

## ***Latest Market Development:-***

**The Odisha government on 27 December announced a special assistance** of Rs 100 per quintal of paddy for the farmers hit by cyclone Phailin and subsequent floods, MSP is 1300.

**Rice stock in central pool was 286.96 lakh tonnes as on 16<sup>th</sup> December 2013** as compared to 286.25 lakh tonnes on 1<sup>st</sup> December 2013. Punjab has the highest rice stock in central pool at 55.72 lakh tonnes followed by Andhra Pradesh at 14.95 lakh tonnes.

**With trading being lukewarm, prices of aromatic and non-basmati varieties ruled with nominal fluctuation.** Due to lack of trading at all levels, prices of almost all rice varieties ruled in a tight range. There is no bulk buying in the market currently as traders have adopted a wait-and-watch policy following a continuous downtrend in the market in the recent past. Only need-based buying is taking place and the situation was expected in the market.

**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 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				
<b>Total</b>	<b>70.94</b>	<b>38.06</b>	<b>109</b>	<b>Total</b>	<b>11.19</b>	<b>4.88</b>	<b>16.07</b>

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
<b>Carry in</b>	<b>18.44</b>	<b>20.86</b>	<b>23.38</b>	<b>24.38</b>
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
<b>Carry out</b>	<b>20.86</b>	<b>23.38</b>	<b>24.38</b>	<b>22.38</b>
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	<b>350.31</b>	<b>338.25</b>	<b>326.26</b>

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
<b>2010</b>	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
<b>2011</b>	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
<b>2012</b>	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67
<b>2013</b>	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 Fourth Week of December, 2013:**

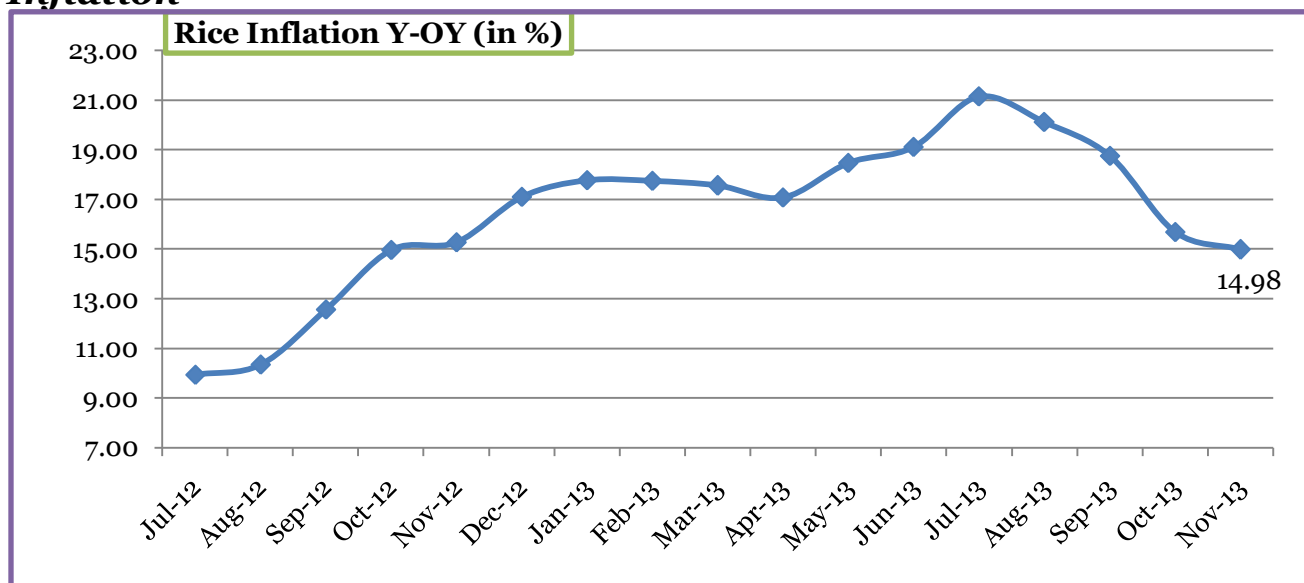
State	24-31 Dec 2013	16-23 Dec 2013	09-15 Dec 2013	24-31 Dec 2012	% Change(Over Previous Week)	% Change(Over Previous Year)
AP	3571.7	3852.8	3859.6	3160.3	-7.3	13.02
Assam	3223.6	3318	3156	2477.1	-2.85	30.13
Gujarat	2768.9	2676.1	2624.7	2312.9	3.47	19.72
Jharkhand	2699.9	2752.5	2692.2	2318.2	-1.91	16.47
Karnataka	2043	2034.6	2034.3	2716.8	0.41	-24.8
Kerala	3482.6	3572.1	3543.4	3445.2	-2.51	1.09
Maharashtra	10747	7832.8	6786.2	4873.7	37.21	120.52
Manipur	2415.6	2427.6	2409		-0.5	—
Meghalaya		3347.8	3305.5		—	—
Delhi	2000	2000		1700	0	17.65
Orissa	1855.9	1905	1940.6	2167.2	-2.58	-14.36
Punjab			4232.1		—	—
Tripura	2734	2770.4	2873.8		-1.31	—
UP	1877.5	1854.6	1850.7	1641.1	1.24	14.41
Uttarakhand	1986.3	1956.6	2051.9	1766.6	1.52	12.44
WB	2426.6	2468.3	2466.6	2048.5	-1.69	18.46
Average	3130.9	2984.6	3055.1	2522.3		

Prices of rice have showed the upward movement in December 4<sup>th</sup> week from third week and market is expected to trade sideways at current level.

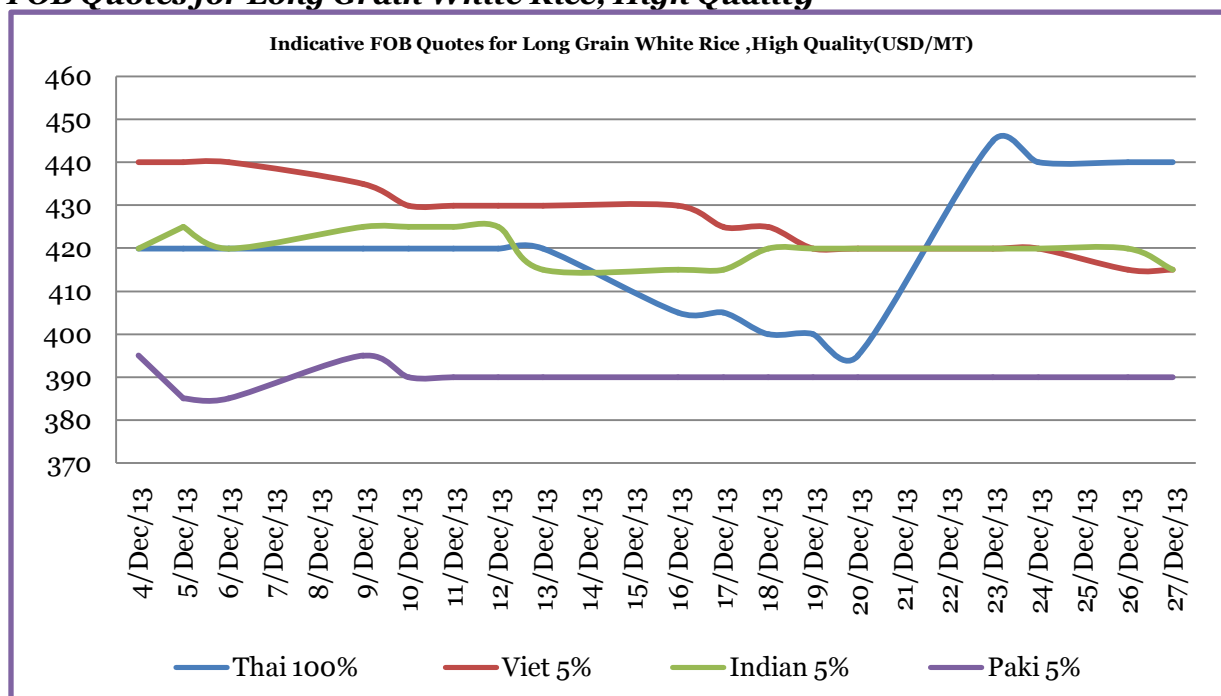
#### Price Projection for December 1<sup>st</sup> Week in Domestic Market:

Duration	Trend	Average Price Range
1 <sup>st</sup> Week of Jan, 2014	Steady	Rs.3100-3200/Q

### Inflation



### FOB Quotes for Long Grain White Rice, High Quality



**World Market Recap:**

**Thai government blamed high prices for the rice export decline.** Rice exports this year are expected to reach around 6.68 million tons, down over 16% from the target of a minimum of 8 million tons, and down around 4% from last year's rice exports of around 7 million tons.

**According to the USDA, Pakistan's rice production is expected to reach** around 6.4 million tons in MY 2013-14 (November – October), up about 7% from previous estimates of around 6 million tons, and up about 10% from an estimated 5.8 million tons produced in MY 2012-13.

**According to the Vietnam Food Association, Vietnam has exported about 6.3 million tons** of rice during January 1 - December 19, 2013, down about 17% from around 7.6 million tons of rice exported in the calendar year 2012.

**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.

**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 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.

**IGC Balance Sheet:**
**(Fig. In Million Tonnes)**

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				31.10.2013	28.11.2013
<b>Production</b>	449	465	469	474	471
<b>Trade</b>	36	39	37	38	38
<b>Consumption</b>	445	458	469	472	471
<b>Carryover stocks</b>	99	107	107	109	108
<b>Y-O-Y change</b>	3	7	1	1	-1
<b>Major Exporters</b>	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 March- 14, Rough Rice):***  
***(Prices in US\$/hundredweight)***


**Market Analysis:**

The CBOT March rough rice chart indicates range bound movement in previous sessions. We expect market will hover in the range of USD 15.20 to USD 15.60/ hundredweight in coming sessions.

**Price Projection (International-CBOT):-**

Duration	Trend	Price Range
1 <sup>st</sup> Week of January, 2014	<b>Firm</b>	15.20-15.60

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd