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# Rice Weekly Research Report

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**Outlook and Review:****Domestic Front**

**Average weekly wholesale rice prices in India stood at around Rs.2995 per quintal in first week of July- 2017, firmed about 3% from around Rs.2906 per quintal in last week, and up about 8.56% from around Rs.2758 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone in coming month due to expectation of higher international demand and lower stock.**

**Due to recent introduced Goods & Service tax in India, trading activities are sluggish as traders are still trying to understand various aspects of GST. Loose and unbranded Rice came under 0% category; however branded rice came under 5% GST. Exporters are active recently due to down in rice price which push the rice price up by Rs.200-300/quintal and it is expected that prices will move further up by Rs.400-500/quintal.**

**Indian rice exports from October 2016 to March 2017 were estimated at 5.2 MMT compared to 4.8 MMT for the corresponding period last year, largely on strong resurgence in the demand for both Basmati and non-Basmati rice since December 2016. Assuming no significant changes in the price parity for Indian rice during the remaining marketing year, MY 2016-17 exports are likely to reach 11 MMT compared to 10.2 MMT in the previous year. However, any change in the import policy of the major destination country or in the value of Indian rupee against the US dollar may affect the export prospects in the second half of the marketing year. MY 2017-18 rice exports are forecast at 10 MMT on sufficient domestic supplies, assuming continued export demand and international price parity for Indian rice.**

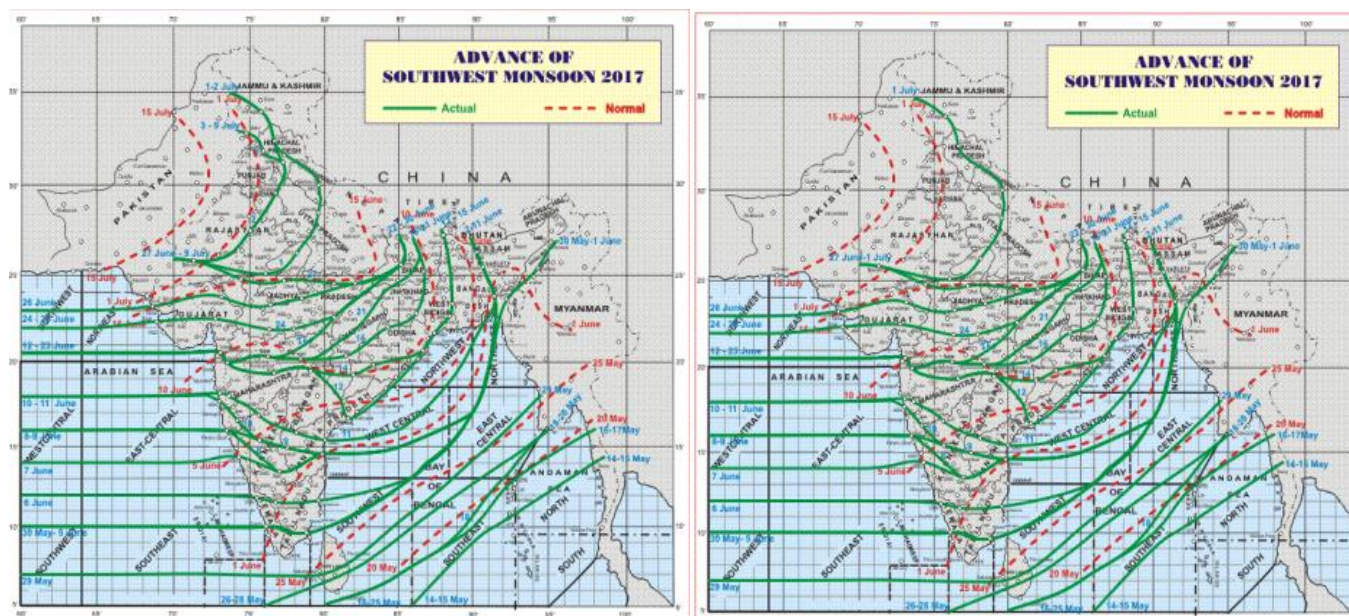
**Among the food grains, the inflation for Paddy has decreased to 6.33% from the previous month's level of 8.29%. The inflation for Cereals has decreased to 4.15% from the previous month's level of 6.88%, Pulses to (-) 19.73% from the previous month's level of (-) 13.64% and Wheat to 2.23% from the previous month's level of 6.09%.**

**As per latest information available on sowing of Kharif crops, around 20.9% of the normal area under Kharif crops has been sown upto 30.06.2017. Area sown under all Kharif crops taken together has been reported to be 222.30 lakh hectares at All India level as compared to 187.03 lakh hectares in the corresponding period of last year.**

**All-India progressive procurement of Rice as on 30.06.2017 for 2016-17 was 385.66 lakh tonnes against the procurement of 340.28 lakh tonnes in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2017-18 was 307.99 lakh tonnes against the procurement of 229.62 lakh tonnes in the corresponding period of RMS 2016-17.**

**India's rice stocks in the central pool as on June- 1, 2017 stood at around 28.84 million tons up by about 6% from around 27.21 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are down about 0.79% from around 29.07 million tons recorded on May-01, 2017. The current rice stocks are about one million tons more than the required strategic reserve norms of around 1.25 million tons for this time of the year, according to the FCI.**

**In the monsoon season, at All-India level, the rainfall during the week (22nd June, 2017 – 28th June, 2017) has been 5% lower than Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period have been higher than LPA by 20% in North West India, 19% in South Peninsula and 1% Central India but lower than LPA by 38% in East & North East India**

**Weather Watch:**
**Advance of Southwest Monsoon This week Vs. Previous Week-2017:**


Heavy to very heavy rain very likely at isolated places over Himachal Pradesh, Uttarakhand and Bihar; heavy at isolated places over Jammu & Kashmir, Punjab, Uttar Pradesh, Haryana, Chandigarh & Delhi, Jharkhand, West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa, Coastal Karnataka, South Interior Karnataka and Kerala.

**State wise Paddy Crop Situation - Kharif (2017-18) as on 07.07.2017**

State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.68	0.69	0.90	5.7	1.11	-0.21
Arunachal Pradesh	1.27	0.90	1.31	102.4	1.34	-0.04
Assam	20.91	4.53	4.07	19.5	4.34	-0.27
Bihar	31.64	1.35	2.78	8.8	2.85	-0.07
Chhattisgarh	37.97	12.05	10.70	28.2	1.81	8.89
Goa	0.44	0.02	0.10	22.8	0.04	0.06
Gujarat	7.35	0.37	0.30	4.1	0.37	-0.07
Haryana	12.64	5.97	5.44	43.0	5.37	0.07
Himachal Pradesh	0.75	0.41	0.53	70.8	0.25	0.28
J&K	2.75	0.44	0.96	34.9	0.50	0.46
Jharkhand	14.46	1.28	1.06	7.3	1.33	-0.27

<b>Karnataka</b>	10.36	1.66	1.45	14.0	1.57	-0.12
<b>Kerala</b>	1.54	0.70	0.47	30.6	0.48	-0.01
<b>Madhya Pradesh</b>	19.30	2.74	2.72	14.1	3.08	-0.36
<b>Maharashtra</b>	15.18	1.15	1.00	6.6	0.78	0.22
<b>Manipur</b>	0.68	1.41	1.69	248.3	1.84	-0.15
<b>Meghalaya</b>	0.97	0.51	1.10	114.2	0.97	0.13
<b>Mizoram</b>	0.33	0.36	0.20	61.2	0.36	-0.16
<b>Nagaland</b>	1.87	1.27	1.91	102.2	1.91	0.00
<b>Odisha</b>	37.94	9.10	7.11	18.7	7.13	-0.03
<b>Punjab</b>	28.77	22.19	21.74	75.6	22.68	-0.94
<b>Rajasthan</b>	1.51	0.20	0.41	27.1	0.31	0.10
<b>Sikkim</b>	0.11	0.03		0.0		0.00
<b>Tamil Nadu</b>	16.31	1.02	0.98	6.0	1.49	-0.51
<b>Telangana</b>	9.75	0.39	0.70	7.2	0.70	0.00
<b>Tripura</b>	1.98	0.38	0.36	18.0	0.46	-0.10
<b>Uttar Pradesh</b>	58.79	12.27	5.65	9.6	8.27	-2.62
<b>Uttarakhand</b>	2.51	1.58	1.95	77.8	1.90	0.05
<b>West Bengal</b>	41.91	1.58	2.17	5.2	1.99	0.18
<b>Puducherry</b>	0.13					
<b>Others</b>	0.29	0.12	0.07	24.3	0.05	0.02
<b>All-India</b>	<b>395.94</b>	<b>86.70</b>	<b>79.81</b>	<b>20.2</b>	<b>75.28</b>	<b>4.54</b>

Preliminary reports of crop coverage in the Kharif season have started coming in. The total paddy sown area as on 07<sup>th</sup> July-2017, as per reports received from States, stands at 79.81 lakh hectare compared to 75.28 lakh hectare at the corresponding time last year. It is reported that paddy area has been sown/transplanted is up by 6.02% from last year and lower by around 7.94% from normal area till date of 86.70 lakh hectares.

State wise Wholesale Prices weekly for 01<sup>st</sup> Week of July-2017

State	Prices 01-08 Jul 2017	Prices 24-30 Jun 2017	Prices 01-08 Jul 2016	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3865.79	3888.05	2601.02	-0.57	48.63
Assam	2920.09	3117.73	3086.62	-6.34	-5.4
Gujarat	3228.54	3138.24	3101.85	2.88	4.08
Jharkhand	2748.11	2748.15	2568.83	0	6.98
Karnataka	3766.9	3607.9	3344.2	4.41	12.64
Kerala	3825.86	3838.26	3088.71	-0.32	23.87
Maharashtra	3427.8	3369.24	3094.15	1.74	10.78
Manipur	3100	3100	3058.3	0	1.36
Meghalaya	2793.02	2936.27	3462.54	-4.88	-19.34
Delhi		1850	2227.27	—	—
Orissa	2525.89	2390.03	2403.9	5.68	5.07
Tripura	2846.34	2848.26	2568.21	-0.07	10.83
Uttar Pradesh	2210.89	2244.82	2197.5	-1.51	0.61
Uttarakhand	2095.02	2009.49	2177.91	4.26	-3.81
West Bengal	2563.32	2518.39	2385.81	1.78	7.44
Average	2994.11	2906.99	2757.79		

Price Projection for July 02<sup>nd</sup> Week in Domestic Market

Duration	Trend	Average Price Range	Reason
02 <sup>nd</sup> Week of July, 2017	Steady to Firm	Rs.3100-3250/Quintal	Non-basmati rice market likely to move steady to firm note in coming weeks due to lower arrival and good domestic as well overseas demand.

## Weekly Price Change of 1121 Steam, Raw and Sella Rice Price Delhi Market (Figure: in Rs. /Quintal)

1121 Steam, Raw and Sella Rice Price Delhi Market					
Variety	07-July-2017)	03-July-2017)	Month Ago(07-June-2017)	% ch. From last week	% Change from last Month
1121 Steam	6600	6500	7000	1.54	-5.71
1121 Sella	5700	5500	5900	3.64	-3.39
1121 Raw	6750	6700	6900	0.75	-2.17

Weekly Price (FOB) Change of Rice 5-25% broken high quality (Figure in USD/ MT):

Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	07-July-2017)	03-July-2017)	Month Ago(07-June-2017)	% ch. From last week	% Change from last Month
White Rice 5%	440	430	445	2.33	-1.12
White Rice 25%	395	380	395	3.95	0.00
Parboiled 5%	440	435	435	1.15	1.15

Rice Export Price Destination wise (CnF) for 05<sup>th</sup> June-2017:

USD/MT	Parboiled Rice				White Rice		100% Broken
Destination	Vizag	KPT	Bengal		Bengal		Raipur
	IR 36 PB-5%	IR-64-PB-5%	IR 36 PB-5%	Swarna PB5%	Swarna 5%	Swarna 25%	Normal Broken
Cotono u	462	469	459	460	448	421	390
Lorne	464	469	461	461	450	423	392
Tema	466	469	461	461	450	423	394
Dakar	471	476	470	470	459	432	400
Banjul	500	502	491	491	481	453	429
Bissau	498	501	497	497	486	459	427
Conakry	478	486	474	iuu474	463	436	407
Durban	446	450	453	453	442	415	375
Abidjan	464	467	463	463	452	425	393
Nacala	462	469	461	461	450	423	390
Maputo	462	469	461	461	450	423	390
Dar-es-salam	444	451	443	444	433	405	373
Freetown	477	484	476	477	465	438	406
Luanda	493	500	491	492	481	453	421
Monrovia	477	484	476	477	465	438	406

Major Mandi Arrival in May-2017

Figure in Tons

Fig. in Tons Mandi	May-17(Cumulative)	Apr-17(Cumulative)	May-16-Cumullative)	% Change(Over Previous Month)	% Change(Over Previous year)
Burdwan	124256.61	114110.61	99937.72	8.89	24.33
Midnapore	4264.13	3903.05	3647.99	9.25	16.89
Banaganapalli	15688.45	15298.45	15080.17	2.55	4.03
Ramachandrapuram	3733.75	3463.75	3178.75	7.80	17.46



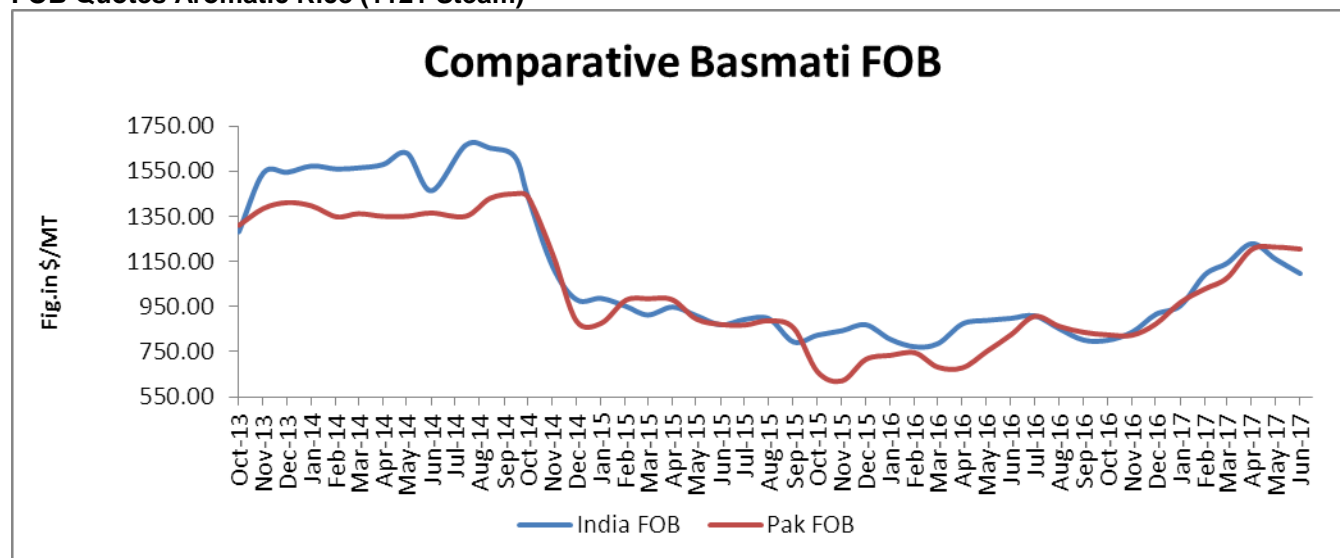
Devariya	31612.94	30193.94	25195.43	4.70	25.47
Sitapur	28352.8	27969.76	25113.76	1.37	12.90
Mysore	60528.02	53044.97	43232.97	14.11	40.00
Raichur	178022.03	119322.03	61624	49.19	188.88
Villupuram	NA	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Thiruchirappalli	NA	#VALUE!	#VALUE!	#VALUE!	#VALUE!

### State wise Progressive Procurement

State/UTs (in Lakh T)	Total procurement Target in marketing season 2016-17 (Oct. – Sept.)	Progressive Procurement as on 30.06.2017	
		In Marketing season 2016-17	In Marketing season 2015-16
AP	42.00	37.01	42.99
Telangana	30.00	35.88	15.80
Bihar	20.00	12.34	12.23
Chhattisgarh	35.00	46.62	34.42
Haryana	29.00	35.83	28.61
Kerala	2.22	3.08	3.76
M.P	9.00	13.14	8.41
Maharashtra	3.25	3.04	2.27
Odessa	31.00	35.04	33.69
Punjab	94.5	110.52	93.5
Tamilnadu	15.00	1.41	10.97
U.P	33.50	23.54	29.10
Uttarakhand	6.00	7.06	5.97
West Bengal	25.00	19.12	15.43
Others	1.81	0	3.76
<b>Total</b>	<b>380.00</b>	<b>385.66</b>	<b>340.28</b>

Riding a record harvest, public rice procurement in MY 2016/17 through June 30, 2017, was estimated at 38.56 MMT, an increase over the 34.02 MMT procured during the corresponding period last year. All major rice producing states procured at higher levels except for the southern states of Andhra Pradesh, and Tamil Nadu where dry conditions affected production levels. With additional procurement of rabi and summer rice likely to continue in eastern and southern states, although less than last year, public rice procurement in MY 2016/17 is already exceed the target of 38 MMT for MY 2016-17.

## FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of June moved weak from last month and currently is in the range of USD 1096-1097/MT which is down by 5.48% from last month price of USD 1160/T. Average basmati rice price too frail this month with lower demand and current GST issues even with lower stocks, however overall sentiments for basmati rice price remains firm in coming months. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving weak and now it's hovering in the range of USD 1205/MT which is also down by 0.72% from last month FOB of USD 1214/MT.



## Global Updates

**MY2016/17 rice production is higher than expected, totaling 19.2 million metric tons. Furthermore, rice production will likely increase** to 20.4 million metric tons in MY2017/18 due to favorable weather conditions and attractive returns. However, rice stocks are revised significantly down to 4.5 million metric tons in MY2016/17 and 3.6 million metric tons in MY2017/18 as the government continues to sell its rice stocks, particularly in June 2017 when there was a surge in domestic and export prices. Thai rice export prices increased significantly in June 2017 reaching price levels last recorded in late 2013 due to strong export demand for white and parboiled rice. Rice exports are revised up to a record 11 million metric tons in MY2016/17. Domestic rice consumption is revised up to record levels as well due to the emerging demand for deteriorated rice and feed/industrial quality rice being sold from the government stocks.

**Vietnam has outlined plans to boost revenues from rice exports over the next decade by focusing on a higher quality product and selling** more outside Asia. The world's third-biggest rice producer wants to boost production of higher-quality 5% and 10% broken rice and decrease output of 15% broken rice, according to a paper published on the government's website. Vietnam is facing rising competition from rice exporters Thailand and India. Under its long-term plan, Hanoi expects the volume of its exports will actually fall from 2021, to around 4 million tonnes annually -- from 4.5 million to 5 million tonnes a year until 2020 -- as it sells less lower-grade rice. By 2030, it aims to sell 50% of its rice exports in Asian countries, down from 60% in 2020. Africa will account for 25% of its exports by then, up from 22%, with the Americas accounting for 10%, up from 8%, and sales to Europe increasing to 6% from 5%.

**Sri Lanka will import 200,000 metric tons of rice immediately from India, Pakistan and Myanmar to address the rice shortfall in its** domestic market. Due to heavy floods this year, Sri Lanka is facing a severe rice shortage. Sri Lanka will purchase 100,000 metric tons of rice from India immediately, Minister of Industry and Commerce Rishad Bathiudeen said, adding the rice will be purchased from private Indian importers. The other 100,000 metric tons of rice will come from Pakistan and Myanmar. A four-member team from Sri Lanka will leave for Pakistan and Myanmar on Friday evening to pick rice varieties for the Sri Lankan market, and the purchase with Pakistan and Myanmar will be at government to government levels

***Pakistan Rice exports continue their decline vis-à-vis the mounting trade deficit. For the eleven months ended FY17, Pakistan's total*** rice exports are down by 17 percent year-on-year in terms of quantity, and 15 percent in terms of dollars earned. Basmati exports continued their decline, and were lower by six percent over 11MFY16. The same fundamental reasons are there as always - lack of research and development into new varieties and better yields, competition from India, and the loss of the Irani market. However, the Irani market has opened up again recently and Basmati has been seeing a rebound lately - notwithstanding the decline in May due to the transporters' strike (Read: "Basmati exports up with Iran," published May 04, 2017).

**MY 2017/18 Pakistan rice production is forecast at 6.9 million metric tons, 1.5 percent above the current year's updated** production. Area is expected to increase marginally from the revised official 2016/17 area. MY 2016/17 production is adjusted downwards to 6.8 million tons, in accordance with Government of Pakistan figures. Production and yields during the last three years have been good with little fluctuation. This is due in part to the deposit of a nutrient rich top layer of soil as a result of several floods in recent years.

## IGC Rice Balance Sheet

(Fig. In Million Tons)

Attributes ( Fig in Million Tons)	2014-15	2015-16 Estimate	2016-17 F'cast	2017-18 Proj. 25.05.2017	(2017-18) Proj. 29.06.2017
Production	480	473	484	487	486
Trade	41	39	42	41	42
Consumption	475	474	484	488	488
Carryover stocks	121	120	120	119	118
Y-O-Y change	4	-1	0	-	-2
Major Exporters	37	32	31	28	27

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

## IGC Rice Balance sheet Highlights

Reflecting recent data which show large shipments to Asian and African markets in the early months of this year, the Council's outlook for rice trade in 2017 is now placed at a three-year high of 41.6m t, up by 6% y/y. The global production outlook for 2017/18 is trimmed from before, but because of bigger carry-ins, supplies are seen little changed m/m. World ending stocks are pegged slightly lower, at 118m t, a modest contraction y/y, but trade in 2018 is projected to climb to 41.8m t, only slightly short of the 2014 all-time peak. Global rice trade is forecast to expand by 6% y/y in 2017 on firm demand from Asian and African buyers (see Market Focus). Prospects for 2017/18 are highly provisional, but production is seen edging up amid modest area expansion in Asia, notably in India and Thailand. Population growth is likely to underpin food use, while stocks might contract slightly, tied to a reduction in the major exporters. In Thailand, where the government continues to dispose of old crop reserves, inventories are projected at a ten-year low. Trade in 2018 is anticipated to remain elevated and only slightly below the peak of four seasons earlier.

## IGC Forecast the World Rice Production Up in 2017-18

In its May 2017 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2017-18 global rice production at around 486 million tons, up about 0.72% from an estimated 484 million tons in 2016-17 on improved Asian production.

## Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2017-18 global rice trades at around 42 million tons, unchanged from its estimates for 2016-17. It expects world rice trade in 2017 to remain same on normal demand from buyers in Africa and Asia.

## Global Consumption of Rice Increases in 2016-17

The IGC forecasts 2017-18 global rice consumption to up about 1.0% to around 488 million tons from an estimated 484 million tons in 2016-17

## Rice Price Trend @ CBOT July- 17, Rough Rice) (Prices in US\$/hundredweight)



### Market Analysis

The CBOT July-17 month rough chart for rice indicates firm movement from last month. We expect market to hover in the range of USD 10.70-12.50 hundred weights in coming sessions.

### Price Projection (International-CBOT)

Duration	Trend	Price Range
02 <sup>nd</sup> Week of July, 2017	Steady to Firm	USD/ Hundred Weight 10.70-12.50

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