

Rice

16th-21st July, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing is Up

As per the Agriculture Ministry's Crop Weather Watch Report released on Friday, the rice acreage were up at 116.78 lakh hectares against 115.37 lakh hectares during the same period in 2006. The good monsoon rains have resulted in higher sowing rates for rice. The entire southern peninsula, west, central-west and north-west India, and the eastern coast stretching to West Bengal has recorded bountiful rains. Although there is increased acreage, but presently the monsoon is passing through a weak phase in the rice growing regions. As per the trade sources, regular rainfall is not required rather showers at regular intervals will be beneficial for rice cultivation. 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 4th Advance Estimates Increased Rice Output

As per the Government of India's 4th Advance Estimates 2006-2007, the rice production has been estimated at 92.76 million tonnes compared to last year's 91.79 million tonnes, a rise of 1.1 per cent. The 4th advance estimate of Kharif rice production stood at 80.11 million tonnes, an increase of 2.4 per cent compared to last year's 78.27 million tonnes while rabi rice production has been declined from 13.52 million tonnes from 2005-2006 to 11.65 million tonnes in 2006-2007.

India Likely to Resume Rice Export to Russia

The government of Russia has resumed issuing permits for Indian rice. As per the report of the Federal Service for Veterinarian and Vegetation Sanitary Supervision that all shipments of Indian rice would be accepted after Friday if accompanied by certificates confirming their safety as it was agreed between the two countries earlier this month. Russia banned Indian rice from May 1, 2007 due to discovery of a banned pesticide in shipments. Russia used to import 400,000 to 500,000 tonnes of rice from India per year, but the volume decreased to 300,000 to 350,000 tonnes due to the imposition of tariff of \$97 per tonne in April 2005.

Rice Production May Down in Thailand To Combat Global Warming

Thailand's Agriculture Ministry and the Thai Rice Growers Association said Tuesday that the country's rice production could be hurt by the environment ministry's plan to require rice farmers to cut methane emissions from paddy fields to combat global warming. Ministry of Natural Resources & Environment said Tuesday that the problem of rising methane emissions could become a major hindrance to the country's development, and therefore farmers need to find a new way of growing rice with reduced emissions. Thailand has about 8.8 million hectare of paddy fields, but methane emissions come mainly from 2 million-3 million irrigated areas where farmers flood their fields almost year-round, leading to fermentation of organic matter and the release of the gas. Water needs to be kept in the field to prevent invasion by weeds and to enhance rice growth.

Vietnam To Export Rice 4.4 Mln Tonnes of Rice: Trade Ministry

As per the Trade Ministry report, Vietnamese traders have contracted to export around 4.4 million metric tonnes for this fiscal. Out of the total export volume, 2.1 million metric tonnes will be delivered by the second of July. The trade estimation reported that by the end of June, Vietnam exported only 2.3 million tonnes of rice, down 10 per cent on year. Vietnam produced 17.1 million tonnes of paddy rice in its key winter-spring rice crop which ended in May, down 530,000 tonnes, or 3% on year. It was also further reported that Vietnamese traders will sign new contracts to export 100,000 tonnes of rice from July to the end of December, if the government doesn't raise its export quotas to more than 4.5 million tonnes.

Rice: USDA Weekly Export Sales Highlights

Net sales reductions of 10,700 MT resulted as increases for Jamaica (3,500 MT), Canada (2,700 MT), Israel (2,200 MT), Costa Rica (2,000 MT), Jordan (2,000 MT), and Honduras (1,100 MT), were more than offset by decreases for Iraq (27,000 MT). Net sales for delivery in 2007/08 (which begins August 1) were for Iraq (30,000 MT--switched from 2006/07) and Mexico (13,800 MT). Exports of 85,300 MT were nearly two and two-fifths times the previous week and 86 percent above the prior 4-week average. The major destinations were Iraq (33,000 MT), Haiti (16,500 MT), Mexico (12,400 MT), Saudi Arabia (9,300 MT), Taiwan (5,300 MT), and Canada (3,900 MT).

(This summary is based on reports from exporters for the period July 6-12, 2007).

Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

Overall domestic rice sentiments have been steady to rise as strong domestic demand offsets normal arrivals in the markets. Heavy rainfall towards the end of June and beginning of July over some of the rice growing regions has obstructed transportation facility as well as damaged the paddy crops which imparted bullishness in the rice sentiments. Compared to the other kharif crops sowing, rice plantation is still lagging behind as India's monsoon activity passes through a weak phase. Still July 19, near about two-thirds of India's agricultural land is unirrigated. The export of non-basmati rice has been steady to rise while the export of basmati rice was on decline. During the week, the export of top quality basmati rice were traded steady at \$1100 per MT FOB while domestic prices of top quality basmati rice increased to 4000-4400/mtl from the previous week's price of Rs.4000-4200/mtl. Sentiments were also up for some other rice varieties on strong demand against restricted supply while parmal paddy at Karnal and Sarbati steam at Amritsar traded steady as new crop started arriving in market. In West Bengal market, rice sentiments were up for Swarna varieties, IR36, Minikit Sankar against good demand whereas Chawlmoni, Govindbhog and Doodh Kalma were down against subdued demand. The export of top quality parmal rice, broken parmal (25%) and paraboiled were traded steady at \$360, \$295 and \$300 per tonne FOB respectively. As per the trade source, the appreciation of rupee against dollar is eating out the margin money of exporters.

DELHI MARKET:

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

Delhi	14.07.07	21.07.07
Basmati Common	4200	4400
Sharbati raw	2400	2500
Sharbati sella	2250	2300
Parmal raw	1250	1250
Parmal sella	1250	1260
DB Rice	3400	3500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	14.07.07	21.07.07
Parmal paddy	600-650	600-625
Parmal raw rice	1150	1200
Basmati paddy		
Basmati rice		
Sharbati sella	2250	2350
DB sella	3100	3100

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	14.07.07	21.07.07
Basmati rice raw	4000	4100-4200
Sharbati esteem	2300	2350
Sharbati sella	2100	2100
Parmal raw rice	1250-1300	1225-1250
Parmal sella	1200	1200
DB Rice Sella	3300-3400	3300-3400
IR8	1100	1150

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	14.07.07	21.07.07
IR 36 (super)	1500	1600
Minikit Shankar	1600	1700
Doodh Kalma	1600-1800	1700-1750
Swarna (New)	1300	1400
Pankaj	1300	1400
Swarna parboiled	1450	1600
Govindobhog	2500	2200
Chawl Moni	1900-2000	2000

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	14.07.07	21.07.07
Sharbati sella rice	2150	2200
Sharbati raw rice	2100	2100-2200
Sharbati esteem	2300	2300
Basmati rice raw	4000	4000
Basmati Paddy	2000-2050	2100
Parmal Govt. Quality	1100-1150	1150
Parmal Wand (New)	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 17th 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 (18.07.07)

An upper air cyclonic circulation extending upto mid-tropospheric level lay over north Bay of Bengal on 12th. Under its influence, a low pressure area formed over northwest Bay of Bengal off north Orissa and West Bengal coasts on 13th. It became well marked over the same area on 14th. It lay over northwest Bay of Bengal and coastal areas of north Orissa and West Bengal on 15th, over Jharkhand & neighbourhood on 16th and over East Uttar Pradesh and adjoining Bihar on 17th. It lay as a low pressure area over East Uttar Pradesh and adjoining Bihar on 18th.

The axis of the monsoon trough passed through normal position during beginning of the week. However, the western end of the monsoon trough gradually shifted northwards and lay close to the foothills of the Himalayas on 18th. The eastern end of the monsoon trough ran from centre of low pressure area, Patna, Asansol and thence southeastwards to northeast Bay of Bengal.

An off-shore trough ran from Konkan coast to Kerala coast during the week. An upper air cyclonic Circulation lay over north Pakistan and adjoining Jammu & Kashmir extending between 1.5 to 5.8 km a.s.l. on 13th. It lay over Punjab & neighbourhood in the lower tropospheric levels during 14th to 17th. It lay over Jammu & Kashmir and neighbourhood on 18th.

Last week's upper air cyclonic circulation over central Rajasthan & neighbourhood extending upto mid-tropospheric level lay over central Pakistan and adjoining Rajasthan on 12th extending upto 1.5 km a.s.l. It persisted over the same area and extended upto 0.9 km a.s.l. on 13th and became less marked on 14th.

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 13.07.07)		
	This Year	Last Year	Difference
381.89	54.40	54.96	-1.0

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 13.07.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 12.07.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	54.82	44.76
Chattisgarh	32.65	27.67	31.05
Haryana	20.54	17.73	20.40
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.97	1.45
Orissa	17.85	19.29	15.65

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

Outlook For The Week Ending On 25th July 2007

1. Enhanced rainfall activity with scattered heavy to very heavy falls are likely over northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar during next week. Isolated extremely heavy falls (>25 cm) are also likely over Assam & Meghalaya on a few days.
2. Increase in rainfall activity over southeast peninsula.
3. Subdued rainfall activity likely over remaining parts of the country

Source: GOI (IMD).

FOREX (As on 21st JULY, 2007):

Foreign Currency	Rs. per unit
1 US \$	40.34
1 Euro	55.80
100 Yen	33.34
1 British £	83.08

Punjab	88.55	78.20	88.41
Tamil Nadu	9.26	10.73	8.33
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	245.49	259.41

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 21.07.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$342	5% DP	\$308
5%	\$335	5%	-
10%	\$328	10%	\$300
15%	\$320	15%	\$295
25%	\$300	25%	\$290
35%	-		-
Parboiled	\$339		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$290	25%	\$295
Parboiled	-	Parboiled	\$300

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