Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at Rs.3005 per quintal fourth week, up 0.5% from Rs.3002** per quintal from the previous week, and up 1% from Rs.2975 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady tone on the arrival of new crop.

- **Vietnamese rice export prices rose this week on increased demand from the Philippines and elsewhere while** rates for rice from top exporter India fell on expectations for a bumper summer-sown crop and a weak rupee, The Indian rupee has weakened by nearly 12 percent in 2018 and touched a record low this month. Rates for India's 5 percent broken parboiled rice dipped by $3 to $370-$374 a ton.

- **According to government estimates production of kharif food-grains for 2018-19 crop year (July-June) has been estimated** at a record 141.59 million ton on the back of increased acreage under paddy and expected better yield in pulses and coarse cereals. Notably, last year's kharif output was 140.73 mt as per the latest (fourth) estimate, up from 134.67 seen in the first estimate. Interestingly, rice output in kharif 2018-19 is estimated to be a record 99.24 million ton in this kharif season, up from 97.5 million ton in the previous season. This could potentially boost up the exports, the sowing area under paddy was 2.36% higher at 38.6 million hectares as of September 20 as against the year-ago period. However, a higher output means the government will have to buy more rice from farmers.

- **Basmati exporters of Punjab and Haryana are unfazed by the recent incessant rains that damaged paddy and hope to** maintain the upswing that was started from July this year. The rain damaged 'Pusa-1509' - a variety which is normally harvested in September. The area under this variety is, however, insignificant. Traders don't expect any decline in basmati exports this year. The total area under 'Pusa - 1121' is around 10.64 lakh hectares while only 1.32 lakh hectares are under 'Pusa-1509' across basmati-producing states,

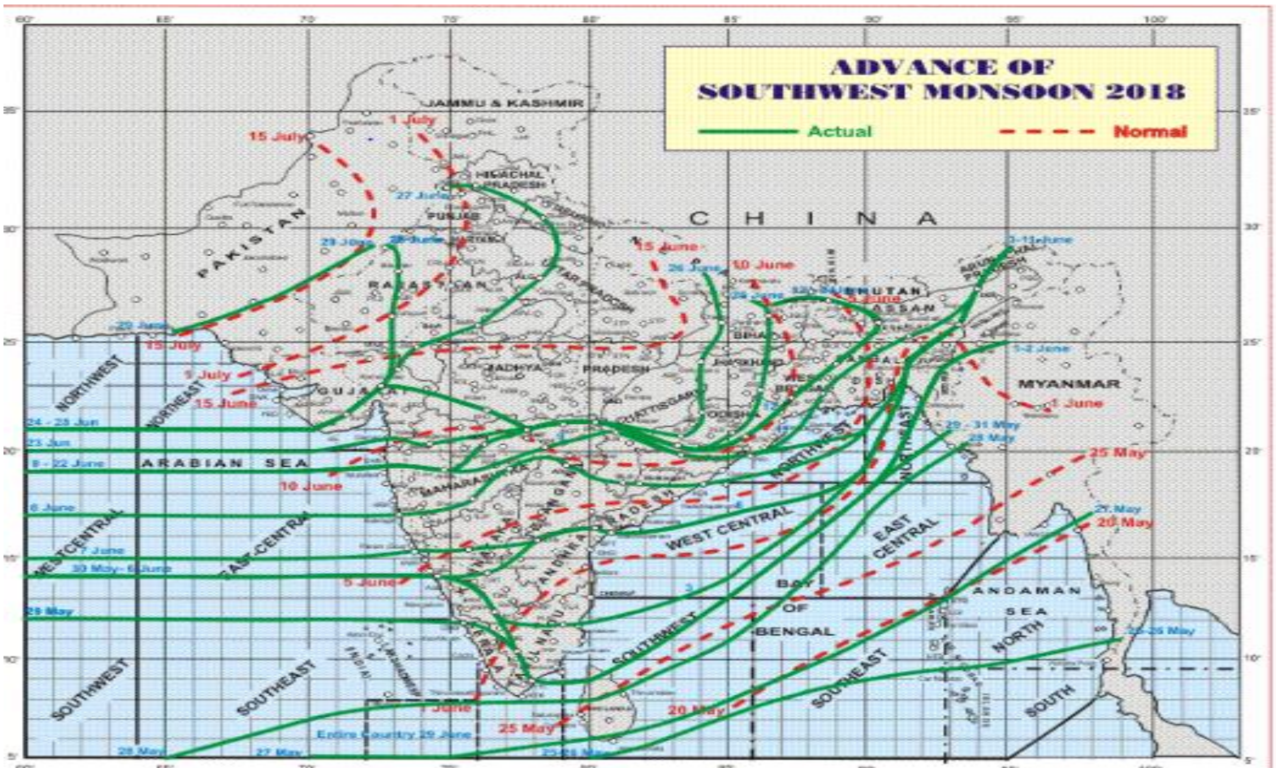
- **Uttar Pradesh has set a target of procuring paddy on 50 million tons of MSP in MY-2018-19. Last year Uttar Pradesh** purchased 43 lakh tons of paddy. An additional amount of 20 rupees per quintal will be given for cleaning of paddy which was earlier Rs. 10 per quintal. The purchase will take place from October 1 to 28 February, 2019.

- **All-India progressive procurement of Rice as on 24.09.2018 for 2017-18 was at 381.56 lakh tons against the procurement** of 385 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 (36.18 Lakh Tons). Andhra Pradesh government's procurement has reached 39.91 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 rice procurement is also picking up and now reached to 16.73 lakh tons.

- **Between April-August 2018, 18.54 lakh tons of basmati rice was exported from the country, which is more than 3** thousand tons than last year, the non-basmati rice has decreased by 3 lakh tons from last year to 31.74 lakh tons.

- **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.

Weather Watch:



Advance of Southwest Monsoon-2018

In the monsoon season, at All-India level, the rainfall during the week i.e. 30^{th} August, 2018 – 05^{th} September, 2018 has been 18% 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 20% in North West India but lower than LPA by 54% in South Peninsula, 31% in Central India and 9% in East & North East India. The cumulative rainfall in the country during the monsoon season i.e. 01^{st} June, 2018 to 05^{th} September, 2018 has been 7% lower than LPA. Rainfall in the four broad geographical divisions of the country during the above period have been higher than LPA by 6% in South Peninsula but lower than LPA by 24% in East & North East India, 3% in North West India and 2% in Central India.

State wise Paddy Crop Situation - Kharif (2018-19) as on 20.09.2018

RICE						
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	**15.30**	13.81	13.48	88.1	13.58	-0.10
Arunachal Pradesh	**1.29**	1.29	1.31	101.7	1.31	0.01
Assam	**20.73**	20.67	19.56	94.4	20.19	-0.63
Bihar	**31.64**	32.35	32.56	102.9	34.18	-1.62
Chhattisgarh	**38.08**	36.69	37.54	98.6	36.73	0.81
Goa	**0.29**	0.20	0.28	97.9	0.27	0.02
Gujarat	**7.41**	7.88	8.05	108.6	8.05	0.00
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**	1.60	1.14	40.9	1.16	-0.01
Jharkhand	**14.94**	15.54	15.15	101.4	17.35	-2.20
Karnataka	**10.00**	8.94	11.35	113.5	6.04	5.31
Kerala	**1.48**	0.63	0.57	38.6	0.62	-0.05
Madhya Pradesh	**20.50**	20.13	21.65	105.6	20.23	1.42
Maharashtra	**15.08**	15.04	15.21	100.8	14.31	0.90
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**	1.92	2.08	109.1	2.07	0.01
Odisha	**37.66**	36.18	37.04	98.4	36.25	0.79
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**	3.62	4.22	27.3	2.70	1.52
Telangana	**9.20**	7.54	10.31	112.1	7.58	2.73
Tripura	**1.99**	1.61	1.83	91.9	1.29	0.53
Uttar Pradesh	**58.87**	59.25	59.73	101.5	59.78	-0.05
Uttrakhand	**2.47**	2.50	2.48	100.5	2.50	-0.02
West Bengal	**41.91**	41.48	42.71	101.9	42.40	0.31
Pondicherry	**0.12**	0.00	0.00	0.0	0.00	0.00
Others	**0.29**	0.54	0.21	72.7	0.57	-0.36
All-India	**395.39**	**376.30**	**385.85**	**97.6**	**376.96**	**8.89**

Rice acreage in India as on 20th Sep 2018 increased to 385.85 lakh hectares as compared to 376.96 lakh hectares same period last year and also up by normal area as on date of 376.30 lakh hectares which seems that rice production is expected to be good if weather become favorable at the time of harvesting. Higher acreage is mainly reported from the states of Andhra Pradesh (13.48 lakh Ha.), Telangana (10.31 lakh Ha.), Haryana (13.29

lakh Ha.), Punjab (30.42 lakh Ha.), Chhattisgarh (37.54 lakh Ha.), Madhya Pradesh (21.65 lakh Ha.). Lower acreage is reported in the states of U.P, Bihar, Manipur, Assam and Tripura.

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

State	Prices 24-30 Sep 2018	Prices 16-23 Sep 2018	Prices 09-15 Sep 2018	Prices 24-30 Sep 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	2895.62	2844.12	3195.98	2875.08	1.81	-9.4	0.71
Gujarat	3444.42	3379	3214.06	3153.84	1.94	7.17	9.21
Jharkhand	2729.27	2838.73	2725.17	2733.33	-3.86	0.15	-0.15
Karnataka	3674.66	3677.4	3598.83	3618.2	-0.07	2.11	1.56
Kerala	3673.54	3704.34	3744.67	3836.63	-0.83	-1.9	-4.25
Maharashtra	3351.74	3267.53	3102.85	3425.11	2.58	8.02	-2.14
Odisha	2869.4	2837.16	2384.88	2528.58	1.14	20.32	13.48
Tripura	3005.76	3051.65	3060.28	2988.17	-1.5	-1.78	0.59
Uttar Pradesh	2339.36	2331.17	2324.23	2225.46	0.35	0.65	5.12
Uttrakhand	2336.5	2335.2	2417.81	2551.03	0.06	-3.36	-8.41
West Bengal	2723.84	2759.88	2768.04	2779.59	-1.31	-1.6	-2.01
Average	3004.01	3002.38	2957.891	2974.093			

Price Projection for Oct 01st Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
01st Week of Oct, 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	29 Sep 2018	22 Sep 2018	(Month Ago) 29 Aug 2018	(Year Ago) 29 Sept 2017	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7400	7400	7400	6900	0.00	0.00	7.25
1121 Sella	6650	6650	6600	5600	0.00	0.76	18.75
1121 Raw	7000	7000	7000	7000	0.00	0.00	0.00
Basmati Raw	7000	7100	7000	7600	-1.41	0.00	-7.89
1509 Steam Wand	5900(New)	7200	6900	NA	#VALUE!	#VALUE!	#VALUE!
Sugandh Steam	5200	5600	5500	NA	-7.14	-5.45	#VALUE!
Sharbati Raw	4500	4900	5050	4900	-8.16	-10.89	-8.16
Pusa Raw Wand	7000	6900	6500	6100	1.45	7.69	14.75
Parmal Sella	3100	3100	3000	3150	0.00	3.33	-1.59

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	28 Sep 2018	27 Sep 2018	21 Sep 2018	28 Aug 2018	28 Sep 2017	Source
Assam(Dibrugarh)	Common	5	2925	2920	2920	2800	2600	APMC
Jharkhand(Ranchi)	Coarse	-15	2635	2850	2650	2400	2200	APMC
Kerala	Jaya	-20	2880	2900	2900	2900	2800	APMC
Divi(A.P)	BPT(Raw)	-200	3300	3300	3500	3500	3450	APMC
Visakhapatnam	HMT(Raw)	-300	4200	4200	4500	4200	4200	APMC
Chirala(A.P)	Vishnubhog	0	5500	5500	5500	5400	5350	APMC
Burdwan(W.B)	Miniket	-130	3420	3420	3550	3400	3375	APMC
Delhi	PR-14	-100	3100	3100	3200	2950	2950	AGRIWATCH
Amritsar	1121 Steam	0	7400	7400	7400	7500	6900	AGRIWATCH
Karnal	Sarbati Steam	-100	5000	5000	5100	5050	4950	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	81	1275	1194	APMC
Delhi	All Paddy	343.25	2185.75	1842.5	APMC
Amritsar	All Paddy	1655	7825	6170	APMC
Karnal	All Paddy	-99.93	1095.42	1195.35	APMC

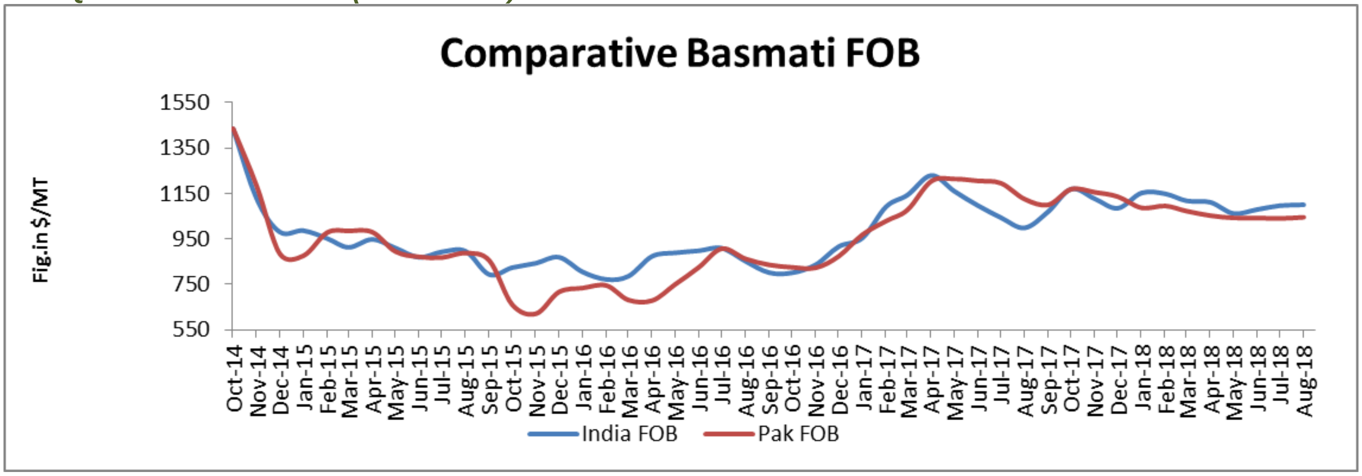
*Difference between current and previous week arrival

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 20.09.2018	
(in Lakh T)		In Marketing season 2017-18	In Marketing season 2016-17
AP	43.00	39.94	37.24
Telangana	34.00	36.18	35.95
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	3.09
Odessa	37.00	32.87	36.30
Punjab	115.00	118.33	110.52
Tamilnadu	15.00	9.89	1.41
U.P	37.00	28.75	23.54
Uttrakhand	7.00	0.38	7.06
West Bengal	27.00	16.73	18.95
Others	0	0.87	0.46
Total	**430.00**	**381.57**	**380.69**

All-India progressive procurement of Rice as on 20.09.2018 for 2017-18 was at 381.57 lakh tonnes against the procurement of 380.69 lakh tonnes in the corresponding period of last year. The procurement of wheat for the Rabi Marketing Season (RMS) 2018-19 was 355.22 lakh tonnes which was higher than the procurement of 306.65 lakh tonnes in the corresponding period.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam traded firm in the month of Aug and currently is in the range of USD 1099.9/MT which is up by 0.31% from last month price of USD 1096/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 1045/MT which is up by 0.48% from last month FOB of USD 1040/MT.

Global Updates

Thailand Rice export prices increased around 1 percent due mainly to the Thai baht strengthening to 32.47 baht/U.S. $1.00 from 32.69 baht/U.S. $1.00 in the previous week. Additionally, the Chinese government has agreed to purchase another 100,000 metric tons of 5% grade white rice at U.S. $430/MT (FOB). This will be the sixth shipment under the one million metric ton Thai-Chinese government-to-government agreement signed in December 2015. Thai rice exporters will handle the delivery of this contract. The actual shipments will take place during September – October 2018.

Unofficial and preliminary Thai rice exports (excluding premium white and fragrant rice) for September 3-9, 2018, totaled 179,573 metric tons, down 10,455 metric tons from the previous week and down 16,424 metric tons from the four-week moving average of 195,997 metric tons (Table 2). Rice exports from January 1 – September 9, 2018 totaled 6,512,111 metric tons.

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.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 26.07.2018	(2018-19) Forecast. 23.08.2018
Production	475	487	488	491	491
Trade	40	47	48	48	48
Consumption	474	486	487	493	492
Carryover stocks	123	123	124	121	123
Y-O-Y change	1	1	1		-2
Major Exporters	33	31	28	26	28

(Fig. In Million Tons)

Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

The projection for world rice output in 2018/19 is maintained at a record of 491m t, a 1% y/y increase. However, due to a higher figure for carry-in stocks – mainly owing to adjustments for India – and a small reduction to total use, aggregate inventories are raised by 2m t, to 123m, modestly tighter y/y. The outlook for trade in 2019 is broadly unchanged from before, at a record of about 48m t. Following the previous year's heavy expansion, world rice trade is set to grow further in 2018 on demand from buyers in Far East Asia in particular. Tentative prospects for 2018/19 place global rice output at a new peak as a drop in production in China is more than offset by bigger outturns elsewhere in the region. Carryovers may fall slightly on a modest tightening of China's reserves, but major exporters' inventories are likely to hold steady after the steep declines of the past. As trade stays high, India should maintain its position as the leading exporter.

IGC Forecast the World Rice Production Down in 2017-18

In its Sept 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

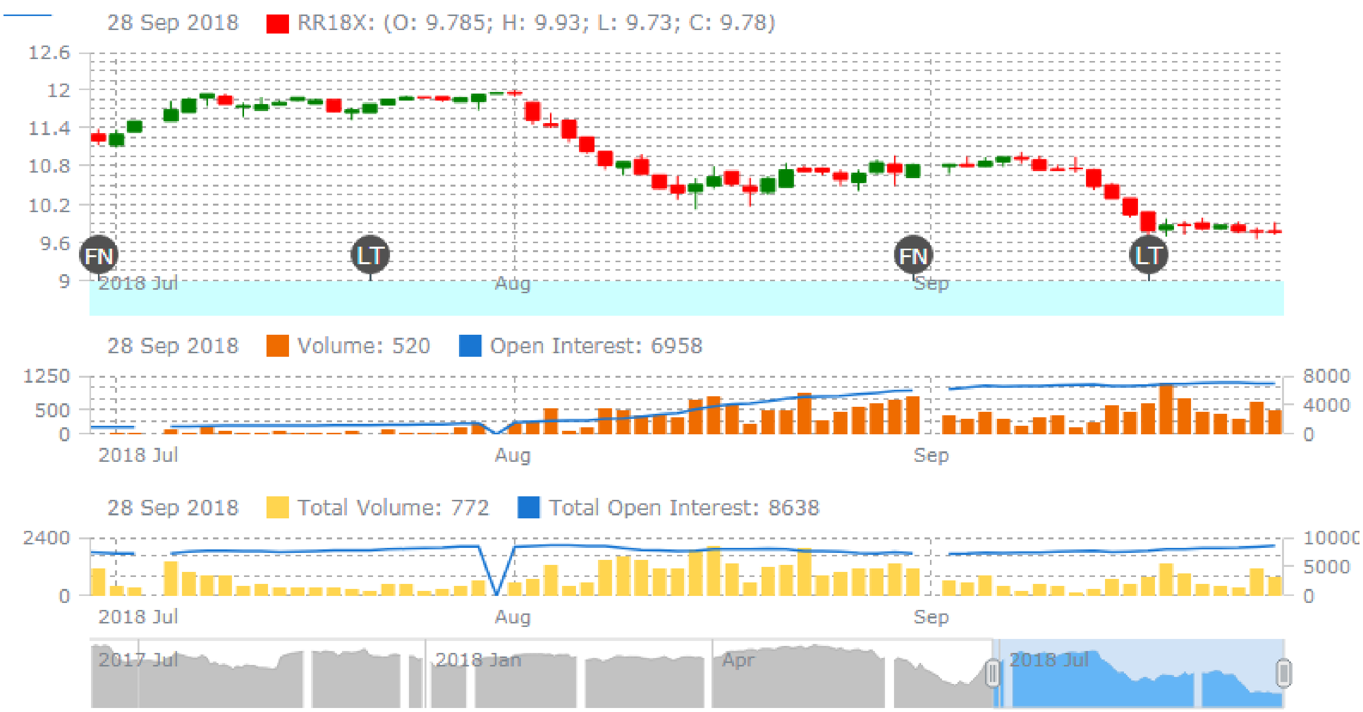
The IGC forecasts 2018-19 global rice trades at around 48 million tons, around 1 Mt up from its estimates for 2017-18. It expects world rice trade in 2018 to remain same on normal demand from buyers in Africa and Asia.

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 Nov- 18, Rough Rice)

(Prices in US$/hundredweight)



Market Analysis

The CBOT Nov-18 month rough chart for rice indicates steady 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
01st Week of Oct-2018	Steady	USD/ Hundred Weight 9.50-10.85