Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average wholesale weekly rice prices in India stood at around Rs.4046 per quintal in 3rd week of June, up about 2.22%** from around Rs.3958 per quintal last week, and up about 4.06 % from around Rs.3889 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady to firm with inducing overseas demand.

- **During the current year in Andhra Pradesh, the target of sowing area of Kharif crops has been increased to 42.78** lakh hectares, which is 3.25 lakh hectares more than normal average area of 39.53 lakh hectares. With the release of water in the delta part of the Krishna and Godavari rivers, the sowing of Kharif crops has started catching up. According to available data, the average area of kharif crops in Andhra Pradesh was 40.96 lakh hectares in 2016 which declined to 40.47 lakh hectares in 2017 and 39.53 lakh hectares in 2018. Gradual deficiency in the general average area is coming down because the production area of kharif crops decreased by 6% in 2016 and 11% in 2017. Due to shortage of rainfall and low availability of water in reservoirs, the sowing was affected.

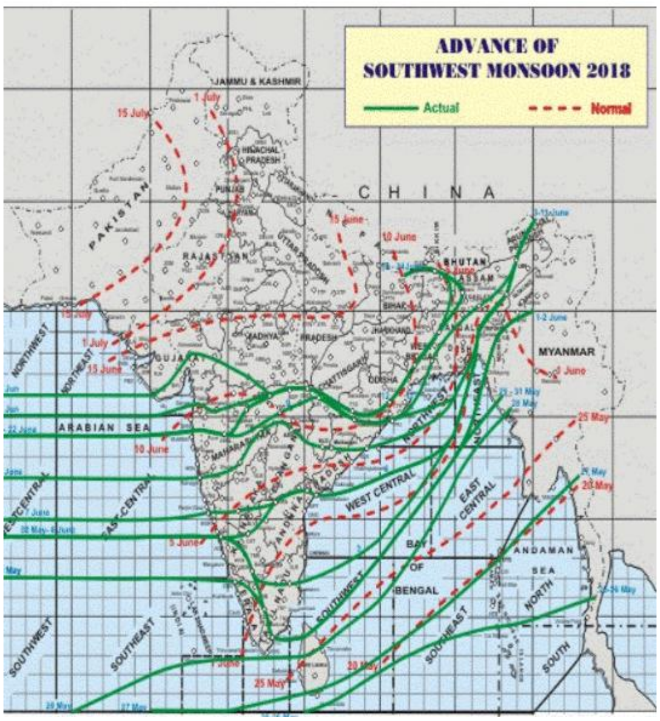
- **The normal average area of paddy in Andhra Pradesh of the current kharif season has been reduced from 16.03** lakh hectares in 2017 to 15.50 lakh hectare for 2018. But the goal of its production sector has been enhanced. In the year 2017 and 2018, only 1000 hectare difference has been kept. On the other hand, jowar and bajra targets have been reduced. The goal of maize's seedling has increased.

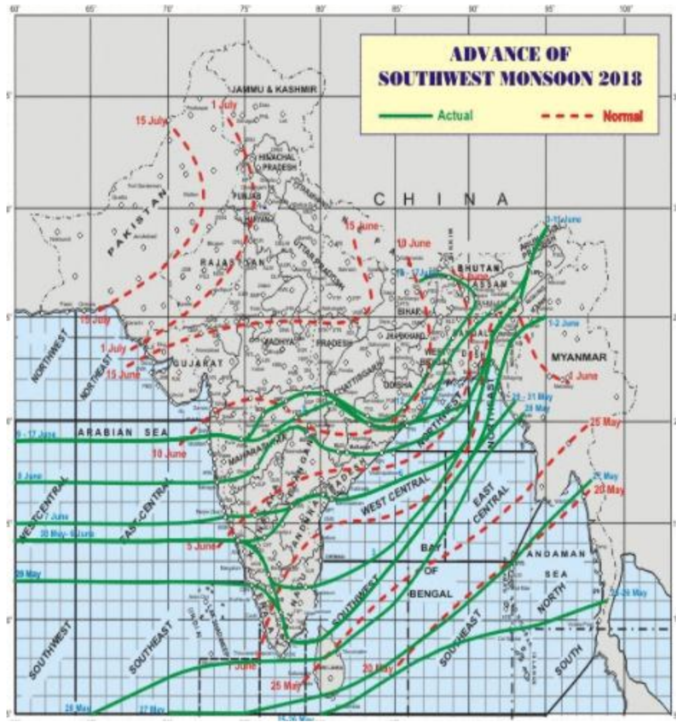
- **India's rice stocks in the central pool as on June- 1, 2018 stood at around 29.54 million tons up by about 2.42%** from around 28.84 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are down by 0.67% about by from around 29.74 million tons recorded on May-01, 2018. Highest stock could be seen in the state of Punjab (95.37 lakh tons) followed by Uttar Pradesh (19.91 Lakh Tons), Andhra Pradesh (20.91 lakh tons) and Haryana (21.22 lakh tons).

- **All-India progressive procurement of Rice as on 22.06.2018 for 2017-18 was at 360.44 lakh tons against the procurement** of 373 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 (36.13 Lakh Tons). Andhra Pradesh Government procurement has reached to 38.20 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 32.10 lakh tons respectively. Procurement in West Bengal and other rice growing states is still underway and reached to 0.52 lakh tons.

- **Paddy acreage is likely to be around 30 lakh hectares during current kharif season in Punjab, which has the highest** contribution of rice in the central pool. From June 20 onwards, in Punjab, paddy transplanting started accordingly. The state government had asked the farmers not to transplant it before this. Last year there was about 30.65 lakh hectares of farming under paddy. Typically paddy transplant starts in Punjab from June 15 but due to lack of water, the state government had announced to start transplanting it from June 20 this year. Agriculture department officials say that in the process of transplantation, delay of 5 days will save about 24 lakh liters of water in Punjab. But it is understood that in some parts of the state, farmers have started transplanting the paddy before 20th June while ignoring the government directive. The Agriculture Department also took action against such a few farmers. Under this, action has been taken against farmers in Barnala, Sangrur and Bhatinda districts. In some places the sown crop was destroyed. In fact, the Agriculture Department is suggesting the farmers that a lot of moisture may be present in the cropped rice crop before June 20, which could hinder its government procurement. Alongside this, farmers have been advised not to cultivate paddy varieties that are suitable for long periods, including Pusa 44. Instead, farmers are being encouraged to cultivate paddy of PR 12-, 14 and 16 varieties.

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

RICE						
State	**Normal Area**	**Normal Area as on date**	**Area sown reported**			**Absolute Change**
			This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	15.30	0.14	0.38	2.5	0.18	0.20
Arunachal Pradesh	1.29	0.65	0.70	54.3	0.97	-0.27
Assam	20.73	1.49	1.3	6.3	1.37	-0.07
Bihar	31.64	0.00	0.00	0.0	0.00	0.00
Chhattisgarh	38.08	0.00	0.00	0.0	0.00	0.00
Goa	0.29	0.00	0.00	0.0	0.00	0.00
Gujarat	7.41	0.02	0.01	0.1	0.03	-0.02
Haryana	12.94	0.17	0.05	0.4	0.36	-0.31
Himachal Pradesh	0.74	0.28	0.44	59.1	0.38	0.06
J&K	2.80	0.14	0.11	3.9	0.19	-0.08

Jharkhand	14.94	0.00	0.00	0.0	0.00	0.00
Karnataka	10.00	0.00	0.00	0.0	0.00	0.00
Kerala	1.48	0.31	0.37	25.1	0.34	0.03
Madhya Pradesh	20.50	0.00	0.00	0.0	0.00	0.00
Maharashtra	15.08	0.45	0.58	3.8	0.43	0.15
Manipur	0.33	0.00	0.00	0.0	0.00	0.00
Meghalaya	0.97	0.34	1.00	103.3	0.99	0.01
Mizoram	0.32	0.23	0.35	108.0	0.36	-0.01
Nagaland	1.91	1.05	0.88	46.1	0.91	-0.03
Odisha	37.66	1.22	1.45	3.8	1.50	-0.05
Punjab	28.93	0.00	0.00	0.0	0.00	0.00
Rajasthan	1.64	0.00	0.00	0.0	0.00	0.00
Sikkim	0.11	0.00	0.00	0.0	0.00	0.00
Tamil Nadu	15.46	0.59	0.99	6.4	0.61	0.38
Telangana	9.20	0.00	0.00	0.0	0.00	0.00
Tripura	1.99	0.00	0.00	0.0	0.00	0.00
Uttar Pradesh	58.87	0.00	0.00	0.0	0.00	0.00
Uttrakhand	2.47	1.20	1.78	72.2	1.85	-0.07
West Bengal	41.91	0.24	0.65	1.6	0.72	-0.07
Pondicherry	0.12			0.0		0.00
Others	0.29	0.00	0.00	0.0	0.00	0.00
All-India	**395.39**	**8.49**	**10.67**	**2.7**	**11.17**	**-0.50**

As on 22th June-2018, about 10.67 lakh hectares area has been covered under rice has been reported compared to normal of corresponding week (11.17 lakh hectares). Thus 0.50 lakh hectares less area has been covered compared to normal of corresponding week. The area has been reported mainly from the states of Uttrakhand, (1.78 lakh hectares), Assam (1.30 lakh hectares), Tamilnadu (0.99 lakh hectares), Mizoram (0.35 lakh hectares), Maharashtra (0.58 lakh hectares), Kerala (0.37 lakh hectares), and Jammu & Kashmir (0.11 lakh hectares).

State wise Wholesale Prices weekly for 03rd Week of June-2018

State	Prices 16-23 Jun 2018	Prices 09-15 Jun 2018	Prices 01-08 Jun 2018	Prices 16-23 Jun 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh				4397.62	__	__	__
Assam	3170.17	3170.17	3170.17	3183.36	0	0	-0.41
Gujarat	3130.88	3232.4	3232.4	3232.4	-3.14	-3.14	-3.14
Jharkhand	2734.03	2734.03	2738.44	2739.52	0	-0.16	-0.2
Karnataka	3668.06	3668.06	3668.06	3668.06	0	0	0
Kerala	3676.16	3709.65	3727.2	3837.88	-0.9	-1.37	-4.21
Maharashtra	4043.59	4152.44	4152.44	4152.44	-2.62	-2.62	-2.62
Manipur				3067.98	__	__	__
Meghalaya				3054.04	__	__	__

Nagaland	15292.31	16371.93	16371.93	16371.93	-6.59	-6.59	-6.59
Orissa	2331.84	2331.84	2368.2	2368.2	0	-1.54	-1.54
Tamil Nadu		1520	1520	1520	__	__	__
Tripura	3140.09	3140.09	3140.09	3140.09	0	0	0
Uttar Pradesh	2311.52	2311.52	2311.52	2311.52	0	0	0
Uttrakhand	2338.48	2382.82	2431.2	2431.2	-1.86	-3.81	-3.81
West Bengal	2698.96	2726.63	2726.63	2726.63	-1.01	-1.01	-1.01
Average	4044.67	3957.81	3966.02	3887.68			

Price Projection for June 04th Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
04th Week of June, 2018	Steady to Firm	Rs.3600-4400/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	23-Jun-18	16-Jun-18	23-May-18	23-May-17	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7300	7000	7000	7100	4.29	4.29	2.82
1121 Sella	6600	6400	6475	6250	3.13	1.93	5.60
1121 Raw	7200	7000	7100	7100	2.86	1.41	1.41
Basmati Raw	7000	7000	7100	7300	0.00	-1.41	-4.11
1509 Steam Wand	7000	6800	6900	NA	2.94	1.45	#VALUE!
Sugandh Steam	5500	5300	5600	NA	3.77	-1.79	#VALUE!
Sharbati Raw	4600	4700	4800	4900	-2.13	-4.17	-6.12
Pusa Raw Wand	6700	6400	6200	6400	4.69	8.06	4.69
Parmal Sella	2900	2850	2900	3100	1.75	0.00	-6.45

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*	23-Jun-18	22-Jun-18	15-Jun-18	23-May-18	23-May-17	Source
Divi(A.P)	BPT(Rw)	-300	3000	3050	3300	2950	2900	APMC
Visakhapatnam	HMT(Raw)	0	4100	4100	4100	4050	3900	APMC
Chirala(A.P)	Vishnubhog	0	5600	5600	5600	5330	5250	APMC
Burdwan(W.B)	Miniket	100	3600	3600	3500	3400	3450	APMC
Delhi	PR-14	0	2950	2950	2950	2900	2900	AGRIWATCH
Amritsar	1121 Steam	100	7100	7100	7000	6900	6850	AGRIWATCH
Karnal	Sarbati Steam	50	4900	5850	4850	4800	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	-89	2855	2944	APMC
Delhi	All Paddy	-280.4	1242	1522.4	APMC
Amritsar	All Paddy	0	0	0	APMC
Karnal	All Paddy	0	0	0	APMC

*Difference between current and previous week arrival.

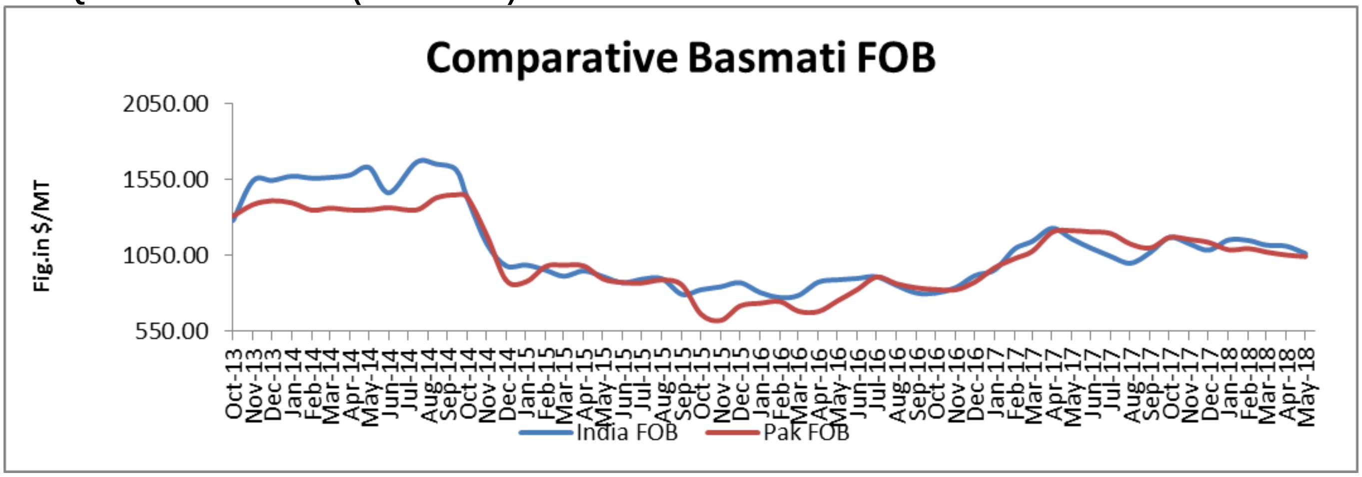
State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 15.06.2018	
(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

North Korea paddy field area was reported at 468,677 hectares in MY 2016/17, with just a modest increase over the sharply-reduced levels in MY 2015/16, and still well below the 563,000 hectares in MY 2012/13, mainly due to limited availability of irrigation water during the planting season. Some paddy fields were diverted to alternative crops that require less water, such as sorghum, millet and soybeans. The area planted with soybeans in MY 2016/17 was estimated to have increased by 11 percent to 175,000 hectares, showing a strong increase for the third consecutive year. Unfavorable weather developments from July through August in 2016 had a negative impact on yields on the main season crops such as corn, potatoes and other grains, but rice crop production rebounded to the level of average yield thanks to irrigation of the paddy fields. Rice production in MY 2017/18 was estimated at 2.38 million metric tons on a paddy basis (equivalent to 1.57 million metric tons on milled basis), down six percent from the previous year.

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.

Thailand Rice export prices remain unchanged from the previous week. Traders are waiting for the results of the two tenders for the remaining 2 million metric tons of government rice stocks which will be issued on June 14-15, 2018. These tenders will consist of (1) 1.5 million metric tons of non-food quality rice and (2) 0.5 million metric tons of deteriorated rice. Around 60 percent of these rice stocks are 5% grade white rice, mainly from the MY2011/12 – MY2012/13 pledging programs. The remainder consists of broken white and fragrant rice (30%) as well as glutinous rice (10%). The Ministry of Commerce's Department of Foreign Trade expects that 26 traders/manufacturers will participate in the non-food quality rice tender, and that 15 traders/manufacturers will participate in the deteriorated rice tender. Unofficial and preliminary rice exports (excluding premium white and fragrant rice) for May 28 – June 3, 2018, totaled 136,488 metric tons, down 14,873 metric tons from the previous week and down 17,370 metric tons from the four-week moving average of 153,858 metric. Rice exports from January 1 – June 3, 2018 totaled 3,834,996 metric tons.

The Egyptian government has announced a decision to import rice to increase supply and avoid a potential price shock to consumers; this has resulted in a decrease in the volume of rice being offered to the country's subsidy procurement system. Although milled and paddy rice prices increased in April, the recent announcement to increase imports caused prices to fall, and the USDA said it anticipates prices will continue downward as the August/September harvest commences and imports start arriving.

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
04th Week of June-2018	Steady to Weak	USD/ Hundred Weight 10.50-13.50