

***Latest Market Development:-***

**Average rice price in the third week** of August was Rs.2770-2780/quintal which is down by 1.05% from last week price of Rs.2809/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.

**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 33.51 million hectare as of August 22, 2014 which is slightly up by 0.41% from last year same period sowing of 33.37 million hectare.

**In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 13th 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 (-) 29% in North West India, (-) 9% in Central India, (-) 15% in South Peninsula and (-) 23% in East & North East India.

**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-01<sup>st</sup> 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 14.08.2014 for the marketing season 2013-14 was 312.77 lakh tonnes against the procurement of 336.81 lakh tonnes upto 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,

### ***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.

### ***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 14/08/2014:***

State	Total procurement in marketing season	Progressive Procurement as on 14.08.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	78.94	64.21
Bihar	13.03	8.28	12.49
Chhattisgarh	48.04	42.90	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	4.63	4.97
West Bengal	17.66	11.51	16.98
All-India	340.28	312.77	336.81

All-India progressive procurement of Rice as on 14.08.2014 for the marketing season 2013-14 was 312.77 lakh tonnes against the procurement of 336.81 lakh tonnes up to the corresponding period of last year.

### ***Rice Stock in Central Pool Kitty from 2011-2014:***

<b>Year</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<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 24.7 million tons as of Aug- 1, 2014.

### ***State wise Wholesale Prices Weekly for Rice Third Week of August, 2014:***

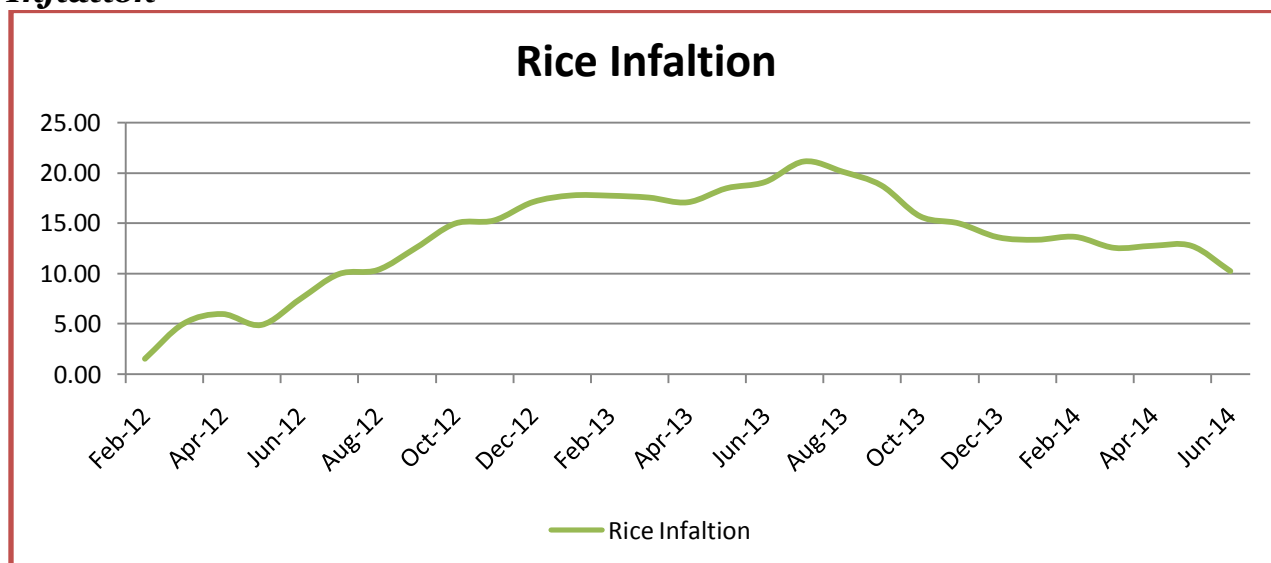
<b>State</b>	<b>Prices 16-23 Aug 2014</b>	<b>Prices 09-15 Aug 2014</b>	<b>Prices 01-08 Aug 2014</b>	<b>Prices 16-23 Aug 2013</b>	<b>% Change(Over Previous Week)</b>	<b>% Change(Over Previous to Previous Week)</b>	<b>% Change(Over Previous Year)</b>
AP	2428.79	2522.88	3164.42	2061.4	-3.73	-23.25	17.82
Assam	3242.21	3110.99	3206.81	2613.81	4.22	1.1	24.04
Gujarat	2604.62	2697.64	2606	2528.13	-3.45	-0.05	3.03
Jharkhand	2636.25	2688.97	2625.52	2674.59	-1.96	0.41	-1.43
Karnataka	3352.87	3277.08	3388.61	2824.52	2.31	-1.05	18.71
Kerala	3423.47	3425.76	3390.34	3718.13	-0.07	0.98	-7.92
Manipur	3400	3400	3400	2500	0	0	36
Meghalaya	3049.3	3500	3199.21	3500	-12.88	-4.69	-12.88
Orissa	2543.53	2440.25	2310.57	2225.33	4.23	10.08	14.3
Tripura	2573.29	2594.53	2571.48	2280.01	-0.82	0.07	12.86
UP	2078.56	2064.15	2059.15	1898.65	0.7	0.94	9.48
Uttarakhand	2041.88	2004.52	2016.72	2127.96	1.86	1.25	-4.05
West Bengal	2751.69	2778.02	2750.94	2669.4	-0.95	0.03	3.08
<b>Average</b>	<b>2778.95</b>	<b>2808.56</b>	<b>2822.29</b>	<b>2745.01</b>			

Average rice price in all India bases is down by -1.05% 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 higher from last year as rainfall in previous week was quite better for sowing of paddy transplanting.

**Price Projection for Aug 04<sup>th</sup> Week in Domestic Market:**

Duration	Trend	Average Price Range
04 <sup>th</sup> Week of Aug, 2014	<b>Steady to Firm</b>	<b>Rs.2750-2950/Q</b>

**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:**

**As per latest report by FAO, Iran's paddy production** is likely to up by 2% from last year paddy production of 2.9 million tons to 2.95 million tons in 2014-15. However it is expected that Iran's rice import would decline significantly this year due to 40% hike on import duty over basmati rice and Iran will likely to import around 1.5-1.6 million tons of rice in 2014-15.

**Sri Lanka rice production from both crop i.e., Yala** ( April-September) and Maha (Sept-13-April,14) is severely affected by prolonged drought in the north, central and eastern providence and thus country is planning to import 15,000 tons of rice from Vietnam to meet the domestic demand, also Sri Lanka government approved to import 50,000 tons rice from India in the last week of July.

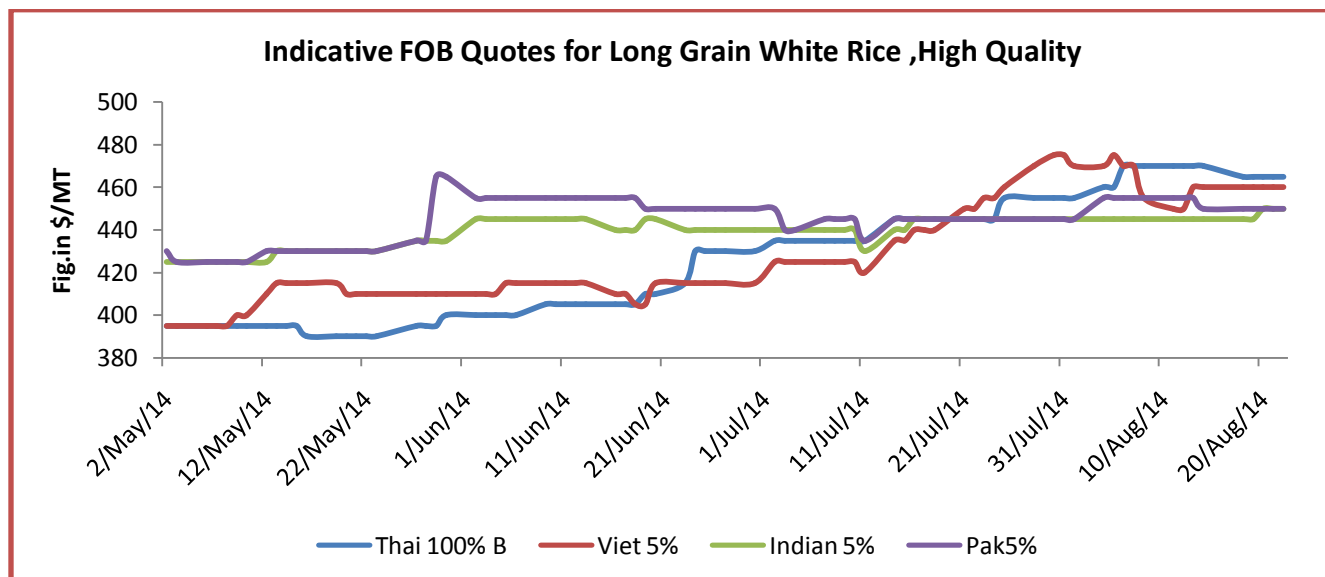
**According to office of Agriculture Economics**, Thailand paddy production in 201-15 is likely to reach 38.8 million tones which is almost unchanged from last year paddy production of 38.79 million tones.

**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.

### FOB Quotes for Long Grain White Rice, High Quality



FOB quotes for the month of August have been on rise in almost all exporting country like Vietnam, Thailand, 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
<b>Production</b>	449	467	472	476	476
<b>Trade</b>	36	39	38	40	40
<b>Consumption</b>	445	459	469	476	476
<b>Carryover stocks</b>	100	107	110	109	109
<b>Y-O-Y change</b>	4	7	3	-	0
<b>Major Exporters</b>	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 steady to downward movement in previous sessions. We expect market will hover in the range USD 12.65 to USD 12.80 / hundredweight in coming sessions.

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

Duration	Trend	Price Range
04 <sup>th</sup> Week of Aug, 2014	<b>Steady</b>	12.65-12.80

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