

Latest Market Development:-

With the trading being lukewarm, prices of aromatic and non-basmati rice varieties remained unchanged. It is unexpected that after witnessing some good buying in this month, a steady trend has succeeded in the market. Bulk buyers are loath to take fresh position in the market and they are waiting for prices to drop, while rice millers are not interested in selling below the current levels. While the market may witness some alteration next week, major changes in prices are unlikely this week.

All-India progressive procurement of Rice for the marketing season 2012-13 as on 12.04.2013 was 299.46 lakh tonnes against the procurement of 297.94 lakh tonnes up to the corresponding period of last year.

Among the food grains, inflation for Rice has decreased to 17.9% from the previous month's (March) level of 18.84% and Wheat also decreased to 19.87% from the previous month's level of 21.69%.

As per data available from the Food Corporation of India (FCI) Rice stocks in India's central pool as of April 1, 2013 stand at around 35.46 million tonnes, the highest ever for this time of the year, Current rice stocks are about 6% higher than rice stocks of around 33.35 million tons recorded during the same time last year, and about 2.5 times the buffer and strategic norms of around 14.2 million tons required as on April 1, 2013.

After achieving record production in 2012-13, Bihar has set a target of 100 lakh tonnes of paddy this year by using the SRI (System of Root Intensification) method of cultivation. SRI method is vastly spread in almost all food grain especially in paddy as it increases the gross profit almost three times which directly boost the financial need of farmers in Bihar as well as SRI method saves water, uses lesser seeds and gives higher yield and also improve the soil health.

CACP recommend to Indian government to increase the MSP of paddy in 2013-14 from Rs. 1250 to Rs. 1310 per quintal for common grade paddy and Rs. 1280 to Rs. 1340 per quintal for Grade A. This could be the lowest increase in paddy MSP in recent years, if it will approve.

The India Meteorological Department (IMD) has forecast "normal rainfall" in the June-September monsoon and tempered concerns about a drought as unlikely.

Weather watch:

Rain/thundershowers would occur at many places over Jammu & Kashmir and at 1 or 2 places over Himachal Pradesh and Uttrakhand.

Rain/thundershowers would occur at one or two places over Punjab, Rajasthan and Haryana during next 48 hours and decrease thereafter.

Rain/thundershowers would occur at many places over northeastern states and Sub-Himalayan west Bengal & Sikkim.

Rain/thundershowers would occur at one or two places over Gangetic West Bengal, Odisha, Jharkhand, Bihar, Chhattisgarh and Andhra Pradesh.

Rain/thundershowers would occur at a few places over Karnataka & Kerala and at one or two places over Tamilnadu, Lakshadweep and Andaman & Nicobar Islands.

Rice export through OGL as on 20.12.2012

Rice Export Under OGL as on 30th September, 2012							
Units are in lakh tonnes	Non Basmati	Basmati	Total	2012-13	Non Basmati	Basmati	Total
2011-12							
Oct-2011	4.5	3.4	7.9	Oct-2012	6.64	2.08	8.72
Nov-2011	5.5	4	9.5	Nov-2012	7.61	1.12	8.73
Dec-2011	5.9	2.5	8.4	Dec-2012	5.32	1.05	6.37
Jan-2012	5.45	2.75	8.2	Jan-2013	4.68	3.21	7.89
Feb-2012	5.75	1.76	7.51	Feb-2013	4.9	2.53	7.43
Mar-2012	5.6	2.25	7.85	Mar-2013	5.1	3.7	8.8
April-2012	5.8	1.35	7.15				
May-2012	5.3	1.9	7.2				
June-2012	5.5	1.75	7.25				
July-2012	5.25	2.25	7.5				
Aug-2012	3.75	1.71	5.46				
Sept-2012	2.25	1.25	3.5				
Total	60.55	26.87	87.42		34.25	13.69	47.94
Note: - New season for paddy starts on Oct 2012.							

Source: IBIS, and Traders (Revised Export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to March, 2013, crossed 47 lakh tonnes, we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9 Million tonnes which is first time in history and it also helps for India to become top rice exporters in the world. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Domestic Supply And Demand:

Marketing Year January -December			
Attributes	2010-11	2011-12	2012-13 E
Beginning Stocks with govt.	24.35	25.56	28.91
Production	95.98	104.32	100
Total Availability	120.33	129.88	128.91
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	25.56	28.91	22.01
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.39	6.94	5.03
Stock to Consumption Ratio	0.53	0.58	0.42
Fig. in Million ton			

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 around 29 million T stock with smooth procurement under way despite lower Kharif production at around 86 to 87 million T. We expect 13 million T production Rabi season. Due to continuous overseas especially from African and gulf countries rice export may touch 9 million tonnes in this crop year. If export continues, carryout for next year may drop to around 28 million T.

Progressive Procurement of Rice as on 12/04/2013:

(Fig. in Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.40	41.85	48.11
Chhattisgarh	41.15	48.01	41.12
Haryana	20.07	26.03	20.05
Kerala	3.72	0.92	1.07
Madhya Pradesh	6.35	9.08	6.32
Maharashtra	1.78	1.76	1.90
Orissa	28.64	28.14	19.91

Punjab	77.31	85.57	77.31
Tamil Nadu	15.96	4.63	14.50
Uttar Pradesh	33.55	21.92	31.58
Uttaranchal	3.78	4.43	3.14
West Bengal	20.41	12.47	12.19
All-India	350.31	299.46	297.94

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

Rice procurement by Government agencies has approx half of the targeted of 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as on 12, April, 2013 stood at 29.94 mt, up around by 3 per cent over that in the corresponding period last year at 29.79 mt. Procurement has been higher in Punjab, Haryana, Chhattisgarh 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	35.46								

Total rice stocks in India's central pool have increased to about 35.46 million tons as of April 1, 2013, up about 5% from about 33.35 million tons recorded on April 1, 2012, and the highest ever on record for this time of the year.

State wise Wholesale Prices Weekly Analysis for Rice Forth Week April, 2013:

State	Prices 24-30 Apr 2013	Prices 16-23 Apr 2013	Prices 09-15 Apr 2013	Prices 24-30 Apr 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	2523.9	2551.19	2511.78	2226.43	-1.07	0.48	13.36
Gujarat	2690.01	2624.56	2615.51	2205.69	2.49	2.85	21.96
Karnataka	3075.1	2955.43	2897.88	2340.59	4.05	6.12	31.38
Kerala	3723.68	3593.9	3488.99	2517.29	3.61	6.73	47.92

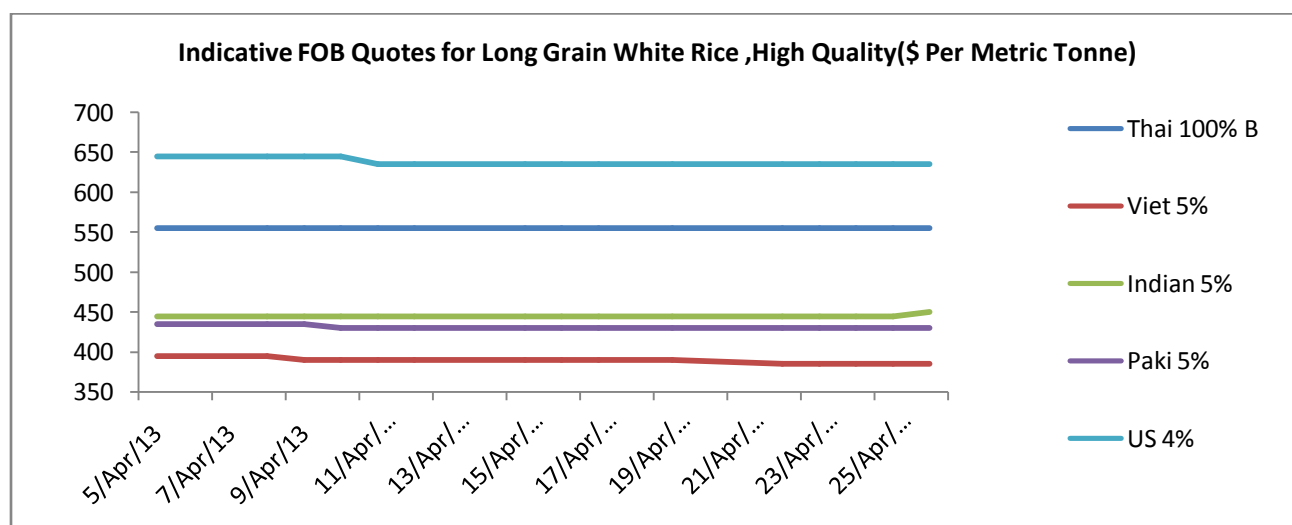
Maharashtra	3653.62	5262.23	5273.3	4172.11	-30.57	-30.71	-12.43
Manipur	2141.67	2137.66	2100		0.19	1.98	—
Meghalaya	2866.67	3100	2955.17	3142.86	-7.53	-2.99	-8.79
Orissa	1979.07	2309.68	2321.85	1998.72	-14.31	-14.76	-0.98
UP	1730.96	1715.16	1732.58	1521.66	0.92	-0.09	13.75
Uttrakhand	1939.32	1908.31	1986.68	1718.64	1.62	-2.38	12.84
West Bengal	2257.15	2242.87	2234.99	1944.08	0.64	0.99	16.1
Average	2598.28	2763.72	2738.06	2378.8			

Prices of rice have push downward around Rs.150/Qtl in comparison to last week due to sluggish buying interest, however overall sentiments are bullish and we expect market well move steady to firm in the weeks ahead.

Price Projection for May 1st Week in Domestic Market:

Duration	Trend	Average Price Range
1st Week of May, 2013	Steady to Firm	Rs.2650-2750/Qtl

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



FOB quotes for long grain white rice high quality and low quality are almost unchanged from previous week however Indian White rice has boost up by \$ 5/ Ton.

IGC Balance Sheet: Updated on 25.04.2013

(Fig. In MMT)

IGC estimate released on 21.02.13	2009-10	2010-11	2011-12 estimated	2012-13 forecast 21.03.13 (Milled basis)	25.04.2013
Production	441	448	466	468	467
Trade	31	36	38	36	37
Consumption	437	446	459	468	468
Carry over St.	96	99	106	107	107
Year change	4	3	8		0
Major exporters	29	31	37	39	39

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

High Lights:-

- With larger outturns in China and elsewhere more than offsetting smaller main and secondary crops in India, production is forecast to edge higher, to an all-time peak in 2012/13.
- Boosted by China and India, world consumption is expected to expand by 2%, but the world carryover is set to rise marginally.
- Smaller deliveries to sub-Saharan Africa and Far East Asia will result in a 5% fall in world trade in 2013, although China's imports are likely to remain above average.
- The IGC GOI rice sub-Index is fractionally lower m/m with firmness in Thailand but slight declines at other origins.

World Market Recap:

The demand for quality rice seeds is growing steadily in Indonesia with demand for hybrid rice growing faster than demand for composite rice seeds. Composite rice seeds are a mixture of different varieties of rice seeds and mostly produced by government agencies. According to government of Indonesia, the demand for hybrid seeds has grown steadily by around 33% from around 9,000 tons in 2009-10 to an estimated 15,000 tons in 2013-14 so far. The demand for composite seeds has grown around 6% to around 317,000 tons in the same period.

The rice-buying agency in Turkey, the Turkish Grain Board, has received a duty-free import quota to purchase around 100,000 tons of rice until September 2015, according to government sources. The move is expected to result in significant reduction in import costs as the usual rate of customs duty for white rice imports is 45%, for brown rice is 36%, and for paddy rice is 34%. The USDA expects rice imports by Turkey to increase in the coming months due to an anticipated shortfall in production. The US agency expects rice imports in MY 2013-14 (September to August) to increase to around 350,000 tons, up about 17% from the previous year. Rice production is estimated to decline to around 470,000 tons in MY 2013-14, the lowest in three years, while rice consumption is expected to remain at around 750,000 tons.

Rice imports by major West African nations in MY 2011-12 (October to September) “exploded” by 43% from the previous year to around 4.2 million tons due to the impact of drought in the Sahel region that spreads across West Africa, the USDA Post said in its latest report. The Post said that in MY 2011-12 rice production in West Africa declined by about 13% to around 3.5 million tons, which resulted in the surge in rice imports last year. The Post said that the sharpest year-on-year increase in rice imports was seen in Burkina Faso (70% to 390,000 tons), followed by Mali (67% to 180,000 tons), Cote d’Ivoire (64% to 1.4 million tons), and Senegal (55% to 1.2 million tons).

Steady production and decreasing consumption will help Taiwan restrict rice imports at the WTO Tariff Rate Quota (TRQ) level of 126,000 tons in MY 2013-14 (January to December), almost unchanged from the previous year’s imports, says the USDA Post. Taiwan is expected to produce around 1.16 million tons of rice in MY 2013-14, almost unchanged from the previous year. Rice consumption in 2013-14 is expected to remain stable at around 1.28 million tons, including feed use.

Taiwan is targeting 40% overall food self-sufficiency by 2020 compared to only 33% in 2011, and is promoting the use of domestic rice flour as substitute for imported wheat and wheat flour. However, the task is difficult considering the increase in per capita consumption of wheat from 23 kilograms to 36 kilograms in the last 30 years, when rice per capita consumption has declined by almost 54% to around 45 kilograms.

Source: Oryza

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


(Prices in US\$/hundredweight)

Market analysis:

The U.S. cash rice market was bearish trend in previous day session. We expect market will trade in the range of 14.60(support) to 16.20 (Resistant), 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
1 st Week of May, 2013	Steady to Week	14.60-16.20

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