

Latest Market Development:-

Rice prices are ruling higher in comparison to last two weeks and there seems no respite in the short term as continued demand for basmati and non-basmati from domestic and overseas markets continued to lend support to the rice market fundamentals. Stake holders in market see uptrend to continue. Stockiest/brokers including rice millers and farmers are holding onto stock in anticipation of higher prices in the weeks ahead.

Supply in retail markets has decreased and deals are being struck at higher level for forward month. However, continuous uptrend might slow down current buying interest in the short term. Lower kharif production and rabi acreage supported by better export opportunity in the absence of Thailand (due to higher price) remain supportive for the Indian rice exporters. Trade volume may decrease a little bit at higher level. However, any unexpected dip is unlikely.

Vietnam, Pakistan and India remain the major supply source. Indian basmati is getting premium over Pakistani and Thai premium varieties. The difference of prices in aromatic varieties is likely to continue as production of basmati rice has been much lower than expectation. Good demand, stock holding and lower crop will continue to lend support for the aromatic rice market.

Area under rabi rice crop in India is lagging behind has reached about 2.887 million hectares as on March 1, 2013, down about 11.5% from 3.263 million hectares during the same time last year, according to the Ministry of Agriculture. The rabi rice crop in India accounts for around 12% of the total annual rice production in the country. The 2012-13 rabi rice area is down almost 25% from the last five-year average winter rice area of around 3.862 million hectares.

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:

Chhattisgarh Government Announced a Bonus of Rs. 270 per Quintal for Paddy over MSP

The central Indian state of Chhattisgarh has announced a bonus of Rs. 270 per quintal (around \$50 per ton) over the Minimum Support Prices (MSP) of paddy already offered by the central government for the current kharif marketing year (October to September) 2012-13. In June, 2012, the central government had increased the MSP of common grade paddy rice to Rs. 1,250 per quintal (about \$230 per ton) and of Grade A paddy rice to Rs. 1,280 per quintal (about \$235 per ton), up about 16% from the previous year.

Rice Farmers in India's Odisha State Practice 'Self Help is Best Help' After Government Procurement Slows Down:

Sundergarh district in India's eastern state of Odisha is known for producing several hockey players of international repute without much help from the government. Now, rice farmers in the district have decided to help themselves out of the helpless condition they are in due to slow down of rice procurement by the government agencies.

Hundreds of small scale rice farmers in Sundergarh have formed a self-help group to build storage facilities for their paddy and a rice mill after government agencies slowed down procurement of rice citing paucity of storage space. The newly formed farmer group hopes to get better prices from private traders and also jointly tackle problems faced by farmers in the region.

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
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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 season 2011-12 (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	37.5									

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 37.5 million tons, more than two and a half times the desired stocks of 14.2 million tonnes.

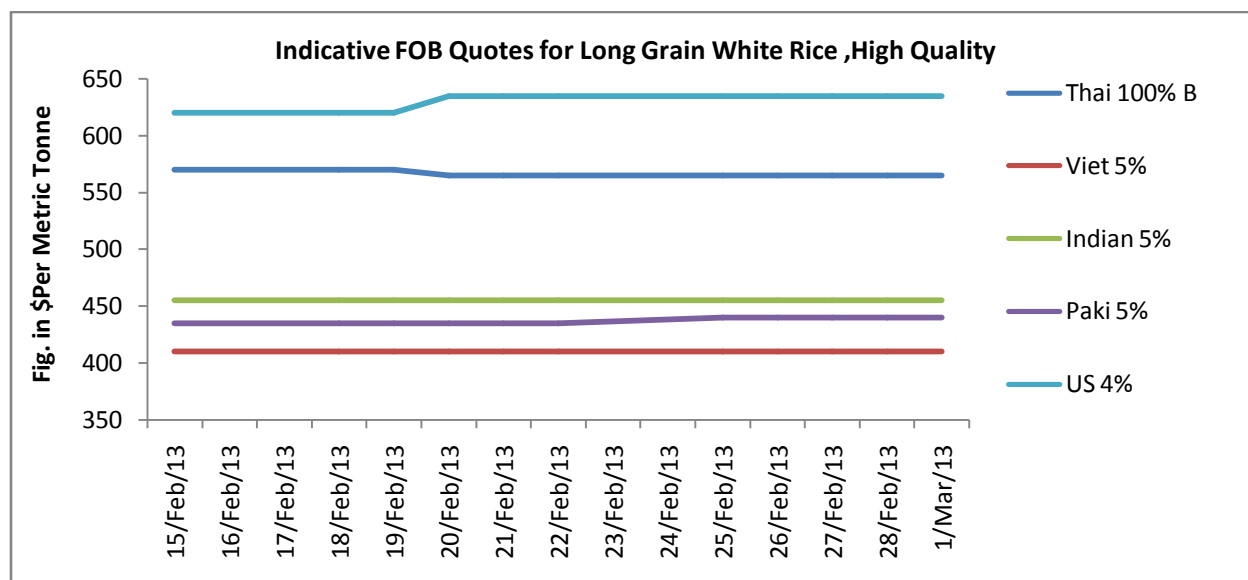
State wise Wholesale Prices Weekly Analysis for Rice First Week of March, 2013:

State	Prices 01-08 Mar 2013	Prices 24- 28 Feb 2013	Prices 16-23 Feb 2013	Prices 01-08 Mar 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3335	3403.61	3112.04	2080.79	-2.02	7.16	60.28
Assam	2524.5	2485.4	2508.72	2143.6	1.57	0.63	17.77
Gujarat	3275	2530.45	2624.37	2160.98	29.42	24.79	51.55
Jharkhand	2150	2346.03	2392.3	2164.62	-8.36	-10.13	-0.68
Karnataka	2886.75	3061.15	3097.11	2250.58	-5.7	-6.79	28.27
Kerala	3736.5	3347.4	3387.25	2654.4	11.62	10.31	40.77
Maharashtra	5358.92	5067.76	4828.81	4152.71	5.75	10.98	29.05
Meghalaya	3100	2744.19	3025	3132.43	12.97	2.48	-1.04
Delhi	2450	1700	1600		44.12	53.12	—
Orissa	2525.89	1637.35	1533.31	2044.57	54.27	64.73	23.54
UP	1699.74	1679.37	1687.35	1398.03	1.21	0.73	21.58
Uttrakhand	2000	1955.68	1874.21		2.27	6.71	—
West Bengal	2219.01	2197.31	2212.38	1918.08	0.99	0.3	15.69
Average	2866.25	2627.36	2606.37	2402.95			
As per the data reported by APMCs							

Prices of rice have firm in comparison to last week and we market well move uptrend in the weeks ahead, on the other hand, overall sentiments remains bullish.

Price Projection for March 2nd Week in domestic market:

Duration	Trend	Average Price Range
2 nd Week of March, 2013	Steady to Firm	Rs.-2750-2850

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


Rice FOB quotes for all major exporters are almost unchanged from previous week.

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.

The U.S. exported about 110,000 tons of rice to Ghana during January to November 2012, up about 25% compared to the same period in the previous year. Ghana is the largest rice market in West Africa for the U.S., and U.S. rice is popular in the African country due to consistent promotional activity by the USA Rice Federation. In 2011, Ghana imported around 20% or about 86,000 tons of its total domestic rice requirements of around 400,000 tons from the U.S.

Thailand's rice exports plunged to around 6.9 million tons in 2012, down about 30% from around 10.6 million tons exported in the previous year. Thailand's rice exports fared last year among major buyers of Thai rice. Expectedly, rice exports to major rice importers declined last year with the exceptions of a few countries such as Iraq, Benin, Cameroon and Mozambique. Major declines were seen in top rice importers Nigeria and Indonesia.

Rice imports by Malaysia in 2013-14 are expected to increase to around 1.1 million tons, up about 5% from an estimated 1.05 million tons of rice imports in 2012-13, according to the USDA Post. Malaysia's rice production is expected to increase to around 1.75 million tons in 2013-14, up about 3% from an estimated 1.7 million tons in 2012-13. Consumption is expected to increase slightly in 2013-14 to around 2.85 million tons, up about 1% from estimates of around 2.82 million tons in 2012-13. Rice yield in the country stands at around 2.5 tons per hectare, despite the country's goal to increase it to around 4 tons per hectare through several programs in 2012, said the Post.

Rice imports by Peru are expected to decline sharply by over 20% from an estimated 253,187 tons in 2012-13 to about 200,000 tons in 2013-14, according to the USDA Post.

Peru's rice production for 2013-14 is forecast at 2.1 million tons, almost unchanged from the previous year. Consumption is also likely to remain at around 2.24 million tons this year. However, higher supply this year (beginning stocks up about 24% to around 330,000 tons) is likely to reduce demand for imports this year. The USDA Post says that the average price paid to producers for rice in 2011-12 has declined year-on-year by around 20% to \$311 per ton of paddy. "This reduction in price is due to excess supply. Rice imports by Peru in 2012-13 are estimated at around 253,187 tons, up about 23% compared to the previous year, and Uruguay accounted for about 75% of all rice imports by Peru in 2012-13.

Rice Price Trend @ CBOT (May- 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 15.50(support) to 16.20 (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
2 nd week of March, 2013	Steady	15.50-16.20

Weather Watch:

Major Feature of Weather Forecast up to 07th March, 2013:

Northwesterly winds would prevail over Indo-Gangetic plains during next 24 hours.

Rain/thundershowers would occur at a few places over Andaman & Nicobar Islands during next 24 hours and at one or two places thereafter.

Rain/thundershowers would occur at one or two places over extreme south peninsular India during next 24 hours and at a few places thereafter.

No significant change in minimum temperatures over northwest and central India during next 24 hours and increase by 2-3°C thereafter. However, there would be gradual rise in maximum temperature.

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

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