

Latest Market Development:-

According to the Ministry of Agriculture, Rice planting area under India's winter (rabi) crop has reached around 325,000 hectares as of January 3, 2014, which is down about 27% from about 445,000 hectares planted with rabi rice during same time last year.

According to official sources, India has exported rice worth around \$3.89 billion in the first six months of the fiscal year 2013-14 (April – March), which is about 63% of total rice exports worth \$6.21 billion in the full FY 2012-13

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 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.

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.

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.

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.

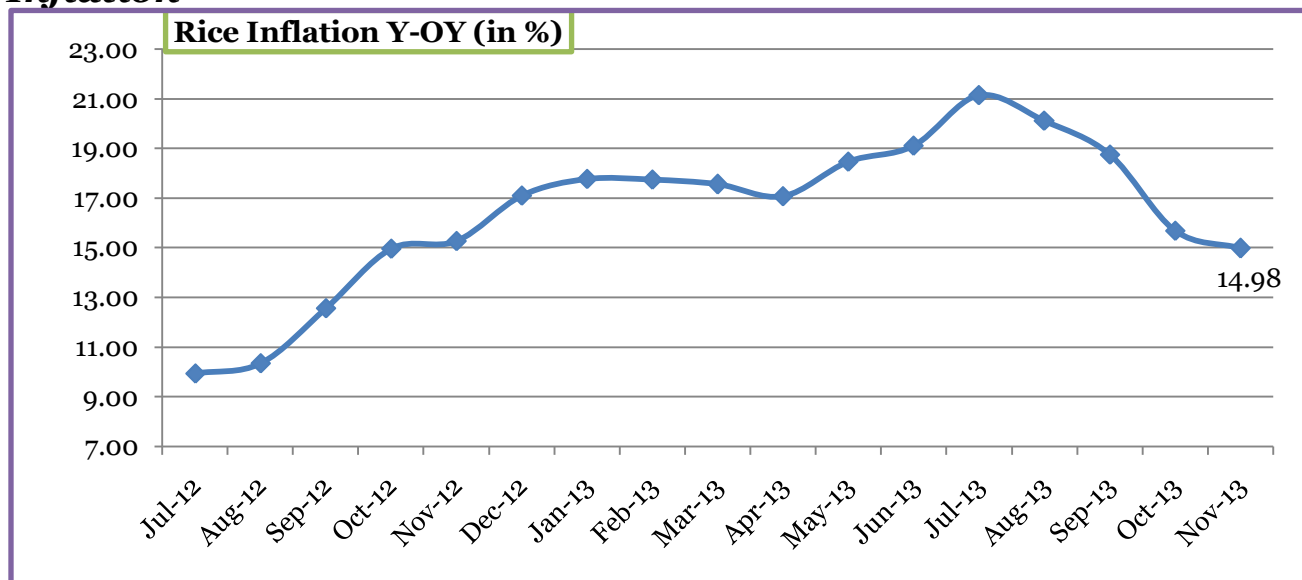
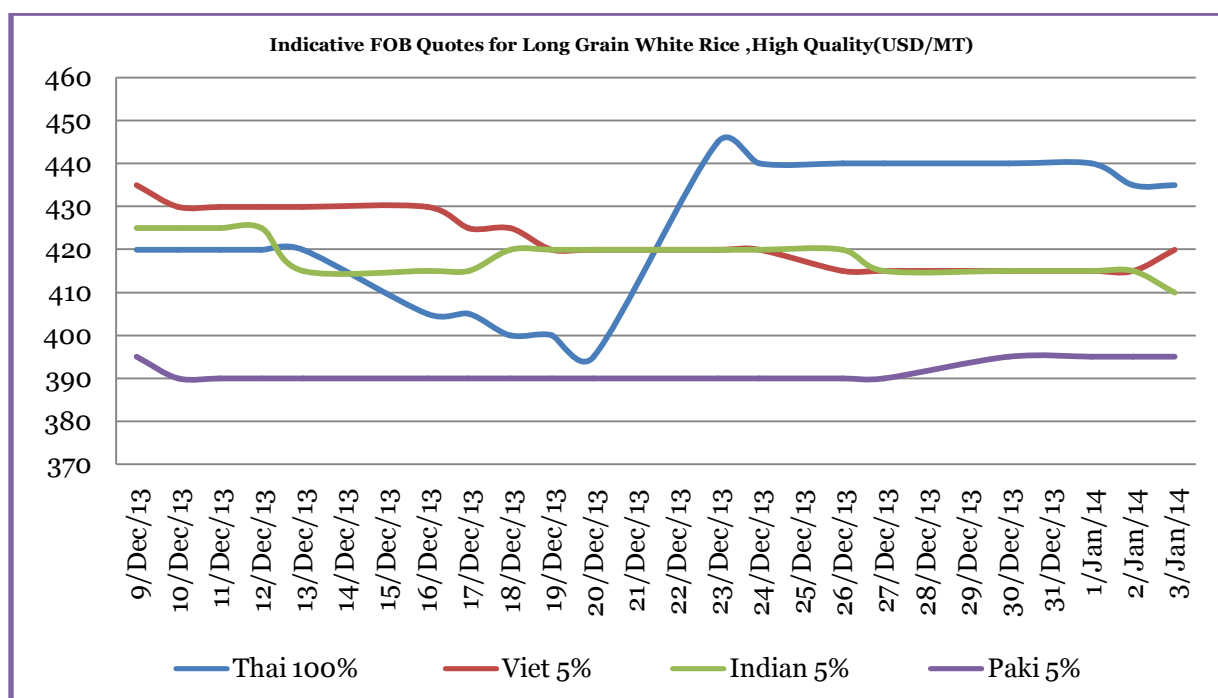
State wise Wholesale Prices Weekly Analysis for Rice First Week of January, 2014:

State	01-08 Jan 2014	24-31 Dec 2013	16-23 Dec 2013	01-08 Jan 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
AP	3484.8	3860.1	3853.6	2871.4	-9.72	21.36
Assam	3187.1	3241.2	3318	2480.7	-1.67	28.48
Gujarat	2708.3	2725.4	2676.1	2365.2	-0.63	14.51
Jharkhand	2584.7	2677	2752.5	2300.4	-3.45	12.36
Karnataka	2205.6	2103.7	2034.6	2719.6	4.85	-18.9
Kerala	3295.3	3394.8	3572.1	3454.8	-2.93	-4.62
Maharashtra	3676	10433	7141.1	4625.5	-64.76	-20.53
Manipur	2418	2415.3	2427.6		0.11	—
Meghalaya			3347.8	3200	—	—
Delhi		2000	2000	1700	—	—
Orissa	2265	2123.8	1905.3	2243.8	6.65	0.94
Punjab	3600				—	—
Tripura	2916.7	2774.6	2770.4		5.12	—
UP	1877.2	1898.6	1855.9	1648.3	-1.13	13.89
Uttrakhand	2028.5	1757.2	1956.6	1773.9	15.44	14.35
WB	2501.9	2433	2469.8	2136.5	2.83	17.1
Average	2767.8	3131.2	2938.8	2578.5		

Prices of rice have showed the downward movement in January 1st week from fourth week of December and market is expected to trade steady to slightly weak at current level..

Price Projection for January 2st Week in Domestic Market:

Duration	Trend	Average Price Range
2 nd Week of Jan, 2014	Steady to slightly weak	Rs.2700-2800/Q

Inflation

FOB Quotes for Long Grain White Rice, High Quality


World Market Recap:

According to the Vietnam Food Association, 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 Thai Rice Exporters Association, 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.

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.

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.

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 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 15.70/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2 nd Week of January, 2014	Firm	15.20-15.70

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