Rice Weekly Research Report

Contents

- Outlook and Review
- Weekly Price Change
- Weekly Rice Export
- Progressive Procurement
- FOB-1121 Steam
- International Rice Market Summary
- IGC Balance Sheet
- CBOT Trend

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.

- **The President of China told the Prime Minister of India that by 2020 India and China should have a $ 100 billion Bi-lateral trade between the countries**. China can import non-basmati rice and sugar from India to meet the shortage of rice and sugar. China rice production for MY-2018-19 is likely to down by 1.5 million tons to 144.50 million tons but domestic consumption is expected to up by 2.5 million tons, meanwhile china could import rice from India to fulfill the demand supply scenario.

- **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).

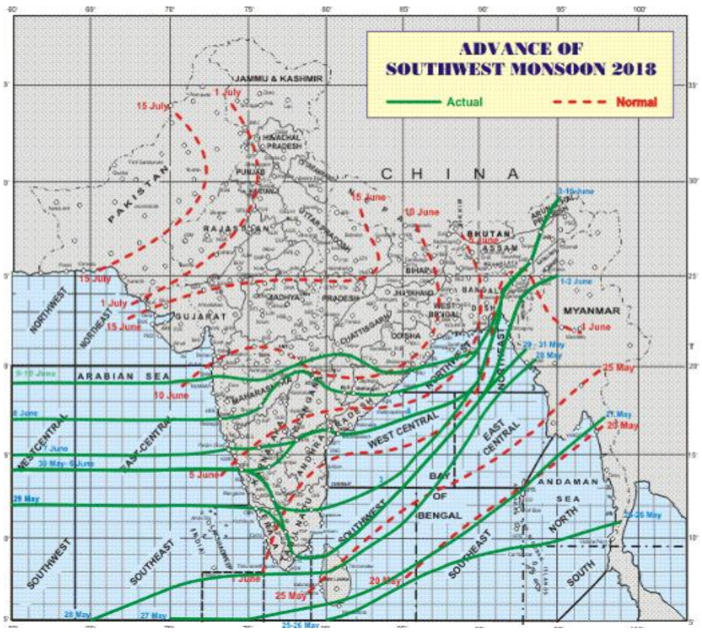
- **Rice export rates in India rose this week from a one-year low hit last week as weaker prices attracted buyers from Africa,** while Bangladesh said it would cancel a deal with the top exporter due to shipment delays. African buyers are turning to India due to the recent price fall. In the last few 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.

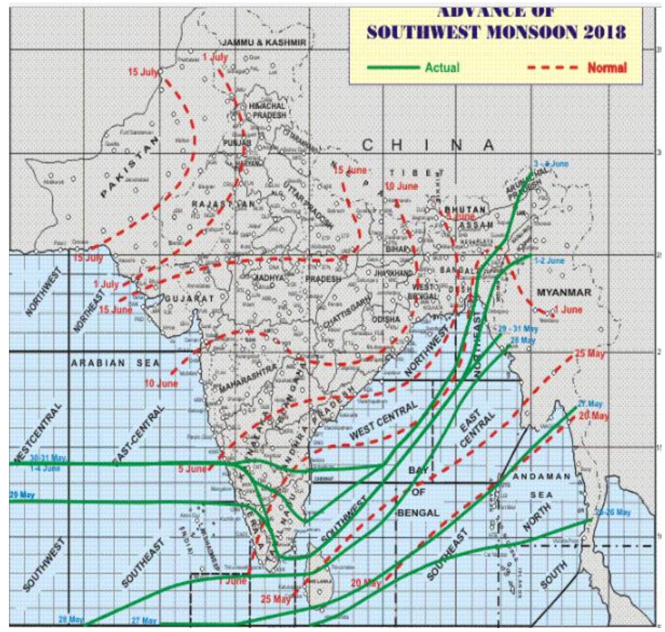
- **All-India progressive procurement of Rice as on 01.06.2018 for 2017-18 was at 353.75 lakh tonnes against the procurement** of 368.29 lakh tonnes in the corresponding period of last year. The procurement of wheat for the rabi marketing season (RMS) 2018-19 was 341.91 lakh tonnes which was higher than the procurement of 298.75 lakh tonnes 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 (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

In the pre monsoon season, at All-India level, the rainfall during the week (24th May, 2018 – 30th May, 2018) has been 14% higher 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 79% in South Peninsula, 23% in East & North East India but lower than LPA by 84% in North West India and 49% in Central India.

State wise Paddy Crop Situation - Kharif (2018-19) as on 08.06.2018

States	Rice			
	Normal Area	Normal Area as on date	Area sown reported	
			This Year	Last Year
Andhra Pradesh	15.3	0	0	0
Arunachal Pradesh	1.29	0.53	0.7	0.97
Assam	20.73	1.13	0.83	0.81
Bihar	31.64	0	0	0
Chhattisgarh	38.08	0	0	0
Goa	0.29	0	0	0
Gujarat	7.41	0	0	0.01
Haryana	12.94	0	0	0
Himachal Pradesh	0.74	0	0	0
J&K	2.8	0.03	0.05	0.05
Jharkhand	14.94	0	0	0
Karnataka	10	0	0	0
Kerala	1.48	0.11	0.34	0.31
Madhya Pradesh	20.5	0	0	0
Maharashtra	15.08	0.23	0.1	0.28

Manipur	**0.33**	**0**	0	0
Meghalaya	**0.97**	**0.2**	1	0.99
Mizoram	**0.32**	**0.07**	0.35	0.36
Nagaland	**1.91**	**0.97**	0.88	0.91
Odisha	**37.66**	**0.24**	0.06	0.19
Punjab	**28.93**	**0**	0	0
Rajasthan	**1.64**	**0**	0	0
Sikkim	**0.11**	**0**	0	0
Tamil Nadu	**15.46**	**0.27**	0.58	0.39
Telangana	**9.2**	**0**	0	0
Tripura	**1.99**	**0**	0	0
Uttar Pradesh	**58.87**	**0**	0	0
Uttarakhand	**2.47**	**0.24**	1.23	1.21
West Bengal	**41.91**	**0.03**	0.2	0.17
Puducherry	**0.12**	**0**	0	0
Others	**0.29**	**0**	0	0
All-India	**395.39**	**4.05**	**6.32**	**6.64**

About 6.32 lakh hectares area covered under rice has been reported compared to normal of corresponding week (6.64 lakh hectares). Thus 0.32 lakh hectares less area has been covered compared to normal of corresponding week. The area has been reported mainly from the states of Uttrakhand, (1.23 lakh hectares), Assam (0.83lakh hectares), Tamilnadu (0.58 lakh hectares), Mizoram (0.35 lakh hectares), Maharashtra (0.10 lakh hectares), Kerala (0.34 lakh hectares), and Jammu & Kashmir (0.05 lakh hectares).

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

State	Prices 01-08 Jun 2018	Prices 24-31 May 2018	Prices 16-23 May 2018	Prices 01-08 Jun 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh				5101.99	__	__	__
Assam	3005.24	3139.45	3139.45	3139.45	-4.27	-4.27	-4.27
Gujarat	3526.38	3526.38	3526.38	3526.38	0	0	0
Jharkhand	2738.44	2738.44	2738.44	2759.33	0	0	-0.76
Karnataka	3634.37	3692.2	3692.2	3692.2	-1.57	-1.57	-1.57
Kerala	3722.56	3730.92	3742.88	3742.88	-0.22	-0.54	-0.54
Maharashtra	3380.83	4140.24	4207.36	4207.36	-18.34	-19.64	-19.64
Nagaland	14043.3	14043.3	14043.3	14043.3	0	0	0
Orissa	2389.82	2495.86	2495.86	2495.86	-4.25	-4.25	-4.25
Tamil Nadu		1576	1576	1576	__	__	__
Tripura	3000.29	3059.49	3059.49	3059.49	-1.93	-1.93	-1.93
Uttar Pradesh	2304.71	2309.34	2309.34	2309.34	-0.2	-0.2	-0.2

Uttrakhand	2431.2	2431.2	2431.2	2431.2	0	0	0
West Bengal	2724.78	2724.78	2724.78	2724.78	0	0	0
Average	**3908.49**	**3815.97**	**3822.05**	**3808.52**			

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:

Rice Price (In Rs./ Quintal)	Grade	Change*	9-Jun-18	8-Jun-18	1-Jun-18	9-May-18	9-May-17	Source
Divi(A.P)	BPT(Raw)	-70	3200	3200	3270	3200	3100	APMC
Visakhapatnam	HMT(Raw)	0	4100	4100	4100	4100	4000	APMC

Chirala(A.P)	Vishnubhog	50	5600	5600	5550	5400	5300	APMC
Burdwan(W.B)	Miniket	17	3450	3450	3433	3400	3500	APMC
Delhi	PR-14	0	2950	2950	2950	2900	2900	AGRIWATCH
Amritsar	1121 Steam	-100	6900	6850	7000	6900	7000	AGRIWATCH
Karnal	Sarbati Steam	-50	4850	4850	4900	4800	4900	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	0	20	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-1260	6136	7396	APMC
Delhi	All Paddy	224.4	984.6	760.2	APMC
Amritsar	All Paddy	-190	0	190	APMC
Karnal	All Paddy	40	40	0	APMC

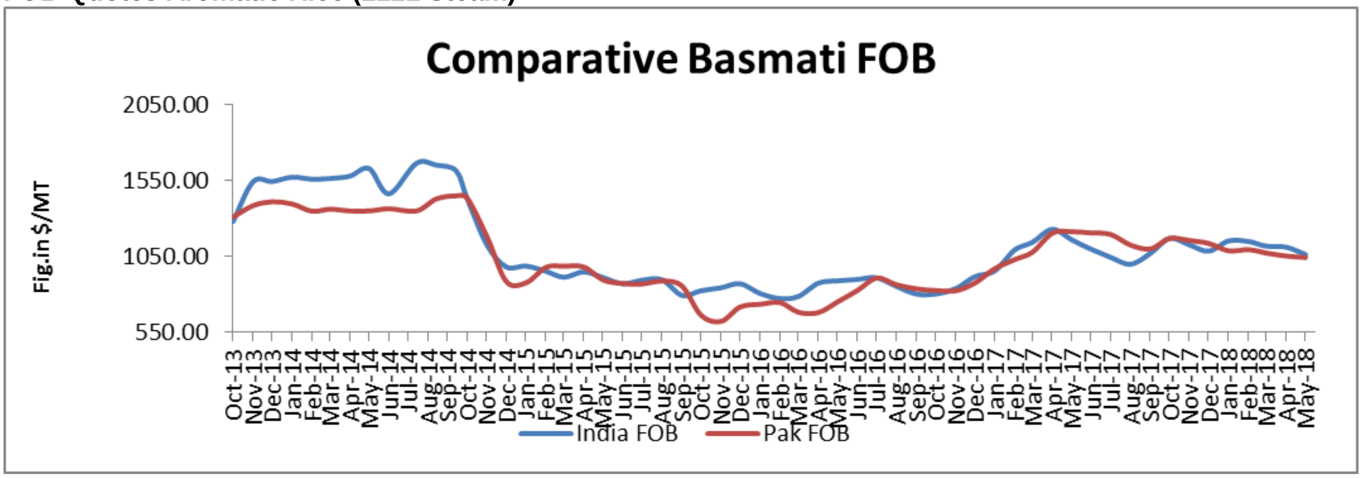
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 01.06.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	43.00	36.74	35.72
Telangana	34.00	34.92	33.27
Bihar	12.00	7.93	12.34
Chhattisgarh	48.00	32.07	40.22
Haryana	30.00	39.92	35.70
Jharkhand	2.50	1.43	1.33
Kerala	2.32	3.26	3.03
M.P	13.00	10.96	13.14
Maharashtra	4.34	1.66	2.58
Odessa	37.00	28.65	29.33
Punjab	115.00	118.33	110.52
Tamilnadu	15.00	7.78	1.41
U.P	37.00	28.75	23.54
Uttrakhand	7.00	0.38	7.06
West Bengal	27.00	0.45	18.47
Others	0	0.87	0.46
Total	**430.00**	**353.75**	**368.29**

All-India progressive procurement of Rice as on 01.06.2018 for 2017-18 was at 353.75 lakh tons against the procurement of 368.29 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 started in Telangana (34.92 Lakh Tons). Andhra Pradesh Government procurement has reached to 36.74 lakh tons. Chhattisgarh government also procured around 32.07 lakh tons of rice as of now, Madhya Pradesh and Odessa procurement reached to 10.96 and 28.65 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 May moved weak from last month and currently is in the range of USD 1062/MT which is down by 4.42% from last month price of USD 1111/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 steady in coming months depends on kharif sowing intension by farmers. 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 1042.5/MT which is down by 0.95% from last month FOB of USD 1052.5/MT.

Global Updates

The Philippines' state grains agency needs to import rice again this year to continue rebuilding its depleted buffer stock, a spokesman said (22/05/2018), as it sought offers in an open tender for an additional 250,000 tons. There is no final volume and timing yet for additional rice purchases by the National Food Authority (NFA), which need approval by its council. The Philippines, a frequent rice buyer, may import as much as 1.4 million tons of the staple this year, among the largest rice purchases expected, based on a projection by the United States Department of Agriculture. The NFA sought supply of 25 percent broken rice variety at the open tender, with 13 suppliers and traders, mostly from Thailand and Vietnam, making valid offers. Bids ranged from $461.75 to $465.04 per ton, below the agency's budget of $498.25 per ton. Delivery of the additional 250,000 tons should be completed before September, while shipments of the first 250,000 tons are expected to arrive from next week and should help ease upward pressure on domestic prices.

Bangladesh’s rice output from the summer crop is likely to hit 19.7 million tons, exceeding the target of 19 million tons, as farmers raised acreage to cash in on higher prices. The South Asian country emerged as a major rice importer in 2017 after floods damaged its crops, sending domestic prices to record highs. Despite some losses due to heavy pre-monsoon rains, the summer crop will surpass the target, based on information from the fields. The summer-sown crop, also known as ‘Boro’, usually contributes more than half of Bangladesh’s typical annual rice production of around 35 million tons. Rice prices in Bangladesh jumped around 40 percent last year due to depleting inventory, forcing the government to seek supplies from Asian countries like India, Thailand and Vietnam. The price increase prompted farmers to expand areas under Boro to more than 4.9 million hectares, exceeding the target of 4.7 million hectares. Last year, the country’s Boro rice crop fell about 5 percent from a year earlier to 18 million tons, the lowest in seven years.

Bangladesh is imposing a 28 percent tax on rice imports to support its farmers after local production revived. The duty hike would reduce imports, especially from neighboring India, which emerged as the biggest supplier to the South Asian country last year after floods ravaged its crop. This year we have a bumper production in rice, thus to protect local farmers, 25 percent customs duty and 3 percent regulatory duty has been re-imposed on rice importation. Bangladesh had cut a previous import duty of 28 percent in two phases in 2017 to 2 percent after domestic rice prices climbed to a record high. Bangladesh’s rice imports rose to a record 3.7 million tonnes in the July-April period, data from the country’s food ministry showed.

Unofficial and preliminary Thailand rice exports (excluding premium white and fragrant rice) for May 7-13, 2018, totaled 175,467 metric tons, up 43,582 metric tons from the previous week and up 24,829 metric tons from the four-week moving average of 150,638 metric tons. Rice exports from January 1 – May 13, 2018 totaled 3,395,031 metric tons. Rice export prices declined one percent as the Thai baht weakened to 32.10 baht/U.S. $1.00 from 31.71 baht/U.S. $1.00. The government reported that 35 traders participated in the May 18, 2018 tender for 43,725 metric tons of food-quality rice. The tender consisted of 24,521 metric tons of 5% grade white rice, 13,280 metric tons of fragrant rice, 2,958 metric tons of glutinous rice, and 2,966 metric tons of broken rice, mostly from MY2013/14 pledging program. The tender was sold to nine bidders with the highest bids reaching approximately 18,000 baht per metric ton (U.S. $563/MT) for fragrant rice and 11,400 baht per metric ton (U.S. $356/MT) for white rice. The government also announced that it will issue two additional tenders to sell the remaining government rice stocks of (1) 1.5 million metric tons of feed-quality rice on June 14, 2018, and (2) 0.5 million metric tons of deteriorated rice on June 15, 2018.

The MY2018-19 Thailand rice production forecast is revised up to 21.2 million metric tons, a 4 percent increase from MY2017-18 due to larger than expected main crop fragrant rice acreage. Rice exports in 2018 are expected to reach 10.5 million metric tons. The government plans to sell the remaining government stocks in June 2018.

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