

Latest Market Development:-

Rising domestic demand and fresh trade enquires kept aromatic and non-basmati rice firm, even in the rising of the retail demand has lifted prices and they are likely to rule around current levels for the next few days, traders expected that prices will fall a bit later this month

As per by Ministry of Agriculture, Planting of India's rabi (winter) rice crop has reached around 2.43 million hectares as of February 15, 2013, down about 10% from around 2.7 million hectares rice planted during the same time last year. India's total Rabi planting area – including rice, wheat, oilseeds, pulses, and coarse cereals – has exceeded the area covered by this time last year, reaching about 62.5 million hectares, up about 0.84% from almost 62 million hectares planted at this time last year.

India's Food Corporation of India (FCI) and other government agencies have procured about 25.6 million tons of rice in the marketing year 2012-13 (October to September) as of January 15, 2013, slightly above around 25.4 million tons rice procurement during the same time last year. The government is targeting total rice procurement of about 40 million tons this year, up about 14% from around 35 million tons procured in 2011-12.

The main contribution from northern state of Punjab leads with over 8.5 million tons of rice procurement, ahead of Chhattisgarh with 4.5 million tons, and Andhra Pradesh with over 3.2 million tons. Haryana and Odisha also participated in procurement with about 2.6 million tons and 2.2 million tons rice respectively during the season.

In its second advance estimate for the crop year (CY) 2012-13 (June-May), India's Ministry of Agriculture expects total rice production in 2012-13 to reach around 101.8 million tons, the second highest figures on record despite a delayed monsoon during the Kharif (main) cropping season last year.

Winter rice planting area in Andhra Pradesh as of January 2013 stands at about 768,000 hectares, down about 400,000 hectares or about 34% from the normal area of 1.16 million hectares during the same period, and down about 21% from total rabi rice area of about 1.48 million hectares in the state. Shortage of water and power has affected the cultivation of rice in Andhra Pradesh this year and total Rabi rice production is likely to fall short from normal levels of about 3.8 million tons in the state

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).

Among the food grains, inflation for 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:

Rice Export Under OGL till 30 th 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	6.64	1.95				
Nov-11	5.5	4	9.5	6.49	2.08				
Dec-11	5.9	2.5	8.4	5.32	1.05				
Jan-12	5.45	2.75	8.2	5.45	3.12				
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						

Source: IBIS, APEDA and Traders (Revised Export Figure)

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.

Africa, along with countries in the Middle East and Gulf, accounted for about 86% of total non-basmati rice exports by India in 2011-12. There were nine African nations among the top 15 importers of Indian non-basmati rice and together, Nigeria, Senegal, Côte d'Ivoire, Egypt, Benin, Somalia, Togo, Kenya, and Cameroon accounted for about 2.4 million tons or almost 60% of total non-basmati rice exports by India. Indonesia, the U.A.E., Bangladesh, Nepal, Singapore, Yemen and Iraq were also prominent importers of Indian non-basmati rice in 2011-12. India's basmati rice exports reach Saudi Arabia, the U.A.E., the U.K., and Kuwait in 2011-12.

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 08/02/2013

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	(Lakh tonnes)	
		In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.38	30.52	32.70
Chhattisgarh	41.15	44.10	35.87
Haryana	20.07	25.92	19.95
Kerala	3.72	-	-
Madhya Pradesh	6.35	8.78	6.25

Maharashtra	1.78	1.52	1.20
Orissa	28.46	19.52	13.10
Punjab	77.31	85.57	77.31
Tamil Nadu	15.96	0.43	5.88
Uttar Pradesh	33.55	15.31	22.64
Uttaranchal	3.78	2.79	2.29
West Bengal	20.34	6.52	5.29
All-India	350.25	245.70	231.95

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. All-India progressive procurement of Rice for the marketing season 2012-13 as on 08.02.2013 was 245.70 lakh tonnes against the procurement of 231.95 lakh tonnes up to the corresponding period of last year

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

State	Prices 09-15 Feb 2013	Prices 01-08 Feb 2013	Prices 24-31 Jan 2013	Prices 09-15 Feb 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3091.32	3105.77	3369.42	1891.37	-0.47	-8.25	63.44
Assam	2494.15	2548.44	2507.79	2135.33	-2.13	-0.54	16.8
Gujarat	2652.03	2671.16	2574.06	2090.1	-0.72	3.03	26.89
Jharkhand	2269.86	2305.26	2407.14	2108.11	-1.54	-5.7	7.67
Karnataka	3079.98	3077.63	3101.27	2198.41	0.08	-0.69	40.1
Kerala	3510.8	2987.14	3612.32	2617.89	17.53	-2.81	34.11
Maharashtra	5239.78	4839.52	4855.05	3980.04	8.27	7.92	31.65
Meghalaya	1953.75	3200	3080.49	3121.62	-38.95	-36.58	-37.41
NCT of Delhi	1700	1600	1650	1500	6.25	3.03	13.33

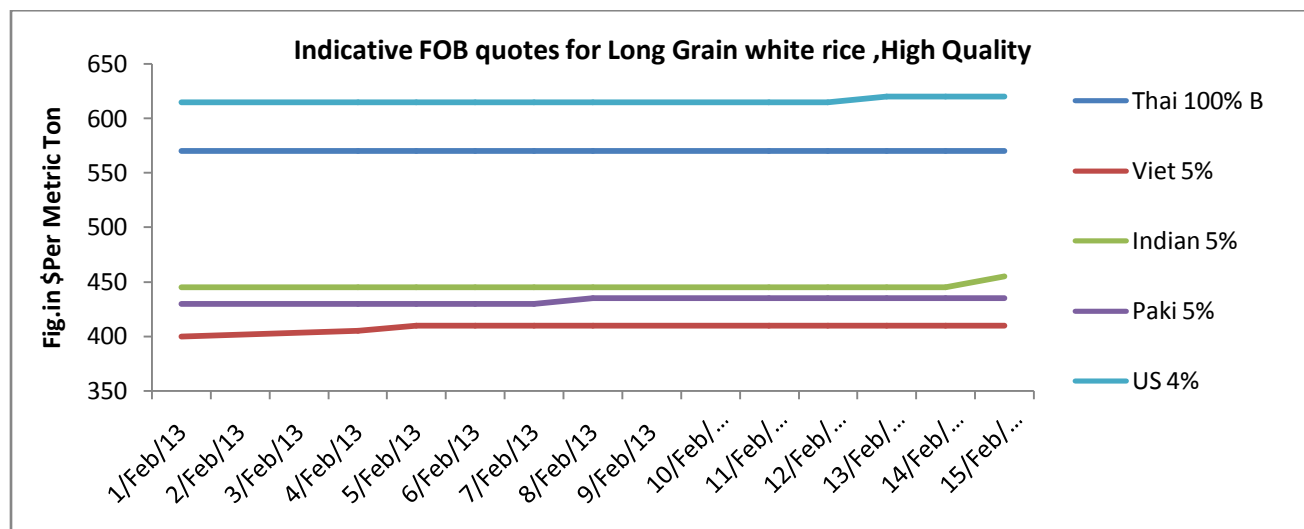
Orissa	1903.95	2037.81	2273.02	2018.84	-6.57	-16.24	-5.69
UP	1679.47	1664.54	1655.01	1452.1	0.9	1.48	15.66
Uttrakhand	1789.86	2036.51	2175.3	1824.22	-12.11	-17.72	—
West Bengal	2243.82	2211.39	2191.97	1902.41	1.47	2.37	17.95
Average	2750.63	2736.44	2727.14	2365.62			

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, also , prices are higher than February, 2012 as denotes the above given table.

Price Projection for February 3rd week in domestic market:

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

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



Rice FOB quotes for Thai 100% is unchanged from previous week, whereas FOB for US 4% is boost up by 5\$ per ton from last week. 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:

Thailand's rice exports from the beginning of the year to February 11, 2013 have reached almost 520,000 tons, up about 12.5% from around 460,000 tons exported during the same period last year, the Thai Rice Exporters Association (TREA) reported. However, rice exports have declined in February, reaching around 128,139 tons during February 1 - 11, down about 18% from around 155,899 tons exported during the same period last year.

Iraq has issued tenders to buy a minimum of 30,000 tons of rice from Thailand, the U.S., Uruguay and Argentina, according to the Iraqi Trade Ministry. The last date for submission of applications is March 4, 2013 and offers must remain valid until March 8, 2013.

Burma's Commerce Ministry has said that the country's total rice exports in the first ten months of the fiscal year 2012-13 (April to March) have reached around 1.2 million tons. The ministry added that total rice exports by Burma in the full fiscal year 2012-13 are likely to reach a record 1.5 million tons, almost double the quantity exported in 2011-12 and the highest in 60 years.

The USDA Post has increased China's rice import forecast for MY 2012-13 (July to June) to about 2.2 million tons, up about 10% from USDA official estimates of around 2 million tons. After almost a decade as a rice-sufficient nation, China became a net importer of rice in 2010-11 when the country's net rice imports reached about 550,000 tons. However, in 2011-12, rice imports by China surged over four times to around 2.4 million tons. The government said that domestic rice supplies are sufficient to meet rice consumption in the country, but imports grew mainly due to low international rice prices compared to the prices in the domestic market.

Vietnam was the second largest rice exporter in 2012, exporting about 7.7 million tons of rice. Most of the rice exports were to Asian countries, with China alone importing a record 1.54 million tons of rice from Vietnam in 2012. The trend was manifest clearly in December 2012, when Vietnam exported around 628,385 tons of rice.

The Agriculture Secretary of the Philippines has said that the country plans to export between 50,000 tons to 100,000 tons of fancy rice in the first quarter of 2013. He told local sources today that at least four countries – Macau, Hong Kong, Saudi Arabia and the U.S. – have been identified for exports of rice grown in the upland regions of the Philippines.

The Agriculture Secretary also said that export of high value rice is sustainable and exports are likely to increase every year as farmers realize the potential of planting fancy rice. He added that the Philippines will completely stop buying rice next year, while restricting imports to 150,000 tons to 200,000 tons this year.

Rice Price Trend @ CBOT (March- 13, Rough Rice):

Market analysis:

Chicago rough rice futures for March delivery settled 13.5 cents per cwt (about \$3 per ton) lower at \$15.720 per cwt (about \$347 per ton). Rough rice futures remain trapped in an up one day down the next pattern today. The market appears to be settling into a consolidation pattern, forming an inside day for the second day in a row

Global rice market shows a bearish trend in previous trading session, CBOT future price closed lower from previous level. We expect market will trade in the range of 15.20(support) to 16.40 (resistant). Though, 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
3 rd week of February, 2013	Steady to Firm	15.20-16.40

Weather Watch:

Major Feature of Weather Forecast up to 24th February, 2013:

- Fog/shallow fog may occur over Indo-Gangetic plains in morning hours during next 24 hours.
- Rain/thundershowers would occur at one or two places over Odisha and Andhra Pradesh during next 24 hours and mainly dry thereafter.
- Rain/thundershowers would occur at many places over Arunachal Pradesh, Assam & Meghalaya & Sub-Himalayan West Bengal & Sikkim during next 24 hours and decrease thereafter.
- Rain/thundershowers would occur at one or two places over Nagaland, Manipur, Mizoram, Tripura, Tamilnadu, Kerala, Lakshadweep and Andaman & Nicobar.
- Fall in minimum temperatures by 2-4°C over northwest & central India and eastern states during next 48 hours.
- Mainly dry weather would prevail over rest parts of the country

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