

Latest Market Development:-

Indian Rice traders are concerned over bilateral relation between India and Iran. Indian rice exporters are worried about the claims of contamination of Indian rice and the recent strain in political relations between India and Iran. Ongoing crises in Egypt and Syria are also hurting Indian exporters as import demand from these countries may reduce.

After remaining below normal for much of this year's monsoon period, rainfall is expected to recover in key rice producing eastern states of India, according to the Indian Meteorological Department (IMD). Planting of the main rice crop was disrupted by poor rainfall in Jharkhand and Bihar and parts of other eastern states this year. According to the IMD, rainfall in these states was about 4% below average in the second week of August. However, rainfall has improved to around 26% above average in the week ending August 21, 2013 and is expected to remain continue in the coming week, according to the IMD.

Planting area for India's Kharif (main) rice crop has advanced to around 32.5 million hectares as of August 23, 2013, up about 3% from around 31.5 million hectares seen during the same time last year, according to the Ministry of Agriculture. Total area under Kharif crop planting (including rice and other crops) reached about 96.8 million hectares this week, up about 8% from around 89.8 million hectares at this time last year.

In a meeting of the ASEAN Ministerial meeting in Brunei, Indian Commerce Ministry sought greater market access for its agriculture products and asked Russia to review the temporary ban on rice imports from India India has asked the Russian Minister of Economic Development to revoke the temporary ban on rice imports from India which Russia had placed in February 2013 over Khapra beetle contamination.

The Indian government is providing grants to state governments and ICAR for conducting demonstration at the farmers' field to popularize farm mechanization among rice farmers and address the scarcity of labor during the peak planting season.

Rice inflation has reached 21.15% in July year on year basis from 19.11% in June. WPI has increased 216.30 to 226.30 in July due to rise in price in open market. Rice prices have increased by 4.62% in July over previous month.

Indian Rice (Kharif season) planting area has reached 30.46 million hectares so far as compared to 29.25 million hectares at the same time last year, which is around 4.13% 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.

Buoyant monsoon has brought rice prices down in Karnataka state by 10-25% over previous month. Price of Sona Masuri has dropped from Rs 54/kg to Rs 41-46/kg and that of Sona Steam from Rs 37-42/ kg to Rs 32-37/kg. Lower demand from Tamil Nadu and Maharashtra too has weighed on prices.

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
<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	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 Third Week August, 2013:

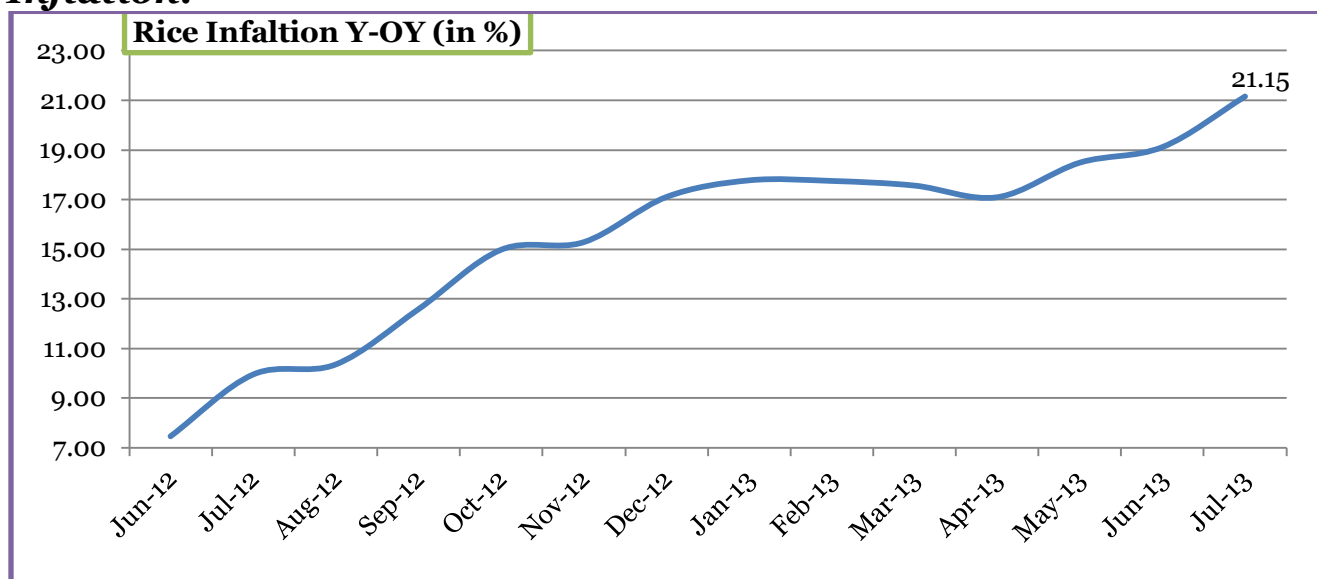
	16-23 Aug 2013	09-15 Aug 2013	01-08 Aug 2013	16-23 Aug 2012	% Change(Over Prev. Week)	% Change(Over Prev. Year)
A.P	2439.09	2978.32	2899.12	1856.36	-18.11	31.39
Assam	2605.7	2615.69	2570.94	2363.27	-0.38	10.26
Gujarat	2534.27	2409.92	2432.21	2399.87	5.16	5.6
Jharkhand	2682.59	2612.5	2559.95	2304.17	2.68	16.42
Karnataka	2824.52	2070.74	3018.68	2750.36	36.4	2.7
Kerala	3826.48	3709.7	4207.41	2687.91	3.15	42.36
Maharashtra	4003.92	4002.8	5295.65	4236.18	0.03	-5.48
Manipur	2500	2500	2420.87	NA	0	—
Meghalaya	3500	3500	3315.79	3122.5	0	12.09
Orissa	2287.06	2357.24	2299.02	1916.86	-2.98	19.31
Tripura	2281.65	2117.04	2092.92	NA	7.78	—
U.P	1900.74	1876.82	1875.35	1669.37	1.27	13.86
Uttrakhand	2046.54	1981.37	1985.28	1844.17	3.29	10.97
W.B	2681.28	2673.55	2590.09	2009.15	0.29	33.45
Average	2722.42	2671.84	2825.95	2430.01		

Prices of rice have showed upward movement in August third week from August second week due to strong demand in the markets for non basmati and basmati rice, and we expect market well be steady to slightly firm in the week ahead.

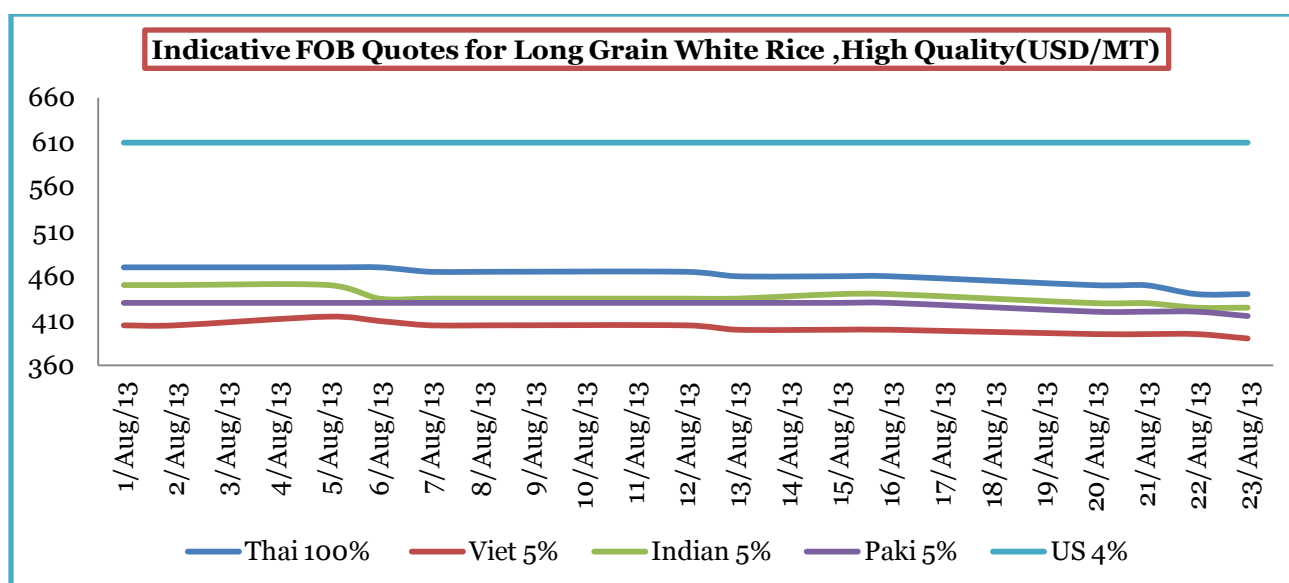
Price Projection for August 4th Week in Domestic Market:

Duration	Trend	Average Price Range
4 th Week of August, 2013	Steady to Firm	Rs.2700-2760/Q

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

Increase in domestic prices of rice Vietnam may not meet its export target of 7.5 million tonnes due to stiff competition posed from Myanmar, Cambodia and Pakistan. After plunging to an all-time low in May – June 2013, paddy rice purchase prices in Vietnam recovered in July mainly due to the purchase of one million tons of rice by traders under the rice reserve program that ran from July 1 to August 15. Average rice export prices have also recovered to around \$432 per ton, up about 5% from around \$410 per ton in June which was the lowest since September 2010.

The Deputy Agriculture and Cooperatives Minister Warathep Rattanakorn says that the government may scrap the rice mortgage program in three years when farmer income is likely to see a noticeable improvement. Thai government began the rice mortgage program in October 2011, under which the government pays farmers up to 15,000 baht (about USD 480) per ton for white paddy rice and up to 20,000 baht (about USD 640) per ton for fragrant paddy rice, prices which traders say are about 40%-50% higher than market prices.

Thailand's Department of Rice has developed four new high-yielding rice varieties (Kor Khor 18, Kor Khor 53, Kor Khor 55 and Kor Khor Phor 3) that are also resistant to pest attacks and diseases. Of the new varieties, Kor Khor Phor 3 has a yield of about 9 tons per hectare, the highest in Thailand, and almost three times the average rice yield of around 2.8 tons per hectare in Thailand. Officials say that the new varieties can be grown all year long and the seeds of the new varieties are likely to be commercially available from November 2013.

Thailand's paddy rice production from its main 2013-14 crop is expected to reach around 28.4 million tons, up about 7% from 26.6 million tons from the main crop in 2012-13, according to the Agriculture Ministry. Total paddy rice production in 2013-14 is expected to reach around 37 - 38 million tons, according to earlier estimates by the ministry.

Iraq has purchased about 120,000 tons of rice from Uruguay, Argentina and India in a tender that closed on August 12, 2013. According to trade sources, Iraq purchased about 60,000 tons from Uruguay and about 30,000 tons from Argentina for about USD 711 per ton CIF free out, and another 30,000 tons of rice from India for unknown price. The delivery is expected to take place next month.

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.

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 sideward movement in previous sessions. We expect market will test the support at USD 15.20/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
4 th Week of August, 2013	Steady to Weak	15.00-15.80

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