Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Average weekly wholesale rice prices in India stood at around Rs.3127 per quintal in this week of February- 2019,** down by 2.22% from Rs.3198 per quintal in last week, and up by 6.67% from Rs.2932 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone due to declining of paddy arrival.

- **Rice export prices in India edged higher this week on buying from Africa, while a strengthening baht** trimmed demand for the Thai variety as activity was muted across most Asian hubs due to the Lunar New Year holiday.

- **Prices for top exporter India's benchmark 5-percent broken parboiled variety rose to $383-$388 per tonne** from last week's $381-$386 range. While there is demand from buyers in Africa, many customers held back on purchases, hoping for lower prices. India's rice exports between April and December dropped 10.2 percent from a year earlier to 8.46 million tons, a government body said earlier this week.

- **In Thailand, the second biggest rice exporter, benchmark 5-percent broken rice price were quoted at $390-$402**, free on board Bangkok, unchanged from last week. Thai rice prices are too high because of the exchange rate, which makes it less competitive to other exporters like India and Vietnam. The Thai baht has been the best performing currency in Asia this year, translating into higher export prices in U.S. dollars.

- **The Telangana government has released the second advance estimation of agricultural production** for the current marketing season (Kharif + Rabi) of 2018-19. Under this, the possibility of drop in the production of all other important crops, except paddy and sugarcane, has been expressed. According to the latest report of the State Agriculture Department, production of rice during the 2018-19 seasons in Telangana increased from 62.50 lakh tons to 63.50 lakh tons and sugarcane production from 25.58 lakh tons to reach 28.00 lakh tons. Estimates.

- **The West Bengal Government has targeted the government procurement of 52 lakh tons of paddy this year**, so far only 18 lakh tons has been procured. Officials believe that this year, the government procurement target will be completed in West Bengal. 25 million tons of paddy was procured from West Bengal in 2017-18. MSP of Paddy was fixed at Rs 1750 per quintal and in West Bengal the prices are running at Rs 1450-1500 per quintal. The State Government also gave a bonus of 25 rupees quintal more on selling paddy in Kisan Mandis. West Bengal produces 220-250 lakh tons of paddy per year.

- **A significant agricultural producer of South India- Andhra Pradesh, till 6th February, the total area** of Rabi crops reached only 20.65 lakh hectares which was less than 22.15 lakh hectares in the same period of last year and the normal average area is 23.45 lakh hectare 88% of This year, the State Government has fixed 25.55 lakh hectare target of total seed production of Rabi crops compared to the actual production area being around 5 lakh hectares. The latest data from the Department of Agriculture reveals that this year, the production of paddy has decreased from 6.08 lakh hectares to 5.95 lakh hectares as compared to last year in Andhra Pradesh, and sowing area of coarse grains slips from 3.35 hectare to 2.97 lakh hectares, pulses crops The area fell from 9.90 lakh hectares to 9.70 lakh hectares and the area of oilseeds dropped from 1.10 lakh hectare to 95 thousand hectares.

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 08.02.2019

State	RICE					Over last year	
	Normal Area	Average Area	Area sown reported			Absolute Change	% Change
			This Year	% of Normal	Last Year		
Andhra Pradesh	7.33	6.73	5.95	81.2	6.79	-0.84	-12.4
Arunachal Pradesh	0.00						
Assam	4.04	1.22	2.15	53.2	2.04	0.11	
Bihar	0.89	0.13	0.31	34.8	0.67	-0.36	
Chhattisgarh		0.97	0.63		0.63		
Goa							
J&K	0.35	0.00					
Jharkhand	0.02					0.00	
Karnataka	2.17	0.33	0.24	11.0	0.36	-0.12	-33.3
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						
Mizoram	0.13						
Nagaland	0.04						
Sikkim	2.67	0.50	0.77	28.8	1.13	-0.36	-31.9
Tamil Nadu	1.46	10.80	9.12	625.9	12.67	-3.55	-28.0
Telangana	5.75	4.63	5.60	97.4	6.00	-0.40	-6.7
Tripura	0.64	0.12	0.32	49.6	0.32	-0.01	-1.9
Uttar Pradesh	0.26						
Uttarakhand	0.14						
West Bengal	12.80	3.01	3.10	24.2	3.50	-0.40	
Pondicherry	0.04						
Others	0.00	0.13	0.31		0.29	0.01	
All-India	41.60	29.36	29.56	71.1	35.29	-5.72	-16.2

As per ministry of Agriculture latest sowing report, rabi paddy sowing area till 08th February-2019 was 25.36 lakh hectares which was down by 16.22% from last year same period of 35.29 lakh hectares and up by 0.7% from normal area of 29.36 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 01st Week of Feb-2019

State	Prices 01-08 Feb 2019	Prices 24-31 Jan 2019	Prices 01-08 Feb 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3800	3711.11	3481.25	2.4	9.16
Assam	3254.66	3267.56	3471.42	-0.39	-6.24
Gujarat	3204.57	3165.31	3233.4	1.24	-0.89
Jharkhand	3855.41	3868.24	2733.33	-0.33	41.05
Karnataka	3726.53	3434.9	3628.36	8.49	2.71
Kerala	3460.83	3455.38	3759.3	0.16	-7.94
Maharashtra	4332.74	3617.12	3882.66	19.78	11.59
Manipur	3621.01	3609.75	2912.19	0.31	24.34
Meghalaya			2983.87	__	__
Nagaland		6100		__	__
NCT of Delhi	2750	2000		37.5	__
Odisha	2749.47	2834.02	2519.51	-2.98	9.13
Tamil Nadu	1490	1600	1150	-6.88	29.57
Tripura	2913.1	2933.9	2970.8	-0.71	-1.94
Uttar Pradesh	2396.59	2382.05	2255.08	0.61	6.28
Uttrakhand	2616.61	2474.34	2214	5.75	18.18
West Bengal	2734.46	2718.71	2776.38	0.58	-1.51
Average	3127.07	3198.27	2931.44		

Duration	Trend	Average Price Range	Reason
02nd 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	09-Feb-19	02-Feb-19	(Month Ago) 09 Jan 2019	(Year Ago) 09 Feb 2018	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7400	7300	7000	7300	1.37	5.71	1.37
1121 Sella	6900	6750	6600	6900	2.22	4.55	0.00
1121 Raw	7100	7150	6900	7300	-0.70	2.90	-2.74
Basmati Raw	9000	9000	9200	7700	0.00	-2.17	16.88
1509 Steam Wand New	7200	7000	6800	7200	2.86	5.88	0.00
Sugandh Steam	5200	5400	4900	6300	-3.70	6.12	-17.46
Sharbati Raw	4700	4700	4900	5300	0.00	-4.08	-11.32
Pusa Raw Wand	5400	5500	6000	6400	-1.82	-10.00	-15.63
Parmal Sella	3150	3050	3150	3100	3.28	0.00	1.61

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	09-Feb-19	08-Feb-19	02-Feb-19	09-Jan-19	09-Feb-18
Chirala(A.P)	BPT(Raw)	15	3425	3380	3410	3250	3200
Jharkhand(Ranchi)	Coarse	20	2820	2800	2800	2500	2550
Ernakulam(Kerala)	Jaya	30	3230	3200	3200	3100	3000
Divi(A.P)	BPT(Raw)	-10	2890	2920	2900	2800	2800
Visakhapatnam	HMT(Raw)	30	4010	3900	3980	3800	3680
Nandyal	Sona Fine	10	3210	3200	3200	3100	3000
Barasat(W.B)	Masuri	50	2950	3000	2900	2800	2900
Dibrugarh	Common	50	3050	2800	3000	2500	2450
Jhargram(W.B)	Common	50	3250	3210	3200	3000	3050
Karnal	Sarbati Steam	300	4800	4600	4500	4600	4700
Bangarpet(Kar)	IR-20	-30	2850	3000	2880	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.

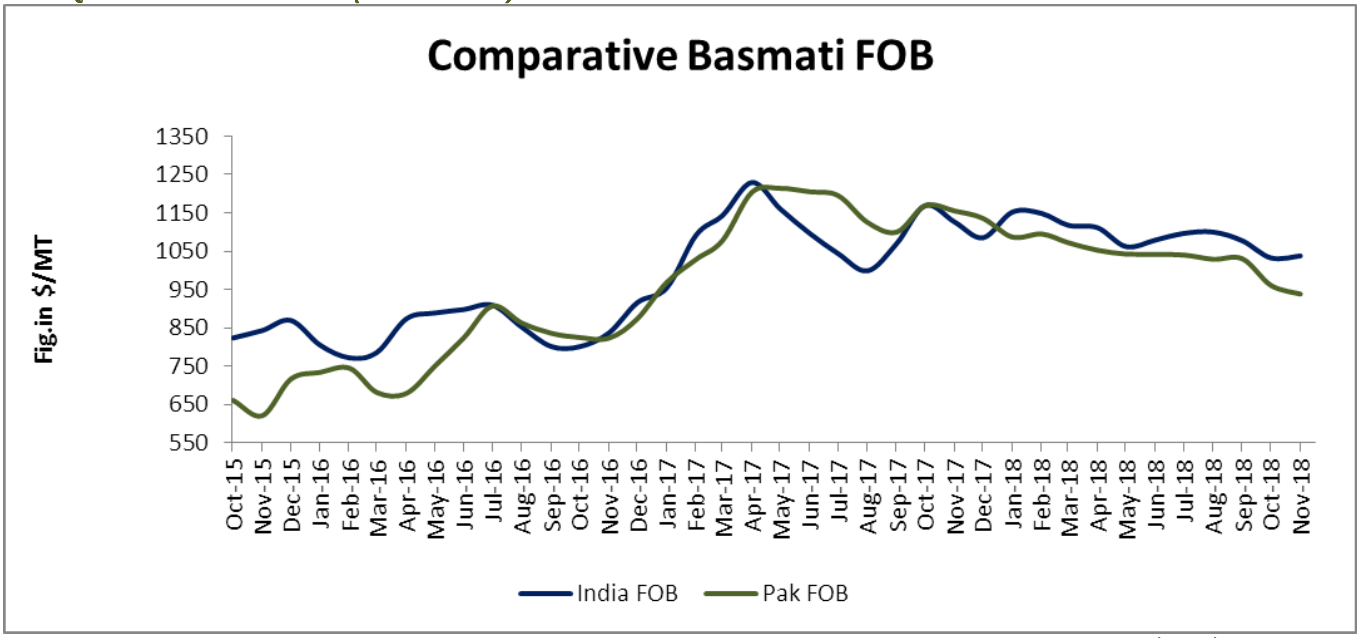
State wise Progressive Procurement

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

Myanmar produced 9 billion tonnes of rice in 2017-18, out of which 3.85 million tonnes of rice was exported. The Myanmar government aims to export 4 million tonnes of rice by 2020 for which farmers have announced different types of schemes.

According to the latest (February) report of USDA, rice production in China is expected to increase. On the basis of data from the National Bureau of Statistics, USDA has set rice production estimation in China during the 2018-19 season, with an increase of approximately 50 lakh tons to 14.85 million tons. This figure is almost equal to the 2017-18 season.

According to the USDA report, the use of rice in the 2018-19 marketing season is expected to reach 49.03 million tons, which is 7 lakh tons more than the previous report estimates. Under this, the likelihood of the consumption of rice in China, Nepal and the Philippines and the reduction in Brazil and Nigeria has been expressed.

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

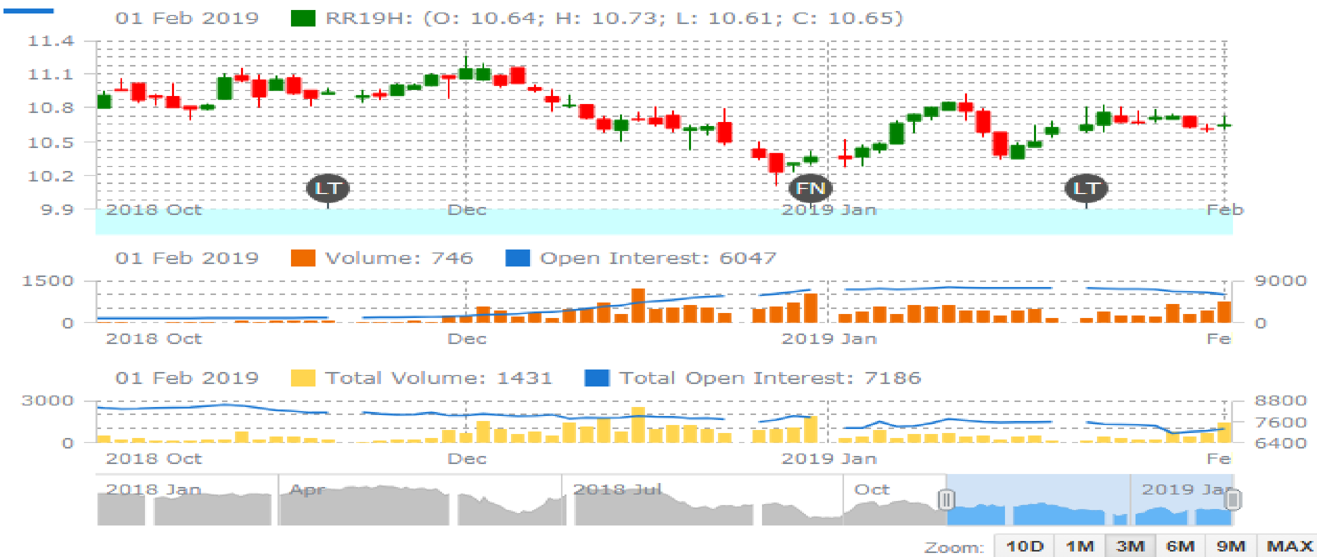
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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