

Latest Market Development:-

Average rice price in the first week of October was up by 2.33 % from last week and it is down by 0.9% 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 due to lower demand of higher moisture content fresh paddy.

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 37.48 million hectares of rice area as of September-26, 2014, up about 0.16% from 37.42 million hectares planted during the same time last. India's area under rice cultivation so far has crossed last year's acreage and also surpassed the normal area of 36.08 million hectare under the main summer sown crop. The higher coverage was possible as the monsoon revived in the second half of the June-September rainy season, overcoming the weakest start in five years that initially raised fears of a widespread drought in 2014.

The harvesting of 1509 has started gaining momentum in Punjab and Haryana now and arrivals are expected to increase considerably by mid October. Good sunshine would help to lower the high moisture level in the grains. Before the commencement of arrival 1509(paddy) was traded at Rs 3000/qtl. Now it is being quoted at around Rs 1800/1900 qtl. Traders say that more dip is unlikely as these prices are paid for grain having high moisture content. With space of time dried paddy will come and quotes may improve considerably. The harvesting of Sharbati too has commenced and started hitting the local market in limited quantity. The harvesting of PR varieties will commence in the first week of October. Mostly, people in Amritsar, Gurdaspur and Tarntaran of Punjab prefer to sell their 100% produce immediately after harvest for the fear of moisture loss and infestation.

All-India progressive procurement of Rice in MY 2013-14 till September 19 was 31.57 million tons which is higher by 5% of government target of 30.05 million tons of rice in Marketing year 2014-15. However Procurement of rice for 2014-15 begins at snail's pace in Punjab, which is highest contributor for procurement in MY 2014-15.

Among the food grains, inflation for Pulses has increased to 7.81% from the previous month's level of 3.31%. Inflation for Rice has decreased to 5.44% from the previous month's level of 6.85%, Cereals to 3.70% from the previous month's level of 4.46% and Wheat to 0.67% from the previous month's level of 1.02%.

In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 17th September, 2014 is (-) 12% lower than LPA. Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by (-) 20% in North West India, (-) 06% in Central India, (-) 04% in South Peninsula and (-) 16% 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	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 19/09/2014:

State	Total procurement in marketing season	Progressive Procurement as on 19.09.2014	
	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	1.92
Odisha	36.13	28.19	36.01
Punjab	85.58	81.06	85.58
Tamil Nadu	4.81	6.84	4.81
Uttar Pradesh	22.86	11.27	22.86
Uttaranchal	4.97	4.63	4.97
West Bengal	17.66	12.91	17.44
All-India	340.28	315.75	338.58

All-India progressive procurement of Rice as on 19.09.2014 for the marketing season 2013-14 was 315.75 lakh tonnes against the procurement of 338.58 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	21.65			

*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 21.65 million tons as of Sept- 1, 2014.

State wise Wholesale Prices Weekly for Rice First Week of Oct-2014:

State	Prices 01-08 Oct 2014	Prices 24-30 Sep 2014	Prices 16-23 Sep 2014	Prices 01-08 Oct 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3520	3126.19	2568.35	3702.04	12.6	37.05	-4.92
Assam	2578.1	2876.92	2923.75	2790.08	-10.39	-11.82	-7.6
Gujarat	3987.05	2613.99	2600.61	2412.1	52.53	53.31	65.29
Jharkhand	2371.97	2702.62	2608.48	2549.08	-12.23	-9.07	-6.95
Karnataka	2400	3424.46	3508.57	3379.67	-29.92	-31.6	-28.99
Kerala	3393.22	3417.05	3286.33	3608.19	-0.7	3.25	-5.96
Meghalaya	3995.87	3319.64	273.57	3753.66	20.37	1360.64	6.45
Orissa	2277.12	2232.28	2181.64	2232.24	2.01	4.38	2.01
Punjab	2410	2333.75	2030.36		3.27	18.7	—
Tripura	2631.21	2672.21	2619.04	3055.38	-1.53	0.46	-13.88
U.P	2117.42	2103.98	2088.34	1882.85	0.64	1.39	12.46
Uttarakhand	1965.82	2030.07	2012	1931.66	-3.16	-2.3	1.77
W.B	2641.6	2609.62	2570.91	2514.3	1.23	2.75	5.06
Average	2791.49	2727.9	2405.53	2817.6			

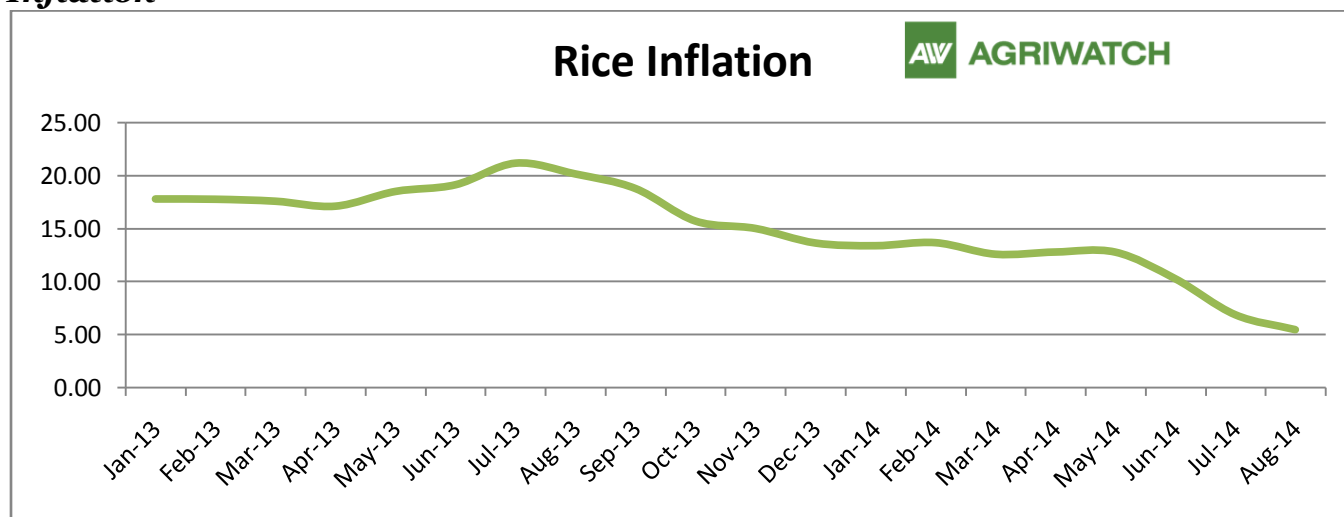
As per the data reported by APMCs

Average rice price in first week of October was up by 2.33% from last week due to lower demand of fresh arrival in which high moisture content is available and buyers are waiting for dry paddy which would likely be starts from mid of October.

Price Projection for Oct 02nd Week in Domestic Market:

Duration	Trend	Average Price Range
02 nd Week of Oct, 2014	Steady to firm	Rs.2750-2850/Q

Inflation



Rice inflation in the month of August has decreased to 5.44% from the previous month's level of 6.85%, Cereals to 3.70% from the previous month's level of 4.46% and Wheat too has decreased to 0.67% from the previous month's level of 1.02%.

Global Updates:

Thailand's rice shipments are on course to hit 11 million tonnes this year thanks to price competitiveness and the government's accelerated attempt to dispose of stocks. It is the biggest export sale ever, with the previous record set in 2004, at 10.14 million tonnes. It is also a surprise to the industry, which in January expected to sell about 8.5 million tonnes in 2014. The ministry has sold one million tonnes of rice to China, 170,000 tonnes to Indonesia and 300,000 tonnes to the Philippines in the latest deal. Demand is also strong from potential buyers including Iran, which plans to send representatives to observe rice quality in state stocks in November.

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.

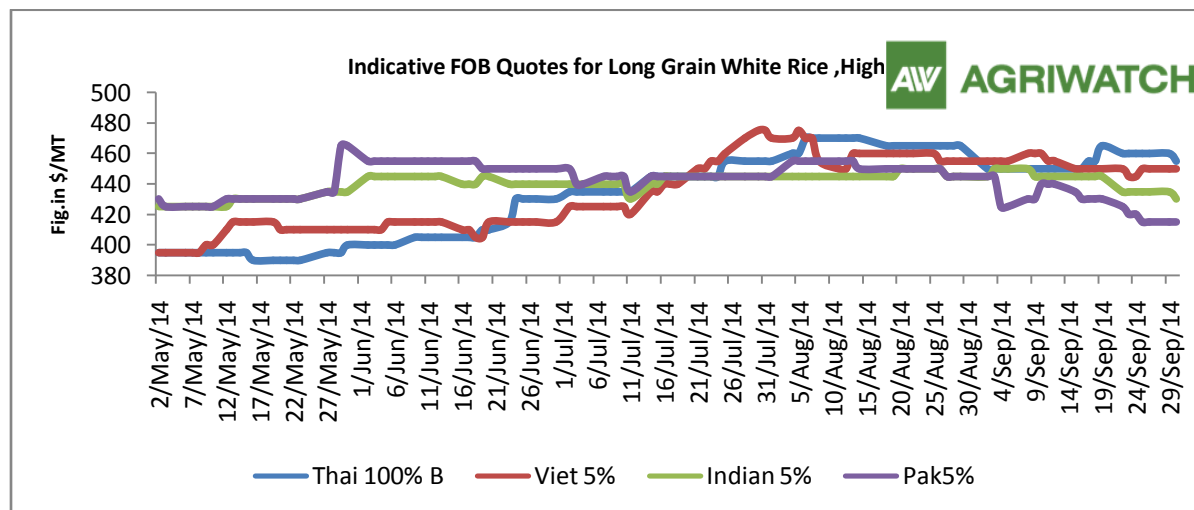
Japan's 2014 rice crop situation has so far been almost normal compared with an average year, according to the Agriculture, Forestry and Fisheries Ministry. The nationwide rice crop index as of Sept. 15 stood at 101, against 100 for an average year. Rice crop has been poor in western and southern Japan because of a serious lack of sunlight there, while the situation has been good in eastern and northern Japan.

FAO has forecasted the Vietnam's rice export in 2014 to increase to around 6.9 million tons, up by 6% from 6.5 million tons exported in 2013 due to expectation of better yield also supported by good overseas demand from Asian countries like, Indonesia, Malaysia, China and Philippines.

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.

FOB Quotes for Long Grain White Rice, High Quality



FOB quotes for the month of September have been on fall in all major exporting countries except Thailand. Export prices increased approximately 1 to 2 percent from the previous week due to tighter domestic supplies during the end of the 2013/14 marketing season and limited sales of the government stocks. Exporters are actively executing the shipments of new-crop white rice to China and Indonesia under the government-to-government contracts.

IGC Balance Sheet:

(Fig. In Million Tonnes)

	2011-12	2012-13	2013-14 est.	2014-15 projection 29.08.14	projection 25.09.14
Production	476	472	476	478	476
Trade	39	38	40	40	41
Consumption	459	469	477	482	481
Carryover stocks	107	110	109	105	104
Y-O-Y change	7	3	-0		-5
Major Exporters	37	40	39	34	34

Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

- ➔ World production, consumption and trade are forecast to reach new highs in 2013/14. While end-season stocks may decline slightly, supplies will remain comfortable.
- ➔ For 2014/15, a smaller crop in India is projected to offset rises elsewhere, with global output seen unchanged from last year.

- ➔ Reflecting continued demand growth in parts of South Asia and sub-Saharan Africa, world inventories will likely be drawn down for a second year in a row.
- ➔ Pressured by good availabilities, global prices dropped to two month lows in September. Weaker prices attracted some additional demand in the second half of the month.

Rice Price Trend @ CBOT Nov- 14, Rough Rice):
(Prices in US\$/hundredweight)



Market Analysis:

The CBOT Nov rough rice chart indicates steady movement in previous sessions. We expect market will hover in the range USD 12.80 to USD 12.90 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
02nd Week of Oct, 2014	Steady to Firm	12.80-12.90

Disclaimer

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