

Latest Market Development:-

Cash Rice market continued to trade lower in comparison to last week on back of better onset scenario in major rice growing states. New arrivals have started in Haryana, Punjab and Uttar Pradesh. Bulk buyers are waiting for higher arrivals and prices to decrease on new crop pressure in coming week ahead.

While the harvesting of the IR white rice variety and Basmati rice is likely to begin towards the beginning of November. Arrival of 1121 in Punjab and Haryana is expected soon as most of crop is still under maturity phase. Area under 1121 has improved in Punjab and Haryana, while area under traditional basmati decreased by 30 % in both states. Farmers in these states opted 1121, PR and other non basmati varieties due to higher price realization & continuous purchase on MSP.

Prices of basmati & non basmati rice are likely to decline by Rs.100 to Rs. 200 /qntl from current level. It is ruling Rs.2200 to Rs.2300 for old basmati paddy, Rs. 2250 to Rs. 2350 for 1121 & Rs.1250 for parmal, however fine parmal are ruling higher around Rs.1350 to Rs.1442 per quintal in Haryana. Overall rice area and yield in Punjab has increased by 5% this year as per feed back received from traders and farmers.

India's rice stocks as of September 1, 2012 stand at 25.5 million tons, down about 23% from the peak of 33.3 million tons on April 1, 2012, but still about 11.3 million tons higher than the buffer norms of about 14.2 million tons. Rice stocks are about 12% higher than 22.7 million tons last year on September 1. India's total food grain stocks comprised mostly rice and wheat stand at about 71.8 million tons as of September 1, up about 27% from 56.4 million tons last year, mainly due to high wheat stocks which stand at about 46.1 million tons, up about 37% from 33.6 million tons last year.

Indian rice traders say that total rice exports in 2012 could reach a record high of around 8.5 to 9 million tons, including about 2.5 million tons of basmati rice. This is about 500,000 tons higher than the USDA estimates of about 8 million tons.

The UN's Food and Agriculture Organization (FAO) has revised downwards its forecast for global rice production in 2012 by 6 million tons mainly due to deterioration in crop prospects in Asian countries. The FAO said that rice production forecast for this year now stands at 483.3 million tons (basis milled), down about 6 million tons or 1% from the 489.1 million tons forecast in July, but still higher than the 482.3 million tons produced in 2011.

Domestic News:**India Rice Planting Reached 36.76 Million Hectares, Down 2% from previous Year**

Rice planting area in India has expanded to 36.76 million hectares as of September 28, 2012, while rice acreage this year is slightly above the normal area for this time of the year of about 36.1 million hectares; it is down about 2% from 37.67 million hectares recorded on September 16, 2011. Rice production this year is expected to decline to about 85.6 million tons, down about 6.5% from around 91 million tons in 2011-12, according to the government's first advance estimates for this year. The decline is attributed mainly to deficient rainfall during the beginning of the rice planting season this year.

India Government to Purchase 40 Million Tons of Rice from Farmers in 2012-13

The Indian government plans to buy about 40 million tons of rice from farmers in 2012-13, up about 5 million tons or about 14% from the target of 35 million tons in 2011-12.

The Food Corporation of India (FCI) is scheduled to begin procurement of rice from October 1, 2012, while the National Agricultural Cooperative Marketing Federation of India Ltd (Nafed) has been tasked to procure rice from the eastern states. This year, two states (Andhra Pradesh and Odisha) have allowed civil supplies departments to procure rice directly from farmers to reduce the burden of procurement on FCI. The trend is expected to spread to other states this year. In the 2010-11, about 34 million tons of rice was procured by government agencies. The procurement of rice for 2011-12 marketing season is underway and reached about 32.3 million tons as of May 21, 2012.

Indian Exporter to Ship 300,000 Tons of Non-Basmati Rice to Africa, Priced about \$460- \$500 per Ton

An Indian rice exporter said he has signed contracts to sell 300,000 tons of non-basmati rice to African countries after India last week approved 2 million tons of non-basmati rice for export under Open General Licenses (OGL). The 300,000 tons of non-basmati rice is said to be priced at \$460 to \$500 per ton. The shipments will be in small quantities and have already begun. Indian rice sellers today quoted 5% broken rice at about \$470 - \$480 per ton.

Rice export through OGL as on 04.09.12

Rice Export Under OGL as on 04 th September, 2012		Fig: in lakh Tonne	
Units are in lakh tons	Non Basmati	Basmati	Total
Sept.11	1.85	2.6	4.45
12-Oct	4.5	3.4	7.9
12-Nov	5.5	4	9.5
12-Dec	5.9	2.5	8.4
12-Jan	5.45	2.75	8.2
12-Feb	5.75	1.76	7.51
12-Mar	5.6	2.25	7.85
12-Apr	5.8	1.35	7.15

12-May	5.3	1.9	7.2
12-Jun	5.5	1.75	7.25
12-Jul	5.25	2.25	7.5
12-Aug	3.75	1.71	5.46
12-Sept	1.35	0.62	1.97
Total	60.50	28.84	90.34
Expectation up to Sept end, 2012	2.0	1.00	3.0

We expect rice export to cross 9.0 million tonnes at the end of Sep. Non-basmati rice export may touch 6.2/6.3 million tonnes while basmati export is expected to touch 2.8 million tonnes. At the end of August total rice export may cross over 9 million T. Pace of basmati export may increase due to abolition of MEP. Even next crop is expected higher than last year and it will augment supply for the exporters September onward. India can enhance its market share in the global market on back of bumper crop and govt's policy to encourage export. India may enter in new market like China.

Progressive Procurement of Rice as on 21/09/2012 (lakh tonnes)

States	MY 2010-11 (During Oct-Sept.)	MY 2011-12 (As on 21.09.12)	MY 2010-11(As on 21.09.11)
Andhra Pradesh	96.1	75.47	95.37
Chhattisgarh	37.39	41.15	37.13
Haryana	16.87	20.07	16.87
Kerala	2.63	3.72	2.6
Maharashtra	3.08	1.78	2.08
Orissa	24.76	28.39	24.66
Punjab	86.35	77.31	86.35
Tamil Nadu	15.83	15.96	14.77
Uttar Pradesh	24.66	33.5	24.46
Uttaranchal	4.22	3.78	3.99
West Bengal	13.1	11.19	11.53
All-India	340.94	349.04	335.56

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. However, arrivals have come down in mandis and paddy procurement may get slower in the weeks ahead. With adequate stocks of rice in the central pool and the possibility of low production due to uneven rains, the Centre is unlikely to substantially increase its annual rice procurement target for the 2012-13 crop marketing season starting October.

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	32.14	30.70	28.50	25.59			

Rice stocks in Central Pool as on 1st Sep, 2012 stood at 25.59 MMT which is higher by around three times from an actual requirement for buffer norm (7.2 MMT) as on 1st Oct 2012. We expect stock to come down to 23.50 on 1st Oct

State wise Wholesale Prices Weekly Analysis for Rice September, 2012

Prices in Rs/Quintal

State	Prices 24-30 Sep 2012	Prices 16-23 Sep 2012	Prices 09-15 Sep 2012	Prices 24-30 Sep 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	1905.24	2071.26	1879.45	1828.19	-8.02	1.37	4.21
Assam	2428.83	2290.24	2318.61	2385.14	6.05	4.75	1.83
Gujarat	2404.62	2375.54	2469.59	2142.13	1.22	-2.63	12.25
J & K	4725	4725	4725		0	0	—
Jharkhand	2371.13	2307.35	2313.98	2158.13	2.76	2.47	9.87
Karnataka	2714.12	2742.62	2817.89	2155.32	-1.04	-3.68	25.93
Kerala	2641.77	2782.64	2857.79	2894.34	-5.06	-7.56	-8.73
Madhya Pradesh	1165	1150			1.3	—	—
Maharashtra	4600.17	4005.71	3467.32	3843.82	14.84	32.67	19.68
Meghalaya	3200	3145.45	3154.9	2910.91	1.73	1.43	9.93
NCT of Delhi	1662.5	1700	1600	1633.33	-2.21	3.91	1.79
Orissa	1427.98	1546.46	1586.82	1886.7	-7.66	-10.01	-24.31
Uttar Pradesh	1692.64	1716.58	1731.86	1566.08	-1.39	-2.26	8.08
Uttrakhand	1687.89	2499.7	1745.46		-32.48	-3.3	—
West Bengal	2012.54	2022.54	2002.81	1926.2	-0.49	0.49	4.48
Average	2442.63	2472.07	2476.53	2233.32			

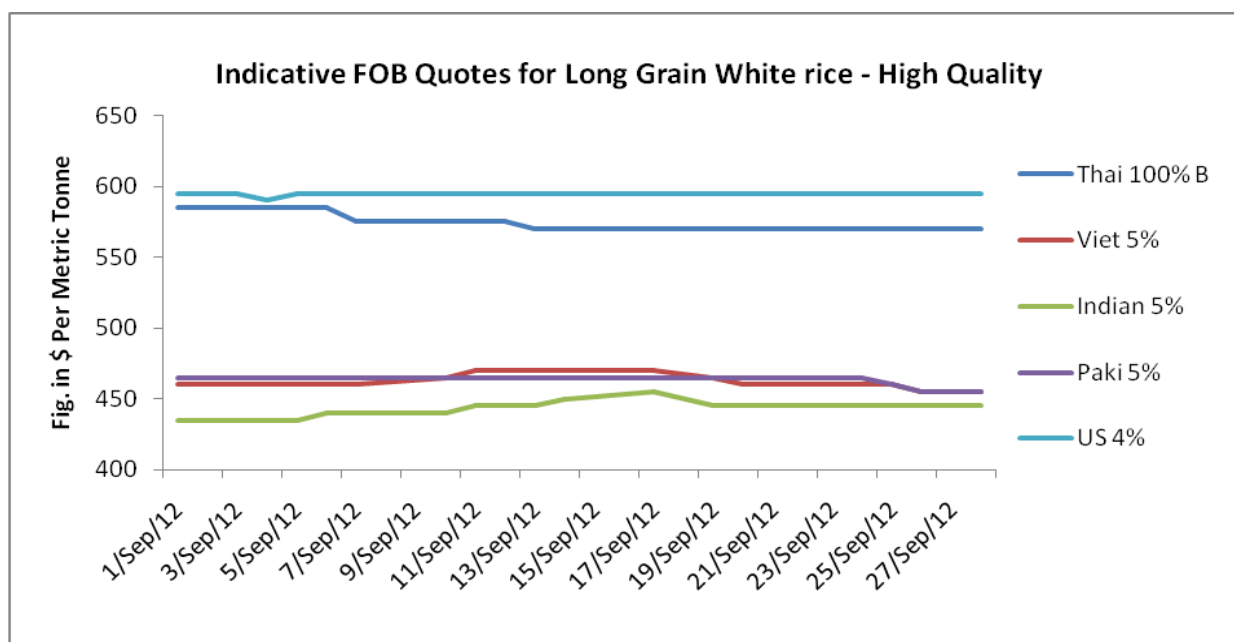
Price Projection for October 1st week in domestic market:

Duration	Trend	Average Price Range
Short Term(5 days)	Steady(positive)	2400-2450
September(3 rd week)	Steady (positive)	2430-2475

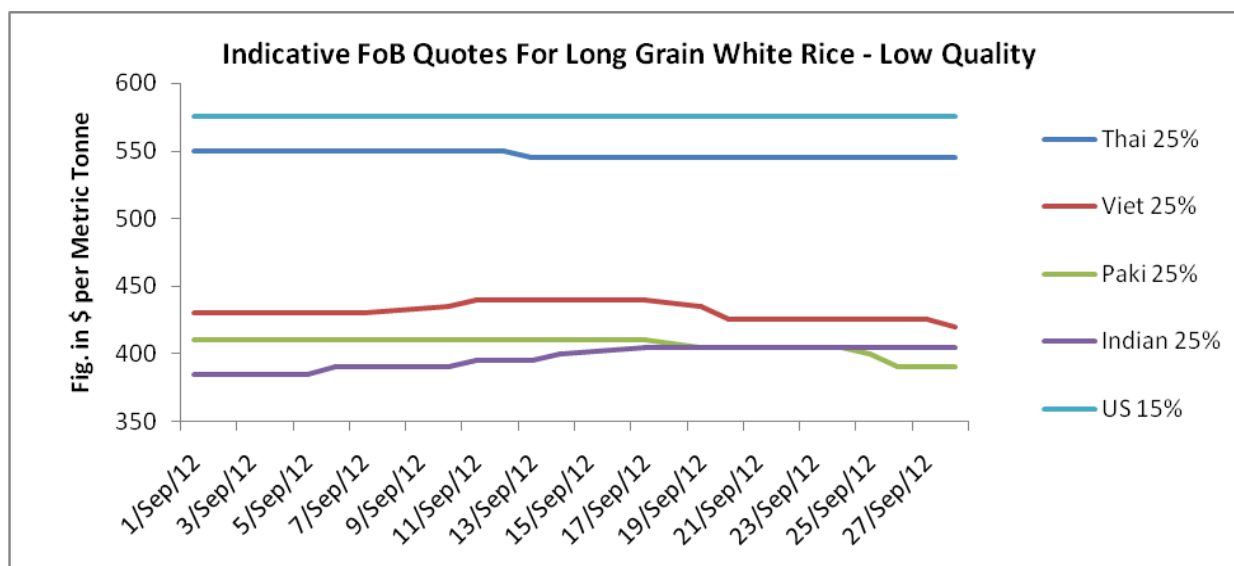
Weather Outlook:-**Major Feature of Weather Forecast up to 04th October, 2012:-**

- Rain/thundershowers would occur at many places over Karnataka, Andhra Pradesh, Tamilnadu & Pudduchery, northeastern states, Kerala and Andaman & Nicobar Islands and decrease over Tamilnadu & Puducherry after 24 hours.
- Rain/thundershowers would occur at a few places over Maharashtra & Goa, Odisha and West Bengal & Sikkim.
- Rain/thundershowers would occur at one or two places over western Himalayan region, Bihar, Jharkhand, Chhattisgarh and east Madhya Pradesh.
- Weather would be mainly dry over rest of the country.

FOB Quotes High quality white rice:



Rice FOB quotes: Low Quality White Rice:



International Market Update:

The U.S. Department of Agriculture's attaché in India has raised the 2012-13 rice forecast to 98 million tons following a sharp recovery of rainfall in August. In the first week of August, the USDA Post had estimated that India's rice production will decline to 94 million tons, down almost 10% from the record production of 104.3 million tons in 2011-12, with the possibility of further downward revision if rains fail in August. However, India's monsoon rainfall revived sharply in August bringing the overall deficit from over 35% in the beginning of the season down to 12% in the end of August.

Vietnam's Ministry of Agriculture and Rural Development (MARD) estimates that the country's total paddy rice production will reach around 43.4 million tons in 2012, up about 3% or 1 million tons from last year, in part due to higher acreage. MARD says that this year the total area under rice cultivation has increased about 1% from last year to about 7.75 million hectares. The ministry also revealed that rice planting of autumn-winter rice as of September 15, 2012, stood at 1.52 million hectares, down about 9% from the same time last year.

The Thai government has lowered the estimate for rice production from the country's main crop this year by 3 million tons or 11% to 23 million tonnes. The Commerce Ministry lowered the estimate because of increased supplies due to higher than expected production from the secondary crop as farmers had grown more rice to compensate for losses due to floods last year. The Commerce Minister said that the government has purchased about 16.6 million tons of Paddy from the second crop, about 3.3 million tons higher than expected.

Pakistani white rice prices relieved slightly at the beginning of this week as the new crop finally began to arrive in Karachi. Irri-6 5% broken white rice is currently listed at US \$450 PMT FOB. The monsoon rains have petered out to be replaced by hot, dry weather in the country's major rice growing regions. Therefore, transport has not been a problem and new arrivals from Punjab have arrived at Karachi frequently. The arrivals from Sindh have a high moisture level and are not currently appropriate for export but the non-basmati arrivals from Punjab have been dried and are arriving with moisture levels of around 14.5% and are therefore nearly ready to export

The USDA Ag Attaché projects Indonesia's rice imports for 2011-12 will decline to about 1.25 million tons as favorable weather boosted domestic yields and production, reducing the amount of rice Bulog needs to import. Bulog's imports of rice for 2012-13 are projected to rise to about 1.45 million tons. In 2011-12 Bulog intends to buy about 4.5 million tons of rice – including 2.4 million tons from the domestic market, up from 1.3 million tons the year before. Bulog can only buy paddy from farmers if the market price is lower than the government's official price.

Japan is the tenth largest producer of rice in the world. Though over 96% of rice farmland in Japan is held by small-scale farmers, rice plays an important role in the country's culture, economy and food security. However, shrinking rice acreage has become a major concern in the recent years. According to USDA, rice acreage in Japan at 1.55 million hectares in 2012-13, is down by about 11% from a high of 1.7 million hectares in 2005. To make matters worse, rice yield in 2012-13 is also expected to decline by about 2% to 6.52 tons per hectares from last year

IGC Balance Sheet: Updated on 23.08.2012
(Fig. In MMT)

IGC estimate on released 23.08.12	2007-08	2008-09	2009-10	2010-11	2011-12 estimated 26.07.12	2012-13 forecast 23.08.12(Milled basis)
Rice						
Production	431	448	441	449	467	466
Trade	29	29	31	36	35	35
Consumption	427	435	438	447	466	465
Carry over St.	81	92	96	97	102	102
Year change	+5	+11	+4	+1	+1	+1
Major exporters	19	27	28	29	33	34

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

High Lights:-

- According to latest IGC update, rice production in 2012/13 is projected to rise further, to nearly 466m. tons from the all-time high of 463m., estimated for 2011/12.
- This is underpinned by a slight increase in the area planted to paddy and a marginal improvement in average yields.
- At 2%, the expected annual growth rate is significantly smaller than in the previous year and the five-year average, and underlines expectations for only modest increases in output in Asian countries.
- Export figure has been decreased from 34 million tonnes to 33 million tonnes lower by 1 million tonne from previous estimate,
- However global rice trade trend has been continuously rising has also depicts the latest IGC chart released on 02/07/2012.

CBOT Rough Rice Chart: November contract:-


Market analysis:

Global rice market shows bullish trend in previous trading session, CBOT future price closed higher from previous level. We expect market will trade in the range of 15.20(support) to 15.60 (resistant).

Price Projection (International-CBOT):-

	Trend	Price Range
Short Term (5-10 days)	Range bound (Positive)	1480-1540
1st week of October, 2012	Steady (Positive)	1530-1550

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