

Rice

January 27th -February 03rd, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Pakistan: Rice Prices Increase on Export Demand

The increased demand at international market, the prices of Pakistani "Basmati" the long grain rice touched \$700 per tonne from \$600 per tonne in the last couple of months while a significant increase was also recorded in prices of "Irri-6" the coarse variety of rice during this period. Country exported around 0.199150 million tonnes of basmati rice from October 1, 2006 to January 23, 2007 as compared to 0.183708 tonnes in the same period of last year. Moreover, price of Irri-6 has also increased in domestic market on the reaction of rising exports as price of Irri-6 has surged to Rs 12,500 per tonne in domestic market that was previously traded at Rs 11,500 per tonne a couple of months back.

Philippine: Rice Output Target 16.1M-16.2 Mil MT in 2007

The Philippines will go on to maintain rice production target of 16.1 - 16.2 million MT for the year. The target is higher by 5.2%-5.9% from last year's output of 15.3 million MT.

Thai Rice Prices Up On Export Demand From Iran

Thailand's rice prices higher on Wednesday due to export demand from Iran. Thailand signed a contract in December to export 200,000 MT of 100% grade B in Iran, which include around 40% long grain. Besides this Iran deal, the Thai market is absence of buyers from China, Malaysia, Hong Kong and Singapore ahead of the Chinese New Year festivities mid-February. Wednesday, the Thai 100% grade B was offered at \$320-\$323 PMT, FOB, Bangkok, higher by \$3 PMT from prices offered Friday. The 5% broken was quoted steady at \$313-\$314 PMT. Parboiled 100% sortexed was offered unchanged at \$318-\$320 PMT.

Thai Rice Prices Steady Amid Thin Trade

Thai rice prices were steady on Thursday amid thin trade. There was only adequate demand to support Thai offers at current levels. However, present demand for parboiled, coming mostly from African buyers, involves small quantities. China is Thailand's main buyer of fragrant rice. Buyers from countries with sizable Chinese communities, such as Singapore and Malaysia, have also refrained from

making any trades this week. Thai 100% grade B was offered Friday at \$320-\$323 PMT, FOB, Bangkok, and 5% broken at \$313-\$315 PMT, while parboiled 100% sortexed was offered at \$318-\$320 PMT. These prices are unchanged from prices offered Thursday.

USDA Rice Export Sales Highlights

Rice: Net sales of 180,400 MT were much improved from the previous week and the prior 4-week average. Increases were reported for Mexico (104,200 MT), Japan (50,700 MT), El Salvador (11,000 MT), Saudi Arabia (6,000 MT), and Jordan (4,400 MT). Exports of 73,000 MT were 23 percent above the previous week and 49 percent over prior 4-week average. The primary destinations were Iraq (28,000 MT), Mexico (19,100 MT), Haiti (8,500 MT), and Canada (4,300 MT).

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice prices remained steady to slightly weak at most of the markets in the country during the week. Ample stocks position against sluggish demand from stockists mainly ruling the existing flat sentiments in the markets. The arrivals of rice from UP and Punjab increased in Delhi mandis and quoted at: Parmal raw new Rs.1020-1050, old Rs.960-980, Sharbati sella Rs.1850-1900, Sharbati raw Rs.1750-1800, Parmal wand Rs. 1125-1250 and sela Rs. 1300 per qtl. Presently export demand of different aromatic and basmati rice from Middle East countries were supporting the market tone. 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 same period of last year. Rabi rice acreages has been increased 6.4 % to 24.21 lakh ha as on February 2, 2007 against 22.75 lakh ha during corresponding period of last year. The prices of rice will likely to remain steady to slightly weaker side in coming days on increase arrivals amidst steady demand. Asian rice prices were quoted steady to firm at the weekend. Thai 100% grade B was offered Thursday at \$318-\$323 PMT, FOB, Bangkok, and 5% broken at \$313-\$315 PMT, while parboiled 100% sortexed was offered at \$318-\$320 PMT.

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.

The rice basmati common prices eased in the wholesale grains markets except Delhi, on reduced offtake by stockists amidst increased arrivals. In Delhi markets prices were increased due to some export demand amidst meagre arrivals. However, the area under basmati rice decreased this year as comparing to last year and good global demand will support its prices in coming days. India is in tough competition with Pakistan in the rice export. The higher production of Pakistan helps the country to offer rice at competitive prices. Presently Indian Pusa (non- basmati) is sold at a price between \$800 to \$850 per ton and pure basmati at \$950 to \$1,000 per ton in the EU market.

DELHI MARKET:

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

DELHI	03.02.07	27.01.07
Basmati Common	3250-3400	3250-3300
Sharbati raw	1800-1850	1750-1800
Sharbati sella	1900	1850-1900
Parmal raw new	1020-1050	1050
Wand	1125-1250	1250
Parmal sella	1300	1200-1225
DB Rice	2500	2350--2450

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	03.02.07	27.01.07
Parmal paddy	-	-
Parmal raw rice	1200	1200
Wand	1250	1250
Basmati paddy	-	-
Basmati rice	3300	3300
Sharbati sella	1750-1800	1750-1800
DB sella	2250	2250

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	03.02.07	27.01.07
Basmati rice	3500	3500-3600
Sharbati esteem	1900-1950	1900-1950
Sharbati sella	1800-1900	1800-1900
Parmal raw rice	1150	1150
Parmal sella	1150	1150
DB rice sella	2400	2400-2450

IR8	1000	980-1000
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WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	03.02.07	27.01.07
IR 36 (super)	1200	1200
Minikit Shankar	1600	1600
Minikit (M- Shankar)	1550	1600
Doodh Kalma	1450	1450-1500
Swarna (New)	1150	1150
Pankaj	1050	1050
Swarna parboiled	1125	1110-1125
Govindobhog	2400	2400
Chawl Moni	1700-1750	1700

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	03.02.07	27.01.07
Sharbati sella rice	1700-1725	1750
Sharbati raw rice	1700	1700
Sharbati steam	1800	1800-1820
Basmati rice raw	3450	3400
Basmati Paddy	1750	1800
Parmal Govt. Quality	1100	1110
Parmal Wand (New)	1200	1200

Price Drivers:

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

Outlook:

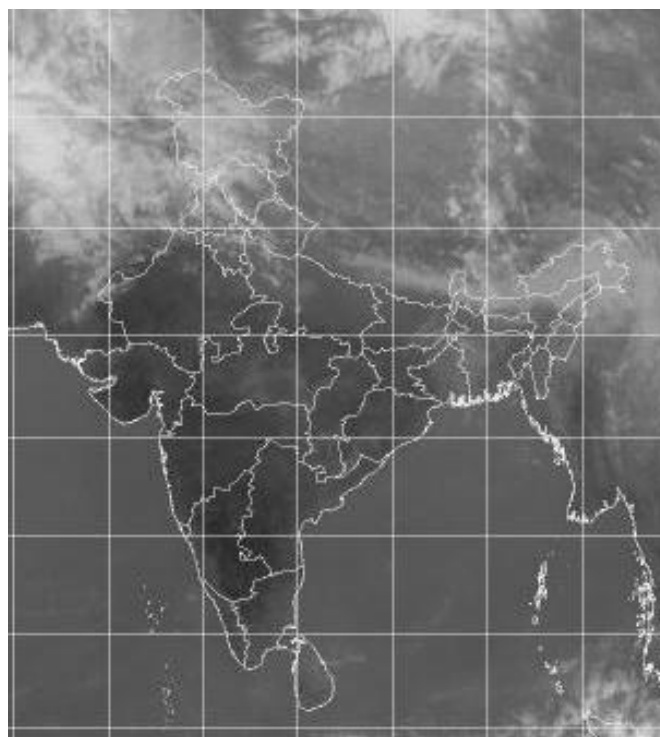
- ✍ **Short Term (1 week):** Rangebound on improved arrivals amidst steady demand.
- ✍ **Medium Term (1 Month):** Steady to slightly weak on good arrivals from Punjab, Haryana and West Bengal.
- ✍ **Long Term (3 Month):** Firm on the anticipation of global demand.

Outlook For The Week Ending On February 07th 2007

- Isolated rain/thundershower is likely over northeastern States during many days of the week.
- Isolated rain/thundershower is also likely over and West Bengal & Sikkim during second half of the week.
- A fresh western disturbance is also likely to affect Western Himalayan region during the middle of the week.

FOREX (As on 03rd February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.11
1 Euro	57.44
1 British £	36.55
100 Yen	86.79



Source: IMD (03.02.07)

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 (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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