Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

Average wholesale weekly non-basmati rice prices in India stood at around Rs.3183 per quintal in second week of February- 2018; weak about 2.5% from last week price of Rs.3265/quintal, and up by about 0.52% from Rs.3248 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.

The area under rabi cultivation continued to lag, albeit marginally, during the week ending Friday as compared to the same period last year, according to the data released by the Agriculture Ministry. Farmers have so far covered 642.88 lakh hectares (lh) as against 648.19 lh covered in the corresponding period last year. The maximum decline in cropping area was reported in wheat whose acreage was 304.29 lh, 13.59 lh lower than last year, the Ministry said. The overall shortfall, however, was made up by an increase in area under pulses and rice cultivation.

As on 09th February-2018, acreage under rice was reported at 31.89 lakh hectares compared to 27.32 lakh hectares same time last year, thus 4.57 lakh hectares more area has been covered compared to last year. States having higher acreage compared to last year are Tamil Nadu, Andhra Pradesh, Telangana, Odisha and Kerala. States where acreage has declined are West Bengal, Karnataka and Chhattisgarh.

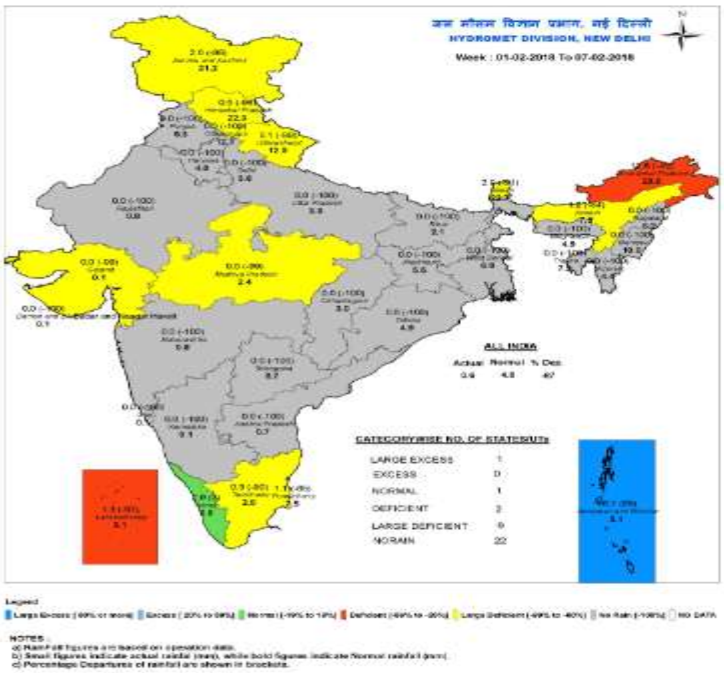
As per FCI latest data, progressive paddy procurement as on 07th February-2018 for KMS-2017-18 reached 288.59 lakh tons, 1.25% higher than corresponding period last year at 285 lakh tons. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.67 lakh tons), and U.P (27.03 lakh tons) and in south it is picking up in Telangana (12.24 Lakh Tons). Andhra Pradesh Government procurement has reached to 21.99 lakh tons. Chhattisgarh government has also procured around 32.07 lakh tons of rice as of now. Madhya Pradesh and Odisha procurement has reached 10.96 and 19.38 lakh tons respectively. Procurement in West Bengal and other rice growing states is still underway.

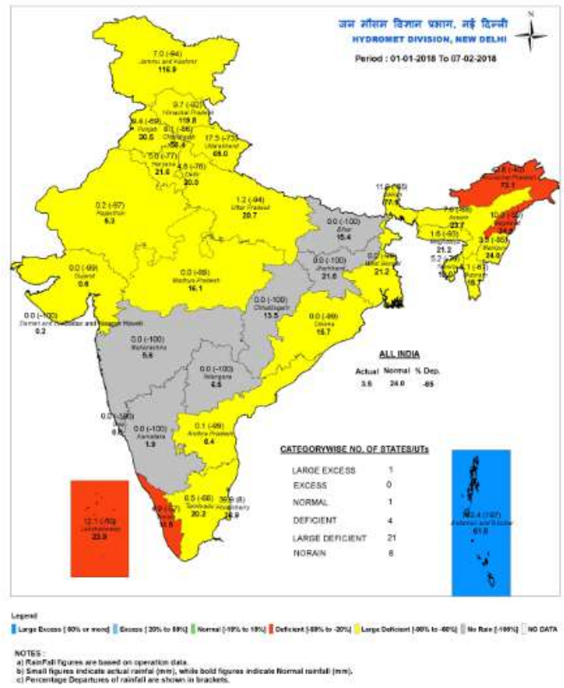
India's rice stocks in the central pool as on January- 1, 2017 stood at around 33.25 million tons up by about 12% from around 29.69 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are up about by 10.35% from around 30.13 million tons recorded on December-01, 2017. Highest stock could be seen in the state of Punjab (134.25 lakh tons) followed by Haryana (34.87 lakh tons) and Chhattisgarh (24 Lakh Tons).

Among the food-grains, the inflation for Cereals has decreased to (-) 3.00% from the previous month's level of (-) 2.13% and Wheat (-) 8.47% from the previous month's level of (-) 5.75%, for Pulses increased to (-) 34.60% from the previous month's level of (-) 35.48%.

In the winter season, at All-India level, the rainfall during the week (11th January, 2018 – 17th January, 2018) has been 96% 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 100% in North West India, 100% in Central India, 96% in East & North East India and 72% in South Peninsula.

Weather Watch:





Advance of Southwest Monsoon-2017

The cumulative rainfall in the country during the winter monsoon season i.e. 01st January to 17th January, 2018 has been 88% 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, 64% in East & North East India and 49% in South Peninsula.

State wise Paddy Crop Situation - Rabi (2017-18) as on 09.02.2018

	RICE				Over last year	
State	Normal Area	Area sown reported			Absolute Change	% Change
		This Year	% of Normal	Last Year		
Andhra Pradesh	7.43	6.79	91.4	5.32	1.47	27.6
Arunachal Pradesh	0.01					
Assam	4.00		0.0		0.00	#DIV/0!
Bihar	0.86		0.0		0.00	#DIV/0!
Chhattisgarh		0.30		0.90	-0.60	-66.6
Gujarat	0.41					

Karnataka	2.58	0.24	9.3	0.29	-0.05	-17.2
Kerala	0.47	0.88	189.2	0.85	0.03	3.5
Maharashtra	0.35				0.00	#DIV/0!
Manipur	1.73					
Meghalaya	0.13				0.00	#DIV/0!
Mizoram	0.01					
Nagaland	0.04					
Odisha	2.69	1.13	41.9	0.88	0.25	28.9
Tamil Nadu	1.52	12.71	834.2	8.52	4.19	49.2
Telangana	5.33	6.00	112.5	5.65	0.35	6.2
Tripura	0.62	0.00	0.6	0.00	0.00	3900.0
Uttar Pradesh	0.26				0.00	#DIV/0!
Uttrakhand	0.14				0.00	#DIV/0!
West Bengal	12.67	3.70	29.2	4.80	-1.10	-22.9
Pondicherry	0.04					
Others	0.00	0.14		0.12	0.02	18.6
All-India	**41.07**	**31.89**	**77.6**	**27.32**	**4.57**	**16.7**

Rice: About **31.89 lakh ha** area coverage under Rice has been reported compared to last year **(27.32 lakh ha).** Thus **4.57 lakh ha** more area has been covered compared to last year. **Higher area** is reported from the States of Tamil Nadu (4.19 Lakh ha), Andhra Pradesh (1.47 Lakh ha), Telangana (0.35 Lakh ha), Odisha (0.25 Lakh ha) and Kerala (0.03 Lakh ha). **Less area** is reported from the States of West Bengal (1.10 Lakh ha), Chhattisgarh (0.60 Lakh ha) and Karnataka (0.05 Lakh ha).

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

State	Prices 09-15 Feb 2018	Prices 01-08 Feb 2018	Prices 09-15 Feb 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3004.72	3481.25	6325.03	-13.69	-52.49
Assam	2859.05	3486.7	3486.7	-18	-18
Jharkhand	2733.33	2733.33	2733.33	0	0

Karnataka	3919.81	3919.81	3919.81	0	0
Kerala	3710.62	3729.2	3761.38	-0.5	-1.35
Maharashtra	4760.27	4760.27	4760.27	0	0
Orissa	2713.87	2713.87	2713.87	0	0
Tamil Nadu		1150	1461	__	__
Tripura	2934.95	2978.63	2988.24	-1.47	-1.78
Uttar Pradesh	2228.32	2236.47	2236.47	-0.36	-0.36
Uttrakhand			2111.48	__	__
West Bengal	2762.18	2762.18	2762.18	0	0
Average	3162.71	3086.52	3218.08		

Price Projection for February 03rd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
03rd Week of Feb, 2018	Steady to Firm	Rs.3100-3500/Quintal	Rice prices are expected to trade steady to firm in coming weeks as fresh demand from various overseas markets and lifting of rice ban from Iran.

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	**10-Feb-2018)**	**03-Feb-2018)**	**10-Jan-2018)**	**% ch. From last week**	**% Change from last Month**
1121 Steam	7200	7000	6900	**2.86**	**4.35**
1121 Sella	6700	6800	6350	**-1.47**	**5.51**
1121 Raw	7200	7200	7000	**0.00**	**2.86**

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	**10-Feb-2018)**	**03-Feb-2018)**	**10-Jan-2018)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	437	435	430	**0.46**	**1.63**
White Rice 25%	423	420	405	**0.71**	**4.44**
Parboiled 5%	425	422	420	**0.71**	**1.19**

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 MY-2017-18		
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 10-Feb-18	Yesterday 9-Feb-18	Week Ago 3-Feb-18	Month Ago 10-Jan-18	Year Ago 10-Jan-17	Source
Divi(A.P)	Grade-A	85	4250	4260	4165	4200	4180	APMC
Visakhapatnam	Grade-A	-20	3550	3500	3570	3250	3200	APMC
Chirala(A.P)	Super Fine	#VALUE!	3500	3450	NA	3600	3400	APMC
Burdwan(W.B)	Miniket	-70	3550	3600	3620	3500	3450	APMC
Delhi	PR-14	-120	3200	3200	3320	3325	3150	AGRIWATCH
Amritsar	1121 Steam	-200	7200	7200	7400	7150	6800	AGRIWATCH
Karnal	Sarbati Steam	-200	5100	5150	5300	5050	4750	AGRIWATCH

*Difference between current and previous week prices.

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Current Week	Source
Cuddapah	All Paddy	0	0	0	APMC
Srikakulam	All Paddy	378.4	1663.2	1284.8	APMC
Guntur	All Paddy	0.5	0.6	0.1	APMC
Burdwan(W.B)	All Paddy	370.5	4821	4450.5	APMC
Delhi	All Paddy	-2266.6	5191.2	7457.8	APMC
Amritsar	All Paddy	2472	2552	80	APMC
Karnal	All Paddy	-231.3	57	288.3	APMC

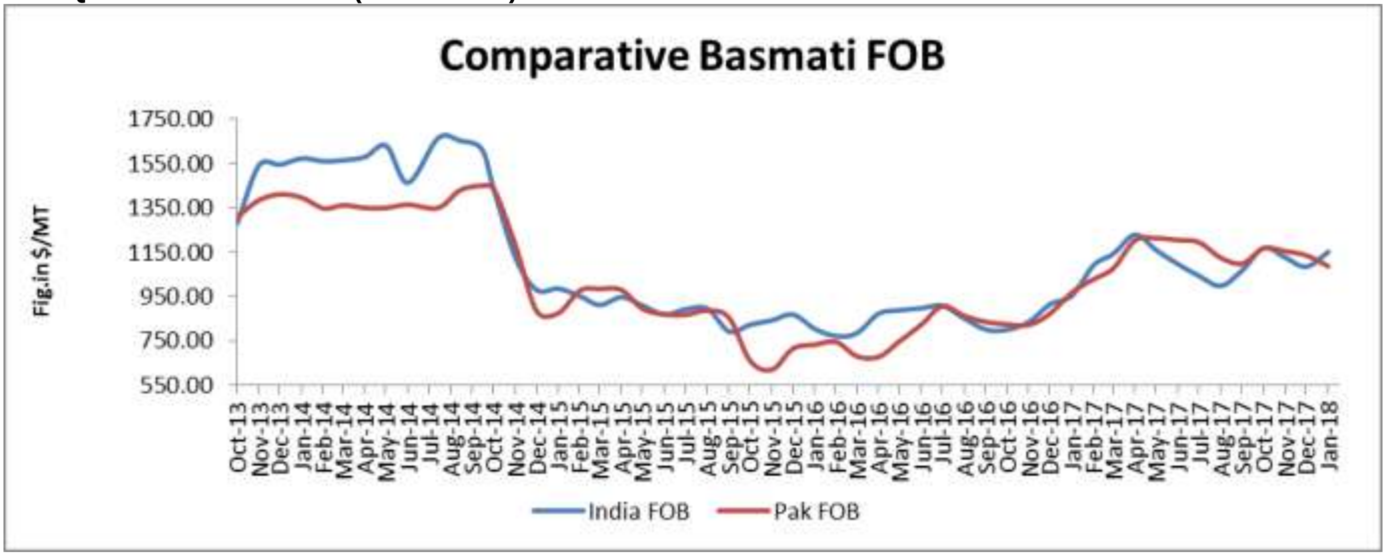
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 02.02.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	25.00	20.74	18.63
Telangana	15.00	12.24	10.95
Bihar	12.00	2.40	2.15
Chhattisgarh	48.00	31.93	45.43
Haryana	30.00	39.67	35.70
Kerala	1.00	0.97	1.28
M.P	13.00	10.96	12.97
Maharashtra	4.00	1.33	1.76
Odessa	30.00	18.28	14.66
Punjab	115.00	118.33	110.44
Tamilnadu	10.00	0.13	0.10
U.P	37.00	26.34	14.62
Uttrakhand	7.00	0.36	5.85
West Bengal	23.00	0.09	1.61
Others	0	0.87	0.46
Total	**375.00**	**284.64**	**276.61**

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.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam in the month of January moved firm from last month and currently is in the range of USD 1152/MT which is up by 6.18% from last month price of USD 1085/T due to international demand. Aromatic rice prices are also traded firm with active buying from millers; 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 1087/MT which is down by 4.3% from last month FOB of USD 1136/MT.

Global Updates

Unofficial and preliminary Thailand rice exports (excluding premium white and fragrant rice) for January 15- 21, 2018, totaled 221,163 metric tons, up 21,580 metric tons from the previous week and up 60,054 metric tons from the four-week moving average of 161,109 metric tons. Rice exports from January 1-21, 2018, totaled 525,585 metric tons.

Despite further strengthening of the Thai baht to 31.30 baht/U.S. $1.00 from 31.80 baht/U.S. $1.00 in the previous week, export prices of white rice declined around 1 percent due to the lack of new inquiries. Traders expect export prices of white rice are likely to level off in response to the slowdown in foreign buyer demand after the surge in white rice export prices for three consecutive weeks. However, export prices of fragrant rice further increased approximately 3 percent from the previous week due mainly to tight domestic supplies. Presently, average prices of fragrant paddy rice increased to 15,472 baht per metric tons, up approximately 50 percent from the same period last year.

Post's estimate for Ghana's domestic rice production in MY 2017/18 is 450,000 MT, up from 390,000 MT in MY 2016/17. This is due to favorable conditions, GOG commitments to increase rice production through the introduction of improved high yielding and disease resistant rice varieties, and the adoption of low cost water management practices. However, domestic rice production is still faced with challenges such as availability and cost of rice seeds and fertilizer, leading to low fertilizer use and poor agronomic practices. Lack of farm mechanization and proper processing facilities also contributes to a poor quality domestic crop. The average yield of paddy rice has been between 2-3 tons per hectare and could increase to 4-5 tons per hectare if improved practices and resources are available to producers (GOG sources).

Indonesia will import 500,000 tons of rice from Vietnam and Thailand, to contain rice price hikes and declining supply in the local market. The country's current rice stocks were estimated at some 950,000 tons, most of which is low-grade rice to be distributed as aid for low-income people. Meanwhile, rice stocks for commercial purposes were only 11,000 tons.

MY 2017/18 (May-April) Bangladesh rice production estimate is reduced slightly to 32.65 million metric tons (MMT) on lower Aman production (planted in July/August and harvested in November/December) due to three days of unusually heavy rains from December 10-12, 2017. Due to an atmospheric depression in the Bay of Bengal during December, more than 508 mm (20 inches) of rain in downpours caused damage to the Aman rice crop. Some farmers reported that they had yield loss due to 75 percent lodging during the grain maturing stage caused by heavy rains combined with high speed winds.

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. 23.11.2017	(2017-18) Proj. 18.01.2018
Production	480	473	486	482	484
Trade	41	39	43	43	44
Consumption	475	473	483	484	485
Carryover stocks	121	121	123	121	123
Y-O-Y change	4	0	2	-	-2
Major Exporters	37	32	30	25	24

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

IGC Rice Balance sheet Highlights

Reflecting upgrades for some producers, including China, the outlook for world rice output in 2017/18 is lifted by 2m t, to 484m, fractionally lower y/y. Together with a larger figure for carry-ins, the overall increase in supplies is channeled to higher consumption, mainly in Africa, and ending stocks, which are placed at 123m t, down by 1% y/y. In part, due to firmer than anticipated buying in the latter stages of the prior year, trade in 2018 is placed up slightly from November, at 43.8m t, a marginal y/y fall but still the second largest on record. World rice production in 2017/18 is forecast to be only marginally short of the previous year's peak as larger crops in some countries, including China and Thailand, only partially offset reductions for others, notably India. Owing to modest falls in Asia, rice uptake may be slightly below the previous season's high, while inventories are likely to tighten. However, top line data mask underlying trends; China's stocks could increase to a nominal 75m t, but, in contrast, major exporters' reserves are set to drop sharply on reductions in India and Thailand. Trade in 2018 is projected to contract slightly from last year's record on a potential drop in shipments to Asia and Africa. Since availabilities in Thailand are anticipated to be thinner after the completion of state stockpile releases, India should be the world's biggest exporter.

IGC Forecast the World Rice Production steady in 2017-18

In its January 2018 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2017-18 global rice production at around 484 million tons, down about 03 MMT from an estimated 487 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 44 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 March- 18, Rough Rice)
(Prices in US$/hundredweight)

Market Analysis

The CBOT March-18 month rough chart for rice indicates steady movement from last week. We expect market to hover in the range of USD 11.00-13.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of February-,2018	Steady	USD/ Hundred Weight 11.00-13.50