Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- With the lower than expected monsoon rains, along with the pre-monsoon, the spacing area of Kharif crops is less backward. Till now, kharif crops have been sown in 90.62 lakh hectares whereas in the same period last year, 103.55 lakh hectares were sown in the area. Monsoon rains across the country are 42% less than normal. Due to shortage of rain in the current kharif season, the area under paddy decreased by 2.94 lakh hectare, till now 6.30 lakh hectare has been planted in paddy.

- In order to reduce the growing stock of food-grains in the country, the Finance Ministry has proposed to the Food Ministry to give additional 2 kg of rice 2 kg wheat per month under National Food Security.

- Prices of Sona mansuri and kollam Rice Up in Karnataka and Maharashtra: Due to the decrease in supply and availability during the last few weeks, there has been a huge increase of about 20 per cent of the price of Sona mansuri and kolam. In the eastern part of Karnataka and in the Vidarbha region of Maharashtra, this non-basmati coconut rice is mass production and the customer likes it very much. In fact, due to severe drought in major producing areas of these two states, the paddy crop was badly affected and accordingly the production of rice decreased.

- Export prices for Indian rice edged up this week on the back of an appreciation in the rupee even as demand was lacklustre in most exporting centres, while Bangladeshi traders looked for an export deal with the Philippines. For top rice exporter India, prices for the 5% broken parboiled variety were quoted around $367-$370 per tonne this week, up from last week's $365-$367. Export demand is weak and unlikely to revive in the next few weeks unless prices correct

- In Thailand, the world's second largest rice exporter, prices widened to $390-$407 a tonne on Thursday, free on board Bangkok (FOB), from $393-$404 a tonne last week. Traders say the increase in prices can be attributed to a seasonal decline in rice supply. It is normal that the price increases during the rainy season, there is less supply and the logistic cost is higher. Thailand's baht, which hit its highest in nearly six years against the U.S. dollar on Thursday, is also boosting prices for the staple, which continue to dampen demand for Thai rice.

- India's rice production is likely to shrink this kharif season due to delayed monsoon rains and farmers' shift to alternative crops. The world's second-largest producer of the cereal has seen a harsh summer this year. Scanty summer rain and heatwave has forced farmers in large areas of the rice-growing states to defer transplantation of paddy. To tackle the dry weather, these farmers are opting for early-maturing varieties of rice and most have delayed transplantation of paddy, In Uttar Pradesh and Punjab—the major rice-growing states—transplantation has been carried out on less than half of the area covered last year.

- As per the ministry of Agriculture, Kharif Rice acreage as on 14th June 2019 has declined by 22 per cent at 4.26 lakh hectares as compared to 5.47 lakh hectares same period last year. The area coverage is mainly reported from Uttrakhand (1.26 lakh hectares), Assam (1.11 lakh hectares), Nagaland (1.10 lakh hectares), Chhattisgarh (0.28 lakh hectares), Kerala (0.13 lakh hectares), Odisha (0.12 lakh hectares), Tamil Nadu (0.10 lakh hectares), J&K (0.07 lakh hectares), etc.

- The All-India progressive procurement of Rice as on 19th June 2019 for 2018-19 seasons stood at 432.27 lakh tonnes as compared to procurement of 300 lakh tonnes in the corresponding period of last year.Higher procurement was done from Punjab (113.34 lakh tonnes), Telangana (51.84 lakh tonnes), Andhra Pradesh (43.66 lakh tonnes), Chhattisgarh (40.80 lakh tonnes), Haryana (39.41 lakh tonnes), Odisha (41.58 lakh tonnes), Uttar Pradesh (32.33 lakh tonnes) and West Bengal (17.13 lakh tonnes).

- NCDEX will start the futures trading of Mung and basmati from July 1, NCDEX has sought approval from SEBI to launch futures trading in Tur and Urad.

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 Jun-2019

State	Prices 16-23 Jun 2019	Prices 09-15 Jun 2019	Prices 16-23 Jun 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4150	4075		1.84	__
Assam	3374.69	3326.92	3083.05	1.44	9.46
Gujarat	3176.84	3186.69	3127.2	-0.31	1.59
Jharkhand	3866.67	3863.74	2734.03	0.08	41.43
Karnataka	4002.67	3880.6	3635.57	3.15	10.1
Kerala	3419.5	3447.93	3676.16	-0.82	-6.98
Madhya Pradesh			1736	__	__
Maharashtra	3403.56	3453.44	4033.24	-1.44	-15.61
Manipur	4417.84	4427.65	3303.21	-0.22	33.74
Meghalaya	3646.24	3500	2648.37	4.18	37.68
Nagaland	7100	7200	15292.31	-1.39	-53.57
NCT of Delhi			2128.57	__	__
Odisha	2612.83	2772.92	2423.76	-5.77	7.8
Tamil Nadu		2076		__	__
Tripura	2859.42	2858.24	3130.31	0.04	-8.65
Uttar Pradesh	2488.49	2485.8	2307.02	0.11	7.87
Uttrakhand	2451.57	2320.86	2506.46	5.63	-2.19
West Bengal	2734.25	2756.01	2757.56	-0.79	-0.85
Average	3580.3	3476.99	3657.68		

Duration	Trend	Average Price Range	Reason
04th 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*	22-Jun-19	21-Jun-19	15-Jun-19	22-May-19	22-Jun-18
Chirala(A.P)	BPT(Raw)	95	3450	3400	3355	3250	3200
Jharkhand(Ranchi)	Coarse	60	3260	3250	3200	2900	2800
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3200	3200
Divi(A.P)	BPT(Steam)	20	3420	3350	3400	3100	3000
Visakhapatnam	HMT(Raw)	25	4425	4400	4400	3860	3780
Nandyal	Sona Fine	-20	3480	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	30	3230	3200	3200	3000	2900
Karnal	Sarbati Steam	100	4900	4800	4800	4700	4700
Bangarpet(Kar)	IR-20	0	3200	3150	3200	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

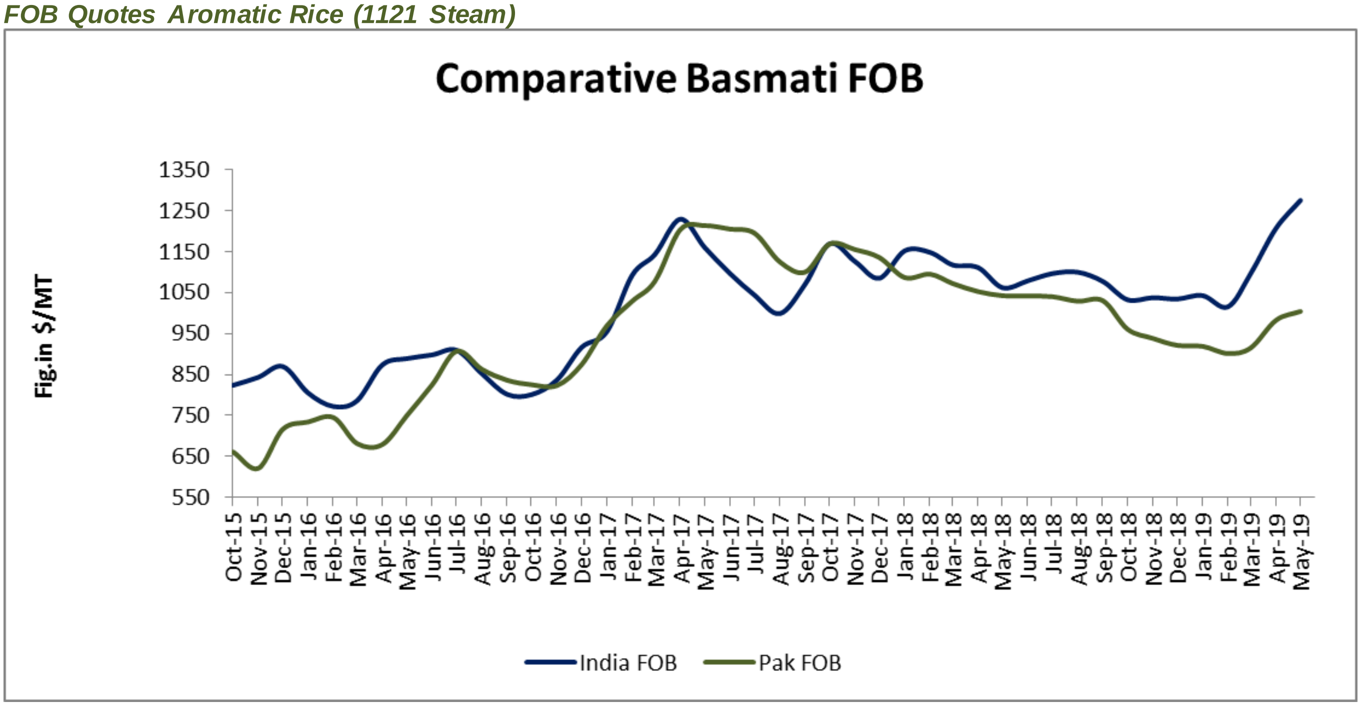
State wise Progressive Procurement

State/UTs	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 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
O4th Week of Jun-2019	Steady	USD/ Hundred Weight 10.00-11.50