

Rice

February 10th - February 17th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Indonesia Govt. Likely To Import 500,000 MT Rice

Indonesia will buy 500,000 metric tons of rice immediately to fill a domestic supply shortfall and to control prices, Vice President Jusuf Kalla said Tuesday. The shortfall in domestic production due to floods and drought inflated Indonesian rice prices. According to Vice President, tenders will be opened today and imported rice will arrive by March or April this year.

Global Warming Reduce Rice Production Worldwide

Global warming is seen as the latest warning to lower the production of India as well as Asia by at least 7% (over pre-determined levels) by 2020 and to a maximum of 60% by the end of the century. The threat of increasingly high temperatures to rice now the principal crop for the country's food security with 44.6 million ha area and 89 million tonnes in production. Temperature is a major factor of crop development and growth. Studies show that Grain yield declined by 10% for each 1°C increase in growing-season minimum temperature in the dry season, whereas the effect of maximum temperature on crop yield was insignificant. This report provides a direct evidence of decreased rice yields from increased nighttime temperature associated with global warming. Climatologists expect global mean air temperatures to go up 1.4 - 5.8° C by the end of the century depending on changes in greenhouse gas concentrations. In the worst-case situation, that could mean at least 60% reduction in yield by the end of the century.

Vietnam Rice Prices Steady Amid Lackluster Buying

Vietnamese rice export prices were almost steady in the week to Tuesday as buying interest were slow as local companies prepared for the Lunar New Year holiday next week. The prices are likely to stay little changed in the coming weeks due to local farmers will soon start harvesting their paddy rice crop, resulting in a higher supply of exportable rice. High-quality 5% broken rice is quoted at \$297/PMT and 25% broken grade at \$277 PMT. Both are unchanged from last week.

Thailand Expected to Sell 1 million MT of rice

Thailand, the world's biggest rice exporter, expected to export one million MT of rice through government deals this

year. Late last year, Thailand sold 200,000 MT of 100 percent B grade rice to Iran in a government-to-government deal for February-May consignment, the first such Thai government deal for five years and it was in talks with several rice importing countries including Indonesia, Philippines and Iran on government deals.

Indonesian Rice Prices Attain Record Highs

Indonesian market rice prices continue to hit record highs even with government price controls action. Rice prices has risen to IDR 6,000/kg from IDR 5,000/kg in Central Java, and in Bandung, West Java, has increased to IDR 6,500/kg from IDR 5,500/kg, during the last week. The government is releasing stocks of rice onto the local markets to control the price inflation, but supplies are still not up to the mark to stop prices from going up. The government recently announced that country will import 250,000 MT of rice to meet a domestic shortfall caused by bad weather.

Thai Rice Prices Steady Ahead of Lunar New Year

Thai rice prices were steady on Wednesday from Friday amid thin trade ahead of the Lunar New Year. Still Indonesia's plan to import 500,000 MT of rice but shipment is not likely to have any impact on the market until after next week. Due to floods the harvesting of Thailand's main crop has been delayed. Thai 100% grade B was quoted Wednesday at \$323 PMT, FOB, 5% broken at \$313-\$315 PMT, while parboiled 100% sortexed was offered at \$318-\$320 PMT. These prices are unchanged from prices offered last Friday.

DOMESTIC MARKET COMMENTARY

Rice sentiments remained steady most of the markets in the country during the week starting February 6. Adequate stocks position against slightly improved demand mainly kept unchanged the rice prices in domestic market. 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 sela Rs. 1250 per qtl. Presently different aromatic and basmati rice exported to Middle East and European countries were supporting the prices. 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. Sowing of rice is

in progress in Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Orissa, Tamil Nadu and West Bengal. As per the second advance estimates, the rice production in 2006-07 is likely to be 90.13 million tonnes. This is 1.66 million tonnes lower than the final estimates for 2005-06 (91.79 MT). This year progressive procurement of rice is lower so far and reported to 17.83 million tonnes as on February 9, 2007 as compared to 18.15 million tonnes during the corresponding period of last year. The prices of rice will remain steady to slightly stronger side in coming days on improved demand from exporters, retailers and wholesalers. Asian rice prices were quoted steady at the weekend. Thai 100% grade B was quoted at \$323 PMT, FOB, 5% broken at \$313-\$315 PMT, while parboiled 100% sortexed was offered at \$318-\$320 PMT. These prices are unchanged from prices offered last Friday. Viet 5% broken rice is quoted at \$297PMT and 25% broken grade at \$277 PMT. Both are unchanged from last week.

The rice basmati common prices slightly firm in the Delhi and Amritsar markets due to export demand. This year India the main competitor of Pakistan in basmati rice is facing low rice production appealing international grain traders to buy super basmati brown rice from Pakistan. Presently Pure Basmati rice quoted at \$850-870, DB Rice at \$680 and Long grain (sortexed) at \$320 per ton.

DELHI MARKET:

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

DELHI	17.02.07	10.02.07
Basmati Common	3500	3300-3450
Sharbati raw	1800-1900	1900
Sharbati sella	1900-1950	1950
Parmal raw new	1050-1100	1050
Wand	1200	1150-1200
Parmal sella	1300	1240-1320
DB Rice	2400-2500	2500-2600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	17.02.07	10.02.07
Parmal paddy	1200	-
Parmal raw rice	1150-1175	1200
Wand	1200	1250
Basmati paddy	1850	-
Basmati rice	3400-3500	3350
Sharbati sella	1900	1800
DB sella	2400-2450	2300-2350

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	17.02.07	10.02.07
Basmati rice	3500	3450-3500
Sharbati esteem	1950	1950
Sharbati sella	1800-1850	1800-1900
Parmal raw rice	1150	1150
Parmal sella	1150	1150
DB rice sella	2450	2450
IR8	1000	1010

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	17.02.07	10.02.07
IR 36 (super)	1250	1250
Minikit Shankar	1600	1600
Minikit (M- Shankar)	1550	1560
Doodh Kalma	1500	1500
Swarna (New)	1150	1150
Pankaj	1050	1050
Swarna parboiled	1150	1150
Govindobhog	2400	2400
Chawl Moni	1750	1700-1750

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	17.02.07	10.02.07
Sharbati sella rice	1825	1825
Sharbati raw rice	1725	1725
Sharbati steam	1850	1850
Basmati rice raw	3550-3600	3550
Basmati Paddy	1850	1850
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 and West Bengal
- Govt. estimates 1.66 million tonnes lower rice production to 90.13 million tonnes than previous year
- Slightly lower procurement so far

- Export demand from Middle East and European countries

Outlook:

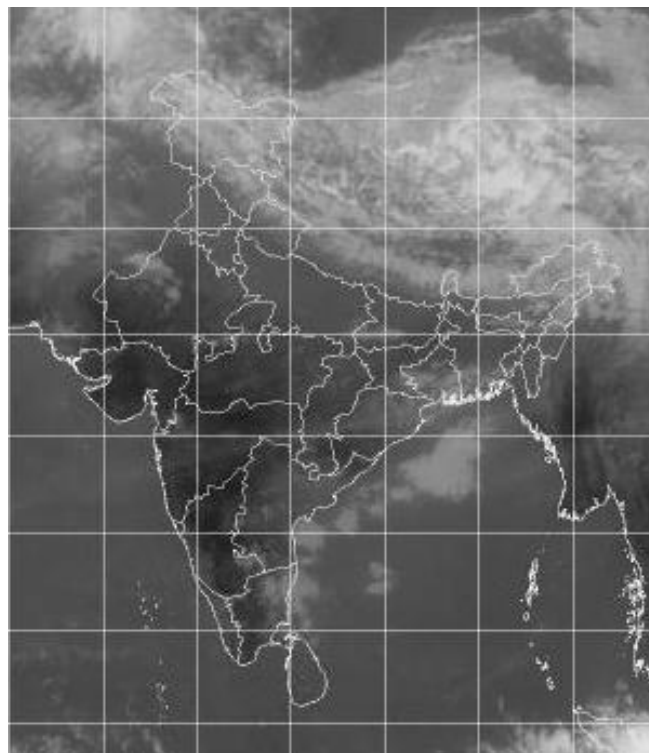
- ✍ **Short Term (1 week):** Steady to slightly weak on increasing arrivals amidst slightly improved demand.
- ✍ **Medium Term (1 Month):** Slightly eased on good arrivals from Punjab, Haryana and West Bengal.
- ✍ **Long Term (3 Month):** Firm on the anticipation of global demand.

Outlook For The Week Ending On February 21st 2007

- Scattered precipitation activity is likely over Western Himalayan region and adjoining northern plains for 2-3 days commencing from 17th.
- Night temperatures are likely to exhibit no significant change over Indo-Gangetic plains till 18th and slight fall thereafter.

FOREX (As on 17th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.09
1 Euro	57.92
100 Yen	36.71
1 British £	86.59



Source: IMD (17.02.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 09.02.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 09.02.2007	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	20.08	15.19
Chhattisgarh	32.65	23.92	24.72
Haryana	20.54	17.46	19.96
Kerala	0.94	0.51	0.41
Maharashtra	1.94	0.87	0.95
Orissa	17.85	9.84	5.08
Punjab	88.55	76.41	85.59
Tamil Nadu	9.26	5.20	2.38
Uttar Pradesh	31.51	17.74	19.73
Uttaranchal	3.36	1.30	2.16
West Bengal	12.75	2.30	3.10
All-India	276.56	178.37	181.46

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 09.02.07)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	28.27	25.83	2.4	AP (+0.4, +3.9), Ass (-0.2, -16.5), Kar (+0.4, 41.5), Ker (+0.3, +57.9), Ori (+0.7, +268.0), TN (+0.5, +6.9), WB (+0.2, +4.2)

International Asian Rice Prices Per MT FOB (15.02.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$320	5% DP	\$295
5%	\$310	5%	\$293
10%	\$305	10%	\$285
15%	\$295	15%	\$280
25%	\$285	25%	\$275
PB 100% Sortexed	\$315		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (Pure)	\$850
20%	-	DB	\$700
25%	\$245	Long Grain (Sortexed)	\$320
Parboiled	-	Parboiled	\$260

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