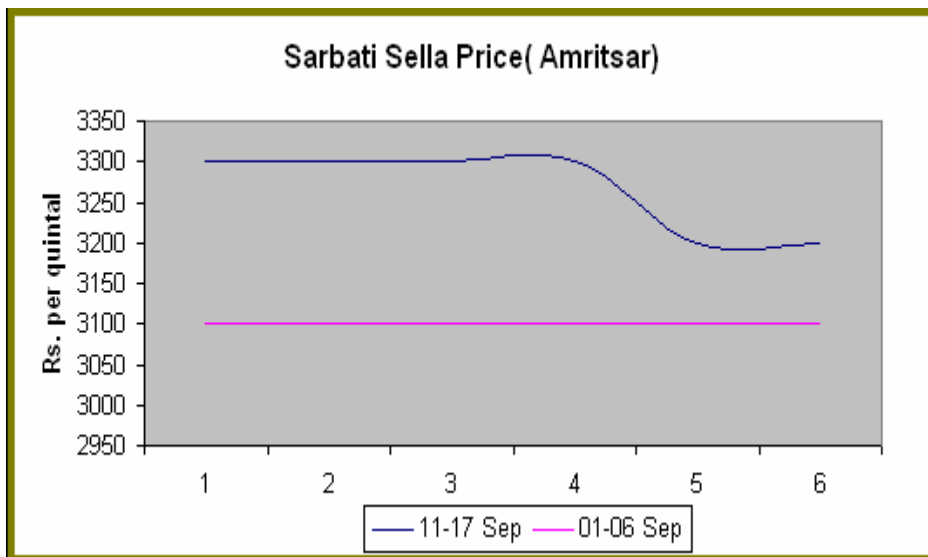


Domestic Market Highlights and Week ahead :

Rice prices broadly traded firm in the spot market in the week ended 16 September 2011. Although the gains reduced as optimism led by exports of Non Basmati get offset by the higher crop estimates. Price of Sharbati Sella rice in Amritsar market drifted back to Rs 3200 per Quintal from the high of Rs. 3300 per quintal but the same still remain higher than the price at which it hovered a week earlier.

With regard to exports, the government has decided to keep a check on exports of non-basmati rice every fortnight in order to keep a note on the quantity being exported.



The Central Board of Excise and Customs CBEC has asked custom officials to furnish fortnightly reports about the quantity and value of exports as well as the name of the exporters and the country where shipments are being made. The first report would be submitted on October 3.

Indian exporters likely to have contracted close to one million tons of rice exports in the price range of \$400-\$500 per ton free on board, after the government passed on the orders to allow the same as put by traders.

On the sowing front, Rice has been sown in 376.77 lakh hectares as on 16th September 2011 as compared to 343.22 lakh hectares sown until same time a year ago. Area coverage remain higher in West Bengal, Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh and Tamil Nadu

The First Advance Estimates of production of major crops grown in the country in kharif 2011-12 season have also hit the market as per which the total food grains production is likely to be 123.88 million tonnes (MT) as compared to 120.20 MT in 2010-11 (fourth advance estimates). It represents an increase of about 3.68 MT over the last estimates. Rice production in the country in the kharif season is likely to be 87.10 million tonnes as compared to 80.65 million tonnes in 2010-11 kharif.

All-India progressive procurement of Rice for the marketing season 2010 -11 as on 09.09.2011 was 334.96 lakh tonnes which is higher than the procurement of 308.78 lakh tonnes upto the corresponding period of last year.

Paddy Crop Progress and Weather:

As per the Weather Office, during the week ended September 14, central India and south Peninsula received above normal rainfall on many days. The all India rainfall during the week was 1% above Long Period Average (LPA). The seasonal rainfall for country as a whole remained 3% above LPA.

Following table reflects the state wise % departure of mon soon rains as on Week on Week

State	% Departure as on 07 th September	% Departure as on 14 th September
Andhra Pradesh	-10%	-20%
Assam	-42%	-38%
Bihar	-84%	-62%
Karnataka	21%	-66%
Kerala	272%	176%
Orissa	98%	-11%
Tamil Nadu	-11%	29%
Uttar Pradesh	-62%	-26%
West Bengal	-23%	-4%

(Source: India Meteorological Department)

Progressive Procurement of Rice as on 05th August

(Values in lakh tonnes)

State	Total Procurement in Marketing Season 2009- 10 (Oct. -	Progressive Procurement		% change Y-O- Y
		as on 09.09.2011		
		In Marketing	In Marketing	

	Sept.)	season 2010-11	season 2009-10	
Andhra Pradesh	75.55	94.46	69.36	36.19
Chhattisgarh	33.57	36.96	31.7	16.59
Haryana	18.19	16.87	18.16	-7.10
Kerala	2.61	2.63	2.61	0.77
Maharashtra	2.29	3.08	2.15	43.26
Orissa	24.96	24.65	24.86	-0.84
Punjab	92.75	86.35	92.75	-6.90
Tamil Nadu	12.41	14.83	11.86	25.04
Uttar Pradesh	29.01	24.27	27.11	-10.48
Uttaranchal	3.75	4.17	3.74	11.50
West Bengal	12.4	11.5	12.25	-6.12
All India	320.34	334.96	308.78	8.48

Impact of Exports on Rice Procurement

As a consequence of green signal to exports of Non Basmati, no major Impact is being anticipated in procurement in southern rice region while the same in Punjab and Haryana is likely to decrease by 15-20%

Varieties PR11 and PR 14 which comprise of 25% of the total rice production in the region are the varieties to be exported and in the same context, millers plan to increase the purchase of the same. With the parity being favorable and the arrival of new crop is likely to improve the same, further aiding the exports. Conclusively trade sources anticipate the cuts in the procurement.

To the contrary, no major impact is being anticipated in southern regions like Andhra Pradesh and Tamil Nadu where Pvt. Traders and Stockists carry the stock of about a million tonne and further they plan to acquire another million from the new crop, which they say is hardly going to make a big impact. Further, with likely distress sell, procurement is likely to remain higher. Good production, facilitated by higher yields remains a likely contributing factor to the sufficiency of supplies.

Domestic Prices & Outlook
Spot Market Prices for Rice:
(Price in Rs. /qtl)

	Andhra Pradesh		
Market	Variety	09.09.2011	16.09.2011
Addanki	B P T	2450	2450
Allagadda	Boiled Rice	2500	2500
Divi	B P T	1750	1750
Kandukur	B P T	2200	2200
Kondapi	B P T	2150	2150

	West Bengal		
Market	Variety	09.09.2011	16.09.2011
Blurghat	Masuri	2400	2400
Bishnupur	Masuri	-	1680
Burdwan	Other	-	-
Kalipur	Sona masuri non basmati	1700	-
Samsi	H.Y.V	1600	-

Amritsar (Punjab) Market:

Variety	09.09.2011	16.09.2011
Sharbati Sella rice	3300	3200
Sharbati raw rice	3100	3300
Sharbati steam	3400	3400
Basmati rice raw	4600	4800
Basmati Paddy	2300	2200
ParmalGovt. Quality	1900	1900
Parmal Wand (New)	2050	2100

Paddy Price in various markets during the Week (Prices in Rs. /quintal)

Market	Variety	09/09/2011	16/09/2011
Addanki (AP)	BPT	1330	1320
kakinada(AP)	MTU-1010	1020	1040
Badvel (AP)	Masuri	1250	1250
Gangavathi(Karnataka)	IR 64	1007	-
Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	-	-

Kolathur (Tamil Nadu)	Ponni	800	750
Madurai (Tamil Nadu)	ADT 36	-	900
Chinnamanur(Tamil Nadu)	IR 64	880	-

Outlook:

- *Domestically, rice prices are likely to remain range bound as new crop arrivals, preceded by higher estimates for production in 2011-12 are likely to remain price limiting factors, despite good prospects of Non Basmati exports, after the decision on the same is taken.*

International Market Highlights:

Thai rice prices fell on thin demand, being pressured after India allowed exports of 2 million tonnes of non-basmati rice. Prices may ease further over coming weeks as more buyers could turn to buy from India but the sharp fall seems possible in the least as Thai government intervention is likely to remain a supportive factor. In another news development, Thailand will disburse 120,000 tonnes of rice from its current 2 million-tonne stockpile to flood-hit regions and may start selling the rest gradually from the end of September.

Indonesia's state procurement agency Bulog purchased 400,000 tonnes of rice from Vietnam in a government-to-government deal this week for shipment from October through December. The 15 percent broken grade rice was purchased at \$580 per tonne, including cost and freight, they said.

Bangladesh nearly halved its forecast for rice imports in the year to June 2012 on higher domestic stocks and rising local procurement due to good crops. They may need to import at best 500,000 tonnes of rice this fiscal year from 800,000/900,000 tonnes forecast earlier.

As per the world supply and demand estimates, released by USDA, rice production is revised higher by 2.8 million cwt to 190.9 million cwt from the last month, on higher projected yields, while harvested area is estimated at 2.62 million acres, down 20000 acres. Further, exports are projected at 93.0 million cwt, down 4.0 million cwt from last month.

Global rice production is revised higher by 2.1 million tons at 458.4 million tonnes from last month, which the contributory factor being higher expected crops in Brazil, China, US and Philippines.

CBOT Market Rice Scenario (Front Month Contract):



- CBOT Rice price trend continue to remain ranged, profit taking being the case near the highs.
- 17.50-18.50 is the immediate trading band for the price; drift in either direction will take it further in the respective same. While 16.00 on the lower side stand as a significant support juncture, on the lower side.
- While break below 16.00 will strengthen hopes for bears, until it stay unbreached, bulls will be able to recover.

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