AGRIWATCH

**Rice Weekly Research Report**
**February 11th, 2013**

## Latest Market Development:-

***Rice prices mainly non basmati are ruling flat from last one week as prices already moved in one trend,*** *now prices are slightly stabilize as buyers are not showing interest at this level, however prices of fragment rice are like traditional basmati and 1121 varieties are continuously in uptrend as demand of Indian rice from major overseas are major driver for price hike.*

***Despite arrivals from Kharif harvested crop and higher supply in the market rice prices continued to rule higher*** *in the month of January and are unlikely to dip one way from current level. Inner tone in the market stands bullish due to continued export and good demand for Indian rice abroad. However, we expect price will move southward in February last week.*

***India's rabi (winter) rice crop planting is down sharply from last year,*** *reaching 20.99 lakh hectares, down about 3 lakh hectares from 2012 i.e., 23.97 lakh hectares rice planted in last year. Rice planting in India has declined due to shortage of rainfall in key Rabi rice producing southern states of Andhra Pradesh and Tamil Nadu. The Rabi crop accounts for about 13% of India's annual rice production with the majority produced in the Kharif (summer) crop.*

*India's total Rabi planting area – including rice, wheat, oilseeds, pulses, and coarse cereals - reached at 61.67 million hectares so far, up about 0.19% from 61.53 million hectares planted at this time last year.*

***As per latest information available on sowing of crops, around 99% of the normal area under Rabi crops has been sown up to 01.02.2013.*** *Area sown under all rabi crops taken together has been reported to be 605.02 lakh hectares at All India level as compared to 608.34 lakh hectares in the corresponding period of 2011-12. Area reported was higher by 1.2 lakh ha. under Jowar,1.7lakh ha. under Maize, 3.6 lakh ha. under Gram and 1.8 lakh ha. under Rapeseed & Mustard. Area coverage was lower by 1.0 lakh ha. under Wheat, 5.7 lakh ha. under Rice and 1.9 lakh ha. under Urad.*

***We expect Rabi production to be limited at 13 million Tonnes*** *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.*

***All-India progressive procurement of Rice for the marketing season 2012-13 as on 01.02.2013 was 232.61 lakh tonnes*** *against the procurement of 217.98 lakh tonnes up to the Corresponding period of last year.*

***Inflation of Wheat has increased to 23.23% from the previous month's level of 23.19%, Cereals to 19.02% from the previous month's level of 15.85%,*** *Rice to 17.10% from the previous month's level of 11.80% and Pulses has decreased to 17.57% from the previous month's level of 19.10%.*

## Domestic Market Fundamentals:

**Indian Government Introduce ‘Farm Machinery Banks’ to Help Small Scale Farmers**

The Indian government is planning to introduce custom hiring facilities with the help of “farm machinery banks” and several new programs to promote farm mechanization among small scale farmers in the country.

The agricultural ministry aims to increase the reach of farm mechanization to small and marginal farmers with the help of “farm machinery banks” which will facilitate custom hiring of farm machinery by providing financial assistance to individual self-help groups (SHG) or farmers’ co-operatives. The Sub-Mission also aims to create ownership of farm equipments among small and marginal farmers in eastern and northeastern region of India, regions which have been identified as future rice granaries of India.

**Rice export through OGL as on 20.11.2012**

| Rice Export Under OGL | | | | From 1st Oct 2012(New Season) as on 20 Dec.12 | | |
|---|---|---|---|---|---|---|
| **Units are in lakh tons** | **Non Basmati** | **Basmati** | **Total** | **Non Basmati 2012-13** | **Basmati 2012-13** | **Total 2012-13** |
| | | | | | | |
| **Oct-11** | 4.5 | 3.4 | 7.9 | 1.20 | 0.8 | 2.00 |
| **Nov-11** | 5.5 | 4 | 9.5 | 2.2 | 0.5 | 2.7 |
| **Dec-11** | 5.9 | 2.5 | 8.4 | 3.25 | 0.55 | 3.80 |
| **Jan-12** | 5.45 | 2.75 | 8.2 | 3.40 | 0.90 | 4.30 |
| **Feb-12** | 5.75 | 1.76 | 7.51 | | | |
| **Mar-12** | 5.6 | 2.25 | 7.85 | | | |
| **Apr-12** | 5.8 | 1.35 | 7.15 | | | |
| **May-12** | 5.3 | 1.9 | 7.2 | | | |
| **Jun-12** | 5.5 | 1.75 | 7.25 | | | |
| **Jul-12** | 5.25 | 2.25 | 7.5 | | | |
| **Aug-12** | 3.75 | 1.71 | 5.46 | | | |
| **Sep-12** | 2.25 | 1.25 | 3.5 | | | |
| **Total** | **60.55** | **26.87** | **87.42** | **10.05** | **2.75** | **12.8** |

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

Rice export reached to 87.42 lakh tonnes for this MY 2012. Non-basmati rice export touched 60.55 lakh tonnes while basmati export touched 26.87 lakh tonnes. At the end of this Marketing Year total rice export crossed over 8.74 million T. Even next crop is expected higher than last year and it will augment supply for the exporters February onward.

## 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 01/02/2013

(Lakh tonnes)

| States | Total procurement in marketing season2011-12 (Oct. – Sept.) | In Marketing season 2012- 2013 | In Marketing season 2011-2012 |
|---|---|---|---|
| **Andhra Pradesh** | 75.38 | 27.99 | 30.01 |
| **Chhattisgarh** | 41.15 | 40.83 | 33.77 |
| **Haryana** | 20.07 | 25.90 | 19.94 |
| **Kerala** | 3.72 | - | - |
| **Madhya Pradesh** | 6.35 | 8.18 | 5.34 |
| **Maharashtra** | 1.78 | 1.41 | 1.09 |
| **Orissa** | 28.46 | 18.69 | 12.16 |
| **Punjab** | 77.31 | 85.57 | 77.31 |
| **Tamil Nadu** | 15.96 | 0.09 | 4.55 |
| **Uttar Pradesh** | 33.55 | 13.57 | 21.09 |
| **Uttaranchal** | 3.78 | 2.58 | 2.07 |
| **West Bengal** | 20.34 | 5.17 | 3.71 |
| **All-India** | 350.25 | 232.61 | 217.98 |

Rice procurement by Government agencies has crossed the half-way-mark of the targeted 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as of 1st February, 2013 stood at 23.26 mt, up about by 6 per cent over that in the corresponding period last year at 217.98 mt. Procurement has been higher in Punjab, Haryana, Chhattisgarh and Odisha, while States such as Andhra Pradesh and Uttar Pradesh have registered a decline. Procurement of paddy by the State agencies has been completed in the major rice growing States with the exception of Andhra Pradesh, Bihar and Odisha. The Government agencies had procured 35 mt of rice in the 2011-12 Kharif marketing season and are targeting 40 mt in the current 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 | 35.4 | | | | | | | | | | |

Total rice stocks in India's central pool stand at about 35.4 million tons as of February 1, 2013, up about 11% from around 31.8 million tons recorded on February 1, 2012, and the highest ever on record for this time of the year, according to data from the Food Corporation of India (FCI).

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

Prices in Rs/Quintal

| State | Prices 01-08 Feb 2013 | Prices 24-31 Jan 2013 | Prices 16-23 Jan 2013 | Prices 01-08 Feb 2012 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|---|---|---|---|---|---|---|---|
| AP | 3351.23 | 3369.42 | 3006.8 | 1996.82 | -0.54 | 11.46 | 67.83 |
| Assam | 2558.22 | 2507.79 | 2356.64 | 1949.27 | 2.01 | 8.55 | 31.24 |
| Gujarat | 2673.71 | 2574.06 | 2391.44 | 2084.73 | 3.87 | 11.8 | 28.25 |
| Jharkhand | 2310.55 | 2407.14 | 2379.7 | 2088.78 | -4.01 | -2.91 | 10.62 |
| Karnataka | 3079.41 | 3101.27 | 2841.25 | 2183.47 | -0.7 | 8.38 | 41.03 |
| Kerala | 2962.46 | 3612.32 | 3539.02 | 2432.65 | -17.99 | -16.29 | 21.78 |
| Maharashtra | 4863.78 | 4854.85 | 4825.63 | 3939.95 | 0.18 | 0.79 | 23.45 |
| Meghalaya | 3200 | 3080.49 | 3320 | 3119.23 | 3.88 | -3.61 | 2.59 |
| Orissa | 2042.72 | 2275.71 | 2239.08 | 1918.65 | -10.24 | -8.77 | 6.47 |
| UP | 1657.85 | 1654.71 | 1649.78 | 1481.33 | 0.19 | 0.49 | 11.92 |

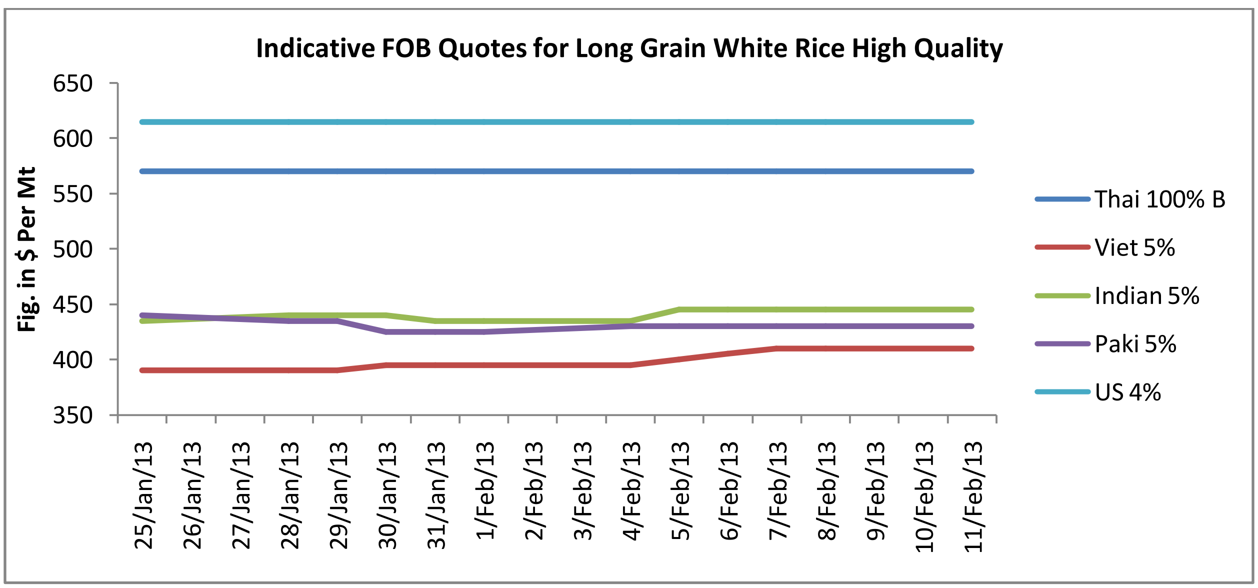
| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Uttrakhand | 2055.61 | 2175.3 | 1832.93 | 1632.22 | -5.5 | 12.15 | __ |
| West Bengal | 2290.85 | 2194.23 | 2160.07 | 1999.85 | 4.4 | 6.05 | 14.55 |
| Average | 2851.65 | 2727.48 | 2795.88 | 2445.12 | | | |
| As per the data reported by APMCs | | | | | | | |

*Prices of rice have firm slightly in comparison to last week and we expect market will trade steady to firm further on better demand side and lower production estimates for Rabi rice, also , prices are higher than Jan 2012 as denotes the above given table.*

**Price Projection for February 3rd week in domestic market:**

| Duration | Trend | Average Price Range |
|---|---|---|
| 3rd week of February, 2013 | Steady to Firm | Rs.-2750-2850/qtl |

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




Rice FOB quotes for Thai 100% and US 4% are 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.

**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:

**Top rice importer Nigeria's 2012 rice production is estimated to decline to around 4.2 million tons of paddy (**about 2.5 million tons, basis milled), down almost 8% from about 4.6 million tons of paddy produced in 2011, and almost 20% less that the official target of around 5.3 million tons of paddy in 2012, according to the UN's Food and Agriculture Organization (FAO).

**The UN's Food and Agriculture Organization (FAO) has cut its forecast for Indonesia's rice import requirements in 2013 by** about 27% from 1.5 million tons to 1.1 million tons. The downward revision is based on better than estimated production in 2012 and the country's ambitious target to increase production by 4.5% from about 69 million tons of paddy (about 43.5 million tons, basis milled) in 2012 to around 72 million tons (about 45.4 million tons, basis milled) in 2013.

**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.

**Russia's rice production in 2013 is forecast to remain at last year's levels at around 685,000 tons** despite a nearly 11% decline in rice acreage this year, the USDA Post in Russia .Area under rice cultivation is expected to decline from around 207,000 hectares in 2012 to about 185,000 hectares this year as farmers continue to grow corn in place of most other grains. However, the Post says that loss in acreage is unlikely to impact rice production as rice yield continues to increase in the country. According to the Post, Russia's average rice yield is likely to reach around 5.7 tons per hectare in 2013, up about 14% from around 5 tons per hectare in 2012.

**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 continuously bullish trend in previous trading session, CBOT future price closed higher from previous level**. We expect market will trade in the range of 15.80(support) to 16.40 (resistant).

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

| **Duration** | **Trend** | **Price Range** |
|---|---|---|
| **3rd week of February, 2013** | **Steady to Firm** | 15.60-16.40 |

**Weather Watch:**

**Major Feature of Weather Forecast up to 18th February, 2013:**

Rain/snowfall would occur at many places over western Himalayan region.

Rain/thundershowers would occur at one or two places over plains of northwest and central India on 14th and increase thereafter.

Rain/thundershowers would occur at a few places over extreme south peninsular India.

Rain/thundershowers would occur at a few places over Andhra Pradesh and east India from16th o nwards.

Mainly dry weather would prevail over rest of the country.

Rice Weekly Research Report
February 11th, 2013