Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **The main food-grains of Kharif season - paddy cultivation is still lagging behind. Due to the late arrival** of the monsoon and arrival in major producing areas due to its latitude, there is a delay in planting of paddy. The latest data from the Directorate of Rice Development in Patna is known that the production of paddy has reached 97.77 lakh hectare in the current season at national level, which is less than the area of 109.87 lakh hectare in the corresponding period of last year, 12.10 lakh hectare.
- **This year, the production of paddy has decreased from 2.63 lakh hectares to 1.37 lakh hectares in Andhra Pradesh**, 3.14 lakh hectares in Assam from 3.51 lakh hectares, and Chhattisgarh's 16.71 lakh hectares slipped from 15.47 lakh hectares, 8.60 lakh hectare in Haryana compared to last year. 5.90 lakh hectares, from 2.69 lakh hectares in Madhya Pradesh, 3.69 lakh hectare, Falling from 1.49 lakh hectares in Tamil Nadu, 81 thousand hectares fall in Telangana, 59,000 hectares slipped from 1.01 lakh hectares, Uttar Pradesh has decreased from 17.31 lakh hectare to 14.65 lakh hectares, 2.31 lakh hectares in Uttrakhand slips 2.09 lakh hectares and 2.44 lakh in West Bengal Hectare dropped from 1.69 lakh hectares.
- **The Government has announced to increase the MSP of normal grade paddy by 65 rupees to 1815** and 'A' grade Paddy MSP of 1835 rupees per quintal. MSP increased in paddy, not according to expectation. The government does not want to encourage paddy sowing to see the water crisis. Increasing the MSP will not affect the prices of paddy.
- **MY 2018/19 government rice procurement through July 08 has strongly surged to a record 43.75 MMT**, more than 7 MMT higher than procurement during the corresponding period last year, reinforcing the record MY 2018/19 rice production estimate. With some additional procurement of rabi and summer rice likely to continue in eastern and southern states, government rice procurement in MY 2018/19 is likely to cross 44 MMT (new record).
- **Rice export prices in India extended gains this week helped by a stronger rupee, while expectations** of fresh supplies entering the market weighed on Thai rates along with muted demand across major paddy-growing countries. For top rice exporter India, prices of the 5 per cent broken parboiled variety were quoted around $374-$377 per tonne this week, up from last week's $371-$374. The Indian rupee on Thursday rose to its highest level in 11-months, trimming exporter's returns from overseas sales. For white rice demand is negligible. There's modest demand for parboiled from African buyers. The Indian government has also raised the price at which it will buy new-season common rice varieties from local farmers by 3.7 per cent.
- **Thailand's benchmark 5-per cent broken rice prices were quoted at $390-$404 a tonne on Thursday**, free on board Bangkok (FOB), down from $395-$413 last week. The new crop is expected to start entering the market next month and this has driven the price down a little but the strong baht also means that the export price remains strong overall. Demand for Thai rice has remained flat as the local currency strengthened. Thailand's rice exports fell by 12 per cent in the first half of 2019, hurt by the stronger baht, and will likely fall short of this year's target of 9.5 million tonnes. Thailand shipped 4.2 million tonnes of rice between January and June with orders in the last two months falling to as low as 600,000 tonnes per month, according to the Thai Rice Exporters Association.
- **In Vietnam, rates for 5 per cent broken rice rose to $335-$340 a tonne from $330-$335 last week,** as traders looked to increase profits. Demand for 5 per cent broken rice has been lacklustre this week. Traders have received orders for fragrant rice only. Preliminary data showed nearly 60,000 tonnes of rice is to be loaded at Ho Chi Minh City ports during the July 1-16 period, compared with 311,700 tonnes in June. Most of the new shipments were headed to Iraq, Malaysia and West Africa.

State wise Paddy Crop Situation - Kharif (2019-20) as on 05.07.2019

	RICE					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.19	1.75	1.37	9.0	2.63	-1.26
Arunachal Pradesh	1.30	1.22	0.00	0.0	1.16	-1.16
Assam	20.60	6.08	3.14	15.2	3.51	-0.37
Bihar	31.73	6.71	4.05	12.8	3.73	0.32
Chhattisgarh	38.04	18.30	15.47	40.7	16.71	-1.24
Goa	0.28	0.02	0.00	0.0	0.00	0.00
Gujarat	7.68	0.89	0.61	8.0	0.83	-0.22
Haryana	13.35	8.16	5.90	44.2	8.60	-2.70
Himachal Pradesh	0.73	0.53	0.00	0.0	0.52	-0.52
J&K	2.82	0.94	0.42	14.9	0.58	-0.16
Jharkhand	15.58	1.65	1.55	9.9	1.81	-0.26
Karnataka	9.38	1.74	0.87	9.3	1.38	-0.51
Kerala	1.47	0.57	0.30	20.5	0.42	-0.12
Madhya Pradesh	20.78	4.66	2.67	12.8	3.69	-1.02
Maharashtra	14.88	1.44	1.77	11.9	1.20	0.57
Manipur	0.40	1.54	0.97	244.5	1.56	-0.59
Meghalaya	0.97	0.95	0.97	100.4	0.97	0.00
Mizoram	0.37	0.36	0.00	0.0	0.35	-0.35
Nagaland	1.96	1.60	2.01	102.4	2.08	-0.07
Odisha	37.25	10.83	8.77	23.5	7.83	0.95
Punjab	29.37	25.41	25.68	87.4	24.62	1.06
Rajasthan	1.77	0.57	0.98	55.4	0.51	0.47
Sikkim	0.11	0.06	0.00	0.0	0.06	-0.06
Tamil Nadu	16.07	1.39	0.81	5.0	1.49	-0.68
Telangana	9.38	0.91	0.59	6.3	1.01	-0.42
Tripura	2.00	0.43	0.45	22.3	0.51	-0.06
Uttar Pradesh	58.78	17.08	14.65	24.9	17.31	-2.66
Uttrakhand	2.45	1.93	2.09	85.4	2.31	-0.22
West Bengal	41.19	3.51	1.69	4.1	2.44	-0.75
Pondicherry	0.12			0.0		0.00

Others	0.28	0.08	0.00	0.0	0.08	-0.08
All-India	396.26	121.31	97.77	24.7	109.88	-12.10

As per the ministry of Agriculture, Kharif Rice acreage as on 12th July 2019 has declined by 11 per cent at 97.77 lakh hectares as compared to 109.88 lakh hectares same period & down by 19.4% from normal area as on date of 121.3 lakh hectares.

State wise Wholesale Prices weekly for 01st Week of July-2019

State	Prices 01-08 Jul 2019	Prices 24-30 Jun 2019	Prices 01-08 Jul 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4250	4266.67		-0.39	__
Assam	3549.8	3305.15	3140.33	7.4	13.04
Gujarat	3195.93	3179.67	3141.19	0.51	1.74
Jharkhand	3863.07	3866.67	2733.33	-0.09	41.33
Karnataka		3977.96	3845.86	__	__
Kerala	3448.44	3431.52	3702.51	0.49	-6.86
Madhya Pradesh	1550			__	__
Maharashtra	4284.96	3363.71	3610.51	27.39	18.68
Manipur	4466.88	4458.77	3316.87	0.18	34.67
Meghalaya	3534.88	3500	4250	1	-16.83
Nagaland	7400	7200	7314.29	2.78	1.17
NCT of Delhi		2158.12		__	__
Odisha	2689.38	2589.76	2406.76	3.85	11.74
Tripura	2868.55	2854.76	3096.52	0.48	-7.36
Uttar Pradesh	2510.81	2490.01	2311.57	0.84	8.62
Uttrakhand	3259.46	3774.62	2978.59	-13.65	9.43
West Bengal	2738.61	2748.75	2753.38	-0.37	-0.54
Average	3574.05	3572.88	3471.55		

Duration	Trend	Average Price Range	Reason
03rd Week of Jul, 2019	Steady	Rs.3200-3500/Quintal	After remaining firm for most of MY 2018/19, domestic prices have eased in June on arrival of another good harvest of rabi rice crop and weak export demand. Average spot prices in June 2019 for common grade coarse rice range from INR

			23,400 ($339) to INR 40,500 ($587), per MT, in major producing states. Prices are likely to remain steady through the last quarter of MY 2018/19 on sufficient rabi rice, but may firm up if the 2019 monsoon falters affecting the prospects for MY 2019/20 rice production.

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	13-Jul-19	12-Jul-19	06-Jul-19	13-Jun-19	13-Jul-18
Chirala(A.P)	BPT(Raw)	0	3350	3350	3350	3250	3200
Jharkhand(Ranchi)	Coarse	20	3020	3010	3000	3000	2900
Ernakulam(Kerala)	Jaya	50	3550	3500	3500	3200	3200
Divi(A.P)	BPT(Steam)	-20	3400	3400	3420	3100	3000
Visakhapatnam	HMT(Raw)	0	4450	4450	4450	4000	3900
Nandyal	Sona Fine	-100	3500	3500	3600	3400	3350
Barasat(W.B)	Masuri	0	3400	3400	3400	3200	3100
Dibrugarh	Common	0	3300	3300	3300	2500	2450
Jhargram(W.B)	Common	0	3300	3300	3300	3100	3000
Karnal	Sarbati Steam	100	4600	4600	4500	4700	4700
Bangarpet(Kar)	IR-20	50	3250	3250	3200	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	-2	10	12	APMC
Srikakulam	All Paddy	-1	2.2	3.2	APMC
Guntur	All Paddy	-0.5	1	1.5	APMC
Burdwan(W.B)	All Paddy	-10	10	20	APMC
Delhi	All Paddy	-8	12	20	APMC
Amritsar	All Paddy	-7	8	15	APMC
Karnal	All Paddy	-10	22	32	APMC

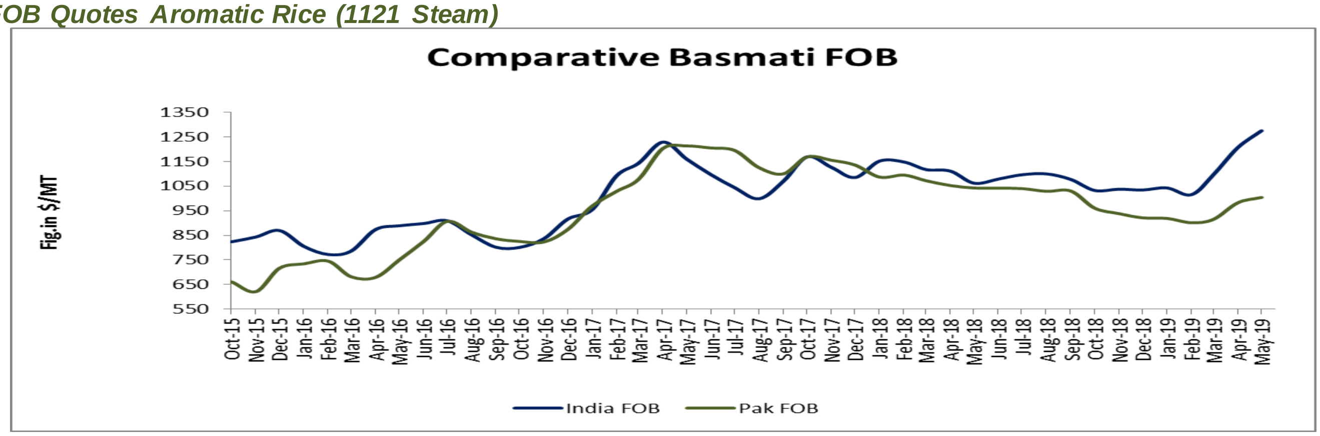
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 24.06.2019	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	44.19	17.40
Telangana	15.00	51.86	12.17
Bihar	8.00	9.49	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	4.63	0.95
M.P	13.00	13.95	11.00
Maharashtra	4.00	5.15	1.27
Odessa	30.00	42.48	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	17.15	0.06
Others	0	--	--
Total	**370.00**	**433.90**	**276.16**

Due to higher production estimate, procurement is higher this year as compare to last year. 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. 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.

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. 27.06.2019
Production	475	487	490	500	503
Trade	40	48	48	48	47
Consumption	474	486	487	499	499
Carryover stocks	122	123	126	162	162
Y-O-Y change	1	1	1	5	5
Major Exporters	33	31	28	38	38

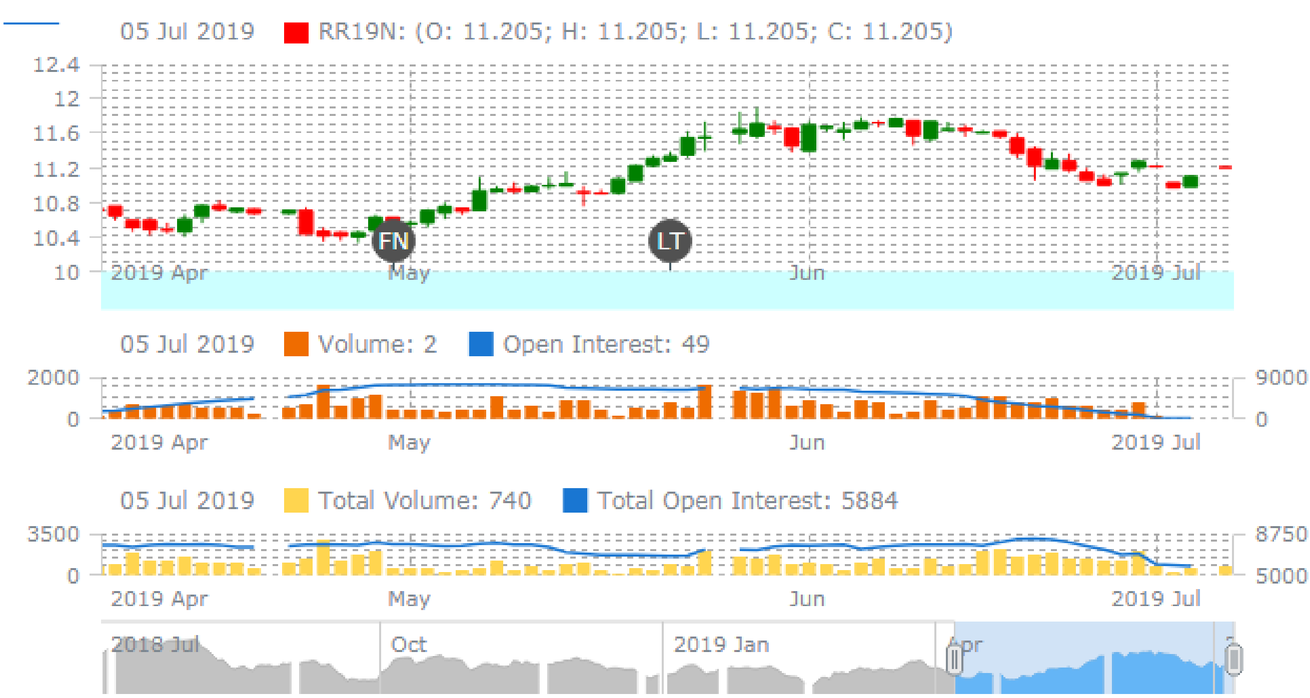
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

The Council's forecasts for rice supply and demand in 2018/19 are little-changed from before. Trade is seen at 46m t, with reductions for key exporters contrasting with an upgrade for China's shipments, which are being underpinned by African demand for long-grain varieties. The projection of global trade in 2020 is down slightly m/m, at 47m t (+1m y/y), on lower expectations for China's purchases. Gains in key exporters, particularly in India where a record main crop was cut, underpinned 2018/19 rice production at a new peak of 499m t. Despite expanded total use, global stocks are likely to accumulate, including nominal growth in China. In 2019/20, further gains in Asia may see output rise to a fresh high, while ample availabilities and expanding populations could boost consumption. World trade in 2020 is predicted to rise as stronger demand from sub-Saharan Africa offsets smaller purchases by Asian importers, such as China.

Rice Price Trend @ CBOT July- 19, Rough Rice)

(Prices in US$/hundredweight)



Market Analysis

The CBOT July-19 month rough chart for rice indicates steady to firm tone from last week. We expect market to hover in the range of USD 11.00-11.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of Jul-2019	Steady	USD/ Hundred Weight 11.00-11.50