Rice Weekly Research Report

Contents

Outlook and Review:
Domestic Front

Wholesale Prices for India as an average for third week of April traded frail by 1.2% from last week. Prices are currently hovering at Rs.2960-2970/*quintal and about 4.24% up from price of Rs.2844/Quintal during corresponding period last year. Agriwatch expects non-basmati rice market to move range bound with some firm tone in coming week.*

Wholesale basmati rice prices in India's national capital increased continuously in last three weeks, due to high demand against *restricted supplies from producing regions. On April 21, 2016, prices of Pusa 1121 increased to around Rs.5, 600- 5,800 per quintal from previous levels of around Rs.5, 400-5,600 per quintal. Prices of common basmati increased to around Rs.6, 000-6,100 per quintal from previous levels of around Rs. 5, 800- 5,900 per quintal.*

Commission for Agricultural Costs and Prices recommended an increase in minimum support price (MSP) of paddy by Rs 60 to Rs 1,470 *per quintal for common grade for coming Kharif season (2016-17), which is up by around 4.26% from last year price of Rs.1410/Quintal, likely CACP has proposed an increase in Grade A variety from Rs.1450/quintal in MY-2015-16 to Rs.1510/quintal in 2016-17 which is approx 4% up from last year.*

Odisha has procured 41.69 lakh tonnes of paddy during this year's (2015-16) kharif season, an increase of 4% against last year, *even though the State was facing a severe drought. The government has targeted procuring 10.29 lakh tonnes of paddy in the rabi season. Paddy procurement for the Rabi season will begin across 19 districts in the second week of May and continue till June 30.*

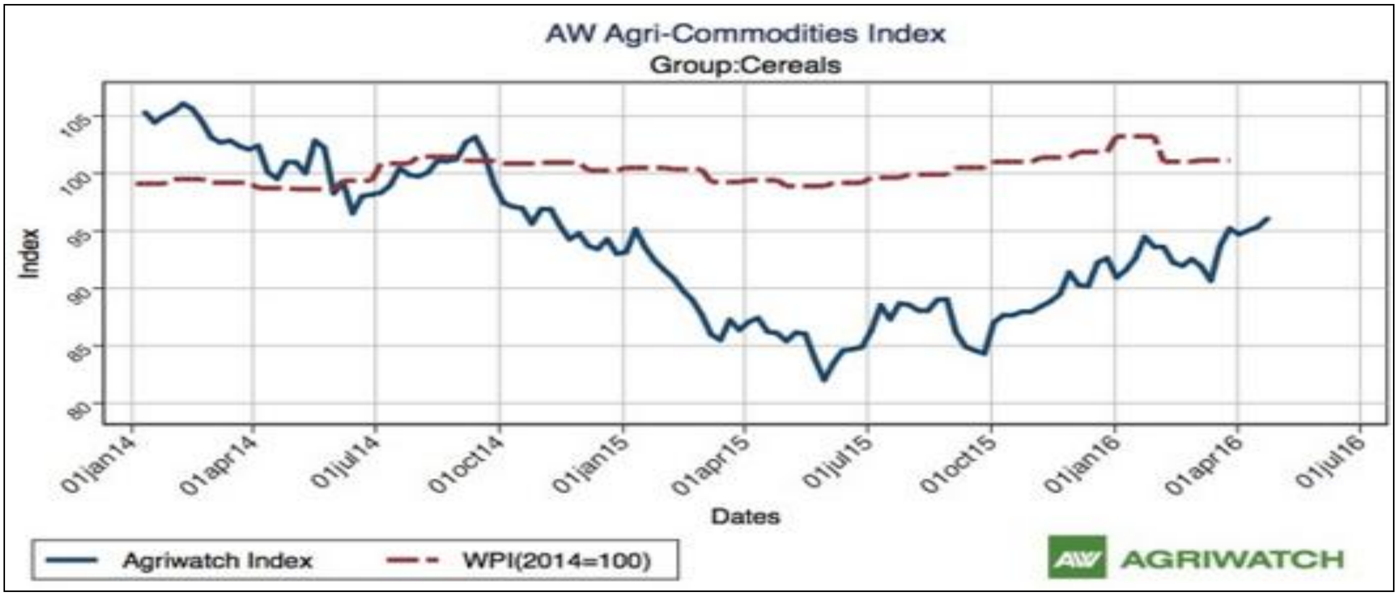
Total rice exports in the 2nd week of April (11-17 April) were 150188.68 tons in which aromatic and non basmati rice contribution *was 35.15% and 64.84% respectively with quantity of around 52796 tons and 97392.64 tons as per latest data extract from IBIS.*

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 30.41 million tons as of April-08, 2016, up by around 17% from around 26.15 million tons during the corresponding period last year. The government is targeting to procure about 30 million tons in KMS 2015-16 which was exceeding as of now.*

India's rice stocks in the central pool as on April 1, 2016 stood at around 26.811 million tons (including a milled equivalent *of about 9.925 million tons of paddy), down about 13.5% from around 23.61 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). On monthly basis, India's rice stocks in the central pool are down about 8% from around 29.234 million tons recorded on March 1, 2016. The current rice stocks are about double the required strategic reserve norms of around 13.58 million tons for this time of the year, according to the FCI.*

In the pre-monsoon season, weekly Rainfall for the country as a whole during the week 31st March, 2016 to 06th April, *2016 was 11% lower than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was higher by 14% in East & North East India and lower by 13% in North West India, 48% in Central India, 64% in South Peninsula*

Agriwatch Cereals Commodity Indices - Apr 11, 2016



The Agriwatch Agri Commodities Index made another 12-month high, rising 2.28% to 111.23 during the week ended Apr 23, 2016 from 108.74 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

All nine Commodity Group Indices and 25 of the 29 Individual Commodity Indices that comprise the headline Index gained during the week barring Maize, Onion, Sunflower Oil and Red Chilli. The commodity group Index values and their weekly changes are as follows: Pulses Index: 190.50 (+7.87%), Vegetables Index: 66.74 (+3.32%), Cereals Index: 96.06 (+0.75%), Edible Oils Index: 112.09 (+1.66%), Oilseeds Index: 115.2 (+2.3%), Spices Index: 130.85 (+0.32%), Sweeteners Index: 118.23 (+2.19%), Fibres Index: 94.31 (+0.9%) and Other Non-food Articles Index: 89.23 (+5.66%).

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

State	Prices 16-23 Apr 2016	Prices 09-15 Apr 2016	Prices 16-23 Apr 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4541.7	5433.49	3649.05	-16.41	-23.18
Assam	2620.19	3141.45	2995.67	-16.59	-12.53
Gujarat	3489.49	3627.39	3985.6	-3.8	-12.45
Jharkhand	2417.06	2436.34	2521.57	-0.79	-4.14
Karnataka	3582.81	3344.63	3154.55	7.12	13.58
Kerala	2966.64	2957.71	3076.79	0.3	-3.58
Maharashtra	3611.92	3377.27	3296.62	6.95	9.56
Manipur	2884.59	2874.86	2852.91	0.34	1.11
Meghalaya	3492.33	3471.62	3287.5	0.6	6.23
Orissa	2343.15	2298.88	2292.72	1.93	2.2
Tripura	2471.55	2513.15	2677.15	-1.66	-7.68
Uttar Pradesh	2129.65	2142.4	2035.54	-0.6	4.62

Uttrakhand	2759.39	2158.75	1827.17	27.82	51.02
West Bengal	2198.98	2238.35	2167.01	-1.76	1.48
Average	2964.96	3001.16	2844.27		

Source agmarknet

Price Projection for April 04th Week in Domestic Market

Duration	Trend	Average Price Range	Reason
04th Week of April, 2016	Steady	Rs.2950-3050/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	23 Apr 2016)	14 Apr 2016)	Month Ago(23 Mar-2016)	% ch. From last week	% Change from last Month
1121 Steam	5800	5600	5100	3.57	13.73
1121 Sella	4700	4450	4100	5.62	14.63
1121 Raw	5850	5600	5300	4.46	10.38

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

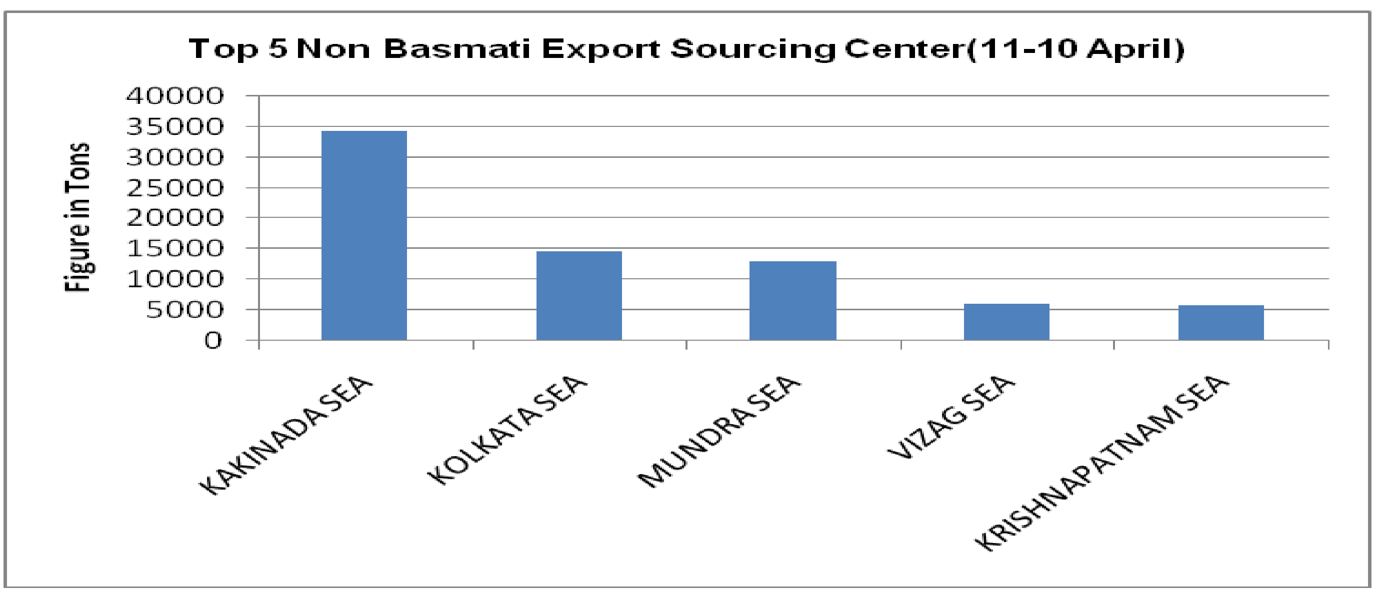
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	23 Apr 2016)	14 Apr 2016)	Month Ago(23 Mar-2016)	% ch. From last week	% Change from last Month
White Rice 5%	375	380	375	-1.32	0.00
White Rice 25%	340	340	345	0.00	-1.45
Parboiled 5%	350	355	360	-1.41	-2.78

Major Importers of Basmati & Non Basmati Rice in the 02nd Week of April (11-17 Apr-2016)

Non Basmati Rice Importers			Basmati Rice Importers		
Country	Quantity(Tons)	Average of FOB $/Tonne	Country	Quantity(Tons)	Average of FOB $/Tonne
Benin	14864.42	337.19	Saudi	18078.25	782.20
Guinea	14785.00	321.61	U A E	8912.98	778.37
Senegal	13910.00	276.59	Iran	6053.52	651.42
Ivory Coast	6574.00	292.25	Iraq	3617.05	662.37
Somaalia	5050.00	322.22	Korea	2000.16	921.21
U A E	4033.43	446.87	Oman	1674.21	929.18
Nepal	2878.90	320.64	U S A	1553.50	736.29
Berbera	2756.00	337.19	Yemen	1132.24	691.53
S.Africa	2714.50	326.77	Netherlands	935.70	959.19
Togo	2574.00	342.76	Turkey	865.00	568.01
Others	27252.39	432.69	Others	7973.44	752.88
Grand Total	**97392.64**	**415.02**	**Grand Total**	**52796.05**	**781.25**

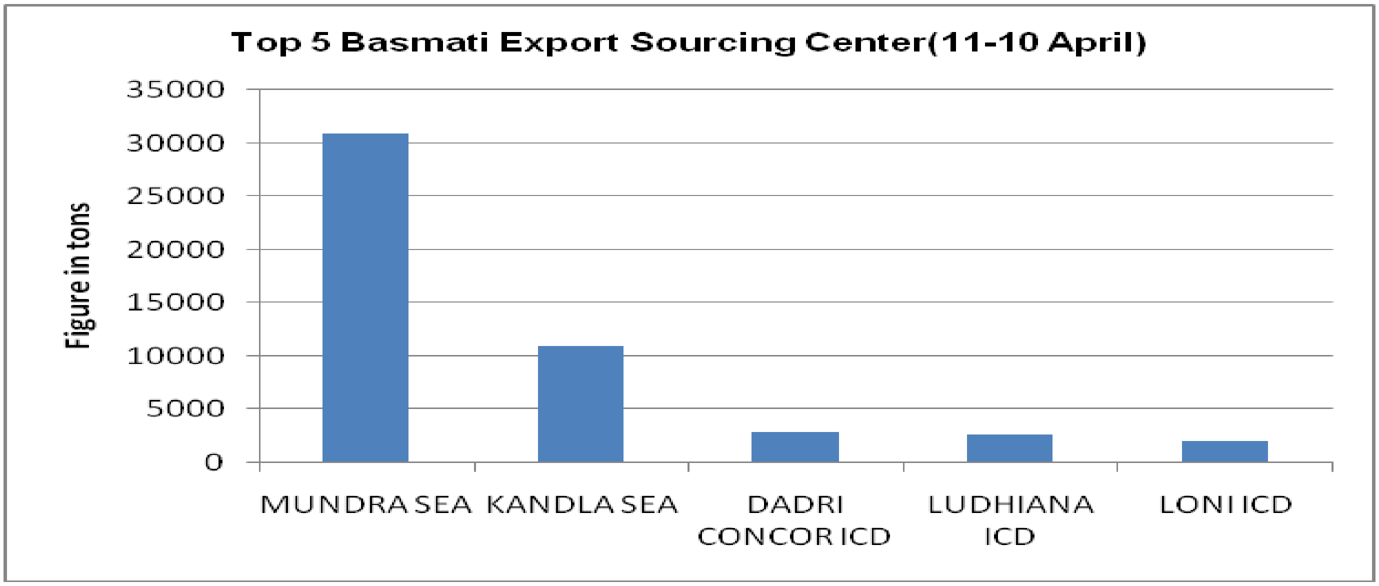
Total rice exports in the 2nd week of April (11-17 April) were 150188.68 tons in which aromatic and non basmati rice contribution was 35.15% and 64.84% respectively with quantity of around 52796 tons and 97392.64 tons as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Saudi Arabia, UAE, and Iran. We expect Middle East countries to remain the major basmati buyers of Indian Basmati from Mundra and Kandla Port in coming months. Major non basmati importers were Benin, Guinea & Senegal. 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. Weekly rice export was down by around 29% from last week export of 210139.24 tons.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the second week of April was 97392 tons. Kakinada Sea, Kolkata Sea, and Mundra Sea were the major ports for non-basmati rice export during this period.

Major Basmati Export Sourcing Center



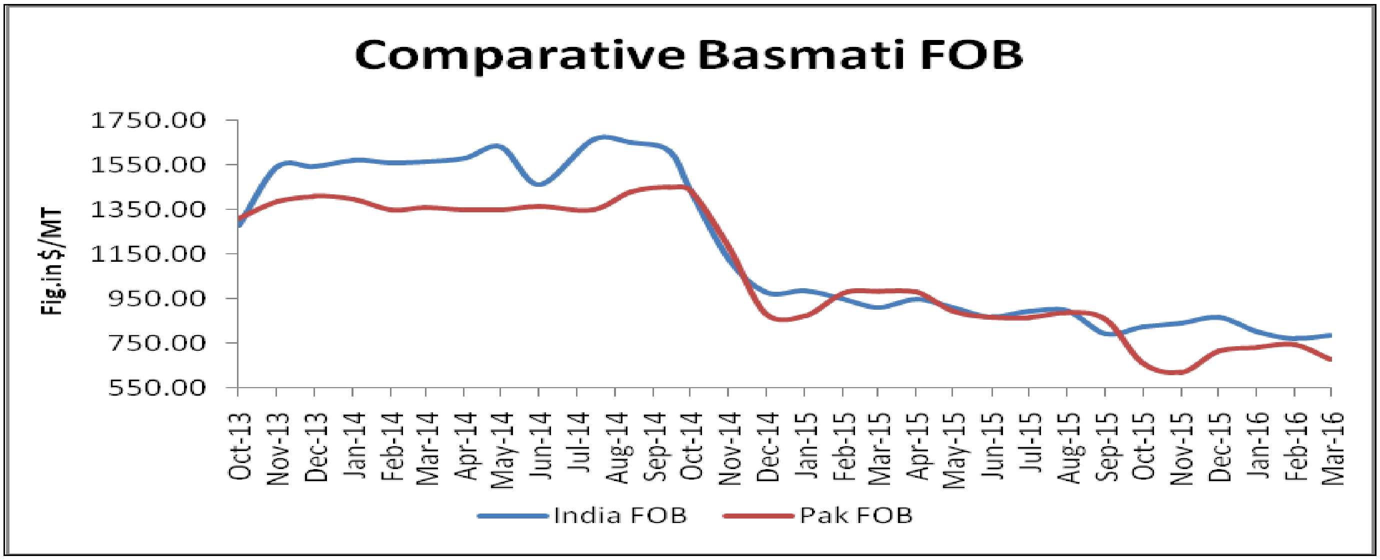
Total Basmati Rice export in the second week of April was 57296 tons with an average FOB of USD 781/MT. Mundra Sea, Kandla and Dadri ICD were the major ports for basmati rice export during this period.

State wise Progressive Procurement

State/UTs (in Lakh T)	Total procurement in marketing season 2014-15 (Oct. – Sept.)	Progressive Procurement as on 08.04.2016	
		In Marketing season 2015- 2016	In Marketing season 2014- 2015
AP	35.96	29.18	17.45
Telangana	35.04	10.16	15.86
Chhattisgarh	34.23	34.42	33.54
Haryana	20.15	28.61	20.15
Kerala	3.74	2.46	2.28
M.P	8.07	8.49	8.07
Maharashtra	1.99	1.56	1.32
Odessa	33.57	25.09	22.49
Punjab	77.86	93.5	77.86
Tamilnadu	10.51	8.94	8.03
U.P	16.98	29.10	15.42
Uttrakhand	4.65	5.97	4.29
West Bengal	20.32	10.57	12.46
Others	17.33	14.27	12.77
Total	**320.4**	**302.32**	**251.99**

Government's rice procurement has increased around 17% to 30.41 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 and has also exceeded the target as of now. These agencies had procured 26.15 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 28.61 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 Uttrakhand 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 34.42 lakh tons from 33.54 lakh tons, while that of Andhra Pradesh has increased to 29.18 lakh tons from 17.80 lakh tons in 2014. Rice purchase in Telangana was lagging behind at 10.16 lakh tons so far this year as against 16.07 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 March moved up from last month and is currently in the range of USD 780-790/MT which is up by around 2% from last month price. Average basmati rice price increased due to increased buying interest for stockpiling which push the price in northward direction. Pakistani basmati price has decreased from USD 745/MT to 680$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 680-681/MT which is down by 8.5% from last month FOB of USD 745/MT.

Global Updates

According to the latest export data issued by the European Union (EU) for the crop year 2015-16 (September-2015 to August 2016), *the EU exported about 140,504 tons of rice during the period September 1, 2015 April 12, 2016, down about 16% from around 167,040 tons exported during the same period last year. Italy remained the largest exporter in September 1, 2015 April 12, 2016 period with around 74,534 tons followed by Spain (18,687 tons), Greece (17,443 tons), and Portugal (10,287 tons). Other EU countries imported 19,553 tons.*

Unofficial preliminary rice exports (excluding premium white and fragrant rice) for April 4-10, 2016 totaled 28,434 metric tons, *down 37,774 metric tons from the previous week, and down 25,451 metric tons from the four-week moving average of 53,885 metric tons. Rice exports from January 1 – April 10, 2016 totaled 1,115,888 metric tons, up 5 percent from last year.*

According to data from the Vietnam Food Association (VFA), Vietnam exported around 1.531 million tons of rice during January 1 April to 14, *2016, up about 1.35% from around 1.552 million tons of rice exported in first four months of last year. The average rice export price so far in this year stands at around $408 per ton (FOB), down about 5% per ton from around $429 per ton recorded during same time last year.*

Pakistan's rice exports are off to a good start during current marketing year and Pakistan has so far exported 1.72 million metric *tons as compared to 1.35 million metric tons during the corresponding period a year ago. MY 2015/16 rice exports are projected at 4.2 million metric tons up five percent from the last year's revised figure of 4.0 million metric tons. Though Pakistan's rice exports are increasing gradually, much of the increase is in non-Basmati varieties as India continues to offer stiff competition in Basmati exports.*

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.*

The Australian Bureau of Meteorology (BOM) forecast that it's now even money on a La Nina event this year, raising the possibility *of widespread floods, droughts and hurricanes. Recent changes in the tropical Pacific Ocean and atmosphere, combined with current climate model outlooks, suggest the likelihood of La Nina in 2016 has increased to around 50%. The La Nina effect, caused by the cooling of the Pacific, sometimes follows on the heels of El Nino, which results from the warming of the ocean. And whereas El Nino is associated with dry weather in Australia and Asia, and wet weather in the Americas, La Nina tends to produce the inverse effects, particularly drought in North America and wet weather in South East Asia.*

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

Attributes (Fig in Million Tons)	2013-14	2014-15 Estimate	2015-16 Forecast 25.02.16	Forecast 01.04.16	Projection (2016-17) 01.04.16
Production	478	479	474	473	485
Trade	43	42	42	42	42
Consumption	479	483	486	485	489
Carryover stocks	112	109	96	97	93
Y-O-Y change	-2	-3	-	-12	-4
Major Exporters	38	31	21	21	19

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

IGC Rice Balance sheet Highlights

The International Grains Council's forecast that Owing to a smaller outturn and rising consumption, world rice stocks in 2015/16 are expected to be down sharply, mostly on reductions in the main exporters, namely India and Thailand. Production is seen recovering to a fresh peak in 2016/17 on potentially bigger crops in Asia but, given a further expansion of food use, aggregate inventories are expected to post a further modest y/y contraction. While prospects for trade in 2017 (Jan/Dec) are tentative, volumes should stay high on demand from buyers in Africa and Asia.

IGC Forecast the World Rice Production Up in 2016-17

In its April 2016 Grain Market Report (GMR), the International Grains Council (IGC) forecasts 2016-17 global rice production at around 485 million tons, up about 2.5% from an estimated 473 million tons in 2015-16 on improved Asian production. The IGC slightly lowered its estimates for 2015-16 rice production by 1 million tons.

Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2016-17 global rice trades at around 42 million tons, unchanged from its estimates for 2015-16. It expects world rice trade in 2017 to increase on high demand from buyers in Africa and Asia.

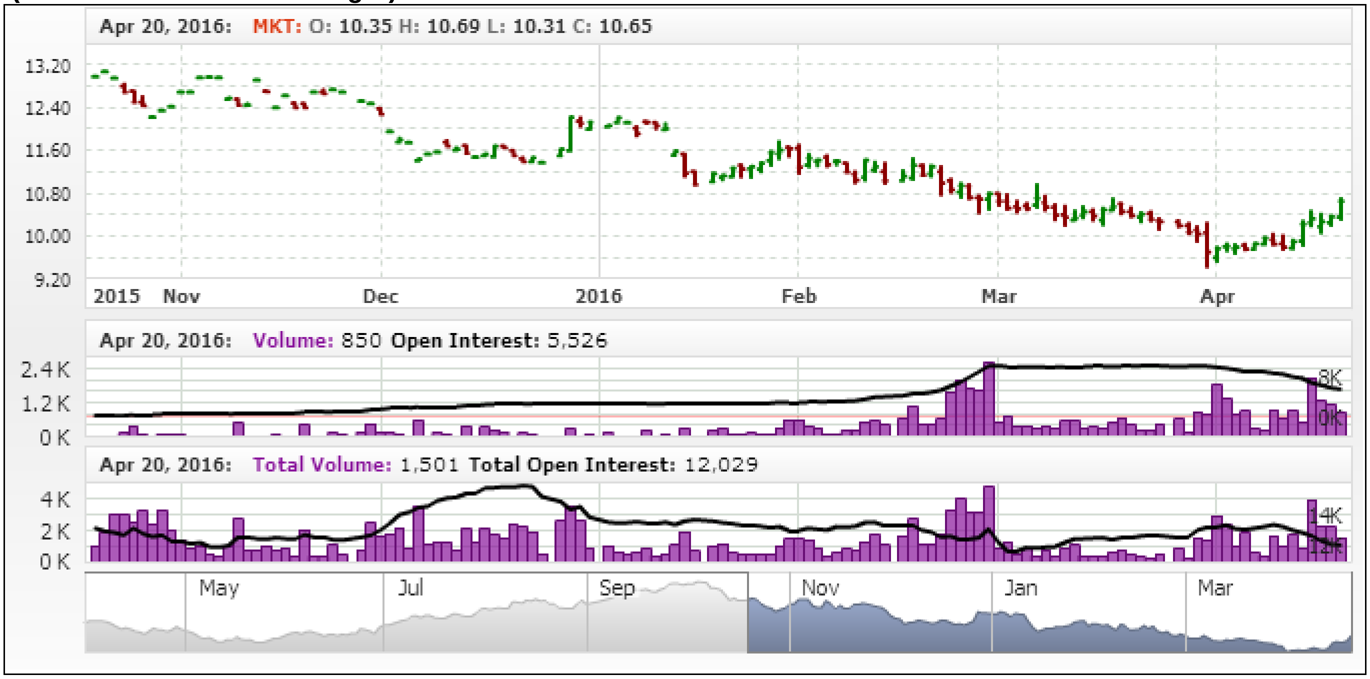
Global Consumption of Rice Increases in 2016-17

The IGC forecasts 2016-17 global rice consumption to increase about 1% to around 489 million tons from an estimated 485 million tons in 2015-16.

Global Ending Stock of Rice Decline Sharply 2016-17

The IGC forecasts global rice ending stocks at around 93 million tons in 2016/17, down about 4% from an estimated 97 million tons in 2015/16 due to higher food use in most of the countries. The IGC expects global rice stocks in 2015/16 to decline sharply from around 109 million tons in 2014/15 due to a smaller outturn and rising consumption, mostly on reductions in the main exporters, namely India and Thailand.

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



Market Analysis

The CBOT May month rough chart for rice indicates recovery in previous couple of week session; overall market too is in firm tone. We expect market to hover in the range of USD 10.17-10.82 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
04th Week of April,2016	**Slightly Firm**	USD/ Hundred Weight 10.17-10.82

*****