

**Latest market development:**

*Cash rice market traded unstable during the week under review due to unsteady demand – supply side. Prices of aromatic rice have decreased significantly due to buyer's unwillingness to buy at higher level. However, non basmati segment remained stable. Aromatic rice will remain under pressure in short term while the non basmati varieties are expected to trade at current level.*

*Ample stocks amidst weak demand and being the last week of current financial year, when fresh trading usually comes down have pulled prices of aromatic rice down. It is unlikely to see much trading in the market and prices may decrease further for a week or two.*

*Assam government has for the first time decided to procure rice directly from farmers through the Assam State Agricultural Marketing Board. The procurement would begin from October-November this year.*

*Basmati rice of R S Pura(J&K) variety has been included into international grading standard, giving it access to a wider overseas market. the Basmati rice of R S Pura (Ranbirsinghpura) has been provided international market by its inclusion into international grading standard.*

*The government had allocated an additional Rs 400 crore in 2011-12 under Rashtriya Krishi Vikas Yojana for extending green revolution to the eastern region comprising of Assam, Bihar, Jharkhand, Eastern UP, Chhattisgarh, Orissa and West Bengal. Rice was a priority crop under the scheme.*

*March may end up with 38 lakh T non-basmati and 26 lakh T basmati rice export. Demand for Indian rice continues to increase due to competitiveness and ample stock ready to be delivered.*

*All-India progressive procurement of Rice for the marketing season 2011-12 as on 16.03.2012 was 276.83 lakh tonnes which is higher than the procurement of 241.52 lakh tonnes up to the corresponding period of last year.*

**Market Fundamentals:**

Demand for PR varieties throughout India has improved and higher demand for aromatic, fine rice segment for export may continue to support rice market at current level despite declined prices for aromatic rice. Brisk pace of export (basmati and non-basmati), ample availability for ready delivery in the states having port facilities and increasing quantity of export through land route (Punjab) seem to be supportive for the rice market fundamentals. However, as per traders view any major spike in near term is unlikely as market already has gained up to a level from where buyers may slow down their purchases with narrowing margins in terms of export.

FOB quotes for Indian rice are likely to stay at current level with marginal minus-plus of \$5 per T depending on supply and demand. Vietnam, Pakistan and Brazil will continue to pose challenge Indian rice exporters in short and medium term. However, export from India is expected to cross 6.6 million tonnes by the end of current financial year.

Rice may trade steady to slightly lower at the beginning of new financial year. Fresh buying activities may be expected from mid of April.

### State wise Wholesale Prices Weekly Analysis for Rice Fourth week March, 2012

Prices in Rs/Quintal

State	Prices 24-28 Mar 2012	Prices 16-23 Mar 2012	Prices 09-15 Mar 2012	Prices 24-31 Mar 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2213.35	2055.99	2104.94	1988.95	7.65	5.15	11.28
Assam	2234.4	2301.52	2144.29	2989.67	-2.92	4.2	-25.26
Gujarat	2199.78	2130.32	2141	1949.78	3.26	2.75	12.82
j&K	5560	5550	5550	5400	—	—	—
Jharkhand	2056.14	2182.58	2156.28	2074.33	-5.79	-4.64	-0.88
Karnataka	2247.56	2268.6	2270.6	2204.73	-0.93	-1.01	1.94
Kerala	2664.66	2635.1	2635.98	3844.22	1.12	1.09	-30.68
Maharashtra	4160.56	4241.64	4110.41	4411.62	-1.91	1.22	-5.69
Meghalaya	3100	2771.23	3043.75	2446.41	11.86	1.85	26.72
Delhi	1600	1600	1500	1500	0	6.67	6.67
Orissa	2024.62	2011.66	2146.4	1790.6	0.64	-5.67	13.07
Punjab	1687.2	1838.38	1526.69		-8.22	10.51	—
Uttar Pradesh	1487.5	1526.8	1525.04	1504.73	-2.57	-2.46	-1.15
West Bengal	1874.03	1894.91	1923.98	1947.05	-1.1	-2.6	-3.75
Average	2273.06	2374.11	2420.43	2464.08			

Average prices of rice in various states have declined slightly in comparison to last week except A.P., Gujarat, Kerala, Meghalaya as the above given chart shows. The major reason of fall in prices is attributed to lower demand at higher level and the beginning of the new financial year when fresh trading activities usually remain sluggish. The reason for rise in Prices in A.P., Gujarat, Kerala is attributed to exporters buying as these states have port facilities and exporters prefer to source rice.

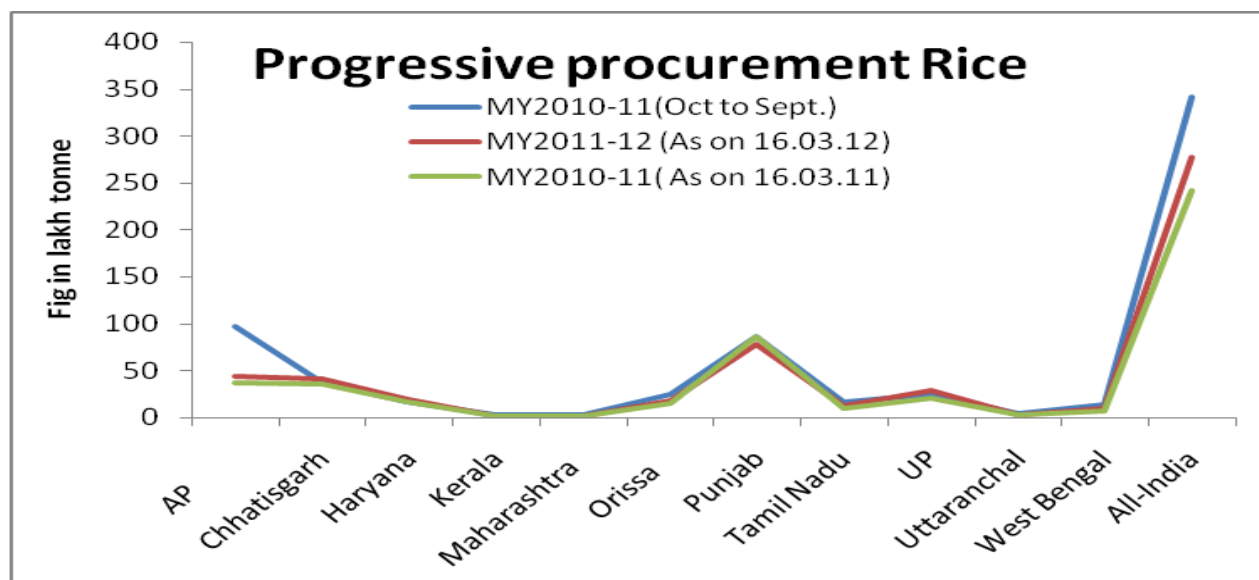
### Production consumption wheat and rice:

The country needs to increase its annual foodgrains production by 1.34 per cent to meet the output target of 280.6 million tonnes (MT) by 2020-21. This assessment has been made by the National Centre for Agricultural Economics & Policy Research (NCAP) of agri research body Indian Council of Agricultural Research (ICAR), Minister of State for Agriculture Charan Das Mahant. Taking into account the current year's estimated production of 250.42 million tonnes of foodgrains, the average annual increase of 1.34 per cent would be required to achieve the production level of 280.6 million tonnes of foodgrains by 2020-21.

Agriculture Minister Sharad Pawar replying to a question said that the demand for rice and wheat for terminal year of 12th Five-Year Plan (2016-17) is estimated at 110.21 MT and 89.06 MT, respectively. As per the second advance estimates for 2011-12 against the demand of 98.79 MT of rice and 77.36 MT of wheat, the production would be at 102.75 MT and 88.31 MT, respectively, during the year.

### Paddy procurement under way:

Paddy procurement has increase in all major and minor rice producing states except Punjab and Uttranchal. It has already cross 27.6 million tonnes and is nearing the set target of 35 million tonnes for ongoing season MY 2011-12. Last year till mid March total procurement was registered at 24.15 million tonnes, almost lower by 3.5 million tonnes.



### Rice and wheat export under OGL:

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	0.5	2.75
12-Feb	5.25	0.5	1.70
12-March	5.6	0.5	2.1
Total	33.25	Official 5.8	18.95(in six months) 25.00

Export quantity has been calculated here on the basis of actual shipped out rice as on 23.03.12

Source: Private trade

Note: Unofficial figure is quite higher around 7 to 8 lakh tonnes, illegally sent 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 3.3 million T mark at and we expect it to touch 3.8 million tonnes (non-basmati) by the beginning of April. Total rice export may cross 6.5 million tonnes going by present export trend.

**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	31.8	33.17	33.80								

Rice stocks in Central Pool as on 1st March, 2012 stood at 33.8MMT which is higher by over two times from an actual requirement of buffer norm(14.2 MMT) as on 1st April 2012. Rice stock is continuously increasing and likely to touch the highest level in March-April 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 touch 33.8 MMT as offtake is expected to remain at lower side due to higher availability in the market.

**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

**Price Projection for April in domestic market:**

Duration	Trend	Average Price Range
Short Term()10 to 15 days	Range bound/steady	2300-2350
April ( up to End of April)	Firm (positive)	2375-2475

**Comparative FOB Quotes in Overseas rice market during March 2012**

**Rice FOB Prices – America and Asia (as on 27.03.2012)**

Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	535-545	415-425	440-450	445-455
10%	545-550	505-510	-	-
15%	580	550	-	-
25%	510-520	370-380	375-385	375-385
Parboiled	560-570	-	435--445	435-445

- ❖ All prices basis long grain per mt bagged FOB vessel.
- ❖ All prices basis per mt, bagged FOB vessel except Brown and Paddy -- Bulk FOB vessel
- ❖ California -Bagged 30 KG preslung FOB vessel
- ❖ CY-equates delivered port in cont.

### **International Market:**

- World rice export prices edged higher in the last week, having recovered about \$25 per ton on average in the last month. Chicago rough rice futures for May delivery traded higher, up 19.5 cents per cwt (about \$4 per ton) to \$14.600 per cwt (about \$322 per ton). U.S. rice futures rallied along with other U.S. grain futures, after Thursday's better than expected export sales showing an improved demand for U.S. grains, recovering losses from earlier in the week-CME
- World rice prices are evenly priced about \$20 to \$30 per ton apart, ranging from Thai rice at about \$555 per ton for 100% B grade rice, to about \$440 per ton for Viet 5% and Indian 5% rice. Uruguayan 5% and Argentinean 5% rice is shown at about \$535 per ton, about \$20 per ton below Thai 100% B grade rice. U.S. 4% rice is offered about \$505 per ton, about \$30 per ton below South American rice. Pakistani 5% rice is indicated around \$475 per ton, \$30 below U.S. rice and \$35 below Pakistani rice is Viet and Indian 5% rice at around \$440 per ton-Chamber of Commerce
- Scientists from Japan Agency for Marine-Earth Science and Technology (Jamstec) have maintained their earlier outlook of deficit rainfall during June and July in India. The agency said that most parts of India would have weaker than normal rainfall during the pre-monsoon period June to July. This could mean a delay in plantation of India's Kharif crop-Jamstec
- China's own paddy prices are up about \$150 per ton from the same time last year, now trading around the equivalent of about \$400 per ton, while Chinese milled rice is quoted around \$600 per ton. That's well below 5% Vietnamese milled rice fob quoted around \$445 per ton. No wonder China is an aggressive buyer-Reuters
- The International Grain Council recently relieved a forecast for Indian rice exports to reach 6.1 million tons, including basmati. That's since been followed by an even higher estimate-IGC
- Global rice output is projected to rise by 3% in 2011/12, to 463m. tonnes. The record outturn will be accompanied by a further expansion in demand, to 460m. tonnes (449m.), but the 2011/12 carryover is still expected to increase by 4%, to 99m as per the IGC latest estimates-IGC

### **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
<b>Rice</b>						
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

### CBOT Rough Rice Futures

Daily Futures Price Listing (as on 23/03/2012)			(Values in \$/hundredweight)		
Contract Month	Open	High	Low	Close	Change
May12	14.64	14.82	14.57	14.81	+0.20↑
Jul12	14.89	15.07	14.85	15.07	+0.20↑
Sep12	15.20	15.32	15.10	15.31	+0.22↑
Nov12	15.33	15.55	15.33	15.55	+0.23↑

CBOT Rough Rice May Chart:



**Price Projection (International-CBOT)-**

	<b>Trend</b>	<b>Price Range</b>
<b>Short Term (10-15 days)</b>	Range bound to positive	14.60-14.90
<b>Mid April 2012</b>	Range bound Positive	14.50-15.50

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