

***Latest Market Development:-***

**The rice market continued to stumble on account of sluggish domestic demand and ample availability of stocks.** As per by traders feedback bulk buyers and retail traders are keeping themselves out of the market as they are reluctant to make fresh purchase. Market sentiments are weak following the continuous fall and only need-based buying is taking place. Domestic demand has failed to pick up and prices may drop further in the coming 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, and PR-14.

**Punjab plans to cut overall paddy acreage in 2014-15 by 2 lakh hectares.** However it hopes to increase aromatic paddy area by 50,000 hectares from last year due to better remuneration for farmers. Over the next 5 years, Punjab plans to reduce paddy acreage by 12 lakh hectares by diversifying into Maize (4 lakh ha), Cotton (2 lakh ha), basmati (2 lakh ha), sugarcane (1.8 lakh ha) and fruits & vegetables (0.8 lakh ha) due to falling water table. As a result, basmati production in 2014-15 is likely to be significantly higher barring unforeseen adverse weather. Currently, the market expects basmati production to increase 15-20% in 2014-15 if weather remains favorable.

**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*	4.2	2.8	7.0
13-May	4.67	3.45	8.12	14-May*	3.76	3.36	7.12
13-Jun	5.57	3.78	9.35	14-Jun			
13-Jul	6.51	3.34	9.85	14-Jul			
13-Aug	7.11	2.75	9.86	14-Aug			
13-Sep	7.72	2.06	9.78	14-Sep			
<b>Total</b>	<b>72.4</b>	<b>36.58</b>	<b>108.98</b>	<b>Total</b>	<b>41.26</b>	<b>24.37</b>	<b>65.63</b>

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

Total rice export till May-2014 is registered at 65.63 million tonnes in which non basmati and basmati rice percentage contribution are approx 63% and 37% respectively. Rice export in the month of May was 7.12 lakh tonnes which is down by around 12% from same period last year. Basmati rice export contribution to Iran felt from 45% in April-2013 to 17% in March-2014 due to the ongoing arsenic issue. We expect total rice export in Marketing Year 2013-14 will be around 10 million tonnes till September 2014.

### *India Rice Balance Sheet:-*

Figure in MMT	2011-12	2012-13	2013-14
Carry in	23.5	25.43	25.77
Production	105.3	105.24	106.29
Imports	0	0	0
Total Availability	128.8	130.67	132.06
Consumption	93	94	96
Exports	10.37	10.9	10
Total Usage	103.37	104.9	106
Carry out	25.43	25.77	26.06
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)

DES (Directorate of Economics & Statistics, Department of Agriculture & Cooperation) has released Third Advance Estimates of Production of Food grains for 2013-14 on 15.05.2014 and estimated 106.29 million tonne rice production(including 14.28 million tonne rabi rice for 2013-14.It is above the set target of 105.00 million tonne for the year and the highest ever. India had produced 105.24 million tonne rice last year, the previous highest record.

Export is expected to decline this year up to sept.2014 to 10 million tonne. 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 increase slightly from 25.77 to 26.06 million tonne in 2013-14.

### ***Progressive Procurement of Rice as on 23/05/2014:***

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

Source: <http://dacnet.nic.in/>

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.

### 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	31.52	31.26	30.55	28.65	32.00						

\*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 32.00 million tons as of June- 1, 2014.

### State wise Wholesale Prices Weekly for Rice First Week of June, 2014:

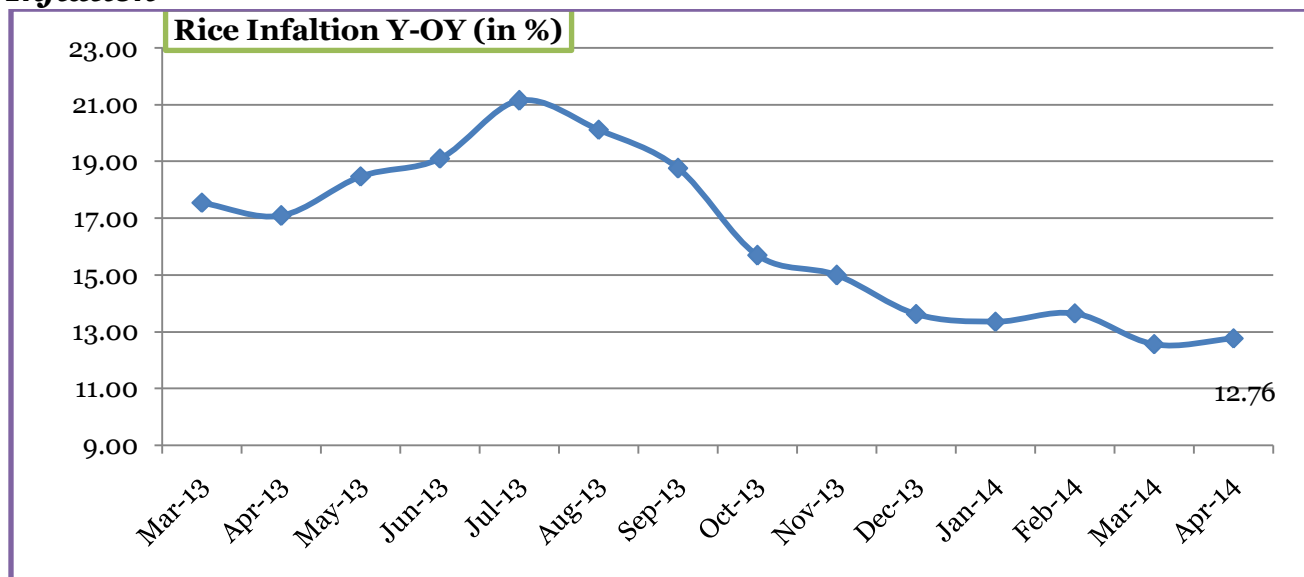
State	Prices 01-08 Jun 2014	Prices 24-31 May 2014	Prices 16-23 May 2014	Prices 01-08 Jun 2013	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
<b>AP</b>	3697.5	3399.17	3382.51	3310.79	8.78	9.31	11.68
<b>Assam</b>	3310.35	3418.01	3322.23	2402.12	-3.15	-0.36	37.81
<b>Gujarat</b>	2724.81	2704.96	2730.26	2609.1	0.73	-0.2	4.43
<b>Jharkhand</b>	2682.43	2706.46	2684.5	2448.72	-0.89	-0.08	9.54
<b>Karnataka</b>	2933.37	2955.8	2993.86	3117.4	-0.76	-2.02	-5.9
<b>Kerala</b>	3204.46	3517.34	3266.44	4527.65	-8.9	-1.9	-29.22
<b>Maharashtra</b>	3838.66	3823.8	4234.39	4537.84	0.39	-9.35	-15.41
<b>Manipur</b>	3197.28	3127.27	3100	2495.66	2.24	3.14	28.11
<b>Meghalaya</b>	3305.56	3551.55	3529.66	2973.24	-6.93	-6.35	11.18
<b>Delhi</b>		2000	2052	2582.17	—	—	—
<b>Orissa</b>	1718.01	2396.04	2328.4	2364.21	-28.3	-26.21	-27.33
<b>Tripura</b>	2510.34	2516.26	2552.02	1991.77	-0.24	-1.63	26.04
<b>Uttar Pradesh</b>	2037.45	2029.31	2035.85	1754.46	0.4	0.08	16.13
<b>Uttarakhand</b>	2043.95	2443.89	2162.57	2046.65	-16.36	-5.49	-0.13
<b>West Bengal</b>	2560.5	2537.33	2645.26	2340.82	0.91	-3.2	9.38
<b>Average</b>	2840.33	2875.15	2868	2766.84			

Average Price in the first week of June is hover in the range of Rs.2840-2845/Qtl which is 1.2% down from last week, we epect market will move in the range with slightly weak bias in the market..

### Price Projection for June 01<sup>st</sup> Week in Domestic Market:

Duration	Trend	Average Price Range
02 <sup>nd</sup> Week of June, 2014	<b>Steady to Weak</b>	<b>Rs.2650-2850/Q</b>

### 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.

**China has emerged largest buyer of Vietnam rice in January - April 2014**, according to data from Vietnam's Ministry of Agriculture and Rural Development (MARD). MARD said China accounted for around 913,957 tons of rice or about 42% of total rice exports of about 2.1 million tons from Vietnam in the first four months of 2014. Vietnam's exports to China in January - April 2014 increased by about 2.4% from around 892,536 tons exported during the same period in 2013.

**China has imported around 489,700 tons of rice in January - March 2014**, down about 30% from around 696,414 tons imported during the same period last year, according to data from China Customs General Administration. In March 2014, China imported around 150,000 tons of rice, up about 7% from around 140,000 tons imported in February 2014 and down about 44% from around 270,601 tons imported in March 2013. China exported 23,541 tons of rice in January - March 2014, down about seven times from around 167,026 tons exported during the same period in 2013. China did not export any rice in February and March 2014.

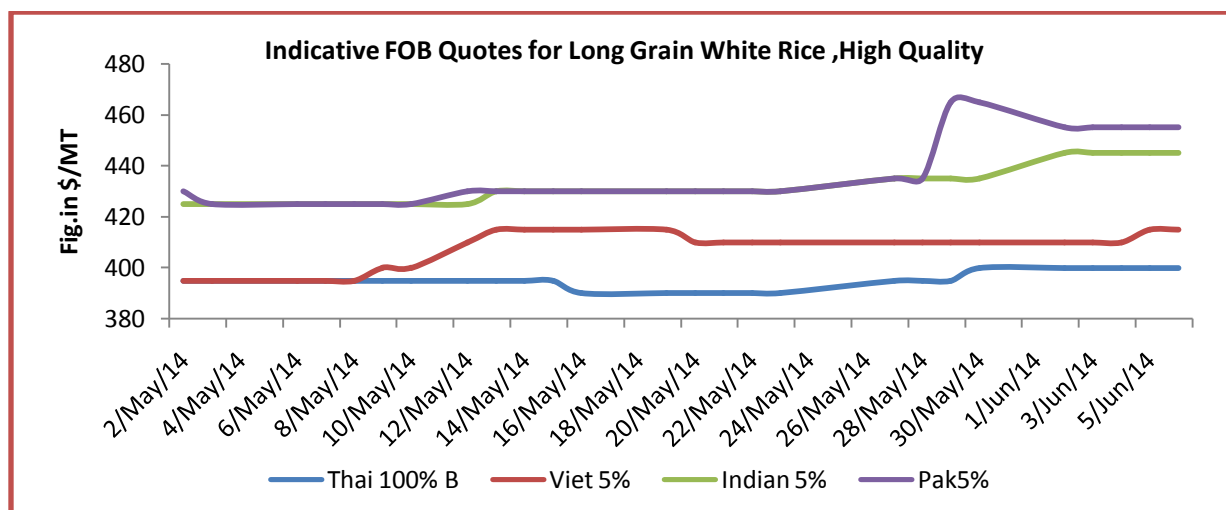
**Argentina has exported around 123,882 tons rice in January - March 2014, up about 9% from around 114,054 tons** exported during the same period in 2013, according to data from the Ministry of Agriculture in Argentina. Argentina exported about 50,542 tons rice in March 2014, up about 2.25 times over 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.

Source: oryza

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



#### IGC Balance Sheet:

(Fig. In Million Tonnes)

	2011-12	2012-13 est.	2013-14 forecast	2014-15 projection 25.04.14	29.05.14
<b>Production</b>	449	467	472	475	475
<b>Trade</b>	36	39	38	39	39
<b>Consumption</b>	445	459	469	475	475
<b>Carryover stocks</b>	100	108	110	111	110
<b>Y-O-Y change</b>	4	8	3	-	0
<b>Major Exporters</b>	31	37	40	41	40

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

#### IGC Rice Balance sheet Highlights:-

- Modest declines in Thailand's export prices were offset by some strength elsewhere in Asia, and the IGC GOI rice sub-Index edged higher m/m.
- Global rice output is seen at a new record in 2013/14 on larger crops in Far East Asia, and world use is also expected to reach an all-time high.
- Major exporter stocks are set to show little y/y change, with increases in Thailand, Vietnam and Pakistan set to compensate for a fall in India.

The forecast 4% recovery in world trade in 2014 should be led by firmer import demand from Asian buyers.

**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 14.20 to USD 14.50 / hundredweight in coming sessions.

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

Duration	Trend	Price Range
02 <sup>nd</sup> Week of June, 2014	<b>Steady</b>	14.20-14.50

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