

Latest Market Development:-

Domestic rice market reeled under pressure on the back of better crop condition ahead of harvesting and better yield realization of early sowed crop. Arrival pressure in North Indian market is likely to be felt in October.

Overall, yield in all paddy varieties including 1121 is reported to be higher compared to the previous year, primarily due to favourable weather including better rains on time. 1509 is observed to be popular (planted as a test this year) among the farmers who have gone for the variety. Besides, its remarkable yield and growth (short span and lower cost of cultivation) has cultivated the interest not only among the growers but also other farmer who have not experimented for the first time.

The rains in Punjab this year was good breaking the record in last 10 years. Surprisingly, none responded their crop condition poor. However, untimely rains with strong wind on 15 Sep 2013 have adversely affected the crop to some extent (bend), which will slightly affect the yield (1 – 2% approx). The arrivals of 1121 is expected to hit the market after 15-20 Oct. However, arrival of 1509 in some pockets of Amritsar has commenced, though meagre.

With bearish outlook and ample marketable surplus world over buyers for Indian rice are staying away from market and are waiting for new crop. Bumper production prospects will continue to weigh on rice market fundamental. Fresh export buying is expected from the end of October. However, Indian exporters have offered \$ 5 to 10 per T discount to importers sensing weak outlook ahead of crop.

Planting area under India's Kharif rice crop this year has reached around 37.4 million hectares as of September 20, 2013, up about 2% from around 36.6 million hectares covered under rice planting during the same time last year, according to the Ministry of Agriculture.

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).

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.

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.

As per IGC update 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 rice price in India has dip slightly from previous week from Rs 2768.1 to Rs 2738.23 per qtl. However, it is higher than the first week of Sept. (Rs 2613.77 per qtl.). Prices are expected to dip further as supply would increase from mid October. Outlook remains bearish and pressure is likely to continue.

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.

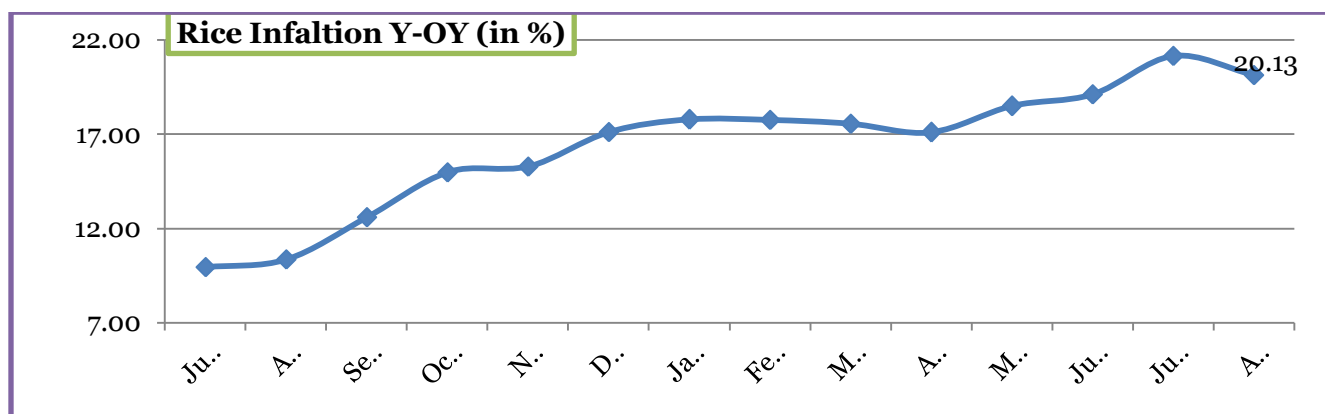
State wise Wholesale Prices Weekly Analysis for Rice fourth Week August, 2013:

State	16-23 Sep 2013	09-15 Sep 2013	01-08 Sep 2013	16-23 Sep 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
A.P.	3672.68	3729.7	2261.99	2071.26	-1.53	62.36	77.32
Assam	2757.18	2632.2	2627.22	2290.24	4.75	4.95	20.39
Gujarat	2497.07	2444.05	2479.08	2376.75	2.17	0.73	5.06
J& K				4725	—	—	—
Jharkhand	2640.89	2721.31	2676.46	2273.12	-2.96	-1.33	16.18
Karnataka	3486.93	1929.23	2819.39	2742.62	80.74	23.68	27.14
Kerala	3463.94	3444.62	3759.44	2782.64	0.56	-7.86	24.48
M.P				1150	—	—	—
Maharashtra	1578.96	4041.4	3810.06	3811.6	-60.93	-58.56	-58.57
Manipur	2795.79	2584.8	2589.72		8.16	7.96	—
Meghalaya	3500	3500	2884.62	3178.95	0	21.33	10.1
Delhi				1700	—	—	—
Orissa	2398.54	2448.13	2348.82	1566.08	-2.03	2.12	53.16
Punjab			2000		—	—	—
Tripura	3005.51	2688.24	2359.02		11.8	27.41	—
Uttar Pradesh	1958.12	1915.34	1922.54	1716.62	2.23	1.85	14.07
Uttrakhand	2057.45	2022.02	2006.82	2499.7	1.75	2.52	-17.69
West Bengal	2522.13	2652.32	2661.46	2060.04	-4.91	-5.24	22.43
Average	2738.23	2768.1	2613.78	2462.97			

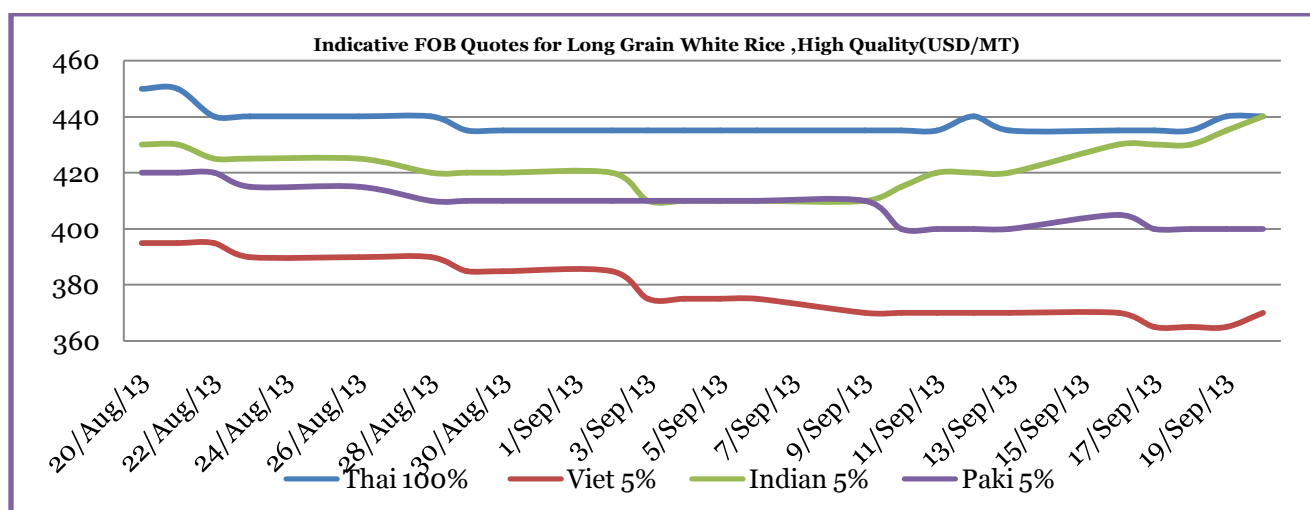
Average prices have eased in third week of Sept and slid may continue ahead of new harvesting. Bulk buyers including exporters are in wait and watch mood and they will enter in the market once again after stabilization in the market.

Price Projection for September 4th Week in Domestic Market:

Duration	Trend	Average Price Range
4 th Week of Sept, 2013	Steady to weak	Rs.2700-2750/Q

Inflation:


Down trend in price also reflects in eased inflation. It has dip from almost 21 to 20.13 in August.

FOB Quotes for Long Grain White Rice, High Quality:


During last two weeks price of India 5 percent rice has showed increasing trend and has touched the level of Thai 100 percent level. Rise in price is mainly attributed to export demand and buyer's buying interest. However, at this price buyers may loose interest as new crop is

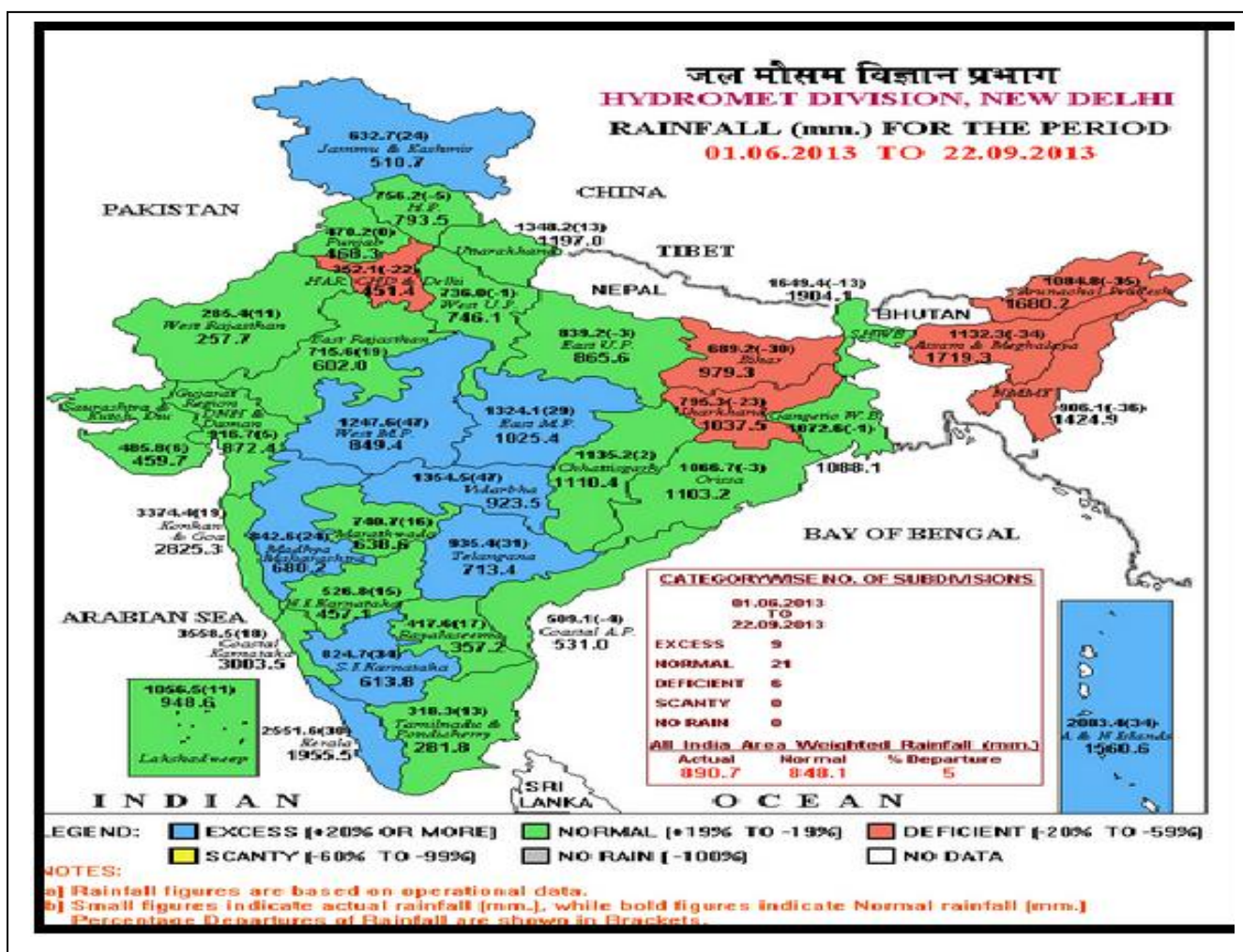
round the corner. Thai and Pakistan have quoted almost same price during the week under review. However, Vietnam raised its quotes.

Weather Watch: (Source-IMD)

Seasonal rainfall (in mm) from 1 st June to 22 nd September, 2013			
Region	Actual	Normal	% Departure from LPA
All India	890.7	848.8	5%
East and North East India	984.4	1367.2	-28%
North West India	639.7	594.6	8%
Central India	1119.4	939	19%
South Peninsula	815.6	667.8	22%

Weather Outlook for 26 Sept to 30 Sept 2013:

Rain/thundershower would occur at many places over east & northeast India, Gujarat and Andaman & Nicobar Islands. Rain/thundershower would occur at few places over Madhya Pradesh, Lakshadweep and along the West Coast. Rain/thunder showers would occur at isolated places over Uttar Pradesh, East Rajasthan and rest peninsular India. Mainly dry weather over rest parts of the country.



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.

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.

Pakistan's rice exports in August 2013 stand at around 182,805 tons, down about 37% from the previous month, according to provisional data from the Pakistan Bureau of Statistics (PBS). However, Pakistan's August 2013 rice exports are up about 23% from around 149,146 tons of rice exported in August 2012.

As per Latest FAO release average Pakistani basmati rice export prices declined slightly in August 2013, reached around \$1,394 per ton, down around 1% from around \$1,405 per ton in the previous month, but are up around 22% from around \$1,142 per ton recorded in August 2012, according to the UN's Food and Agriculture Organization (FAO).

Pakistan exported about 44,221 tons of basmati rice in August 2013, down about 27% from around 60,455 tons exported in the previous month, and down about 13% from around 51,004 tons exported in August 2012 ..

Offers for Vietnamese rice slipped to a three-year low on weak demand, and prices could fall further as supply from major rice producing nations is set to rise substantially. Indicative prices for 5-percent broken rice eased to \$355-\$365 a tonne, on a free-on-board (FOB) basis, from last week's \$360-\$380.

Vietnam has exported around 4.791 million tons of rice in January 1 - September 12, 2013, at an average price of about \$429 per ton (FOB). As per VFA latest update average export price stand at around \$431 per ton (FOB) so far in September 2013, up about 1.17% from around \$426 per ton recorded in full month of August, but down about 2% from around \$440 per ton recorded in full month of September 2012.

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.

In Thailand, prices were barely changed amid thin demand, while news of a deal for Thailand to sell 1.2 million tonnes to China had no impact on the market. Last week, the Thai government said it had sold 1.2 million tonnes of rice to China, but a Chinese source said the two sides were still in talks and industry officials were sceptical about the deal.

Market experts expect prices to fall further as Thailand and Vietnam are due to start harvesting bumper crops over the next few months. Thailand was forecast to produce 21 million tonnes in 2013/14, up from 20 million tonnes the year before, according to the United States Department of Agriculture (USDA). Vietnam's output was expected to climb to 27.8 million tonnes from 27.6 million tones.

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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 Sept rice contract could not sustain at previous level and decreased considerably near first support level at 1540 on expectation of improving supply world over. The nearest by resistance is 1580. We expect market to test second support level of 1520.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
3 rd Week of September, 2013	Steady to Weak	15.40-1580

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