

Rice

February 17th - February 24th, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

USDA: Long Term Projection on Rice

Slow expansion in domestic food use of rice is projected over the next decade. U.S. rice exports show moderate increases.

Growth in domestic use of rice is projected at only slightly faster than population growth, well below the rates of growth in the 1980s and 1990s when per capita use rose rapidly. Imports of aromatic varieties of rice from Asia account for a growing share of domestic use in the projections.

U.S. rice exports are projected to increase at a moderate pace over the next decade as the U.S. price difference over Asian competitors falls, increasing U.S. competitiveness in global rice markets. Rough rice exports to Latin America are expected to continue increasing and account for most of the U.S. export expansion.

Global rice prices are projected to increase about 2 percent per year, exceeding \$8.60 per hundredweight (rough basis) at the end of the projection period and remaining above the loan rate of \$6.50 throughout. Despite slower production growth in Asia and growing worldwide import demand for rice, increases in global prices are limited by moderate consumption growth, reflecting dietary shifts away from staple foods in Asia as incomes rise. U.S. rice prices drop slightly early in the projection period, and then slowly increase to nearly \$10 per hundredweight by 2016. The U.S. price difference over Asian competitors declines for most of the projection period.

Source: USDA

Pakistan Rice Prices Increased by 35-45 percent

The prices of rice have increased by 35 to 45 per cent in the Pakistan markets during the last couple of months due to short supply of the commodity and increasing demand. Rice exporters in Pakistan are in difficult situation to fulfil their commitments amid rising prices. Similarly Indian Pusa production is also low this year and grain traders from Dubai and England are seeking to fulfil supply gap from Pakistani Basmati. Due to untimely monsoon the per acre yield of Basmati was affected and short crop of basmati rice in India also caused price hike at international as well as in domestic market.

Australia: Low Rice Production due to Severe Drought

According to the Australian Bureau of Agriculture and Resource Economics, summer rice crop harvest in Australia is likely to go down lowest level in last 20 years due to the current drought situation in the country. The latest figures reveal that Rice production is likely to drop 90 per cent to just 106,000 MT. Most rice grown in Australia usually meant for export.

Vietnam Export 14,000 MT Rice To Japan

Different Vietnamese companies will sell 14,000 MT of rice to Japan. This is second time Vietnamese companies have won rice contracts from Japan this year. Vietnamese companies have signed contract to sell a total of 28,000 MT of rice to Japan so far in 2007. According to Vietnam Food Association the targets is to export 170,000 MT of rice to Japan this year compared with 130,000 MT in 2006.

USDA: US Weekly Rice Export Sales Highlights

Net sales of 151,200 MT were much improved from the previous week and more than double the prior 4-week average. Increases were reported for Costa Rica (70,800 MT), Mexico (47,000 MT), Honduras (11,400 MT), Iraq (8,700 MT), and Haiti (5,100 MT). Exports of 100,100 MT were 11 percent above the previous week and 33 percent over the prior 4-week average. The primary destinations were Iraq (33,700 MT), Nicaragua (19,000 MT), Mexico (18,200 MT), and Japan (14,200 MT).

Source: USDA

Iraq Likely To Import Over 150,000 MT Rice

The Iraq Grain Board likely to buy up to 150,000 MT of rice in March-April. According to Iraq's trade ministry, the needs to import 93,000 MT of rice each month and was seeking rice from the United States, Argentina, Uruguay, Thailand, Pakistan or India. Iraq is one of the biggest importers of US rice and already bought 267,100 MT of rice from the US.

Thai Rice Prices Unchanged along with Thin Trade

Thai physical rice prices were steady Friday amid thin trade as strong local markets were working to support prices at current levels. Thai 100% grade B was offered Friday at \$325-\$326 PMT, FOB, the 5% broken at \$320-\$321 PMT, FOB while parboiled 100% sortexed was offered at \$320

PMT, FOB. These prices were unchanged from offers made Thursday.

DOMESTIC MARKET COMMENTARY

Rice prices saw steady to slight weakness during last week at most of the markets in the country. Ample stocks against sluggish demand mainly ruling the existing flat sentiments in the markets. The arrivals increased in West Bengal and Orissa markets in this week than previous week whereas in UP and Maharashtra markets witnessed slight decreasing arrivals. In Amritsar markets rice prices quoted slightly lower at: Parmal Wand (New) Rs.1200, Sharbati sella Rs.1800, Sharbati raw Rs.1725, Sharbati steam Rs. 1825 and Basmati rice Rs. 3500 per qtl on increasing arrivals. Some private companies were purchased presently different aromatic and basmati rice in Delhi and Amritsar. Rabi rice acreages has been increased by 9.45 % to 28.27 lakh ha as on February 19, 2007 against 25.83 lakh ha during corresponding period of last year. This year progressive procurement of rice is lower so far and reported to 18.76 million tonnes. The prices of rice will remain rangebound in coming days with increasing arrivals and improved demand from exporters, retailers and wholesalers. Asian rice prices were quoted steady at the weekend. In Thailand 100% grade B rice was offered Friday at \$325-\$326 PMT, FOB, the 5% broken at \$320-\$321 PMT, FOB while parboiled 100% sortexed was offered at \$320 PMT, FOB. Vietnam's 5% broken was offered unchanged Friday at \$290 PMT, FOB. The 25% broken was offered at \$275 PMT, FOB also unchanged from Thursday. The common basmati rice prices slightly weak in the Haryana and Amritsar markets due to lower export demand during last week. Presently Pure Basmati rice new quoted at \$820-860, DB Rice at \$650 and Long grain (Parboiled) at \$260 per ton.

DELHI MARKET:

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

DELHI	24.02.07	17.02.07
Basmati Common	3500	3500
Sharbati raw	1850	1800-1900
Sharbati sella	1900	1900-1950
Parmal raw new	1025	1050-1100
Wand	1200	1200
Parmal sella	1300	1300
DB Rice	2400	2400-2500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	24.02.07	17.02.07
Parmal paddy	1200	1200
Parmal raw rice	1150	1150-1175
Wand	1200	1200
Basmati paddy	1850	1850
Basmati rice	3400-3500	3400-3500
Sharbati sella	1900	1900

DB sella	2400-2500	2400-2450
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KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	24.02.07	17.02.07
Basmati rice	3500	3500
Sharbati esteem	1925	1950
Sharbati sella	1800-1850	1800-1850
Parmal raw rice	1125	1150
Parmal sella	1150	1150
DB rice sella	2450	2450
IR8	980	1000

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	24.02.07	17.02.07
IR 36 (super)	1225	1250
Minikit Shankar	1600	1600
Doodh Kalma	1500	1500
Swarna (New)	1100	1150
Pankaj	1050	1050
Swarna parboiled	1125	1150
Govindobhog	2400	2400
Chawl Moni	1725	1750

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	24.02.07	17.02.07
Sharbati sella rice	1800	1825
Sharbati raw rice	1725	1725
Sharbati steam	1825	1850
Basmati rice raw	3500	3550-3600
Basmati Paddy	1825	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 UP, West Bengal and Orissa
- Govt. estimates 1.66 million tonnes lower rice production to 90.13 million tonnes than previous year
- Lower acreages of Basmati rice

- Slightly lower procurement so far
- Export demand from Middle East and European countries

Outlook:

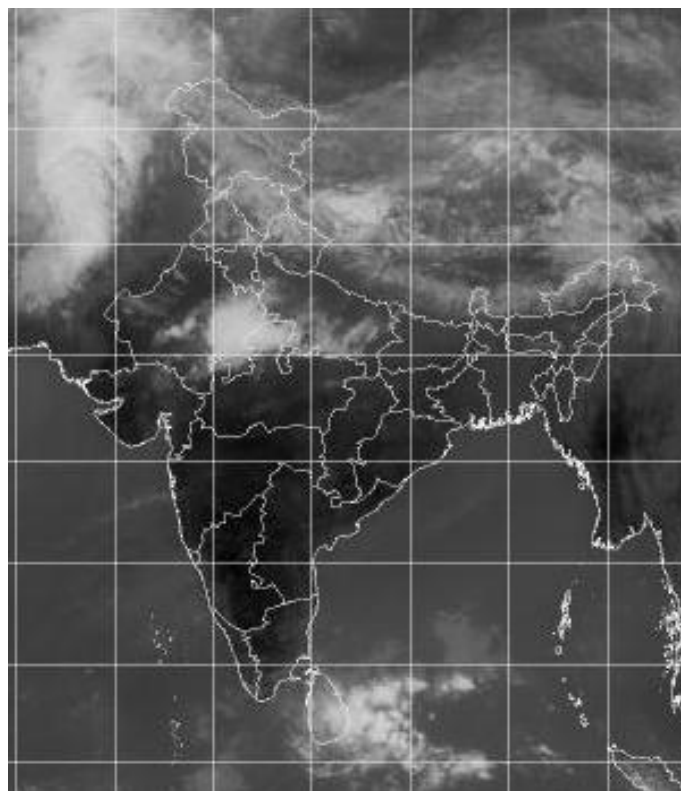
- ✍ **Short Term (1 week):** Steady to slightly weak on increasing arrivals amidst sluggish demand.
- ✍ **Medium Term (1 Month):** Slightly weak on good arrivals from West Bengal, UP, Orissa and Maharashtra.
- ✍ **Long Term (3 Month):** Firm on the anticipation of global demand.

Outlook For The Week Ending On February 28th 2007

- Due to a western disturbance, isolated to scattered rain/thundershower is likely over northwest & Central India on 25th, over east India on 25th & 26th and over northeast India on 26th.
- Another western disturbance is likely to affect Western Himalayan region and adjoining plains towards the end of the week.
- Isolated to scattered rain/thundershowers likely over extreme south peninsula during 2nd half of the week.

FOREX (As on 24th February, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.28
1 Euro	58.10
100 Yen	36.46
1 British £	86.64



Source: IMD (24.02.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 19.02.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 19.02.2007	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	21.97	17.09
Chhattisgarh	32.65	24.73	26.32
Haryana	20.54	17.52	20.04
Kerala	0.94	0.54	0.42
Maharashtra	1.94	0.93	1.12
Orissa	17.85	10.95	6.19
Punjab	88.55	76.72	86.16
Tamil Nadu	9.26	6.84	4.08
Uttar Pradesh	31.51	19.09	21.43
Uttaranchal	3.36	1.37	2.21
West Bengal	12.75	3.11	4.19
All-India	276.56	187.61	191.78

SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 19.02.07)			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 (22.02.07)

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)	\$820-860
20%	-	DB	\$650
25%	\$255	Long Grain (5% broken)	\$275
Parboiled	-	Parboiled	\$265
		25%	\$238

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