Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Export prices for Vietnamese rice fell this week on fears major buyer Philippines could curb imports**, while a drought in Thailand and widespread floods in Bangladesh hit supply in the Asian hubs. In Vietnam, 5% broken rice rates fell to $340-$350 a ton on Thursday from $350 last week. Thailand's 5-percent broken rice prices rose to $395-$405 a tonne, free-on-board Bangkok (FOB), from $390-$395 last week mainly due to a widespread drought while overseas demand remained flat. The drought is raising concern about a possible supply shortage. High prices for Thai rice and a strong baht could discourage buyers. In India, prices of 5 percent broken parboiled rice were unchanged around $381-$384 per tonne. Demand from buyers in Africa is not improving. They have bought enough old stocks from China at lower prices

- **Average monthly wholesale** rice prices in India stood at around Rs.3499 per quintal in July- 2019, up by 0.05% from Rs.3496 per quintal in June-2019 and up by 6.63% from Rs.3280 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound. The recent hike in the MSP for MY 2019-20 will prevent any decline in prices in the upcoming MY 2019-20, but future price movements will critically depend on the planting and harvest prospects of the upcoming crop and international demand.

- **Rice Procurement:** Due to the record production and high MSP compared to open market prices, government rice procurement during the ongoing season has continued to grow. Government estimates MY 2018-19 rice procurement through August 02nd, 2018 at 44.71 MMT compared to 36.5MMT during the same period last year. With some additional procurement in eastern and southern states to continue through September, total MY 2018-19 rice procurement is already crosses the record of 44 MMT, a whopping 15 percent increase over last year's record procurement.

- **India's rice stocks in the central pool as on July- 1,** 2019 stood at 35.46 million tons up by 52.52% from 24.94 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 0.44% by from 35.62 million tons recorded on June-01, 2019. Highest stock could be seen in the state of Punjab (105.42 lakh tons) followed by A.P (26.14 lakh tons) Uttar Pradesh (18.71 Lakh Tons) and Haryana (24.48 lakh tons).

- **Sowing Updates:** Despite the recovery of the monsoon in July, the pace of Kharif crops continues to lag behind last year. As per the latest Kharif crop acreage report released on 2nd Aug-2019, Rice acreage has declined by 12.50 per cent at 223.53 lakh hectares as compared to 255.48 lakh hectares same period last year. Higher acreage is done in Madhya Pradesh (12.22 lakh hectares), Maharashtra (5.93 lakh hectares), Nagaland (2.08 lakh hectares) and Tamil Nadu (1.13 lakh hectares). While, lower acreage is reported from major states such as West Bengal (6.00 lakh hectares), Bihar (18.57 lakh hectares), Uttar Pradesh (47.78 lakh hectares), Odisha (16.61 lakh hectares), Assam (12.90 lakh hectares), Chhattisgarh (28.66 lakh hectares), Jharkhand (4.68 lakh hectares, Haryana (12.08 lakh hectares).

- **Monsoon Updates:** Majority part of the country is expected to receive above normal rainfall; Jammu & Kashmir, Himachal Pradesh, Andaman & Nicobar Islands, Kerala, South Tamil Nadu and Lakshadweep are likely to receive below normal during next 3 days During 1st August to 7th August 2019, rainfall activity is likely to increase over central parts of the country. Cumulatively above normal rainfall likely over most parts of the country except in Jammu & Kashmir, Andaman & Nicobar Islands, Kerala, South Interior Karnataka, Tamilnadu and Lakshadweep where below normal rainfall is likely to occur.

State wise Paddy Crop Situation - Kharif (2019-20) as on 02.08.2019

	RICE					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.19	6.26	4.81	31.7	7.25	-2.44
Arunachal Pradesh	1.30	1.19	1.17	90.2	1.19	-0.02
Assam	20.60	14.58	12.90	62.6	11.71	1.19
Bihar	31.73	24.18	18.57	58.5	20.10	-1.53
Chhattisgarh	38.04	30.75	28.66	75.4	31.48	-2.82
Goa	0.28	0.23	0.24	86.5	0.27	-0.03
Gujarat	7.68	4.83	3.28	42.8	5.51	-2.23
Haryana	13.35	11.57	12.08	90.5	12.41	-0.33
Himachal Pradesh	0.73	0.75	0.00	0.0	0.74	-0.74
J&K	2.82	0.77	0.93	33.0	1.07	-0.14
Jharkhand	15.58	8.22	4.68	30.0	7.94	-3.26
Karnataka	9.38	3.45	1.94	20.7	3.08	-1.14
Kerala	1.47	0.62	0.46	31.4	0.52	-0.06
Madhya Pradesh	20.78	15.42	12.22	58.8	14.98	-2.76
Maharashtra	14.88	6.22	5.93	39.9	8.30	-2.36
Manipur	0.40	1.55	0.97	244.5	0.32	0.65
Meghalaya	0.97	0.99	0.97	100.4	1.01	-0.04
Mizoram	0.37	0.32	0.00	0.0	0.35	-0.35
Nagaland	1.96	1.93	2.08	106.0	2.08	0.00
Odisha	37.25	21.41	16.61	44.6	19.06	-2.45
Punjab	29.37	29.94	28.53	97.2	30.20	-1.67
Rajasthan	1.77	1.19	0.98	55.4	1.15	-0.17
Sikkim	0.11	0.11	0.00	0.0	0.10	-0.10
Tamil Nadu	16.07	2.11	1.13	7.1	1.99	-0.85
Telangana	9.38	3.05	3.16	33.7	4.87	-1.71
Tripura	2.00	0.87	0.52	26.2	0.19	0.33
Uttar Pradesh	58.78	51.15	47.78	81.3	48.08	-0.30
Uttrakhand	2.45	2.43	2.39	97.7	2.41	-0.02
West Bengal	41.19	19.89	10.33	25.1	16.91	-6.58

Pondicherry	0.12			0.0		0.00
Others	0.28	0.21	0.19	67.4	0.21	-0.02
All-India	396.26	266.20	223.53	56.4	255.48	-31.95

State wise Wholesale Prices weekly for 04th Week of July-2019

State	Prices 24-31 Jul 2019	Prices 16-23 Jul 2019	Prices 24-31 Jul 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh		4250		__	__
Assam	2921.48	3339.59	3401.11	-12.52	-14.1
Gujarat	3417.49	3162.4	3100.3	8.07	10.23
Jharkhand	3866.67	3866.67	2733.33	0	41.46
Karnataka	3451.35	3716.59	3676.68	-7.14	-6.13
Kerala	3401	3420.04	3682.92	-0.56	-7.65
Maharashtra	3594.72	3377.42	3245.02	6.43	10.78
Manipur	4465.49	4464.77	3313.49	0.02	34.77
Meghalaya	3500	3500	2992.06	0	16.98
Nagaland	6600		7000	__	-5.71
NCT of Delhi	2196.55	2000	2365.28	9.83	-7.13
Odisha	2816.55	2608.17	2387.88	7.99	17.95
Punjab			3236	__	__
Tripura	2852.16	2890.02	3079.89	-1.31	-7.39
Uttar Pradesh	2500.88	2506.82	2302.61	-0.24	8.61
Uttrakhand	2770.71	2641.06	2411.37	4.91	14.9
West Bengal	2715.38	2774.17	2780.11	-2.12	-2.33
Average	3404.7	3234.51	3231.75		

Duration	Trend	Average Price Range	Reason
01st Week of Aug, 2019	Steady to Firm	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.

Weekly Rice Price Change in Delhi Market (Figure: in Rs. /Quintal)

Variety	2-May-19	26-Apr-19	(Month Ago) 2 Apr 2019	(Year Ago) 02 May 2018	% ch. From last week	% Change from last Month	% Change from last Year
1121 Sella	7100	7050	6800	6350	**0.71**	**4.41**	**11.81**
1121 Raw	7900	7800	7300	7000	**1.28**	**8.22**	**12.86**
Basmati Raw	9400	9400	9500	7000	**0.00**	**-1.05**	**34.29**
1509 Steam Wand New	7800	7800	7400	6800	**0.00**	**5.41**	**14.71**
Sugandh Steam	6900	6850	6500	6200	**0.73**	**6.15**	**11.29**
Sharbati Raw	4600	4600	4700	4900	**0.00**	**-2.13**	**-6.12**
Pusa Raw Wand	5900	5900	5700	6100	**0.00**	**3.51**	**-3.28**
Parmal Sella	3000	3050	3100	2950	**-1.64**	**-3.23**	**1.69**

Prices & Arrivals at Major Markets:

Rice Price (In Rs./ Quintal)	Grade	Change*	3-Aug-19	2-Aug-19	27-Jul-19	3-Jul-19	3-Aug-18
Chirala(A.P)	BPT(Raw)	0	3500	3500	3500	3300	3200
Jharkhand(Ranchi)	Coarse	0	3000	3010	3000	3000	2900
Ernakulam(Kerala)	Jaya	50	3700	3700	3650	3200	3200
Divi(A.P)	BPT(Steam)	-75	3425	3400	3500	3200	3250
Visakhapatnam	HMT(Raw)	0	4400	4400	4400	4000	3900
Nandyal	Sona Fine	200	5200	5200	5000	3700	3500
Barasat(W.B)	Masuri	0	3400	3400	3400	3300	3100
Dibrugarh	Common	0	3300	3300	3300	2500	2450
Jhargram(W.B)	Common	0	3300	3300	3300	3100	3000
Karnal	Sarbati Steam	-200	4400	4700	4600	4600	4700
Bangarpet(Kar)	IR-20	100	3000	3000	2900	2900	2850

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	0.71	0.71	0	APMC
Srikakulam	All Paddy	0	0	0	APMC
Guntur	All Paddy	8	8	0	APMC
Burdwan(W.B)	All Paddy	102.33	127.33	25	APMC
Delhi	All Paddy	318.62	340.62	22	APMC
Amritsar	All Paddy	-10	5	15	APMC
Karnal	All Paddy	-30	25	55	APMC

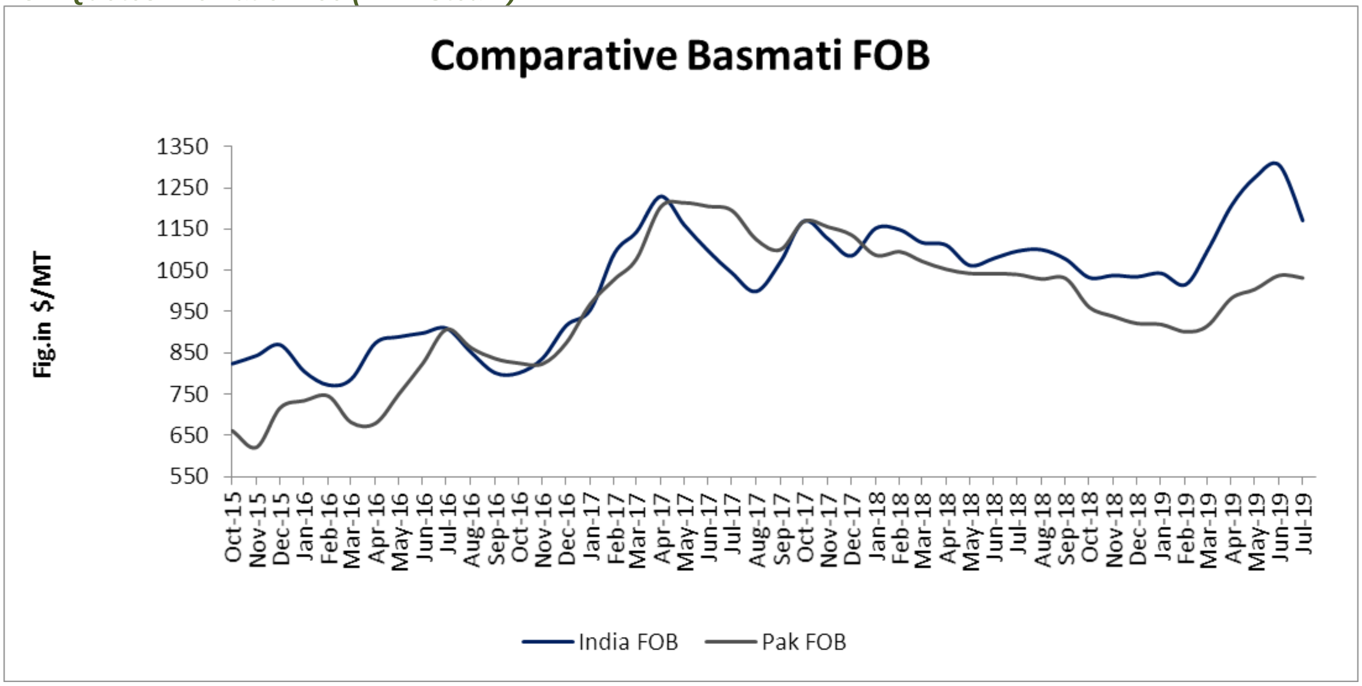
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs (in Lakh T)	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 02.08.2019	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	47.75	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	4.65	0.95
M.P	13.00	13.95	11.00
Maharashtra	4.00	5.80	1.27
Odessa	30.00	43.83	15.24
Punjab	114.00	113.34	118.39
Tamilnadu	8.00	12.37	0.03
U.P	33.00	32.33	24.88
Uttrakhand	5.00	4.62	0.35
West Bengal	23.00	17.21	0.06
Others	0	--	--
Total	**370.00**	**440.71**	**276.16**

Due to the record production and high MSP compared to open market prices, government rice procurement during the ongoing season has continued to grow. Government estimates MY 2018-19 rice procurement through August 02nd, 2018 at 44.71 MMT compared to 36.5MMT during the same period last year. With some additional procurement in eastern and southern states to continue through September, total MY 2018-19 rice procurement is already crosses the record of 44 MMT, a whopping 15 percent increase over last year's record procurement.

FOB Quotes Aromatic Rice (1121 Steam)



Source-FAO& Agriwatch

Indian FOB for 1121 steam traded weak in the month of July and currently is in the range of USD 1171/MT which is down by 10.26% from last month price of USD 1305/T due to export as many companies in Iran, who is largest basmati importer, payment of 1000 crores ($ 14 million) of many Indian rice exporter firms has been hanging in the balance; Agriwatch expects that aromatic international rice price is likely to trade steady in coming month due steady demand. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving steady to weak from last month and is now hovering in the range of USD 1031/MT which is down by 0.5% from last month FOB of USD 1037.5/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. 27.06.2019	(2019-20) Projection. 25.07.2019
Production	475	487	490	503	503
Trade	40	48	48	47	47
Consumption	474	486	487	499	498
Carryover stocks	122	123	126	162	162
Y-O-Y change	1	1	1	-	5
Major Exporters	33	31	28	38	38

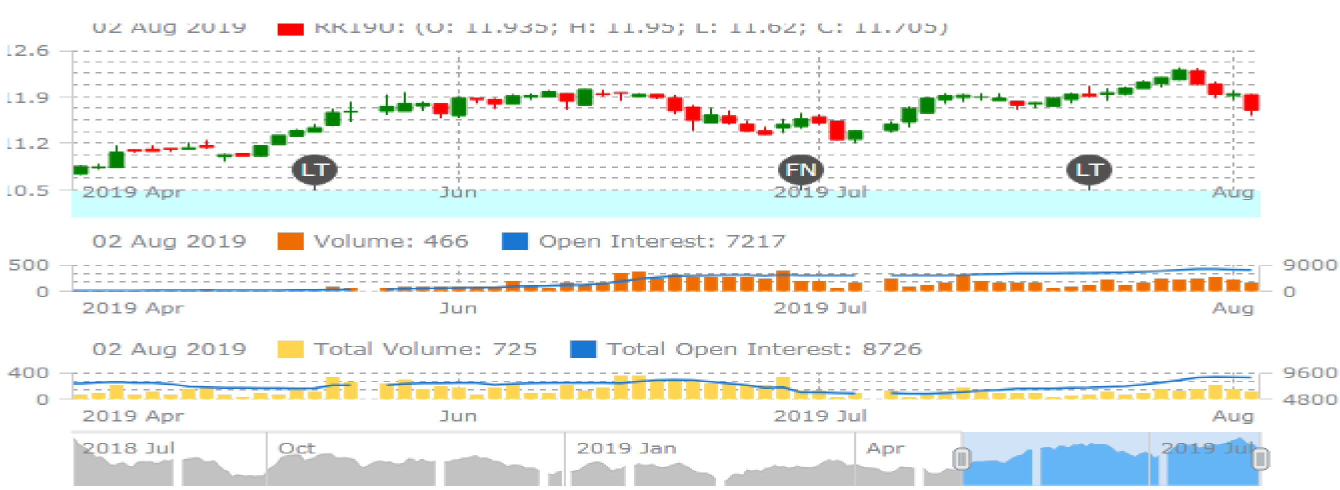
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

The global rice supply and demand situation in 2018/19 is little-changed m/m, with production, use and stocks seen at new peaks. A slightly reduced outlook for India's main (kharif) crop is mostly offset by adjustments elsewhere, leaving the projection of 2019/20 world production broadly steady m/m, at 503m t, up by 4m y/y. With consumption trimmed fractionally, global carryovers are maintained at a high of 162m t (157m), including 99m in China. Tied to gains in Asia, the 2018/19 global rice outturn is estimated at a peak of 499m t, a 4m y/y increase, with consumption advancing amid plentiful supplies and population growth. However, trade is expected to fall in 2019 as buyers in Asia secure less, with China's arrivals potentially contracting by 20% y/y, to a six-year low. Output is provisionally placed at a high of 503m t in 2019/20 on expanded acreage in Asia, with the increase in supplies channelled to record use and stocks. Traded volumes may recover in 2020 on growth in shipments to Africa.

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

(Prices in US$/hundredweight)



Market Analysis

The CBOT Sept-19 month rough chart for rice indicates steady to Weak tone from last month. We expect market to hover in the range of USD 11.00-12.55 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
01st Week of Aug-2019	Steady	USD/ Hundred Weight 11.00-11.50