

**Rice**

**17-22 Sept, 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 Up on Good Monsoon

As per data compiled by Agriculture Ministry as on September 21 The total coverage of kharif rice has gone up to 363.15 lakh ha as compared to 361.65 lakh hectare last year, the weekly Crop Weather Watch Group meeting of the Ministry of Agriculture was informed here today. Transplanting is at ending stage in almost all the states except Andhra Pradesh, Karnataka, Kerala, Orissa and Tamil Nadu where transplanting is at peak. However, although the rice has been increased, but due to drought and flood in different parts of the country may reduce the rice output. The first estimate of 2007-08 has pegged rice production at last year's level of 80 million tonnes. The government added that there is no immediate plan to ban rice exports. The government will monitor the size of the autumn rice harvest and its recently started rice procurement programme. Normally, kharif sowing starts from June 1 and continues till July end. But this year it has been extended to September last as climate is favouring for the plantation. Kharif crops are harvested in September-October. Rice output may reach 10 million metric tonnes in next four years with area specific planning, use of improved seeds and technology.

### Government's April-June Rice Sale Down

During April-June quarter, Subsidized rice sales stood around 6.17 million tonnes, down from 6.23 million tonnes a year earlier.

### Rice Production May Be Lower than Expected

Rice output in India's key northern and eastern provinces is expected to fall due to insufficient rains and floods. In a conference on Agriculture Tuesday, the presentations made by provincial governments said that rice cultivation in states such as Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and West Bengal has been affected by unfavorable weather conditions. The presentation was against the Ministry's report that India this year received sufficient and well-distributed rainfall. In West Bengal, crop condition isn't normal in the southern part of the province because of near-flood like situation during the entire month of July where as north Bengal districts received deficient or scanty rainfall.

West Bengal is one of India's largest rice producing province by volume and its output in the crop year that ended in June 2007 is estimated at 14.63 million tonnes. Uttar Pradesh, another major rice producing state in northern India, has shown a decline in rice acreage due to a deficient monsoon. Area under rice is estimated at 5.7 million hectares, down from 5.9 million hectares a year-earlier. Last year, UP produced 11 million tonnes of rice and expecting 13.5 million tonnes this year which is unlikely to be achieved.

Monsoon Deficient In Madhya Pradesh, Haryana In central province of Madhya Pradesh, 28 of the 48 districts have witnessed deficient or scanty rains in the current monsoon season. Area under summer-sown rice has declined by 250,000 hectares and the province expects output at 1.55 million tonnes against the targeted 1.87 million tonnes. In Haryana, rainfall was 60% below average in July and 49% below average in August. Northern province of Punjab has seen a shift in cultivation towards cotton and corn from rice. Area under rice in the province has fallen to 2.57 million hectares from 2.62 million hectares while cotton acreage has increased to 648,000 hectares from 607,000 hectares.

### Rice Production Remain at the Last Year's Level of 80.15 Million Tonnes: 1st Advance Estimate

As per government of India's 1st Advance Estimates of Production of Food grains, Oilseeds and Other Commercial Crops during 2007-08, Rice is expected to remain at the last year's level of 80 million tonnes.

### Thailand's rice exports from Jan 1 to Aug 29 rose 10.9%

According to Commerce Ministry's Department of Foreign Trade report on Wednesday, Thailand's rice exports from January 1 to August 29 rose 10.9% on year to 5.28 million metric tonnes. Rice exports for August 1-29 totaled 581,143 tonnes, up 18.7% on year. Thailand is the world's largest rice exporter.

### Iraq To Buy 30,000 Tonnes Rice

Iraq has further floated a tender to buy 30,000 tonnes of rice, the Grain Board of Iraq reported. Concerned companies are to submit their offers by September 15. The board usually buys much more than the amount announced in its tenders. In a similar tender announced in July this

year, the board bought some 200,000 metric tonnes from Thailand at \$420/tinne on a cost and freight basis. Trade Ministry statistics said the country will buy some 1 million tonnes of rice a year.

#### **Drought Affected Around 95,000 Hectares Rice Field in Indonesia**

As per the latest report released by Ministry of Agriculture, Indonesia, the five-month long drought affected almost 94,870 hectares of rice fields in Indonesia. Since last five months, Indonesian rice fields have not received or received little rainfall, which caused crop damage. Out of the total affected 98,870 hectares, 7,760 of rice fields were declared totally damaged and failure of harvest. In the current year, Indonesia may look into the neighbouring countries to meet the domestic demand.

#### **Rice: USDA Weekly Export Sales Highlights**

Net sales of 90,100 MT were 40 percent above the previous week and 10 percent over the prior 4-week average. The major buyers were Iraq (30,000 MT), Mexico (30,000 MT), Guatemala (12,300 MT), Nicaragua (7,500 MT), and Canada (3,600 MT). Exports 29,000 MT were 51 percent below the previous week and 30 percent under the prior 4-week average. The primary destinations were Haiti (11,300 MT), Mexico (8,400 MT), Canada (3,900 MT), and Jordan (2,000 MT). (This summary is based on reports from exporters for the period August 31-Sept.6, 2007). Source: FAS, USDA.

#### **DOMESTIC MARKET COMMENTARY**

During week starting September 17, non-basmati varieties firmed up on good overseas demand. Demand from the Southeast Asian and African countries for non-basmati varieties boosted the domestic market sentiment. The week also witnessed growing demand for basmati varieties from Saudi and EU countries, which keep the prices, steady to better. Basmati export prices remain unchanged from last week's level of \$1200 per MT FOB while broken parmal exported at \$315 per MT FOB from last week's \$305-308. Pusa basmati exported steady at \$1100 per MT FOB while Sarbati export price quoted down \$700 per MT FOB from last week's \$750. In domestic markets, on a routine demand-supply situation, basmati ruled steady at Rs.4600-4800/qlt whereas non-basmati varieties ruled steady to firm on good export demand. In West Bengal, rice varieties firmed up at the range of Rs.50-200/qlt on good demand from Bangladesh, Bihar and Chhatisgarh against a tight supply. Parboil export price quoted down from \$315 per MT FOB to \$310. IR-64 export price quoted steady.

Government's 1st estimate of rice production for 2007-08 is around last year's level of 80 million tonnes. But the report of crop damage as well as lower production estimates in some major rice growing states further imparted bullish sentiment. Rice output in India's key Northern and Eastern provinces is expected to fall due to deficit rains and floods. Meanwhile, Orissa govt. may procure 2.2 million tonnes of rice during 2007-08 with fixed price at Rs.645/qlt for common and Rs.665 for A-grade paddy. During April-June quarter, Subsidized rice sales stood around 6.17 million tonnes, down from 6.23 a year earlier. Coverage of kharif rice has gone up to 363.15 lakh ha compared to 361.65 lakh ha last year.

#### **DELHI MARKET:**

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

Delhi	14.09.07	22.09.07
Basmati Common	4800	4800
Sharbati raw	2500	2600
Sharbati sella	2500-2600	2700
Parmal raw	1300	1400
Parmal sella	1300	1400
DB Rice	4000	4000

#### **RUDRAPUR MARKET:**

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

RUDRAPUR	14.09.07	22.09.07
Parmal paddy	800	750
Parmal raw rice	1250	1300
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2450-2500	2500
DB sella	3500	3450-3600

#### **KARNAL MARKET:**

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

KARNAL	14.09.07	22.09.07
Basmati rice raw	4800	4700-4800
Sharbati esteem	2700	2800
Sharbati sella	2700	2800
Parmal raw rice	1275	1275-1300
Parmal sella	1300	1345-1350
DB Rice Sella	3700	3800-3900
IR8	1100	1150

#### **WEST BENGAL MARKET:**

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

WEST BENGAL (Burdwan)	14.09.07	22.09.07
IR 36 (super)	1700	1700
Minikit Shankar	1800-1900	1850
Doodh Kalma	1900	1800-1900
Swarna (New)	1300-1400	1300
Pankaj	1300-1400	1350
Swarna parboiled	1700-1800	1600-1700

Govindobhog	2500-2600	2500-2550
Chawl Moni	2000-2200	2100-2200

## AMRITSAR MARKET:

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

AMRITSAR	14.09.07	22.09.07
Sharbati sella rice	2600	2600
Sharbati raw rice	2400	2500-2550
Sharbati esteem	2350	2650-2700
Basmati rice raw	4700	4700-4800
Basmati Paddy	2600	2600
Parmal Govt. Quality	1080-1100	1100
Parmal Wand (New)	1150	1200-1250

## CONCLUSION

Prices are expected to remain steady to slightly firm on growing overseas demand for basmati and non-basmati varieties.

## PORT WATCH (As on 17th September, 2007)

From the Kandla Port, CHANG PING by ARNAV SHG group is handling the export of 7903 tonnes of rice and sailed on 21.09.2007.

## Monsoon Outlook (24.09.07)

- A low-pressure area formed over northwest Bay of Bengal and adjoining coastal areas of north Orissa and West Bengal on 13th morning. It persisted over the same region on 14th and became less marked on 15th. However, the associated upper air cyclonic circulation lay over northwest and adjoining West-Central Bay of Bengal off Orissa and Andhra Pradesh coasts on 16th. Again, under the influence of this cyclonic circulation, a low-pressure area formed over west-central Bay of Bengal and adjoining Coastal Andhra Pradesh on 17th. It lay as a well-marked low-pressure area over the same region on 18th and 19th.
- While the western end of the monsoon trough lay to the north of its normal position or near normal position, the eastern end of the monsoon trough shifted gradually from north to south during the week in association with the low pressure area over the Bay of Bengal.
- A feeble offshore trough at mean sea level ran from Konkan coast to Kerala coast during many days of the week.
- A trough in lower tropospheric levels ran from north Pakistan to north Arabian Sea during the week.

## Rainfall:

Under influence of the above systems:

- Widespread /fairly widespread rainfall with isolated heavy to very heavy falls occurred over Orissa during 14-17th and over Andhra Pradesh during 15-19th. Widespread /fairly widespread rainfall with isolated heavy to very heavy falls also occurred over Kerala, Karnataka and Andaman & Nicobar Islands during many days of the week.
- Scattered/fairly widespread rainfall occurred over Konkan & Goa, Madhya Maharashtra, Marathawada and Lakshadweep during many days of the week. Scattered/fairly widespread rainfall also occurred over Sub-Himalayan West Bengal & Sikkim and northeastern states during many days of the week.
- Isolated to scattered rainfall occurred over remaining parts of the peninsula, most parts of central India and remaining parts of East India during many days of the week.
- The rainfall activity was sub-dued over remaining parts of the country, where isolated rainfall occurred during many days of the week.
- Scattered rainfall occurred on 6th, 10th & 11th and isolated rainfall on many days of the week over Punjab, Haryana and Himachal Pradesh. Isolated rainfall occurred during 9-11th and mainly dry weather prevailed on remaining days of the week over the rest regions of North West India.

## Outlook For The Week Ending On 19<sup>th</sup> September 2007

- ✓ ü The well marked low pressure area over West-Central Bay of Bengal is likely to concentrate into a depression and cause widespread rainfall with isolated heavy to very heavy falls over Orissa and north Andhra Pradesh during first half of the week. The enhanced rainfall activity is likely to shift towards central and west India during second half of the week
- ✓ ü Scattered fairly widespread rainfall activity is likely over northwest India during second half of the week.
- ✓ ü Decrease in rainfall activity over the peninsular India during second half of the week.

Source: GOI (IMD).

## FOREX (As on 17<sup>th</sup> September, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.47
1 Euro	56.19
100 Yen	34.74
1 British £	80.11

## SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 21.09.07)		
	This Year	Last Year	Difference
381.89	363.15	361.65	+1.50

Source: Ministry of Agriculture, GOI

## PROGRESSIVE PROCUREMENT OF RICE AS ON 14.09.07

(Lakh Tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 14.09.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	53.22	48.75
Chattisgarh	32.65	28.40	32.32
Haryana	20.54	17.73	20.45
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.96	1.91
Orissa	17.85	19.91	17.26
Punjab	88.55	78.27	88.52
Tamil Nadu	9.26	10.78	9.08
Uttar Pradesh	31.51	25.49	31.20
Uttaranchal	3.36	1.76	3.36
West Bengal	12.75	6.44	12.68
All-India	276.56	250.46	273.92

Source: Ministry of Agriculture, GOI

## International Asian Rice Prices Per MT FOB (Current, 21.09.07)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$332	5% DP	\$320
5%	\$324	5%	-
10%	\$319	10%	\$315
15%	\$314	15%	\$310
25%	\$300	25%	\$300
35%	-		-
Parboiled	\$332		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$300	25%	\$300
Parboiled	-	Parboiled	\$310

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