

Market Highlights

With the harvest of main (Kharif) crop , average price of rice came down in the month of December to about Rs.2924 per quintal which is 2% lower than previous month of Rs. 2862per quintal , however from January to December 2013 rice prices ruled all time high and about 11% higher than last year same period of Rs. 2585/quintal. We expect market will move in the range bound to slightly firm in January of New Year.

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

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 Rs.1300/quintal.

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.

Rice stock in central pool was 286.96 lakh tonnes as on 16th December 2013 as compared to 286.25 lakh tonnes on 1st 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. 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 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 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.

Rice Paddy- Progressive Rabi Sowing:

 (Area in Lakh ha) (As on 30th November, 2013)

State	Normal Area	Average Area	Area sown reported This Year	% of Nor,	Last Year	Absolute Change	% Change
Andhra Pradesh	14.84	0.90	0.88	5.9	0.66	0.22	33.3
Arunachal Pradesh							
Assam	3.66			0.0		0.00	#DIV/o!
Bihar	0.94			0.0		0.00	#DIV/o!
Chhattisgarh							
Goa							
Guajrat	0.49						
Haryana							
Himachal Pra.							
J&K							
Jharkhand	0.12						
Karnataka	3.68	0.11	0.18	4.9	0.21	-0.03	-14.3
Kerala		0.02		#DIV/o!		0.00	#DIV/o!
Madhya Pradesh							
Maharashtra	0.28						
Manipur							
Meghalaya							
Mizoram							
Nagaland							
Orissa	2.92			0.0		0.00	#DIV/o!
Punjab							
Rajasthan							

Sikkim							
Tamil Nadu	1.60	0.08		0.0		0.00	#DIV/o!
Tripura							
Uttar Pradesh	0.16						
Uttaranchal							
West Bengal	14.18			0.0		0.00	#DIV/o!
Pondicherry							
Others	1.50					0.00	#DIV/o!
All-India	44.30	1.11	1.06	2.4	0.87	0.19	21.8

Source:-DES-Directorate of Economics & Statistics, SDA- State Department of agriculture

Rabi rice transplanting is going smooth in major rice planting areas like Andhra Pradesh, Odisha, and Tamil Nadu. 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, according to the Ministry of Agriculture.

India Rice Balance Sheet:-

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)

Rice production in India has been on the rise from 2010-2011 to 2012-13 on the back of favorable 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.

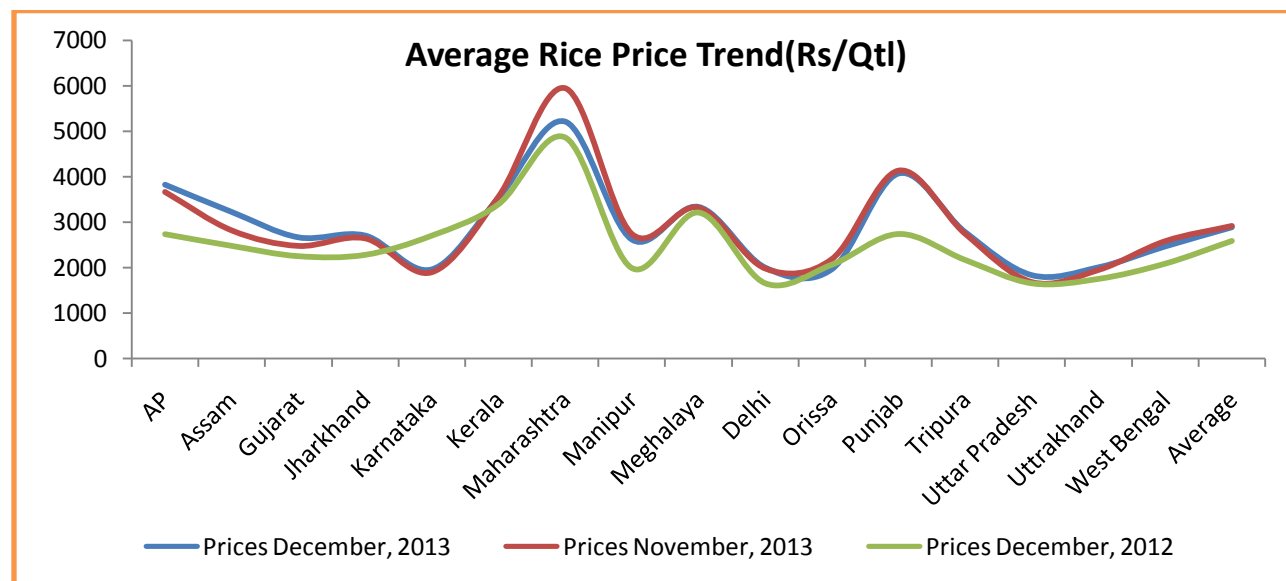
State Wise Price Movement (Non- Basmati):

State	Prices December, 2013	Prices November, 2013	Prices December, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	3821.4	3670.79	2736.6	4.1	39.64
Assam	3221.93	2825.13	2478.45	14.05	30
Gujarat	2663.93	2484.04	2251.25	7.24	18.33
Jharkhand	2703.78	2650.62	2280.54	2.01	18.56
Karnataka	1959.71	1905.54	2704.16	2.84	-27.53
Kerala	3527.44	3564	3394.89	-1.03	3.9
Maharashtra	5207.59	5952.09	4867.34	-12.51	6.99
Manipur	2616.67	2749.88	1990.52	-4.84	31.46
Meghalaya	3333.16	3326.72	3213.11	0.19	3.74
Delhi	2000	1988.89	1654.9	0.56	20.85
Orissa	1963.28	2194.05	2064.09	-10.52	-4.88
Punjab	4066.91	4139.99	2740.14	-1.77	48.42
Tripura	2778.67	2750.88		1.01	—
Uttar Pradesh	1832.66	1688.99	1653.28	8.51	10.85
Uttrakhand	2005.78	1956.13	1751.42	2.54	14.52
West Bengal	2464.66	2589.24	2087.33	-4.81	18.08
Average	2885.47	2924.14	2587.6		
*Report Generation: As per the data reported by APMCs					

(Source: Agmarknet.nic.in)

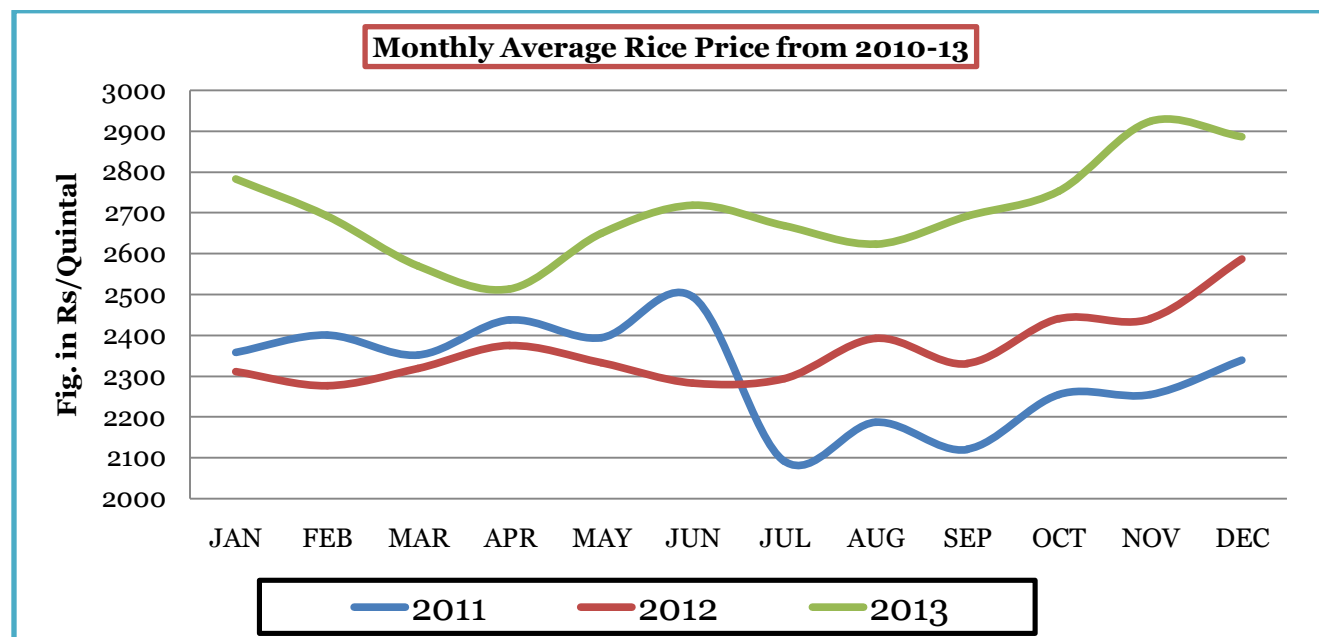
Average price of PR variety in the month of December ruled slightly lower around by Rs.40/quintal. We expect market will move steady to slightly frail in the month of January due to fragile demand from domestic as well as international markets also bulk buyers are in wait and watch mood to expect the market will move southward and also supported by better rabi sowing in major growing areas.

Indian Average Rice Price Trend, November-2013:

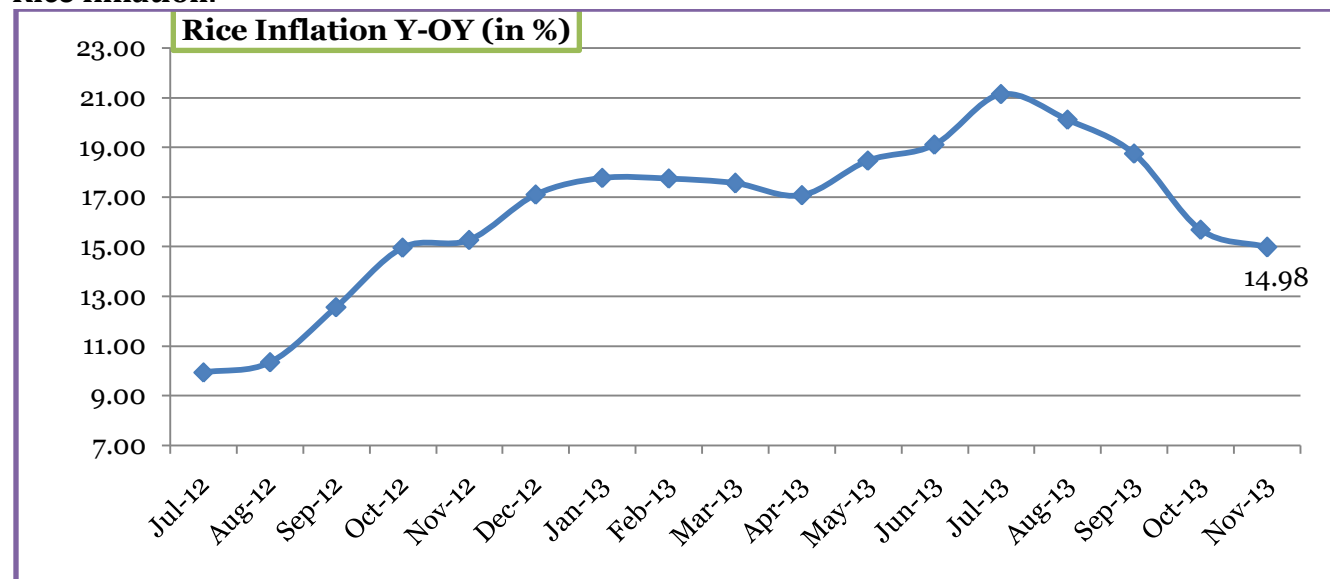


(Source: Agmarknet)

Monthly Average Price Trend:-



Average rice price in December 2013, moved slightly downward due to sluggish trading and major buyers are in dormant mode besides better sowing recorded in major rabi growing areas, however average prices in 2013 is all time high from last three years and we expect market will move in the range bound in the first month of new year.

Rice Inflation:


Source: www.eaindustry.nic.in

Rice inflation has fallen to 14.98% in November, year on year basis from 15.69% in October. WPI has also decreased to 232.5 in November due to fall in price in open market. Rice prices have fall by 2.0% in November over previous month.

Progressive Procurement of Rice as on 29/11/2013:

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	In season 2012- 2013 (in Lakh ton)	Marketing In season 2011-2012 (in Lakh ton)
Andhra Pradesh	75.48	64.68	75.47
Chhattisgarh	41.15	48.04	41.15
Haryana	20.07	26.09	20.07
Kerala	3.76	2.40	3.76
M.P	6.35	8.98	6.36
Maharashtra	1.90	1.92	1.90
Orissa	28.66	36.13	28.65
Punjab	77.31	85.58	77.31
Tamil Nadu	15.96	4.81	15.96
Uttar Pradesh	33.57	22.86	33.51
Uttaranchal	3.78	4.97	3.68

West Bengal	20.41	17.66	19.38
All-India	350.60	340.24	349.39

Progressive paddy procurement in Marketing Year 2012-13 is about 340 lakh tonnes which is approximately down by 2.6% from same period last year. Highest procurement is seen in Punjab with 85.58 lakh tonnes followed by Andhra Pradesh and Chhattisgarh with procurement of 64 lakh tonnes and 48 lakh tonnes respectively.

Rice 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-Dec			
13-Jan	5.65	3.18	8.83	14-Jan			
13-Feb	4.9	3.34	8.24	14-Feb			
13-Mar	5.7	3.87	9.57	14-Mar			
13-Apr	3.93	3.94	7.87	14-Apr			
13-May	4.67	3.45	8.12	14-May			
13-Jun	5.56	3.78	9.34	14-Jun			
13-Jul	6.51	3.34	9.85	14-Jul			
13-Aug*	6.57	2.68	9.25	14-Aug			
13-Sept*	6.81	3.61	10.42	14-Sept			
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 have been exported as compare to 17.17 lakh tones for the same period last year.

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

Year	Jan	Feb	Mar	April	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	35.38	35.8	35.46	34.72	33.3	31.50	29.23	26.78	23.13	28.58	28.62

Total rice stocks in India's central pool have risen to 28.62 million tons as of December 1, 2013.

Price Outlook:

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 to continue in the market. We expect market to trade range bound at current level. However fresh export demands for aromatic varieties may support market after mid January, when foreign buyers will start returning into the market.

Global Updates:

Low rice prices and huge stocks of rice are expected to help Thailand's rice exports bounce back to over 8 million tons in 2014, the highest yearly export volume since the government started the rice mortgage program in October 2011. Thailand used to be the world's largest rice exporter with around 10.6 million tons of rice exports in 2010-11. However, artificially high prices due to government intervention led to a decline of around 35% to about 6.9 million tons in 2011-12.

Thailand has exported around 5.9 million tons of rice in January – November 2013, down about 5.4% compared to the same period in 2012, according to the Thai Rice Exporters Association (TREA). In terms of value, rice exports have earned around 120.8 billion baht (around \$3.9 billion), down about 9% compared to the same period last year.

Vietnam has exported about 6.45 million tons of rice during January 1 - December 26, 2013, down about 15% from about 7.59 million tons of rice exported in the full year 2012, according to the Vietnam Food Association (VFA). Average export price so far this year stands at about \$432 per ton (FOB), down about 5% from an average export price of about \$456 per ton (FOB) recorded in 2012.

Cambodia exported around 378,856 tons of rice in the calendar year 2013, up about 84% from around 205,717 tons exported in the previous year, according to official sources. Total rice exports in 2013 included around 156,770 tons of jasmine rice (41% of total rice exports) and about 194,003 tons of long grain rice (51% of total rice exports). Cambodia's rice exports in December 2013 stand at around 46,847 tons of rice, the highest monthly volume in 2013 and up about 24% from around 37,855 tons in the previous month, and up about 36% from around 34,328 tons of rice exports in December 2012. Cambodia's major rice export destinations in 2013 include European nations, Malaysia, Thailand, and China.

The Agriculture Ministry says that Indonesia's 2013 rice production is estimated to reach around 39.8 million tons against a consumption of around 34.4 million tons, suggesting a surplus of around 5.4 million tons of rice in 2013, according to state media. The surplus rice is about double the 2.7 million tons of rice required as buffer stocks by the government by the end of 2013. According to the Agriculture minister, rice production in 2014 is expected to grow by around 8% to about 43 million tons, which is expected to keep Indonesia self-sufficient in rice in 2014.

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 USDA Post in Islamabad. The Post says that Pakistan's rice production is expected to increase this year due to better monsoon rains and higher yield from the hybrid varieties. Rice area in 2013-14 is estimated at around 2.7 million hectares, up about 12.5% from around 2.4 million hectares in the previous year. However, MY 2013-14 rice consumption estimates are lowered to around 2.6 million tons, down from previous estimates of around 2.8 million tons, mainly due to higher domestic prices which have increased due to higher electricity costs, according to the Post.

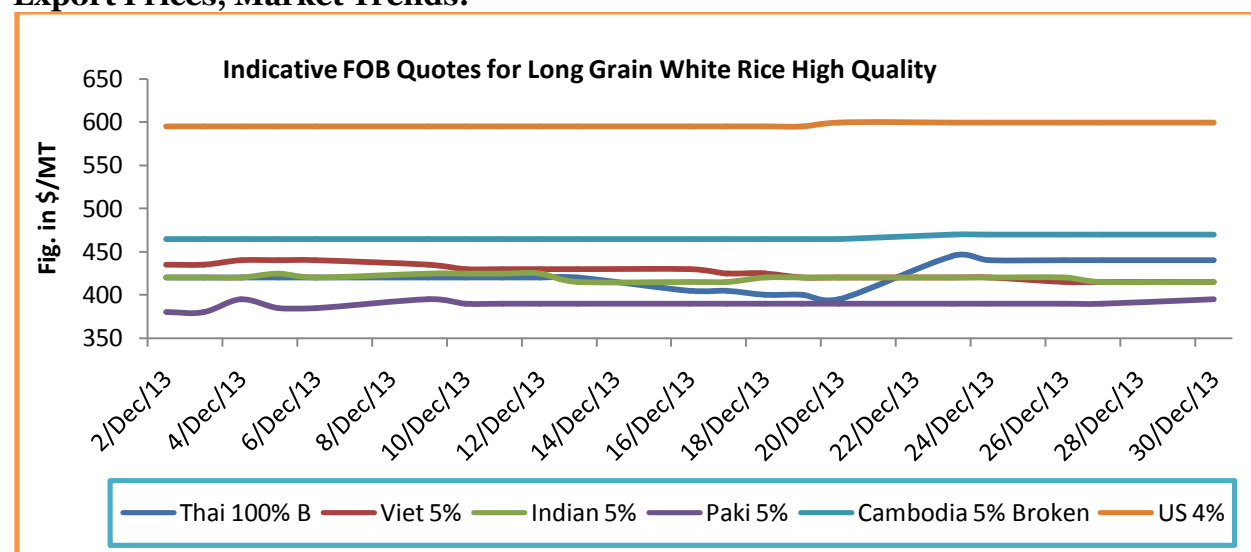
	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				31.10.2013	28.11.2013
Production	449	465	469	474	471
Trade	36	39	37	38	38
Consumption	445	458	469	472	471
Carryover stocks	99	107	107	109	108
Y-O-Y change	3	7	1	1	-1
Major Exporters	30	37	40	42	41

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.

Export Prices, Market Trends:



FOB quotes Range bound world over:

FOB quotes in the month of December ruled steady for almost all countries except Thailand which is not releasing their stock in overseas market however now FOB of India and Vietnam are merged together which shows parity from Indian markets as arrival of new crop hit in the market and also supported by Indian rice in major international markets.

Rice Price Trend @ CBOT (Jan- 14, Rough Rice):



(Prices in US\$/hundredweight)

Market Analysis:

The U.S. cash rice market shows gap opening in current trading session, however market is moving in the range bound from last couple of week. We expect market will trade in the range bound with slightly firm in the range of 15.20 (support) to 16.20 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
December	Range bound	S1-15.40 S2- 15.20	R1-16.40 R2-16.20

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