

Rice

December 10-15, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

DOMESTIC AND INTERNATIONAL NEWS

Winter Rice sowing in 1.47 Lakh hectare So Far

As per data compiled by Agriculture Ministry as on December 14, sowing is progressing well in the present rabi season. Winter rice sowing has started in some southern States. So far, 2.52 lakh ha area has come under rice plantation as against 2.58 lakh ha last year. Kharif crop harvesting has been nearing completion in northwestern India and north east 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. But compared to last year's rice procurement, this year's rice procurement was down by 56 lakh tonnes.

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

Philippines Raised Support Price For Paddy

The Philippine National Food Authority on Wednesday has increased the buying support price for paddy rice by PHP0.50 a kg as an incentive to cushion the impact of an ongoing La Nina weather system. The price increase, which began Nov. 19, will last up to the end of March next year. The country's weather bureau has predicted La Nina, which

brings an unusual amount of rains, will last into the first quarter of 2008. In October, the NFA hiked its price support price for paddy by 10% to PHP11/kg. The decision to hike support prices for rice, the country's major crop, was prompted by sharp increases in production costs such as fertilizers and pesticides. Source: CBOT

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.

Govt.'s Rice Procurement Down By 56 Lakh Tonnes Against Last Year

As per the Food Corporation of India's report, the govt. agencies have procured 10.45 Million Tonnes of Rice by December 12 compared with 11.01 million tonnes during the same period last year. The country's rice buffer stock on December 1 stood at 10.5 million tonnes.

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.

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 lable '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 49,000 MT were down 62 percent from the previous week and 51 percent from the prior 4-week average. Increases were reported for Japan (26,000 MT), Honduras (12,400 MT), El Salvador (3,000 MT), Mexico (3,000 MT), and Canada (2,100 MT). Exports of 46,000 MT were down 44 percent from the previous week and 39 percent from the prior 4-week average. The primary destinations were Mexico (30,400 MT), the United Kingdom (5,000 MT), Canada (2,100 MT), and South Korea (1,300 MT). From November 30 -December 06. Source: USDA

DOMESTIC MARKET COMMENTARY

Both basmati and non-basmati rice varieties mostly traded steady to better on good demand against steady supply. Increasing demand from EU, Saudi Arabia and Iraq propped up the domestic basmati prices. Despite higher MSP, govt agencies as of December 12, procured only 10.45 million tonnes of rice compared to last year's 11.01 million tonnes during the same period. Country's rice buffer stock on December 1 stood at 10.5 million tonnes. Due to govt.'s ban of non-basmati rice export worth below \$425/tonne and strong rupee, India's rice export volume may decrease. As per sources, 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. Despite ample supply, on good domestic demand, various non-basmati rice varieties mostly traded steady to better as in Amritsar, Delhi and Karnal mandis, sarbai raw and sarbati sella traded at Rs.2650-2950 and Rs.2600-2800/mtl and parmal sella and parmal raw at of Rs.1300-1400 and Rs.1350-1450/mtl respectively. However, prices of basmati top quality propped up from last week's 5600-6000 to Rs.5800-6250/mtl and Basmati top quality exported at \$1650 from last week's \$1550-1600 per MT FOB and Pusa basmati quoted steady at \$1500. Prices quoted up Rs.100-150/mtl in West Bengal due to increasing demand from Bangladesh and Bihar. Rice harvesting process is nearing for completion in southeastern India and winter rice sowing is progressing well in southern states. Meanwhile, TN govt. announced an incentive of Rs.50/mtl for paddy procurement above MSP which enable farmers to earn Rs.825 and Rs.795/mtl for grade A and common paddy. Bangladesh will import five lakh tonnes of rice from India through official channel. As of December 14, winter rice sowing stood around 2.52 lakh ha area against 2.58 lakh ha last year.

DELHI MARKET:

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

Delhi	08.12.07	15.12.07
Basmati Common	6000	6200
Sharbati raw	2800	2800-2900
Sharbati sella	2800	2700-2850
Parma raw	1400	1400
Parma sella	1400	1400
DB Rice	4500	4500-4600

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	08.12.07	15.12.07
Parma paddy	800	825
Parma raw rice	1300	1350
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2800	2750

DB sella	4300	4200-4400
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KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	08.12.07	15.12.07
Basmati rice raw	6000	6000
Sharbati steam	2700	2700
Sharbati sella	2700	2700
Parmal raw rice	1400	1450
Parmal sella	1400	1400-1500
DB Rice Sella	4300	4200-4400
IR8	1250	1200

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	08.12.07	15.12.07
IR 36 (super)	1700	1800
Minikit Shankar	2000	1900-2000
Doodh Kalma	1800	2000-2100
Swarna (New)	1200	1300
Pankaj	1200	1300
Swarna parboiled	1600	1600
Govindobhog	3000	3000
Chawl Moni	2300	2200-2300

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	08.12.07	15.12.07
Sharbati sella rice	2700-2800	2800-2850
Sharbati raw rice	2600-2700	2600-2700
Sharbati steam	2700-2800	2800
Basmati rice raw	5700-5800	5600-6000
Basmati Paddy	2900-2950	2800-3000
Parmal Govt. Quality	1250	1300
Parmal Wand (New)	1350	1350-1400

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.

CROP- WEATHER ANALYSIS

Nursery sowing of Boro rice has started in West Bengal and Assam. Kharif Crop is harvesting stage in WB, Bihar, Assam, Maharastra, Uttaranchal, Chhattisgarh, Gujarat, Orissa, Jharkhand, Sikkim, Arunachal Pradesh. 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 of low pressure area over southwest Bay of Bengal. Isolated to scattered precipitation is likely over western Himalayan Region and adjoining northern plains during the week, while other regions will remain dry. Expected rainfall will be helpful in southern parts of the country. Irrigation is needed in Boro rice in WB and Assam. Dry weather in other parts of the country will be beneficial for the harvesting of Kharif crop.

Monsoon Outlook (12.12.07)

- Last week's upper air cyclonic circulation in lower tropospheric levels over Jammu & Kashmir and neighbourhood moved away eastwards on 6th.
- A western disturbance as an upper air system lay over north Pakistan & adjoining Jammu & Kashmir on 6th , over Jammu & Kashmir and neighbourhood on 7th and moved away eastward thereafter.
- Another western disturbance as an upper air system lay over north Pakistan & adjoining Jammu & Kashmir on 9th , over Jammu & Kashmir and neighbourhood on 10th , over Himachal Pradesh & neighbourhood on 11th and moved away eastward on 12th.
- An upper air cyclonic circulation in lower tropospheric levels lay over Rajasthan & neighbourhood on 11th and over West Madhya Pradesh & neighbourhood on 12th.
- Easterly waves sometimes embedded with upper air cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, South Bay of Bengal, extreme south peninsula and southeast Arabian Sea. Under its influence, a low pressure area formed over southwest Bay of Bengal off southeast coast of Sri Lanka on 11th. It persisted over the same area on 12th.

Rainfall:

Under influence of the above systems:

- Scattered to fairly widespread rain/snow occurred over Jammu & Kashmir, Himachal Pradesh and Uttarakhand during 10th to 12th December.
- Isolated to scattered rain/thundershowers occurred over Punjab & Haryana on 11th & 12th, over Uttar Pradesh and northwest Madhya Pradesh on 12th.
- Isolated rain/thundershowers occurred over Andaman & Nicobar Islands during many days of the week.
- The rainfall was subdued over south peninsula during the week. Isolated to scattered

rain/thundershowers occurred over Tamil Nadu during first half of the week. Isolated rain/thundershowers occurred over Kerala & Karnataka on 7th.

- Mainly dry weather prevailed over remaining parts of the country during the week.

Outlook For The Week Ending On 19th December 2007

- Fairly widespread rain/thundershowers with isolated heavy to very heavy falls are likely over extreme south peninsula during first half of the week.
- Cold wave conditions are likely to develop over plains of northwest India, West Madhya Pradesh and Rajasthan during second half of the week.
- Fog conditions are likely over some parts in the plains of northwest India.

Source: GOI (IMD).

FOREX (As on 17th December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.35
1 Euro	57.62
100 Yen	35.00
1 British £	80.36

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	-
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, 13.12.2007)

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$380	5% DP	-
5%	\$370	5%	-
10%	\$365	10%	-

15%	\$360	15%	-
25%	\$355	25%	-
35%	-		-
Parboiled	\$390		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$350	25%	-
Parboiled	-	Parboiled	-

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