
Rice Monthly Research Report

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Outlook and Review (Domestic Front)

- **Cut in reserve price of rice, wheat will hit FCI.** FCI may have to sell a significant amount of its rice stock in the open market if it has to make room for fresh procurement of paddy and wheat. The time for this has come. The government has cut sharply the reserve price of rice and wheat to help FCI offload bulk of its stock. In the Open Market Sale Scheme (OMSS), rice will now be sold at 2,250/quintal against ₹2,785/quintal earlier. The reserve price of wheat has also been cut. It is now 2,135/quintal. Originally, price for the January-March period was fixed at 2,245/quintal. Already, the reserve price, both of rice and wheat, was way lower to the economic cost of FCI. Now, with the price cut, the gap has increased further.
- **West Bengal Govt procured only 22% of paddy crop target for this season.** West Bengal government's Agriculture Department has managed to procure only 22% of the rice they had promised to procure from the cultivators across the state till now. The farmers in the state are refusing to sell their produce to the government because of various flaws in the process of procurement. Earlier in November 2018, the West Bengal government had announced that during the current season, it would buy 52 lakh metric tons of paddy from the farmers in the state. Out of these 52 lakh metric tons, 24 lakh metric tons were to be procured by the government directly from the farmers, through Central Purchase Centres (CPCs), while the remaining 28 lakh metric tons are to be procured from cooperatives like National Agricultural Cooperative Marketing Federation (NAFED), West Bengal State Cooperative Marketing Federation Ltd. (BENFED), and West Bengal State Consumer Cooperative Federation (CONFED).
- **Tamil Nadu sets 25 lakh tonne as paddy procurement target this season.** The paddy procurement target for the current samba season has been fixed at 25 lakh tonnes against 19.1 lakh tonnes in previous year. Tamil Nadu Civil Supplies Corporation (TNCSC) had set up 1,766 direct procurement centres (DPCs) last year, through which 19.1 lakh tonne paddy was procured from lakh farmers. Through 513 DPCs established in the state including 63 in non-delta districts this season, we have procured 87,000 tonnes of paddy so far. Based on the requirements, the number of DPCs will be increased.
- **India Govt cuts reserve prices of wheat, rice to make space for new crop yield.** Faced with poor offtake of grains from the official reserves, the government has cut the reserve prices of wheat and rice to clear the space for new crop, as the current food grain stocks with the Food Corporation of India (FCI) is 2.5 times the buffer norm. But, the delayed decision may not help FCI to substantially liquidate its stocks as procurement of the new crop will start from April. For this the agency needs 35 million tonne (MT) of storage space. FCI has 56.51 MT of rice and wheat in its reserves, besides 27.89 MT of paddy (kept by millers) as on January 1, against the buffer norm of 21.41 MT. The stock position in the year-ago period was 45.41 MT of rice and wheat, and 27.41 MT of paddy. The agency has a total storage capacity of 76 MT, including hired ones.
- **The Karnataka government has reduced the amount of rice to be given in ration, the Ministry of Food and Public Distribution** said that rice is currently being given at the rate of 7 kg per person per month, which can be reduced to 5 kg per month.
- **In the last few days, inquiries of Indian non-basmati rice from African countries started increasing. In Bangladesh,** paddy was damaged due to cyclone which affected production. Rice prices are increasing in Bangladesh for 1 consecutive month, due to which the possibility of export from India to Bangladesh is increasing.

- **Uttar Pradesh Paddy Government Procurement Breaks Record:** In Uttar Pradesh, for the first time government procurement of paddy exceeded 50 lakh tons. There is still 5 weeks left for the purchase and the purchase of paddy has crossed 51.5 lakh tons. There was no purchase of 3.5 million tons of rice in the last several seasons. In other words, the effect of the government's assurance to the government not to increase the government procurement is being seen, only the purchase of new paddy such as sorghum, millet, maize and wheat has also increased since last year. In the current season, the government had targeted to procure 5 million tons of paddy. Around 55 lakh tons of paddy can be procured from Uttar Pradesh in the current procurement season. Paddy purchase will last till February 2020.
- **Export of non-basmati rice from India declined by over 37 per cent** between April and November of 2019 as compared to the corresponding period in 2018, India managed to export only 31,41,000 metric tonnes (MT) of non-basmati rice during the April-November period last year, compared to the 50,48,000 MT it did during the corresponding period in 2018.
- **India seeks to push sugar, rice exports to Indonesia.** The government has sought a deal with Indonesia to push Indian sugar, rice and bovine meat in return for higher quantity of palm oil imports from the Southeast Asian country. The move comes after the government decided to license the import of refined palm oil, which was meant to signal its displeasure to Malaysia over Mahathir Mohamad's comments on Kashmir, the Citizenship Amendment Act and his government's reluctance to extradite controversial preacher Zakir Naik.
- **Paddy procurement hits new high in Telangana.** The Telangana Civil Supplies Corporation has procured a record 44 lakh metric tonnes of paddy this kharif. Arrangements have been made to procure another 2 lakh metric tonnes of paddy from farmers, which would take the total to 46 lakh metric tonnes paddy production in kharif season. In the last kharif season, the Civil Supplies Corporation had purchased 40.41 lakh metric tonnes of paddy from 8 lakh farmers through 3,297 paddy purchase centres (PPCs).

All India Weather Status:

Seasonal all India Rainfall status: 01st January 2019 to 15th January 2020.

- Tamil Nadu states received the deficit rainfall
- Assam and Telangana states received the excess rainfall
- Gujarat and Karnataka state received the large deficit rainfall
- Arunachal Pradesh, Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Sikkim, West Bengal, Jharkhand, Bihar, Uttar Pradesh, Uttarakhand, Haryana, Punjab, Himachal Pradesh, Jammu & Kashmir, Rajasthan, Odisha, Madhya Pradesh, Maharashtra, Chhattisgarh and Andhra Pradesh state received the normal rainfall
- Kerala state receive the normal rainfall
- No rainfall has observed in the Goa states only

For the country as a whole, cumulative rainfall during 1st January 2020 to 15th January 2020 was above Long Period Average (LPA) by 157% over the country as a whole.

Price Projection for Next Month (February) in Domestic Market

Duration	Variety	Trend	Average Price Range	Reason
February - 2020	PR-Steam(Naya Bazaar)	Steady	Rs.3250-3700/Quintal	Cut in reserve price of rice, wheat will hit FCI. FCI may have to sell a significant amount of its rice stock in the open market if it has to make room for fresh procurement of paddy which pressurize the rice market.

Paddy Rabi Sowing Updates as on 31st January 2020:

	RICE					Over last year	
State	Normal Area	Average Area	Area sown reported			Absolute Change	% Change
			This Year	% of Normal	Last Year		
Andhra Pradesh	7.32	6.29	6.01	82.0	5.75	0.26	4.5
Assam	4.06	1.35	1.34	33.0	1.37	-0.03	-2.2
Bihar	0.82	0.00		0.0		0.00	#DIV/0!
Chhattisgarh		0.50	0.54		0.63		
Goa	0.13	0.00					
Gujarat	0.40	0.00					
Jharkhand	0.02					0.00	#DIV/0!
Karnataka	2.22	0.27	0.08	3.6	0.12	-0.04	-33.3
Kerala	0.44	0.96	0.67	151.1	1.07	-0.40	-37.4
Madhya Pradesh	0.08						
Maharashtra	0.43	0.00				0.00	#DIV/0!
Manipur	1.93	0.00					
Meghalaya	0.14	0.03			0.14	-0.14	-100.0
Nagaland	0.04						
Odisha	2.56	0.46	0.22	8.6	0.45	-0.23	-51.1
Tamil Nadu	1.52	10.85	10.42	686.6	8.93	1.49	16.7

Telangana	6.66	0.00	8.24	123.8	5.10	3.14	61.6
Tripura	0.67	0.19	0.07	10.5	0.32		0.0
Uttar Pradesh	0.27	0.00					#DIV/0!
Uttrakhand	0.14	0.00					#DIV/0!
West Bengal	12.86	1.70	1.06	8.2	1.27		
Pondicherry	0.04						
Others	0.00	0.12	0.16		0.17	-0.01	-5.9
All-India	42.77	22.70	28.80	67.3	25.31	3.49	13.8

Paddy acreage as on 31st January, 2020 as per reports received from government, stands at 28.80 lakh hectare as compared to 25.31 lakh hectares last year same period. It is reported that rice has been sown/transplanted in Andhra Pradesh is higher by 5 per cent and reached to 6.01 lakh hectares from last year area of 5.75 lakh hectares. Tamilnadu paddy area in Rabi is also up by 17 per cent from last year and reached to 10.42 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

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Figure in MMT	2017-18	2018-19	2019-20*
Carry in	15.39	21.05	27.00
Production	116.40	116.00	114.00
Imports	0.00	0.00	0.00
Total Availability	131.79	137.05	141.00
Consumption	98.00	99.50	100.20

Exports	12.74	10.55	11.05
Total Usage	110.74	110.05	111.25
Carry out	21.05	27.00	29.75
Av Monthly Consumption	8.17	8.29	8.35
Stock to Month Use	2.58	3.26	3.56
Stock to Consumption Ratio	0.03	0.03	0.04

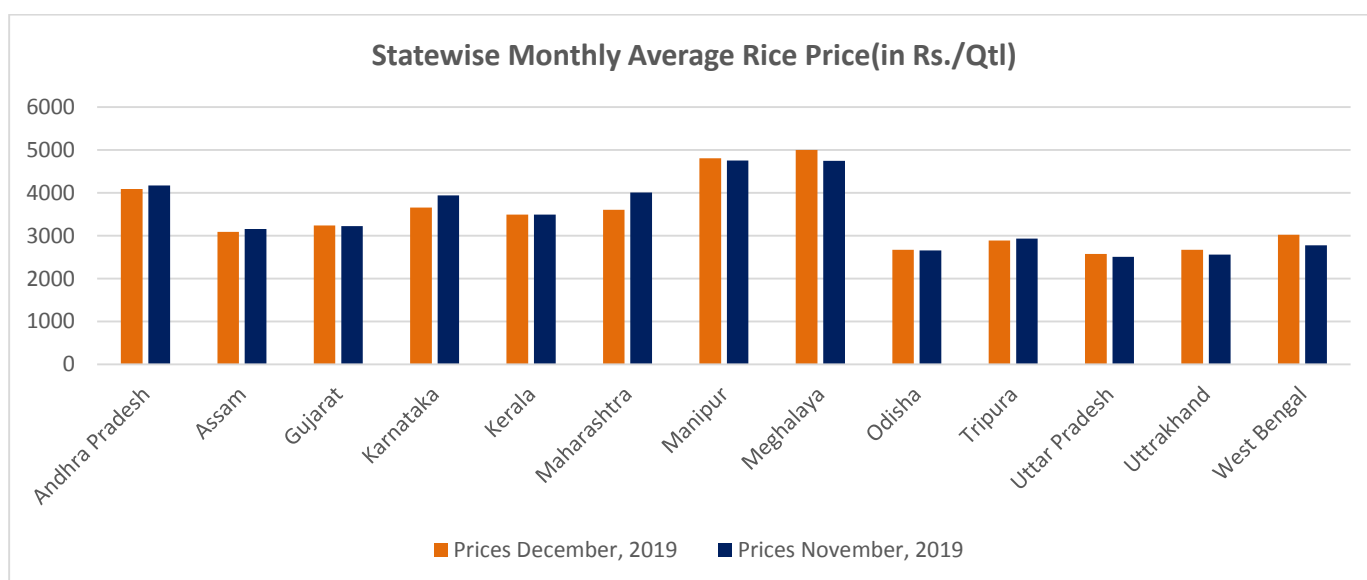
*AW Forecast (Preliminary)

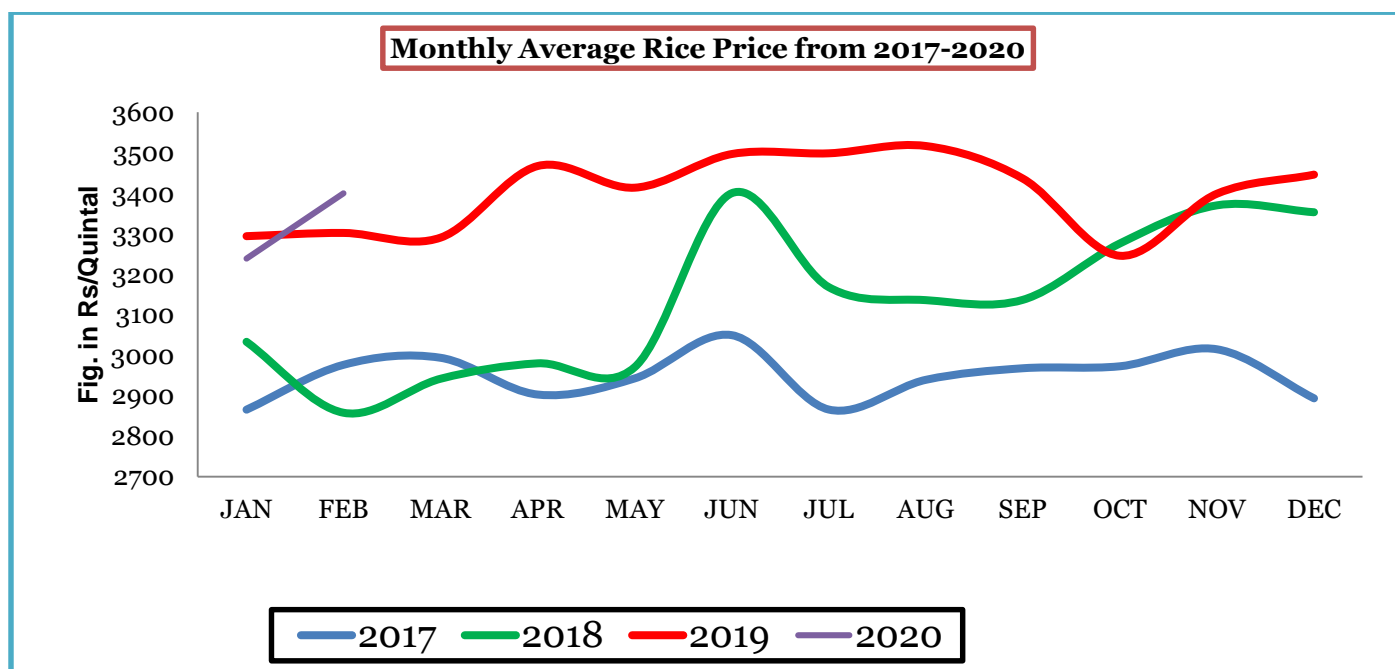
Agriwatch estimates the preliminary forecast for MY-2019-20 rice balance sheet in which rice production is expected around 114 million tons which is down from last year production due to kharif rice production is likely to down as government discourage the paddy production to other cash crops. Export 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 29.75 million tons which is up from this year which helps prices to move in steady range.

State wise Wholesale Price Monthly Analysis:

Average monthly wholesale rice prices in India stood at around Rs.3239 per quintal in January- 2020, down by 6% from Rs.3445 per quintal in December-2019 and down by 1.62% from Rs.3293 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound. Prices are likely to remain steady to firm on higher demand from overseas buyers as international demand is likely to shifts from Thailand to India.

Indian Average Rice Price Trend- December



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	38.63
2020	42.39											

Source-FCI

India's rice stocks in the central pool as on January- 1, 2020 stood at 42.39 million tons including unmilled paddy with FCI and state agencies which is up by 15.63% from 36.66 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 9.73% by from 38.63 million tons recorded on December-01, 2019. Highest stock could be seen in the state of Punjab (74.94 lakh tons) followed by Telangana (22.67 lakh tons), A.P (14.02 lakh tons) Uttar Pradesh (11.33 Lakh Tons) and Haryana (17.76 lakh tons).

State wise Progressive Procurement for MY 2019-20

State/UTs	Target in marketing season 2019-20 (Oct. – Sept.)	Progressive Procurement as on 28.1.2020	
(in Lakh T)		In Marketing season 2019-20	In Marketing season 2018-19
AP	--	21.54	19.69
Telangana	--	31.04	26.59
Bihar	--	1.75	1.12
Chhattisgarh	--	43.55	40.24
Haryana	40.00	43.03	39.09
Jharkhand	--	0.25	0.29
Kerala	2.50	1.17	0.62
M.P	--	15.35	10.19
Maharashtra	--	3.53	2.39
Odessa	--	23.79	20.46
Punjab	114.00	108.76	113.30
Tamilnadu	8.00	1.36	2.17
U.P	33.00	34.20	25.36
Uttrakhand	5.00	6.22	4.44
West Bengal	--	0.01	8.88
Total	416.00	336.09	315.30

Despite a delayed harvest, government procurement of MY 2019/20 rice under the MSP operation through January 02, 2020 is significantly ahead at 33.60 MMT compared to 31.53 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-2018-19	Non-Basmati	Basmati	Total Export 2018-19	MY-2019-20	Non-Basmati	Basmati	Total Export 2019-20
October-18	6.33	2.12	8.45	October-19	2.99	1.86	4.85
November-18	5.61	1.96	7.57	November-19	4.35	2.15	6.5
December-18	6.77	3.7	10.47	December-19	4.21	3.2	7.41
January-19	5.2	5.03	10.23	January-20			
February-19	5.93	4.9	10.83	February-20			
March-19	8.84	5.58	14.42	March-20			
April-19	3.07	4.33	7.4	April-20			
May-19	4.04	4.3	8.34	May-20			
June-19	4.96	2.92	7.88	June-20			
July-19	5.03	2.78	7.81	July-20			
August-19	4.13	2.3	6.43	August-20			
September-19	3.7	2.05	5.75	September-20			
Total	63.61	41.97	105.58	Total	11.55	7.21	18.76

Source-DGCIS

In this MY-2019-20 starting from October'2019 till December, 2019, total rice exports from India reached to 18.76 lakh tons which is around 30% lower than same period corresponding period. Non-basmati rice export was 11.55 lakh tons which is down by around 38% to this period and basmati rice export reached to 7.21 lakh tons down by 7.32% from same period corresponding period. Higher price of Indian rice in global markets is the main reason for downfall in exports, while due to weakening of INR, exporters are now taking action to push the exports in coming months.

Global Market Scenario

Cambodia rice crisis signals deeper economic rot. Cambodia's beleaguered rice sector is both literally and figuratively drying up, with drought parching crops and commercial banks refusing liquidity to farmers and millers in need of loans to stay afloat. The country's Ministry of Agriculture, Forestry and Fisheries last year warned farmers that they may only be able plant one crop during the current dry season, which typically runs through April. The ministry has said this could result in a smaller rice harvest year on year in 2020, a significant decline considering the rice sector is still one of the mostly rural nation's main employers.

Thailand's 2020 rice exports forecast to fall to lowest in seven years. Thailand's rice exports in 2020 are forecast to drop to their lowest in seven year, as the strong baht reduces the competitiveness against other shippers. Exports from Thailand, the world's second-biggest exporter of the commodity after India, are expected to drop to 7.5 million tonnes this year, the Thai Rice Exporters Association said. That would be the lowest volume since Thailand exported 6.6 million tonnes of rice in 2013. The grim forecast came after

Thailand fell short of its initial 2019 target by exporting 7.8 million tonnes of rice last year. Thai rice export volumes have declined for two consecutive years since hitting a record 11.60 million tonnes in 2017.

Pakistan rice exports grow 26.30%. Rice exports from the country during first half of current financial year grew by 26.30% as compared the exports of the corresponding period of last year. During the period from July-December 2019-20, rice over 2.020 million metric tons worth \$1.033 billion exported as compared to the exports of 1.587 million tons valuing \$817.923 million of same period of last year. According the latest trade data released by the Pakistan Bureau of Statistics, exports of Basmati rice witnessed overwhelming growth of 55.89% as about 415,083 metric tons of above mentioned commodity worth \$380.623 million exported as compared to the exports of 241,491 metric tons valuing \$244.169 million of same period of last year. Meanwhile, exports of rice other than Basmati also grew by 13.71% during the period under review as 1,605,613 metric tons of rice worth \$652.428 million exported as against 1,345,961 metric tons valuing \$573.754 million of same period of last year. However, on month on month basis, rice exports decreased by 8.19% in December, 2019 as 403,923 metric tons of rice valuing \$197.185 million against exports of 431,744 metric tons of same month of last year. Thai rice prices climb to over 20-month high.

Thai rice export prices scaled a more than 20-month peak this week as a persistent drought heightened supply concerns, while improved demand from African countries drove an uptick in rates for the Indian variety. Thailand's benchmark 5% broken rice prices rose to their highest since late April 2018 at \$435-\$445 compared with \$425-\$435 last week. Risks to supply from the ongoing drought, coupled with a strong baht have supported Thai prices. Exports from Thailand, the world's second largest rice exporter after India, are forecast to drop to their lowest in seven years, at 7.5 million tonnes, in 2020

Rice Market Outlook

Non-basmati rice price traded weak in the month of January due to cut in reserve price of rice by FCI. FCI may have to sell a significant amount of its rice stock in the open market if it has to make room for fresh procurement which pressurize the Open market rice price. However due to shifting of overseas demand from Thailand to Indian Market which could support the rice price. Unlikely common rice, basmati price in coming months is likely to trade firm due to lower production estimates and competitive price against Pakistan.

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

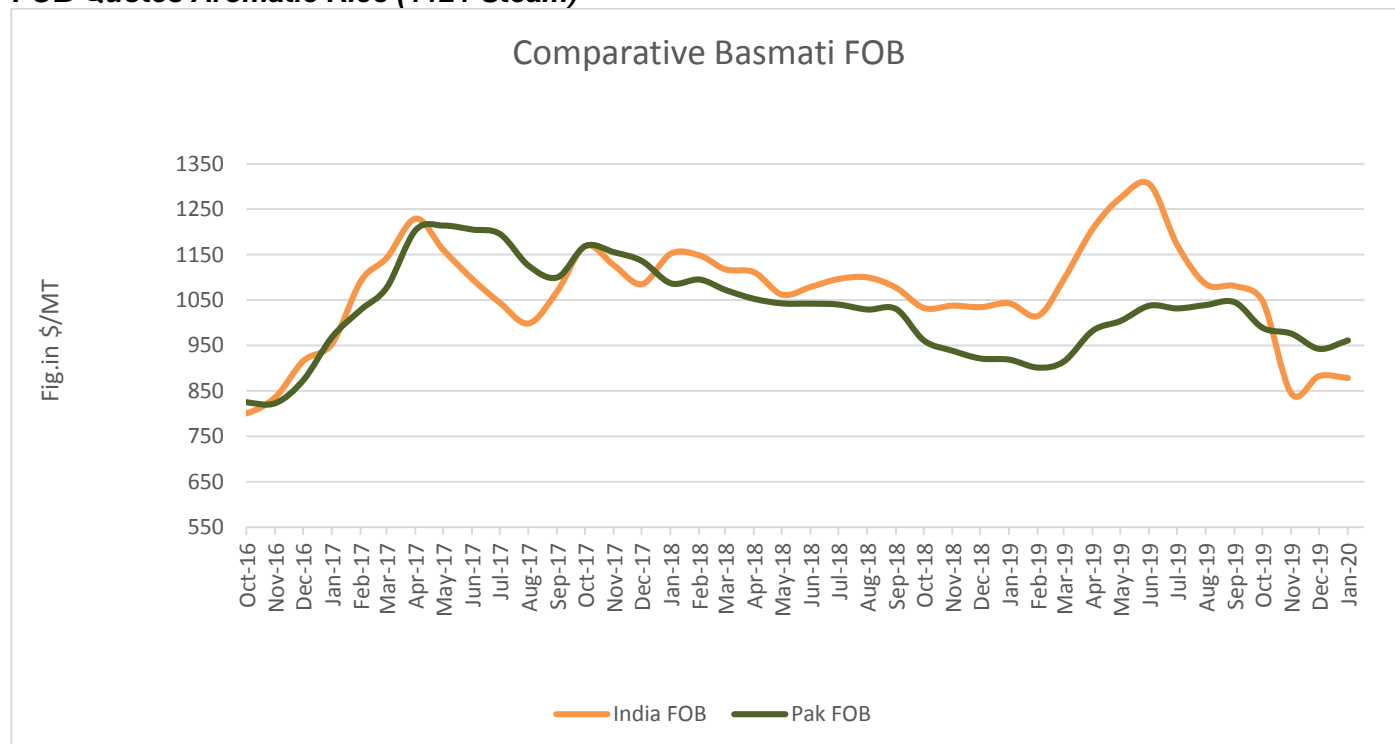
IGC Rice Balance sheet Highlights:

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

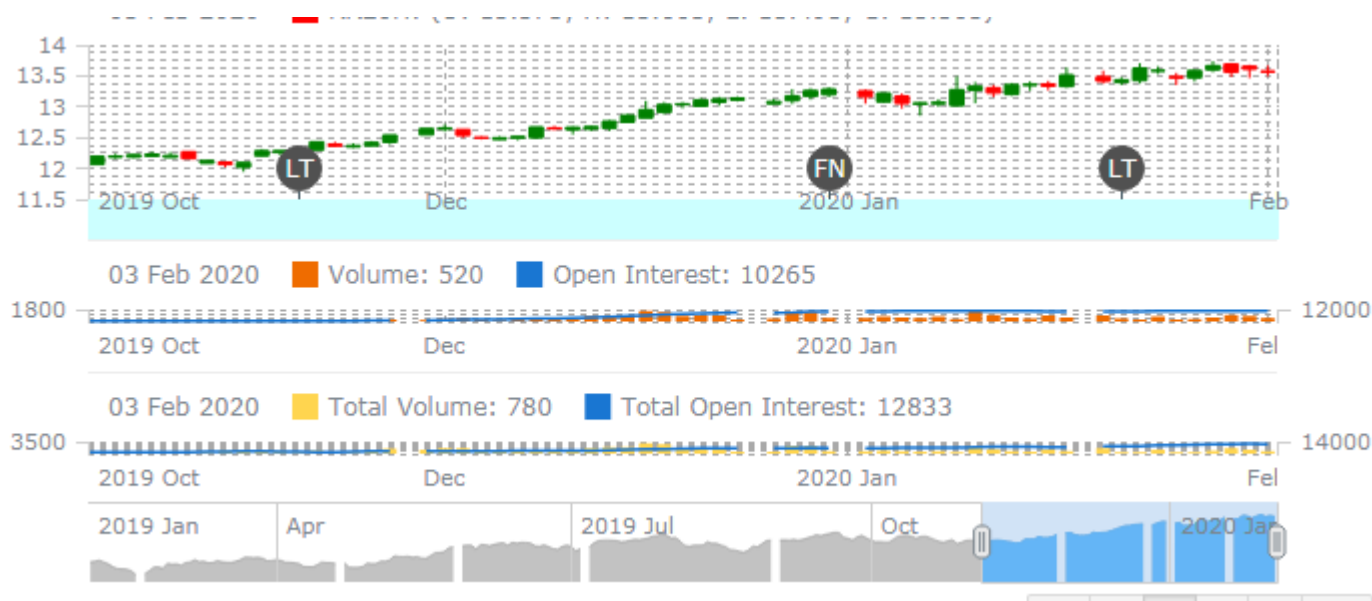
Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kol kata)
Price @ various center	62500	63000	60000	60200	62000
Port handling charges /Loading/Unloading /Clearing (Rs/ton)	550	550	550	550	550
Freight Charges till port	400	400	1350	1350	450
Indian FOB (Rs/MT)	63450	63950	61900	62100	63000
Indian FOB (USD/MT)	891.03	898.05	869.26	872.07	884.71
Insurance @ 0.1%	0.89	0.90	0.87	0.87	0.88
Freight Charges (US \$/ton) to Iran	55	55	55	55	55
CIF (Kandla to Dubai)	946.92	953.95	925.13	927.94	940.59
INR Monthly Average	71.21	71.21	71.21	71.21	71.21

FOB Quotes Aromatic Rice (1121 Steam)


Source-FAO& AW

Due to poor performance of basmati and non-basmati rice exports from India, pressure on domestic market prices has increased. Indian FOB for 1121 steam traded weak in the month of January and currently is in the range of USD 880/MT which is down by 0.5% from last month price of USD 883/T; Agriwatch expects that aromatic international rice price is likely to trade steady in coming month due diminishing of arrival from major producing states. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving firm from last month and is now hovering in the range of USD 961-965/MT which is up 1.2 % from last month FOB of USD 943/MT.

Rice Price Trend – CBOT@ CBOT Mar- 20, Rough Rice)
(Prices in US\$/hundredweight)



Market Analysis

The CBOT Mar-20 month rough chart for rice indicates steady to firm tone from last week. We expect market to hover in the range of USD 12.00-14.50 hundred weights in coming sessions.

International Price Projection for Next Month:

Duration	Trend	Support	Resistance
Feb-2020	Steady	S1-12.50 S2-12.00	R1-14.80 R2-15.00



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