Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

Average prices of wholesale weekly non-basmati rice in India stood at around Rs.3165 per quintal in second week of January- 2018, down by about 1.15% from around Rs.3203 per quintal in previous week, and down by about 3229% from around Rs.3230 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 10th January-2018 for KMS-2017-18 reached to 260.92 lakh tons which is up by 3.13% from corresponding period last year procurement of 253 Lakh tons. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.67 lakh tons), and U.P (21.81 lakh tons) and in south it is picking up in Telangana (11.90 Lakh Tons). Andhra Pradesh Government procurement has reached to 15.98 lakh tons. Chhattisgarh government also procured around 29.64 lakh tons of rice as of now, Madhya Pradesh and Odessa procurement reached to 9.55 and 9.88 lakh tons respectively. Procurement in West Bengal and other rice growing states is still underway.

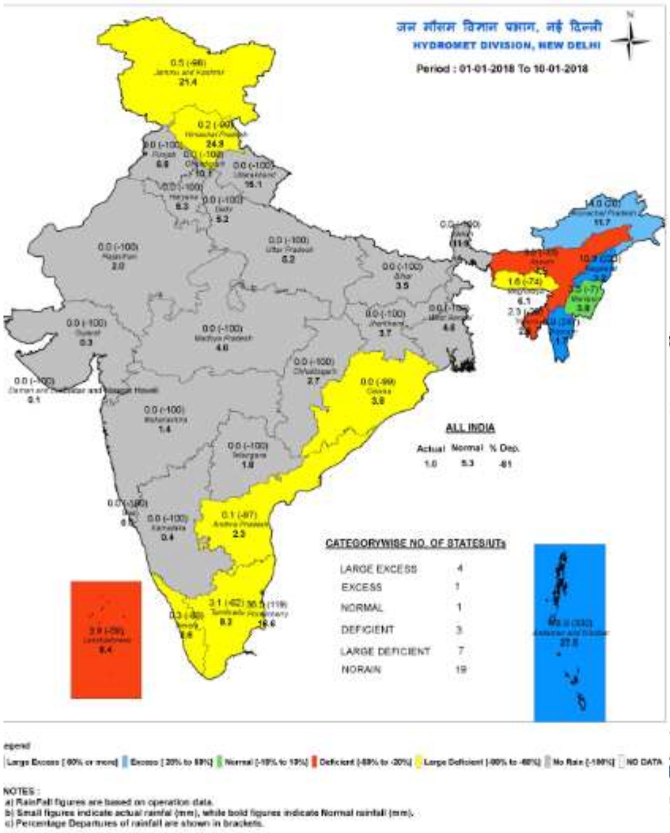
Agriwatch has updated the rice exports in the month of January based on data released by APEDA. Rice export in MY-2017-18 starting from Oct-17 to Nov-17 was 19 lakh tons which is 62.73% higher than last year November export of 5.77 lakh tons, higher export demand from Middle East, Sri-lanka, Bangladesh 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.

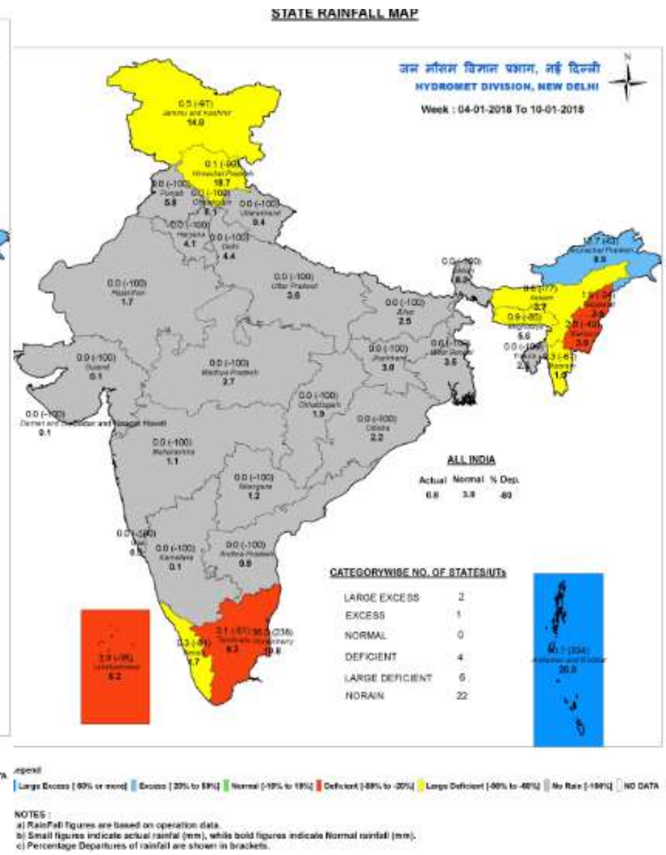
As per preliminary reports received from the States, the total area sown under Rabi crops as on 12th January 2018 stands at 609.51 lakh hectares as compared to 615.09 lakh hectare this time in 2017. Wheat has been sown/transplanted in 295.53 lakh hectares, rice in 20.57 lakh hectares, pulses in 160.91 lakh hectares, coarse cereals in 53.88 lakh hectares and area sown under oilseeds is 78.62 lakh hectares.

After flooding hit the rice crop in Bangladesh, India's rice exports likely jumped 22 percent in 2017 to a record 12.3 million tons. Bangladesh and Sri Lanka continue to buy aggressively amid depleting inventories in Number two exporter Thailand. Bangladesh's purchases likely lifted India's non-basmati rice exports by 38 percent in 2017 to 8.4 million tons and total exports to 12.3 million tons; Last year Bangladesh reduced import taxes on rice to boost private buying. It also bought rice from India in state-to-state deals. For key markets like Bangladesh and Sri Lanka, India has freight advantage over Thailand. This will help even in 2018.

In the Post-monsoon season, at All-India level, the rainfall during the week (28 th December, 2017 – 03rd January, 2018) 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% each in North West India & Central India, 69% in South Peninsula and 58% in East & North East India.

Weather Watch:





Advance of Southwest Monsoon-2017

The cumulative rainfall in the country during the Post-monsoon season i.e. 01st October to 31st December, 2017 has been 11% 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 17% in East & North East India but lower than LPA by 56% in North West India, 11% in South Peninsula and 09% in Central India.

State wise Paddy Crop Situation - Rabi (2017-18) as on 12.01.2018

State	Rice		
	Normal Area	Area sown reported	
		This Year	Last Year
Andhra Pradesh	7.43	5.44	4.24
Arunachal Pradesh	0.01	0.00	0.00
Assam	4.00	0.00	0.00

Bihar	0.86	0.02	0.01
Gujarat	0.41	0.00	0.00
Jharkhand	0.00	0.00	0.00
Karnataka	2.58	0.23	0.29
Kerala	0.47	0.88	0.85
Maharashtra	0.35	0.00	0.00
Manipur	1.73	0.00	0.00
Meghalaya	0.13	0.00	0.00
Mizoram	0.01	0.00	0.00
Nagaland	0.04	0.00	0.00
Odisha	2.69	0.05	0.10
Punjab	0.00	0.00	0.00
Tamil Nadu	1.52	11.80	8.05
Telangana	5.33	1.90	1.15
Tripura	0.62	0.00	0.00
Uttar Pradesh	0.26	0.00	0.00
Uttrakhand	0.14	0.00	0.00
West Bengal	12.67	0.25	0.35
Pondicherry	0.04	0.00	0.00
All-India	**41.07**	**20.57**	**15.04**

As on 12th January-2018, about 160.91 lakh hectares area covered under rice has been reported to last year area of 154.05 lakh hectares. Thus 5.53 lakh hectares more area has been covered to last year. Higher area reported from the states of Tamilnadu (3.75 lakh Ha.), Andhra Pradesh (1.20 lakh Ha.), Telangana (0.75 lakh Ha.), Kerala (0.10 lakh Ha.) and Chhattisgarh (0.01 lakh Ha.). Less area is reported from the states of West Bengal (0.10 lakh Ha.), Karnataka (0.06 lakh Ha.) and Odessa (0.06 lakh Ha.).

State wise Wholesale Prices weekly for 02nd Week of January-2018

State	Prices 09-15 Jan 2018	Prices 01-08 Jan 2018	Prices 09-15 Jan 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4350	4350	4350	0	0
Assam	3296.12	3296.12	3315.14	0	-0.57
Jharkhand	2733.33	2733.33	2733.33	0	0
Karnataka	3429.42	3434.28	3655.97	-0.14	-6.2
Kerala	3749.8	3763.4	3783.02	-0.36	-0.88
Maharashtra	3542.03	3893.54	3893.54	-9.03	-9.03
Orissa	2574.25	2574.25	2574.25	0	0
Tripura	3014.8	3014.8	3014.8	0	0
Uttar Pradesh	2224.45	2224.45	2224.45	0	0
West Bengal	2739.34	2739.34	2754.46	0	-0.55
Average	3165.35	3202.35	3229.02		

Price Projection for January 03rd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
03rd Week of Jan, 2018	Steady to Firm	Rs.3150-3300/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	12-Jan-2018)	06-Jan-2018)	12-Dec-2017)	% ch. From last week	% Change from last Month
1121 Steam	7200	6900	6900	**4.35**	**4.35**
1121 Sella	6550	6400	6400	**2.34**	**2.34**
1121 Raw	7200	7200	7100	**0.00**	**1.41**

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	**12-Jan-2018)**	**06-Jan-2018)**	**12-Dec-2017)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	425	422	420	**0.71**	**1.19**
White Rice 25%	405	390	370	**3.85**	**9.46**
Parboiled 5%	415	412	410	**0.73**	**1.22**

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 12-Jan-18	Yesterday 11-Jan-18	Week Ago 6-Jan-18	Month Ago 12-Dec-17	Year Ago 12-Jan-17	Source
Divi(A.P)	Grade-A	**140**	4120	4100	3980	3925	4015	APMC
Visakhapatnam	Grade-A	**95**	3345	3340	3250	3785	3800	APMC
Chirala(A.P)	Super Fine	**0**	4100	4050	4100	3900	3985	APMC

Burdwan(W.B)	Miniket	45	3965	3960	3920	3785	3645	APMC
Delhi	PR-14	-70	3250	3100	3320	3200	3100	AGRIWATCH
Amritsar	1121 Steam	0	7000	7000	7000	6890	6300	AGRIWATCH
Karnal	Sarbati Steam	-150	5000	5100	5150	5000	4300	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	-968.64	3265.1	4233.74	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	200.6	5418.6	5218	APMC
Delhi	All Paddy	-2117.64	8182.5	10300.14	APMC
Amritsar	All Paddy	706	896	190	APMC
Karnal	All Paddy	-220	531	751	APMC

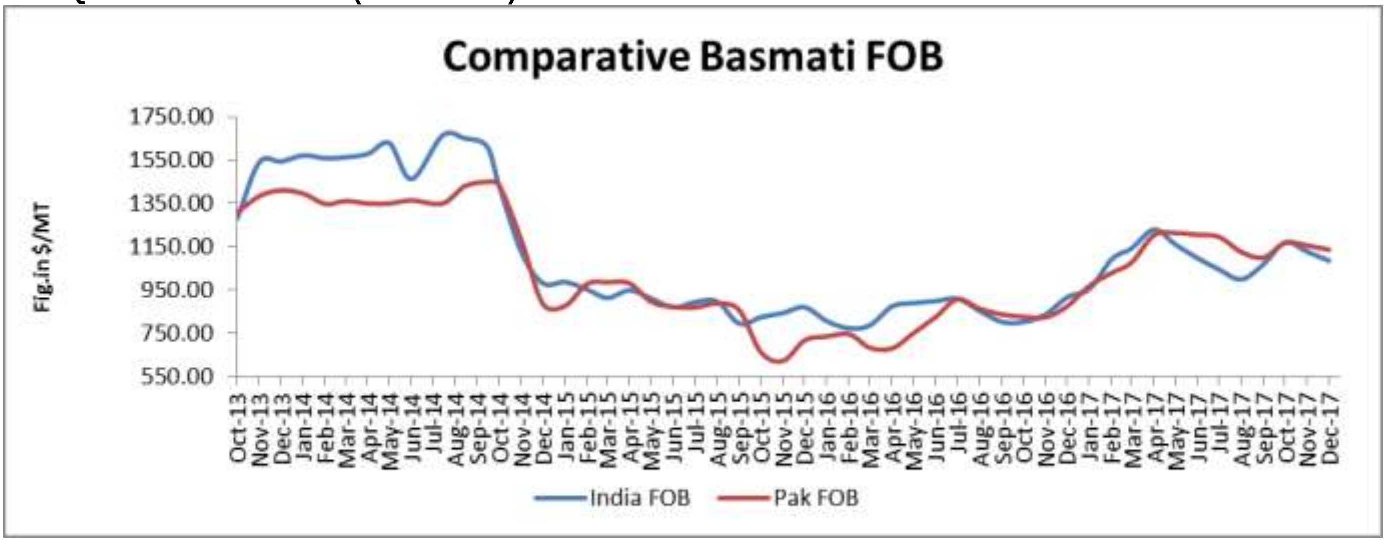
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 05.01.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	25.00	14.16	11.04
Telangana	15.00	11.68	10.10
Bihar	12.00	1.12	0.21
Chhattisgarh	48.00	27.69	34.11
Haryana	30.00	39.67	35.70
Kerala	1.00	0.91	1.25
M.P	13.00	8.71	9.26
Maharashtra	4.00	1.00	1.22
Odessa	30.00	8.38	4.89
Punjab	115.00	118.33	110.44
Tamilnadu	10.00	0	0.08
U.P	37.00	20.26	7.17
Uttrakhand	7.00	0.34	3.38
West Bengal	23.00	0	0
Others	0	0	3.76
Total	**375.00**	**252.68**	**229.20**

All-India progressive procurement of Rice as on 05.01.2018 for 2017-18 was 252.68 lakh tons against the procurement of 229.20 lakh tons in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2017-18 was 308.25 lakh tons against the procurement of 229.62 lakh tons 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 December moved weak from last month and currently is in the range of USD 1080-1085/MT which is down by 3.65% from last month price of USD 1126/T due to supply pressure in local markets, however prices of aromatic is likely to up in coming months due to higher overseas demand. Local aromatic rice prices too, are weak this month even with active demand from international markets. 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 1135.6/MT which is down by 1.67% from last month FOB of USD 1155/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.

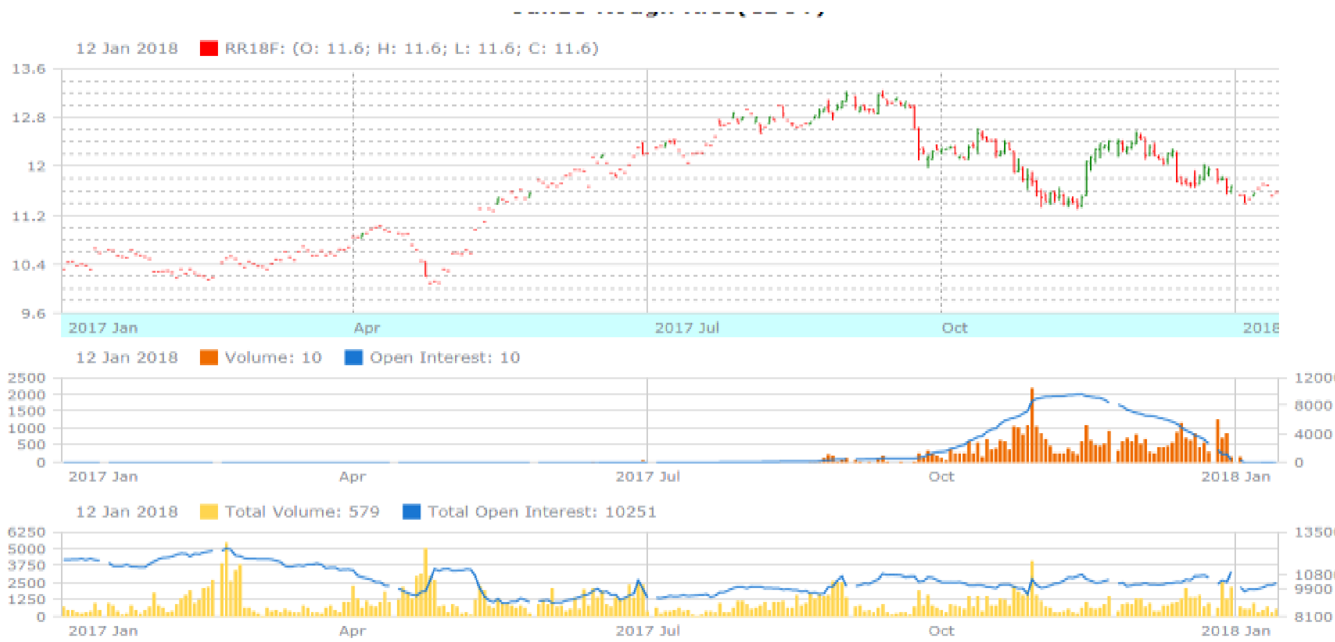
Global Trade of Rice Unchanged from Last Month

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 movement from last week. We expect market to hover in the range of USD 11.00-12.00 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of January-,2018	Steady	USD/ Hundred Weight 11.00-12.00