

Domestic Market Highlights and Week Ahead:

- Domestic rice market remained under pressure despite strong export demand.
- Indonesia eager to buy non basmati rice from India.
- Paddy procurement touches 13 million tonnes mark.
- Arrivals in Punjab, Haryana are expected to decline in weeks ahead.
- Basmati rice production likely to 5.8 million tonnes.
- Export demand and buying on MSP restrict market to dip further.
- Private trade buys 3 lakh tonnes paddy in Punjab.
- Steady to slightly firm trend expected in days ahead.
- International rice market likely to rule steady to firm in short and medium term.

Market fundamentals:

Arrival pressure starts easing in Punjab and Haryana for common and A grade paddy while it is continuously increasing in Uttar Pradesh. Arrivals from new crop basmati are likely to start in mid-Nov in major producing states like Punjab and Haryana. Prices of non basmati rice is expected to rule steady despite new arrivals and ample stock due to export demand and increased activities of private trades. Export continues from India and as per latest trade source almost 8.65 lakh tonnes non basmati rice has been shipped out as of now. Maximum quantity procured from Andhra Pradesh and Tamil Nadu while exporters are active in Gujarat and buying rice at Rs 1735 qtl. Some export sales reported from Haryana too through brokers.

Export front:

South African countries are active in Indian markets and Indonesia has requested Indian govt. to supply 5 lakh tonnes non basmati rice for near delivery. Govt may supply it from its own stock and new deals for long term contract are expected soon. Indian exporters are exporting rice in the range of \$415 to 465 per tonne, depending on quality and destinations.

Paddy procurement:

Paddy procurement in Punjab, Haryana has touched 130 lakh tonnes so far in ongoing kharif marketing season, with government agencies procuring bulk of crop from farmers. The paddy procurement stood at 94 lakh tonne in corresponding period of last year.

Target for Punjab and Haryana:

Punjab and Haryana are looking to procure 168 lakh tonne of paddy for the central pool in the Kharif Marketing season (KMS) 2011-12, which will be 9 per cent more than the last season's crop lifting. Punjab, which contributes 30 per cent rice to central pool, has set a target to procure 140 lakh tonne

of paddy while Haryana has pegged crop procurement of 28 lakh tonne for the central pool in the new season. Last season, Punjab's paddy buying for central pool stood at 128.86 lakh tonne and Haryana's remained 26.38 lakh tonne.

Minimum support price:

Minimum Support Price of Grade 'A' Paddy has been fixed for Rs 1,110 per quintal and Rs 1,080 per quintal for common variety. The highlight during this paddy lifting season is the decision of FCI to make direct payment to farmers in Punjab and Haryana, shelving its earlier practice of paying farmers through commission agents.

Global FOB Rice Prices:

Long grain white rice-high quality	Low (\$/per metric T)	High (\$/per metric T)
Thai 100% B	610	620
Viet 5%	565	575
Indian 5%	455	465
Paki 5%	475	480
US 4%	620	630
Uruguay 5%	550	560
Argentina 5%	550	560

Date:02. 11.11

Long grain white rice-low quality	Low (\$/per metric T)	High (\$/per metric T)
Thai 25%	550	560
Viet 2 5%	510	520
Indian 25%	410	415
Paki 25%	405	415
US 15%	590	600
Long grain parboiled rice	Low (\$/per metric T)	High (\$/per metric T)
Thai 100%	590	600

Indian 5%	435	445
Paki 5%	505	515
US 4%	680	690
Uruguay 5%	605	615
Brazil 5%	605	615
Long grain fragrant rice		
Thai Hom Mali 100%	1055	1065
Viet 5%	675	685
Indian basmati 2%	1055	1065
Paki basmati 2%	1015	025

Foodgrains stock in central pool as on 01.10.2011

	IN STORAGE	IN TRANSIT	TOTAL
RICE	200.14	3.45	203.59
WHEAT	311.88	2.38	314.26
Wheat lying in mandies	0.00	0.00	0.00
TOTAL	512.02	5.83	517.85
COARSE GRAINS	0.89	0.00	0.89
SUGAR	0.18	0.09	0.27
GRAND TOTAL	513.09	5.92	519.01

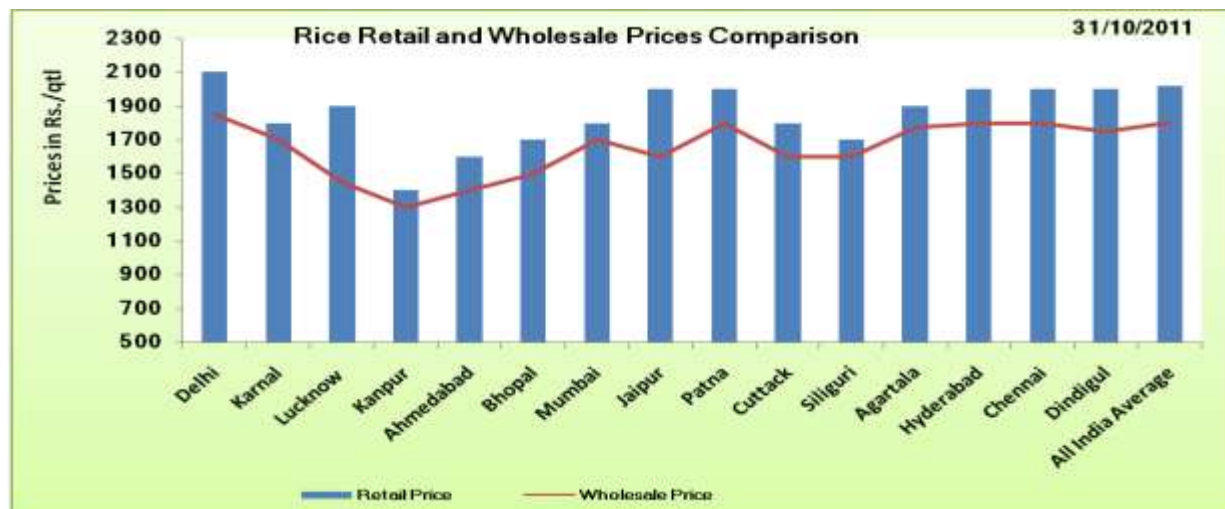
Source:FCI

Punjab Govt. shows interest to export non basmati rice:

The Punjab government would allow 10 lakh tonnes of non-basmati rice export in the ongoing Kharif Marketing season and for this purpose state govt. has given a nod to allow levy-free private purchase of non-basmati paddy. However, more offtake for export is likely from south India .If prices firms up in south India, export buying of non basmati rice might increase.

Retail and wholesale prices:

Gap between wholesale and retail prices have come down slightly in last two weeks. Arrival pressure may narrow it down in case of common grade rice but the same will not apply on other fine variety due to strong export demand. Prices in the wholesale and retail markets are expected to move in current level with slight variation of 2 to 3 percent..



Domestic Prices & Outlook

Spot Market Prices for Rice:

(Price in Rs. /qtl)

Andhra Pradesh			
Market	Variety	31.10.2011	23.10.2011
Addanki	B P T	2250	2300
Allagadda	Boiled Rice	2300	2350
Divi	B P T	1750	1750
Kandukur	B P T	2100	2150
Kondapi	B P T	2050	2100

West Bengal			
Market	Variety	31.10.2011	23.10.2011
Blurghat	Masuri	2250-2300	2300
Bishnupur	Masuri	1600-1650	1650
Burdwan	Other	-	-
Kalipur	Sona masuri non basmati	1700	1700
Samsi	H.Y.V	1550	1550

Amritsar (Punjab) Market:

Variety	31.10.2011	23.10.2011
Sharbati Sella rice	2875	3000
Sharbati raw rice	2900	3050
Sharbati steam	3100	3200
Basmati rice raw	4300-4400	4450-4500
Basmati Paddy	2100	2150
ParmalGovt. Quality	1850	1850
Parmal Wand (New)	2000	2050

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

Market	Variety	31/10/2011	23/10/2011
Addanki (AP)	BPT	2100	1300
kakinada(AP)	MTU-1010	1540	1000
Badvel (AP)	Masuri	1850	1250
Gangavathi(Karnataka)	IR 64	1500	1000
Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	-	-
Kolathur (Tamil Nadu)	Ponni	1000	750
Madurai (Tamil Nadu)	ADT 36	1900	900
Chinnamanur(Tamil Nadu)	IR 64	1880	875

Outlook:

- Domestically, rice prices are likely to remain steady to slightly firm on strong export demand. Pressure from new crop is likely to be negated by private trades increased activities. However, supply side will remain high with incoming crop in south India, supported by other states like Punjab, Haryana, U.P and Bihar.

International Market Highlights:

Reflecting reduced prospects in some Asian producers, notably flood-affected Thailand, the forecast of global rice output in 2011/12 is cut. However, at 459m. tons (451m.), it would still be a record, primarily due to increases in China and India.

While total rice use is forecast to expand by 2%, to 457m. tons, the increase in output will still enable a further rise in the global carryover, to around 99m. Within the total, inventories in the five leading suppliers are forecast at an all-time peak of 31.3m. tons (28.6m.), mainly because of increases in India and Thailand. World trade in calendar 2012 is forecast to contract by 3%, to 32.3m. tons, on reduced imports by Far East Asia, despite expectations of a significant increase in buying by the Philippines.

CBOT Market Rice Scenario (Corrent Month Contract)



Losses accelerate in US rice futures, as market ends sharply lower amid lack of export demand for US rice and ample world supplies. Prices have fallen four straight days, most sharply, as prices end at session lows. CBOT Nov. Rice ends down 40c, or 2.4%, to \$16.14, a three-week low. Prices are likely to remain under pressure on ample supply.

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