Rice Weekly Research Report

Contents

Outlook and Review:
Domestic Front

Wholesale Prices for India as an average for fourth week of June traded weak by 4.26% from last week. Prices are currently hovering at Rs.2680-2685/*quintal and 2.20% up from price of Rs.2625/Quintal during corresponding period last year. Agriwatch expects non-basmati rice market to move range bound in coming week.*

Prices of Basmati rice remained weak for the fourth week of June on sluggish demand from retailers against supply from *producing regions.*

Preliminary reports of crop coverage in the Kharif season have started coming in. The total sown area as on 24th June, *as per reports received from States, stands at 124.94 lakh hectare compared to 164.10 lakh hectare at the corresponding time last year. It is reported that rice has been sown/transplanted in 19.86 lakh ha which is -2% lower than last year area of 21.86 lakh hectare till date.*

Paddy sowing in the country so far is considerably lower compared to the average sowing in the previous five years. Farmers in *the states like, Odisha, Haryana, Assam, Chhattisgarh and West Bengal, and Punjab are in wait and watch mood as these states have received low rainfall. However, rice sowing is likely to gather pace in the last week of June and early July, as conditions are becoming favourable for a further advance of the South-West monsoon after June 24, according to the Indian Meteorological Department.*

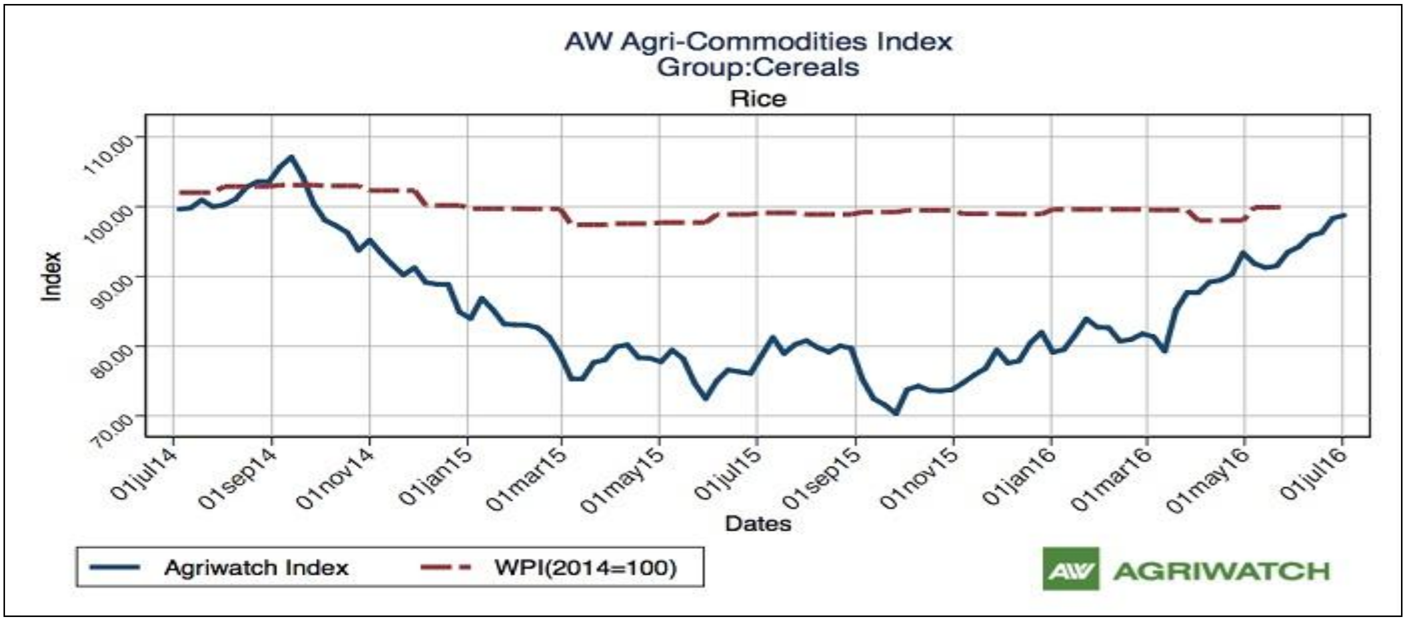
Till June 24, lower area coverage under rice, compared to normal area coverage of corresponding week (average of 2011-12 to 2015-16), *was reported from Punjab (8.08 lakh hectares shortfall), Odisha (2.09 lakh hectare shortfall), Chhattisgarh (1.59 lakh hectare shortfall), Haryana (1.26 lakh hectare shortfall), Assam (0.9 lakh hectare shortfall), Kerala (0.26 lakh hectare shortfall), Uttrakhand (0.12 lakh hectare shortfall), Bihar (0.10 lakh hectare shortfall), Telangana (0.09 lakh hectare shortfall), Andhra Pradesh (0.08 lakh hectare shortfall), West Bengal (0.06 lakh hectare shortfall), Tripura (0.06 lakh hectare shortfall), Rajasthan (0.05 lakh hectare shortfall), Sikkim (0.02 lakh hectare shortfall) and Mizoram (0.01 lakh hectare shortfall).*

All-India progressive procurement of Rice as on 24.06.2016 for the marketing season 2015-16 was 340.40 lakh tonnes against the *procurement of 303.91 lakh tonnes up to the corresponding period of last year.*

Haryana Farmers have not sown basmati varieties such as PB-1509, 1121, C-30 and have instead preferred several PR varieties *of non-basmati 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 04th week of June (20-26 June) was 278317.87 tons out of which basmati rice contribute 38.39%, *and non-basmati rice is 61.60% in this period with quantity of around 106871.95 tons and 171445.92 tons respectively as per latest data extract from IBIS.*

Agriwatch Cereals Commodity Indices – July-03, 2016



The Agriwatch Agri Commodities Index rose 0.91% to 118.11 during the week ended July 2, 2016, its 5th straight weekly gain, led by higher price of pulses. The base for the Index and all sub-Indices is 2014 (= 100). Among pulses, chana was the prime mover with the Chana Index posting a weekly gain of 10.63% while other pulses saw more modest increases of 0.2 to 3.0%. The sub-Index values and their weekly changes are as follows: Cereals Index: 107.08 (+0.45%), Pulses Index: 212.28 (+6.79%), Vegetables Index: 81.07 (0.92%), Edible Oils Index: 112.63 (+0.29%), Oilseeds Index: 113.55 (-0.11%), Sweeteners Index: 118.54 (+0.06%), Spices Index: 134.1 (-1.11%), Fibres Index: 110.91 (-2.0%) and Other Non-Food Articles Index: 89.32 (+3.55%).

"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 04th Week of June-2016

Source agmarknet

State	Prices 24-30 Jun 2016	Prices 16-23 Jun 2016	Prices 24-30 Jun 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3368.75	4255.7	2391.24	-20.84	40.88
Assam	3157.54	3062.12	3143.42	3.12	0.45
Bihar	2400		2010.79	__	19.36
Gujarat	2957.61	2973.35	2674.83	-0.53	10.57
Jharkhand	2585.25	2277.37	2533.7	13.52	2.03
Karnataka	3344.61	3391.13	3312.66	-1.37	0.96
Kerala	3065.03	3071.02	3195.76	-0.2	-4.09
Maharashtra	2336.07	2219.92	2672.16	5.23	-12.58

Manipur	3060.08	3070.82		-0.35	__
Meghalaya	3428.99	3430.82	3457.14	-0.05	-0.81
NCT of Delhi	1700	2000	2083.33	-15	-18.4
Orissa	2203.23	2231.37	2426.02	-1.26	-9.18
Tripura	2565.78	2519.65	2573.69	1.83	-0.31
Uttar Pradesh	2231.71	2186.6	2078.4	2.06	7.38
Uttrakhand	2128.83	2961.87	2092.02	-28.13	1.76
West Bengal	2360.64	2353.23	2224.47	0.31	6.12
Average	2680.88	2800.33	2623.01		

Price Projection for July 01st Week in Domestic Market

Duration	Trend	Average Price Range	Reason
01st Week of July, 2016	**Steady**	**Rs.2600-2700/Q**	**Non basmati rice market likely to move steady sentiments due to expectation of good sowing and above average rainfall.**

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-June 2016)**	**25-June 2016)**	**Month Ago(30-May-2016)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	5750	5850	5900	**-1.71**	**-2.54**
1121 Sella	4650	4750	4900	**-2.11**	**-5.10**
1121 Raw	5800	5950	5850	**-2.52**	**-0.85**

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

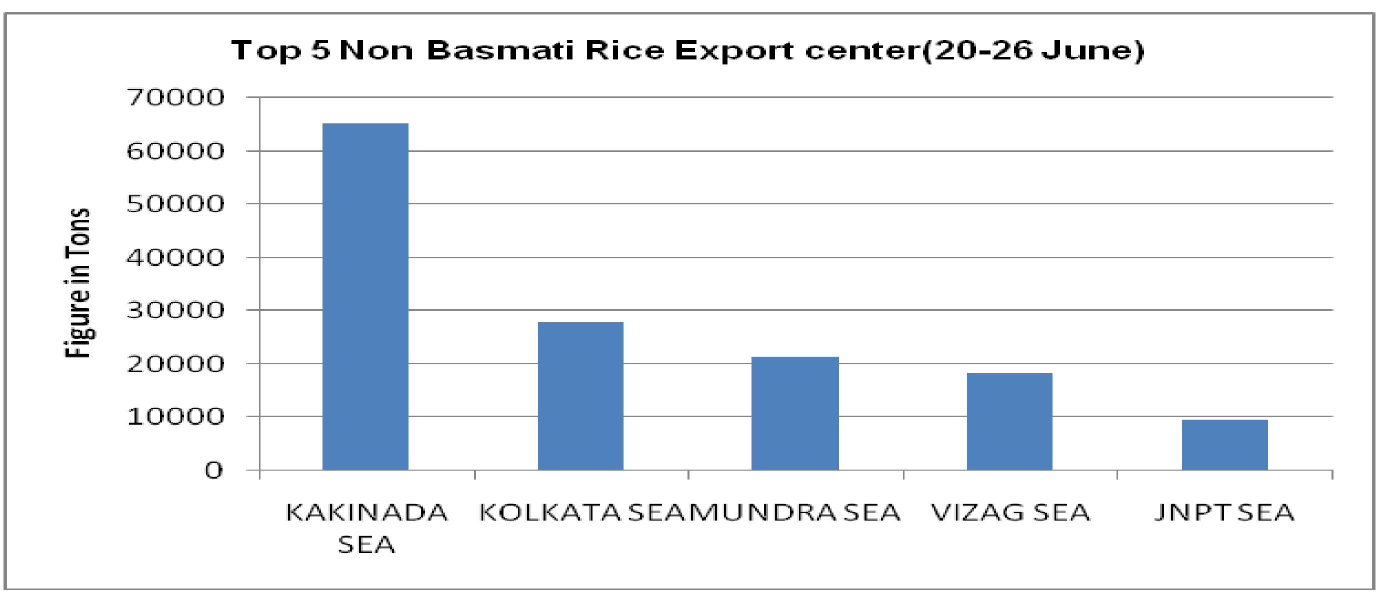
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	**30-June 2016)**	**25-June 2016)**	**Month Ago(30-May-2016)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	375	375	375	**0.00**	**0.00**
White Rice 25%	355	355	345	**0.00**	**2.90**
Parboiled 5%	350	350	355	**0.00**	**-1.41**

Major Importers of Basmati & Non Basmati Rice in 03rd Week of June (20-26 June)-2016

Non-Basmati Rice			Basmati Rice		
Country	**Quantity(Tons)**	**Average of FOB $/Ton**	**Country**	**Quantity(Tons)**	**Average of FOB $/Ton**
BENIN	34027.59	364.83	IRAN	41965.99	789.78
SENEGAL	30288.55	304.26	U A E	17094.62	727.34
NIGERIA	12484.50	395.97	IRAQ	11229.99	715.55
S.AFRICA	12449.53	359.88	SAUDI	8142.84	845.22
TURKEY	9258.15	384.97	KOREA	7070.00	762.43
IVORY COAST	8815.00	347.37	YEMEN	3988.68	803.87
U A E	6236.28	589.51	U K	2023.38	744.18
GUINEA	6211.00	343.07	U S A	1989.04	920.53
DJIBOUTI	5689.00	356.57	TURKEY	1252.49	720.68
SOMALIA	4993.00	349.15	AUSTRALIA	1153.83	614.46
Others	40993.32	498.71	Others	10961.10	861.46
Grand Total	**171445.92**	**491.49**	**Grand Total**	**106871.95**	**804.52**

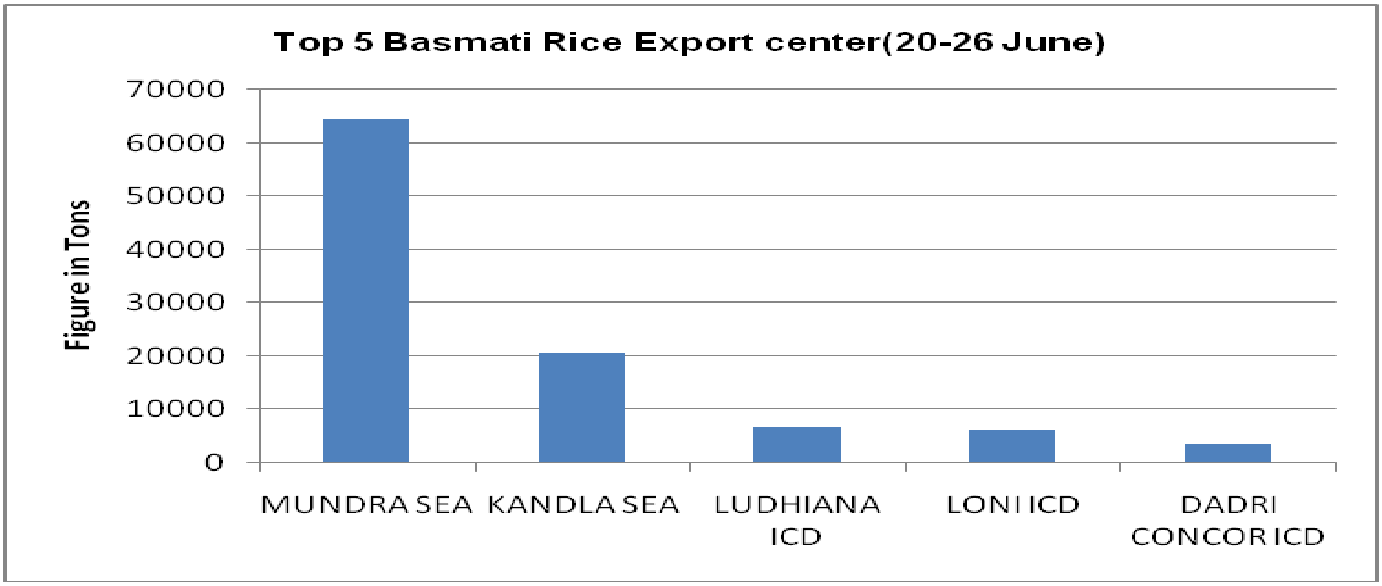
Total Rice exported from India in the 03rd week of June (20-26 June) was 278317.87 tons out of which basmati rice contribute 38.39%, and non-basmati rice is 61.60% in this period with quantity of around 106871.95 tons and 171445.92 tons respectively as per latest data extract from IBIS. Major importers 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, Senegal and Nigeria. Weekly rice exports were up by 4.83% from last week total rice export of 265492.57 tons.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the 03rd week of June was 171445.91 tons. Kakinada Sea, Kolkata Sea and Mundra Sea were the major ports for non-basmati rice export during this period. These five ports cover approx 83% of total export in this period.

Major Basmati Export Sourcing Center



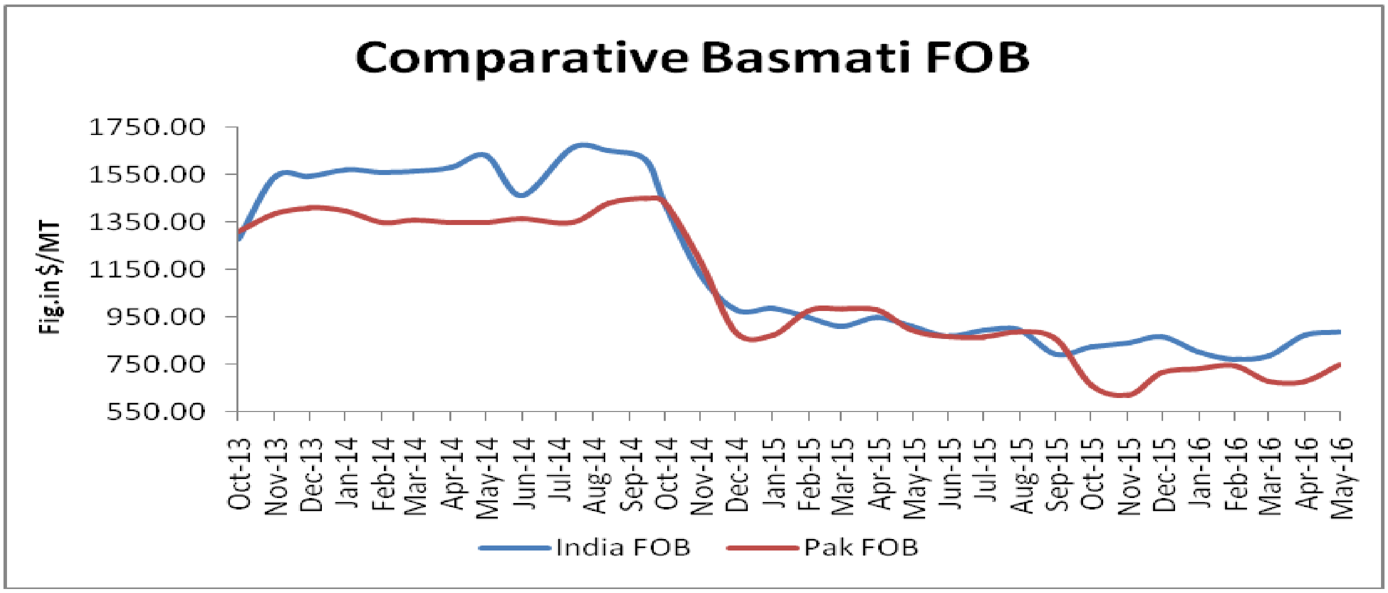
Total basmati Rice export in the 03rd week of June was 106871.95 tons. Mundra Sea, Kandla Sea and Ludhiana ICD, were the major port for basmati rice export center during this period. These three ports cover more than 85% of total export in this period.

State wise Progressive Procurement

State/UTs (in Lakh T)	Total procurement in marketing season 2014-15 (Oct. – Sept.)	Progressive Procurement as on 24.06.2016	
		In Marketing season 2015- 2016	In Marketing season 2014- 2015
AP	35.96	43.05	34.59
Telangana	35.04	15.79	32.72
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	2.22	1.78
Odessa	33.57	33.51	26.53
Punjab	77.86	93.5	77.86
Tamilnadu	10.51	10.90	9.37
U.P	16.98	29.10	16.77
Uttrakhand	4.65	5.97	4.65
West Bengal	20.32	15.65	16.91
Others	17.33	0.53	4.4
Total	**320.4**	**340.40**	**303.91**

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 see a 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 10.35-11.00 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of July,2016	**Steady to Weak**	USD/ Hundred Weight 10.35-11.00

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