

Rice Monthly Research Report

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Outlook and Review (Domestic Front)

- Price: Average monthly wholesale monthly rice prices in India stood at around Rs.3133 per quintal in January-2021, down by 3.76% from Rs.3256 per quintal in December-2020 and down by 3.23% from Rs.3238 per quintal a year ago.
- The Chief Minister of Chhattisgarh demanded the Centre to increase the amount and time limit for government procurement of paddy. By January 28, 90 lakh tonnes of paddy were procured from the state, for which 2500 crore rupees were transferred to the farmers. The State Government will have to pay for the purchase above the quantity prescribed by the Center.
- **Government Procurement:** Rice procurement in Punjab has rocketed to a record level on reports of aggressive procurement by the local state government. The opposition National Congress Party-controlled Punjab state government is seeking to appease farmers protesting the central government's new farm laws (passed by the upper house of parliament on September 20, 2020). The Government of India defends the farm legislations, claiming the reforms will transform Indian agriculture and attract private investment. My 2020-21 rice procurement in Punjab and Haryana was over by end of November. Procurement in other states, however, is anticipated to accelerate in December through February.
- **Andhra Pradesh and Telangana Starts Exporting Rice to China:** Millers from Andhra Pradesh and Telangana have started exporting broken rice to China. China has started procuring Indian rice for the first time since December 2020 while it is also buying rice from traditional supply countries like Pakistan, Vietnam and Myanmar. China has selected 24 plants (mills) for importing rice from India including three units from Andhra-Telangana. An exporter from Nizamabad says that China is exporting broken rice at the rate of \$ 350 per tonne. Of the three mills selected, one is located in Telangana and two in Andhra Pradesh (East Godavari district). China has made a plan to ship 1 million tonnes of rice, which includes broken and whole grain rice. Of this, 30 percent of rice shipments are expected from Andhra-Telangana. There, broken rice is used for making noodles and floor.
- The rice given under the TPDS of Andhra Pradesh is being exported illegally; this rice was purchased from the government in Andhra Pradesh at the rate of Rs 10 per kg and exported to other countries such as Malaysia @ Rs 123. The government recently caught a consignment of 435.8 tonnes of rice.
- Telangana may be the second highest producer of paddy in the country, but when it comes to exports traders from the state prefer to buy paddy at cheaper rates from Chhattisgarh, Bihar and Uttar Pradesh. Local traders said that if the MSP is Rs 1,885 per quintal in Telangana and Andhra Pradesh, it is around Rs 1,650 in other states. The difference in price gives a huge advantage to exporters as well as consumers abroad.
- Under the FCI OMSS scheme, on January 20, 12,640 metric tonnes of rice was sold from Telangana at a price of Rs 2,316 per quintal.

Weather Watch:

Cumulative rainfall during Post Monsoon season, 01st October 2020 to 25th January 2021, has been 5% lower than LPA. Among the four broad geographical divisions, seen against the LPA the rainfall has been: -

- Higher by 18% in Central India and
- Lower by 52% in North West India,
- Lower by 8% in East & North East India
- Lower by 5% in South Peninsula

Price Projection for Next Month (December) in Domestic Market

Duration	Trend	Average Price Range	Reason
February - 2021	Steady	Rs.3300-3800/Quintal	Arrival in many producing states is now almost over in next couple of weeks and active buying from domestic buyers, keep the price in range bound to firm movement.

Rabi Paddy Sowing Updates

Area Sown Reported in Lakh Hectares			
State	Normal Area	This Year	Last Year
Andhra Pradesh	6.86	6.03	6.01
Assam	4.06	0.08	0.9
Bihar	0.75	0	0
Karnataka	1.92	0.08	0.08
Kerala	0.44	0.77	0.67
Odisha	2.51	0.53	0.45
Tamil Nadu	1.52	10.19	10.33
Telangana	6.49	9.25	5.76
Uttar Pradesh	0.27	0	0
West Bengal	12.85	1.35	1.15
Others	4.12	1.66	0.64
All-India	41.79	29.94	25.99

Source: Agricoop (As on January 22, 2021)

With favorable weather condition rabi paddy sowing is running smoothly. Farmers have planted 29.94 lakh hectares area so far against 25.99 lakh hectares same period last year. Except Tamil nadu and Assam acreage under paddy is up in all major rabi growing states.

Comparative Rice Variety 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
	06-Feb-21	30-Jan-21	06-Jan-21	06-Feb-20			
1121 Steam	6100	6300	6200	6100	-3.17	-1.61	0.00
1121 Sella	5200	5400	5300	5200	-3.70	-1.89	0.00
1121 Raw	6200	6300	6200	6100	-1.59	0.00	1.64
Basmati Raw	9000	9200	8600	9200	-2.17	4.65	-2.17
1509 Steam Wand New	5600	5900	5500	5300	-5.08	1.82	5.66
Sugandh Steam	4800	5000	4900	4600	-4.00	-2.04	4.35
Sharbati Raw	4400	4700	4600	3500	-6.38	-4.35	25.71
Pusa Raw Wand	6000	6000	5800	4500	0.00	3.45	33.33
Parmal Sella	3250	3200	3300	3150	1.56	-1.52	3.17

Source-Agriwatch

Rice Supply & Demand for MY-2020-21

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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 119 Million 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.

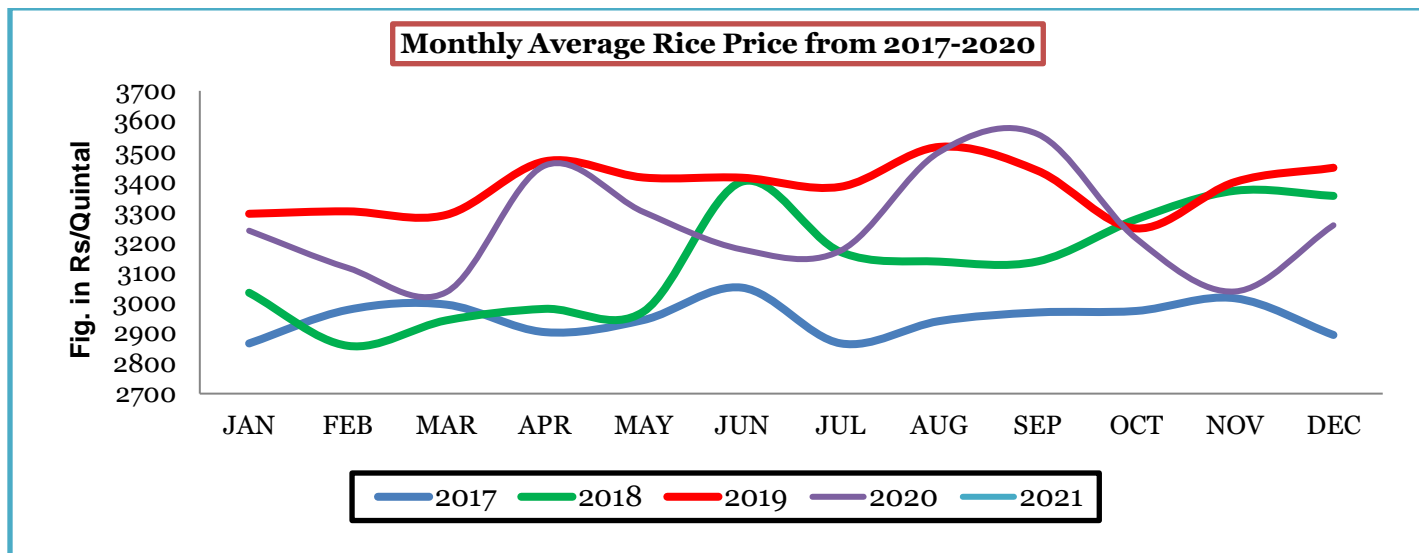
State wise Wholesale Prices Monthly Analysis for Rice January, 2021

State	Prices January, 2021	Prices December, 2020	Prices January, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	3917.29	4292.99	4044.31	-8.75	-3.14
Karnataka	3532.48	3502.25	3666.92	0.86	-3.67
Kerala	3481.87	3483.03	3489.66	-0.03	-0.22
Maharashtra	4160.03	3813.77	4106.03	9.08	1.32
Odisha	2762.75	2953.56	2834.25	-6.46	-2.52
Tripura	2908.15	2921.99	2953.35	-0.47	-1.53
Uttar Pradesh	2386.87	2369.17	2614.44	0.75	-8.7
West Bengal	2704.26	2714	2892.27	-0.36	-6.5
Average	3133.24	3256.34	3238.15		

Source-Agmarknet

Prices in Rs/Quintal

Average monthly wholesale monthly rice prices in India stood at around Rs.3133 per quintal in January- 2021, down by 3.76% from Rs.3256 per quintal in December-2020 and down by 3.23% from Rs.3238 per quintal a year ago.

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	19.30	16.79	14.54
2021	18.66											

Source-FCI

On 1 January, FCI had a stock of 530 lakh tonnes of grain, while the buffer norm required 214 lakh tonnes. Stock of 18.66 Million tonnes of milled rice available in the central pool on 1 January while buffer norms of 76 lakh tonnes. To reduce the stock, the government approved the purchase of rice for ethanol but distillers retreated due to the current prices. It was believed that about 100 lakh tonnes of rice stock would be reduced from the central pool. The ethanol manufacturers were given a purchase price of Rs 2000 per quintal by the centre. The cost price of rice purchased in 2020-21 has been 2727 rupees, which FCI wanted to sell on 2000. FCI is not willing to sell below 2000 price but this price seems to be high to distiller.

State-wise Progressive Procurement As on 08.02.2021

State	In Marketing season 2020-21	In MY season 2019-20
Andhra Pradesh	23.09	9.22
Telangana	32.58	27.07
Bihar	17.55	3.63
Chhattisgarh	39.76	29.91
Haryana	37.60	37.60
Kerala	1.29	1.15
Madhya Pradesh	24.97	13.53
Maharashtra	4.31	1.81
Odisha	33.11	13.30
Punjab	135.89	135.86
Tamil Nadu	5.84	3.83
Uttar Pradesh	43.28	31.83
Uttarakhand	6.79	6.68
West Bengal	4.42	0.00
All-India	413.68	316.51

Source-FCI

As on 08th February 2021, during KMS 2020-21, Progressive Procurement of Rice was 413.68 lakh MT as compared to 316.51 lakh MT during corresponding period of KMS 2019-20.

Rice Export Statistics

MY-2019-20	Non-Basmati	Basmati	Total Export 2019-20	MY-2020-21	Non-Basmati	Basmati	Total Export 2020-21
October-19	2.99	1.86	4.85	October-20	10.44	3.57	14.01
November-19	3.44	3.06	6.5	November-20	9.01	3.02	12.03
December-19	4.22	4.7	8.92	December-20	11.96	3.36	15.32
January-20	4.52	4.56	9.08	January-21			
February-20	5.4	5.37	10.77	February-21			
March-20	4.8	6.18	10.98	March-21			
April-20	4.28	4.21	8.49	April-21			
May-20	6.83	4.54	11.37	May-21			
June-20	8.15	4.09	12.24	June-21			
July-20	10.71	3.96	14.67	July-21			
August-20	9.42	3.53	12.95	August-21			
September-20	11.37	3.52	14.89	September-21			
Total	76.13	49.58	125.71	Total	31.41	9.95	41.36

Total rice exports from India increased by 104% year-on-year during Oct-December and reached to 41.36 LT against 20.27 LT same period last year. According to trade sources report continued strong export demand for non-Basmati rice through the end of MY 2021 with exports set to reach 13.7 million metric tons. Despite the Indian rupee's value appreciating over the last few weeks, it indicates that Indian rice continues to remain competitive in international markets. Assuming continued price parity for Indian rice with rice from other origins along with steady export demand, Agriwatch forecasts India's rice exports in MY 2020-2021 at 13.5 MMT and in CY 2021 at 13 million metric tons.

International Market:

- Robust demand from across Asia and Africa sent Indian rice export prices to a three-year peak this week, while Vietnamese exporters struggled to ship due to high freight prices fuelled by a container shortage.
- India's 5% broken parboiled variety were quoted at USD 402-USD 408 per tonne, its highest since May 2018. Along with traditional buyers, China and Vietnam are also buying from India. Andhra Pradesh will use a deep-water port to export rice for the first time in decades amid a global grain shortage.
- Neighbouring Bangladesh, which has been grappling with limited supply, also bought more than 110,000 tonnes from India with more on its way.
- Meanwhile, Vietnam's 5% broken rice prices rose to USD 510-USD 515 per tonne from USD 505-510 last week on thin supply. Trade is very slow as most of the traders are already off for the Lunar New Year holiday, and buyers have suspended signing new contracts waiting for the new harvest. The harvest of the winter-spring crop, the largest of the year, will peak in late February or early March. Shipments were also being hampered by high freight charges due to a container shortage.
- Thailand's 5% broken rice prices jumped to their highest level since early April at \$535-\$564 per tonne, amid concerns over low supplies, while exporters eyed a tender from Iraq. Iraq's trade ministry said it intended to procure rice from international suppliers this week.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2017-18	2018-19	2019-20 Est.	26.11.2020	14.01.2021
Production	494	498	497	503	503
Trade	46	43	42	45	45
Consumption	485	487	495	501	502
Carryover stocks	165	175	177	178	175
Y-O-Y change	9	10	2	3	1
Major Exporters	32	39	44	43	39

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

Global rice output is tentatively expected at a new peak on bigger outturns in Asian producers, including India and China. Consumption is also forecast to trend higher on population growth, albeit with uptake in India

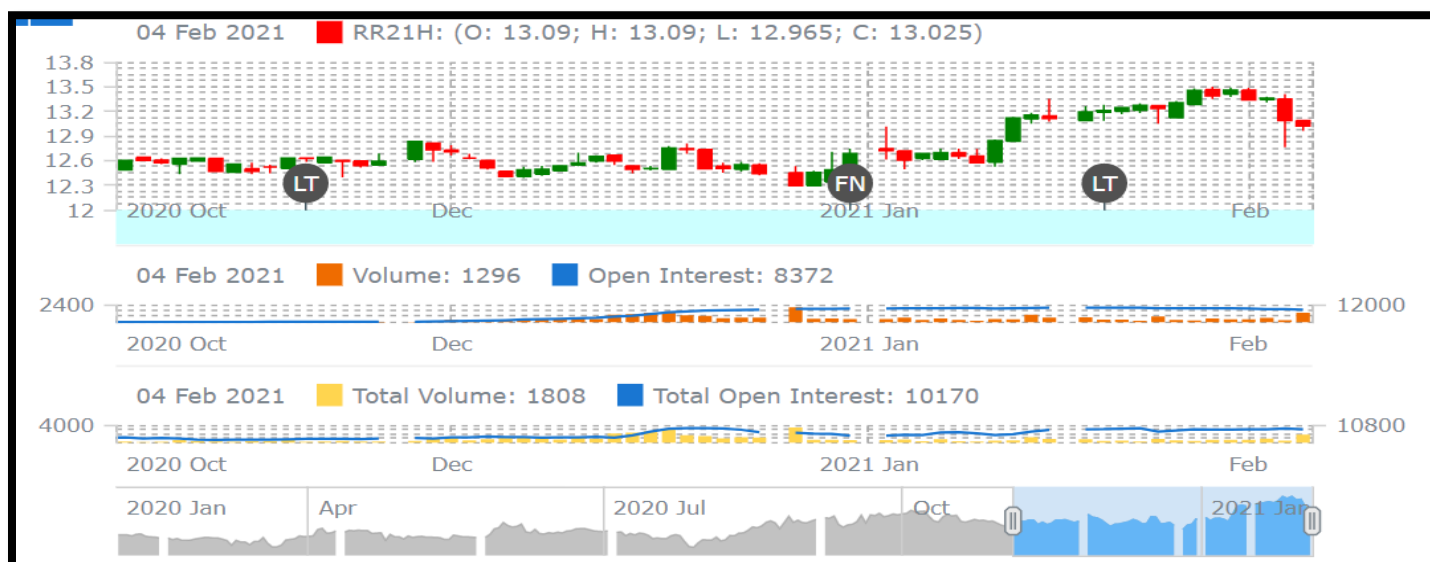
potentially declining due to the conclusion of COVID-19-related food security schemes. Following a contraction in the prior season, world stocks could edge up, including a modest gain in India. That country is also expected to maintain its position as the dominant exporter, although shipments may retreat from the prior year's record as Thailand regains some market share. World trade is predicted to expand by 5% y/y on stronger demand from sub-Saharan Africa.

Indicative Basmati Parity Sheet

Parity Calculation Sheet	Rajkot (Kandla)	Andhra Pradesh(Vizag)	Punjab(Kandla)	Haryana(kandla)	West Bengal(Kolkata)
Price @ various center	65000	65000	62000	62000	64500
Port handling charges /Loading/Unloading /Clearing (Rs/ton)	330	330	330	330	330
Freight Charges till port	2000	2000	2000	2000	2000
Indian FOB (Rs/MT)	67330	67330	64330	64330	66830
Indian FOB (USD/MT)	920.69	920.69	879.67	879.67	913.85
Insurance @ 0.1%	0.92	0.92	0.88	0.88	0.91
Freight Charges (US \$/ton) to Dubai	50	50	50	50	50
CIF (Kandla to Dubai)	971.61	971.61	930.55	930.55	964.77
INR Monthly Average	73.13	73.13	73.13	73.13	73.13

Source-Agriwatch Trade Source

Rice Price Trend – CBOT@ CBOT March- 21, Rough Rice) (Prices in US\$/hundredweight)



Market Analysis

The **CBOT March-21** month rough chart for rice indicates range bound tone from last month. We expect market to hover in the range of USD 11.80.80-14.20 hundred weights in coming sessions.

International Price Projection for Next Month:

Duration	Trend	Support	Resistance
February-2021	Steady	S1-11.80	R1-14.20
		S2-11.00	R2-14.40

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