Rice Monthly Research Report

Contents

Outlook and Review:

Domestic Front

***Wholesale non-basmati rice Prices for India in June on an average was weak by 1.13% from last month and are** currently hovering at Rs.2750-2755/quintal.*

***Prices of Basmati rice remained weak for the fourth week of June on sluggish demand from retailers against supply from** producing regions.*

***Preliminary reports of crop coverage in the Kharif season have started coming in. The total sown area as on 24th June,** as per reports received from States, stands at 124.94 lakh hectare compared to 164.10 lakh hectare at the corresponding time last year. It is reported that rice has been sown/transplanted in 19.86 lakh ha which is -2% lower than last year area of 21.86 lakh hectare till date.*

***Total Rice exported from India in the month of June was 10.63 lakh tons out of which basmati rice contributes 37.16%,** and non-basmati rice is 62.83% in this month with quantity of around 3.95 lakh tons and 6.68 lakh tons respectively as per latest data extract from IBIS.*

***Haryana Farmers have not sown basmati varieties such as PB-1509, 1121, C-30 and have instead preferred several PR varieties** of non-basmati rice this Kharif season. Farmers could not bear more losses due to the fall in the rates of basmati varieties and were sowing PR varieties of non-basmati rice for which they would at least get government rates, and thus a fall in Basmati Paddy area is expected of in 2016-17, whereas aromatic paddy area in Mathura in U.P is too likely to fall by 15-20% due to shifting from paddy to Moong and other cash crops.*

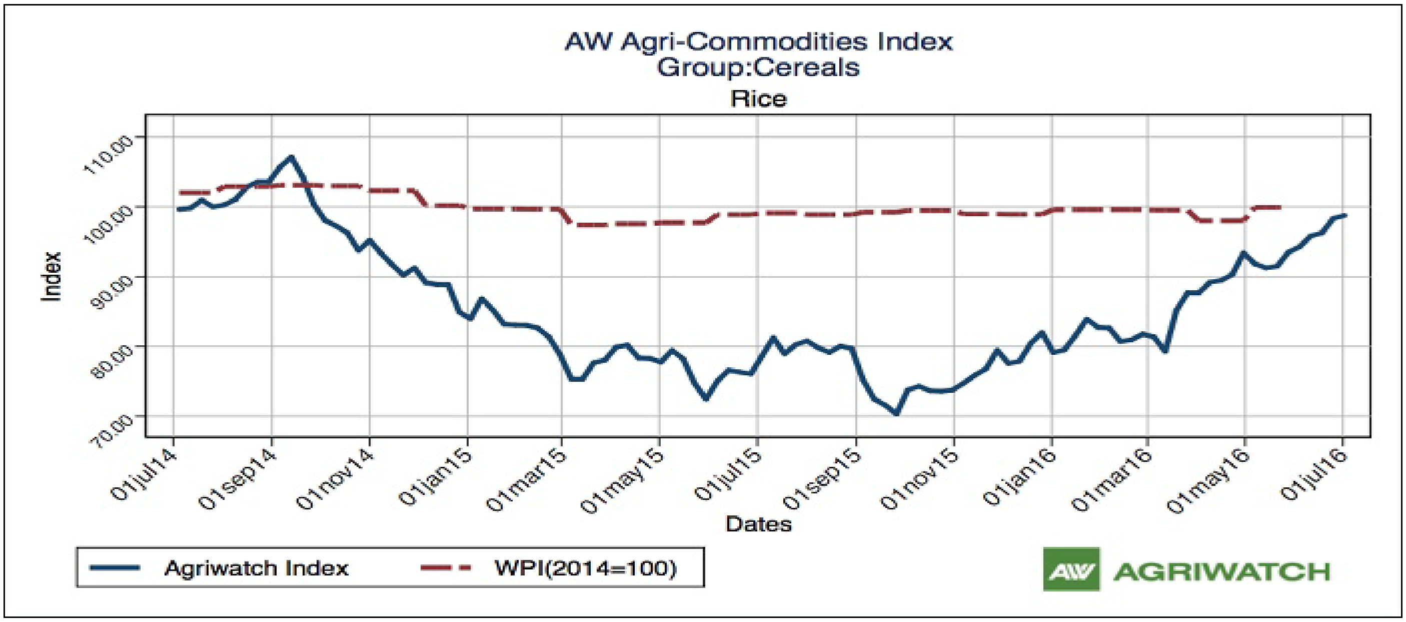
***All-India progressive procurement of Rice as on 01.07.2016 for the marketing season 2015-16 was 340.54 lakh tonnes against** the procurement of 312.53 lakh tonnes up to the corresponding period of last year.*

***The cumulative rainfall in the country during the monsoon season i.e. 01st June, 2016 to 29th June, 2016 has been 12% 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 than 22% in South Peninsula but lower by 27% in East & North East India, 18% in Central India, 2% in North West India.*

***Among the food grains, the inflation for Cereals has increased to 2.6% from the previous month's level of 2.5% and Pulses 36.4%** from the previous month's level of 34.4%. The inflation for Rice has decreased to 0.5% from the previous month's level of 0.6% and Wheat 2.2% from the previous month's level of 3.0%*

***As per latest report released by Indian Meteorological Department (IMD), Monsoon rains in India were 1 percent above average in the** week ending June 29. The June-September monsoon has remained 12 percent lower than average so far, but rains have covered almost the entire country, and helped quicken the planting process of summer crops such as rice, soybeans, cotton and pulses. Though the monsoon arrived in India on June 8, a week later than usual, IMD expects rains to pick up pace in July.*

Agriwatch Cereals Commodity Indices – July-03, 2016



The Agriwatch Agri Commodities Index rose 0.91% to 118.11 during the week ended July 2, 2016, its 5th straight weekly gain, led by higher price of pulses. The base for the Index and all sub-Indices is 2014 (= 100). Among pulses, chana was the prime mover with the Chana Index posting a weekly gain of 10.63% while other pulses saw more modest increases of 0.2 to 3.0%. The sub-Index values and their weekly changes are as follows: Cereals Index: 107.08 (+0.45%), Pulses Index: 212.28 (+6.79%), Vegetables Index: 81.07 (0.92%), Edible Oils Index: 112.63 (+0.29%), Oilseeds Index: 113.55 (-0.11%), Sweeteners Index: 118.54 (+0.06%), Spices Index: 134.1 (-1.11%), Fibres Index: 110.91 (-2.0%) and Other Non-Food Articles Index: 89.32 (+3.55%).

"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website wwwagriwatch.com. The daily indices are available on subscription. Please contact for more details."

Price Projection for Next Month (Aug) in Domestic Market

Duration	Trend	Average Price Range	Reason
August - 2016	**Steady**	**Rs.2750-2900/Q**	**Average Rice price in all India is likely to trade steady due to expectation of higher sowing supported by good Monsoon.**

Weekly Price Change of 1121 Steam, Raw and Sella Rice Price Delhi Market (Figure: in Rs. /Quintal)

1121 Steam, Raw and Sella Rice Price Delhi Market					
Variety	30-June 2016)	25-June 2016)	Month Ago(30-May-2016)	% ch. From last week	% Change from last Month
1121 Steam	5750	5850	5900	-1.71	-2.54
1121 Sella	4650	4750	4900	-2.11	-5.10
1121 Raw	5800	5950	5850	-2.52	-0.85

Weekly Price (FOB) Change of Rice 5% broken high quality (Figure in USD/ MT):

Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	30-June 2016)	25-June 2016)	Month Ago(30-May-2016)	% ch. From last week	% Change from last Month
White Rice 5%	375	375	375	0.00	0.00
White Rice 25%	355	355	345	0.00	2.90
Parboiled 5%	350	350	355	0.00	-1.41

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 July based on data released by APEDA & IBIS. Total rice exports for MY-2015-16 till June-16 was 81 Lakh tons, down by around 13% from last year's export of 92 lakh tons for the corresponding period. Non- basmati rice exports in the month of June was 6.68 lakh tons and basmati exports in the month was 3.95 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.

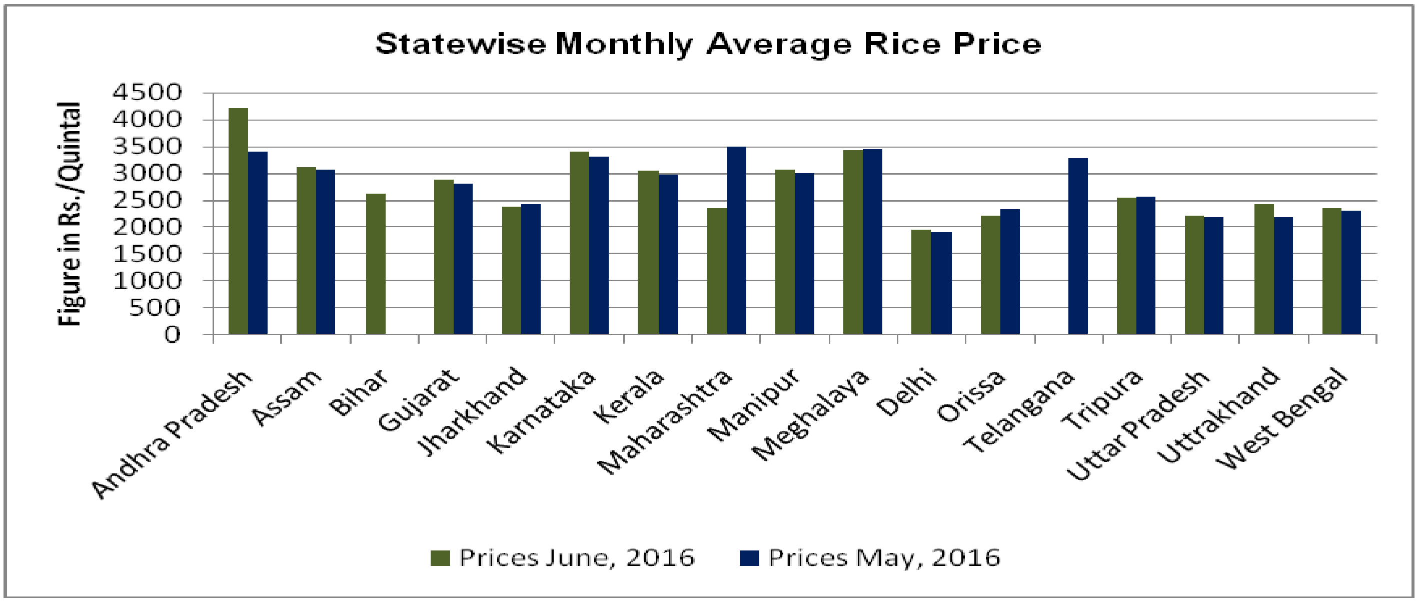
State wise Wholesale Price Monthly Analysis

State	Prices June, 2016	Prices May, 2016	Prices June, 2015	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4209.16	3407.09	2400	23.54	75.38
Assam	3102.14	3070.37	3109.69	1.03	-0.24
Bihar	2597.99		2048.2	___	26.84
Gujarat	2867.73	2792.82	2676.93	2.68	7.13
Jharkhand	2368.45	2425.69	2531.62	-2.36	-6.45
Karnataka	3408.58	3291.43	3282.1	3.56	3.85
Kerala	3043.4	2979.63	3172.37	2.14	-4.07
Maharashtra	2348.03	3488.79	3238.51	-32.7	-27.5
Manipur	3057.39	2984.21	2861.59	2.45	6.84
Meghalaya	3425.44	3448.49	3416.53	-0.67	0.26
Delhi	1928	1895	2048.78	1.74	-5.9
Orissa	2193.35	2325.53	2510.79	-5.68	-12.64
Telangana		3275	3126.09	___	___
Tripura	2544.19	2553.5	2553.92	-0.36	-0.38
Uttar Pradesh	2194.48	2166.25	2066.67	1.3	6.18
Uttrakhand	2426.65	2176.89	1992.1	11.47	21.81
West Bengal	2348.96	2288.28	2153.99	2.65	9.05
Average	2754	2785.56	2658.23		

Source-Agmark

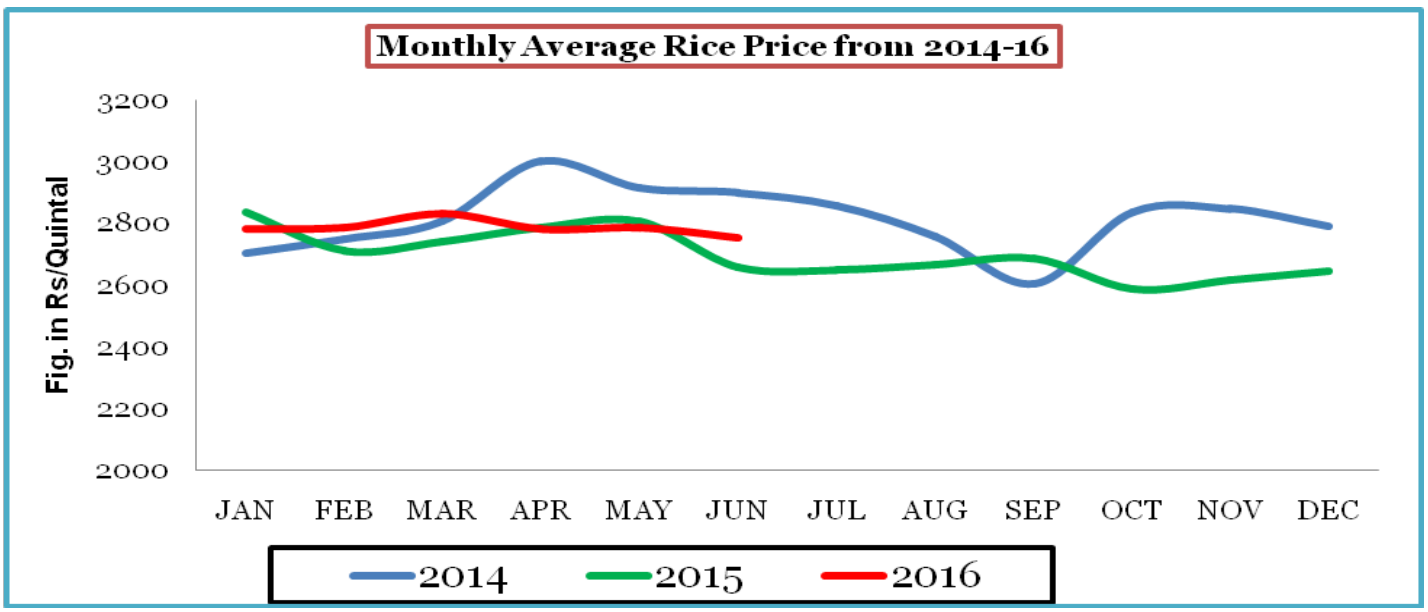
India average wholesale rice prices have slightly decreased in June- 2016 due to expectation of good sowing. Average monthly wholesale rice prices in India stood at around Rs.2, 755 per quintal in June 2016, down about 1.13% from around Rs.2, 785 per quintal in May 2016, and up about 3.6% from around Rs.2, 658.23 per quintal a year ago.

Indian Average Rice Price Trend- June



All India rice average prices in the month of June was weak in major producing as well in major consuming States like Orissa, Jharkhand, Maharashtra and Tripura.

Monthly Average Rice Price Trend



Source-Agmarknet

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	34.06	22.16	21.32	27.21						

Source-FCI

India's rice stocks in the central pool as on June 1, 2016 stood at around 27.21 million tons up by about 8% from around 25.72 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are up about 27.62% from around 21.32 million tons recorded on April 1, 2016. The current rice stocks are about one million tons more than the required strategic reserve norms of around 1.25 million tons for this time of the year, according to the FCI.

Rice Procurement

State/UTs (in Lakh T)	Total procurement in marketing season 2014-15 (Oct. – Sept.)	Progressive Procurement as on 24.06.2016	
		In Marketing season 2015- 2016	In Marketing season 2014- 2015
AP	35.96	43.05	34.59
Telangana	35.04	15.79	32.72
Bihar	16.14	12.25	16.14
Chhattisgarh	34.23	34.42	33.55
Haryana	20.15	28.61	20.15
Kerala	3.74	3.82	3.74
M.P	8.07	8.49	8.07
Maharashtra	1.99	2.22	1.78
Odessa	33.57	33.51	26.53
Punjab	77.86	93.5	77.86
Tamilnadu	10.51	10.90	9.37
U.P	16.98	29.10	16.77
Uttrakhand	4.65	5.97	4.65
West Bengal	20.32	15.65	16.91
Others	17.33	0.53	4.4
Total	**320.4**	**340.40**	**303.91**

Government's rice procurement has increased around 12.54% to 33.69 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 and has also exceeded the target as of now. These agencies had procured 29.94 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 28.61 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 Uttrakhand has risen to 5.97 lakh tons so far this year as against 4.65 lakh tons a year-ago. Procurement in Chhattisgarh increased to 34.42 lakh tons from 33.55 lakh tons, while that of Andhra

Pradesh has increased to 42.77 lakh tons from 33.77 lakh tons in 2014. Rice purchase in Telangana and Bihar was lagging behind at 15.66 lakh tons and 12.25 lakh tons so far this year as against 30.84 lakh tons and 16.14 lakh tons respectively in the corresponding period of the 2014-15 marketing year. Telangana rice production is also likely to fall by 35% from last year production of 4.54 million tons.

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	4.43	2.66	7.09
March-15	6	3.98	9.98	March-16	5.59	2.81	8.4
April-15	4.67	3.48	8.15	April-16	5.11	2.84	7.95
May-15	5.81	4.31	10.12	May-16	4.47	3.71	8.18
June-15	5.98	3.43	9.41	June-16	6.68	3.95	10.63
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**	**49.99**	**31.02**	**81.01**

Source-DGCIS and * IBIS

Agriwatch has updated the rice exports in the first week of July based on data released by APEDA & IBIS. Total rice exports for MY-2015-16 till June-16 were 81 lakh tons, around 12.77% lesser than last year's export of 92.87 lakh tons for the corresponding period (Oct-June). Non- basmati rice exports in MY 2015-16 which started from October 2015 to June was 49.99 lakh tons and basmati exports in these month were 31.02 lakh tons.

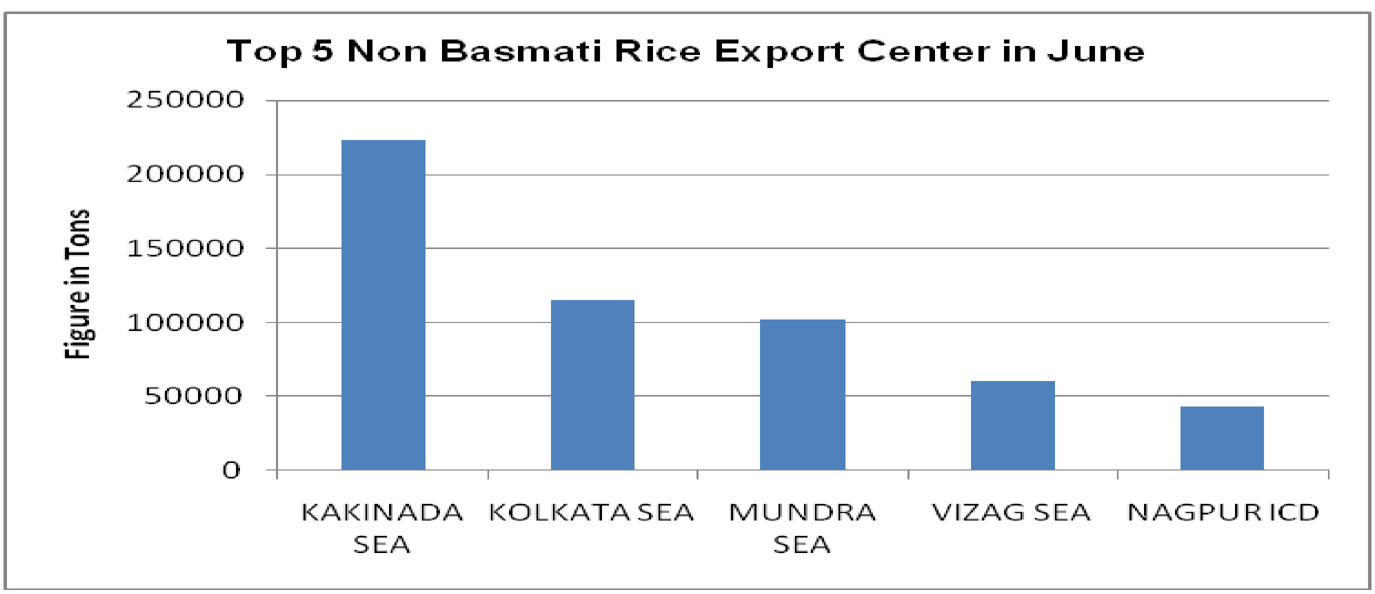
The total rice export has touched 118 lakh tons for MY- 2014-15, which is 13%higher than MY 2013-14 export of 104 lakh tons. Basmati exports in the end of marketing year were 41 lakh tons which is 18% higher than last year exports of 34.59 lakh tons, despite the ban by Iran which is one of the largest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

Non-Basmati Rice			Basmati Rice		
Country	**Quantity(Tons)**	**Average of FOB $/Ton**	**Country**	**Quantity(Tons)**	**Average of FOB $/Ton**
BENIN	161360.75	358.98	IRAN	126897.99	784.14
IVORY COAST	104152.00	338.70	U A E	61024.92	790.93
SENEGAL	54938.55	316.00	KOREA	38207.00	752.05
S.AFRICA	37116.58	341.65	IRAQ	38064.02	690.66
GUINEA	35042.00	353.82	SAUDI	37844.78	813.33
TURKEY	33075.65	379.51	U K	10802.03	734.76
U A E	26458.34	610.27	YEMEN	10568.04	789.41
DJIBOUTI	22509.70	359.09	U S A	10035.04	837.00
IRAQ	19884.49	502.75	TURKEY	5634.36	684.55
SOMALIA	18977.93	345.98	OMAN	5399.76	849.44
Others	154772.05	515.75	Others	50836.50	819.81
Grand Total	**668288.03**	**486.38**	**Grand Total**	**395314.43**	**791.18**

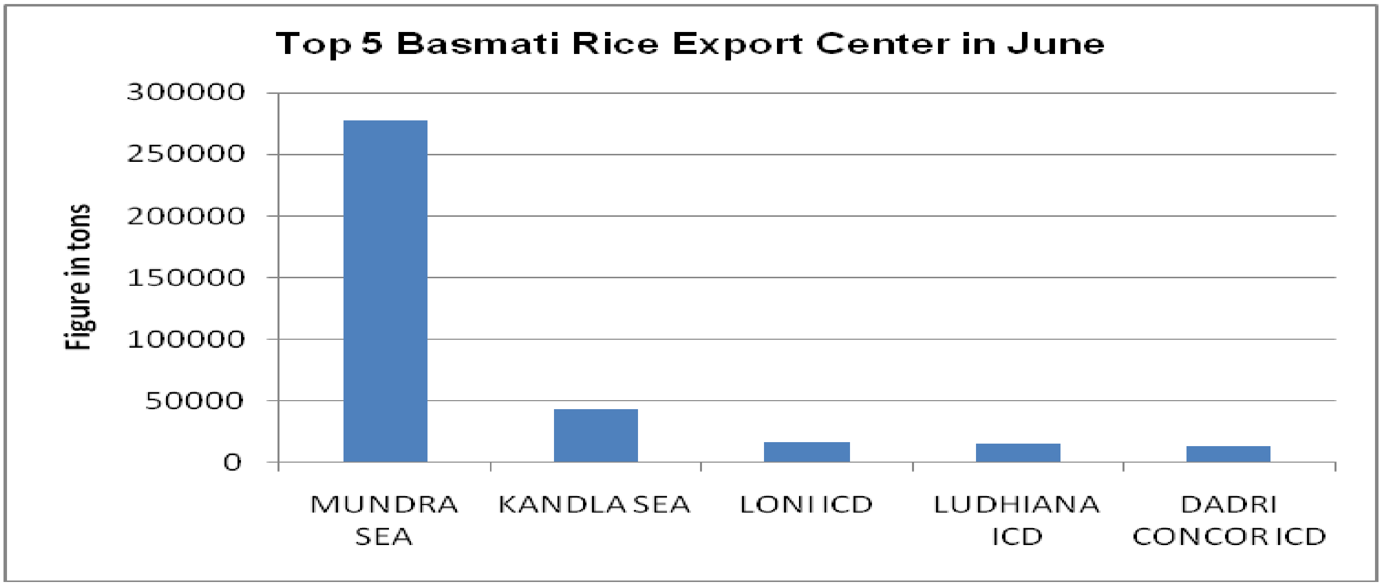
Total Rice exported from India in the month of June was 10.63 lakh tons out of which basmati rice contributes 37%, and non-basmati rice is 62.83% in this month with quantity of around 3.95 lakh tons and 6.68 lakh tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Iran, UAE and Korea. 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 Benin, Ivory Coast and Senegal. Rice exports in this month were 30% higher than the export of 8.18 lakh tons during last month. Rice export in MY-2015-16 starts from Oct-2015 till June-2016 was down by 12.77% from corresponding period last year export of 93 lakh tons (Oct-2014-June-2015).

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the month of June -16 was 668288 tons. Kakinada Sea, Kolkata Sea, and Mundra Sea were the major ports for non-basmati rice export during this period. These five ports cover more than 80% of total export in this period.

Major Basmati Export Sourcing Center



Total basmati Rice export in the month of June-16 was 395314 tons. Mundra Sea, Kandla Sea and Loni ICD, were the major port for basmati rice export center during this period. These three ports cover more than 90% of total export in this period.

Rice Market Outlook

Non basmati rice market in the month of June moved down by 1.13% from last month; however rice price has continuously increased in last five consecutive months. We expect non basmati rice to hover range bound with some positive territory in coming month as carryover stock is diminishing. After sluggish pace of exports since the beginning of the MY 2015/16, exports after March 2016 recovered on improved demand for non-Basmati rice in the traditional African market. With the forecast of a normal monsoon and consequent sufficient domestic rice production, government is unlikely to impose any export restrictions. At the current pace of monthly exports, CY 2016 exports are likely to reach 9.0 MMT.

Basmati rice price is expected to trade steady with firm tone due to expectation of lower area in coming Kharif season (2016-17). On the other hand international demand is too normal, especially from Middle East countries which may also support to push price up in coming months.

Global Market Scenario

The Thailand Commerce Ministry expects rice exports to increase in the latter half of this year and meet this year's target *of 9.5 million tonnes, amid constant demand for the staple. Local and overseas markets continued to have demand for rice with good signals from major importers like China, the Philippines and Indonesia. Government-to-government rice deals with the Chinese government are also continuing. Under the new contract, about 1 million tonnes of rice will be shipped to the Chinese government in August. Major buyers including the Philippines and Indonesia are expected to want more government-to-government rice deals in the rest of the year. Under the marketing plan, promotional activities will be prepared consistently to drive up rice exports and rice products. Delegations will be dispatched to Singapore, China, Hong Kong, Mozambique and Kenya. For the first six months of this year, rice exports rose 11.4 per cent year on year to 4.71 million tonnes worth US$1.55 million or Bt73.90 billion. White rice topped the list, amounting to more than half of exports, followed by jasmine rice, steamed rice, sticky rice, Pathum Thani rice and brown rice. Most of Thailand's rice exports go to Africa, Asia, the Americas and Europe.*

Vietnam, the world's third-largest rice exporter after India and Thailand, will export an estimated 2.69 million tonnes *of the grain in the first half of 2016, down 9.8 percent from a year ago. Revenue from the January-June rice shipments, headed mostly for China, Indonesia, Ghana and the Philippines, is estimated at $1.21 billion, down 5.9 percent from the same time last year.*

The price of Thai rice is expected to climb steadily into next year, mainly because of the impact of drought on the world *market as well as production in Thailand. However, there are still some factors that could suppress the price including the world economy, the financial problems in some countries, and the oil price, as it affects the purchasing power of some rice-importing nations. The Thai Rice Exporters Association (TREA) announced yesterday that Thailand should be able to export between 9.5 million and 10 million tonnes of rice this year, as drought has increased demand in many countries, while Thailand has plenty of rice stocks.*

According to a recent Korea Rural Economic Institute (KREI) survey of rice farmers for the period April 29 – May 10*, 2016, estimated planting area declined to 775,000 HA, down about 0.8 percent from the initial forecast or three percent lower than the previous year. The Korean government is campaigning to reduce rice acreage in order to lower high level rice ending stocks. Therefore, Post's forecast for rice production for MY 2016/17 is revised down to 3.93 MMT, decreasing 70,000 metric tons (MT) from the initial forecast. KOSTAT is expected to release statistics of actual rice planting acreage in August 2016.*

Unofficial preliminary Thailand rice exports (excluding premium white and fragrant rice) for May 29 – June 5, 2016 totaled 64,534 *metric tons, down 30,834 metric tons from the previous week and up 3,862 metric tons from the four-week moving average of 60,671 metric tons). Rice exports from January 1 – June 5, 2016 totaled 1,571,114 metric tons, down 0.3 percent from last year.*

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

Attributes (Fig in Million Tons)	2013-14	2014-15 Estimate	2015-16 Forecast 25.02.16	Projection (2016-17) 26.05.16	Projection 01.07.16
Production	478	479	473	486	486
Trade	42	42	42	42	42
Consumption	478	481	483	488	488
Carryover stocks	114	112	101	99	99
Y-O-Y change	0	-2	-10		-2
Major Exporters	38	32	21	18	18

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

IGC Rice Balance sheet Highlights

The Council's estimate for rice output in 2015/16 is broadly unchanged from last month's report, the y/y decline of 7m t due to disappointing crop outcomes in Asia. Predictions for 2016/17 are especially tentative but, assuming improved outturns in that region, notably in India, output could rise by 3%, to a new peak of 486m t. However, with total use likely to climb further, stocks could again tighten. The outlook for trade in calendar 2017 is maintained at about 42m t.

IGC Forecast the World Rice Production Up in 2016-17

In its May 2016 Grain Market Report (GMR), the International Grains Council (IGC) forecasts 2016-17 global rice production at around 486 million tons, up about 2.73% from an estimated 473 million tons in 2015-16 on improved Asian production. The IGC slightly lowered its estimates for 2015-16 rice production by 1 million tons.

Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2016-17 global rice trades at around 42 million tons, unchanged from its estimates for 2015-16. It expects world rice trade in 2017 to increase on high demand from buyers in Africa and Asia.

Global Consumption of Rice Increases in 2016-17

The IGC forecasts 2016-17 global rice consumption to increase about 1.03% to around 488 million tons from an estimated 483 million tons in 2015-16.

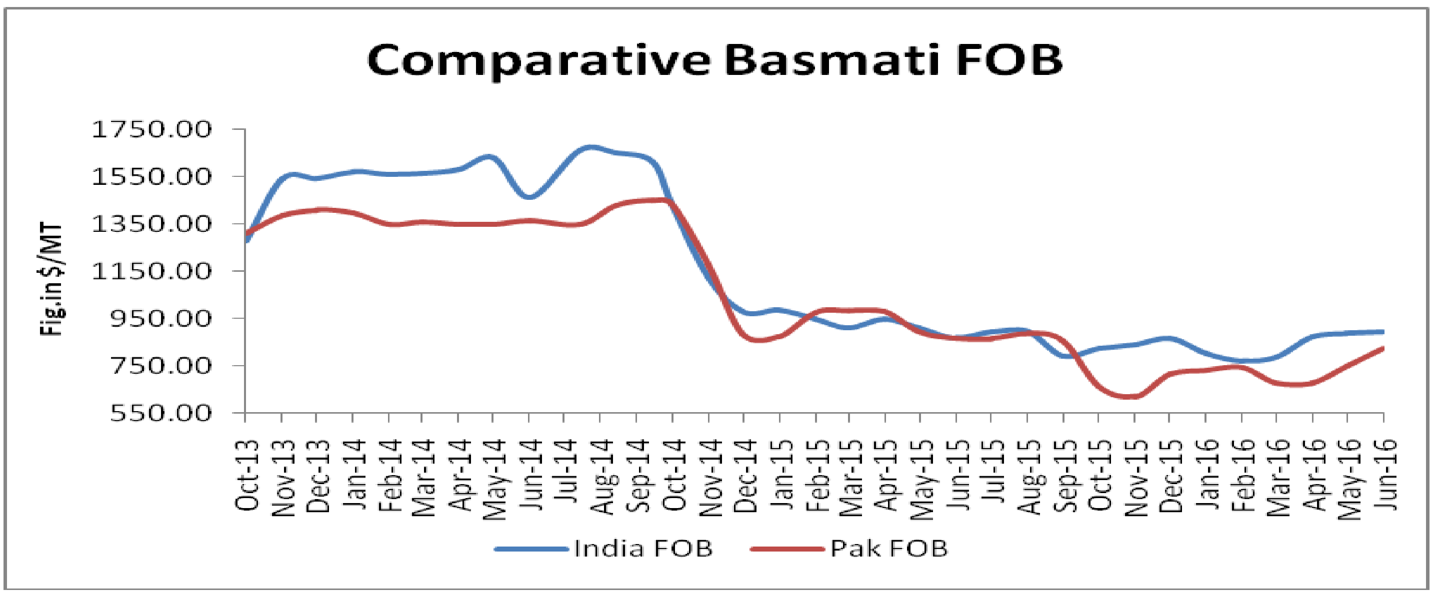
Global Ending Stock of Rice Decline Sharply 2016-17

The IGC forecasts global rice ending stocks at around 99 million tons in 2016/17, down about 2% from an estimated 101 million tons in 2015/16 due to higher food use in most of the countries. The IGC expects global rice stocks in 2015/16 to decline sharply from around 109 million tons in 2014/15 due to a smaller outturn and rising consumption, mostly on reductions in the main exporters, namely India and Thailand.

Indicative Basmati Parity Sheet

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kolkata)
Price @ various center	58500	57000	55000	57500	5850
Port handling charges /Loading/Unloading /Clearing (Rs/ton)	550	550	550	550	55000
Freight Charges till port	400	400	1350	1350	450
Indian FOB (Rs/MT)	59450	57950	58000	59400	61300
Indian FOB (USD/MT)	**884.15**	**861.84**	**862.58**	**883.40**	**911.66**
Insurance @ 0.1%	0.88	0.86	0.86	0.88	0.91
Freight Charges (US $/ton) to Iran	55	55	55	55	55
CIF (Kandla to Iran)	940.03	917.70	918.44	939.29	967.57
INR MonthlyAverage	67.24	67.24	67.24	67.24	67.24

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& AW

Indian FOB for 1121 steam in the month of June moved up from last month and currently is in the range of USD 895.897/MT which is up by around 1.02% from last month price. Average basmati rice price increased due to increase buying interest for stockpiling which push the price in northward direction. Pakistani basmati price has too up from USD 750/MT to 825$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 825-826/MT which is up by 10.00% from last month FOB of USD 750/MT.

Rice Price Trend – CBOT

Duration	Trend	Support	Resistance
Aug-2016	**Steady to Weak**	**S1-10.05** **S2-10.00**	**R1-10.85** **R2-11.00**