

Latest Market Development:-

Indian Rice (Kharif season) planting area has reached 23.88 million hectares so far as compared to 23.14 million hectares at the same time last year, which is around 3% more than previous year. Rice area can rise further as area under rice is expected to increase in North East India once monsoon improves in August as per reports from IMD.

Indian parboiled rice export is getting delayed from Chhattisgarh as state government of Chhattisgarh has banned the movement of rice from the state without government permission, in order to address delays by millers in providing processed rice to government agencies.

India may fix the rice procurement target for 2013-14 (October – September) at 34.5 million tons, down about 14% from the 40 million tons official target for the previous year. However, total procurement of around 34 million tons in 2012-13 so far suggest that the 2012-13 procurement target may not be met.

In Moga district of Punjab, 1121 basmati is likely to be sown only 10%, 89% is general paddy and rest 1% is cotton this year. Area under 1121 basmati has risen as farmers have shifted from general paddy to 1121 basmati. As per reports last year farmers produced 28Q/Acre of general paddy and 20Q/Acre of Basmati paddy.

Rice wholesale price on an average has risen by 20% year on year basis. Average wholesale prices are ruling around Rs 2750/Q as compared to Rs 2300/Q same time last year. Prices has risen almost by 1% over previous month from Rs 2700/Q to Rs 2750/Q. Rice traders/Wholesalers think that rice prices will likely continue to increase until the new harvest begins in October-November.

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
<i>Production</i>	<i>95.98</i>	<i>104.32</i>	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:

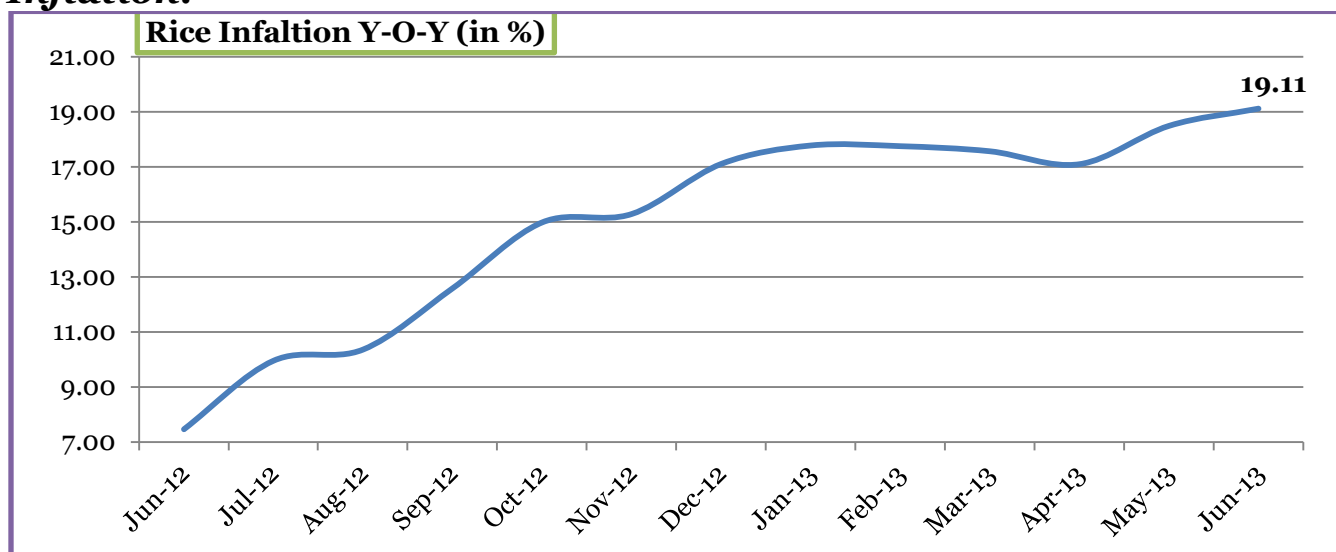
	24-31 Jul 2013	16-23 Jul 2013	09-15 Jul 2013	24-31 Jul 2012	% Change(Over Prev. Week)	% Change(Over Prev. Year)
A.P	2405.57	2118.29	2130.15	1925.46	13.56	24.93
Assam	2587.51	2471.88	2505.58	2279.62	4.68	13.51
Gujarat	2458.12	2562.46	2550.75	2400	-4.07	2.42
Jharkhand	2581.86	2528.2	2508.14	2295.77	2.12	12.46
Karnataka	3038.29	3134.62	3194.65	2728.28	-3.07	11.36
Kerala	4306.58	4372.2	4484.06	2685.29	-1.5	60.38
Maharashtra	4730	4539.23	5719.4	4159.46	4.2	13.72
Manipur	2487.2	2489.4	2489.11	NA	-0.09	—
Meghalaya	3359.46	3100	3100	3062	8.37	9.71
Delhi	1688.89	2350	NA	1600	-28.13	5.56
Orissa	2332.96	2085.71	1948.69	1897.8	11.85	22.93
Tripura	2142.81	2023.94	1989.52	1856.43	5.87	15.43
Uttar Pradesh	1860.36	1857.87	1854.22	1659.19	0.13	12.12
Uttrakhand	2006.07	2210.19	2029.96	1569.89	-9.24	27.78
West Bengal	2565.27	2557.97	2533.29	1944.27	0.29	31.94
Average	2703.40	2693.46	2788.39	2290.25		

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.

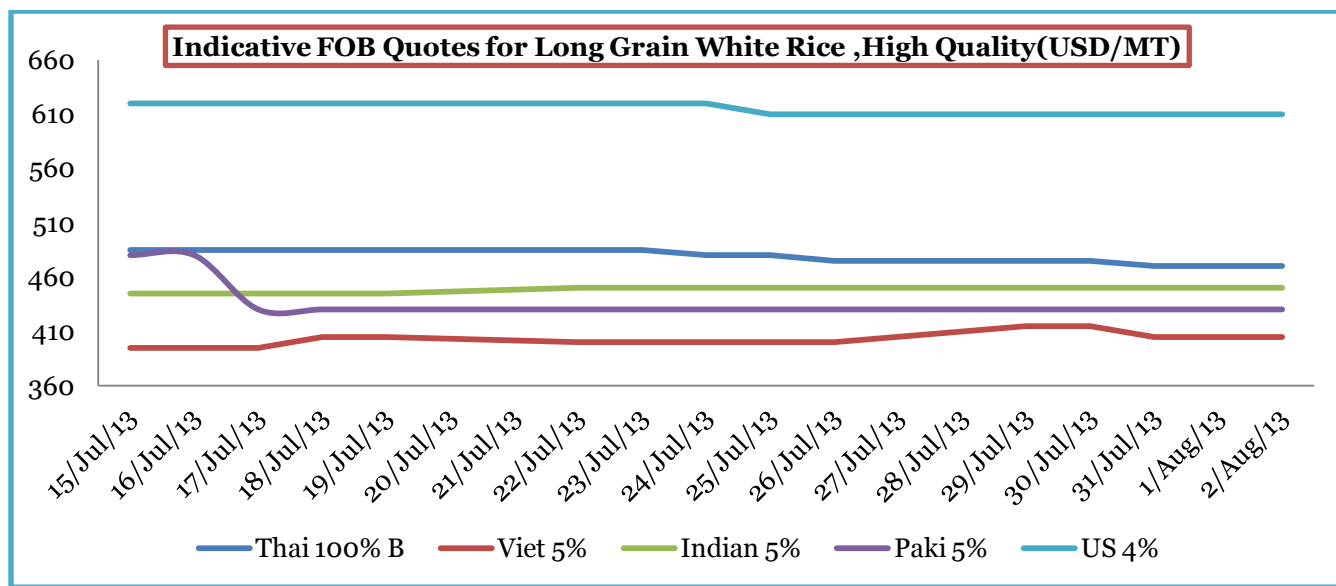
Price Projection for August 2nd Week in Domestic Market:

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

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

U.S. Customs officials have returned a rice shipment from Pakistan after they found Khapra beetles in it. Officials of the Customs and Border Protection (CBP) told local sources that the USDA has confirmed the presence of Khapra beetles in the consignment carrying 1,027 bags of rice. CBP also said that the consignment carried a phyto-sanitary certificate from Pakistan claiming that the rice was free from Khapra beetle.

South Korea has purchased 32,000 tons of rice in international tenders, according to the state run Korea Agro Fisheries. Of the total purchases, 27,565 tons of rice was purchased for USD 928/MT, while the remaining 4,435 tons of rice was purchased for USD 918/MT.

Thai Rice Exporters Association has (TREA) has estimated Thailand rice export in 2013-14 at 6.5 million tonnes which is lower than their previous estimate of 6.9 million tonnes. USDA has estimated Thailand rice export at 7 million tonnes and Thai government has estimated its export at 8-8.5 million tonnes.

Global rice stocks are expected to increase to around 108 million tons in 2013-14, up almost 3% from the previous year, and the highest since 2001-02. According to USDA global rice stocks declined sharply from around 145-150 million tons in 2000-01 to around 75 million tons prior to the 2008 food crisis. Rice stocks are in the process of rebuilding in 2013-14, says the USDA.

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.

Source: <http://oryza.com>

IGC Rice Global Balance Sheet

(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				01.07.2013	01.08.2013
Production	449	465	470	476	476
Trade	36	39	37	37	37
Consumption	445	458	469	474	474
Carryover stocks	99	107	107	109	109
Y-O-Y change	3	7	1	2	2
Major Exporters	30	37	41	44	43

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index is down 2% m/m to a near three year low, led by declines in prices in Thailand.
- World ending stocks are set to show little y/y change in 2012/13, but inventories in the major exporters are expected to rise by 10%, mainly on accumulation in Thailand.
- In 2013/14, larger crops in Asia's leading producers will underpin a 2% increase in the global outturn and world carryovers are likely to rise for the ninth consecutive year.
- Global trade is projected to increase only slightly in calendar 2014, with prospects for an expansion in deliveries to Far East Asia appearing limited

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



(Prices in US\$/hundredweight)

Market Analysis:

The CBOT September rough rice chart indicates range bound 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
2 nd Week of August, 2013	Range Bound	15.60-16.20

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