Rice Weekly Research Report

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Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at around Rs.2890 per quintal in 04th week of July,** down about 12.01% from around Rs.3284 per quintal last week, and down about 11 % from around Rs.3245 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady in coming weeks.

- **Despite the increase in the MSP of paddy by the central government to Rs 200 a quintal, the disappointment in** the farmers of Chhattisgarh But the 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.

- **The major food grains-rice acreage in Kharif season is reported to be declining in many states, which include** major producing states like Uttar Pradesh, Bihar, West Bengal, Jharkhand, Orissa, Karnataka, Assam and Tamil Nadu. About 197.63 lakh hectares area coverage under rice has been reported compered to normal of corresponding week (223.95 Lakh hectares), thus 26.32 lakh hectares less area has been covered compared to normal of corresponding week. Higher area is reported from the states of Madhya Pradesh (4.92 Lakh hectares), Andhra Pradesh (2.06 Lakh hectares), Telangana (1.56 Lakh hectares), Haryana (1.18 Lakh hectares), Punjab (0.77 Lakh hectares), Uttrakhand (0.19 Lakh hectares), Maharashtra (0.27 Lakh hectares).

- **All-India progressive procurement of Rice as on 20.07.2018 for 2017-18 was at 363.23 lakh tons against the** procurement of 380.02 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.

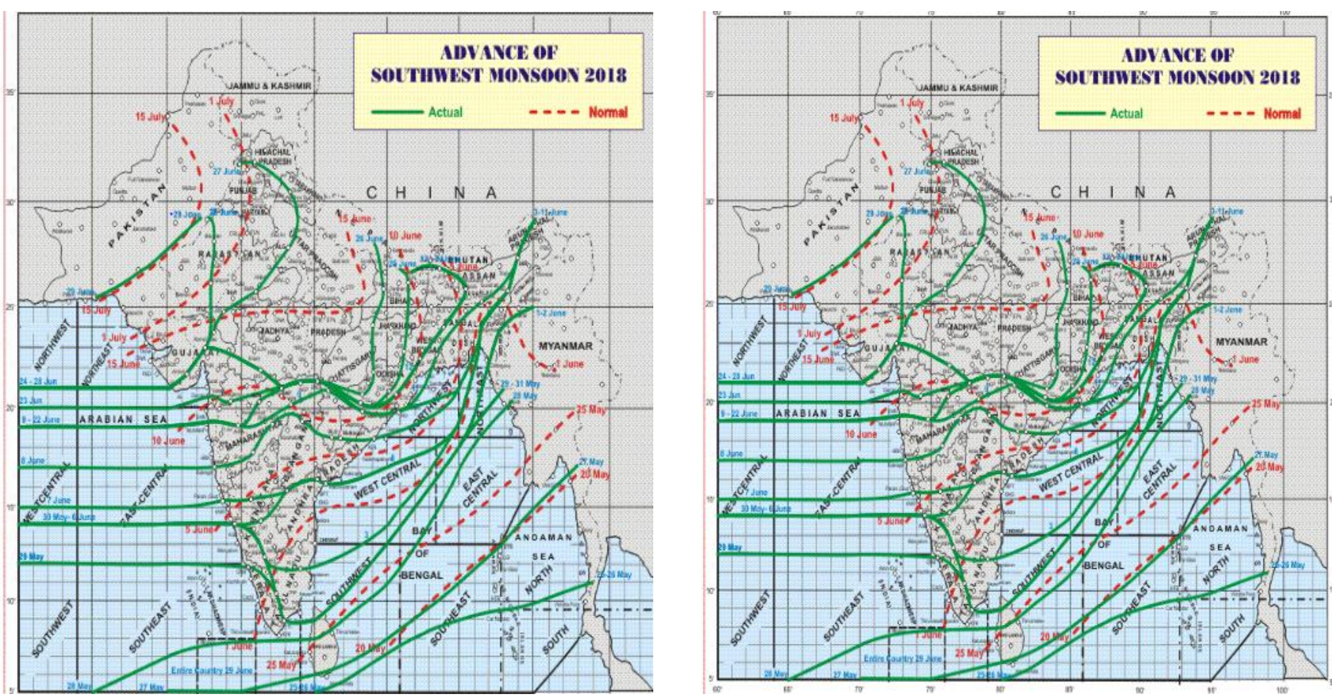
- **Despite record production of 109 MMT, government rice procurement during the ongoing season has slowed** since February on higher export demand and relatively lower than estimated Rabi (winter planted) rice harvest. MY 2017-18 rice procurement through July 20, 2018, is estimated at 36.32 MMT compared to 38.0 MMT during the same period last year. With some additional procurement in eastern and southern states through September, total MY 2017-18 rice procurement is likely to reach 36.3 MMT, about five percent lower than last year's record procurement, but nevertheless the second highest procurement ever.

- **Chinese government allowed import of rice to 5 more rice mills in India There are Lal Setia, Adani etc** Companies which will now export rice from India to China while the other 4 companies are asked to improve the storage conditions by the Chinese government.

- **Rice export from India in the month of June-2018 was 15.02 lakh tons in which basmati rice contribution was 31.9%** of total and around 4.79 lakh tons of aromatic rice was exported in the month, Iran, Iraq and Saudi Arabia were the major Indian aromatic rice importers in this month; on the other hand non-basmati rice export in this month was 10.23 lakh tons which was higher by around 6.56% from previous month export, major importing countries of non-basmati rice in the month were Benin, Indonesia and Bangladesh followed by Qatar. Total rice export in MY-2017-18 (From Oct to May) from India was 10.53 lakh tons up by 33% from corresponding period of last year export of 79.2 lakh tons.

- **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 18th July, 2018 has been 3% 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 18% in South Peninsula and 15% in Central India but lower than LPA by 31% in East & North East India and 10% in North West India.

State wise Paddy Crop Situation - Kharif (2018-19) as on 27.07.2018

RICE						
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.30	3.77	5.83	38.1	4.55	1.28
Arunachal Pradesh	1.29	1.20	1.19	92.4	1.31	-0.12
Assam	20.73	12.05	8.41	40.6	11.19	-2.78
Bihar	31.64	18.72	9.35	29.6	22.24	-12.89
Chhattisgarh	38.08	27.97	27.98	73.5	28.89	-0.91
Goa	0.29	0.14	0.21	73.4	0.22	-0.01
Gujarat	7.41	3.63	3.55	47.9	4.73	-1.18
Haryana	12.94	10.69	11.87	91.7	12.08	-0.21
Himachal Pradesh	0.74	0.76	0.74	99.5	0.74	0.00
J&K	2.80	1.30	0.98	35.1	1.07	-0.09
Jharkhand	14.94	4.86	2.60	17.4	4.77	-2.17
Karnataka	10.00	2.85	1.88	18.8	2.16	-0.28
Kerala	1.48	0.68	0.52	35.2	0.57	-0.05
Madhya Pradesh	20.50	10.06	14.98	73.1	9.58	5.40
Maharashtra	15.08	4.64	4.91	32.6	6.06	-1.15
Manipur	0.33	1.88	0.32	96.7	1.69	-1.37
Meghalaya	0.97	0.96	1.01	104.3	1.10	-0.09
Mizoram	0.32	0.32	0.35	107.8	0.20	0.15
Nagaland	1.91	1.80	1.88	98.4	1.98	-0.10
Odisha	37.66	18.46	14.52	38.6	18.30	-3.78
Punjab	28.93	28.80	29.57	102.2	28.65	0.92
Rajasthan	1.64	0.91	1.15	70.2	1.15	0.00
Sikkim	0.11	0.11	0.10	90.1	0.10	0.00
Tamil Nadu	15.46	1.73	2.15	13.9	1.32	0.83
Telangana	9.20	2.20	3.76	40.9	2.58	1.18
Tripura	1.99	0.69	0.19	9.6	0.36	-0.17
Uttar Pradesh	58.87	47.29	37.37	63.5	46.53	-9.16
Uttrakhand	2.47	2.11	2.30	93.2	2.25	0.05
West Bengal	41.91	13.18	7.75	18.5	9.04	-1.29
Pondicherry	0.12			0.0		0.00
Others	0.29	0.19	0.21	72.7	0.20	0.01
All-India	395.39	223.95	197.63	50.0	225.60	-27.97

About 197.63 lakh hectares area coverage under rice has been reported compered to normal of corresponding week (223.95 Lakh hectares), thus 26.33 lakh hectares less area has been covered compared to normal of corresponding week. Higher area is reported from the states of Madhya Pradesh (14.98 Lakh hectares), Andhra Pradesh (5.83 Lakh hectares), Telangana (3.76 Lakh hectares), Uttrakhand (2.30 Lakh hectares), Himachal Pradesh (0.74 Lakh hectares), Less area is reported from the states of Uttar Pradesh (37.37 Lakh hectares), Bihar (9.35 Lakh hectares), West Bengal (7.75 Lakh hectares), Manipur (0.32 Lakh hectares), Assam (8.41 Lakh hectares), Karnataka (1.88 Lakh hectares), Tamilnadu, Kerala and Sikkim.

State wise Wholesale Prices weekly for 04th Week of July-2018

State	Prices 24-31 Jul 2018	Prices 16-23 Jul 2018	Prices 24-31 Jul 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	2988.59	2994.86	3236.27	-0.21	-7.65
Gujarat	3320.55	3413.69	3413.69	-2.73	-2.73
Jharkhand	2733.33	2733.33	2733.33	0	0
Karnataka	3812.24	3812.24	3852.68	0	-1.05
Kerala	3680.02	3704.64	3825.68	-0.66	-3.81
Maharashtra	3303.69	3855.01	4173.37	-14.3	-20.84
Nagaland		7257.14	7257.14	__	__
NCT of Delhi	2692.11	2692.11	2692.11	0	0
Orissa	2459.51	2459.51	2518.92	0	-2.36
Tripura	3075.76	3075.76	3075.76	0	0
Uttar Pradesh	2308.27	2308.27	2317.11	0	-0.38
Uttrakhand	2415.51	2415.51	2415.51	0	0
West Bengal	2727.21	2727.21	2727.21	0	0
Average	2959.73	3342.25	3286.73		

Price Projection for Aug 01st Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
01st Week of Aug, 2018	Steady	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	**7/28/2018 (Today)**	**21-Jul-2018 (Week Ago)**	**(Month Ago) 28 June-2018**	**(Year Ago) 28 July-2017**	**% ch. From last week**	**% Change from last Month**	**% Change from last Year**
1121 Steam	7350	7300	7400	6300	**+0.68**	**-0.68**	**+16.67**
1121 Sella	6500	6700	6700	5000	**-2.99**	**-2.99**	**+30.00**
1121 Raw	7200	7200	7100	6200	**0.00**	**+1.41**	**+16.13**
Basmati Raw	7000	7000	7150	6500	**0.00**	**-2.10**	**+7.69**
1509 Steam Wand	6900	6800	7000	NA	**+1.47**	**-1.43**	**#VALUE!**
Sugandh Steam	5800	5700	5750	NA	**+1.75**	**+0.87**	**#VALUE!**
Sharbati Raw	5000	4700	4600	4700	**+6.38**	**+8.70**	**+6.38**
Pusa Raw Wand	6400	6600	6700	5850	**-3.03**	**-4.48**	**+9.40**
Parmal Sella	3100	3050	2950	2850	**+1.64**	**+5.08**	**+8.77**

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*	27 Jul 18	26 Jul 18	21 Jul 18	27 Jun 18	27 Jul 17	Source
Divi(A.P)	BPT(Rw)	115	3465	3465	3350	3230	3000	APMC
Visakhapatnam	HMT(Raw)	15	4215	4215	4200	4115	4100	APMC
Chirala(A.P)	Vishnubhog	-100	5900	5600	6000	5500	5520	APMC
Burdwan(W.B)	Miniket	-50	3300	3255	3350	3200	3300	APMC
Delhi	PR-14	150	3250	3200	3100	2950	3100	AGRIWATCH
Amritsar	1121 Steam	-50	7350	7200	7400	7050	7100	AGRIWATCH
Karnal	Sarbati Steam	-100	4900	4900	5000	4850	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	-480	20	500	APMC
Delhi	All Paddy	-440	10	450	APMC
Amritsar	All Paddy	-23	2	25	APMC
Karnal	All Paddy	-10	0	10	APMC

*Difference between current and previous week arrival.

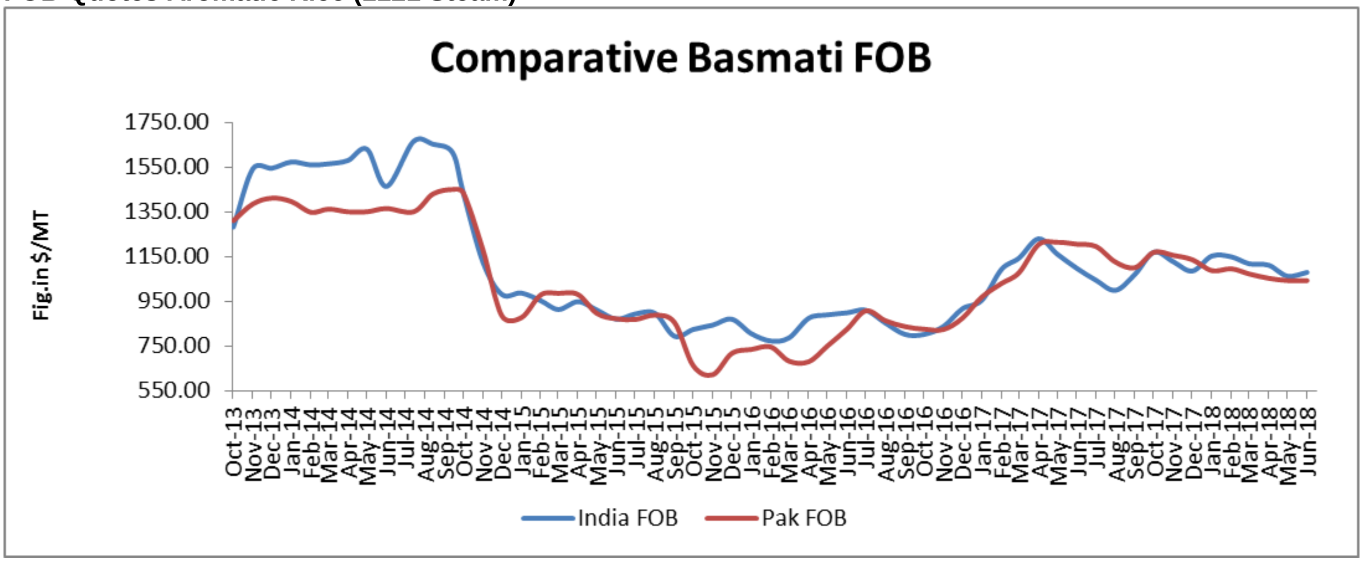
State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 20.07.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	43.00	39.40	37.15
Telangana	34.00	36.21	35.93
Bihar	12.00	7.93	12.34
Chhattisgarh	48.00	32.55	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	0.57	18.90
Others	0	0.87	0.46
Total	**430.00**	**363.23**	**380.02**

All-India progressive procurement of Rice as on 20.07.2018 for 2017-18 was at 363.23 lakh tons against the procurement of 380.02 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

Indonesia's rice imports are expected to reach 2 million tons in 2017/18 due to low stock levels and increased competition from corn plantings. Increased corn production and a weakening rupiah have slowed wheat imports, though demand from both the food and feed sectors are expected to increase in 2018/19.

The 2017/18 harvested area for rice is estimated to decline slightly to 12.2 million hectares due to increased corn plantings. Production for 2017/18 is estimated to remain at 37.0 million tons of milled rice equivalent as a result of better yields due to fewer incidents of pest and disease and increased use of higher yielding varieties. To replenish stocks, Government of Indonesia (GOI) is expected to continue issuing authorizations for importing rice to state-run procurement agency BULOG. Rice imports for 2017/18 are estimated to increase significantly to 2.0 million tons, over 2016/17 imported volumes.

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.

China remains the largest buyer of Vietnamese rice. It officially purchased about 2.4 MMT of Vietnamese rice in MY 2016/17, and Post estimates it will buy about 2.5 MMT in MY 2017/18. In MY 2018/19, Post forecasts that official imports will remain at the same volume. For unofficial channels, the yearly volume has been about 1.5 MMT of milled rice in recent years. However, in MY 2017/18, Post estimates that exports of rice via unofficial channels will decrease to 1 MMT. In MY 2018/19, Post forecasts the volume with remain steady at 1 MMT.

MY 2018/19 Turkish paddy rice area is about 100,000 hectares and production forecast is 806,000 MT. Rice planting finished in May 2018. Planting area increased marginally compared to last year, however, farmers are hopeful about yields due to new seed varieties. So far, paddy germination and plant development is favorable, except some fields in Thrace region due to heavy rains. Fifty percent of the paddy rice crop is planted in the Thrace region.

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.

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 Sept- 18, Rough Rice)
(Prices in US$/hundredweight)

Market Analysis

The CBOT July-18 month rough chart for rice indicates firm movement from last week. We expect market to hover in the range of USD 11.20-12.60 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of Aug-2018	Steady to Firm	USD/ Hundred Weight 11.20-12.60