

Latest market development:

Rice traded almost flat despite ongoing buying activities during the week under review. However, the market sentiment is largely positive as domestic demand is continuously improving. Demand for full grain and broken is good at present and the prices may rule firm for the next few days.

The aromatic varieties have been ruling almost unchanged. Non-basmati varieties saw marginal variations in north India. The price of popular varieties such as 'Ponni' has crossed Rs 40 per kg in Tamil Nadu. It is likely to see a jump in the State if the current power situation were to continue.

The Assam government's policy of lifting rice from the central pool despite sharp rise in local production and lack of minimum support price for growers may affect next rice crop. This year production of rice in Assam touched 53 lakh T.

All-India progressive procurement of Rice for the marketing season 2011-12 as on 02.03.2012 was 262.04 lakh tonnes which is higher than the procurement of 228.63 lakh tonnes upto the corresponding period of last year.

Indian 5% rice is indicated around \$435 - \$445 per ton, about a \$30 per ton discount to Pak 5% rice shown around \$465 - \$475 per ton, up about \$10 per ton. Indian 25% rice is indicated around \$375 - \$385 per ton, about a \$40 per ton discount to Pak 25% rice shown around \$415-\$425 per ton, up about \$20 per ton.

India non basmati export crosses 2.8 million T. Buyers are now contracting for long months deals and by May total non-basmati export may touch 4 million T. Govt. is expected to analyze overall export status and decide whether to continue export or not.

Second advance estimate for kharif rice has been set at 90.18 million T against the production target of 87 million T for 2011-12 (last year 80.85 million T final production). However, rabi rice production estimate has been set lower at 12.57 million t against the set target of 15 million T due to lower rabi area.

Market Fundamentals:

Cash rice market is expected to head north in the weeks ahead on improving demand in domestic market. Arrival pressure from new crop has come down and farmers are holding back paddy stock for better returns in the weeks ahead on continued demand from export front. However, any major spike is unlikely as stocks with millers and govt. are ample enough to take care of increasing demand. Millers are of the view that market should either stabilize at current level or move up slightly on back of fresh demands from retailers and whole sellers.

State govt.'s policy too have affected the market sentiments. Price of rice in Assam may dip despite ongoing procurement as production in the state has touched 53 lakh tonnes. Assam govt. has decided to buy rice from FCI despite it is abundantly available in local markets. Just opposite to it, prices of rice in Tamil Nadu may increase due to power shortage there as production of rice has been adversely hampered.

In Bihar and U.P. rice prices are expected to rule steady as it is consumed locally and exporters are not buying rice from here as it is available as mass scale in south Indian markets. Some export from Punjab has been reported through land route, but quantity in question is not enough to impact cash market prices directly. However, situation may improve and rice prices should improve a little bit on better demand for fine and broken grade rice throughout the country.

Rice procurement crosses 262.04 lakh tonne:

All-India progressive procurement of Rice for the marketing season 2011-12 as on 02.03.2012 was 262.04 lakh tonnes which is higher than the procurement of 228.63 lakh tonnes upto the corresponding period of last year.

Progressive procurement of Rice as on 02.03.2012 :

States	MY2010-11(Oct to Sept.)Fig in lakh T	MY2011-12 (As on 02.03.12) Fig in lakh T	MY2010-11(As on 02.03.11) Fig in lakh T	% change over previous year
Andhra Pradesh	96.1	39.31	32.64	20.44
Chhatisgarh	37.39	40.76	34.79	17.16
Haryana	16.87	19.76	16.58	19.18
Kerala	2.63	1.29	0.86	50.00
Maharashtra	3.08	1.33	1.54	-13.64
Orissa	24.76	16	13.23	20.94
Punjab	86.35	77.31	86.34	-10.46
Tamil Nadu	15.83	10.22	7.78	31.36
Uttar Pradesh	24.66	27.16	18.9	43.70
Uttaranchal	4.22	2.62	2.72	-3.68
West Bengal	13.1	7.6	5.76	31.94
All-India	340.94	262.04	228.63	14.61

Source:Decnet

Rice procurement is smooth and almost all producing states excepts Maharashtra, Punjab and Uttaranchal have contributed higher quantity in comparison to previous year to the central pool kitty. Going by current procurement pace set target of 35 million T seems very much within reach. The main reason of lower procurement in Punjab, Maharashtra and Uttaranchal is attributed to lower arrivals in markets and active buying by private trade on loose basis.

Export status (non-basmati):Rice and wheat export under OGL: As on 05.03.12

Wheat and rice export under OGL	Non Basmati Rice (fig in lakh T)	Wheat (Fig in Lakh T)	Basmati Export in last ten months
Sept.11	1.85	0	2.60
11-Oct	4.5	1.3	3.40
11-Nov	4.9	1.8	4.00
11-Dec	5.9	1.2	2.50
12-Jan	5.2	0	2.75
12-Feb	5.35		1.50
Total	27.75	Official 4.3	16.75(in six months) 22.00

Note: Unofficial figure for wheat is much higher around 7 to 8 lakh tonnes, illegally through road route from West Bengal to B,desh. Rice export is on the rise continuously as the above table shows. Non – basmati export have crossed 2.7 million T mark up to by the end of Feb 2012 and we expect it to

touch 3.4 million tonnes (non-basmati) by the end of March. Total rice export may cross 6.0 million tonnes going by present export trend.

Total Rice Stocks Position with State/Central Pool

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
2012	29.71	31.82	33.17	35.50								

Rice stocks in Central Pool as on 1st March, 2012 stood at 331.78 MMT which is higher by over two times the actual requirement under buffer norms (14.2 MMT) for 1st April 2012. Rice stocks are continuously increasing and likely to touch the highest level in April-May with smooth procurement and bumper harvest. Going by present procurement trend set target of 35 million tonnes (paddy) is easily achievable. Stock in April may cross 35 million tonnes as offtake is expected to remain at lower side due to higher availability in the market and likely arrivals from rabi crop soon.

Zone Wise Rice Stock position: As on 01.03.2012

Fig in Lakh T	Stock with FCI	Stock with state agencies	Total central pool stock as on 01.03.2012
East Zone Total	8.39 (6.27)	27.24 (17.88)	35.63 (24.15)
NE Zone Total	2.24 (1.89)	0.0	2.24 (1.89)
North Zone Total	96.78 (88.01)	63.82 (81.48)	160.60 (169.56)
South Zone Total	61.54 (56.75)	16.92 (13.84)	78.46 (70.59)
West Zone Total	16.90 (15.32)	34.28 (33.52)	51.18 (48.84)
Stock in Transit	3.67 (3.22)	--	3.67 (3.22)
All India Total	189.52 (171.54)	142.26 (146.72)	331.78 (318.26)

Rice stock position in India is quite comfortable. It is more than two times higher than required quantity for buffer norm for 1st April 2012 as depicts the below given table. Against requirement of 142 including strategic reserve of 20 lakh tonnes, current rice stock was registered at 331.78 lakh tonnes as on 01.03.2012. When we consider zonal wise stock it has been increasing in every zone with ongoing smooth procurement. Rice stock will continue to increase up to May-June and touch 345 lakh tonnes (rice) given the record production and increasing stock trend during these months.

Buffer Norms And Strategic Reserve:

As on	Buffer Norms			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
1st April	122	40	162	20	30	212
1st July	98	171	269	20	30	319
1st October	52	110	162	20	30	212
1st January	118	82	200	20	30	250

Average Rice price trend during the week:

Price Rs/Per qtl:

State	Prices 01-08 Mar 2012	Prices 24-28 Feb 2012	Prices 16-23 Feb 2012	Prices 01-08 Mar 2011	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2282.94	2048.33	2047.83	2031.63	11.45	11.48	12.37
Assam	2151.88	2154.87	2171.61	2549.27	-0.14	-0.91	-15.59
Gujarat	2160.98	2129	2060.13	1904.76	1.5	4.9	13.45
J&K	5550	5550	5550	5400	0	0	2.78
Jharkhand	2220.11	2176.45	2137.68	2116.67	2.01	3.86	4.89
Karnataka	2250.58	2173.43	2182.58	2162.8	3.55	3.12	4.06
Kerala	2654.4	2610.35	2664.2	3843.51	1.69	-0.37	-30.94
Maharashtra	4153.08	4008.45	3832.07	4382.6	3.61	8.38	-5.24
Meghalaya	3100	2712.9	3035.63	2398.39	14.27	2.12	29.25
Delhi		1500	1433.33	1500	—	—	—
Orissa	2043.75	2126.05	2057.6	1918.27	-3.87	-0.67	6.54
Punjab	1600	1600	1634.23		0	-2.09	—
Rajasthan	2368.97	1745	1735.03	1410	35.76	36.54	68.01
Tripura	1816.64	1789.26	1937.86	2030.94	1.53	-6.26	-10.55
Uttar Pradesh	1498.17	1431.63	1447.22	2228.26	4.65	3.52	-32.77
West Bengal	1892.52	1935.23	1936.15	1935.17	-2.21	-2.25	-2.2
Average	2516.27	2355.68	2312.54	2409.91			

Source:Agmark

Prices of rice have improved in major rice growing states except Assam, Orissa and West Bengal during the week under review. Improved demand in domestic markets, supported by export demand and slowed down paddy arrivals encouraged prices to recover. Upward trend may continue in limited range in the weeks ahead. However, major spike in rice market is unlikely given the higher stock, ample supply and better crop prospects once again.

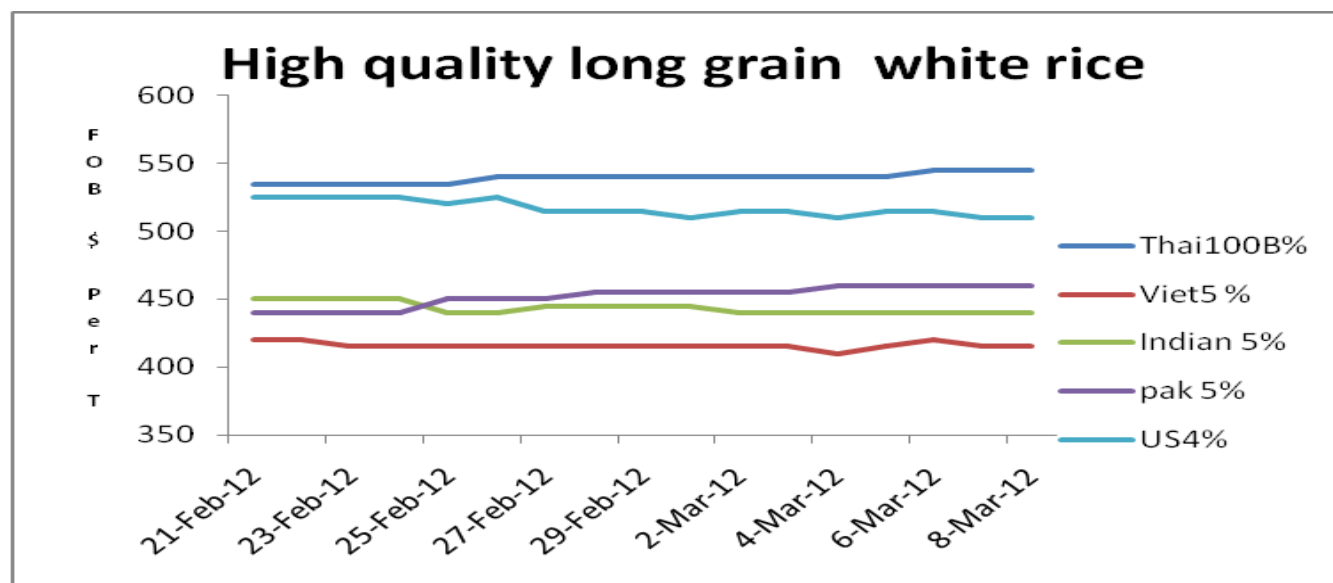
Expected average range of rice price next week:

Short term	Positive	2350-2400 per qtl.
Medium term	Positive	2400-2450 per qtl.

Second Advance Estimates of Production of kharif and rabi rice for 2011-12:

Crop	Season	2006-07	2007-08	2008-09	2009-10	2010-11		2011-12		(Million Tonnes)
						2nd Advance Estimates	Final Estimates	Targets	2nd Advance Estimates	
1	2	3	4	5	6	7	8	9	10	
Rice	Kharif	80.17	82.66	84.91	75.92	80.16	80.65	87.00	90.18	
	Rabi	13.18	14.03	14.27	13.18	13.85	15.33	15.00	12.57	

Comparative FOB Quotes in Overseas rice market during first week of March 2012



FOB quotes in world rice market remained almost stable during the current week except high quality rice. Rice FOB quotes during the week remain almost stable on clueless international market. Despite higher world carry in stock as projected by FAO and IGC, rice market is likely to trade steady to firm in domestic market for short and medium term.

International Market:

US rice futures closed lower, following other commodities down on a stronger dollar and concerns about Chinese and European economic growth. Poor export demand still weighs as well, though losses are limited by a need for high enough prices to prevent farmers from planting other crops in place of rice. CBOT May rice, the most active month, ended down 9c at \$14.25 1/2 per hundredweight-CME

Vietnam shipped 691,786 metric tons of rice from January 1 to March 8, according to the Vietnam Food Association (VFA). These rice exports are valued about \$351 million, suggesting an average export price of about \$507 per ton fob-VFA

The Philippines' National Food Authority (NFA) last week announced that on March 19 it will auction allocations for private companies, farmer organizations and individuals to import 190,000 tons of rice – equivalent to about 38% of the 500,000 tons targeted for import this year by the private sector-ANA

IGC estimates higher rice production

Due to increases in Asia's biggest producers, China and India, global rice output is projected to rise by 3% in 2011/12, to 463m. tons. The record out turn will be accompanied by a further expansion in demand, to 460m. tons (449m.), but the 2011/12 carryover is still expected to increase by 4%, to 99m. Much of the forecast rise in global stocks will be due to increases in the major exporters, notably in India and Thailand, seen 14% higher, at a record 32.7m.tons. World trade in 2012 is forecast to contract by 7%, to 32.2m. tons, owing to significantly reduced purchases by key Asian buyers, including Bangladesh and Indonesia.

IGC Balance Sheet: Updated on 23.02.2012

IGC estimate released on 23.02.12	2007-08	2008-09	2009-10	2010-11 est.	2011-12 forecast 19.01.12	2011-12 forecast 23.02.12
Rice						
Production	432	447	441	450	459	463
Trade	29	29	31	35	32	32
Consumption	428	436	437	449	458	460
Carry over St.	80	91	94	96	98	99
Year change	+3	+11	+3	+2		+3
Major exporters	19	27	28	29	32	33

Note: Major exporters are India, Pakistan, Thailand, Vietnam, United States

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US rice futures ended higher, continuing to rebound from last week's slide to five-week lows. General strength in grain futures helped boost prices to one-week highs. Futures also drew fundamental support from traders concerned about reduced acreage expectations for the coming planting season. Questions on the amount of rice that might be grown in the US amid drought issues in Texas and farmers in the Delta looking at the positive economic signals of seeding competing crops buoy prices. CBOT May rice ended up 19c or 1.3% to \$14.34 1/2/hundredweight.

CBOT rice price projection:

Short term (one week) Positive	\$14.00-1440 per hundredweight
Medium term(two week) Positive	\$1380-1450 per hundredweight

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