

Latest Market Development:-

Cash rice market remained under pressure on weak clue from global rice market and sluggish buying interests from bulk buyers. Farmers and stockiest have started releasing paddy stock once again. It led to slight decline in paddy and rice prices at wholesale level. However, at retail level rice traded steady. Supply is expected to remain ample and market may dip a little bit more in the weeks ahead. We expect export demand to improve at lower level once again.

Aromatic rice prices too have declined slightly as demand at higher level hampered general trading activities. Bulk buyers are waiting for downward correction in the market as other supply source like Pakistan is offering competitive prices. However, we expect buyers to return to India for bulk buying as Pakistan will not be able to fulfill the needs of all clients of aromatic rice.

Recent rains have been beneficial to all Rabi crops including rice too. However, Rabi production prospect is not very good given the slow Trans –planting progress. We expect Rabi production to be limited at 13 million T on milled basis. This means total Kharif and Rabi production will be in the range of 98 to 99 million tonnes, which is lower than 103.4 million tonnes last year.

India's winter (Rabi) rice crop planting has reached 879,000 hectares as of January 18, 2013, trailing about 19% from 1.05 million hectares covered at the same time last year.

Rice export is bound to decrease this year due to higher prices in the domestic market and lower production this year. Market experts expect lower export volume this year due to lower prices in the international market and higher prices in domestic market. Total volume may come down to 7 million T against last year's over 90 million T. Export of non-basmati rice is expected to decline much more than expectation.

Indian government agencies have procured almost 26 million tons of rice from the ongoing Kharif Marketing Season (KMS 2012 to 2013). According to the Ministry of Consumer Affairs, Food and Public Distribution, total rice procured until January 14, 2013 is about 6% more than the rice procured during the same period of the previous season.

Andhra Pradesh has begun supplying locally procured rice under the Public Distribution System (PDS). Under the new scheme, dubbed as "Mana Biyyam", rice now being sold at around Rs.25 per kilogram in local market will be provided at Re.1 per kilogram to around 20 million poor residents of the state. This will ensure quality rice supply, besides remunerative price to farmers-says govt.'s sources.

A Parliamentary Committee has submitted its recommendations on the Food Bill, suggesting that about 5 kilograms of food grains to be provided to around 67% of the country's total population at subsidized prices. The recommended subsidies include 3 kilograms of rice at Rs.3 per kilogram per person per month, compared to average rice prices of around Rs.25 per kilogram prices in the open market.

Rice export through OGL as on 20.11.2012

Rice Export Under OGL till 30 th September, 2012					From 1st Oct 2012(New Season) as on 20 Dec.12	
Units are in lakh tons	Non Basmati	Basmati	Total	Non Basmati	Basmati	Total
				2012-13	2012-13	2012-13
Oct-11	4.5	3.4	7.9	1.45	0.8	2.25
Nov-11	5.5	4	9.5	2.0	0.5	2.5
Dec-11	5.9	2.5	8.4	2.75	0.35	3.1
Jan-12	5.45	2.75	8.2			
Feb-12	5.75	1.76	7.51			
Mar-12	5.6	2.25	7.85			
Apr-12	5.8	1.35	7.15			
May-12	5.3	1.9	7.2			
Jun-12	5.5	1.75	7.25			
Jul-12	5.25	2.25	7.5			
Aug-12	3.75	1.71	5.46			
Sep-12	2.25	1.25	3.5			
Total	60.55	26.87	87.42			

Note: - New season for paddy starts on Oct 2012. (As on 30th Dec)

Rice export reached to 87.42 million tonnes for this MY 2012. Non-basmati rice export touched 60.55 lakh tonnes while basmati export touched 2.6 million tonnes. At the end of this Marketing Year total rice export crossed over 8.74 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 February onward.

Rice Balance Sheet For India:

Marketing Year January -December			
Value in MMT	2010-11	2011-12	2012-13 E
Beginning Stocks with govt	24.3	25.51	28.86
Production	95.98	104.32	98
Total Availability	120.28	129.83	126.86
Domestic consumption	48	50	52.5
Govt. Procurement	34.9	35.03	40

Exports	2.77	8.74	7.4
Total Usage	85.67	93.77	99.9
stock with Millers /Stockiest	9.1	7.2	7
Ending Stocks	25.51	28.86	19.96
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.38	6.93	4.56
Stock to Consumption Ratio	0.53	0.58	0.38
Fig. in Million tone			

India is in very comfortable situation on rice stock front with consecutive bumper production. Beginning stock has been on the rise due to higher production last year. We expect new rice marketing season to begin with over 29 million T stock with smooth procurement under way despite lower Kharif production at around 85 to 86 million T. We expect 13 million T production Rabi season. Due to higher domestic prices and lower production in Kharif season export may dip this year to 7.4 million T. If export continues carryout for next year may drop to around 20 million T.

Progressive Procurement of Rice as on 11/01/2013

(Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.38	20.51	21.67
Chhattisgarh	41.15	30.31	27.15
Haryana	20.07	25.83	19.66
Kerala	3.72	-	-
Madhya Pradesh	6.35	5.53	3.52
Maharashtra	1.78	0.84	0.63
Orissa	28.46	11.24	7.90
Punjab	77.31	85.57	76.61
Tamil Nadu	15.96	0.01	3.15
Uttar Pradesh	33.55	7.91	16.92
Uttaranchal	3.78	1.89	1.61
West Bengal	20.34	3.27	2.42
All-India	350.25	193.50	182.98

Indian government agencies have procured almost 26 million tons of rice from the ongoing Kharif Marketing Season (KMS 2012 to 2013). According to the Ministry of Consumer Affairs, Food and Public Distribution, total rice procured until January 14, 2013 is about 6% more than the rice procured during the same period of the previous season. However, state wise detail is still awaited. 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.

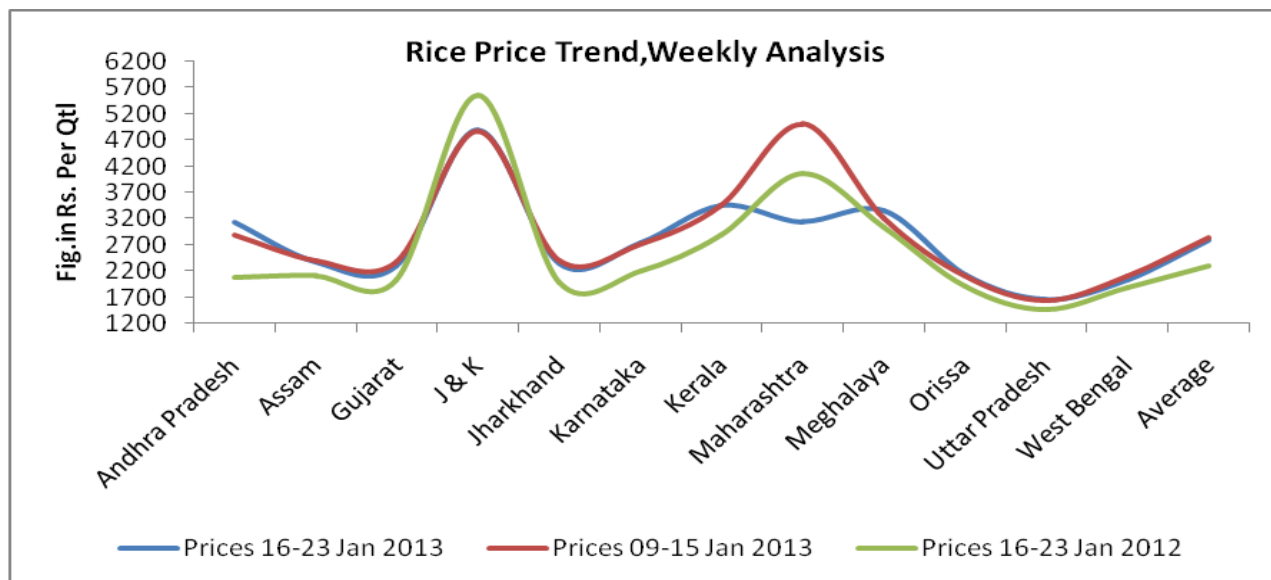
Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

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
2013	32.22	34.75										

India's rice stock as of Jan-01, 2013 stood at around 32.22 million tonnes, much above the buffer and strategic requirements. We expect stock to reach 34.75 million T in Feb. 2013 with ongoing procurement. The govt. has set the procurement target of 40 million T in ongoing season. However, lower production in Kharif season may hamper the set target. However procurement is smooth so far and contribution from eastern and southern states to the central pool kitty may improve.

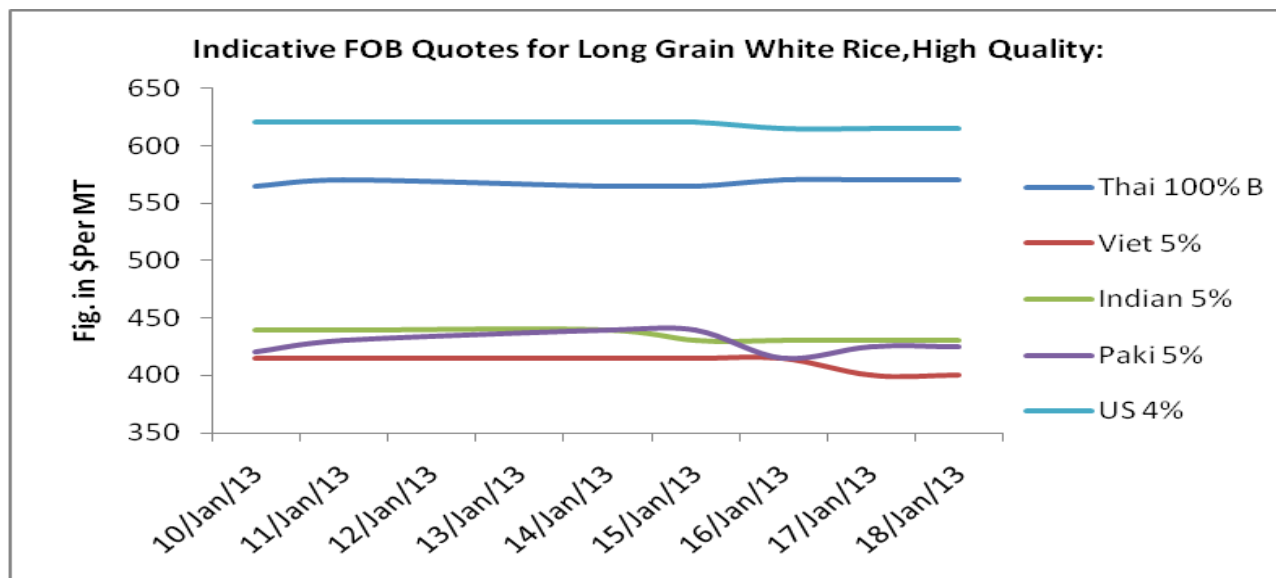
State wise Wholesale Prices Weekly Analysis for Rice January, 2013

State	Prices in Rs/Quintal				
	Prices 16-23 Jan 2013	Prices 09-15 Jan 2013	Prices 16-23 Jan 2012	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3126.92	2882.29	2073.25	8.49	50.82
Assam	2373.29	2407.98	2112.62	-1.44	12.34
Gujarat	2297.63	2380.35	2037.5	-3.48	12.77
J & K	4900	4865	5550	0.72	-11.71
Jharkhand	2349.72	2408.34	1995.06	-2.43	17.78
Karnataka	2737.68	2726.25	2207.68	0.42	24.01
Kerala	3450.99	3461.46	2878.24	-0.3	19.9
Maharashtra	3145.69	5009.87	4068.33	-37.21	-22.68
Meghalaya	3350	3200	3043.86	4.69	10.06
Orissa	2129.2	2094.62	1898.22	1.65	12.17
Uttar Pradesh	1653.62	1649.4	1461.94	0.26	13.11
West Bengal	2042.01	2110.8	1895.98	-3.26	7.7
Average	2796.4	2837.27	2312.5		
As per the data reported by APMCs					

Weekly Rice Price Trend for 3rd Week of January:-

Price Projection for January 4th week in domestic market:

Duration	Trend	Average Price Range
4 th week of January, 2013	Steady to Firm	Rs.-2650-2750

Rice market is expected to move steady to firm from current level as arrivals are almost done or in negligible in major mandis.

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


Rice FOB quotes ruled mixed in major exporting countries as the above given price chart shows. No major change is expected in the weeks ahead. Global rice market is expected to decrease slightly as supply from Thailand and Vietnam will increase. Thailand, Vietnam and Thailand will continue to pose tough challenge to the Indian rice exporters.

Rice FOB Prices – America and Asia (as on 18.01.2013)
(USD/MT)

Grade/Variety	Thailand	Vietnam	India	Pakistan	USA
100%B - 5%DWP, US 4%	570	400	430	425	615
Broken, Thai A 1 super	530	355	335	345	-
Fragrant homali /basmati	1130	565	1065	1025	-
25%, US-15%	545	365	390	370	595
Parboiled, US-4%	590	-	430	460	630

IGC Balance Sheet: Updated on 17.01.2013**(Fig. In MMT)**

IGC estimate released on 17.01.13	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	2012-13 forecast 29.10.12 (Milled basis)	17.01.13
Rice							
Production	431	448	441	448	464	464	464
Trade	29	29	31	36	36	36	36
Consumption	427	435	437	446	457	466	467
Carry over St.	81	92	96	99	105	104	103
ear change	5	11	4	2	7		-2
Major exporters	19	27	29	31	36	37	37

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

High Lights:-

- Rice markets remain relatively stable with support from tight export availabilities in Thailand and Vietnam mostly offset by pressure from limited export interest.
- Rice output is forecast unchanged y/y and, while global stocks are expected to show a small decline, major exporters' inventories are seen rising to a record 37.1m t.
- With world use expected to rise by 2% y/y, global ending stocks are forecast to fall slightly, but major exporters' supplies are set to rise slightly for an eighth successive year.
- Global trade in 2013 is projected to fall by 6% from last year's record on reduced shipments to Asia and Africa.

World Market Recap:

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.

As per FAO latest report, Sri Lanka's 2012 paddy rice production is estimated to reach 4.2 million tons, up about 9% from around 3.8 million tons produced in flood-affected 2011.

Vietnam's rice exports in 2013 are expected reach over 7.5 million tons, almost around the record levels of around 7.7 million tons achieved in 2012, the UN's Food and Agriculture Organization (FAO) says.

Brazil's paddy rice production is expected to increase to around 12 million tons in 2012-13, up about 3% from 2011-12, helped mainly by higher yield this year, according to Brazil's National Supply Company (Conab). Brazil's paddy rice production in 2011-12 is estimated to decline to about 11.5 million tons, down sharply by about 15.5% from the record 13.6 million tons produced in 2010-11. The decline was mainly attributed to lower planting due to poor returns and high production costs.

Cambodia's paddy rice production in 2012-13 increased to around 9.31 million tons, up around 6% from about 8.8 million tons produced in 2011-12, according to the country's Agriculture Minister. These figures are much higher than USDA estimates of around 7.5 million tons of paddy production in 2011-12.

Vietnam's rice exports in 2012 have reached a record high of 8.05 million tons, up about 13% from last year's almost 7.1 million tons and the highest ever on record, Vietnam's General Statistics Office (GSO) said today. Both the USDA and the FAO have estimated that Vietnam will be this year's second largest rice exporters with exports of around 7.5 million tons, while the government estimated rice exports to cross 7.7 million tons.

Pakistan's basmati rice export declined by about 53% to 239,764 tons (valuing about \$233 million) during July 2012 to December 2012, from 509,904 tons (valuing about \$440 million) in the same period of last year, Rice Exporters Association of Pakistan (REAP) reported.

CBOT Rough Rice Chart: March Contract:-

Market analysis:

Global rice market shows a 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). Rice CBOT market is moving range bound and bearish tone is likely to continue on latest bearish outlook by IGC.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
4 th week of January, 2013	Steady	15.00-15.60

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.