

Latest Market Development:-

With the trading being lukewarm, prices of aromatic and non-basmati rice prices ruled with nominal fluctuation on last week, traders are not active in market at this point of time and we expect that price will move in the steady to slightly weak in weeks ahead.

India's rice stocks in the central pool have declined to around 31.26 million tons (including a milled equivalent of around 19.04 million tons of paddy) as of March 1, 2014, down about 13% from about 35.77 million tons recorded during the same time last year, according to data from the Food Corporation of India (FCI).

The Indian government has procured around 25.04 million tons of rice as of March 7, 2014 in the ongoing 2013-14 Kharif Marketing Season (October - September), which is down about 9% from around 27.48 million tons procured during the same time last year, according to data from the Ministry of Consumer Affairs, Food and Distribution.

Area under India's Rabi (winter) rice crop planting stands at about 4.14 million hectares as of March, 07, 2014, which is up about 12% from about 3.72 million hectares recorded during the same time last year, according to the Ministry of Agriculture.

The Japan Meteorological Agency (JMA) says that the chances of the occurrence of the El Niño weather pattern this year is likely to be higher than earlier predictions, according to Reuters.

El Niño is a weather pattern caused by an increase in sea-surface temperatures and can trigger droughts in Southeast Asia and Australia, and floods in South America. The occurrence of El Niño could significantly affect global rice production. In 2009, the El Niño resulted in India receiving around 20% deficient rainfall, which led to a decline in rice production by around 10 million tons or about 10% of total rice production in India.

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.

Rice export in the month of February 2014 is around 8.28 lakh tonnes in which non basmati and basmati rice is reported 4.71 lakh tonnes and 3.57 lakh tonnes respectively as per by IBIS. As per by IBIS, Export of Basmati rice in February is highest in Saudi Arabia followed by Iran.

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. However Agriwatch estimates is 3.81% down from government estimates and predicts the production of around 103 million tons in 2013-14 seasons, due to cyclones damage in major kharif rice producing states.

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	14-Feb*	4.71	3.57	8.28
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	22.83	15.3	38.13

Source: DGCIS and * IBIS (Revised export Figure)

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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
<i>Production</i>	<i>95.98</i>	<i>104.32</i>	<i>104</i>	<i>102</i>
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 as on 07/03/2014:

Progressive procurement of Rice as on 28.02.2014 (lakh tonnes)			
State	Total procurement in marketing season	Progressive Procurement as on 07.03.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.64	31.78	36.61
Chhattisgarh	48.04	53.37	47.97
Haryana	26.09	23.96	25.99
Kerala	2.40	-	-
Madhya Pradesh	8.98	10.40	7.66
Maharashtra	1.92	1.16	1.69

Odisha	36.13	18.91	25.21
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.17	3.27
Uttar Pradesh	22.86	9.66	19.70
Uttaranchal	4.97	3.23	3.66
West Bengal	17.66	6.33	9.39
All-India	340.20	250.45	274.87

All-India progressive procurement of Rice as on 07.03.2014 for the marketing season 2013-14 was 250.45 lakh tonnes against the procurement of 274.87 lakh tonnes 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									

*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 fallen to 31.26 million tons as of March- 1, 2014.

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

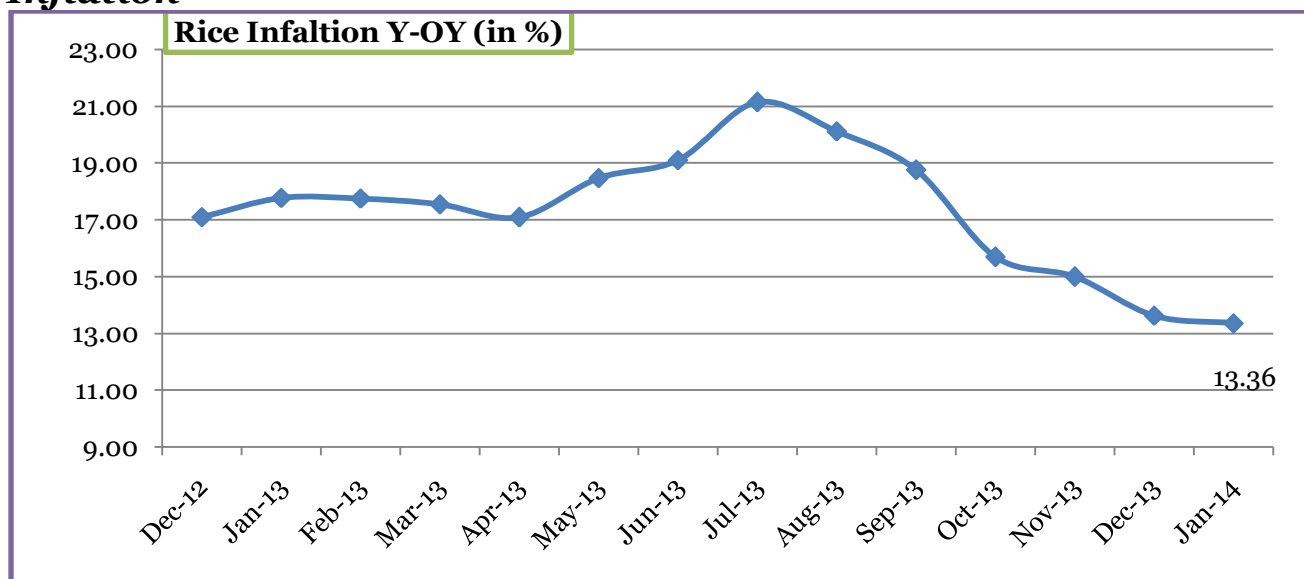
State	Prices 09-15 Mar 2014	Prices 01-08 Mar 2014	Prices 24-28 Feb 2014	Prices 09-15 Mar 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3557.96	3802.83	2877.56	3035.53	-6.44	23.65	17.21
Assam	3194.01	3223.32	3142.54	2429.94	-0.91	1.64	31.44
Gujarat	2785.12	2625.6	2609.14	2537.44	6.08	6.74	9.76
Jharkhand	2608.8	2553.49	2572.51	2368.9	2.17	1.41	10.13
Karnataka	3003.38	2983.74	2967.95	3217.26	0.66	1.19	-6.65
Kerala	3923.61	3972.37	4270.14	3606.8	-1.23	-8.12	8.78
Madhya Pradesh				1361	—	—	—
Maharashtra	11136.79	8539.6	3766.22	5201.73	30.41	195.7	114.1
Manipur	2683.79	2603.68	2600	2043.75	3.08	3.22	31.32
Meghalaya	3395.65	2744.93	3500	2938.46	23.71	-2.98	15.56
NCT of Delhi		2100	2000		—	—	—
Orissa	2393.27	2337.24	2466.06	2006.7	2.4	-2.95	19.26
Tripura	2672.3	2652.56	2679.54		0.74	-0.27	—
Uttar Pradesh	1992.8	1973.51	1971.44	1746.02	0.98	1.08	14.13
Uttarakhand	1857.8	2039.28	1827.79	1945.32	-8.9	1.64	-4.5
West Bengal	2520.64	2525.2	2466.84	2275.18	-0.18	2.18	10.79
Average	3408.99	3111.82	2781.18	2622.43			

Average Price in second week of March is up about 10% from First week of March, we expect market will move steady to slightly weak in week ahead.

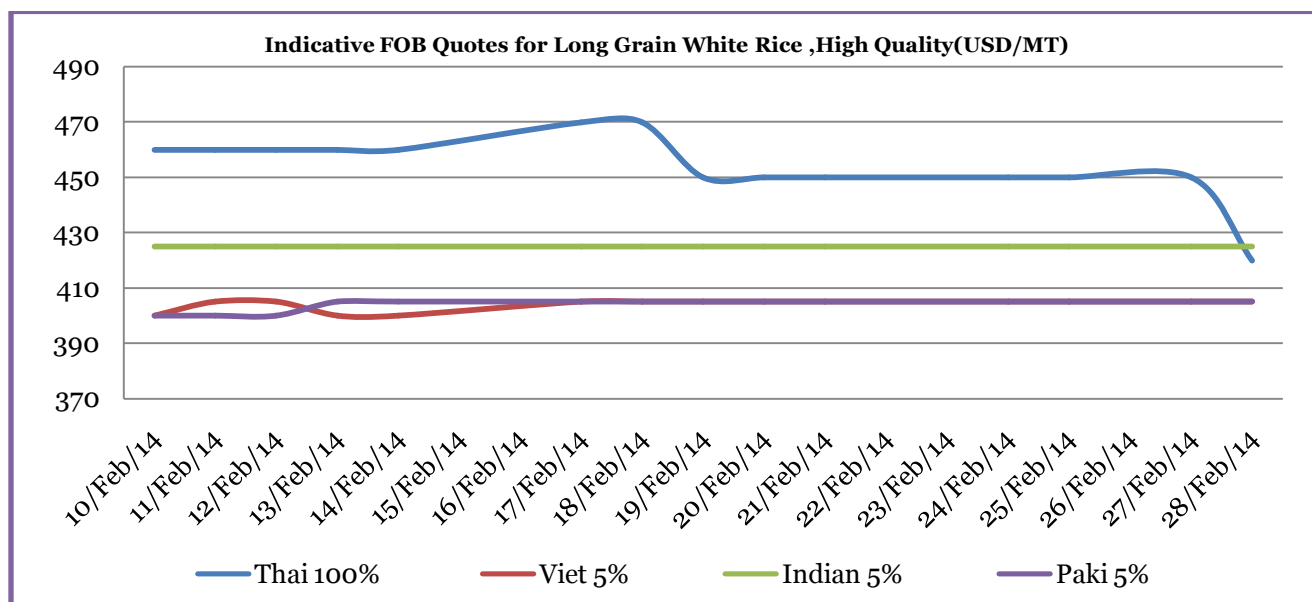
Price Projection for March 3rd Week in Domestic Market:

Duration	Trend	Average Price Range
3 rd Week of Mar, 2014	Steady to Slightly Weak	Rs.2800-3200/Q

Inflation



FOB Quotes for Long Grain White Rice, High Quality



World Market Recap:

A new report released by the International Grains Council (IGC) predicts that global rice production will reach an all-time high in 2013-14, reaching as much as 473 million tons, basis milled. Last year's production was about 470 million tons, and this 1% increase is mostly due to increased output in Asia. Correspondingly, global rice use is also set to increase about 1% from last year.

Japan announced a tender for March 20 to buy 32,753 tons of non-glutinous milled long grain rice, including: 6,000 tons of Thailand origin 26,753 tons of global origin. The rice must be shipped in July-August.

Vietnam's Ministry of Industry and Trade (MOIT) is targeting rice exports to reach around 4.27 million tons by May 2014, and says that lower export prices will help boost rice exports in the next few months, according to local sources. The MOIT says that the government has signed contracts to export about one million tons of rice until May 2014. It is also keen to increase exports to China this year and is planning to export rice to China via land borders to curb the illegal exports through the borders. Illegal rice exports through borders in the first two months of this year are three times the legal exports to China, according to the MOIT.

Pakistan rice exporters have lost millions of rupees in the last few weeks due to the sharp appreciation of the rupee against the US dollar since February 28, 2014, according to the Express Tribune. The Pakistan rupee has appreciated by about 6% from around Rs.104.3 per dollar to around Rs.97.96 between March 1 and March 17, 2014. The State Bank of Pakistan says the appreciation is due to an inflow of around \$523 million into the country in the form of Foreign Direct Investment (FDI) during the first seven months of this fiscal year 2013-14 (July – June). Selling pressure on dollar is adding to its depreciation against the Pakistani rupee.

Vietnam exported about 787,786 tons of rice during January 1 – March 13, 2014, down about 46% from about 1.45 million tons of rice exported during the first three months of 2013, according to the Vietnam Food Association (VFA). Average export price during January 1 – March 13, 2014 stands at about \$430 per ton (FOB), down about 3% from about \$442 per ton recorded during January 1 – March 31, 2013.

South Korea is likely to end its 20-year long rice import quota and liberalize rice imports in 2014, according to the country's Agriculture Minister. Currently, South Korea can import rice equivalent to 7.96% of country's total rice consumption. The World Trade organization (WTO) agreement on current import quotas is scheduled to end this year and the South Korean government has to specify to the WTO whether it will open the rice market to foreign rice by September 2014.

Indonesia's paddy rice production increased to 71.29 million tons in 2013, up around 3% from around 69.05 million tons in 2012, mainly due to higher rice acreage and yields, according to the statistics office in Jakarta.

Source:oryza

IGC Balance Sheet:
(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				30.01.2014	27.02.2014
Production	449	465	469	470	473
Trade	36	39	37	39	39
Consumption	445	458	469	471	474
Carryover stocks	99	107	107	108	109
Y-O-Y change	3	7	1	-2	-1
Major Exporters	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 May- 14, Rough Rice):
(Prices in US\$/hundredweight)


Market Analysis:

The CBOT March rough rice chart indicates upward 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
3 rd Week of March, 2014	Steady	15.00-15.60

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