

Rice

January 06th- January 13th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Pakistani Basmati Rice Exports Increase by 11%

The Pakistani basmati rice export has recorded 11 percent increase in the first half of the current fiscal year (July-December 2006) by moving \$243.320 million against \$219.757 million in the corresponding period of last year. However, the exports of different non-basmati varieties of rice have decreased by 30 percent during July-December 2006. Pakistan exported 440,631 MT of basmati rice in the during that period, 9 percent higher than 403,863 MT rice exported in the same period last fiscal year 2005-06.

Vietnam Rice Prices remain Unchanged

Vietnamese export rice prices were unchanged in the week to Tuesday. The local markets remain quiet due to a continued government ban on rice exports. Viet 5% broken rice at \$280-\$285 PMT and 25% broken grade at \$255-\$260 PMT, both unchanged from last week. State-owned Vietnam News Agency reported that Vietnam Food Association plans to export 2.83 millions MT of rice this year, of which 1.9 million MT will go to Indonesia, Malaysia and the Philippines. Vietnam is likely to export 200,000 MT of rice to Malaysia this year.

Thai Rice Prices Higher on Strong Baht

Rice prices rose along with thin trade on Wednesday, as a strong Thai currency continued to support prices at high levels. Thai farmers are harvesting the main crop and local prices have been increasing due to limited supply of paddy in the domestic market. Thai 100% grade B was offered Wednesday at \$320-\$323 PMT, FOB, Bangkok; 5% broken was quoted at \$317-\$318 PMT, while parboiled 100% sortexed was offered at \$323-\$325 PMT. These prices were higher by \$2-\$3 PMT from prices offered Friday.

USDA Rice Export Sales Highlights

Rice: Net sales of 8,200 MT--a marketing year low--were 48 percent below the previous week and 91 percent under the prior 4-week average. Major increases for Mexico (7,600 MT), Nicaragua (1,000 MT), and the United Arab Emirates (200 MT) were partially offset by decreases for Canada (1,500 MT). Exports of 61,200 MT were 94 percent above the previous week, but 5 percent below the prior 4-week average. The primary destinations were Mexico

(25,300 MT), Haiti (11,500 MT), Saudi Arabia (8,100 MT), and Canada (4,300 MT).

USDA: Latest WASDE Report on Rice

According to the USDA's latest World Agriculture Supply Demand Estimates (WASDE) report, the U.S. 2006/07 rice crop is estimated at 193.7 million cwt, up slightly from the November estimate, but 13 percent below 2005/06. Average yield for 2006/07 is estimated at 6,868 pounds per acre, up 21 pounds per acre from last month and 232 pounds per acre above 2005/06. Planted area is estimated at 2.838 million acres, down slightly from November and a decline of 16 percent from 2005/06. Imports for 2006/07 are projected at 18 million cwt, unchanged from last month. The all-rice export projection is unchanged at 102 million cwt; however, slight changes are made to the by-class projections. Long-grain exports are increased 1 million cwt while combined medium- and short-grain exports are reduced 1 million cwt. Ending stocks for 2006/07 are projected at 29.9 million cwt, up slightly from last month. The season-average farm price range is raised 15 cents per cwt on the low end and increased 5 cents on the high end to \$9.70 to \$10.00 per cwt and compares to \$7.62 per cwt in 2005/06. The midpoint of the price range at \$9.85 per cwt would be the highest season-average farm price since 1996/97 (\$9.96 per cwt).

Global production, consumption, and ending stocks for 2006/07 are lowered from a month ago, while exports and imports are raised. The decline in global rice production is due primarily to a smaller crop projected for Indonesia (down 1.4 million tons to 33.7 million tons). Global exports are raised 0.8 million tons due to increases for Pakistan, Thailand, and Vietnam. Imports are up 1.0 million tons owing mostly to an increase for Indonesia. Global ending stocks at 77.7 million tons are down 0.9 million tons from last month, down 2.7 million tons from 2005/06, and the lowest stocks since 1983/84.

Source: USDA

Indo-Pak Planning to Make Joint International Rice Marketing Strategy

Pakistan and India are planning to make combined marketing approach for rice in international markets. The both parties have already been decided to begin discuss on

the concern of DNA test of rice particularly for the EU countries. The rice traders from both countries consider that the international traders are the middlemen in rice trade they are getting more profits because of the absence of coordination among the regional trade community. They wanted to consider this problem systematically for making a combine strategy for getting good prices of their rice in the different international markets.

DOMESTIC MARKET COMMENTARY

Rice sentiments turn down at majority of rice markets in the country. The fresh 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. 1200-1250 and sela Rs.1150-1200 per qtl. The rice basmati common prices eased on the wholesale grains market on reduced offtake amidst increased arrival. 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 10.19 lakh ha as on January 5, 2007 against 9.43 lakh ha during same period of last year. However, the area under basmati rice in Punjab 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 Uttranchal, it is down by almost 29%. Asian rice prices were quoted steady at the weekend. The prices of rice will likely to remain softer side in coming days. Thai 100% grade B was offered Wednesday at \$320-\$323 PMT, FOB, Bangkok; 5% broken was quoted at \$317-\$318 PMT, while parboiled 100% sortexed was offered at \$323-\$325 PMT. The strong sentiment of Thailand rice is due to strong Thai currency. Viet 5% broken rice at \$280-\$285 PMT and 25% broken grade at \$255-\$260 PMT, both unchanged from last week. Pakistan is still quoting \$ 223 a tonne for 25% broken rice in the export market, while the India price was \$233 per tonne.

DELHI MARKET:

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

DELHI	13.01.07	06.01.07
Basmati Common	3300-3450	3400-3500
Sharbati raw	1650-1700	1650
Sharbati sella	1700-1750	1675-1700
Parmal raw new	1050	1050-1090
Wand	1200-1250	1220-1280
Parmal sella	1200	1220-1300
DB Rice	2500-2600	2600-2700

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	13.01.07	06.01.07
Parmal paddy	-	-
Parmal raw rice	1000	1000
Wand		1100
Basmati paddy		-
Basmati rice	3100	3000
Sharbati sella	1600-1650	1550-1600
DB sella	2250	2200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	13.01.07	06.01.07
Basmati rice raw	3300-3400	3250-3350
Sharbati esteem	1850	1700-1750
Sharbati sella	1700-1800	1650-1700
Parmal raw rice	1150	1050-1100
Parmal sella	1150	1150-1200
DB rice sella	2600-2700	2500-2600
IR8	950	950-975

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	13.01.07	06.01.07
Basmati Raw	2700	2550-2675
Sharbati New	1500	1550-1575
Parmal Raw	1050	1050-1150
IR 8	950	950-980

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	13.01.07	06.01.07
IR 36 (super)	1100	1100-1150
Minikit Shankar	1500-1550	1540
Minikit (M- Shankar)	1500-1600	1550-1600
Doodh Kalma	1250-1300	1200
Swarna (New)	1100	1150
Pankaj	1050-1100	1125-1150
Swarna parboiled	1100	1100
Govindobhog	2350	2400
Chawl Moni	1700	1725

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	13.01.07	06.01.07
Sharbati sella rice	1750	1750-1775
Sharbati raw rice	1650	1650-1675
Sharbati steam	1800	1800-1850
Basmati rice raw	3300-3400	3500-3600
Basmati Paddy	1800	1800
Parmal Govt. Quality	1050-1100	1025
Parmal Wand (New)	1150-1200	1150

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

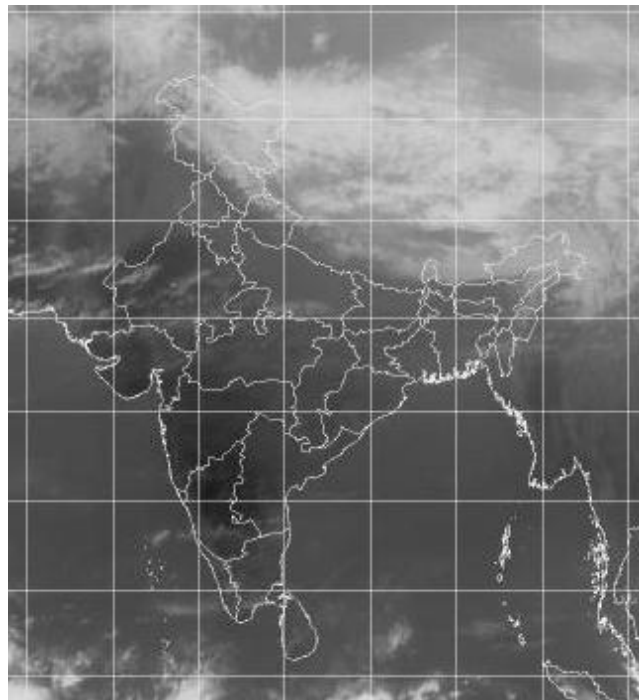
Outlook:

- ✍ **Short Term (1 week):** Steady to slightly weak amidst increasing arrivals.
- ✍ **Medium Term (1 Month):** Slightly weak on good 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 good export.

Outlook For The Week Ending On January 17th 2007

- Cold wave conditions are likely to continue over some parts in the plains of northwest India during the week. They are also likely over East Uttar Pradesh and Bihar from middle of the week.

- A fresh western disturbance is likely to affect western Himalayan region towards end of the week.



Source: IMD (15.01.07)

FOREX (As on 13th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.61
1 Euro	57.54
1 British £	36.97
100 Yen	86.80

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)

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

International Asian Rice Prices Per MT FOB (08.01.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$320	5% DP	\$290
5%	\$315	5%	\$288
10%	\$305	10%	\$280
15%	\$295	15%	\$270
25%	\$275	25%	\$260
PB 100% Sortexed	\$315		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (fine grade)	-
20%	-	PR 106 5%	-
25%	\$222	PR 106 25%	\$240
Parboiled	-	Parboiled	\$265

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