

Latest Market Development:-

Domestic market prices are expected to trade weak owing to ample stocks availability, slack demand and new crop arrivals. Pusa Basmati-1121 prices have fallen to Rs 78-79/Kg from Rs 81-82/Kg. 1000 bags of Basmati 1509 arrived at Karnal grain terminal fetching Rs 3650/Q and Parmal variety has been trading Rs 1350-1400/Q at the same market.

Punjab is expected to procure 130Lakh tonnes of paddy as compared to 127 lakh tonnes in previous year. Punjab has made arrangements for 150 Lakh tonnes. Haryana is expecting procurement of 36 lakh tonnes of paddy as compared to 38.53 lakh tonnes previous year due to lower acreage under rice.

Tamil Nadu government has announced the bonus over MSP for Paddy announced by central government. Tamil Nadu government has announced bonus of Rs 50/Q for common grade variety and Rs 70/Q for Grade A variety.

India wholesale price has been trading almost steady at previous month level. September wholesale average prices were Rs 2623/Q, however prices in USD term has sharply risen to USD 425/MT from USD 380/MT due to strengthening of rupee against dollar. On year on year basis prices has risen by almost 13%.

Rice cash market traded weak on the back of higher production prospects and better realized yield from early crop. Pressure is likely to continue. This year paddy arrivals in Haryana mandis are expected to touch 52 lakh tones. Procurement is scheduled to start from 1st of Oct.

Bulk buyers are keeping off the market as they are waiting for prices to drop further after the new crop begins arriving. In south India Tamil Nadu would give an additional Rs. 50 and Rs. 70 per quintal over the minimum support price of Rs. 1,310 (ordinary) and Rs. 1,345 (high quality) respectively to the farmers as announced by the Centre for kharif crops for this season.

India's rice production in the main (Kharif) crop in 2013-14 crop year (July - June) is expected to reach around 92.32 million tons, about 1.5% higher than the targeted 91 million tons, according to the government's first advance estimate for kharif season of 2013-14.

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 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	5.56	3.78	9.34
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	13-Sept*	6.81	3.61	10.42
Total	67.85	34.55	102.4	Total	70.86	38.32	109.18

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October 2012 to September 2013, has reached almost 11 million tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Basmati rice export from October 2012 to September 2013 reached 38.32 lakh tonnes which is 10.91% higher than previous year basmati export of 34.55 lakh tons last year for the 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.

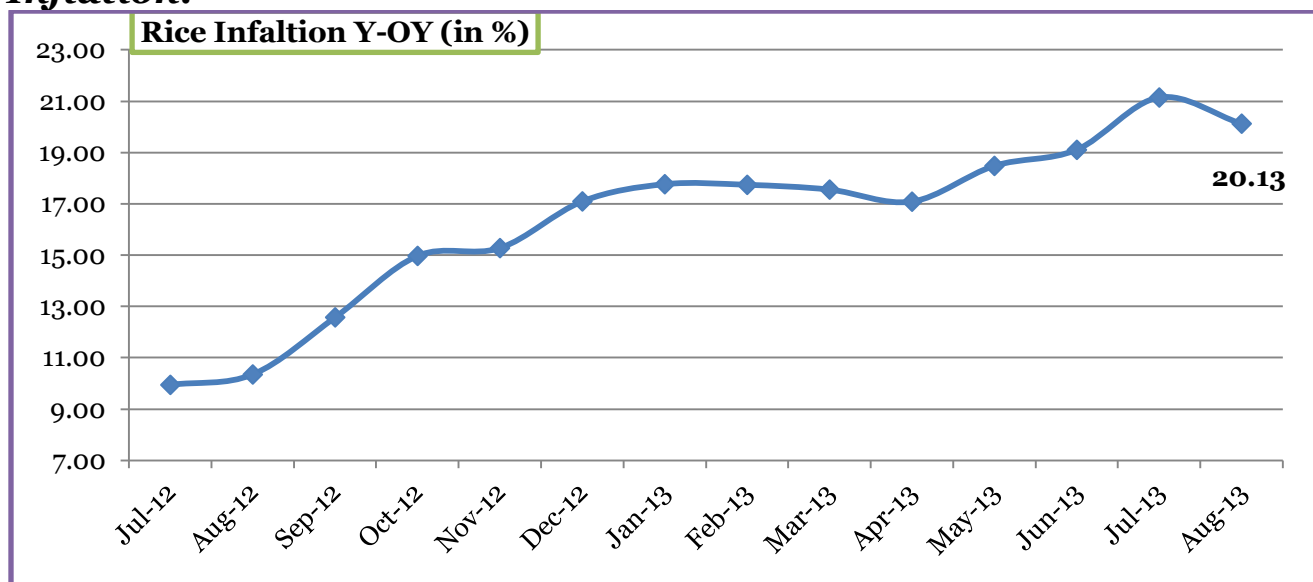
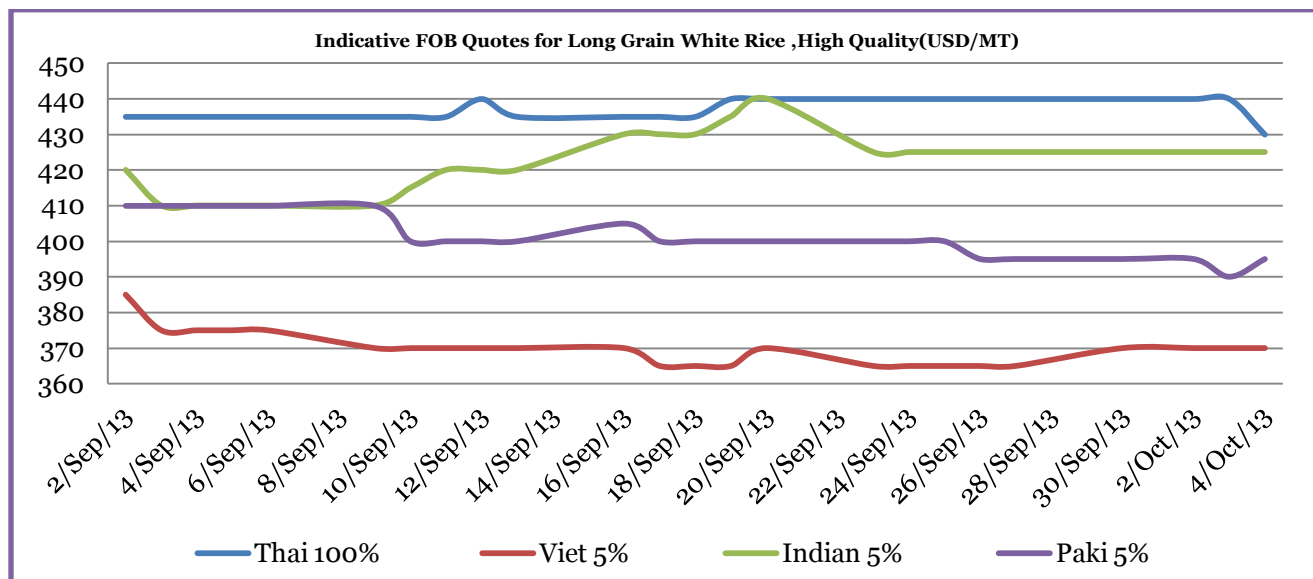
State wise Wholesale Prices Weekly Analysis for Rice fourth Week of September, 2013:

	01-07 Oct 2013	24-30 Sep 2013	16-23 Sep 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
A.P	3067.23	3450.00	3646.84	-11.09	30.08
Assam	2767.82	2837.96	2772.12	-2.47	11.79
Gujarat	2405.71	2475.45	2436.24	-2.82	-0.36
Jharkhand	2598.37	2633.36	2675.45	-1.33	16.8
Karnataka	3349.93	3308.42	3469.87	1.25	23.67
Kerala	3494.97	3444.55	3487.69	1.46	18.52
Manipur	2871.22	2620.82	2795.79	9.55	—
Meghalaya	3995.24	3284.62	3142.86	21.63	28.88
Orissa	2220.57	2462.97	2382.77	-9.84	29.01
Tripura	3049.07	2800.98	2756.40	8.86	—
Uttar Pradesh	1882.99	1939.30	1930.06	-2.9	10.43
Uttrakhand	1921.28	2050.00	2048.52	-6.28	1.66
West Bengal	2511.20	2506.01	2525.83	0.21	20.69
Average	2779.66	2754.95	2774.69		

Prices of rice have showed the ward movement in October 1st week from last week, however market is expected to move southward due to arrivals of non basmati and basmati rice new crop.

Price Projection for October 2nd Week in Domestic Market:

Duration	Trend	Average Price Range
2 nd Week of Oct, 2013	Steady to Weak	Rs.2750-2800/Q

Inflation:

FOB Quotes for Long Grain White Rice, High Quality:


World Market Recap:

A team led by China's hybrid rice expert, Prof. Yuan Longping, has claimed that it has achieved record average rice yield 14.8 tons per hectare using a new hybrid rice variety "Y liangyou 900." The new record is higher than the previously held record of about 13.5 tons per hectare, but slightly behind the targeted 15 tons per hectare by the Chinese Agriculture Ministry in 2013.

The International Grains Council (IGC) has increased its forecast for China's 2014 rice imports to around 2.2 million tons, up about 10% from previous forecast of around 2 million tons, but down about 4% from an estimated 2.3 million tons of rice imports in 2013

According to Thai Rice Exporters Association (TREA), Thailand has exported 3.6 million tonnes of rice in Jan-Jul 2013. In July 2013, Thailand exported around 675,064 tons of rice, the highest monthly rice exports in 2013 and up about 58% from around 427,058 tons exported in the previous month. White rice accounted for almost half of total rice exports in July 2013, according to the TREA

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.

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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 sideward movement in previous sessions. We expect market will test previous support at USD 14.80/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2 nd Week of October, 2013	Steady to Weak	14.80-15.20

Disclaimer

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