

Rice

January 20th January 27th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Philippines Buys 500,000 MT of Rice From Vietnam

The Philippines bought 500,000 MT of rice Monday mostly from Vietnam for increasing local stocks during the lean production period upto September. This imports only a part of the 1.6 million MT of rice that the National Food Authority, the country's state-owned grains trading firm, has been authorized to bring in this year. Rice contracts awarded Monday only involve the 25% broken variety for shipment between February and April this year.

Vietnam Rice Prices Likely to Rise in 2007

According to the recent forecast by Vietnam's Trade Ministry the prices of average unhusked rice are expected to increase more than 11 % current year from 2006 due to fall in production and expected high export demands. The Ministry forecast suggests that the main importers Philippines and Indonesia are likely to import 1.85 million MT and 1.8 million MT respectively from Vietnam. Vietnam announced an initial rice export target of 4-4.5 million MT for 2007 last week, which is 16 % less than the amount, shipped last year.

Thailand Rice Production Likely to Decline 2006-07

According to the latest report of U.S. Department of Agriculture the white rice production in Thailand's in northern and central regions is likely to decline slightly in 2006-07 from the previous years mainly due to the damage caused by flooding. However the supplies are most likely to maintain by the end of March as bumper second-crop production is expected in the north and central regions, which account for around 95 percent of total second-crop white rice production. In 2006 Thai white rice exports increased slightly due to increase in premium white rice exports, particularly to Iran and Iraq.

Vietnam Rice Prices Higher on Govt-Sanctioned Export

Vietnamese rice export prices were slightly firm in the week as traders now start buying from the government-sanctioned export contracts. Viet 5% broken rice is offered currently at \$300 PMT, FOB from \$295 PMT last week and 25% broken grade at \$275 PMT, FOB from \$270 PMT last week.

Thai Rice Export Prices Steady on Friday

Rice prices were steady at high levels Friday along with thin trade in Thailand and absence of buyers in the market. Thai 100% grade B was offered at \$318-\$320/ton, FOB, Bangkok, 5% broken was quoted at \$313-\$314 PMT, FOB while parboiled 100% sortexed was offered at \$318-\$320 PMT, FOB. These prices were unchanged from prices offered Thursday.

USDA Rice Export Sales Highlights

Rice: Net sales of 28,300 MT were 52 percent below the previous week and 54 percent under the prior 4-week average. Increases were reported for Saudi Arabia (8,000 MT), Ghana (6,000 MT), Mexico (3,700 MT), Canada (2,000 MT), and Taiwan (2,000 MT). Exports of 59,300 MT were 36 percent above the previous week and 43 percent over prior 4-week average. The primary destinations were Japan (27,400 MT), Nicaragua (9,600 MT), Taiwan (9,500 MT), and Mexico (8,000 MT).

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice sentiments remained steady to slightly firm at most of the markets in the country during the week starting January 12. Adequate stocks position against slightly improved demand mainly kept almost unchanged the rice prices in domestic market. The arrivals of rice from UP and Punjab remained steady in Delhi mandis and quoted higher at: Parmal raw new Rs.1050-1100, old Rs.980-1000, Sharbati sella Rs.1850-1900, Sharbati raw Rs.1750-1800, parmal wand Rs. 1250 and sella Rs. 1200 per qtl. The recent improvement of export demand of different aromatic and basmati rice from Saudi Arabia, were supporting the firmness in the market. In West Bengal, prices of different varieties of rice prices remained steady to slightly firm due to slightly improved demand along with lower arrivals. However, the prices are slightly under pressure in the markets witnessing good arrivals. The rice basmati common prices eased on the wholesale grains market except Delhi, on reduced offtake amidst increased arrivals. However, the area under basmati rice decreased this year as comparing to last year and good global demand will support its prices. This year progressive procurement of

rice is lower so far and reported to 13.78 million tonnes as on January 5, 2006 as compared to 14.2 million tonnes during the corresponding period of last year. Rabi rice acreages has been increased 4.5% to 17.03 lakh ha as on January 12, 2007 against 16.29 lakh ha during same period of last year. The prices of rice will likely to remain slightly softer side in coming days. Asian rice prices were quoted steady to firm at the weekend. Thai 100% grade B was offered at \$318-\$320/ton, FOB, Bangkok, 5% broken was quoted at \$313-\$314 PMT, FOB while parboiled 100% sortexed was offered at \$318-\$320 PMT, FOB. Viet 5% broken rice is offered currently at \$300 PMT, FOB from \$295 PMT last week and 25% broken grade at \$275 PMT, FOB from \$270 PMT last week.

DELHI MARKET:

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

DELHI	27.01.07	20.01.07
Basmati Common	3250-3300	3200-3300
Sharbati raw	1750-1800	1700
Sharbati sella	1850-1900	1800
Parmal raw new	1050	1070
Wand	1250	1250
Parmal sella	1200-1225	1200
DB Rice	2350--2450	2500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	27.01.07	20.01.07
Parmal paddy	-	-
Parmal raw rice	1200	1200
Wand	1250	1250
Basmati paddy	-	-
Basmati rice	3300	3200-3300
Sharbati sella	1750-1800	1700
DB sella	2250	2200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	27.01.07	20.01.07
Basmati rice	3500-3600	3500
Sharbati esteem	1900-1950	1800-1850
Sharbati sella	1800-1900	1700
Parmal raw rice	1150	1150
Parmal sella	1150	1100-1150
DB rice sella	2400-2450	2550-2600
IR8	980-1000	960

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	27.01.07	20.01.07
IR 36 (super)	1200	1100-1150
Minikit Shankar	1600	1400-1500
Minikit (M- Shankar)	1600	1550
Doodh Kalma	1450-1500	1350
Swarna (New)	1150	1150
Pankaj	1050	1050
Swarna parboiled	1110-1125	1100
Govindobhog	2400	2400
Chawl Moni	1700	1700

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	27.01.07	20.01.07
Sharbati sella rice	1750	1750
Sharbati raw rice	1700	1650
Sharbati steam	1800-1820	1800
Basmati rice raw	3400	3350
Basmati Paddy	1800	1700
Parmal Govt. Quality	1110	1100
Parmal Wand (New)	1200	1200

Price Drivers:

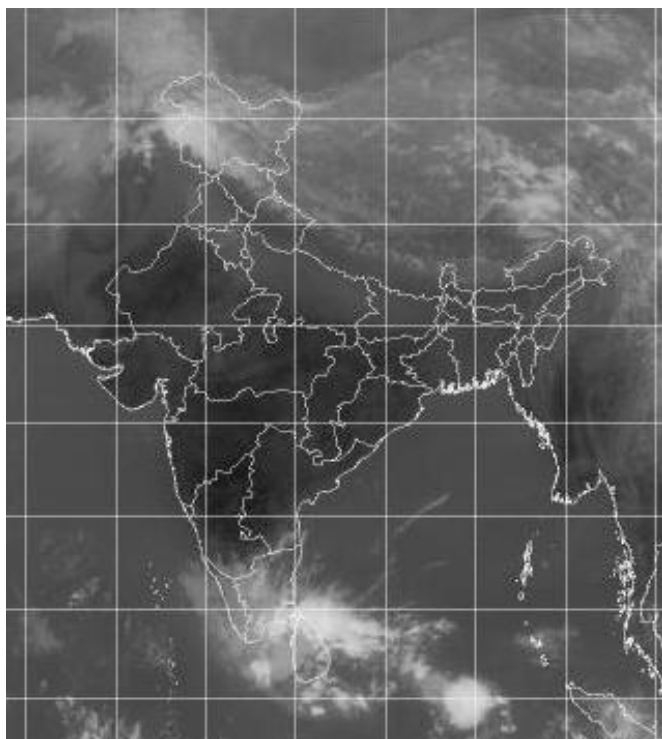
- Increasing arrivals in Punjab, UP
- Govt. announcement of higher MSP for rice
- Lower acreage of basmati rice
- Good domestic demand
- Increasing Rabi rice acreage so far
- Export demand from Middle East countries
- Pakistan rice export prices is lower than India

Outlook:

- ✍ **Short Term (1 week):** Rangebound on increasing arrivals amidst slightly improved demand.
- ✍ **Medium Term (1 Month):** Steady to slightly weak 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 31st 2007

- A fresh western disturbance as an upper air system is likely to affect Western Himalayan region during second half of the week.
- Fall in night temperatures from 31st onwards.



Source: IMD (27.01.07)

FOREX (As on 27th January, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.24
1 Euro	57.33
1 British £	36.77
100 Yen	86.95

PROGRESSIVE PROCUREMENT OF RICE AS ON 05.01.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 05.01.2007	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	12.43	8.58
Chhattisgarh	32.65	14.96	13.87
Haryana	20.54	16.97	19.42
Kerala	0.94	0.51	0.41
Maharashtra	1.94	0.55	0.53
Orissa	17.85	5.02	2.07
Punjab	88.55	73.35	83.25
Tamil Nadu	9.26	2.41	-
Uttar Pradesh	31.51	9.98	11.29
Uttaranchal	3.36	0.57	1.04
West Bengal	12.75	0.36	0.67
All-India	276.56	137.85	142.00

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 05.01.07)			Area Difference in Important States- This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	10.19	9.43	0.76	AP (+0.4, +14.2), Ker (+0.2, +35.7), Ori (+0.2, +425.0)

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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