

Latest Market Development:-

Average rice price in the first week of August was Rs.3270-3275/quintal which is up by 8% from last week price of Rs.3030/quintal, however average price of common grade rice was up by 18% from same period last year due to lower production prospects in coming Kharif season 2014-15.

As per Agri watch preliminary estimates, India is likely to produce about 98 to 99 million tonnes of rice in 2014-15 which is down about 6% from last year rice production of 106 million tonnes due to lower rainfall in July and increasing fear of El-Niño factor. Recently USDA also revised the Indian rice production for 2014-15 down to 99.5 million tonnes from 104 million tonnes due to 3% fall in kharif rice area from 43.94 million hectare in 2013-14 to 42.7 million hectare in 2014-15

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.

As per data received by Food Corporation of India (FCI) India's rice stock in central pool kitty as on Aug-01st 2014 reached at about 24.7 million tonnes down about 19% from about 31.51 million tonnes recorded at the same period last year, but more than double the required stock of 11.8 MMT. Consequently, the Government of India (GOI) has sufficient stocks to take care of tight market supplies and restrict any potential rice price spike.

Rice export is estimated lower at 8.0 MMT in 2014-15 from 10 MMT in 2013-14, reflecting the relatively tight domestic supplies, lower demand and expected higher domestic prices. Recent surges in domestic prices vis-à-vis the current exchange rate with the U.S. dollar have affected the export competitiveness of Indian rice. This dynamic may change as international prices and exchange rates fluctuate. The GOI is unlikely to impose export restrictions on rice given current sufficient domestic supplies, as well as current production and export estimates.

Total rice export for the marketing year (starting September) till July-2014 is registered at 80.71 million tonnes in which non-basmati and basmati rice contributions are approx 62% and 38% respectively. Rice export in the month of July was 7.11 lakh tonnes,

Among the food grains, inflation for Rice in June-2014 has decreased to 10.24% from the previous month's level of 12.75%, Cereals to 5.33% from the previous month's level of 7.67% and Wheat to 0.73% from the previous month's level of 3.64%. Inflation for Pulses has increased to 1.78% from the previous month's level of 0.78%.

The Indian government has ordered the state government not to fix any bonus over the minimum support price on rice for 2014-15 kharif marketing season starting from October, as it will enhance market availability, tame food inflation and is supportive of export competitiveness of grains.

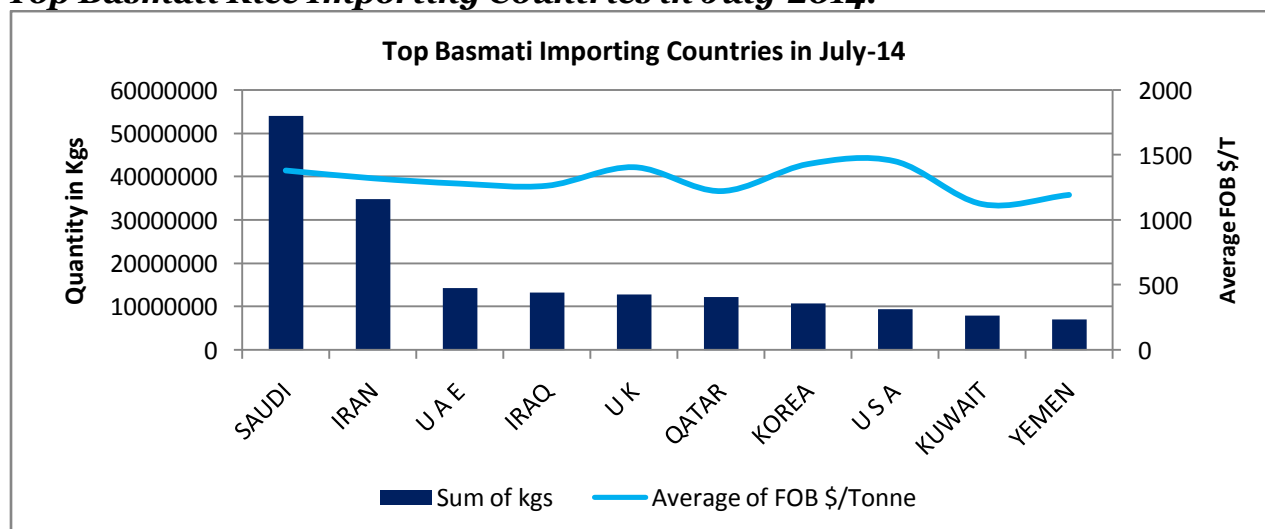
Rice Monthly Export:

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	Jul-14*	4.81	2.30	7.11
Aug-13	7.11	2.75	9.86				
Sep-13	7.72	2.06	9.78				
Total	72.4	36.58	109	Total	50.39	30.32	80.71

Revised (Source-DGCIS & * = IBIS)

Total rice export for the marketing year (starting September) till July-2014 is registered at 80.71 million tonnes in which non-basmati and basmati rice contributions are approx 62% and 38% respectively. Rice export in the month of July was 7.11 lakh tonnes, lower by around 28% from same period last year due to higher FOB quotes and lower basmati demand from Middle East.

Top Basmati Rice Importing Countries in July-2014:-



For the month of July, Saudi Arabia emerged as the largest importer of Indian basmati rice following the increase of import duty by Iran during second half of the month. Higher FOB quotes were offered from U.K and U.S.A. Basmati rice export is expected to decline in remaining months due to lower demand from Iran as well as lower availability of stock in the market.

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 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 unmilled paddy lying with FCI and State Agencies in terms of rice.

Total rice stocks in India's central pool have down to 24.7 million tons as of Aug- 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	3148.03	3845	3494.26	2252.77	-18.13	-9.91	39.74
Assam	3206.81	2754.78	3018.13	2570.94	16.41	6.25	24.73
Gujarat	2602.36	2599.96	2604.05	2432.21	0.09	-0.06	7
Jharkhand	2640.32	2595.97	2672.26	2559.05	1.71	-1.2	3.18
Karnataka	3300.29	3481.6	3489.33	3018.68	-5.21	-5.42	9.33
Kerala	3343.06	3378.91	3445.24	4204.88	-1.06	-2.97	-20.5
Maharashtra	3492.94	3190.6	4069.02	3120.66	9.48	-14.16	11.93

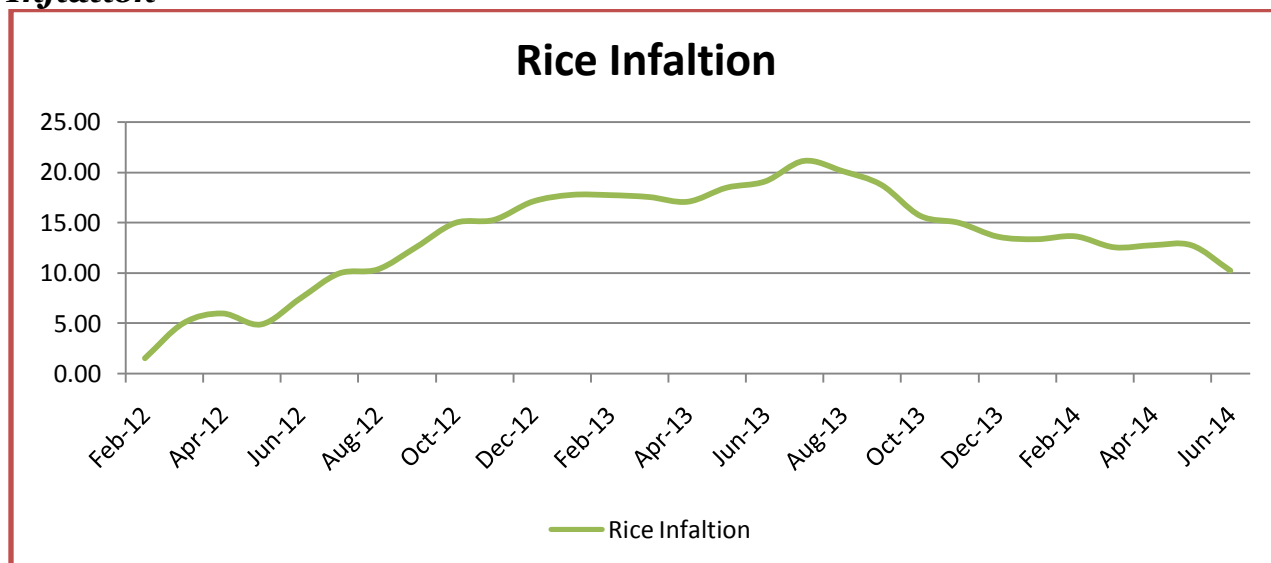
Meghalaya	3199.21	3273.26	3407.69	3315.79	-2.26	-6.12	-3.52
Orissa	2308.18	2212.28	2218.64	2248.44	4.33	4.04	2.66
Telangana	3545.45	2072.09	3379.85	3741.47	71.11	4.9	-5.24
Tripura	2564.45	2540.42	2509.08	2101.69	0.95	2.21	22.02
U.P	2061.09	2053.75	2054.24	1874.08	0.36	0.33	9.98
Uttarakhand	2016.72	2036.17	2005.74	1985.28	-0.96	0.55	1.58
West Bengal	2705.27	2680.68	2705.47	2583.08	0.92	-0.01	4.73
Average	3274.77	3030	3270.55	2775.3			

Common grade rice price in first week of August was hover in the range of Rs.3250-3275/quintal, which is up by around 8% from last week and 18% from same period last year. Average price of rice is higher in southern states like Karnataka, Kerala, Maharashtra and Telangana as stockiest are active in these states due to fear of lower production prospects in Kharif season 2014-15. However states like Bihar, Odisha, U.P and Uttarakhand, prices are hover in the range of Rs.2000-2600/quintal due to good production prospects.

Price Projection for Aug 02nd Week in Domestic Market:

Duration	Trend	Average Price Range
2 nd Week of Aug, 2014	Steady	Rs.3150-3250/Q

Inflation



Among the foodgrains, inflation for Rice has decreased to 10.24% from the previous month's level of 12.75%, Cereals to 5.33% from the previous month's level of 7.67% and Wheat to 0.73% from the previous month's level of 3.64%. Inflation for Pulses has increased to 1.78% from the previous month's level of 0.78%.

Global Updates:

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.

Thailand's commerce ministry planning to auction to sell about 200,000 to 500,000 tons of rice between August to September 2014 after finishing the inspection of rice, however Thai government reported that around 70 percent of the rice storage warehouses (around 18 million metric tons) have been inspected. Around 80 percent of the government-owned rice (or approximately 10 million metric tons) is in good condition, of which approximately 3 million metric tons are broken white rice.As [per reported, Thailand government also planning to negotiate with china to purchase 1 million tonne of rice from the new harvest which starts from October-2014 under G2G deal.

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.

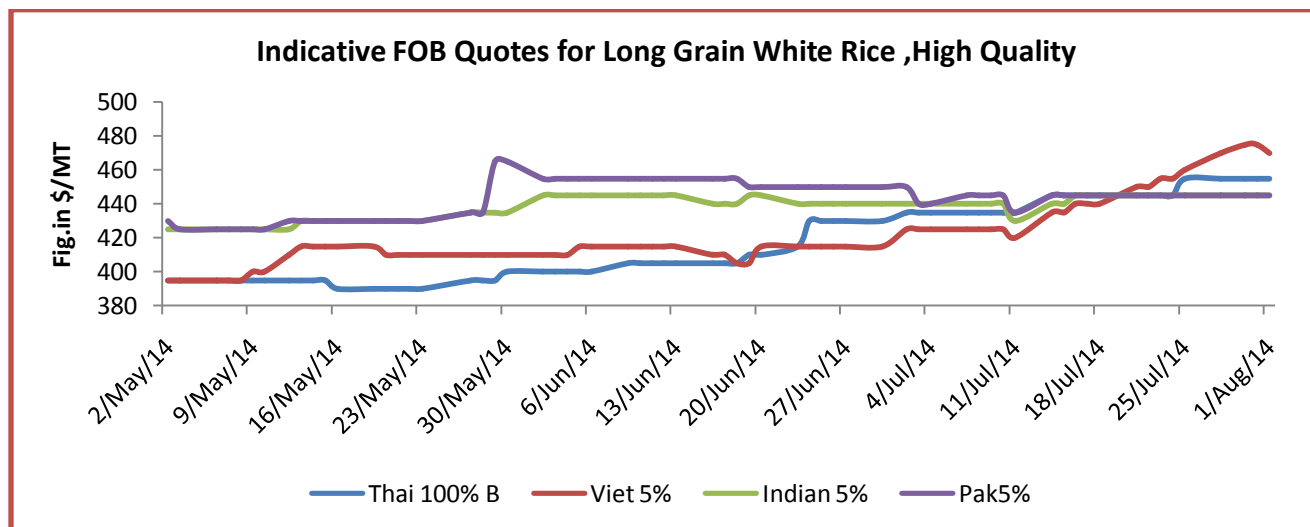
Pakistan rice production in 2013-14 is reached to 7.1 million tonnes from an estimated area of about 2.879 million hectares and an estimated yield of about 2.5 tonnes per hectare. In export front, Pakistan has exported about 3.16 million tonnes of rice in 2013-14 which is down by 7% from last year.

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.

Indian basmati export volume is bound to decline in the months ahead with upward revision of import duty by Iran. In an unexpected move Iran has increased import duty from 22 percent to 40 percent on basmati in the fourth week of July. Almost 18 percent hike in import duty would make Indian basmati costly at least by 20 percent in Iran. The move is considered as part of discouraging import and encouraging local farmers to grow more aromatic and common rice.

Source: oryza

FOB Quotes for Long Grain White Rice, High Quality



FOB quotes for the month of July have been on rise in Vietnam and Thailand however, it is steady in Pakistan and India. Indian FOB for white rice high quality is expected to move in north direction as there is a shortage of ready stock in private hands and demand from African continents continues to lend support to the rice market fundamentals. However, govt. has enough rice stock to take care of emerging demand and rein any unexpected gains.

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.

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
02 nd Week of Aug, 2014	Steady to Weak	12.30-12.60

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