Rice Weekly Research Report

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Outlook and Review:

Domestic Front

Export prices for rice were little changed in major hubs in Asia amid few new deals, with rates for the Vietnamese variety expected to fall further in the coming week as the ongoing harvest picks up pace, boosting domestic stocks. Rates for Vietnam's 5 percent broken rice were $350 a tonne on Thursday.

Prices of India's 5 percent broken rice were unchanged from last week at $364-$367 per tonne. Export demand is weak but we couldn't cut prices due to the rising rupee. A strong rupee reduces exporters' margi n from overseas sales.

Thailand's benchmark 5-percent broken rice prices were largely unchanged at $385-$402 a tonne on Thursday, free on board Bangkok (FOB), from $385-$400 last week, as it faces stiff competition from other exporters.

With the increase in import duty on rice by Bangladesh, the export of non-basmati rice decreased 76% last year. Last week, Bangladesh increased the import duty on rice to 55%. Bangladesh imported 4.43 lakh tonnes of non-basmati rice in 2018-19, while in the year 2017-18, 18.45 lakh tonnes of non-basmati rice was imported.

Haryana Government sought FCI approval from raising the milling charge of paddy from Rs 10 to Rs 15, for a long time Rice Millers of Haryana were demanding increasing milling charges. The Haryana Government is trying to improve the situation of rice mills in the state. The State Government has approved the approval of the FCI to increase the charge of milling in the central pool to Rs 15 per kg, which is currently 10 rupees per kg. If FCI approves this proposal, then about 1000 rice mills will benefit.

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 tons. 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.

Chhattisgarh Agriculture Ministry has set a target of 93 lakh tonnes of food grains for 2019-20, in 2018-19, production of food-grains was 105.7 lakh tonnes in Chhattisgarh. In the case of government procurement of rice, Chhattisgarh becomes the third largest state after Punjab and Telangana. Production target of paddy in Chhattisgarh this year was 83 lakh tonnes, last year the production of paddy was 94 lakh tonnes.

In last Kharif season, due to weakening of rainfall in 280 blocks of Bihar, the production of crops decreased. In the last season, government procurement of 60 lakh tonnes of paddy was procured from Bihar while the target was 102 lakh tonnes. In 2012-13, rice production in Bihar was 83.22, 66.74 in 2013-14, 82.41 in 2014-15, 68 in 2016-16, 82 in 2016-17 and 80.93 lakh tons in 2017-18.

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 04th Week of May-2019

tate	Prices 24-31 May 2019	Prices 16-23 May 2019	Prices 24-31 May 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4092.86	4250		-3.7	__
Assam	3281.8	3418.95	3099.01	-4.01	5.9
Gujarat	3225.39	3207.04	3135.4	0.57	2.87
Jharkhand	3857.17	3859.53	2733.33	-0.06	41.12
Karnataka	4128.55	3674.06	3689.68	12.37	11.89
Kerala	3448.29	3434.15	3730.92	0.41	-7.58
Maharashtra	3471.98	3571.06	4140.24	-2.77	-16.14
Manipur	4334.01	4201.01	3246.13	3.17	33.51
Meghalaya	3916.67	3736.49	2643.89	4.82	48.14
Nagaland	7200	7300	7600	-1.37	-5.26
NCT of Delhi	2000	2037.04	3462.3	-1.82	-42.23
Odisha	2845.84	2838.75	2487.37	0.25	14.41
Tamil Nadu			1576	__	__
Tripura	2836.63	2866.83	3055.1	-1.05	-7.15
Uttar Pradesh	2489.82	2473.14	2307.01	0.67	7.92
Uttrakhand	2904.59	2465.3	2635.68	17.82	10.2
West Bengal	2761.38	2736.21	2779.06	0.92	-0.64
Average	3549.69	3504.35	3270.07		

Duration	Trend	Average Price Range	Reason
01st Week of Jun, 2019	Steady to Firm	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*	01-Jun-19	31-May-19	25-May-19	01-May-19	01-Jun-18
Chirala(A.P)	BPT(Raw)	-50	3300	3300	3350	3200	3220
Jharkhand(Ranchi)	Coarse	0	3200	3200	3200	2800	2750

Ernakulam(Kerala)	Jaya	0	3400	3400	3400	3200	3100
Divi(A.P)	BPT(Steam)	-50	3300	3350	3350	3000	2900
Visakhapatnam	HMT(Raw)	0	3600	3700	3600	3860	3780
Nandyal	Sona Fine	0	3500	3500	3500	3600	3400
Barasat(W.B)	Masuri	0	3300	3400	3300	3000	3100
Dibrugarh	Common	20	3420	3400	3400	2500	2450
Jhargram(W.B)	Common	0	3200	3200	3200	3000	2900
Karnal	Sarbati Steam	-100	4700	4800	4800	4700	4700
Bangarpet(Kar)	IR-20	100	3100	3000	3000	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Current Week	Source
Cuddapah	All Paddy	0	2.5	2.5	APMC
Srikakulam	All Paddy	0	0	0	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-13	98	111	APMC
Delhi	All Paddy	-43	77	120	APMC
Amritsar	All Paddy	-48	86	134	APMC
Karnal	All Paddy	-37	28	65	APMC

*Difference between current and previous week price

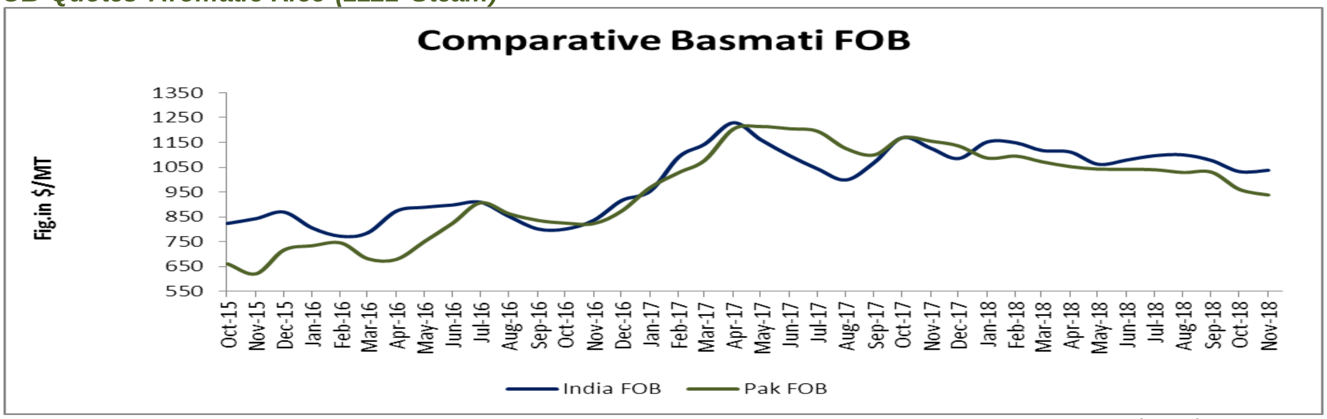
State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 27.05.2019	
(in Lakh T)		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
01st Week of Jun-2019	Steady	USD/ Hundred Weight 10.00-11.50