

Rice

Nov 26- Dec 01, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Domestic and International News
- 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 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 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.

Cyclone Destroys 600,000 Tonnes Rice In Bangladesh

Cyclone that occurred recently in Bangladesh destroyed at least 600,000 metric tons of rice spread over 500,000 hectares. The government will likely revise upwards the estimate of rice lost in the cyclone, once a comprehensive report is prepared in the next 10 days, a senior official said. Source: CBOT

India's Ban On Parboil Rice Export Paved The Way For Thai Exporters

According to the traders, India's rice export ban is likely to benefit Thai rice exporters, especially of parboiled rice, with volumes expected to rise to more than 2.5 million tonnes this year. In the parboiled rice, Thailand is the main rival of India. As govt. of India has banned the export of rice, exporters shifted to buying from Thai traders. Normally, India ships 300,000 tonnes of parboiled rice per year, and Thailand around 1.8 million tonnes, mostly to Africa. Indian ban on parboiled rice will allow Thailand to export near about three million tonnes of rice in the 2008 marketing year. Strong demand has increased export prices of parboiled rice to US\$365 per tonne in free on board (FOB) terms, unusually higher than 100% grade white rice that is quoted at \$350 a tonne. Normally, parboiled is about 5-10% cheaper than white rice.

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 Lifted The Ban On Export Of Non-Basmati Rice

Government of India has lifted the blanket ban on exports of non-basmati rice Thursday and allowed the shipments of some premium varieties rice. After a cabinet meeting, Minister for Commerce, Kamal Nath, said that grades of non-basmati rice that are priced above \$425/tonne, on a free-on-board basis, can now be exported.

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 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 114,600 MT were up 15 percent from the previous week and 29 percent from the prior 4-week average. Increases were reported for Panama (90,700 MT), Mexico (12,700 MT), and Ghana (6,900 MT). Exports of 60,700 MT were 48 percent under the previous week and 7 percent below the prior 4-week average. The primary destinations were Iraq (31,200 MT), Mexico (9,300 MT), Saudi Arabia (7,600 MT), and Guatemala (7,000 MT). (This summary is based on reports from exporters for the period, November 16.22, 2007). Source: FAS, USDA.

DOMESTIC MARKET COMMENTARY

During the week, basmati rice prices quoted up on good export demand from Europe and Iran while non-basmati varieties traded steady on a normal domestic demand amidst sustained supply. Good export orders from Iraq propped up the domestic basmati prices and basmati common traded up Rs.5400-5600/qtl. Basmati top quality rice exported at \$1500-1600 per MT FOB and Pusa basmati quoted up at \$1400 per MT FOB. World tight rice stocks along with increasing consumption further supported the domestic firm sentiment. Despite a record rice harvest of 421 MT in 2007-08, the world has consumed a record 424 MT this year. With demand continuing to outpace supply, the rice stocks left over from previous years has dropped to a new low of 74.1 MT, 4% below the levels a year earlier and the smallest since 1983-84. In India, govt. rice stocks on October 1 this year fell to 5.5 MT compared to last year's 6 MT. By 20th November, govt. only procured 8.61 MT from the farmers, a down of 4.6% on year. In West Bengal, all the parboiled rice varieties firmed up on good demand from Bangladesh despite the arrival of new crops. In Northern India, sarbati raw and sarbati sella quoted steady at last week's level of Rs.2700-2900 and Rs.2800/qtl respectively while parmal raw and parmal sella quoted steady to better on good demand despite healthy supply. As per the USDA report, the global stocks-to-use ratio is 17.5%, the smallest since 1976-77. The rapid depletion of Chinese rice stocks is the main reason for most of the decline in global ending stocks since 2000-01. In India, kharif rice harvesting process is progressing steadily while till date, the winter rice sowing stood around 1.47 lakh hectares. 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	24.11.07	30.12.07
Basmati Common	5500-5600	5600
Sharbati raw	2800	2800
Sharbati sella	2800	2800
Parmal raw	1350	1375
Parmal sella	1350	1350
DB Rice	4500-4550	4500

RUDRAPUR MARKET:

Market Price For Different Varieties Of Rice In Rudrapur Mandis

RUDRAPUR	24.11.07	30.12.07
Parmal paddy	800	800
Parmal raw rice	1300	1300
Basmati paddy	-	-
Basmati rice	-	-
Sharbati sella	2800	2800
DB sella	4200	4200

KARNAL MARKET:

Market Price For Different Varieties of Rice In Karnal Mandis

KARNAL	24.11.07	30.12.07
Basmati rice raw	5100	5200
Sharbati steam	2700-2800	2700-2800
Sharbati sella	2600	2600
Parmal raw rice	1350	1400
Parmal sella	1300	1350
DB Rice Sella	4100	4200
IR8	1125	

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal

WEST BENGAL (Burdwan)	24.11.07	30.12.07
IR 36 (super)	1800-1850	1700
Minikit Shankar	2000-2100	1900-2000
Doodh Kalma	2100-2300	2000
Swarna (New)	1200-1350	1500
Pankaj	1300	1500
Swarna parboiled	1400	1600
Govindobhog	2900-3000	3000
Chawl Moni	2400-2550	2400

AMRITSAR MARKET:

Market Price For Different Varieties Of Rice In Amritsar

AMRITSAR	24.11.07	30.12.07
Sharbati sella rice	2800	2700
Sharbati raw rice	2700	2650
Sharbati esteem	2850-2900	2700-2800
Basmati rice raw	5500	5500
Basmati Paddy	2700	2700
Parmal Govt. Quality	1200	1250
Parmal Wand (New)	1300	1350

CONCLUSION

In coming week, prices may rule mostly steady to better for some premium non-basmati and basmati varieties on growing export demand while lower grades 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 flowering/grain formation 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. Attack of leaf folder, root weevil, stem borer is reported below 'Economic Threshold Level' (ETL) in Haryana. Mild incidence of blast, blue beetle, leaf roller and stem borer in Konkan and mild incidence of blast are reported in Kolhapur and Nagpur division. Minor attack of leaf roller in pockets is reported in Punjab. Under the influence of western disturbance, isolated to scattered precipitation is likely over western Himalayan Region and adjoining northern plains during the first half of the week. Fog condition is likely over plains of the northwest India during second half of the week. Increase in rainfall activity over extreme south peninsula. Rest of the country is expected to remain relatively 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 (28.11.07)

- Weak easterly waves sometimes embedded with cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, Southwest Bay of Bengal, extreme south peninsula and southeast Arabian Sea during the week.
- Last week's upper air cyclonic circulation over southwest Bay of Bengal and adjoining Commorin area and neighbourhood persisted on 22nd

November in the lower tropospheric levels and moved away westwards thereafter.

- An upper air trough extended from Nagaland & Manipur to Sub-Himalayan West Bengal & Sikkim between 0.9 and 1.5 Km above mean sea level during 25th to 28th

Rainfall:

Under influence of the above systems:

- Isolated to scattered rain/thundershowers occurred over Andaman & Nicobar Islands during many days of the week.
- Isolated rain/thundershowers occurred over coastal Tamil Nadu and south Kerala on a few days of the week.
- Isolated rain/thundershowers occurred over Sub-Himalayan West Bengal & Sikkim on 27th & 28th.
- Mainly dry weather prevailed over remaining parts of the country during the week.

Outlook For The Week Ending On 5^h December 2007

- ✓ Under the influence of western disturbance, isolated to scattered precipitation is likely over

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, 22.11.2007)

western Himalayan Region and adjoining northern plains during the first half of the week.

- ✓ Increase in rainfall activity over extreme south peninsula.

- ✓ Fog condition is likely over plains of northwest India during second half of the week.

Source: GOI (IMD).

FOREX (As on 3rd December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.67
1 Euro	58.46
100 Yen	35.94
1 British £	81.78

THAILAND	\$/Mt	VIETNAM	\$/Mt
100%B	\$358	5% DP	-
5%	\$350	5%	-
10%	\$345	10%	-
15%	\$340	15%	-
25%	\$333	25%	-
35%	-		-
Parboiled	\$370		-
PAKISTAN	\$/Mt	INDIA	\$/Mt
15%	-	15%	-
25%	\$350	25%	-
Parboiled	-	Parboiled	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.