMMENTARY

Prices of different varieties of rice are moving up in major domestic markets as well as in the international markets on the backlash of low crop production in different countries, coupled with worldwide increase in demand. The upcoming marriage season is also encouraging the sentiments at some higher level. The arrival is seen lower on the speculation of higher prices in near future. 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 12.5 million tons on November 1, 2006 compared with 10.3 million tons of corresponding period of last year. The State Government has opened 2,291 centres for procurement this year. The figure is likely to increase further. Last year 972 procurement centres were opened. Asian rice prices were offered higher at the weekend, Thailand rice prices quoted somewhat higher during last couples of days' trade. The strong sentiment of Thailand rice is due to strong Thai currency. The prices are till now going up because of the exchange rate so the market is very quiet. The total rice export from India during January to July 2006 was around 2.4 million tons. 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 arrival of basmati rice decreasing sharply in the spot markets due to the expectation of higher prices in the near future. This led to

slightly increase the basmati rice price. In Delhi mandis rice basmati common is quoted 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 1150-1200, old 900-950, parmal wand 1250-1350, sela 1260-1350 and rice IR-8 1000-1025 per qtl.

### DELHI MARKET:

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

| DELHI          | 16.12.06  | 11.12.06  |
|----------------|-----------|-----------|
| Basmati Common | 3300-3550 | 3300-3550 |
| Sharbati raw   | 1600-1650 | 1600-1650 |
| Sharbati sella | 1650-1675 | 1650-1675 |
| Parmal raw new | 1100-1150 | 1100-1150 |
| Wand           | 1250-1350 | 1250-1340 |
| Parmal sella   | 1250-1400 | 1250-1450 |
| DB Rice        | 2250-2450 | 2250-2450 |

### RUDRAPUR MARKET:

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

| RUDRAPUR        | 16.12.06  | 11.12.06  |
|-----------------|-----------|-----------|
| Parmal paddy    | -         | -         |
| Parmal raw rice | 1000-1025 | 1000      |
| Wand            | 1050-1075 | 1050-1075 |
| Basmati paddy   | -         | -         |
| Basmati rice    | 2850-3000 | 2850-3000 |
| Sharbati sella  | 1575-1625 | 1560-1620 |
| DB sella        | 2275-2300 | 2275      |

### KARNAL MARKET:

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

| KARNAL           | 16.12.06  | 11.12.06   |
|------------------|-----------|------------|
| Basmati rice raw | 3100-3250 | 3100-3250  |
| Sharbati esteem  | 1650-1690 | 1650-1690  |
| Sharbati sella   | 1600-1625 | 1600-1625' |
| Parmal raw rice  | 1025-1050 | 1020-1050  |
| Parmal sella     | 1150-1200 | 1140-1190  |
| DB rice sella    | 2200-2380 | 2200-2350  |
| IR8              | 950-980   | 920-970    |

### DEHRADUN MARKET:

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

| DEHRADUN     | 16.12.06  | 11.12.06  |
|--------------|-----------|-----------|
| Basmati Raw  | 2550-2700 | 2500-2650 |
| Sharbati New | 1525-1575 | 1525-1550 |
| Parmal Raw   | 1100-1200 | 1100-1200 |
| IR 8         | 980-1020  | 975-1000  |

## WEST BENGAL MARKET:

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

| WEST BENGAL (Burdwan) | 16.12.06  | 11.12.06  |
|-----------------------|-----------|-----------|
| IR 36 (super)         | 1200-1225 | 1200      |
| Minikit Shankar       | 1550-1600 | 1550      |
| Minikit (M- Shankar)  | 1600      | 1600      |
| Doodh Kalma           | 1250-1300 | 1250-1300 |
| Swarna (New)          | 1150-1180 | 1150      |
| Pankaj                | 1150      | 1150      |
| Swarna parboiled      | 1150      | 1150      |
| Govindobhog           | 2500-2550 | 2500      |
| Chawl Moni            | 1850      | 1850      |

## AMRITSAR MARKET:

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

| AMRITSAR             | 16.12.06  | 11.12.06  |
|----------------------|-----------|-----------|
| Sharbati sella rice  | 1800      | 1700-1750 |
| Sharbati raw rice    | 1700      | 1650-1775 |
| Sharbati steam       | 1850      | 1750-1800 |
| Basmati rice raw     | 2600      | 3450-3550 |
| Basmati Paddy        | 1850      | -         |
| Parmal Govt. Quality | 1020      | 975-1010  |
| Parmal Wand (New)    | 1150-1175 | 1150-1175 |

### Price Drivers:

- Decreasing arrivals amidst good demand
- Govt. announcement of higher MSP for rice
- Lower acreage of basmati rice so far
- Increasing Rabi rice acreage so far
- 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 expectation of global demand.

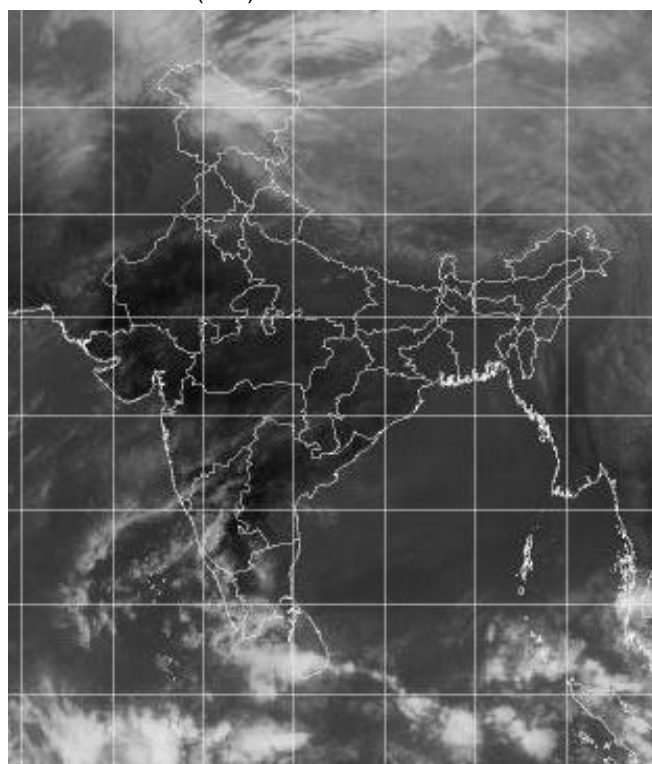
## Monsoon Outlook (16.12.06)

- No significant change was occurred in night temperature during past 24 hours over plains of northwest India, East India and Gangetic plains. The present scenario is likely to continue during next 1-2 days over same area.
- Lowest night temperature in the plains of the country was 3.4°C recorded at Adampur in Punjab.

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

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

Source: GOI (IMD)



Source: IMD (16.12.06)

### FOREX (As on 16<sup>th</sup> December, 2006):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$          | 44.66        |
| 1 Euro           | 58.70        |
| 1 British £      | 87.56        |
| 100 Yen          | 37.88        |

## SUMMARY PROGRESS OF RABI RICE

**(Area Coverage) (Area in lakh hectares)**

| Normal Area | Area Coverage<br>(As reported on 07.12.06) |           |            | Area Difference in Important States-<br>This Year vs. Last Year<br>(Absolute, %) |
|-------------|--|-----------|------------|--|
|             | This Year                                  | Last Year | Difference |  |
| 48.7        | 5.12                                       | 4.09      | +1.03      | AP (+0.2, +19.8), Ker (+0.1, +18.6),<br>TN (+0.6, +28.8)                         |

Source: Ministry of Agriculture, GOI

**PROGRESSIVE PROCUREMENT OF RICE AS ON 07.12.06**

(Lakh tonnes)

| State            | Total procurement in marketing season<br>2005-06 (Oct. - Sept.) | Progressive Procurement as on 07.12.2006 |                                   |
|------------------|---|--|-----------------------------------|
|                  |   | In Marketing season 2006-<br>2007        | In Marketing season 2005-<br>2006 |
| Andhra Pradesh   | 49.72   | 4.08                                     | 2.36                              |
| Chhattisgarh     | 32.65   | 5.49                                     | 3.85                              |
| Haryana          | 20.54   | 16.16                                    | 18.09                             |
| Kerala           | 0.94  | 0.47                                     | 0.39                              |
| Maharashtra      | 1.94  | 0.22                                     | 0.10                              |
| Orissa           | 17.85   | 1.10                                     | 0.14                              |
| Punjab           | 88.55   | 71.55                                    | 79.38                             |
| Tamil Nadu       | 9.26  | 2.06                                     | -                                 |
| Uttar Pradesh    | 31.51   | 2.76                                     | 3.62                              |
| Uttaranchal      | 3.36  | 0.04                                     | 0.32                              |
| West Bengal      | 12.75   | -  | -                                 |
| <b>All-India</b> | <b>276.56</b>   | <b>104.15</b>                            | <b>108.40</b>                     |

Source: Ministry of Agriculture, GOI

**International Asian Rice Prices Per MT FOB (16.12.06)**

| 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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