

Latest market development:

- *Rice market traded mixed during the week under review and we expect non-basmati rice to trade range bound in the weeks ahead. The price of basmati rice, which flared up during the year-end March, continues to rule high on the news of China allowing Indian imports and Iraq, Iran's increasing interest in Indian basmati. However, the trading volumes are still small as the build-up in prices is largely seen as speculative in nature. So we can expect a correction that is due for basmati cash market.*
- *India has exported nearly 4.2 million tonnes of non-basmati rice since September last year when the government lifted ban on overseas shipments of the grain. A total of 4.18 million tonnes of non-basmati rice has been exported from the country as on April 24, 2012. The government is closely monitoring the trend of exports.*
- *The continued export of non-basmati rice is not likely to have an adverse impact on domestic prices. The country is estimated to have harvested a record 103.41 million tonnes of rice in the 2011-12 crop year against 95.98 million tonnes in the previous year.*
- *As on April 1 this year, the government had 19.95 million tonnes of wheat and 33.35 million tonnes of rice in its godowns. It had a storage capacity of 63.8 million tonnes as against the central stock of 53.3 million tonnes. India also exports about 2 million tonnes of basmati rice every year.*
- *Global paddy production in 2012 is expected to increase 1.7 percent to 732.3 million tons, equivalent to 488.2 million tons of milled rice, exceeding consumption at 477 million tons and boosting inventories, the Rome-based Food & Agriculture Organization said May 4 in its first forecast for 2012-2013*
- *All-India progressive procurement of Rice for the marketing season 2011-12 as on 27.04.2012 was 308.13 lakh tonnes which is higher than the procurement of 264.71 lakh tonnes upto the corresponding period of last year. It is higher by almost 17 percent in the corresponding period last year.*
- *Monsoon rainfall in India and south Asia will be normal for a third year 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. Farmers in South Asia may plant more of rice, corn, sugar cane and cotton on normal showers, helping India sustain exports and ease global food prices that the United Nations estimates advanced for a third month in March.*

Domestic Market Fundamental:

Demands for aromatic basmati rice from Iraq, Iran and China and improved buying interests from Indonesia, Nigeria and other African countries for non-basmati rice have dragged domestic rice market up and uptrend is likely to continue due to higher procurement and processing cost despite higher availability of stock and likely bumper production once again on expectation of normal monsoon forecast. However, basmati price may decrease from current level. India has so far exported almost 6.2 million tonnes rice including basmati. Total rice export may cross 7 million tonnes

this year going by the current pace of export. We think Indian rice will be available at competitive price in comparison to Thailand and Vietnam. Weather will be very crucial for rice market direction in India and if it remains normal prices are likely to hover near current level. There is a growing fear in the market that rice production may dip this year if the recommendations of CACP for Kharif season MSP for various crops are accepted. Farmers may shift to pulses and other lucrative crops including oilseeds due to higher recommended MSP in comparison to paddy.

Record Production:

The harvest in India may climb 7.7 percent to 103.4 million tons from 96 million tons a year earlier, according to the farm ministry. State reserves of rice and wheat jumped to 71.17 million tonnes as of May 1, said the Food Corp. of India. The minimum purchase price of the common variety of raw rice was increased to an all-time high of 1,080 rupees (\$20) per 100 kilograms (220 pounds) in June from 1,000 rupees. Exports of non-basmati varieties exceeded 4 million tons since the ban was scrapped, according to government data. Indian shipments this year will represent 21 percent of global trade estimated at 33.9 million tons by the USDA.

State wise Wholesale Prices Weekly Analysis for Rice, April 2012

State	Prices 01-08 May 2012	Prices 24-30 Apr 2012	Prices 16-23 Apr 2012	Prices 01-08 May 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
A.P.	1874.44	2167.42	2067.57	1981.58	-13.52	-9.34	-5.41
Assam	2295.94	2226.43	2286.51	2339.73	3.12	0.41	-1.87
Gujarat	2190.13	2205.69	2186.76	1971.03	-0.71	0.15	11.12
J&K	5900	5900	5790.32	5700	0	1.89	3.51
Jharkhand	2157.42	2170.22	2180.62	2113.7	-0.59	-1.06	2.07
Karnataka	2347.22	2340.66	2364.87	2107.55	0.28	-0.75	11.37
Kerala	2612.23	2517.29	2573.24	3726.53	3.77	1.52	-29.9
M.P.		1415	1430		—	—	—
Maharashtra	4227.65	4172.11	4137.63	4481.57	1.33	2.18	-5.67
Manipur				2400	—	—	—
Meghalaya	3100	3100	3100	2800	0	0	10.71
Delhi	2180	1500	1571.43	4000	45.33	38.73	-45.5
Orissa	1959.97	2000.48	2232.39	1880.01	-2.03	-12.2	4.25
Punjab			1285		—	—	—
Rajasthan			2504.4		—	—	—
Tripura				2004.98	—	—	—
U.P.	1516.75	1522.71	1508.68	1454.61	-0.39	0.53	4.27
Uttarakhand	1550	1567.5		1369.46	-1.12	—	13.18
West Bengal	1929.79	1907.67	1938.06	1958.47	1.16	-0.43	-1.46
Average	2560.11	2447.55	2447.34	2643.08			

Prices of non-basmati and basmati are likely to trade under pressure in medium term due to higher supply and bumper production estimate. Prices will probably stay under pressure in coming months

as global production outpaces demand for an eighth year. That may extend a decline in global food costs, which fell for the first time this year in April, United Nations data show. Thailand was the top shipper last year with 10.6 million tons. There is a possibility of India emerging as the largest exporter. A good harvest will allow the country to continue exports next year, The next crop may be even higher as yields are increasing.

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

Wheat and rice stock touched 711.17 lakh tonnes as on 1st May, 2012. The below given table shows the foodgrains status in central pool as on 1st May, 2012. Rice stock was registered at 329.23 lakh tonnes in the beginning of current month against the actual requirement of 118 lakh tonnes in 1st July under buffer norm. The govt.'s granary continues to overflow and situation may be even more grave in July when total wheat and rice stock may touch near 84 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 May, 2012

	IN STORAGE	IN TRANSIT	TOTAL
RICE	326.81	2.42	329.23
WHEAT	299.67	2.37	302.04
Wheat lying in mandies	79.90	00	79.90
TOTAL	706.38	4.79	711.17
COARSE GRAINS	0.94	00	0.94
SUGAR	0.26	0.03	0.29
GRAND TOTAL	707.58	4.82	712.4

Progressive procurement of Rice as on 27.04.2012 (lakh tonnes)

States	MY 2010-11 (During Oct-Sept.)	MY 2011-12 (As on 27.04.12)	MY 2010-11 (As on 27.04.12)
Andhra Pradesh	96.1	53.43	46.21
Chhattisgarh	37.39	41.13	35.16
Haryana	16.87	19.81	16.59
Kerala	2.63	3.23	1.98
Maharashtra	3.08	1.49	1.61
Orissa	24.76	20.56	18.21
Punjab	86.35	77.31	86.34
Tamil Nadu	15.83	15.31	12.03
Uttar Pradesh	24.66	32.61	23.01

Uttaranchal	4.22	3.32	3.57
West Bengal	13.1	12.66	8.25
All-India	340.94	308.13	264.71

Rice procurement is smooth and we expect the procurement target of 35 million T very much within reach despite lower rabi crop this season. Punjab remains the highest contributor followed by A.P., Chhattisgarh and Uttar Pradesh.

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	32.92	31.10						

Rice stocks in Central Pool as on 1st April, 2012 stood at 32.92 MMT which is higher by around three times from an actual requirement for buffer norm (11.8 MMT) as on 1st May 2012. Rice stock is continuously increasing and is likely to touch the highest levels in June end with smooth procurement and bumper harvest. Going by present procurement trend set target of 35 million tonnes (paddy) is easily achievable. Rice stock in June may decline slightly from 32.92 MMT to 31.10 MMT as offtake is expected to increase in the month of May.

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 1st week of May in domestic market:

Duration	Trend	Average Price Range
Short Term(5 to 10 days)	Range bound/Steady	2450-2475
May (2 nd week of May)	Firm (negative)	2450-2475

Rice FOB Prices (as on 07.05.2012)

(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 almost steady with slight change on demand from any one origin. Thailand quotes have been 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.

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 26.04.2012

IGC estimate released on 26.04.12	2007-08	2008-09	2009-10	2010-11 est.	2011-12 forecast 02.04.12	2011-12 forecast 26.04.12
Rice						
Production	432	448	441	448	463	462
Trade	29	29	31	35	33	33
Consumption	429	437	437	448	459	459
Carry over St.	80	91	95	95	99	99
Year change	+4	+11	+4	-	-	+4
Major exporters	19	27	28	29	33	34

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

World rice output is forecast to rise by 3% in 2011/12, to a record 462m. tons, due to increases in Asia's key producers. Along with expanded world use, to 459m. tons (448m.), the world 2011/12 carryover will increase, with inventories in major exporters, notably in India and Thailand, moving higher. World trade in 2012 is forecast to fall by 7%, to 32.8m. tons, on smaller deliveries to Far East Asia.

Price Projection (International-CBOT)

	Trend	Price Range
Short Term (5-10 days)	Range bound to positive	1550-1575
Up to 2 nd week of May 2012	Range bound Positive	15.70-16.00

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