Rice Weekly Research Report

Contents

Outlook and Review:
Domestic Front

- **Average weekly wholesale rice prices in India stood at around Rs.3203 per quintal in this week of January- 2019,** down by 4.77% from Rs.3364 per quintal in last week, and up by 13.9% from Rs.2812 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone due to lower production estimates.

- **Top Asian rice exporters India and Thailand saw muted activity this week, while a government clampdown** on hoarding pushed down local prices of the staple in Bangladesh.

- **Prices for India's benchmark 5 percent broken parboiled variety were also unchanged, at $381-$386 per ton,** due to sluggish demand. Export prices in India had shot up after the central state of Chhattisgarh, a leading rice producer, raised minimum paddy buying prices. Also African buyers are just making inquiries, but trade is not happening which kept the price in muted condition.

- **In Vietnam, rates for the benchmark 5 percent broken rice rose to $350 a ton from $340 last week, but business was quiet,** There will be virtually no shipments from Vietnam over the next week due to the Lunar New Year holiday. Vietnam's rice exports in January likely fell 18.5 percent from a year earlier. Thailand's benchmark 5 percent broken rice prices were unchanged from last week at $390–$402 per tonne, free on board Bangkok. Right now the stronger baht is the main factor influencing prices, but that hasn't helped us sell rice, while demand has hardly changed, supply is expected to jump next month. The baht has gained nearly 3.4 percent versus the dollar so far this year. The Philippines remain the market that Thai exporters look to, but so far things have been quiet. Thai exports are expected to fall 14 percent this year as a stronger currency makes shipments more expensive for overseas buyers, Thai growers have also faced increased competition from India, the world's biggest rice exporter, and Vietnam, the third biggest.

- **An important agricultural productive state of South India - due to untimely rains in Telangana, there is news of heavy losses** to paddy, arhar, maize and red chilli crop. Rain has inflicted heavy losses on its stock in the mandis. The rainy season began in the state from January 26, which continued on 27 and 28 January. The Meteorological Department has projected the situation in the state from general to heavy rains for the next four days. 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 view of the record production of paddy in Telangana, a total of 3315 purchasing centers have been opened whereas** in 2001-02 it was merely 111. Until the division in 2014, the number of these purchasing centers could reach only 1470.

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 01.02.2019

	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	6.65	5.75	78.5	7.10	-1.35	-19.0
Arunachal Pradesh	0.00						
Assam	4.04	1.17	1.37	33.9	1.80	-0.43	
Bihar	0.89			0.0		0.00	
Chhattisgarh		0.47	0.63		0.65		
Gujarat	0.35	0.00					
Jharkhand	0.02					0.00	
Karnataka	2.17	0.31	0.12	5.5	0.24	-0.12	-50.0
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						
Mizoram	0.00						
Nagaland	0.04						
Odisha	2.67	0.39	0.45	16.9	0.84	-0.39	-46.4
Tamil Nadu	1.46	10.65	8.93	612.9	12.19	-3.26	-26.7
Telangana	5.75	4.18	5.10	88.7	5.32	-0.22	-4.1
Tripura	0.64	0.12	0.32	50.1	0.32	0.00	0.0
Uttar Pradesh	0.26						
Uttarakhand	0.14						
West Bengal	12.80	2.27	1.45	11.3	1.70	-0.25	
Pondicherry	0.04						
Others	0.00	0.10	0.17		0.15	0.02	
All-India	**41.60**	**27.09**	**25.36**	**61.0**	**31.19**	**-5.83**	**-18.7**

As per ministry of Agriculture latest sowing report, rabi paddy sowing area till 01st February-2019 was 25.36 lakh hectares which was down by 18.68% from last year same period of 31.19 lakh hectares and down by 39.03% from normal area of 41.60 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 04th Week of Jan-2019

State	Prices 24-31 Jan 2019	Prices 16-23 Jan 2019	Prices 24-31 Jan 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3711.11	4183.33	3506.25	-11.29	5.84
Assam	3267.56	3336.72	3228.47	-2.07	1.21
Gujarat	3165.31	3154.66	3141.83	0.34	0.75
Jharkhand	3871.13	3757.46	2733.33	3.03	41.63
Karnataka	3463.17	3703.79	3538.12	-6.5	-2.12
Kerala	3455.38	3491.74	3761.38	-1.04	-8.14
Maharashtra	3649.05	3518.76	3523.52	3.7	3.56
Manipur	3609.75	3619.8	2902.73	-0.28	24.36
Meghalaya		5500	2400	__	__
Nagaland	6100	5800		5.17	__
NCT of Delhi	2000	2200	2113.94	-9.09	-5.39
Odisha	2838.36	2904.32	2451.4	-2.27	15.79
Tamil Nadu	1600	1500	1461	6.67	9.51
Tripura	2933.67	2915.55	2978.36	0.62	-1.5
Uttar Pradesh	2382.05	2393.7	2223.9	-0.49	7.11
Uttrakhand	2474.34	2492.29	2250.57	-0.72	9.94
West Bengal	2718.71	2699.47	2775.18	0.71	-2.03
Average	**3202.47**	**3363.03**	**2811.87**		

Price Projection for 01st Week of Feb in Domestic Market:

Duration	Trend	Average Price Range	Reason
01st Week of Feb, 2019	Steady to Firm	Rs.2950-3350/Quintal	Domestic rice prices is expected to rule steady to firm in coming weeks due to diminishing of stock, unfavorable weather which damage the rabi paddy in major states and also supports by the overseas markets.

Weekly Price Change of 1121 Steam, Raw and Sella Rice Price Delhi Market (Figure: in Rs. /Quintal)

Variety	2-Feb-19	25-Jan-19	(Month Ago) 02 Jan 2019	(Year Ago) 02 Feb 2018	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7300	7250	7000	7300	0.69	4.29	0.00
1121 Sella	6750	6700	6600	6900	0.75	2.27	-2.17
1121 Raw	7150	7250	6900	7300	-1.38	3.62	-2.05
Basmati Raw	9000	9300	9200	7700	-3.23	-2.17	16.88
1509 Steam Wand New	7000	6900	6800	7200	1.45	2.94	-2.78
Sugandh Steam	5400	5250	4900	6300	2.86	10.20	-14.29
Sharbati Raw	4700	4900	4900	5300	-4.08	-4.08	-11.32
Pusa Raw Wand	5500	5800	6000	6400	-5.17	-8.33	-14.06
Parmal Sella	3050	3150	3150	3100	-3.17	-3.17	-1.61

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	02 Feb 2019	01 Feb 2019	25 Jan 2019	02 Jan 2019	02 Jan 2018
Chirala(A.P)	BPT(Raw)	0	3410	3380	3410	3250	3200
Jharkhand(Ranchi)	Coarse	-60	2800	2800	2860	2500	2550
Ernakulam(Kerala)	Jaya	-50	3200	3200	3250	3100	3000
Divi(A.P)	BPT(Raw)	-50	2900	2920	2950	2800	2800
Visakhapatnam	HMT(Raw)	-120	3980	3900	4100	3800	3680
Nandyal	Sona Fine	-10	3200	3200	3210	3100	3000
Barasat(W.B)	Masuri	-320	2900	3000	3220	2800	2900
Dibrugarh	Common	100	3000	2800	2900	2500	2450
Jhargram(W.B)	Common	-100	3200	3210	3300	3000	3050
Karnal	Sarbati Steam	-400	4500	4600	4900	4600	4700
Bangarpet(Kar)	IR-20	-180	2880	3000	3060	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	-20	0	20	APMC
Srikakulam	All Paddy	-15020	0	15020	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-1720.5	5819.5	7540	APMC
Delhi	All Paddy	-1279.6	9215.4	10495	APMC
Amritsar	All Paddy	-3480.8	155	3635.8	APMC
Karnal	All Paddy	-11211	240	11451	APMC

*Difference between current and previous week arrival.

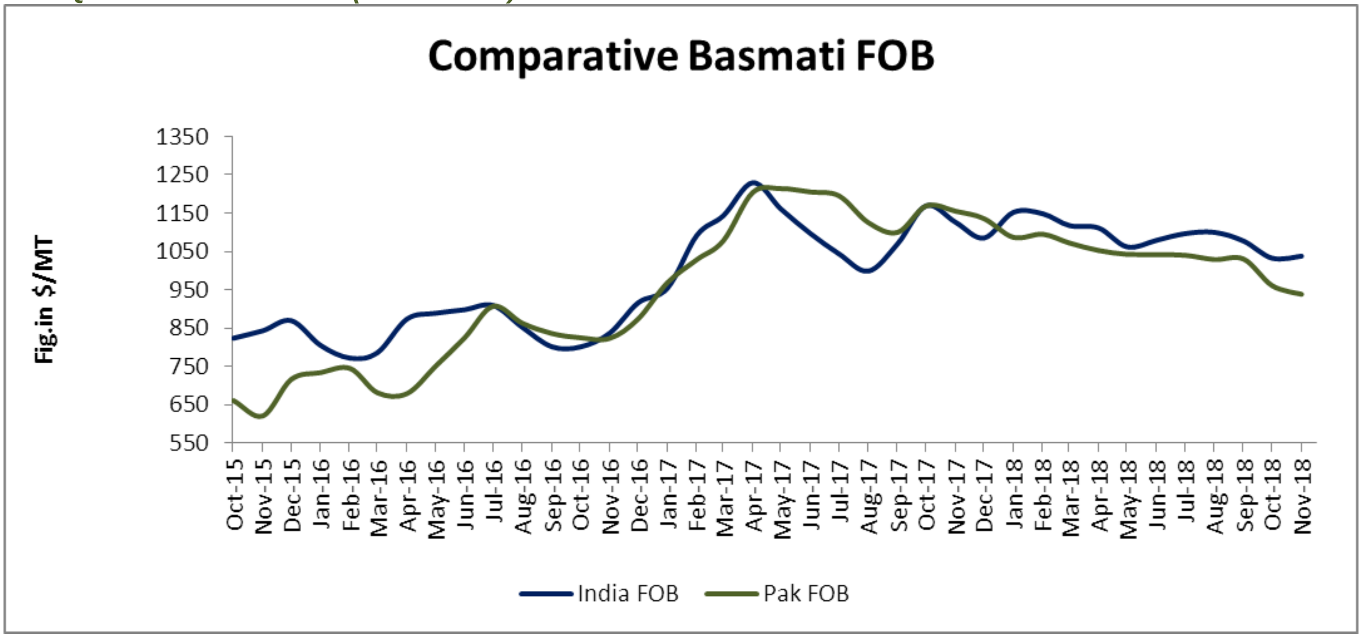
State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 24.01.2019	
		In Marketing season 2018-19	**In Marketing season 2017-18**
AP	30.00	19.69	17.40
Telangana	15.00	26.59	12.17
Bihar	8.00	1.12	2.03
Chhattisgarh	40.00	40.24	31.77
Haryana	39.75	39.09	39.92
Jharkhand	2.00	0.29	0.39
Kerala	2.00	0.62	0.95
M.P	13.00	10.19	11.00
Maharashtra	4.00	2.39	1.27
Odessa	30.00	20.46	15.24
Punjab	114.00	113.30	118.39
Tamilnadu	8.00	2.17	0.03
U.P	33.00	25.36	24.88
Uttrakhand	5.00	4.44	0.35
West Bengal	23.00	8.88	0.06
Others	0	--	--
Total	**370.00**	**315.30**	**276.16**

All-India progressive procurement of Rice as on 24.01.2019 for 2018-19 was at 315.30 lakh tons against the procurement of 276.16 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.

According to available data, in the current kharif marketing season, Punjab has procured 113.30 lakh tones rice, 39.09 lakh tonnes in Haryana, 40.24 lakh tonnes in Chhattisgarh, 26.59 lakh tonnes in Telangana, 25.36 lakh tonnes in Uttar Pradesh, 20.46 lakh tonnes in Orissa, 19.69 lakh tonnes in Andhra Pradesh, 10.19 lakh tonnes in Madhya Pradesh, 8.88 lakh tonnes in West Bengal, 4.44 lakh tonnes in Uttarakhand, 2.17 lakh tonnes in Tamil Nadu, 2.39 lakh tonnes in Maharashtra and 1.12 lakh tonnes in Bihar.

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

Thailand Rice export prices increased 1-2 percent, particularly for fragrant and parboiled rice, due mainly to the strengthening of the Thai baht to 32.4 baht/U.S. $1.00 from the exchange rate of 32.6 baht/U.S. $1.00 in the previous week. Meanwhile, export prices of white rice remained unchanged. Exporters have secured white rice supplies to fulfill the shipment contracts to the Philippine and Chinese governments who respectively purchased 224,000 metric tons of 25% grade white rice, and 100,000 metric tons of 5% grade white rice in November 2018. The shipments have taken placed since mid-December 2018 and will finish in January 2019. Unofficial and preliminary rice exports (excluding premium white and fragrant rice) for December 10-16, 2018 totaled 245,482 metric tons, up 74,486 metric tons from the previous week and up 68,183 metric tons from the four-week moving average of 177,299 metric tons. Rice exports from January 1 – December 16, 2018 totaled 9,071,074 metric tons.

Thailand aims to export 9.5 million tons of rice this year, a 14% decline from 2018.The world's second-biggest rice exporter shipped 11 million tons of rice in 2018. This year's rice export situation will not sail as smoothly as last year. The lower volumes are due to a stronger Thai baht and increased competition from India and Vietnam. The baht has gained nearly 2.6% against the US dollar so far this year. Indonesia will import less Thai rice this year due to ample rice stocks, and the Philippines and Malaysia are expected to turn from Thailand to Vietnam due to pricing.

The General Statistics Office (GSO) reported that Vietnam exported 6.1 million tons of rice in 2018, a slight increase of 270,000 tons, or 4.6 percent higher than 2017. The slight increase in export volume was offset by the export price, $502 per ton, or 10.8 percent higher than 2017. This helped the rice export turnover exceed the $3 billion threshold, increasing by 16 percent. Vietnam’s rice price is now equal to, and sometimes is even higher, than Thailand’s. In 2016 and 2017, Vietnam’s average export price was higher than Thailand’s by $7 and $9 per ton, respectively. In 2018, the gap was erased, staying at $502 per ton. This was attributed to the sharp increase in sticky and fragrant rice exports which had better prices (in 2017, the exports of these types of rice exceeded 3 million tons, accounting for 46.4 percent of total exports) and the sharp decrease in white rice exports. Meanwhile, Thailand’s proportion of fragrant Thai HomMali rice exports decreased from 31.7 percent to 20.1 percent. The country also focused on liquidating its inventory rice at low prices.

The European Commission has imposed tariffs on rice imported from Cambodia and Myanmar in a bid to curb a surge in rice imports from the two Southeast Asian countries. In a statement released on Wednesday, the European Union (EU) said a significant increase of imports of Indica rice from Cambodia and Myanmar into EU caused economic damage to the EU producers. The European Commission has therefore decided today to re-introduce import duties that will be steadily reduced over a period of three years

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 22.11.2018	(2018-19) Forecast. 24.01.2019
Production	475	487	490	491	488
Trade	40	48	48	49	47
Consumption	474	486	487	493	491
Carryover stocks	122	123	126	125	126
Y-O-Y change	1	1	1		-3
Major Exporters	33	31	28	31	30

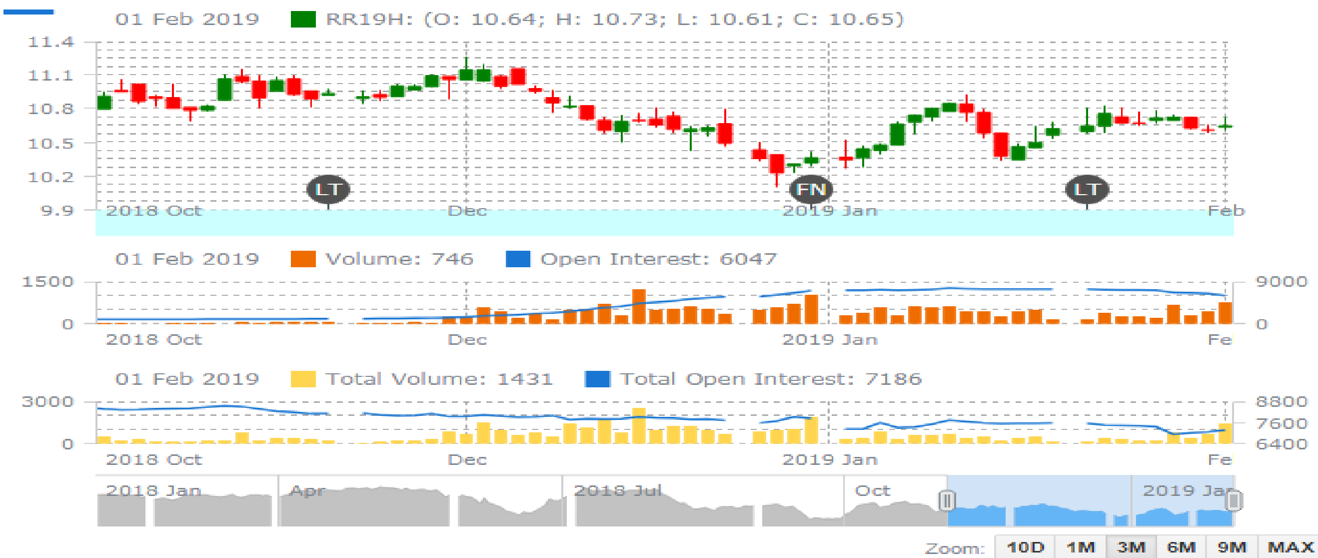
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

Owing to downgrades for India and Thailand, global rice output is forecast 3m t lower m/m, at 488m, a drop of 3m y/ y. Nevertheless, due to a larger figure for carry-ins, supplies are pegged fractionally higher than before and, reflecting a reduction for uptake, stocks are lifted to 126m t, but still a drop of 2% y/y. The 2019 trade projection is lowered to 47m t, a modest y/y gain on anticipated African demand. World rice production in 2018/19 is seen modestly lower y/y as potentially smaller crops in Asian exporters, where weather has been less than ideal, are only partly offset by improved outturns elsewhere. In China, too, output could fall amid supply-side reforms. With consumption set to ascend on population growth, inventories may fall, albeit remaining above average. Trade is predicted to edge up to a new peak in 2019, as bigger shipments to Africa more than offset a reduction in demand within Asia against the backdrop of bigger local supplies.

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

(Prices in US$/hundredweight)



Market Analysis

The CBOT March-19 month rough chart for rice indicates steady to firm tone from last week. We expect market to hover in the range of USD 10.00-11.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of Feb-2019	Steady	USD/ Hundred Weight 10.00-11.50