Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average monthly wholesale rice prices in India stood at around Rs.4186 per quintal in June second week, down about 0.19%** from around Rs.4195 per quintal last week, and up about 9.46 % from around Rs.3825 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady to firm with inducing overseas demand.

- **Rice export prices rose this week in India on hopes for increased buying from China, while rates in** Vietnam eased from a multi-year peak with the outlook for higher domestic supply. India's 5 percent broken parboiled variety rose by $5 to $398-$402 per ton this week, after hitting the lowest level for the year last week due to sluggish demand from neighboring Bangladesh.

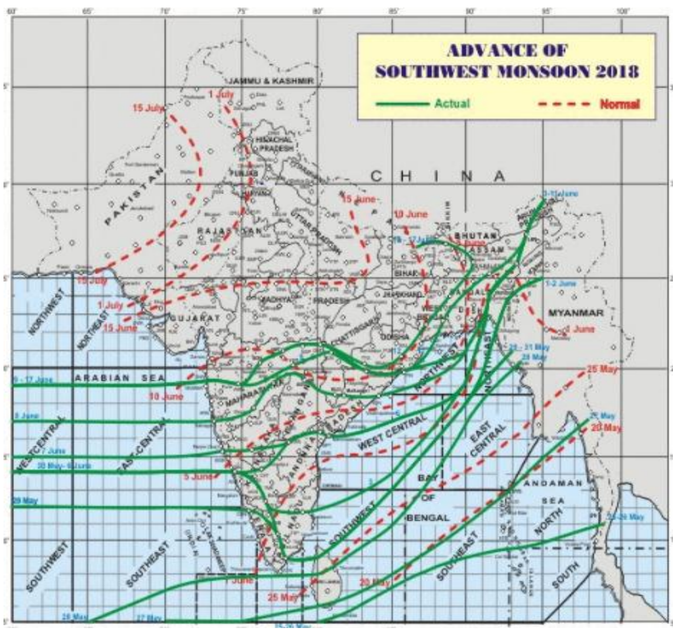
- **MY 2017-18 rice production estimates is raised higher to a record 111 MMT on higher planted area reported by** the government in the third advance estimate, however Agriwatch estimates or India rice production is 109 MMT which is 2 million down from government estimates. Based on the revised official estimates from the MoA, MY 2017-18 planted area is revised higher to 43.9 million hectares. MY 2017-18 production estimates are marginally lower than MoA's third advance estimate on expected lower yield of rabi and summer rice based on field reports and relatively weaker government procurement in the second half of the marketing year.

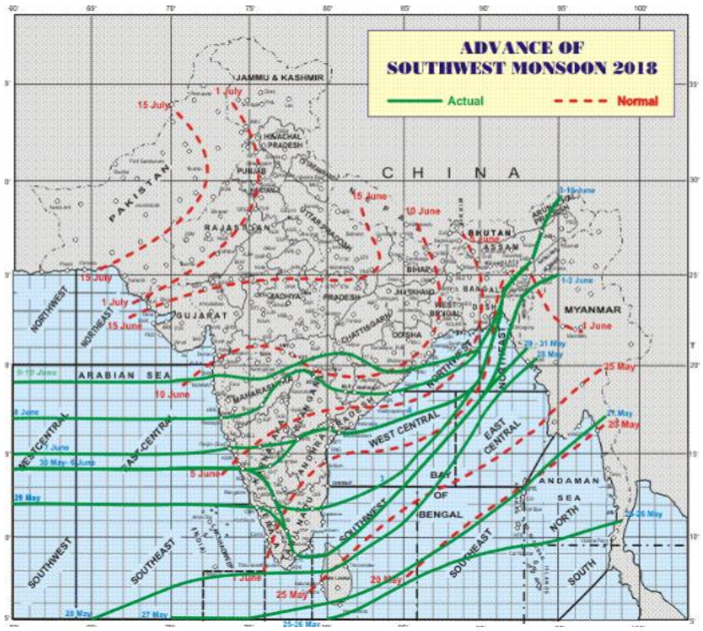
- **India's rice stocks in the central pool as on May- 1, 2018 stood at around 29.74 million tons up by about 2.30% from** around 29.07 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool 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).

- **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. The procurement of wheat for the rabi marketing season (RMS) 2018-19 was 341.91 lakh tons which was higher than the procurement of 298.75 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 (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.

- **After relatively strong procurement in the first half of the marketing season, MY 2017-18 rice procurement** has fallen behind last year on relatively strong off take by exporters. Government rice procurement through June-08, 2018, is estimated at 35.66 MMT compared to 37.29 MMT during the corresponding period last year. With additional procurement of rabi and summer rice likely to continue in eastern and southern states (slightly lower than last year), government rice procurement in MY 2017-18 is likely to exceed 36 MMT, about 2 MMT lower than last year's record procurement.

Weather Watch:





Advance of Southwest Monsoon-2018

The cumulative rainfall in the country during the monsoon season i.e. 01st June to 06th June, 2018 has been 10% 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 23% in South Peninsula and 12% in Central India but lower than LPA by 44% in East & North East India and 8% in North West India.

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

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	0.65	0.70	54.3	0.97	-0.27
Assam	20.73	1.40	0.88	4.2	0.96	-0.08
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	0.01	0.1	0.01	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	0.05	0.05	1.8	0.05	0.00
Jharkhand	14.94	0.00		0.0		0.00
Karnataka	10.00	0.00		0.0		0.00
Kerala	1.48	0.22	0.35	23.7	0.32	0.03
Madhya Pradesh	20.50	0.00		0.0		0.00
Maharashtra	15.08	0.28	0.33	2.2	0.28	0.04
Manipur	0.33	0.00		0.0		0.00
Meghalaya	0.97	0.34	1.00	103.0	0.99	0.01
Mizoram	0.32	0.07	0.35	107.8	0.36	-0.01
Nagaland	1.91	1.05	0.88	46.2	0.91	-0.03
Odisha	37.66	0.29	0.16	0.4	0.19	-0.03
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	0.44	0.80	5.2	0.46	0.34
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	0.76	1.23	49.9	1.21	0.02
West Bengal	41.91	0.13	0.20	0.5	0.17	0.03
Pondicherry	0.12			0.0		0.00

Others	0.29			0.0		0.00
All-India	**395.39**	**5.69**	**6.93**	**1.8**	**6.87**	**0.06**

As on 15th June 2018, About 6.93 lakh hectares area covered under rice has been reported compared to normal of corresponding week (5.69 lakh hectares). Thus 1.24 lakh hectares more 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), Meghalaya (1.00 lakh hectare), Assam (0.88 lakh hectares), Tamilnadu (0.80 lakh hectares), Mizoram (0.35 lakh hectares), Maharashtra (0.33 lakh hectares), West Bengal (0.20 lakh hectares), and Jammu & Kashmir (0.05 lakh hectares).

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

State	Prices 09-15 Jun 2018	Prices 01-08 Jun 2018	Prices 09-15 Jun 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	3115.6	3115.6	3188.36	0	-2.28
Gujarat	3543.62	3543.62	3543.62	0	0
Jharkhand	2712.53	2738.44	2740.95	-0.95	-1.04
Karnataka	3603.43	3611.75	3692.2	-0.23	-2.4
Kerala	3709.65	3730.08	3798.82	-0.55	-2.35
Maharashtra	4153.25	4153.25	4153.25	0	0
Nagaland	16371.93	16371.93	16371.93	0	0
Orissa	2383.5	2383.5	2495.86	0	-4.5
Tamil Nadu	1520	1520	1576	0	-3.55
Tripura	3121.32	3121.32	3121.32	0	0
Uttar Pradesh	2283.59	2303.47	2309.34	-0.86	-1.12
Uttrakhand	2382.82	2431.2	2431.2	-1.99	-1.99
West Bengal	2725.8	2725.8	2725.8	0	0
Average	3971.31	3980.77	3820.03		

Price Projection for June 03rd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
03rd Week of June, 2018	Steady to Firm	Rs.3300-3900/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	**16-Jun-18**	**9-Jun-18**	**16-May-18**	**16-May-17**	**% ch. From last week**	**% Change from last Month**	**% Change from last Year**
1121 Steam	7000	7100	6900	7200	**-1.41**	**1.45**	**-2.78**
1121 Sella	6400	6500	6350	6500	**-1.54**	**0.79**	**-1.54**
1121 Raw	7000	7000	7000	7300	**0.00**	**0.00**	**-4.11**
Basmati Raw	7000	7000	7200	7300	**0.00**	**-2.78**	**-4.11**
1509 Steam Wand	6800	6600	6800	NA	**3.03**	**0.00**	**#VALUE!**
Sugandh Steam	5300	5500	5500	NA	**-3.64**	**-3.64**	**#VALUE!**
Sharbati Raw	4700	4800	4900	5400	**-2.08**	**-4.08**	**-12.96**
Pusa Raw Wand	6400	6300	6200	6700	**1.59**	**3.23**	**-4.48**
Parmal Sella	2850	2850	2900	3000	**0.00**	**-1.72**	**-5.00**

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*	15-Jun-18	14-Jun-18	9-Jun-18	15-May-18	15-May-17	Source
Divi(A.P)	BPT(Rw)	100	3300	3200	3200	3200	3100	APMC
Visakhapatnam	HMT(Raw)	0	4100	4100	4100	4000	3900	APMC
Chirala(A.P)	Vishnubhog	0	5600	5600	5600	5500	5200	APMC
Burdwan(W.B)	Miniket	50	3500	3450	3450	3350	3500	APMC
Delhi	PR-14	0	2950	2950	2950	2900	2900	AGRIWATCH
Amritsar	1121 Steam	100	7000	7000	6900	6800	6900	AGRIWATCH
Karnal	Sarbati Steam	0	4850	4800	4850	4750	4700	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	0	0	0	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-3192	2944	6136	APMC
Delhi	All Paddy	537.8	1522.4	984.6	APMC
Amritsar	All Paddy	0	0	0	APMC
Karnal	All Paddy	-40	0	40	APMC

*Difference between current and previous week arrival.

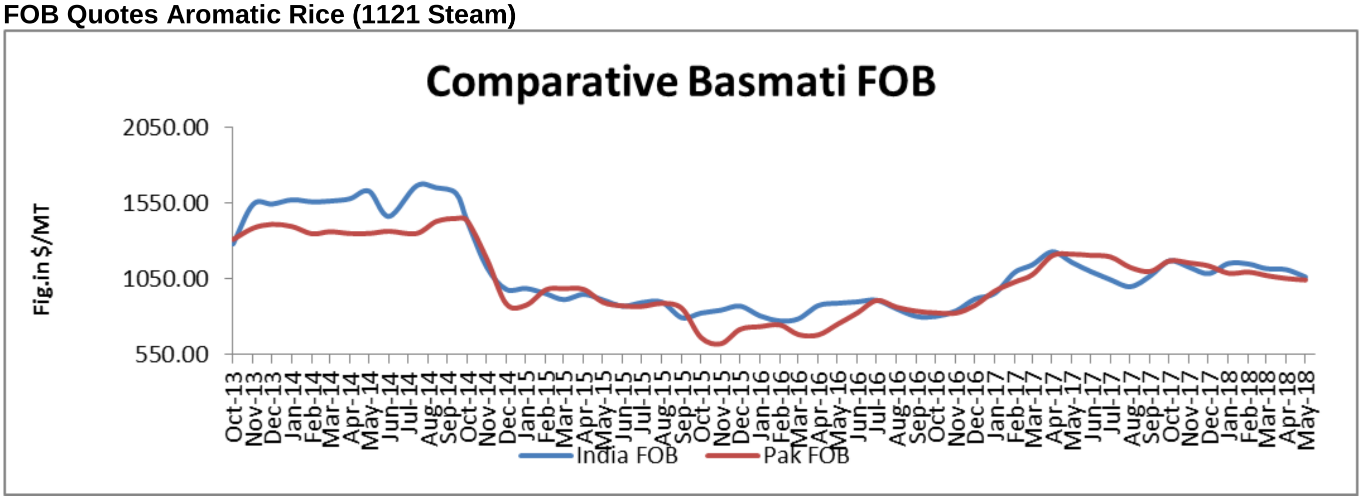
State wise Progressive Procurement

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.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17 Estimate	2017-18 Forecast 22.02.2018	(2018-19) Proj. 26.04.2018	(2018-19) Proj. 24.05.2018
Production	475	488	488	493	490
Trade	39	47	47	47	48
Consumption	474	489	488	493	491
Carryover stocks	124	123	123	123	121
Y-O-Y change	1	-1	0		-1
Major Exporters	32	29	26	25	26

(Fig. In Million Tons)

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

IGC Rice Balance sheet Highlights:

As an increased forecast for supplies is matched by a higher figure for total use, world rice stocks in 2017/18 are seen unchanged m/m. The Council's outlook for production in 2018/19 is down by 3m t, to 490m, on reduced prospects in Asia, principally in China. With global uptake tentatively seen returning to growth, aggregate end-season inventories are predicted slightly lower than before, in part due to a reduced figure for China. The projection for trade in 2018 is lifted to 48m t, up marginally y/y and a fresh record. The 2017/18 global rice outturn is estimated to be broadly steady y/y as bigger crops in Asia's key producers, notably China, India and Thailand, compensate for reductions elsewhere. With little change in use expected, stocks are predicted to be stable, as nominal accumulation in China more than offsets a drop in the major exporters. Given the y/y rise in international values, and assuming continued farmer support, 2018/19 rice plantings are expected to rise by 1% y/y as production edges up to a new peak. With modest growth in uptake predicted, carryovers could contract slightly. China's stocks may tighten marginally on a drop in local output, but would still account for 60% of the world total, while major exporters' reserves are seen steady y/y due to offsetting changes in India and Thailand. Trade is projected to grow over the next two years on firm demand from African buyers in particular. India is anticipated to be by far the biggest exporter.

IGC Forecast the World Rice Production Down in 2017-18

In its May -2018 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2018-19 global rice production at around 490 million tons, up about 03 MMT from an estimated 488 million tons in 2017-18 on favorable Asian weather condition.

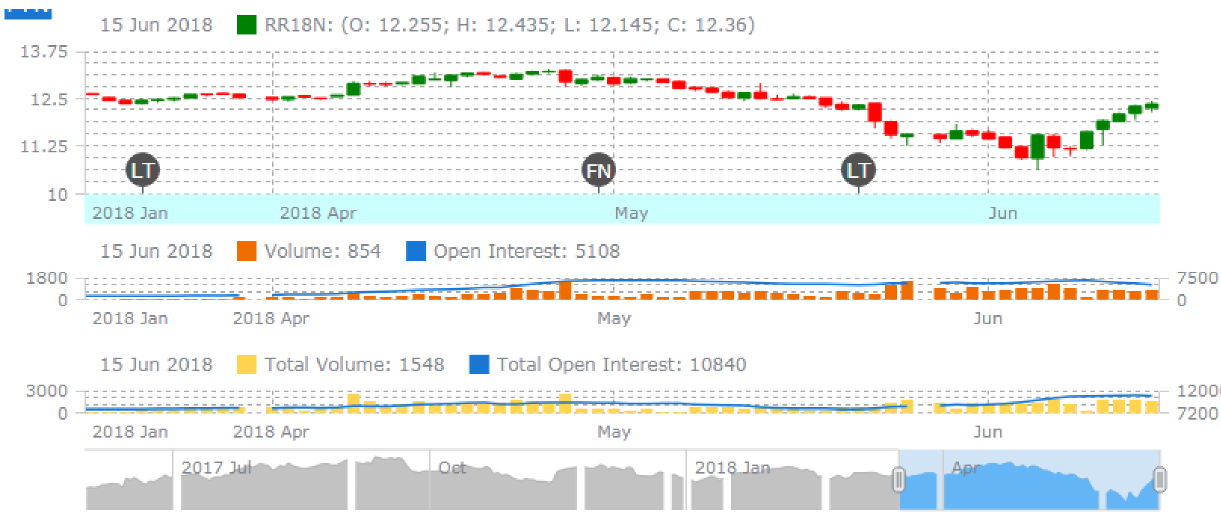
Global Trade of Rice Unchanged from Last Year

The IGC forecasts 2018-19 global rice trades at around 48 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.

Global Consumption of Rice Increases in 2017-18

The IGC forecasts 2018-19 global rice consumption up by 03 million tons around 491 million tons in 2018-19. World rice stocks are projected to tighten in 2017/18 on a contraction in the major exporters, led by Thailand and India.

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



Market Analysis

The CBOT July-18 month rough chart for rice indicates irm movement from last week. We expect market to hover in the range of USD 10.50-13.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of June-2018	Steady to Weak	USD/ Hundred Weight 10.50-13.50