

Latest Market Development:-

India's rice stocks in the central pool as of October 1, 2013 have declined to around 23 million tons (including milled equivalent of around 6.13 million tons of paddy), the lowest monthly levels so far this year and down about 1.5% from October 1, 2012, according to data from the Food Corporation of India (FCI) .

Area under India's main (Kharif) rice crop planting has advanced to around 37.9 million hectares so far, up about 2% from around 37.3 million hectares recorded during the same period last year, according to the Ministry of Agriculture. Total Kharif crop planting (including rice and other crops) area in India stands at around 104.9 million hectares, up about 4% from around 100.5 million hectares recorded during this time last year.

Rice production in eastern and central parts of India may be affected adversely by the impact of cyclone Phailin which is expected to make landfall on the south-eastern coast of India tomorrow. Accompanying rains floods could destroy thousands of hectares of rice land in Odisha, Andhra Pradesh, West Bengal and Chhattisgarh where the rice crop is almost ready for harvest.

Andhra Pradesh is planning to offer high quality rice at subsidized rates through fair price shops to make rice affordable for consumers. According to traders, the government has already begun providing high quality rice in the capital city of Hyderabad at around Rs.30 per kilo, down about 40% compared to the current market price of around Rs.50 per kilo.

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 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	19.03		

*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 19.03 million tons as of October 1, 2013.

State wise Wholesale Prices Weekly Analysis for Rice Second Week of October, 2013:

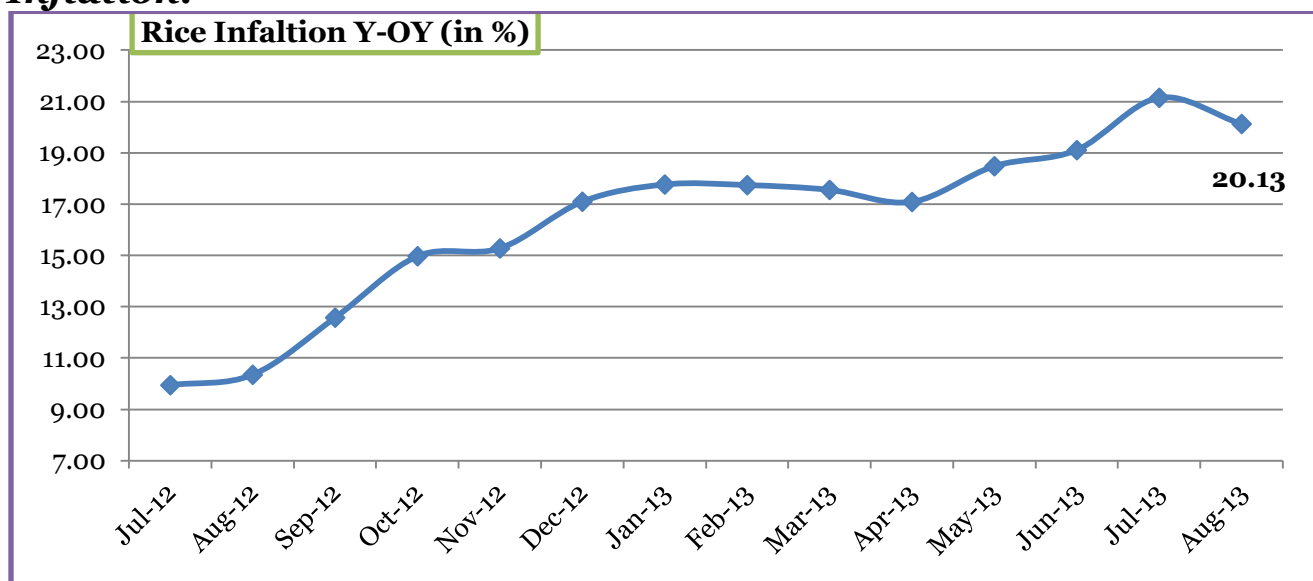
	09-15 Oct 2013	01-08 Oct 2013	24-30 Sep 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
A.P	3911.33	3725.33	3863.3	4.99	43.34
Assam	2904.56	2777.07	2837.96	4.59	16.87
Gujarat	2406.5	2412.1	2475.45	-0.23	3.38
Jharkhand	2310.62	2553.79	2629.3	-9.52	5.39
Karnataka	2015.22	3379.67	3308.42	-40.37	-23
Kerala	3663.97	3608.19	3444.55	1.55	24.76
Maharashtra	3608.91	2330.39	2033.43	54.86	-21.79
Manipur	2621.17	2820.91	2620.82	-7.08	—
Meghalaya	3500	3753.66	3284.62	-6.76	8.51
Orissa	2630.02	2229.91	2397.42	17.94	78.06
Tripura	3048.89	3055.38	2791.13	-0.21	—
Uttar Pradesh	1881.08	1882.13	1931.98	-0.06	10.74
Uttrakhand	2240.68	1931.66	2050	16	19.16
West Bengal	2522.58	2514.34	2519.97	0.33	22.16
Average	2804.68	2783.90	2727.74		

Prices of rice have showed the upward movement in October 2nd week from last week, however market is expected to move upward due to damage caused by heavy rains to standing rice crop.

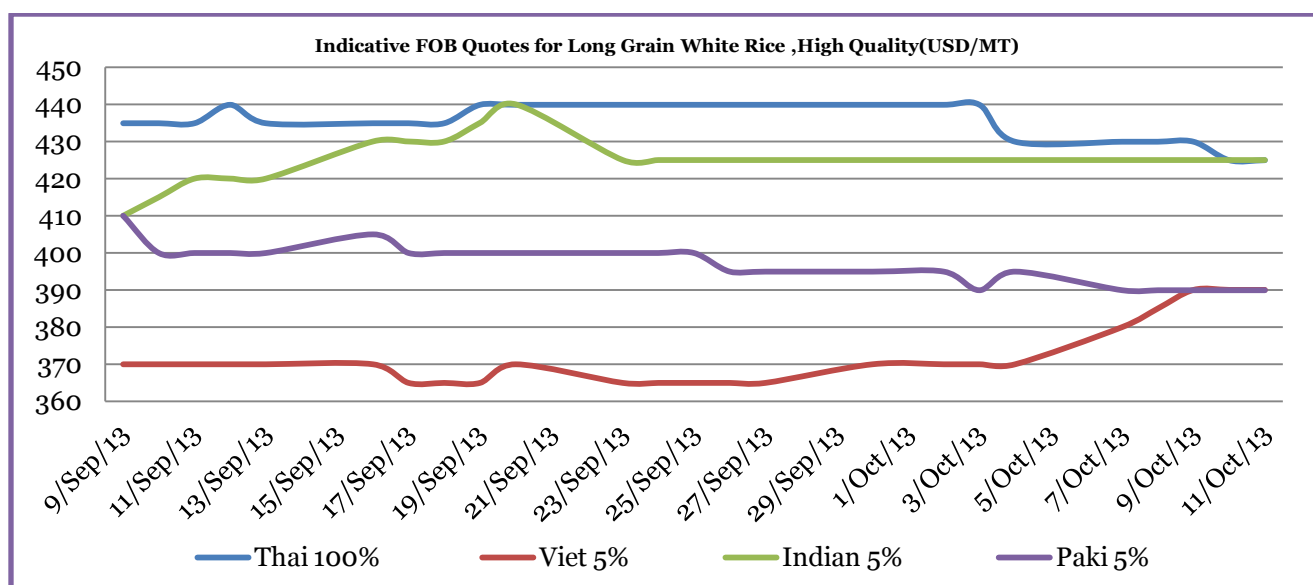
Price Projection for October 3rd Week in Domestic Market:

Duration	Trend	Average Price Range
3 rd Week of Oct, 2013	Steady to slightly firm	Rs.2800-2850/Q

Inflation:



FOB Quotes for Long Grain White Rice, High Quality:



World Market Recap:

China's state-run food processing company, COFCO Corporation, has agreed to import one million tons of rice from Thailand over the next five years. China will import around 200,000 tons of white rice, jasmine rice and glutinous rice annually, and private Thai rice exporters will sell the rice directly to COFCO. Prices are not finalized, but representatives of the Thai Rice Exporters Association (TREA) tell local sources that the deal is estimated at around \$750 million considering average prices of around \$750 per ton.

Egypt's GASC will pay higher prices for purchase of 220,000 tons of milled white rice from Egyptian farmers and millers to implement the government food subsidy program for November and December 2013. According to local sources, the GASC will pay around USD 405 – 421/MT in domestic tenders this month, up about USD 8 – 18/MT from around USD 397-403/MT paid for the purchase of 111,000 tons of rice in tenders awarded on September 19, 2013.

Thailand will spend an additional Bt 9 billion (about \$286 million) to complete payments and towards purchase of paddy rice from farmers who could not complete the harvest on time to participate in the 2012-13 rice mortgage program which ended in September 2013.

Vietnam's rice prices are expected to decline once again as harvest of the autumn-winter rice in the Mekong Delta region peaks this month. According to the Ministry of Rural and Agriculture Department, about 90,000 tons of paddy rice is expected to enter the market from harvest in over 20,000 hectares of autumn-winter rice. Price of fresh paddy bought at the fields stands at around 4,000-4,100 VND per kilogram (about USD 190 - 195 per ton), down about 17% compared to around 4,850 – 4,950 VND per kilogram (about USD 230 – USD 235 per ton) of common paddy seen in September 2013.

The FAO has lowered the global rice production forecast for 2013 to 496.3 million tons (milled basis), down about 1 million tons from the previous forecast, but up about 1% from around 490.9 million tons in 2012. The fall is mainly due to an expected decline in rice production in China by around 2.9 million tons due to unfavorable weather conditions this year. Rice production is unlikely to increase in Vietnam due to poor price prospects, the FAO says. However, rice production is expected to increase in India, Sri Lanka, the U.S., and Venezuela.

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.

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
3 rd Week of October, 2013	Steady to Weak	14.80-15.20

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