AGRIWATCH

Rice Weekly Research Report
16th June, 2014

Latest Market Development:-

The rice market showed a mixed trend with Pusa-1121 and DB rice varieties improved while all other aromatic and non-basmati varieties ruled firm at their previous levels. Fresh buying by bulk buyers mainly pushed Pusa-1121 and DB varieties back in to positive territory. Bulk buyers have taken good advantage by buying at those levels.

Trade may continue to witness a range-bound trend. It is unlikely to see any major alteration in coming days and market may continue to rule around current levels with marginal alteration following low market sentiments.

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 Agriculture Ministry, Sowing of kharif (summer) crops has commenced in most parts of the country and farmers have sown rice in 2.38 lakh hectare so far. As on Friday, it is reported that rice - the main kharif crop - has been sown/transplanted in 2.38 lakh hectare; pulses in 2.42 lakh hectare and oilseeds in 0.78 lakh hectare.

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**			
Total	**72.4**	**36.58**	**108.98**	**Total**	**41.26**	**24.37**	**65.63**

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 from25.77 to 26.06 million tonne in 2013-14.

Progressive Procurement of Rice as on 30/05/2014:

(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	60.22	58.69
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.85	48.03
Haryana	26.09	24.06	26.03
Kerala	2.40	3.49	2.40
Madhya Pradesh	8.98	10.52	9.01
Maharashtra	1.92	1.41	1.80
Odisha	36.13	22.04	29.42
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.75
Uttar Pradesh	22.86	11.18	22.52
Uttaranchal	4.97	4.13	4.66
West Bengal	17.66	9.24	15.44
All-India	**340.28**	**284.77**	**323.27**

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

All-India progressive procurement of Rice as on 30.05.2014 for the marketing season 2013-14 was 284.77 lakh tonnes against the procurement of 323.27 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
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	32.00						

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

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

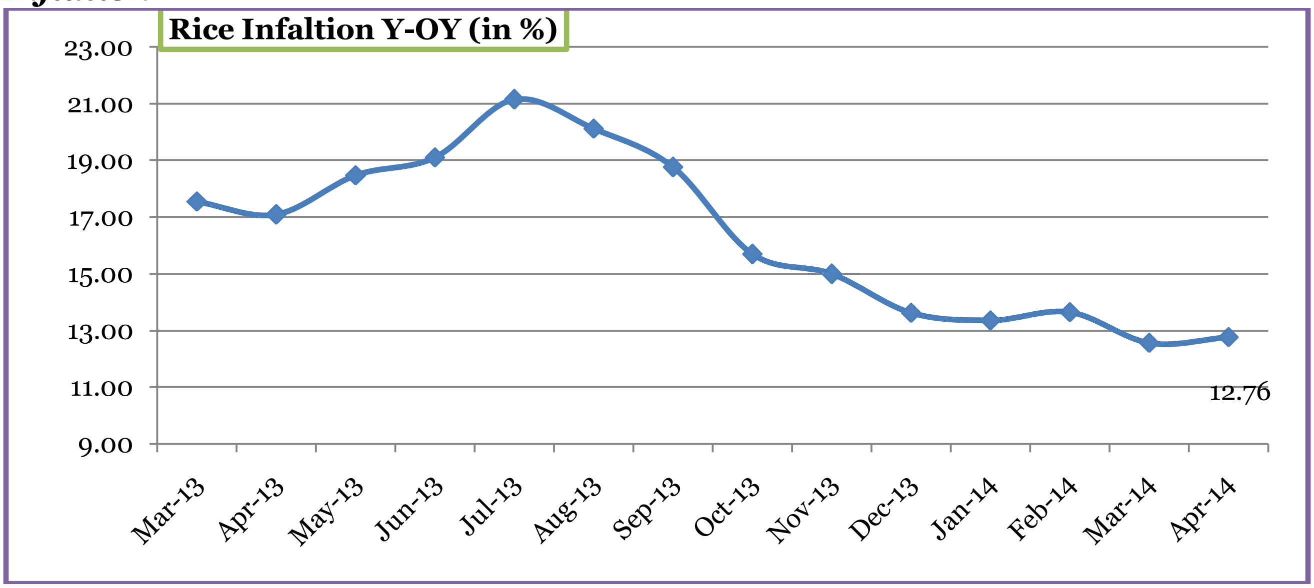
State	Prices 09-15 Jun 2014	Prices 01-08 Jun 2014	Prices 24-31 May 2014	Prices 09-15 Jun 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3671.86	3752.16	3401.09	3060.74	-2.14	7.96	19.97
Assam	3231.83	3302.38	3418.01	2361.48	-2.14	-5.45	36.86
Gujarat	2676.68	2698.16	2704.96	2599.87	-0.8	-1.05	2.95
Jharkhand	2688.14	2663.09	2702.16	2458.07	0.94	-0.52	9.36
Karnataka	3693.27	2930.96	2955.8	3116.07	26.01	24.95	18.52
Kerala	3747.66	3475.13	3511.35	4434.9	7.84	6.73	-15.5
Maharashtra	3847.72	3831.06	3823.8	4678.47	0.43	0.63	-17.76
Manipur	3200	3197.28	3127.27	2487.26	0.09	2.33	28.66
Meghalaya	3243.59	3305.56	3551.55	2983.33	-1.87	-8.67	8.72
Orissa	1798.68	1756.84	2395.53	2519.69	2.38	-24.92	-28.62
Tripura	2539.94	2507.56	2517.01	2000.55	1.29	0.91	26.96
UP	2041.71	2037.01	2029.13	1777.64	0.23	0.62	14.86
Uttarakhand	2127.77	2058.67	2443.89	1990.15	3.36	-12.94	6.92
West Bengal	2520.44	2535.44	2540.46	2390.42	-0.59	-0.79	5.44
Average	2930.66	2860.81	2874.8	2775.62			

Average Price in the Second week of June is hover in the range of Rs.2930-2935/Qtl which is 2.44% up from last week, we epect market will move in the range in the market..

Price Projection for June 03rd Week in Domestic Market:

Duration	Trend	Average Price Range
03rd Week of June, 2014	**Steady**	**Rs.2750-2950/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:

USDA has estimated 2015 milled global rice trade at record 41.5 million tons, up about 1.5% from an estimated 40.7 million tons in 2014, in June Outlook report. There were no monthly revisions this month to the 2015 import or export forecasts over May 2014 forecasts. On the exports side, USDA estimates Thailand to reclaim its top exporter status exporting about 10 million tons of rice in 2015, up about 1% from an estimated 9.9 million tons exported in 2014. It also expects exports of Vietnam, Cambodia, Egypt, Paraguay, Uruguay, Venezuela and the U.S. to increase, while those of Australia, Brazil, India and the European Union to decline.

USDA has forecasted global milled rice production at record 480.7 million tons in MY 2014-15, slightly up from an estimated 477.5 million tons in MY 2013-14, according to the June Rice Outlook report. USDA has not made any monthly revisions to the global production estimates in June 2014, from its May 2014 estimates. The increase in production is due to an expected increase in global rice acreage to about 161.6 million hectares in MY 2014-15, up about 800,000 hectares from about 161 million hectares in MY 2013-14. USDA estimates the average global yield at 4.44 tons per hectare (rough-rice basis), slightly up from last year.

Vietnam exported about 2.605 million tons of rice during January 1 – June 12, 2014, down about 26% from about 3.5 million tons of rice exported during the same period in 2013, according to data from the Vietnam Food Association (VFA). Average rice export price so far in this year stands at about $433 per ton (FOB), up about $2 per ton from about $431 per ton recorded during Jan- June, 2013. During June 1 - 12, 2014, Vietnam exported about 269,550 tons of rice, down about 61% from about 698,199 tons rice exported in fill month of June 2013, and down about 54% from about 585,536 tons rice exported in full month of May 2014. Average export prices so far in June stands at about $423 per ton, up about 3% from a year ago, and almost unchanged from a month ago.

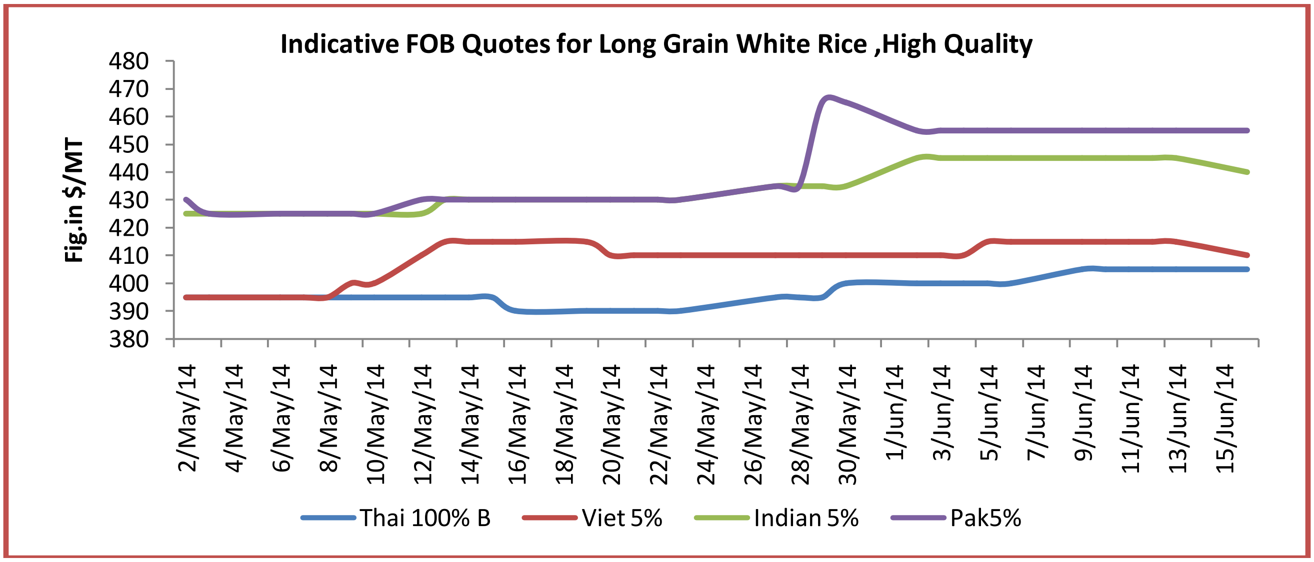
The UN's Food and Agriculture Organization (FAO) has estimated China's paddy rice production to increase to around 207.440 million tons (around 145.2 million tons, basis milled) in 2014, up about 2% from around 203.29 million tons (around 142.2 million tons, basis milled) produced in 2013 due to higher planting area, expected favorable weather conditions and continued government support to the rice sector. Planting of the 2014 early double crop (February - July) and early single crop (March - mid-October) is completed and that of the late double crop (May - November) is expected to complete by the end of August. Output of the early single crop constitutes to about 66% of the total China's paddy output and output of early double and late double crops contributes to 17% each. Rainfall has been favorable during March and April, and water levels in reservoirs are also reported at good levels. Therefore, the FAO estimates the impact of the dry spell (due to an imminent El Nino) to be minimal on China's paddy production.

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
Production	449	467	472	475	475
Trade	36	39	38	39	39
Consumption	445	459	469	475	475
Carryover stocks	100	108	110	111	110
Y-O-Y change	4	8	3	-	0
Major Exporters	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 firm movement in previous sessions. We expect market will hover in the range USD 14.40 to USD 14.60 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
03rd Week of June, 2014	**Steady to firm**	14.40-14.60