

**Latest Market Development:-**

**Rice production is expected to dip this year by 6.4 percent to 85.60 million tonnes** due to lower area coverage, lower than expected rainfall in the beginning of the monsoon season. However, bumper production last year and resultantly higher carryout will ensure ample supply throughout the season. Due to lower production and strong export demand prices of rice are expected to rule higher than last year.

**The government aims to procure a record 40 million tonnes of rice** from farmers in the ongoing 2012-13 marketing year that started this month, even as the summer Kharif output is estimated to be lower. In the 2011-12 marketing year (October-September), the government had targeted to procure 35 million tonnes of rice and has nearly reached that level.

**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. 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 and South Africa.

**With increasing arrival of new paddy in various major mandis in Haryana & Punjab rice prices continued to trade weak** and more dip is expected in the weeks ahead with increasing pressure of paddy harvesting. However, any steep fall is unlikely and market should steady after limited dip. Demand from domestic market is weak as supply is increasing. Major buyers like exporters and millers are expected to start active purchasing at the end of October and starting of November.

**India's food grain stocks as of October 1, 2012 stood at around 66.6 million tons** (about 43.1 million tons and almost 23.4 million tons of rice), much above the buffer and strategic requirements of around 21 million tons, while the total storage space for food grains with the government is around 68 million tonnes.

**Paddy procurement, which started from October 1, has reached around 5, 00,000 tonnes** in the first week and is expected to pick up in the coming days. Paddy is being purchased at present from Punjab and Haryana. The government has fixed MSP of common grade paddy at Rs 1,250 per quintal, while 'A' grade variety of paddy at Rs 1,280 per quintal for this year. States like Punjab, Andhra Pradesh, Chhattisgarh, Orissa, Uttar Pradesh, Tamil Nadu, West Bengal will remain major contributors.

**Despite deficient rain this year, Punjab managed to bring over 28 lakh hectares** of land under paddy against the target of 27.80 lakh hectares. The state is looking at an output of 164 lakh tonne this year with an yield of 58 quintals a hectare. The crop is looking good this year and yield is expected to be more as well as it has been disease free.

**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.

***IARI starts trials of shorter-duration basmati variety***

*The Indian Agricultural Research Institute (IARI), which has developed a new short-duration high-yield variety of basmati rice, has begun trials at its research-cum-demo centre at Rakhra, near Patiala. The new variety takes 120 days to mature as against 145-155 days taken by other varieties. Its yield is equivalent to that of the widely cultivated Pusa Basmati-1121 variety, which enjoys an 80% share in exports from the country. The new variety does not shatter, which is a major problem with Pusa Basmati-1121. IARI scientists, who visited the centre on Saturday morning, said the cooking quality of new variety is better than the other existing varieties in cultivation.*

***Madhya Pradesh targets record rice procurement***

*After purchasing a record nine million tonnes (mt) of wheat in 2012-13, Madhya Pradesh is now planning to almost double its annual rice procurement from farmers from 6,35,000 tonnes last year to 1.3 mt. The state has already started procuring rice from Punjab and Haryana. It is expected rice procurement by Madhya Pradesh, Bihar and Maharashtra would be more than that by Punjab and Haryana, the traditional contributors of rice to the central stock. Rice procurement in Bihar is likely to rise 31.03 per cent to 2.01 mt in 2012-2013, while in Maharashtra, it is expected to rise 68 per cent to 3,00,000 tonnes. Bihar plans to set up about 8,500 rice procurement centers this year, the highest in the country. Procurement in Punjab is expected to rise just 10 per cent to 8.5 mt, while in Haryana, it is expected to be fall 16.54 per cent to 1.67 mt. Though Andhra Pradesh, Punjab, Chhattisgarh and Uttar Pradesh are likely to account for the majority of the rice purchase for the central pool, the annual incremental rise in procurement by other states would be substantial.*

***Domestic market fundamentals:***

*Despite lower production estimate in ongoing kharif season prices are likely to dip further on new arrivals and lower demand in domestic market supported by increased supply. Exporters too are waiting for stabilization in the market. However, major decline from current level is unlikely and market should stabilize at current level with some dip on new crop pressure. Procurement has started in the states like Punjab and Haryana and almost 0.5 million tones paddy has been procured so far.*

*As crop size is lower this year and govt is willing to procure more than last year rice prices are expected to remain at higher level this year like wheat. Additional procurement of 5 million tones will support prices of rice in domestic market in the medium term. The crop condition in Punjab is good as per feedback received from Punjab agriculture department. It is disease free. However, condition is not same for Haryana. Arrival of paddy in Haryana is expected to dip because of drop in area under cultivation and scanty rain during June and July. The Haryana government has made arrangement of procuring 26 lakh tonne of paddy in comparison to the arrival of about 30 lakh tonne in last season for the central pool.*

*Area under paddy shrunk to 10.62 lakh hectares in current season against 12.35 lakh hectares in last season, recording 14 per cent decrease in area. Rice output in Haryana is expected to be 33.45 lakh tonne against production of 37.59 lakh tonne recorded last year. However, payment*

for paddy procurement to farmers will be made through the traditional system in Punjab and Haryana. Despite uneven and deficient rain fall, the State Government has decided in principle to procure 30 lakh tonnes of rice during the 2012-13 Kharif marketing season (KMS) with a two-lakh-tonne increase against last year's procurement target.

**Rice export through OGL as on 30.09.12**

<b>Rice Export Under OGL as on 30th September, 2012</b>			<b>Fig: in lakh Tonne</b>
<b>Units are in lakh tons</b>	<b>Non Basmati</b>	<b>Basmati</b>	<b>Total</b>
<b>Sept.11</b>	1.85	2.6	4.45
<b>12-Oct</b>	4.5	3.4	7.9
<b>12-Nov</b>	5.5	4	9.5
<b>12-Dec</b>	5.9	2.5	8.4
<b>12-Jan</b>	5.45	2.75	8.2
<b>12-Feb</b>	5.75	1.76	7.51
<b>12-Mar</b>	5.6	2.25	7.85
<b>12-Apr</b>	5.8	1.35	7.15
<b>12-May</b>	5.3	1.9	7.2
<b>12-Jun</b>	5.5	1.75	7.25
<b>12-Jul</b>	5.25	2.25	7.5
<b>12-Aug</b>	3.75	1.71	5.46
<b>12-Sept</b>	2.25	1.25	3.50
<b>Total</b>	62.40	29.47	91.87

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**Progressive Procurement of Rice as on 05/10/2012 (lakh tonnes)**

<b>States</b>	<b>MY 2010-11 (During Oct-Sept.)</b>	<b>MY 2011-12 (As on 05.10.12)</b>	<b>MY 2010-11(As on 05.10.11)</b>
<b>Andhra Pradesh</b>	96.1	75.47	95.37
<b>Chhattisgarh</b>	37.39	41.15	37.38
<b>Haryana</b>	16.87	20.07	16.87
<b>Kerala</b>	2.63	3.72	2.6
<b>Maharashtra</b>	3.08	1.78	2.08
<b>Orissa</b>	24.76	28.43	24.74
<b>Punjab</b>	86.35	77.31	86.35
<b>Tamil Nadu</b>	15.83	15.96	15.09
<b>Uttar Pradesh</b>	24.66	33.5	24.46

<b>Uttaranchal</b>	4.22	3.78	3.99
<b>West Bengal</b>	13.1	19.38	13.10
<b>All-India</b>	340.94	349.27	337.87

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 remain 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
<b>2010</b>	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
<b>2011</b>	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
<b>2012</b>	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4		

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**State wise Wholesale Prices Weekly Analysis for Rice October, 2012**

State	Prices in Rs/Quintal						
	Prices 16-23 Oct 2012	Prices 09-15 Oct 2012	Prices 01-08 Oct 2012	Prices 16-23 Oct 2011	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
<b>AP</b>	3008.44	2763.81	2269.38	2084.27	8.85	32.57	44.34
<b>Assam</b>	2412.82	2485.2	2475.96	2471.13	-2.91	-2.55	-2.36
<b>Gujarat</b>	2346.55	2327.93	2414.38	2141.99	0.8	-2.81	9.55
<b>Jharkhand</b>	2472.27	2449.36	2332.22	2092.39	0.94	6.01	18.16
<b>Karnataka</b>	2649.72	2617.18	2709.33	2139.56	1.24	-2.2	23.84
<b>Kerala</b>	2851.91	2936.92	2948.95	2886.17	-2.89	-3.29	-1.19
<b>Maharashtra</b>	4580.48	4618.34	4586.87	4411.08	-0.82	-0.14	3.84
<b>Meghalaya</b>	3200	3200	3075	3100	0	4.07	3.23
<b>Orissa</b>	1942.6	1492.29	1632.2	1897.59	30.18	19.02	2.37
<b>UP</b>	1687.73	1700.39	1707.22	1524.97	-0.74	-1.14	10.67

<b>Uttarakhand</b>	1700.28	2046.28	1889.87	1500	-16.91	-10.03	13.35
<b>West Bengal</b>	2089.73	2079.34	2054.7	1976.06	0.5	1.7	5.75
<b>Average</b>	2578.54	2623.36	2565.43	2196.34			

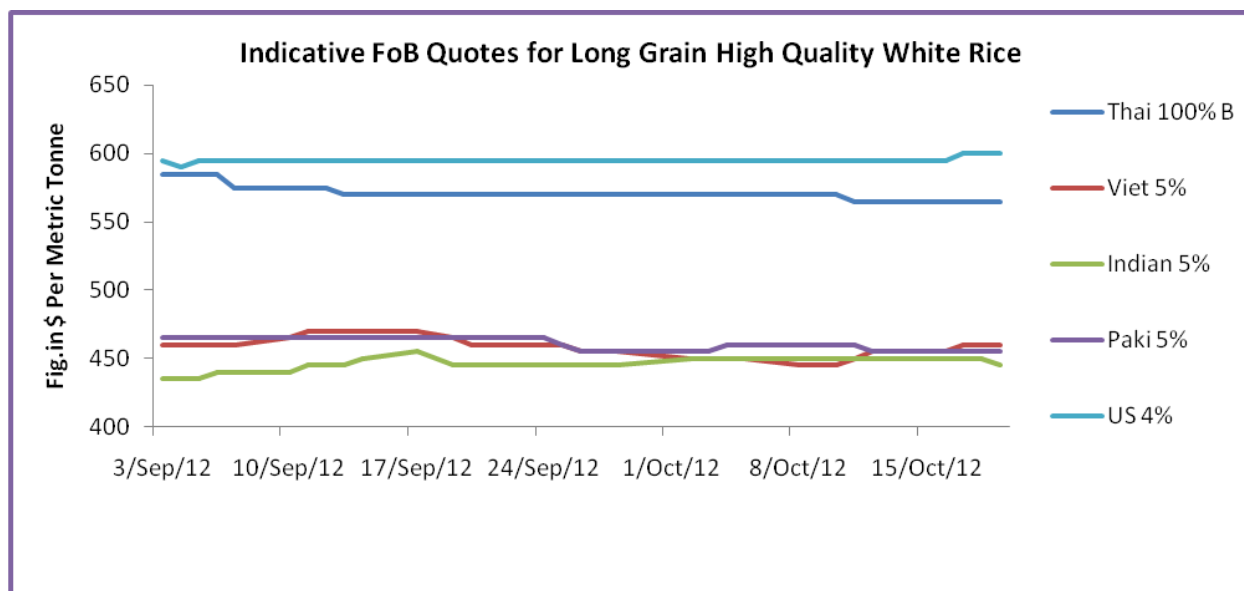
As per the data reported by APMCs

**Price Projection for October 4<sup>th</sup> week in domestic market:**

Duration	Trend	Average Price Range
Short Term( 5 days)	Steady(Positive)	Rs.-2570- 2600
October (3 <sup>rd</sup> week )	Steady (Firm)	2600-2650

**Weather Outlook:-**

- ✚ Rain/thundershowers would occur at most places over Tamilnadu, Kerala and Lakshadweep during next 24 hours and at many places thereafter. Rain/thundershowers would occur at many places over Andaman & Nicobar Islands during next 48 hours and increase thereafter.
- ✚ Rain/thundershowers would occur at many places over coastal & south interior Karnataka during next 24 hours and at a few places thereafter.
- ✚ Rain/thundershowers would occur at a few places over south Andhra Pradesh, north interior Karnataka, south Konkan & Goa during next 24 hours and at one or two places thereafter.
- ✚ Rain/thundershowers would occur at one or two places over north Andhra Pradesh and north interior Karnataka during next 24 hours and mainly dry thereafter.
- ✚ Rain/thundershowers would occur at one or two places over Sub-Himalaya West Bengal & Sikkim & northeastern states from tomorrow onwards.
- ✚ Rain/snow would occur at one or two places over Jammu & Kashmir and Himachal Pradesh during next 24 hours and mainly dry thereafter.
- ✚ Weather would be mainly dry over rest of the country.
- ✚ No significant change in temperatures would occur over parts of northwest and central India during next 2 days and slight rise in minimum temperature thereafter

**FOB Quotes for Long Grain White Rice , High Quality**


FOB Quotes for India, Pakistan are likely to dip in the weeks ahead as harvesting of new crop is in its peak. 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.

**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)
<b>Rice</b>						
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.



**International Market Update:-**

**The USDA Ag Attaché in Brazil estimates that the 2012/13 rice crop area will stay at 2.4 million hectares**, unchanged from last year. Planting of the crop got underway in September in the southern state of Rio Grande do Sul, where most of the rice is grown. Low rainfall, tight credit conditions, and farmers switching to more profitable soybean production reduced rice area in 2011/12 from 2010/11 by about 16%, contributing to current high prices for Brazilian paddy.

**The Thai Rice Exporters Association says it estimates the nation will ship about 600,000 tons of rice each month in October**, November, and December. From January to October 1, Thailand has shipped about 5.045 million tons, suggesting a year-end target of about 6.845 million tons, down about 37% from the roughly 10.8 million tons shipped last year. Year-to-date, rice shipments are down about 45% from last year with the value of rice exports down about 34% from 2011. The 5 major destinations this year for Thai rice have been Nigeria, Iraq, Indonesia, the Ivory Coast, and South Africa.

**Thai Rice Exporters Association (TREA) has urged the government to improve research** and development of Thai fragrant rice which is facing increasing competition from fragrant rice of Vietnam and Cambodia. The TREA honorary president said that while Thailand is still the top exporter of fragrant rice with 900,000 tons rice exports so far, Vietnam is close behind with around 700,000 tons exports. He revealed that both Vietnam and Cambodia have increased fragrant rice production and their prices are around \$200 to \$500 per ton discount to Thai fragrant rice quoted around \$1,100 per tonne.

**Pakistan's non-Basmati rice exports from the 1 October to the 7 October amounted to 22,340 MTS**; worth US \$10,356,812. Exports of Basmati rice for the same period totaled 7,042 MTS worth US \$6,800,742.

**Total rice stocks in the Philippines have declined sharply by 40.3% from 2.41 million tons in September 2011 to 1.44 million tons as of September 1, 2012**, according to data from the Bureau of Agricultural Statistics (BAS). Rice stocks are at their lowest level this year and the lowest since 2009 for this time of the year. The sharpest decline registered was for the stocks maintained by the National Food Authority (NFA). Rice stocks with NFA are at 520,000 tons, down 62.4% from almost 1.4 million tons recorded in September last year. Rice stocks in commercial warehouses stand at 390,000 tons, down 19% from 480,000 tons during the same time last year. Comparatively, the decline in household stocks is less at just 2.7%, down from last year's 540,000 tons to 530,000 tons this year.

**CBOT Rough Rice Chart: November 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 14.80 (support) to 15.40 (resistant).

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

	<b>Trend</b>	<b>Price Range</b>
<b>Short Term (5-10 days)</b>	Range bound (Negative)	1450-1480
<b>2<sup>nd</sup> week of October, 2012</b>	Steady to weak (Negative)	1480-1520

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