Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Rice export prices in India eased from multi-month highs this week due to weaker demand, while** domestic buying pushed up rates in Thailand.
- Top exporter India's 5 percent broken parboiled variety was quoted around $390-$393 per ton, down from the previous week when prices rose to the highest level in more than seven months at $392-$395. Buyers are waiting for a price correction; however Exporters can't reduce prices due to the strong rupee and higher paddy prices. Last week's price rise was attributed to an appreciation in the rupee, which lowers returns from overseas sales.
- **In Thailand, benchmark 5 percent broken rice prices rose to $400-$404 a ton, free on board Bangkok,** on Thursday, from $390-$393 last week. Traders said the price rise was due to higher domestic demand, even as overseas demand remained flat. Prices were very low last week, so there were some purchases in the country and now prices have bounced a little. Last week, the Thai cabinet agreed to extend a rice trading agreement with the Philippines, which expired in December, for another two years. The agreement allows Thailand, the world's second-largest rice exporter, to take part in tenders issued by the Philippines and states that the two countries can trade up to 1 million tonnes of rice per year.
- **In Vietnam, rates for 5 percent broken rice were unchanged from last week at $360 a tonne. Activity is** slowing down this week on weaker demand. Buyers from China held a meeting with commodity traders in Ho Chi Minh City on Thursday to explore trading opportunities, but no major rice deals were made.

- **For the non-basmati rice, the central government is likely to consider the continuation of 5% export** promotion under merchandise exports from India Scheme (MEES) so that it can improve its export performance. It is known that till March 25, 2019 this scheme was implemented which has now been closed. Exporters are demanding this to be implemented for at least one year.
- **By increasing the effect of El-Niño, rice production in the Philippines could be reduced. Rice production** in Philippines is estimated to fall by 1.2 million tons to 190 lakh tons in 2019. Because of which the import of rice in Philippines next year can be 23-25 lakh tonnes. Increasing effect of El-Niño he current season can reduce the production of rice by 1.5-2 lakh tonnes.
- **In February 2019, Thailand exported 6.9 million tonnes of rice, which was 27.7% less than that of January.** Philippines and Malaysia purchase rice from Vietnam instead of Thailand, due to the prices of Vietnamese rice being reduced by $ 40-50 / ton. There is a possibility of exporting 95 lakh tonnes of rice from Thailand in the current year; Thailand exported 110 million tonnes of rice last year.
- **Basmati rice export is projected to hit a record level of Rs 30,000 crore or nearly $4.28 billion (at Rs 70 a dollar)** this season. In addition, shippers are getting a higher realisation vis-à-vis their procurement cost. The largest exported variety, Pusa 1121, saw an average procurement price of Rs 35,000-38,000 a tonne in the current 2018-19 season, about 8.5 per cent higher than the Rs 33,000-35,000 a tonne in 2017-18. However, export realisation at Rs 74,000 a tonne in the first 10 months of this financial year (April 2018 to January 2019) was 14 per cent more than the Rs 65,000 a tonne in the same period of 2017-18.

- **The stock of Rice on 01st March 2019 was 26.40 million tonnes which was 23.30 million tonnes during** the same period last year. Rice stock increased 13 per cent over the previous year's period.

- **According to the Australia Meteorological Department, 70% of the chances of El-Niño in 2019, this is three** times the normal speed. Generating monsoon rains in India, especially in the form of El-Niño. Rainfall from June to September may affect the production of kharif season crops especially paddy due to monsoon rains.

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 03rd Week of Mar-2019

State	Prices 24-31 Mar 2019	Prices 16-23 Mar 2019	Prices 09-15 Mar 2019	Prices 24-31 Mar 2018	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4011.11	4061.54	4116.67		-1.24	-2.56	__
Assam	3556.79	3450.94	3607.96	3381	3.07	-1.42	5.2
Gujarat	3116.4	3155.69	3251.31	3182.9	-1.25	-4.15	-2.09
Jharkhand	3870.95	3867.24	3877.44	2734.05	0.1	-0.17	41.58
Karnataka	3528.91	3502.54	3667.73	3618.4	0.75	-3.78	-2.47
Kerala	3450.26	3453.7	3448.18	3713.22	-0.1	0.06	-7.08
Maharashtra	3441.86	3465.86	3543.58	3798.12	-0.69	-2.87	-9.38
Manipur	3930.3	3749.24	3907.12	2970.92	4.83	0.59	32.29
Meghalaya	3523.5	3500	3565.17	2892	0.67	-1.17	21.84
Nagaland	6500	6800			-4.41	__	__
NCT of Delhi	2071.03	2100		2000	-1.38	__	3.55
Odisha	2560.06	2814.08	2531.85	2667.77	-9.03	1.11	-4.04
Tripura	2866.78	2863.99	2872.76	2867.82	0.1	-0.21	-0.04
Uttar Pradesh	2443.52	2422.34	2419.62	2318.1	0.87	0.99	5.41
Uttrakhand	2243.87	2320.56	2995.13	2102.68	-3.3	-25.08	6.71
West Bengal	2724.07	2625.34	2593.28	2865.41	3.76	5.04	-4.93
Average	3364.96	3384.57	3314.13	2843.89			

Duration	Trend	Average Price Range	Reason
01st Week of Apr, 2019	Steady	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	23-Mar-19	18-Mar-19	(Month Ago) 23 Feb 2019	(Year Ago) 23 Mar 2018	% ch. From last week	% Change from last Month	% Change from last Year
1121 Steam	7350	7300	7300	7000	0.68	0.68	5.00
1121 Sella	6750	6750	6750	6650	0.00	0.00	1.50
1121 Raw	7000	7300	7150	7000	-4.11	-2.10	0.00
Basmati Raw	9500	9500	9000	7300	0.00	5.56	30.14
1509 Steam Wand New	7000	7000	7000	6900	0.00	0.00	1.45
Sugandh Steam	5300	5300	5400	5900	0.00	-1.85	-10.17
Sharbati Raw	4700	4600	4900	5100	2.17	-4.08	-7.84
Pusa Raw Wand	5550	5800	5600	6300	-4.31	-0.89	-11.90
Parmal Sella	3100	3100	3150	3050	0.00	-1.59	1.64

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	30-Mar-19	29-Mar-19	23-Mar-19	28-Feb-19	30-Mar-18
Chirala(A.P)	BPT(Raw)	-50	3250	3200	3300	3300	3220
Jharkhand(Ranchi)	Coarse	100	3000	3000	2900	2780	2600
Ernakulam(Kerala)	Jaya	100	3300	3300	3200	3100	3000
Divi(A.P)	BPT(Raw)	0	3200	3200	3200	2900	2850
Visakhapatnam	HMT(Raw)	-50	3650	3700	3700	3800	3780
Nandyal	Sona Fine	-100	3200	3200	3300	3100	3000
Barasat(W.B)	Masuri	50	3300	3300	3250	2900	2900
Dibrugarh	Common	100	3100	3100	3000	2500	2450
Jhargram(W.B)	Common	0	3100	3100	3100	3000	2800
Karnal	Sarbati Steam	200	4600	4600	4400	4700	4700
Bangarpet(Kar)	IR-20	100	3000	3000	2900	2750	2600

*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	-32	88	120	APMC
Delhi	All Paddy	-66	220	286	APMC
Amritsar	All Paddy	3	15	12	APMC
Karnal	All Paddy	-32	55	87	APMC

*Difference between current and previous week arrival.

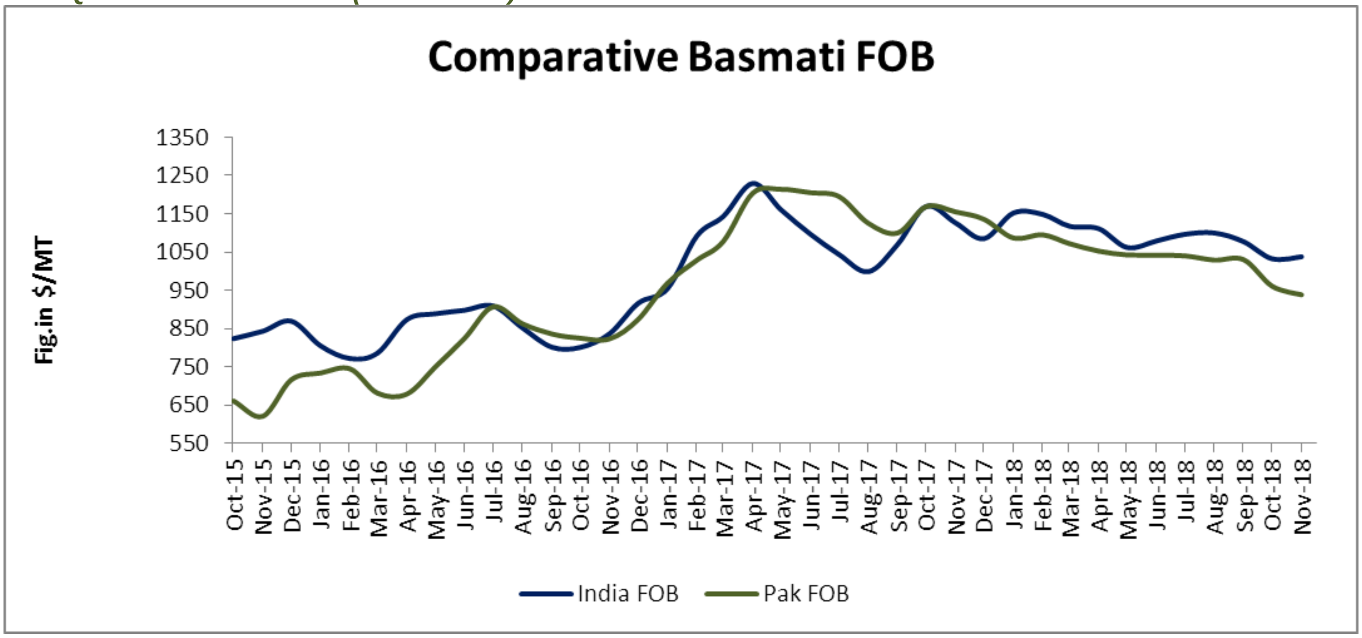
State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 24.01.2019	
(in Lakh T)		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

According to the February report of IGC, rice production in this world can be 495 million tonnes, which is more than 1 million tonnes more than last year's production. This year, consumption of rice in the world can be 492 million tons, 486 million tons last year. End of this season can save the carry over stock of 153 million tonnes of rice in the world, which is more than 3 million tons more than last year.

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.

Sri Lanka declared Minimum Support Price for Nadu and Samba variety rice which will be effective from 1st April. MSP of Nadu Variety Rice is 80 Sq. Kg / kg (Indian Rupees 32 per kg) and Samba Variety MSP 85 Sri Lankan rupee per kg (Indian Rupees 34 per kg).

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.

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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 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

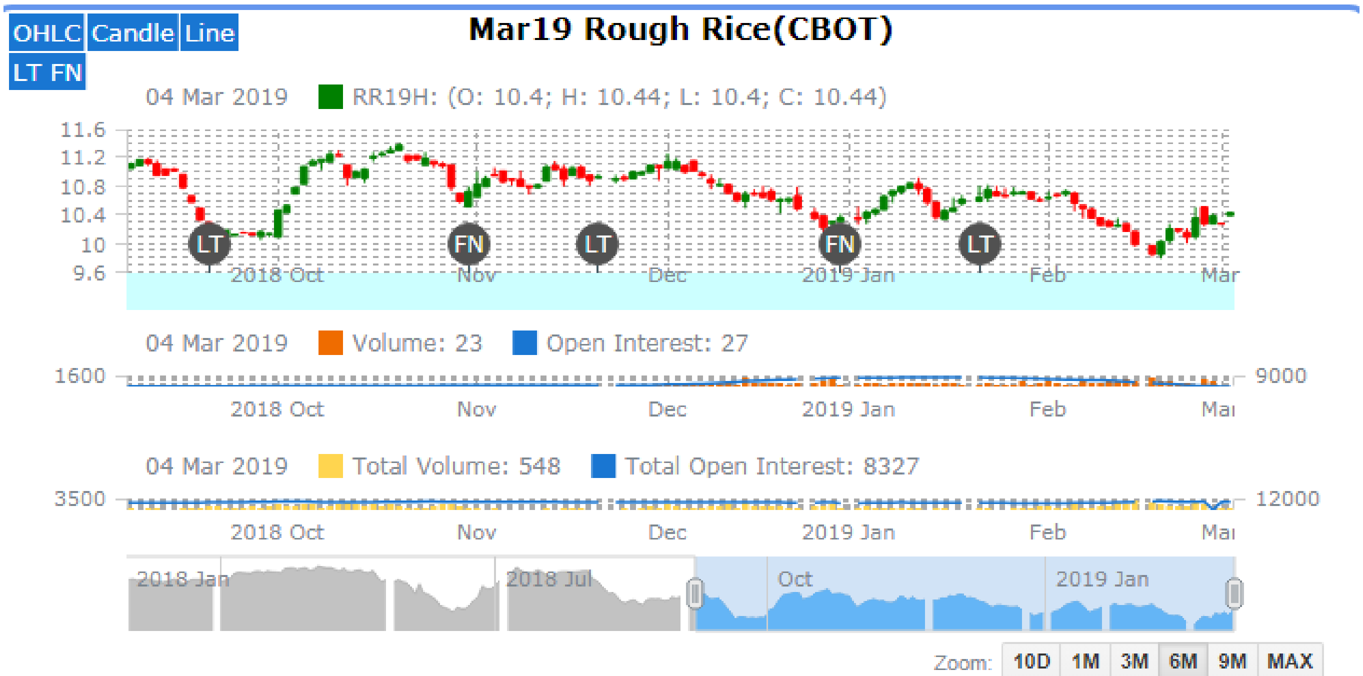
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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 Apr-2019	Steady	USD/ Hundred Weight 10.00-11.50