

### Market Highlights

**Domestic market prices** are expected to trade weak owing to ample stocks availability, slack demand and new crop arrivals. Pusa Basmati-1121 prices have fallen to Rs 78-79/Kg from Rs 81-82/Kg. 1000 bags of Basmati 1509 arrived at Karnal grain terminal fetching Rs 3650/Q and Parmal variety has been trading Rs 1350-1400/Q at the same market.

**Punjab is expected to procure** 130Lakh tonnes of paddy as compared to 127 lakh tonnes in previous year. Punjab has made arrangements for 150 Lakh tonnes. Haryana is expecting procurement of 36 lakh tonnes of paddy as compared to 38.53 lakh tonnes previous year due to lower acreage under rice.

**Tamil Nadu government has announced the bonus** over MSP for Paddy announced by central government. Tamil Nadu government has announced bonus of Rs 50/Q for common grade variety and Rs 70/Q for Grade A variety.

**India wholesale price has been trading** almost steady at previous month level. September wholesale average prices were Rs 2623/Q, however prices in USD term has sharply risen to USD 425/MT from USD 380/MT due to strengthening of rupee against dollar. On year on year basis prices has risen by almost 13%.

**India's rice production in the main (Kharif) crop in 2013-14** crop year (July - June) is expected to reach around 92.32 million tons, about 1.5% higher than the targeted 91 million tons, according to the government's first advance estimate for kharif season of 2013-14.

**As per USDA report, India is expected to remain** the world's largest rice exporter for the third consecutive year in calendar year 2014 based on adequate supplies and continued demand from Iran.

**Rice stocks in India's central pool as of September 1, 2013** stand at around 26.6 million tons (including milled equivalent of about 9.3 million tons of paddy), up almost 4% from around 25.6 million tons of rice with the government during the same time last year, according to the Food Corporation of India

**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%.

**Rice inflation has reached 20.13%** in August year on year basis from 21.15% in July. WPI has increased 226.30 to 229.20 in August due to rise in price in open market. Rice prices have increased by 1.28% in August over previous month.

**State wise sowing report- (As on 27<sup>th</sup> September)**

State	Normal Area	Average Area	Area sown reported		Last Year	Absolute Change
			This Year	% of Nor,		
<b>Andhra Pradesh</b>	26.48	20.98	24.01	90.7	20.01	4.00
<b>Arunachal Pradesh</b>		1.19	1.83		1.78	0.05
<b>Assam</b>	21.17	21.42	20.81	98.3	21.11	-0.30
<b>Bihar</b>	31.94	29.21	30.10	94.2	31.64	-1.54
<b>Chhattisgarh</b>	37.27	35.78	36.63	98.3	36.56	0.07
<b>Guajrat</b>	7.17	7.16	7.85	109.5	6.31	1.54
<b>Haryana</b>	11.94	11.28	11.60	4.7	10.82	4.05
<b>Himachal Pra.</b>		0.67	0.76		0.76	0.00
<b>J&amp;K</b>		1.37	1.15		1.11	0.04
<b>Jharkhand</b>	12.97	12.16	12.32	95.0	14.38	-2.06
<b>Karnataka</b>	11.06	9.21	10.03	90.7	8.39	1.64
<b>Kerala</b>		0.88	0.94		0.92	0.02
<b>Madhya Pradesh</b>	15.90	15.07	18.43	115.9	16.63	1.80
<b>Maharashtra</b>	14.97	14.77	15.19	101.4	15.15	0.04
<b>Manipur</b>		1.44	1.80		1.53	0.27
<b>Meghalaya</b>		0.89	0.96		0.96	0.00
<b>Mizoram</b>		0.41	0.41		0.40	0.01
<b>Nagaland</b>		1.62	1.79		1.69	0.10
<b>Odisha</b>	40.09	35.70	36.24	90.4	35.27	0.97
<b>Punjab</b>	27.59	27.40	27.73	100.5	28.25	-0.52
<b>Rajasthan</b>		0.98	1.29		0.88	0.41
<b>Tamil Nadu</b>	17.15	2.92	3.33	19.4	2.06	1.27
<b>Tripura</b>		1.21	1.76		1.97	-0.21
<b>Uttar Pradesh</b>	56.91	55.25	59.64	104.8	58.79	0.85
<b>Uttaranchal</b>		2.71	2.49		2.63	
<b>West Bengal</b>	41.15	40.11	41.90	101.8	40.18	1.72
<b>Others</b>	18.41	0.76	0.76		0.74	0.02
<b>All-India</b>	<b>392.18</b>	<b>352.54</b>	<b>371.75</b>	<b>94.8</b>	<b>360.92</b>	<b>10.83</b>

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

**Domestic Supply And Demand:**

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

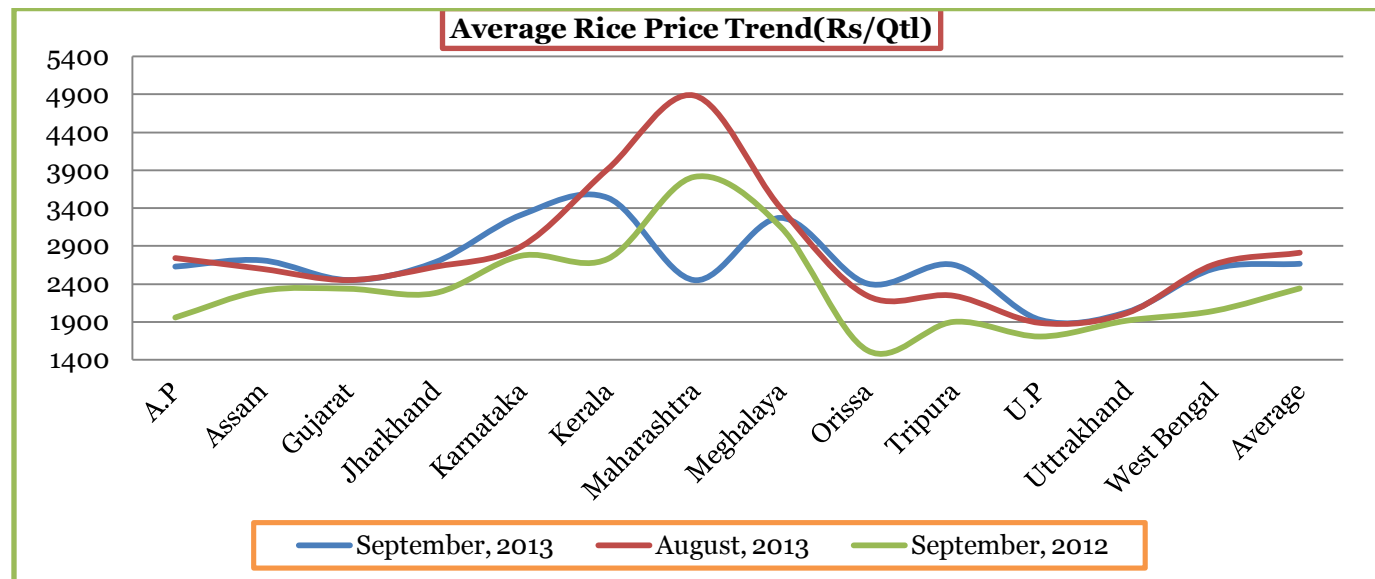
In 2013-14 exports are lowered to 9 million tonnes as Pakistan and Vietnam rice prices are more competitive hence buyers may turn to Vietnam and Pakistan for cheaper rice and there is speculation that Thailand may further discount paddy to enhance its sale and trim its bulging stocks. There is fear in the market that these developments may impact Indian exports negatively.

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

	September, 2013	August, 2013	September, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
<b>A.P</b>	2630.43	2742.23	1957.42	-4.08	34.38
<b>Assam</b>	2712.82	2599.96	2309.2	4.34	17.48
<b>Gujarat</b>	2453.16	2451.53	2335.92	0.07	5.02
<b>Jharkhand</b>	2686.32	2626.28	2278.99	2.29	17.87
<b>Karnataka</b>	3312.79	2895.87	2771.72	14.4	19.52
<b>Kerala</b>	3537.96	3917.16	2729.83	-9.68	29.6
<b>Maharashtra</b>	2451.49	4888.42	3810.42	-49.85	-35.66
<b>Manipur</b>	2629.58	2476.63	NA	6.18	—
<b>Meghalaya</b>	3273.08	3402.1	3149.43	-3.79	3.93
<b>Orissa</b>	2406.48	2244.7	1524.57	7.21	57.85
<b>Tripura</b>	2653.62	2244.49	1900	18.23	39.66
<b>U.P</b>	1927.03	1885.89	1706.73	2.18	12.91
<b>Uttarakhand</b>	2027.87	2015	1915.77	0.64	5.85
<b>West Bengal</b>	2599.38	2653.53	2042.29	-2.04	27.28
<b>Average</b>	<b>2664.42</b>	<b>2788.84</b>	<b>2340.94</b>		

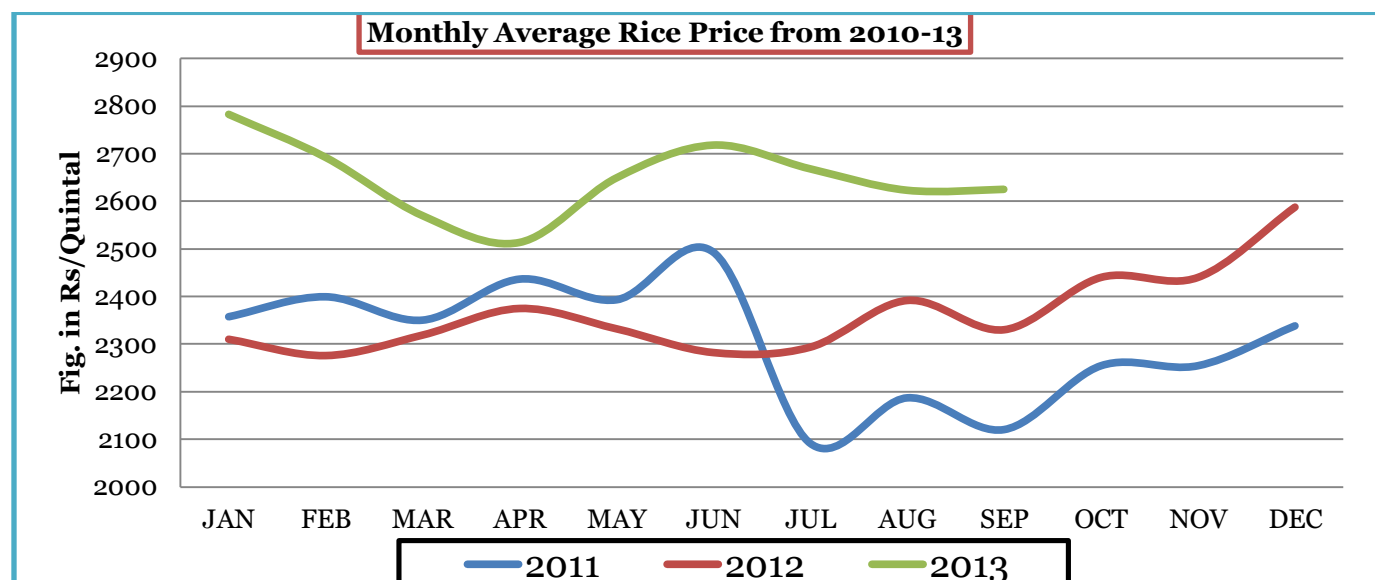
Average price of PR variety in the month of July ruled lower around Rs.124/quintal. We expect market will move steady to slightly weak in the month of October due to new crop arrivals pressurizing the market.

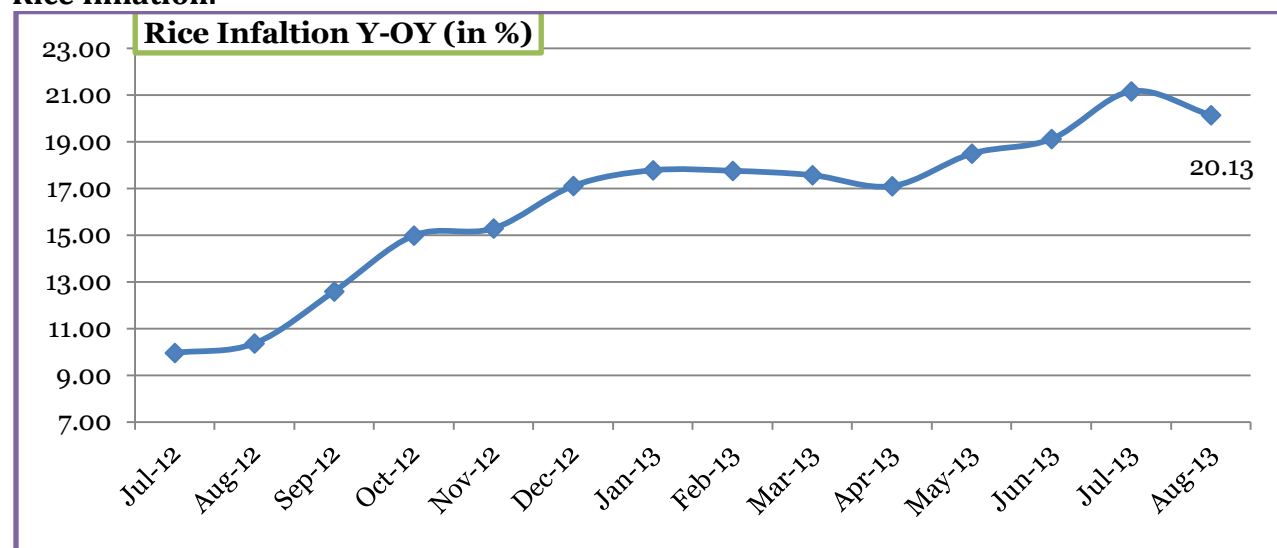
**Indian Average Rice Price Trend, August-2013:**



(Source: Agmarknet)

**Monthly Average Price Trend:-**



**Rice Inflation:**


Source: www.eaindustry.nic.in

Rice inflation has fallen to 20.13% in August year on year basis from 21.15% in July. WPI has increased 226.30 to 229.20 in August due to rise in price in open market. Rice prices have increased by 1.28% in August over previous month.

**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	5.56	3.78	9.34
12-Jul	4.85	3.01	7.86	13-Jul*	6.43	3.6	10.03
12-Aug	4.72	2.51	7.23	13-Aug*	6.57	2.68	9.25
12-Sep	4.46	2.31	6.77	13-Sept*	6.81	3.61	10.42
<b>Total</b>	<b>67.85</b>	<b>34.55</b>	<b>102.4</b>	<b>Total</b>	<b>70.86</b>	<b>38.32</b>	<b>109.18</b>

Source: DGCIS and \* IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to Sept, 2013, has reached 109.18 lakh 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	<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**

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	20.57			

Total rice stocks in India's central pool have fallen to 20.57 million tons as of September 1, 2013.



### **Price Outlook:**

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

**Global Updates:**

**A team led by China's hybrid rice expert, Prof. Yuan Longping**, has claimed that it has achieved record average rice yield 14.8 tons per hectare using a new hybrid rice variety "Y liangyou 900." The new record is higher than the previously held record of about 13.5 tons per hectare, but slightly behind the targeted 15 tons per hectare by the Chinese Agriculture Ministry in 2013.

**The International Grains Council (IGC) has increased** its forecast for China's 2014 rice imports to around 2.2 million tons, up about 10% from previous forecast of around 2 million tons, but down about 4% from an estimated 2.3 million tons of rice imports in 2013

**According to Thai Rice Exporters Association (TREA)**, Thailand has exported 3.6 million tonnes of rice in Jan-Jul 2013. In July 2013, Thailand exported around 675,064 tons of rice, the highest monthly rice exports in 2013 and up about 58% from around 427,058 tons exported in the previous month. White rice accounted for almost half of total rice exports in July 2013, according to the TREA

**As per USDA WASDE report, Global rice production** is projected at a record 476.8 million tons, down 1.2 million tons from last month, primarily due to smaller crops forecast for Brazil and China.

**Global rice production is expected to increase to** a record 497 million tons in 2013-14, up about 1.3% from around 491 million tons in 2012-13, most of the increase in rice production will be seen in Asia, FAO says.

**Pakistan's rice exports in August 2013 stand at** around 182,805 tons, down about 37% from the previous month, according to provisional data from the Pakistan Bureau of Statistics (PBS). However, Pakistan's August 2013 rice exports are up about 23% from around 149,146 tons of rice exported in August 2012.

**As per Latest FAO release average Pakistani basmati** rice export prices declined slightly in August 2013, reached around \$1,394 per ton, down around 1% from around \$1,405 per ton in the previous month, but are up around 22% from around \$1,142 per ton recorded in August 2012, according to the UN's Food and Agriculture Organization (FAO).

**Pakistan exported about 44,221 tons of basmati** rice in August 2013, down about 27% from around 60,455 tons exported in the previous month, and down about 13% from around 51,004 tons exported in August 2012.

**Offers for Vietnamese rice slipped to a three-year low** on weak demand, and prices could fall further as supply from major rice producing nations is set to rise substantially. Indicative prices for 5-percent broken rice eased to \$355-\$365 a tonne, on a free-on-board (FOB) basis, from last week's USD 360-380.

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

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				30.08.2013	26.09.2013
<b>Production</b>	449	465	469	474	474
<b>Trade</b>	36	39	37	37	38
<b>Consumption</b>	445	458	469	473	473
<b>Carryover stocks</b>	99	107	107	108	110
<b>Y-O-Y change</b>	3	7	1	0	2
<b>Major Exporters</b>	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 fell by 2% month on month basis, although prices in Thailand were generally firm on improved international demand, currency movements and the approach of main crop intervention buying.
- Global output and consumption are forecast up by 1% year on year to new highs in 2013-14, stemming mainly from increases in Asia.
- With accumulation in key exporters, including Thailand, the world 2013-14 carryover is projected to expand for the ninth consecutive year.
- World trade is tentatively expected to rise in 2014 on small increases to sub-Saharan Africa and Far East Asia, but China's future needs continue to add a degree of uncertainty.

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


(Prices in US\$/hundredweight)

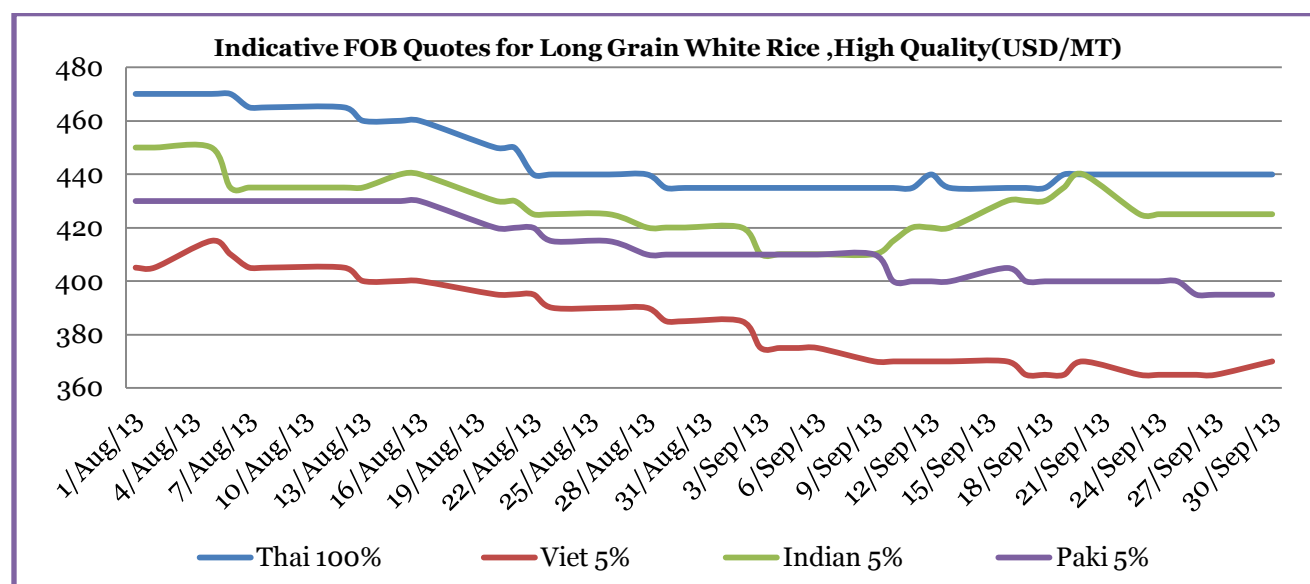
### Market Analysis:

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

### 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.

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