

***Latest Market Development:-***

Average rice price in the first week of September was down by -16.30% from last week and it is up by 8.77% from same period last year and currently hovers in the range of Rs.2930-240/quintal. We expect price will move in the range bound in coming week.

As per by Ministry of agriculture, Planting for kharif rice crop, or main rice crop (June – December; harvesting begins in October) in India has reached around 36 million hectares of rice area as of Sept-05, 2014, down about 1 % from about 336.40 million hectares planted during the same time last. Rainfall occurred in many parts of central and eastern India after mid July leading to improved water levels in several reservoirs as well as the paddy planting to revive.

As per the latest data release by Ministry of Agriculture, Govt of India, basmati (aromatic) acreage in 2014-15 has soared 40% to around 3.5 million hectare from 2.5 million ha last year due to better than normal returns by basmati farmers. The government estimates overall aromatic rice production in 2014-15 at 8.5 million tonnes from its estimate of 6.25 million tonnes last year.

As per trade sources, there has been a significant increase in 1509 basmati acreage in all basmati growing states due to the success of the new variety in its first year last year. The increase is estimated to be in the range of 20-40%. The increase in 1509 basmati acreage is mainly at the expense of coarse rice varieties like Parmal in Punjab and Haryana and Sugandha in U.P.

All-India progressive procurement of Rice as on 22.08.2014 for the marketing season 2013-14 was 313.08 lakh tonnes against the procurement of 337.05 lakh tonnes up to the corresponding period of last year.

In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 20th 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, (-) 15% in Central India, (-) 16% in South Peninsula and (-) 15% in East & North East India.

Among the food grains, inflation for Rice in the month of July has decreased to 6.85% from the previous month's level of 10.24%, Cereals to 4.46% from the previous month's level of 5.33% and Wheat has increased to 1.02% from the previous month's level of 0.73% and Pulses to 3.31% from the previous month's level of 1.78%.

As per data received from IBIS, total rice export in the month of August was 8.22 lakh tons which is up by around 16% from last month export of 7.11 lakh tons. However basmati export in the month of August was down by -6.5% from July due to increased the import duty from Iran, which is the largest Indian basmati rice importer.

### ***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	Aug-14*	6.07	2.15	8.22
Sep-13	7.72	2.06	9.78				
<b>Total</b>	<b>72.4</b>	<b>36.58</b>	<b>109</b>	<b>Total</b>	<b>56.46</b>	<b>32.47</b>	<b>88.93</b>

Revised (Source-DGCIS & \* = IBIS)

Total rice export in MY-2013-14 starting from September 2013 till August-2014 was registered 88.93 million tonnes in which non basmati and basmati rice percentage contribution are approx 74% and 26% respectively. Rice export in the month of August was 8.22 lakh tonnes which is down by around 17% from same period last year. Basmati rice export in the month of August was lower than previous month due to 40% increased in import policy by Iran.

### ***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
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(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 22/08/2014:***

State	Total procurement in marketing season	Progressive Procurement as on 22.08.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	79.12	64.32
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	11.63	17.12
All-India	340.28	313.08	337.05

All-India progressive procurement of Rice as on 22.08.2014 for the marketing season 2013-14 was 313.08 lakh tonnes against the procurement of 337.05 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	24.56				

\*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 24.76 million tons as of Aug- 1, 2014.

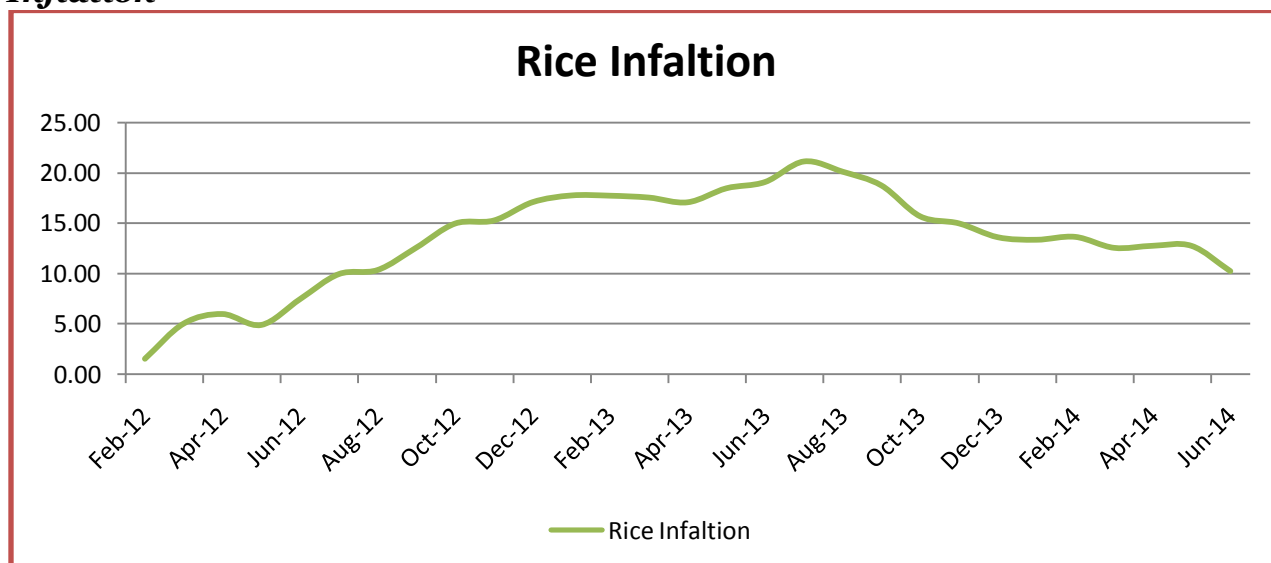
### ***State wise Wholesale Prices Weekly for Rice first Week of Sept, 2014:***

State	Prices 01-08 Sep 2014	Prices 24-31 Aug 2014	Prices 16-23 Aug 2014	Prices 01-08 Sep 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3835.62	3987.82	2495.91	2261.99	-3.82	53.68	69.57
Assam	3287.48	3194.57	3237.72	2627.22	2.91	1.54	25.13
Gujarat	2637.9	2641.91	2604.45	2479.29	-0.15	1.28	6.4
Jharkhand	2642.21	2722.16	2647.6	2690.68	-2.94	-0.2	-1.8
Karnataka	3512.98	3624.43	3322.03	2819.39	-3.07	5.75	24.6
Kerala	3318.13	3486.52	3406.54	3758.41	-4.83	-2.6	-11.71
Maharashtra	3671.86	10754.05	9573.04	3810.06	-65.86	-61.64	-3.63
Meghalaya	3281.45	3169.57	3049.3	2884.62	3.53	7.61	13.76
Orissa	2393.84	2486.31	2535.36	2352.73	-3.72	-5.58	1.75
Tripura	2620.78	2617.66	2590.05	2359.02	0.12	1.19	11.1
UP	2086.64	2081.21	2066.43	1899.6	0.26	0.98	9.85
Uttarakhand	2075.09	2076.78	2041.88	2006.82	-0.08	1.63	3.4
West Bengal	2660.4	2586.57	2736.45	2673.34	2.85	-2.78	-0.48
Average	2924.95	3494.58	3264.77	2688.88			
As per the data reported by APMCs							

Average rice price in all India bases is down by -16.30% from last week due to slow demand from non basmati buyers as well it is up by 8.77% from same period last yaer.

**Price Projection for Sept 2<sup>nd</sup> Week in Domestic Market:**

Duration	Trend	Average Price Range
02 <sup>nd</sup> Week of Aug, 2014	<b>Steady</b>	<b>Rs.2850-2950/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 TREA (Thai Rice Exporters Association), Thailand exported more rice in July than any month in three years. The country shipped 941,691 tonnes of rice worth 14.4 billion baht, supported by attractive prices. However, the last record for rice exports by Thailand was in August- 2011 of 1.13 million tonnes.

Thailand Rice export for MY 2014-15 is likely to up by 34% from last year export of 6.7 million tons to reach about 9.5 million starting from Oct-2014 to September-2015. The main reasons for increased export forecast are removal of rice pledging scheme, downfall in domestic as well International prices and supported by increased demand from China, Indonesia and Philippines.

Burma's rice exports surged 41% since April, due to increased demand from Russia. The Democratic Voice of Burma website reported that the country exported \$196 million in rice from April 1 to Aug 15, up from \$139 million shipped out during the same period last year.

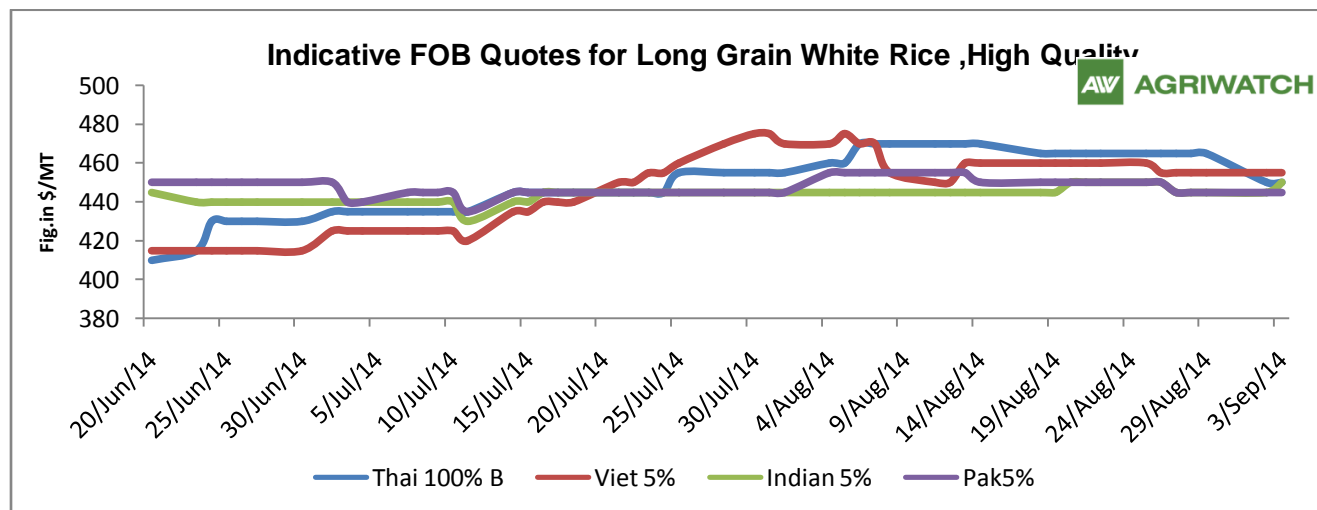
As per latest report by FAO, Iran's paddy production is likely to up by 2% from last year paddy production of 2.9 million tons to 2.95 million tons in 2014-15. However it is expected that Iran's rice import would decline significantly this year due to 40% hike on import duty over basmati rice and Iran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

### 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 <b>26.06.14</b>	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
01 <sup>st</sup> Week of Sept, 2014	<b>Steady</b>	12.65-12.80

### ***Disclaimer***

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