

Latest Market Development:-

Planting area under Kharif season, rice crop planting has increased to around 37.2 million last week, up about 3% from 36.1 million hectares seen during the same time last year. India's total rice production (including Kharif and Rabi crops) in 2012-13 is estimated at around 104.2 million tons, slightly down from around 105.3 million tons produced in the previous year.

Rice stocks in India's central pool as of September 1, 2013 stand at around 26.6 million tons (including milled equivalent of about 9.3 million tons of paddy), up almost 4% from around 25.6 million tons of rice with the government during the same time last year, according to the Food Corporation of India (FCI).

Russia has revoked the temporary ban on rice imports from India which was put in place earlier this year due to concerns over presence of Khapra beetles in some consignments. Russia has decided to lift the temporary ban on rice imports from India after Russia's delegation was assured that safety measures in processing of rice in India were up to Russian phyto-sanitary standards during a visit in June 2013.

IGC expects India to produce 107 million tonnes of rice in 2013-14 against the expected production of 104.4 million tonnes in 2012-13. Domestic consumption is forecasted at 97.9 million tonnes for 2013-14 and exports at 8.5 million 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.

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.

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.

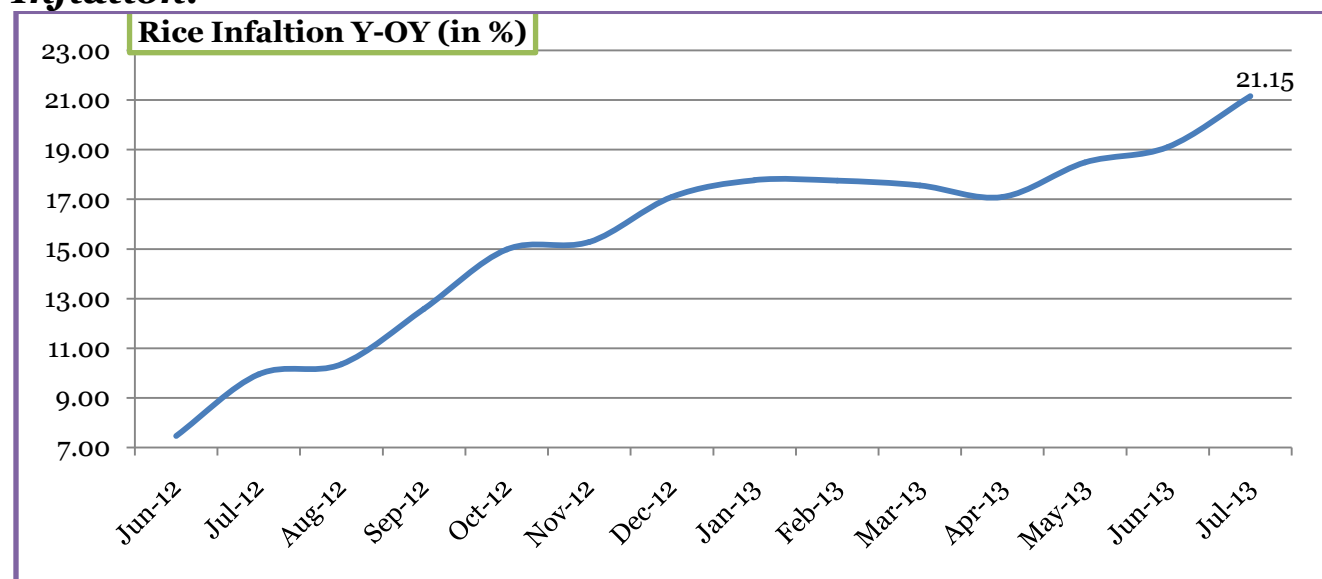
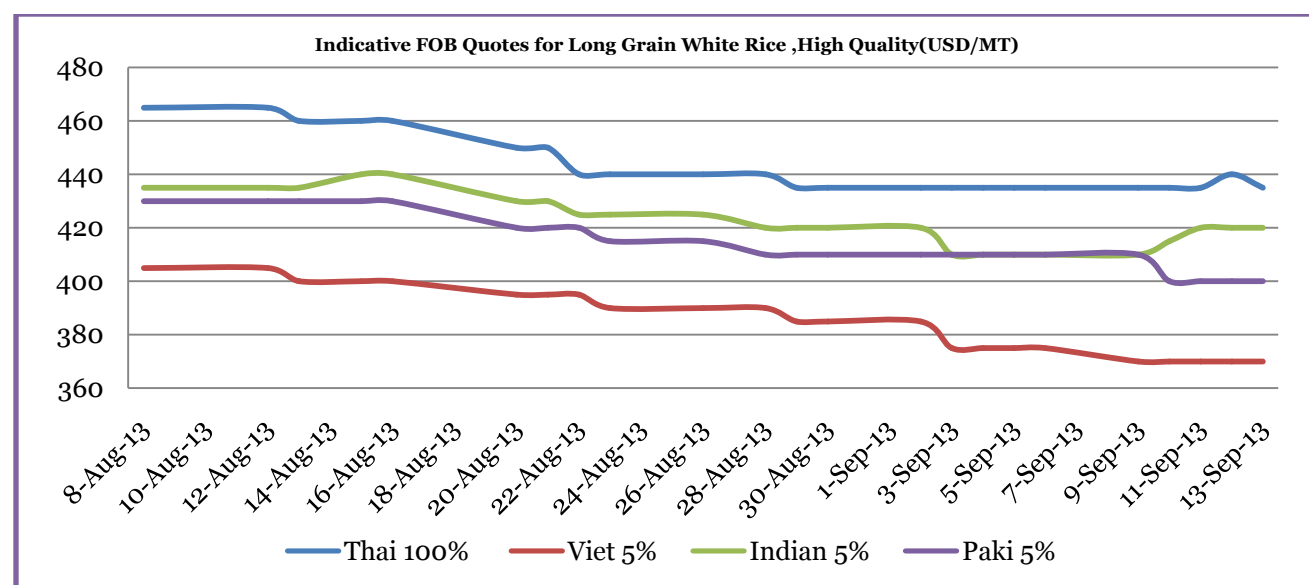
State wise Wholesale Prices Weekly Analysis for Rice fourth Week August, 2013:

	09-15 Sep 2013	01-08 Sep 2013	24-31 Aug 2013	09-15 Sep 2012	% Change(Over Previous Week)	% Change(Over Previous Year)
A.P	3626.83	2261.99	2741.46	1879.45	60.34	92.97
Assam	2630.02	2627.22	2603.86	2318.61	0.11	13.43
Gujarat	2489.59	2479.08	2448.51	2469.59	0.42	0.81
Jharkhand	2737.58	2678.06	2668.75	2262.91	2.22	20.98
Karnataka	1923.72	2819.39	2779.15	2817.89	-31.77	-31.73
Kerala	3427.68	3752.44	3962.97	2857.79	-8.65	19.94
Maharashtra	4106.21	3810.06	4093.9	3467.32	7.77	18.43
Manipur	2584.8	2589.72	2589.81		-0.19	—
Meghalaya	3500	2884.62	3329.27	3176.79	21.33	10.17
Orissa	2446.03	2370.31	2228.56	1596.12	3.19	53.25
Tripura	2695.76	2370.66	2387	1900	13.71	41.88
Uttar Pradesh	1913.83	1922.53	1893.72	1730.42	-0.45	10.6
Uttrakhand	2024.37	2006.82	1980.35	1745.46	0.87	15.98
West Bengal	2512.86	2667.82	2700	2035.17	-5.81	23.47
Average	2758.52	2660.051	2743.379	2327.502		

Prices of rice have showed upward movement in September 2nd week from August last week due to seasonal factors of non basmati and basmati rice, and we expect market well be steady to slightly firm in the week ahead.

Price Projection for September 2nd Week in Domestic Market:

Duration	Trend	Average Price Range
3 rd Week of Sept, 2013	Steady to Firm	Rs.2750-2800/Q

Inflation:

FOB Quotes for Long Grain White Rice, High Quality:


World Market Recap:

As per USDA WASDE report, Global rice production is projected at a record 476.8 million tons, down 1.2 million tons from last month, primarily due to smaller crops forecast for Brazil and China.

Saudi Arabia's import requirements of rice in 2013-14 (July – June) are expected to reach above average levels of about 1.3 million tons, according to the Food and Agriculture Organization. About 70-80% of rice imports by Saudi Arabia comprise basmati rice from India, while Thailand, Pakistan and the U.S. are other main suppliers of rice to Saudi Arabia.

Thailand's Commerce Ministry has rejected the demand made by farmers to increase the intervention price of paddy under the government rice mortgage program (2013-14). In a cabinet resolution, the Thai government lowered the purchase price of paddy rice from the second crop (March 2014 - September 2014) by about 13% to around 13,000 baht (about USD 405) per ton. The government also said that it will buy less paddy from the off-season crop, and reduced the maximum limit of paddy purchase per household from 500,000 baht (about USD 15,550) to 350,000 baht (about USD 10,900) for the main crop and 300,000 baht (about USD 9,335) for the second crop

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.

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 upward movement in previous sessions. We expect market will test the resistance at USD 16.00/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
3 rd Week of September, 2013	Steady to firm	16.00-15.20

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