Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **A stronger rupee helped lift rice export prices in top exporter India from a near seven-month low** this week, while rates for the Vietnamese variety slipped as the harvest in the Mekong Delta gathered steam. A stronger rupee helped lift rice export prices in top exporter India from a near seven-month low this week, while rates for the Vietnamese variety slipped as the harvest in the Mekong Delta gathered steam. India's 5 percent broken parboiled variety was quoted around $364-$367 per tonne, up from last week's $362-$365.
- **In Vietnam, rates for benchmark 5 percent broken rice fell to $350 a tonne on Thursday, from** $355 last week. Prices edged down from last week as supplies are building up amid an on-going harvest in the Mekong Delta region. Iraq recently signed a contract to buy 150,000 tonnes of Vietnamese rice for delivery in June and July.
- **In second biggest rice exporter Thailand, the 5-percent broken variety was unchanged from** last week at $385-$400 a tonne, free on board (FOB) Bangkok, as demand remained flat with the market not expecting any major deals in the short term.
- **The All-India progressive procurement of Rice as on 17th May 2019 for 2018-19 seasons stood** at 405.32 lakh tonnes as compared to procurement of 300 lakh tonnes in the corresponding period of last year. According to FCI data, in the current Kharif marketing season, Punjab has procured 113.34 lakh tonnes rice, around 39.09 lakh tonnes in Haryana, 40.80 lakh tonnes in Chhattisgarh, 45.73 lakh tonnes in Telangana, 32.33 lakh tonnes in Uttar Pradesh 34.65 lakh tonnes in Orissa, 32.25 lakh tonnes in Andhra Pradesh, 13.95 lakh tonnes in Madhya Pradesh, 16.57 lakh tonnes in West Bengal, 4.62 lakh tonnes in Uttrakhand, 11.58 lakh tonnes in Tamil Nadu, 4.25 lakh tonnes in Maharashtra and 9.28 lakh tonnes in Bihar.
- **Under the Food Corporation of India, Open Market Sale Scheme as on 15th May 2019, around** 25,000 metric tonnes of rice from Karnataka state was sold at a price of Rs 2,785 per quintal.

- **In Tamilnadu, rice millers are worried about drop in paddy arrivals from other States and** the resultant increase in prices of paddy this season. A 75-kg bag of paddy that sold at Rs.1, 200 is now priced at Rs.1,400.

- **West Bengal's rice industry was suffering losses due to lower demand and 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 per cent duty on rice imports from India. Because of which non-basmati rice exports came down heavily. And because of this, there was decline in rice exports between April and February. During 01st April 2018 to February 2019, only 4.25 lakh tonnes of rice was exported from India as compared to 70 lakh tonnes exported in the same period last year.

- **As per the Second Advance Estimates 2018-19, production of Kharif Rice during 2018-19 is** estimated at 101.96 million tonnes. This is higher by 5.67 million tonnes than the last year's production of 96.48 million tonnes. Total Rice production in 2018-19 is estimated at 115.60 million tonnes as against 111.01 million tonnes in 2017-18.

- **According to market sources, If Iran is unable to import Indian basmati rice because of the** nonexistence of an export payment mechanism then rice prices would go down in India in the coming paddy season. This could impact basmati planting in Haryana, Punjab, Uttar Pradesh, Himachal Pradesh and Jammu and Kashmir.
- Vietnam's rice supplies are expected to increase when the early harvest of the summer-autumn crop begins late this month. Vietnam's rice exports in April were unchanged from March at 693,000 tonnes. Rice shipments in the first four months of this year declined by 5.1 per cent from a year earlier to 2.1 million tonnes.

- **During the current marketing season the market price of basmati paddy was quite high so that** the farmers got huge earnings. During the financial year 2018-19, the export of basmati rice in the country has also increased rapidly to the top level of 44 lakh tonnes. With this, the farmers of Punjab are very excited and they can make every effort to increase the production area of basmati paddy this year. Last year Punjab's production area was 5.47 lakh hectares which is expected to reach 7 lakh hectares during the current year.

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*	25-May-19	24-May-19	18-May-19	25-Apr-19	25-May-18
Chirala(A.P)	BPT(Raw)	30	3350	3300	3320	3200	3220
Jharkhand(Ranchi)	Coarse	300	3200	3200	2900	2800	2750
Ernakulam(Kerala)	Jaya	50	3400	3400	3350	3200	3100
Divi(A.P)	BPT(Steam)	150	3350	3350	3200	3000	2900
Visakhapatnam	HMT(Raw)	-100	3600	3700	3700	3860	3780
Nandyal	Sona Fine	100	3500	3500	3400	3600	3400
Barasat(W.B)	Masuri	0	3300	3400	3300	3000	3100
Dibrugarh	Common	200	3400	3400	3200	2500	2450
Jhargram(W.B)	Common	0	3200	3200	3200	3000	2900
Karnal	Sarbati Steam	200	4800	4800	4600	4700	4700
Bangarpet(Kar)	IR-20	100	3000	3000	2900	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Current Week	Source
Cuddapah	All Paddy	-1.3	2.5	3.8	APMC
Srikakulam	All Paddy	0	0	0	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-9	111	120	APMC
Delhi	All Paddy	-80	120	200	APMC
Amritsar	All Paddy	-69	134	203	APMC
Karnal	All Paddy	-46	65	111	APMC

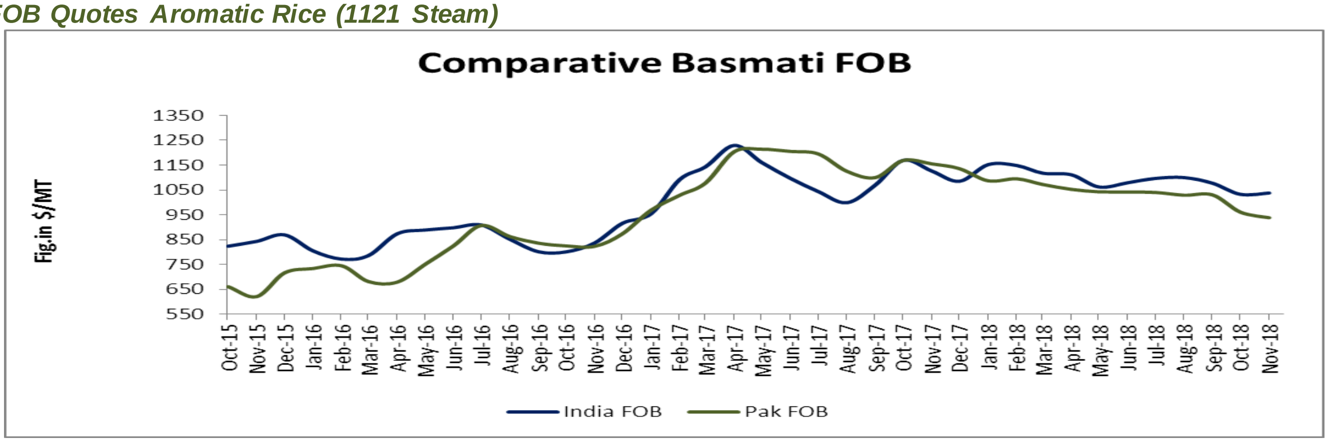
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 27.05.2019	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	39.66	17.40
Telangana	15.00	49.33	12.17
Bihar	8.00	9.28	2.03
Chhattisgarh	40.00	40.80	31.77
Haryana	39.75	39.41	39.92
Jharkhand	2.00	1.53	0.39
Kerala	2.00	4.53	0.95
M.P	13.00	13.95	11.00
Maharashtra	4.00	4.32	1.27
Odessa	30.00	34.76	15.24
Punjab	114.00	113.34	118.39
Tamilnadu	8.00	11.62	0.03
U.P	33.00	32.33	24.88
Uttrakhand	5.00	4.62	0.35
West Bengal	23.00	16.57	0.06
Others	0	--	--
Total	**370.00**	**417.06**	**276.16**

All-India progressive procurement of Rice as on 27.05.2019 for 2018-19 was at 417.06 lakh tons against the procurement of 308.24 lakh tons in the corresponding period of last year.

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