

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.

- An Indian ministerial panel deferred a decision on lifting a ban on wheat and rice exports as it wanted to first take stock of requirement under a proposed food security law to increase subsidized grain sales.
- 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) |
|----------------|-------------------------|--------------------------|---------------------------|--------------------------|
| July 11 | 14.93 | 14.31 | 14.17 | 11.64 |
| Sept 11 | 15.74 | 15.05 | 14.93 | 11.66 |
| Nov 11 | 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 \$11.64 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 |
|--------------------|-----------|----------------|---------|-----------|
| 4% - 5% | 515 | 875 | 515 | 515 |
| 10% | 505 | - | 505 | 505 |
| 15% | 495 | - | - | - |
| Brown | NA | 800 | - | - |
| 4% cont./CY | 525 | 850 | - | - |
| Paddy | 280 | 515 | - | - |

Asia
(USD/MT)

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