Rice Weekly Research Report

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Outlook and Review:
Domestic Front

- **Rice export prices in top exporter India slid this week to their lowest in nearly seven months as demand** continued to stagnate, while rates for Vietnamese rice dipped on expected increase in stockpiles after the summer harvest. India's 5 percent broken parboiled variety was quoted around $362-$365 a tonne this week, down from last week's $371-$374 for a sixth weekly decline as it also came under pressure from depreciation in the rupee. Demand has dried up in the West African market, as they are sitting on high inventories. Aggressive selling of old inventories by China to African buyers is also weighing on prices. The rice-growing southern peninsula of India could receive 95% rainfall during the forthcoming monsoon.

- **In Vietnam, rates for 5 percent broken rice fell to $355 a tonne on Thursday, compared with $365 a week earlier,** on expectations that stockpiles will increase when the early harvest of the summer-autumn crop begins late this month. Rice exports from Vietnam this year are forecast to stay flat on last year but will gradually fall as the rice growing area is shrinks to give way to growing fruit trees. Though Chinese importers have reopened the door to Vietnamese rice, it's not yet easy for Vietnamese exporters to boost their sales to China as several technical barriers are still in place.

- **Meanwhile, Thailand's benchmark 5-percent broken rice prices were unchanged at $385-$400 a tonne** free on board (FOB) Bangkok. But Thai traders said they were worried that Thai rice, currently priced higher than Vietnamese and Indian rice, is also losing competitiveness because the Thai baht is the strongest-performing currency in Asia this year. The Thai Rice Exporters Association stood by its January forecast for Thailand to export 9.5 million tonnes this year, falling from last year's 11 million tonnes because of the strong baht. Thailand's deputy commerce minister, Chutima Bunyapraphasara, on Wednesday said the country had exported 3.2 million tonnes of rice in the first four months of the year.

- **West Bengal's rice industry was suffering similar losses due to lower demand but due to imposing duty** on rice imports by Bangladesh, there was a possibility of further reduction in rice exports from West Bengal. Last year, Bangladesh imposed 28% duty on rice imports from India. Because of which non-basmati rice exports came down heavily for Bangladesh. Because of this, there was tremendous decline in rice exports between April and February. From April 1, 2018 to February 2019, only 4.25 lakh tons of rice was exported from India compared to 70 lakh tons in the same period last year.

- **All-India progressive procurement of Rice as on 17.05.2019 for 2018-19 was at 405.32 lakh tons against** the procurement of 300 lakh tons in the corresponding period of last year. According to available data, in the current kharif marketing season, Punjab has procured 113.34 lakh tones rice, 39.09 lakh tons in Haryana, 40.80 lakh tons in Chhattisgarh, 45.73 lakh tons in Telangana, 32.33 lakh tons in Uttar Pradesh 34.65 lakh tons in Orissa, 32.25 lakh tons in Andhra Pradesh, 13.95 lakh tons in Madhya Pradesh, 16.57 lakh tons in West Bengal, 4.62 lakh tons in Uttrakhand, 11.58 lakh tons in Tamil Nadu, 4.25 lakh tons in Maharashtra and 9.28 lakh tons in Bihar.

- **The Maharashtra government has set up State Agriculture Committee to create a new agri export** policy of the state, which aims to increase the export of rice and fruits.

- **The import of other Indian agricultural products, including Basmati rice, was being felt to be badly** affected due to imposition of restriction on import of petroleum from Iran, but now suddenly there is a demand of Basmati rice in the last fortnight which results about 14 Percentage of price has accelerated. It is known that Iran is the most important importer of Indian rice in this premium quality. Although most of the countries of Middle East Asia, Indian Basmati rice is widely consumed, but Iran is ahead in it. When the US refused to allow India to import crude mineral oil from May 1, it seemed like there would be stopping the export of Indian rice. According to trade analysts, the price of basmati rice has reached Rs 100 per kg in Nagpur. It is known that generally the demand and consumption of Pusa 1121 basmati rice is highest whereas its highest export is done to Iran. This clearly indicates that the demand for Iran has increased its intensification in the domestic market.

- **With the price of Basmati, prices of other varieties have started rising. Its price has increased to Rs 8-9** per kg in the wholesale market market in Nagpur. As per Delhi Traders, that on one side, the production decreased by nearly 10 percent and on the other hand the good demand for Ramzan is coming out. Basmati rice prices can stay intensified in view of this.

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 May-2019

State	Prices 16-23 May 2019	Prices 09-15 May 2019	Prices 16-23 May 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4250	4058.33		4.72	__
Assam	3373.17	3272.45	3077.59	3.08	9.6
Gujarat	3242.67	3284.92	3191.85	-1.29	1.59
Jharkhand	3866.67	3857.68	2733.33	0.23	41.46
Karnataka	3506.02	3798.41	3688.16	-7.7	-4.94
Kerala	3432.29	3414.88	3742.88	0.51	-8.3
Maharashtra	3523.73	3520.64	4207.36	0.09	-16.25
Manipur	4187.86	4187.07	3245.17	0.02	29.05
Meghalaya	3500	3625	2579.58	-3.45	35.68
Nagaland		7200		__	__
NCT of Delhi	2000		2130	__	-6.1
Odisha	2879.53	2806.64	2289.11	2.6	25.79
Tamil Nadu			1461	__	__
Tripura	2875.34	2847.6	2815.88	0.97	2.11
Uttar Pradesh	2473.72	2467.88	2299.18	0.24	7.59
Uttrakhand	2813.5	2701.91	2700.21	4.13	4.2
West Bengal	2708.48	2717.78	2782.71	-0.34	-2.67
Average	3242.2	3584.08	2862.93		

Duration	Trend	Average Price Range	Reason
04th 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:

Rice Price (In Rs./ Quintal)	Grade	Change*	18-May-19	17-May-19	11-May-19	18-Apr-19	18-May-18
Chirala(A.P)	BPT(Raw)	20	3320	3300	3300	3200	3220
Jharkhand(Ranchi)	Coarse	-100	2900	2900	3000	2800	2750
Ernakulam(Kerala)	Jaya	150	3350	3300	3200	3200	3100
Divi(A.P)	BPT(Steam)	50	3200	3200	3150	3000	2900
Visakhapatnam	HMT(Raw)	-100	3700	3700	3800	3860	3780
Nandyal	Sona Fine	-100	3400	3400	3500	3600	3400
Barasat(W.B)	Masuri	-100	3300	3400	3400	3000	3100
Dibrugarh	Common	100	3200	3150	3100	2500	2450
Jhargram(W.B)	Common	200	3200	3200	3000	3000	2900
Karnal	Sarbati Steam	200	4600	4600	4400	4700	4700
Bangarpet(Kar)	IR-20	0	2900	2900	2900	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Current Week	Source
Cuddapah	All Paddy	-0.4	3.8	4.2	APMC
Srikakulam	All Paddy	-0.05	0	0.05	APMC
Guntur	All Paddy	-2	0	2	APMC
Burdwan(W.B)	All Paddy	-152	120	272	APMC
Delhi	All Paddy	-298.75	200	498.75	APMC
Amritsar	All Paddy	-102	203	305	APMC
Karnal	All Paddy	-91	111	202	APMC

*Difference between current and previous week price

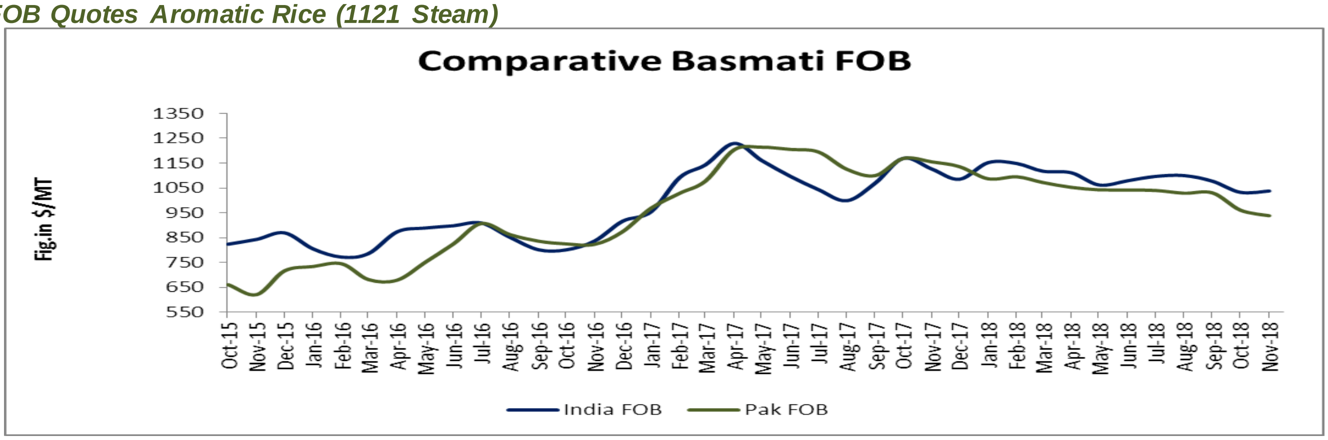
State wise Progressive Procurement

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

Following the announcement of a complete ban on rice cultivation in early June 2018, the Iraqi Ministry of Water Resources agreed to allow farmers to produce 1,250 ha (5000 donum) of rice later the same month. The drought spurring the ban continued until November 2018, forcing Iraqi officials to direct available water resources to drinking water, industrial use, and horticulture crops. The prohibition initially included corn, cotton and sesame, though the ban on corn was subsequently lifted. It is unclear if Iraqi officials will lift the restrictions in the future. With the ban ongoing, post is revising down rice production estimates for MY 2018/19 and the forecast for MY 2019/20. In MY 2018/19 rough rice production reached 18 TMT, a decrease of 297 TMT from the previous year. Iraqi official data report MY 2018/19 area harvested as 5,422 hectares. Rice was only cultivated in five governorates: Najaf, Diyala, Qadisiyah, Babil, and Maysan. Contacts indicate that the difference between the permitted area (1,250 ha) and the area harvested reflects illegal plantings and fields planted prior to the June ban.

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.

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
04th Week of May-2019	Steady	USD/ Hundred Weight 10.00-11.50