

Rice

30th July-04th Aug, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

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 2 stood at 219.84 lakh hectare, slightly lower compared to 223.03 lakh hectare at this time a year before. Transplanting of rice is in progress in almost all the States. In Assam, Chhattisgarh, Haryana, Maharashtra, Punjab and West Bengal, sowing is on peak. The rice expectation is expected to be around 92.76 million tonnes compared to last 10-years' average of 88-90 million tonnes. India's rice stocks have fallen to around 13.1 million tonnes as of April 1, 2007. 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 Basmati Rice Export Quantity and Value is Declining

In the international markets, India's export volume as well as value for basmati variety is declining due to tight domestic supply. The export of Pusa basmati today accounts for more than 60 percent of India's total basmati export. To manage the shortage in supply, Government of India has notified Improved Pusa Basmati-1 variety that will replace the extant Pusa basmati-1 in the coming years due to its improved quality and competitiveness. Improved Pusa Basmati-1 variety was developed by pyramiding bacterial leaf blight resistance genes through marker assisted backcross breeding.

India-Pakistan to Work Jointly on Basmati Patent

In a Commerce Secretary level discussion at New Delhi, India and Pakistan decided to work together to prevent any third party from patenting basmati rice. Both the countries also decided to work jointly for protection of basmati rice from unauthorised patenting by using the geographical indication tool. India has also agreed to look into the issue of super basmati variety, which Pakistan claims the variety is home to it and India has no right to export it under its brand. Basmati rice has a lucrative market in Europe and the United States and India and Pakistan are eyeing for it.

Philippines has Sufficient Rice Stocks to Face Drought

Although drought over the paddy growing region in Philippines may reduce the rice output in the current crop year, but the country is very unlikely to import any additional rice due to ample supplies of grain in the local market. At present, National Food Authorities has also sufficient stocks. The average daily consumption of rice in Philippines is 32,000 metric tonnes. As per the government report, the state can always exercise the right to make importation even if the arrival period falls during the harvest season.

Bangladesh to Import 1 lakh tonne

To meet the demand after the post-monsoon possible emergency, Bangladesh has issued a tender to import 100,000 MT of non-basmati parboiled rice by November this year. In Bangladesh, due to heavy monsoon rainfalls from June to September every year, crops are damaged due to floods. Over the last couple of weeks, the State-Managed Food Directorate floated separate tenders to import 200,000 MT and 150,000 MT of rice respectively. In an humanitarian ground, India has promised to donate 40,000 tonnes of rice to Bangladesh to feed latter's flood hit people

Rice: USDA Weekly Export Sales Highlights

Net sales of 1,741,400 metric tons were 16 percent below the previous week, but 53 percent above the prior 4-week average. Increases were reported for unknown destinations (447,700 MT), the Philippines (241,000 MT), Iraq (200,000 MT), Morocco (111,900 MT, including 25,000 MT switched from unknown destinations), Algeria (100,000 MT), Mexico (77,900 MT), and South Africa (75,200 MT). Exports of 458,700 MT were 6 percent above the previous week and 2 percent over the prior 4-week average. The primary destinations were Japan (88,000 MT), Morocco (48,900 MT), Mexico (41,300 MT), Chile (32,400 MT), and South Africa (30,200 MT) (This summary is based on reports from exporters for the period July 20-26, 2007).

Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

Overall rice sentiments remained strong during the week starting July 30 as strong export demand outpaced normal

supply. The growing export demand for basmati varieties from western countries and non-basmati rice from countries like Middle East, African countries and Bangladesh strengthened the domestic market sentiment.

The prices for basmati top quality surged to Rs.4200-4450/mtl from last week's Rs.4000-4400/mtl while the export of basmati rice traded at \$1200 per MT FOB from previous weeks \$1100 per MT FOB. The prices were up for DB sella in the domestic market and quoted at Rs.3200/mtl at Rudrapur market, 3600/mtl at Delhi market, and Rs.3500/mtl at Karnal market. In West Bengal, prices of the most of rice varieties were slashed down as farmers offloaded their stuff after keeping required paddy for remaining plantation against a normal demand. As per the trade sources from West Bengal, the continuous rainfall over the region also hindered the trading activities. Govindbhog variety traded higher from last week's Rs.2200/mtl to Rs.2400/mtl due to restricted arrival against a good demand. The prices of some other varieties like parmal paddy and parmal rice traded steady at Rs. 625/mtl and Rs.1200/mtl as new crops started arriving in markets of Uttaranchal and Punjab. Prices are steady with IR-64 is quoted at \$295-300 per MT FOB, while parboil export price up at \$310 from last week's \$305 per MT FOB. The export of Sharbati rice traded firm at \$670 per MT FOB and pusa basmati quoted up at \$1050 per MT FOB from previous price trend of \$850-900 per MT FOB. Broken parmal export price remained unchanged from last few weeks' price of \$275 per MT FOB.

DELHI MARKET:

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

Delhi	28.07.07	04.08.07
Basmati Common	4400	4450
Sharbati raw	2500	2500
Sharbati sella	2300	2250
Parmal raw	1250	1275
Parmal sella	1275	1275
DB Rice	3600	3600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	28.07.07	04.08.07
Parmal paddy	600-625	625
Parmal raw rice	1200	1200
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2350	2400
DB sella	3100	3200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	28.07.07	04.08.07
Basmati rice raw	4100-4200	4500
Sharbati esteem	2400	2400
Sharbati sella	2100	2400
Parmal raw rice	1225-1250	1250
Parmal sella	1200	1250
DB Rice Sella	3250	3500
IR8	1150	1100

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	28.07.07	04.08.07
IR 36 (super)	1600	1400
Minikit Shankar	1700	1700
Doodh Kalma	1700-1750	1600-1700
Swarna (New)	1400	1300
Pankaj	1400	1300
Swarna parboiled	1600	1300
Govindobhog	2200	2400
Chawl Moni	2000	1800

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	28.07.07	04.08.07
Sharbati sella rice	2200	2300
Sharbati raw rice	2300	2300
Sharbati esteem	2300	2450
Basmati rice raw	4400	4100-4400
Basmati Paddy	2500	2500
Parmal Govt. Quality	1150	1050
Parmal Wand (New)	1200-1250	1200

CONCLUSION

India's Basmati rice export may trade steady to slightly increase due to good overseas demand. In the domestic markets, rice sentiments for some varieties are likely to be strong as lower arrivals continued in the market due to rain, while for some other varieties, the prices may likely go down due to arrival of new crops into the market in the short term. The prices of the basmati varieties may increase further due to good domestic and export demand.

PORT WATCH (As on 30th July, 2007)

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

Monsoon Outlook (01.08.07)

The axis of the monsoon trough ran close to the foothills of the Himalayas on 26th. It ran north of its normal position across Punjab, Haryana, Uttar Pradesh, Bihar and Assam during remaining days of the week. Last week's upper air cyclonic circulation in the lower tropospheric levels lay over Assam & adjoining Arunachal Pradesh persisted on 26th and moved away eastwards on 27th. The other cyclonic circulation over Tamil Nadu & neighbourhood became less marked on 26th.

An off-shore trough extended from south Maharashtra coast to Kerala coast during 26-29th and from south Gujarat coast to Kerala from 30th July to 1st August. An upper air cyclonic circulation extending upto mid-tropospheric level lay over southwest Bay of Bengal and adjoining coastal areas of north Tamil Nadu and south Andhra Pradesh during 30th July to 31st July. It lay over south Coastal Andhra Pradesh & neighbourhood between 1.5 to 5.8 a.s.l. on 1st August.

Last week's trough in westerlies extending from Jammu & Kashmir to northeast Arabian Sea across Pakistan persisted in lower tropospheric levels during 26 - 29th and became less marked thereafter. An embedded cyclonic circulation lay over north Pakistan and adjoining Punjab during 27 to 29th. Another trough in westerlies ran from north Pakistan to northwest Arabian Sea on 30th & 31st in lower troposphere levels. It ran from Jammu & Kashmir to northeast Arabian Sea on 1st August with embedded upper air cyclonic circulation over north Pakistan and adjoining Punjab.

Outlook For The Week Ending On 8th August 2007

1. The current meteorological conditions and interpretation of various numerical weather prediction models suggest the revival in monsoon activity over central & adjoining peninsular India, as a low pressure area is likely to form over northwest Bay of Bengal on 4th August along with

a southward shift in monsoon trough. The low-pressure area is likely to become more marked and move slowly in a west-northwesterly direction. Under this scenario, the enhanced rainfall with isolated heavy to very heavy falls are likely over Orissa, north Andhra Pradesh and Chhattisgarh during 4th to 7th August. Subsequently, the enhanced rainfall belt is likely to shift to Madhya Pradesh, Maharashtra, Gujarat and south Rajasthan during 8th -11th. Gujarat, Konkan & Goa and Madhya Maharashtra are also likely to receive extremely heavy rainfall (>25cm) particularly on 10th & 11th.

2. Fairly widespread rainfall with isolated heavy to very heavy fall is likely along the west coast.
3. Decrease in rainfall activity over Bihar, Sub-Himalayan West Bengal & Sikkim and northeastern states during the week.

Source: GOI (IMD).

FOREX (As on 6th August, 2007):

Foreign Currency	Rs. per unit
1 US \$	40.36
1 Euro	55.31
100 Yen	33.87
1 British £	82.18

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 27.07.07)		
	This Year	Last Year	Difference
381.89	154.00	154.27	-0.2

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 27.07.07

(Lakh tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 27.07.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	52.79	46.48
Chattisgarh	32.65	27.98	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	19.64	16.36

Punjab	88.55	78.25	88.46
Tamil Nadu	9.26	10.76	8.45
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	244.55	262.54

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 02.08.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$336	5% DP	\$310
5%	\$330	5%	-
10%	\$325	10%	\$305
15%	\$315	15%	\$298
25%	\$300	25%	\$290
35%	-		-
Parboiled	\$339		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$295	25%	\$295
Parboiled	-	Parboiled	\$310

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