AGRIWATCH

Rice Weekly Research Report
18 Jan-2016

Latest Market Development

Wholesale Prices for India as an average for second week of January traded firm by 1.30% and are currently hovering at Rs.2990-2995/*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 second 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.52-5300 for steam. Overall basmati rice is expected to trade range bound in coming weeks.*

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.*

Total Rice exported from India in the first week of January was 230354 tons out of which basmati rice contribute 51.74%, *and non-basmati rice is 48.25% in this period with quantity of around 119188.16 tons and 111165.86 tons respectively as per latest data extract from IBIS.*

India 2015-16 winter/rabi rice (November - May) planting area has reached around 1.884 million hectares as of January 15, 2016, *down about 6% from around 1.997 million hectares planted during the same period in 2014-15, according to a press release by the Ministry of Agriculture. The decline is due to scanty rains and low moisture in some of the rice growing regions.*

In KMS 2015-16, FCI has procured about *20.81 million tons of Rice which is up by 32% from last year as of January 15-2016.Punjab, Haryana and Chhattisgarh are the main contributors with contribution of 49%, 15% and 12% respectively.*

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 on January 1, 2015 stood at around 26.02 million tons up by about 14% from *around 22.37 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 10% from around 23.41 million tons recorded on December 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 January-2016

State	Prices 09-15 Jan 2016	Prices 01-08 Jan 2016	Prices 24-31 Dec 2015	Prices 09-15 Jan 2015	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3750	6227.18	4037.43	3691.77	-39.78	-7.12	1.58
Assam	2625.91	2960.81	3074.33	3052.07	-11.31	-14.59	-13.96
Bihar	3050	3050	3050		0	0	__
Gujarat	4100	2780.1	2775.75	2663.82	47.48	47.71	53.91
Jharkhand	2795	2506.97	2576.83	2561.9	11.49	8.47	9.1
Karnataka	3050.3	3455.73	3196.4	3103.17	-11.73	-4.57	-1.7
Kerala	3889.5	3142.15	3139.95	3157.19	23.78	23.87	23.19
Maharashtra	3038.78	3306.7	3008.91	3374.08	-8.1	0.99	-9.94
Manipur		2583.16	2567.49	2830.69	__	__	__
Meghalaya	4200	3346.58	4200	3468.32	25.5	0	21.1
Orissa	2447.31	2218.3	2124.97	2363.34	10.32	15.17	3.55
Punjab			2158.59		__	__	__
Telangana	3048	3069.21	3205.24	3692.68	-0.69	-4.91	-17.46
Tripura	2552.86	2453.84	2484.19	2579.27	4.04	2.76	-1.02
Uttar Pradesh	2015.73	2105.78	2113.75	2078.59	-4.28	-4.64	-3.02
Uttrakhand	1900.53	1949.68	2000.04	1927.33	-2.52	-4.98	-1.39
West Bengal	2398.37	2206.99	2261.65	2430.85	8.67	6.05	-1.34
Average	2990.82	2960.2	2769.75	2810.94			

Source agmarknet

Price Projection for December 03rd Week in Domestic Market

Duration	Trend	Average Price Range	Reason
03rd Week of January, 2016	**Steady to Firm**	**Rs.2850-3000/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	**15 Jan 2016)**	**09 Jan 2016)**	**Month Ago(15 Dec-2015)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	5250	5200	5700	**0.96**	**-7.89**
1121 Sella	4350	4200	4500	**3.57**	**-3.33**
1121 Raw	5000	4800	4800	**4.17**	**4.17**

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

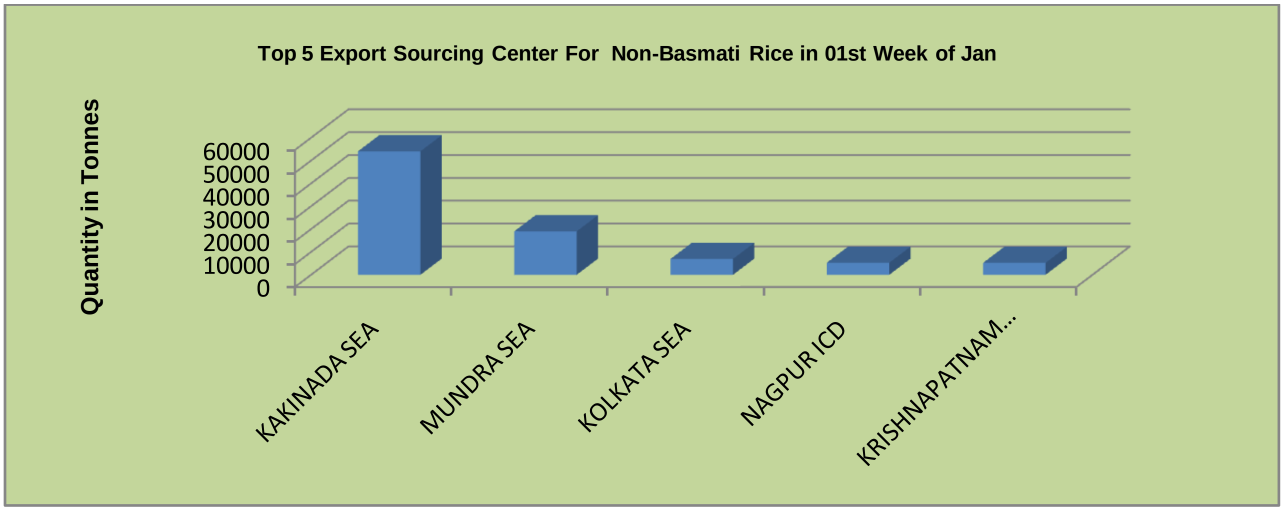
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	**15 Jan 2016)**	**09 Jan 2016)**	**Month Ago(15 Dec-2015)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	365	365	365	**0.00**	**0.00**
White Rice 25%	335	335	335	**0.00**	**0.00**
Parboiled 5%	365	355	360	**2.82**	**1.39**

Major Importers of Basmati & Non Basmati Rice in First Week of Jan (04-10)-2016

Non Basmati Rice Importers			Basmati Rice Importers		
Country	Quantity(Tons)	Average of FOB $/Tonne	Country	Quantity(Tons)	Average of FOB $/Tonne
GUINEA	23846.00	333.31	U A E	61672.58	637.70
SENEGAL	22710.00	280.85	IRAN	15663.69	721.51
S.AFRICA	12004.20	376.13	SAUDI	11533.02	826.07
BENIN	9648.50	341.96	YEMEN	6243.41	778.72
U A E	5706.64	537.36	KOREA	4761.00	803.79
DJIBOUTI	4760.00	330.02	U K	2666.40	842.09
GHANA	2701.80	348.52	IRAQ	2553.97	826.29
TURKEY	2455.06	362.14	TURKEY	2535.14	618.83
SINGAPORE	2334.20	494.90	U S A	2208.43	848.92
SAUDI	2287.30	463.86	OMAN	1680.89	852.73
OTHERS	22712.16	508.43	Others	7669.63	776.80
Grand Total	**111165.86**	**455.71**	**Grand Total**	**119188.16**	**778.70**

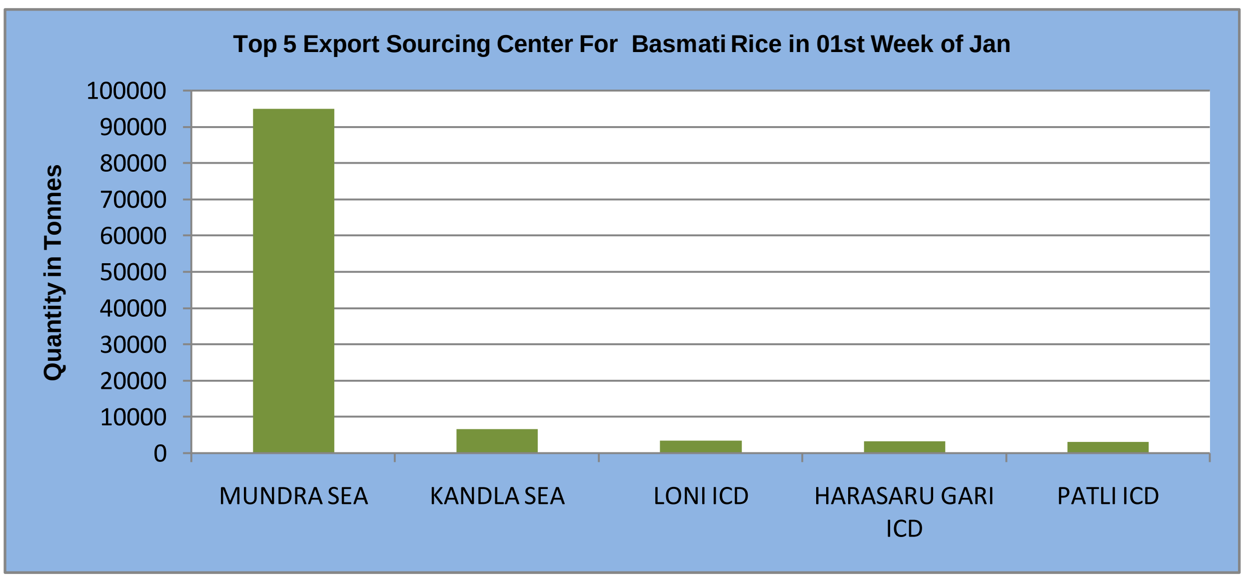
Total Rice exported from India in the first week of January was 230354 tons out of which basmati rice contribute 51.74%, and non-basmati rice is 48.25% in this period with quantity of around 119188.16 tons and 111165.86 tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were UAE, Iran and Saudi. We expect Middle East countries to remain the major basmati buyers of Indian Basmati from Mundra and Kandla Port in coming months. Major non basmati importers were Guinea, Senegal and South Africa.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the first week of January was 111165.86 tonnes. Kakinada Sea, Mundra, and Kolkata 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 January was 119188.16 tonnes. Mundra Sea, Kandla Sea and Loni ICD, were the major port for basmati rice export center during this period.

State wise Progressive Procurement

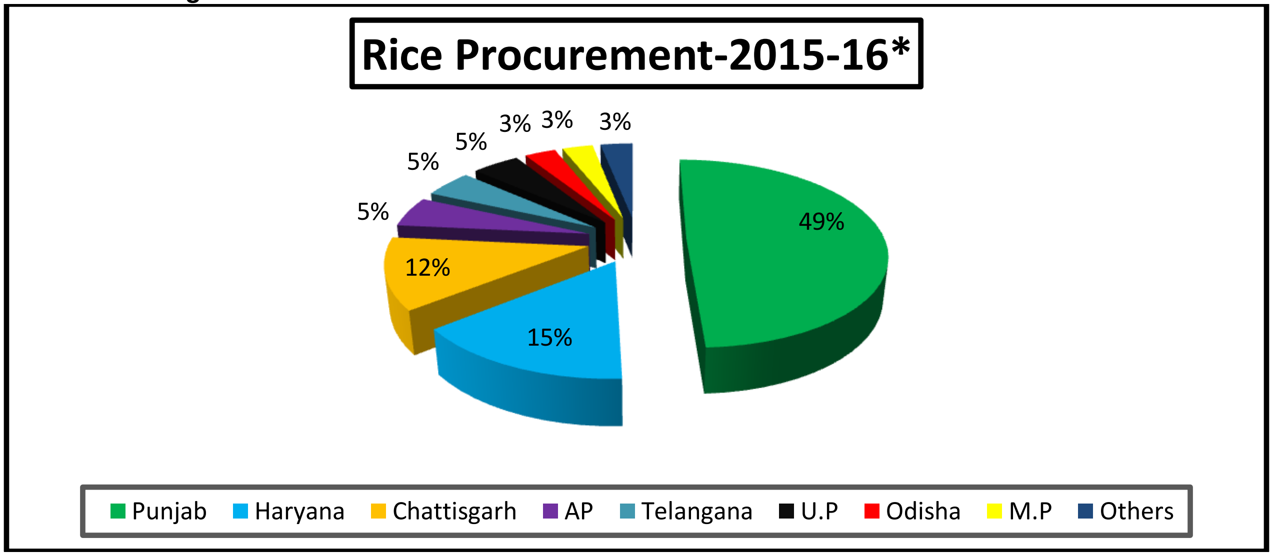
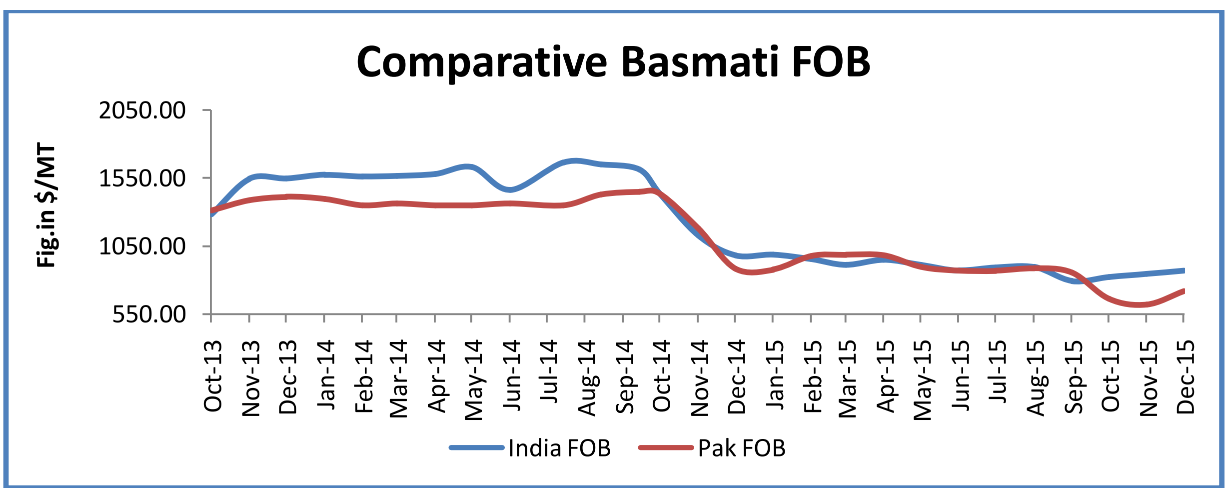


Figure in Million Metric Tonnes Source: FCI

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.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

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. Pakistani basmati price has also 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.

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.*

Myanmar's rice export fetched more than 308 million U.S. dollars in the first 10 months (Apr-Jan) of the fiscal year 2015-16, *a drop of 62 million U.S. dollars from the same period last year. During the period, over 830,000 tons of rice was exported, down more than 150,000 tons, correspondingly. The export drop was due to the recent widespread flood, which destroyed paddy fields across the country, in the monsoon season, which begins from June to Oct, last year.*

Despite the lack of new inquiries from foreign buyers during the holiday season, Thailand export prices increased slightly as some exporters *reportedly sought new-crop 5% grade white rice for shipment under the 2014 Government-to-Government Agreement with China, which totaled 1 million metric tons. Presently, exporters are shipping the 9th allotment of 100,000 metric tons, which was finalized in late December 2015. The shipment is taking place in January thru February 2016. Also, rumors indicate that the remaining 140,000 metric tons under the agreement with China will be finalized no later than January 2016. Thailand Long grain parboiled rice price increased by USD 10/MT from last couple of weeks.*

THE PHILIPPINES, one of the world's top rice importers, is set to buy 400,000 tons of the grain for delivery in the second quarter, *and may need an additional 800,000 tons to cover this year's requirements. The NFA is looking at a deal with governments of Vietnam, Thailand, or Cambodia for the additional 400,000-ton supply in the second quarter.*

Source: Oryza

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

	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 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.

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Rice Price Trend @ CBOT Jan- 16, Rough Rice)
(Prices in US$/hundredweight)

Market Analysis

The CBOT January month rough chart for rice indicates range bound to weak 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 10.80-11.00 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd week of Jan,2016	**Steady**	USD/ Hundred Weight 10.80-11.00