

Latest market development:

- *Rice market traded firm on strong demand in domestic market for non-basmati and aromatic rice during the week under review. Demand on exporter's end also supported market. However, rice market is expected to trade lower from current level as demand at higher level may decrease. Even rice importers are in no hurry to buy in bulk quantity as they are well aware of ample availability worldwide.*
- *April starts with 333.5 lakh tonnes rice stock, considerably higher than the actual requirement of 142 lakh tonnes including reserve stock of 20 lakh tonnes as on 1st April. Total wheat and rice stock registered at 533.02 lakh tonnes on 1st April against the total requirement of 212 lakh tonnes.*
- *Indian rice quotes are almost 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 buyer's confidence that the rice is plentiful and there should be ample availability when they need it. The Indian rupee strengthened about 4% in the first quarter of 2012, making Indian rice exports slightly less competitive on the world market.*
- *The rice procurement drive by procurement agencies for 2011-12 is set to cross the 29.5-million-tonne-mark soon, mainly due to a bumper kharif harvest. Official data indicate that the government has procured 29.3 mt of rice from farmers till now, while the target for the current year is a record 35 mt. This has been achieved despite a decline in procurement from Punjab. Chhattisgarh, Andhra Pradesh, Orissa and Haryana have contributed more to the central pool.*
- *Monsoon rainfall in India, the world's second-biggest producer of rice, wheat and sugar, may be more than a 50-year average for a third year, potentially helping the nation curb food prices and sustain exports. Rainfall in the June-to-September season may exceed the average of 89 centimeters (35 inches) according to the so-called coupled forecast model, B.N. Goswami, director at the Indian Institute of Tropical Meteorology, said in a phone interview from Pune.*
- *India has resumed direct shipments of basmati rice to Iran after the two countries found a way to carry rice trade in Indian rupees. The chief of All India Rice Exporters Association said today, "We have started exporting basmati to Iran directly from April 1 this fiscal as the Iranian traders have agreed to make payments in Indian rupee.*
- *Indian 5% rice is indicated around \$440 - \$450 per ton, about a \$20 per ton discount to Pak 5% rice shown around \$460 - \$470 per ton. Indian 25% rice is indicated around \$380 - \$390 per ton, about a \$20 per ton discount to Pak 25% rice shown around \$400-\$410 per ton. Indian parboiled rice is indicated around \$420 - \$430 per ton, about a \$35 per ton discount to Pak parboiled rice shown around \$455 - \$465 per ton.*

Market Fundamentals:

Domestic rice prices have been on the rise on last two-three weeks on better demand from national and overseas markets. Based on current demand and current market fundamentals rice market should trade at current level in short term. However, market participants are expecting correction at

current level as overseas demand for Indian rice has come down to some extent at higher level. Importers are expecting price to decrease as availability and stock is higher. Besides, better kharif prospects once again based on the expectation of higher rainfall during monsoon season may cap uptrend. Medium term outlook remains positive given the continuation of non basmati export. Lower rabi production estimate too is expected to support rice market to some extent.

Supply in domestic market is expected to be at higher side even better export prospects. Higher stock in govt.'s granary and higher availability for distribution through PDS will ensure ample supply for the targeted public. Overall scenario for rice market remains positive. The month of April started with hefty rice stock of 333.50 lakh tonnes against the required buffer norm of 142 lakh tonnes in April 2012.

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 stabilize prices in the domestic market.

Weather remains favourable for rabi rice. Prediction of better rainfall in monsoon season increases hope for bumper kharif rice once again.

State wise Wholesale Prices Weekly Analysis for Rice , April 2012

State	Prices 01-08 Apr 2012	Prices 24-31 Mar 2012	Prices 16-23 Mar 2012	Prices 01-08 Apr 2011	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
A. P.	2547.36	2109.96	2060.75	2001.43	20.74	23.63	27.29
Assam	2301.18	2287.94	2301.52	2714.96	0.58	-0.01	-15.24
Gujarat	2121.26	2118.84	2130.32	1957.74	0.11	-0.43	8.35
J& K	5100		5550	5500.3	—	-8.11	-7.28
Jharkhand	2137.25	2135.32	2161.02	2115.88	0.09	-1.1	1.01
Karnataka	2317.57	2254.31	2268.6	2093.2	2.81	2.16	10.72
Kerala	2598.22	2577.48	2634.85	3547.59	0.8	-1.39	-26.76
M. P.	1442	1425	1665		—	—	—
Maharashtra	4171.79	4142.93	4241.22	5196.01	0.7	-1.64	-19.71
Meghalaya	3007.69	3100	2771.23	2800	-2.98	8.53	7.42
Delhi	1500	1600	1600	1509.38	-6.25	-6.25	-0.62
Orissa	2100.23	2036.57	2014.2	1920	3.13	4.27	9.39
Punjab	1651.9	1687.2	1838.38		-2.09	-10.14	—
Uttar Pradesh	1494.48	1475.74	1477.95	1496.98	1.27	1.12	-0.17
West Bengal	1874.17	1851.44	1921.35	1929.16	1.23	-2.46	-2.85
Average	2424	2200.2	2372.03	2518.15			

Average prices of rice in various states have increased considerably in comparison to last week of March except Meghalaya, Delhi and Punjab as the above given chart shows. Improved demand for non-basmati and aromatic rice has increased considerably during the week under review. However,

demand at higher level is expected to slow down and we expect a correction at current level. Rice may trade weak in short term while it may trade higher in medium term on back of higher export demand. Rice prices have increased in the range of Rs 50 to Rs 75 per qtl in last two weeks. In spite of higher demand for export and increased consumption at domestic level higher supply and stock supported by better kharif production once again might restrict one sided gains in rice market.

Availability of Wheat and Rice stock in central pool as on 1st April:

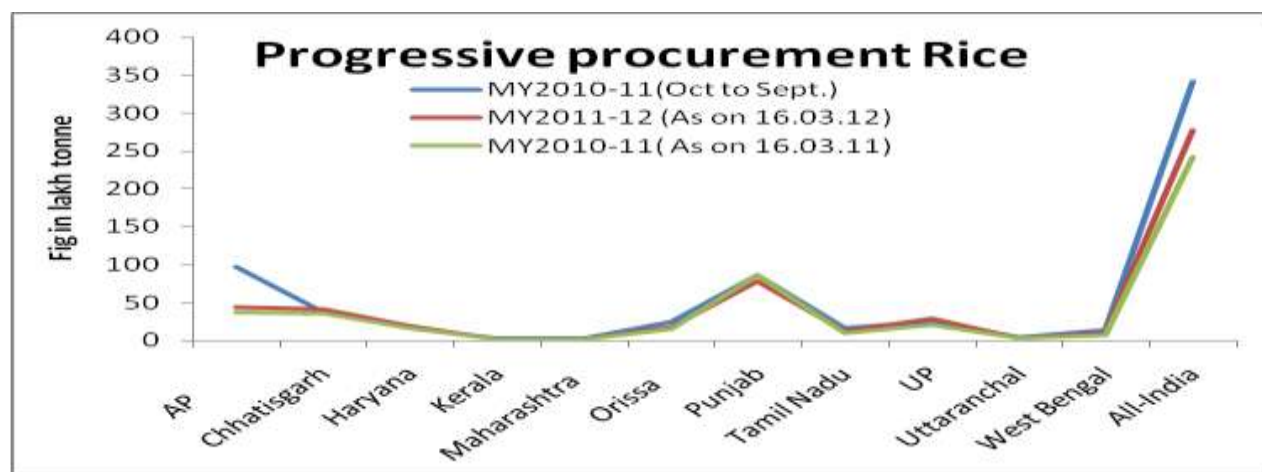
New season starts with 533.02 lakh tonnes wheat and rice stock. The below given table shows the foodgrains status in central pool as on 1st April,2012. Rice stock was registered at 333.50 lakh tonnes in the beginning of current month against the actual requirement of 142 lakh tonnes in April under buffer norm. Burden of stock from open market has eased to some extent due to export while govt.'s granary continues to overflow and situation may be even more grave in July when total wheat and rice stock will cross 80 million T mark in normal condition. Storage space will continue to pose greater challenge for the procurement agencies despite enhanced capacity in recent months.

Quantity in lakh tonne:As on 1st April,2012

	IN STORAGE	IN TRANSIT	TOTAL
RICE	330.42	3.08	333.50
WHEAT	195.89	3.63	199.52
Wheat lying in mandies	0.00	0.00	0.00
TOTAL	526.31	6.71	533.02
COARSE GRAINS	0.93	0.00	0.93
SUGAR	0.31	0.11	0.42
GRAND TOTAL	527.54	6.82	534.36

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)



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	33.35	32.00							

Rice stocks in Central Pool as on 1st April, 2012 stood at 33.35MMT which is higher by over two times from an actual requirement for buffer norm(14.2 MMT) as on 1st April 2012. Rice stock is continuously increasing and likely to touch the highest level in April with smooth procurement and bumper harvest. Going by present procurement trend set target of 35 million tonnes(paddy) is easily achievable. Rice stock in May may decline slightly from 33.35 MMT to 32 MMT as offtake is expected to increase in the month of April.

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	2400-2450
April (up to end of April)	Firm (positive)	2450-2475

Rice FOB Prices (as on 05.04.2012)

(USD/MT)

Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	545-555	425-435	440-450	460-470
10%	545-550	505-510	-	-
15%	580	550	-	-
25%	510-520	375-385	380-390	400-410
Parboiled	585-595	-	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 cont.

Latest rice Fob international quotes:

Thai rice sellers increased their quotes for parboiled rice by about \$10 per ton to about \$595 - \$605 per ton this week. Indian rice sellers increased their quotes for broken rice by about \$5 per ton to about \$325 - \$335 per ton. Viet and Pak rice sellers kept their quotes unchanged.

Thai 5% rice is quoted about \$530 - \$540 per ton, about a \$100 per ton premium over Viet 5% rice shown around \$430 - \$440 per ton. Indian 5% rice is indicated around \$440 - \$450 per ton, about a \$20 per ton discount to Pak 5% rice shown around \$460 - \$470 per ton.

Thai 25% rice was last quoted around \$510 - \$520 per ton, about a \$125 per ton premium over Viet 25% rice shown around \$385 - \$395 per ton. Indian 25% rice is indicated around \$380 - \$905 per ton, about a \$20 per ton discount to Pak 25% rice shown around \$400- \$410 per ton.

Thai parboiled rice is quoted about \$595 - \$605 per ton, up about \$10 per ton from yesterday. Indian parboiled rice is indicated around \$420 - \$430 per ton, about a \$35 per ton discount to Pak parboiled rice shown around \$455 - \$465 per ton.

Thai broken rice, A1 Super, is quoted around \$530 - \$540 per ton, about a \$200 per ton premium over Viet broken rice shown around \$330 - \$340 per ton. Indian broken sortexed rice is quoted about \$325 - \$335 per ton, up about \$5 per ton from yesterday and about a \$25 per ton discount to Pak broken sortexed rice indicated around \$350- \$360 per ton.

India Resumes Direct Basmati Rice Exports to Iran:

India has resumed direct shipments of basmati rice to Iran after the two countries found a way to carry rice trade in Indian rupees. The chief of All India Rice Exporters Association said today, "We have started exporting basmati to Iran directly from April 1 this fiscal as the Iranian traders have agreed to make payments in Indian rupee." He added that direct exports will reduce logistics costs, thereby encouraging more rice trade between the two countries.

The move comes as a major relief to Indian rice traders, plagued by payment issues, after the west tightened its noose of sanctions around Iran in late 2011 and early 2012. Following international sanctions, India's Reserve Bank (RBI) withdrew the Asian Clearing Union (ACU) mechanism, which effectively blocked payments for millions of tons of rice exports to Iran.

To overcome the problem, the Indian government entered into a deal with UCO bank earlier this year and facilitated an Indian rupee payment mechanism through the bank. However, most of the trade was still made through traders in Dubai. Direct exports are expected to reduce logistics costs incurred due to indirect trade via Dubai.

Export status (non-basmati):Rice and wheat export under OGL: As on 07.04.12

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	0.5	2.1
12-April	2.00	0.4	0.25
Total	36.00	Official 5.7	19.20(in six months)
			25.25

Export quantity has been calculated here with stock lying on port.

International Market update:

- **World rice quotes were mostly sideways to higher, except** for Pakistani rice indications, which declined. Rice indications ticked higher in South America and India today. South American prices were lifted partly due to news that Conab would buy about 110,000 tons of Brazilian rice paddy to support prices there after they dipped below the minimum price set by the government back in mid-March-Bloomberg
- **Vietnamese and Pakistani rice quotes seem to have topped** out for the time being while Thai rice quotes are mostly steady and Indian indications ticked higher to catch up with Pakistani rice quotes, which had advanced about \$30 above Indian rice quotes thanks to buying interest from China earlier this year.Reuters
- **Thailand is also holding about 10 million tons of rice stocks**, including about 1 or 2 million tons of old crop rice. Chinese and Nigerian buying interest is waning and Vietnam nabbed the large sale to the Philippines. That leaves Thailand with few options to sell large quantities of rice at firm prices-FAO
- **The U.S. rice market sentiment remains bearish with both** domestic and export demand low. Market bulls were hoping for last week's USDA planting intentions report to affirm ideas of lower acreage but that mostly failed to materialize and many think prices are likely to head lower, expect those to stick to the idea that U.S. rice is a "good value" at the current level- USDA
- **Vietnam's rice exports this year could drop nearly 14 percent** from last year to 6.1 million tonnes as a result of lower demand from key buyers, and rising competition from cheaper grain. Forecasts of higher output in Indonesia and the Philippines, Vietnam's key rice buyers,

and India and Pakistan offering cheaper rice for export, could lead to a drop in Vietnam's rice exports. Daily Times

- **World rice output is forecast to rise by 3% in 2011/12, to 463m. tonnes**, following increases in Asia. Despite a further expansion in world use, to 459m. tonnes (449m.), the global 2011/12 carryover, is expected to increase to 99m. (96m.). IGC
- **The projected rise is largely due to increases in key exporters**, namely India and Thailand, as well as in China. World trade in 2012 is forecast to fall by 5%, to 32.7m. tons, on reduced Asian imports. IGC

IGC projects higher rice output:

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IGC Balance Sheet: Updated on 02.04.2012

IGC estimate released on 02.04.12	2007-08	2008-09	2009-10	2010-11 est.	2011-12 forecast 23.02.12	2011-12 forecast 02.04.12
Rice						
Production	432	447	441	450	463	463
Trade	29	29	31	35	32	33
Consumption	428	436	437	449	460	459
Carry over St.	80	91	94	96	99	99
Year change	+3	+11	+3	+2		+3
Major exporters	19	27	28	29	33	33

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

International Market Prices:

CBOT Rough Rice Futures

Daily Futures Price Listing (as on 05/04/2012)					
(Values in \$/hundredweight)					
Contract Month:May	Open	High	Low	Close	Change
May' 12	14.90	15.07	14.82	15.05	+0.14↑
July'12	15.17	15.34	15.10	15.31	+0.14↑
Sep'12	15.39	15.53	15.39	15.51	+0.11↑
Nov-12	15.71	15.75	15.66	15.73	+0.10↑

CBOT Rough Rice May Chart:

CBOT rice traded higher and northward move is likely to continue this week on fear of lower area coverage in US. The Thai rice mortgage scheme will continue for several month. India's food grain stocks have been reduced thanks to strong exports. U.S. grain prices, especially corn and soy, are rallying so rice will need to keep up or lose acreage. South America's rice and soy crops are expected to be smaller this year.

Price Projection (International-CBOT)

	Trend	Price Range
Short Term (10-15 days)	Range bound to positive	14.80-15.25
Up to end of April 2012	Range bound Positive	15.00-15.75

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