

Latest Market Development:-

Average rice price in the second week of September was up by 4.10% from last week and it is down by 1.71% from same period last year and currently hovers in the range of Rs.2750-2790/quintal. We expect price will move in the range bound with firm bias 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 36.69 million hectares of rice area as of Sept-12, 2014, down by 0.24% from about 36.78 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.

Indian Agriculture Research Institute (IARI), which is the part of ICAR under the agriculture ministry have developed a new pest resistant and high yielding basmati rice variety named “1609”. This new variety is developed with a disease resistant of neck blast which is very common in 1121 basmati paddy. Pusa 1609 has a maturity period of 120 days with yield around 6 tons per hectare.

As per latest information available on sowing of crops, around 93.5% of the normal area under kharif crops has been sown up to 05.09.2014. Area sown under all kharif crops taken together has been reported to be 986.59 lakh hectares at All India level as compared to 1020.78 lakh hectares the corresponding period of last year.

All-India progressive procurement of Rice as on 05.09.2014 for the marketing season 2013-14 was 314.12 lakh tonnes against the procurement of 338.35 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 03rd September, 2014 is (-) 15% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 33% in North West India, (-) 11% in Central India, (-) 05% in South Peninsula and (-) 13% in East & North East India.

With a rainfall deficit of 55% this monsoon starting from June 2014, Haryana government declared the entire state as "drought-affected". Eighteen out of twenty-one districts in the state have received less than 50% of rainfall. The state was earlier declared drought hit in 2002 when el-Niño occurred.

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				
Total	72.4	36.58	109	Total	56.46	32.47	88.93

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

(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 05/09/2014:

State	Total procurement in marketing season	Progressive Procurement as on 05.09.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	79.85	64.43
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	1.91
Odisha	36.13	28.19	36.01
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	11.94	17.30
All-India	340.28	314.12	338.35

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:

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	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.

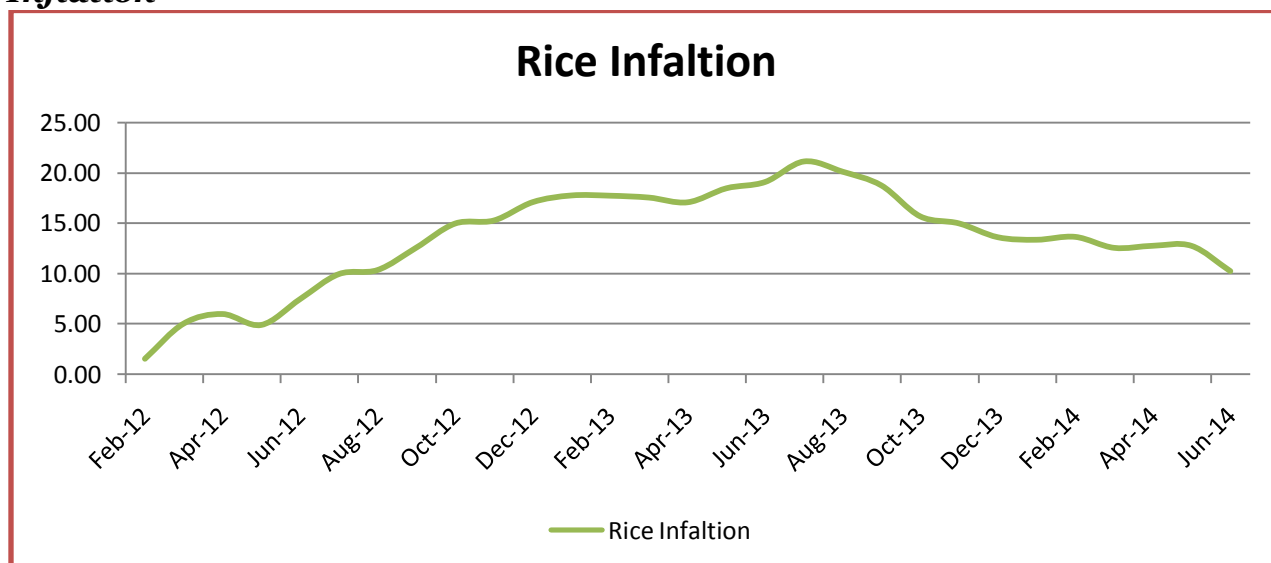
State wise Wholesale Prices Weekly for Rice Second Week of Sept, 2014:

State	Prices 09-15 Sep 2014	Prices 01-08 Sep 2014	Prices 24-31 Aug 2014	Prices 09-15 Sep 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	2385.62	3829.32	3987.82	3729.7	-37.7	-40.18	-36.04
Assam	2965.23	3195.32	3194.57	2632.2	-7.2	-7.18	12.65
Gujarat	2660.36	2637.9	2641.91	2445.54	0.85	0.7	8.78
Jharkhand	2595.81	2624.13	2661.91	2739.74	-1.08	-2.48	-5.25
Karnataka	3572.53	3558.52	3624.43	1929.23	0.39	-1.43	85.18
Kerala	3323.44	3319.31	3486.52	3439.71	0.12	-4.68	-3.38
Maharashtra	3789.15	3652.6	10754.05	4041.4	3.74	-64.77	-6.24
Meghalaya	3333.33	319.42	3169.57	3500	943.56	5.17	-4.76
Orissa	2287.58	2332.57	2486.31	2451.97	-1.93	-7.99	-6.7
Tripura	2712.83	2638.98	2617.66	2635.6	2.8	3.64	2.93
UP	2107.91	2078.08	2081.21	1901.88	1.44	1.28	10.83
Uttarakhand	1910.85	2075.09	2076.78	2022.02	-7.91	-7.99	-5.5
West Bengal	2612.62	2564.82	2599.27	2664.42	1.86	0.51	-1.94
Average	2789.02	2678.93	3383.57	2837.59			

Average rice price in all India bases is up by 4.10% from last week due to lean season and lesser stock in market.

Price Projection for Sept 3rd Week in Domestic Market:

Duration	Trend	Average Price Range
03 rd Week of Aug, 2014	Steady to firm	Rs.2750-2900/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:

FOB quotes for Indian Basmati (1121 steam) has decreased slightly (-0.74%) due to lower demand and better production prospects from new crop. Contrary to this basmati prices in Pakistan has started firming up due to shifting of buyers from Indian to Pakistan and recent crop loss from flooding in Pakistan. The gap between these two country's FoB is likely to narrow down in coming weeks.

A per USDA report, Pakistan rice production estimates for 2014-15 is about 6.7 million tons which is down by -6.94% from last year production of 7.2 million tons due to down in paddy acreage of about -6% from last year area of 2.87 million hectare to 2.76 million hectare in 2014-15. More over recent flooding in Pakistan may impact rice (non basmati & basmati production) negatively and final figure would be lower than current expectation.

Likely lower production of rice in Pakistan might be an opportunity for coming season as production of aromatic in India may increase by 20-25% in 2014-15. Ample availability of aromatic rice stock and competitive price during Oct onwards in India would encourage Indian exporter to off load maximum quantity in global market in 2014-15.

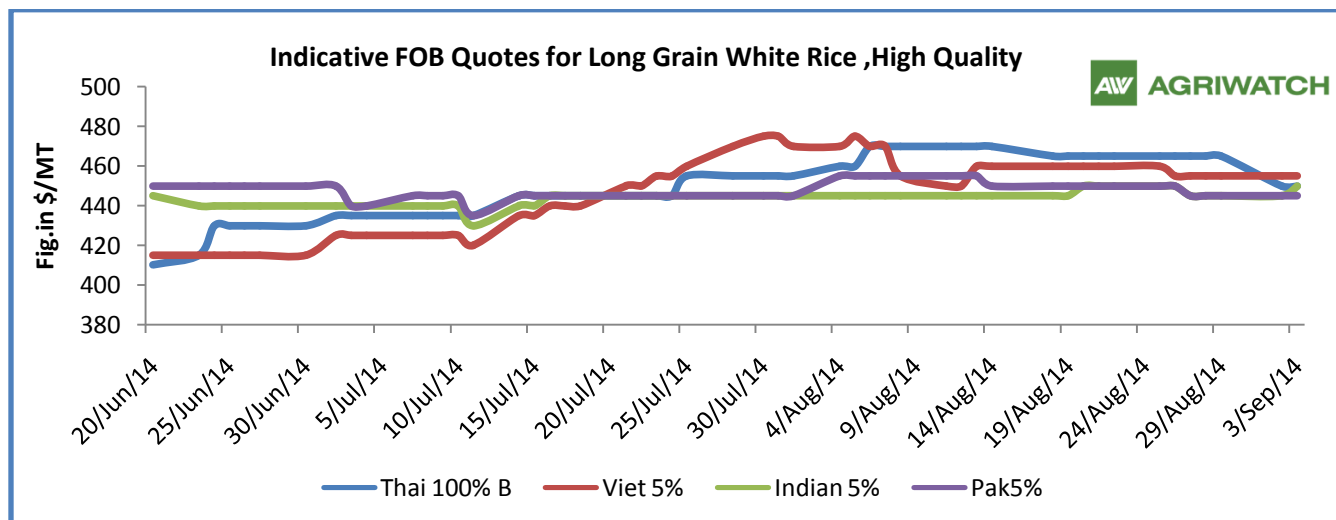
Burma's rice exports surged 41% since April, due to increased demand from Russia. The Democratic Voice of Burma website reported that the country exported \$196 million in rice from April 1 to Aug 15, up from \$139 million shipped out during the same period last year.

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.

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	31.07.14
				26.06.14	
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 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
02nd Week of Sept, 2014	Steady	12.65-12.80

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