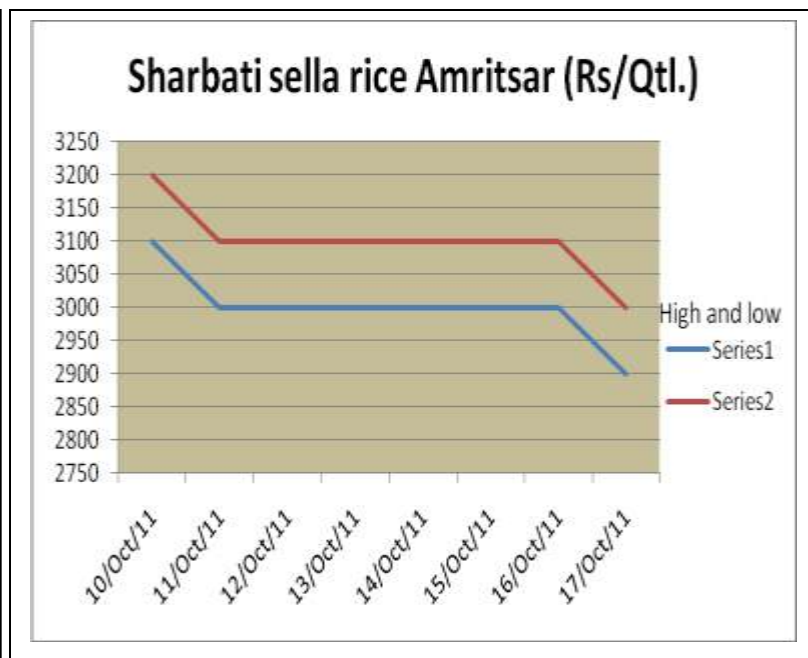
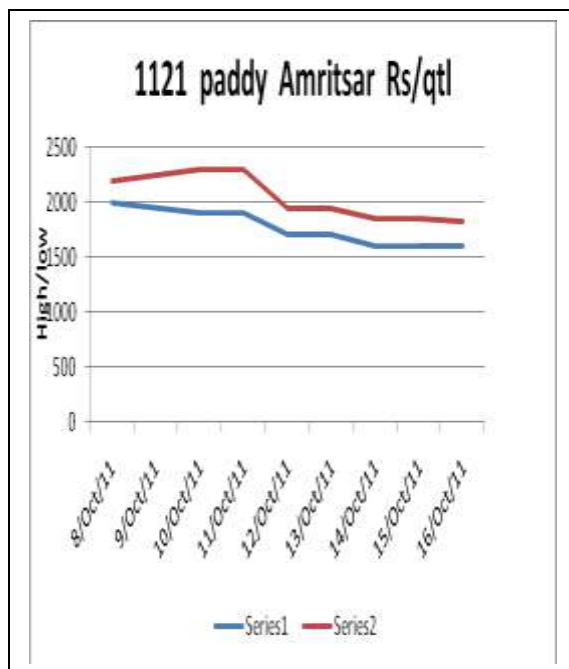


Domestic Market Highlights and Week Ahead:

Rice prices broadly traded weak in the spot market in the week ended 15 Oct. 2011 on back of new arrivals of Sugandha paddy in U.P. and other non basmati varieties in Punjab and Haryana. Pressure on rice market is likely to continue on rising arrivals in various markets of major rice producing states.



Arrivals from new crop in A.P., Orissa, Tamil Nadu and Gujarat have started too and pressure in these states is likely to build in weeks ahead. Even arrival from new crop in Bihar has started trickling in nearby markets. With high moisture level in new crop, millers are not active in markets and will like to wait two more weeks before starting to buy paddy aggressively. Prices are expected to come down by Rs 100 per qtl. in next two weeks on increasing arrivals, bumper crop, higher stock despite export deals and normal demands in cash market.

With regard to exports, India is trying to offload surplus rice in the international market and for achieving it prices have been slashed by Indian exporters recently. Major Indian rice exporters slashed their export price by \$5 to \$10 per ton across the board, now showing Indian parboiled around \$460 per ton, the cheapest parboiled origin in the world now. When we analyze other major exporters prices Indian competitiveness seems very much visible and India will remain the cheapest source of non basmati in months ahead on back of bumper crop and old stock. Thai exporters are quoting parboiled around \$ 590 to 600 per ton, Pakistan is quoting around \$510 per ton.

In lower grade rice, Indians are quoting almost \$415-420 per ton for Indian 25% milled, compared to Pakistani 25% at around \$445 to 450 per ton, Viet 25% at around \$520 per ton and Thai 25% around \$550 per ton.

Comparative FOB prices in world rice markets:

Long grain white rice high quality	FOB/\$ per T
Thai 100 %B	610-620
Vietnam 5%	565-575
India 5%	450-460
Pakistan 5%	480-485
US 4%	615-625
Uruguay 5%	575-585
Argentina 5%	575-585

Indian millers/ exporters are also trying to push the Indian authorities concerned with export including those running the ports to get going and alleviate the logistical bottlenecks. The main rice port of Kakinada in the southern state of Andhra Pradesh is getting pressure from the higher ups in the food chain to clear the congestion in the pipelines. Exporters are facing berth crunch and have to wait three to five days.

However, Port officials have assured to make available maximum possible berths dedicated to rice loading on rising pressure from rice exporters and have planned to load about 200,000 tons of rice a month. Market expects that at least 1 to 1.5 million tonnes rice may be sent through Kakinada port up to April next year.

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. Market expects even higher production based on initial yield recovery that is said to be slightly higher in some area of U.P., Gujarat and Andhra Pradesh. However, picture will emerge in mid of Nov.

All-India progressive procurement of Rice for the marketing season 2010-11 as on 07.10.2011 was 339.94 lakh tonnes which is higher than the procurement of 316.51 lakh tonnes upto the corresponding period of last year.

Paddy Crop Progress and Weather:

As per the Weather Office, in the Monsoon season, cumulative rainfall received for the country as a whole during the period 1st October to 7th October, 2011 was 5.5 mm which is 74% less

than the L.P.A. Out of 36 met sub-divisions 02 met sub-divisions received excess/normal rainfall, 28 received deficient/scanty and 06 received no rainfall on 05.10.2011.

As per latest information available on sowing of crops, around 101% of the normal area under kharif crops have been sown upto 07.10.2011. Area sown under all kharif crops taken together has been reported to be 1056.60 lakh hectares at All India level as compared to 1028.52 lakh hectares in the corresponding period of 2010.

Progressive Procurement of Rice as on 07th Oct.

(Values in lakh tonnes)

State	Total Procurement in Marketing Season 2009- 10 (Oct. - Sept.)	Progressive Procurement		% change Y-O- Y
		as on 07.10.2011		
		In Marketing	In Marketing	
		season 2010-11	season 2009- 10	
Andhra Pradesh	75.55	96.02	75.78	36.19
Chhattisgarh	33.57	37.28	32.21	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	24.72	24.94	-0.84
Punjab	92.75	86.35	92.75	-6.90
Tamil Nadu	12.41	15.83	12.23	25.04
Uttar Pradesh	29.01	24.66	27.24	-10.48
Uttaranchal	3.75	4.22	3.78	11.50
West Bengal	12.4	12.34	12.40	-3.12
All India	320.34	339.94	316.51	8.68

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 in Punjab and Haryana.

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	09.10.2011	17.10.2011
Addanki	B P T	2450	2350
Allagadda	Boiled Rice	2450	2350
Divi	B P T	1750	1750
Kandukur	B P T	2200	2150
Kondapi	B P T	2150	2100

	West Bengal		
Market	Variety	09.10.2011	16.09.2011
Blurghat	Masuri	2350	2300
Bishnupur	Masuri	1680	1650
Burdwan	Other	-	-
Kalipur	Sona masuri non basmati	1700	1700
Samsi	H.Y.V	1600	1550

Amritsar (Punjab) Market:

Variety	09.10.2011	17.10.2011
Sharbati Sella rice	3200	3100
Sharbati raw rice	3300	3200
Sharbati steam	3400	3400
Basmati rice raw	4600	4600
Basmati Paddy	2300	2200
ParmalGovt. Quality	1900	1900
Parmal Wand (New)	2050	2050

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

Market	Variety	09/10/2011	17/10/2011
Addanki (AP)	BPT	1320	1300
kakinada(AP)	MTU-1010	1040	1000
Badvel (AP)	Masuri	1250	1250
Gangavathi(Karnataka)	IR 64	1010	1000
Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	-	-
Kolathur (Tamil Nadu)	Ponni	800	750
Madurai (Tamil Nadu)	ADT 36	900	900
Chinnamanur(Tamil Nadu)	IR 64	880	875

Outlook:

- Domestically, rice prices are likely to remain steady to weak 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. Supply side will remain high with incoming crop in south India, supported by other states. Arrival pressure from new crop will be felt from mid Nov. Non-basmati prices are bound to come down from current level.

International Market Highlights:

Nothing new is happening in major world rice markets except increased export quotes in Thailand and Vietnam amid normal supply and demand side. Thailand remains preoccupied with devastating flooding in rice growing regions and procuring rice locally from farmers at higher price. Viet domestic market is stable to firm although export prices are about unchanged. Buyers are turning to other sources like India and Pakistan as cheaper availability with ample quantity is being offered by these two countries. Pakistanis are eager to sell and pushing containers in every which direction but finding it is going slow for now. Some buyers are waiting for bottom level and will wait for a month from now. Malaysia and Philippines may turn to India along with Indonesia and Bangladesh. Malaysia imports about a million tons of rice per year.

Cash trading remains dull in the U.S. where most of the focus remains on the domestic market. U.S. medium grain remains one bright spot as seen in the USDA weekly export sales report released recently – long grain paddy and milled rice exports have slowed down to a trickle as old crop gets moved and buyers are digesting sticker shock of new crop. It is remarkable how little new crop paddy has moved out of the U.S.

CBOT Market Rice Scenario (Current Month Contract):



- CBOT Rice price trend continues to remain firm, profit taking is expected at near the highs.
- 15.60-16.50 is the immediate trading band for the price; drift in either direction will take it further in the respective same. While 15.50 on the lower side stand as a significant support juncture, on the lower side.
- While break below 15.50 will strengthen hopes for bears, until it stay unbreached, bulls will be able to recover.

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