

### **Latest Market Development:-**

**Rice market continued to trade firm during the week under review** on the back of firm inner tone currently prevalent in the market. Arrivals in major markets registered lower than expectation as farmers and millers expect uptrend further. Farmers release paddy stock slower than market demand. Rice millers too are holding on to stock on increasing possibility of higher prices in the weeks ahead.

**Paddy and rice prices have firmed up in the range of Rs 50 to Rs 100 per qtl.** during the last week. Market experts are of the view that market should stay steady at current level as demand at higher level is likely to decrease. Even at this point of time when arrivals are coming on to the markets continuously. Further uptrend from current level is unlikely. During last one month, prices of paddy and rice have firmed up almost in the range of Rs 400 to 500 hundred per qtl.

**Export demand for Indian non-basmati and basmati rice is good and** is likely to improve in December onward; however, it would not be able to drive market further up from current level. Importers have options to import cheaper. Vietnam and Pakistan are able to supply rice at competitive prices as they have enough marketable surpluses. Rice demand in domestic market is likely to stay steady as supply side is ample.

**As per latest information available on sowing of crops, around 32%** of the normal area under Rabi crops has been sown up to 16.11.2012. Area sown under all rabi crops taken together has been reported to be 195.86 lakh hectares at All India level as compared to 223.06 lakh hectares in the corresponding period of 2010-11.

**Among the food grains, inflation for Wheat has increased to 19.78%** from the previous month's level of 18.63%, Cereals to 14.35% from the previous month's level of 14.18%; Rice has decreased to 11.40% from the previous month's level of 12.41% and Pulses to 20.00% from the previous month's level of 29.28%. All-India progressive procurement of Rice for the marketing season 2012-13 as on 16.11.2012 was 109.30 lakh tones against the procurement of 99.24 lakh tones up to the corresponding period of last year.

**Basmati rice exports to Iran may take a hit this fiscal.** Information trickling in from Indian rice trade sources indicates that Iran has just reworked its multiple exchange rate system to circumvent sanctions and rice importers in Iran will now have access to the open market exchange rate with a 2% discount. This means that the Iranian rice importer will now have to shell out Rs 23,000 to Rs 25,000 rials (or 2,300 to 2,500 toman) against one dollar as compared to 12,600 rials against a dollar a week ago. It will automatically work as a disincentive to import basmati rice from India.

**Weather remains favorable for paddy harvesting in south India and** arrivals is likely to pick up in December. As prices are ruling higher in the cash market, govt. procurement is expected to be down from the fixed target of 40 million tones. Farmers would prefer to sell in the open market on better prices for better grade paddy. Even Punjab and Haryana, procurement may dip as arrivals have been lower so far.

**Domestic Market Fundamentals:**

Cash rice market is expected to trade steady in the weeks ahead despite firm inner tone in the market. At higher level demand for export and from stockiest is likely to dip. Besides, supply side will remain ample and arrivals of paddy will increase in south India as harvesting is to pick up. Importers have option to source rice from other sources like Pakistan, Vietnam at competitive price. Overall, prices of rice should move range bound, as market would not get support at higher level.

Production has come down in kharif season considerably; however, it would not impact the total availability in the market as stock with govt. is as on 1<sup>st</sup> Nov. was registered at almost 29 million T. It is bound to increase with ongoing procurement. So any major uptrend from current level is unlikely based on market fundamentals. Millers would not be able to hold on stock for long time as they have procured paddy at higher price. Any downward trend may increase their risk. Besides, export is likely to dip due to higher prices. All these factors may limit uptrend. We expect prices to stay steady at current level.

**Rice export through OGL as on 20.11.2012**

Rice Export Under OGL as on 30 <sup>th</sup> September, 2012				From 1st Oct 2012(New Season) as on 20 Nov.12		
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	1.45	0.8	2.25
12-Nov	5.5	4	9.5	2.0	0.5	2.5
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			
<b>Total</b>	<b>62.4</b>	<b>29.47</b>	<b>91.87</b>	<b>3.45</b>	<b>1.3</b>	<b>4.75</b>

**Note: - New season for paddy starts on Oct 2012.(As on 20<sup>th</sup> November)**

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 16/11/2012 (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	1.02	0.32
Chhattisgarh	41.15	0.73	0.26
Haryana	20.07	25.17	19.26
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	-	-
Orissa	28.46	-	-
Punjab	77.31	81.93	75.86
Tamil Nadu	15.96	0.01	2.34
Uttar Pradesh	33.55	0.21	0.97
Uttaranchal	3.78	0.09	0.09
West Bengal	20.34	-	-
All-India	350.30	109.30	99.24

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 rice stock as of Nov 1, 2012 stood at around 28.95 million tons, much above the buffer and strategic requirements.***

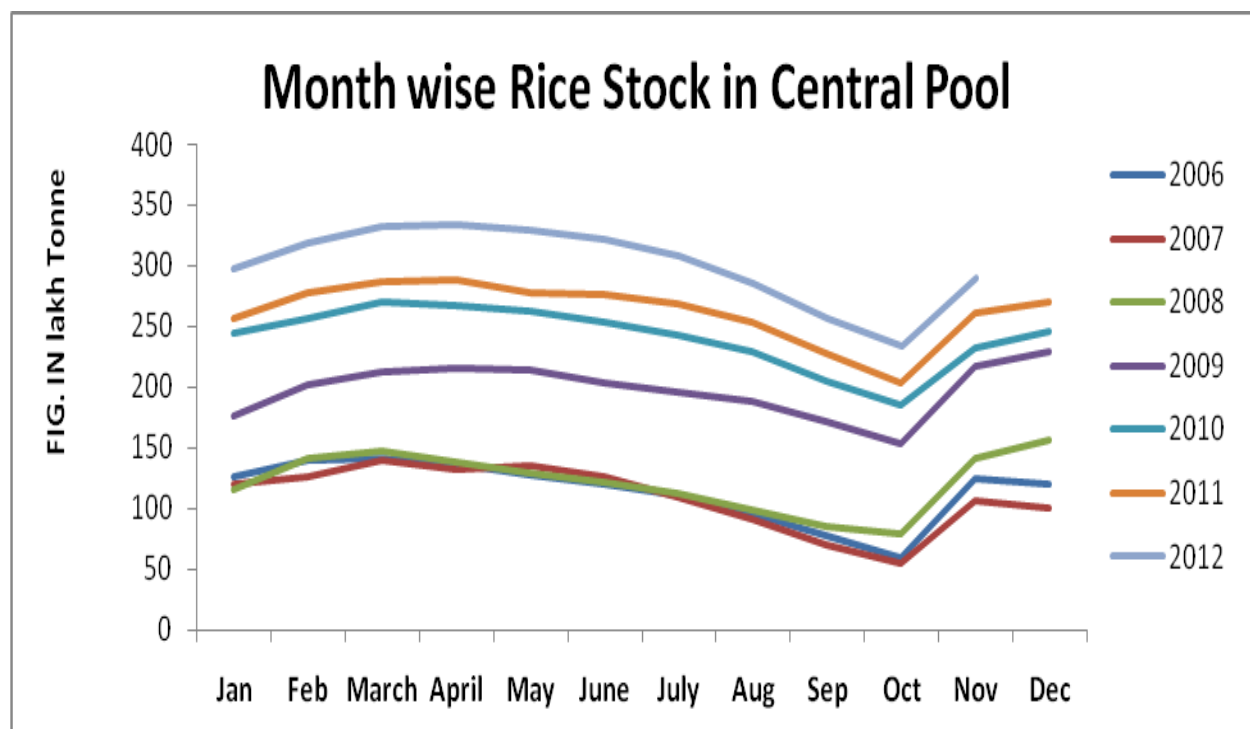
**State wise Wholesale Prices Weekly Analysis for Rice November, 2012**

State	Prices in Rs/Quinta						
	Prices 16-23 Nov 2012	Prices 09-15 Nov 2012	Prices 01-08 Nov 2012	Prices 16-23 Nov 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	1853.71	2170.2	2421.93	2079.18	-14.58	-23.46	-10.84
Assam	2443.75	2545.06	2478.11	2525.77	-3.98	-1.39	-3.25
Gujarat	2233.1	2123.19	2258.7	2124.64	5.18	-1.13	5.1
J& K	4575	4575	4575	5700	0	0	-19.74
Jharkhand	2388.24	2360.77	2401.81	2115.25	1.16	-0.56	12.91
Karnataka	2695.18	2668.98	2642.61	2090.41	0.98	1.99	28.93
Kerala	2841.59	2853.6	2846.18	2667.01	-0.42	-0.16	6.55
Maharashtra	4607.08	4428.96	4628.39	4222.3	4.02	-0.46	9.11
Meghalaya	3200	2907.32	3200	2780	10.07	0	15.11
Orissa	1653.46	1715.41	1665.22	1865.08	-3.61	-0.71	-11.35
Uttar Pradesh	1671.26	1679.16	1679	1526.96	-0.47	-0.46	9.45
Uttrakhand	1740.4	1854.52	1760.54	1616.67	-6.15	-1.14	7.65
West Bengal	2008.08	2004.31	2028.03	1920.04	0.19	-0.98	4.59
Average	2475.72	2606.65	2551.63	2291.5			
As per the data reported by APMCs							

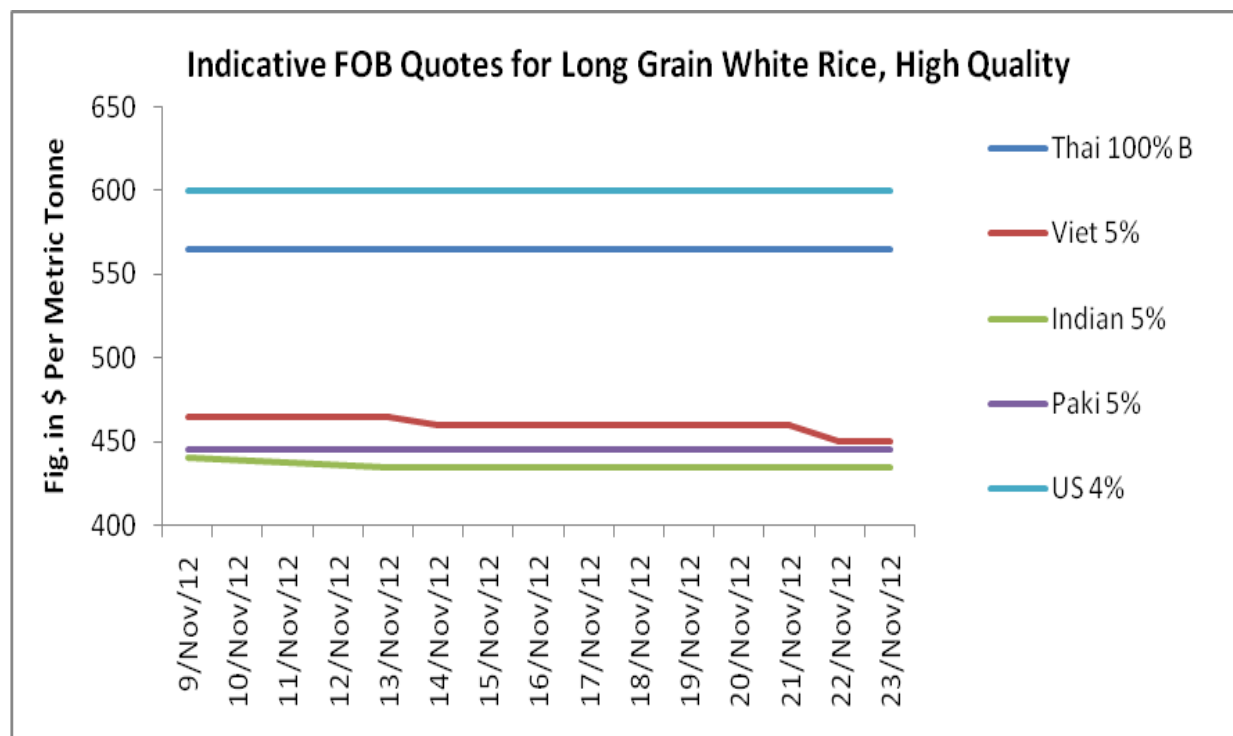
**Price Projection for December 1<sup>st</sup> week in domestic market:**

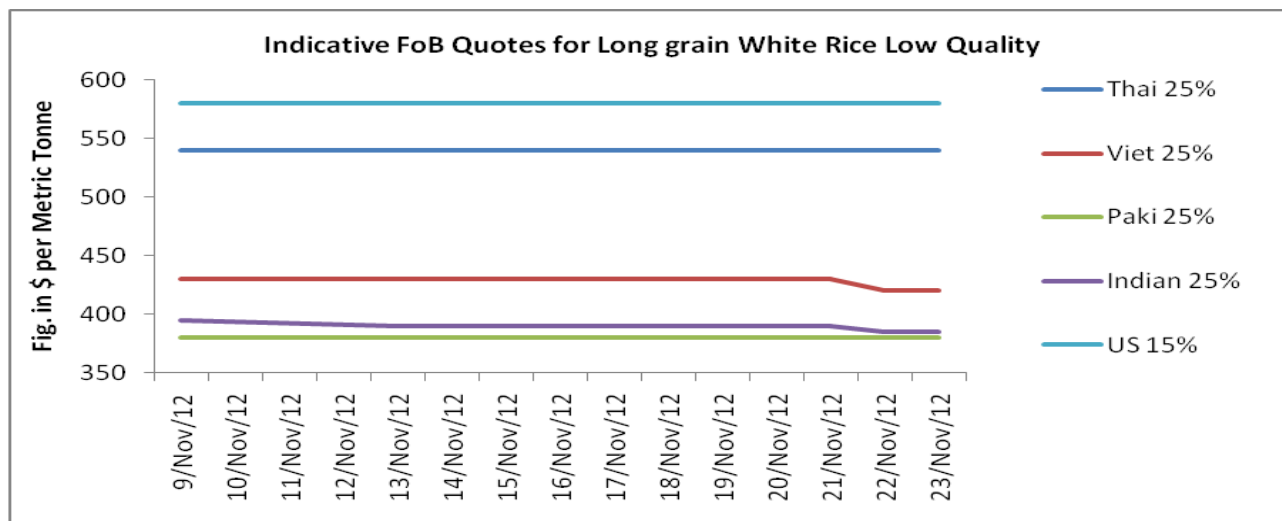
Duration	Trend	Average Price Range
Short Term( 5 days)	Steady	Rs.-2500-2525
December ( 1 <sup>st</sup> week )	Steady (Negative)	2475-2500

**Rice Stock In Central Pool kitty from 2006-12**



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



**FOB Quotes for Long Grain White Rice, Low 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.

**Next IGC report is due on 29.11.2012**

**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:-**

Exports of white and parboiled rice from 1 January to 4 November 2012 totaled 4,241,825 MTS, down 44.7 percent from the previous year's total of 7,666,900 MTS. According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) from 1 January – 2 October 2012 amounted to 5,067,313 MTS, down 44.1 percent (9,058,911 MTS) from last year.

Nepal's total paddy production this year could fall by up to 15% following the irregular monsoon and shortage of fertiliser. Nepal enjoyed a bumper rice crop last year of approximately 5.1 million MTS, allowing the country to resume exports. However, the country's status as an exporter may be under threat this year, with paddy now estimated to only reach around 4.2 million MTS. The country could even have to import up to 500,000 MTS of rice in order to satisfy domestic demand.

Despite a strong recovery in rice exports last month, Pakistan's total rice exports in the first four months of current fiscal year 2012-13 (July to June) are still about 34% down from last year, according to preliminary data from Pakistan Bureau of Statistics (PBS).

During July to October 2012, Pakistan's total rice exports have reached 501,557 tons, down almost 34% from 763,718 tons exported in the same period last year. Basmati rice exports during July to October 2012 dropped to 168,314 tons, down about 31% from 245,551 tons exported in the same period last year, while non-basmati rice exports declined to 333,243 tons, down about 36% from 518,167 tons last year.

Global rice trade is forecast to reach around 37.5 million tons in 2013, up slightly from the current 2012 estimate of around 37.3 million tons, according to the UN's Food and Agriculture Organization (FAO). The small increase in rice exports next year will be driven mainly by accumulated stocks in Thailand and a good harvest in India. However, the demand in China and the resumption of rice exports by Egypt are likely to change the equations of rice trade in 2013, says the FAO.

Burma will export about 500,000 tons of rice to Indonesia under a new Memorandum of Understanding (MoU) signed between the two countries on the sidelines of the Asian summit on November 17 in Cambodia. Local sources say that Burma will likely export high quality rice under the MoU.



**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
<b>Short Term (5-10 days)</b>	<b>Range bound</b>	<b>1480-1500</b>
<b>1<sup>st</sup> week of December, 2012</b>	<b>Steady to firm (Positive)</b>	<b>1520-1540</b>

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