

Rice

May 12th -May 19th, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- Domestic Market Commentary
- Domestic and International Rice Prices
- Rice Procurement and Acreages

DOMESTIC AND INTERNATIONAL NEWS

Government Takes up Ban on Indian Rice by Russia

The ban imposed on import of rice by Russia recently with effect from 1/5/2007 is violative of the Protocol signed in February 2007 and the Government of India is taking up the matter with the Russian authorities. Shri Jairam Ramesh, Minister of State for Commerce, stated this in a written reply in the Lok Sabha on Tuesday.

The Russian Agency on Veterinary and Phytosanitary Surveillance (ROSSELKHOZNADZOR) issued a notification on 27 April 2007 imposing a ban on import of rice from India to Russia due to the purported detection of pesticides. The Russian side has started the cause as detection of demethoate, which is not admissible under Russian regulations.

Sources: PIB

Vietnam Rice Prices Increased on Higher Demand

Vietnam rice prices increased slightly on improved demand along with declining supplies. Vietnam's 5% broken was offered at \$302/ton, FOB, Ho Chi Minh City, 10% broken at \$295/ton while the 25% broken was offered at \$287/ton. These prices are \$2/ton higher than prices offered Wednesday.

Thailand Rice Prices Higher on Tight Supply

The onset of the rainy season in Thailand is also providing bullish support for the market; as such weather isn't favourable for drying and transporting rice. The Philippines wants to buy 275,000 tons of the 25% broken variety and 25,000 tons of iron-fortified rice for shipment between June and August this year.

Thai 100% grade B was offered a little higher at \$320-\$328/ton, FOB, Bangkok, 5% broken at \$315-\$316/ton, while parboiled 100% sortexed was offered at \$322-\$324/ton.

USDA: US Weekly Rice Export Sales Highlights

Rice: Net sales of 22,500 MT were 62 percent below the previous week and 36 percent under the prior 4-week average. The primary buyers were Mexico (10,500 MT), Guatemala (5,000 MT), Canada (3,400 MT), Israel (1,800 MT), and Ghana (1,200 MT). Exports of 49,000 MT were 57 percent below the previous week and 39 percent under

the prior 4-week average. The major destinations were Mexico (17,000 MT), Japan (13,000 MT), and Haiti (11,300 MT).

Source: USDA

DOMESTIC MARKET COMMENTARY

Rice sentiments remained weak in most of the domestic markets. Lack of buying support coupled with healthy stocks mainly helped rice prices to soften. In Amritsar markets different varieties of rice quoted down at: Parmal Wand (New) Rs.1275, Sharbati sella Rs.2000, Sharbati raw Rs.1950, Sharbati steam Rs. 2200 and Basmati rice Rs. 4000 per qtl on sluggish demand. Harvesting of summer rice is in progress in AP, West Bengal and Orissa. Whereas in Assam, Tamilnadu and Karnataka, summer rice are in maturity stage. This year progressive procurement of rice is lower so far and reported to 21.78 million tonnes as on May 14, 2007 as compared to 23.46 million tonnes during the corresponding period of last year. Meanwhile, govt fixed the MSP for kharif rice of common variety at Rs 645 per quintal, up by Rs 65 from the last year and the price for superior quality of rice paddy will be increased by the same margin to Rs 675 per quintal. The rice prices are likely to remain steady to slightly weak in short term on lack of demand amid healthy stocks position. Asian export rice prices were quoted higher at the weekend. Thai 100% grade B was offered a little higher at \$320-\$328/ton, FOB, Bangkok, 5% broken at \$315-\$316/ton, while parboiled 100% sortexed was offered at \$322-\$324/ton. Indian export rice prices rule firm on rupee appreciation. At present, Pure Basmati rice new offered at \$950, DB Rice at \$735 and Long grain (Parboiled) at \$300 per tonne.

DELHI MARKET:

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

| DELHI | 19.05.07 | 12.05.07 |
|----------------|----------|-----------|
| Basmati Common | 3950 | 3950-4000 |
| Sharbati raw | 2000 | 2000 |

| | | |
|----------------|------|------|
| Sharbati sella | 2000 | 2025 |
| Parmal raw new | 1100 | 1125 |
| Wand | 1200 | 1200 |
| Parmal sella | 1325 | 1350 |
| DB Rice | 2450 | 2550 |

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

| RUDRAPUR | 19.05.07 | 12.05.07 |
|-----------------|----------|----------|
| Parmal paddy | 1200 | 1200 |
| Parmal raw rice | 1150 | 1175 |
| Wand | 1200 | 1225 |
| Basmati paddy | 2000 | 2000 |
| Basmati rice | 3900 | 3950 |
| Sharbati sella | 2050 | 2050 |
| DB sella | 2500 | 2550 |

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

| KARNAL | 19.05.07 | 12.05.07 |
|-----------------|----------|----------|
| Basmati rice | 4000 | 4050 |
| Sharbati esteem | 2100 | 2150 |
| Sharbati sella | 2100 | 2100 |
| Parmal raw rice | 1200 | 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) | 19.05.07 | 12.05.07 |
|-----------------------|----------|----------|
| IR 36 (super) | 1100 | 1125 |
| Minikit Shankar | 1525 | 1550 |
| Doodh Kalma | 1500 | 1500 |
| Swarna (New) | 1100 | 1100 |
| Pankaj | 1050 | 1075 |
| Swarna parboiled | 1100 | 1100 |
| Govindobhog | 2375 | 2400 |
| Chawl Moni | 1800 | 1800 |

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

| AMRITSAR | 19.05.07 | 12.05.07 |
|----------------------|----------|----------|
| Sharbati sella rice | 2000 | 2050 |
| Sharbati raw rice | 1950 | 2000 |
| Sharbati steam | 2150 | 2200 |
| Basmati rice raw | 4000 | 4050 |
| Basmati Paddy | 2100 | 2250 |
| Parmal Govt. Quality | 1200 | 1200 |
| Parmal Wand (New) | 1250 | 1300 |

Price Drivers:

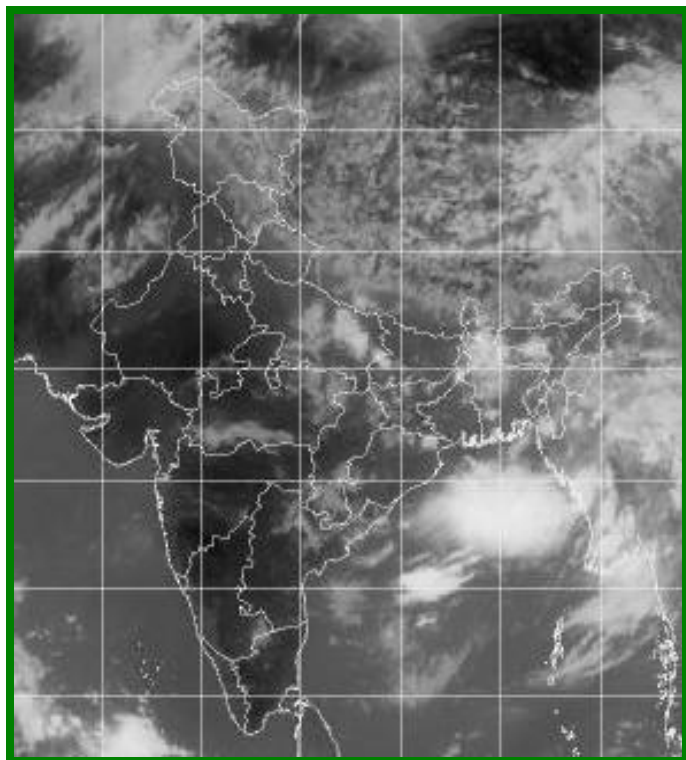
- Centre extended the Rs 40 bonus scheme by 2-6 months beyond 31st March, 2007
- Rupee appreciation
- Govt fixed higher MSP for kharif rice
- Moderate export demand from Middle East and European countries
- Sluggish demand from millers
- Lower procurement by Govt. so far

Outlook:

- ✍ **Short Term (1 week):** Steady to slightly weak on stable demand.
- ✍ **Medium Term (1 Month):** Slightly firm on decreased arrivals from major producing states, start arrivals of rabi rice
- ✍ **Long Term (3 Month):** Range bound on higher global demand improved arrivals of rabi rice.

FOREX (As on 19th May, 2007):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 40.90 |
| 1 Euro | 55.18 |
| 100 Yen | 33.73 |
| 1 British £ | 80.78 |



Weather Outlook For The Week Ending On May 23rd 2007

- Conditions are favourable for further advance of monsoon to some more parts of south Bay and east central Bay of Bengal.
- Scattered rain/thundershower activity likely over east and northeast India.
- Heat wave conditions likely to abate from Coastal Andhra Pradesh and Tamil Nadu.
- Rise in day temperature over northwest India and adjoining west & central India during second half of the week.

Source: IMD (19.05.07)

PROGRESSIVE PROCUREMENT OF RICE AS ON 14.05.07

(Lakh tonnes)

| State | Total procurement in marketing season 2005-06 (Oct. - Sept.) | Progressive Procurement as on 14.05.07 | |
|------------------|--|--|-------------------------------|
| | | In Marketing season 2006-2007 | In Marketing season 2005-2006 |
| Andhra Pradesh | 49.72 | 34.92 | 29.49 |
| Chhattisgarh | 32.65 | 25.20 | 27.87 |
| Haryana | 20.54 | 17.73 | 20.40 |
| Kerala | 0.94 | 1.35 | 0.91 |
| Maharashtra | 1.94 | 0.97 | 1.45 |
| Orissa | 17.85 | 14.65 | 11.45 |
| Punjab | 88.55 | 78.18 | 88.37 |
| Tamil Nadu | 9.26 | 10.59 | 7.26 |
| Uttar Pradesh | 31.51 | 21.01 | 25.62 |
| Uttaranchal | 3.36 | 1.75 | 3.24 |
| West Bengal | 12.75 | 5.48 | 11.75 |
| All-India | 276.56 | 217.89 | 234.63 |

Source: Ministry of Agriculture, GOI

SUMMARY PROGRESS OF RABI RICE

(Area Coverage)

(Area in lakh hectares)

| Normal Area | Area Coverage (As reported on 27.04.07) | | | Area Difference in Important States-This Year vs. Last Year (Absolute, %) |
|-------------|--|-----------|------------|---|
| | This Year | Last Year | Difference | |
| 48.7 | 41.05 | 42.60 | -1.55 | AP (-0.8, -6.2), Kar (-0.5, -13.9), TN (-0.8, -24.7), WB (+0.2, +1.4) |

International Asian Rice Prices Per MT FOB (18.05.07)

| THAILAND | \$/Mt | VIETNAM | \$/Mt |
|------------------|-------|------------------------|-----------|
| 100%B | \$327 | 5% DP | \$300 |
| 5% | \$315 | 5% | - |
| 10% | \$310 | 10% | \$295 |
| 15% | \$305 | 15% | \$290 |
| 25% | \$295 | 25% | \$285 |
| PB 100% Sortexed | \$320 | PB 100% Sortexed | - |
| PAKISTAN | \$/Mt | INDIA | \$/Mt |
| 15% | - | Basmati (Pure) | \$950 |
| 20% | - | DB | \$730 |
| 25% | \$265 | Long Grain (5% broken) | \$280-290 |
| Parboiled | - | Parboiled | \$290-295 |
| | | 25% | \$265 |

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