

**Latest Market Development:-**

Rice cash market traded slightly down from last two three days, as arrivals of paddy again pick up with clear of weather in major mandis of Haryana, Punjab and U.P, however prices of paddy will remain firm in the days ahead due to lower production of DB, traditional basmati, 1121 and sugandha. On the other hand prices of PR varieties will move unlike from aromatic varieties.

**This year, planting of rabi rice crop started late due to the late harvest of the main crop (July to November).** Rice planting did recover in December, but soon slowed down once again due shortage of water in key rabi rice growing states Andhra Pradesh and Tamil Nadu. The rabi rice crop accounts for about 15% of India's total annual rice production, and is crucial to take total 2012-13 rice production to the targeted 100 million tons. This year, the government is targeting about 15 million tons from the rabi crop, while rice production from the main (Kharif) crop is estimated to decline about 5% to around 85 million tons.

**India has taken the rank of the world's biggest rice exporter from Thailand for the first time since 1983,** traders said. India's rice exports are expected to be around 8.5 million tons in the year to March 2013, an official of the All India Rice Exporters' Association. The Thai government's policy of paying farmers higher-than-market prices of 15,000 baht (\$490) per ton of paddy has pushed prices to uncompetitive high levels and sharply reduced exports, leading to a huge inventories.

**All-India progressive procurement of Rice for the marketing season 2012-13 as on 04.01.2013 was 177.68 lakh tonnes** against the procurement of 174.65 lakh tonnes up to the corresponding period of last year. Despite lower Kharif crop pace of procurement is higher. Last year total procurement had touched 350.25 lakh T. This year too we expect higher quantity this year too as eastern states will contribute more to the central pool kitty on the back of higher MSP.

**India's rice stocks in the central pool as of Jan 1st, 2013 have increased to 32.22 million T.** Stock registered at 30.67 million tonnes in the beginning of Dec, according to data from the Food Corporation of India (FCI). It will continue to increase as procurement season began just two months earlier. Total food grains stock registered at 66.72 million T on 1<sup>st</sup> Jan-2013. Out of this wheat contribution was 34.38 million Tonnes.

**Among the food grains, inflation for Wheat has increased to 23.19% from the previous month's level of 19.78%, Cereals to 15.85% from the previous month's level of 14.35%, Rice to 11.80% from the previous month's level of 11.40% and Pulses has decreased to 19.10% from the previous month's level of 20.00%.**

**India may lose global leadership in the rice market in 2013 as shipments are likely to slide by 30 per cent to 7 million tonnes due to weak prices** and surplus grain in Thailand, according to government advisory body CACP. Rice shipments from the country could slowdown because of shrinking export profit margin, he said. "Our margins would take a hit with rise in the minimum support price of paddy and if global prices weaken due to aggressive exports from Thailand and Vietnam.

### **Domestic Market Fundamentals:**

Rice cash market is likely to trade steady to slightly firm this week as paddy arrivals have slowed down to a negligible level and we expect demand at lower level from domestic market. Millers processing cost has increased due to higher paddy prices and other expenses and so they will not be able to offer lower prices to whole sellers and retailers. However higher carryout stock in central pool will ensure ample supply in the domestic market.

Lower Rabi area coverage will remain supportive in the months to come as total production may come down to 98 MMT including Rabi. Lower availability of almost 6 million T and higher prices in domestic market will remain restrictive to downward trend. Higher MSP increased processing cost and other expenses may encourage prices from current level. Despite higher prices supply side will be sufficient to take care of existing demand.

### **Rice export through OGL as on 20.11.2012**

Rice Export Under OGL as on 30 <sup>th</sup> September, 2012				From 1st Oct 2012(New Season) as on 30 Dec.12		
Units are in lakh tons	Non Basmati	Basmati	Total	Non Basmati	Basmati	Total
Sept.11	1.85	2.6	4.45			
12-Oct	4.5	3.4	7.9	1.20	0.8	2.00
12-Nov	5.5	4	9.5	2.2	0.5	2.7
12-Dec	5.9	2.5	8.4	3.25	0.55	3.80
12-Jan	5.45	2.75	8.2			
12-Feb	5.75	1.76	7.51			
12-Mar	5.6	2.25	7.85			
12-Apr	5.8	1.35	7.15			
12-May	5.3	1.9	7.2			
12-Jun	5.5	1.75	7.25			
12-Jul	5.25	2.25	7.5			
12-Aug	3.75	1.71	5.46			
12-Sep	2.25	1.25	3.5			
Total	<b>62.4</b>	<b>29.47</b>	<b>91.87</b>			

**Note: - New season for paddy starts on Oct 2012. (As on 30<sup>th</sup> Dec)**

The UN's Food and Agriculture Organization (FAO) said that India is well placed to become the top rice exporter this year with over 9 million tons of rice exports, ending Thailand's status as the largest rice exporter for over two decades

### Rice Balance Sheet For India:

Marketing Year January -December			
Value in MMT	2010-11	2011-12	2012-13 E
Beginning Stocks with govt	24.3	25.51	28.86
Production	95.98	104.32	98
Total Availability	120.28	129.83	126.86
Domestic consumption	48	50	52.5
Govt. Procurement	34.9	35.03	40
Exports	2.77	8.74	7.4
Total Usage	85.67	93.77	99.9
stock with Millers /Stockiest	9.1	7.2	7
Ending Stocks	25.51	28.86	19.96
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.38	6.93	4.56
Stock to Consumption Ratio	0.53	0.58	0.38

Fig. in Million tone

India is in very comfortable situation on rice stock front with consecutive bumper production. Beginning stock has been on the rise due to higher production last year. We expect new rice marketing season to begin with over 29 million T stock with smooth procurement under way despite lower Kharif production at around 85 to 86 million T. We expect 13 million T production Rabi season. Due to higher domestic prices and lower production in Kharif season export may dip this year to 7.4 million T. If export continues carryout for next year may drop to around 20 million T.

### Progressive Procurement of Rice as on 04/01/2013

(Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.38	17.18	18.03
Chhattisgarh	41.15	23.41	21.27
Haryana	20.07	25.83	19.66
Kerala	3.72	-	-
Madhya Pradesh	6.35	4.56	2.99
Maharashtra	1.78	0.84	0.63
Orissa	28.46	-	-
Punjab	77.31	85.57	76.61
Tamil Nadu	15.96	0.01	2.98
Uttar Pradesh	33.55	6.33	15.17
Uttaranchal	3.78	1.57	1.35
West Bengal	20.34	2.00	1.80
<b>All-India</b>	<b>350.25</b>	<b>177.19</b>	<b>166.39</b>

Rice procurement is started for this marketing year 2012-13 and we expect the procurement will touch about 40 million T against previous year procurement of 35 MT. Punjab remains the highest

contributors likely to last year till now followed by Haryana. Arrivals have peak in major states and paddy procurement may get quick in the weeks ahead.

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

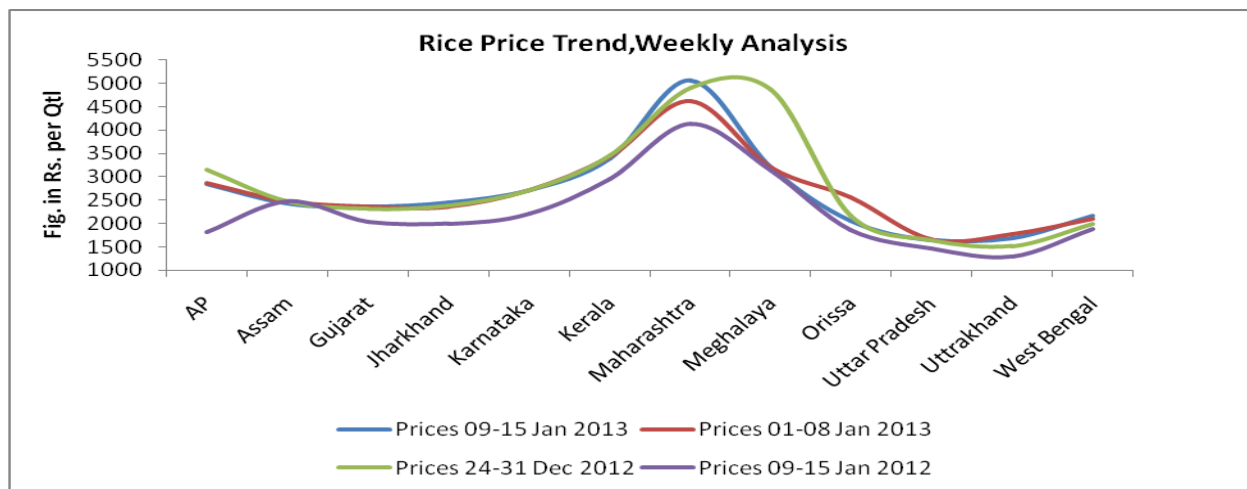
Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
2012	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67
2013	32.22											

***India's rice stock as of Dec-1, 2012 stood at around 30.67 million tonnes, much above the buffer and strategic requirements.***

**State wise Wholesale Prices Weekly Analysis for Rice January, 2013**

State	Prices in Rs/Quintal						
	Prices 09-15 Jan 2013	Prices 01-08 Jan 2013	Prices 24-31 Dec 2012	Prices 09-15 Jan 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	2853.48	2865.71	3149.18	1824.16	-0.43	-9.39	56.43
Assam	2426.15	2483.16	2477.11	2476.76	-2.3	-2.06	-2.04
Gujarat	2355.71	2360.69	2312.2	2041.06	-0.21	1.88	15.42
Jharkhand	2441.9	2354.78	2388.56	2000.27	3.7	2.23	22.08
Karnataka	2717.1	2719.59	2720.69	2202.64	-0.09	-0.13	23.36
Kerala	3383.81	3443.52	3448.06	2964.13	-1.73	-1.86	14.16
Maharashtra	5059.31	4625.46	4897.63	4138.81	9.38	3.3	22.24
Meghalaya	3200	3200	4850.5	3126.09	0	—	2.36
Orissa	2060.97	2549.58	2169.84	1869.96	-19.16	-5.02	10.21
Uttar Pradesh	1649.49	1653.22	1639.76	1460.1	-0.23	0.59	12.97
Uttarakhand	1688.11	1773.9	1520.3	1290	-4.84	—	30.86
West Bengal	2176.88	2110.93	1997.42	1891.48	3.12	8.98	15.09
Average	2667.74	2678.38	2674.57	2361.13			

**Weekly Rice Price Trend for 2<sup>nd</sup> Week of January:-**



**Price Projection for January 3<sup>rd</sup> week in domestic market:**

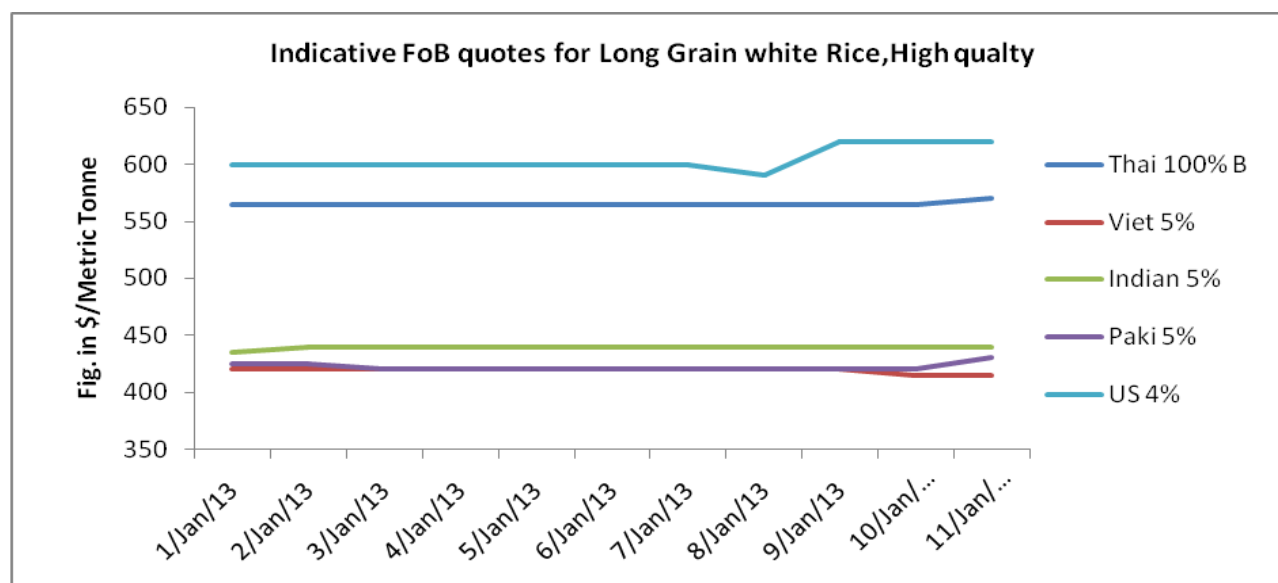
Duration	Trend	Average Price Range
3 <sup>rd</sup> week of January, 2013	Steady to Weak	Rs.-2600-2670

Rice market is expected to move down from current level as arrivals in major markets is again picking up, due to clear of weather in recent days, stock with farmers and others stockiest carry their produce in their mandis.

**STATEMENT SHOWING THE RATES FOR SALE OF RICE  
TO STATE/ UT GOVERNMENTS UNDER  
OPEN MARKET SALE SCHEME (D) 2010-12**

	OMSS (D) rate for Raw Rice Grade 'A'	OMSS (D) rate for Raw Rice Common	OMSS (D) rate for Parboiled Rice Grade 'A'	OMSS (D) rate for Parboiled Rice Common
<b>2010</b>	1585.55	1540.78	1562.95	1518.13
<b>2011</b>	1585.84	1541.07	1563.24	1519.12
<b>2012</b>	1911	1866	1883	1839

**FOB Quotes for Long Grain White Rice, High Quality:-**



Rice FOB quotes ruled mixed in major exporting countries as the above given price chart shows. No major change is expected in the weeks ahead. Global rice market is expected to decrease slightly as supply from Thailand and Vietnam will increase. Thailand, Vietnam and Thailand will continue to pose tough challenge to the Indian rice exporters.

**IGC Balance Sheet: Updated on 29.11.2012**
**(Fig. In MMT)**

IGC estimate released on 23.08.12	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	2012-13 forecast 25.10.12 (Milled basis)	29.11.12
<b>Rice</b>							
Production	431	448	441	<b>449</b>	<b>463</b>	465	464
Trade	29	29	31	<b>36</b>	36	36	36
Consumption	427	435	438	<b>447</b>	457	466	466
Carry over St.	81	92	96	<b>97</b>	103	102	104
Year change	+5	+11	+4	+1	+6	-	-1
Major exporters	19	27	28	29	35	36	37

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

**High Lights:-**

- Asian rice markets mostly weakened over the last month as limited trade activity weighed on sentiment, along with increased supplies from main crop harvests.
- At 464m t, world rice production is forecast marginally lower than last month, but is still a record, as rises in China and elsewhere more than offset reduced output in India.
- World stocks are set to decline slightly in 2012/13, but supplies will remain comfortable, especially in the major exporters.
- Global trade in 2013 is projected to fall by 4% y/y on lower shipments to China and Nigeria.

**World Market Recap:**

**Global rice trade is forecast to reach around 37.5 million tons in 2013, up slightly from the current 2012 estimate of around 37.3 million tons**, according to the UN's Food and Agriculture Organization (FAO). The small increase in rice exports next year will be driven mainly by accumulated stocks in Thailand and a good harvest in India. However, the demand in China and the resumption of rice exports by Egypt are likely to change the equations of rice trade in 2013, says the FAO.

**Indonesia may have to import up to 1.5 million tons of rice in 2013**, despite claims of the Indonesian government that the country will achieve self-sufficiency in rice this year, according to the UN's Food and Agriculture Organization (FAO).

The FAO says that 2012 paddy rice production in Indonesia is estimated at a record 69 million tons, up about 5% from the 2011 above-average output, mainly due to increase in area under rice cultivation and good weather conditions last year. In 2013, it is estimated that paddy rice production in the country will rise further by around 4.5% to about 72 million tons.

**Total rice stocks in the Philippines as of December 1, 2012 stand at around 2.61 million tons**, down about 15.6% from 3.10 million tons on December 1, 2011, according to the Bureau of Agricultural Statistics (BAS). Total rice stocks also declined about 6.2% from 2.78 million tons of rice in the country's stocks on November 1, 2012. Rice stocks with the state rice buying agency, the National Food Authority (NFA), stand at just 600,000 tons, down almost 46% from 1.12 million tons recorded on December 1, 2011. However, NFA rice stocks are about 7% higher than 560,000 tons in its stocks the previous month. The BAS says that NFA stocks are enough for 18 days.

**Vietnam's rice exports in 2012 have reached a record high of 8.05 million tons, up about 13% from last year's almost 7.1 million tons** and the highest ever on record, Vietnam's General Statistics Office (GSO) said today. Both the USDA and the FAO have estimated that Vietnam will be this year's second largest rice exporters with exports of around 7.5 million tons, while the government estimated rice exports to cross 7.7 million tons.

**Pakistan's basmati rice export declined by about 53% to 239,764 tons ( valuing about \$233 million) during July 2012 to December 2012**, from 509,904 tons (valuing about \$440 million) in the same period of last year, Rice Exporters Association of Pakistan (REAP) reported.

**The USDA says that increase in rice yield in the region coupled with scope to expand rice acreage in Burma and Cambodia** will not only help satisfy the import needs of Indonesia, the Philippines, and Malaysia, but also serve large import markets outside the region in the coming decade. Growth in rice production in Southeast Asia is projected to slow down in the coming decade, growing by about 11.3 million tons (milled basis) or about 1% from 2011 to 2021, compared with an increase of 16.6 million tons or 1.6% during 2000-10



**CBOT Rough Rice Chart: March Contract:-**

**Market Analysis:**

Global rice market in March Contract shows bullish trend in previous trading session, CBOT future price closed higher from previous level. We expect market will trade in the range of 15.00 (support) to 15.80 (resistant). However overall medium term outlook is bearish in CBOT market.

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

Duration	Trend	Price Range
3 <sup>rd</sup> week of January, 2013	Steady	1520-1560

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