

Latest Market Development:-

Cash rice market traded firm on better demand and uptrend is likely to continue as farmers have restricted releasing paddy in anticipation of getting higher prices. Besides, winter planting too is lagging behind by 15 percent in comparison to last year at this point of time.

Area under Rabi rice transplantation has been registered at 85,000 hectare against 105,000 hectare last year. Lower Kharif crop and better export demand are supportive for rice market fundamentals. However, transplanting activities are expected to improve in the weeks ahead.

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.

Rice procurement in the Kharif marketing season 2012-13 has reached around 12 million tonnes, up around 8% from around 11.08 million tons procured during this time of the year in 2011. Punjab and Haryana are major contributors so far. India's targeted rice procurement for 2012-13 is 40 million tons, up around 14% from last year's procurement of 35 million tons.

Rice stocks in the central pool at the beginning of the new harvest season on October 1 stood at around 25.6 million tonnes, more than three times the buffer and strategic norms of around 7.2 million tons. Stock in central pool starts increasing once again and selling strategy through tender will enhance supply in domestic market and will restrict market from any unexpected gains.

Weather remains favorable for paddy harvesting in south India and arrivals is likely to pick up in December. As prices are ruling higher in the cash market, govt. procurement is expected to be down from the fixed target of 40 million tones. Farmers would prefer to sell in the open market on better prices for better grade paddy. Even Punjab and Haryana, procurement may dip as arrivals have been lower so far.

Domestic Market Fundamentals:

Cash rice market is expected to trade steady in the weeks ahead despite firm inner tone in the market. At higher level demand for export and from stockiest is likely to dip. Besides, supply side will remain ample and arrivals of paddy will increase in south India as harvesting id to pick up. Importers have option to source rice from other sources like Pakistan, Vietnam at competitive price. Overall, prices of rice should move range bound, as market would not get support at higher level.

Production has come down in Kharif season considerably; however, it would not impact the total availability in the market as stock with govt. is as on 1st Nov. was registered at almost 29 million T. It is bound to increase with ongoing procurement. So any major uptrend from current level is unlikely based on market fundamentals. Millers would not be able to hold on stock for long time as they have procured paddy at higher price. Any downward trend may increase their risk. Besides, export is likely to dip due to higher prices. All these factors may limit uptrend. We expect prices to stay steady at current level.

Rabi trans-planting for Rabi is likely to increase and it may compensate lower production in Kharif to some extent. Rabi rice production may cross 13 million T. Demand in domestic market from domestic consumers are likely to pick up from January. Weather remains favorable for Rabi sowing and we expect better production in Rabi season.

Rice export through OGL as on 20.11.2012

Rice Export Under OGL as on 30 th September, 2012				From 1st Oct 2012(New Season) as on 20 Nov.12		
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	1.45	0.8	2.25
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	3.45	1.3	4.75

Note: - New season for paddy starts on Oct 2012. (As on 20th November)

Rice export reached to 91.87 million tonnes for this MY 2012. Non-basmati rice export touched 62.40 million tonnes while basmati export touched 3.5 million tonnes. At the end of this Marketing Year total rice export crossed over 9.1 million T. Pace of basmati export increased due to abolition of MEP. Even next crop is expected higher than last year and it will augment supply for the exporters September onward.

Progressive Procurement of Rice as on 16/11/2012 (lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.47	1.02	0.32
Chhattisgarh	41.15	0.73	0.26
Haryana	20.07	25.17	19.26
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	-	-
Orissa	28.46	-	-
Punjab	77.31	81.93	75.86
Tamil Nadu	15.96	0.01	2.34
Uttar Pradesh	33.55	0.21	0.97
Uttaranchal	3.78	0.09	0.09
West Bengal	20.34	-	-
All-India	350.30	109.30	99.24

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

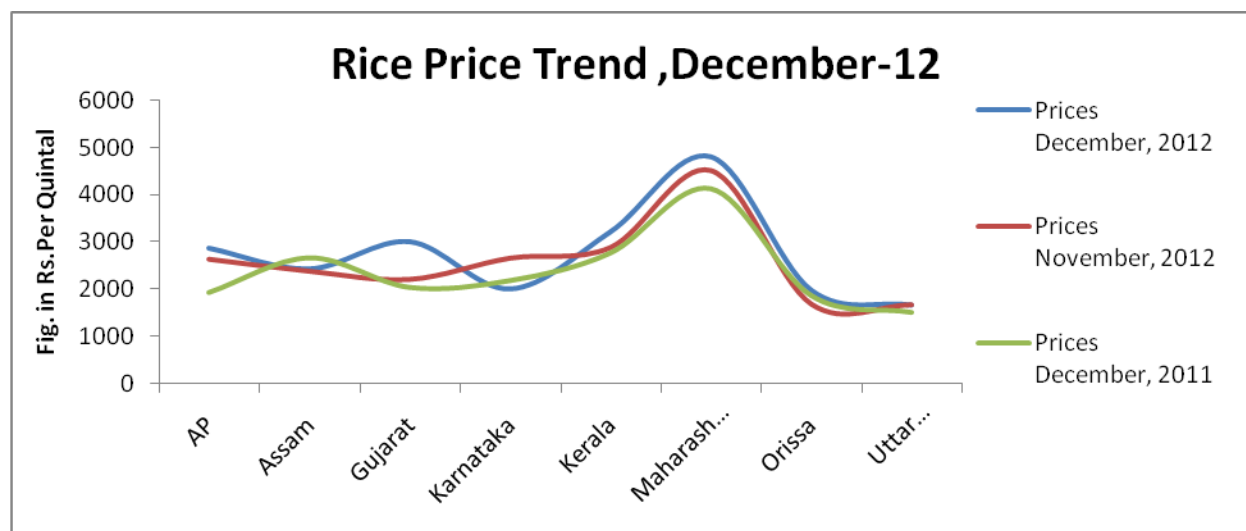
Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
2012	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	

India's rice stock as of Nov 1, 2012 stood at around 28.95 million tons, much above the buffer and strategic requirements.

State wise Wholesale Prices Weekly Analysis for Rice December, 2012

State	Prices in Rs/Quintal				
	Prices December, 2012	Prices November, 2012	Prices December, 2011	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	2863.33	2648.79	1934.22	8.1	48.04
Assam	2424.54	2395.31	2665.11	1.22	-9.03
Gujarat	3000	2221.22	2043.77	35.06	46.79
Jharkhand		2372.87	2025.95	—	—
Karnataka	1999.1	2672.14	2186.16	-25.19	-8.56
Kerala	3209.18	2897.09	2768.97	10.77	15.9
Maharashtra	4799.2	4528.78	4120.47	5.97	16.47
Orissa	1972.5	1698.76	1870.76	16.11	5.44
Uttar Pradesh	1658.79	1682.18	1516.09	-1.39	9.41
Average	2740.83	2568.57	2338.59		
*Report Generation: As per the data reported by APMCs					

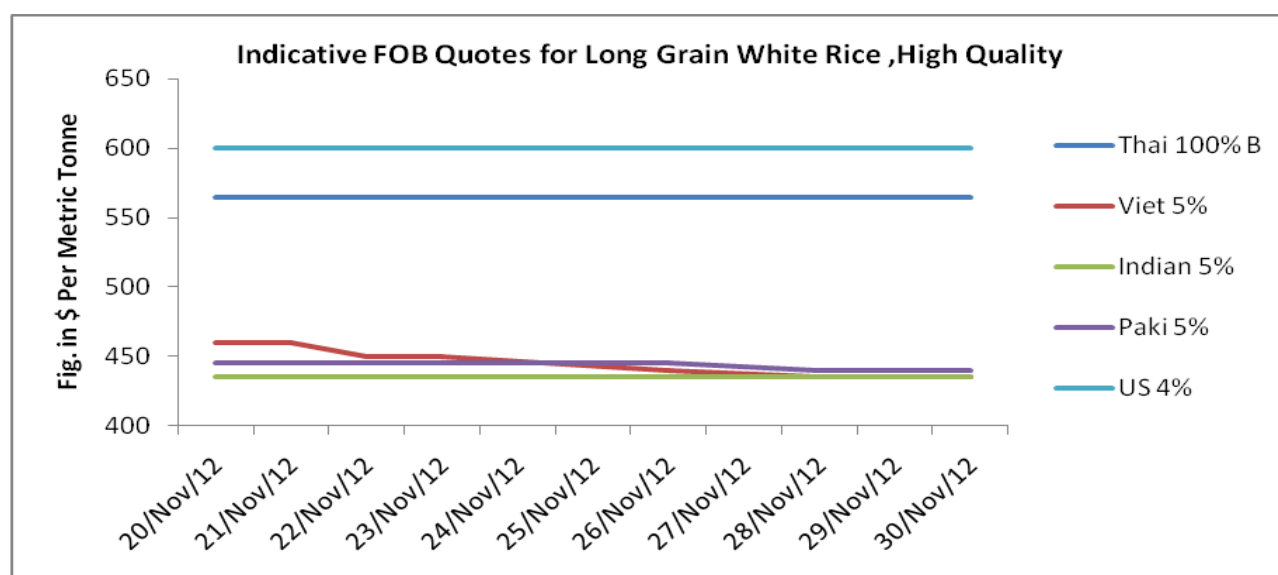
Weekly Rice Price Trend for 1st Week of December:-



Price Projection for December 2nd week in domestic market:

Duration	Trend	Average Price Range
2 nd week of December, 2012	Steady (Positive)	Rs.-2650-2700

FOB Quotes for Long Grain White Rice, High Quality:-



FOB Quotes for Pakistan, Thai, India and US rice price are almost unchanged from last week. Major buyers too are waiting for price to decrease as arrivals from major states are on its crest till middle of December. However market will move upward as new crop pressure stabilizes in the market and also demand come from overseas market.

IGC Balance Sheet: Updated on 29.11.2012
(Fig. In MMT)

IGC released 23.08.12	estimate on	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:-

- Asian rice markets mostly weakened over the last month as limited trade activity weighed on sentiment, along with increased supplies from main crop harvests.
- At 464m t, world rice production is forecast marginally lower than last month, but is still a record, as rises in China and elsewhere more than offset reduced output in India.
- World stocks are set to decline slightly in 2012/13, but supplies will remain comfortable, especially in the major exporters.
- Global trade in 2013 is projected to fall by 4% y/y on lower shipments to China and Nigeria.

International Market Update:-

Iraq is seeking to buy at least 30,000 tons of rice from Thailand, the U.S., Uruguay and Argentina. The last date for submission of applications is December 9, 2012, and offers must remain valid until December 13, 2012.

Thailand's exports of fragrant Hommali rice are expected to reach the targeted 2 million tonnes in 2012. Exports of Hommali rice from January to October 2012 stood at around 1.6 million tonnes. The government is targeting 2.4 million tons of Hommali rice exports in 2013, up around 20% from the previous 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.

Nepal's total paddy production this year could fall by up to 15% following the irregular monsoon and shortage of fertilizer. Nepal enjoyed a bumper rice crop last year of approximately 5.1 million MTS, allowing the country to resume exports. However, the country's status as an exporter may be under threat this year, with paddy now estimated to only reach around 4.2 million MTS. The country could even have to import up to 500,000 MTS of rice in order to satisfy domestic demand.

Indonesia's minister for State-owned Enterprises (SOE) has claimed that the nation does not need to import rice in 2013, a reflection of the success of his ministry's Corporation-Based Improved Food Production Movement (GP3K) program which has boosted rice production and procurement in the country.

During July to October 2012, Pakistan's total rice exports have reached 501,557 tonnes, down almost 34% from 763,718 tonnes exported in the same period last year. Basmati rice exports during July to October 2012 dropped to 168,314 tonnes, down about 31% from 245,551 tonnes exported in the same period last year, while non-basmati rice exports declined to 333,243 tonnes, down about 36% from 518,167 tons last year.

CBOT Rough Rice Chart: January 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 15.00 (support) to 15.60 (resistant).

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2 nd week of December, 2012	Steady to firm (Positive)	1520-1540

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