Rice Weekly Research Report

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Outlook and Review:
Domestic Front

Indian farmers planted an array of summer-sown crops on 56.7 million hectares, down 6.9% year on year. Planting of rice, the key summer crop, was at 14 million hectares on Friday, against 15.1 million hectares at the same time last year. The sowing of rice and pulses are worst affected with oilseeds and coarse cereals showing some recovery. Some of the States reporting lower planting of rice are Haryana, Madhya Pradesh, Chhattisgarh, West Bengal, Andhra Pradesh and Telangana. The monsoon rainfall has been patchy in most of these States so far this season India's monsoon rains were 20% below average in the week ending on Wednesday, with summer showers having turned patchy over the central, western and southern parts of the country. Overall, India has received 16% lower than average rain since the monsoon season began on June 1.

With the shortage of rain in Andhra Pradesh, the sowing of Kharif crops is going much behind the previous year and its speed remains slow. According to official figures, till July 17 this year, the total production area of kharif crops was reached at 6.01 lakh hectares which is much lower than last year's sowing area of 11.48 lakh hectares and the general average area is only 15.7 percent of 38.30 lakh hectare. The Andhra Pradesh government has set a target of sowing of kharif crops in 42.04 lakh hectares this time. According to latest data of State Agriculture Department, this year, the production of paddy in Andhra Pradesh has dropped from 4.17 lakh hectares to 2.06 lakh hectare compared to last year.

The total procurement by FCI for Rice KMS 2018-19 stood at 437.51 lakh tonnes much higher than 381.84lakh tonnes in previous year due to higher production estimate, procurement is higher this year as compare to last year. As on 8th July'19, highest procurement of 113.34 lakh tonnes was in Punjab followed by Telangana & AP procuring 51.86 lakh tonnes and 45.65 lakh tonnes respectively.

Government has offered 237290 tonnes of rice in OMSS until fourth tender in June'19 out of which 218690 tonnes was sold. State government bought 218690 tonnes of rice whereas no sales happened among bulk consumers. In the month of June'19, government has sold 111000 tonnes of wheat against offered quantity of 190100 tonnes.

As cheaper rice from countries such as China and Thailand begins to eat into India's traditional markets in Africa, the concerned rice exporters here are looking to the government for incentives to sustain their markets. An increase in minimum support price (MSP) for paddy, coupled with strengthening rupee against the dollar, has turned the Indian rice expensive in the world market, hurting the non-basmati rice shipments. Provisional data for shipments made during April-May this year indicate that exports have more than halved over same period last year.

The world's largest exporter of rice and the second largest producer of rice in the world-India's export of this important food grain is significantly weak compared to last year. Although the export of basmati rice is getting better growth like last year but there has been a huge reduction in shipments of general category or non-basmati rice. In the first two months of the current financial year i.e. in April-May 2019, the total export of rice amounted to 15.76 lakh tonnes from the country, which was about 7 lakh tonnes less than 22.71 lakh tonnes in the same year 2018. Similarly, during the reporting period, the export earnings of rice also decreased from Rs 9798 crores to Rs 8537 crores and foreign currency has fallen from $ 147.1 million to $ 122.60 million.

The interesting fact is that during this period, the export volume and income of Basmati rice have increased very well. According to the available data, the export of basmati rice increased from 7.45 lakh tonnes in April-May 2018 to 8.64 lakh tonnes in April-May 2019. Similarly, its export earnings jumped from Rs 5451 crore to Rs

6488 crore, while export earnings in terms of dollar increased from $ 81.90 million to $ 93.20 million. In this way export earnings increased by 19 percent in terms of rupees and 13.85 percent in terms of dollar.

State wise Paddy Crop Situation - Kharif (2019-20) as on 18.07.2019

	RICE					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.19	2.95	2.06	13.6	4.17	-2.11
Arunachal Pradesh	1.30	1.22	0.00	0.0	1.16	-1.16
Assam	20.60	9.03	8.24	40.0	6.41	1.83
Bihar	31.73	12.90	8.04	25.3	6.51	1.53
Chhattisgarh	38.04	23.43	20.92	55.0	24.18	-3.27
Goa	0.28	0.12	0.00	0.0	0.00	0.00
Gujarat	7.68	1.92	1.52	19.8	1.98	-0.46
Haryana	13.35	10.02	6.79	50.8	10.59	-3.80
Himachal Pradesh	0.73	0.61	0.00	0.0	0.74	-0.74
J&K	2.82	1.20	0.78	27.7	0.87	-0.09
Jharkhand	15.58	2.31	1.98	12.7	1.96	0.02
Karnataka	9.38	2.23	1.08	11.5	2.03	-0.94
Kerala	1.47	0.60	0.36	24.5	0.48	-0.12
Madhya Pradesh	20.78	8.63	6.14	29.5	9.07	-2.93
Maharashtra	14.88	2.31	2.55	17.1	2.28	0.27
Manipur	0.40	1.55	0.97	244.5	0.32	0.65
Meghalaya	0.97	0.99	0.97	100.4	1.00	-0.02
Mizoram	0.37	0.32	0.00	0.0	0.35	-0.35
Nagaland	1.96	1.85	2.02	102.6	2.08	-0.07

Odisha	37.25	14.44	12.31	33.1	11.33	0.98
Punjab	29.37	28.64	27.47	93.5	27.84	-0.37
Rajasthan	1.77	0.68	0.98	55.4	0.25	0.73
Sikkim	0.11	0.09	0.00	0.0	0.06	-0.06
Tamil Nadu	16.07	1.58	0.92	5.7	1.68	-0.77
Telangana	9.38	1.55	1.16	12.3	2.41	-1.26
Tripura	2.00	0.39	0.45	22.3	0.19	0.26
Uttar Pradesh	58.78	31.35	26.91	45.8	27.02	-0.11
Uttrakhand	2.45	1.98	2.22	90.8	2.26	-0.04
West Bengal	41.19	6.66	2.70	6.6	4.80	-2.10
Pondicherry	0.12			0.0		0.00
Others	0.28	0.13	0.08	29.1	0.14	-0.06
All-India	396.26	171.67	139.61	35.2	154.16	-14.55

As per the ministry of Agriculture, Kharif Rice acreage as on 18th July 2019 has declined by 9 per cent at 139.61 lakh hectares as compared to 154.16 lakh hectares same period & down by 19.% from normal area as on date of 171.67 lakh hectares.

State wise Wholesale Prices weekly for 2nd 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
04th 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*	20-Jul-19	19-Jul-19	13-Jul-19	20-Jun-19	20-Jul-18
Chirala(A.P)	BPT(Raw)	50	3400	3400	3350	3300	3200
Jharkhand(Ranchi)	Coarse	-120	2900	3010	3020	3000	2900
Ernakulam(Kerala)	Jaya	50	3600	3600	3550	3200	3200
Divi(A.P)	BPT(Steam)	0	3400	3400	3400	3100	3000
Visakhapatnam	HMT(Raw)	-250	4200	4200	4450	4000	3900
Nandyal	Sona Fine	300	3900	3900	3600	3700	3500

Barasat(W.B)	Masuri	0	3400	3400	3400	3300	3100
Dibrugarh	Common	0	3300	3300	3300	2500	2450
Jhargram(W.B)	Common	50	3350	3300	3300	3100	3000
Karnal	Sarbati Steam	100	4700	4700	4600	4600	4700
Bangarpet(Kar)	IR-20	-250	3000	3000	3250	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	-10	0	10	APMC
Srikakulam	All Paddy	-2.2	0	2.2	APMC
Guntur	All Paddy	-1	0	1	APMC
Burdwan(W.B)	All Paddy	12	22	10	APMC
Delhi	All Paddy	2	14	12	APMC
Amritsar	All Paddy	4	12	8	APMC
Karnal	All Paddy	3	25	22	APMC

*Difference between current and previous week price

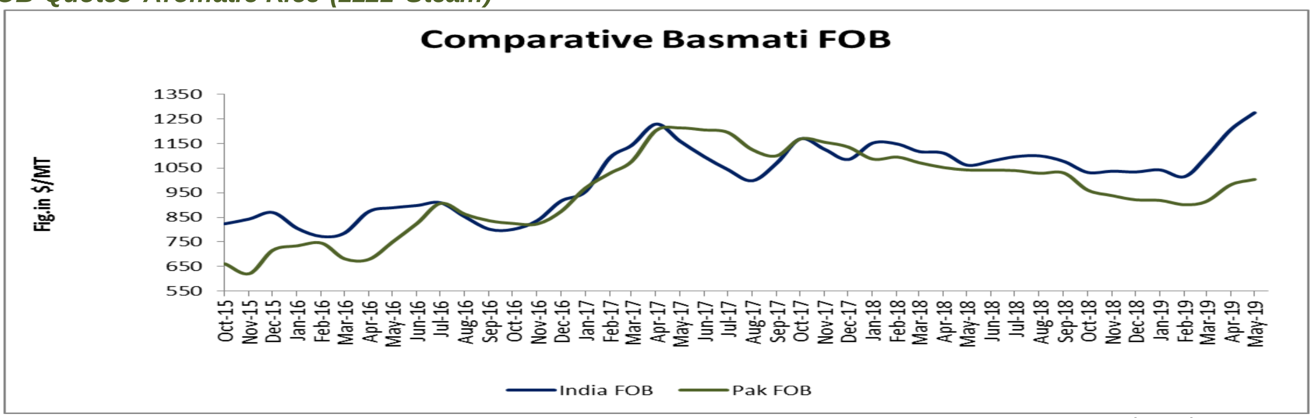
State wise Progressive Procurement

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

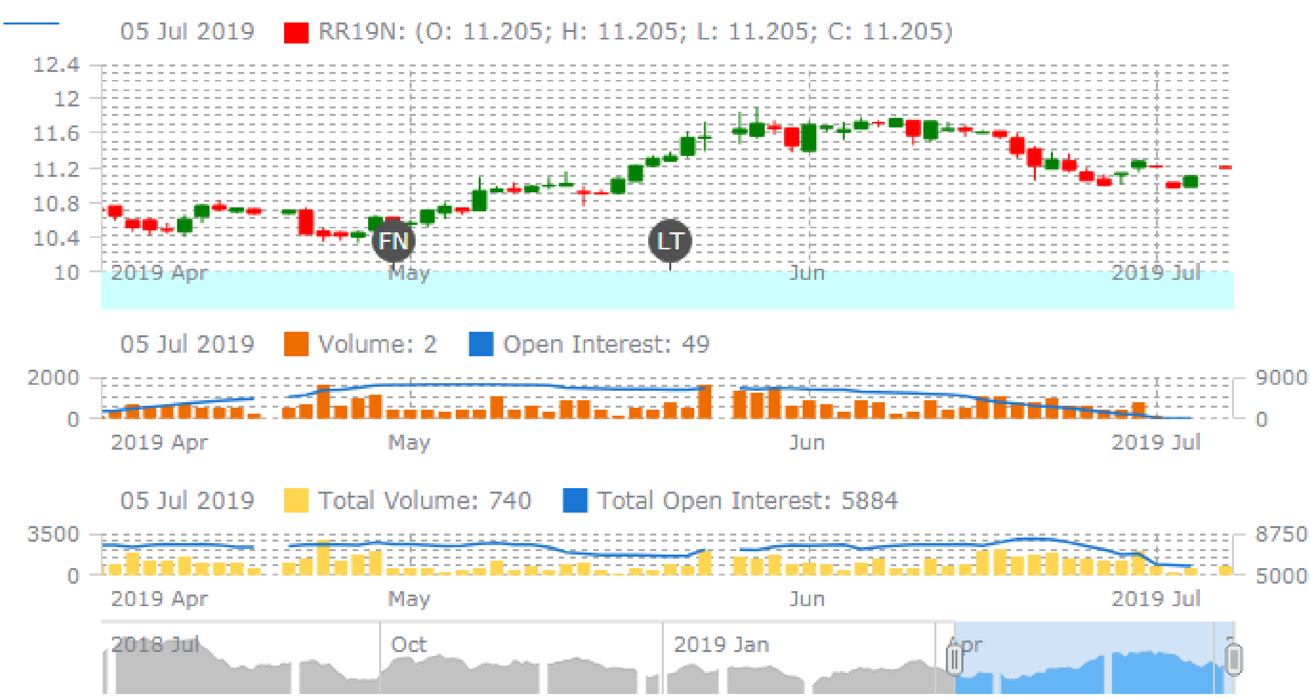
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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