

Latest Market Development:-

Cash Rice market prices is likely to dip further on back of increasing arrival of PR varieties in major rice mandis of Punjab & Haryana. Arrivals in UP too is picking up and pressure is likely to be built at the end of this month.

Premium varieties like SBT, 1121, Basmati & Others fine grade is likely to hit market in the month of November. Demand for premium grade, basmati is almost steady and we expect prices to trade steady, however, in November prices are likely to fall by Rs.200/qntl on new crop pressure. Major dip is unlikely as basmati production is dip about 15-20%.

As per 1st advance estimates, production of Rice estimated at 85.59 million tonnes, though lower as compared to last year's record Kharif production, is higher than the average production of 83.17 million tonnes.

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.

India's total rice exports reached an all-time high of 10 million tonnes in the marketing year 2011-12 (October to September), according to estimates of the USDA Post in India. The Post estimates are about 25% or 2 million higher than official USDA estimates of 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.

India's stock position of rice as on October 1st is 231.59 lakh MT in storage position while in transit it is 2.14 lakh MT, total stock of rice in central pool kitty is 233.73 lakh MT.

Domestic News:**India MY2011-12 Rice Exports at Record 10 Million Tonnes**

India's total rice exports reached an all-time high of 10 million tons in the marketing year 2011-12 (October to September), according to estimates of the USDA Post in India. The Post estimates are about 25% or 2 million higher than official USDA estimates of 8 million tons.

India used to export around 5 million tons of rice annually prior to the global food crisis in 2008, when the Indian government banned exports of non-basmati rice. The country exported about 2.5 million ton of rice (mostly basmati) in 2009, 2010 and 2011. Recently, Indian rice traders had said that rice exports during October 2011 and June 2012 stood at about 8.2 million tonnes, including 5.5 million tons of non-basmati rice and 2.7 million tons of basmati rice.

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 28/09/2012 (lakh tonnes)

| States | MY 2010-11 (During Oct-Sept.) | MY 2011-12 (As on 28.09.12) | MY 2010-11(As on 28.09.11) |
|------------------|-------------------------------|-----------------------------|----------------------------|
| 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 | 28.41 | 24.66 |
| Punjab | 86.35 | 77.31 | 86.35 |
| Tamil Nadu | 15.83 | 15.96 | 15.09 |
| Uttar Pradesh | 24.66 | 33.5 | 24.46 |
| Uttaranchal | 4.22 | 3.78 | 3.99 |
| West Bengal | 13.1 | 19.38 | 12.33 |
| All-India | 340.94 | 349.24 | 336.90 |

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 October, 2012

| | | | | | | Prices in Rs/Quintal | |
|-----------------------------------|-----------------------------|--------------------------------|------------------------------|------------------------------|---------------------------------------|--|---------------------------------------|
| State | Prices 01-08 Oct 2012 | Prices 24-30 Sep 2012 | Prices 16- 23 Sep 2012 | Prices 01- 08 Oct 2011 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
| A.P | 2336.36 | 1943.51 | 2071.26 | 2072.88 | 20.21 | 12.8 | 12.71 |
| Assam | 2501.98 | 2425.83 | 2290.24 | 2530.59 | 3.14 | 9.25 | -1.13 |
| Gujarat | 2399.4 | 2395.65 | 2376.75 | 2150.26 | 0.16 | 0.95 | 11.59 |
| J & K | 4725 | 4600 | 4725 | | 2.72 | 0 | — |
| Jharkhand | 2271.65 | 2349.63 | 2272.68 | 2162.48 | -3.32 | -0.05 | 5.05 |
| Karnataka | 2703.03 | 2713.75 | 2742.62 | 2185.54 | -0.4 | -1.44 | 23.68 |
| Kerala | 2895.41 | 2650.15 | 2782.64 | 3180.9 | 9.25 | 4.05 | -8.98 |
| M.P | 1170 | 1165 | 1150 | | 0.43 | 1.74 | — |
| Maharashtra | 4562.55 | 4589.16 | 3811.6 | 4526.99 | -0.58 | 19.7 | 0.79 |
| Meghalaya | 3042.11 | 3200 | 3145.45 | 2475 | -4.93 | -3.29 | 22.91 |
| Orissa | 1657.75 | 1477.07 | 1559.49 | 1886.52 | 12.23 | 6.3 | -12.13 |
| UP | 1702.69 | 1690.76 | 1717.93 | 1548.28 | 0.71 | -0.89 | 9.97 |
| Uttrakhand | 1736.13 | 1894.57 | 2499.7 | | -8.36 | -30.55 | — |
| West Bengal | 1985.33 | 2011.03 | 2023.42 | 2013.8 | -1.28 | -1.88 | -1.41 |
| Average | 2549.24 | 2451.24 | 2457.92 | 2419.44 | | | |
| As per the data reported by APMCs | | | | | | | |

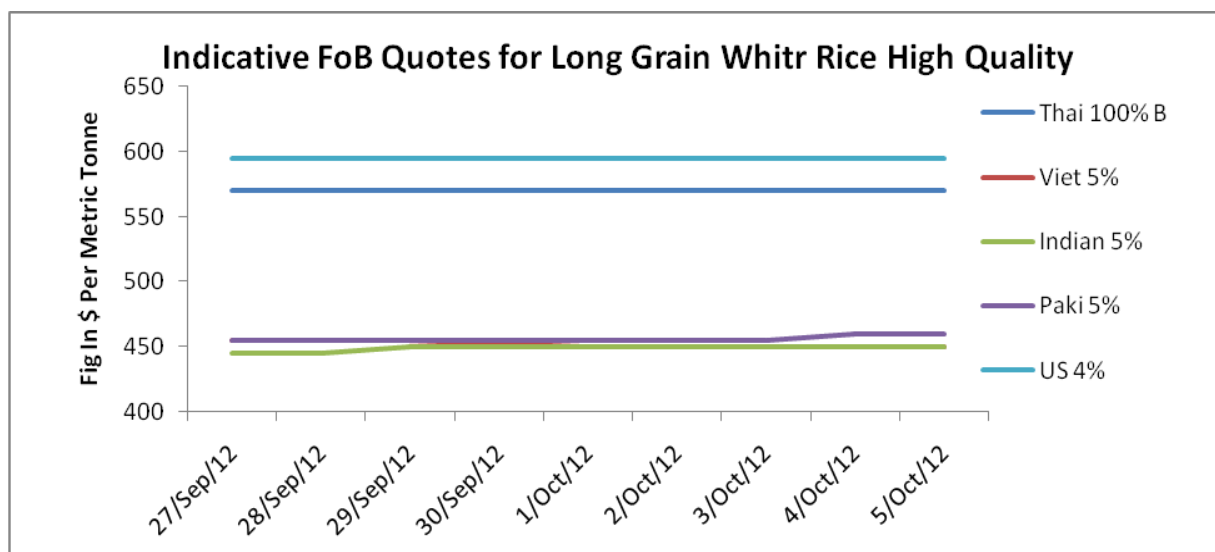
Price Projection for October 2nd week in domestic market:

| Duration | Trend | Average Price Range |
|---------------------------------|-------------------|---------------------|
| Short Term(5 days) | Steady(positive) | 2540-2570 |
| October (2 nd week) | Steady (positive) | 2500-2550 |

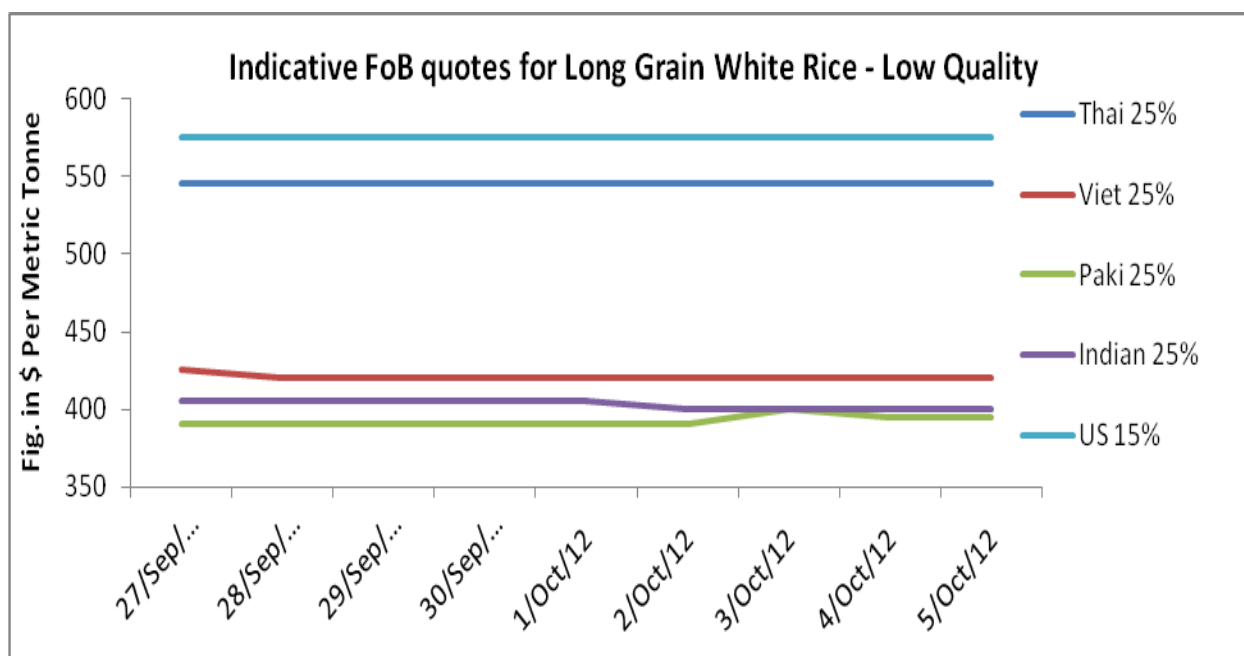
Weather Outlook:-**Major Feature of Weather Forecast up to 11th October, 2012:-**

- ◆ Rain/thundershowers would occur at many places over Konkan and Goa, north eastern states, coastal Odisha, and Andaman & Nicobar Islands and decrease over Konkan & Goa after 24 hours.
- ◆ Rain/thundershowers would occur at a few places over remaining parts of eastern states during next 24 hours and increase thereafter.
- ◆ Rain/thundershowers would occur at a few places over north interior Karnataka, Madhya Maharashtra, and south peninsular India during next 48 hours and decrease thereafter.
- ◆ Rain/thundershowers would occur at one or two places over western Himalayan region.
- ◆ Weather would be mainly dry over rest of the country.
- ◆ No significant change in maximum and minimum temperatures over northwest and central India.

FOB Quotes High quality white rice:



Rice FOB quotes: Low Quality White Rice:



International Market Update:

- **Thailand's rice exports from the starting of the year to October 1, 2012 have reached 5 million tons**, down about 44% from last year. The Thai government is targeting around 8-9 million tons of rice exports for the full year 2012, down about 27% from the 11 million tons of rice exported last year.
- **Thailand has been the top rice exporter of the world for around 25 years**, but this year exports are likely to drag down Thailand to the third place, behind Vietnam and India. Monthly Thai rice exports this year have been consistently down between 40-45%, in line with the Thai Rice Exporters Association (TREA) President's earlier prediction that Thailand's rice exports would drop to around 6.5 million tons in 2012.
- **The USDA Post in Russia estimates the country's rice production to increase to 730,000 tons in 2013**, up about 9% or 60,000 tons from the official USDA estimate of 670,000 tons, and about 7% from 682,000 tons produced in 2012. The increase in rice production is partly due to an estimated rise in rice acreage next year. Rice acreage is expected to increase about 210,000 hectares in 2013, up about 5% or 10,000 hectares from the official USDA estimate.
- **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.
- **Harvesting of the Pakistani new crop has continued** and we should now expect to see plenty of fresh supply become available over the coming weeks. Moisture levels from the Sindh remain high following the late withdrawal of the monsoon rainfall, although levels should fall in the coming weeks when the rice enters the dryers, allowing it to be exported.
- **The Mauritian Government's state purchasing agency has issued a tender for the purchase of up to 6,000 MTS of white rice from any origin.** Bids are to be accepted up until the 12th of October, with shipment between November and January. In its last tender, held on the 25th of July this year, Mauritius purchased 6,000 MTS of white rice from India.

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

| IGC estimate released on 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 466 Million tonnes 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 bearish trend in previous trading session, CBOT future price closed lower from previous level. We expect market will trade in the range of 15.00(support) to 15.40 (resistant).

Price Projection (International-CBOT):-

| | Trend | Price Range |
|---|------------------------|--------------------|
| Short Term (5-10 days) | Range bound (Positive) | 1500-1520 |
| 2nd week of October, 2012 | Steady (Negative) | 1510-1530 |

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