Market Highlights

- All India average rice price in the month of March is hover at Rs.2806.84/quintal which is 2.03% up from last month of Rs. 2750/Qtl and up by 9.22% from same period last year of INR 2569/Qtl. Major uptrend is mainly reported in the states of Andhra Pradesh, Maharashtra and Karnataka. We expect market will move in the range bound with positive territory in next month.

- About 43.82 lakh hectare areas have been covered according to reported published by Ministry of Agriculture of India dated 28th March 2014. Normal acreage under rabi rice is 44.30 Lakh Hectare and last year final acreage estimate was 38.40 Lakh hectare, thus 5.40 lakh hectare more area has been covered this year.

- As per data received from IBIS, rice export in the month of February is around 8.28 lakh tons , up by 0.48% from last month. Export contribution of non basmati is around 4.7 lakh tons and basmati is around 3.57 lakh tons. Major buyers of basmati rice are Saudi Arabia followed by Iran in February 2014.

- Top basmati rice importing country from India, Iran modified the accepted level of arsenic content in basmati rice from 150 parts per million (ppm) to 120 ppm. This alteration may affect for short term as basmati rice exporters need time to reduce arsenic level. Iran contribution for basmati importing is about 1 million tons which is 32% of total basmati export of around 3.4 million tons in 2012-13.

- All-India progressive procurement of Rice as on 21.03.2014 for the marketing season 2013-14 was 257.41 lakh tons against the procurement of 287.68 lakh tons up to the corresponding period of last year. Higher open market prices than fixed MSP of Rs.1310/quintal is main reason for the slow procurement by government.
- Rice stock with central pool kitty as on 16 March 2014 is around 31.17 million tons which is down by -1.09% from last month's stock of 31.52 million tons and down by around 12% from same period last year due to sluggish procurement by government agencies this year.
-
- India's Commission on Agricultural Costs and Prices (CACP) has recommended the government to increase the minimum support price of common grade paddy to about Rs. 1,360 per quintal for the crop year 2014-15 (July – June), which is up about 4% from around Rs. 1,310 per quintal .

Progression stage:-

As per by ministry of agriculture, about 4.38 million hectare area has been covered till 21st March-2014 compared to last year's final acreage estimate of 3.84 million hectare thus 14.06% more area has been covered for rabi rice 2013-14.

Rice Paddy- Progressive Rabi Sowing: (As on 07th March- 2014) - Area in Lakh Hectare

S. No	State	Normal Area (DES)	Normal Area of Corresponding week #	Current year 2013-14	2012-13
1	Andhra Pradesh	14.84	13.30	16.20	11.41
2	Arunachal Pradesh	0.00	0.00	0.00	0.00
3	Assam	3.65	3.44	3.53	3.61
4	Bihar	0.94	0.60	0.45	0.55
5	Chhattisgarh	0.40	0.27	1.81	1.35
6	Gujarat	0.49	0.00	0.00	0.00
7	Haryana	0.00	0.00	0.00	0.00
8	Himachal Pradesh	0.00	0.00	0.00	0.00
9	Jammu & Kashmir	0.00	0.00	0.00	0.00
10	Jharkhand	0.12	0.00	0.00	0.00
11	Karnataka	3.68	2.49	2.45	1.73
12	Kerala	0.49	0.36	0.17	0.20
13	Madhya Pradesh	0.00	0.00	0.00	0.00
14	Maharashtra	0.28	0.00	0.00	0.00
15	Meghalaya	0.13	0.00	0.00	0.00
16	Odisha	2.92	2.36	2.45	2.35
17	Punjab	0.00	0.00	0.00	0.00
18	Rajasthan	0.00	0.00	0.00	0.00
19	Tamil Nadu	1.60	1.81	1.71	0.89
20	Tripura	0.69	0.00	0.00	0.00
21	Uttar Pradesh	0.20	0.00	0.00	0.00
22	Uttrakhand	0.15	0.00	0.00	0.00
23	West Bengal	14.18	12.62	12.50	11.90
24	Others*	0.20	0.00	0.18	0.16
25	**Total**	**44.96**	**37.26**	**41.450**	**34.15**

- *=Others-Goa, Manipur, Mizoram, Nagaland, Sikkim, A &N island D & N haveli, Daman & Diu, Delhi, and Puducherry
- #-Normal area of corresponding week (Average area of 2007-08 to 2011-12)

Source- DES (Directorate of Economic & Statistics SDA- State Department of Agriculture

Demand/Supply/Export/Import:

Figure in MMT	2011-12	2012-13	2013-14* E
Carry in	**23.5**	**25.43**	**25.77**
Production	105.3	105.24	105
Imports	0	0	0
Total Availability	128.8	130.67	130.77
Consumption	93	94	96
Exports	10.37	10.9	10
Total Usage	103.37	104.9	106
Carry out	25.43	25.77	24.77
Av Monthly Consumption	7.75	7.83	7.92
Stock to Month Use	3.28	3.29	3.18
Stock to Consumption Ratio	0.27	0.27	0.27

Source: Agriwatch and USDA

Note: Agriwatch has calculated govt.'s carry out stock to figure out production .We have considered around 2 million tonne private stock too in carry out.

Rice production in India has been stable from last three years despite variations in coverage area. Area under rabi and kharif crop has been unstable while yield has improved in the eastern states. Kharif remains major rice crop contributing around 89 to 90 million tonne production. If we include rabi production around 14 to 15 million tonne, total production comes to 105 million tonnes.

Export is expected to be around 10 million tons till end of this Marketing year September 2014. Higher prices in domestic market and likely higher supply in the global market due to stock piles in Thailand and emerging scenario of unloading this stock at discounted price might reduce buyer's interest in Indian rice. Vietnam too would remain active seller during the rest months of the year. Carryout is expected to reduce slightly from 25.77 to 24.77 million tonne in 2013-14 due to higher consumptions.

State Wise Price Movement (Non- Basmati):

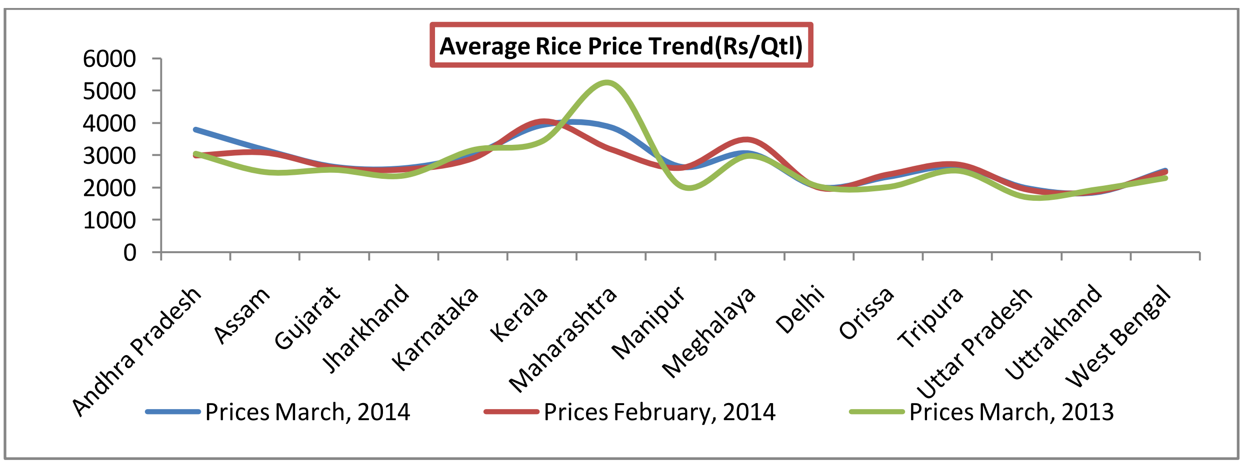
State	Prices March, 2014	Prices February, 2014	Prices March, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	3792.24	2992.52	3053.65	26.72	24.19
Assam	3166.9	3081.08	2482.94	2.79	27.55
Gujarat	2645.54	2619.32	2551.26	1	3.7
Jharkhand	2600.4	2562.11	2372.11	1.49	9.62
Karnataka	3017.16	2904.89	3163.39	3.86	-4.62
Kerala	3931.01	4047.63	3436.28	-2.88	14.4
Maharashtra	3861.33	3180.58	5242.71	198.51	81.09
Manipur	2648.8	2609.75	2052.58	1.5	29.05

Meghalaya	3057.58	3480.05	2986.54	-12.14	2.38
Delhi	2022.06	2000	2033.33	1.1	-0.55
Orissa	2336.66	2409.61	2020.08	-3.03	15.67
Tripura	2654.8	2716.62		-2.28	___
Uttar Pradesh	1985.93	1944.53	1700.39	2.13	16.79
Uttrakhand	1855.72	1875.97	1937.89	-1.08	-4.24
West Bengal	2526.89	2486.43	2295.12	1.63	10.1
Average	2806.84	2727.4	2666.3		
***Report Generation: As per the data reported by APMCs**					

(Source: Agmarknet.nic.in)

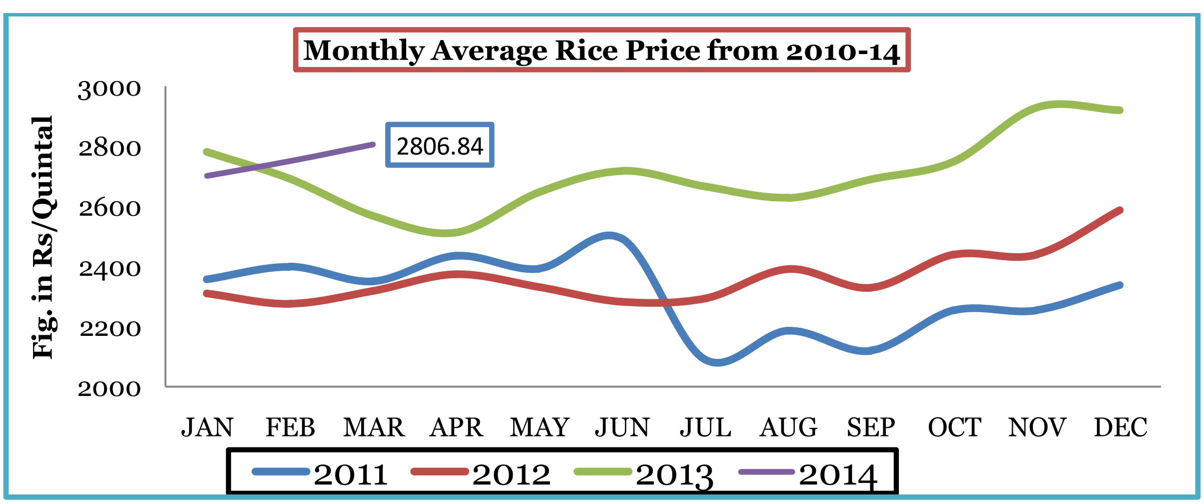
Average price in the month of March is slightly up from last month, however it is expected to take a correction in coming months as prices are ruling already higher than expectation and buyers are not interested at this level.

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



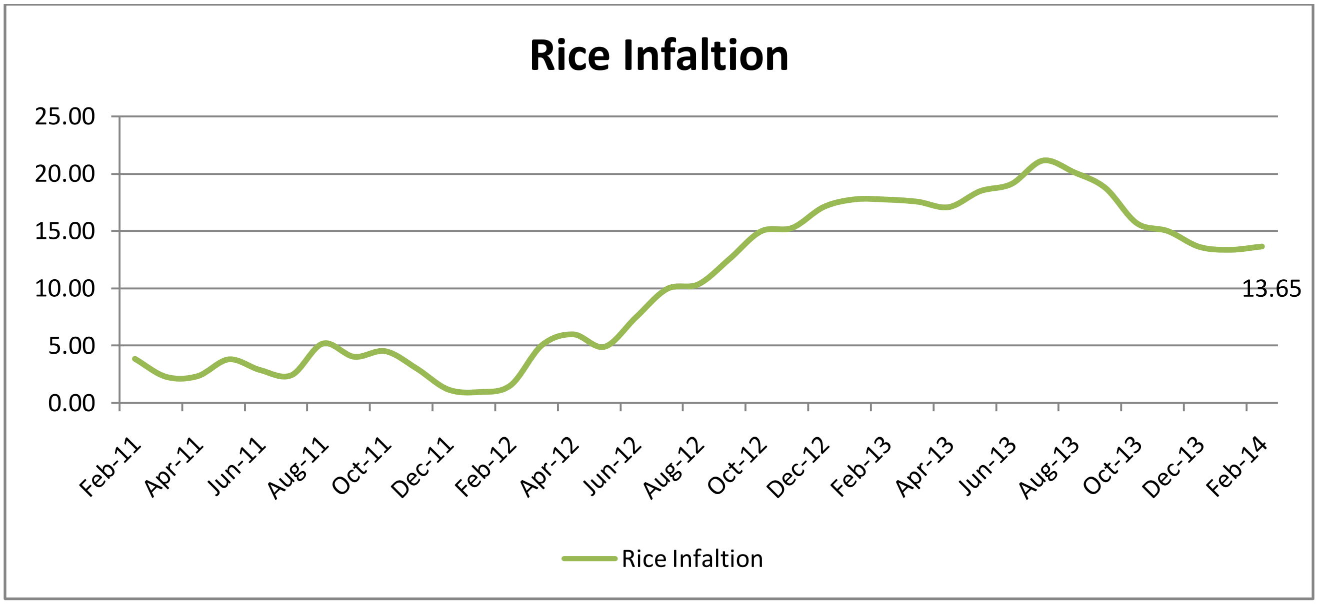
(Source: Agmarknet

Monthly Average Price Trend:-



Average price in the month of March 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 increased to 13.65% in February-2014, month on month basis from 13.36% in January-2014.

Progressive Procurement of Rice as on 21/03/2014:

Progressive procurement of Rice as on 21.03.2014 (lakh tonnes)			
State	**Total procurement in marketing season**	**Progressive Procurement as on 21.03.2014**	
	2012-13 (Oct. - Sept.)	**In Marketing season 2013-14**	**In Marketing season 2012-13**
Andhra Pradesh	64.64	34.08	38.96
Chhattisgarh	48.04	53.37	47.99
Haryana	26.09	23.97	26.02
Kerala	2.40	1.40	2.40
Madhya Pradesh	8.98	10.40	7.66
Maharashtra	1.92	1.21	1.72
Odisha	36.13	18.92	26.83
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.51	4.22
Uttar Pradesh	22.86	10.45	21.53
Uttaranchal	4.97	3.50	4.10
West Bengal	17.66	7.08	10.97
All-India	**340.20**	**257.41**	**287.68**

All-India progressive procurement of Rice as on 21.03-2014 for the marketing season 2013-14 was 257.41 lakh tonnes against the procurement of 287.68 lakh tonnes up to the corresponding period of last year.

Rice Export:

Comparative Rice Export 2012-13 & 2013-14: (All figure in lakh tonnes)

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	6.7	1.8	8.5
12-Nov	6.49	2.08	8.57	13-Nov	4.29	2.49	6.78
12-Dec	7.5	2.85	10.35	13-Dec	5.11	3.79	8.9
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*	4.71	3.57	8.28
13-Mar	5.7	3.87	9.57	14-Mar	Awaited	Awaited	
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	6.51	3.34	9.85	14-Jul			
13-Aug	7.11	2.75	9.86	14-Aug			
13-Sep	7.72	2.06	9.78	14-Sep			
Total	72.4	36.58	108.98	Total	25.72	14.98	40.7

(Source: DGCIS, India and * IBIS)

Rice export in the month of February 5 million tons till September 2014 which is down by around 8% from last year export of 10.89 million tons. However India still maintains its top exporter position in world in 2013-14 due quality competitive advantage over Thailand and Vietnam. 2014 is around 8.28 lakh tonnes in which non basmati and basmati rice is reported 4.71 lakh tonnes and 3.57 lakh tonnes respectively as per by IBIS. Indian rice export in 2013-14 is likely to reach about 10 -10.

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	30.55									

Source:-FCI

Total rice stocks in India's central pool have risen to 30.55 million tons as of March- 1, 2014.

Price Outlook:

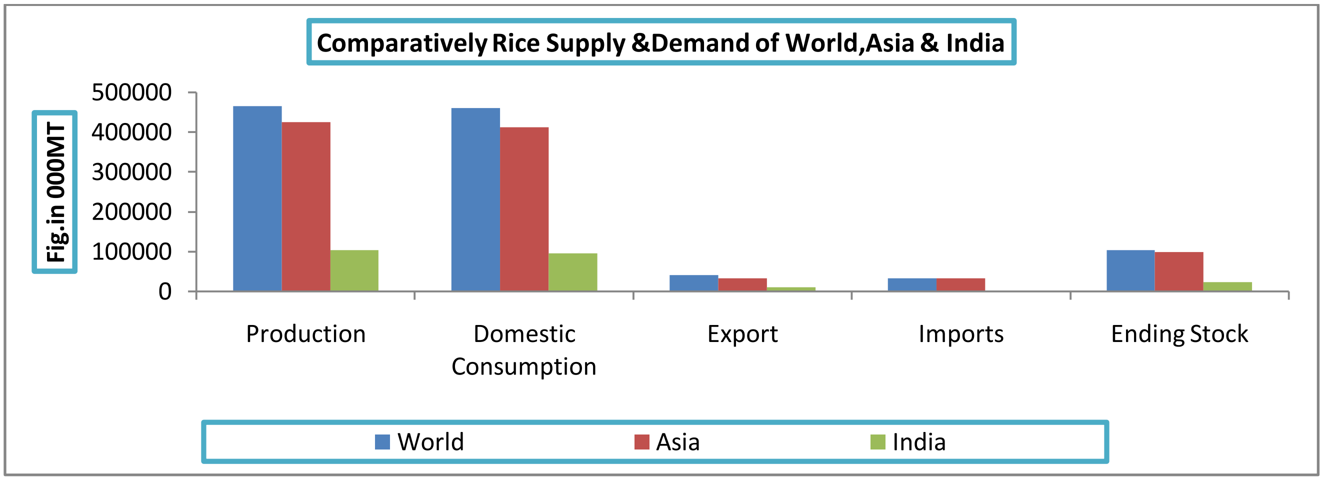
Domestic rice price in March is slightly up by around 2% from last month due to only need based buying in the markets and supported by March cash flow problems. On the other hand harvesting of rabi crop just started in major growing states of south India, which will drive down the price at certain level, however buyers in Northern states like Punjab, Haryana and U.P are now in active mood which will lead to move price up in coming months. Overall sentiments of rice in cash markets are likely to trade bullish in next month.

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**

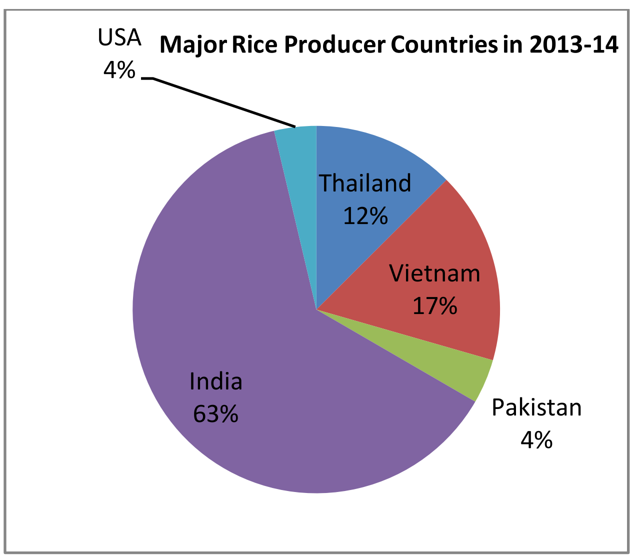
Source:-USDA **Fig. in 000MT**

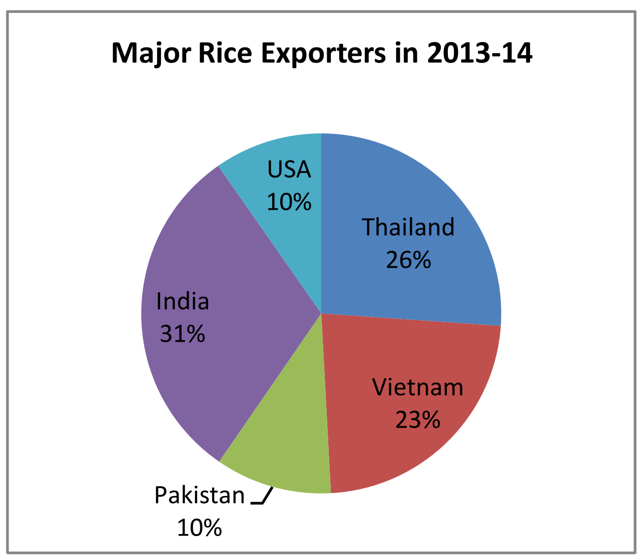
World Supply & Demand of Rice



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:

Malaysia is likely to increase domestic rice production sufficiently to help end rice imports by 2020, the Agriculture and Agro-based Industry Minister told local sources. The Minister said that the government plan to increase local production includes improving rice quality, use of hybrid paddy seeds and good agriculture practices by farmers. He added that the government is encouraging farmers to produce rice in large-scale and is trying to provide finances to the farmers. The Minister also said that the government may soon increase paddy purchase price to about RM1,200 (around $365) per ton which will encourage farmers to grow quality rice.

Vietnam has exported about 1.22 million tons of rice in the first quarter of 2014 (January – March), down about 16% from about 1.45 million tons of rice exported in first quarter of 2013, according to data from the Vietnam Food Association (VFA). Vietnam's rice exports are down this year despite low prices. Average rice export price in Q1 2014 stands at about $435 per ton (FOB), down about 2% from about $442 per ton recorded in Q1 2013.

The USDA Post says that Bangladesh rice imports are likely to decline sharply to around 100,000 tons in MY 2014-15 (May – April), down about 75% from an estimated 400,000 tons in MY 2013-14 due to higher than expected production. The Post has increased the projections for Bangladesh rice imports in MY2013-14 to 400,000 tons, which is up about 81% from USDA official estimates of 220,000 tons. The Post says that rice imports are expected to increase this year due to a strong Taka (currency) and high internal transportation costs that are causing domestic rice prices to be uncompetitive in districts that border India. Between December and March 2013, Bangladesh imported about 374,000 tons of rice from India, most of it by the private sector, say the Post.

Pakistan's rice exports in MY 2013-14 (November - October) are expected to increase to a record 3.9 million tons, up about 15% from USDA official estimates of around 3.4 million tons, and up about 8% from an estimated 3.6 million tons exported in MY 2012-13, according to the USDA Post. The Post says that exports are likely to increase this year due to higher production and improved power supply. The Post also says that Pakistan's rice exporters have improved rice processing in the country, and their initiatives have led to a significant surge in rice exports over the last decade barring declines during flood years. Pakistan's rice exports in MY 2014-15 are also expected to remain at high levels of around 3.9 million tons.

Pakistan is facing huge post-harvest losses due to lack of proper warehouses to store milled rice, according to the State Bank of Pakistan (SBP). The Bank says Pakistan loses about 10-35% or about 550,000 tons of rice produced yearly due to lack of good storage facilities. The country could save billions of rupees through the development of storage capacities and reducing post-harvest losses, says the SBP.

Global rice production (milled basis) is estimated to increase to about 497 million tons in 2013-14, up about 1% from about 491 million tons in 2012-13, according to the UN's Food and Agricultural Organization (FAO). However, FAO's latest projection for 2013-14 rice production is about 1% less than the its first projection of 501 million tons, due to anticipated drought conditions in Australia, Peru, Sri Lanka and Tanzania, and removal of price support in Thailand.

Rice production in thousands of hectares in Vietnam's Mekong Delta region is adversely affected by drought and saltwater intrusion, according to local sources. The Mekong Delta accounts for around 50% of Vietnam's total rice production of around 28 million tons, and for around 90% of exports of around 7 million tons. However, farmers in the region are likely to lose a significant part of their rice crop this year due to shortage of water and increasing salinity.

Source:-Oryza

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

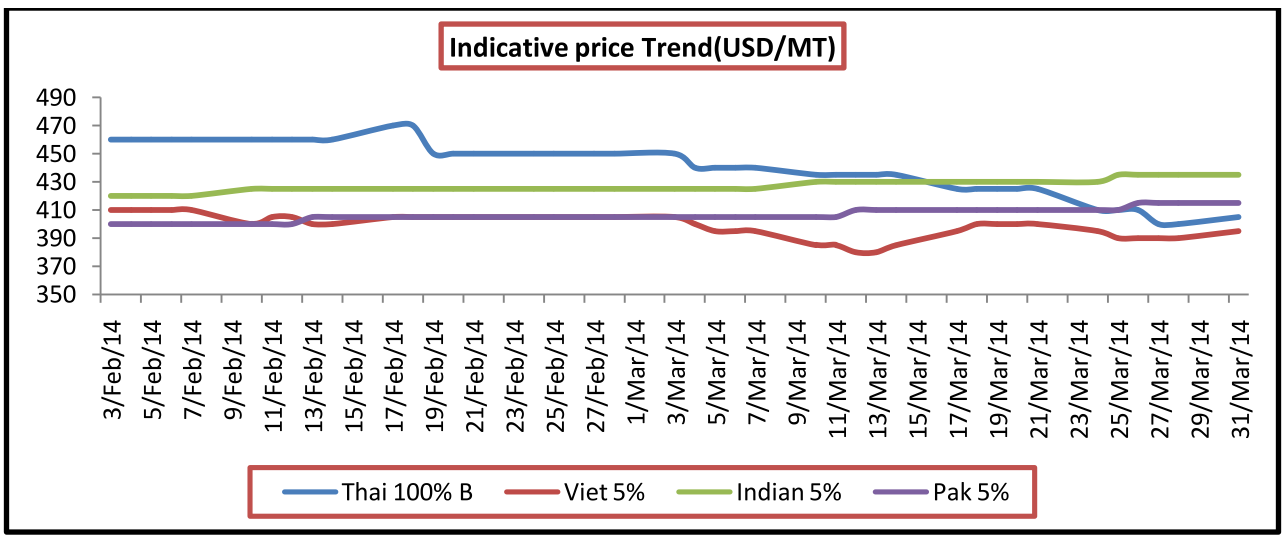
	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				27.02.2014	27.03.2014
Production	448	465	470	473	474
Trade	36	39	38	39	39
Consumption	445	458	468	474	474
Carryover stocks	99	107	119	109	109
Y-O-Y change	4	8	3	-	0
Major Exporters	31	37	40	41	41

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index fell 3% m/m, mostly reflecting a weaker tone in Thailand following the end of paddy intervention buying and ongoing efforts to release state reserves.
- The world crop is forecast to be marginally larger y/y in 2013/14, centered on increases in Asian and South American producers.
- The 2013/14 world carryover is projected to be broadly unchanged from the year before, with ample supplies in the major exporters.
- Larger shipments to markets in Far East Asia, namely Indonesia and the Philippines, are forecast to underpin a of 3% rise in world trade.

Export Prices, Market Trends:



Indicative FOB quotes of major rice exporter for March are increased except Thailand. Due to removal of rice pledging scheme in Thailand, domestic as well as FoB quotes of the country drastically move south ward. Indian FOB is ruling highest at this time and major competitors for

Indian rice are Pakistan and Thailand, however due to firming of INR from last couple of months, demand of Indian rice is still higher in the overseas markets.

<u>Rice Price Trend @ CBOT (May- 14, Rough Rice):</u>

(Prices in US$/hundredweight)

Market Analysis:

The U.S. future rice market shows upward trading in current trading session; We expect market will trade firm in the range of 15.50 (support) to 16.50 (Resistant).

Price Projection (International-CBOT):-

Duration	Trend	Support	Resistance
April-2014	Firm	S1-15.50 S2- 15.20	R1-16.50 R2-16.20