

Market Highlights

- Monthly average Prices of aromatic and non-basmati rice ruled almost stable with nominal variation. As per by traders, the market is range-bound but within a positive territory. However expectation of good buying in the coming months is supporting the market. On the other hand Prices of Pusa 1121 varieties have come down after previous month's unstable raise.
- According to the Ministry of Agriculture, planting area under India's Rabi rice (winter) crop has reached around 2.1 million hectares as of January 31, 2014, up about 40% from around 1.5 million hectares recorded during the same time last year.
- Average non basmati rice price in domestic market in the month of January 2014 move southward around 5% lower than December 2013, however it is almost same from previous year same period, paddy arrival from major states and higher rabi planting of rice supported by lukewarm trading by domestic buyers are the main attribution of correction of average price.
- Rice stock in central pool was 313.98 lakh tonnes as on 16th January 2014 as compared to 286.96 lakh tonnes on 16th December 2013. Punjab has the highest rice stock in central pool at 61.35 lakh tonnes followed by Andhra Pradesh at 21.10 lakh tonnes. Rice stock in central pool kitty is higher by around 10% from previous month due to ongoing procurement season; however it is 16 lakh tonnes less than the procurement target of 330 lakh tonnes in 2013-14 kharif seasons.
- Bihar Government hikes the MSP of paddy for coming kharif crop in 2014-15. Increase of Rs 250 per quintal bonus on procurement of paddy pushing the MSP to Rs.1560 a quintal which is highest in the country and resultant of better production estimation as well as procurement for next season.
- Total Rice export volume from India is up by around 25% in the month of December 2013 against last month, however it is about 19% down from same period last year. On the other hand basmati export in the month of December is also up by around 59% from last month and 37% from last year same period. The major reason behind higher basmati export from last year is due to introduction of new variety of basmati 1509 this year.
- According to IBIS (provisional data), export of rice in the month of December was 8.39 Lakh tones which is 19% less than last year at the same month. Basmati was exported 3.93 lakh tonnes and Non-Basmati was exported 4.46 lakh tonnes in the month of December 2013.
- India's basmati rice exports to Iran have increased by 77% on a year-on-year basis between April and September 2013. India exported 851,859 tons of basmati rice to Iran during the first five months of the FY 2013-14 (April – March) compared to 481,328 tons during the same period in the FY 2012-13.

Rice Paddy- Progressive Rabi Sowing:

SL.No	State	Normal Area (DES)	Normal area of corresponding week	Current Year 2013.14	2012.13
2	Andhra Pradesh	14.84	7.07	9.97	6.68
3	Arunachal Pradesh	0.00	0.00	0.00	0.00
4	Assam	3.65	1.05	1.14	1.45
5	Bihar	0.94	0.00	0.00	0.00
6	Chhattisgarh	0.40	0.05	0.41	0.24
7	Gujarat	0.49	0.00	0.00	0.00
8	Haryana	0.00	0.00	0.00	0.00
9	Himachal Pradesh	0.00	0.00	0.00	0.00
10	Jammu& Kashmir	0.00	0.00	0.00	0.00
11	Jharkhand	0.12	0.00	0.00	0.00
12	Karnataka	3.68	0.88	1.19	0.53
13	Kerala	0.49	0.00	0.00	0.00
14	Madhya Pradesh	0	0.00	0.00	0.00
15	Maharashtra	0.28	0.00	0.00	0.00
16	Meghalaya	0.13	0.25	0.17	0.16
17	Odisha	2.92	0.00	0.00	0.00
18	Punjab	0.00	0.00	0.00	0.00
19	Rajasthan	0.00	0.71	0.62	0.22
20	Tamil Nadu	1.60	0.00	0.00	0.00
21	Tripura	0.69	0.00	0.00	0.00
22	Uttar Pradesh	0.20	0.00	0.00	0.00
23	Uttarakhand	0.15	2.56	1.60	1.30
24	west Bengal	14.13	0.00	0.12	0.10
25	Others	0.20	0	0.12	0.1
26	Total	44.96	12.78	15.260	10.73

(Source: Directorate of Economic & Statistics (DES), SDA- State Dept of Agriculture, Patna) (Area in Lakh ha) (As on 23rd Jan, 2014)

Rice Supply & Demand:

Figure in MMT	2011-13	2012-14	2013-14* E
Carry in	20.9	20.1	17.1
Production	100.45	100	102.5
Imports	0	0	0
Total Availability	121.31	120.08	119.58
Consumption	91.2	92.5	93

Exports	10.033	10.5	10
Total Usage	101.23	103	103
Carry out	20.1	17.1	16.6
Av Monthly Consumption	1.6733	1.4233	1.3817
Stock to Month Use	3.06	3.06	3.06
Stock to Consumption Ratio	0.2202	0.1846	0.1783

Source: Agriwatch and USDA

Rice production in India has been on the rise from 2012-2013 to 2013-14 on the back of favorable monsoon, higher area coverage backed up by higher MSP and good export demand.

However, kharif rice production is likely to dip slightly in 2013-14 to 90 million T due to recent loss caused by two consecutive cyclones, followed by heavy rainfall at maturity and harvesting stage in west Bengal, Odisha and Andhra Pradesh. However, it is unlikely to interrupt supply in the domestic market as carryout stock is ample to take care of domestic and export market.

On the other hand Rabi rice sowing area is higher by 42% from last year and thus we expect total rice production is likely to touch 102-102.5 million tons this year.

State Wise Price Movement (Non- Basmati):

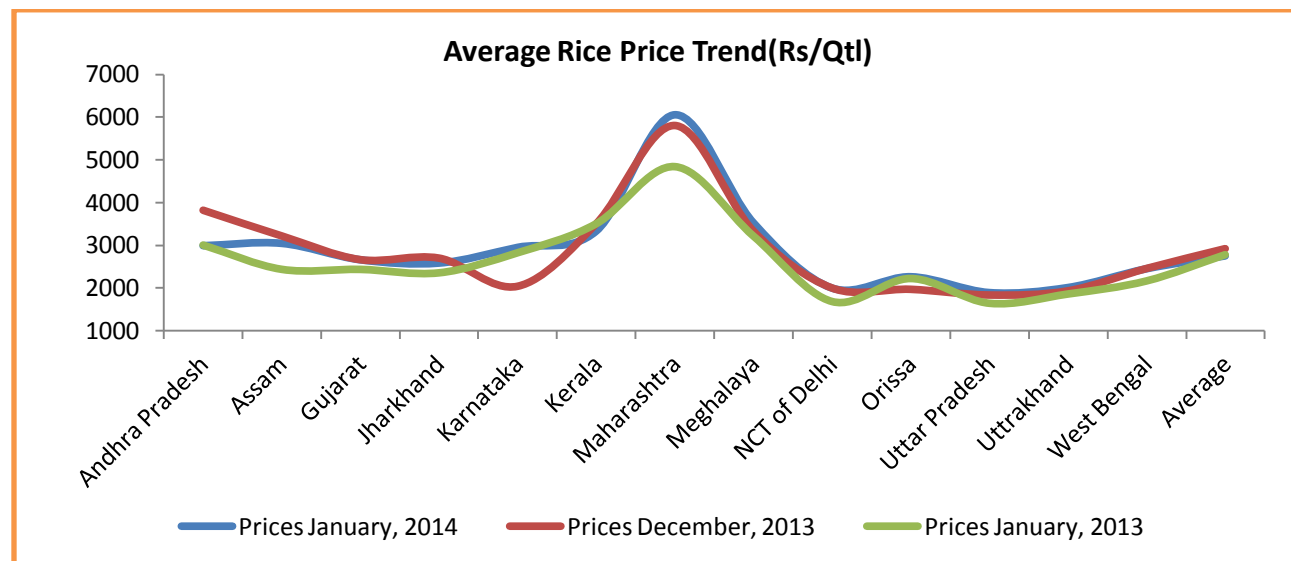
State	Prices January, 2014	Prices December, 2013	Prices January, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	2993.97	3821.02	3007.17	-21.64	-0.44
Assam	3048.92	3219.71	2441.21	-5.3	24.89
Chhattisgarh	1885			—	—
Gujarat	2665.02	2663.52	2439.86	0.06	9.23
Jharkhand	2588.13	2700.18	2359.77	-4.15	9.68
Karnataka	2954.53	2040.35	2828.17	44.81	4.47
Kerala	3336.13	3506	3505.04	-4.85	-4.82
Maharashtra	6053.25	5805.18	4837.67	4.27	25.13
Manipur	2440.36	2608.9		-6.46	—
Meghalaya	3530.09	3333.16	3216.91	5.91	9.74
NCT of Delhi	2004.26	2000	1690	0.21	18.6
Orissa	2268.91	1969.45	2226.89	15.21	1.89
Punjab	1977.81	4066.91		-51.37	—
Tripura	2737.01	2783.16		-1.66	—
Uttar Pradesh	1898.6	1835.8	1649.74	3.42	15.08
Uttrakhand	2016.32	1933.05	1865.31	4.31	8.1
West Bengal	2456.18	2457.91	2170.95	-0.07	13.14
Average	2756.15	2921.52	2783		

*Report Generation: As per the data reported by APMCs

(Source: Agmarknet.nic.in)

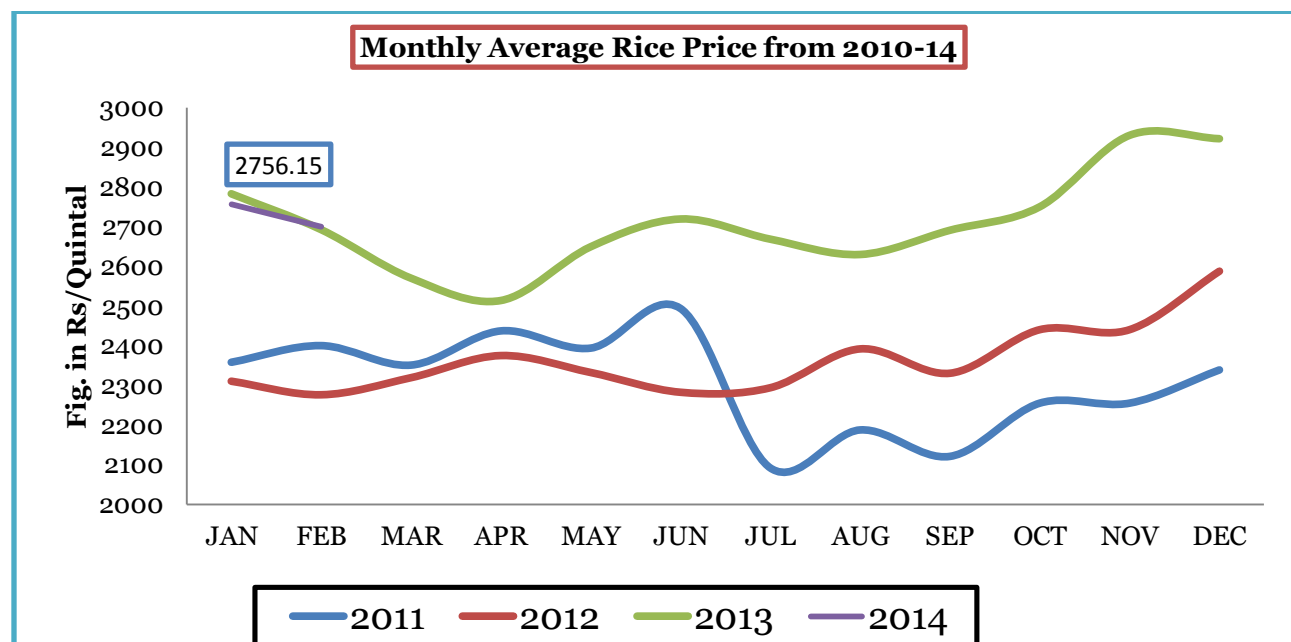
Average price of PR variety in the month of January ruled lower around by Rs.200/quintal. We expect market will move steady to slightly firm in the month of February due to fresh demand from domestic as well as international markets.

Indian Average Rice Price Trend, November-2013:

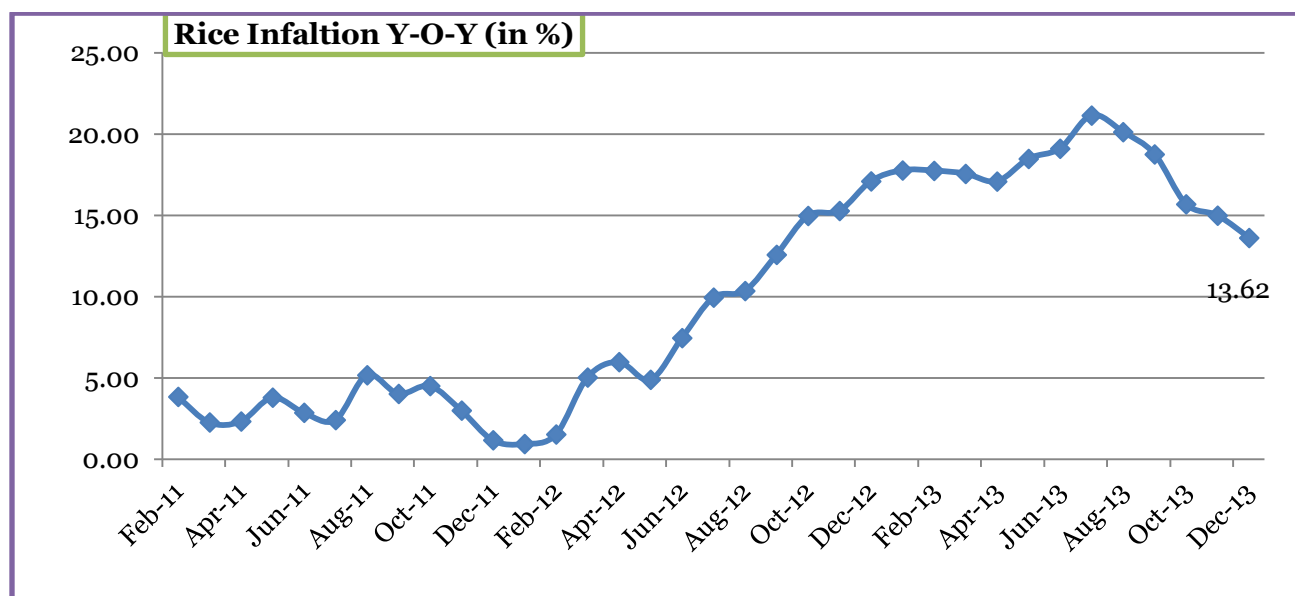


(Source: Agmarknet)

Monthly Average Price Trend:-



Average rice price in the month of January ruled lower than December, 2013 due to recent arrival of paddy and sluggish export demand, however rice prices are all time higher than last three years and we expect market will move firm in the month ahead as buyers are now active in the market.

Rice Inflation:

 Source: www.eaindustry.nic.in

Rice inflation has fallen to 13.62% in December-2013, year on year basis from 14.99% in November. WPI has also decreased to 230.3 in December due to fall in price in open market.

Progressive Procurement of Rice as on 20/12/2013:
(Fig. in Lakh tonnes)

States	Total procurement in marketing season 2012-13 (Oct. – Sept.)	As on 20.12.2013	
		In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.64	9.57	10.78
Chhattisgarh	48.04	14.10	14.86
Haryana	26.09	23.96	25.68
Kerala	2.40	-	-
Madhya Pradesh	8.98	3.74	2.79
Maharashtra	1.92	0.41	0.53
Orissa	36.13	-	-
Punjab	85.58	81.03	85.44
Tamil Nadu	4.81	0.54	0.01
Uttar Pradesh	22.86	2.13	3.91
Uttaranchal	4.97	0.73	1.14
West Bengal	17.66	0.39	0.46
All-India	340.20	136.70	145.74

Progressive paddy procurement in 2013-14 reached to 136.70 lakh tonnes which is around 6% down by same period last year, total procurement in 2012-13(September-2012-October-2013) is 34 million

tonnes which is down by around 3% of target procurement of 35 million tonnes. Procurement can be seen stumpy in major rice producing states mainly due to paddy and rice prices is ruling all time high of around Rs. 1350-1450/quintal in country which is above than MSP of Rs.1345/quintal.

Rice Export:

All fig. in Lakh tonnes	Non Basmati	Basmati	Total Export 2012- 13	All fig. in Lakh tonnes	Non Basmati	Basmati	Total Export 2013- 14
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*	4.46	3.93	8.39
13-Jan	5.65	3.18	8.83	14-Jan*	Awaited		
13-Feb	4.9	3.34	8.24	14-Feb			
13-Mar	5.7	3.87	9.57	14-Mar			
13-Apr	3.93	3.93	7.86	14-Apr			
13-May	4.67	3.45	8.12	14-May			
13-Jun	5.57	3.78	9.35	14-Jun			
13-Jul	6.43	3.34	9.77	14-Jul			
13-Aug	7.71	2.71	10.42	14-Aug			
13-Sep	7.92	2.06	9.98	14-Sep			
Total	73.12	36.54	109.66	Total	15.65	8.54	24.19

(Source: DGCIS, India and * IBIS)

Rice export in the month of December 2013 is reported 8.39 lakh tonnes which is about 265 higher than previous month and about 18% lower than last year same period. The USDA says that India's rice exports are expected to decline to around 10 million tons in 2013-14, down about 5% from an estimated 10.5 million tons in 2012-13. Rice exports by other major rice exporting countries are also expected to revive this year. However, India will still be ahead of Thailand (with projected exports of 8.5 million tons) and Vietnam (with projected exports of 7.5 million tons) in terms of rice export quantity in 2013-14. According to local sources, India's rice exports have remained strong due to demand for basmati rice in the Middle East, the U.S., and Europe, and for non-basmati rice in Africa and Asian countries this 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
2014	28.69											

Source:-FCI

Total rice stocks in India's central pool have risen to 28.69 million tons as of January- 1, 2013.

SWOT Analysis of Indian Rice Market for Month of February:-
Strength

1. Rabi Rice planting for 2013-14 as on 31st Jan-2014 is up by 40% and stand about 2.1 Million Hectare against last year same period of 1.5 million ha.
2. Recent Rain in major Rabi rice growing areas is suitable for standing crop.
3. Demand for Indian Rice is from 140 countries and India remain the top exporters for 2013-14 and likely to export 10 Million tonnes in 2013-14. Apart from this India also enjoys freight advantage in shipping to Gulf and West Africa.
4. Carry over stock is around 24 million tonnes, higher by 4.2% from last year.

Weakness

1. India's rice production is likely to be lower at 103 million tonnes (mt) this crop year to June 2014, while exports could drop by 0.5 mt, according to the US Department of Agriculture Economic Research Service.
2. Three cyclones affecting rice growing areas in Andhra Pradesh and Odisha; and deficient rainfall in West Bengal, the biggest rice producer in the country, are seen as reasons for the fall in kharif production.
3. Stock in central Pool kitty is about 286.96 lakh Tons, down by 11% from last year.

Opportunity
1. FOB Quotes

Long Grain White Rice High Quality	
Thai 100% B grade	445-455\$/MT
India 5% broken	405-415\$/MT
Long Grain White Rice Low Quality	
Thailand 25% broken	390-400\$/MT
Vietnam 25% broken	375-385\$/MT
Pakistan 25% broken	345-355\$/MT
India 25% broken	350-360\$/MT

India has better opportunity to export in Africa/Middle East where Pakistan is likely to be the main competitor. India enjoys good price advantage over Thai/Vietnam rice in these markets.

2. Bihar Government hikes the MSP of paddy for coming kharif crop in 2014-15. Increase of Rs 250 per quintal bonus on procurement of paddy pushing the MSP to Rs.1560 a quintal which is highest in the country and resultant of better production estimation as well as procurement for next season.
3. The Korean government has announced the rice purchasing plan for the 2014 Minimum

Threats

1. Pakistan rice crop is higher at 6.4 MMT against 5.8 mt last year as per by latest USDA report.
2. The USDA also states that Thailand's exports could rise to 8.5 mt from 6.7 mt this year. Vietnam's exports could rise to 7.5 mt from 7.2 mt.
3. India's 25 per cent broken white rice is quoted at \$350-360/tonne, Thailand is quoting it at \$390-400 and Vietnam at \$375-385. Pakistan's quote for the variety is \$345-355 /tonne. Pakistan is likely to pose a threat to Indian exports to Middle East/Africa due to lower quotes. Parity-wise, Thai/Vietnam rice is currently not a threat to Indian rice in these markets.
4. Vietnam, Thailand and Pakistan are expected to witness growth in rice exports this year mainly demand from China and East Asian countries including Japan.
5. Massive stockpile of rice in Thailand would encourage offloading maximum stock in overseas market on discount so that huge subsidy burden could be minimized.

Market Access (MMA) agreement. Under the 2014 MMA, Korea plans to purchase its commitment of 408,700 MT of rice (milled basis), up 20,347 MT, an increase of approximately 5 percent over last year. The United States is expected to supply from 120,000 to 130,000 MT, or roughly 29-32 percent of the total MMA volume. India may be able to get some export orders to Korea if it has parity advantage over Thailand/Vietnam.

Price Outlook: Rice market is likely to trade steady to slightly firm in the month of February despite ample supply side and some losses of kharif paddy in eastern states and Chhattisgarh. Export demand is good and remains supportive to the domestic rice market. However, good production prospects in Rabi would not allow market to go for any bull run. Price would continue to follow 2013 trend as has been shown in the above given price line chart.

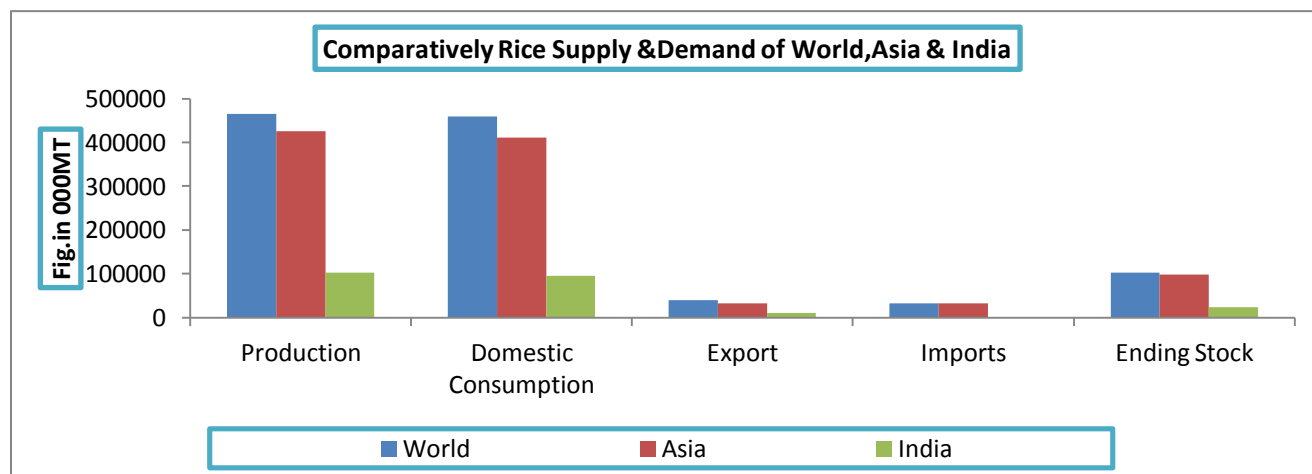
Continent Wise Supply & Demand:-

2013-14						
Rice	Beginning Stock	Production	Imports	Exports	Domestic Consumption	Ending Stock
African Countries	2147	16713	11385	1090	27359	1796
Asian	99506	425085	17105	31792	411602	98302
Europe	58	110	218	0	333	53
N. America	1324	6180	1767	3157	5027	1087
Oceania	120	680	355	520	565	70
S. America	1754	16160	1892	3265	14595	1946
Total	104909	464928	32722	39824	459481	103254

Source:-USDA

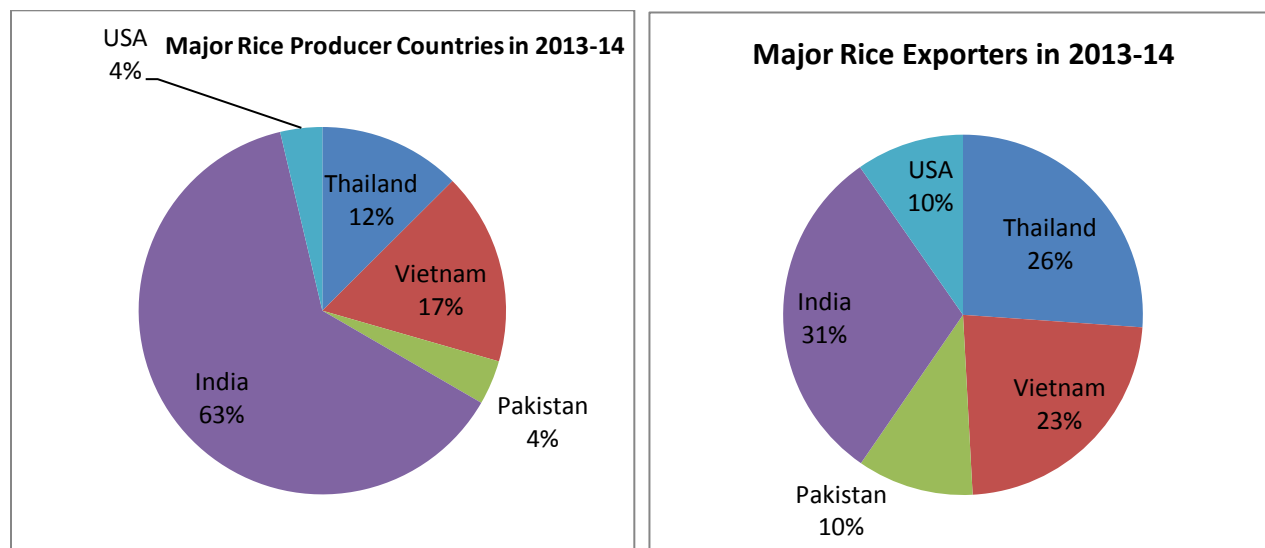
Fig. in 000MT

World Supply & Demand of Rice



Total rice production in world is approx 464 million tonnes in which contribution from Asian countries is around 91% in 2013.-14; however domestic consumption of Asian countries is about 90%. Rice export from India is 25% among the world which is highest throughout the world. Indian dominance in global export rice business is likely to continue in MY-2014-15 due to ample marketable surplus in domestic market supported by higher stock in central pool kitty besides rabi production prospects would encourage private exporters and avail the benefit of Thailand gap due to higher prices over there.

Major Rice Producers and Exporters in 2013.14



Source:-USDA

Global Updates:

Thailand rice exports have declined for the second consecutive year, reaching around 6.6 million tons in the calendar year 2013, down about 5% from around 6.7 million tons exported in 2012, and down about 17% from the government target of 8 million tons, according to preliminary estimates by the USDA Post in Bangkok. Thailand lost its top rice exporter status in 2012, when the country's rice exports stood at around 6.9 million tons, down about 35% from around 10.6 million tons exported in the previous year.

Argentine rice was offered lowest in the international tender from Iraq to buy at least 30,000 tons. The tender closed on February 2, 2014, and offers must remain valid until February 6, 2014. According to trade sources, Argentine rice was offered lowest at \$703.80 per ton cif free out (ciffo), Uruguayan rice was offered lowest at \$713 per ton ciffo and U.S. rice was offered lowest at \$725.60 per ton ciffo. No purchase has yet been made in the tender.

Average domestic rice prices in the Philippines were up about 4% – 5% higher in the calendar year 2013 compared to the previous year, with average prices remaining high in the last few months of 2013, according to the Bureau of Agriculture Statistics (BAS). Average paddy rice price stood at around P16.94 per kilogram in 2013, up about 4.5% from around P16.22 per kilogram in 2012.

The Vietnamese government is planning to shift around 130,000 hectares of rice area to other crops such as soybeans and corn as part of the changes in agriculture and rural development in 2014, according to the Agriculture and Rural Development Minister. The minister told local sources that Vietnam's rice area stood at around 7.9 million hectares in 2013, but corn area was a mere 1,157 hectares. Vietnam's rice production exceeds consumption needs of the country every year, but the country imports around 4 million tons of corn and soybeans yearly, the minister says. The Ministry of Agriculture and Rural Development (MARD) will guide rice farmers to shift crops which will help them improve their farm income.

Russia's paddy rice production in 2013 stood at around 926,000 tons, down about 12% from around 1.05 million tons in 2012, mainly due to reduced area cultivated and yields. According to the preliminary data from the Russian State Statistical Service (Rosstat), rice area in Russia decreased by 11,000 hectares or around 5.4% to 190,000 hectares in 2013 from the previous year's 201,000 hectares. Average yield per hectare in Russia declined to 4.96 tons in 2013, down about 10% from 5.49 tons in 2012.

Nigeria's milled rice production is likely to increase to around 3.1 million tons in 2014, up about 29% from around 2.4 million tons in 2013. However, Nigeria's rice imports in 2014 are likely to remain at 2013 levels of around 2.9 million tons to meet an annual consumption demand of around 6 million tons, according to the USDA.

Brazil is expected to produce around 8.33 million tons of rice (milled basis) in MY 2013-14 (April - March), up about 310,000 tons or 4% from around 7.99 million tons produced in MY 2012-13, according to new estimates by the USDA.

Source:-Oryza

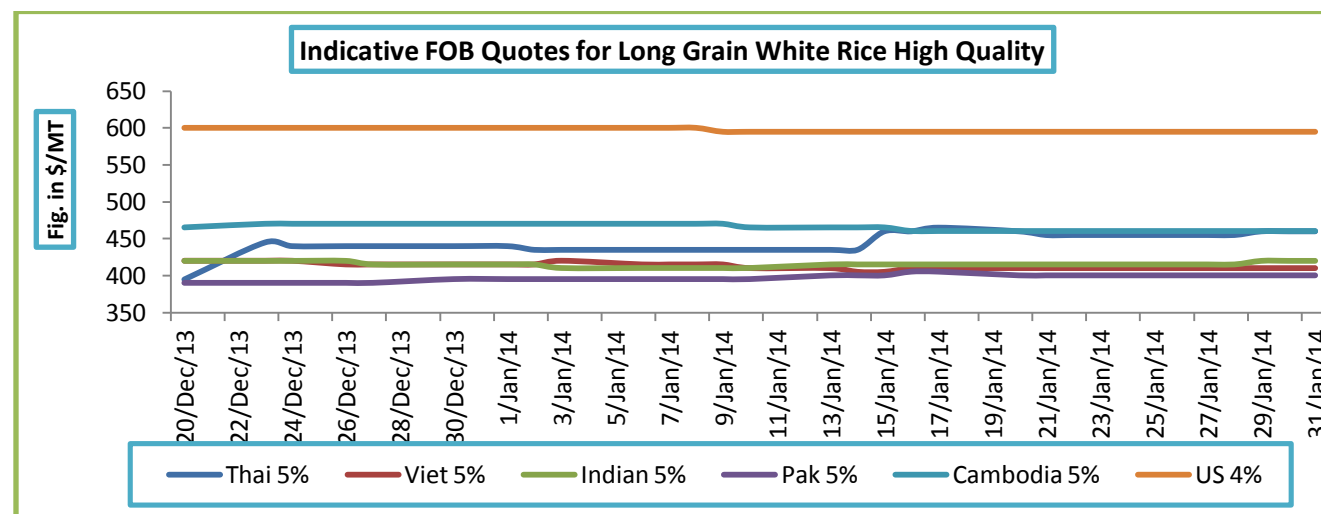
IGC Balance Sheet:
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				28.11.2013	30.01.2014
Production	448	465	469	471	470
Trade	36	39	37	38	39
Consumption	445	458	467	471	471
Carryover stocks	99	107	109	108	108
Y-O-Y change	3	8	2	-	-2
Major Exporters	31	37	40	41	39

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

IGC Rice Balance sheet Highlights:-

- Asian prices have generally weakened over the last two months, but a move preventing access to old crop government inventories has lifted prices in Thailand.
- Global rice output is forecast broadly unchanged y/y in 2013/14, as declines in the world's leading producers, China and India, are offset by gains elsewhere.
- The 2013/14 world carryover is expected to fall fractionally y/y, with major exporters' inventories likely to decline by 4%, as an expansion in Thailand only partly offsets a decline in India.
- World trade is projected to recover by 4% in 2014, boosted by expectations for larger shipments to Far East Asia.

Export Prices, Market Trends:


FOB quotes Range bound world over:

FOB quotes of major exporters are ruling in the range bound in the month of January, Thai 5% broken and Cambodian 5% rice are ruled almost at same price of around USD 460/MT, on the other hand Pak 5% broken ruled lowest among all and we expect Indian 5% broken rice FOB is likely to hover in the range bound to slightly bullish in the month's ahead.

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


(Prices in US\$/hundredweight)

Market Analysis:

The U.S. cash rice market shows downward trading 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 15.10 (support) to 16.00 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
February-2014	Range bound	S1-15.10 S2- 15.30	R1-16.00 R2-16.20

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.