

Rice

09th-14th July, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- Domestic Market Commentary
- Domestic and International Rice Prices
- Rice Production Estimates

DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing is Lagging

During this Kharif year, rice plantation is lagging behind compared to other crops. The area under the rice as on July 6 was lagging at 4.62 lakh hectares against 47.72 lakh hectares during the corresponding period. Heavy rains through kharif rice areas of east India caused flooding and hampered the planting effort. The last week's heavy rain destroyed thousands of acres of rice plantation in Orissa. However, the market sources believed that the production of rice are likely to be more in this crop year and also expects the increase of acreage. During the 2006-07 crop year, India produced 91.05 million tonnes compared with 91.79 million tonnes in 2005-06 crop year. Normally, kharif sowing starts from June 1 and continues till July end. Kharif crops are harvested in September-October. Under the Food Security Mission (FSM), government has earmarked 130 districts from 10 states for rice production. As per the official sources, funding for the rice cultivation will be 1,000 crore for four years which aims at producing an additional 10 million tonnes under the FSM.

India Banned GM Rice Import

India has banned the import of Genetically Modified (GM) rice and requires certificate from the competent authorities from country of export that the exported rice is GM free. India is primarily an exporter of rice, shipping out a little over 4.0 million MT a year, but small volumes are imported as well. Although, India allows regulated trials for GM-rice but none of these types have been released for commercial cultivation so far.

India May Start Exporting Rice to Russia

India's rice exports to Russia stalemate seems to be over as Russia has agreed in-principle to withdraw the ban on rice imports from India after signing the protocol. The protocol revolves around ensuring exports of good quality rice form India, which should be free of traces of certain pesticides. Russia has banned imports of rice from India after detecting dimethoate pesticide in a rice consignment shipped from India in November 2006. Although Russia lifted ban on rice import, it is expected Russian experts will visit Indian labs in August before giving their stamp of approval.

To Protect Local Price, Philippines Won't Import US Rice

The Philippine National Food Authority has decided not to allow any rice imports from the United States for the rest of this year as the import could unduly depress the local prices, NFA reported on Tuesday. Plans to import U.S. rice this year have failed, as prospective suppliers aren't willing to undertake a test that would keep out genetically modified strains. The Philippines' requirement for biotech testing follows tests conducted by the European Commission in 2006, which showed that U.S. rice exports to Europe contained an illegal genetically modified strain. A major buyer of rice in Asia, the Philippines has contracted to buy 1.64 million tons of rice this year, mostly from Vietnam, to fill a shortfall in local output during the lean months of July to September

Vietnam To Export Rice To Ivory Coast

Vietnam has a good opportunity to boost rice exports to Ivory Coast in the coming years, the Ministry of Trade reported. During the first 11 months of 2006, Vietnam shipped 213,000 tonnes of rice worth \$53 million US to the African country. According to the ministry, Pakistan is also planning to import rice from Vietnam to stabilise the domestic market amidst a lean harvest in the country this year. Vietnamese rice is currently exported for \$305 US per tonne, up \$45 US over the same period last year. Statistics released by the General Statistics Office shows that Vietnam - the world's second largest rice exporter after Thailand - shipped abroad 2.3 million tones of rice worth over \$731 million US in the first half of 2007, year-on-year decreases of 9 per cent in volume and 5.6 percent in turnover.

Rice: USDA Weekly Export Sales Highlights

Net sales of 5,400 MT--a marketing year low--were 96 percent below the previous week and 91 percent under the prior 4-week average. The primary buyers were Mexico (3,600 MT, including decreases of 5,500 MT), Canada (500 MT), Japan (400 MT), and El Salvador (200 MT). Net sales of 7,000 MT for delivery in 2007/08 (which begins August 1) were for Mexico. Exports of 36,100 MT were 55 percent below the previous week and 35 percent under the prior 4-week average. The major destinations were Mexico (13,900 MT), Ghana (6,900 MT), Honduras (4,100 MT),

Taiwan (3,000 MT), and El Salvador (2,700 MT). (This summary is based on reports from exporters for the period June 29 to July 5, 2007).

Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

The export of non-basmati rice has been steady to rise while the export of basmati rice was on decline. During the week, top quality basmati rice traded steady at \$1100 per MT FOB, and Pusa Basmati (DB) were at \$900 per tonne FOB as healthy arrivals offsets strong demand. In Delhi and Amritsar markets, the price of top quality basmati rice was up at Rs. 4,000-4,200/mtl, while in Karnal market, the price was down of Rs. 100-50 and stood at Rs.4,000/mtl. In West Bengal market, rice sentiments were up for Doodh Kalma, Swarna New, Govindbhog, Chawlmoni at Rs. 1600-1800, 1300, 2500 and 2000 respectively as a normal demand outpaced restricted arrival. Heavy rains over India and more particularly in West Bengal region have further imparted bullishness in some varieties of rice. In Delhi market, sarabati raw and sarabati sella traded at Rs. 2400 and 2250 respectively. Rice variety of DB Sella was traded up at Rs. 3100-3400 in the markets of Delhi, Karnal and Rudrapur. The export of top quality parmal rice and broken parmal (25%) were quoted at \$360 and \$275 per tonne FOB respectively, remain unchanged from the last week.

DELHI MARKET:

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

| Delhi | 07.07.07 | 14.07.07 |
|----------------|-----------|----------|
| Basmati Common | 4000 | 4200 |
| Sharbati raw | 2100-2300 | 2400 |
| Sharbati sella | 2100-2200 | 2250 |
| Parmal raw | 1225-1250 | 1250 |
| Parmal sella | 1250-1300 | 1250 |
| DB Rice | 3200-3400 | 3400 |

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

| RUDRAPUR | 07.07.07 | 14.07.07 |
|-----------------|----------|----------|
| Parmal paddy | 550-600 | 600-650 |
| Parmal raw rice | 1150 | 1150 |
| Basmati paddy | - | |
| Basmati rice | - | |
| Sharbati sella | 2200 | 2250 |
| DB sella | 3000 | 3100 |

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

| KARNAL | 07.07.07 | 14.07.07 |
|------------------|-----------|----------|
| Basmati rice raw | 4000-4150 | 4000 |
| Sharbati esteem | 2350-2400 | 2300 |

| | | |
|-----------------|-----------|-----------|
| Sharbati sella | 2400 | 2100 |
| Parmal raw rice | 1575-1600 | 1250-1300 |
| Parmal sella | 1250 | 1200 |
| DB Rice Sella | 3125 | 3300-3400 |
| IR8 | 1200 | 1100 |

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

| WEST BENGAL (Burdwan) | 07.07.07 | 14.07.07 |
|-----------------------|-----------|-----------|
| IR 36 (super) | 1500 | 1500 |
| Minikit Shankar | 1600 | 1600 |
| Doodh Kalma | 1600-1700 | 1600-1800 |
| Swarna (New) | 1200 | 1300 |
| Pankaj | 1300 | 1300 |
| Swarna parboiled | 1400 | 1450 |
| Govindobhog | 2400 | 2500 |
| Chawl Moni | 1800-1900 | 1900-2000 |

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

| AMRITSAR | 07.07.07 | 14.07.07 |
|----------------------|-----------|-----------|
| Sharbati sella rice | 2100-2150 | 2150 |
| Sharbati raw rice | 2050 | 2100 |
| Sharbati esteem | 2300 | 2300 |
| Basmati rice raw | 3800-3900 | 4000 |
| Basmati Paddy | 2000 | 2000-2050 |
| Parmal Govt. Quality | 1100 | 1100-1150 |
| Parmal Wand (New) | 1250 | 1250 |

CONCLUSION

India's rice export markets are likely to be firm despite tighter supply and high domestic prices. In the domestic markets, rice sentiments are likely to be strong as lower arrivals continued in the market due to rain, in the short term.

PORT WATCH (As on 7th July, 2007)

As of 16th July, In Kandla Port, the vessel sailing date was July 15 to carry 13000 tonnes of rice for export. The vessel M.V.MERCS MAHARA is handled by SAI SHG. Another vessel (Al Mansoor) at Kandla port will carry 8200 tonnes of rice for export.

Monsoon Outlook (11.07.07)

Last week's low pressure area over central parts of Rajasthan became less marked on 5th July. However the associated upper air cyclonic circulation lay over East Rajasthan & neighbourhood extending up to mid-tropospheric level. It lay over same area extending up to 4.5 km a.s.l on 6th and became less marked on 7th.

Last week's depression over Bangladesh coast moved northwestwards and lay centred at 0830 hrs. IST of 5th over Gangetic West Bengal about 50 km north of Kolkata. It remained practically stationary and intensified into a deep depression in the same evening. It then moved westwards and lay centred at 0830 hrs. IST of 6th over Gangetic West Bengal near Bankura. The system further moved west-northwestwards, weakened into a depression and lay centred at 0830 hrs. IST of 7th July over north Chhattisgarh and neighbourhood close to Ambikapur. It lay centred at 0830 hrs. IST of 8th July over east Madhya Pradesh about 50 km southeast of Sagar. It then moved northwestwards and lay centred over northwest Madhya Pradesh close to Shivpuri on 9th morning. It weakened into a well marked low pressure area and lay over northwest Madhya Pradesh and adjoining East Rajasthan on 10th morning and became less marked on 11th morning. However, the associated upper air cyclonic circulation lay over central Rajasthan and neighbourhood extending upto mid-tropospheric level on 11th.

An off-shore trough extended from south Konkan coast to Kerala coast during many days of the week.

An upper air cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir at lower levels during 7th -9th and became less marked on 10th

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

| Normal Area | Area Coverage (As reported on 29.06.07) | | |
|-------------|--|-----------|------------|
| | This Year | Last Year | Difference |
| 381.89 | 31.34 | 34.33 | -7.8 |

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 29.06.07

(Lakh tonnes)

| State | Total procurement in marketing season 2005-06 (Oct.- Sept.) | Progressive Procurement as on 29.06.07 | |
|----------------|--|--|--------------------------------|
| | | In Marketing season 2006-07 | In Marketing season 2005-06 |
| Andhra Pradesh | 49.72 | 53.73 | 43.16 |
| Chattisgarh | 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 | 18.76 | 15.18 |
| Punjab | 88.55 | 78.20 | 88.37 |
| Tamil Nadu | 9.26 | 10.72 | 8.16 |
| Uttar Pradesh | 31.51 | 21.01 | 25.62 |
| Uttaranchal | 3.36 | 1.76 | 3.28 |
| West Bengal | 12.75 | 5.72 | 12.43 |
| All-India | 276.56 | 241.38 | 253.92 |

Source: Ministry of Agriculture, GOI

Outlook For The Week Ending On 18th July 2007

1. A low pressure area is likely to form over north Bay of Bengal around 13th. Under its influence, increase in rainfall activity likely over east & adjoining central India during 13th-15th.
2. Increase in rainfall activity over plains of northwest India. **Source:** GOI (IMD).

FOREX (As on 14th JULY, 2007):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 40.47 |
| 1 Euro | 55.74 |
| 100 Yen | 33.05 |
| 1 British £ | 82.08 |

International Asian Rice Prices Per MT FOB (Current, 11.07.07)

| THAILAND | \$/Mt | VIETNAM | \$/Mt |
|-----------|-------|-----------|-------|
| 100%B | \$340 | 5% DP | \$308 |
| 5% | \$330 | 5% | - |
| 10% | \$325 | 10% | \$300 |
| 15% | \$315 | 15% | \$295 |
| 25% | \$298 | 25% | \$288 |
| 35% | - | | - |
| Parboiled | \$335 | | - |
| PAKISTAN | \$/Mt | INDIA | \$/Mt |
| 15% | - | 15% | - |
| 25% | \$290 | 25% | \$290 |
| Parboiled | - | Parboiled | \$295 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2005 Indian Agribusiness Systems Pvt Ltd.