

Domestic Market Highlights:

Average monthly wholesale rice prices in India stood at around Rs.2894 per quintal in December-2017, down about 1.78% from around Rs.2946 per quintal in November- 2017, and up about 4.32% from around Rs.2774 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone in coming month due to overseas and local demand.

The rabi paddy sowing is on full swing and as per latest data available acreage for MY 2017-18 is 16.33 lakh hectares- up by 41% from last year's acreage of 11.55 lakh hectares and up about 38% from normal area as on date of 11.05 lakh hectares. Andhra Pradesh rabi paddy area is up by 63% from last year and 3.76 lakh hectares is completed till date. The increase was reported mainly from Tamil Nadu which planted the cereal on an additional area of 2.93 lh and from Andhra Pradesh which brought an additional 1.46 lh under rice cultivation as compared to the corresponding period last year.

Average wholesale weekly non-basmati rice prices in India stood at around Rs.3055 per quintal in fourth week of December- 2017, up by about 8.24% from around Rs.2822 per quintal in previous week, and up by about 5.5% from around Rs.2895 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone in coming month due to overseas and local demand.

Rice prices in India edged up this week, buoyed by a stronger rupee, while export demand in Thailand and Vietnam slowed ahead of the upcoming Christmas and New Year holidays. In top exporter India, 5 percent broken parboiled rice prices gained \$2 per ton to \$418-\$421 per ton. Export prices have gone up marginally to offset the impact of the higher rupee

India's rice stocks in the central pool as on December- 1, 2017 stood at around 30.13 million tons up by about 11.79% from around 26.95 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 10.81% from around 27.19 million tons recorded on November-01, 2017. Highest stock could be seen in the state of Punjab(40.93 lakh tons) followed by Uttar Pradesh(10.67 lakh tons) and Andhra Pradesh(9.69 Lakh Tons).

As per FCI latest data, progressive paddy procurement as on 28th December-2017 for KMS-2017-18 reached to 234.68 lakh tons which is up by 11% from corresponding period last year procurement of 210 Lakh tons. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.67 lakh tons), and U.P (17.39 lakh tons) and in south it is started in Telangana (11.04 Lakh Tons). Andhra Pradesh Government procurement also increasing day by day and it has reached 9.33 lakh tons. Chhattisgarh government also procured around 22 lakh tons of rice as of now.

Indian FOB for 1121 steam in the month of November moved weak from last month and currently is in the range of USD 1126/MT which is down by 3.7% from last month price of USD 1169/T due to supply pressure in local markets. Aromatic rice prices too weak this month even with active demand from international markets. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving weaker from last month and now it's hovering in the range of USD 1155/MT which is down by 1.17% from last month FOB of USD 1169/MT.

Price Outlook: - Rice prices are expected to ease to some extent in November with the arrival of the new crop across the country. However, domestic prices during the marketing year will also depend on the export demand and international price movement.

International Market Highlight:

Unofficial and preliminary Thailand rice exports (excluding premium white and fragrant rice) for December 11- 17, 2017, totaled 194,947 metric tons, up 16,207 metric tons from the previous week and down 9,183 metric tons from the four-week moving average of 204,130 metric tons. Rice exports from January 1 – December 17, 2017, totaled 8,907,936 metric tons.

Vietnam exported roughly 5.9 million tons of rice worth nearly 2.7 billion U.S. dollars in 2017, posting respective year-on-year rises of 20.5 percent and 20.8 percent. Vietnam is likely to export 6.3 million tons of rice in 2018, mainly due to high demand from the Southeast Asian market, especially the Philippines. Vietnam's paddy rice-growing area was over 7.7 million hectares in 2017, down 26,100 hectares against 2016, said the Ministry of Agriculture and Rural Development. As a result, the country's paddy rice output dropped for the first time over the past 20 years to 42.8 million tons in 2017.

Bangladesh has offered to buy an additional 200,000 tons of rice from Myanmar under a government to government agreement before the end of December. Myanmar and Bangladesh signed a memorandum of understanding to buy 300,000 tons of rice under the agreement, a major increase from the 100,000 tons of Myanmar rice already sent to the neighbor this year in response to a shortfall. Rice demand in Bangladesh increased with a sense of urgency this year after floods damaged most paddy fields in the country. Bangladesh has imported 1.2 million tons of rice but still requires around another one million tons.

According to the Vietnam Food Association, Vietnam exported nearly 5.2 million tons of rice in the first 11 months of the year, surpassing the figure of the entire 2016 at 4.9 million tons. In November, rice export volume exceeded 371,000 tons, down from over 437,000 tons in October. The drop was attributed to limited supply after harvest of the autumn-winter crop completed in the Mekong Delta, the main source of rice for export. The USDA forecast that India and Thailand will continue to lead the world in rice export, while Vietnam's rice exports could reach six million tons in 2018, an increase of 6.6 percent from this year, driven by demand in Southeast Asia, particularly in the Philippines.

Cambodia exported 562,237 tons of milled rice in the first 11 months of 2017, up 17 percent compared with the same period last year. China is still the top buyer of Cambodian milled rice, followed by France and Poland. Export to China accounted for 165,000 tons, or 29.3 percent of the total exports, during the January-November period this year, Cambodia is expected to sell 200,000 tons of rice to China this year and up to 300,000 tons next year.

Pakistan Rice export from the country during first 4 months (July-October) of current fiscal year which is up by 16.87% as compared to same period of last year. The rice export during the period under review rose to \$457.66 million from \$391.595 million during July-October 2016-17. On month-on-month basis, the rice export also increased to \$137.423 million in October 2017 from \$96.306 million in September 2017, showing an increase of 42.69 per cent.

As per latest data by USDA, Iran rice production for MY-2017-18 is same as last year of around 2.2 million tons and country consumes 3 million tons of rice a year. Therefore, there is a need for around 800,000 tons of imports every year and thus the temporary ban was lifted last Tuesday as per a directive by the Ministry of Industries, Mining and Trade and was supposed to last until July 22, 2018. However import tariffs have increased from 22% four years ago to 40% at present for the same reason.

Pakistan's rice exports surged by 28.74% during the first three months of the country's current fiscal year starting from July 2017. Rice exports from the country jumped to 621,094 metric tons during the period as compared to the exports of 482,445 metric tons of the same period last year. Exports of the Basmati rice rose by 2.43% and reached at 86,672 tons valuing at 90.31 million dollars in the three months as against 92,321 metric tons worth 88.772 million dollars of the same period last year.

Japan's MAFF regularly maintains 828,100 MT of rice in reserve. An additional 640,000 MT (actual tonnage) of MA rice stocks were held (as of October 2016), of which 350,000 MT (actual tonnage) is set aside for the GOJ contingency feed grain reserve. As a result of the decline in table rice production, private stocks have decreased in 2016 and 2017. Accordingly, aggregated ending stocks are expected to total 2.4 million MT in MY2016/17, and are forecast to further decline to 2.2 million MT in MY2017/18 (given an anticipated decrease in production).

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