

Market Highlights

- Average monthly wholesale rice prices in India increased to around Rs. 2,751 per quintal in February 2014, up about 1.79% from around Rs. 2,702 per quintal in January 2014, and up about 4.61% from around Rs. 2, 630 per quintal seen a year ago in February 2013.
- Area under India's Rabi (winter) rice crop planting stands at about 4.09 million hectares as of February 28, 2014, which is up about 23.5% from about 3.31 million hectares recorded during the same time last year, according to the Ministry of Agriculture.
- Rice export in the month of January 2014 is reported 8.82 lakh tonnes which is about 5% higher than previous month and about -0.11% 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, however India will remain top rice exporter in the third consecutive year.
- After Bihar, Maharashtra cabinet also approved a proposal to provide bonus of Rs 200 per quintal over and above the minimum support price (MSP) fixed by the Centre for paddy during the kharif season 2013-14. The MSP for paddy procured in 2013-14 season is Rs 1,310 and for 'A' grade paddy, the MSP is Rs 1,345. The state government will give additional INR 200 per quintal.
- The Inflation of rice has decreased to 13.36% in the month of January as compare to 13.62% in the month of December. WPI has decreased to 229.9 in January as compare to 230.3 in the month of December.
- Rice stock in central pool was 315.28 lakh tonnes as on 1st February 2014 as compared to 286.96 lakh tonnes on 1st January 2014. Punjab has the highest rice stock in central pool at 71.96 lakh tonnes followed by Andhra Pradesh at 26.95 lakh tonnes.
- The Indian government's rice procurement in the MY 2012-13 (October – September) declined to 34.1 million tons, down about 15% from the targeted 40.2 million tons and down about 3% from about 35 million tons procured in MY 2011-12. The government rice procurement target for MY 2013-14 stands at 34.5 million tons, but local sources say that rice procurement is likely to decline to about 31-32 million tons this year due to high open-market prices and lower supplies in key rice growing states.
- The Indian government says in its second advance estimates that rice production in 2013-14 (October - September) is likely to reach a record 106.19 million tons, the highest ever on record and up about 1% from an estimated 105.24 million tons produced in the previous year. Higher production is mainly due to current rain fall in major growing states. However Agriwatch estimates is 3.81% down from government estimates and predicts the production of around 103 million tons in 2013-14 seasons, due to cyclones damage in major kharif rice producing states.

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) Note: - No updates available

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 February, 2014	Prices January, 2014	Prices February, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	2991.57	2991.31	3055.6	0.01	-2.1
Assam	3081.08	3058.85	2514.9	0.73	22.51
Gujarat	2611.98	2660.02	2587.07	-1.81	0.96
Jharkhand	2526.15	2562.3	2301.21	-1.41	9.77
Karnataka	2904.89	2949.91	3076.04	-1.53	-5.56
Kerala	4047.63	3272.92	3321.51	23.67	21.86
Maharashtra	3177.55	6083.67	5007.5	-47.77	-36.54
Manipur	2609.75	2442.99	2400	6.83	—
Meghalaya	3480.05	3529.32	2287.08	-1.4	52.16
NCT of Delhi	2000	1983.96	1629.55	0.81	22.73
Orissa	2411.34	2261.24	2021.37	6.64	19.29

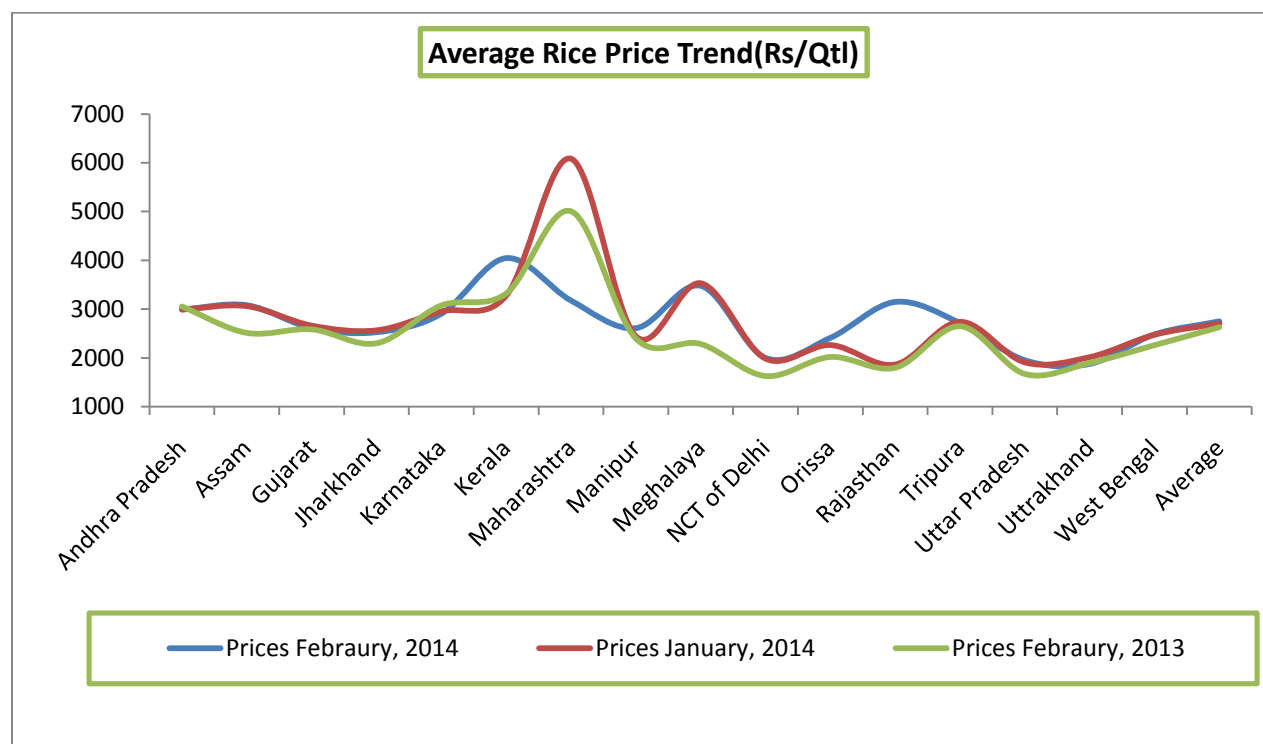
Rajasthan	3148.33	1861.22	1800	69.15	—
Tripura	2716.62	2737.81	2650	-0.77	—
Uttar Pradesh	1951.64	1905.81	1672.74	2.4	16.67
Uttrakhand	1875.97	2013.08	1897.04	-6.81	-1.11
West Bengal	2481.08	2472.43	2262.42	0.35	9.66
Average	2750.98	2702.76	2630.05		

***Report Generation: As per the data reported by APMCs**

(Source: Agmarknet.nic.in)

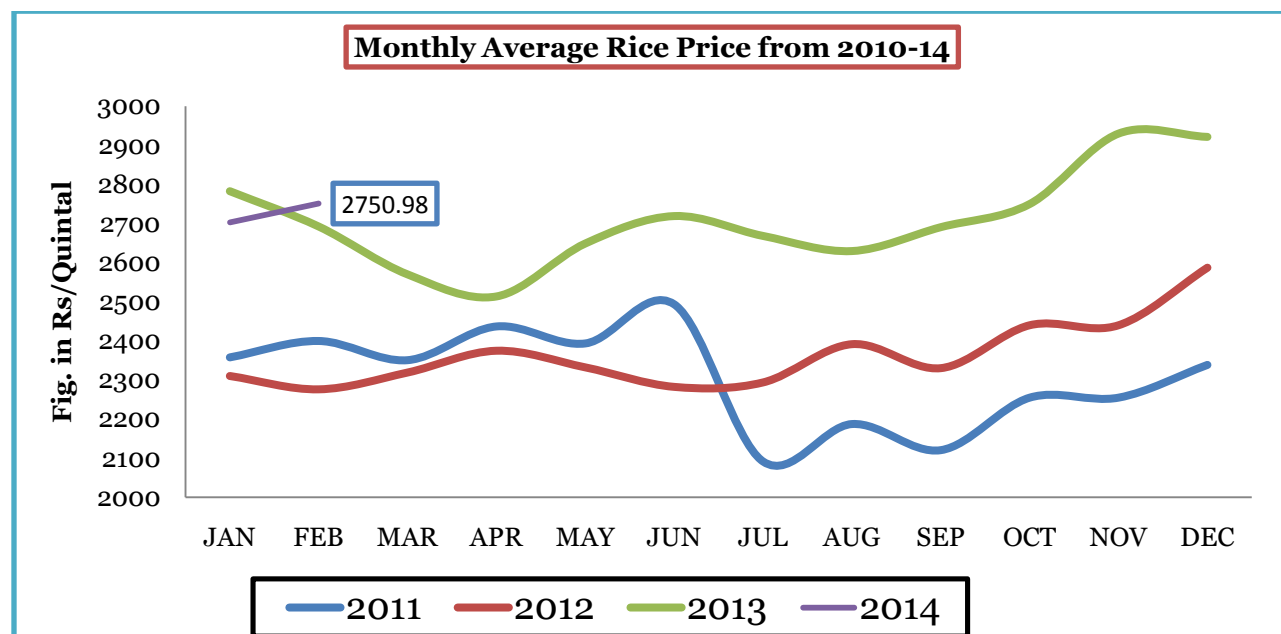
Average price in the month of February is slightly up from last month, however it is expected to take a correction in coming months as prices are ruling already higher than expectation and buyers are not interested at this level.

Indian Average Rice Price Trend State wise, February-2013:



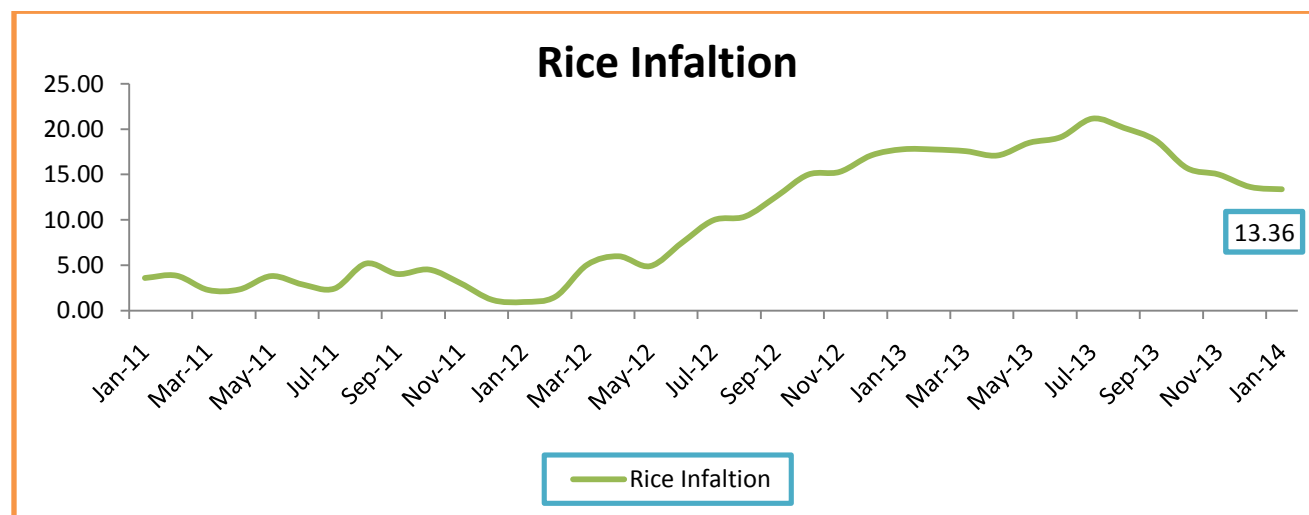
(Source: Agmarknet)

Monthly Average Price Trend:-



Average price in the month of February is slightly up from last month, however it is expected to take a correction in coming months as prices are ruling already higher than expectation and buyers are not interested at this level.

Rice Inflation:



Source: www.eaindustry.nic.in

Rice inflation has fallen to 13.36% in January-2014, month on month basis from 13.62% in December-2013. WPI has also decreased 229.9 in January-14.

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*	4.91	3.33	8.24
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	20.56	12.14	32.7

(Source: DGCIS, India and * IBIS)

Rice export in the month of January 2014 is around 8.24 lakh tonnes in which non basmati and basmati rice is reported 4.91 lakh tonnes and 3.33 lakh tonnes respectively as per by IBIS. According to AIREA India's basmati exports have increased sharply this year due to high demand in Iran, which is building its reserves. According to official sources, India exported about 1.18 million tons of basmati rice to Iran in April - December FY 2013-14. India's basmati exports to Iran accounts for about 43% of India's total basmati exports so far this year. Total rice export from India is approx 32.7 lakh tonnes from October-2013 to January 2014, and it expected that India will export around 10 million tones of rice in 2013-14(Till September-2014).

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	31.52										

Source:-FCI

Total rice stocks in India's central pool have risen to 31.52 million tons as of February- 1, 2014.

SWOT Analysis of Indian Rice Market for Month of March:-**Strength**

1. Rabi Rice planting for 2013-14 as on 28th Feb-2014 is up by 23.5% and stand about 4.09 Million Hectare against last year same period of 3.31 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. Central pool stock is higher by around 10% from last month.

Weakness

1. India's rice production is likely to be lower at 102.5 million tonnes (mt) this crop year, while exports could drop by 0.5 mt and reach about 10 million tons 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. Indian Rice 5%FOB in February is higher 5% from Pakistan and Vietnam .

Opportunity

1. 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.
2. The Korean government has announced the rice purchasing plan for the 2014 Minimum 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.

Threats

1. FOB Quotes:-

Long Grain White Rice Low Quality	
Thailand 25% broken	350-360\$/MT
Vietnam 25% broken	365-375\$/MT
Pakistan 25% broken	350-360\$/Mt
India 25% broken	360-370\$/MT

2. Pakistan rice crop is higher at 6.4 MMT against 5.8 mt last year as per by latest USDA report.
3. 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.
4. Rumor of El-Nino could affect the Kharif rice production for next year.

Price Outlook:

Domestic Rice price in month of February is slightly up due to good domestic demand but price expectation of March is bearish due to higher area coverage report on rabi rice also supported by frail interest of bulk buyers at current level.

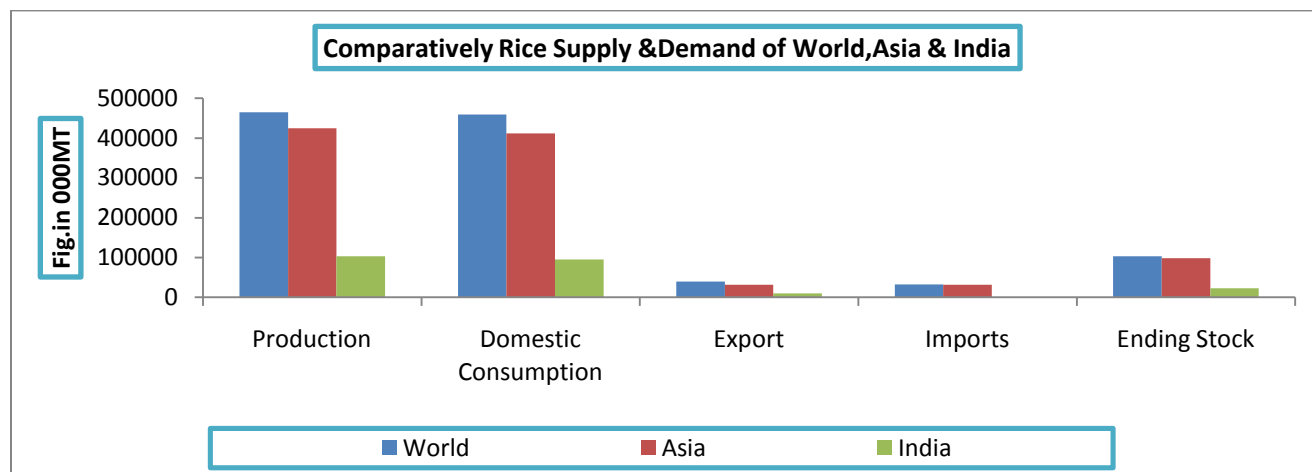
Continent Wise Supply & Demand:-

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

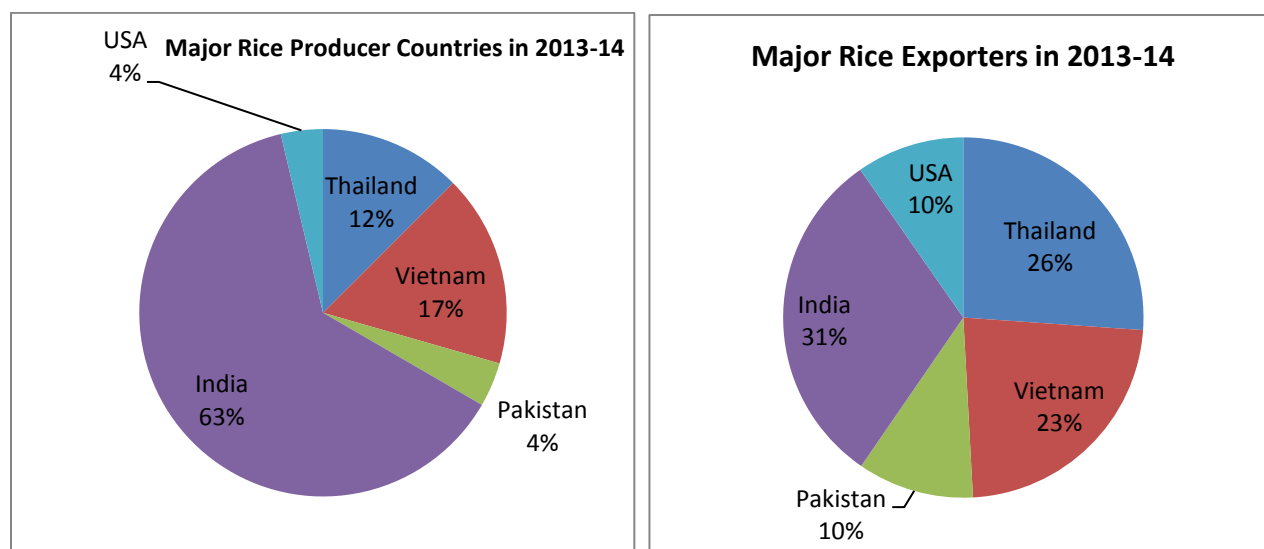
Fig. in 000MT

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:

Asia and Africa remained the most important markets for Vietnamese rice in 2013, accounting for around 90% of all rice exports by Vietnam in 2013. Vietnam's rice exports to major destinations in 2013 totaled around 6.63 million tons, according to data from the USDA. Asian countries accounted for around 4.1 million tons or about 62% of total rice exports by Vietnam in 2013. Africa was the second largest destination accounting for around 1.83 million tons or about 28% of total rice exports by Vietnam in 2013.

Vietnam exported about 637,756 tons of rice during January 1 - February 28, 2014, down about 14% from about 744,279 tons rice exported during the same time in last year, according to the Vietnam Food Association (VFA). Average export price in January 1 - February 28, 2014 stands at about \$430 per ton (FOB), which is down about 3% from about \$444 per ton recorded in the corresponding period in 2013.

Qatar has issued a tender to purchase 750,000 sacks of basmati rice 1121, according to Qatar's Central Tenders Committee. The last date for submission of applications is March 10, 2014 and the offer must be valid for 90 days from the date of the opening of envelopes.

Weather scientists around the world have recorded increase in temperature in the Pacific and say that the El Niño ("The boy" in Spanish) weather phenomenon may occur in the second half of this year, a time when the rice crop is planted in several major rice producing countries.

Argentina's rice exports declined for the third consecutive year, reaching around 535,722 tons in the calendar year 2013, down about 16% from around 635,938 tons exported in 2012, according to the Ministry of Agriculture. Argentina exported about 514,769 tons or 96% of total rice exported in 2013 to nine countries: Bolivia, Brazil, Costa Rica, Canada, Chile, Iraq, Iran, Turkey, and Senegal.

The USDA Post in Saudi Arabia says that rice demand in Saudi Arabia is increasing and imports are expected to reach around 1.3 million tons in the calendar year 2014, up about 3% from an estimated 1.26 million tons in 2013. India is the largest supplier of rice to Saudi Arabia, but its share of the Saudi rice market slightly declined last year. According to the Post, India exported about 875,000 tons of rice in 2013, up about 2% from around 861,210 tons exported in the previous year. However, India's market share declined to around 69.2% in 2013, compared to 70.3% in 2012. Meanwhile, rice imports from the U.S. are increasing. The U.S. exported about 136,350 tons of rice to Saudi Arabia, up about 19% from around 114,873 tons in 2012.

Indonesia's paddy rice production increased to 71.29 million tons in 2013, up around 3% from around 69.05 million tons in 2012, mainly due to higher rice acreage and yields, according to the statistics office in Jakarta. Rice acreage in Indonesia stood at around 13.84 million hectares in 2013, up about 3% from around 13.45 million tons in 2012.

IGC Balance Sheet:

(Fig. In Million Tonnes)

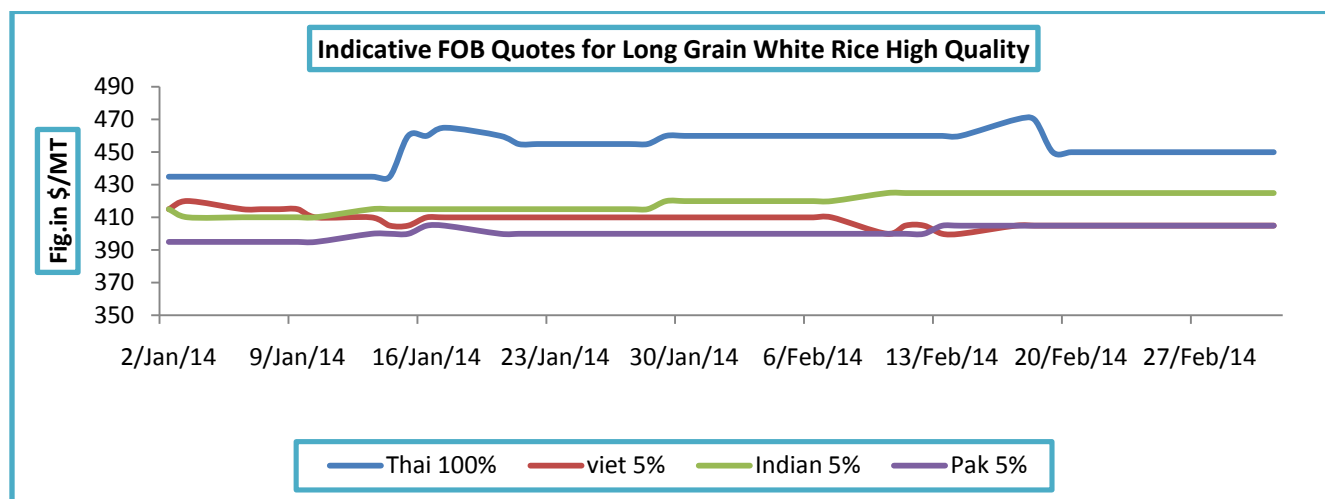
	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				30.01.2014	27.02.2014
Production	448	465	470	470	473
Trade	36	39	37	39	39
Consumption	445	458	468	471	474
Carryover stocks	99	107	110	108	109
Y-O-Y change	3	8	3	-	-1
Major Exporters	31	37	40	39	41

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index fell by around 1% m/m, pressured by limited buying interest and prospects for plentiful export availability.
- World rice production is forecast to rise slightly in 2013/14 to an all-time high boosted by increased output in Far East Asia.
- The 2013/14 world carryover is placed marginally higher than last month at 109m t, but is still projected to fall, albeit marginally, for the first time in nine years.
- Larger shipments to markets in Far East Asia are expected to support a 3% rebound in world trade in 2014.

Export Prices, Market Trends:



FOB quotes slightly firm world over:

FOB quotes for the month of February is moving up in major exporting countries, on the other hand Pakistan and Vietnam FOB now ruled in the same channel. Indian FOB is ruling higher than Pakistan and Vietnam FOB as demand from west Asian countries including Iran and Saudi Arabia is higher.

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



(Prices in US\$/hundredweight)

Market Analysis:

The U.S. future 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 Weak in the range of 15.10 (support) to 16.00 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
March-2014	Range bound to Weak	S1-15.10 S2- 15.00	R1-16.00 R2-16.20

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