Rice Weekly Research Report

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Outlook and Review:

Domestic Front

- Rice export prices in India edged higher this week, helped by an uptick in demand, while a strong Thai baht propped up prices in the world's second largest rice exporter amid subdued consumption. In India, the top exporter of the staple grain, 5 percent broken parboiled variety was quoted around \$369-\$372 per tonne this week, up from last week's \$367-\$370. Traders are seeing interest building up from West African markets. Farmers have planted summer-sown rice on 630,000 hectares as of June 21, down 32% compared with the same period a year ago, according to provisional data from the Ministry of Agriculture, as the monsoon delivered less-than-average rainfall.
- Meanwhile, neighbouring Bangladesh had been unable to strike a deal since its ban on rice exports was lifted a month ago. So far there is no progress in making any deal. Bangladesh lifted its longstanding ban on rice exports in May, aiming to sell as much as 1.5 million tonnes to support farmers following a drastic drop in domestic prices.
- Thailand's benchmark 5 percent broken rice prices rose to \$395-\$415 a tonne, free on board Bangkok (FOB), compared with \$390-\$407 last week. Traders attributed the price increase to a firm Thai baht, which has strengthened more than 5% against the greenback so far this year. Traders say supply of Thai rice is also gradually decreasing during the rainy season, while demand remained flat.
- In Vietnam, the third biggest rice exporter after Thailand, rates for 5 percent broken rice were unchanged from last week at \$340-\$345 a tonne. Traders have begun delivering rice to Iraq under a contract signed earlier for 150,000 tonnes for delivery this month and next. However, Vietnam's rice exporters will continue to face difficulty clinching new deals during the rest of this year on weaker demand from China, its largest rice export market, the ministry of industry and trade said in a statement this week.
- Vietnam's rice shipments to China in the first five months of this year fell 74% from a year earlier to 223,078 tonnes due to China's rising inventories and its move to impose stricter non-tariff barriers, according to the statement.

- The All-India progressive procurement of Rice as on 24th June 2019 for 2018-19 seasons stood at 433.90 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).

- To save Basmati export to Europe, USA and Arab countries, Punjab, which is highest user of fertilisers and insecticides per hectare in the country, much above the national average, has launched a 'pesticide-free' Basmati campaign in the state. Basmati exporters and Basmati growers in the state are now working together to use fewer pesticides in order meets the new guidelines of the European Union (EU) and other countries regarding the Basmati import from India. This effort is to achieve total compliance with EU Maximum Residue Level (MRLs). The Department of Agriculture, through its network of field officers, would recruit fresh agriculture graduates to fan out to all the Basmati clusters in the state and directly remain in touch with the farmers.

- Iran Gov't Approves Rice Cultivation Restrictions Due to Water Shortage: Iran Govt Approves Rice Cultivation Restrictions Due to Water Shortage Iran Gov't Approves Rice Cultivation Restrictions Due to Water Shortage. Restrictions will be imposed on rice cultivation in Iranian provinces other than the two northern provinces of Gilan and Mazandaran. According to deputy agriculture minister for water and soil affairs, the decision has been made by the Cabinet and conveyed to provinces across the country for implementation.

- India's monsoon rains were 24% below average in the week ended June 26, the weather office said on Thursday, as the seasonal rainfall was scanty over central and western parts of the country. The rains are crucial for farm output and economic growth as about 55% of the south Asian nation's arable land is rain-fed, and the farm sector makes up about 15% of a nearly $2.5-trillion economy that is Asia's third-biggest. The below-average rainfall has delayed sowing of summer-sown crop such rice, soybean and corn and threatens to curtail crop yields. Monsoon has delivered 36% lower-than-normal rainfall since the start of the season on June 1, due to a delay in the onset of monsoon rains, according to data compiled by India Meteorological Department.

- 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

	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 04th 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
1st Week of Jul, 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*	29-Jun-19	28-Jun-19	22-Jun-19	29-May-19	29-Jun-18
Chirala(A.P)	BPT(Raw)	-150	3300	3300	3450	3250	3200
Jharkhand(Ranchi)	Coarse	-260	3000	3100	3260	2900	2800
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3200	3200
Divi(A.P)	BPT(Steam)	0	3420	3350	3420	3100	3000
Visakhapatnam	HMT(Raw)	75	4500	4500	4425	3860	3780
Nandyal	Sona Fine	20	3500	3500	3480	3400	3350
Barasat(W.B)	Masuri	0	3400	3400	3400	3200	3100
Dibrugarh	Common	0	3300	3300	3300	2500	2450
Jhargram(W.B)	Common	170	3400	3400	3230	3100	3000
Karnal	Sarbati Steam	-200	4700	4700	4900	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	0.8	2	1.2	APMC
Srikakulam	All Paddy	2.2	2.2	0	APMC
Guntur	All Paddy	1.2	1.2	0	APMC
Burdwan(W.B)	All Paddy	13	25	12	APMC
Delhi	All Paddy	1	22	21	APMC
Amritsar	All Paddy	-13	10	23	APMC
Karnal	All Paddy	10	29	19	APMC

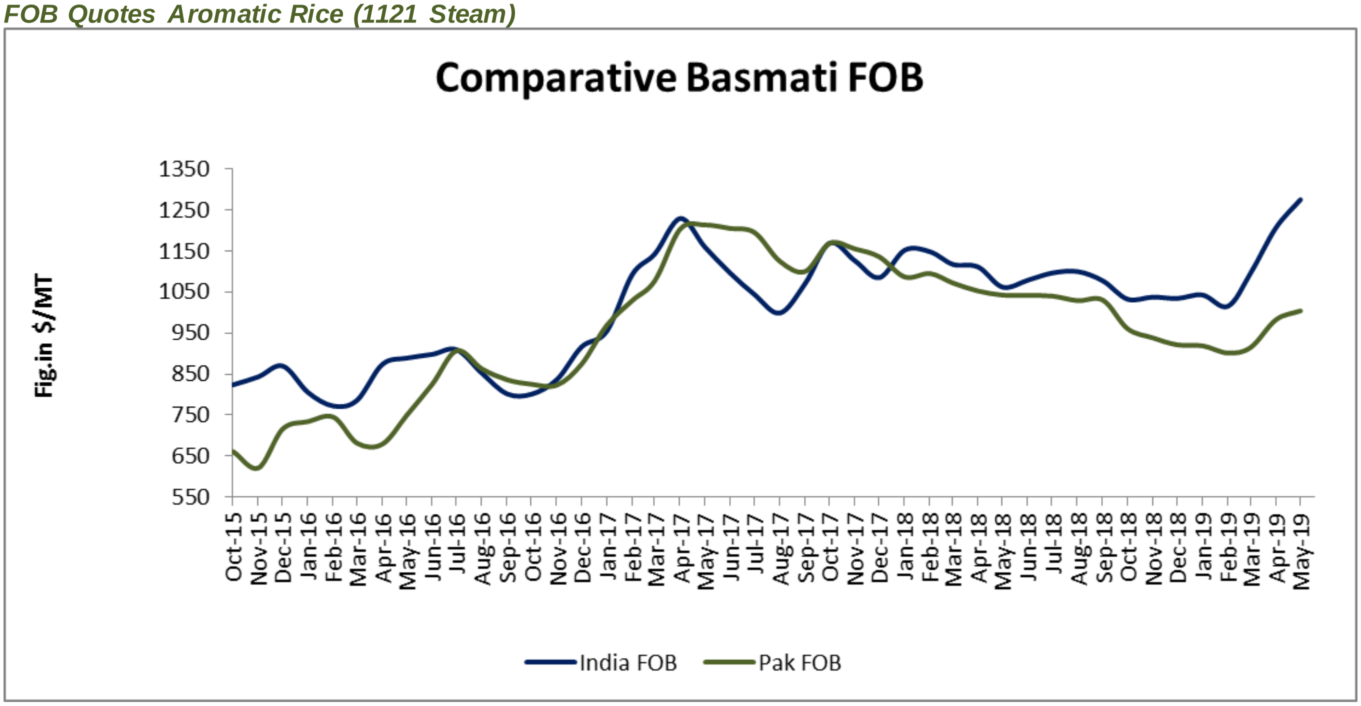
*Difference between current and previous week price

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
01st Week of Jul-2019	Steady	USD/ Hundred Weight 10.00-11.50

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