

Latest Market Development:-

Average rice price in the third week of October was up by 2.74 % from last week and it is up by 7.0% from same period last year and currently hovers in the range of Rs.2950-2970/quintal. We expect rice price move in the range bound with firm in coming week instead of paddy arrival in major states due to major crop loss in eastern and southern states.

As per by Ministry of agriculture, Planting of kharif rice crop, or main rice crop (June–December; harvesting begins in October) in India has reached 38.006 million hectares of rice area as of October-17, 2014, up about 1% from 37.67 million hectares planted during the same time last.

Total Weekly arrival of 1509 paddy in Ludhiana mandi was 58000 bags (1 bag=35kgs) while it is 250000 bags in Amritsar mandi.

All-India progressive procurement of Rice as on 26.09.2014 for the marketing season 2013-14 was 316.31 lakh tonnes against the procurement of 338.73 lakh tonnes up to the corresponding period of last year.

The Southwest Monsoon withdrew from Punjab, Haryana, Chandigarh & Delhi, Rajasthan, most parts of West Uttar Pradesh & Gujarat State and some parts of Jammu & Kashmir, Himachal Pradesh, East Uttar Pradesh, West Madhya Pradesh and north Arabian Sea.

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%.

Pressure on basmati rice market is bound to increase with the legalization of M.P.'s aromatic rice produce as basmati by APEDA this week. Notably, Madhya Pradesh produces almost 4 lakh tonne aromatic rice now accepted as basmati. It will enhance availability for export and may pressurize price in the peak arrival season.

As per data received from DGCIS & IBIS, basmati rice export in this MY-2013-14(Oct-13 to Sep-14) was 35.06 lakh tons which is lower by 4.15% MY 2012-13 basmati export of 36.58 lakh tons. While Basmati rice export in Sept-14 was 2.26 lakh tons which is up by 5% from last month.

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	Sep-14*	8.96	2.26	11.22
Total	72.4	36.58	109	Total	66.43	35.06	101.49

Revised (Source-DGCIS & * = IBIS)

In the end of Marketing Year 2013-14, total rice export was around 10.14 million tons which is lower by 6.87% from MY-2012-13, but still India maintain its top position in global market. Export of basmati as well non basmati rice was down from last year. We expect that India will likely to export around 10.5-11 million tons of rice in 2014-15 in which basmati contribution is expected to contribute around 4-4.5 million tons.

India Rice Balance Sheet:-

Figure in MMT	2012-13	2013-14	2014-15*
Carry in	25.43	25.77	25.92
Production	105.24	106.29	98
Imports	0	0	0
Total Availability	130.67	132.06	123.92
Consumption	94	96	97.4
Exports	10.9	10.14	10.5
Total Usage	104.9	106.14	107.9
Carry out	25.77	25.92	16.02
Av Monthly Consumption	7.83	8.00	8.12
Stock to Month Use	3.29	3.24	1.97
Stock to Consumption Ratio	0.27	0.27	0.16

(Source: Agriwatch Research, USDA)

Almost 8 million tons lower production would reduce total rice availability from 132.06 million tonnes to 123.92 million tonnes in 2014-15. The season started with 25.92 million tonnes rice including private stock around 2.5 million tonnes. Consumption would increase with normal pace and may touch around 97 million tonnes this year. Export would increase from 10-10.5 million tonnes due to parity of Indian rice and licensing of M.P Basmati rice in global market. Total usage with export may touch 107.9 million tonnes. As crop size is lower, carryout for next year would decrease drastically from 26 to 16 million tonnes in 2014-15.

Progressive Procurement of Rice as on 26/09/2014:

State	Total procurement in marketing season	Progressive Procurement as on 26.09.2014	
	2012-13 (Oct. - Sept.)	In Marketing season 2013-14	In Marketing season 2012-13
Andhra Pradesh	64.71	80.52	64.53
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	36.02
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	12.80	17.55
All-India	340.28	316.31	338.73

All-India progressive procurement of Rice as on 26.09.2014 for the marketing season 2013-14 was 316.31 lakh tonnes against the procurement of 338.73 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 un milled 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 Third Week of Oct-2014:

tate	Prices 16-23 Oct 2014	Prices 09-15 Oct 2014	Prices 01-08 Oct 2014	Prices 16-23 Oct 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3755	3754.1	2529.48	3798.6	0.02	48.45	-1.15
Assam	2842.41	2936.58	2716.28	2874.34	-3.21	4.64	-1.11
Gujarat	2575.39	2619.3	2694.76	2498.9	-1.68	-4.43	3.06
Jharkhand	2655.77	2717.17	2635.37	2642.21	-2.26	0.77	0.51
Karnataka	3380.82	3551.92	3345.69	3101.08	-4.82	1.05	9.02
Kerala	3377.29	3362.14	3370.44	3359.11	0.45	0.2	0.54
Maharashtra	4913.48	3493.29	4042.54	2843.83	40.65	21.54	72.78
Manipur	3204.09	3181.78	3181.55	2803.7	0.7	0.71	14.28
Meghalaya	3984.5	3903.81	3970.14	3271.43	2.07	0.36	21.8
Orissa	2265.85	2111	2247.7	2390.99	7.34	0.81	-5.23
Punjab	2430.42	2429.35	2408.15		0.04	0.92	—
Tripura	2698	2686.85	2690.99	2833.23	0.41	0.26	-4.77
UP	2053.19	2112.81	2056.11	1858.56	-2.82	-0.14	10.47
Uttrakhand	2046.14	1912.62	1940.8	2036.36	6.98	5.43	0.48
West Bengal	2371.8	2589.59	2623.74	2551.05	-8.41	-9.6	-7.03
Average	2970.27	2890.82	2830.24	2775.95			

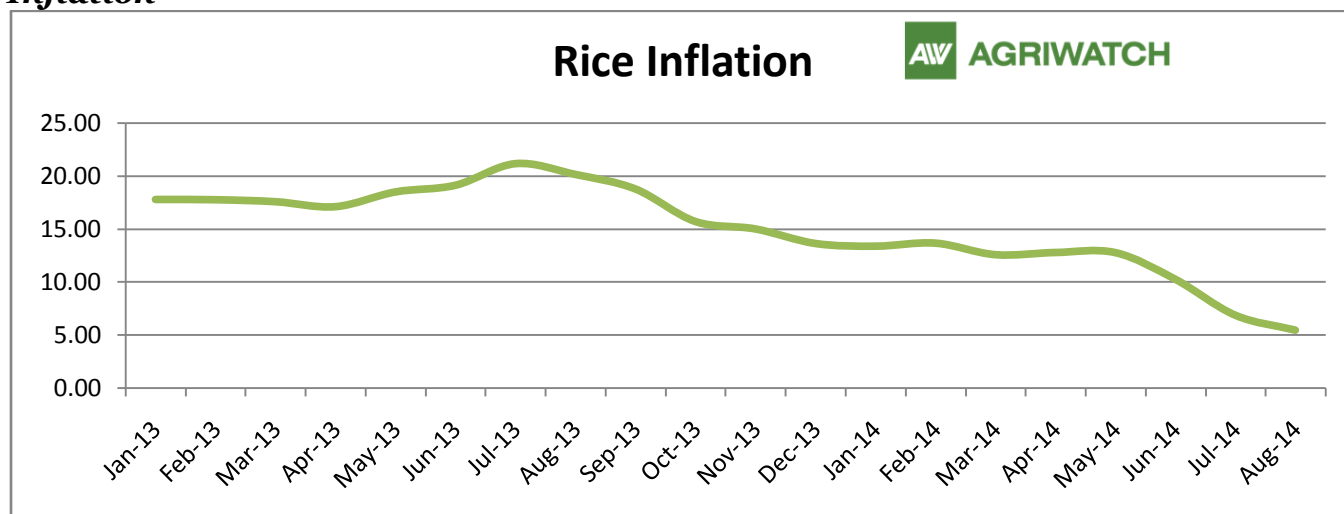
As per the data reported by APMCs

Average rice price in third week of October was up by 2.74% from last week due to crop loss by Hudhud in major producing states.

Price Projection for Oct 04th Week in Domestic Market:

Duration	Trend	Average Price Range
04 th Week of Oct, 2014	Steady to firm	Rs.2900-3000/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:

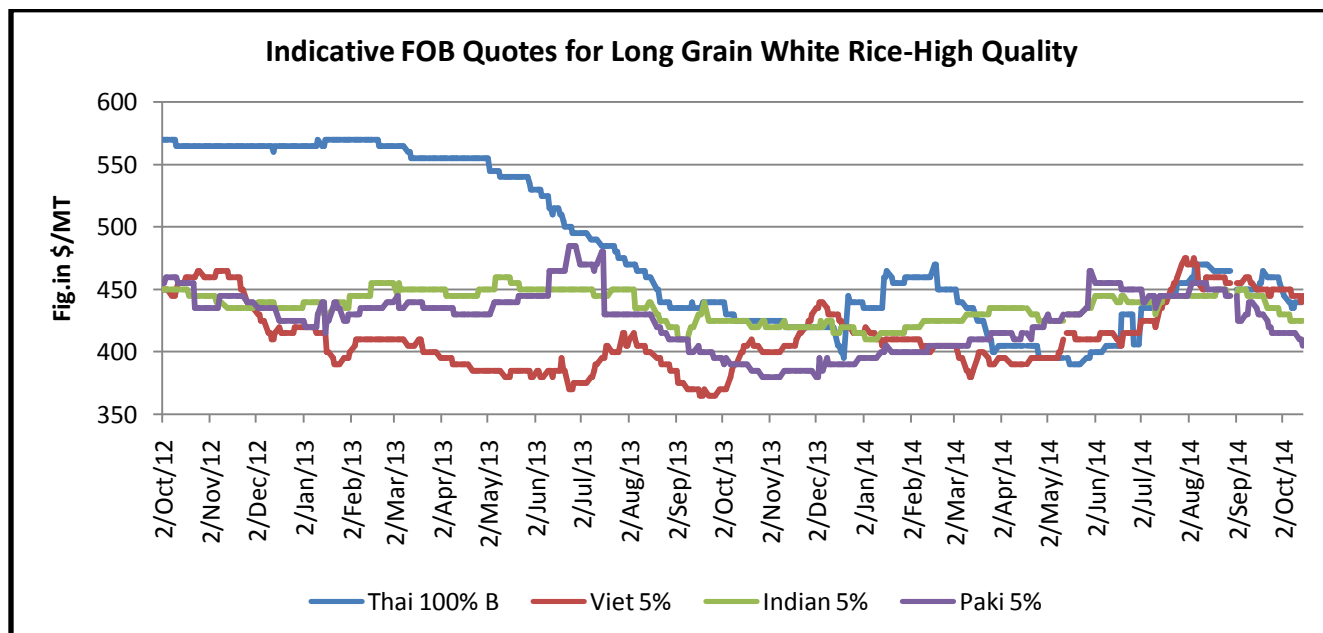
The Philippines' paddy output is projected to decline this year for the first time in five years by one percent to settle at 18.6 million tons, according to the Food and Agriculture Organization. By volume, the reduction is expected at 10.3 million tons of paddy, equivalent to seven million tons of milled rice. In its latest Rice Market Monitor report, the FAO said the forecast assumed that the wet-season harvest would be about the same as the 2013 volume. Still, "the final outcome of the season will depend on the rainfall performance in the coming months, which will in turn determine the availability of water for irrigation of off-season crops," FAO added. The United Nations agency noted that the area planted to rice or palay in the Philippines was reduced by 11 percent to 775,000 hectares, due to the late onset of rains and inadequacy of irrigation water supply.

Indonesia's Agriculture Ministry estimates that Indonesia's rice harvest will not be severely affected by the El Niño weather phenomenon this year. The Ministry expects to see a rice production of at least 70 million tons of unmilled rice in 2014, just 1.9 percent down from the 71.3 million tons of rice that was produced last year. Meanwhile, Indonesia may see a record coffee harvest in 2015 as recent rainfall in the important coffee-producing regions has supported the development of cherries. El Niño is a weather phenomenon that occurs once every five years on average. It involves periodical warm ocean water temperatures off the western coast of South America which can cause climatic changes across the Pacific Ocean. The impact of El Niño varies; sometimes prices of agricultural commodities rise steeply due to weak harvests brought on by few rainfall in Southeast Asia and Australia, while on other occasions the impact of El Niño is hardly felt at all. Indonesia has been hit by a longer dry season than usual due to the impact of El Niño. However, the country's standing rice crops are in a good condition and only suffered slightly. The Ministry stated that only 10,000 - of 130,000 hectares of total rice fields that were affected by the drought - failed to harvest, making state procurement agency Bulog (National Logistics Agency) decide to import 425,000 metric tons of rice from Vietnam and Thailand to safeguard the country's rice reserves.

Recent basmati crop loss in Pakistan, seems an ill omen for Pakistan's basmati rice exporter this year and rising of basmati prices in local market, export of basmati rice in Pakistan become unviable at this point of time and basmati rice export association has started demanding exemption from all applicable local taxes on basmati export so that export would be continue.

Current higher prices of basmati rice in Pakistan and government indecision to exempt from local taxes might be an opportunity for Indian to enter Pakistan's traditional basmati rice global market. A per USDA report, Pakistan's rice production estimate for 2014-15 is about 6.7 million tons, down 6.94% from last year's production (7.2 million tonnes) on account of lower paddy acreage (2.76 million hectare as against 2.87 million hectare last year). Moreover recent flooding in Pakistan may dent rice (non basmati & basmati) production further and final figure would be lower than current expectation.

FOB Quotes for Long Grain White Rice, High Quality



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 12.50 to USD 12.70 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
04 th Week of Oct, 2014	Steady to Weak	12.50-12.70

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2014 Indian Agribusiness Systems Pvt Ltd