

Rice

December 30th - January 06th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Indian Basmati Rice Prices Observe Increase

The Basmati rice prices in India have increased in international market to 20 per cent; this is mainly attributed to hike in prices of Indian Basmati rice production. Pakistani rice exports might exceed to 0.9 million MT. India and Pakistan grow and export aromatic rice and the main importers are West Asia and Europe and lower stocks of white rice in Pakistan could help India make some gain.

Vietnam Rice Prices Remain Unchanged

Vietnamese export rice prices were mostly remained flat 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 PMT, both unchanged from last week. A Ministry of Trade statement reported Vietnam is expected to export 4 million MT of rice this year as compare to 4.7 million MT in 2006.

HAFED Paid Rs 1,950 per quintal to Basmati Farmers

Hafed has paid remunerative price of Rs 1,950 per quintal for Taraori Basmati rice to its contract farmers in opposition to the highest prevailing market price of Rs 1,836 per quintal. Meena Mandal (Minister of State for Cooperation) said that this is only meant for protecting the genetic purity of Basmati varieties HBC-19 and CSR 30 and providing good prices to the farmers by procuring it and marketing pure Basmati rice under the brand name of Hafed. Hafed had started the contract farming of Basmati paddy in association with the HSDC in the Karnal, Kaithal and Kurukshetra districts during the kharif season, 2006.

Thailand Proposed 2007 as Golden Year For Rice

Agriculture and Agricultural Cooperatives Ministry of Thailand has projected a plan to make 2007 a golden year for rice production and export. The agriculture ministry will reserve a huge amount of money for research and development to facilitate new value-added rice products mainly for export. A meeting on January 7 will arrange by minister of agriculture for discussing strategic plan for rice production and processing. According to the minister a connected meeting with the Commerce Ministry is

scheduled on January 17, for harmonizing the Thai government's policy on rice production and export.

Pakistan Rice Export to Kenya Halt on Quality Issues

Pakistani rice exports to Kenya have stopped after trade authorities in the East African country blocked-up consignment over quality issues. Kenya Bureau of Standards raised objections about the qualities IRRI-6 variety which did not meet their set specifications and standards and the amounts of under-milled grain and paddy in cargoes. According to chairman Rice Exporters Association of Pakistan (REAP) Abdul Aziz Maniya the specifications and standards applied on Pakistani rice is originally prepared for Kenya Pishori rice, which is a product of an Indian basmati family seed. He also added that the standard cannot be applicable on Pakistani IRRI-6 rice and therefore it is unfair to stop import of Pakistani rice into Kenya on this basis.

Thai Rice Prices Remain Steady

Rice prices were remained same at higher levels Thursday. Thai rice prices supported by fresh demand from Philippines and Indonesia. Indonesia plans to buy 200,000 MT of rice next week to enhance local reserves, while the Philippines will buy up to 500,000 MT grain in mid Jan. Thai 100% grade B was offered Thursday at \$318-\$320 PMT, FOB, Bangkok; 5% broken was quoted at \$315-\$317 PMT; parboiled 100% sortexed was offered at \$318-\$320 PMT. These prices were unchanged from Wednesday.

Philippines Likely to Import 1.6 Million MT Rice in 2007

The Philippines likely to import 1.6 million MT of rice this year that is equal from 2006. This imports mainly due to meet a deficit in local production. Rice imports are specifically planned to boost local supply during the lean period from July to September. The National Food Authority (NFA) will hold a tender Jan. 16 for 500,000 MT of 25% broken variety for consignment between February and March.

DOMESTIC MARKET COMMENTARY

A steady to weak sentiment mostly prevailed in majority of rice markets in the country. The fresh arrivals from major producing regions were exerting pressure on 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.1050-1090, old Rs.900-925, Sharbati sella Rs.1675-1700, Sharbati raw Rs.1650, Parmal wand Rs. 1220-1280 and sella Rs.1220-1300 per qtl. The common basmati rice is quoted steady at Rs 3500 per quintal. The arrivals of basmati rice increased slowly in the spot markets in conjunction with good demand of fresh arrivals. According to trade sources the export demand for rice to Africa and West Asia is expected to pick up towards end of this month, this will add some firmness in rice prices. 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 7.61 lakh ha as on December 26, 2006 against 6.31 lakh ha during same period of last year. Asian rice prices were quoted steady at the weekend. Thai 100% grade B rice was offered at \$315-318 PMT FOB, 5% broken was quoted at \$310-\$313 PMT which unchanged from last weeks' trade. The strong sentiment of Thailand rice is due to strong Thai currency. Viet 5% broken rice quoted at \$280-\$285 PMT and 25% broken grade at \$255 PMT, both unchanged from last week. Pakistan is still quoting \$10-12 a tonne lower for white rice in the export market. For 25% broken rice, the Indian price was \$233 FOB, while the Pakistani price was \$223 per tonne.

DELHI MARKET:

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

DELHI	06.01.07	30.12.06
Basmati Common	3400-3500	3500-3600
Sharbati raw	1650	1650
Sharbati sella	1675-1700	1675-1700
Parmal raw new	1050-1090	1050-1100
Wand	1220-1280	1250-1300
Parmal sella	1220-1300	1250-1300
DB Rice	2600-2700	2700-2750

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	06.01.07	30.12.06
Parmal paddy	-	-
Parmal raw rice	1000	1000
Wand	1100	1100
Basmati paddy	-	-
Basmati rice	3000	2900-3000
Sharbati sella	1550-1600	1575-1625
DB sella	2200	2275-2300

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	06.01.07	30.12.06
Basmati rice raw	3100-3250	3100-3250
Sharbati esteem	1625-1690	1625-1690
Sharbati sella	1600-1650	1600-1650
Parmal raw rice	1000-1050	1000-1050
Parmal sella	1150-1200	1150-1200
DB rice sella	2200-2350	2200-2375
IR8	950-975	960-980

DEHRADUN MARKET:

Market Price For Different Varieties Of Rice In Dehradun Mandis

DEHRADUN	06.01.07	30.12.06
Basmati Raw	2550-2675	2550-2675
Sharbati New	1550-1575	1550-1575
Parmal Raw	1050-1150	1050-1150
IR 8	950-980	950-1000

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	06.01.07	30.12.06
IR 36 (super)	1100-1150	1100-1150
Minikit Shankar	1540	1550
Minikit (M- Shankar)	1550-1600	1550-1600
Doodh Kalma	1200	1200-1225
Swarna (New)	1150	1150
Pankaj	1125-1150	1125-1150
Swarna parboiled	1100	1100
Govindobhog	2400	2400
Chawl Moni	1725	1750

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	06.01.07	30.12.06
Sharbati sella rice	1750-1775	1750-1800
Sharbati raw rice	1650-1675	1675-1700
Sharbati steam	1800-1850	1800-1850
Basmati rice raw	3500-3600	3500-3600
Basmati Paddy	1800	1800
Parmal Govt. Quality	1025	1050
Parmal Wand (New)	1150	1150

Price Drivers:

- Increasing arrivals in Punjab, UP and West Bengal
- Govt. announcement of higher MSP for rice
- Lower acreage of basmati rice so far
- 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):** Steady to slightly weak amidst good arrivals.
- ✍ **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 good export.

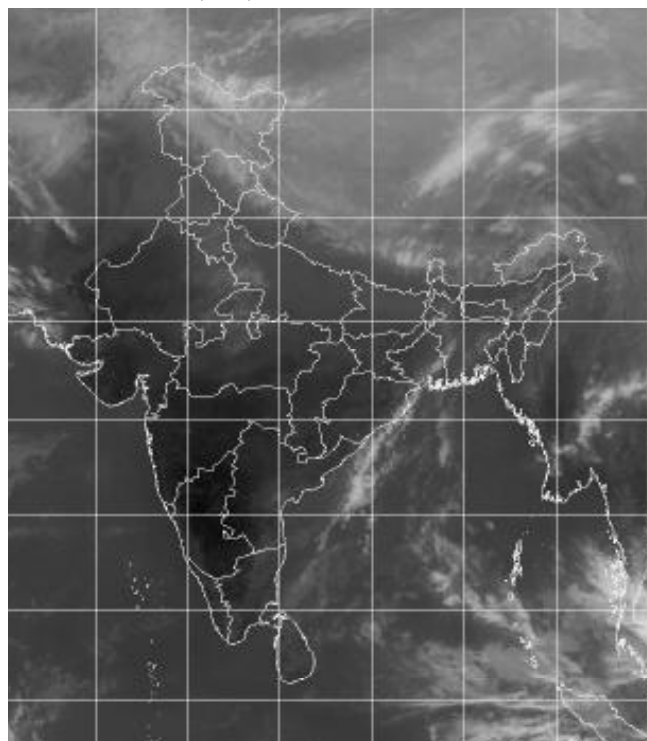
Monsoon Outlook (06.01.07)

- Isolated rain/thundershower is likely over Sub-Himalayan West Bengal & Sikkim and northeastern States during 8-9th.
- Fog conditions and fall in night temperatures are likely over plains of northwest India during 7-9th.
- A fresh western disturbance is likely to affect western Himalayan region from 10th.

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

- A fresh western disturbance likely to affect western Himalayan region on 9th.
- Rise in night temperature is likely over plains of northwest India on 9th.

Source: GOI (IMD)



Source: IMD (06.01.07)

FOREX (As on 6th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.30
1 Euro	57.92
1 British £	85.83
100 Yen	37.42

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 15.12.06)			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, +44.9%), 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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