

Latest market development:

Cash rice market traded firm during the week under review on back of fresh orders for non-basmati and basmati from exporters, whole sellers and retailers. However, supply side is ample and prices are likely to stay steady at current level in the current week. Traders are expecting good buying in April and the market may witness high levels in upcoming weeks.

On export front, Indian rice quotes are basically unchanged from the beginning of the year. India continues to export basmati and non-basmati rice but the pace is slower due to logistical challenges and buyers confidence that the rice is plentiful and there should be plenty available when they need it.

Ahead of the commencement of wheat procurement season, food grain movement has been hit in Punjab with labourers of Food Corporation of India (FCI) going on strike, a development which may further compound state's storage woes.

The rice procurement drive by procurement agencies for 2011-12 is set to cross the 29-million-tonne-mark soon, mainly due to a bumper kharif harvest. Official data indicate that the government has procured 28.78 mt of rice from farmers till now, while the target for the current year is a record 35 mt. This is an increase of more than 16% over the same period last year.

There is a marginal drop in rice procured by the Food Corporation of India (FCI) in Andhra Pradesh. According to the latest figures available (as on March 27), FCI procured 39.58 lakh tonnes against 40.13 lakh tonnes on the same date last year.

Due to substantial increase in rice output in the eastern states to the tune of 7 million tonnes in 2011-12, production of the staple grain has risen to a record 102 lakh tonnes (10.2 million tonnes). 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 Assam, Bihar, Jharkhand, Eastern UP, Chhattisgarh, Orissa and West Bengal. Rice was a priority crop under the scheme.

Market Fundamentals:

Cash rice market continued to rule firm on back of improved demand from bulk buyers like exporters/whole sellers. Millers too have slowed down selling on increasing possibility of further gains due to better export demand. However, overseas demand for non basmati and basmati rice has decreased due to strong local currency. Traders and millers see it as a temporary phase and they believe that prices will go up from current level after mid April when fresh buying starts in domestic market. Overall view on rice market trend is positive despite bumper crop and higher stock through out the country.

With the commencement of wheat procurement, storage space will continue to pose greater challenge for the govt..as movement of foodgrains is rather slow, especially from Punjab and Haryana. There is a hope with continuation of export and it is helping to ease pressure of higher buying and to stabilise prices in the domestic market.

Weather remains favourable for rabi rice . However, projection for below normal rain fall in June –July is not a good sign for kharif planting and kharif sowing may be delayed.

State wise Wholesale Prices Weekly Analysis for Rice , April 2012

State	Prices April, 2012	Prices March, 2012	Prices April, 2011	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	2283.7	2088.07	2027.23	9.37	12.65
Assam	2337.88	2242.3	2616.09	4.26	-10.63
Gujarat	2442.5	2126.5	1933.09	14.86	26.35
Jharkhand	1575.27	2149.83	2134.05	-26.73	-26.18
Karnataka	2346.27	2260.58	2100.41	3.79	11.71
Kerala	2739.21	2626.31	3481.09	4.3	-21.31
Maharashtra	2000	4167.52	4420.77	-52.01	-54.76
Manipur	2065	2053.85	2400	—	—
Meghalaya	3100	2953.41	2467.86	4.96	25.61
Delhi	1650	1548.57	1523.98	—	—
Orissa	1953.67	2052.53	1919.31	-4.82	1.79
Punjab	1660	1607.43	—	3.27	—
Uttar Pradesh	1463.53	1453.53	1493.94	0.69	-2.04
Uttarakhand	1735	1700	1891.01	—	—
West Bengal	1872.29	1896.5	1935.49	-1.28	-3.27
Average	2081.86	2195	2310	—	—

Average prices of rice in various states have declined slightly in comparison to last week except A.P., Gujarat, Assam, Karnataka, Kerala, Punjab and U.P. as the above given chart shows. While prices in Jharkhand, Maharashtra, Orissa and West Bengal have declined considerably during the week. The major reason of fall in prices is attributed to lower demand and increasing availability from bumper crop. 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:

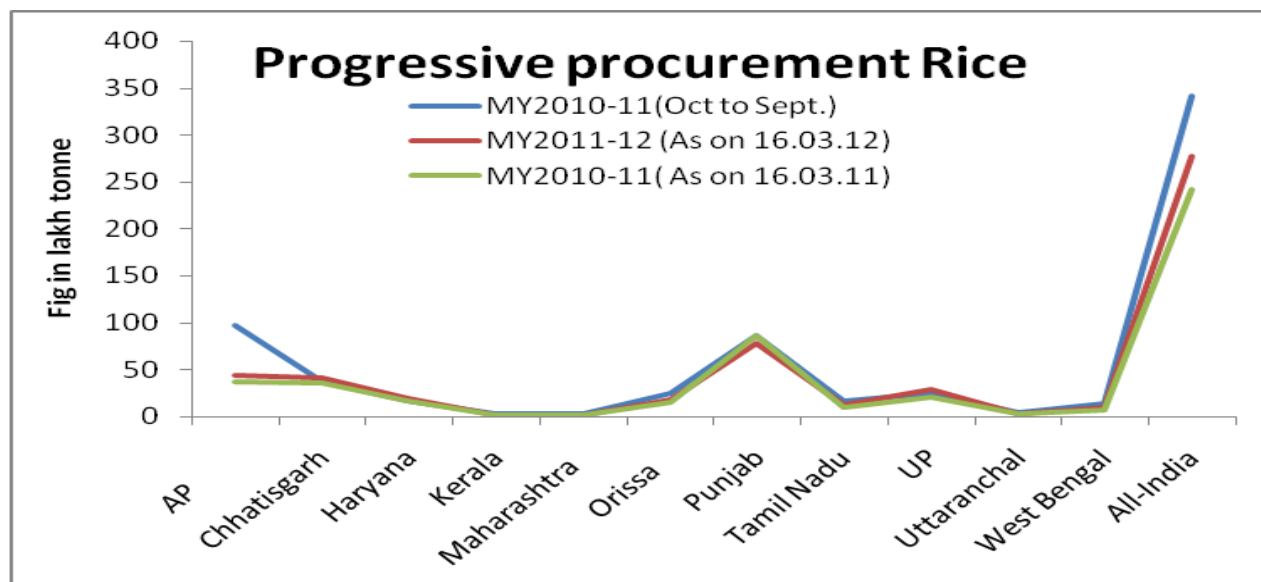
The country needs to increase its annual foodgrains production by 1.34 per cent to meet the output target of 280.6 million tonnes (MT) by 2020-21. This assessment has been made by the National Centre for Agricultural Economics & Policy Research (NCAP) of agri research body Indian Council of Agricultural 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 29 million tonnes and is nearing the set target of 35 million tonnes for ongoing season MY 2011-12. It is 16 percent higher than last year till date(27.03.12)



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	2325-2375
April (up to end of April)	Firm (positive)	2400-2490

Comparative FOB Quotes in Overseas rice market during April 2012

Rice FOB Prices – America and Asia (as on 02.04.2012)

(USD/MT)				
Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	545-555	435-445	440-445	465-475
10%	545-550	505-510	-	-

15%	580	550	-	-
25%	510-520	385-395	375-385	400-410
Parboiled	585-590	-	420-430	455-465

- ❖ 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 contr.

Export status (non-basmati):Rice and wheat export under OGL: As on 24.03.12

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	5.45	0	2.75
12-Feb	5.75	0.5	1.70
12-March	5.6	0	2.1
Total	34.00	Official 4.8	18.95(in six months) 25.00

Export quantity has been calculated here with stock lying on port

International Market:

Rice quotes were mostly unchanged, though Pakistani rice sellers did lower some of their quotes, not surprising since they had risen about \$20 per tonne in the last month and a good \$30 per tonne higher than Indian and Viet rice quotes and only about \$30 per tonne away from U.S. rice quotes, which declined earlier this week.

As spring in the Northern Hemisphere gets underway, rice buyers appear to be returning to the market, supporting rice prices despite abundant world rice supplies, especially in India, Thailand, and Vietnam.

Vietnam has so far signed about 3.2 million tons of rice export contracts with major destinations including the Philippines, China, Indonesia, and Malaysia. Of that, the nation has so far exported about one third of that or about 900,000 tons, valued at over \$553 million. Vietnam is meeting about one-third of Hong Kong's demand, taking market share from Thailand, and is expanding into Taiwan.

The Philippines is set to purchase from abroad 380,000 metric tons (MT) of rice after the government completed the bidding for the shipment quota of the private sector, an official said

Pakistan is expecting its rice production to be around 6.3 to 6.5 million tons this year, and would like to export most of it. It may meet today with Iran to complete details of the transaction which is a barter deal to exchange wheat and rice for iron ore and fertilizer.

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.

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 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

CBOT Rough Rice Futures

Daily Futures Price Listing (as on 30/03/2012)				(Values in \$/hundredweight)	
Contract Month	Open	High	Low	Close	Change
May12	14.71	15.07	14.71	14.90	+0.16 ↑
Jul12	15.01	15.30	15.01	15.17	+0.16 ↑
Sep12	15.39	15.50	15.18	15.37	+0.19 ↑
Nov12	15.67	15.71	15.44	15.62	+0.18 ↑

CBOT Rough Rice May Chart:



Price Projection (International-CBOT)-

	Trend	Price Range
Short Term (10-15 days)	Range bound to positive	14.60-15.00
Mid April 2012	Range bound Positive	14.80-15.50

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.