

Rice

April 14th - April 21st 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 Likely to Import Rice From Vietnam

Indonesia may import rice in September looking at the insufficient domestic rice crop and decide to import 1 million MT from Vietnam. Indonesia has had a ban on rice imports since 2004 to control illegal trading, which distorts local prices. Imports are permitted if state stock dip below 1 million MT.

Vietnam: Rice Export May Touch 5 Million MT

Vietnam could export rice up to 5 million MT this year. It had earlier limit the export at 4.5 million MT because of pest infestations in Vietnam's main rice-growing region. The ministry said companies had so far signed contracts to export 3.5 million MT. Vietnam, the second-biggest rice exporter after Thailand, exported 4.75 MT last year. The average export price of rice is \$40 PMT higher this year.

India Shipped 200 Tonnes of Basmati Rice to China

Kohinoor Foods Ltd. has shipped 200 tonnes of basmati rice first time to China. The prices rise 30 percent over the past year on increased overseas demand. Export to China could further increase the prices of basmati rice. India produces about 4 million tonnes of the aromatic grain annually. India and Pakistan grow and export aromatic rice and the main importers are West Asia, Africa and Europe. India accounts for 70 percent of global basmati rice exports, while Pakistan provides 30 percent. The exports of basmati rice from India in the year to March would be around the previous year's level of 1.1 million tonnes or slightly lower.

India: Tamil Nadu Govt Provides Subsidy for Rice

In India, the Tamil Nadu government has provided Rs 1,950 crores in the current fiscal as subsidy for rice supplied under the public distribution system. This huge amount had been provided under PDS at Rs 2 per kg.

Extension of Incentive Bonus on Paddy In Kharif Marketing Season 2006-07

The Cabinet Committee on Economic Affairs today gave its approval for the measures to ensure adequacy of foodgrains stocks in the Central Pool. The period of incentive bonus of Rs.40 quintal being given for procurement of paddy during KMS 2006-07, over and above the MSP of Rs.580 per quintal and Rs.610 per quintal in respect of 'Common' and Grade 'A' varieties of paddy respectively, will be extended beyond 31st March,

2007 and made applicable from 1st April, 2007 upto the dates indicated against each State as follows:

(a) Andhra Pradesh, Chhattisgarh, Orissa, Tamil Nadu and West Bengal - 30th September, 2007

(b) Bihar and Kerala - 31st May, 2007

Source: PIB

Thai Rice Prices Remained Steady

Thailand rice market was stand still in a post-holiday mood, following Thai New Year festivities. Since regular trading actions likely to start again after this week, local prices are expected to remain stable, which could also limit price movement in the export market. Thai 100% grade B was offered Wednesday at \$322-\$324 PMT, FOB, Bangkok; 5% broken was offered at \$317-\$318 PMT; and parboiled 100% sortexed was offered at \$320 PMT. These prices were unchanged from offers last Thursday.

Indian Basmati Rice Prices Firm up

Looking at the shortage of supply, India's main Basmati rice producers have increased the prices of the commodity by an average 10 per cent. As there is a shortage of paddy, there is scope for further increase. Price of traditional Basmati crop has risen up to Rs 2,350 a quintal from Rs 1,600 in November last year while Pusa paddy has jumped from Rs 1,200 to Rs 1,770 in the same period. While farmers shifted from Basmati crop to other crops last year in Punjab and Uttaranchal, this year higher sowing of paddy was expected as the farm income had improved in the previous year.

Vietnam Rice Prices Remain Steady to Weak

Vietnam rice prices were mixed on strong demand in the local market as the harvesting of the country's main crop is gathering momentum. Although the steady arrival of fresh supply from the ongoing harvest, prices are likely to hold the current level on good export demand. Vietnam's 5% broken rice was offered steady Wednesday at \$298-\$300 PMT, FOB, Ho Chi Minh City, while 25% broken was offered \$5 lower at \$280 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 26,700 MT were 57 percent below the previous week and 67 percent under the

prior 4-week average. Increases were reported for Nicaragua (10,000 MT), Mexico (8,100 MT), Canada (5,400 MT), Honduras (1,700 MT), Jordan (1,400 MT), and Cuba (1,300 MT). Exports of 92,100 MT were 56 percent above the previous week and 48 percent over the prior 4-week average. The primary destinations were Cuba (32,500 MT), Mexico (16,900 MT), Japan (13,000 MT), Haiti (11,300 MT), Canada (5,000 MT), and Ghana (4,300 MT). Note: Accumulated exports for Canada were adjusted down 29,800 MT for medium, short and other classes, brown rice, and 6,000 MT for long grain, milled rice.

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice prices mostly steady at higher level in the domestic markets on account of decreasing arrivals along with stable demand. The arrivals have continuously declining in major rice producing states in this week than last week. Centre on Thursday extended the Rs 40 bonus scheme by 2-6 months beyond 31st March, 2007 to enable Food Corporation of India (FCI) buy more from the market. In Amritsar markets different varieties of rice offered steady at: Parmal Wand (New) Rs.1300, Sharbati sella Rs.2100, Sharbati raw Rs.2050, Sharbati steam Rs. 2250 and Basmati rice Rs. 4200 per qtl. As per latest government estimates Rice production has been revised higher from 90.13 million tonnes to 91.79 million tonnes for 2006-07. However, rabi Rice acreage has gone down 3.7% to 41.01 lakh ha during 2006-07 compared to last season's 42.60 lakh ha. The rice prices are further likely to gain, as exporters demand remain healthy. Asian rice prices were quoted steady at the weekend. Vietnam's 5% broken rice was offered steady Wednesday at \$298-\$300 PMT, FOB, Ho Chi Minh City, while 25% broken was offered \$5 lower at \$280 PMT. Thai 100% grade B was offered Wednesday at \$322-\$324 PMT, FOB, Bangkok; 5% broken was offered at \$317-\$318 PMT. Looking at the shortage supply of India's Basmati rice, the prices increased by an average 10 per cent. At present, Pure Basmati rice new offered at \$950-955, DB Rice at \$750-760 and Long grain (Parboiled) at \$285 per tonne.

DELHI MARKET:

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

DELHI	21.04.07	14.04.07
Basmati Common	4000	4000
Sharbati raw	2050	2020
Sharbati sella	2100	2050
Parmal raw new	1150	1125
Wand	1225	1225
Parmal sella	1375-1400	1350
DB Rice	2600	2600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	21.04.07	14.04.07
Parmal paddy	1200	1175

Parmal raw rice	1175	1225
Wand	1250	1225
Basmati paddy	2000	NA
Basmati rice	4000	3950
Sharbati sella	2000	1950
DB sella	2600	2550

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	21.04.07	14.04.07
Basmati rice	4100-4150	4100-4200
Sharbati esteem	2200	2225
Sharbati sella	2100	2150
Parmal raw rice	1235	1225
Parmal sella	1300	1300
DB rice sella	NA	NA
IR8	NA	NA

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	21.04.07	14.04.07
IR 36 (super)	1100	1150
Minikit Shankar	1650	1675
Doodh Kalma	1600	1600
Swarna (New)	1100	1100
Pankaj	1075	1075
Swarna parboiled	1100	1100
Govindobhog	2400	2500
Chawl Moni	1800	1825

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	21.04.07	14.04.07
Sharbati sella rice	2100	2100
Sharbati raw rice	2050	2050
Sharbati steam	2250	2250
Basmati rice raw	4200	4200
Basmati Paddy	2250	2250
Parmal Govt. Quality	1175	1150
Parmal Wand (New)	1300	1300

FOREX (As on 23rd April, 2006):

Foreign Currency	Rs. per unit
1 US \$	41.99
1 Euro	57.22
100 Yen	35.36
1 British £	84.22

Price Drivers:

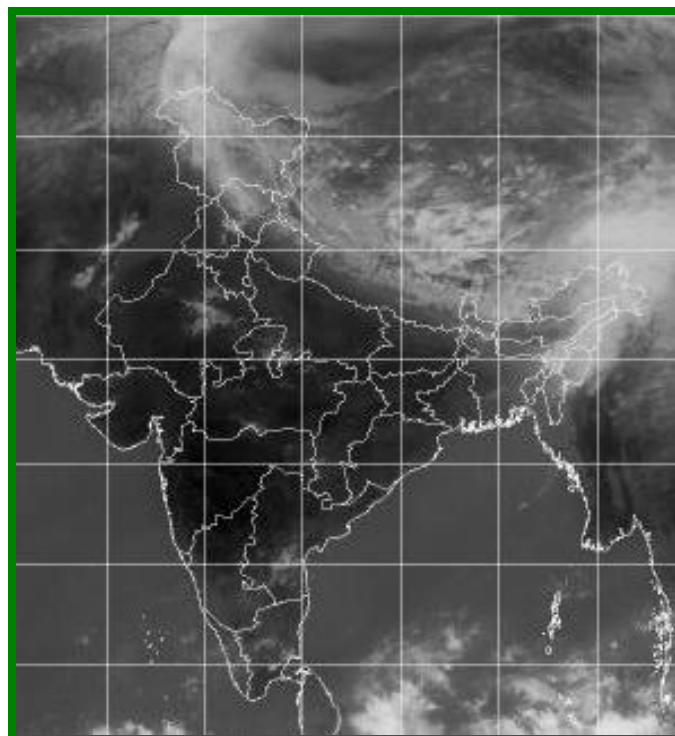
- Centre extended the Rs 40 bonus scheme by 2-6 months beyond 31st March, 2007
- Decreasing arrivals in Maharashtra, UP and West Bengal.
- Good export demand from Middle East and European countries
- Improved demand from millers
- Slightly lower procurement so far

Outlook:

- ✍ **Short Term (1 week):** Steady to slightly firm on improved demand from millers and wholesalers.
- ✍ **Medium Term (1 Month):** Slightly firm on declining arrivals from major producing states.
- ✍ **Long Term (3 Month):** Firm on higher global demand.

Weather Outlook For The Week Ending On April 18th 2007

- Fairly widespread rain/thundershower with isolated heavy falls are likely over northeastern states from 20th April.
- Isolated to scattered rain/thundershowers are likely over east India and south Peninsula.
- Mainly dry weather is likely over west & northwest India.
- Gradual rise in day temperature over northwest & east India.



Source: IMD (23.04.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 13.04.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 13.04.07	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	27.63	23.55
Chhattisgarh	32.65	25.20	27.87
Haryana	20.54	17.73	20.40
Kerala	0.94	0.99	0.63
Maharashtra	1.94	0.97	1.45
Orissa	17.85	14.08	10.09
Punjab	88.55	78.14	87.97
Tamil Nadu	9.26	10.25	6.57
Uttar Pradesh	31.51	21.01	25.62
Uttaranchal	3.36	1.74	3.13
West Bengal	12.75	5.17	11.26
All-India	276.56	270.53	224.87

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 13.04.07)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	41.01	42.60	-1.6	AP (-0.8, -6.2), Kar (-0.5, -13.9), TN (-0.8, -26), WB (+0.2, +1.4)

International Asian Rice Prices Per MT FOB (19.04.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$323	5% DP	\$303
5%	\$313	5%	-
10%	\$310	10%	\$298
15%	\$305	15%	-
25%	\$292	25%	-
PB 100% Sortexed	\$320	PB 100% Sortexed	\$285
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (Pure)	\$950-955
20%	-	DB	\$750-760
25%	\$258	Long Grain (5% broken)	\$285
Parboiled	-	Parboiled	\$265
		25%	\$260

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