

Latest Market Development:-

According to the Ministry of Agriculture, planting area under India's Rabi rice (winter) crop has reached around 214,000 hectares as of December 20, 2013, up about 23% from around 174,000 hectares recorded during the same time last year.

The Indian government may increase buffer norms for rice in the central pool to ensure availability of food grains in the country for the implementation of the Food Security Act.

According to Planning Commission of India, India may have to import about 4 – 12 million tons of rice by 2016-17 if the nation's rice production target of an additional 10 million tons by 2016-17 is not met.

The Inflation of rice has decreased to 14.98% in the month of November as compare to 15.69% in the month of October. WPI has decreased to 232.5 in November as compare to 234.5 in the month of October.

Rice export volume from India declined considerably in the month of Nov.2013. The major reason behind it is mainly attributed to lower demand from major buyer like Iran. Iran has option now to source rice anywhere in the world after recent trade waiver imposed by the five powers including US.

Higher prices in domestic market too have affected the buyer's buying spree and bulk buyers expect market to decline and therefore, they are indifferent to buy bulk quantity at this point of time.

Fresh demand from overseas market is unlikely this month. Bulk buyers would return to the market from second week of January 2014. Normal trade practices generally slow down from last week of Dec and first week of Jan due to Christmas holiday.

According to IBIS (provisional data), export of rice in the month of November was 6.68 Lakh tones which is 22.05% less than last year at the same month. Basmati was exported 2.14 lakh tonnes and Non-Basmati was exported 4.21 lakh tonnes in the month of November 2013.

Rice stock in central pool was 286.25 lakh tonnes as on 1st December 2013 as compared to 285.85 lakh tonnes on 1st December 2012. Punjab has the highest rice stock in central pool at 56.22 lakh tonnes followed by Andhra Pradesh at 14.93 lakh tonnes.

Bihar has set a target to procure 30 lakh tonnes of paddy this year at a minimum support price of Rs 1,310 per quintal, according to state Food Minister Shyam Rajak .

In Odisha farmers forced to sell paddy at Rs 800 to Rs 900 per quintal against Centre-fixed MSP of over Rs 1,300. "This has happened because of non-opening of mandis by the government," according to congress MLA Anup Kumar Sai.

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	13-Nov*	4.21	2.47	6.68
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	11.19	4.88	16.07

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exported by India in the previous Marketing Year (MY) October 2012 to September 2013, was 109 Lakh tonnes. This was supported by strong demand from West Asia, Africa and South-East Asian countries and weak Indian rupee.

In marketing year 2013-14 we expect total rice export around 100 Lakh tonnes owing to good global production, reduction in rice pledging scheme prices by Thailand and firming Indian rupee. So far 16.07 Lakh tones has been exported as compare to 17.17 lakh tones for the same period last year.

Rice Balance Sheet:-

Rice production in India has been on the rise from 2010-2011 to 2012-13 on the back of favourable monsoon, higher area coverage backed up by higher MSP and good export demand.

However, production is likely to dip slightly in 2013-14 to 101/102 million T due to recent loss caused by two consecutive cyclones, followed by heavy rainfall at maturity and harvesting stage. However, it is unlikely to interrupt supply in the domestic market as carryout stock is ample to take care of domestic and export market.

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	102
Imports	0	0	0	0
Total Availability	114.42	125.18	127.38	126.38
Consumption	90.78	91.6	92.5	94
Exports	2.78	10.2	10.5	10
Total Usage	93.56	101.8	103	104
Carry out	20.86	23.38	24.38	22.38
Av Monthly Consumption	7.57	7.63	7.71	7.83
Stock to Month Use	2.76	3.06	3.16	2.86
Stock to Consumption Ratio	0.23	0.26	0.26	0.24

(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	28.62

*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 28.62 million tons as of December 1, 2013.

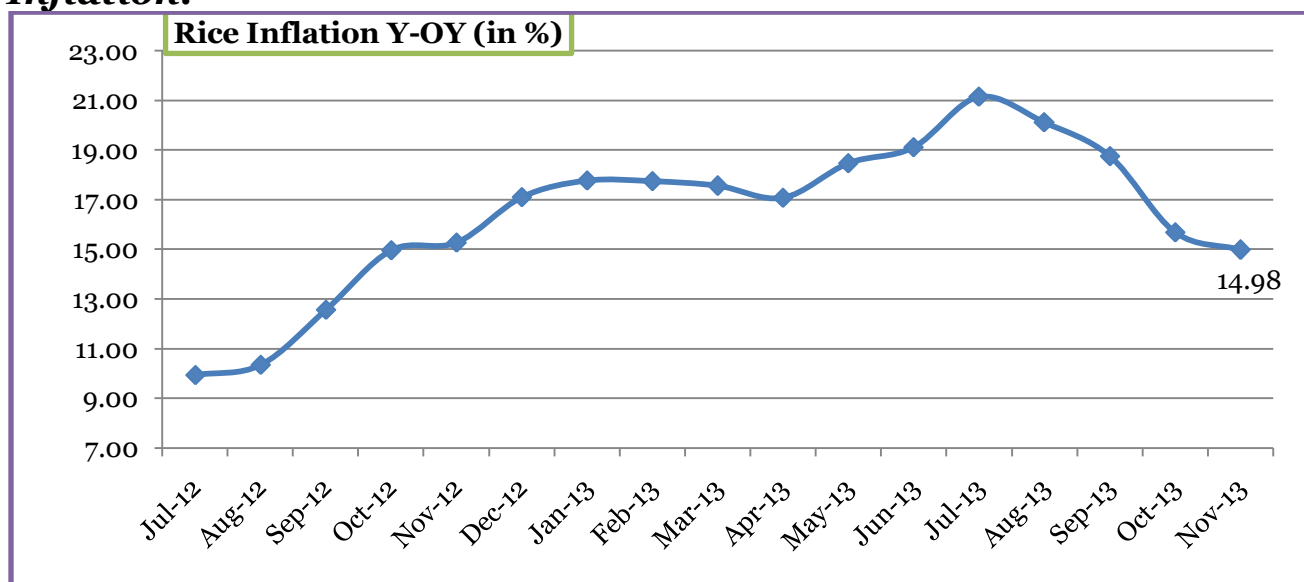
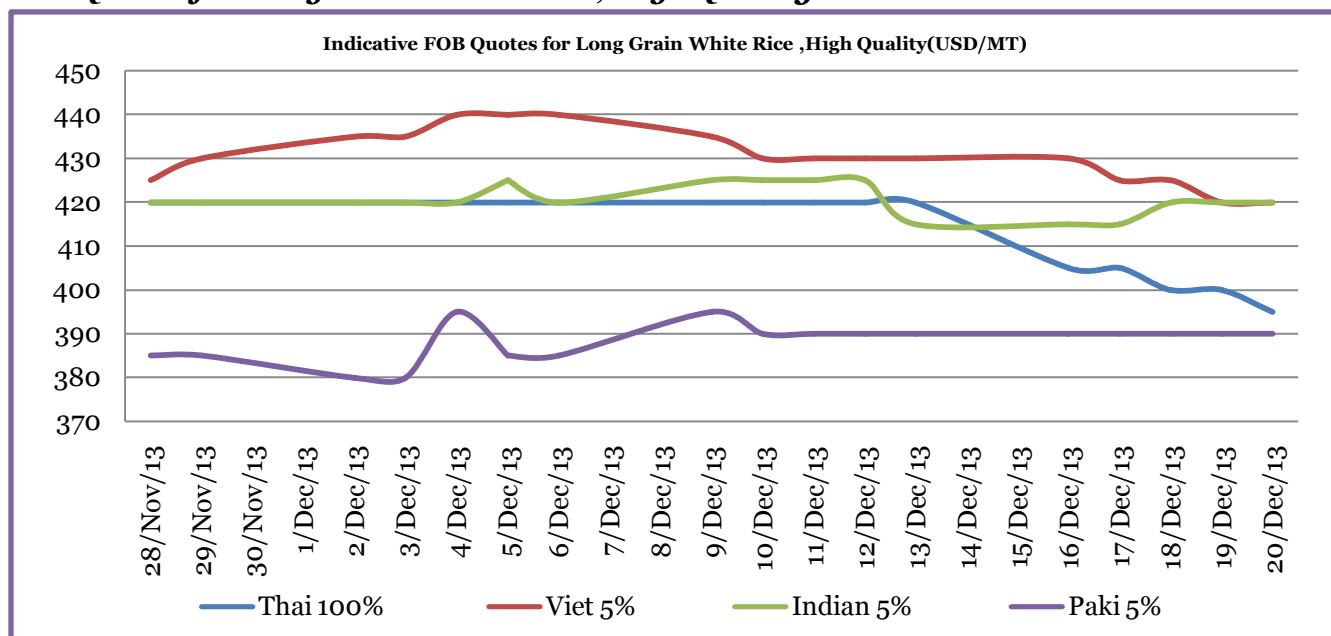
State wise Wholesale Prices Weekly Analysis for Rice Third Week of December, 2013:

State	16-23 Dec 2013	09-15 Dec 2013	01-08 Dec 2013	16-23 Dec 2012	% Change(Over Previous Week)	% Change(Over Previous Year)
AP		3845	3745	3133	—	—
Assam	3340	3156	3169	2483	5.83	34.5
Gujarat	2424	2591	2610	2135	-6.43	13.52
Jharkhand	2618	2739	2710	2294	-4.42	14.09
Karnataka		2094	1809	2704	—	—
Kerala	3487	3546	3505	3588	-1.66	-2.82
Manipur	2429	2409	2748		0.82	—
Meghalaya		3305	3352	3200	—	—
Orissa		2216	2191	2144	—	—
Punjab		4232	3997	2700	—	—
Tripura	2816	2874	2600		-2.01	—
UP	1911	1851	1805	1646	3.23	16.07
Uttrakhand	2027	2052	2028	1753	-1.22	15.62
West Bengal	2479	2466	2462	2100	0.53	18.08
Average	2614	2813	2766	2490		

Prices of rice have showed the downward movement in December 3rd week from second week and market is expected to trade sideways at current level.

Price Projection for December 4th Week in Domestic Market:

Duration	Trend	Average Price Range
4 th Week of Dec, 2013	Steady	Rs.2600-2700/Q

Inflation:

FOB Quotes for Long Grain White Rice, High Quality


World Market Recap:

Despite lower FOB rice price, Vietnam rice exports is likely to fall in 2013 as per by Vietnam Food Association, however Vietnam is targeting the new markets including USA through Trans-Pacific Partnership (TPP) negotiations .

According to provisional data from the Pakistan Bureau of Statistics (PBS), Pakistan's rice exports in the first five months of the current fiscal year 2013-14 (July – June) stand at around 1.06 million tons, up about 10% from around 964,069 tons exported during the same period in last fiscal year.

South Korea has purchased about 33,300 tons non-glutinous brown rice of long-grain variety. 7300 and 14000 tonnes of brown rice was purchased from Hyorim International at USD 450.81/mt and USD 456.67/mt of Thailand origin. 12000 tonnes of brown rice was purchased from Samsung C&T at USD 459.66/mt of Vietnam origin.

Qatar's state purchasing agency has tendered to buy 24,000 tons of basmati rice of Indian origin whose deadline is December 23.

According to the Bureau of Agricultural Statistics, total rice stocks in the Philippines stood at around 2.44 million tons on November 1, 2013, down about 12% from around 2.78 million tons recorded during the same time last year, but up about 38% from the previous month.

Vietnam has exported around 6.2 million tons of rice in January 1 – December 05, 2013, down about 18% from around 7.6 million tons of rice exported in the full calendar year 2012, according to the Vietnam Food Association.

Thailand's total 2013-14 paddy production is estimated at 31 million tons, up 1-2% from the previous year, according to the USDA Post.

The Food and Agriculture Organization is crafting a strategy on rice, the consumption of which has been increasing while resources related to its production are dwindling. The FAO, an agency of the United Nations, has called on an external rice advisory group for recommendations for such a strategy, focused mainly on the Asia-Pacific region where 90 percent of global supply is grown.

The South Asian country surpassed Thailand and Vietnam to become the leading exporter of rice in 2012, when it sold around 10 million tonnes of the grain in the overseas market.

According to the UN's Food and Agriculture Organization (FAO), North Korea's rice production in 2013-14 (November – October) is expected to reach around 1.915 million tons.

IGC Balance Sheet:
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				31.10.2013	28.11.2013
Production	449	465	469	474	471
Trade	36	39	37	38	38
Consumption	445	458	469	472	471
Carryover stocks	99	107	107	109	108
Y-O-Y change	3	7	1	1	-1
Major Exporters	30	37	40	42	41

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

IGC Rice Balance sheet Highlights:-

- The IGC rice sub-Index was broadly steady over the month, as a further easing in Thailand was balanced by higher quotations in Vietnam on prospects for fresh sales to the Philippines.
- The projection for world rice production in 2013/14 is downgraded, mainly owing to reduced expectations for India's main crop, but would still be at a new record.
- Led by increases in Asia, global demand is set to grow by 1% and the 2013/14 world carryover is projected to decline y/y, but supplies are set to remain ample, especially in major exporters.

Total trade is expected to expand in 2014, with larger deliveries to Far East Asia, including the Philippines.

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


(Prices in US\$/hundredweight)

Market Analysis:

The CBOT January rough rice chart indicates range bound movement in previous sessions. We expect market will hover in the range of USD 15.20 to USD 16.00/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
4 th Week of December, 2013	Firm	15.20-16.00

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