

Table of Contents

Rice Market Highlights	2
Rice Production Estimate for 2014-15 on Deficit Rainfall:	2
Monsoon Watch:	2
Rice Supply & Demand:	2
Kharif Paddy Field in Major States:	2
State wise Wholesale Price Monthly Analysis:	2
Indian Average Rice Price Trend- August:	2
Monthly Average Rice Price Trend:.....	2
Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT:	2
Progressive Procurement of Rice as on 22/08/2014:	2
Rice Inflation in July:	2
Rice Export Statistics:	2
Rice Market Outlook:	2
Indicative FOB Quotes For Aromatic Rice Ind Vs Pak :	2
Global Updates:	2
IGC Balance Sheet:	2
Indicative FOB Trend:	2
Rice Price Trend @ CBOT (Nov- 14, Rough Rice & Outlook):	2

Rice Market Highlights

Average rice price in the month of August was move steady at Rs. 2853/quintal and slightly down by -0.2% from last month of Rs. 2859/quintal, but up by 7.3% from same period last year. Rice market move steady in the month of August due to sluggish buying and higher area coverage in the month under paddy from last year.

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 35 million hectares of rice area as of August-29, 2014, up about 0.05% from about 34.98 million hectares planted during the same time last. Rainfall occurred in many parts of central and eastern India after mid July leading to improved water levels in several reservoirs as well as the paddy planting to revive.

As per the latest data release by Ministry of Agriculture, Govt of India, basmati (aromatic) acreage in 2014-15 has soared 40% to around 3.5 million hectare from 2.5 million ha last year due to better than normal returns by basmati farmers. The government estimates overall aromatic rice production in 2014-15 at 8.5 million tonnes from its estimate of 6.25 million tonnes last year.

As per trade sources, there has been a significant increase in 1509 basmati acreage in all basmati growing states due to the success of the new variety in its first year last year. The increase is estimated to be in the range of 20-40%. The increase in 1509 basmati acreage is mainly at the expense of coarse rice varieties like Parmal in Punjab and Haryana and Sugandha in U.P.

All-India progressive procurement of Rice as on 22.08.2014 for the marketing season 2013-14 was 313.08 lakh tonnes against the procurement of 337.05 lakh tonnes up to the corresponding period of last year.

In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 20th August, 2014 is (-) 18% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 29% in North West India, (-) 15% in Central India, (-) 16% in South Peninsula and (-) 15% in East & North East India.

Among the food grains, inflation for Rice in the month of July has decreased to 6.85% from the previous month's level of 10.24%, Cereals to 4.46% from the previous month's level of 5.33% and Wheat has increased to 1.02% from the previous month's level of 0.73% and Pulses to 3.31% from the previous month's level of 1.78%.

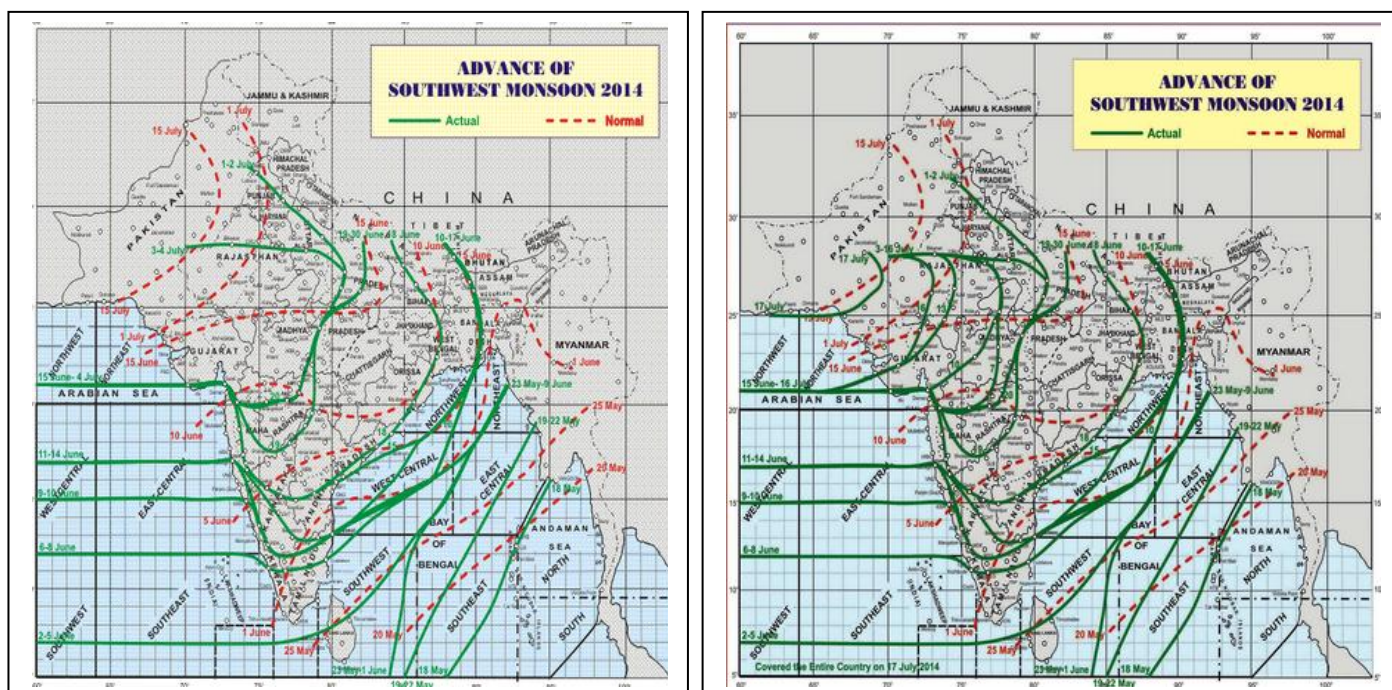
As per data received from IBIS, total rice export in the month of August was 8.22 lakh tons which is up by around 16% from last month export of 7.11 lakh tons. However basmati export in the month of August was down by -6.5% from July due to increased the import duty from Iran, which is the largest Indian basmati rice importer.

Rice Production Estimate for 2014-15 on Deficit Rainfall:

State	Area in 000 Ha.	Rainfall Distribution %	Original sowing (lakh Hectare)	5 year Av. Prod(lakh T)	Production under Normal condition(lakh T)	Revised Production under Deficit Rainfall for 2014-15
A.P	3234	-25%	9.62	121.86	142.41	138.05
Assam	2150	-17%	19.91	44.94	43.36	42
Bihar	3040.2	-16%	31.72	54.3	55.9	54.45
Chhattisgarh	3741.6	-5%	35.86	57.646	43.91	41.1
Gujarat	689	-27%	7.43	15.28	13.03	12.92
Haryana	1062	-64%	11.36	36.734	34.55	33.21
H.P	72.5	-36%	0.76	1.208	1.18	1.06
Jharkhand	1388.2	-10%	13.79	25.944	34.2	28.55
Karnataka	1290	23%	7.9	38.764	38.02	38.45
Kerala	234.8	8%	0.77	5.468	5.9	5.6
Madhya Pradesh	1590.2	-14%	20.87	19.374	15.59	14.6
Maharashtra	1545	-37%	12.73	27.208	22.84	21.83
Odisha	4117	9%	33.93	68.268	68.12	70.55
Punjab	2810	-64%	28.2	109.796	110	112
Rajasthan	152.8	-17%	1.38	2.76	2.41	2.28
Tamil Nadu	1868.4	6%	1.49	59.514	56.88	56.95
Uttar Pradesh	5829	-42%	56.97	127.278	130.97	127.02
Uttarakhand	290	-22%	2.48	5.852	6.23	5.88
West Bengal	5125	-10%	38.75	139.396	150.37	146.88
Others	2720.2	-13%	130.03	32.814	28.28	27.25
India	42949.9	-15%	350.02	996.388	1004.15	980.63

As per Agriwatch Preliminary estimates, milled rice production in 2014-15 is expected to touch 98 million tonnes which is approximately 7% lower than last year production of 106 million tons. However kharif paddy planting reached to 35 million hectare as of 29 August-2014 which is slightly up from same period last year. The major reasons for downfall in production are deficit in rainfall in major growing states and also supported by lower expectation of yield.

Recently USDA also revised the Indian rice production for 2014-15 down to 99.5 million tonnes from 104 million tonnes due to 3% fall in kharif rice area from 43.94 million hectare in 2013-14 to 42.7 million hectare in 2014-15.

Monsoon Watch:


Source-IMD

The Southwest Monsoon has advanced after the second week of July-2014 into remaining parts of Arabian Sea, Saurashtra & Kutch, Gujarat region and West Rajasthan, thus it covered the entire country after Second week of July.

Rice Supply & Demand:

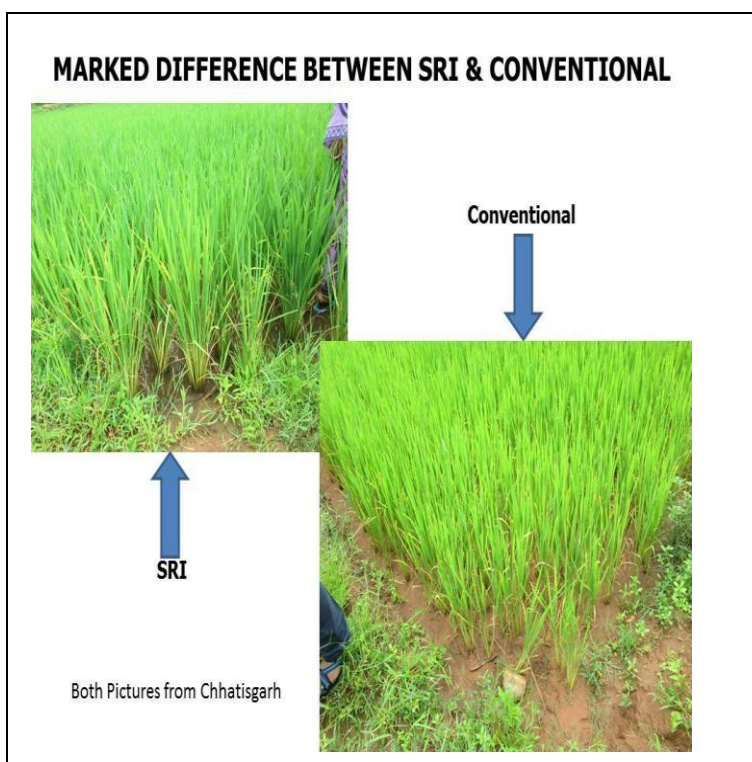
Figure in MMT	2012-13	2013-14	2014-15*
Carry in	25.43	25.77	26.26
Production	105.24	106.29	98
Imports	0	0	0
Total Availability	130.67	132.06	124.26
Consumption	94	96	97.4
Exports	10.9	9.8	9.5
Total Usage	104.9	105.8	106.9
Carry out	25.77	26.26	17.36
Av Monthly Consumption	7.83	8.00	8.12
Stock to Month Use	3.29	3.28	2.14
Stock to Consumption Ratio	0.27	0.27	0.18

Source-USDA & Agriwatch

Agriwatch has come out with pre-transplanting preliminary rice estimate for 2014-15. Here we have considered all India cumulative deficit rainfall till August was lower by 15% than normal. Lower than normal rainfall under El-Nino impact may reduce rice production from 106.29 million tonnes to 98 million tonnes in 2014-15. Some paddy area in Punjab may move to cotton and green vegetables.

Almost 7% lower production would reduce total rice availability from 132.06 million tonnes to 124.26 million tonnes in 2014-15. The season started with 26.26 million tonnes rice including private stock around 2.5 million tonnes. Consumption would increase with normal pace and may touch 97 million tonnes in coming year. Export would decrease slightly from 9.8 million tonnes in MY-2013-14 (Sept-2013 to Oct-2014) to 9.5 million tonnes in 2014-15 due to reduced crop size and higher domestic price in comparison to last year. Total usage with export may touch 106.9 million tonnes. As crop size is lower, carryout for next year would decrease drastically from 26.06 to 17.36 million tonnes in 2014-15.

Kharif Paddy Field in Major States:



Source-Agriwatch

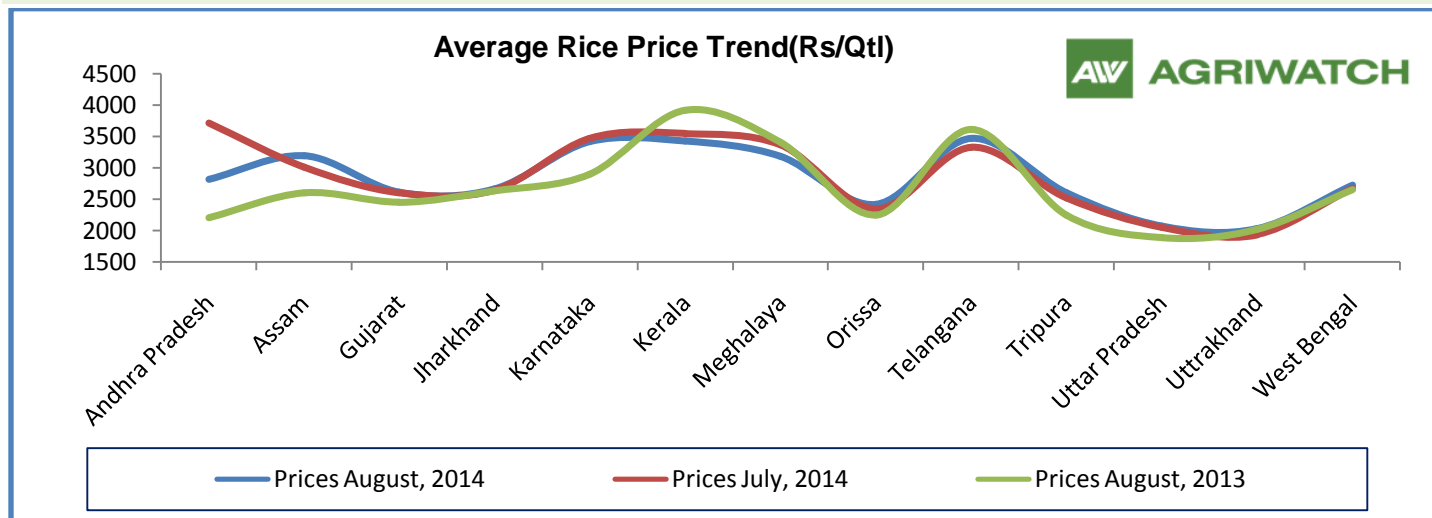
Above given picture shows the System of Rice Intensification (SRI) in Bihar and Chhattisgarh and it is a methodology which aimed at increasing the yield of rice. It is a low water, labor intensive, organic method that uses younger seedlings singly spaced and typically hand weeded with special tools.

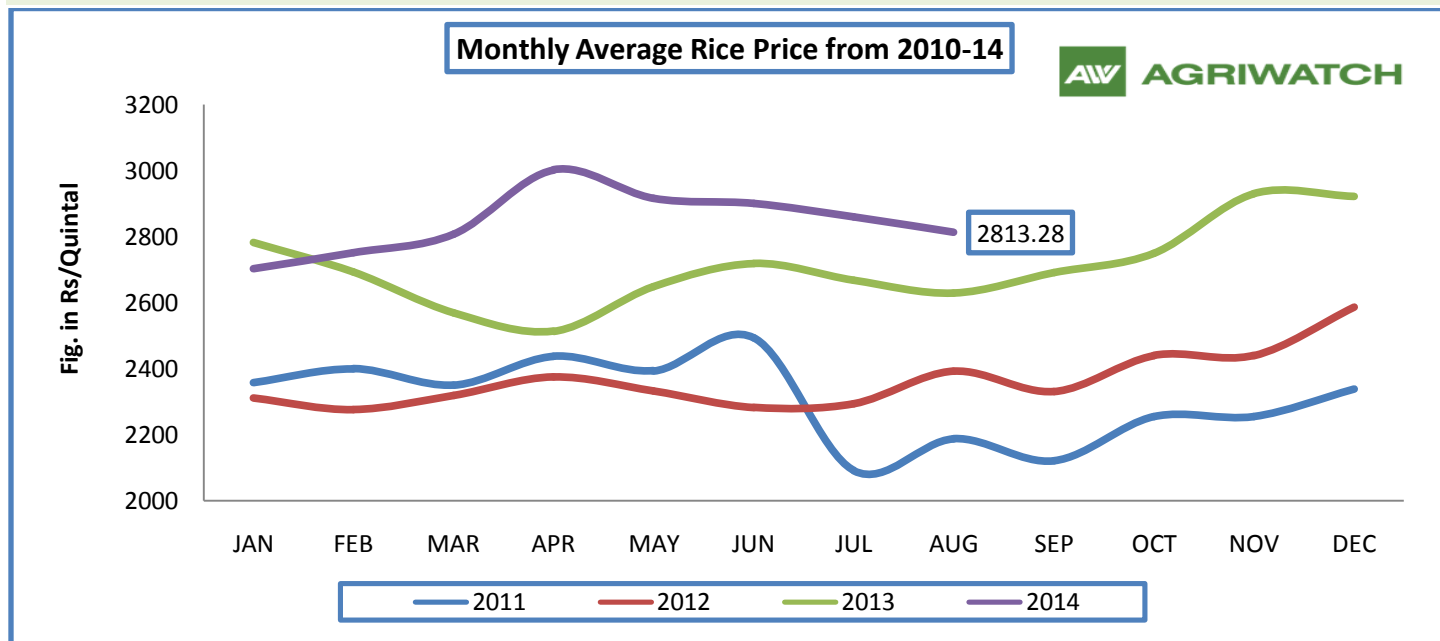
State wise Wholesale Price Monthly Analysis:

State	Prices August, 2014	Prices July, 2014	Prices August, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
A.P	2809.56	3706.77	2201.38	-24.2	27.63
Assam	3187.99	3011.63	2599.96	5.86	22.62
Gujarat	2611.08	2603.5	2451.53	0.29	6.51
Jharkhand	2659.15	2643.33	2626.28	0.6	1.25
Karnataka	3412.77	3464.43	2895.87	-1.49	17.85
Kerala	3421.97	3542.75	3917.16	-3.41	-12.64
Meghalaya	3175.74	3361.15	3402.1	-5.52	-6.65
Orissa	2411.61	2345.29	2244.7	2.83	7.44
Telangana	3468.75	3321.5	3612.47	4.43	-3.98
Tripura	2595.23	2516.05	2244.49	3.15	15.63
Uttar Pradesh	2067.13	2052.08	1885.68	0.73	9.62
Uttarakhand	2029.69	1932.56	2015	5.03	0.73
West Bengal	2722.06	2671.41	2647.14	1.9	2.83
Average	2813.28692	2859.419	2672.597		

(Source: Agmarknet.nic.in)

Average rice price in the month of August was steady from last month price of Rs.2859/quintal. Average Price in Major states like Andhra Pradesh, Kerala and Manipur were significantly down from last month due to delicate buying by bulk buyers and higher paddy area coverage than normal area in ongoing Kharif planting Season for 2014-15. We expect market would likely to move in the range bound with firm bias in coming months due to seasonal factor like lower arrivals.

Indian Average Rice Price Trend- August:


Monthly Average Rice Price Trend:


Monthly price in the month of August ruled steady to minor change from last month average price of Rs.2859/quintal. Lean 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 in coming months.

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	25.41	24.56				

Source-FCI

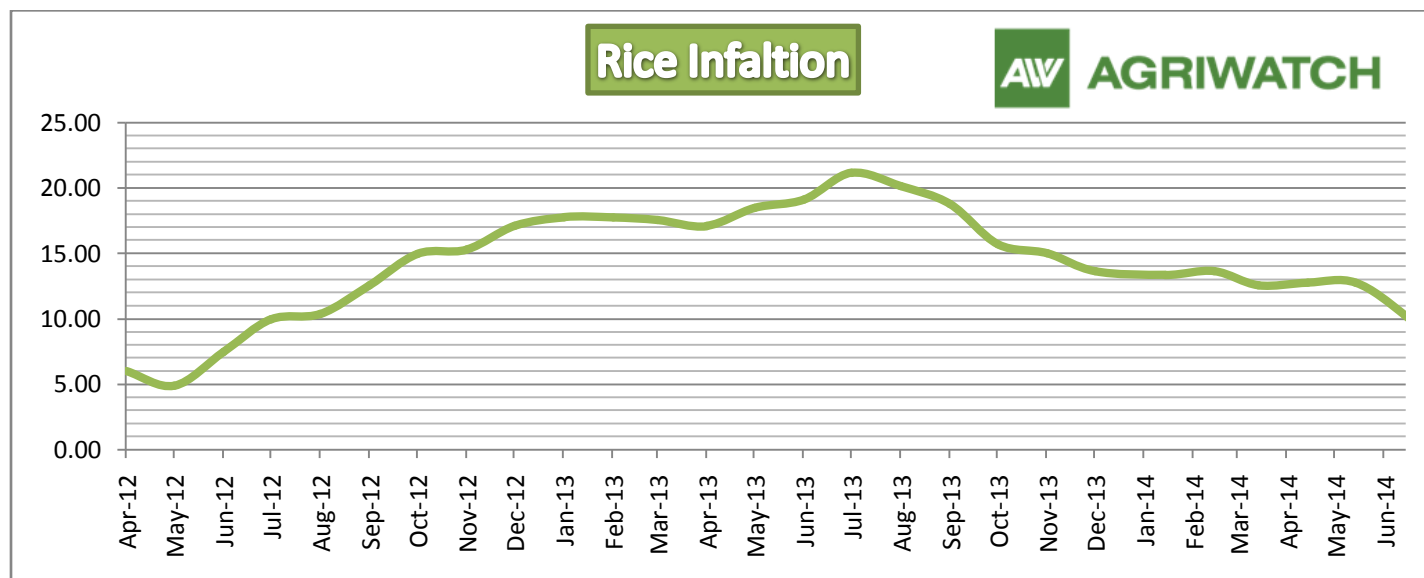
Rice Stock in the central pool kitty as on August 01st, 2014 was 24.56 million tons which is down about 16% from last year same period's stock of 29.23 million tons.

Progressive Procurement of Rice as on 22/08/2014:
Figure in lakh T

State	Total procurement in marketing season	Progressive Procurement as on 22.08.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	79.12	64.32
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.90	48.04
Haryana	26.09	24.06	26.09
Kerala	2.40	3.59	2.40
Madhya Pradesh	8.98	10.45	8.98
Maharashtra	1.92	1.61	1.90
Odisha	36.13	28.19	35.01
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.79
Uttar Pradesh	22.86	11.27	22.86
Uttaranchal	4.97	4.63	4.97
West Bengal	17.66	11.63	17.12
All-India	340.28	313.08	337.05

Source-Agricoop

All-India progressive procurement of Rice as on 22.08.2014 for the marketing season 2013-14 was 313.08 lakh tonnes against the procurement of 337.05 lakh tonnes up to the corresponding period of last year.

Rice Inflation in July:


Source: ea industry

Rice inflation in the month of July has decreased to 6.85% from the previous month's level of 10.24%, Cereals to 4.46% from the previous month's level of 5.33% and Wheat has increased to 1.02% from the previous month's level of 0.73% and Pulses to 3.31% from the previous month's level of 1.78%.

Rice Export Statistics:

MY-2012-13	Non Basmati	Basmati	Total Export 2012-13	MY-2013-14	Non Basmati	Basmati	Total Export 2013-14
Oct-12	6.65	1.95	8.6	Oct-13	6.7	1.8	8.5
Nov-12	6.49	2.08	8.57	Nov-13	4.29	2.49	6.78
Dec-12	7.5	2.85	10.35	Dec-13	5.11	3.79	8.9
Jan-13	5.65	3.18	8.83	Jan-14	6.85	3.44	10.29
Feb-13	4.9	3.34	8.24	Feb-14	6.18	3.5	9.68
Mar-13	5.7	3.87	9.57	Mar-14	4.17	3.19	7.36
Apr-13	3.93	3.93	7.86	Apr-14*	4.2	2.8	7
May-13	4.67	3.45	8.12	May-14*	3.76	3.36	7.12
Jun-13	5.57	3.78	9.35	Jun-14*	4.32	3.65	7.97
Jul-13	6.51	3.34	9.85	Jul-14*	4.81	2.30	7.11
Aug-13	7.11	2.75	9.86	Aug-14*	6.07	2.15	8.22
Sep-13	7.72	2.06	9.78				
Total	72.4	36.58	109	Total	56.46	32.47	88.93

Source-DGCIS and * IBIS

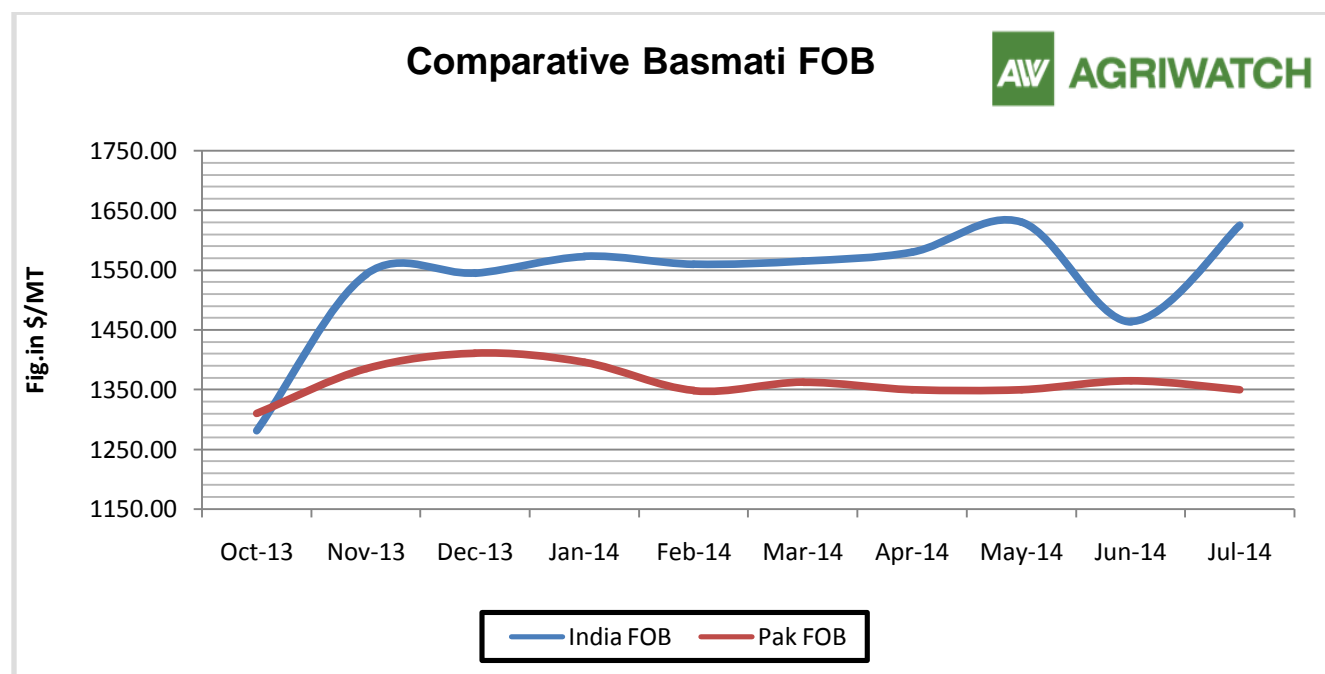
Total rice export in MY-2013-14 starting from September 2013 till August-2014 was registered 88.93 million tonnes in which non basmati and basmati rice percentage contribution are approx 74% and 26% respectively. Rice export in the month of August was 8.22 lakh tonnes which is down by around 17% from same period last year. Basmati rice export in the month of August was lower than previous month due to 40% increased in import policy by Iran.

Export of basmati varieties has declined by nearly 20% in the 5 months from March to July 2014 compared to the same 5 months in the previous marketing year. This is after getting off to a very good start in the first 5 months of the marketing year (MY) from Oct 2013 to Feb 2014. While in the first 5 months of MY 2013-14, basmati exports were higher by 12.3% y-o-y, in the next 5 months, basmati exports were lower by 17%. As a result, the year-to-date exports until July 2014 are 4.6% lower than last year.

Rice Market Outlook:

Rice market is likely to trade steady to slightly up in the remaining months (Aug/Sep) of the season due to shortage of ready stock in private hands. Slower pace of arrival, overseas demand for non basmati rice and increasing fear of lower area coverage would remain supportive to the rice market fundamental. Non basmati rice price in the month of August hovered in the range of Rs.2950-2970/quintal which is up by 2% from last month and up by around 10% from the price of Rs.2688/quintal last year in the same month. Prices of basmati varieties also traded up in July from Rs. 9600/quintal to Rs.10400/quintal. However basmati prices would likely to move range bound in coming months as production is bound to increase considerably on the back of higher area coverage in Punjab and Haryana.

Indicative FOB Quotes For Aromatic Rice Ind Vs Pak:



Source-FAO & Agriwatch

FOB quotes for Indian Basmati recovered from last month due to higher domestic prices and lower inventory in the market. Stock is moving from Uttar Pradesh to Kandla port as inventories are limited in Punjab and Haryana. The availability in Uttar Pradesh is comfortable due to harvesting of 1509 (60 day variety) crop, and thus loading is active from Uttar Pradesh. We expect FOB will likely remain range bound with positive bias in coming months till the time harvesting of new crop starts from October.

Global Updates:

As per TREA (Thai Rice Exporters Association), Thailand exported more rice in July than any month in three years. The country shipped 941,691 tonnes of rice worth 14.4 billion baht, supported by attractive prices. However, the last record for rice exports by Thailand was in August- 2011 of 1.13 million tonnes.

Thailand Rice export for MY 2014-15 is likely to up by 34% from last year export of 6.7 million tons to reach about 9.5 million starting from Oct-2014 to September-2015. The main reasons for increased export forecast are removal of rice pledging scheme, downfall in domestic as well International prices and supported by increased demand from China, Indonesia and Philippines.

Burma's rice exports surged 41% since April, due to increased demand from Russia. The Democratic Voice of Burma website reported that the country exported \$196 million in rice from April 1 to Aug 15, up from \$139 million shipped out during the same period last year.

As per latest report by FAO, Iran's paddy production is likely to up by 2% from last year paddy production of 2.9 million tons to 2.95 million tons in 2014-15. However it is expected that Iran's rice import would decline significantly this year due to 40% hike on import duty over basmati rice and Iran will likely to import around 1.5-1.6 million tons of rice in 2014-15.

Sri Lanka rice production from both crop i.e., Yala (April-September) and Maha (Sept-13- April,14) is severely affected by prolonged drought in the north, central and eastern providence and thus country is planning to import 15,000 tons of rice from Vietnam to meet the domestic demand, also Sri Lanka government approved to import 50,000 tons rice from India in the last week of July.

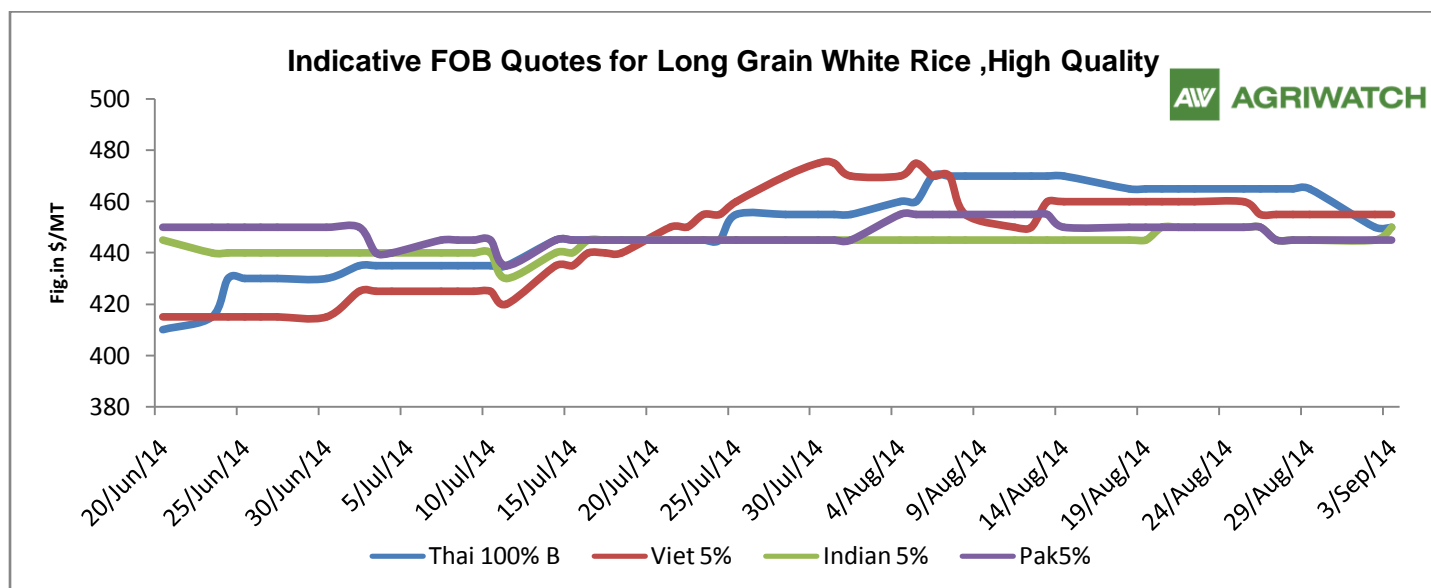
USDA has forecasted global milled rice production at record 480.7 million tons in MY 2014-15, slightly up from an estimated 477.5 million tons in MY 2013-14, according to the June Rice Outlook report. USDA has not made any monthly revisions to the global production estimates in June 2014, from its May 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.

The IGC estimates 2014-15 global rice production at around 478 million tons which is up by 0.42% from 2013-14 production of 476 million tons due to improved output in South America and Sub-Saharan region. However IGC estimates 2014 global rice trade at around 40 million tons which was up by 5% from last year trade of 38 million tons due to good demand from China, Philippines and Indonesia.

IGC Balance Sheet:

	2011-12	2012-13 est.	2013-14 forecast	2014-15 projection 31.07.14	projection 29.08.14
Production	449	467	472	476	478
Trade	36	39	38	40	40
Consumption	445	459	469	476	482
Carryover stocks	100	107	110	109	105
Y-O-Y change	4	7	3	0	-4
Major Exporters	31	37	40	39	34

- ➔ Supply and demand forecasts for 2013/14 are little changed from before. World production in 2014/15 is projected to be marginally higher y/y and outpaced by growth in consumption.
- ➔ With price gains in Thailand offsetting weakness elsewhere, the IGC GOI rice sub-Index posted a slight monthly gain.

Indicative FOB Trend:


Source-Oryza

FOB quotes for the month of August have been on fall in all major exporting countries. In Thailand Export prices declined slightly from the previous month's as new supplies of MY2013/14 off-season rice crop (mostly white rice) are coming onto the market. These new supplies account for approximately 10 percent of total off-season rice production. Total off-season rice production normally accounts for about 30 percent of Thailand's rice crop. Most of the off-season crop harvest will be completed by the end of September.

Rice Price Trend @ CBOT (Nov- 14, Rough Rice & Outlook):



Duration	Trend	Support	Resistance
September-2014	Steady	S1-12.20 S2- 12.00	R1-13.50 R2-13.75

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>
 © 2014 Indian Agribusiness Systems Pvt Ltd.