Rice Weekly Research Report

Contents

Outlook and Review:
Domestic Front

Wholesale Prices for India as an average for second week of June traded weak by 0.02% from last week. Prices are currently hovering at Rs.2757-2760/*quintal and 3.25% up from price of Rs.2670/Quintal during corresponding period last year. Agriwatch expects non-basmati rice market to move range bound in coming week.*

Prices of Basmati rice remained firm for the second straight day on rising demand from retailers against tight stocks position *on fall in supplies from producing regions.*

Preliminary reports of crop coverage in the Kharif season have started coming in. The total sown area as on 17th June, *as per reports received from States, stands at 84.21 lakh hectare compared to 93.63 lakh hectare at the corresponding time last year. It is reported that rice has been sown/transplanted in 9.17 lakh ha which is 10.00% lower than last year area of 10.19 lakh hectare till date.*

Haryana Farmers have not sown basmati varieties such as PB-1509, 1121, C-30 and have instead preferred several PR varieties *of non-basmiti rice this kharif season. Farmers could not bear more losses due to the fall in the rates of basmati varieties and were sowing PR varieties of non-basmati rice for which they would at least get government rates, and thus a fall in Basmati Paddy area is expected of in 2016-17.*

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval *for the increase in the Minimum Support Prices (MSPs) for all Kharif Crops of 2016-17 Seasons. The Minimum Support Prices (MSPs) for PADDY of 2016-17 seasons have been increased by Rs. 60/quintal for both common grade paddy and Grade-A Paddy to Rs. 1470/quintal and Rs. 1510/quintal respectively. This is around 4% increase in both paddy from last year price of Rs.1410/Quintal (common grade) and Rs.1450/quintal (Grade-A).*

All-India progressive procurement of Rice as on 10.06.2016 for the marketing season 2015-16 was 336.98 lakh tonnes against *the procurement of 299.43 lakh tonnes in the corresponding period of last year.*

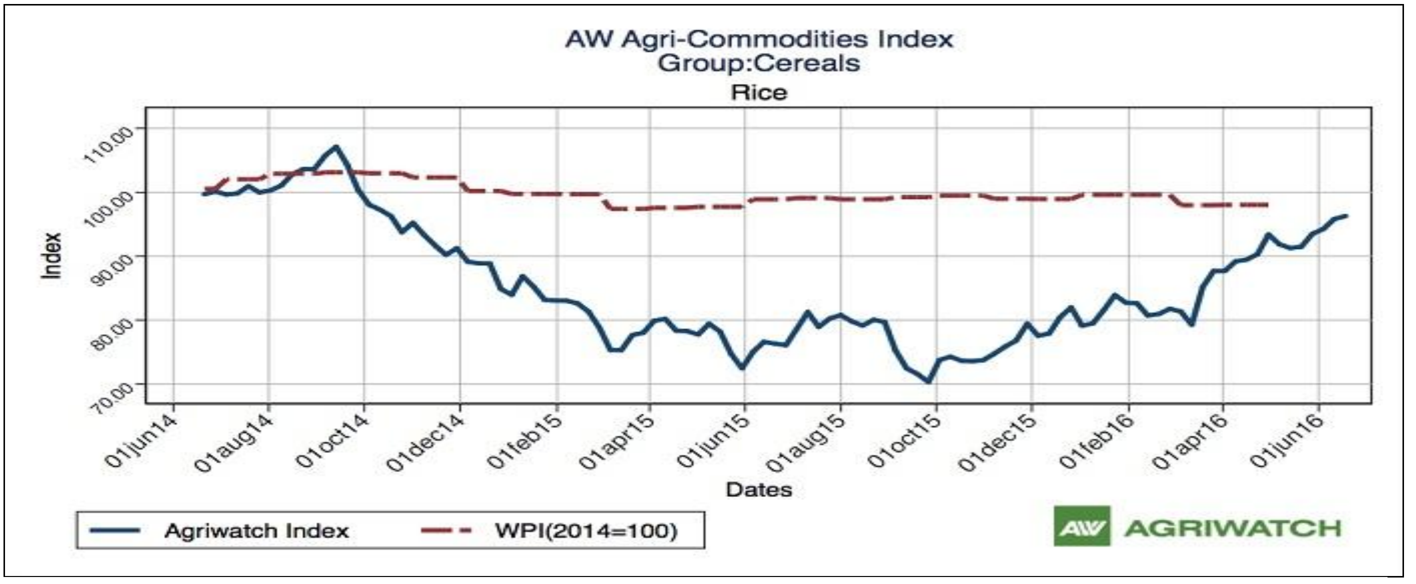
Total Rice exported from India in the second week of June (06-12 June) was 225163.89 tons out of which basmati rice contribute *37.41%, and non-basmati rice is 62.58% in this period with quantity of around 84246.52 tons and 140917 tons respectively as per latest data extract from IBIS.*

Among the food grains, the inflation for Cereals has increased to 2.6% from the previous month's level of 2.5% and Pulses *36.4% from the previous month's level of 34.4%. The inflation for Rice has decreased to 0.5% from the previous month's level of 0.6% and Wheat 2.2% from the previous month's level of 3.0%*

In the monsoon season, weekly Rainfall for the country as a whole during the week 02nd June, 2016 to 08th June, 2016 was 18% *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 49% in South Peninsula and lower by 52% in East & North East India, 41% in North West India, 21% in Central India.*

India could sign a deal as early as this week to supply one million tons of non-basmati rice to Indonesia to help it tide *over a local shortage. Once the memorandum of understanding is signed, this would be the highest export of rice from State-run Food Corporation of India's (FCI's) reserves since 2003-04 when it had shipped out 2.78 million tonnes. For Indonesia, it will be a rare occasion when it sources rice from outside the ASEAN trading bloc, barring the exception of its recent deal with Pakistan.*

Agriwatch Cereals Commodity Indices – June-11, 2016



Led by rises in cereals and pulses, the Agriwatch Agri Commodities Index rose 2.15% to close at 116.06during the week ended June 18, 2016 from 113.62 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).Eight of the nine of the commodity group sub-Indices that comprise the overall Index ended higher during the week, the only exception being Vegetables.
The sub-Index values and their weekly changes are as follows: Cereals Index: 104.18 (+1.42%), Pulses Index: 201.67 (+5.65%), Vegetables Index: 78.95(-0.43%), Edible Oils Index: 112.15 (+0.79%), Oilseeds Index: 114.55 (+1.72%), Spices Index: 124.88(+5.56%), Sweeteners Index: 119.51 (+1.83%), Fibers Index: 110.06 (+3.72%) and Other Non-Food Articles Index: 85.92 (+0.66%).

"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website wwwagriwatch.com. The daily indices are available on subscription. Please contact for more details."

State wise Wholesale Prices weekly for 01st Week of June-2016

Source agmarknet

State	Prices 09-15 Jun 2016	Prices 01-08 Jun 2016	Prices 09-15 Jun 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3971.87	3490	2623.44	-25.57	51.4
Assam	3098.79	3119.79	3044.58	-0.67	1.78
Bihar	2600		2015.91	__	28.97
Gujarat	2865.46	2791.35	2676.73	2.65	7.05
Jharkhand	2418	2246.93	2505.88	7.61	-3.51
Karnataka	3570.4	3364.17	3446.47	6.13	3.6

Kerala	3067.25	2983.29	3188.79	2.81	-3.81
Maharashtra	2225.97	2550.75	3507.97	-12.73	-36.55
Manipur	3048.65	3048.12	2861.11	0.02	6.55
Meghalaya	2817.07	3489.33	2687.84	-19.27	4.81
Orissa	2039.56	2272.6	2707.67	-10.25	-24.67
Tripura	2524.26	2559.19	2588.14	-1.36	-2.47
Uttar Pradesh	2172.75	2168.53	2070.64	0.19	4.93
Uttrakhand	2610.57	2189.33	2078.32	19.24	25.61
West Bengal	2335	2342.88	2080.9	-0.34	12.21
Average	2757.71	2758.3	2702.17		

Price Projection for June 03rd Week in Domestic Market

Duration	Trend	Average Price Range	Reason
03rd Week of June, 2016	**Steady to slightly firm**	**Rs.2750-2850/Q**	**Non basmati rice market likely to move steady to firm 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	**18-June 2016)**	**11-June 2016)**	**Month Ago(18-May-2016)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	5800	5500	5700	**5.45**	**1.75**
1121 Sella	4700	4500	4600	**4.44**	**2.17**
1121 Raw	5900	5700	5700	**3.51**	**3.51**

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

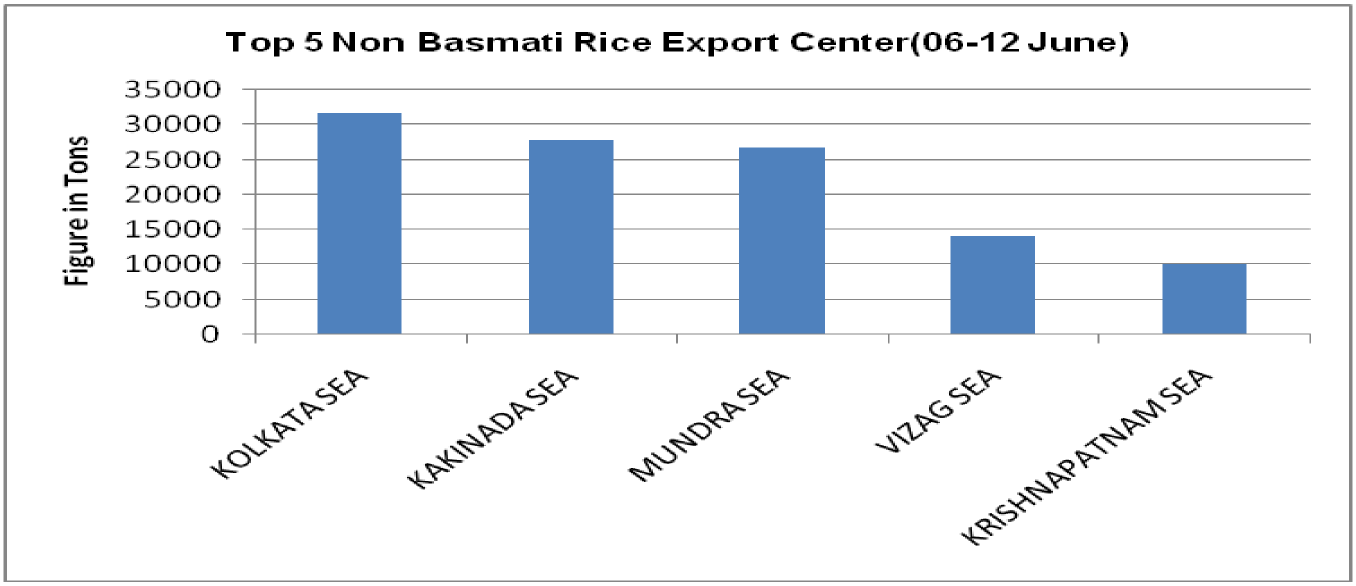
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	**18-June 2016)**	**11-June 2016)**	**Month Ago(18-May-2016)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	375	375	375	**0.00**	**0.00**
White Rice 25%	345	345	345	**0.00**	**0.00**
Parboiled 5%	355	355	355	**0.00**	**0.00**

Major Importers of Basmati & Non Basmati Rice in 02nd Week of June (06-12 June)-2016

Non-Basmati Rice			Basmati Rice		
Country	**Quantity(Tons)**	**Average of FOB $/Ton**	**Country**	**Quantity(Tons)**	**Average of FOB $/Ton**
BENIN	44485.04	353.47	IRAN	32187.32	767.30
IVORY COAST	21730.00	336.36	U A E	11303.89	847.73
S.AFRICA	8488.88	325.16	IRAQ	9029.99	584.75
TURKEY	7147.50	392.08	KOREA	6918.00	734.04
SENEGAL	6326.00	305.56	SAUDI	5576.55	820.09
U A E	6071.07	602.92	U S A	2748.61	927.32
GUINEA	5600.00	361.41	YEMEN	2106.64	769.20
IRAQ	4906.61	506.35	OMAN	1375.56	894.30
DJIBOUTI	3842.85	364.17	KUWAIT	1365.35	878.66
SOMALIA	3532.93	336.67	BELGIUM	1199.50	823.42
Others	28786.50	554.21	Others	10435.11	848.70
Grand Total	**140917.36**	**473.87**	**Grand Total**	**84246.52**	**844.88**

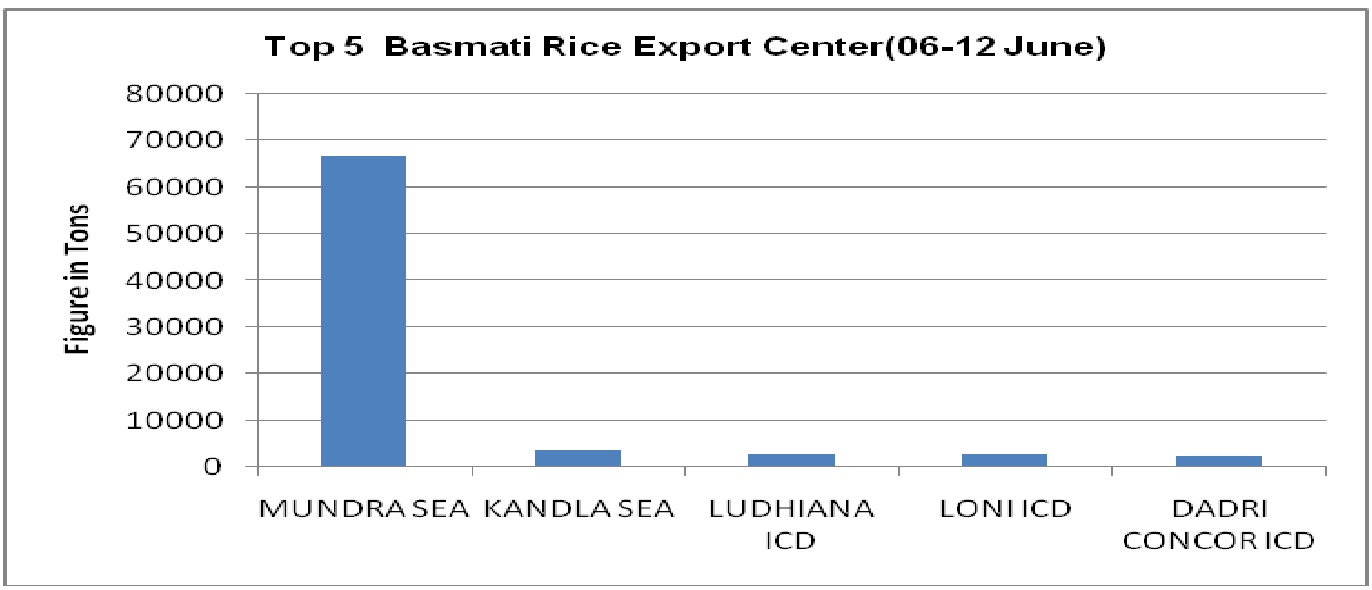
Total Rice exported from India in the second week of June (06-12 June) was 225163.89 tons out of which basmati rice contribute 37.41%, and non-basmati rice is 62.58% in this period with quantity of around 84246.52 tons and 140917 tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Iran, UAE and Iraq. We expect Middle East countries to remain the major basmati buyers of Indian Basmati from Mundra and Kakinada Port in coming months. Major non basmati importers were Benin, Ivory Cost and S.Africa. Weekly rice exports were up by 11% from last week total rice export of 252766.51 tons.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the 02nd week of June was 140917.36 tons. Kolkata Sea, Kakinada 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 02nd week of June was 84246.52 tons. Mundra Sea, Kandla Sea and Ludhiana ICD, were the major port for basmati rice export center during this period. These three ports cover more than 90% of total export in this period.

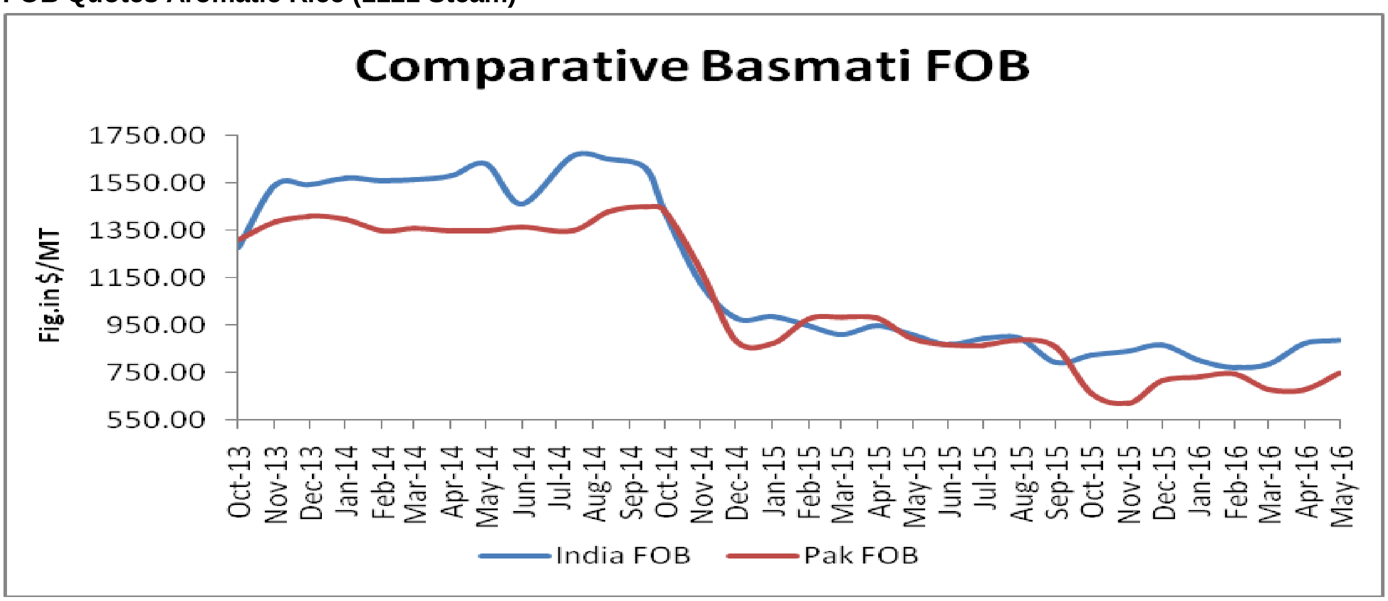
State wise Progressive Procurement

State/UTs (in Lakh T)	Total procurement in marketing season 2014-15 (Oct. – Sept.)	Progressive Procurement as on 03.06.2016	
		In Marketing season 2015- 2016	In Marketing season 2014- 2015
AP	35.96	42.12	33.04

Telangana	35.04	15.52	29.24
Bihar	16.14	12.25	16.14
Chhattisgarh	34.23	34.42	33.55
Haryana	20.15	28.61	20.15
Kerala	3.74	3.80	2.76
M.P	8.07	8.49	8.07
Maharashtra	1.99	1.70	1.47
Odessa	33.57	30.30	26.53
Punjab	77.86	93.5	77.86
Tamilnadu	10.51	10.62	9.01
U.P	16.98	29.10	16.49
Uttrakhand	4.65	5.97	4.65
West Bengal	20.32	15.43	14.98
Others	17.33	0.53	4.4
Total	**320.4**	**334.91**	**295.01**

Government's rice procurement has increased around 13.52% to 33.49 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 29.50 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 4.65 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 42.12 lakh tons from 33.04 lakh tons in 2014. Rice purchase in Telangana and Bihar was lagging behind at 15.52 lakh tons and 12.25 lakh tons so far this year as against 29.24 lakh tons and 16.14 lakh tons respectively in the corresponding period of the 2014-15 marketing year. Telangana rice production is also likely to fall 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 May moved up from last month and currently is in the range of USD 885-888/MT which is up by around 1.73% 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 too increased from USD 679/MT to 750$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 750-751/MT which is up by 10.45% from last month FOB of USD 679/MT.

Global Updates

The Thailand Commerce Ministry has set a target to sell the remaining 10 million tonnes of rice bought under the Yingluck government's rice *pledging scheme within this year. The remaining rice stockpiles are divided into three lots: over six million tonnes of PAA-grade or good quality rice; about two million tonnes of Grade C rice which are not suitable for human consumption; and about two million tonnes of rotten rice which are good for industrial use such as for producing ethanol. As said by Commerce Ministry they would try to sell the 10 million tonnes of rice through every channel, including open auctions, G-to-G deals, direct sale to domestic and overseas customers and even donations.*

The Philippines, one of the world's biggest rice buyers, has no urgent need to import rice for now given ample domestic *supply. The Philippines regularly imports more than a million tonnes of rice a year, mostly from Thailand and Vietnam, although President-elect Rodrigo Duterte is aiming to make the country self-sufficient within one to two years. Rice purchases by the Philippines could reach 2 million tonnes this year, the biggest in six years, following a damaging drought*

Cambodian rice exports have dramatically declined over the past three months compared to the same period last year. *The data detailed that rice exports had a monthly decrease of 14.5 per cent in March, 30.8 per cent in April, and 28.5 per cent in May. Rice exports in the first five months of this year totalled 234,328 tonnes, compared to the 243,025 tonnes exported in the same period last year, a year-on-year decrease of 3.7 per cent.*

Unofficial preliminary rice exports (excluding premium white and fragrant rice) for May 9-15, 2016 totaled 55,224 metric tons, *up 7,129 metric tons from the previous week and down 2,521 metric tons from the four-week moving average of 57,745 metric tons. Rice exports from January 1 – May 15, 2016 totaled 1,376,524 metric tons, up 2 percent from last year.*

Iran will ban rice imports from July 21, the main aim is to protect domestic farmers during their harvest. Iran has imported *191,000 tonnes of rice this year, noting imports are already down from previous years.*

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

Attributes (Fig in Million Tons)	2013-14	2014-15 Estimate	2015-16 Forecast 25.02.16	Projection (2016-17) 28.04.16	Projection 26.05.16
Production	478	479	473	485	486
Trade	42	42	42	42	42

Consumption	478	481	483	489	488
Carryover stocks	114	112	101	94	99
Y-O-Y change	0	-2	-10	-	-2
Major Exporters	38	32	21	19	18

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

IGC Rice Balance sheet Highlights

Reflecting steep declines in the leading exporters, namely India and Thailand, global rice reserves in 2015/16 are seen 9% smaller y/y. Assuming a larger area for harvesting and improved growing conditions, 2016/17 production is projected to rise by 3%, to a record of 486m t. But with total use likely to expand further, albeit more slowly than in past years, together with smaller carry-ins, ending inventories could retreat to a seven-year low of 99m t. Trade in 2016 is predicted to be underpinned by demand from Asian buyers, in part due to disappointing local crop outcomes, with volumes expected to remain high in 2017.

IGC Forecast the World Rice Production Up in 2016-17

In its May 2016 Grain Market Report (GMR), the International Grains Council (IGC) forecasts 2016-17 global rice production at around 486 million tons, up about 2.73% 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 1.03% to around 488 million tons from an estimated 483 million tons in 2015-16.

Global Ending Stock of Rice Decline Sharply 2016-17

The IGC forecasts global rice ending stocks at around 99 million tons in 2016/17, down about 2% from an estimated 101 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 July- 16, Rough Rice)
(Prices in US$/hundredweight)

Market Analysis

The CBOT July month rough chart for rice indicates range bound movement in last couple of days; overall market is in firm tone. We expect market to hover in the range of USD 11.25-11.45 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of June,2016	**Steady to firm**	USD/ Hundred Weight 11.25-11.45

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