# Rice Weekly Research Report

Contents

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

***Wholesale Prices for India as an average for fourth week of April traded firmed by 9.10% from last week. Prices are currently hovering at Rs.2958-2960/****quintal and about 6.5% 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 the national capital declined from last week*** *due to low demand from retailers against adequate supplies from producing regions.*

***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.*

***All-India progressive procurement of Rice as on 22.04.2016 for the marketing season 2015-16 was 312.53 lakh tonnes*** *against the procurement of 264.83 lakh tonnes up to the corresponding period of last year.*

***Total rice exports in the 3rd week of April (18-21 April) were 184279.08 tons in which aromatic and non basmati rice contribution*** *was 38.47% and 61.52% respectively with quantity of around 70895.69 tons and 113383.39 tons as per latest data extract from IBIS.*

***There is a drastic fall in food grain production this year in Telangana and the state could not achieves not even 50 per cent of its target. The estimated food grain production in the state for the 2015-16 seasons, which will end this month, is around*** *48.63 lakh tonnes. Rice output in India's southern state Telangana is expected to decline about 35% y/y to around 2.93 million tons in 2015-16 from around 4.54 million tons in 20141-5 due to drought. This is the second consecutive year that the Telangana is falling short of its food grain target and it is likely to affect the price of rice in the open market. The 2015-16 Kharif rice (June December) production in the state stood at around 2.21 million tons from around 749,000 hectares compared to around 2.85 million tons from around 920,000 hectares in 2014-15. The government is estimating 2015-16 rabi rice crop (November May) production at around 721,000 tons from around 252,000 hectares compared to around 1.69 million tons from around 495,000 hectares in 2014-15.*

***In the pre-monsoon season, weekly Rainfall for the country as a whole during the week 14th April, 2016 to 20th April, 2016 was*** *20% 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 24% in East & North East India and lower by 26% in North West India, 94% in Central India, 85% in South Peninsula.*

*Agriwatch Cereals Commodity Indices – May-02, 2016*


*The Agriwatch Agri Commodities Index rose a modest 0.35% to 111.62 during the week ended Apr 30, 2016 after a sharp rise during the previous four weeks. The Index ended at 111.23 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100). Higher cereals, edible oils and vegetable prices were partially offset by declines in pulses, sugar and oilseeds prices. The commodity group Index values and their weekly changes are as follows: Cereals Index: 98.58 (+2.62%), Edible Oils Index: 114.48 (+2.13%), Vegetables Index: 69.46 (+4.08%), Pulses Index: 183.01 (-3.93%), Oilseeds Index: 112.76 (-2.12%), Sweeteners (Sugar, Gur, Khandsari) Index: 115.54 (-2.28%), Spices Index: 133.13 (+1.74%), Fibres Index: 94.76 (+0.47%) and Other Non-food Articles Index: 94.66 (+6.09%).*

**State wise Wholesale Prices weekly for 04th Week of April-2016**

| State | Prices 24-30 Apr 2016 | Prices 16-23 Apr 2016 | Prices 09-15 Apr 2016 | Prices 24-30 Apr 2015 | % Change(Over Previous Week) | % Change(Over Previous to Previous Week) | % Change(Over Previous Year) |
|---|---|---|---|---|---|---|---|
| Andhra Pradesh | 5546.31 | 2814.31 | 5433.49 | 3616.55 | 97.08 | 2.08 | 53.36 |
| Assam | 3022.27 | 3078.69 | 3141.45 | 2980.59 | -1.83 | -3.79 | 1.4 |
| Gujarat | 3552.37 | 3521.45 | 3627.39 | 3994.02 | 0.88 | -2.07 | -11.06 |
| Jharkhand | 2385.36 | 2381.47 | 2436.34 | 2504.1 | 0.16 | -2.09 | -4.74 |
| Karnataka | 3335.34 | 3459.68 | 3341.57 | 3412.21 | -3.59 | -0.19 | -2.25 |
| Kerala | 2972.64 | 2969.66 | 2957.71 | 3203.36 | 0.1 | 0.5 | -7.2 |
| Maharashtra | 3699.75 | 3504.14 | 3368.37 | 2523.5 | 5.58 | 9.84 | 46.61 |
| Manipur | 2872.77 | 2884.59 | 2874.86 | 2865.07 | -0.41 | -0.07 | 0.27 |
| Meghalaya | 3436.97 | 3508.12 | 3471.62 | 3471.82 | -2.03 | -1 | -1 |
| NCT of Delhi | 2000 | 1900 | 3000 | 1978.26 | 5.26 | -33.33 | 1.1 |
| Orissa | 2126.39 | 2251.57 | 2298.88 | 2295.64 | -5.56 | -7.5 | -7.37 |
| Tripura | 2511.9 | 2496.1 | 2513.15 | 2672.82 | 0.63 | -0.05 | -6.02 |
| Uttar Pradesh | 2155.8 | 2132.13 | 2142.4 | 2034.91 | 1.11 | 0.63 | 5.94 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Uttrakhand | 2527.38 | 2765.74 | 2158.75 | 1892.83 | -8.62 | 17.08 | 33.52 |
| West Bengal | 2239.33 | 2214.6 | 2238.35 | 2199.37 | 1.12 | 0.04 | 1.82 |
| Average | 2958.97 | 2712.15 | 2956.52 | 2776.34 | | | |

Source agmarknet

**Price Projection for May 01st Week in Domestic Market**

| Duration | Trend | Average Price Range | Reason |
|---|---|---|---|
| **01st Week of May, 2016** | **Steady to Firm** | **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** | **30 Apr 2016)** | **23 Apr 2016)** | **Month Ago(30 Mar-2016)** | **% ch. From last week** | **% Change from last Month** |
| **1121 Steam** | 5600 | 5800 | 5300 | **-3.45** | **5.66** |
| **1121 Sella** | 4600 | 4700 | 4200 | **-2.13** | **9.52** |
| **1121 Raw** | 5700 | 5850 | 5300 | **-2.56** | **7.55** |

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

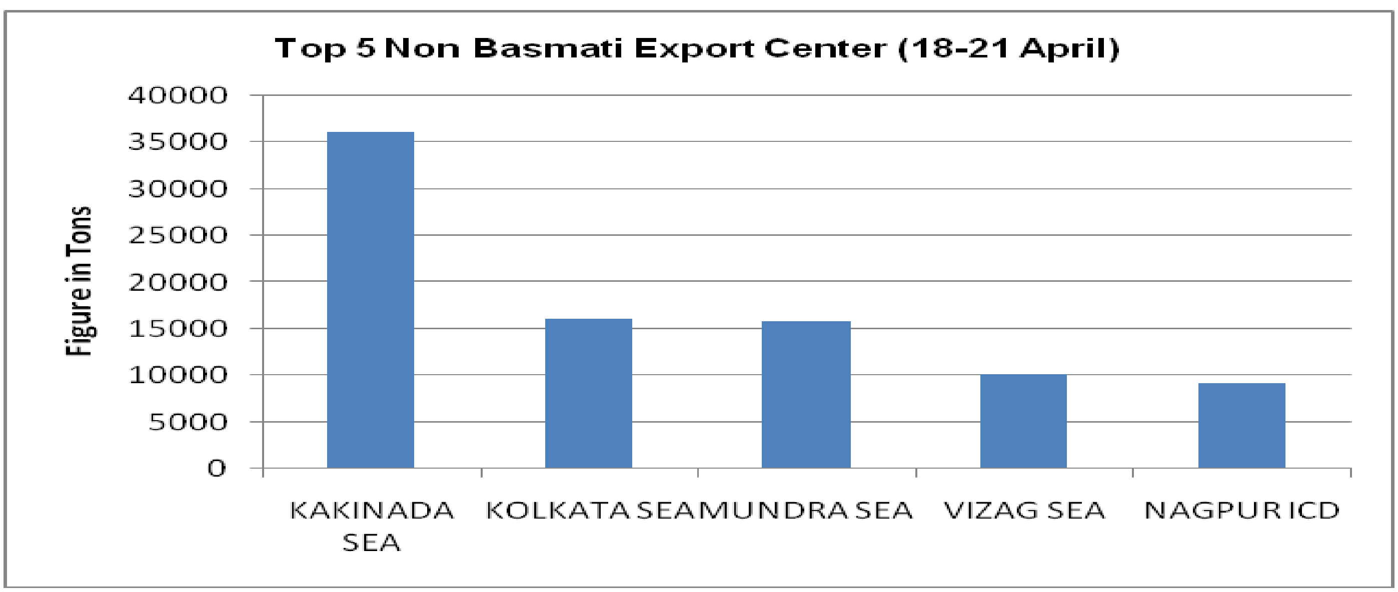
| Indian White Rice 5%, 25% High Quality, Long grain parboiled 5% | | | | | |
|---|---|---|---|---|---|
| **Variety** | **30 Apr 2016)** | **23 Apr 2016)** | **Month Ago(30 Mar-2016)** | **% ch. From last week** | **% Change from last Month** |
| **White Rice 5%** | 375 | 375 | 375 | **0.00** | **0.00** |
| **White Rice 25%** | 345 | 340 | 345 | **1.47** | **0.00** |
| **Parboiled 5%** | 355 | 350 | 360 | **1.43** | **-1.39** |

**Major Importers of Basmati & Non Basmati Rice in the 03rd Week of April (18-21 Apr-2016)**

| Non Basmati Rice Importers | | | Basmati Rice Importers | | |
|---|---|---|---|---|---|
| Country | Quantity(Tons) | Average of FOB $/Tonne | Country | Quantity(Tons) | Average of FOB $/Tonne |
| BENIN | 21457.16 | 339.26 | SAUDI | 22363.77 | 790.16 |
| GUINEA | 13834.00 | 325.64 | U A E | 10953.18 | 765.61 |
| SENEGAL | 13508.00 | 284.01 | KOREA | 8162.00 | 915.42 |
| LIBERIA | 11249.93 | 344.77 | IRAN | 6170.83 | 700.47 |
| U A E | 6358.92 | 508.61 | IRAQ | 3634.31 | 662.33 |
| BERBERA | 4747.00 | 337.85 | U S A | 1996.01 | 932.16 |
| S.AFRICA | 4724.98 | 324.14 | U K | 1325.32 | 773.53 |
| NEPAL | 3293.43 | 590.41 | OMAN | 1316.49 | 598.96 |
| QATAR | 2512.15 | 523.27 | BAHRAIN | 1304.19 | 745.77 |
| DJIBOUTI | 2506.00 | 331.54 | QATAR | 1280.46 | 659.55 |
| Others | 29191.81 | 515.88 | Others | 12389.15 | 874.36 |
| Grand Total | 113383.39 | 471.72 | Grand Total | 70895.69 | 789.02 |

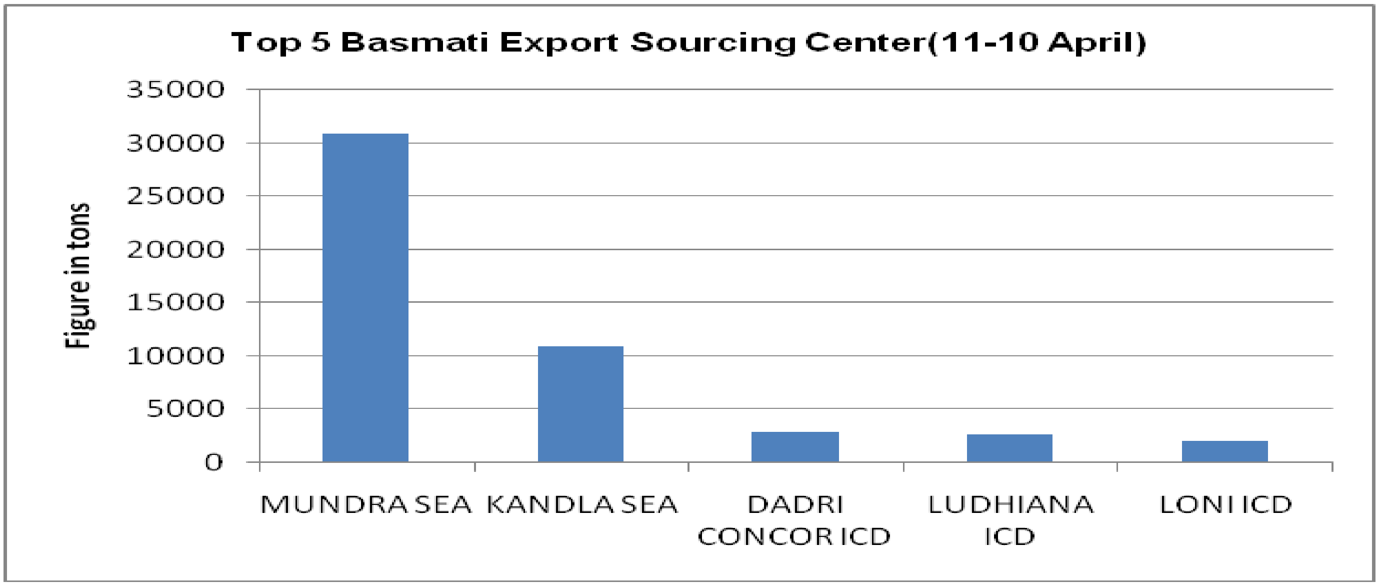
Total rice exports in the 3rd week of April (18-21 April) were 184279.08 tons in which aromatic and non basmati rice contribution was 38.47% and 61.52% respectively with quantity of around 70895.69 tons and 113383.39 tons as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Saudi Arabia, UAE, and Korea. 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 22.69% from last week export of 150188.68 tons.

**Major Non-Basmati Export Sourcing Center**




Total non-basmati Rice export in the third week of April was 113383 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**



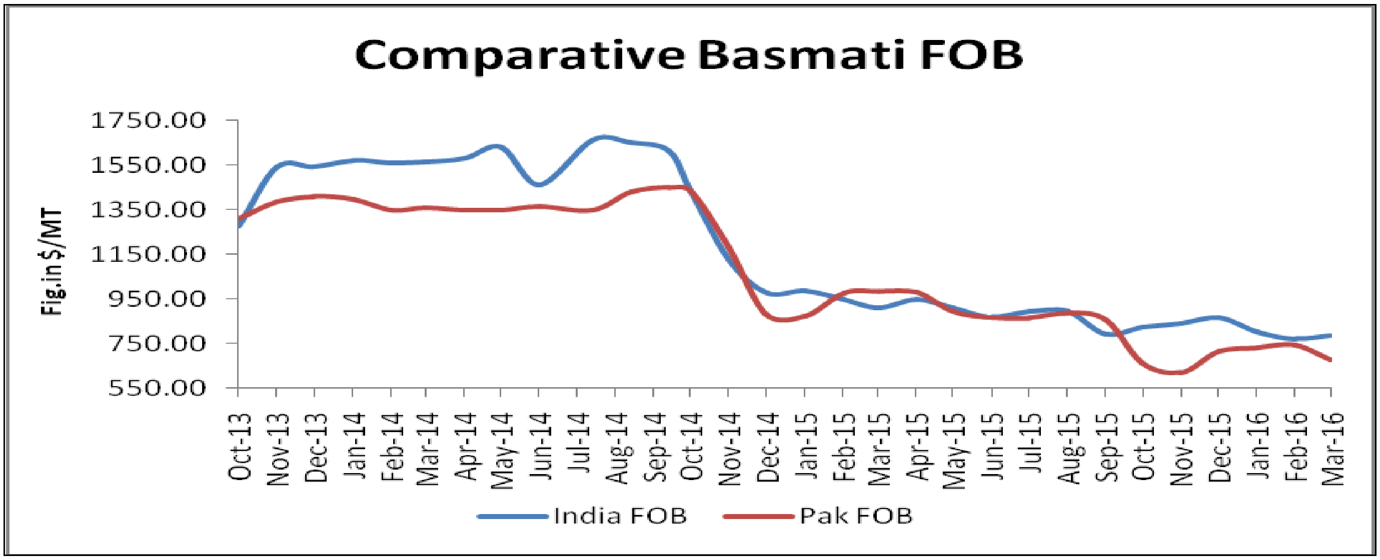

Total Basmati Rice export in the third week of April was 70895.69 tons with an average FOB of USD 789/MT. Mundra Sea, Kandla and Dadri ICD were the major ports for basmati rice export during this period.

**State wise Progressive Procurement**

| State/UTs (in Lakh T) | Total procurement in marketing season 2014-15 (Oct. – Sept.) | Progressive Procurement as on 22.04.2016 | |
|---|---|---|---|
| | | In Marketing season 2015- 2016 | In Marketing season 2014- 2015 |
| **AP** | 35.96 | 32.80 | 18.99 |
| **Telangana** | 35.04 | 10.86 | 16.65 |
| **Chhattisgarh** | 34.23 | 34.42 | 33.55 |
| **Haryana** | 20.15 | 28.61 | 20.15 |
| **Kerala** | 3.74 | 3.26 | 2.99 |
| **M.P** | 8.07 | 8.49 | 8.07 |
| **Maharashtra** | 1.99 | 1.60 | 1.37 |
| **Odessa** | 33.57 | 26.77 | 26.53 |
| **Punjab** | 77.86 | 93.5 | 77.86 |
| **Tamilnadu** | 10.51 | 9.59 | 8.59 |
| **U.P** | 16.98 | 29.10 | 15.42 |
| **Uttrakhand** | 4.65 | 5.97 | 4.29 |
| **West Bengal** | 20.32 | 12.76 | 13.20 |
| **Others** | 17.33 | 0.53 | 4.4 |
| **Total** | **320.4** | **312.53** | **264.83** |

Government's rice procurement has increased around 18% 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 26.48 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 33.55 lakh tons, while that of Andhra Pradesh has increased to 32.80 lakh tons from 18.99 lakh tons in 2014. Rice purchase in Telangana was lagging behind at 10.86 lakh tons so far this year as against 16.65 lakh tons in the corresponding period of the 2014-15 marketing year. Telangana rice production is also likely to down by 35% from last year production of 4.54 million tons.

**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**

***The EU imported about 802,984 tons of rice during the period September 1, 2015 April-19, 2016, up about 14% from around 702,075*** *tons imported during the same period last year. The UK remained the largest importer in September 1, 2015 April 19, 2016 period with around 178,491 tons followed by France (133,189 tons), The Netherlands (90,779 tons), Germany (62,174 tons), Poland (60,675 tons) and Italy (58,750 tons). Other EU countries imported 218,926 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.*

***During the period January 1 – April 21, Vietnam exported about 1.571 million tons of rice, an increase of about 1.23% from in the first*** *four months of last year. The average rice export price so far this year stands at around $410 per ton (FOB), down about 4% from the 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 last fifteen days; overall market too is in firm tone. We expect market to hover in the range of USD 10.65-10.90 hundred weights in coming sessions.*

**Price Projection (International-CBOT)**

| Duration | Trend | Price Range |
|---|---|---|
| **01st Week of May,2016** | **Slightly Firm** | USD/ Hundred Weight 10.65-10.90 |

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