

Market Highlights

Average wholesale rice prices in India continue to rise, reaching around Rs. 2,931 per quintal in November 2013, up about 7% from around Rs. 2,750 per quintal in October 2013, and up about 20% from around Rs. 2,441 per quintal in November 2012.

The Inflation of rice has decreased to 15.69% in the month of October as compare to 18.76% in the month of September; however WPI has increased to 234.5 in October as compare to 231.7 in the month of September.

India, the world's second biggest rice producer, has decided to extend by one year the stock holding limit on the grain to check any rise in prices on account of hoarding of the essential food item, a government statement said on Friday. The extension will be valid until November 30, 2014. The government will continue to exempt rice exporters from the stock holding limit, traders said.

India's winter (rabi) rice planting area has reached around 106,000 hectares as of November 29, 2013, up about 22% from around 87,000 hectares recorded during the same period last year, according to government sources.

The latest nuclear deal between Iran and global powers is likely to go against Indian basmati rice exporters as normal business practice would resume. Pakistan and Thailand would take maximum advantage of new emerging situation in Iran. They offer cheaper rice in comparison to India and thus Indian supremacy in Iran market may be challenged.

Lower demand from Iran is likely to pressurize Indian cash market in the weeks ahead, competition would increase and Indian market would be more competitive to maintain export status in Iran. Cash market is likely to trade lower as demand from bulk and medium buyers continues to dip at higher level.

In the current fiscal, basmati exports have increased by 16 per cent in volumes to exceed two million tonnes against 1.7 mt during the same time a year ago. "Demand continues to be good from the traditional buyers. At this pace, we may end up exporting over 3.8 mt for the current fiscal," said R. Sundaresan, Executive Director of the All-India Rice Exporters Association.

Cyclone "Helen" has damaged ready-to-harvest rice crop in an estimated 460,000 hectares in India's southern state of Andhra Pradesh, according to the Indian Meteorological Department (IMD).

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India's southern state of Karnataka is planning to buy paddy rice from farmers at about Rs. 1,600 per quintal, about 22% above support prices of around Rs. 1310 a quintal, according to market participants.

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	24.38	25.0
Production	104.32	104	102	105
Imports	0	0	0	0
Total Availability	125.18	127.38	126.38	130
Consumption	91.6	92.5	94	96.0
Exports	10.2	10.5	9	10.0
Total Usage	101.8	103	103	106.0
Carry out	23.38	24.38	23.38	24.0

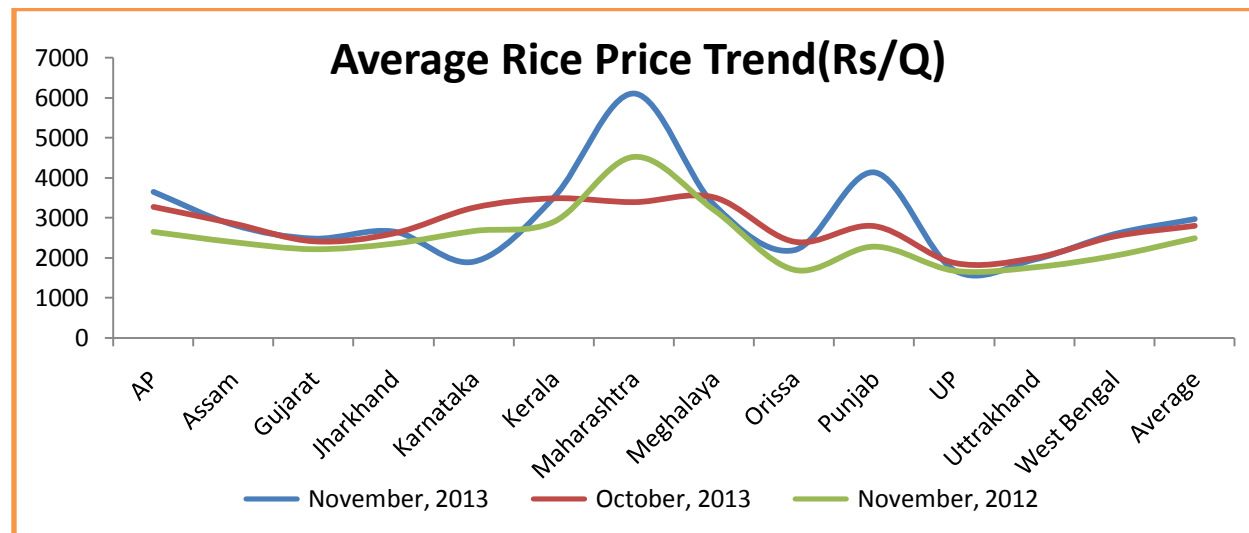
With unexpected rainfall and cyclones Agriwatch expects lower rice production in 2013-14 at 103 million T. Exports are expected to go down and consumption is expected to rise as Food security bill has been passed.

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.

	November, 2013	October, 2013	November, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	3651.99	3281.78	2649.47	11.28	37.84
Assam	2826.78	2864.32	2394.06	-1.31	18.07
Gujarat	2483.13	2421.01	2217.37	2.57	11.99
Jharkhand	2658.51	2618.82	2358.02	1.52	12.74
Karnataka	1905.54	3262.98	2672.04	-41.6	-28.69
Kerala	3517.62	3496.88	2904.45	0.59	21.11
Maharashtra	6114.47	3401.37	4524.7	79.76	35.14
Meghalaya	3326.72	3519.79	3193.33	-5.49	4.18
Orissa	2193.94	2409.42	1702.04	-8.94	28.9
Punjab	4139.99	2800	2281.53	47.86	81.46
UP	1687.64	1878.89	1677.97	-10.18	0.58
Uttrakhand	1959.06	2002.5	1766.12	-2.17	10.92
West Bengal	2595.46	2543.15	2054.85	2.06	26.31
Average	2970.77	2808.57	2491.99		

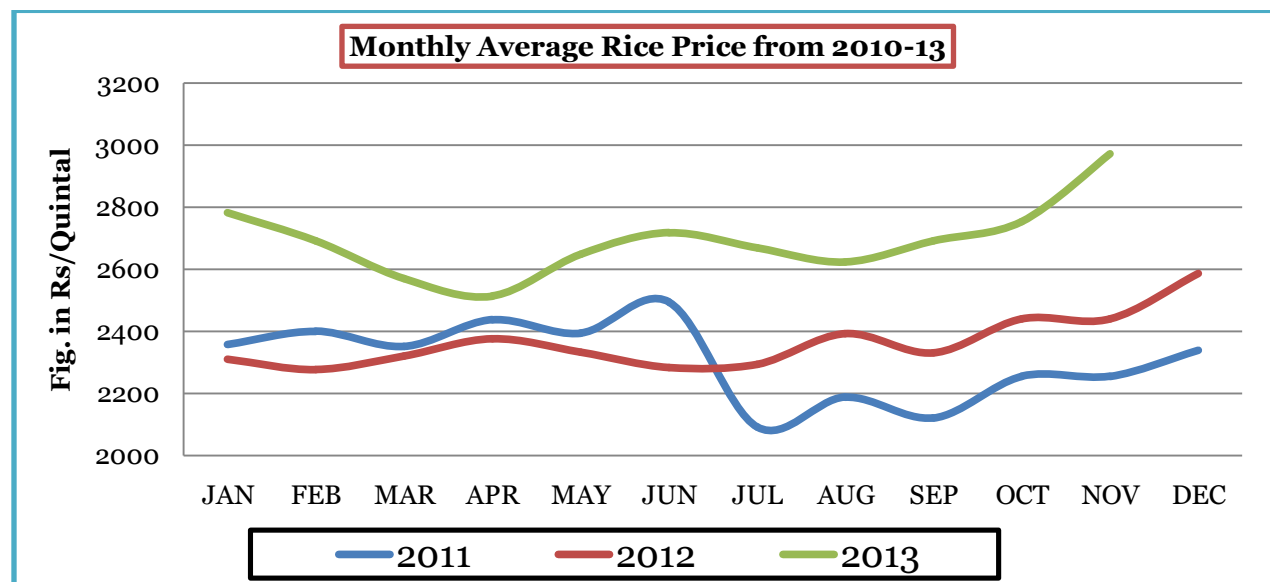
Average price of Rice in the month of November ruled slightly higher. We expect market will move steady to slightly firm in the month of November due to the crop lost by bad weather, cyclones and also supported by domestic and overseas demand.

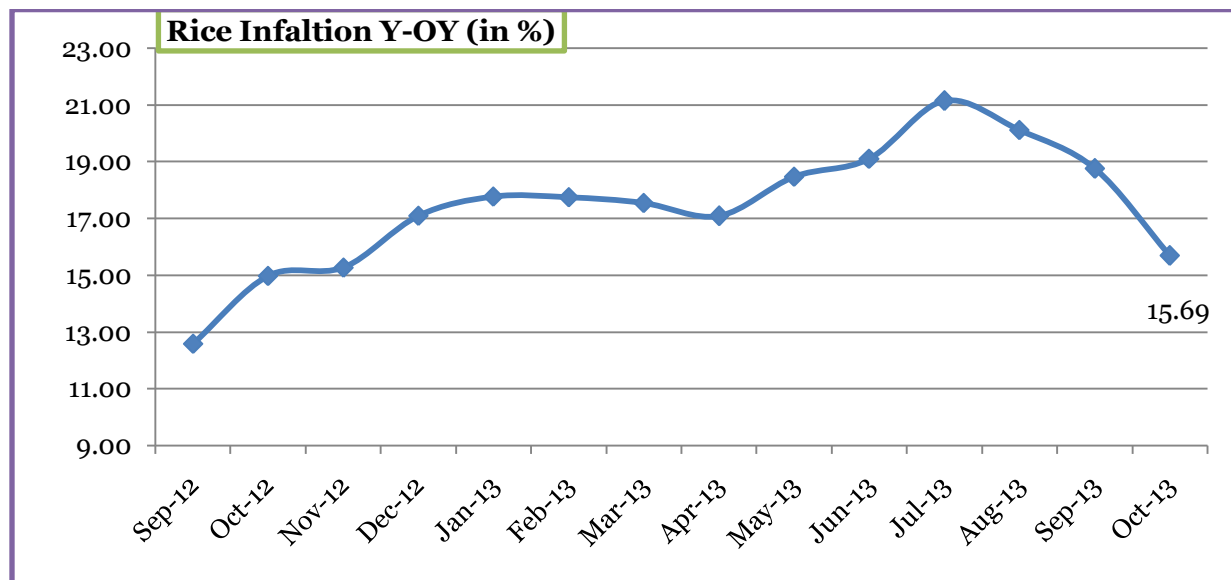
Indian Average Rice Price Trend, November-2013:



(Source: Agmarknet)

Monthly Average Price Trend:-



Rice Inflation:


Source: www.eaindustry.nic.in

Rice inflation has fallen to 15.69% in October, year on year basis from 18.76% in September. WPI has increased to 234.50 in October due to rise in price in open market. Rice prices have increased by 1.20% in October over previous month.

Rice Export:

All fig. in Lakh tonnes	Non Basmati	Basmati	Total Export 2011-12		Non Basmati	Basmati	Total Export 2012-13
12-Oct	6.65	1.95	8.6	13-Oct*	6.98	2.14	9.12
12-Nov	6.49	2.08	8.57	13-Nov			
12-Dec	7.5	2.85	10.35	13-Dec			
13-Jan	5.65	3.18	8.83	14-Jan			
13-Feb	4.9	3.34	8.24	14-Feb			
13-Mar	5.7	3.87	9.57	14-Mar			
13-Apr	3.93	3.94	7.87	14-Apr			
13-May	4.67	3.45	8.12	14-May			
13-Jun	5.56	3.78	9.34	14-Jun			
13-Jul	6.51	3.34	9.85	14-Jul			
13-Aug*	6.57	2.68	9.25	14-Aug			
13-Sept*	6.81	3.61	10.42	14-Sept			
Total	70.94	38.06	109	Total	6.98	2.14	9.12

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October 2012 to September 2013, has reached 109 lakh tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries. Basmati rice export from October 2012 to September 2013 reached 38.06 lakh tonnes which is 10.91% higher than previous year basmati export of 34.55 lakh tons last year same period.

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	26.78	23.13	28.58	

Total rice stocks in India's central pool have risen to 28.58 million tons as of November 1, 2013.

Price Outlook:

Domestic market is likely to trade steady to slightly firm instead of arrival of new crop due to continuous demand of rice from domestic rice millers, stockiest and also from international market however we expect market will move in the range bound in medium and long term.

Global Updates:

The Food and Agriculture Organization is crafting a strategy on rice, the consumption of which has been increasing while resources related to its production are dwindling. The FAO, an agency of the United Nations, has called on an external rice advisory group for recommendations for such a strategy, focused mainly on the Asia-Pacific region where 90 percent of global supply is grown.

The South Asian country surpassed Thailand and Vietnam to become the leading exporter of rice in 2012, when it sold around 10 million tonnes of the grain in the overseas market.

According to the UN's Food and Agriculture Organization (FAO), North Korea's rice production in 2013-14 (November – October) is expected to reach around 1.915 million tons.

Vietnam has exported around 5.93 million tons of rice in January 1 – November 21, 2013, down about 16% from around 7.12 million tons of rice exported during January 1 – November 30, 2012, according to the Vietnam Food Association.

The Thai Rice Exporters Association (TREA) says that Thailand's 2013 rice exports are expected to improve to around 7 million tons, unchanged from previous year's levels but up around 8% from TREA's previous forecast of 6.5 million tons.

The Egyptian government will continue to ban rice exports to control rice prices, despite an **estimated** surplus of around 800,000 tons and last week's decision to grant export licenses to 39 companies for export of around 102,000 tons of white medium-grain rice until January 15, 2014.

Indonesia will be self-sufficient in rice next year as paddy rice production is expected to increase to around 76.57 million tons, up about 6% from an estimated 72.06 million tons in 2013, the country's rice purchasing agency Bulog says.

Pakistan has exported around 882,132 tons of rice in the first four months of the fiscal year 2013-14 (July – June), up about 24% from around 711,393 tons exported during the same period in FY 2012-13, according to the Pakistan Bureau of Statistics (PBS).

According to a preliminary assessment by the UN's FAO, the Philippines rice import requirements are likely to increase to around 1.2 million tons in 2014, up from an estimated one million tons in 2013.

The Thai government hopes to earn around 130 billion baht (about \$4 billion, using current rates) from release of rice from its stockpile in 2014.

IGC Balance Sheet:

(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				31.10.2013	28.11.2013
Production	449	465	469	474	471
Trade	36	39	37	38	38
Consumption	445	458	469	472	471
Carryover stocks	99	107	107	109	108
Y-O-Y change	3	7	1	1	-1
Major Exporters	30	37	40	42	41

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

IGC Rice Balance sheet Highlights:-

- The IGC rice sub-Index was broadly steady over the month, as a further easing in Thailand was balanced by higher quotations in Vietnam on prospects for fresh sales to the Philippines.
- The projection for world rice production in 2013/14 is downgraded, mainly owing to reduced expectations for India's main crop, but would still be at a new record.
- Led by increases in Asia, global demand is set to grow by 1% and the 2013/14 world carryover is projected to decline y/y, but supplies are set to remain ample, especially in major exporters.
- Total trade is expected to expand in 2014, with larger deliveries to Far East Asia, including the Philippines.

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



(Prices in US\$/hundredweight)

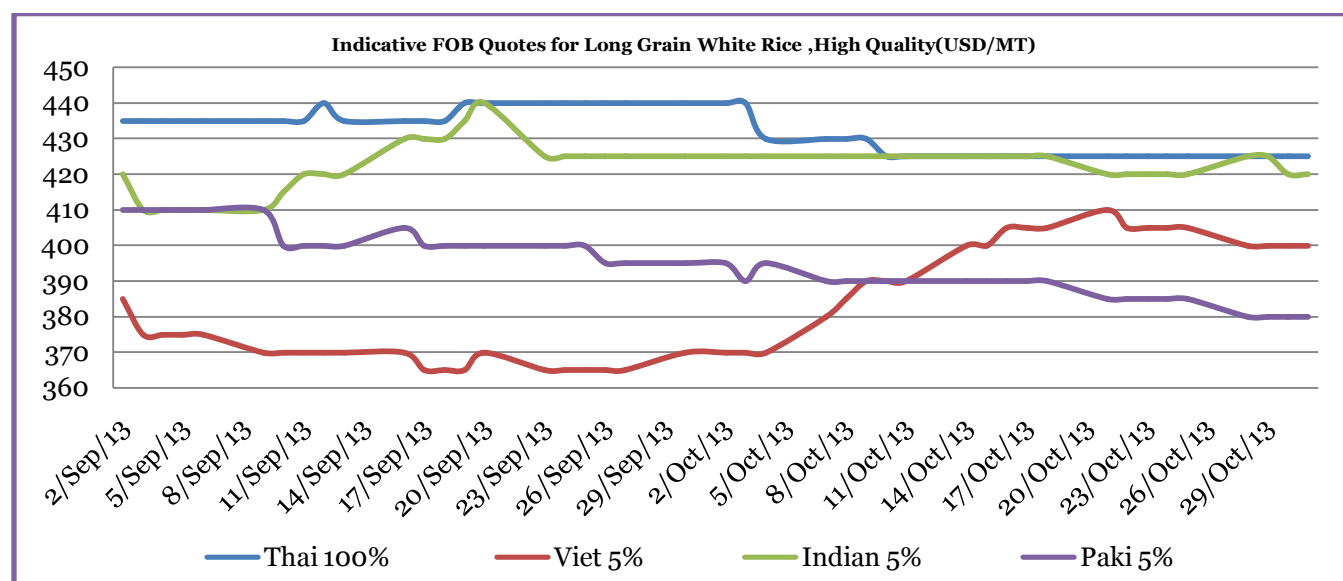
Market Analysis:

The U.S. cash rice market shows up trend in previous month. We expect market will trade in the range bound with weak bias in the range of 15.40 (support) to 16.50 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
December	Range bound	S1-15.40 S2- 15.20	R1-16.80 R2-16.50

Monthly FOB Quotes Trend:



Thai rice prices was steady during the last month. Vietnam prices has been continuously increasing despite of lower export as compare to last year at the same time.

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