Rice Monthly Research Report

Contents

Outlook and Review (Domestic Front)

India spot basmati little up on low supply. Prices of Pusa 1121 basmati paddy rose marginally in last week of November as most farmers have started withholding stocks, adding that the prices may fall in the coming days as the demand is expected to decline. The decline was cushioned by firm cues from spot markets.

Over 72.3 LMT paddy arrives in Haryana mandis. More than 72.35 lakh metric tonnes (LMT) of paddy has so far arrived in Mandis of Haryana as compared to over 70.78 LMT during the corresponding period last year. Out of the total arrival of paddy, government agencies had so far procured over 63.98 LMT of paddy whereas the remaining quantity of over 8.37 LMT of paddy procured by the millers and dealers. More than 34.85 LMT of paddy have been purchased by the Food, Civil Supplies and Consumer Affairs department whereas, over 19.76 LMT of paddy has been procured by Hafed, over 9.31 LMT by the Haryana Warehousing Corporation and 4,725 MT by the Food Corporation of India.

Punjab: Produce per acre up, but total paddy yields down by almost 3% thanks to diversification. Despite more per acre paddy yield in Punjab this year, the state has produced around 8 lakh metric tonnes (LMTs) less paddy (non-basmati) this year, thanks to three lakh hectares under paddy being diversified to other crops including basmati, cotton, maize and sugarcane. Total arrival of rice in Punjab's grain markets was recorded at 179.51 LMTs including 162.50 LMTs paddy and 17.01 LMTs of basmati rice, while on the same date last year Punjab's mandis got 184.34 LMTs rice which included 170.20 LMTs paddy and 14.14 LMTs basmati. Last year, total rice procurement was 193.68 LMTs, including 21.03 LMTs basmati. So far, Punjab has received 7.70 LMTs less paddy this year till November 28 which is 2.62 per cent less compared to corresponding period last year. This year, however, nine districts including Amritsar, Gurdaspur, Hoshiarpur, Pathankot, Nawanshahr, Fatehgarh Sahib, Ropar, Mohali and Ludhiana have recorded more paddy production comparing to last year till date.

However, Punjab has received 2.87 LMTs more basmati till date in this season compared to last year. But total basmati procurement might go up from last year as area under basmati is more this year. The arrival of basmati will continue in the mandis till the end of this year. This year there was total 29.20 lakh hectares area was under basmati (6.29) and paddy (22.91 lakh hectares) rice. Last year, there was 31.03 lakh hectares under rice cultivation which included 25.92 lakh hectares under paddy and 5.11 lakh hectares under basmati. Apart from the decrease in area, around 52,000 hectares area under paddy was damaged so effectively in floods. So the effective decrease in area under paddy in the state has been over 3.53 lakh hectares. This year the MSP of Paddy is Rs1835 per quintal and basmati's rate is Rs 2000 per quintal for PUSA 1509 varieties and Rs 3260 for other fine varieties, including 1121 and others. Though the rate of 1509 varieties is at par with last year's rate, but rate of 1121 variety is less as it was Rs 4300 per quintal last year.

Expect Decline in Rice Export to EU from India. Rice export to EU poised to decline significantly in the coming months. DGFT issued a notification on guidelines for export of rice to EU. Very few merchant exporters will take the risk of exporting to EU given the high risk and costs involved. Rice export from India have been struggling since the beginning of the financial year. Non-basmati rice exports fell significantly since discontinuation of MEIS scheme by the government in March 2019. Merchant exporters rice to EU are contemplating the costs and risks involved with export to EU. Earlier merchant exporter would send a sampling letter to the approved EU lab along with sample of rice for EU. After inspection and approval, the same lot would be packed and exported. The cost for it was approximately INR 8000-INR 10000 depending on the lab. The total cost of inspection increased to INR 25000-INR 30000 per container. If EIC/EIA rejects the same, the bags cost would add on to the inspection and lab testing cost as rice need to be packed before inspection.

India Govt plans cut in reserve price of rice by almost Rs 500 per quintal. The government is considering downward revision of reserve price of rice from Rs 2,785 per quintal to Rs 2,250 per quintal in order to boost sale from central pool stock under the Open Market Sale Scheme. Sitting on a huge buffer stock, the government is considering cutting reserve price of rice by almost Rs 500 per quintal for bulk buyers to boost its sale through open market. The government is considering downward revision of reserve price of rice from Rs 2,785 per quintal to Rs 2,250 per quintal in order to boost sale from central pool stock under the Open Market Sale Scheme in 2019-20.

Chhattisgarh government to launch new Rs 2500 per quintal scheme for paddy. The Chhattisgarh government will launch a new scheme to pay Rs 2500 per quintal to farmers for procuring paddy. MThe budget provisions worth over Rs 4546 crore for the second supplementary budget 2019-20 were passed with a voice vote. With the passage of the second supplementary budget, the size of the main budget for the financial year 2019-20 has swelled to Rs 1,04,787 crore. A new scheme will be launched to provide Rs 2500 per quintal to farmers against paddy procurement as per the Congress' poll promise, Baghel said. The minimum support price for paddy will be given to farmers as per the rate fixed by the Centre (Rs 1815 per quintal for common grade paddy and Rs 1835 per quintal for Grade A paddy) while in order to pay the farmers the difference amount to make it Rs 2500 per quintal.

Farmers want paddy MSP on a parity with Kerala, Chhattisgarh. The farmers from delta districts have appealed the state govt to hike the minimum support price (MSP) of paddy on a par with Chhattisgarh and Kerala governments to Rs 2,600 per quintal. The current MSP in Tamil Nadu is Rs 1,835 per quintal. Farmers said that Rs 100 per quintal was the highest hike in supportive price by the state government. As per the recommendations of MS Swaminathan, farmers should be given Rs 3,000 per quintal as MSP for paddy. However, it has not even touched Rs 2,000 till date.

All India Weather Status:

Seasonal all India Rainfall status: 01st November 2019 to 25th November 2019.

- *Arunachal Pradesh, Manipur, Mizoram, Sikkim, Uttar Pradesh and Haryana states received the deficit rainfall.*
- *Nagaland, West Bengal, Punjab, Odisha, Madhya Pradesh, Chhattisgarh, Telangana and Kerala states received the excess rainfall.*
- *Bihar state received the large deficit rainfall*
- *Jharkhand, Jammu & Kashmir, Rajasthan, Gujarat, Goa, Maharashtra and Karnataka states received the large excess rainfall*
- *Assam, Meghalaya, Tripura, Uttrakhand, Himachal Pradesh, Andhra Pradesh and Tamil Nadu states received Normal rainfall.*

For the country as a whole, cumulative rainfall during 1st October 2019 to 25th November 2019 was above Long Period Average (LPA) by 31% over the country as a whole.

Price Projection for Next Month (December) in Domestic Market

Duration	Variety	Trend	Average Price Range	Reason
December - 2019	**PR-Steam(Naya Bazaar)**	**Steady to weak**	**Rs.3200-3700/Quintal**	Prices are likely to remain steady due to expected stronger government rice procurement at higher MSP from most rice growing states. Future domestic prices during the marketing year will also depend on export demand and international price movements.

Paddy Kharif Sowing Updates as on 05th October -2019:

RICE						
State	**Normal Area**	**Normal Area as on date**	**Area sown reported**			**Absolute Change**
			This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	15.19	14.06	13.70	90.2	14.73	-1.03
Arunachal Pradesh	1.30	1.28	1.31	100.8	1.22	0.09
Assam	20.60	20.61	19.71	95.7	19.97	-0.26
Bihar	31.73	32.98	27.72	87.4	32.56	-4.84
Chhattisgarh	38.04	37.23	38.44	101.1	38.17	0.27
Goa	0.28	0.26	0.28	100.9	0.28	0.00
Gujarat	7.68	7.89	8.48	110.5	8.05	0.43
Haryana	13.35	12.62	13.57	101.6	13.29	0.28
Himachal Pradesh	0.73	0.75	0.73	99.6	0.74	-0.01
J&K	2.82	1.43	1.15	40.8	1.14	0.01
Jharkhand	15.58	16.11	13.57	87.1	15.19	-1.62
Karnataka	9.38	9.22	8.46	90.2	9.65	-1.19
Kerala	1.47	0.56	0.68	46.4	0.57	0.11
Madhya Pradesh	20.78	20.82	24.60	118.4	21.65	2.95
Maharashtra	14.88	15.15	15.00	100.8	15.53	-0.53
Manipur	0.40	1.55	0.97	244.5	0.32	0.65
Meghalaya	0.97	0.97	0.97	100.4	0.95	0.02
Mizoram	0.37	0.37	0.35	95.4	0.38	-0.03
Nagaland	1.96	1.98	2.11	107.4	2.09	0.02
Odisha	37.25	36.50	37.52	100.7	37.06	0.46

Punjab	29.37	29.62	29.20	99.4	30.42	-1.22
Rajasthan	1.77	1.48	1.82	102.9	1.15	0.67
Sikkim	0.11	0.11	0.11	103.8	0.11	0.01
Tamil Nadu	16.07	4.70	5.80	36.1	6.14	-0.34
Telangana	9.38	7.67	12.59	134.2	10.38	2.21
Tripura	2.00	1.63	1.65	82.7	1.83	-0.18
Uttar Pradesh	58.78	59.27	60.05	102.2	59.73	0.32
Uttrakhand	2.45	2.50	2.49	101.8	2.48	0.01
West Bengal	41.19	41.77	40.31	97.9	42.71	-2.40
Others	0.28	0.43	0.43	152.5	0.21	0.22
All-India						

As per the Ministry of Agriculture, current Kharif Rice acreage as on 05th October 2019 declined by 1.26 per cent at 382.34 lakh hectares as compared to 386.92 lakh hectares last year same period. Less area is reported from Bihar (4.84 lakh tonnes), Jharkhand (1.62 lakh tonnes), Karnataka (1.44 lakh tonnes), West Bengal (2.41 lakh tonnes), Assam (0.93 lakh tonnes), Manipur (0.58 lakh tonnes) Punjab (0.42 lakh tonnes), Mizoram (0.35 lakh tonnes), Jammu and Kashmir (0.28 lakh tonnes), Maharashtra (0.26 lakh hectares), Tamil Nadu (0.25 lakh hectares) Andhra Pradesh (0.19 lakh hectares), Sikkim (0.11 lakh hectares).

Monthly Rice Price Change in Delhi Market (Figure: in Rs. /Quintal)

Variety	3-Nov-19	3-Oct-19	(Year Ago) 03 Oct 2018	% Change from last Month	% Change from last Year
1121 Sella	5200	6350	6600	**-18.11**	**-21.21**
1121 Raw	5600	7500	7200	**-25.33**	**-22.22**
Basmati Raw	8900	9500	7000	**-6.32**	**27.14**
1509 Steam Wand New	5200	5800	5600	**-10.34**	**-7.14**
Sugandh Steam	4600	5300	4500	**-13.21**	**2.22**
Sharbati Raw	4100	4300	4800	**-4.65**	**-14.58**
Pusa Raw Wand	4600	5500	6200	**-16.36**	**-25.81**
Parmal Sella	3150	3100	3050	**1.61**	**3.28**

Quarterly Rice Supply & Demand for MY-2018-19 ***(Back to Contents)***

Figure in MMT	2017-18	2018-19*	2019-20
Carry in	15.56	15.81	19.71
Production	**111.00**	**115.00**	**111.50**
Imports	0.00	0.00	0.00
Total Availability	126.56	130.81	131.21
Consumption	98.00	99.50	100.20
Exports	12.75	11.60	11.80

Total Usage	110.75	111.10	112.00
Carry out	**15.81**	19.71	19.21
Av Monthly Consumption	8.17	8.29	8.35
Stock to Month Use	1.94	2.38	2.30
Stock to Consumption Ratio	0.02	0.02	0.02

**AW Forecast (Preliminary)*

Agriwatch estimates the preliminary forecast for MY-2019-20 rice balance sheet in which rice production is expected around 111.5 million tons which is down from last year production due to rabi rice production is likely to down as government discourage the paddy production to other cash crops. Export in next MY of 2019-20 is estimated slightly up due to demand of Indian rice and strengthen of USD to INR, however it would vary if competitive countries prices go down. Carry over stock for next year is likely to remain 19.21 lakh tons which is down from this year which helps prices to move in steady range.

State wise Wholesale Price Monthly Analysis:

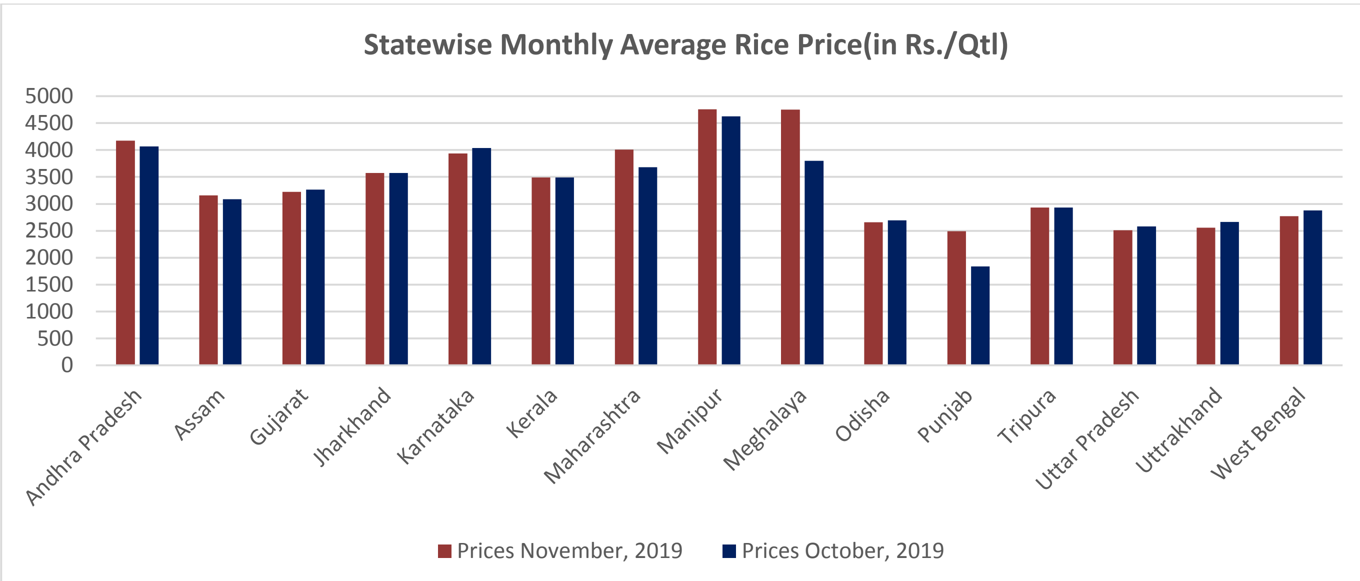
State	Prices November, 2019	Prices October, 2019	Prices November, 2018	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4175	4070	4178.43	2.58	-0.08
Assam	3156.27	3087.02	3213.21	2.24	-1.77
Gujarat	3220.83	3263.69	3244.52	-1.31	-0.73
Haryana		1835		__	__
Jharkhand	3572.92	3572.61	3699.46	0.01	-3.42
Karnataka	3937.62	4035.56	3631.58	-2.43	8.43
Kerala	3490.12	3487.92	3532.56	0.06	-1.2
Maharashtra	4007.06	3683.33	3792.97	8.79	5.64
Manipur	4757.49	4626.22	3634.2	2.84	30.91
Meghalaya	4748.39	3800	5738.51	24.96	-17.25
Odisha	2655.48	2694.63	2567.7	-1.45	3.42
Punjab	2490	1835	3220.85	35.69	-22.69
Tripura	2930.03	2931.69	2972.13	-0.06	-1.42
Uttar Pradesh	2510.14	2580.49	2404.1	-2.73	4.41
Uttrakhand	2559.24	2661.66	2327.54	-3.85	9.95
West Bengal	2772.87	2879.47	2725.48	-3.7	1.74
Average	3398.9	3245.64	3369.71		

Source-Agmark

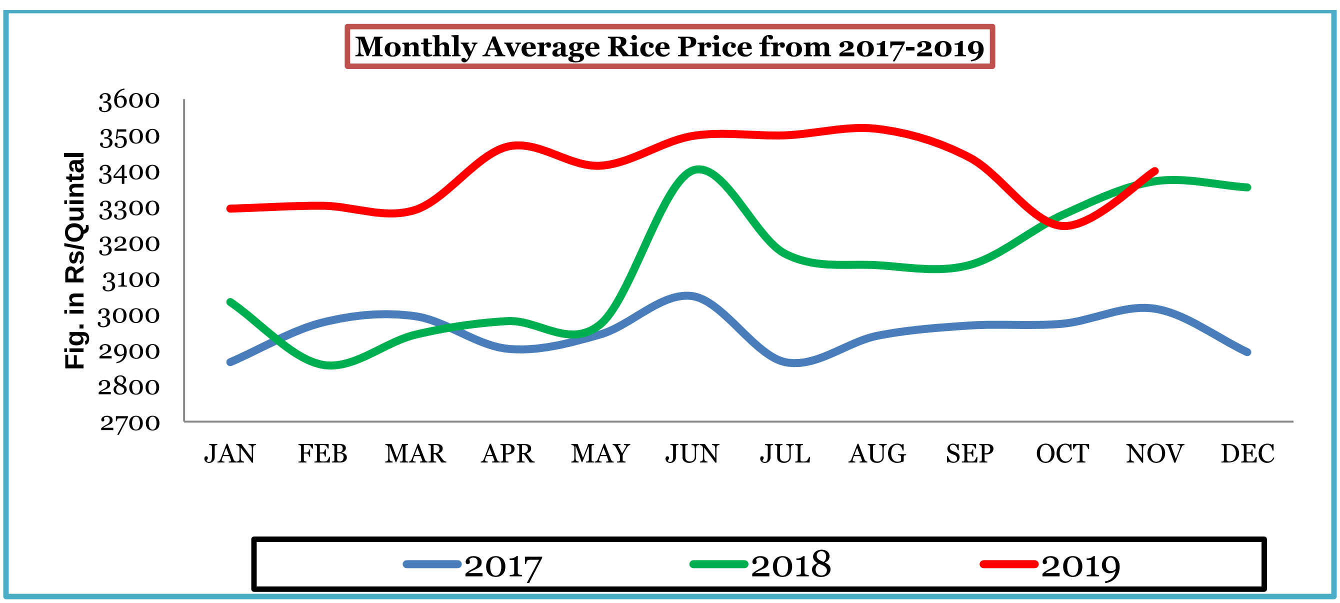
Average monthly wholesale rice prices in India stood at around Rs.3398 per quintal in November- 2019, up by 4.72% from Rs.3246 per quintal in October-2019 and up by 0.69% from Rs.3370 per quintal a year ago.

Agriwatch expects non-basmati rice market to move range bound. Prices are likely to remain steady to firm on yield loss and thus arrival is lower than expected in major mandis.

Indian Average Rice Price Trend- November



Monthly Average Rice Price Trend



Source-Agmarknet

Month-wise Rice Stock in Central Pool

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2014	38.01	38.99	37.93	35.61	32.72	32.01	27.66	27.4	23.98	20.21	27.94	27.49
2015	28.74	30.98	28.4	27.13	25.01	25.72	24.52	20.32	17.51	14.93	25.89	30.35
2016	26.02	28.94	34.06	22.16	21.32	27.21	29.00	24.17	19.73	16.56	31.2	26.95
2017	29.69	29.29	31.43	29.78	29.07	28.84	26.46	23.70	20.39	16.56	27.19	30.13
2018	33.25	33.96	33.32	30.04	29.74	29.54	23.25	24.94	22.61	19.74	27.35	32.64
2019	36.66	40.67	40.09	39.81	38.02	35.62	35.46	32.85	30.14	27.63	36.26	

Source-FCI

India’s rice stocks in the central pool as on November- 1, 2019 stood at 36.26 million tons up by 27.35% from 27.35 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 by 27.35% by from 27.63 million tons recorded on October-01, 2019. Highest stock could be seen in the state of Punjab (88.85 lakh tons) followed by Telangana (24.28 lakh tons), A.P (19.84 lakh tons) Uttar Pradesh (13.52 Lakh Tons) and Haryana (18.98 lakh tons).

State wise Progressive Procurement for MY 2019-20

State/UTs (in Lakh T)	**Target in marketing season 2019-20 (Oct. – Sept.)**	**Progressive Procurement as on 02.12.2019**	
		In Marketing season 2019-20	**In Marketing season 2017-18**
AP	--	0.52	--
Telangana	--	--	--
Bihar	--	--	--
Chhattisgarh	--	--	--
Haryana	40.00	42.93	40.00
Jharkhand	--	--	--
Kerala	**2.50**	0.01	0.05
M.P	--	--	--
Maharashtra	--	--	--
Odessa	--	--	--
Punjab	**114.00**	108.73	38.78
Tamilnadu	**8.00**	0.20	0.51
U.P	**33.00**	0.31	0.02
Uttrakhand	**5.00**	6.04	0.05
West Bengal	--	--	--
Total	**416.00**	**171.51**	**71.35**

Despite a delayed harvest, government procurement of MY 2019/20 rice under the MSP operation through December 02, 2019 is significantly ahead at 17.15 MMT compared to 13.5 MMT during the same time last year, with most rice coming from the northern states of Haryana and Punjab. Procurement is going to gain pace in the coming weeks in northern India and will gradually spread to other states from mid-January onwards. Market sources report that given the weak open market prices of rice on weak domestic and export demand, government procurement is likely to be higher than last year. Expanding government procurement operations in the eastern and southern states will largely fuel the growth in government rice procurement.

Rice Export Statistics

MY-2017-18	Non-Basmati	Basmati	Total Export2017-18	MY-2018-19	Non-Basmati	Basmati	Total Export 2018-19
October-17	7.27	2.34	**9.61**	**October-18**	6.33	2.12	**8.45**
November-17	6.83	2.56	**9.39**	**November-18**	5.61	1.96	**7.57**
December-17	7.68	2.81	**10.49**	**December-18**	6.77	3.7	**10.47**
January-18	10.91	3.49	**14.4**	**January-19**	5.2	5.03	**10.23**
February-18	7.67	3.35	**11.02**	**February-19**	5.4	4.9	**10.3**
March-18	8.72	4.3	**13.02**	**March-19**	7.27	5.66	**12.93**
April-18	6.19	3.7	**9.89**	**April-19**	3.07	4.33	**7.4**
May-18	8.16	3.71	**11.87**	**May-19**	4.04	4.31	**8.35**
June-18	5.44	4.28	**9.72**	**June-19**	4.83	2.92	**7.75**
July-18	5.68	4.07	**9.75**	**July-19**	9.25	2.01	**11.26**
August-18	5.5	2.89	**8.39**	**August-19**			
September-18	7.79	2.13	**9.92**	**September-19**			
Total	**87.84**	**39.63**	**127.47**	**Total**	**57.77**	**36.94**	**94.71**

Source-DGCIS

Total rice export from India till in MY-2018-19 starting from October to July-2019 stood at 94.71 Lakh tons which is down by 13.23% from last year export of 109.16 Lakh MT till the same period. Total non-basmati rice export from October to July were 57.77 lakh tons which was around 74.5 LMT in MY 2017-18 same period, whereas export of aromatic rice were up from last year and till July'19, it was 36.94 Lakh tons which was up by 6.4 lakh tons from last year basmati export of 30.54 Lakh tons. MY 2018/19 rice exports estimate has been revised lower to 11.5 MMT based on the current pace of exports. After robust rice exports in the first half of MY 2018/19, rice exports have slowed considerably since April 2019 on weak demand from traditional markets, particularly for non-Basmati rice after the GOI's export subsidy (5 percent of FOB value) ended in March 2019.

Global Market Scenario

India rice rates near 3-year low, Bangladesh considers cutting duty. Prices of rice from top exporter India held at its lowest in nearly three years this week on low demand as a harvest gathers pace, while neighboring Bangladesh considered cutting import duty on the staple to rein in surging domestic rates. Summer-sown crop harvesting has been gathering pace, but export demand is not improving. Rising supplies have also started to push paddy prices below the government-set purchases rate of 1,835 rupees per 100 kg in many spot markets. Bangladesh, meanwhile, was considering a reduction of import duties on the staple if local prices continue to rise.

Ghana Government to ban rice imports by 2022. A Deputy Minister of Food and Agriculture, says rice importers have welcomed the government's intention to ban rice importation by 2022. When we communicated plans to ban the rice importation by 2022, the importers were happy. Their main challenge however is whether our current production capacity can meet demand to avoid going back. After inspecting the facilities of GADCO, Mr Nyarko said the intention of the government to ban rice importation was to support local rice farmers to gain access to a market for their produce. It would become a mirage if efforts were not made to scale up the production capacity of rice farmers in the country to meet the high demand for the commodity. The country consumed about 940,000 tonnes of rice every month as against the country's production capacity of about 400,000 tonnes. The country had witnessed an increase in the production of paddy rice over the past two years. In 2018, we recorded a total rice production level of about 769,400 tonnes. We are inching this year to about 900,000 tonnes and we have given ourselves up to about 2022 to meet the average per capita consumption rate of rice in the country to about 1,135 tonnes.

Thailand paddy output to decline due to conditions. Thailand's annual paddy production for both the main and second crops is forecast at 27-28 million tonnes in the 2019-20 season, weighed down by a drop in production for the second crop because of flooding and drought. Paddy output from the second crop is estimated at just 3.5 million tonnes, down 54% from 7.75 million tonnes the previous season, due to drought and inadequate water supply from dams. Production from the main crop is forecast at 24 million tonnes of paddy, down 4-12.5% from 25-27 million tonnes the previous season.

Thailand to export additional 1 million tonnes of rice to China. The Agriculture and Cooperatives Minister says he aims to increase exports of Thai rice to China by another 1 million tonnes. The Nation reports that Chalermchai Sri-on says a second list of approved Thai rice manufacturers has been provided to China, with officials there pledging to finalise the country's import scheme registration as soon as possible. Minister Chalermchai confirms an increased demand in China for Thai rice, his announcement coming in the wake of a meeting with China's Deputy Minister of the General Administration of Customs, Zhang Jiwen. Rice exported from Thailand has gained huge popularity in China. We had previously submitted the first batch of rice manufacturers' names for the GACC's consideration based on product quality and their safety standard, and 49 exporters were given approval, comprising both large manufacturers and SMEs. China's commitment to consider a second list of rice manufacturers is seen as a positive development, which could lead to an additional one million tonnes of Thai rice – valued at around 27 billion baht – being exported to China.

Pakistan ice exports increases 43.76% in four months. Rice exports from the country during first four months of current financial year grew by 43.76 per cent as compared to the exports of the corresponding period of the previous year. During the period from July-October, rice worth $633.739 million was exported as compared to the exports of $440.828 million of same period of last year. The rice exports during the period under review, witness significant increase as it went up from 800,078 metric tons in first four months of last financial year to 1,141,334 metric tons in same period of current financial year. The exports of basmati rice also increased by 55.32% as about 279,257 metric tons of basmati rice worth $256.817 million were exported as against the exports of 161,812 metric tons valuing $165.351 million of same period of last year. Meanwhile, country earned $376.922 million by exporting about 862,087 metric tons of others rice, which stood at 638,266 metric tons valuing $275.477 million in the period under review. In first four months of current financial year, about 54,177 metric tons of fish and fish products valuing $129.655 million also exported as compared to the exports of 44,513 metric tons worth $109.776 million of same period of the last year.

Iran's Basmati Rice Production Hits a New High, Indian Rice Exporters in a Fix. The biggest export market for Indian basmati rice remains uncertain. Iran may not start importing from India this year until a political resolution is in place. Since US economic sanctions on Iran, India stopped importing crude oil from Iran. It is the first time in many years that Iran declared self-sufficiency of basmati rice production. This would save basmati rice imports worth 1.1 billion dollars. Iran's basmati rice production stood at 2.3 million tonnes from March 2018 to March 2019. The Deputy Agriculture Minister estimated that Iran's Basmati rice production in 2019 between 2.9 to 3 million tons. The average demand of 83 million people in the country sums up to three million tonnes for a year. The end of oil imports from Iran to India created tension among the two countries. Iranian foreign minister, stated that they expected India to be more resilient to US pressure. In the context of US sanctions, the minister refused the formation of any alliance against the US. He expressed disappointment in India for taking up US orders so easily. And this action will stop import of basmati rice and other food products from India. Iran advised India to take actions that meet the interests of both countries.

Rice Market Outlook

Despite reports of a good upcoming harvest, domestic rice prices remained firm in November due to the delayed harvest of the new crop and high government MSP for un-milled paddy rice (INR18,350/$258 per MT vs. INR17,700/$249 per MT last year). Prices are likely to remain steady due to expected stronger government rice procurement at higher MSP from most rice growing states. Future domestic prices during the marketing year will also depend on export demand and international price movements.

IGC Balance Sheet-

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 24.10.2019	(2019-20) Projection. 21.11.2019
Production	475	487	490	500	500
Trade	40	48	48	46	45
Consumption	474	486	487	496	495
Carryover stocks	122	123	126	179	180
Y-O-Y change	1	1	1	4	5
Major Exporters	33	31	28	39	40

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

IGC Rice Balance sheet Highlights:

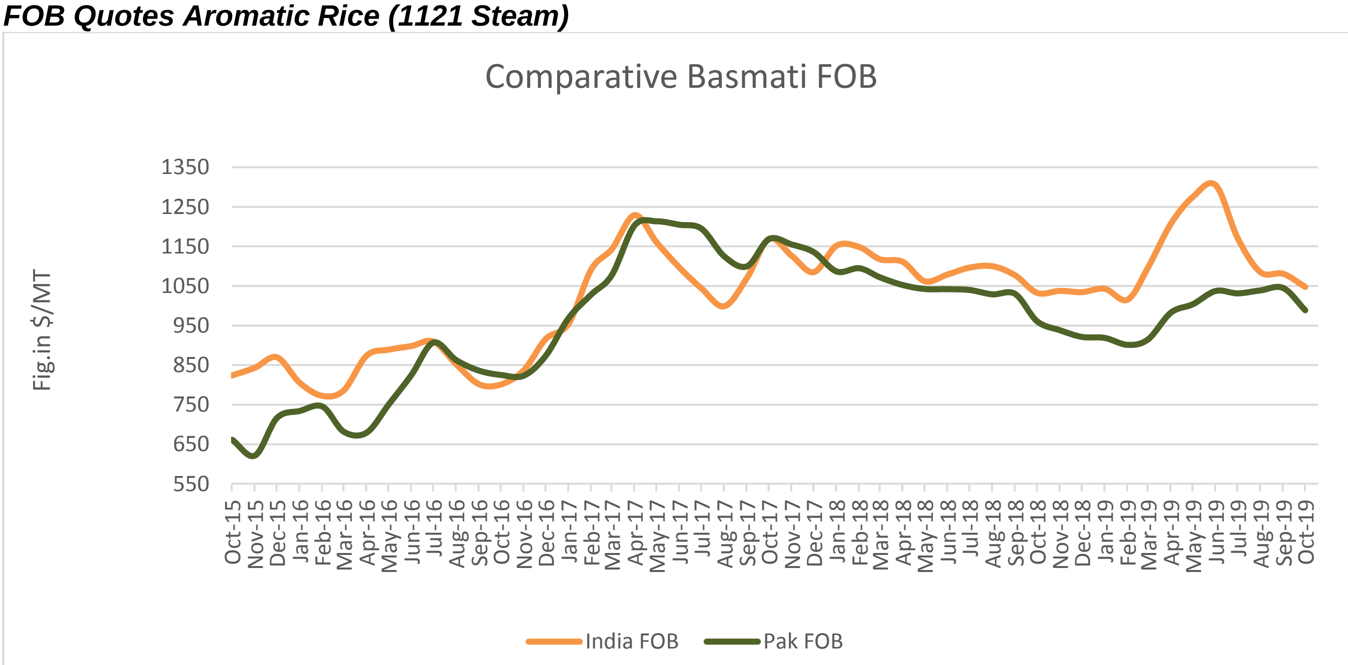
Largely reflecting the continued slow pace of dispatches by India and Thailand, the outlook for world rice trade in 2019 is cut by 1.0m t m/m, to 43.5m, a 6% y/y drop. Global production in 2019/20 is forecast at 500m t, little-changed y/y. And with consumption fractionally higher than in October, world inventories are raised by 1m t m/m, to a record of 180m, a 6m y/y gain. The projection for trade in 2020 is cut slightly but, at 45.4m t, would represent a moderate recovery.

With weak demand from several key Asian buyers only partly offset by a slight firming of buying interest from importers in sub-Saharan Africa, global rice trade in 2019 (Jan/Dec) is seen falling by 6% y/y, to 43.5m t. As a consequence, sales by India and Thailand are expected to contract. In contrast, China's exports are set to post strong y/y growth on bigger deliveries to Africa. Global production is predicted broadly steady y/y in 2019/20 as smaller crops in India and China are offset by gains elsewhere, while accumulation in leading producers could push up inventories to a new peak. Trade is projected to rebound, but stay below past highs.

Indicative Basmati Parity Sheet

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kolkata)
Price @ various center	61020	62500	59850	59000	61250
Port handling charges /Loading/Unloading /Clearing (Rs/ton)	550	550	550	550	550
Freight Charges till port	400	400	1350	1350	450
Indian FOB (Rs/MT)	61970	63450	61750	60900	62250
Indian FOB (USD/MT)	**867.20**	**887.91**	**864.12**	**852.23**	**871.12**
Insurance @ 0.1%	0.87	0.89	0.86	0.85	0.87
Freight Charges (US $/ton) to Iran	55	55	55	55	55
CIF (Kandla to Dubai)	923.07	943.80	919.98	908.08	926.99
INR MonthlyAverage	71.46	71.46	71.46	71.46	71.46

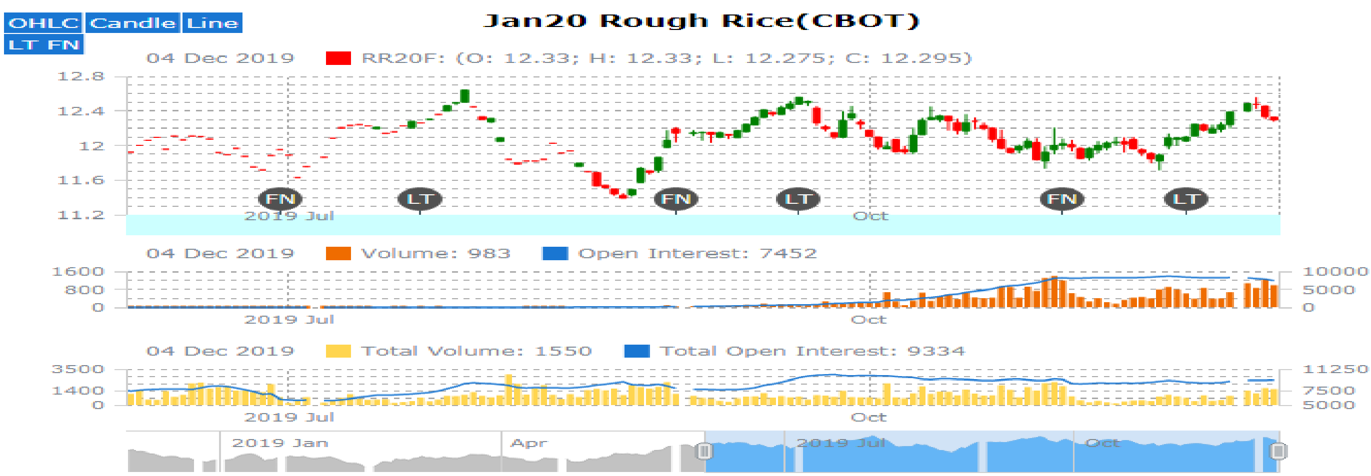
FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& AW

Indian FOB for 1121 steam traded weak in the month of October and currently is in the range of USD 3.07/MT which is down by 3.07% from last month price of USD 1080/T due to arrival pressure and also export as many companies in Iran, who is largest basmati importer, Exporters are facing a fund crunch with their payments stuck in Iran for five months. Over 30 per cent of basmati export is affected due to the crisis, making exporters reluctant to purchase basmati; Agriwatch expects that aromatic international rice price is likely to trade steady to weak in coming month due arrival pressure from major producing states. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving weak from last month and is now hovering in the range of USD 988/MT which is up down 5.38 % from last month FOB of USD 1045/MT.

***Rice Price Trend – CBOT*@ CBOT Jan- 19, Rough Rice)**
(Prices in US$/hundredweight)



Market Analysis

The CBOT Jan-19 month rough chart for rice indicates steady to firm tone from last week. We expect market to hover in the range of USD 11.80-12.90 hundred weights in coming sessions.

International Price Projection for Next Month:

Duration	Trend	Support	Resistance
Dec-2019	Steady	S1-11.50 S2-11.00	R1-12.85 R2-13.00