

Rice

March 10th - March 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

Pakistani Govt is Planning to Increase Basmati Rice Production

The export of Basmati rice boost up in international market due to its increasing demand, the Pakistani government is planning to increase its production. There is high demand of Basmati rice in international market and this good quality Basmati rice was exported from the both, Pakistan and India, in international market. Shortfall of rice production in some major rice-producing countries including India and Pakistan, the rates of commodity particularly prime quality Basmati rice produced in Pakistan and India has reportedly surged in domestic market in last couple of months.

India Govt. Won't Permit GM Rice Trials in Basmati Growing Areas

India won't allow any trials for genetic modification of rice in those regions that grow basmati. The Union commerce ministry has decided to intervene and ask the Genetic Engineering Approval Committee (GEAC) not to approve field trials of genetically modified (GM) crops in Basmati rice growing states of Punjab, Haryana, Uttarakhand and western Uttar Pradesh. Basmati rice is famous for its unique aroma, grain length and cooking flavor and is grown only in small pockets of the Indian subcontinent, including Pakistan.

Pakistan Rice Prices Going Up on Lower Production

Pakistan Rice price in the local and international market is increasing in 2006-07 due to lower production of the crop. Short supply of rice has increased its price from \$600 to \$800 per ton in the international market. Indian production also went down and its production in 2006-07 has been recorded 15 percent less as compared to 2005-06.

Russia To Ban Imports of Pakistani Rice Due to Pest

Russia will ban rice imports from Pakistan from March 19 after finding a shipment infected with pest, according to the animal and plant health watchdog Rosselkhoz nadzor. Pakistani rice was found to contain Khapra beetle larvae, which are one of the most important stored grained pests

worldwide. In February, Russia threatened to ban imports of rice from India.

Thai Prices Steady on Strong Demand

Thai rice prices were steady at high levels Wednesday against Friday in quiet trade as strong demand in Vietnam and Thailand's price intervention program worked to support prices. Thai 100% grade B was offered Wednesday at \$329-\$332 PMT, FOB, Bangkok; 5% broken was offered at \$320-\$323 PMT; parboiled 100% sortexed was offered at \$326-\$330 PMT. These offers were unchanged from Friday.

Viet Rice Export Prices Flat on Thursday

Vietnam rice prices were steady on Wednesday, supported by strong export demand. The prices might continue to rise next week even in harvesting of main crop. The main buyers of Vietnam rice include Indonesia, the Philippines, Africa and Europe. Vietnam's 5% broken was offered steady Wednesday \$305 PMT, FOB, City; 25% broken was also offered unchanged at \$285 PMT.

USDA: US Weekly Rice Export Sales Highlights

According to the U.S. Department of Agriculture's (USDA) weekly export sales report, net sales of 21,100 MT were 58 percent below the previous week and 71 percent under the prior 4-week average. Increases were reported for Mexico (5,700 MT), Canada (5,200 MT), the Leeward and Windward Islands (3,000 MT), Saudi Arabia (2,000 MT), and Guatemala (1,300 MT). Exports of 59,800 MT were 28 percent below the previous week and 22 percent under the prior 4-week average. The primary destinations were Mexico (17,300 MT), Nicaragua (9,500 MT), Haiti (6,300 MT), Ghana (6,000 MT), Taiwan (4,800 MT), Canada (3,600 MT), and Costa Rica (3,300 MT).

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice sentiments remained steady most of the markets in the country during the last week. Presently decreasing arrivals along with improved demand from millers as well as exporters has supported its prices. The arrivals were decreasing in Maharashtra, West Bengal, UP in this week

than previous week. In Amritsar markets different varieties of rice offered steady at: Parmal Wand (New) Rs.1200, Sharbati sella Rs.1900, Sharbati raw Rs.1800, Sharbati steam Rs. 1950-2000 and Basmati rice Rs. 4000 per qtl supported by strong export demand as most exporters are trying to secure supply for their contracts. In Delhi and West Bengal markets rice prices also steady on lower arrivals and demand from millers is healthy at this stage. Rabi rice acreages has been slightly decreased to 38.10 lakh ha as on March 9, 2007 against 37.4 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 \$332 PMT, FOB and 5% broken at \$324-\$325 PMT, while parboiled 100% sortexed was offered at \$326-\$332 PMT. Vietnam's 5% broken was offered steady at \$305 PMT, and 25% broken at \$285 PMT. Basmati rice price is firming up in domestic market, supported by strong demand from exporters amidst the decreasing arrivals. The lower production of basmati rice this year as comparing to last year and good demand from Middle East and European countries supported 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	17.03.07	10.03.07
Basmati Common	3800	3600-3700
Sharbati raw	1950	1900-1950
Sharbati sella	2000	1950
Parmal raw new	1075	1075
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	17.03.07	10.03.07
Parmal paddy	1175	1200
Parmal raw rice	1150	1150
Wand	1200	1200
Basmati paddy	1850-1900	1850-1900
Basmati rice	3650	3550
Sharbati sella	1950	1950
DB sella	2500	2500

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	17.03.07	10.03.07
Basmati rice	3650	3500-3600

Sharbati esteem	1950	1950
Sharbati sella	1800-1850	1800-1850
Parmal raw rice	1100-1150	1100-1150
Parmal sella	1150	1150
DB rice sella	2500	2550
IR8	1020	1000

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	17.03.07	10.03.07
IR 36 (super)	1150	1150
Minikit Shankar	1650	1650
Doodh Kalma	1500	1500
Swarna (New)	1050-1100	1050-1100
Pankaj	1050	1050
Swarna parboiled	1100-1150	1100-1125
Govindobhog	2450	2400
Chawl Moni	1800	1750

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	17.03.07	10.03.07
Sharbati sella rice	1900	1900
Sharbati raw rice	1800	1800
Sharbati steam	1950-2000	1950-2000
Basmati rice raw	4000	3800
Basmati Paddy	2100	1950-2050
Parmal Govt. Quality	1120	1125
Parmal Wand (New)	1200	1220

Price Drivers:

- Increased rabi rice acreage
- Govt. banned rice futures contracts
- Improved demand from millers
- Decreasing arrivals in UP, West Bengal and Orissa.
- Slightly lower procurement so far
- Export demand from Middle East and European countries

Outlook:

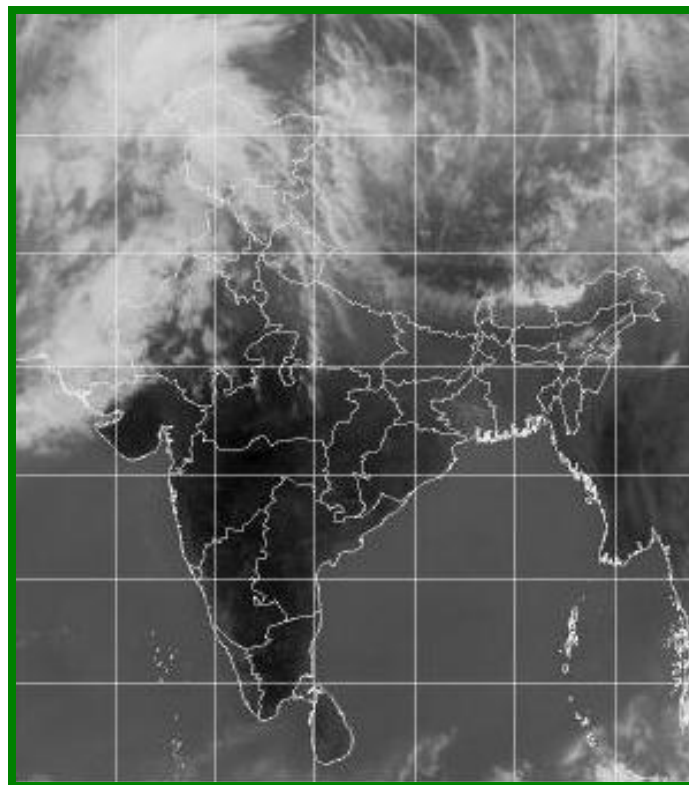
- ✍ **Short Term (1 week):** Steady to slightly firm on decreasing arrivals from major producing states.
- ✍ **Medium Term (1 Month):** Slightly firm on decreasing arrivals and improved export demand.
- ✍ **Long Term (3 Month):** Firm on the expected demand from exporters.

Outlook For The Week Ending On March 14th 2007

- Scattered light to moderate precipitation likely to continue over North Eastern States.
- Isolated hailstorm/squall is likely over northwest India and Rajasthan during the same period.
- Scattered to fairly widespread precipitation likely over Western Himalayan region from 17th night onwards for next 3-4 days. Isolated rain/thundershowers also likely over the adjoining plains of Punjab and north Haryana from 18th onwards.

FOREX (As on 19th March, 2006):

Foreign Currency	Rs. per unit
1 US \$	44.17
1 Euro	58.67
100 Yen	37.71
1 British £	85.58



Source: IMD (19.03.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 09.03.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 09.03.07	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	24.32	19.66
Chhattisgarh	32.65	24.86	27.06
Haryana	20.54	17.64	20.29
Kerala	0.94	0.58	0.42
Maharashtra	1.94	0.94	1.27
Orissa	17.85	11.93	7.65
Punjab	88.55	77.26	86.92
Tamil Nadu	9.26	8.80	5.43
Uttar Pradesh	31.51	20.84	24.15
Uttaranchal	3.36	1.57	2.67
West Bengal	12.75	3.85	6.60
All-India	276.56	197.33	205.25

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 09.03.07)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	38.10	37.49	+1.6	AP (-0.4, +3.1), Ass (-0.8, -27.1), Kar (-0.7, -21.8), Ori (+0.9, +53.8), WB (+0.7, +5.0)

International Asian Rice Prices Per MT FOB (19.03.07)

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)	\$860-880
20%	-	DB	\$680
25%	\$265	Long Grain (5% broken)	\$275
Parboiled	-	Parboiled	\$270
		25%	\$260

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