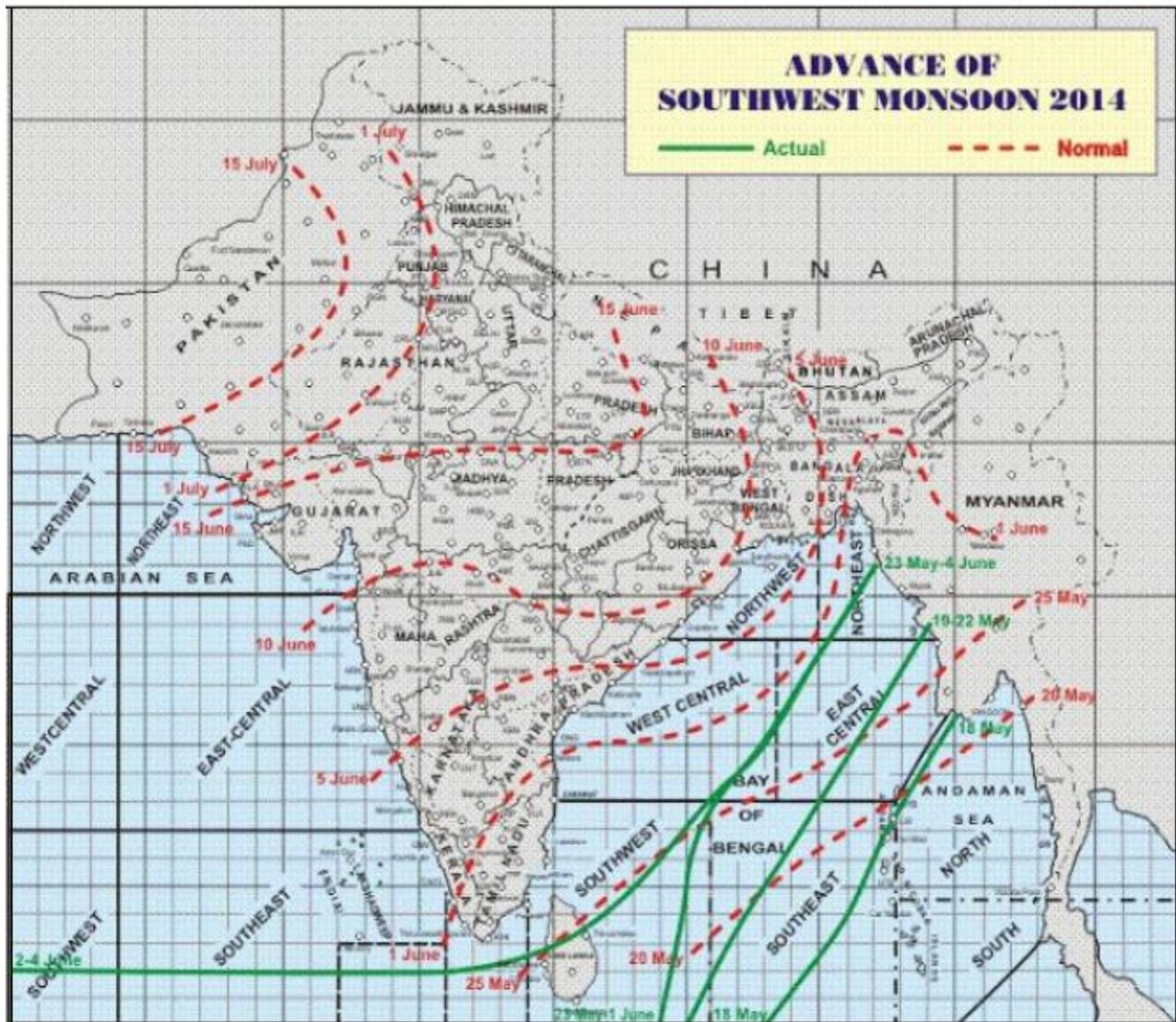


Market Highlights

- Average monthly wholesale rice prices in India decreased Rs. 2868 per quintal in May 2014, down about 9 % from Rs. 2,751 per quintal in April 2014, and up 7.30% from around Rs. 2, 673 per quintal seen a year ago in May 2013. We expect market will move range bound to slightly firm in coming months as El-Niño could hamper the overall rice production in 2014-15.
- According to the third advance estimates, India's rice production for 2013-14 marketing year (October 2013 - September 2014) is recorded 106.29 million tons, up about 1% from an estimated 105.24 million tons produced in 2012-13.
- All-India progressive procurement of Rice as on 23.05.2014 for the marketing season 2013-14 was 278.84 lakh tonnes against the procurement of 319.80 lakh tonnes up to the corresponding period of last year.
- Rabi paddy crop in several acres of land have been damaged in Kalahandi and Balangir districts of Odisha, due to low pressure induced rains on May 25 and 26. As per an assessment of the department, about 30 per cent of paddy crops including those already harvested have been damaged in the rain. The affected pockets are Junagarh, Kalampur, Jaipatna and Dharamgarh blocks that are irrigated by Indravati.
- Punjab plans to cut overall paddy acreage in 2014-15 by 2 lakh hectares. However it hopes to increase aromatic paddy area by 50,000 hectares from last year due to better remuneration for farmers. Over the next 5 years, Punjab plans to reduce paddy acreage by 12 lakh hectares by diversifying into Maize (4 lakh ha), Cotton (2 lakh ha), basmati (2 lakh ha), sugarcane (1.8 lakh ha) and fruits & vegetables (0.8 lakh ha) due to falling water table. As a result, basmati production in 2014-15 is likely to be significantly higher barring unforeseen adverse weather. Currently, the market expects basmati production to increase 15-20% in 2014-15 if weather remains favorable.
- India's rice stocks in the nation's central pool reached 28.65 million tons as on May 1, 2014,17% from 34.7 million tons recorded during same time last year; and much higher than the required buffer and strategic reserve norms of about 14.2 million tons for this time of the year, according to the Food Corporation of India (FCI).
- Among the food grains, inflation for Rice has increased to 12.76% from the previous month's level of 12.56% & Pulses to (-) 0.77% from the previous month's level of (-) 1.29% and Cereals has decreased to 8.31% from the previous month's level of 8.85% and Wheat to 4.57% from the previous month's level of 6.23%.
- Basmati rice export contribution to Iran fell from 45% in April-2013 to 17% in March-2014 given the current arsenic issue. Total basmati rice export to Iran in April 2013 was 392838 tonnes which is 73725 tonnes up from March 2014. Oil sanctions is the another reason for export shortfall and if the sanctions continue in the coming months, basmati rice export to Iran will drastically fall which may ultimately pull down the basmati rice prices. Saudi Arabia has become the top Indian basmati rice importer for the last three months.

Monsoon Watch:-



El-Niño Watch:

According to the latest update from India Meteorological Department (IMD), there is a 70 per cent probability of El Niño this year. IMD feels El Niño could have an effect on August-September rains, while the Australian Bureau of Meteorology has stated an El Niño could develop as early as July.

Rice Supply & Demand:

Figure in MMT	2011-12	2012-13	2013-14
Carry in	23.5	25.43	25.77
Production	105.3	105.24	106.29
Imports	0	0	0
Total Availability	128.8	130.67	132.06
Consumption	93	94	96
Exports	10.37	10.9	10
Total Usage	103.37	104.9	106
Carry out	25.43	25.77	26.06
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

DES (Directorate of Economics & Statistics, Department of Agriculture & Cooperation) has released Third Advance Estimates of Production of Food grains for 2013-14 on 15.05.2014 and estimated 106.29 million tonne rice production(including 14.28 million tonne rabi rice for 2013-14.It is above the set target of 105.00 million tonne for the year and the highest ever. India had produced 105.24 million tonne rice last year, the previous highest record.

Export is expected to decline this year up to sept.2014 to 10 million tonne. 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 increase slightly from 25.77 to 26.06 million tonne in 2013-14.

State wise Wholesale Price Analysis:

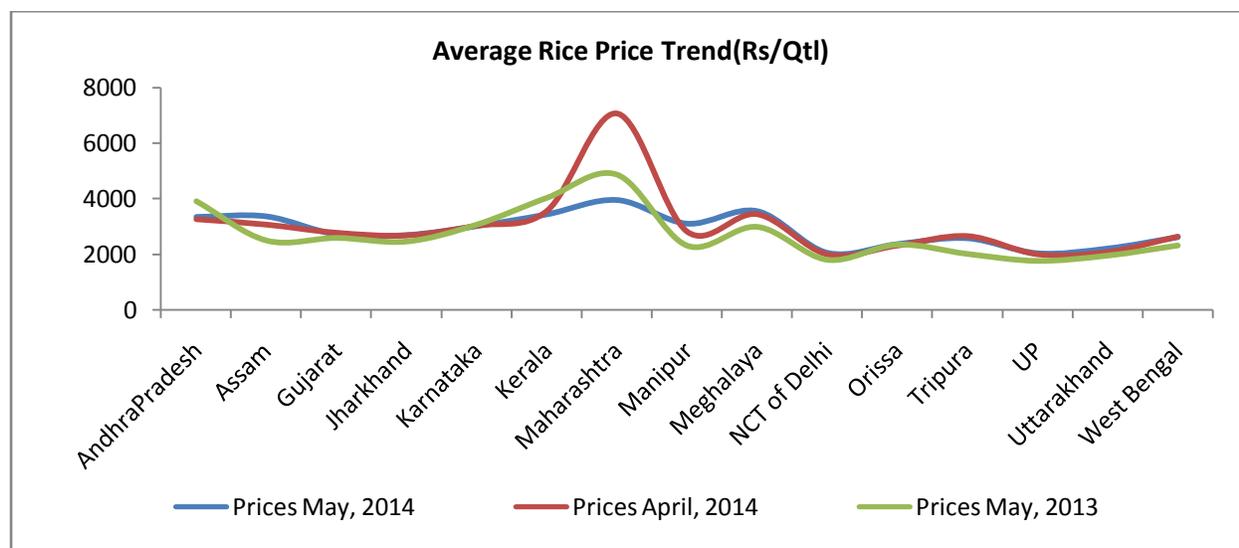
State	Prices May, 2014	Prices April, 2014	Prices May, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	3349.1	3266.71	3908.33	2.52	-14.31
Assam	3367.95	3071.58	2494.21	9.65	35.03
Gujarat	2712.44	2777.77	2586.91	-2.35	4.85
Jharkhand	2688.64	2682.12	2458.85	0.24	9.35
Karnataka	3016.05	3035.42	3066.79	-0.64	-1.65
Kerala	3442.6	3564.33	4030.23	-3.42	-14.58
Maharashtra	3964.33	7076.98	4864.14	-43.98	-18.5

Manipur	3105.41	2820.14	2309.72	10.12	34.45
Meghalaya	3558.76	3446.12	2985.14	3.27	19.22
Delhi	2041.94	2000	1800	2.1	13.44
Orissa	2358.9	2317.84	2346.36	1.77	0.53
Tripura	2571.69	2657.5	2010.78	-3.23	27.9
UP	2025.92	2004.17	1761.06	1.09	15.04
Uttarakhand	2198.27	2085.7	1952.03	5.4	12.61
West Bengal	2611.64	2639.92	2314.28	-1.07	12.85
Average	2867.58	2984.14	2672.74		

(Source: Agmarknet.nic.in)

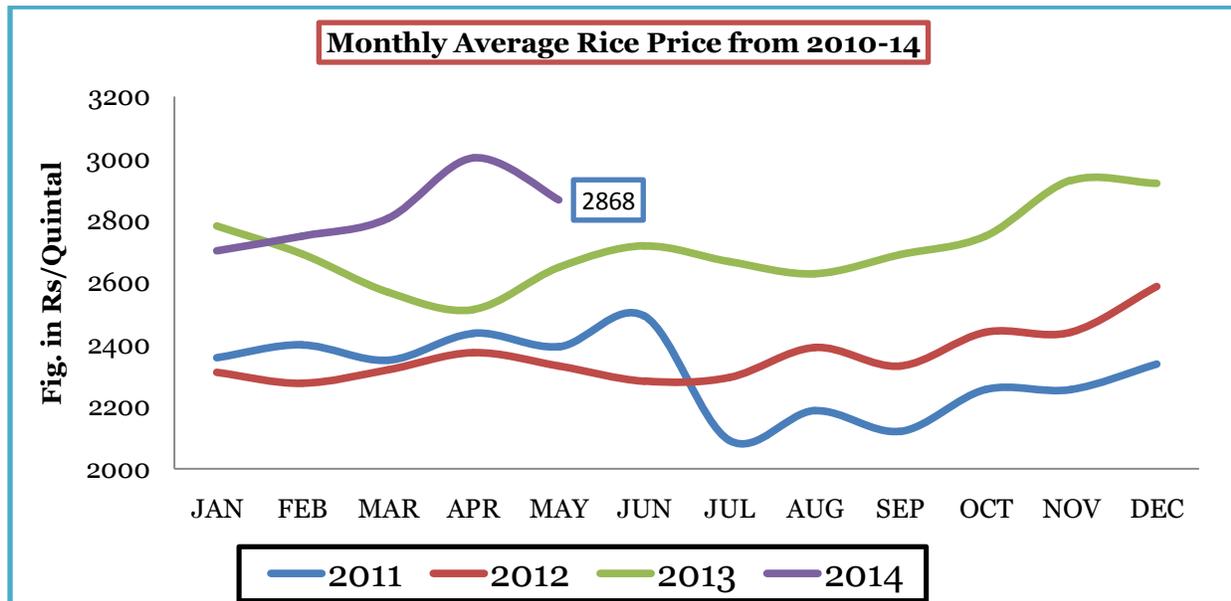
Average price of PR variety in the month of May ruled lower by around 13% from last month due to need based buying by bulk buyers. Only hand to mouth buying occurred in markets as prices are all time higher from last three years. However we expect that market will move range bound with marginal fluctuations in coming month.

Indian Average Rice Price Trend, May-2014:



(Source: Agmarknet)

Monthly Average Price Trend:-



Average price in the month of May ruled lower and hover in the range of Rs. 2868/quintal but still it is all time higher from last three years. Market is expected to rule in same territory with slight fluctuation as only need based buying is happening, however coming El-Niño fear could hamper the price in upward direction.

Progressive Procurement of Rice as on 23/05/2014

(Fig. in Lakh tonnes)

State	Total procurement in marketing season	Progressive Procurement as on 23.05.2014	
		2012-13 (Oct. - Sept.)	In Marketing season 2013-14
Andhra Pradesh	64.71	55.18	56.47
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.85	48.03
Haryana	26.09	24.06	26.03
Kerala	2.40	3.04	2.40
Madhya Pradesh	8.98	10.52	9.01
Maharashtra	1.92	1.40	1.78

Odisha	36.13	22.04	29.00
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.74
Uttar Pradesh	22.86	11.18	22.50
Uttaranchal	4.97	3.96	4.65
West Bengal	17.66	8.99	14.68
All-India	340.28	278.84	319.80

Progressive paddy procurement in 2013-14 till 23 May, 2014 reached 278.84 lakh tonnes which is around 13% 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.

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	6.7	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	6.85	3.44	10.29
13-Feb	4.9	3.34	8.24	14-Feb	6.18	3.5	9.68
13-Mar	5.7	3.87	9.57	14-Mar	4.17	3.14	7.31
13-Apr	3.93	3.93	7.86	14-Apr*	4.2	2.8	7.0
13-May	4.67	3.45	8.12	14-May*	3.76	3.36	7.12
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	41.26	24.37	65.63

(Source: DGCIS, India and * IBIS)

Total rice export till May-2014 is registered at 65.63 million tonnes in which non basmati and basmati rice percentage contribution are approx 63% and 37% respectively. Rice export in the month of May was 7.12 lakh tonnes which is down by around 12% from same period last year. Basmati rice export contribution to Iran felt from 45% in April-2013 to 17% in March-2014 due to the ongoing arsenic issue. We expect total rice export in Marketing Year 2013-14 will be around 10 million tonnes 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	30.55	30.25	28.65	32.00						

Source:-FCI

Total rice stocks in India's central pool have 32.00 million tons as on 1 June-2014.

Price Outlook:

Domestic Rice price in month of June is expected to rule range bound trending slightly up, though emerging scenario of El- Niño could hamper the rice price in upward direction, however there is only need based buying happening in market as stock is sufficient with stockists and market will move in active mode once commencement of Kharif paddy sowing starts.

Thailand Rice Summary:

The FAO has estimated that Thailand will export about 9 million tons rice in 2014 due to higher production and higher carry-over stocks. FAO projects that Thailand will produce about 24.75 million tons rice in 2014, down about 2% from about 25.2 million tons estimated in 2013.

- Thailand 5% broken rice ended the May month at about \$380 per ton, up about 1% from a month ago and down about 26% from a year ago.
- Thailand has exported about 2.9 million tons of rice in the first four months of 2014, up about 45% from about 1.985 million tons exported during the same period in 2013, according to the Thai Rice Exporters Association (TREA). The TREA estimates that Thailand will export about 9 million tons rice in 2014, revising its earlier estimate of 7.5 million tons with an expectation that the end of the government's rice pledging scheme would again help Thai rice export prices to become competitive against those of Viet and India rice export prices.
- As per by USDA, Thailand is planning to capture the bulk of Malaysia's one million tons rice import market in 2014. Thailand is also hopeful of regaining its share in Hong Kong's jasmine fragrant rice market, which it had been losing to Vietnam over the last few years. Thailand's share in Hong Kong's rice market declined to about 46% in 2013 from about 86% in 2008, while Vietnam's share increased to about 41% in 2013 from almost nothing in 2008.

- After many deaths associated with protests, Thailand Army Chief had declared Martial Law in the country, which was effective from May 20, 2014, in order to rescue law and order in the country. On May 22, 2014, The Thailand military took full control of the country. The Military government has renamed itself as National Council for Peace and Order (NCPO).
- Separately, The NCPO has authorized the Finance Ministry to borrow and guarantee bond issuance by the Bank for Agriculture and Agricultural Cooperatives (BAAC) worth a combined 92.4 billion baht (\$2.8 billion) to pay 858,000 rice farmers. In the meantime, the BAAC will start paying to the farmers from its reserve of about 40 billion baht (\$1.2 billion). The NCPO is keen on completing all payments within a month.
- On the other hand Thailand rice farmers are waiting for new pledging scheme after formation of stable government there. If pledging scheme will continue, price would likely to move again in northward direction.

Outlook: Thai rice price is expected to move in range bound as stock is enough in private as well as in government hand. Political crisis in Thailand will also restrict movement of the price in either side and however if pledging will continue after stable government formation, rice price will be in move up from July onwards.

Vietnam Rice Summary:-

- Vietnam 5% broken rice ended May at about \$405 per ton, up about 4% from a month ago and up about 8% from a year ago.
- According to the FAO, Vietnam rice production is expected to reach at about 44.2 million tons paddy (about 27/6 million tons milled basis) in 2014 marginally up about from last year's production of about 44 million tons paddy (about 27.5 million tons milled basis)
- According to local sources, the Vietnam government is planning to shift a total of 112,000 hectares of rice area in the Mekong River Delta to other crops such as corn, wheat and soybean by 2015 in order to reduce import costs on those commodities.
- Vietnam exported about 2.199 tons of rice January 1 - May 29 2014, a pace that suggests a year-end total of about 5.23 million tons. Separately, Vietnam has lowered the 2014 rice export target to 6.2 million tons from earlier target to 6.5-7.0 million tons due to heavy competition from Thailand and India.
- The FAO estimated Vietnam's milled rice exports to increase to about 7.2 million tons in 2014, up about 8% from about 6.7 million tons in 2013 due to higher production and increased export demand from Asian countries such as Indonesia, Malaysia, China and the Philippines, backed by low prices.

Outlook:-Vietnam rice price is expected to move range bound with firm bias as government is planning to renew the minimum export price as exporters set their own prices instead of sticking to the floor prices set by the Vietnam Food Association.

Global Updates:

The UN's Food and Agriculture Organization (FAO) has estimated 2014 global milled rice production at about 503 million tons, up about 1.2% from an estimated 496.9 million tons produced in 2013. The FAO expects milled rice production to increase in China, India, Indonesia, Myanmar and Oceania countries. It expects a decline in production in Thailand due to fall in prices, in Sri Lanka due to drought, and in Australia.

As per by FAO's latest report, El Niño which is normally associated with drought, will impact the rice yield. Rice production in Asia is expected to reach at about 453.2 million tons in 2014-15, up about only 0.5% from last year, due to expectation of adverse weather and less attractive price. Rice production is expected to increase in China to about 141.4 million tons, up about 0.6% from last year. Rice production in India is expected to reach at about 107 million tons, up about 1% from last year. In 2009, the last year of a strong El Niño event, rice production in India dropped 10%.

The UN's Food and Agriculture Organization (FAO) has estimated Thailand's rice exports to increase to 9 million tons in 2014 marketing year (January - December), up about 36% from about 6.62 million tons exported in 2013, and about 8% above the five-year average level of about 8.3 million tons.

Thailand rice Growers made the demand after the NCPO began to pay long-overdue funds to farmers owed cash under the former government's rice pledging scheme, which guaranteed a rice price of 15,000 baht per tonne in 2011.

According to the Vietnam Food Association, Vietnam exported about 1.932 million tons of rice during January 1 to May 15, 2014, down about 31% from about 2.8 million tons of rice exported during January to May, 2013.

The UN's Food and Agriculture Organization (FAO) has estimated 2014 Bangladesh's rice imports to nearly triple to about 400,000 tons due to lower prices in international market. The FAO reports that most of the imports are by the private sector. The FAO estimates 2014 aggregate paddy rice production from the three seasons - Aus, Aman and Boro - at 52 million tons (around 34.84 million tons basis milled), slightly above an estimated 2013 paddy rice production of 51.5 million tons (around 34.5 million tons basis milled) due to increased planted area backed by favorable weather conditions, and government support to the rice sector, in the form of seed, fertilizer and fuel subsidies.

Argentina has exported around 123,882 tons rice in January - March 2014, up about 9% from 114,054 tons exported during the same period in 2013, according to data from the Ministry of Agriculture in Argentina. Argentina exported 50,542 tons rice in March 2014, up 2.25 times over 22,467 tons exported in February 2014; and 6% from 47,479 tons exported in March 2013, helped by increased demand from Iraq and Sierra Leone.

Source:-Oryza

IGC Balance Sheet:

(Fig. In Million Tonnes)

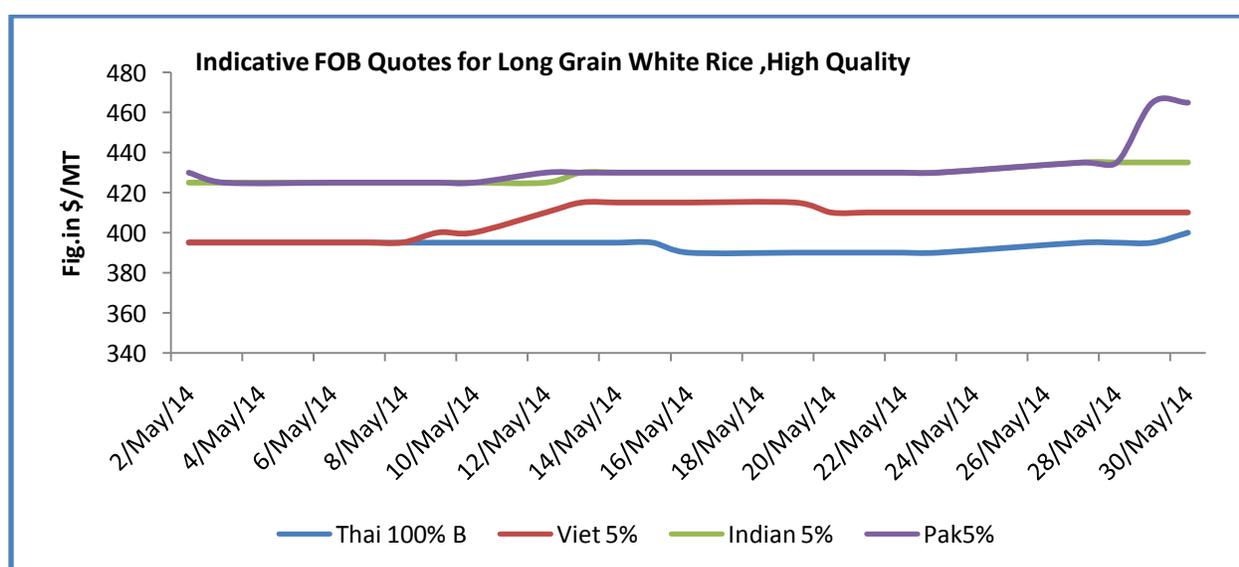
	2011-12	2012-13 est.	2013-14 forecast	2014-15 projection 25.04.14	29.05.14
Production	449	467	472	475	475
Trade	36	39	38	39	39
Consumption	445	459	469	475	475
Carryover stocks	100	108	110	111	110
Y-O-Y change	4	8	3	-	0
Major Exporters	31	37	40	41	40

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

IGC Rice Balance sheet Highlights:-

- Modest declines in Thailand’s export prices were offset by some strength elsewhere in Asia, and the IGC GOI rice sub-Index edged higher m/m.
- Global rice output is seen at a new record in 2013/14 on larger crops in Far East Asia, and world use is also expected to reach an all-time high.
- Major exporter stocks are set to show little y/y change, with increases in Thailand, Vietnam and Pakistan set to compensate for a fall in India.
- The forecast 4% recovery in world trade in 2014 should be led by firmer import demand from Asian buyers.

Export Prices, Market Trends:



FOB quotes for the month of May are moving up hovered range bound. India 5% broken rice ended May at about \$430 per ton, up about 2% from a month ago, and down about 3% from a year ago where Thailand 5% broken rice ended the May month at about \$380 per ton, up about 1% from a month ago and down about 26% from a year ago. Pakistan 5% broken rice quotes ended May at about \$460 per ton, up about 10% from a month ago and up about 5% from a year ago.

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



(Prices in US\$/hundredweight)

Market Analysis:

The U.S. cash market fell in sympathy with the futures market though the trade was very calm as buyers and seller's price mismatched. The market was made quieter by heavy winds in NE Arkansas. We expect market will recover from current level and move in the range of USD14.50-15.00/hundred weight in coming month.

Price Projection (International-CBOT):

Duration	Trend	Support	Resistance
JUNE-2014	Firm	S1-13.80 S2- 14.00	R1-15.00 R2-15.30

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