

Latest Market Development:-

The rice market was mixed on last week. While prices of Pusa 1121 and PR varieties improved on fresh buying, Sharbati varieties dropped on slack demand. Marginal change in Pusa-1121 varieties' price was expected but further uptrend was not anticipated. It has again crossed the levels of Rs. 9,000 and any major uptrend from here is unlikely. Some fresh buying pushed PR varieties up too.

Paddy acreage has declined by 38 percent to 21.91 lakh hectares this year so far as area under the main kharif (summer) crop has come down sharply in Punjab and Chhattisgarh. Sowing of kharif crops begins with the onset of southwest monsoon in June, while the harvesting starts from October. Last season at this time, area under paddy was 35.44 lakh hectares.

All-India progressive procurement of Rice as on 20.06.2014 for the marketing season 2013-14 was 300.44 lakh tonnes against the procurement of 329.51 lakh tonnes upto the corresponding period of last year.

As per data received from IBIS, rice export in the month of May is around 7.12 lakh tons, up by 1.71% from last month. Export contribution of non basmati is around 3.76 lakh tons and basmati is around 3.76 lakh tons.

The Indian government has increased the minimum support price (MSP) for paddy rice. Paddy MSP up by 3.8% from around Rs.1, 310 per quintal to Rs.1360 per quintal for common grade paddy, for the 2014-15 crop years (October - September). The government also increased the MSP for Grade 'A' paddy to around Rs.1, 400 per quintal which is up about 4% from around Rs.1, 345 per quintal in 2013-14.

Punjab Govt. has decided to revise down cess levied on basmati rice purchase from 0.25 to 0.10 percent. The amount collected through this cess would be used for CADA (cancer & drug de-addiction treatment fund). The association cleared that when total amount of cess collected on the purchase of basmati falls short of Rs 50 crores on annual basis then the deficit would be compensated by it.

Kharif planting which starts with the onset of southwest monsoon in June, has been slow due to delayed monsoon. The Indian Meteorological Department has predicted a 70% of below-normal monsoon (June - September) due to an imminent El Nino between July and August 2014. The World Meteorological Organization (WMO) has predicted a 60% probability of El Nino strengthening between June and August and a 75-80% probability between October-December 2014.

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 fell 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 20/06/2014:

(lakh tons)			
State	Total procurement in marketing season	Progressive Procurement as on 20.06.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	71.45	62.03
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.85	48.03
Haryana	26.09	24.06	26.03
Kerala	2.40	3.58	2.40
Madhya Pradesh	8.98	10.52	9.01
Maharashtra	1.92	1.46	1.87
Odisha	36.13	25.44	31.27
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.77
Uttar Pradesh	22.86	11.23	22.80
Uttaranchal	4.97	4.33	4.81
West Bengal	17.66	9.87	15.88
All-India	340.28	300.44	329.51

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

All-India progressive procurement of Rice as on 20.06.2014 for the marketing season 2013-14 was 300.44 lakh tonnes against the procurement of 329.51 lakh tonnes upto the corresponding period of last year.

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 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 Fourth Week of June, 2014:

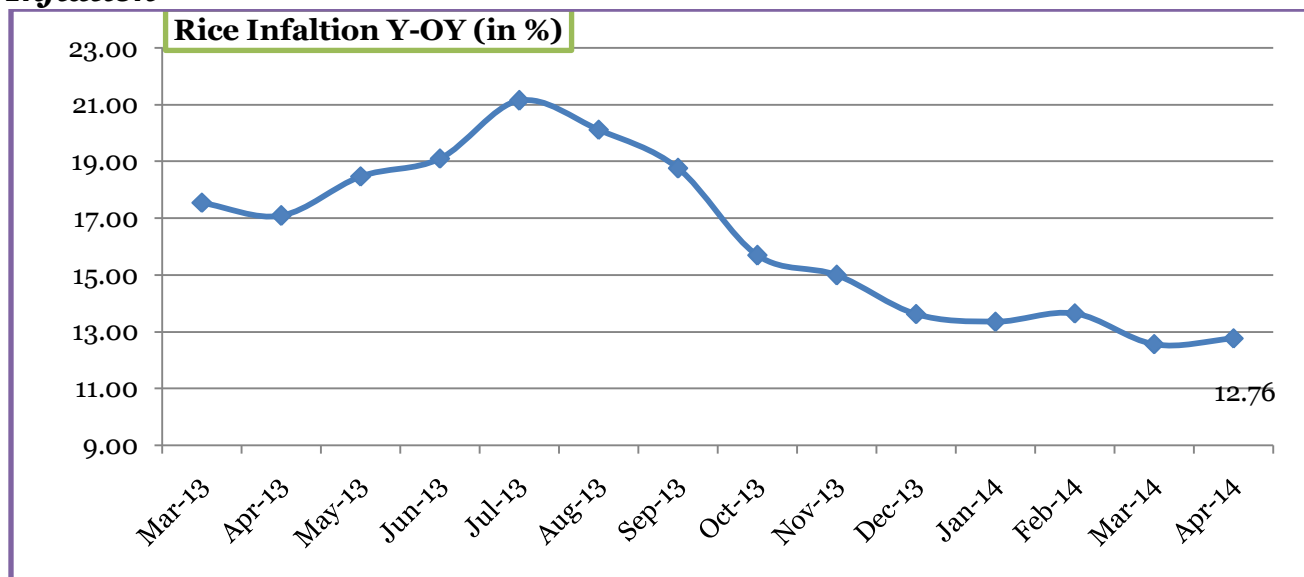
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Average Price in the fourth week of June is hover in the range of Rs.2900-2950/Qtl which is 0.43% up from last week, we expect market will move in the range with positive territory in the market.

Price Projection for July 01st Week in Domestic Market:

Duration	Trend	Average Price Range
1 st Week of July, 2014	Steady to Firm	Rs.2850-2950/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.

The National Space Agency of Pakistan (SUPARCO) has estimated Pakistan FY 2013-14 (July - June) milled rice production at about 7 million tons from an estimated area of about 2.879 million hectares and an estimated yield of about 2.5 tons per hectare.

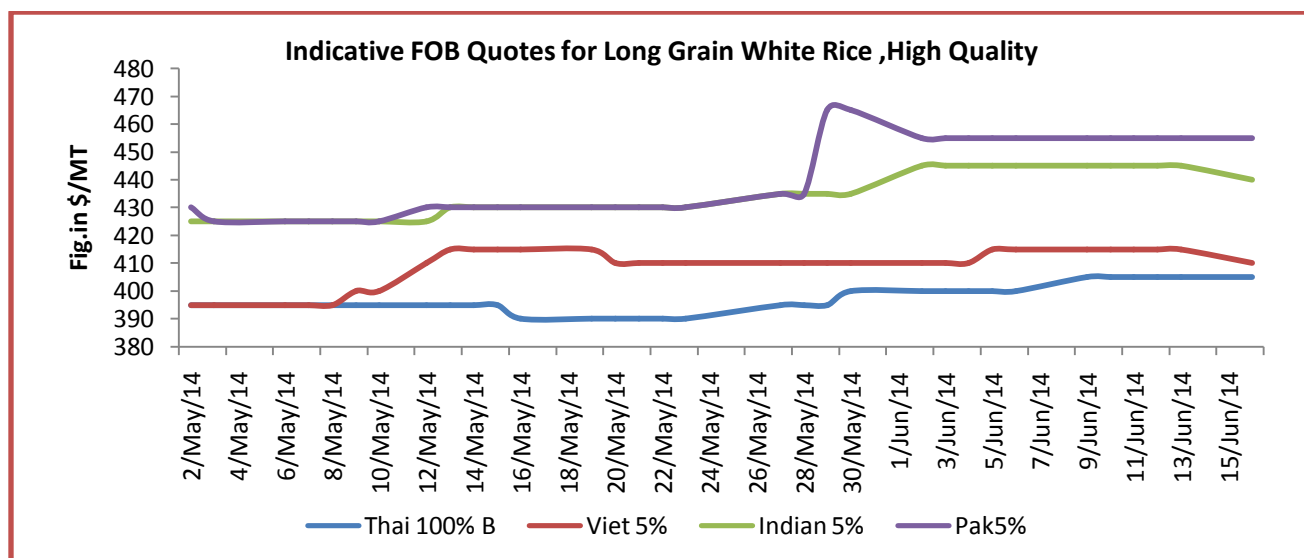
The UN's Food and Agriculture Organization (FAO) has estimated China's paddy rice production to increase to around 207.440 million tons (around 145.2 million tons, basis milled) in 2014, up about 2% from around 203.29 million tons (around 142.2 million tons, basis milled) produced in 2013 due to higher 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.

Paddy output from Vietnam's 2013-14 winter-spring crop (November - May) has reached around 20.83 million tons (around 13 million tons, basis milled), up about 4% from around 20 million tons (around 12.5 million tons, basis milled) produced last year due to higher yields, according to Reuters.

The UN's Food and Agricultural Organization (FAO) has estimated Indonesia's 2014 milled rice imports at around 1.1 million tons, up about 60% from about 687,500 tons imported in 2013. Analysts are also expecting Indonesia to more than double its rice imports to around 1.5 million tons in 2014 from an estimated 700,000 tons imported in 2013 ahead of a general election and El Nino.

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	29.05.14
				25.04.14	
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 July rough rice chart indicates firm movement in previous sessions. We expect market will hover in the range USD 14.20 to USD 14.80 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
01 st Week of July, 2014	Steady to Weak	14.20-14.80

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