

Latest Market Development:-

After witnessing a fall earlier this week, prices of aromatic and non basmati rice varieties continued to rule firm at previous levels. Situation of the market was predictable. After the recent fall, a steady trend is prevailing in the market. Bulk buyers are keeping themselves out of the market, only need based buying is taking place currently and any further fall in prices is unlikely. According to the trade experts, the market may continue to witness a steady- to range- bound trend even in the coming days.

As per data received from IBIS, rice export in the month of March is around 7.31 lakh tons, down by 12% from last month. Export contribution of non basmati is around 4.17 lakh tons and basmati is around 3.14 lakh tons.

All-India progressive procurement of Rice as on 11.04.2014 for the marketing season 2013-14 was 267.64 lakh tones against the procurement of 299.12 lakh tones up to the corresponding period of last year.

Rice stock with central pool kitty as on 01 April 2014 is around 30.55 million tons which is down by -2.32% from last month's stock of 31.26 million tons and down by around 14% from same period last year due to sluggish procurement by government agencies this year.

Lower demand in the month of March is due to higher stockpile in major importing countries like Iran, Saudi Arabia and Kuwait and Yemen. Apart from this, importing countries are engaged in estimating their yearly requirement of basmati rice and as per feedback from traders, fresh deals would start from April onwards.

Currently, buying in the market is subdued with players buying in small quantities for short term requirements. No active position building is being seen. In Delhi market, small local millers and traders are currently active in the market. The larger brands are not actively buying at the moment.

Prices are likely to start increasing from mid to late April on account of exports picking up after resolution of arsenic issue with Iran, stock-building by Middle East buyers like Saudi Arabia from late April to late May ahead of Ramzaan and increased demand in the Indian domestic market due to summer. As per feedback from traders, Indian domestic demand for rice including basmati increases in summer months (May-July) due to preference for rice over wheat in the summer.

Top basmati rice importing country from India, Iran modified the accepted level of arsenic content in basmati rice from 150 parts per million (ppm) to 120 ppm. This alteration may affect for short term as basmati rice exporters need time to reduce arsenic level. Iran contribution for basmati importing is about 1 million tons which is 32% of total basmati export of around 3.4 million tons in 2012-13.

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				
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	33.3	18.16	51.46

Source: DGCIS and * IBIS (Revised export Figure)

Total rice export in the crop year of 2013-14 till March 2014 is registered as 51.46 lakh tons. Rice export in the month of March is around 7.31 lakh tons (IBIS) which is down by around 12% 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 as demand of non basmati and basmati is well from African's and gulf Countries.

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 11/04/2014:

Progressive procurement of Rice as on 11.04.2014 (lakh tonnes)

State	Total procurement in marketing season	Progressive Procurement as on 11.04.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.64	36.95	42.04
Chhattisgarh	48.04	53.37	48.01
Haryana	26.09	23.97	26.03
Kerala	2.40	2.02	2.40
Madhya Pradesh	8.98	10.40	7.66
Maharashtra	1.92	1.29	1.76
Odisha	36.13	21.45	28.14
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.63	4.57
Uttar Pradesh	22.86	10.93	21.92
Uttaranchal	4.97	3.82	4.35
West Bengal	17.66	7.90	12.42
All-India	340.20	267.64	299.12

All-India progressive procurement of Rice as on 11.04.2014 for the marketing season 2013-14 was 267.64 lakh tonnes against the procurement of 299.12 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	30.55								

*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 30.55 million tons as of April- 1, 2014.

State wise Wholesale Prices Weekly for Rice Third Week of April, 2014:

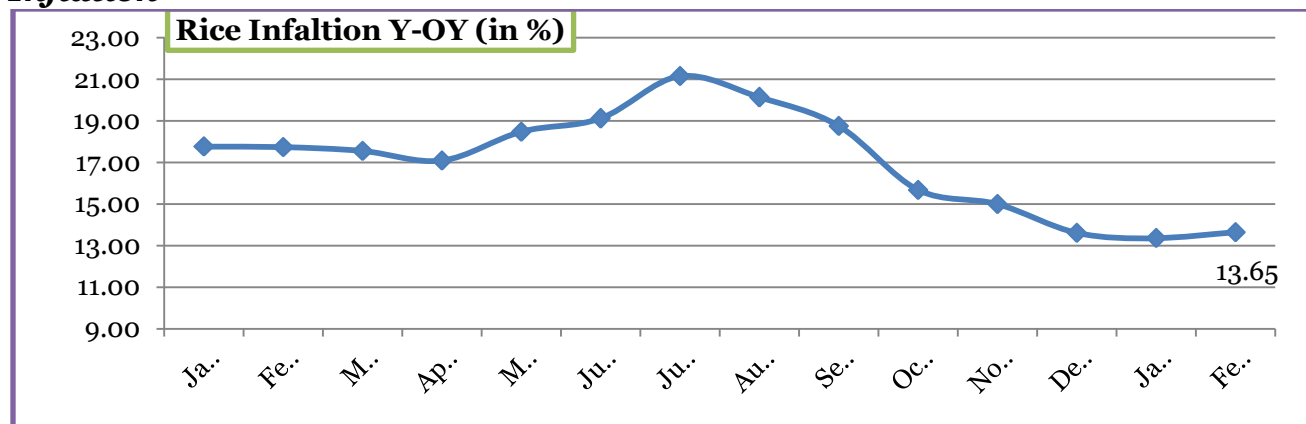
State	Prices 16-23 Apr 2014	Prices 09-15 Apr 2014	Prices 01-08 Apr 2014	Prices 16-23 Apr 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3254.69	3703.4	3554.26	3124.54	-12.12	-8.43	4.17
Assam	3224.75	3043.42	3121.05	2551.19	5.96	3.32	26.4
Gujarat	3010.39	2743.21	2713.9	2631.72	9.74	10.92	14.39
Jharkhand	2390.05	2691.99	2696.92	2392.31	-11.22	-11.38	-0.09
Karnataka	2157.27	3005.25	3058.31	2955.43	-28.22	-29.46	-27.01
Kerala	3273.49	3608.44	3664.08	3244.57	-9.28	-10.66	0.89
Maharashtra	13283.22	4390.24	7203.8	5254.95	202.56	84.39	152.78
Manipur	2900	2900	2760.33	2137.66	0	5.06	35.66
Meghalaya	3500	3274.19	3534.25	3100	6.9	-0.97	12.9
Orissa	2336.82	2401.27	2250	2196.36	-2.68	3.86	6.4
Tripura	2608.3	2649.72	2668.78	2110.34	-1.56	-2.27	23.6
UP	2001.43	2007.31	2004.73	1715.59	-0.29	-0.16	16.66
Uttrakhand	2037.34	2146.47	1960.38	1871.6	-5.08	3.93	8.86
West Bengal	2543.05	2649.61	2653.97	2348.94	-4.02	-4.18	8.26
Average	3465.77	2943.89	3131.76	2626.89			

As per the data reported by APMCs

Average Price in second week of April is up about 18% from second week of April, we expect market will move steady to slightly firm in week ahead.

Price Projection for April 4th Week in Domestic Market:

Duration	Trend	Average Price Range
4 th Week of Apr, 2014	Range bound	Rs.3200-3450/Q

Inflation


Among the food grains, inflation for Rice has increased to 13.65% from the previous month's level of 13.36%. Inflation for Cereals has decreased to 9.08% from the previous month's level of 9.27% and Wheat to 6.52% from the previous month's level of 7.13%. Inflation for Pulses has increased to (-) 4.12% from the previous month's level of (-) 6.10%.

World Market Recap:

Indonesia's Ministry of Trade has issued new regulation regarding export and import of rice, according to local sources. The new rules (Decree No. 19/M-DAG/PER/3/2014) stipulate that National Logistics Agency (Bulog) can import rice for the purposes of price stabilization, combating emergencies and during periods of food insecurity in the country. Private companies registered as manufactures importer (IP) can import rice that can be used as raw material in industries and if that kind of rice is not produced domestically. Similarly, companies designated as registered importers (IT) are allowed to import specific varieties of rice for health purposes.

The USDA Post says that Kenya's milled rice imports are likely to increase to 410,000 tons in MY 2013-14 (October - September), up about 8% from an estimated 378,000 tons imported in MY 2012-13 due to an expected increase in local consumption of rice. The Post estimates Kenya's rice consumption to increase to 475,000 tons in MY 2013-14, up about 4% from an estimated 455,000 tons in MY 2012-13 due to population growth and urbanization. Kenya imports rice mainly from Pakistan, Vietnam, Thailand, and Tanzania. Under the East African Community (EAC) regulations, Kenya levies a common external tariff of 75% ad-valorem or \$200 per ton (whichever is higher) on rice imports. However, Kenya levies only 35% ad-valorem tariff on rice imports within the EAC region. The Post reports that Kenya also exports around 7,000 to 8,000 tons of rice to countries within the EAC.

India has exported about 9.9 million tons of rice (including basmati and non-basmati) in the first eleven months (April 2013 - February 2014) of the fiscal year 2013-14 (April - March), up about 8% from about 9.2 million tons exported during the same period in FY 2012-13, according to the Agricultural and Processed Food Products Export Development Authority (APEDA).

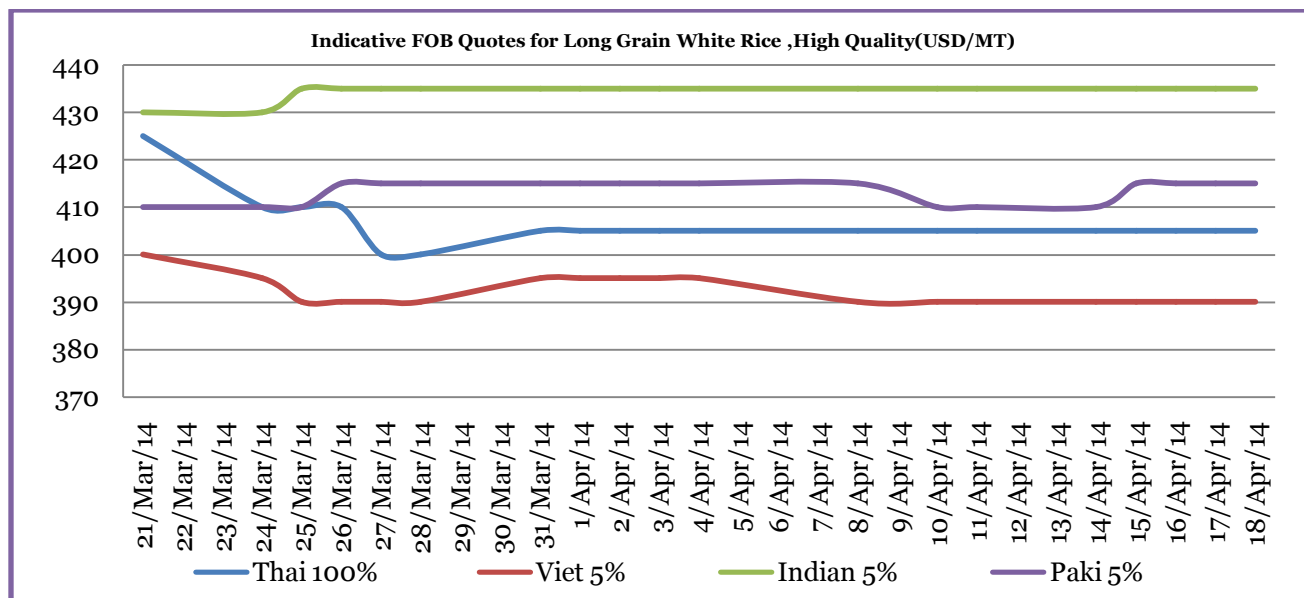
Vietnam has exported about 1.3 million tons of rice during January 1 - April 10, 2014, down about 38% from about 2.15 million tons of rice exported during the first four months of 2013, according to data from the Vietnam Food Association (VFA). VFA says that average rice export price so far in this year stands at about \$437 per ton (FOB), down about \$2 per ton from about \$439 per ton recorded in the same time last year.

The USDA Post says that Bangladesh rice imports are likely to decline sharply to around 100,000 tons in MY 2014-15 (May - April), down about 75% from an estimated 400,000 tons in MY 2013-14 due to higher than expected production. The Post has increased the projections for Bangladesh rice imports in MY2013-14 to 400,000 tons, which is up about 81% from USDA official estimates of 220,000 tons. The Post says that rice imports are expected to increase this year due to a strong Taka (currency) and high internal transportation costs that are causing domestic rice prices to be uncompetitive in districts that border India. Between December and March 2013, Bangladesh imported about 374,000 tons of rice from India, most of it by the private sector, say the Post.

Global rice production (milled basis) is estimated to increase to about 497 million tons in 2013-14, up about 1% from about 491 million tons in 2012-13, according to the UN's Food and Agricultural Organization (FAO). However, FAO's latest projection for 2013-14 rice production is about 1% less than the its first projection of 501 million tons, due to anticipated drought conditions in Australia, Peru, Sri Lanka and Tanzania, and removal of price support in Thailand.

Source: oryza

FOB Quotes for Long Grain White Rice, High Quality



IGC Balance Sheet:

(Fig. In Million Tonnes)

	2010-11	2011-12	2012-13 est.	Projection for 2013-14	
				27.02.2014	27.03.2014
Production	448	465	470	473	474
Trade	36	39	38	39	39
Consumption	445	458	468	474	474
Carryover stocks	99	107	107	109	109
Y-O-Y change	4	8	3	-2	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 fell 3% m/m, mostly reflecting a weaker tone in Thailand following the end of paddy intervention buying and ongoing efforts to release state reserves.
- The world crop is forecast to be marginally larger y/y in 2013/14, centred on increases in Asian and South American producers.
- The 2013/14 world carryover is projected to be broadly unchanged from the year before, with ample supplies in the major exporters.
- Larger shipments to markets in Far East Asia, namely Indonesia and the Philippines, are forecast to underpin a of 3% rise in world trade.

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



Market Analysis:

The CBOT May rough rice chart indicates down ward movement in previous sessions. We expect market will hover in the range to firm with USD 15.35 to USD 15.50/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
4 th Week of April, 2014	Steady to slightly firm	15.35-15.90

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