

### Market Highlights

Rice prices are ruling higher in comparison to last two weeks and there seems no respite in the short term as continued demand for basmati and non-basmati from domestic and overseas markets continued to lend support to the rice market fundamentals. Stake holders in market see uptrend to continue. Stockiest /brokers including rice millers and farmers are holding onto stock in anticipation of higher prices in the weeks ahead.

Supply in retail markets has decreased and deals are being struck at higher level for forward month. However, continuous uptrend might slow down current buying interest in the short term. Lower Kharif production and rabi acreage supported by better export opportunity in the absence of Thailand (due to higher price) remain supportive for the Indian rice exporters. Trade volume may decrease a little bit at higher level. However, any unexpected dip is unlikely.

Vietnam, Pakistan and India remain the major supply source. Indian basmati is getting premium over Pakistani and Thai premium varieties. The difference of prices in aromatic varieties is likely to continue as production of basmati rice has been much lower than expectation. Good demand, stock holding and lower crop will continue to lend support for the aromatic rice market.

Area under rabi rice crop in India is lagging behind has reached about 2.887 million hectares as on March 1, 2013, down about 11.5% from 3.263 million hectares during the same time last year, according to the Ministry of Agriculture. The rabi rice crop in India accounts for around 12% of the total annual rice production in the country. The 2012-13 rabi rice area is down almost 25% from the last five-year average winter rice area of around 3.862 million hectares.

In the Union Budget 2013-14, the government has abolished the duty on exports of de-oiled rice bran. The move has been welcomed by local exporters of de-oiled rice bran, who say that the 10% duty was making exports uncompetitive. India exports about 200,000 tons of de-oiled rice bran every year, and Vietnam is India's biggest buyer of de-oiled rice bran. More sops for exporters would be announced after the changes are made in the foreign trade policy next month.

The Indian government has allocated Rs. 27,049 crore (about \$5 billion) for the agriculture sector in the Union Budget 2013-14, up about 34% from Rs. 20,208 crore (about \$4 billion) in the year 2012-13. The Finance Minister proposed Rs. 1,000 crore (about \$185 million) to continue support the Bringing Green Revolution to Eastern India (BGREI), almost unchanged from last year. Another Rs. 500 crore (about \$93 million) has been allocated to help crop diversification from rice and wheat in the present green revolution states in northern India.

The government also announced that a total of Rs.90,000 crore (about \$16.7 billion) towards food subsidy this year, and an additional Rs.10,000 crore (about \$1.8 billion) has been set aside for the implementation of the Food Security Bill that is likely to be passed in the current year.

Among the food grains, inflation for Rice has increased to 17.31% from the previous month's level of 17.10% and Wheat has decreased to 21.39% from the previous month's level of 23.23%, Cereals to 18.09% from the previous month's level of 19.02% and Pulses to 16.89% from the previous month's level of 17.57%

**Rice market fundamentals:**
**Chhattisgarh Government Announced a Bonus of Rs. 270 per Quintal for Paddy over MSP**

The central Indian state of Chhattisgarh has announced a bonus of Rs. 270 per quintal (around \$50 per ton) over the Minimum Support Prices (MSP) of paddy already offered by the central government for the current Kharif marketing year (October to September) 2012-13. In June, 2012, the central government had increased the MSP of common grade paddy rice to Rs. 1,250 per quintal (about \$230 per ton) and of Grade A paddy rice to Rs. 1,280 per quintal (about \$235 per ton), up about 16% from the previous year.

**Rice Farmers in India's Odisha State Practice 'Self Help is Best Help' After Government Procurement Slows Down:**

Sundergarh district in India's eastern state of Odisha is known for producing several hockey players of international repute without much help from the government. Now, rice farmers in the district have decided to help themselves out of the helpless condition they are in due to slow down of rice procurement by the government agencies.

Hundreds of small scale rice farmers in Sundergarh have formed a self-help group to build storage facilities for their paddy and a rice mill after government agencies slowed down procurement of rice citing paucity of storage space. The newly formed farmer group hopes to get better prices from private traders and also jointly tackle problems faced by farmers in the region.

**Rabi planting progress as on 15.02.2013:**

State	Normal Area	Average Area	Area sown reported			Absolute Change	% Change
			This Year	% of Nor,	Last Year		
<b>Andhra Pradesh</b>	15.07	12.67	9.37	62.2	10.56	-1.19	-11.3
<b>Assam</b>	3.51	2.47	2.67	76.1	2.55	0.12	4.7
<b>Bihar</b>	1.02	0.32	0.18	17.6	0.20	-0.02	-10.0
<b>Gujarat</b>	0.40	0.05	0.01		0.01		
<b>Karnataka</b>	3.75	2.08	1.42	37.9	1.40	0.02	1.4
<b>Kerala</b>		0.32	0.11		0.19	-0.08	-42.1
<b>Maharashtra</b>	0.30	0.06	0.01		0.01		
<b>Meghalaya</b>		0.05	0.02		0.02		
<b>Orissa</b>	3.07	1.22	0.69	22.4	0.55	0.14	25.5
<b>Tamil Nadu</b>	1.61	1.58	1.25	77.9	1.62	-0.37	-22.8
<b>Tripura</b>		0.12	0.05		0.06		
<b>West Bengal</b>	14.54	10.70	8.40	57.8	9.75	-1.35	-13.8
<b>Others</b>	1.47	0.33	0.10	6.8	0.15	-0.05	-33.3
<b>All-India</b>	<b>44.99</b>	<b>31.97</b>	<b>24.28</b>	<b>54.0</b>	<b>27.07</b>	<b>-2.80</b>	<b>-10.3</b>

Fig. in Lakh Hectare

Rabi rice area is lagging behind around 10% from previous year as on February 22, 2013. However, transplanting improved in the eastern states. 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 99 million tonnes this year.

#### Domestic Supply And Demand:

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	99
Total Availability	120.28	129.83	127.86
Domestic consumption	48	50	52.5
Govt. Procurement	34.9	35.03	40
Exports	2.77	8.74	7.5
Total Usage	85.67	93.77	99.5
stock with Millers /Stockiest	9.1	7.2	7
Ending Stocks	25.51	28.86	28.36
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.38	6.93	6.48
Stock to Consumption Ratio	0.53	0.58	0.54

Fig. in Million tone

India is in contented situation on the rice stock front with consecutive bumper productions and supported with higher carryout stock. 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 7.5 million T. If export continues, carryout for next year may drop to around 28 million T.

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

State	Prices February, 2013	Prices January, 2013	Prices February, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	3052	3007.17	1995.68	1.49	52.93
Assam	2515.37	2441.21	2132.78	3.04	17.94
Gujarat	2587.07	2439.86	2083.84	6.03	24.15
J&K	4316.67	4836.36	5550	-10.75	-22.22
Jharkhand	2313.16	2357.94	2121.34	-1.9	9.04
Karnataka	3076.04	2828.17	2185.14	8.76	40.77
Kerala	3289.29	3505.04	2569.2	-6.16	28.03
Maharashtra	5007.6	4837.67	3952.58	3.51	26.69
Meghalaya	2287.08	3216.91	2982.64	-28.9	-23.32

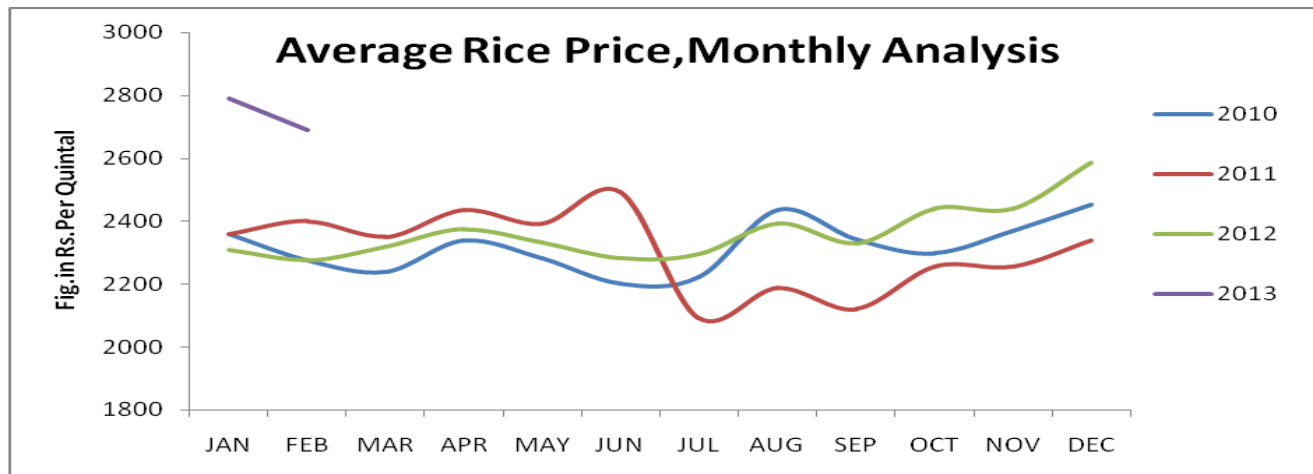
<b>NCT of Delhi</b>	1629.55	1690	1467.44	-3.58	11.05
<b>Orissa</b>	1813.86	2230.48	1995.11	-18.68	-9.08
<b>Uttar Pradesh</b>	1675.66	1649.97	1452.83	1.56	15.34
<b>Uttrakhand</b>	1897.04	1865.31	1700	1.7	11.59
<b>West Bengal</b>	2209.47	2162.54	1938.85	2.17	13.96
<b>Average</b>	<b>2690.7</b>	<b>2790.61</b>	<b>2276.37</b>		

Source: AGMARK

Average Rice prices in the month of February, 2013 ruled low around Rs.100 per quintal compare to previous month; however in most of the states prices are seems higher than the previous month. Overall sentiments for rice remain bullish in the month ahead.

Prices of rice have increased in major states like Andhra Pradesh, Assam, Gujarat, Karnataka, Maharashtra and West Bengal. However in some states like Odisha, Meghalaya, Kerala, rice prices ruled lower than previous month due to late arrival of new Kharif crop in these states.

#### Average Rice Prices Monthly Analysis:



Average Rice Price ruled lower than previous month, due to late arrival of Kharif Rice in major producing states like Odisha, like Odisha, Meghalaya, and Kerala. However we expect price will trade firm about Rs. 100-200per quintal in the months ahead supported by good domestic demand.

#### Monthly Average Price at various Centers:

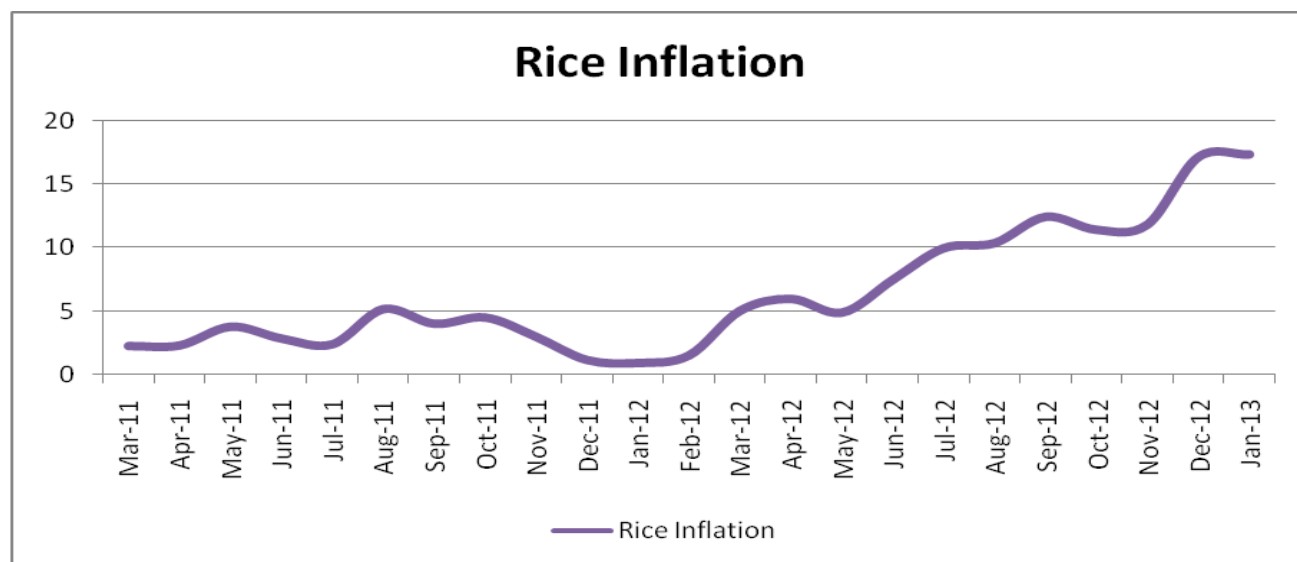
Monthly Average Price for various Centers ( Rs./Qtl)					
Months	Delhi (PR)	Haryana(PR)	WB (MOTA)	Amritsar(PR)	Karnataka (IR-64)
<b>July</b>	2112.53	2200	2400	2145	2410
<b>August</b>	2117.66	2187.5	2390.61	2225	2375.54
<b>September</b>	2067.39	2113.04	2395.91	2157.89	2360.22
<b>October</b>	2036	2120	2376	2100	2350
<b>November</b>	2057.29	2183	2380.66	2027.27	2300

<b>December</b>	1995	2192	2388	2000	2420
<b>January</b>	2046	2220	2384	1974	2480.76
<b>February</b>	2245	2313	2496	2155	2483.33

Source: Agriwatch

Average rice price in major markets like Delhi, Haryana, West Bengal, Amritsar and Karnataka are increased in comparison to previous month (January), due to better domestic and overseas demand along with lower Kharif production and increasing higher processing cost, freight cost and stock holding as stockiest expects even higher price in the month of March and April.

### **Rice Inflation:**



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

Inflation for Rice has increased to 17.31% from the previous month's level of 17.10%.

### **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	2.2	0.99	3.19
12-Oct	4.5	3.4	7.9	2.5	1.02	3.52
12-Nov	5.5	4	9.5	3	0.88	3.88
12-Dec	5.9	2.5	8.4	3.4	3.12	6.52
12-Jan	5.45	2.75	8.2	4.99	2.53	7.52
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>16.09</b>	<b>8.54</b>	<b>24.63</b>
<b>Note: - New season for paddy starts on Oct 2012.</b>						

**Progressive Procurement of Rice as on 22/02/2013**

(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	34.03	36.87
<b>Chhattisgarh</b>	41.15	47.42	40.63
<b>Haryana</b>	20.07	25.95	19.97
<b>Kerala</b>	3.72	0.92	1.07
<b>Madhya Pradesh</b>	6.35	9.00	6.32
<b>Maharashtra</b>	1.78	1.64	1.25
<b>Orissa</b>	28.46	22.39	14.76
<b>Punjab</b>	77.31	85.57	77.31
<b>Tamil Nadu</b>	15.96	1.78	8.57
<b>Uttar Pradesh</b>	33.55	17.86	25.35
<b>Uttaranchal</b>	3.78	3.08	2.40
<b>West Bengal</b>	20.34	8.38	6.50
<b>All-India</b>	350.25	264.62	252.19

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

Rice procurement by Government agencies has crossed more than half of the targeted 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as on 22 February, 2013 stood at 26.42 mt, up around by 5 per cent over that in the corresponding period last year at 25.21 mt. Procurement has been higher in Punjab, Haryana, Chhattisgarh and Odisha, while States such as Andhra Pradesh and Uttar Pradesh have registered a decline due to late harvesting in this season. 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**

Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<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

2013	32.22	35.38										
------	-------	-------	--	--	--	--	--	--	--	--	--	--

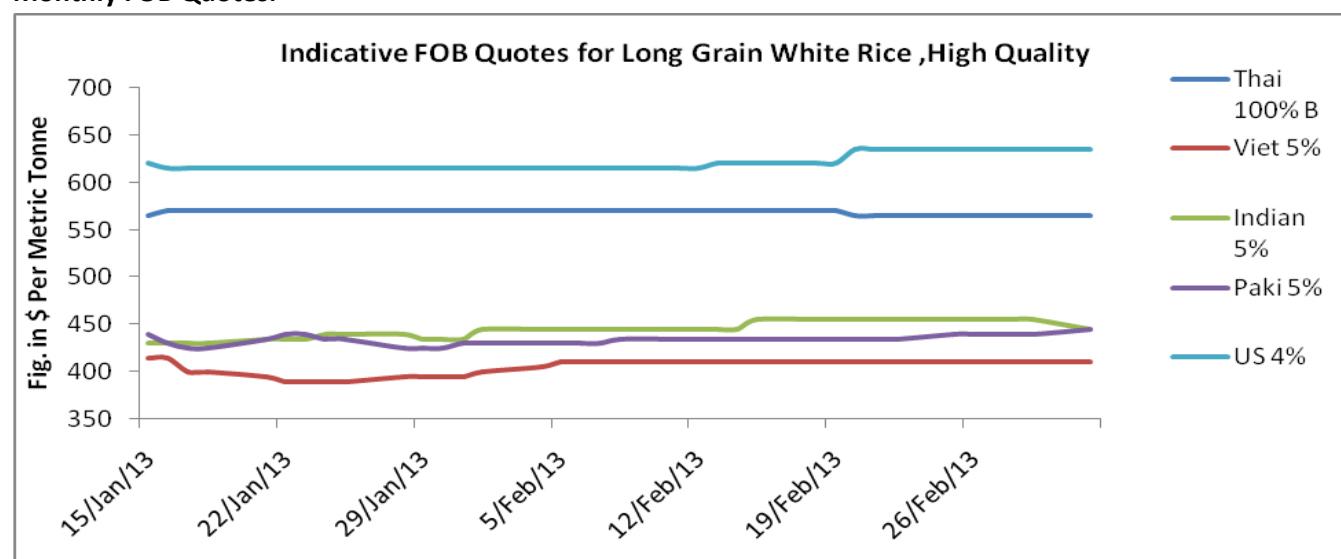
Source: FCI

**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; U.S and Vietnam are almost unmovable from last month though prices of Pakistan are moving up due to strong overseas demand of Pakistani Rice from china. On the other hand prices of Indian white rice, high quality seems corrective phase from its previous level.



## World Market Recap

**Pakistan's total rice exports in the first half of the current fiscal year 2012-13 starting July 2012 have reached around 1.44 million tons**, about 44% of around 3.27 million tons exported in the last fiscal year 2011-12, according to official data. The country is targeting a total of 4 million tons of rice exports this year.

**The U.S. exported about 110,000 tons of rice to Ghana during January to November 2012, up about 25% compared to the same period in the previous year.** Ghana is the largest rice market in West Africa for the U.S., and U.S. rice is popular in the African country due to consistent promotional activity by the USA Rice Federation. In 2011, Ghana imported around 20% or about 86,000 tons of its total domestic rice requirements of around 400,000 tons from the U.S.

**Thailand's rice exports plunged to around 6.9 million tons in 2012, down about 30% from around 10.6 million tons** exported in the previous year. Thailand's rice exports fared last year among major buyers of Thai rice. Expectedly, rice exports to major rice importers declined last year with the exceptions of a few countries such as Iraq, Benin, Cameroon and Mozambique. Major declines were seen in top rice importers Nigeria and Indonesia.

**Rice imports by Malaysia in 2013-14 are expected to increase to around 1.1 million tons, up about 5% from an estimated 1.05 million tons of rice imports in 2012-13**, according to the USDA Post. Malaysia's rice production is expected to increase to around 1.75 million tons in 2013-14, up about 3% from an estimated 1.7 million tons in 2012-13. Consumption is expected to increase slightly in 2013-14 to around 2.85 million tons, up about 1% from estimates of around 2.82 million tons in 2012-13. Rice yield in the country stands at around 2.5 tons per hectare, despite the country's goal to increase it to around 4 tons per hectare through several programs in 2012, said the Post.

**Rice imports by Peru are expected to decline sharply by over 20% from an estimated 253,187 tons in 2012-13 to about 200,000 tons in 2013-14, according to the USDA Post.** Peru's rice production for 2013-14 is forecast at 2.1 million tons, almost unchanged from the previous year. Consumption is also likely to remain at around 2.24 million tons this year. However, higher supply this year (beginning stocks up about 24% to around 330,000 tons) is likely to reduce demand for imports this year. The USDA Post says that the average price paid to producers for rice in 2011-12 has declined year-on-year by around 20% to \$311 per ton of paddy. "This reduction in price is due to excess supply. Rice imports by Peru in 2012-13 are estimated at around 253,187 tons, up about 23% compared to the previous year, and Uruguay accounted for about 75% of all rice imports by Peru in 2012-13.

**The USDA Post has increased China's rice import forecast for MY 2012-13 (July to June) to about 2.2 million tons, up about 10% from USDA official estimates of around 2 million tons.** After almost a decade as a rice-sufficient nation, China became a net importer of rice in 2010-11 when the country's net rice imports reached about 550,000 tons. However, in 2011-12, rice imports by China surged over four times to around 2.4 million tons. The government said that domestic rice supplies are sufficient to meet rice consumption in the country, but imports grew mainly due to low international rice prices compared to the prices in the domestic market.



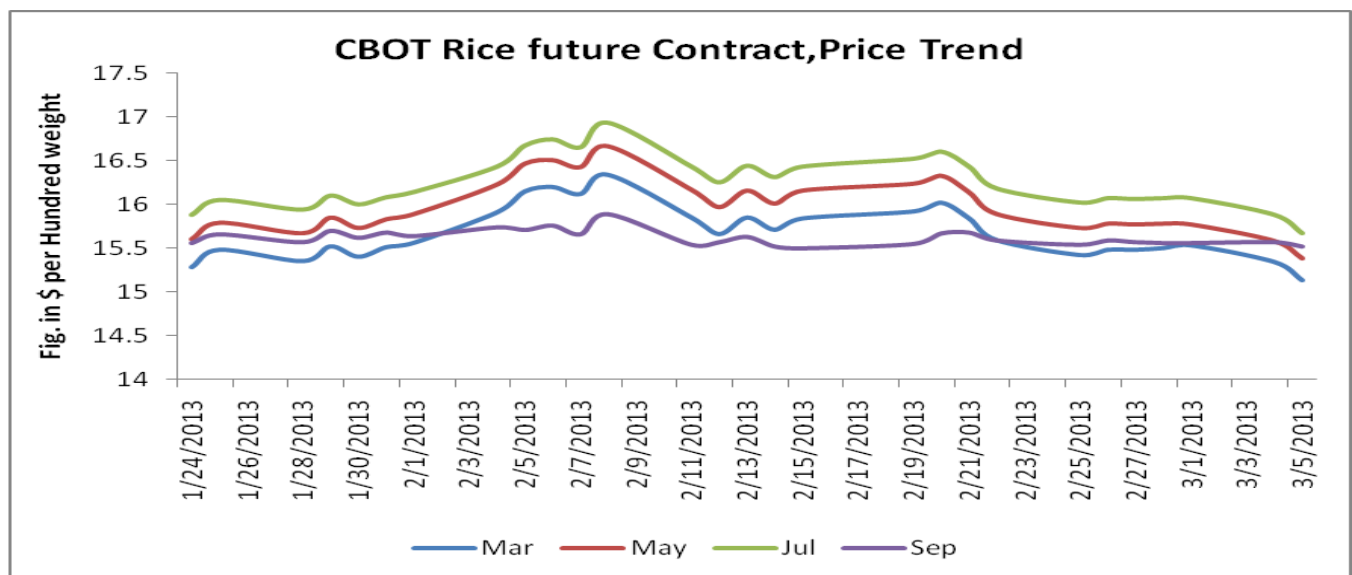
**IGC Balance Sheet: Updated on 17.01.2013**
**(Fig. In MMT)**

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
Production	431	448	441	448	464	464	464
Trade	29	29	31	36	36	36	36
Consumption	427	435	437	446	457	466	467
Carry over St.	81	92	96	99	105	104	103
Year change	5	11	4	2	7		-2
Major Exporters	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:**


The U.S. cash rice market remains firm, despite the fact the futures market has declined by roughly \$1.30 per cwt (about \$29 per ton) over the last month, as buyers continue to pay what they have to cover their needs.

### CBOT May Contract:



Global rice market shows a continuous 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	Support	Resistance
February	Steady (Positive)	S1-15.40, S2- 15.00	R1-16.40 R2-15.80

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
 © 2013 Indian Agribusiness Systems Pvt Ltd.