Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average wholesale weekly non-basmati rice prices in India stood at around Rs.3370 per quintal in first week of June- 2018;** firm about 0.92% from last week price of Rs.3339/quintal and down by 1.46% from last year price of Rs.3420/quintal. Agriwatch expects non-basmati rice market to move range bound with upward direction in coming week due to fresh demand.

- **Indian non-Basmati rice may soon make its way to China with Beijing clearing the grain of any risk of introduction** of alien pests. The decision comes weeks after Prime Minister Narendra Modi's visit to China. China has agreed to send a team to India next month to inspect mills that produce non-Basmati rice. India's rice exports in April rose 12 percent from a year earlier to 989,848 tons on good demand for non-basmati rice from African countries.

- **India's rice stocks in the central pool as on May- 1, 2018 stood at around 29.74 million tons up by about 2.30% from** around 29.07 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 by 0.99% about by from around 30.04 million tons recorded on April-01, 2018. Highest stock could be seen in the state of Punjab (100.80 lakh tons) followed by Uttar Pradesh (22.52 Lakh Tons), Andhra Pradesh (19.91 lakh tons) and Haryana (21.97 lakh tons).

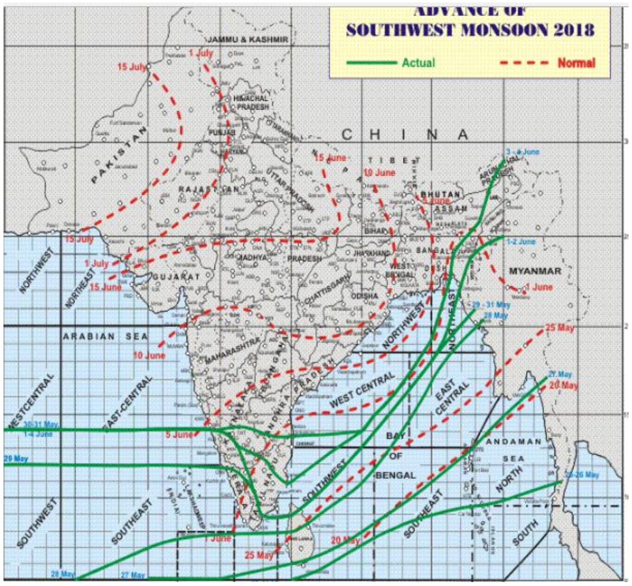
- **Rice export rates in India rose this week from a one-year low hit last week as weaker prices attracted buyers from Africa,** while Bangladesh said it would cancel a deal with the top exporter due to shipment delays. African buyers are turning to India due to the recent price fall. In the last few days, inquiries have risen from buyers. Prices for India's 5% broken parboiled variety rose by $5 to $399-$403 per ton. Even after this week's rise, Indian rice is competitive in the world market due to a depreciating rupee. The rupee has fallen more than 6% so far in 2018, increasing exporters' margins from overseas sales. India's exports in April jumped over 12% from a year earlier to 989,848 tons.

- **All-India progressive procurement of Rice as on 28.05.2018 for 2017-18 was at 350.32 lakh tons against the procurement of 360** lakh tons in the corresponding period of last year. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.67 lakh tons), and U.P (28.75 lakh tons) and in south it is picking up in Telangana (33.55 Lakh Tons). Andhra Pradesh Government procurement has reached to 36.14 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 27.59 lakh tons respectively. Procurement in West Bengal and other rice growing states is still underway and reached to 0.43 lakh tons.

- **As per trade sources, total rice export in the month of March was 13.03 lakh tons, in which basmati rice contribution is 33.05%** of total with quantity of 4.30 lakh tons and non-basmati contribution was 66.94% with quantity of 8.72 lakh tons. Major buyers of basmati rice were Iran, Saudi Arabia, UAE, Yemen and Iraq whereas non-basmati buyers from India in the month were Senegal, Saudi, Bangladesh, Sri-lanka and UAE.

- **In the pre monsoon season, at All-India level, the rainfall during the week (17th May, 2018 – 23rd May, 2018)** has been 29% 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 27% in Central India but lower than LPA by 63% in North West India, 43% in East & North East India and 7% in South Peninsula.

Weather Watch:



Advance of Southwest Monsoon-2018

The cumulative rainfall in the country during the pre-monsoon season i.e. 01st March to 23rd May, 2018 has been 13% 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 26% in South Peninsula but lower than LPA by 25% each in North West India, 24% in East & North East India and 1% in Central India.

State wise Paddy Crop Situation - Kharif (2018-19) as on 01.06.2018

RICE						
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	**15.30**	0.00		0.0		0.00
Arunachal Pradesh	**1.29**	0.53		0.0	0.97	-0.97
Assam	**20.73**	0.99	**0.65**	3.1	0.66	-0.01
Bihar	**31.64**	0.00		0.0		0.00
Chhattisgarh	**38.08**	0.00		0.0		0.00
Goa	**0.29**	0.00		0.0		0.00
Gujarat	**7.41**	0.00		0.0		0.00
Haryana	**12.94**	0.00		0.0		0.00
Himachal Pradesh	**0.74**	0.00		0.0		0.00
J&K	**2.80**	0.02	**0.03**	1.1	0.03	0.01
Jharkhand	**14.94**	0.00		0.0		0.00

Karnataka	**10.00**	0.00		0.0		0.00
Kerala	**1.48**	0.07	**0.22**	14.9	0.21	0.01
Madhya Pradesh	**20.50**	0.00		0.0		0.00
Maharashtra	**15.08**	0.14	**0.26**	1.7	0.70	-0.43
Manipur	**0.33**	0.00		0.0		0.00
Meghalaya	**0.97**	0.00		0.0		0.00
Mizoram	**0.32**	0.07	0.35	107.8	0.36	-0.01
Nagaland	**1.91**	0.79		0.0	0.91	-0.91
Odisha	**37.66**	0.03	0.0	0.0	0.04	-0.04
Punjab	**28.93**	0.00		0.0		0.00
Rajasthan	**1.64**	0.00		0.0		0.00
Sikkim	**0.11**	0.00		0.0		0.00
Tamil Nadu	**15.46**	0.21	**0.39**	2.5	0.32	0.08
Telangana	**9.20**	0.00		0.0		0.00
Tripura	**1.99**	0.00		0.0		0.00
Uttar Pradesh	**58.87**	0.00		0.0		0.00
Uttrakhand	**2.47**	0.20	**1.04**	42.2	1.01	0.03
West Bengal	**41.91**	0.08		0.0		0.00
Pondicherry	**0.12**			0.0		0.00
Others	**0.29**			0.0		0.00
All-India	**395.39**	**3.13**	**2.95**	**0.7**	**5.20**	**-2.25**

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

State	Prices 01-08 Jun 2018	Prices 24-31 May 2018	Prices 01-08 Jun 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	2810.76	3126.22	3126.22	-10.09	-10.09
Gujarat	3618.4	3618.4	3618.4	0	0
Jharkhand	2741.93	2741.93	2759.33	0	-0.63
Karnataka	3621.15	3692.2	3692.2	-1.92	-1.92
Kerala	3770.94	3770.94	3770.94	0	0
Maharashtra	3307.08	4140.24	4207.36	-20.12	-21.4
Nagaland	7600	7600	7600	0	0
Orissa	2654.12	2654.12	2654.12	0	0
Tripura	2885.96	3059.49	3059.49	-5.67	-5.67
Uttar Pradesh	2310.55	2310.55	2310.55	0	0
Uttrakhand	2385.57	2385.57	2385.57	0	0
West Bengal	2733.15	2733.15	2733.15	0	0
Average	3369.97	3339.14	3420.13		

Price Projection for June 02nd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
02nd Week of June, 2018	Steady to Firm	Rs.3000-3500/Quintal	Despite record domestic production and strong exports, market prices have remained relatively stable with only minor fluctuations during most of MY 2017-18. However, prices started easing in April- May with the impending arrival of the Rabi and summer rice. However, prices during the last quarter of MY 2017-18 will largely depend on the progress of 2018 monsoon and the impact on MY 2018-19 rice planting.

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

Rice Price Comparison Delhi Market(in Rs./Qtl)						
Variety	**3-Jun-18**	**2-Jun-18**	**27-May-2018)**	**3-May-18**	**% ch. From last week**	**% Change from last Month**
1121 Steam	7000	7000	7000	7000	**0.00**	**0.00**
1121 Sella	6500	6350	6400	6400	**2.36**	**1.56**
1121 Raw	7000	7000	7100	7000	**0.00**	**-1.41**
Basmati Raw	7000	7000	7200	7000	**0.00**	**-2.78**
1509 Steam Wand	6600	6800	6800	6800	**-2.94**	**-2.94**
Sugandh Steam	5500	5500	5500	5800	**0.00**	**0.00**
Sharbati Raw	4800	4900	4900	4900	**-2.04**	**-2.04**
Pusa Raw Wand	6300	6200	6200	6200	**1.61**	**1.61**
Parmal Sella	2800	2800	2850	2950	**0.00**	**-1.75**

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	**3-Jun-18**	**27-May-2018)**	**3-May-18**	**% ch. From last week**	**% Change from last Month**
White Rice 5%	435	430	428	**1.16**	**1.64**
White Rice 25%	390	385	380	**1.30**	**2.63**
Parboiled 5%	425	415	422	**2.41**	**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 reduced by 10.6% over last year. Farmers preferred high yielding Pusa-1509 in place of low yielding PB-1121. Moreover PB 1509 also has a shorter time- period and early maturity trait, compared to 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 reduced 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.

Basmati Rice Production Conclusion for MY-2017-18: This year, overall Basmati production was the lowest in last five years. Basmati crop is about 10% lower than last year, because of lower acreage and yield losses, specifically at Uttar Pradesh & Uttaranchal. This year Agro-climatic conditions were favorable for the crop and no major crop losses have been reported in the states like Punjab & Haryana. Farmers received about 40% higher price than last year and they are quite upbeat on the next year Basmati crop. Farmers grip towards Pusa 1509 will increase while little shift could be seen on traditional varieties

Prices & Arrivals at Major Markets:

(In Rs./ Quintal)			12-May-18	11-May-18	4-May-18	12-Apr-18	12-May-17	
Divi(A.P)	BPT(Raw)	-50	3150	3150	3200	3100	3000	APMC
Visakhapatnam	HMT(Raw)	-100	3800	3800	3900	3750	3700	APMC
Chirala(A.P)	Vishnubhog	-50	5550	5600	5600	5500	5300	APMC
Burdwan(W.B)	Miniket	50	3650	3600	3600	3700	3750	APMC
Delhi	PR-14	-50	2900	2900	2950	2800	2850	AGRIWATCH
Amritsar	1121 Steam	100	7000	7000	6900	6700	7250	AGRIWATCH
Karnal	Sarbati Steam	100	5000	5000	4900	4700	5200	AGRIWATCH

*Difference between current and previous week prices.

Arrivals at Major Markets (Tons):

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	**0**	0	0	APMC
Srikakulam	All Paddy	**20**	20	0	APMC
Guntur	All Paddy	**0**	0	0	APMC
Burdwan(W.B)	All Paddy	**-1400**	1800	3200	APMC
Delhi	All Paddy	**-310.7**	280	590.7	APMC
Amritsar	All Paddy	**-160**	190	350	APMC
Karnal	All Paddy	**4**	10	6	APMC

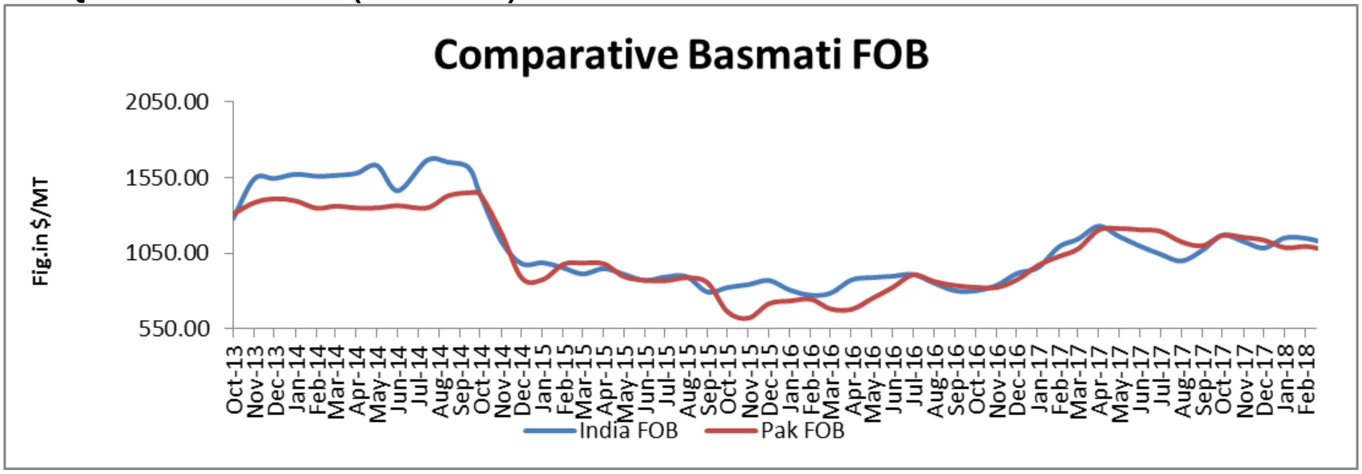
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 23.04.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	43.00	30.15	29.59
Telangana	34.00	14.98	13.11
Bihar	12.00	7.96	12.34
Chhattisgarh	48.00	32.07	40.22
Haryana	30.00	39.67	35.70
Kerala	2.32	2.82	2.78
M.P	13.00	10.96	13.14
Maharashtra	4.34	1.61	2.46
Odessa	37.00	25.32	26.84
Punjab	115.00	118.33	110.52
Tamilnadu	15.00	6.43	1.41
U.P	37.00	28.75	23.54
Uttrakhand	7.00	0.38	7.06
West Bengal	27.00	0.35	15.67
Others	0	0.87	0.46
Total	**430.00**	**321.62**	**336.09**

All-India progressive procurement of Rice as on 26.04.2018 for 2017-18 was at 321.62 lakh tons against the procurement of 336.09 lakh tons in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2018-19 was 234.61 lakh tons which was higher than the procurement of 214.52 lakh tons in the corresponding period of RMS 2017-18. 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 April moved weak from last month and currently is in the range of USD 1111.06/MT which is down by 0.57% from last month price of USD 1117/T due to drop of rice price in the local market. Aromatic rice prices are also traded weak with sluggish 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 1052.5/MT which is down by 1.81% from last month FOB of USD 1072/MT.

Global Updates

Vietnam's 5 percent broken rice prices rose to $455-$460 a ton, their highest since August 2014, versus $445-$450 last week. Prices continue to rise on stronger demand and tight supplies. The Philippines is expected to purchase another 250,000 tons in an open tender on May 22, after accepting 250,000-tonne offers from Vietnam and Thailand last week. For the first four months of 2018, Vietnam's exports totaled 2.2 million tons, an increase of 24.3 percent from a year earlier, the General Department of Customs said. Rice export revenue in the January-April period rose 40.3 percent to $1.1 billion.

Unofficial and preliminary Thailand rice exports (excluding premium white and fragrant rice) for April 9-15, 2018, totaled 104,982 metric tons, up 7,307 metric tons from the previous week and down 40,659 metric tons from the four-week moving average of 145,641 metric ton. Rice exports from January 1- April 15, 2018, totaled 2,792,454 metric tons.

Export prices for most grades of rice declined 2-4 percent from the previous week due to a lack of new inquiries and weakening of the Thai baht from 31.07 baht/U.S. $1.00 to 31.39 baht/U.S. $1.00. Foreign buyers have reportedly reduced purchases of Thai white and parboiled rice in response to Thai rice prices escalating over the past couple of weeks. Presently, export prices of Thai white rice are U.S. $10 per metric ton above Vietnamese rice.

In MY 2016/17, the official Cambodian rice export volume increased by 17 percent over the previous year, driven by increased purchases from China, as well as newly implemented incentive policies by the Government of Cambodia. In the past three years, export demand from the expanding Chinese and emerging markets have counterbalanced plunging demand from traditional markets.

Thailand MY2017-18 and MY2018-19 rice stocks are likely to decline to around 3 million metric tons due to the reduction in government rice stocks. The government is expected to sell the remaining 1.5 million metric tons of feed-quality rice stocks and 0.6 million metric tons of deteriorated rice stocks in 2018. Traders expect that most of these remaining feed-quality government rice stocks will be used for swine feed while the deteriorated rice stocks will be used for fertilizer and power generation. The sale of the remaining government stocks in 2018 means that ending stocks for MY2017-18 and MY2018-19 are all private stocks. Normally, private sector maintains stocks for around 2 months of use. However, due to the large quantities of government stocks, private industry has been carrying a lot less the last couple of years.

Vietnam has won a bid to supply 130,000 tons of rice to the Philippines after the National Food Authority (NFA)'s auction on importing 250,000 tons. The remaining 120,000 tons will be supplied by Thai producers. According to NFA, Vietnam will supply 50,000 tons of 15 per cent broken rice to the Philippines at US$526.5 per ton and 80,000 tons of 25 per cent broken rice at $517.5 per ton.

IGC Balance Sheet:

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

Attributes (Fig in Million Tons)	2015-16	2016-17 Estimate	2017-18 Forecast 22.02.2018	(2018-19) Proj. 22.03.2018	(2018-19) Proj. 26.04.2018
Production	474	487	486	492	493
Trade	39	47	46	46	47
Consumption	473	487	487	491	493
Carryover stocks	124	123	123	123	123
Y-O-Y change	1	-1	-1		0
Major Exporters	32	29	26	25	25

(Fig. In Million Tons)

IGC Rice Balance sheet Highlights:

With upward revisions for key Asian buyers offsetting reductions for others, world rice trade in 2018 is seen unchanged m/m, at 46mt. The 2018/19 global rice output projection is lifted fractionally from March, at a record 493mt, the 7m y/y rise mainly on potential gains in major exporters. Since the increase in supplies is channeled to higher consumption, carryovers are broadly steady m/m; at 123mt. Trade is tentatively projected to remain elevated in 2019. World rice production in 2017/18 is seen only fractionally lower y/y, at 486mt, as larger harvests in Asia mostly offset falls elsewhere. With accumulation in China contrasting with a reduction in key exporters, global reserves are expected to hold steady, at 123mt. Given state efforts to ensure ample local supplies in Asia, trade should stay high in 2018. Prospects for 2018/19 remain tentative since fieldwork is many months away. Nevertheless, given firmer international values, area gains are possible in leading exporters as production reaches a high of 493mt, up by 1% y/y. With the predicted expansion of supplies matched by a population-driven rise in demand, stocks are seen unchanged y/y. Trade is expected to remain at peak levels in 2019, with India maintaining its position as the dominant exporter.

IGC Forecast the World Rice Production Down in 2017-18

In its April 2018 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2018-19 global rice production at around 493 million tons, up about 07 MMT from an estimated 486 million tons in 2017-18 on favorable Asian weather condition.

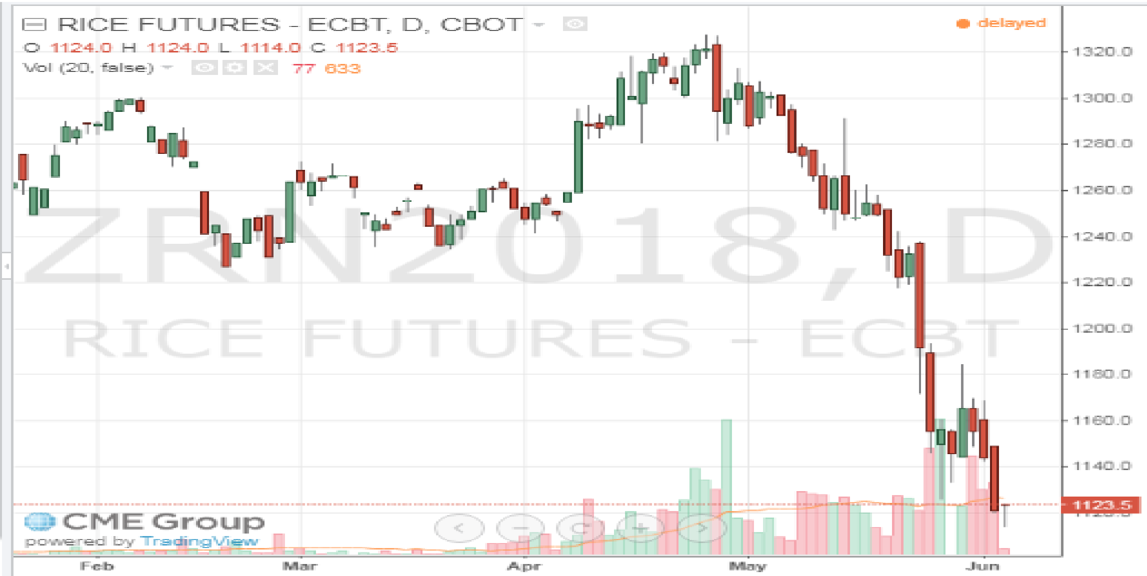
Global Trade of Rice Unchanged from Last Year

The IGC forecasts 2018-19 global rice trades at around 46 million tons, unchanged from its estimates for 2017-18. It expects world rice trade in 2018 to remain same on normal demand from buyers in Africa and Asia.

Global Consumption of Rice Increases in 2017-18

The IGC forecasts 2018-19 global rice trades at around 47 million tons, around 1 Mt up from its estimates for 2017-18. It expects world rice trade in 2018 to remain same on normal demand from buyers in Africa and Asia.

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



Market Analysis

The CBOT July-18 month rough chart for rice indicates weak movement from last week. We expect market to hover in the range of USD 10.50-12.35 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
02nd Week of June-2018	Steady to Weak	USD/ Hundred Weight 10.50-12.35