

Rice

December 3-8, 2007

MAJOR ACTIVITY HIGHLIGHTS

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DOMESTIC AND INTERNATIONAL NEWS

Winter Rice sowing in 1.47 Lakh hectare So Far

As per data compiled by Agriculture Ministry Winter rice sowing has also started in some southern States. So far, 1.47 lakh ha area has come under the rice plantation, till 30th November, the weekly Crop Weather Watch Group meeting of the Ministry of Agriculture was informed. However, Winter rice sowing has also started in some southern States in Andhra Pradesh and Karnataka. However, kharif crop harvesting has been nearing completion in northwestern India. The paddy harvesting is completed in Orissa, AP and about to be completed in West Bengal. The first estimate of 2007-08 has pegged rice production at last year's level of 80 million tonnes. The government partially lifted the ban on non-basmati rice export. Rice output may reach 10 million metric tonnes in next four years with area specific planning, use of improved seeds and technology.

Centre Made Mandatory For Companies/Individuals To Declare Their Rice Stocks Weekly

The govt. of India made it mandatory for the companies and individuals to declare their rice stock position weekly if they purchase more than 10,000 metric tonnes, PTI reported. In this kharif marketing season, govt.'s rice procurement has been below the estimation. To beef up its rice stock position, the notification issued by the Union Ministry, has asked the private traders to inform their respective state govt. in case they procure more than 10,000 tonnes of rice and to inform the centre if they purchase more than 25,000 tonnes. If anyone exceeds the prescribed limit by purchasing rice from two or more provinces, it has to file the returns to the state government where the procurement quantity is highest. The mandatory declaration of stock position on a weekly basis is valid till December 31, 2007. After that the returns have to be filed every month till Sept. 30, 2008. According to the latest govt. data, India's rice procurement by state agencies is estimated at around 9.35 million tonnes, down 7.2% from a year earlier.

India will donate 500,000 tonnes of rice to Bangladesh's Sidr Victims

According to Bangladesh estimate released on 1 December, of the 553,000 hectares of crops ravaged by Cyclone Sidr across 30 affected districts. About 800,000

metric tonnes of rice crops worth over US\$290 million were reportedly destroyed. As a result of natural calamities in recent months, the production this year might be 1.4 million mt short of the targeted 32.2 million mt, the damage assessment report said. To manage the shortfall, Bangladesh is likely to import 3.1 mmt of rice from the global market. On 30 November India announced it would allow the sale of 500,000 mt of rice to help Bangladesh cope with any potential food shortages. India's public operators would procure the rice in India, which could then be purchased by Bangladeshi public or private buyers. India had earlier waive the rice export ban for 50,000 mt immediately after the cyclone and had also provided 20,000 mt as direct relief.

Iran Emerged As a Major Buyer Of Indian Pusa Basmati

With the emergence of Iran as a major basmati rice buyer of India, Indian basmati rice industry's dynamics has been boomed. In the 2005-06 marketing year, Iran imported from India around 60,000 tonnes, which soared to 2.25 lakh tonnes last year. In the current marketing year, the quantity of rice (contracted) to be shipped to Iran is 1.25-1.50 lakh tonnes and the total quantity may cross three lakh tonnes. The exports to Iran consist entirely of 'Pusa-1121', an evolved (hybrid) aromatic rice yet to be officially notified as 'basmati'. The new variety has been simply lapped up in Iran, with prices (cost & freight, Dubai) rising from \$850 last November to \$1,200 towards the season-end and now quoting at \$1,150 a tonne.

Pakistan Likely To Miss Set Target Of 5.72 Million Tonnes of Rice This Year

In Pakistan, rice, a forex-earning crop, would miss the set target of 5.72 million tonnes by nearly 10 per cent because of floods and rain damages and pest attack. The crop is now estimated to be around 5.4 million tonnes, sources said. Last year, rice production was recorded at 5.42 million tonnes and for 2007-08, rice production target has been fixed 5.72 million tonnes from an area of 2.6 million hectares.

Centre Allowed Rice Above \$425/tonne for Export

The centre on Tuesday decided to exempt from export ban of all non-basmati varieties which have a minimum export price of \$425/tonne. Stocks of all varieties lying in port

godowns up to October 10 have also been exempted from the export ban. Super variety rice having an export price of above \$425 will be treated like basmati. The centre had imposed a ban on exports of non-basmati rice on October 9 to build buffer stock in the country and improve domestic suppliers.

India Rice Exports May Fall On Stronger Rupee

Rice exports from India, the world's second-biggest grower of the grain, may fall this year as gains in the rupee make overseas shipments less competitive and domestic consumption increases. Exports in the year ending March 31, 2008, may drop at least 20% from 3.6 million metric ton shipped last year. Reduced shipments from India may help Thailand, Vietnam and Pakistan boost their share of the world rice market and extend the past year's 28% gain in prices on the Chicago Board of Trade. India's rupee has gained more than 8% against the dollar this year to its highest in almost nine years. The US currency has dropped 6.1% against the baht this year and is little changed against Vietnam's dong and Pakistan's rupee. Gains in prices of wheat, a competing cereal, prompted some consumers in the world's second-most populous nation to eat more rice, reducing the amount available for export to the Middle East, West Africa and Sri Lanka. Source: Oryza.com.

India may face a supply shortfall of up to 5 million tonnes of rice

According to an independent estimate, India may face a supply shortfall of up to 5 million tonnes of rice, which may compel India to import rice. With population growth, consumption is increasing by 1.15 million tonnes each year. In 2006-07, rice production stood at 92.7 million tonnes compared with a consumption of 91.8 million tonnes. This year rice consumption will be more as there is a tight wheat supply and the kharif rice production is estimated at last year's level of 81.15 million tonnes. This year also sees a lower acreage and lower production in Punjab, Haryana, W Bengal and MP. Usually India produces about 10.5-11 million tonnes rice in rabi season. All total, the rice production is around 92 million tonnes where as average projected consumption is around 94 million tonnes. Keeping in mind the wheat tight supply and more rice consumption, By January 1, the PDS shortfall is projected at at least 3 million tonne, in addition to another 2 million tonnes shortage on the buffer levels. So there is intense pressure on the Centre to announce, perhaps for the first time ever, a second bonus for paddy so soon after a belated bonus was announced just recently. Despite the bonus, rice procurement registered a 22% drop in the first week of the marketing season compared to last year. By last week, however, after a fortnight of the blanket non Basmati export ban in place, arrivals have increased to 5 lakh tonnes/day and procurement difference in the same period last year and this has come down to 9%. Daily arrivals now increased from 2 lakh tonnes to 5 lakh tonnes after govt. announced the bonus price.

Global Rice imports are projected to rise by about 1% to 29.7 million tonnes

In a first assessment of prospects for trade in rice in 2008, still largely dependent on the outcome of 2007-08 crops, global imports are projected to rise by about 1% to 29.7 million tonnes, despite a likely cut in Indonesia's needs. While supplies are expected to remain tight in a number of key exporters, particularly in South Asia, ample state

reserves should again allow Thailand to meet increased demand.

Thailand's Rice Exports May Be Around 9 MMT in 2008

According to the president of Thailand's Rice Exporters Association, in year 2008, country's rice exports may rise to around 9 million metric tons. According to him, country's rice export may grow by almost 500,000 tonnes due to good demand from the major trading partners. This year's estimated rice export is at 8.5 million tonnes. But the expected export may go down, as there is a shortage of vessels for transporting rice. Thailand's shipments to Africa next year could rise by 17.3% to 3.69 million tonnes and to Asia by 13.4% to 2.70 million tonnes, he said.

AP Has Fixed Rice Levy Target 8.94 lakh tonnes For 2007-08 Kharif Season

Government of Andhra Pradesh has fixed rice levy target for 2007-08 Kharif season as 8.94 lakh tonnes. Out of the levy target fixed, 7.80 lakh tonnes was raw rice, 1.20 lakh tonnes of boiled rice. Govt. official also reported that the Government had announced the minimum support price including the Rs. 50 bonus, for quintal of common variety of paddy Rs.695 and for A grade variety paddy Rs.725. If any miller purchases paddy below the minimum support price from farmers, stern action would be initiated against them under 1984 AP rice procurement order. As per the govt. orders, millers have to give 75 percent of rice towards levy and remaining 25 percent only in the market. Government also ordered the millers to ensure that the rice bags should bear the printed label 'free levy rice' for selling in the open market. In AP, 68 paddy purchase centres were being opened. However, president of the State Rice Millers Association, said the levy targets could be achieved if permission is accorded for export of the existing rice stocks in godowns. On this regard, Kakinada district administration has written to the govt. of India to allow the stocks stored in private godowns for export.

Rice: USDA Weekly Export Sales Highlights

Net sales of 127,500 MT were up 11 percent from the previous week and 25 percent from the prior 4-week average. Increases were reported for Japan (78,200 MT), Mexico (21,300 MT), Haiti (8,800 MT), Canada (7,800 MT), and El Salvador (4,700 MT). Decreases were reported for Cuba (8,500 MT). Exports of 81,400 MT were up 34 percent from the previous week and 23 percent from the prior 4-week average. The primary destinations were Costa Rica (36,300 MT), El Salvador (8,100 MT), Mexico (7,800 MT), and Ghana (6,400 MT).

DOMESTIC MARKET COMMENTARY

Domestic basmati rice prices firmed up on continuous good export demand amidst steady supply while non-basmati varieties quoted steady to better on good demand despite sustained supply. Increasing export orders from Iraq and EU countries propped up the domestic basmati prices and traded up from last week's level of Rs.5400-5600/qlt to Rs.5600-6000/qlt. Basmati top quality rice exported at \$1550-1600 per MT FOB and Pusa basmati at \$1500. Despite govt.'s ban of rice export below the worth of \$425, according to the latest govt. data, India's rice procurement by state agencies is estimated at around 9.35 million tonnes, down 7.2% from a year earlier. In an effort to beef up the rice stocks, govt. made it mandatory for the

companies and individuals to declare their rice stock position weekly if they purchase more than 10,000 tonnes. The Union Ministry has asked the private traders to inform their respective state govt. in case they procure more than 10,000 tonnes of rice and to inform the centre if they purchase more than 25,000 tonnes. As of December 1, India's rice stocks in state-run granaries totaled 10.05 MT, down from 12.05 MT, a year-earlier. The lower stock was due to lower procurement than estimated. However, govt. allowed the sale of rice below \$425/tonne to Bangladesh for humanitarian ground to latter's cyclone-devastated people. In West Bengal, parboiled rice varieties traded firm on good demand from Bangladesh and Bihar despite steady supply. In Delhi, Amritsar and Karnal, sarbati raw and sarbati sella quoted steady at Rs.2700-2900 and Rs.2800-2900/qtl respectively and parmal raw and parmal sella traded in the range of Rs.1400-1450 and Rs.1350-1400/qtl respectively. Paddy harvesting is progressing steadily all over India and sowing of winter rice has been started in southern states. In coming days, rice may trade steady to better on growing domestic and overseas demand against a stagnant production.

DELHI MARKET:

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

Delhi	01.02.07	08.12.07
Basmati Common	5600	6000
Sharbati raw	2800	2800
Sharbati sella	2800	2800
Parmal raw	1375	1400
Parmal sella	1350	1400
DB Rice	4500	4500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	01.02.07	08.12.07
Parmal paddy	800	800
Parmal raw rice	1300	1300
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2800	2800
DB sella	4200	4300

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	01.02.07	08.12.07
Basmati rice raw	5200	6000
Sharbati steam	2700-2800	2700

Sharbati sella	2600	2700
Parmal raw rice	1400	1400
Parmal sella	1350	1400
DB Rice Sella	4200	4300
IR8	1125	1250

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	01.02.07	08.12.07
IR 36 (super)	1700	1700
Minikit Shankar	1900-2000	2000
Doodh Kalma	2000	1800
Swarna (New)	1500	1200
Pankaj	1500	1200
Swarna parboiled	1600	1600
Govindobhog	3000	3000
Chawl Moni	2400	2300

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	01.02.07	08.12.07
Sharbati sella rice	2700	2700-2800
Sharbati raw rice	2650	2600-2700
Sharbati esteem	2700-2800	2700-2800
Basmati rice raw	5500	5700-5800
Basmati Paddy	2700	2900-2950
Parmal Govt. Quality	1250	1250
Parmal Wand (New)	1350	1350

CONCLUSION

In coming week, basmati prices may rule mostly steady to better on growing export demand while non-basmati varieties may trade range bound on healthy supply against growing demand. of non-basmati may trade range bound.

PORT WATCH (As on 26th November, 2007)

Four vessels carried 68,500 MT of rice from Kandla port. ISPAT STAR has been loaded 21,500 MT of rice to Jeddah as largest quantity. ADITYA was the agent.

CROP- WEATHER ANALYSIS

Kharif Crop is maturity/harvesting stage in WB, Bihar, Assam, Maharastra, Uttaranchal, Chhattisgarh, Gujarat, Orissa, Jharkhand, Sikkim, Arunachal Pradesh. Crop is harvesting stage in AP, Punjab, MP, UP, HP, Haryana, Orissa, and J&K. Samba Rice in TN is in vegetative stage. Mundakan Rice is at grain formation/maturity stage in Kerala. Attack of blast and blight disease is reported in Kerala. Incidence of Hispa and stem borer was noticed in

Assam in Sali rice in few localities. Isolated to scattered rain/thundershowers are likely over extreme south peninsula. Under the influence two western disturbances, isolated to scattered precipitation is likely over western Himalayan Region and adjoining northern plains during the week and rise in night temperatures by 2-3°C during second half of the week is likely over plains of northwest and adjoining central India. Rest of the India will remain dry. Expected rainfall will be helpful in southern parts of the country. Dry weather in other parts of the country will be beneficial for the crop.

Monsoon Outlook (05.12.07)

- Last week's upper air trough extending from Nagaland & Manipur to Sub-Himalayan West Bengal & Sikkim in the lower tropospheric levels persisted on 29th November and became less marked on 30th.
- Weak easterly waves sometimes with embedded cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, South Bay of Bengal, extreme south peninsula and southeast Arabian Sea during the week.
- A western disturbance as an upper air system lay over north Pakistan & neighbourhood on 29th, over Jammu & Kashmir & neighbourhood during 30th November to 2nd December and moved away eastward thereafter.
- An upper air cyclonic circulations in lower tropospheric levels lay over north Pakistan & neighbourhood on 4th and over Jammu & Kashmir and neighbourhood on 5th December.
- An upper air cyclonic circulations in lower tropospheric levels lay over Assam & neighbourhood during 30th November to 3rd December and moved away eastwards on 4th.

Rainfall:

Under influence of the above systems:

- Isolated to scattered rain/thundershowers occurred over coastal Tamil Nadu during many days of the week.

SUMMARY PROGRESS OF KHARIF RICE

(Area Coverage) (Area in lakh hectares)

Normal Area	Area Coverage under Rabi (As reported on 16.11.07)		
	This Year	Last Year	Difference
37.32	0.35	0.36	-2.8

Source: Ministry of Agriculture, GOI

PROGRESSIVE PROCUREMENT OF RICE AS ON 16.11.07

(Lakh Tonnes)

State	Total procurement in marketing season 2006-07 (Oct.- Sept.)	Progressive Procurement as on 16.11.07	
		In Marketing season 2007-08	In Marketing season 2006-07
Andhra Pradesh	53.27	0.35	1.10
Chattisgarh	28.58	0.87	-

- Isolated rain/thundershowers occurred over Kerala on 29th.
- Isolated rain/thundershowers occurred over northeastern States on a few days of the week.
- Isolated to scattered rain/thundershowers occurred over Punjab, Jammu & Kashmir and Himachal Pradesh on 29th & 30th November, over Haryana, northwest Madhya Pradesh and West Uttar Pradesh on 2nd December.
- Mainly dry weather prevailed over remaining parts of the country during the week.

Outlook For The Week Ending On 12th December 2007

- ✓ Isolated to scattered rain/thundershowers are likely over extreme south peninsula.
- ✓ Under the influence two western disturbances, isolated to scattered precipitation is likely over western Himalayan Region and adjoining northern plains during the week.
- ✓ No significant change in night temperatures during first half of the week and rise in night temperatures by 2-3°C during second half of the week is likely over plains of northwest & adjoining central India.

Source: GOI (IMD).

FOREX (As on 10th December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.41
1 Euro	57.58
100 Yen	35.42
1 British £	79.81

Haryana	17.73	13.23	14.97
Kerala	1.51	0.39	0.37
Maharashtra	0.96	0.03	0.03
Orissa	19.93	0.01	0.02
Punjab	78.28	68.82	70.65
Tamil Nadu	10.78	0.00	1.64
Uttar Pradesh	25.49	0.74	0.30
Uttaranchal	1.76	0.04	0.02
West Bengal	6.44	-	-
All-India	250.75	84.60	89.20

Source: Ministry of Agriculture, GOI

International Asian Rice Prices Per MT FOB (Current, 07.12.2007)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$375	5% DP	-
5%	\$365	5%	-
10%	\$360	10%	-
15%	\$355	15%	-
25%	\$350	25%	-
35%	-		-
Parboiled	\$385		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$350	25%	-
Parboiled	-	Parboiled	-

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