Rice Weekly Research Report
27th Oct, 2014

Latest Market Development:-

Average rice price in the fourth week of October was down by 4.04 % from last week and it is up by 2.39% from same period last year and currently hovers in the range of Rs.2750-2760/quintal. We expect rice price move in the range bound with weak in coming due to harvesting is just peaking up in northern 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 38.18 million hectares of rice area as of October-24, 2014, down about 0.4% from 38.36 million hectares planted during the same time last.

Total Weekly arrival of 1509 paddy in Ludhiana mandi was 45000 bags (1 bag=35kgs) while it is 220000 bags in Amritsar mandi at Rs.2800/quintal and Rs.2200/quintal respectively.

Mizoram government has decided to procure over 30,000 quintals of rice through a contractor to ensure that no one in the state goes without food due to 'mega block' by railways. The 'mega block' was caused by construction of broad gauge railway tracks at Lumding-Badarpur section in Assamfrom October.

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.

In Kerala, Around 400 acres of pokkali rice fields in Maruvakkad face serious damage owing to saline water intrusion into the fields ahead of the paddy harvest.

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:

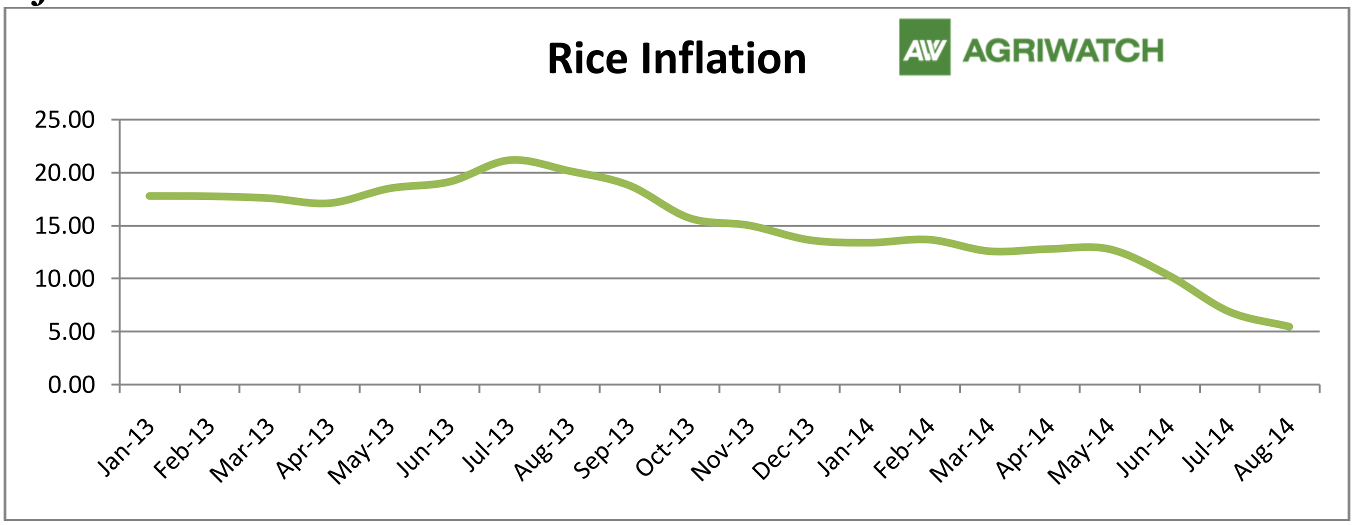
State	Prices 24-31 Oct 2014	Prices 16-23 Oct 2014	Prices 09-15 Oct 2014	Prices 24-31 Oct 2013	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3566.67	2801.72	3754.1	2332.15	27.3	-4.99	52.93
Assam	2402.93	2903.87	2936.58	2931.88	-17.25	-18.17	-18.04
Jharkhand	2707.85	2692.23	2717.17	2693.9	0.58	-0.34	0.52
Karnataka	2243.43	3490.77	3551.92	3003.46	-35.73	-36.84	-25.31
Kerala	3272.07	3391.78	3362.14	3579.16	-3.53	-2.68	-8.58
Manipur	3184.85	3188.92	3181.78	2853.82	-0.13	0.1	11.6
Meghalaya	3500	3880.79	3903.81	3496.43	-9.81	-10.34	0.1
Orissa	2443.74	2362.76	2113.61	2384.28	3.43	15.62	2.49
Punjab	2400	2569.42	2429.35		-6.59	-1.21	__
Telangana	3500	3525.57	3538.09	2628.56	-0.73	-1.08	33.15
Tripura	2703.72	2739.86	2708.6	2759.13	-1.32	-0.18	-2.01
UP	2081.8	2086.1	2113.03	1892.77	-0.21	-1.48	9.99
Uttrakhand	1969.32	2016.97	1912.62	1948.62	-2.36	2.96	1.06
WB	2702.47	2657.48	2587.07	2570.66	1.69	4.46	5.13
Average	2762.77	2879.16	2915	2698.06			
As per the data reported by APMCs							

Average rice price in fourth week of October was down by 4.04% from last week due to peaking up harvesting in northern states like, UP, Uttrakhand, Punjab etc.

Price Projection for Nov 01st Week in Domestic Market:

Duration	Trend	Average Price Range
01st Week of Nov, 2014	**Steady Weak**	**Rs.2850-2950/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:

Farmers in Kailali Nepal, are getting very low price for their paddy because of the delay of local administration in fixing minimum price. Local farmers have been forced to sell paddy at Rs 1,500-1,600 per quintal even though their production cost is increasing due to rise in prices of seeds and chemical fertilizers.

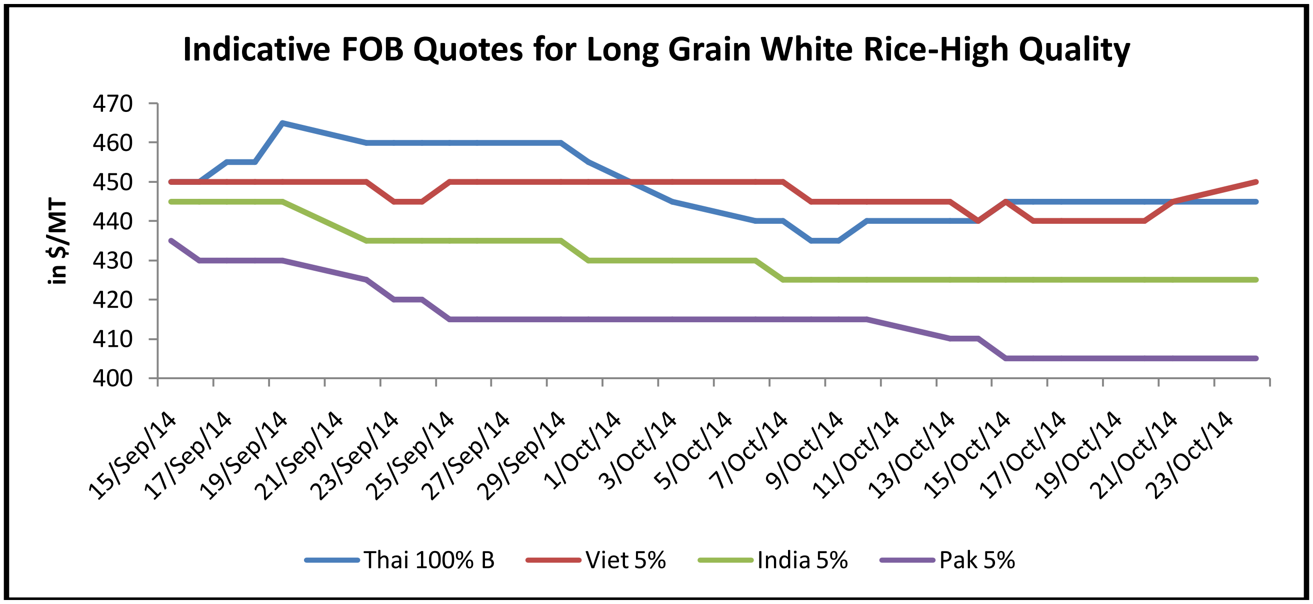
Current higher prices of basmati rice in Pakistan and government indecision to exempt from local taxes might be an opportunity for Indian to enter Pakistan's traditional basmati rice global market. A per USDA report, Pakistan's rice production estimate for 2014-15 is about 6.7 million tons, down 6.94% 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.

Unofficial preliminary rice exports from Thailand (excluding premium white and fragrant rice) for October 6-12, 2014 totaled 141,997 metric tons, up 320 metric tons from the previous week and up 5,773 metric tons from the four-week moving average of 136,224 metric tons (Table 2). Rice exports from January 1 – October 12, 2014, totaled 4,124,883 metric tons, up 57 percent from the same period last year.

The Bangladesh government has decided to export rice to Sri Lanka at $450 per metric ton.Food Minister Kamrul Islam and also Chairman of the Food Planning and Monitoring Committee (FPMC) has made the disclosure in a meeting of FPMC on Monday afternoon.

A Sri Lankan team will come within 10 to 12 days and a contract will be signed regarding the matter, the minister informed. Kamrul said the government would also procure around 3,00,000 tonnes of Aman paddy and rice this year. The authority has fixed Tk32 per kg as the price of Aman paddy and Aman rice and Tk28 per kg as the production cost of this year.

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

<u>IGC Rice Balance sheet Highlights:</u>

- ➔ 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 12.30 to USD 12.60 / hundredweight in coming sessions.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
1st Week of Nov, 2014	**Steady to Weak**	12.30-12.60