Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

Average wholesale weekly non-basmati rice prices in India stood at around Rs.3052 per quintal in third week of February- 2018; firm about 8.32% from last week price of Rs.2817/quintal, and up by about 8.40% from Rs.2815 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 Agriwatch, rice price in cash market is likely to going up in coming weeks due to lean season supported by higher demand and lower carry over stock. As per market sources, millers and exporters are highly active in gulf food which is going in Dubai Mall from 18-22 Feb-2018. Demand of Indian basmati paddy and rice like 1121, basmati, DP is highest in Middle East countries due to its aroma and taste, thus overseas demand push the rice price up in coming months.

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.

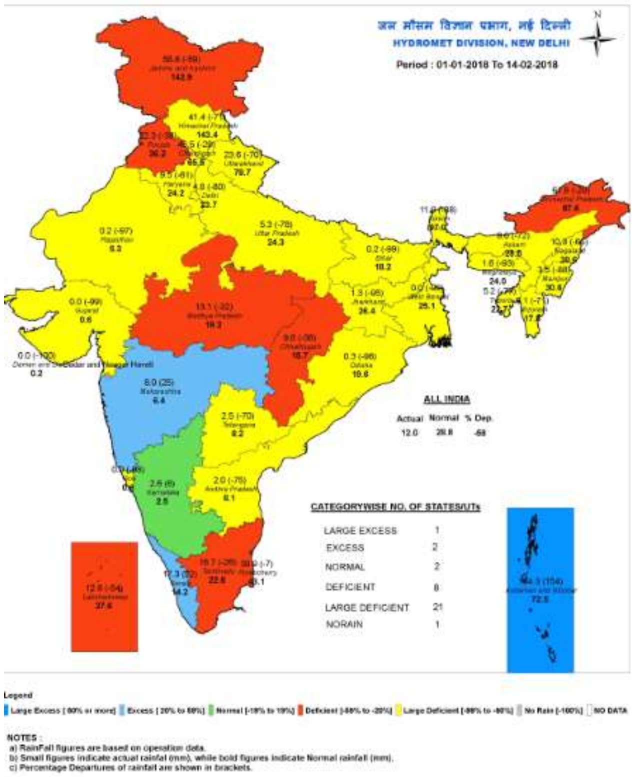
As on 09th February-2018, acreage under rice was reported at 31.89 lakh hectares compared to 27.32 lakh hectares same time last year, thus 4.57 lakh hectares more area has been covered compared to last year. States having higher acreage compared to last year are Tamil Nadu, Andhra Pradesh, Telangana,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

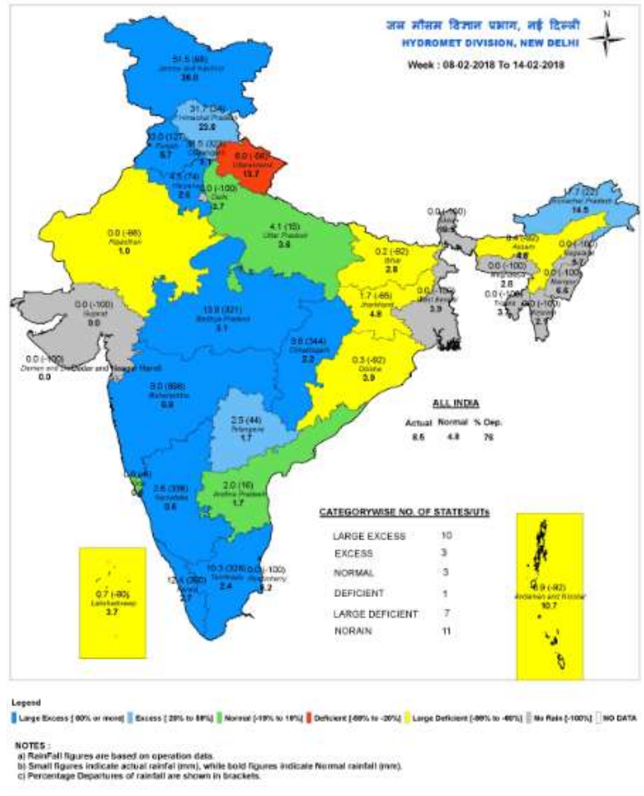
As per FCI latest data, progressive paddy procurement as on 07th February-2018 for KMS-2017-18 reached 288.59 lakh tons, 1.25% higher than corresponding period last year at 285 lakh tons. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.67 lakh tons), 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).

In the winter season, at All-India level, the rainfall during the week (01st February, 2018 – 07th February, 2018) has been 87% 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 Central India, 92% in North West India, 74% in East & North East India and 60% 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 07th February, 2018 has been 85% 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 Central India, 91% in North West India, 69% in East & North East India and 55% 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 3rd Week of February-2018

State	Prices 16-23 Feb 2018	Prices 09-15 Feb 2018	Prices 16-23 Feb 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3550	3550	3775.29	0	-5.97
Assam	2830.9	2924.15	3486.7	-3.19	-18.81
Jharkhand	2733.33	2733.33	2750.42	0	-0.62
Karnataka	3591.91	3633.26	3633.26	-1.14	-1.14
Kerala	3711.92	3711.92	3725.88	0	-0.37
Maharashtra	3507.77	3886.35	3886.35	-9.74	-9.74
Orissa	2450.81	2645.19	2657.78	-7.35	-7.79
Tamil Nadu		1050	1150	__	__
Tripura	3014.4	3212.65	3212.65	-6.17	-6.17
Uttar Pradesh	2233.3	2237.13	2237.13	-0.17	-0.17
West Bengal	2754.7	2785.88	2785.88	-1.12	-1.12
Average	3037.9	2942.71	3027.39		

Price Projection for February 04th Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
04th 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	18-Feb-2018)	10-Feb-2018)	18-Jan-2018)	% ch. From last week	% Change from last Month
1121 Steam	7000	7200	7300	-2.78	-4.11
1121 Sella	6600	6700	6700	-1.49	-1.49
1121 Raw	7000	7200	7300	-2.78	-4.11

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	**18-Feb-2018)**	**10-Feb-2018)**	**18-Jan-2018)**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	440	437	435	**0.69**	**1.15**
White Rice 25%	425	423	407	**0.47**	**4.42**
Parboiled 5%	428	425	425	**0.71**	**0.71**

State Wise initial estimated production of Basmati & Non-Basmati long grain Rice during Kharif 2017(production in 000 tons):

S. No	State	Total Basmati	Pusa-1121	PB-1	Pusa-1509	Pusa-1401	Basmati 370	CSR-30	Type-3 & Others	Non-Notified	
										Sharbati	Sugandha
1	Haryana	2535	1611.6	223	147.9	272.5		278.9		21.2	
2	Punjab	2142.2	1842.3	110.2	192.9					22.2	
3	Uttar Pradesh	763.2	403.2	133	206.3				20.7	528.24	308.8
4	Uttarakhand	39.05	9.12	7.62	10.1				12.22	49.73	1.93
5	Jammu & Kashmir	132	25		1		106			35.9	
6	Himachal Pradesh	30	7		22					0	
Total		5641	3898	474	580	273	106	279	33	657	311

In the current season PB 1121acreage in the 7 states have been reduced by 10.6% over last year. Farmer preferred high yielding Pusa-1509 in place of low yielding PB-1121. Moreover PB 1509 also has shorter time period and early maturity trait if compared with PB 1121. Basmati crop cutting experiment shows that PB 1121 yields were intact in Haryana and Punjab while some crop damage reported in UP / UK but over this year lesser pest infestation observed in the fields. Timely application on remedial action by farmers on brown plant hopper & White bagged plant hopper reduces the crop losses. This year farmers harvested about 39-40 lakh tons of PB 1121 against the 43-44 lakh tons of harvest happened last year.

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	Today 17-Feb-18	Yesterday 16-Feb-18	Week Ago 10-Feb-18	Month Ago 17-Jan-18	Year Ago 17-Jan-17	Source
Divi(A.P)	Grade-A	**50**	4300	4250	4250	4210	4200	APMC
Visakhapatnam	Grade-A	**0**	3550	3560	3550	3300	3180	APMC
Chirala(A.P)	Super Fine	**50**	3550	3500	3500	3620	3580	APMC

Burdwan(W.B)	Miniket	120	3670	3700	3550	3450	3500	APMC
Delhi	PR-14	0	3200	3200	3200	3100	2950	AGRIWATCH
Amritsar	1121 Steam	-50	7150	7000	7200	150	6900	AGRIWATCH
Karnal	Sarbati Steam	50	5150	5100	5100	5000	4800	AGRIWATCH

*Difference between current and previous week prices.

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	22	22	0	APMC
Srikakulam	All Paddy	558.44	2221.64	1663.2	APMC
Guntur	All Paddy	-0.6	0	0.6	APMC
Burdwan(W.B)	All Paddy	2713	7534	4821	APMC
Delhi	All Paddy	815.8	6007	5191.2	APMC
Amritsar	All Paddy	-2551	1	2552	APMC
Karnal	All Paddy	-31	26	57	APMC

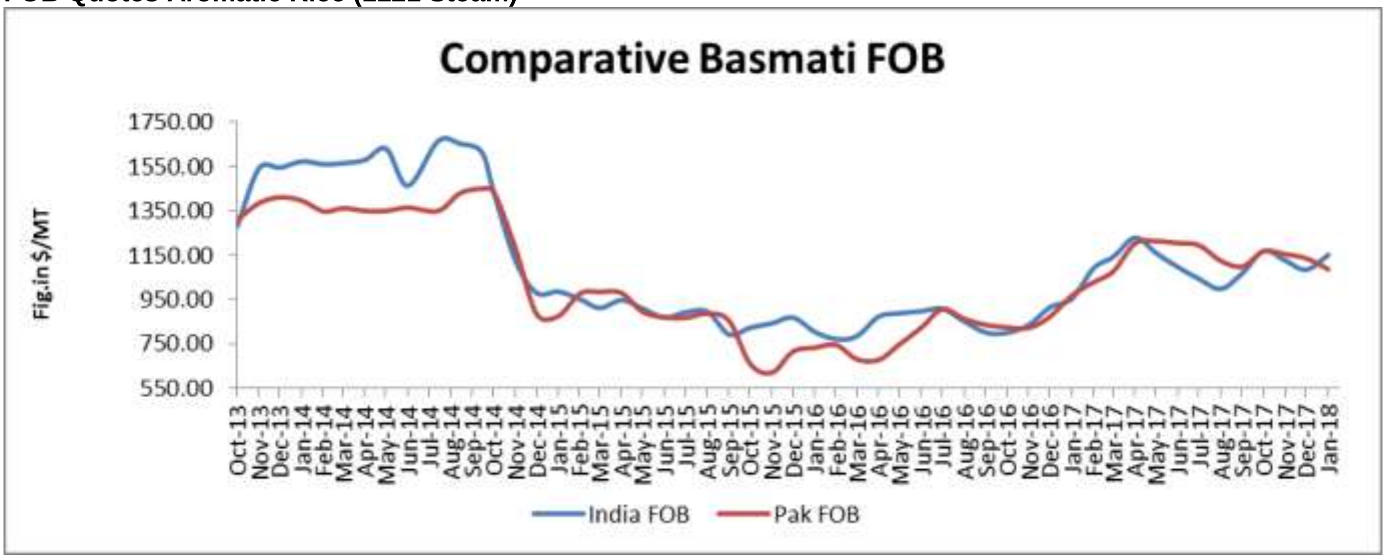
*Difference between current and previous week arrival.

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 29 – February 4, 2018, totaled 234,413 metric tons, up 23,272 metric tons from the previous week and up 17,838 metric tons from the four-week moving average of 216,575 metric tons. Rice exports from January 1- February 4, 2018, totaled 971,138 metric tons.

Rice exports seem to be on course to hit the four-million-tonne annual target during this fiscal year, fetching $2 billion in foreign exchange. During this fiscal year, Pakistan has managed to export more rice to traditional markets like Afghanistan, Kenya, Oman, Qatar, Saudi Arabia, Spain, Tanzania, Britain and the United States, according to senior officials of the Rice Exporters Association of Pakistan (REAP) and trade data based on banking transactions during the first half of this fiscal year. Rice exports to China plunged to $105m in the previous fiscal year from a peak of $277m in the 2015-16 fiscal years, mainly because of slow demand and in the face of stiff competition with Indonesia, Thailand, Vietnam and the Philippines. These rice exporting countries enjoy relaxed tariffs from China as they are members of the Association of Southeast Asian Nations.

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
04th Week of February-,2018	Steady	USD/ Hundred Weight 11.00-13.50