Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale rice prices in India stood at around Rs.3168 per quintal in this week of January- 2019,** up by 5.66% from Rs.2998 per quintal in last week, and up by 2.56% from Rs.3089 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone due to lower production estimates.

- **Rice procurement this season crossed 263 lakh tons as of Friday compared to 254 lakh tons in the last year till January 2018.** Rice procurement is higher than last year so far and it may turn out to be a record high if the trend reflects in Andhra Pradesh and West Bengal where procurement lasts till June. After a sluggish beginning, paddy procurement picked up in UP in the last few weeks as the state relaxed procurement norms. The state allowed up to 35 per cent of hybrid paddy in overall procurement. Procurement has picked as Uttar Pradesh government has announced various relaxations including 3 per cent higher Out Turn Ratio for hybrid paddy.

- **Rice export prices in India rose this week due to a rally in local rates, while Thai and Vietnam prices are expected** to drop in the coming weeks with fresh supplies hitting the market.

- **India's 5 percent broken parboiled variety was quoted around $382-$387 per ton this week, compared with $376-$383 last** week. Export prices in India had shot up earlier after Chhattisgarh, a leading rice producing state in central India, raised the minimum paddy buying price.

- **In Thailand, benchmark 5-percent broken rice prices narrowed to $390-$400 range, free on board Bangkok, from** $380-$400 last week due to the baht's strength against the U.S. dollar. Prices remained relatively unchanged due to flat demand, but expected a surge in supply between January-end to early February, which could affect prices. The market was looking for possible buying from the Philippines, which imported from Thailand last year. Meanwhile, rates for Vietnam's 5 percent broken rice stayed flat from last week at $370-$375 a tonne, and traders expect prices to fall in the coming weeks on rising supplies and weak demand.

- **Iran has banned rice imports after August 22, 2019, said Masoud Basiri, head of the Main Directorate for Market and** Strategic Reserves Management of the Iranian Ministry of Agriculture Jihad. In order to eliminate the shortage of rice in the consumer market, the amount of currency allocated for rice imports increased by 11.2 percent compared to last Iranian year (started March 21, 2017). About 2-2.2 million tons of rice are produced in Iran. The necessary volume of imported rice is estimated at 800-1.1 million tons, given consumption of 37.7 kilograms of rice per capita. From the beginning of this Iranian year (started March 21, 2018), 1.117 million tons of rice were imported. This is while about 1 million 113 million tons of rice were imported in the same period last year.

- **India's rice stocks in the central pool as on Dec- 1, 2018 stood at around 32.64 million tons up by 8.33% from** 30.13 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 19.34% by from 19.74 million tons recorded on Nov-01, 2018. Highest stock could be seen in the state of Punjab (47.98 lakh tons) followed by Telangana (16.52 lakh tons) and Tamil nadu (12.34 lakh tons) and Uttar Pradesh (9.40 Lakh Tons). The highest stock recorded of 33.96 million tons recorded in Feb- 2018.

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:

The Severe Cyclonic Storm 'PHETHAI' over west central Bay of Bengal moved further northwards with a speed of 24 kmph during past 06 hours, weakened into a cyclonic storm and lay centered at 0830 hours IST 17th December, 2018 over west central Bay of Bengal near Latitude 15.8°N and Longitude 82.2°E, about 370 km north-northeast of Chennai (Tamilnadu), 120 km east-southeast of Machlipatnam (Andhra Pradesh) and 130 km south of Kakinada (Andhra Pradesh). It is very likely to move nearly northwards and cross Andhra Pradesh coast around Kakinada during afternoon of today i.e. 17th December. However, due to unfavorable environmental conditions, it is likely to slightly weaken further before landfall and cross coast as a cyclonic storm with wind speed of 70-80 kmph gusting to 90 kmph.

State wise Paddy Crop Situation - Rabi (2018-19) as on 04.01.2019

State	RICE				
	Normal Area	Average Area	Area sown reported		
			This Year	% of Normal	Last Year
Andhra Pradesh	7.33	4.07	3.37	46.0	4.90
Assam	4.04		0.23	5.7	0.18
Bihar	0.89			0.0	
Chhattisgarh		0.00	0.02		0.00
Goa					
Gujarat	0.35	0.00			
Jharkhand	0.02				
Karnataka	2.17	0.28	0.08	3.7	0.22
Kerala	0.45	0.75	1.05	233.3	0.88
Madhya Pradesh	0.06				
Maharashtra	0.44	0.00			
Manipur	1.77				
Meghalaya	0.13				
Nagaland	0.04				
Odisha	2.67	0.06	0.04	1.6	0.02
Tamil Nadu	1.46	10.09	8.20	563.0	11.25
Telangana	5.75	0.67	0.77	13.4	1.01
Tripura	0.64	0.00			
Uttar Pradesh	0.26	0.00			
Uttrakhand	0.14	0.00			
West Bengal	12.80	0.15	0.20	1.6	0.14
Pondicherry	0.04				
Others	0.00	0.03	0.04	2050.0	0.04
All-India	41.60	16.10	14.01	33.7	18.64

As per ministry of Agriculture latest sowing report, rabi paddy sowing area till 28th December-2018 was 11.81 lakh hectares which was down by 28% from last year same period of 16.45 lakh hectares and down by 17% from normal area of 14.21 lakh hectares. Except Chhattisgarh, all major rabi growing paddy states like A.P, Tamilnadu, Telangana shows downfall under rabi paddy due to unfavourable weather and water availability, however Chhattisgarh new Govt announces the hike of paddy MSP from rs.1750 to rs.2500/quintal which influence the farmers to grow paddy In rabi season too.

State wise Wholesale Prices weekly for 01st Week of Jan-2019

State	Prices 01-08 Jan 2019	Prices 24-31 Dec 2018	Prices 16-23 Dec 2018	Prices 01-08 Jan 2018	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4150	4090.43	4218.75	4350	1.46	-1.63	-4.6
Assam	3232.83	3364.27	3127.54	3280.65	-3.91	3.37	-1.46
Gujarat	3200.99	3182.04	3121.52	3143.3	0.6	2.55	1.84
Jharkhand	3879.91	3810.5	3867.21	2733.33	1.82	0.33	41.95
Karnataka	3540.02	3596.39	3439.72	3435.46	-1.57	2.92	3.04
Kerala	3443.13	3520.69	3531.42	3736.67	-2.2	-2.5	-7.86
Madhya Pradesh	1750	1750	1750		0	0	__
Maharashtra	4348.18	3520.94	3521.62	3893.54	23.49	23.47	11.68
Manipur	3484.07		3477.78	2835.61	__	0.18	22.87
Odisha	2826.78	2504.15	2660.08	2350.77	12.88	6.27	20.25
Punjab	3100	3429.67			-9.61	__	__
Tamil Nadu		1530	1466		__	__	__
Tripura	2947.43	2969.5	2954.9	2895.3	-0.74	-0.25	1.8
Uttar Pradesh	2416.86	2405.38	2410.72	2316.56	0.48	0.25	4.33
Uttrakhand	2516.84	2598.95	2330.51	2412.83	-3.16	8	4.31
West Bengal	2680.53	2695.51	2710.78	2768.08	-0.56	-1.12	-3.16
Average	3167.84	2997.89	2924.28	3088.62			

Price Projection for Jan 02nd Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
02nd Week of Jan, 2019	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	12-Jan-19	5-Jan-19	(Month Ago) 12 Dec 2018	(Year Ago) 12 Jan 2018	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7000	7150	7100	6900	-2.10	-1.41	1.45
1121 Sella	6700	6600	6800	6350	1.52	-1.47	5.51
1121 Raw	6900	7000	7000	7000	-1.43	-1.43	-1.43
Basmati Raw	9500	9200	8250	7500	3.26	15.15	26.67
1509 Steam Wand New	6800	6900	6800	6800	-1.45	0.00	0.00
Sugandh Steam	4900	4900	5300	NA	0.00	-7.55	#VALUE!
Sharbati Raw	4900	4900	4900	4900	0.00	0.00	0.00
Pusa Raw Wand	5800	6000	6000	5900	-3.33	-3.33	-1.69
Parmal Sella	3150	3150	3350	3000	0.00	-5.97	5.00

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	11 Jan 2019	10 Jan 2019	03 Jan 2019	11 Dec 2018	10 Jan 2018
Chirala(A.P)	BPT(Raw)	100	3200	3100	3100	3000	3200
Jharkhand(Ranchi)	Coarse	125	2825	2700	2700	2600	2650
Ernakulam(Kerala)	Jaya	-15	3685	3700	3700	3500	3550
Divi(A.P)	BPT(Raw)	25	3350	3350	3325	3200	3500
Visakhapatnam	HMT(Raw)	80	4100	4100	4020	4000	4120
Nandyal	Sona Fine	0	5500	5600	5500	5500	5400
Barasat(W.B)	Masuri	100	3200	3200	3100	2800	2900
Dibrugarh	Common	50	2850	2800	2800	2500	2450
Jhargram(W.B)	Common	50	3200	3210	3150	3000	3050
Karnal	Sarbati Steam	0	4500	4500	4500	4600	4700
Bangarpet(Kar)	IR-20	20	3020	3000	3000	2900	2900

*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	40.47	40.47	0	APMC
Srikakulam	All Paddy	0	0	0	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-7398	6556	13954	APMC
Delhi	All Paddy	-110334	15683	126016.8	APMC
Amritsar	All Paddy	-1838	878	2716	APMC
Karnal	All Paddy	10422	15702	5280	APMC

*Difference between current and previous week arrival.

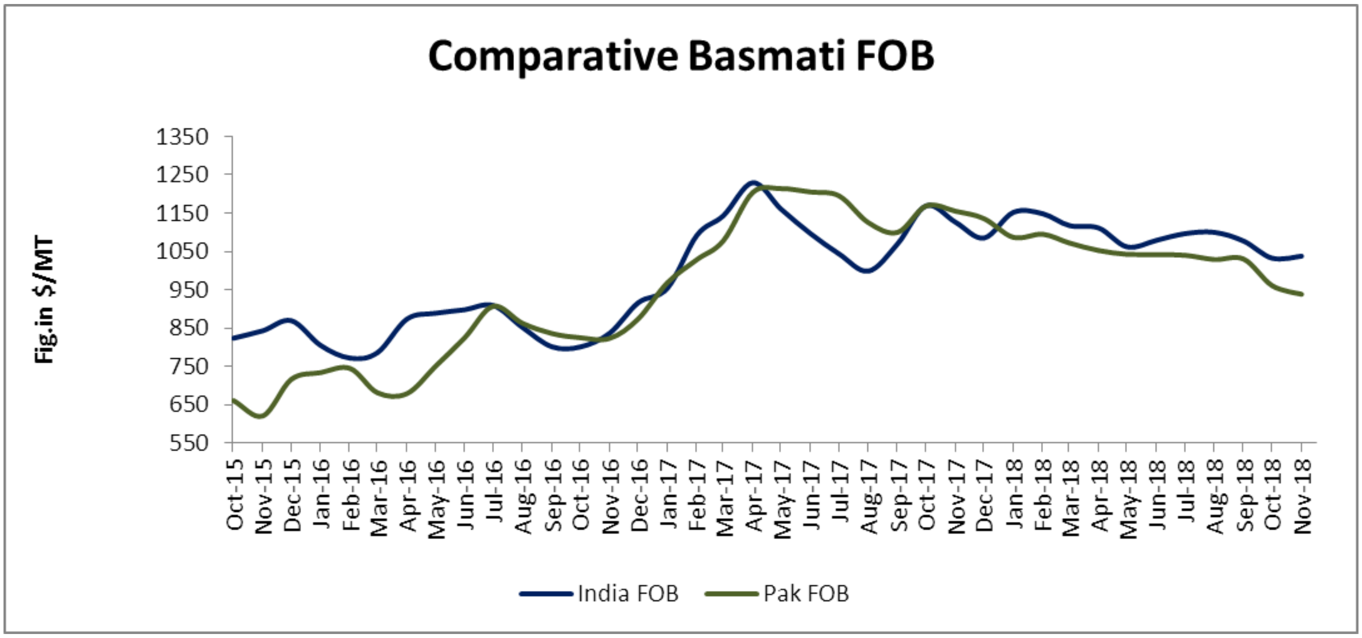
State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 14.12.2018	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	6.20	6.14
Telangana	15.00	19.33	9.79
Bihar	8.00	--	--
Chhattisgarh	40.00	14.68	11.50
Haryana	39.75	39.09	39.67
Jharkhand	2.00	0.01	--
Kerala	2.00	0.57	0.82
M.P	13.00	0.50	2.88
Maharashtra	4.00	1.05	0.59
Odessa	30.00	3.43	2.76
Punjab	114.00	113.30	118.17
Tamilnadu	8.00	1.25	--
U.P	33.00	7.37	11.94
Uttrakhand	5.00	3.24	0.29
West Bengal	23.00	0.15	--
Others	0	--	--
Total	**370.00**	**211.03**	**204.81**

All-India progressive procurement of Rice as on 14.12.2018 for 2018-19 was at 211.03 lakh tons against the procurement of 204.81 lakh tons in the corresponding period of last year. The procurement of wheat for the Rabi Marketing Season (RMS) 2018-19 was 357.95 lakh tons which was higher than the procurement of 308.24 lakh tons in the corresponding period of RMS 2017-18.

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 November and currently is in the range of USD 1037.65/MT which is up by 0.50% from last month price of USD 1032.48/T due to reducing arrival of current crop. Aromatic rice prices are also traded slightly firm on fresh demand from overseas buyers; Agriwatch expects that aromatic international rice price is likely to trade steady to firm in coming month due high demand and lower production prospective. 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 938/MT which is down by 2.35% from last month FOB of USD 960.75/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. 25.10.2018	(2018-19) Forecast. 22.11.2018
Production	475	487	490	490	491
Trade	40	48	48	49	49
Consumption	474	486	487	492	493
Carryover stocks	122	123	126	124	125
Y-O-Y change	1	1	1		-2
Major Exporters	33	31	28	31	31

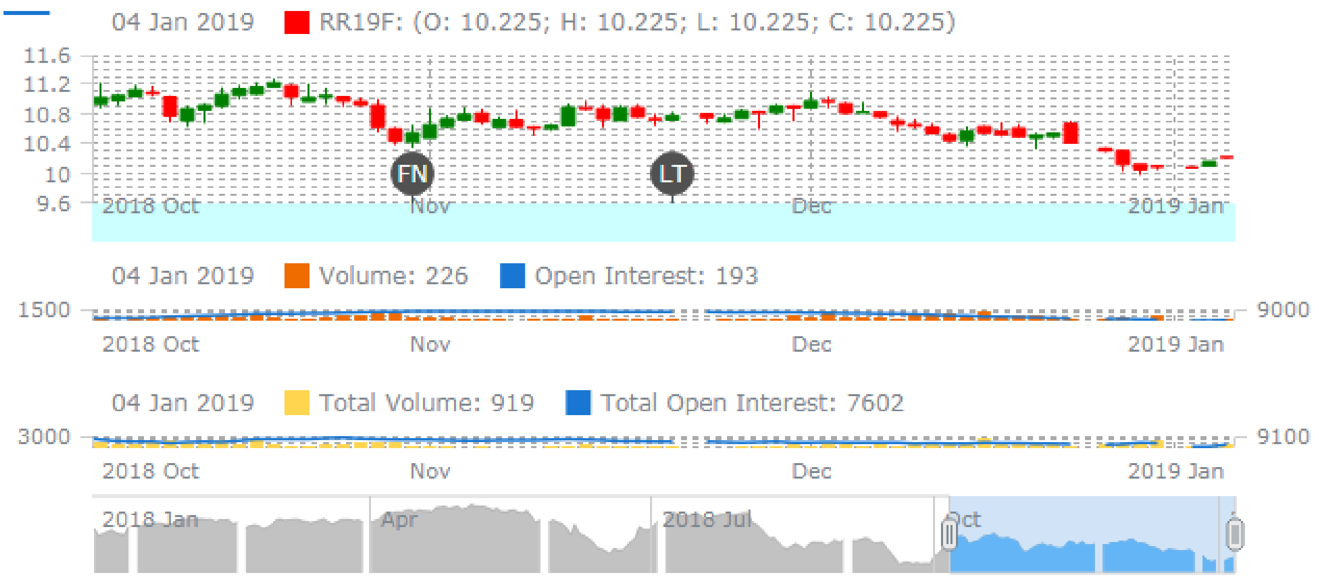
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

Reflecting slow deliveries to sub-Saharan Africa, the prediction for rice trade in 2018 is cut slightly, but is steady y/y and above average amid robust buying in Asia. The 2018/19 global production outlook is fractionally higher y/y, at 491m t. Given a marginal increase for carry ins, the net m/m rise in supplies is channeled to higher use and inventories, placed at 125m t (-2m y/y). Trade in 2019 is seen at a record of 49million tons on firmer demand from Africa and Near East Asia. World rice import demand in 2018 is forecast unchanged y/y as heavy buying in Asia, notably Indonesia and the Philippines, offsets reduced shipments to sub-Saharan Africa. Prospects for 2018/19 are tentative. Nevertheless, assuming gains in some Asian producers counter a potential policy-driven reduction in output in China, world production could match the previous year's high. With consumption seen rising by 6m t y/y, to a new peak, carryovers are likely to contract slightly, to 125m t, including a fall in China. Major exporters' reserves could edge up, mainly on an increase in the US. Trade in 2019 is predicted at around record levels, at 49m t, up by 1m y/y on demand from Africa and Near East Asia.

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 10.00-11.80 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of Jan-2019	Steady	USD/ Hundred Weight 10.00-11.80