

### ***Latest Market Development:-***

**Average rice price in the third week of July was firm by 3.05% from last week**, buying interest at this level and lower sown area is main attribute to push the price in northward. We expect price will move steady to weak in coming week as rainfall in northern states increase the sown area, however paddy acreage is still behind by approx 18% from last year.

**Area under paddy in Kharif season 2014-15 is reported 12.73 million hectare till July-18,2014** which is down by 2.75 million hectare from last year and 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.

**Total coverage area had been recorded at 420 lakh ha. last year.** Due to delayed rains in major growing areas trans-planting pace has been considerably affected and it would be difficult to touch 380 lakh ha. this year despite expectation of normal rainfall from mid July. Trans –planting has been delayed at least by 15 to 20 days this year.

**Farmers may opt for other commercial crops like cotton, guar, castor and pulses** that require less water. They are well aware of the fact that India is going to receive lower rainfall this year and they have planned accordingly. Overall area under rice is likely to decrease by 14 to 15 percent to 360-370 lakh ha. this year. Farmers had planted 420 lakh ha. last year.

**All-India progressive procurement of Rice as on 11.07.2014** for the marketing season 2013-14 was 309.43 lakh tonnes against the procurement of 335.11 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.

**In the monsoon season, cumulative Rainfall for the country** as a whole during the period 1st June to 09th July, 2014 is (-) 43% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 48% in North West India, (-) 63% in Central India, (-) 38% in South Peninsula and (-) 20% in East & North East India.

### ***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 Third Week of July, 2014:

State	Prices 16-23 Jul 2014	Prices 09-15 Jul 2014	Prices 01-08 Jul 2014	Prices 16-23 Jul 2013	% Change(Over Previous Week)	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	2872.68	3039.15	3267.05	2471.88	-5.48	-12.07	16.21
Gujarat	2600	2599.97	2609.94	2562.46	0	-0.38	1.46
Jharkhand	2640.56	2660.31	2671.38	2528.2	-0.74	-1.15	4.44
Karnataka	3534.96	3431.99	3461.35	3134.62	3	2.13	12.77
Kerala	3474.47	3359.99	3719.96	4372.86	3.41	-6.6	-20.54
Maharashtra	9011.75	7675.25	9512.02	4539.23	17.41	-5.26	98.53
Meghalaya	3500	3500	3332	3100	0	5.04	12.9
Orissa	2255.03	2530.73	2506.96	2092.41	-10.89	-10.05	7.77
Tripura	2400	2421.21	2517.39	2014.36	-0.88	-4.66	19.14
UP	2051.65	2054.62	2045.88	1857.22	-0.14	0.28	10.47
Uttarakhand	1879.92	1884.05	1881.86	2210.19	-0.22	-0.1	-14.94
West Bengal	2758.66	2666.32	2562.02	2555.21	3.46	7.68	7.96
<b>Average</b>	<b>3248.31</b>	<b>3151.97</b>	<b>3376.21</b>	<b>2764.67</b>			

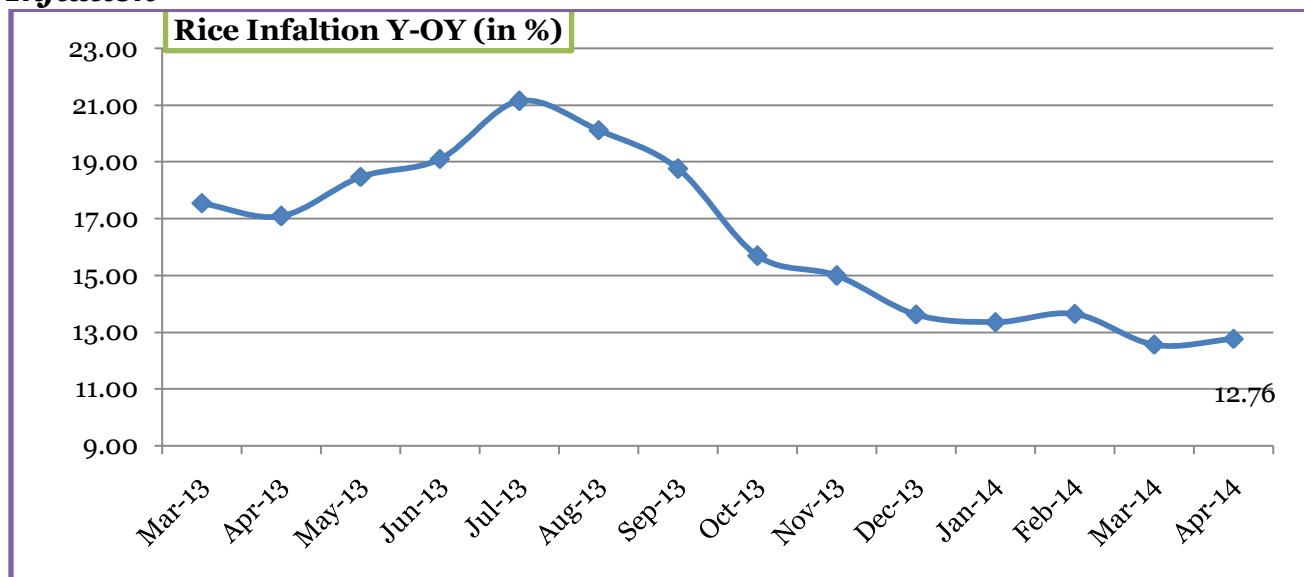
As per the data reported by APMCs

Average Price in the Third week of July is hover in the range of Rs.3200-3250/Qtl which is 3.05 % up from last week; we expect market will move in the range with positive territory in the market.

### Price Projection for July 04<sup>th</sup> Week in Domestic Market:

Duration	Trend	Average Price Range
04 <sup>th</sup> Week of July, 2014	<b>Steady to slightly weak</b>	<b>Rs.3100-3200/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:***

**Indian Basmati exports to the US are poised for a jump this year** with the controversy over the pesticide residue coming to an end. After detecting traces of tricyclazole – a fungicide, the US had rejected consignments of Indian basmati since 2011. The US Environmental Protection Agency has recently fixed the import tolerance for tricyclazole in Indian rice at 3 parts per million (ppm). This is much above the levels detected in Indian basmati consignments (0.12 ppm) in August 2011 by the US authorities.

**Global rice production for 2014/15 is forecast at a record 479.4 million tons** (milled basis), down 1.3 million tons from last month's forecast, but still up almost 2.0 million tons from 2013/14 and the largest crop on record. Crop forecasts were lowered for India and Australia, but raised for Vietnam and the United States. Global rice consumption and residual use in 2014/15 is projected at a record 482.4 million tons. Ending stocks are forecast to decline 3 percent to 108.5 million tons, the first decline in ending stocks since 2006/07.

**The 2015 global trade forecast was raised 0.25 million tons to a record 41.5 million tons**, with the United States accounting for all of the upward revision in exports. On the 2015 import side, Vietnam's and Pakistan's import forecasts were raised, while the Philippines 2015 import forecast was lowered. Thailand is projected to be the largest exporter in 2015, followed by India. China and Nigeria are projected to be the largest rice importers in 2015.

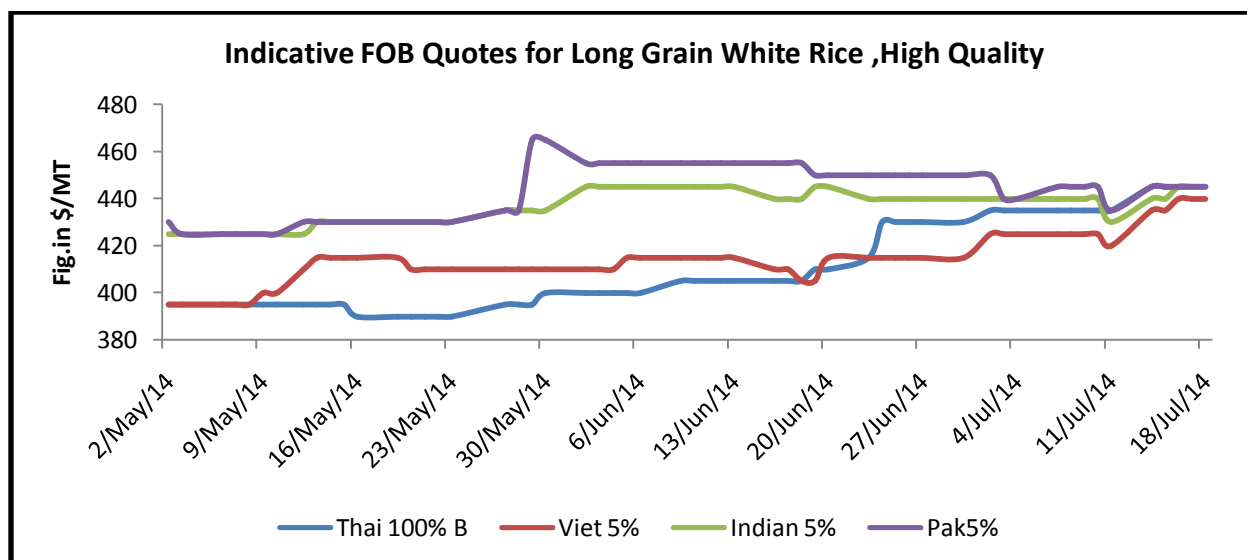
**Prices for all grades of Thailand's regular-milled white rice have increased 4-5 percent since early June.** Price quotes from Vietnam have increased 2-3 percent over the past month. In contrast, prices for U.S. long-grain milled rice and U.S. medium-grain rice have declined over the past month.

**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 Sept- 14, Rough Rice):***  
***(Prices in US\$/hundredweight)***



***Market Analysis:***

The CBOT Sept rough rice chart indicates upward movement in previous sessions. We expect market will hover in the range USD 12.90 to USD 13.45 / hundredweight in coming sessions.

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

Duration	Trend	Price Range
04 <sup>th</sup> Week of July, 2014	<b>Steady to Weak</b>	12.90-13.45

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