

Rice

January 13th January 20th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Thai Export Rice Prices Steady

Thai export rice prices were steady in the week to Monday amid thin trade, with the Philippines expected to import 500,000 MT of the grain in a tender Tuesday. The Philippine National Food Authority (NFA) likely to buy the 25% broken variety for consignment between February and April. On Monday, Thai 100% grade B was offered at \$320-\$322 PMT, FOB, Bangkok, 5% broken was quoted at \$316-\$318 PMT, while parboiled 100% sortexed was offered at \$323-\$325 PMT. These prices were unmoved from prices offered a week past.

Andhra Pradesh Expects Bumper Rabi Rice Production

According to preliminary estimates, it is projected that the rabi rice production in AP is expected to be a record 49.25 lakh tonnes as against normal production of 37.62 lakh tonnes. The cultivated area is 12.82 lakh hectares as against normal area of 10.61 lakh hectares.

Vietnam Rice Prices Higher on Export Deliveries

Vietnamese rice export prices were slightly increased in the week to Tuesday, as local traders will shortly start delivering rice for government approved export deal. Until now this year, state-owned companies have signed contracts to export a total of 1.6 million MT of rice, which will progress from late January. Viet 5% broken rice is offered presently at \$295 PMT from \$280-\$285 PMT last week and 25% broken grade at \$270 PMT from \$260 PMT last week.

Thai Rice Prices Likely to Firm in Next Week

Rice prices were little changed Thursday along with thin trade. Thai rice prices are expected to increase in the next week due to firm overseas demand and Vietnam's ban on exports. Thai 100% grade B was offered Thursday at \$321-\$322 PMT, FOB, Bangkok; 5% broken was quoted at \$315-\$316 PMT; parboiled 100% sortexed was offered at \$318-\$320 PMT. These prices were little changes from Wednesday. Vietnam, the world's second largest exporter of the grain after Thailand, stopped new export contracts in November for maintaining domestic prices after damaged crops due to pests.

USDA: Rice Export Sales Highlights

Rice: Net sales of 59,300 MT were much improved from the previous week's marketing-year low, but 21 percent under the prior 4-week average. Major increases for Haiti (34,500 MT), Mexico (15,600 MT), Jordan (3,300 MT), Germany (2,300 MT), and Canada (2,200 MT) were partially offset by decreases for Honduras (1,500 MT). Exports of 43,600 MT were 29 percent below the previous week and 37 percent under prior 4-week average. The primary destinations were Japan (15,000 MT), El Salvador (8,200 MT), Ghana (5,500 MT), Taiwan (4,500 MT), Mexico (4,400 MT), and Canada (2,900 MT).

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice saw steady to slightly weak sentiments at most of the markets in the country during the week starting January 12. The arrivals from major producing regions and reduced offtake by stockists and retailers mainly bring down the rice prices in domestic market. The arrivals of rice from UP and Punjab increased in Delhi mandis and prices were subdued and quoted at: Parmal raw new Rs.1050, old Rs.1000, Sharbati sella Rs.1700-1800, Sharbati raw Rs.1750, parmal wand Rs. 1200 and sela Rs.1150-1200 per qtl. In West Bengal prices of different varieties of rice prices remained steady to slightly firm due to good demand for the commodity is supporting higher prices. However, the prices are slightly under pressure in the markets witnessing good arrivals. The rice basmati common prices eased on the wholesale grains market on reduced offtake amidst increased arrivals. However, the area under basmati rice decreased this year as comparing to last year. This year progressive procurement of rice is lower so far and reported to 12.86 million tonnes as on December 29, 2006 as compared to 13.34 million tonnes during the corresponding period of last year. Rabi rice acreages has been increased to 13.15 lakh ha as on January 12, 2007 against 11.75 lakh ha during same period of last year. The prices of rice will likely to remain softer side in coming days. However, the Centre projecting a lower rice production of 75.7 million tonnes (mt) during the kharif season against 78.04 mt million tonnes last year is likely to support the prices. Asian

rice prices were quoted steady to firm at the weekend. Thai 100% grade B was offered Thursday at \$321-\$322 PMT, FOB, Bangkok; 5% broken was quoted at \$315-\$316 PMT; parboiled 100% sortexed was offered at \$318-\$320 PMT. Viet 5% broken rice is offered presently at \$295 PMT from \$280-\$285 PMT last week and 25% broken grade at \$270 PMT from \$260 PMT last week.

DELHI MARKET:

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

DELHI	20.01.07	13.01.07
Basmati Common	3200-3300	3300-3450
Sharbati raw	1700	1650-1700
Sharbati sella	1800	1700-1750
Parmal raw new	1070	1050
Wand	1250	1200-1250
Parmal sella	1200	1200
DB Rice	2500	2500-2600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	20.01.07	13.01.07
Parmal paddy	-	-
Parmal raw rice	1200	1100
Wand	1250	1150
Basmati paddy	-	-
Basmati rice	3200-3300	3200
Sharbati sella	1700	1600-1650
DB sella	2200	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	20.01.07	13.01.07
Basmati rice raw	3300	3300-3400
Sharbati esteem	1800	1850
Sharbati sella	1700	1700-1800
Parmal raw rice	1150	1150
Parmal sella	1100-1150	1150
DB rice sella	2550-2600	2600-2700
IR8	960	950

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	20.01.07	13.01.07
IR 36 (super)	1100-1150	1100
Minikit Shankar	1400-1500	1500-1550
Minikit (M- Shankar)	1550	1500-1600
Doodh Kalma	1350	1250-1300
Swarna (New)	1150	1100
Pankaj	1050	1050-1100
Swarna parboiled	1100	1100
Govindobhog	2400	2350
Chawl Moni	1700	1700

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	20.01.07	13.01.07
Sharbati sella rice	1750	1750
Sharbati raw rice	1650	1650
Sharbati steam	1800	1800
Basmati rice raw	3350	3300-3400
Basmati Paddy	1700	1800
Parmal Govt. Quality	1100	1050-1100
Parmal Wand (New)	1200	1150-1200

Price Drivers:

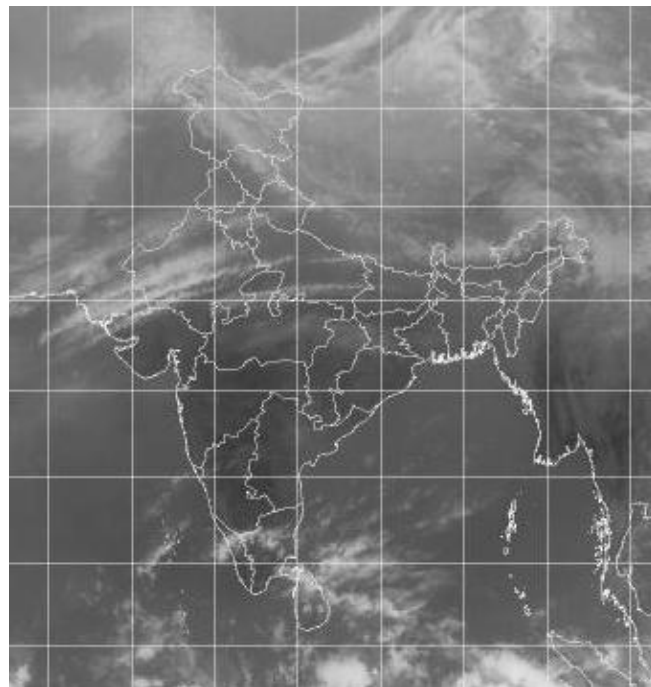
- Increasing arrivals in Punjab, UP and West Bengal
- Govt. announcement of higher MSP for rice
- Lower acreage of basmati rice
- Good domestic demand
- Increasing Rabi rice acreage so far
- Increased Global demand amidst lower stocks
- Pakistan rice export prices is lower than India

Outlook:

- ✍ **Short Term (1 week):** Steady to ease on increasing arrivals amidst slightly improved demand.
- ✍ **Medium Term (1 Month):** Eased on good arrivals from Punjab, Haryana and West Bengal. However, high global demand will act as support at some lower levels.
- ✍ **Long Term (3 Month):** Slightly firm on the lower global rice production amidst higher demand.

Outlook For The Week Ending On January 24th 2007

- Rise in night temperature over Indo-Gangetic plains during next 1-2 days and fall thereafter along with fog condition at some places.
- A fresh western disturbance is likely to affect northwest India from 24th onwards.
- Northwesterly winds are likely to prevail over Indo-Gangetic plains during next 4-5 days. Consequently, night temperatures are likely to fall by 2-3 °C over the region. Cold wave and fog conditions in the morning hours are also likely at some places of the region.



Source: IMD (20.01.07)

FOREX (As on 20th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.34
1 Euro	57.61
1 British £	36.56
100 Yen	87.61

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 29.12.06

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 29.12.2006	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	9.96	6.75
Chhattisgarh	32.65	13.25	11.30
Haryana	20.54	16.86	19.36
Kerala	0.94	0.48	0.41
Maharashtra	1.94	0.39	0.32
Orissa	17.85	3.48	0.97
Punjab	88.55	72.65	82.61
Tamil Nadu	9.26	2.23	-
Uttar Pradesh	31.51	8.30	9.99
Uttaranchal	3.36	0.57	1.04
West Bengal	12.75	-	-
All-India	276.56	128.69	133.41

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 29.12.06)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	8.81	7.79	+1.02	AP (+0.8, +44.4%), Ker (+0.2, +32.1), TN (+0.1, +1.4)

International Asian Rice Prices Per MT FOB (18.01.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$320	5% DP	\$295
5%	\$310	5%	\$293
10%	\$305	10%	\$285
15%	\$295	15%	\$280
25%	\$280	25%	\$270
PB 100% Sortexed	\$310		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (fine grade)	-
20%	-	PR 106 5%	-
25%	\$225	PR 106 25%	\$238
Parboiled	-	Parboiled	\$265

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