

Rice

11-16 June, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing Increased by 8.85% on Year

India's planting of rice so far this year has been higher than in the same period last year. The planting of rice from May 1 to June 15 is estimated at 1.16 million hectares, slightly higher than 1.06 million hectares a year earlier. Strengthen in monsoon progress favoring kharif sowing. According to the Ministry Sources, the sowing has been progressing well. Normally, kharif sowing starts from June 1 and continues till July end. Kharif crops are harvested in September-October.

India set to export 4.4 million tonnes of Rice in 2007

According to the United Nation's FAO report, India is set to export 4.4 million tonnes of rice in 2007, same quantity as a year ago. However, Basmati exports in 2006-07 are likely to be at a three-year low, owing to a steep rise in prices of the commodity as well as declining domestic crop. The rise of the rupee against the dollar will also make Indian exports dearer. Basmati exports were 7.6 per cent down at 8.44 lakh tonnes between April and January of 2006-07 from 9.14 lakh tonnes exported in the corresponding period of 2005-06. Prices of Basmati went up from October onwards, owing to a shortage in production resulting in drop in volume of export. According to media reports, the export price of India Gate Classic (KRBL product) stood at \$1200 a tonne this year against \$950 last year and during the current year production would be higher as the sowing of basmati paddy are expected to be better than last year.

Global Basmati rice prices are likely to rise

Global Basmati rice prices are likely to rise because of supply shortages of the aromatic variety in India and Pakistan. India's Commission for Agricultural Costs & Prices has recommended a minimum support price (MSP) of Rs 675 for 100 kg of grade 'A' paddy (un-milled rice) and Rs 645 for 100 kg of common varieties during the 2007-08 (July-June) season, an increase of Rs 65 per 100 kg over 2006-07 procurement season. As per the government's latest estimates, India produced 91.05 million tonnes of rice during the 2006-07-crop year compared with 91.79 million tonnes in the previous year.

According to United Nations' Food and Agriculture Organization, global rice consumption is estimated to reach 418 million metric tonnes in 2007, up from 414 million

tonnes in 2006. While, rice production globally is projected at 415 million metric tonnes this year, down from 418 million tonnes last year. According to FAO estimates, global rice trade is expected to reach 29.8 million tonnes in 2007, up from 28.3 million tonnes in 2006.

Rice: USDA Weekly Export Sales Highlights

Net sales of 27,200 MT were 27 percent below the previous week and 21 percent under the prior 4-week average. The primary buyers were Ghana (6,900 MT), Haiti (6,500 MT), Mexico (4,700 MT), Cuba (1,800 MT), El Salvador (1,600 MT), and Saudi Arabia (1,500 MT). Exports of 53,500 MT were 32 percent above the previous week, but 25 percent under the prior 4-week average. The major destinations were Mexico (22,200 MT), Haiti (6,500 MT), Guatemala (6,400 MT), Canada (4,900 MT), and Cuba (3,700 MT).

(This summary is based on reports from exporters for the period June 01-07, 2007)

Source: FAS, USDA

DOMESTIC MARKET COMMENTARY

The rice market maintained remained unchanged in most of the rice quality in Delhi, Punjab, Haryana, West Bengal and other markets against a restricted arrival in the back of a low demand. Though monsoon rains hindered on the arrival but weak demand and old stocks releasing by the stockists at some pockets kept the market on slightly negative side. In Delhi and Punjab, Basmati rice was traded in the range of Rs. 3800-4000/ql while in Haryana, it is Rs. 4500/ql. DB Sella was traded Rs. 3300-3600/ql in Delhi and Rs. 3000/ql at Rudrapur market. The prices of IR36 Super in West Bengal have further gone up to 1400/ql from Rs.1200/ql in previous week on the back of a good local demand against restricted supply. On the other hand, steady to slight up export demand of India rice provided underlying support to the market. In the short term, the domestic prices are likely to remain unchanged but the strong export demand is expected to drive international trade to a new high of 30.2 million tonnes in 2007. This year the Ministry of Agriculture also expects in the increase of acreage in rice as the period from June 1 to June 15 shows 1.1 per cent increase in sowing compared to the last year's same period.

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

Delhi	08.06.07	16.06.07
Basmati Common	-	3800-4000
Sharbati raw	-	2000-2100
Sharbati sella	-	2000-2100
Parmal raw	-	1225-1250
Parmal sella	-	1250-1350
DB Rice	-	3300-3600

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

RUDRAPUR	08.06.07	16.06.07
Parmal paddy	650	650
Parmal raw rice	1160	1160
Basmati paddy		
Basmati rice		
Sharbati sella	2200	2200
DB sella	3000	3000

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

KARNAL	08.06.07	16.06.07
Basmati rice raw	4500	4500
Sharbati esteem	2300	2300
Sharbati sella	2300	2300
Parmal raw rice	1250	1250
Parmal sella	1225	1225
IR8	1150	1150

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

WEST BENGAL (Burdwan)	08.06.07	16.06.07
IR 36 (super)	1200	1400
Minikit Shankar	1500	1600
Doodh Kalma	1600	1600-1650
Swarna (New)	1200	1300
Pankaj	1200	1300
Swarna parboiled	1400	1500
Govindobhog	2400	2400

Chawl Moni	1700	1700
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AMRITSAR MARKET:**Market Price For Different Varieties Of Rice In Amritsar**

AMRITSAR	08.06.07	16.08.07
Sharbati sella rice	2000	2000
Sharbati raw rice	2050	2050
Sharbati esteem	2150-2250	2150-2250
Basmati rice raw	3800-3900	3800-3900
Basmati Paddy	1950-2000	1950-2000
Parmal Govt. Quality	1150	1150
Parmal Wand (New)	1275	1275

CONCLUSION

The prices are expected to remain range bound in the coming week, slight bullish inclination is likely if export demand remains buoyant.

Monsoon Outlook (18.06.06)

Southwest monsoon has further advanced into remaining parts of Bay of Bengal, some more parts of Arabian Sea, entire northeastern states, most parts of West Bengal & Sikkim, some parts of Bihar, Jharkhand, some more parts Peninsular India during the week.

Outlook For The Week Ending On 20th June 2007

1. Southwest monsoon is likely to advance further into some more parts of Maharashtra, east India and some parts of Chhattisgarh, Uttarakhand and Himachal Pradesh.
2. Fairly widespread rainfall is likely over west coast, Indo-Gangetic plains, northeastern states and Western Himalayan region.
3. Numerical Weather Prediction model suggests formation of low pressure area over west-central and adjoining northwest Bay of Bengal towards the end of the week. **Source:** GOI (IMD)

FOREX (As on 28th JULY, 2006):

Foreign Currency	Rs. per unit
1 US \$	40.76
1 Euro	54.58
100 Yen	32.99
1 British £	80.67

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 08.06.07)		
	This Year	Last Year	Difference
381.89	10.20	10.09	+1.1

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 08.06.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 08.06.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	48.82	38.21
Chhattisgarh	32.65	25.20	27.87
Haryana	20.54	17.73	20.40
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.97	1.45
Orissa	17.85	16.30	13.13
Punjab	88.55	78.21	88.37
Tamil Nadu	9.26	10.67	7.54
Uttar Pradesh	31.51	21.01	25.62
Uttaranchal	3.36	1.76	3.28
West Bengal	12.75	5.64	12.14
All-India	276.56	233.89	246.02

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$335	5% DP	\$303
5%	\$325	5%	-
10%	\$320	10%	\$295
15%	\$310	15%	\$290
25%	\$295	25%	\$285
35%	-		-
Parboiled	\$330		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$280	25%	\$270
Parboiled	-	Parboiled	\$280

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