

Rice

23<sup>rd</sup>-28<sup>st</sup> 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 Up

As per the Agriculture Ministry's Crop Weather Watch Report released on Friday, the kharif acreage has gone up considerably except rice and jute. The total coverage of kharif rice till July 26 is 154-lakh hectare as compared to 154.27 lakh hectare during the same period of last year. Transplanting of rice is in progress in almost all the States. In Assam, Chhattisgarh, Haryana, Maharashtra, Punjab and West Bengal, sowing is on peak. Normally, kharif sowing starts from June 1 and continues till July end. Kharif crops are harvested in September-October. This kharif crop year also expects rise in output due to application of advanced technology and seeds.

### India's Rice Output to be around 92.76 Million Tonnes

As per the report of Agriculture Ministry, India's rice output has been stagnant for nearly a decade. Although this year's output is expected to be around 92.76 million tonnes compared to last 10 year's average of 88-90 million tonnes, rice consumption has also been increased from 87.55 million tonnes in 2006-07 to this year's estimated consumption of 89.12 million tonnes. Agriculture Minister Sompal said the rise in population and household incomes will increase the demand for rice manifold in the next few years at a time when agricultural land is shrinking due to urbanization and industrialization. However, India's rice stocks have fallen to around 13.1 million tons as of April 1, this year. The current government stocks of rice are barely enough to make up for the shortfall in wheat.

### India to Export Improved Pusa Basmati Rice in Coming Years

Government of India has notified Improved Pusa Basmati-1 variety will replace the extant Pusa basmati-1 in the coming years due to its improved quality and competitiveness. The export of Pusa basmati today accounts for more than 60 percent of India's total basmati export. It is believed that improved pusa basmati-1 variety would replace the extant pusa basmati-1. Improved Pusa Basmati-1 variety was developed "by pyramiding bacterial leaf blight resistance genes through marker assisted backcross breeding.

### Philippine Rice Output May Down

The total rice output in Philippine may go down due to the current drought which affected the major rice growing areas in the country. The government sources reported that the 5 per cent on-year target growth for rice production this year is out of reach. farm output is most likely to take a hit from the current drought which has affecting a major section of rice growing areas of the country. A total of 9 million MT was originally expected to be produced in the second half of 2007 but now some 1.1 million MT could be lost to the drought.

### Pakistan Rice Output To Be Down By 100,000 Tonnes

As per the trade sources, due to heavy monsoon rain in the Sindh Province in Pakistan has ruined nearly 20 per cent standing crops. The crop output is expected to be down by 100,000 tonnes due to flood triggered by the heavy rainfall. The most affected variety is Irri-6, which was mostly sown in the current flood hit areas. Pakistan's total rice export in 2006-07 was stood at \$1.3 billion while it exported about 3.6 million tonnes of rice in 2005-06 worth \$1.1 billion.

### Rice: USDA Weekly Export Sales Highlights

Net sales of 13,300 MT were 66 percent below the prior 4-week average. The primary buyers were Nicaragua (4,600 MT), Canada (3,200 MT), El Salvador (2,300 MT), and Jordan (2,100 MT). Net sales of 3,000 MT for delivery in 2007/08 (which begins August 1) were for Mexico (2,000 MT) and Honduras (1,000 MT). Exports of 45,400 MT were 47 percent below the previous week and 23 percent under the prior 4-week average. The major destinations were Guatemala (15,000 MT), Nicaragua (10,900 MT), Mexico (7,000 MT), Canada (4,900 MT), Jordan (2,000 MT), Taiwan (1,400 MT), and Australia (1,300 MT). (This summary is based on reports from exporters for the period July 13-19, 2007).

Source: FAS, USDA.

## DOMESTIC MARKET COMMENTARY

Overall rice sentiments remained steady during the week starting July 23 on balanced demand-supply situation. The export activity remained quiet for the basmati rice while the exports of non-basmati continued on a steady basis. The demand for the parboil rice has been increased as

Bangladesh has floated a series of tenders for totaling 450,000 metric tonnes for import. To export parboil to Bangladesh, India is one of the leading country considering the high price of Thailand variety. The domestic market also witnessed the growing export demand of Basmati variety as Russia has resumed rice imports from India after signing a protocol with Indian authorities providing for a system that ensures health safety of rice exported to Russia. The export of top quality basmati rice traded steady at \$1100 per MT FOB while domestic prices of top quality basmati rice quoted at Rs. 4000-4400/qtl, remained unchanged from last week. Prices are firm with IR-64 is quoted at \$295 per MT FOB, while parboil export price up at \$305 per MT FOB from the last week's \$295-300. Indian rice export has been slowed down due to increased domestic consumption and appreciation of rupee against dollar. Strong rupee against dollar has cast a shadow on the margin money of exporters.

In the domestic markets, rice sentiments were remained unchanged from last week's price level. In Delhi and Haryana, Sarbati raw and Sarbati Sella quoted at Rs. 2400-2500/qtl and 2100-2300/qtl respectively. In Amritsar, basmti rice was traded up at Rs.4400/qtl from last week's 4000/qtl and Basmati paddy from Rs.2100/qtl to Rs.2500/qtl. In West Bengal, no price change was occurred in any rice variety. In Rudrapur, Karnal and Delhi, DB Sella traded at Rs. 3100-3600/qtl and parmal sella at Rs. 1200-1250/qtl.

#### DELHI MARKET:

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

Delhi	21.07.07	28.07.07
Basmati Common	4400	4400
Sharbati raw	2500	2500
Sharbati sella	2300	2300
Parmal raw	1250	1250
Parmal sella	1260	1275
DB Rice	3500	3600

#### RUDRAPUR MARKET:

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

RUDRAPUR	21.07.07	28.07.07
Parmal paddy	600-625	600-625
Parmal raw rice	1200	1200
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2350	2350
DB sella	3100	3100

#### KARNAL MARKET:

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

KARNAL	21.07.07	28.07.07
Basmati rice raw	4100-4200	4100-4200
Sharbati esteem	2350	2400
Sharbati sella	2100	2100
Parmal raw rice	1225-1250	1225-1250
Parmal sella	1200	1200
DB Rice Sella	3300-3400	3250
IR8	1150	1150

#### WEST BENGAL MARKET:

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

WEST BENGAL (Burdwan)	21.07.07	28.07.07
IR 36 (super)	1600	1600
Minikit Shankar	1700	1700
Doodh Kalma	1700-1750	1700-1750
Swarna (New)	1400	1400
Pankaj	1400	1400
Swarna parboiled	1600	1600
Govindobhog	2200	2200
Chawl Moni	2000	2000

#### AMRITSAR MARKET:

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

AMRITSAR	21.07.07	28.07.07
Sharbati sella rice	2200	2200
Sharbati raw rice	2100-2200	2300
Sharbati esteem	2300	2300
Basmati rice raw	4000	4400
Basmati Paddy	2100	2500
Parmal Govt. Quality	1150	1150
Parmal Wand (New)	1200-1250	1200-1250

#### CONCLUSION

India's Basmati rice export may further decline due to shortage in supply and strong rupee. In the domestic markets, rice sentiments for some varieties are likely to be strong as lower arrivals continued in the market due to rain, in the short term. The prices of the basmati varieties may increase further due to good domestic and export demand.

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

As of 30<sup>th</sup> July, In Kandla Port, the vessel sailing date is July 31<sup>st</sup> to carry 1530 tonnes of rice for export. The vessel AMINA is handled by AAshirvad.

#### Monsoon Outlook (25.07.07)

The axis of the monsoon trough at sea level ran close to the foothills of the Himalayas during many days of the week.

Last week's low pressure area over East Uttar Pradesh and adjoining Bihar became less marked on 19th July. However, the associated upper air cyclonic circulation lay over Bihar & neighbourhood extending upto 3.1 km a.s.l. on 19th and became less marked on 20th. A north-south trough in lower tropospheric levels extended from Bihar to north coastal Andhra Pradesh on 20th and became less marked on 21st. An upper air cyclonic circulation in the lower tropospheric levels lay over Bangladesh & neighbourhood on 21st & 22nd and over Assam & neighbourhood on 23rd July. It moved away eastwards thereafter. Another upper air cyclonic circulation at lower tropospheric levels lay over Sub-Himalayan West Bengal & neighbourhood on 24th and east Assam & adjoining Arunachal Pradesh on 25th July.

A cyclonic circulation lay over westcentral Bay of Bengal off south Coastal Andhra Pradesh extending upto 3.1 km a.s.l. on 23rd; over southwest Bay of Bengal off north Tamil Nadu coast on 24th and over Tamil Nadu & neighbourhood on 25th July. Last week's upper air cyclonic circulation over Jammu & Kashmir and neighbourhood moved away eastwards on 19th.

A trough in westerlies extending upto mid-tropospheric level ran from north Pakistan to north Arabian Sea during 19-21st and from Jammu & Kashmir to north Arabian Sea across Pakistan during 22-25th July. An embedded cyclonic circulation lay over north Pakistan at lower tropospheric levels during 19-21st and over Jammu & Kashmir and neighbourhood during 22-25th.

An off-shore trough extended from south Maharashtra coast to Kerala coast throughout the week.

**Outlook For The Week Ending On 1<sup>st</sup> July 2007**

### SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 20.07.07)		
	This Year	Last Year	Difference
381.89	116.78	115.37	1.2

Source: Ministry of Agriculture, GOI

### PROGRESSIVE PROCUREMENT OF RICE AS ON 20.07.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 20.07.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	55.67	45.91
Chattisgarh	32.65	27.84	31.38
Haryana	20.54	17.73	20.40
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.97	1.45
Orissa	17.85	19.36	16.11
Punjab	88.55	78.24	88.44
Tamil Nadu	9.26	10.74	8.33

1. Numerical Weather Prediction models suggest that southwest monsoon is likely to remain in a weak phase during the week. Hence, rainfall activity over central and adjoining peninsular & northwest India will remain subdued during the same period.
2. Enhanced rainfall activity with isolated heavy to very heavy fall is likely to continue over northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar during the week.
3. Increase in rainfall activity along the west coast towards 2nd half of the week.

Source: GOI (IMD).

### FOREX (As on 30<sup>th</sup> JULY, 2007):

Foreign Currency	Rs. per unit
1 US \$	40.54
1 Euro	55.31
100 Yen	34.17
1 British £	82.08

Uttar Pradesh	31.51	21.01	25.62
Uttaranchal	3.36	1.76	3.28
West Bengal	12.75	6.08	12.64
All-India	276.56	246.99	261.59

Source: Ministry of Agriculture, GOI

#### International Asian Rice Prices Per MT FOB (Current, 27.07.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$339	5% DP	\$308
5%	\$333	5%	-
10%	\$325	10%	\$300
15%	\$315	15%	\$295
25%	\$300	25%	\$290
35%	-		-
Parboiled	\$339		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$295	25%	\$295
Parboiled	-	Parboiled	\$305

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