Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

Wholesale Prices for India as an average for third week of June traded weak by 1.46% from last week. Prices are currently hovering at Rs.2800-2805/*quintal and 6.45% up from price of Rs.2635/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 third week of June 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.*

Monsoon rains in India were 7 percent below average in the week ending June 22, narrowing the deficit since the season started on June 8*. The June-September monsoon rains have remained 18 percent low so far, but have covered almost the entire country, and helped quicken the planting process of summer crops such as paddy rice, soybeans, cotton and pulses.*

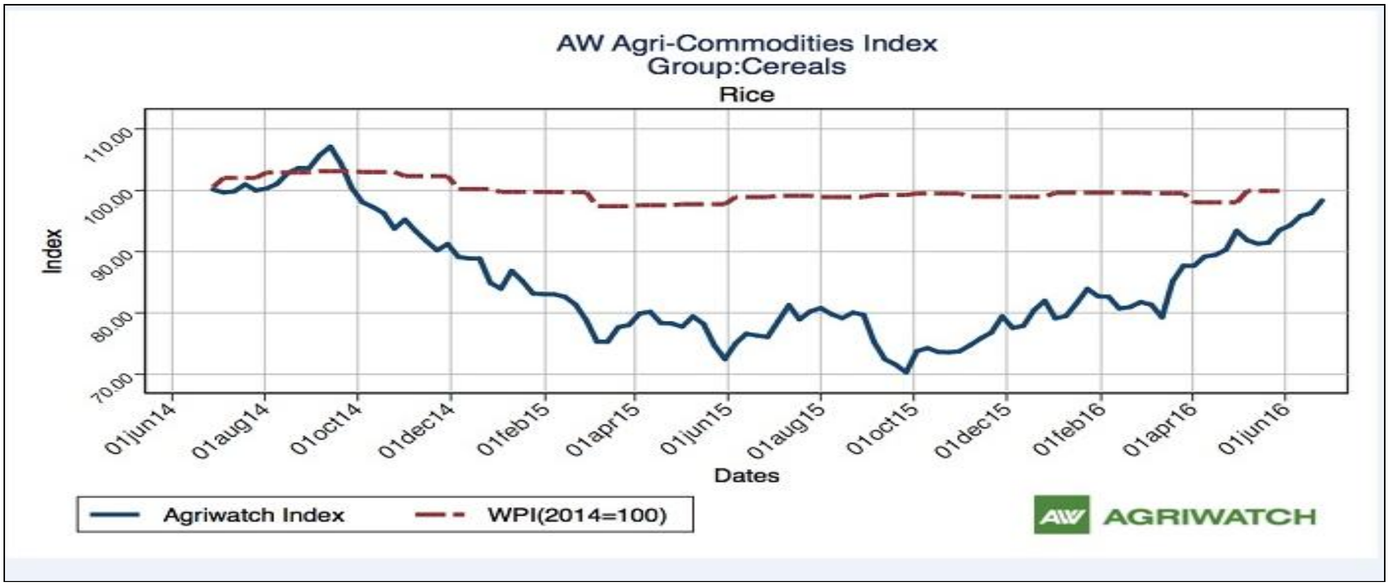
The State of Andhra Pradesh has performed extremely well this Monsoon season so far. Coastal Andhra Pradesh has received excess rains to *the tune of 53%. Rayalaseema has performed even better and recorded 65% of normal rains. After the recent rains, the total area under Kharif crops has risen to 1.26 lakh hectares against 2.51 lakh hectares at the same time last year. Till June 15 2016, only 3% of the normal area of 40.96 lakh hectares has been covered under Kharif 2016. Rice has been sown in 0.17 lakh hectare (till June 15, 2016) against the normal coverage of 16.03 lakh hectare in the State. Nellore has seen maximum sowing with area under rice cultivation being 14,929 hectares against 7906 hectares at the same time last year. In Nellore, the normal area under rice cultivation is 46,378 hectares. Chittor is holding the second position with 2275 hectares of land under rice crop production against 2494 hectares last year at the same time. The normal area under Paddy cultivation here is 13,656 hectares. West Godavari is at third position with 121 hectares of land being sowed against 28 hectares at the same time last year. The normal area under Paddy acreage is around 23, 8524 hectares.*

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.*

Total Rice exported from India in the 03rd week of June (12-19 June) was 265492.57 tons out of which basmati rice contribute *38.51%, and non-basmati rice is 61.48% in this period with quantity of around 102258.13 tons and 163234.44 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%*

Agriwatch Cereals Commodity Indices – June-26, 2016



The Agriwatch Agri Commodities Index gained 0.84% during the week ended June 25, 2016, lower than weekly gains of 2.15% and 1.84% in the preceding two weeks, but still closed at a new high of 117.04. The base for the Index and all sub-Indices is 2014 (= 100).

Pulses, Sweeteners (Sugar, jaggery & khandsari) and Oilseeds were the only sub-Indices to decline during the week while the other six sub-Indices gained. The sub-Index values and their weekly changes are as follows: Cereals Index: 106.60 (+2.32%), Pulses Index: 198.77 (-1.44%), Vegetables Index: 80.33 (+1.75%), Edible Oils Index: 112.30 (+0.13%), Oilseeds Index: 113.67 (-0.77%), Sweeteners Index: 118.47 (-0.87%), Fibres Index: 113.17 (+2.83%) and Other Non-Food Articles Index: 86.26 (+0.40%).

"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 03rd Week of June-2016

Source agmarknet

State	Prices 16-23 Jun 2016	Prices 09-15 Jun 2016	Prices 16-23 Jun 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4275.89	4065.33	2369.72	5.18	80.44
Assam	3065.2	3098.79	3128.4	-1.08	-2.02
Bihar		2600	2049.76	__	__
Gujarat	2938.58	2865.46	2676.27	2.55	9.8
Jharkhand	2277.37	2418	2531.93	-5.82	-10.05
Karnataka	3400.08	3566.91	3311.97	-4.68	2.66

Kerala	3071.02	3067.25	3116.37	0.12	-1.46
Maharashtra	2219.92	2225.97	3073.51	-0.27	-27.77
Manipur	3070.82	3048.65	2869.35	0.73	7.02
Meghalaya	3430.82	2817.07	3468.21	21.79	-1.08
Delhi	2000		2000	__	0
Orissa	2299.83	2060.49	2490.82	11.62	-7.67
Tripura	2523.26	2524.26	2523.51	-0.04	-0.01
Uttar Pradesh	2196.2	2173.23	2076.38	1.06	5.77
Uttrakhand	2961.87	2610.57	1929.12	13.46	53.53
West Bengal	2353.34	2334.8	2099.41	0.79	12.1
Average	**2805.61**	**2765.12**	**2635.49**		

Price Projection for June 04th Week in Domestic Market

Duration	Trend	Average Price Range	Reason
04th 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	25-June 2016)	18-June 2016)	Month Ago(25-May-2016)	% ch. From last week	% Change from last Month
1121 Steam	5850	5800	5900	0.86	-0.85
1121 Sella	4750	4700	4900	1.06	-3.06
1121 Raw	5950	5900	5900	0.85	0.85

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

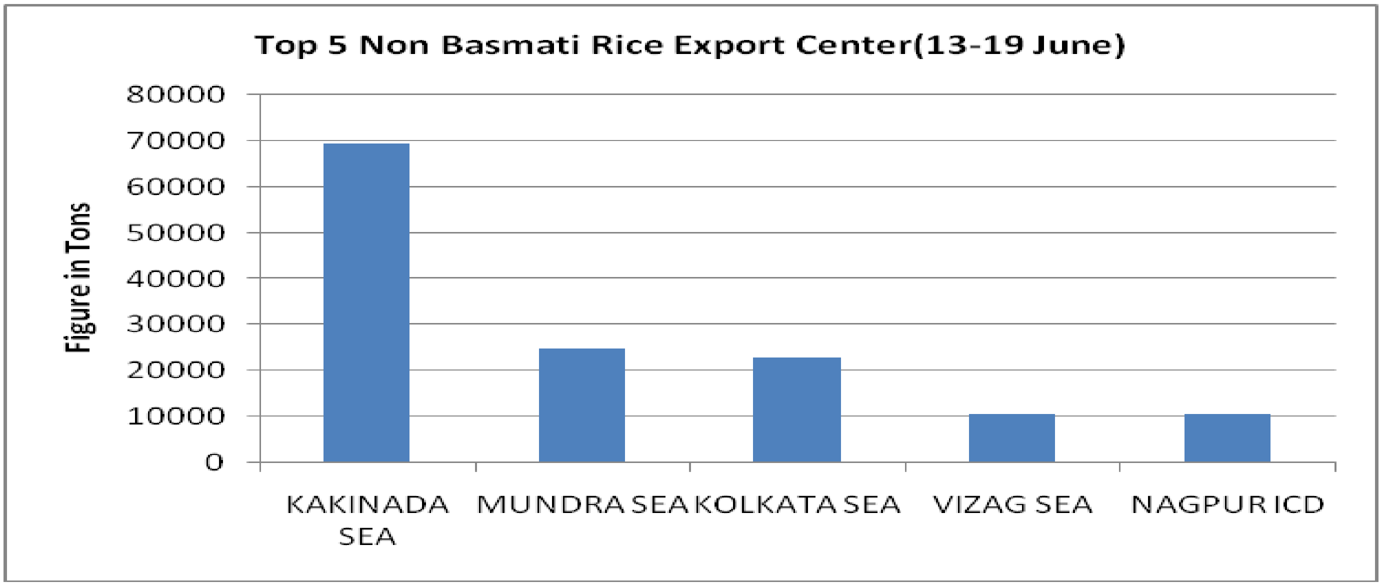
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	25-June 2016)	18-June 2016)	Month Ago(25-May-2016)	% ch. From last week	% Change from last Month
White Rice 5%	375	375	375	0.00	0.00
White Rice 25%	355	345	345	2.90	2.90
Parboiled 5%	350	355	355	-1.41	-1.41

Major Importers of Basmati & Non Basmati Rice in 02nd Week of June (13-19 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**

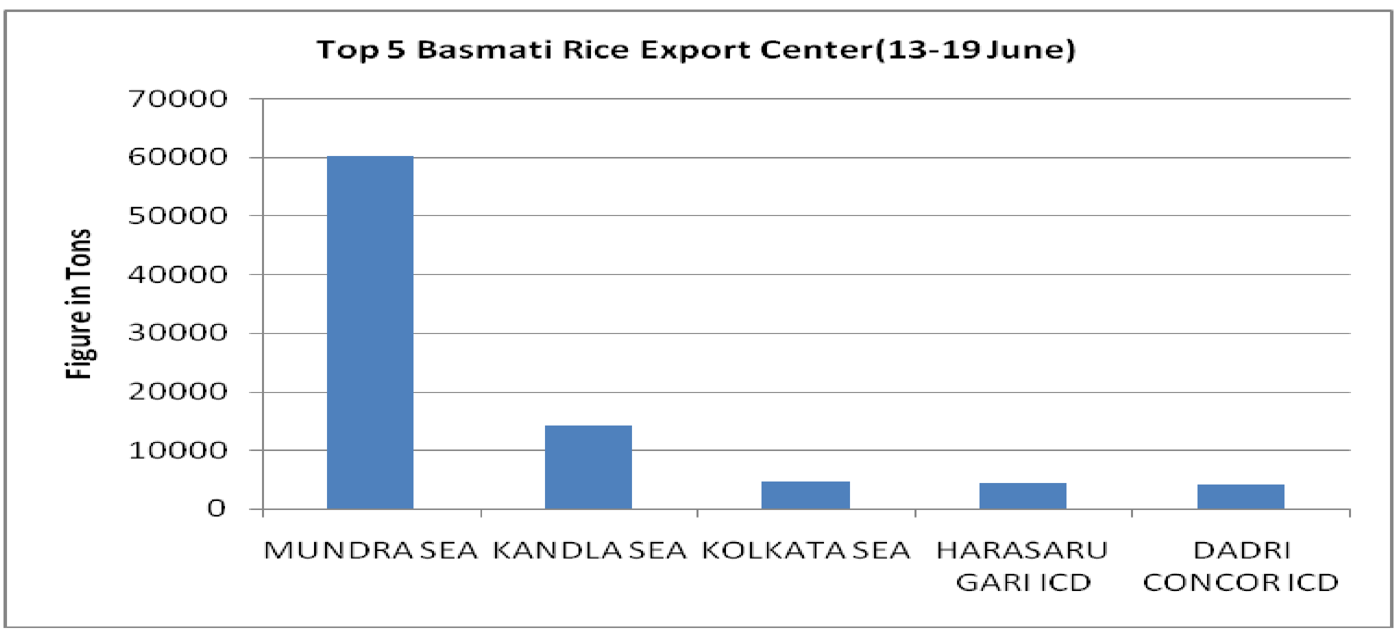
Total Rice exported from India in the 03rd week of June (13-19 June) was 265492.57 tons out of which basmati rice contribute 38.51%, and non-basmati rice is 61.48% in this period with quantity of around 102258.13 tons and 163234.44 tons respectively as per latest data extract from IBIS. Major importers 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 18% from last week total rice export of 225163.89 tons.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the 03rd week of June was 163234.44 tons. Kakinada Sea, Mundra Sea and Kolkata Sea were the major ports for non-basmati rice export during this period. These three ports cover approx 85% of total export in this period.

Major Basmati Export Sourcing Center



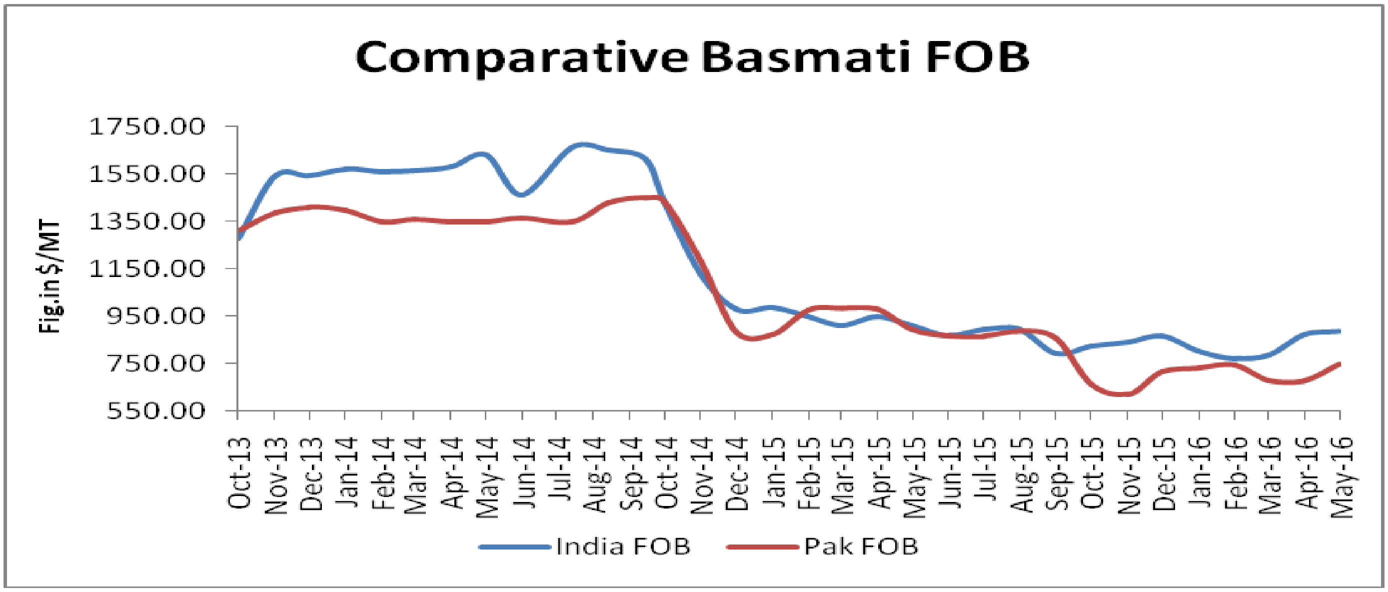
Total basmati Rice export in the 03rd week of June was 102258.13 tons. Mundra Sea, Kandla Sea and Kolkata Sea, were the major port for basmati rice export center during this period. These three ports cover more than 85% of total export in this period.

State wise Progressive Procurement

State/UTs (in Lakh T)	Total procurement in marketing season 2014-15 (Oct. – Sept.)	Progressive Procurement as on 10.06.2016	
		In Marketing season 2015- 2016	In Marketing season 2014- 2015
AP	35.96	42.77	33.77
Telangana	35.04	15.66	30.84
Bihar	16.14	12.25	16.14
Chhattisgarh	34.23	34.42	33.55
Haryana	20.15	28.61	20.15
Kerala	3.74	3.82	3.74
M.P	8.07	8.49	8.07
Maharashtra	1.99	1.70	1.59
Odessa	33.57	31.31	26.53
Punjab	77.86	93.5	77.86
Tamilnadu	10.51	10.72	9.14
U.P	16.98	29.10	16.56
Uttrakhand	4.65	5.97	4.65
West Bengal	20.32	15.49	14.76
Others	17.33	0.53	4.4
Total	**320.4**	**336.98**	**299.43**

Government's rice procurement has increased around 12.54% to 33.69 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 29.94 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 42.77 lakh tons from 33.77 lakh tons in 2014. Rice purchase in Telangana and Bihar was lagging behind at 15.66 lakh tons and 12.25 lakh tons so far this year as against 30.84 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

Vietnam's rice paddy output will likely fall this year for the first time since 2005 following the worst drought in 90 years, but the decline *will be limited as farmers expand planting in the current and final crops. The Delta's winter-spring output fell 10.2 percent last year, but total production could fall just 1.5 percent to 44.5 million tones, thus overall the annual paddy output will only be short by 700,000 tonnes. Vietnam's rice exports this year will dip 4.45 percent from 2015 to 6.44 million tonnes, partly due to drought in the Delta.*

Unofficial preliminary rice exports (excluding premium white and fragrant rice) for May 29 – June 5, 2016 totaled 64,534 *metric tons, down 30,834 metric tons from the previous week and up 3,862 metric tons from the four-week moving average of 60,671 metric tons. Rice exports from January 1 – June 5, 2016 totaled 1,571,114 metric tons, down 0.3 percent from last year.*

Cambodian rice exports have dramatically declined over the past three months compared to the same period last year. *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 totaled 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.*

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*

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 weak movement in last couple of days; overall market is in weak tone. We expect market to hover in the range of USD 10.75-11.10 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
04th Week of June,2016	**Steady to firm**	USD/ Hundred Weight 10.75-11.10

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