Rice Weekly Research Report

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Outlook and Review:
Domestic Front

Wholesale Prices for India as an average for fourth week of February traded weak by 0.58% and are currently hovering at Rs.2770-2780/*quintal. Agriwatch expects non-basmati rice market to move range bound with firm tone in coming week.*

Wholesale basmati rice prices in the national capital traded steady to slightly firm this week due to increased buying by stockiest. *Prices currently hover in the range of Rs.41-4200 for 1121 sella and Rs.5200-5250 for steam. Overall basmati rice is expected to trade range bound in coming weeks.*

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.*

Total Rice exported from India in the third week of February was 171893.14 tons out of which basmati rice contribute 46.02%, *and non-basmati rice 53.97% in this period with quantity of around 79106.46 tons and 92786.68 tons respectively as per latest data extract from IBIS.*

Paddy procurement by The Food Corporation of India (FCI) and other government agencies in the 2015-16 Kharif marketing season *(KMS) has reportedly reached around 26.98 million tons as on February 19, 2016, up about 21% from around 22.21 million tons during the corresponding period last year. The government is targeting to procure about 30 million tons in KMS 201516.*

The All Commodities inflation rate based on Wholesale Price Index (WPI) on a point to point basis for the month of January, 2016, *decreased to (-) 0.90% from the level of (-)0.73 in the month of December, 2015. The inflation rate was (-) 0.95% during the corresponding period of last year. Among the foodgrains, Rice has decreased to (-) 1.38% from the previous month's level of (-) 1.25%, Cereals 1.24% from the previous month's level of 1.63%, Wheat 3.19% from the previous month's level of 3.73% and Pulses 44.91% from the previous month's level of 55.64%.*

The cumulative rainfall in the country during the post monsoon season i.e. 01st January, 2016 to 17 th February, 2016 was *63% 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 40% in East & North East India, 69% in North West India, 65% in Central India and 61% in South Peninsula. This could affect the overall rabi rice yield which is likely to harvest in Mid March to April.*

India's rice stocks in the central pool as on February 1, 2015 stood at around 28.94 million tons down by about 6.58% from *around 30.98 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 11.22% from around 26.02 million tons recorded on January 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 04th Week of February-2016

State	Prices 24-28 Feb 2016	Prices 16-23 Feb 2016	Prices 24-28 Feb 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3732.5	5416.27	3771.3	-31.09	-1.03
Assam	3243.57	3148.02	3180.3	3.04	1.99
Chhattisgarh		2000		__	__
Gujarat	2733.65	2856.45	4094.53	-4.3	-33.24
Jharkhand	2331.57	2557.12	2563.41	-8.82	-9.04
Karnataka	3495.66	3510.62	3297.01	-0.43	6.03
Kerala	3107.24	3064.29	3078.89	1.4	0.92
Maharashtra	3176.76	3183.32	3257.35	-0.21	-2.47
Manipur	2822.14	2770.41		1.87	__
Meghalaya	3500	3309.09	2895.92	5.77	20.86
NCT of Delhi		2000	2000	__	__
Orissa	2162.65	2135.57	2173.97	1.27	-0.52
Telangana			2933.33	__	__
Tripura	2405.17	2460.11	2548.99	-2.23	-5.64
Uttar Pradesh	2136.9	2132.85	2049.73	0.19	4.25
Uttrakhand	1838.66	1998.97	2082.45	-8.02	-11.71
West Bengal	2223.51	2188.96	2237.68	1.58	-0.63
Average	**2779.28**	**2795.75**	**2810.99**		

Source agmarknet

Price Projection for March 01st Week in Domestic Market

Duration	Trend	Average Price Range	Reason
01st Week of March, 2016	**Steady to Firm**	**Rs.2870-2980/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	**25 Feb 2016)**	**19 Feb 2016)**	**Month Ago(25 Jan-2016)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	5200	5150	5150	**0.97**	**0.97**
1121 Sella	4100	4100	4250	**0.00**	**-3.53**
1121 Raw	5300	5200	5400	**1.92**	**-1.85**

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

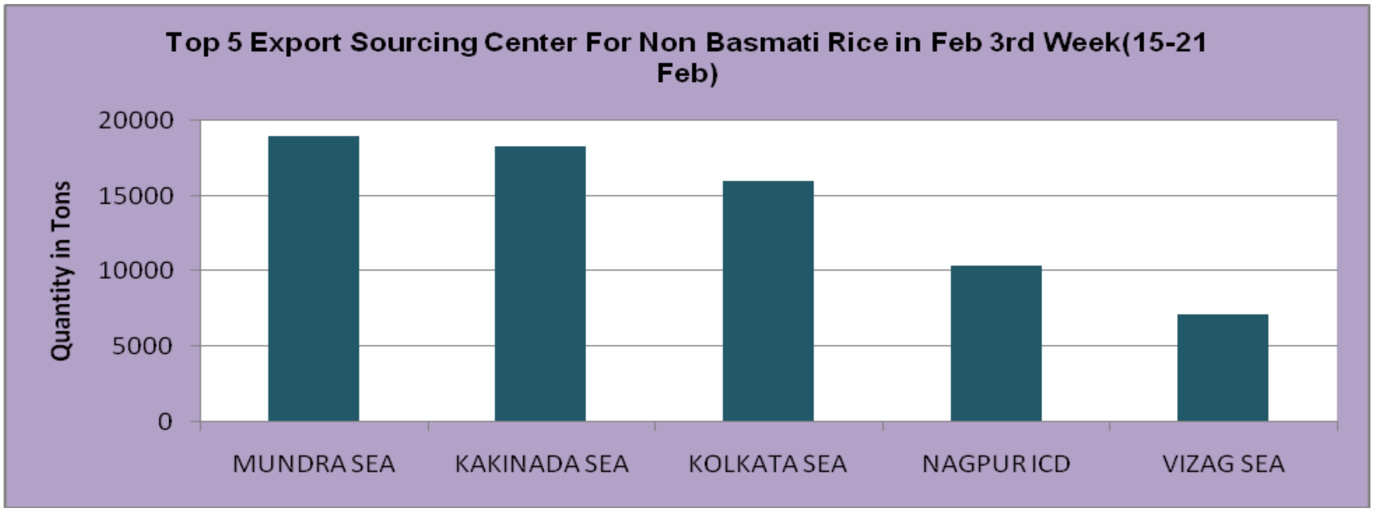
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	**25 Feb 2016)**	**19 Feb 2016)**	**Month Ago(25 Jan-2016)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	370	370	365	**0.00**	**1.37**
White Rice 25%	335	335	335	**0.00**	**0.00**
Parboiled 5%	360	360	355	**0.00**	**1.41**

Major Importers of Basmati & Non Basmati Rice in the 03rd Week of Feb (15-21 Feb-2016)

Non Basmati Rice Importers			**Basmati Rice Importers**		
Country	**Quantity(Tons)**	**Average of FOB $/Tonne**	**Country**	**Quantity(Tons)**	**Average of FOB $/Tonne**
BENIN	15089.93	335.02	KUWAIT	14393.80	837.23
IVORY COAST	8509.25	306.73	U A E	14068.84	738.32
CAMBODIA	8400.00	298.97	SAUDI	12989.08	788.05
SAUDI	6147.30	414.02	IRAN	12252.71	716.57
U A E	5759.41	532.92	YEMEN	4577.64	696.28
DJIBOUTI	5136.10	337.83	U S A	2748.02	794.84
S.AFRICA	4512.00	326.31	TURKEY	2267.56	616.32
EGYPT	3585.50	332.01	IRAQ	1605.87	211.72
TOGO	3405.40	271.04	BAHRAIN	1352.67	825.41
SENEGAL	3370.00	260.98	ITALY	1339.25	886.53
Others	28871.79	486.28	Others	11511.02	837.11
Grand Total	**92786.68**	**438.74**	**Grand Total**	**79106.46**	**777.12**

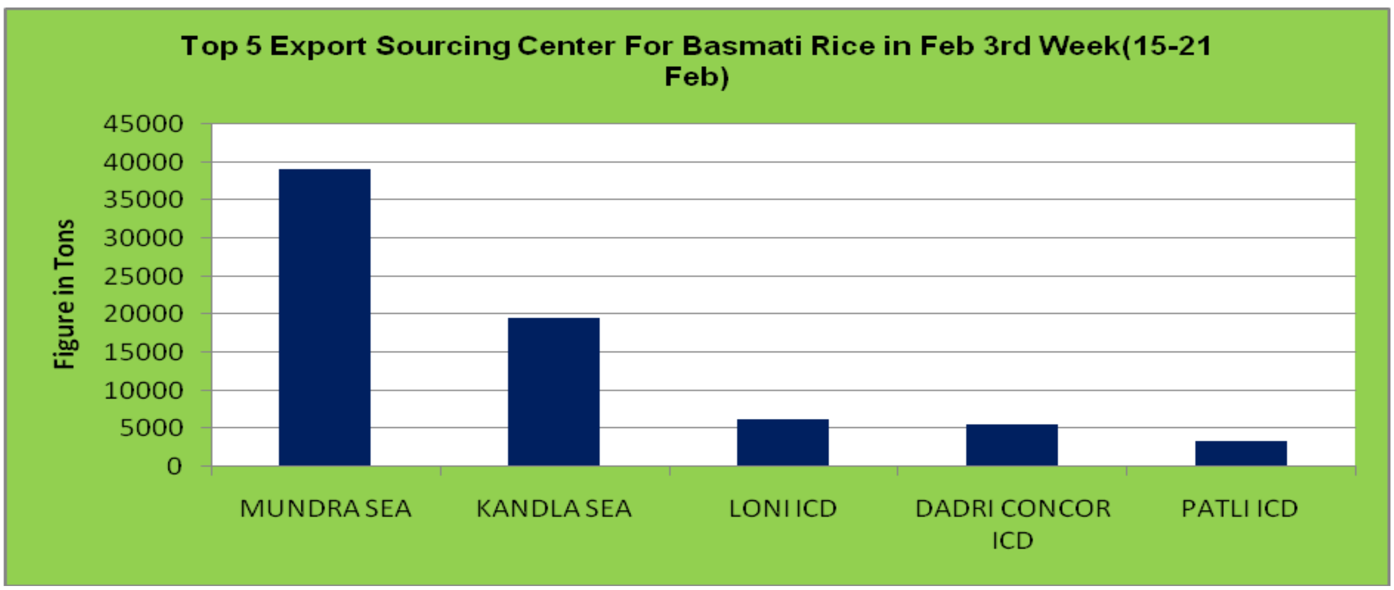
Total Rice exported from India in the third week of February was 171893.14 tons out of which basmati rice contribute 46.02%, and non-basmati rice 53.97% in this period with quantity of around 79106.46 tons and 92786.68 tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were, Kuwait, UAE & Saudi Arabia. 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 Benin, Ivory Coast, & Cambodia. Total rice exported was up by 5.6% from last week export of 162753.4 tons.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the third week of February was 92786.68 tonnes. Mundra Sea, kakinada, and Kolkata were the major ports for non-basmati rice export during this period.

Major Basmati Export Sourcing Center

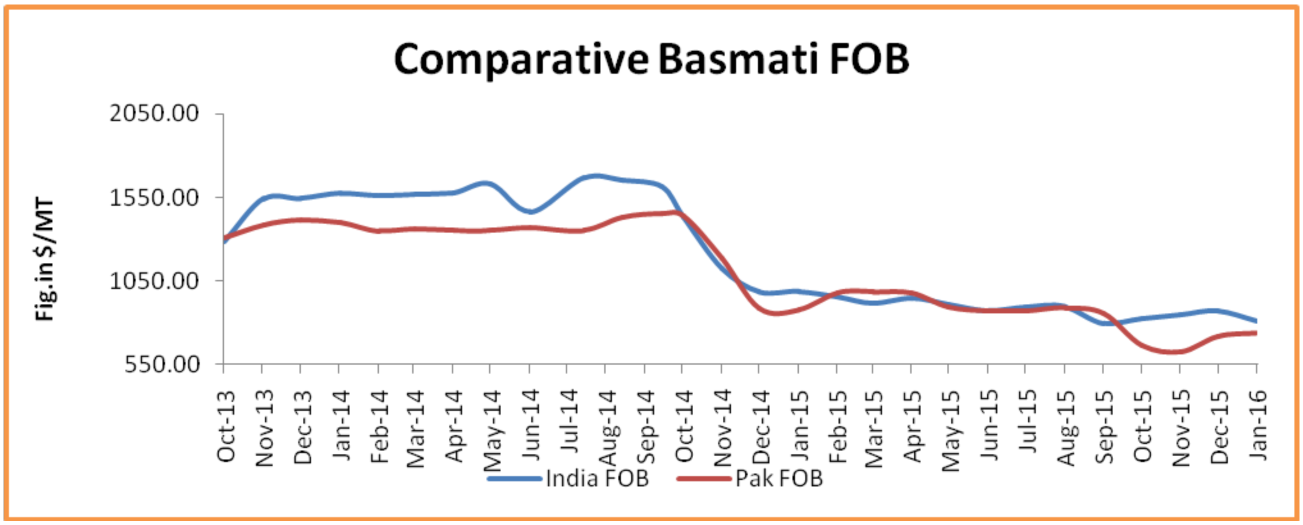


Total Basmati Rice export in the third week of February was 79106.46 tonnes with an average FOB of USD 777.12/MT. Mundra Sea, Kandla, and Loni ICD were the major ports for basmati rice export during this period.

State wise Progressive Procurement

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.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of January moved down from last month and currently is in the range of USD 805-810/MT which is down by around 7.43% from last month price. Average basmati rice price declined due to slackened demand from retailers against adequate supply and pushed the price in southward direction. Pakistani basmati price has increased from USD 716/MT to 734$/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 2.47% from last month FOB of USD 716/MT.

Global Updates

Thailand's 2015-16 secondary rice crop (January June) acreage declined by about half to around 800,000 hectares *due to extending drought conditions. Accordingly, the country's rice output from the secondary crop is expected to drop significantly. In a recent report, the USDA Post forecast Thailand's MY 201516 (January December 2016) paddy rice production at around 24 million tons, down from last year's 29.4 million tons. It forecast Thai offseason paddy production to decline about 57% y/y to around 3.1 million tons. Lower production of rice could increase the local and international price in coming months.*

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 the period September 1, 2015 -February 16, 2016 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.*

According to data from the Vietnam Food Association (VFA), country exported around 589,646 tons of rice in January 1 February 18, *2016, up about 40% from around 421,202 tons of rice exported in first two months of 2015. The average rice export price so far in this year stands at around $400 per ton (FOB), down about 11% per ton from around $452 per ton recorded during corresponding period last year.*

The UN's Food and Agriculture Organization (FAO) forecasts china's MY 201516 (June May) rice imports to decline *about 6% y/y due to Government's efforts to limit informal imports. It also forecasts China's 2015 paddy rice output at around 208.25 million tons, up from around 206.507 million tons in 2014 due to favorable weather conditions.*

Source: Oryza

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

Attributes	2012-13	2013-14	2014-15 Estimate	Forecast 29.10.15	Forecast 21.01.2016
				2015-16	2015-16
Production	473	478	478	474	473
Trade	38	43	43	42	42
Consumption	469	480	484	486	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

Projected global rice output is cut on slightly reduced prospects in some producers, mainly in the southern hemisphere, but, at 473m t, would be only 1% lower y/y. While the outlook for rice use maintained, at a higher figure for carry-in stocks results in a small upward revision to end-season inventories, to 94.7m t. However, this is still a drop of 12% y/y owing to depletion in key exporters. The outlook for trade in 2016 is little changed, at close to 42m t, underpinned by demand from Asian importers.

USDA & IGC Forecast the Same World Rice Production

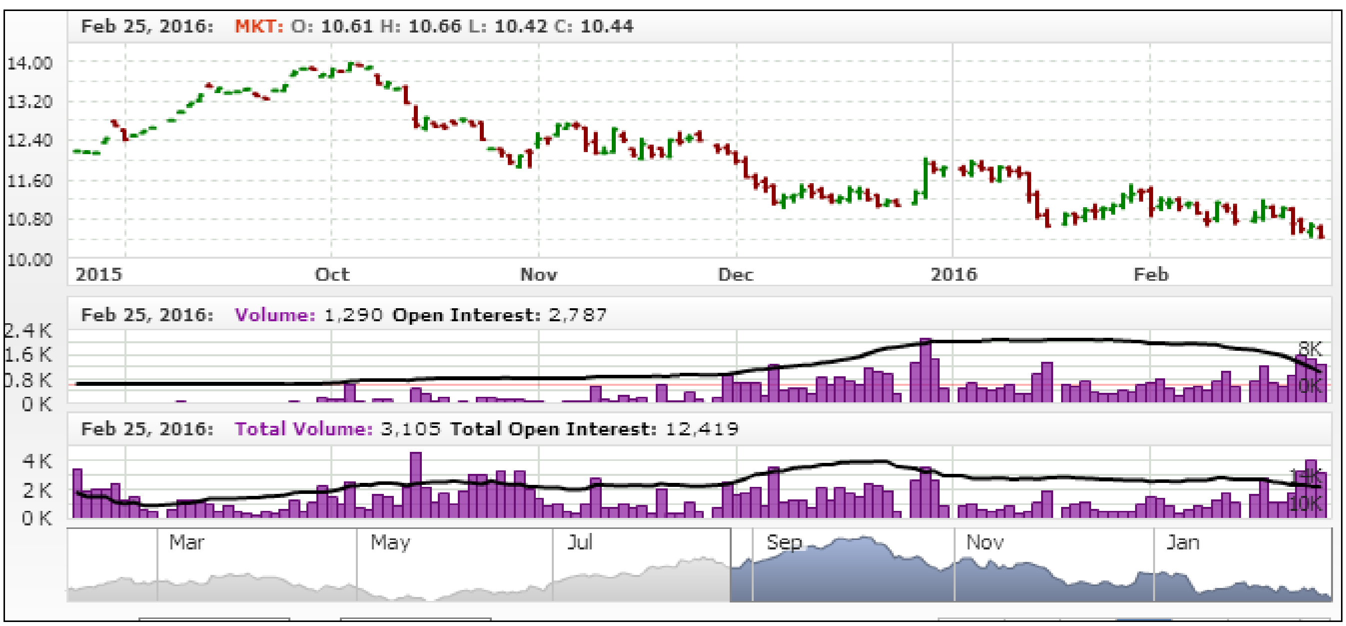
In its January 2016 Rice Outlook report, USDA also forecasted 2015-16 global rice production (milled basis) at around 473 million tons, about 1.5% lower than last year. Disappointing crops in some producing nations – including India and Thailand, only partly offset by improved harvests elsewhere in Asia, 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

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 Mar- 16, Rough Rice)

(Prices in US$/hundredweight)



Market Analysis

The CBOT March month rough chart for rice indicates range bound movement in previous couple of day session; overall market too is in range bound trend from last week. We expect market to hover in the range USD 10.50-11.10 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of March,2016	**Steady to Weak**	USD/ Hundred Weight 10.50-11.10

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