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India

Grain and Feed Update

August 2015

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Report Highlights:

Timely and adequate 2015 monsoon rainfall through early July has supported planting of grains, including rice and corn, in the ongoing MY 2015/16 *kharif* season (fall/early winter harvest). MY 2014/15 and MY 2015/16 rice exports estimate has been raised higher to a record 11.7 MMT and 10.0 MMT, respectively. Consumption has been revised lower to account for higher exports.

Post:
New Delhi

Commodities:
Rice, Milled
Corn

Author Defined:

2015 Monsoon Begins Strong …

The Indian Meteorological Department (IMD) forecast a 'deficient' 2015 southwest monsoon with the second long-range forecast update predicting the seasonal rainfall to be 88 percent of normal long-term average (LTA) of 89 cm (error of ± 4 percent). El Niño conditions are likely to gain strength during the course of monsoon season (see IN5072).

The southwest monsoon arrived on coastal Kerala on June 5, 2015, and progressed strongly to cover the entire country by June 26, almost twenty days before its normal schedule (Appendix 1). Overall precipitation during the month of June was at or above normal levels in most parts of India. However, the 2015 monsoon has weakened since the first week of July, 2015. As per the latest update from IMD, the cumulative precipitation from June 1 to July 22 was seven percent below the seasonal LTA of 367 mm (Appendix 2). Of 36 total meteorological sub-divisions, rainfall was normal to above-normal in about 24 sub-divisions, and deficient in 12 sub-divisions. Northern, central, and most of southern and eastern India received normal to above-normal levels of rainfall, while Maharashtra, Gujarat, Eastern U.P, Bihar, Kerala, parts of Karnataka received deficit rains.

The IMD's weekly press release forecast normal monsoon rains over northwest, central, northeast and eastern parts of the country but will remain week over the interior peninsula till first week of August.

… Provide Favorable Planting Conditions

Timely and sufficient 2015 monsoon rainfall through early July has supported planting in the ongoing MY 2015/16 *kharif* season (fall/early winter harvest) for grains like rice, coarse grains (corn, sorghum, millet), and pulses (pigeon pea, mung beans, black matpe) in the key producing areas. Planting of coarse grains and pulses, typically sown in unirrigated areas, has been significantly ahead of last year on sufficient rains and optimal soil moisture conditions.

Table 1: India: Planting of *Kharif* Crops in Indian Crop Year (July/June)
(Area in Million Hectares)

Crop	ICY 2015/16 Progressive Planting till July 24, 2015	ICY 2014/15 Progressive Planting till July 24, 2014	ICY 2015/16 Progressive Planting till July 3, 2015	ICY 2014/15 Progressive Planting till July 3, 2014
Rice	18.85	17.65	5.40	5.36
Pulses	7.26	4.82	2.26	0.97
Coarse cereals	13.58	8.72	4.37	2.89
Oilseeds	14.30	10.78	7.42	1.47
Sugarcane	4.66	4.64	4.37	4.39
Cotton	9.95	7.61	6.02	3.54
Total	69.38	55.04	30.61	19.43

Source: Ministry of Agriculture, Government of India (GOI).

Kharif planting is likely to be over by mid-August in most areas, excepting for some rice production areas in southern India. However, deficient monsoon rains over the next two weeks in western and peninsular regions could affect the production prospects, particularly for coarse grains and pulses in the rainfed areas. Further dry weather in the southern peninsula may also affect rice planting in Andhra Pradesh and Tamil Nadu, where transplanting continues through early September.

Timely planting and sufficient rains through most of July in the major grain producing states is likely to support MY 2015/16 *kharif* grain production prospects. However, sufficient rains throughout August and September will be critical for achieving forecast normal yields. September and October precipitation is also critical for replenishing the reservoirs and ground water required for irrigation during the planting of *rabi* season (winter planted) grains to include wheat, rice, corn, barley, sorghum, and some pulses.

RICE

Table 1. India: Commodity, Rice Milled, PSD

(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Rice, Milled	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	43940	43940	43000	43000	44000	44000
Beginning Stocks	25440	25440	22651	22651	15600	15600
Milled Production	106540	106540	102500	102500	104000	104000
Rough Production	159826	159826	153765	153765	156016	156016
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	131980	131980	125151	125151	119600	119600
MY Exports	10149	10149	10200	11700	8500	10000
TY Exports	10907	10907	11000	11500	8500	10000
Consumption and Residual	99180	99180	99351	97851	99500	98000
Ending Stocks	22651	22651	15600	15600	11600	11600
Total Distribution	131980	131980	125151	125151	119600	119600

Progress of Planting

Buoyed by timely and adequate monsoon rainfall, rice area planted through July 24, 2015 is estimated higher at 18.9 million hectares compared to 17.7 million hectares last year. Nevertheless, current year planting is slightly behind the planting in the record crop year MY 2013/14 and the normal (5-year average) planting for the corresponding period.

Table 2. India: Planting of *Kharif* Rice by State for week ending July 24
(Area in Million Hectares)

State	Normal[1] Total *Kharif* Planting	Normal[1] Area for Corresponding Week	MY 2015/16	MY 2014/15	MY 2013/14
Andhra Pradesh	1.56	0.26	0.23	0.21	0.17
Assam	2.12	1.18	1.04	0.91	1.00
Bihar	3.07	1.18	1.51	1.48	1.04
Chhattisgarh	3.75	2.49	2.37	2.17	2.22
Haryana	1.23	0.99	1.11	0.94	0.95
Jharkhand	1.17	0.32	0.34	0.30	0.19
Karnataka	1.09	0.28	0.23	0.22	0.30
Madhya Pradesh	1.71	0.81	1.02	0.81	0.84
Maharashtra	1.51	0.55	0.29	0.14	0.41
Odisha	3.89	1.78	1.49	1.60	1.65
Punjab	2.83	2.71	2.76	2.77	2.75
Tamil Nadu	1.62	0.17	0.18	0.14	0.15
Telangana	1.04	0.19	0.09	0.16	0.24
Uttar Pradesh	5.71	4.20	3.77	3.75	4.68
Others	6.55	2.37	2.40	2.27	2.41
Total	38.83	19.46	18.85	17.85	19.00

Note [1] Average planting for the period MY 2010/11 to 2014/15.
Source: Ministry of Agriculture, Government of India (GOI).

Planting of long-grain Basmati rice in Punjab, Haryana and western Uttar Pradesh, as well as rice in coastal Andhra Pradesh and Tamil Nadu will continue through the end of August-early September. Basmati area is likely to reduce this year due to relatively weak prices last year that affected farmer earnings in 2014.

A clear picture for India’s MY 2015/16 rice production prospects will emerge by end of August after planting is over in most states. Assuming normal rainfall levels during August, Post continues to forecast MY 2015/16 production at 104 MMT from 44 million hectares. However, deficient rains and/or prolonged dry spells in August and September could lower the current forecast, while sufficient and well distributed rains during August and September and absence of any major cyclonic build up in September and October may improve the production prospects.

MY 2014/15 Government Procurement Up; But Stocks Decline

Total government MY 2014/15 rice procurement through July 23, 2015, is estimated at 31.6 MMT compared to 31.3 MMT during the same period last year. Procurement in the traditional surplus states of Punjab, Haryana, Chhattisgarh, Andhra Pradesh and Telangana has been lower than last year. However, higher procurement in the eastern states has more than offset the lower procurement in the traditional states. With the procurement tapering off in coming months, MY 2014/15 rice procurement is likely to reach 32.0 MMT.

Table 3. India: Government Procurement of Rice by State
(Quantity in million metric tons)

State	MY2012/13	MY2013/14	MY 2013/14	MY 2014/15
	October-September	October-September	October 1 through July 23	
Punjab	8.56	8.11	8.11	7.78
Andhra Pradesh	6.49	3.74	3.65	3.52
Telangana	-	4.35	4.16	3.45
Chhattisgarh	4.80	4.29	4.29	3.35
Odisha	3.62	2.80	2.82	3.49
Haryana	2.61	2.41	2.41	2.01
Uttar Pradesh	2.29	1.13	1.12	1.68
West Bengal	1.77	1.36	1.01	1.81
Madhya Pradesh	0.90	1.04	1.04	0.81
Tamil Nadu	0.48	0.68	0.68	0.94
Others	2.54	1.94	2.02	2.78
Total[2]	34.04	31.84	31.30	31.61

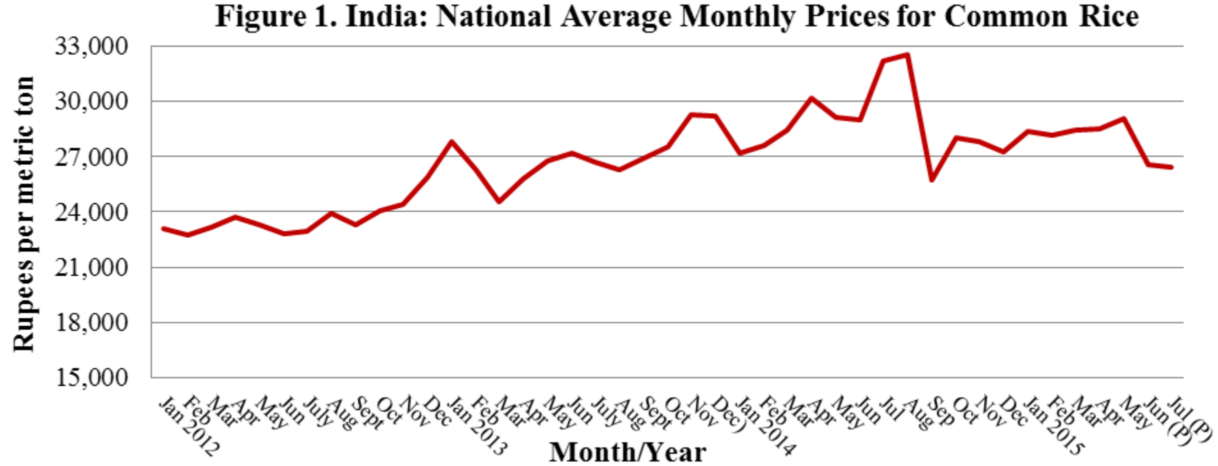
Source: Food Corporation of India, GOI

Despite sufficient procurement, government-held rice stocks on June 1, 2015, were estimated lower at 22.7 MMT compared to 28.3 MMT a year ago, with the drawdown attributed to higher disbursement of rice under various government food programs. Assuming the current pace of offtake during July through September, October 1, 2015, government rice stocks are projected lower at 11.6 MMT compared to 17.6 MMT at the same time last year, but still higher than the government's desired October 1 stocks of 10.3 MMT.

Prices Ease

Despite relatively firm export demand, domestic prices have eased since June 2015 on sufficient harvest of *rabi* (winter planted) rice and weak domestic demand.

Figure 1. India: National Average Monthly Prices for Common Rice



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI

Satisfactory planting of MY 2015/16 rice crop is likely to keep prices steady in the next couple of months. However, price movement during MY 2015/16 will depend on the harvest prospects of the upcoming crop and international price movement.

Exports Raised . . .

Post's MY 2014/15 rice exports estimate has been raised higher to a record 11.7 MMT based on continued higher than anticipated exports in the second half of the marketing year. Stable domestic prices coupled with continued strong export demand have fueled Indian rice exports since the beginning of the marketing year.

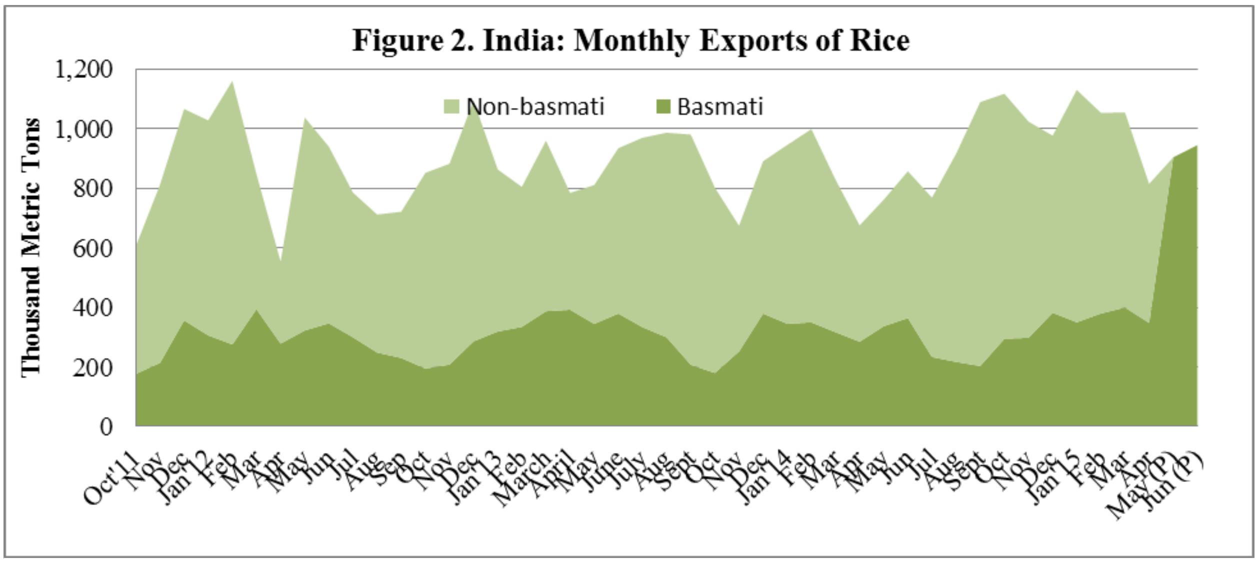


Figure 2. India: Monthly Exports of Rice

Source: Monthly exports through April 2015 from DGCIS, GOI; May-June 2015 derived from rice shipping data compiled by a private source, which does not break out Basmati and non-Basmati.

According to the available preliminary export figures, MY 2014/15 rice exports through June 2015 are estimated at 9.0 MMT, about 1.6 MMT higher compared to last year's exports during the corresponding period. Market sources report continued strong exports to the traditional Middle East and African markets and neighboring Bangladesh and Sri Lanka. Expected steady export demand and domestic prices during the last quarter is likely to raise MY 2014/15 exports to a record 11.7 MMT, and CY 2015 exports are estimated higher at 11.5 MMT. Assuming no major changes in the international market and Indian export policy, MY 2015/16 and TY 2016 rice export forecast is raised higher to 10.0 MMT, but lower than this year's anticipated record exports due to forecast tight domestic supplies. However, export prospects could be affected if the production prospects are affected by weather abnormalities and/or the Government of India imposes export control measures on price concerns in the domestic market.

… Consumption Lowered

MY 2014/15 and MY 2015/16 consumption estimate has been revised lower to 97.9 MMT and 98.0 MMT respectively, to account for the higher export estimate.

CORN

Planting Progress

Favorable early 2015 monsoon rains have boosted corn area planting through July 24, 2015, higher to 6.4 million hectares compared to 4.6 million hectares last year. However, current year planting still lag behind the record production year MY 2013/14 planting of 7.1 million hectare during the corresponding period. Planting is likely to continue through middle August as IMD's forecast normal rains will support additional corn planting in the central and eastern states. However, forecast deficient rains in peninsular India may affect planting in the key states of Maharashtra and Karnataka. Post continues to forecast MY 2015/16 corn production at 23.5 MMT assuming normal precipitation through August and September. Should monsoonal rains be deficient in August and September, the *kharif* corn yield and planting prospects for the *rabi* season (planted on October-November) and winter corn (planted in January) will be negatively affected.

Prices Stable

Domestic corn prices during June and July have remained relatively stable on relatively weak demand, both export and domestic.

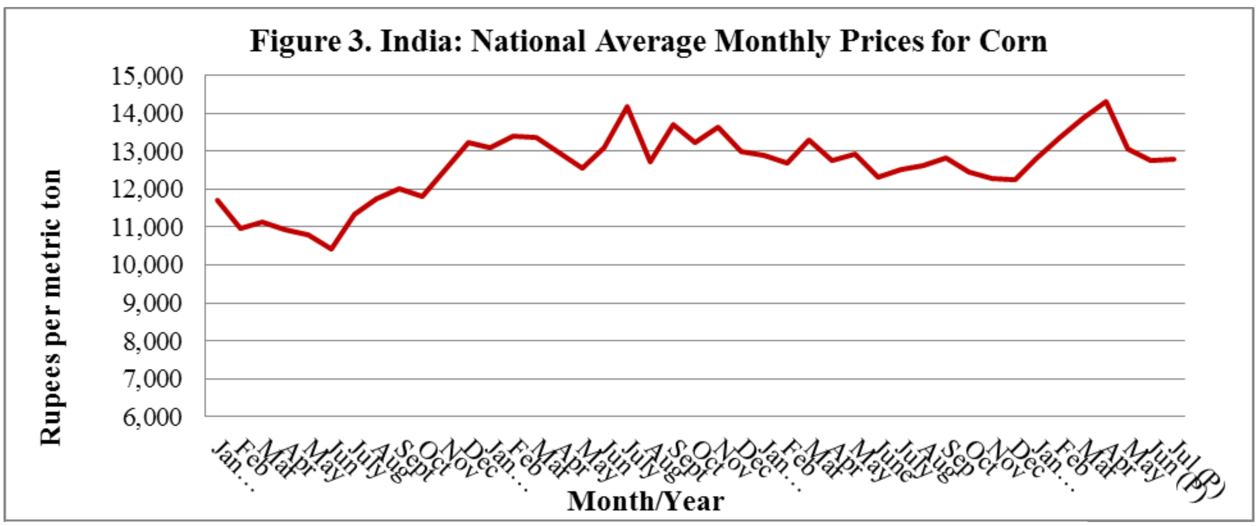


Figure 3. India: National Average Monthly Prices for Corn

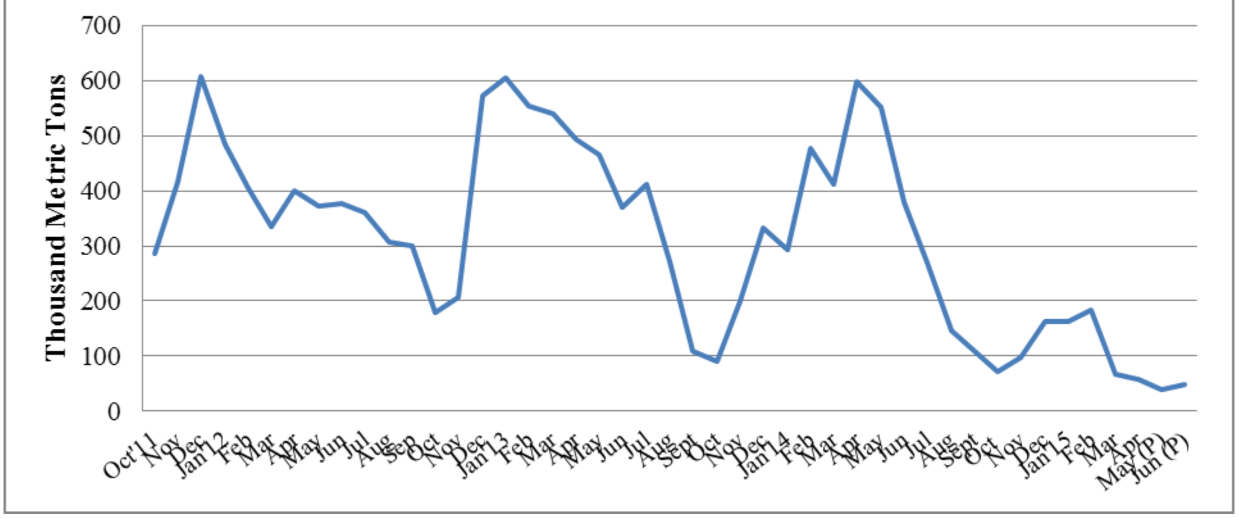
Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI.

Market prices in the major production states currently range from INR 10,600 ($166) to INR 13,900 ($218) per metric ton (spot). Prices are expected to remain stable in August, but future prices will largely depend on the outcome of the monsoon, as well as and international prices.

Weak Exports

Relatively weak international prices has adversely affected Indian corn exports since the beginning of MY 2014/15.

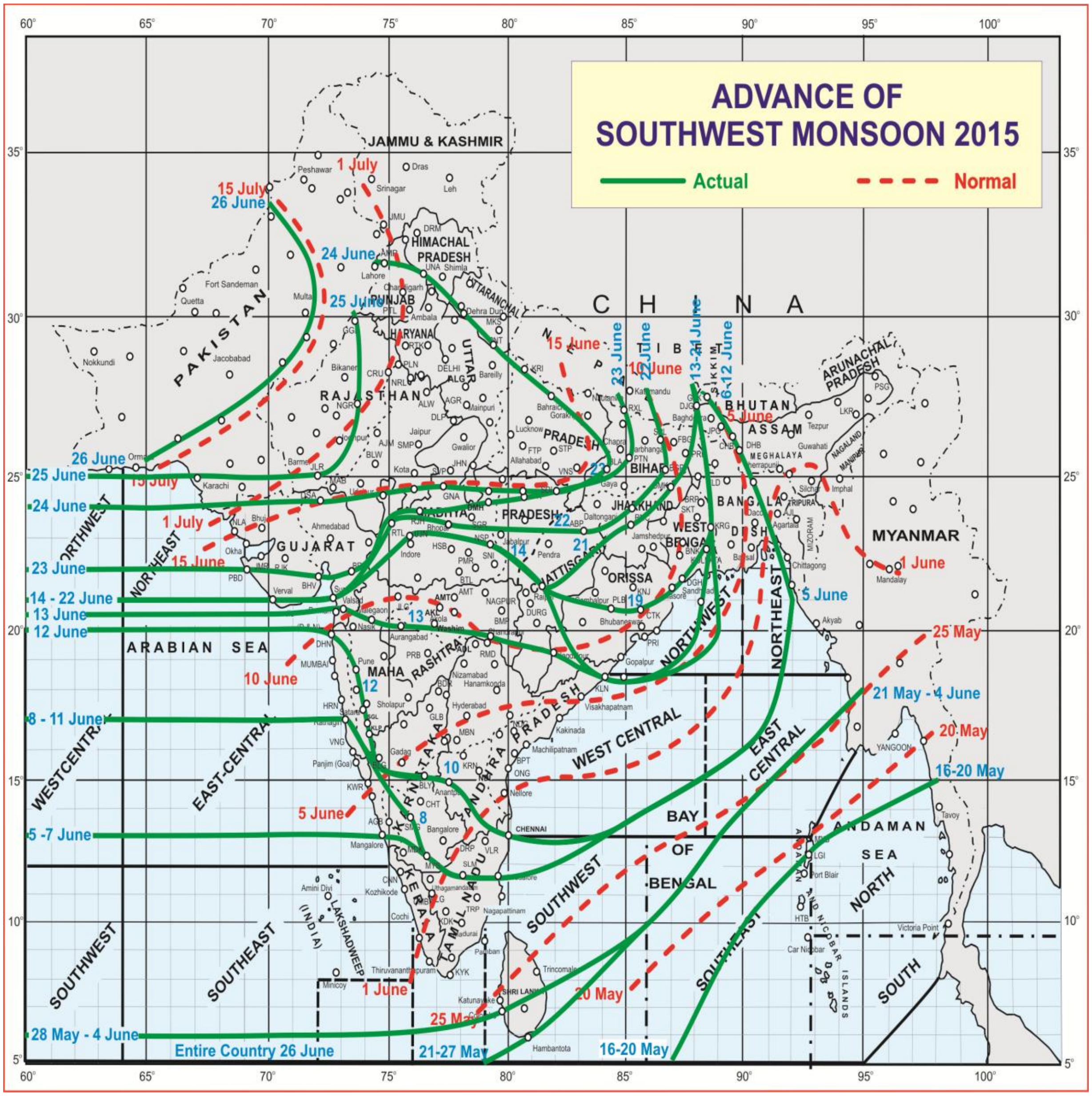
Figure 4. India: Monthly Exports of Corn



Source: Monthly exports through April 2015 from DGCIS, GOI; May-June 2015 derived from corn shipping data compiled by a private source.

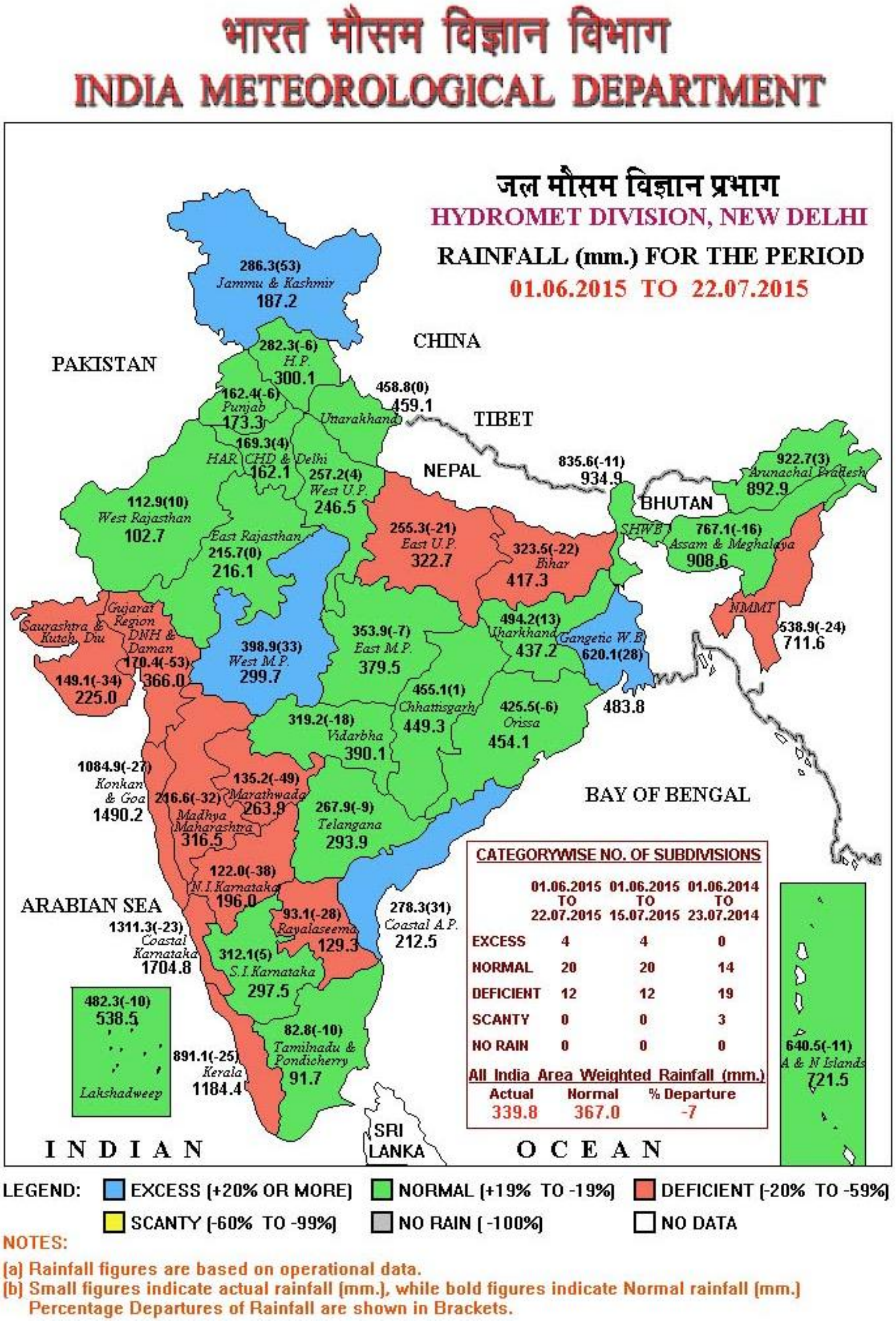
Preliminary MY2014/15 corn exports through June 2015 are estimated at 820,000 MT compared to 3.25 MMT during the corresponding period. Most of the recent corn exports are limited to neighboring Nepal and small quantities to south Asia. Relatively high domestic prices are likely to continue to constrain any significant corn exports during the balance of the marketing year. Consequently, the MY 2014/15 export estimate remains unchanged 1.0 MMT.

Appendix 1. India: Progress of 2015 South West Monsoon



Source: [Indian Metrological Department, GOI]

Appendix 2. India: Cumulative South West Rainfall till July 22, 2015



Source: [Indian Metrological Department, GOI]