

Latest Market Development

Wholesale Prices for India as an average for second week of December traded firmed by 5.84% and are currently hovering at Rs.2720-2725/quintal. We expect non-basmati rice market to move range bound with firm tone in coming week.

Wholesale basmati rice prices in Delhi moved range bound in second week of December and currently hover in the range of Rs.46-4700 1121 sella and Rs.57-5800 for steam.

Total Rice exported from India in the first week of December was 148655.87 tonnes out of which basmati rice contributes 51.5%, and non-basmati rice is 48.49% in this period with quantity of around 76571.65 tonnes and 72084.22 tonnes respectively.

Sowing of Rabi crop continued to be lower than last year, with preliminary reports from the States placing the total area sown at 370.28 lakh hectares (lh), as on December 4, against 438.77 lakh hectares in the corresponding period last year. Sowing/transplanting of rice was done in only 8.70 lakh hectare compared with 11.15 lakh hectares in the corresponding period last year. Rabi rice area is down by around 22% from corresponding period last year till December 04th 2015.

In Punjab, International Trade Export (PITEX) SAARC countries delegates have evinced interest in basmati rice and may order for the same in coming weeks. The PITEX is being organized by the PHD Chamber of Commerce and Industry. A delegate from Bhutan says that he is in negotiation stage. The quality of rice is good but the price is little on the higher side. If the understanding can be arrived at, he could develop long-term partnerships with traders in Amritsar.

Rice procurement by government State agencies for MY 2015-16 reached to 13.87 million tonnes up about 30% from procurement of 10.64 million tonnes in corresponding period last year procurement of 10.64 million tonnes. Procurement in the Northern States is almost over, but will gradually spread to other parts of the country as harvest progresses. Market sources report that the Government's MSP (INR 14,100/MT for common paddy rice) is currently slightly above the open market price of un-milled paddy rice, but the market prices have started firming up in the drought affected States, which may affect government procurement in these States. Consequently, market sources expect procurement during the MY 2015/16 to be lower at around 30 MMT compared to last year's procurement of 32.2 MMT.

India's rice stocks in the central pool as of December 1, 2015 stood at around 11.315 million tons down about 48% from around 21.57 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 down about 8% from around 12.27 million tons recorded on November 1, 2015. The current rice stocks are about one million tons more than the required strategic reserve norms of around 10.25 million tons for this time of the year, according to the FCI.

State wise Wholesale Prices weekly for 02nd Week of December-2015

| State | Prices 09-15 Dec 2015 | Prices 01-08 Dec 2015 | Prices 24-30 Nov 2015 | Prices 09-15 Dec 2014 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|---------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------------|--|---------------------------------------|
| AP | 2891.61 | 3027.03 | 2884.69 | 3765.44 | -4.47 | 0.24 | -23.21 |
| Assam | 3204.93 | 2928.85 | 3030.25 | 3085.49 | 9.43 | 5.76 | 3.87 |
| Bihar | 3050 | 1805.53 | 2053.87 | | 68.93 | 48.5 | — |
| Gujarat | 2853.59 | 2807.12 | 2782.23 | 2606.49 | 1.66 | 2.56 | 9.48 |
| Jharkhand | 2379.03 | 2584.88 | 2539.45 | 2604.84 | -7.96 | -6.32 | -8.67 |
| Karnataka | 3965.22 | 3152.66 | 3560.45 | 3548.16 | 25.77 | 11.37 | 11.75 |
| Kerala | 3069.83 | 2823.05 | 3075.52 | 3106.3 | 8.74 | -0.19 | -1.17 |
| Maharashtra | 2796.16 | 3032.08 | 3144.27 | 3926.59 | -7.78 | -11.07 | -28.79 |
| Manipur | 2558.33 | 2575.76 | 2766.39 | | -0.68 | -7.52 | — |
| Meghalaya | 3230.11 | 3308.96 | 3335.29 | 3176.19 | -2.38 | -3.15 | 1.7 |
| Delhi | | 2000 | 1800 | 2000 | — | — | — |
| Orissa | 2211.24 | 2421.47 | 2502.69 | 2211.18 | -8.68 | -11.65 | 0 |
| Punjab | 2394.29 | 2299.92 | 2392.19 | 2436.62 | 4.1 | 0.09 | -1.74 |
| Tripura | 2622.67 | 2596.44 | 2621.66 | 2686.56 | 1.01 | 0.04 | -2.38 |
| Uttar Pradesh | 2129.67 | 2146.98 | 2128.94 | 2074.51 | -0.81 | 0.03 | 2.66 |
| Uttarakhand | 1985.93 | 2034.56 | 1896.66 | 1766.32 | -2.39 | 4.71 | 12.43 |
| West Bengal | 2226.01 | 2190.61 | 2286.42 | 2451.78 | 1.62 | -2.64 | -9.21 |
| Average | 2723.04 | 2572.7 | 2635.35 | 2741.03 | | | |

Source agmarknet

Price Projection for December 03rd Week in Domestic Market

| Duration | Trend | Average Price Range | Reason |
|---|----------------|---------------------|--|
| 03 rd Week of December, 2015 | Steady to Firm | Rs.2680-2780/Q | Average Rice price in all India is likely to trade steady to firm due to lower carry over stock, lower production prospects and normal demand. |

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 | 10 Dec 2015) | 04 Dec 2015) | Month Ago(10 Nov-2015) | % ch. From last week | % Change from last Month |
| 1121 Steam | 5700 | 5800 | 4500 | -1.72 | 26.67 |
| 1121 Sella | 4600 | 4500 | 3800 | 2.22 | 21.05 |
| 1121 Raw | 4900 | 5000 | 4600 | -2.00 | 6.52 |

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 | 10 Dec 2015) | 04 Dec 2015) | Month Ago(10Nov-2015) | % ch. From last week | % Change from last Month |
| White Rice 5% | 355 | 355 | 355 | 0.00 | 0.00 |
| White Rice 25% | 330 | 330 | 335 | 0.00 | -1.49 |
| Parboiled 5% | 350 | 350 | 350 | 0.00 | 0.00 |

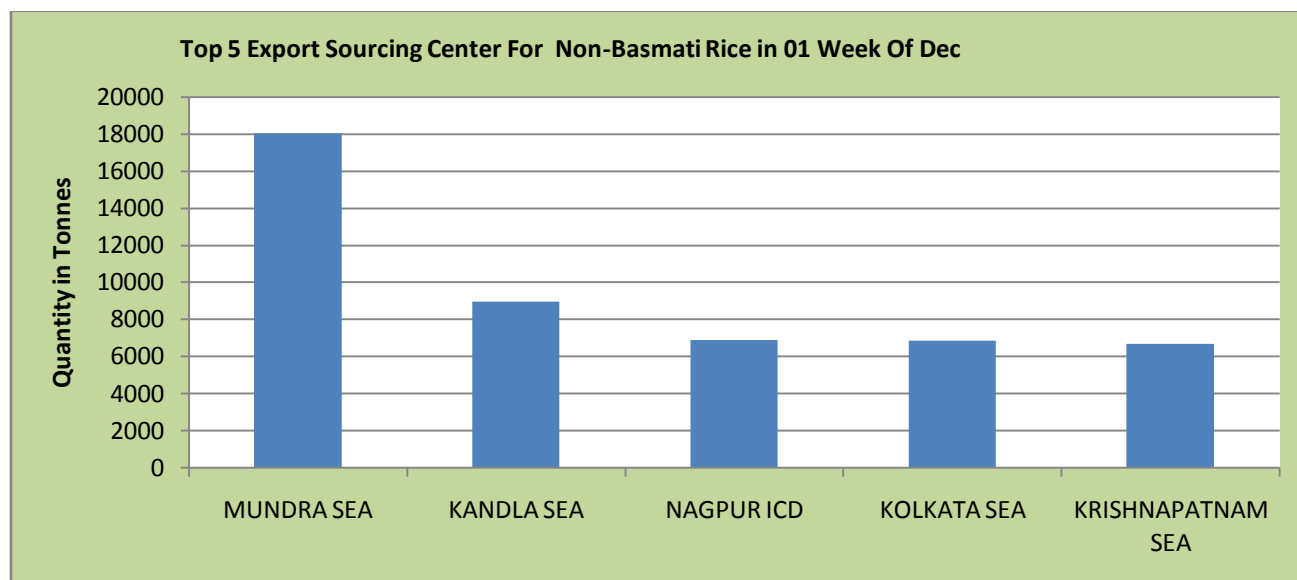
Major Importers of Basmati & Non Basmati Rice of 01st Week of December-2015

| Country | QUANTITY(Tonnes) | Average of FOB \$/Tonne | Country | QUANTITY(Tonnes) | Average of FOB \$/Tonne |
|-------------|------------------|-------------------------|-------------|------------------|-------------------------|
| BENIN | 9965.25 | 339.97 | IRAQ | 18092.03 | 702.54 |
| IVORY COAST | 9647.65 | 335.49 | IRAN | 12546.23 | 720.19 |
| SENEGAL | 5700.00 | 272.46 | SAUDI | 11687.60 | 791.28 |
| DJIBOUTI | 4538.00 | 340.67 | U A E | 9362.75 | 842.32 |
| TURKEY | 3672.00 | 357.35 | KOREA | 4800.40 | 635.40 |
| BERBERA | 3224.00 | 325.79 | YEMEN | 2885.82 | 811.12 |
| U A E | 2941.24 | 534.95 | U K | 2156.62 | 880.62 |
| S.AFRICA | 2433.74 | 377.02 | U S A | 1969.20 | 560.16 |
| ANGOLA | 2115.00 | 375.75 | BAHRAIN | 1602.46 | 959.01 |
| RUSSIA | 2100.00 | 363.49 | OMAN | 1566.05 | 878.69 |
| Others | 25747.35 | 404.35 | Others | 9902.52 | 807.48 |
| Grand Total | 72084.22 | 466.73 | Grand Total | 76571.65 | 826.96 |

Total Rice exported from India in the first week of December was 148655.87 tonnes, down about 15% from last week export of 175045.09 tonnes. Out of total rice exports, basmati rice contributes 51.50%, and non-basmati rice is 48.49% in this period with quantity of around 76571.65 tonnes and 72084.22 tonnes respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Iraq, Iran and Saudi Arabia. We expect Middle East countries to remain the major basmati buyers for Indian Basmati from Mundra, Kandla and

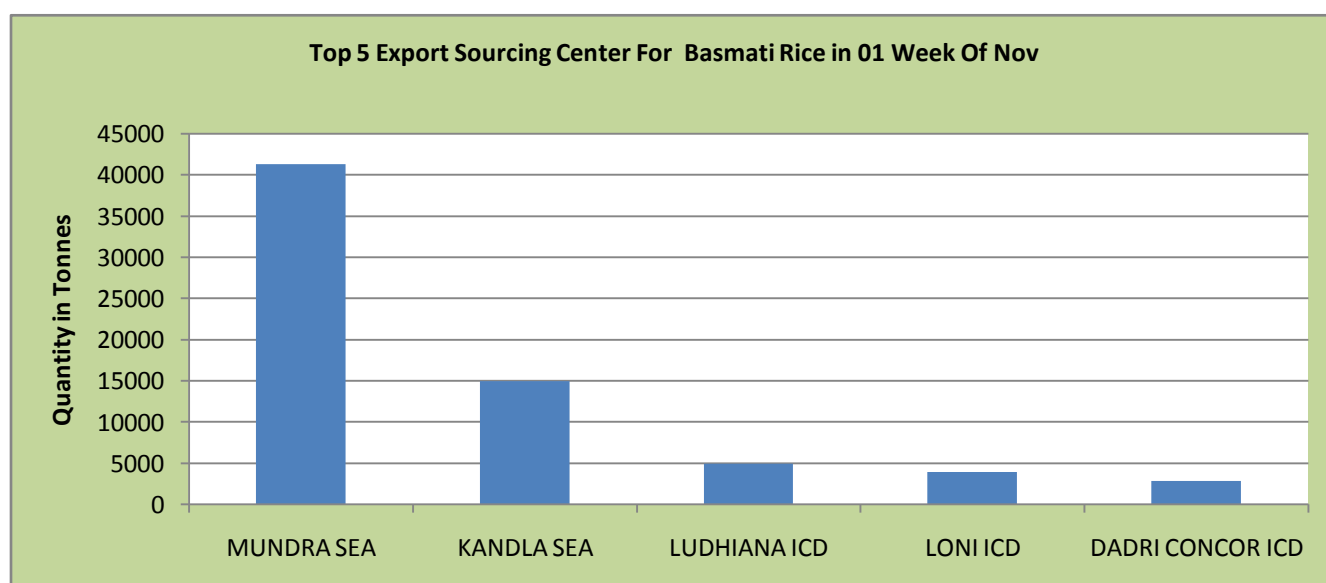
Kakinada Port in coming months. On the other hand Benin, Ivory Coast and Senegal were the top importers for Indian non-basmati rice in this period.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the first week of December was 72084.22 tonnes. Mundra Sea, Kandla, and Nagpur ICD were the major ports for non-basmati rice export during this period.

Major Basmati Export Sourcing Center



Total basmati Rice export in the first week of December was 76571.65 tonnes. Mundra Sea, Kandla and Ludiana ICD, were the major port for basmati rice export center during this period.

State wise Progressive Procurement

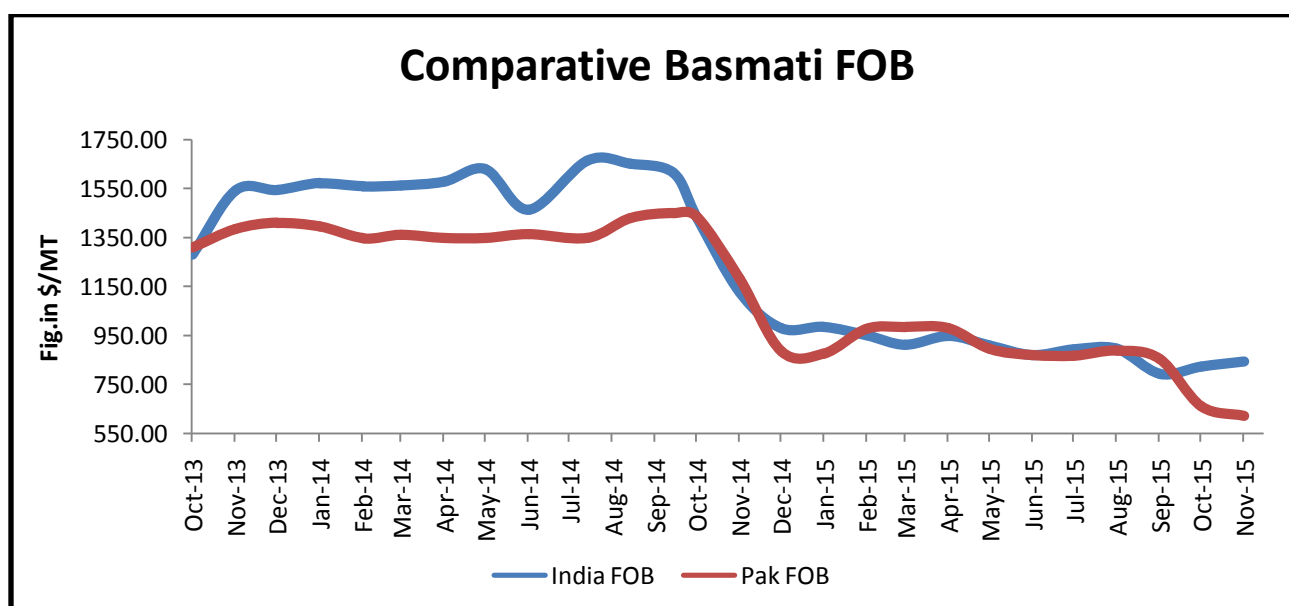
| State | MY2013/14 | MY 2014/15 | MY 2015/16 | MY 2014/15 |
|----------------|-------------------|-------------------|-------------------------------|-------------|
| | October-September | October-September | October 1 through November 30 | |
| Punjab | 8.11 | 7.79 | 9.30 | 7.74 |
| Andhra Pradesh | 3.74 | 3.60 | 0.15 | 0.10 |
| Telangana | 4.35 | 3.50 | 0.48 | 0.54 |
| Chhattisgarh | 4.29 | 3.42 | 0.39 | 0.01 |
| Odisha | 2.80 | 3.49 | - | - |
| Haryana | 2.41 | 2.02 | 2.85 | 1.99 |
| Uttar Pradesh | 1.13 | 1.70 | 0.37 | 0.12 |
| West Bengal | 1.36 | 2.03 | - | - |
| Madhya Pradesh | 1.05 | 0.81 | - | - |
| Tamil Nadu | 0.68 | 1.05 | - | - |
| Others | <u>1.94</u> | <u>2.77</u> | <u>0.33</u> | <u>0.14</u> |
| Total | 31.85 | 32.17 | 13.87 | 10.64 |

Figure in Million Metric Tonnes

Source: FCI

Procurement in the Northern States is almost over, but will gradually spread to other parts of the country as harvest progresses. 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 November 30, 2015, is estimated at 13.87MMT compared to 10.64 MMT during the corresponding period of MY 2014/15.

FOB Quotes Aromatic Rice (1121 Steam)



Indian FOB for 1121 steam in the month of November moved up from last month and currently is in the range of USD 840-845/MT which is up by around 2.36% from last month price. Demand from international market push the price upward in recent weeks. On the other hand Pakistani basmati price has declined for the third consecutive month in November 2015 after increasing in August 2015, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 621/MT which is down by 6.05% from last month FOB of USD 661/MT. The decline can be attributed to increasing supplies from the current harvest, lack of export demand as well as surging stocks. Pakistan rice exporters reportedly hold around 500,000 tons of basmati rice from last season. They have been urging the government to intervene in the export market and support them.

Global Updates

Indonesia will import 1 million metric tons of milled rice over the next four years from Pakistan. The deal, with an estimated worth of \$400 million in imports between 2016 and 2019, will be executed by Indonesia's procurement agency, Bulog, and Trading Corporation of Pakistan. Indonesia currently has similar MoU with Cambodia, Myanmar, Thailand and Vietnam, though only some of the deals have been realized. The country saw trade with Indonesia rise 27 percent to \$2.2 billion last year following a Preferential Trade Agreement in 2013. Indonesia enjoyed \$1.8 billion surplus in the trade, thanks to its palm oil exports.

South Korea's state run Agro Fisheries & Food Trade Corporation (KAFTC) has purchased 55,555 tons of non-glutinous brown rice of China and U.S. origins for delivery between March 31, 2015 and April 30, 2015 in tenders that closed on December 9, 2105.

Vietnam's rice exports between January and November had year-on-year increase of 3.6 percent in volume, but a 4.9 percent annual decrease in value. Rice exports in the first nine months reached 6.24 million tons, fetching US\$2.65 billion in total. Shipments in October and November, increased sharply compared to previous months, citing new contracts signed with the Philippines and Indonesia in October as the main reason. Under the contracts that will expire in March next year, Vietnam is set to export 450,000 tons of rice to the Philippines and one million tons to Indonesia. The contracts may bring the total rice exports in 2015 to 6.8 million tons, while the estimated figure released in September was only 6.02 million tons. The Vietnam Food Association cut the minimum price of exported rice twice, in May and September.

In the first ten months of 2015, Thailand exported around 7.814 million tons of rice, a decrease of about 11% from the corresponding period last year. In terms of value, exports earned around \$3.643 billion, down about 15% from the same period last year. The Honorary President of the Thai Rice Exporters Association expects Thai rice export prices, which are currently slightly below Vietnam prices, to increase by about 10-15% in the first quarter of 2016 and another 10-15% in the second quarter if the dry spell continues. Thai Hom Mali rice prices have reached a low of about \$720 - \$730 per ton from a previous peak of \$1,200 per ton and are at the lowest in six years, according to Thai rice exporters. In the first auction of stockpiled rotten rice by the government, two private Thai firms won the bid to buy around 37,413 tons worth 198 million baht (about \$5.53 million). China's state-owned grains trader COFCO has signed a contract to import one million tons of Thai rice on December 3, 2015.

Source: Oryza

IGC Rice Balance Sheet
(Fig. In Million Tonnes)

| | 2012-13 | 2013-14 | 2014-15 Estimate | Forecast 29.10.15 2015-16 | Forecast 19.11.15 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 in Asia in particular.

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. 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

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.

**Rice Price Trend @ CBOT Jan- 15, Rough Rice)
(Prices in US\$/hundredweight)**

Market Analysis

The CBOT January month rough chart for rice indicates firm movement in previous couple of day session; overall market too is in range bound to weak trend from last week. We expect market to hover in the range USD 10.95-11.45 hundred weights in coming sessions.

Price Projection (International-CBOT)

| Duration | Trend | Price Range |
|------------------------------------|--------|---------------------------------|
| 03 rd week of Dec, 2015 | Steady | USD/ Hundred Weight 10.95-11.45 |

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