

### **Market Highlights**

**Rice prices again increased on better** demand prospects in the month of January. Prices have already moved northward and we expect uptrend to continue as availability in retail market is declining. Stockist and millers have started building inventories sensing the bullish sentiments. Prices of basmati and non basmati have gone up by Rs 400 and Rs 150 per qtl respectively in last one week and going by current trend we expect almost equal level of increase in next two -three weeks. Traders have quoted higher price for immediate delivery.

**Market sentiment remains supportive to rice cash** market and export demand for both basmati and non basmati is good and we see demand is improving as other exporting countries are quoting higher prices. However, any rally at this point of time is unlikely as millers / stockiest would not be able to hold stock for a long time as cash crunch may impact their normal course of business. Besides, demand too will decrease at higher level. So we may witness restricted uptrend in the weeks ahead.

**India's rabi (winter) rice crop planting is down sharply from last year**, reaching 1.476 million hectares, down about 27% from 2.042 million hectares rice planted by February 1, 2012. Rice planting in India has declined due to shortage of rainfall in key Rabi rice producing southern states of Andhra Pradesh and Tamil Nadu. The Rabi crop accounts for about 13% of India's annual rice production with the majority produced in the Kharif (summer) crop.

**We expect Rabi production to be limited at 13 million T** on milled basis. This means total Kharif and Rabi production will be in the range of 98 to 99 million tonnes, which is lower than 103.4 million tonnes last year.

**Indian government agencies have procured almost** 20.43 million tons of rice during the ongoing Kharif Marketing Season (KMS 2012 to 2013) till 18.01.2013. According to the Ministry of Consumer Affairs, Food and Public Distribution, total rice procured until January 18, 2013 is about 6% more than the rice procured during the same period of the previous season.

**India's total rabi planting area – including rice, wheat, oilseeds, pulses, and coarse cereals reached** at 60.502 million hectares so far, down about 0.5% from 60.834 million hectares planted at this time last year.

**Rice market fundamentals:**

Haryana has attained the highest ever rice production of 39.76 lakh tonnes since 1966. This has been achieved despite the state receiving about 36.8 percent less rainfall in 2012.

According to state agriculture department the output of coarse rice was over 23.54 lakh tonnes, with a productivity of 40.03 quintals per hectare. The total crop area was 5.88 lakh hectares.

This has remained highest both in production and productivity since 1966-67. The production of Basmati rice was 16.22 lakh tonnes, with a productivity of 25.87 quintals per hectare in an area of 6.27 lakh hectares.

**Rabi planting progress as on 01.02.2013:**

State	Normal Area	Average Area	Area sown reported	% of Nor,	Last Year	Absolute	% Change
			This Year			Change	
Andhra Pradesh	15.07	10.71	6.68	44.3	9.08	-2.40	-26.4
Assam	3.51	1.56	1.87	53.3	1.70	0.17	10.0
Bihar	1.02	0.04		0.0		0.00	0.0
Gujarat	0.40	0.02					
Karnataka	3.75	1.50	0.79	21.1	1.27	-0.48	-37.8
Kerala		0.28	0.11		0.19	-0.08	-43.7
Orissa	3.07	0.61	0.17	5.5	0.32	-0.15	-46.9
Tamil Nadu	1.61	1.14	0.76	47.4	0.76	0.00	0.0
Tripura		0.09	0.03		0.04		
West Bengal	14.54	6.10	4.30	29.6	7.00	-2.70	-38.6
Others	1.47	0.20	0.05	3.4	0.06	-0.01	-16.7
<b>All-India</b>	<b>44.99</b>	<b>22.35</b>	<b>14.76</b>	<b>32.8</b>	<b>20.42</b>	<b>-5.66</b>	<b>-27.7</b>

Fig. in Lakh Hectare

Rabi rice area is lagging behind around 27% from previous year as on February 01-2013, rice planting has still not started in major rice growing states like Chhattisgarh, Haryana, Punjab, Jharkhand and north eastern states. Total area coverage under Rabi rice is expected to remain lower from normal and production target of

15 million Tonnes is unlikely to materialize this year. However, transplanting may improve in the eastern states in the weeks ahead. Total production may dip to 13 million T against the target of 15 million T.

Farmers may shift to other lucrative crops in Rabi season as prices of spices, cotton and castor are ruling higher in the domestic market. Lower availability of water too will encourage farmers to look towards other alternative crops. Total production including Rabi and Kharif is pegged at 98 million tonnes this year.

**Domestic Supply And Demand:**

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

India is in very comfortable situation on the rice stock front with consecutive bumper productions. We expect the 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 7.6 million T. If export continues, carryout for next year may drop to around 20 million T.

**Comparative Wholesale Price State wise, Monthly Analysis:**

<b>State</b>	<b>Prices January, 2013</b>	<b>Prices December, 2012</b>	<b>Prices January, 2012</b>	<b>% Change(Over Previous Month)</b>	<b>% Change(Over Previous Year)</b>
<b>AP</b>	2968.91	2736.6	1895.18	8.49	56.66
<b>Assam</b>	2441.97	2478.45	2306.01	-1.47	5.9
<b>Gujarat</b>	2438.75	2251.25	2060.82	8.33	18.34
<b>J&amp;K</b>	4836.36	4521.25	5503.62	6.97	-12.12
<b>Jharkhand</b>	2355.68	2280.54	2000.73	3.29	17.74
<b>Karnataka</b>	2828.17	2704.16	2196.85	4.59	28.74

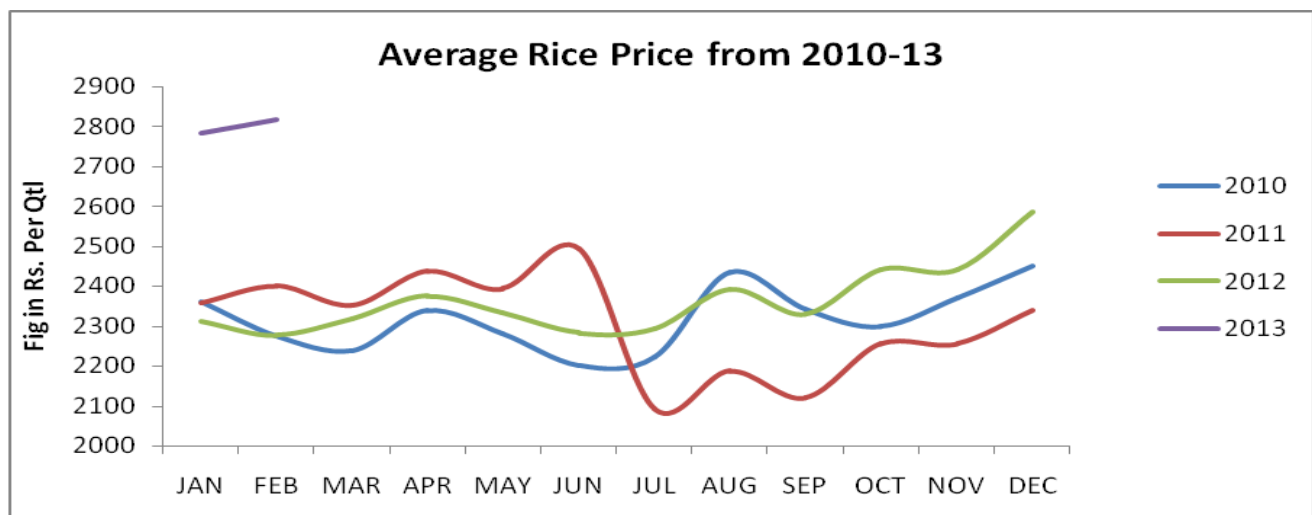
<b>Kerala</b>	3513.55	3394.89	2906.33	3.5	20.89
<b>Maharashtra</b>	4822.52	4867.34	3989.68	-0.92	20.87
<b>Meghalaya</b>	3216.91	3213.11	3077.34	0.12	4.54
<b>NCT of Delhi</b>	1690	1654.9	1544.9	2.12	9.39
<b>Orissa</b>	2305.59	2065.96	1918.19	11.6	20.2
<b>UP</b>	1649.71	1654.62	1457.44	-0.3	13.19
<b>Uttrakhand</b>	1865.41	1756.92	1636	6.18	14.02
<b>West Bengal</b>	2151	2073.67	1906.1	3.73	12.85
<b>Average</b>	2783.64	2587.31	2310.5		

**\*Report Generation: As per the data reported by APMCs**

Rice prices ruled at all time high in the month of January, lower production estimates for Rabi rice supportive with better demand for rice varieties in domestic market as well as overseas market is the major driver for price hike.

Prices of rice have increased in major states like Andhra Pradesh, J.K, Kerala, Orissa, West Bengal and Gujarat. Average rice price too have boosted around by Rs.300/qtl in the month of January compared to December, 2012 due to delayed arrival of Kharif rice. However we expect rice prices may take correction in late February.

#### **Average Rice Prices During Last Three Years:**



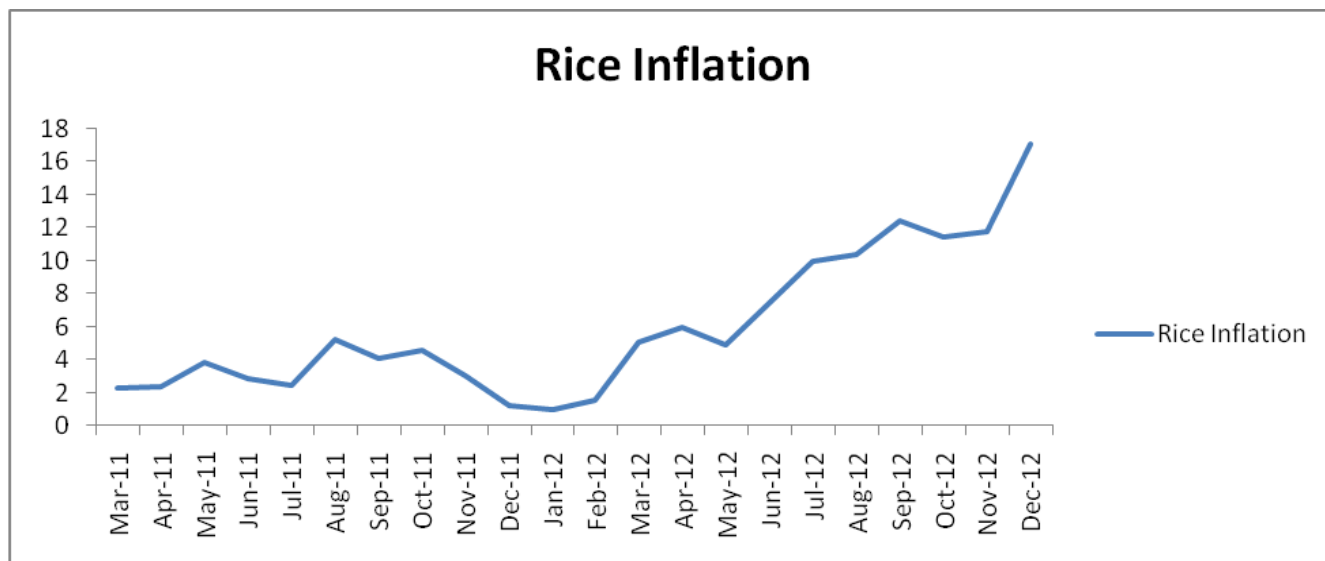
Average Rice Price ruled at the all time high in the starting of new year, due to stock holding by stockist/ millers in anticipation of high prices. Rice Market are now flatter at this time and we expect prices will stabilize to soft in the month ahead.

**Monthly Average Price at various Centers:**

Monthly Average Price for various Centers ( Rs./Qtl)					
Months	Delhi (PR)	Haryana(PR)	WB (MOTA)	Amritsar(PR)	Karnataka (IR-64)
July	2112.53	2200	2400	2145	2410
August	2117.66	2187.5	2390.61	2225	2375.54
September	2067.39	2113.04	2395.91	2157.89	2360.22
October	2036	2120	2376	2100	2350
November	2057.29	2183	2380.66	2027.27	2300
December	1995	2192	2388	2000	2420
January	2046	2220	2384	1974	2480.76

Source: Agriwatch

Average rice price in major markets like Delhi, Haryana and Karnataka are increased in comparison to previous year (December), due to lower arrival of PR varieties as stock holed by farmers, however in West Bengal and Amritsar it is quoted lower in the month of January than December, 2012.

**Rice Inflation:**

 Source: [www.eaindustry.nic.in](http://www.eaindustry.nic.in)

Among the food grains, inflation for Wheat has increased to 23.23% from the previous month's level of 23.19%, Cereals to 19.02% from the previous month's level of 15.85%, Rice inflation increased to 17.10% from the previous month's level of 11.80% and Pulses has decreased to 17.57% from the previous month's level of 19.10%.

**Rice Export under OGL:**

Rice Export Under OGL as on 30 <sup>th</sup> September, 2012					From Oct 2012(New Season)	
Units are in lakh tons	Non Basmati	Basmati	Total	Non Basmati	Basmati	Total
12-Oct	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	2.2	0.5	2.7
12-Dec	5.9	2.5	8.4	3.25	0.55	3.80
12-Jan	5.45	2.75	8.2	3.40	0.90	4.30
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>10.05</b>	<b>2.75</b>	<b>12.8</b>
<b>Note: - New season for paddy starts on Oct 2012.</b>						

Rice exports reached 91.87 lakh tonnes this MY 2012. Non-basmati rice export touched 62.4 lakh tonnes while basmati export touched 29.47 lakh tonnes. At the end of this Marketing Year total rice export crossed over 9.1 million T.

However the condition of export is not very favorable as per 1<sup>st</sup> Quarter figure, Export of Rice from Oct-Dec is lower than previous year in first quarter (Oct-Dec) due to higher Prices, delayed harvesting, and lower demand from International market owing to lower quotes by Pakistan and Vietnam. However we expect export volume to increase in 2nd and 3rd quarter as prices of Non basmati have started cooling down and we expect buyers to return in market for bulk buying in mid of January.

Africa, along with countries in the Middle East and Gulf, accounted for about 86% of total non-basmati rice exports by India in 2011-12. There were nine African nations among the top 15 importers of Indian non-basmati rice and together, Nigeria, Senegal, Côte d'Ivoire, Egypt, Benin, Somalia, Togo, Kenya, and Cameroon accounted for about 2.4 million tonnes or almost 60% of total non-basmati rice exports by India. Indonesia, the U.A.E., Bangladesh, Nepal, Singapore, Yemen and Iraq were also prominent importers of Indian non-basmati rice in 2011-12.

**Progressive Procurement of Rice as on 18/01/2013**

(Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
<b>Andhra Pradesh</b>	75.38	22.68	24.64
<b>Chhattisgarh</b>	41.15	32.55	29.44
<b>Haryana</b>	20.07	25.83	19.66

<b>Kerala</b>	3.72	-	-
<b>Madhya Pradesh</b>	6.35	6.63	4.18
<b>Maharashtra</b>	1.78	1.13	0.63
<b>Orissa</b>	28.46	14.18	7.91
<b>Punjab</b>	77.31	85.57	77.31
<b>Tamil Nadu</b>	15.96	0.01	3.19
<b>Uttar Pradesh</b>	33.55	9.58	18.40
<b>Uttaranchal</b>	3.78	2.04	1.71
<b>West Bengal</b>	20.34	3.67	2.83
<b>All-India</b>	350.25	204.39	192.14

Source: <http://dacnet.nic.in/>

Rice procurement by Government agencies has crossed the half-way-mark of the targeted 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as of end-January stood at 20.43 mt, up by 6 per cent over that in the corresponding period last year at 19.21 mt. Procurement has been higher in Punjab, Haryana, Chhattisgarh and Odisha, while States such as Andhra Pradesh and Uttar Pradesh have registered a decline. Procurement of paddy by the State agencies has been completed in the major rice growing States with the exception of Andhra Pradesh, Bihar and Odisha. The Government agencies had procured 35 mt of rice in the 2011-12 Kharif marketing season and are targeting 40 mt in the current season.

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

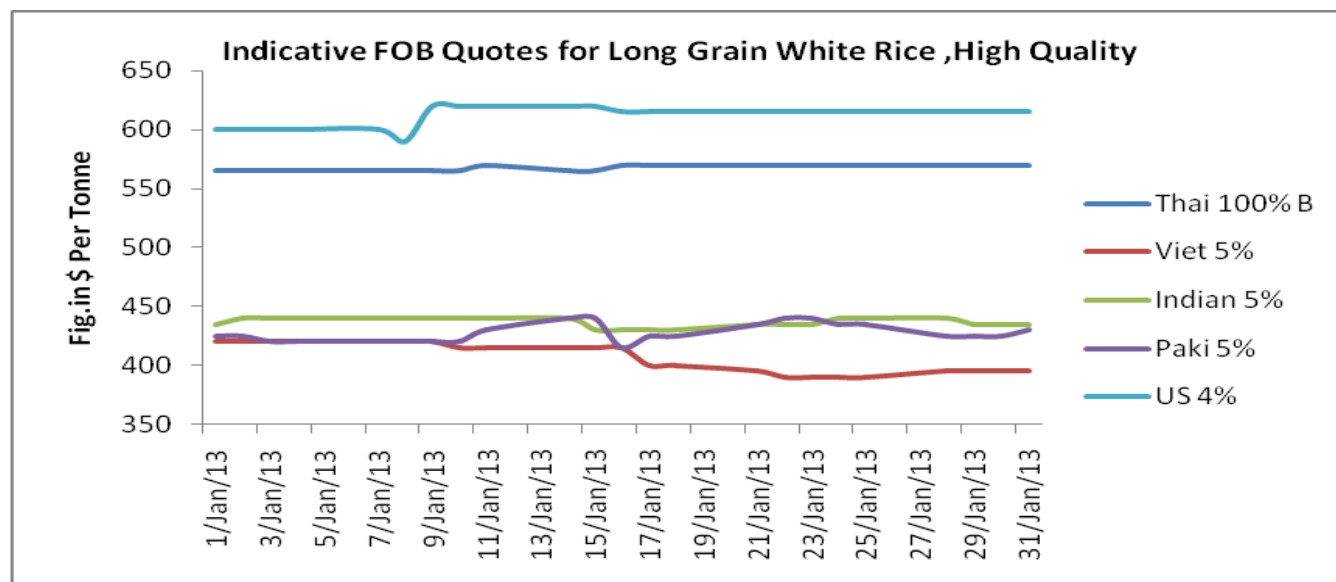
<b>Year</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>2010</b>	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
<b>2011</b>	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
<b>2012</b>	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67
<b>2013</b>	32.22	35.38										

Source: FCI

***India's rice stock as of February-1, 2013 stood at around 35.38 million tonnes, much above the buffer and strategic requirements.***

**Buffer Norms and Strategic Reserve:**

As on	Buffer Norms			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
1st April	122	40	162	20	30	212
1st July	98	171	269	20	30	319
1st October	52	110	162	20	30	212
1st January	118	82	200	20	30	250

**Monthly FOB Quotes:**


FOB Quotes for Thailand and US are almost unchanged from last month however prices of Indian and Pakistan are moving up due to strong overseas demand of Indian rice and Pakistani Rice from Middle East countries and china respectively. On the other hand Vietnam Food Association (VFA) sets up the floor rice export price, i.e. the minimum export price, for Vietnam's rice exports Vietnamese exporters should not sell rice at the prices lower than the floor prices to protect the value of Vietnam's rice.

**World Market Recap**

**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.**

**The FAO says that 2012 paddy rice production in Indonesia is estimated at a record 69 million tons, up about 5% from the 2011 above-average output, mainly due to increase in area under rice cultivation and good weather conditions last year. In 2013, it is estimated that paddy rice production in the country will rise further by**



around 4.5% to about 72 million tons. **Indonesia may have to import up to 1.5 million tons of rice in 2013**, despite claims of the Indonesian government that the country will achieve self-sufficiency in rice this year, according to the UN's Food and Agriculture Organization (FAO).

**Total rice stocks in the Philippines as of December 1, 2012 stand at around 2.61 million tons**, down about 15.6% from 3.10 million tons on December 1, 2011, according to the Bureau of Agricultural Statistics (BAS). Total rice stocks also declined about 6.2% from 2.78 million tons of rice in the country's stocks on November 1, 2012. Rice stocks with the state rice buying agency, the National Food Authority (NFA), stand at just 600,000 tons, down almost 46% from 1.12 million tons recorded on December 1, 2011. However, NFA rice stocks are about 7% higher than 560,000 tons in its stocks the previous month. The BAS says that NFA stocks are enough for 18 days.

**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's basmati rice export declined by about 53% to 239,764 tons ( valuing about \$233 million) during July 2012 to December 2012**, from 509,904 tons (valuing about \$440 million) in the same period of last year, Rice Exporters Association of Pakistan (REAP) reported.

**Japan's paddy rice production in 2012 is likely to reach about 10.54 million tons, according to the UN's Food and Agriculture Organization (FAO)**. Paddy rice production in 2012 is slightly higher than around 10.5 million tons produced in the previous year, but about 2% less than the average of previous five years. The FAO said that rice acreage has not increased much since the Fukushima disaster about two years ago.

**Under the 2012 Minimum Market Access (MMA) commitments, South Korea purchased a total of 368,006 tons of rice** from the United States (100,901 tons), China (166,070 tons), Thailand (29,963 tons), Australia (9,030 tons), Vietnam (45,400 tons), India (11,642 tons) and Myanmar (5,000 tons).

**IGC Balance Sheet: Updated on 17.01.2013**

(Fig. In MMT)

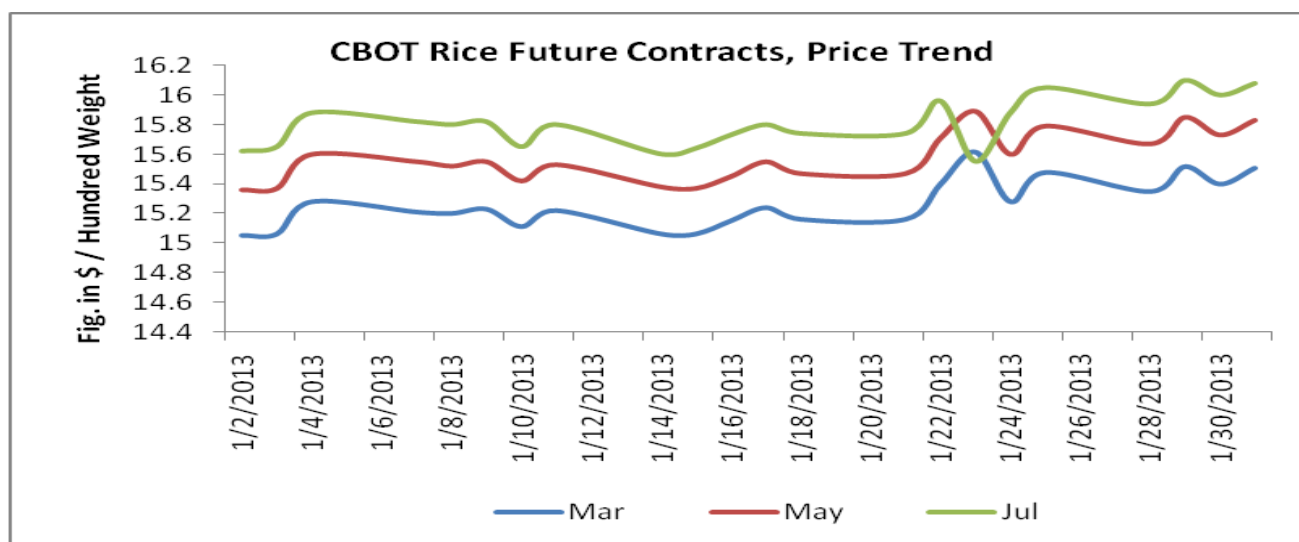
IGC estimate released on 17.01.13	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	2012-13 forecast 29.10.12 (Milled basis)	17.01.13
<b>Rice</b>							
<b>Production</b>	431	448	441	448	464	464	464
<b>Trade</b>	29	29	31	36	36	36	36
<b>Consumption</b>	427	435	437	446	457	466	467
<b>Carry over St.</b>	81	92	96	99	105	104	103
<b>Year change</b>	5	11	4	2	7		-2
<b>Major exporters</b>	19	27	29	31	36	37	37

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

### High Lights:-

- Rice markets remain relatively stable with support from tight export availabilities in Thailand and Vietnam mostly offset by pressure from limited export interest.
- Rice output is forecast unchanged y/y and, while global stocks are expected to show a small decline, major exporters' inventories are seen rising to a record 37.1m t.
- With world use expected to rise by 2% y/y, global ending stocks are forecast to fall slightly, but major exporters' supplies are set to rise slightly for an eighth successive year.
- Global trade in 2013 is projected to fall by 6% from last year's record on reduced shipments to Asia and Africa.

### CBOT rice futures Contracts:



Rice futures market at CBOT has been showing uptrend trend and we expect The U.S Market continues to firm as buyers compete to lock up dwindling supplies of rice while sellers hold out for higher prices.

**CBOT March Contract:**


Global rice market shows a bullish trend in previous trading session, CBOT future price closed higher from previous level. We expect market will trade in the range of 15.00(support) to 15.60 (resistant). However, Rice CBOT market is moving range bound and bearish tone is likely to continue on latest bearish outlook by IGC.

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

Duration	Trend	Support	Resistance
February	Steady (Positive)	S1-15.60, S2- 15.40	R1-16.40 R2-16.20

Rice futures made strong gains in the first 3 contract months. Tightening U.S. stocks have brought funds back to the market. Producers should be looking for opportunities to complete 2012 crop sales. March has resistance at \$16.40, the contract high.

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