

Latest Market Development:-

Rice stock in central pool as on 1st September was 20.57 million tonnes. In Punjab central pool has 7.49 million tonnes of rice and Andhra Pradesh has 3.95 million tonnes of rice in its stock.

As per IBIS data India exported 9.25 million tonnes of rice in August. 6.57 lakh tonnes of non-basmati rice was exported and 2.68 lakh tonnes of basmati rice was exported. This year total rice export is expected to reach 105 lakh tonnes.

A new basmati variety Pusa-1509 has entered the market. Its yield is more than Basmati Pusa 1121, consumes lesser water and is of short duration. Pusa 1509 paddy has fetched Rs 2500-2700/ Quintal at Karnal grain terminal.

International Grains Council (IGC) has increased the forecast for India's 2013-14 rice production to 107 million tons, up about 500,000 tons from previous forecast of 106.5 million tons, and up about 2.5% from an estimated 104.4 million tons produced in 2012-13. India's rice consumption in 2013-14 is expected to be around 97.9 million tons, unchanged from the previous forecast. IGC also raised the forecast for India's rice exports in 2013-14 to around 8.5 million tons, up about 4% from previous forecast of 8.2 million tons.

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%.

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.

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	3.60	10.03
12-Aug	4.72	2.51	7.23	13-Aug*	6.57	2.68	9.25
12-Sep	4.46	2.31	6.77				
Total	67.85	34.55	102.4	Total	63.46	34.58	98.04

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October 2012 to August 2013, crossed 98 lakh tonnes, we expect total rice export in the end of this MY (Oct-2013) is likely to touch 10.6 million tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Basmati rice export from October 2012 to August 2013 reached 34.58 lakh tonnes which is 7.25% higher than previous year basmati export of 32.24 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 more than 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	24.38
Production	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	10.5	9
Total Usage	93.56	101.8	103	103
Carry out	20.86	23.38	24.38	26.38
Av Monthly Consumption	7.57	7.63	7.71	7.83
Stock to Month Use	2.76	3.06	3.16	3.43
Stock to Consumption Ratio	0.23	0.26	0.26	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	20.57			

*Format of stock position has been revised w.e.f. 1.9.2013. In earlier format, rice included unmilled paddy lying with FCI and State Agencies in terms of rice.

Total rice stocks in India's central pool 20.57 million tons as of September 1, 2013.

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

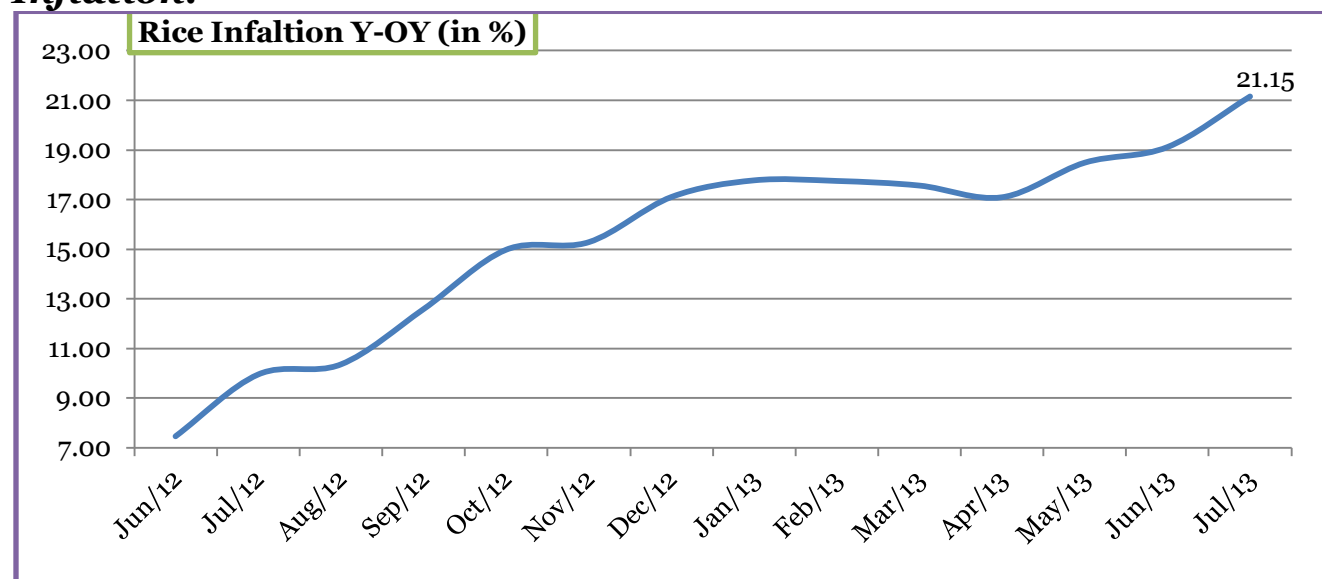
	01-08 Sep 2013	24-31 Aug 2013	16-23 Aug 2013	01-08 Sep 2012	% Change(Over Prev. Week)	% Change(Over Prev. Year)
A.P	2231.82	2232.04	2431.84	2170.63	-0.01	2.82
Assam	2627.22	2603.86	2613.81	2218.56	0.9	18.42
Gujarat	2515.73	2448.51	2528.13	2185.11	2.75	15.13
Jharkhand	2688.95	2667.04	2674.23	2244.99	0.82	19.78
Karnataka	2820.53	2779.15	2824.52	2788.24	1.49	1.16
Kerala	3752.44	3962.97	3718.13	2714.89	-5.31	38.22
Maharashtra	3935.37	4093.9	3981.94	3713.72	-3.87	5.97
Manipur	2589.72	2589.81	2500		0	—
Meghalaya	2884.62	3329.27	3500	3023.26	-13.36	-4.59
Orissa	2341.82	2228.56	2225.33	1439.37	5.08	62.7
Tripura	2370.66	2387	2283.71		-0.68	—
Uttar Pradesh	1929.88	1891.53	1895.86	1696.24	2.03	13.77
Uttrakhand	2006.82	1980.35	2127.96	1715.43	1.34	16.99
West Bengal	2667.33	2700.53	2670.21	2033.96	-1.23	31.14
Average	2668.78	2706.75	2712.55	2328.70		

Prices of rice have showed downward movement in September 1st week from August last 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.

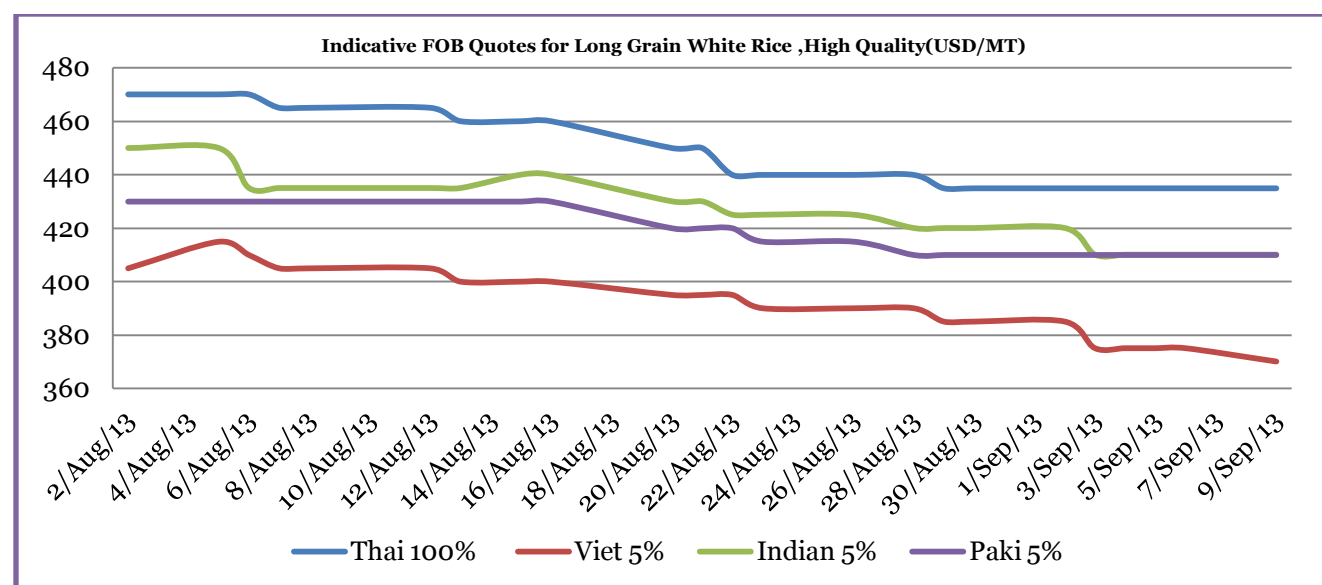
Price Projection for September 2nd Week in Domestic Market:

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

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

Global rice production is expected to increase to a record 497 million tons in 2013-14, up about 1.3% from around 491 million tons in 2012-13, most of the increase in rice production will be seen in Asia, FAO says.

Thailand has exported 4 million tonnes of rice from January 2013-August 2013 at an Average price of USD 700/MT, the highest average price ever in the history of the country's rice export, According to Department of Foreign trade, Thailand.

The Thai government has approved 270 billion baht (about USD 8.4 billion) to purchase rice from farmers at above-market prices under the government rice mortgage program for another year (2013-14). The government is targeting to buy about 16.5 million tons of rice in 2013-14. The government will continue to pay up to 15,000 baht (about USD 467/MT) of paddy rice for the main crop beginning October 2013, but has lowered the purchase price of paddy rice from the second crop beginning March 2014 by around 13% to up to 13,000 baht (about USD 405/MT).

Vietnam's rice exports from the beginning of the year to August 29, 2013 stand at around 4.58 million tons and average export price of around USD 429/MT FOB, according to Vietnam Food Association (VFA). Rice exports so far this year are down about 10% from around 5.12 million tons of rice exports during January 1 to August 31, 2012 in tonnage terms, and down about 6% from average price of about USD 456/MT FOB, in terms of export price.

China will purchase 1 million tonnes rice from Thailand, which is likely to boost Thailand export. Thailand is targeting around 8.5 million tons of rice exports in 2013, but rice exports during January – July 2013 stand at only about 3.6 million tons.

IGC expects global rice production to fall in 2013-14 to 474 million tonnes. IGC says that global rice trade is expected to rise marginally in 2013-14 to around 37.4 million tons (up from previous forecast of 37.2 million tons) due to higher demand in sub-Saharan Africa and Far East Asia.

According to the Thai Farmers Association, farmers had hoped for government purchase prices of white rice paddy to be lowered to around 14,000 baht (about USD 435/MT) for off-season rice, but the government lowered it to 13,000 baht (about USD 405/MT). Farmers also say that the maximum limit of total paddy rice purchase per household has been lowered to 350,000 baht (about USD 10,900) for in-season paddy and 300,000 baht (about USD 9,330) for the off-season crop significantly lower than 400,000 baht (about USD 12,440) per household demanded by the farmers.

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 (November- 13, Rough Rice):



(Prices in US\$/hundredweight)

Market Analysis:

The CBOT November rough rice chart indicates downward 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
2 nd Week of September, 2013	Steady to Weak	16.00-15.20

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