

**Latest Market Development:**

**All India Average rice price in the third week of March was moved slightly firm by 0.86% from previous week and currently hover in the range of Rs.2790-2800/quintal.** We expect market is likely to move in the range bound to slightly firm in coming weeks.

**The area under rice in the Rabi season has dropped some 10 per cent** to 38.27 lakh hectares (lh) compared with 42.56 lh during the corresponding period a year ago, data released by the Agriculture Ministry on 20th March 2015.

**All-India progressive procurement of Rice as on 13.03.2015** for the marketing season 2014-15 was 232.33 lakh tonnes against the procurement of 237.02 lakh tonnes upto the corresponding period of last year

**In the pre-monsoon season, cumulative Rainfall** for the country as a whole during the period 1st March to 11th March, 2015 is 237% higher than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by -17% in East & North East India and higher by 314% in South Peninsula, 313% in North West India and 514% in Central India.

**The latest decision of allowing FCI to vacate excess** rice stock from 1st April, 2015 through e-auction may cap possibility of firmness in non-basmati rice market. As on first March, 2015 India's rice stock stood at 246 lakh tonne, while under buffer norm India needs around 135 lakh tonne rice as buffer norm and as strategic norm. FCI would start e-auction for rice from 1st April, 2015 and through this process almost 2 million tonne rice has to be auction. The bench mark price for the rice has been fixed at Rs 2300 per qtl.

**Notably, the govt has fixed the msp for common grade paddy at Rs 1310** and for grade A paddy at Rs 1345 per qtl. for 2014-15. Miller and traders can buy minimum 50 and maximum 3500 tonne rice. The whole exercise is meant to contain rice price and ensure better supply side. As rice price in domestic market is ruling higher at Rs 2750-2850 per qtl., traders /millers active participation may be expected. As difference is almost Rs 400 per qtl. Market participant interest would continue to support trading through the e-auction.

**These developments may cap rice** price for common grade. Govt may extend the quantity if there be any need to hold market in control. It would reduce the subsidy burden too as retaining higher stock has been proving a costly proposition for the central govt.

**Rice Monthly Export:**

MY-2013-14	Non Basmati	Basmati	Total Export 2013- 14	MY-2014-15	Non Basmati	Basmati	Total Export2014- 15
<b>October-13</b>	6.7	1.8	<b>8.5</b>	<b>October-14</b>	9.06	2.52	<b>11.58</b>
<b>November-13</b>	4.29	2.49	<b>6.78</b>	<b>November-14</b>	6.75	2.98	<b>9.73</b>
<b>December-13</b>	5.11	3.79	<b>8.9</b>	<b>December-14</b>	6.39	3.79	<b>10.18</b>
<b>January-14</b>	6.85	3.44	<b>10.29</b>	<b>January-15*</b>	6.75	3.6	<b>10.35</b>
<b>February-14</b>	6.18	3.5	<b>9.68</b>	<b>February-15*</b>	5.74	1.83	<b>7.57</b>
<b>March-14</b>	4.17	3.19	<b>7.36</b>	<b>March-15</b>			
<b>April-14</b>	3.95	2.85	<b>6.8</b>	<b>April-15</b>			
<b>May-14</b>	4.26	3.37	<b>7.63</b>	<b>May-15</b>			
<b>June-14</b>	5.02	3.64	<b>8.66</b>	<b>June-15</b>			
<b>July-14</b>	6.5	2.33	<b>8.83</b>	<b>July-15</b>			
<b>August-14</b>	6.99	2.16	<b>9.15</b>	<b>August-15</b>			
<b>September-15</b>	9.64	2.03	<b>11.67</b>	<b>September-15</b>			
<b>Total</b>	<b>69.66</b>	<b>34.59</b>	<b>104.25</b>	<b>Total</b>	<b>34.69</b>	<b>14.72</b>	<b>49.41</b>

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

Total Rice export for MY-2014-15 till February-15 was 41.37 lakh tonnes which was up by around 12% from same period last year export of 44.15 lakh tonnes. Non basmati rice export in the month of February was 5.74 lakh tonnes and basmati exports for MY-2014-15(Oct14-Sep-15) in the month was 1.83lakh tonnes which is lower by around 15% and 49% respectively from last month.

The fall of basmati rice export was mainly due to import ban by Iran who is a major basmati rice importer from Iran. This year Agriwatch expects that total rice export may fall from 10.14 million tonnes to 9 million tonnes due to lower production prospects as well tough competition from Thailand, which is planning to sell rice from their stockpiles at cheaper rate in global market.

**India Rice Balance Sheet:**

Figure in MMT	2013-14	2014-15*
Carry in	26.19	23.41
Production	106.54	103
Imports	0	0
Total Availability	132.73	126.41
Consumption	99.18	99.15
Exports	10.14	9
Total Usage	109.32	108.15
Carry out	23.41	18.26
Av Monthly Consumption	8.27	8.26
Stock to Month Use	2.83	2.21
Stock to Consumption Ratio	0.24	0.18

*(Source: Agriwatch Research, USDA)*

Agriwatch has revised its rice production and ending stock estimates in February, 3<sup>rd</sup> week. Kharif harvesting is 100%over in all over India. After second advance estimates released by Government of India, Agriwatch revised the rice production from 100 million tonnes to 103 million tonnes which is down by around 3% from last year milled rice production, this may be due to late arrival of monsoon and cumulative rainfall during this year's monsoon till 30<sup>th</sup> September -2014 was approx 12% below the Long Period Average (LPA) for the country as a whole.

At Export front, it is same from Agriwatch's last estimates, however we expect that export of rice (including basmati and non basmati rice) could vary from 8.5 million tonnes to 9.5 million tonnes depends upon global demand for Indian rice and competitive price offer from major competitors like Thailand, Pakistan and Vietnam.

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 (April-August).

**Progressive Procurement of Rice as on 13.03.2015 (lakh tonnes):**

State	Total procurement in marketing season	Progressive Procurement as on 13.03.2015	
	2013-14 (Oct. - Sept.)	In Marketing season 2014-15	In Marketing season 2013-14
Andhra Pradesh	37.38	16.25	32.64
Telangana	44.00	15.58	0.00
Chhattisgarh	43.0	33.54	42.85
Haryana	24.06	19.96	24.04
Kerala	4.00	1.55	1.41
Punjab	81.06	77.81	81.06
Madhya Pradesh	10.14	8.00	10.40
Maharashtra	2.00	1.27	1.19
Tamil Nadu	7.0	0.06	0.59
Uttaranchal	4.63	4.29	3.39
Uttar Pradesh	11.27	14.66	10.19
West Bengal	13.59	10.98	6.72
Others	36.46	4.02	9.42
All-India	319	232.33	237.02

**Rice Stock in Central Pool Kitty from 2011-2015:**

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	24.05									

\*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 24.05 million tons as of Mar- 1, 2015.

#### State wise Wholesale Prices Weekly for Rice 03<sup>rd</sup> Week of March-2015:

State	Prices 16-23 Mar 2015	Prices 09-15 Mar 2015	Prices 01-08 Mar 2015	Prices 16-23 Mar 2014	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	3705.37	3504.08	3703.97	3531.02	5.74	0.04	4.94
Assam	3042.21	3046.78	3047.52	3147.53	-0.15	-0.17	-3.35
Gujarat	4234.78	4228.59	4182.98	2664.76	0.15	1.24	58.92
Jharkhand	2536.7	2564.73	2594.74	2584.16	-1.09	-2.24	-1.84
Karnataka	1620.5	2104.83	1926.67	3036.55	-23.01	-15.89	-46.63
Kerala	3261.25	3296.39	3207.13	3880.49	-1.07	1.69	-15.96
Maharashtra	3336.26	3113.51	3424.65	3733.7	7.15	-2.58	-10.64
Meghalaya	3494.57	3408.78	3438.04	3250	2.52	1.64	7.53
Orissa	2292.49	2141.59	2224.64	2289.78	7.05	3.05	0.12
Tripura	2575.7	2522.02	2523.82	2656.66	2.13	2.06	-3.05
UP	2022.55	2027.49	2060.45	1980.32	-0.24	-1.84	2.13
Uttarakhand	1982.06	1904.42	1921.39	1743.69	4.08	3.16	13.67
West Bengal	2270.24	2198.02	2245.84	2549.51	3.29	1.09	-10.95
Average	2798.05	2773.94	2807.83	2849.85			

As per the data reported by APMCs

#### Price Projection for March 04<sup>th</sup> Week in Domestic Market:

Duration	Trend	Average Price Range
04 <sup>th</sup> Week of Mar, 2015	Steady to Firm	Rs.2780-2850/Q

**Global Updates:**

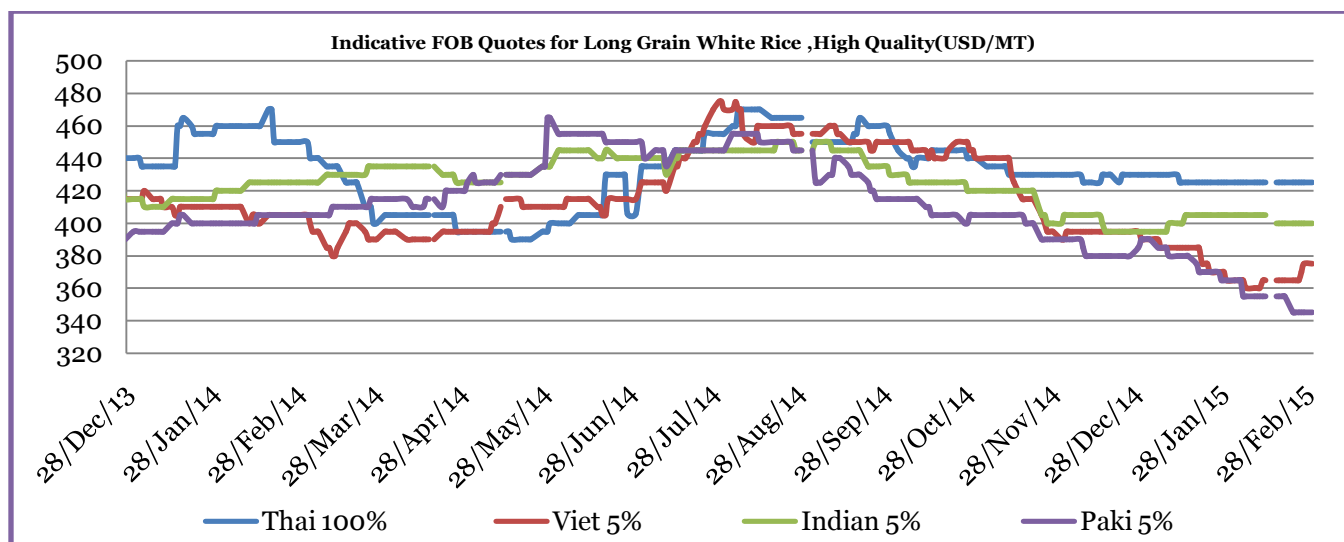
**Thailand Commerce Ministry delayed** the third crop auction from the government stockpile for avoid the bearish rice price in medium term. Auction for main rice is going in the country and thus FOB price is moving down by 5-7% from same period last year for Thai white rice high quality. As per by ministry of Thailand, price is likely to up in coming weeks due to global demand from Philippines and China.

**Peru a country in western South America's Rice production in MY 2015/16** is forecast at 2.15 MMT (milled basis), remaining in the same level as current production. Rice production has reached a maximum level and is now limited by water availability and demand. The total rice harvested area for MY 2015/16 is forecast to fall to 400,000 hectares, about the same as the previous year. With good weather conditions and plentiful water, rice production in CY 2014 reached almost 2 MMT. Rice is normally harvested April through May in the country, averaging \$317 per MT in CY 2014. This price represents a 3.6 percent increase compared to the previous year.

**At price front Vietnam remains the cheapest** supply source with an offer at \$365-\$375 per tonne for 5% white broken rice. India offers the same variety at \$400-405 per tonne. Thai white rice is a little bit costly at \$420-425 per tonne for 100 % white rice. We see here the difference between offering price is almost \$25-35/tonne. However, variation is due to quality to some extent. This shows that all suppliers are intending to offload as much quantity as they can under tough marketing condition. Slight recovery is expected from current level as rice market is almost hovering at its bottom level. Major suppliers cannot offer rice at high price as they know that other suppliers are ready to attract them immediately.

**Ample marketable surplus available in the rice global market** would not allow market to go for any bull runs in the near to medium term. IGC has revised down production estimate from 476 to 474 million tonne, lower by 2 million tonne from the last year. In global rice market context it is not considered as a major reduction at the price impacting front. USDA too has revised down rice production estimate from 476.96 to 474.6 million tonne for 2015. As consumption is not growing fast, it will limit the prospect of any emerging spike given the normal weather condition throughout the world.

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



Source-Oryza

FOB quotes for high quality white rice in the month of February was steady for Indian and Thailand white rice 5% and 100% respectively, while Pakistan FOB quotes for white rice high quality was moved slightly down from last month and Vietnam FOB for same was slightly up from last month.

## IGC Balance Sheet:

(Fig. In Million Tonnes)

	2011-12	2012-13	2013-14 est.	2014-15 projection 22.01.15	projection 26.02.15
<b>Production</b>	476	472	476	474	474
<b>Trade</b>	39	38	40	42	42
<b>Consumption</b>	459	469	477	482	483
<b>Carryover stocks</b>	107	110	109	102	101
<b>Y-O-Y change</b>	7	3	-0		-9
<b>Major Exporters</b>	37	40	39	32	30

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 lower, with lesser supply by India. 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 March rough rice chart indicates range bound to slightly firm movement in previous sessions. We expect market will hover in the range USD 10.38 to USD 10.55/ hundredweight in coming sessions.

### Price Projection (International-CBOT):

Duration	Trend	Price Range
04 <sup>th</sup> Week of March, 2015	Steady	USD/ Hundred Weight 10.45-10.56



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