Rice Weekly Research Report

Contents

Outlook and Review:
Domestic Front

- Average weekly wholesale prices of rice in India stood at around Rs.2960 per quintal in 03rd week of July, down about 9.6% from around Rs.3276 per quintal last week, and down about 11.53 % from around Rs.3346 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady with inducing overseas demand.

- Rice export prices in India slid to a 15-month low this week as the rupee remained weak and demand was sluggish as buyers held off purchases on hopes of deeper price declines, while Vietnam rates fell further on mounting supplies. Rates for India's 5 percent broken parboiled variety fell by $2 per ton to $386-$390 per ton, the lowest since April 20, 2017. Indian rupee has lost about 7 percent so far in 2018, increasing exporters' returns from overseas sales and allowing them to cut prices.

- Despite the increase in the MSP of paddy by the central government to Rs 200 a quintal, there is disappointment among the farmers of Chhattisgarh. Farmers of Chhattisgarh hope that the existing government will pay 2100 rupees for their paddy to the farmers. Agriculture minister of Chhattisgarh said that the government can give bonus of Rs.300 per quintal to the farmers so that farmers can get a price of Rs.2050 a quintal.

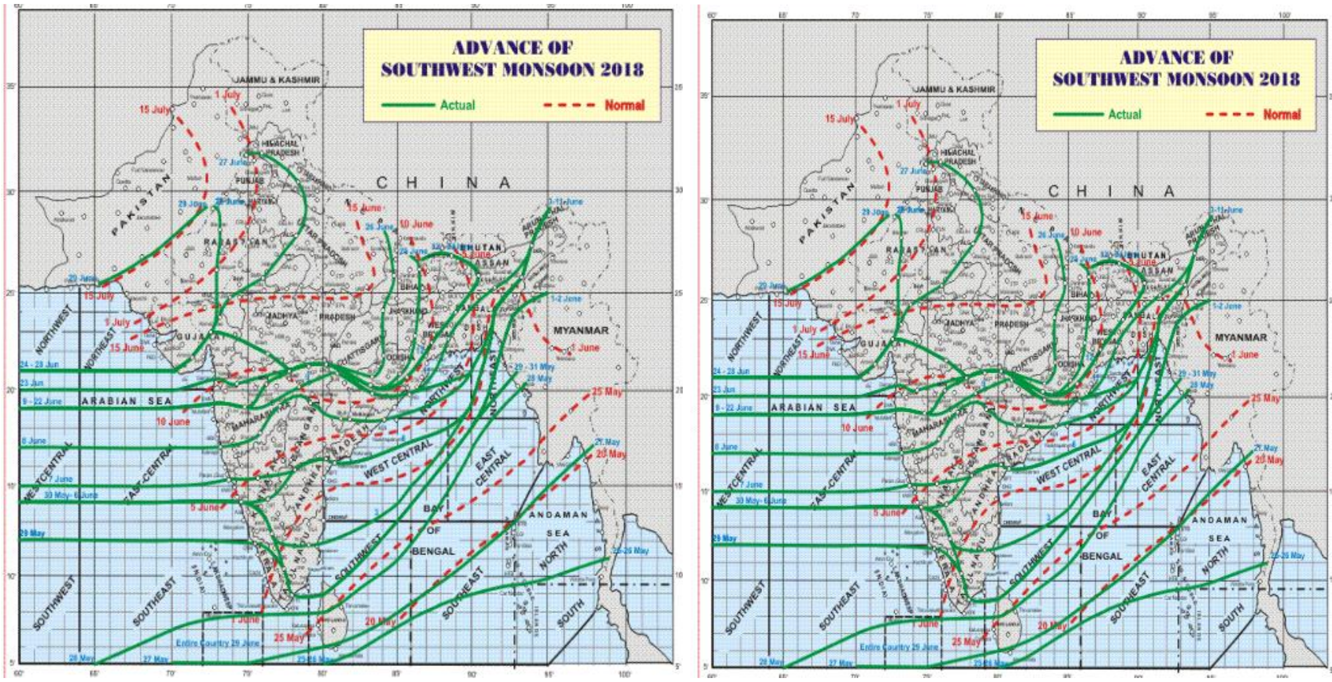
- Rice production for new MY-2018-19 is likely to be around 108.5 MMT, which is slightly lower from last year, on expectation of area shift to other crops whose MSP is relatively higher than paddy. As of now, area under paddy is down by around 12% from normal of corresponding week and thus Agriwatch expects that paddy production for new MY-2018-19 will likely to down from 108.5 to 107-108 MMT under normal yield.

- As per Government official sources, a team of Chinese officials will visit India by the end of this month to inspect and certify some non-basmati rice mills here, allowing them to export to China. A major rice market in the world, China currently allows import of basmati rice from India. The two countries last week signed an agreement under which China has agreed to import from India, non-basmati rice as well. Under the pact, the shipments will have to comply with the Chinese plant quarantine laws and regulations. India will also have to ensure that processing and storage houses of, the rice to be exported to China, are free from pests - Trogoderma granarium and Prostephanus truncatus - and live insects.

- 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 July- 1, 2018 stood at around 23.25 million tons down by about 12.13% from around 26.46 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 22% about by from around 29.54 million tons recorded on June-01, 2018. Highest stock could be seen in the state of Punjab (89.30 lakh tons) followed by Uttar Pradesh (17.13 Lakh Tons), Andhra Pradesh (19.25 lakh tons) and Haryana (19.32 lakh tons).

Weather Watch:



Advance of Southwest Monsoon-2018

The cumulative rainfall in the country during the monsoon season i.e. 01st June, 2018 to 11th July, 2018 has been 8% 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 13% in South Peninsula but lower than LPA by 27% in East & North East India, 11% in North West India and 2% 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	2.46	4.17	27.3	3.07	1.10
Arunachal Pradesh	1.29	1.09	1.16	90.1	1.31	-0.15
Assam	20.73	9.75	6.41	30.9	8.33	-1.92
Bihar	31.64	13.68	6.07	19.2	17.79	-11.72
Chhattisgarh	38.08	23.02	24.11	63.3	23.27	0.84
Goa	0.29	0.12	0.00	0.0	0.22	-0.22
Gujarat	7.41	2.50	1.98	26.7	3.04	-1.06
Haryana	12.94	9.79	10.59	81.8	10.21	0.38
Himachal Pradesh	0.74	0.60	0.74	99.5	0.74	0.00
J&K	2.80	1.21	0.87	31.2	0.96	-0.09
Jharkhand	14.94	2.29	1.96	13.1	2.78	-0.82

Karnataka	10.00	2.42	1.88	18.8	2.16	-0.28
Kerala	1.48	0.67	0.49	33.2	0.56	-0.07
Madhya Pradesh	20.50	8.49	10.76	52.5	9.58	1.18
Maharashtra	15.08	3.22	3.62	24.0	3.55	0.07
Manipur	0.33	1.88	0.32	96.7	1.69	-1.37
Meghalaya	0.97	0.96	1.00	103.0	1.10	-0.10
Mizoram	0.32	0.32	0.35	107.8	0.20	0.15
Nagaland	1.91	1.77	1.52	79.5	1.98	-0.46
Odisha	37.66	15.47	11.33	30.1	15.15	-3.82
Punjab	28.93	28.58	27.84	96.2	29.13	-1.29
Rajasthan	1.64	0.78	0.25	15.3	0.81	-0.56
Sikkim	0.11	0.08	0.06	50.5	0.06	0.00
Tamil Nadu	15.46	1.54	2.01	13.0	1.19	0.83
Telangana	9.20	1.54	2.41	26.2	1.72	0.69
Tripura	1.99	0.46	0.19	9.6	0.36	-0.17
Uttar Pradesh	58.87	35.31	27.02	45.9	30.30	-3.28
Uttarakhand	2.47	1.84	2.26	91.6	2.25	0.01
West Bengal	41.91	7.35	5.01	12.0	5.10	-0.09
Puducherry	0.12			0.0		0.00
Others	0.29	0.14	0.14	48.4	0.13	0.01
All-India	395.39	179.35	156.51	39.6	178.73	-22.21

About 156.51 lakh hectares area coverage under rice has been reported compered to normal of corresponding week (179.35 Lakh hectares), thus 22.84 lakh hectares less area has been covered compared to normal of corresponding week. Higher area is reported from the states of Madhya Pradesh (2.27 Lakh hectares), Andhra Pradesh (1.71 Lakh hectares), Chhattisgarh (1.09 Lakh hectares), Telangana (0.87 Lakh hectares), Haryana (.0.80 Lakh hectares), Uttrakhand (0.42 Lakh hectares), Maharashtra (0.40 Lakh hectares), Nagaland (0.20 Lakh hectares), Himachal Pradesh (0.14 Lakh hectares), Arunachal Pradesh (0.07 Lakh hectares). Less area is reported from the states of Uttar Pradesh (8.29 Lakh hectares), Bihar (7.61 Lakh hectares), West Bengal (2.32 Lakh hectares), Manipur (1.56 Lakh hectares), Assam (1.42 Lakh hectares), Punjab (0.74 Lakh hectares), Karnataka 0.54 Lakh hectares), Tamilnadu, KERALA AND Sikkim.

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

State	Prices 16-23 Jul 2018	Prices 09-15 Jul 2018	Prices 16-23 Jul 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	2976.97	2976.97	2976.97	0	0
Gujarat	3495.09	3495.09	3495.09	0	0
Jharkhand	2733.33	2733.33	2767.01	0	-1.22
Karnataka	3706.03	3852.68	3852.68	-3.81	-3.81
Kerala	3704.55	3704.55	3836.77	0	-3.45
Maharashtra	4004.17	4174.46	4174.46	-4.08	-4.08
Nagaland		6700	7314.29	__	__
Delhi	1888.89	2000	2279.31	-5.56	-17.13
Orissa	2590.43	2590.43	2590.43	0	0
Tripura	3030.87	3066.38	3098.35	-1.16	-2.18
Uttar Pradesh	2304.52	2317.11	2317.11	-0.54	-0.54
Uttrakhand	2219.88	2219.88	2339.39	0	-5.11
West Bengal	2736.66	2736.66	2736.66	0	0
Average	2949.28	3274.43	3344.2		

Price Projection for July 04th Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
04th 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	21-Jul-18	16-Jul-18	Month Ago- 21 June-2018	Year Ago 21 July-2017	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7300	7400	7150	6400	-1.35	2.10	14.06
1121 Sella	6700	6600	6850	5150	1.52	-2.19	30.10
1121 Raw	7200	7200	7250	6300	0.00	-0.69	14.29
Basmati Raw	7000	7000	6950	6400	0.00	0.72	9.38
1509 Steam Wand	6800	7000	6400	NA	-2.86	6.25	#VALUE!
Sugandh Steam	5700	5600	5750	NA	1.79	-0.87	#VALUE!
Sharbati Raw	4700	4600	4600	4600	2.17	2.17	2.17
Pusa Raw Wand	6600	6500	6500	5800	1.54	1.54	13.79
Parmal Sella	3050	3050	2950	2900	0.00	3.39	5.17

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*	21-Jul-18	20-Jul-18	14-Jul-18	21-Jun-18	21-Jul-17	Source
Divi(A.P)	BPT(Rw)	-5	3350	3350	3355	3200	2900	APMC
Visakhapatnam	HMT(Raw)	75	4200	4200	4125	4150	3900	APMC
Chirala(A.P)	Vishnubhog	420	6000	5600	5580	5400	5500	APMC
Burdwan(W.B)	Miniket	30	3350	3300	3320	3400	3300	APMC
Delhi	PR-14	50	3100	3000	3050	3000	3200	AGRIWATCH
Amritsar	1121 Steam	200	7400	7350	7200	7100	7000	AGRIWATCH
Karnal	Sarbati Steam	50	5000	5000	4950	4900	4850	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	-330	500	830	APMC
Delhi	All Paddy	170	450	280	APMC
Amritsar	All Paddy	15	25	10	APMC
Karnal	All Paddy	10	10	0	APMC

*Difference between current and previous week arrival.

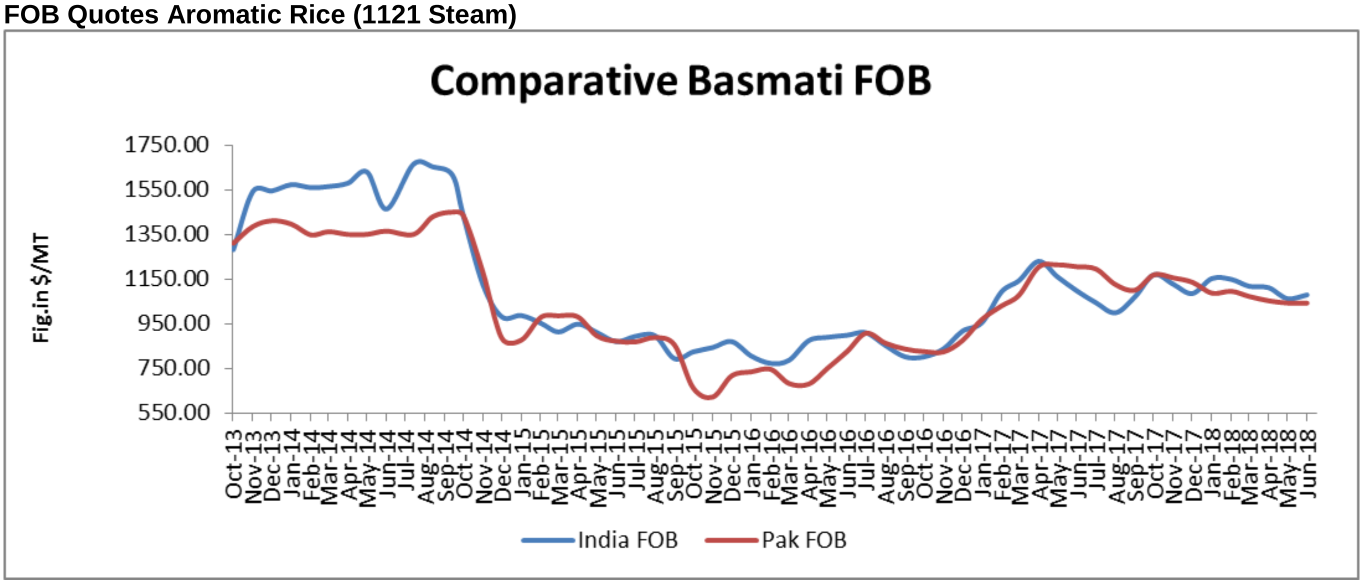
State wise Progressive Procurement

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 13.07.2018 for 2017-18 was at 362.54 lakh tons against the procurement of 379.52 lakh tons in the corresponding period of last year. Higher procurement has been received from northern states of Punjab (118.33 lakh Tons), Haryana (39.92 lakh tons), and U.P (28.75 lakh tons) and in south it is started in Telangana (36.21 Lakh Tons). Andhra Pradesh Government procurement has reached to 39.19 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 32.80 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 to 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 previous 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.

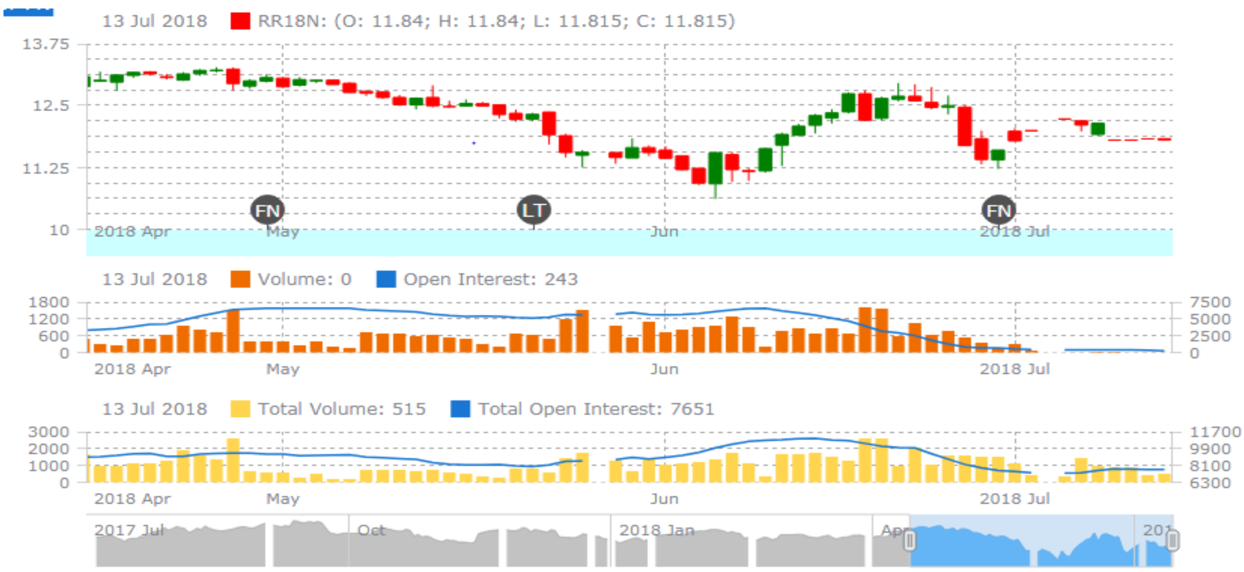
Global Trade of Rice Unchanged from Last Year

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
03rd Week of July-2018	Steady	USD/ Hundred Weight 10.50-12.50