

Domestic Market Highlights and Week ahead:

Rice prices remain steady to higher in the spot market in the week ended 22nd September 2011. Brisk exports continue to lay support beneath prices, although the optimism remains short lived as big kharif paddy crop is on its way and with ample stock availability, it is going to thicken the price and consequently let down the price. Price of Sarbati Sella rice at Amritsar re

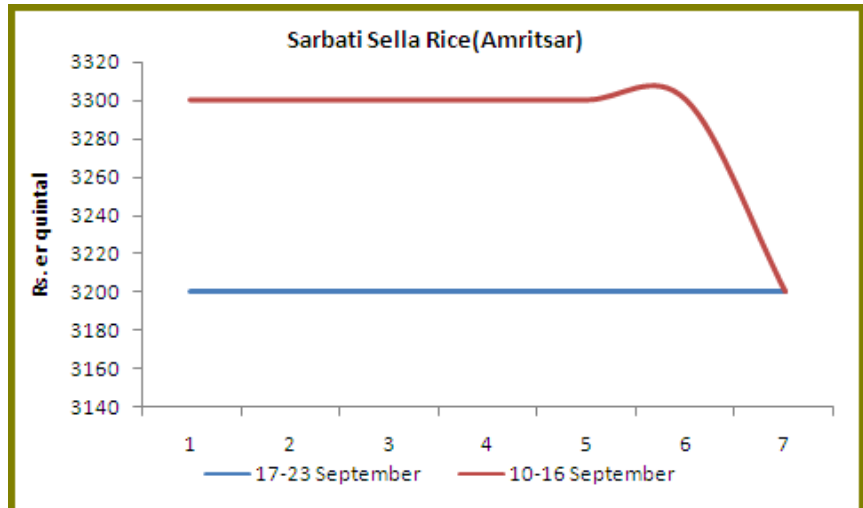
In a new development on the export front; a court case seeking to stop the exports of one million tonnes of rice from India has been withdrawn, but market anticipates that the same is unlikely to lead to immediate consignments of the same.

In July, the government allowed 82 firms to export one million

tonnes of rice, but the All India Rice Exporters Association went to a court to block the shipment terming the award of contracts to these companies faulty. Now the quota will lapse automatically since exports are free.

Indian exporters may have contracted close to one million tons of rice exports between, \$400-\$500 per ton, since the government has passed on the orders to allow the same. Trade has been done with Srilanka, South Africa and Bangladesh, Nigeria, Mozambique and Middle East.

As per the news sources, Shri Lal Mahal, has signed contracts to ship around 300,000 metric tons of rice in the price range of \$440-\$500 a ton free on board to Nigeria and Mozambique. Industry executives said exporters are mostly signing deals for shipment of parboiled from the southern states of Andhra Pradesh and Tamil Nadu as it is fetching better prices compared to other non-basmati rice varieties. Amira Foods has signed deals to export 40,000 tons of non-basmati rice at \$470 per ton and shipments are expected to start by end-October.



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 remains higher in West Bengal, Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh and Tamil Nadu.

All-India progressive procurement of Rice for the marketing season 2010-11 as on 16.09.2011 was 336.69 lakh tonnes which is higher than the procurement of 310.06 lakh tonnes upto the corresponding period of last year.

Weather Scenario and Crop Impact:

As per the weather office, during the week ended September 21, country as a whole received above normal rainfall on many days. The all India rainfall during the week was 29% above Long Period Average (LPA). The seasonal rainfall for country as a whole has now become 104% as against 103% of the LPA till previous week.

Paddy sowing nears completion(96%) in Andhra Pradesh. Total area sown remain at 25 lakh hectares as on 21st September as compared to 25.87 lakh hectares sown until same time last year. While area sown in the region face a marginal decline vis-a vis last year, normal rains on a broadl basis, barring recent deficiency is unlikely to have an adverse impact on the yields, while production may remain affected due to the prior mentioned reason.

Following table reflects the state wise % departure of monsoon rains Week on Week

State	% Departure as on 14 th September	% Departure as on 21 st September
Andhra Pradesh	-20%	-40%
Assam	-38%	-10%
Bihar	-62%	134%
Karnataka	-66%	-32%
Kerala	176%	16%
Orissa	-11%	68%
Tamil Nadu	29%	-30%
Uttar Pradesh	-26%	-9%
West Bengal	-4%	137%

(Source: India Meteorological Department)

Impact of Exports on Rice Procurement

Rice Supply and Demand

(Figures in Million Tonnes)

CASE		Excl. Non Basmati Exports	Incl. Non Basmati Exports
Values in MMT	2010-11	2011-12	2011-12
Beginning Stocks	18	30	30
Production	95	102	102
Total Availability	113	132	132
Domestic Consumption	49	50	50
Procurement	33	35	35
Total Consumption	82	85	85
Exports	2	2	4
Total Usage	84	87	89
Carry Over Stocks	30	44	43

*Production Includes first adv estimate (Kharif) for 2011-12 at 87 MT, Rabi estimates are assumed to be around last year's level. ** Inclusive of stock of one million tonnes with Pvt. Traders and stockists.

As evident from the above supply and demand scenario, it is inferred that ample ending stocks in case of Rice are likely to facilitate smooth procurement, despite newly allowed exports of Non Basmati. With the availability of stocks around 30 million tonnes in 2010-11, procurement of 33 million tonnes occurred and with the stocks of about 43 million tonnes, the set procurement target of about 35 million tonne remains achievable.

Market view as gathered from the trade sources on government 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	22.09.2011	16.09.2011
Addanki	B P T	2600	2450
Allagadda	Boiled Rice	2500	2500
Divi	B P T	-	1750
Kandukur	B P T	2200	2200
Kondapi	B P T	2200	2150

West Bengal			
Market	Variety	22.09.2011	16.09.2011
Blurghat	Masuri	-	2400
Bishnupur	Masuri	1730	1680
Burdwan	Other	-	-
Kalipur	Sona masuri non basmati	-	1700
Samsi	H.Y.V	1650	1600

Amritsar (Punjab) Market:

Variety	22.09.2011	16.09.2011
Sharbati Sella rice	3200	3200
Sharbati raw rice	3300	3300
Sharbati steam	3400	3400
Basmati rice raw	4800	4800
Basmati Paddy	2200	2200
Parmal Govt. Quality	1900	1900
Parmal Wand (New)	2100	2100
1121 Steam	5000	5000

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

Market	Variety	22/09/2011	16/09/2011
Addanki (AP)	BPT	1320	1320
kakinada(AP)	MTU-1010	1040	1040
Badvel (AP)	Masuri	1250	1250
Gangavathi(Karnataka)	IR 64	-	-

Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	900	-
Kolathur (Tamil Nadu)	Ponni	775	750
Madurai (Tamil Nadu)	ADT 36	925	900
Chinnamanur(Tamil Nadu)	IR 64	-	-

Outlook:

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

International Market Highlights

Thai rice prices slipped off, after demand cools off as buyers eye India as a lucrative source of exports after it allowed exports of 2 million tones. Demand prospects also weaken with Vietnam being another cheaper option available to the importers.

However, a sharp cut in prices is ruled out because of planned intervention by the government, which is to start buying paddy at 15,000 baht a tonne from Oct. 7 to support farmers. The programme is due to run until the end of February.

Another Player, 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 put by director general of the state grain buyer. Bangladesh may need to import at most 500,000 tonnes of rice in the year to June 2012 on higher domestic stocks and good crops, compared with 1.3 million tonnes the previous year.

CBOT Market Rice Scenario (Front Month Contract):



- CBOT short term Rice price trend remains weak however price also reach neat significant support.
- 16.50-18.50 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 un breached, bulls will be able to recover.

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