

Latest Market Development:-

Government of India has removed the 15% Custom duty on import of rice bran effective from 1st October 2013. This is likely to boost import from neighboring countries like Pakistan, Nepal, Bangladesh and Myanmar. As per estimates rice bran imports could reach to 50,000-100,000 tonnes in a year due to high domestic demand for rice bran oil.

India's rice exports have surged in the last three months due to the depreciation of the Indian rupee compared to the USD. According to the USDA Post in New Delhi, India's rice exports in January – July 2013 have reached around 6 million tons, with rice exports surging almost 25% in June to around 1 million tons, up from around 800,000 tons seen in May 2013.

According to SEA rice bran oil production in India has grown about 32% in the last eight years, from around 680,000 tons in 2004-05 to an estimated 900,000 tons in 2012-13. According SEA data, the current rice bran oil production in India is around 62% of the total potential and around 80% of total production capacity.

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.

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	3.93	7.86
12-May	7.16	3.23	10.39	13-May*	4.67	3.45	8.12
12-Jun	5.92	3.46	9.38	13-Jun*	4.97	3.65	8.62
12-Jul	4.85	3.01	7.86	13-Jul*	6.43	3.6	10.03
12-Aug	4.72	2.51	7.23				
12-Sep	4.46	2.31	6.77				
Total	67.85	34.55	102.4	Total	56.89	31.90	88.79

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to July, 2013, crossed 88 lakh tonnes, we expect total rice export in the end of this MY (Oct-2013) is likely to touch 10 million tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Basmati rice export from October 2012 to July 2013 reached 31.90 lakh tonnes which is 7.29% higher than previous year basmati export of 29.73 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	29.23				

Total rice stocks in India's central pool 29.23 million tons as of August 1, 2013, up about 2.57% from about 28.50 million tons recorded on August -1, 2012.

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

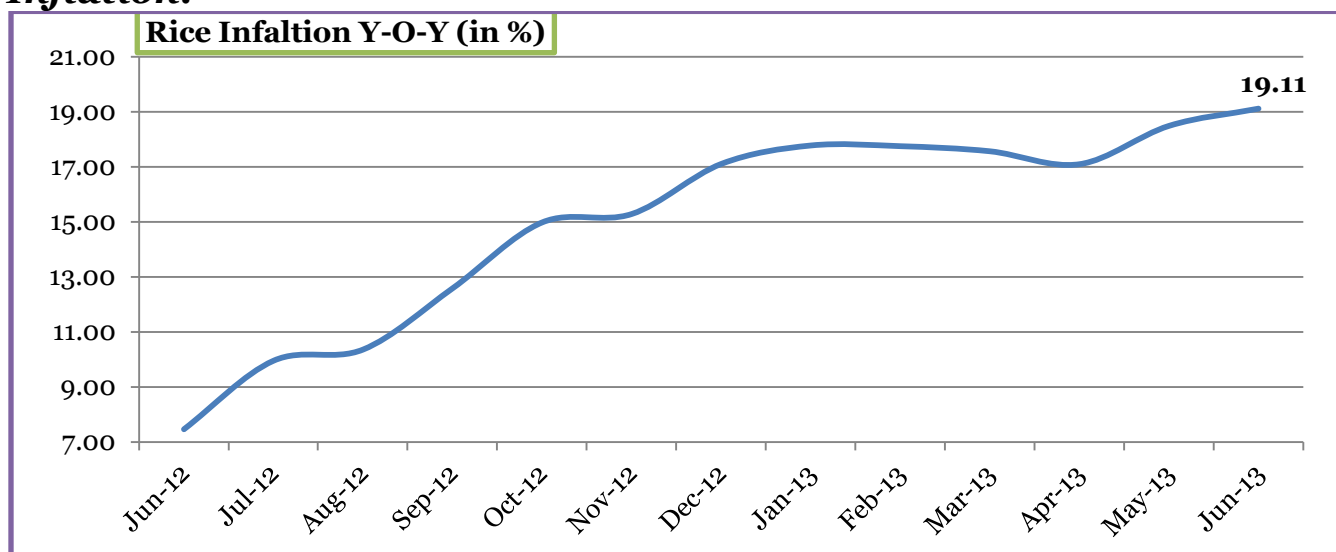
State	09-15 Aug 2013	01-08 Aug 2013	24-31 Jul 2013	09-15 Aug 2012	% Change(Over Prev. Week)	% Change(Over Prev. Year)
A.P	2163.98	2235.75	2405.57	1911.54	-3.21	13.21
Assam	2566.34	2570.94	2587.51	2309.05	-0.18	11.14
Gujarat	2400	2432.21	2458.12	2537.86	-1.32	-5.43
Jharkhand	2703.08	2599.63	2581.18	2336.4	3.98	15.69
Karnataka	2095.92	3018.68	3038.29	2796.37	-30.57	-25.05
Kerala	3930.62	4210.47	4305.53	2607.57	-6.65	50.74
Maharashtra	4000	5295.65	4719.49	4183.7	-24.47	-4.39
Manipur	2500	2420.87	2487.2	NA	3.27	—
Meghalaya	3500	3315.79	3359.46	3051.28	5.56	14.71
Delhi	NA	1800	1688.89	NA	—	—
Orissa	2484.75	2293.26	2334.93	1873.1	8.35	32.65
Tripura	2003.66	2056.28	2064	NA	-2.56	—
U.P	1898.03	1881.26	1859.41	1669.72	0.89	13.67
Uttrakhand	1866.74	1984.99	2006.07	2024.15	-5.96	-7.78
W.B	2727.05	2599.32	2573	1982.06	4.91	37.59
Average	2631.44	2714.34	2697.91	2440.23		

Prices of rice have showed upward movement of Rs.17/Q in August first week from July last week due to good demand in the markets for non basmati and basmati rice, and we expect market well be steady in the week ahead.

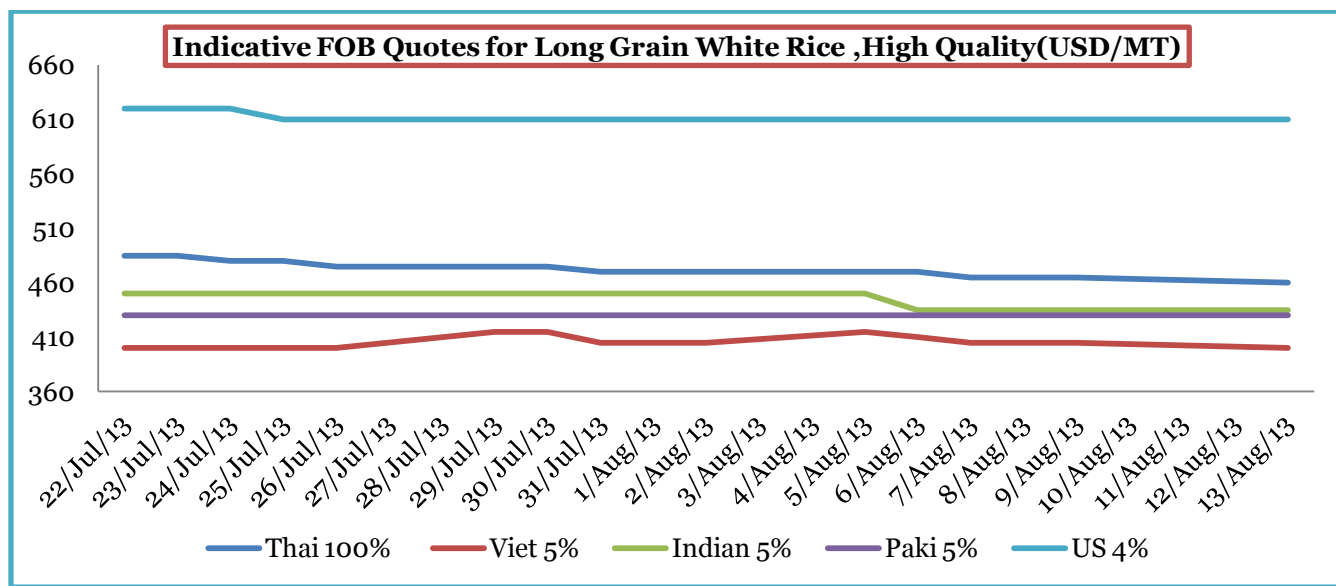
Price Projection for August 3rd Week in Domestic Market:

Duration	Trend	Average Price Range
3 rd Week of August, 2013	Range bound	Rs.2650-2700/Q

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

China's rice imports are expected to surge to a record 4 million tons in 2013-14, up about 500,000 tons or about 14% from around 3.5 million tons of rice imports in the previous year, according to the China National Grain and Oils Information Center (CNGOIC). As per the forecast, China's imports will account for around 11% of total annual global rice trade this year. CNGOIC lowered its 2013-14 rice production estimates by one million tons due to ongoing drought in key rice producing areas.

China's rice export this year may fall due to high temperature and lower rain. Rice output may fall in lower Yangtze River and southwest china region. In Hunan, Hubei, Jiangxi and Anhui provinces in the center of China, contribute to about 40 percent of the country's total production and high temperatures are expected to continue in the coming days.

Vietnam has exported about 4.061 million tons of rice during January - July, 2013, down about 3% from around 4.17 million tons of rice exported in the same period last year, according to data from the Vietnam Food Association (VFA). Average export prices of about USD 429/MT (FOB) in January – July 2013 are about 7% lower than average export prices of around USD 463/MT during the same period last year.

Thailand has exported 2.9 million tonnes of rice in first 6 months of this year, which is 8.4% lower for the same period last year. Fall in export is witnessed due to stiff competition from India and Vietnam. Thailand is expected to export 6.5 million tonnes of rice this year.

Myanmar's total rice exports may reach around 1.4 million tons in 2013, helped by cross border trade with China and Thailand, and the recent decision by the EU to allow duty-free rice imports from Myanmar.

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.

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 downward movement in previous sessions. We expect market will test the support at USD 14.80/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2 nd Week of August, 2013	Range Bound	14.80-15.80

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