AGRIWATCH

Rice Weekly Research Report
04th Aug, 2014

Latest Market Development:-

Average rice price in the fourth week of July was firm by 7.44 % from last week price of Rs.3260/qtl, buying interest at this level and lower sown area is main attribute to push the price in northward. We expect price will move steady in coming week as common grade paddy acreage is still behind by approx 22% from last year.

With improvement in rainfall status in recent weeks and enhanced sowing activities coverage area under rice has improved considerably. However, it is lagging behind by 7 percent from last year till 01 August. Rice trans-planting till 1st August was registered at 221.56 lakh hectare against 238.87 lakh hectare on corresponding period last year. India Meteorological Department (IMD), rainfall percent departure fromLong Period average (LPA) on all India basis is down by 9% from normal rainfall. Total kharif area has crossed 706 lakh ha.

As per latest report by IGC, total Indian rice production is likely to touch 105 million tonnes in 2014-15 and USDA estimate for rice production is 106 million tonnes, however Agriwatch estimation of Indian rice production in kharif season 2014-15 is likely to touch 98-99 million tonnes due to late sowing as well lower area coverage.

As wide spread rainfall continues in major growing area, deficit percent is likely to decrease further with span of time. Better rainfall and good pace of sowing activities would minimize the impact of late trans-planting. However, it would delay rabi sowing too. Late trans-planting may delay harvesting of rice by 15 to 20 days this year. Past experience says that when maturity stage enters in winter season, it affects yield. This year total rice area is likely to be in the range of 37.5 to 38.5 million ha.lower area coverage and late trans-planting amid fear of El-Nino impact might reduce crop size from106 to 98 million tonne. Despite lower production prospects supply side is expected to remain ample as stock in central pool is more than enough to take care of current and emerging demand including export.

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 25.07.2014 for the marketing season 2013-14 was 310.96 lakh tonnes against the procurement of 336.02 lakh tonnes upto the corresponding period of last year.

In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 23rd July, 2014 is (-) 25% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 36% in North West India, (-) 22% in Central India, (-) 25% in South Peninsula and (-) 22% in East & North East India.

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.

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 from10 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 25/07/2014:

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	77.73	63.62
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.89	48.04
Haryana	26.09	24.06	26.09
Kerala	2.40	3.59	2.40
Madhya Pradesh	8.98	10.45	8.98
Maharashtra	1.92	1.61	1.90
Odisha	36.13	28.19	35.01
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.18	4.79
Uttar Pradesh	22.86	11.27	22.86
Uttaranchal	4.97	4.54	4.97
West Bengal	17.66	10.71	16.42
All-India	340.28	310.66	335.64

All-India progressive procurement of Rice as on 25.07.2014 for the marketing season 2013-14 was 310.66 lakh tonnes against the procurement of 335.64 lakh tonnes up to 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	27.66					

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

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

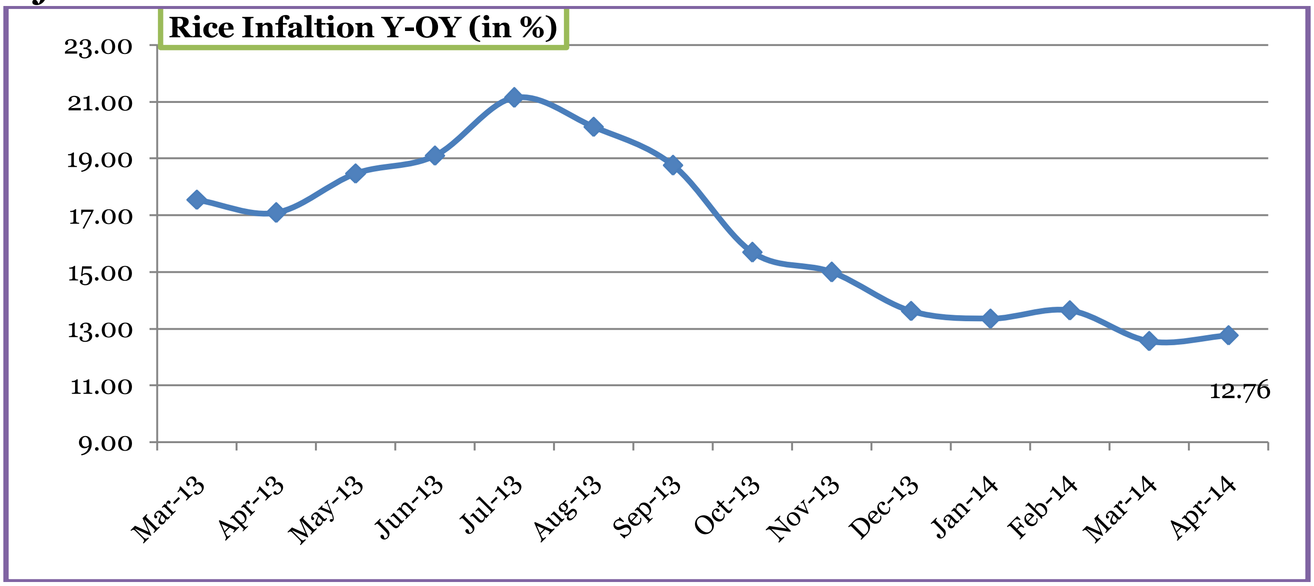
State	Prices 01-08 Aug 2014	Prices 24-31 Jul 2014	Prices 16-23 Jul 2014	Prices 01-08 Aug 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	4305	3845	3494.26	2252.77	11.96	23.2	91.1
Assam	3737.15	2754.78	3018.13	2570.94	35.66	23.82	45.36
Jharkhand	2601.97	2651.08	2691.75	2559.05	-1.85	-3.34	1.68
Karnataka	3991.94	3483.21	3489.33	3018.68	14.61	14.4	32.24
Kerala	3340.2	3378.91	3445.24	4204.88	-1.15	-3.05	-20.56
Meghalaya	3500	3273.26	3407.69	3315.79	6.93	2.71	5.56
Orissa	2238.77	2207.24	2217.24	2248.44	1.43	0.97	-0.43
Tripura	2494.79	2518.12	2461.33	2101.69	-0.93	1.36	18.7
Uttar Pradesh	2078.16	2057.72	2054.29	1874.08	0.99	1.16	10.89
Uttrakhand	2126.93	2036.17	2005.74	1985.28	4.46	6.04	7.14
WestBengal	3025.3	2711.85	2711.03	2583.08	11.56	11.59	17.12
Average	3040.02	3036.86	3268.53	2775.3			

Average Price in the first week of August is hover in the range of Rs.3030-3040/Qtl which is 0.10 % up from last week; we expect market will move in the range in the coming week.

Price Projection for Aug 02nd Week in Domestic Market:

Duration	Trend	Average Price Range
2nd Week of Aug, 2014	**Steady**	**Rs.3000-3200/Q**

Inflation



Among the food grains, inflation for Rice has increased to 12.76% from the previous month's level of 12.56%.

According to office of Agriculture Economics, Thailand paddy production in 201-15 is likely to reach 38.8 million tones which is almost unchanged from ;last year paddy production of 38.79 million tones.

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.

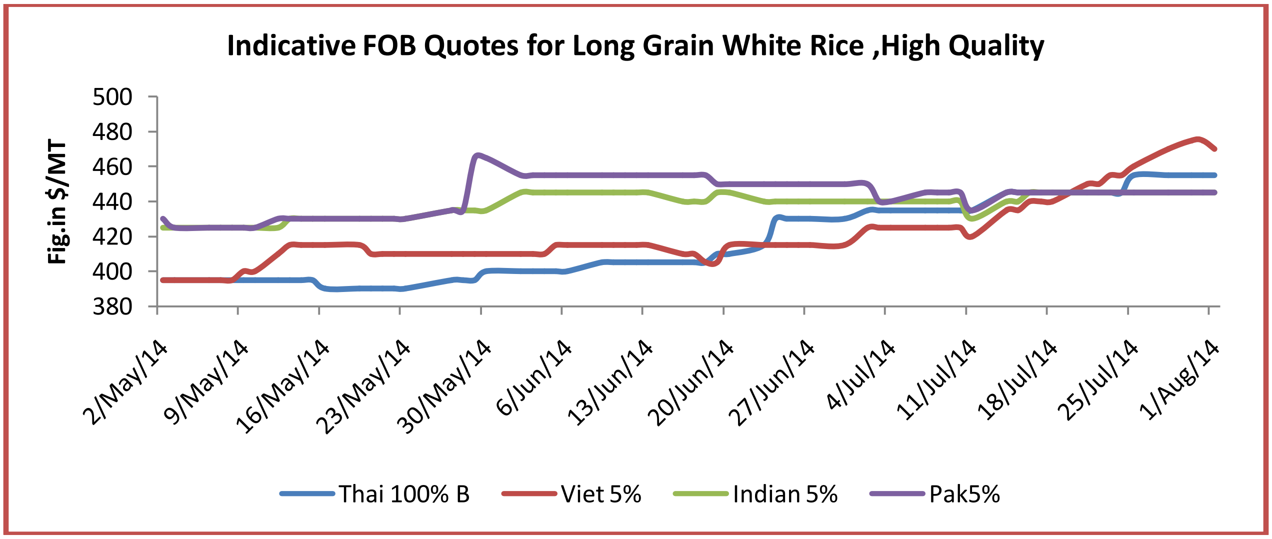
The National Space Agency of Pakistan (SUPARCO) has estimated Pakistan FY 2013-14 (July - June) milled rice production at about 7 million tons from an estimated area of about 2.879 million hectares and an estimated yield of about 2.5 tons per hectare.

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.

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 **26.06.14**	31.07.14
Production	449	467	472	476	476
Trade	36	39	38	40	40
Consumption	445	459	469	476	476
Carryover stocks	100	107	110	109	109
Y-O-Y change	4	7	3	-	0
Major Exporters	31	37	40	39	39

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

IGC Rice Balance sheet Highlights:-

- There are few changes to the Council's 2013/14 forecasts. While overall stocks are expected to show an unusual y/y decline, exporter inventories remain comparatively high.
- For a second consecutive month, prices in the major exporters in Asia were underpinned by tightening availabilities and good demand. Owing to relatively steep gains in both Vietnam and Thailand, the IGC GOI rice sub-Index was up by 3% m/m.
- Concerns remain about deficient monsoon rains in India which,despite some recent improvement, have contributed to delays in seeding the 2014/15 kharif crop.

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Rice Price Trend @ CBOT Sept- 14, Rough Rice):
(Prices in US$/hundredweight)

Market Analysis:

The CBOT Sept rough rice chart indicates down ward movement in previous sessions. We expect market will hover in the range USD 12.60 to USD 13.40 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
01st Week of Aug, 2014	**Steady to Weak**	12.60-13.40