

Latest Market Development

Wholesale Prices for India as an average for first week of January traded firm by 5.80% and are currently hovering at Rs.2930-2940/quintal. We expect non-basmati rice market to move range bound with firm tone in coming week.

Wholesale basmati rice prices in Delhi moved weak in last week of December 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.

Total Rice exported from India in the fourth week of December was 160787.40 tonnes, down about 10% from last week export of 178763.75 tonnes. Out of total rice exports, basmati rice contributes 46.20%, and non-basmati rice is 53.79% in this period with quantity of around 74296.21 tonnes and 86488.20 tonnes respectively as per latest data extract from IBIS.

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.

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%.

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 01st Week of January-2015

State	Prices 01-08 Jan 2016	Prices 24-31 Dec 2015	Prices 16-23 Dec 2015	Prices 01-08 Jan 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
A.P	3854	4037.43	3626.06	3767.29	-4.54	6.29	2.3
Assam	2691.9	3096.87	2633.96	2964.32	-13.08	2.2	-9.19
Bihar		3050	3050		—	—	—
Gujarat	4100	2782.82	2780.94	2702.15	47.33	47.43	51.73
Jharkhand	2466.56	2590.08	2576.8	2525.44	-4.77	-4.28	-2.33
Karnataka	3583.36	3197.29	3344.49	3347	12.07	7.14	7.06
Kerala	3162.71	3139.76	3158.94	3283.38	0.73	0.12	-3.68
Maharashtra	3801.62	3010.98	3160.46	3377.71	26.26	20.29	12.55
Manipur		2567.35	2566.76	2775.37	—	—	—
Meghalaya		4200	3298.18	3464.41	—	—	—
Delhi		1880	2037.5		—	—	—
Orissa	2653.22	2137.99	2212.76	2305.96	24.1	19.91	15.06
Punjab		2158.59	2155.43		—	—	—
Telangana		3205.24	3347.32	3676.26	—	—	—
Tripura	2363.33	2456.96	2518.33	2593.54	-3.81	-6.15	-8.88
Uttar Pradesh	2101.38	2127.57	2129.4	2028.86	-1.23	-1.32	3.57
Uttarakhand	2020	2000.04	1991.72	1896.35	1	1.42	6.52
West Bengal	2398.42	2260.85	2249.65	2434.36	6.08	6.61	-1.48

Source agmarknet

Price Projection for December 02nd Week in Domestic Market

Duration	Trend	Average Price Range	Reason
02 nd Week of January, 2016	Firm to Firm	Rs.2750-3000/Q	Average Rice price in all India is likely to trade 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	31 Dec 2015)	26 Dec 2015)	Month Ago(30 Nov-2015)	% ch. From last week	% Change from last Month
1121 Steam	5150	5300	6200	-2.83	-16.94
1121 Sella	4250	4400	4800	-3.41	-11.46
1121 Raw	5050	5000	5100	1.00	-0.98

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	31 Dec 2015)	26 Dec 2015)	Month Ago(30 Nov-2015)	% ch. From last week	% Change from last Month
White Rice 5%	365	365	360	0.00	1.39
White Rice 25%	335	335	330	0.00	1.52
Parboiled 5%	365	365	350	0.00	4.29

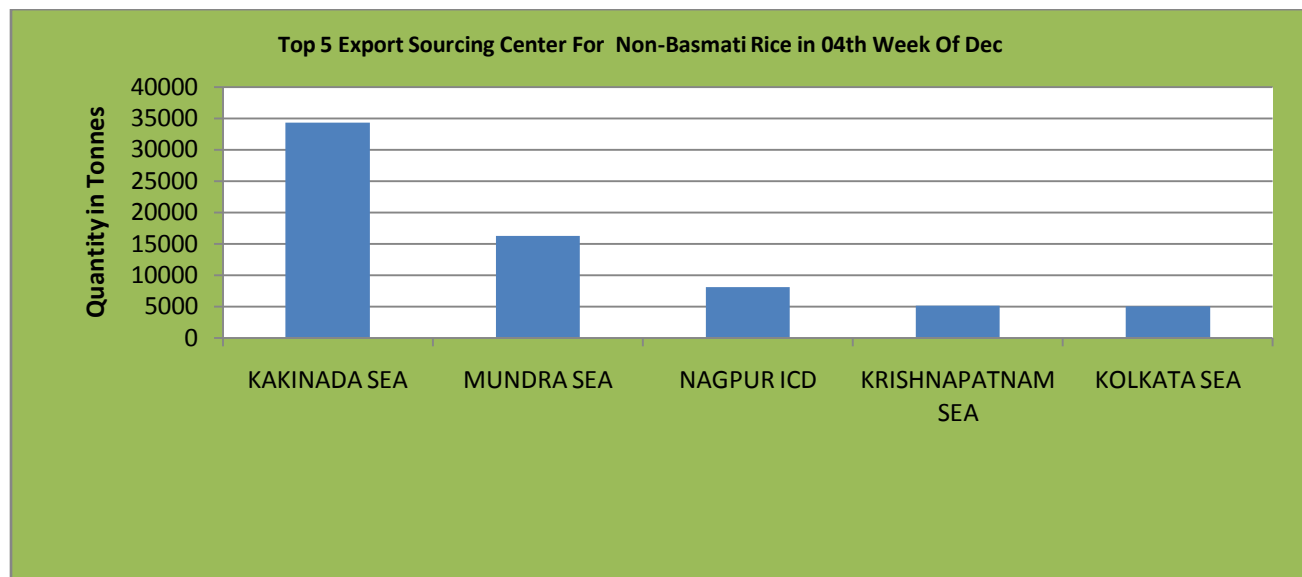
Major Importers of Basmati & Non Basmati Rice of 04th Week of December-2015

Country	Quantity(Ton)	Average of FOB \$/Tonne	Country	Quantity(Ton)	Average of FOB \$/Tonne
NIGERIA	15517.80	236.77	IRAN	14443.02	710.40
IVORY COAST	11040.00	325.20	SAUDI	14050.20	777.78
BENIN	7342.64	341.21	KOREA	9825.00	821.77
DJIBOUTI	7223.00	341.32	U A E	9731.46	814.76
CAMBODIA	6404.00	327.02	IRAQ	4156.20	698.33
U A E	4328.69	529.63	YEMEN	4042.25	691.00
S.AFRICA	4129.65	304.19	CANADA	2254.51	565.41
TURKEY	3033.00	396.60	U S A	1669.65	617.99
GUINEA	2728.00	341.84	TURKEY	1370.43	593.73
ANGOLA	2057.50	395.29	NETHERLANDS	1169.00	668.79
Others	22683.92	468.74	Others	11584.49	814.26
Grand Total	86488.20	478.18	Grand Total	74296.21	750.65

Total Rice exported from India in the fourth week of December was 160787.40 tonnes, down about 10% from last week export of 178763.75 tonnes. Out of total rice exports, basmati rice contributes 46.20%, and non-basmati rice is 53.79% in this period with quantity of around 74296.21 tonnes and 86488.20 tonnes respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Iran, Saudi and Korea whereas

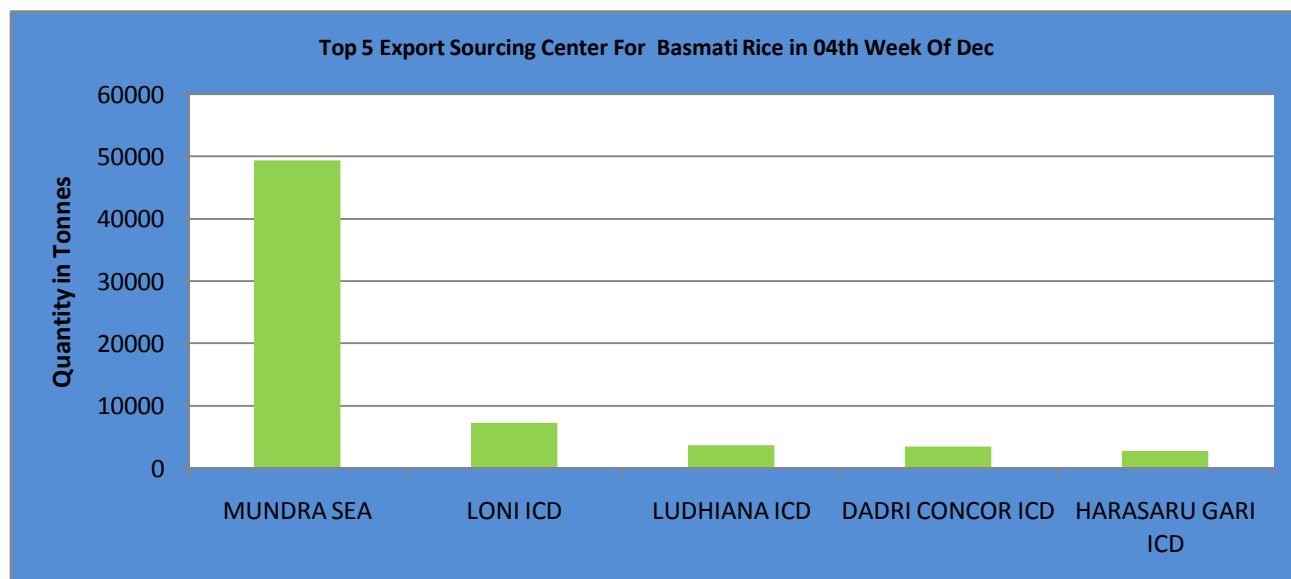
top importers for non-basmati were Nigeria, Ivory Coast and Benin. We expect Middle East countries to remain the major basmati buyers for Indian Basmati from Mundra, Kandla and Kakinada Port in coming months.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the fourth week of December was 86488.20 tonnes. Kakinada Sea, Mundra, and Nagpur were the major ports for non-basmati rice export during this period.

Major Basmati Export Sourcing Center



Total basmati Rice export in the fourth week of December was 74296.21 tonnes. Mundra Sea, Loni ICD and Ludiana ICD, were the major port for basmati rice export center during this period.

State wise Progressive Procurement

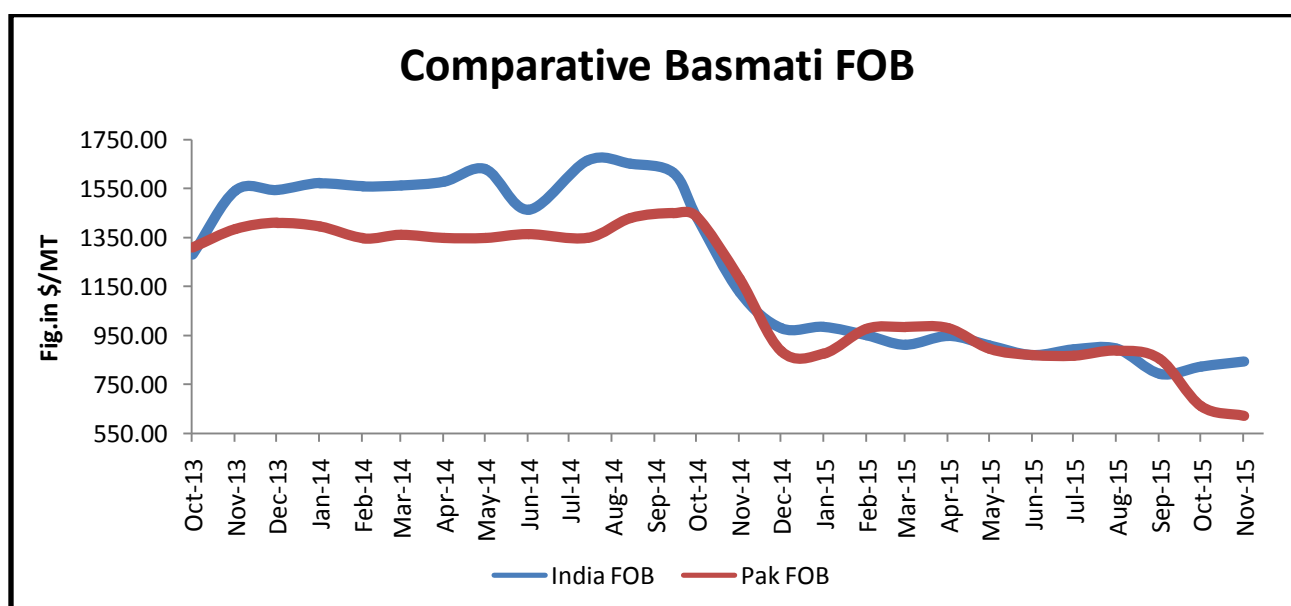
State	MY2013/14	MY 2014/15	MY 2015/16	MY 2014/15
	October-September	October-September	October 1 through November 30	
Punjab	8.11	7.79	9.30	7.74
Andhra Pradesh	3.74	3.60	0.15	0.10
Telangana	4.35	3.50	0.48	0.54
Chhattisgarh	4.29	3.42	0.39	0.01
Odisha	2.80	3.49	-	-
Haryana	2.41	2.02	2.85	1.99
Uttar Pradesh	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

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.

The FAO estimates 2016 global rice trade at around 45.3 million tons, up about 1.4% from an estimated 44.7 million tons last year. The FAO expects most of the importers, especially in Africa and Latin America, to replenish inventories. On the export side, the expansion of trade could be dampened next year by more limited availabilities in several export origins, says the FAO. It expects exports of Vietnam to increase while those of India, Brazil and the U.S. to fall.

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 range bound to firm movement in previous couple of day session; overall market too is in range bound to firm trend from last week. We expect market to hover in the range USD 11.45 -11.60 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
02 nd week of Jan,2016	Steady to Firm	USD/ Hundred Weight 11.45-11.60

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