

**Latest market development:**

- *Rice prices in domestic market traded higher during the week under review on unexpected rise in demand in comparison to last week. Improved demand for PR varieties pushed its prices up in the range of Rs 75 to Rs 100 per qtl. The other non-basmati and basmati varieties slightly gained in expectation of higher demand in the weeks ahead. However, uptrend is unlikely to continue as supply side will remain strong. We expect rice to trade at current levels at least for a week.*
- *Rice production estimate in India has been revised up to 103.41 million tonnes for the crop year 2011-12 in the third advance estimate. The total rice production for 2011-12 is now estimated at 103.41 million tonnes and up almost by 660,000 tonnes from the February estimate of 102.75 million tonnes. Higher wheat and rice production estimates will bring total foodgrains production to 252.56 million tonnes. It is almost 76 lakh tonnes higher than govt.'s target of 245 million tonnes for the year. Total production was registered at 244.78 last year.*
- *China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) announced last week it would allow imports of basmati rice from India. Indian exporters can begin shipping basmati rice to China after both countries agree on a mutually satisfactory quarantine protocol. Once a quarantine certificate is agreed by both sides, China will have to circulate the certificate to all its ports and customs authorities before imports can begin entering the country.*
- *Indian industry groups have estimated between \$50-100 million potential trade in China for Basmati. The move will have little impact on the overall trade relationship: the trade deficit between both countries reached \$27 billion last year in China's favour, with bilateral trade reaching a record \$74 billion.*
- *A high level group of ministers is meeting on April 30 to take the stock of ongoing foodgrains export and will take decision over continuation of exports. Market expects wheat and rice export will continue on back of hefty available stock and good production prospects for kharif rice once again.*
- *Export of rice continues with brisk pace despite slowed down demand from overseas market. India rice is still competitive and Indian domination is likely to continue. Recent depreciation in Indian currency has provided an edge to rice exporters once again. With Chinese approval demand for India basmati may improve in the months ahead.*
- *Monsoon rainfall in India and south Asia will be normal this season, potentially increasing plantings of rice, soybeans and sugar cane, boosting food supplies and exportable surplus. El Nino weather conditions, which can dry parts of Asia, may emerge only in the later part of the June-September monsoon season and most forecasts indicate neutral conditions and normal rains. A third consecutive season of adequate/normal monsoon will help India sustain exports and may ease global food prices that the United Nations estimates advanced for a third month in March.*

**Domestic Market Fundamental:**

After a slight decline on back of sluggish demand last week rice prices in domestic market increased once again on increased demand and overseas query for PR varieties. Even other non-basmati and basmati varieties maintained their previous levels. We expect markets to trade at current levels at least for a week. The overall sentiment in the rice market remains positive despite slowed down export demand at higher level recently. However, recent depreciation in Indian currency provides an edge to Indian rice exporters. Besides, increasing possibility of Chinese demand for Indian basmati may help prices sustain at current level.

Ample stock, better prospects for kharif rice on back of normal monsoon forecast and higher carry-in stocks are expected to restrict market from any unexpected rise despite brisk pace of ongoing export. Domestic demand is steady and supply side will be higher so major up and down is unlikely in short term. Rice procurement is smooth and has crossed 30 million T and the set target for ongoing season (35 million T) may easily be achieved before the end of the season (Sept. 2012).

The month of April started with hefty rice stocks of 333.50 lakh tonnes against the required buffer norm of 142 lakh tonnes in April 2012. 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.

Govt. may prefer to continue rice and wheat export under the pressure of massive stock and impending storage crunch. In terms of rice, the situation is in favour of India and we expect higher exports in the next six months.

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 May Find Way To China:**

**Chinese authorities have finally given the green signal to Indian exports of basmati rice following a long and tortuous six-year** process that has been seen as underscoring the difficulties of navigating the complex bureaucratic hurdles that bar entry into the China market. Indian exporters can begin shipping basmati rice to China after both countries agree on a mutually satisfactory quarantine protocol. Once a quarantine certificate is agreed by both sides, China will have to circulate the certificate to all its ports and customs authorities before imports can begin entering the country.

Indian industry groups have estimated between \$50-100 million potential trade. The move will have little impact on the overall trade relationship: the trade deficit between both countries reached \$27 billion last year in China's favour, with bilateral trade reaching a record \$74 billion. Two substantial barriers Indian exporters will face when entering this market are the established presence of Pakistani basmati rice brands and the niche demand for the product, largely from international five-star hotels and the small number of Indian restaurants in China.

More sticky rice varieties, which can be eaten with chopsticks, are popular in China and basmati rice is likely to remain more a novelty than become a staple. There is a long way to go, but this is still a welcome move. Source: IBN Live

### Storage Problem In West Bengal:

The Bengal government could find it difficult to reach its target of procuring 20 lakh tonnes of rice this year because of a lack of storage space. Its ability to raise storage capacity too could be hobbled by lack of investor interest in setting up warehouses in Bengal, and a mismatch between the tender rates acceptable to the state and the Centre. The state had a warehouse capacity of 50,000 MT during Left rule which is to be raised to 10 lakh MT, of which five lakh MT has been approved by the Centre. Of this, 156,600 MT capacity would be set up initially.

### 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(Ov er Previous Week)	% Change(Ov er Previous to Previous Week)	% Change(O ver Previous Year)
AP	2058.43	2169.04	2444.98	2060.68	-5.1	-15.81	-0.11
Assam	2286.51	2224.79	2301.18	2589.67	2.77	-0.64	-11.71
Gujarat	2195.7	2184.99	2121.26	1956.07	0.49	3.51	12.25
J& K	5790.32	5100	5100	5700	13.54	13.54	1.58
Jharkhand	2194.54	2159.69	2167.8	2077.5	1.61	1.23	5.63
Karnataka	2364.87	2286.3	2317.57	2080.53	3.44	2.04	13.67
Kerala	2573.24	2626.29	2598.22	3137.91	-2.02	-0.96	-18
Maharashtra	4159.65	4148.79	4140.58	4113.63	0.26	0.46	1.12
Meghalaya	3100	2993.94	3007.69	2374.47	3.54	3.07	30.56
Orissa	2234.67	2191.92	2101.43	1921.55	1.95	6.34	16.3
Punjab	1285	1813.25	1651.9		-29.13	-22.21	—
Rajasthan	2504.4				—	—	—
Uttar Pradesh	1507.82	1490.84	1483.96	1489.92	1.14	1.61	1.2
West Bengal	1870.09	1884.71	1953.73	1929.13	-0.78	-4.28	-3.06
<b>Average</b>	<b>2580.37</b>	<b>2483.9</b>	<b>2492.16</b>	<b>2473.03</b>			

Source: Agmark net

Rice prices have firmed up during the week under review as shown in the above given data. Prices in Punjab, A.P. and West Bengal have decreased in comparison to last week due to higher supply and few takers. Stock with millers is higher than expected and exporters are sourcing rice from south Indian markets, especially from Tamil Nadu, A.P., Assam and West Bengal. Rice is also available in Bihar and U.P. abundantly. So demands from Punjab and Haryana have not been up to the mark so far. Currently only PR variety is being traded on mass scale in Punjab and Haryana. However, major

decline from this level in these states is unlikely as we expect demand to increase at lower levels. In other states, rice may continue at current prices.

#### Availability of Wheat and Rice stock in central pool as on 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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
<b>TOTAL</b>	<b>526.31</b>	<b>6.71</b>	<b>533.02</b>
COARSE GRAINS	0.93	0.00	0.93
SUGAR	0.31	0.11	0.42
<b>GRAND TOTAL</b>	<b>527.54</b>	<b>6.82</b>	<b>534.36</b>

#### Paddy procurement under way:

Paddy procurement has increase in all major and minor rice producing states except Chhatisgarh, Punjab and Uttaranchal. It has already cross 30 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(.13.04.2012).As rabi rice crop is lower so lower contribution is expected. However, farmers are bringing their produce to the mandis to avail the benefit of Higher MSP.

#### Progressive procurement of Rice as on 13.04.2012 :

States	MY2010-11(Oct to Sept.)Fig in lakh T	6Y2011-12 (As on 30.03.12) Fig in lakh T	MY2010-11( As on 30.03.11) Fig in lakh T
Andhra Pradesh	96.1	48.86	42.62
Chhatisgarh	37.39	41.12	45.09
Haryana	16.87	19.81	16.59

Kerala	2.63	2.81	1.65
Maharashtra	3.08	1.42	1.61
Orissa	24.76	19.91	15.6
Punjab	86.35	77.31	86.34
Tamil Nadu	15.83	14.76	11.66
Uttar Pradesh	24.66	31.58	22.47
Uttaranchal	4.22	3.14	3.33
West Bengal	13.1	12.21	8.22
All-India	340.94	299.64	255.57

#### 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 the Central Pool as on 1st April, 2012 stood at 33.35MMT which is higher by over two times than the buffer norms (14.2 MMT) as on 1st April 2012. Rice stock is continuously increasing and is likely to touch the highest levels 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 the 4<sup>th</sup> week of April in domestic market:

Duration	Trend	Average Price Range
Short Term( 5 to 10 days)	Range bound/Steady	2475-2500
April ( 1 <sup>st</sup> week of May)	Firm (positive)	2500-2575

**Rice FOB Prices (as on 21.04.2012)**

(USD/MT)				
Grade/Variety	Thailand	Vietnam	India	Pakistan
100%B - 5%DWP	565-575	430-440	425-435	470-480
10%	545-550	510-515	-	-
15%	580	560	-	-
25%	510-520	380-390	375-385	410-420
Parboiled	595-605	-	410-420	470-480

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.

Rice quotes in the international market during last two weeks have been mostly steady with a slight change in demand from any one origin. Thailand quotes have moved up by \$15 to 20 per t this week. We expect world market to move up from current level as buyers are returning to the market once again to avail the benefit of lower prices.

**Export status (non-basmati): Rice and wheat export under OGL: As on 17.04.12**

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	3.50	0.4	0.25
Total	39.50	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 seem to have bottomed out and are slowly heading higher, especially Thai rice prices. While U.S. export prices have been unchanged over the last month amid sluggish demand, the U.S. rice futures are up about 12% over the last month. The U.S. 4% rice is shown around \$510 per ton, unchanged from a month ago. Chicago rough rice futures for May delivery traded up 16.5 cents per cwt (about \$4 per ton) to \$15.505 per cwt (about \$342 per ton) during current week. Rough rice futures are lifted by strength in soybeans futures. Rice planting is ahead of schedule in the U.S. though there's a lot of disagreement in the industry – or between the producers and the USDA – about rice acreage. U.S. rice farmers argue that planting will be down this year, far more than the USDA estimates. Source: FAO

Thai rice prices are up about 3% since mid-March. Thai 100% B grade rice quotes are up about \$15 per ton to around \$570 per ton. Thai rice quotes rose about \$5 per tonne. Meanwhile, Viet rice quotes have fallen about 2% in the last month. Viet 5% broken rice indications have declined about \$10 per ton to about \$435 per ton. Indian 5% broken rice is shown around \$430 per ton, down about \$8 per ton or about 2% in the last month. Pakistani 5% broken rice quotes are up about \$10 per ton or 2% compared to a month ago to around \$475 per ton. Argentinean 5% and Uruguayan 5% rice quotes rose about \$10 per ton or about 2% in the last month to around \$545 per ton.

Overall scenario in world market seems positive despite ample availability worldwide. India and Pakistan can grab emerging opportunity in world rice market with ample exportable surplus and competitive prices.

### **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. tonnes (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**

<b>IGC estimate released on 02.04.12</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11 est.</b>	<b>2011-12 forecast 23.02.12</b>	<b>2011-12 forecast 02.04.12</b>
<b>Rice</b>						
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 State

### **International Market Prices:**

#### **CBOT Rough Rice Futures**

<b>Daily Futures Price Listing (as on 24/04/2012)</b>					
<b>(Values in \$/hundredweight)</b>					
<b>Contract Month:May</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Change</b>
<b>May' 12</b>	15.42	15.69	15.31	15.67	+0.16↑
<b>July'12</b>	15.76	15.95	15.56	15.93	+0.17↑
<b>Sep'12</b>	15.88	16.12	15.85	16.11	+0.16↑
<b>Nov-12</b>	16.23	16.33	16.09	16.33	+0.17↑

### **CBOT Rough Rice May Chart:**



CBOT rice traded higher and the 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	1550-1575
Up to 1 <sup>st</sup> week of May 2012	Range bound Positive	15.70-16.00

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