

MARKET FUNDAMENTALS:

Steady trend:

The domestic rice markets continued to ruled steady during the period. Good stock of paddy with farmers and stockists who retained their harvested crop anticipating higher prices is seen offloading the grain in the market increasing the supplies. This is mounting the pressure on the rice prices in north India. The prices of popular rice varieties shot up last year during the same period. However, lower rabi sown area under rice in southern parts of the country attributed to prolonged rains and water logging is likely to restrict the fall in rice prices.

Corporation of India(FCI), the government on Wednesday allowed exports of three varieties of non-basmati rice mostly grown in southern states. However, exports up to 1.5 lakh tonne of these rice varieties would be allowed.

The exports of non-basmati rice varieties Ponni, Rosematta and Sona Masuri which are grown in Tamil Nadu, Kerala, Andhra Pradesh and Karnataka have been allowed after close to three years. However, the exports would be subjected to minimum export price of \$850 tonne. "Adequate quantities are there in these states," commerce and industry minister Anand Sharma said after the empowered group of ministers (eGoM) meeting. He said ban imposed on other varieties would continue.

This implies that the government has partially relaxed ban imposed on non-basmati rice export in 2008 which was aimed at boosting domestic supplies and curb rising prices. Before imposition of the ban, the country used to export around Rs 8,000 crore worth of non-basmati rice annually.

FE had reported in November last year that the government was considering relaxing exports of non-basmati rice as it had more than 17 million tonne of rice in its warehouses which is more than the requirement under the strategic reserve and buffer stocks norm.

"We have taken a clear view that ban continues on non-basmati rice. As far as basmati rice concerned, the present position continues," Sharma said. Egom also allowed exports of 'Rose' variety on onion grown in Karnataka. "We can export atleast 3-4 lakh tonne of premium non-basmati rice during the current year after the ban on exports is lifted," a commerce ministry official had told FE recently.

"Exports of superior quality non-basmati rice should be allowed so that farmers get better price realisation and over all rice exports get a boost,"Vijay Setia, president, All India Rice Exporters Association said.

Setia said that there are many such high-value, non-basmati rice varieties which can match aroma, texture and taste normally associated with basmati rice and could be promoted to harness their export potential.

An compendium of aromatic short grain rice prepared by the Indian Agricultural Research Institute and the Agricultural and Processed Food Products Export Development Authority has identified varieties such as kalanamak, tilakchand and jeerabati (UP), kala jeera (Orissa), katrani (Bihar), ambemohar (Maharashtra), govindbhog and badshahbhog (West Bengal), dubraj, badshahbhog and jawaphool (Chhattisgarh) and kala joha (Assam) which could be harnessed and developed for their export potential. (Source: Financial Express)

Farmers demand Rs. 2000 for a quintal of paddy:

In Rajapalaya, Tamil Nadu, members of Tamizhaga Vivasayigal Sangam dumped paddy on the road to highlight their demand for fixing Rs. 2,000 as procurement price for a quintal of paddy in Rajapalayam on Tuesday.

The association district president, N.A. Ramachandra Raja, said that their demand was justified by the increasing cost of agricultural inputs, rise in wages for farm hands and frequent increase in diesel price.

Mr. Ramachandra Raja said that the Government should open direct purchase centres at all taluk areas and buy paddy from the farmers.

The association complained that despite repeated pleas to the district administration, farmers have not been given their compensation under the National Agricultural Crop Insurance Scheme and other insurance schemes. It also demanded the implementation of personal crop insurance scheme.

The State deputy president, I.B. Raghupathi Raja, and district secretary P. Ammaiappan, participated in the protest.

Chhattisgarh Govt. procures more than 4.3 million MT rice

The Chhattisgarh government has procured 4.3 million tonnes of rice so far this season against the target of 5 million tonnes. The state procures rice at the minimum support price at Rs

1,000 for normal and Rs 1,030 for Grade A per quintal, fixed by the Center.

The government has collected the maximum from Raipur at 9,40,605 tonnes followed by Durg at 6,74,714 tonnes and Janjgir-Champa at 5,08,894 tonnes.

According to officials, state government is making the procurement through 1,589 primary collection centres of 1,333 primary co-operative societies in the state.

Officials at the Food, Civil Supplies and Consumer Protection Department said the current collection started in November 2010 and would be done till February 10, 2011.

OUTLOOK:

Short Term (One fortnight):

Steady to slightly weak tone may be witnessed in cash rice market due to expected increase in supplies followed by higher offload in the market by farmers and stockists who held their produce after harvest. The farmers anticipated rice prices to move up which did not happen followed by higher stocks with state procurement agencies, farmers and stockists.

International News:

Indonesia to Bolster Rice Inventories to Curb Record Prices :

Indonesia, the third-biggest rice importer in Asia, is seeking to “strengthen” its stockpiles to protect the poor against rising costs, Deputy Minister of Agriculture Bayu Krisnamurthi says. “The price is expensive so the government needs to strengthen inventories,” Krisnamurthi said in a text message replying to Bloomberg questions on Friday. “Supply is enough but the problem is the price, especially international prices.”

Rice futures climbed to \$16.3 per 100 pounds in Chicago on Feb. 3, the highest level since November 2008, as U.S. farmers prepared to cut plantings by 25 percent to the lowest since 1989, according to the median of a Bloomberg survey of nine analysts and farmers. The cost of rice in Indonesia, a dietary staple, advanced to a record in December, the United Nations said on Thursday.

Thailand, the top exporter, is negotiating with Indonesia and Bangladesh to supply the grain under government contracts,

Chatchai Chookaew, a Commerce Ministry spokesman, said on Feb. 2. Indonesia wants to buy as much as 800,000 tons from Thailand, while Bangladesh is seeking 200,000 tons, Chatchai said by phone. The amounts were yet to be finalized, he added. Any “imports are to add to stockpiles, not to supply the market,” Krisnamurthi said, without specifying the amount.

Bulog, the state food company, aims to keep stockpiles at a minimum 1.5 million tons “at all times” through domestic purchases and imports, President Director Sutarto Alimoeso said in an interview last month. “With leftover inventories at 868,000 tons and the rest of our imports almost all arrived, we have 1.5 million tons of stockpiles now,” Alimoeso said.

Thailand’s export price, the benchmark in Asia, may climb as high as \$600 a ton by December from \$534 on Jan. 26, a gain of 12 percent, according to the median estimate in a Bloomberg survey last month. Global food costs, measured by the United Nations Food and Agriculture Organization’s Food Price Index, advanced 3.4 percent to a record in January after jumping last year as drought and floods ruined crops from Russia to Argentina.

Bulog agreed with Thailand in December to buy an additional 250,000 tons, bringing total imports to 1.33 million tons, the most since 1999, Trade Minister Mari Pangestu said Dec. 22. Indonesia, self-sufficient in rice in 2008 and 2009, returned to the market last year as stockpiles fell below minimum levels and production growth failed to meet an official target.

The government has been trying to cool food inflation that drove consumer prices 7.02 percent higher in January from a year earlier, the most since April 2009.

Indonesia removed import duties on 57 food items including wheat, soybeans, rice and animal feed for as long as one year to help cool prices. Rice imports are tax-free until March and tariffs on other commodities are lifted until December, Bambang Permadi Brodjonegoro, head of fiscal policy at the Finance Ministry, said on Jan. 27.

“Domestic supply of the staple is predicted to be normal,” Krisnamurthi said. Corn and sugar-cane production will expand, while soybean output may be under pressure because of competition from other crops, he added.

Rice production could increase 2 percent to 3 percent this year, Krisnamurthi said. Unhusked rice output may climb to 68.8 million tons this year from an estimated 65.98 million tons last year, Agriculture Minister Suswono said Dec. 29.

The average domestic price in Indonesia climbed to Rp 9,082 (\$1.01) a kilogram in December, up 4.8 percent from the previous month and 31 percent more than a year earlier, the United Nations said. Bulog buys crops from farmers or from

overseas and sells grain later to keep domestic prices stable. It also manages the government's emergency stockpiles for natural disasters.

Philippines rice output in 2010 declines 3 percent due to El Nino:

Philippine palay (unmilled rice) production for 2010 declined 3 percent on year to 15.77 million metric tons owing to the El Nino-induced dry spell, the Bureau of Agricultural Statistics reported on Monday.

The actual production is also lower than the government's target of 16.4 million tons palay production for 2010.

The Bureau of Agricultural Statistics reported that palay production in the fourth quarter hit 6.5 million tons, up 21 percent on year. But even the double-digit growth in palay production in October to December failed to pull up overall rice output.

Apart from the El Nino that damaged farmlands in the country, supertyphoon Megi, which swept northern Luzon late last year, also slashed rice output.

Philippine agricultural officials said the 2010 rice output was one of the major factors they are considering before they decide over the final rice import figure for 2011.

National Food Authority (NFA) Administrator Angelito Banayo said the NFA Council is yet to decide on the final rice import volume for the year. But he said the government may limit the importation to one million tons, including the allocation for the private sector.

The Philippines is the world's biggest rice importer, purchasing over 2 million tons in 2010.

Sri Lanka's paddy cultivation heavily affected by continuous floods:

The second round of floods in Sri Lanka being experienced from January have caused severe damages almost destroying nearly 300,000 acres of paddy lands in 7 Districts in the North, Northwestern and Eastern Provinces.

The highest hit is the Eastern Province Ampara district which is considered as the rice basin of Sri Lanka. 125,000 acres of paddy land have been destroyed in this district. Over 50,000

acres each have been destroyed in the Trincomalee and Anuradhapura districts.

Reports also said that in the Polonnaruwa district, the second largest paddy producing district the whole paddy cultivation for the current harvesting season has been destroyed. Over 50,000 people, mostly farmers are reported to be affected in the Polonnaruwa district.

The Agrarian Services Department informed that 500 Tanks and anicuts (bunds) have been destroyed by the floods. Out of which 180 tanks have been destroyed in the Anuradhapura district in the Northwestern province in which the farmers heavily depend on irrigation water from the tanks. The next in the line is the Batticaloa district in which 125 tanks have been destroyed.

Sri Lankan Army has deployed over 1,500 soldiers to rescue the people marooned and trapped in the floods and the Army Commander Lt. General Jagath Jayasuriya has launched several programmes to rescue the marooned people and provide relief assistance to the affected people.

Meanwhile Sri Lanka Navy has also deployed 7 teams of Navy personnel in all the flood districts with Navy boats to rescue to the marooned people. Around 1,250,000 people belonging to 370,000 families have been affected by the floods.

Over 200,000 people have been affected in the Anuradhapura district alone. Upto now 11 deaths have been reported.

The Disaster Management Centre informed that 1,161 houses have been fully damaged and 8,412 houses partially damaged. The Centre said that 250,501 persons belonging to 67,508 families are presently housed in 653 temporary camps in the affected districts. In the Anuradhapura district alone the Centre has established 150 relief camps. The Meteorological Department predicts more rain the next few days.

RICE OUTLOOK FOR 2010/11: IGC

World rice production in 2010/11 is forecast to increase by 2%, to a record 449m. tons, underpinned by an improved main (kharif) crop in India. A rebound in rice use in that country, along with modest increases elsewhere, will lift global consumption to 446m. tons (437m.). World ending stocks in 2010/11 are expected to rise by 3m. tons, to an eight-year high of 96m., with increases in key suppliers, particularly India and Thailand. Inventories in the five leading exporters, at about 30m. tons, will be up 7% on last year. World trade in 2011 is

projected to increase by 3%, to 30.8m. tons, because of larger deliveries to Far East Asia and sub-Saharan Africa.

SharbatiSteam	2800	2950
DB steam	-	-

SPOT PRICES:DELHI MARKET:

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

DELHI	21.01.11	10.02.11
Basmati Common	6500	6500
Sharbati raw	2900	2900
Sharbatisella	2800	2900
Parmal raw	2200	2200
Parmalsella	2100	2100
DB Rice (white raw)	4300	4300
1121 Sella	4300	4400

RUDRAPUR MARKET:

Market Price for Different Varieties Of Rice In

Rudrapur (Rs. per Qtl.)

RUDRAPUR	21.01.11	10.02.11
Parmal paddy	1100	1250
Parmal raw rice	1800	1900
1121	-	-
Basmati rice	-	-

KARNAL MARKET:

Market Price For Different Varieties of Rice In

Karnal Market (Rs. per Qtl.)

KARNAL	21.01.11	10.02.11
Basmati rice raw	8000	5500
Sharbati steam	2500	3300
Sharbatisella	2800	2800
Parmal raw rice	2100	2050
Parmalsella	2100	2000
DB Rice Sella	3800	3700
IR8	1850	1700
1121 Sella	5200	3900

WEST BENGAL MARKET:

Market Price For Different Varieties Of Rice In West Bengal (Rs. per Qtl.)

WEST BENGAL (Burdwan)	21.01.11	10.02.11
IR 36 (super)	3900	3700
Minikit Shankar	4000	3900
DoodhKalma	4100	-
Swarna (New)	2500	2400

Pankaj	2500	2400
Swarna parboiled	3500	3400
Govindobhog	5500	5400

ChawlMoni	4700	4600
-----------	------	------

AMRITSAR MARKET:

Market Price for Different Varieties of Rice (Rs. per Qtl.)

AMRITSAR	21.01.11	10.02.11
SharbatiShella rice	3000	2900
Sharbati raw rice	3000	2800
Sharbati steam	3200	3200
Basmati rice raw	5500	5200
Basmati Paddy	2600	2600
Parmal Govt. Quality	1650	1700
Parmal Wand (New)	1800	1850
1121 Steam	5300	5400

Rice FOB Prices – America and Asia as on 10.02.11

[\[Back to Table of Content\]](#)

Americas

(USD/MT)

Grade/Variety	USA South	USA California	Uruguay	Argentina
4% - 5%	570	875	550	550
10%	560	-	540	540
15%	545	-	-	-
Brown	n/a	-	-	-
4% cont./CY	590	850	-	-
Paddy	330	560	-	-

Asia

(USD/MT)

Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	530	-	-	-
5%	515	475	-	480
10%	505	470	-	N/A
15%	500	460	-	N/A
25%	475	435	-	430
Parboiled	535	-	-	525

- ❖ All prices basis long grain per mt bagged FOB vessel.
- ❖ All prices basis per mt, bagged FOB vessel except Brown and Paddy -- Bulk FOB vessel
- ❖ California -Bagged 30 KG preslung FOB vessel
- ❖ CY--equates delivered port in conrt.l

Rabi 2010-11

Area sown as on Feb. 03, 2011

(Lakh Ha.)

Sl.no	State	Normal Area (DES)	Target Area (2010-11)	Area sown	(SDA)	Change over 2009-10	
				(2010-11)	(2009-10)	+/-	%
				(This year)	(Last year)		
1	Andhra Pradesh	13.31	14.32	13.00	11.35	1.65	14.54
2	Assam	3.24	5.00	1.92	1.65	0.27	16.36
3	Bihar	1.11	2.00	0.00	0.00	0.00	0.00
4	Karnataka	3.48	3.48	1.34	2.56	-1.22	-47.66
5	Kerala	0.38	0.38	0.35	0.35	0.00	0.00
6	Orissa	3.16	3.50	0.52	0.52	0.00	0.00
7	Tamil Nadu	1.63	1.63	1.04	1.00	0.04	4.00
8	West Bengal	14.46	15.00	5.50	9.00	-3.50	-38.89
9	Others*	1.77	2.00	0.45	0.50	-0.05	-10.00
	Total	42.54	47.31	24.12	26.93	-2.81	-10.43

DES-Directorate of Economics & Statistics, SDA-State Department of Agriculture

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>

© 2010 Indian Agribusiness Systems Pvt Ltd.