Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

***Average weekly wholesale rice prices in India stood at around Rs.2910 per quintal in fourth week of June-2017, weak about 4.8**% from around Rs.3058 per quintal in last week, and up about 8.52% from around Rs.2682 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 and lower stock.*

***Due to recent introduced Goods & Service tax in India, trading activities are sluggish as traders are still trying to** understand various aspects of GST. Loose and unbranded Rice came under 0% category; however branded rice came under 5% GST. Exporters are active recently due to down in rice price which push the rice price up by Rs.200-300/quintal and it is expected that prices will move further up by Rs.400-500/quintal.*

***All-India progressive procurement of Rice as on 23.06.2017 for 2016-17 was 385.29 lakh tonnes against the procurement** of 340.12 lakh tonnes in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2017-18 was 307.91 lakh tonnes against the procurement of 229.62 lakh tonnes in the corresponding period of RMS 2016-17.*

***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.*

***Among the food grains, the inflation for Paddy has decreased to 6.33% from the previous month's level of 8.29%. The inflation** for Cereals has decreased to 4.15% from the previous month's level of 6.88%, Pulses to (-) 19.73% from the previous month's level of (-) 13.64% and Wheat to 2.23% from the previous month's level of 6.09%.*

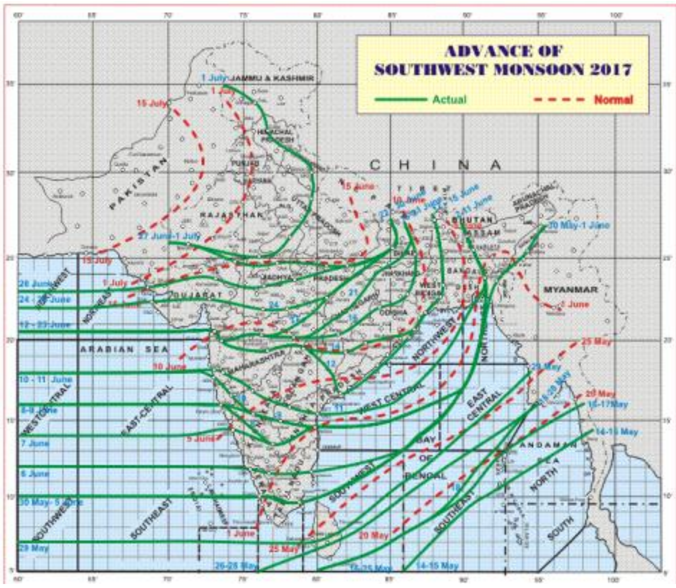
***The total sown area as on 30th June 2017, as per reports received from States, stands at 222.30 lakh hectare as compared** to 187.03 lakh hectare at this time last year. It is reported that rice has been sown/transplanted in 38.93 lakh ha, pulses in 18.80 lakh ha, coarse cereals in 38.12 lakh ha, sugarcane in 47.52 lakh hectare and cotton in 46.10 lakh ha.*

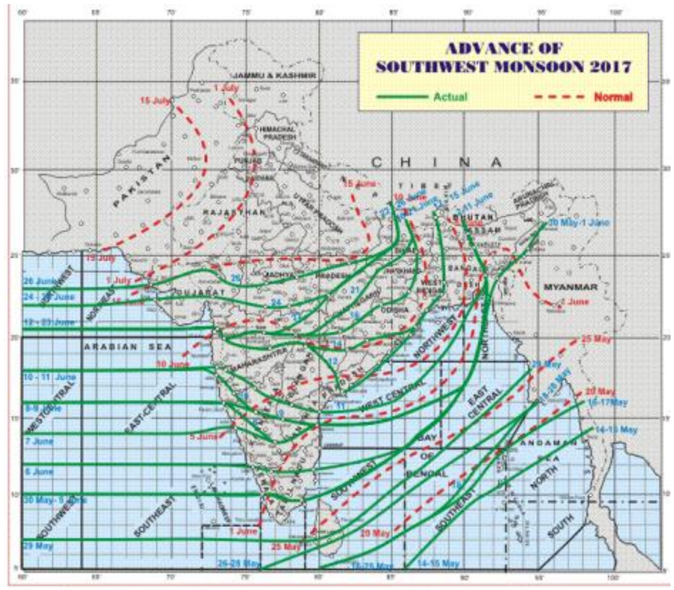
***India's rice stocks in the central pool as on June- 1, 2017 stood at around 28.84 million tons up by about 6% from around 27.21** million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are down about 0.79% from around 29.07 million tons recorded on May-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.*

***In the monsoon season, at All-India level, the rainfall during the week (15th June, 2017 – 21st June, 2017) has been 11%** lower than Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period have been higher than LPA by 35% in North West India & 2% in East & North East India but lower than LPA by 38% in Central India and 9% in South Peninsula.*

Weather Watch:

Advance of Southwest Monsoon This week Vs. Previous Week-2017:





Heavy rain very likely at isolated places over Uttarakhand, Uttar Pradesh, Rajasthan, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, Odessa, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Coastal Andhra Pradesh, Coastal Karnataka, South Interior Karnataka and Lakshadweep. The southwest monsoon has further advanced into remaining parts of Bihar, most parts of Madhya Pradesh & Uttar Pradesh and some more parts of Rajasthan, many parts of Uttrakhand, Himachal Pradesh and Jammu & Kashmir.

State wise Paddy Crop Situation - Kharif (2017-18) as on 30.06.2017

State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.68	0.39	0.42	2.7	0.45	-0.03
Arunachal Pradesh	1.27	0.66	1.31	102.4	1.28	0.02
Assam	20.91	2.49	1.89	9.0	3.10	-1.21
Bihar	31.64	0.98	0.90	2.8	0.98	-0.08
Chhattisgarh	37.97	5.91	2.42	6.4	0.66	1.76
Goa	0.44	0.10		0.0		0.00
Guajrat	7.35	0.19	0.05	0.7	0.18	-0.13
Haryana	12.64	4.16	1.92	15.2	3.04	-1.12
Himachal Pradesh	0.75	0.41	0.53	70.8	0.25	0.28
J&K	2.75	0.51	0.33	12.0	0.23	0.10
Jharkhand	14.46	0.30	0.04	0.3	0.00	0.04
Karnataka	10.36	1.29	1.05	10.1	1.30	-0.25

Kerala	1.54	0.65	0.44	28.7	0.48	-0.04
Madhya Pradesh	19.30	0.91	0.69	3.6	0.05	0.64
Maharashtra	15.18	0.63	0.57	3.8	0.77	-0.20
Manipur	0.68	1.16	0.68	100.0	0.60	0.08
Meghalaya	0.97	0.38	0.20	20.7	0.30	-0.10
Mizoram	0.33	0.36	0.20	61.2	0.36	-0.16
Nagaland	1.87	1.22	1.74	93.1	1.67	0.07
Odisha	37.94	5.49	3.54	9.3	3.83	-0.29
Punjab	28.77	15.64	13.50	46.9	14.00	-0.50
Rajasthan	1.51	0.16	0.16	10.6	0.10	0.06
Sikkim	0.11	0.03		0.0		0.00
Tamil Nadu	16.31	0.77	0.84	5.1	1.01	-0.18
Telangana	9.75	0.18	0.20	2.1	0.22	-0.02
Tripura	1.98	0.24	0.36	18.0	0.42	-0.06
Uttar Pradesh	58.79	3.71	1.34	2.3	0.21	1.13
Uttarakhand	2.51	1.37	1.85	73.8	1.90	-0.05
West Bengal	41.91	1.21	1.76	4.2	1.68	0.08
Puducherry	0.13			7.8		0.00
Others	0.29	0.06	0.01		0.01	0.00
All-India	**395.94**	**51.56**	**38.93**	**9.8**	**39.08**	**-0.15**

Preliminary reports of crop coverage in the Kharif season have started coming in. The total paddy sown area as on 30th June-2017, as per reports received from States, stands at 38.93 lakh hectare compared to 39.08 lakh hectare at the corresponding time last year. It is reported that paddy area has been sown/transplanted is down by 0.39% from last year and lower by around 25% from normal area till date of 51.56 lakh hectares.

State wise Wholesale Prices weekly for 04th Week of June-2017

State	Prices 24-30 Jun 2017	Prices 16-23 Jun 2017	Prices 24-30 Jun 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3888.05	4397.62	3368.75	-11.59	15.42
Assam	3086.7	3183.36	3143.59	-3.04	-1.81

Gujarat	3178.24	3175.84	2962.54	0.08	7.28
Jharkhand	2748.15	2739.52	2593.6	0.32	5.96
Karnataka	3652.52	3652.65	3344.35	0	9.21
Kerala	3840.08	3837.88	3064.19	0.06	25.32
Maharashtra	3360.56	3382.38	2336.07	-0.65	43.86
Manipur	3100	3067.98	3059.62	1.04	1.32
Meghalaya	2936.27	3054.04	3428.99	-3.86	-14.37
Delhi	1850		1700	__	8.82
Orissa	2390.03	2355.4	2202.81	1.47	8.5
Tripura	2848.26	2845.9	2565.78	0.08	11.01
Uttar Pradesh	2243.88	2254.61	2236.29	-0.48	0.34
Uttrakhand	2009.49	2339.22	2128.83	-14.1	-5.61
West Bengal	2517.64	2522.29	2366.2	-0.18	6.4
Average	2909.99	3057.76	2681.35		

Price Projection for July 01st Week in Domestic Market

Duration	Trend	Average Price Range	Reason
01st Week of July, 2017	Steady	Rs.3100-3250/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	**03-July-2017)**	**27-Jun-2017)**	**Month Ago(03-June-2017)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	6500	6400	7100	**1.56**	**-8.45**
1121 Sella	5500	5550	5900	**-0.90**	**-6.78**
1121 Raw	6700	6700	7000	**0.00**	**-4.29**

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	03-July-2017)	27-Jun-2017)	Month Ago(03-June-2017)	% ch. From last week	% Change from last Month
White Rice 5%	430	450	445	-4.44	-3.37
White Rice 25%	395	405	395	-2.47	0.00
Parboiled 5%	450	460	435	-2.17	3.45

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-Cumullatiive)	% 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

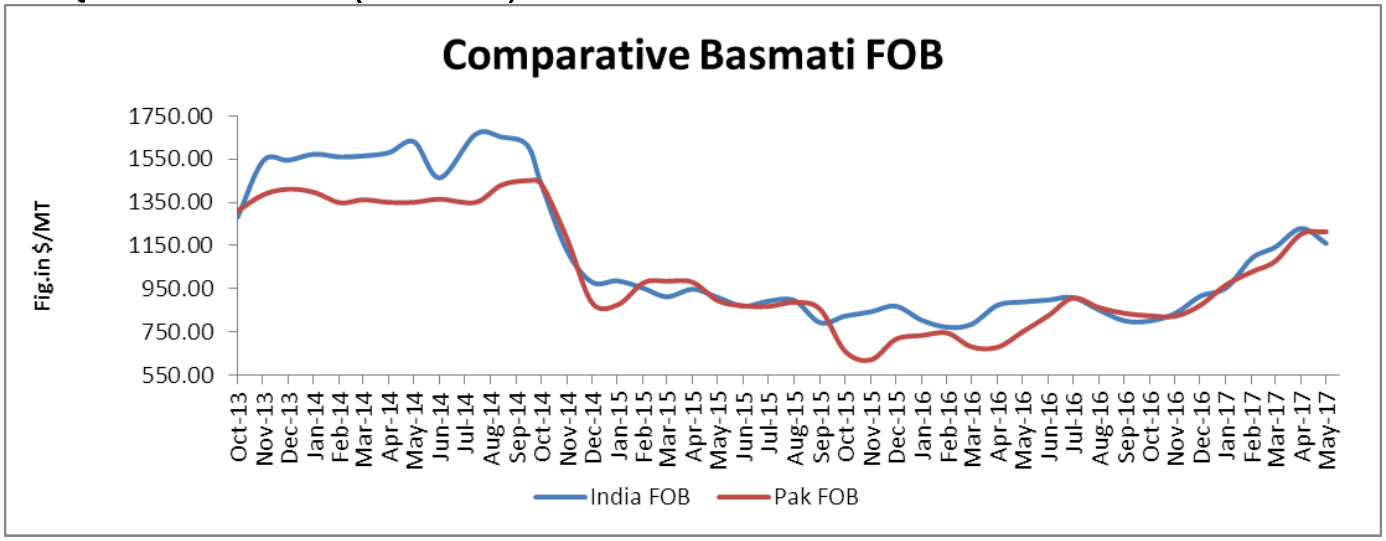
Devariya	31612.94	30193.94	25195.43	**4.70**	**25.47**
Sitapur	28352.8	27969.76	25113.76	**1.37**	**12.90**
Mysore	60528.02	53044.97	43232.97	**14.11**	**40.00**
Raichur	178022.03	119322.03	61624	**49.19**	**188.88**
Villupuram	NA	#VALUE!	#VALUE!	**#VALUE!**	**#VALUE!**
Thiruchirappalli	NA	#VALUE!	#VALUE!	**#VALUE!**	**#VALUE!**

State wise Progressive Procurement

State/UTs	**Total procurement Target in marketing season 2016-17 (Oct. – Sept.)**	**Progressive Procurement as on 23.06.2017**	
(in Lakh T)		**In Marketing season 2016-17**	**In Marketing season 2015-16**
AP	42.00	36.97	43.04
Telangana	30.00	35.84	15.79
Bihar	20.00	12.34	12.23
Chhattisgarh	35.00	46.62	34.42
Haryana	29.00	35.83	28.61
Kerala	2.22	3.08	3.76
M.P	9.00	13.14	8.41
Maharashtra	3.25	2.98	2.19
Odessa	31.00	34.94	33.69
Punjab	94.5	110.52	93.5
Tamilnadu	15.00	1.41	10.87
U.P	33.50	23.54	29.10
Uttrakhand	6.00	7.06	5.97
West Bengal	25.00	19.02	15.42
Others	1.81	0	3.76
Total	**380.00**	**385.29**	**340.12**

Riding a record harvest, public rice procurement in MY 2016/17 through June 23, 2017, was estimated at 38.52 MMT, an increase over the 34.01 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 target of 38 MMT for MY 2016-17.

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

Unofficial and preliminary Thailand rice exports (excluding premium white and fragrant rice) for June 12 – 18, 2017, totaled 178,682 metric tons, up 25,408 metric tons from the previous week, and up 14,994 metric tons from the four-week moving average of 163,688 metric tons. Rice exports from January 1 – June 18, 2017 totaled 4,024,575 metric tons.

Thailand Export prices declined 2-3 percent from the previous week in response to the anticipated sale of the 2.2 million metric ton feed-quality ric e tender issued on June 15, 2017. Traders expect that the government will agree to sell approximately 2.1 million metric tons of rice from this tender including approximately 1.1 million metric tons of 5% grade white rice. Industry expects that a significant portion of the 5% grade white rice will be reprocessed for export, particularly to African markets. Additionally, new supplies of off-season white rice will begin entering the market within the next two weeks. These new rice supplies are expected to lower export prices of rice in particular for parboiled rice as parboiled rice production relies on the supply of new crop white rice paddy.

According to the Ministry of Agriculture and Rural Development, Vietnam exported 2.8 million tonnes of rice valued USD 1.2bn *in the first six months of 2017. Both the volume and value increased by 6.3% and 4.9% respectively compared to last year. China continues to be Vietnam's top importer. In the first five months, Vietnam exported 1.1 million tonnes of rice to China for USD 488m as demands from China is huge. Chinese traders often buy rice directly from the firms' storage and then imported into China via border gates or commissioned another importer. They also re-export the rice to other countries.*

Bangladesh has cut import duty on rice to 10 percent from 28 percent in a bid to rein the instability in prices of the staple food item *in the domestic market. prices of rice are expected to fall by 6 taka per kilogram as a result of the duty reduction. Officials say a gazette will be issued in this regard soon. Owing to higher import duty placed back in 2015 and 2016 in a bid to safeguard local farmers amid cheap prices from neighboring countries, rice import has dropped to a four-year low this year.*

Pakistan Rice exports continue their decline vis-à-vis the mounting trade deficit. For the eleven months ended FY17, Pakistan's total *rice exports are down by 17 percent year-on-year in terms of quantity, and 15 percent in terms of dollars earned. Basmati exports continued their decline, and were lower by six percent over 11MFY16. The same fundamental reasons are there as always - lack of research and development into new varieties and better yields, competition from India, and the loss of the Irani market. However, the Irani market has opened up again recently and Basmati has been seeing a rebound lately - notwithstanding the decline in May due to the transporters' strike (Read: "Basmati exports up with Iran," published May 04, 2017).*

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	2015-16 Estimate	2016-17 F'cast	2017-18 Proj. 25.05.2017	(2017-18) Proj. 29.06.2017
Production	480	473	484	487	486
Trade	41	39	42	41	42
Consumption	475	474	484	488	488
Carryover stocks	121	120	120	119	118
Y-O-Y change	4	-1	0	-	-2
Major Exporters	37	32	31	28	27

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

IGC Rice Balance sheet Highlights

Reflecting recent data which show large shipments to Asian and African markets in the early months of this year, the Council's outlook for rice trade in 2017 is now placed at a three-year high of 41.6m t, up by 6% y/y. The global production outlook for 2017/18 is trimmed from before, but because of bigger carry-ins, supplies are seen little changed m/m. World ending stocks are pegged slightly lower, at 118m t, a modest contraction y/y, but trade in 2018 is projected to climb to 41.8m t, only slightly short of the 2014 all-time peak. Global rice trade is forecast to expand by 6% y/y in 2017 on firm demand from Asian and African buyers (see Market Focus). Prospects for 2017/18 are highly provisional, but production is seen edging up amid modest area expansion in Asia, notably in India and Thailand. Population growth is likely to underpin food use, while stocks might contract slightly, tied to a reduction in the major exporters. In Thailand, where the government continues to dispose of old crop reserves, inventories are projected at a ten-year low. Trade in 2018 is anticipated to remain elevated and only slightly below the peak of four seasons earlier.

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 486 million tons, up about 0.72% 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 42 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 1.0% to around 488 million tons from an estimated 484 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 10.70-12.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of July,2017	Steady to Firm	USD/ Hundred Weight 10.70-12.50

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