

Rice

25<sup>th</sup>-30<sup>th</sup> June, 2007

## MAJOR ACTIVITY HIGHLIGHTS

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

## DOMESTIC AND INTERNATIONAL NEWS

### Monsoon favoured Kharif Rice Sowing

India's planting of rice till 22<sup>nd</sup> June this year has been slightly lower than the same period last year. The planting of rice up to this period is estimated at 23.14 lakh hectares compared to 23.39 lakh hectares a year earlier. The further advance of Monsoon favours the sowing of rice. All most all the rice growing regions have started the rice plantation. The sowing of has been progressing well and monsoon rain supports this. Normally, kharif sowing starts from June 1 and continues till July end. Kharif crops are harvested in September-October. Under the Food Security Mission, government has earmarked 130 districts from 10 states for rice production.

### Brussels planning to put DNA Testing Protocol for Basmati Rice:

Concerned by the steep rise in basmati rice imports from India, Brussels is planning to put in place a DNA testing protocol, which could allow imports of genuine basmati rice only. APEDA has proposed to bring amendment to the Export of Basmati Rice (Quality Control and Inspection) Rules 2003 to notify Basmati 320 as a land race or traditional basmati variety in an unseemly hurry that might be detrimental to the conservation of real land race or traditional varieties of basmati being exported by India. APEDA working under the Department of Commerce will check dubious admixture of Basmati rice, which may get rejected in the overseas markets. India and Pakistan are also planning to jointly register basmati rice as Geographical Indication (GI) to India and Pakistan.

### Andhra Pradesh Recorded Paddy Procurement of 10 Million Tonnes

Andhra Pradesh has registered a record in paddy procurement with a total of ten million tonnes during October 2006 to June 2007 compared to last year's 88.32 lakh tonnes. The farmers were paid Rs 6,513 crore on the basis of Minimum Support Price (MSP). The millers dominated the procurement process with 93.18 lakh tonnes. The millers delivered 43.62 lakh tonnes of rice during 2006-07 as against 37.79 lakh tonnes in the previous year. The Union Government allotted 120 rakes for movement of two lakh tonnes of boiled rice to other states in June.

### Thailand Rice Exports Rose 10.6% On Year

Thailand's rice exports from January 1 to June 13 rose 10.6% on year to 3.65 million metric tonnes. Rice exports from June 1-13 are 320,116 tonnes, up 18.8% on year. The Thailand is the world's largest rice exporter.

### India to Supply 2,000 Tonnes Rice to North Korea as Part of Humanitarian Assistance

As part of a humanitarian assistance programme, Government of India on Tuesday decided to supply 2,000 metric tonnes, 25% broken white rice to North Korea. State Trading Corporation (STC) will implement the plan. STC asked the prospective local suppliers to submit bids in Indian rupees on basis of cost and freight, Nempo port, by July 5, 2007. The delivery is expected within four weeks of the finalization of the contract.

### Rice: USDA Weekly Export Sales Highlights

Net sales of 15,300 MT were 57 percent below the previous week and 59 percent under the prior 4-week average. The primary buyers were Mexico (4,600 MT), Canada (3,000 MT), Jordan (1,600 MT), Australia (1,400 MT), Japan (1,100 MT), and Guatemala (1,000 MT). Exports of 35,800 MT were 13 percent above the previous week, but 29 percent under the prior 4-week average. The major destinations were Mexico (11,100 MT), Haiti (8,200 MT), Honduras (5,800 MT), Canada (3,700 MT), and Taiwan (2,900 MT). (This summary is based on reports from exporters for the period June 15-21-06, 2007).

Source: FAS, USDA.

## DOMESTIC MARKET COMMENTARY

The export of non-Basmati rice continues to be steady to better whereas the prices of basmati varieties in domestic markets declined. In Delhi, Karnal and Amritsar markets, the price of top quality basmati ranged between Rs.3800 to 4300/ql. Top quality basmati is quoted at \$1100 per MT FOB, Pusa Basmati (DB) is at \$900 per MT FOB. In domestic markets, rice sentiments slightly strengthened on some varieties amid a normal demand against restricted supply. Till Thursday, monsoon covered 90 per cent of Indian territory including almost all the rice growing regions. Like other parts of the country, continuous rain over West Bengal featured increase in price of some grades of rice

against lower supplies on the back of a normal demand. The prices of Sharabati in domestic market is higher by Rs.50-200/qtl against good demand, while the export price of Sharabati Rice was quoted lower at \$625 per MT FOB. The export price of Parimal was quoted at \$340 per MT whereas the domestic prices marginally increased compared to last week's price level. Disruptions due to rain are expected to slightly push up the prices on normal demand. In Asian markets, the export price of rice could soften as the second crop from Thailand is expected to reach markets starting from next month. Although the period from June 1 to June 22 shows 1.0 per cent decrease in sowing compared to the last year's same period, the Ministry of Agriculture still confident in the increase of rice acreage. Agriculture Commissioner N.B. Singh said India's rice production is likely to rise to 101 million tonnes by 2011 from around 90 million tonnes now, through coordinated efforts in various states.

#### DELHI MARKET:

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

Delhi	23.06.07	30.06.07
Basmati Common	3800-3900	3800-4000
Sharbati raw	2100	1900-2300
Sharbati sella	2000-2200	2000-2200
Parmal raw	1200-1250	1200-1250
Parmal sella	1250-1300	1250-1300
DB Rice	3400-3500	2800-2900

#### RUDRAPUR MARKET:

##### Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	23.06.07	30.06.07
Parmal paddy	650	700
Parmal raw rice	1150	1200
Basmati paddy		
Basmati rice		
Sharbati sella	2300	2250
DB sella	3100-3300	3100-3300

#### KARNAL MARKET:

##### Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	23.06.07	30.06.07
Basmati rice raw	4500	4100-4300
Sharbati esteem	2350	2350
Sharbati sella	2350	2350
Parmal raw rice	1250	1300
Parmal sella	1225	1250
IR8	1150	1150

#### WEST BENGAL MARKET:

##### Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	23.06.07	30.06.07
IR 36 (super)	1400	1300
Minikit Shankar	1600	1800
Doodh Kalma	1600-1650	1600-1700
Swarna (New)	1300	1300
Pankaj	1300	1300
Swarna parboiled	1500	1500
Govindobhog	2400	2400
Chawl Moni	1700	1800-1900

#### AMRITSAR MARKET:

##### Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	23.06.07	30.06.07
Sharbati sella rice	2050	2100
Sharbati raw rice	2100	2050
Sharbati esteem	2250	2200
Basmati rice raw	3800	3800
Basmati Paddy	2000	1950
Parmal Govt. Quality	1150	1100
Parmal Wand (New)	1275	1250

#### CONCLUSION

Although the export of non-basmati rice has been increased but the price of the basmati rice has been increased in the domestic markets due to exporters demand coupled with a restricted arrival. In short to medium term, the prices may be range bound but a good demand from the exporters may likely lead to the slightly increase of Basmati price.

#### PORT WATCH (As on 30<sup>th</sup> June, 2007)

As of 30<sup>th</sup> June, loading of 11300 tonnes of rice has been completed in Kandla Port and remaining 900 tonnes will be loaded. The average output is 67262. Aditya Group is handling is the Aboudi vessel for the export of rice. Kandla port also loaded 9489 tonnes rice for export and the average out put is 9321. MERCS M vessel carrying rice for export is handled by SHG.

#### Monsoon Outlook (27.06.06)

Southwest monsoon further advanced into the remaining parts of Arabian sea, most parts of Saurashtra & Kutch, some parts of Gujarat region, the remaining parts of Madhya Maharashtra & Marathawada, some more parts of Vidarbha, Orissa and Jharkhand on 24<sup>th</sup> June. It advanced into remaining parts of Gujarat, some parts of southeast Rajasthan and south Madhya Pradesh, some more parts of Chattisgarh and remaining parts of Vidharbha, Orissa and Jharkhand on 25<sup>th</sup> June. It further advanced into some more parts of East Uttar Pradesh, remaining parts of Uttarakhand, entire Himachal Pradesh, Jammu & Kashmir

and northern parts of West Uttar Pradesh, Haryana and Punjab on 26th June.

#### Outlook For The Week Ending On 4<sup>th</sup> July 2007

1. The well-marked low-pressure area over north & adjoining central Bay of Bengal is likely to concentrate into a depression. Under its influence, widespread rainfall with scattered heavy to very heavy falls and isolated extremely heavy falls (> 25 cms.) are likely over Orissa, Chattisgarh and north Andhra Pradesh during next 2-3 days. The enhanced rainfall activity is likely to extend into Vidharbha, Madhya Pradesh, Madhya Maharashtra, Konkan & Goa and Gujarat from 29th onwards.
2. Decrease in rainfall activity over Orissa, Andhra Pradesh, and Chattisgarh during second half of the week.

3. Conditions are favourable for further advance of southwest monsoon in some more parts of west, central and northwest India.

Source: GOI (IMD).

#### FOREX (As on 30<sup>h</sup> JUNE, 2007):

Foreign Currency	Rs. per unit
1 US \$	40.66
1 Euro	55.05
100 Yen	33.07
1 British £	81.70

#### SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 22.06.07)		
	This Year	Last Year	Difference
381.89	23.14	23.39	-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 21.06.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	52.54	41.98
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	18.47	14.30
Punjab	88.55	78.20	88.37
Tamil Nadu	9.26	10.71	7.97
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	239.88	251.69

Source: Ministry of Agriculture, GOI

**International Asian Rice Prices Per MT FOB (Current, 29.6.07)**

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$335	5% DP	\$303
5%	\$325	5%	-
10%	\$320	10%	\$295
15%	\$312	15%	\$290
25%	\$295	25%	\$285
35%	-		-
Parboiled	\$330		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$285	25%	\$280
Parboiled	-	Parboiled	\$280

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