# Rice Weekly Research Report

Contents

## Outlook and Review:

### Domestic Front

- Average monthly Indian wholesale rice prices in India stood at around Rs.3527 per quintal in May- 2019, up by 1.76% from Rs.3466 per quintal in April-2019 and up by 23% from Rs.2864 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound with firm tone due to decreasing of arrival from major producing regions and demand of Indian rice from overseas buyers.

- Rice export prices in India and Thailand strengthened this week as gains in local currencies prompted traders to raise prices of the staple, while Bangladesh will likely struggle to compete with top exporters despite a slide in domestic rates. India's 5 percent broken parboiled variety was quoted around $366-$369 per tonne this week, up from last week's $364-$367. The late arrival of monsoon rains in India could also delay planting of summer-sown rice.

- In the world's second largest exporter, Thailand, benchmark 5 percent broken rice prices narrowed to $393-$402 a tonne on Thursday, free on board Bangkok (FOB) from $385-$402 last week. The baht is stronger and this is the only factor that is influencing the price right now. Demand for the Thai variety has, however, remained flat since the start of the year, with traders not expecting any major changes in the short and medium term. In the past, demand used to pick up towards the end of the Muslim holy month of Ramadan but this year there has been no sign of that.
- In Vietnam rates for 5 percent broken rice were quoted around $350-$360 a tonne on Thursday, compared with $350 last week. Prices of the winter-spring harvest edged up due to low supplies, while prices of the ongoing summer-autumn harvest remained flat from last week. Buyers from Philippines have purchased the winter-spring harvest rice strongly over the past few weeks to get the remaining supplies of winter produce, which is of higher quality than the summer-autumn harvest. However, shipments from Vietnam are expected to be moderate for the rest of this month before the summer-autumn harvest peaks.

- **Sowing Updates:** The Paddy nursery sowing is ongoing. And farmer has cultivated the field after harvest of rabi crop. Rainfall received in month of May-19 in Haryana, Punjab and Rajasthan was beneficial in preparation of the field. Farmer is interested to paddy crop because farmers reaped good yield and market price in the last year.

- As per third estimates peg total food-grains output at 283.3 million tons despite below-par monsoon rain. According to the third advance production estimate released by the Ministry of Agriculture, in 2018-19, the country has produced a record of 115.63 million tons of rice, last year 112.76 million tons was produced.

- Due to higher production estimate, procurement is higher this year as compare to last year. All-India progressive procurement of Rice as on 27th May 2019 for 2018-19 seasons stood at 417.06 lakh tonnes as compared to procurement of 300 lakh tonnes in the corresponding period of last year. Of the total quantity procured, Punjab has procured 113.34 lakh tonnes rice, around 39.09 lakh tonnes in Haryana, 40.80 lakh tonnes in Chhattisgarh, 49.33 lakh tonnes in Telangana, 32.33 lakh tonnes in Uttar Pradesh ,34.76 lakh tonnes in Orissa, 39.66 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, 11.62 lakh tonnes in Tamil Nadu, 4.25 lakh tonnes in Maharashtra and 9.28 lakh tonnes in Bihar.
- India's rice stocks in the central pool as on May- 1, 2019 stood at 38.02 million tons up by 27.84% from 29.74 million tons recorded during the corresponding period last year, according to

data from the Food Corporation of India (FCI). India's rice stocks in the central pool are down by 4.49% by from 39.81 million tons recorded on Apr-01, 2019. Highest stock could be seen in the state of Punjab (108.94 lakh tons) followed by A.P (26.37 lakh tons) Uttar Pradesh (25.89 Lakh Tons) and Haryana (24.04 lakh tons).

***State wise Paddy Crop Situation - Rabi (2018-19) as on 08.02.2019***

| | RICE | | | | | Over last year | |
|---|---|---|---|---|---|---|---|
| State | 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 01st Week of Jun-2019*

| State | Prices 01-08 Jun 2019 | Prices 24-31 May 2019 | Prices 01-08 Jun 2018 | % Change(Over Previous Week) | % Change(Over Previous Year) |
|---|---|---|---|---|---|
| Andhra Pradesh | 4040 | 4092.86 | | -1.29 | __ |
| Assam | 3299.31 | 3281.8 | 3038.95 | 0.53 | 8.57 |
| Gujarat | 3302.71 | 3225.39 | 3206.65 | 2.4 | 3 |
| Jharkhand | 3866.67 | 3857.17 | 2738.44 | 0.25 | 41.2 |
| Karnataka | 3811.77 | 4092.6 | 3622.76 | -6.86 | 5.22 |
| Kerala | 3422.59 | 3448.29 | 3727.6 | -0.75 | -8.18 |
| Maharashtra | 3353.49 | 3469.83 | 3380.31 | -3.35 | -0.79 |
| Manipur | 4388.37 | 4334.01 | 3277.32 | 1.25 | 33.9 |
| Meghalaya | 3641.3 | 3916.67 | 2535.34 | -7.03 | 43.62 |
| Nagaland | | 7200 | 14043.3 | __ | __ |
| NCT of Delhi | | 2000 | 2072.73 | __ | __ |
| Odisha | 2778.19 | 2845.39 | 2383.01 | -2.36 | 16.58 |
| Tripura | 2866.91 | 2836.63 | 3004.8 | 1.07 | -4.59 |
| Uttar Pradesh | 2466.96 | 2489.99 | 2301.35 | -0.92 | 7.2 |
| Uttrakhand | 2304.9 | 2904.59 | 2892.87 | -20.65 | -20.32 |
| West Bengal | 2746.17 | 2761.38 | 2769.58 | -0.55 | -0.85 |
| Average | 3306.38 | 3547.29 | 3666.33 | | |

| Duration | Trend | Average Price Range | Reason |
|---|---|---|---|
| 02nd 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* | 08-Jun-19 | 07-Jun-19 | 01-Jun-19 | 08-May-19 | 08-Jun-18 |
|---|---|---|---|---|---|---|---|
| Chirala(A.P) | BPT(Raw) | 100 | 3400 | 3400 | 3300 | 3250 | 3200 |
| Jharkhand(Ranchi) | Coarse | 20 | 3220 | 3200 | 3200 | 2900 | 2800 |
| Ernakulam(Kerala) | Jaya | 100 | 3500 | 3500 | 3400 | 3200 | 3200 |
| Divi( A.P) | BPT(Steam) | 50 | 3350 | 3350 | 3300 | 3100 | 3000 |
| Visakhapatnam | HMT(Raw) | 100 | 4500 | 4500 | 4400 | 3860 | 3780 |
| Nandyal | Sona Fine | 0 | 3500 | 3500 | 3500 | 3600 | 3400 |
| Barasat(W.B) | Masuri | 100 | 3400 | 3400 | 3300 | 3200 | 3100 |
| Dibrugarh | Common | -120 | 3300 | 3300 | 3420 | 2500 | 2450 |
| Jhargram(W.B) | Common | 100 | 3300 | 3300 | 3200 | 3000 | 2900 |
| Karnal | Sarbati Steam | 100 | 4800 | 4800 | 4700 | 4700 | 4700 |
| Bangarpet(Kar) | IR-20 | 50 | 3150 | 3150 | 3100 | 2900 | 2850 |

| Paddy Arrivals (In Quintal) | Grade | Change | Current Week | Last Week | Source |
|---|---|---|---|---|---|
| Cuddapah | All Paddy | -1.5 | 1 | 2.5 | APMC |
| Srikakulam | All Paddy | 0 | 0 | 0 | APMC |
| Guntur | All Paddy | 0 | 0 | 0 | APMC |
| Burdwan(W.B) | All Paddy | -76 | 22 | 98 | APMC |
| Delhi | All Paddy | -53 | 24 | 77 | APMC |
| Amritsar | All Paddy | -34 | 52 | 86 | APMC |
| Karnal | All Paddy | -16 | 12 | 28 | APMC |

*Difference between current and previous week price

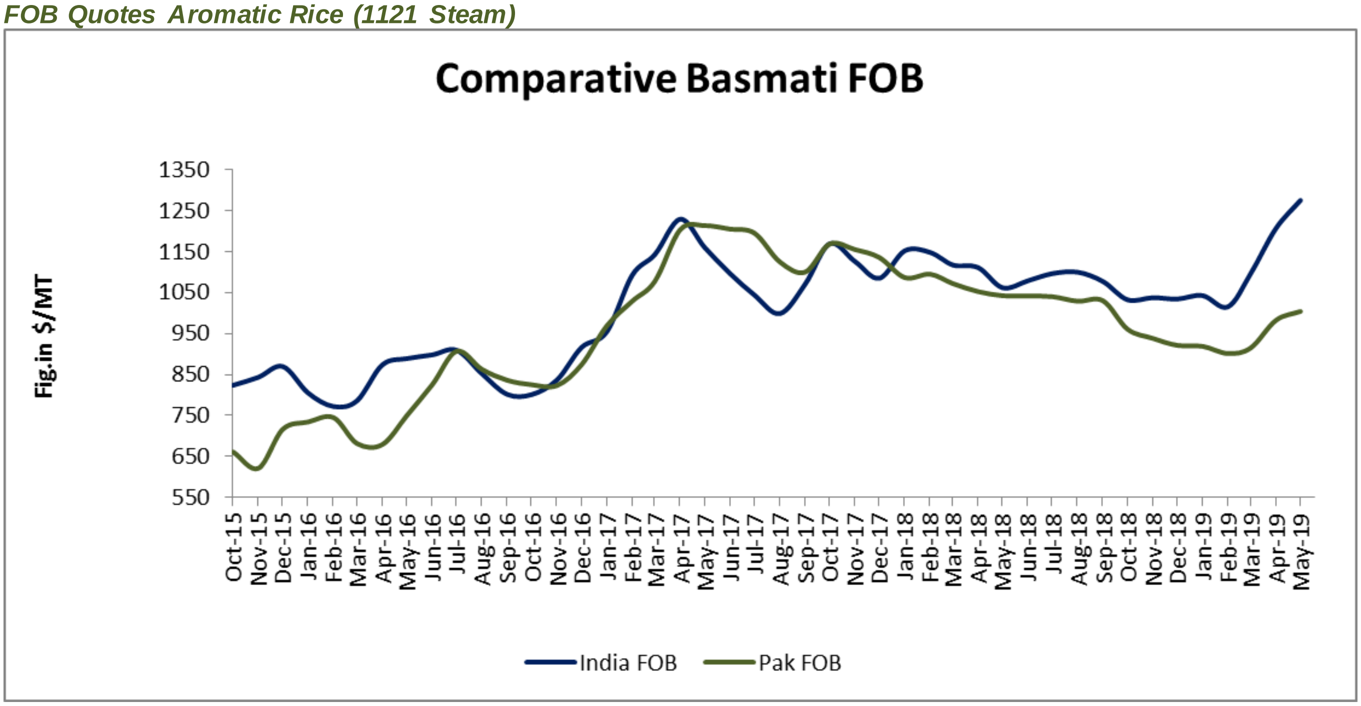
### State wise Progressive Procurement

| 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 May and currently is in the range of USD 1275/MT which is up by 5.64% from last month price of USD 1207/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 firm from last month and is now hovering in the range of USD 1007/MT which is up by 2.18% from last month FOB of USD 982/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. 28.04.2019 | (2019-20) Projection. 30.05.2019 |
|---|---|---|---|---|---|
| **Production** | 475 | 487 | 490 | 500 | 505 |
| **Trade** | 40 | 48 | 48 | 48 | 48 |
| **Consumption** | 474 | 486 | 487 | 499 | 499 |
| **Carryover stocks** | 122 | 123 | 126 | 162 | 164 |
| **Y-O-Y change** | 1 | 1 | 1 | 5 | 5 |
| **Major Exporters** | 33 | 31 | 28 | 38 | 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 |
|---|---|---|
| 02nd Week of Jun-2019 | Steady | USD/ Hundred Weight 10.00-11.50 |