

Rice

March 03rd - March 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

Pakistan: Export Finance Scheme Misuse in Hoarding of Rice

The Export Finance Scheme (EFS) granted by the State Bank of Pakistan (SBP) were misuse in hoarding of rice by some exporters, pushing up the prices and creating artificial shortage of the commodity in Pakistan. EFS for rice enabled the hoarders and stockists to influence rice supply to the real and small and medium rice exporters and thus increased the prices immediately. As the total crop production estimated to be lower this year, it is panic that if the SBP would not stop bank finances to the hoarders, they might create shortage of rice in open markets to maximise their greed of profiting, as the next crop is away from 9 months.

EU: Increased Rice Imports From India

India's rice exporters have an opportunity to ship non-Basmati rice to the E.U. India's rice exports to Europe are mostly restricted to basmati in husked or brown form. The European Union's rice imports from Asian countries such as India may increase after consignments from the U.S.

Thai Prices Steady at High Levels

Thai rice prices were steady at high levels on Thursday, supported by strong demand and a strong currency. Thai 100% grade B was offered Thursday at \$331-\$334 PMT, FOB Bangkok, and 5% broken at \$322-\$325 PMT, while parboiled 100% sortexed was offered at \$331-\$335 PMT. These prices were unchanged from prices offered Wednesday.

Viet Rice Export Prices Steady Amid New Demand

In Vietnam, prices were steady, on account of strong demand in the market on Thursday. The prices might increase next week as fresh demand in the market could put pressure on local supply. Vietnam's 5% broken was offered at \$300-\$305 PMT, FOB Ho Chi Minh City, while 25% broken was offered at \$285 PMT.

USDA: US Weekly Rice Export Sales Highlights

Net sales of 50,600 MT were 24 percent below the previous week and 34 percent under the prior 4-week average.

Increases for Nicaragua (30,000 MT), Mexico (12,500 MT), Haiti (10,000 MT), and Saudi Arabia (5,100 MT), were partially offset by decreases for Japan (11,800 MT) and Guatemala (2,300 MT). Exports of 83,200 MT were two and two-thirds times the previous week and 11 percent over the prior 4-week average. The primary destinations were Costa Rica (34,300 MT), Japan (14,100 MT), Mexico (9,300 MT), Canada (7,400 MT), and Guatemala (7,200 MT).

Source: USDA

Philippines Likely to Import 580,000 MT Rice

The Philippines likely to import 580,000 tonnes of rice to be delivered between March and June, of which 415,000 MT will come from Vietnam, according to the National Food Authority (NFA). The NFA, the rice-importing agency of the government had also bought 155,000 MT of rice from Thailand and 10,000 MT from Pakistan. This latest purchase would bring Manila's total rice imports since the start of the year to about 1.2 million MT.

USDA: Latest WASDE Report on Rice

RICE: Only minor changes are made to the U.S. 2006/07 rice supply and use projections. On the supply side, all rice imports are raised 0.5 million cwt to 19.0 million cwt with long-grain imports raised 0.5 million cwt while combined medium- and short-grain imports are unchanged. No changes are made on the use side from a month ago. The average milling yield for 2006/07 is raised slightly to 70.5 percent based on millings data received from the rice industry. Ending stocks of all rice are projected at 30.9 million cwt, 0.5 million cwt above last month, but 12.1 million cwt below a year earlier. The season-average farm price is projected at \$9.75 to \$9.95 per cwt, up 10 cents per cwt on both ends of the range from a month ago.

Global production is lowered slightly from last month; consumption, imports, and exports are nearly unchanged; and ending stocks are raised slightly. Global production is reduced 0.3 million tons from a month ago due primarily to a smaller crop projected for Indonesia. Global ending stocks are projected at 79.1 million tons, up about 0.2 million tons from last month, but 2.8 million tons below 2005/06. The slight rise in ending stocks is due primarily to an increase for India (+0.75 million tons), which is nearly

offset by reductions for Indonesia (-0.45 million tons), Argentina (-0.1 million tons), and Pakistan (- 0.1 million tons). Smaller adjustments in stocks are made to several other countries.

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice markets saw some firmness in prices at most of the markets. Decreasing arrivals along with improved demand from millers as well as exporters has supported its firmness. The arrivals were decreasing in Orissa, West Bengal, UP in this week than previous week. In Amritsar markets rice prices quoted higher at: Parmal Wand (New) Rs.1220, Sharbati sella Rs.1900, Sharbati raw Rs.1800, Sharbati steam Rs. 1950-2000 and Basmati rice Rs. 3800 per qtl on back of increased demand for export. In Delhi and West Bengal markets rice prices inched higher due to lower arrivals and increased demand from millers and wholesalers. Rabi rice acreages has been slightly decreased to 35.51 lakh ha as on March 2, 2007 against 36.05 lakh ha during same period of last year. The prices of rice will remain slightly firm in coming days with decreased arrivals and improved demand from exporters and wholesalers. Asian rice prices were quoted steady at the weekend. Thai 100% grade B was offered at \$331-\$334 PMT and 5% broken at \$322-\$325 PMT, while parboiled 100% sortexed was offered at \$331-\$335 PMT. Vietnam's 5% broken was offered at \$300-\$305 PMT, FOB Ho Chi Minh City, while 25% broken was offered at \$285 PMT. Basmati rice price is firming up in domestic market, supported by strong demand from exporters amidst the decreasing arrivals. The area under basmati rice decreased this year as comparing to last year and good demand from Middle East and European countries will support its firmness. Presently Pure Basmati rice new quoted at \$850-880, DB Rice at \$665 and Long grain (Parboiled) at \$265 per tonne.

DELHI MARKET:

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

DELHI	10.03.07	03.03.07
Basmati Common	3600-3700	3550
Sharbati raw	1900-1950	1800-1900
Sharbati sella	1950	1950
Parmal raw new	1075	1100
Wand	1150-1200	1150-1200
Parmal sella	1300	1300
DB Rice	2500	2500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	10.03.07	03.03.07
Parmal paddy	1200	1200
Parmal raw rice	1150	1150
Wand	1200	1200

Basmati paddy	1850-1900	1850
Basmati rice	3550	3400-3500
Sharbati sella	1950	1900
DB sella	2500	2400-2500

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	10.03.07	03.03.07
Basmati rice	3500-3600	3500
Sharbati esteem	1950	1950
Sharbati sella	1800-1850	1800-1850
Parmal raw rice	1100-1150	1100-1150
Parmal sella	1150	1150
DB rice sella	2550	2500
IR8	1000	990

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	10.03.07	03.03.07
IR 36 (super)	1150	1200
Minikit Shankar	1650	1600
Doodh Kalma	1500	1500
Swarna (New)	1050-1100	1100
Pankaj	1050	1050
Swarna parboiled	1100-1125	1100
Govindobhog	2400	2400
Chawl Moni	1750	1750

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	10.03.07	03.03.07
Sharbati sella rice	1900	1850
Sharbati raw rice	1800	1750
Sharbati steam	1950-2000	1900
Basmati rice raw	3800	3600
Basmati Paddy	1950-2050	1900
Parmal Govt. Quality	1125	1100
Parmal Wand (New)	1220	1200

Price Drivers:

- Govt. banned rice futures contracts
- Improved demand from millers
- Decreasing arrivals in UP, West Bengal and Orissa.
- Govt. estimates 1.66 million tonnes lower rice production to 90.13 million tonnes than last year
- Slightly lower procurement so far
- Export demand from Middle East and European countries

Outlook:

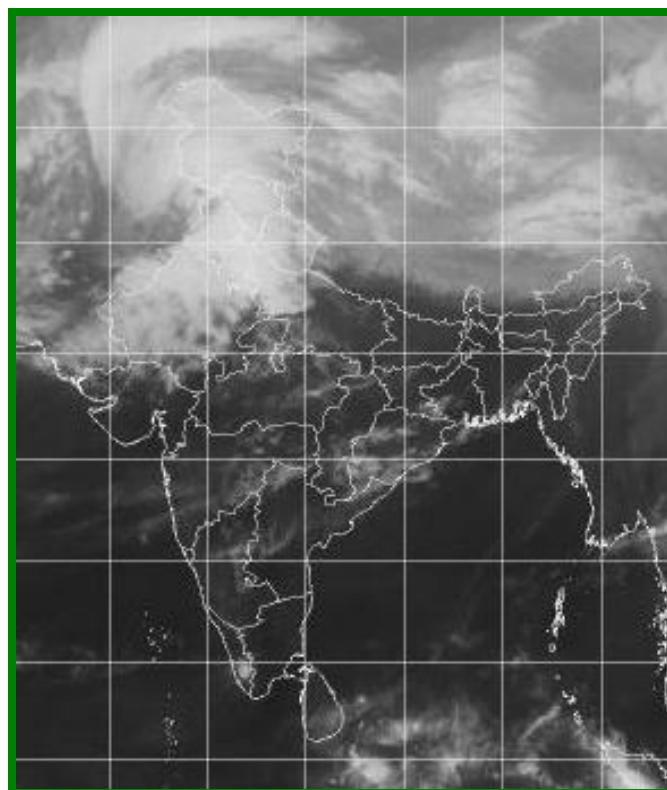
- ✍ **Short Term (1 week):** Steady to slightly firm on decreasing arrivals and improved demand from millers.
- ✍ **Medium Term (1 Month):** Slightly firm on decreasing arrivals and export demand.
- ✍ **Long Term (3 Month):** Firm on the expected demand from exporters.

Outlook For The Week Ending On March 14th 2007

- Under the influence of two western disturbances in quick succession, one from 9th to 10th and another from 11th to 13th, scattered to fairly widespread rainfall activity is likely from 9th to 13th over Western Himalayan region with possibility of isolated heavy falls on 12th & 13th. Isolated to scattered rain is also likely over plains of northwest India on 9th & 10th. This activity is likely to increase on 11th and 12th with possibility of isolated hailstorm and squall. This activity may further extend into east India on 12th & 13th
- Increase in night temperature by 3-4 °C over northwest India from 9th onwards and over Gangetic plains & east India from 11th onwards. Day temperatures are likely to drop significantly particularly during 11th to 13th.

FOREX (As on 12th March, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.22
1 Euro	58.03
100 Yen	37.40
1 British £	85.51



Source: IMD (12.03.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 01.03.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 01.03.07	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	23.27	18.37
Chhattisgarh	32.65	24.79	26.70
Haryana	20.54	17.62	20.27
Kerala	0.94	0.58	0.42
Maharashtra	1.94	0.94	1.27
Orissa	17.85	11.65	7.03
Punjab	88.55	77.06	86.63
Tamil Nadu	9.26	7.92	4.77
Uttar Pradesh	31.51	20.35	23.13
Uttaranchal	3.36	1.49	2.56
West Bengal	12.75	3.69	5.72
All-India	276.56	193.51	199.64

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 01.03.07)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	35.51	36.05	-0.54	AP (-0.4, -3.5), Ass (-0.6, -25.2), Kar (-0.7, -21.8), Ori (+0.5, +48.9), WB (+0.7, +5.0)

International Asian Rice Prices Per MT FOB (08.03.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$330	5% DP	\$300
5%	\$317	5%	\$298
10%	\$312	10%	\$290
15%	\$305	15%	\$285
25%	\$295	25%	\$280
PB 100% Sortexed	\$320		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (Pure)	\$850-880
20%	-	DB	\$665
25%	\$265	Long Grain (5% broken)	\$275
Parboiled	-	Parboiled	\$265
		25%	\$260

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