

RICE MARKET FUNDAMENTALS:**Domestic:**

The rice market witnessed steady to firm sentiment in last fortnight period. Prices of aromatic rice ruled firm while the prices of non basmati rice remained steady to weak. Fresh arrivals of non basmati rice in the market pulled the prices marginally down as there is not much demand in the markets. Prices of non basmati dropped by Rs.15-20 a quintal while the prices of aromatic rice managed to maintain their previous levels. Market may rule range bound to firm from current levels in the coming fortnight period.

- As per the second advance estimate released by the ministry, the production estimates for rice crop for 2010-11 stood at 94.01 million tonnes as against 89.13 million tonnes in the previous year on the back of good monsoon last year. Total foodgrains production likely to be 232.07 million tonnes during 2010-11 compared to 218.11 million tonnes last year.
- Govt. likely to bring millet, fodder under food security mission as of now, wheat and rice production has fairly stabilized, while pulses production is showing signs of improvement, hence Govt. have decided to now focus more on millet and fodder, both of which form important part of the country's whole agriculture dynamics.
- Rice procurement in the Kharif Marketing has crossed the mark of 200 lakh tonne. According to statistics released by Govt. officials, 2, 13, 09,532 tonne rice has been procured by the various government agencies by February 17, 2011 but is slightly lower than procurement same time last year. Punjab has led the States by procuring 86, 33,706 tonne of rice followed by Chhattisgarh 33,15,606 tonne of rice and Andhra Pradesh 27,82,753 tonne. Haryana and Uttar Pradesh have also made significant contribution in the procurement by procuring 16, 57,437 tonne of rice and 16, 54,640 tonne of rice respectively.
- Rice cultivators in Bihar are upset over the slow pace of procurement of their produce by the Centre, as well state agencies. As per the sources in state food and civil supplies department, Against a target of procuring 12 lakh tonnes of paddy this year, just about 3.5 lakh tonnes have been purchased so far where in procurement process will end on March 30.
- The government allowed export of 1.5 lakh tonnes of the premium varieties Sona Masoori, Ponni and Matta, all grown in the southern states of Kerala, Andhra Pradesh, Tamil Nadu and Karnataka. In 2008, India, the world's second-largest producer of rice, banned export of the crop to check spiralling prices and ensure enough was available for the domestic market. The ban on basmati rice was subsequently lifted and the minimum export price brought down to \$900 a tonne from \$1,300.
- The commerce department has advised policymakers to lift export curbs on all varieties of non-basmati rice, which will ensure parity in the treatment of rice producers across the country.
- Goa has requested that the central government at the recent meeting of ministers and secretaries in-charge of food, public distribution, consumer affairs, to provide the state 6,660 metric tons of above poverty line (APL) rice so that it can distribute 20 kg of the rice to households instead of the present quota of 8 kg. Goa presently gets only 2,222 metric tons of APL rice from the Centre.
- The Indian government can think about allowing limited exports of rice as the country is heading to have ample stock of rice and this is the right time to give a thought to allow limited exports to cool global food prices- Farm Minister Sharad Pawar.

OUTLOOK:

Steady to firm sentiment may be found in cash rice markets in medium term on expectation that government may allow limited quantity of rice export as country is heading for a bumper crop amid good prices at international markets. Recently Govt. allowed the shipment of 150,000 tons of three varieties of rice grown mainly in southern India and traders seeking to lift export curbs on all varieties of non-basmati rice.

International Market Highlights

- The Vietnam Food Association (VFA) raised the floor prices for rice exports on February 21, just one week after reducing them. This is the fourth time the VFA has adjusted the floor prices of export rice since early 2011.
Five percent broken rice now sells for US\$520 per tonne (up by US\$20), while 25 percent broken rice stands at US\$490 per tonne (up US\$10). This adjustment came into effect on February 22 and applies to deliveries in February and March this year. The intention behind this price adjustment is to respond to supply and demand and domestic delivery capability. The decline of the Vietnam dong also helped increase the competitiveness of Vietnamese rice over its rivals Thailand and Pakistan.
- CBOT rice futures fall down from its peak point of \$16.30 per hundredweight in the previous fortnight period on varied reasons. Higher-than-expected rice exports from Vietnam in the first quarter and a plan by the Philippines to import less of the grain could trigger a drop in Asian prices in coming weeks. The prices sturdily fall to \$14.25 per hundredweight on 22 Feb as a result of profit-taking by traders to reduce their risk as escalating violence raised concerns about the future of the global economy fueled by unrest in the Middle East and North Africa.
- Pakistan, the world's third-largest rice exporter, may ship 11 percent less of the grain this year after floods destroyed standing crop. Pakistan may export as much as 4 million tons in the year ending June 30 because the floods washed away 700,000 tons of the crop. Pakistan's rice exporters sold 4.5 million tons worth \$2.2 billion in the year ended June 30, 2010.
- The Philippines will lower the volume of imported rice for 2011 to two-thirds of the recommended volume for the year as a result of expectation of robust harvest this year. From the recommended 1.3 million metric tons (MT), the government is targeting less than a million MT of imported rice.
The Philippines is known as an agricultural country with rice being one of its top produce; but in spite of this, the country is the world's biggest rice importer with a total of 2.47 million MT imported rice in 2010.
- China's economic planning agency announced a rise in minimum rice purchase prices this year to encourage farmers to grow more grain. The purchase prices for japonica will rise 21.9 percent to US\$19.4 per 50 Kg. while prices for early and middle-late indica rice will increase 9.7 percent and 10.3 percent to US\$15.47 and US\$16.23 per 50 kg respectively.
- As per WASDE report, Global rice production in 2010/11 is forecast at a record 451.7 million tons (milled basis), down about 0.7 million tons from last month's forecast, but still more than 2 percent larger than a year earlier. Production estimates were lowered this month for Indonesia, Sri Lanka, the Philippines, and Japan; while they were increased for Cambodia, Uruguay, Brazil, and Australia. The global ending stocks forecast for 2010/11 was reduced nearly 500,000 tons this month to 93.9 million tons, down less than 1 percent from 2009/10. The global stocks-to-use ratio declined slightly this month to 20.8 percent and remains below the 2009/10 ratio of 21.6 percent.
- The government of Malaysia has announced that it is increasing its purchases of rice from Thailand and Vietnam in order to build rice stockpiles amid fears of world food shortages and a looming grain crisis in China caused by drought.
- As per International Grains Council report released on 24th Feb 2010, at 450million tons, the forecast of global rice production in 2010/11 is placed slightly lower than in January, but is still 10m.higher than in the previous year, following bigger crops in India and China. Increased use in those countries is expected to result in a 2% rise in consumption, to an all-time high of 447million tons, while the larger global outturn will also enable an increase in ending stocks, to 96.9million tonnes (93.9MMT). At 30.5million tons, global rice trade in calendar 2011 is forecast to expand by around 1%.

Prices of Different Varieties of Rice in Various Mandies: (Price in Rs. /qtl)
Delhi Market:

Variety	24.02.11	10.02.11
Basmati Common	6200	6500
Sharbati raw	2900	2900
Sharbatisella	2800	2900
Parmal raw	2200	2200
Parmalsella	2000-2100	2100
DB Rice (white raw)	4300	4300
1121 Sella	4100	4400

Amritsar Market:

Variety	24.02.11	10.02.11
SharbatiShella rice	3000-3100	2900
Sharbati raw rice	2800-2900	2800
Sharbati steam	3000-3100	3200
Basmati rice raw	4800-5000	5200
Basmati Paddy	2300-2400	2600
Parmal Govt. Quality	1650-1700	1700
Parmal Wand (New)	1800-1900	1850
1121 Steam	4800-5000	5400

Rudrapur Market:

Variety	24.02.11	10.02.11
Parmal paddy	1050	1250
Parmal raw rice	1700	1900
1121	-	-
Basmati rice	-	-
Sharbati Steam	2800	2950
DB steam	4100	-

Karnal Market:

Variety	24.02.11	10.02.11
Basmati rice raw	6000	5500
Sharbati steam	3500	3300
Sharbati sella	2900	2800
Parmal raw rice	2000-2050	2050
Parmalsella	2000	2000
DB Rice Sella	3800	3700
IR8	1850	1700
1121 Sella	4800	3900

West Bengal Market:

Variety	24.02.11	10.02.11
IR 36 (super)	3800-3900	3700
Minikit Shankar	4100-4200	3900
DoodhKalma	4200-4300	-
Swarna (New)	2800-2900	2400

Rice FOB Prices - America and Asia as on 24.02.2011
Americas
(USD/MT)

Grade/Variety	USA South	USA California	Uruguay	Argentina
4% - 5%	550	875	550	550
10%	540	-	540	540
15%	530	-	-	-
Brown	n/a	-	-	-
4% cont./CY	575	850	-	-
Paddy	330	560	-	-

Asia
USD/MT)

Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	535	-	-	-
5%	500	495	310	480
10%	490	470	313	475
15%	490	460	318	465
25%	480	465	325	440
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 cont.l

Rabi (2010-11) Sowing Status
Area Sown as on Feb. 03, 2011
(Lakh Ha.)

Sl.no	State	Normal Area (DES)	Target Area (2010-11)	Area sown (2010-11) (This year)	(SDA) (2009-10) (Last year)	Change over 2009-10	
						+/-	%
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

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

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