

**Latest Market Development:**

**All India Average rice price in the first week of February was moved weak by around 4% from previous week and currently hover in the range of Rs.2700-2730/quintal.** We expect market is likely to move in the range bound in coming weeks.

**With declining arrival of paddy in various** market prices of rice are likely to rule steady to slightly firm during the month of February. Despite lower demand in national and international market, prices have recovered slightly from Rs 2792/quintal to 2837/quintal. As demand remain sluggish with good backup of old stock any sudden spike from current level is unlikely.

**In aromatic rice segment Agriwatch expect the similar trend despite no demand of Basmati rice from** overseas market. Basmati average fob price improved slightly from \$980/tonne to \$986/tonne in the month of January. As prices are ruling below market expectation some more improvement may be seen in the month of February. Despite higher stock in the local market and lower prevailing prices, stockiest may retain stock until March to fetch better price for aromatic rice.

**As demand from majors buyers like Iran, Saudi Arab and EU** has not been up to the mark at this point of time, any bull run is unlikely. Buying and selling activity in major markets remains affected due to buyer's unwillingness to buy any bulk quantity.

**Meanwhile in a latest development, Adani Wilmar is** foraying into the basmati rice market this season. Traditionally, in Gujarat households stock up rice and other grocery essentials during this season, and Adani Wilmar's release claimed that many families are actually switching over to branded basmati rice over loose ones. The company sources rice from Punjab and Haryana.

**As per data received by IBIS, rice export for MY-2014-15(Oct14-Sep-15)** in the month of January was 10.35 lakh tonnes which is higher by around 11% from last month export of 9.32 lakh tonnes.

**Among the food grains, Inflation of Rice has** decreased to 4.43% from the previous month's level of 5.55%, Cereals has to 1.26% from the previous month's level of 2.09%, Wheat to -2.46% from the previous month's level of -2.31%. The inflation for Pulses has increased to 5.88% from the previous month's level of 4.43%.

### Rice Monthly Export:

MY-2013-14	Non Basmati	Basmati	Total Export 2013-14	MY-2014-15	Non Basmati	Basmati	Total Export 2014-15
October-13	6.7	1.8	8.5	October-14	2.14	2.34	4.48
November-13	4.29	2.49	6.78	November-14	6.62	3.03	9.65
December-13	5.11	3.79	8.9	December-14	5.37	3.95	9.32
January-14	6.85	3.44	10.29	January-15	6.75	3.60	10.35
February-14	6.18	3.5	9.68	February-15			
March-14	4.17	3.19	7.36	March-15			
April-14	4.2	2.85	7.05	April-15			
May-14	3.76	3.37	7.13	May-15			
June-14	4.32	3.65	7.97	June-15			
Jul-14*	4.81	2.3	7.11	July-15			
Aug-14*	6.07	2.15	8.22	August-15			
Sep-14*	8.96	2.26	11.22	September-15			
<b>Total</b>	<b>66.43</b>	<b>35.06</b>	<b>101.49</b>	<b>Total</b>	<b>20.88</b>	<b>12.92</b>	<b>33.8</b>

**Revised** (Source-DGCIS & \* = IBIS)

Total rice export in MY-2013-14 till the end of season was around 10.14 million tonnes in which non basmati and basmati rice contribution were approx 6 million tonnes and 3.5 million tonnes respectively as per data received from DGCIS and IBIS.

Total Rice export for MY-2014-15 was 33.8 lakh tonnes which was down by around 2% from same period last year export of 34.47 lakh tonnes. Non basmati rice export in the month of January was 6.75 lakh tonnes and basmati exports for MY-2014-15(Oct14-Sep-15) in January was 3.60 lakh tonnes which is lower by around 09% from last month. Saudi Arabia was the largest buyer in the month and import approx 105 thousand MT followed by Iran which import around 73 thousand MT, as per data received from IBIS a customs data provider.

### India Rice Balance Sheet:

Figure in MMT	2013-14	2014-15*
Carry in	26.19	23.59
Production	106.54	100
Imports	0	0
Total Availability	132.73	123.59
Consumption	99	99
Exports	10.14	9
Total Usage	109.14	108
Carry out	23.59	15.59
Av Monthly Consumption	8.25	8.25
Stock to Month Use	2.86	1.89
Stock to Consumption Ratio	0.24	0.16

(Source: Agriwatch Research, USDA)

Agriwatch has revised its rice production and export estimates in December. Kharif harvesting is almost over in all India excepting for some late-sown rice in the eastern and southern states. As early market arrival trends, and good weather condition for rabi paddy, We increase about 1% of production from 99 million tonnes to 100 million tonnes in MY- 2014-15. Although rice marketing in the northern states is winding down, it will be in full-swing in the eastern and southern states throughout December. Rabi (winter planted) rice planting is still largely confined to the eastern and southern states, but will continue in other regions throughout December.

At Export front, Agriwatch expect export volume to decrease about 11% from last year and expected to export around 9 million tonnes in 2014-15 due to import ban of aromatic rice by Iran which is the largest importer of Indian Basmati.

Domestic consumption is likely to steady in 2014-15, but fall in production, fall in total availability and around 9 million tonnes of export could be the main reason for lower carry stock in MY 2014-15. This may push the rice price in upward direction in medium to long term.

**Progressive Procurement of Rice as on 23.01.2015 (lakh tonnes):**

State	Total procurement in marketing season	Progressive Procurement as on 23.01.2015	
	2013-14 (Oct. - Sept.)	In Marketing season 2014-15	In Marketing season 2013-14
Andhra Pradesh	37.38	8.59	20.86
Telangana	44.00	14.55	0.00
Chhattisgarh	43.0	27.87	40.76
Haryana	24.06	19.96	24.03
Kerala	4.00	0.97	0.94
Punjab	81.06	77.81	81.06
Madhya Pradesh	10.14	7.27	9.25
Maharashtra	2.00	0.90	0.83
Tamil Nadu	7.0	0.04	0.55
Uttaranchal	4.63	3.22	1.98
Uttar Pradesh	11.27	9.44	5.70
West Bengal	13.59	6.03	3.45
Others	36.46	4.02	9.42
All-India	319	180.67	198.83

**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	18.62	23.21	21.57
2015	23.13	25.22										

\*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 up to 25.22 million tons as of Feb- 1, 2015.

#### State wise Wholesale Prices Weekly for Rice 01<sup>st</sup> Week of Feb-2015:

State	Prices 01-08 Feb 2015	Prices 24-31 Jan 2015	Prices 16-23 Jan 2015	Prices 01-08 Feb 2014	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3715.86	3682.95	3644.47	3606.9	0.89	1.96	3.02
Assam	3378.5	3119.09	3077.78	3078.04	8.32	9.77	9.76
Gujarat	2645.92	2624.62	2680.97	2654.92	0.81	-1.31	-0.34
Jharkhand	2520.88	2526.07	2515.22	2584.66	-0.21	0.23	-2.47
Karnataka	1786.49	3281.52	3217.15	2811.06	-45.56	-44.47	-36.45
Kerala	3156.01	3089.31	3148.97	3923.75	2.16	0.22	-19.57
Maharashtra	3442.75	4658.41	3536.72	3838.02	-26.1	-2.66	-10.3
Meghalaya	3473.32	3467.28	3470.02	3439.86	0.17	0.1	0.97
Delhi	2200	1900	2000		15.79	10	—
Orissa	2244.3	2206.29	2818.02	2393.23	1.72	-20.36	-6.22
Telangana	3678.35	3634.31	3669.1	3023.05	1.21	0.25	21.68
Tripura	2560.21	2676.3	2590.93	2737.1	-4.34	-1.19	-6.46
UP	2047.38	2081.45	2025.9	1925.87	-1.64	1.06	6.31
Uttarakhand	1865.19	1846.35	1950.57	1927.09	1.02	-4.38	-3.21
West Bengal	2338.09	2364.52	2413.91	2489.66	-1.12	-3.14	-6.09
Average	2736.88	2877.23	2850.65	2888.08			
As per the data reported by APMCs							

#### Price Projection for Feb 02<sup>nd</sup> Week in Domestic Market:

Duration	Trend	Average Price Range
02 <sup>nd</sup> Week of Feb, 2015	Steady	Rs.2700-2770/Q

**Global Updates:**

Basmati rice export ban by Iran has not only affected India but also Pakistan. According to Pakistan Space and Upper Atmosphere research Commission rice production in FY 2014-15 would decrease to 5.65 million tonne from 6.72 million tonne produced from last year. In terms of paddy it would decrease from 10.04 to 8.43 million tonne. Rice production declined due to flooding in the main growing region of Punjab that occurred in the month of August, 2014.

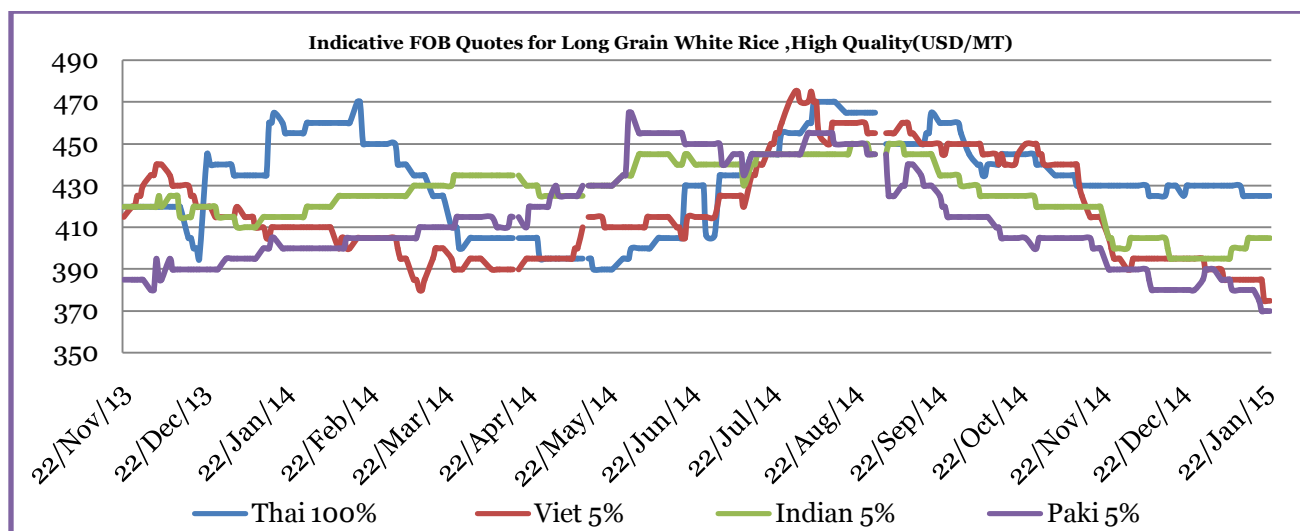
Pakistan exported about 4.9 lakh tonne basmati and non basmati rice in the month of December, higher by 7 percent in comparison to November, 2014. During this period its rice export earnings increased by 8 percent to \$238.2 million.

According to Tera (Thai Rice Exporters Association) rice export from Thailand would decrease to about 10.0 million tonne in 2015 from 10.97 million tonne last year due to tough competition from Vietnam as well as falling oil prices. Thai export destination in Africa depends on oil export and declining prices of oil has affected their buying capacity.

Thai Commerce Ministry is planning to sell 10 million tonne rice from the stockpile of 2015 and 7 million tonne from 2016. Thailand tried to auction 1 million tonne rice in January and got better response. Thai government has fixed floor price before auction. The floor price for white rice has been fixed at \$245 to 307 per tonne while the market price is quoted at \$399 per tonne.

South Korea is looking to remove export restriction on rice due to much higher availability. High price of locally produced rice restricts them to export rice in few markets like China and Japan. However, Japan has very high import tariffs on rice so making them to look for China market. Last year S. Korea rice harvest was 4.24 million tons against annual consumption of about 4 million tons and was able to export 2,000 tons of rice.

## FOB Quotes for Long Grain White Rice, High Quality



Source-Oryza

FOB quotes for high quality white rice in the previous week was steady to weak in all major exporters due to arrival of new crop. FOB quotes for Thailand white rice high quality ruling highest among all country in the range of USD 425-430/MT, however Pakistan and Vietnam FOB are moving in downward direction. Currently India has parity advantage of White rice from Thailand.

## IGC Balance Sheet:

(Fig. In Million Tonnes)

	2011-12	2012-13	2013-14 est.	2014-15 projection 30.10.14	projection 27.11.14
<b>Production</b>	476	472	476	476	475
<b>Trade</b>	39	38	40	41	41
<b>Consumption</b>	459	469	477	481	482
<b>Carryover stocks</b>	107	110	109	103	102
<b>Y-O-Y change</b>	7	3	-0		-6
<b>Major Exporters</b>	37	40	39	34	33

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

## IGC Rice Balance sheet Highlights:

- ➔ Mostly due to a smaller main crop in India, world 2014/15 production is forecast to fall fractionally y/y. With demand expected to increase to new highs, end-season stocks are placed at their lowest in four years.
- ➔ Global trade in 2015 is forecast to edge higher, with larger purchases by China and sub-Saharan Africa. Forecast exports by Thailand are increased for both 2014 and 2015.
- ➔ Rice prices fell comparatively steeply, the IGC GOI sub-Index down by 3% m/m, on ample supplies and sluggish demand

### Rice Price Trend @ CBOT Mar- 15, Rough Rice): (Prices in US\$/hundredweight)



### Market Analysis:

The CBOT Mar rough rice chart indicates downward movement in previous sessions. We expect market will hover in the range USD 10.00 to USD 11.00/ hundredweight in coming sessions.

### Price Projection (International-CBOT):

Duration	Trend	Price Range
02 <sup>nd</sup> Week of Feb, 2015	Steady to Weak	10.40-10.80

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