

**Latest Market Development:-**

**With picking up harvesting activities in Punjab, Haryana and Uttar Pradesh downward pressure on rice market is likely to continue.** Domestic demand remains sluggish due to increased availability from the new crop. After slight dip in the beginning of this week paddy and rice market traded almost steady in last two days of this week.

**However, we expect market to dip further due to continuous holidays. Harvesting in other states is likely to pick up from mid Nov.** and it will pressurize market further. Exporters are still in wait and watch mood and fresh buying is expected from November end when we expect market to stabilize.

**However, steep fall from current level is unlikely as buying on MSP continues.** Lower production estimate too will restrict market to fall one way. Despite lower production estimate and higher export quantity availability will remain ample as govt. has ample stock to cater the need of the domestic market.

**On export front India will be unable to maintain its export level at last year's ending Sept. 2012 level.** Tough competition among Vietnam, India, Burma and Pakistan will continue and importers have more than two options for cheaper rice source in case of non-basmati rice. Unlike non-basmati, basmati export from India will remain stable or may increase slightly despite lower production due to higher availability from last year crop. However, basmati prices are likely to rule stable to slightly firm this year.

**About 1.6 lakh bags of PR variety arrived and fetched Rs 1,200-1,290 a quintal,** Sharbati arrived with a stock of around 5,500 bags and quoted at Rs 1,700-1,775 while just around 2,000 bags of Sugandha 999 variety arrived and sold at Rs 1,650-1,770 in Karnal mandi. Around 30,000 bags of PR14 arrived and sold for Rs 1,300-1,350, while DB arrived with a stock of 5,000 bags and quoted at Rs 2,050-2,250. About 20,000 bags of Pusa-1121 arrived and quoted at around 2,050-2,300. Almost same prices have been quoted in Punjab.

**Rice procurement by the Government touched a record 35.02 million tonnes** in the 2011-12 marketing year that ended last month, due to increased buying in non-traditional States such as Chattisgarh and Bihar following an all-time high production. In the 2010-11 marketing year (October-September), the Government procured 34.19 million tonnes.

**Rice procurement in Chhattisgarh rose to 4.11 million tonnes in the 2011-12 marketing year** from 3.73 million tonnes. Similarly, procurement in Uttar Pradesh increased to 3.35 million tonnes from 2.55 million tonnes. Rice buying in Bihar jumped to 1.53 million tonnes from 8.66 lakh tonnes in the review period.

**Supply side is expected to be higher against sluggish demand in next two months.** Downward pressure on paddy rice is likely to ease with bulk buyers being active for purchasing, expected in the beginning of Nov. Weather remains favourable throughout major rice growing states and we expect dry-sunny weather in the weeks ahead that will enhance harvesting activities further.

**Domestic Market Fundamentals:**

*Pressure on rice and paddy market is being felt with increasing arrivals. Prices of paddy and rice have declined almost Rs 200 to 400 per qtl. in last two weeks and we expect slight dip further in the weeks ahead. However, any steep fall is unlikely from current level due to lower production estimate for Kharif production. Govt.'s procurement, possibility of better export demand for non basmati rice and likely active buying by millers in the beginning of Nov. may support price to rule at current level. Exporters too are likely to be active in Nov-Dec and we expect that it will help to stabilize cash rice market despite new crop pressure.*

*Procurement on MSP is picking up and more than 7 lakh paddy has been procured so far. This year govt. has set a target of 40 million Tonnes procurement against 35 million Tonnes last year. Market expert suspects the set target of procurement as crop size is lower this year. However, they expect over 35 million T at this time of harvesting. Contribution by the eastern states in procurement is likely to increase as yield in these states are likely to improve from last year. Haryana's contribution may dip from last year due to shortfall in production.*

*Cash rice market is likely to trade under pressure of new crop. However, with continuation of export and lower production of Kharif crop amid higher procurement target might support rice market December onward. Prices of rice may dip slightly from current level in the short term. Just against it aromatic varieties may rule steady to slightly firm in the weeks ahead. However, major uptrend is unlikely despite lower production of traditional basmati. Supply side will remain ample and sufficient govt.'s stock will continue to restrict uptrend one way. Even demand is likely to remain sluggish in domestic market at this point of time.*

**India New Basmati Paddy Prices Increase 30% Due to Estimated Production Shortfall**

*Estimates of lower production, coupled with higher demand in the international market, are driving basmati paddy rice prices in India higher this year. According to traders in India's key basmati rice producing states Punjab and Haryana, basmati paddy rice is entering the market at prices around Rs. 2,200 per quintal (about \$410 per ton), up about 30% from last year's Rs 1,700 per quintal (about \$315 per tonne).*

*Last year, basmati rice growers in India had to sell at low prices due to increased supply and problems with exports to Iran which accounts for around 1 million tons or around 30% of India's total basmati rice exports. Prices of the popular PUSA 1121 basmati variety had plummeted to around Rs. 1,500 – 1,700 a quintal (about \$280-\$315 per ton) last year, down from around Rs 2,100 per quintal (about \$390 per ton) in 2010.*

**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.

### **Rice export through OGL as on 30.09.12**

Rice Export Under OGL as on 30th September, 2012			Fig: in lakh Tonne
Units are in lakh tons	Non Basmati	Basmati	Total
Sept.11	1.85	2.6	4.45
12-Oct	4.5	3.4	7.9
12-Nov	5.5	4	9.5
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-Sept	2.25	1.25	3.50
Total	62.40	29.47	91.87

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.

### **Progressive Procurement of Rice as on 12/10/2012 (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	-	-
Chhattisgarh	41.15	-	-
Haryana	20.07	7.53	7.05
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	-	-
Orissa	28.46	-	-

Punjab	77.31	8.11	12.62
Tamil Nadu	15.96	-	0.54
Uttar Pradesh	33.55	-	-
Uttaranchal	3.78	-	-
West Bengal	20.34	-	-
All-India	350.30	15.66	20.32

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		

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 tonnes 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.

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

State	Prices in Rs/Quintal						
	Prices 24-31 Oct 2012	Prices 16-23 Oct 2012	Prices 09-15 Oct 2012	Prices 24-31 Oct 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	1834.38	2554.88	2763.94	2114.88	-28.2	-33.63	-13.26
Assam	2490.94	2393.57	2485.2	2406.77	4.07	0.23	3.5
Gujarat	2444.78	2311.49	2327.93	2202.93	5.77	5.02	10.98
J & K	4575	4575	4454.55		0	2.7	—
Jharkhand	1900	2481.32	2449.36	2150.2	-23.43	-22.43	-11.64
Karnataka	2631.74	2646.94	2617.18	2087.57	-0.57	0.56	26.07
Kerala	2815.97	2850.01	2936.92	2768.64	-1.19	-4.12	1.71
Maharashtra	4626.32	4573.16	4614.2	4172.54	1.16	0.26	10.88
NCT of Delhi	1700	1700	1700	1614.89	0	0	5.27
Orissa	1931.91	1959.44	1495.43	1984.4	-1.4	29.19	-2.65

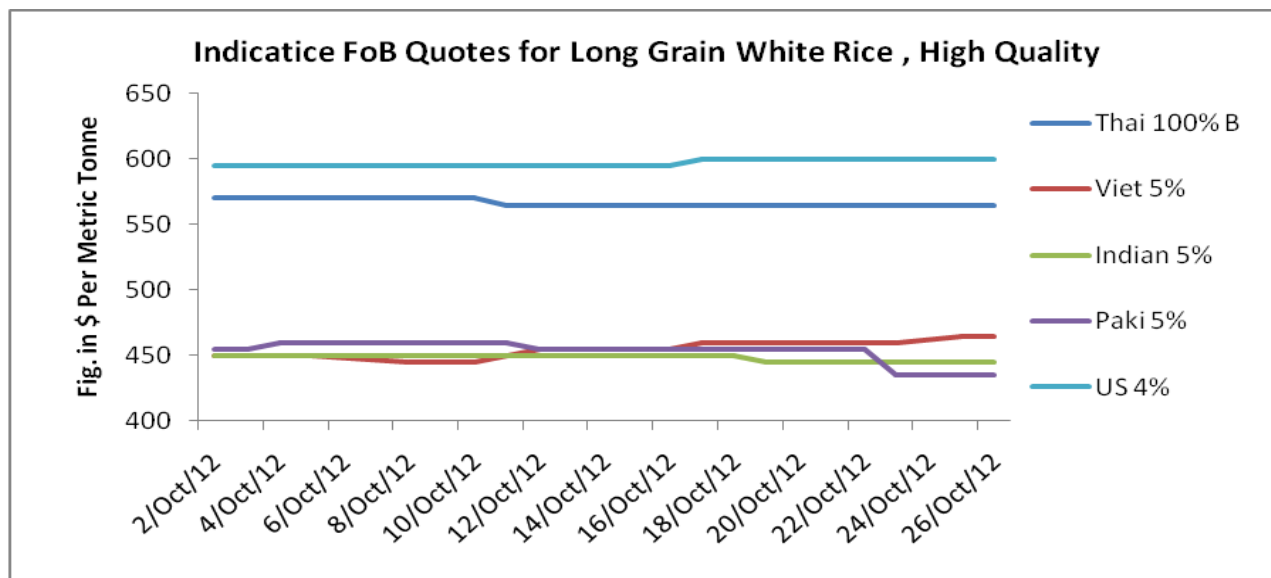
<b>UP</b>	1680.91	1683.6	1698.2	1535.57	-0.16	-1.02	9.46
<b>Uttrakhand</b>	1377	1668.23	2046.28	5000	-17.46	-32.71	-72.46
<b>Average</b>	2500.75	2552.49	2632.68	2406.93			
<b>As per the data reported by APMCs</b>							

**Price Projection for November 1st week in domestic market:**

Duration	Trend	Average Price Range
Short Term( 5 days)	<b>Steady(Negative)</b>	<b>Rs.-2500-2550</b>
November ( 1 <sup>st</sup> week )	<b>Steady (Firm)</b>	<b>2600-2650</b>

**Major Feature of Weather Forecast up to 1st November, 2012**

- Rain/thundershowers would occur at most places over Tamilnadu, Kerala and at many places over Lakshadweep.
- Rain/thundershowers would occur at a few places over Andaman & Nicobar Islands.
- Rain/thundershowers would occur at one or two places over south Karnataka and at a few places over south coastal Andhra Pradesh and Rayalaseema during next 24 hours and increase thereafter.
- Rain/thundershowers would occur at one or two places over north interior Karnataka, south Konkan & Goa and south Madhya Maharashtra from 31st October.
- Weather would be mainly dry over rest of the country.
- No significant change in maximum and minimum temperatures during next 48 hours and slight rise over northwest and central India thereafter.

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


FOB Quotes for US, Thai, and India, are almost same as previous week, however Pakistan FOB quotes dip on the back of higher arrival .On the other hand Vietnam rice price seen uptrend . 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 25.10.2012**
**(Fig. In MMT)**

IGC estimate released on 23.08.12	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	2012-13 forecast 28.09.12 (Milled basis)	25.10.12
<b>Rice</b>							
<b>Production</b>	431	448	441	<b>449</b>	<b>463</b>	466	465
<b>Trade</b>	29	29	31	<b>36</b>	36	35	36
<b>Consumption</b>	427	435	438	<b>447</b>	457	465	466
<b>Carry over St.</b>	81	92	96	<b>97</b>	103	103	102
<b>Year change</b>	+5	+11	+4	+1	+6	-	-1
<b>Major exporters</b>	19	27	28	29	35	36	36

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

**High Lights:**

- ✚ The IGC GOI daily rice price index was largely steady during October, although quotations at major origins were mixed.
- ✚ The forecast for 2012/13 global rice production is cut slightly but, at 465m t (463m), would still be a record, and global use is set to expand to an all-time high of 466m t (457m).
- ✚ World ending stocks in 2012/13 are projected to remain comfortable, at 102m t, including a 3% rise in major exporters.
- ✚ World trade in rice in 2013 is seen falling by 2% – on smaller shipments to Far East Asia and sub-Saharan Africa.



**International Market Update:-**

**Vietnam's rice exports from the beginning of the year to October 2012 are estimated to increase to 6.9 million tonnes**, up about 8.3% from the same period last year. Revenues from the exports are estimated to decline to around \$3.14 billion, down about 2.5% from last year. However, data from the Vietnam Food Association shows that rice exports in the first ten months of 2011 stood at over 6.1 million tons, which means that the estimated 6.9 million tons of rice exports in the same period this year will be about 13% higher than last year. As of October 16, 2012, Vietnam has exported about 6.1 million tons of rice, according to VFA data. The government expects total year rice exports to reach over 7.5 million tons, about 4% higher than last year's 7.2 million tonnes.

**The Bangladesh Rice Research Institute (BRRI) has developed five new rice varieties – four high-yields and one hybrid** – that will be introduced soon with the aim of boosting the country's rice production and makes it rice-sufficient. The BRRI director general said that the new rice varieties can improve yield to up to 6.5 to 9 tons per hectare, from the current average of around 4.2 tonnes per hectare. They hopes that the new varieties will help increase total rice production by around 3 million tons annually once they are widely adopted by farmers. This may not be as far-fetched idea as it seems considering that BRRI-developed rice varieties are grown in around 80% of the country's paddy fields.

**Exports of Thai white rice and parboiled rice from 1 January to 7 October 2012 totaled 3,840,347 MTS**, down 48.3 percent from 7,424,714 MTS from the previous year. According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) from 1 January to 2 October 2012 amounted to 5,067,313 MTS, down 44.1 percent from the previous year.

**Sri Lanka may be facing a rice shortage next year as the worst drought in over two decades threatens almost 11% of the paddy crop** across the country with over 60% crop affected in the worst-hit northern districts. Sri Lanka became self-sufficient in rice early this year for the first time since independence in 1948, and the government announced that the country would begin exports soon. However, rice exports were banned in June as about 25,000 hectares of paddy land received below normal rainfall at the beginning of the Yala rice cultivation season (May to August). The Agriculture Minister had said then, "We have rice stocks for about six to eight months. However, if the rains do not come and harvest fails the country will face a rice shortage by next year

**CBOT Rough Rice Chart: November 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 14.60 (support) to 15.40 (resistant).

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

	Trend	Price Range
Short Term (5-10 days)	<b>Range bound (Negative)</b>	1450-1480
4 <sup>th</sup> week of October, 2012	<b>Steady to firm (Positive)</b>	1500-1540

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