

Latest Market Development:-

Planting area under India's Rabi (winter) rice crop stands at about 2.113 million hectares as of January 31, 2014, which is up about 39% from around 1.515 million hectares rice planted during the same time last year, according to the Ministry of Agriculture.

The Inflation of rice has decreased to 13.61% in the month of December as compare to 14.98% in the month of November. WPI has decreased to 230.3 in December as compare to 232.5 in the month of November.

Rice stock in central pool was 286.96 lakh tonnes as on 1st January 2014 as compared to 286.25 lakh tonnes on 1st December 2013. Punjab has the highest rice stock in central pool at 58.10 lakh tonnes followed by Andhra Pradesh at 17.66 lakh tonnes.

Bihar Government hikes the MSP of paddy for coming kharif crop in 2014-15. Increase of Rs 250 per quintal bonus on procurement of paddy pushing the MSP to Rs.1560 a quintal which is highest in the country and resultant of better production estimation as well as procurement for next season.

India's basmati rice exports are forecast to reach around 4 million tons in FY 2013-14 (April – March), the highest annual basmati rice exports on record and up about 12.5% from around 3.5 million tons in FY 2012-13.

According to IBIS (provisional data), export of rice in the month of December was 8.39 Lakh tones which is 19% less than last year at the same month. Basmati was exported 3.93 lakh tonnes and Non-Basmati was exported 4.46 lakh tonnes in the month of December 2013.

Total Rice export volume from India is up by around 25% in the month of December 2013 against last month, however it is about 19% down from same period last year. On the other hand basmati export in the month of December is also up by around 59% from last month and 37% from last year same period. The major reason behind higher basmati export from last year is due to introduction of new variety of basmati 1509 this year.

Government's rice procurement is lagging behind by 8 per cent over last year at 16.36 million tonne so far in the 2013-14 marketing year due to lower production estimate and relatively strong open market prices.

According to official sources, India has exported rice worth around \$3.89 billion in the first six months of the fiscal year 2013-14 (April – March), which is about 63% of total rice exports worth \$6.21 billion in the full FY 2012-13

The Indian government may increase buffer norms for rice in the central pool to ensure availability of food grains in the country for the implementation of the Food Security Act.

Rice Monthly Export:

All fig. in Lakh tonnes	Non Basmati	Basmati	Total Export 2011-12		Non Basmati	Basmati	Total Export 2012-13
12-Oct	6.65	1.95	8.6	13-Oct*	6.98	2.14	9.12
12-Nov	6.49	2.08	8.57	13-Nov*	4.21	2.47	6.68
12-Dec	7.5	2.85	10.35	13-Dec*	4.46	3.93	8.39
13-Jan	5.65	3.18	8.83				
13-Feb	4.9	3.34	8.24				
13-Mar	5.7	3.87	9.57				
13-Apr	3.93	3.93	7.86				
13-May	4.67	3.45	8.12				
13-Jun	5.56	3.78	9.34				
13-Jul	6.51	3.34	9.85				
13-Aug*	6.57	2.68	9.25				
13-Sept*	6.81	3.61	10.42				
Total	70.94	38.06	109	Total	15.65	8.54	24.19

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exported by India in the previous Marketing Year (MY) October 2012 to September 2013, was 109 Lakh tonnes. This was supported by strong demand from West Asia, Africa and South-East Asian countries and weak Indian rupee.

In marketing year 2013-14 we expect total rice export around 100 Lakh tonnes owing to good global production, reduction in rice pledging scheme prices by Thailand and firming Indian rupee. So far 24.19 Lakh tones has been exported as compare to 27.52 lakh tones for the same period last year.

Rice Balance Sheet:-

Rice production in India has been on the rise from 2010-2011 to 2012-13 on the back of favorable monsoon, higher area coverage backed up by higher MSP and good export demand.

However, production is likely to dip slightly in 2013-14 to 101/102 million T due to recent loss caused by two consecutive cyclones, followed by heavy rainfall at maturity and harvesting stage. However, it is unlikely to interrupt supply in the domestic market as carryout stock is ample to take care of domestic and export market.

India Rice Balance Sheet:-

Figure in MMT	2010-11	2011-12	2012-13	2013-14* E
Carry in	18.44	20.86	23.38	24.38
Production	95.98	104.32	104	102
Imports	0	0	0	0
Total Availability	114.42	125.18	127.38	126.38
Consumption	90.78	91.6	92.5	94
Exports	2.78	10.2	10.5	10
Total Usage	93.56	101.8	103	104
Carry out	20.86	23.38	24.38	22.38
Av Monthly Consumption	7.57	7.63	7.71	7.83
Stock to Month Use	2.76	3.06	3.16	2.86
Stock to Consumption Ratio	0.23	0.26	0.26	0.24

(Source: Agriwatch Research, USDA)

Progressive Procurement of Rice

(Fig. in Lakh tonnes)

States	Total procurement in marketing season 2011-12 (Oct. – Sept.)	As on 24.05.2013	
		In Marketing season 2012-13	In Marketing season 2011-12
Andhra Pradesh	75.40	59.05	65.83
Chhattisgarh	41.15	48.50	41.13
Haryana	20.07	26.58	20.07
Kerala	3.72	2.30	3.42
Madhya Pradesh	6.35	9.27	6.35
Maharashtra	1.78	1.78	1.90
Orissa	28.64	29.52	21.36
Punjab	77.31	88.71	77.31
Tamil Nadu	15.96	4.75	15.84
Uttar Pradesh	33.55	32.48	33.01
Uttaranchal	3.78	7.36	3.36
West Bengal	20.41	13.95	21.66
All-India	350.31	338.25	326.26

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

Rice procurement by Government agencies has now going very slow due to lean season and procurement target of 400 lakh tonnes in this season (September-2013) is unlikely to achieve as stock of rice is not as much available in the markets, however procurement is likely to touch around 350 lakh tonnes same as last year in this season.

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											

*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 28.66 million tons as of January 1, 2014.

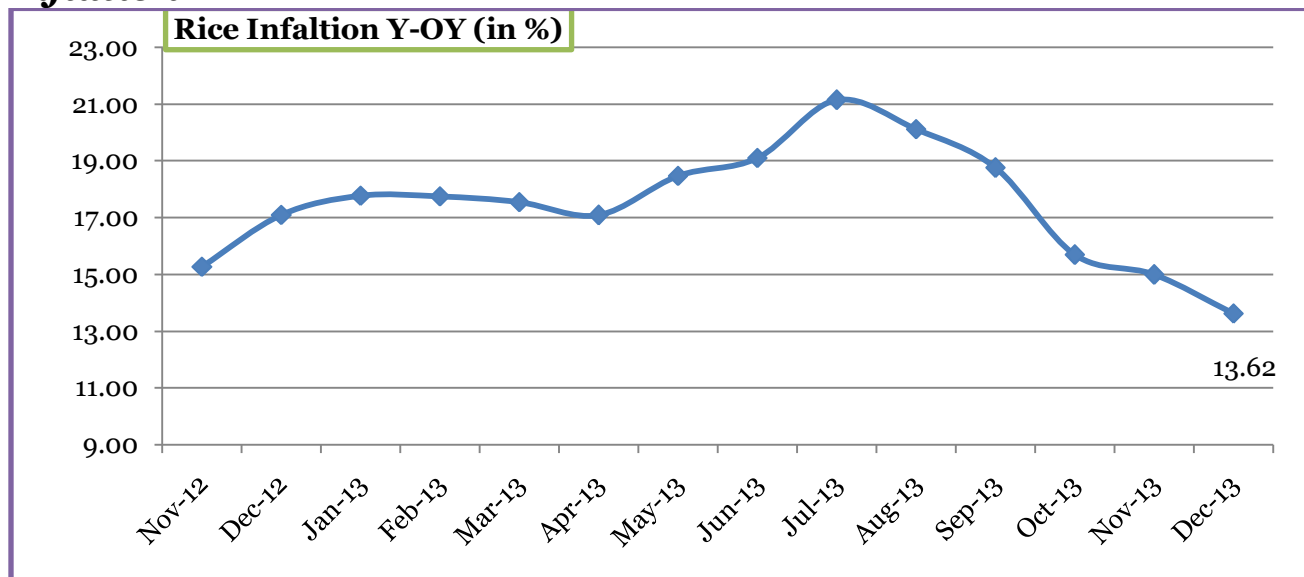
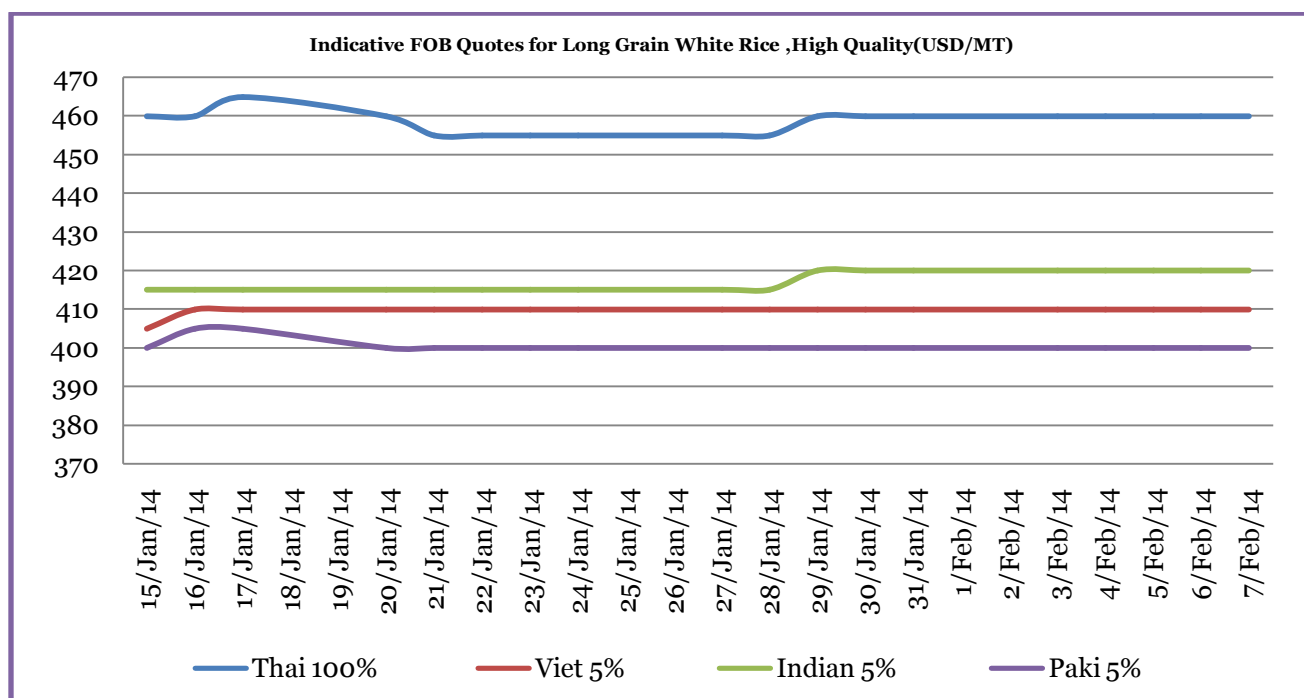
State wise Wholesale Prices Weekly Analysis for Rice Second Week of February, 2014:

State	01-08 Feb 2014	24-31 Jan 2014	16-23 Jan 2014	01-08 Feb 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
AP	3573.33	3565.3	3569.77	2950.4	0.23	21.11
Assam	3061.43	3034.51	3088.2	2548.44	0.89	20.13
Gujarat	2656.59	2637.13	2683.96	2677.43	0.74	-0.78
Jharkhand	2668.59	2550.63	2448.66	2265.69	4.62	17.78
Karnataka	2793.06	2929.89	2930.92	3077.63	-4.67	-9.25
Kerala	3733.88	3363.43	3110.83	3052.2	11.01	22.33
Maharashtra	3840.26	8350.44	11215.7	4839.46	-54.01	-20.65
Manipur	2619.67	2500	2435.88		4.79	—
Meghalaya	3439.86	3447.37	3437.68	3200	-0.22	7.5
Delhi		1912.5	2004.88	1600	—	—
Orissa	2260.34	2440.24	2330.03	2034.47	-7.37	11.1
Rajasthan		1872.7	1868.58		—	—
Tripura	2742.05	2742.07	2710.19		0	—
UP	1930.09	1945	1910.47	1665.67	-0.77	15.87
Uttarakhand	1949.51	2254.32	2068.57	2036.51	-13.52	-4.27
WB	2465.07	2444.83	2449.35	2223.96	0.83	10.84
Average	2838.12	2999.39	3141.48	2628.6		

Prices of rice have showed slightly downward movement in February 1st week from fourth week of January, market is expected to trade steady at current level.

Price Projection for February 2nd Week in Domestic Market:

Duration	Trend	Average Price Range
2nd Week of Feb, 2014	Steady	Rs.2750-2850/Q

Inflation

FOB Quotes for Long Grain White Rice, High Quality


World Market Recap:

According to the USDA, Bangladesh's rice production in the MY 2013-14 (May 2013 - April 2014) is expected to increase to around 34.59 million tons, up about 2% from around 33.82 million tons produced in the MY 2012-13 due to better yields and good weather .

The Philippines' rice buying agency National Food Authority (NFA) has begun accepting applications from private importers for the import 163,000 tons of well-milled rice from Thailand, India, China and Australia, under the 2014 Minimum Access Volume (MAV) - Country Specific Quota (CSQ) program from February 1, 2014.

Russia's paddy rice production in 2013 stood at around 926,000 tons, down about 12% from around 1.05 million tons in 2012, mainly due to reduced area cultivated and yields.

Pakistan's rice exports in the first six months of the current fiscal year 2013-14 (July - June) stand at around 1.41 million tons, up about 9% from around 1.29 million tons exported during the same period in FY 2012-13, according to provisional data from the Pakistan Bureau of Statistics (PBS).

Total rice production estimates in US for 2013-14 is about 8.61million tonnes, which is 6% higher by previous estimation of 8.56 million tonnes as per latest report by USDA. Rice yields have also increased by USDA of about 8.56 million tonnes per hectares. US are the major rice exporter to European countries and it is likely to boost up the exports in 2013-14 Marketing Year.

The Philippines may consider buying rice from Thailand if the Thai government renews its rice supply agreement with the Philippines as per latest update by the National Food Authority (NFA). Thailand's rice supply agreement expired last year and it was not renewed.

As per latest update by USDA, rice imports by the Philippines in 2012-13 are estimated at around 1.4 million tons, and are expected to remain at around 1.4 million tons in 2013-14.

According to by National Grains Supply Company (Conab), Brazil's paddy rice production in 2013-14 is expected to reach about 12.351 million tons, up about 5% from last year's production of about 11.75 million tons. It is due to better expectations for both rice acreage and yield.

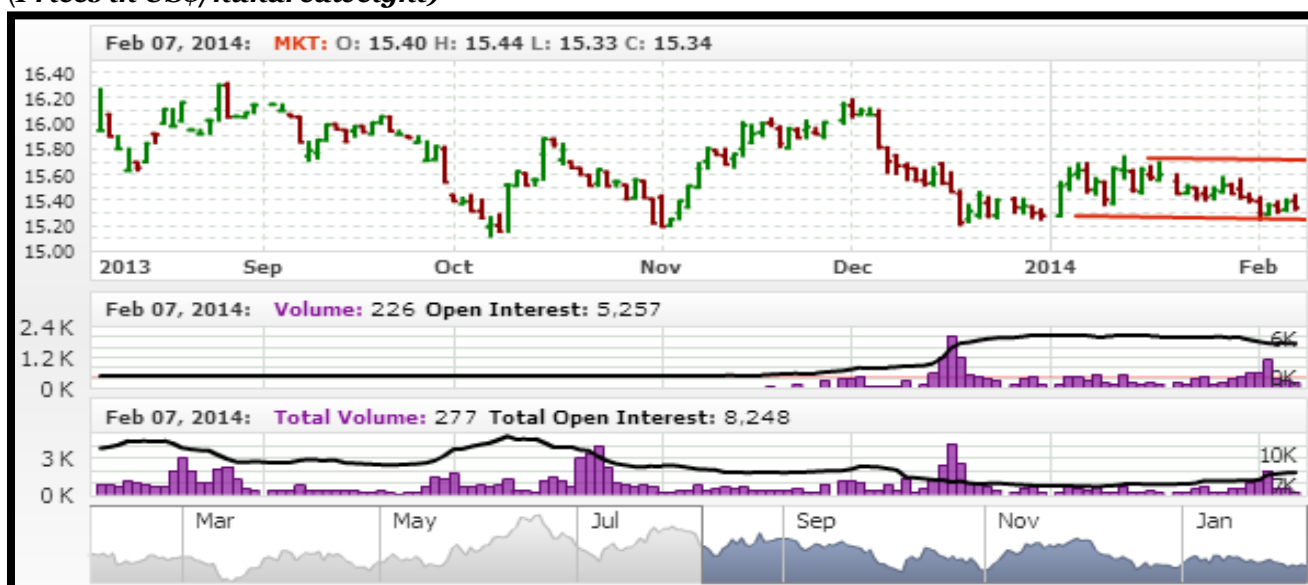
IGC Balance Sheet:
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				28.11.2013	30.01.2014
Production	449	465	469	471	470
Trade	36	39	37	38	39
Consumption	445	458	469	471	471
Carryover stocks	99	107	107	108	108
Y-O-Y change	3	7	1	-1	-2
Major Exporters	30	37	40	41	39

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

IGC Rice Balance sheet Highlights:-

- Asian prices have generally weakened over the last two months, but a move preventing access to old crop government inventories has lifted prices in Thailand.
- Global rice output is forecast broadly unchanged y/y in 2013/14, as declines in the world's leading producers, China and India, are offset by gains elsewhere.
- The 2013/14 world carryover is expected to fall fractionally y/y, with major exporters' inventories likely to decline by 4%, as an expansion in Thailand only partly offsets a decline in India.
- World trade is projected to recover by 4% in 2014, boosted by expectations for larger shipments to Far East Asia.

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


Market Analysis:

The CBOT March rough rice chart indicates range bound movement in previous sessions. We expect market will hover in the range of USD 15.30 to USD 15.70/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2 nd Week of February, 2014	Steady to slightly firm	15.30-15.70

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