



Rice Weekly Research Report

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Outlook and Review:**Domestic Front**

- A plunging rupee weighed on Indian rice export prices this week while a strong baht kept rates for the grain from flood-hit Thailand near a one-year high and more expensive than its Asian competitors. In top-exporter India, the benchmark 5% broken parboiled variety was quoted around \$369-\$374 per tonne this week, down from \$374-\$378 a week ago, due to a depreciation of the rupee despite healthy demand from African countries. The rupee has been helping to clinch deals in last few weeks. The rupee fell to 72.40 per dollar on Tuesday, its weakest this year, still suffering from data last week that showed the economy grew at its slowest pace in over six years in the last quarter.
- Prices of second-biggest exporter Thailand's benchmark 5% broken white variety narrowed slightly to \$410-\$422 a tonne from last week's \$410-\$430. At an average of \$416 per tonne, Thai rice is trading near its highest since June 2018, when prices plunged due to a sudden build-up in supply. A firmer Thai baht, Asia's best-performing currency this year, has kept Thai prices higher than those of main competitor Vietnam since the beginning of the year. Also keeping prices elevated were fears of a supply shortage due to a months-long drought earlier, and now floods, in rice-growing areas. Thailand said flash floods caused by tropical storm "Podul" damaged over 240,000 hectares of agriculture land. Drought and floods have made prices high and uncompetitive, significantly dimming export prospects, Output will certainly be lower this year.
- Meanwhile, Bangladesh, also reeling from floods, is providing free seed and fertilizer to affected farmers for the next crop season, Agriculture Minister Abdur Razzaque said. Floods in July washed away crops that would have yielded nearly 400,000 tonnes of rice, Bangladesh's agriculture ministry estimates showed.
- Prices of Vietnam's 5% broken rice fell to \$325-\$330 per tonne on Thursday from \$335-\$340 last week on weak demand. Buyers from the Philippines haven't placed any new deals this week ahead of a harvest there later this month. Demand from other markets was also muted, adding that Cambodia recently shut its door to Vietnam's glutinous rice variety, pulling down its price by \$100 from a recent peak of \$710 a tonne.
- At the all-India level, the area under paddy has come down from 376.20 lakh hectare last year to 10.50 lakh hectare, this time to 365.70 lakh hectare, which is far behind the normal average area of 396.25 lakh hectare. Paddy area was recorded 371.45 lakh hectare in 2017, 376.90 lakh hectare in 2016, 370.35 lakh hectare in 2015 and 366.50 hectare in 2014 in the same period before that.
- As compared to last year, this time the paddy area has dropped from 12.85 lakh hectare in Andhra Pradesh to 11.40 lakh hectare, from 32.45 lakh hectare in Bihar to 27.72 lakh hectare, slipping from 13.30 lakh hectare in Haryana to 13.05 lakh hectare, 14.60 lakh hectare in Jharkhand Plummeted to 13.40 lakh hectare, from 8.45 lakh hectare in Karnataka to 5.95 lakh hectare, from 30.40 lakh hectare in Punjab to 29.20 lakh hectare, 3 in Tamil Nadu Fell from .55 lakh hectare to 2.05 lakh hectare and in West Bengal from 42.20 lakh hectare to 39.05 lakh hectare.
- On the other hand, its area has increased from 37.30 lakh hectare in Chhattisgarh to 37.80 lakh hectare, improved from 8.00 lakh hectare in Gujarat to 8.25 lakh hectare, it has risen from 21.05 lakh hectare in Madhya Pradesh to 24.20 lakh hectare, and Orissa has increased from 35.10 lakh hectare to 36.50 lakh hectare in Telangana. It improved from 9.65 lakh hectare to 10.70 lakh hectare and from 59.80 lakh

hectare in Uttar Pradesh to 60.05 lakh hectare. In other provinces, the paddy area remained almost equal to the previous year.

State wise Paddy Crop Situation - Kharif (2019-20) as on 06.9.2019

	RICE					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.19	12.36	11.40	75.0	12.85	-1.45
Arunachal Pradesh	1.30	1.30	1.17	90.2	1.28	-0.11
Assam	20.60	20.08	19.08	92.6	19.21	-0.13
Bihar	31.73	32.78	27.72	87.4	32.45	-4.73
Chhattisgarh	38.04	36.95	37.79	99.4	37.29	0.50
Goa	0.28	0.25	0.28	100.9	0.28	0.00
Gujarat	7.68	7.84	8.23	107.2	8.01	0.22
Haryana	13.35	12.62	13.05	97.7	13.29	-0.24
Himachal Pradesh	0.73	0.75	0.73	99.6	0.74	-0.01
J&K	2.82	1.43	1.15	40.8	1.14	0.01
Jharkhand	15.58	15.76	13.41	86.1	14.59	-1.18
Karnataka	9.38	7.91	5.96	63.5	8.44	-2.48
Kerala	1.47	0.55	0.66	45.0	0.58	0.08
Madhya Pradesh	20.78	20.71	24.21	116.5	21.06	3.15
Maharashtra	14.88	14.05	13.08	87.9	14.41	-1.33
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	1.97	2.10	106.9	2.08	0.02
Odisha	37.25	35.58	36.51	98.0	35.12	1.39
Punjab	29.37	29.62	29.20	99.4	30.42	-1.22
Rajasthan	1.77	1.53	1.82	102.9	1.66	0.16
Sikkim	0.11	0.11	0.00	0.0	0.11	-0.11
Tamil Nadu	16.07	3.14	2.07	12.9	3.54	-1.47
Telangana	9.38	7.22	10.71	114.2	9.64	1.07
Tripura	2.00	1.55	1.65	82.7	1.65	0.00

Uttar Pradesh	58.78	59.28	60.05	102.2	59.78	0.27
Uttarakhand	2.45	2.50	2.49	101.8	2.48	0.01
West Bengal	41.19	41.10	39.03	94.8	42.19	-3.16
Pondicherry	0.12			0.0		0.00
Others	0.28	0.43	0.20	70.9	0.21	-0.01
All-India	396.26	372.28	365.69	92.3	376.18	-10.48

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

State	Prices 01-08 Sep 2019	Prices 24-31 Aug 2019	Prices 16-23 Aug 2019	Prices 01-08 Sep 2018	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Jharkhand	3865.52	3866.67	3865.91	2733.33	-0.03	-0.01	41.42
Manipur	4489.13	4465.91	4469.23	3369.92	0.52	0.45	33.21
Delhi	4333.33	2000	2000	2200	116.67	116.67	96.97
Odisha	2627.4	2699.61	2840.96	2788.51	-2.67	-7.52	-5.78
Tripura	2888.07	2891.95	2869.18	1069.43	-0.13	0.66	170.06
Uttarakhand	2774.09	2654.74	2504.61	2328.88	4.5	10.76	19.12
Assam	3260.62	3172.84	3240.34	3237.3	2.77	0.63	0.72
Gujarat	3118.67	3142.37	3151.45	3170.55	-0.75	-1.04	-1.64
Kerala	3459.19	3413.77	3429.26	3714.45	1.33	0.87	-6.87
Maharashtra	3478.31	3497.55	3644.45	3281.94	-0.55	-4.56	5.98
Andhra Pradesh	4133.33	3985.71	4110		3.7	0.57	—
Karnataka	3819.17	3802.13	3795.02	3568.06	0.45	0.64	7.04
Meghalaya		3800	3500	2850.43	—	—	—
Uttar Pradesh	2490.05	2516.9	2522.86	2324.22	-1.07	-1.3	7.13
West Bengal	2808.02	2791.31	2769.34	2773.08	0.6	1.4	1.26
Average	3396.06	3246.76	3263.29	3120.67			

Duration	Trend	Average Price Range	Reason
02 nd 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*	7-Sep-19	6-Sep-19	31-Aug-19	7-Aug-19	7-Sep-18
Chirala(A.P)	BPT(Raw)	150	3700	3700	3550	3400	3300
Jharkhand(Ranchi)	Coarse	100	3200	3200	3100	3050	3000
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3400	3300
Divi(A.P)	BPT(Raw)	80	3500	3500	3420	3200	3250
Visakhapatnam	HMT(Raw)	-50	4000	4000	4050	4200	4000
Nandyal	Sona Fine	-100	5200	5200	5300	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

Prices & Arrivals at Major Markets:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	-8	25	33	APMC
Srikakulam	All Paddy	7	12	5	APMC
Guntur	All Paddy	8	8	0	APMC
Burdwan(W.B)	All Paddy	5333	9878	4545	APMC
Delhi	All Paddy	535	855	320	APMC
Amritsar	All Paddy	528.5	530	1.5	APMC
Karnal	All Paddy	128	680	552	APMC

*Difference between current and previous week price

State wise Progressive Procurement

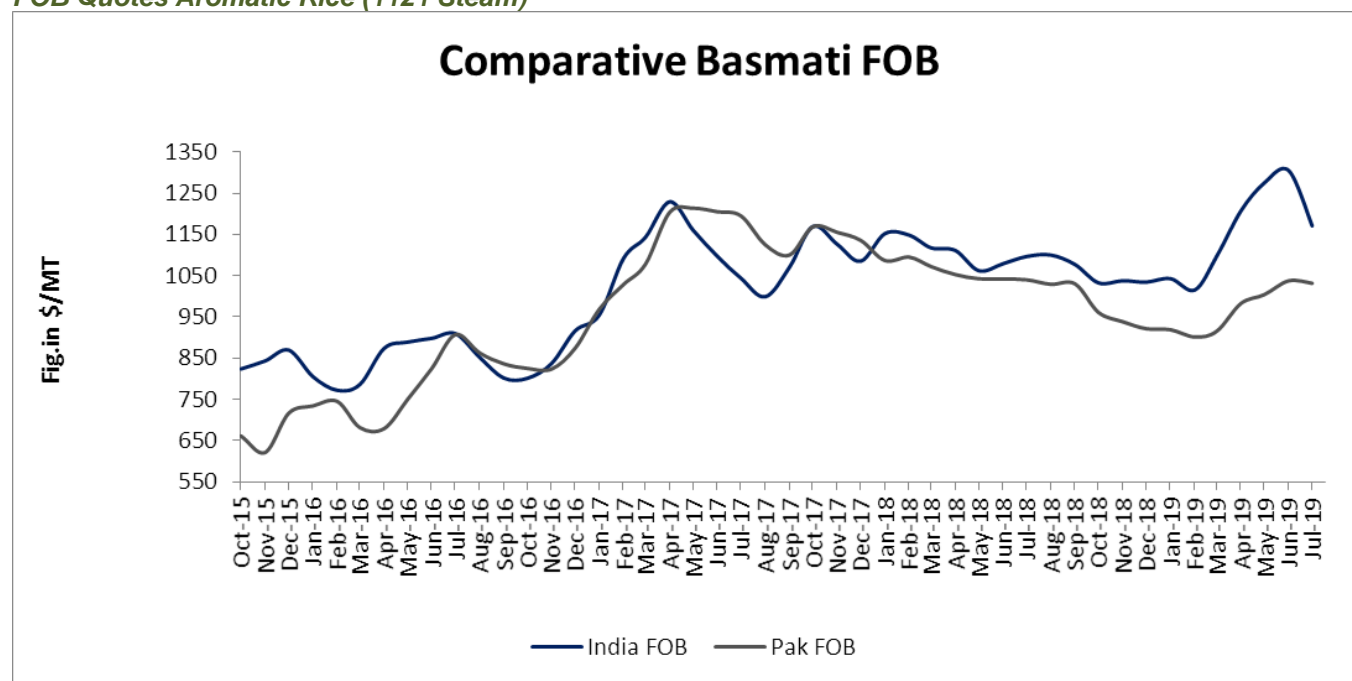
State/UTs	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 23.08.2019	
(in Lakh T)		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	47.75	17.40
Telangana	15.00	51.86	12.17
Bihar	8.00	9.49	2.03
Chhattisgarh	40.00	40.80	31.77
Haryana	39.75	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

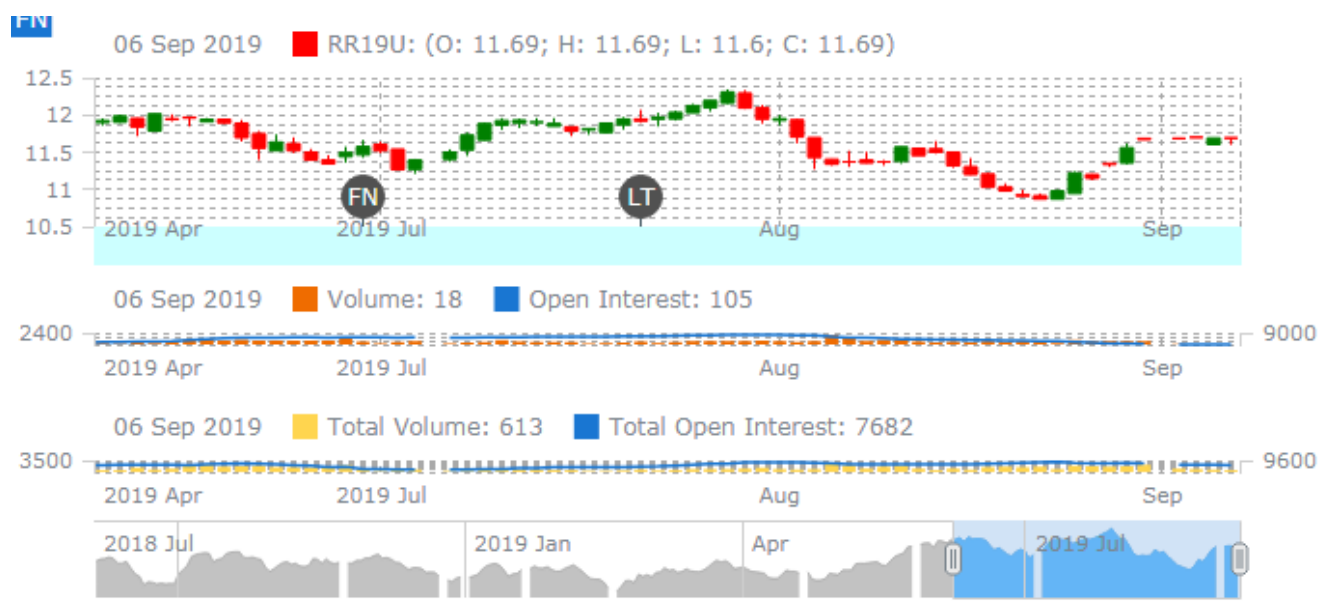
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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 firm 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
02 nd Week of Sept-2019	Steady	USD/ Hundred Weight 11.00-12.00

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