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# Rice Weekly Research Report

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**Outlook and Review:****Domestic Front**

**Wholesale Prices for India as an average for first week of March traded firmed by 1.82% and are currently hovering at Rs.2770-2775/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 weak this week due to sluggish demand.** Prices currently hover in the range of Rs.42-4250 for 1121 sella and Rs.4900-5100 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 fourth week of February was 156062.84 tons out of which basmati rice contribute 34.16%, and non-basmati rice 65.83% in this period with quantity of around 53314.02 tons and 102748.81 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 27.83 million tons as on February 26, 2016, up about 20.72% from around 23.05 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%.

**In the winter season, weekly Rainfall for the country as a whole during the week 18th February, 2016 to 24th February, 2016 was 40% 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 10% in East & North East India, 38% in North West India, 97% in Central India and 94% in South Peninsula.

**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 01<sup>st</sup> Week of March-2016**

State	Prices 01-08 Mar 2016	Prices 24-28 Feb 2016	Prices 01-08 Mar 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3512.78	3401.52	3678.82	3.27	-4.51
Assam	3105.97	3160.58	3047.52	-1.73	1.92
Gujarat	3574.71	2776.01	4182.98	28.77	-14.54
Jharkhand	2666.35	2511.51	2594.74	6.17	2.76
Karnataka	3346.42	3520.07	3145.55	-4.93	6.39
Kerala	3009.14	3110.75	3207.13	-3.27	-6.17
Maharashtra	3192.37	3176.2	3421.55	0.51	-6.7
Manipur	2807.24	2797.96		0.33	—
Meghalaya	3342.59	3500	3438.04	-4.5	-2.78
Delhi	2200	1900		15.79	—
Orissa	2049.11	2237.53	2224.64	-8.42	-7.89
Telangana			2896.11	—	—
Tripura	2418.68	2461.71	2523.82	-1.75	-4.17
Uttar Pradesh	2101.65	2117.95	2060.42	-0.77	2
Uttarakhand	2109.48	2007.64	1921.39	5.07	9.79
West Bengal	2166.9	2177.57	2258.93	-0.49	-4.07
Average	2773.56	2723.8	2900.12		

Source agmarknet

**Price Projection for March 02<sup>nd</sup> Week in Domestic Market**

Duration	Trend	Average Price Range	Reason
02 <sup>nd</sup> Week of March, 2016	Steady to Firm	Rs.2775-2850/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	04 Mar 2016)	25 Feb 2016)	Month Ago(04 Feb-2016)	% ch. From last week	% Change from last Month
1121 Steam	4950	5200	5050	-4.81	-1.98
1121 Sella	4200	4100	3950	2.44	6.33
1121 Raw	5100	5300	5400	-3.77	-5.56

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

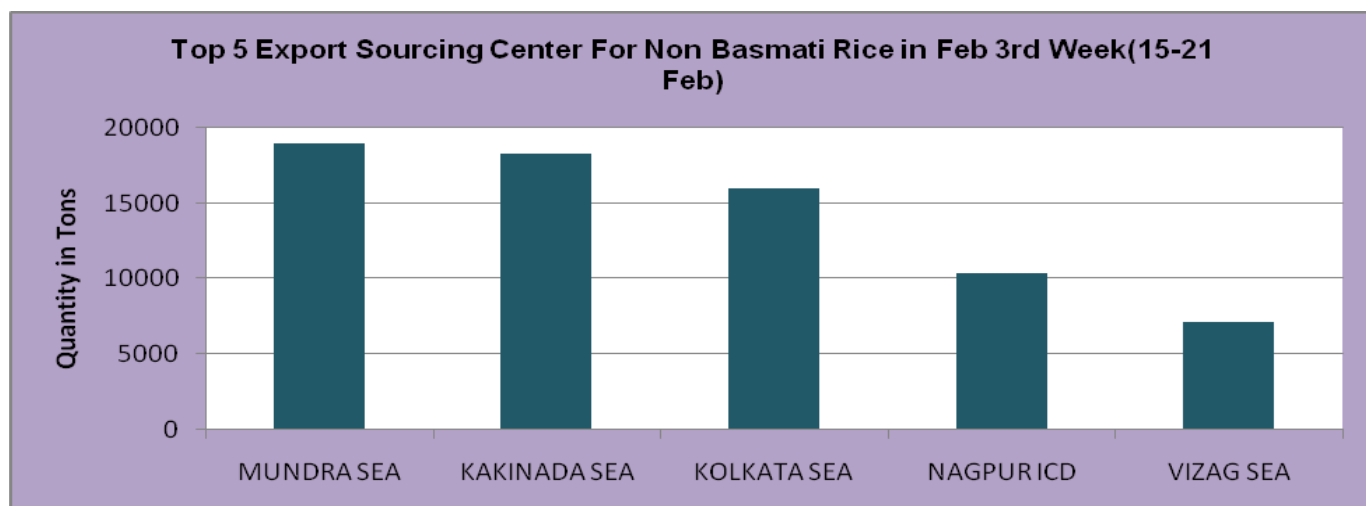
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	04 Mar 2016)	25 Feb 2016)	Month Ago(04 Feb-2016)	% ch. From last week	% Change from last Month
White Rice 5%	375	370	370	1.35	1.35
White Rice 25%	340	335	335	1.49	1.49
Parboiled 5%	365	360	360	1.39	1.39

**Major Importers of Basmati & Non Basmati Rice in the 03<sup>rd</sup> 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
SENEGAL	18900.00	286.02	SAUDI	12536.79	783.08
BENIN	14000.69	332.36	U A E	12100.73	737.93
S.AFRICA	8834.94	408.60	IRAN	5240.24	678.57
U A E	4599.24	511.21	YEMEN	3379.87	818.74
DJIBOUTI	4013.08	318.38	U S A	2593.81	770.08
EGYPT	3625.00	336.77	U K	2405.87	837.16
MADAGASCAR	3547.00	284.52	IRAQ	1897.42	654.17
SOMALIA	3409.00	363.48	AUSTRALIA	1435.70	682.36
TURKEY	2897.00	345.41	OMAN	1096.98	622.80
SAUDI	2884.83	447.26	BENIN	1040.00	333.92
Others	36038.03	555.03	Others	9586.63	782.33
<b>Grand Total</b>	<b>102748.81</b>	<b>474.60</b>	<b>Grand Total</b>	<b>53314.03</b>	<b>774.10</b>

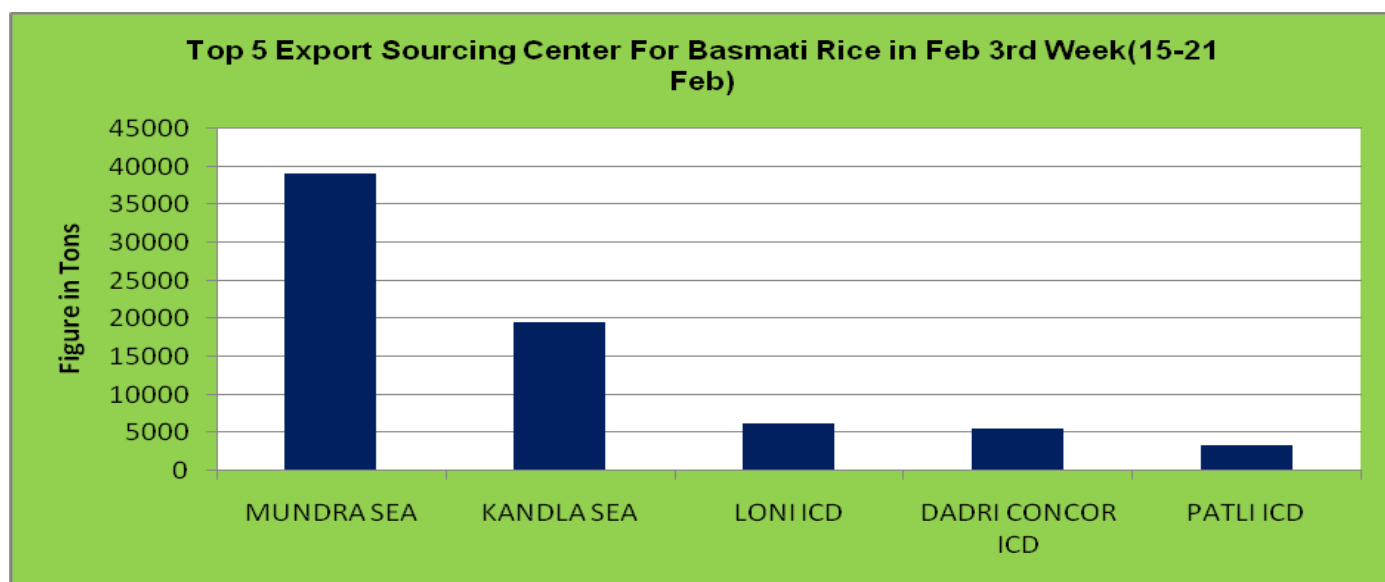
Total Rice exported from India in the fourth week of February was 156062.84 tons out of which basmati rice contribute 34.16%, and non-basmati rice 65.83% in this period with quantity of around 53314.02 tons and 102748.81 tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were, Saudi Arabia, UAE and Iran. 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 Senegal, Benin, South Africa & UAE. Total rice exported was down by 9.2% from last week export of 171893.1 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



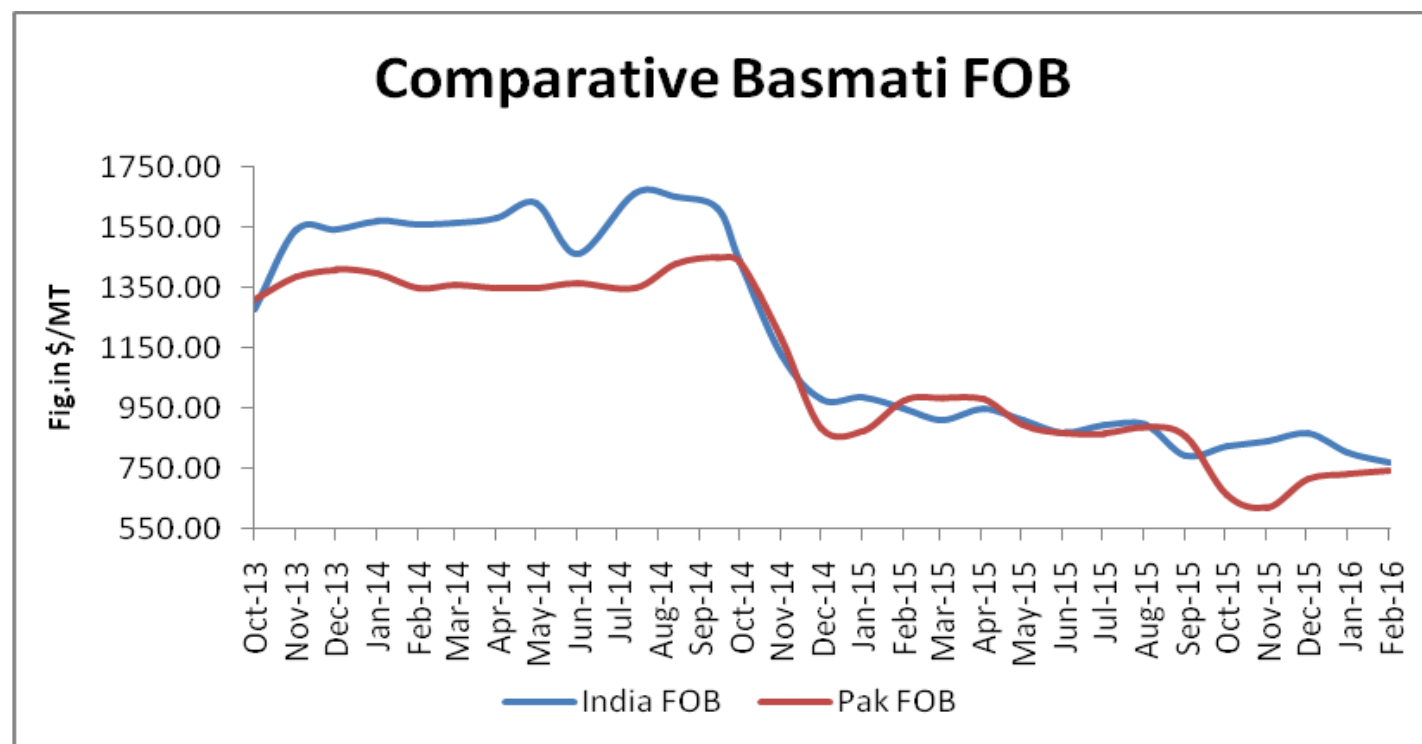
Total Basmati Rice export in the third week of February was 79106.46 tonnes with an average FOB of USD 777.12/MT. Mundra Sea, Kandla, and Loni ICD were the major ports for basmati rice export during this period.

### 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 February moved down from last month and currently is in the range of USD 770-775/MT which is down by around 4% from last month price. Average basmati rice price declined due to slackened demand from retailers and exporters against adequate supply push the price in southward direction. Pakistani basmati price has increased from USD 734/MT to 745\$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 745/MT which is up by 0.11% from last month FOB of USD 734/MT, This is due to increased sales to African countries.

#### 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 2015/16 (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% v/v to around 3.1 million tons.

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

Attributes ( Fig in Million Tons)	2012-13	2013-14	2014-15 Estimate	Forecast 21.01.16	Forecast 25.02.16
				2015-16	
Production	473	478	479	473	474
Trade	38	43	43	42	42
Consumption	469	479	483	486	486
Carryover stocks	114	112	109	95	96
Y-O-Y change	3	-2	-4	-	-12
Major Exporters	40	38	31	21	21

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

**IGC Rice Balance sheet Highlights**

The International Grains Council's forecast for world rice output is fractionally higher than previous, but still down by 1% y/y as dryness results in reduced crops in Asia. Together with higher carry-in stocks, and with total use unchanged from before, projected global end-season carryovers are lifted slightly, to 96.3m t. Nevertheless, this still equates to a y/y drop of 11% and is almost entirely linked to heavy inventory depletion in Thailand and India. Traded volumes are set to be sustained at a historically high level as Asian buyers look to ensure ample domestic supplies.

### USDA & IGC Forecast the Same World Rice Production

In its February 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. However FAO in its March 2016 grain report forecasts 2015/16 global rice production at around 491.4 million tons, slightly down from an estimated 494.7 million tons in 2014/15, and slightly down from its last month's forecast of around 491.8 million tons. The FAO attributes the fall to lower production prospects in India, Iran, Bangladesh and Afghanistan.

### Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2015-16 global rice trade at around 42 million tons, slightly down (1 million T) from the previous year's 43 million tons and unchanged from its previous estimate of around 42 million tons.

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



### Market Analysis

The CBOT May month rough chart for rice indicates range bound with firm bias 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 10.45-11.10 hundred weights in coming sessions.

### Price Projection (International-CBOT)



Duration	Trend	Price Range
<b>02<sup>nd</sup> Week of March,2016</b>	<b>Steady to Weak</b>	USD/ Hundred Weight 10.45-11.10

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