

# Rice Monthly Research Report

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### Outlook and Review (Domestic Front)

- Price:** In the wake of a record harvest, and with the government offloading additional cost-free rice along with the subsidized sales of excess rice stocks to the private trade, domestic non-basmati rice prices are being beaten down and remain depressed through most of MY 2020-2021 (particularly in the last quarter). Average monthly wholesale monthly rice prices in India stood at around Rs.3193 per quintal in July- 2021, down by 2.26% from Rs.3267 per quintal in June-2021 and up by 0.66% from Rs.3172 per quintal a year ago.
- Procurement:** Riding on the back of record production volumes and weak domestic prices, the government's MSP rice procurement in MY 2020-2021 is forging ahead to record highs. Government rice procurement through Aug-08, 2021, is estimated at 58.04 MMT, up by 7.3 MMT from the same period in 2020. Procurement at this pace is surpassing last year's record-breaking MSP procurement of 52 million metric tons. With procurement set to run through September in the eastern and southern Indian states, total MY 2020-2021 MSP rice procurement will exceed 59 MMT, a whopping 13.5 percent jump from last year's record level.
- Export:** Based on reports of the unusually strong pace of exports since the beginning of calendar year (CY) 2021, attributable to highly competitive pricing of India-origin rice compared to competing origins, MY 2020-2021 rice export estimate is raised higher to 13 million metric tons. However, the MY 2021-2022 export estimate remains unchanged at 12-13 MMT, forecasting relatively tight domestic supplies and 'normal' price parity for Indian rice in the international market.
- Stock Position:** On 1 July, 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.
- Government Offloads Excess Rice Stocks on the Domestic Market:** The Indian government is committed to providing COVID-19 relief to domestic consumers. It continues to provide five kilograms of cost-free food grains to 800 million registered beneficiaries of National Food Security Act (through November 2021). The volume of grains being provided in the June-November period amounts to 24 million metric tons. Market sources expect, based on the 2020 program's allocations, that rice will account for over two-thirds of the grains distributed to beneficiaries this year.
- Weather Watch:**

The 2021 monsoon kicked off with a good start during the first 20 days of the season (June-September) – reaching over four-fifths of the Indian subcontinent. Monsoon winds, however, stalled on June 19 across the northern Indian plains. The monsoon remains weak over the central, peninsular, and northwest India. Northeast India, Bihar, and eastern Uttar Pradesh have been more fortunate, receiving good rains. The central and northern Indian plains baked under an unrelenting, searing heatwave with temperatures well above 40 degrees Celsius consistently into the second week of July. In keeping with the India Meteorological Department's (IMD) weather bulletin of July 5, 2021, forecast, the southwest monsoon began reviving, albeit gradually, over the southern portion of the Indian peninsula on/about July 8.

In turn, it has advanced over the remaining parts of northern India, that is western Uttar Pradesh, Punjab, Haryana, Rajasthan, and Delhi beginning July 10 [Note: The first significant rain downpour in months, heralding the 2021 monsoon's arrival hit Delhi on July 13]. Overall, the revived monsoon has not brought the quantity of rainfall for certain parts of the country that observers have come to expect

**Price Projection for Next Month (August) in Domestic Market**

Duration	Trend	Average Price Range	Reason
August - 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.

**Kharif Paddy Sowing Updates for MY-2021-22**

State	Normal Area	Area sown reported			Absolute Change
		This Year	% of Normal	Last Year	
Andhra Pradesh	14.97	5.13	34.26	5.34	-0.21
Arunachal Pradesh	1.31	1.26	95.96	1.26	0.00
Assam	20.18	10.16	50.34	7.53	2.63
Bihar	31.14	22.14	71.09	28.73	-6.59
Chhattisgarh	37.36	28.47	76.21	32.56	-4.09
Goa	0.27	0.20	75.27	0.24	-0.04
Gujarat	7.97	4.22	52.95	3.53	0.69
Haryana	14.11	12.25	86.81	12.26	-0.01
Himachal Pradesh	0.73	0.45	61.78	0.44	0.01
J&K	2.81	0.80	28.49	1.02	-0.22
Jharkhand	15.83	9.57	60.45	12.18	-2.61

Karnataka	9.11	2.02	22.16	2.47	-0.45
Kerala	1.46	0.51	34.84	0.54	-0.03
Madhya Pradesh	21.32	19.83	92.99	16.53	3.30
Maharashtra	14.51	7.96	54.84	7.86	0.10
Manipur	0.42	0.97	230.62	1.19	-0.22
Meghalaya	0.97	0.97	99.70	0.97	0.00
Mizoram	0.36	0.35	97.98	0.35	0.00
Nagaland	2.05	1.35	65.83	1.68	-0.33
Odisha	36.23	15.39	42.48	20.62	-5.23
Punjab	29.92	30.33	101.36	31.49	-1.16
Rajasthan	1.98	0.82	41.47	1.59	-0.77
Sikkim	0.10	0.09	92.31	0.10	-0.01
Tamil Nadu	16.26	2.37	14.58	1.66	0.71
Telangana	9.94	8.38	84.31	5.49	2.89
Tripura	2.00	1.98	98.77	0.42	1.56
Uttar Pradesh	58.04	53.26	91.76	52.35	0.91
Uttarakhand	2.41	2.48	102.96	2.46	0.02
West Bengal	41.47	20.70	49.92	22.61	-1.91
Others	0.27	0.21	76.42	0.16	0.05
All-India	395.53	264.62	66.90	275.63	-11.01

Source: Agricoop(As on July-30, 2021)

**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
	12-Apr-21	05-Apr-21	12-Mar-21	10-Apr-20			
1121 Steam	6200	6000	5950	Closed	3.33	4.20	#VALUE!
1121 Sella	5200	5050	5100	Closed	2.97	1.96	#VALUE!
1121 Raw	6200	5950	6100	Closed	4.20	1.64	#VALUE!
Basmati Raw	10400	10400	9400	Closed	0.00	10.64	#VALUE!
1509 Steam Wand New	5700	5800	5500	Closed	-1.72	3.64	#VALUE!
Sugandh Steam	4900	5100	4800	Closed	-3.92	2.08	#VALUE!
Sharbati Raw	4600	4800	4300	Closed	-4.17	6.98	#VALUE!
Pusa Raw Wand	5700	5800	5700	Closed	-1.72	0.00	#VALUE!
Parmal Sella	3300	3100	3150	Closed	6.45	4.76	#VALUE!

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	13
Consumption	98.4	99	104.06	104.04
Total use	110.2	109.5	114.5	117.04
Ending Stock	19.13	25.63	28.13	29.71
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 July, 2021

State	Prices July, 2021	Prices June, 2021	Prices July, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	3800	4361.12	4200	-12.87	-9.52
Jharkhand	2535.79	2476.13	2530.68	2.41	0.2
Karnataka	3884.77	4555.67	3172.44	-14.73	22.45
Kerala	3457.66	3485	3474.39	-0.78	-0.48
Maharashtra	3672.41	3466.16	5393.71	5.95	-31.91
Odisha	2983.07	2875.91	2728.63	3.73	9.32
Tripura	3026.98	2949.22	2957.5	2.64	2.35
Uttar Pradesh	2547.23	2545.06	2683.37	0.09	-5.07
West Bengal	2826.72	2695.18	2941.28	4.88	-3.89

Average	3192.74	3267.72	3342.44		
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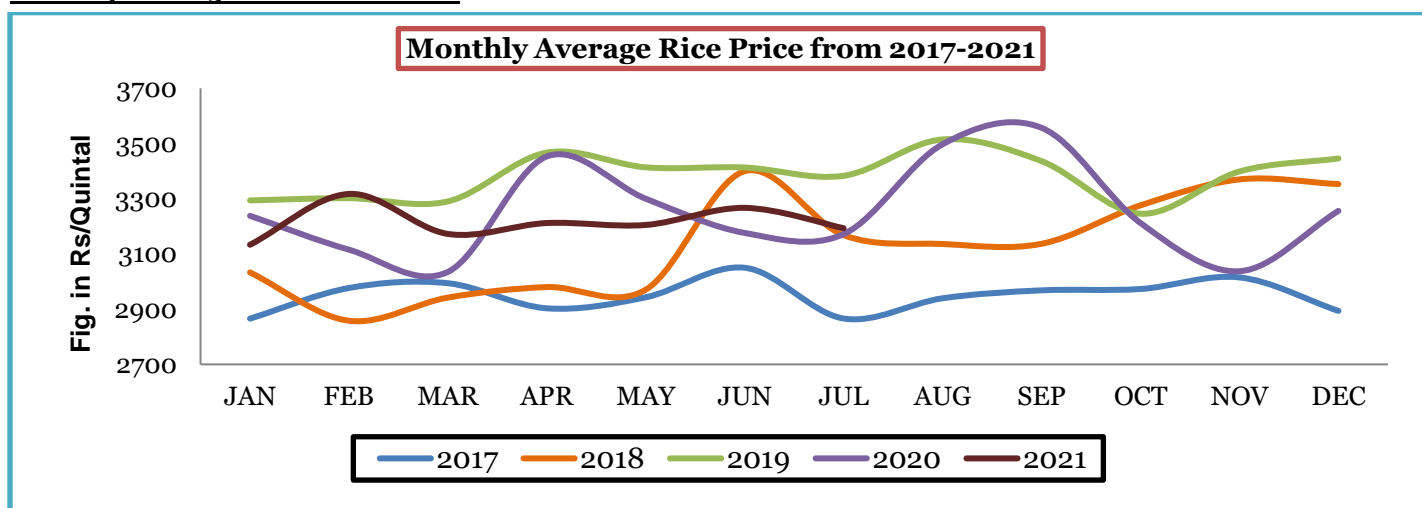
Prices in Rs/Quintal

Source-Agmarknet

Prices in Rs/Quintal

Average monthly wholesale monthly rice prices in India stood at around Rs.3193 per quintal in July- 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	29.68					

Source-FCI

### State-wise Progressive Procurement As on 08.08.2021

State	In Marketing season 2020-21	In MY season 2019-20
Andhra Pradesh	55.53	28.86
Telangana	94.57	31.55
Bihar	23.84	4.20

<i>Chhattisgarh</i>	39.76	51.85
<i>Haryana</i>	37.89	43.07
<i>Kerala</i>	5.20	1.42
<i>Madhya Pradesh</i>	24.97	17.40
<i>Maharashtra</i>	12.63	5.13
<i>Odisha</i>	52.62	31.63
<i>Punjab</i>	135.89	108.76
<i>Tamil Nadu</i>	27.09	7.37
<i>Uttar Pradesh</i>	44.78	34.22
<i>Uttarakhand</i>	7.19	6.27
<i>West Bengal</i>	15.83	8.38
<i>All-India</i>	<b>586.04</b>	<b>381.40</b>

Source-FCI

As on 08<sup>th</sup> August-2021, during KMS 2020-21, Progressive Procurement of Rice was 586.04 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
<b>October-19</b>	2.99	1.86	<b>4.85</b>	<b>October-20</b>	10.44	3.57	<b>14.01</b>
<b>November-19</b>	3.44	3.06	<b>6.5</b>	<b>November-20</b>	9.01	3.02	<b>12.03</b>
<b>December-19</b>	4.22	4.7	<b>8.92</b>	<b>December-20</b>	11.96	3.36	<b>15.32</b>
<b>January-20</b>	4.52	4.56	<b>9.08</b>	<b>January-21</b>	12.4	3.8	<b>16.2</b>
<b>February-20</b>	5.4	5.37	<b>10.77</b>	<b>February-21</b>	16.16	3.91	<b>20.07</b>
<b>March-20</b>	4.8	6.18	<b>10.98</b>	<b>March-21</b>	2.01	4.8	<b>6.81</b>
<b>April-20</b>	4.28	4.21	<b>8.49</b>	<b>April-21</b>	1.66	0.36	<b>2.02</b>
<b>May-20</b>	6.83	4.54	<b>11.37</b>	<b>May-21</b>			
<b>June-20</b>	8.15	4.09	<b>12.24</b>	<b>June-21</b>			
<b>July-20</b>	10.71	3.96	<b>14.67</b>	<b>July-21</b>			
<b>August-20</b>	9.42	3.53	<b>12.95</b>	<b>August-21</b>			
<b>September-20</b>	11.37	3.52	<b>14.89</b>	<b>September-21</b>			
<b>Total</b>	<b>76.13</b>	<b>49.58</b>	<b>125.71</b>	<b>Total</b>	<b>63.6</b>	<b>22.82</b>	<b>86.42</b>

### International Market:

- In Thailand, prices fell by 7%. Since the beginning of the year, prices have fallen 20%. The arrival of the off-season crop is weighing on export prices. In addition, the bath continues to weaken against the dollar, losing almost 4% in one month. The external market remains stable, reaching 395,000 t exported against 390,000 t in June. Exports are 20% behind so far last year. Export targets of 6 Mt in 2021 seem difficult to achieve. Indeed, Thailand would have to export a monthly average of 500,000 t. In July, the price of 100%B Thai rice averaged \$ 414 against \$ 445 in June. Parboiled Thai also dropped to \$ 414 from \$ 445. Broken A1 Super fell to \$ 365 from \$ 384. In early August, prices continued to fall on weak demand.
- In Vietnam, export prices fell significantly from 14% in one month, taking the biggest drop since September 2019. Vietnam seeks to narrow its price gap with India and Thailand, its two main competitors, thus boost its exports, especially to Southeast Asia. In July, exports rose from 490,000 t from 447,000 t in June, but still lagged 10% year-on-year at the same time. In July, Viet 5% marked \$ 409 from \$ 475 in June. Viet 25% traded at \$ 393 from \$ 459 previously. In early August, prices continued to fall.
- In Pakistan, rice prices fell sharply by 8%, approaching Indian prices. Supply outlook are good in 2021 with production expected to be 1.5% higher than the record level of 2020. However, Pakistani exports still lag 12% behind 2020 at the same time. In July, Pak 25% was quoted at \$ 339 compared to \$ 369 in June. In early August, prices were still sluggish.
- In China, the authorities aim to achieve grain self-sufficiency within the next five years. In the meantime, China continues to export its old crops. Exportable availabilities would be 7.5 Mt. On the other hand, Chinese import demand is expected to slow down and could reach 2.7 Mt in 2021, the lowest level in the last ten year

### *IGC Balance Sheet:*

Attributes ( Fig in Million Tons)	2017-18	2018-19	2019-20 Est.	24.06.2021	29.07.2021
Production	494	498	504	512	511
Trade	46	43	47	47	47
Consumption	485	487	509	510	510
Carryover stocks	165	175	169	171	171
Y-O-Y change	9	10	-5	2	2
Major Exporters	32	39	37	37	38

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

Global rice output in 2021/22 is projected at a peak of 511m t (505m) on anticipated gains in major Asian producers. Population growth is expected to underpin a modest increase in consumption, albeit as a retreat in feed use in China potentially curtails growth. Fractional gains in India and China could underpin a slight increase in stocks. Despite COVID-19 uncertainties and elevated container freight costs, trade is tentatively seen expanding on African demand.

Global rice trade in 2021 (Jan/Dec) is seen little-changed m/m, at 46.5m t, with an increase for India's exports contrasting with reductions for other suppliers. On the basis of marginal adjustments across a number of producers, 2021/22 world output is 1m t lower m/m, at 511m (+6m y/y). With the reduction offset by higher carry-ins, and with consumption little-changed m/m, global stocks are unchanged m/m, at 171m t (+1m).

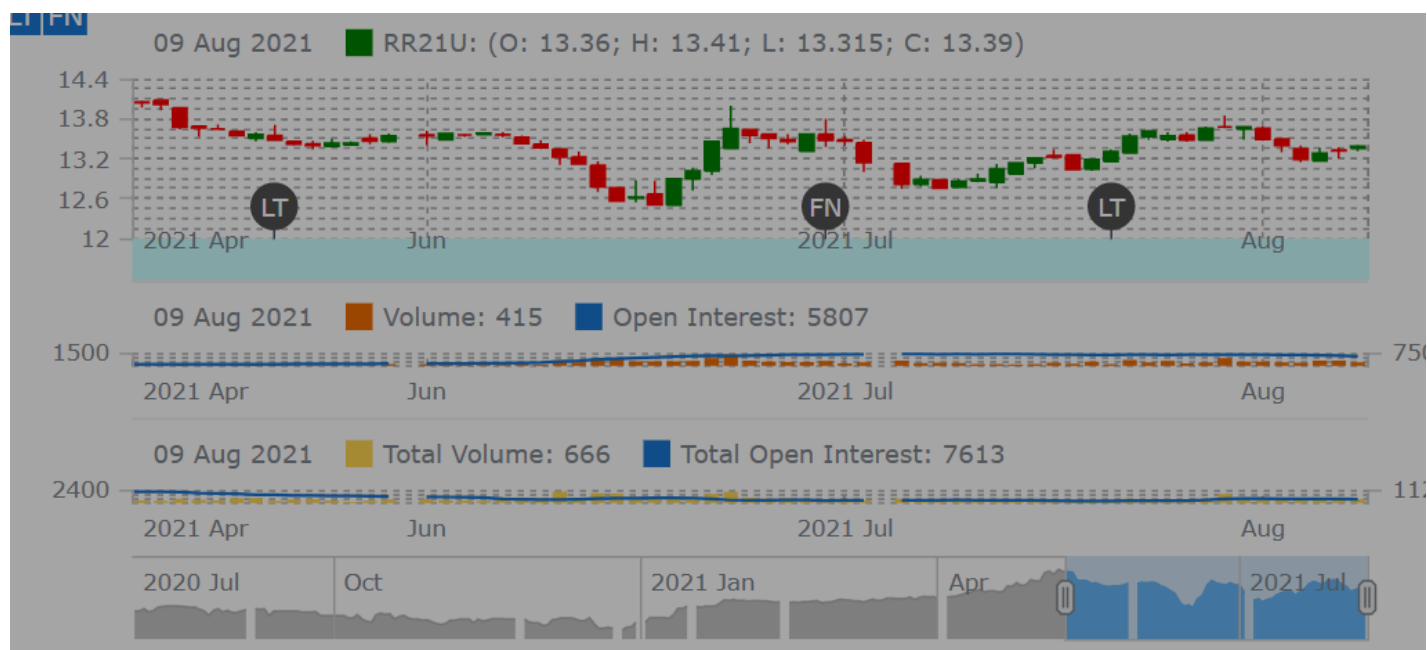


**Indicative Basmati Parity Sheet**

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)	<b>903.52</b>	<b>903.52</b>	<b>863.26</b>	<b>863.26</b>	<b>896.81</b>
Insurance @ 0.1%	0.90	0.90	0.86	0.86	0.90
Freight Charges (US \$/ton) to Dubai	50	50	50	50	50
CIF (Kandla to Dubai)	<b>954.42</b>	<b>954.42</b>	<b>914.12</b>	<b>914.12</b>	<b>947.70</b>
INR Monthly Average	74.52	74.52	74.52	74.52	74.52

Source-Agriwatch Trade Source

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



### Market Analysis

**The CBOT Sept-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 12.80.80-14.20 hundred weights in coming sessions.

### International Price Projection for Next Month:

Duration	Trend	Support	Resistance
August-2021	Steady to firm	S1-11.80	R1-14.20
		S2-11.00	R2-14.40

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