

### Price Drivers of Rice

- ✓ Normal south-west monsoon 2011- 12 season- IMD's long range forecast
- ✓ Unseasonal Rain in rice growing areas
- ✓ Proposals to allow export of rice.
- ✓ Vietnam will be able to dominate the rice market in ASEAN

### Rice Market Fundamentals:

#### Domestic:

*Paddy (Dhan) prices remained unchanged in domestic major markets. Prevailing paddy prices at various mandies were down compared to the same date prices previous year. As per traders, comfortable stocks following hopes of record output this year creating the pressure on paddy prices.*

*Domestic rice market continued with mixed sentiment during last week period. Aromatic rice (Basmati) and few other bold grains prices improved on increased domestic as well as overseas demand by Rs. 200-500/quintal. Non-Basmati rice prices were remained steady to firm sentiment.*

*Mostly paddy is in ripening stage and less than 1% harvest is completed in eastern states and peak arrival may start from June onwards. We are expecting that government may lift export ban on non-basmati rice for limited quantity.*

- Unseasonal rains with hailstorms caused certain damage to paddy fields in major growing areas of eastern and south India.
- IMD's long range forecast for the 2011 south-west monsoon season (June to September) is that the rainfall for the country as a whole is most likely to be Normal. Eastern and southern regions are the major rice growing areas wherein farmers plant paddy at the start of the monsoon season. A bumper harvest last year means India has ample stocks. But exports are still banned - apart from select non-basmati grains. The normal monsoon forecast may initiate farmers to go for higher acreage under paddy crop and also it could prompt the government to ease curbs on overseas sales.
- Rice procurement in the Kharif marketing season 2010-11 has reached the mark of 294.50 lakh-tonnes as on date May 03, 2011 which is higher by 2.39 percent compared to last year procurement. Total paddy arrival reported at 418.60 lakh tonnes.
- Punjab CM opined that, centre was not serious about its intentions to save Punjab from the rice-wheat rotation, which was leading to large-scale depletion of groundwater and polluting the environment of the state. And also said, the Centre should announce MSP for other crops too so that the farmers can grow alternate crops.
- Rice farmers in India's northern state of Punjab have requested the state as well as the central government to advance the dates of planting paddy nursery and transplanting it to the fields by at least a week.
- Aiming to enhance bilateral trade with India, the Morocco Foreign Trade Minister sought supply of rice and wheat from India, which is sitting on huge stocks of the foodgrains.
- As per the trade source, India's basmati rice exports likely rose by up to 15% in the fiscal year which ended March 31 after recovering from a fall in the initial six months (India exported 2 million metric tons in the 2009-10 fiscal years) and also mentioned that basmati exports were able to maintain their growth due to increased domestic production of a variety called Pusa 1121 and brisk demand from traditional buyers in the Middle East as well as new markets such as the U.S. and Europe.
- The government was reviewing the position of availability of rice for domestic consumption and would take an appropriate decision regarding export- Agriculture Minister, Sharad Pawar

- TDP president N Chandrababu Naidu urged Prime Minister Manmohan Singh to direct the Food Corporation of India to immediately take up paddy procurement in Andhra Pradesh and clear the huge stocks lying with farmers.
- Country is ready to ship 500,000 tonnes of grain to Bangladesh under government to government deals- Commerce minister Anand Sharma.

#### **Domestic Market Price Outlook:**

*Domestic prices of rice are expected to remain steady to weak for short term on improvement in buying from the stockiest with abundant supplies in the market. Prices of aromatic rice may rule with firm sentiment.*

*Steady to weak sentiment may be found in cash rice markets in medium term on country is heading for a bumper crop amid stock levels in the markets. India is the world's second-largest rice producer and is expected to harvest 94.01 million tons rice in the 2010-11 crop years through June, aided by good rains and higher plantings.*

*Domestic prices of rice are expected to remain steady this year on sufficient domestic supplies and expected continuation of the export ban.*

#### **International Market Highlights**

- As per latest Rice Outlook report, Global rice production in 2010/11 is forecast at a record 450.7 million tons (milled basis). The forecast is down 0.8 million tons from last month's forecast, but still more than 2 percent larger than a year earlier.
- Rice experts from Myanmar Agricultural Services have downplayed the effects of unusually high rainfall last month, attributed to La Nina weather patterns in the Pacific region, and have expressed confidence that the country's harvest this year is still expected to equal last year's yield.
- Exports of white rice and parboiled rice from Thailand during January 1 - April 10, 2011 totaled 2,762,945 MT, up 61.7 % from 1,708,499 MT in the previous year and total rice exports (including fragrant rice) amounted to 3,229,381 MT, up 41.8 % from 2,277,982 MT in the previous year.
- The price difference between Thai and Vietnamese rice declined to approximately \$5/MT, from an average of \$20-30/MT over the last couple of weeks.
- Philippines National Food Authority (NFA) will hold a new tender on May 2 for private traders to bid for rights to import 205,152 MT of rice, the balance of this year's imports of the national staple.
- Philippines National Food Authority (NFA) Administrator has downplayed reports over the constant rise of Vietnamese rice export prices and has said that additional costs will not have any serious impact on the deals of private rice traders who have pledged to bring in about 440,000 MT of rice.
- Thailand rice export prices are expected to continue its upward trend in the near future amid strong rising demands from Middle East and Asia which is unlikely to slow down despite the arrival of the new crop in the near term.
- Rice experts feel that Vietnam will be able to dominate the rice market in ASEAN since qualities of Thai and Vietnamese rice are not much different while Vietnamese rice is cheaper than Thai rice by about 125 USD/MT. Taking into account the Vietnamese dong devaluation the Vietnamese rice becomes even more cheaper than Thai rice.
- The Ministry of Commerce of Bangkok has revealed that the rising global demand has pushed up the domestic rice price to 8,200-8,300 THB per ton while this year's rice exports have been above one million tons each month.
- U.S. long-grain milled rice prices continue to decline, primarily a result of large domestic supplies and weaker Thai prices.

***Strong demand from the Middle East and Asia may boost international prices in medium term period.***

## Prices of Different Varieties of Rice in Various Markets: (Price in Rs. /qtl)

### Delhi Market:

Variety	13.04.2011	02.05.2011
Basmati Common	5500	6000
Sharbati raw	3000	3100
Sharbati sella	2700-2800	2800-2900
Parmal raw	2200	2100
Parmal sella	2300	2200
DB Rice (white raw)	4100-4200	4200
1121 Sella	4300	4400

### Amritsar Market:

Variety	13.04.2011	02.05.2011
SharbatiSella rice	2900-3000	2900-3000
Sharbati raw rice	2800-2900	3000-3100
Sharbati steam	3000-3100	3100-3200
Basmati rice raw	5000	4800
Basmati Paddy	2200-2300	2200-2300
Parmal Govt. Quality	1700	1750
Parmal Wand (New)	1900	1900
1121 Steam	5200-5300	5300

### Rudrapur Market:

Variety	13.04.2011	02.05.2011
Parmal paddy	1100	1125
Parmal raw rice	1800	1800
Sharbati Steam	2950	2950
DB steam	3800-4000	4100

### Karnal Market:

Variety	13.04.2011	02.05.2011
Basmati rice raw	5000	-
Sharbati steam	3200	3200
Sharbati sella	3000	3000
Parmal raw rice	2100	2100
Parmal sella	1900	1900
DB Rice Sella	3800	3800
IR8	1900	1900
1121 Sella	4600	4600

### West Bengal Market:

Variety	13.04.2011	02.05.2011
IR 36 (super)	3700-3800	3700-3800
Minikit Shankar	3800-3900	3800-3900
DoodhKalma	4000-4100	4000-4100
Swarna (New)	2000-2100	2000-2100

## Domestic Wholesale and Retail Prices of Rice: (Price in Rs. /qtl)

Zone	Centre	13/04/2011		02/05/2011	
		Retail Price	Wholesale Price	Retail Price	Wholesale Price
North Zone	Delhi	2300	1940	2300	1950
	Karnal	1900	1750	1900	1750
	Lucknow	1600	1465	1600	1465
West Zone	Ahmedabad	1500	1300	1600	1400
	Bhopal	1800	1600	1800	1600
	Mumbai	2000	1850	1900	1850
	Jaipur	2000	1600	2000	1600
East Zone	Patna	2200	2000	2200	2000
	Cuttack	1800	1650	1900	1700
	Kolkatta	2000	1800	2100	1800
	Guwahati	1800	1500	1700	1520
	Agartala	1850	1675	1900	1775
South Zone	Hyderabad	1900	1750	1900	1733
	Bangalore	2200	2000	2300	2100
	Ernakulam	2883	2775	2717	2428
	Chennai	2200	1900	2200	1900
All India Average		1994	1781.28	1992	1788.46

*Rice prices (All India average) at domestic retail market were continued to remain marginally down by 0.10 percent and wholesale market prices were up by .40 percent compared to the previous fortnight ending prices.*

**International Market Prices:**
**CBOT Futures Market Rough Rice Prices: (Prices in USD/hundredweight)**

Contract	Current (29/04/2011)	Week ago (21/04/2011)	Month ago (29/03/2011)	Year ago (28/04/2010)
<b>July 11</b>	14.93	14.31	14.17	11.64
<b>Sept 11</b>	15.74	15.05	14.93	11.66
<b>Nov 11</b>	16.04	15.33	15.22	11.77

CBOT rice futures prices remained sideways to higher side during last week period and prices rose by 4.3-4.6 percent compared to previous week prices. July contract rice prices at CBOT were up by 28.26 percent from \$11.64 to \$14.93 per hundredweight in a year period. The major fundamental factors are as follows:

- ✓ Worries about excessive rains in US hurting production
- ✓ Rice futures felt spillover pressure from sharp declines in the corn and wheat markets.
- ✓ Pressure of poor export demand

**Rice FOB Prices - America and Asia as on 29.04.2011**

FOB prices at Thailand rose by USD 5-10/MT on increased demand from East Asia and in other countries FOB prices remained unchanged during the period of last fortnight.

**Americas**
**(USD/MT)**

Grade/Variety	USA South	USA California	Uruguay	Argentina
<b>4% - 5%</b>	515	875	515	515
<b>10%</b>	505	-	505	505
<b>15%</b>	495	-	-	-
<b>Brown</b>	NA	800	-	-
<b>4% cont./CY</b>	525	850	-	-
<b>Paddy</b>	280	515	-	-

**Asia**
**(USD/MT)**

Grade/Variety	Thailand	Vietnam	India	Pakistan
<b>100%B - 5%DWP</b>	500	-	-	-
<b>5%</b>	480	485	310	470
<b>10%</b>	475	480	313	460
<b>15%</b>	470	470	318	450
<b>25%</b>	455	450	325	425
<b>Parboiled</b>	505	-	-	510

\* 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

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