

Market Highlights

The Month of May starts with firm tone and continues to rule higher in the first half of the month under review. However, prediction of normal monsoon, lower demand at higher level and better crop prospects once again restricts market for any unexpected bull run. Agriwatch expects market to move in a narrow range with weak bias likely to continue.

Normal monsoon will enhance trans-planting activities in the second week of June and farmers are engaged in preparing paddy fields. Kharif paddy transplanting in eastern states like Assam, West Bengal, Orissa and Arunachal Pradesh have started.

Rice has been planted in 2.4 lakh hectares (ha) across the country till 21.05.2013. This is 52 thousand ha more than the 1.88 lakh ha reported a week ago. The sown area this week is less as compared to rice planting at this time last year (2.53 lakh ha), mainly because of late sowing in Assam and Orissa, as per latest data received from Agriculture department.

With higher possibility of normal monsoon and continuously increasing yield in the most eastern states we expect production to cross last year's production (101.8 million T, crop year 2012-13). With preliminary transplanting intention Agriwatch expects over 105 million T productions in crop year 2013-14. Eastern states are likely to contribute more this year in total production.

At export front India is not in a win-win situation. Export volume has considerably decline owing to higher prices in domestic market. Pakistan, Vietnam and Myanmar are supplying cheaper rice to the African nations and India is not able to compete with them as India's minimum support price for raw rice is high.

In a latest development, India United States and Australia have joined hands to develop new climate-resilient varieties of rice and wheat, two of the "big three" primary crops required to feed the world. As part of this endeavor, the United States Agency for International Development (USAID) is supporting a new public-private research partnership between the Australian Centre for Plant Functional Genomics (ACPGF) and India's Vibha Agrotech.

As per data available from the Food Corporation of India (FCI) Rice stocks in India's central pool as of June-1, 2013 stand at around 33.3 million tonnes, Current rice stocks are about 3.6% higher than rice stocks of around 32.1 million tons recorded during the same time last year.

Among the food grains, inflation for Rice has decreased to 17.09% from the previous month's level of 17.90%, Wheat to 13.89% from the previous month's level of 19.87%, Cereals to 15.63% from the previous month's level of 18.36% and Pulses to 10.28% from the previous month's level of 10.51%.

State wise Area Coverage under Kharif Rice during 2013:-

S.NO	State	Normal Area (DES)	Normal area of Correspond Week #	Area Covered (SDA)	
				Current Year 2013	2012
1	2	3	4	5	6
1	Andhra Pradesh	26.48	0.04	0.00	0.00
2	Arunachal Pradesh	1.23	0.17	0.00	0.00
3	Assam	21.17	3.18	1.96	2.35
4	Bihar	31.94	0.0	0.00	0.00
5	Chhattisgarh	37.27	0.0	0.00	0.00
6	Gujarat	7.17	0.0	0.00	0.00
7	Haryana	11.94	0.0	0.00	0.00
8	Himachal Pradesh	0.78	0.0	0.00	0.00
9	Jammu & Kashmir	2.61	0.03	0.027	0.044
10	Jharkhand	12.97	0.0	0.00	0.00
11	Karnataka	11.06	0.0	0.00	0.00
12	Kerala	1.75	0.1	0.00	0.00
13	Madhya Pradesh	15.9	0.0	0.00	0.00
14	Maharashtra	14.97	0.0	0.00	0.00
15	Manipur	1.88	0.0	0.00	0.00
16	Meghalaya	0.95	0.15	0.00	0.00
17	Mizoram	0.46	0.0	0.00	0.00
18	Nagaland	1.75	1.08	0.92	0.90
19	Odisha	40.09	0.11	0.001	0.069
20	Punjab	27.59	0.00	0.00	0.00
21	Rajasthan	1.35	0.00	0.00	0.00
22	Tamil Nadu	17.15	0.21	0.125	0.084
23	Tripura	1.82	0.00	0.00	0.00
24	Uttar Pradesh	56.91	0.00	0.00	0.00
24	Uttrakhand	2.75	0.15	0.5	0.75
25	West Bengal	41.15	0.13	0.00	0.00
26	Others*	0.95	0.00	0.00	0.00
	Total	392.05	5.327	3.533	4.197

*Others - Goa. Sikkim. A& N islands, D& N Haveli. Daman & Diu Delhi and Pondicherry

#area of corresponding week (average of 2008 to 2012)

Domestic Supply And Demand:

Marketing Year January -December			
Attributes	2010-11	2011-12	2012-13 E
Beginning Stocks with govt.	24.35	25.56	28.91
Production	95.98	104.32	100
Total Availability	120.33	129.88	128.91
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	25.56	28.91	22.01
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.39	6.94	5.03
Stock to Consumption Ratio	0.53	0.58	0.42
Fig. in Million ton			

Note:-There is no change in balance sheet and Agriwatch is strict to its previous balance sheet estimate. Agriwatch will revise balance sheet during June when Kharif planting will commence.

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 around 29 million T stock with smooth procurement under way despite lower Kharif production at around 86 to 87 million T. We expect 13 million T production Rabi season. Due to continuous overseas especially from African and gulf countries rice export may touch 9 million tonnes in this crop year. If export continues, carryout for next year may drop to around 28 million T.

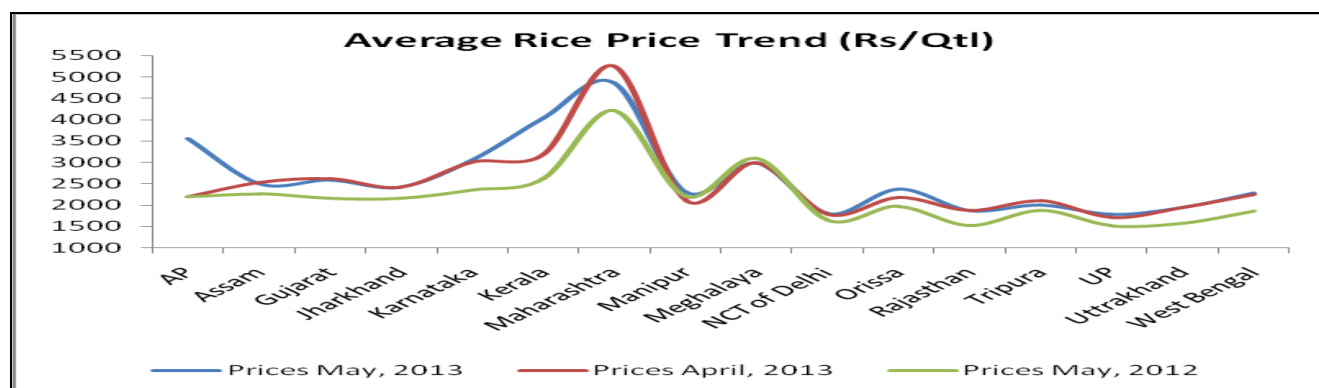
State Wise Price Movement (Non- Basmati):

State	Prices May, 2013	Prices April, 2013	Prices May, 2012	% Change (Over Previous Month)	% Change (Over Previous Year)
AP	3550	2200	2202.64	61.36	61.17
Assam	2494.21	2538.56	2268.46	-1.75	9.95
Gujarat	2587.46	2625.57	2164.43	-1.45	19.54
Jharkhand	2422.55	2422.52	2165.05	0	11.89
Karnataka	3067.72	3010.83	2358.25	1.89	30.08

Kerala	4031.19	3181.22	2614.82	26.72	54.17
Maharashtra	4868.08	5263.47	4220.49	-7.51	15.34
Manipur	2309.72	2119.03	2209.9	9	4.52
Meghalaya	2985.14	2996.72	3101.28	-0.39	-3.74
NCT of Delhi	1800	1785	1647.03	0.84	9.29
Orissa	2379.37	2186.57	1974.42	8.82	20.51
Rajasthan	1875	1875	1521.74	0	23.21
Tripura	2004.98	2099.14	1869.87	-4.49	7.23
UP	1780.59	1716.07	1516.24	3.76	17.43
Uttarakhand	1943.67	1946.92	1583.6	-0.17	22.74
West Bengal	2282.5	2248.02	1868.01	1.53	22.19
Average	2648.89	2513.41	2332.44		
*Report Generation: As per the data reported by APMCs					

Average price of PR variety in the month of May ruled higher around Rs.130-150/quintal. Rice prices in southern states like Andhra Pradesh, Kerala and Orissa showed uptrend due to need based buying by traders to execute their obligation.

Indian Average Rice Price Trend, April-2013:



(Source: Agmarknet)

Average price has increased almost by Rs 135/Quintal in the month of May and we expect prices to stay steady in the month of June, however depending upon Strong export as well as domestic demand would likely to support domestic rice market.

Price Outlook:

Short Term: - Price of rice in local market is expected to rule steady to slightly weak due to increasing expectation of timely onset of monsoon in major rice growing areas. With Earlier onset of monsoon in eastern and southern states in India have increased and prospects of timely transplanting of paddy crop in northern and western states are expected to curb any unwanted uptrend at this point of time.

Medium Term: - However any delay in progressive monsoon may slow down transplanting activity and boost local market prices in medium term. Fresh demand from exporters at lower level too support current market sentiment, progressive monsoon will be the major price driving force in the weeks ahead. We expect prices to stay steady at the current level given the normal monsoon scenario.

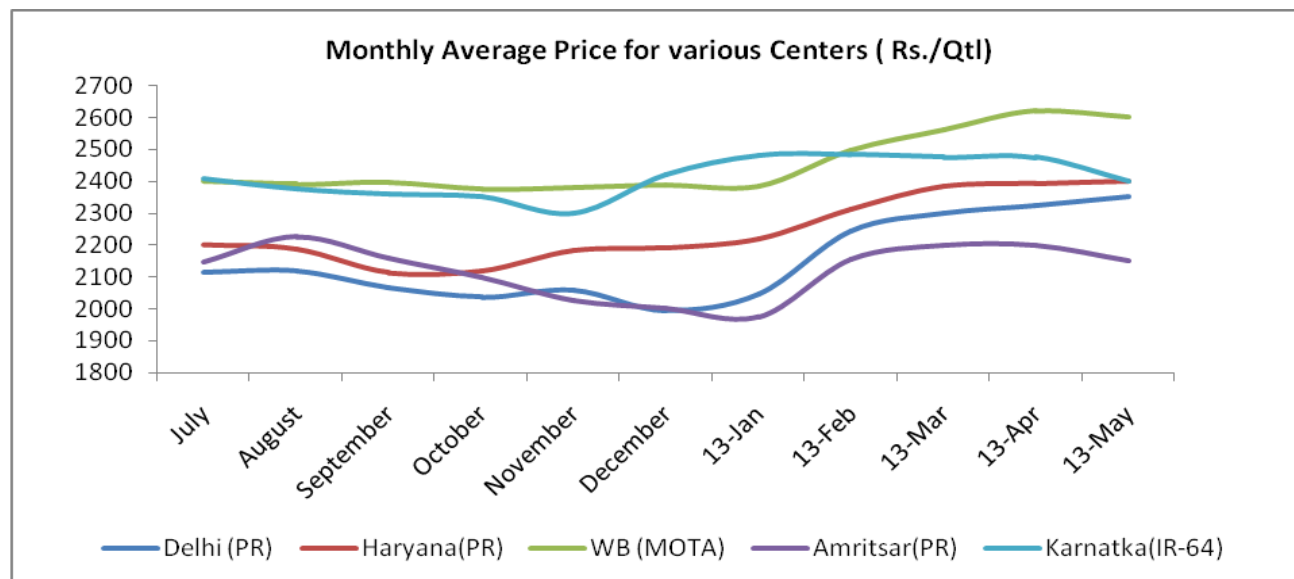
Monthly Average Price at various Centers:

Monthly Average Price for various Centers (Rs./Qtl)					
Months	Delhi (PR)	Haryana(PR)	WB (MOTA)	Amritsar(PR)	Karnataka (IR-64)
July-12	2112.53	2200	2400	2145	2410
August-12	2117.66	2187.5	2390.61	2225	2375.54
Sept-12	2067.39	2113.04	2395.91	2157.89	2360.22
Oct-12	2036	2120	2376	2100	2350
Nov-12	2057.29	2183	2380.66	2027.27	2300
Dec-12	1995	2192	2388	2000	2420
Jan-13	2046	2220	2384	1974	2480.76
Feb-13	2245	2313	2496	2155	2483.33
March-13	2300	2383	2560	2200	2476
April-13	2324	2394	2620	2200	2475
May-13	2350	2400	2600	2150	2400

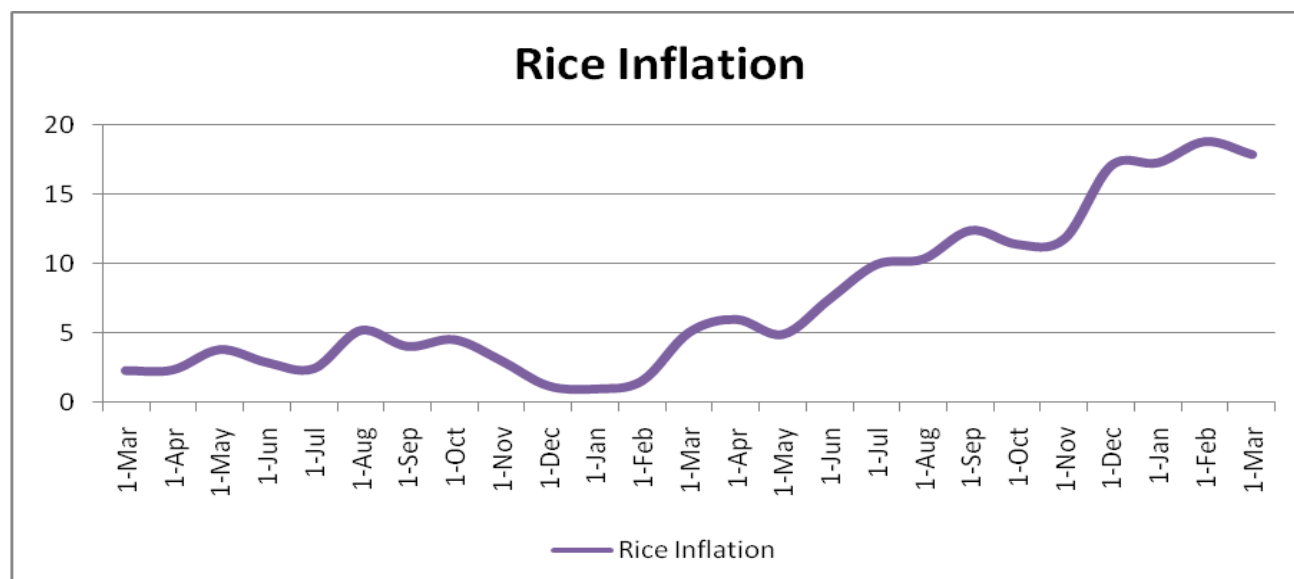
Source: Agriwatch

Average rice price in markets like Delhi and Haryana, witnessed uptrend to a little extent from previous month (April), however West Bengal's mota , Amritsar PR variety and Karnataka IR_64 showed downtrend.

Monthly Average Price Trend:-



Rice Inflation:



Source: www.eaindustry.nic.in

Among the food grains, inflation for Rice has decreased to 17.90% from the previous month's level of 18.84%, Wheat to 19.87% from the previous month's level of 21.63%, Cereals to 18.36% from the previous month's level of 19.19% and Pulses to 10.51% from the previous month's level of 14.96%.

Rice Export under OGL:

Rice Export Under OGL as on 30th September, 2012							
Units are in lakh tonnes 2011-12	Non Basmati	Basmati	2011-12 Total	2012-13	Non Basmati	Basmati	Total
Oct-2011	4.5	3.4	7.9	Oct-2012	6.64	2.08	8.72
Nov-2011	5.5	4	9.5	Nov-2012	7.61	1.12	8.73
Dec-2011	5.9	2.5	8.4	Dec-2012	5.32	1.05	6.37
Jan-2012	5.45	2.75	8.2	Jan-2013	4.68	3.21	7.89
Feb-2012	5.75	1.76	7.51	Feb-2013	4.9	2.53	7.43
Mar-2012	5.6	2.25	7.85	Mar-2013	5.1	3.7	8.8
April-2012	5.8	1.35	7.15	April-13	4.2	3.1	7.3
May-2012	5.3	1.9	7.2	May-13	4.02	3.6	7.62
June-2012	5.5	1.75	7.25				
July-2012	5.25	2.25	7.5				
Aug-2012	3.75	1.71	5.46				
Sept-2012	2.25	1.25	3.5				
Total	60.55	26.87	87.42		42.47	20.39	62.84

Note: - New season for paddy starts on Oct 2012.

Source: IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to May, 2013, crossed 62 lakh tonnes, we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9 Million tonnes which is first time in history and it also helps for India to become top rice exporters in the world. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

The FAO says that Vietnam with around 7.8 million tons of rice exports and Thailand with around 7.7 million tons of rice exports are likely to remain the second and third largest rice exporters in 2013.

Progressive Procurement of Rice as on 24/05/2013:

(Fig. in Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.40	59.05	65.83
Chhattisgarh	41.15	48.50	41.13
Haryana	20.07	26.58	20.07
Kerala	3.72	2.30	3.42
Madhya Pradesh	6.35	9.27	6.35
Maharashtra	1.78	1.78	1.90
Orissa	28.64	29.52	21.36
Punjab	77.31	88.71	77.31

Tamil Nadu	15.96	4.75	15.84
Uttar Pradesh	33.55	32.48	33.01
Uttaranchal	3.78	7.36	3.36
West Bengal	20.41	13.95	21.66
All-India	350.31	338.25	326.26

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

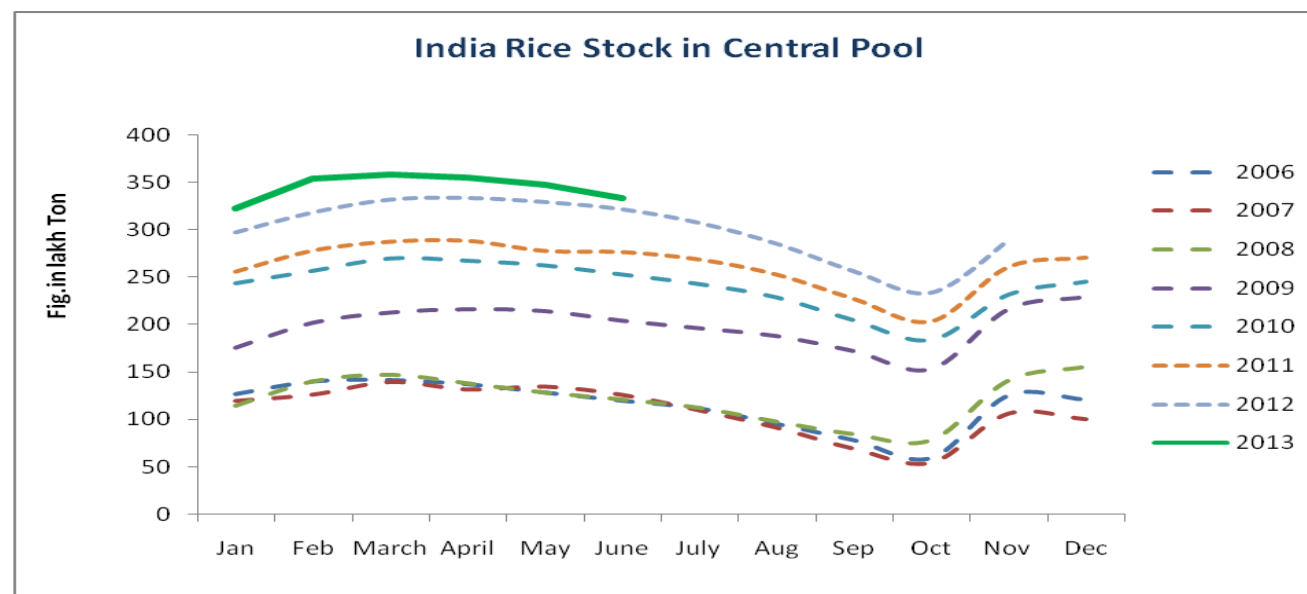
Rice procurement by Government agencies has near to the targeted of 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as on 24, May, 2013 stood at 33.82 mt, up around by 3 per cent over that in the corresponding period last year at 32.26 mt.

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
2013	32.22	35.38	35.8	35.46	34.72	33.3						

Total rice stocks in India's central pool have increased to about 33.3 million tons as of June-1, 2013, up about 3.6% from about 32.1 million tons recorded on June -1, 2012.

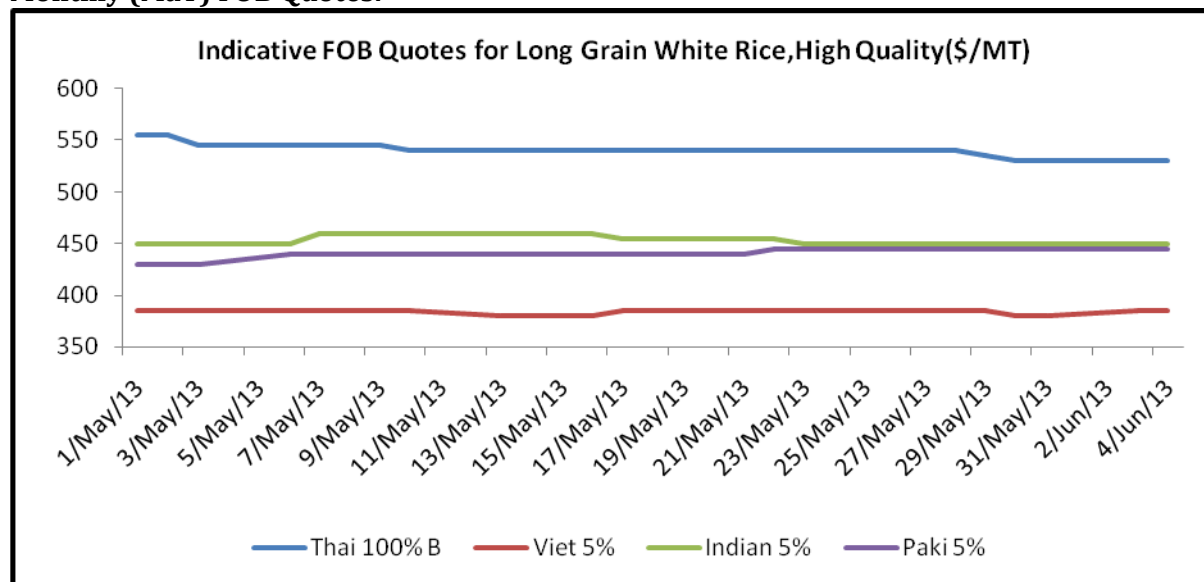
Rice Stock Trend in FCI:-



Source: FCI

India's rice stock as of jUNE-1, 2013 stood at around 33.3 million tonnes, much above the buffer and strategic requirements.

Monthly (MaY) FOB Quotes:



From above given chart we can see that Vietnam rice FOB Quotes for long grain white rice high quality is most competitive among all other Asian FoB quotes. FOB price for India and Pakistan showed a similar range, however Thailand's quotes are much higher.

World Market Recap

Rice farmers in Argentina are choosing to hold on to their crop rather than sell it, as they anticipate the paddy will be worth more in the future compared to the falling peso. In local currency, Argentina rice export quotes are up about 28% from 12 months ago, rising from about 2,601 pesos per ton in June 2012 to about 3,339 peso per today. However, due to the 20% decline in the value of the peso over that same period, in USD terms.

Cambodia shipped 28,350 tons of rice in May and 146,854 tons in the period January-May, up 127% from 64,581 tons the same period last year. If Cambodia continues at this pace, export shipments would reach about 350,000 tons by year end, up from 205,717 tons shipped in all of 2012. In May, jasmine rice export tonnage fell about 35% to 8,247 tons from 12,708 tons shipped in April while long grain white rice tonnage increased about 100% to 18,381 tons in May from 9,165 tons in April.

Taiwan's Hualien District Agricultural Research and Extension Station has developed colored rice to help increase the popularity of rice among children and young people. Rice occurs in different colors naturally, but the colored rice developed by Taiwan is of four different bright colors - red, yellow and green and purple. The developers hope the colored rice will be more attractive than white rice. The research station took seven years to develop colored rice and says the colored rice is both safe and tasty.

Russia is expected to import around 230,000 tons in 2013-14 (May to April), up about 15% from an estimated 200,000 tons imported in 2012-13, according to the USDA Post in Moscow. Most of the increase is due to an increase in consumption, projected at around 700,000 tons in 2013-14, which is up around 3% from about 680,000 tons in the previous year.

Rice exports in 2013-14 are also expected to grow to around 220,000 tons, up around 5% from about 210,000 tons of rice exported in 2012-13. However, rice production is expected to remain at around 690,000 tons in 2013-14, slightly higher than an estimated 684,000 tons in the previous year

Bangladesh is aiming to increase its rice storage capacity to around 3 million tons by 2020, up around 76% from the present capacity of 1.7 million tons. According to local sources, the government plans to increase the current rice storage capacity to 1.9 million tons by 2014 and 2 million tons by 2015. Officials say that increasing rice storage capacity will play an important role in ensuring food security in the country, ensuring good returns to farmers and also help the country become a rice exporter in future.

Source: Oryza

IGC Balance Sheet: Updated on 31.05.2013

(Fig. In MMT)

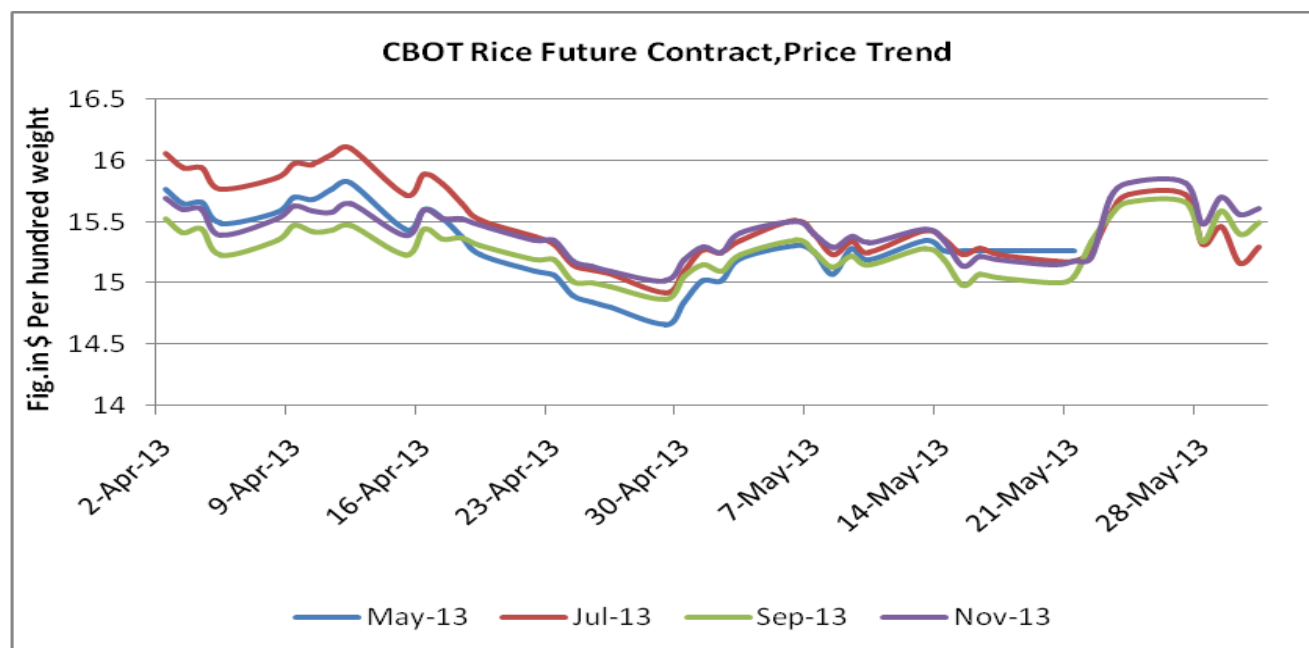
IGC estimate released on 21.02.13	2009- 10	2010-11	2011-12 estimated	2012-13 forecast 25.04.2013 (Milled basis)	31.05.2013
Production	441	449	466	467	470
Trade	31	36	39	37	37
Consumption	437	445	458	468	470
Carry over St.	96	99	107	107	107
Year change	4	3	8		0
Major exporters	29	31	37	39	40

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

High Lights:-

- The IGC GOI rice sub-Index is down by 1% m/m, led by declines in Thailand, where limited export demand weighed, despite support from continued government intervention buying.
- Global rice production is forecast to rise by 1% y/y in 2012/13, boosted by larger outturns in Asia, Africa and the Americas.
- The global rice carryover is forecast unchanged y/y, but well above average, with major exporters' inventories especially ample.
- Reduced buying by Asian and African importers is likely to result in a 4% y/y fall in world trade in 2013.

CBOT Rice Future Contract:-



CBOT July Contract:

Rice Price Trend @ CBOT (July- 13, Rough Rice):



Market Analysis:

The U.S. cash rice market shows range bound trend in previous day session. We expect market will trade in the range of 15.40 (support) to 16.20 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
June	Steady (Positive)	S1-14.30, S2- 14.50	R1-16.20 R2-16.50

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