

Market Highlights

Average wholesale rice prices in India have surged to around Rs.2, 753/Q as of October 30, 2013, up about 2% from around Rs. 2,691/Q in the previous month, and up about 14% from around Rs.2, 408 per quintal seen a year ago in October 2012.

Area under India's main (Kharif) season rice crop planting reached around 38.35 million hectares as of October 25, 2013, which is up about 2.4% from around 37.47 million hectares recorded during the same time in 2012, according to the Agriculture Ministry.

The UN's Food and Agriculture Organization (FAO) has increased India's rice exports forecast for 2013 to 9.5 million tons, up about 8% from the July forecast of 8.8 million tons. In 2012-13, India produced about 104.4 million tons of rice (milled basis), of which around 10.3 million tons were exported.

Despite ongoing harvesting activities rice market continues to rule firm and is unlikely to see any major alteration in the weeks to come. Arrivals in major bench mark markets are likely to increase. However, any steep fall at this point of time is a remote possibility due to good demand from bulk buyers.

Rice millers are offering high prices for 1121 against 1509 as broken percentage is higher in new aromatic varieties (1509) due to its thinness. As per current feedback from millers they are now unwilling to pay more for 1509 against pusa 1121. Agriwatch expects market to rule steady till Diwali. Prices of Pusa steam and 1121 have improved in the range of Rs 80 to Rs 100 /Q this week. Supply and demand side remains balanced.

The USDA has lowered the rice production forecast for India's rice production in 2013-14 to around 105 million tons, down about 3% from previous forecast of around 108 million tons, but slightly higher than an estimated 104.4 million tons produced in 2012-13. The downward revision in India's rice production by USDA is mainly due to deficient rains received in some eastern states of India during the sowing and growth stage.

Rice inflation has fallen to 18.76% in September 2013 as compared to 20.13% in August. Wholesale Price Index (WPI) has risen to 231.7 in September from 229.2 in August.

India's rice stocks in the central pool as of October 1, 2013 have declined to around 23 million tons (including milled equivalent of around 6.13 million tons of paddy), the lowest monthly levels so far this year and down about 1.5% from October 1, 2012, according to data from the Food Corporation of India (FCI).

State wise sowing report- (As on 27th September)

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

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	96	98.2
Exports	10.2	10	9	9.3
Total Usage	101.8	102.5	105	107.5
Carry out	23.38	24.88	24.88	24.5

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.

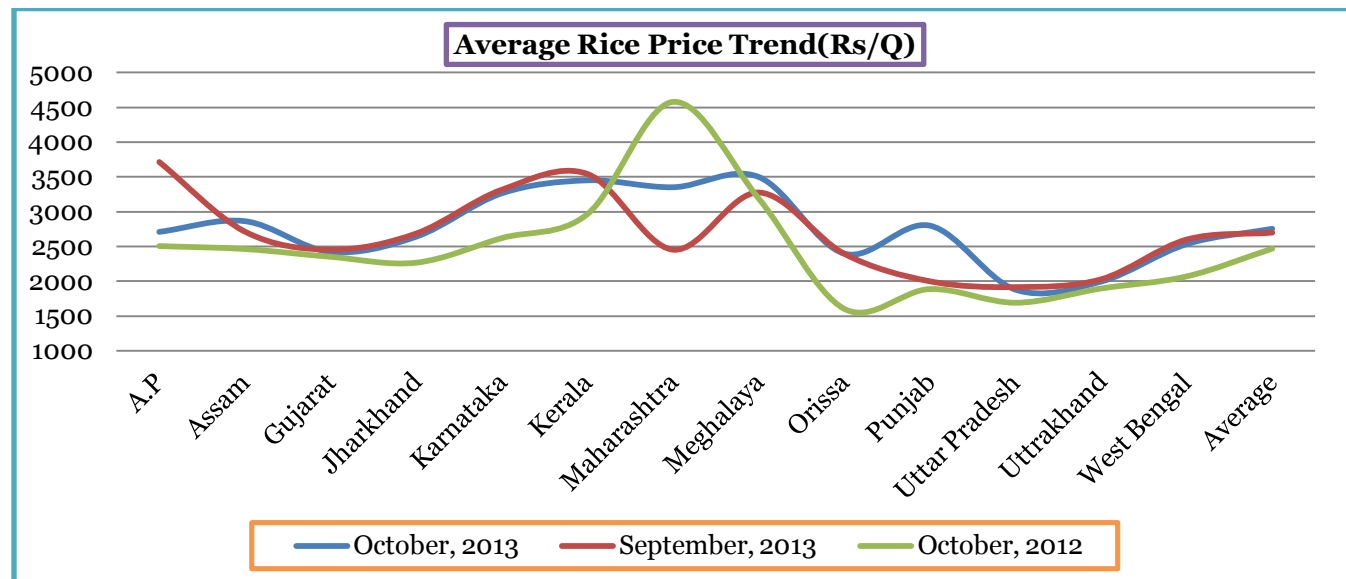
In 2013-14 exports are lowered to 9 million tonnes as Pakistan and Vietnam rice prices are more competitive hence buyers may turn to Vietnam and Pakistan for cheaper rice and there is speculation that Thailand may further discount paddy to enhance its sale and trim its bulging stocks. There is fear in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

State Wise Price Movement (Non- Basmati):

State	October, 2013	September, 2013	October, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
A.P	2710.19	3710.99	2501.95	-26.97	8.32
Assam	2864.32	2712.82	2459.21	5.58	16.47
Gujarat	2421.6	2453.16	2347.99	-1.29	3.14
Jharkhand	2639.86	2684.2	2263.14	-1.65	16.65
Karnataka	3265.19	3312.79	2616.33	-1.44	24.8
Kerala	3452.79	3540.16	2959.63	-2.47	16.66
Maharashtra	3353.13	2452.76	4573.13	36.71	-26.68
Manipur	2784.37	2629.58	NA	5.89	—
Meghalaya	3502.17	3273.08	3187.92	7	9.86
Orissa	2397.14	2395.13	1600.8	0.08	49.75
Punjab	2800	2000	1883.68	40	48.65
Tripura	2861.27	2652.5	NA	7.87	—
Uttar Pradesh	1877.89	1916.34	1687.78	-2.01	11.26
Uttarakhand	1993.53	2027.87	1892.28	-1.69	5.35
West Bengal	2533.57	2598.37	2066.1	-2.49	22.63
Average	2763.80	2690.65	2464.61		

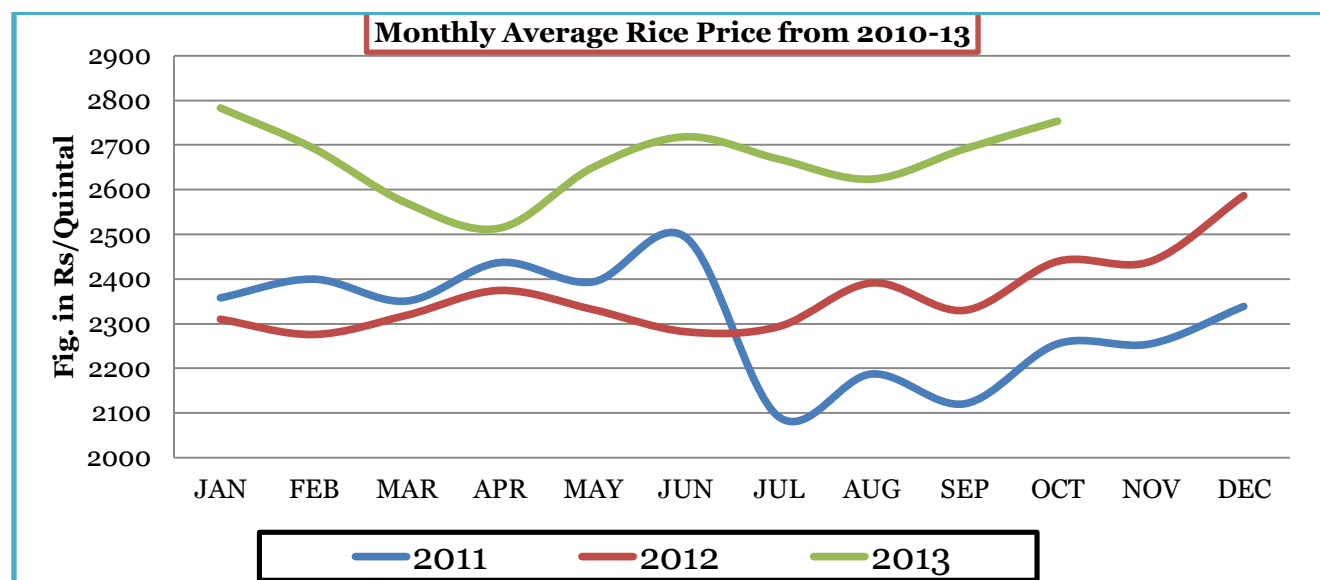
Average price of PR variety in the month of October ruled slightly higher around by Rs.72/quintal. We expect market will move steady to slightly weak in the month of October due to new crop arrivals pressurizing the market.

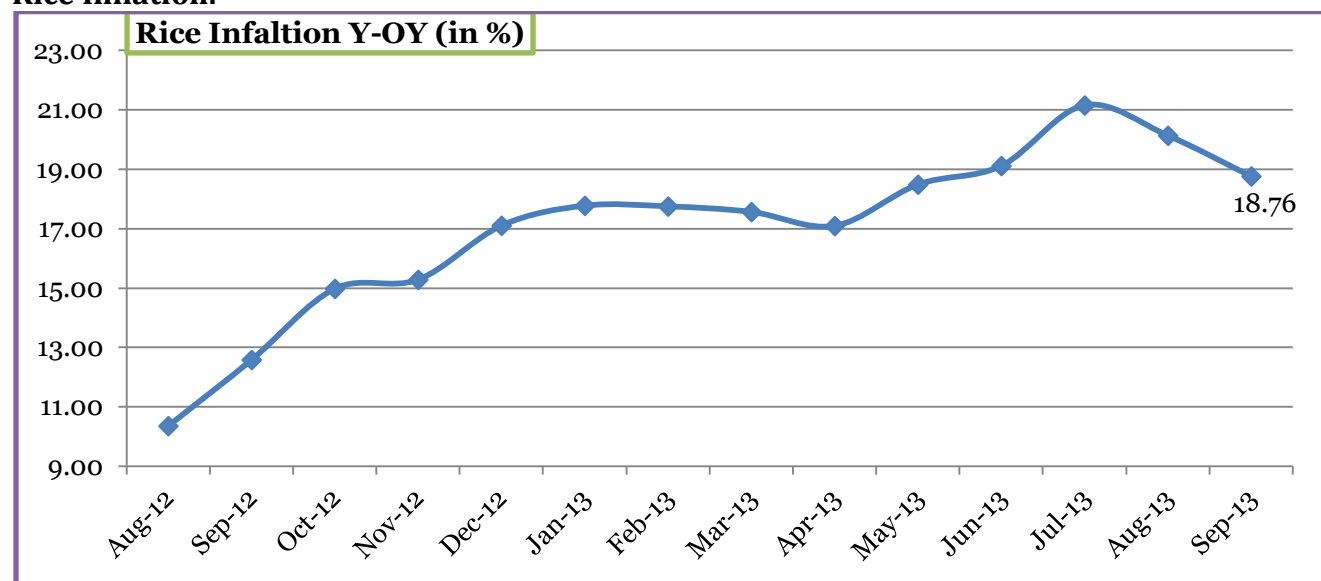
Indian Average Rice Price Trend, August-2013:



(Source: Agmarknet)

Monthly Average Price Trend:-



Rice Inflation:


Source: www.eaindustry.nic.in

Rice inflation has fallen to 18.76% in September, year on year basis from 20.13% in August. WPI has increased to 231.70 in September due to rise in price in open market. Rice prices have increased by 1.09% in September 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	6.51	3.34	9.85
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
Total	67.85	34.55	102.4	Total	70.94	38.06	109

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 lakh tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries and weak Indian currency.

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	19.03		

Total rice stocks in India's central pool have fallen to 19.03 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:

Vietnam has increased the minimum export price (MEP) for 25% broken rice to USD 375/MT, up about 4% from USD 360/MT in effect since September 2013, according to trade sources. The new MEP will come into effect on October 25, 2013.

South Korea has purchased 6,700 tons of brown long-grain rice of Thailand origin for around USD 439.99/T in a tender that closed on October 22, 2013. The delivery is expected to take place by January 31, 2014, according to the state-run Korea Agro-Fisheries & Food Trade Corp.

Thai Rice Exporters Association (TREA) said rice exports in September of around 501,600 tons was down about 4% from the previous month but about 27.2% higher compared to the same period last year. According to TREA, rice exports are expected to increase to around 600,000 tons in October 2013 as prices have become more competitive, declining to the lowest in three years.

Egypt's General Authority for Supply Commodities (GASC) has raised purchase prices of rice for distribution in the country's Public Distribution System. According to local sources, GASC purchased an additional 113,000 tons of milled rice packed in 1-kg bags for delivery in November and December 2013 for prices of around USD 420/MT, up about 6% from around USD 397/MT in the beginning of October, 2013.

Pakistan's rice exports recovered in September 2013, reaching around 2.12 lakh tons in the month, up around 16% from about 1.82 lakh tons exported in August 2013, and up about 45% from around 1.46 lakh tons in September 2012, according to provisional data from the Pakistan Bureau of Statistics (PBS).

Indonesia's paddy rice production is expected to reach around 69.3 million tons (about 43.6 million tons, milled basis) in 2013; down from previous forecasts due to adverse weather conditions but slightly above the last year's rice crop, according to the FAO.

Thailand will spend an additional Bt 9 billion (about USD 286 million) to complete payments and towards purchase of paddy rice from farmers who could not complete the harvest on time to participate in the 2012-13 rice mortgage program which ended in September 2013.

The FAO has lowered the global rice production forecast for 2013 to 496.3 million tons (milled basis), down about 1 million tons from the previous forecast, but up about 1% from around 490.9 million tons in 2012. The fall is mainly due to an expected decline in rice production in China by around 2.9 million tons due to unfavorable weather conditions this year. Rice production is unlikely to increase in Vietnam due to poor price prospects, the FAO says. However, rice production is expected to increase in India, Sri Lanka, the U.S., and Venezuela.

IGC Balance Sheet:
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				26.09.2013	31.10.2013
Production	449	465	469	474	474
Trade	36	39	37	38	38
Consumption	445	458	469	473	472
Carryover stocks	99	107	107	110	109
Y-O-Y change	3	7	1	2	1
Major Exporters	30	37	40	43	42

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

IGC Rice Balance sheet Highlights:-

- While the IGC GOI rice sub-Index was broadly unchanged month on month basis, markets were again mixed, with values in Vietnam underpinned by export demand and crop worries, but weaker in Thailand on limited buying interest and heavy intervention reserves.
- World production is projected to expand by 1% year on year basis, to an all-time high in 2013-14, with larger crops in Far East Asia, notably India; global demand is set to rise by 1%, led by Asia.
- The 2013-14 world carryovers is likely to increase for the ninth consecutive year, with major exporters' stocks at a new record.
- Global trade is tentatively expected to rise in 2014, with higher sales to Far East Asia, though China's needs remain uncertain.

Rice Price Trend @ CBOT (Jan- 14, Rough Rice):


(Prices in US\$/hundredweight)

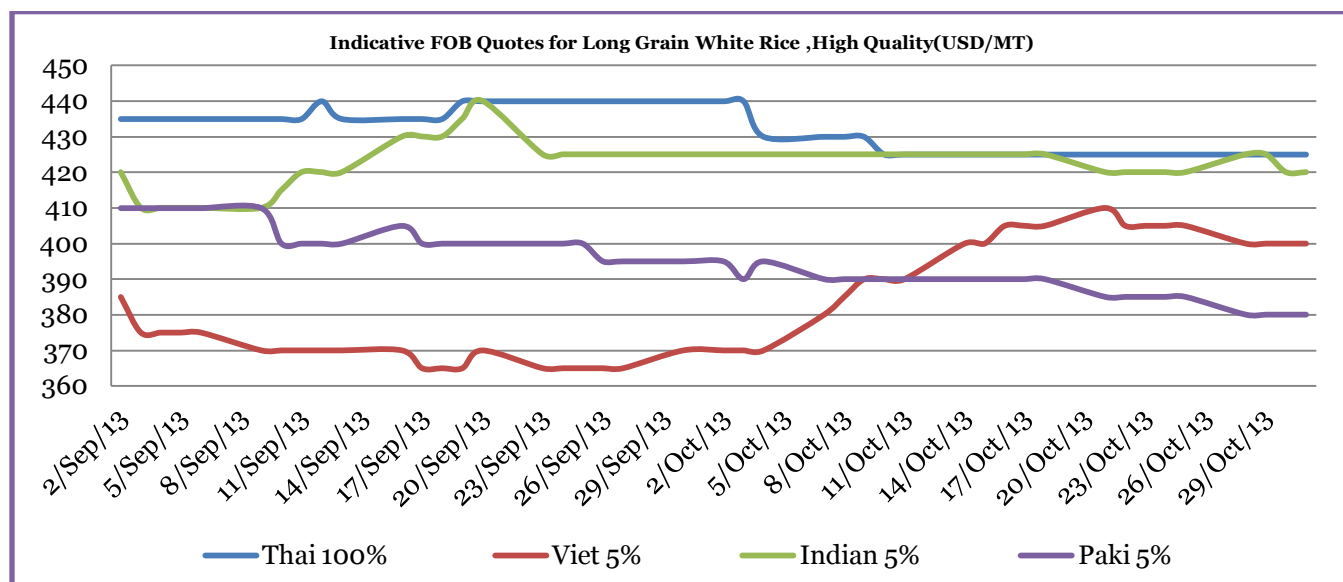
Market Analysis:

The U.S. cash rice market shows down trend in previous month. We expect market will trade in the range bound with weak bias in the range of 15.00 (support) to 16.20 (Resistant).

Price Projection (International-CBOT):-

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

Monthly FOB Quotes Trend:



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.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2013 Indian Agribusiness Systems Pvt Ltd.