Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- Export prices for Indian and Vietnamese rice slipped this week on thin demand while strength in the baht made supplies from Thailand less competitive even as the world's second-biggest rice exporter struggles to find fresh orders. For top rice exporter India, prices for the 5% broken parboiled variety were quoted at $365-$367 a tonne this week, down from last week's $366-$369.

- Demand also remained lacklustre in Vietnam, where rates for the 5% broken rice variety retraced to $345- $350 a tonne on Thursday, from $350-$360 last week. The market is quiet at the moment and there aren't many offers. Pressuring prices was inferior quality produce from the on-going summer-autumn harvest.

- In Thailand, rates for the benchmark 5% broken rice were largely unchanged at $393-$404 a tonne. Traders said demand for Thai rice has remained stagnant, with no major deals in sight in the short or medium term. The growing strength of the baht, which on Thursday touched its highest against the U.S. dollar in nearly four months, continues to levy competitive pressure on staple prices. The only factor that will impact the price of rice right now is the currency; the strength of the baht against the U.S. dollar will continue to make Thai rice more expensive than our competitors

- Chhattisgarh government announces the sale of rice at a concessional rate of 10 rupees per kg to 7 lakh families over poverty line

- The All-India progressive procurement of Rice as on 07th Jun 2019 for 2018-19 seasons stood at 423.53 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.

- Farmers in Haryana are posing a positive attitude towards the state government's efforts to discourage paddy cultivation under the Crop Diversification Scheme and to promote maize and arhar paddy cultivation in the state. Within Haryana, 11,535 farmers in 8 blocks of the districts have expressed their resolve to leave paddy cultivation in 7443 hectares and start farming of alternative crops. As per the official data, till June 10, 2850 farmers in Pundari block of Kaithal district had 975 hectares, 2605 farmers in Asandh block of Karnal district, 1892 hectares, and 1768 farmers in Ambala and Saha blocks of Ambala district had paddy in 1468 hectares. The place has pledged to cultivate other crops. In addition, 1682 farmers of Jind district of Naroda block, in 1294 hectares, 1332 farmers in Umri block of Kurukshetra district in 1090 hectares, 678 farmers in Gannaur block of Sonipat district 373 hectares and 620 farmers in Radaur block of Yamunanagar district 351 has decided to adopt crop diversification scheme in the area. The seeds of maize and arhar will be provided free of cost to the farmers, assistance will be provided at a rate of Rs. 2000 per acre, under the Prime Minister's Crop Insurance Scheme, the Government will bear the burden of the premium and procurement of maize and arhar will be done by the provincial agencies at the minimum support price. .

- 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*	15-Jun-19	14-Jun-19	08-Jun-19	08-May-19	08-Jun-18
Chirala(A.P)	BPT(Raw)	-45	3355	3350	3400	3250	3200
Jharkhand(Ranchi)	Coarse	-20	3200	3200	3220	2900	2800
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3200	3200
Divi(A.P)	BPT(Steam)	50	3400	3350	3350	3100	3000
Visakhapatnam	HMT(Raw)	-100	4400	4400	4500	3860	3780
Nandyal	Sona Fine	0	3500	3500	3500	3600	3400
Barasat(W.B)	Masuri	0	3400	3400	3400	3200	3100
Dibrugarh	Common	0	3300	3300	3300	2500	2450
Jhargram(W.B)	Common	-100	3200	3200	3300	3000	2900
Karnal	Sarbati Steam	0	4800	4800	4800	4700	4700
Bangarpet(Kar)	IR-20	50	3200	3150	3150	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	0.2	1.2	1	APMC
Srikakulam	All Paddy	0	0	0	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	-10	12	22	APMC
Delhi	All Paddy	-3	21	24	APMC
Amritsar	All Paddy	-29	23	52	APMC
Karnal	All Paddy	7	19	12	APMC

*Difference between current and previous week price

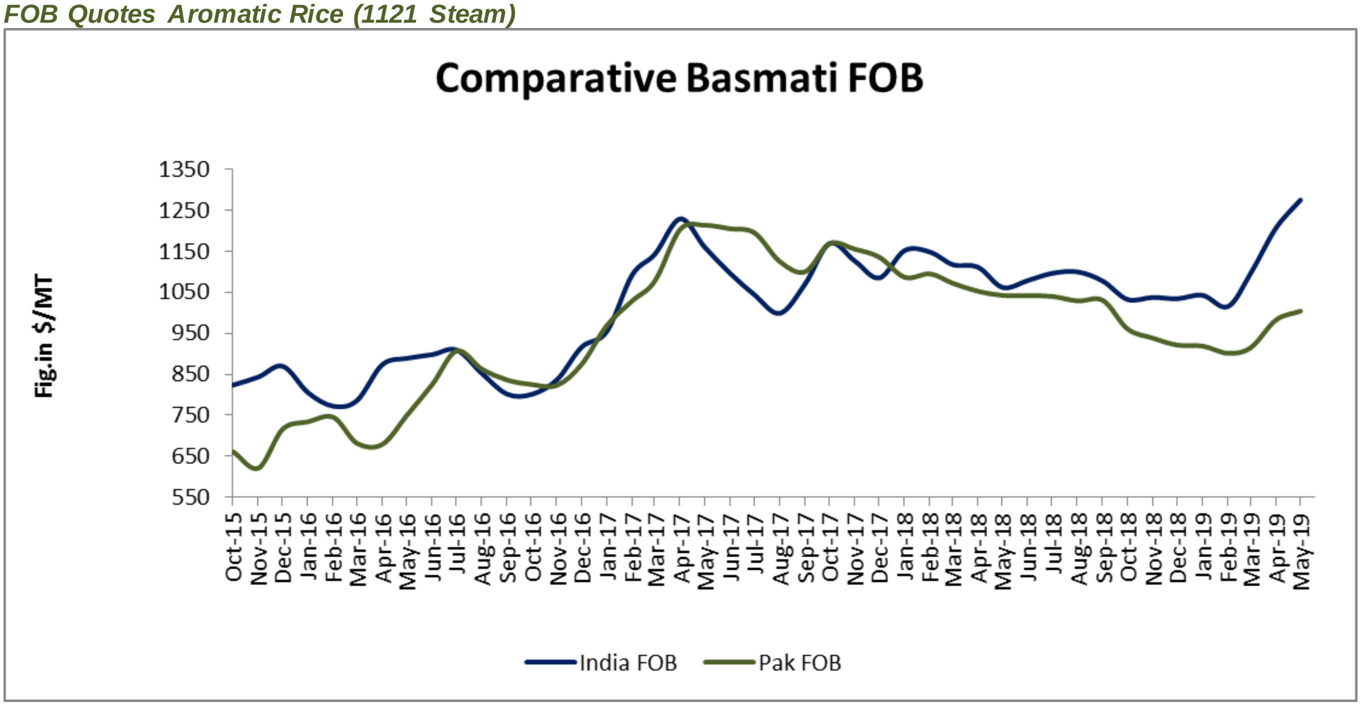
State wise Progressive Procurement

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

According to the USDA June 2019 report, the outstanding stock of 170.21 million tonnes of rice was available at the beginning of the season in the world, rice production in 499.62 million bales, import 44.45, consumption 495.95 and 47.18 million tonnes in 2019-20, 171.87 million tonnes Outstanding stock will remain. In 2018-19, the ending stock of rice in the world was 16.2 million tons in 170.21 and 2017-18.

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.

Thailand Rice export prices increased around 1 percent as exporters had to cover current foreign exchange risk. The Thai baht strengthened to a three-month high of 31.2 baht/U.S. $1.00 from 31.6 baht/U.S. $1.00 in the previous week. Meanwhile, new inquiries from foreign buyers remain quiet as Thai rice prices are still too high, particularly for white rice. For example, compared to Vietnamese rice prices, Thai rice prices are approximately U.S. $20/MT more expensive. Unofficial and preliminary rice exports (excluding fragrant rice) for May 20-26, 2019, totaled 122,706 metric tons, down 1,333 metric tons from the previous week and up 5,220 metric tons from the four week moving average of 117,486 metric tons. Rice exports from January 1 – May 26, 2019, totaled 2,822,944 metric tons, down 24 percent from the same period last year.

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

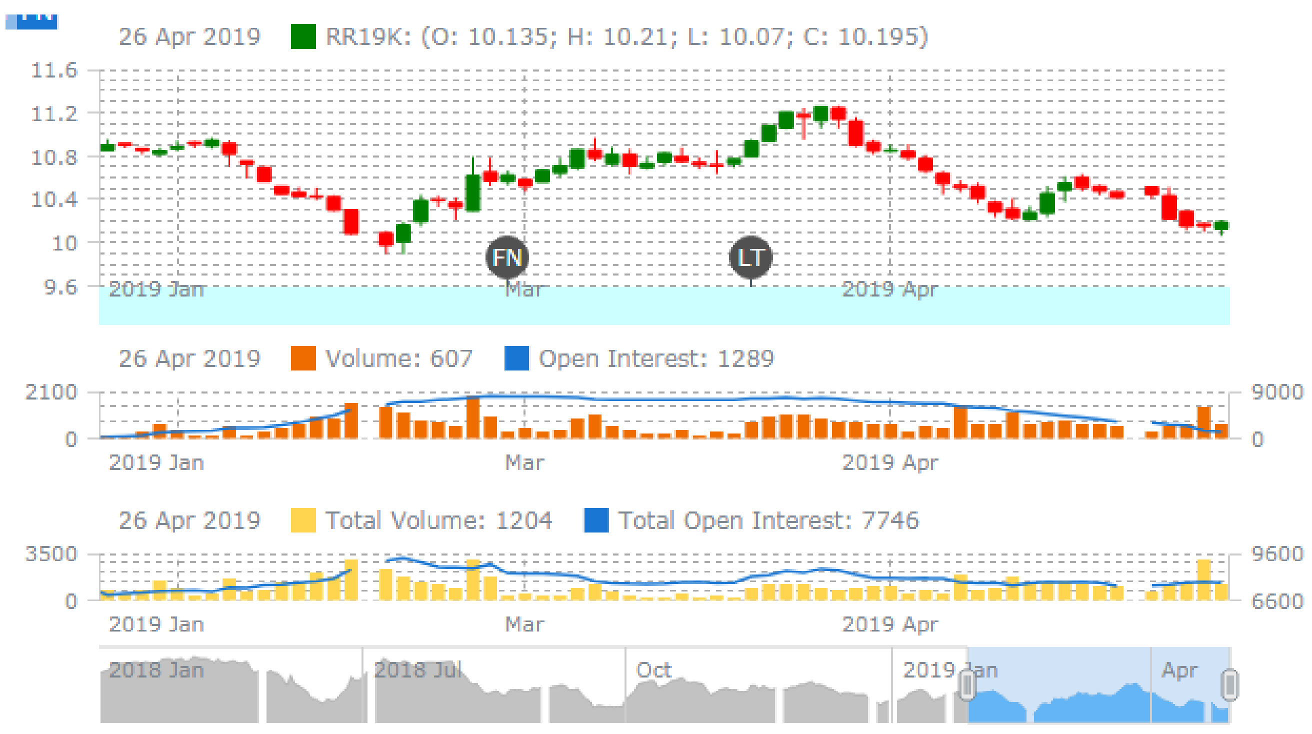
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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