

Latest Market Development:-

A mixed trend was witnessed in the rice market on last week. Lack of buying coupled with easy availability of stocks pulled aromatic rice varieties down by Rs.100-300 a quintal, while non-basmati varieties remained unchanged on moderate buying. Range-bound movement in the market was anticipated but any fall at this time of the year was not expected.

Availability of stocks is sufficient in markets, but the domestic demand has failed to pick up as bulk buyers are keeping themselves out of the market and placing orders according to their requirement only. Rice market may continue to rule around current levels and any major fluctuation is unlikely.

All India progressive procurement of Rice as on 02nd May 2014 is about 26.62 million tons against the procurement of 30.89 million tons from same period last year. Highest procurement contribution from Punjab (8.10 million tons) followed by Andhra Pradesh (4.33 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 stock with central pool kitty as on 01 May 01, 2014 is around 28.65 million tons which is down by -5.28% from last month's stock of 30.25 million tons and down by around 17.48% from same period last year due to sluggish procurement by government agencies this year.

India's basmati rice export pace to Iran has declined to around 55,210 tons in March 2014 from around 130,000 tons in January 2014, due to quality restrictions imposed by the Middle East nation since the beginning of this year.

Several international weather agencies, including Indian Meteorological Department have warned that rainfall in India may be lower than normal this year due to a 70% chance of the emergence of the El Niño phenomenon in July.

Among the food grains, inflation for Rice has decreased to 12.56% from the previous month's level of 13.65%, Cereals to 8.85% from the previous month's level of 9.08% and Wheat to 6.23% from the previous month's level of 6.52%. Inflation for Pulses has increased to (-) 1.29% from the previous month's level of (-) 4.12%.

Stronger INR could impact exports in the coming months once the new government takes over on May 16. A stable government would support economy and result in a strong INR whereas an unstable coalition government could lead to INR depreciation.

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 02/05/2014:

(lakh tons)			
State	Total procurement in marketing season	Progressive Procurement as on 02.05.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	43.35	48.09
Bihar	13.03	8.27	12.49
Chhattisgarh	48.04	42.85	48.03
Haryana	26.09	23.97	26.03
Kerala	2.40	3.04	2.40
Madhya Pradesh	8.98	10.40	7.66
Maharashtra	1.92	1.32	1.77
Odisha	36.13	21.68	28.71
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.63	4.71
Uttar Pradesh	22.86	11.11	22.13
Uttaranchal	4.97	3.90	4.57
West Bengal	17.66	8.53	14.37
All-India	340.28	266.23	308.97

All-India progressive procurement of Rice as on 02.05.2014 for the marketing season 2013-14 was 266.23 lakh tons against the procurement of 308.97 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 First Week of May, 2014:

State	Prices 09-15 May 2014	Prices 01-08 May 2014	Prices 24-30 Apr 2014	Prices 09-15 May 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3355	3544.18	3549.3		-5.34	-5.47	—
Assam	3830.57	3419.16	3073.36	2511.97	12.03	24.64	52.49
Gujarat	3485.26	2699.65	2760.52	2578.19	29.1	26.25	35.18
Jharkhand	2499.93	2546.91	2747.97	2453.34	-1.84	-9.03	1.9
Karnataka	3099.68	3081.39	3022.33	3071.45	0.59	2.56	0.92
Kerala	4393.23	3413.51	3623.34	3707.91	28.7	21.25	18.48
Maharashtra	3581.25	3785.61	4269.92	4733.71	-5.4	-16.13	-24.35
Manipur	--	3084.36	2912.81	2217.81	—	—	—
Meghalaya	3500	3818.18	3511.63	2940	-8.33	-0.33	19.05
Orissa	2342.06	2344.94	2347.75	2305.59	-0.12	-0.24	1.58

Tripura	--	2644.64	2647.98	2032.24			
UP	2026.74	2016.77	2006.97	1759.89	0.49	0.99	15.16
Uttarakhand	1800	2158.57	2141.05	1939.84	-16.61	-15.93	-7.21
West Bengal	2815.12	2670.84	2717.08	2295.21	5.4	3.61	22.65
Average	3060.74	2944.91	2888.8	2596.22			

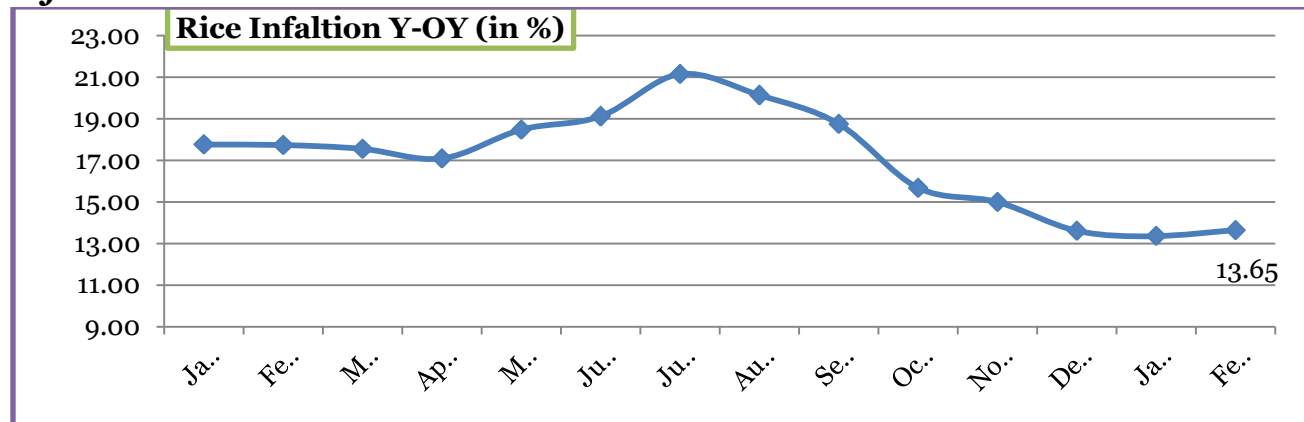
As per the data reported by APMCs

Average Price in Second week of May is up about 3.47% from first week of May, we expect market will move steady to slightly firm due to increasing domestic demand with onset of summer.

Price Projection for May 3rd Week in Domestic Market:

Duration	Trend	Average Price Range
3 rd Week of May, 2014	Steady to slightly firm	Rs.2950-3100/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:

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.

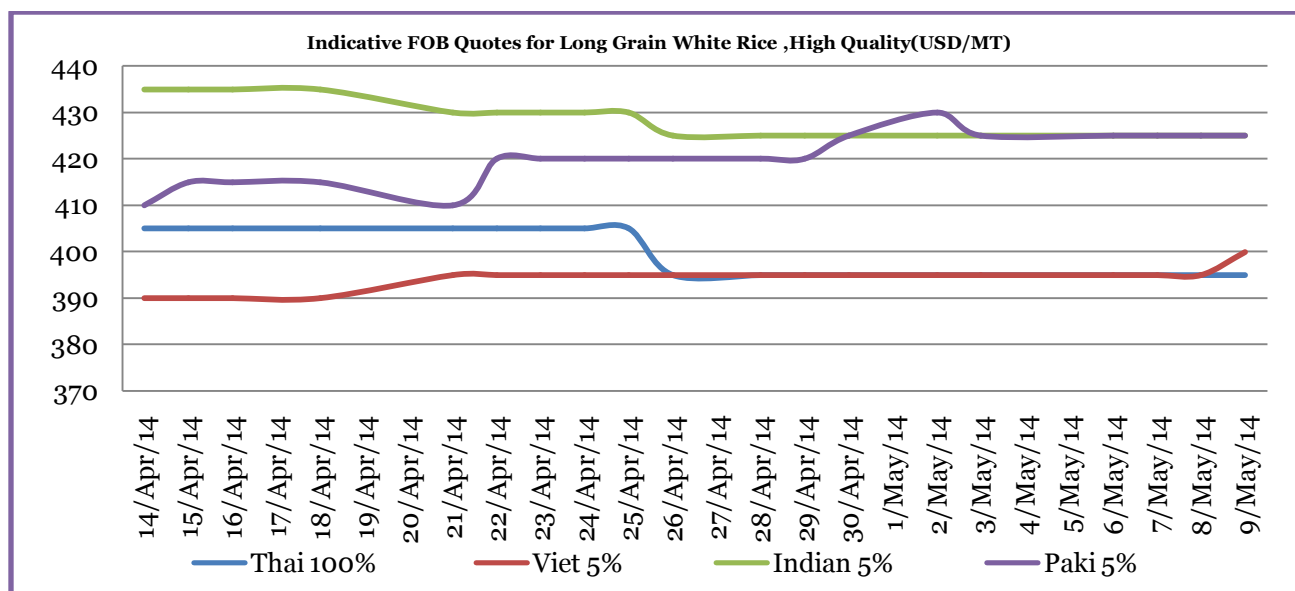
Vietnam has exported about 1.3 million tons of rice during January 1 - April 10, 2014, down about 38% from about 2.15 million tons of rice exported during the first four months of 2013, according to data from the Vietnam Food Association (VFA). VFA says that average rice export price so far in this year 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.

Total rice stocks in the Philippines as of April 1, 2014 reached at about 2.18 million tons, down about 6% from about 2.32 million tons recorded during the same time last year and up about 22% from March 2014, according to the Bureau of Agricultural Statistics (BAS).

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 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 USD 15.25 to USD 15.80/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
3 rd Week of May, 2014	Steady to firm	15.35-15.95

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