

Rice

February 3rd - February 10th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Rabi Rice Acreage Increased to 28.27 lakh ha

As per the latest figures available with Agriculture Ministry, area has come under Rabi rice increased by 9.45 % to 28.27 lakh ha as on 9th February as compared to 25.83 lakh ha last year. Sowing of rice is in progress in Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Orissa, Tamil Nadu and West Bengal.

Source: PIB

Distress Sale of Paddy in Bihar

Farmers of Bihar were selling their paddy crop under pressure at prices lower than minimum support prices fixed by the government and central minister asked the state government to take immediate action on this regard. The minister also said that farmers should be provided the minimum support price but the state government was not undertaking anything to make sure it. So far only a little over 200,000 MT of paddy has been procured in the state against a target of 2.5 million MT.

Thai Prices Mixed Amid Moderate Export Demand

Thai Rice prices were mixed on Friday. The demand for Thai rice remains poor. Since both Vietnam's and Thailand's new rice crops are expected to hit the market in March instead of January, prices may down in next month. Both countries had a delayed paddy harvest this year after widespread floods damaged rice plantings last year. Thai 100% grade B was offered Friday at \$323 PMT, FOB, Bangkok, up from \$321 PMT Thursday, and 5% broken was quoted at \$313-15 PMT down from \$316 PMT Thursday.

USDA: US Rice Export Sales Highlights

Net sales of 64,800 MT were 64 percent below previous week and 6 percent under the prior 4-week average. Increases were reported for Mexico (19,800 MT), Canada (12,300 MT), Nicaragua (12,000 MT), Haiti (6,000 MT), and Guatemala (4,500 MT). Exports of 78,400 MT were 7 percent above the previous week and 32 percent over prior 4-week average. The primary destinations were Iraq

(37,000 MT), Mexico (9,900 MT), Canada (5,800 MT), Costa Rica (5,500 MT), and Honduras (4,900 MT).

Source: USDA

USDA: Latest WASDE Report on Rice

According to the USDA's latest World Agriculture Supply Demand Estimates (WASDE) report, only minor changes are made to the U.S. 2006/07 rice supply and use projections from a month ago. On the supply side, all rice imports are raised 0.5 million cwt to 18.5 million cwt with combined medium-and short-grain imports raised 1.0 million cwt while long-grain imports are lowered 0.5 million cwt. On the use side, all rice exports are unchanged at 102 million cwt. However, exports of rough rice are lowered 2 million cwt and entirely offset by an increase in the exports of milled and brown rice (on a rough-equivalent basis). Ending stocks are raised slightly to 30.4 million cwt with long-grain stocks projected at 21.6 million cwt, and combined medium- and short-grain stocks projected at 7.9 million cwt. The season-average farm price range is lowered 5 cents per cwt on the low end and 15 cents on the high end to \$9.65 to \$9.85 per cwt, which compares to a revised \$7.65 per cwt in 2005/06.

Global 2006/07 rice production, trade, and ending stocks are raised from a month ago. The slight increase in global rice production is due mostly to a larger crop projected for Vietnam. Imports are raised slightly due to increases for EU-25 and the United States, while imports for Russia are reduced slightly. China exports are raised from a month ago. World rice ending stocks for 2006/07 are projected at 78.9 million tons, up 1.1 million tons from last month, down 2.4 million tons from 2005/06, and the lowest stocks since 1983/84.

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice prices remained steady to slightly firm at majority of rice markets in the country. Sufficient stocks position along with increased demand from retailers as well as stockists has supported the sentiments. The progressive procurement of rice in the marketing year of 2006-07 is 0.28 million tonnes lower than corresponding marketing

year of 2005-2006 so far. The arrivals of rice steady in Amritsar markets and quoted at: Parmal Govt. quality Rs.1100, Parmal Wand (New) Rs.1200, Sharbati sella Rs.1825, Sharbati raw Rs.1725, Sharbati steam Rs. 1850 and sella Rs. 1250 per qtl. Presently different aromatic and basmati rice exported to Middle East countries was supporting the Delhi market tone. Rabi rice acreages has been increased by 9.45 % to 28.27 lakh ha as on February 9, 2007 against 25.83 lakh ha during corresponding period of last year. The prices of rice will remain steady to slightly weaker side in coming days on increase arrivals amidst steady demand. Asian rice prices were quoted mixed at the weekend. Thai 100% grade B was offered Friday at \$323 PMT, FOB, Bangkok, up from \$321 PMT on Thursday, and 5% broken was quoted at \$313-315 PMT down from \$316 PMT on Thursday. Viet 5% broken rice is offered currently at \$300 PMT, FOB from \$295 PMT last week and 25% broken grade at \$277 PMT, FOB from \$275 PMT last week.

The rice basmati common prices slightly firm in the Delhi and Amritsar markets. In Delhi markets prices were increased due to some export demand. The area under basmati rice decreased this year as comparing to last year and good global demand will support its prices in coming days. Presently Pure Basmati rice quoted at \$870-900, DB Rice at \$700 and Long grain (sortexed) at \$320 per ton.

DELHI MARKET:

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

DELHI	10.02.07	03.02.07
Basmati Common	3300-3450	3250-3400
Sharbati raw	1900	1800-1850
Sharbati sella	1950	1900
Parmal raw new	1050	1020-1050
Wand	1150-1200	1125-1250
Parmal sella	1240-1320	1300
DB Rice	2500-2600	2500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	10.02.07	03.02.07
Parmal paddy	-	-
Parmal raw rice	1200	1200
Wand	1250	1250
Basmati paddy	-	-
Basmati rice	3350	3300
Sharbati sella	1800	1750-1800
DB sella	2300-2350	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	10.02.07	03.02.07
Basmati rice	3450-3500	3500
Sharbati esteem	1950	1900-1950
Sharbati sella	1800-1900	1800-1900
Parmal raw rice	1150	1150
Parmal sella	1150	1150
DB rice sella	2450	2400
IR8	1010	1000

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	10.02.07	03.02.07
IR 36 (super)	1250	1200
Minikit Shankar	1600	1600
Minikit (M- Shankar)	1560	1550
Doodh Kalma	1500	1450
Swarna (New)	1150	1150
Pankaj	1050	1050
Swarna parboiled	1150	1125
Govindobhog	2400	2400
Chawl Moni	1700-1750	1700-1750

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	10.02.07	03.02.07
Sharbati sella rice	1825	1700-1725
Sharbati raw rice	1725	1700
Sharbati steam	1850	1800
Basmati rice raw	3550	3450
Basmati Paddy	1850	1750
Parmal Govt. Quality	1100	1100
Parmal Wand (New)	1200	1200

Price Drivers:

- Rabi rice acreage increased by 9.45 % so far
- Increasing arrivals in Punjab, UP
- Govt. announced of higher MSP for rice this year
- Lower acreage of basmati rice
- Slightly lower procurement so far
- Export demand from Middle East countries

Outlook:

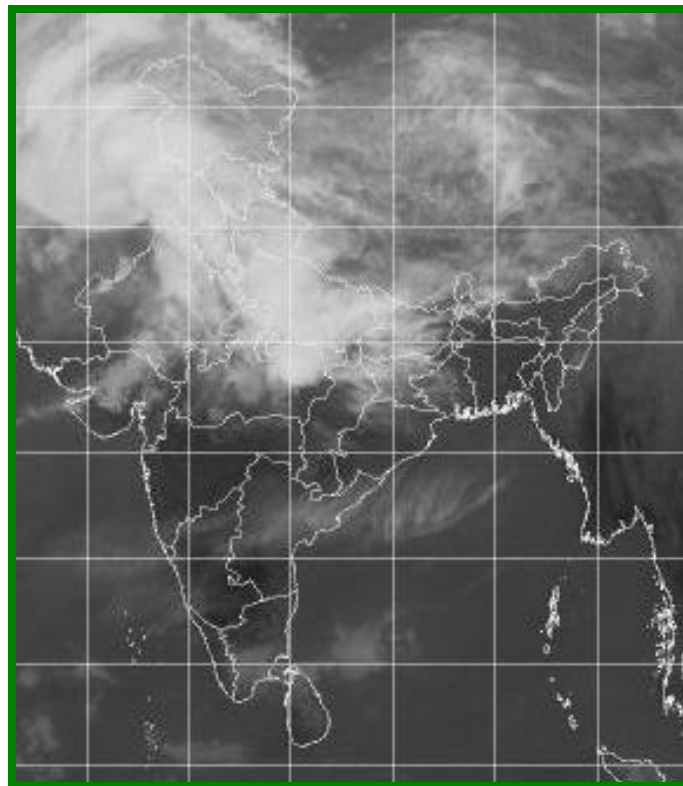
- ✍ **Short Term (1 week):** Steady to ease on increasing arrivals amidst slightly improved demand.
- ✍ **Medium Term (1 Month):** Eased on good arrivals from Punjab, Haryana and West Bengal. However, high global demand will act as support at some lower levels.
- ✍ **Long Term (3 Month):** Firm on the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

Outlook For The Week Ending On February 14th 2007

- A fresh western disturbance is likely to cause scattered precipitation over northwest and east India for 2-3 days commencing from 9th.
- Rise in night temperature over plains of northwest India during 9-12th and fall thereafter.
- Dense fog conditions are likely over plains of northwest India towards end of the week.

FOREX (As on 12th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.18
1 Euro	57.54
100 Yen	36.27
1 British £	86.36



Source: IMD (10.02.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 12.01.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 12.01.2007	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	14.50	10.10
Chhattisgarh	32.65	16.21	14.59
Haryana	20.54	17.21	19.69
Kerala	0.94	0.51	0.41
Maharashtra	1.94	0.61	0.62
Orissa	17.85	5.89	2.68
Punjab	88.55	74.29	83.89
Tamil Nadu	9.26	2.77	0.01
Uttar Pradesh	31.51	12.17	13.63
Uttaranchal	3.36	0.86	1.54
West Bengal	12.75	0.76	1.34
All-India	276.56	146.85	149.60

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	13.15	11.75	1.40	AP (+1.0, +26.8), Ker (+0.2, +35.7), Ori (+0.2, +475.0)

International Asian Rice Prices Per MT FOB (01.02.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$317	5% DP	\$295
5%	\$310	5%	\$293
10%	\$305	10%	\$285
15%	\$295	15%	\$280
25%	\$280	25%	\$275
PB 100% Sortexed	\$315		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (fine grade)	-
20%	-	PR 106 5%	-
25%	\$240	PR 106 25%	\$238
Parboiled	-	Parboiled	\$265

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