Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at Rs.2900 per quintal first week, down 11% from Rs.3259** per quintal from the previous week, and down 13 % from Rs.3338 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady to slightly firm on lower kharif acreage estimates in coming weeks.

- **Rice prices in India held steady this week as concerns over lower production due to below-normal rainfall offset sluggish** demand in the world's top rice exporter. Prices for India's 5 percent broken parboiled variety were hovering between $392-$396 per ton this week and it is unchanged from last week. India's rice exports in April to June rose 4.4 percent from a year ago to 3.15 million tons due to good demand from African countries.

- **Rice planting has been lagging due to poor rainfall. Yields could (be) impacted if rainfall fails to improve next week.** Farmers in India had planted summer-sown paddy rice on 30.78 million hectares as of Aug 10, down 2.85 percent from a year ago area of 31.68 million hectares.

- **In Andhra Pradesh this year, 42.78 lakh hectare area has been targeted for sowing of kharif crops, whereas actual** production area has reached only 21.34 lakh hectares which is 54 percent of the normal average area of 39.53 lakh hectare for the season. But this area is 1.13 lakh hectares more than last year's sowing area of 20.21 lakh hectare. According to latest data of the State Agriculture Department, this time in Andhra Pradesh, till August 09, the area of paddy production increased from 7.33 lakh hectares to 8.54 lakh hectares in the same period of last year.

- **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.

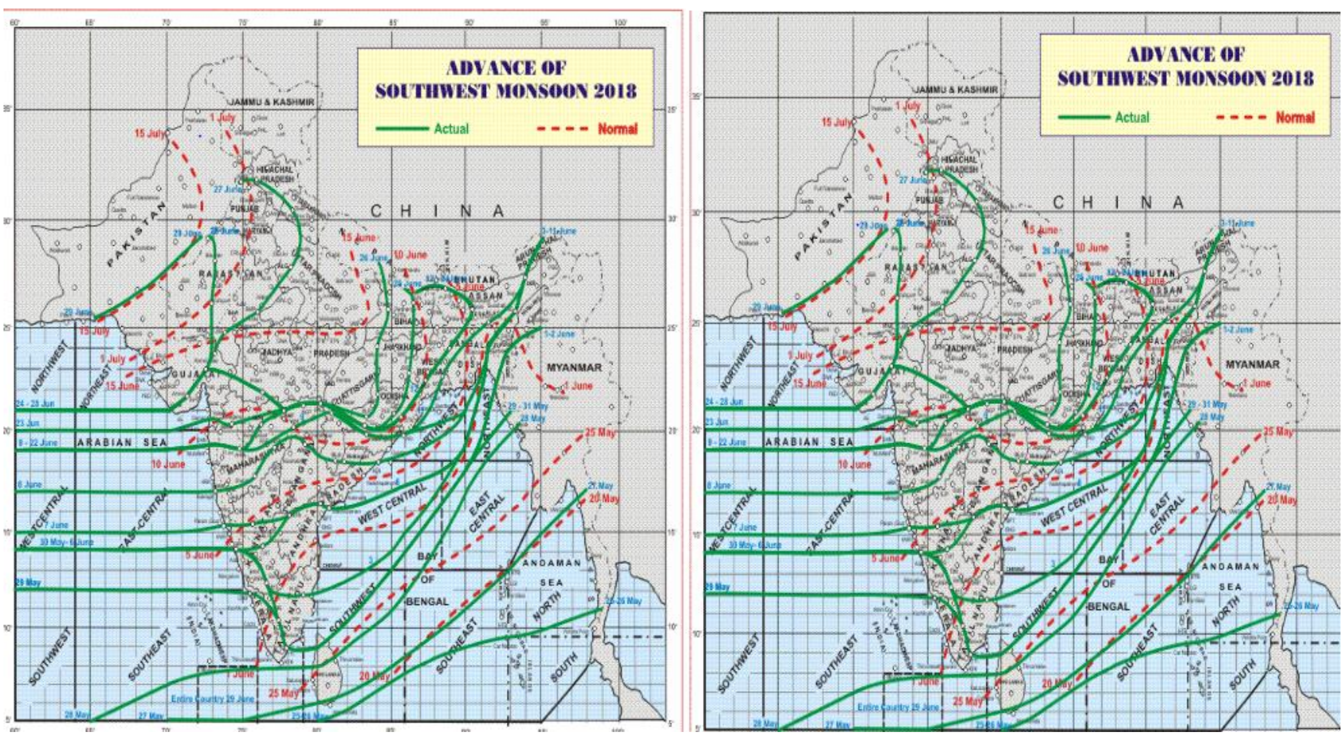
- **Rice export from India in the month of June-2018 was 15.02 lakh tons in which basmati rice contribution was 31.9%** of total and around 4.79 lakh tons of aromatic rice was exported in the month, Iran, Iraq and Saudi Arabia were the major Indian aromatic rice importers in this month; on the other 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.

- **About 307.78 lakh hectares area covered under rice has been reported compared to normal of corresponding week** (316.82 lakh hectares). Thus 9.04 lakh hectares less area has been covered compared to normal of corresponding week. Higher area is mainly reported from the states of Andhra

Pradesh (8.54 lakh Ha.), Telangana (5.95 lakh Ha.), Haryana (12.77 lakh Ha.), Punjab (30.2 lakh Ha.), Chhattisgarh (33.64 lakh Ha.), Madhya Pradesh (19.66 lakh Ha.). Less area is reported from the states of U.P, Bihar, West Bengal, Manipur, Assam, Tripura, Karnataka, Tamilnadu, Arunachal Pradesh etc.

- **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 25th 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 16% in Central India and 9% in South Peninsula but lower than LPA by 31% in East & North East India and 7% in North West India. Due to the downfall of monsoon in India, there was a possibility of a decline in the production of rice, due to which the trend of acceleration in the price of rice.

State wise Paddy Crop Situation - Kharif (2018-19) as on 10.08.2018

State	Statewise Rainfall Distribution (in mm)			Rice			
	Normal Rainfall	Cumulative (01-06-18 to 08-08-18)	% Devi. From Normal	Normal Area	Normal Area as on date	Area sown reported	
						This Year	Last Year
Andhra Pradesh	252.7	224.2	-11	15.30	6.74	8.54	7.33
Arunachal Pradesh	1117.4	716.4	-36	1.29	1.17	1.19	1.31
Assam	966.0	734.5	-24	20.73	17.33	14.11	16.20
Bihar	585.9	496.6	-15	31.64	27.55	26.69	32.06
Chhattisgarh	672.0	619.1	-8	38.08	33.24	33.64	33.22
Goa	2242.8	1909.7	-15	0.29	0.18	0.28	0.28
Gujarat	420.5	337.1	-20	7.41	6.32	6.81	7.12
Haryana	255.9	225.6	-12	12.94	11.68	12.77	12.83
Himachal Pradesh	488.1	450.5	-8	0.74	0.76	0.74	0.74
J&K	319.9	338.1	6	2.80	1.41	1.11	1.15
Jharkhand	627.3	474.4	-24	14.94	10.25	10.87	12.87
Karnataka	532.1	496.9	-7	10.00	4.66	4.34	3.53
Kerala	1508.1	1738.1	15	1.48	0.69	0.56	0.62
Madhya Pradesh	534.5	486.9	-9	20.50	16.32	19.66	18.06
Maharashtra	628.8	634.4	1	15.08	8.72	10.97	8.43
Manipur	891.2	313.8	-65	0.33	1.70	0.32	1.69
Meghalaya	1863.2	1034.6	-44	0.97	0.99	1.01	1.10
Mizoram	1004.6	984.5	-2	0.32	0.36	0.35	0.33
Nagaland	836.9	576.2	-31	1.91	1.86	1.88	2.10
Odisha	652.8	692.1	6	37.66	24.82	23.80	26.27
Punjab	285.4	262.3	-8	28.93	29.19	30.20	29.26
Rajasthan	242.8	229.6	-5	1.64	1.28	1.15	1.53
Sikkim	1093.3	1258.1	15	0.11	0.11	0.10	0.11
Tamil Nadu	131.8	121.1	-8	15.46	2.30	2.58	1.83
Telangana	433.5	389.7	-10	9.20	4.14	5.95	4.55
Tripura	968.2	786.9	-19	1.99	1.10	0.19	1.29
Uttar Pradesh	454.3	431.4	-5	58.87	57.36	58.11	58.98
Uttrakhand	719.5	660.7	-8	2.47	2.46	2.47	2.48
West Bengal	813.9	690.1	-15	41.91	29.64	27.18	29.31
Pondicherry	151.3	115.4	-24	0.12	0.00	0.00	0.00
Others				0.29	0.24	0.21	0.24
All-India	526.7	474.8	-10	395.39	304.57	307.78	316.82

- About 307.78 lakh hectares area covered under rice has been reported compared to normal of corresponding week (316.82 lakh hectares). Thus 9.04 lakh hectares less area has been covered compared to normal of corresponding week. Higher area is mainly reported from the states of Andhra Pradesh (8.54 lakh Ha.), Telangana (5.95 lakh Ha.), Haryana (12.77 lakh Ha.), Punjab (30.2 lakh Ha.), Chhattisgarh (33.64 lakh Ha.), Madhya Pradesh (19.66 lakh Ha.). Less area is reported from the states of U.P, Bihar, West Bengal, Manipur, Assam, Tripura, Karnataka, Tamilnadu, Arunachal Pradesh etc.

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

State	Prices 01-08 Aug 2018	Prices 24-31 Jul 2018	Prices 01-08 Aug 2017	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	3047.1	3101.62	3101.62	-1.76	-1.76
Gujarat	3575.77	3575.77	3575.77	0	0
Jharkhand	2733.33	2733.33	2733.33	0	0
Karnataka	3561.16	3678.13	3813.71	-3.18	-6.62
Kerala	3703.7	3703.7	3791.92	0	-2.33
Maharashtra	3027.55	3245.02	3855.01	-6.7	-21.46
NCT of Delhi	2200	2365.28	2365.28	-6.99	-6.99
Orissa	2726.95	2726.95	2726.95	0	0
Tripura	3000.49	3079.89	3079.89	-2.58	-2.58
Uttar Pradesh	2316.67	2316.67	2316.67	0	0
Uttrakhand	2399.47	2414.73	2414.73	-0.63	-0.63
West Bengal	2755.27	2755.27	2755.27	0	0
Average	2920.62	3284.34	3358.59		

Price Projection for Aug 03rd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
03rd 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	11-Aug-18	04-Jul-18	(Month Ago) 11 Jul 2018	(Year Ago) 11 Aug 2017	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7250	7350	7400	5800	-1.36	-2.03	25.00
1121 Sella	6500	6500	6700	4700	0.00	-2.99	38.30
1121 Raw	7100	7200	7300	5700	-1.39	-2.74	24.56
Basmati Raw	7000	7000	7000	6400	0.00	0.00	9.38
1509 Steam Wand	6900	6900	6900	NA	0.00	0.00	#VALUE!
Sugandh Steam	5800	5800	5600	NA	0.00	3.57	#VALUE!
Sharbati Raw	5050	5000	4500	4700	1.00	12.22	7.45
Pusa Raw Wand	6400	6400	6300	5600	0.00	1.59	14.29
Parmal Sella	3000	3100	2900	2800	-3.23	3.45	7.14

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*	11 Aug 18	10 Aug 18(Yesterday)	3 Aug 18 (Week Ago)	11 Jul 18(Month Ago)	10 Aug 17(Year Ago)	Source
Divi(A.P)	BPT(Rw)	0	3750	3700	3750	3600	3500	APMC
Visakhapatnam	HMT(Raw)	-100	4200	4200	4300	4200	4150	APMC
Chirala(A.P)	Vishnubhog	0	5600	5600	5600	5500	5700	APMC
Burdwan(W.B)	Miniket	30	3350	3350	3320	3200	3380	APMC
Delhi	PR-14	0	3200	3200	3200	3000	2950	AGRIWATCH
Amritsar	1121 Steam	0	7250	7250	7250	7100	7050	AGRIWATCH
Karnal	Sarbati Steam	100	5000	5000	4900	4850	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	20	25	5	APMC
Delhi	All Paddy	55	55	0	APMC
Amritsar	All Paddy	35	45	10	APMC
Karnal	All Paddy	32	32	0	APMC

*Difference between current and previous week arrival

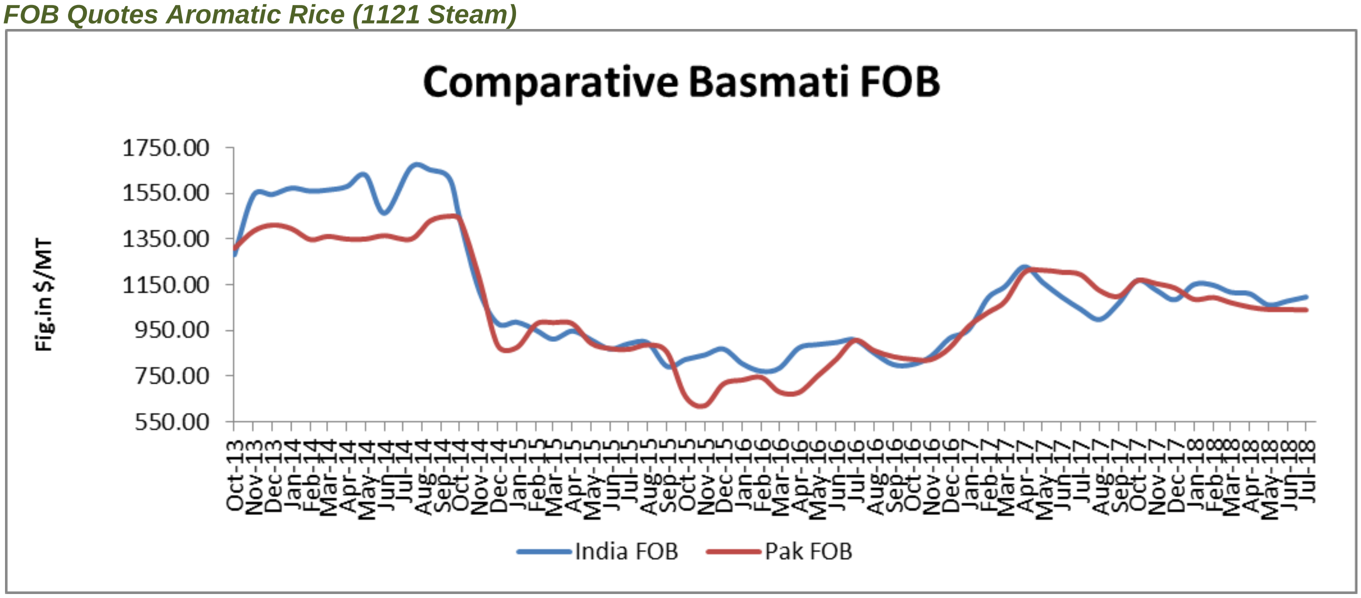
State wise Progressive Procurement

State/UTs	**Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)**	**Progressive Procurement as on 03.08.2018**	
(in Lakh T)		**In Marketing season 2017-18**	**In Marketing season 2016-17**
AP	43.00	39.60	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	35.87
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	0.59	18.95
Others	0	0.87	0.46
Total	**430.00**	**363.47**	**380.08**

All-India progressive procurement of Rice as on 27.07.2018 for 2017-18 was at 363.47 lakh tons against the procurement of 380.08 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 (39.92 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 July moved firm from last month and currently is in the range of USD 1096/MT which is up by 1.62% from last month price of USD 1079/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 to firm 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 1040/MT which is down by 0.19% from last month FOB of USD 1042/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.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 02.07.2018	(2018-19) Forecast. 26.07.2018
Production	475	488	488	491	491
Trade	39	47	47	48	48
Consumption	474	489	488	493	491
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 in 2017/18 is seen unchanged from the last GMR, with stock building in Asia likely to underpin trade in 2018. The Council's 2018/19 production outlook is maintained at a peak of 491m t, up by 1% y/y, as a downgrade for Pakistan is offset by an upward revision for the USA. Trade could expand in 2019 on firmer demand from Africa, with India still seen as the biggest exporter. Global rice trade in 2018 is forecast to expand marginally y/y, to 47.5m t, as weaker demand from sub-Saharan Africa and China contrasts with bigger dispatches to Southeast Asia. While output in China could fall in 2018/19 on official efforts to contain inventory accumulation, gains in India and other producers should underpin a record world outturn of 491m t, up by 1% y/y. Aggregate carryovers are seen contracting slightly y/y, but major exporters' inventories may stabilize after the falls of recent years. Trade could reach a fresh high in 2019 as buyers in Africa look to ensure ample supplies. Against the backdrop of prospects for another large crop and ample availabilities, India should be by far the biggest exporter.

IGC Forecast the World Rice Production Down in 2017-18

In its Aug 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 Sept-18 month rough chart for rice indicates steady to firm movement from last week. We expect market to hover in the range of USD 11.00-12.80 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
02nd Week of Aug-2018	Steady to Firm	USD/ Hundred Weight 11.00-12.80

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