Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at Rs.2804 per quintal first week, down 11% from Rs.3142** per quintal from the previous week, and down 14 % from Rs.3263 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.

- **A dip in rice export prices as the rupee plunged failed to stoke fresh demand for the Indian variety this week,** but potential orders from the Philippines and elsewhere could provide fresh impetus to markets in Thailand and Vietnam. In top exporter India, rates for 5 percent broken parboiled rice fell by $3 to $386-$390 per ton this week. The Indian rupee has fallen over 10 percent in 2018, hitting a record low on Thursday, increasing exporter's margin from overseas sales.

- **The Chhattisgarh government announced to give 300 rupees / quintal bonus on the purchase of paddy to the farmers by** electing the election. Chhattisgarh farmers will now get 2,070 on A-grade paddy and Rs 2,050 / quintal on normal grade paddy.

- **As on 31st Aug-2018, about 369.98 lakh hectares of acreage has been reported under paddy compared to normal of 365.32** lakh hectares for the corresponding week. Thus 4.66 lakh hectares more acreage has been reported compared to normal of corresponding week, also up by 2.10 lakh hectares up by last year same period of 367.88 lakh hectares. Higher acreage is mainly reported from the states of Andhra Pradesh (11.62 lakh Ha.), Telangana (9.11 lakh Ha.), Haryana (13.29 lakh Ha.), Punjab (30.42 lakh Ha.), Chhattisgarh (36.97 lakh Ha.), Madhya Pradesh (21.06 lakh Ha.). Lower acreage is reported from the states of U.P, Bihar, Manipur, Assam, Tripura etc.

- **Basmati grown in Punjab this year is likely to witness a major reduction in use of pesticides and fungicides that lead** to rejection of export consignments from India. The state government is reaching out to farmers through Gurudwaras, public meetings and social media to dissuade use of Acephate, Cabandazim, Thiamethoxam, Tricyclazole and Triazophos—chemicals responsible for higher residue level in rice.

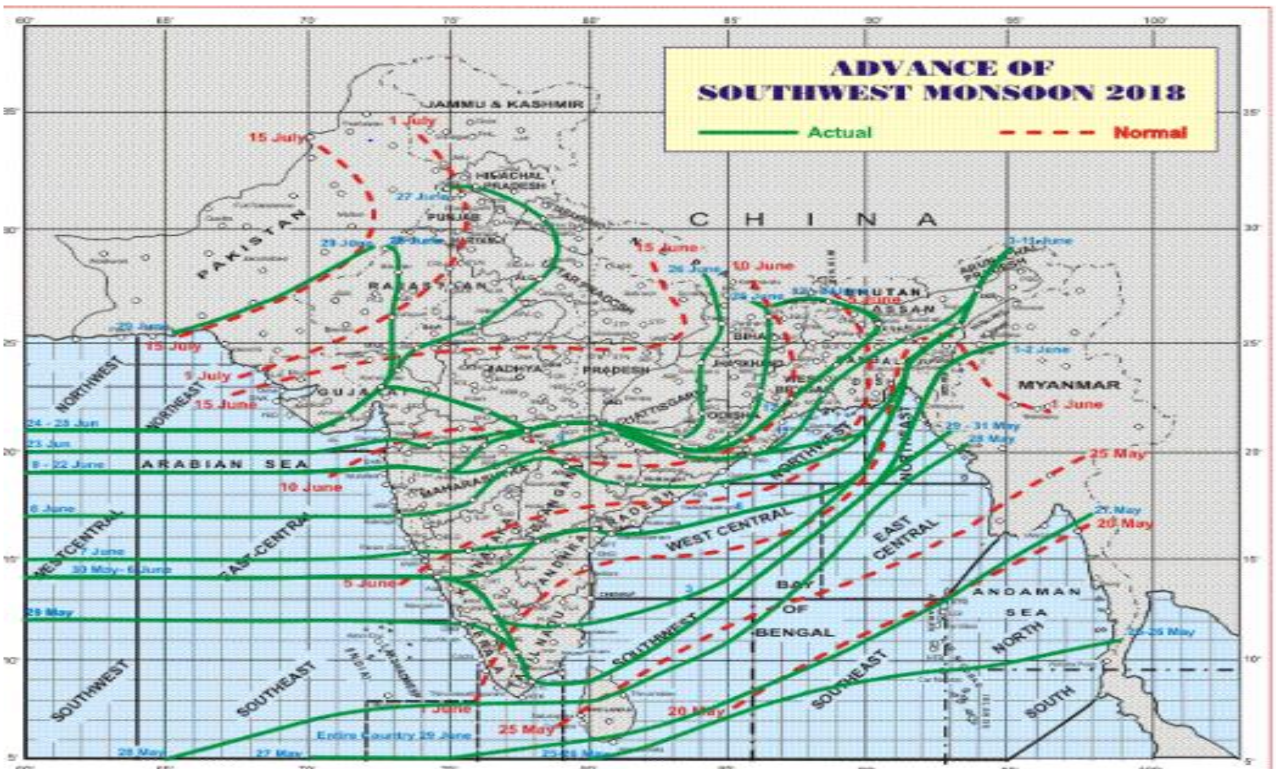
- **Riding on a near normal monsoon, output of most food crops is projected to hit record levels in 2017-18 to give an** all-time high food grain harvest of 284.83 million tons, 3.5 per cent higher than that of the previous year, according to the 4th advance estimates released on 28th Aug-2018, and Rice production is expected to touch a peak of 112.91 MMT, 3 percent more than last year's production of 109 MMT.

- **All-India progressive procurement of Rice as on 27.08.2018 for 2017-18 was at 364.66 lakh tons against the procurement of 380.80** 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 (36.20 Lakh Tons). Andhra Pradesh government's procurement has reached 39.72 lakh tons. Chhattisgarh government also procured around 32.55 lakh tons of rice as of now. Procurement in Madhya Pradesh and Odisha has reached 10.96 and 32.87 lakh tons respectively. Procurement in West Bengal and other rice growing states is still underway.

- **Total rice export from India from MY-2018-19 starting from April to July were 41.5 lakh tons. India has exported 15.77** lakh tons of basmati rice till April-July, which was 15.61 lakh tons during the same period last year, i.e. there is slight increase in export of basmati rice. Exports of non-basmati was 25.7 lakh tons, which was 25.5 lakh tons last year i.e. during April-July.

- **India's rice stocks in the central pool as on Aug- 1, 2018 stood at 24.94 million tons up by 5.23% from 23.70** 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 up by 5.23% by from 23.25 million tons recorded on July-01, 2018. Highest stock could be seen in the state of Punjab (80.61 lakh tons) followed by Andhra Pradesh (19.58 lakh tons) and Haryana (17.16 lakh tons) and Uttar Pradesh (14.48 Lakh Tons). The highest all-India stock for the year of 339.6 lakh tons was recorded in Feb- 2018.

Weather Watch:



Advance of Southwest Monsoon-2018

In the monsoon season, at All-India level, the rainfall during the week i.e. 23rd August, 2018 – 29th August, 2018 has been 6% 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 11% in North West India but lower than LPA by 36% in South Peninsula, 8% in East & North East India and 4% in Central India. The cumulative rainfall in the country during the monsoon season i.e. 01st June, 2018 to 29th August, 2018 has been 6% lower than LPA. Rainfall in the four broad geographical divisions of the country during the above period have been higher than LPA by 9% in South Peninsula, equal to LPA in Central India but lower than LPA by 27% in East & North East India and 5% in North West India.

State wise Paddy Crop Situation - Kharif (2018-19) as on 31.08.2018

RICE						
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.30	11.70	11.94	78.0	11.62	0.32
Arunachal Pradesh	1.29	1.23	1.31	101.7	1.31	0.01
Assam	20.73	19.93	18.68	90.1	18.73	-0.05
Bihar	31.64	32.17	32.24	101.9	34.14	-1.90
Chhattisgarh	38.08	36.47	36.97	97.1	36.61	0.35
Goa	0.29	0.19	0.28	97.9	0.27	0.02
Gujarat	7.41	7.76	7.83	105.6	7.94	-0.11
Haryana	12.94	12.27	13.29	102.7	12.87	0.42
Himachal Pradesh	0.74	0.76	0.74	99.5	0.76	-0.02
J&K	2.80	1.43	1.14	40.9	1.16	-0.01
Jharkhand	14.94	15.11	14.59	97.7	17.27	-2.68
Karnataka	10.00	7.97	6.02	60.2	4.93	1.09
Kerala	1.48	0.59	0.57	38.6	0.62	-0.05
Madhya Pradesh	20.50	20.00	21.06	102.7	20.23	0.83
Maharashtra	15.08	13.97	14.42	95.6	13.72	0.70
Manipur	0.33	1.84	0.32	96.7	1.69	-1.37
Meghalaya	0.97	0.99	1.01	104.3	1.10	-0.09
Mizoram	0.32	0.36	0.35	107.8	0.33	0.02
Nagaland	1.91	1.90	2.08	109.1	2.10	-0.02
Odisha	37.66	34.62	35.12	93.3	34.61	0.51
Punjab	28.93	29.08	30.42	105.2	29.26	1.16
Rajasthan	1.64	1.46	1.15	70.2	1.69	-0.54
Sikkim	0.11	0.11	0.11	94.6	0.11	-0.01
Tamil Nadu	15.46	2.68	3.43	22.2	2.00	1.43
Telangana	9.20	6.74	9.11	99.0	6.67	2.44
Tripura	1.99	1.51	1.83	91.9	1.85	-0.02
Uttar Pradesh	58.87	59.05	59.73	101.5	59.78	-0.05
Uttrakhand	2.47	2.49	2.48	100.5	2.50	-0.02
West Bengal	41.91	40.40	41.56	99.2	41.46	0.10
Pondicherry	0.12	0.00	0.00	0.0	0.00	0.00
Others	0.29	0.52	0.21	72.7	0.57	-0.36
All-India	**395.39**	**365.32**	**369.98**	**93.6**	**367.88**	**2.10**

As per latest information available on sowing of Kharif crops, around 96.5% of the normal area under Kharif crops has been sown up to 31.08.2018. Area sown under all Kharif crops taken together has been reported to be

1022.87 lakh hectares at All India level as compared to 1027.13 lakh hectares in the corresponding period of last year and 1005.11 lakh ha. normal area as on date.

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

State	Prices 24-31 Aug 2018	Prices 16-23 Aug 2018	Prices 09-15 Aug 2018	Prices 24-31 Aug 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	3118.6	3118.6	3118.6	3225	0	0	-3.3
Gujarat	3201.99	3500.06	3500.06	3500.06	-8.52	-8.52	-8.52
Jharkhand	2733.33	2733.33	2734.13	2734.13	0	-0.03	-0.03
Karnataka	3658.8	3658.8	3658.8	3658.8	0	0	0
Kerala	3725.52	3732.34	3732.34	3876.3	-0.18	-0.18	-3.89
Maharashtra	3396.93	3396.93	4231.42	4231.42	0	-19.72	-19.72
Nagaland		7000	7300	7300	__	__	__
NCT of Delhi	2000	2200	2200	2200	-9.09	-9.09	-9.09
Odisha	2652	2657.95	2657.95	2657.95	-0.22	-0.22	-0.22
Tamil Nadu	1680	1680	1680	1680	0	0	0
Tripura	3025.17	3025.17	3025.17	3025.17	0	0	0
Uttar Pradesh	2321.22	2321.22	2321.22	2321.22	0	0	0
Uttrakhand	2241.49	2241.49	2333.48	2333.48	0	-3.94	-3.94
West Bengal	2709.4	2721.45	2751.01	2751.01	-0.44	-1.51	-1.51
Average	2804.96	3141.95	3231.73	3262.66			

Price Projection for Sept 01st Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
01st Week of Sept, 2018	Steady	Rs.2900-3300/Quintal	Domestic rice prices is expected to rule steady during MY 2018-19 harvest season (Oct-Jan), and would likely to go slightly up in February-2019 onwards after the pick-up of export and diminishing of arrival which support the price in medium to long term.

Weekly Price Change of 1121 Steam, Raw and Sella Rice Price Delhi Market (Figure: in Rs. /Quintal)

Variety	01 Sep 2018	24 Aug 2018	(Month Ago) 01 Aug 2018	(Year Ago) 01 Sept 2017	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7500	7600	7300	6200	-1.32	2.74	20.97
1121 Sella	6650	6800	6400	5350	-2.21	3.91	24.30
1121 Raw	7000	7000	7100	6100	0.00	-1.41	14.75
Basmati Raw	7000	7000	7000	7100	0.00	0.00	-1.41
1509 Steam Wand	6800	7000	6800	NA	-2.86	0.00	#VALUE!
Sugandh Steam	5500	5600	5800	NA	-1.79	-5.17	#VALUE!
Sharbati Raw	5000	5050	5050	4600	-0.99	-0.99	8.70
Pusa Raw Wand	6600	6500	6400	6000	1.54	3.13	10.00
Parmal Sella	3050	3000	3100	2900	1.67	-1.61	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*	31 Aug 2018	30 Aug 2018	25 Aug 2018	31 Jul 2018	31 Jul 2017	Source
Assam	Common	+65	2450	2450	2385	2450	2300	APMC
Jharkhand	Coarse	-200	2100	2100	2300	2000	2200	APMC
Kerala	Jaya	0	2800	2850	2800	2900	3000	APMC
Divi(A.P)	BPT(Raw)	0	3700	3735	3700	3600	3650	APMC
Visakhapatnam	HMT(Raw)	-40	4150	4200	4190	4200	4200	APMC
Chirala(A.P)	Vishnubhog	-100	5600	5600	5700	5500	5500	APMC
Burdwan(W.B)	Miniket	+5	3325	3350	3320	3200	3350	APMC
Delhi	PR-14	0	3200	3200	3200	3000	2950	AGRIWATCH
Amritsar	1121 Steam	+100	7700	7700	7600	7200	7100	AGRIWATCH
Karnal	Sarbati Steam	+100	5100	5200	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	+14.6	150	135.4	APMC
Srikakulam	All Paddy	+45	235	190	APMC
Guntur	All Paddy	+80	725	645	APMC
Burdwan(W.B)	All Paddy	+125	3050	2925	APMC
Delhi	All Paddy	+67	200	133	APMC
Amritsar	All Paddy	+190	245	55	APMC
Karnal	All Paddy	+288	320	32	APMC

*Difference between current and previous week arrival

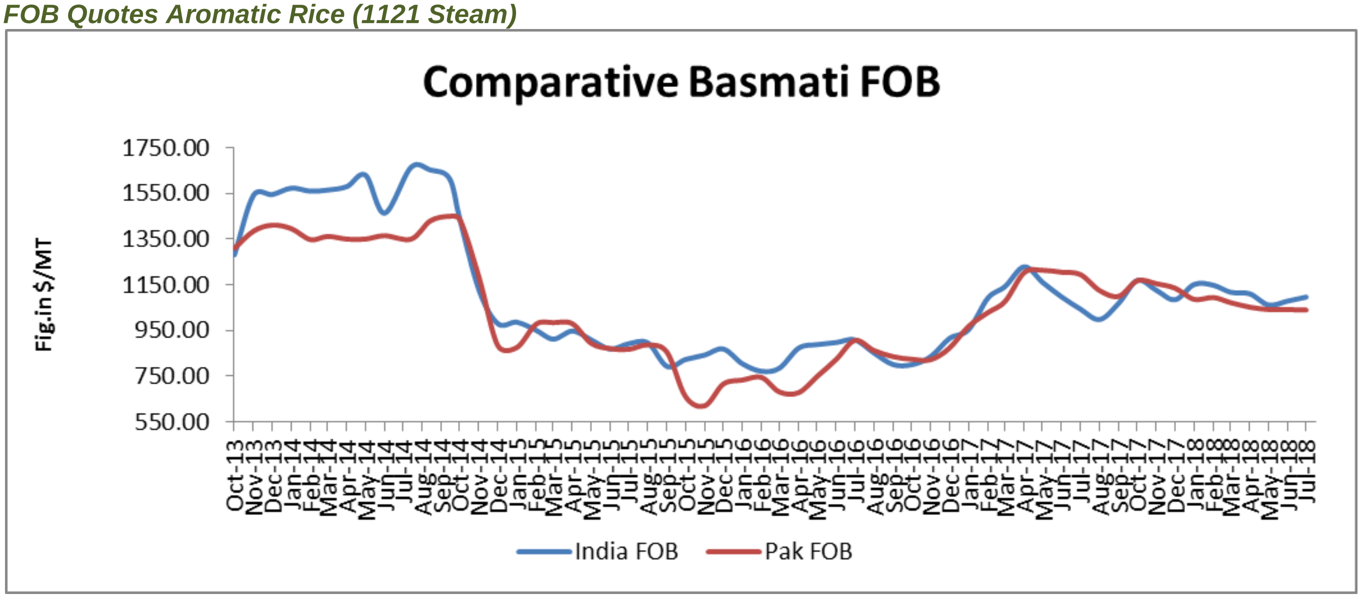
State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 10.08.2018	
(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 10.08.2018 for 2017-18 was at 364.28 lakh tons against the procurement of 380.53 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

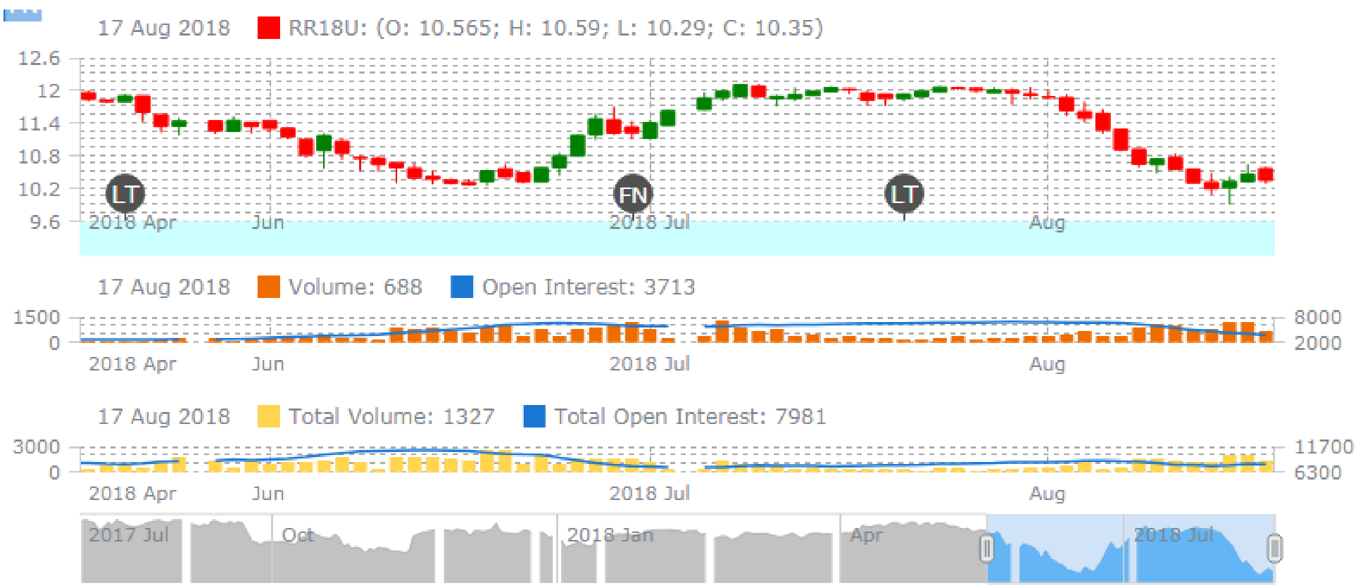
The IGC forecasts 2018-19 global rice trades at around 48 million tons, around 1 Mt up from its estimates for 2017-18. It expects world rice trade in 2018 to remain same on normal demand from buyers in Africa and Asia.

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 recover mode from last week. We expect market to hover in the range of USD 10.50-11.80 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of Aug-2018	Steady	USD/ Hundred Weight 10.50-11.80