

Latest Market Development:-

Planting area for India's Kharif rice crop has increased to around 35.5 million hectares as of August 30, 2013, up about 3% from around 34.5 million hectares during the same time last year, according to the Ministry of Agriculture.

Average wholesale rice prices in India stood at around Rs.2, 678/Q in August 2013, up slightly from around Rs. 2,668/Q in July 2013. However, in terms of USD per ton, average wholesale rice prices in India declined sharply to around USD 389/MT in August 2013, down about 14% from around USD 452/MT recorded in the previous month. Average wholesale rice prices in the country at around Rs.2, 678/Q in August 2013 are up about 12% from year-ago levels of around Rs. 2,392/Q in August 2012.

Agricultural Scientists of BHU has developed a new basmati variety known as BHU 10-9 which recorded 60% higher yield than Tarawadi Basmati, 20% higher than Pusa Basmati and 12% higher than Pusa 1121. BHU 10-9 has maturity period of 135-140 days and milling recovery is around 70%.

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.

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 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.

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. With higher initial production estimate total availability would increase from 127.38 million T to 129.88 million T. Consumption is expected to increase by 1.5 million T. As export is expected to decrease by one million T due to lower demand in global market, total usage may increase slightly on back of increase in consumption due to cheaper rice available from Food Security Bill.

Figure in MMT	2010-11	2011-12	2012-13	2013-14* E
Carry in	18.44	20.86	23.38	24.88
<i>Production</i>	95.98	104.32	104	105
Imports	0	0	0	0
Total Availability	114.42	125.18	127.38	129.88
Consumption	90.78	91.6	92.5	94
Exports	2.78	10.2	10	9
Total Usage	93.56	101.8	102.5	103
Carry out	20.86	23.38	24.88	26.88
Av Monthly Consumption	7.57	7.63	7.71	7.83
Stock to Month Use	2.76	3.06	3.23	3.43
Stock to Consumption Ratio	0.23	0.26	0.27	0.29

(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 fourth Week August, 2013:

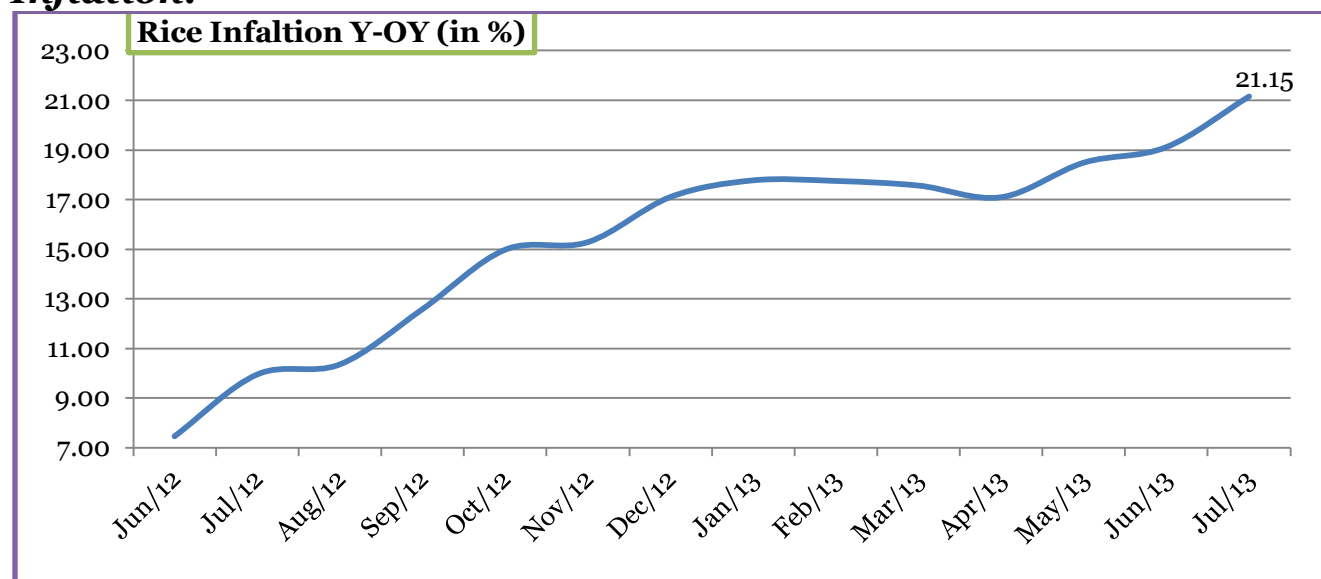
	24-31 Aug 2013	16-23 Aug 2013	09-15 Aug 2013	24-31 Aug 2012	% Change(Over Previous Week)	% Change(Over Previous Year)
A.P	2225.58	2431.84	2978.32	2087.76	-8.48	6.6
Assam	2617.69	2613.81	2615.69	2157.45	0.15	21.33
Gujarat	2453.15	2528.13	2409.92	2320.98	-2.97	5.69
Jharkhand	2696.46	2674.23	2612.5	2304.9	0.83	16.99
Karnataka	2352.03	2824.52	2070.74	2786.93	-16.73	-15.6
Kerala	3955.21	3597.1	3626.8	2749.37	9.96	43.86
Maharashtra	4111.42	3981.94	4002.8	4138.7	3.25	-0.66
Manipur	2589.81	2500	2500	NA	3.59	—
Meghalaya	3329.27	3500	3500	3056.67	-4.88	8.92
Orissa	2282.83	2284.43	2360.73	2082.99	-0.07	9.59
Tripura	2406.97	2286.08	2161.16	NA	5.29	—
Uttar Pradesh	1861.06	1883.51	1875.97	1682.66	-1.19	10.6
Uttrakhand	1981.46	2127.96	1981.37	1639.78	-6.88	20.84
West Bengal	2697.14	2670.21	2662.07	2027.53	1.01	33.03
Average	2682.86	2707.41	2668.43	2419.64		

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

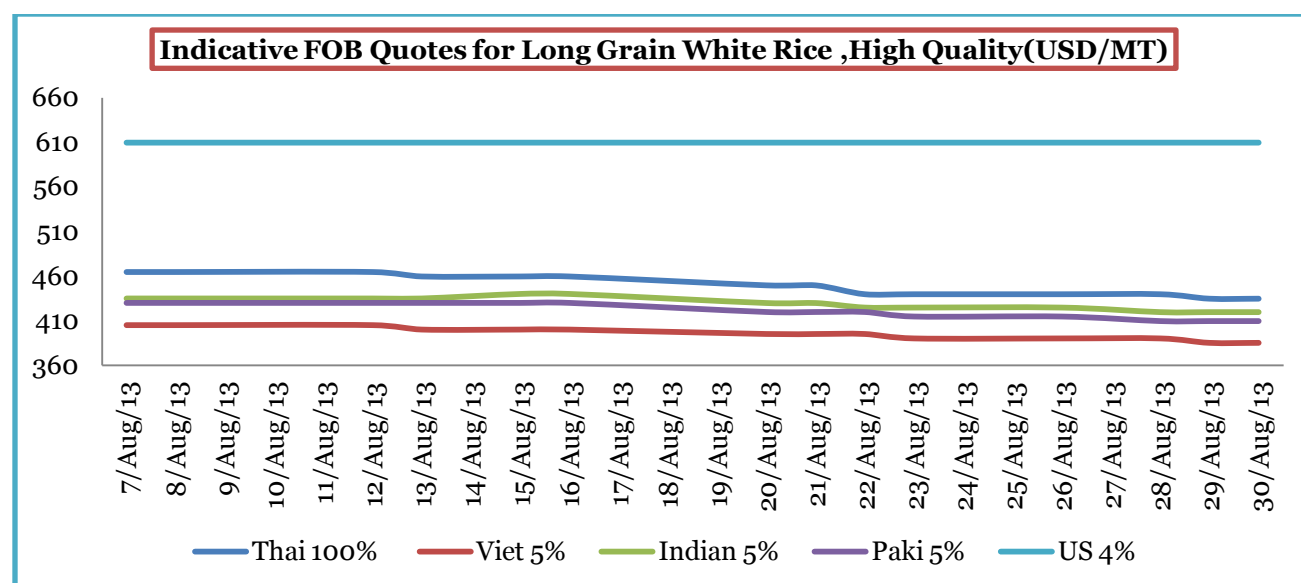
Price Projection for September 1st Week in Domestic Market:

Duration	Trend	Average Price Range
1 st Week of Sept, 2013	Steady to Firm	Rs.2650-2700/Q

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

Thailand's national rice committee has recommended keeping 2013-14 support prices unchanged under the government rice mortgage program at up to 15,000 baht (about USD 470/MT) for white paddy rice of the main crop season (May - January). However, the committee suggests lowering the support price for off-season (January – June) paddy rice by around 13% or about 2,000 baht (about USD 63) per ton to around 13,000 baht (about USD 407) per ton.

Vietnam has exported around 4.36 million tons of rice in January 1 - August 22, 2013, at an average price of about USD 429/MT, FOB, according to the Vietnam Food Association (VFA). Average export prices have increased sharply in August 2013, reaching around USD 433/MT, FOB up about 5% from around USD 413/MT FOB, recorded in July 2013.

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.

Source: <http://oryza.com>

IGC Rice Global Balance Sheet
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				01.08.2013	30.08.2013
Production	449	465	469	476	474
Trade	36	39	37	37	37
Consumption	445	458	469	474	473
Carryover stocks	99	107	107	109	108
Y-O-Y change	3	7	1	2	1
Major Exporters	30	37	40	43	43

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index declined by around 7% m/m, to its lowest in about three years.
- Global rice output is projected to rise by 1% to a new record in 2013/14, with larger outturns in China and India, and increases in those countries should boost world use by a similar amount.
- Aggregate end-season stocks are forecast to expand moderately, with further accumulation in leading exporters, notably Thailand.
- World trade is set to rise marginally in 2014 on small increases in sales to sub-Saharan Africa and Far East Asia, but prospects are tentative as China's import needs remain uncertain.

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

(Prices in US\$/hundredweight)

Market Analysis:

The CBOT November 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
1 st Week of September, 2013	Steady to Weak	16.00-15.20

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