

Latest Market Development:-

Rice output in India may slip below last year's record of 104.32 million tonnes, but the supply situation would be comfortable to meet the domestic as well as export demand. The output is pegged at 99.8 million tonnes for 2012-13 marketing year (October-September) keeping in view poor monsoon, however, forecasting of global rice output at a record 465.1 million tonnes in 2012-13, which is marginally above the output achieved in 2011-12 at 464.9 million tonnes.

Harvesting of the 2012/13 new crop is continuing in the northern parts of India, as is the Indian government's procurement programme. 7.1 million MTS of rice has already been bought up by the government, approximately 18% of their 40 million MTS target. However, storage concerns in the state of Haryana may slow down the procurement process in the coming weeks, as the slow outward movement of old crop stocks is likely to result in the state's highest ever stockpile

With starting of common and 1121 varieties of paddy arrivals in major states, and emerging of export demand, prices are again rebound from its previous level. Basmati arrival will start after mid of the month, the expectation of basmati price will boost from last year as production will decrease about by 30%.

The International Grains Council (IGC) says that India will be the largest rice exporter in 2012, with exports of an estimated 8.7 million tons. Vietnam's rice exports are expected to reach 7.1 million tons, ahead of last year's top exporter Thailand expected to export 6.5 million tons in 2012.

All-India progressive procurement of Rice for the marketing season 2012-13 as on 26.10.2012 was 59.37 lakh tonnes which is lower than the procurement of 69.73 lakh tonnes up to the Corresponding period of last year.

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.

India's food grain stocks as of October 1, 2012 stood at around 66.6 million tonnes (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.

The UN's Food and Agriculture Organization (FAO) has revised downwards its forecast for global rice production in 2012 by 6 million tonnes 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.

Domestic Market Fundamentals:

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.

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.

India 2012-13 Rice Production to Decline 5% to 99 Million Tonnes

The USDA has revised upwards its 2012-13 rice production forecast for India to 99 million tons, still about 5% lower than the record 104.3 million tons of rice produced in 2011-12. In an earlier estimate, the USDA had said that India's rice production in 2012-13 will decline about 6% to around 98 million tons due to delayed and deficient rainfall this year. However, in its October Rice Outlook, the USDA says that higher yield will help raise production to 99 million tons. It said that late rains in eastern and northeastern parts of the country is likely to improve the production of the main crop, and also favorable for the winter rice crop. The USDA also said that India's rice exports in 2012 are expected to reach a record high of 9.75 million tons, making the country the top rice exporter this year.

Rice export through OGL as on 30.09.12

Rice Export Under OGL as on 30 th September, 2012					From Oct 2012(New Season)	
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	1.2	0.8	2
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-Sep	2.25	1.25	3.5			
Total	62.4	29.47	91.87			

Note: - New season for paddy starts on Oct 2012.

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 25/10/2012 (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	18.24	15.63
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	-	-
Orissa	28.46	-	-
Punjab	77.31	41.04	52.40
Tamil Nadu	15.96	-	1.45
Uttar Pradesh	33.55	-	0.04
Uttaranchal	3.78	-	-
West Bengal	20.34	-	-
All-India	350.30	59.37	69.73

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		

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State wise Wholesale Prices Weekly Analysis for Rice October, 2012

State	Prices in Rs/Quinta						
	Prices 01-08 Nov 2012	Prices 24-31 Oct 2012	Prices 16-23 Oct 2012	Prices 01-08 Nov 2011	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
AP	3007.14	1905.64	2554.88	1877.91	57.8	17.7	60.13
Assam	2564.04	2491.33	2393.57	2597.08	2.92	7.12	-1.27
Gujarat	3012.5	2359.88	2311.49	2230.99	27.65	30.33	35.03
Jharkhand	2500	2497.55	2481.06	2114.39	0.1	0.76	18.24
Kerala	2774.59	2826.98	2850.01	2805.69	-1.85	-2.65	-1.11
Maharashtra	4649.47	4542.29	4571.47	4486.28	2.36	1.71	3.64
Meghalaya	3200	3200	3200	2615.15	0	0	22.36
Orissa	2038.75	2052.08	1881.77	1769.04	-0.65	8.34	15.25
UP	1694.62	1679.92	1684.4	1561.62	0.88	0.61	8.52
West Bengal	2116.39	2015	2057.9	1944.67	5.03	2.84	8.83
Average	2755.75	2488.58	2563.77	2196.56			

As per the data reported by APMCs

Average Monthly Rice Price:

Average Monthly Rice Prices from Oct.2011 to Nov.2012			
	2011-Oct to 2012- Oct	2011 Oct to 2012 Oct	% change
Oct	2298.2	2299.94	0.08
Nov	2370.07	2254.81	-5.11
Dec	2451.62	2338.59	-4.83
Jan	2357.82	2309.4	-2.1
Feb	2399.79	2275.04	-5.48
March	2350.66	2317.37	-1.44
April	2436.95	2372.87	-2.7
May	2393.47	2330.07	-2.72
June	2493.58	2278.09	-9.46
July	2091.5	2292.98	8.79
August	2187.23	2332.16	6.21
Sept	2604.36	2472.58	8.41
Oct	2408.18	2463.04	2.2
Nov	2755.75	2488.58	-10.7

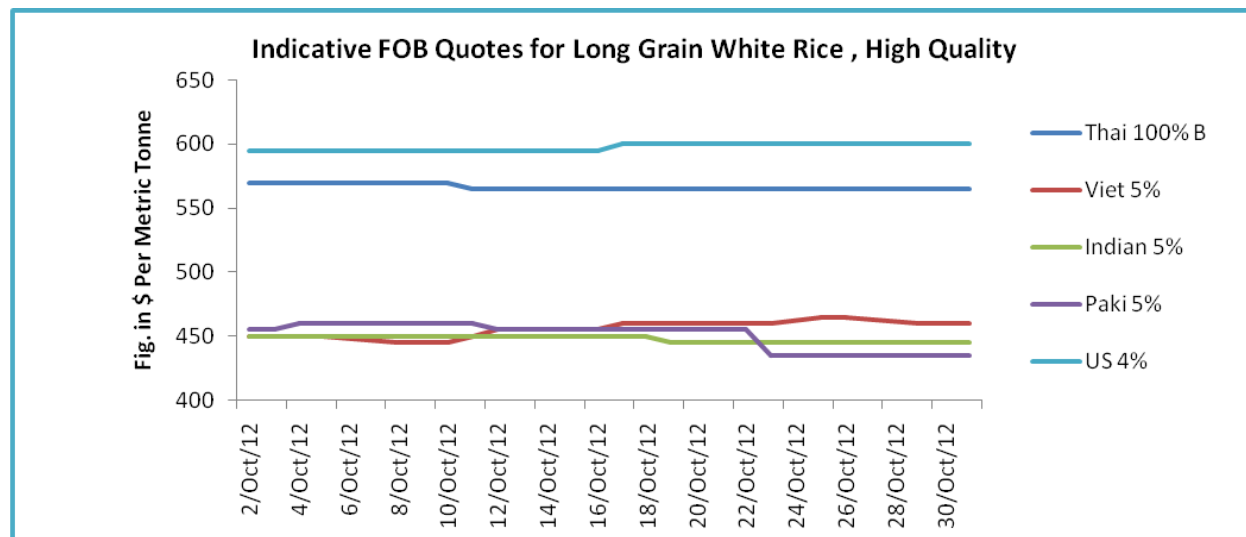
Fig in Rs per Quintal Source: Agmark

Price Projection for November 2nd week in domestic market:

Duration	Trend	Average Price Range
Short Term(5 days)	Steady(Firm)	Rs.-2650-2700
November (2 nd week)	Steady (Positive)	2675-2750

Rice Parity Sheet from Indian Market:-

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh	Punjab	Haryana	West Bengal
Freight on road(FOR)at Mundra	20600	20000	22000	22100	20500
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	400	400	400	400	400
Freight from source, port warehousing, other charges& shortage	250	250	250	250	250
Indian FOB (Rs/MT)	21250	20650	22650	22750	21150
Indian FOB (USD/MT)	395.86	384.69	421.94	423.81	394.00
Insurance @ 0.1%	0.40	0.38	0.42	0.42	0.39
Freight Charges (US \$/ton) to Algeria	75	75	75	75	75
CIF (Mundra to Algeria)	471.26	460.07	497.37	499.23	469.40
INR Dated 21.09.2012	53.68	53.68	53.68	53.68	53.68

FOB Quotes for Long Grain White Rice, High Quality


FOB Quotes for Pakistan, Thai, Vietnam, India and US rice price are almost unchanged from last week. 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. However market will move upward as new crop pressure stabilizes in the market and also demand come from domestic and overseas market.

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
Rice							
Production	431	448	441	449	463	466	465
Trade	29	29	31	36	36	35	36
Consumption	427	435	438	447	457	465	466
Carry over St.	81	92	96	97	103	103	102
Year change	+5	+11	+4	+1	+6	-	-1
Major exporters	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:-

Indonesia purchases of around 300,000 tonnes of rice from Cambodia and Vietnam, Indonesia's rice buying agency, Bureau of Logistics (Bulog), has signed a deal to buy 300,000 tons of rice from Vietnam today, according to an official from Indonesia's trade ministry. The official also revealed that Bulog is planning to buy around 100,000 tons of rice from India as well to help meet its annual rice procurement target of 4.1 million tons for 2012.

Paddy rice production in Indonesia is expected to increase to 68.96 million tonnes (about 43.4 million tons, basis milled) this year, up 4.9% from 65.76 million tons (about 41.4 million tons, basis milled) last year, according to the country's Statistics Bureau. The increase is attributed to an increase in rice acreage, which grew by 268,011 hectares to around 13.47 million hectares, significantly higher than USDA's estimates of around 12.1 million hectares.

Thai Exports of white rice and parboiled rice from the 1 January to the 21 October 2012 totalled 3,979,465 MTS, down 47.2% from the previous year. According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) from the 1 January to the 2 September 2012 amounted to 5,067,313 MTS, down 44.1% from the previous year.

The Pakistan Bureau of Statistics' preliminary data shows that the country's rice exports between July and September 2012 were 344,461 MTS, down 45%, or 280,000 MTS, on the corresponding period last year. September 2012 exports were down 41% and totalled 105,982 MTS, comprising 36,053 MTS of Basmati and 69,929 MTS of non-Basmati exports. Despite this decline, the bulk of the Pakistan crop is now coming onto the market and exports should be strong through to the end of the year. The USDA estimates 2012/13 Pakistan exports at 4 million MTS, an increase on the 3.75 million MTS exported in 2011/12.

The Vietnam Food Association (VFA) has reported exports of 6.26 million MTS from 1 January to 25 October 2012, an increase of 2.3% compared to exports for the same period last year. Exports for October total 402,492 MTS, 46% less than the 749,479 MTS officially exported in September. Reduced demand from China, the Philippines and Malaysia has contributed to the fall in official exports, although it should be noted that the VFA's figures do not include cross-border trade and it is still likely that Vietnamese exports will exceed 7.5 million MTS for 2012, as registered contracts from 1 January to 12 October totalled 7.2 million MTS. Vietnam exported 7.1 million MTS in 2011 and looks set to become the world's second biggest exporter, behind India, in 2012.

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 14.80 (support) to 15.40 (resistant).

Price Projection (International-CBOT):-

	Trend	Price Range
Short Term (5-10 days)	Range bound	1480-1500
2 nd week of November, 2012	Steady to firm (Positive)	1520-1540

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