

**Latest Market Development:-**

**Rice prices are bound to increase on better** demand prospects in the weeks ahead. Prices have already moved northward and we expect uptrend to continue as availability in retail market is declining. Stockiest and millers have started building up inventories sensing the bullish sentiments. Prices of basmati and non basmati have gone up by Rs 400 and Rs 150 per qtl respectively in last one week and going by current trend we expect almost equal level of increase in next two -three weeks. Traders have quoted higher price for immediate delivery.

**Market sentiment remains supportive for rice cash** market and export demand for both basmati and non basmati is good and we see demand to improve as other exporting countries are quoting higher prices. However, any rally at this point of time is unlikely as millers / stockiest would not be able to hold stock for a long time as cash crunch may impact their normal course of business. Besides, demand too will decrease at higher level. So we may witness restricted uptrend in the weeks ahead.

**We expect Rabi production to be limited at 13 million T** on milled basis. This means total Kharif and Rabi production will be in the range of 98 to 99 million tonnes, which is lower than 103.4 million tonnes last year. Rabi sowing area is lagging behind by 19 percent to 8.79 lakh ha. till 18.01.2013. Normal area under Rabi rice is 44.99 lakh ha.

**Rice export is bound to decrease this year** due to higher prices in the domestic market and lower production this year. Market experts expect lower export volume this year due to lower prices in the international market and higher prices in domestic market. Total volume may come down to 7 million T against last year's over 90 million T. Export of non-basmati rice is expected to decline much more than expectation.

**Indian government agencies have procured almost** 19.56 million tons of rice from the ongoing Kharif Marketing Season (KMS 2012 to 2013) till 11.01.2013. According to the Ministry of Consumer Affairs, Food and Public Distribution, total rice procured until January 14, 2013 is about 5.4% more than the rice procured during the same period of the previous season.

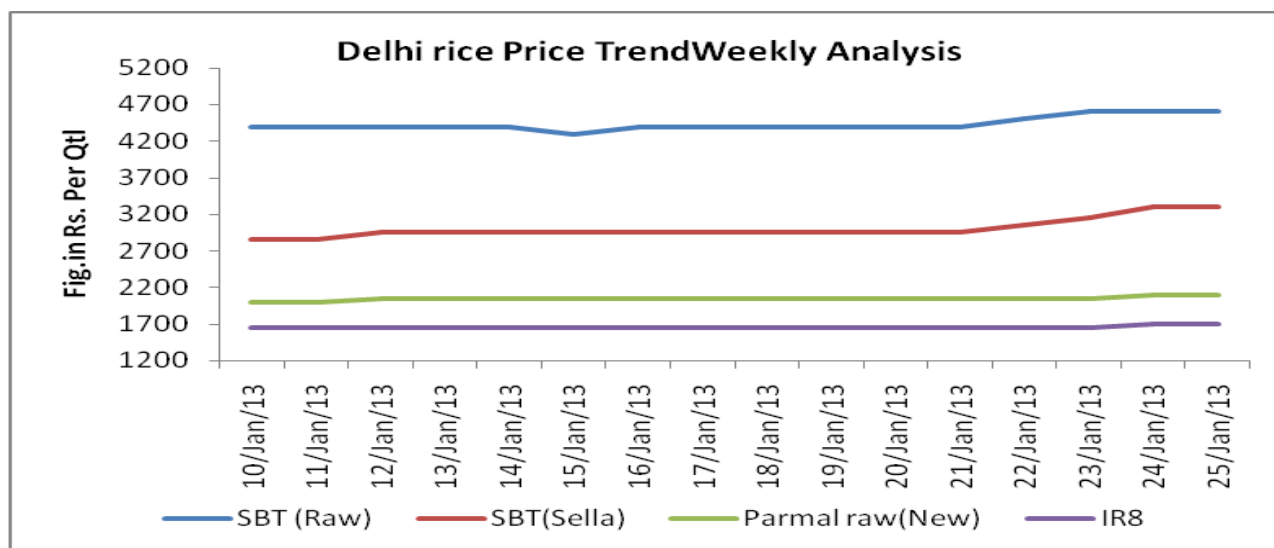
**Rice milers in Nepal have asked the government to** ban rice imports from India as local rice millers are unable to compete with cheap subsidized Indian rice in the market. Nepalese rice milers say that a large quantity of rice from India has entered the local market. This has made Nepalese rice uncompetitive.

**Nepal resumed rice exports in July last year after a** bumper harvest in 2011 of around 5.1 million tons of paddy (about 3.3 million tons, basis milled) resulted in a surplus of around 500,000 tons last year. In February 2012, India had permitted the export of non-basmati rice along the Nepal borders, and Nepal is a key gateway for Indian rice traders to sell their rice to China. Nepal Govt. may take restrictive action-fears Indian trade.

**India's winter (Rabi) rice crop planting has reached 879,000** hectares as of January 18, 2013, trailing about 19% from 1.05 million hectares covered at the same time last year.

**Domestic Market Fundamentals:**

Lower production of Basmati in major states and continuous demand from overseas countries are the major drive to shove rice price in upward trend. In anticipation of higher prices millers and exporters are build inventories for future prospects. Overall market fundamental for rice and paddy are bullish in the weeks ahead. With the continuous augment of wand rice in cash rice market, demand for broken like dubar and tibar is also firm and thus prices also supportive for these varieties. However buyers are expected that market may obtain (Correction) some good level in the month of February.

**Delhi Rice Price Trend Analysis:-**


Delhi cash rice market shows an uptrend movement as above chart depicts. Sharbati (raw) is moving in the range of Rs.4400-4600/Qtl followed by Sharbati (Sella) and Parmal which are floating in the range of Rs.2900-3300/Qtl and Rs. 2000-2100/Qtl respectively. IR8 variety is also shows an northward movement. We expect Rice price in the cash market will likey to move further due to lower production supported by better demand.

**Rice export through OGL as on 20.11.2012**

Rice Export Under OGL till 30 <sup>th</sup> September, 2012					From 1st Oct 2012(New Season) as on 20 Dec.12	
Units are in lakh tons	Non Basmati	Basmati	Total	Non Basmati	Basmati	Total
				2012-13	2012-13	2012-13
Oct-11	4.5	3.4	7.9	1.45	0.8	2.25
Nov-11	5.5	4	9.5	2.0	0.5	2.5

<b>Dec-11</b>	5.9	2.5	8.4	2.75	0.35	3.1
<b>Jan-12</b>	5.45	2.75	8.2			
<b>Feb-12</b>	5.75	1.76	7.51			
<b>Mar-12</b>	5.6	2.25	7.85			
<b>Apr-12</b>	5.8	1.35	7.15			
<b>May-12</b>	5.3	1.9	7.2			
<b>Jun-12</b>	5.5	1.75	7.25			
<b>Jul-12</b>	5.25	2.25	7.5			
<b>Aug-12</b>	3.75	1.71	5.46			
<b>Sep-12</b>	2.25	1.25	3.5			
<b>Total</b>	<b>60.55</b>	<b>26.87</b>	<b>87.42</b>			

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

Rice export reached to 87.42 million tonnes for this MY 2012. Non-basmati rice export touched 60.55 lakh tonnes while basmati export touched 2.6 million tonnes. At the end of this Marketing Year total rice export crossed over 8.74 million T. Pace of basmati export increased due to abolition of MEP. Even next crop is expected higher than last year and it will augment supply for the exporters February onward.

### **Rice Balance Sheet For India:**

<b>Marketing Year January -December</b>			
<b>Value in MMT</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13 E</b>
<b>Beginning Stocks with govt</b>	24.3	25.51	28.86
<b>Production</b>	95.98	104.32	98
<b>Total Availability</b>	120.28	129.83	126.86
<b>Domestic consumption</b>	48	50	52.5
<b>Govt. Procurement</b>	34.9	35.03	40
<b>Exports</b>	2.77	8.74	7.4
<b>Total Usage</b>	85.67	93.77	99.9
<b>stock with Millers /Stockiest</b>	9.1	7.2	7
<b>Ending Stocks</b>	25.51	28.86	19.96
<b>Av Monthly Consumption</b>	4	4.17	4.38
<b>Stock to Month Use</b>	6.38	6.93	4.56
<b>Stock to Consumption Ratio</b>	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 11/01/2013**

Regional Procurement of Rice as on 1.10.2013			(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	20.51	21.67
Chhattisgarh	41.15	30.31	27.15
Haryana	20.07	25.83	19.66
Kerala	3.72	-	-
Madhya Pradesh	6.35	5.53	3.52
Maharashtra	1.78	0.84	0.63
Orissa	28.46	11.24	7.90
Punjab	77.31	85.57	76.61
Tamil Nadu	15.96	0.01	3.15
Uttar Pradesh	33.55	7.91	16.92
Uttaranchal	3.78	1.89	1.61
West Bengal	20.34	3.27	2.42
All-India	350.25	193.50	182.98

Indian government agencies have procured almost 26 million tons of rice from the ongoing Kharif Marketing Season (KMS 2012 to 2013). According to the Ministry of Consumer Affairs, Food and Public Distribution, total rice procured until January 14, 2013 is about 6% more than the rice procured during the same period of the previous season. However, state wise detail is still awaited. 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**

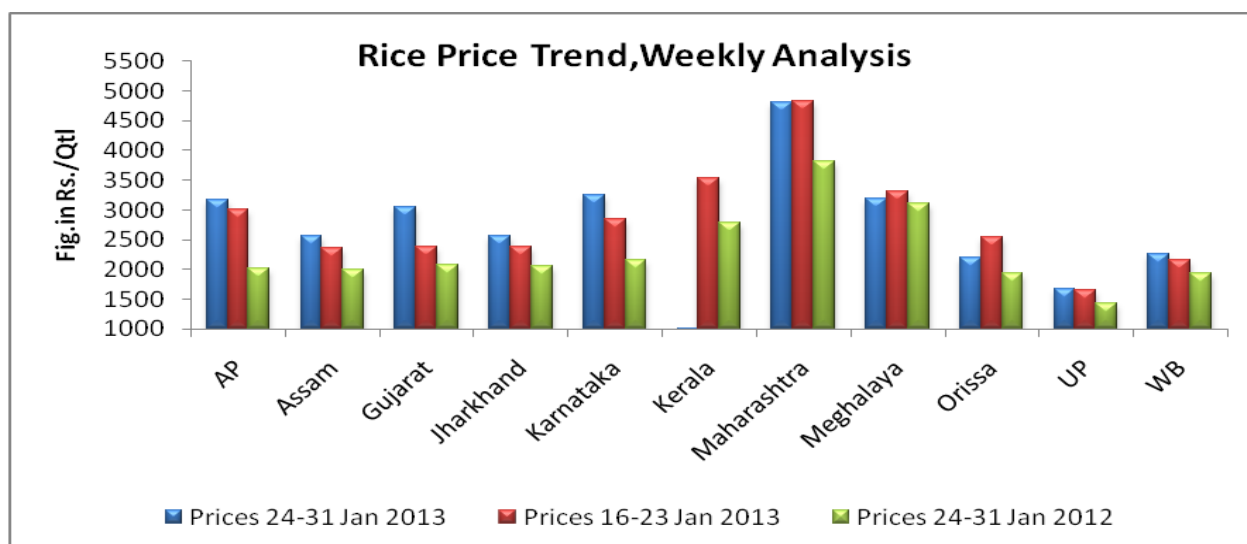
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India's rice stock as of Jan-01, 2013 stood at around 32.22 million tonnes, much above the buffer and strategic requirements. We expect stock to reach 34.75 million T in Feb. 2013 with ongoing procurement. The govt. has set the procurement target of 40 million T in ongoing season. However, lower production in Kharif season may hamper the set target. However procurement is smooth so far and contribution from eastern and southern states to the central pool kitty may improve.

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

State	Prices in Rs/Quintal					
	Prices 24-31 Jan 2013	Prices 16-23 Jan 2013	Prices 24-31 Jan 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3167.14	3003.55	2026.59	5.45	—	56.28
Assam	2560.86	2356.64	2003.06	8.67	—	27.85
Gujarat	3050	2390.4	2076.45	27.59	—	46.89
Jharkhand	2566.67	2384.43	2054.4	7.64	—	24.94
Karnataka	3249.2	2841.35	2162.54	14.35	—	50.25
Kerala	3625.22	3541.99	2792.26	—	—	—
Maharashtra	4808.86	4837.18	3810.08	-0.59	—	26.21
Meghalaya	3200	3320	3100	-3.61	—	3.23
Orissa	2200	2547.88	1939.8	-13.65	—	13.41
UP	1672.78	1657.33	1440.45	0.93	—	16.13
WB	2255.62	2165.78	1937.57	4.15	—	16.41
Average	2873.11	2822.41	2303.92			

### Weekly Rice Price Trend for 4<sup>th</sup> Week of January:-

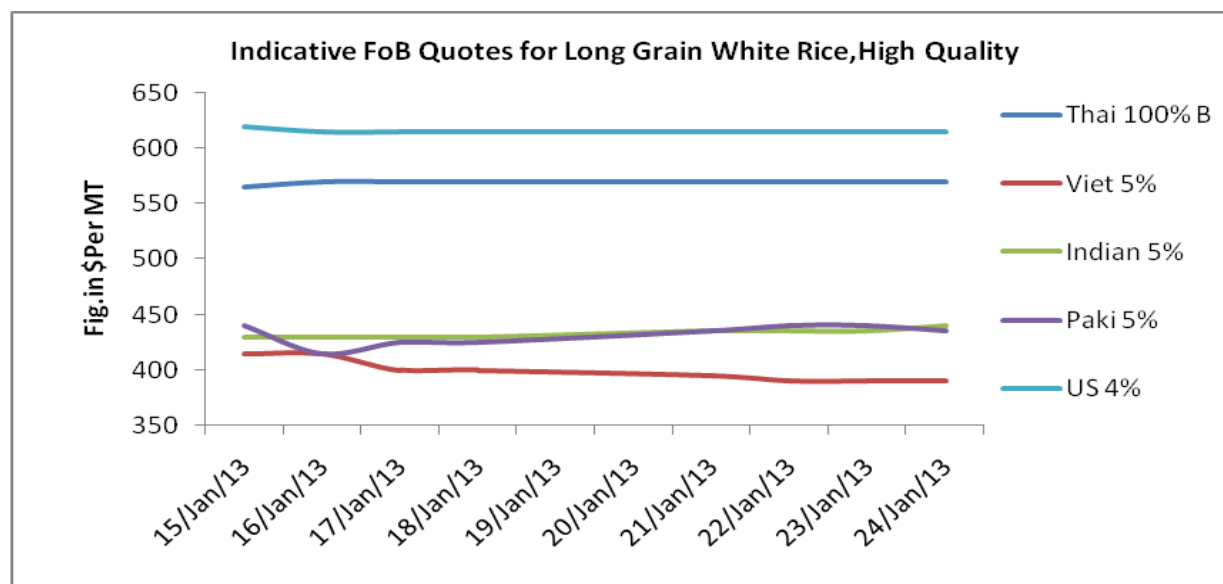


**Price Projection for February 1<sup>st</sup> week in domestic market:**

Duration	Trend	Average Price Range
1 <sup>st</sup> week of February, 2013	Steady to Firm	Rs.-2750-2850

Rice market is expected to move steady to firm from current level as arrivals are almost done or in negligible in major mandis.

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



Rice FOB quotes for Thai 100% and US 4% are almost unchanged from previous week, whereas Indian FOB is moving upward due to better demand prospects in the overseas market, followed by Pakistan and Vietnam Quotes.

**Rice FOB Prices – America and Asia (as on 25.01.2013)**

(USD/MT)

Grade/Variety	Thailand	Vietnam	India	Pakistan	USA
100%B - 5%DWP, US 4%	570	390	440	435	615
Broken, Thai A 1 super	530	340	335	350	-
Fragrant homali /basmati	1135	565	1065	1025	-
25%, US-15%	545	355	390	375	595
Parboiled, US-4%	595	-	435	460	630

**IGC Balance Sheet: Updated on 17.01.2013**

(Fig. In MMT)

IGC estimate released on 17.01.13	2007- 08	2008- 09	2009- 10	2010- 11	2011-12 estimated	2012-13 forecast 29.10.12 (Milled basis)	17.01.13
Rice							
Production	431	448	441	448	464	464	464
Trade	29	29	31	36	36	36	36
Consumption	427	435	437	446	457	466	467
Carry over St.	81	92	96	99	105	104	103
Year change	5	11	4	2	7		-2
Major exporters	19	27	29	31	36	37	37

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

**High Lights:-**

- Rice markets remain relatively stable with support from tight export availabilities in Thailand and Vietnam mostly offset by pressure from limited export interest.
- Rice output is forecast unchanged y/y and, while global stocks are expected to show a small decline, major exporters' inventories are seen rising to a record 37.1m t.
- With world use expected to rise by 2% y/y, global ending stocks are forecast to fall slightly, but major exporters' supplies are set to rise slightly for an eighth successive year.
- Global trade in 2013 is projected to fall by 6% from last year's record on reduced shipments to Asia and Africa.



## 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.

**Vietnam's rice exports in 2013 are expected reach over 7.5 million tons**, almost around the record levels of around 7.7 million tons achieved in 2012, the UN's Food and Agriculture Organization (FAO) says.

**Japan's paddy rice production in 2012 is likely to reach about 10.54 million tons, according to the UN's Food and Agriculture Organization (FAO).** Paddy rice production in 2012 is slightly higher than around 10.5 million tons produced in the previous year, but about 2% less than the average of previous five years. The FAO said that rice acreage has not increased much since the Fukushima disaster about two years ago.

**Malaysia is expected to import about 1.1 million tons rice in the 2012-13 marketing year (July to June), the UN's Food and Agriculture Organization (FAO) says.** Favorable weather conditions and government intervention is expected to help the 2012 paddy rice production reach a record level of 2.7 million tons (about 1.76 million tons, basis milled), up about 1% from previous year's 2.66 million tons, the FAO said. However, domestic production meets only about 60-70% of the total domestic requirement, estimated at around 2.7 million tons of milled rice by the USDA.

**Paddy rice production in the Philippines is expected to increase to about 4.27 million tonnes in the first quarter of 2013, up around 7% from about 3.99 million tons produced in the first quarter 2012**, according to the Bureau of Agriculture Statistics (BAS). The area under rice cultivation is seen increasing to 1.12 million hectares, up almost 4% from around 1.08 million hectares in the same period last year, while yield may increase by about 3% to around 3.8 tons per hectare.

**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.



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

**Market Analysis:**

**Global rice market shows a bearish 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 15.60 (resistant). However, Rice CBOT market is moving range bound and bearish tone is likely to continue on latest bearish outlook by IGC.

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

Duration	Trend	Price Range
1 <sup>st</sup> week of February, 2013	Steady	15.20-15.60

**Weather Watch:****Major Feature of Weather Forecast up to 31st January, 2013:**

- i. Rain/thundershower would occur at a few places over Andaman & Nicobar Islands.
- ii. Rain/snow would occur at a few places over Jammu & Kashmir and at one or two places over Himachal Pradesh and Uttrakhand during next 24 hours.
- iii. Rain/thundershowers would occur at one or two places over Arunachal Pradesh, interior Maharashtra and Andhra Pradesh.
- iv. Fog/shallow fog would occur over some parts of east Uttar Pradesh, Bihar and Sub-Himalayan West Bengal during next 24 hours.
- v. Slight rise(1-2°C) in minimum temperature from tomorrow over northwest and central India. Mainly dry weather would prevail over rest parts of the country

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