Rice Monthly Research Report

Contents

Outlook and Review (Domestic Front)

- **Price:** Record domestic production of rice and government releasing additional quantities of free rice since April, have depressed domestic prices in recent months. With more than sufficient government food grain (including paddy & rice) stocks, and the Government of India supplying free rice to 800 million people through November, prices are likely to remain weak through first quarter of MY 2020-21, if the production prospects for the upcoming crop are not affected by any major weather calamity

- **Buoyed by the early coverage and good 2020 monsoon rains in June-July, the rice area planted through July 31**, 2020, is estimated at 26.66 million hectares, more than 17 percent higher from last year area of 22.39 million tons. Planting is currently in full swing in most states and will continue through end July to first week of August. Recent floods in Bihar and Assam may require some replanting if the flood water recedes by mid-August. Planting of Basmati rice in Punjab, Haryana and western Uttar Pradesh, and in coastal Andhra Pradesh and Tamil Nadu, will continue through late August to early September.

- **Procurement:** Government estimates MY 2019-20 rice procurement up to July 27, 2020 at 50.4 MMT, compared to 43.9 MMT during the same period last year. The COVID19-led lockdown since March 2020 and government release of additional quantities of free grain for distribution to nearly 800 million population affected unmilled rice purchase by private trade, forcing farmers to offer higher quantities at the government purchase centers. Procurement has been significantly higher in most states, except Punjab and West Bengal.

- **Chhattisgarh Updates:** The poha industry of Chhattisgarh is currently going through a deep crisis, which is also affecting the prices of paddy. Chhattisgarh accounts for around 60 percent of Poha's total national production, producing about 2 lakh tonnes annually. In Bhatapara Agricultural Produce Market, 80 percent of the unripe quantity of this paddy is purchased by Poha mills and usually sees higher demand in the month of Savan, when millions of Kavadis of Bihar and Jharkhand go to Baidhanath Dham But this time year the millers of Chhattisgarh have got minimum orders of Poha from Bihar/ Jharkhand due to the closure or limited religious events due to corona virus. This has also led to the price of Mahamaya Paddy to come down from Rs. 1500/1700 per quintal to Rs. 1300/1500 per quintal causing huge losses to the farmers.

- **Chhattisgarh approves additional 10 lakh tonnes of rice for central pool:** On the special request by the state government, the central government has accepted to raise 10 lakh tonnes of rice from Chhattisgarh for its buffer stock, which was procured by the state government. It may be noted that the central government has already procured about 37-38 lakh tonnes of rice equivalent paddy in Chhattisgarh and now with this additional quantity, the total government procurement of rice there will rise above 47 lakh tonnes in MY-2019-20.
- **Punjab dispatched 52 lakh tonnes rice to other states.** The Punjab government dispatched 27 lakh metric tonnes (LMT) of wheat and 52.44 LMT of rice to various parts of the country to feed people in need amid the Covid-19 outbreak as most of the Central stocks are stored here. Distribution of food grain at this time of Pandemic would like to effect on the rice price to some extent.

- **Uttar Pradesh farmers expect bumper paddy crop this year with good monsoons:** Paddy farmers in the state are expecting a good crop due to above-average rain this monsoon. After several years, Uttar Pradesh farmers completed paddy plantation in more than 80 per cent of crop area in the third week of July. In most of the paddy-rich districts above average rain has been recorded this year in July. In most of the districts the plantation of early variety of paddy has been completed.

All India Weather Status: 1st June 2020 to 22nd July 2020.

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

For the country as a whole, cumulative rainfall during 1st June 2020 to 22nd July 2020 was above Long Period Average (LPA) by -12% over the country as a whole.

Price Projection for Next Month (Aug) in Domestic Market

Duration	Trend	Average Price Range	Reason
August - 2020	**Steady t Firm**	**Rs.3300-3900/Quintal**	Higher demand from overseas after the announcement of un-lock 1, prices of rice has been firming up.

Paddy Kharif Sowing Updates as on 31st July 2020-

RICE					
State	Normal Area	Area sown reported			Absolute Change
		This Year	% of Normal	Last Year	
Andhra Pradesh	**15.19**	5.34	35.1	4.81	0.53
Arunachal Pradesh	**1.30**	1.17	89.9	1.17	0.00
Assam	**20.55**	5.46	26.6	10.04	-4.58
Bihar	**31.85**	28.73	90.2	18.72	10.01
Chhattisgarh	**37.64**	32.56	86.5	28.66	3.90
Goa	**0.27**	0.24	88.1	0.24	0.00
Gujarat	**7.78**	4.93	63.4	3.280	1.65
Haryana	**13.79**	12.26	88.9	12.08	0.18
Himachal Pradesh	**0.73**	0.44	60.4	0.45	-0.01
J&K	**2.80**	1.02	36.4	0.80	0.22
Jharkhand	**16.12**	12.18	75.6	4.68	7.50
Karnataka	**9.28**	1.98	21.3	1.940	0.04
Kerala	**1.47**	0.60	40.9	0.46	0.14
Madhya Pradesh	**21.67**	18.74	86.5	10.55	8.19
Maharashtra	**14.57**	5.49	37.7	5.930	-0.44
Manipur	**0.42**	1.19	285.2	0.97	0.22
Meghalaya	**0.97**	0.97	99.8	0.97	0.00
Mizoram	**0.36**	0.35	97.1	0.35	0.00
Nagaland	**2.01**	1.68	83.6	2.08	-0.40
Odisha	**36.67**	20.62	56.2	16.610	4.01
Punjab	**29.87**	26.66	89.3	28.94	-2.28
Rajasthan	**1.87**	1.97	105.1	1.49	0.48
Sikkim	**0.10**	0.10	97.8	0.09	0.01
Tamil Nadu	**16.06**	2.53	15.8	1.6	0.93
Telangana	**9.59**	6.13	63.9	2.8500	3.28
Tripura	**2.00**	0.42	21.0	0.52	-0.10
Uttar Pradesh	**58.30**	52.35	89.8	47.78	4.57
Uttrakhand	**2.44**	2.48	101.5	2.46	0.02
West Bengal	**41.20**	17.85	43.3	13.25	4.60
Puducherry	**0.13**		0.0		0.00
Others	**0.28**	0.16	57.8	0.19	-0.03
All-India	**397.29**	**266.60**	**67.1**	**223.96**	**42.64**

Comparative Rice Varity Prices of Delhi (Naya Bazaar) in Rs./Quintal)

Variety	Today	Week Ago	Month Ago	Year ago	% Change From last week	% Change from last Month	% Change from last Year
	31-Jul-20	25-Jul-20	01-Jul-20	31-Jul-19			
1121 Steam	6300	6450	7200	7800	-2.33	-12.50	-19.23
1121 Sella	5100	5050	5600	6800	0.99	-8.93	-25.00
1121 Raw	6200	6550	7100	7900	-5.34	-12.68	-21.52
Basmati Raw	8500	8200	8500	9400	3.66	0.00	-9.57
1509 Steam Wand New	4800	5700	6200	6800	-15.79	-22.58	-29.41
Sugandh Steam	4500	4600	5100	5900	-2.17	-11.76	-23.73
Sharbati Raw	4000	4100	4300	4400	-2.44	-6.98	-9.09
Pusa Raw Wand	5600	5800	6000	6100	-3.45	-6.67	-8.20
Parmal Sella	3600	3700	3700	3200	-2.70	-2.70	12.50

Rice Supply & Demand for MY-2019-20 ***(Back to Contents)***

Figure in MMT	2017-18	2018-19	2019-20	2020-21*
Carry in	16.00	17.35	22.24	25.35
Production	112.65	116.40	116.61	117.60
Imports	0.00	0.00	0.00	0.00
Total Availability	128.65	133.75	138.85	142.95
Consumption	98.60	99.50	102.50	104.00
Exports	12.70	12.01	11	11.5
Total Usage	111.30	111.51	113.5	115.50
Carry out	17.35	22.24	25.35	27.45

**AW Forecast (Preliminary)*

Rice Production Estimates: Rice production estimate is raised higher to a record 117-118 Million tons, based on higher planting and production prospects of Kharif rice and expectation of higher-than-earlier yields of kharif rice in India's northern and southern producing states. Field reports suggest that excellent monsoon rains support the higher planting and improved yield prospects for kharif rice in MY-2020-21, compared to last year. However if weather turns adverse at the time of harvest, projection for kharif production may change.

Consumption: Rice consumption is expected to increase as many states announced to give free rice and wheat to BPL and white ration card holder due to pandemic of COVID-19.

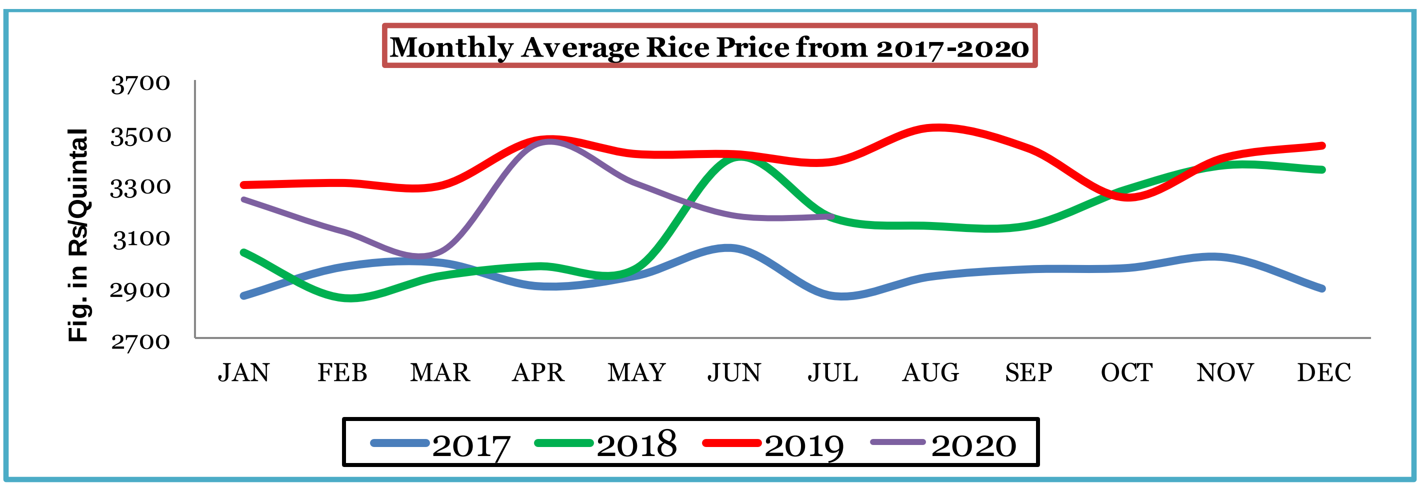
State wise Wholesale Prices Monthly Analysis for Rice July, 2020

State	Prices July, 2020	Prices June, 2020	Prices July, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	4200	4212.82	3191.25	-0.3	31.61
Jharkhand	2530.68	2486.44	3865.49	1.78	-34.53
Karnataka	3163.97	2947.82	3670.98	7.33	-13.81
Kerala	3474.39	3556.93	3433.61	-2.32	1.19
Madhya Pradesh			1550	__	__
Maharashtra	3864.24	3638.68	3739.02	6.2	3.35
Odisha	2728.63	2906.13	2693.49	-6.11	1.3
Tripura	2957.5	3387.82	2871.31	-12.7	3
Uttar Pradesh	2683.37	2615.43	2504.41	2.6	7.15
West Bengal	2941.28	2830.74	2762.94	3.9	6.45
Average	3171.56	3175.87	3383.17		

Source-Agmarknet Prices in Rs/Quintal

Average monthly wholesale rice prices in India stood at around Rs.3172 per quintal in July- 2020, slightly down by 0.13% from Rs.3176 per quintal in June-2020 and down by 6.25% from Rs.3383 per quintal a year ago. Future prices will depend on harvest prospects of the upcoming crop and international price movements.

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
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	50.2	49.14	44.18	41.44						

Note- Figure not updated for July Source-FCI

India’s rice stocks in the central pool as on June- 1, 2020 stood at 41.44 million tons up by 16.35% from 35.62 million tons recorded during the corresponding period last year, according to data from Food Corporation of India (FCI). India's rice stocks in the central pool are down by 6.19% by from 44.18 million tons recorded on Feb-01, 2019. Highest stock could be seen in the state of Punjab (108.47 lakh tons) followed by A.P (25.76 lakh tons) Haryana (24.61 Lakh Tons) and Chhattisgarh (15.80 lakh tons).

State wise Progressive Procurement As on 27.07 2020

State	Procurement (in LT) 2019-20	2018-19
AP	53.18	48.10
Telangana	74.54	51.9
Assam	1.43	0.52
Bihar	13.41	9.28
Chhattisgarh	46.56	38.0
Haryana	43.03	39.40
Jharkhand	2.55	1.53
Kerala	4.75	4.07
M.P	17.40	14.0
Maharashtra	11.31	4.25
Odisha	47.28	44.5
Punjab	108.76	113.34
Tamilnadu	18.78	12.9
U.P	37.90	32.33
Uttrakhand	6.82	4.62
West Bengal	16.22	19.8
Total	**504.86**	**444.0**

Record domestic production and relatively weak domestic paddy prices have caused government rice procurement during the ongoing season to grow to a new record, breaching the 50 MMT mark for the first time in the history of government MSP procurement program for rice.

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	5.4	4.9	**10.3**	**February-20**	5.4	5.37	**10.77**
March-19	7.27	5.66	**12.93**	**March-20**	4.8	6.18	**10.98**
April-19	3.07	4.33	**7.4**	**April-20***	4.53	5.07	**9.6**
May-19	4.04	4.31	8.35	May-20*	8.76	5.29	**14.05**
June-19	4.96	2.92	7.88	June-20*	2.54	1.65	**4.19**
July-19	5.03	2.78	7.81	July-20			
August-19	4.13	2.3	6.43	August-20			
September-19	3.07	2.05	5.12	September-20			
Total	60.88	42.06	102.94	Total	41.2	37.74	**78.94**

Source-DGCIS * Trade Estimate

Due to the weak domestic prices of rice, and relatively weak value of the Indian rupee vs the USD, Indian rice prices for both long-grain Basmati and coarse grain non-Basmati rice are very competitive vs. other origins since the beginning of CY 2020. Despite the supply disruptions due to the COVID-19 led national lockdown implemented in March; trade sources report rice exports in April 2020 at 9.6 lakh tons, against the initial report of 500-600,000 MT. While government official estimates are not available for May-June, trade sources report significantly higher exports since May, with the improvement in supply chain operations for exports and continued strong export demand, with exports reported in the range of 2.2 to 2.4 MMT during May-June 2020. Trade sources report that Indian Coarse rice price is very competitive (about 10-15 percent lower) than rice from other origins (Thailand, Vietnam, Myanmar, etc.). The domestic rice prices are likely to remain weak through end of Crop Year of 2020 on sufficient supplies and the government release of free rice till November 2020. Assuming no significant change in the current price parity of Indian rice vs other origins, and steady international demand, MY 2019-20 rice exports are estimated to reach 11 MMT, and CY-2020 exports at 11.5-12 MMT. given the more-than-sufficient forecast domestic supplies.

International Market:

- **Export prices of Indian rice rose this week while overriding the worsening coronavirus crisis in the country** leading to logistical snags. The prices of India's 5-percent broken parboiled variety went up from last week's price of USD 377- USD 382 per tonne to USD 380- USD 385 per tonne.

- **The strengthening of Thailand's Baht against Dollar has pushed the prices of benchmark 5-percent broken** rice which rose to USD 465-USD 483 as compared to USD 450–USD 482 quoted last week. According to trade sources, supply remains a concern in Thailand. Thai's market is expecting a new batch of off-season rice next month, that may lead to the prices to go down.

- **The rates for 5-percent broken rice in Vietnam remained unchanged at the $440-$450 per tonne range.** According to trade sources, in anticipation of higher prices due to the return of COVID-19 to Vietnam, some traders are hoarding the grain, and many traders hesitate to sign new export contracts not sure if they can purchase enough rice to fulfil the agreement terms of export contracts. This has further impacted the export activities. As per the Vietnam government's latest data, as compared to last year, the rice exports in the first seven months of 2020 from Vietnam may have dropped by 1.4%.

- **In Indonesia**, harvesting of wet-season crop continues with yields estimated to be slightly lower than last year due to the prolonged drought. Sowing of dry-season crop continues albeit behind schedule due to the protracted wet-season. **In Viet Nam,** harvesting of dry-season (winter-spring) rice in the north is ongoing under favorable conditions with yields expected to be in line with those of last year. Wet-season (summer-autumn) rice in the south is under stress due to drought conditions**. In Thailand,** sowing of wet-season rice is ongoing under favorable conditions thanks to adequate rainfall since mid-May. **In the Philippines**, dry-season rice harvesting has wrapped up under generally favorable conditions with only a slight decrease in final yields compare to last year.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2019-20) Forecast. 25.06.2020	(2020-21) Projection. 23.07.2020
Production	475	487	490	505	505
Trade	40	48	48	44	45
Consumption	475	488	494	501	500
Carryover stocks	164	174	176	180	182
Y-O-Y change	9	9	3	4	5
Major Exporters	31	39	42	46	47

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

IGC Rice Balance sheet Highlights:

Global **rice** supply and demand in 2019-20 is seen little-changed from before, with end-season carry overs edging up to a new record. The outlook for production in 2020-21 is maintained at a peak of 505 million tonnes, but a higher figure for carry-in stocks lifts total supplies slightly. And with the Council's projection for consumption cut from before, carryovers is placed 2 million tonnes higher m/m, at 182 million tonnes (+5m y/y). Trade in 2021 (Jan-Dec) is raised marginally, to 45 million tons, a gain of 5% y/y.

Indicative Basmati Parity Sheet

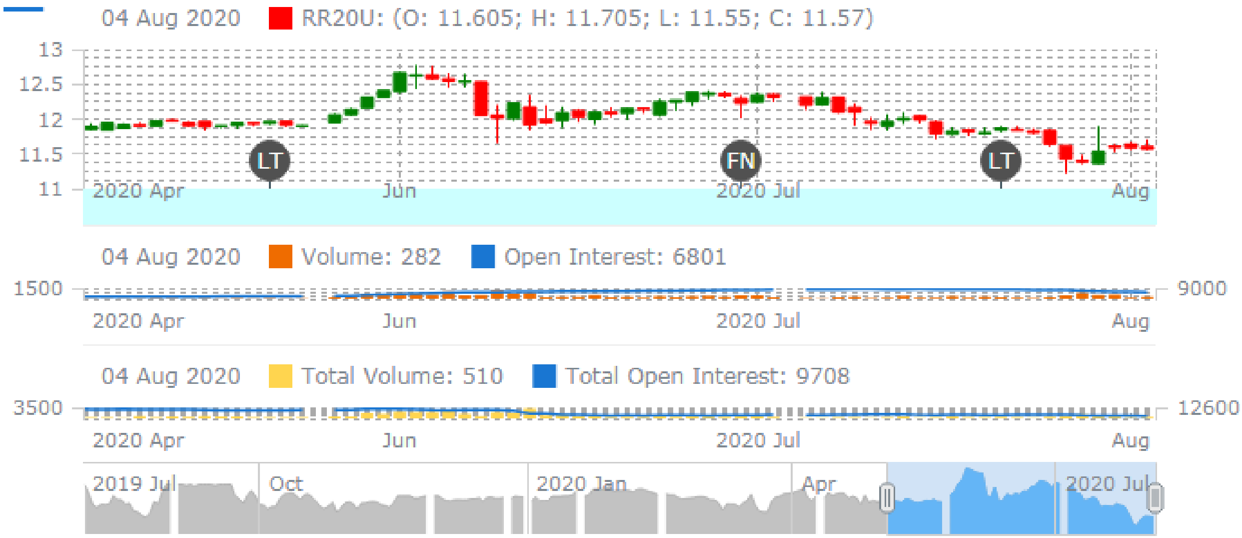
Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kolkata)
Price @ various center	70000	71000	68500	67500	71500
Port handling charges /Loading/Unloading /Clearing (Rs/ton)	550	550	550	550	550
Freight Charges till port	400	400	1350	1350	450
Indian FOB (Rs/MT)	70950	71950	70400	69400	72500
Indian FOB (USD/MT)	**935.89**	**949.08**	**928.64**	**915.45**	**956.34**
Insurance @ 0.1%	0.94	0.95	0.93	0.92	0.96
Freight Charges (US $/ton) to Dubai	55	55	55	55	55
CIF (Kandla to Dubai)	**991.83**	**1005.03**	**984.57**	**971.36**	**1012.29**
INR Monthly Average	75.81	75.81	75.81	75.81	75.81

Source-Agriwatch Trade Source

FOB Quotes Aromatic Rice (1121 Steam Vs Pakistan Basmati FOB)

In benchmark Karnal Mandi of Haryana the price of Basmati Rice increased by 10% from Rs. 3270 to Rs. 3620 per Quintal. After Unlock-1 started on 8th June, new enthusiasm for trading was visible in Basmati Rice. All importing countries including Iran became active (Iran alone purchases 25% of our exports). Due to some strategic geo political issues India is facing difficulty in tapping the Iranian Market. So to compensate that India has started focussing East Asian & Latin American countries. We have started getting orders from these countries for Basmati Export. However, Iran has waived off customs duty over Basmati Rice, this would further help us in increasing our Export Numbers. 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 995/MT which is down 4.98 % from last month FOB of USD 1047/MT.

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



Market Analysis

The CBOT September-20 month rough chart for rice indicates steady to firm tone from last month. We expect market to hover in the range of USD 10.80-12.00 hundred weights in coming sessions.

International Price Projection for Next Month:

Duration	Trend	Support	Resistance
Aug-2020	**Steady to Weak**	**S1-10.80** **S2-11.00**	**R1-12.00** **R2-12.80**