

Latest Market Development:-

As per data available from according to the Ministry of Agriculture ,India's main (Kharif) rice crop planting area has increased sharply to around 110.07 lakh hectares as on 12th July , up about 13% from around 97.50 lakh hectares during same time last year,. Timely arrival of monsoon rains and its spread across the country has helped planting conditions in most of India. Planting of other Kharif crops have also advanced significantly last week. Total area under Kharif crop planting (including rice and other crops) has increased to 517.65 lakh hectare this week, up about 52% from 341.49 lakh hectares at this time last year.

The rice market is likely to rule around current levels without much fluctuation in the coming days. Despite restricted trading, the market witnessed a steady trend on last week with prices of non-basmati rice ruling unchanged from previous levels. However Basmati price is moving towards its previous level due to active buying in the market.

Indian rice demand in international market may decline due to cheaper availability in Vietnam and Pakistan, according to traders. If Thailand government succeeds in plans to sell rice from government stock at lower price, it may further depress international prices resulting in lower export possibility from Indian rice.

Indian government granted the MSP of paddy for 2013-14, at Rs. 1310 per quintal for common rice and Rs. 1345 for "A" grade, these MSP are almost 5% increase from last year of Rs.1250 and 1280 for common grade and A grade respectively. This year CACP recommended the lowest MSP for paddy due to huge stock with government.

As per data received from FCI, rice stock in central pool kitty as on 1st July 2013 reached at 31.50 million tons, down about -5.40% from around 33.3 million tons recorded from 1st June 2013.

Total rice exports by India in the current Marketing Year (MY) October, 2012 to May, 2013, crossed 69 lakh tonnes , we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9 million tonnes.

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.

The timely arrival of monsoon and good rainfall distribution has resulted in 28 per cent more rains so far since June 1. Of the 36 meteorological sub-divisions, 27 have received excess rains, while four have received normal and two are deficient so far. The latest forecast by the weather department of normal monsoon for July and August should augur well for kharif crops.

Rice Monthly Export:

| All fig. in Lakh tonnes | Non Basmati | Basmati | Total Export 2011-12 | | Non Basmati | Basmati | Total Export 2012-13 |
|-------------------------------|----------------|--------------|-------------------------|--------------|----------------|--------------|----------------------------|
| 11-Oct | 4.29 | 1.77 | 6.06 | 12-Oct | 6.65 | 1.95 | 8.6 |
| 11-Nov | 6.39 | 2.14 | 8.53 | 12-Nov | 6.49 | 2.08 | 8.57 |
| 11-Dec | 7.68 | 3.57 | 11.25 | 12-Dec | 7.5 | 2.85 | 10.35 |
| 12-Jan | 7.23 | 3.07 | 10.3 | 13-Jan | 5.65 | 3.18 | 8.83 |
| 12-Feb | 8.9 | 2.76 | 11.66 | 13-Feb | 4.9 | 3.34 | 8.24 |
| 12-Mar | 3.5 | 3.93 | 7.43 | 13-Mar | 5.7 | 3.87 | 9.57 |
| 12-Apr | 2.75 | 2.79 | 5.54 | 13-Apr* | 4.2 | 3.10 | 7.3 |
| 12-May | 7.16 | 3.23 | 10.39 | 13-May* | 4.02 | 3.60 | 7.62 |
| 12-Jun | 5.92 | 3.46 | 9.38 | 13-Jun* | 4.97 | 3.65 | 8.62 |
| 12-Jul | 4.85 | 3.01 | 7.86 | | | | |
| 12-Aug | 4.72 | 2.51 | 7.23 | | | | |
| 12-Sep | 4.46 | 2.31 | 6.77 | | | | |
| Total | 67.85 | 34.55 | 102.4 | Total | 50.08 | 27.44 | 77.70 |

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to May, 2013, crossed 77 lakh tonnes, we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9 million tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Basmati rice export from October 2012 to June 2013 reached 27.44 lakh tonnes which is 3.36% higher than previous year basmati export of 26.72 lakh tons last year same period.

Rice Balance Sheet:-

With good start of monsoon and above normal rainfall Agriwatch expects higher rice production in 2013-14 at 105 million T. Higher export volume this year is expected to drag down carryout from 21.53 to 18.53 million T in 2013-14. With higher initial production estimate total availability would increase from 121.53 million T to 123.53 million T. Consumption would increase slightly by one million T.

As export is expected to decrease by one million T due to lower demand in global market, total usage would remain same at 103 million T as last year.

| Figure in MMT | 2010-11 | 2011-12 | 2012-13 | 2013-14* E |
|----------------------------|--------------|---------------|--------------|--------------|
| Carry in | 18.44 | 20.86 | 21.53 | 18.53 |
| <i>Production</i> | <i>95.98</i> | <i>104.32</i> | <i>100</i> | <i>105</i> |
| Imports | 0 | 0 | 0 | 0 |
| Total Availability | 114.42 | 125.18 | 121.53 | 123.53 |
| Consumption | 90.78 | 93.45 | 94 | 95 |
| Exports | 2.78 | 10.2 | 9 | 8 |
| Total Usage | 93.56 | 103.65 | 103 | 103 |
| Carry out | 20.86 | 21.53 | 18.53 | 20.53 |
| Av Monthly Consumption | 7.57 | 7.79 | 7.83 | 7.92 |
| Stock to Month Use | 2.76 | 2.76 | 2.37 | 2.59 |
| Stock to Consumption Ratio | 0.23 | 0.23 | 0.20 | 0.22 |

(Source: Agriwatch Research, USDA)

Progressive Procurement of Rice

(Fig. in Lakh tonnes)

| States | Total procurement in marketing season 2011-12 (Oct. – Sept.) | As on 24.05.2013 | |
|----------------|--|-----------------------------|-----------------------------|
| | | In Marketing season 2012-13 | In Marketing season 2011-12 |
| 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 now going very slow due to lean season and procurement target of 400 lakh tonnes in this season (September-2013) is unlikely to achieve as stock of rice is not as much available in the markets, however procurement is likely to touch around 350 lakh tonnes same as last year in this season.

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

| Year | Jan | Feb | Mar | Apr | 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 | 33.3 | 31.50 | | | | | |

Total rice stocks in India's central pool 31.5 million tons as of July 1, 2013, up about 2.6% from about 30.70 million tons recorded on July -1, 2012.

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

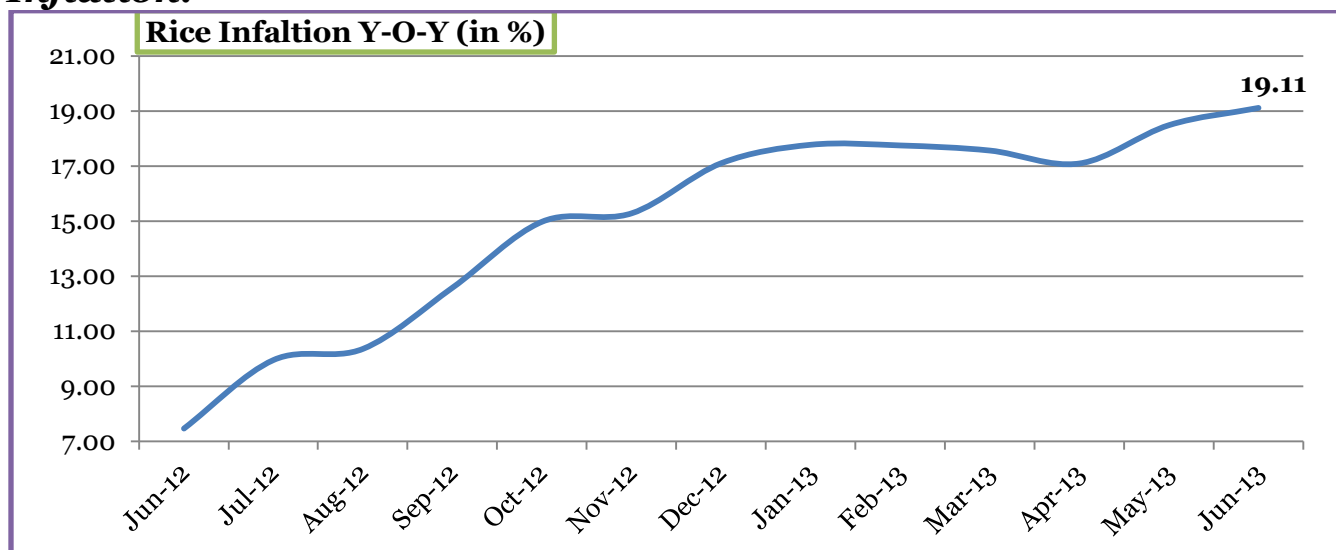
| Prices in Rs/Q | 09-15 Jul 2013 | 01-08 Jul 2013 | 24-30 Jun 2013 | 09-15 Jul 2012 | % Change(Over Prev. Week) | % Change(Over Prev. Year) |
|--------------------|----------------|----------------|----------------|----------------|---------------------------|---------------------------|
| A.P | 2069.4 | 2288.45 | 2799.12 | 1903.11 | -9.57 | 8.74 |
| Assam | 2497.5 | 2431.38 | 2366.84 | 2330.15 | 2.72 | 7.18 |
| Gujarat | 2571.86 | 2583.57 | 2598.67 | 2299.92 | -0.45 | 11.82 |
| Jharkhand | 2506.46 | 2499.1 | 2518.65 | 2212.19 | 0.29 | 13.3 |
| Karnataka | 3179.48 | 3205.82 | 3130.39 | 2367.08 | -0.82 | 34.32 |
| Kerala | 4579.73 | 4556.61 | 4495.19 | 2608.66 | 0.51 | 75.56 |
| Maharashtra | 5584.16 | 5692.29 | 5744.96 | 4033.95 | -1.9 | 38.43 |
| Manipur | 2489.11 | 2465.88 | 2487.86 | NA | 0.94 | — |
| Meghalaya | 3100 | 3100 | 3036.36 | 3100 | 0 | 0 |
| Delhi | NA | 1895.12 | 1800 | 1600 | — | — |
| Orissa | 2125.17 | 2022.11 | 2388.39 | 1921.54 | 5.1 | 10.6 |
| Tripura | 2073.48 | 2012.52 | 2039.48 | 1836.25 | 3.03 | 12.92 |
| U.P | 1863.32 | 1829.66 | 1860.68 | 1606.48 | 1.84 | 15.99 |
| Uttrakhand | 1912.72 | 2067.48 | 2044.43 | NA | -7.49 | — |
| West Bengal | 2477.71 | 2491.15 | 2515.29 | 1924.62 | -0.54 | 28.74 |
| Average | 2787.86 | 2742.74 | 2788.42 | 2288.00 | | |

Prices of rice have showed a steady to slightly firm trend of Rs.45/Q from previous week due to active buyers in the markets for non basmati and seasonal factors, and we expect market well move steady to slightly firm in the weeks ahead.

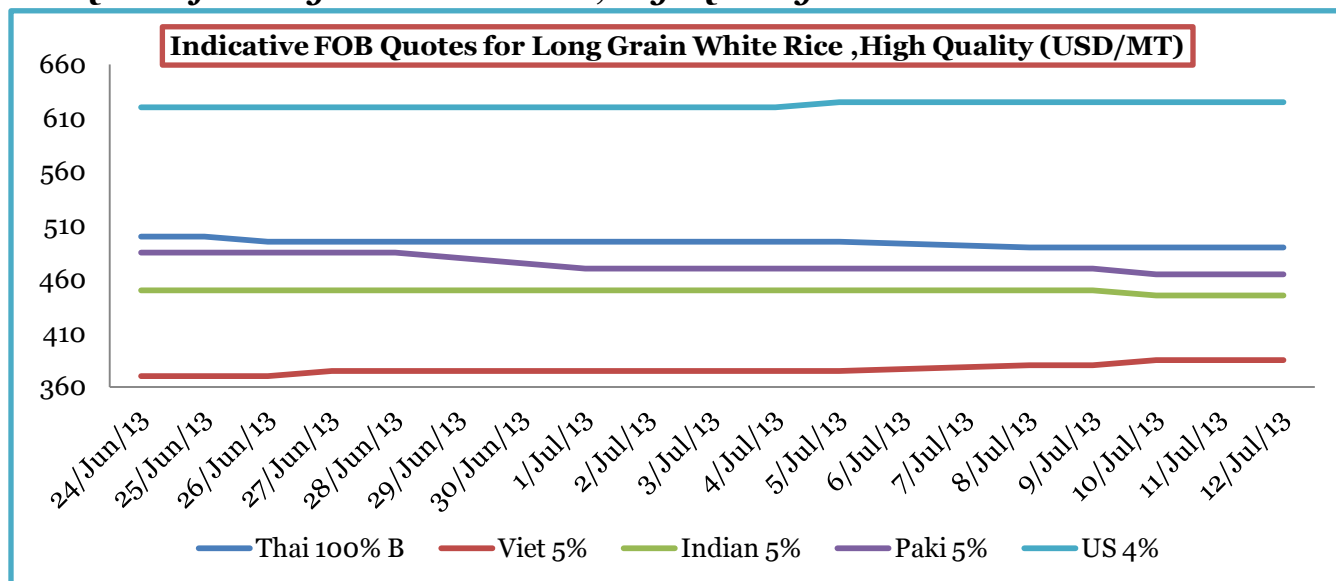
Price Projection for July 3rd Week in Domestic Market:

| Duration | Trend | Average Price Range |
|------------------------------------|-----------------------|-----------------------|
| 3 rd Week of July, 2013 | Steady to Firm | Rs.2800-2850/Q |

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

Global rice production, consumption, ending stock and trade have been reduced in latest USDA WASDE report. Global rice production is projected at 478.7 million tonnes which is 0.5 million tonnes lower from previous projection due to fall in production in US and Vietnam.

Global rice trade and ending stocks has been reduced slightly to 38.23 million tonnes and 108.02 million tonnes respectively owing to reductions in Vietnam, Indonesia ending stocks and US Global 2012-13 exports are reduced by 0.6 million tons with most of the decrease occurring for Thailand and Pakistan, down by 500,000 and 200,000 tons, respectively.

Chinese analyst estimate rice acreage at 310 lakh hectares, which is likely to produce 208 million tonnes of paddy in 2013-14. Paddy ending stocks for 2013-14 are estimated at 98.99 million tonnes which is increase 7% year on year basis.

The CEO of BULOG, Indonesian rice buying agency has said that Indonesia may import 600,000 MT of rice in 2013, depending on the size of domestic rice stocks and domestic rice prices. A government to government sale of Thai rice to Indonesia could be a boon for Thailand

The South Korea's state grain buying agency, Korea Agro Fisheries & Food Trade bought 14,146 tons of rice for arrival October – December. Breakdown of the 14,146 ton tender follows: 2,000 MT at USD 760 .43/MT for arrival by October 31 at Busan, Incheon Pyeongtaek ,9000 MT at USD 686.21/MT for arrival by October 31 at Gwangyang port ,90 MT at USD 1,298.69/MT for arrival by December 31 at Busan port and 3,056 MT at USD 636.28/MT for arrival by December 31 at Busan port.

Pakistan government has set 6.2 million tonnes rice for 2013-14. In 2012-13 Pakistan has produced 5.541 million tonnes of rice against the government target of 6.9 million tonnes which h is around 20% below government target. Pakistan exports are around 3 million tonnes including basmati.

USDA projects Vietnam rice production at 18 million tonnes owing to insufficient water and excessive warm weather. However fall in yield is likely to be countered by increase in sown area. The Philippines Department of Agriculture is expecting 20 million tons of rice production in 2013-14, which is 11% above the USDA estimate of 18 million tons.

Thailand government plans to call bid for 2-3 lakh tonnes of rice each month at price not below market price. Thailand government recently posted loss of 136 billion bhat under rice pledging scheme.

Source: <http://oryza.com>

IGC Rice Global Balance Sheet

(Fig. In Million Tonnes)

| | 2010-11 | 2011-12 | 2012-13 est. | Projection for 2013-14 | |
|-------------------------|---------|---------|--------------|------------------------|------------|
| | | | | 31.05.2013 | 01.07.2013 |
| Production | 449 | 465 | 470 | -- | 476 |
| Trade | 36 | 39 | 37 | -- | 37 |
| Consumption | 445 | 458 | 469 | -- | 474 |
| Carryover stocks | 99 | 107 | 107 | -- | 109 |
| Y-O-Y change | 3 | 7 | 1 | -- | 2 |
| Major Exporters | 30 | 37 | 41 | -- | 44 |

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index fell by 3% m/m to a 17-month low, led by declines in Thailand.
- The world 2012/13 carryover is expected to be broadly unchanged y/y, but is seen at a record of 41m t for the major exporters, exceeding global trade.
- Global 2013/14 output is tentatively projected to expand slightly to 476m t, with end-season stocks increasing for the ninth consecutive year, including an 8% rise in the major exporters.
- World trade is projected to increase marginally in calendar 2014, including larger deliveries to markets in Near East Asia and Africa.

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



(Prices in US\$/hundredweight)

Market Analysis:

The U.S. cash rice market shows range bound movement in previous session. We expect market will trade in the range of 15.00(support) to 16.00 (Resistant).

Price Projection (International-CBOT):-

| Duration | Trend | Price Range |
|------------------------------------|---------------|-------------|
| 3 rd Week of July, 2013 | Steady | 15.00-16.00 |

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