Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Top exporter India's 5% broken parboiled variety was quoted at $374-$378 a tonne this week, up slightly** from $372-$375 a week ago. Rice production could fall in key states like West Bengal and Andhra Pradesh due to lower rainfall. India received 14% less rainfall than the 50-year average in the week to Aug. 28, data from the India Meteorological Department (IMD) showed.

- **Thailand's benchmark 5% broken rice prices were quoted at $410-$430 a tonne, a slightly narrower** range from last week's $415-$430. A firmer baht, Asia's best-performing currency this year, has kept prices high while supply shortages because of a continuing drought - the worst in a decade - has also played a major role in supporting prices. The Thai government this week announced 21 billion baht ($682 million) of subsidies to help farmers affected by the drought and the strong baht.

- **Elsewhere, tepid demand kept rates for Vietnam's 5% broken rice unchanged from last week at $335**-$340 a tonne amid slow trading activity. It's been quiet this week, with no major export deals, due to weak demand. Preliminary data showed only 29,600 tonnes of rice is scheduled to be loaded at Ho Chi Minh City ports over Sept. 1-10, with 23,000 tonnes bound for West Africa and the rest for the Philippines. Government data released on Thursday showed Vietnam exported 4.53 million tonnes of rice in the first eight months of this year, little changed from the same period last year. August rice exports are estimated at 580,000 tonnes, compared with 598,619 tonnes in July.

- **The central government has set a target of procuring 416 lakh tons of rice for the marketing season** (October-September) of 2019-20, which is more than 382 lakh tons for the 2018-19 season. It is noteworthy that for the marketing season of 2018-19, the government had exported a target of procuring 370 lakh tons of rice. Government procurement of rice in Chhattisgarh is expected to increase from 41 lakh tons in 2018-19 to 48 lakh tons in the 2019-20 season. Similarly, procurement of rice in Andhra Pradesh is expected to jump from 3 million tons in the last season to 4 million tons in the current year.

- **There is already a huge stock of food grains in government warehouses, while setting a high target of rice** procurement can pose a serious problem of safe storage. On 1 August 2019, there was a huge stock of 275.30 lakh tonnes of rice in the government godowns, which was 26 percent higher than the same period last year.

- **Basmati rice export deals are coming down, although exporters will benefit from the strengthening** of the dollar against the rupee. In such a situation, there may be an improvement in the prices of basmati rice, but in October onwards new paddy crop will come in, in which case the prices of paddy along with rice will come down. According to traders, due to the shortage of paddy stocks in the producing markets, there is still limited upside. Paddy transplanting in Haryana and Uttar Pradesh has been more in the current Kharif than in the previous year, although it has decreased slightly in Punjab.

- **The current Kharif Rice acreage is lagging behind by 6 per cent at 334.92 lakh hectares as against 357.97 lakh** hectares same period last year as key Rice growing belts in India have received delayed and deficient rainfall during the current monsoon.

- **Lower acreage is reported from Bihar (5.75 lakh hectares), Jharkhand (4.34 lakh hectares), West Bengal** (4.03 lakh hectares), Karnataka (2.75 lakh hectares), Odisha (2.29 lakh hectares), Assam (1.81 lakh hectares), Tamil nadu (1.12 lakh hectares) Andhra Pradesh (0.87 lakh hectares), Punjab (0.81 lakh hectares), Maharashtra (0.71 lakh hectares). However, higher acreage is reported from Telangana (2.07 lakh hectares), Madhya Pradesh (1.63 lakh hectares), Uttar Pradesh (0.64 lakh hectares), Haryana (0.45 lakh hectares) and Rajasthan (0.28 lakh hectares).

- **As per the Fourth Advance Crop Estimates 2018-19, production of Kharif Rice during 2018-19 is estimated** at 102.13 million tonnes. This is higher than the last year's production of 97.14 million tonnes. Rabi season Rice production is estimated at 14.29 million tonnes as against 15.62 million tonnes last year. Total Rice production in 2018-19 is estimated at 116.42 million tonnes as against 112.76 million tonnes in 2017-18

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	10.18	9.31	61.3	11.01	-1.70
Arunachal Pradesh	1.30	1.21	1.17	90.2	1.28	-0.11
Assam	20.60	18.59	16.78	81.4	16.35	0.43
Bihar	31.73	32.31	26.56	83.7	31.48	-4.92
Chhattisgarh	38.04	36.09	36.27	95.4	36.40	-0.13
Goa	0.28	0.25	0.24	86.5	0.28	-0.04
Gujarat	7.68	7.45	7.61	99.1	7.56	0.05
Haryana	13.35	12.53	12.98	97.2	12.88	0.10
Himachal Pradesh	0.73	0.75	0.73	99.6	0.74	-0.01
J&K	2.82	1.43	1.14	40.4	1.14	0.00
Jharkhand	15.58	15.38	11.04	70.9	13.78	-2.74
Karnataka	9.38	6.45	3.70	39.4	7.40	-3.70
Kerala	1.47	0.65	0.60	40.9	0.57	0.03
Madhya Pradesh	20.78	20.45	22.08	106.3	20.78	1.30
Maharashtra	14.88	12.17	11.46	77.0	13.56	-2.10
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	1.96	2.10	106.9	2.08	0.02
Odisha	37.25	32.41	30.12	80.8	32.24	-2.12

Punjab	29.37	30.01	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	2.61	1.49	9.3	2.86	-1.37
Telangana	9.38	5.81	7.88	84.0	8.42	-0.54
Tripura	2.00	1.53	1.65	82.7	1.65	0.00
Uttar Pradesh	58.78	59.25	59.89	101.9	59.78	0.11
Uttrakhand	2.45	2.49	2.49	101.8	2.48	0.01
West Bengal	41.19	38.61	34.58	84.0	39.68	-5.10
Pondicherry	0.12			0.0		0.00
Others	0.28	0.38	0.20	70.9	0.21	-0.01
All-India	396.26	355.42	334.92	84.5	357.97	-23.04

Sowing Updates: While the monsoon has been normal in the past three months, the sowing of certain Kharif crops such as bajra, rice, maize and jowar has been low compared to last year. The situation is particularly bleak for rice as its sowing was 6.44% lower at 33.4 million hectares. According to the Ministry of Agriculture and Farmers Welfare's (MOAFW) August 23, 2019 report, the overall planting for Kharif 2019 season is 5.76 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 5.76% from last year area of 35.79 million hectares to 33.49 million hectares this year. Major fall can be seen in Andhra Pradesh, West Bengal, Uttar Pradesh, Telangana, Odisha, Jharkhand, Bihar etc.

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

State	Prices 16-23 Aug 2019	Prices 09-15 Aug 2019	Prices 16-23 Aug 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4110	4250		-3.29	__
Jharkhand	3865.91	3862.79	2733.33	0.08	41.44
Karnataka	3808.23	3799.44	3555.22	0.23	7.12
Kerala	3429.26	3404.42	3732.34	0.73	-8.12
Manipur	4469.23	4474	3363.45	-0.11	32.88
Meghalaya	3500		2841.1	__	23.19
Odisha	2842.51	2588.97	2632.31	9.79	7.99
Tripura	2867.75	2876.93	3001.95	-0.32	-4.47
Uttar Pradesh	2523.43	2498.52	2315.79	1	8.97
Assam	3240.34	3101.17	3544.29	4.49	-8.58
Maharashtra	3647.39	3379.19	3309.63	7.94	10.21
Uttrakhand	2504.61	3063.27	3057.17	-18.24	-18.07
Delhi	2000	2890	2200	-30.8	-9.09
Gujarat	3161.55	3135.69	3195.69	0.82	-1.07

Mizoram	3500			__	__
West Bengal	2764.94	2782.19	2786.13	-0.62	-0.76
Average	3264.7	3293.33	3284.56		

Duration	Trend	Average Price Range	Reason
1st Week of Sept, 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*	31-Aug-19	30-Aug-19	23-Aug-19	30-Jul-19	31-Aug-18
Chirala(A.P)	BPT(Raw)	50	3550	3550	3500	3400	3300
Jharkhand(Ranchi)	Coarse	100	3100	3100	3000	3050	3000
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3400	3300
Divi(A.P)	BPT(Raw)	20	3420	3400	3400	3200	3250
Visakhapatnam	HMT(Raw)	50	4050	4050	4000	4200	4000
Nandyal	Sona Fine	100	5300	5300	5200	5000	4800
Barasat(W.B)	Masuri	0	3400	3400	3400	3300	3200

Dibrugarh	Common	0	3250	3200	3250	2900	2800
Jhargram(W.B)	IR-36	0	2400	2400	2400	2400	2300
Karnal	Sarbati Steam	200	4600	4400	4400	4500	4700
Bangarpet(Kar)	Sugandh Sela	200	5200	5200	5000	5000	4800

Prices & Arrivals at Major Markets:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	-11.37	33	44.37	APMC
Srikakulam	All Paddy	-2	5	7	APMC
Guntur	All Paddy	0	0	0	APMC
Burdwan(W.B)	All Paddy	2155.5	4545	2389.5	APMC
Delhi	All Paddy	60	320	260	APMC
Amritsar	All Paddy	0.2	1.5	1.3	APMC
Karnal	All Paddy	-372	552	924	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 23.08.2019**	
(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**

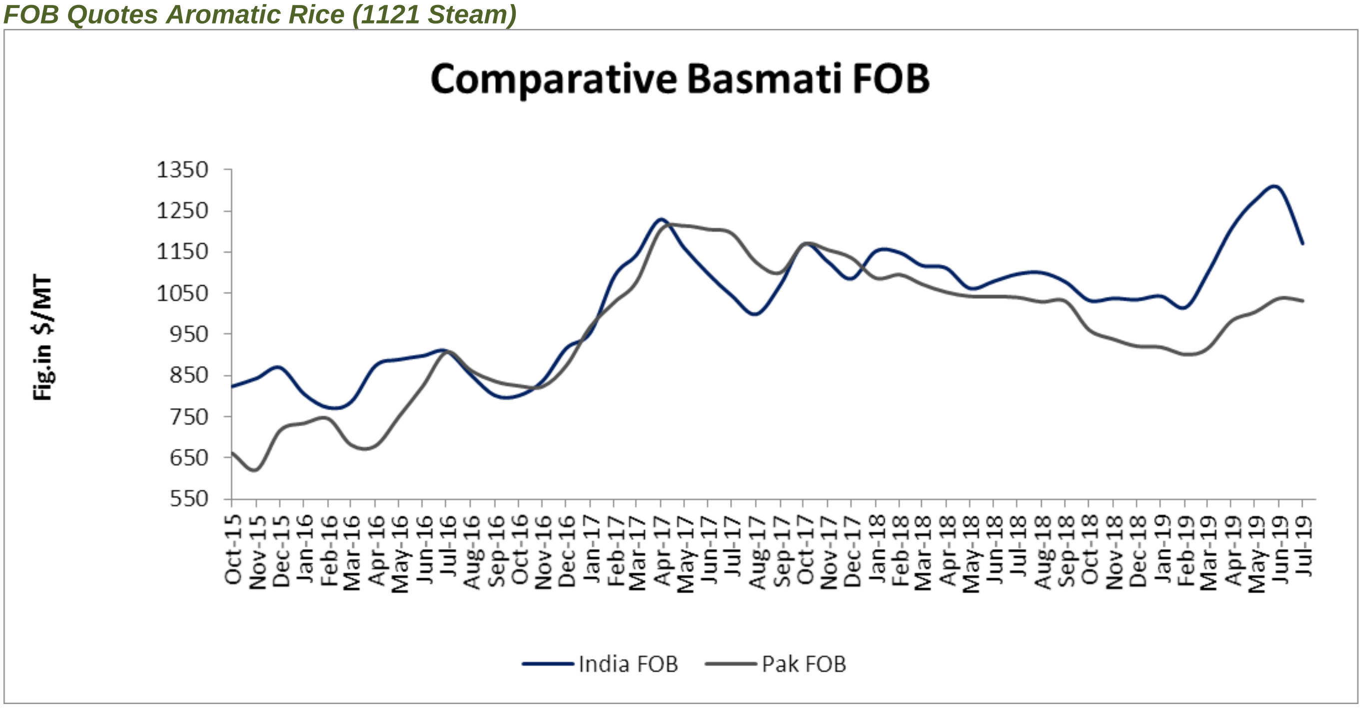
The central government has set a target of procuring 416 lakh tons of rice for the marketing season (October-September) of 2019-20, which is more than 382 lakh tons for the 2018-19 season. It is noteworthy that for the marketing season of 2018-19, the government had exported a target of procuring 370 lakh tons of rice.

Government procurement of rice in Chhattisgarh is expected to increase from 41 lakh tons in 2018-19 to 48 lakh tons in the 2019-20 season. Similarly, procurement of rice in Andhra Pradesh is expected to jump from 3 million tons in the last season to 4 million tons in the current year.

The target of procurement of 114 lakh tons of rice has been fixed in Punjab, which is more than 113 lakh tons of the previous year purchase. In the marketing season of 2018-19, the procurement of rice at the national level surpassed the stated target because of the excellent production of paddy in the country and the huge increase in its support price.

There is already a huge stock of food grains in government warehouses, while setting a high target of rice procurement can pose a serious problem of safe storage. On 1 August 2019, there was a huge stock of 275.30 lakh tonnes of rice in the government godowns, which was 26 percent higher than the same period last year.

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

Philippine's rice stocks inventory for July increased by more than 31 percent from year-ago levels as more imports came in following the passage of the rice tariffication law. The country's rice buffer during the period reached 2.62 million metric tons (MT), exceeding the previous year's level of 1.99 million MT and enough to meet the country's daily requirement for 81 days. Of the total inventory, 41.9 percent came from commercial warehouses while 38.4 percent were in the households. NFA depositories contributed 19.7 percent of the total stocks, a majority of which were imports commissioned by the agency last year. A total of 967,000 MT of rice had passed through the Bureau of Customs since the passage of the rice tariffication law, generating about P5.89 billion in taxes. That number is expected to swell as the country enters the lean months when local rice harvest is almost nil.

Myanmar rice exported 4 lakh tones of broken rice from 1 October 2018 to 2 August 2019 and earned $ 100 million. Out of this export, 1.9 lakh tons were sold to Belgium, 25000 tons to Indonesia, 23000 tons to China, 20000 tons of rice to the Netherlands.

So far, about 4 lakh tons of rice-equivalent paddy crop have been destroyed due to torrential rains and severe floods in the country of Bangladesh, while there is a risk of further damage. The Ministry of Agriculture says that this will be a deep import for the country. The import of rice has been limited so far this year due to better domestic production of paddy in the previous season, but further rice imports may need to be increased. It is known that whenever floods or drought affects the production of paddy in Bangladesh, it mainly imports large quantities of rice from India. It may be noted that during the year 2017, due to severe floods in the Bangla country, the paddy crop was badly affected and the domestic market price of rice jumped to a new record level. Then country had to import record quantities of rice from India, at that time import duty on rice were very less but after that country increases to support domestic market.

Thailand Rice export prices increased around 1 percent from the previous week due mainly to concerns about the Thai baht which appreciated to 30.7 baht/U.S. $1.00 from the previous week's exchange rate of 30.8 baht/U.S. $1.00. Additionally, the government has not yet finalized the results of the rice tenders for 208,650 thousand metric tons which were issued on July 25, 2019. The government reported that around 60 traders participated in these tenders: (1) 29 traders for the tender of 82,444 metric tons of food quality rice, (2) 21 traders for the tender of 74,350 metric tons of feed quality rice, and (3) 15 traders for the tender of 51,856 metric tons of deteriorated rice. The rice stocks for sale, which were acquired during MY2011-12 and MY2012-13 pledging programs, had been previously auctioned off, but remain unsold due to concerns over quality. Rice Export Update Unofficial and preliminary rice exports (excluding fragrant rice) for July 15-21, 2019 totaled 77,789 metric tons, down 61,094 metric tons from the previous week and down 19,099 metric tons from the four weeks moving an average of 96,888 metric tons. Rice exports from January 1 – July 21, 2019, totaled 3,660,769 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.

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

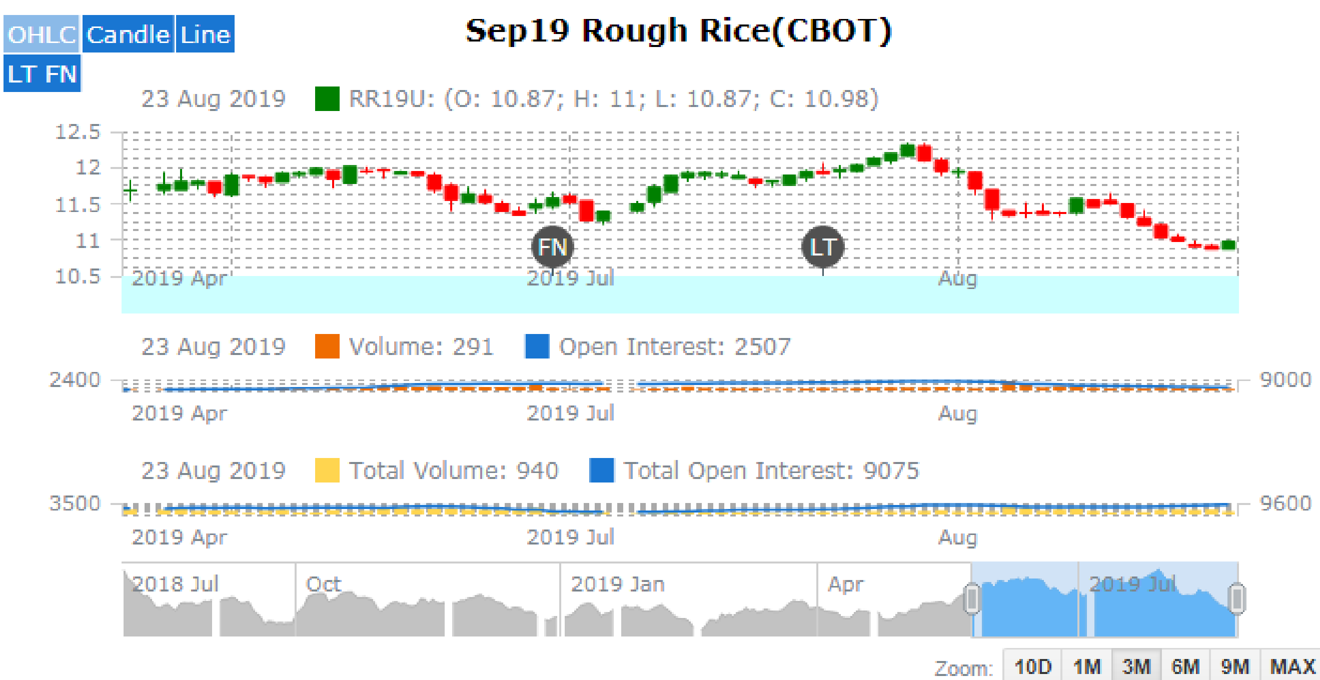
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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
01st Week of Sept-2019	Steady	USD/ Hundred Weight 10.00-11.50