

Contents

Rice Market Highlights.....	2
Rice Production Estimate for 2014-15 on Deficit Rainfall:.....	2
Monsoon Watch:.....	2
Rice Supply & Demand:.....	2
1121 & 1509 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 19/09/2014:.....	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
Rice Price Trend @ CBOT (Nov- 14, Rough Rice & Outlook):	2

Rice Market Highlights

Average rice price in the month of September was decreased by 2.9% from last month and currently hover in the range of Rs. 2670-2676/quintal. Overall higher acreage under paddy than last year and also surpassed the normal area under the main summer sown crop supported by lower buying at current level put the pressure on rice price in major states like Odisha, West Bengal, Jharkhand and Meghalaya.

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 37.48 million hectares of rice area as of September-26, 2014, up about 0.16% from 37.42 million hectares planted during the same time last. India's area under rice cultivation so far has crossed last year's acreage and also surpassed the normal area of 36.08 million hectare under the main summer sown crop. The higher coverage was possible as the monsoon revived in the second half of the June-September rainy season, overcoming the weakest start in five years that initially raised fears of a widespread drought in 2014.

As per Agriwatch Field survey, the harvesting of 1509 is in full swing in Punjab and Haryana districts and the arrivals are getting stronger in the cash markets. Initially 1509 was quoted at Rs 3000/qtl while the prices fell to Rs 1800/qtl within a week (3 wk of Sept) of the commencement of the arrival of new 1509 crop. The prices soon recovered to Rs 2700/qtl in the 4th week of September. The harvesting of Sharbati too has gained momentum and has hit the local markets. The harvesting of PR varieties will commence in the first week of October. Mostly, people in Amritsar, Gurdaspur and Tarntaran of Punjab prefer to sell their 100% produce immediately after harvest for the fear of moisture loss and infestation.

All-India progressive procurement of Rice in MY 2013-14 till September 19 was 31.57 million tons which is higher by 5% of government target of 30.05 million tons of rice in Marketing year 2014-15. However Procurement of rice for 2014-15 begins at snail's pace in Punjab, which is highest contributor for procurement in MY 2014-15.

Among the food grains, inflation for Pulses has increased to 7.81% from the previous month's level of 3.31%. Inflation for Rice has decreased to 5.44% from the previous month's level of 6.85%, Cereals to 3.70% from the previous month's level of 4.46% and Wheat to 0.67% from the previous month's level of 1.02%.

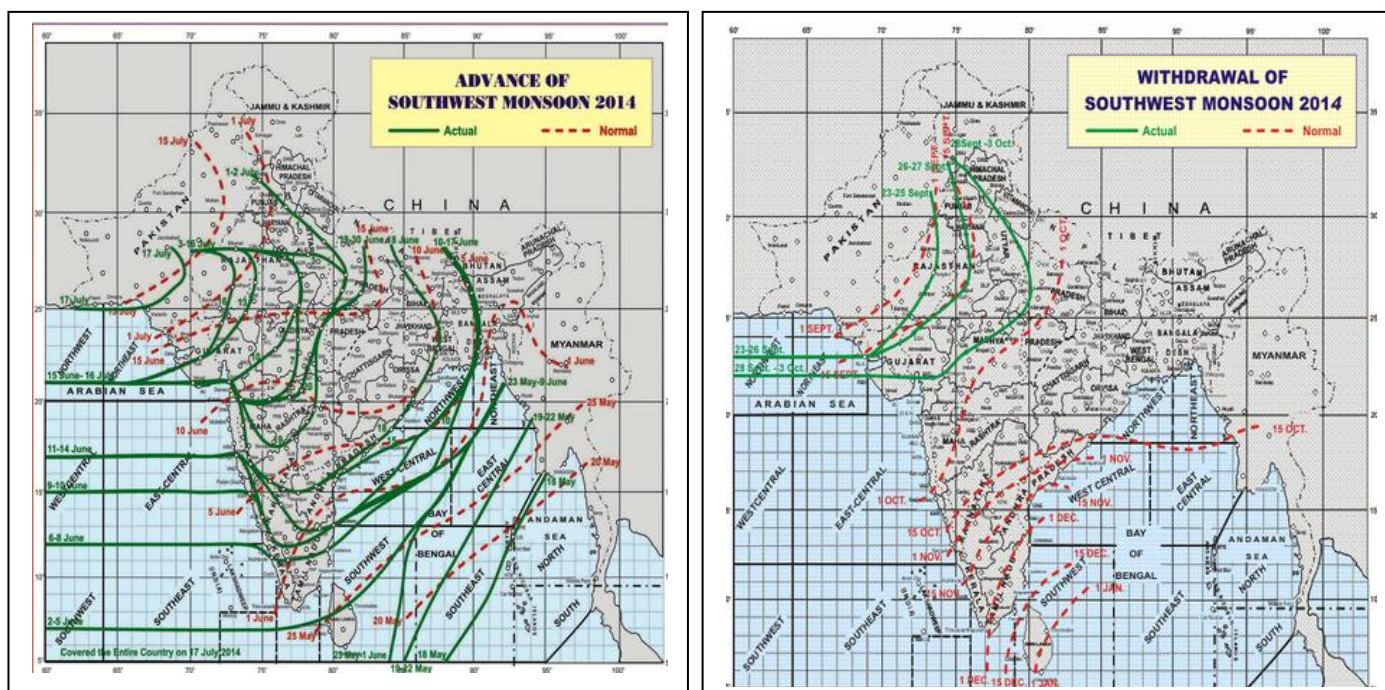
In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 17th September, 2014 is (-) 12% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 20% in North West India, (-) 06% in Central India, (-) 04% in South Peninsula and (-) 16% in East & North East India.

As per data received from FCI, India's rice stock in central pool kitty as of September 01st 2014 were about 21.65 million tons, down about 18% from 26.60 million tons of rice during the same period last year.

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	-86%	13.84	121.86	142.41	138.05
Assam	2150	-99%	21.22	44.94	43.36	42
Bihar	3040.2	-79%	31.8	54.3	55.9	54.45
Chhattisgarh	3741.6	-100%	36.93	57.646	43.91	41.1
Gujarat	689	-100%	7.61	15.28	13.03	12.92
Haryana	1062	-100%	11.38	36.734	34.55	33.21
H.P	72.5	-88%	0.76	1.208	1.18	1.06
Jharkhand	1388.2	-59%	14.94	25.944	34.2	28.55
Karnataka	1290	-100%	9.63	38.764	38.02	38.45
Kerala	234.8	-96%	0.86	5.468	5.9	5.6
M.P	1590.2	-96%	20.87	19.374	15.59	14.6
Maharashtra	1545	-95%	14.95	27.208	22.84	21.83
Odisha	4117	-93%	36.55	68.268	68.12	71.22
Punjab	2810	-97%	28.2	109.796	110	112
Rajasthan	152.8	-100%	1.38	2.76	2.41	2.28
Tamil Nadu	1868.4	-88%	4.26	59.514	56.88	56.95
U.P	5829	-89%	58.01	127.278	130.97	127.02
Uttarakhand	290	-92%	2.53	5.852	6.23	5.88
West Bengal	5125	-92%	40.71	139.396	150.37	146.88
Others	2720.2	-92%	154.88	32.814	28.28	27.25
India	42949.9	-93%	374.87	996.388	1004.15	981.3

The rainfall activity in the country was deficient/scanty during the week. Overall rice production is estimated to reach 98-99 million tons for 2014-15 down by 6.60% from last year production of 106 million tons. On the other hand sowing of paddy planting has been revive during last week of September and also crossed the last year acreage under paddy but yield may be affected at the time of harvesting in major grown area due to late sowing.

Monsoon Watch:


Source-IMD

The Southwest Monsoon started withdrawing and it withdrew from Punjab, Haryana, Chandigarh & Delhi, Rajasthan, most parts of West Uttar Pradesh & Gujarat State and some parts of Jammu & Kashmir, Himachal Pradesh, East Uttar Pradesh, West Madhya Pradesh and north Arabian Sea.

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 deficit rainfall till August. Agriwatch will revise production estimate in November considering the improvement of rainfall status in the last phase of monsoon season. Production figure might be revised up based on area coverage and good rainfall in Sept. Some paddy area in Punjab has moved to cotton and green vegetables. Farmers in Haryana and Punjab have opted for aromatic rice as it requires less water and it gets matured early. Crop condition is good so far in major producing states. Harvesting too has begun. However peak harvesting would commence by the end of October.

Earlier estimate shows shortfall of 9 million tonne and it 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 from 10 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.

1121 & 1509 Paddy Field in Major States:



Source-Agriwatch

Above given picture 1 shows the marked difference between 1121 and 1509 paddy in Haryana. Matured crop is 1509 which has early maturation period than 1121 and also higher yield than 1121 basmati paddy. Picture 2 is PR variety in Punjab which is about to mature in 5-10 days and would likely to commence in mandi in second week of October.

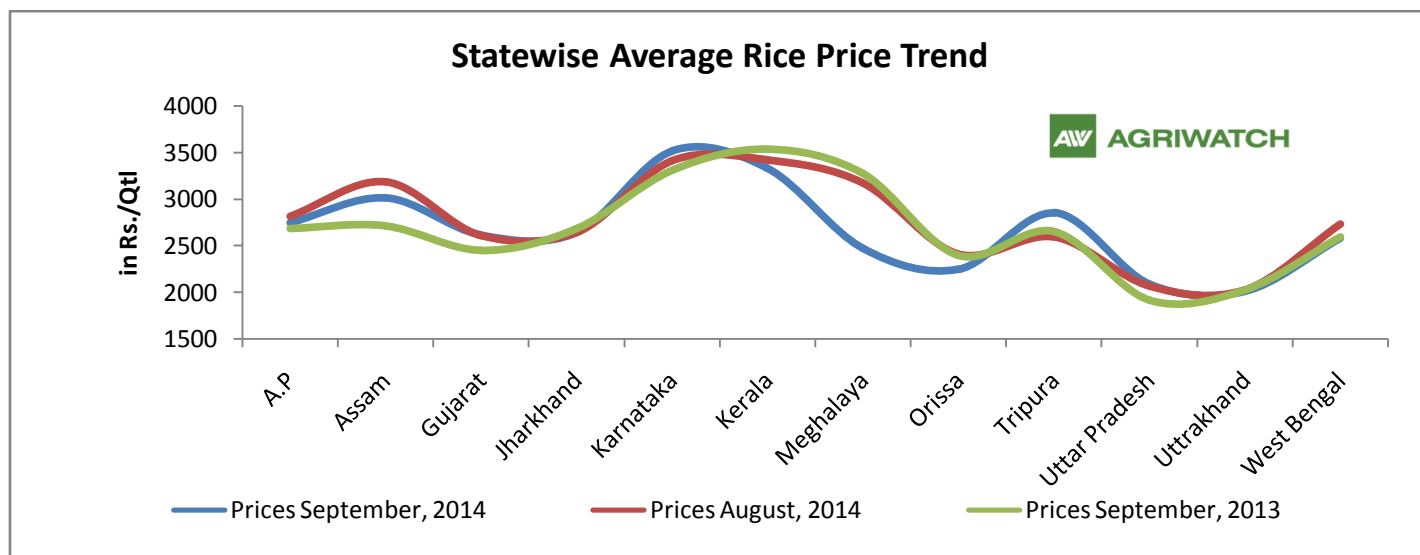
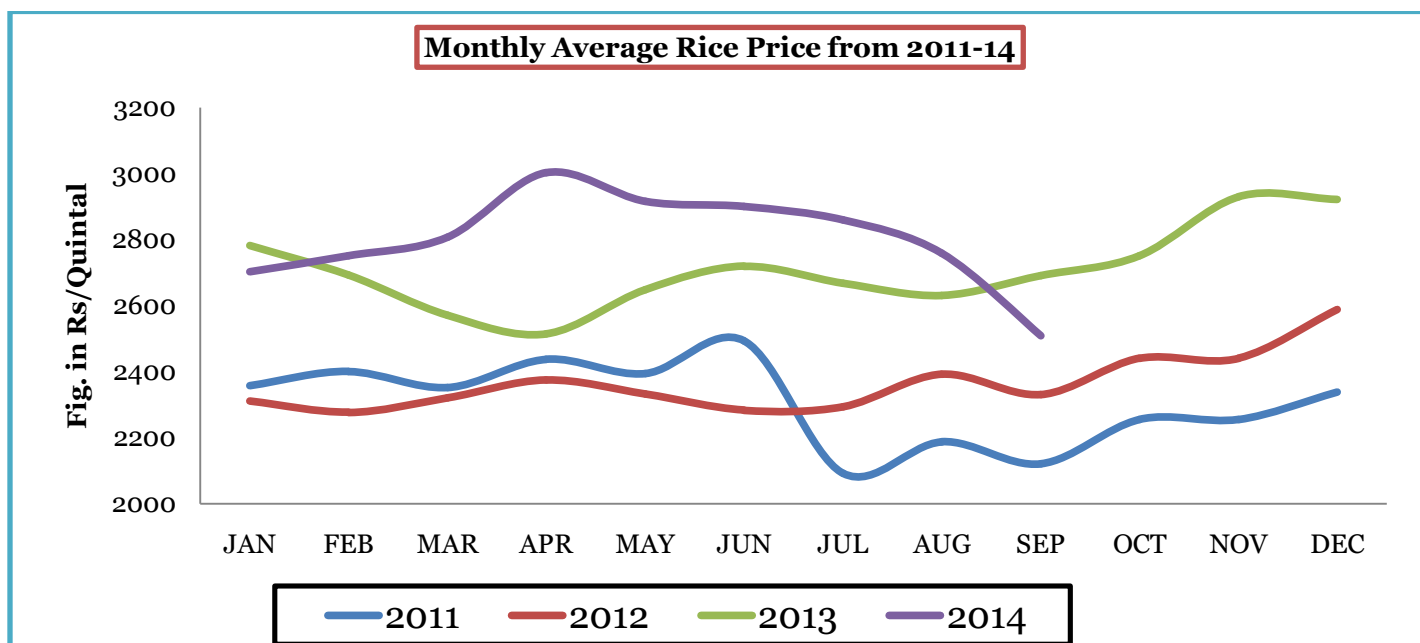
State wise Wholesale Price Monthly Analysis:

State	Prices September, 2014	Prices August, 2014	Prices September, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
A.P	2746.99	2818.94	2684.86	-2.55	2.31
Assam	3011.66	3187.99	2712.82	-5.53	11.02
Gujarat	2613.65	2611.08	2453.16	0.1	6.54
Jharkhand	2643.41	2645.05	2684.2	-0.06	-1.52
Karnataka	3515.87	3412.77	3312.79	3.02	6.13
Kerala	3327.97	3421.86	3540.16	-2.74	-5.99
Meghalaya	2469.31	3175.74	3273.08	-85.22	-85.66
Orissa	2248.6	2411.39	2395.13	-6.75	-6.12
Tripura	2854.54	2594.64	2652.5	10.02	7.62
Uttar Pradesh	2090.56	2067.97	1916.34	1.09	9.09
Uttrakhand	2013.1	2029.69	2027.87	-0.82	-0.73
West Bengal	2581.77	2731.16	2597.42	-5.47	-0.6
Average	2509.78	2759.03	2687.82		

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

(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 average rice price in the month of September ruled weak due to lower domestic as well overseas demand. Overall increase in area under paddy also put the price down. The harvesting of PR varieties will commence in the first week of October. Mostly, people in Amritsar, Gurdaspur and Tarntaran of Punjab prefer

to sell their 100% produce immediately after harvest for the fear of moisture loss and infestation, which would lead the pressure in rice price 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	21.65			

Source-FCI

Rice Stock in the central pool kitty as on September 01st, 2014 was 21.65 million tons which is down about 18% from last year same period's stock of 26.7 million tons.

Progressive Procurement of Rice as on 19/09/2014:

Figure in lakh T

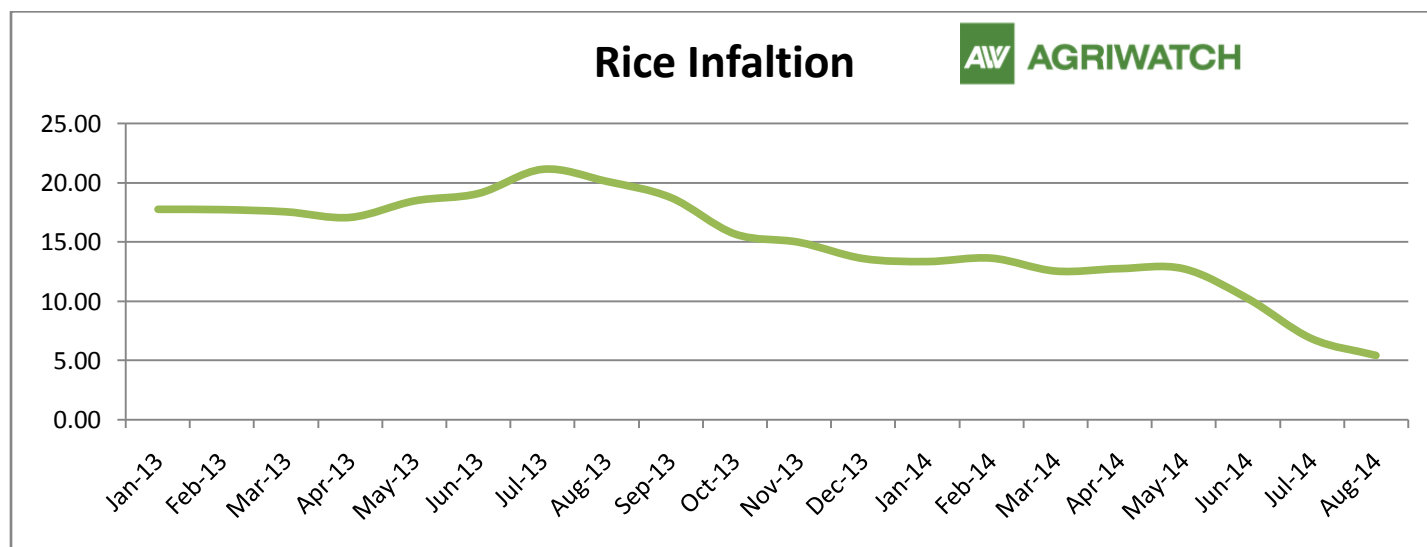
State	Total procurement in marketing season	Progressive Procurement as on 19.09.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	80.52	64.50
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.90	48.04
Haryana	26.09	24.06	26.09
Kerala	2.40	3.59	2.40
Madhya Pradesh	8.98	10.45	8.98
Maharashtra	1.92	1.61	1.92
Odisha	36.13	28.19	36.01
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.84	4.81
Uttar Pradesh	22.86	11.27	22.86

Uttaranchal	4.97	4.63	4.97
West Bengal	17.66	12.51	17.44
All-India	340.28	315.75	338.58

Source-Agricoop

All-India progressive procurement of Rice as on 19.09.2014 for the marketing season 2013-14 was 315.75 lakh tonnes against the procurement of 338.58 lakh tonnes up to the corresponding period of last year.

Rice Inflation in July:



Source: ea industry

Rice inflation in the month of August has decreased to 5.44% from the previous month's level of 6.85%, Cereals to 3.70% from the previous month's level of 4.46% and Wheat too has decreased to 0.67% from the previous month's level of 1.02%.

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

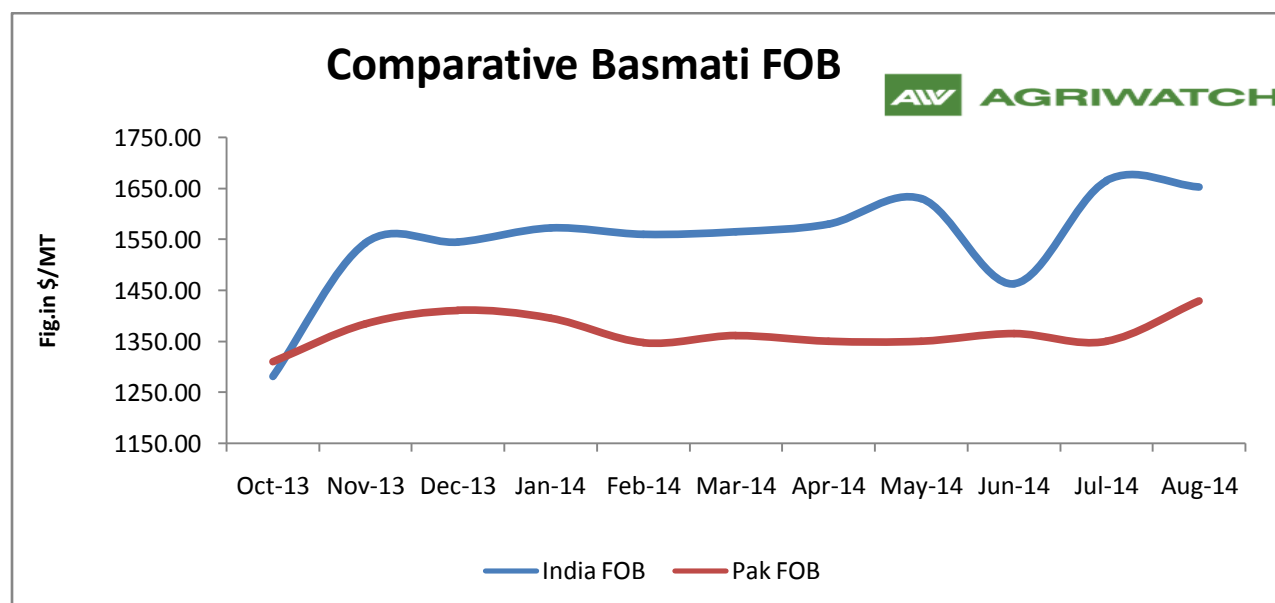
Source-DGCIS and * IBIS

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:

Cash rice market is expected to cool down in the first fortnight of Oct as new crop started hitting the market in Punjab and Haryana. As export demand has not been up to the mark in the month of August and September, downward pressure continues to build up. Millers are unwilling to buy in bulk quantity as moisture level in newly harvested crop is higher than normal expectation. With higher expected arrivals and lower demand in domestic market prices are expected to rule steady to slightly weak in the weeks ahead. As crop size for aromatic rice is bigger, any spike in the third quarter is unlikely. Supply would increase and it will continue to weigh on market fundamentals.

Indicative FOB Quotes for Aromatic Rice Ind Vs Pak:


Source-FAO & Agriwatch

FOB quotes for Indian Basmati ruled in a range due to lower demand of Indian Basmati in major markets like Iran, while Pakistan's Basmati FOB was moved up in last month. We expect that gap between FOB of these two countries would likely be narrow in coming months.

Global Updates:

The Commerce Ministry of Thailand is planning to increase the market shares of Thai organic rice in both domestic and world markets, to resolve the problems of falling rice prices and tap the rising popularity for health products among consumers.

Thailand's rice shipments are on course to hit 11 million tonnes this year thanks to price competitiveness and the government's accelerated attempt to dispose of stocks. It is the biggest export sale ever, with the previous record set in 2004, at 10.14 million tonnes. It is also a surprise to the industry, which in January expected to sell about 8.5 million tonnes in 2014. The ministry has sold one million tonnes of rice to China, 170,000 tonnes to Indonesia and 300,000 tonnes to the Philippines in the latest deal. Demand is also strong from potential buyers including Iran, which plans to send representatives to observe rice quality in state stocks in November.

Japan's 2014 rice crop situation has so far been almost normal compared with an average year, according to the Agriculture, Forestry and Fisheries Ministry. The nationwide rice crop index as of Sept. 15 stood at 101,

against 100 for an average year. Rice crop has been poor in western and southern Japan because of a serious lack of sunlight there, while the situation has been good in eastern and northern Japan.

As per by Australian Bureau of Agricultural & Resource Economics and Sciences, Australia's paddy production in MY 2014-15 is estimated to increase to about 894,000 tons up by 7% from an estimated 833,000 tons in MY 2013-14.

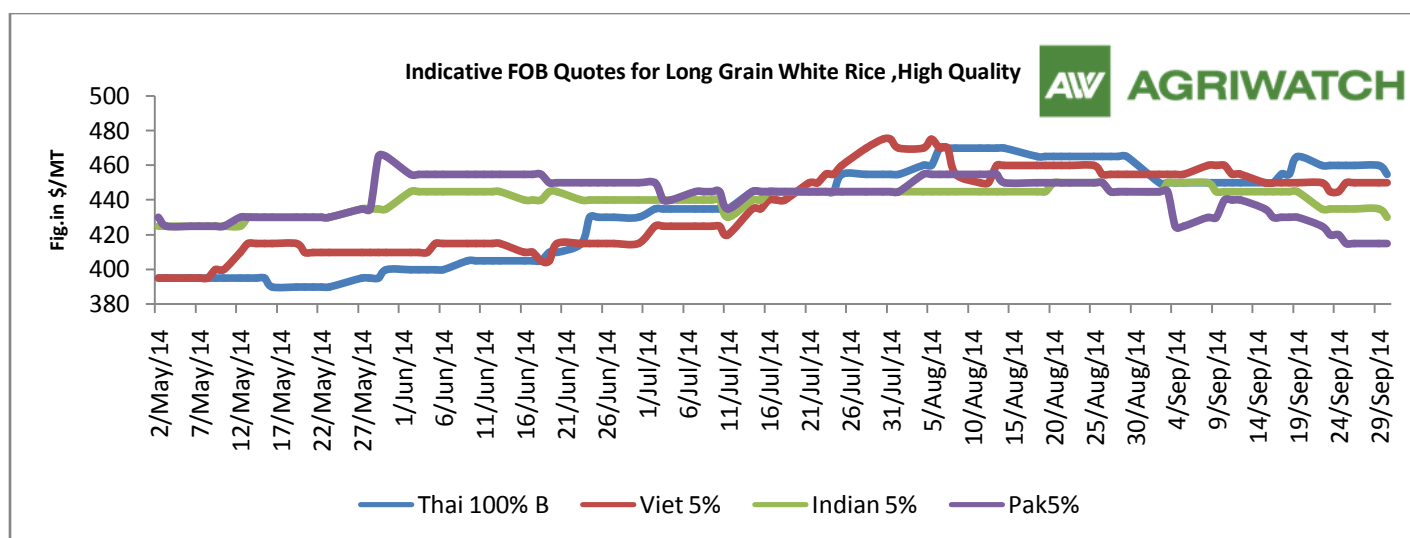
According to initial reports about 80,000 hectares of rice fields were affected in Pakistan by the recent floods. Flood waters are receding from the rice areas of Punjab but the flood surge is now passing through the province of Sindh, albeit at a lower than expected level. This is the fourth flood since 2010 to hit the rice growing areas of Pakistan. 2014/15 rice production is forecast marginally lower at 6.5 MMT due to the effects of flooding. Initial reports suggest that Basmati growing tract Including Sialkot, Narowal and Gujranwala districts were the hardest hit, but flood waters receded quickly minimizing the extent of the damage. 2013/14 and 2014/15 rice export estimates are also lowered to 3.7 MT reflecting the pace of exports and lower production respectively. The increase in the MY13/14 production figure is adjusted slightly upward to 6.7 MT, in accordance with the government data.

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	2013-14 est.	2014-15 projection 29.08.14	projection 25.09.14
Production	476	472	476	478	476
Trade	39	38	40	40	41
Consumption	459	469	477	482	481
Carryover stocks	107	110	109	105	104
Y-O-Y change	7	3	-0		-5
Major Exporters	37	40	39	34	34

- ➔ World production, consumption and trade are forecast to reach new highs in 2013/14. While end-season stocks may decline slightly, supplies will remain comfortable.
- ➔ For 2014/15, a smaller crop in India is projected to offset rises elsewhere, with global output seen unchanged from last year.
- ➔ Reflecting continued demand growth in parts of South Asia and sub-Saharan Africa, world inventories will likely be drawn down for a second year in a row.
- ➔ Pressured by good availabilities, global prices dropped to two month lows in September. Weaker prices attracted some additional demand in the second half of the month.



Source-Oryza

FOB quotes for the month of September have been on fall in all major exporting countries except Thailand. Export prices increased approximately 1 to 2 percent from the previous week due to tighter domestic supplies during the end of the 2013/14 marketing season and limited sales of the government stocks. Exporters are actively executing the shipments of new-crop white rice to China and Indonesia under the government-to-government contracts.

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


Duration	Trend	Support	Resistance
October-2014	Steady to Firm	S1-12.45 S2- 12.60	R1-13.45 R2-13.65

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.