Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- Top rice exporter India saw prices of its 5% broken parboiled variety ease to about $374-$377 per ton from last week's $377-$381. Africa market is again active now. Due to the currency depreciation in the last couple of days, prices have corrected. India's rice exports in April-June dived 28.2% from a year ago to 2.35 million tons, a government body said on Monday, due to subdued demand for non-basmati rice from Africa.

- Prices for Vietnam's 5% broken rice fell to $335-$345 a tonne on Thursday from $340-$350 last week. Vietnam is struggling to find new markets to compensate for the sharp decline in shipments to China. Exports to China in the first seven months of this year fell 65.7% from the corresponding period last year, to 318,100 tonnes, Vietnamese customs data showed. Chinese importers that China's demand for rice remains high but the importers cannot buy from Vietnam because of new technical barriers the Chinese government has imposed. According to Vietnam's Ministry and Industry and Trade, Country organize several trade promotion trips this year to boost rice exports.

- Meanwhile, Thailand's benchmark 5% broken rice prices narrowed to $415-$425 a ton on Thursday from $406-$425 last week, with traders attributing the relatively high prices to concerns over supply as the country grapples with its worst drought in a decade. Meanwhile, Thailand's benchmark 5% broken rice prices narrowed to $415-$425 a tonne on Thursday from $406-$425 last week, with traders attributing the relatively high prices to concerns over supply as the country grapples with its worst drought in a decade.

- **Crop Condition:** Transplanting of Paddy nursery has been completed in Punjab, Haryana, Uttar Pradesh and Madhya Pradesh. Crop in these states is pre- tillering to vegetative stage. Transplantation is under progress in Chhattisgarh, Odisha, Jharkhand, Andhra Pradesh, Telangana and Karnataka States. Crop in these states is in root establishing to tillering stage. In areas where crop was sown through DSR (Direct Seed Rice) method, crop is in vegetative stage. Rainfall received during 2nd week of August`19 was beneficial to crop. Incidence of disease and pest has not been observed in the paddy field till date. Overall crop condition is normal Paddy is mainly grown in irrigated areas; the crop requires favorable climatic conditions for crop growth after transplantation. Acreage of Paddy in the current week was lower than the corresponding week of 2018 as the weather was not congenial for transplantation in Jharkhand, Karnataka, Assam and West Bengal since June`19. Kharif Rice acreage during current season is lagging behind by 11 per cent at 265.20 lakh hectares as compared to 304.18 lakh hectares same period last year.

- **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:** Lower acreage is reported from West Bengal (12.10 lakh hectares), Bihar (6.94 lakh hectares), Jharkhand (4.81 lakh hectares), Assam (2.45 lakh hectares), Karnataka (2.01 lakh hectares), Maharashtra (1.85 lakh hectares), Gujarat (1.30 lakh hectares), Andhra Pradesh (1.11 lakh hectares) Chhattisgarh (1.05 lakh hectares), and Himachal Pradesh (0.75 lakh hectares). While, higher acreage is done in Haryana (0.80 lakh hectares), Nagaland (0.76 lakh hectares), Rajasthan (0.33 lakh hectares) and Telangana (0.31 lakh hectares).

- **Monsoon Forecast:** Above normal rainfall activity likely over north-eastern states, Sub Himalayan West Bengal & Sikkim, Kerala and Lakshadweep. It is very likely to be normal to below normal over remaining parts of the country during 15th to 21st August 2019. Fairly widespread to widespread rainfall with isolated heavy falls likely over northern plains, East and Northeast India and Western Himalayan region and scattered to fairly widespread rainfall likely over the rest of the country during next 2days.

State wise Paddy Crop Situation - Kharif (2019-20) as on 16.08.2019

	RICE					
State	**Normal Area**	**Normal Area as on date**	**Area sown reported**			**Absolute Change**
			This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	15.19	8.80	7.98	52.5	9.99	-2.01
Arunachal Pradesh	1.30	1.21	1.17	90.2	1.28	-0.11
Assam	20.60	17.92	16.61	80.6	15.67	0.94
Bihar	31.73	30.45	24.19	76.2	29.59	-5.40
Chhattisgarh	38.04	35.01	33.62	88.4	35.86	-2.24
Goa	0.28	0.24	0.24	86.5	0.28	-0.04
Gujarat	7.68	6.98	6.45	84.0	7.33	-0.87
Haryana	13.35	12.35	12.90	96.6	12.88	0.02
Himachal Pradesh	0.73	0.75	0.00	0.0	0.74	-0.74
J&K	2.82	1.43	1.13	40.0	1.13	0.00
Jharkhand	15.58	14.67	9.15	58.7	12.80	-3.65
Karnataka	9.38	5.25	3.16	33.6	5.51	-2.36
Kerala	1.47	0.65	0.57	38.9	0.56	0.01
Madhya Pradesh	20.78	19.86	20.52	98.7	20.78	-0.26
Maharashtra	14.88	10.96	9.30	62.5	12.51	-3.21
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	1.92	2.10	106.9	2.08	0.02
Odisha	37.25	29.25	24.59	66.0	28.46	-3.87
Punjab	29.37	29.73	29.20	99.4	30.42	-1.22
Rajasthan	1.77	1.43	1.71	96.7	1.15	0.56
Sikkim	0.11	0.11	0.00	0.0	0.11	-0.11
Tamil Nadu	16.07	2.52	1.46	9.1	2.85	-1.39
Telangana	9.38	5.02	5.95	63.4	7.01	-1.06

Tripura	2.00	1.24	0.52	26.2	0.19	0.33
Uttar Pradesh	58.78	58.79	56.89	96.8	59.42	-2.53
Uttrakhand	2.45	2.49	2.46	100.6	2.48	-0.02
West Bengal	41.19	36.07	27.39	66.5	35.48	-8.09
Pondicherry	0.12			0.0		0.00
Others	0.28	0.26	0.20	70.9	0.21	-0.01
All-India	396.26	338.25	301.40	76.1	338.43	-37.03

State wise Wholesale Prices weekly for 02nd Week of Aug-2019

State	Prices 09-15 Aug 2019	Prices 01-08 Aug 2019	Prices 09-15 Aug 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Gujarat	3135.69	3135.3	3184.6	0.01	-1.54
Nagaland		7000	7300	__	__
Odisha	2588.97	2623.2	2513.25	-1.3	3.01
Uttar Pradesh	2498.52	2504.33	2313.33	-0.23	8.01
West Bengal	2782.19	2769.45	2801.74	0.46	-0.7
Andhra Pradesh	4250	4150		2.41	__
Karnataka	3794.25	3877.4	3620.36	-2.14	4.8
Meghalaya		3800	2749.02	__	__
Assam	3101.17	3255.76	3358.17	-4.75	-7.65
Jharkhand	3862.79	3864.52	2734.13	-0.04	41.28
Tripura	2876.93	2913.85	3001.84	-1.27	-4.16
Kerala	3404.42	3402.37	3712.13	0.06	-8.29
Maharashtra	3379.19	4713.77	4231.42	-28.31	-20.14
Manipur	4474	4471.22	3366.67	0.06	32.89
Mizoram		3500		__	__
Uttrakhand	3063.27	2708.73	2922.6	13.09	4.81
NCT of Delhi	2890		1956.52	__	47.71
Average	3292.96	3668.12	3317.72		

Duration	Trend	Average Price Range	Reason
03rd 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 (In Rs./ Quintal)	Grade	Change*	17-Aug-19	16-Aug-19	10-Aug-19	17-Jul-19	17-Aug-18
Chirala(A.P)	BPT(Raw)	-20	3500	3500	3520	3400	3300
Jharkhand(Ranchi)	Coarse	50	3100	3100	3050	3050	3000
Ernakulam(Kerala)	Jaya	0	3600	3600	3600	3200	3200
Divi(A.P)	BPT(Raw)	0	3400	3400	3400	3200	3250
Visakhapatnam	HMT(Raw)	45	4500	4500	4455	4200	4000
Nandyal	Sona Fine	90	5300	5300	5210	5000	4800
Barasat(W.B)	Masuri	20	3400	3400	3380	3300	3200
Dibrugarh	Common	-50	3200	3200	3250	2900	2800
Jhargram(W.B)	Common	0	3200	3200	3200	3100	3000
Karnal	Sarbati Steam	0	4300	4300	4300	4600	4700
Bangarpet(Kar)	IR-20	-10	3000	3000	3010	2900	2850

Prices & Arrivals at Major Markets:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	21.29	22	0.71	APMC
Srikakulam	All Paddy	12	12	0	APMC
Guntur	All Paddy	205	230	25	APMC
Burdwan(W.B)	All Paddy	706	850	144	APMC
Delhi	All Paddy	130	650	520	APMC
Amritsar	All Paddy	97	185	88	APMC
Karnal	All Paddy	76	128	52	APMC

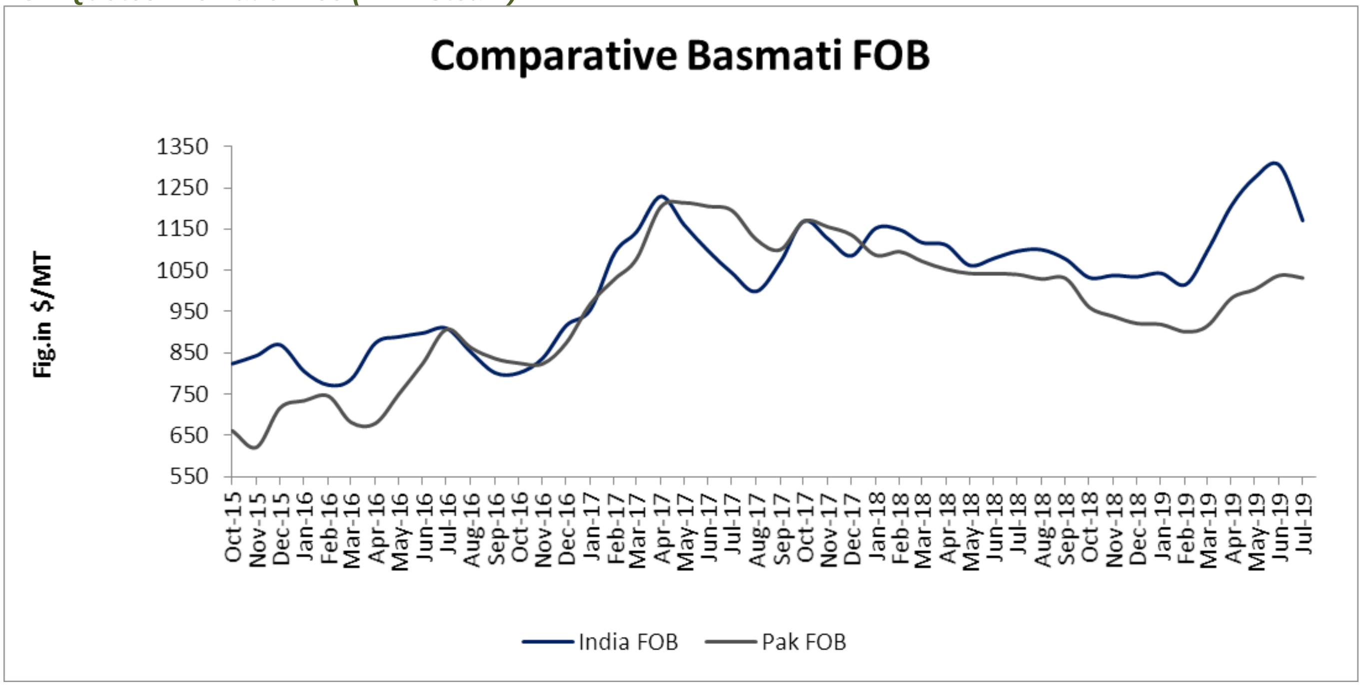
*Difference between current and previous week price

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

Thailand Rice export prices further increased around 2 percent from the previous week due to strong domestic demand for new supplies of white paddy rice which is mainly used for parboiled rice production. Rice exporters are currently securing supplies of parboiled rice to fulfill contracted shipments of parboiled rice exports to African countries. Meanwhile, rice millers are speculating in the domestic rice market as they expect the current dry spell to carry into the monsoon that could possibly reduce the supplies of MY2019/20 main crop rice. Additionally, the government still has not finalized the results of the rice tenders for 208,650 metric tons which were issued on July 25, 2019. The government reported that around 60 traders participated in these tenders which consisted of 29 traders for the tender of 82,444 metric tons of food quality rice, 21 traders for the tender of 74,350 metric tons of feed quality rice, and 15 traders for the tender of 51,856 metric tons of deteriorated rice. The highest bids for 5% grade white rice are reportedly as high as market prices despite the fact that these rice stocks were acquired during the MY2011/12 and MY2012/13 pledging programs. Also, these rice stocks were previously auctioned off, but remain unsold due to lingering concerns over quality. Unofficial and preliminary rice exports (excluding fragrant rice) for July 22-28, 2019, totaled 109,750 metric tons, up 31,961 metric tons from the previous week and up 10,461 metric tons from the four weeks moving average of 99,289 metric tons. Rice exports from January 1 – July 28, 2019, totaled 3,770,519 metric tons, down 28 percent from the same period last year.

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.

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

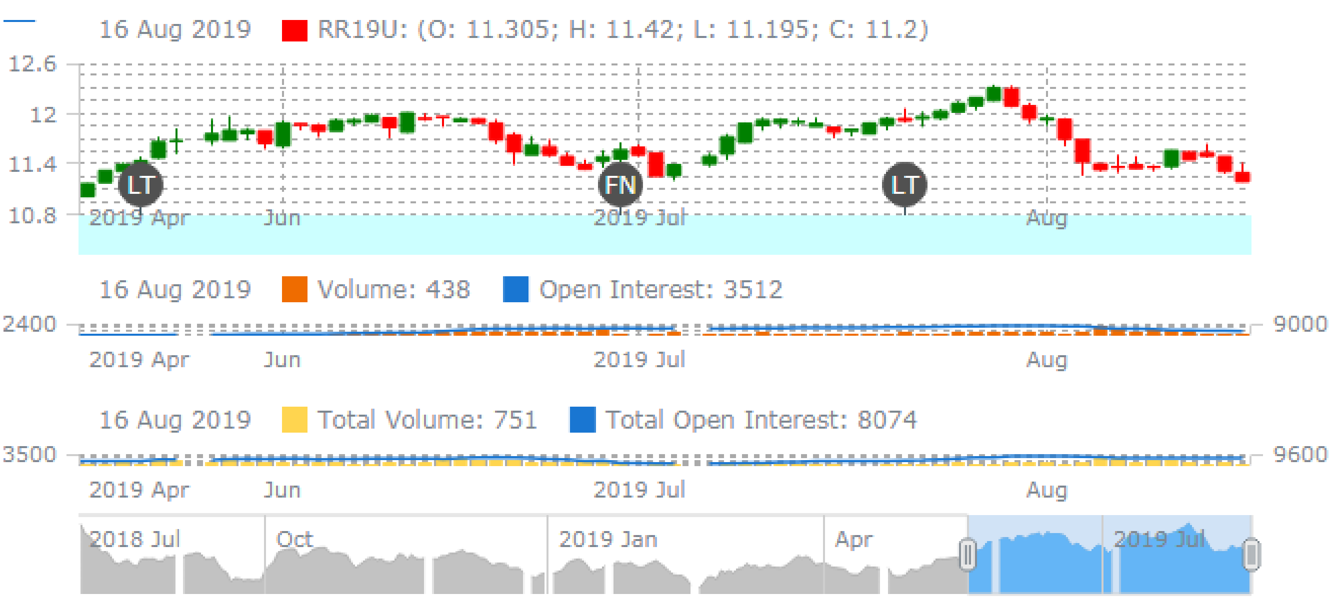
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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 Sept- 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
03rd Week of Aug-2019	Steady	USD/ Hundred Weight 11.00-11.50