

**Latest Market Development:-**

**Despite arrivals from newly harvested crop and higher supply in the market rice prices continued to rule higher** in the month of November 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

**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 food grains stock registered at 68.25 million T on 1st Dec-2012. Out of this wheat contribution was 37.65 million Tonnes.

**India exported record rice (over 90 million T) last year ending September, 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 tonnes 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 rate 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.

**India's rice exports this year have been robust. The USDA estimates that total exports by India this year could reach 10 million tonnes,** 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.

**Domestic Market Fundamentals:**

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 restricts uptrend.

Rabi

**Rice export through OGL as on 20.11.2012**

Rice Export Under OGL as on 30 <sup>th</sup> 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	1.20	0.8	2.00
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			
<b>Total</b>	<b>62.4</b>	<b>29.47</b>	<b>91.87</b>	<b>3.45</b>		

**Note: - New season for paddy starts on Oct 2012. (As on 20<sup>th</sup> November)**

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.

**Progressive Procurement of Rice as on 30/11/2012**

(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	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	0.05
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
<b>All-India</b>	<b>350.30</b>	<b>122.41</b>	<b>111.35</b>

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***

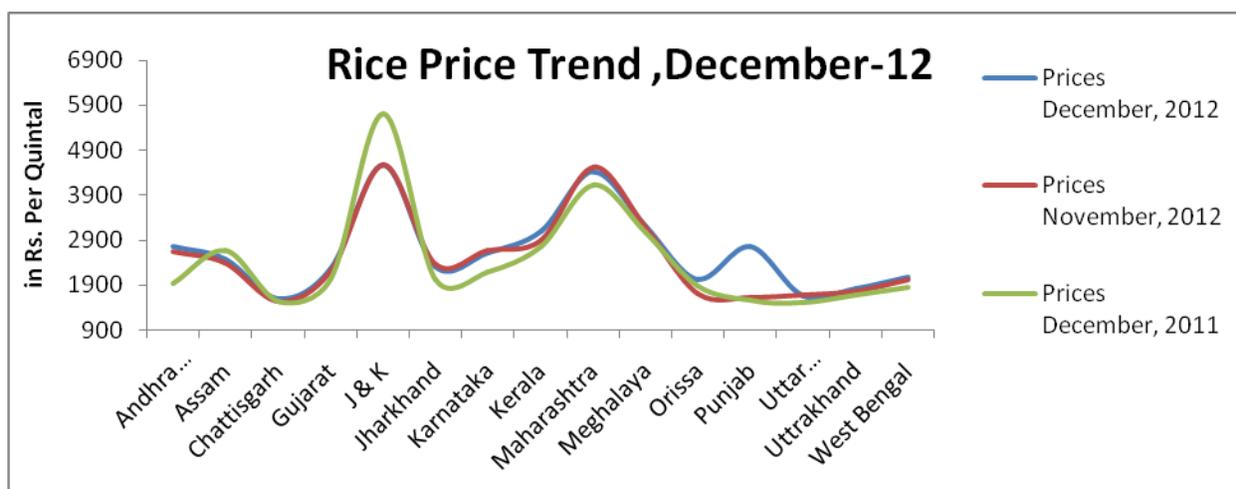
Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
2012	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67

**India's rice stock as of Dec-1, 2012 stood at around 30.67 million tonnes, 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)
Andhra Pradesh	2755.06	2648.89	1934.22	4.01	42.44
Assam	2484.81	2394.06	2665.11	3.79	-6.77
Chhattisgarh	1600	1525		4.92	—
Gujarat	2268.38	2221.21	2043.77	2.12	10.99
J & K	4575	4575	5700	0	-19.74
Jharkhand	2311.37	2367.71	2025.95	-2.38	14.09
Karnataka	2627.51	2672.04	2186.16	-1.67	20.19
Kerala	3101.38	2904.45	2768.97	6.78	12
Maharashtra	4420.51	4524.7	4120.47	-2.3	7.28
Meghalaya	3200	3179.55	3064.1	0.64	4.44
Orissa	2025.39	1699.3	1870.76	19.19	8.27
Punjab	2749.65	1613.89	1550.91	70.37	77.29
Uttar Pradesh	1665.72	1681.39	1516.09	-0.93	9.87
Uttrakhand	1830.1	1766.29	1675	3.61	9.26
West Bengal	2082.23	2023.16	1853.31	2.92	12.35
<b>Average</b>	<b>2604.51</b>	<b>2400.96</b>	<b>2338.59</b>		

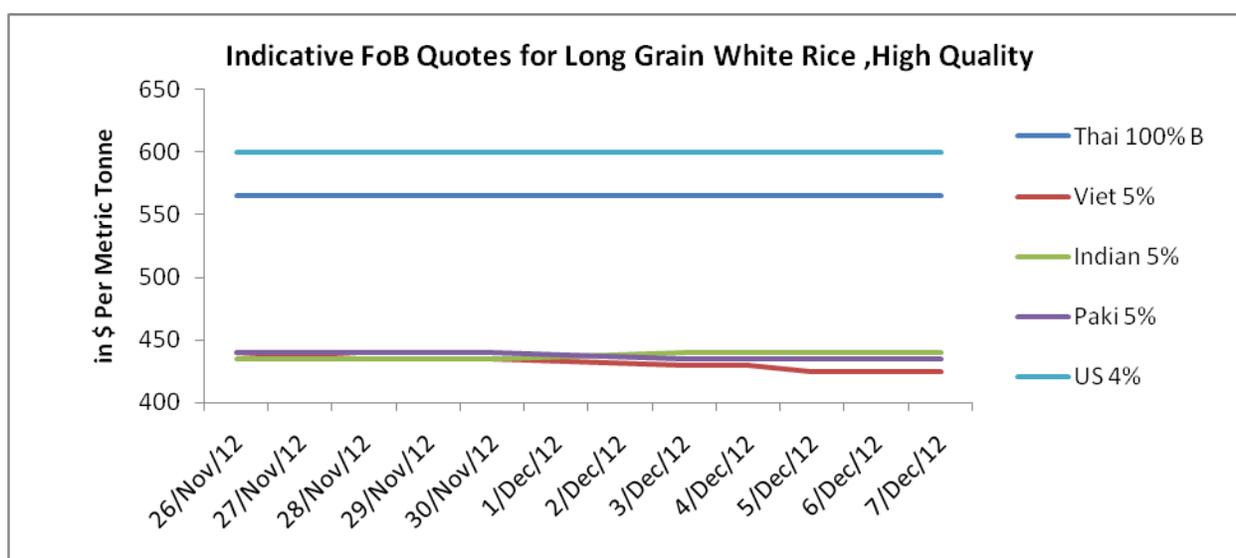
\*Report Generation: As per the data reported by APMCs

**Weekly Rice Price Trend for 2<sup>nd</sup> Week of December:-**


**Price Projection for December 3<sup>rd</sup> week in domestic market:**

Duration	Trend	Average Price Range
3 <sup>rd</sup> week of December, 2012	Steady (Negative)	Rs.-2600-2650

**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; however Vietnam price quoted lower than previous week.

**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
<b>Rice</b>								
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.

**World Market Recap:**

**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).

**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

**CBOT Rough Rice Chart: January 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 15.60 (resistant).

**Price Projection (International-CBOT):-**

Duration	Trend	Price Range
3 <sup>rd</sup> week of December, 2012	Steady range Bound	1500-1540

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