

Latest Market Development:-

Rice market ruled around current levels without much variation this week. Lack of buying interest pulled aromatic and non-basmati rice slightly down. Despite a fall, rice prices are still ruling on the higher side. It's hard to anticipate the market future as there has been too much volatility in the rice market over the last few weeks. However, a few experts see this fall as a temporary phase and expect that market may recover in coming weeks.

Preliminary reports of crop coverage in the Kharif season have started coming in. As per data available from different States, rice has so far being planted in 3.53 lakh hectare, Sugarcane 41.24 lakh Hectare, and Cotton 11.86 lakh hectare. Total Area under Kharif sowing crossed 64.84 lakh hectares till 31.05.2013.

As per data available from the Food Corporation of India (FCI) Rice stocks in India's central pool as of May-1, 2013 stand at around 34.72 million tonnes, Current rice stocks are about 5.5% higher than rice stocks of around 32.92 million tons recorded during the same time last year.

Among the food grains, inflation for Rice has decreased to 17.09% from the previous month's level of 17.90%, Wheat to 13.89% from the previous month's level of 19.87%, Cereals to 15.63% from the previous month's level of 18.36% and Pulses to 10.28% from the previous month's level of 10.51%.

All-India progressive procurement of Rice for the marketing season 2012-13 as on 24.05.2013 was 338.25 lakh tonnes against the procurement of 326.26 lakh tonnes up to the corresponding period of last year.

Normal and well distributed monsoon rain is crucial for crop year 2013/14 (July-June). India's agricultural production in crop year 2012/13 (July-June) suffered a setback due to delayed and "below normal" monsoon rains in some parts of the country. Monsoon rains are vital for sustaining agricultural production, particularly for Kharif (fall and early harvested) planted crops such as rice, oilseeds, sugarcane, cotton, corn and pulses.

Given "more-than-sufficient and heavy" government rice stocks, and a forecast of normal 2013 monsoon rains, the GOI is unlikely to impose any export restrictions on non-Basmati rice in the near future. In any case, Indian rice exports have slowed since the beginning of CY 2013 on relatively weak demand for non-Basmati rice and firm domestic prices.

Weather watch:

Rain/thundershowers would occur at most places over Andaman & Nicobar Islands.

Rain/thundershowers would occur at many places over coastal Karnataka, south Konkan & Goa, Kerala and Lakshadweep and at a few places over rest south peninsular India and Madhya Maharashtra.

Rain/thundershowers would occur at a few places over Sub Himalayan West Bengal & Sikkim and northeastern states.

Rain/thundershowers would occur at a few places over Chhattisgarh and north Andhra Pradesh and at one or two places over West Bengal & Sikkim, Odisha and Jharkhand.

Rain/thundershowers would occur at a few places over Jammu & Kashmir and Himachal Pradesh and at one or two places over Uttarakhand.

Weather would be mainly dry over rest parts of the country.

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	April-2013	4.2	3.1	7.3

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		38.45	16.79	55.24
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 April, 2013, crossed 55 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 24/05/2013:
(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	59.05	65.83
Chhattisgarh	41.15	48.50	41.13
Haryana	20.07	26.58	20.07
Kerala	3.72	2.30	3.42
Madhya Pradesh	6.35	9.27	6.35
Maharashtra	1.78	1.78	1.90
Orissa	28.64	29.52	21.36
Punjab	77.31	88.71	77.31
Tamil Nadu	15.96	4.75	15.84
Uttar Pradesh	33.55	32.48	33.01
Uttaranchal	3.78	7.36	3.36
West Bengal	20.41	13.95	21.66
All-India	350.31	338.25	326.26

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

Rice procurement by Government agencies has near to the targeted of 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as on 24, May, 2013 stood at 33.82 mt, up around by 3 per cent over that in the corresponding period last year at 32.26 mt.

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	34.72							

Total rice stocks in India's central pool have increased to about 34.72 million tons as of May-1, 2013, up about 5.5% from about 32.92 million tons recorded on May -1, 2012.

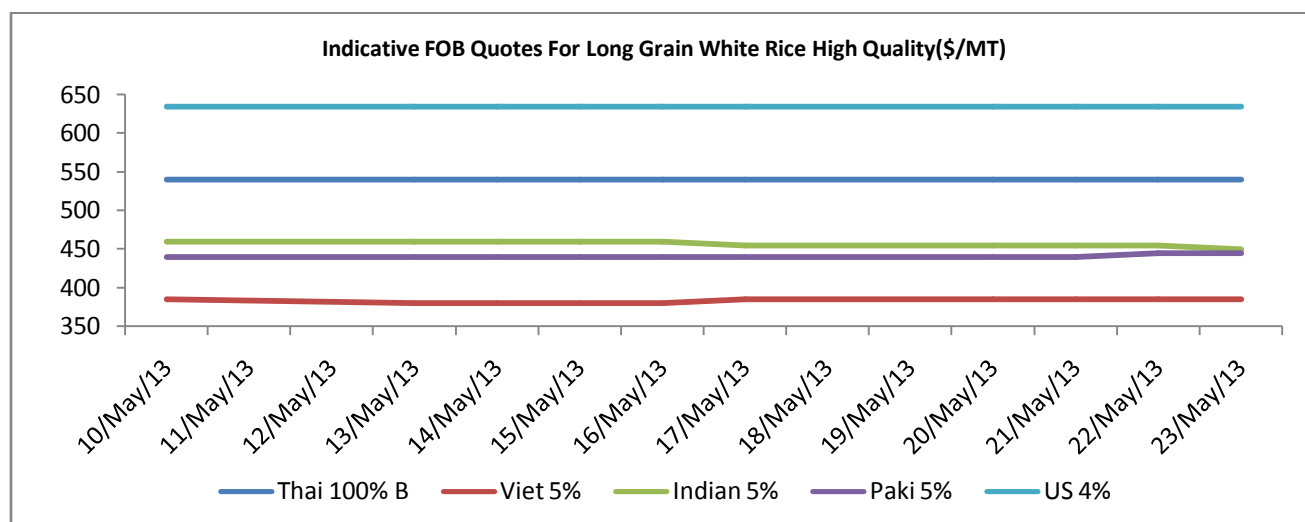
State wise Wholesale Prices Weekly Analysis for Rice First Week June, 2013:

State	Prices 01-08 Jun 2013	Prices 24-31 May 2013	Prices 16-23 May 2013	Prices 01-08 Jun 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	2479.22	2410.75	2551.52	2172.94	2.84	-2.83	14.1
Gujarat	3346.17	2637.59	2593.64	2116.17	26.86	29.01	58.12
Jharkhand	2260.98	2374.62	2462.69	2208.03	-4.79	-8.19	2.4
Karnataka	3172.89	3087.79	3038.94	2447.27	2.76	4.41	29.65
Kerala	3543.32	4408.53	3802.05	2376.57	-19.63	-6.81	49.09
Maharashtra	4568.56	4500.74	4765.01	4128.66	1.51	-4.12	10.65
Manipur	2240.99	2383.05	2286.55		-5.96	-1.99	—
Orissa	1880.46	2513.84	2340.62	2034.53	-25.2	-19.66	-7.57
Tripura	2100	1952.33	1976.39	1794.17	7.56	6.25	17.05
UP	1805.76	1771.31	1793.31	1556.63	1.94	0.69	16
Uttrakhand	2023.11	2047.25	1902.07		-1.18	6.36	—
West Bengal	2279.63	2264.29	2281.24	1848.22	0.68	-0.07	23.34
Average	2641.76	2696	2649.5	2268.31			
As per the data reported by APMCs							

Prices of rice have almost range bound from previous week due to sluggish buying interest, and we expect market well move steady in the weeks ahead.

Price Projection for June 2nd Week in Domestic Market:

Duration	Trend	Average Price Range
2 nd Week of June, 2013	Steady	Rs.2650-2750/Qtl

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

IGC Balance Sheet: Updated on 31.05.2013
(Fig. In MMT)

IGC estimate released on 21.02.13	2009-10	2010-11	2011-12 estimated	2012-13 forecast 25.04.2013 (Milled basis)	31.05.2013
Production	441	449	466	467	470
Trade	31	36	39	37	37
Consumption	437	445	458	468	470
Carry over St.	96	99	107	107	107
Year change	4	3	8		0
Major exporters	29	31	37	39	40

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

High Lights:-

- The IGC GOI rice sub-Index is down by 1% m/m, led by declines in Thailand, where limited export demand weighed, despite support from continued government intervention buying.
- Global rice production is forecast to rise by 1% y/y in 2012/13, boosted by larger outturns in Asia, Africa and the Americas.
- The global rice carryover is forecast unchanged y/y, but well above average, with major exporters' inventories especially ample.
- Reduced buying by Asian and African importers is likely to result in a 4% y/y fall in world trade in 2013.

World Market Recap:

Rice flour consumption is increasingly sharply in Sri Lanka, reaching around 117 kilograms per person per year in 2011, up about 24% from around 94.1 kilograms per person per year, according to the Internal Trade Minister Johnston Fernando. The minister said that the government policy to encourage rice consumption and reduce consumption of wheat has led to a decline in wheat flour consumption to around 24.2 kilograms per person per year, down about 32% from around 35.5 kilograms per person per year.

Thailand should adopt new marketing strategies focusing on quality and regional cooperation to improve rice exports, according to Dr. Olarn Chaipravat, the President of Thailand Trade Representative and advisor to the Thai Prime Minister. Speaking at the Thai Rice Convention (TRC) 2013 at Chiang Mai earlier this week, Dr. Chaipravat said that the rice demand-supply structure is changing in the world and added that Thailand should adopt new strategies to cope with new challenges. He outlined four broad marketing strategies to boost rice exports: improve quality of rice; promote specialty rice and branding; develop niche markets; and enhance regional cooperation.

Peru is expected to harvest a bumper rice crop for the second consecutive year in 2013, with paddy rice production in March 2013 reaching around 271,000 tons, up about 36% from around 199,000 tons of paddy produced in March 2012, according to the National Institute of Statistics and Informatics (INEI). Overall paddy production in Peru during January – March 2013 stands at around 594,500 tons, which is about 20% of the 2.9 million tons of paddy produced in the full year 2012. Paddy production figures are likely to surge in the coming months as the main rice crop harvest usually begins in May and lasts until August. The INEI says that favorable climate and larger area helped paddy rice production increase in March this year.

The Vietnamese government is planning to begin stockpiling of around one million tons of rice of the summer-autumn crop harvest (expected to peak early June) of the Mekong Delta to prevent already low rice prices in the country from sliding even further. According to sources, the Vietnam Food Association (VFA) has been tasked to allocate rice purchase quotas to food companies and exporters for the second phase of the rice reserve program this year. While the VFA suggests restricting rice storage under the program to 500,000 tons, local rice representatives want about 1.5 million tons of rice to be stored under the program

Source: Oryza

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



(Prices in US\$/hundredweight)

Market Analysis:

The U.S. cash rice market shows range bound trend in previous day session. We expect market will trade in the range of 15.0(support) to 16.00 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2 nd Week of June, 2013	Steady	15.0-16.0

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