Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at around Rs.3020 per quintal in 01st week of July, down about 1.27%** from around Rs.3060 per quintal last week, and down about 2.47 % from around Rs.3096 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady to firm with inducing overseas demand.

- **According to the FCI, government agencies procured 362.26 lakh tons of paddy during the 17-18 Kharif season out** of which 118.3 was procured from Punjab, 39.9 per cent from Haryana and 38.7 lakh tons from Andhra Pradesh, if the figures of three were added, the total amount purchased was 54% share. Orissa is the largest rice producing state which produces 13-14% of rice in the country; in Odisha government agencies procure only 54 thousand tons of paddy, which is 0.36% of the total production. The second largest producer Uttar Pradesh, procured 28.7 lakh tons of rice, which is 23% of the total procurement.

- **Export prices for rice in major producers across Asia fell this week, with rates in India hitting their lowest level in 14** months on sluggish demand and a weaker rupee. Rates for India's 5 percent broken parboiled variety fell by $4 to $388-$392 per ton. Due to falling rupee, export prices are also coming down. Indian rupee has lost 8 percent so far this year, prompting exporters to offer at lower rates. African countries are making purchases but Bangladesh is not buying after the duty hike. India on Wednesday raised prices paid to local farmers for common grade paddy rice by 13 percent from a year ago to 1,750 rupees ($25.50) per 100 kg, a move that could hit exports in the next season

- Due to the slow progress of south-west monsoon, there is a lack of rainfall in many areas of the country. With this, farmers are having difficulty in transferring paddy. Latest data from the Directorate of Rice Development in Patna shows that the current kharif season reached the level of paddy production at 67.25 lakh hectares till July 5, which is 11.83 lakh hectares less than the area of 79.08 lakh hectare in the corresponding period of last year.

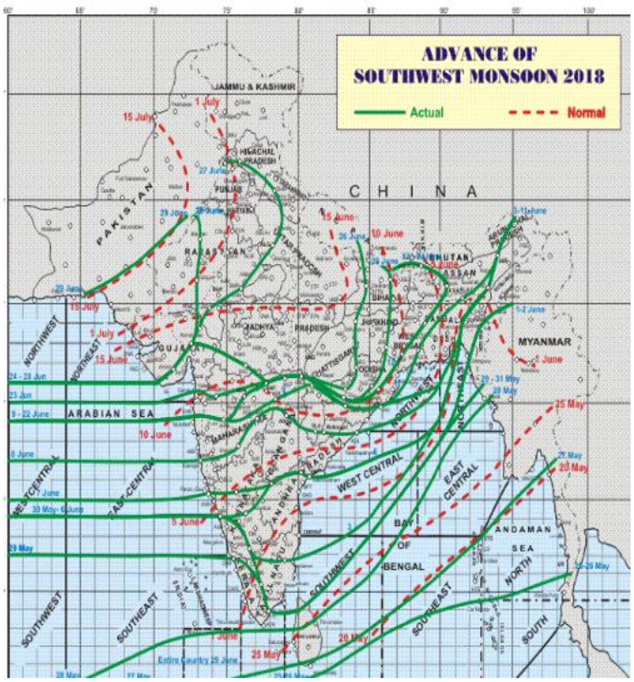
- **In order to encourage the farmers just before the 2019 general elections, the Union Cabinet approved the** Minimum Support Price (MSP) for Kharif crops for 2018-19. The move to hike the MSP for Kharif crops is in line with the government's Budget announcement of hiking the support price by one-and-a-half times of the production cost for Kharif crops. The government increases the minimum support price (MSP) of paddy by Rs 200 per quintal to Rs 1,750 for the MY- 2018-19 crop year starting from October.

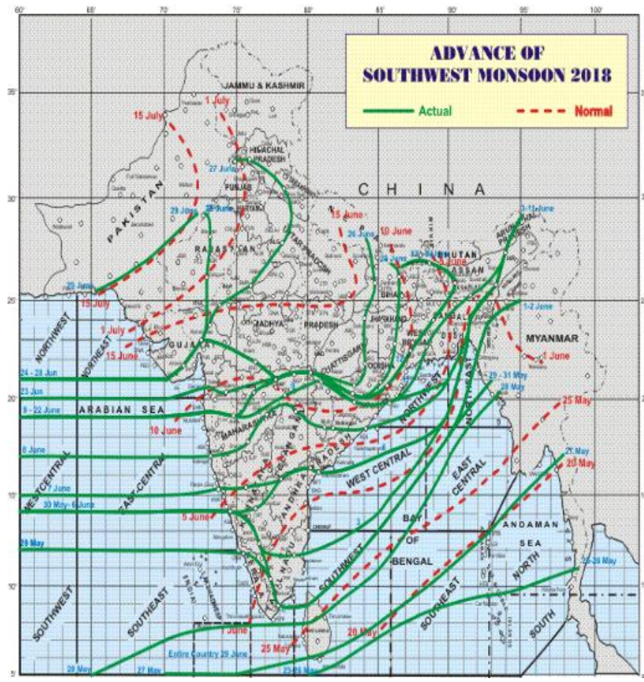
- **Rice export from India in the month of May-2018 was 12.53 lakh tons in which, basmati rice contribution was 23.34% of** total and around 2.92 lakh tons of aromatic rice Iran, U.A.E and Saudi Arabia were the major importers of Indian aromatic rice, in this month; on the other hand non-basmati rice export in this month was 9.60 lakh tons which was higher by around 55% from previous month export, major importing countries of non-basmati rice in the month were Benin, Indonesia and Saudi Arabia followed by Bangladesh. Total rice export in MY-2017-18 (From Oct to May) from India was 90.34 lakh tons up by 33% from corresponding period of last year export of 67.86 lakh tons.

- **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).

- **In the monsoon season, at All-India level, the rainfall during the week (21st June, 2018 – 27th June, 2018) has been** 16% 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 31% in North West India, 26% in South Peninsula, 23% in East & North East India and 1% in Central India.

Weather Watch:





Advance of Southwest Monsoon-2018

The cumulative rainfall in the country during the monsoon season i.e. 01st June, 2018 to 27th 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 17% in South Peninsula but lower than LPA by 26% in East & North East India, 20% in North West India and 6% in Central India.

State wise Paddy Crop Situation - Kharif (2018-19) as on 06.07.2018

RICE						
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.30	0.73	1.57	10.3	0.90	0.67
Arunachal Pradesh	1.29	1.05	1.13	87.5	1.31	-0.18
Assam	20.73	4.14	3.51	16.9	4.07	-0.56
Bihar	31.64	1.89	1.64	5.2	2.77	-1.13
Chhattisgarh	38.08	13.11	8.86	23.3	10.70	-1.84
Goa	0.29	0.02	0.00	0.0	0.00	0.00
Gujarat	7.41	0.37	0.21	2.8	0.30	-0.09
Haryana	12.94	5.76	4.73	36.6	5.44	-0.71
Himachal Pradesh	0.74	0.51	0.52	69.6	0.74	-0.22
J&K	2.80	0.53	0.41	14.7	0.96	-0.55
Jharkhand	14.94	1.22	0.90	6.0	1.06	-0.16

Karnataka	10.00	1.71	1.26	12.6	1.78	-0.52
Kerala	1.48	0.67	0.43	29.1	0.47	-0.04
Madhya Pradesh	20.50	2.78	1.18	5.8	2.72	-1.54
Maharashtra	15.08	1.00	0.94	6.2	1.00	-0.06
Manipur	0.33	1.35	0.32	96.7	0.68	-0.36
Meghalaya	0.97	0.61	1.00	103.0	0.99	0.01
Mizoram	0.32	0.36	0.35	107.8	0.36	-0.01
Nagaland	1.91	1.38	1.52	79.5	1.43	0.08
Odisha	37.66	8.65	4.66	12.4	7.11	-2.45
Punjab	28.93	21.83	19.06	65.9	20.99	-1.93
Rajasthan	1.64	0.23	0.26	15.7	0.16	0.10
Sikkim	0.11	0.05	0.06	50.5	0.07	-0.01
Tamil Nadu	15.46	1.01	1.31	8.4	0.72	0.59
Telangana	9.20	0.45	0.63	6.8	0.70	-0.07
Tripura	1.99	0.39	0.19	9.6	0.36	-0.17
Uttar Pradesh	58.87	10.57	7.10	12.1	7.78	-0.68
Uttrakhand	2.47	1.62	1.97	79.9	1.95	0.02
West Bengal	41.91	1.58	1.48	3.5	1.56	-0.08
Pondicherry	0.12			0.0		0.00
Others	0.29	0.08	0.08	28.7	0.01	0.07
All-India	**395.39**	**85.65**	**67.25**	**17.0**	**79.08**	**-11.82**

According to the available data, during the current season, the area of paddy has decreased from 4.07 lakh hectares to 3.51 lakh hectares in Assam, 2.77 lakh hectares fall from 1.64 lakh hectares in Bihar and down from 10.70 lakh hectares to 8.86 lakh Hectares in Chhattisgarh, Haryana has dropped from 5.44 lakh hectares to 4.73 lakh hectare, Karnataka dropped from 1.78 lakh hectares to 1.26 lakh hectares, Madhya Pradesh 2.72 lakh hectares, 1.18 lakh hectares, from Odisha, 7.11 lakh hectare has dropped from 4.66 lakh hectares, Punjab has decreased from 20.99 lakh hectare to 19.06 lakh hectares, Uttar Pradesh has 7.10 lakh hectares declined from 7.78 lakh hectares and in West Bengal 1.56 lakh hectare to 1.48 lakh hectares. On the other hand, paddy production in some states has increased in comparison to last year. Under this, the area increased from 90,000 hectares in Andhra Pradesh to 1.57 lakh hectares, Nagaland improved from 1.43 lakh hectares to 1.52 lakh hectares, Tamil Nadu rose from 72,000 hectares to 1.31 lakh hectares and Uttrakhand increased from 1.95 lakh hectares to 1.97 lakh hectares. The area of paddy in other states of the country is either running same or behind the previous year.

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

State	Prices 01-08 Jul 2018	Prices 24-30 Jun 2018	Prices 16-23 Jun 2018	Prices 01-08 Jul 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	2989.72	3099.03	3113.48	3113.48	-3.53	-3.97	-3.97
Gujarat	3413.77	3413.77	3413.77	3413.77	0	0	0
Jharkhand	2733.33	2733.33	2734.03	2748.69	0	-0.03	-0.56
Karnataka	3877.15	3877.15	3877.15	3877.15	0	0	0
Kerala	3650.01	3650.01	3676.16	3824.15	0	-0.71	-4.55

Maharashtra	3655.72	3949.59	4033.24	4033.24	-7.44	-9.36	-9.36
Orissa	2461.86	2461.86	2461.86	2530.74	0	0	-2.72
Tripura	3106.1	3106.1	3142.95	3142.95	0	-1.17	-1.17
Uttar Pradesh	2318.87	2318.87	2318.87	2318.87	0	0	0
Uttrakhand	2318.65	2318.65	2338.48	2338.48	0	-0.85	-0.85
West Bengal	2695.09	2722.33	2722.33	2722.33	-1	-1	-1
Average	3020.02	3059.13	3075.66	3096.71			

Price Projection for July 02nd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
02nd Week of July, 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	6-Jul-18	30-Jun-18	6-Jun-18	6-Jun-17	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7400	7200	7000	7100	2.78	5.71	4.23
1121 Sella	6700	6700	6500	5900	0.00	3.08	13.56
1121 Raw	7300	7200	7100	7000	1.39	2.82	4.29
Basmati Raw	7000	7000	7000	7100	0.00	0.00	-1.41
1509 Steam Wand	6900	6900	6600	NA	0.00	4.55	#VALUE!
Sugandh Steam	5600	5600	5500	NA	0.00	1.82	#VALUE!
Sharbati Raw	4500	4900	4800	4800	-8.16	-6.25	-6.25
Pusa Raw Wand	6300	6400	6300	6400	-1.56	0.00	-1.56
Parmal Sella	2950	2900	2800	3100	1.72	5.36	-4.84

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*	7-Jul-18	6-Jul-18	30-Jun-18	7-Jun-18	7-Jul-17	Source
Divi(A.P)	BPT(Rw)	-100	3350	3350	3450	3200	2900	APMC
Visakhapatnam	HMT(Raw)	0	4100	4100	4100	4000	3900	APMC
Chirala(A.P)	Vishnubhog	0	5600	5600	5600	5400	5400	APMC
Burdwan(W.B)	Miniket	10	3310	3300	3300	3400	3200	APMC
Delhi	PR-14	50	3100	3000	3050	3000	3000	AGRIWATCH
Amritsar	1121 Steam	0	7400	7400	7400	7000	7000	AGRIWATCH
Karnal	Sarbati Steam	0	5000	5000	5000	4900	4800	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	-1300	1200	2500	APMC
Delhi	All Paddy	-170	950	1120	APMC
Amritsar	All Paddy	0	0	0	APMC
Karnal	All Paddy	0	0	0	APMC

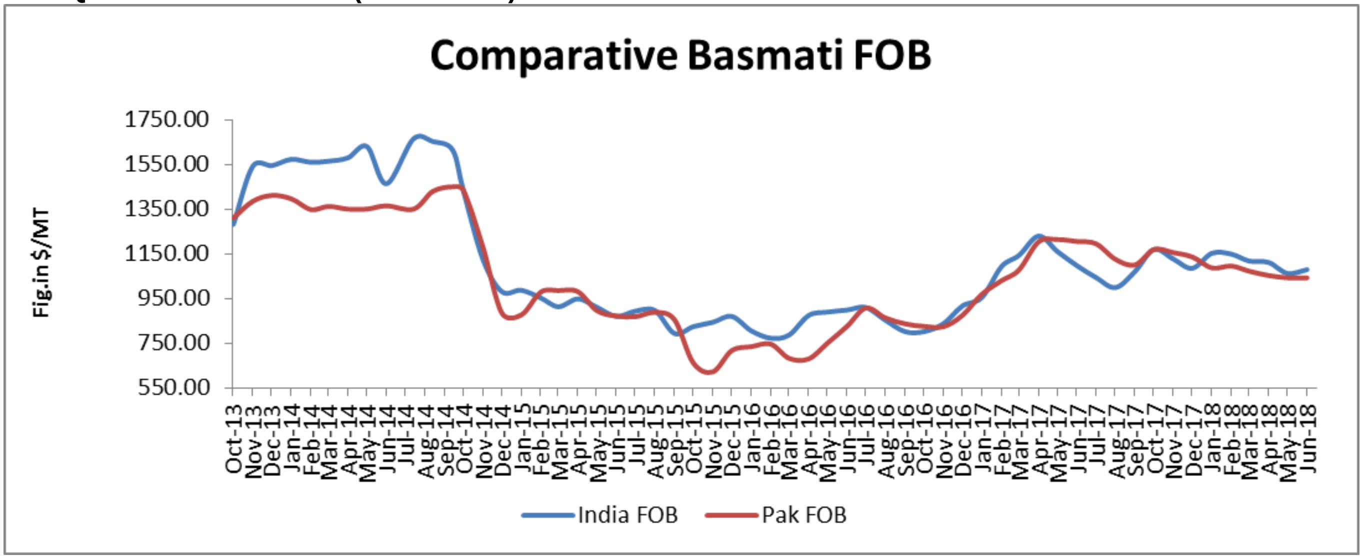
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 29.06.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	43.00	38.70	37.00
Telangana	34.00	36.21	35.88
Bihar	12.00	7.93	12.34
Chhattisgarh	48.00	32.07	40.22
Haryana	30.00	39.92	35.83
Jharkhand	2.50	1.43	1.39
Kerala	2.32	3.29	3.03
M.P	13.00	10.96	13.14
Maharashtra	4.34	1.77	3.04
Odessa	37.00	32.60	34.83
Punjab	115.00	118.33	110.52
Tamilnadu	15.00	8.33	1.41
U.P	37.00	28.75	23.54
Uttrakhand	7.00	0.38	7.06
West Bengal	27.00	0.54	18.84
Others	0	0.87	0.46
Total	**430.00**	**361.73**	**378.71**

All-India progressive procurement of Rice as on 29.06.2018 for 2017-18 was at 361.73 lakh tons against the procurement of 378.71 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 38.72 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 June moved firm from last month and currently is in the range of USD 1079/MT which is up by 1.60% from last month price of USD 1062/T due to hike of rice price in the local market. Aromatic rice prices are also traded firmed with active 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/MT which is down by 0.04% from last month FOB of USD 1042.5/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 Department of Foreign Trade of Ministry of Commerce 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	(2018-19) Proj. 24.05.2018	(2018-19) Proj. 02.07.2018
Production	475	488	488	490	491
Trade	39	47	47	48	48
Consumption	474	489	488	491	493
Carryover stocks	124	123	123	121	121
Y-O-Y change	1	-1	0		-2
Major Exporters	32	29	26	26	26

(Fig. In Million Tons)

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

IGC Rice Balance sheet Highlights:

Rice supply and demand forecasts for 2017/18 are little-changed from before, with trade in 2018 seen at a peak on firm demand from Asia. Including an upward revision for Thailand's main crop, the Council's 2018/19 global production outlook is raised slightly, to a new high of 491 mt, up by 3m y/y. The m/m increase in availabilities is channeled to consumption, leaving aggregate end-season inventories broadly unchanged, at a five-year low of 121 mt. Global rice production in 2017/18 is seen matching the prior year's peak of 488 mt as bigger crops in India, Thailand and China contrast with declines in Vietnam, the USA and elsewhere. With uptake unchanged y/y, stocks are set to rise as nominal accumulation in China more than compensates for declines in exporters, principally Thailand. Tentatively assuming continued farmer support encourages acreage gains, coupled with normal growing conditions, 2018/19 output is placed at a record 491 mt, up by 3m y/y. Linked to official efforts to rebalance supply and demand, production in China is likely to contract, but should be offset by bigger crops in exporters. Consumption is expected to rise on population growth, while ending stocks may retreat slightly on a fall in China. Trade is predicted to stay high on demand from Africa, with India the biggest supplier for the eighth consecutive year.

IGC Forecast the World Rice Production Down in 2017-18

In its July 2018 Grain Market Report (GMR), the International Grains Council (IGC) projection for 2018-19 global rice production at around 491 million tons, up about 03 MMT from an estimated 488 million tons in 2017-18 on favorable Asian weather condition.

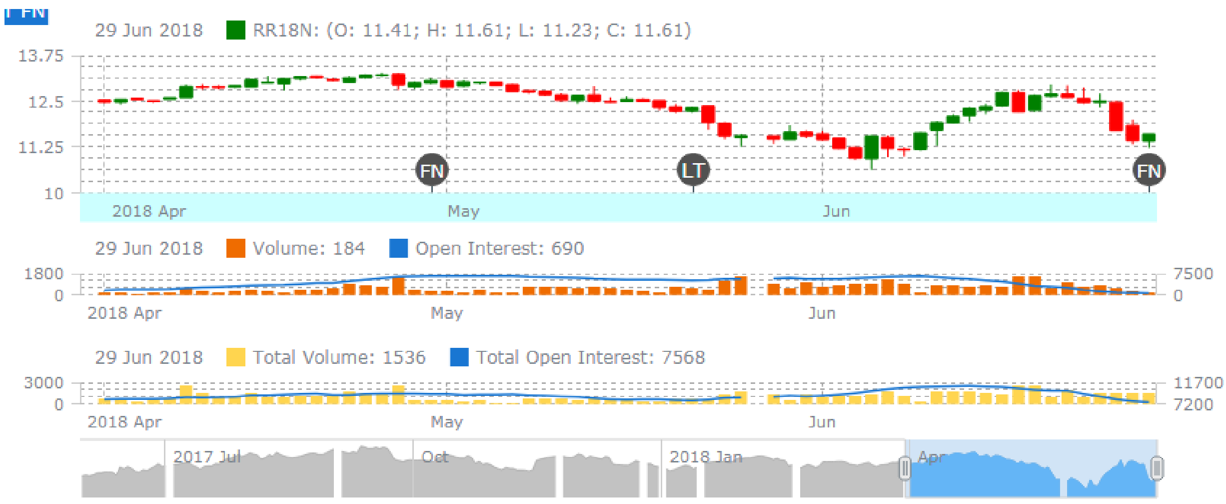
Global Trade of Rice Unchanged from Last Year

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 weak movement from last week. We expect market to hover in the range of USD 10.50-12.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of July-2018	Steady to Weak	USD/ Hundred Weight 10.50-12.50