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Rice Market Highlights

With declining arrival of paddy in various market prices of rice are likely to rule steady to slightly firm during the month of February. Despite lower demand in national and international market, prices have recovered slightly from Rs 2792/quintal to 2837/quintal. As demand remain sluggish with good backup of old stock any sudden spike from current level is unlikely.

In aromatic rice segment Agriwatch expect the similar trend despite no demand of Basmati rice from overseas market. Basmati average fob price improved slightly from $980/tonne to $986/tonne in the month of January. As prices are ruling below market expectation some more improvement may be seen in the month of February. Despite higher stock in the local market and lower prevailing prices, stockiest may retain stock until March to fetch better price for aromatic rice.

As demand from majors buyers like Iran, Saudi Arab and EU has not been up to the mark at this point of time, any bull run is unlikely. Buying and selling activity in major markets remains affected due to buyer's unwillingness to buy any bulk quantity.

Meanwhile in a latest development, Adani Wilmar is foraying into the basmati rice market this season. Traditionally, in Gujarat households stock up rice and other grocery essentials during this season, and Adani Wilmar's release claimed that many families are actually switching over to branded basmati rice over loose ones. The company sources rice from Punjab and Haryana.

All-India progressive procurement of Rice as on 23.01.2015 for the marketing season 2014-15 was 180.67 lakh tonnes against the procurement of 198.83 lakh tonnes upto the corresponding period of last year.

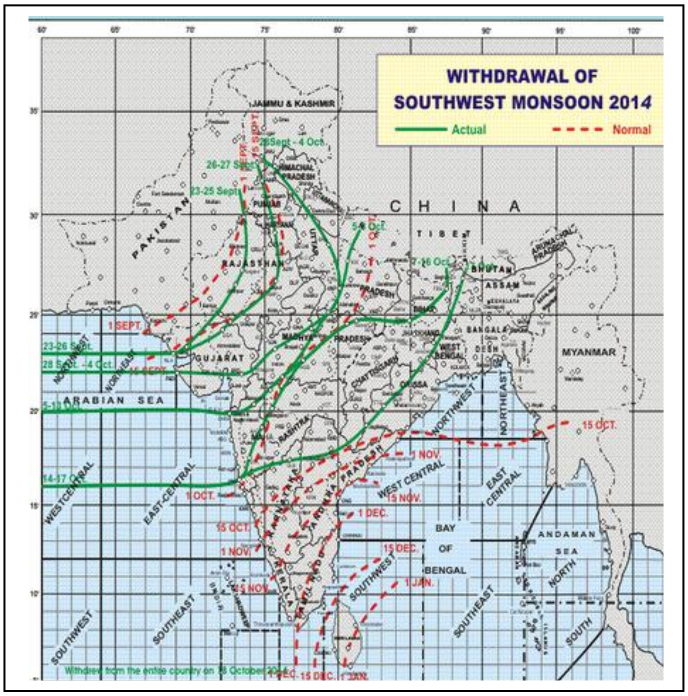
As per data received by IBIS, rice export for MY-2014-15(Oct14-Sep-15) in the month of January was 10.35 lakh tonnes which is higher by around 11% from last month export of 9.32 lakh tonnes.

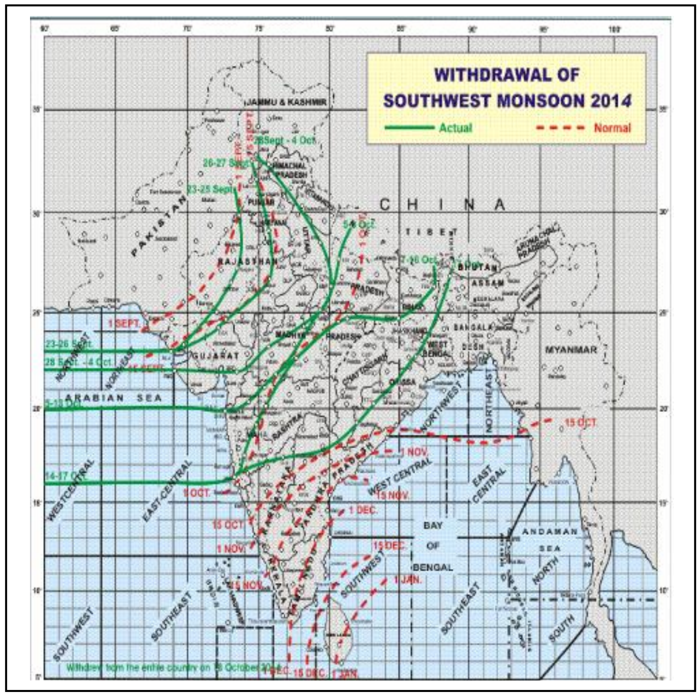
India had exported 3.7 lakh tonne basmati last year (2013-14) out of this Iran had brought 1.4 million tonne, around 38 percent of total export volume. This year Iran's contribution would not be more than 9 lakh tonne. As situation is not very encouraging, a delegation from the commerce ministry is visiting Iran in the second week of February to discuss possibilities of reviving rice export once again.

Among the food grains, Inflation of Rice has decreased to 4.43% from the previous month's level of 5.55%, Cereals has to 1.26% from the previous month's level of 2.09%, Wheat to -2.46% from the previous month's level of -2.31%. The inflation for Pulses has increased to 5.88% from the previous month's level of 4.43%.

Procurement of rice in all the major states has tapered off. Overall rice procurement in MY 2014/15 is likely to be lower than last year, given the forecast lower harvest. Market sources expect overall rice procurement to be around 28-30 MMT, compared to 31.9 MMT in MY 2013/14.

Monsoon Watch:





Source-IMD

The Southwest Monsoon 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.

Supply & Demand

Figure in MMT	2013-14	2014-15*
Carry in	26.19	23.59
Production	106.54	100
Imports	0	0
Total Availability	132.73	123.59
Consumption	99	99
Exports	10.14	9
Total Usage	109.14	108
Carry out	23.59	15.59
Av Monthly Consumption	8.25	8.25
Stock to Month Use	2.86	1.89
Stock to Consumption Ratio	0.24	0.16

Agriwatch has revised its rice production and export estimates in December. Kharif harvesting is almost over in all India excepting for some late-sown rice in the eastern and southern states. As early market arrival trends, and good weather condition for rabi paddy, We increase about 1% of production from 99 million tonnes to 100 million tonnes in MY- 2014-15. Although rice marketing in the northern states is winding down, it will be in full-swing in the eastern and southern states throughout December. Rabi (winter planted) rice planting is still largely confined to the eastern and southern states, but will continue in other regions throughout December.

At Export front, Agriwatch expect export volume to decrease about 11% from last year and expected to export around 9 million tonnes in 2014-15 due to import ban of aromatic rice by Iran which is the largest importer of Indian Basmati.

Domestic consumption is likely to steady in 2014-15, but fall in production, fall in total availability and around 9 million tonnes of export could be the main reason for lower carry stock in MY 2014-15. This may push the rice price in upward direction in medium to long term.

Paddy Picture in Mandi:

Source-Agriwatch

Above given picture is of Paddy in Mandi. Paddy is ready for export in different states in Jute bags after auction.

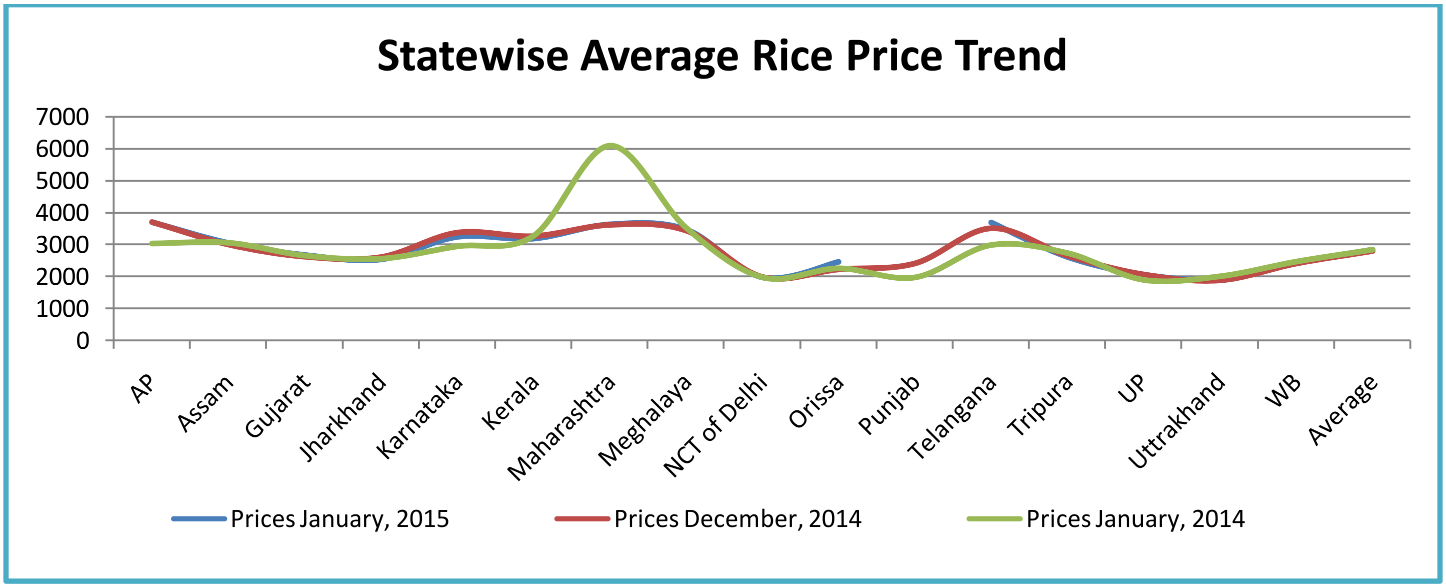
State wise Wholesale Price Monthly Analysis:

State	Prices January, 2015	Prices December, 2014	Prices January, 2014	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	3692.95	3699.87	3035.43	-0.19	21.66
Assam	3045.23	2997.19	3058.85	1.6	-0.45
Gujarat	2669.41	2616.86	2660.02	2.01	0.35
Jharkhand	2532	2601.99	2562.3	-2.69	-1.18
Karnataka	3234.7	3367.68	2946.65	-3.95	9.78
Kerala	3182.47	3258.19	3272.92	-2.32	-2.76
Maharashtra	3625.7	3613.33	6083.67	0.34	-40.4
Meghalaya	3467.61	3433.84	3529.32	0.98	-1.75
NCT of Delhi	1971.43	1981.48	1983.96	-0.51	-0.63
Orissa	2454.92	2217.39	2261.24	10.71	8.57
Punjab		2403.63	1977.81	__	__
Telangana	3684.84	3504.86	2987.5	5.14	23.34
Tripura	2610.21	2645.46	2737.81	-1.33	-4.66
UP	2054.4	2056.85	1901.58	-0.12	8.04
Uttrakhand	1916.08	1874.58	2013.08	2.21	-4.82
WB	2410.47	2402.17	2471.18	0.35	-2.46
Average	**2836.83**	**2792.21**	**2842.7**		
***Report Generation: As per the data reported by APMCs**					

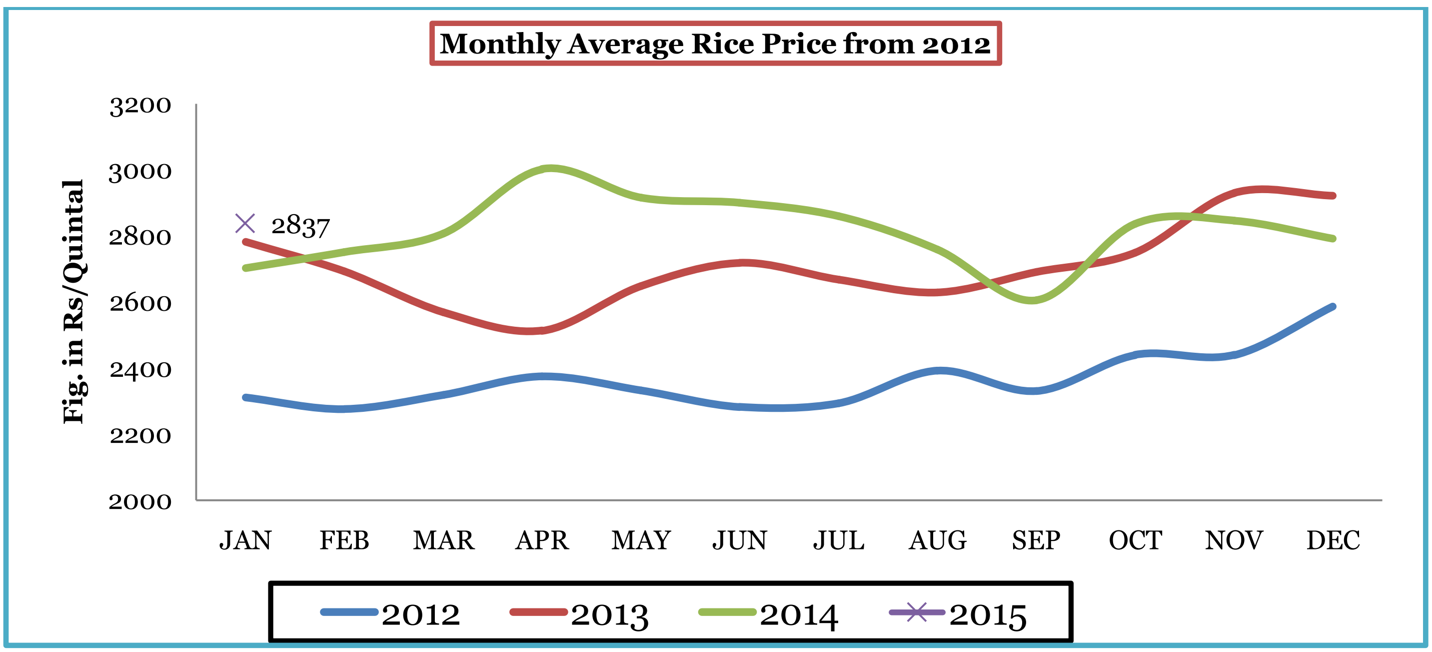
(Source: Agmarknet.nic.in)

Average non basmati rice price in the month of January was steady to slightly firm recorded in various states due to lower demand. Higher arrival from major states like Punjab, West Bengal, Jharkhand and U.P pull the price in southward to some extent. We expect that market will move in the range bound with firm bias from current level in coming months. Currently non basmati rice price is moving in the range of Rs.2800-2850/quintal.

Indian Average Rice Price Trend- December:



Monthly Average Rice Price Trend:



Monthly average price in the month of January is higher than 2014 by around 5% and currently move in the range of Rs. 2800-2850/quintal. Rice cash Market is likely to move slightly up from current level in month ahead.

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	18.62	23.21	22.31

Source-FCI

Rice Stock in the central pool kitty as on December 01st, 2014 was 22.31 million tons which is down about 22.05% from last year same period's stock of 28.62 million tons.

Progressive Procurement of Rice as on 23/01/2015: **Figure in lakh T**

State	Total procurement in marketing season	Progressive Procurement as on 23.01.2015	
	2013-14 (Oct. - Sept.)	In Marketing season 2014-15	In Marketing season 2013-14
Andhra Pradesh	37.38	8.59	20.86
Telangana	44.00	14.55	0.00
Chhattisgarh	43.0	27.87	40.76
Haryana	24.06	19.96	24.03
Kerala	4.00	0.97	0.94
Punjab	81.06	77.81	81.06
Madhya Pradesh	10.14	7.27	9.25
Maharashtra	2.00	0.90	0.83
Tamil Nadu	7.0	0.04	0.55
Uttaranchal	4.63	3.22	1.98
Uttar Pradesh	11.27	9.44	5.70
West Bengal	14.00	6.03	3.45
Others	36.46	4.02	9.42
All-India	**319**	**180.67**	**198.83**

Source-Agricoop

All-India progressive procurement of Rice as on 23.01.2015 for the marketing season 2014-15 was 180.67 lakh tonnes against the procurement of 198.83 lakh tonnes up to the corresponding period of last year.

Rice Export Statistics:

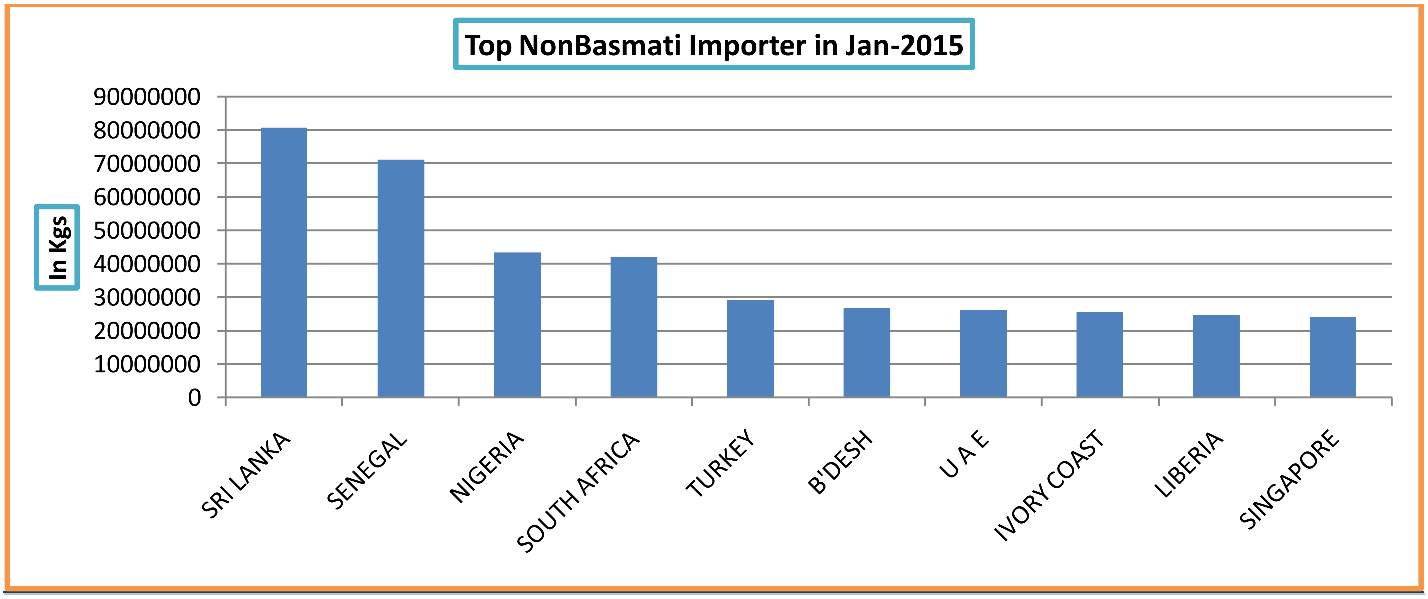
MY-2013-14	Non Basmati	Basmati	Total Export 2013-14	MY-2014-15	Non Basmati	Basmati	Total Export2014-15
October-13	6.7	1.8	**8.5**	**October-14**	2.14	2.34	**4.48**
November-13	4.29	2.49	**6.78**	**November-14**	6.62	3.03	**9.65**
December-13	5.11	3.79	**8.9**	**December-14**	5.37	3.95	**9.32**
January-14	6.85	3.44	**10.29**	**January-15**	6.75	3.60	**10.35**
February-14	6.18	3.5	**9.68**	**February-15**			
March-14	4.17	3.19	**7.36**	**March-15**			
April-14	4.2	2.85	**7.05**	**April-15**			
May-14	3.76	3.37	**7.13**	**May-15**			
June-14	4.32	3.65	**7.97**	**June-15**			
Jul-14*	4.81	2.3	**7.11**	**July-15**			
Aug-14*	6.07	2.15	**8.22**	**August-15**			
Sep-14*	8.96	2.26	**11.22**	**September-15**			
Total	**66.43**	**35.06**	**101.49**	**Total**	**20.88**	**12.92**	**33.8**

Source-DGCIS and * IBIS

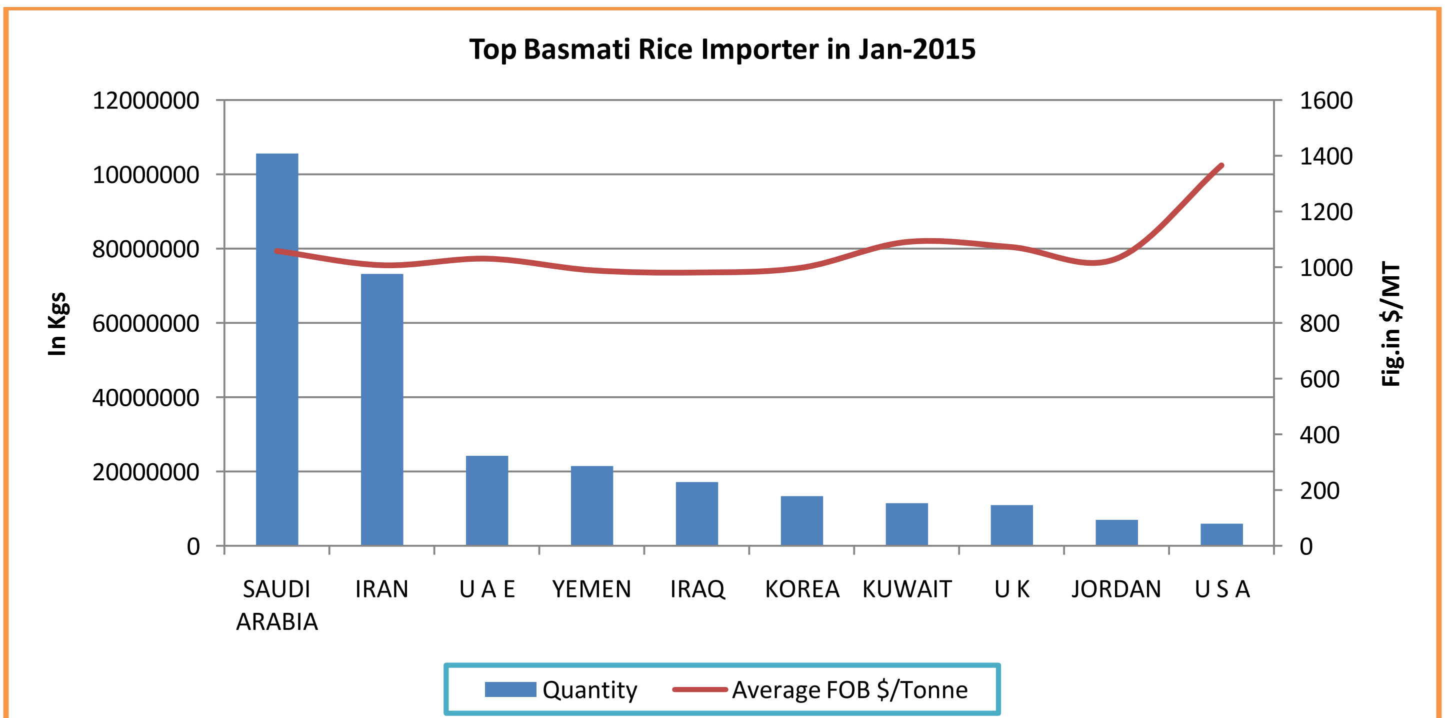
Total rice export in MY-2013-14 till the end of season was around 10.14 million tonnes in which non basmati and basmati rice contribution were approx 6 million tonnes and 3.5 million tonnes respectively as per data received from DGCIS and IBIS.

Total Rice export for MY-2014-15 was 33.8 lakh tonnes which was down by around 2% from same period last year export of 34.47 lakh tonnes. Non basmati rice export in the month of January was 6.75 lakh tonnes and basmati exports for MY-2014-15(Oct14-Sep-15) in January was 3.60 lakh tonnes which is lower by around 09% from last month. Saudi Arabia was the largest buyer in the month and import approx 105 thousand MT followed by Iran which import around 73 thousand MT, as per data received from IBIS a customs data provider.

Top 10 Countries of Non Basmati Rice Export in December-2014



Top 10 Countries of Basmati Rice Export in December-2014



Rice Market Outlook:

No major development is expected in cash rice market due to lower demand from exporters and stockiest/retailers. Higher available stock and virtually few takers may continue to weigh on market fundamentals .Market may rule steady to slightly up in the month of February as stake holders would prefer to retain stock for quite some time in anticipation of higher prices. Overall, market may get support from exporters by the end of March.

Global Updates:

Basmati rice export ban by Iran has not only affected India but also Pakistan. According to Pakistan Space and Upper Atmosphere research Commission rice production in FY 2014-15 would decrease to 5.65 million tonne from 6.72 million tonne produced from last year.In terms of paddy it would decrease from10.04 to 8.43 million tonne. Rice production declined due to flooding in the main growing region of Punjab that occurred in the month of August, 2014.

Pakistan exported about 4.9 lakh tonne basmati and non basmati rice in the month of December, higher by 7 percent in comparison to November, 2014. During this period it rice export earnings increased by 8 percent to $238.2 million.

According to Tera (Thai Rice Exporters Association) rice export from Thailand would decrease to about 10.0 million tonne in 2015 from 10.97 million tonne last year due to tough competition from Vietnam as well as falling oil prices. Thai export destination in Africa depends on oil export and declining prices of oil has affected their buying capacity.

Thai Commerce Ministry is planning to sell 10 million tonne rice from the stockpile of 2015 and 7 million tonne from 2016. Thailand tried to auction 1 million tonne rice in January and got better response. Thai government has fixed floor price before auction. The floor price for white rice has been fixed at $245 to 307 per tonne while the market price is quoted at $399 per tonne.

South Korea is looking to remove export restriction on rice due to much higher availability. High price of locally produced rice restrict them to export rice in few markets like China and Japan. However, Japan has very high import tariffs on rice so making them to look for China market. Last year S. Korea rice harvest was 4.24 million tons against annual consumption of about 4 million tons and was able to export 2,000 tons of rice.

Vietnam is projected to export 900,000 tonnes of rice in the first quarter of 2015, of which 500,000 tonnes have already been contracted, according to the Vietnam Food Association. Vietnam exported around 800,000 tons and 1.45 million tons of rice during 2014 and 2013 respectively; the main reason for decrease in export is lower demand from African countries and increasing supplies from Thailand and India.

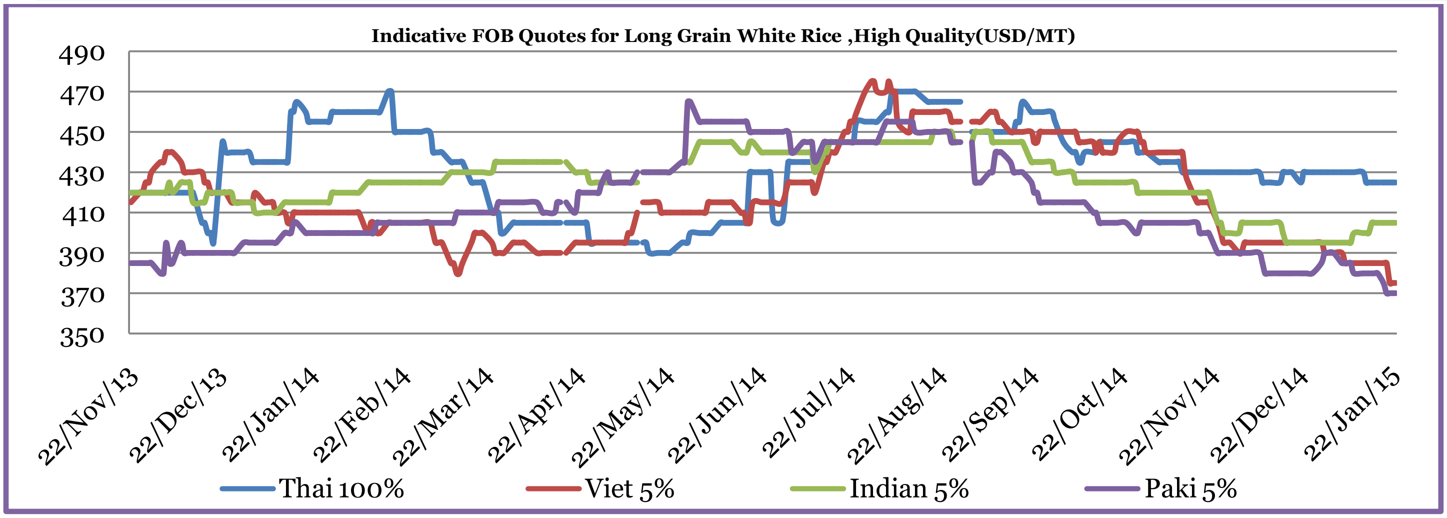
Source-Oryza

IGC Balance Sheet:

	2011-12	2012-13	2013-14 est.	2014-15 projection 30.10.14	projection 27.11.14
Production	476	472	476	476	475
Trade	39	38	40	41	41
Consumption	459	469	477	481	482
Carryover stocks	107	110	109	103	102
Y-O-Y change	7	3	-0		-6
Major Exporters	37	40	39	34	33

- ➔ Mostly due to a smaller main crop in India, world 2014/15 production is forecast to fall fractionally y/y. With demand expected to increase to new highs, end-season stocks are placed at their lowest in four years.
- ➔ Global trade in 2015 is forecast to edge higher, with larger purchases by China and sub-Saharan Africa. Forecast exports by Thailand are increased for both 2014 and 2015.
- ➔ Rice prices fell comparatively steeply, the IGC GOI sub-Index down by 3% m/m, on ample supplies and sluggish demand.

FOB Quotes for Long Grain White Rice, High Quality:



Source-Oryza

FOB quotes for high quality white rice in the month of January was steady to slightly weak in all major exporters. FOB quotes for Thailand white rice high quality ruling highest among all country in the range of USD 425-430/MT, however Pakistan and Vietnam FOB were moving down. Currently India has parity advantage of White rice among Thailand.

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

Duration	Trend	Support	Resistance
February-2015	Steady to Weak	S1-10.00 S2- 09.00	R1-11.60 R2-12.20