



Rice Weekly Research Report

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Outlook and Review:**Domestic Front**

Average weekly wholesale rice prices in India stood at around Rs.3077 per quintal in first week of June-2017, steady about 6.74% from around Rs.2882 per quintal in last week, and up about 6.44% from around Rs.2890 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone in coming month due to expectation of higher international demand.

Prices of Thai rice hit their highest in nearly four years while those of the Vietnamese grain rose to their strongest in more than two years on strong demand from key importing countries. Thailand's benchmark 5-percent broken rice was quoted at \$440-\$457 a tonne, free-on-board (FOB) Bangkok, up from \$430 last week. Thailand has exported 5.09 million tonnes of rice so far this year, up 15.7 percent from the same period last year. In Vietnam, the 5-percent broken rice was quoted at \$395-\$400 a tonne, FOB Saigon, up from \$390 last week and the highest level since November 2014. In India, the world's biggest rice exporter, prices of 5-percent broken parboiled rice climbed by \$2 per tonne to \$415-\$418, as demand from overseas buyers rose.

All-India progressive procurement of Rice as on 01.06.2017 for 2016-17 was 375.46 lakh tonnes against the procurement of 330.61 lakh tonnes in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2017-18 was 298.54 lakh tonnes against the procurement of 229.28 lakh tonnes in the corresponding period of RMS 2016-17.

Due to current political unrest going on in Iran, major importers of 1121 rice are unwilling to buy in prevailing condition. Besides, liquidity crunch also is impacting price of 1121 rice. There is a common view that lower demand may further drag price down by Rs.150-200/quintal in the short term. Major Mills in markets of aromatic rice like Taraori, Kaithal, and Cheeka, 1121 sella traded at Rs.5850-5900/quintal. Paddy markets also traded weak. As new crop is still 4 months away, so market would improve once again from mid-July, by then more than 50 % of stock held with stockiest would be consumed and it would push price up once again in the medium term.

Indian rice exports from October 2016 to March 2017 were estimated at 5.2 MMT compared to 4.8 MMT for the corresponding period last year, largely on strong resurgence in the demand for both Basmati and non-Basmati rice since December 2016. Assuming no significant changes in the price parity for Indian rice during the remaining marketing year, MY 2016-17 exports are likely to reach 11 MMT compared to 10.2 MMT in the previous year. However, any change in the import policy of the major destination country or in the value of Indian rupee against the US dollar may affect the export prospects in the second half of the marketing year. MY 2017-18 rice exports are forecast at 10 MMT on sufficient domestic supplies, assuming continued export demand and international price parity for Indian rice.

Basmati area is expected to up in MY-2017-18 as farmers in Punjab and Haryana is likely to increase their basmati acreage around 50% compared to last year due to higher remuneration. Mostly farmers admitted that they will grow more aromatic paddy instead of normal paddy. In MY-2016-17, only 4.94 lakh hectares were cultivated in Punjab against normal area of 7.5 lakh hectare and 5.75 lakh hectares in Haryana which is around 7.2 lakh hectare is normal for aromatic paddy. Unlikely this year the total cultivation of basmati paddy in both states can go up to 15 lakh hectares, which is higher by around 50% than last year.

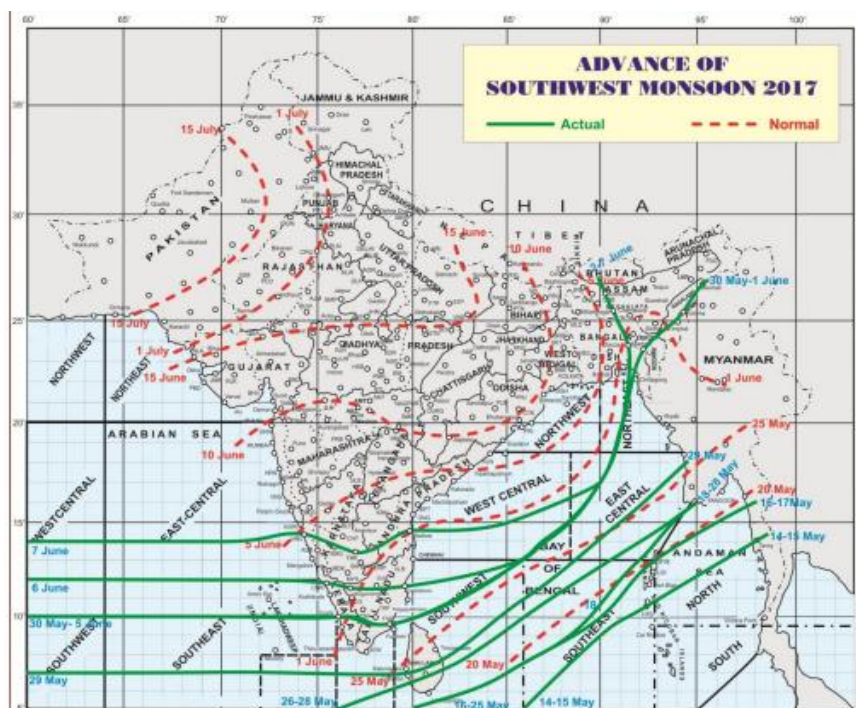
Total production of Rice is estimated at record 109.15 million tonnes which is also a new record. This year's Rice production is higher by 2.50 million tonnes (2.34%) than previous record production of 106.65 million tonnes achieved during 2013-14. It is also higher by 3.73 million tonnes (3.54%) than the five years' average Rice production of 105.42 million tonnes. Production of rice has increased significantly by 4.74 million tonnes (4.54%) than the production of 104.41 million tonnes during 2015-16.

India's rice stocks in the central pool as on May- 1, 2017 stood at around 29.07 million tons up by about 36.35% from around 21.32 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 2.38% from around 29.78 million tons recorded on April-01, 2017. 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.

Weather Watch:

Recently IMD forecast that India's crucial monsoon rains are expected to reach 98 per cent of the long-term average this year, 2% points higher than its previous forecast. Rain very likely at most places over west coast and north-eastern states; at many places over rest Maharashtra, and at a few places over east India. Rain very likely at isolated places over central & peninsular India and Western Himalayan region.

Advance of Southwest Monsoon -2017:



State wise Paddy Crop Situation - Kharif (2017-18) as on 09.06.2017

| State | Normal Area | Normal Area as on date | Area sown reported | | | Absolute Change |
|-------------------|-------------|------------------------|--------------------|-------------|-----------|-----------------|
| | | | This Year | % of Normal | Last Year | |
| Andhra Pradesh | 16.48 | 0.00 | | 0.0 | | 0.00 |
| Arunachal Pradesh | 1.26 | 0.34 | 0.97 | 76.9 | 0.85 | 0.12 |
| Assam | 21.10 | 1.48 | 0.81 | 3.8 | 0.69 | 0.12 |
| Bihar | 30.82 | | 0.00 | 0.0 | 0.00 | 0.00 |
| Chhattisgarh | 37.74 | 0.00 | 0.33 | 0.9 | 0.00 | 0.33 |
| Goa | 0.45 | | | 0.0 | | 0.00 |
| Guajrat | 7.33 | 0.00 | 0.00 | 0.0 | 0.00 | 0.00 |
| Haryana | 12.42 | | | 0.0 | | 0.00 |
| Himachal Pradesh | 0.76 | | | 0.0 | | 0.00 |
| J&K | 2.67 | 0.03 | 0.07 | 2.6 | 0.05 | 0.02 |
| Jharkhand | 12.72 | | | 0.0 | | 0.00 |
| Karnataka | 10.66 | 0.06 | 0.26 | 2.4 | 0.03 | 0.23 |
| Kerala | 1.56 | 0.10 | 0.22 | 14.1 | 0.18 | 0.04 |
| Madhya Pradesh | 18.46 | | | 0.0 | | 0.00 |
| Maharashtra | 15.21 | | | 0.0 | | 0.00 |
| Manipur | 1.02 | | | 0.0 | | 0.00 |
| Meghalaya | 0.96 | | | 0.0 | | 0.00 |
| Mizoram | 0.34 | | | 0.0 | | 0.00 |
| Nagaland | 1.84 | 1.05 | 1.43 | 77.8 | 1.32 | 0.11 |
| Odisha | 38.39 | 0.23 | 0.19 | 0.5 | 0.16 | 0.03 |
| Punjab | 28.48 | | | 0.0 | | 0.00 |
| Rajasthan | 1.41 | | | 0.0 | | 0.00 |
| Sikkim | 0.12 | | | 0.0 | | 0.00 |
| Tamil Nadu | 16.14 | 0.27 | 0.45 | 2.8 | 0.41 | 0.04 |
| Telangana | 10.50 | | | 0.0 | | 0.00 |
| Tripura | 1.98 | 0.08 | 0.36 | | 0.42 | -0.06 |
| Uttar Pradesh | 58.40 | | | 0.0 | | 0.00 |
| Uttarakhand | 2.55 | | | 0.0 | | 0.00 |
| West Bengal | 40.63 | 0.08 | 0.43 | 1.1 | 0.42 | 0.01 |

| | | | | | | |
|-------------------|---------------|-------------|-------------|------------|-------------|-------------|
| Puducherry | 0.13 | | | | | 0.00 |
| Others | 0.29 | | | | | 0.00 |
| All-India | 392.67 | 3.72 | 5.51 | 1.4 | 4.52 | 0.99 |

Preliminary reports of crop coverage in the Kharif season have started coming in. The total paddy sown area as on 09th June-2017, as per reports received from States, stands at 5.51 lakh hectare compared to 4.52 lakh hectare at the corresponding time last year. It is reported that paddy area has been sown/transplanted is up by 22% from last year and higher by around 48% from normal area till date of 3.72 lakh hectares.

State wise Wholesale Prices weekly for 01st Week of June-2017

| State | Prices 01-08 Jun 2017 | Prices 24-31 May 2017 | Prices 01-08 Jun 2016 | % Change(Over Previous Week) | % Change(Over Previous Year) |
|----------------|-----------------------|-----------------------|-----------------------|------------------------------|------------------------------|
| Andhra Pradesh | 4116.45 | 2850.74 | 5336.51 | 44.4 | -22.86 |
| Assam | 3061.4 | 3102.99 | 3119.79 | -1.34 | -1.87 |
| Gujarat | 3285.2 | 3210.08 | 2791.35 | 2.34 | 17.69 |
| Jharkhand | 2747.61 | 2757.81 | 2246.93 | -0.37 | 22.28 |
| Karnataka | 3653.32 | 3559.99 | 3364.08 | 2.62 | 8.6 |
| Kerala | 3723.16 | 3731.02 | 2983.29 | -0.21 | 24.8 |
| Maharashtra | 3197.51 | 3573.37 | 2550.75 | -10.52 | 25.36 |
| Manipur | 3100 | 3021.7 | 3048.12 | 2.59 | 1.7 |
| Meghalaya | 3700 | 3016.48 | 3489.33 | 22.66 | 6.04 |
| Delhi | | 2000 | | — | — |
| Orissa | 2408.53 | 2447.39 | 2272.6 | -1.59 | 5.98 |
| Tripura | 2843.77 | 2816.7 | 2559.19 | 0.96 | 11.12 |
| Uttar Pradesh | 2261.04 | 2231.77 | 2168.53 | 1.31 | 4.27 |
| Uttarakhand | 2486.64 | 2411.22 | 2189.33 | 3.13 | 13.58 |
| West Bengal | 2484.89 | 2500.46 | 2342.88 | -0.62 | 6.06 |
| Average | 3076.39 | 2882.11 | 2890.19 | | |

Price Projection for June 02nd Week in Domestic Market

| Duration | Trend | Average Price Range | Reason |
|-------------------------------------|----------------|----------------------|--|
| 02 nd Week of June, 2017 | Steady to Firm | Rs.3050-3200/Quintal | Non-basmati rice market likely to move steady to firm note in coming weeks due to lower arrival and good domestic as well overseas demand. |

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 | 09-Jun-2017) | 03-Jun-2017) | Month Ago(09-May-2017) | % ch. From last week | % Change from last Month |
| 1121 Steam | 6900 | 7100 | 7150 | -2.82 | -3.50 |
| 1121 Sella | 5750 | 5900 | 6200 | -2.54 | -7.26 |
| 1121 Raw | 7000 | 7000 | 7300 | 0.00 | -4.11 |

Weekly Price (FOB) Change of Rice 5-25% broken high quality (Figure in USD/ MT):

| Indian White Rice 5%, 25% High Quality, Long grain parboiled 5% | | | | | |
|---|--------------|--------------|------------------------|----------------------|--------------------------|
| Variety | 09-Jun-2017) | 03-Jun-2017) | Month Ago(09-May-2017) | % ch. From last week | % Change from last Month |
| White Rice 5% | 430 | 400 | 400 | 7.50 | 7.50 |
| White Rice 25% | 390 | 385 | 395 | 1.30 | -1.27 |
| Parboiled 5% | 420 | 410 | 400 | 2.44 | 5.00 |

Rice Export Price Destination wise (CnF) for 05th June-2017:

| USD/MT | Parboiled Rice | | | | White Rice | | 100% Broken |
|--------------|----------------|-------------|-------------|-------------|------------|------------|---------------|
| Destination | Vizag | KPT | Bengal | | Bengal | | Raipur |
| | IR 36 PB-5% | IR-64-PB-5% | IR 36 PB-5% | Swarna PB5% | Swarna 5% | Swarna 25% | Normal Broken |
| Cotonou | 462 | 469 | 459 | 460 | 448 | 421 | 390 |
| Lorne | 464 | 469 | 461 | 461 | 450 | 423 | 392 |
| Tema | 466 | 469 | 461 | 461 | 450 | 423 | 394 |
| Dakar | 471 | 476 | 470 | 470 | 459 | 432 | 400 |
| Banjul | 500 | 502 | 491 | 491 | 481 | 453 | 429 |
| Bissau | 498 | 501 | 497 | 497 | 486 | 459 | 427 |
| Conakry | 478 | 486 | 474 | iuu474 | 463 | 436 | 407 |
| Durban | 446 | 450 | 453 | 453 | 442 | 415 | 375 |
| Abidjan | 464 | 467 | 463 | 463 | 452 | 425 | 393 |
| Nacala | 462 | 469 | 461 | 461 | 450 | 423 | 390 |
| Maputo | 462 | 469 | 461 | 461 | 450 | 423 | 390 |
| Dar-es-salam | 444 | 451 | 443 | 444 | 433 | 405 | 373 |
| Freetown | 477 | 484 | 476 | 477 | 465 | 438 | 406 |
| Luanda | 493 | 500 | 491 | 492 | 481 | 453 | 421 |
| Monrovia | 477 | 484 | 476 | 477 | 465 | 438 | 406 |

Major Mandi Arrival in May-2017

Figure in Tons

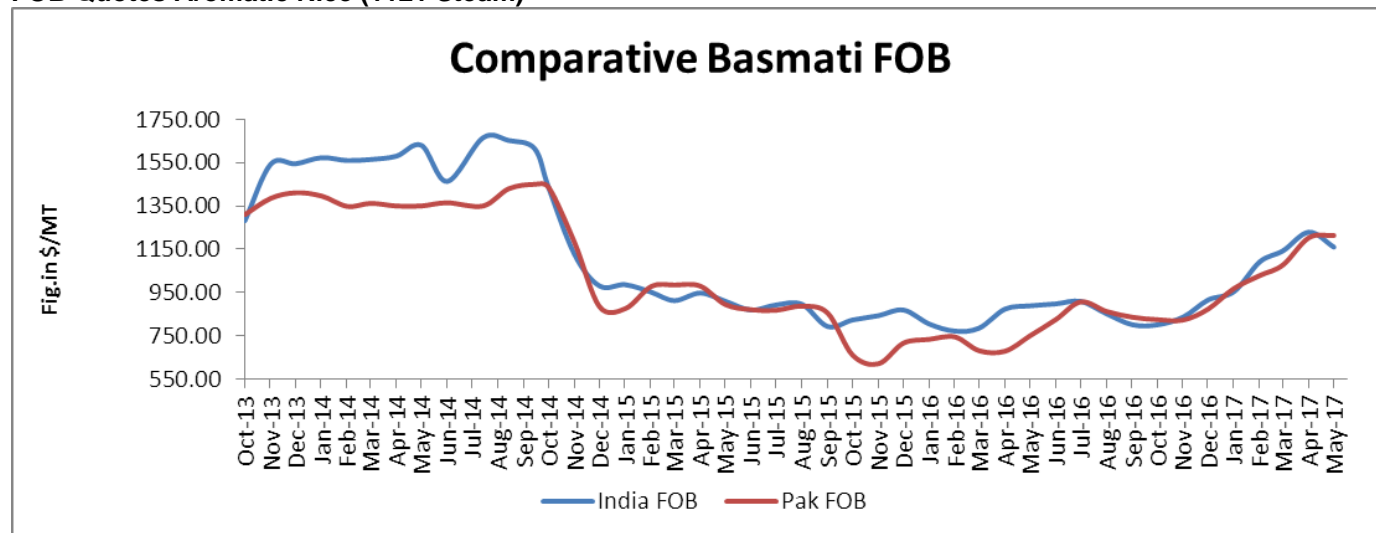
| Fig. in Tons Mandi | May-17(Cumulative) | Apr-17(Cumulative) | May-16-Cumulative) | % Change(Over Previous Month) | % Change(Over Previous year) |
|--------------------|--------------------|--------------------|--------------------|-------------------------------|------------------------------|
| Burdwan | 124256.61 | 114110.61 | 99937.72 | 8.89 | 24.33 |
| Midnapore | 4264.13 | 3903.05 | 3647.99 | 9.25 | 16.89 |
| Banaganapalli | 15688.45 | 15298.45 | 15080.17 | 2.55 | 4.03 |
| Ramachandrapuram | 3733.75 | 3463.75 | 3178.75 | 7.80 | 17.46 |
| Devariya | 31612.94 | 30193.94 | 25195.43 | 4.70 | 25.47 |
| Sitapur | 28352.8 | 27969.76 | 25113.76 | 1.37 | 12.90 |
| Mysore | 60528.02 | 53044.97 | 43232.97 | 14.11 | 40.00 |
| Raichur | 178022.03 | 119322.03 | 61624 | 49.19 | 188.88 |
| Villupuram | NA | #VALUE! | #VALUE! | #VALUE! | #VALUE! |
| Thiruchirappalli | NA | #VALUE! | #VALUE! | #VALUE! | #VALUE! |

State wise Progressive Procurement

| State/UTs (in Lakh T) | Total procurement in marketing season 2015-16 (Oct. – Sept.) | Progressive Procurement as on 01.06.2017 | |
|--------------------------|--|--|-----------------------------|
| | | In Marketing season 2016-17 | In Marketing season 2015-16 |
| AP | 43.36 | 35.72 | 42.12 |
| Telangana | 15.79 | 33.27 | 15.52 |
| Chhattisgarh | 34.42 | 46.62 | 34.42 |
| Haryana | 28.61 | 35.83 | 28.61 |
| Kerala | 3.82 | 3.07 | 3.75 |
| M.P | 8.49 | 13.14 | 8.41 |
| Maharashtra | 2.3 | 2.62 | 1.61 |
| Odessa | 33.69 | 29.57 | 27.88 |
| Punjab | 93.5 | 110.52 | 93.5 |
| Tamilnadu | 11.92 | 1.41 | 10.55 |
| U.P | 29.1 | 23.54 | 29.10 |
| Uttrakhand | 5.98 | 7.06 | 5.97 |
| West Bengal | 15.68 | 18.75 | 13.84 |
| Others | 1.81 | 0 | 3.76 |
| Total | 342.18 | 375.46 | 330.61 |

Riding a record harvest, public rice procurement in MY 2016/17 through June 01, 2017, was estimated at 37.54 MMT, an increase over the 33.06 MMT procured during the corresponding period last year. All major rice producing states procured at higher levels except for the southern states of Andhra Pradesh, and Tamil Nadu where dry conditions affected production levels. With additional procurement of rabi and summer rice likely to continue in eastern and southern states, although less than last year, public rice procurement in MY 2016/17 is already exceed the previous record 36 MMT in MY 2009/10.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of May moved weak from last month and currently is in the range of USD 1159-1160/MT which is down by 5.63% from last month price of USD 1229/T. Average basmati rice price too frail this month with lower demand even with lower stocks, however overall sentiments for basmati rice price remains firm in coming months. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving firmer from last eight months due to lower production estimates and now it's hovering in the range of USD 1213-1215/MT which is also up by 0.84% from last month FOB of USD 1203/MT.

Global Updates

Recently Thailand sold 1.66 million tons of rice worth \$49 million from state stockpiles. World's second-biggest rice exporter after India, Thailand still has stocks of about 3 million tons left over from the previous government's rice-buying scheme, which paid farmers well above market rates. Thailand officially aims to export 9.5 million tons of rice this year, but the commerce ministry said 10 million tons was also achievable. Thailand's benchmark 5-percent broken rice was quoted at \$440-\$457 a tonne, free-on-board (FOB) Bangkok, up from \$430 last week. Thailand has exported 5.09 million tonnes of rice so far this year, up 15.7 percent from the same period last year.

Unofficial preliminary Thailand rice exports (excluding premium white and fragrant rice) for May 15-21, 2017, totaled 178,401 metric tons, down 24,234 metric tons from the previous week, and down 7,941 metric tons from the four-week moving average of 186,342 metric tons. Rice exports from January 1 – May 21, 2017 totaled 3,334,380 metric tons.

Due to current political unrest going on in Iran, major importers of 1121 rice are unwilling to buy in prevailing condition. Besides, liquidity crunch also is impacting price of 1121 rice. There is a common view that lower demand may further drag price down by Rs.150-200/quintal in the short term. Major Mills in markets of aromatic rice like Taraori, Kaithal, and Cheeka, 1121 sella traded at Rs.5850-5900/quintal. Paddy markets also traded weak. As new crop is still 4 months away, so market would improve once again from mid-July, by then more than 50 % of stock held with stockiest would be consumed and it would push price up once again in the medium term.

The Philippines is likely to import an additional 250,000 tonnes of rice from Việt Nam and Thailand. The country would import more rice to boost its stocks ahead of the lean harvest season. Rice inventory in the Philippines is running low, with government stockpiles shrinking to the least in more than three years in April, just enough to cover 10 days of the national requirement.

Rice Exporters Association of Pakistan (REAP) and Jeddah Chamber of Commerce and Industry (JCCI) Saudi has signed a memorandum of understanding (MoU) for long-term institutional collaboration between the two trade bodies. The 14-member joint delegation of REAP and Pak-Saudi Joint Chamber of Commerce & Industry (PSJCCI) is visiting Saudi Arabia from 11-19 May, 2017, as part of trade promotion activities to increase export of rice to the Kingdom of Saudi Arabia

MY 2017/18 Pakistan rice production is forecast at 6.9 million metric tons, 1.5 percent above the current year's updated production. Area is expected to increase marginally from the revised official 2016/17 area. MY 2016/17 production is adjusted downwards to 6.8 million tons, in accordance with Government of Pakistan figures. Production and yields during the last three years have been good with little fluctuation. This is due in part to the deposit of a nutrient rich top layer of soil as a result of several floods in recent years.

IGC Rice Balance Sheet

(Fig. In Million Tons)

| Attributes (Fig in Million Tons) | 2014-15 Estimate | 2015-16 Estimate | 2016-17 F'cast (23.02.17) | 2017-18 Proj. 27.04.2017 | (2017-18) Proj. 25.05.2017 |
|--------------------------------------|---------------------|---------------------|---------------------------------|--------------------------------|----------------------------------|
| Production | 480 | 472 | 484 | 487 | 487 |
| Trade | 42 | 39 | 40 | 41 | 41 |
| Consumption | 476 | 474 | 483 | 485 | 488 |
| Carryover stocks | 119 | 118 | 119 | 120 | 119 |
| Y-O-Y change | 4 | -1 | 1 | - | 0 |
| Major Exporters | 37 | 32 | 31 | 30 | 28 |

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

IGC Rice Balance sheet Highlights

The incorporation of official data for India raises the forecast for world rice output in 2016/17 to a record of 484m t (+2% y/y). The 2017/18 crop outlook is maintained at a high of 487m t. But, due to increased total use m/m, aggregate end-season stocks are predicted fractionally lower than previously, at 119m t, albeit steady y/y. Within the total, major exporters' inventories could fall by 9% y/y. Traded volumes in 2018 are projected little changed from April, at 41m t. Mainly on bigger crops in Asia, where conditions showed a marked improvement on the previous season, world rice output in 2016/17 is placed at 484m t, up by 12m y/y. The outlook for 2017/18 is provisional but, assuming modest area expansion in some producers, the global outturn could edge up to a new peak. Tied to continued population increases in Asia and Africa, growth in food use is expected to underpin record uptake. Aggregate stocks are projected steady y/y, but major exporters' carryovers could drop by 9%, including another reduction in Thailand, to a nine-year low of 4.7mt. assuming supplies are ample and attractively priced, traded volumes are predicted to remain high.

IGC Forecast the World Rice Production Up in 2017-18

In its May 2017 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2017-18 global rice production at around 487 million tons, up about 0.82% from an estimated 484 million tons in 2016-17 on improved Asian production.

Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2017-18 global rice trades at around 41 million tons, unchanged from its estimates for 2016-17. It expects world rice trade in 2017 to remain same on normal demand from buyers in Africa and Asia.

Global Consumption of Rice Increases in 2016-17

The IGC forecasts 2017-18 global rice consumption to up about 0.8% to around 485 million tons from an estimated 482 million tons in 2016-17

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

Market Analysis

The CBOT July-17 month rough chart for rice indicates firm movement from last month. We expect market to hover in the range of USD 10.50-11.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

| Duration | Trend | Price Range |
|-------------------------------------|----------------|------------------------------------|
| 02 nd Week of June, 2017 | Steady to Firm | USD/ Hundred Weight 10.50-11.50 |

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