

Rice

27th Aug-1st Sept, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Kharif Rice Sowing Up on Good Monsoon

As per the release of government of India's Crop Weather Watch Report on August 31, along with oilseeds, cotton and sugarcane, rice acreage has been up significantly compared to the same period of the last year. Rice plantings, which were lagging until the previous week, picked up pace after floodwaters receded in northeastern provinces. Rice plantings are estimated at 33.70 million hectares, against last year's 33.41 million hectares. 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. Rice output may reach 10 million metric tonnes in next four years with area specific planning, use of improved seeds and technology.

AP to Procure 62 Lakh Tonnes of Rice

For the year 2007-2008, the government of India has set a procurement target of 62 lakh tonnes of rice for Andhra Pradesh against the 60 lakh tonnes, a year before. In 2006-2007, the State achieved 86 per cent of the target by procuring 53 lakh tonnes of rice. Out of the 53 lakh tonnes, 42 lakh tonnes was distributed for public distribution system rest was exported to other states.

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..

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.

Missouri to Grow New Varieties of Rice

The Missouri Rice Research and Merchandising Council, an organization composed of rice producers is developing new varieties of rice to be grown in Missouri. About half the rice grown in America's six rice-producing states is exported, much of it to Mexico and Latin America. The organization is also lobbying hard to ease financing restrictions that limit rice exports to Cuba. The first Green Revolution that started on 1940s and continued till 1960s, brought irrigation and chemical fertilizers to the Third World, which resulted into the unprecedented crop yields. The goal was to boost food production to keep pace with population growth, particularly in poorer countries. Rice production in the future will be more dependent on rice genomic and information technology than on advances in fertilizers.

Philippine May Buy 260,000 metric tonnes of Vietnamese Rice

Philippine authorities are likely to buy Vietnamese rice of 260,000 metric tonnes for September-October delivery. As per the government figures, Vietnam has exported 600,000 tonnes of rice valued at \$200 million this month, up 38.9% on year in terms of volume and up 70.9% in value. Between January and August, the country may export 3.59 million tonnes of rice valued at \$1.15 billion, down 4.8% on year in volume but up 12.2% in value.

Philippines Plans To Buy 60,000 MT US Rice

Government of Philippines is planning to buy 60,000 metric tonnes of rice from the United States in order to boost local stocks. The import of U.S. rice this year have failed due to the prospective suppliers unwillingness to undertake a test that would keep out genetically modified strains. The planned imports will be financed under Washington's Public Law 480 soft commodity loan programme. So far this year, Philippines has contracted to buy 1.64 million tonnes of rice, mostly from Vietnam. The National Food Authority has scheduled an auction for September 7 to buy 260,000 tonnes of rice.

Rice: USDA Weekly Export Sales Highlights

Net sales of 142,100 MT were two and four-fifths times the previous week. The major buyers were Iraq (90,000 MT), Haiti (19,600 MT), Mexico (15,300 MT), Honduras (6,500 MT), and Jordan (5,500 MT). Exports 52,800 MT were 92 percent above the previous week, but 23 percent below the prior 4-week average. The primary destinations were Mexico (41,100 MT), Haiti (3,800 MT), Jamaica (3,500 MT), and Canada (2,200 MT). (This summary is based on reports from exporters for the period August 17-23, 2007). Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

The export of both basmati and non-basmati rice has been steady to better as exporters are trying to collect rice in the domestic markets to fulfil the signed export contracts. The growing demand for non-basmati rice from Bangladesh and other Southeast Asian countries has kept the domestic market prices steady to firm despite the new arrivals during the week starting August 27. The growing domestic demand has pushed up the prices although some markets started receiving new crops. In north Indian markets, prices traded steady to firm on a good buying support whereas prices slashed down in West Bengal due to lower export demand. In West Bengal, for all the rice varieties, the prices were down at the range of Rs.50-150/mtl.

Exporters are optimistic about the basmati price trend once new crops start arriving into the market as traders are receiving increased export order for long grain basmati rice from the golf and E.U. countries. During the week, the export of basmati rice traded steady at \$1200 per MT FOB, remained unchanged from last week's. In the domestic markets, basmati variety traded steady at Rs.4500-4600/mtl against a steady buying situation. No major export activities have taken place during the week. The prices are steady with IR-64 is quoted at \$300 per MT FOB and parboil export price stood steady at \$315 per MT FOB. The export of Sarbati rice traded down at \$650 per MT FOB while parmal, broken 25% exported at \$300 per MT FOB. Pusa basmati quoted steady at \$1100 per MT FOB and 100% parmal traded down \$10 to \$265 per MT FOB.

The traders reported that some rice varieties like parmal and sarbati may trade steady to down in the coming weeks as new crops are all set to offset the market sentiment. At present, markets are receiving steady arrivals. 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 is nearing for completion in most of the states except Bihar, Assam and UP. For the year 2007-2008, the government of

India has set a procurement target of 62 lakh tonnes of rice for Andhra Pradesh against the 60 lakh tonnes, a year before.

DELHI MARKET:

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

Delhi	25.08.07	01.09.07
Basmati Common	4500	4500-4600
Sharbati raw	2400	2450
Sharbati sella	2300	2300
Parmal raw	1300	1400
Parmal sella	1300	1200
DB Rice	3600	3600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	25.08.07	01.09.07
Parmal paddy	650	625
Parmal raw rice	1150-1250	1150-1200
Basmati paddy	-	
Basmati rice	-	
Sharbati sella	2400-2500	2400
DB sella	3100-3200	3200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	25.08.07	01.09.07
Basmati rice raw	4550	45-4600
Sharbati esteem	2400	2400-2500
Sharbati sella	2300	2400
Parmal raw rice	1300	1200
Parmal sella	1300	1350
DB Rice Sella	3700	3600-3650
IR8	1150	1100-1125

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	25.08.07	01.09.07
IR 36 (super)	1700-1800	1700
Minikit Shankar	2200	2150
Doodh Kalma	2300	2150
Swarna (New)	1600	1500

Pankaj	1600	1500
Swarna parboiled	1900	1850
Govindobhog	2600	2550
Chawl Moni	2100	2100

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	25.08.07	01.09.07
Sharbati sella rice	2250	2200
Sharbati raw rice	2050	2200-2250
Sharbati esteem	2150	2200
Basmati rice raw	4600	4600
Basmati Paddy	2500	2500
Parmal Govt. Quality	1200	1075
Parmal Wand (New)	1200	1200

CONCLUSION

In the short term, good export as well as mild domestic demand for rice varieties may keep the market steady to firm while in the medium to long term market may trade down with the arrival of new crops.

PORT WATCH (As on 1st September, 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, AMINA by ASSHIRVADD PRIO group is handling the export of 5360 tonnes of rice and sailed on 31st August and Ispat S. Aditya is exporting 7569 tonnes of rice and the vessel sailed on September 1.

Monsoon Outlook (28.08.07)

The western end of the monsoon trough gradually shifted northward and lay north of its normal position till 27th. It then gradually shifted southwards and lay south of its normal position on the last day of the week. The eastern end of the monsoon trough lay near its normal position during the week. However, a secondary trough extended from East Uttar Pradesh to Northeast Assam during this period. A cyclonic circulation lay over West-Central Bay of Bengal off Andhra Pradesh coast between 3.1 km and 5.8 km above sea level on 23rd. It persisted over the same area extending up to mid-tropospheric level on 24th. It lay over south Telangana and adjoining areas of Coastal Andhra Pradesh and Rayalaseema on 25th over North Interior Karnataka and neighbourhood on 26th; over South Madhya Maharashtra and neighbourhood on 27th; over north Madhya Maharashtra and neighbourhood on 28th and over southwest Madhya Pradesh and neighbourhood on 29th. An off shore trough extended from Konkan coast to Kerala coast during 23rd 24th August and from south Gujarat coast to Kerala coast thereafter. Last week's upper air cyclonic circulation over northwest Madhya Pradesh and adjoining East Rajasthan extending upto 4.5 km above sea level lay over West Rajasthan and neighbourhood at lower tropospheric level on 23rd August and moved away westwards on 24th. An upper air cyclonic circulation lay

over Gangetic West Bengal extending between 1.5 and 5.8 km above sea level on 27th. It lay over Jharkhand and neighbourhood on 28th extending upto 5.8 km above sea level and over East Uttar Pradesh and neighbourhood extending upto 3.1 km above sea level on 29th. An upper air cyclonic circulation lay over North Pakistan and adjoining Jammu & Kashmir in the lower levels on 23rd and over Jammu & Kashmir and adjoining Himachal Pradesh on 24th & 25th. It moved away Eastwards on 26th. A fresh upper air cyclonic circulation in the lower levels lay over North Pakistan and adjoining Jammu & Kashmir on 26th and over Himachal Pradesh and adjoining areas on 27th. It moved away eastwards on 28th. Another upper air cyclonic circulation in lower levels lay over Central Uttar Pradesh on 25th; over Bihar and neighborhood on 26th, over Sub-Himalayan west Bengal and adjoining Assam & Bangladesh on 27th and over North-East Assam and neighbourhood on 28th. It moved away eastwards on 29th.

Rainfall:

Under the influence of the above systems:

Widespread/fairly widespread rainfall occurred over northeastern States and Sub-Himalayan West Bengal & Sikkim during many days of the week. Fairly widespread rainfall also occurred over remaining subdivisions of east India during 28-29th. Fairly widespread rainfall occurred over Andaman & Nicobar Islands, Lakshadweep, Kerala, Coastal Karnataka and Konkan & Goa during many days of the week. Fairly widespread/scattered rainfall occurred over remaining parts of Peninsula, Chhattisgarh, Vidarbha, Marathwada and Madhya Maharashtra during many days of the week. Fairly widespread rainfall occurred over Gujarat Region and Madhya Pradesh during second half of the week. The rainfall was subdued over remaining parts of the country where isolated/scattered rainfall occurred during many days of the week.

Outlook For The Week Ending On 5th September 2007

A low-pressure area is likely to form over West-Central & adjoining North-West Bay of Bengal around 2nd September. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls is likely over Andhra Pradesh and adjoining Orissa upto 3rd September and decrease thereafter. Subsequently, the fairly widespread rainfall with isolated heavy to very heavy falls is likely over Chhattisgarh and East Madhya Pradesh. Fairly widespread rainfall with isolated heavy to very heavy falls is likely along the West coast and northeastern states. Subdued rainfall activity is likely over North-West India.

Source: GOI (IMD).

FOREX (As on 3rd September, 2007):

Foreign Currency	Rs. per unit
1 US \$	40.96
1 Euro	55.96
100 Yen	35.23
1 British £	82.55

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage (As reported on 31.08.07)		
	This Year	Last Year	Difference
381.89	337.9	334.1	+3.80

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 24.08.07

(Lakh Tonnes)

State	Total procurement in marketing season 2005-06 (Oct.- Sept.)	Progressive Procurement as on 24.08.07	
		In Marketing season 2006-07	In Marketing season 2005-06
Andhra Pradesh	49.72	53.13	47.86
Chattisgarh	32.65	28.30	32.23
Haryana	20.54	17.73	20.45
Kerala	0.94	1.51	0.94
Maharashtra	1.94	0.97	1.45
Orissa	17.85	19.85	16.98
Punjab	88.55	78.27	88.51
Tamil Nadu	9.26	10.77	8.79
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	250.16	271.71

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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