Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale prices of rice in India stood at Rs.3021 per quintal fourth week, up 2.34% from Rs.2952** per quintal from the previous week, and up 3.3% from Rs.2925 per quintal a year ago. Agriwatch expects non-basmati rice market to move steady tone on the arrival of new crop.

- **Rice export prices in India fell for a second week on sluggish demand, while rates in Thailand were propped** up by lower supply and expectations of new orders from Philippines, Indonesia and Japan. Some demand is there, but not much. Millers are now waiting for new crop arrivals to offer, Supplies from summer-sown crop will become available for exports from next month. Indian production of summer-sown rice is estimated to grow 1.8 percent to 99.24 million tons. The falling rupee is (however) making Indian exports more competitive than Thailand and Vietnam.

- **Saudi Arabia eased the rules of rice imported from India and said that India will have to reduce the level of pesticide in rice** in the future. This issue was discussed in a high-level meeting between India and Saudi Arabia last week. This is good news for rice markets.

- **High possibility of Thunderstorms in Tamil Nadu, Pondicherry, Kerala, Karnataka and Andhra Pradesh, due to the storm** in the Arabian Sea. All these area is major growing of paddy and so it is expected to reduction of yield if weather will unsuitable at the time of harvesting.

- **Iran has just recently said that it will export crude oil to India in Indian currency, which in turn will also import** food items, soymeals, rice and spices from India.

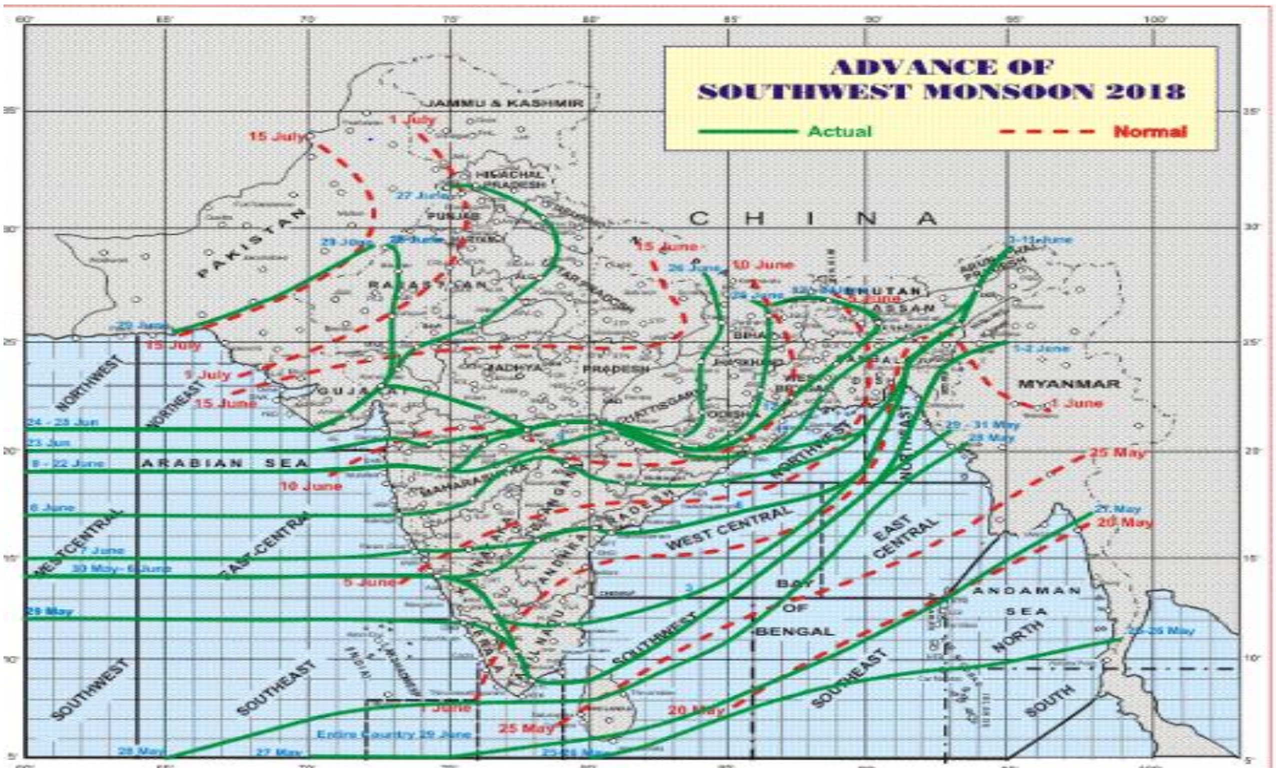
- **Uttar Pradesh has set a target of procuring paddy on 50 million tons of MSP in MY-2018-19. Last year Uttar Pradesh** purchased 43 lakh tons of paddy. An additional amount of 20 rupees per quintal will be given for cleaning of paddy which was earlier Rs. 10 per quintal. The purchase will take place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

- **Rice export from India in the month of Aug-2018 was 8.39 lakh tons in which basmati rice contribution was 34.**44% of total and around 2.89 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 5.5 lakh tons which was Lower by 3.16% from previous month export, major importing countries of non-basmati rice in the month were Cote d ivories, Benin and Indonesia followed by Madagascar. Total rice export in MY-2017-18 (From Oct to Aug.) from India was 11.75 million tons up by 17% from corresponding period of last year export of 10.08 million tons.

- **The government has cut the rice procurement target this year. The procurement of rice in Kharif season starting from October will be** reduced by 11.56 lakh tons compared to last year. The procurement of 114 lakh tons of rice from Punjab and 39.75 lakh tons of rice is procured from the Haryana. The government procurement of rice in these two states will be done from October 1 to December 15. Apart from this, the Government has set a target of procuring 30 lakh tons in Andhra Pradesh, 15 lakh tons in Telangana, 40 lakh tons in Chhattisgarh, 13 lakh tons in Madhya Pradesh, 8 lakh tons from Bihar, 33 lakh tons in UP, 3 million tons in Odisha, 23 lakh tons in West Bengal, 8 lakh tons in Tamil Nadu, 5 lakh tons in Uttrakhand, 4 lakh tons from Maharashtra.

- **As per latest data received from FCI, procurement for new MY-2018-19 starts in some regions and reached** to 3.92 lakh tons so far. Only Haryana and Punjab contributing the paddy procurement with quantity of 3.78 lakh tons and 0.14 lakh tons respectively.

Weather Watch:



Advance of Southwest Monsoon-2018

In the monsoon season, at All-India level, the rainfall during the week i.e. 20th September, 2018 – 26th September, 2018 has been 20% higher 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 148% in North West India & 19% in Central India but lower than the LPA by 29% in South Peninsula & 22% in East & North East India. The cumulative rainfall in the country during the monsoon season i.e. 01st June, 2018 to 26th September, 2018 has been 9% lower than LPA. Rainfall in the four broad geographical divisions of the country during the above period have been lower than LPA by 24% in East & North East India, 5% in Central India, 2% in South Peninsula and 1% in North West 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 01st Week of Oct-2018

State	Prices 01-08 Oct 2018	Prices 24-30 Sep 2018	Prices 16-23 Sep 2018	Prices 01-08 Oct 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4212.5	4195.04	4042.46	3193.53	0.42	4.21	31.91
Assam	2950.99	2879.32	2842.48	3145.88	2.49	3.82	-6.2
Gujarat	3270.47	3158.54	3170.6	3213.48	3.54	3.15	1.77
Jharkhand	2728.32	2786.62	2837.74		-2.09	-3.86	__
Karnataka	3638.36	3623.74	3681.14	3705.79	0.4	-1.16	-1.82
Kerala	3694.48	3698.59	3704.34	3802.31	-0.11	-0.27	-2.84
Maharashtra	4035.87	3374.67	3254.27	3744.1	19.59	24.02	7.79
Manipur	2696.88			3106.25	__	__	-13.18
Meghalaya	2780	2300	2620.97	2804.19	20.87	6.07	-0.86
Odisha	2818.2	2821.3	2837.16	2613.02	-0.11	-0.67	7.85
Tamil Nadu	1900	1880		1200	1.06	__	58.33
Tripura	2996.88	3026.33	3050.51	3023.84	-0.97	-1.76	-0.89
Uttar Pradesh	2388.32	2338.95	2331.17	2230.57	2.11	2.45	7.07
Uttrakhand	2452.64	2465.22	2594.69	2337.19	-0.51	-5.47	4.94
West Bengal	2748.96	2773.44	2800.89	2818.29	-0.88	-1.85	-2.46
Average	3020.86	2951.55	3059.1	2924.17			

Price Projection for Oct 02nd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
02nd 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	04 Oct 2018	29 Sep 2018	(Month Ago) 04 Sept 2018	(Year Ago) 04 Oct 2017	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7200	7400	7500	7150	-2.70	-4.00	0.70
1121 Sella	6600	6650	6650	5700	-0.75	-0.75	15.79
1121 Raw	7000	7000	7000	7000	0.00	0.00	0.00
Basmati Raw	7000	7000	7000	7600	0.00	0.00	-7.89
1509 Steam Wand New	5600	5900	6800	NA	-5.08	-17.65	#VALUE!
Sugandha Steam(New crop)	4500	5200	5500	NA	-13.46	-18.18	#VALUE!
Sharbati Raw	4800	4500	5000	4900	6.67	-4.00	-2.04
Pusa Raw Wand	6200	6500	6600	6200	-4.62	-6.06	0.00
Parmal Sella	3050	3100	3050	3100	-1.61	0.00	-1.61

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	05 Oct 2018	04 Oct 2018	28Sept 2018	05 Sep 2018	05 Oct 2017	Source
Chirala(A.P)	BPT(Raw)	50	4650	4650	4600	4635	4620	APMC
Jharkhand(Ranchi)	Coarse	-50	2585	2580	2635	2500	2500	APMC
Ernakulam(Kerala)	Jaya	-20	3600	3610	3620	3550	3500	APMC
Divi(A.P)	BPT(Raw)	155	3455	3450	3300	3345	3450	APMC
Visakhapatnam	HMT(Raw)	100	4300	4310	4200	4150	4080	APMC
Nandyal	Sona Fine	-20	5480	5420	5500	5400	5250	APMC
Barasat(W.B)	Masuri	-20	2600	2600	2620	2580	2550	APMC
Dibrugarh	Common	-55	2300	2300	2355	2345	2220	APMC
Jhargram(W.B)	Common	50	3100	3100	3050	3000	2980	APMC
Karnal	Sarbati Steam(New)	-200	3800	3800	4000	5050	4950	AGRIWATCH
Bangarpet(Kar)	IR-20	20	3000	3000	2980	2900	2950	APMC

*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	5.16	5.16	0	APMC
Srikakulam	All Paddy	5	5	0	APMC
Guntur	All Paddy	4	4	0	APMC
Burdwan(W.B)	All Paddy	-315	960	1275	APMC
Delhi	All Paddy	-709.19	1476.56	2185.75	APMC

Amritsar	All Paddy	16668	24493	7825	APMC
Karnal	All Paddy	8241.98	9337.4	1095.42	APMC

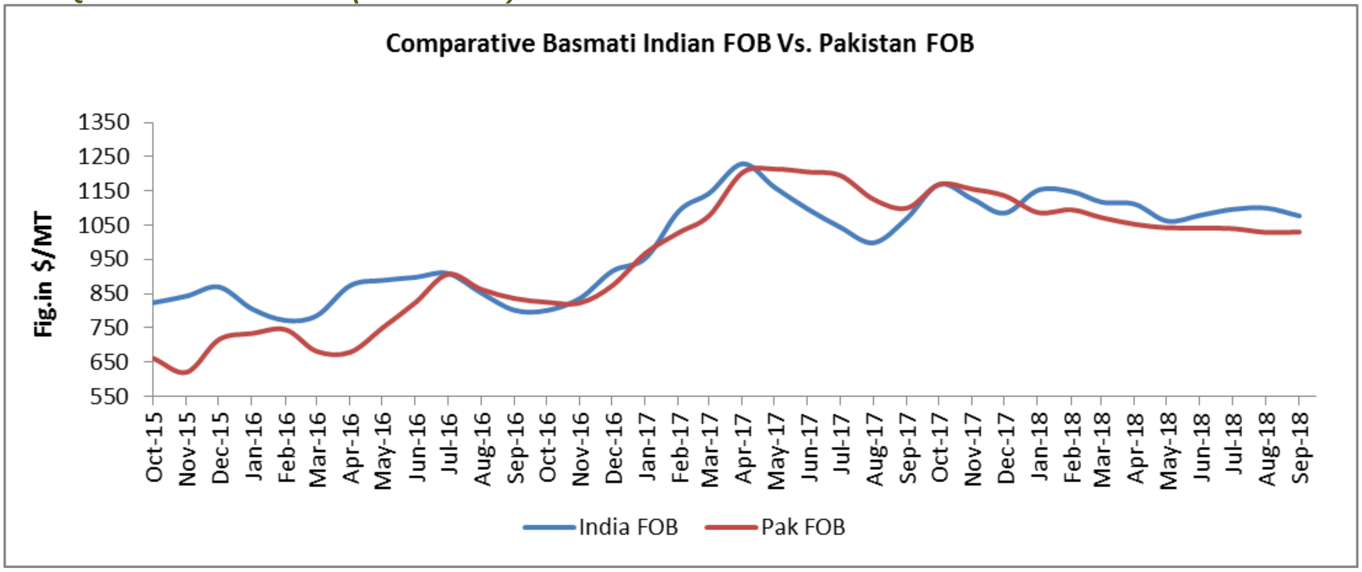
*Difference between current and previous week arrival

State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2017-18 (Oct. – Sept.)	Progressive Procurement as on 20.09.2018	
		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 September and currently is in the range of USD 1077/MT which is down by 2% from last month price of USD 1099/T due to lower demand from overseas market. Aromatic rice prices are also traded slightly weak as millers are waiting for new crop; Agriwatch expects that aromatic international rice price is likely to trade steady to weak in coming month due to arrival pressure which is likely to start soon in next 15-20 days. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving steady from last month and is now hovering in the range of USD 1030/MT which is almost same from last month FOB of USD 1029/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. 23.08.2018	(2018-19) Forecast. 27.09.2018
Production	475	487	488	491	491
Trade	40	47	48	48	49
Consumption	474	486	487	492	492
Carryover stocks	123	123	124	123	124
Y-O-Y change	1	1	1		-1
Major Exporters	33	31	28	28	31

(Fig. In Million Tons)

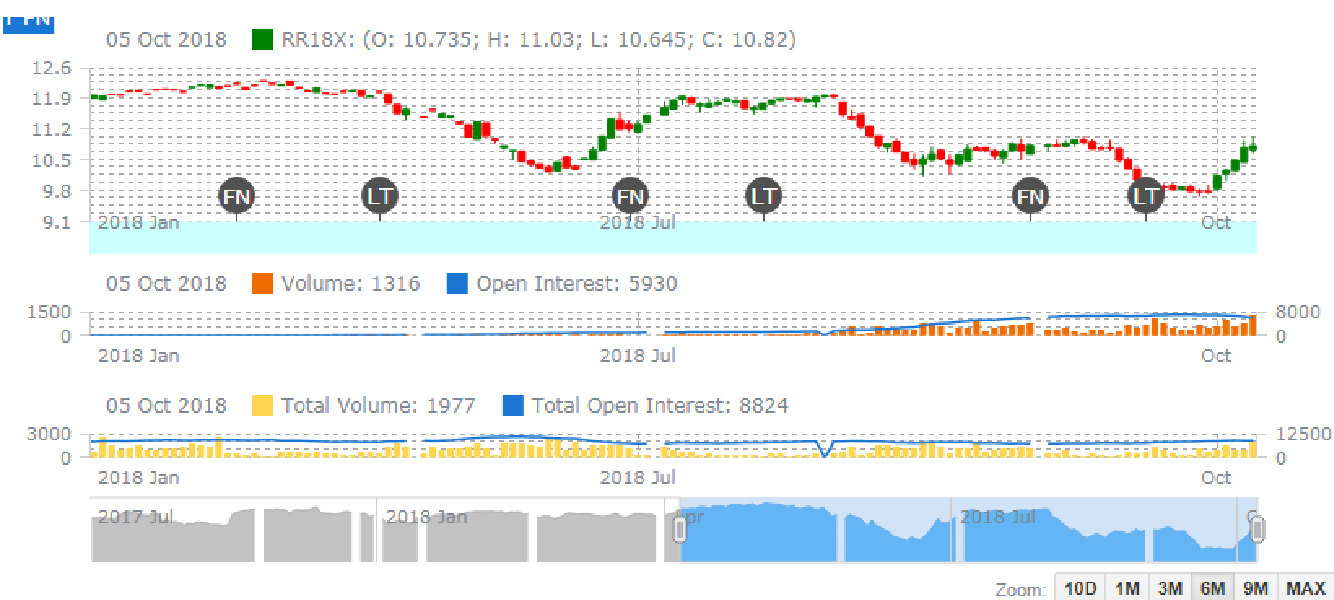
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

Reflecting a revised estimate for production, together with adjustments for India's inventories, 2017/18 world rice carryovers are raised by 2m t m/m, to 126m, a 2% y/y gain. Projections for production and use in 2018/19 are unchanged m/m, but larger carry-ins result in a marginal upgrade for end-season reserves, to 124m t, modestly tighter y/y. The 2019 trade outlook is up slightly from August, to a record of 49m t, the 1% y/y increase tied to likely firmer demand from Asia and Africa. Rice production in 2018 upgraded, as improved prospects for the US and especially India outweighed reductions for Mali, Pakistan and the Philippines. Utilization in 2018/19 still expected at an all-time record, despite a slight downward adjustment to non-food use forecasts. Trade in 2019 raised marginally, on higher anticipated imports by Brazil, the Philippines and Saudi Arabia. Stocks (ending in 2019) now seen expanding by 2.6 percent, mainly due to an upward revision to carryovers in 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 firm 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
02nd Week of Oct-2018	Steady to Firm	USD/ Hundred Weight 10.50-11.95