

Latest Market Development:-

The projection for basmati export is four million tonnes as compared to 3.75 mt last year as sowing may increase 5 to 10 percent this year. The price of basmati rose from Rs 2,200-3,300 a quintal in 2012-13 to Rs 3,300-3,400 a qtl in 2013-14, due to high demand abroad. However, more supply might undermine the price this time and export demand might not rise at the same pace as Iran has made the procedure for imports by its traders more cumbersome.

Sluggish trading activities were seen in aromatic rice market during the week under review. Buyers are unwilling to buy bulk quantity as weak inner tone prevails due to expectation of higher area coverage under basmati in Punjab and Haryana. Market participants expect that pressure on basmati rice price would continue as buyers remain sidelined.

No major change in price was witnessed last week in Delhi and Haryana cash markets. Over all arrivals (basmati/non-basmati) in Delhi range in between 9000 to 10000 bags per day. Out of them basmati contributes 10 to 15 percent as per market source. Prices of rice in Delhi are expected to dip due to lack of fresh buying interest.

There is no arrival in Kaithal and Cheeka and demand is being met from stock. Bulk buyers are out of the market and it would impact current price level. Availability is ample against sluggish demand at this point of time. Basmati and non-basmati prices may dip Rs 50 to Rs 100 per qtl. in the weeks ahead.

As per farmers/traders feedback from Punjab, transplanting of aromatic rice would start from 10th June in Punjab and area under aromatic rice, especially 1509& 1121 would increase 20 to 25 percent from previous year as these varieties require lesser water and give better returns in comparison to parmal, PR-13, PR-14.

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 16th May 2014 is about 27.35 million tons against the procurement of 31.63 million tons from same period last year. Highest procurement contribution from Punjab (8.10 million tons) followed by Andhra Pradesh (5.21 million tons) and Chhattisgarh (4.28 million tons). Total procurement in 2012-13 is 34.02 million tons.

As per data received from IBIS, rice export in the month of April is around 7.00 lakh tons, down by 4% from last month. Export contribution of non basmati is around 4.0 lakh tons and basmati is around 3.00 lakh tons.

Rice Monthly Export:

	Non Basmati	Basmati	Total Export 2012-13		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*	4.0	3.0	7.0
13-May	4.67	3.45	8.12				
13-Jun	5.57	3.78	9.35				
13-Jul	6.51	3.34	9.85				
13-Aug	7.11	2.75	9.86				
13-Sep	7.72	2.06	9.78				
Total	72.4	36.58	108.98	Total	37.3	21.16	58.46

Source: DGCIS and * IBIS (Revised export Figure)

Total rice export in the crop year of 2013-14 till April 2014 is registered as 58.46 lakh tons. Rice export in the month of April is around 7 lakh tons (IBIS) which is down by around 4% from last month due to Iran's arsenic issue as Iran is the major basmati rice importer from India. However total rice exports in this year is estimated to touch 10 million tons till September and also maintain the title of top exporter in 2013-14.

India Rice Balance Sheet:-

Figure in MMT	2011-12	2012-13	2013-14* E
Carry in	23.5	25.43	25.77
Production	105.3	105.24	105
Imports	0	0	0
Total Availability	128.8	130.67	130.77
Consumption	93	94	96
Exports	10.37	10.9	10
Total Usage	103.37	104.9	106
Carry out	25.43	25.77	24.77
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 Research, USDA)

Rice production in India has been stable from last three years despite variations in coverage area. Area under rabi and kharif crop has been unstable while yield has improved in the eastern states. Kharif remains major rice crop contributing around 89 to 90 million tonne production. If we include rabi production around 14 to 15 million tonne, total production comes to 105 million tonnes.

Export is expected to be around 10 million tons till end of this Marketing year September 2014. 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 reduce slightly from 25.77 to 24.77 million tonne in 2013-14 due to higher consumptions.

Progressive Procurement of Rice as on 16/05/2014:

(lakh tons)			
State	Total procurement in marketing season	Progressive Procurement as on 16.05.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	50.21	53.44
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.85	48.03
Haryana	26.09	23.98	26.03
Kerala	2.40	3.04	2.40
Madhya Pradesh	8.98	10.52	9.01
Maharashtra	1.92	1.34	1.77
Odisha	36.13	22.04	28.99
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.74
Uttar Pradesh	22.86	11.16	22.40
Uttaranchal	4.97	3.96	4.62
West Bengal	17.66	8.83	14.41
All-India	340.28	273.57	316.34

All-India progressive procurement of Rice as on 16.05.2014 for the marketing season 2013-14 was 273.57 lakh tons against the procurement of 316.34 lakh tons up to the corresponding period of last year.

Source: <http://dacnet.nic.in/>

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
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	35.4	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	31.26	30.55	28.65							

*Format of stock position has been revised w.e.f. 1.9.2013. In earlier format, rice included unmilled paddy lying with FCI and State Agencies in terms of rice.

Total rice stocks in India's central pool have down to 28.65 million tons as of May- 1, 2014.

State wise Wholesale Prices Weekly for Rice Fourth Week of May, 2014:

State	Prices 24-31 May 2014	Prices 16-23 May 2014	Prices 09-15 May 2014	Prices 24-31 May 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
AP		3648.7	3644.7	3916.7	—	—
Assam	2605.5	3349.1	3495.7	2410.8	-22.2	8.08
Gujarat		2759.6	2710.7	2637.6	—	—
Jharkhand	2879.4	2750	2718.3	2477.4	4.71	16.22
Karnataka		3000	3032.1	3087.5	—	—
Kerala	3007.1	3273.5	3543.6	4405.8	-8.14	-31.75
Maharashtra		4234.6	3732.1	4546.7	—	—
Manipur	3100	3100	3100	2383.1	0	30.09
Meghalaya		3529.7	3294.1	3100	—	—
Delhi		2052		1800	—	—
Orissa	2450	2346.1	2363.4	2336.3	4.43	4.87
Rajasthan				1875	—	—
Tripura		2552	2621.3	2011.5	—	—

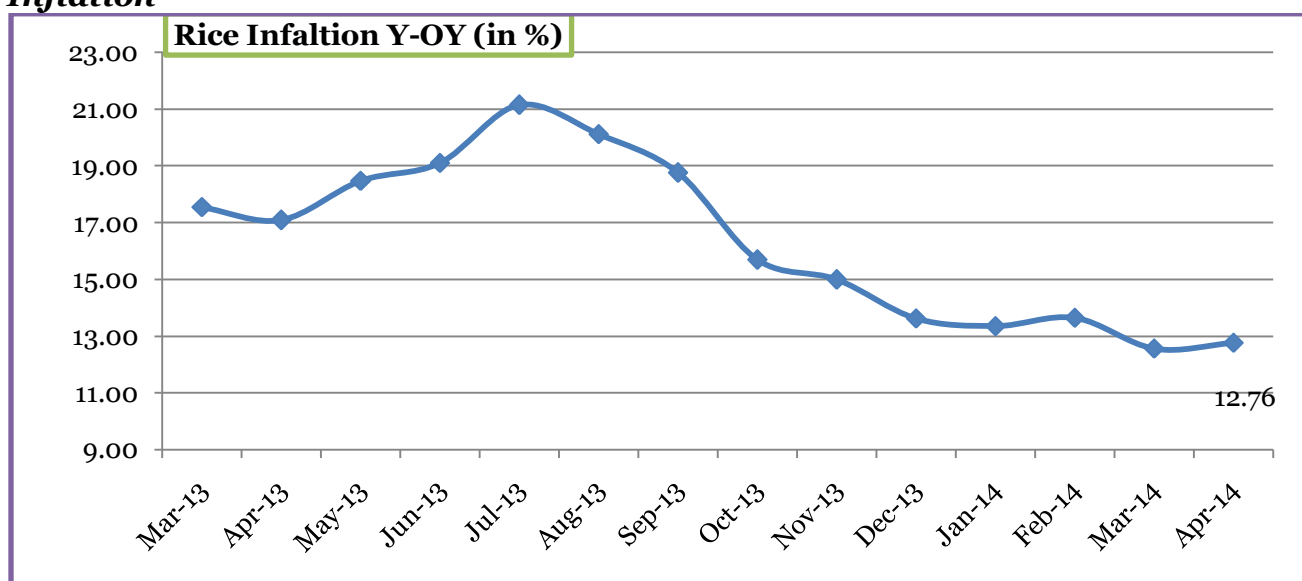
UP	2027.4	2036.6	2023.5	1752.5	-0.45	15.69
Uttarakhand	2248.3	2162.6	2102.9	2047.3	3.96	9.82
WB	2639.8	2677.1	2641.8	2330.8	-1.39	13.26
Average	2619.7	2898.1	2930.3	2694.9		

Average Price in Fourth week of May is down about 10% from Third week of May, we expect market will move steady to slightly weak due to sluggish demand from the market.

Price Projection for May 5th Week in Domestic Market:

Duration	Trend	Average Price Range
5 th Week of May, 2014	Steady to slightly weak	Rs.2500-2700/Q

Inflation



Among the food grains, inflation for Rice has increased to 12.76% from the previous month's level of 12.56%.

World Market Recap:

According to data supplied by the EU, the European Union (EU) total rice exports, including milled, husked and half-milled rice exports, increased to about 147,149 tons between September 1, 2013 and May 13, 2014, up about 26% from about 116,841 tons exported during the same period in the previous year.

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 average export price so far in May stands at around \$441 per ton, up about 5% from a year ago, and unchanged from a month ago. Vietnam's rice exports during May 1-15, 2014 include: 74,907 tons of 15% broken rice (about 41% of total rice exports in May 2014); 43,121 tons of 5% - 10% broken rice (about 24% of total rice exports in May 2014); 30,544 tons of aromatic rice (about 17% of total rice export in May 2014); and 19,677 tons of glutinous rice (about 11% of total rice exports in May 2014).

The UN's Food and Agriculture Organization (FAO) has 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.

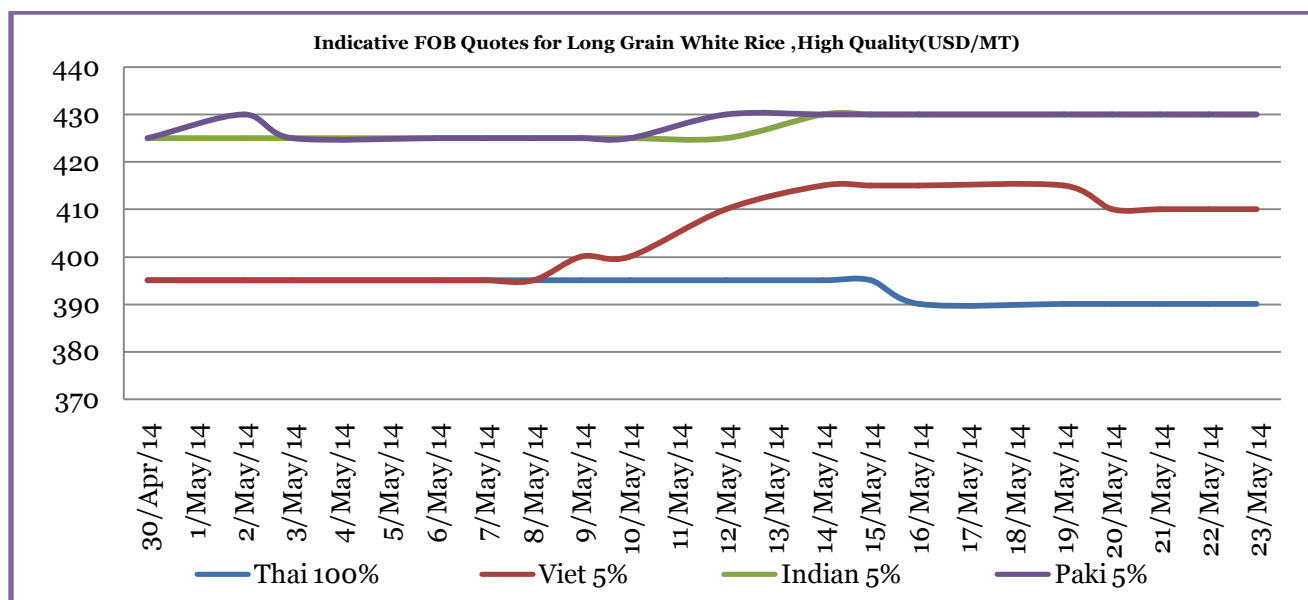
According to the FAO, global milled rice production is expected to reach at about 501.1 million tons in 2014-15, up about 1% from an estimation of about 496.9 million tons rice produced in 2013-14. Rice growth subdued this year due to expectation of El Niño recurrence in mid-2014.

In Asia, which is the global rice hub, El Niño is normally associated with drought, which will impact the rice yield, FAO said. 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. However, the final outcome of the season will depend on the pattern of monsoon rains, which normally reach the country on 1 June, when planting of the first paddy crop starts. In 2009, the last year of a strong El Niño event, rice production in India dropped 10%.

Thailand's Department of Foreign Trade (DFT) plans to sell about 450,000 tons of rice on May 14, 2014; according to the Reuters. It's unclear if the recent ousting of caretaker PM Yingluck will disrupt scheduled auctions. According to the DFT, Thailand has exported about 2.1 million tons of rice during January- April 4, 2014, up about 28% from same period last year; the Thai Rice Exporter Association (TREA) reported that exports January-March were 2.2 million tons, up 43% y/y.

Source: oryza

FOB Quotes for Long Grain White Rice, High Quality



IGC Balance Sheet:

(Fig. In Million Tonnes)

Attributes	2011-12	2012-13 est.	2013-14 forecast	2014-15 projection	25.04.2014
				27.03.2014	
Production	449	466	471	474	475
Trade	36	39	38	39	39
Consumption	445	459	468	474	475
Carryover stocks	100	107	110	109	111
Y-O-Y change	4	8	3	-	0
Major Exporters	31	37	40	41	41

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

IGC Rice Balance sheet Highlights:-

- The IGC GOI rice sub-Index was broadly unchanged m/m as weakness in Thailand and Vietnam, due to ample export availabilities and soft demand, was offset by currency-linked strength in South Asia.
- Underpinned by marginal increases in Far East Asia producers, world rice output is set to rise to an all-time high in 2013/14.
- Aggregate global end-season inventories in 2013/14 are projected to be broadly steady y/y, with major exporters' stocks especially comfortable, and set to exceed global trade.

- Larger shipments to Far East Asia, namely Indonesia and the Philippines, are forecast to support a 4% rise in world trade in 2014, while China's purchases will again be substantial.

Rice Price Trend @ CBOT July- 14, Rough Rice):
(Prices in US\$/hundredweight)



Market Analysis:

The CBOT May rough rice chart indicates range bound movement in previous sessions. We expect market will hover in the range USD 15.00 to USD 15.50/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
5 th Week of May, 2014	Steady to weak	15.00-15.50

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