

Latest Market Development:-

Prices of aromatic rice, including Sharbati traded up. However, PR varieties traded down on sluggish demand and increased arrivals. Demand for aromatic rice is set to increase as inner tone in market is bullish and stockiest/farmers/millers are holding on stock. While lower demand coupled with the arrivals of new rice in the market dragged PR varieties down. However, any major change in rice price in current week is unlikely. Supply side will remain ample.

Despite arrivals from newly harvested crop and higher supply in the market rice prices continued to rule higher in the month of November too and are unlikely to dip one way from current level. Inner tone in the market stands bullish due to holding on stock by millers and farmers supported by continued export and good demand for Indian rice abroad. However, rice market is likely to stabilize after a downward correction as demand at higher level is expected to decrease.

All-India progressive procurement of Rice for the marketing season 2012-13 as on 07.12.2012 was 126.71 lakh tonnes against the procurement of 111.35 lakh tonnes up to the corresponding period of last year. Despite lower Kharif crop pace of procurement is higher. Last year total procurement had touched 350.25 lakh T. This year too we expect almost same quantity as eastern states will contribute more to the central pool kitty on the back of higher MSP

India's rice stocks in the central pool as of Dec 1st, 2012 have started increasing with new arrivals. Stock registered at 30.67 million tonnes in the beginning of Dec, according to data from the Food Corporation of India (FCI). It will continue to increase as procurement season began just two months earlier. Total food grains stock registered at 68.25 million T on 1st Dec-2012. Out of this wheat contribution was 37.65 million Tonnes.

The rate of planting of winter rice (Rabi) crop in India continues to be slower than last year. According to the ministry of Agriculture, winter rice crop planting as of December 7, 2012 has reached around 109,000 hectares, which is down almost 25% from around 145,000 hectares covered during this time last year.

India's rice exports this year have been robust. The USDA estimates that total exports by India this year could reach 10 million tonnes, making it the top rice exporter for the first time. However, some politicians suggest that the government impose an export tax on rice to bring rice prices down in the country. The suggestion has been booed by experts who say that such a move could prove to be counter-productive. India exported around 3.17 million tons of basmati rice in marketing year 2011-12 (October to September), up over 57% from around 2 million tons exported in 2009-10 and up around 34% from 2.37 million tons exported in 2010-11, according to India's Ministry of Commerce and Industry.

Domestic Market Fundamentals:

Prices are ruling steady to slightly weak on sluggish demand at higher level, especially for non basmati rice, however better demand for aromatic rice lent support to 1121 & traditional basmati even at current level. Market expects prices to come down slightly from current level as buyers have hesitation to continue to bulk buying at current level. As per market feedback major price driving force will remain the demand from Saudi Arabia and Iran, the biggest buyer of aromatic rice. If these countries discontinue buying at higher level, prices will come down. Traders expect slight downward correction at current level. However major steep fall is unlikely as major buyers are expected to buy fresh demand from 2nd half of January.

In case of non basmati rice, LT Overseas have contracted to export of 15-20 lakh tonnes of swarna masuri, rake loading from Bareilly continues and purchase from Bhairai has been reported by local agents for the same company. Hectic buying by commission agent has supported swarna masuri price and increased from Rs. 1200 -1400 /Qtl in last two weeks. It will continue to rule higher as other exporters like DD International may start buying paddy for export soon.

Rice export through OGL as on 20.11.2012

Rice Export Under OGL as on 30 th 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	1.20	0.8	2.00
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			
Total	62.4	29.47	91.87	3.45		

Note: - New season for paddy starts on Oct 2012. (As on 20th November)

Rice export in ongoing season is likely to dip slightly and it may drop to 7.5 million T. new year started with slower pace as prices in domestic market is hovering higher than last year at this point of time. Besides, Pakistan offers competitive price and has ample stock to export.

Progressive Procurement of Rice as on 07/12/2012

(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	5.77	6.43
Chhattisgarh	41.15	6.12	7.37
Haryana	20.07	25.61	19.55
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	0.14	0.05
Orissa	28.46	-	-
Punjab	77.31	85.21	76.46
Tamil Nadu	15.96	0.01	2.69
Uttar Pradesh	33.55	2.45	6.18
Uttaranchal	3.78	0.69	0.50
West Bengal	20.34	0.03	0.50
All-India	350.30	126.17	119.87

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

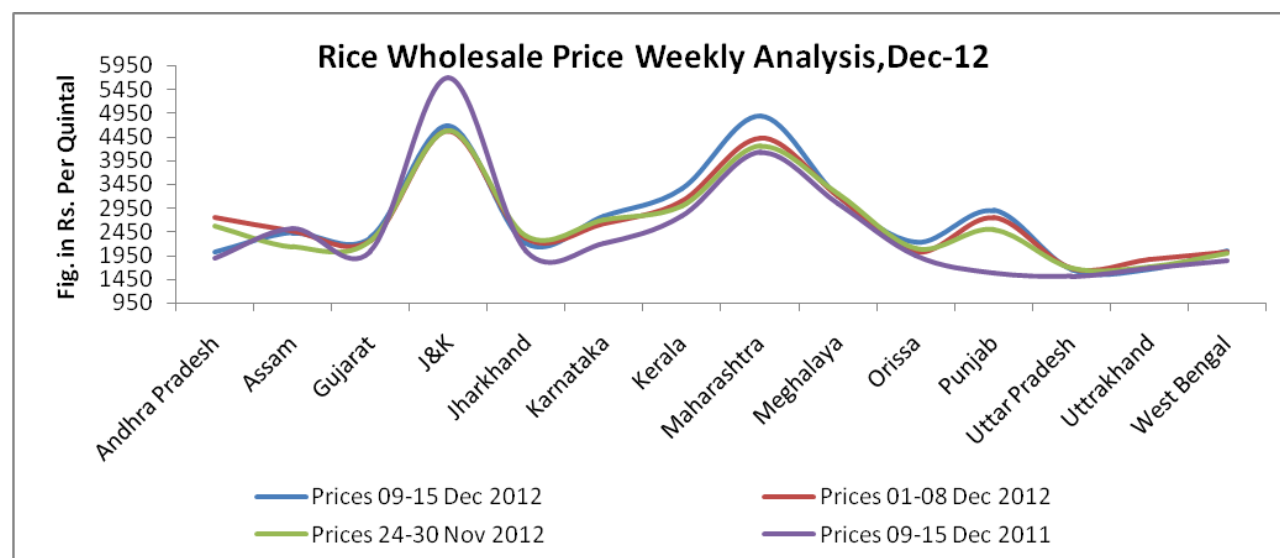
Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
2012	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67

India's rice stock as of Dec-1, 2012 stood at around 30.67 million tonnes, much above the buffer and strategic requirements.

State wise Wholesale Prices Weekly Analysis for Rice December, 2012

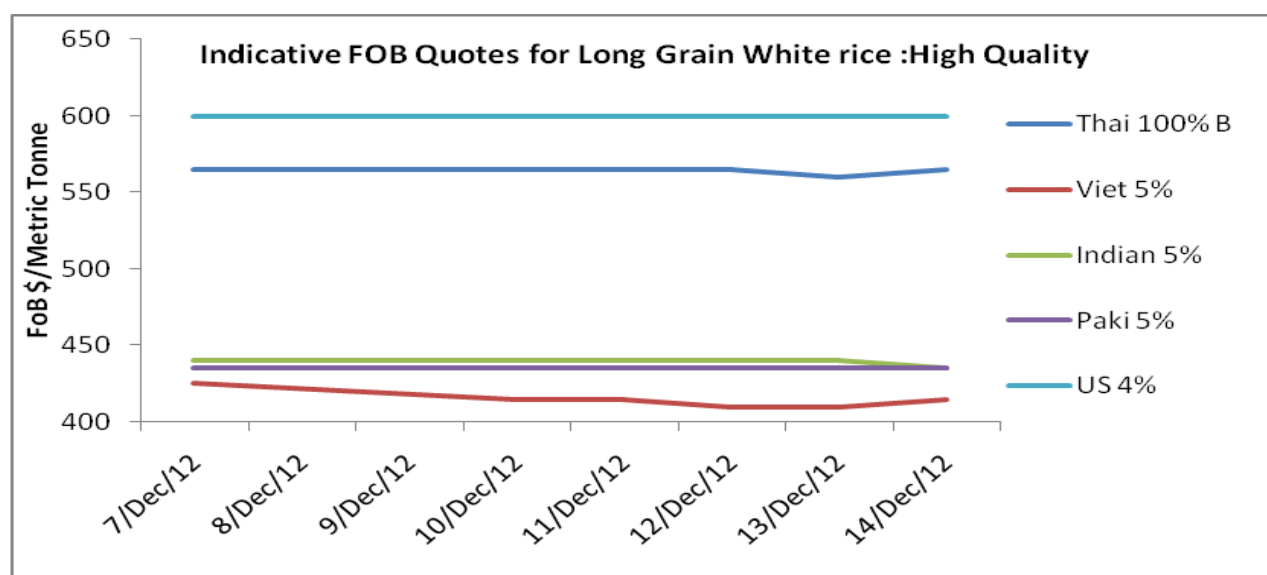
State	Prices in Rs/Quintal						
	Prices 09-15 Dec 2012	Prices 01-08 Dec 2012	Prices 24-30 Nov 2012	Prices 09-15 Dec 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2021.33	2756.78	2573.13	1892.17	-26.68	-21.44	6.83
Assam	2427.35	2474.15	2138.98	2528.06	-1.89	13.48	-3.98
Gujarat	2325.5	2264.06	2251.73	2041.92	2.71	3.28	13.89
J&K	4687.5	4575	4575	5700	2.46	2.46	-17.76
Jharkhand	2200.04	2312.96	2349.92	2048.6	-4.88	-6.38	7.39
Karnataka	2774.76	2624.91	2686.88	2213.97	5.71	3.27	25.33
Kerala	3339.38	3093.65	2995.12	2772.13	7.94	11.49	20.46
Maharashtra	4892.96	4420.61	4250.67	4125.52	10.69	15.11	18.6
Meghalaya	3200	3200	3244.44	3045.45	0	-1.37	5.07
Orissa	2230.09	2026.28	2094.11	1938.34	10.06	6.49	15.05
Punjab	2900	2741.11	2493.4	1577.26	5.8	16.31	83.86
Uttar Pradesh	1644.56	1676.85	1687.98	1512.06	-1.93	-2.57	8.76
Uttarakhand	1653.38	1864.27	1712.08	1675	-11.31	-3.43	-1.29
West Bengal	2060.63	2026.67	2000.71	1830.66	1.68	2.99	12.56
Average	2622.34	2602.57	2498.11	2362.57			

Weekly Rice Price Trend for 3rd Week of December:-



Price Projection for December 3rd week in domestic market:

Duration	Trend	Average Price Range
4 th week of December, 2012	Steady (Range Bound)	Rs.-2625-2670

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


FOB Quotes for Pakistan, India and US rice price are slightly dipped from last week; however Vietnam and Thai price quoted higher than previous week.

IGC Balance Sheet: Updated on 29.11.2012
(Fig. In MMT)

IGC released 23.08.12	estimate on	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	2012-13 forecast 25.10.12 (Milled basis)	29.11.12
Rice								
Production		431	448	441	449	463	465	464
Trade		29	29	31	36	36	36	36
Consumption		427	435	438	447	457	466	466
Carry over St.		81	92	96	97	103	102	104
Year change		+5	+11	+4	+1	+6	-	-1
Major exporters		19	27	28	29	35	36	37

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

High Lights:-

- Asian rice markets mostly weakened over the last month as limited trade activity weighed on sentiment, along with increased supplies from main crop harvests.
- At 464m t, world rice production is forecast marginally lower than last month, but is still a record, as rises in China and elsewhere more than offset reduced output in India.
- World stocks are set to decline slightly in 2012/13, but supplies will remain comfortable, especially in the major exporters.
- Global trade in 2013 is projected to fall by 4% y/y on lower shipments to China and Nigeria.

World Market Recap:

Thailand's rice stocks to a record 12 million tons in 2012-13, up about 26% from an estimated 9.5 million tons of rice in the government stockpile in 2011-12, according to the latest report of the London-based International Grains Council (IGC).

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).

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.

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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 15.00 (support) to 15.60 (resistant).

Price Projection (International-CBOT):-

Duration	Trend	Price Range
4 th week of December, 2012	Steady range Bound	1520-1560

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