Latest Market Development:-

Average rice price in the second week of August was Rs.2800-2820/quintal which is down by 2% from last week price of Rs.2875/quintal, better sowing progress also supported by lower demand from consuming states put the pressure on rice price, however in coming weeks price is likely to move in range bound with positive territory.

Recent rain in northern and central India helps to improve the paddy sowing in northern and central Indian growing states like Punjab, Haryana, U.P and Bihar. Planting for kharif sowing area reached to 29.62 million hectare as of August 14, 2014 which is down by only 1% from last year same period sowing of 29.90 million hectare.

As per latest report by USDA, Global rice production for 2014/15 is forecast at 477.3 million tons (milled basis), down 2.1 million tons from last month's forecast but still the largest crop on record. Production forecasts for 2014/15 were lowered for Australia, Bangladesh, Brazil, India, and Indonesia, but raised for the United States. Global rice consumption and residual use in 2014/15 is projected at a record 482.1 million tons, pulling ending stocks down 5 percent from 2013/14 to 105.4 million tons.

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

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.

All-India progressive procurement of Rice as on 08.08.2014 for the marketing season 2013-14 was 312.37 lakh tonnes against the procurement of 336.63 lakh tonnes up to the corresponding period of last year.

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,

In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 06th August, 2014 is (-) 18% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 32% in North West India, (-) 4% in Central India, (-) 16% in South Peninsula and (-) 26% in East & North East India.

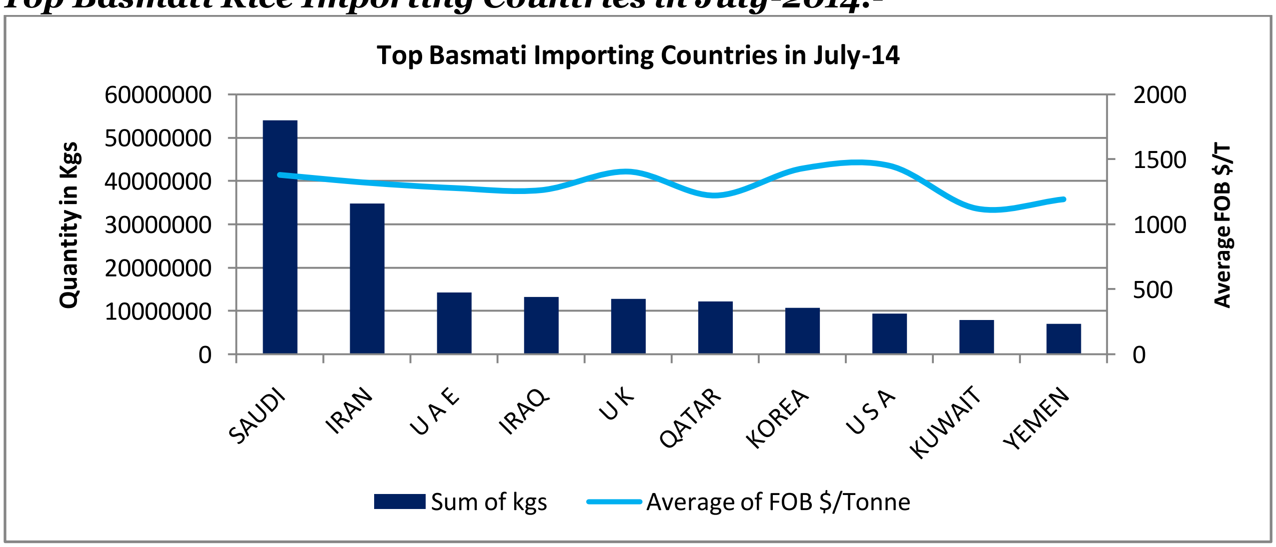
Rice Monthly Export:

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 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 24.7 million tons as of Aug- 1, 2014.

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

State	Prices 09-15 Aug 2014	Prices 01-08 Aug 2014	Prices 24-31 Jul 2014	Prices 09-15 Aug 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	2506	3164.42	3845	2323.02	-20.81	-34.82	7.88
Assam	3120.75	3206.81	2754.78	2615.69	-2.68	13.28	19.31
Gujarat	2688.28	2601.85	2599.96	2409.92	3.32	3.4	11.55
Jharkhand	2748.07	2641.26	2595.97	2612.5	4.04	5.86	5.19
Karnataka	3316.43	3388.61	3481.6	2070.74	-2.13	-4.74	60.16
Kerala	3425.76	3391.28	3378.91	3771.56	1.02	1.39	-9.17
Manipur	3400	3400		2500	0	__	36

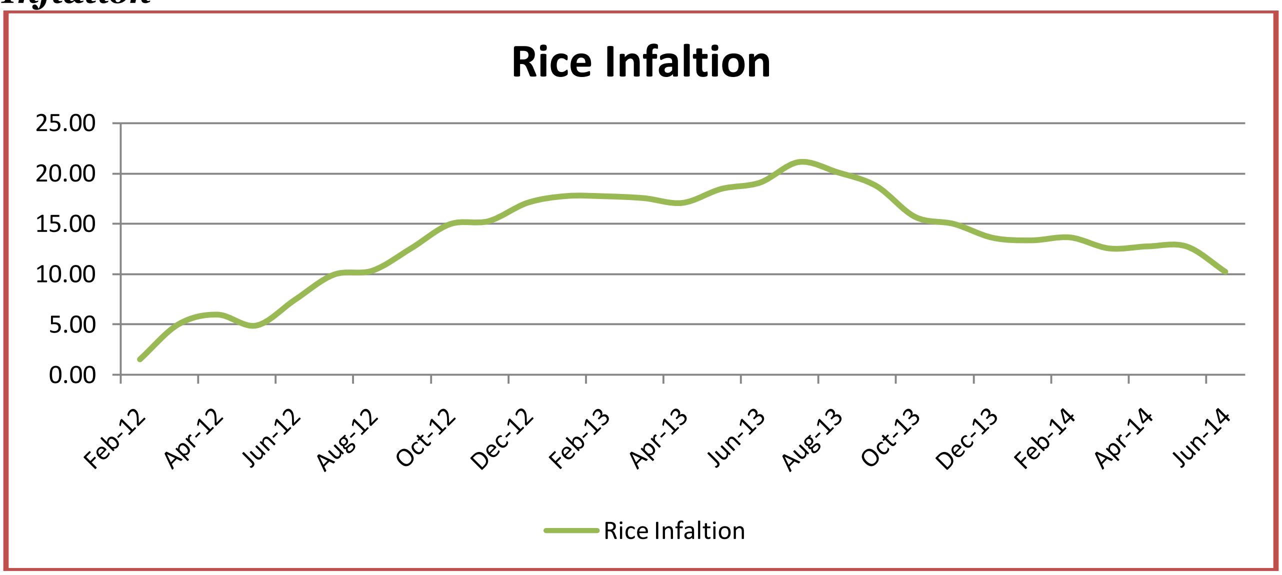
Meghalaya	3500	3199.21	3273.26	3500	9.4	6.93	0
Orissa	2420.77	2308.18	2212.28	2296.83	4.88	9.42	5.4
Telangana	3000	3545.45	2072.09	3295.79	-15.38	44.78	-8.97
Tripura	2559.78	2571.48	2540.42	2147.28	-0.45	0.76	19.21
UP	2069.96	2065.5	2053.75	1876.53	0.22	0.79	10.31
Uttarakhand	2004.52	2016.72	2043.68	1981.37	-0.6	-1.92	1.17
WB	2706.93	2752.17	2680.34	2651.76	-1.64	0.99	2.08
Average	2819.08	2875.21	3030.52	2670.39			

Average rice price in all India bases is down by 2% from last week due to normal demand from consumers end and stockiest are also buying at snail pace. Sowing of kharif paddy in last week is improved due to good rainfall in major growing states. We expect rice market would likely to move in the range bound in coming months.

Price Projection for Aug 03rd Week in Domestic Market:

Duration	Trend	Average Price Range
03rd Week of Aug, 2014	**Steady to Firm**	**Rs.2900-3200/Q**

Inflation



Among the food grains, 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.

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.

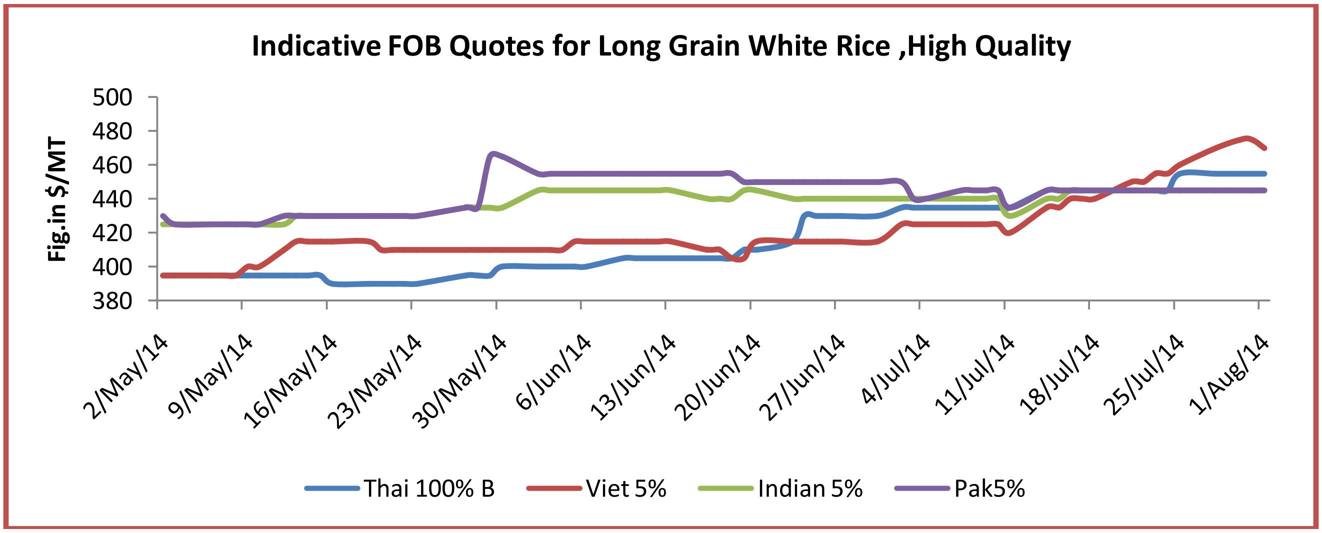
Pakistan rice production in 2013-14 is reached to 7.1 million tonnes from an estimated area of about 2.879 million hectares and an estimated yield of about 2.5 tons per hectare. In export front, Pakistan has exported about 3.16 million tonnes of rice in 2013-14 which is down by 7% from last year.

The Vietnam Food Association (VFA) has forecast that the country's rice exports are likely to reach 6.3 million tonnes this year, Vietnam News Agency (VNA) reported. The association also predicted rice exports of 1.9 million tonnes and 1.4 million tonnes in the third and fourth quarters of 2014, respectively. Vietnam shipped over 3.6 million tonnes of rice in the first seven months of 2014, earning US$1.056 billion, representing decreases of 10.78 per cent in volume and 10.27 per cent in value.

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 Ministry of Agriculture Development has said so far only 78 percent of rice transplantation has been completed in the country. Transplantation was 20 percent less this year as compared to last year due to lack of rain in time. Mainly rice plantation starts in Nepal in the Nepali month of Asar (June - July) and ends in Saun (July-August). It has been completed so far in 14 districts in high hilly districts, 39 in mid hill and 20 districts in Terai. Last year, it was completed in 98 percent and 1,486,000 hectares of land and produced 5,200,000 metric tons of paddy, but 900,000 metric tons of rice was imported. Production will decrease as compared to last year and quality will also be deteriorated, said Ministry Joint Spokesperson Tek Prasad Luintel.

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 upward movement in previous sessions. We expect market will hover in the range USD 12.60 to USD 12.80 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
03rd Week of Aug, 2014	**Steady to firm**	12.60-12.80