

### ***Latest Market Development:-***

**In Tarntaran region of Punjab 1121 area is expected to rise** by 25%, Sharbati area by 5% and Mota rice area is expected to decrease by 10-15% as per reports from traders. No arrivals of paddy were reported in tarntaran mandi, only maize and wheat is arriving. New paddy crop is expected to reach mandi by late September and early October.

**According to traders, rice has been trading range bound** in medium term and this trend is likely to continue due to thin trading activity and slack demand. Weak global cues may result in lower exports hence increasing availability in domestic market.

**Aromatic and 1121 rice firmed in recent days to Rs 7900/Q** from Rs 7100/Q owing to sudden export demand and low rice stock with millers and low paddy stocks with farmers in Amritsar region, Punjab. Area under Basmati 1509 variety is likely to be sown in 10-15% of total rice sown area in Amritsar region and Saatha crop is banned in Punjab from last 4 years due to decreasing ground water level.

**Area under aromatic rice is bound to increase** by 15-18% as area under Sharbati and IR-8 according to farmers and millers in Amritsar, Punjab. PR and 1121 variety area has increased this year. Traders/Millers have said that new policy of Punjab government, basmati exporter is exempted from taxes if they export rice directly.

**Rice inflation has reached 19.11% in June 2013** year on year basis. WPI was reported 216.30 in June 2013 as compared to 210.90 in May 2013.

**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 12<sup>th</sup> 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.

**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.

### ***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	3.93	3.94	7.87
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				
<b>Total</b>	<b>67.85</b>	<b>34.55</b>	<b>102.4</b>	<b>Total</b>	<b>49.81</b>	<b>28.46</b>	<b>78.27</b>

Source: DGCIS and \* IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to June, 2013, crossed 78 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 28.46 lakh tonnes which is 6.51% 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
<b>Carry in</b>	<b>18.44</b>	<b>20.86</b>	<b>21.53</b>	<b>18.53</b>
<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
<b>Carry out</b>	<b>20.86</b>	<b>21.53</b>	<b>18.53</b>	<b>20.53</b>
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	<b>350.31</b>	<b>338.25</b>	<b>326.26</b>

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
<b>2010</b>	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
<b>2011</b>	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
<b>2012</b>	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67
<b>2013</b>	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:

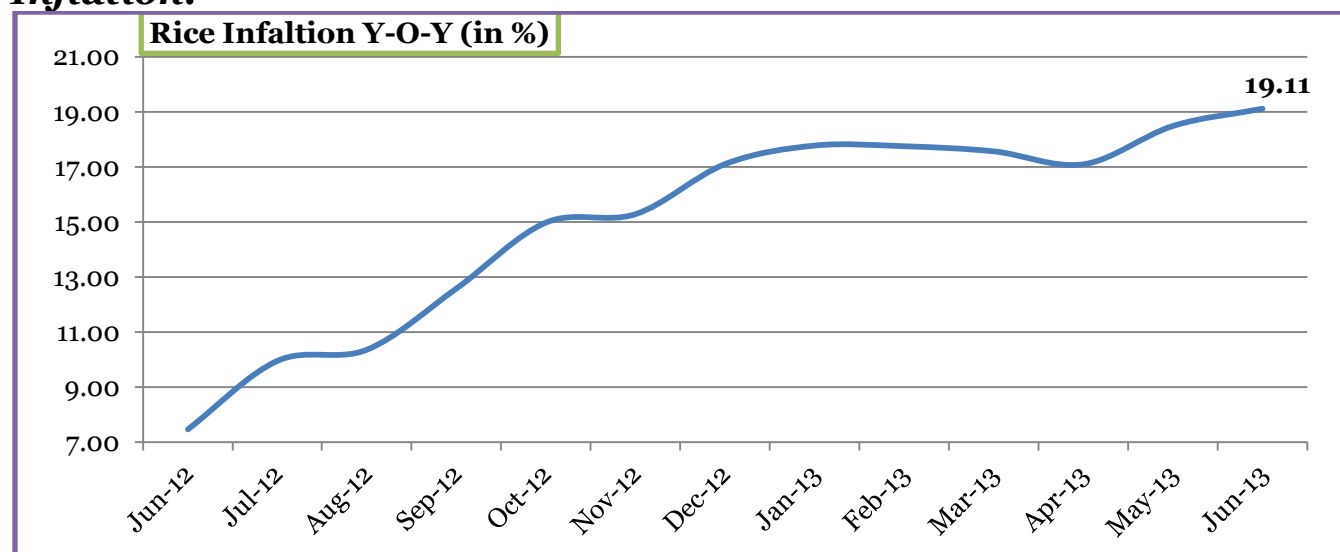
	16-23 Jul 2013	09-15 Jul 2013	01-08 Jul 2013	16-23 Jul 2012	% Change(Over Prev. Week)	% Change(Over Prev. Year)
<b>A.P</b>	2089.33	2129.16	2288.45	2292.27	-1.87	-8.85
<b>Assam</b>	2467.49	2505.58	2431.38	2369.74	-1.52	4.12
<b>Gujarat</b>	2604.68	2550.75	2583.57	2411.72	2.11	8
<b>Jharkhand</b>	2525.21	2508.14	2499.1	2252.82	0.68	12.09
<b>Karnataka</b>	3160.09	3194.65	3205.82	2410.37	-1.08	31.1
<b>Kerala</b>	4247.87	4481.42	4539.29	2672.71	-5.21	58.93
<b>Maharashtra</b>	4611.32	5719.4	5692.29	4025.48	-19.37	14.55
<b>Manipur</b>	2487.7	2489.11	2465.88	NA	-0.06	—
<b>Meghalaya</b>	3100	3100	3100	3013.16	0	2.88
<b>Delhi</b>	1800	NA	1895.12	3000	—	-40
<b>Orissa</b>	2102.85	2112.59	2029.27	1848.31	-0.46	13.77
<b>Tripura</b>	2051.46	2041.55	2024.33	1850.98	0.49	10.83
<b>U.P</b>	1878.03	1860.99	1831.29	1636.4	0.92	14.77
<b>Uttrakhand</b>	2149.39	2029.96	2067.48	NA	5.88	—
<b>W.B</b>	2666.74	2585.91	2493.38	1939.25	3.13	37.51
<b>Average</b>	<b>2662.81</b>	<b>2807.80</b>	<b>2743.11</b>	<b>2440.25</b>		

Prices of rice have showed downward trend of Rs.145/Q from previous week due to slack demand in the markets for non basmati, and we expect market well move steady to slightly down in the week ahead.

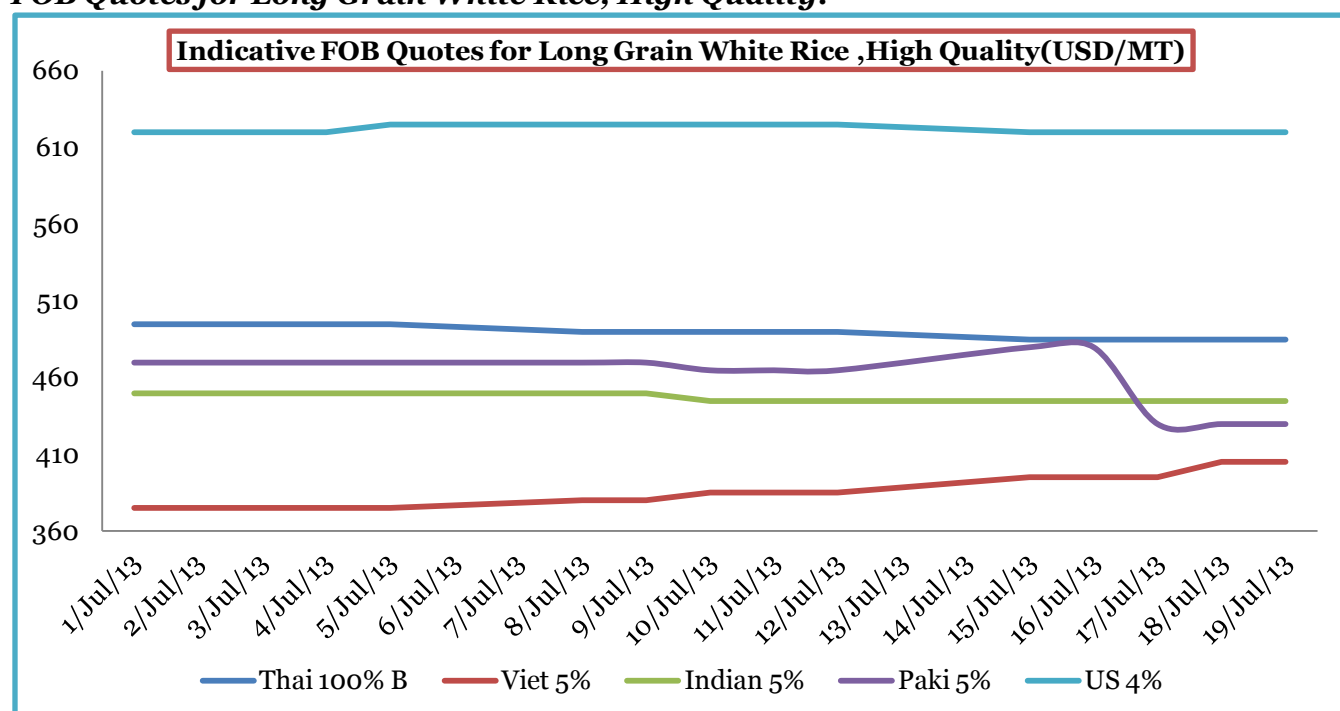
**Price Projection for July 4<sup>th</sup> Week in Domestic Market:**

Duration	Trend	Average Price Range
4 <sup>th</sup> Week of July, 2013	<b>Steady to Weak</b>	<b>Rs.2600-2650/Q</b>

**Inflation:**



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



**World Market Recap:**

**The USDA has lowered the 2013-14 rice export** forecast for Thailand from 7.5 million tons (June estimate) to 7 million tons, based on slow rice sales and uncompetitive prices so far. The new projections are about 12% lower than Thailand's official target of about 8 - 8.5 million tons of rice exports in 2013-14.

**Thailand has kept its rice export target for 2013** unchanged at 8-8.5 million tons and says it won't sell stockpiled rice at low prices. Thailand's Trade Department said it may cut the rice support price 10% to 13,500 baht (about \$435) per ton from 15,000 baht (about \$483) per ton currently.

**Strong anticipated gains in rice production** in almost all regions except Europe and North America will help boost global rice production to reach around 500 million tons (milled equivalent) in 2013, up almost 2% from an estimated 490.5 million tons produced in 2012, according to the UN's Food and Agriculture Organization (FAO).

**The Minimum Export Price (MEP) for 25% broken rice** has been increased to USD 375/T from USD 365/T, which is an increase of 3%. The new floor price will be effective from July 18, 2013, while export prices of other grades will be decided by traders, as said by Vietnam Food Association (VFA).

**As per data from Vietnam Food Association (VFA)**, Vietnam has exported 3.56 million tonnes rice from Jan 1-June 11 2013, at an average FOB of USD 431/MT. According to VFA Vietnam's summer autumn rice crop planting area has reached about 1.685 million hectares as of July 11, 2013.

**Thai government is planning to sell about 900,000 tons rice** (500,000 tons milled rice and 400,000 tons unmilled rice) from its stockpiles each month. Thailand's average rice export pace in 2013 has been about 280,000 tons per month. Thailand consumes about 880,000 tons rice per month. Thai exporters said they will bid at market prices to compete with origins like India and Vietnam. Thai 5% broken rice is today shown around USD 470 per ton, about a USD 30/T premium over India 5% at USD 440/T and about USD 80/T premium over Vietnam 5% at around USD 390/T.

**Thailand rice sellers continue to lower** their export quotes, most down about USD 5/T. Thai quotes may continue to trend lower in the near to medium term as Thailand struggles to offload its surplus of rice stocks in a bearish global rice market. Thailand's position as that top global rice exporter has been taken by India and Vietnam. Thai rice export tonnage continues to fall about 30% annually since the scheme started in October 2011 with 2013 rice exports looking like they are likely to reach around 4 million tons given the current pace, down considerably from about 10 million tons shipped annually before the 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
<b>Production</b>	449	465	470	--	476
<b>Trade</b>	36	39	37	--	37
<b>Consumption</b>	445	458	469	--	474
<b>Carryover stocks</b>	99	107	107	--	109
<b>Y-O-Y change</b>	3	7	1	--	2
<b>Major Exporters</b>	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 upward movement in previous sessions. We expect market will test the resistance at USD 16.00/ hundredweight in coming sessions.

**Price Projection (International-CBOT):-**

Duration	Trend	Price Range
4 <sup>th</sup> Week of July, 2013	<b>Steady to slightly firm</b>	15.40-16.00

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