# Rice Weekly Research Report

Contents

## *Outlook and Review:*

### *Domestic Front*

***Wholesale Prices for India as an average for second week of March traded firmed by 1.69% and are currently hovering at Rs.2800-2810/****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 February-16 was 45.85 Lakh tons*** *around 16.95% lower than 55.21 lakh tons exported during corresponding period of last year. Non- basmati rice exports in the month of February was 4.43 lakh tons and basmati exports in the month was 2.66 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 28.54 million tons as on March 03, 2016, up about 21% from around 23.50 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 food grains, 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 25th February,• 2016 to 02nd March, 2016*** *was 35% 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 7% in East & North East India, 99% in North West India and higher by 198% in Central India, 42% 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 02nd Week of March-2016**

| State | Prices 09-15 Mar 2016 | Prices 01-08 Mar 2016 | Prices 09-15 Mar 2015 | % Change(Over Previous Week) | % Change(Over Previous Year) |
|---|---|---|---|---|---|
| Andhra Pradesh | 3564.19 | 3512.78 | 3504.08 | -42.77 | 1.72 |
| Assam | 3012.11 | 3081.15 | 3046.78 | -2.24 | -1.14 |
| Gujarat | 3737.16 | 3561.69 | 4228.59 | 4.93 | -11.62 |
| Jharkhand | 2555.17 | 2556.54 | 2564.73 | -0.05 | -0.37 |
| Karnataka | 3449.25 | 3390.18 | 3159.24 | 1.74 | 9.18 |
| Kerala | 2982.23 | 2998.8 | 3296.39 | -0.55 | -9.53 |
| Maharashtra | 3043.86 | 3184.46 | 3108.65 | -4.42 | -2.08 |
| Manipur | 2859.3 | 2815.62 | 2837.14 | 1.55 | 0.78 |
| Meghalaya | 3180.25 | 3316.26 | 3408.78 | -4.1 | -6.7 |
| Delhi | | 2200 | 3500 | __ | __ |
| Orissa | 2138.67 | 2045.82 | 2141.59 | 4.54 | -0.14 |
| Tripura | 2454 | 2426.14 | 2522.02 | 1.15 | -2.7 |
| Uttar Pradesh | 2122.11 | 2116.05 | 2027.32 | 0.29 | 4.68 |
| Uttrakhand | 2054.44 | 2075.04 | 1904.42 | -0.99 | 7.88 |
| West Bengal | 2174.37 | 2152.44 | 2218.84 | 1.02 | -2 |
| **Average** | **2809.08** | **2762.19** | **2894.87** | | |

Source agmarknet

**Price Projection for March 03rd Week in Domestic Market**

| Duration | Trend | Average Price Range | Reason |
|---|---|---|---|
| **03rd Week of March, 2016** | **Steady to Firm** | **Rs.2780-2880/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** | **11 Mar 2016)** | **04 Mar 2016)** | **Month Ago(11 Feb-2016)** | **% ch. From last week** | **% Change from last Month** |
| **1121 Steam** | 4900 | 4950 | 4950 | **-1.01** | **-1.01** |
| **1121 Sella** | 4000 | 4200 | 3950 | **-4.76** | **1.27** |
| **1121 Raw** | 5100 | 5100 | 5300 | **0.00** | **-3.77** |

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

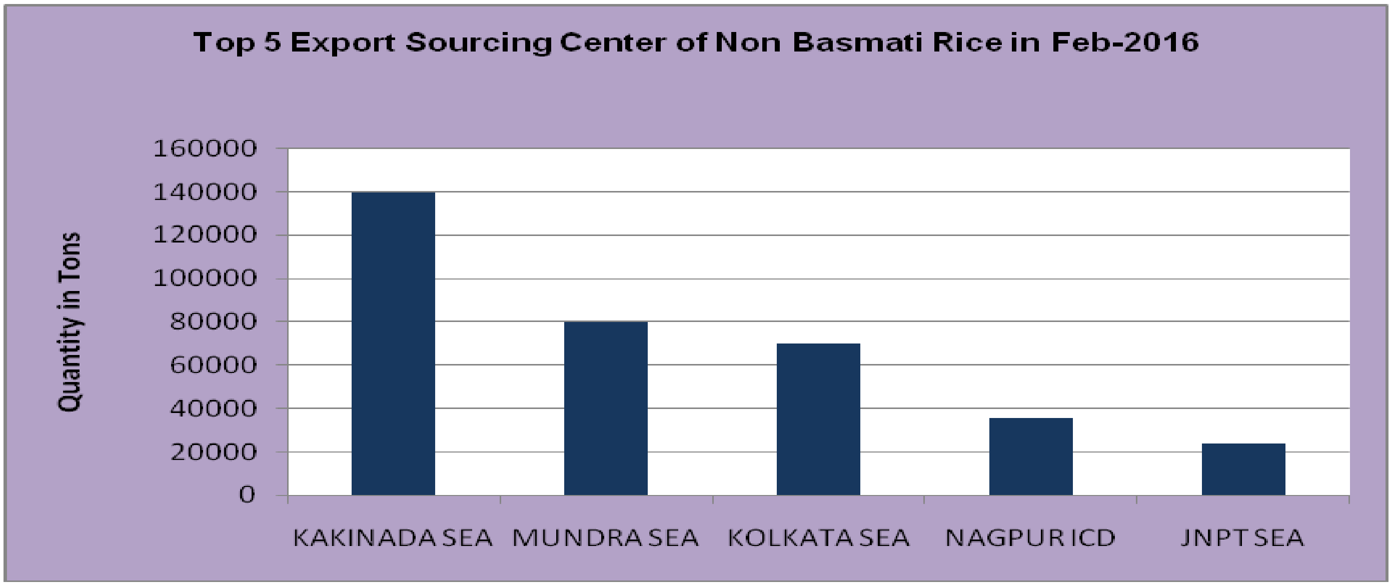
| Indian White Rice 5%, 25% High Quality, Long grain parboiled 5% | | | | | |
|---|---|---|---|---|---|
| **Variety** | **11 Mar 2016)** | **04 Mar 2016)** | **Month Ago(11 Feb-2016)** | **% ch. From last week** | **% Change from last Month** |
| **White Rice 5%** | 375 | 375 | 370 | **0.00** | **1.35** |
| **White Rice 25%** | 340 | 340 | 335 | **0.00** | **1.49** |
| **Parboiled 5%** | 365 | 365 | 360 | **0.00** | **1.39** |

**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** |
| SENEGAL | 73986.00 | 273.50 | SAUDI | 60505.29 | 832.53 |
| BENIN | 52190.12 | 334.27 | U A E | 53330.91 | 809.27 |
| IVORY COAST | 37782.50 | 320.40 | IRAN | 31732.72 | 706.61 |
| S.AFRICA | 29481.63 | 320.87 | KUWAIT | 18064.16 | 823.54 |
| DJIBOUTI | 19427.36 | 340.47 | YEMEN | 17771.57 | 755.58 |
| U A E | 18970.44 | 522.48 | U S A | 9931.27 | 831.04 |
| SAUDI | 17210.26 | 469.64 | U K | 8973.59 | 861.73 |
| LIBERIA | 15949.75 | 347.93 | IRAQ | 8645.34 | 489.00 |
| MADAGASCAR | 12279.45 | 276.08 | TURKEY | 6318.09 | 593.17 |
| BERBERA | 11903.80 | 339.77 | OMAN | 4610.30 | 850.12 |
| Others | 154328.88 | 536.79 | Others | 46777.08 | 843.43 |
| **Grand Total** | **443510.19** | **605.93** | **Grand Total** | **266660.33** | **991.18** |

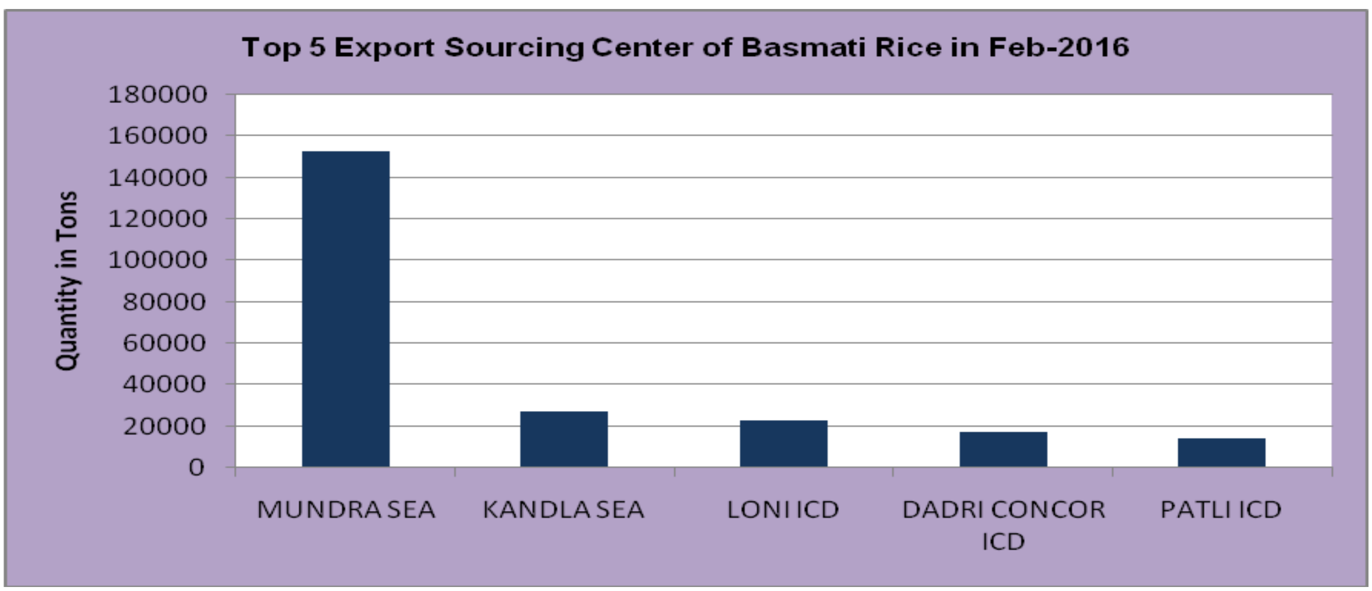
Total rice exports for MY-2016-16 till February-16 was 45.85 Lakh tons around 16.95% lower than 55.21 lakh tons exported during corresponding period of last year. Non- basmati rice exports in the month of February was 4.43 lakh tons and basmati exports in the month was 2.66 lakh tons as per latest data 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, and Ivory Coast & S. Africa. Total rice exported was down by 12.25% from last month export of 8.08 lakh tons.

**Major Non-Basmati Export Sourcing Center**




Total non-basmati Rice export in the month of February was 4.43 lakh tonnes. Kakinada Sea, Mundra, and Kolkata were the major ports for non-basmati rice export during this period.

**Major Basmati Export Sourcing Center**

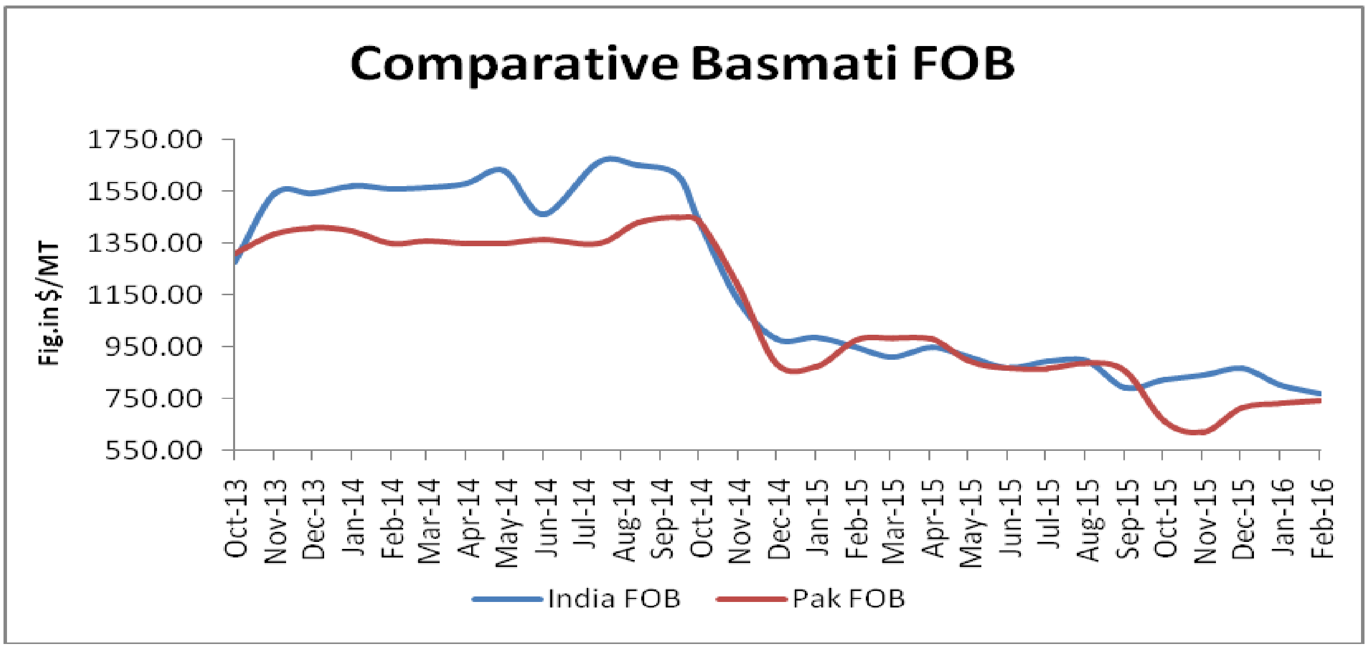



Total Basmati Rice export in the month of February was 2.66 lakh tonnes with an average FOB of USD 834.99/MT. Mundra Sea, Kandla, and Loni ICD were the major ports for basmati rice export during this period.

### 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

***According to the latest export data issued by the European Union (EU) for the crop year 201516 (September 1,*** *2015 August 31, 2016), the EU exported about 114,853 tons of rice during the period September 1, 2015 March 1, 2016, down about 19% from around 141,087 tons exported during the same period last year. Italy remained the largest exporter in September 1, 2015 March 1, 2016 period with around 61,447 tons followed by Spain (16,073 tons), Greece (13,417 tons), and Portugal (7,119 tons). Other EU countries imported 16,797 tons.*

***European Union (EU) for the crop year 2015-16 (September 1, 2015 August 31, 2016), the EU exported about 114,853 tons*** *of rice during the period September 1, 2015 March 1, 2016, down about 19% from around 141,087 tons exported during the corresponding period last year. Italy remained the largest exporter in this period with around 61,447 tons followed by Spain (16,073 tons) Greece (13,417 Tons) and Portugal (7,119 tons).*

*In its March 2016 Cereal Supply and Demand Brief, the UN's Food and Agricultural Organization (FAO) forecasts 201516 global rice production at around 491.4 million tons, slightly down from an estimated 494.7 million tons in 201415, 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.*

*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 same last year.*

*Source: Oryza*

**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 201516 global rice production at around 491.4 million tons, slightly down from an estimated 494.7 million tons in 201415, 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 weak bias in previous couple of day session; overall market too is in weak range from last week. We expect market to hover in the range USD 10.20-10.55 hundred weights in coming sessions.*

### Price Projection (International-CBOT)

| Duration | Trend | Price Range |
|---|---|---|
| **03rd Week of March,2016** | **Steady to Weak** | USD/ Hundred Weight<br>10.20-10.55 |

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