Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at around Rs.3250 per quintal in 02nd week of July, down about 1.88%** from around Rs.3312 per quintal last week, and down about 5.6 % from around Rs.3443 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady to firm with inducing overseas demand.

- **Last week a team from China visited rice mills to sanction China for export of non-basmati rice. India can export cotton**, sugar and rice to China as it is available in surplus quantities.

- **Although the level of kharif crops at national level has improved significantly over the past week, the total** area is still going up 10 per cent compared to last year. With the increase of monsoon activity and good rainfall in many parts of the country, farmers have been helped to increase the scarcity area. The latest official data shows that till July 13, 2018, sowing of Kharif crops has been completed in about 502 lakh hectares in the country, which is 557 lakh hectares less than 55 lakh hectares or about 10 percent less than last year's sowing area.

- **According to the latest data from the Central Ministry of Agriculture, the area of paddy during the current kharif** season decreased from 116.62 lakh hectares to 116.72 lakh hectares, the area of sowing of coarse cereals dropped from 110.76 lakh hectares to 92.46 lakh hectares.

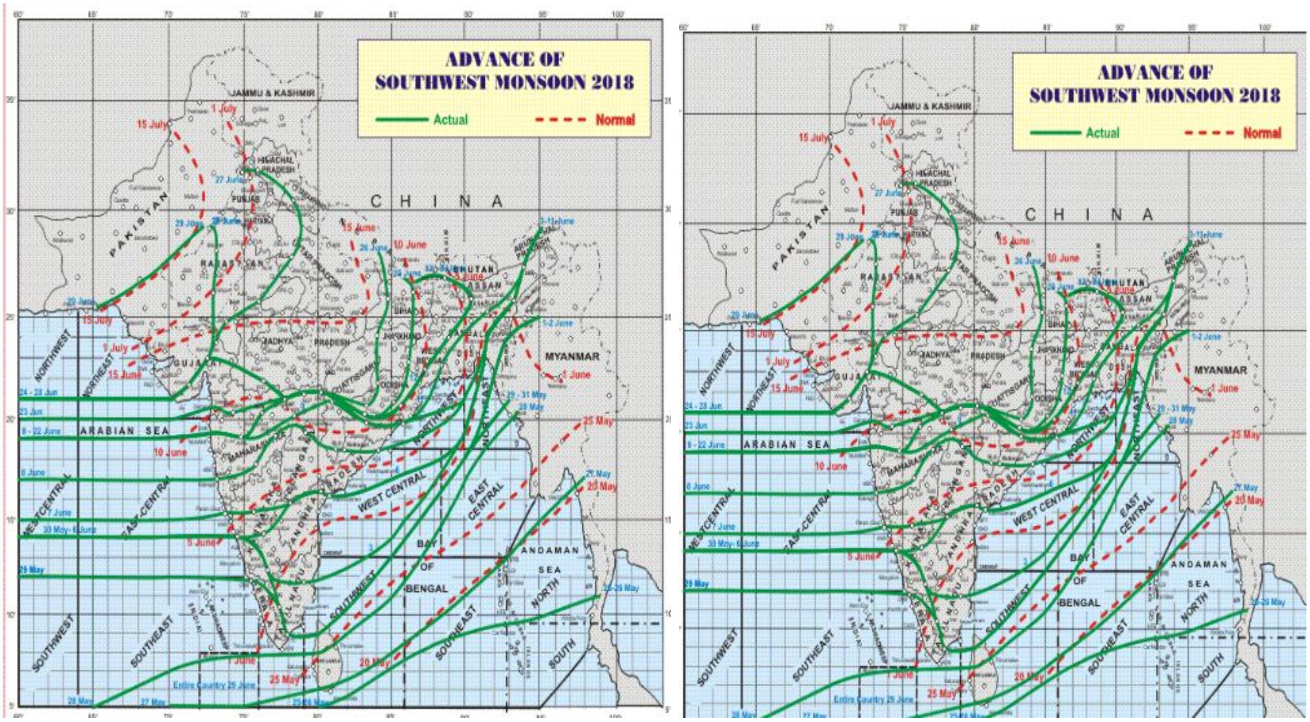
- **In order to encourage the farmers just before the 2019 general elections, the Union Cabinet approved the** Minimum Support Price (MSP) for Kharif crops for 2018-19. The move to hike the MSP for Kharif crops is in line with the government's Budget announcement of hiking the support price by one-and-a-half 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 04th July, 2018 has been 7% 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 15% in North West India, 8% in South Peninsula but lower than LPA by 21% in East & North East India and 9% in Central India.

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

State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.30	1.43	2.63	17.2	1.56	1.07
Arunachal Pradesh	1.29	1.09	1.16	90.1	1.31	-0.15
Assam	20.73	6.80	5.26	25.4	5.72	-0.46
Bihar	31.64	7.75	3.73	11.8	8.16	-4.43
Chhattisgarh	38.08	19.39	16.71	43.9	16.77	-0.06
Goa	0.29	0.02	0.00	0.0	0.00	0.00
Gujarat	7.41	0.76	0.83	11.1	1.26	-0.44
Haryana	12.94	8.33	8.60	66.5	8.41	0.19
Himachal Pradesh	0.74	0.53	0.52	69.6	0.74	-0.22
J&K	2.80	0.97	0.58	20.8	0.96	-0.38
Jharkhand	14.94	1.62	1.81	12.1	2.10	-0.29
Karnataka	10.00	1.94	1.66	16.6	2.16	-0.50
Kerala	1.48	0.61	0.48	32.5	0.53	-0.05
Madhya Pradesh	20.50	5.60	8.69	42.4	6.43	2.26
Maharashtra	15.08	2.17	2.28	15.1	2.03	0.25
Manipur	0.33	1.44	0.32	96.7	0.68	-0.36
Meghalaya	0.97	0.93	1.00	103.0	0.99	0.01
Mizoram	0.32	0.36	0.35	107.8	0.36	-0.01

Nagaland	1.91	1.52	1.52	79.5	1.43	0.08
Odisha	37.66	11.92	7.83	20.8	11.64	-3.82
Punjab	28.93	25.79	24.62	85.1	26.31	-1.69
Rajasthan	1.64	0.37	0.25	15.3	0.09	0.16
Sikkim	0.11	0.05	0.06	50.5	0.07	-0.01
Tamil Nadu	15.46	1.33	1.82	11.7	1.13	0.69
Telangana	9.20	0.98	1.62	17.6	0.93	0.68
Tripura	1.99	0.39	0.19	9.6	0.36	-0.17
Uttar Pradesh	58.87	20.35	17.31	29.4	19.60	-2.29
Uttrakhand	2.47	1.76	2.21	89.6	2.20	0.01
West Bengal	41.91	3.92	2.63	6.3	2.99	-0.36
Pondicherry	0.12			0.0		0.00
Others	0.29	0.10	0.08	28.7	0.01	0.07
All-India	**395.39**	**130.20**	**116.72**	**29.5**	**126.92**	**-10.20**

Rice: About **116.72 lakh ha** area coverage under rice has been reported compared to normal of corresponding week **(130.20 lakh ha)**. Thus **13.48 lakh ha less area** has been covered compared to normal of corresponding week. **Higher area** is reported from the States of Madhya Pradesh (3.09 lakh ha), Andhra Pradesh (1.20 lakh ha), Telangana (0.63 lakh ha), Uttarakhand (0.45 lakh ha), Haryana (0.27 lakh ha), Jharkhand (0.19 lakh ha), Maharashtra (0.11 lakh ha), Meghalaya (0.07 lakh ha), Gujarat (0.07 lakh ha) and Arunachal Pradesh (0.07 lakh ha). **Less area** is reported from the States of Bihar (4.02 lakh ha), Uttar Pradesh (3.04 lakh ha), Chhattisgarh (2.68 lakh ha), West Bengal (1.29 lakh ha), Punjab (1.17 lakh ha), Manipur (1.12 lakh ha), Assam (1.08 lakh ha), Karnataka (0.28 lakh ha), Odisha (0.28 lakh ha), Tamil Nadu (0.21 lakh ha), Tripura (0.20 lakh ha), Rajasthan (0.12 lakh ha), Nagaland (0.09 lakh ha), Kerala (0.08 lakh ha), Goa (0.02 lakh ha), Himachal Pradesh (0.01 lakh ha), Jammu & Kashmir (0.01 lakh ha), and Mizoram (0.01 lakh ha).

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

State	Prices 09-15 Jul 2018	Prices 01-08 Jul 2018	Prices 24-30 Jun 2018	Prices 09-15 Jul 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	2923.36	2923.36	3099.03	3227.33	0	-5.67	-9.42
Gujarat	3381.65	3394.05	3394.05	3394.05	-0.37	-0.37	-0.37
Jharkhand	2733.33	2733.33	2733.33	2737.66	0	0	-0.16
Karnataka	3850.93	3850.93	3850.93	3850.93	0	0	0
Kerala	3684.63	3703.66	3703.66	3796.54	-0.51	-0.51	-2.95
Maharashtra	4174.56	4174.56	4174.56	4174.56	0	0	0
Nagaland	6700	7314.29	7314.29	7314.29	-8.4	-8.4	-8.4
NCT of Delhi	2000	2000	3300	3300	0	-39.39	-39.39
Orissa	2471.49	2471.49	2471.49	2471.49	0	0	0
Tripura	3068.47	3098.35	3098.35	3098.35	-0.96	-0.96	-0.96
Uttar Pradesh	2320.09	2320.09	2320.09	2320.09	0	0	0
Uttrakhand	2203.53	2339.39	2339.39	2339.39	-5.81	-5.81	-5.81
West Bengal	2728.56	2728.56	2728.56	2728.56	0	0	0
Average	3249.28	3311.7	3274.12	3442.59			

Price Projection for July 03rd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
03rd Week of July, 2018	Steady to Firm	Rs.3300-3600/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-Jul-18	6-Jul-18	16-Jun-18	16-Jul-17	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7400	7400	7000	6600	0.00	5.71	12.12
1121 Sella	6600	6700	6400	5500	-1.49	3.13	20.00
1121 Raw	7200	7300	7000	6600	-1.37	2.86	9.09
Basmati Raw	7000	7000	7000	6600	0.00	0.00	6.06
1509 Steam Wand	7000	6900	6800	NA	1.45	2.94	#VALUE!
Sugandh Steam	5600	5600	5300	NA	0.00	5.66	#VALUE!
Sharbati Raw	4600	4500	4700	4700	2.22	-2.13	-2.13
Pusa Raw Wand	6500	6300	6400	6100	3.17	1.56	6.56
Parmal Sella	3050	2950	2850	2950	3.39	7.02	3.39

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*	14-Jul-18	13-Jul-18	07-Jul-18	14-Jun-18	14-Jul-17	Source
Divi(A.P)	BPT(Rw)	5	3355	3350	3350	3100	2900	APMC
Visakhapatnam	HMT(Raw)	25	4125	4100	4100	4000	3900	APMC
Chirala(A.P)	Vishnubhog	-20	5580	5600	5600	5350	5400	APMC
Burdwan(W.B)	Miniket	10	3320	3300	3310	3400	3200	APMC
Delhi	PR-14	-50	3050	3000	3100	3000	3000	AGRIWATCH
Amritsar	1121 Steam	-200	7200	7400	7400	7100	6950	AGRIWATCH
Karnal	Sarbati Steam	-50	4950	5000	5000	4900	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	0	0	0	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-370	830	1200	APMC
Delhi	All Paddy	-670	280	950	APMC
Amritsar	All Paddy	10	10	0	APMC
Karnal	All Paddy	0	0	0	APMC

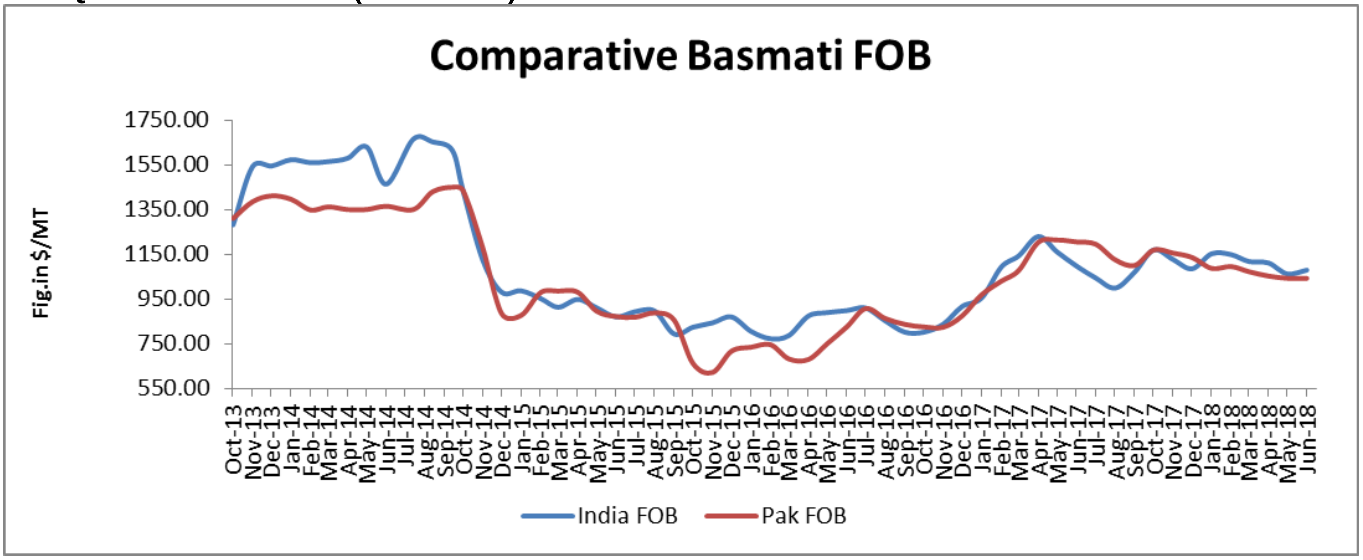
*Difference between current and previous week arrival.

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 06.07.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	43.00	38.98	37.08
Telangana	34.00	36.21	35.91
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	1.79	3.06
Odessa	37.00	32.80	35.83
Punjab	115.00	118.33	110.52
Tamilnadu	15.00	8.40	1.41
U.P	37.00	28.75	23.54
Uttrakhand	7.00	0.38	7.06
West Bengal	27.00	0.55	18.90
Others	0	0.87	0.46
Total	**430.00**	**362.27**	**379.44**

All-India progressive procurement of Rice as on 06.07.2018 for 2017-18 was at 362.27 lakh tons against the procurement of 379.44 lakh tons in the corresponding period of last year. The procurement of wheat for the Rabi Marketing Season (RMS) 2018-19 was 355.22 lakh tons which was higher than the procurement of 306.65 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 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
02nd Week of July-2018	Steady	USD/ Hundred Weight 10.50-12.50