Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **The Indian government will give a subsidy of 5 percent for non-basmati rice exports for the four months to March 25**, 2019, the country's trade ministry said in an order dated Nov. 22. Prices could have jumped had it not been for the subsidy, since the rupee has risen.

- **In Vietnam, rates for 5 percent broken rice dipped to $408 a tonne from $410 a tonne last week as exports** to China fell. China has been applying stricter conditions for Vietnamese rice, including lengthy inspection time. Rice shipments to China, Vietnam's largest rice export market, fell 39.1 percent in the first ten months of this year from a year earlier.

- **Thailand, benchmark 5 percent broken rice prices widened to $380-$397 per tonne, free on board (FOB) Bangkok**, from $382-$395 last week, due to weaker demand and prospects of fresh supply.

- **Rice export prices fell for the first time in four weeks in India as a government subsidy for overseas sales prompted** traders to cut rates, while lower demand from China weighed on the Vietnamese market. Top exporter India's 5 percent broken parboiled variety was quoted around $366-$370 per tonne, against $367-$375 in the previous week.

- **Based on the first advance estimates for Indian crop year 2018/19, the latest report from the Ministry of Agriculture** and Farmers Welfare (MoAFW) estimates kharif (fall harvested) rice planting at 38.4 million hectares compared to 39.4 million hectares last year. Surprisingly, MOAFW weekly reports through September 20, 2018, reported higher planting than the latest report. The MoAFW planting estimates are subject to future revisions based on the crop surveys undertaken by various state governments. Also, last year the MoAFW raised their figure for the kharif rice area planted higher than estimated in the first advance estimate.

- **All-India progressive procurement of Rice as on 30.11.2018 for 2018-19 was at 182.46 lakh tons against the procurement** of 180 lakh tons in the corresponding period of last year. Key procurement has been received from northern states of Punjab (113.10 lakh Tons), Haryana (39.06 lakh tons) Telangana (14.76 lakh tons), Tamilnadu (1.18 lakh Tons).

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- **India's rice exports dropped 9.6 percent to 5.8 million tons between April and September from a year earlier**, as leading buyer Bangladesh trimmed purchases due to bumper local harvest.

- **Rice exports value from the country were Rs 3,324.93 crores in October 2018, which was Rs 3,497.64 crores in** October 2017 i.e. decreasing 4.95% of rice from the same period last year.

This year about forty to fifty thousand hectares area under basmati has been shifted either to normal paddy or shifted to other major competitive crops like sugarcane/coarse cereals in comparison to last year.

PB-1121

In the current season PB 1121 acreage in the 7 states has been reduced by 3.51% over last year. Farmer preferred high yielding Pusa-1509 in place of low yielding PB-1121. Moreover, PB 1509 also has shorter time period and early maturity trait if compared with PB 1121. Initial crop health report shows that PB 1121 is performing good in Haryana and Punjab while some crop damage reported in UP / Uttrakhand but over this year lesser crop infestation and timely application on remedial action by farmers on brown plant hopper & White bagged plant hopper reduces the crop losses. This year farmers are expected to harvest about 35-38 lakh tons of PB 1121 against the 39-40 lakh tons of harvest happened last year. However, final figures might differ once actual arrival will start coming in the market.

Pusa 1509

This year Pusa-1509 increased by 5.7% over last year. It clearly indicates that farmer replaced PB 1121 with Pusa - 1509 due to lesser price differential between these two prominent varieties. Farmer preferred high yielding Pusa-1509 in place of low yielding PB-1121. Also, PB-1509 shorter time period and early maturity trait preferred choice among farmers; PB 1509 crop health is also intact and expected to give slightly better yields in Haryana, UP & Punjab as compare to last year. Overall PB 1509 yields will be little bit on positive side as compare to last year, basis the current crop conditions This year farmers are expected to harvest around 6.0-6.5 lakh tons of PB 1509 which could be around 5.8-6.0 lakh ton last year. However, final figures might differ once actual arrival will start coming in the market.

Sharbati and Sugandha

The acreage under long grain non-basmati varieties (Sharbati and Sugandha) in these targeted districts has increased by 0.1%. This year Sharbati is transplanted on similar area as transplanted last year in Western & Central part of UP / Punjab & Haryana. This year farmers are expected to harvest around 6-7 lakh tons of Sharbati which could be around 0.3% higher than last year. However, final figures might differ once actual arrival will start coming in the market.

Source-APEDA

Weather Watch:

- Current Western Disturbance and its induced cyclonic circulation in combination with Sub-Tropical Westerly Jet is likely to cause isolated to scattered rain/snow and isolated hailstorm over Jammu & Kashmir, Himachal Pradesh and Uttarakhand during next 48 hours.
- Feeble easterly waves are likely to cause scattered rainfall over Andaman & Nicobar Islands, Tamilnadu & Puducherry, Kerala and Lakshadweep during 29th November-01st December.
- Near normal to slightly below normal night temperatures are very likely to prevail over parts of northeast and east India during next 2-3 days. No significant change in minimum temperatures likely over Gujarat State during next 48 hours and likely fall by 2-4°C thereafter. No significant change in minimum temperatures likely over rest parts of the country during next 3-4 days and they are likely to fall by 2-4°C over parts of northwest India from 1st December.

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 3rd Week of Nov-2018

State	Prices 24-30 Nov 2018	Prices 16-23 Nov 2018	Prices 09-15 Nov 2018	Prices 24-30 Nov 2017	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4183.33	4150	4188.89	3963.89	0.8	-0.13	5.54
Assam	3256.75	3190.59	3278.45	3192.29	2.07	-0.66	2.02
Chattisgarh		2000		3240	__	__	__
Gujarat	3250.73	3251.21	4131.57	3159.99	-0.01	-21.32	2.87
Jharkhand	3820.64	3599.16	3808.14	2715.77	6.15	0.33	40.68
Karnataka	3782.49	3563.66	3570.33	3632.84	6.14	5.94	4.12
Kerala	3494.09	3501.29	3548.26	3850.16	-0.21	-1.53	-9.25
Maharashtra	3517.96	3521.42	4073.66	3215.56	-0.1	-13.64	9.4
Manipur	3700	3649.02	3570.77	3104.04	1.4	3.62	19.2
NCT of Delhi	2013.79	2200	2200	1882.05	-8.46	-8.46	7
Odisha	2476.23	2593.51	2646.04	2753.45	-4.52	-6.42	-10.07
Punjab	3265.67	3190.92	3148.39		2.34	3.73	__
Tamil Nadu	1855		1870	1050	__	-0.8	76.67
Tripura	2923.01	2991.08	2999.44	3278.99	-2.28	-2.55	-10.86
Uttar Pradesh	2428.3	2457.02	2346.12	2312.02	-1.17	3.5	5.03
Uttrakhand	2354.92	2362.31	2353.45	2063.21	-0.31	0.06	14.14
West Bengal	2715.53	2742.94	2719.07	2780.43	-1	-0.13	-2.33
Average	3064.9	3303.77	3536.25	2897.52			

Price Projection for Dec 01st Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
01st Week of Dec, 2018	Steady	Rs.2900-3350/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	24 Nov 2018	17 Nov 2018	(Month Ago) 24 Oct 2018	(Year Ago) 24 Nov 2017	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7300	7400	7300	7200	-1.25	1.37	2.78
1121 Sella	6900	7000	6650	6200	-1.22	5.26	12.90
1121 Raw	7400	7400	7100	7200	-1.33	4.23	2.78
Basmati Raw	7800	7800	7100	8300	0.00	9.86	-6.02
1509 Steam Wand New	6900	6900	5950	NA	0.00	15.97	#VALUE!
Sugandh Steam	5700	5700	4750	NA	0.00	20.00	#VALUE!
Sharbati Raw	4700	4700	4800	4900	0.00	-2.08	-4.08
Pusa Raw Wand	6400	6400	6400	6500	0.00	0.00	-1.54
Parmal Sella	3200	3200	3000	3050	0.00	6.67	4.92

Prices & Arrivals at Major Markets:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	2.25	12.80	10.55	APMC
Srikakulam	All Paddy	5	30	25	APMC
Guntur	All Paddy	0.4	8.2	7.8	APMC
Burdwan(W.B)	All Paddy	-163	2870	3033	APMC
Delhi	All Paddy	1295	13300	12005	APMC
Amritsar	All Paddy	-32	10170	10202	APMC
Karnal	All Paddy	330	12881	12551	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	**2.05**	10.55	8.5	APMC
Srikakulam	All Paddy	**4**	25	21	APMC
Guntur	All Paddy	**-1.1**	7.8	8.9	APMC
Burdwan(W.B)	All Paddy	**-467**	3033	3500	APMC
Delhi	All Paddy	**11000**	12005	1005	APMC
Amritsar	All Paddy	**10.1**	10202	10191.9	APMC
Karnal	All Paddy	**575.25**	12551	11975.75	APMC

*Difference between current and previous week arrival

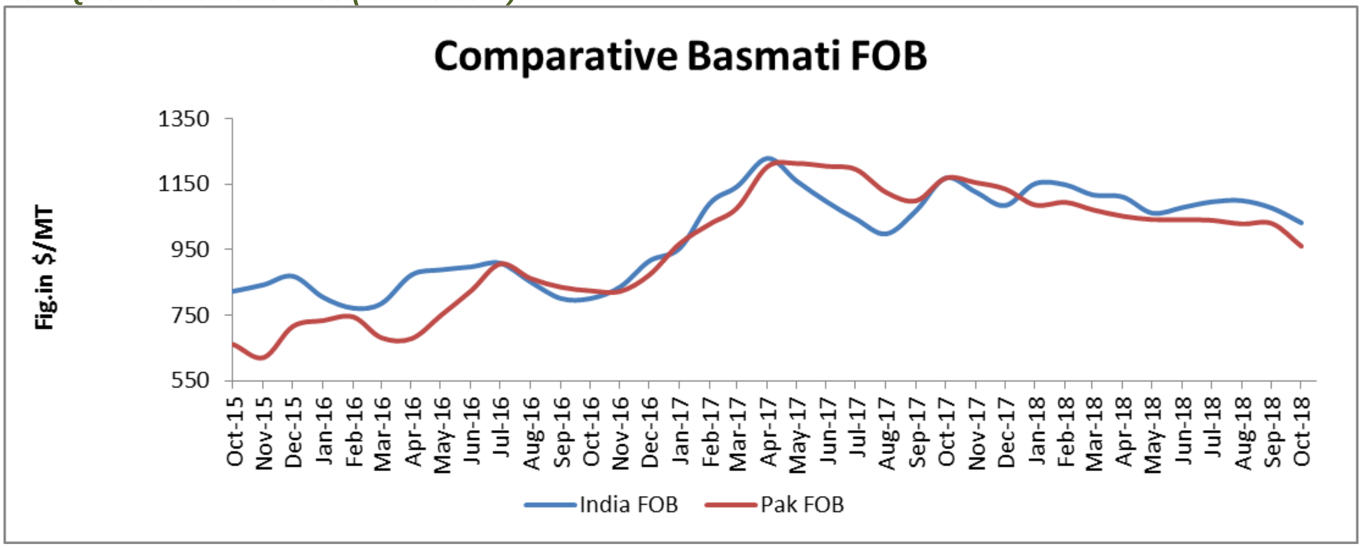
State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 22.11.2018	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	--	--
Telangana	15.00	0.88	--
Bihar	8.00	--	--
Chhattisgarh	40.00	--	--
Haryana	39.75	32.80	16.55
Jharkhand	2.00	--	--
Kerala	2.00	0.11	--
M.P	13.00	--	--
Maharashtra	4.00	--	--
Odessa	30.00	--	--
Punjab	114.00	42.72	15.31
Tamilnadu	8.00	0.05	--
U.P	33.00	--	--
Uttrakhand	5.00	0.08	--
West Bengal	23.00	--	--
Others	0	--	--
Total	**370.00**	**77.19**	**31.92**

All-India progressive procurement of Rice as on 26.10.2018 for 2017-18 was at 77.19 lakh tonnes against the procurement of 32 lakh tons in the corresponding period of last year. Highest procurement is received from northern states like Haryana and Punjab.

So far, 215.65 lakh tons of Paddy has been procured from Punjab and Haryana. In which Punjab's share is 150.37 lakh tons. Out of the total purchase, the remaining amount purchased by government agencies has been purchased by private millers. The Punjab government has so far paid Rs 23 thousand crore to the commission agent and farmers. In this kharif season, 65.28 lakh tons of paddy has been procured from Haryana, out of which 57.31 million procured by government agencies and rest 7.97 lakh tons of paddy is procured by private. This season, Punjab Government has set a target of procuring 200 lakh tons of paddy. In 2017-18 Punjab procured 180 lakh tons of paddy.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam traded weak in the month of October and currently is in the range of USD 1033/MT which is down by 4.13% from last month price of USD 1077/T due to onset of fresh arrival. Aromatic rice prices are also traded slightly weak on harvesting of fresh crop; Agriwatch expects that aromatic international rice price is likely to trade steady in coming month due to arrival pressure. 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 960/MT which is down by 6.7% from last month FOB of USD 1030/MT.

Global Updates

Rice export prices remained unchanged from the previous week as there has been little trading due to official holidays. Also, after several weeks of volatility, the Thai baht did not fluctuate significantly over the past week. Trade reports that the Philippine government decided to purchase only 47,000 metric tons of 25% grade white rice in their October 18, 2018 tender for 250,000 metric tons. The purchase consisted of 29,000 metric tons of Vietnamese rice at U.S. $426/MT (Cost & Freight), and 18,000 metric tons of Thai rice at U.S. $427/MT (Cost & Freight). Traders expect that the Philippine government will retender the remaining of 203,000 metric tons in November 2018. Unofficial and preliminary rice exports (excluding premium white and fragrant rice) for October 8-14 totaled 225,099 metric tons, up 32,207 metric tons from the previous week and up 25,889 metric tons from the four-week moving average of 199,210 metric tons. Rice exports from January 1 – October 14, 2018 totaled 7,544,887 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.

A weaker baht pushed rice export prices in Thailand lower this week, although there were expectations of new deals with the Philippines and China, while rates in India languished at the 21-month lows hit last week due to sluggish demand. In Thailand, benchmark 5% broken rice prices were quoted at $380-$400 per tonne, free on board (FOB) Bangkok, dropping from $400-$402 last week. The weakening of the baht against the US dollar was the main factor behind the drop in prices this week, Bangkok-based traders said, adding that overseas demand for Thai rice remained flat and the market also expected additional supply from the new crop.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 27.09.2018	(2018-19) Forecast. 25.10.2018
Production	475	487	490	491	490
Trade	40	48	48	49	49
Consumption	474	486	487	492	492
Carryover stocks	122	123	126	124	124
Y-O-Y change	1	1	1		-1
Major Exporters	33	31	28	28	31

(Fig. In Million Tons)

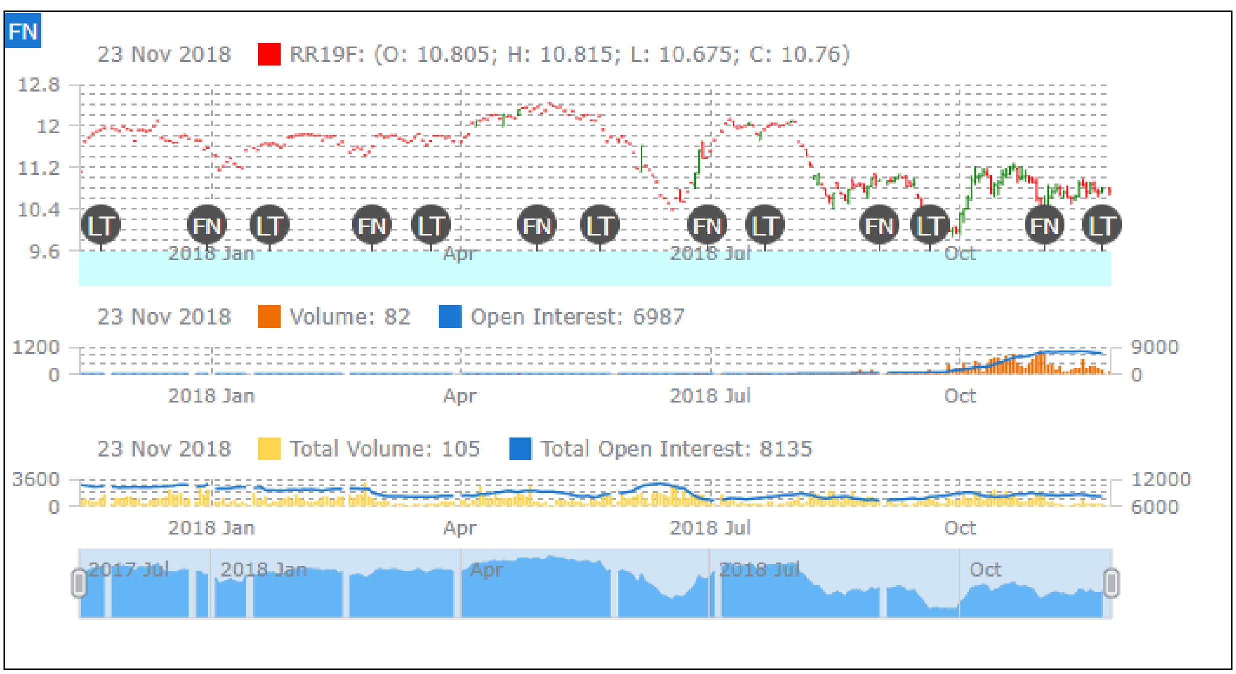
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

Prospects for rice trade in 2018 are little changed m/m, at a high of 48m t, with volumes underpinned by firm demand from buyers in Far East Asia. At 490m t, the 2018/19 production outlook is pegged fractionally lower than before and matches the previous season's outcome. The Council's projection for world trade in 2019 is maintained at a record of 49m t, up by 1% y/y on potentially firmer demand from Near East Asia and sub-Saharan Africa. Firm demand from Asian importers is expected to underpin a 1% y/y increase in global rice trade in 2018. This comes despite weaker buying interest from China, as well as potentially reduced dispatches to Africa. The 2018/19 production outlook is tentative, but appears positive, with gains in key exporters – including India, Thailand and the US – compensating for a drop in China. With food use set to reach a fresh peak, world stocks may contract, including a small decline in China amid official efforts to counter a build-up of supplies. Trade is predicted at a peak in 2019 on bigger deliveries to Near East Asia and Africa.

Rice Price Trend @ CBOT JAN- 19, Rough Rice)

(Prices in US$/hundredweight)



Market Analysis

The CBOT JAN-19 month rough chart for rice indicates steady mode from last week. We expect market to hover in the range of USD 10.80-11.80 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
4th Week of Oct-2018	Steady to Firm	USD/ Hundred Weight 10.80-11.80