



Rice Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Weekly Price Change
- ❖ Weekly Rice Export
- ❖ Progressive Procurement
- ❖ FOB-1121 Steam
- ❖ International Rice Market Summary
- ❖ IGC Balance Sheet
- ❖ CBOT Trend

**Outlook and Review:
Domestic Front**

Wholesale Prices for India as an average for 02nd week of December traded firmed by 2.03% from last week. Prices are currently hovering at Rs.2868-28700/quintal and 5.87% up from price of Rs.2708Quintal during corresponding period last year. Agriwatch expects rice market to move in firm tone as cash crunch in the market and thus arrival is lower than previous week.

Total Rice exported from India in November was 4.86 lakh tons out of which basmati rice contribute 44.45%, and non-basmati rice is 55.54% in this period with quantity of around 2.16 lakh tons and 2.70 lakh tons respectively as per latest data extract from IBIS.

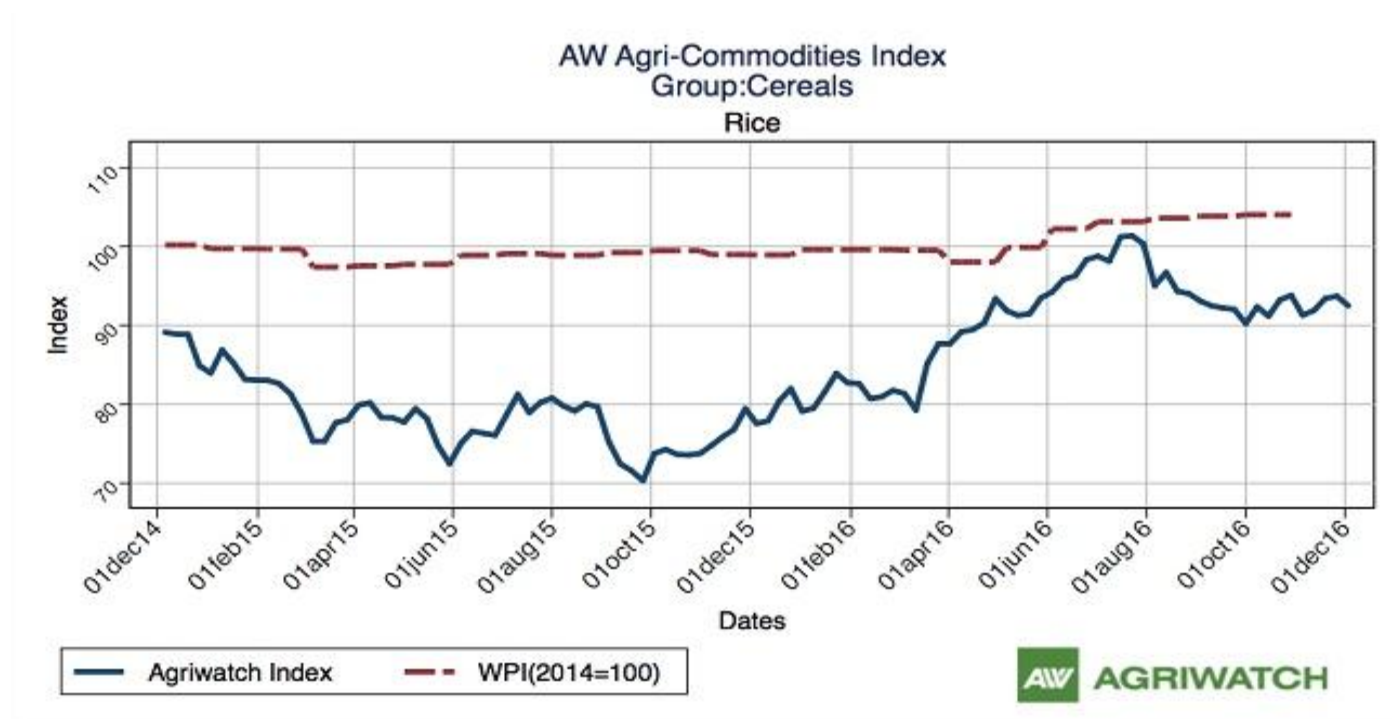
A higher acreage of wheat, pulses and oilseeds has pushed up sowing in the ongoing rabi season by 7.63 per cent to 472.63 lakh hectares (lh), compared with 438.9 lh in the same period last year. However, when compared with the last five years' average sowing, the total acreage this rabi season has gone down by 2.64 per cent, with all crops, apart from pulses, posting lower figures. Sowing of rice and coarse cereals, which comprise a small part of the total rabi sowing so far, was lower this year compared with the previous year. Rice acreage has declined to 8 lh (10.98 lh) and the previous five years' average of 10.02 lh. The government's demonetization drive and the consequent scarcity of cash, however, could affect sowing to some extent, some economists fear.

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.

The All Commodities inflation rate based on Wholesale Price Index (WPI) on a point to point basis for the month of October, 2016, decreased to 3.39% from the level of 3.57% in the month of September, 2016. The inflation rate was (-) 3.70% during the corresponding period of last year. Among the food grains, the inflation for Cereals has decreased to 6.13% from the previous month's level of 6.84%, Rice to 4.57% from the previous month's level of 4.66%, Wheat 6.30% from the previous month's level of 7.01% and Pulses to 21.80% from the previous month's level of 23.99%.

India's rice stocks in the central pool as on November 1, 2016 stood at around 31.2 million tons up by about 20.50% from around 25.89 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 up about 88% from around 16.56 million tons recorded on October-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.

In the post monsoon season, at All-India level, the rainfall during the week (01st – 07th December, 2016) has been 23% lower than the Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period has been higher than LPA by 25% in South Peninsula but lower than LPA by 99% in North-West India, 96% in Central India and East & North East India each.

Agriwatch Cereals Commodity Indices – Nov-06, 2016


The Agriwatch Agri Commodities Index rose 0.44% to 116.24 during the week ended Dec 3, 2016 from 115.72 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

The Index rose despite a sharp 10% fall in the Vegetables Index as 7 of the 9 commodity group sub-Indices and 20 of the 29 individual commodity sub-Indices that constitute the main Index closed higher. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 108.96 (+0.11%), Pulses Index: 213.91 (+2.05%), Vegetables Index: 53.58 (-10.34%), Edible Oils Index: 111.67 (+1.55%), Oilseeds Index: 104.39 (+0.82%), Spices Index: 128.38 (+0.74%), Sweeteners Index: 118.74 (-0.78%), Fibres Index: 105.25 (+1.36%) and Other Non-Food Articles Index: 83.22 (+2.09%).

"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 www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

State wise Wholesale Prices weekly for 02nd Week of Dec-2016

Source Agmarknet

State	Prices 09-15 Dec 2016	Prices 01-08 Dec 2016	Prices 09-15 Dec 2015	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3822.2	4399.83	3224.21	-13.13	18.55
Assam	3213.21	3118	2973.88	3.05	8.05

Bihar			1846.27	—	—
Gujarat	3190.76	3191.56	2786.84	-0.03	14.49
Jharkhand	2684.64	2676.03	2499.91	0.32	7.39
Karnataka	3658.01	3514.36	3489.24	4.09	4.84
Kerala	3239.96	3214.81	3089.99	0.78	4.85
Maharashtra	3210.88	3362.13	3056.33	-4.5	5.06
Manipur	2804.24	2928.36	2553.96	-4.24	9.8
Meghalaya	2536.73	2796.6	3189.54	-9.29	-20.47
Delhi		1500		—	—
Orissa	2406.1	2462.74	2336.71	-2.3	2.97
Punjab		2532.91	2286.08	—	—
Telangana			3680.38	—	—
Tripura	2797.63	2824.73	2643.5	-0.96	5.83
Uttar Pradesh	2218.8	2227.49	2143.32	-0.39	3.52
Uttarakhand	2035.43	1894.04	1987.88	7.46	2.39
West Bengal	2333.89	2331.39	2261.63	0.11	3.2
Average	2868.03	2810.94	2708.8		

Price Projection for December 03rd Week in Domestic Market

Duration	Trend	Average Price Range	Reason
03 rd Week of Dec, 2016	Steady to Firm	Rs.2850-2950/Q	Non-basmati rice market likely to move steady to firm note in coming weeks due to lower arrival as cash crunch in the market.

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	17-Dec 2016)	08-Dec 2016)	Month Ago(17-Nov-2016)	% ch. From last week	% Change from last Month
1121 Steam	6100	5900	5600	3.39	8.93
1121 Sella	5050	4950	4550	2.02	10.99
1121 Raw	6150	5900	5700	4.24	7.89

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

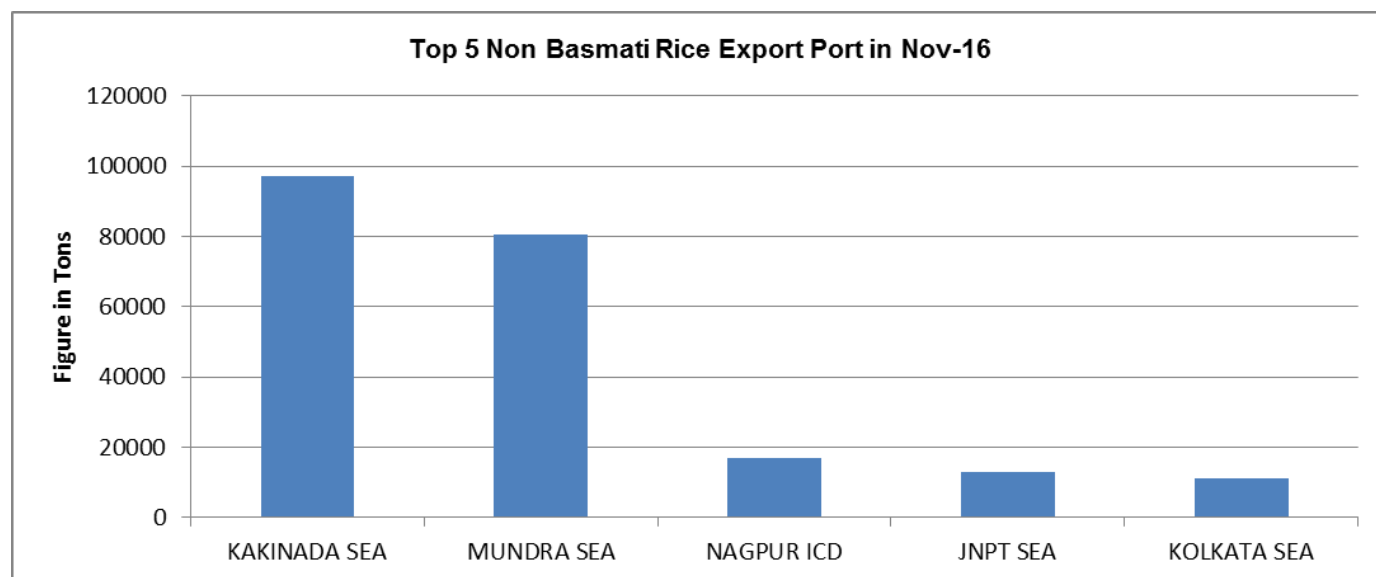
Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	17-Dec 2016)	08-Dec 2016)	Month Ago(17-Nov-2016)	% ch. From last week	% Change from last Month
White Rice 5%	380	375	372	1.33	2.15
White Rice 25%	364	355	354	2.54	2.82
Parboiled 5%	376	370	365	1.62	3.01

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

Non-Basmati Rice			Basmati Rice		
Country	Quantity(Tons)	Average of FOB \$/Ton	Country	Quantity(Tons)	Average of FOB \$/Ton
IRAQ	49974.99	504.89	U A E	60739.35	806.22
GUINEA	30344.25	327.45	SAUDI	39866.78	804.06
CAMBODIA	17625.00	330.65	IRAN	19771.60	667.90
U A E	15889.90	543.21	IRAQ	16439.07	697.79
S.AFRICA	15292.85	413.30	KUWAIT	11780.05	878.37
BENIN	13435.98	358.01	U S A	7154.67	852.12
SAUDI	10640.35	497.27	U K	6217.02	756.40
DJIBOUTI	9671.81	340.26	BAHRAIN	6065.40	847.58
BAHRAIN	8629.19	561.09	QATAR	5063.89	802.87
SOMALIA	6384.50	375.31	NETHERLANDS	4969.43	774.42
Others	93000.87	425.14	Others	38739.91	788.77
Grand Total	270889.69	508.29	Grand Total	216807.16	812.59

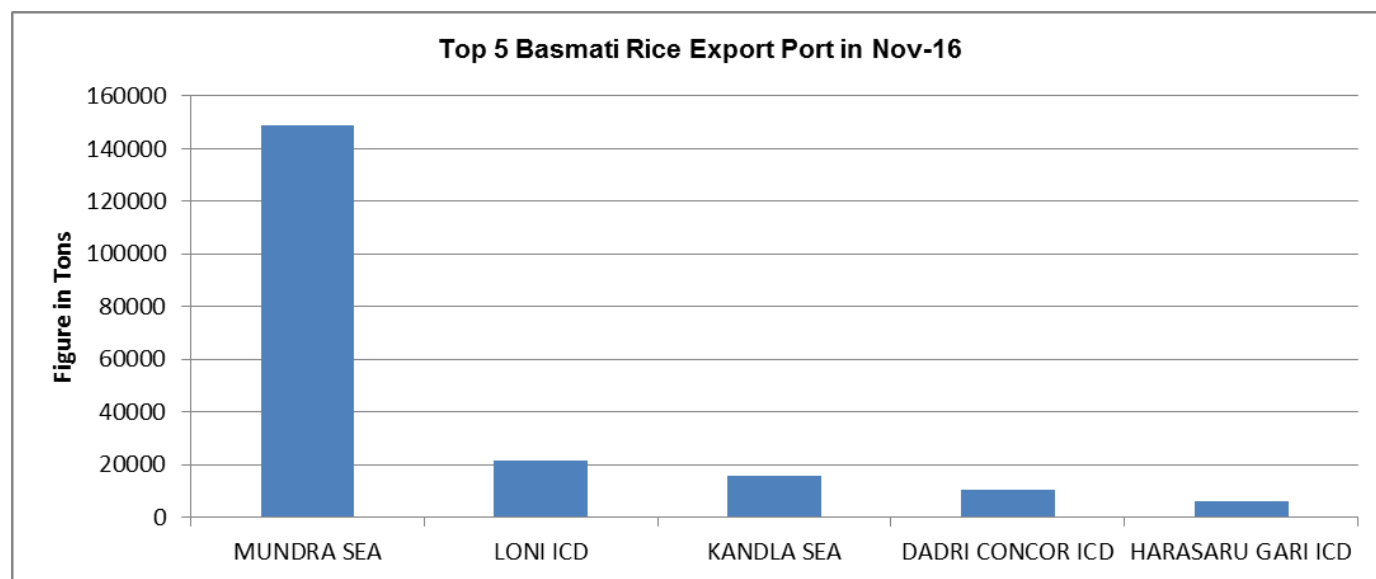
Total Rice exported from India in November was 4.86 lakh tons out of which basmati rice contribute 44.45%, and non-basmati rice is 55.54% in this period with quantity of around 2.16 lakh tons and 2.70 lakh tons respectively as per latest data extract from IBIS. Major importers of Indian Basmati rice in this period were Iraq, Guinea and Cambodia. 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 UAE, Saudi and Iran. Monthly rice exports in the month were down by around 19% from last month export of 5.98 lakh tons.

Major Non-Basmati Export Sourcing Center



Total non-basmati Rice export in the month of November was 2.70 lakh tons. Kakinada Sea, Mundra Sea and Nagpur ICD were the major ports for non-basmati rice export during this period. These five ports cover more than 80% of total export in this period.

Major Basmati Export Sourcing Center



Total basmati Rice export in the month of Nov was 2.16 lakh tons. Mundra Sea, Loni ICD and Kandla 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.

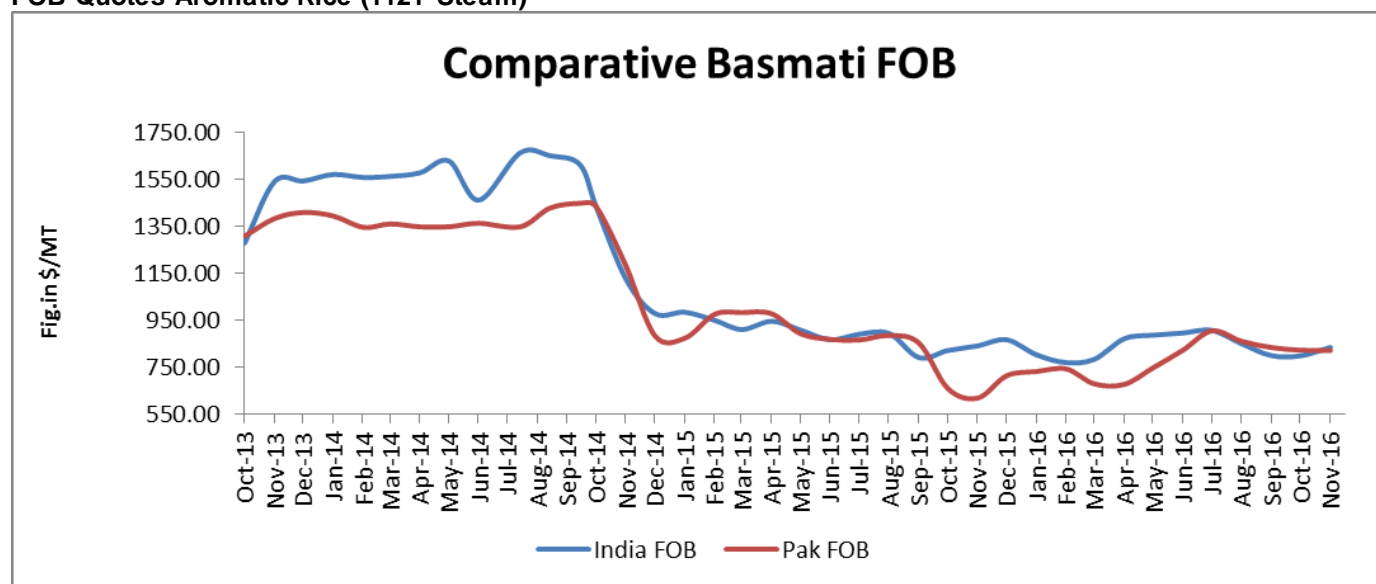
Global Updates

Thai rice export prices hovered around 13-month lows over the past week, attracting more African buyers and leading to dull trade in Vietnam. Currently Thai benchmark 5 percent broken rice prices hovered in between \$345-\$348 /Ton, free-on-board (FOB) basis, from \$345-\$350 /Ton a week ago when they hit their lowest in 13 months. As per market sources, the rainy season may also have an impact on rice prices, The recent rain will prompt farmers to harvest more rice as they fear that their rice will get spoiled and this might have an effect on rice prices. The fall in Thai rice prices has raised concerns among Vietnamese exporters of the grain, as their quotations for the 5 percent broken rice stood at \$350/Ton, FOB basis, against \$350-\$355 last week. Thai rice prices are falling and that could attract African buyers while Vietnam could not do anything because their rice stock has been built at an already high cost. As per trade sources, last week African buyers had already switched to rice offered by Thailand and Pakistan.

Sri Lanka is to import over 250,000 tons of rice to maintain a buffer stock sufficient for one and half months owing to a possible shortage of rice during the first quarter of next year, due to drought. The Government has taken a decision to import rice through the private sector and provide bonded warehouse facilities for them as the country's rice production is expected to drop during the drought period. While the private sector will be allowed to freely import rice, there won't be any imports by the government unlike during the previous regime.

Mali produced a record 2.81 million tonnes of rice in its 2016-17 season, up 20 percent from last year and above an initial crop forecast. The West African country produced 2.33 million tonnes of unprocessed paddy rice last season and forecast 2.71 million tonnes for 2016-17. It now has a projected surplus of 565,000 tonnes. The increase was due to good rainfall, an increase in cultivated areas, the modernization of farming equipment and fertilizer subsidies. Mali is Africa's second largest rice producer behind Nigeria. The rice season includes a production phase from May/June to September/October followed by a marketing phase from October/November to the end of March.

The Philippines' state grains agency has approved permits for local rice traders to import 641,080 tons of the staple grain from Thailand, Vietnam, Pakistan and India. The approved imports, which must be brought in by Feb. 28, 2017, account for 80 percent of the maximum volume of 805,200 tons that private traders are allowed to bring in under an annual country-specific quota scheme. Private traders will import 284,780 tons of rice from Thailand; 294,020 tons from Vietnam; 56,140 tons from Pakistan; and 6,140 tons from India. Fresh demand from the Philippines, one of the world's biggest rice buyers, could underpin export prices particularly in Vietnam and Thailand, traditionally its main suppliers. Rice export prices in India and Vietnam weakened last week on thin demand, but still failed to attract buyers, while prices rose slightly in Thailand amid a slowing harvest.

FOB Quotes Aromatic Rice (1121 Steam)


Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of November moved firm from last month and currently is in the range of USD 835-836/MT which is up by 4.47% from last month price of 812USD/T. Average basmati rice price too firm even with arrival pressure as aromatic rice production estimates is 25-30% lower than last year, according to the UN's Food and Agriculture Organization (FAO). Currently Pakistani basmati FOB is hovering in the range of USD 823-825/MT which is almost same from last month FOB of USD 825/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 29.09.16	Projection (2016-17) 27.10.16
Production	478	480	473	482	484
Trade	42	43	42	40	41
Consumption	478	477	473	482	482
Carryover stocks	114	112	101	114	117
Y-O-Y change	0	-2	-10	0	3
Major Exporters	38	32	20	25	29

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

IGC Rice Balance sheet Highlights

Reflecting upgraded outlooks for some Asian producers, including India, world rice output in 2016/17 is increased by 2m t, to a record of 484m, up by 3% y/y. And with anticipated total use unchanged m/m, the increase is mostly absorbed through a higher figure for stocks; at about 117m t, global inventories are predicted to climb by 2% y/y as a

fall in the major exporters is more than offset by accumulation elsewhere. The prediction of trade in 2017 is lifted slightly, to around 41mt, but is little changed from the previous year.

Should weather patterns be mostly favorable in the coming months, especially in Asia, the 2016/17 world rice outturn could be 3% larger y/y and the biggest on record. Against the backdrop of heavy supplies, consumption is seen at a new peak, while inventories are expected to expand by 2% y/y, to 117m t. Within the total, major exporters' stocks could diminish marginally on another fall in Thailand's reserves, but increases in other countries, including China, are anticipated. Global trade is projected broadly steady y/y in 2017 on solid buying interest from importers in Asia and Africa. India is expected to remain the world's top exporter of rice for the sixth successive year.

IGC Forecast the World Rice Production Up in 2016-17

In its October 2016 Grain Market Report (GMR), the International Grains Council (IGC) forecasts 2016-17 global rice production at around 484 million tons, up about 2 % 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 41 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 up about 1.90% to around 482 million tons from an estimated 473 million tons in 2015-16.

Rice Price Trend @ CBOT January- 17, Rough Rice) (Prices in US\$/hundredweight)



Market Analysis

The CBOT January month rough chart for rice indicates range bound with some weak movement in last couple of weeks; overall market is in steady to weak tone. We expect market to hover in the range of USD 9.33-10.00 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03 rd Week of December,2016	Steady	USD/ Hundred Weight 9.33-10.00

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2016 Indian Agribusiness Systems Pvt Ltd.