

### Price Drivers of Rice

- ✓ India's total rice production is expected to 94.11 million tonnes-3<sup>rd</sup> AE
- ✓ Govt. of India aiming for 100MMT rice production 2011-12 crop year
- ✓ CACP recommended removing export ban on rice.
- ✓ Japan Govt. to ban rice cultivation in contaminated soil

### Rice Market Fundamentals:

#### Domestic:

*Paddy (Dhan) prices remained unchanged in domestic major markets. Paddy prices may ease in short to medium term on start of new crop arrival. As per traders, comfortable stocks following hopes of record output this year creating the pressure on paddy prices.*

*Domestic rice market remained with firm sentiment during last week period on improvement in the offtake by the stockiest. Rice prices at Karnal (Haryana) market were up by Rs. 100/ qtl on improvement in demand amid fresh buying from stockiest. Rice prices in other markets were remained steady on amid stock levels to meet the current demand levels.*

*However, aromatic rice and few other bold grains prices improved on increased domestic as well as overseas demand. Peak arrival of paddy may start from June onwards.*

- India government is targeting to increase the rice production in 2011-12 crop year by 6 million tonnes (MT) to 100 MT, with special emphasis on states in the Eastern region. As farmers are likely to plant more of the grain crop after bumper returns this year supporting to aim for high production.
- Rice importers across the globe are keenly watching the monsoon forecast for India as poor rains in the world's second-largest producer could spike prices of the commodity in the international markets.
- The government agencies have procured 25.1 million tonnes of rice since October last year, nearly 1% less than the year-ago period. In terms of rice it is 2, 52, 42,049 MTs.
- Rising wheat and rice procurement for the last few years are adding to the grain storage problem in Punjab, arisen due to slow movement of grain to other states and limited space in granaries. Therefore, Punjab government seeking help in augmenting storage capacity and fast disbursal of old food grain stock from granaries to accommodate the new crop.
- Commission on Agricultural Costs and Prices (CACP) given recommendations for removal of the export ban on rice and allowing private retailers to procure grain for the Public Distribution System. CACP also recommended MSP for paddy is Rs 1,080/quintal, against the current MSP of Rs 1,000/ql.
- As per the third advance estimate by ministry of agriculture, total rice production is expected to 94.11 million tonnes (Kharif rice accounts 80.38 MMT and Rabi rice accounts 13.73 MMT) which is up by 5.63 percent compared to previous year's production of 89.09 million tonnes.

### Domestic Market Price Outlook:

*Domestic prices of rice are expected to remain steady 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 year 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

- Shipments of a few hundred thousand metric tons of rice from Vietnam and Thailand to the Ivory Coast are being diverted due to civil unrest in the African country. The diversion of cargoes is causing a slowdown in fresh orders for Asian rice, which in turn may weigh on international prices.
- The Ministry of Agriculture and Rural Development of Vietnam announced that the country's rice exports have reached nearly 1.6 million tons in the first quarter of the year, an increase of 36% compared to the same period last year.
- As per State Logistics Agency of Jakarta's estimation, domestic rice prices may decline by up to 10 percent this month as an increase in supply from several rice-producing houses will add to the rice stock in the market.
- According to the rice exports statistics released by the government of Pakistan, the country's total rice export has crossed 2.734 million MT mark during nine months of current fiscal year, showing a decline of 772,928 MT over last year's 3.314 million MT. The export of Basmati rice has surged by 14 % in volume to 786,902 MT and 12 % in value to \$ 655.606 million during nine months of 2010-2011.
- According to the Thailand Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) during January 1 - March 31, 2011 amounted to 3,012,021 MT, up 41.0 % from 2,136,391 MT in the previous year. Domestic and export prices of white rice increased slightly by 1-2 % from the previous week due to the implementation of the government direct purchase program.
- The Agriculture Department of Philippines assured that there was no looming rice crisis in the country. With stable supply, there was no reason for the country to import more rice than it had already planned for this year. The government plans to import 860,000 tons of rice, including 200,000 tons state-run National Food Authority (NFA) has agreed to purchase from Vietnam in a government deal. But NFA announced its plan recently to import additional 300,000 metric tons of rice to ensure enough rice supply in the warehouses in case typhoons damage the second-semester harvests.
- Fears of radiation spread to rice as the planting season began in Japan, prompting the government to ban its cultivation in contaminated soil as fallout leaking from a tsunami-damaged nuclear plant dealt another blow to the national diet.
- US rice net sales of 74,400 MT were up noticeably from the previous week and up 13 percent from the prior 4-week average. And exports of 52,500 MT were down 26 percent from the previous week and 16 percent from the prior 4-week average.

### USDA's WASDE Report Highlights:

- ✓ Global 2010/11 rice production, imports, and ending stocks are lowered from last month, while consumption is raised slightly.
- ✓ World rice production is reduced 0.8 million tons to 450.7 million based mostly on decreases for Indonesia, Iran, Laos, North Korea, and Sri Lanka, which is partially offset by increases for Brazil and Colombia.
- ✓ Global imports for 2010/11 are lowered 0.8 million tons to 29.2 million due mostly to reductions for Malaysia, Madagascar, the Philippines, and Thailand, which is partially offset by increases for some Sub-Saharan Africa markets.
- ✓ Global exports are lowered from last month owing to expected declines in shipments from mostly South American markets including Argentina, Peru, and Uruguay.
- ✓ Global consumption is increased slightly based mostly on increases to a number of Sub-Saharan Africa markets.
- ✓ Global ending stocks are projected at 97.1 million tons, down 1.7 million from last month, but an increase of 3.3 million from 2009/10, and the largest stocks since 2002/03. The largest reductions in ending stocks occurred in Indonesia, the Philippines, and Thailand, which are partially offset by an increase for Brazil.

***Abundant supplies of rice in inventories and upcoming crops are putting pressure on prices and international prices may ease further in medium term period.***

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

Variety	28.03.2011	13.04.2011
Basmati Common	5400	5500
Sharbati raw	3000	3000
Sharbati sella	2800-2850	2700-2800
Parmal raw	2000	2200
Parmal sella	1850	2300
DB Rice (white raw)	4200	4100-4200
1121 Sella	4200	4300

**Amritsar Market:**

Variety	28.03.2011	13.04.2011
SharbatiSella rice	-	2900-3000
Sharbati raw rice	-	2800-2900
Sharbati steam	-	3000-3100
Basmati rice raw	4700-4800	5000
Basmati Paddy	2300-2400	2200-2300
Parmal Govt. Quality	1700	1700
Parmal Wand (New)	1850	1900
1121 Steam	5200	5200-5300

**Rudrapur Market:**

Variety	28.03.2011	13.04.2011
Parmal paddy	1150	1100
Parmal raw rice	1750	1800
Sharbati Steam	2900	2950
DB steam	4000	3800-4000

**Karnal Market:**

Variety	28.03.2011	13.04.2011
Basmati rice raw	6000	5000
Sharbati steam	3500	3200
Sharbati sella	2900	3000
Parmal raw rice	2000-2050	2100
Parmal sella	2000	1900
DB Rice Sella	3800	3800
IR8	1850	1900
1121 Sella	4800	4600

**West Bengal Market:**

Variety	28.03.2011	13.04.2011
IR 36 (super)	3600-3700	3700-3800
Minikit Shankar	3800-3900	3800-3900
DoodhKalma	3900	4000-4100
Swarna (New)	2000-2200	2000-2100

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

Zone	Centre	28/03/2011		13/04/2011	
		Retail Price	Wholesale Price	Retail Price	Wholesale Price
North Zone	Delhi	2300	1950	2300	1940
	Karnal	1900	1800	1900	1750
	Lucknow	1600	1600	1600	1465
West Zone	Ahmedabad	1700	NA	1500	1300
	Bhopal	1800	1600	1800	1600
	Mumbai	1900	1850	2000	1850
	Jaipur	2000	1600	2000	1600
East Zone	Patna	2200	2000	2200	2000
	Cuttack	1800	1650	1800	1650
	Kolkatta	2100	NA	2000	1800
	Guwahati	1700	1500	1800	1500
	Agartala	1850	1675	1850	1675
South Zone	Hyderabad	2000	1767	1900	1750
	Bangalore	2200	2000	2200	2000
	Ernakulam	2917	2858	2883	2775
	Chennai	2200	1900	2200	1900
All India Average		1992	1774.55	1994	1781.28

*Rice prices (All India average) at domestic retail market were marginally up by 0.10 and wholesale market prices were seen a dip of 0.38 percent compared to the previous fortnight ending prices.*

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

Contract	Current (13/04/2011)	Week ago (06/04/2011)	Month ago (14/03/2011)	Year ago (13/04/2011)
<b>May 11</b>	13.62	14.08	13.38	13.03
<b>July 11</b>	13.70	14.40	13.67	13.30
<b>Sept 11</b>	14.74	15.11	14.37	12.73
<b>Nov 11</b>	15.04	15.38	14.66	12.85

CBOT rice futures prices fall during last week period and prices were higher side compared to the previous month price levels. May month contract prices were down by 3.27 percent from \$14.08 to \$13.62 per hundredweight in last week period on varied reasons. The major fundamental factors are as follows:

- ✓ Rice Futures felt spillover support from gains in the neighboring wheat, corn and soy markets.
- ✓ Market participants expected that possible reduction in the government's export forecast in USDA's latest monthly crop report. The USDA's April crop report was a bit of a mixed bag, as it cut the forecast for world rice production and season-end supplies but raised the forecast for domestic season-end stocks.
- ✓ Projections that Japan will increase imports due to damage from natural disasters. The disruption to food production in Japan is fueling talk that the country will raise imports to meet its domestic needs.

**Rice FOB Prices - America and Asia as on 14.04.2011**

FOB prices continued to decline on increased supply from the major producing countries to international market and down by US\$ 10-15/MT 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>	490	-	-	-
<b>5%</b>	470	460	310	480
<b>10%</b>	465	450	313	460
<b>15%</b>	460	440	318	450
<b>25%</b>	445	430	325	430
<b>Parboiled</b>	495	-	-	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 contr.l

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