

Market Highlights

Despite arrivals from newly harvested crop and higher supply in the market rice prices continued to rule higher in the month of Nov too and are unlikely to dip one way from current level. Inner tone in the market stands bullish due to holding on stock by millers and farmers supported by continued export and good demand for Indian rice abroad. However, rice market is likely to stabilize after a downward correction as demand at higher level is expected to decrease.

All-India progressive procurement of Rice for the marketing season 2012-13 as on 30.11.2012 was 122.41 lakh tonnes against the procurement of 111.35 lakh tonnes up to the corresponding period of last year. Despite lower kharif crop pace of procurement is higher. Last year total procurement had touched 350.25 lakh T. This year too we expect almost same quantity as eastern states will contribute more to the central pool kitty on the back of higher MSP.

The pace of planting of winter rice (rabi) crop in India continues to be slower than last year. According to the ministry of Agriculture, winter rice crop planting as of December 7, 2012 has reached around 109,000 hectares, which is down almost 25% from around 145,000 hectares covered during this time last year. Rabi rice production is pegged at 12.5 to 13 million tones. However clear picture will emerge only after December when transplanting gets over.

India's rice stocks in the central pool as of Dec 1st, 2012 have started increasing with new arrivals. Stock registered at 30.67 million tonnes in the beginning of Dec, according to data from the Food Corporation of India (FCI). It will continue to increase as procurement season began just two months earlier. Total foodgrains stock registered at 68.25 million T on 1st Dec-2012. Out of these wheat contribution was 37.65 million T

India exported record rice (over 90 million T) last year ending sept, 2012. Out of total export contribution non-basmati share was registered at 6.1 million T while basmati share increased at 3.0 million T. However, rice export is set to decrease this year to 7.5 million tonne due to lower crop size. If prices firms up beyond expectation in medium term govt. may consider quantitative restriction for non basmati. Export of 1121 will increase as traditional basmati production has dipped considerably this year.

The Chief Minister of Bihar, a state in Northern India, is asking for more time to sell last year's rice crop. In 2011-12, Bihar procured 1.5 million tons, basis milled, and was supposed to sell all of that to the central government's Food Corporation of India (FCI) by September 30, 2012. So far, Bihar has only sold about 930,000 tons, basis milled.

India has added rice in the new list of border trade items with Burma, India's Minister of Commerce and Industries Govindas Konthoujam said earlier this week. The move will also allow northeastern states in India to import rice from Burma than from India's state of Assam which is comparatively farther. Assami rice is inferior to Burma.

India's rice exports this year have been robust. The USDA estimates that total exports by India this year could reach 10 million tons, making it the top rice exporter for the first time. However, some politicians suggest that the government impose an export tax on rice to bring rice prices down in the country. The suggestion has been booed by experts who say that such a move could prove to be counter-productive. India exported around 3.17 million tons of basmati rice in marketing year 2011-12 (October to September), up over 57% from around 2 million tons exported in 2009-10 and up around 34% from 2.37 million tons exported in 2010-11, according to India's Ministry of Commerce and Industry.

Rice market fundamental:

With continuation of wheat and rice export, market is unlikely to trade lower. However, demand from exporters has come down in comparison to last year due to higher prices. As per market feedback, farmers have no holding capacity and we can see higher arrivals once again in the month of January. It will restrict uptrend. India has decided to continue unrestricted exports of non-basmati rice to increase competitiveness of Indian rice in the international market. The Commerce Ministry cleared that rice supplies in the domestic market are adequate and there is no need to restrict it.

Export demand for Indian rice has decreased due to higher prices in domestic market and cheaper availability in Pakistan. Fresh demand is expected December onward. Supply in domestic market will be ample as fresh crop is coming and hefty stock with govt. will continue to ensure supply in the months ahead. Export quantity is likely to be affected by higher prices.

Inner tone in the market remains bullish and market will continue to trade at current level. Higher supply only restrict uptrend.

All India Crop Situation - Rabi (2011-12) as on 30-11-2012							
Crop Name	Normal Area	Average Area as on date	Area sown reported (In lakh hectares)			Absolute Change over (+/-)	
			30.11.2012	% of Normal	30.11.2011	Average as on date	Last Year
Wheat	282.62	144.05	157.89	55.9	162.50	13.8	-4.6
Rice	44.99	1.57	0.85	1.9	1.05	-0.7	-0.2
Jowar	44.99	40.44	35.65	79.2	34.48	-4.8	1.2
Maize	11.36	4.91	5.10	44.9	4.50	0.2	0.6
Barley	6.57	5.15	4.79	72.8	5.54	-0.4	-0.8
Total Coarse Cereals	62.92	50.80	46.15	73.3	44.83	-4.7	1.3
Total Cereals	390.53	196.42	204.89	52.5	208.38	8.5	-3.5

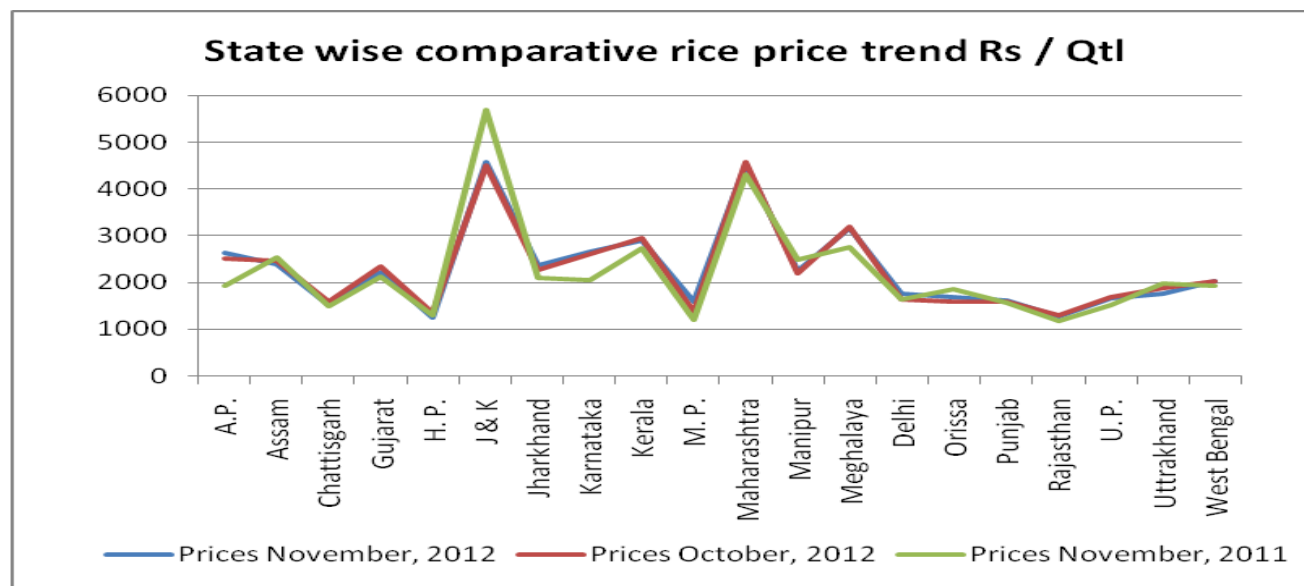
Rabi crop sowing progress report is not very encouraging and major crop is lagging behind the normal sowing schedule. However we expect sowing status to improve by the end of December 2012. However, Jowar and maize is ahead and more improvement may be seen in the weeks ahead. As per latest information available on sowing of crops, around 61% of the normal area under Rabi crops has been sown upto 30.11.2012. Area sown under all rabi crops taken together has been reported to be 374.22 lakh hectares at All India level as compared to 384.70 lakh hectares in the corresponding period of 2011-12. Area reported was higher by 1.2 lakh ha. under Jowar. Area coverage was lower by 4.6 lakh ha. under Wheat, 3.2 lakh ha. under Gram and 0.9 lakh ha. under Lathyrus.

Domestic Supply And Demand:

<i>Value in MMT</i>		Excluding Non Basmati Exports	Total (Basmati + Non - Basmati)	Total (Basmati + Non - Basmati)
	2010-11	2011-12	2011-12	2012-13
Beginning Stocks	18.00	30.00	30.00	37.85
Production	95.00	102.00	103.40	98
Total Availability	113.00	132.00	133.40	135.85
Domestic consumption	48.00	51.00	51.00	52.30
Govt. Procurement	33.00	35.00	35.00	32.50
Exports	2.00	2.75	9.55	7.50
Total Usage	83.00	88.75	95.55	92.30
Ending Stocks	30.00	43.25	37.85	43.55
Av Monthly Consumption	4.00	4.25	4.25	4.36
Stock to Month Use	7.50	10.18	8.91	9.99
Stock to Consumption Ratio	0.63	0.85	0.74	0.83

Despite lower production in kharif season(around 85 to 85.5 million T),higher export and increased domestic consumption rice carryout stock is set to rise from 37.85 to 43.55 million T in 2012-13 including private stock. However export may decrease to 7.5 million T as higher price will continue to restrict overseas demand. Buyers may turn to other cheaper source like Pakistan and Burma for two-three months. Supply throughout the season will be ample to take care of local demand.

State wise rice price trend with table:

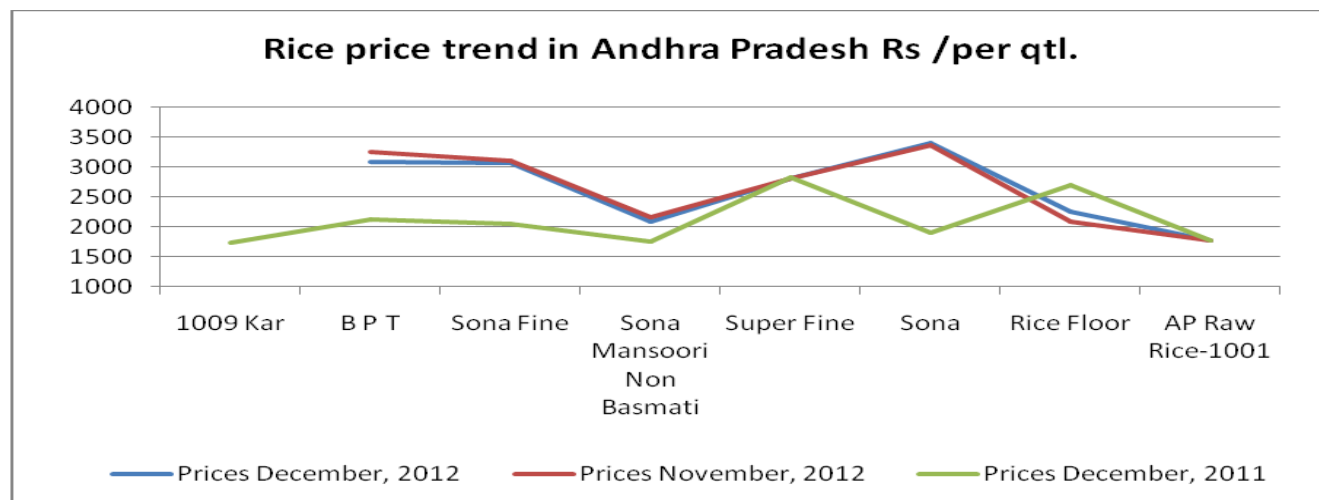


Rice price rules higher in comparison to last year in even in Nov and we expect it to trade steady to slightly lower as we expect arrival to increase at higher prices. However, any steep dip is unlikely. Prices of rice in Nov 2011 and Nov 2012 are following the same trend as the above given chart shows. Slight downward correction with increasing arrivals may be seen in the latter part of December.

Comparative price trend in various states: Rs /per qtl.

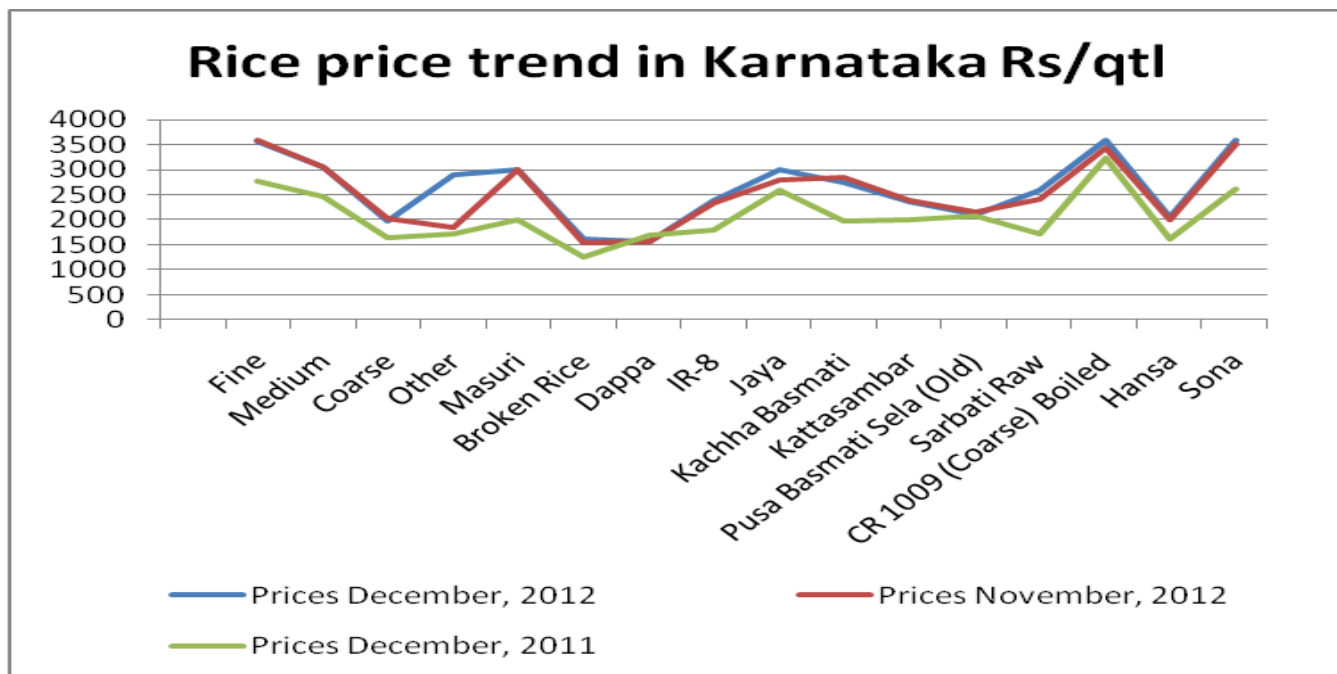
State	Prices November, 2012	Prices October, 2012	Prices November, 2011	% Change(Over Previous Month)	% Change(Over Previous Year)
A.P.	2648.89	2501.95	1923.74	5.87	37.69
Assam	2394.06	2459.21	2534.49	-2.65	-5.54
Chattisgarh	1525	1600	1500	-4.69	1.67
Gujarat	2221.21	2347.99	2140.84	-5.4	3.75
H. P.	1260	1350	1305	—	—
J & K	4575	4504.44	5700	1.57	-19.74
Jharkhand	2367.71	2263.14	2111.07	4.62	12.16
Karnataka	2672.04	2616.33	2047.52	2.13	30.5
Kerala	2904.45	2959.63	2745.15	-1.86	5.8
M. P.	1595	1370	1200	—	—
Maharashtra	4524.69	4573.13	4311.55	-1.06	4.94
Manipur	2250	2200	2500	—	—
Meghalaya	3179.55	3187.92	2761.24	-0.26	15.15
Delhi	1759.7	1638.39	1639.06	7.4	7.36
Orissa	1699.3	1600.8	1858.6	6.15	-8.57
Punjab	1613.89	1600	1583.37	0.87	1.93
Rajasthan	1275	1300	1182.7	—	—
U. P.	1681.34	1687.78	1531.95	-0.38	9.75
Uttarakhand	1766.29	1892.28	1990.44	-6.66	-11.26
West Bengal	2023.16	2023.71	1929.66	-0.03	4.85
Average	2400.96	2389.81	2254.81		

*Report Generation: As per the data reported by APMCs

Price trend in A.P.:


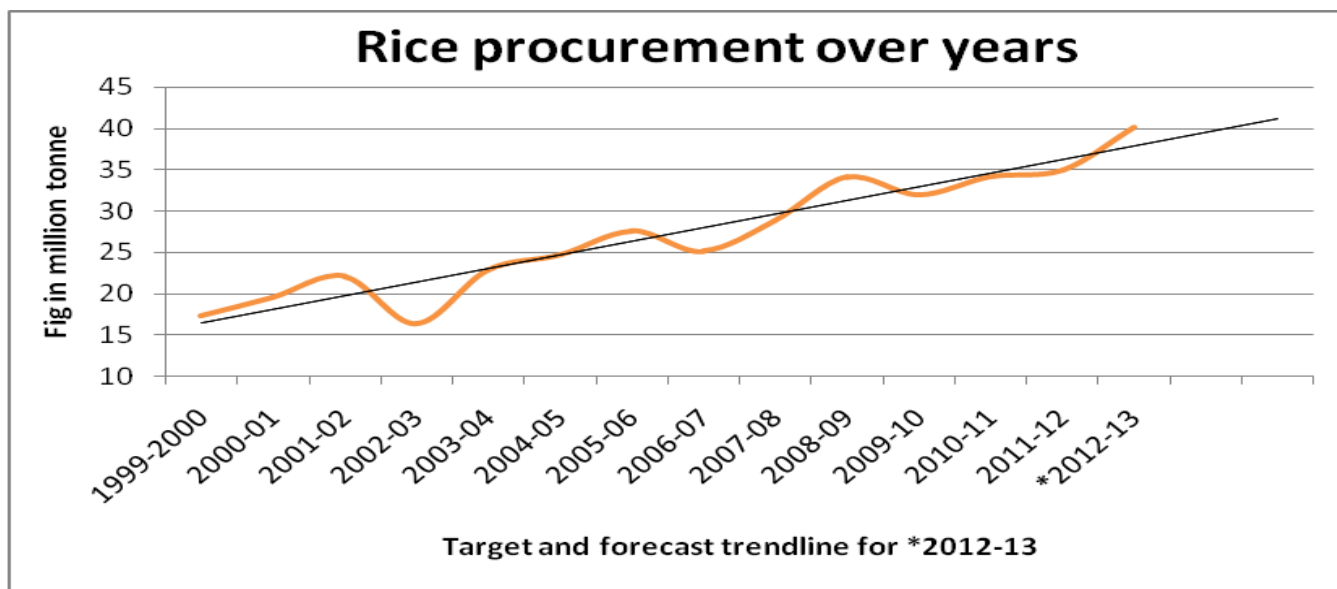
Rice prices in Andhra Pradesh have decreased considerably as harvesting activities picked up and arrivals have increased. However, more dip in price is unlikely as govt. is procuring rice and paddy actively. The price trend is same as last year as the above given chart shows.

Price trend in Karnataka:



Rice prices in Karnataka have been improving and we expect it to cool down in the weeks ahead. Higher demand for export remains supportive to the local rice market. Trend seems similar to last year.

Rice procurement target and previous trend:



All-India progressive procurement of Rice for the marketing season 2012-13 as on 30.11.2012 was 122.41 lakh tonnes against the procurement of 111.35 lakh tonnes up to the corresponding period of last year. Despite lower kharif crop pace of procurement is higher. Last year total procurement had touched 350.25 lakh T. This year too we expect almost same quantity as eastern states will contribute more to the central pool kitty on the back of higher MSP.

Rice export under OGL:

Rice Export Under OGL as on 30 th September, 2012					From Oct 2012(New Season)	
Units are in lakh tons	Non Basmati	Basmati	Total	Non Basmati	Basmati	Total
Sept.11	1.85	2.6	4.45			
12-Oct	4.5	3.4	7.9	1.2	0.8	2
12-Nov	5.5	4	9.5	2.0	0.5	2.5
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-Sep	2.25	1.25	3.5			
Total	62.4	29.47	91.87			
Note: - New season for paddy starts on Oct 2012.						

Rice export in ongoing season is likely to dip slightly and it may drop to 7.5 million T. new year started with slower pace as prices in domestic market is hovering higher than last year at this point of time . Besides, Pakistan offers competitive price and has ample stock to export.

Current procurement status state wise: As on Nov. 30, 2012

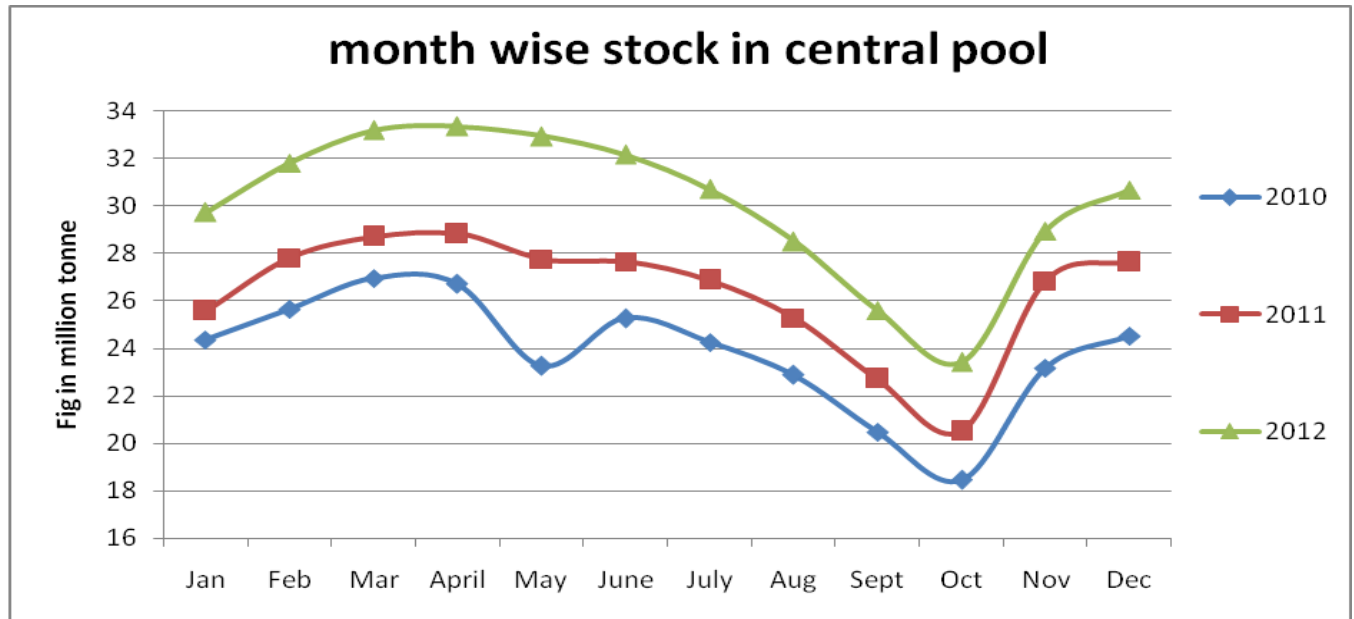
States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012-2013	In Marketing season 2011-2012
Andhra Pradesh	75.47	3.93	4.21
Chhattisgarh	41.15	5.50	4.01
Haryana	20.07	25.56	19.54
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	0.14	0.5
Orissa	28.46	-	-
Punjab	77.31	85.01	76.41
Tamil Nadu	15.96	0.01	2.64
Uttar Pradesh	33.55	1.59	3.64
Uttaranchal	3.78	0.50	0.39
West Bengal	20.34	0.02	0.32
All-India	350.30	86.35	86.50

Rice procurement is started for this marketing year 2012-13 and we expect the procurement will touch about 40 million T against previous year procurement of 35 MT. Punjab remains the highest contributors likely to last year till now followed by Haryana. Arrivals have peak in major states and paddy procurement may get quick in the weeks ahead.

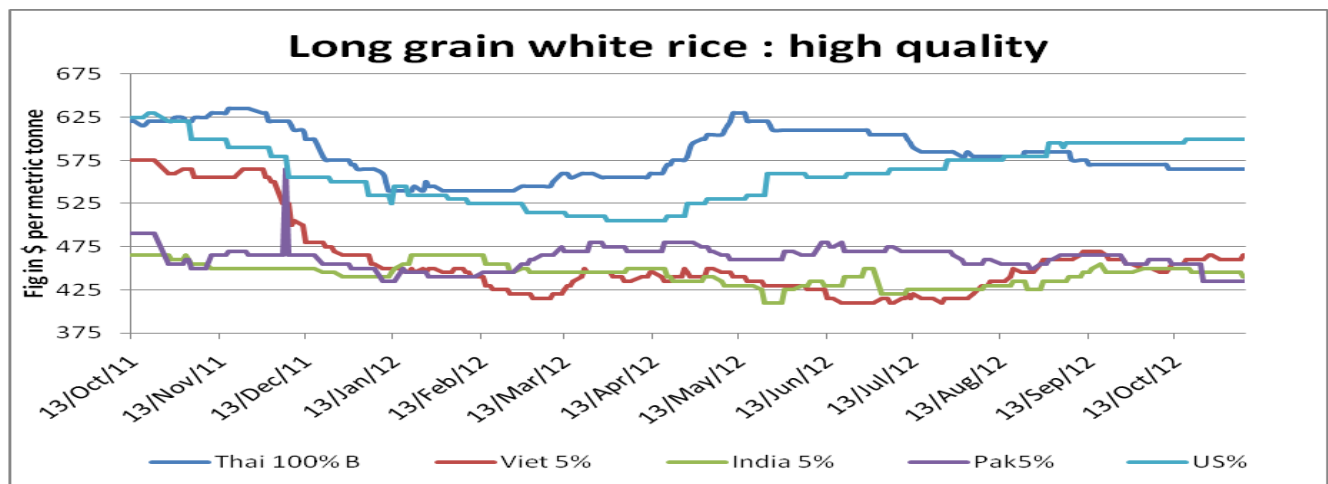
Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT:

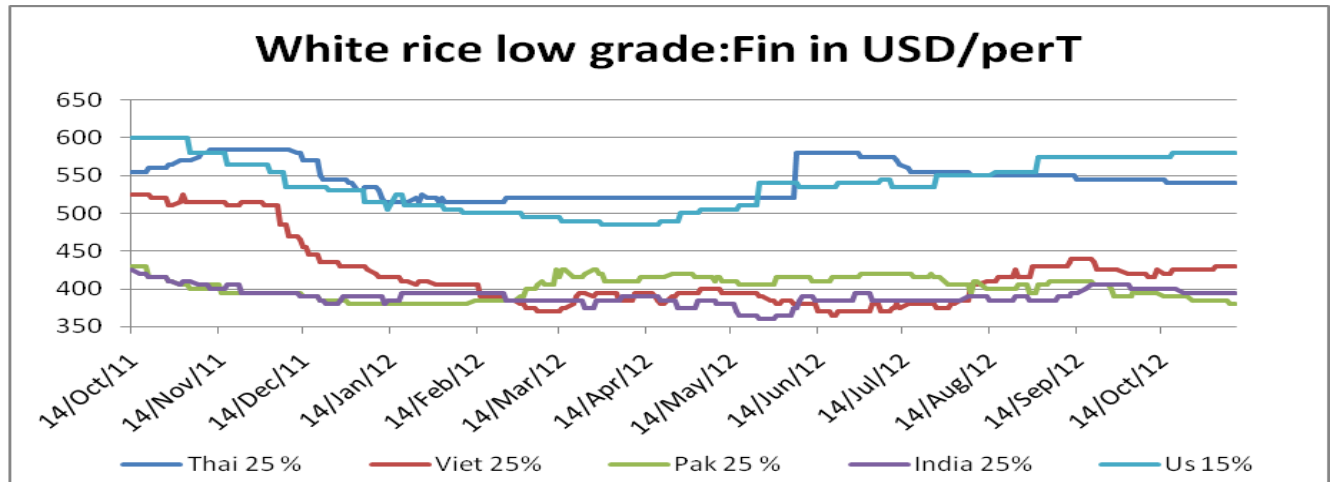
Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
2012	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67

Rice stock in central pool kitty:



Rice stock in central pool kitty starts increasing with arrival of new crops and it will continue to increase up to February 2013, when arrival from kharif crop starts residing. However government may consider higher allocation for domestic market, if prices continue to firm up and stock to flatten.

Comparative FOB quotes:




FOB Quotes for Pakistan, Thai, Vietnam, India and US rice price are almost unchanged from last week. Prices are likely to dip on new crop pressure, expected on mid of October to starting of November onwards. Major buyers too are waiting for price to decrease. However market will move upward as new crop pressure stabilizes in the market and also demand come from domestic and overseas market.

FOB price movement in Nov:

Fig in \$/per T	Thai 100% B		Viet 5%		Indian 5%		Paki 5%		US 4%		Urug 5%		Argentina 5%	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
1/Nov/12	555	565	450	460	435	445	425	435	590	600	635	645	635	645
2/Nov/12	555	565	450	460	435	445	425	435	590	600	635	645	635	645
5/Nov/12	555	565	450	460	435	445	425	435	590	600	635	645	635	645
6/Nov/12	555	565	455	465	430	440	425	435	590	600	635	645	635	645
7/Nov/12	555	565	455	465	430	440	425	435	590	600	635	645	635	645
8/Nov/12	555	565	455	465	430	440	435	445	590	600	635	645	635	645
9/Nov/12	555	565	455	465	430	440	535	445	590	600	635	645	635	645
13/Nov/12	555	565	455	465	425	435	435	445	590	600	635	645	635	645
14/Nov/12	555	565	450	460	425	435	435	445	590	600	635	645	635	645
15/Nov/12	555	565	450	460	425	435	435	445	590	600	635	645	635	645
16/Nov/12	555	565	450	460	425	435	435	445	590	600	635	645	635	645
19/Nov/12	555	565	450	460	425	435	435	445	590	600	635	645	635	645
20/Nov/12	555	565	450	460	425	435	435	445	590	600	635	645	635	645
21/Nov/12	555	565	450	460	425	435	435	445	590	600	635	645	635	645
22/Nov/12	555	565	440	450	425	435	435	445	590	600	635	645	635	645
23/Nov/12	555	565	440	450	425	435	435	445	590	600	635	645	635	645
26/Nov/12	555	565	430	440	425	435	430	440	590	600	635	645	635	645
28/Nov/12	555	565	425	435	425	435	430	440	590	600	635	645	635	645
29/Nov/12	555	565	425	435	425	435	430	440	590	600	NA	NA	NA	NA
30/Nov/12	555	565	425	435	425	435	430	440	590	600	NA	NA	NA	NA
3/Dec/12	555	565	420	430	430	440	425	435	590	600	NA	NA	NA	NA
4/Dec/12	555	565	420	430	430	440	425	435	590	600	NA	NA	NA	NA
5/Dec/12	555	565	415	425	430	440	425	435	590	600	NA	NA	NA	NA
6/Dec/12	555	565	415	425	430	440	425	435	590	600	NA	NA	NA	NA

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

MSP for Coarse cereal in 2011-12 and The CACP recommendation for 2012-13:

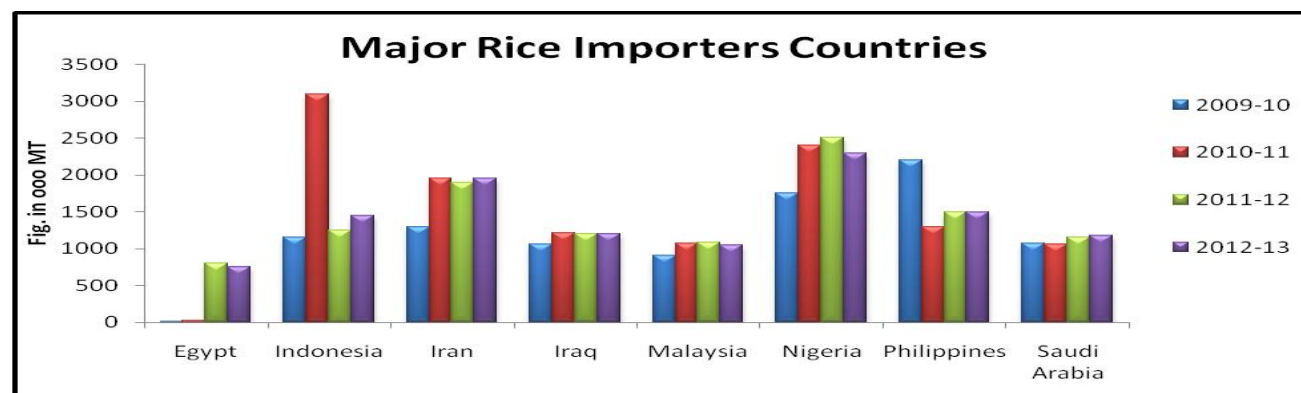
Crops	MSP 2011-12	Average mkt price in the week under review	MSP 2012-13	% rise
Paddy common	1,080	1,500-1,700	1,250	15.7
Paddy A Grade	1110	1900-2000	1280	16.0
Jowar	980	1,670	1,500	53
Bajra	980	1,175	1,175	20
Maize	980	1,090	1,175	20
Ragi	1,050	1,100	1,500	43

India's Rice Production in Global Context:-

Year	World Production in million ton	Indian Production in million ton*	India's share (In %)
2001-02	399	84.98	21.32
2002-03	380	93.08	24.52
2003-04	390	88.53	22.71
2004-05	405	83.13	20.51
2005-06	423	91.79	21.7
2006-07	427	93.35	21.84
2007-08	438	96.69	22.09
2008-09	459	99.18	21.59
2009-10	457	89.13	19.51
2010-11	449	95.98	21.38
2011-12	456	104.3	22.81
2012-13	463	101.0	21.17

Indian share in global rice production has been hovering in the range of 19.50 to 24.52 percent as shows the above given table.

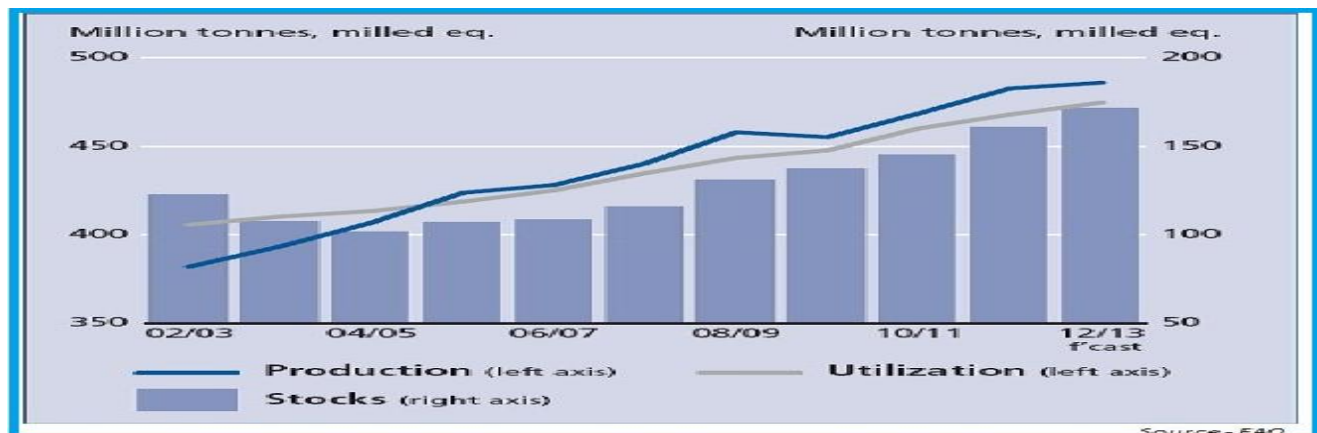
Major Rice Importers:-



World Market Recap

- Exports of white and parboiled rice from 1 January to 4 November 2012 totaled 4,241,825 MTS, down 44.7 percent from the previous year's total of 7,666,900 MTS. According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) from 1 January – 2 October 2012 amounted to 5,067,313 MTS, down 44.1 percent (9,058,911 MTS) from last year.
- Vietnam's total rice exports from the beginning of the year to November 2012 have reached a record 7.1 million tons, up around 9% from about 6.5 million tons exported during the same period last year. Total rice exports in 2012 so far have earned the nation about \$3.165 billion (average price of around \$445).
- Despite a strong recovery in rice exports last month, Pakistan's total rice exports in the first four months of current fiscal year 2012-13 (July to June) are still about 34% down from last year, according to preliminary data from Pakistan Bureau of Statistics (PBS).
- During July to October 2012, Pakistan's total rice exports have reached 501,557 tons, down almost 34% from 763,718 tons exported in the same period last year. Basmati rice exports during July to October 2012 dropped to 168,314 tons, down about 31% from 245,551 tons exported in the same period last year, while non-basmati rice exports declined to 333,243 tons, down about 36% from 518,167 tons last year.
- Global rice trade is forecast to reach around 37.5 million tons in 2013, up slightly from the current 2012 estimate of around 37.3 million tons, according to the UN's Food and Agriculture Organization (FAO). The small increase in rice exports next year will be driven mainly by accumulated stocks in Thailand and a good harvest in India. However, the demand in China and the resumption of rice exports by Egypt are likely to change the equations of rice trade in 2013, says the FAO.
- Burma will export about 500,000 tons of rice to Indonesia under a new Memorandum of Understanding (MoU) signed between the two countries on the sidelines of the Asian summit on November 17 in Cambodia. Local sources say that Burma will likely export high quality rice under the MoU.
- Rice production in 2012-13 is estimated to reach 486 million tonnes, up about 1% from the 483 million tons produced in the previous year, according to the October Food Outlook by the UN's Food and Agriculture Organization (FAO).

FAO estimates for world rice:



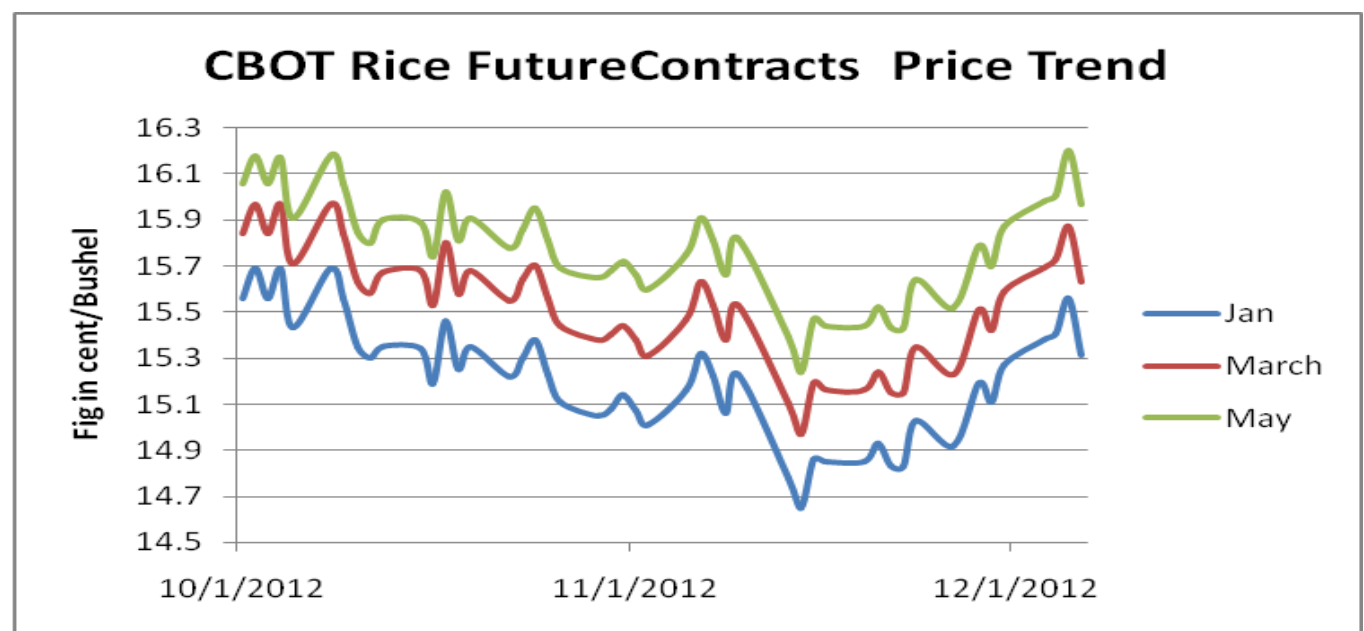
IGC balance sheet:

IGC Balance Sheet: Updated on 29.11.2012						(Fig. In MMT)	
IGC estimate released on 23.08.12	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	2012-13 forecast 25.10.12 (Milled basis)	29.11.12
Rice							
Production	431	448	441	449	463	465	464
Trade	29	29	31	36	36	36	36
Consumption	427	435	438	447	457	466	466
Carry over St.	81	92	96	97	103	102	104
Year change	+5	+11	+4	+1	+6	-	-1
Major exporters	19	27	28	29	35	36	37

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

High lights:

- *IGC has slashed down global rice production to 464 million T from last month's estimate of 465 million Tonne.*
- *Carry out stock has been increased by 2 million T from 102 to 104 million Tonne*
- *There has been no change in consumption and it has been estimated at 466 million tonne as previous month.*
- *There is no change in trade estimate.*

CBOT rice futures Contracts:


Rice futures market at CBOT has been showing declining trend and we expect market to stabilize at current level. Fresh demand at lower level may support buying at current level. Supply side remains ample and any unexpected rise in prices is unlikely in the month of Jan.

CBOT Jan contract chart;



Price Projection (International-CBOT):-

	Trend	Price Range
Short Term (5-10 days)	Range bound (Positive)	15.20-15.40
1 st week of Dec, 2012	Steady (Positive)	15.20-15.60

World rice prices are likely to stay steady in the short and medium term. Export from Vietnam and Thailand is likely to increase due to aggressive selling strategy. World supply is expected to remain comfortable despite production loss in some major producing countries. We expect price to gain from current level.

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