Latest Market Development

Average price of aromatic rice in the second week of July moved range bound (-0.12% from last week) and currently hovers in the range of Rs.2670-2680/quintal. We expect the average price of non basmati to move up in coming week due to lower area coverage under rice and increasing summer domestic demand Aromatic basmati rice average price, is likely to move firm by Rs.200-300/quintal for major varieties like 1121, Duplicate basmati and traditional basmati due to good overseas demand.

Lifting of global economic sanctions on Iran by the US and EU could facilitate a new record for basmati rice export to that country from here in 2015-16. Iran is also expected to cut import duty on Indian basmati from 40 per cent to 20 per cent from the new season, starting October. However other commodities like soymeal, sugar and corn are likely to be affected. Iran will be able to buy soymeal, sugar and corn at much cheaper rates from South American countries like Brazil, Argentina and the U.S. Iran may import around one million tons of Indian basmati rice. India exported around 900,000 tons of basmati rice to Iran in FY 2014-15 (April - March) compared to around 1.44 million tons in FY 2013-14 due to a temporary ban imposed by the Middle East nations citing surplus stocks.

Food grains procurement by the West Bengal state government has fallen far short of the target set by the Mamata Banerjee government. The paddy procurement target in Kharif season was 23, 70,000 tonnes. So far, only 13, 15,217 tonnes could be procured. Food minister Jyotipriya Mullick, though, claimed that the target could be achieved by September. However, this year's target achievement is a notch higher than last year's. Last year, the target was 22, 00,000 tonnes and the achievement was only 9, 16,087 tonnes. Higher price offered in open market could be the main reason for lower procurement in 2014-15 seasons.

As per latest information available on sowing of Kharif crops, around 42.0% of the normal area under Kharif crops has been sown up to 10.07.2015. Area sown under all Kharif crops taken together has been reported to be 445.11 lakh hectares at All India level as compared to 275.10 lakh hectares in the corresponding period of last year. Area coverage was lower by 17.8 lakh hectare under Rice [Assam (2.33), Chhattisgarh (4.02), Maharashtra (1.17), Odisha (2.46), Punjab (4.48), and U.P. (6.52)] (as on 10th July).

In the monsoon season, cumulative Rainfall for the country as a whole during the period 1st June to 08 July, 2015 was 4% lower than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was higher by 9% in North West India and lower by 4% in East North East India, 8% in Central India, 7% in South Peninsula.

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% as compared to last year's export of 75.71 lakh tonnes during same period 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 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 gone up to 21.67 million tons as of July- 1, 2015.

State wise Wholesale Prices Weekly for Rice 02nd Week of July-2015:

State	Prices 09-15 Jul 2015	Prices 01-08 Jul 2015	Prices 24-30 Jun 2015	Prices 09-15 Jul 2014	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
AP	2892.66	2710.21	2391.24	3780.4	6.73	20.97	-23.48
Assam	3157.88	3095.58	3143.42	3010.26	2.01	0.46	4.9
Bihar	2028.56	2092.62	2010.79		-3.06	0.88	__
Gujarat	2670.07	2646.89	2674.83	2601.73	0.88	-0.18	2.63
Jharkhand	2485.18	2528.77	2533.7	2649.41	-1.72	-1.91	-6.2
Karnataka	3334.23	3401.66	3312.57	3431.99	-1.98	0.65	-2.85
Kerala	3131.34	3122.78	3195.76	3396.25	0.27	-2.02	-7.8
Maharashtra	2936.99	2930.82	2672.16	5617.76	0.21	9.91	-47.72
Meghalaya	3202	3456.11	3457.14	3500	-7.35	-7.38	-8.51
Orissa	2349.8	2256.28	2426.02	2421.17	4.14	-3.14	-2.95
Telangana	3142.08	3120.88	3098.46	3372.92	0.68	1.41	-6.84
Tripura	2553.81	2546.92	2573.69	2455.93	0.27	-0.77	3.99
U.P	2082.92	2058.75	2073.61	2053.43	1.17	0.45	1.44
Uttarakhand	1941.83	1963.45	2092.02	1915.5	-1.1	-7.18	1.37
West Bengal	2230.99	2259.79	2224.47	2676.53	-1.27	0.29	-16.65
Average	2676.02	2679.43	2622.7	3063.09			
As per the data reported by APMCs							

Source agmarknet

Price Projection for July 03rd Week in Domestic Market:

Duration	Trend	Average Price Range
03rd Week of July, 2015	**Steady to Firm**	**Rs.2650-2750/Q**

Global Updates:

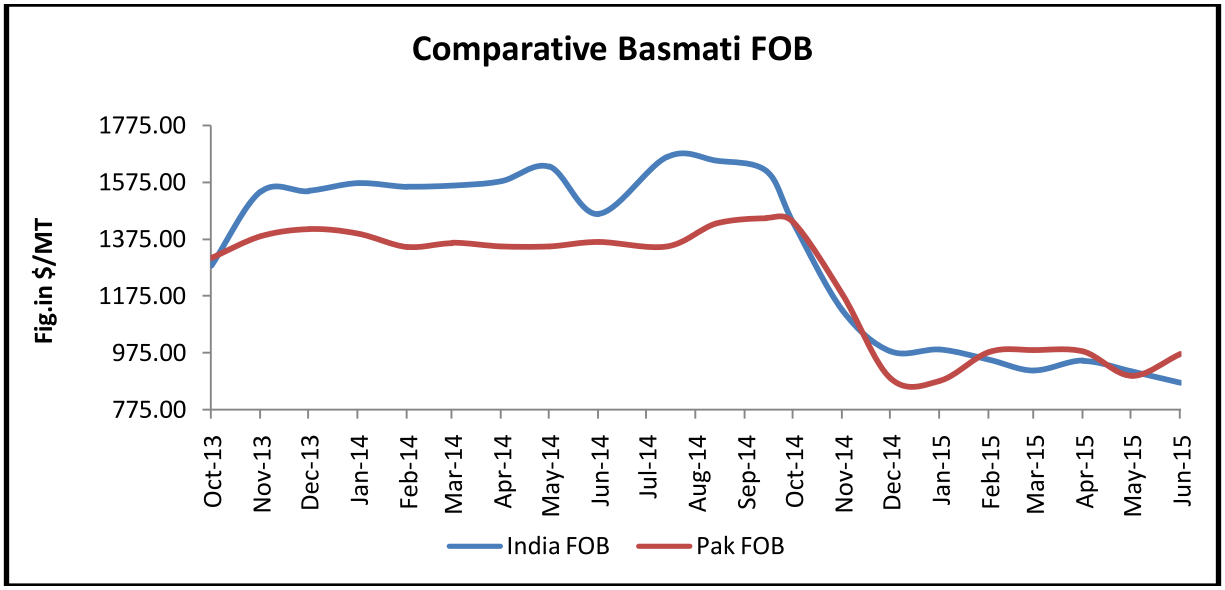
Thailand RICE traders have urged the government to rush to hold an auction for 1.29 million tonnes of rotten rice from its stockpiles while demand in the market is high during the drought. Instead of opening bidding for biogas or ethanol production, rotten rice could be produced as feed meal. The government should urgently release its rice in the meantime to clear out stocks. The government should allow general bidders, not just bidders for biogas or ethanol production, as many industries also want rotten rice.

Brazil has exported around 532,625 tons of rice in the first six months (January – June) of 2015, according to data released by the Rice Institute of Rio Frande do Sul (IRGA). In June 2015, Brazil exported around 49, 773 tons of rice, down about 71% from around 171,567 tons exported in May 2015. Sierra Leone remained the largest importer of Brazilian rice in June 2015 with around 18,951 tons, or about 38% of Brazil's total rice exports during the month. Peru accounted for around 9,522 tons (about 19% of Brazil's total exports during the month). Bolivia accounted for around 4,345 tons (about 8.7% of Brazil's exports during the month). Saudi Arabia accounted for 3.305 tons (about 6.6% of Brazil's total exports during the month), and the U.S. accounted for around 2,600 tons (about 5% of Brazil's total exports during the month). Brazil exported around 1. 24 million tons of rice in 2014, up about 2.4% from around 1.209 million tons exported in 2013, according to data from IRGA.

Total rice stocks in the Philippines as of June 1, 2015 reached around 3.02 million tons, down about 5% from around 3.17 million tons recorded in May 2015, and up about 31% from around 2.31 million tons recorded during the same period last year. The BAS says that the Philippines' rice stocks as of June 1, 2015 are enough to last for 89 days (household stocks are enough for 34 days, commercial warehouses stocks are enough for 33 days and stocks with NFA are enough for 22 days).

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).

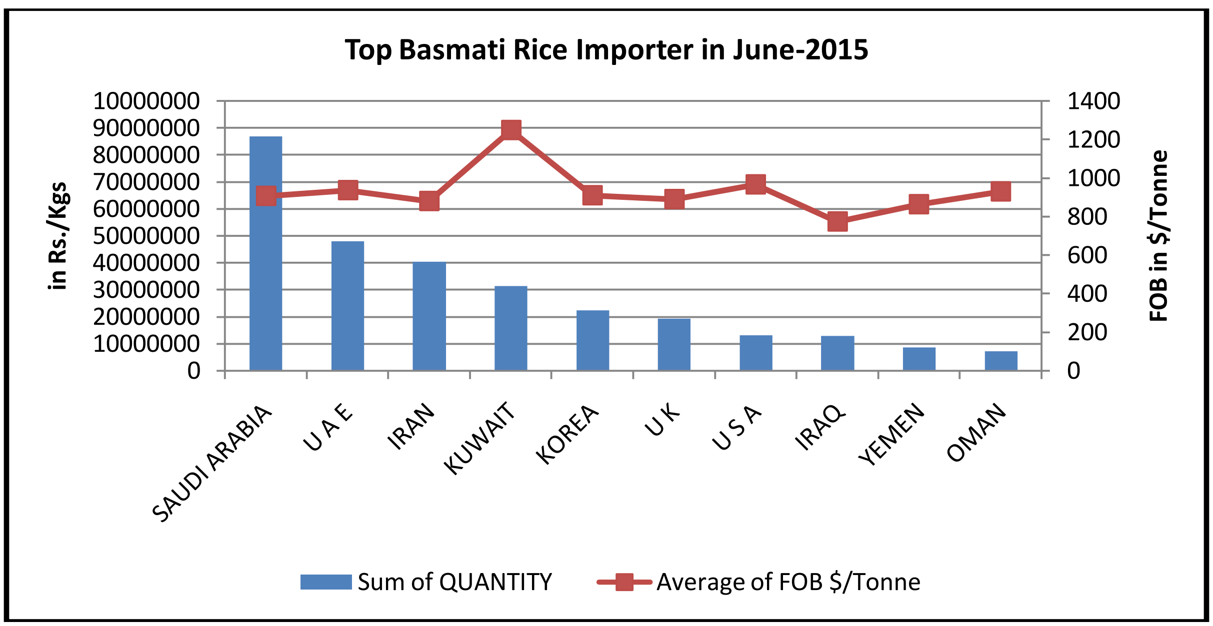
Indicative FOB Quotes for Aromatic Rice of India and Pakistan:



Source:-FAO & Agriwatch

According to FAO, Pakistan Basmati FOB in the month of June was again firm from last month and currently hovers in the range of USD 960-970/MT. whereas Indian FOB is continuously moving southward from last two months due to lower price in domestic market.

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 weekly session. We expect market to hover in the range USD 10.90 -11.30/ hundredweight in coming sessions.

Price Projection (International-CBOT):

Duration	Trend	Price Range
03rd Week of July, 2015	**Steady to Firm**	USD/ Hundred Weight 10.90-11.30