## Market Highlights

Prices of Aromatic rice varieties shows mixed sentiments in the month of June, due to higher price, sluggish buying interest has been seen in month starting; buyers were not active in the market, whereas in the mid of month stock from various growing states were released supported the market to move southward .

Non-basmati prices hovered in the same range in the month of June. As per market sources, basmati price is likely to rebound towards its previous level of Rs.8000 per qtl supported by lower stock and steady demand from overseas market. On the other hand expectations of better monsoon and higher basmati acreage are bearish factors in the longer term. On the other hand value of INR declined about 5% in this month to reach around 59.5 Rs per USD.

Indian government finalizes the MSP of paddy for 2013-14, at Rs. 1310 per quintal for common rice and Rs. 1345 for “A” grade, these MSP are almost 5% increase from last year of Rs.1250 and 1280 for common grade and “A” grade respectively. This year CACP recommended the lowest MSP for paddy due to huge stock with government.

This year India’s arrived in record time and rainfall levels have been above the 50-year average in almost all part of the country. In the 4 months of the monsoon from June to September, rainfall is estimated to be 98% of the 50-year average; anything +/- 10% of the 50-year average is considered normal. Separately, most of the rice planting in North India is done in July-August, but recent flooding in northern states could increase preparation work in the field and delay planting this year.

However, India’s Kharif season rice crop planting area has increased to about 6.92 million hectares as of July 05, 2013, up about 22% from 5.7 million hectares in this time last year. India’s Kharif rice crop production is expected to increase to a record 95 million tons in 2013-14, up about 2.4% from around 92.75 in 2012-13 due to the timely arrival of monsoon rains this year. The secondary rice (rabi) crop in India usually contributes around 12-13 million tons of rice, which suggests that the total rice production in 2013-14 may touch a record 105-106 million tons in 2013-14.

Total rice exports by India in the current Marketing Year (MY) October, 2012 to June, 2013, crossed 77 lakh tonnes , we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9.5 million tones.

Indian average FOB quotes for basmati and non-basmati rice hovered in the range of $ $1325-1327 to $ 500-506 per T respectively in the month of June. Major importers include Iran and Saudi Arabia for basmati and Benin and Senegal for non-basmati rice for the period under review

**State wise Area Coverage under Kharif Rice during 2013 as on 27/06/2013:-**

| States | Normal Area (DES) | Normal area of corresponding week # | (Area in Lakh ha) | |
|---|---|---|---|---|
| | | | 2013 | 2012 |
| | | | Area Covered (SDA) | Area Covered (SDA |
| | | | Current Year 2013 | Previous Year |
| Andhra Pradesh | 26.48 | 0.62 | 0.41 | 0.33 |
| Arunachal Pradesh | 1.23 | 0.27 | 0 | 0 |
| Assam | 21.17 | 4.65 | 3.28 | 3.58 |
| Bihar | 31.94 | 0.09 | 0 | 0 |
| Chhattisgarh | 37.27 | 1.09 | 5.3 | 1.74 |
| Gujarat | 7.17 | 0.01 | 0.28 | 0.004 |
| Haryana | 11.94 | 1.62 | 2.65 | 0.27 |
| Himachal Pradesh | 0.78 | 0.07 | 0.38 | 0.08 |
| Jammu & Kashmir | 2.61 | 0.07 | 0.22 | 0.14 |
| Jharkhand | 12.97 | 0 | 0 | 0 |
| Karnataka | 11.06 | 1.13 | 1.13 | 0.56 |
| Kerala | 1.75 | 0.73 | 0.51 | 0.64 |
| Madhya Pradesh | 15.9 | 0 | 0 | 0 |
| Maharashtra | 14.97 | 0.6 | 0.71 | 0.75 |
| Manipur | 1.88 | 0.43 | 1.05 | 1 |
| Meghalaya | 0.95 | 0.33 | 0.56 | 0.5 |
| Mizoram | 0.46 | 0.37 | 0.4 | 0.38 |

| | | | | |
|---|---|---|---|---|
| Nagaland | 1.76 | 1.1 | 0.95 | 0.91 |
| Odisha | 40.09 | 5.63 | 4.24 | 3.22 |
| Punjab | 27.59 | 10.46 | 14.3 | 12.38 |
| Rajasthan | 1.35 | 0.01 | 0.09 | 0.001 |
| Tamil Nadu | 17.15 | 0.8 | 0.47 | 0.55 |
| Tripura | 1.82 | 0 | 0 | 0 |
| Uttar Pradesh | 56.91 | 0.14 | 0.62 | 0.54 |
| Uttrakhand | 2.75 | 1.12 | 0.86 | 1.41 |
| West Bengal | 41.15 | 1.74 | 0.65 | 0.6 |
| Others* | 0.95 | 0.04 | 0.06 | 0.07 |
| **Total** | **392.05** | **34.38** | **39.12** | **35.65** |

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

# Normal Area of corresponding week (average of 2008 to 2012

DES-Directorate of Economics & Statistics, SDA- State Department of agriculture

**Domestic Supply And Demand:**

| Figure in MMT | 2010-11 | 2011-12 | 2012-13 | 2013-14 E |
|---|---|---|---|---|
| Carry in | 18.44 | 20.86 | 21.53 | 18.53 |
| Production | 95.98 | 104.32 | 100 | 105 |
| Imports | 0 | 0 | 0 | 0 |
| Total Availability | 114.42 | 125.18 | 121.53 | 123.53 |
| Consumption | 90.78 | 93.45 | 94 | 95 |
| Exports | 2.78 | 10.2 | 9 | 8 |
| Total Usage | 93.56 | 103.65 | 103 | 103 |
| Carry out | 20.86 | 21.53 | 18.53 | 20.53 |
| Av Monthly Consumption | 7.57 | 7.79 | 7.83 | 7.92 |
| Stock to Month Use | 2.76 | 2.76 | 2.37 | 2.59 |
| Stock to Consumption Ratio | 0.23 | 0.23 | 0.20 | 0.22 |

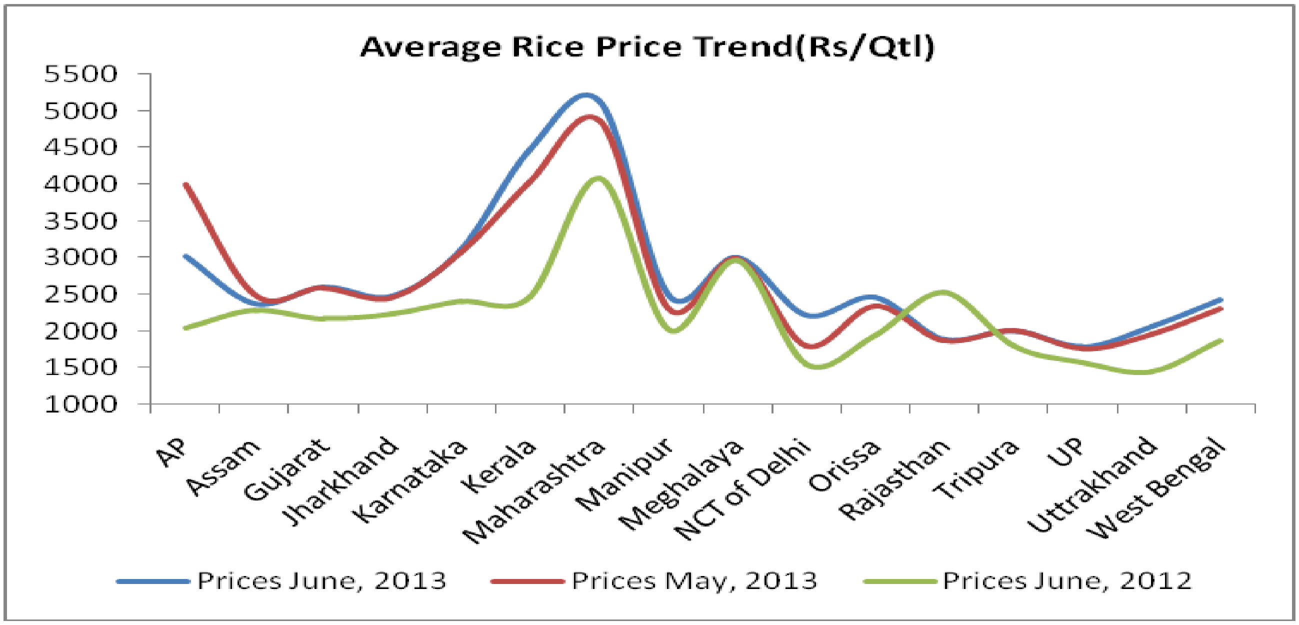
With good start of monsoon and above normal rainfall Agriwatch expects higher rice production in 2013-14 at 105 million T.Higher export volume this year is expected to drag down carryout from 21.53 to 18.53 million T in 2013-14. With higher initial production estimate total availability would increase from 121.53 million T to 123.53 million T. Consumption would increase slightly by one million T. As export is expected to decrease by one million T due to lower demand in global market, total usage would remain same at 103 million T as last year.

**State Wise Price Movement (Non- Basmati):**

| State | Prices June, 2013 | Prices May, 2013 | Prices June, 2012 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|---|---|---|---|---|---|
| **AP** | 3018.15 | 3990 | 2038.11 | -24.36 | 48.09 |
| **Assam** | 2375.42 | 2494.21 | 2283.98 | -4.76 | 4 |
| **Gujarat** | 2599.11 | 2586.91 | 2170 | 0.47 | 19.77 |
| **Jharkhand** | 2476.54 | 2458.85 | 2228.68 | 0.72 | 11.12 |
| **Karnataka** | 3105.86 | 3066.79 | 2410.8 | 1.27 | 28.83 |
| **Kerala** | 4476.76 | 4030.23 | 2470.07 | 11.08 | 81.24 |
| **Maharashtra** | 5129.95 | 4864.14 | 4080.95 | 5.46 | 25.7 |
| **Manipur** | 2491.11 | 2309.72 | | 7.85 | __ |
| **Meghalaya** | 3007.35 | 2985.14 | 2962.07 | 0.74 | 1.53 |
| **NCT of Delhi** | 2218.37 | 1800 | 1555.1 | 23.24 | 42.65 |
| **Orissa** | 2466.59 | 2346.95 | 1945.97 | 5.1 | 26.75 |
| **Rajasthan** | 1890 | 1875 | 2528.33 | 0.8 | -25.25 |
| **Tripura** | 2001 | 2010.1 | 1794.87 | -0.45 | 11.48 |
| **UP** | 1783.64 | 1761.1 | 1578.84 | 1.28 | 12.97 |
| **Uttrakhand** | 2060.13 | 1952.03 | 1443.71 | 5.54 | 42.7 |
| **West Bengal** | 2430.03 | 2298.9 | 1861.26 | 5.7 | 30.56 |
| **Average** | 2720.63 | 2676.88 | 2223.51 | | |
| ***Report Generation: As per the data reported by APMCs** | | | | | |

Average price of PR variety in the month of May ruled higher around Rs.40/quintal. We expect market will move steady to slightly firm in the month of July due to normal domestic demand and slant arrival of rice in major mandis.

**Indian Average Rice Price Trend, April-2013:**




(Source: Agmarknet)

Average price has increased almost by Rs 40/Quintal in the month of June and we expect prices to stay steady in the month of July, however depending upon Strong export as well as domestic demand would likely to support domestic rice market.

**Price Outlook:**

**Short Term:-** Rice market is likely to trade flat to slightly weak with increasing prospects of higher production and lower demand. Importers are sourcing rice from Vietnam as it being the cheapest source of rice in the world market. Supply side remains ample.

**Medium Term: -** We expect domestic demand to improve August onward as bulk buyers may return to market to avail the benefit of lower price. However, any major uptrend is unlikely as higher crop prospect and hefty stock with govt. would work as a cap for rice market. Aromatic rice price is expected to stay steady to slightly firm in the weeks ahead. Fresh buying is expected at decreased level.

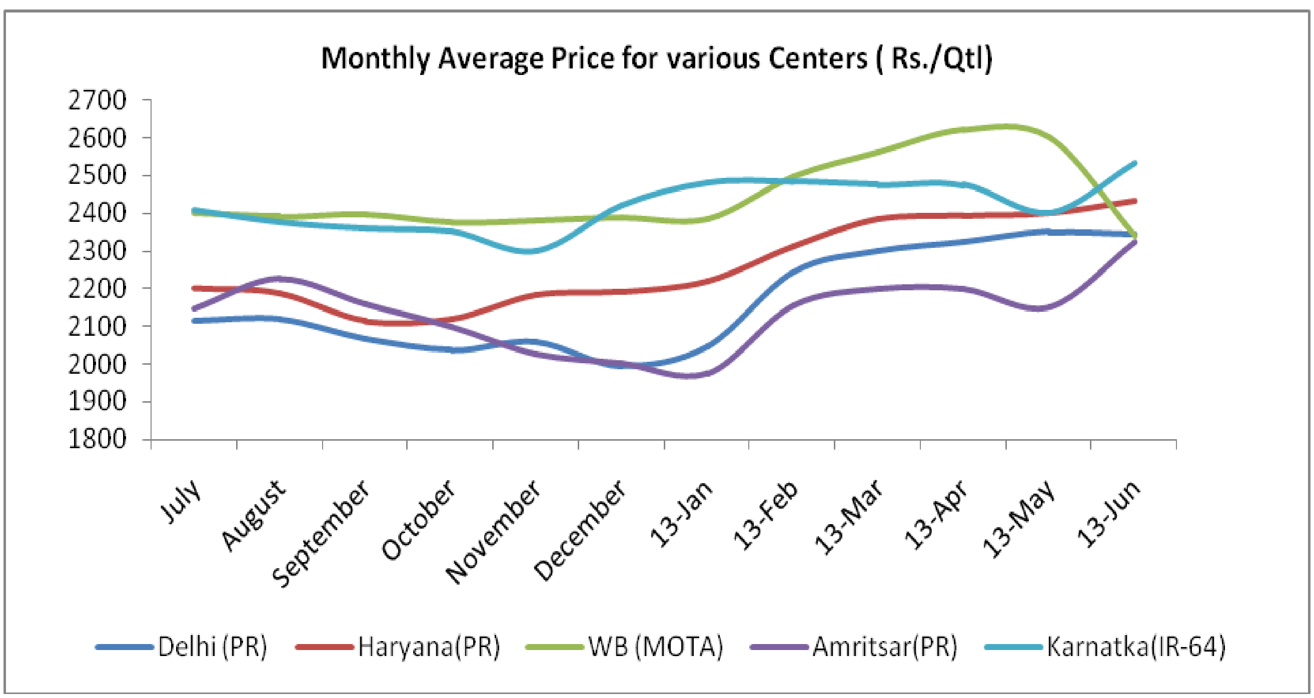
**Monthly Average Price at various Centers:**

| 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 |
| **June-13** | 2345.65 | 2432 | 2338.33 | 2324.88 | 2532.14 |

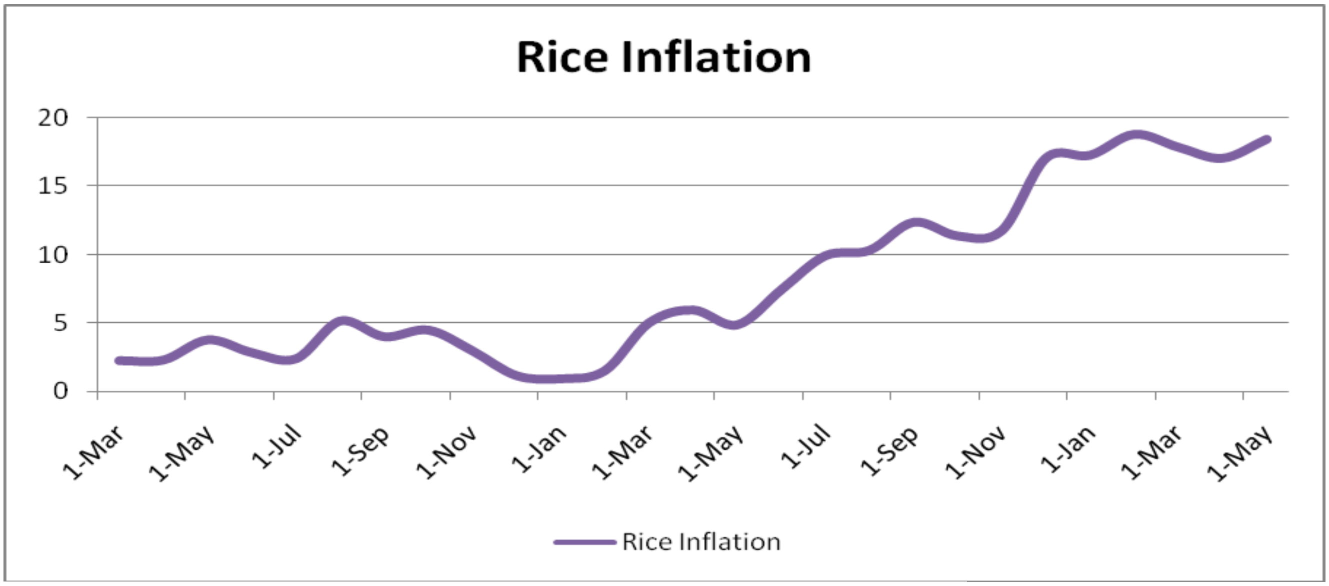
Source: Agriwatch

Average rice price in major markets except West Bengal witnessed uptrend from previous month (May), however West Bengal's mota, showed downtrend due to stock released by stockiest in the market.

**Monthly Average Price Trend:-**



**Rice Inflation:**




Source: www.eaindustry.nic.in

Among the food grains, inflation for Rice has decreased to 18.48 % from the previous month's level of 17.09 %.

Rice Export under OGL:

| Units are in lakh tonnes | Non Basmati | Basmati | 2011-12 | Units are in lakh tonnes | Non Basmati | Basmati | 2012-13 Total |
|---|---|---|---|---|---|---|---|
| 2011-12 | | | **Total** | | | | **Total** |
| **Oct-11** | 4.29 | 1.77 | 6.06 | **Oct-12** | 6.65 | 1.95 | 8.6 |
| **Nov-11** | 6.39 | 2.14 | 8.53 | **Nov-12** | 6.49 | 2.08 | 8.57 |
| **Dec-11** | 7.68 | 3.57 | 11.25 | **Dec-12** | 7.5 | 2.85 | 10.35 |
| **Jan-12** | 7.23 | 3.07 | 10.3 | **Jan-13** | 5.65 | 3.18 | 8.83 |
| **Feb-12** | 8.9 | 2.76 | 11.66 | **Feb-13** | 4.9 | 3.34 | 8.24 |
| **Mar-12** | 3.5 | 3.93 | 7.43 | **Mar-13** | 5.7 | 3.87 | 9.57 |
| **Apr-12** | 2.75 | 2.79 | 5.54 | **Apr-13*** | 4.2 | 3.1 | 7.3 |
| **May-12** | 7.16 | 3.23 | 10.39 | **May-13*** | 4.02 | 3.6 | 7.62 |
| **Jun-12** | 5.92 | 3.46 | 9.38 | **June-13*** | 4.97 | 3.47 | 8.44 |
| **Jul-12** | 4.85 | 3.01 | 7.86 | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Aug-12** | 4.72 | 2.51 | 7.23 | | | | |
| **Sep-12** | 4.46 | 2.31 | 6.77 | | | | |
| **Total** | **67.85** | **34.55** | **102.4** | **Total** | **50.08** | **27.44** | **77.52** |
| | | | | | | | |

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to June, 2013, crossed 77 lakh tonnes , we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9.5 million tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries. Basmati rice export from October 2012 to June 2013 reached 27 lakh tonnes.

**Progressive Procurement of Rice as on 24/05/2013:** **(Fig. in Lakh tonnes)**

| States | Total procurement in marketing season2011-12 (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/

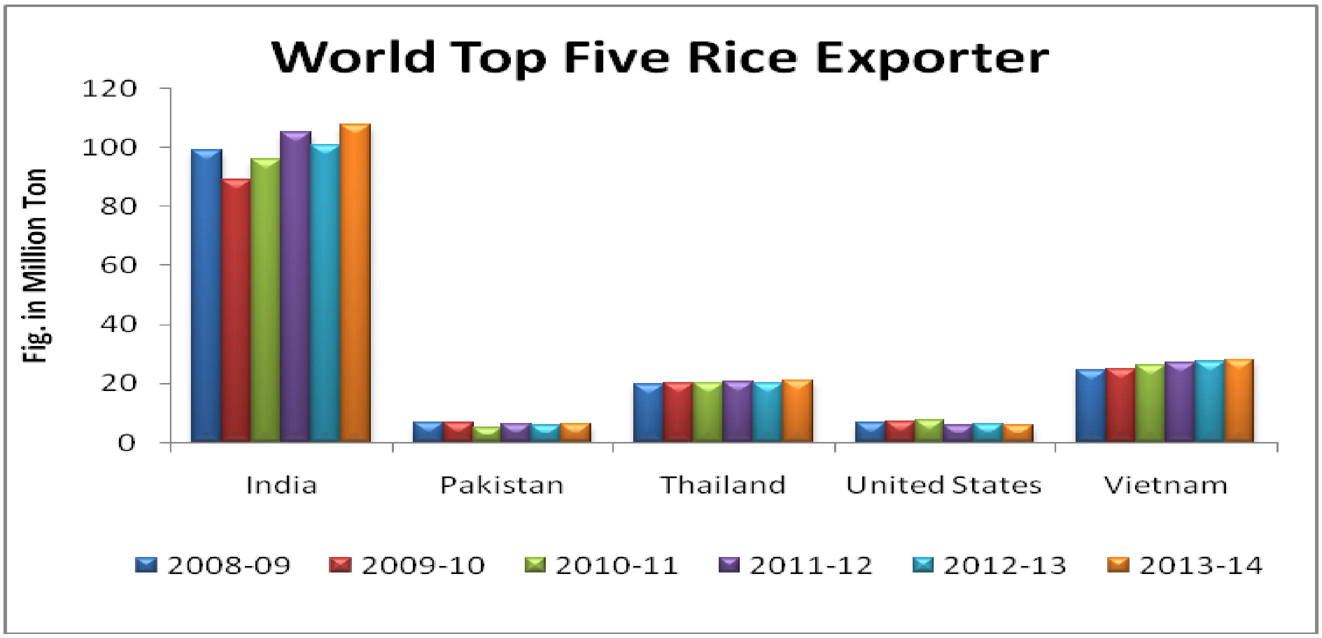
Rice procurement by Government agencies has now going very slow due to lean season and procurement target of 400 lakh tonnes in this season (September-2013) is unlikely to achieve as stock of rice is not as much available in the markets, however procurement is likely to touch around 350 lakh tonnes same as last year in this season.

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

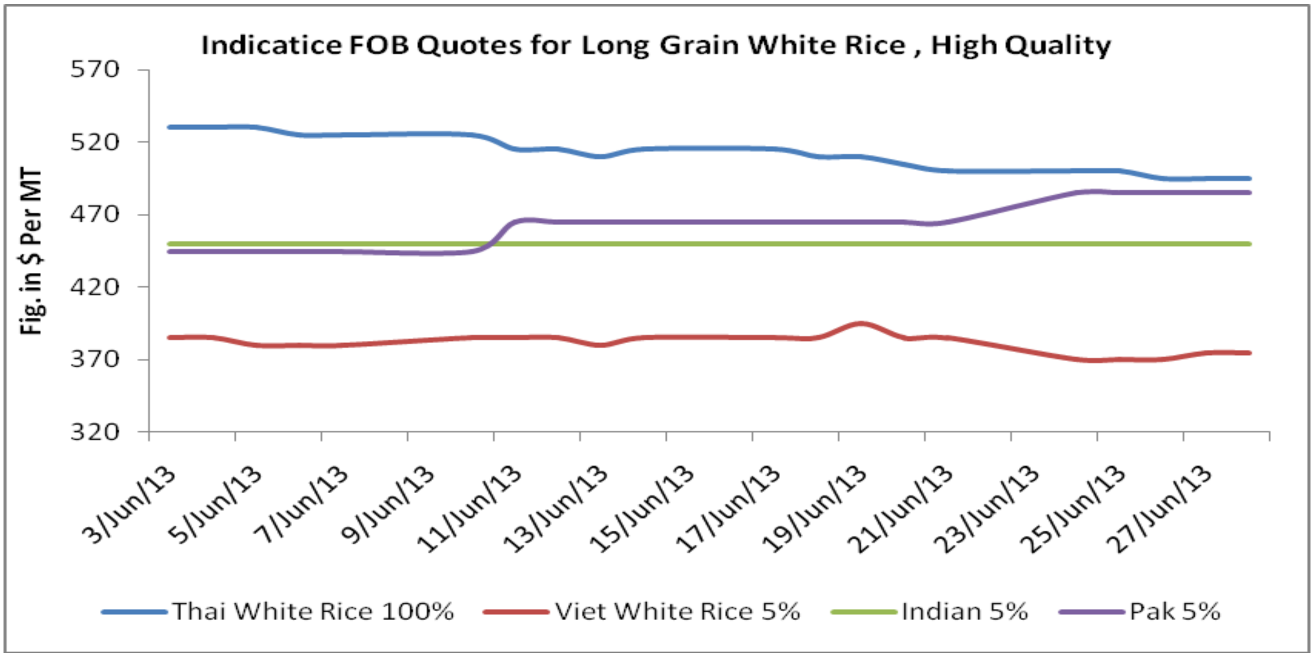
| Year | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | 24.35 | 25.65 | 26.95 | 26.71 | 23.26 | 25.26 | 24.26 | 22.87 | 20.48 | 18.44 | 23.17 | 24.52 |
| 2011 | 25.58 | 27.80 | 28.70 | 28.82 | 27.76 | 27.64 | 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.

**World Top Five Rice Exporter:-**



**Monthly (June) FOB Quotes:**




Thai rice declined during last week of June, and was predicted that would keep falling even deeper in the next month after the cut down 20% price of the Government to pay for the farmers but the demand kept lower than expectation.

Traders foresee that the price quotes of 5%broken rice of Thailand would decline down to US$ 450 per ton in the next month.

## World Market Recap

India's Commerce Ministry has indicated that it anticipates Russia will lift the import ban on India rice soon. Local media reports that a Russian delegation is inspecting rice mills in India and is expected to release a report. In February 2013 Russia placed an import ban on Indian rice after detecting khapra beetle infestation.

Mexico has suspended rice imports from Pakistan following the detection of the Khapra beetle in some rice shipments from Pakistan, the USA Rice Federation said citing trade sources in Mexico. The 3,000 tons of Pakistan rice that was quarantined by the Mexico Customs this week has been returned to Pakistan, say reports. However, other Asian countries, including Vietnam and Thailand, are still permitted to export rice to Mexico.

Average paddy rice prices in Chile for the 2012/13 crop year are around $1,710 per ton, up slightly from about $1,707 per ton recorded during the same time last year, according to data from the Ministry of Agriculture.Chile is a minor rice consumer and importer. According to the USDA, rice consumption in Chile stands at around 215,000 tons, and the country imports about 135,000 tons of rice annually, mostly from Argentina. Data from Argentina's Ministry of Agriculture shows that Argentina has shipped 11,354 tons of rice to Chile January-March, 2013, down 42% from 19,413 tons in the same period last year.

Vietnam exported around 1.135 million tons of rice to China in January-May 2013, worth around $472.4 million, which is up about 28% in volume and 24% in value compared with the same period in 2012, according to Vietnam's Ministry of Agriculture and Rural Development (MARD). Vietnam's rice exports to China in the first five months of 2013 account for around 40% of total Vietnam rice exports of around 2.8 million tons in the same period. According to MARD, rice exports to China will remain strong in the remaining months of this year as domestic prices in China continue to remain above imported rice prices. The USDA has projected total rice import demand by China in 2013 at 3 million tons. Vietnam accounted for over 1.5 million tons or around 66% of total rice imports by China in 2012.

Brazil increased the minimum prices that the government will pay for paddy throughout most of the nation, except Brazil's main rice-growing region of Rio Grande do Sul, which accounts for about two-thirds of the nation's annual production.
New MSP:-
Northeast, Central West, & Northeast 33 real per 60 kilograms (about $232 per ton) up 6.6%, North & Mato Grosso 31.86 real per 60 kilograms (about $238 per ton) up 12.9% , Rio Grande do Sul 25.80 real per 50 kilograms (about $231 per ton) unchanged .

Source: Oryza

**IGC Balance Sheet: Updated on 01.07.2013** **(Fig. In Million Tonnes)**

| IGC estimate released on 21.02.13 | 2010-11 | 2011-12 | 2012-13 estimated | 2013-14 Forecast 31.05.2013 | 2013-14 Forecast 01.07.2013 |
|---|---|---|---|---|---|
| Production | 449 | 465 | 470 | -- | 476 |
| Trade | 36 | 39 | 37 | -- | 37 |
| Consumption | 445 | 458 | 469 | -- | 474 |
| Carry over St. | 99 | 107 | 107 | -- | 109 |
| Year change | 3 | 7 | 1 | -- | 2 |
| Major exporters | 30 | 37 | 41 | -- | 44 |

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

**High Lights:-**

- The IGC GOI rice sub-Index fell by 3% m/m to a 17-month low, led by declines in Thailand.
- The world 2012/13 carryover is expected to be broadly unchanged y/y, but is seen at a record of 41m t for the major exporters, exceeding global trade.
- Global 2013/14 output is tentatively projected to expand slightly to 476m t, with end-season stocks increasing for the ninth consecutive year, including an 8% rise in the major exporters.
- World trade is projected to increase marginally in calendar 2014, including larger deliveries to markets in Near East Asia and Africa.

**CBOT July Contract:**

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


(Prices in US$/hundredweight)

## 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 15.00 (support) to 16.20 (Resistant).

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

| Duration | Trend | Support | Resistance |
|---|---|---|---|
| July | Steady (Positive) | S1-15.00,<br>S2- 14.80 | R1-16.20<br>R2-16.50 |