

Latest market development:

- *Rice market traded flat on previous level during the week under review due to lower demand. Bulk buyers like exporters/whole-sellers are not buying rice actively at higher level and waiting for a correction in the market. Prices of rice (both basmati and non-basmati) have been increasing continuously for last two –three weeks on back of better demand from domestic and overseas market. However, at higher level margin decreased and demand slowed down.*
- *Outlook for rice market is still positive despite lower demand and higher stock and production. Market participants expect a correction of Rs 100 to Rs 150 per qtl. in next two-three weeks and it will encourage rice demand once again in domestic market. Millers and stockiests are holding on stocks in anticipation of positive outlook and consider current sluggishness in demand as a temporary phase.*
- *Basmati Rice from India, Pakistan Could Contain Banned GM Substances, Claims European Food Certification Company. The number of Europe border rejections of basmati rice from India and Pakistan has increased significantly, prompting a food certification firm to issue a “food fraud” alert to food manufacturers in Europe.*
- *India has started exporting the premium aromatic rice, basmati, to Iran directly following the new payment mechanism, which allows importers from Iran to make payment in Indian rupee. President of rice exporters association Vijay Setia said that Indian exporters have started exporting basmati to Iran directly from April 1 this fiscal as the Iranian traders have agreed to make payments in Indian rupee.*
- *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. New arrivals from rabi crop continues despite lower rabi production estimates(125.7 lakh tonnes against 150lakh tonnes last year).*
- *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, as per B.N. Goswami, director at the Indian Institute of Tropical Meteorology, Pune.*
- *Thai 5% rice was last quoted about \$535 - \$545 per ton, about a \$105 per tonne premium over Viet 5% rice shown around \$430 - \$440 per ton, down about \$5 per tonne. Indian 5% rice is indicated around \$440 - \$450 per tonne, about a \$20 per tonne discount to Pak 5% rice shown around \$460 - \$470 per tonne.*

Domestic Market Fundamental:

Domestic rice market remained under pressure with slowed down demand from exporters and others bulk buyers at higher level. Profit margin has come down with appreciation in Indian currency and higher domestic prices. Bulk buyers are now waiting for a correction due at current 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. However, overall medium term outlook for rice market is positive and export demand for non-basmati rice is expected soon with increasing possibility of uptrend in the international market from next month.

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. However, offtake from central pool is expected to increase from this month slightly. However, it will not ease pressure of huge stock with ongoing wheat and rice procurement.

Despite slowed down export, overall export is bound to increase this year as India remains the cheapest source of rice supply with ample exportable surplus. Export of non-basmati rice will continue even beyond the limit of 4 million tonnes as govt. is saddled with hefty stock and pressure is mounting to offload more stock in the international market.

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

News Updates:

Basmati Rice from India, Pakistan Could Contain Banned GM Substances:

The number of Europe border rejections of basmati rice from India and Pakistan has increased significantly, prompting a food certification firm to issue a "food fraud" alert to food manufacturers in Europe. The managing director of the food certification company says that tests have shown that basmati rice shipments from India and Pakistan had Genetically Modified Organisms (GMOs), which are banned by the EU. He added that this could be a deliberate effort by exporters to boost profits.

Basmati rice is a special, high value rice and assuming it is not available in GM form, one may conclude these consignments are being deliberately cut with cheap GM-rice to boost profits. He has urged food manufacturers to be wary of basmati shipments and not accept shipments based on papers alone. "Food manufacturers simply should not put any trust or credence in the paperwork accompanying any imported rice, rice derivatives or products containing rice.

Enforcement attention has been on Chinese imports but evidence and past experience demonstrates non-GM assurances based on geographical origin are insecure because of the way global supply chains work," he said. Source: All India Rice Traders Association

India starts exporting basmati rice to Iran directly:

India has started exporting the premium aromatic rice, basmati, to Iran directly following the new payment mechanism, which allows importers from Iran to make payment in Indian rupee, an industry body 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," All India Rice Exporters Association

President Vijay Setia said. With direct basmati exports the logistic costs will come down and it will help in making the premium rice variety more competitive prompting Iranian traders to buy more, he added.

Earlier, Indian exporters have been selling 80 per cent of basmati in US dollars to Dubai-based traders, who then used to supply the grain to local traders in Iran. India ships around 1 million tonnes of basmati to Iran every year. India in 2010-11 fiscal exported 2.2 million tonnes of basmati rice, of which over 80 per cent was shipped to Gulf countries, including Saudi Arabia, Iran, Kuwait and Yemen.

The payment problem with Iran began after the Reserve Bank (RBI) in December 2010 withdrew the Asian Clearing Union (ACU) mechanism under which payments were made to Iran following US sanctions. However, the government solved the problem with the operationalization of rupee payment mechanism through UCO Bank. Also under the new arrangement worked out between both the countries, India will provide incentives for exports to Iran on which the payment is made in rupees. Source : PTI

State wise Wholesale Prices Weekly Analysis for Rice , April 2012

State	Prices 16-23 Apr 2012	Prices 09-15 Apr 2012	Prices 01-08 Apr 2012	Prices 16-23 Apr 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
A.P.	2160.89	2164.85	2444.98	2060.68	-0.18	-11.62	4.86
Assam	2325.67	2233.44	2301.18	2589.67	4.13	1.06	-10.19
Gujarat	2220.88	2184.99	2121.26	1956.07	1.64	4.7	13.54
Jharkhand	2333.33	2224.76	2169.34	2077.5	4.88	7.56	12.31
Karnataka	2375.86	2286.52	2317.57	2080.53	3.91	2.52	14.19
Kerala	2641.22	2629.63	2598.22	3137.91	0.44	1.65	-15.83
Maharashtra	4173.3	4173.64	4140.58	4113.63	-0.01	0.79	1.45
Meghalaya	3100	2993.94	3007.69	2374.47	3.54	3.07	30.56
Delhi	1750	1760	1500	1500	—	—	—
Orissa	2059.93	2202.36	2098.65	1921.55	-6.47	-1.84	7.2
Punjab	1820	1813.25	1651.9		—	—	—
U.P.	1480.45	1480.3	1481.69	1489.92	0.01	-0.08	-0.64
Uttarakhand	1500	1500	1480	2210.46	—	—	—
West Bengal	1923.55	1944.39	1972.26	1929.13	-1.01	-2.47	-0.29
Average	2276	2253	2234	2264			

Average prices of rice have decreased slightly in A.P., Maharashtra, Orissa and West Bengal during the week under review. Market may trade under pressure in current week due to lower demand at current level. Millers in various states have slashed down their prices by Rs 20 to Rs50 per qtl and impact of this revised price should be felt this week. However, overall sentiment remains positive for rice market and we expect demand at lower level in the later part of this month. The short term outlook is bearish. Many market participants see it as a short term corrective phase.

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

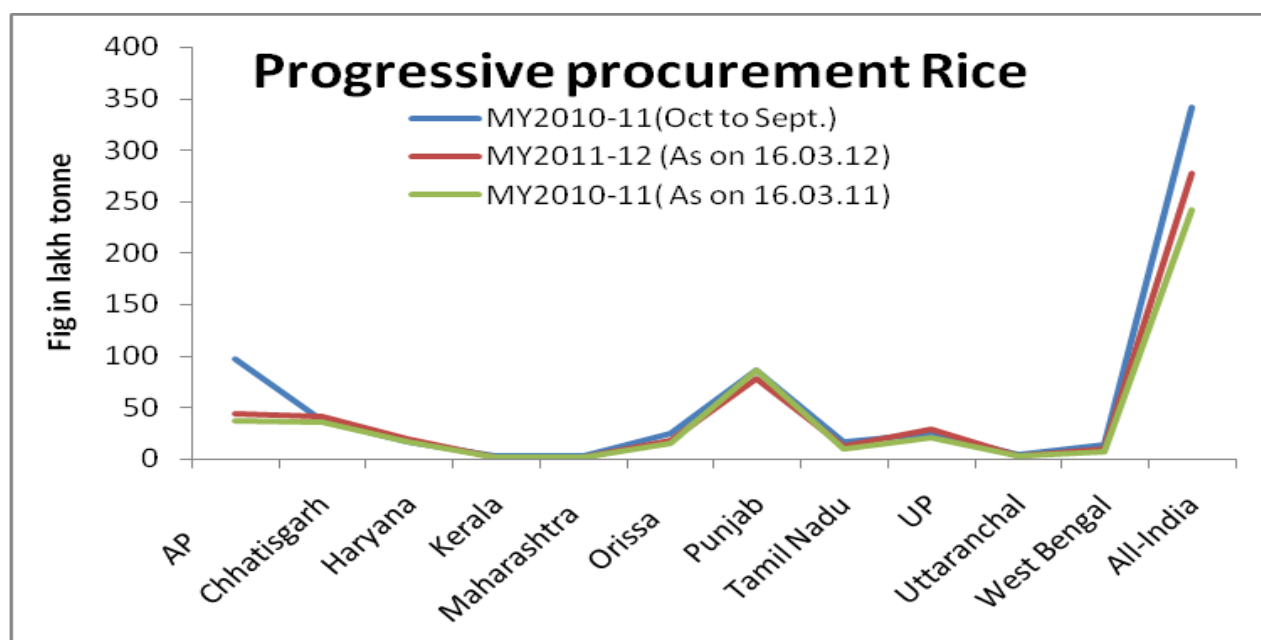
New season starts with 533.02 lakh tonnes wheat and rice stock. The below given table shows the foodgrains status in central pool as on 1st April, 2012. Rice stock was registered at 333.50 lakh tonnes in the beginning of current month against the actual requirement of 142 lakh tonnes in April under buffer 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 75 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(5 to 10 days)	Range bound/negative	2450-2475
April (up to end of April)	Firm (positive)	2475-2550

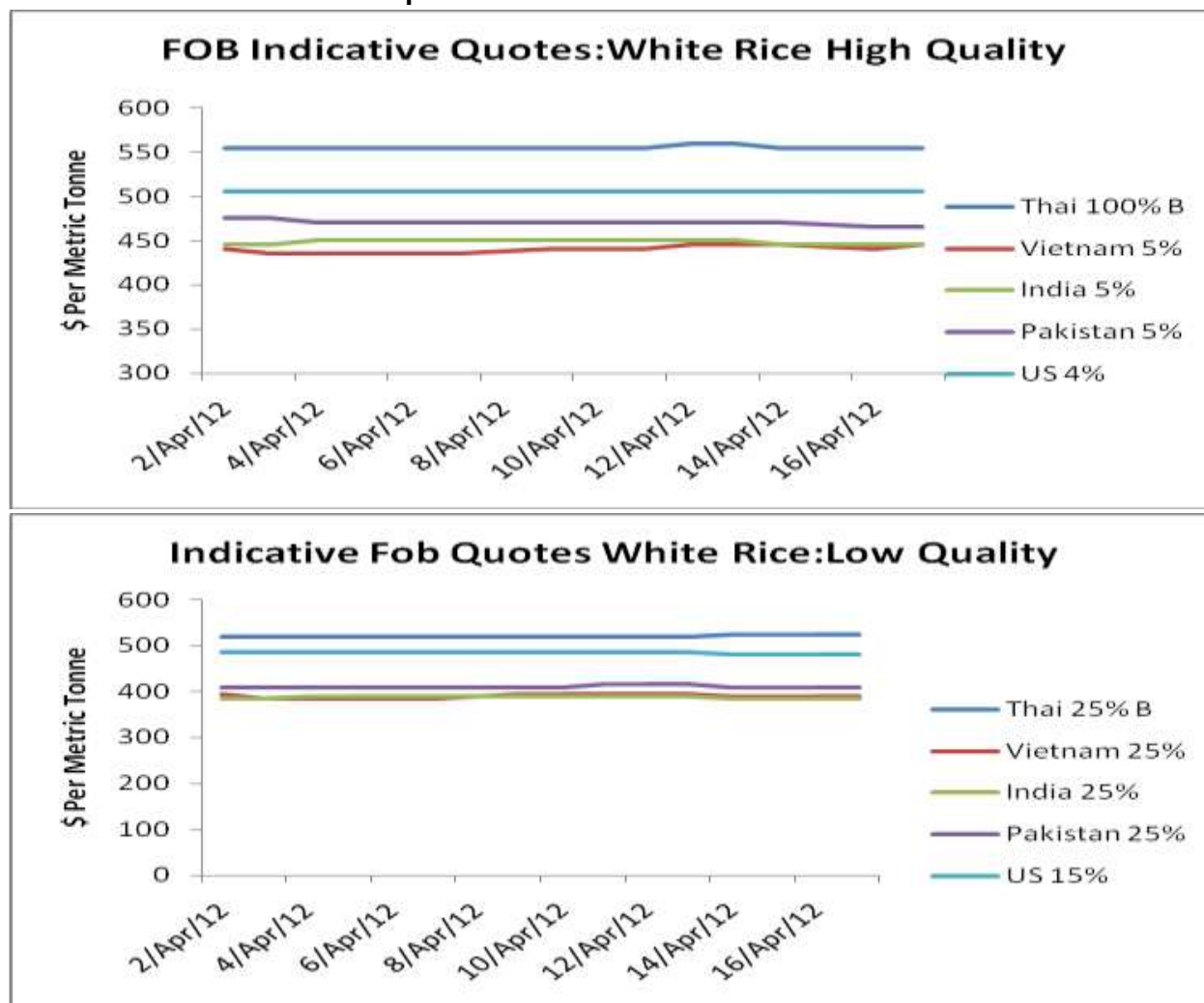
Rice FOB Prices (as on 16.04.2012)

(USD/MT)

Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	550-555	430-435	440-445	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 .

Latest rice Fob international quotes:



Rice quotes in the international market during last two weeks have been almost steady with slight fluctuation on demand from any one origin. However, prices in overseas market may move up due to higher demand and expectation of lower crop size next season. Thailand and Vietnam will export less quantity due to higher price difference.

Export status (non-basmati):Rice and wheat export under OGL: As on 10.04.12

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	3.00	0.4	0.25
Total	39.00	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 prices were mostly unchanged. Rice paddy quotes rose a little bit in the U.S., helped by a rally in Chicago rough rice futures. Paddy prices also rose in Brazil with the nation's rough rice price index showing more gains after three straight weeks of advancing. Indications were mostly unchanged across Asia except for Vietnam where quotes dipped about \$5 to \$20 across most rice types.
- Brazil's rough rice price index last week recorded its third consecutive weekly gain, helped by Conab's rice purchases to support prices after they dipped below the minimal allowable level. Today the index was equivalent to about \$291 per tonne. Producers say prices should hold around current levels after Conab predicted about 20% decline in rice production in the South this year compared to last year.
- Lower production forecasts have Brazilian companies buying more Argentine rice, improving prices in Argentina. Brazil has so far purchased about a half million tons from Argentina this year, mostly from the province of Corrientes. Corrientes exports most of its rice production and so far most of it has been bound for Brazil. Argentina has also been exporting rice to traditional markets including Venezuela, the Middle East, and Europe.
- Vietnam's Customs Department pegged the nation's rice exports for March at about 603,883 tons, vs the Vietnam Food Association's (VFA) 460,270 tons. Customs said rice exports for the first three months of the year were about 1.31 million tons while the VFA estimates 1.087 million tonnes.
- Vietnam is not alone in dealing with harvest pressure. The rice harvest is about 60% in Brazil's Rio Grande do Sul – where about 60% of the nation's crop is produced. Locals say yields are about 7 tonnes per hectare and with low rainfall in recent weeks, production and harvest are finishing nicely. However, harvest is delayed compared to previous seasons.
- Uruguay is trying to export its export destination markets outside of the region, exporting more to what used to be traditional markets including Europe. Locals say part of the reason its exports shifted to South America was the strength of the region's currencies. Uruguay is gaining more European market share back from Brazil.
- Across the world in Asia, the Philippines government expects to sign a rice supply deal with Cambodia within two months, an Agriculture official said, adding to existing agreements with Vietnam and Thailand. The Philippines Agriculture Secretary recently said the nation may start exporting rice to other Asian countries in the first quarter of 2013 if no major calamities hit the

country. The Central Visayas region of the Philippines is suffering from the lygaeid bug which normally feeds on legumes but shifted to rice. While the bug has only affected about 16 hectares of rice so far, the new interest in rice has locals concerned.

IGC projects higher rice output:

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. tons (449m.), the global 2011/12 carryover, is expected to increase to 99m. (96m.). 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 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 16/04/2012)					
(Values in \$/hundredweight)					
Contract Month:May	Open	High	Low	Close	Change
May' 12	15.33	15.44	15.25	15.43	+0.12 ↑
July'12	15.59	15.70	15.50	15.68	+0.12 ↑
Sep'12	15.81	15.92	15.76	15.91	+0.11 ↑
Nov-12	16.02	16.15	16.01	16.14	+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 (5-10 days)	Range bound to positive	14.80-15.40
Up to end of April 2012	Range bound Positive	15.20-15.60

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.