

Latest Market Development:-

Indian Rice (Kharif) sowing has reached 19.63 million hectares as on 26th July, which is around 7% more than previous year sowing of 18.42 million hectares at the same time. Favorable rains and weather condition in major growing region has helped rice plantation except in the states of West Bengal, Bihar and Assam due to deficient rainfall.

After good rainfall in month of June, deficient rainfall in July has slowed the planting of the rice in eastern Indian states like West Bengal, Assam and Bihar. According to traders/farmers and analysts in 19 out of Bihar's 37 districts have received scanty rainfall in July, and farmers have planted rice seedlings in only 34% of rice area in the state so far. In Assam, about 33% rice area is covered under plantation so far due to drought-like conditions in some parts of the state. Meanwhile, in West Bengal, rice plantation is covered in less than 5% in several regions.

Aromatic rice prices have risen by Rs 4-8/Kg recently due to sudden export demand. This has pushed Pusa-1121 prices to Rs 84/Kg. Traders feel prices will take correction in days ahead and Non-Basmati prices are expected to trade range bound in near term.

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.

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.

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				
Total	67.85	34.55	102.4	Total	49.81	28.46	78.27

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 17.53 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.

Figure in MMT	2010-11	2011-12	2012-13	2013-14* E
Carry in	18.44	20.86	21.53	17.53
Production	95.98	104.32	100	105
Imports	0	0	0	0
Total Availability	114.42	125.18	121.53	122.53
Consumption	90.78	93.45	94	95
Exports	2.78	10.2	10	8
Total Usage	93.56	103.65	104	103
Carry out	20.86	21.53	17.53	19.53
Av Monthly Consumption	7.57	7.79	7.83	7.92
Stock to Month Use	2.76	2.76	2.24	2.47
Stock to Consumption Ratio	0.23	0.23	0.19	0.21

(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 Fourth Week July, 2013:

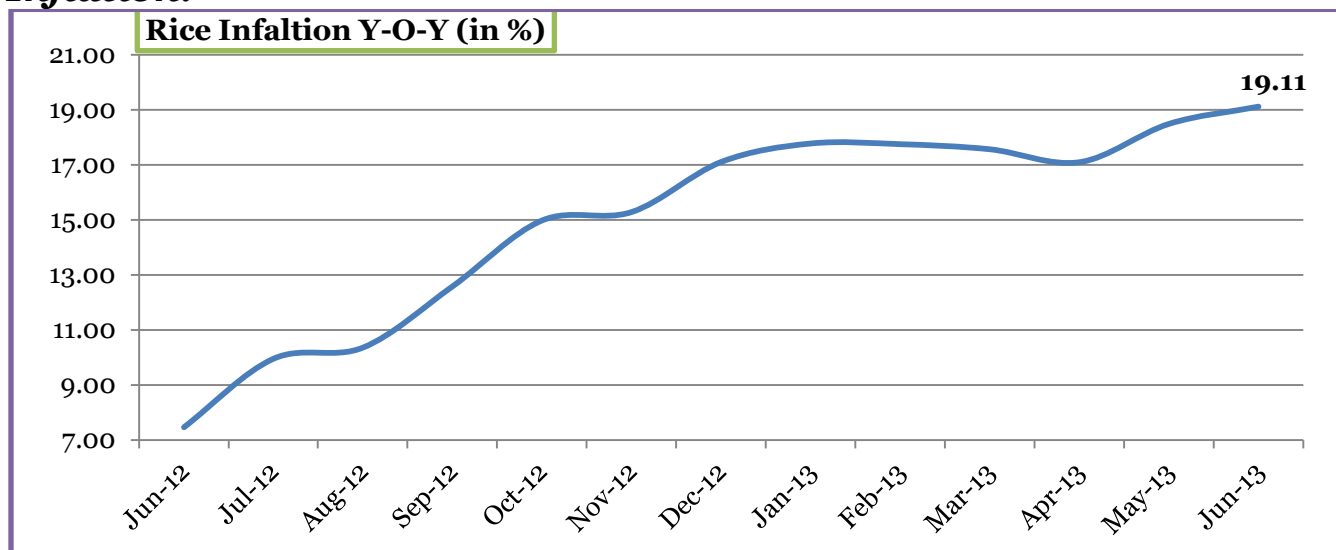
	24-31 Jul 2013	16-23 Jul 2013	09-15 Jul 2013	24-31 Jul 2012	% Change(Over Prev. Week)	% Change(Over Prev. Year)
A.P	2615.73	2116.65	2130.15	1925.46	23.58	35.85
Assam	2582.95	2471.88	2505.58	2279.62	4.49	13.31
Gujarat	2541.55	2560.46	2550.75	2400	-0.74	5.9
Jharkhand	2621.02	2528.2	2508.14	2295.77	3.67	14.17
Karnataka	3082.53	3134.62	3194.65	2728.28	-1.66	12.98
Kerala	4503.73	4372.2	4479.91	2685.29	3.01	67.72
Maharashtra	4806.64	4539.23	5719.4	4159.46	5.89	15.56
Manipur	2487.34	2489.4	2489.11	NA	-0.08	—
Meghalaya	3211.11	3100	3100	3062	3.58	4.87
Delhi	1688.89	2350	NA	1600	-28.13	5.56
Orissa	2123.94	2167.2	2166.19	1897.8	-2	11.92
Tripura	2216.67	2041.09	1989.52	1856.43	8.6	19.4
Uttar Pradesh	1864.1	1863.6	1859.38	1659.19	0.03	12.35
Uttrakhand	2022.98	2210.19	2029.96	1569.89	-8.47	28.86
West Bengal	2314.57	2559.95	2528.06	1944.27	-9.59	19.05
Average	2712.25	2700.31	2803.62	2290.24		

Prices of rice have showed upward movement of Rs.12/Q from previous week due to good demand in the markets for non basmati and basmati rice, and we expect market well move steady to slightly up in the week ahead.

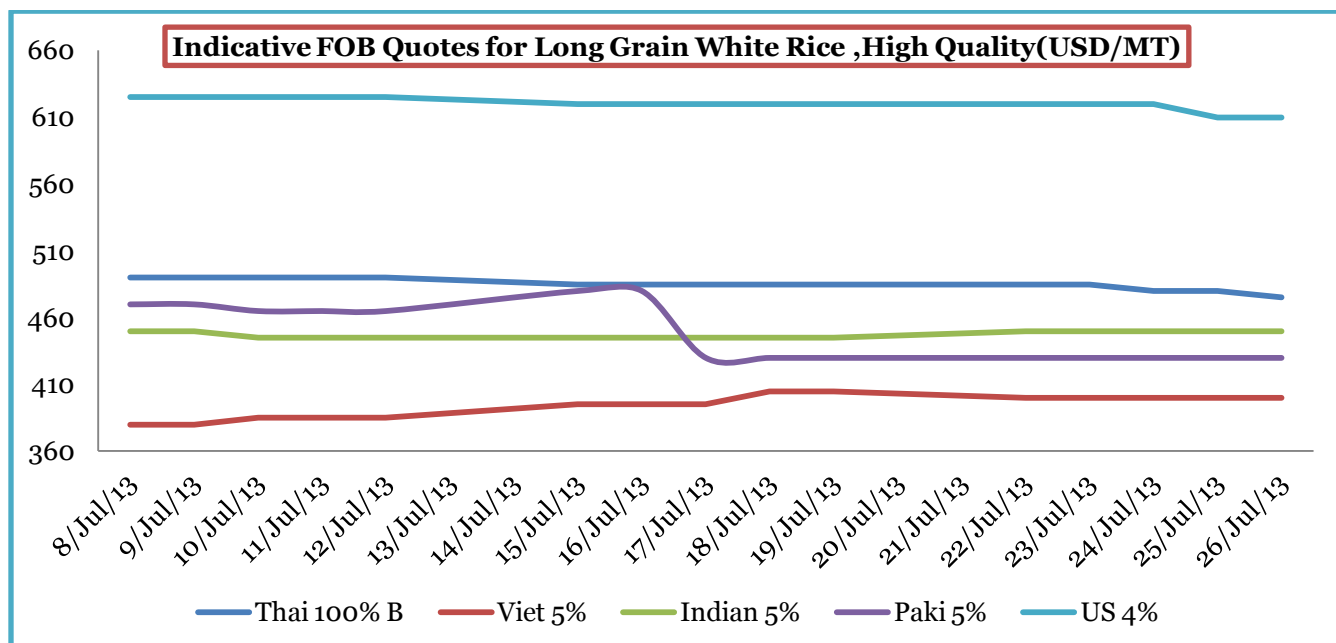
Price Projection for August 1st Week in Domestic Market:

Duration	Trend	Average Price Range
1 st Week of August, 2013	Steady to Firm	Rs.2700-2750/Q

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

Thailand's rice exports in 2012-13 could be lower than the 6.9 million tons in 2011-12 which was the lowest rice exports by the country since 2000-2001. According to the Commerce Ministry, Thailand's rice exports in the first half of 2013 stand at around 2.94 million tons, down about 8% from rice exports in the same period the previous year. Thailand's sharp decline in rice exports is associated with the government's rice mortgage program which began in October 2011.

The Thailand government is sticking to its earlier proposal of cutting purchase price under the rice mortgage program for the main harvest of 2013-14 by 20% to around 12,000 baht (about USD 387) per ton for common white paddy rice. Further, the government is proposing to reduce the paddy purchase limit by 20% from 500,000 baht (about USD 16,000) worth paddy per household to 400,000 baht (about USD 13,000) per household. The government is also considering a 20% cut in milling fee from the current 500 baht (about USD 16) per ton to 400 baht (about USD 13) per ton.

Pakistan total rice export has fallen to 3.1 million tonnes in 2012-2013(July-June) from previous year 3.62 million tonnes which is around 13% fall in exports due to weak international market and stiff competition from India. Major fall has been seen in Basmati exports.

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).

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 upward movement in previous sessions. We expect market will test the resistance at USD 16.20/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
4 th Week of July, 2013	Steady to slightly firm	15.60-16.20

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