Rice Weekly Research Report

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Outlook and Review:

Domestic Front

- An important agricultural productive state of South India Andhra Pradesh, the target of production of sowing area and production of different crops has been set for the forthcoming kharif season. It has set target of 84.59 lakh tonnes of paddy, 5.35 lakh tonnes of maize, 2.37 lakh tonnes of arhar (tuvar) and total 95.86 lakh tonnes of foodgrain production. The Andhra Pradesh Agriculture Ministry has increased the production estimation of paddy in the next season. According to the Ministry of Agriculture, the production target of paddy in the next season was 84.6 lakh tonnes, which was 78.28 lakh tonnes last year.

- Rice export prices in top exporter India fell for a fifth consecutive week on low demand and domestic currency weakness, while traders in Vietnam looked for prospective deals from China and Egypt. India's 5 percent broken parboiled variety RI-INBKN5-P1 was quoted around $371-$374 per tonne this week, down from last week's $373-$376. As prices are falling every week, buyers are delaying purchases expecting further drops.

- Cyclone Fani partially damages Bangladesh harvest. Meanwhile, Bangladesh has postponed a decision on lifting its long-standing ban on rice exports until the completion of the summer rice harvest. Cyclone Fani partially damaged the harvest of the summer-sown crop, also known as Boro, on 55,600 hectares of land.

- In Vietnam, rates for 5 percent broken rice RI-VNBKN5-P1 were at $365 on Thursday, unchanged from last week. Sales are still slow this week as Vietnamese prices remain relatively high, but traders hope sales to China may increase later this year. A delegation of Chinese rice importers are touring the Mekong Delta provinces to explore possible deals. As per by Vietnam's Ministry of Industry and Trade , Egypt is also seeking to buy at least 20,000 tonnes of 10-12 percent broken rice for delivery between July 25 and Aug. 20. Customs data released on Thursday showed Vietnam's rice exports in April were unchanged from March at 693,000 tonnes. Rice shipments in the first four months of this year fell 5.1 percent from a year earlier to 2.1 million tonnes. Vietnam's rice supplies are expected to increase when the early harvest of the summer-autumn crop begins late this month.

- Thailand's benchmark 5-percent broken rice prices were largely unchanged at $385-$400 a tonne on Thursday, free on board Bangkok, compared with $385-$402 quoted last week. While demand has remained flat, traders said the prices could rise due to an anticipated drought as the world's second-largest exporter heads into a new growing season this month. Rain is coming late this year, so maybe drought can be anticipated, which will affect output, quality and volume. Thailand also held an annual ploughing ceremony on Thursday, with a pair of royal oxen predicting good harvest this year. Due to the demand for rice in international markets, rice prices in Thailand increased, while lack of investigation in India caused a drop in prices. Rice prices in Thailand reached $ 385-402 / ton which was $ 385-388 / ton last week. There is no improvement in demand for Indian rice.

- India has urged the European Union to relax norms on the maximum permissible residue level of a fungicide found in basmati rice exported to the common bloc. The European Union has lowered the maximum permissible residue level of Tricyclazole (fungicide) in basmati rice to that level which was difficult to reduce in Indian rice all of a sudden. The European Union has reduced the maximum permissible residue level of Tricyclazole in basmati rice to 0.01 mg per kg from the previous limit of 1.0 mg per kg, effective Jan 1, 2018. Though the government has asked farmers and market participants to comply with the new norms, rice producers and scientists found it difficult to reduce maximum permissible residue to the required level in such a short span of time. Since it is difficult to export the commodity at the given maximum permissible residue level to the European Union, the Centre has requested the common bloc to buy basmati at the previous level of 1.0 mg per kg.

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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 02nd Week of May-2019

State	Prices 09-15 May 2019	Prices 01-08 May 2019	Prices 09-15 May 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4250	4075		4.29	__
Assam	3330.69	3586.04	3043.16	-7.12	9.45
Gujarat	4245.23	3203.93	3222.31	32.5	31.74
Jharkhand		3866.67	2725.14	__	__
Karnataka	3846.44	3894.23	3469.44	-1.23	10.87
Kerala	3421.92	3453.17	3735.37	-0.9	-8.39
Maharashtra	3446.72	4256.33	4019.85	-19.02	-14.26
Manipur	4227.39	4189.26	3228.07	0.91	30.96
Meghalaya	3897.73	3510.87	2806.87	11.02	38.86
Nagaland		7000	3200	__	__
NCT of Delhi			1989.19	__	__
Odisha	2657.98	2631.01	2534.31	1.03	4.88
Tamil Nadu			1551	__	__
Tripura	2824.1	2857.87	3033.67	-1.18	-6.91
Uttar Pradesh	2451.13	2456.97	2278.42	-0.24	7.58
Uttrakhand	2957.75	3074.46	2247.91	-3.8	31.58
West Bengal	2683.65	2748.82	2803.89	-2.37	-4.29
Average	3403.13	3653.64	2868.04		

Duration	Trend	Average Price Range	Reason
03rd Week of May, 2019	Steady	Rs.2950-3500/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.

Prices & Arrivals at Major Markets:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	4.2	4.2	0	APMC
Srikakulam	All Paddy	0.05	0.05	0	APMC
Guntur	All Paddy	2	2	0	APMC
Burdwan(W.B)	All Paddy	228	272	44	APMC
Delhi	All Paddy	389.75	498.75	109	APMC
Amritsar	All Paddy	243	305	62	APMC
Karnal	All Paddy	167	202	35	APMC

*Difference between current and previous week price

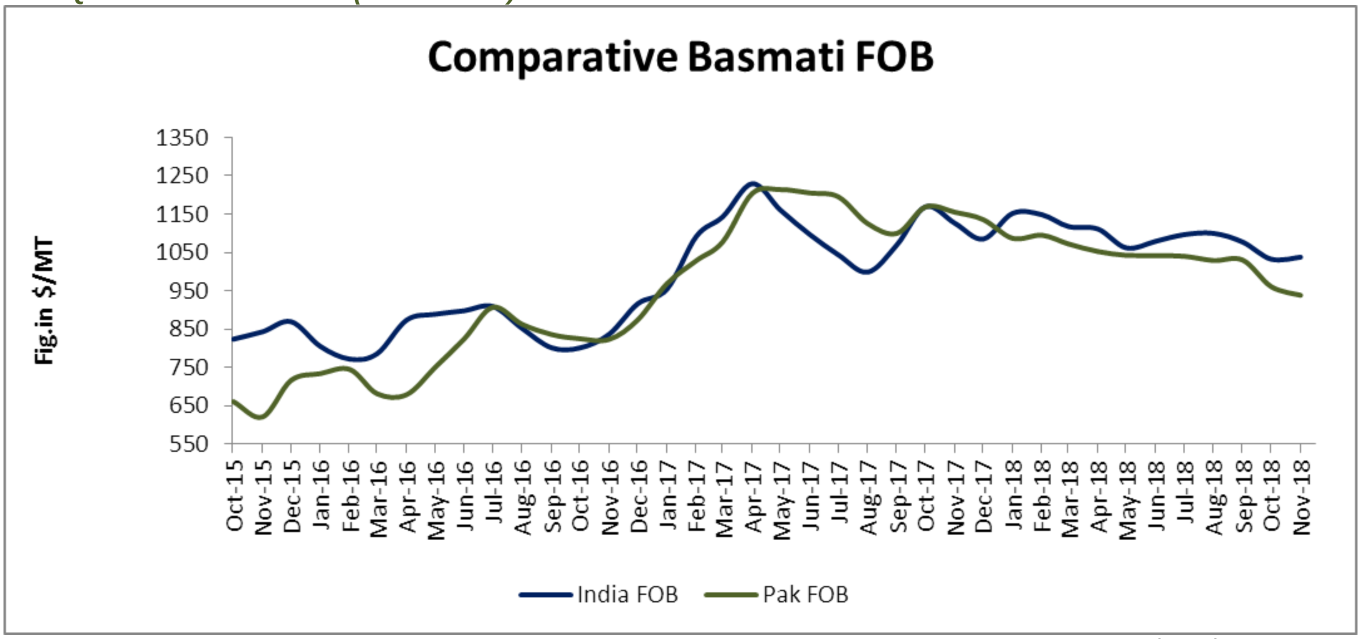
State wise Progressive Procurement

State/UTs	**Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)**	**Progressive Procurement as on 18.04.2019**	
(in Lakh T)		**In Marketing season 2018-19**	**In Marketing season 2017-18**
AP	30.00	29.82	17.40
Telangana	15.00	27.19	12.17
Bihar	8.00	9.27	2.03
Chhattisgarh	40.00	40.80	31.77
Haryana	39.75	39.09	39.92
Jharkhand	2.00	1.53	0.39
Kerala	2.00	3.24	0.95
M.P	13.00	13.95	11.00
Maharashtra	4.00	4.25	1.27
Odessa	30.00	34.43	15.24
Punjab	114.00	113.30	118.39
Tamilnadu	8.00	11.14	0.03
U.P	33.00	32.33	24.88
Uttrakhand	5.00	4.62	0.35
West Bengal	23.00	16.15	0.06
Others	0	--	--
Total	**370.00**	**382.01**	**276.16**

All-India progressive procurement of Rice as on 18.04.2019 for 2018-19 was at 382.01 lakh tons against the procurement of 308.24 lakh tons in the corresponding period of last year.

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, 40.8 lakh tonnes in Telangana, 27.19 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, 13.95 lakh tonnes in West Bengal, 16.15 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 firm in the month of April and currently is in the range of USD 1207/MT which is up by 10.04% from last month price of USD 1097/T due to reducing arrival of current crop and fresh demand from overseas demand. Aromatic rice prices in local markets are also traded firm on fresh demand from local 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 to weak from last month and is now hovering in the range of USD 982.5/MT which is up by 7.37% from last month FOB of USD 915/MT.

Global Updates

The US Department of Agriculture (USDA) has expressed the possibility that the global production of rice will fall further to 49.84 million tonnes in the 2019-20 season compared to the 2018-19 season. It is known that the production of the 2018-19 seasons was judged as a new record level. According to USDA, production in China and India is estimated to decline. Rice production is likely to be 2.5 million tonnes in China and 10 lakh tons in India. On the other hand, countries such as Vietnam, Thailand, Bangladesh and Indonesia are expected to grow in rice production.

According to the report of USDA, global demand and consumption of rice is expected to reach 41 million tonnes more than 2018-19 and reach new record level of 49.61 million tonnes in 2019-20. Rice consumption in many countries will increase. In South-East Asia and South Asia, there is heavy production of rice and due to densely populated population there is also very high consumption.

Global export of rice is expected to be 467 lakh tonnes in the current marketing season of 2018-19, whereas its marketing level in the 2019-20 marketing season is estimated to increase by 9 lakh tonnes to reach new record level of 476 lakh tonnes. India, Thailand and Vietnam are the world's three largest rice exporter countries. Apart from this, export of rice is also exported to Pakistan, USA, Myanmar, Cambodia and some Latin American countries.

According to the report of USDA, after the end of the marketing season of 2019-20, the global surplus stock of rice is expected to reach a new record level of 17.22 million tonnes, out of which about 68 percent of stocks will be available in China alone.

India is the world's largest rice exporter, while its production is second only to China. During the last financial year, there was some weakening of the export performance of rice and there was considerable decline in shipments of non-basmati rice.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 22.02.2019	(2019-20) Projection. 28.03.2019
Production	475	487	490	495	505
Trade	40	48	48	47	48
Consumption	474	486	487	493	499
Carryover stocks	122	123	126	157	162
Y-O-Y change	1	1	1	6	6
Major Exporters	33	31	28	34	38

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

IGC Rice Balance sheet Highlights:

Incorporating official data for India's kharif crop, the outlook for global 2018/19 rice output is raised by 5m t m/m, to a record 500m, a 1% y/y rise. Although uptake is lifted, most of the net increase in supplies is channeled to stocks, pegged 4m t higher m/m, at 157m, a 4% y/y gain. World trade in 2019 is predicted little-changed, at 47m t. Tied to an expansion of acreage in key exporters, production is tentatively seen increasing in 2019/20, with use and stocks likely to grow further. Global import demand may advance in 2020 on sales to Africa in particular. Despite a below-average monsoon, a bumper crop in India is set to underpin a bigger global rice outturn of 500m t in 2018/19. Improved harvests are also seen in Bangladesh, the US and Vietnam. Amid heavy availabilities, consumption is forecast at a new peak, while inventories are likely to rise on accumulation in key exporters and China. Prospects for supply and demand in 2019/20 are tentative. Nevertheless, output could expand on area gains in parts of Asia, including India, more than offsetting a drop in China. Both usage and stocks may increase, while trade will be shaped by demand from buyers in Africa and Asia.

Rice Price Trend @ CBOT May- 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
03rd Week of May-2019	Steady	USD/ Hundred Weight 10.00-11.50