

Latest Market Development:-

Paddy arrival in major markets continued to drop and during last one week it has decreased almost by 60 percent. It has come down from 40,000 to 15,000 bags and it may fall further in the weeks ahead. Major decline has been seen in PR varieties in Punjab and Haryana as farmers have released maximum stock so far and arrivals aromatic varieties too have declined are likely to remain sluggish in the days ahead.

Rice market is likely to trade steady to slightly weak for two three weeks as demand from wholesale and retail market has decreased at higher level. However, in medium term rice price may increase from current level. Supply and demand side is likely to remain balanced in the short term. As per market feedback under tone remains bullish in the medium and long term.

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:

India's Commerce Minister has reiterated that the government will continue to allow unrestricted export of rice due to sufficient supply in the domestic market. Due to higher production, the government has allowed export of rice, wheat and cotton as per by MOA. This will continue as we have enough supply. They admitted that a stable export policy for exports of rice will help obtain better returns for rice farmers.

According to USDA, India exported a record 10.4 million tons of rice in 2011-12, helped by huge surplus stocks accumulated during the three-year ban on exports of non-basmati rice that was lifted in September 2011. India is expected to export about 7 million tonnes of rice in 2012-13.

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	2.75	0.35	3.1
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. (As on 20th November)

The UN's Food and Agriculture Organization (FAO) said that India is well placed to become the top rice exporter this year with over 9 million tons of rice exports, ending Thailand's status as the largest rice exporter for over two decades.

Rice Balance Sheet For India:

Marketing Year January -December			
Value in MMT	2010-11	2011-12	2012-13 E
Beginning Stocks with govt	24.3	25.51	28.86
Production	95.98	104.32	98
Total Availability	120.28	129.83	126.86
Domestic consumption	48	50	52.5
Govt. Procurement	34.9	35.03	40
Exports	2.77	8.74	7.4
Total Usage	85.67	93.77	99.9
stock with Millers /Stockiest	9.1	7.2	7
Ending Stocks	25.51	28.86	19.96
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.38	6.93	4.56
Stock to Consumption Ratio	0.53	0.58	0.38

Fig. in Million tonne

India is in very comfortable situation on rice stock front with consecutive bumper production. Beginning stock has been on the rise due to higher production last year. We expect new rice marketing season to begin with over 29 million T stock with smooth procurement under way despite lower Kharif production at around 85 to 86 million T. We expect 13 million T production Rabi season. Due to higher domestic prices and lower production in Kharif season export may dip this year to 7.4 million T. If export continues carryout for next year may drop to around 20 million T.

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

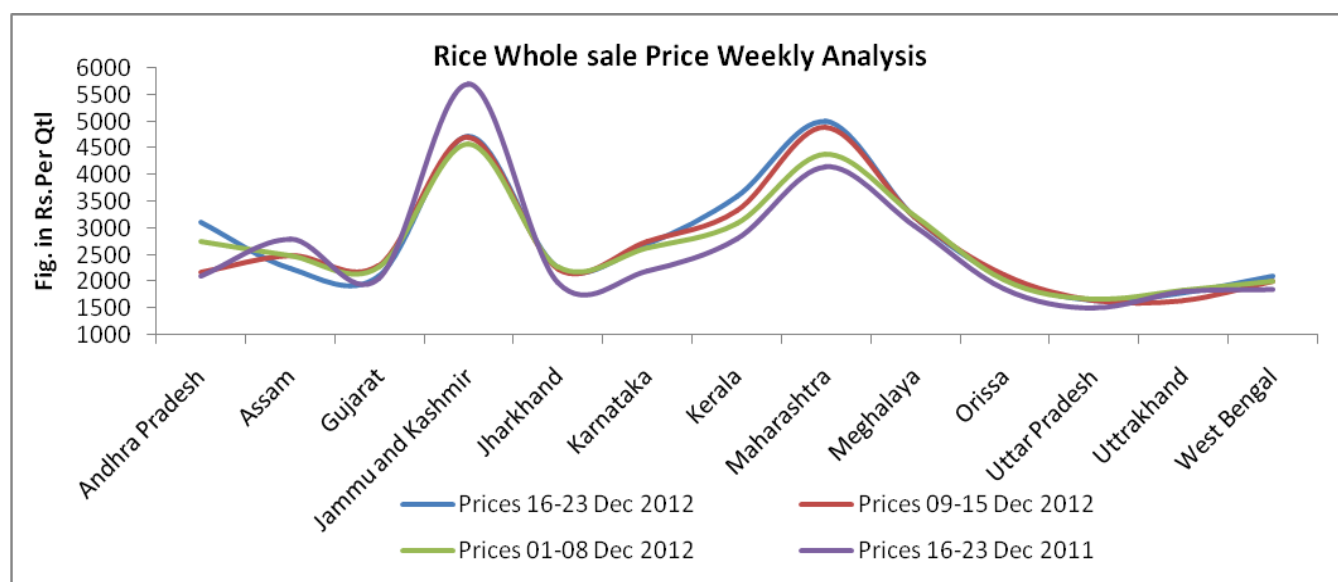
India's rice stock as of Dec-1, 2012 stood at around 30.67 million tonnes, much above the buffer and strategic requirements.

State wise Wholesale Prices Weekly Analysis for Rice December, 2012

State	Prices in Rs/Quintal						
	Prices 16-23 Dec 2012	Prices 09-15 Dec 2012	Prices 01-08 Dec 2012	Prices 16-23 Dec 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3119.11	2161.11	2756.78	2100.4	44.33	13.14	48.5
Assam	2240.98	2481.15	2474.15	2793.77	-9.68	-9.42	-19.79
Gujarat	2096.64	2300.47	2264.06	2048.3	-8.86	-7.39	2.36
J & K	4713.33	4700	4575	5700	0.28	3.02	-17.31
Jharkhand	2259.32	2234.27	2272.81	1983.62	1.12	-0.59	13.9
Karnataka	2703.24	2753.55	2624.91	2202.09	-1.83	2.98	22.76
Kerala	3591.97	3317.94	3092.07	2800.91	8.26	16.17	28.24

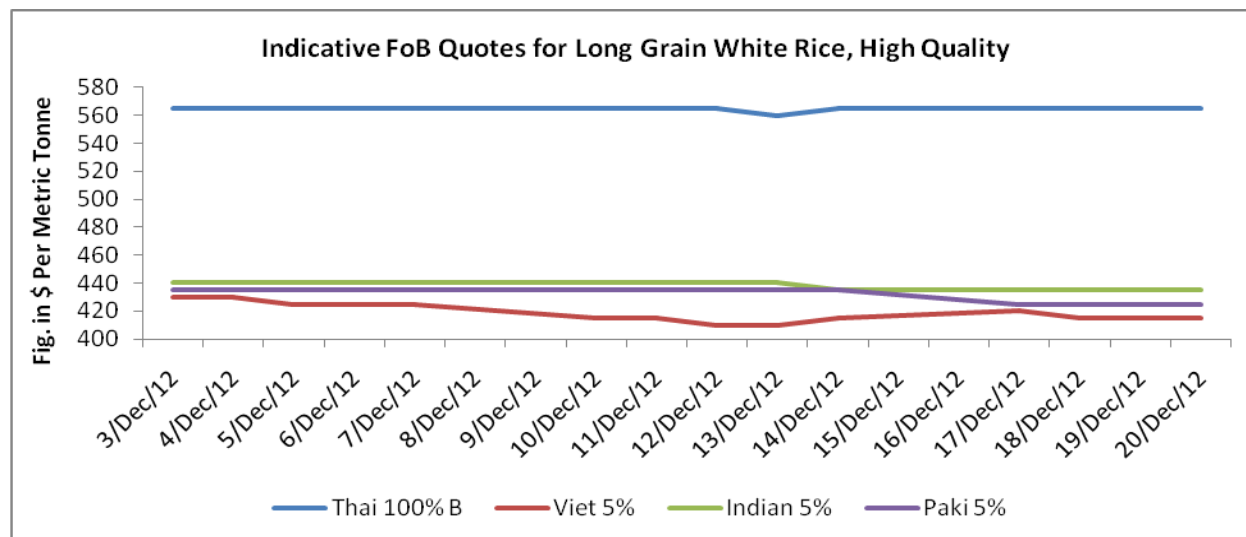
Maharashtra	4999.78	4884.25	4388.85	4147.95	2.37	13.92	20.54
Meghalaya	3200	3200	3233.8	3031.91	0	-1.05	5.54
Orissa	2076.7	2128.14	2016.11	1858.21	-2.42	3.01	11.76
UP	1642.98	1650.86	1674.28	1507.95	-0.48	-1.87	8.95
Uttrakhand	1788.66	1647.47	1834.8	1800	8.57	-2.51	—
West Bengal	2094.41	2015.46	2012.57	1844.05	3.92	4.07	13.58
Average	2727.38	2623.42	2596.57	2516.58			

Weekly Rice Price Trend for 4th Week of December:-



Price Projection for December 4th week in domestic market:

Duration	Trend	Average Price Range
4 th week of December, 2012	Steady to Weak	Rs.-2600-2650

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 till middle of December. However market will move upward as new crop pressure stabilizes in the market and also demand come from overseas market.

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:

Iraq is seeking to buy at least 30,000 tons of rice from Thailand, the U.S., Uruguay and Argentina, according to the Iraqi trade ministry. The last date for submission of applications is December 23, 2012, and offers must remain valid until December 27, 2012. Last week, Iraq's state grain board purchased 85,000 tons of rice from Thailand for prices around \$573 per ton (C&F). Iraq's rice purchases are expected to grow to a record 1.35 million tons in 2012, according to the USDA.

Haiti has signed an agreement to import about 300,000 tons of rice from Vietnam in 2013. Under the agreement, Vietnam will ship 20,000 tons of rice in the first quarter of 2013. Haiti has to import up to 300,000 tons of rice to meet its consumption demand of 400,000 tons.

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.

In 2012, over 1.3 million rice farmers in Vietnam have adopted the System of Rice Intensification (SRI) method of farming to reduce input costs and boost yield by up to 50%.

Sri Lanka Ministry of Agrarian Services and Wildlife reported heavy damage to crops due to the heavy rains some parts of the country received in the past few weeks. Source said that about 50,000 acres of rice cultivation is affected by floods. Rice cultivation was severely damaged in Anuradhapura, Polonnaruwa, Puttalam, Ampara and Trincomalee districts

CBOT Rough Rice Chart: March Contract:-



Market Analysis:

Global rice market in March Contract shows bullish trend in previous trading session, CBOT future price closed higher from previous level. We expect market will trade in the range of 15.20 (support) to 15.80 (resistant).

Price Projection (International-CBOT):-

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

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