Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale rice prices in India stood at around Rs.3190 per quintal in this week of January- 2019,** up by 0.58% from Rs.2998 per quintal in last week, and up by 4.08% from Rs.3065 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone due to lower production estimates.

- **Rice export prices rose in India, driven by higher procurement costs for local paddy even as demand was tepid,** while rates for the Vietnamese variety slipped as activity slowed before a holiday season.

- **India's 5 percent broken parboiled variety rose to $381-$386 per tonne this week from the $379-$384 range last week,** In Vietnam, rates for the benchmark 5 percent broken rice fell further to $340 a tonne from to $355-$360 last week, ahead of Tet, the Lunar New Year Holiday during the first week of February. Thai benchmark 5 percent broken rice prices were quoted at $390-$402 a tonne, free on board Bangkok, versus last week's $385-$400, with traders attributing the change to gains in the domestic currency, as demand remained flat.

- **Paddy farmers in Telangana have reaped a bumper harvest this kharif, with total production likely to cross the** 60-lakh-tonne mark at the end of the season. According to the latest reports with the Civil Supplies Department, procurement centers had already bought 30 lakh tonnes as against 18-19 lakh tonnes in the same period last year. Sharp increase in production to the increased minimum support price (MSP), improved irrigation facilities and pro-farmer policies' being implemented by the State Government.

- **In the last two years, the export of rice by West Bengal's Calcutta and Haldia ports decreased by 55%.In 2016-17, 8.4** lakh tons of rice was exported from these ports, which was reduced to 3.64 lakh tons in 2017-18. From April to December 2018, 3.36 lakh tons of rice was exported.West Bengal had exported 10.4 lakh tons of rice in 2016-17, out of which 8.4 lakh tons of rice was shipped from Calcutta and Haldia port and the remaining rice was exported to Bangladesh via by Road.West Bengal's rice exports reached 12 lakh tons in 2017-18, out of which 3.64 lakh tons of the remaining amount sent by Port was sent to Bangladesh by Road.

- **All-India progressive procurement of Rice as on 11.01.2019 for 2018-19 was at 283.69 lakh tons against the procurement** of 264.48 lakh tons in the corresponding period of last year.

- **The gap between rabi sowing this year and the previous year has further widened with the difference surpassing** more than 3 million hectares for the first time in the current season. As compared to 622.12 lakh hectares (lh) planted during the corresponding period, the sowing covered only 591.64 lh till Friday, according to data released by the Agriculture Ministry. The worst hit seems to be winter rice, which reported a shortfall of more than 21 per cent in planting, with Andhra Pradesh and Tamil Nadu reporting a huge drop in rice acreage. Tamil Nadu, which accounts for nearly half the rice cultivation in the rabi season, reported a nearly 27 per cent shortfall in sowing.

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 24.01.2019

	RICE					Over last year	
State	Normal Area	Average Area	Area sown reported			Absolute Change	% Change
			This Year	% of Normal	Last Year		
Andhra Pradesh	7.33	5.53	4.13	56.4	5.44	-1.31	-24.1
Arunachal Pradesh	0.00						
Assam	4.04	0.55	0.71	17.6	0.66	0.05	
Bihar	0.89			0.0		0.00	
Chhattisgarh		0.30	0.37		0.65		
Gujarat	0.35	0.00					
Jharkhand	0.02					0.00	
Karnataka	2.17	0.30	0.12	5.5	0.23	-0.11	-47.8
Kerala	0.45	0.78	1.07	237.8	0.88	0.19	21.6
Madhya Pradesh	0.06						
Maharashtra	0.44	0.00				0.00	
Manipur	1.77						
Meghalaya	0.13					0.00	
Nagaland	0.04						
Odisha	2.67	0.14	0.13	4.9	0.04	0.09	
Tamil Nadu	1.46	10.35	8.61	590.9	11.77	-3.16	-26.8
Telangana	5.75	1.85	2.15	37.4	2.46	-0.31	
Tripura	0.64						
Uttar Pradesh	0.26						
Uttrakhand	0.14						
West Bengal	12.80	1.12	0.60	4.7	0.67	-0.07	
Pondicherry	0.04						
Others	0.00	0.10	0.17		0.15	0.02	
All-India	41.60	21.02	18.06	43.4	22.95	-4.89	-21.3

As per ministry of Agriculture latest sowing report, rabi paddy sowing area till 24th January-2019 was 18.06 lakh hectares which was down by 21.3% from last year same period of 22.95 lakh hectares and down by 14% from normal area of 21.02 lakh hectares. All major Rabi growing paddy states like A.P, Tamilnadu, Telangana shows downfall under rabi paddy due to unfavourable weather and water availability.

State wise Wholesale Prices weekly for 03rd Week of Jan-2019

State	Prices 16-23 Jan 2019	Prices 09-15 Jan 2019	Prices 01-08 Jan 2019	Prices 16-23 Jan 2018	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4525	4250		4150	6.47	__	9.04
Assam	3336.72	3078.44		3188.17	8.39	__	4.66
Gujarat	3154.66	3267.9		3174.71	-3.47	__	-0.63
Jharkhand	3757.46	3856.03		2733.33	-2.56	__	37.47
Karnataka	3719.53	3636.22		3648.5	2.29	__	1.95
Kerala	3491.74	3457.32		3785.74	1	__	-7.77
Madhya Pradesh		1750			__	__	__
Maharashtra	3516.56	4457.55		3911.36	-21.11	__	-10.09
Manipur	3619.8	3607.14		2848.57	0.35	__	27.07
Meghalaya	5500	6000		2470.69	-8.33	__	122.61
Nagaland	5800				__	__	__
NCT of Delhi	2200				__	__	__
Odisha	2904.32	2562.46		2317.34	13.34	__	25.33
Rajasthan		3175			__	__	__
Tamil Nadu	1500			1101	__	__	36.24
Tripura	2915.55	2960.92		2954.8	-1.53	__	-1.33
Uttar Pradesh	2393.7	2419.56		2270.19	-1.07	__	5.44
Uttrakhand	2492.29	2636.07		2380.22	-5.45	__	4.71
West Bengal	2696.38	2720.25		2783.46	-0.88	__	-3.13
Average	3383.75	3364.68	NaN	2914.54			

Price Projection for Jan 04th Week in Domestic Market:

Duration	Trend	Average Price Range	Reason
04th 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	25-Jan-19	19-Jan-19	(Month Ago) 26 Dec 2018	(Year Ago) 25 Jan 2018	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7250	7200	7000	7400	0.69	3.57	-2.03
1121 Sella	6700	6650	6700	6900	0.75	0.00	-2.90
1121 Raw	7250	6900	6900	7400	5.07	5.07	-2.03
Basmati Raw	9300	9300	9200	7700	0.00	1.09	20.78
1509 Steam Wand New	6900	6800	6800	7300	1.47	1.47	-5.48
Sugandh Steam	5250	5300	5300	6300	-0.94	-0.94	-16.67
Sharbati Raw	4900	4900	4900	5100	0.00	0.00	-3.92
Pusa Raw Wand	5800	5600	6100	5850	3.57	-4.92	-0.85
Parmal Sella	3150	3150	3200	3100	0.00	-1.56	1.61

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	25 Jan 2019	24 Jan 2019	19 Jan 2019	24 Dec 2018	25 Jan 2018	So
Chirala(A.P)	BPT(Raw)	10	3410	3380	3400	3250	3200	AGRI
Jharkhand(Ranchi)	Coarse	60	2860	2800	2800	2650	2700	AI
Ernakulam(Kerala)	Jaya	20	3620	3700	3600	3500	3550	AI
Divi(A.P)	BPT(Raw)	-25	3375	3350	3400	3200	3500	AI
Visakhapatnam	HMT(Raw)	50	4100	4100	4050	4000	4120	AGRI
Nandyal	Sona Fine	-20	5380	5600	5400	5300	5350	AI
Barasat(W.B)	Masuri	20	3220	3200	3200	2800	2900	AI
Dibrugarh	Common	0	2900	2800	2900	2500	2450	AI
Jhargram(W.B)	Common	0	3300	3210	3300	3000	3050	AI
Karnal	Sarbati Steam	0	4900	4900	4900	4600	4700	AGRI
Bangarpet(Kar)	IR-20	10	3060	3000	3050	2900	2900	AI

*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	**-1245**	5252	6497	APMC
Delhi	All Paddy	**-2196**	8010	10206	APMC
Amritsar	All Paddy	**569.2**	4205	3635.8	APMC
Karnal	All Paddy	**-1046**	10405	11451	APMC

*Difference between current and previous week arrival.

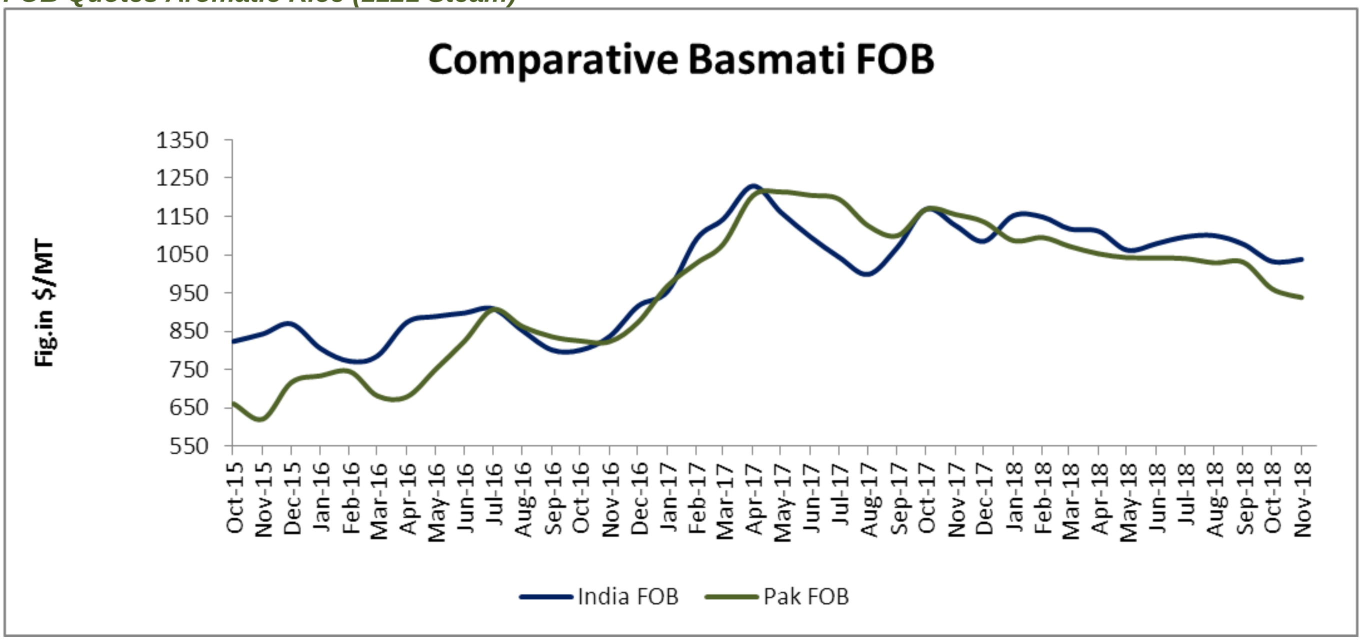
State wise Progressive Procurement

State/UTs	**Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)**	**Progressive Procurement as on 11.01.2019**	
(in Lakh T)		**In Marketing season 2018-19**	**In Marketing season 2017-18**
AP	30.00	16.03	15.91
Telangana	15.00	25.57	11.95
Bihar	8.00	0.36	1.39
Chhattisgarh	40.00	37.65	30.57
Haryana	39.75	39.09	39.67
Jharkhand	2.00	0.18	0.19
Kerala	2.00	0.59	0.93
M.P	13.00	7.51	9.75
Maharashtra	4.00	2.00	1.11
Odessa	30.00	14.48	11.86
Punjab	114.00	113.30	118.39
Tamilnadu	8.00	1.56	0.00
U.P	33.00	20.21	22.12
Uttrakhand	5.00	4.34	0.34
West Bengal	23.00	0.42	0.03
Others	0	--	--
Total	**370.00**	**283.69**	**264.48**

All-India progressive procurement of Rice as on 11.01.2019 for 2018-19 was at 283.69 lakh tons against the procurement of 264.48 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
04th Week of Jan-2019	Steady	USD/ Hundred Weight 10.00-11.80