

## Rice

March 31<sup>st</sup> - April 07<sup>th</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

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

According to the U.S. Department of Agriculture's (USDA) weekly export sales report, net sales of 106,300 MT were 40 percent above the previous week and 88 percent over the prior 4-week average. Increases were reported for Iraq (30,000 MT), Mexico (21,400 MT), Japan (13,000 MT), Haiti (12,000 MT), Taiwan (10,000 MT), and Honduras (8,700 MT, including 5,000 MT switched from Guatemala). Exports of 40,900 MT were 58 percent below the previous week and 44 percent under the prior 4-week average. The primary destinations were Mexico (13,100 MT), Saudi Arabia (7,100 MT), El Salvador (6,800 MT), Canada (5,700 MT), and Jordan (2,800 MT).

Source: USDA

#### Global Rice Production Could Rise Marginally

Based on the first and very tentative FAO forecast, global rice production in 2007 could rise marginally to 423 million tonnes (milled terms), about 3 million tonnes more than in 2006. The paddy season is well advanced among countries located south of and along the equator, but is just starting in the northern hemisphere, where the bulk of the world's rice is produced. FAO's first forecast for world cereal production in 2007 stands at a record 2 082 million tonnes (including rice in milled terms), 4 percent up from 2006 and almost 10 million tonnes above the previous global high set in 2004.

Source: FAO

#### Viet Rice Price Slightly Firm on Global Demand

Vietnam rice export prices were slightly firm on last couple of days amid expected high export demand for rice in the coming months. The harvest of the winter-spring crop has gathered momentum in the rice-producing Mekong Delta provinces. Vietnam's buyers mainly Indonesia and the Philippines, have imported more than 1 million tons of Vietnamese rice to be delivered in June. Friday, the Vietnam Food Association quoted export rice prices for 5% broken rice at \$305-\$310 PMT, free on board, against \$305 PMT on Wednesday. The 10% broken rice was offered at \$303-\$305 PMT from around \$300 PMT on Wednesday.

#### Thai Rice Prices Steady Amid Increasing Supply

In Thailand, second rice crop harvest is progressing and supply side improved these days. Thursday, Thai 100% grade B rice was steady at \$323-\$324 PMT, FOB Bangkok; 5% broken was slightly up \$1-\$2 at \$317-\$318 PMT; parboiled 100% sortexed was offered at \$319 PMT from \$319-\$320 PMT Wednesday.

### DOMESTIC MARKET COMMENTARY

Rice prices were mostly unchanged at most of the markets in the country during the week. Decreasing arrivals along with steady demand from millers and exporters has supported its flat sentiments. The arrivals were decreased in West Bengal, UP and Orissa, in this week than previous week. In Amritsar markets different varieties of rice offered steady at: Parmal Wand (New) Rs.1275, Sharbati sella Rs.2100, Sharbati raw Rs.2050, Sharbati steam Rs. 2200 and Basmati rice Rs. 4200 per qtl. In Delhi and West Bengal markets rice prices marginally higher during end of the week due to lower arrivals. This year progressive procurement of rice is lower so far and reported to 20.25 million tonnes. As per latest government estimates Rice production has been revised higher from 90.13 million tonnes to 91.79 million tonnes for 2006-07. The rice prices likely to remain rangebound in coming week with lower arrivals and steady demand from exporters and wholesalers. Asian rice prices were quoted steady at the weekend. Thai 100% grade B was offered Wednesday at \$322-\$324/ tonne, FOB, Bangkok, the 5% broken at \$315-\$317/ tonne, parboiled 100% sortexed was quoted at \$319-\$320/ tonne. Viet 5% broken rice offered at \$305-\$310 PMT, free on board, against \$305 PMT on Wednesday. The Indian export rice prices remained steady at higher levels over the last week along with moderate export demand. Currently different varieties of rice are exporting to African and Middle East countries. Presently Pure Basmati rice new offered at \$915-925, DB Rice at \$720-740 and Long grain (Parboiled) at \$280 per tonne.

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

DELHI	07.04.07	30.03.07
Basmati Common	3900-4000	3900
Sharbati raw	2000	2000
Sharbati sella	2050	2050
Parmal raw new	1125	1100
Wand	1200-	1200-1250
Parmal sella	1350	1300-1350
DB Rice	2600	2600

**RUDRAPUR MARKET:****Market Price For Different Varieties Of Rice In Rudrapur Mandis**

RUDRAPUR	07.04.07	30.03.07
Parmal paddy	1150	1150
Parmal raw rice	1200	1175
Wand	1225	1225
Basmati paddy	NA	2000
Basmati rice	3800	3800
Sharbati sella	1950	1950
DB sella	2550	2500

**KARNAL MARKET:****Market Price For Different Varieties of Rice In Karnal Mandis**

KARNAL	07.04.07	30.03.07
Basmati rice	4100-4200	4000
Sharbati esteem	2200	2000
Sharbati sella	2100	1850
Parmal raw rice	1200	1100-1150
Parmal sella	1300	1150
DB rice sella	NA	2550
IR8	NA	1020

**WEST BENGAL MARKET:****Market Price For Different Varieties Of Rice In West Bengal**

WEST BENGAL (Burdwan)	07.04.07	30.03.07
IR 36 (super)	1150	1125-1150
Minikit Shankar	1650	1650
Doodh Kalma	1550-1600	1550-1600
Swarna (New)	1100	1100

Pankaj	1075	1075
Swarna parboiled	1100	1125
Govindobhog	2500	2400-2450
Chawl Moni	1800	1800

**AMRITSAR MARKET:****Market Price For Different Varieties Of Rice In Amritsar**

AMRITSAR	07.04.07	30.03.07
Sharbati sella rice	2100	2100
Sharbati raw rice	2050	2000
Sharbati steam	2200	2150
Basmati rice raw	4200	4200
Basmati Paddy	2250	2200
Parmal Govt. Quality	1150	1125
Parmal Wand (New)	1275	1125

**Price Drivers:**

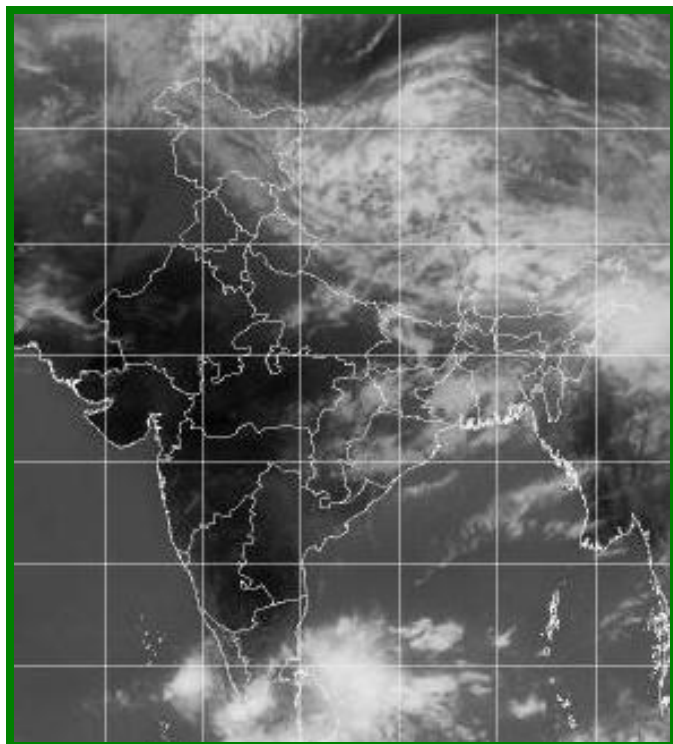
- Government revised estimates higher Rice production to 91.79 mln tonnes from 90.13 mln tonnes
- Decreased rabi rice acreage
- Decreasing arrivals in Maharashtra, UP, West Bengal and Orissa.
- Improved demand from millers
- Slightly lower procurement so far
- Good export demand from Middle East and African countries

**Outlook:**

- ✍ **Short Term (1 week):** Steady to slightly firm on decreasing arrivals and improved demand from millers wholesalers.
- ✍ **Medium Term (1 Month):** Slightly firm on reducing arrivals and increasing export demand.
- ✍ **Long Term (3 Month):** Firm on higher global demand.

**Weather Outlook For The Week Ending On April 09th 2007**

- Isolated to scattered rainfall activity over northeastern States during first half of the week and increase thereafter.
- Increase in rainfall activity over south peninsula during first half of the week.
- Gradual rise in day temperatures over northwest and east India.



Source: IMD (09.04.07)

#### FOREX (As on 09<sup>th</sup> April, 2006):

Foreign Currency	Rs. per unit
1 US \$	43.15
1 Euro	57.63
100 Yen	36.36
1 British £	85.22

#### PROGRESSIVE PROCUREMENT OF RICE AS ON 23.03.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct. - Sept.)	Progressive Procurement as on 23.03.07	
		In Marketing season 2006-2007	In Marketing season 2005-2006
Andhra Pradesh	49.72	25.74	21.37
Chhattisgarh	32.65	24.91	27.29
Haryana	20.54	17.67	20.38
Kerala	0.94	0.74	0.52
Maharashtra	1.94	0.96	1.45
Orissa	17.85	13.30	8.77
Punjab	88.55	77.78	87.42
Tamil Nadu	9.26	9.66	5.99
Uttar Pradesh	31.51	20.94	24.35
Uttaranchal	3.36	1.64	2.97
West Bengal	12.75	4.13	7.33
<b>All-India</b>	<b>276.56</b>	<b>202.52</b>	<b>211.17</b>

Source: Ministry of Agriculture, GOI

## SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

Normal Area	Area Coverage (As reported on 23.03.07)			Area Difference in Important States-This Year vs. Last Year (Absolute, %)
	This Year	Last Year	Difference	
48.7	40.72	41.34	-1.5	AP (-0., -6.2), Kar (-0.5, -15.1), Ori (+0.4, +17.7), WB (+0.7, +5.0)

## International Asian Rice Prices Per MT FOB (05.04.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$325	5% DP	\$305
5%	\$315	5%	-
10%	\$310	10%	\$300
15%	\$305	15%	-
25%	\$290	25%	-
PB 100% Sortexed	\$320		
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	Basmati (Pure)	\$915-925
20%	-	DB	\$720-740
25%	\$258	Long Grain (5% broken)	\$285
Parboiled	-	Parboiled	\$280
		25%	\$262

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