

## ***Latest Market Development:-***

**Area under India's Rabi (winter) rice crop planting stands** at about 4.09 million hectares as of February 28, 2014, which is up about 23.5% from about 3.31 million hectares recorded during the same time last year, according to the Ministry of Agriculture.

**The Inflation of rice has decreased to 13.36%** in the month of January as compare to 13.62% in the month of December. WPI has decreased to 229.9 in January as compare to 230.3 in the month of December.

**Finance Minister P Chidambaram, in the interim budget 2014-15,** has exempted loading, unloading and storage of rice from service tax. The recent waivers from Service tax are expected to provide some respite to rice millers and traders. It will cut the processing cost and margin will increase for rice industries. They would have option to sell rice at competitive rice price as price is already ruling all time higher.

**Rice export in the month of January 2014 is reported 8.82 lakh tonnes** which is about 5% higher than previous month and about -0.11% lower than last year same period. The USDA says that India's rice exports are expected to decline to around 10 million tons in 2013-14, down about 5% from an estimated 10.5 million tons in 2012-13, however India will remain top rice exporter in the third consecutive year.

**The Indian government says in its second advance estimates** that rice production in 2013-14 (October - September) is likely to reach a record 106.19 million tons, the highest ever on record and up about 1% from an estimated 105.24 million tons produced in the previous year. Higher production is mainly due to current rain fall in major growing states.

**Prices of aromatic and non-basmati rice ruled with nominal** variation in last week. The market is moving at a snail's pace within a positive territory. Demand for full grain and broken is providing support to the market.

**According to the trade experts, the market may continue to rule around** current levels over the next few days and then it may witness an uptrend in the coming weeks. Following steady domestic demand and easy availability of stocks, retail and bulk buyers are placing orders based on their requirements.

**The Indian government's rice procurement in the MY 2012-13** (October – September) declined to 34.1 million tons, down about 15% from the targeted 40.2 million tons and down about 3% from about 35 million tons procured in MY 2011-12. The government rice procurement target for MY 2013-14 stands at 34.5 million tons, but local sources say that rice procurement is likely to decline to about 31-32 million tons this year due to high open-market prices and lower supplies in key rice growing states.

**Rice stock in central pool was 286.96 lakh tonnes as on 1<sup>st</sup> January 2014** as compared to 286.25 lakh tonnes on 1<sup>st</sup> 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.

### ***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	14-Jan*	4.91	3.33	8.24
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				
<b>Total</b>	<b>70.94</b>	<b>38.06</b>	<b>109</b>	<b>Total</b>	<b>20.56</b>	<b>12.14</b>	<b>32.70</b>

Source: DGCIIS and \* IBIS (Revised export Figure)

Rice export in the month of January 2014 is around 8.24 lakh tonnes in which non basmati and basmati rice is reported 4.91 lakh tonnes and 3.33 lakh tonnes respectively as per by IBIS. According to AIREA India's basmati exports have increased sharply this year due to high demand in Iran, which is building its reserves. According to official sources, India exported about 1.18 million tons of basmati rice to Iran in April - December FY 2013-14. India's basmati exports to Iran accounts for about 43% of India's total basmati exports so far this 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
<b>Carry in</b>	<b>18.44</b>	<b>20.86</b>	<b>23.38</b>	<b>24.38</b>
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
<b>Carry out</b>	<b>20.86</b>	<b>23.38</b>	<b>24.38</b>	<b>22.38</b>
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	<b>350.31</b>	<b>338.25</b>	<b>326.26</b>

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
<b>2011</b>	25.58	27.80	28.70	28.82	27.76	27.64	26.86	25.27	22.7	20.5	26.83	27.63
<b>2012</b>	29.71	31.8	33.17	33.35	32.92	32.14	30.70	28.50	25.59	23.4	28.95	30.67
<b>2013</b>	32.22	35.4	35.8	35.46	34.72	33.3	31.50	29.23	26.78	23.13	28.58	28.62
<b>2014</b>	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.

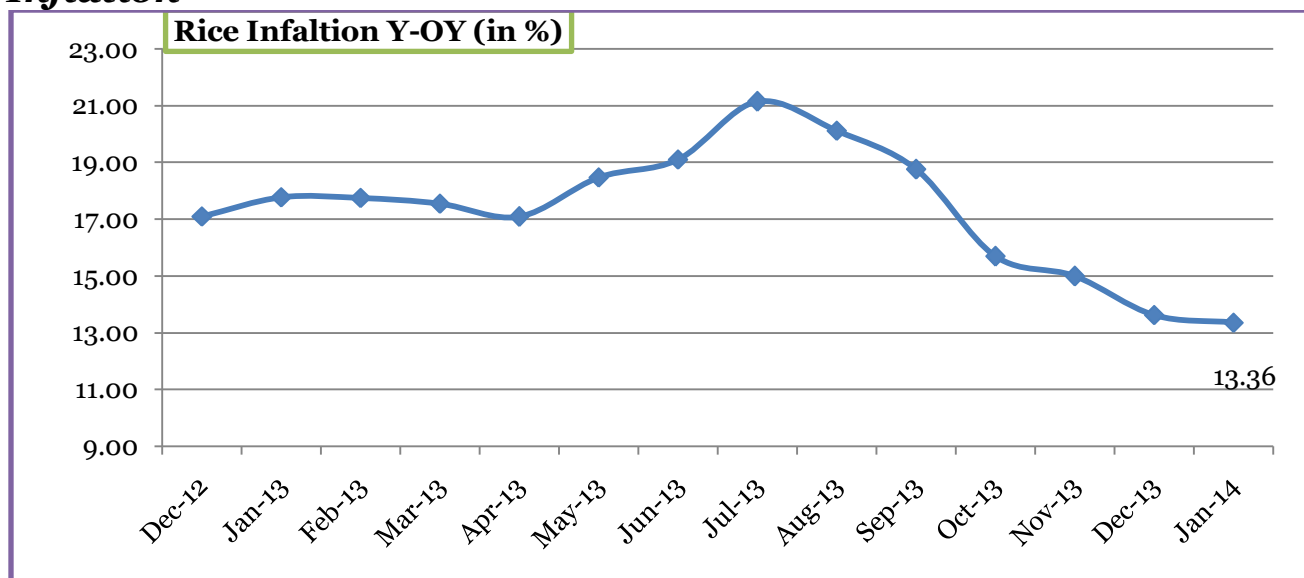
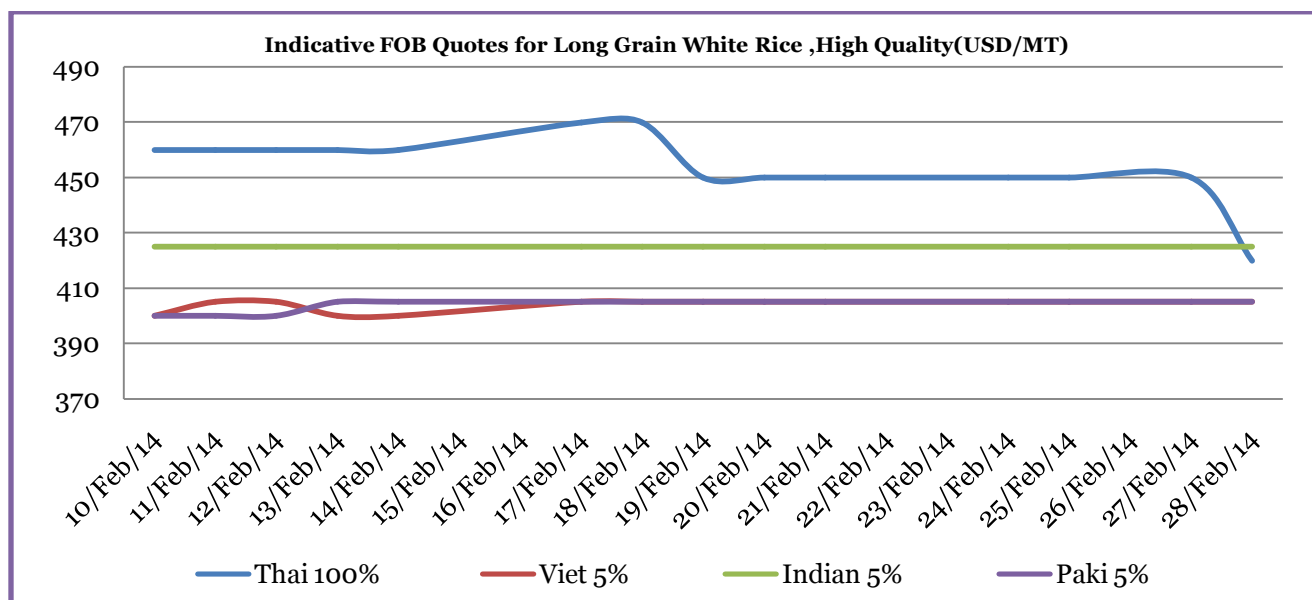
### **State wise Wholesale Prices Weekly Analysis for Rice First Week of March, 2014:**

State	24-28 Feb 2014	16-23 Feb 2014	09-15 Feb 2014	24-28 Feb 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
AP	2730.89	3592.47	2897.75	3100.73	-23.98	-11.93
Assam	3146.33	3141.65	3019.3	2482.83	0.15	26.72
Gujarat	2740.48	2651.34	2604.19	2530.45	3.36	8.3
Jharkhand	2519.7	2499.76	2516.89	2403.72	0.8	4.83
Karnataka	2971.32	2941.42	2922.47	3061.15	1.02	-2.93
Kerala	4367.96	3869.52	4150.7	3356.67	12.88	30.13
Maharashtra	3856.41	3856.37	1985.08	5066.94	0	-23.89
Manipur	2600	2600	2600		0	—
Meghalaya	3500	3329.27	3591.03	2744.19	5.13	27.54
Delhi	2000	2000	2000	1700	0	17.65
Orissa	2502.85	2356.89	2368.49	1819.26	6.19	37.58
Rajasthan		3148.33			—	—
Tripura	2679.54	2711.52	2737.29		-1.18	—
UP	1987.92	1953.47	1949.14	1668.07	1.76	19.17
Uttrakhand	1827.79	1807.86	2071.86	1955.68	1.1	-6.54
WB	2508.65	2497.23	2468.65	2301.07	0.46	9.02
Average	2795.99	2809.82	2658.86	2630.05		

Prices of rice have showed steady movement in February 4<sup>th</sup> week from third week of February, market is expected to trade steady to slightly firm at current level.

**Price Projection for March 1<sup>st</sup> Week in Domestic Market:**

Duration	Trend	Average Price Range
1st Week of Mar, 2014	<b>Steady to Slightly firm</b>	<b>Rs.2750-2850/Q</b>

**Inflation**

**FOB Quotes for Long Grain White Rice, High Quality**


**World Market Recap:**

**The USDA had forecast the MY 2013-14 (June - May) global rice** (milled rice basis) production at a record 471.5 million tons, up about 90,720 tons from an estimated 471.02 million tons produced in 2012-13 mainly due to an anticipated record rice production in Southeast Asia and near-record production in all major producing regions in South Asia, East Asia, and Sub-Saharan Africa.

**China has recently increases the paddy MSP for 2013-14**, and it is in the range of 2.2%-3.3% depends upon the variety of rice. According to National Development and Reform Commission (NDRC) new paddy support price for early indica rice, mid-and-late indica rice and for japonica rice is 2.70 Yuan per kilogram, 2.76 Yuan per Kg and 3.10 Yuan Per Kg respectively.

**According to the Vietnam Food Association, Vietnam exported** 307,000 tons of rice in January 2014, down about 24% from the same period last year. The exports were valued \$127.5 million, down about 31% from January of last year, suggesting an average price of about \$415 per ton.

**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.

**IGC Balance Sheet:**
**(Fig. In Million Tonnes)**

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				30.01.2014	27.02.2014
<b>Production</b>	449	465	469	470	473
<b>Trade</b>	36	39	37	39	39
<b>Consumption</b>	445	458	469	471	474
<b>Carryover stocks</b>	99	107	107	108	109
<b>Y-O-Y change</b>	3	7	1	-2	-1
<b>Major Exporters</b>	30	37	40	39	41

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

**IGC Rice Balance sheet Highlights:-**

- The IGC GOI rice sub-Index fell by around 1% m/m, pressured by limited buying interest and prospects for plentiful export availability.
- World rice production is forecast to rise slightly in 2013/14 to an all-time high, boosted by increased output in Far East Asia.
- The 2013/14 world carryover is placed marginally higher than last month at 109m t, but is still projected to fall, albeit marginally, for the first time in nine years.
- Larger shipments to markets in Far East Asia are expected to support a 3% rebound in world trade in 2014.

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


***Market Analysis:***

The CBOT March rough rice chart indicates downward movement in previous sessions. We expect market will hover in the range of USD 15.00 to USD 15.60/ hundredweight in coming sessions.

***Price Projection (International-CBOT):-***

Duration	Trend	Price Range
1 <sup>st</sup> Week of March, 2014	<b>Steady to slightly firm</b>	15.00-15.60

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