Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

Wholesale Prices for India as an average for 01st week of October traded weak by 2.14% from last week. Prices are currently hovering at Rs.2710-2715/*quintal and 3.05% up from price of Rs.2632Quintal during corresponding period last year. Agriwatch expects non-basmati rice market to move range bound with some weak tone in coming week due to fresh arrival from major producing belts.*

The total sown area as on 23th September, 2016 as per reports received from States, stands at 1067.53lakh hectare as compared to *1030.89 lakh hectare at this time last year and total normal area of 1062.50 lakh hectare. It is reported that rice has been sown/transplanted in 387.04 lakh hectare, up by 2.56% from last year till date acreage of 377.35 lakh hectares.*

As per 01st Advance Estimate released by Union Agriculture Minister, Total production of Kharif rice is estimated at 93.88 million tons *which is a new record. This year rice production is higher by 1.1 million tons than previous record production of 92.78 million tons achieved during 2011-12. Production of Kharif rice is also higher by 4.16 million tons and 2.57 million tons over the average production of the last five years and the last year's Kharif rice production respectively.*

Punjab is likely to procure 160 lakh metric tonnes (LMT) of paddy this year. Of this, different procuring agencies like Pungrain would procure *24%, Punsup 23%, Mark fed 23%, Agro 10%, FCI 12%, state's warehousing corporation 08% in all the 1,830 purchase centres set up across the state.*

Among the food grains, the inflation for Cereals has increased to 7.23% from the previous month's level of 7.03%, Rice to 7.76% from *the previous month's level of 4.08% and Wheat 7.27% from the previous month's level of 6.90%. The inflation for Pulses has decreased to 34.55% from the previous month's level of 35.76%.*

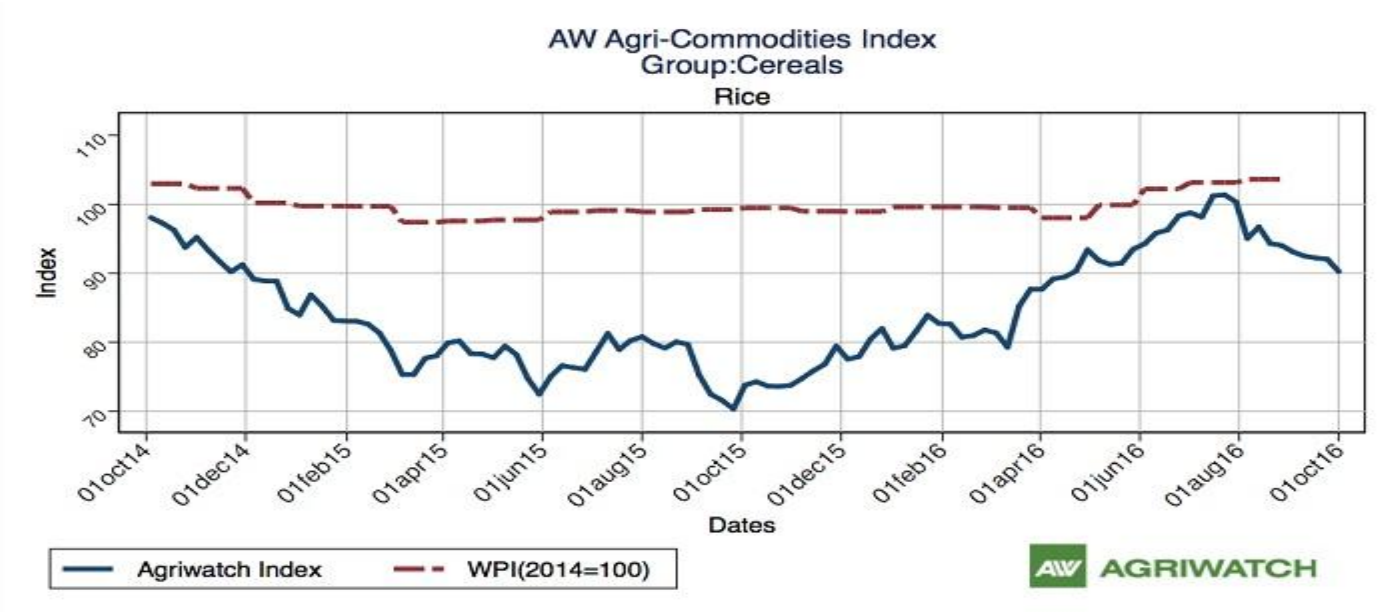
In the monsoon season, at all-India level, the rainfall during the week (08th – 14th September, 2016) has been 29% lower than *the Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period has been lower than LPA by 61% in North West India, 34% in Central India, 9% in East & North East India and 4% in South Peninsula.*

Total Rice exported from India in September was 6.35 lakh tons out of which basmati rice contribute 41.85%, and non-basmati *rice is 58.14% in this period with quantity of around 2.65 lakh tons and 3.69 lakh tons respectively as per latest data extract from IBIS.*

India's rice stocks in the central pool as on September 1, 2016 stood at around 19.73 million tons up by about 12.70% from around *17.51 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are down about 19% from around 24 million tons recorded on August-01, 2016. The current rice stocks are about one million tons more than the required strategic reserve norms of around 1.25 million tons for this time of the year, according to the FCI.*

Paddy arrival in major mandis of Punjab and Haryana starts and mostly 1509 paddy arrival is hitting in the market while other *non-basmati varieties arrivals in limited quantity. Modal price of 1509 paddy is in between Rs.1800-2100/quintal, sugandh paddy price is at Rs.1600-1700/quintal, sarbati paddy is at Rs.1500-1600/quintal and parmal paddy is at Rs.1350-1450/quintal.*

Agriwatch Cereals Commodity Indices – Oct-02, 2016



The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Declines in cereals and vegetables prices offset the gains in pulses and edible oils. 6 of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 101.83 (-1.34%), Pulses: 216.70 (+4.40%), Vegetables: 62.30 (-4.85%), Edible Oils: 116.0 (+0.68%), Oilseeds: 107.67 (-1.83%), Sweeteners (Sugar, Gur & Khandsari): 121.96 (-0.48%), Spices: 135.90 (-0.83%), Fibres: 98.82 (-3.23%) and Other Non-Food Articles: 77.57 (+2.25%)

"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 Oct-2016

Source agmarknet

State	Prices 01-08 Oct 2016	Prices 24-30 Sep 2016	Prices 01-08 Oct 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	2871.82	2983.95	3407.24	-3.76	-15.71
Assam	3055.39	3150.62	3067.71	-3.02	-0.4
Gujarat	3221.75	3255.8	2667.61	-1.05	20.77
Jharkhand	2719.44	2588.77	2551.49	5.05	6.58
Karnataka	3408.92	3345.94	3288.99	1.88	3.65
Kerala	3210.65	3230.89	3104.93	-0.63	3.4
Maharashtra	2826.38	2702.79	3492.78	4.57	-19.08
Manipur	3031.92	3030.96	3219.11	0.03	-5.81

Meghalaya	2692.71	3517.28	3418.3	-23.44	-21.23
Delhi	2000	2000	2000	0	0
Orissa	2221.45	2286.66	2148.1	-2.85	3.41
Tripura	2915.75	2799.6	2659.88	4.15	9.62
Uttar Pradesh	2211.34	2208.43	2094.72	0.13	5.57
Uttrakhand	1867.55	2054.36	1889.15	-9.09	-1.14
West Bengal	2419.56	2412.11	2275.57	0.31	6.33
Average	2711.64	2771.21	2631.19		

Price Projection for Oct 02nd Week in Domestic Market

Duration	Trend	Average Price Range	Reason
02nd Week of Oct, 2016	Steady to Weak	Rs.2600-2750/Q	Non basmati rice market likely to move steady to weak sentiments in coming weeks due to expectation higher arrival from major producing states.

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	**01-Oct-2016)**	**24-Sept- 2016)**	**Month Ago(01-Sept-2016)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	5100	5030	5250	**1.39**	**-2.86**
1121 Sella	3900	4000	4250	**-2.50**	**-8.24**
1121 Raw	5250	5200	5300	**0.96**	**-0.94**

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

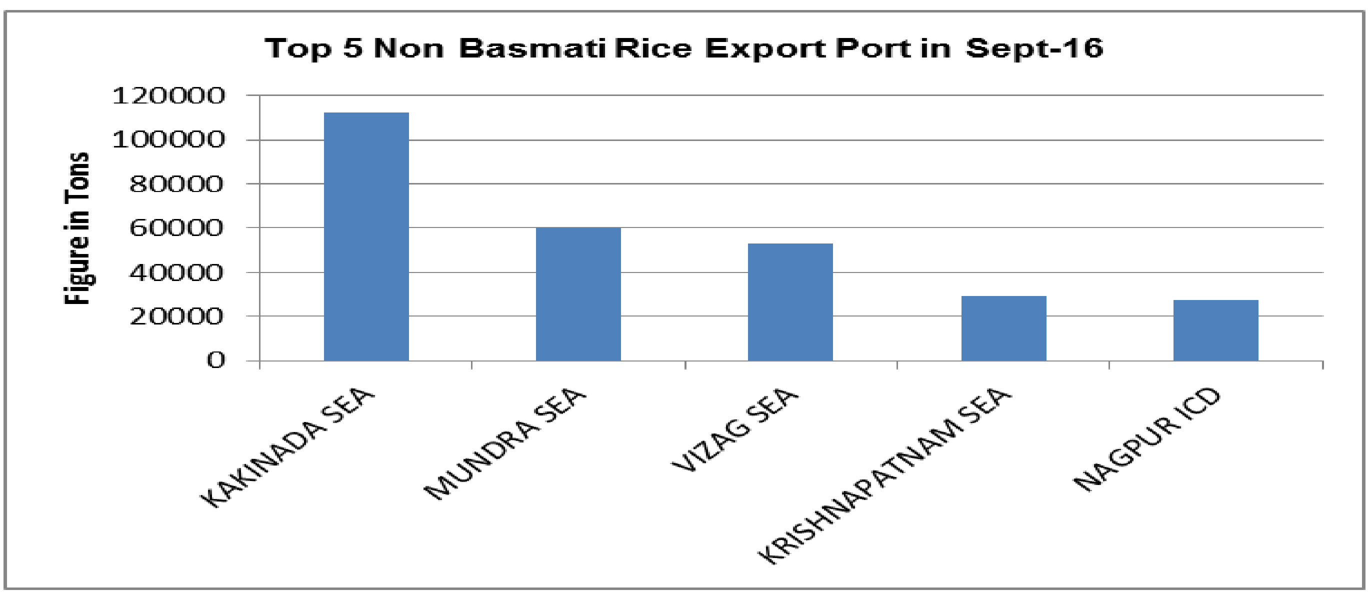
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	**01-Oct-2016)**	**24-Sept-2016)**	**Month Ago(01-Sept-2016)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	365	375	380	**-2.67**	**-3.95**
White Rice 25%	340	345	350	**-1.45**	**-2.86**
Parboiled 5%	360	370	365	**-2.70**	**-1.37**

Major Importers of Basmati & Non-Basmati Rice in Sept -2016

Non-Basmati Rice			Basmati Rice		
Country	**Quantity(Tons)**	**Average of FOB $/Ton**	**Country**	**Quantity(Tons)**	**Average of FOB $/Ton**
BENIN	52958.63	362.65	SAUDI	54197.02	837.13
IRAQ	42995.02	592.74	U A E	48977.06	759.19
IVORY COAST	38951.97	365.97	IRAQ	23821.55	749.71
LIBERIA	32962.00	381.21	KUWAIT	18720.58	900.99
GHANA	23926.00	387.06	YEMEN	15773.33	797.42
MADAGASCAR	19383.25	344.53	IRAN	12623.01	730.42
DJIBOUTI	16454.10	347.74	TURKEY	11682.05	715.27
U A E	14899.37	540.00	QATAR	8608.90	825.17
S.AFRICA	12880.06	355.29	U S A	7230.31	833.04
SOMALIA	9303.45	360.29	U K	6631.12	793.66
Others	104736.72	567.93	Others	57707.22	832.85
Grand Total	**369450.56**	**568.65**	**Grand Total**	**265972.14**	**805.16**

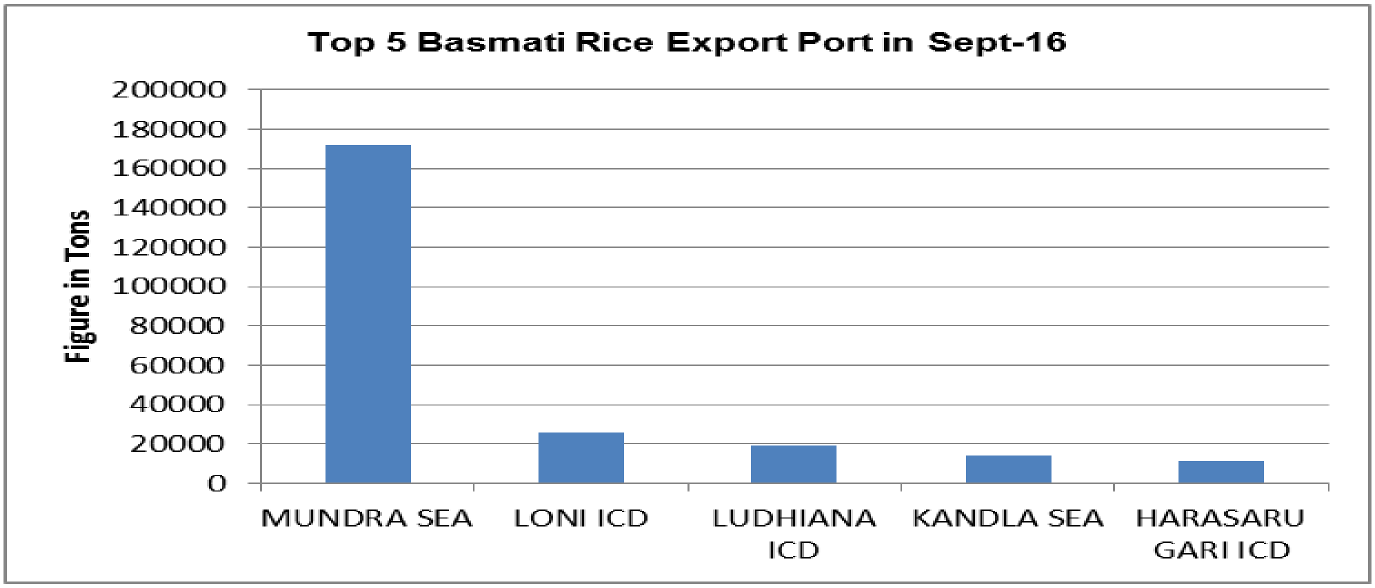
Total Rice exported from India in September was 6.35 lakh tons out of which basmati rice contribute 41.85%, and non-basmati rice is 58.14% in this period with quantity of around 2.65 lakh tons and 3.69 lakh tons respectively as per latest data extract from IBIS.Major importers of Indian Basmati rice in this period were Saudi, 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, Iraq and Ivory Coast.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the month of Sept was 3.69 lakh tons. Kakinada Sea, Mundra Sea and Vizag were the major ports for non-basmati rice export during this period. These five ports cover approx 80% of total export in this period.

Major Basmati Export Sourcing Center



Total basmati Rice export in the month of Sept was 2.65 lakh tons. Mundra Sea, Loni ICD 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 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.

Global Updates

Unofficial preliminary Thailand rice exports (excluding premium white and fragrant rice) for September 19- 25, 2016 totaled 118,867 metric tons, down 4,470 metric tons from the previous week and up 7,208 metric tons from the four-week moving average of 111,659 metric tons. Rice exports from January 1 – September 25, 2016 totaled 2,808,213 metric tons, down 12 percent from the same period last year.

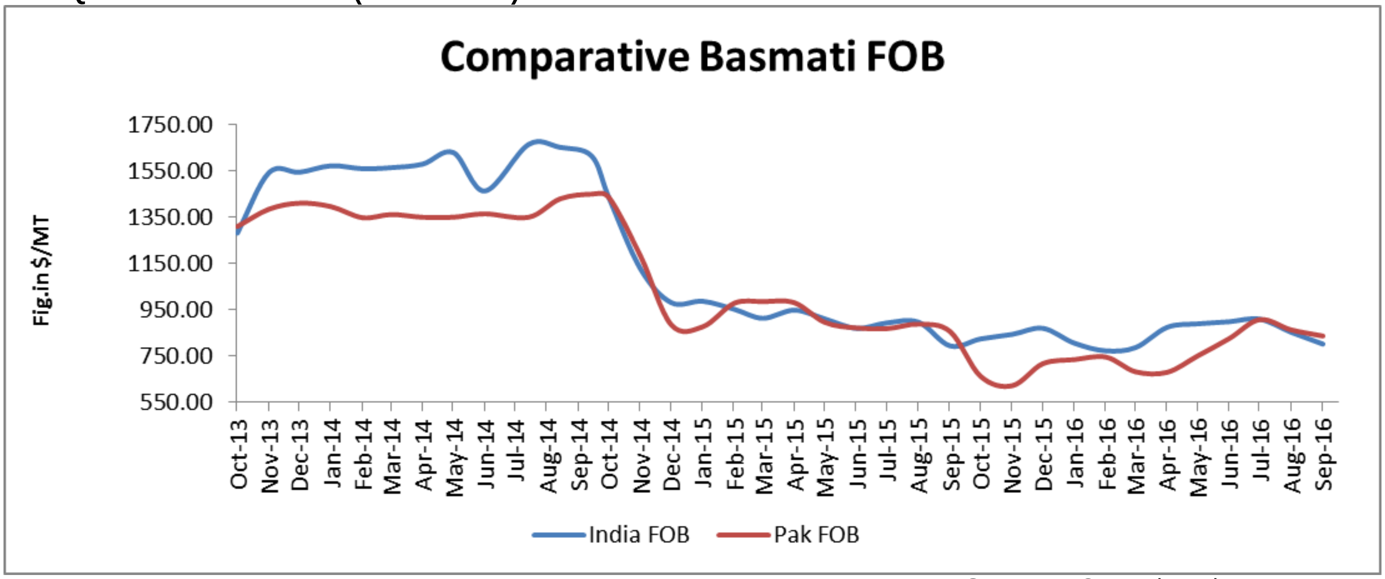
Total rice production in Vietnam for MY 2015/2016 is down about a million tons, due mainly to the impact of drought weather conditions caused by El Nino, which lowered mainly the spring crop production in the Mekong River Delta. The MY 2015/2016 rice export is revised down to 5.7 million tons.

Myanmar is due to sign a memorandum of understanding (MoU) with Indonesia to export 500,000 tons of rice a year until 2019. About 90 percent of rice exports currently go overland to China, but the Myanmar Rice Federation is looking to increase sales to Indonesia, the Philippines and Japan. The Indonesian government initiated a plan to import rice from Myanmar in December 2015, saying that importing rice from Myanmar would serve as backup in case rice imports from Vietnam and Thailand were not adequate to stabilize local prices.

Bangladesh rice production in 2016-17 is forecast marginally lower at 34.51 million metric tons (MMT) on estimated lower planting (11.7 million hectares). Based on the latest customs data, MY 2015/16 rice imports are lowered to 0.22 MMT. MY 2016/17 rice imports are also revised lower to 0.15 MMT on sufficient domestic supplies and uncompetitive imports due to the government decision to raise import duty to 25 percent.

The Ministry of Agriculture and Rural Development (MARD) has ordered Viet Nam's rice exporters to closely control the quality of rice exported to the US, after some exports were rejected. The Ministry of Agriculture and Rural Development (MARD) has required Việt Nam's rice exporters to closely control the quality of rice exported to the US, after some exports were rejected. The main export markets for Vietnamese rice in the first eight months included China, with 1.18 million tonnes, Ghana, with 343,000 tonnes, Indonesia, with 359,000 tonnes, and Cuba, with 294,000 tonnes. The US accounted for a small volume of the total national volume of exported rice, with 22,084 tonnes worth $12.2 million in the first eight months of this year. Rice exports had a strong drop against a volume of 33,000 tonnes, and a value of $18.7 million in the same period last year.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of September moved down from last month and currently is in the range of USD 800-802/MT which is down by around 5.91% from last month price of 851.9USD/T. Average basmati rice price decreased due to fall in buying interest which push the price in southward direction. Pakistani basmati price has also moved down from USD 862.5/MT to 936$/MT, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 836-840/MT which is down by 3.07% from last month FOB of USD 862.5/MT.

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) 25.08.16	Projection 29.09.16
Production	478	480	473	484	482
Trade	42	43	42	40	40
Consumption	478	481	483	482	482
Carryover stocks	114	112	101	116	114
Y-O-Y change	0	-2	-10	2	0
Major Exporters	38	32	20	26	25

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

IGC Rice Balance sheet Highlights

Due to slight downward adjustments for some producers, notably Thailand, the projection of global rice output in 2016/17 is cut by 2m t, to 482m, albeit still up by 2% y/y and an all-time high. Amid record supplies, world carryovers are anticipated to expand to 114m t, as increases in China and other countries more than offset a contraction in the major exporters. Trade in 2017 is predicted broadly unchanged from previously, at about 40m t, a marginal decline y/y, but in line with the prior five-year average.

The outlook for global rice crops is very tentative at this stage of the season but, assuming weather patterns are beneficial in Asian producers, including India, output could expand by 2%, to 482m t. Another increase in food demand is seen boosting consumption, but record supplies should still allow for a marginal increase in global carryovers, to 114m t. Within the total, however, major exporters' inventories are predicted to drop to a nine-year low, largely on a drawdown in Thailand, where the government continues to offload state reserves at competitive prices. Trade is seen at about 40m t, slightly down y/y owing to improving supplies in some buyers, especially in Asia.

IGC Forecast the World Rice Production Up in 2016-17

In its September 2016 Grain Market Report (GMR), the International Grains Council (IGC) forecasts 2016-17 global rice production at around 482 million tons, up about 1.90 % from an estimated 473 million tons in 2015-16 on improved Asian production.

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 Decreases in 2016-17

The IGC forecasts 2016-17 global rice consumption to down about 0.20% to around 482 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 November- 16, Rough Rice)
(Prices in US$/hundredweight)

Market Analysis

The CBOT November month rough chart for rice indicates range bound with some firm movement in last couple of weeks; overall market is in steady tone. We expect market to hover in the range of USD 10.00-10.35 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
02nd Week of Oct,2016	**Steady**	USD/ Hundred Weight 10.00-10.30

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