AGRIWATCH

Rice Weekly Research Report
02nd June, 2014

Latest Market Development:-

As per market feedback, the rice market is likely to continue witnessing a range-bound trend in the coming days. Prices of aromatic and non-basmati rice varieties were unchanged despite lukewarm trading. Restricted trading in the market kept prices unchanged. According to trade experts, the market could only see hand-to-mouth buying and prices may continue to rule around the current levels with nominal fluctuation over the next few days.

As per farmers/traders feedback from Punjab, transplanting of aromatic rice would start from 10th June in Punjab and area under aromatic rice, especially 1509 & 1121 would increase 20 to 25 percent from previous year as these varieties require lesser water and give better returns in comparison to Parmal, PR-13, PR-14.

Rabi paddy crop in several acres of land have been damaged in Kalahandi and Balangir districts of Odessa, due to low pressure induced rains on May 25 and 26. As per an assessment of the department, about 30 per cent of paddy crops including those already harvested have been damaged in the rain. The affected pockets are Junagarh, Kalampur, Jaipatna and Dharamgarh blocks that are irrigated by Indravati.

According to the third advance estimates, India's rice production for 2013-14 marketing year (October 2013 - September 2014) is recorded 106.29 million tons, up about 1% from an estimated 105.24 million tons produced in 2012-13.

All-India progressive procurement of Rice as on 23.05.2014 for the marketing season 2013-14 was 278.84 lakh tonnes against the procurement of 319.80 lakh tonnes up to the corresponding period of last year.

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.

Among the food grains, inflation for Rice has increased to 12.76% from the previous month's level of 12.56% & Pulses to (-) 0.77% from the previous month's level of (-) 1.29% and Cereals has decreased to 8.31% from the previous month's level of 8.85% and Wheat to 4.57% from the previous month's level of 6.23%

In the pre-monsoon season, cumulative Rainfall for the country as a whole during the period 1st March to 21st May, 2014 is 3% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was higher by 26% in North-West India, 10% in Central India, 33% in South Peninsula and lower by -39% in East & North East India.

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 23/05/2014:

		(lakh tons)	
State	Total procurement in marketing season	Progressive Procurement as on 23.05.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	55.18	56.47
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.85	48.03
Haryana	26.09	24.06	26.03
Kerala	2.40	3.04	2.40
Madhya Pradesh	8.98	10.52	9.01
Maharashtra	1.92	1.40	1.78
Odisha	36.13	22.04	29.00
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.74
Uttar Pradesh	22.86	11.18	22.50
Uttaranchal	4.97	3.96	4.65
West Bengal	17.66	8.99	14.68
All-India	**340.28**	**278.84**	**319.80**

All-India progressive procurement of Rice as on 23.05.2014 for the marketing season 2013-14 was 278.84 lakh tonnes against the procurement of 319.80 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	28.65							

*Format of stock position has been revised w.e.f. 1.9.2013. In earlier format, rice included un milled 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 Fourth Week of May, 2014:

State	Prices 24-31 May 2014	Prices 16-23 May 2014	Prices 09-15 May 2014	Prices 24-31 May 2013	% Change(Over Previous Week)	% Change(Over Previous Year)
AP		3648.7	3644.7	3916.7	___	___
Assam	2605.5	3349.1	3495.7	2410.8	-22.2	8.08
Gujarat		2759.6	2710.7	2637.6	___	___
Jharkhand	2879.4	2750	2718.3	2477.4	4.71	16.22
Karnataka		3000	3032.1	3087.5	___	___
Kerala	3007.1	3273.5	3543.6	4405.8	-8.14	-31.75
Maharashtra		4234.6	3732.1	4546.7	___	___
Manipur	3100	3100	3100	2383.1	0	30.09
Meghalaya		3529.7	3294.1	3100	___	___
Delhi		2052		1800	___	___
Orissa	2450	2346.1	2363.4	2336.3	4.43	4.87
Rajasthan				1875	___	___
Tripura		2552	2621.3	2011.5	___	___
UP	2027.4	2036.6	2023.5	1752.5	-0.45	15.69
Uttrakhand	2248.3	2162.6	2102.9	2047.3	3.96	9.82
WB	2639.8	2677.1	2641.8	2330.8	-1.39	13.26

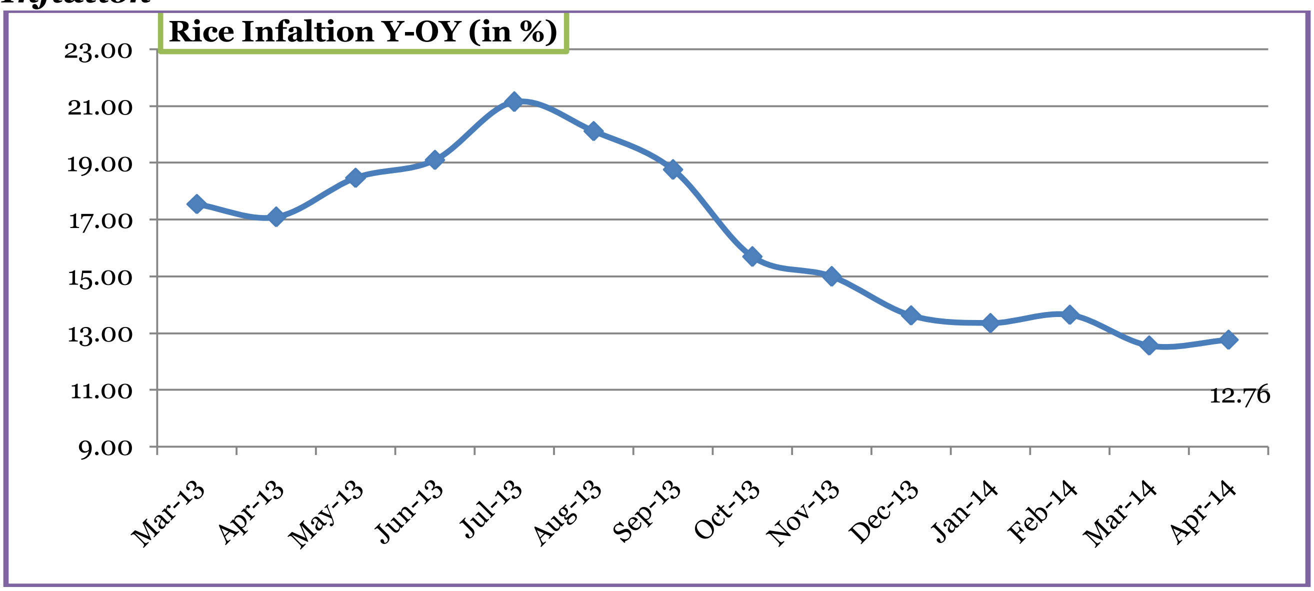
Average	2619.7	2898.1	2930.3	2694.9		

Average Price in Fourth week of May is down about 10% from Third week of May, we expect market will move steady due to need based buying in the market.

Price Projection for June 01st Week in Domestic Market:

Duration	Trend	Average Price Range
01st Week of June, 2014	**Steady**	**Rs.2550-2700/Q**

Inflation



Among the food grains, inflation for Rice has increased to 12.76% from the previous month's level of 12.56%.

World Market Recap:

The UN's Food and Agriculture Organization (FAO) has estimated Thailand's rice exports to increase to 9 million tons in 2014 marketing year (January - December), up about 36% from about 6.62 million tons exported in 2013, and about 8% above the five-year average level of about 8.3 million tons.

According to the Vietnam Food Association, Vietnam exported about 1.932 million tons of rice during January 1 to May 15, 2014, down about 31% from about 2.8 million tons of rice exported during January to May, 2013.

The UN's Food and Agriculture Organization (FAO) has estimated 2014 Bangladesh's rice imports to nearly triple to about 400,000 tons due to lower prices in international market. The FAO reports that most of the imports are by the private sector. The FAO estimates 2014 aggregate paddy rice production from the three seasons - Aus, Aman and Boro - at 52 million tons (around 34.84 million tons basis milled), slightly above an estimated 2013 paddy rice production of 51.5 million tons (around 34.5 million tons basis milled) due to increased planted area backed by favorable weather conditions, and government support to the rice sector, in the form of seed, fertilizer and fuel subsidies.

Argentina has exported around 123,882 tons rice in January - March 2014, up about 9% from around 114,054 tons exported during the same period in 2013, according to data from the Ministry of Agriculture in Argentina. Argentina exported about 50,542 tons rice in March 2014, up about 2.25 times over 22,467 tons exported in February 2014; and about 6% from about 47,479 tons exported in March 2013, helped by increased demand from Iraq and Sierra Leone.

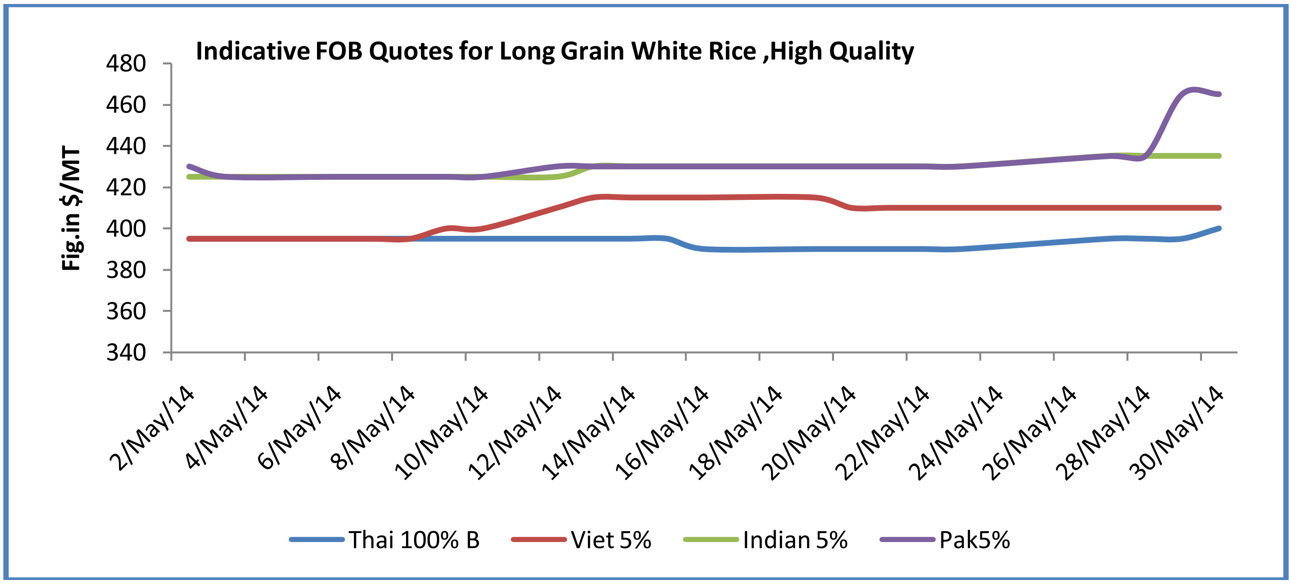
The UN's Food and Agriculture Organization (FAO) has estimated Vietnam's milled rice exports to increase to about 7.2 million tons in 2014, up about 8% from about 6.7 million tons in 2013 due to higher production and increased export demand from Asian countries such as Indonesia, Malaysia, China and the Philippines backed by low prices.

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%.

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	
				27.03.2014	25.04.2014
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 July- 14, Rough Rice):
(Prices in US$/hundredweight)

Market Analysis:

The CBOT May rough rice chart indicates range bound movement in previous sessions. We expect market will hover in the range USD 15.00 to USD 15.50/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
01st Week of June, 2014	**Steady**	14.90-15.70