Rice Monthly Research Report

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Outlook and Review:

Domestic Front

Wholesale non-basmati rice Prices for India as an average was firm by 0.15% from last month and are currently hovering at Rs.2785-2790/quintal.

Wholesale basmati rice prices in the national capital have declined this month due to a slackened demand from retailers and stockiest. Currently price hover in the range of Rs-42-4300/quintal for 1121 sella and Rs-5100-5200/quintal for steam rice. Overall basmati rice is expected to trade range bound in coming weeks.

Rabi rice sowing is over in all growing States and final area reached to 39.44 lakh hectares which is down by 7.8% from last year area of 42.82 lakh hectares. The decline is reportedly due to scanty rains and low moisture in almost all rabi rice growing States. Agriwatch expects that rabi production in MY-2015-16 to be about 12 million tons and Kharif rice production is about 90 million tons which is down by 14.83% and 1.5% respectively in both crops.

Assuming normal 2016 monsoon (June-September) and weather conditions, MY 2016/17 (October/September) rice production is forecast higher at 105 MMT from 43.5 million hectares compared to MY 2015/16 production of 103 MMT. Basmati rice production in MY 2015/16 increased to 9.8 MMT from 2.1 million hectares compared to 8.5 MMT from 2.0 million hectares in MY 2014/15. However, domestic prices crashed by 30-40 percent in MY 2015/16 compared to last year on weak export demand. Consequently, Basmati acreage in MY 2016/17 is forecast to decline to 1.7 million hectare and production to 8.0 MMT assuming normal weather conditions.

Total rice exports for MY-2016-16 till January-16 was 38.76 Lakh tons around 9.43% lower than 42.8 lakh tons exported during corresponding period of last year. Non- basmati rice exports in the month of January was 5.00 lakh tons and basmati exports in the month was 3.08 lakh tons.

Rice stock in Central pool stood at 28.94 million tons including 19.9 million tons of un-milled paddy as on Feb-01-2016.

The cumulative rainfall in the country during the winter season i.e. 01st January, 2016 to 24th February, 2016 was 59% 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 34% in East & North East India, 65% in North West India, 69% in Central India and 68% in South Peninsula. Lower rainfall in major rabi rice growing region could impact yield which is likely to harvest from mid of April.

All-India progressive procurement of Rice as on 26.02.2016 for the marketing season 2015-16, was 278.34 lakh tons against the procurement of 230.56 lakh tons up to the corresponding period of last year.

Price Projection for Next Month (April) in Domestic Market

Duration	Trend	Average Price Range	Reason
April - 2016	**Steady to Firm**	**Rs.2700-2900/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	25.44	22.76	16.34
Production	**106.64**	**104.8**	**102**
Imports	0	0	0
Total Availability	132.08	127.56	118.34
Consumption	99.18	99.35	99.5
Exports	10.14	11.87	9.2
Total Usage	109.32	111.22	108.7
Carry out	**22.76**	**16.34**	**9.64**
Av Monthly Consumption	8.27	8.28	8.29
Stock to Month Use	2.75	1.97	1.16
Stock to Consumption Ratio	0.08	0.08	0.08

Agriwatch has updated the rice exports in the 01st week of February based on data released by APEDA & IBIS. Total rice exports for MY-2015-16 till January-16 was 38.76 Lakh tons, down by around 9.4% from last year's export of 42.8 lakh tons for the corresponding 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 101-102 million tons due to lower rainfall and lower area coverage in Kharif as well in Rabi rice. On the Exports front, Agriwatch expects rice exports in MY 2015-16, to fall by around 13% from 2014-15 and reach 9.0-9.2 million tons due to the lower carry over stock. However, the exports could improve if Indian rice price continue to be competitive over Thailand and Vietnam. 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. On the other hand USDA estimates MY

2015/16 rice exports lower at 8 million tons compared to the earlier estimate of 8.5 million tons based on the pace of exports in the first quarter of the marketing season.

Agriwatch Rice (Kharif & Rabi) Production Estimate

In Marketing Year 2015-16 rice production unchanged at 100 million tons despite relatively strong government procurement in the northern states on expected lower harvest of the rabi (winter planted) rice. Early withdrawal of 2015 monsoons and lack of rains during October through December have resulted in sub-optimal soil moisture conditions for rabi rice, particularly in the southern states. Based on the provisional planting reports received from the states, the Ministry of Agriculture estimates rabi rice planting through January 28, 2016, at 2.2 million hectare compared to 2.4 million hectare during corresponding time last year. The continued dry conditions is likely to affect further planting and yield prospects of rabi rice, particularly in south India.

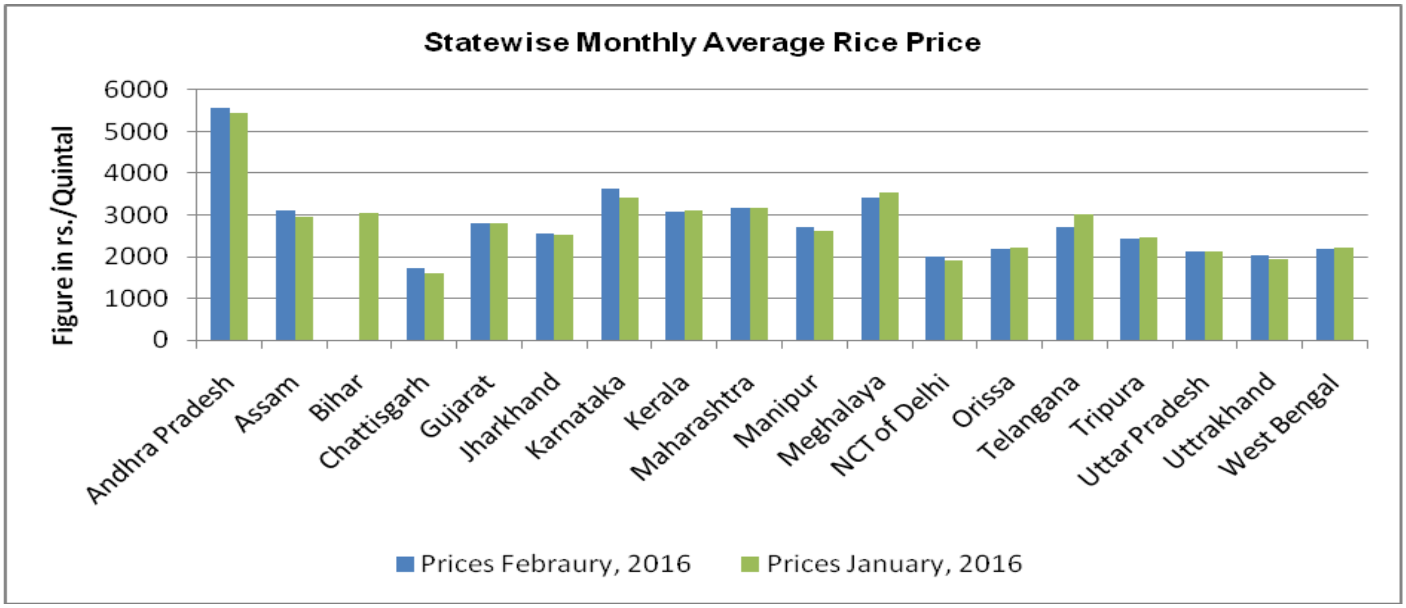
State wise Wholesale Price Monthly Analysis

State	Prices February, 2016	Prices January, 2016	Prices February, 2015	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	5561.99	5438.75	3733.07	2.27	48.99
Assam	3109.26	2967.36	3102.4	4.78	0.22
Bihar		3050		__	__
Chhattisgarh	1714.75	1606.56		6.73	__
Gujarat	2805.09	2785.77	2715.09	0.69	3.31
Jharkhand	2540.8	2517.37	2546.54	0.93	-0.23
Karnataka	3622.19	3407.32	3428.12	6.31	5.66
Kerala	3081.86	3118.48	3140.09	-1.17	-1.85
Maharashtra	3163.35	3168.83	3382.85	-0.17	-6.49
Manipur	2715.74	2603.89	2821.68	4.3	-3.75
Meghalaya	3405.1	3531.69	3383.74	-3.58	0.63
Delhi	1985.45	1915.38	2075	3.66	-4.32
Orissa	2194.37	2208.96	2170.12	-0.66	1.12
Telangana	2717.39	3009.47	3240.23	-9.71	-16.14
Tripura	2443.46	2476.59	2557.24	-1.34	-4.45
Uttar Pradesh	2119.1	2117.8	2045.85	0.06	3.58
Uttrakhand	2015.89	1950.74	1962.07	3.34	2.74
West Bengal	2185.06	2214.84	2288.88	-1.34	-4.54
Average	**2787.11**	**2782.77**	**2787.06**		

Source-Agmark

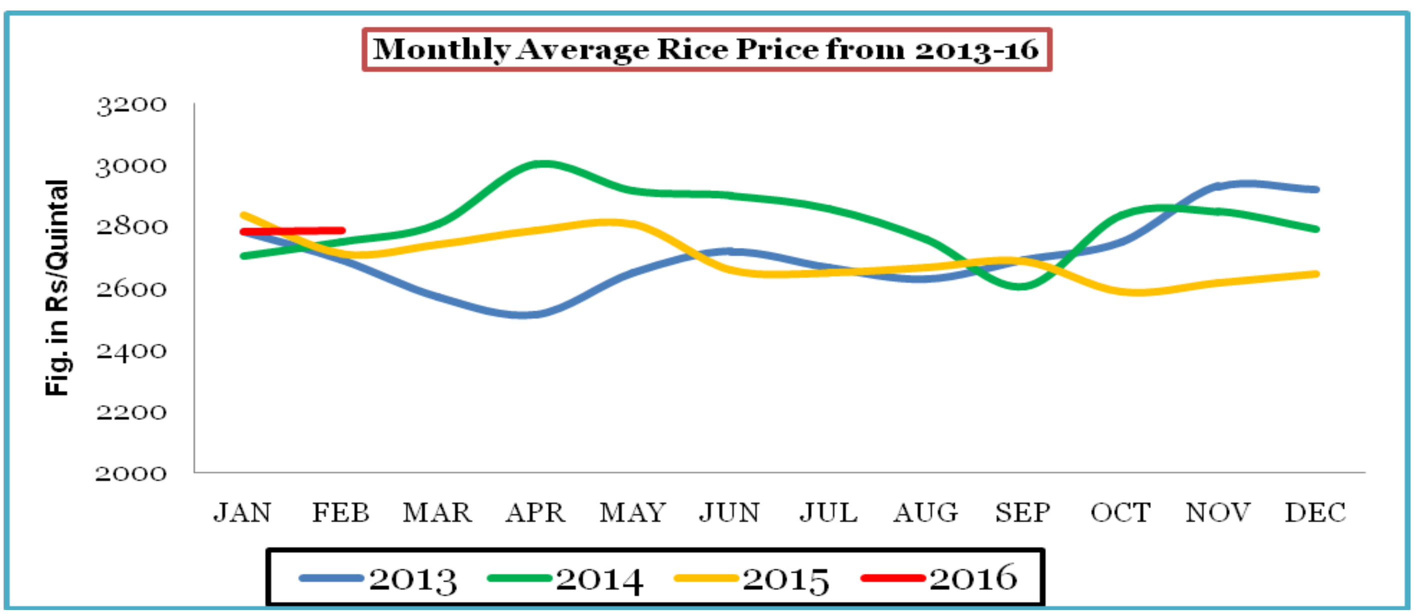
Average monthly wholesale rice prices in India increased to around Rs.2,787.11 per quintal in February 2016, up about only 0.15% from around Rs.2,782.77 per quintal in January 2016, and unchanged from their levels of around Rs.2787.06 per quintal, an year-ago. The increase can be attributed to concerns of lower output due to El Nino-induced, below average and normal domestic demand against restricted arrival.

Indian Average Rice Price Trend- February



All India rice average prices in the month of February was firm in major producing as well in major consuming States like A.P, Assam, Chhattisgarh, Karnataka & Delhi.

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
2016	26.02	28.94										

Source-FCI

India's rice stocks in the central pool as on February 1, 2016 stood at about 28.94 million tons (including a milled equivalent rice of about 19.90 million tons of paddy), about 6.58% lower than 30.98 million tons recorded during the corresponding period last year and 11.22% higher than last month, according to data from the Food Corporation of India (FCI).

Rice Procurement

State/UTs (in Lakh T)	Total procurement in marketing season 2014-15 (Oct. – Sept.)	Progressive Procurement as on 19.02.2016	
		In Marketing season 2015- 2016	In Marketing season 2014- 2015
AP	35.96	25.13	12.17
Telangana	35.04	10.14	15.23
Chhattisgarh	34.23	39.72	33.54
Haryana	20.15	28.6	20.15
Kerala	3.74	1.37	1.18
M.P	8.07	8.49	7.57
Maharashtra	1.99	1.29	1.16
Odessa	33.57	17.43	16.57
Punjab	77.86	93.5	77.81
Tamilnadu	10.51	4.74	5.02
U.P	16.98	25.05	13.88
Uttrakhand	4.65	5.97	4.29
West Bengal	20.32	4.17	8.88
Others	17.33	4.2	4.66
Total	**320.4**	**269.8**	**222.11**

Government's rice procurement has increased 21.47% to 26.98 million tons in the 2015-16 marketing year so far despite prospects of lower production due to poor monsoon. The Centre has kept rice procurement target of 30 million tons for the current marketing year, which started in October-2015. These agencies had procured 22.21 million tons a year-ago, while the total purchases had reached 32 million tons. At present, procurement has been completed in Punjab and Haryana which is up by 20% and 41% respectively with quantity of 93.50 lakh tons and 28.60 lakh tons, while the operations are in full swing in Uttar Pradesh, Chhattisgarh, Andhra Pradesh and Telangana. As per the Government's latest data, rice procurement in Uttar Pradesh has risen to 5.97 lakh tons so far this year as against 4.29 lakh tons a year-ago. Procurement in Chhattisgarh increased to 39.72 lakh tons from 33.54 lakh tons, while that of Andhra Pradesh has increased to 25.13 lakh tons from

12.71 lakh tons in 2014. Rice purchase in Telangana was lagging behind at 10.14 lakh tons so far this year as against 15.23 lakh tons in the corresponding period of the 2014-15 marketing year.

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-15	3.38	2.94	6.32
November-14	8.1	2.56	10.66	November-15	6.62	3.03	9.65
December-14	5.38	3.82	9.2	December-15	8.71	6	14.71
January-15	8.3	3.47	11.77	January-16	5	3.08	8.08
February-15	8.62	3.79	12.41	February-16			
March-15	6	3.98	9.98	March-16			
April-15	4.67	3.48	8.15	April-16			
May-15	5.81	4.31	10.12	May-16			
June-15	5.98	3.43	9.41	June-16			
July-15	6.14	2.7	8.84	July-16			
August-15	5.6	2.68	8.28	August-16			
September-15	5	3.83	8.83	September-16			
Total	77.82	41	118.82	Total	23.71	15.05	38.76

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 exported from India in month of January was 8.08 lakh tons out of which basmati rice contribute 38.12%, and non-basmati rice is 61.87% in this period with quantity of around 308429.99 tons and 500495.44 tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were UAE, Saudi & Iran. We expect Middle East countries to remain the major basmati buyers of Indian Basmati from Mundra, Kakinada and Kandla Port in coming months. Major non basmati importers were UAE, Guinea and Iraq. Monthly rice exports were down by around 45% from last month export of 14.71 lakh tons.

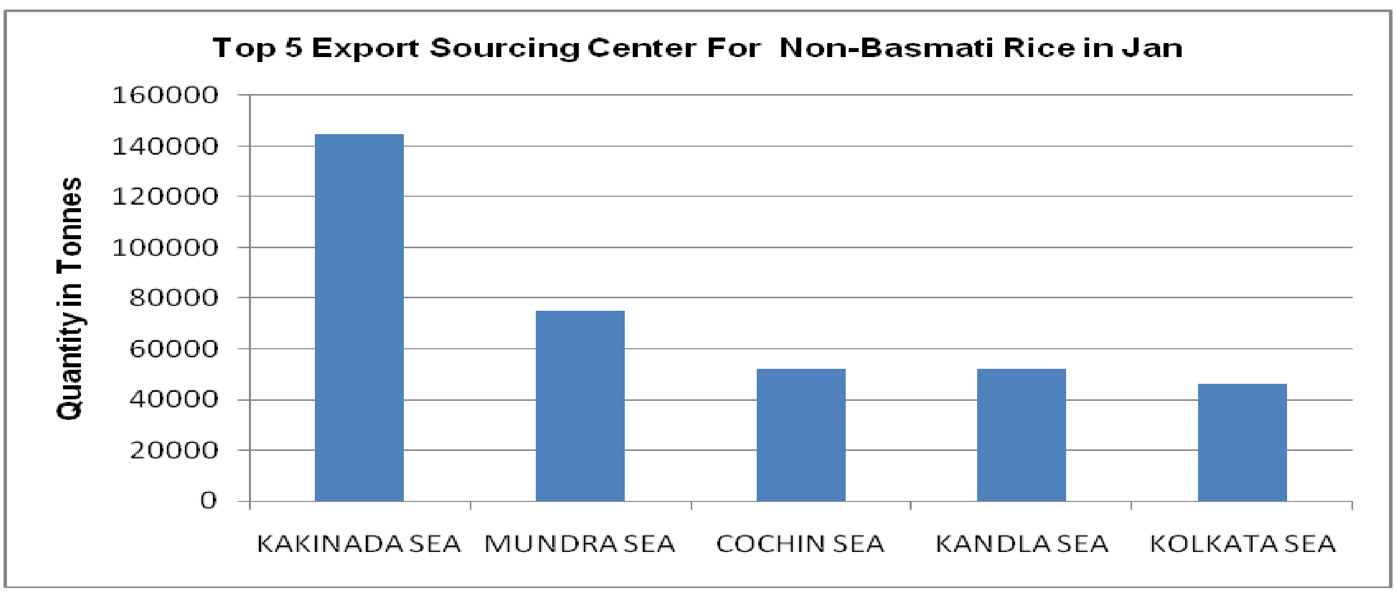
The total rice export has touched 118 lakh tons for MY- 2014-15, which is 13%higher than MY 2013-14 export of 104 lakh tons. Basmati exports in the end of marketing year were 41 lakh tons which is 18% higher than last year exports of 34.59 lakh tons, despite the ban by Iran which is one of the largest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

Non-Basmati Rice			Basmati Rice		
Country	**Quantity(Tons)**	**Average of FOB $/Ton**	**Country**	**Quantity(Tons)**	**Average of FOB $/Tonne**
U A E	72796.05	587.23	**U A E**	61391.08	714.03
GUINEA	52879.00	340.35	**SAUDI**	58301.14	832.98
IRAQ	42266.50	476.90	**IRAN**	51863.45	748.63
BENIN	41869.85	338.93	**YEMEN**	23644.25	768.97
IVORY COAST	40410.00	339.51	**KOREA**	17156.00	740.91
SENEGAL	36072.00	300.53	**U S A**	11015.00	829.78
DJIBOUTI	26961.47	338.81	**U K**	10358.42	795.20
S.AFRICA	19679.02	346.03	**IRAQ**	9451.39	730.86
TURKEY	16599.06	330.71	**TURKEY**	6128.81	594.21
TOGO	16473.00	346.28	**OMAN**	5802.23	872.42
Others	134489.49	514.82	**Others**	53318.22	821.82
Grand Total	**500495.44**	**744.05**	**Grand Total**	**308429.99**	**820.31**

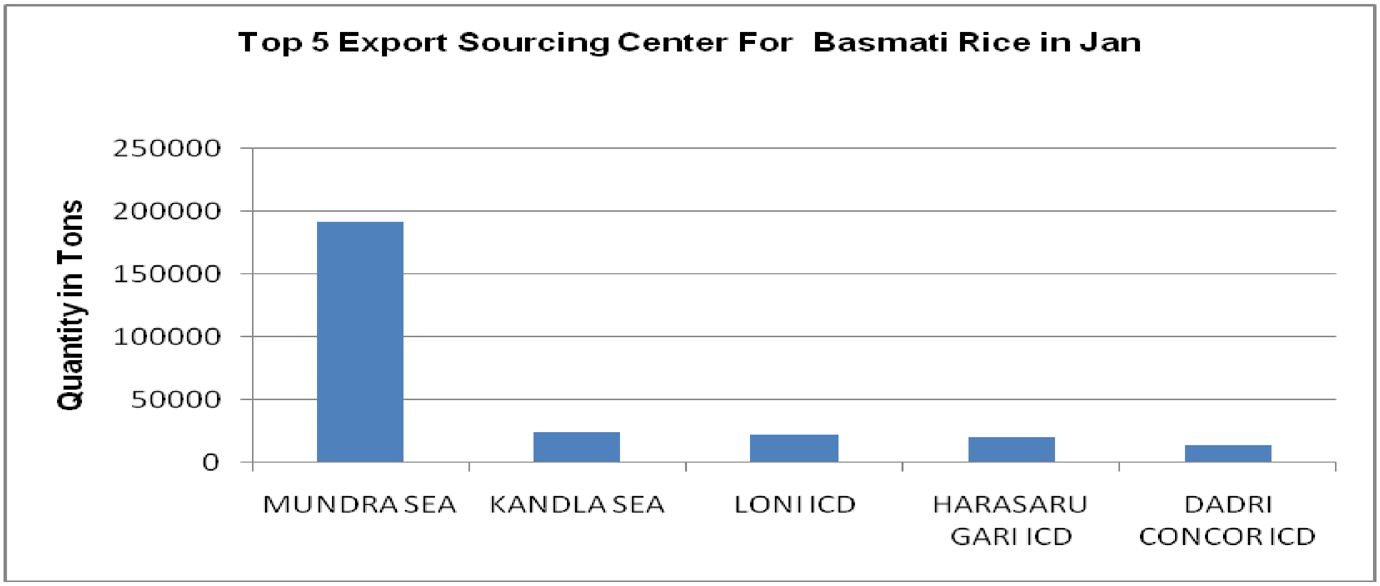
Total Rice exported from India in the month of January was 8.08 lakh tons out of which basmati rice contribute 38.12%, and non-basmati rice is 61.87% in this month with quantity of around 3.0 lakh tons and 5.0 lakh tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were UAE, Saudi and Iran. 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 UAE, Guinea and Iraq. Rice exports in this month were 45% lower than the export of 14.71 lakh tons during last month. Rice export in MY-2015-16 starts from Oct-2015 till January-2016 was down by 9.43% from corresponding period last year export of 42.8 lakh tons (oct-2014-Jan-2015).

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the month of Jan -16 was 500495.44 tons. Kakinada Sea, Mundra, and Cochin 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 Jan-16 was 308429.99 tons. Mundra Sea, Kandla Sea and Loni ICD, were the major port for basmati rice export center during this period.

Rice Market Outlook

Rice cash market stays steady to slightly up despite lower production, normal export and domestic demand and firm global market. Rice market is likely to trade range bound with firm bias likely to continue in the medium term. At present cash market is unable to get firmer because of selling by new entrants in the rice market. When prices start firming up new players/stockiest start selling and this process continues, it restricts firmness in the rice market for coming weeks too. However accumulated stocks is expected to decrease by mid of April this year and prices of rice would start moving up one way by then. Overall outlook for cash rice market is expected to remain bullish for medium to long term.

Demand from international market is expected to increase in coming months as FOB of various competitors like Thailand, Vietnam were shooting up in last few weeks and thus major imports specially from Asian countries, Middle East countries and African Countries would move towards Indian rice.

Global Market Scenario

Unofficial preliminary rice exports (excluding premium white and fragrant rice) for February 15-21, 2016 totaled 142,500 metric tons, up 9,797 metric tons from the previous week and 40,006 metric tons from the four-week moving average of 102,494 metric tons. Rice exports from January 1 – February 21, 2016 totaled 675,158 metric tons, up 37.2 percent from the corresponding period previous year.

With dry weather expected throughout 2015, Malaysia rice production is forecast to stagnate at 1.8 million tons in 2015/16. Although there are increases in planted areas in East Malaysia, dry weather is expected to reduce yield. To encourage paddy plantation, GOM provides various incentives to produce, such as subsidized seeds, fertilizer, pesticides, and irrigation. The GOM set the support price for paddy at RM 1, 200 per ton. For year 2015, total import was US$515 million.

The El Nino weather pattern, known to trigger an extension to the dry season, is reported to have had limited impact on Indonesia's rice production. The nation's harvest area and rice productivity per hectare increased by 2.31% and 3.97% respectively last year.According to a preliminary Central Statistics Agency (BPS) report, rice production in Indonesia reached 75.36 million tons last year, an increase of 4.51 million tons or 6.37 percent from the 70.85 million tons reported during the 2014 harvest.

The EU imported about 572,619 tons of rice during the period September 1, 2015 February 16, 2016, up about 22.5% from around 467,256 tons imported during the corresponding period last year. The UK remained the largest importer in September 1, 2015 February 16, 2016 period with around 127,867 tons followed by France (95,218 tons), The Netherlands (64,495 tons), Germany (60,871 tons), Poland (41,907 tons), , and Italy (40,210 tons). Other EU countries imported 142,051 tons. During the week ended February 16, 2016, the EU imported around 42,196 tons of rice, up about 43% from around 29,564 tons imported during the week ended February 9, 2015.

More than one million tons of rice was exported from Vietnam in January and February at US$445 million, doubling that of 2015 in terms of volume and value. According to the Vietnam Food Association (VFA), the increase in rice exports was due to the fact that Vietnam's rice exporters had to complete government-to-government deals with the Philippines and Indonesia.

Peru Rice production in MY 2016/17 is forecast at 2.05 MMT (milled basis), remaining in the corresponding 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 2016/17 is forecast at 355,000 hectares, about the corresponding as the previous year.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2012-13	2013-14	2014-15 Estimate	Forecast 21.01.16	Forecast 25.02.16
				2015-16	
Production	473	478	479	473	474
Trade	38	43	43	42	42
Consumption	469	479	483	486	486
Carryover stocks	114	112	109	95	96
Y-O-Y change	3	-2	-4	-	-12
Major Exporters	40	38	31	21	21

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

IGC Rice Balance sheet Highlights

The International Grains Council's forecast for world rice output is fractionally higher than previous, but still down by 1% y/y as dryness results in reduced crops in Asia. Together with higher carry-in stocks, and with total use unchanged from before, projected global end-season carryovers are lifted slightly, to 96.3m t. Nevertheless, this still equates to a y/y drop of 11% and is almost entirely linked to heavy inventory depletion in Thailand and India. Traded volumes are set to be sustained at a historically high level as Asian buyers look to ensure ample domestic supplies.

USDA & IGC Forecast the Same World Rice Production

In its February 2016 Rice Outlook report, USDA also forecasted 2015-16 global rice production (milled basis) at around 473 million tons, about 1.5% lower than last year. Disappointing crops in some producing nations – including India and Thailand, only partly offset by improved harvests elsewhere in Asia, and an expected decline in acreage as well as decline in average yields, 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.However FAO in its March 2016 grain report forecasts 201516 global rice production at around 491.4 million tons, slightly down from an estimated 494.7 million tons in 201415, and slightly down from its last month's forecast of around 491.8 million tons. The FAO attributes the fall to lower production prospects in India, Iran, Bangladesh and Afghanistan.

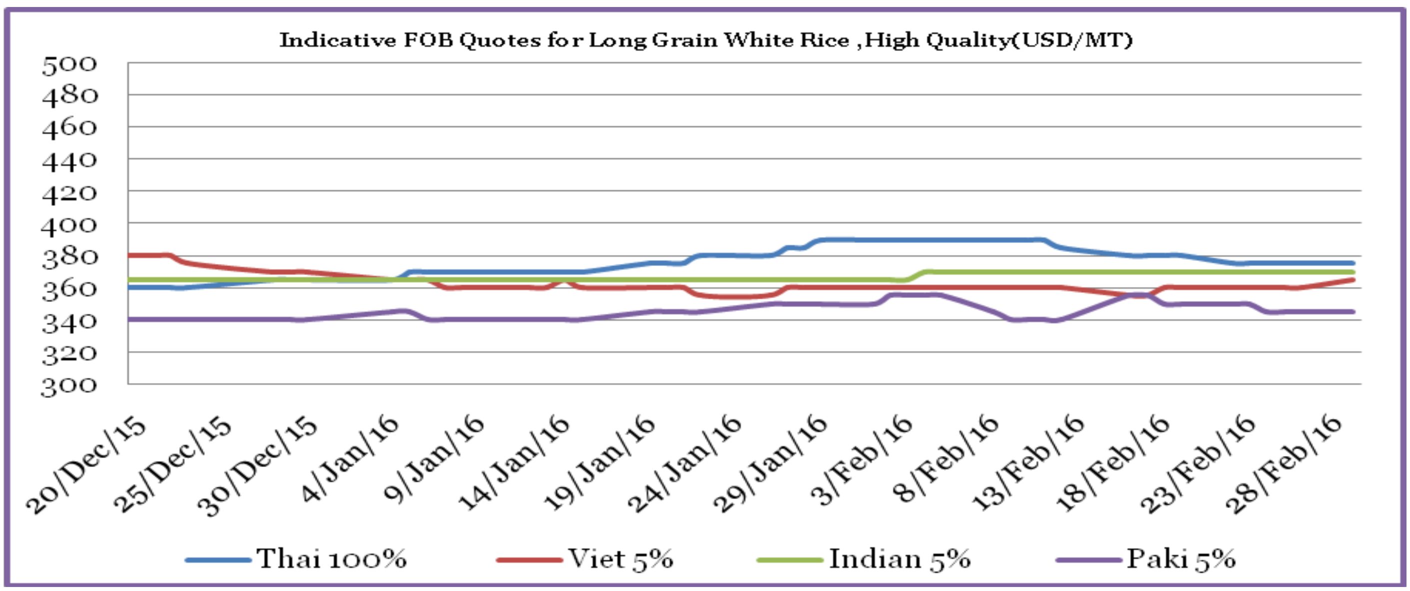
Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2015-16 global rice trade at around 42 million tons, slightly down (1 million T) from the previous year's 43 million tons and unchanged from its previous estimate of around 42 million tons.

Indicative Basmati Parity Sheet

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kolkat a)
Price @ various center	51500	52500	49120	51000	50500
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)	52450	53450	51020	52900	51500
Indian FOB (USD/MT)	768.05	782.69	747.11	774.64	754.14
Insurance @ 0.1%	0.77	0.78	0.75	0.77	0.75
Freight Charges (US $/ton) to Iran	55	55	55	55	55
CIF (Kandla to Iran)	823.82	838.47	802.86	830.41	809.89
INR MonthlyAverage	68.29	68.29	68.29	68.29	68.29

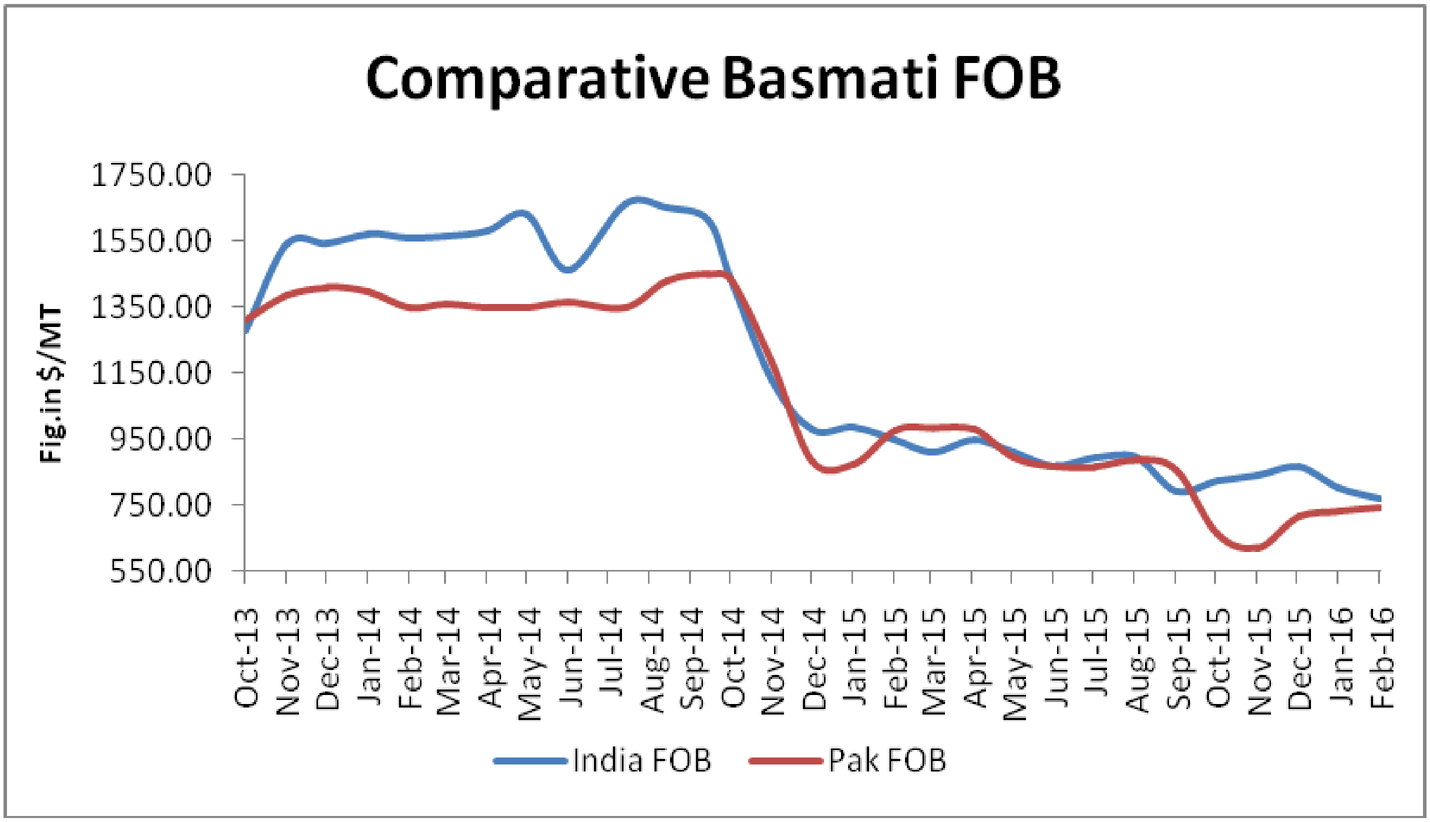
FOB Quotes for Long Grain White Rice, High Quality



Source-Oryza

FOB quotes for high quality white rice in the month of February was moved with steady to slightly firmer tone for the major exporters except Pakistan. Thai long grain high quality white rice is moving in the range of USD 375-380/T which is up by USD 10-15/MT and down by USD 30-40/MT from last month and last year respectively. Vietnam long grain high quality white rice is moving in the range of USD 360-365/T which is almost corresponding from last month. Pakistan white rice high quality decreased by 5-10 USD/MT from last month and currently hovers in the range of USD 340-345/MT.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& AW

Indian FOB for 1121 steam in the month of February moved down from last month and currently is in the range of USD 770-775/MT which is down by around 4% from last month price. Average basmati rice price declined due to slackened demand from retailers and exporters against adequate supply push the price in southward direction. Pakistani basmati price has increased from USD 734/MT to 745$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 745/MT which is up by 0.11% from last month FOB of USD 734/MT, This is due to increased sales to African countries.

Rice Price Trend - CBOT

Duration	Trend	Support	Resistance
April-2016	Steady to Weak	S1-10.50 S2-10.40	R1-11-50 R2-12.30

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