## *Market Highlights*

- Average monthly wholesale rice prices in India decreased Rs. 2900 per quintal in June 2014, down about -0.50 % from Rs. 2,915 per quintal in May 2014, and up 7.07% from around Rs. 2, 708 per quintal seen a year ago in June 2013. We expect market will move range bound to slightly firm in coming months due to slow pace of sowing followed by weak rainfall in northwest India.

- As per by Ministry of agriculture, Planting for kharif rice crop, or main rice crop (June – December; harvesting begins in October) in India has reached around 2.2 million hectares of rice area as of June 27, 2014, down about 44% from about 3.9 million hectares planted during the same time last. The main reason for slow pace is delayed monsoon.

- All-India progressive procurement of Rice as on 27.06.2014 for the marketing season 2013-14 was 303.05 lakh tonnes against the procurement of 330.21 lakh tonnes up to the corresponding period of last year.

- The Indian government has increased the minimum support price (MSP) for paddy rice. Paddy MSP up by 3.8% from around Rs.1, 310 per quintal to Rs.1360 per quintal for common grade paddy, for the 2014-15 crop years (October - September). The government also increased the MSP for Grade 'A' paddy to around Rs.1, 400 per quintal which is up about 4% from around Rs.1, 345 per quintal in 2013-14.

- Punjab Govt. has decided to revise down cess levied on basmati rice purchase from 0.25 to 0.10 percent. The amount collected through this cess would be used for CADA (cancer &drug de-addiction treatment fund. The association cleared that when total amount of cess collected on the purchase of basmati falls short of Rs 50 crores on annual basis then the deficit would be compensated by it.

- In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 25th June, 2014 is (-) 40% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 48% in North West India, (-) 57% in Central India, (-) 28% in South Peninsula and (-) 29% in East & North East India.

- Among the food grains, inflation for Rice has decreased to 12.75% from the previous month’s level of 12.76% & Pulses to (-) 0.78% from the previous month’s level of (-) 0.77% and Cereals has decreased to 7.67% from the previous month’s level of 8.31% and Wheat to 3.64% from the previous month’s level of 4.57%.

- Total rice export till June-2014 is registered 73.6 million tonnes in which non basmati and basmati rice percentage contribution are approx 62% and 38% respectively. Rice export in the month of June is 7.97 lakh tonnes which is down by around 15% from same period last year. Basmati rice export to Iran has started improving once again and it is expected that India would likely to export around 10 million tons of rice till September-2014.

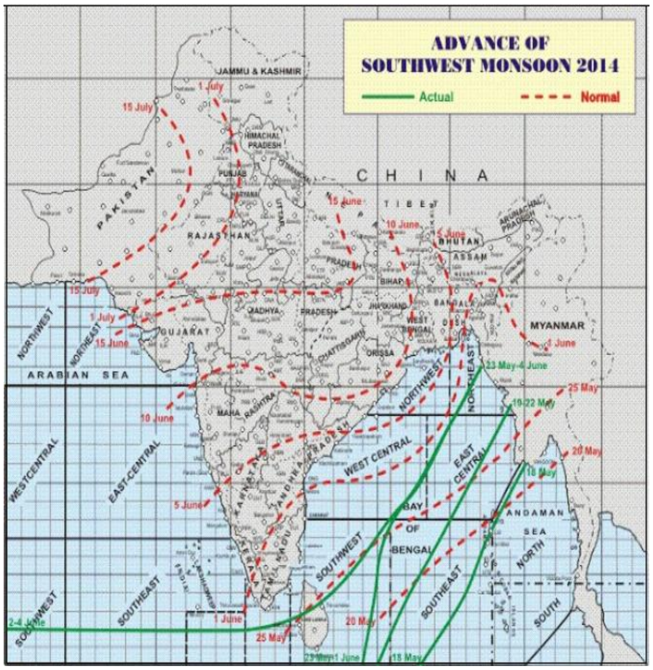
***Pre Trans-Planting Rice Production Estimate on Likely Deficit Rainfall for 2014-15:***

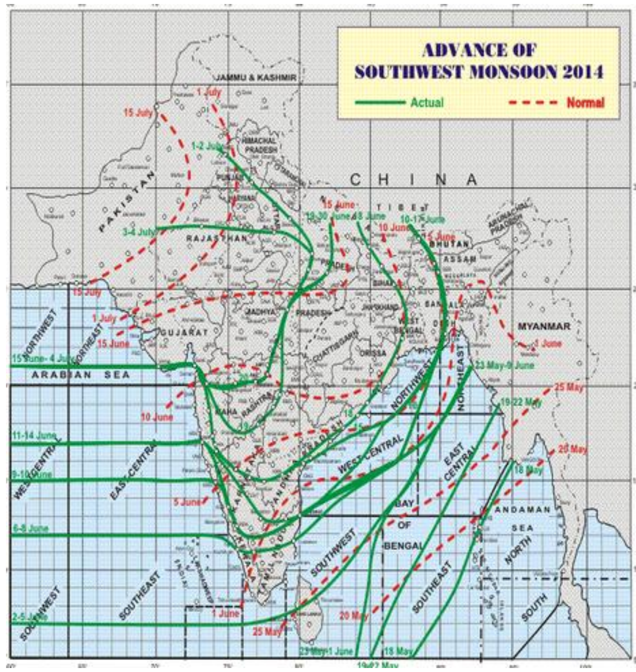
| State | Area in 000 Ha. | Cumulative Rainfall Distribution % | Original sowing (lakh Hectare) | 5 year Av. Prod(lakh T) | Production under Normal condition | Revised Production under Deficit Rainfall for 2014-15 |
|---|---|---|---|---|---|---|
| Andhra Pradesh | 3234 | -73% | 0 | 121.86 | 142.41 | 130.22 |
| Assam | 2150 | -23% | 0 | 44.94 | 43.36 | 41.05 |
| Bihar | 3040.2 | -17% | 0.22 | 54.3 | 55.9 | 54.45 |
| Chhattisgarh | 3741.6 | -46% | 0 | 57.646 | 43.91 | 41.1 |
| Gujarat | 689 | -85% | 0 | 15.28 | 13.03 | 12.92 |
| Haryana | 1062 | -30% | 1.15 | 36.734 | 34.55 | 33.21 |
| Himachal Pradesh | 72.5 | -34% | 0 | 1.208 | 1.18 | 1.06 |
| Jharkhand | 1388.2 | -27% | 0 | 25.944 | 34.2 | 25.33 |
| Karnataka | 1290 | -23% | 0 | 38.764 | 38.02 | 36.91 |
| Kerala | 234.8 | -14% | 0 | 5.468 | 5.9 | 5.6 |
| Madhya Pradesh | 1590.2 | -35% | 0 | 19.374 | 15.59 | 14.6 |
| Maharashtra | 1545 | -58% | 0 | 27.208 | 22.84 | 21.83 |
| Odisha | 4117 | -64% | 0 | 68.268 | 68.12 | 68 |
| Punjab | 2810 | -62% | 2.5 | 109.796 | 110 | 112.36 |
| Rajasthan | 152.8 | -48% | 0 | 2.76 | 2.41 | 2.28 |
| Tamil Nadu | 1868.4 | -17% | 0 | 59.514 | 56.88 | 56.22 |
| Uttar Pradesh | 5829 | -49% | 1.1 | 127.278 | 130.97 | 127.02 |
| Uttarakhand | 290 | -55% | 0.2 | 5.852 | 6.23 | 5.88 |
| West Bengal | 5125 | -20% | 0.56 | 139.396 | 150.37 | 146.88 |
| Others | 2720.2 | -41% | 1.86 | 32.814 | 28.28 | 27.25 |
| **India** | **42949.9** | **-38%** | **7.59** | **996.388** | 1004.15 | **964.17** |

***Source: Agriwatch***

As per preliminary estimates by Agriwatch, it is expected to fall in rice production by 6% from last year production of 106.2 million tons to around 96-98 million tons in 2014-15.Apart from lower rainfall in major growing states, fall in rice production is not as much as happened in last El-Niño year happened in 2009 because farmers may shift from sugarcane to paddy in U.P due to non remunerative prices for sugarcane. In Bihar and Maharashtra, state government hike the paddy incentive for current season and it may encourage farmers to maintain almost same area despite lower rainfall. In Punjab and Haryana area under common paddy is likely to decrease considerably by 20-25%, however farmers in these states would grow aromatic paddy like 1509, 1121 and other basmati due to attractive price, higher yield, short duration crop and lower water requirement for aromatic variety.

***Monsoon Watch:-***




***El-Niño Watch:***

During the month, southwest monsoon advanced over entire Bihar, Uttar Pradesh, Jharkhand, Odisha, Chhattisgarh, and Madhya Pradesh and above normal rainfall activity is likely over northeastern States. Many parts of north Peninsula and east & adjoining central India are also likely to receive above normal rainfall activity during the period 11 to 15 July and 16 to 20 July, respectively. Rainfall may be below normal over western parts of the country during the above period.

***Rice Supply & Demand:***

| Figure in MMT | 2012-13 | 2013-14 | 2014-15* |
|---|---|---|---|
| Carry in | 25.43 | 25.77 | 26.06 |
| Production | 105.24 | 106.29 | 97 |
| Imports | 0 | 0 | 0 |
| Total Availability | 130.67 | 132.06 | 123.06 |
| Consumption | 94 | 96 | 98 |
| Exports | 10.9 | 10 | 9.5 |
| Total Usage | 104.9 | 106 | 107.5 |
| Carry out | 25.77 | 26.06 | 15.56 |
| Av Monthly Consumption | 7.83 | 8.00 | 8.17 |
| Stock to Month Use | 3.29 | 3.26 | 1.91 |
| Stock to Consumption Ratio | 0.27 | 0.27 | 0.16 |

*= Preliminary estimates by Agriwatch Source: Agriwatch and USDA

Agriwatch has come out with pre-transplanting preliminary rice estimate for 2014-15.Here we have considered deficit rainfall till June. Lower than normal rainfall under El-Nino impact may reduce rice production from 106.29 million tonne to 97 million tonne in 2014-15.Some paddy area in Punjab may move to cotton and green vegetables. Farmers in Haryana and Punjab may opt for new aromatic paddy (1509) as it requires less water and it gets matured early.

Almost 9 million tons lower production would reduce total rice availability from 132.06 million tonne to 123.06 million tonne in 2014-15.The season started with 26.06 million tonne rice including private stock around 2.5 million tonne. Consumption would increase with normal pace and may touch 98 million tonne this year.Export would decrease slightly from10 million tonne to 9.5 million tonne due to reduced crop size and higher domestic price in comparison to last year.Total usage with export may touch 107.5 million tonne. As crop size is lower, carryout for next year would decrease drastically from 26.06 to 15.56 million tonne in 2014-15.

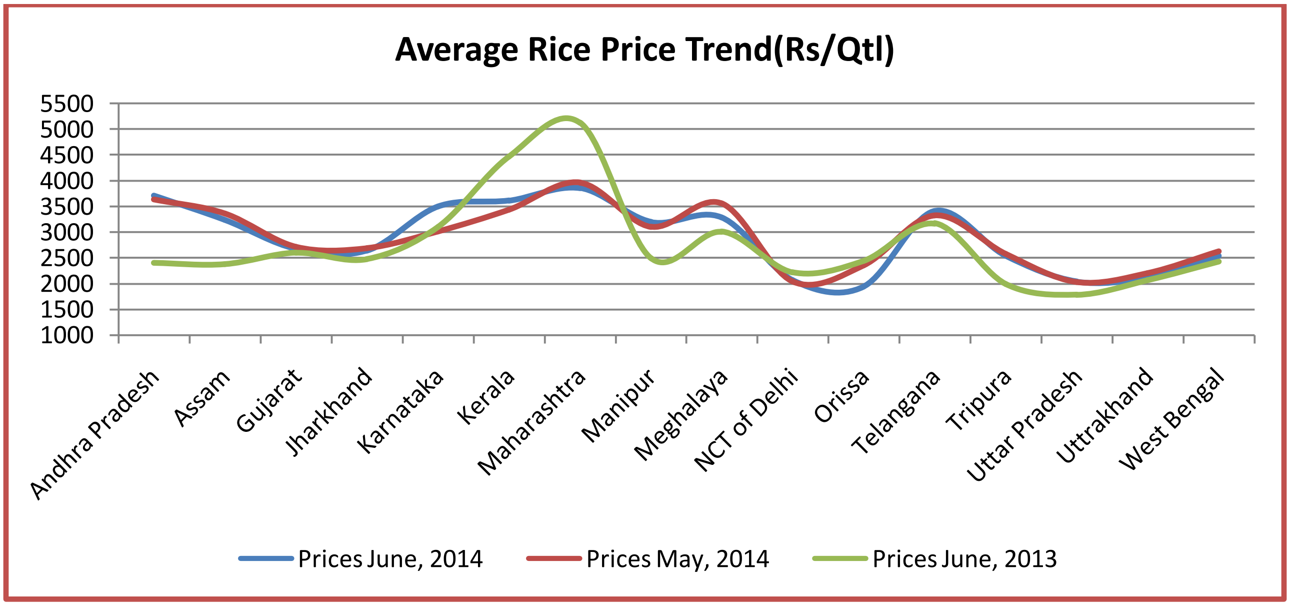
***State wise Wholesale Price Monthly Analysis:***

| State | Prices June, 2014 | Prices May, 2014 | Prices June, 2013 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|---|---|---|---|---|---|
| Andhra Pradesh | 3717.11 | 3641.12 | 2398.07 | 2.09 | 55 |
| Assam | 3244.6 | 3367.95 | 2375.42 | -3.66 | 36.59 |
| Gujarat | 2675.52 | 2712.44 | 2599.54 | -1.36 | 2.92 |
| Jharkhand | 2644.74 | 2684.65 | 2476.39 | -1.49 | 6.8 |
| Karnataka | 3495.8 | 3016.05 | 3105.86 | 15.91 | 12.55 |
| Kerala | 3612.41 | 3439.13 | 4476.22 | 5.04 | -19.3 |
| Maharashtra | 3859.86 | 3964.33 | 5129.71 | -2.64 | -24.75 |
| Manipur | 3199.29 | 3105.41 | 2491.11 | 3.02 | 28.43 |
| Meghalaya | 3290.96 | 3558.76 | 3007.35 | -7.53 | 9.43 |
| NCT of Delhi | 2069.23 | 2041.94 | 2218.37 | 1.34 | -6.72 |
| Orissa | 1940.15 | 2358.76 | 2444.13 | -17.75 | -20.62 |
| Telangana | 3415.66 | 3328.11 | 3169.39 | 2.63 | 7.77 |
| Tripura | 2549.22 | 2576.92 | 1996.71 | -1.07 | 27.67 |
| Uttar Pradesh | 2036.71 | 2024.99 | 1783.48 | 0.58 | 14.2 |
| Uttarakhand | 2120.31 | 2198.27 | 2060.13 | -3.55 | 2.92 |
| West Bengal | 2540.6 | 2627.57 | 2430.68 | -3.31 | 4.52 |
| Average | 2900.76 | 2915.4 | 2708.97 | | |
| ***Report Generation: As per the data reported by APMCs** | | | | | |

(Source: Agmarknet.nic.in)

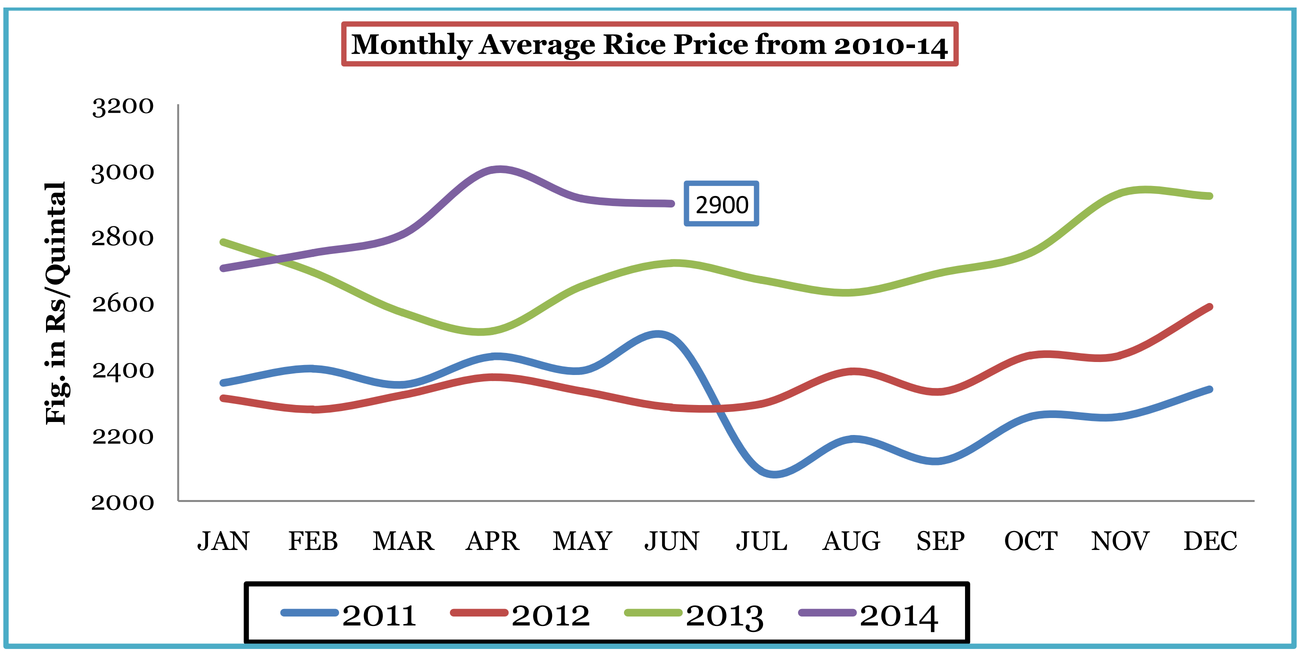
Average price of rice in the month of June ruled slightly lower by 0.7% from last month due to snail pace buying and stock is enough than current demands. Market sentiments are positive as lower sowing of paddy recorded from last year, however any major fluctuation is unlikely at current period and markets are likely to move steady with slightly up in coming month.

***Indian Average Rice Price Trend, May-2014:***




(Source: Agmarknet)

***Monthly Average Price Trend:-***




Monthly price in the month of June ruled steady to minor change from last month average price of Rs.2915/quintal. Slant season of rice is the main reason to strict the price at current level. On the other hand buyers are not active at this point as stock is sufficient. We expect market is likely to move steady with positive territory in coming months.

***Progressive Procurement of Rice as on 27/06/2014*** **(Fig. in Lakh tonnes)**

| State | Total procurement in marketing season | Progressive Procurement as on 27.06.2014 | |
|---|---|---|---|
| | 2012-13 (Oct. - Sept.) | In Marketing season 2013-14 | In Marketing season 2012-13 |
| **Andhra Pradesh** | 64.71 | 73.69 | 62.60 |
| **Bihar** | 13.03 | 8.28 | 12.49 |
| **Chhattisgarh** | 48.04 | 42.86 | 48.03 |
| **Haryana** | 26.09 | 24.06 | 26.08 |
| **Kerala** | 2.40 | 3.59 | 2.40 |
| **Madhya Pradesh** | 8.98 | 10.52 | 8.98 |
| **Maharashtra** | 1.92 | 1.49 | 1.89 |
| **Odisha** | 36.13 | 25.45 | 31.27 |
| **Punjab** | 85.58 | 81.06 | 85.58 |
| **Tamil Nadu** | 4.81 | 6.18 | 4.78 |
| **Uttar Pradesh** | 22.86 | 11.25 | 22.83 |
| **Uttaranchal** | 4.97 | 4.42 | 4.90 |
| **West Bengal** | 17.66 | 10.10 | 15.90 |
| **All-India** | 340.28 | 303.05 | 330.21 |

Progressive paddy procurement in 2013-14 till 27 June, 2014 reached 303.05 lakh tonnes which is around -8.22% 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 June-2014 is registered 73.6 million tonnes in which non basmati and basmati rice percentage contribution are approx 62% and 38% respectively. Rice export in the month of June is 7.97 lakh tonnes which is down by around 15% from same period last year. Basmati rice export to Iran was again boost in the month and it is expected that India would likely to export around 10 million tons of rice 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:***

Rice market is likely to trade steady to slightly weak in the first fortnight of July.Rainfall status is likely to improve by the end of first week of July. Delayed monsoon by a week or two and lower than normal rainfall so far would delay trans-planting by two weeks. However, good rainfall in coming weeks may normalize overall scenario. Rice price in domestic market may trade in the range of Rs.2900-3000/qtl in first half of July. It is unlikely to see any major alteration in coming days and market may continue to rule around current levels with marginal alteration following low market sentiments.

PR-13, PR-14 and Parmal area may dip considerably this year in Punjab and Haryana as farmers would go for aromatic varieties. This may lent support to non basmati rice in the medium term. As of now ample stock is available and govt. too have sufficient stock to cater the emerging requirements. However, any lull in rainfall for 10 to 15 teen days may make things difficult.

***Global Updates:***

The UN's Food and Agricultural Organization (FAO) has estimated 2014 global rice production at around 503.6 million tons (around 755.4 million tons, basis paddy), up about 1% from an estimated 497.8 million tons (around 746.7 million tons, basis paddy) produced in 2013. The UN agency expects production growth in Asia's main rice producers to be subdued at about 1% due to the impact of an El Nino. It expects most of the growth in Bangladesh, China, India, Indonesia, Myanmar and the Philippines, where government support to the sector is relatively strong. It expects rice production in Africa to increase 3.6% y/y due to expected record production growth in Madagascar. The FAO expects rice production in Latin America and the Caribbean to increase by 1.3% due to significant production increase in Brazil.

USDA has forecasted global milled rice production at record 480.7 million tons in MY 2014-15, slightly up from an estimated 477.5 million tons in MY 2013-14, according to the June Rice Outlook report. USDA has not made any monthly revisions to the global production estimates in June 2014, from its May 2014 estimates. The increase in production is due to an expected increase in global rice acreage to about 161.6 million hectares in MY 2014-15, up about 800,000 hectares from about 161 million hectares in MY 2013-14. USDA estimates the average global yield at 4.44 tons per hectare (rough-rice basis), slightly up from last year. USDA estimates East Asia milled rice production at 158.8 million tons in MY 2014-15, up 1% from an estimated 157.2 million tons last year. USDA estimates South Asia milled rice production at 153.9 million tons in MY 2014-15, down about 300,000 tons from an estimated 153.6 million tons last year. Southeast Asia is estimated to produce a record 118.6 million tons of rice in MY 2014-15, up 1% from about 117.4 million tons produced a year earlier. USDA estimates Sub-Saharan Africa to produce about 13.1 million tons of rice in MY 2014-15, up about 2% from about 12.8 million tons produced last year. USDA expects milled rice production in South America to slightly decline to about 26.5 million tons in MY 2014-15 over last year due to decline in paddy rice planted area.

Vietnam exported about 2.848 million tons of rice during January 1 – June 26, 2014, down about 19% from about 3.5 million tons of rice exported during January - June, 2013, according to data from the Vietnam Food Association (VFA). Average rice export price so far in this year stands at about $432 per ton (FOB), up about $1 per ton from about $431 per ton recorded during January - June, 2013.

Thailand military government (National Council for Peace and Order - NCPO) Chief announced that a general election could be held around October 2015 and the NCPO has begun an overhaul of the electoral system. The NCPO Chief told local media sources that they are working on a temporary charter, which would be ready in July and that would be helpful in installing an interim cabinet by September 2014. He added that a reform council would then work on a longer-term constitution.
Thai Rice Exporters Association (TREA) has projected Thai rice exports to reach around 9 million tons in 2014 earning about $4.75 billion due to competitive prices and increasing export demand for Thai rice. Thailand exported around 3.82 million tons of rice in the first five months of 2014, up about 52% from around 2.5 million exported during the same period in 2013. Benin Republic, China, Ivory Coast, Cameroon and the U.S. were major importers of Thai rice during the period. USDA estimates Thailand to export around 9 million tons of rice in 2014, up about 45% from around 6.72 million tons exported in 2013.

Source:-Oryza

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

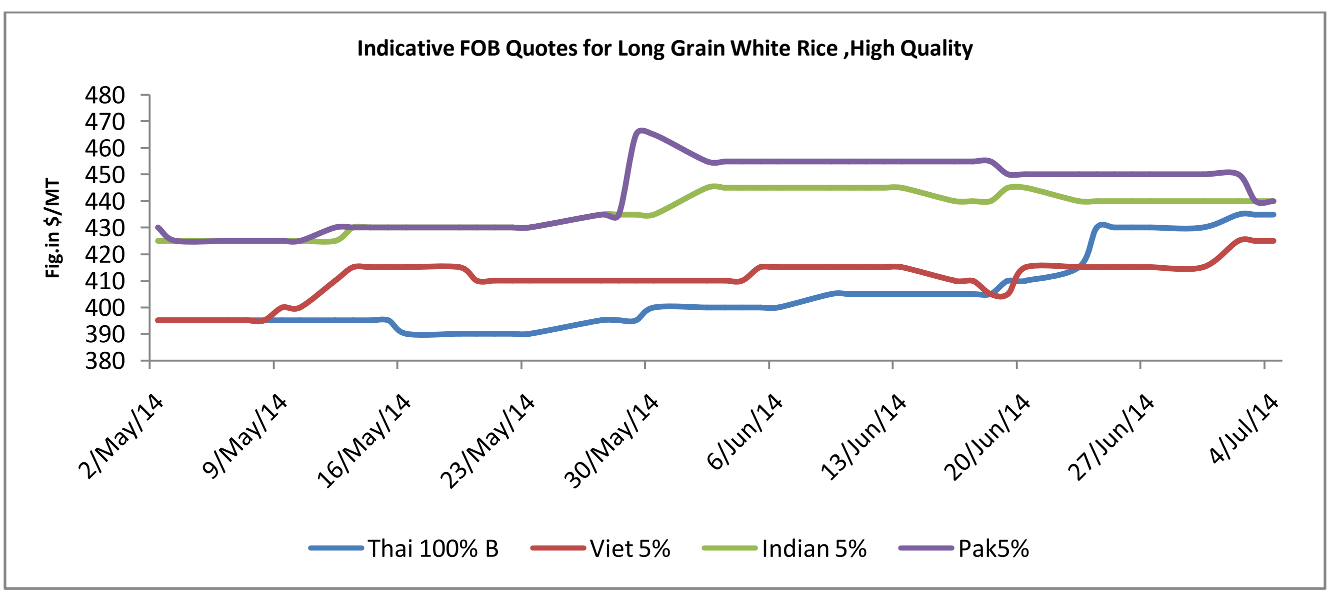
| | 2011-12 | 2012-13 est. | 2013-14 forecast | 2014-15 projection 29.05.14 | 26.06.14 |
|---|---|---|---|---|---|
| **Production** | 449 | 467 | 472 | 475 | 476 |
| **Trade** | 36 | 39 | 38 | 39 | 40 |
| **Consumption** | 445 | 459 | 469 | 475 | 476 |
| **Carryover stocks** | 100 | 107 | 110 | 110 | 109 |
| **Y-O-Y change** | 4 | 7 | 3 | 0 | -1 |
| **Major Exporters** | 31 | 37 | 40 | 40 | 39 |

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

*IGC Rice Balance sheet Highlights:-*

- The 2013/14 rice supply and demand outlook is little changed compared to the last report. While availabilities are beginning to tighten ahead of the next harvests, supplies in the top exporting countries remain comfortable.
- The global production estimate is increased slightly, but since the consumption forecast is also lifted, carryover stocks are now likely to decline fractionally compared to the previous season.
- Asian rice markets had a firmer tone, especially in Thailand and Vietnam, where prices were underpinned by solid buying interest. In contrast to other markets, the IGC GOI rice sub index was firmer, posting a net gain of 2% m/m.

***Export Prices, Market Trends:***



FOB quotes for the month of June have been on rise in all major exporting countries. In Thailand, halted selling from government stock amid harvesting being over, prices in domestic market have started firming up. Higher price in Thailand also encouraged Vietnam's quote. India and Vietnam are offering rice almost at similar price and remain the major supplier in the global market right now, so any spike in Thai market directly influences the price of two major exporting countries also. Same condition is likely to continue till next election in Thailand. Uncertainty over Thai stock release continues.

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


(Prices in US$/hundredweight)

***Price Projection (International-CBOT):***

| Duration | Trend | Support | Resistance |
|---|---|---|---|
| July-2014 | Steady to Weak | S1-13.50<br>S2- 13.30 | R1-13.75<br>R2-14.00 |