Rice Monthly Research Report

Contents

Outlook and Review (Domestic Front)

- **Price:** All India non basmati average rice price traded firm at Rs. 3558/quintal in September against Rs. 3498/quintal last month with better demand. However Rice price is expected to trade steady to weak in the first quarter of MY-2020-21 due to arrival pressure in major growing states.

- **1st Advance Estimate of Kharif Crops production:** The government has pegged a record production of rice at 102.36 million tonnes in the current Kharif season against 101.98 million tonnes in 2019-20. Agriwatch expects that total rice production including rabi would be 119 million tonnes in MY-2020-21.

- **Strong Kharif Planting:** Paddy Sowing is now over in India withfinal of sowing of other major Kharif crop includes pulses, coarse cereals, millets and oilseeds. As per the data releases by Ministry of Agriculture, total area sown under paddy has increased by 5.7 per cent to 406.97 lakh hectare as on 18th September in the current Kharif season from 378.71 lakh hectare in the year-ago.

- **Procurement:** Government procurement of paddy from the farmers at the minimum support price (MSP) started from September 26 in Punjab and Haryana, which contribute the most to the central pool of food grains, while the procurement process usually starts from October 1.

- **Punjab Lowers Market fee on Basmati Rice:**Paving the way to provide a level-playing field for basmati traders and millers from within and outside Punjab, especially in the light of the provisions of the new agriculture Bills, Chief Minister of Punjab recently announced reduction in the market development fee and the rural development fee rates, from two to one per cent each. The move, which will also help keep Punjab basmati competitive in the international markets, will provide relief to the tune of Rs. 100 crore to traders and millers.

- **India aims to cut crop waste burning in Punjab and Haryana by 80%**: India is likely to reduce crop waste burning, a major source of air pollution during the mid October to late November months, by 75-80% in Punjab and Haryana states. The Central government and the state governments of Punjab and Haryana have ensured that rice farmers can easily hire machines to dispose of the paddy stalks and straw.

- **Pressure on Paddy prices amid Hopes of Excellent Production in West Bengal:** During the current Kharif season West Bengal is expected to have huge production of paddy, while there is no proper export of rice to Bangladesh due to higher domestic demand, hence there is pressure on prices. In comparison to the procurement target of 52 lakh tonnes in Bengal last year, 49 lakh tonnes of paddy was officially purchased in the season, whereas during the current year it is expected to increase to 50-52 lakh tonnes. In Bengal, the price of paddy was Rs. 1615/1620 per quintal in April which jumped to Rs. 1770 per quintal in July-August and has now fallen back to the level of April, which is much lower than the support price declared by the Center of Rs. 1868 per quintal.

Weather Watch:

Seasonal Monsoon Rainfall Scenario 1st June to 23rd Sep-2020

Regions	Actual Rainfall (mm)	Normal Rainfall (mm)	% Departure from LPA
East & northeast India	1387.1	1349.1	**3**
Northwest India	491.1	585.1	-16
Central India	1106	949	**16**
South Peninsula	890.5	686	**30**
India	**918.3**	**849.2**	**8**

Source-IMD

Cumulative rainfall (01 June 2020 to 23 Sept. 2020): Rainfall was large excess/excess in 14 met sub-divisions, normal in 18 met sub-divisions and deficient/large deficient in 04 subdivisions.

Price Projection for Next Month (October) in Domestic Market

Duration	Trend	Average Price Range	Reason
October - 2020	**Steady to Weak**	**Rs.3300-3800/Quintal**	Fresh arrival in many producing states and dull demand from domestic buyers, keep the price in range to weak movement.

Kharif Paddy Sowing Updates as 18th September-- 2020

	RICE				
State	**Normal Area**	**Area sown reported**			**Absolute Change**
		This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	**15.19**	14.02	92.3	13.23	0.79
Arunachal Pradesh	**1.30**	1.17	89.9	1.31	-0.14

Assam	**20.55**	21.22	103.3	19.67	1.55
Bihar	**31.85**	33.07	103.8	27.72	5.35
Chhattisgarh	**37.64**	37.84	100.5	38.14	-0.30
Goa	**0.27**	0.24	88.1	0.28	-0.04
Gujarat	**7.78**	8.39	107.8	8.47	-0.08
Haryana	**13.79**	13.28	96.3	13.57	-0.29
Himachal Pradesh	**0.73**	0.74	101.6	0.73	0.01
J&K	**2.80**	1.16	41.4	1.15	0.01
Jharkhand	**16.12**	17.38	107.8	13.57	3.81
Karnataka	**9.28**	9.98	107.5	7.330	2.65
Kerala	**1.47**	0.68	46.4	0.68	0.00
Madhya Pradesh	**21.67**	28.71	132.5	24.60	4.11
Maharashtra	**14.57**	14.98	102.8	14.780	0.20
Manipur	**0.42**	1.95	467.3	0.97	0.98
Meghalaya	**0.97**	0.97	99.8	0.97	0.00
Mizoram	**0.36**	0.35	97.1	0.00	0.35
Nagaland	**2.01**	1.95	97.0	2.11	-0.16
Odisha	**36.67**	37.02	101.0	37.42	-0.40
Punjab	**29.87**	27.36	91.6	29.20	-1.84
Rajasthan	**1.87**	1.97	105.1	1.82	0.15
Sikkim	**0.10**	0.10	97.8	0.00	0.10
Tamil Nadu	**16.06**	4.96	30.9	3.85	1.11
Telangana	**9.59**	20.74	216.3	12.29	8.45
Tripura	**2.00**	0.42	21.0	1.65	-1.23
Uttar Pradesh	**58.30**	60.14	103.1	60.05	0.09
Uttarakhand	**2.44**	2.49	101.9	2.49	0.00
West Bengal	**41.20**	43.34	105.2	40.31	3.03
Others	**0.28**	0.35	126.4	0.35	0.00
All-India	**397.29**	**406.97**	**102.4**	**378.71**	**28.26**

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
	1-Oct-20	25-Sep-20	31-Aug-20	1-Oct-19			
1121 Steam	6200	6300	6400	7400	**-1.59**	**-3.13**	**-16.22**
1121 Sella	4700	4800	5200	6450	**-2.08**	**-9.62**	**-27.13**
1121 Raw	6200	6300	7100	7500	**-1.59**	**-12.68**	**-17.33**
Basmati Raw	8800	8800	8800	9500	**0.00**	**0.00**	**-7.37**
1509 Steam Wand New	4500	4600	5200	5900	**-2.17**	**-13.46**	**-23.73**
Sugandh Steam	4000	4500	4600	5300	**-11.11**	**-13.04**	**-24.53**
Sharbati Raw	3600	3200	3800	4300	**12.50**	**-5.26**	**-16.28**
Pusa Raw Wand	5500	5700	6100	5500	**-3.51**	**-9.84**	**0.00**
Parmal Sella	3100	3400	3750	3200	**-8.82**	**-17.33**	**-3.13**

Source-Agriwatch

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

Particulars	2017-18	2018-19	2019-20	2020-21*
Opening Stock	17.33	19.13	25.63	27.75
Production	112	116	117	119
Imports	0	0	0	0
Total Supply	129.33	135.13	142.63	146.75
Exports	11.8	10.5	10.44	12
Consumption	98.4	99	104.06	104.04
Total use	110.2	109.5	114.5	116.04
Ending Stock	19.13	25.63	28.13	30.71
Stock-to-Use ratio	17.36%	23.41%	24.57%	26.47%

**AW Forecast (Preliminary)*

Rice Production Estimates: Rice production estimate is raised to 119Million tons, based on higher planting and expectation of higher- yields of Kharif rice in India's northern and southern producing states. Field reports suggest that excellent monsoon rains supported the higher planting and improved yield prospects for Kharif rice in MY-2020-21, compared to last year. However, if weather is not conducive at the time of harvest, projections for Kharif production may change.

Consumption: Rice consumption is expected to remain same this year.

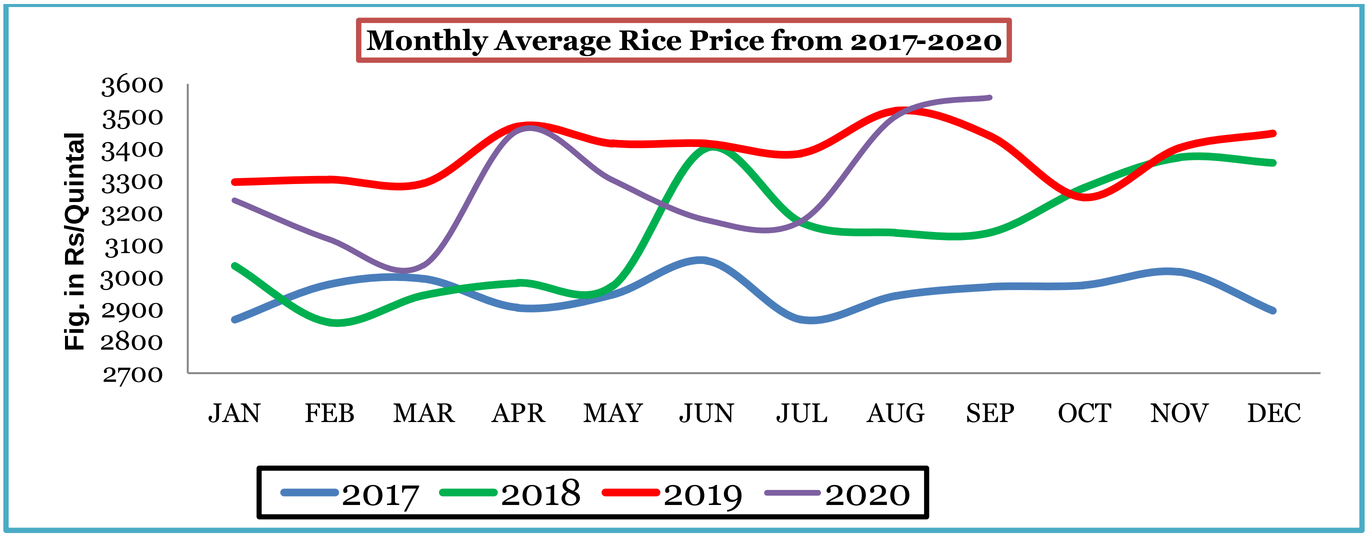
State wise Wholesale Prices Monthly Analysis for Rice September, 2020

State	Prices September, 2020	Prices August, 2020	Prices September, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh			4118.75	__	__
Assam			3183.62	__	__
Gujarat	4327.47	4238.49	3186.66	2.1	35.8
Jharkhand			3854.75	__	__
Karnataka	3530.45	3489.23	3854.2	1.18	-8.4
Kerala	3458.8	3481.42	3460.7	-0.65	-0.05
Maharashtra	4207.11	5532.19	3490.5	-23.95	20.53
Manipur	5166.52		4488.32	__	15.11
Meghalaya			3800	__	__
NCT of Delhi			4333.33	__	__
Odisha	2868.73	2715.08	2727.47	5.66	5.18
Tripura	3010.8	2992.44	2878.93	0.61	4.58
Uttar Pradesh	2647.65	2677.36	2520.34	-1.11	5.05
Uttrakhand			2813.47	__	__
West Bengal	2798.49	2853.82	2831.77	-1.94	-1.18
Average	**3557.34**	**3497.5**	**3436.19**		

Source-Agmarknet Prices in Rs/Quintal

Average monthly wholesale rice prices in India stood at around Rs.3557 per quintal in September- 2020, upby 1.71% from Rs.3498 per quintal in August-2020 and upby3.53% from Rs.3436 per quintal a year ago. Rice prices in coming months would like to trade weak as arrival of paddy starts in major producing states.

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
2016	12.69	16.24	19.42	22.16	21.32	20.79	19.41	18.01	16.53	14.47	12.52	11.06
2017	13.48	17.03	20.41	23.08	22.83	22.10	21.04	19.86	18.18	16.31	14.03	13.13
2018	16.20	19.89	23.27	24.87	25.36	24.27	23.25	21.85	20.57	18.63	16.25	14.78
2019	18.29	22.79	26.39	29.39	29.05	27.58	28.42	27.53	26.14	24.91	23.105	21.27
2020	23.71	27.45	30.97	32.23	28.50	27.44	27.17	25.34	22.19			

Note- Figure not updated June onwards Source-FCI

India’s ricestock in the central pool as on September- 1, 2020 stood at 22.19million tons down by 15.11% from 26.14 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 12.43% by from 25.34 million tons recorded on August-01, 2019. The distribution of rice was much more under PMGKY, whereas under OMSS, the sale of rice was weak in August.

State-wise Progressive Procurement As on 25.09.2020

State	Target in Marketing season 2019-20 (October– September)	In Marketing season 2019-2020	In Marketing season 2018-19
Andhra Pradesh	*63.37*	*54.24*	*48.09*
Telangana	*91.92*	*74.54*	*51.86*
Bihar	*12.00*	*13.41*	*9.49*
Chhattisgarh	*48.00*	*49.39*	*39.13*
Haryana	*40.00*	*43.03*	*39.41*
Kerala	*4.50*	*4.82*	*4.65*
Madhya Pradesh	*14.00*	*17.40*	*14.62*
Maharashtra	*12.70*	*11.57*	*5.80*
Odisha	*43.50*	*47.63*	*43.83*
Punjab	*114.00*	*108.76*	*113.34*
Tamil Nadu	*13.44*	*21.84*	*12.70*
Uttar Pradesh	*33.00*	*37.90*	*32.30*
Uttarakhand	*5.00*	*6.82*	*4.62*
West Bengal	*26.00*	*16.32*	*19.50*
All-India	***529.05***	***513.29***	***442.33***

As on 25 September, during KMS 2019-20, Progressive Procurement of Rice was 513.29 lakh MT compared to 442.33 lakh MT during corresponding period of KMS 2018-19. This year in ongoing marketing season, procured quantity of Wheat & Rice has reached at all time high level.

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	3.44	3.06	6.5
December-18	6.77	3.7	10.47	December-19	4.22	4.7	8.92
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	4.28	4.21	8.49
May-19	4.04	4.31	8.35	May-20	6.83	4.54	11.37
June-19	4.96	2.92	7.88	June-20	8.15	4.09	12.24

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**	**44.63**	**38.57**	**83.2**

Source-DGCIS * Trade Estimate

Agriwatch estimates MY 2019-20 rice exports at 11 MMT, and MY 2020-21 at 11.5-12 MMT based on the current pace of highly competitive Indian rice prices vis-à-vis competing origins and forecasted higher domestic supplies. Indian rice exports have strongly recovered since December 2019 due to highly competitive prices compared to other origins. Despite the decline in April 2020 coming from supply disruptions caused by the COVID-19 related national lockdown, DGCIS export data estimates rice exports in the first three quarter of MY 2019-20 (Oct 2019-June 2020) at 8.4 MMT, nearly the same levels as last year's exports in the same period. However, exports in the last two months (May-June 2020) have been very strong, estimated at 2.4 MMT, compared to 1.6 MMT in May-June 2019. While official estimates for July-August are not available, it is reported that a continued steady pace of exports in the coming months on strengthened export demand and restoration of the supply chain and port operations. Assuming no significant change in the current price parity of Indian rice versus other origins, and steady international demand, MY 2019-20 rice exports are estimated to reach 11 MMT and CY 2020 exports at 11.5 MMT. The MY 2020-21 export forecast is estimated at 11.5 MMT, due to improved domestic supplies on forecasted record harvests.

International Market:

- Thailand Rice export prices remained unchanged from the previous week. Foreign buyers are reportedly holding large inventories, particularly fragrant rice, due to lower than expected demand caused by the COVID-19 outbreak. Domestic prices of white paddy rice leveled off as exporters have secured rice supplies to fulfill their contracted shipments of white and parboiled rice, mainly to African countries, despite reduced MY2019-20 off-season rice production caused by drought.

- Unofficial and preliminary Thailand rice exports (excluding Hom Mali fragrant rice) for September 7-13, 2020, totaled 25,750 metric tons, down 22,997 metric tons from the previous week and down 33,822 metric tons from the four-week moving average of 59,572 metric tons. Rice exports from January 1 – September 13, 2020, totaled 2,766,136 metric tons, down 37 percent from the same period last year.
- Weak demand of rice in Japan and an expected strong harvest have led to high stocks and falling prices for producers. Wholesalers were paying 15,642 yen/60 kg in June and 15,556 yen/60kg in July of 2020, the lowest since November 2017. Prices for the MY2020-21 crop are expected to remain low but are unlikely to have a significant effect on consumption. Population decline, an aging population, and a drastic reduction in inbound visitors are forecast to suppress demand.

- As per data received by Bangladesh Agriculture Department, Floods in Bangladesh damaged rice worth 363.34 billion taka (USD 4.29 billion) on around 100,000 hectares. Bangladesh, the world's third biggest rice producer, often relies on imports to cope with shortages caused by floods and droughts. This year, it is expected that Bangladesh would import rice from India which will support price in coming months.

- Rice exports in the first nine months of this year from Vietnam are forecast to show a drop of 0.6% from a year earlier to 5.026 million tonnes. Revenue from rice exports in the period is expected to rise 12% to USD 2.468 billion. September rice exports from Vietnam, one of the world's largest shippers of the rice, totaled 420,000 tonnes, worth USD 215 million

- Cambodia exported 488,775 tonnes of milled rice in the first nine months of this year, up 22.6 percent compared to the same period last year. Country exported 488,775 tonnes of milled rice in the first nine months of this year, up 22.6 percent compared to the same period last year.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2017-18	2018-19	2019-20 Est.	2020-21 Forecast 27.08.2020)	24.09.2020
Production	494	498	497	505	504
Trade	46	43	42	45	45
Consumption	485	487	495	500	500
Carryover stocks	165	175	177	181	180
Y-O-Y change	9	10	2		4
Major Exporters	32	39	44	47	45

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

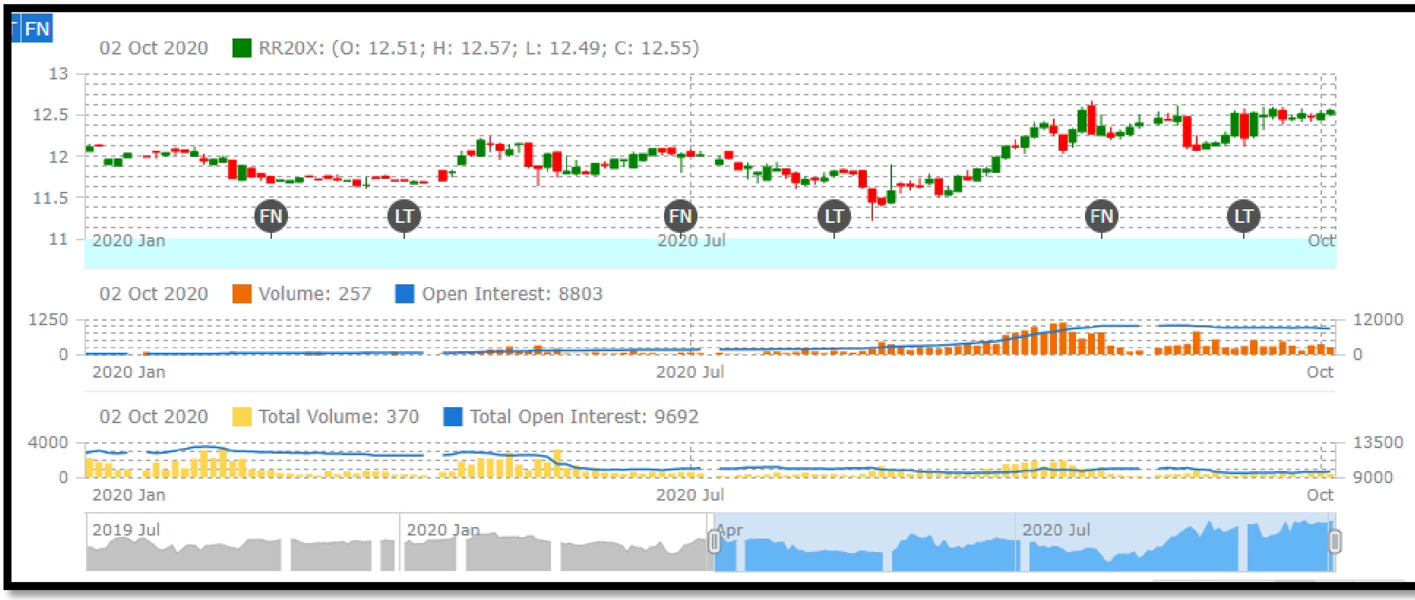
Despite an anticipated 14% y/y increase in India's exports, global rice trade is seen falling for a third successive season in 2020 owing to a contraction in buying by African countries. This also partly explains expectations for a steep decline in Thailand's sales to a multi-year low. World consumption in 2019-20 is forecast to expand, with growth in India linked to COVID-19-related food security measures. Inventories are seen broadly steady y/y as gains in key exporters and China offset falls in importing nations. Underpinned by firm prices and broadly favorable conditions, production in 2020-21 could edge up to a peak of 504 million tonnes (497m), with uptake and inventories potentially reaching new highs. Trade is expected to rebound by 7% in 2021 on stronger African demand.

Indicative Basmati Parity Sheet

Parity Calculation Sheet	**Rajkot (Kandla)**	**Andhra Pradesh(Vizag)**	**Punjab(Kandla)**	**Haryana(kandla)**	**West Bengal(Kolkata)**
Price @ various center	65000	65500	63000	62500	64000
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)	67500	68500	63500	63000	68000
Indian FOB (USD/MT)	**917.62**	**931.21**	**863.24**	**856.44**	**924.42**
Insurance @ 0.1%	0.92	0.93	0.86	0.86	0.92
Freight Charges (US $/ton) to Dubai	55	55	55	55	55
CIF (Kandla to Dubai)	**973.54**	**987.14**	**919.10**	**912.30**	**980.34**
INR MonthlyAverage	73.56	73.56	73.56	73.56	73.56

Source-Agriwatch Trade Source

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



Market Analysis

The CBOT November-20 month rough chart for rice indicates firmtone from last month. We expect market to hover in the range of USD 12.00.80-13.50 hundred weights in coming sessions.

International Price Projection for Next Month:

Duration	Trend	Support	Resistance
October-2020	Steady to Firm	S1-11.50 S2-11.00	R1-13.30 R2-14.80