

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 tonnes as on November 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.

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.

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

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.

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.

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.

Global rice market is likely to trade steady to slightly firm on weather concern and increasing demand from importing nations. However, supply side is likely to remain comfortable in short and medium term.

Domestic Market Fundamentals:

Cash rice market is likely to trade higher in medium to long term as export demand for Indian rice is expected to be supportive. Rice price in Vietnam firms up on increased export sales and Thai quotes are higher. Importers are turning to India as the cheapest source of rice. Besides, lower production in Kharif season and higher procurement target may drive prices up from last month's lower level. However, supply side will remain ample as new crop is hitting the market. Export demand is likely to increase December onward as stake holders expect market to stabilize by the time.

Even farmers are offloading lesser stock in anticipation of higher prices in the months ahead. Crop in Tamil Nadu and A.P. will hit market soon and it may restrict market to go one way. However, farmers in south India will sell higher quantity to state agencies and FCI. In brief we can say that steep down fall from current level is unlikely. Millers are waiting for peck arrivals in Punjab, Haryana, U.P.

Rabi trans-planting for rabi is likely to increase and it may compensate lower production in kharif to some extent. Rabi rice production may cross 13 million T. Demand in domestic market from domestic consumers are likely to pick up from January. Weather remains favourable for rabi sowing and we expect better production in rabi season.

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.

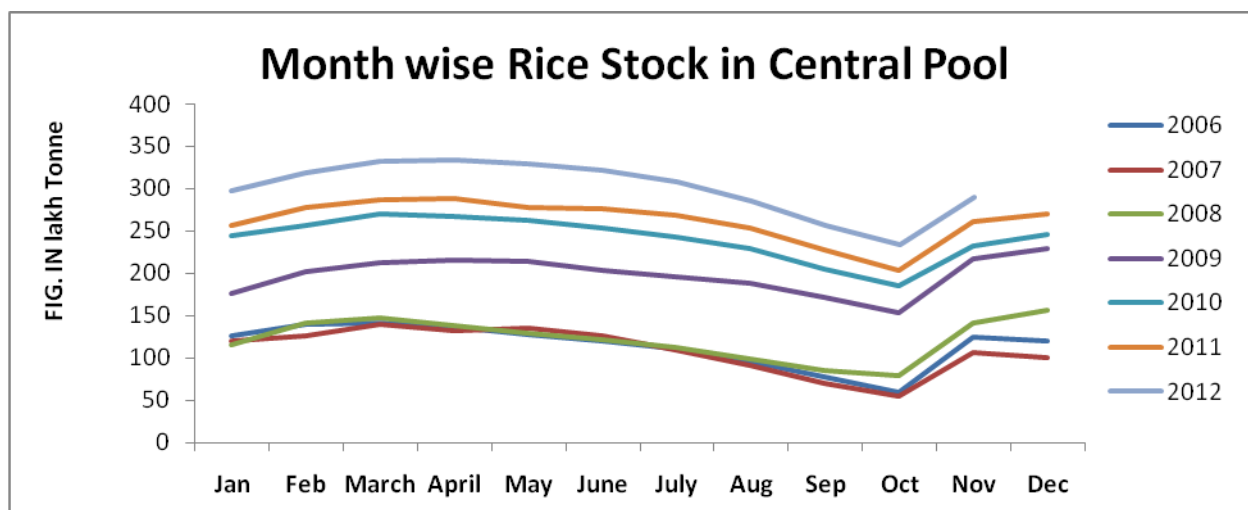
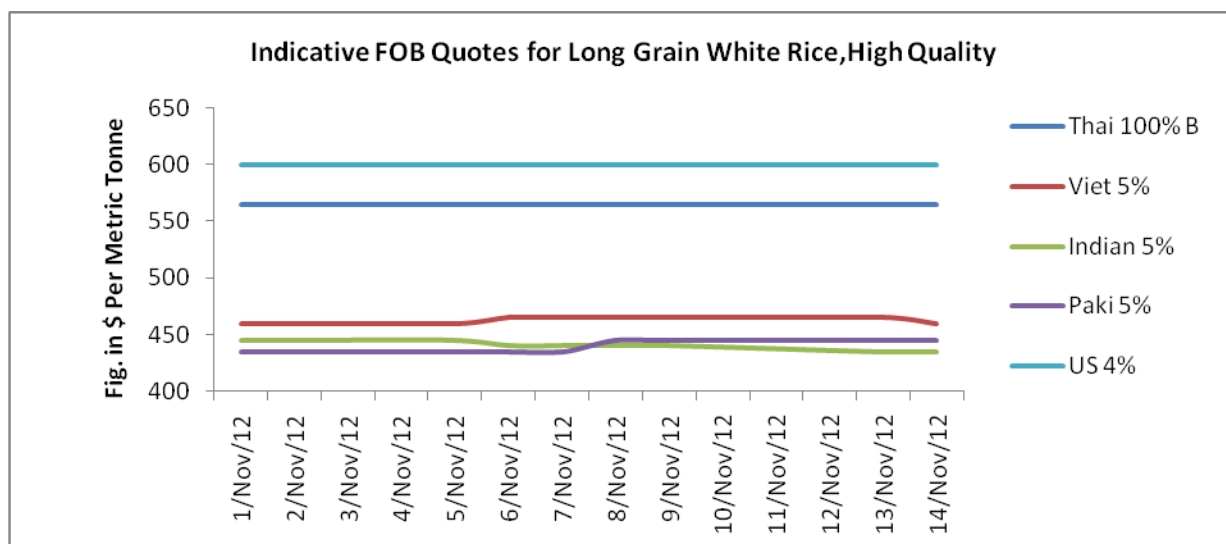
State wise Wholesale Prices Weekly Analysis for Rice November, 2012

Prices in Rs/Quinta

State	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	2162.98	2421.93	1908.28	2018.04	-10.69	13.35	7.18
Assam	2589.3	2478.11	2491.33	2525.88	4.49	3.93	2.51
Gujarat	2125.03	2258.7	2359.88	2183.45	-5.92	-9.95	-2.68
J&K	4575	4575	4300	2180	0	6.4	—
Jharkhand	2369.24	2406.76	2409.33	2134.34	-1.56	-1.66	11.01
Karnataka	2706.74	2642.61	2462.32	1990.99	2.43	9.93	35.95
Kerala	2843.22	2844.98	2872.19	2929.69	-0.06	-1.01	-2.95
Maharashtra	3201.2	4631.12	4535.04	4436.05	-30.88	-29.41	-27.84
Meghalaya	2907.32	3200	3200	3100	-9.15	-9.15	-6.22
Orissa	1931.78	1963.35	2021.59	1800.13	-1.61	-4.44	7.31
Uttar Pradesh	1677.69	1676.1	1676.89	1526.55	0.09	0.05	9.9
Uttrakhand	1641.54	1467.55	1857.34	2900	11.86	-11.62	-43.4
West Bengal	1955.69	2027.41	1987.34	1927.01	-3.54	-1.59	1.49
Average	2514.36	2552.17	2486.05	2176.93			

Price Projection for November 4th week in domestic market:

Duration	Trend	Average Price Range
Short Term(5 days)	Steady(Firm)	Rs.-2500-2550
November (2 nd week)	Steady (Positive)	2550-2600

Rice Stock In Central Pool kitty from 2006-12

FOB Quotes for Long Grain White Rice, High Quality


FOB Quotes for Pakistan, Thai, India and US rice price are almost unchanged from last week. Major buyers too are waiting for price to decrease as arrivals from major states are on its crest. However market will move upward as new crop pressure stabilizes in the market and also demand come from domestic and overseas market.

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's state rice buying agency, Bureau of Logistics (Bulog), is in talks with its counterparts in New Delhi to buy 100,000 to 150,000 tons of rice from India by the end of this year. Indonesia's foreign trade Director-General told sources that Bulog has been issued import permit of one million tons for realization until the end of the year to help the agency create buffer stocks of 2 million tons. However, Bulog is likely to only import 700,000 tons at the end of this year.

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 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 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 15.20 (resistant).

Price Projection (International-CBOT):-

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

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.