

## Rice

February 24<sup>th</sup> - March 03<sup>rd</sup>, 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 to Import Indian, Thai and Philippines Rice

Imported rice from India, Thailand and the Philippines has started entering the rice market in Indonesia. The price of the commodity was raised sharply in the past several weeks. The government said it would import the staple to help control the increasing price.

#### Russia Likely to Ban Import Rice from India

Russia may ban imports of rice from India from May if shipments are not mentioned by certificates stating which pesticides have been used to treat Rice, the animal and plant health watchdog said on Tuesday. India is one of the main suppliers of rice to Russia. Moscow used to import 400,000-500,000 MT of rice per year.

#### India Bans Rice Futures to Control Prices

In a bid to control two-year high inflation, Indian government on Wednesday banned new wheat and rice futures contracts. "In respect of running contracts in these commodities, no new position can be taken. Only squaring up of positions shall be allowed" Forward Market Commission.

#### Pakistan Likely to Export 3.6 Million Tonne Rice During Current Year

Pakistan will export more than 3.6 million Tonne of rice during the current year. The demand of the Pakistani rice in the global market increased. Pakistan exported 500,000 MT of Basmati rice from July 1, 2006 to January 31, 2007 with the increase of 23 per cent as compared to corresponding period of previous year.

#### USDA: US Weekly Rice Export Sales Highlights

Net sales of 66,500 MT were 56 percent below the previous week and 36 percent under the prior 4-week average. Increases were reported for Japan (40,000 MT), Mexico (11,200 MT), Haiti (6,000 MT), Honduras (4,300 MT), and Jordan (3,800 MT). Exports of 31,000 MT were 69 percent below the previous week and 64 percent under the prior 4-week average. The primary destinations were Japan (13,100 MT), Panama (9,900 MT), Mexico (1,800 MT), Taiwan (1,600 MT), Honduras (1,500 MT), and Canada (1,100 MT).

Source: USDA

#### Vietnam's Rice Export Increased by 52%

In the month of February, Vietnam rice exporters have earned nearly US \$79 million from exporting 250,000 MT of rice. According to the Ministry of Agriculture and Rural Development, the figure represents increase of 60% in value and 52% in volume corresponding last year. The February shipment brought the total rice volume exported by local businesses in 2007 to 316,000 MT, gaining revenue of almost US \$100 million. The major rice markets of Vietnam are Cuba, Indonesia, Japan, Malaysia and the Philippines.

#### Viet Rice Prices Steady at Higher Levels

In Vietnam, prices were steady at high levels and expected fresh demand from the Philippines. The National Food Authority, the Philippines' state-owned grains trading firm, could buy a total of 415,000 MT of rice from Vietnam. Vietnam's 5% broken was offered Thursday at \$300 PMT FOB, while the 25% broken was offered at \$285 PMT. These prices were unchanged at prices offered Wednesday.

#### Thai Rice Prices Unchanged Amid Thin Trade

Thai prices were steady at high levels Thursday despite lackluster trade as a strong currency in Thailand was continue working to support prices. Currently, only private traders from Iran were asking for offers for white Thai rice. Thai 100% grade B was offered Thursday at \$329-\$330 PMT, FOB, Bangkok, 5% broken was offered at \$325 PMT while parboiled 100% sortexed was offered at \$325-\$330 PMT. These prices were unchanged from prices offered Wednesday.

### DOMESTIC MARKET COMMENTARY

Rice sentiments remained steady to slightly firm at most of the markets. Adequate stocks against slightly improved demand attributed to slight firmness in rice prices in domestic market. The arrivals increased Orissa in this week than previous week whereas in West Bengal, UP and Maharashtra markets witnessed decreasing arrivals. In Amritsar markets rice prices quoted slightly higher at: Parmal Wand (New) Rs.1200, Sharbati sella Rs.1850, Sharbati raw Rs.1750, Sharbati steam Rs. 1900 and Basmati rice Rs. 3600 per qtl on improved domestic

demand. Some private companies were purchased presently different aromatic and basmati rice from Delhi and Amritsar. Rabi rice acreages have been increased by 9.45 % this year as compare to 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 slightly firm in coming days with steady arrivals and improved demand from exporters and wholesalers. Asian rice prices were quoted steady at the weekend. In Thailand 100% grade B was offered at \$329-\$330, 5% broken at \$325, parboiled 100% sortexed at \$325-\$330 PMT, FOB. Vietnam's 5% broken was offered Friday at \$300 PMT, FOB, Ho Chi Minh City, while 25% broken was offered at \$285 PMT. The common basmati rice prices quoted higher in the Delhi and Amritsar markets due to improved demand from exporters. The area under basmati rice decreased this year as comparing to last year and good global demand will support its firmness. Presently Pure Basmati rice new quoted at \$835-860, DB Rice at \$655 and Long grain (Parboiled) at \$260 per tonne.

#### DELHI MARKET:

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

DELHI	03.03.07	24.02.07
Basmati Common	3550	3500
Sharbati raw	1800-1900	1850
Sharbati sella	1950	1900
Parmal raw new	11000	1025
Wand	1150-1200	1200
Parmal sella	1300	1300
DB Rice	2500	2400

#### RUDRAPUR MARKET:

##### Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	03.03.07	24.02.07
Parmal paddy	1200	1200
Parmal raw rice	1150	1150
Wand	1200	1200
Basmati paddy	1850	1850
Basmati rice	3400-3500	3400-3500
Sharbati sella	1900	1900
DB sella	2400-2500	2400-2500

#### KARNAL MARKET:

##### Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	03.03.07	24.02.07
Basmati rice	3500	3500
Sharbati esteem	1950	1925
Sharbati sella	1800-1850	1800-1850

Parmal raw rice	110-1150	1125
Parmal sella	1150	1150
DB rice sella	2500	2450
IR8	990	980

#### WEST BENGAL MARKET:

##### Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	03.03.07	24.02.07
IR 36 (super)	1225	1225
Minikit Shankar	1600	1600
Doodh Kalma	1500	1500
Swarna (New)	1100	1100
Pankaj	1050	1050
Swarna parboiled	1125	1125
Govindobhog	2400	2400
Chawl Moni	1750	1725

#### AMRITSAR MARKET:

##### Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	03.03.07	24.02.07
Sharbati sella rice	1850	1800
Sharbati raw rice	1750	1725
Sharbati steam	1900	1825
Basmati rice raw	3600	3500
Basmati Paddy	1900	1825
Parmal Govt. Quality	1100	1100
Parmal Wand (New)	1200	1200

#### Price Drivers:

- Govt. banned rice futures contracts
- Rabi rice acreage increased by 9.45 % so far
- Decreasing arrivals in UP, West Bengal and Maharashtra.
- 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:

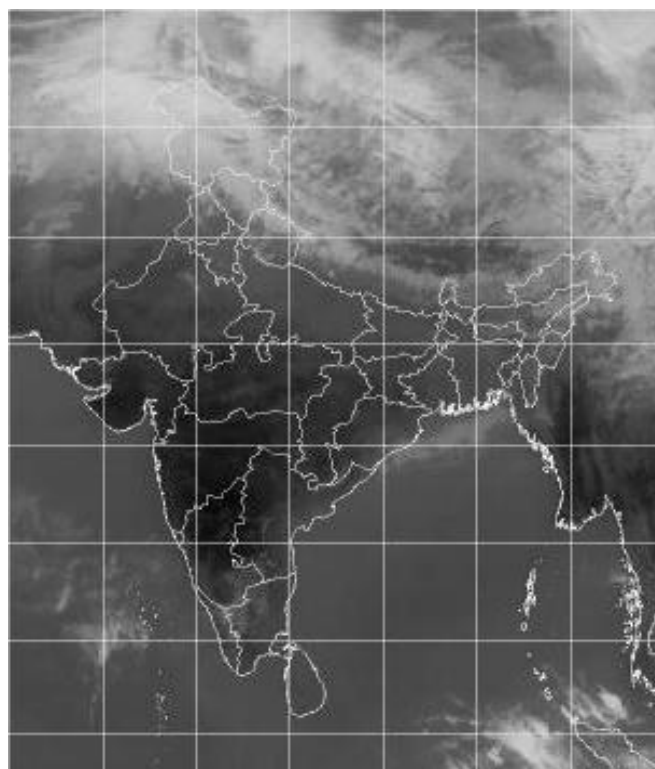
- ✍ **Short Term (1 week):** Steady to slightly firm on steady arrivals and improved demand.
- ✍ **Medium Term (1 Month):** Slightly firm on decreasing arrivals and export demand.
- ✍ **Long Term (3 Month):** Firm on the anticipation of global demand.

### Outlook For The Week Ending On March 07th 2007

- Fairly widespread precipitation over Western Himalayan region, Indo-Gangetic plains and adjoining central India during 1st two days of the week and over northeastern States and adjoining east India during 1st three days of the week.
- Light rain/thundershowers also likely over extreme south peninsula during 1st two days of the week.
- Fall in night temperature and rise in day temperature by 4-6 °C over plains of northwest India during the week.

### FOREX (As on 03<sup>rd</sup> March, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.28
1 Euro	58.32
100 Yen	37.64
1 British £	86.62



Source: IMD (03.03.07)

### 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

Source: Ministry of Agriculture, GOI

## 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 (28.02.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$325	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)	\$835-860
20%	-	DB	\$655
25%	\$260	Long Grain (5% broken)	\$275
Parboiled	-	Parboiled	\$260
		25%	\$245

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