

Rice

18th-25th Aug, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing Lagging Slightly

As per the Agriculture Ministry's Crop Weather Watch Report released on Friday, the total coverage of rice till August 23 has gone up and stood at 319.04 lakh hectare, down of over three lakh hectares compared to 322.76 lakh hectare at this time a year before because of floods in north eastern provinces and eastern region of the country had delayed sowing. Transplantation of rice is in progress in states of Kerala and Tamil Nadu. Sowing is at ending stage in Gujarat, Haryana and Rajasthan. Transplanting is at peak in rest of the states. Indian Council of Agricultural Research has advised flood-ravaged farmers of Bihar, UP, Assam and some other states to transplant relatively short duration paddy varieties when water level drops to below 2 feet. The rice output is expected to be around 100 million tonnes compared to last 10-years' average of 88-90 million tonnes. 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.

Recent Floods Damaged Paddy Crops in East India

Massive monsoon floods in the eastern India have damaged vast acres of paddy crops. Although the exact figure is yet to be known, according to trade estimates, near about 5.5 million hectares has been affected by floods. The worst affected states are Bihar, Assam, U.P. and Orissa. The eastern India alone contributes 30 per cent of country's total corn production. India produces around 90 million tonnes of rice annually and eastern India produces one-third of the total output. Farmers are still optimistic about the rice crop as the plantation can start after water level recedes below 2ft. They are also hopeful that the loss in summer crop can be managed in the winter crop.

Aerobic Method of Raising Paddy Crops

Dr. P.G. Chengappa, V.C., University of Agricultural Sciences, Bangalore, said raising paddy in aerobic condition against the normal cultivation could ensure better yield along with taking the pressure off on environment. The aerobic method of cultivation requires 50 per cent of the water required for the paddy grown in the conventional methods and this will also stop the emission of methane

gas as seen in the flooded rice crops. The farmers will also be helped by scientific institutions including the identification of specific varieties suitable for such method of cultivation.

Government to Increase Paddy Output by 2011

The central government of India has decided to initiate the National Development Council (NDC) resolution through the National Food Security Mission to increase the country's rice production by 10 million MT in the next four years. Union Agriculture Minister has adopted the resolution to enhance the production of rice by 10 million tonnes in 2011. Rice production in 2005-06 stood at 91.97 million tonnes.

Thailand Jan 1-Aug 16 Rice Exports Touched 5.04 Million Tonnes

Thailand's rice exports from January 1 to August 16, 2007 were up 12.2% to 5.04 million metric tonnes. During the above period, the total rice export stood around 350,056 tonnes, up 50.9% on year.

Thailand to Invite Fresh Bids for Sell of 100,000 tonnes of Rice

Ministry of Commerce, Thailand will invite fresh bids in early next month to sell around 100,000 tonnes of rice. President Agri, one of the country's largest rice exporters, was supposed to take delivery of the rice that it bought three years back, but failed. The company managed to export only 700,000-800,000 tonnes to date and has failed to collect the remaining from the ministry's warehouses, blaming the delay on poor grain quality. The government needs to export all the one million tonnes of rice to lower the state's rice stockpile and avoid domestic prices from falling. Fresh tenders to sell rice will boost the supply available in the local market as well as for exports, possibly putting pressure on prices of Thai rice. However, the impact is unlikely to be any more than a decline of \$2-\$3 from the current prices of around \$333/tonne, Ministry official reported.

Thailand Developed Flood-Resistant Jasmine Rice

According to the Thailand Rice Department, a new flood-resistant variety of jasmine rice (Khao Dok Mali Thon Nam Thuam) seeds will be available to Thai farmers by next

year. The upgraded variety can withstand up to 20 days of submergence of paddy fields due to floods. The variety has the physical characteristics and long translucent grain common to regular jasmine rice. The stems of the jasmine rice became stronger, and better able to resist flooding. The growing of flood-resistant jasmine rice showed that local varieties are significant in rice development.

Rice: USDA Weekly Export Sales Highlights

Net sales of 50,900 MT were 6 percent below the previous week. The major buyers were Haiti (22,600 MT), Saudi Arabia (12,600 MT), El Salvador (6,100 MT), and Mexico (5,700 MT). Exports of 27,500 MT were 73 percent below the previous week and 62 percent under the prior 4-week average. The primary destinations were Mexico (8,800 MT), Saudi Arabia (7,600 MT), Canada (3,400 MT), and Jordan (2,600 MT). (This summary is based on reports from exporters for the period July 09-16, 2007).

Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

The export of non-basmati rice has been steady to better while the export of basmati rice continues to be encouraging. The growing demand for the export of non-basmati rice to countries like Bangladesh and Indonesia has kept the domestic market prices steady despite the new arrivals started coming into markets. Indian rice exporters are also optimistic about the basmati price trend once new crops start arriving into the market. There is growing demand for the Indian long grain basmati rice from the golf and E.U. countries. Rice exporters have started delivering of the contracted quantity before the new crops arrive in the market. The export of basmati rice traded steady at \$1200 per MT FOB, remained unchanged from last week's price level. In the domestic markets, basmati variety traded steady at Rs.4300-4600/qtl against a steady buying situation. No major change has been noticed in export activities during the week. The prices are steady with IR-64 is quoted at \$295-300 per MT FOB and parboil export price stood at \$315 per MT FOB from previous week's \$310/MT FOB. The export of Sharbati rice traded steady at \$680 per MT FOB while parmal, broken 25% exported at \$300 per MT FOB. Pusa basmati quoted steady at \$1100 per MT FOB.

In the domestic markets, rice varieties traded steady on a steady buying as well as steady arrival whereas prices surged sharply on good demand from Bihar and Bangladesh on a tight supply. The traders believe that rice varieties like parmal paddy and sella may trade down in the near future once the market receives increased arrivals of new paddy. Sharbati raw and sharbati sella traded steady to slightly down from last week's Rs.2500/qtl and 2350/qtl to Rs.2400/qtl and 2350/qtl respectively in Delhi, Karnal and Rudrapur markets against a lower offtake from the consuming unit whereas it traded up in Punjab against a good demand. In West Bengal, rice varieties traded steady against a steady supply-demand situation. Heavy rainfalls have also kept the domestic prices steady as it obstructed normal transportation process. Up to August 17, the total acreage under rice cultivation stood at 278.37 lakh hectares against the previous year's 281.26 lakh hectares, down of 30,000 hectares. In the short term, good export demand for non-basmati rice may keep the domestic market steady to firm while in the medium to long term market may trade down with the arrival of new crops.

Massive monsoon floods in the eastern India have damaged near about 5.5 million hectares of paddy crops. The worst affected states are Bihar, Assam, U.P. and Orissa. The eastern India alone contributes 30 per cent of country's total corn production. Farmers are still optimistic about the rice crop as the plantation can start after water level recedes below 2ft and loss in summer crop can be managed in the winter crop.

DELHI MARKET:

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

Delhi	18.08.07	25.08.07
Basmati Common	4450	4500
Sharbati raw	2500	2400
Sharbati sella	2350	2300
Parmal raw	1300	1300
Parmal sella	1275	1300
DB Rice	3700	3600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	18.08.07	25.08.07
Parmal paddy	625	650
Parmal raw rice	1150-1200	1150-1250
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2400-2450	2400-2500
DB sella	3100-3200	3100-3200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	18.08.07	25.08.07
Basmati rice raw	4500	4550
Sharbati esteem	2400	2400
Sharbati sella	2400	2300
Parmal raw rice	1250-1300	1300
Parmal sella	1250-1300	1300
DB Rice Sella	3600-3700	3700
IR8	1100	1150

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	18.08.07	25.08.07
IR 36 (super)	1800	1700-1800

Minikit Shankar	2000	2200
Doodh Kalma	2000	2300
Swarna (New)	1300	1600
Pankaj	1300	1600
Swarna parboiled	1700-1800	1900
Govindobhog	2500	2600
Chawl Moni	2100	2100

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	18.08.07	25.08.07
Sharbati sella rice	2000-2050	2250
Sharbati raw rice	1950-2000	2050
Sharbati esteem	2100-2150	2150
Basmati rice raw	4500	4600
Basmati Paddy	2500	2500
Parmal Govt. Quality	1080	1200
Parmal Wand (New)	1175-1200	1200

CONCLUSION

In the short term, good export demand for non-basmati rice may keep the domestic market steady to firm while in medium to long term, market may trade down with the arrival of new crops. With expected increased output in this crop year coupled with good demand for the basmati variety in international markets may boost the domestic prices.

PORT WATCH (As on 18th August, 2007)

In ongoing financial year, till now, more than a million tonnes of rice has been exported from the Kakinada old port and more than doubled is expected till the end of this financial year. From the Kandla Port, Al Mansoor by Aditya group is handling the export of 8500 tonnes of rice and MERCSM by SAI SHG is handling the export of 13115 tonnes of rice. Kakinada old port, at present, there are near about 90 barges are in functional condition. Mr B. Ramamurthy, the president of the Kakinada Steel Barge Owners' Welfare Association, is of the view that the State Government has to take a long-term view of rice exports and build up the infrastructure at the port accordingly. Rice exports kept the old port at Kakinada busy for the second successive year.

Monsoon Outlook (22.08.07)

A cyclonic circulation lay over Gangetic West Bengal and adjoining Bangladesh extending upto mid-tropospheric level on 17th. Under its influence, a low-pressure area formed over North Bay of Bengal and adjoining West Bengal and Bangladesh on 18th morning. It became well marked over the same area on 18th evening. The well-marked low-pressure area lay over Gangetic West Bengal and neighbourhood on 19th. It lay as a low-pressure area over Jharkhand and adjoining areas of north Orissa and Gangetic West Bengal on 20th and over East Madhya Pradesh and neighbourhood on 21st. It became less

marked on 22nd. However, the associated upper air cyclonic circulation lay over northwest Madhya Pradesh and adjoining East Rajasthan extending upto 4.5 km above sea level. The axis of the monsoon trough at mean sea level gradually shifted southwards from its last week's position along the foothills of the Himalayas. It lay to the south of its normal position towards the end of the week. Last week's off shore trough from Gujarat coast to Karnataka coast ran from Gujarat coast to Konkan coast during 16-19th, from Gujarat coast to Karnataka coast on 20th and from Gujarat coast to Kerala coast on 21st and 22nd. Last week's upper air trough running from Bihar to north Bay of Bengal with embedded cyclonic circulation at lower levels over Bihar persisted on 16th and became less marked on 17th. A trough in westerlies at times embedded with cyclonic circulation extending upto lower/mid tropospheric levels affected western Himalayan region and adjoining plains during 16-20th. the eastern end of the monsoon trough also shifted northward and lay close to the foothills of the Himalayas during 14-15th August.

Rainfall:

Under the influence of the above systems:

Widespread/fairly widespread rainfall with scattered/isolated heavy to very heavy falls occurred over Sub-Himalayan West Bengal & Sikkim during 16th-19th, Gangetic west Bengal and Jharkhand during 16-20th, Orissa during 19th-21st, Chhattisgarh and East Madhya Pradesh during 20-21st, West Madhya Pradesh on 21st, East Rajasthan on 21st-22nd and Gujarat Region on 22nd. Extremely heavy rainfall (>25 cm) was recorded over Bihar, Gangetic West Bengal and Orissa on 16th, 18th and 20th August respectively. Widespread/fairly widespread rainfall occurred over northeastern States during first two days of the week and decreased thereafter. Widespread/fairly widespread rainfall occurred over Himachal Pradesh, Uttar Pradesh, and Uttarakhand during 19-20th. Widespread/fairly widespread rainfall occurred over Konkan & Goa, Coastal Karnataka and Andaman & Nicobar islands during many days of the week. The rainfall was subdued over remaining parts of the country where isolated/scattered rain occurred during many days of the week.

Outlook For The Week Ending On 29th August 2007

Numerical Weather Prediction Models suggest gradual shifting of monsoon trough towards foothills of the Himalayas during next 2-3 days. Under this scenario, enhanced rainfall activity with fairly widespread rainfall with isolated heavy to very heavy falls is likely over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar and Uttar Pradesh. Scattered rainfall activity is likely over peninsula India. Subdued rainfall activity is likely over remaining parts of the country.

Source: GOI (IMD).

FOREX (As on 18th August, 2007):

Foreign Currency	Rs. per unit
1 US \$	41.18
1 Euro	55.85

100 Yen	35.53	1 British £	82.41
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SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 24.08.07)		
	This Year	Last Year	Difference
381.89	319.04	322.76	-3.72

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 17.08.07

(Lakh Tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 17.08.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	53.08	47.24
Chattisgarh	32.65	28.30	31.81
Haryana	20.54	17.73	20.45
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.97	1.45
Orissa	17.85	19.80	16.82
Punjab	88.55	78.26	88.50
Tamil Nadu	9.26	10.77	8.64
Uttar Pradesh	31.51	25.49	31.20
Uttaranchal	3.36	1.76	3.36
West Bengal	12.75	6.39	12.65
All-India	276.56	250.05	270.36

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 23.08.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$335	5% DP	\$315
5%	\$325	5%	-
10%	\$320	10%	\$310
15%	\$310	15%	\$300
25%	\$300	25%	\$295
35%	-		-
Parboiled	\$335		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$295	25%	\$300
Parboiled	-	Parboiled	\$315

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