
Rice Monthly Research Report

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Outlook and Review (Domestic Front)

- **Prices of basmati rice, cotton and soyabean have dropped by up to 10 per cent in the last one month as the** coronavirus outbreak curtailed overseas shipments leading to a build-up of stock. Since early February, cotton and yarn prices in the wholesale market have fallen by 7 per cent, while basmati is cheaper by 10 per cent and soybean by 5 per cent.
- **India's 5% broken parboiled variety was quoted at \$369-\$373 per tonne this week, down from \$371-\$376 last** week and the week before. Demand from African and Asian buyers has been faltering as they expect rice prices to correct like other commodities. Meanwhile, prices for Thailand's benchmark 5% broken rice widened to \$430-\$452 on Thursday from the \$430-\$445 quoted last week. There are no major deals, just small ones from old customers.
- **Telangana's Food-grain Output zooms on Back of Bumper Paddy:** Due to the tremendous production of paddy in Telangana, there has been a tremendous increase in the production of food grains in 2019-20, according to the first estimate, the production of food-grains in Telangana is estimated at 130 lakh tons, out of which rice production is estimated at 99 lakh tons. Grain production in Telangana increased by 40% as compared to last year, 93 lakh tons was produced last year.
- **The central government has estimated domestic production of food grains to reach a new record level of 291.95** million tonnes during the entire marketing season of 2019-20, which is much higher than the total production of 285.21 million tonnes for the 2018-19 season. According to the second advance estimate released by the Union Ministry of Agriculture, the country is expected to produce 117.47 million tonnes of rice during the 2019-20 season which is higher by the government target of 116. Million tonnes.
- **In India, transplanting of Rabi rice is continuing in the eastern parts of the country under favourable conditions** with an increase in total sown area observed. In Viet Nam, dry-season rice (winter-spring rice) is developing in the south under watch conditions because of an expected shortage of freshwater for irrigation due to saline intrusion. Sowing has not yet begun in the north. In Thailand, dry-season rice conditions are under watch due to the reduction of available water for irrigation, which is also expected to decrease the total sown area compared to last year.
- **This year, rice exports from India may decline by 18–20% over** the previous year due to declining demand for Indian rice from West Asian countries. Rice exports to Iran decreased 22% in the current year, 23% to Nepal, 90% to Senegal, 93% to Bangladesh, 2% to Yemen. India's overall rice exports to the Middle East is set to see a significant decline in the current quarter, hit by the double whammy of coronavirus-related restrictions on movement of goods and a bumper production in the domestic market pulling down prices. This is even as Indian rice exports to some of the select markets in the region including Saudi Arabia and UAE have witnessed an increasing trend in the recent months.

- **India spot basmati down on weak demand. Prices of Pusa 1121 basmati paddy fell due to a decline in demand from** local millers and exporters. Demand for the commodity– one of India's premium offering to the global market–has been subdued over the past few months due to lower shipments to Iran, they said. Iran accounted for almost onethird of India's basmati exports in 2018-19 (Apr-Mar). Exports to the West Asian country is seen lower on year due geopolitical tensions in the region. Weak exports to Iran is also seen weighing on overall basmati exports this financial year.

All India Weather Status:

Seasonal all India Rainfall status: 01st January 2019 to 19th February 2020.

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

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 (March) in Domestic Market

Duration	Variety	Trend	Average Price Range	Reason
March - 2020	PR-Steem(Naya Bazaar)	Steady	Rs.3200-3700/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!
Uttarakhand	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.

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	115.00
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 115 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.

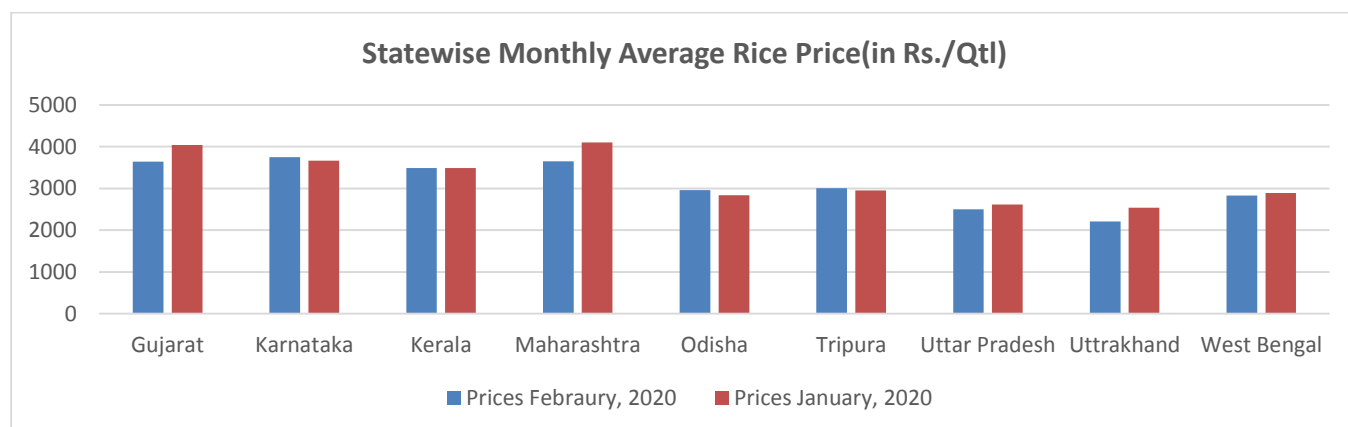
State wise Wholesale Price Monthly Analysis:

State	Prices February, 2020	Prices January, 2020	Prices February, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh			4048.72	--	--
Assam			3194.01	--	--
Gujarat	3640.33	4044.31	3138.93	-9.99	15.97
Jharkhand			3861.97	--	--
Karnataka	3751.93	3667	3472.86	2.32	8.04
Kerala	3486.38	3489.66	3464.05	-0.09	0.64
Maharashtra	3650.41	4106.03	3905.3	-11.1	-6.53
Manipur			3747.69	--	--
Meghalaya			3681.99	--	--
Nagaland			6746.67	--	--
NCT of Delhi			2063.29	--	--

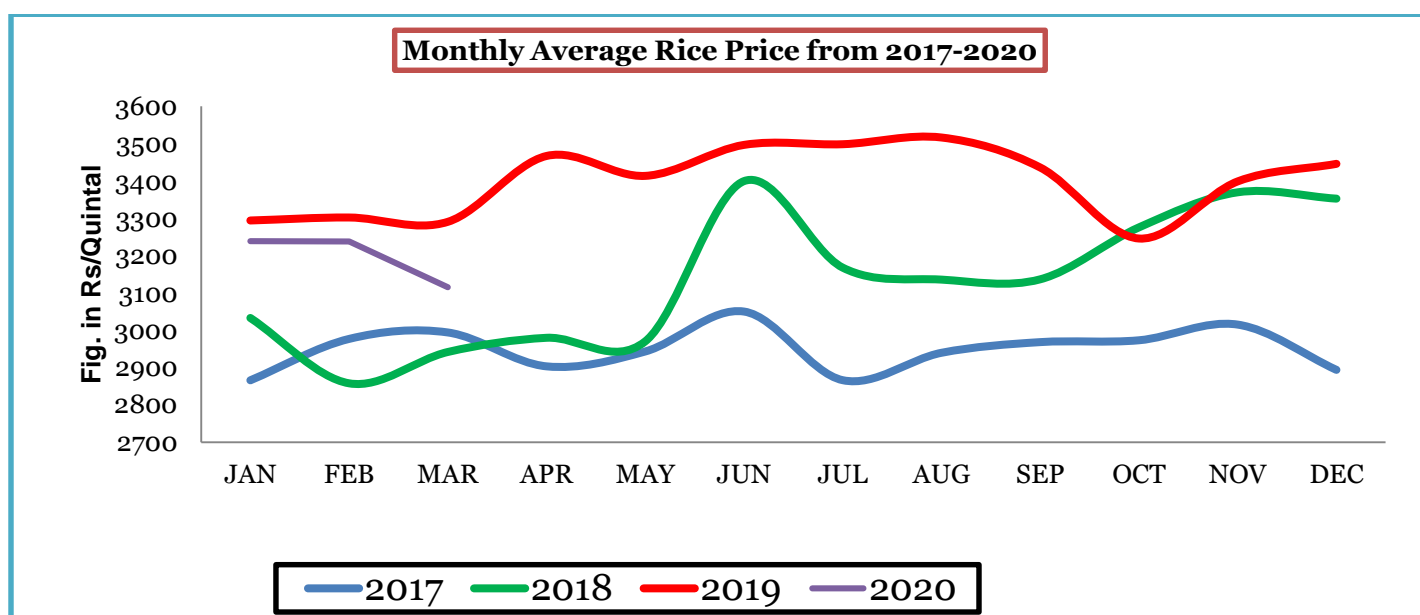
Odisha	2964.23	2834.25	2665.86	4.59	11.19
Tamil Nadu			1478.18	--	--
Tripura	3004.14	2953.35	2909.37	1.72	3.26
Uttar Pradesh	2502.58	2614.44	2402.72	-4.28	4.16
Uttarakhand	2209.07	2542.12	2570.77	-13.1	-14.07
West Bengal	2832.12	2892.27	2734.57	-2.08	3.57
Average	3115.69	3238.16	3299.23		

Average monthly wholesale rice prices in India stood at around Rs.3116 per quintal in February- 2020, down by 3.7% from Rs.3238 per quintal in January-2020 and down by 5.56% from Rs.3299 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound. Prices are likely to remain steady on dull demand due to coronavirus attack globally.

Indian Average Rice Price Trend- February



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	44.80										

Source-FCI

India's rice stocks in the central pool as on February- 1, 2020 stood at 44.80 million tons including unmilled paddy with FCI and state agencies which is up by 10.15% from 40.67 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 5.68% by from 42.39 million tons recorded on January-01, 2020. 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 (in Lakh T)	Target in marketing season 2019-20 (Oct. – Sept.)	Progressive Procurement as on 02.03.2020	
		In Marketing season 2019-20	In Marketing season 2018-19
AP	--	28.98	19.69
Telangana	--	31.57	26.59
Bihar	--	3.79	1.12
Chhattisgarh	--	48.72	40.24
Haryana	40.00	43.03	39.09
Jharkhand	--	0.80	0.29
Kerala	2.50	1.48	0.62
M.P	--	15.35	10.19
Maharashtra	--	5.30	2.39
Odessa	--	32.23	20.46
Punjab	114.00	108.76	113.30
Tamilnadu	8.00	7.75	2.17

U.P	33.00	37.16	25.36
Uttarakhand	5.00	6.52	4.44
West Bengal	--	8.50	8.88
Total	416.00	380.91	315.30

Despite a delayed harvest, government procurement of MY 2019/20 rice under the MSP operation through March 03, 2020 is significantly ahead at 38.09 MMT compared to 31.53 MMT during the same time last year, with most rice coming from the northern states of Haryana and Punjab. 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	4.52	4.56	9.08
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	16.07	11.77	27.84

Source-DGCIS

The latest figures from the Directorate General of Commercial Vigilance and Statistics (DGCIS) show that during January 2020, more than 9.09 lakh tonnes of rice were exported from the country, including 4,56,586 tonnes of basmati rice and 4,52,544 tonnes of normal or non-basmati rice Shipment included.

In this MY-2019-20 starting from October'2019 till January, 2020, total rice exports from India reached to 27.84 lakh tons which is around 24% lower than same period corresponding period. Non-basmati rice export was 16.07 lakh tons which is down by around 33% to this period and basmati rice export reached to 11.77 lakh tons down by 8.11% 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 February due to coronavirus attack globally and also 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. 23.01.2020	(2019-20) Projection. 27.02.2020
Production	475	487	490	499	499
Trade	40	48	48	44	44
Consumption	474	486	487	495	495
Carryover stocks	122	123	126	177	177
Y-O-Y change	1	1	1		4
Major Exporters	33	31	28	40	42

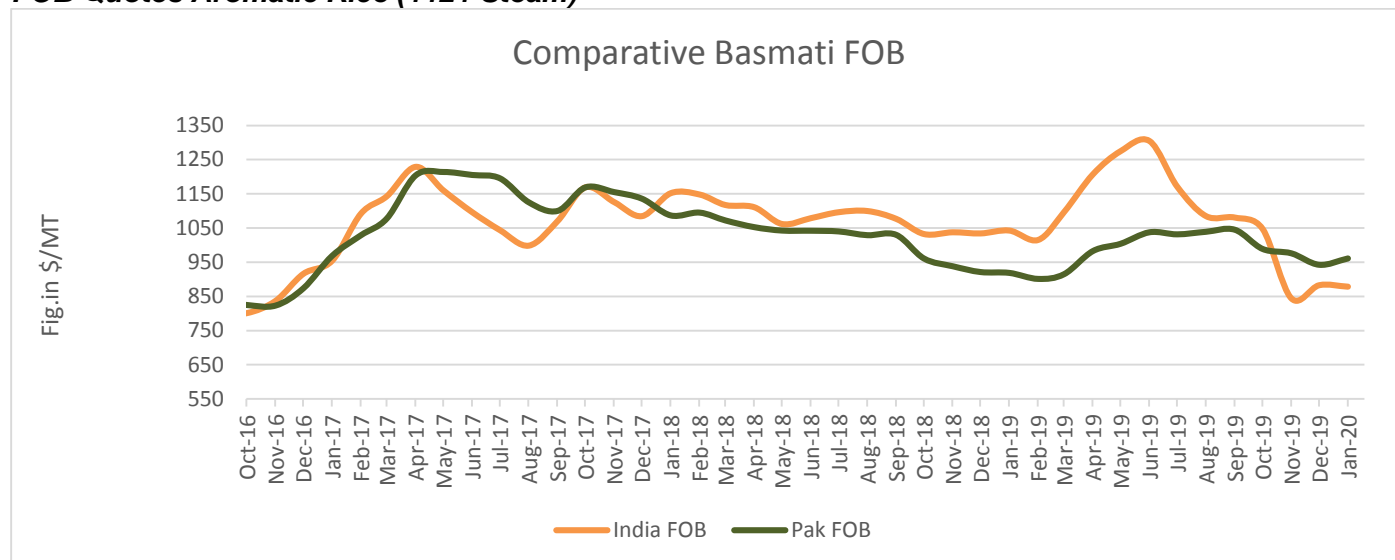
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

An improved outlook for India offsets reductions for other Asian producers, including Thailand, leaving global rice output in 2019/20 steady m/m, at 499m t, just short of the prior year's peak. Global use is seen little-changed y/y, at 495m t. Together with a slight cut to carry-in stocks, the Council's forecast for aggregate inventories is maintained at 177m t (173m). The trade figure is broadly steady m/m, at 44.2m t (42.5m), well below past peaks. Despite expectations for record output in India, where ample rains supported winter (rabi) plantings, global **rice** production in 2019/20 is seen edging lower y/y on reduced outturns elsewhere, notably in China and Thailand. Population gains are anticipated to push up consumption to a record, while carryovers may increase – including in the major exporters as larger stocks in India more than offset declines elsewhere. Trade in 2020 is seen recovering, to 44.2m t (42.5m), on bigger shipments to Africa. Global acreage is projected to expand by 1% y/y in 2020/21 on gains in Asia.

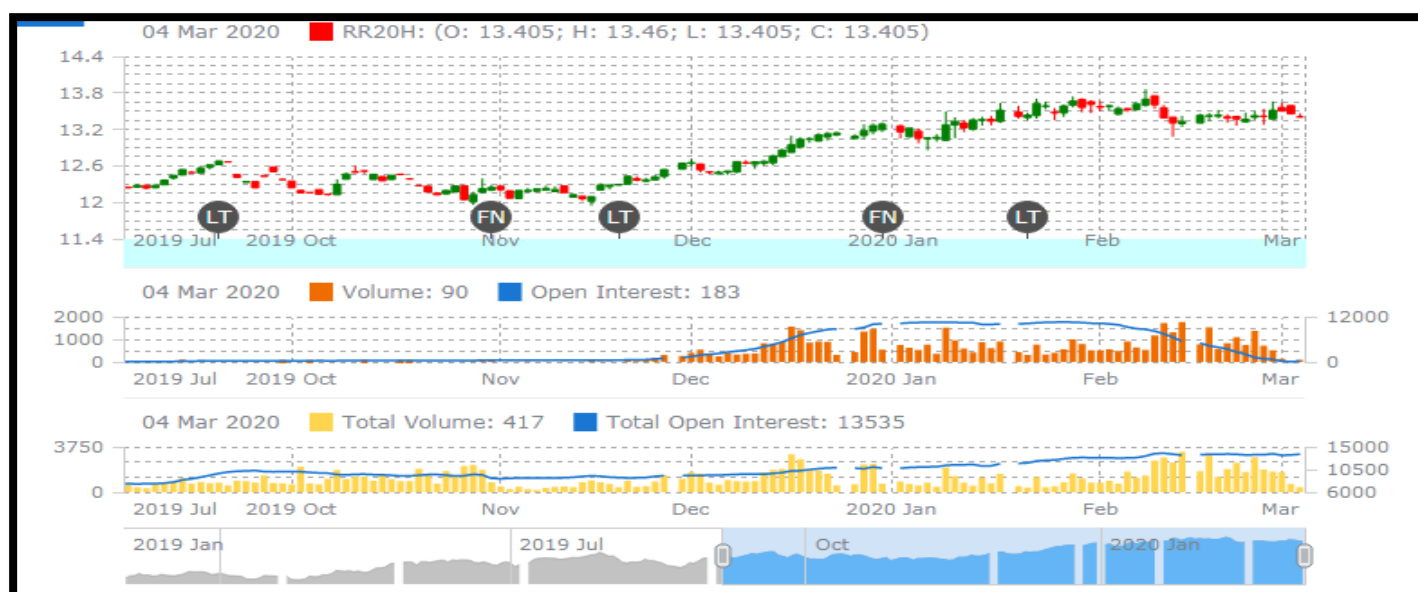
Indicative Basmati Parity Sheet

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kol kata)
Price @ various center	61000	63000	58000	59000	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)	61950	63950	59900	60900	63000
Indian FOB (USD/MT)	865.34	893.28	836.71	850.68	880.01
Insurance @ 0.1%	0.87	0.89	0.84	0.85	0.88
Freight Charges (US \$/ton) to Iran	55	55	55	55	55
CIF (Kandla to Dubai)	921.21	949.17	892.55	906.53	935.89
INR Monthly Average	71.59	71.59	71.59	71.59	71.59

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 12.80-15.50 hundred weights in coming sessions.

International Price Projection for Next Month:

Duration	Trend	Support	Resistance
March-2020	Steady	S1-13.00 S2-12.50	R1-15.80 R2-16.50

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