

### *Market Highlights*

**Indian Rice (Kharif season) planting** area has reached 23.88 million hectares so far as compared to 23.14 million hectares at the same time last year, which is around 3% more than previous year. Rice area can rise further as area under rice is expected to increase in North East India once monsoon improves in August as per reports from IMD.

**Government of India has removed the 15%** Custom duty on import of rice bran effective from 1<sup>st</sup> October 2013. This is likely to boost import from neighboring countries like Pakistan, Nepal, Bangladesh and Myanmar. As per estimates rice bran imports could reach to 50,000-100,000 tonnes in a year due to high domestic demand for rice bran oil.

**According to SEA rice bran oil production in India** has grown about 32% in the last eight years, from around 680,000 tons in 2004-05 to an estimated 900,000 tons in 2012-13. According SEA data, the current rice bran oil production in India is around 62% of the total potential and around 80% of total production capacity.

**India may fix the rice procurement target for 2013-14** (October – September) at 34.5 million tons, down about 14% from the 40 million tons official target for the previous year. However, total procurement of around 34 million tons in 2012-13 so far suggest that the 2012-13 procurement target may not be met.

**Rice acreage stood at 238.87 lh higher than** corresponding last year(as on 31st July,2013) as farmers in States such as Uttar Pradesh, Gujarat, Madhya Pradesh, Punjab and Andhra Pradesh planted more area under the cereal. However, the eastern States such as West Bengal, Bihar and Odisha reported a lower acreage as less rains in these States has affected the transplantation.

**With continued rice trans-planting** amid good rainfall in major rice growing states total rice production including rabi rice( expected around 13 million T). India seems heading towards bumper crop. As per initial estimate rice production could be more than 105 million T once again in 2013-14.

**Basmati production (especially 1121)** in Punjab is likely to go up by 20 percent this year. Production of new variety 1509 issued by Punjab Agriculture University (PAU), considered to be superior one to 1121, may contribute two to three percent in total basmati production in Punjab.

**Production of desi basmati (usually** known as Pakistani basmati in India) and Sharbati is likely to dip considerably as farmers have opted to go for 1121, 1509, PR-13 and PR-14 in place of above quoted two varieties.

**The Government expects to procure about** 34.5 million tonnes (mt) of rice in the ensuing marketing season beginning October. This is marginally higher than 33.85 mt procured in the last year.

**State wise Area Coverage under Kharif Rice during 2013 as on 26/7/2013:-**

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	4.51	4.10	3.42
Arunachal Pradesh	1.23	0.73	1.10	1.15
Assam	21.17	11.92	10.44	10.69
Bihar	31.94	11.04	10.98	8.64
Chhattisgarh	37.27	25.92	25.51	25.32
Gujarat	7.17	2.48	4.86	2.17
Haryana	11.94	9.94	9.45	9.87
Himachal Pradesh	0.78	0.44	0.68	0.73
Jammu & Kashmir	2.61	0.60	1.00	0.94
Jharkhand	12.97	3.13	1.90	1.99
Karnataka	11.06	3.23	2.38	2.63
Kerala	1.75	0.86	0.76	0.88
Madhya Pradesh	15.9	8.20	8.79	6.54
Maharashtra	14.97	6.92	6.94	5.80
Manipur	1.88	0.78	1.06	1.23
Meghalaya	0.95	0.96	0.96	0.96
Mizoram	0.46	0.40	0.41	0.40
Nagaland	1.76	1.21	1.69	1.24
Odisha	40.09	19.33	16.51	16.82
Punjab	27.59	26.22	27.51	27.10
Rajasthan	1.35	0.55	0.66	0.70
Tamil Nadu	17.15	1.65	1.21	1.50
Tripura	1.82	0.47	0.97	0.98
Uttar Pradesh	56.91	38.35	46.83	40.88
Uttrakhand	2.75	2.04	1.60	1.77
West Bengal	41.15	11.83	7.82	9.62
Others*	18.41	0.19	0.26	0.27
<b>Total</b>	<b>392.18</b>	<b>193.58</b>	<b>196.38</b>	<b>184.24</b>

\* 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
<b>Carry in</b>	<b>18.44</b>	<b>20.86</b>	<b>21.53</b>	<b>17.53</b>
<i>Production</i>	<i>95.98</i>	<i>104.32</i>	<i>100</i>	<i>105</i>
Imports	0	0	0	0
Total Availability	114.42	125.18	121.53	122.53
Consumption	90.78	93.45	94	95
Exports	2.78	10.2	10	8
Total Usage	93.56	103.65	104	103
<b>Carry out</b>	<b>20.86</b>	<b>21.53</b>	<b>17.53</b>	<b>19.53</b>
Av Monthly Consumption	7.57	7.79	7.83	7.92
Stock to Month Use	2.76	2.76	2.24	2.47
Stock to Consumption Ratio	0.23	0.23	0.19	0.21

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 17.53 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.

In 2013-14 exports are lowered to 8 million tonnes as Pakistan and Vietnam rice prices are more competitive hence buyers may turn to Vietnam and Pakistan for cheaper rice and there is speculation that Thailand may further discount paddy to enhance its sale and trim its bulging stocks. There is fear in the market that these developments may impact Indian exports negatively.

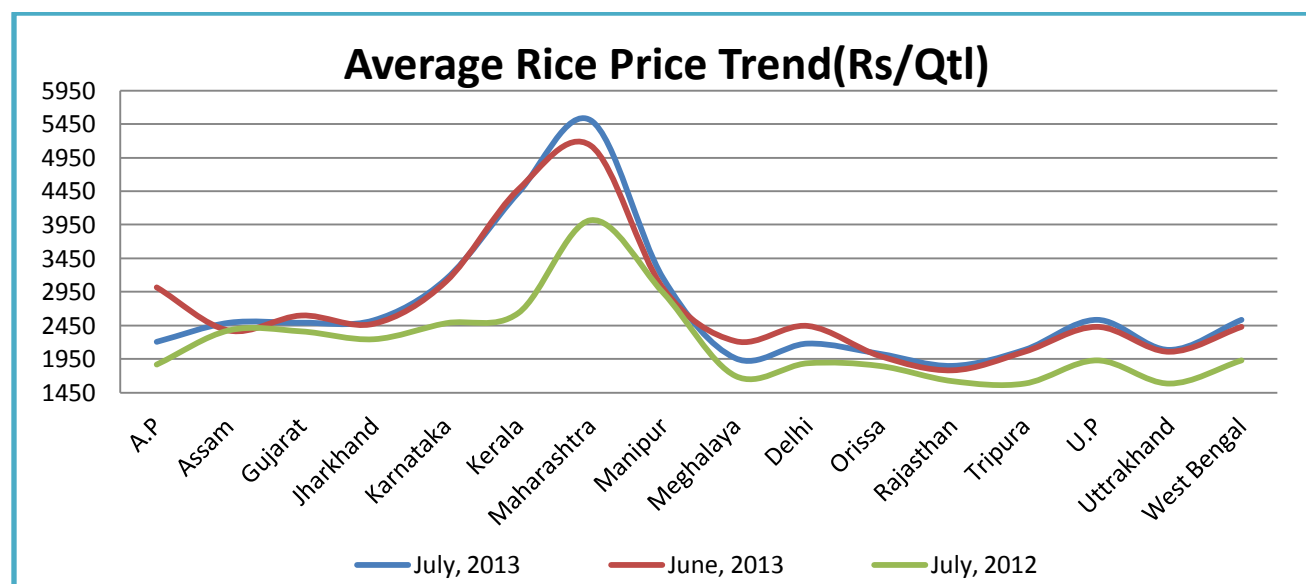
**State Wise Price Movement (Non- Basmati):**

	July, 2013	June, 2013	July, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
<b>A.P</b>	2209.27	3018.15	1868.86	-26.8	18.21
<b>Assam</b>	2493.34	2375.42	2377.99	4.96	4.85
<b>Gujarat</b>	2494.11	2599.54	2362.84	-4.06	5.56
<b>Jharkhand</b>	2529.51	2476.39	2245.87	2.15	12.63
<b>Karnataka</b>	3143.86	3105.86	2484.15	1.22	26.56
<b>Kerala</b>	4431.52	4476.22	2635.6	-1	68.14
<b>Maharashtra</b>	5510.73	5129.71	4019.21	7.43	37.11
<b>Manipur</b>	2479.38	2491.11	NA	-0.47	—
<b>Meghalaya</b>	3161.54	3007.35	2942.78	5.13	7.43
<b>Delhi</b>	1965.87	2218.37	1700	-11.38	15.64
<b>Orissa</b>	2182.85	2444.13	1888.07	-10.69	15.61

<b>Rajasthan</b>	NA	1890	2930	—	—
<b>Tripura</b>	2029.99	1996.71	1847.61	1.67	9.87
<b>U.P</b>	1850.68	1783.51	1621.64	3.77	14.12
<b>Uttrakhand</b>	2089.39	2060.13	1585.22	1.42	31.8
<b>West Bengal</b>	2536.93	2430.78	1930.79	4.37	31.39
<b>Average</b>	<b>2740.60</b>	<b>2718.96</b>	<b>2296.04</b>		

Average price of PR variety in the month of July ruled higher around Rs.21/quintal. We expect market will move steady to slightly firm in the month of August due to normal domestic demand and slant arrival of rice in major mandis.

### **Indian Average Rice Price Trend, July-2013:**



(Source: Agmarknet)

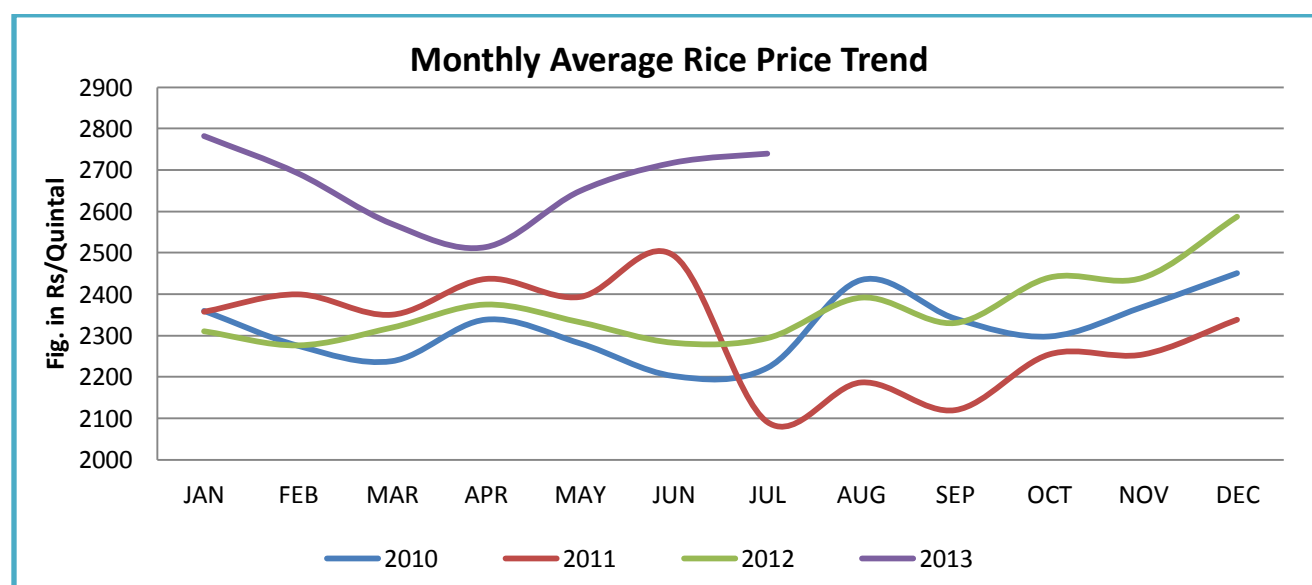
### **Price Outlook:**

Domestic market is likely to trade steady to slightly firm. Prices have been trading steady in open market due to slack demand but lean season and slow transplanting in Bihar and Eastern U.P may support prices.

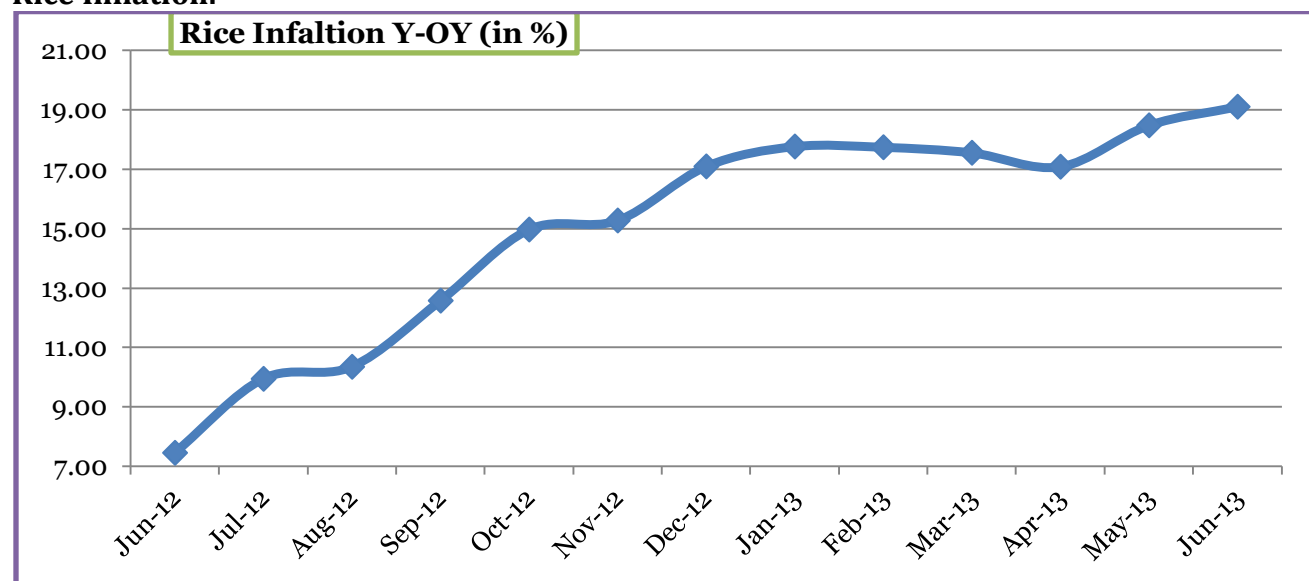
**Monthly Average Price at various Centers:**

Monthly Average Price for various Centers ( Rs./Qtl)					
	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
July-13	2065	2511.12	1950	2371.73	2495.23

Source: Agriwatch

**Monthly Average Price Trend:-**


### Rice Inflation:



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

Among the food grains, inflation for Rice has increased to 19.11 % from the previous month's level of 18.48 %.

### Rice Export under OGL:

All fig. in Lakh tonnes	Non Basmati	Basmati	Total Export 2011-12		Non Basmati	Basmati	Total Export 2012-13
11-Oct	4.29	1.77	6.06	12-Oct	6.65	1.95	8.6
11-Nov	6.39	2.14	8.53	12-Nov	6.49	2.08	8.57
11-Dec	7.68	3.57	11.25	12-Dec	7.5	2.85	10.35
12-Jan	7.23	3.07	10.3	13-Jan	5.65	3.18	8.83
12-Feb	8.9	2.76	11.66	13-Feb	4.9	3.34	8.24
12-Mar	3.5	3.93	7.43	13-Mar	5.7	3.87	9.57
12-Apr	2.75	2.79	5.54	13-Apr	3.93	3.94	7.87
12-May	7.16	3.23	10.39	13-May*	4.02	3.6	7.62
12-Jun	5.92	3.46	9.38	13-Jun*	4.97	3.65	8.62
12-Jul	4.85	3.01	7.86				
12-Aug	4.72	2.51	7.23				
12-Sep	4.46	2.31	6.77				
Total	67.85	34.55	102.4	Total	49.81	28.46	78.27

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)**

	<b>Total procurement in marketing season 2011-12 (Oct. - Sept.)</b>	<b>In Marketing season 2012- 2013</b>	<b>In Marketing season 2011-2012</b>
<b>Andhra Pradesh</b>	75.40	59.05	65.83
<b>Chhattisgarh</b>	41.15	48.50	41.13
<b>Haryana</b>	20.07	26.58	20.07
<b>Kerala</b>	3.72	2.30	3.42
<b>Madhya Pradesh</b>	6.35	9.27	6.35
<b>Maharashtra</b>	1.78	1.78	1.90
<b>Orissa</b>	28.64	29.52	21.36
<b>Punjab</b>	77.31	88.71	77.31
<b>Tamil Nadu</b>	15.96	4.75	15.84
<b>Uttar Pradesh</b>	33.55	32.48	33.01
<b>Uttaranchal</b>	3.78	7.36	3.36
<b>West Bengal</b>	20.41	13.95	21.66
<b>All-India</b>	<b>350.31</b>	<b>338.25</b>	<b>326.26</b>

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

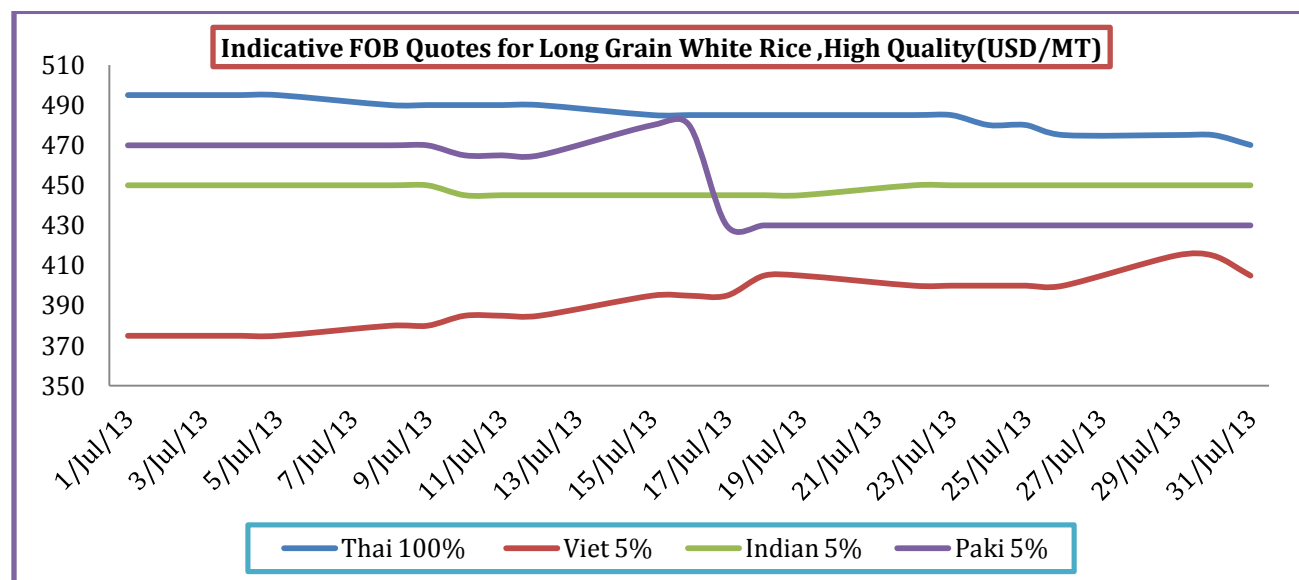
Rice procurement by Government agencies has now going very slow due to lean season and procurement target of 400 lakh tonnes in this season (September-2013) is unlikely to achieve as stock of rice is not as much available in the markets, however procurement is likely to touch around 350 lakh tonnes same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

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

<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	35.8	35.46	34.72	33.3	31.50	29.23				

Total rice stocks in India's central pool have fallen to 29.23 million tons as of August 1, 2013, up about 3.57% from 28.50 million tons recorded as on August 1, 2012.

**Monthly (June) FOB Quotes:**



Thai rice prices has been continuously falling during the last month and are expected to fall further after 20% cut in pledging price of Government to make Thai rice competitive in International market after stiff competition from India, Vietnam and Pakistan .



**Global Updates:**

**China's rice export this year may fall** due to high temperature and lower rain. Rice output may fall in lower Yangtze River and southwest china region. In Hunan, Hubei, Jiangxi and Anhui provinces in the center of China, contribute to about 40 percent of the country's total production and high temperatures are expected to continue in the coming days.

**Vietnam has exported about 4.061 million tons** of rice during January - July, 2013, down about 3% from around 4.17 million tons of rice exported in the same period last year, according to data from the Vietnam Food Association (VFA). Average export prices of about USD 429/MT (FOB) in January – July 2013 are about 7% lower than average export prices of around USD 463/MT during the same period last year.

**Thailand has exported 2.9 million tonnes** of rice in first 6 months of this year, which is 8.4% lower for the same period last year. Fall in export is witnessed due to stiff competition from India and Vietnam. Thailand is expected to export 6.5 million tonnes of rice this year.

**Global rice stocks are expected to increase** to around 108 million tons in 2013-14, up almost 3% from the previous year, and the highest since 2001-02. According to USDA global rice stocks declined sharply from around 145-150 million tons in 2000-01 to around 75 million tons prior to the 2008 food crisis. Rice stocks are in the process of rebuilding in 2013-14, says the USDA.

**Pakistan total rice export has fallen to 3.1 million tonnes** in 2012-2013(July-June) from previous year 3.62 million tonnes which is around 13% fall in exports due to weak international market and stiff competition from India. Major fall has been seen in Basmati exports.

**Strong anticipated gains in rice production** in almost all regions except Europe and North America will help boost global rice production to reach around 500 million tons (milled equivalent) in 2013, up almost 2% from an estimated 490.5 million tons produced in 2012, according to the UN's Food and Agriculture Organization (FAO).

**Global rice production, consumption, ending stock and trade** have been reduced in latest USDA WASDE report. Global rice production is projected at 478.7 million tonnes which is 0.5 million tonnes lower from previous projection due to fall in production in US and Vietnam.

**Global rice trade and ending stocks has been reduced slightly** to 38.23 million tonnes and 108.02 million tonnes respectively owing to reductions in Vietnam, Indonesia ending stocks and US Global 2012-13 exports are reduced by 0.6 million tons with most of the decrease occurring for Thailand and Pakistan, down by 500,000 and 200,000 tons, respectively.

**IGC Balance Sheet: Updated on 01.08.2013**
**(Fig. In Million Tonnes)**

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				01.07.2013	01.08.2013
<b>Production</b>	449	465	470	476	476
<b>Trade</b>	36	39	37	37	37
<b>Consumption</b>	445	458	469	474	474
<b>Carryover stocks</b>	99	107	107	109	109
<b>Y-O-Y change</b>	3	7	1	2	2
<b>Major Exporters</b>	30	37	41	44	43

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

**IGC Rice Balance sheet Highlights:-**

- The IGC GOI rice sub-Index is down 2% m/m to a near three year low, led by declines in prices in Thailand.
- World ending stocks are set to show little y/y change in 2012/13, but inventories in the major exporters are expected to rise by 10%, mainly on accumulation in Thailand.
- In 2013/14, larger crops in Asia's leading producers will underpin a 2% increase in the global outturn and world carryovers are likely to rise for the ninth consecutive year.
- Global trade is projected to increase only slightly in calendar 2014, with prospects for an expansion in deliveries to Far East Asia appearing limited

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


(Prices in US\$/hundredweight)

**Market Analysis:**

The U.S. cash rice market shows range bound trend in previous sessions. We expect market will trade in the range of 15.20 (support) to 16.40 (Resistant).

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

Duration	Trend	Support	Resistance
August	Range bound	S1-15.40, S2- 15.20	R1-16.40 R2-16.20

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