

Latest Market Development:-

Rice market observed a mixed trend from last week. Slack buying pulled Pusa-1121 and Sharbati varieties marginally down by Rs 50-100 a quintal while all other rice varieties continued to rule steady. As per by traders after witnessing some good levels over the last few days, prices of pusa-1121 and Sharbati varieties have come unexpectedly down.

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.

The Food Corporation of India (FCI) and other government agencies have procured about 26.4 million tons of rice in the marketing year 2012-13 (October to September) as of February 22, 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 35.8 million tons as of March 1, 2013, up about 8% from around 33.17 million tons recorded on March 1, 2012, and the highest ever on record for this time of the year, according to data from the Food Corporation of India (FCI).

In the Union Budget 2013-14, the government has abolished the duty on exports of de-oiled rice bran. The move has been welcomed by local exporters of de-oiled rice bran, who say that the 10% duty was making exports uncompetitive. India exports about 200,000 tons of de-oiled rice bran every year, and Vietnam is India's biggest buyer of de-oiled rice bran. More sops for exporters would be announced after the changes are made in the foreign trade policy next month.

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%.

The consistent production of over 100 mt of rice in the past four years has helped us boost our exports. About 80 per cent of our non-basmati shipments have been to Africa, where we compete heavily with the parboiled variety from Thailand. India had lifted the four-year ban on exports of non-basmati rice in September 2011

Domestic Market Fundamentals:

Oil Pool Money Helps India Perk up Rice Exports to Iran in 2013; Pakistan Cross-Border Trade Break:

The use of oil pool money for rice exports to Iran has helped India to increase rice exports once again in 2013 after western sanctions hampered rice trade between the two countries last year.

India supplies about 60-75% of annual rice requirement by Iran estimated at around 1 to 1.5 million tons of mostly basmati rice. As per by rice exporters, rice exports to Iran in 2012-13 were expected to decline to about 700,000 tons, down around 30% from the previous year. Exporters were hurt since early 2012 after Iranian buyers defaulted on payments and Indian traders soon stopped sales on credit as a result of sanctions and a quick deflation of the Iranian rial (Currency) which directly helped to boost Pakistan cross-border exports to Iran.

However, this year, India's rice exports to Iran are back to normalcy after the two sides agreed to use India's oil pool money (which stands at a minimum of about \$1 billion per month) owed to Iran by Indian refiners to fund rice exports to Iran. The move is expected to help Indian basmati rice exports to Iran increase by at least 10%, and also prevent cross-border rice traders in Pakistan to capture India's share. According to All India Rice Millers Association (AIRMA), the new payment mechanism has been helping Indian rice exporters. Competitors in Pakistan don't have any such facility.

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	4.9	2.53			
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.

Domestic Supply And Demand:

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	99
Total Availability	120.28	129.83	127.86
Domestic consumption	48	50	52.5
Govt. Procurement	34.9	35.03	40
Exports	2.77	8.74	7.5
Total Usage	85.67	93.77	99.5
stock with Millers /Stockiest	9.1	7.2	7
Ending Stocks	25.51	28.86	28.36
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.38	6.93	6.48
Stock to Consumption Ratio	0.53	0.58	0.54

Fig. in Million tone

India is in contented situation on the rice stock front with consecutive bumper productions and supported with higher carryout stock. We expect the 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 7.5 million T. If export continues, carryout for next year may drop to around 28 million T.

Progressive Procurement of Rice as on 22/02/2013

(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	34.03	36.87
Chhattisgarh	41.15	47.42	40.63
Haryana	20.07	25.95	19.97
Kerala	3.72	0.92	1.07
Madhya Pradesh	6.35	9.00	6.32
Maharashtra	1.78	1.64	1.25
Orissa	28.46	22.39	14.76
Punjab	77.31	85.57	77.31

Tamil Nadu	15.96	1.78	8.57
Uttar Pradesh	33.55	17.86	25.35
Uttaranchal	3.78	3.08	2.40
West Bengal	20.34	8.38	6.50
All-India	350.25	264.62	252.19

Source: <http://dacnet.nic.in/>

Rice procurement by Government agencies has crossed more than half of the targeted 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as on 22 February, 2013 stood at 26.42 mt, up around by 5 per cent over that in the corresponding period last year at 25.21 mt. Procurement has been higher in Punjab, Haryana, Chhattisgarh and Odisha, while States such as Andhra Pradesh and Uttar Pradesh have registered a decline due to late harvesting in this season. 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	35.8									

Total rice stocks in India's central pool have increased to about 35.8 million tons as of March 1, 2013, up about 8% from about 33.2 million tons recorded on March 1, 2012, and the highest ever on record for this time of the year.

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

State	Prices 09-15 Mar 2013	Prices 01-08 Mar 2013	Prices 24-28 Feb 2013	Prices 09-15 Mar 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP		3002.13	3099.96	2104.94	—	—	—
Assam		2521.69	2482.83	2144.29	—	—	—
Gujarat		2601.52	2530.45	2141	—	—	—
Jharkhand	2150	2265.19	2330.12	2131.64	-5.09	-7.73	0.86
Karnataka		3093.7	3061.15	2270.6	—	—	—

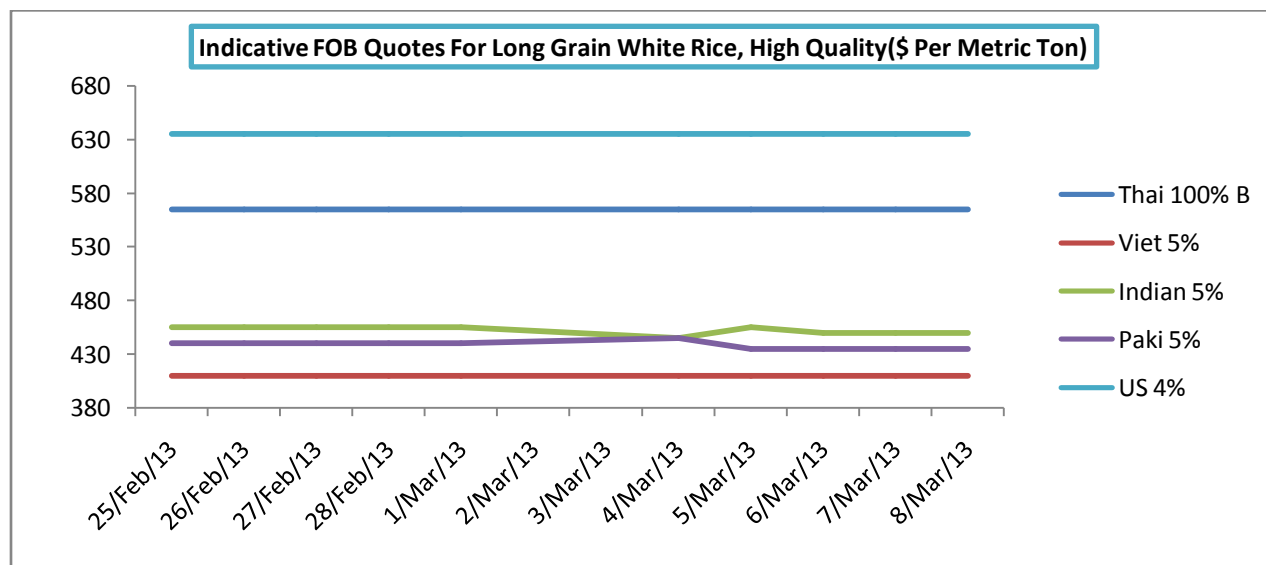
Kerala	3528.4	3347.4	2635.98	—	—	—
Maharashtra	5284.17	5066.94	4110.41	—	—	—
Meghalaya	3030.77	2744.19	3072.22	—	—	—
Delhi	2100	1700	1500	—	—	—
Orissa	1883.69	1639.71	2143.49	—	—	—
UP	1702.65	1711.09	1669.03	1463.11	-0.49	2.01
Uttrakhand	2037.37	1955.68	—	—	—	—
West Bengal	4300	2252.59	2203.18	1926.48	90.89	95.17
Average	2717.55	2716.33	2602.36	2303.68		

Average Prices of rice have almost unchanged in comparison to last week, we market well move uptrend in the weeks ahead, however prices of major mandis for this week are not available, on the other hand, overall rice sentiments remains bullish.

Price Projection for March 3rd Week in domestic market:

Duration	Trend	Average Price Range
3rd Week of March, 2013	Steady to Firm	Rs.-2675-2775

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



Rice FOB quotes for all major exporters except India & Pakistan are almost unchanged from previous week.

IGC Balance Sheet: Updated on 21.02.2013

(Fig. In MMT)

IGC estimate released on 21.02.13	2009-10	2010-11	2011-12 estimated	2012-13 forecast 29.10.12 (Milled basis)	17.01.13
Production	441	448	464	464	466
Trade	31	36	38	36	36
Consumption	437	446	459	467	468
Carry over St.	96	99	106	103	105
Year change	4	2	7		-1
Major exporters	29	31	37	37	38

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

High Lights:-

- ✚ Rice prices edged up with the IGC GOI sub-Index up 1% m/m, mainly supported by government intervention measures in Thailand and Vietnam.
- ✚ At 466m t, world rice production is forecast to be little changed y/y, as smaller outturns in Asia, particularly in India, are offset by gains elsewhere.
- ✚ World use is expected to rise by 2% y/y, and ending stocks are forecast to fall marginally, but supplies in the major exporters are likely to rise to a new record.
- ✚ World trade in 2013 should decline by 5% as key importers in Asia and Africa reduce purchases from last year's highs.

World Market Recap:

Global 2012/13 rice production, consumption, trade, and ending stocks are all up from a month ago. World rice production is forecast at a record 468.1 million tons, up 2.3 million tons from last month. World consumption is forecast at a record 470.2 million tons, up 0.9 million tons from last month. Global 2012/13 ending stocks are projected at 103.3 million tons, up 1.4 million tons from the estimate a month ago, but down 2.2 million tons from last year.

Maldives is seeking to buy 6,000 tons of parboiled rice in a tender closing on March 19, 2013. According to sources, rice can be sourced from: Thailand, India, the U.S., the U.A.E., Australia, Canada, Turkey, Indonesia, Malaysia, Philippines, Singapore, Sri Lanka, Europe or South America.

Vietnam's rice reserve policy has helped paddy rice prices to increase to around 5,200 – 5,300 VND per kilogram (about \$245 to \$250 per ton), up around 3% or about VND150-200 per kilogram (about \$0.7 to \$1 per ton) from February prices. Rice prices in the country were expected to drop due to the beginning of the harvest season in Mekong River Delta, a major rice growing region in southern Vietnam which accounts for about 50% of total production in Vietnam and about 90% of the country's total rice exports.

USA Rice Federation was involved in several U.S. rice exports promotional activities in prominent rice re-exporter U.A.E. and Turkey in recent weeks. Both the Middle East and Turkey are important rice export markets for the U.S. Total U.S. rice exports to the Middle Eastern region in 2012 stood at around 430,000 tons, while exports to Turkey in 2012 were about 147,800 tons, up about 53% from 2011, said the Federation. Total rice exports by the U.S. in 2012-13 is projected at about 4.8 million tons, up about 4% from 2011-12, according to the USDA.

Iraq bought 170,000 tons of rice, according to the Iraqi Grain Board, including: 30,000 tons of basmati India origin; 80,000 tons of Thailand origin; and 60,000 tons of Uruguay origin. Paraguay's earnings due to rice exports have grown over 15 times in the last eight years, from about \$7.9 million to about \$122.3 million by 2012, according to the Office of Technical Research Advisory (OCIT). The research body also said that the country has seen a sustained expansion of rice exports during the last eight years.

Paraguay's rice production (milled basis) has grown over 2.7 times in the last eight years, from about 97,000 tons in 2008 to about 268,000 tons in 2012, helped by increase in rice acreage and yield, according to the USDA. Paraguay's rice exports of about 200,000 tons in 2012 are about 2.5 times the 79,000 exported in 2008.

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

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 15.10(support) to 15.80 (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 March, 2013	Steady to Weak	15.10-15.80

Weather Watch:

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

Rain/snow would occur at many places over western Himalayan Region on 14th & 15th and decrease thereafter.

Rain/thundershowers would also occur at a few places over Punjab, Haryana, Delhi, north Rajasthan and west Uttar Pradesh on 14th & 15th.

Thundersqualls/hailstorms may occur at one or two places over Jammu Division of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Delhi, north Rajasthan and

west Uttar Pradesh on 14th & 15th.

Mainly dry weather would prevail over rest of the country.

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