AGRIWATCH

Rice Weekly Research Report
27th April-2015

**Latest Market Development:**

**All India Average rice price in the fourth week of April was moved weak by 3.41%** from previous week and currently hover in the range of Rs.2600-2625/quintal. We expect market is likely to move in the range bound to firm in coming weeks due to weak monsoon prediction by IMD and also there is report on damage of some area under paddy in Telangana.

**Pondicherry govt announced free 10 kg rice and 5 kg wheat per month under the PDS to** eligible families replacing the 2-month old system of disbursing Rs 300 per family through banks, as he presented Rs 6,450-crore tax free state budget for 2015-16. The state Government had modified the scheme discontinuing supply of 10 kg rice to the families and started disbursing Rs 300 per month to them through banks since March this year. Consumer would start getting 10 kg single boiled rice and 5 kg wheat from Next month (May).

**A government advisory body The Commission for Agricultural Costs and Prices(CACP) on crop pricing** has recommended a modest increase of Rs 50 per quintal in the minimum support price for paddy farmers. In its MSP proposals made to Agriculture Ministry for various kharif (summer-sown) crops for 2015-16, the paddy MSP has been suggested to be increased to Rs 1,410 a quintal from Rs. 1,360 for common variety and Rs. 1450 from Rs 1,400 for 'A grade' variety paddy. For the 2014-15 kharif seasons, the previous government had also raised the support price of paddy by Rs 50 per quintal to Rs 1,360 for common variety and to Rs 1,400 for 'A grade' variety paddy.

**The scientists of Central Rice Research Institute (CRRI) have developed a variety of rice by crossing a protein-rich** germplasm with high-yielding rice varieties like Naveen and Swarna. The newly-developed rice variety will be sent to Hyderabad-based Directorate of Rice Research for testing, where its quality will be verified under different climatic conditions for over three years. As per Director of CRRI,the reason behind developing the protein-rich rice is to make the cereal more nutritious. This variety will help solve the problem of malnutrition to a great extent.

**India rice export touched 10.81 million tonne in first 11 months of the FY** 2014-15. It is 8.5 percent higher from the same period last year (9.96 million tonne. However, basmati rice export has declined by 4 percent to around 3.3 million tonne during April-2014 to Feb 2015.Basmati export during same period last year was recorded at 3.44 million tonne.The reason behind lower basmati export is mainly attributed to lower demand /ban from Iran.

**As per data released by Ministry of agriculture,** Planting for India's 2014-15 rabi (secondary) rice crop (November-May) has reached about 4.06 million hectares as of April-24 a decrease of about 9% from around 4.48million hectares during the same period last year.

**Rice Monthly Export:**

| MY-2013-14 | Non Basmati | Basmati | Total Export 2013-14 | MY-2014-15 | Non Basmati | Basmati | Total Export2014-15 |
|---|---|---|---|---|---|---|---|
| **October-13** | 6.7 | 1.8 | **8.5** | **October-14** | 9.06 | 2.52 | **11.58** |
| **November-13** | 4.29 | 2.49 | **6.78** | **November-14** | 6.75 | 2.98 | **9.73** |
| **December-13** | 5.11 | 3.79 | **8.9** | **December-14** | 6.39 | 3.79 | **10.18** |
| **January-14** | 6.85 | 3.44 | **10.29** | **January-15*** | 6.75 | 3.6 | **10.35** |
| **February-14** | 6.18 | 3.5 | **9.68** | **February-15*** | 5.74 | 1.83 | **7.57** |
| **March-14** | 4.17 | 3.19 | **7.36** | **March-15*** | 6 | 3.98 | **9.98** |
| **April-14** | 3.95 | 2.85 | **6.8** | **April-15** | | | |
| **May-14** | 4.26 | 3.37 | **7.63** | **May-15** | | | |
| **June-14** | 5.02 | 3.64 | **8.66** | **June-15** | | | |
| **July-14** | 6.5 | 2.33 | **8.83** | **July-15** | | | |
| **August-14** | 6.99 | 2.16 | **9.15** | **August-15** | | | |
| **September-14** | 9.64 | 2.03 | **11.67** | **September-15** | | | |
| **Total** | **69.66** | **34.59** | **104.25** | **Total** | **40.69** | **18.7** | **59.39** |

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

Total Rice export for MY-2014-15 till March-15 was 59.39 lakh tonnes which was up by around 15% from same period last year export of 51.51 lakh tonnes. Non basmati rice export in the month of March was 6.00 lakh tonnes and basmati exports for MY-2014-15(Oct14-Sep-15) in the month was 3.98 lakh tonnes. This month Saudi Arabia was the largest buyer of aromatic rice which contributes around 30% of total export of aromatic rice.

**India Rice Balance Sheet:**

| Figure in MMT | 2013-14 | 2014-15* |
|---|---|---|
| Carry in | 26.19 | 22.65 |
| Production | 106.54 | 102.5 |
| Imports | 0 | 0 |
| Total Availability | 132.73 | 125.15 |
| Consumption | 99.18 | 99.35 |
| Exports | 10.9 | 9 |

| | | |
|---|---|---|
| **Total Usage** | 110.08 | 108.35 |
| **Carry out** | 22.65 | 16.8 |
| **Av Monthly Consumption** | 8.27 | 8.28 |
| **Stock to Month Use** | 2.74 | 2.03 |
| **Stock to Consumption Ratio** | 0.23 | 0.17 |

*(Source: Agriwatch Research, USDA)*

Agriwatch has revised its rice production and ending stock estimates in April, 1st week. Rabi sowing is almost over in rabi rice growing states and acreage is 9.5% down from last year so we down the rice production for MY-2014-15 from 103 million tonnes in previous estimates(3rd week Of February) to 102.5 million tonnes.

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 by major competitors like Thailand, Pakistan and Vietnam.

Domestic consumption is likely to up by 1.17% from last year consumption of 99.18 million tonnes to 99.35 million tonnes in 2014-15. 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 10.04.2015 (lakh tonnes):**

| State | Total procurement in marketing season | Progressive Procurement as on 10.04.2015 | |
|---|---|---|---|
| | 2013-14 (Oct. - Sept.) | In Marketing season 2014-15 | In Marketing season 2013-14 |
| **Andhra Pradesh** | 37.38 | 17.90 | 36.64 |
| **Telangana** | 44.00 | 16.08 | 0.00 |
| **Chhattisgarh** | 43.0 | 33.55 | 42.85 |
| **Haryana** | 24.06 | 20.01 | 24.05 |
| **Kerala** | 4.00 | 2.46 | 2.47 |

| | | | |
|---|---|---|---|
| **Punjab** | 81.06 | 77.81 | 81.06 |
| **Madhya Pradesh** | 10.14 | 8.07 | 10.40 |
| **Maharashtra** | 2.00 | 1.36 | 1.29 |
| **Tamil Nadu** | 7.0 | 0.06 | 0.59 |
| **Uttaranchal** | 4.63 | 4.29 | 3.82 |
| **Uttar Pradesh** | 11.27 | 15.42 | 10.75 |
| **West Bengal** | 13.59 | 12.58 | 7.82 |
| **Others** | 36.46 | 4.02 | 9.42 |
| **All-India** | 319 | 249.31 | 247.83 |

**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 | 23.62 | | | | | | | | |

*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 04th Week of April-2015:**

| State | Prices 24-30 Apr 2015 | Prices 16-23 Apr 2015 | Prices 09-15 Apr 2015 | Prices 24-30 Apr 2014 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|---|---|---|---|---|---|---|---|
| **AP** | 3590 | 3672.25 | 3698.91 | 3549.3 | -2.24 | -2.94 | 1.15 |
| **Assam** | 3184.23 | 3012.04 | 3080.23 | 2859.82 | 5.72 | 3.38 | 11.34 |
| **Gujarat** | 4000 | 3985.6 | 4904.21 | 2760.52 | 0.36 | -18.44 | 44.9 |
| **Jharkhand** | 2523.42 | 2523.26 | 2516.3 | 2747.97 | 0.01 | 0.28 | -8.17 |
| **Karnataka** | 1800 | 2024.04 | 2375.41 | 3022.33 | -11.07 | -24.22 | -40.44 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Kerala** | 3144.65 | 3074.88 | 3134.14 | 3614.8 | 2.27 | 0.34 | -13.01 |
| **Maharashtra** | 1700 | 3339.21 | 3361.63 | 4269.92 | -49.09 | -49.43 | -60.19 |
| **Manipur** | 2858.33 | 2852.91 | 2814 | 2912.81 | 0.19 | 1.58 | -1.87 |
| **Meghalaya** | 3500 | 3287.5 | 3163.16 | 3511.63 | 6.46 | 10.65 | -0.33 |
| **Delhi** | 1900 | 2000 | | 2000 | -5 | __ | -5 |
| **Orissa** | 2321.36 | 2279.94 | 2274.76 | 2346.3 | 1.82 | 2.05 | -1.06 |
| **Tripura** | 2681.88 | 2677.15 | 2531.79 | 2646.3 | 0.18 | 5.93 | 1.34 |
| **UP** | 2100 | 2035.99 | 2029.45 | 2006.17 | 3.14 | 3.48 | 4.68 |
| **Uttarakhand** | 1892.04 | 1826.22 | 1787.7 | 2141.05 | 3.6 | 5.84 | -11.63 |
| **West Bengal** | 2166.79 | 2163.77 | 2157.28 | 2684.42 | 0.14 | 0.44 | -19.28 |
| **Average** | 2624.18 | 2716.98 | 2844.93 | 2871.55 | | | |
| **As per the data reported by APMCs** | | | | | | | |

**Price Projection for May 01st Week in Domestic Market:**

| Duration | Trend | Average Price Range |
|---|---|---|
| **01st Week of May, 2015** | **Steady to Firm** | **Rs.2700-2850/Q** |

**Global Updates:**

**The FAO has lowered its 2014 estimated global paddy production by 3.3 million tonnes** since December, to 741.3 million tonnes (494.4 million tonnes of it milled), a level only 0.5 per cent below the record 2013 performance. The largest downward revision related to Thailand, one of the world's leading rice exporters, where unseasonable dryness leading to severe constraints in water availability for irrigation took a heavy toll on secondary crop production, the April 2015 issue of the "FAO Rice Market Monitor" states.

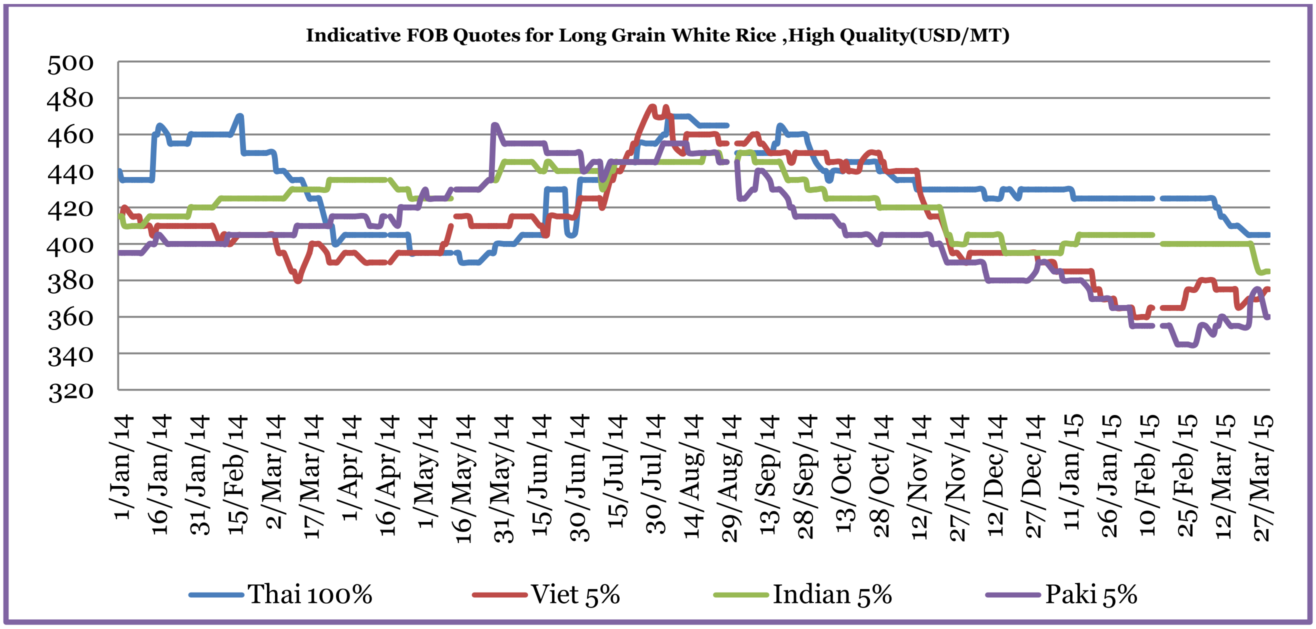
Thailand's rice production (paddy) declined by 2.7 per cent in 2014 to 34.3 million tonnes (22.7 million tonnes of milled rice), due mainly to a decline of secondary crop outputs affected by cuts in planted areas. However, in 2015, Thailand is expected to increase production by 2.1 per cent.

**Rice export from Pakistan increased from 355747 to 472357 tonne** In March,2015 in comparison to Feb-2015. Pakistan exported 42569 tonne basmati rice in March, higher by 35 percent in comparison to feb-2015. Export earning to have increased to $166.4 million from 4130.87 million.

**As per Agriculture ministry of Cambodia, Country produced 9.32 million tons of paddy rice in 2014, slightly down from 9.38 million tons** it produced in 2013. Based on last year's amount of production, besides local consumption, the country will have around 4.7 million tons of un- husked rice, or more than 3 million tons of milled rice, left for exports this year. In 2010, Cambodia set a goal of exporting 1 million tons of milled rice by the end of 2015; however, Commerce Minister Sun Chanthol admitted in February this year that the country was unlikely to achieve the target due to lack of milling capacity and funding. Last year, we had exported only 387,000 tons of milled rice, so it is difficult for us to achieve the target," he told reporters. Currently, some 61 companies have exported Cambodian rice to 40 countries and regions around the world, according to the report. Five main buyers of Cambodian rice are China, France, Malaysia, the Netherlands, and Poland.

**The International Grains Council estimates 2015** world rice trade will reach about 42 million tons, down about 3% from a record 43 million tons in 2014. The IGC estimates world rice production for 2014-15 will be about 475 million tons, down slightly from 2013-14. World rice consumption in 2014-15 may increase to about 483 million tons, up about 1% from the previous year. World rice ending stocks are expected to decline from the previous year to around 101 million tons in 2014-15.

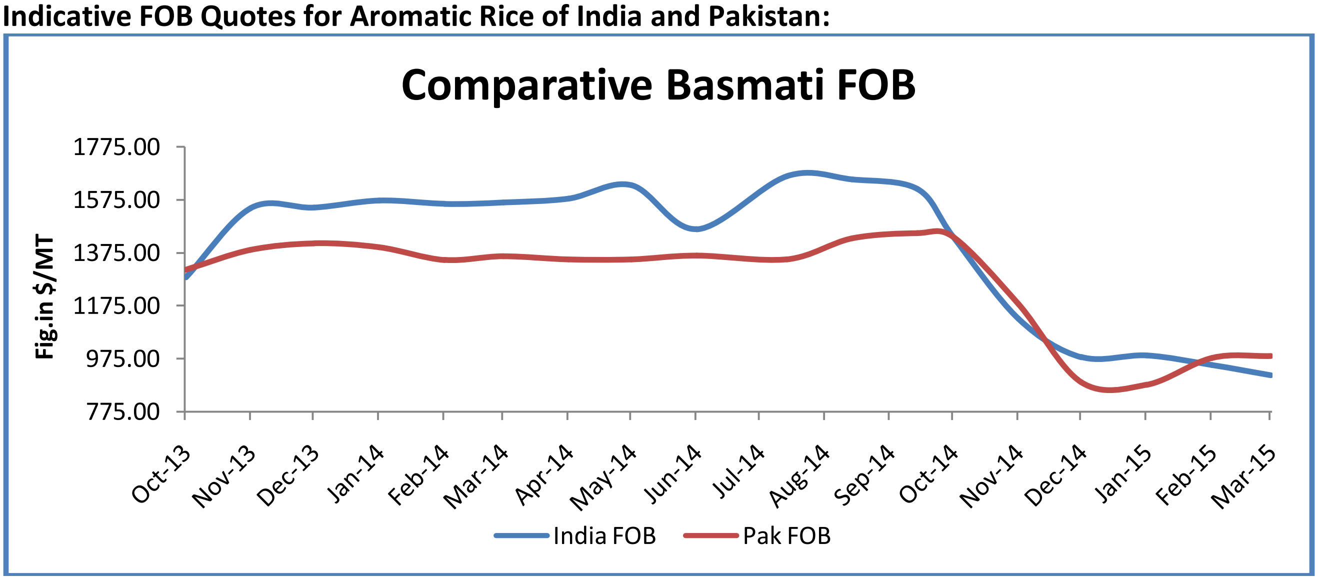
**FOB Quotes for Long Grain White Rice, High Quality**




***Source-Oryza***

FOB quotes for high quality white rice in the month of March was weak in all major exporters except Pakistan. FOB for Thailand, Vietnam and India were down by -4%, -1.3 and -3.75% respectively in the month of March from last month. On the other hand due to lower production prospects and lower carryover stock in Pakistan, rice international price was moved up in last month by 4.34%.

**Indicative FOB Quotes for Aromatic Rice of India and Pakistan:**



Pakistan Basmati FOB in the month of March was again surpassed the Indian basmati rice FOB by 7.32%. Currently Indian FOB is hovering in the range of USD 910-912/MT where as Pakistan basmati FOB is USD 985/MT as per latest data given by FAO.

**IGC Balance Sheet:** **(Fig. In Million Tonnes)**

| | 2012-13 | 2013-14 est. | projection 26.02.15 | 2014-15 Forecast 22.01.15 | projection 23.04.15 2015-16 |
|---|---|---|---|---|---|
| **Production** | 467 | 472 | 476 | 475 | 474 |
| **Trade** | 39 | 39 | 43 | 42 | 41 |
| **Consumption** | 458 | 469 | 479 | 483 | 483 |
| **Carryover stocks** | 109 | 112 | 109 | 101 | 100 |
| **Y-O-Y change** | 8 | 3 | -3 | - | -9 |
| **Major Exporters** | 37 | 40 | 37 | 31 | 30 |

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

**IGC Rice Balance sheet Highlights:**

The 2014/15 global rice outturn is seen fractionally lower m/m, at 474m t, a negligible fall from the previous year's record. With a reduced figure for carry-ins leading to tighter supplies, global end-season stocks are cut slightly, to 100m t, the y/y drop of 8% mostly in the major exporters. Forecast trade in 2015 is down marginally m/m, to 41m t, a decline of 4% from the 2014 peak owing to reduced demand from Asian buyers.

At 474m t, world rice output in 2014/15 is anticipated to be marginally below the previous year's record. As increased uptake, mainly in Asia, boosts consumption to a new peak of 483m t, world end-season inventories are forecast to contract by 8% y/y, to a five-year low. Within the total, major exporters' stocks are seen dropping by one-fifth, to 30m t, on heavy falls in Thailand and India. Global trade in 2015 is expected to recede by about 4%, mainly on reduced buying interest from Asian importers.

**Rice Price Trend @ CBOT May- 15, Rough Rice):**
**(Prices in US$/hundredweight)**


## Market Analysis:

The CBOT May month rough rice chart indicates weak movement in previous session. We expect market will hover in the range USD 9.70 to USD 10.50/ hundredweight in coming sessions.

## Price Projection (International-CBOT):

| Duration | Trend | Price Range |
|---|---|---|
| **01st Week of May, 2015** | **Steady to Weak** | USD/ Hundred Weight<br>9.70-10.50 |