

**Latest Market Development:-**

**Cash rice market traded mixed during the week under review.** Aromatic rice prices increased due to decreasing arrivals in major markets. Basmati rice prices traded up by Rs 100 to Rs 200 per qtl. and we expect upward movement to continue with increasing possibility of higher export demand from mid January. Millers and stockiest too are holding on stock in anticipation of higher price in the weeks ahead. However, uptrend may be restricted due to lower quotes in Pakistan.

**Contrary to aromatic basmati prices of non-basmati rice have declined slightly due to increased arrivals in major markets of Haryana.** Prices of SBT and PR-13, PR-14 have declined by Rs 100 to Rs 150 per qtl. during the week under review. Sluggish demand at the fag end of the year too has contributed to pressurize the market sentiments. However, more downward correction is unlikely as we expect fresh demand from mid January from domestic as well as international market.

**India's winter (rabi) rice crop planting has declined sharply this year,** trailing at 187,000 hectares, down about 38% from 302,000 hectares under rice plantation during this time last year, according to official data. planting of rice has declined due to shortage of water in key rabi rice producing southern states of Andhra Pradesh and Tamil Nadu.

**Decline in rabi rice production could further hurt India's rice production in 2012-13** which is now estimated at 100 million tons, down about 4% than last year's record 104.3 million tons. The government hopes that about 15 million tons of rice from the rabi rice crop will take the total rice production to 100 million tons, but the current pace of rice planting suggests rabi rice production may not meet the government target.

**All-India progressive procurement of Rice for the marketing season 2012-13 as on 21.12.2012 was 147.51 lakh tonnes** against the procurement of 143.16 lakh tonnes up to the Corresponding period of last year.

**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.

**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 <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	1.20	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	<b>62.4</b>	<b>29.47</b>	<b>91.87</b>			

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

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 14/12/2012**

(Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.38	11.27	11.35
Chhattisgarh	41.15	16.43	18.26
Haryana	20.07	25.70	19.60
Kerala	3.72	-	-
Madhya Pradesh	6.35	-	-
Maharashtra	1.78	0.14	0.05
Orissa	28.46	-	-
Punjab	77.31	85.44	76.60
Tamil Nadu	15.96	0.01	2.80
Uttar Pradesh	33.55	3.91	10.51
Uttaranchal	3.78	1.15	0.96
West Bengal	20.36	0.49	1.02
All-India	350.25	147.51	143.16

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.

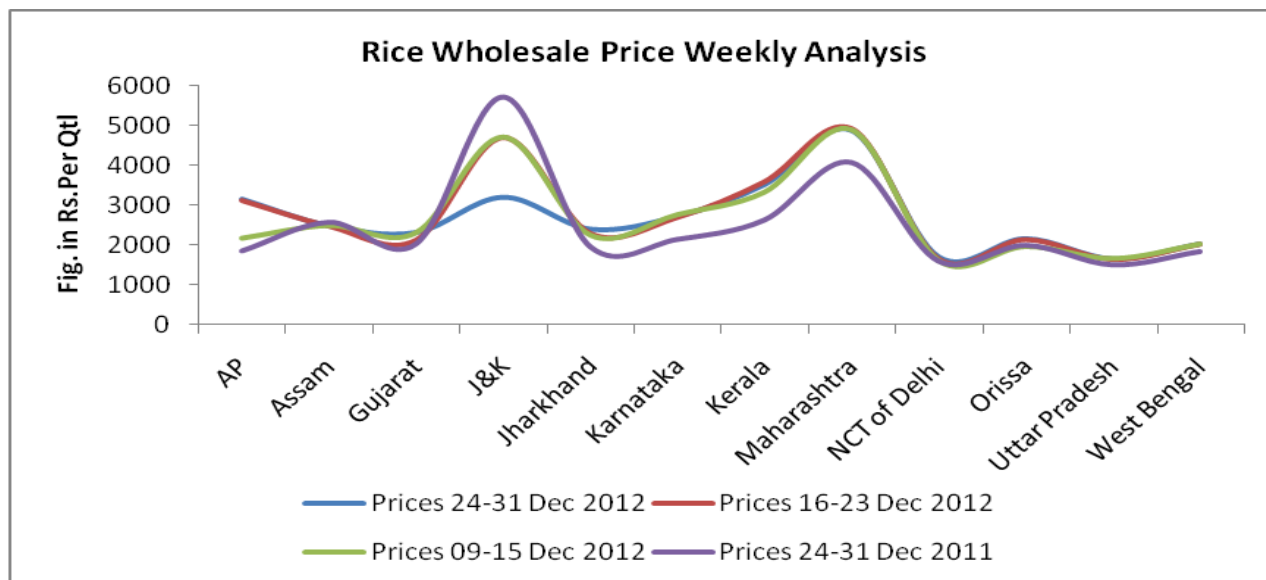
**Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT**

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

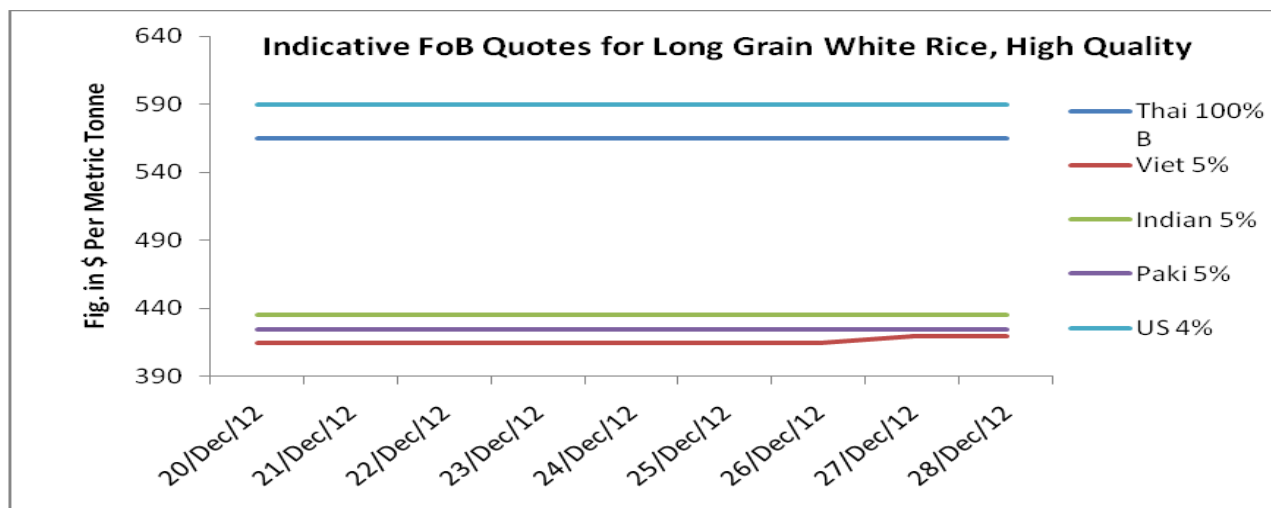
**India's rice stock as of Dec-1, 2012 stood at around 30.67 million tonnes, much above the buffer and strategic requirements.**

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

State	Prices in Rs/Quintal						
	Prices 24-31 Dec 2012	Prices 16-23 Dec 2012	Prices 09-15 Dec 2012	Prices 24-31 Dec 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3150	3128.83	2161.93	1853.31	0.68	45.7	69.97
Assam	2482.06	2483.17	2481.15	2570.63	-0.04	0.04	-3.45
Gujarat	2312.33	2128.54	2300.47	2032.22	8.63	0.52	13.78
J&K	3200	4711.7	4700	5700	-32.08	-31.91	-43.86
Jharkhand	2396.23	2298.45	2240.02	1959.53	4.25	6.97	22.29
Karnataka	2719.95	2703.76	2753.55	2145.02	0.6	-1.22	26.8
Kerala	3515.32	3597.83	3317.94	2628.01	-2.29	5.95	33.76
Maharashtra	4879.56	4935.45	4884.25	4063.18	-1.13	-0.1	20.09
NCT of Delhi	1700	1656.25	1600	1600	2.64	6.25	6.25
Orissa	2158.6	2146.93	1953.84	1995.71	0.54	10.48	8.16
UP	1648.57	1646.59	1652.45	1507.63	0.12	-0.23	9.35
West Bengal	2026.02	2028.43	2015.66	1839.53	-0.12	0.51	10.14
Average	2682.39	2742.37	2613.05	2414.98			

**Weekly Rice Price Trend for 4<sup>th</sup> Week of December:-**

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

Duration	Trend	Average Price Range
1 <sup>st</sup> week of January, 2013	Steady to firm	Rs.-2650-2700

**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 basis)	(Milled 29.11. 12
<b>Rice</b>								
Production		431	448	441	<b>449</b>	<b>463</b>	465	464
Trade		29	29	31	<b>36</b>	36	36	36
Consumption		427	435	438	<b>447</b>	457	466	466
Carry over St.		81	92	96	<b>97</b>	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 has purchased 80,000 tons of rice from Thailand** this week for prices of around \$568 per ton (C&F), according to Iraq's state grains board.

**China's paddy rice production is estimated to reach a record 205 million tons (about 143.5 million tons, basis milled)** in 2012, up about 2% from around 201 million tons (about 140 million tons, basis milled) in 2011, according to the UN's Food and Agriculture Organization (FAO). The estimates are slightly higher than 204.3 million tons of paddy production in 2012 estimates by the USDA.

**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%.

**Indonesia is targeting to produce around 72.064 million tons of paddy rice in 2013, up about 4% from 68.965 million tons this year, according to the Agriculture Minister.** The targeted increase in rice production will help Indonesia reach self sufficiency in rice next year. Earlier this year, the country's rice buying agency, Bulog, had revealed that Indonesia managed to restrict rice imports to just 700,000 tons in 2012, down over 157% from around 1.8 million tons of rice imported in 2011.

**Vietnam's rice exports in 2012 have reached a record high of 8.05 million tons, up about 13% from last year's almost 7.1 million tons** and the highest ever on record, Vietnam's General Statistics Office (GSO) said today. Both the USDA and the FAO have estimated that Vietnam will be this year's second largest rice exporters with exports of around 7.5 million tons, while the government estimated rice exports to cross 7.7 million tons.

**Pakistan shipped about 240,000 tons of rice in November**, including 212,117 tons of non-basmati rice and about 29,000 tons of basmati rice.

January – November, 2012 Pakistan rice exports stand at about 2 million tons, down about 27% from about 2.8 million tons the same period last year. Non-basmati shipments are down about 24% to about 1.47 million tons this year and basmati shipments are down about 34% to around 570,000 tons this year for January-November.

The average price of non-basmati rice shipments in November was about \$625 per ton, down about 22% from the same month last year. The average price for basmati shipments in November was around \$1,091 per ton, up about 9% from the same month last year.

**CBOT Rough Rice Chart: March Contract:-**

**Market Analysis:**

Global rice market in March Contract 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 15.80 (resistant).

**Price Projection (International-CBOT):-**

Duration	Trend	Price Range
1 <sup>st</sup> week of January, 2013	Steady	1520-1560

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