Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- Prices for top-exporter India's 5 percent broken parboiled variety fell to around $377-$381 per tonne this week from $381-$384 last week due to a depreciation in the rupee. As the government has procured a large amount of paddy rice, supplies are limited in the market. Exporters have to pay higher prices for paddy. India's rice exports are likely to fall to their lowest in seven years, on weak demand from Africa and as shippers absorb the lack of government incentives that supported previous sales.

- Thailand's benchmark 5-percent broken rice prices rose to $406-$425 a tonne on Thursday from $395-$405 quoted last week. Harvesting has started in some areas and the dry conditions have affected the quality of the rice which led to an increase in domestic rice prices. Water levels in dams nationwide are far short of the monthly average. Many exporters are also trying to buy rice to shore up their stocks amid concerns over a possible shortage, and this drove the price up. Thai prices were also higher than other Asian hubs, with a strong baht also contributing to the high rates even as demand remained flat.

- Meanwhile, Vietnam's rates for 5% broken rice remained unchanged from last week at $340-$350 a tonne. Preliminary data showed 103,000 tonnes of rice is to be loaded at Ho Chi Minh City ports during Aug. 2-10, with 42% bound for West Africa, 29% for Iraq and the remainder for the Philippines and Malaysia. A delegation from the Vietnam Food Association was in Mexico earlier this week to seek opportunities to ship Vietnamese rice to south America as the country was seeking new markets for the grain. Data from the Ministry of Agriculture and Rural Development released on Wednesday showed Vietnam exported 651,000 tonnes of rice in July, beating a government forecast of 600,000 tonnes.

- **Crop Condition:** Transplanting of Paddy has almost completed in Haryana and Punjab. Crop in these areas is currently in tillering stage. Sowing is under progress in Uttar Pradesh, Chhattisgarh, Odisha, Jharkhand, Andhra Pradesh, Telangana and Karnataka. Crop in these areas is in transplanting to vegetative stage. Good rainfall received in 1st week of Aug`19 in Andhra Pradesh, Odisha, Gujarat, Madhya Pradesh, Uttar Pradesh, Rajasthan, Maharashtra, West Bengal, Jharkhand, Haryana, Punjab, Karnataka has helped in transplanting of Paddy. In area where crop was sown through DSR (Direct Seed Rice) method, crop is in tillering stage. Incidence of disease and pest has not been observed in the field till date. Overall crop condition is normal.
- **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 and exceed the target. Government estimates MY 2018-19 rice procurement through August 09th, 2019 at 44.09 MMT compared to 36.5 MMT 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.
- **Sowing Updates:** According to the Ministry of Agriculture and Farmers Welfare's (MOAFW) July 26, 2019 report, the overall planting for Kharif 2019 season is 7 percent lower (in area) than the five-year average due to delayed rains during the first half of monsoon. Planting for all major crops is lower compared to last year except for cotton. Area under paddy is down by 12.8% from last year area of 30.56 million hectares to 26.52 million hectares this year. Major fall can be seen in Andhra Pradesh, West Bengal, Uttar Pradesh, Telangana, Odisha, Jharkhand, Bihar etc.

- **Monsoon Updates:** During the second week of August, widespread to isolated heavy rainfall is likely over East (Assam, Meghalaya, West Bengal Sikkim), Central (Madhya Pradesh, Gujarat, Maharashtra, Goa) and Northwest India (Punjab, Haryana, Delhi, Himachal Pradesh, Uttarakhand) and along the west coast. Scattered to widespread rainfall is likely over the rest of the country except for southeast peninsular India, where rainfall is likely to be isolated.

- **New 1509 paddy variety arrival starts in many district of Punjab, Haryana and Uttar Pradesh. As per trade sources**, around 25000 bags of 1509 paddy arrived today in Karnal district of Haryana, traded at around Rs.2000-2270/quintal whereas green paddy with high moisture traded at Rs.1700-1900/quintal where as in Gharonda mandi(Haryana) 1509 new paddy traded at highest rate at Rs.2301/quintal today. It is also reported that 700 bags of PR Gobinda new paddy arrived today at Tarn Taran mandi in Punjab which traded at Rs.1360-1435/quintal.

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	7.44	6.33	41.7	8.54	-2.21
Arunachal Pradesh	1.30	1.20	1.17	90.2	1.19	-0.02
Assam	20.60	16.56	15.35	74.5	14.11	1.24
Bihar	31.73	28.45	21.51	67.8	26.69	-5.18
Chhattisgarh	38.04	33.17	32.12	84.4	33.64	-1.52
Goa	0.28	0.24	0.24	86.5	0.28	-0.04
Gujarat	7.68	6.19	4.89	63.7	6.81	-1.92
Haryana	13.35	11.95	12.75	95.5	12.77	-0.02
Himachal Pradesh	0.73	0.75	0.00	0.0	0.74	-0.74
J&K	2.82	1.41	1.07	37.9	1.11	-0.05
Jharkhand	15.58	11.32	6.51	41.8	10.87	-4.36
Karnataka	9.38	4.42	2.41	25.7	4.34	-1.93
Kerala	1.47	0.64	0.56	38.2	0.56	0.00
Madhya Pradesh	20.78	17.98	17.79	85.6	19.66	-1.87
Maharashtra	14.88	7.79	5.93	39.9	8.23	-2.30
Manipur	0.40	1.55	0.97	244.5	0.32	0.65
Meghalaya	0.97	1.00	0.97	100.4	1.01	-0.04
Mizoram	0.37	0.35	0.00	0.0	0.35	-0.35
Nagaland	1.96	2.08	2.84	144.5	2.84	0.00
Odisha	37.25	24.29	19.05	51.1	23.80	-4.75
Punjab	29.37	29.69	29.17	99.3	30.20	-1.03
Rajasthan	1.77	1.38	1.71	96.7	1.63	0.08

Sikkim	0.11	0.11	0.00	0.0	0.10	-0.10
Tamil Nadu	16.07	2.35	1.38	8.6	2.25	-0.87
Telangana	9.38	4.08	4.39	46.8	5.95	-1.56
Tripura	2.00	0.96	0.52	26.2	0.19	0.33
Uttar Pradesh	58.78	57.41	56.89	96.8	58.11	-1.22
Uttrakhand	2.45	2.48	2.46	100.6	2.47	-0.01
West Bengal	41.19	28.13	16.03	38.9	25.21	-9.18
Pondicherry	0.12			0.0		0.00
Others	0.28	0.23	0.19	67.4	0.21	-0.02
All-India	396.26	305.60	265.20	66.9	304.18	-38.98

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

State	Prices 01-08 Aug 2019	Prices 24-31 Jul 2019	Prices 01-08 Aug 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Meghalaya	3800	3518.31	3064.55	8.01	24
Maharashtra	4748.55	3452.83	3075.79	37.53	54.38
Mizoram	3500			__	__
Nagaland	7000	6687.5	7200	4.67	-2.78
Delhi		2232.26	2285.71	__	__
Odisha	2623.97	2661.67	2410.66	-1.42	8.85
Uttrakhand	2708.73	2709.38	2743.8	-0.02	-1.28
Jharkhand	3864.52	3866.67	2733.33	-0.06	41.39
Gujarat	3135.3	3307.08	3158.44	-5.19	-0.73
Karnataka	3952.38	3621.85	3538.4	9.13	11.7
Kerala	3402.37	3413.38	3706.85	-0.32	-8.21
Manipur	4471.22	4463.96	3313.41	0.16	34.94
Tamil Nadu			1479	__	__
Uttar Pradesh	2504.33	2500.51	2319.53	0.15	7.97
West Bengal	2769.45	2757.97	2813.53	0.42	-1.57
Andhra Pradesh	4150	4140		0.24	__
Assam	3255.76	3111.86	3429.9	4.62	-5.08
Tripura	2913.85	2894.2	2979.69	0.68	-2.21
Average	3675.03	3458.71	3140.79		

Duration	Trend	Average Price Range	Reason
02nd 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)

Rice Price	Grade	Change*	10-Aug-19	9-Aug-19	3-Aug-19	10-Jul-19	10-Aug-18
(In Rs./ Quintal)							
Chirala(A.P)	BPT(Raw)	20	3520	3520	3500	3300	3200
Jharkhand(Ranchi)	Coarse	50	3050	3010	3000	3000	2900
Ernakulam(Kerala)	Jaya	-100	3600	3600	3700	3200	3200
Divi(A.P)	BPT(Steam)	-25	3400	3400	3425	3200	3250
Visakhapatnam	HMT(Raw)	55	4455	4450	4400	4000	3900
Nandyal	Sona Fine	10	5210	5200	5200	3700	3500
Barasat(W.B)	Masuri	-20	3380	3350	3400	3300	3100

Dibrugarh	Common	-50	3250	3300	3300	2500	2450
Jhargram(W.B)	Common	-100	3200	3200	3300	3100	3000
Karnal	Sarbati Steam	-100	4300	4300	4400	4600	4700
Bangarpet(Kar)	IR-20	10	3010	3000	3000	2900	2850

Prices & Arrivals at Major Markets:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	0	0.71	0.71	APMC
Srikakulam	All Paddy	0	0	0	APMC
Guntur	All Paddy	17	25	8	APMC
Burdwan(W.B)	All Paddy	16.67	144	127.33	APMC
Delhi	All Paddy	179.38	520	340.62	APMC
Amritsar	All Paddy	83	88	5	APMC
Karnal	All Paddy	27	52	25	APMC

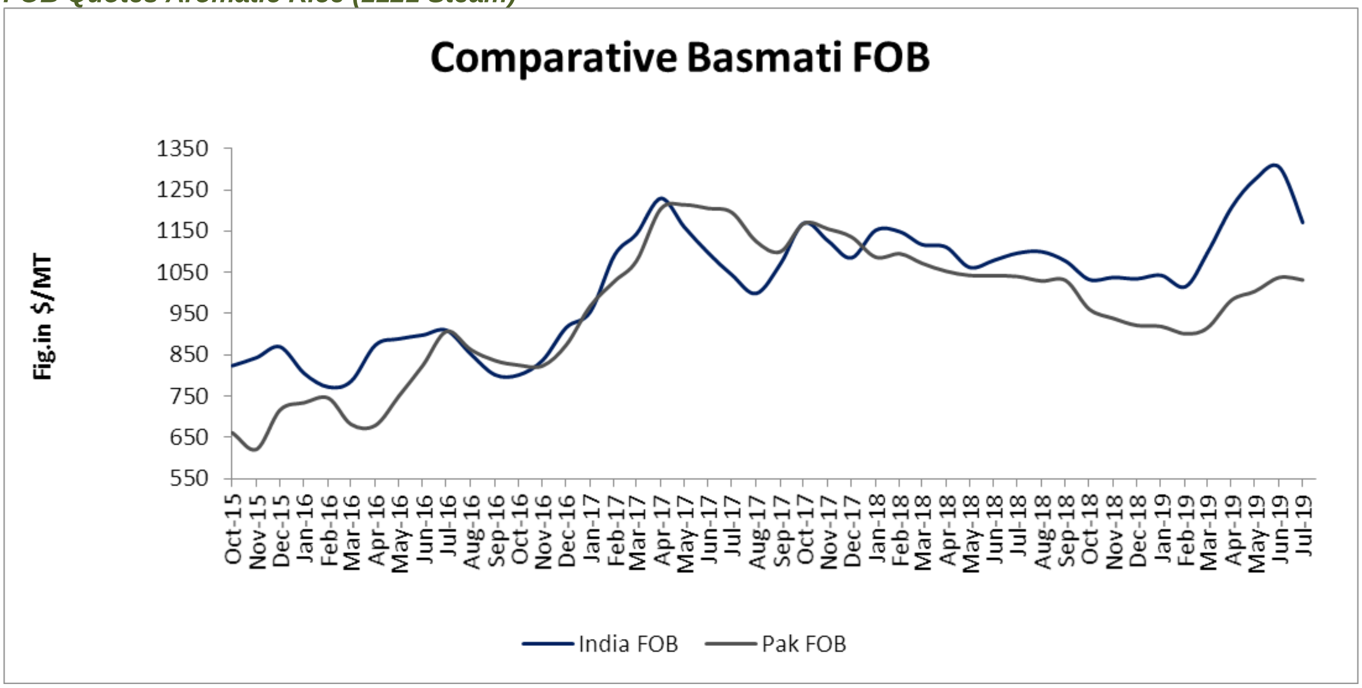
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 02.08.2019	
(in Lakh T)		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

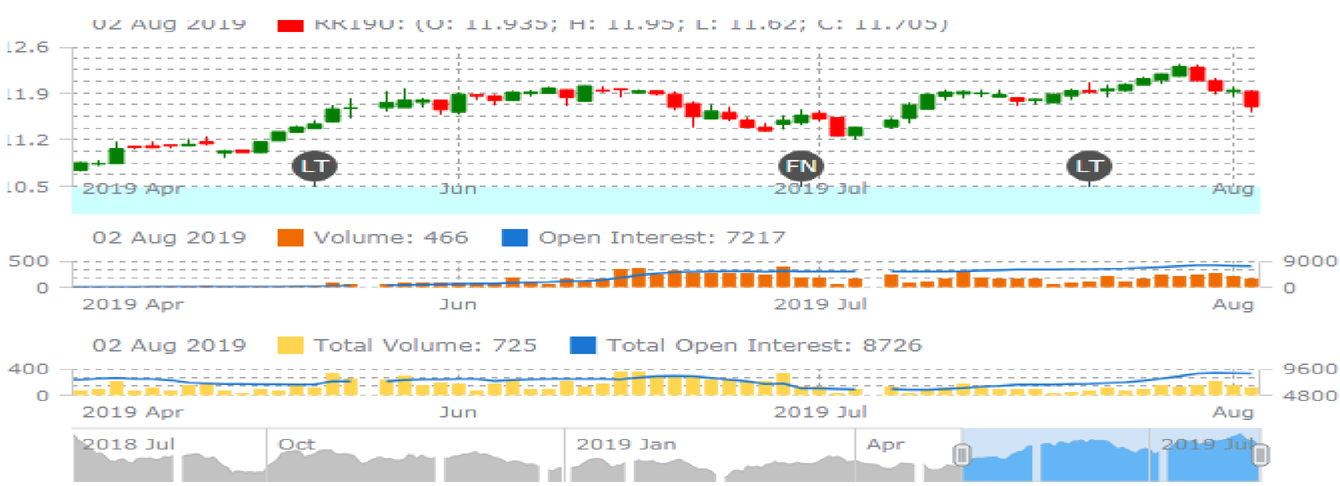
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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
02nd Week of Aug-2019	Steady	USD/ Hundred Weight 11.00-11.50