

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.3268 per quintal in June- 2021, down by 1.92% from Rs.3332 per quintal in May-2021 and down by 5.76% from Rs.3493 per quintal a year ago.
- Lack of buyer in the local market; demand in all types of coarse rice has come to a standstill, due to which goods are being sold at their respective prices in the mandis.
- The reality is that the rice that is being given to the ration shops for distribution, it is discussed that 50% of the quota holders are selling it to the mandis. The rest of the goods have also started selling back in the mandis due to lack of consumption from the consumers, due to which the market is running slow.
- The two-week stagnation in the southwest monsoon has pushed the area under kharif crops in Maharashtra to 30 per cent behind the five-year average. But now the sowing speed is expected to pick up due to the revival of monsoon activity. The area under Kharif crops in Maharashtra has reached 106 lakh hectares, which is much less than the normal average area of 151 lakh hectares. The sowing of cereal crops has reached only 53 percent. In view of the inactive monsoon, the Agriculture Department had suggested the farmers to postpone the sowing of Kharif crops for some time. Now the rains have started again, so the speed of sowing will also increase. As of July 12, the area under paddy in Maharashtra has reached 2.90 lakh hectares, which is far behind the normal average level of 14.90 lakh hectares.
- **Lifting 15.30 lakh tonnes of food grains by the states under the free ration distribution scheme:** So far 15.30 lakh tonnes of food grains have been lifted from government godowns for the fourth phase by 31 states & union territories (UTs) of the country for free distribution under the centrally sponsored Pradhan Mantri Garib Kalyan Anna Yojana. It is to be known that this scheme was started in April 2020 and its first phase was till June 2020. The second phase started during July to November 2020. After a gap of few months, the third phase was held in May-June 2021 while now the fourth phase is going on from July to November 2021. A total of 78.26 lakh tonnes of food grains were lifted by all the 36 states and UTs during the third phase. Food Corporation of India (FCI) has loaded food grains in 4005 railway rakes and transported them to different states from 1st April 2021 till now. It is to be known that under this scheme, 5 kg of food grains (rice or wheat) are provided free of cost to the poor people per month, which is different from the ration they get regularly. The government has allocated 198.79 lakh tonnes of food grains under the free distribution scheme for the period July-November 2021.
- On the other hand, rice of 1509 and 1121 varieties are not being raised due to lack of export in Basmati variety of rice, while there is no availability of paddy.
- Punjab government has received a sum of Rs 235 crore from the Centre for management of paddy stubble ahead of the harvest season set to begin in October. The state agriculture department plans to provide crop residue management (CRM) machines to farmers at subsidised rates with the funds received from the Centre. We had planned to give 40,000 machines on subsidy but there is a dearth of funds, we have cut down the number to 25, 000.

- India rice exports to China are expected to soar threefold this year going by a spike in orders from the neighboring country for non-basmati broken rice, which they use in making noodles and wine.
- In FY21, China had started sending import queries from November; but in the current fiscal, we are seeing that the country has become active from the very beginning, and they are placing substantial orders with the Indian rice companies.

Weather Watch:

All-India level rainfall cumulative rainfall during Monsoon season, 01 June 2021 to 07 July 2021, has been 5% lower than the LPA. Among the four broad geographical divisions, seen against the LPA the rainfall has been: -

- Equal to LPA in South Peninsula,
- Lower by 13% in North West India,
- Lower by 7% in Central India,
- Lower by 02% in East & North East India.

Price Projection for Next Month (JULY) in Domestic Market

Duration	Trend	Average Price Range	Reason
July - 2021	Steady to Slightly firm	Rs.3300-3900/Quintal	With lean season and higher overseas demand due to lowest price, rice market is likely to trade firm in coming month.

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
	29-Jun-21	21-Jun-21	29-May-21	1-Jul-20			
1121 Steam	6000	6100	6000	7200	-1.64	0.00	-16.67
1121 Sella	5000	5100	5000	5600	-1.96	0.00	-10.71
1121 Raw	6100	6100	6000	7100	0.00	1.67	-14.08
Basmati Raw	10100	10500	10400	8500	-3.81	-2.88	18.82
1509 Steam Wand New	5600	5600	5500	6200	0.00	1.82	-9.68
Sugandh Steam	5000	5000	5100	5100	0.00	-1.96	-1.96
Sharbati Raw	4800	4800	4800	4300	0.00	0.00	11.63
Pusa Raw Wand	5600	5600	5600	6000	0.00	0.00	-6.67
Parmal Sella	3150	3100	3200	3700	1.61	-1.56	-14.86

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 June, 2021
State wise Wholesale Prices Monthly Analysis for Rice June, 2021

State	Prices June, 2021	Prices May, 2021	Prices June, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	4361.12	4493	4212.82	-2.94	3.52
Jharkhand	2476.13	2453.06	2486.44	0.94	-0.41
Karnataka	4563.86	4398.31	2947.82	3.76	54.82
Kerala	3485	3495.37	3556.93	-0.3	-2.02
Maharashtra	3466.16	3937.81	6499.08	-11.98	-46.67
Odisha	2875.91	3087.71	2906.13	-6.86	-1.04
Tripura	2949.22	2912.21	3387.82	1.27	-12.95
Uttar Pradesh	2545.45	2496.2	2615.43	1.97	-2.68
West Bengal	2695.18	2716.86	2830.74	-0.8	-4.79

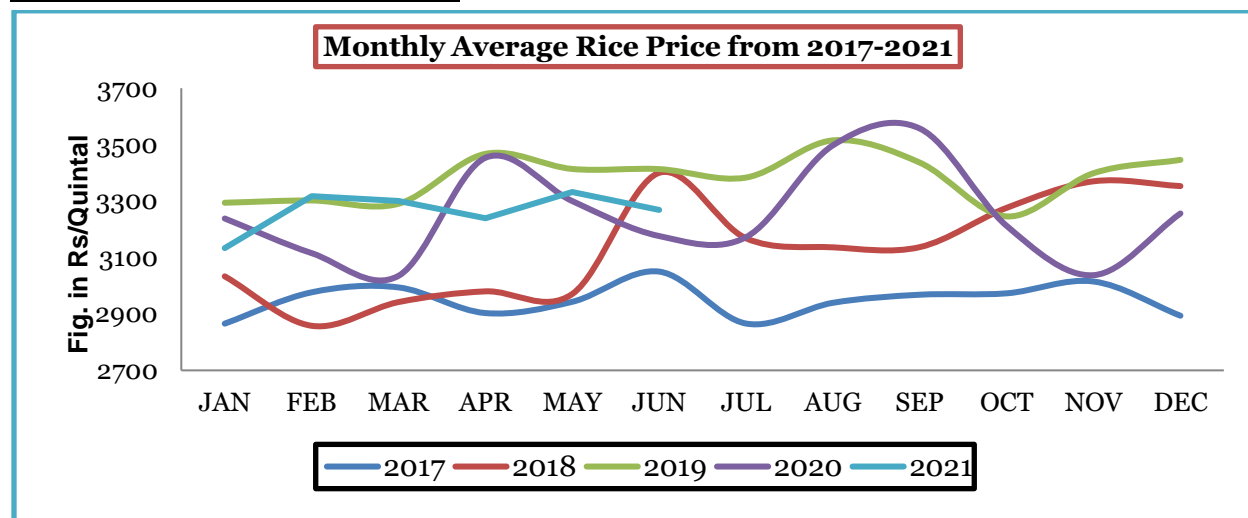
Average	3268.67	3332.28	3493.69		
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Source-Agmarknet

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	28.23	29.11	30.48	29.92						

Source-FCI

On 1 June, FCI had a stock of 29.92 million 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 05.06.2021

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

Source-FCI

As on 05th June 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:

- Indian rice export prices hit a nearly 16-month low this week as new supplies come into market but demand remains low, while coronavirus restrictions in Vietnam undercut sales of the staple grain.
- Export demand is weak. Rice supplies have risen after government started distributing rice to poor people.
- Farmers have started harvesting their summer-autumn crop in most of the Mekong Delta area, but sales to traders are slow due to coronavirus movement curbs.
- Traders said domestic unhusked paddy prices may fall over the coming weeks as supplies from the harvest build up, while movement curbs are expected to remain in place. Some of the traders have stopped buying rice from farmers due to coronavirus.
- Bangladesh has allowed private traders to import 1 million tonnes of rice to tame prices. The country imported 1.3 million tonnes of rice in the year to June, the highest volume in three years.
- Thailand has exported around 1.78 million tonnes of rice between January and May this year, down 31% from the same period a year ago.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2017-18	2018-19	2019-20 Est.	27.05.2021	24.06.2021
Production	494	498	504	511	512
Trade	46	43	47	47	47
Consumption	485	487	509	509	510
Carryover stocks	165	175	169	171	171
Y-O-Y change	9	10	-5	-	2
Major Exporters	32	39	37	38	37

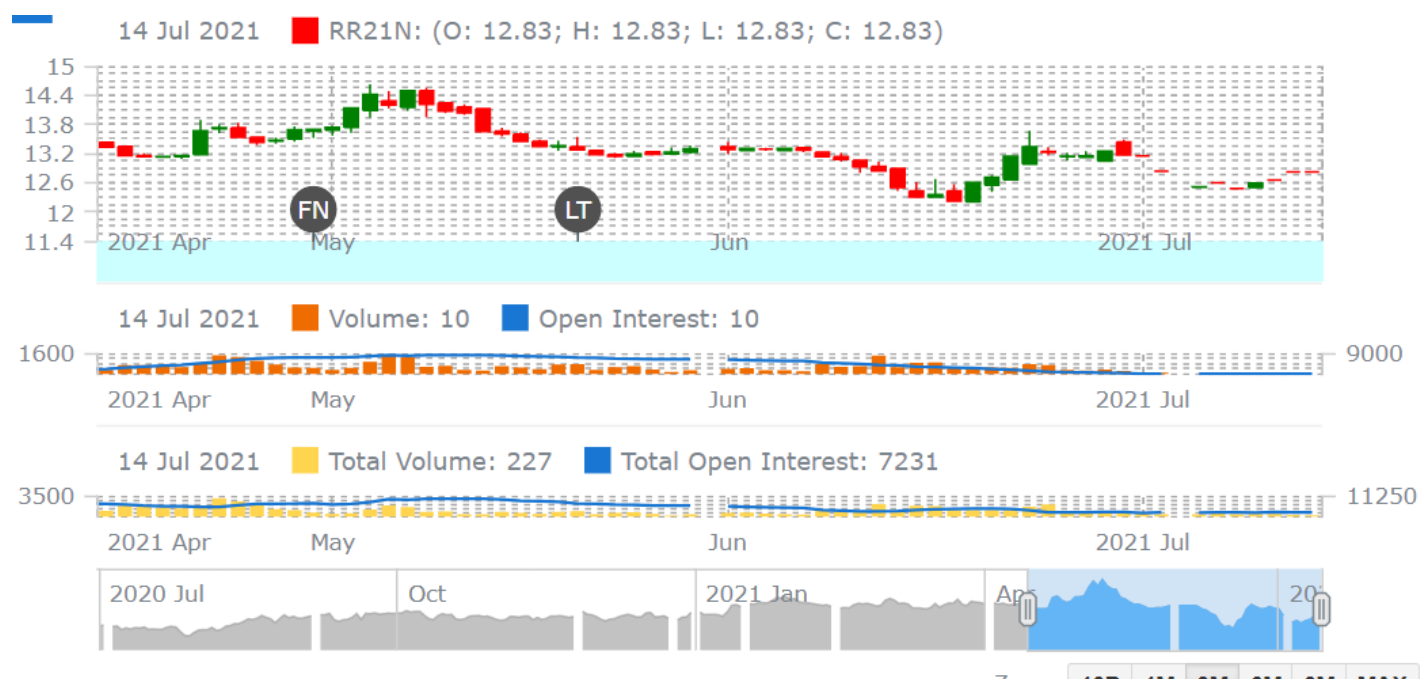
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

Due to bigger harvests in Asia, global **rice** production in 2021/22 is projected to rise by 2% to a fresh high. However, with growth in consumption set to moderate significantly – partly due to the likely scaling-back of COVID-19-related support schemes in Asia – stocks could edge up y/y. Trade in 2022 (Jan/Dec) is anticipated to be little-changed y/y, as a potential reduction in shipments to South Asia is offset by bigger dispatches to Africa. India is set to remain by far the world's leading exporter. Due to an upgraded estimate for India, world **rice** production in 2020/21 is lifted to a record of 504m t (+5m y/y), while total use is raised slightly to reflect increased utilisation of state reserves in leading consumers. The projection for 2021/22 production is marginally higher m/m and, with the increase matched by upgraded use, carryovers are unchanged m/m, at 171m t (+2m). World trade is unchanged m/m, at 47m t, steady y/y.

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 MonthlyAverage	73.13	73.13	73.13	73.13	73.13

Source-Agrivatch Trade Source

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


Market Analysis

The CBOT July-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

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