

Market Highlights

Planting area for India's Kharif rice crop has increased to around 35.5 million hectares as of August 30, 2013, up about 3% from around 34.5 million hectares during the same time last year, according to the Ministry of Agriculture.

Average wholesale rice prices in India stood at around Rs.2, 678/Q in August 2013, up slightly from around Rs. 2,668/Q in July 2013. However, in terms of USD per ton, average wholesale rice prices in India declined sharply to around USD 389/MT in August 2013, down about 14% from around USD 452/MT recorded in the previous month. Average wholesale rice prices in the country at around Rs.2, 678/Q in August 2013 are up about 12% from year-ago levels of around Rs. 2,392/Q in August 2012.

Agricultural Scientists of BHU has developed a new basmati variety known as BHU 10-9 which recorded 60% higher yield than Tarawadi Basmati, 20% higher than Pusa Basmati and 12% higher than Pusa 1121. BHU 10-9 has maturity period of 135-140 days and milling recovery is around 70%.

Indian Rice traders are concerned over bilateral relation between India and Iran. Indian rice exporters are worried about the claims of contamination of Indian rice and the recent strain in political relations between India and Iran. Ongoing crises in Egypt and Syria are also hurting Indian exporters as import demand from these countries may reduce.

In a meeting of the ASEAN Ministerial meeting in Brunei, Indian Commerce Ministry sought greater market access for its agriculture products and asked Russia to review the temporary ban on rice imports from India has asked the Russian Minister of Economic Development to revoke the temporary ban on rice imports from India which Russia had placed in February 2013 over Khapra beetle contamination.

The Indian government is providing grants to state governments and ICAR for conducting demonstration at the farmers' field to popularize farm mechanization among rice farmers and address the scarcity of labor during the peak planting season.

Rice inflation has reached 21.15% in July year on year basis from 19.11% in June. WPI has increased 216.30 to 226.30 in July due to rise in price in open market. Rice prices have increased by 4.62% in July over previous month.

Buoyant monsoon has brought rice prices down in Karnataka state by 10-25% over previous month. Price of Sona Masuri has dropped from Rs 54/kg to Rs 41-46/kg and that of Sona Steam from Rs 37-42/ kg to Rs 32-37/kg. Lower demand from Tamil Nadu and Maharashtra too has weighed on prices.



State wise sowing report- (As on 28th August)

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	16.74	20.54	16.23
Arunachal Pradesh	1.23	0.84	1.20	1.15
Assam	21.17	20.37	20.13	20.22
Bihar	31.94	28.19	27.61	30.90
Chhattisgarh	37.27	35.26	35.89	36.33
Gujarat	7.17	6.60	7.70	5.63
Haryana	11.94	11.28	11.54	10.20
Himachal Pradesh	0.78	0.66	0.76	0.76
Jammu & Kashmir	2.61	1.07	1.13	1.10
Jharkhand	12.97	11.01	10.06	11.34
Karnataka	11.06	7.70	8.75	7.53
Kerala	1.75	0.88	0.80	0.92
Madhya Pradesh	15.9	14.39	18.16	16.39
Maharashtra	14.97	13.87	14.75	14.41
Manipur	1.88	1.13	1.80	1.53
Meghalaya	0.95	0.85	0.96	0.96
Mizoram	0.46	0.41	0.41	0.40
Nagaland	1.76	1.55	1.79	1.69
Odisha	40.09	33.07	33.78	32.84
Punjab	27.59	27.40	27.79	28.25
Rajasthan	1.35	0.93	1.29	0.88
Tamil Nadu	17.15	2.62	3.00	2.03
Tripura	1.82	1.13	1.68	1.97
Uttar Pradesh	56.91	55.08	59.34	58.18
Uttarakhand	2.75	2.74	2.49	2.63
West Bengal	41.15	36.98	40.56	38.86
Others*	18.41	0.19	0.26	0.27
Total	392.18	333.39	354.61	344.72

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

Domestic Supply And Demand:

Figure in MMT	2011-12	2012-13	2013-14 #	2013-14 (USDA Est.)
Carry in	20.86	23.38	24.88	24.0
Production	104.32	104	105	108
Imports	0	0	0	0
Total Availability	125.18	127.38	129.88	132
Consumption	91.6	92.5	94	98
Exports	10.2	10	9	8.5
Total Usage	101.8	102.5	103	106.5
Carry out	23.38	24.88	26.88	25.5

With good start of monsoon and above normal rainfall Agriwatch expects higher rice production in 2013-14 at 105 million T. Exports are expected to rise and consumption is also expected to rise as Food security bill has been passed.

In 2013-14 exports are lowered to 9 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.

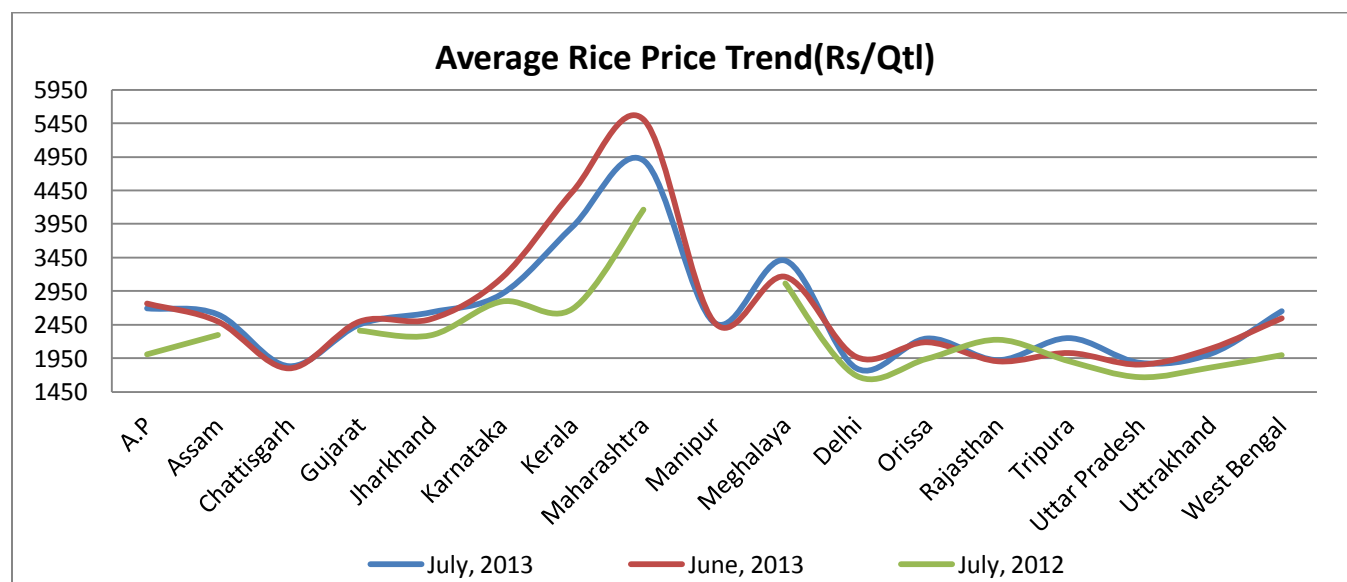
State Wise Price Movement (Non- Basmati):

	August, 2013	July, 2013	August, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
A.P	2691.1	2762.45	2008.32	-2.58	34
Assam	2599.96	2493.34	2296.34	4.28	13.22
Chattisgarh	1830	1795	NA	1.95	—
Gujarat	2451.53	2494.18	2360.7	-1.71	3.85
Jharkhand	2630.74	2529.47	2291.45	4	14.81
Karnataka	2903.26	3143.86	2793.37	-7.65	3.93
Kerala	3907.88	4431.55	2684.6	-11.82	45.57
Maharashtra	4895.52	5509.54	4159.92	-11.14	17.68
Manipur	2476.63	2479.38	NA	-0.11	—
Meghalaya	3402.1	3161.54	3063.21	7.61	11.06
NCT of Delhi	1800	1965.87	1691.67	-8.44	6.4
Orissa	2242.39	2184.18	1944.26	2.67	15.33
Rajasthan	1920	1900	2225	1.05	-13.71
Tripura	2247.77	2023.85	1906.58	11.06	17.9
Uttar Pradesh	1879.92	1850.83	1669.13	1.57	12.63
Uttarakhand	2015	2089.39	1812.75	-3.56	11.16

West Bengal	2649.06	2541.92	1996.91	4.21	32.66
Average	2620.16	2668.02	2326.94		

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.

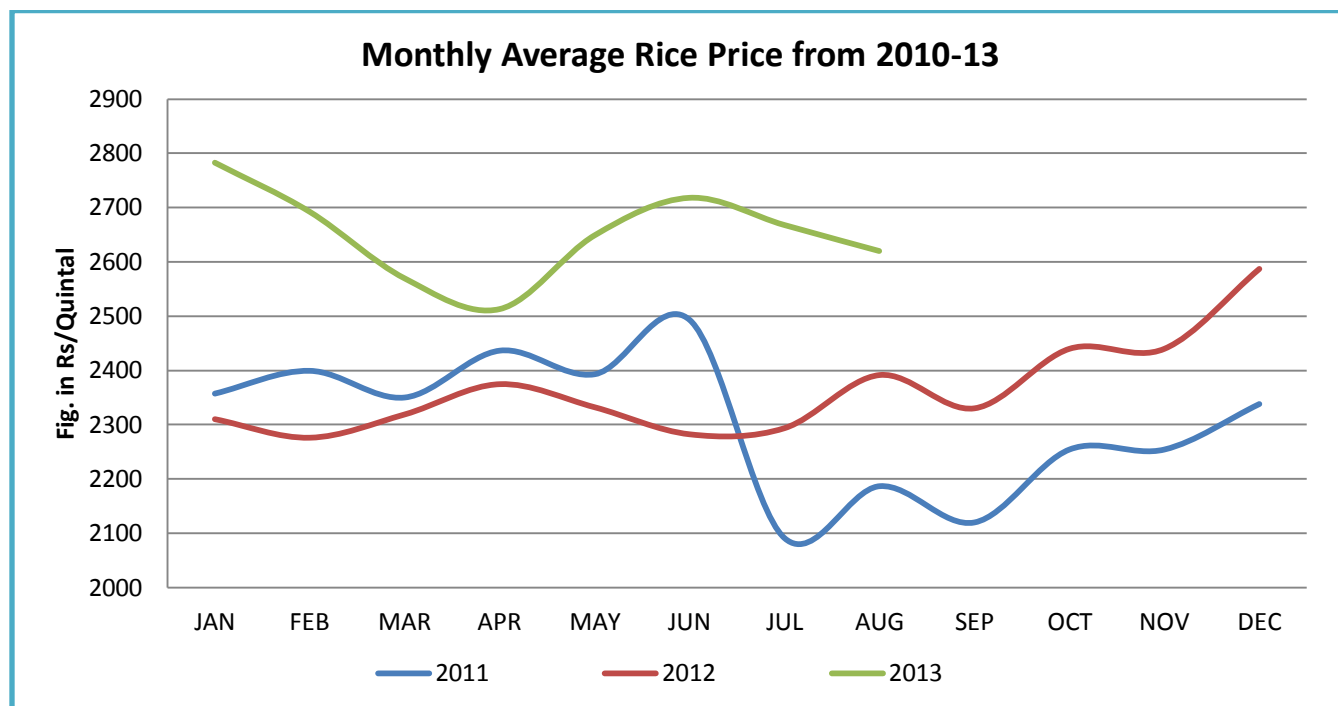
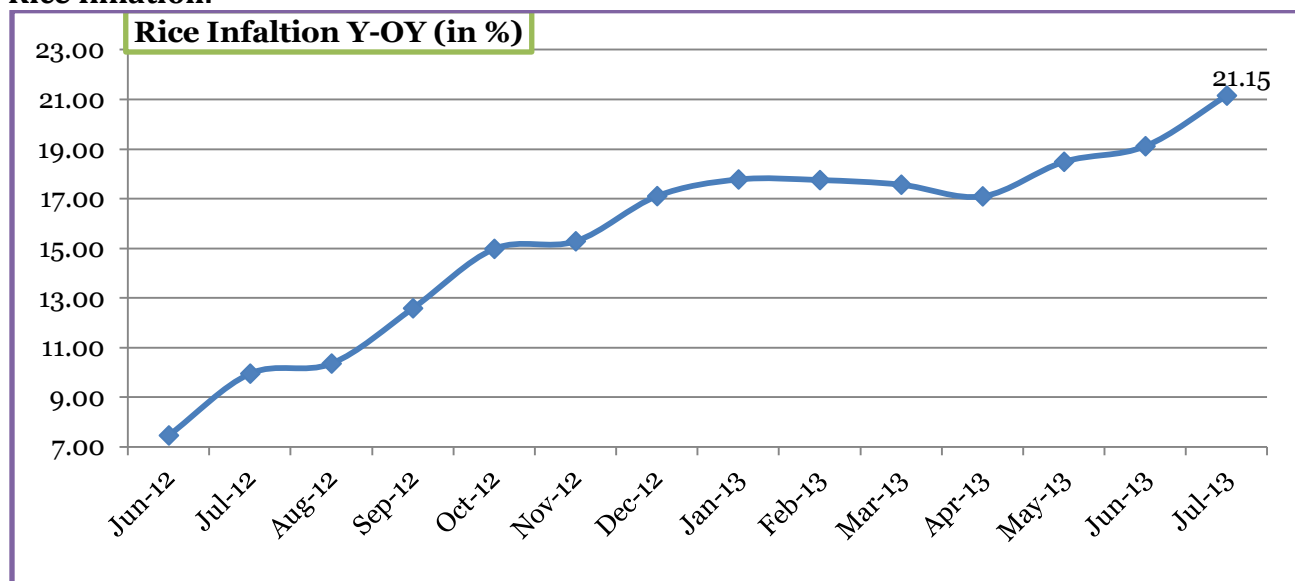
Indian Average Rice Price Trend, August-2013:



(Source: Agmarknet)

Price Outlook:

Domestic market is likely to trade steady to slightly weak as new crop is round the corner and bearish international market may further deprive India of export opportunity however weak rupee might support Indian export in weak international market.

Monthly Average Price Trend:-

Rice Inflation:

 Source: www.eaindustry.nic.in

Among the food grains, inflation for Rice has increased to 21.15 % from the previous month's level of 19.11 %.

Rice Export:

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	4.67	3.45	8.12
12-Jun	5.92	3.46	9.38	13-Jun*	4.97	3.65	8.62
12-Jul	4.85	3.01	7.86	13-Jul*	6.43	3.6	10.03
12-Aug	4.72	2.51	7.23				
12-Sep	4.46	2.31	6.77				
Total	67.85	34.55	102.4	Total	56.89	31.9	88.79

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to July, 2013, has reached 88.79 lakh tonnes, we expect total rice export in the end of this MY (Oct-2013) is likely to touch 10 million tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries and weak Indian currency.

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

(Fig. in Lakh tonnes)

	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 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.

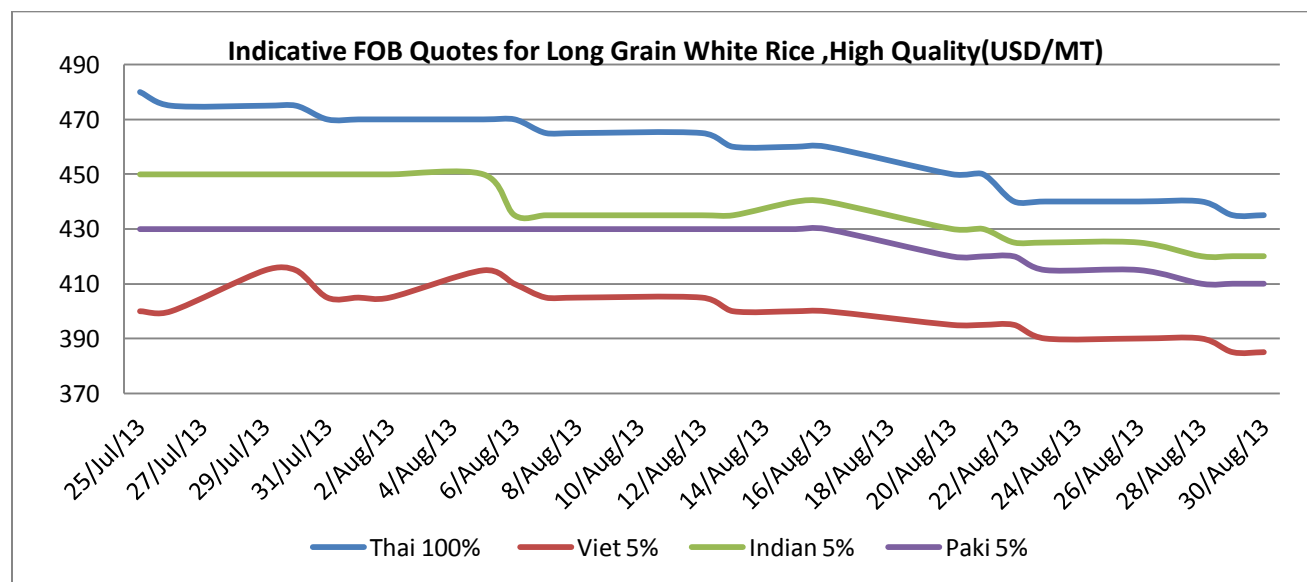
Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

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	31.50	29.23	27.91*			

*Sept 2012 stock is till 16th August 2013

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 (August) 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 . Weak Indian rupee will further pressurize market.

Global Updates:

IGC has reduced the global rice production to 474 million tonnes from 476 million tonnes for 2013-14, however 2013-14 production is expected to be 5 million tonnes higher than previous year.

Thailand's national rice committee has recommended keeping 2013-14 support prices unchanged under the government rice mortgage program at up to 15,000 baht (about USD 470/MT) for white paddy rice of the main crop season (May - January). However, the committee suggests lowering the support price for off-season (January – June) paddy rice by around 13% or about 2,000 baht (about USD 63) per ton to around 13,000 baht (about USD 407) per ton.

Vietnam has exported around 4.36 million tons of rice in January 1 - August 22, 2013, at an average price of about USD 429/MT, FOB, according to the Vietnam Food Association (VFA). Average export prices have increased sharply in August 2013, reaching around USD 433/MT, FOB up about 5% from around USD 413/MT FOB, recorded in July 2013.

Thailand's paddy rice production from its main 2013-14 crop is expected to reach around 28.4 million tons, up about 7% from 26.6 million tons from the main crop in 2012-13, according to the Agriculture Ministry. Total paddy rice production in 2013-14 is expected to reach around 37 - 38 million tons, according to earlier estimates by the ministry.

Iraq has purchased about 120,000 tons of rice from Uruguay, Argentina and India in a tender that closed on August 12, 2013. According to trade sources, Iraq purchased about 60,000 tons from Uruguay and about 30,000 tons from Argentina for about USD 711 per ton CIF free out, and another 30,000 tons of rice from India for unknown price. The delivery is expected to take place next month.

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

Myanmar's total rice exports may reach around 1.4 million tons in 2013, helped by cross border trade with China and Thailand, and the recent decision by the EU to allow duty-free rice imports from Myanmar.

China's rice imports are expected to surge to a record 4 million tons in 2013-14, up about 500,000 tons or about 14% from around 3.5 million tons of rice imports in the previous year, according to the China National Grain and Oils Information Center (CNGOIC). As per the forecast, China's imports will account for around 11% of total annual global rice trade this year. CNGOIC lowered its 2013-14 rice production estimates by one million tons due to ongoing drought in key rice producing areas.

IGC Balance Sheet: Updated on 01.08.2013

(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				01.08.2013	30.08.2013
Production	449	465	469	476	474
Trade	36	39	37	37	37
Consumption	445	458	469	474	473
Carryover stocks	99	107	107	109	108
Y-O-Y change	3	7	1	2	1
Major Exporters	30	37	40	43	43

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index declined by around 7% month on month basis, to its lowest in about three years.
- Global rice output is projected to rise by 1% to a new record in 2013-14, with larger outturns in China and India, and increases in those countries should boost world use by a similar amount.
- Aggregate end-season stocks are forecast to expand moderately, with further accumulation in leading exporters, notably Thailand.
- World trade is set to rise marginally in 2014 on small increases in sales to sub-Saharan Africa and Far East Asia, but prospects are tentative as China's import needs remain uncertain.

Rice Price Trend @ CBOT (Nov- 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 16.20 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
September	Range bound	S1-15.20 S2- 15.00	R1-16.20 R2-16.00

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