Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

Wholesale Prices for India as an average for third week of March traded frail by 2.54% and are currently hovering at Rs.2670-2680/*quintal. Agriwatch expects non-basmati rice market to move range bound with some firm tone in coming week.*

Wholesale basmati rice prices in the national capital traded slightly firm this week due to improved demand. *Prices currently hover in the range of Rs.40-4100 for 1121 sella and Rs.5150-5200 for steam. Overall basmati rice is expected to trade range bound in coming weeks.*

India 5% broken rice is quoted at about $375s per ton, *unchanged from a week ago, up about $5 per ton from a month ago, and down about $25 per ton from a year ago.*

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 exports in the second week of March were 161882.54 tons in which aromatic and non basmati rice contribution *was 13.31% and 68.86% respectively with quantity of around 50394 tons and 111488 tons 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 29.05 million tons as on March 10, 2016, up about 21.85% from around 23.84 million tons during the corresponding period last year. The government is targeting to procure about 30 million tons in KMS 201516.*

India's rice stocks in the central pool as on March 1, 2016 stood at around 34.06 million tons up by about 19.92% from *around 28.4 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 17.69% from around 28.94 million tons recorded on February 1, 2016. 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.*

The government of India is planning to strike an oil-for-food exchange deal with the Gulf Cooperation Council (GCC) countries *under which it is keen on increasing the exports of basmati rice and wheat to the GCC countries. The GCC is a regional intergovernmental political and economic union consisting of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.*

In the pre-monsoon season, weekly Rainfall for the country as a whole during the week 03rd March, 2016 to 09th March, *2016 was 30% 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 26% in East & North East India, 36% in North West India, and 68% in South Peninsula and higher by 30% in Central India.*

State wise Wholesale Prices weekly for 03rd Week of March-2016

State	Prices 16-23 Mar 2016	Prices 09-15 Mar 2016	Prices 16-23 Mar 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2285.5	3564.19	3724.34	-55.8	-38.63
Assam	3210.06	3015.27	3076.79	-13.44	-15.17
Gujarat	3500	3556.5	4190.46	-1.59	-16.48
Jharkhand	2519.87	2546.74	2552.03	-1.06	-1.26
Karnataka	3121.67	3424.86	3415.09	-8.85	-8.59
Kerala	2971.94	2992.81	3246.8	-0.7	-8.47
Maharashtra	3395.32	3051.69	3097.87	11.26	9.6
Manipur	2864.04	2860.13	2784.62	0.14	2.85
Meghalaya	3176.19	3180.25	3494.75	-7.95	-9.12
Delhi	2250	2000	2026.67	__	__
Orissa	2046.88	2142.22	2300.27	-4.45	-11.02
Tripura	2456.71	2474.45	2593.77	-0.72	-5.28
Uttar Pradesh	2111.31	2113.48	2024.42	-0.1	4.29
Uttrakhand	1996.51	2110.9	1954.12	-5.42	2.17
West Bengal	2261.61	2181.82	2277.21	3.66	-0.69
Average	**2677.84**	**2747.84**	**2861.34**		

Source agmarknet

Price Projection for March 04th Week in Domestic Market

Duration	Trend	Average Price Range	Reason
04th Week of March, 2016	**Steady to Slightly Firm**	**Rs.2750-2820/Q**	**Non basmati rice market likely to move in northward direction in coming weeks due to diminishing stock and normal demand from domestic as well foreign buyers.**

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	16 Mar 2016)	11 Mar 2016)	Month Ago(16 Feb-2016)	% ch. From last week	% Change from last Month
1121 Steam	5000	4900	5000	2.04	0.00
1121 Sella	4050	4000	3900	1.25	3.85
1121 Raw	5200	5100	5300	1.96	-1.89

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

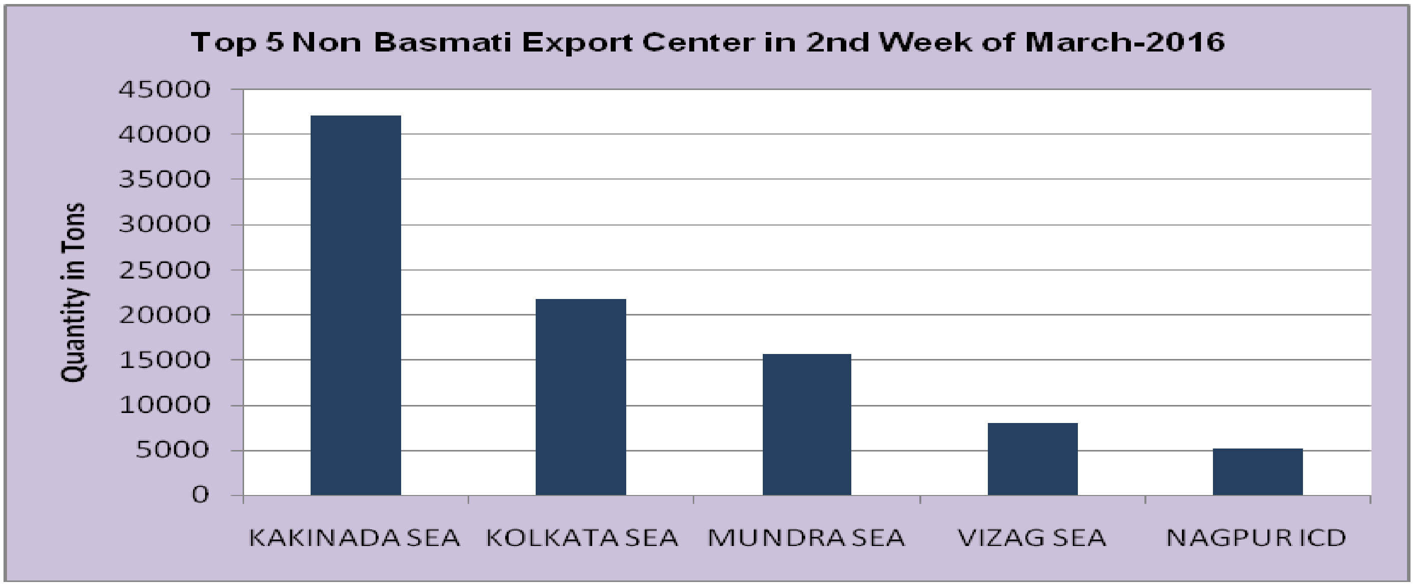
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	16 Mar 2016)	11 Mar 2016)	Month Ago(16 Feb-2016)	% ch. From last week	% Change from last Month
White Rice 5%	375	375	370	0.00	1.35
White Rice 25%	345	340	335	1.47	2.99
Parboiled 5%	365	365	360	0.00	1.39

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	19262.00	292.04	SAUDI	15822.15	796.95
BENIN	15605.55	332.03	U A E	6539.10	852.49
CAMBODIA	13000.00	332.94	IRAN	4419.02	753.13
GUINEA	7160.00	347.35	U S A	2611.73	676.12
S.AFRICA	6694.50	311.87	IRAQ	2450.40	695.85
SIERRA LEONE	5460.00	356.50	U K	2145.62	805.05
SAUDI	4022.44	482.96	YEMEN	2015.80	726.53
U A E	3227.26	502.48	NETHERLANDS	1372.45	707.13
DJIBOUTI	3133.68	513.90	JAPAN	1100.00	705.51
IVORY COAST	2766.40	312.45	AUSTRALIA	1077.92	561.12
Others	31156.50	442.24	Others	10840.03	739.08
Grand Total	**111488.33**	**426.33**	**Grand Total**	**50394.22**	**766.68**

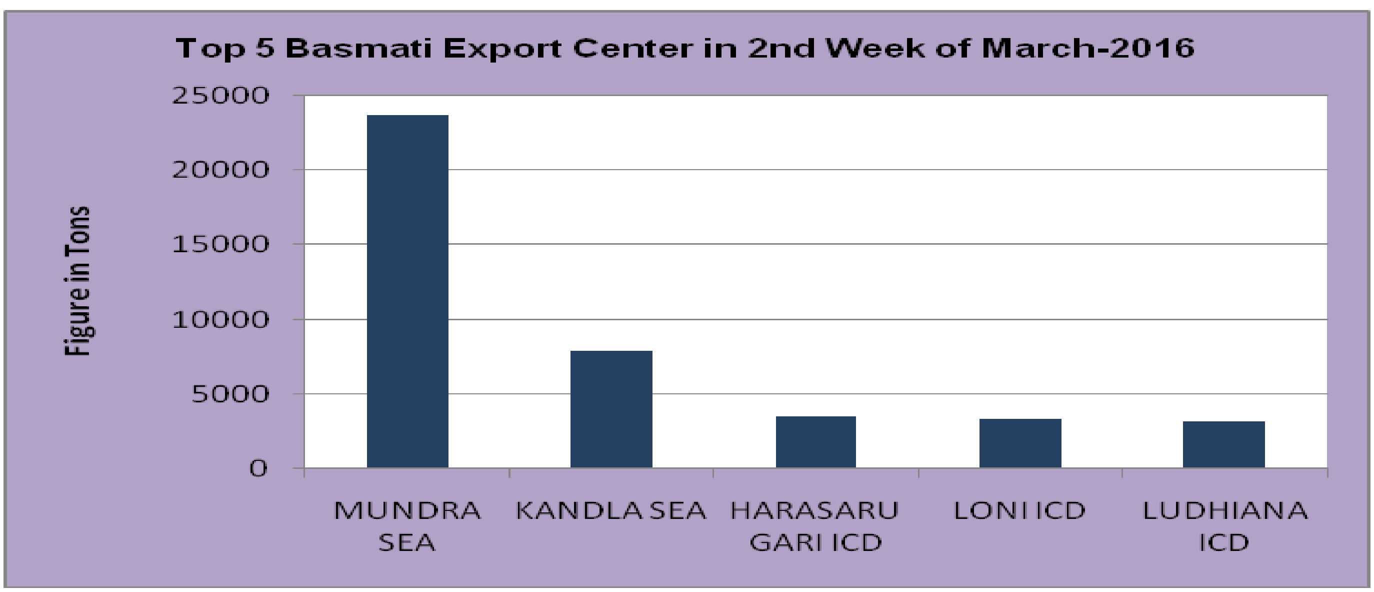
Total rice exports in the second week of March were 161882.54 tons in which aromatic and non basmati rice contribution was 13.31% and 68.86% respectively with quantity of around 50394 tons and 111488 tons as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were 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 Cambodia. Kakinada port, Kolkata port and Mundra were the major export destination and more than 70% non basmati rice exported from these ports in this period.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the second week of March was 111488.32 tons. Kakinada Sea, Kolkata, and Mundra were the major ports for non-basmati rice export during this period.

Major Basmati Export Sourcing Center

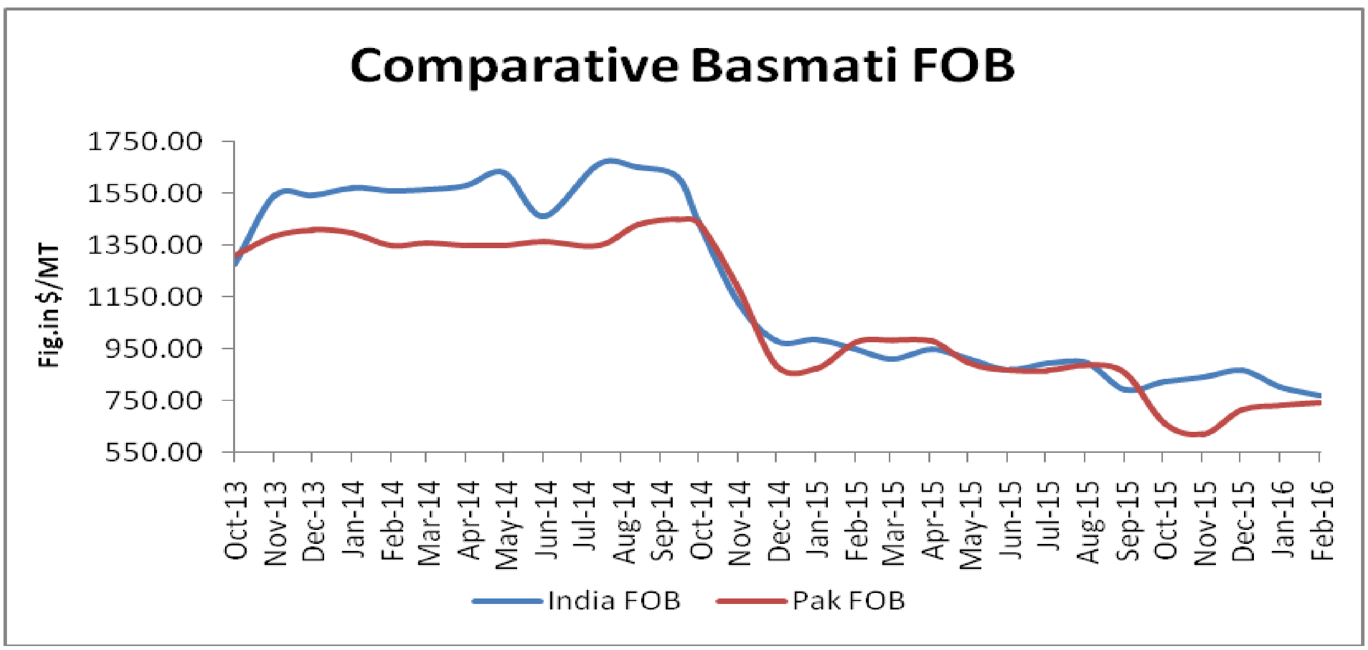


Total Basmati Rice export in the second week of March was 50394.21 tonnes with an average FOB of USD 766/MT. Mundra Sea, Kandla, and Harasaru ICD were the major ports for basmati rice export during this period.

State wise Progressive Procurement

Government's rice procurement has increased by around 22% to 29.05 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 23.84 million tons a year-ago, while the total purchases had reached 32.04 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 28.61 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 27.87 lakh tons from 15.99 lakh tons in 2014. Rice purchase in Telangana was lagging behind at 10.16 lakh tons so far this year as against 15.53 lakh tons in the corresponding period of the 2014-15 marketing year. Procurement in Odisha reached to 22.01 lakh tons in 2015-16 against last year procurement of 20.03 lakh tons where as West Bengal is too lagging behind by 23% and currently procured 8.07 lakh tons against 10.58 lakh tons as of 10 March 2016.

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

The Mexico rice production estimate for MY 2015/16 (October-September) has been revised upward from USDA/Official *estimate to 223,000 MT (rough production) due to more complete data from SAGARPA, which reflects higher-than-previously expected planted area. The increased rough production is equivalent to 153,000 MT of milled rice. However, this new production estimate is still approximately 15 percent lower than that estimated a year earlier. The reduction in planted area and production in MY 2015/16, compared with a year earlier, was mainly due to adverse weather conditions and the lack of planting of different rice varieties than the usual "Philippine Miracle" variety traditionally planted in Mexico. Reportedly, this variety of rice cannot compete well on cost with rice imported from the U.S. or Asian countries.*

As per USDA latest forecast, Egypt rice stock in MY 2016/17 will reach around 1.48 MMT up 23 percent from the MY 2015/16 *estimate which was revised upward dramatically from USDA's official estimate by 660,000MT.*

The Thailand Finance Ministry committee that is looking into the rice pledging scheme that was introduced by the previous government *has reported that actual losses from the scheme are higher than the earlier estimates of around 680 billion baht (about $19 billion). Meanwhile, ongoing drought conditions are likely to ruin about half a million rai (80,000 hectares) of rice fields in Central Thailand. Farmers are being encouraged to diversify away from rice amid water shortages.*

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.*

Rice imports are projected to rise by 4 percent in MY2015/16 to 1.48 MMT, up 30,000 MT from the USDA's official estimate due *mostly to population growth and increased number of foreign visitors to Makkah for performing Hajj and Umrah rituals. Rice imports in MY2016/17 are also forecast to grow by four percent. In MY 201415, Saudi Arabia imported about 1.42 million tons of rice, up by about 4% from a year ago. Saudi Arabia imports rice mainly from India, Pakistan, Thailand and the U.S. In MY 201415, India remained the dominant rice supplier to the Saudi market accounting for about 80% market share.*

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In its March 2016 Cereal Supply and Demand Brief, the UN's Food and Agricultural Organization (FAO) 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.*

According to data from the Vietnam Food Association (VFA), the country exported around 589,646 tons of rice in January 1 to February 18, *2016, up by 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 2015/16 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 10.40-10.72 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
04th Week of March,2016	**Steady to Weak**	USD/ Hundred Weight 10.40-10.72

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