

Rice Monthly Research Report

Contents

Outlook and Review
Weather Watch
Price Estimate
Sowing Updates
Comparative Price
Balance Sheet
Basmati Production Estimates
Monthly Price Analysis
Price Trend
Monthly Stock & Procurement
Export Statics
Monthly Rice Export Destination wise
Monthly Basmati Export vs. FoB
Technical Analysis of 1121 Steam Rice
Outlook
International Rice Market Summary
IGC
Parity Sheet
FOB of 1121 Steam Rice
CBOT Trend

Outlook and Review (Domestic Front)

- Price: Average monthly wholesale monthly rice prices in India stood at around Rs.3317 per quintal in February-2021, up by 5.87% from Rs.3256 per quintal in January-2021 and up by 6.40% from Rs.3115 per quintal a year ago.
- The area of crops sown during the summer has increased by 7.94 lakh hectares or 22 percent this time and it has increased from 82.34 lakh hectares in 2019-20 to 39.58 by March 5 in 2020-21. Under this, there has been a significant increase in the area of paddy, oilseeds and coarse grains. According to the Ministry of Agriculture, overall summer crops are being cultivated splendidly. Paddy production area has risen from 23.38 lakh hectare last year to 6.54 lakh hectare or 28 percent this time to 29.92 lakh hectare.
- On March 03, under the FCI OMSS scheme, 50 metric tonnes of rice were sold from Maharashtra at a price of Rs 2,250 per quintal. FCI sold 1,000 metric tonnes of rice from Jammu and Kashmir at Rs 2,000 per quintal on March 03 under the OMSS scheme.
- The Ministry of Food has proposed cutting the import duty on rice further by 10 per cent to 15 per cent with a view to encouraging traders to import the staple in higher volume. The meeting also considered reducing import duty on coarse white rice (coarse atap) to 15 per cent from the 62.5 per cent. In December, the government cut the duty rate by 37.5 percentage points to 25 per cent on import of parboiled rice. The duty on rice import was increased to 62.5 per cent earlier to discourage rice imports and benefit local farmers.
- Food assistance of 1000 tons of rice from Madagascar to India: India has decided to give one thousand tonnes of rice and one lakh anti-malarial tablets to Madagascar, a country located in the Indian Ocean, as humanitarian aid. Madagascar is facing severe drought crisis this time. Similarly, 1000 tonnes of rice will be given to another country - Comoros. Clove is produced on a large scale in both these countries. India is providing this first aid to it.
- As per second advance estimate by Agriculture Department of India, Indian rice production in MY-2020-21 is expected to reach to 120 Million tonnes which is a record till now.
- Paddy procurement for Kharif 2020-21 is continuing smoothly in the procuring States & UTs of Punjab, Haryana, Uttar Pradesh, Telangana, Uttarakhand, Tamil Nadu, Chandigarh, Jammu & Kashmir, Kerala, Gujarat, Andhra Pradesh, Chhattisgarh, Odisha, Madhya Pradesh, Maharashtra, Bihar, Jharkhand, Assam, Karnataka, West Bengal and Tripura with purchase of over 651.07 LMTs of paddy up to 19.02.2021. This is an increase of 15.91 % against the last year corresponding purchase of 561.67 LMT. Out of the total purchase of 651.07 LMT, Punjab alone has contributed 202.82 LMT which is 31.15 % of total procurement.
- The Rice Exporters Association (TREA-India) is exporting the rice that is beyond the handling capacity of the Kakinada Anchorage Port operated by the A.P. Maritime Board. The first consignment of 32,250 metric tonnes of broken rice has started from Kakinada Deep Sea Port to Senegal in West Africa.

- In Bihar, over 30 lakh metric tonnes of paddy have been procured from farmers of the state this season. In February last year, paddy procurement was only 4.64 metric tonnes. Four thousand eight hundred 71 crores have been paid to over four lakh farmers for procurement of paddy this year. Chief Minister Nitish Kumar has instructed district authorities to speed up procurement. February 21 is the last date for procurement of paddy. The state government has set a target to buy 45 lakh metric tonne paddy from farmers.
- 'Maa' scheme' was launched in West Bengal before the assembly elections under which rice, wheat, vegetables and egg curry will be given for 5 rupees. This would impact the price in coming months in the state.

Weather Watch:

All-India level rainfall during the week, 18 February 2021 to 24 February 2021, has been 54% lower than the Long Period Average (LPA). Among the four broad geographical divisions of the country, against the LPA the rainfall has been:

- Higher by 275% in South Peninsula,
- Higher by 74% in Central India,
- Lower by 97% in North West India,
- Lower by 97% in East & North East India.

Price Projection for Next Month (March) in Domestic Market

Duration	Trend	Average Price Range	Reason
March - 2021	Steady	Rs.3300-3800/Quintal	Expected strong market arrivals from March onward, after the onset of harvested rabi rice, are likely to keep prices under pressure over the coming months despite the continued strong export offtakes.

Rabi Paddy Sowing Updates

Area Sown Reported in Lakh Hectares			
State	Normal Area	This Year	Last Year
Andhra Pradesh	6.86	6.74	6.82
Assam	4.06	1.43	1.33
Chhattisgarh	0.75	0.84	0.54
Karnataka	1.92	0.08	0.08
Kerala	0.44	0.78	0.67
Odisha	2.51	1	0.69
Tamil Nadu	1.52	10.51	10.42
Telangana	6.49	11.31	7.33
Uttar Pradesh	0.27	0	0
West Bengal	12.85	2.52	2.1
Others	4.12	6.95	4.85
All-India	41.78	35.23	30.2

Source: Agricoop (As on January 29, 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-Mar-21	26-Feb-21	03-Feb-21	04-Mar-20			
1121 Steam	5950	6000	6200	5900	-0.83	-4.03	0.85
1121 Sella	4900	5100	5300	4950	-3.92	-7.55	-1.01
1121 Raw	5950	6000	6200	5900	-0.83	-4.03	0.85
Basmati Raw	8600	8600	9000	8000	0.00	-4.44	7.50
1509 Steam Wand New	5500	5500	5700	5400	0.00	-3.51	1.85
Sugandh Steam	4700	4800	4800	4600	-2.08	-2.08	2.17
Sharbati Raw	4300	4400	4600	3300	-2.27	-6.52	30.30
Pusa Raw Wand	5600	5600	6000	4300	0.00	-6.67	30.23
Parmal Sella	3200	3200	3200	3000	0.00	0.00	6.67

Source-Agriwatch

Rice Supply & Demand for MY-2020-21
[\(Back to Contents\)](#)

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 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.

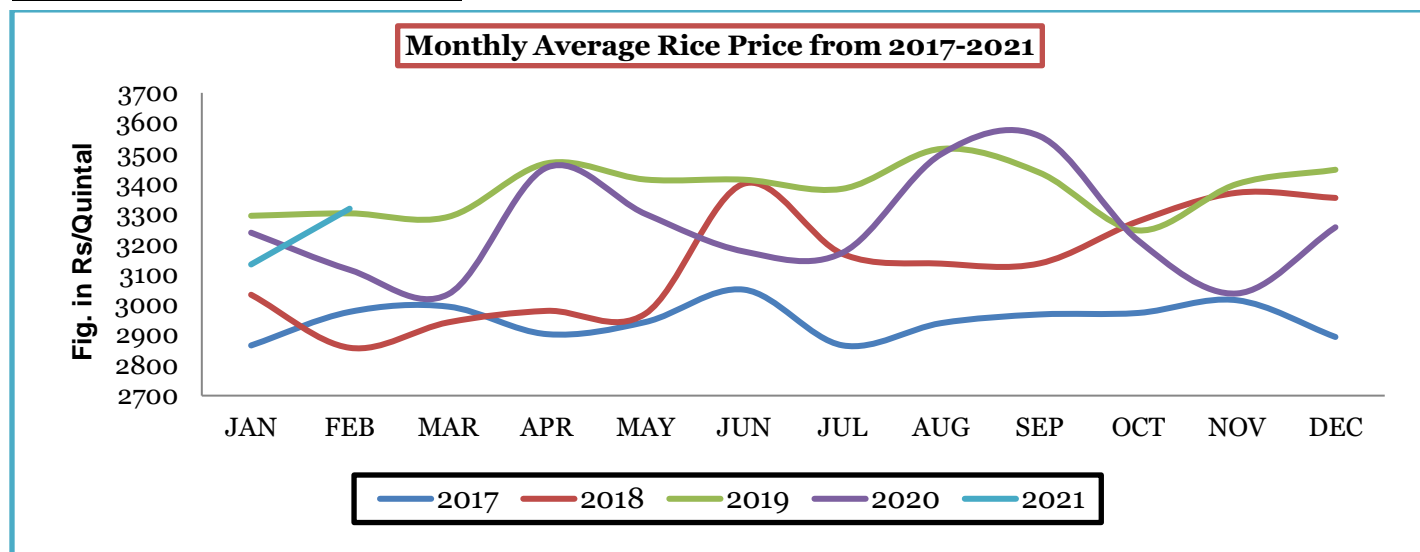
State wise Wholesale Prices Monthly Analysis for Rice February, 2021

State	Prices February, 2021	Prices January, 2021	Prices February, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
Gujarat	4143.45	3917.29	3640.33	5.77	13.82
Jharkhand	2385.17	2345.45		1.69	---
Karnataka	3841.61	3529.77	3750.14	8.83	2.44
Kerala	3444.06	3481.87	3486.38	-1.09	-1.21
Maharashtra	3694.92	4160.03	3852.5	-11.18	-4.09
Manipur	4469.14			---	---
Odisha	3018.92	2762.75	2964.23	9.27	1.84
Tripura	2914.22	2908.15	3004.14	0.21	-2.99
Uttar Pradesh	2427.18	2386.87	2502.58	1.69	-3.01
West Bengal	2835.2	2704.26	2832.12	4.84	0.11
Average	3317.39	3132.94	3137.94		

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	24.36										

Source-FCI

On 1 February, FCI had a stock of 24.36 lakh tonnes of rice in central pool while buffer norms of 7.6 million 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 05.03.2021

State	In Marketing season 2020-21	In MY season 2019-20
Andhra Pradesh	27.41	28.86
Telangana	32.67	31.55
Bihar	23.40	4.20
Chhattisgarh	39.76	51.85

<i>Haryana</i>	37.60	43.07
<i>Kerala</i>	1.58	1.42
<i>Madhya Pradesh</i>	24.97	17.40
<i>Maharashtra</i>	6.28	5.13
<i>Odisha</i>	39.98	31.63
<i>Punjab</i>	135.89	108.76
<i>Tamil Nadu</i>	13.53	7.37
<i>Uttar Pradesh</i>	44.78	34.22
<i>Uttarakhand</i>	6.79	6.27
<i>West Bengal</i>	10.73	8.38
<i>All-India</i>	450.20	381.40

Source-FCI

As on 05th March 2021, during KMS 2020-21, Progressive Procurement of Rice was 450.30 lakh MT as compared to 381.40 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	12.4	3.8	16.2
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	43.81	13.75	57.56

Based on the latest Indian official trade data available from Trade Data Monitor and the Directorate General of Commercial Intelligence, the MY 2019-2020 rice export estimate is marginally raised to a record 12.6 MMT, and CY 2020 exports increased to a record of 14.7 MMT on strong exports continuing since the beginning of CY 2020 based on competitively priced Indian rice outcompeting other origins. Assuming the current price parity for Indian rice in the international market, MY 2020/21 rice exports is forecast to reach 14 MMT on sufficient domestic supplies.

International Market:

- Rice export rates in top exporter India eased this week as supplies rose, while neighbouring Bangladesh considered allowing higher imports by private traders as domestic rates continued to soar.
- Rice export rates held steady in most Asian hubs this week as new supply from fresh harvests trickle in, while Bangladesh mulled another cut to import duties to bolster dwindling domestic reserves.
- Thailand's benchmark 5% broken rice prices widened slightly to \$515-\$560 per tonne, from \$520-\$560 last week. Muted demand, optimism over a new off-season harvest and the weakening of the baht against the U.S. dollar, have pressured prices.
- Vietnam's 5% broken rice rates were unchanged from last week at \$505-\$510 per tonne. This is just nominal price as not many new contracts have been signed recently as importers are still waiting further until the winter-spring harvest peaks. Meanwhile, domestic rice prices are edging down on rising supplies from the main harvest in the Mekong Delta. Vietnam's rice shipments in the January-February period are forecast to drop 31.4% from a year earlier to 638,000 tonnes.
- Bangladesh is considering further slashing duty on rice imports in an effort to bolster reserves and cool record local prices. This would follow a cut to 25% from 62.5% in late December.
- Prices for India's 5 percent broken parboiled variety were steady at \$393-\$399 per tonne amid rising supplies from the new season crop. Rupee has been quite volatile in the last few days. Exporters are keeping prices steady, but they will raise if rupee appreciates further.

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

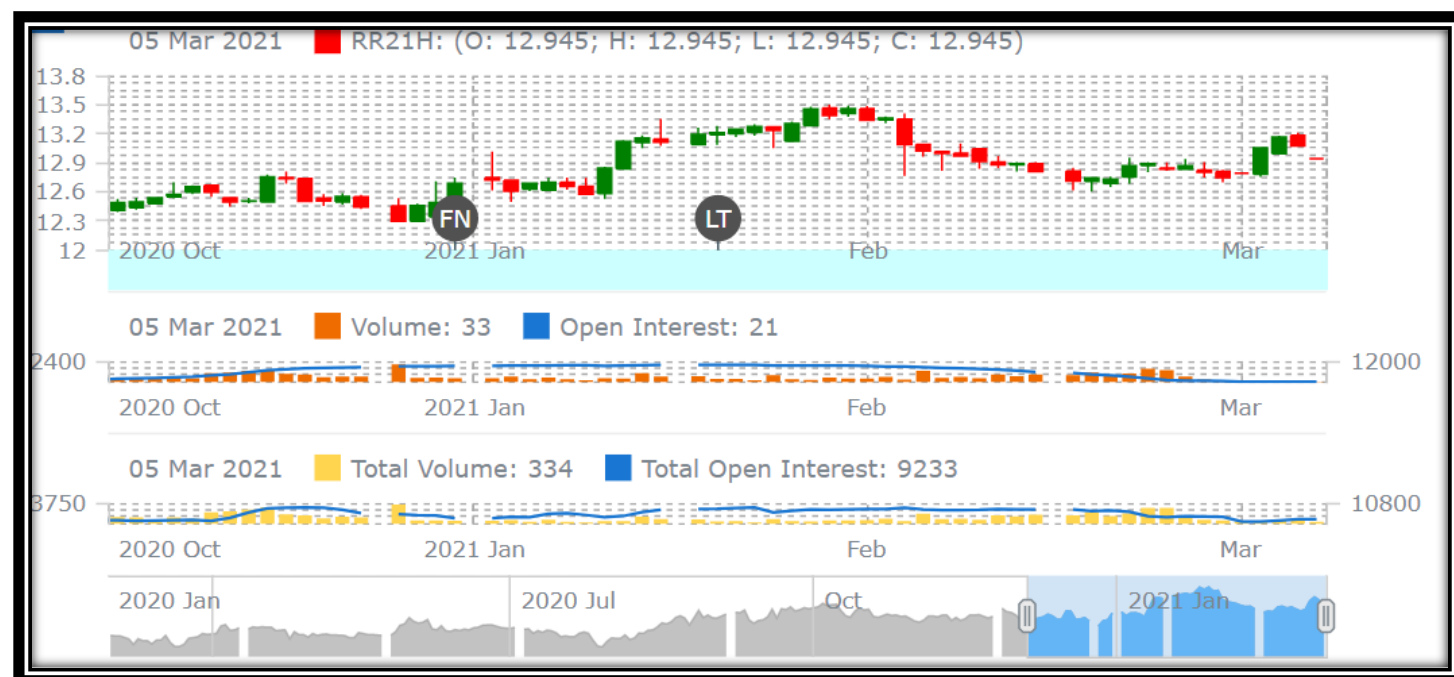
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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 to firm 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
March-2021	Steady	S1-11.80	R1-14.20
		S2-11.00	R2-14.40

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may vary from time to time to add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Agribusiness Systems Ltd.