

***Latest Market Development:-***

**Average rice price in the second week of July was down by -7.01% from last week slow demand by bulk buyers as well from overseas markets.** However rice cash market will move in the range with firm bias as stockiest will likely to engage with buying in coming weeks ahead due to lower production prospects in coming season.

**Rice seedling nursery operations are largely unaffected** by the weak monsoon as the nurseries are operated area under assured irrigation. With the early forecast of a weak 2014 monsoon, farmers have reportedly delayed nursery preparation by 1-2 weeks, which does offer an additional 1-2 week window for transplanting.

**Area under paddy in Kharif season 2014-15 is reported 8.6 million** hectare till July-11,2014 which is down by 2.4 million hectare from last year and 11 million hectare from 2012-13. Maximum decline in area under paddy is witnessed in Punjab, whereas on date the main kharif crop has been planted in 9.15 lakh hectares as compared to 14.30 lakh hectares last season.

**All-India progressive procurement of Rice** as on 04.07.2014 for the marketing season 2013-14 was 308.07 lakh tonnes against the procurement of 334.79 lakh tonnes upto the corresponding period of last year.

**Total rice export till June-2014 is registered** 73.6 million tonnes in which non basmati and basmati rice percentage contribution are approx 62% and 38% respectively. Rice export in the month of June is 7.97 lakh tonnes which is down by around 15% from same period last year. Basmati rice export to Iran has started improving once again and it is expected that India would likely to export around 10 million tons of rice till September-2014.

**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.

**Among the food grains, inflation for Rice has decreased to 12.75%** from the previous month's level of 12.76% & Pulses to (-) 0.78% from the previous month's level of (-) 0.77% and Cereals has decreased to 7.67% from the previous month's level of 8.31% and Wheat to 3.64% from the previous month's level of 4.57%.

### ***Rice Monthly Export:***

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

MY-2012-13	Non Basmati	Basmati	Total Export 2012-13	MY-2013-14	Non Basmati	Basmati	Total Export 2013-14
Oct-12	6.65	1.95	8.6	Oct-13	6.7	1.8	8.5
Nov-12	6.49	2.08	8.57	Nov-13	4.29	2.49	6.78
Dec-12	7.5	2.85	10.35	Dec-13	5.11	3.79	8.9
Jan-13	5.65	3.18	8.83	Jan-14	6.85	3.44	10.29
Feb-13	4.9	3.34	8.24	Feb-14	6.18	3.5	9.68
Mar-13	5.7	3.87	9.57	Mar-14	4.17	3.19	7.36
Apr-13	3.93	3.93	7.86	Apr-14*	4.2	2.8	7
May-13	4.67	3.45	8.12	May-14*	3.76	3.36	7.12
Jun-13	5.57	3.78	9.35	Jun-14*	4.32	3.65	7.97
Jul-13	6.51	3.34	9.85				
Aug-13	7.11	2.75	9.86				
Sep-13	7.72	2.06	9.78				
Total	72.4	36.58	109	Total	45.58	28.02	73.6

Revised (Source-DGCIS & \* = IBIS)

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### ***India Rice Balance Sheet:-***

Figure in MMT	2012-13	2013-14	2014-15*
Carry in	25.43	25.77	26.06
Production	105.24	106.29	97
Imports	0	0	0
Total Availability	130.67	132.06	123.06
Consumption	94	96	98
Exports	10.9	10	9.5
Total Usage	104.9	106	107.5
Carry out	25.77	26.06	15.56
Av Monthly Consumption	7.83	8.00	8.17

Stock to Month Use	3.29	3.26	1.91
Stock to Consumption Ratio	0.27	0.27	0.16

(Source: Agriwatch Research, USDA)

Agriwatch has come out with pre-transplanting preliminary rice estimate for 2014-15. Here we have considered deficit rainfall till June. Lower than normal rainfall under El-Nino impact may reduce rice production from 106.29 million tonnes to 97 million tonnes in 2014-15. Some paddy area in Punjab may move to cotton and green vegetables. Farmers in Haryana and Punjab may opt for new aromatic paddy (1509) as it requires less water and it gets matured early.

Almost 9 million tons lower production would reduce total rice availability from 132.06 million tonnes to 123.06 million tonnes in 2014-15. The season started with 26.06 million tonnes rice including private stock around 2.5 million tonnes. Consumption would increase with normal pace and may touch 98 million tonnes this year. Export would decrease slightly from 10 million tonnes to 9.5 million tonnes due to reduced crop size and higher domestic price in comparison to last year. Total usage with export may touch 107.5 million tonnes. As crop size is lower, carryout for next year would decrease drastically from 26.06 to 15.56 million tonnes in 2014-15.

### ***Progressive Procurement of Rice as on 04/07/2014:***

State	Total procurement in marketing season	Progressive Procurement as on 04.07.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	75.70	63.01
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.86	48.03
Haryana	26.09	24.06	26.08
Kerala	2.40	3.59	2.40
Madhya Pradesh	8.98	10.52	8.98
Maharashtra	1.92	1.58	1.89
Odisha	36.13	28.19	35.01
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.78
Uttar Pradesh	22.86	11.25	22.83
Uttaranchal	4.97	4.54	4.92
West Bengal	17.66	10.34	16.29
All-India	340.28	308.07	334.79

Progressive paddy procurement in 2013-14 till 04 July, 2014 reached 308.07 lakh tonnes which is around -7.98% down by same period last year, total procurement in 2012-13 (September-2012-October-2013) is 34 million tonnes which is down by around 3% of target procurement of 35 million tonnes.

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	27.66					

\*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 27.66 million tons as of July- 1, 2014.

### **State wise Wholesale Prices Weekly for Rice Second Week of July, 2014:**

State	Prices 09-15 Jul 2014	Prices 01-08 Jul 2014	Prices 24-30 Jun 2014	Prices 09-15 Jul 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	3526.76	3276.22	3230.97	2505.58	7.65	9.15	40.76
Gujarat	2600	2609.94	2634.75	2550.75	-0.38	-1.32	1.93
Jharkhand	2613.06	2671.78	2628.49	2508.14	-2.2	-0.59	4.18
Karnataka	3510.06	3461.35	3665.25	3194.65	1.41	-4.23	9.87
Kerala	3368.36	3719.96	3874.96	4484.06	-9.45	-13.07	-24.88
Maharashtra	7057.69	9512.02	3852.11	5719.4	-25.8	83.22	23.4
Meghalaya	3500	3332	3256.1	3100	5.04	7.49	12.9
Orissa	2507.49	2501.63	2415.86	1947.6	0.23	3.79	28.75
Tripura	2231	2517.39	2514.56	1993.23	-11.38	-11.28	11.93
Uttar Pradesh	2055.58	2048.98	2038.25	1853.54	0.32	0.85	10.9
Uttrakhand	1880.85	1881.86	2198.14	2029.96	-0.05	-14.43	-7.35
West Bengal	2839.99	2574.48	2669.61	2526.42	10.31	6.38	12.41
<b>Average</b>	<b>3140.9</b>	<b>3377.73</b>	<b>2923.32</b>	<b>2819.33</b>			

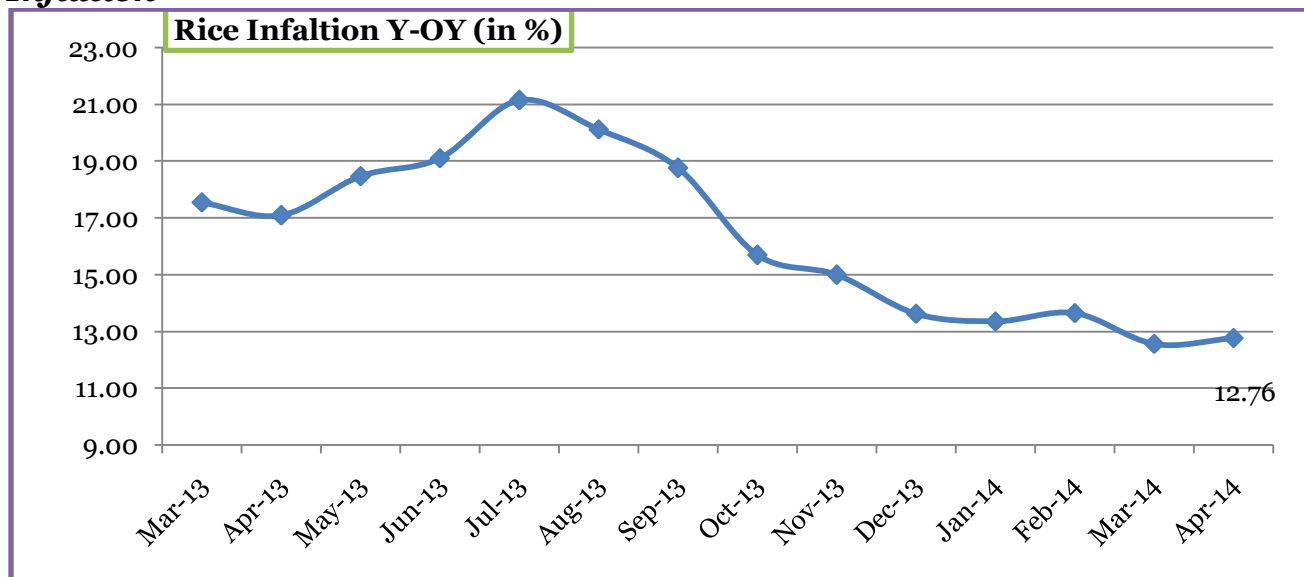
As per the data reported by APMCs

Average Price in the second week of July is hover in the range of Rs.3100-3200/Qtl which is -7.01 % down from last week; we expect market will move in the range with positive territory in the market.

### **Price Projection for July 03<sup>rd</sup> Week in Domestic Market:**

Duration	Trend	Average Price Range
03 <sup>rd</sup> Week of July, 2014	<b>Steady to Firm</b>	<b>Rs.3000-3250/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:**

**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.

**Iraq's General Contracts Department** under the Ministry of Trade announced a tender to buy 15,000 tons of parboiled basmati rice with specifications adopted by the Grain Board of Iraq.

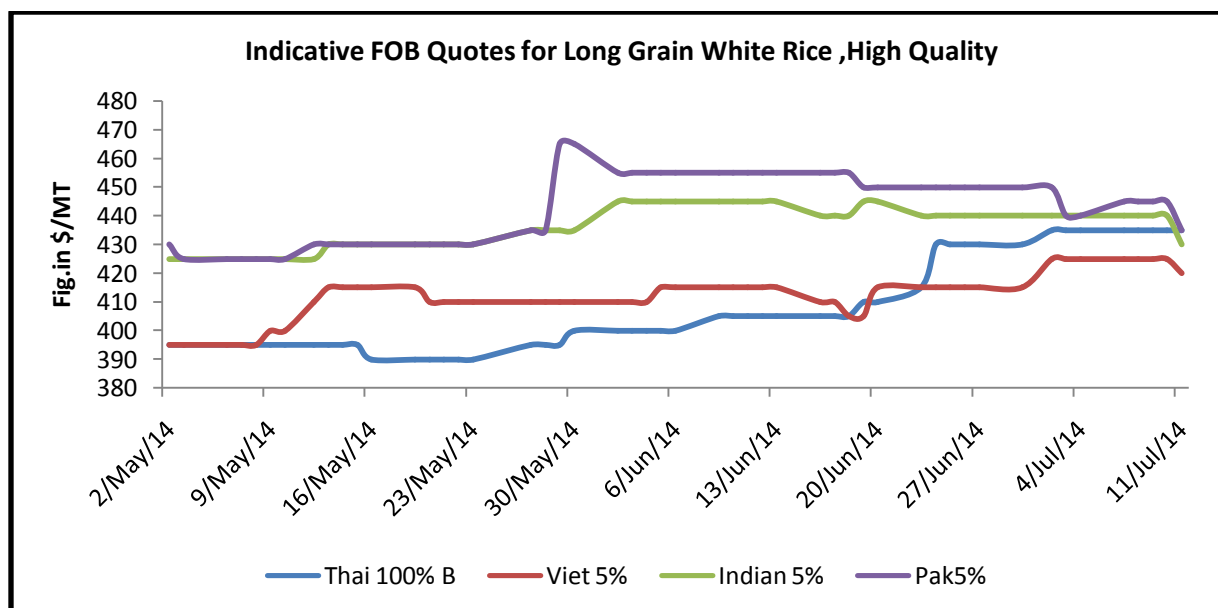
**Total rice stocks in the Philippines as of June 1, 2014 reached around 2.306 million tons**, down about 8.5% from around 2.52 million tons recorded in May 2014, and down about 0.3% from around 2.313 million tons recorded during the same period last year, according to the Bureau of Agricultural Statistics (BAS).

**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.

**Bangladesh has imported around 374,560 tons** of rice in the fiscal year 2013-14 (July 1, 2013 - June 30, 2014), up about 13 times or 1,195% from around 28,930 tons imported in FY 2012-13, according to data released by the Food Ministry. Of the total rice imports during the year, around 371,500 tons are imported by the private sector and 3,060 tons are imported by the government. A Bangladesh Bank official told local media sources in the second week of June that fall in global rice prices, simultaneous surge in domestic rice prices and appreciation of the local currency against the dollar were the key drivers to increase in imports by the private sector.

### 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	26.06.14
<b>Production</b>	449	467	472	475	476
<b>Trade</b>	36	39	38	39	40
<b>Consumption</b>	445	459	469	475	476
<b>Carryover stocks</b>	100	107	110	110	109
<b>Y-O-Y change</b>	4	7	3	0	-1
<b>Major Exporters</b>	31	37	40	40	39

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

### IGC Rice Balance sheet Highlights:-

- The 2013/14 rice supply and demand outlook is little changed compared to the last report. While availabilities are beginning to tighten ahead of the next harvests, supplies in the top exporting countries remain comfortable.
- The global production estimate is increased slightly, but since the consumption forecast is also lifted, carryover stocks are now likely to decline fractionally compared to the previous season.

- Asian rice markets had a firmer tone, especially in Thailand and Vietnam, where prices were underpinned by solid buying interest. In contrast to other markets, the IGC GOI rice sub index was firmer, posting a net gain of 2% m/m.
- 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 range bound movement in previous sessions. We expect market will hover in the range USD 14.40 to USD 15.00 / hundredweight in coming sessions.

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

Duration	Trend	Price Range
03 <sup>rd</sup> Week of July, 2014	<b>Steady to Weak</b>	14.40-15.00

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