Rice Monthly Research Report

Contents

Outlook and Review:
Domestic Front

***Wholesale non-basmati rice Prices** for India as an average was firm by 1.20% from last month and are currently hovering at Rs.2645-2650/quintal.*

***Wholesale basmati rice prices in Delhi moved weak in first week of January due to frail demand** and supply from producing states and currently hover in the range of Rs.4200-4250 for 1121 sella and Rs.51-5300 for steam. Overall basmati rice is expected to trade range bound in coming weeks.*

***Sowing of Rabi rice crop continued to be lower than last year** but improved in last week from 12.5% down to 8.0% till date, with preliminary reports from the States placing the total area sown at 14.77 lakh hectares (lh), as on January 01-2016, against 16.05 lakh hectares in the corresponding period last year. However normal area under rabi rice is approx 43.11 lakh hectare. We expect that total area under paddy will decline by 3-5% from normal due to crop shifting in major rabi rice growing states.*

***Total rice exports for MY-2016-16 till December-15 was 30.68 Lakh tons which** was down by around 1.12% from last year's export of 31.03 lakh tons for the same period. Non- basmati rice exports in the month of December was 8.71 lakh tons and basmati exports in the month was 6 lakh tons.*

***Rice stock in Central pool is stood 30.35** million tons including 27.49 miilion tons of unmilled paddy as on Dec-01-2015.*

***The cumulative rainfall in the country during the post monsoon season i.e. 01st October to 16th December, 2015 was 20%** lower 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 57% in East & North East India, 64% in Central India and 7% in North West India. However, in South Peninsula has been higher by 19%.*

Among the food grains, inflation for Rice has increased to (-) 3.22% from the previous month's level of (-) 3.40%, Cereals to 0.47%** from the previous month's level of (-) 0.25%, Pulses to 58.17% from the previous month's level of 52.98%. The inflation for Wheat has decreased to 4.53% from the previous month's level of 4.68%.**Price

Projection for Next Month (February) in Domestic Market

Duration	Trend	Average Price Range	Reason
February - 2016	**Steady to Firm**	**Rs.2660-2850/Q**	**Average Rice price in all India is likely to trade firm due to lower production prospects**

Rice Supply & Demand

Figure in MMT	**2013-14**	**2014-15**	**2015-16***
Carry in	26.19	22.65	17.50
Production	**106.54**	**104**	**100.00**
Imports	0	0	0.00
Total Availability	132.73	126.65	117.50
Consumption	99.18	99.35	99.50
Exports	10.9	9.8	9.50
Total Usage	110.08	109.15	109.00
Carry out	**22.65**	**17.5**	**8.50**
Av Monthly Consumption	8.27	8.28	8.29
Stock to Month Use	2.74	2.11	0.79
Stock to Consumption Ratio	0.23	0.18	9.08

Agriwatch has updated the rice exports in the 01st week of December based on data released by APEDA & IBIS. Total rice exports for MY-2016-16 till December-15 was 30.68 Lakh tons which was down by around 1.12% from last year's export of 31.03 lakh tons for the same period. Non- basmati rice exports in the month of December was 8.71 lakh tons and basmati exports in the month was 6 lakh tons.

Rice production in MY 2015-16 is likely to be down from 104 million tons in 2014-15 to 99-100 million tons due to lower rainfall and lower area coverage in kharif. On the Exports front, we expect rice exports in MY 2015-16, to fall by around 13% from 2014-15 and reach 9.5-10 million tons due to the lower carry over stock. However, the exports could improve should Indian rice continue to be competitive. Domestic consumption is likely to increase by 0.15% to 99.5 million tons in 2015-16 from last year consumption of 99.35 million tons.

Agriwatch Rice (Kharif & Rabi) Production Estimate

	(Kg/Hect)	In 000 Ha.	As on 1 Jan-2016	Production in lakh T	
State	Normal Yield	Normal Area	Rainfall Status	5 Year Average Production	2015-16(Normal Expected Production)
Andhra Pradesh	3020.6	3234	16%	9606.716	11664.80
Assam	1958	2150	-47%	3811.254	4830.87

Bihar	1811.2	3040.2	-87%	5103.844	5497.68
Chhattisgarh	1661.4	3741.6	-74%	5049.618	5747.43
Gujarat	2070	689	11.94%	1336.994	1464.00
Haryana	3106.6	1062	-78%	826.398	1199.73
Himachal Pradesh	1638.8	72.5	-48%	1845.320	1825.47
Jharkhand	2009	1388.2	-54%	2405.460	2665.68
Karnataka	2743.4	1290	-6%	2889.296	3134.88
Kerala	2497.25	234.8	28%	423.886	463.56
Madhya Pradesh	1381.2	1590.2	-55%	2219.124	2655.18
Maharashtra	1881.6	1545	-57%	2359.872	2679.42
Odisha	1567	4117	-68%	5592.036	6625.47
Punjab	3870.4	2810	-74%	8863.074	10099.50
Rajasthan	47.2	152.8	-80%	221.352	283.57
Tamil Nadu	3183.6	1868.4	52%	4489.364	4479.06
Telangana	--	--	-78%	--	--
Uttar Pradesh	2347.2	5829	-74%	11396.784	12852.60
Uttarakhand	2165.2	290	-70%	472.580	529.02
West Bengal	2736.4	5125	-72%	12096.572	15248.87
Others	2411	2720.2	0	3126.276	3979.47
India	2367.2	42949.9	-23%	84135.820	99565.80

Source-AW, IMD, MOA

Agriwatch estimates MY 2015/16 milled rice production forecast has been lowered to 100 million metric tons (MMT) on reported lower yields in several growing states due to poor 2015 monsoon and losses due to recent rains in southern India damaging the standing rice crop. Rabi area is too 8% lower than last year area and currently sown data is 14.77 lakh hectare till Jan 01st 2016.

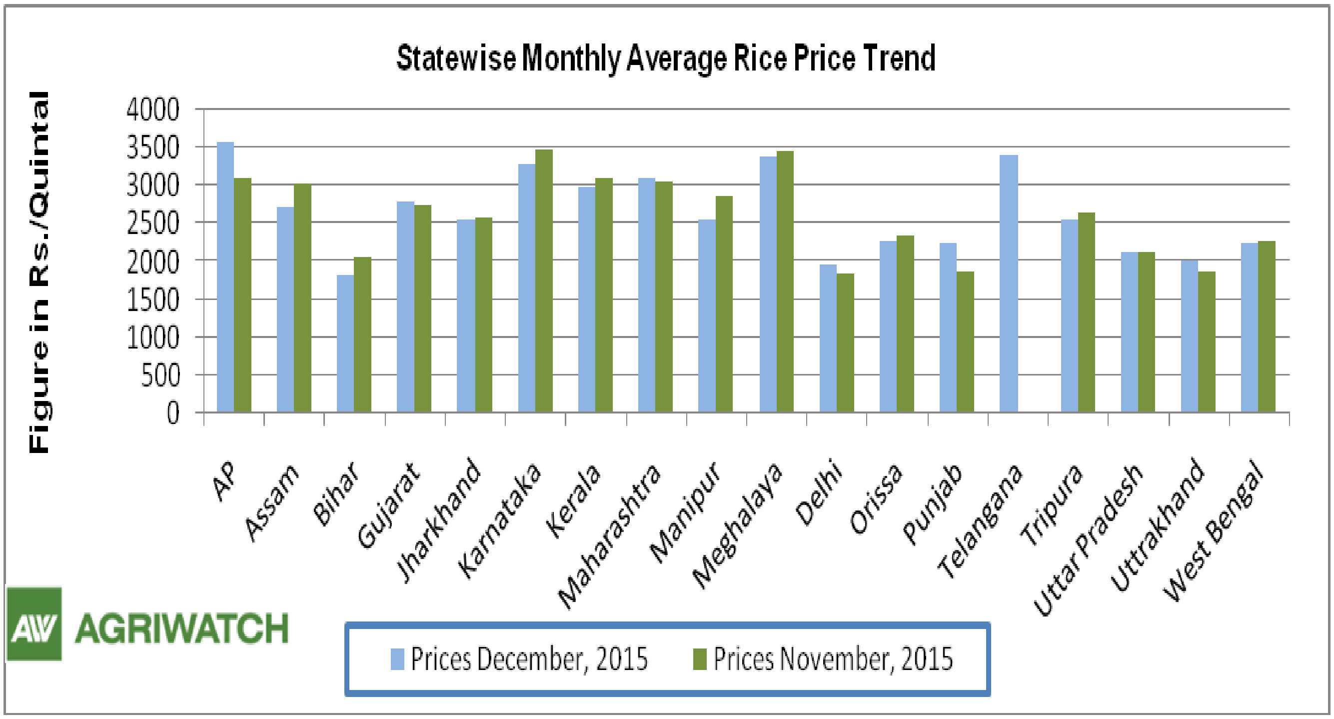
State wise Wholesale Price Monthly Analysis

State	Prices December, 2015	Prices November, 2015	Prices December, 2014	% Change(Over Previous Month)	% Change(Over Previous Year)
AP	3578.66	3094.06	3699.87	15.66	-3.28
Assam	2723.13	3026.73	2997.19	-10.03	-9.14
Bihar	1832.77	2070.33		-11.47	__
Gujarat	2787.77	2752.09	2616.86	1.3	6.53
Jharkhand	2566.67	2585.27	2601.99	-0.72	-1.36
Karnataka	3288.54	3477.65	3367.68	-5.44	-2.35
Kerala	2978.34	3095.15	3258.19	-3.77	-8.59
Maharashtra	3091.09	3042.79	3613.33	1.59	-14.45
Manipur	2566.83	2864.22		-10.38	__
Meghalaya	3380.62	3445.69	3433.84	-1.89	-1.55
Delhi	1957.33	1839.39	1981.48	6.41	-1.22
Orissa	2271.98	2341.34	2217.39	-2.96	2.46
Punjab	2247.72	1865.7	2403.63	20.48	-6.49
Telangana	3396.96		3504.86	__	-3.08
Tripura	2559.6	2657.79	2645.46	-3.69	-3.25
Uttar Pradesh	2132.78	2127.61	2056.85	0.24	3.69
Uttarakhand	2011.56	1874.72	1874.58	7.3	7.31
West Bengal	2238.64	2270.57	2402.17	-1.41	-6.81
Average	2645.06	2613.59	2725.79		

Source-Agmark

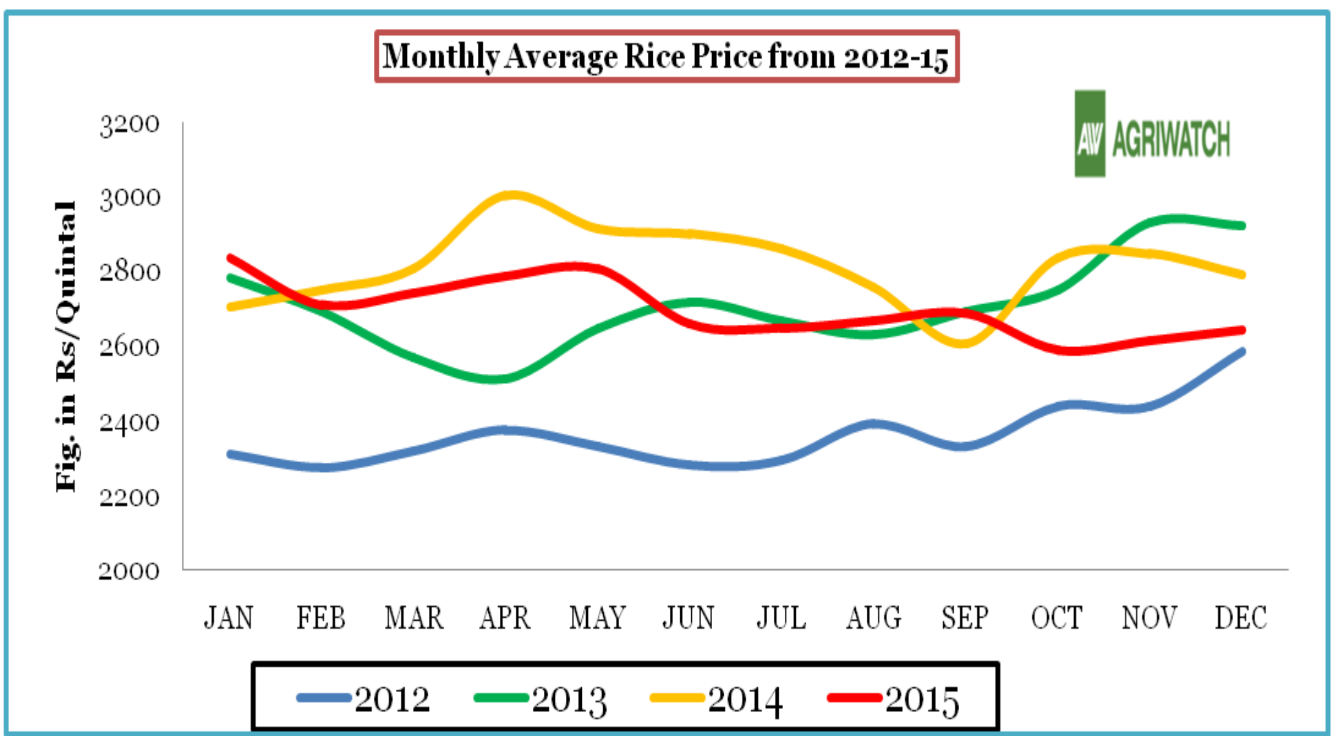
All India average wholesale rice prices were firm in December 2015 by 1.20% and currently hover in the range of Rs.2645-2650/Quintal. Major uptrend can be seen in the key growing states like A.P, Punjab, U.P, and trading points like Delhi, Maharashtra. We expect that rice price is likely to remain firm in coming months due to lower carry over stock and normal domestic and overseas demand.

Indian Average Rice Price Trend- December



All India rice average prices in the month of December was firm in major producing as well in major consuming states like A.P, Punjab, Delhi, and Maharashtra.

Monthly Average Rice Price Trend



Month-wise Rice Stock in Central Pool

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2014	38.01	38.99	37.93	35.61	32.72	32.01	27.66	27.40	23.98	20.21	27.94	27.49
2015	28.74	30.98	28.40	27.13	25.01	25.72	24.52	20.32	17.51	14.93	25.89	30.35

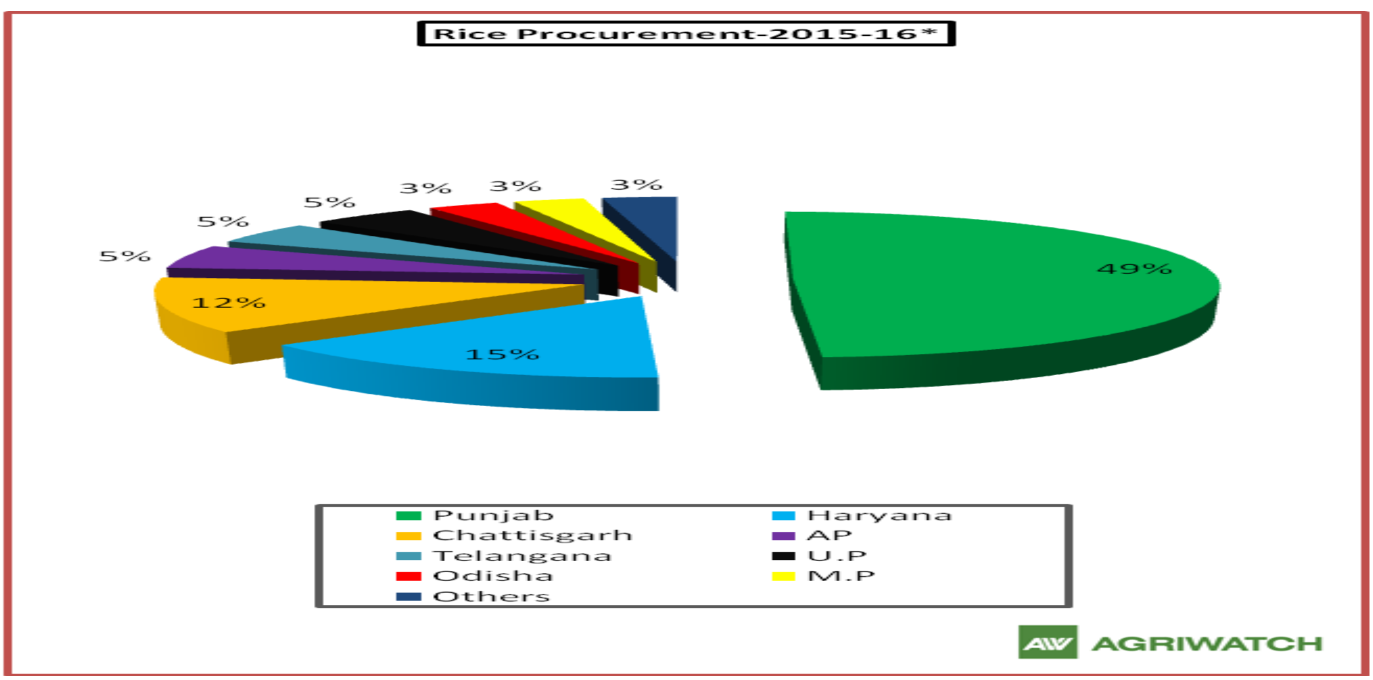
Source-FCI

India's rice stocks in the central pool as on December 1, 2015 stood at about 30.35 million tons (including a milled equivalent rice of about 24.21 million tons of paddy), about 10.43% higher than 27.49 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI).Due to higher procurement stock with central pool is higher at this time.

Rice Procurement

Government procurement of MY 2015/16 rice under the minimum support price (MSP) continues to be ahead of last year due to the timely harvest (last year delayed due to October rains) and good harvest from the irrigated northern states. Government procurement through January-01, 2016, is estimated at 18.96 MMT compared to 13.96 MMT during the corresponding period of MY 2014/15.

In Punjab, which contributes the highest volume of rice and wheat to the central pool, the FCI and the state agencies have procured around 9.3 million tons of rice so far, compared to around 7.7 million tons procured last year. Agencies have procured around 2.8 million tons of rice in Haryana compared to around 2.3 million tons last year. They reportedly procured 760,000 tons, 830,000 tons and 108,000 tons from Uttar Pradesh, Telangana and Kerala respectively. State agencies have reportedly Purchase 1.7 million tons of rice in Chhattisgarh and 400,000 tons in Odisha. Based on the pace of procurement, the Food Ministry Officials expressed confidence that the government may surpass the target of 30 million tons for KMS 2015-16. The FCI and government agencies procured 32 million tons of rice in KMS 2014-15.



Rice Export Statistics

MY-2014-15	Non Basmati	Basmati	Total Export2014-15	MY-2015-16	Non Basmati	Basmati	Total Export2015-16
October-14	8.22	2.95	11.17	October-14	3.38	2.94	6.32
November-14	8.1	2.56	10.66	November-14	6.62	3.03	9.65
December-14	5.38	3.82	9.2	December-14	8.71	6	14.71
January-15	8.3	3.47	11.77	January-15			
February-15	8.62	3.79	12.41	February-15			
March-15	6	3.98	9.98	March-15			
April-15	4.67	3.48	8.15	April-15			
May-15	5.81	4.31	10.12	May-15			
June-15	5.98	3.43	9.41	June-15			
July-15	6.14	2.7	8.84	July-15			
August-15	5.6	2.68	8.28	August-15			
September-15	5	3.83	8.83	September-15			
Total	77.82	41	118.82	Total	18.71	11.97	30.68

Source-DGCIS and * IBIS

Agriwatch has updated the rice exports in the first week of January based on data released by APEDA & IBIS. Total rice exports for MY-2015-16 December-15 were 30.68 Lakh tons, around 1.12% less last year's export of 31.03 lakh tons for the corresponding period (Oct-Dec). Non- basmati rice exports in MY 2015-16 which started from October 2015 to Dec was 18.7 lakh tons and basmati exports in these month were 11.97 lakh tons.

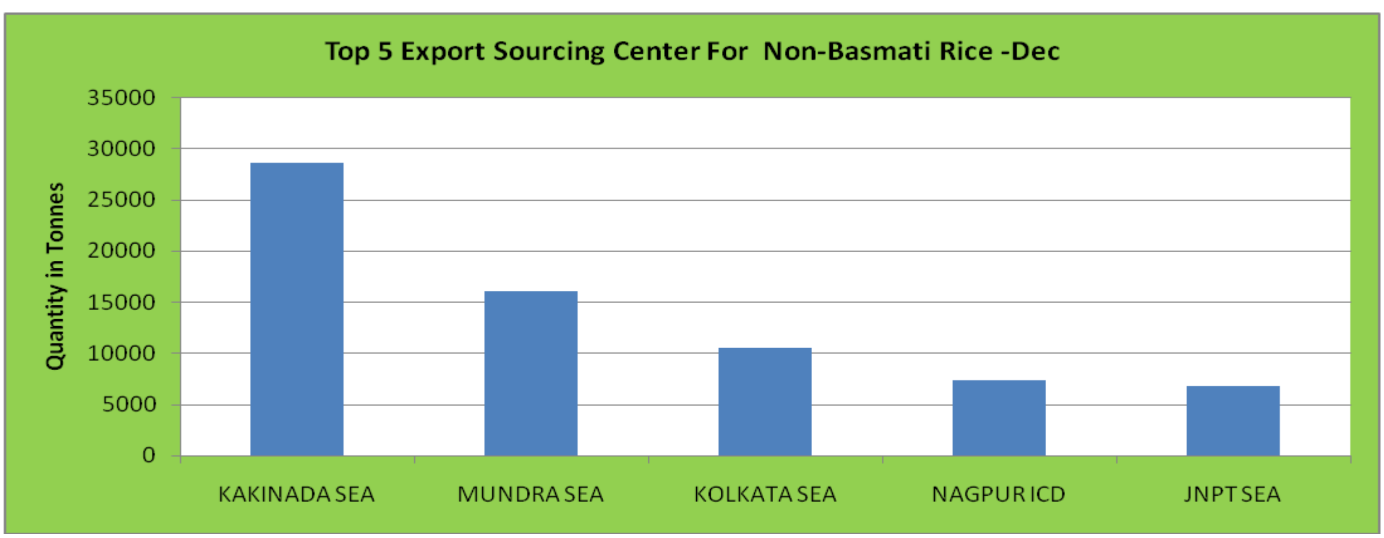
The total rice export has touched 118 lakh tons for MY- 2014-15, which is 13%higher than MY 2013-14 export of 104 lakh tons. Basmati exports in the end of marketing year were 41 lakh tons which is 18% higher than last year exports of 34.59 lakh tons, despite the ban by Iran which is one of the largest buyers of Indian Basmati rice. In MY 2014-15, Saudi Arabia, Iraq, Kuwait, USA were the main buyers.

Major Importers of Basmati & Non basmati Rice in December

Country	Quantity(Ton)	Average of FOB $/Tonne	Country	Quantity(Ton)	Average of FOB $/Tonne
SENEGAL	28730.00	278.02	SAUDI	69679.13	706.81
U A E	6385.62	556.64	IRAN	67363.66	716.15
TURKEY	5941.00	356.32	U A E	52821.50	773.19
BENIN	4213.68	338.23	BENIN	39695.91	357.00
DJIBOUTI	4197.04	349.28	KOREA	37447.00	750.06
QATAR	3591.74	590.10	NIGERIA	32192.30	117.46
SINGAPORE	3070.16	716.98	DJIBOUTI	25954.95	389.94
SAUDI	3060.24	525.73	IRAQ	22027.41	677.82
GAMBIA	2470.00	288.93	YEMEN	20561.04	723.67
ANGOLA	2023.00	384.48	KUWAIT	17979.48	716.67
Others	23463.83	484.78	Others	214789.36	829.66
Grand Total	**87146.30**	**551.17**	**Grand Total**	**600511.72**	**722.82**

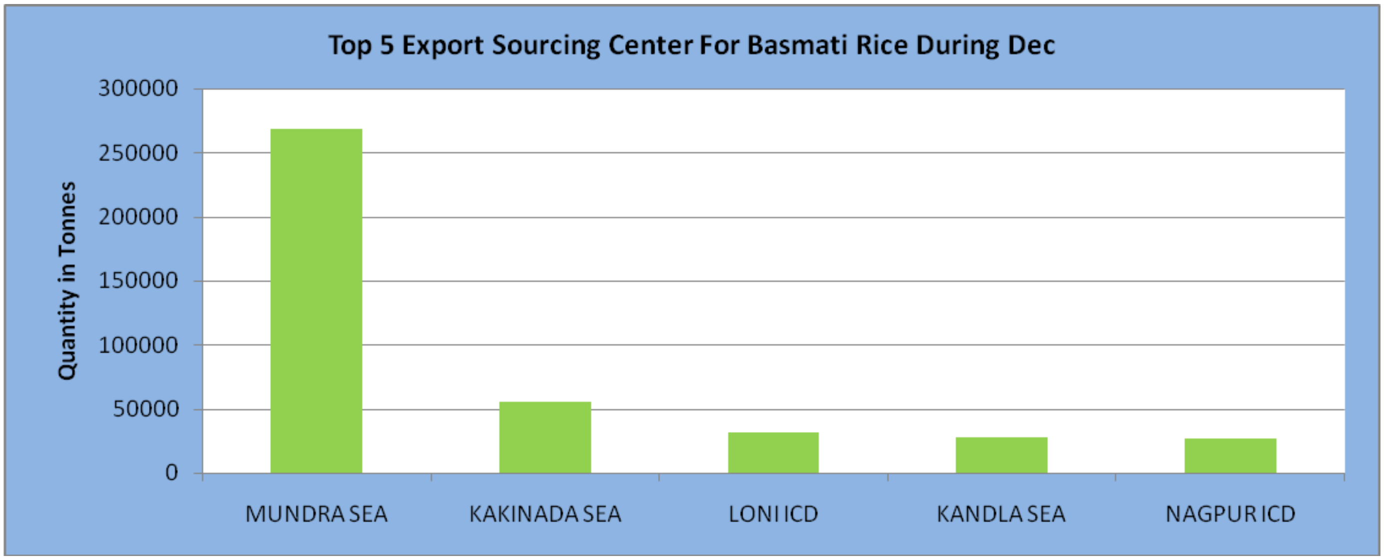
Total Rice exported from India in the month of December was 14.71 lakh tons out of which basmati rice contribute 41%, and non-basmati rice is 59% in this month with quantity of around 6 lakh tons and 8.71 lakh tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Saudi, Iran and UAE. We expect Middle East countries to remain the major basmati buyers of Indian Basmati from Mundra and Kakinada Port in coming months. Major non basmati importers were Senegal, UAE and Turkey. Rice exports in this month were 43% higher than the export of 9.65 lakh tons during last month.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the month of Dec -15 was 87146.29 tons. Kakinada Sea, Mundra, and Kolkata Sea were the major ports for non-basmati rice export during this period.

Major Basmati Export Sourcing Center



Total basmati Rice export in the month of Dec-15 was 600511.72 tons. Mundra Sea, Kakinada Sea and Loni ICD, were the major port for basmati rice export center during this period.

Rice Market Outlook

Indian rice price is expected to shoot up after the beginning of New Year. After toor dal that was making every meal pricey till recently, now it is the turn of rice. Continuously two years of lower rainfall (El-Nino) directly hampered the paddy production in various growing states. As per Agriwatch estimates, around 99-100 million tons of rice production in 2015-16 is expected which is down by 4-5 million tons from last year. Apart from production, carry over stock in the MY 2015-16 is approx 50-52% down from last year stock of 17-18 million tons to 7.5-8 million tons. Non-basmati as well aromatic cash rice market would continue to trade firm taking clue from firm global market and renewed export demand from India, besides lower rice production, carryout stock, supported by higher demand has lent support to cash rice market.

Global Market Scenario

The Thailand Commerce Ministry expects to clear the remaining 13 million tons of rice stockpiled in the government's *warehouses within the next 18 months. This will partially be achieved by the targeted sale of least 2 million tons of rice through government-to-government (G2G) deals this year, mainly with China, the Philippines and Indonesia. The government this year will focus on strategies to clear its rice stocks and create sustainable growth for rice production and marketing. The government expects to sell the remaining 13 million tons of rice from the stockpiles within a year and a half, with at least 2 million tons being sold through G2G contracts this year. This year, Thailand should be able to export at least 9 million tons of rice in total, against almost 10 million tons that were shipped in 2015.*

Vietnam Paddy rice production in 2015 is estimated to increase to around 45.2 million tons from 44.97 million tons in *2014, despite dry conditions. The Agriculture Ministry estimates the country's rice exports to reach about 6.7 million tons in 2015, up about 5.8% from in 2014. The UN's FAO estimates Vietnam's 2015 rice exports will reach 8.3 million tons (including 1.5 million tons of unofficial exports to China through land borders), an increase of about 4% from 2014.*

Bangladesh paddy prices have increased after the government hiked the import duty on rice from 10% to 20% *earlier this month. Prices of medium variety paddy have increased by about Tk 25 per 40 kilograms (around $8 per ton) to TK 625 (around $203 per ton). The duty hike is beneficial to farmers but the current prices are still not sufficient to fetch profits to them. The government rice stocks stood at around 1.13 million tons as on December 27, 2015, up about 17% from last year, according to the Food Ministry data. USDA estimates Bangladesh's MY 2015-16 (July 2015 – June 2016) milled rice production at around 34.6 million tons, slightly up from an estimated 34.5 million tons in MY 2014-15. It estimates Bangladesh to import around 1.2 million tons of rice in MY 2014-15 and about 600,000 tons in MY 2015-16.*

The UN's Food and Agricultural Organization FAO forecasts 2015-16 global rice production at around 491.5 *million tons, slightly down from an estimated 494.2 million tons in 2014-15. The decline is expected to be caused by a combination of unfavorable weather and prices, which may curb plantings to 161.1 million hectares, while yields are set to average 4.6 tons per hectare.*

Source-Oryza

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2012-13	2013-14	2014-15 Estimate	Forecast 29.10.15	Forecast 19.11.15
				2015-16	2015-16
Production	473	478	478	474	474
Trade	38	43	43	42	42
Consumption	469	480	484	487	486
Carryover stocks	113	11	106	94	95
Y-O-Y change	4	-2	-5		-13
Major Exporters	40	38	31	21	21

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

IGC Rice Balance sheet Highlights

Global rice output in 2015/16 is forecast at around 474m t, broadly unchanged from October, with a marginal fall from the previous year's record. Owing to smaller opening stocks and with consumption likely to expand to a new peak, global end-season reserves are anticipated to tighten markedly, by 12%, to 94m t – mostly on steep declines in the major exporters. Projected trade is maintained at 41.5m t, down fractionally y/y, but well above average on firm demand from buyers particular from Asia.

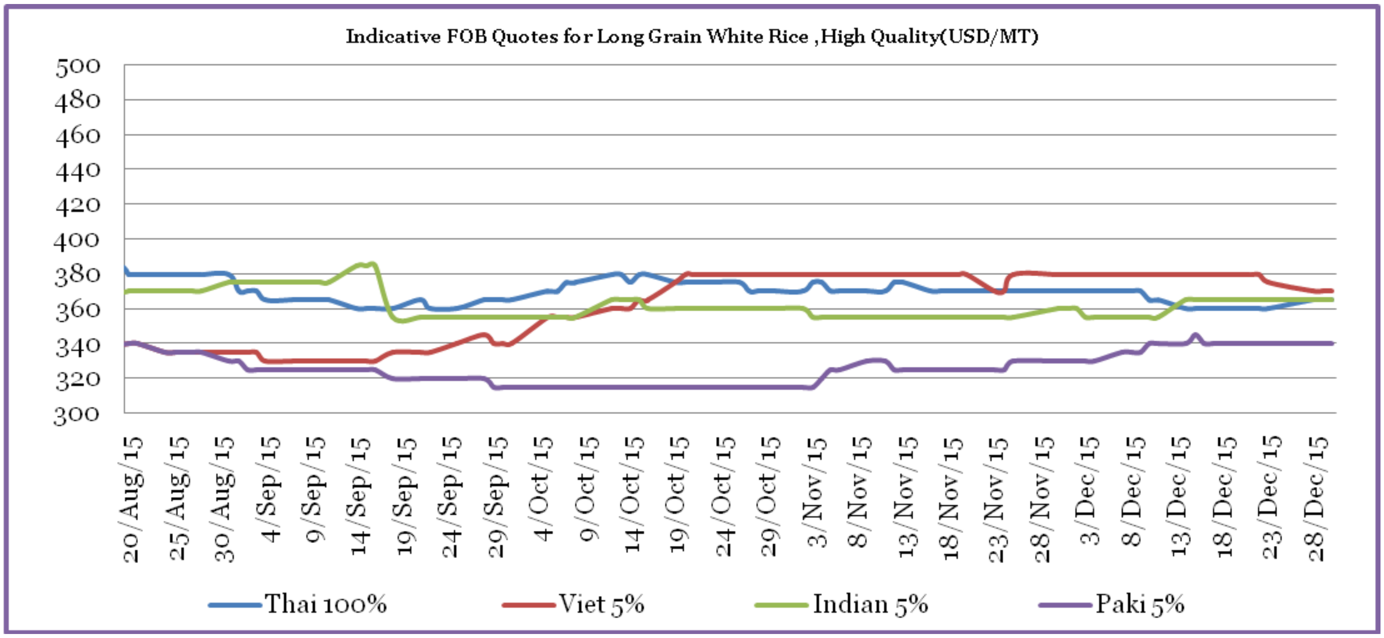
USDA & IGC Forecast the Same World Rice Production

In its November 2015 Rice Outlook report, USDA also forecasted 2015-16 global rice production (milled basis) at around 474 million tons, about 1% lower than last year. due to as Disappointing crops in some producing nations – including India and Thailand are only partly offset by improved harvests elsewhere in Asia and an expected decline in acreage as well as decline in average yields, which are likely to be affected by adverse weather conditions. It forecasted 2015 global rice trade at around 42.4 million tons, down 2% from an estimated 43.2 million tons in 2014

Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2015-16 global rice trade at around 42 million tons, unchanged from the previous year's 42 million tons as well as its previous estimate of around 42 million tons.

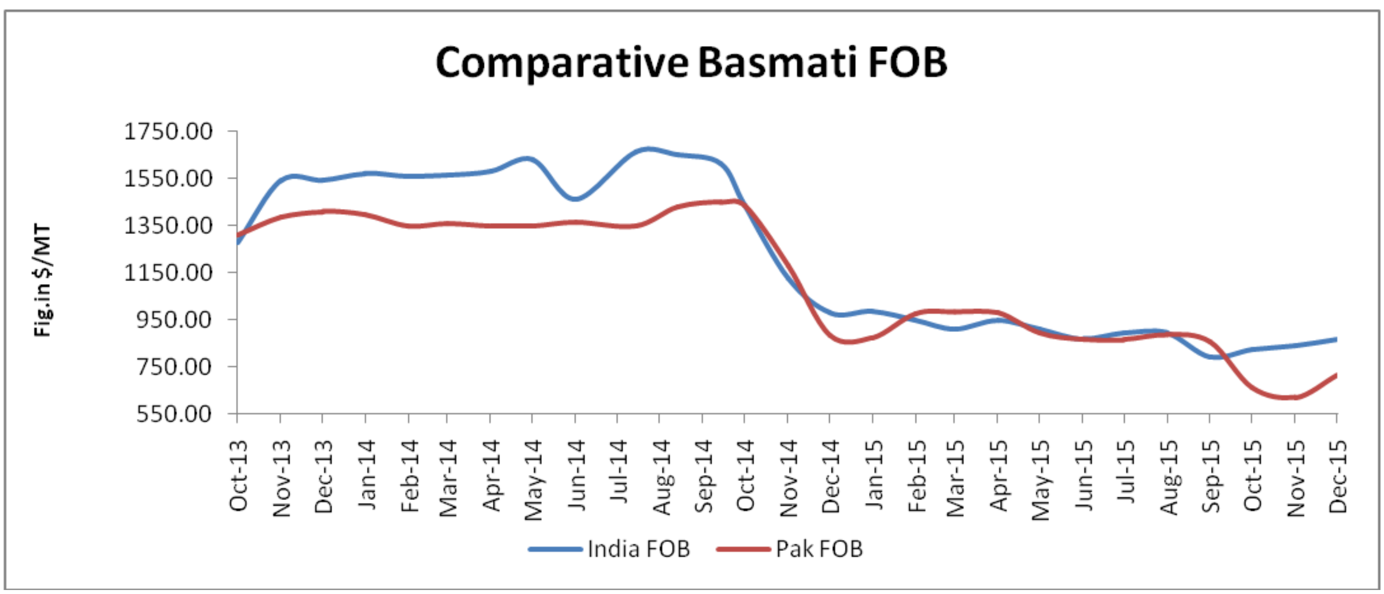
FOB Quotes for Long Grain White Rice, High Quality



Source-Oryza

FOB quotes for high quality white rice in the month of December was moving range bound to weak for the major exporters except Pakistan. Thai long grain high quality white rice is moving in the range of USD 360-365/T which is down by USD 10/MT and down by USD 65/MT from last month and last year respectively. Vietnam long grain high quality white rice is moving in the range of USD 365-370/T which is down by 5-10$/MT from last month.

FOB Quotes Aromatic Rice (1121 Steam)



Indian FOB for 1121 steam in the month of December moved up from last month and currently is in the range of USD 865-870/MT which is up by around 3.12% from last month price. Lower basmati rice production estimates and demand from international market push the price upward in recent months.

Likely Pakistani basmati price have has too increased drastically from USD 621/MT to 716.30$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 716/MT which is up by 15.34% from last month FOB of USD 621/MT. The decline can be attributed to diminishing supplies from the recent harvest, and increasing demand from east countries like China, Philippines.

Indicative Basmati Parity Sheet

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kolkata)
Price @ various center	54800	55000	52000	51500	53200
Port handling charges /Loading/Unloading /Clearing (Rs/ton)	550	550	550	550	550
Freight Charges till port	400	400	1350	1350	450
Indian FOB (Rs/MT)	55750	55950	53900	53400	54200
Indian FOB (USD/MT)	838.09	841.10	810.28	802.77	814.79
Insurance @ 0.1%	0.84	0.84	0.81	0.80	0.81
Freight Charges (US $/ton) to Iran	55	55	55	55	55
CIF (Kandla to Iran)	893.93	896.94	866.09	858.57	870.61
INR Monthly Average	66.52	66.52	66.52	66.52	66.52

Rice Price Trend - CBOT

Duration	Trend	Support	Resistance
February-2016	Steady to Firm	S1-11.50 S2-11.45	R1-12.45 R2-13.00

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