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Rice Weekly Research Report
February 25th, 2013

Latest Market Development:-

Fresh buying coupled with the expectations of good demand in the coming days pushed aromatic and non basmati rice prices up by Rs 50-200 a quintal*. We expect that market may rule firm at current levels for the next few days and then, it may witness another spike may be in first week of March.*

***India's rabi (winter) rice crop area has shrunk almost 12.4% this year,** reaching around 2.7 million hectares compared to around 3 million hectares covered under rabi rice plantation in 2011-12, according to final figures provided by the Ministry of Agriculture. The 2012-13 Rabi rice area is down almost 22% from the last five-year average winter rice area of around 3.47 million hectares.*

***All-India progressive procurement of Rice for the marketing season 2012-13** as on 15.02.2013 was 256.08 lakh tonnes against the procurement of 241.35 lakh tonnes up to the corresponding period of last year. 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.*

***The Food Corporation of India (FCI) and other government agencies have procured about 26.3 million tons of rice** in the marketing year 2012-13 (October to September) as of February 21, 2013, up about 4% from around 25.2 million tons rice procurement during the same time last year, according to the Indian Ministry of Consumer Affairs, Food and Public Distribution. So far, the northern state of Punjab leads with over 8.56 million tons of rice procurement, ahead of Chhattisgarh with 4.7 million tons, and Andhra Pradesh with over 3.4 million tons. Haryana and Odisha also participated in procurement with about 2.6 million tons and about 2.2 million tons rice respectively during the season.*

***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 Rice has increased to 17.31%** from the previous month's level of 17.10% and Wheat has decreased to 21.39% from the previous month's level of 23.23%, Cereals to 18.09% from the previous month's level of 19.02% and Pulses to 16.89% from the previous month's level of 17.57%.*

Domestic Market Fundamentals:

India's Kakinada Port Still Hampering Nation's Rice Export Potential
Since India lifted its non-basmati rice export ban in October 2011, the Kakinada Port has shipped about 4 million tons of rice but could ship at a faster rate if progresses are made. Locals including members of the Indian Export Organizations (FIEO) say the port requires better road access, improved jetties, and more. Poor infrastructure is delaying shipments thus causing huge demurrages which are going to exacerbate as dirt roads turn to mud in the monsoon rains.

Rice Export through OGL:

Rice Export Under OGL till 30th 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 15/02/2013:

(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	32.28	34.84
Chhattisgarh	41.15	45.37	38.15
Haryana	20.07	25.94	19.96
Kerala	3.72	0.92	1.07
Madhya Pradesh	6.35	9.00	6.32
Maharashtra	1.78	1.52	1.20
Orissa	28.46	22.21	13.34
Punjab	77.31	85.57	77.31
Tamil Nadu	15.96	1.05	7.21
Uttar Pradesh	33.55	16.66	24.00

Uttaranchal	3.78	2.93	2.35
West Bengal	20.34	6.90	5.53
All-India	**350.25**	**256.08**	**241.35**

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 15.02.2013 was 256.08 lakh tonnes against the procurement of 241.35 lakh tonnes upto the corresponding period of last year. 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	37.7									

Due to strong rice procurement in the ongoing MY 2012/13, government-held rice stocks on February 1, 2013, increased to 35.4 compared to 31.8 million tons at the same time last year. At the current pace of procurement and off take, government rice stocks on March 1, 2013 are estimated at 37.7 million tons, more than two and a half times the desired stocks of 14.2 million tonnes.

State wise Wholesale Prices Weekly Analysis for Rice Third week February, 2013:

State	Prices 16-23 Feb 2013	Prices 09-15 Feb 2013	Prices 01-08 Feb 2013	Prices 16-23 Feb 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3156.17	3082.18	3123.37	2047.83	2.4	1.05	54.12
Assam	2513.95	2494.15	2548.44	2171.61	0.79	-1.35	15.76
Gujarat	2635.09	2649.7	2671.16	2060.13	-0.55	-1.35	27.91
Jharkhand	2172.24	2256.61	2290.05	2131.03	-3.74	-5.14	1.93
Karnataka	3127.81	3064.07	3077.63	2182.58	2.08	1.63	43.31
Kerala	4025.57	3551.55	2986.94	2664.2	13.35	34.77	51.1
Maharashtra	4794.25	5216.7	4839.46	3832.07	-8.1	-0.93	25.11
Meghalaya	3025	1953.75	3200	3062.89	54.83	-5.47	-1.24
NCT of Delhi	1600	1700	1600	1433.33	-5.88	0	11.63
Orissa	1767.59	1748.13	2037.89	2054.21	1.11	-13.26	-13.95

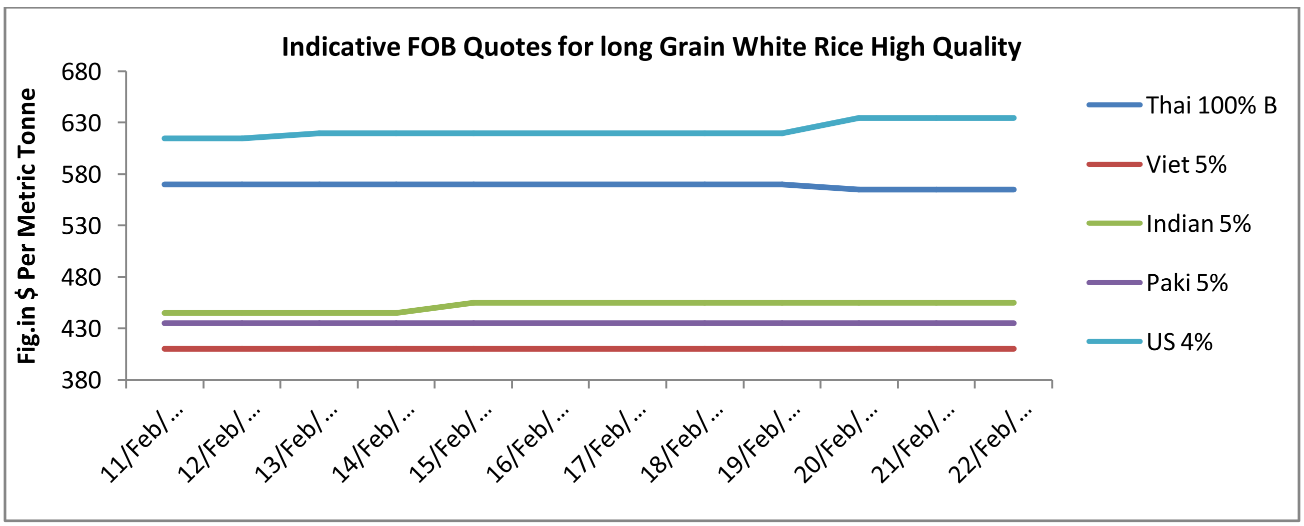
U.P	1687	1673.65	1665.79	1447.32	0.8	1.27	16.56
Uttrakhand	1894.3	1777.45	2036.51		6.57	-6.98	___
West Bengal	2205.08	2205.34	2210.96	1923.13	-0.01	-0.27	14.66
Average	2661.85	2733.81	2736.66	2310.05			

Prices of rice have weak slightly in comparison to last week and we market well move sideways trend in the weeks ahead, however overall sentiments remains bullish.

Price Projection for February 4th week in domestic market:

Duration	Trend	Average Price Range
4th week of February, 2013	Steady to Firm	Rs.-2650-2750

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



Rice FOB quotes for India, Pakistan and Vietnam are almost unchanged from previous week, however FOB for US 4% is boost up by 20$ per ton from last week.

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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:

Pakistan's total rice exports in the first half of the current fiscal year 2012-13 starting July 2012 have reached around 1.44 million tons, about 44% of around 3.27 million tons exported in the last fiscal year 2011-12, according to official data. The country is targeting a total of 4 million tons of rice exports this 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.

Sri Lanka Ministry of Agriculture says 15 percent of the rice harvest from the Maha season might be lost. The Secretary of the Agriculture Ministry W.A. Sakalasuriya said that the loss due to the adverse weather in the latter part of last year that flooded much of the rice growing areas in North Central and Eastern Provinces. The official added that the loss may affect the income of the farmers. The government has estimated that some 78,559 hectares of paddy lands have been completely destroyed due to the floods in December 2012.

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.

South Korea's paddy rice production in 2012 is estimated to decline to around 5.4 million tons, down about 4% from 2011 due to poor weather conditions last year, according to the UN's Food and Agriculture Organization (FAO). Rice acreage in South Korea has declined about 20% in the last decade, from around 1 million hectares in 2002 to about 800,000 hectares in 2012, according to the FAO. South Korea imports around 400,000 tons of rice to meet its WTO obligations.

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.

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

(Prices in US$/hundredweight)

Market analysis:

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 15.40(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
4th week of February, 2013	**Steady**	15.40-16.40

Weather Watch:

Major Feature of Weather Forecast up to 28th February, 2013:

Rain/snow would occur at one or two places over Jammu & Kashmir on 25th and over Himachal Pradesh on 26th and increase thereafter.

Rain/thundershowers would occur at one or two places over Punjab and north Haryana on 26th and at a few places thereafter.

Rain/thundershowers would occur at a few places over east Uttar Pradesh and at one or two places Bihar, north Chhattisgarh, Jharkhand and Sub-Himalayan West Bengal & Sikkim on 25th and mainly dry weather thereafter.

Rain/thundershowers would occur at few places over Andaman & Nicobar Islands on 25th and at many places thereafter.

No significant changes in minimum temperature over northwest India and fall by 2-3°C over Gangetic plains during next 48 hours.

Mainly dry weather would prevail over rest parts of the country.