Latest Market Development

Average price of aromatic rice in the month of June was traded lower than previous month, but in the last couple of weeks, prices of almost all basmati firmed up by Rs.400-600/quintal due to sudden increase in domestic demand by stockist and retail markets. As per traders feedback, after banning of Maggie (easy to cook), very large number of urban population have shifted towards aromatic rice.

According to preliminary data released by the Indian Agriculture Ministry, **Planting for India 2015-16 Kharif (main) rice crop (June - December) which began on May 8, 2015** is picking up fast and stands at about 54.03 lakh hectares as of July 07, 2015; up by about 0.8% from about 53.56 lakh hectares planted during the same period last year. Paddy sowing status in Haryana and Punjab is 1.49 lakh hectare and 6.67 lakh hectare which is down by about 1.97% and 27% respectively from last year.

Area coverage was higher by 4.3 lakh hectare under Arhar, 2.4 lakh hectare under Urad, 1.4 lakh hectare under Moong, 6.6 lakh hectare under Maize, 5.3 lakh hectare under Groundnut, 39.1 lakh hectare under Soybean and 10.6 lakh hectare under Cotton. Area coverage was lower by 9.4 lakh hectare under Rice, 1.2 lakh hectare under Jowar, 6.9 lakh hectare under Bajra and 1.6 lakh hectare under Sugarcane as compared to average area (as on 07/07/2015).

As per telephonic view taken from few farmers of Punjab and Haryana, farmers are more interested to grow PR varieties instead of aromatic paddy due to lower price realization last year. Also in Kurukshetra region of Haryana, aromatic varieties were sown in 55 to 60 per cent area in 2014-15. Now it has come down to 35 to 40 per cent this year. Although the area under cultivation has come down this year, it is hard to anticipate what level the aromatic varieties will witness this season.

Government of both producing states (Punjab and Haryana) have been advised to plant Pusa basmati 1509 variety after July 15, to avoid incidence of breakage. About 300,000 hectares in Punjab and about 250,000 hectares in Haryana were used to plant basmati 1509 variety 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**	8.22	2.95	**11.17**
November-13	4.29	2.49	**6.78**	**November-14**	8.1	2.56	**10.66**
December-13	5.11	3.79	**8.9**	**December-14**	5.38	3.82	**9.2**
January-14	6.85	3.44	**10.29**	**January-15**	8.3	3.47	**11.77**
February-14	6.18	3.5	**9.68**	**February-15**	8.62	3.79	**12.41**
March-14	4.17	3.19	**7.36**	**March-15**	6	3.98	**9.98**
April-14	4.61	2.85	**7.46**	**April-15***	4.17	3.44	**7.61**
May-14	4.68	3.37	**8.05**	**May-15***	4.92	4.04	**8.96**
June-14	5.05	3.64	**8.69**	**June-15***	5.98	3.43	**9.41**
July-14	5.76	2.33	**8.09**	**July-15**			
August-14	7.45	2.16	**9.61**	**August-15**			
September-14	8.86	2.03	**10.89**	**September-15**			
Total	**69.71**	**34.59**	**104.3**	**Total**	**59.69**	**31.48**	**91.17**

Revised (Source-DGCIS & * = IBIS)

Total Rice export for MY-2014-15 till June-15 was 91.17 lakh tonnes which was up by around 20% from same period last year export of 75.71 lakh tonnes. Non-basmati rice export in the month of June was 5.98 lakh tonnes and basmati exports for MY-2014-15(Oct14-Sep-15) in the month was 3.43 lakh tonnes.

For the remaining three months (July-Sept-2015) we expect around 7-7.5 lakh tonnes rice to be exported from India. The total rice export expectation comes to approx. 9.5-9.8 lakh tonnes for MY- 2014-15.

India Rice Balance Sheet:

Figure in MMT	2013-14	2014-15	2015-16*
Carry in	26.19	22.65	16
Production	106.54	102.5	104

Imports	0	0	0
Total Availability	132.73	125.15	120
Consumption	99.18	99.35	99.5
Exports	10.9	9.8	8.5
Total Usage	110.08	109.15	108
Carry out	22.65	16	12
Av Monthly Consumption	8.27	8.28	8.29
Stock to Month Use	2.74	1.93	1.45
Stock to Consumption Ratio	0.23	0.16	0.12

(Source: Agriwatch Research, USDA)

Agriwatch gave the 1st Supply and demand estimates for MY-2015-16 in the 1st week of June. Rice production for MY 2015-16 is likely to be up from 102.5 million tonnes to 104 million tonnes due to favorable weather at sowing stage in various growing states in north east and southern regions. The reason for increasing production is that, some area in U.P under sugarcane is expected to shift towards paddy.

At Export front, we expect that in MY 2015-16, rice export is likely to be down by around 13% from last year export of 9.8 million tonnes due to lower carry over stock. However demand for Indian rice in overseas markets and price of competitive nations may also twist the export front in coming years.

Domestic consumption is likely to be up by 0.15% from last year’s consumption of 99.35 million tonnes to 99.5million tonnes in 2015-16.

Progressive Procurement of Rice as on 29.05.2015 (lakh tonnes):

State	Total procurement in marketing season	Progressive Procurement as on 29.05.2015	
	2013-14 (Oct. - Sept.)	In Marketing season 2014-15	In Marketing season 2013-14
Andhra Pradesh	37.38	32.61	59.39
Telangana	44.00	28.45	0.00
Chhattisgarh	43.0	33.55	42.85

Haryana	24.06	20.09	24.05
Kerala	4.00	3.72	3.48
Punjab	81.06	77.82	81.06
Madhya Pradesh	10.14	8.07	10.40
Maharashtra	2.00	1.45	1.40
Tamil Nadu	7.0	0.06	0.59
Uttaranchal	4.63	4.61	4.13
Uttar Pradesh	11.27	16.46	11.18
West Bengal	13.59	14.21	8.83
Others	36.46	4.02	9.42
All-India	319	281.19	277.79

Source-agricoop

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	22.23	22.48	21.67					

Source-FCI

*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 21.67 million tons as of July- 1, 2015.

State wise Wholesale Prices Weekly for Rice 01st Week of July-2015:

State	Prices 01-08 Jul 2015	Prices 24-30 Jun 2015	Prices 16-23 Jun 2015	Prices 01-08 Jul 2014	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	2522.82	2391.24	2369.72	3800.44	5.5	6.46	-33.62

Assam	3086.71	3143.42	3128.4	3238.64	-1.8	-1.33	-4.69
Bihar	2050	2010.79	2049.76		1.95	0.01	__
Gujarat	2603.53	2674.83	2676.27	2609.94	-2.67	-2.72	-0.25
Jharkhand	2605.74	2533.7	2531.93	2661.02	2.84	2.92	-2.08
Karnataka	3470.41	3312.57	3311.86	3461.35	4.76	4.79	0.26
Kerala	3099.17	3198.57	3116.37	3719.96	-3.11	-0.55	-16.69
Maharashtra	2855.78	2669.13	3073.51	9512.02	6.99	-7.08	-69.98
Manipur	2872.52		2869.35		__	0.11	__
Meghalaya	3122.22	3457.14	3468.21	3332	-9.69	-9.98	-6.3
Orissa	2050.07	2420.65	2490.82	2407.61	-15.31	-17.69	-14.85
Telangana	3114.69	3098.46	3088.67	3379.53	0.52	0.84	-7.84
Tripura	2557.99	2573.69	2523.51	2550.46	-0.61	1.37	0.3
Uttar Pradesh	2050.02	2073.7	2076.38	2046.46	-1.14	-1.27	0.17
Uttrakhand	1936.47	2092.02	1929.12	1886.72	-7.44	0.38	2.64
West Bengal	2368.59	2224.47	2099.41	2598.57	6.48	12.82	-8.85
Average	2647.92	2622.36	2635.49	3371.77			
As per the data reported by APMCs							

Source agmarknet

Price Projection for July 02nd Week in Domestic Market:

Duration	Trend	Average Price Range
02nd Week of July, 2015	**Steady to slightly Firm**	**Rs.2670-2750/Q**

Global Updates:

Basmati rice imports by the European Union (EU) nations declined to around 223,549 tons during September 1, 2014-June 18, 2015, down about 27% from around 305,469 tons imported during the same period last year. Netherlands remains the largest buyer of basmati rice with 45,783 tons (about 20% of total basmati imports during the stated period) followed by the U.K with 38,307 tons (about 17% of total basmati imports during the period).

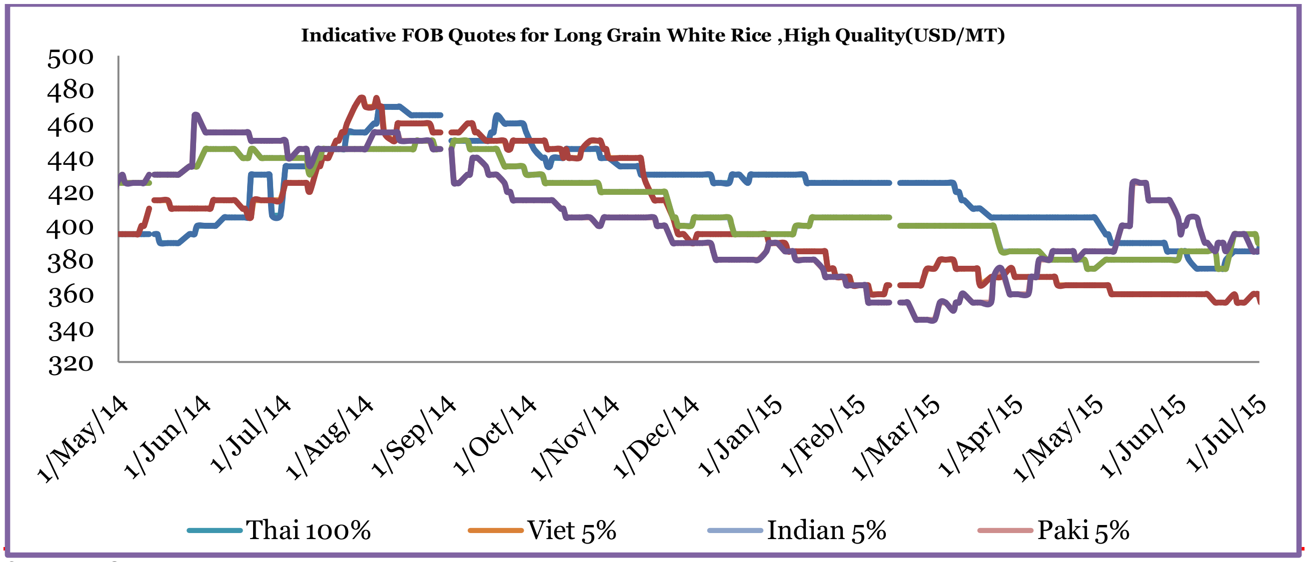
Unofficial preliminary rice exports (excluding premium white and fragrant rice) for May 25-31, 2015 totaled 42,489 metric tons, down 46,286 metric tons from the previous week and down 21,673 metric tons from the four-week moving average of 64,162 metric tons. Rice exports (excluding premium white and fragrant rice) from January 1 – May 31, 2015, totaled 1,515,086 metric tons, down 12 percent from the same period last year. Total rice exports from January to April 2015 totaled 2,826,561 million metric tons, down 4 percent from the same period last.

A severe drought may reduce North Korea's rice harvest by 12 percent this year from a year earlier, as reported by the Food and Agriculture Organization of the U.N. The recent FAO report put North Korea's rice production at an estimated 2.3 million tons for this year, as compared with the country's rice harvest of 2.6 million tons a year earlier. The estimated production may be less than the average amount of rice produced annually over the past five years, it added.

In the period January 1-June 11, Vietnam exported about 2.123 million tons of rice, down by about 29.6% from the first half of 2014. Average rice export price so far this year stands at around $421 per ton (FOB), down by about 2.3% per ton from the same time last year.

Pakistan has exported around 3.71 million tons of rice (around 458,995 tons of basmati and around 3.25 million tons of non-basmati) in the first eleven months of FY 2014-15 (July 2014 - June 2015), up by about 6% from around 3.49 million tons (around 613,655 tons of basmati and around 2.88 million tons of non-basmati) exported during the same period in FY 2013-14.

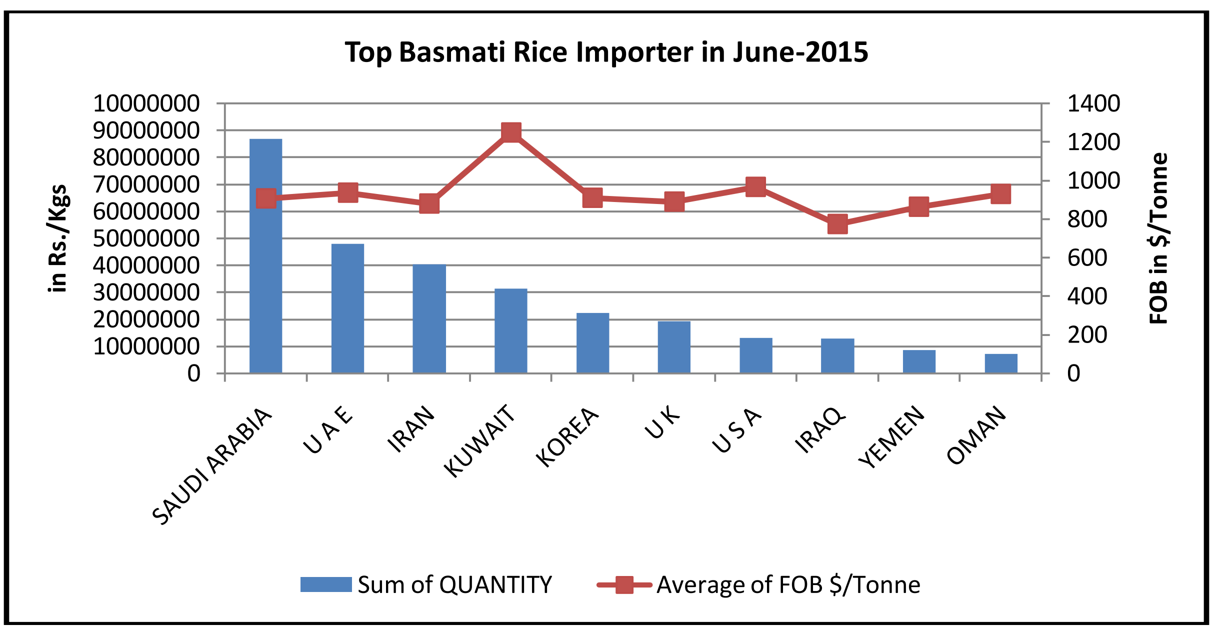
FOB Quotes for Long Grain White Rice, High Quality



Source-Oryza

FOB quotes, for high quality white rice in the month of June was moving in the range bound to weak in major exporters, expect India. Thailand white rice 100% high quality FOB average price was moved down by USD 10/MT from last month price of USD 390/MT, Indian rice 5% broken high quality was moved up by 1.84% from last month price of USD 379/MT.

Top Basmati Rice Importing Countries in June-2015:



(Source:-IBIS)

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

	2012-13	2013-14 est.	2014-15 Forecast	projection 28.05.15	projection 25.06.15
			22.01.15	2015-16	2015-16
Production	473	478	476	482	481
Trade	38	43	42	42	42
Consumption	469	479	484	489	489
Carryover stocks	113	112	103	97	96
Y-O-Y change	4	-2	-8	-	-7
Major Exporters	40	37	28	21	21

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

IGC Rice Balance sheet Highlights:

Global rice production in 2015/16 is projected to be almost unchanged m/m, at a new record; the outlook is tentative, especially given uncertainty about the impact of El Niño on crops in Asia. Owing to reduced opening stocks, supplies are expected to tighten and, with uptake to expand further, world end-season inventories are forecast to drop to a six-year low. Major exporters' stocks are seen declining by about one-quarter y/y, to 20.9m t, the lowest since 2007/08. World trade is expected to remain high on firm demand from Asia and Africa.

Assuming bigger crops in key Asian producers, global rice output in 2015/16 is anticipated to reach a new peak. However, with supplies set to contract, world carryovers are projected to drop by 7% y/y, to a six-year low. As China's inventories are set to edge up, much of the fall is likely due to a steep decline in leading exporters. China's imports could expand further in 2016 and, together with another year of above-average shipments to traditional buyers in Asia and Africa, trade is seen only fractionally lower y/y, at close to 42m t. Given tightening availabilities, India's exports are forecast to fall, but Thailand's shipments are placed at a fresh record.

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

Market Analysis:

The CBOT July month rough chart for rice indicates firm movement in previous session. We expect market to hover in the range USD 10.90 -11.50/ hundredweight in coming sessions.

Price Projection (International-CBOT):

Duration	Trend	Price Range
02nd Week of July, 2015	**Steady to Firm**	USD/ Hundred Weight 10.90-11.50