Rice Weekly Research Report

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Outlook and Review:

Domestic Front

Average prices of wholesale weekly non-basmati rice in India stood at around Rs.3185 per quintal in first week of January- 2018, up by about 7.69% from around Rs.2956 per quintal in previous week, and up by about 7.69% from around Rs.2956 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone in coming month due to overseas and local demand.

As per FCI latest data, progressive paddy procurement as on 05th January-2018 for KMS-2017-18 reached to 252.67 lakh tons which is up by 7.23% from corresponding period last year procurement of 217 Lakh tons. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.67 lakh tons), and U.P (20.26 lakh tons) and in south it is started in Telangana (11.68 Lakh Tons). Andhra Pradesh Government procurement has reached to 14.16 lakh tons. Chhattisgarh government also procured around 27.69 lakh tons of rice as of now, Madhya Pradesh and Odessa procurement reached to 8.71 and 8.39 lakh tons respectively. Procurement in West Bengal and other rice growing states is still underway.

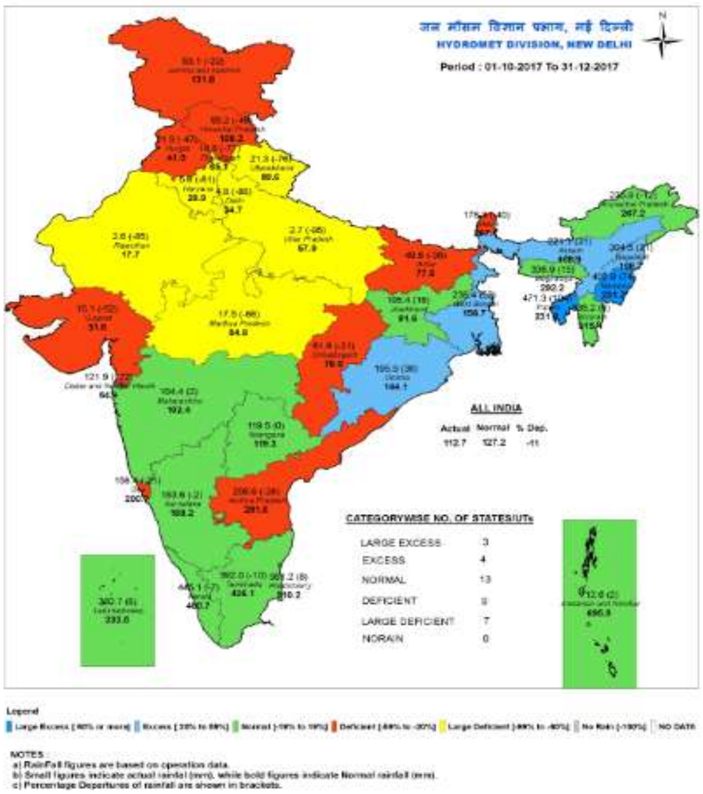
Agriwatch has updated the rice exports in the month of January based on data released by APEDA. Rice export in MY-2017-18 starting from Oct-17 to Nov-17 was 19 lakh tons which is 62.73% higher than last year November export of 5.77 lakh tons, higher export demand from Middle East, Sri-lanka, Bangladesh and African countries led to increase in rice export. We expect that total rice export for MY-2017-18 till Sept-2018 to reach 11.20 million tons; however, it could only hamper export when parity from our competitors are lower than us.

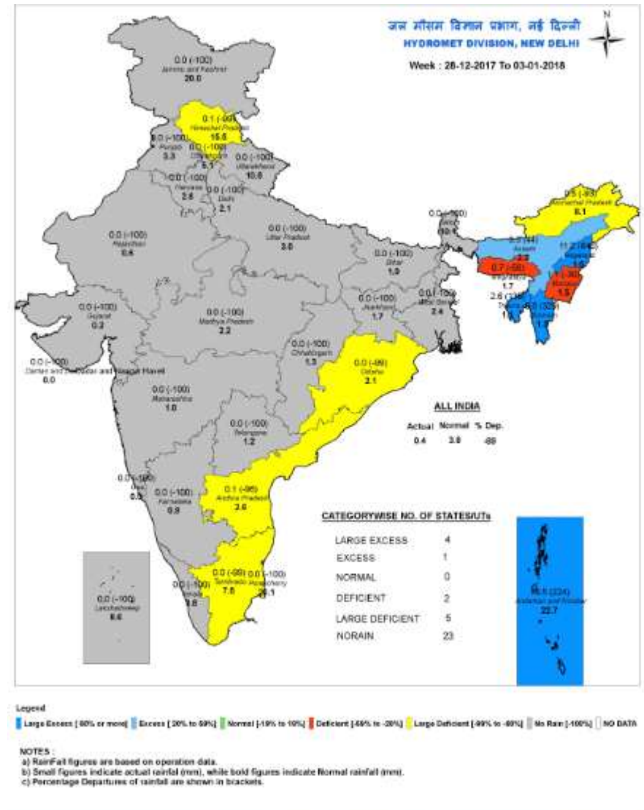
The rabi paddy sowing continues in full swing and as per latest data available acreage for MY 2017-18 is 18.77 lakh hectares- up by 45% from last year's acreage of 12.99 lakh hectares and up about 45% from normal area as on date of 13 lakh hectares. Andhra Pradesh rabi paddy area is up by 66% from last year and 4.90 lakh hectares has been sown till date.

Rice basmati prices firmed up by up to Rs 200 per quintal at the wholesale grains market today on the back of rising demand against restricted supplies from producing belts. However, other grains traded flat in thin trade. Besides rising demand from retailers as well as rice mills, fall in arrivals from producing regions, mainly pushed up rice basmati prices. In the national capital, rice basmati common and Pusa-1121 variety went up by Rs 200 and Rs 100 to Rs 7,800- 7,900 and Rs 6,400-6,500 per quintal, respectively.

In the Post-monsoon season, at All-India level, the rainfall during the week (21st December, 2017 – 27th December, 2017) has been 89% lower than Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period have been lower than LPA by 99% in East & North East India, 86% in North West India and 89% in South Peninsula and equal to LPA in Central India.

Weather Watch:





Advance of Southwest Monsoon-2017

The cumulative rainfall in the country during the Post-monsoon season i.e. 01st October to 27th December, 2017 has been 10% 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 19% in East & North East India but lower than LPA by 53% in North West India, 10% in South Peninsula and 09% in Central India.

State wise Paddy Crop Situation - Rabi (2017-18) as on 05.01.2018

State	Normal Area	This Year	% of Normal	Last Year
Andhra Pradesh	7.43	4.90	66.0	3.20
Arunachal Pradesh	0.01			
Assam	4.00		0.0	
Bihar	0.86		0.0	
Gujarat	0.41			
Karnataka	2.58	0.22	8.5	0.22
Kerala	0.47	0.88	189.2	0.85

Maharashtra	0.35			
Manipur	1.73			
Meghalaya	0.13			
Mizoram	0.01			
Nagaland	0.04			
Odisha	2.69	0.02	0.7	0.03
Tamil Nadu	1.52	11.31	742.6	7.81
Telangana	5.33	1.30	24.4	0.77
Tripura	0.62	0.00		0.00
Uttar Pradesh	0.26			
Uttarakhand	0.14			
West Bengal	12.67	0.14	1.1	0.11
Pondicherry	0.04			
Others	0.00			
All-India	**41.07**	**18.77**	**45.7**	**12.99**

The rabi paddy sowing is on full swing and as per latest data available, acreage for MY 2017-18 is 18.77 lakh hectares- up by 45% from last year's acreage of 12.99 lakh hectares and up by about 45% from normal area as on date of 13 lakh hectares. Andhra Pradesh rabi paddy area is up by 66% from last year and 4.90 lakh hectares is completed till date. The increase was reported mainly from Tamil Nadu which planted the cereal on an additional area of 11.31 lh.

State wise Wholesale Prices weekly for 01st Week of January-2018

State	Prices 01-08 Jan 2018	Prices 24-31 Dec 2017	Prices 01-08 Jan 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4350	4326.09	5060.12	0.55	-14.03
Assam	3297.81	2974.97	3316.02	10.85	-0.55
Gujarat		3160.92	3230.6	__	__
Jharkhand	2733.33	2733.33	2702.99	0	1.12

Karnataka	3440.17	3513.09	3731.2	-2.08	-7.8
Kerala	3791.24	3783.02	3352.58	0.22	13.08
Maharashtra	3906.39	3322.38	3235.71	17.58	20.73
Manipur		2836.79	2907.89	__	__
Meghalaya		3700	2469.23	__	__
Orissa	2399.43	2110.66	2555.4	13.68	-6.1
Tamil Nadu				__	__
Tripura	2971.28	2935.41	2387.03	1.22	24.48
Uttar Pradesh	2209.22	2206.86	2214.16	0.11	-0.22
Uttrakhand		2453.54	1878.23	__	__
West Bengal	2743.51	2754.46	2351.82	-0.4	16.65
Average	3184.24	3057.97	2956.64		

Price Projection for January 02nd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
02nd Week of Jan, 2018	Steady to Firm	Rs.3150-3280/Quintal	Rice prices are expected to trade steady to firm in coming weeks as fresh demand from various overseas markets.

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	**06-Jan-2018)**	**28-Dec-2017)**	**06-Dec-2017)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	6900	6900	6800	**0.00**	**1.47**
1121 Sella	6400	6300	6350	**1.59**	**0.79**
1121 Raw	7200	7100	7150	**1.41**	**0.70**

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

Indian White Rice 5%, 25% High Quality, Long grain parboiled 5%					
Variety	**06-Jan-2018)**	**28-Dec-2017)**	**06-Dec-2017)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	422	420	420	**0.48**	**0.48**
White Rice 25%	370	370	370	**0.00**	**0.00**
Parboiled 5%	412	410	410	**0.49**	**0.49**

Basmati Rice Preliminary Production Survey for MY-2017-18:

Variety	Production in Bags(50 Kgs)	Lakh Tons	Milled Whole Rice(Lakh Tons)	Domestic /Export Demand	Up/Down
1509	2.5 Crore	12.5	5.625	42	21 Lakh Tons Down
1121	6.5 Crore	32.5	14.625		
Sharbati, Sugandha, DP and other varieties	4 Crore	20	9	16	7 Lakh Tons Down
Total	**13 Crore**	**65**	**29.25**	**58**	28 Lakh 75 Thousand Down

State-wise Basmati Rice Production		
States	**Production Expectation in Bags(50 Kgs)**	**Lakh Tons**
Haryana	5 Crore	25
Punjab	3.5Crore	17.5
Uttar Pradesh	2.5 Crore	12.5
Rajasthan	0.5 Crore	2.5
Madhya Pradesh	1 Crore	5
Hiamchal, Uttrakhand, Jammu & Kashmir	0.5 Crore(50 lakh)	2.5
Total	**13 Crore**	**65**

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	Today 06-Jan-18	Yesterday 05-Jan-18	Week Ago 29-Dec-17	Month Ago 06-Dec-17	Year Ago 06-Jan-17	Source
Divi(A.P)	Grade-A	60	3980	3950	3920	3850	4040	APMC
Visakhapatnam	Grade-A	15	3250	3230	3235	3800	3800	APMC
Chirala(A.P)	Super Fine	65	4100	4100	4035	3890	3900	APMC
Burdwan(W.B)	Miniket	20	3920	3900	3900	3325	3320	APMC
Delhi	PR-14	10	3320	3280	3310	3225	3100	AGRIWATCH
Amritsar	1121 Steam	100	7000	7000	6900	6900	6000	AGRIWATCH
Karnal	Sarbati Steam	150	5150	5200	5000	4900	4000	AGRIWATCH

*Difference between current and previous week prices.

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source

Cuddapah	All Paddy	0	0	0	APMC
Srikakulam	All Paddy	-987.36	4233.74	5221.1	APMC
Guntur	All Paddy	-0.2	0	0.2	APMC
Burdwan(W.B)	All Paddy	-1705	5218	6923	APMC
Delhi	All Paddy	-3915.26	10300.14	14215.4	APMC
Amritsar	All Paddy	-916	190	1106	APMC
Karnal	All Paddy	-71.5	751	822.5	APMC

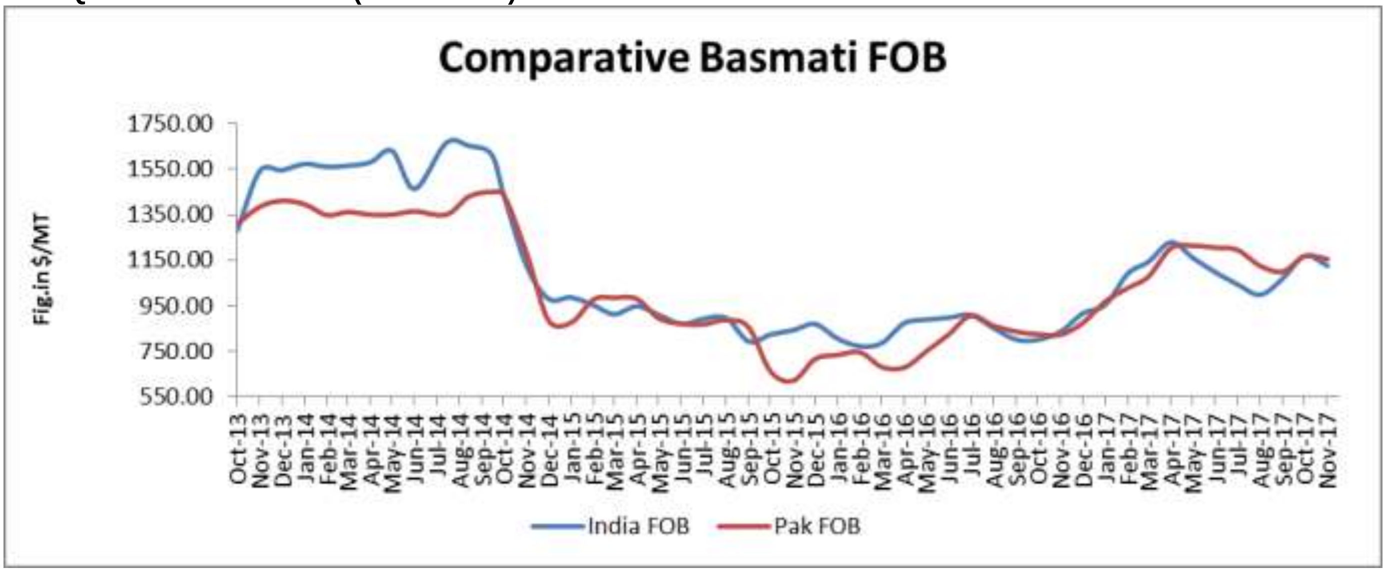
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 29.12.2017	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	25.00	11.99	8.90
Telangana	15.00	11.30	9.54
Bihar	12.00	0.66	0.08
Chhattisgarh	48.00	23.37	29.18
Haryana	30.00	39.67	35.70
Kerala	1.00	0.91	1.23
M.P	13.00	7.24	7.38
Maharashtra	4.00	0.85	1.01
Odessa	30.00	6.64	4.68
Punjab	115.00	118.33	110.44
Tamilnadu	10.00	0	0.08
U.P	37.00	17.76	5.64
Uttrakhand	7.00	0.33	3.10
West Bengal	23.00	0	0
Others	0	0	3.76
Total	**375.00**	**239.37**	**217.21**

All-India progressive procurement of Rice as on 29.12.2017 for 2017-18 was 239.37 lakh tonnes against the procurement of 217.21 lakh tonnes in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2017-18 was 308.25 lakh tonnes against the procurement of 229.62 lakh tonnes in the corresponding period of RMS 2016-17.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of November moved weak from last month and currently is in the range of USD 1126/MT which is down by 3.7% from last month price of USD 1169/T due to supply pressure in local markets. Aromatic rice prices are also traded weak with arrival season this month; however, Agriwatch expects that aromatic international rice price is likely to trade firm in coming months with good overseas demand. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving weaker from last month and is now hovering in the range of USD 1155/MT which is down by 1.17% from last month FOB of USD 1169/MT.

Global Updates

Harvesting of the MY2017/18 rice crop is complete and production is estimated at 7.2 MMT, up 350,000 tons from a year ago. According to preliminary data during MY 2016/17, Pakistan exported 3.6 MMT of rice compared to 4.2 MMT during MY 15/16. Lower exports are mainly due to stiff competition from other suppliers such as Thailand, Vietnam, and India which continue to supply rice more competitively than Pakistan.

Unofficial and preliminary rice exports (excluding premium white and fragrant rice) for December 11- 17, 2017, totaled 194,947 metric tons, up 16,207 metric tons from the previous week and down 9,183 metric tons from the four-week moving average of 204,130 metric tons (Table 2). Rice exports from January 1 – December 17, 2017, totaled 8,907,936 metric tons.

As per USDA latest report, The Philippines is expected to import more rice next year as local production will still not be enough to cover the national demand. The Philippines was seen to import 1.3 million metric tons (MT) of rice next year, lower than the original import target of 1.7 million MT. This year's rice import level, however, is 38 percent higher than the 800,000 MT of rice that entered the country in 2016. The lower importation is expected as production of milled-rice next year is seen increasing two percent to 11.97 million MT from 11.68 million MT.

Philippines rice inventory continued its downward trend, declining anew by10 percent to 2.95 million metric tons (MT) in November. Total rice inventory was lower than the 3.3 million MT recorded a year earlier, but was 53 percent higher than the 1.9 million MT in October, stock inventory of Filipinos' main staple will be sufficient for 87 days. Stocks are expected to boost until the end of the year as the main crop harvest season began in October.

According to the latest report released by the Islamic Republic of Iran Customs Administration (IRICA), the country imported one million tons of rice during the first nine months of the current Iranian calendar year (ended December 21, 2017). Iran's imports of rice registered 65 percent rise in terms of volume, compared to the same time in last year.

The Sri-lanka government has decided to continue import rice and other essential items so that consumers can obtain them at affordable prices during the forthcoming holiday seasons. Accordingly, the Cabinet Sub-Committee on Economic Management chaired by Prime Minister Ranil Wickremesinghe has taken a decision to import 100,000 metric tons of rice monthly, until the Sinhala Tamil New Year season. The government will import rice 100,000 metric tons of rice per month until the paddy harvest reaches the market in sufficient quantities. Sri Lanka's annular rice requirement is about 2.4 million metric tons and due to the shortage of paddy harvest this year, 670,000 metric tons of rice, which is about 30 percent of the rice requirement, has been imported.

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. 26.10.2017	2017-18 Proj. 23.11.2017
Production	480	473	486	482	482
Trade	41	39	43	43	43
Consumption	475	473	483	485	484
Carryover stocks	121	121	123	120	121
Y-O-Y change	4	0	2	-	-2
Major Exporters	37	32	30	25	25

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

IGC Rice Balance sheet Highlights

The outlook for world rice production in 2017/18 is maintained at 482m t, the 4m y/y fall stemming from potentially smaller crops in Asia. With uptake trimmed marginally, aggregate end-season carryovers are placed fractionally higher m/m, at 121m t, albeit still representing a slight drop y/y. While further stock accumulation is anticipated in China, this may be outweighed by reductions elsewhere, with major exporters' reserves seen falling by 14%, to a decade low. Trade is projected unchanged m/m, at around 43m t, down modestly y/y but well above average. Global rice import demand is projected to expand by 11% y/y in 2017, to about 44m t, on exceptionally firm demand from buyers in Africa and Asia. World production in 2017/18 is seen falling by 1% y/y, to 482m t, on smaller outturns in Asia. With consumption seen unchanged from the prior season's record, global carryovers are predicted to tighten by 2%, to 121m t, as gains in China only partly offset reductions elsewhere. Due to falls in India, Thailand, Vietnam and the USA, major exporters' rice inventories are predicted to contract by 14% y/y, to a decade low. Trade in 2018 is projected to edge lower as African buyers likely source less following heavy purchases in the prior year. India is expected to remain the biggest exporter, especially given prospects for tighter availabilities in Thailand following the completion of government food grade stock disposals.

IGC Forecast the World Rice Production Down in 2017-18

In its November 2017 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2017-18 global rice production at around 482 million tons, down about 0.60% from an estimated 486 million tons in 2016-17 on adverse Asian weather condition.

Global Trade of Rice Unchanged from Last Month

The IGC forecasts 2017-18 global rice trades at around 43 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 Steady in 2017-18

The IGC forecasts 2017-18 global rice consumption same around 484 million tons from 2016-17. World rice stocks are projected to tighten in 2017/18 on a contraction in the major exporters, led by Thailand.

Rice Price Trend @ CBOT January- 18, Rough Rice)
(Prices in US$/hundredweight)

Market Analysis

The CBOT January-18 month rough chart for rice indicates steady to weak movement from last week. We expect market to hover in the range of USD 11.02-12.00 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
02nd Week of January-,2018	Steady to Weak	USD/ Hundred Weight 11.02-12.30