

Latest Market Development:-

Rice prices in cash market continued to rule higher from the beginning of October and unlikely to dip from current level despite improved arrivals in various markets. The fear in shortfall in production in Kharif (85.6 against 91.34 last year) due to lower area coverage and lower than normal rains in the first phase of trans-planting and during developmental stage continued to support prices. Despite higher stock in central pool 28.95 million tones as on October 1st and smooth supply in local market will restrict market to increase one way. We expect market to rule steady at current level in November.

Area under kharif rice coverage is expected to be in the range of 368 to 370 lakh ha. as reported by various sources. Lower area coverage will impact production considerably and it is likely to dip almost by three percent to 88 million T in FY 2013. However, rice production in rabi season is expected to improve and it may touch 13 million T. Thus total production may dip by 3.4 to 3.5 million T from last year's bumper production of 104.3 million T. Lower production is unlikely to impact on supply side even in the medium term as stock remains at higher level in spite of ongoing export.

India's rice stocks in the central pool as of Nov 1st, 2012 have started increasing with new arrivals. Stock registered at 28.95 million tonnes in the beginning of Nov, according to data from the Food Corporation of India (FCI). Helped by last year's record rice production of around 104.3 million tons, rice in the central pool is at a decade high and about 15% higher than 20.35 million tons recoded on October 1, 2011.

India's procurement of rice for the central pool in the marketing season 2012-13 (October to September) has surged to over 10 million tonnes as of November 8, 2012, up around 6.4% from the 9.4 million tonnes procured in the same period last year. This year, rice procurement began at a slow pace in October due to high moisture content in paddy reported in some parts of Punjab and Haryana along with problems faced due to the blacklisting of several hundred rice mills in the two states.

India exported record rice (over 90 million T) last year ending sept, 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 tonne 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.

In a move to encourage rice exports from Uttar Pradesh, the state cabinet last week approved the state's Rice Export Policy 2012. Expected to come into effect soon after the government issues a government order in this regard, the policy will be effective for five years. As a part of the new policy, the government also lifted all levies from rice exports, including Mandi tax and development cess for all varieties of rice produced in the state. The government also said no Value Added Tax will be imposed on export quality paddy. However, only those exporters whose rice mills have been set up in UP will be able to avail these benefits.

Chhattisgarh started procuring new kharif paddy at support price directly from farmers from November 1 to mark the state's 12th foundation day. This year the government has targeted to procure a record 68.55 lakh tonnes of paddy. While the minimum support price for common category of paddy has been fixed at Rs 1,250 per quintal, Grade 'A' paddy will fetch Rs 1,280 per quintal. The govt. has fixed procurement target at 40 million tonnes this year.

Domestic Market Fundamentals:

Aromatic varieties may rule steady to slightly weak in the next couple of weeks due to arrival pressure. But in the case of traditional basmati there may not be much downside in prices due to 25-30% lower estimated production this year. Farmers had switched from traditional basmati to 1121 variety due to better realizations last year and better yields and also due to the delayed monsoon.

As per feedback received from farmers, prices of aromatic varieties are unlikely to dip as their stock from previous year's crop is almost exhausted now. Besides fears of lower yield for traditional basmati, lower area coverage and lower production are likely to support traditional basmati rice and paddy prices at current level. Any significant fall from current level is unlikely.

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.

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 02/10/2012 (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	21.99	17.73
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	-	-
Orissa	28.46	-	-
Punjab	77.31	64.22	66.81
Tamil Nadu	15.96	-	1.66
Uttar Pradesh	33.55	0.02	0.06
Uttaranchal	3.78	0.02	0.03
West Bengal	20.34	-	-
All-India	350.30	86.35	86.50

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	

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.

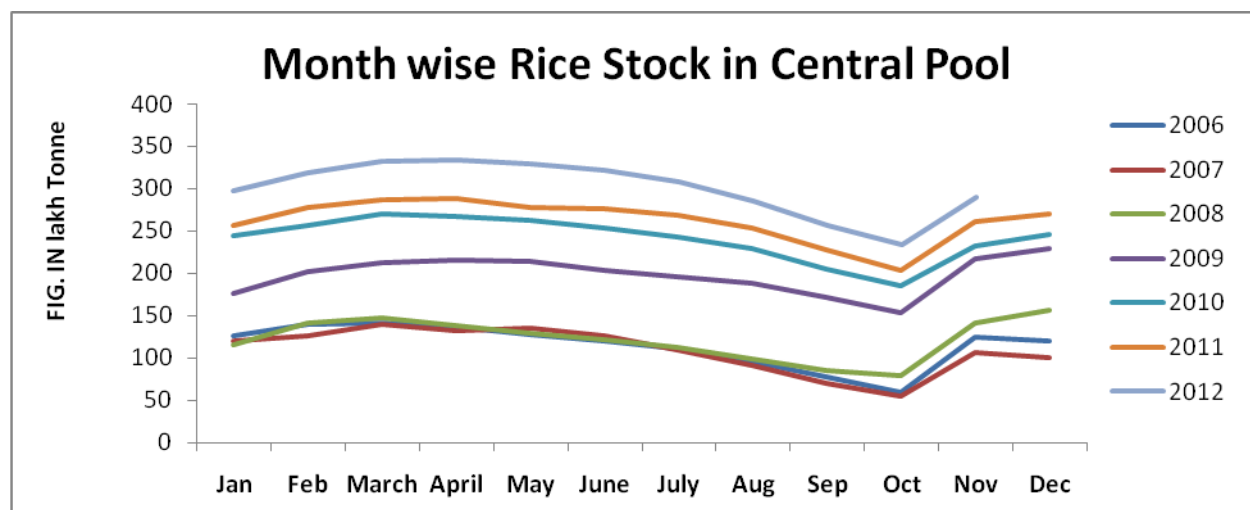
State wise Wholesale Prices Weekly Analysis for Rice November, 2012

State	Prices in Rs/Quinta						
	Prices 09-15 Nov 2012	Prices 01-08 Nov 2012	Prices 24-31 Oct 2012	Prices 09-15 Nov 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	2110.92	2421.36	1908.28	2018.04	-12.82	10.62	4.6
Assam	2463.3	2478.11	2491.33	2525.88	-0.6	-1.13	-2.48
Gujarat	2263.69	2258.7	2359.88	2183.45	0.22	-4.08	3.67
Jharkhand	2361.12	2404.51	2408.55	2134.34	-1.8	-1.97	10.63
Karnataka	2663.62	2642.61	2462.32	1990.99	0.8	8.18	33.78
Kerala	2887.89	2845.49	2872.19	2929.69	1.49	0.55	-1.43
Maharashtra	3199.72	4631.12	4535.04	4436.05	-30.91	-29.44	-27.87
Orissa	1771.33	1968.23	2021.59	1800.13	-10	-12.38	-1.6
UP	1671.96	1675.63	1682.55	1526.55	-0.22	-0.63	9.53
Uttrakhand		1467.55	1857.34	2900	—	—	—
West Bengal	1960.66	2028.03	1987.34	1927.01	-3.32	-1.34	1.75
Average	2335.42	2552.35	2486.37	2176.93			

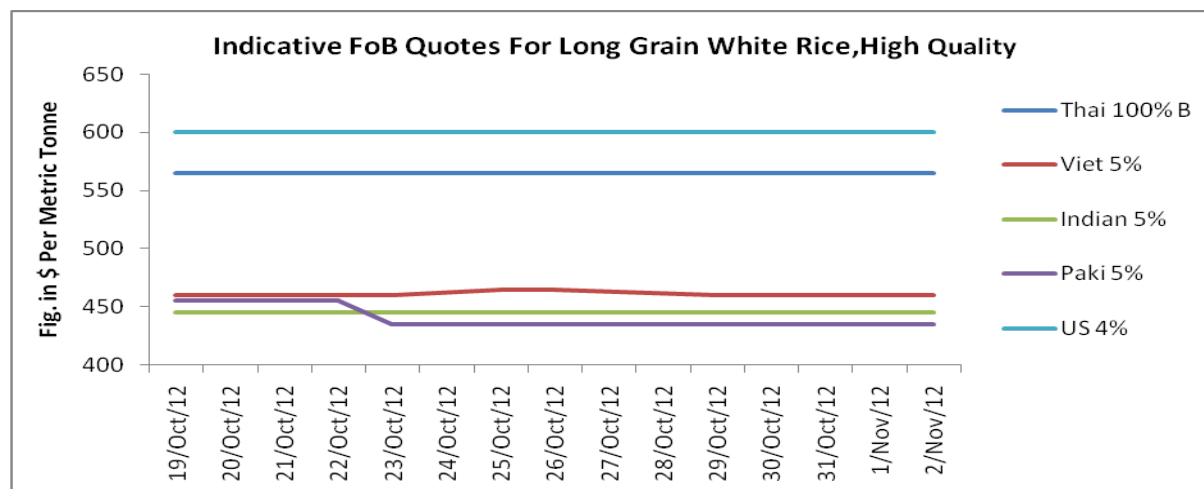
As per the data reported by APMCs

Price Projection for November 3rd week in domestic market:

Duration	Trend	Average Price Range
Short Term(5 days)	Steady(Negative)	Rs.-2350-2400
November (3 rd week)	Steady (Negative)	2375-2470

Rice Stock In Central Pool kitty from 2006-12


Rice stock in central pool kitty starts increasing with arrival of new crops and it will continue to increase up to February 2013, when arrival from kharif crop starts residing. However government may consider higher allocation for domestic market, if prices continue to firm up and stock to flatten.

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:-

Thai Exports of white rice and parboiled rice from the 1 January to the 21 October 2012 totaled 3,979,465 MT, 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 MT, down 44.1% from the previous year

The Vietnam Food Association (VFA) has reported exports of 6.26 million MT 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 MT, 46% less than the 749,479 MT 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 likely that Vietnamese exports will exceed 7.5 million MT for 2012, as registered contracts from 1 January to 12 October totalled 7.2 million MT. Vietnam exported 7.1 million MT in 2011 and looks set to become the world's second biggest exporter, behind India, in 2012.

The Pakistan Bureau of Statistics' preliminary data shows that the country's rice exports between July and September 2012 were 344,461 MT, down 45%, or 280,000 MT, on the corresponding period last year. September 2012 exports were down 41% and totaled 105,982 MT, comprising 36,053 MT of Basmati and 69,929 MT 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 MT, an increase on the 3.75 million MT exported in 2011/12.

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
3rd week of November, 2012	Steady to firm (Positive)	1520-1540

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