

Latest Market Development:-

The latest nuclear deal between Iran and global powers is likely to go against Indian basmati rice exporters as normal business practice would resume. Pakistan and Thailand would take maximum advantage of new emerging situation in Iran. They offer cheaper rice in comparison to India and thus Indian supremacy in Iran market may be challenged.

Lower demand from Iran is likely to pressurize Indian cash market in the weeks ahead, competition would increase and Indian market would be more competitive to maintain export status in Iran. Cash market is likely to trade lower as demand from bulk and medium buyers continues to dip at higher level.

In the current fiscal, basmati exports have increased by 16 per cent in volumes to exceed two million tonnes against 1.7 mt during the same time a year ago. “Demand continues to be good from the traditional buyers. At this pace, we may end up exporting over 3.8 mt for the current fiscal,” said R. Sundaresan, Executive Director of the All-India Rice Exporters Association.

India’s winter (rabi) rice planting area has reached around 730,000 hectares as of November 22, 2013, up about 14% from around 640,000 hectares recorded during the same period last year, according to government sources.

Cyclone “Helen” has damaged ready-to-harvest rice crop in an estimated 460,000 hectares in India’s southern state of Andhra Pradesh and the crop losses are likely to surge as a very severe cyclonic storm “Lehar” which is likely to hit Andhra Pradesh on November 28, 2013, according to the Indian Meteorological Department (IMD).

Total rice export in the month of October, 2013 is 9.12 lakh tonnes in which basmati contribution is 2.14 lakh tonnes and non basmati is 6.98 lakh tonnes . Major importers for non basmati rice are Benin, Senegal, Ivory Cost, South Africa etc, where as for Basmati major buyers are Iran, Saudi Arab, USA, Korea, UAE etc

According to the Agriculture Ministry. planting area under India’s winter season and secondary rice crop (Rabi crop) stands at around 52,000 hectares as of November 14, 2013, unchanged from planting area recorded during the same time last year.

India’s southern state of Karnataka is planning to buy paddy rice from farmers at about Rs. 1,600 per quintal, about 22% above support prices of around Rs. 1310 a quintal, according to market participants.

The Inflation of rice has decreased to 15.69 in the month of October as compare to 18.76 in the month of September; however WPI has increased to 234.5 in October as compare to 231.7 in the month of September.

According to Market participants the West Bengal government will provide about 25% of the required amount or about Rs. 55 – Rs. 80 lakh for the construction of new rice mills. An additional Rs. 5 lakh will also be provided to each mill. The new mills are likely to begin functioning from next year and will augment the number of rice mills in the state to over 1,183 mills.

Rice Monthly Export:

All fig. in Lakh tonnes	Non Basmati	Basmati	Total Export 2011-12		Non Basmati	Basmati	Total Export 2012-13
12-Oct	6.65	1.95	8.6	13-Oct*	6.98	2.14	9.12
12-Nov	6.49	2.08	8.57				
12-Dec	7.5	2.85	10.35				
13-Jan	5.65	3.18	8.83				
13-Feb	4.9	3.34	8.24				
13-Mar	5.7	3.87	9.57				
13-Apr	3.93	3.93	7.86				
13-May	4.67	3.45	8.12				
13-Jun	5.56	3.78	9.34				
13-Jul	6.51	3.34	9.85				
13-Aug*	6.57	2.68	9.25				
13-Sept*	6.81	3.61	10.42				
Total	70.94	38.06	109	Total	6.98	2.14	9.12

Source: DGCIIS and * IBIS (Revised export Figure)

Total rice exports by India in the current Marketing Year (MY) October 2012 to September 2013, has reached almost 109 Lakh tonnes. This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Total rice exports by India in the month of October reached to 9.12 Lakh tones which is 6.2% greater than the last year at the same time.

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	26.78	23.13	28.58	

*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 28.58 million tons as of November 1, 2013.

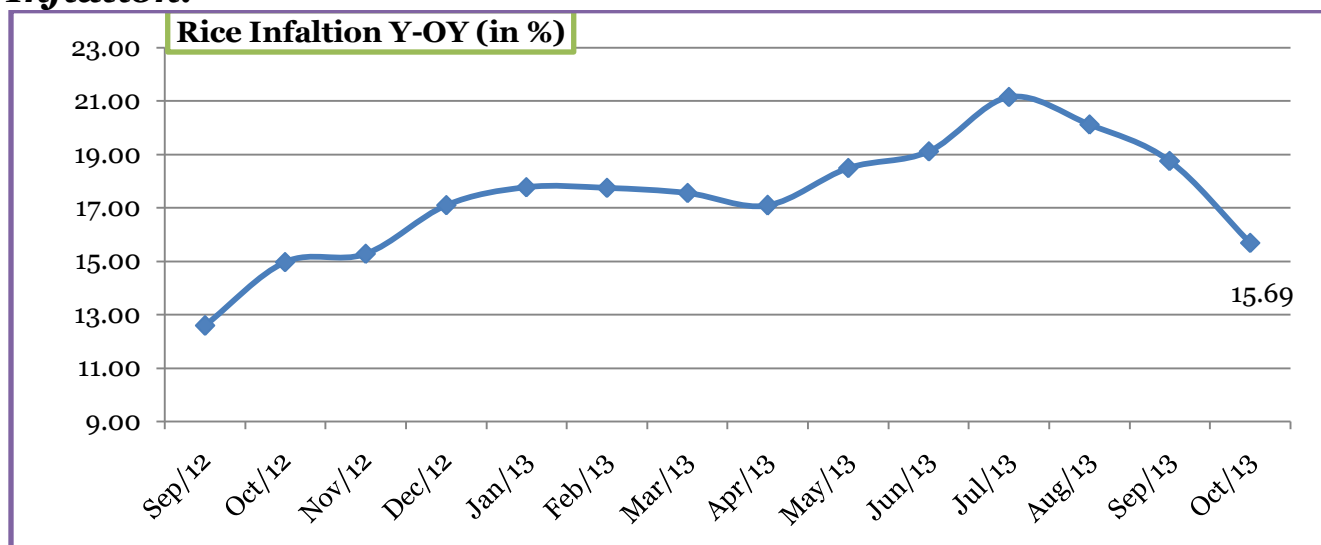
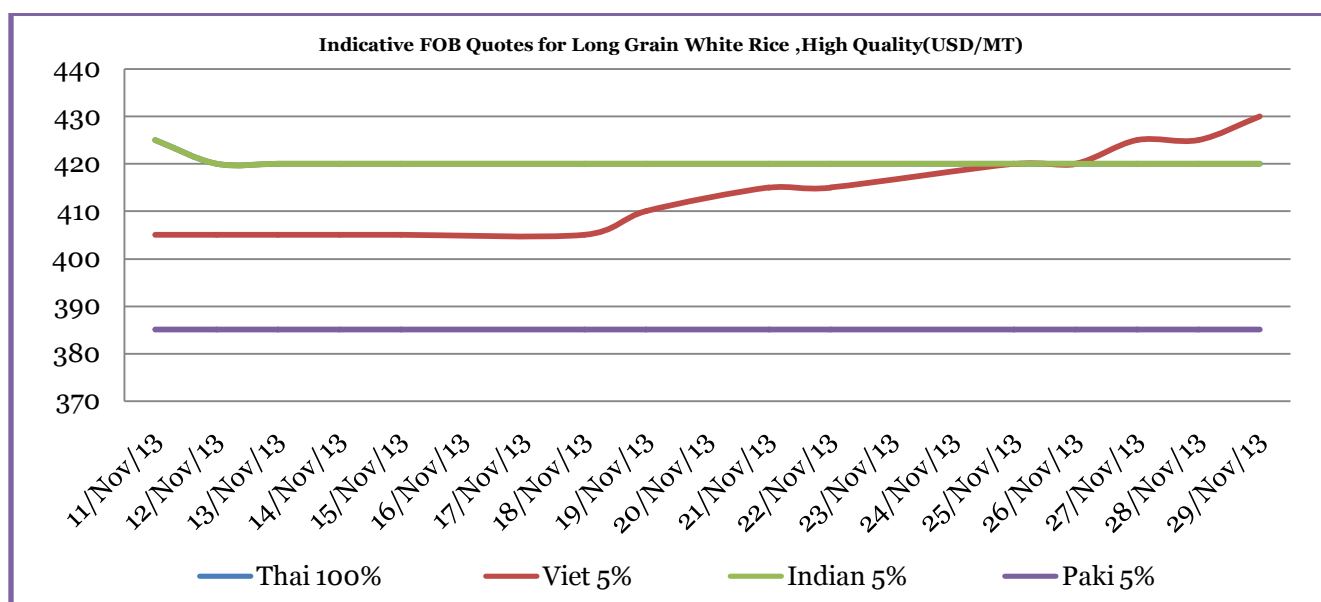
State wise Wholesale Prices Weekly Analysis for Rice Fourth Week of November, 2013:

State	24-30 Nov 2013	16-23 Nov 2013	09-15 Nov 2013	24-30 Nov 2012	% Change(Over Previous Week)	% Change(Over Previous Year)
AP	3857.22	3750.73	3438.92	2573.13	2.84	49.9
Assam	2773.24	2818.66	2838.98	2138.98	-1.61	29.65
Gujarat	2599.98	2558.94	2407.1	2251.73	1.6	15.47
Jharkhand	2708.16	2671.74	2618.48	2350.63	1.36	15.21
Karnataka	1908.83	1947.79	1859.29	2686.88	-2	-28.96
Kerala	3544.73	3442.63	3540.85	2995.12	2.97	18.35
Maharashtra	6772.8	6375.38	5266.38	4250.67	6.23	59.33
Manipur	2614.05	2776.47	2826.26		-5.85	—
Meghalaya	3332.03	3420.29	3247.42	3244.44	-2.58	2.7
Delhi	1960	2000	2000	1655.56	-2	18.39
Orissa	2241.39	2181.38	2165.52	2060.78	2.75	8.76
Punjab	3973.67	4055.91	4237.55	2493.4	-2.03	59.37
Tripura	2702.61	2812.7	2721.45		-3.91	—
UP	1678.28	1634.02	1738.87	1687.96	2.71	-0.57
Uttrakhand	1986.84	1916.85	2029.11	1712.08	3.65	16.05
West Bengal	2599.1	2580.7	2580.63	2055.13	0.71	26.47
Average	2953.3	2953.01	2844.8	2439.74		

Prices of rice have showed the steady movement in November 4th week from last week and market is expected to be steady.

Price Projection for December 1th Week in Domestic Market:

Duration	Trend	Average Price Range
1 th Week of Dec, 2013	Steady	Rs.2850-3100/Q

Inflation:

FOB Quotes for Long Grain White Rice, High Quality:


World Market Recap:

Iraq has purchased around 60,000 tons of rice to be sourced from Brazil and Uruguay in a tender that closed this week. The tender was for at least 30,000 tons of long-grain rice. Trade sources say that the Iraqi government purchased Brazil rice for around USD 693.47/MT CIF free out (ciffo) and Uruguay rice for around USD 715/MT ciffo.

Nigeria may lower high rice import tariffs in 2014 to check losses due to rampant smuggling of rice into the country. To encourage rice production, the government imposed rice imports tariff of around 110% in January 2013, up from 40% to 60% import tariff prior to that. However, the move has done more harm than good to the country's economy.

Vietnam has exported around 5.93 million tons of rice in January 1 – November 21, 2013, down about 16% from around 7.12 million tons of rice exported during January 1 – November 30, 2012, according to the Vietnam Food Association.

The Thai Rice Exporters Association (TREA) says that Thailand's 2013 rice exports are expected to improve to around 7 million tons, unchanged from previous year's levels but up around 8% from TREA's previous forecast of 6.5 million tons.

The Egyptian government will continue to ban rice exports to control rice prices, despite an **estimated** surplus of around 800,000 tons and last week's decision to grant export licenses to 39 companies for export of around 102,000 tons of white medium-grain rice until January 15, 2014.

Indonesia will be self-sufficient in rice next year as paddy rice production is expected to increase to around 76.57 million tons, up about 6% from an estimated 72.06 million tons in 2013, the country's rice purchasing agency Bulog says.

Pakistan has exported around 882,132 tons of rice in the first four months of the fiscal year 2013-14 (July – June), up about 24% from around 711,393 tons exported during the same period in FY 2012-13, according to the Pakistan Bureau of Statistics .

According to a preliminary assessment by the UN's FAO, the Philippines rice import requirements are likely to increase to around 1.2 million tons in 2014, up from an estimated one million tons in 2013.

The Thai government hopes to earn around 130 billion baht (about \$4 billion, using current rates) from release of rice from its stockpile in 2014.

South Korea's rice production is estimated to reach around 4.24 million tons in 2013, up about 234,000 tons or about 6% from around 4 million tons produced in 2012, according to Statistics Korea.

IGC Balance Sheet:
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				26.09.2013	31.10.2013
Production	449	465	469	474	474
Trade	36	39	37	38	38
Consumption	445	458	469	473	472
Carryover stocks	99	107	107	110	109
Y-O-Y change	3	7	1	2	1
Major Exporters	30	37	40	43	42

Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:-

- While the IGC GOI rice sub-Index was broadly unchanged month on month basis, markets were again mixed, with values in Vietnam underpinned by export demand and crop worries, but weaker in Thailand on limited buying interest and heavy intervention reserves.
- World production is projected to expand by 1% year on year basis, to an all-time high in 2013-14, with larger crops in Far East Asia, notably India; global demand is set to rise by 1%, led by Asia.
- The 2013-14 world carryovers is likely to increase for the ninth consecutive year, with major exporters' stocks at a new record.
- Global trade is tentatively expected to rise in 2014, with higher sales to Far East Asia, though China's needs remain uncertain.

Rice Price Trend @ CBOT January- 14, Rough Rice):


(Prices in US\$/hundredweight)

Market Analysis:

The CBOT January rough rice chart indicates sideways movement in previous sessions. We expect market will test previous resistance at USD 16.00/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
1 th Week of December, 2013	Steady	15.70-16.20

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