Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Vietnamese rice export rates slumped to their lowest in nearly 12 years this week on sluggish demand,** while an appreciating rupee helped rates for the Indian variety. Vietnam's 5% broken rice prices fell to $325 per ton, their lowest since November 2007, versus last week's $325-$330 range. The lack of fresh deals, especially due to waning interest from the Philippines, amid expectations that the major buyer could cut down on imports to support local farmers, have squeezed the Vietnamese market, with prices now about 13% lower compared to the beginning of the year. Demand remains very weak this week. Meanwhile, only 82,450 tons of rice are scheduled to be loaded at Ho Chi Minh City ports during September 1-15, with most shipments bound for West Africa and Philippines.

- **Top-exporter India's 5% broken parboiled variety rose to $370-$376 per ton from $369-$374 a week** ago, amid good demand from African nations and a resurgent rupee. Local paddy supplies are limited and prices are firm, forcing exporters to increase rates, the rupee rose to an over three-week high on Thursday. The country's rice exports in April-July, however, had plunged 26.5% from a year ago to 3.14 million tons.

- **Meanwhile, prices for second-biggest exporter Thailand's benchmark 5% broken rice fell to $400-$418** a tonne on Thursday, from $410-$422 last week. There was new supply that entered the market last month after the harvest, but the flat demand means prices have been dropping. However, concerns over supply still persist after flash floods caused by tropical storm Podul damaged over 240,000 hectares of agriculture land, months after a long drought hit the country's rice-growing region. Prices could fluctuate further as the extent of the impact from the drought and flood becomes clearer on rice supply, adding "but even with this price drop, Thai prices are still higher than Vietnam and India. Thai exporters have struggled since the start of the year as a strong baht kept prices high compared to competitors.

- **As per the Ministry of Agriculture, current Kharif Rice acreage as on 13th September 2019 declined by 2 per** cent at 374.09 lakh hectares as compared to 381.75 lakh hectares last year same period. Higher acreage under Rice is reported from Madhya Pradesh (24.60 lakh hectares), Telangana (11.67 lakh hectares), Odisha (37.17 lakh hectares), Chhattisgarh (38.14 lakh hectares), Uttar Pradesh (60.05 lakh hectares), Haryana (13.05 lakh hectares), Lower acreage is reported from Bihar (27.72 lakh hectares), Jharkhand (13.57 lakh hectares), West Bengal (39.83 lakh hectares), Karnataka (7.00 lakh hectares), Tamil Nadu (3.02 lakh hectares), Andhra Pradesh (12.38 lakh hectares), Manipur (0.58 lakh hectares), Punjab (29.20 lakh hectares).

- **In Andhra Pradesh, by September 11, the rainfall was 19% below average. Till September 11, Kharif** crops were sown on 30 lakh hectare in Andhra Pradesh which was 32.53 lakh hectare last year. Paddy sowing reached 12.38 lakh hectare as on September 11 in Andhra Pradesh which was 13.5 lakh hectare last year.

- **The Madhya Pradesh government has set a target of purchasing 50 lakh tons of paddy in the current** marketing year and farmers will also be given an additional amount of Rs 20 per quintal for cleanliness of paddy.

- **Basmati paddy prices strong despite uncertainty in global rice trade: Domestic market price of basmati paddy** remains strong at present due to factors like the last outstanding stock being very low and the basmati rice exports being excellent during the last financial year, otherwise the price should fall due to the current environment of uncertainty in global trade.

- **One of the major rice producing states, Andhra Pradesh exported around 2.934 Million tons of rice in** MY-2018-19 which is down by 1.2% from last year rice export of 2.971 million tons. Kakinada port is the major export source in Andhra Pradesh which contribute around 60-70% of total export followed by Visakhapatnam Sea and Krishnapatnam Sea.
- **The central government has set a target of procuring 416 lakh tons of rice in the 2019-20 kharif marketing season,** while the actual purchase is likely to be much lower, paddy production is likely to decrease in states like Punjab, Andhra Pradesh, Karnataka and Maharashtra this time compared to last year. The new Kharif marketing season for government procurement of rice is going to start from 1 October 2019. According to official sources, due to the severe floods in Punjab and Maharashtra in recent times, the standing paddy crop in the fields is expected to be damaged. In some parts, the entire crop is being reported to be ruined. A similar situation has arisen in some areas of Karnataka. Paddy production in Andhra Pradesh is likely to decrease this time due to dry weather during planting season. Till last week, the paddy area in the state reached only 11 lakh hectares, which was 11.3 percent less than the previous year. Despite this, the target of purchasing 40 lakh tonnes of rice has been set there, whereas in 2018-19, this purchase could reach only 29.60 lakh tons in Andhra Pradesh.

State wise Paddy Crop Situation - Kharif (2019-20) as on 13.9.2019

	RICE					
State	**Normal Area**	**Normal Area as on date**	**Area sown reported**			**Absolute Change**
			This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	15.19	13.04	12.38	81.5	13.48	-1.10
Arunachal Pradesh	1.30	1.30	1.31	100.8	1.31	0.00
Assam	20.60	20.35	19.29	93.6	19.47	-0.18
Bihar	31.73	32.74	27.72	87.4	32.24	-4.52
Chhattisgarh	38.04	36.92	38.14	100.3	37.39	0.75
Goa	0.28	0.26	0.28	100.9	0.28	0.00
Gujarat	7.68	7.88	8.35	108.8	8.04	0.31
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	16.09	13.57	87.1	15.11	-1.54

Karnataka	9.38	8.54	7.00	74.6	9.17	-2.17
Kerala	1.47	0.55	0.66	45.0	0.57	0.09
Madhya Pradesh	20.78	20.71	24.60	118.4	21.06	3.54
Maharashtra	14.88	14.37	14.57	97.9	15.04	-0.47
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	1.98	2.10	106.9	2.08	0.02
Odisha	37.25	36.18	37.17	99.8	36.89	0.28
Punjab	29.37	29.62	29.20	99.4	30.42	-1.22
Rajasthan	1.77	1.43	1.82	102.9	1.15	0.67
Sikkim	0.11	0.11	0.00	0.0	0.11	-0.11
Tamil Nadu	16.07	3.38	3.02	18.8	3.89	-0.87
Telangana	9.38	7.50	11.67	124.4	10.18	1.49
Tripura	2.00	1.59	1.65	82.7	1.83	-0.18
Uttar Pradesh	58.78	59.27	60.05	102.2	59.73	0.32
Uttrakhand	2.45	2.50	2.49	101.8	2.48	0.01
West Bengal	41.19	41.29	39.83	96.7	42.69	-2.86
Pondicherry	0.12			0.0		0.00
Others	0.28	0.45	0.35	124.2	0.30	0.05
All-India	396.26	375.76	374.09	94.4	381.75	-7.66

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

State	Prices 09-15 Sep 2019	Prices 01-08 Sep 2019	Prices 09-15 Sep 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4008.33	4133.33		-3.02	—
Assam	3043.86	3216.46	3249.66	-5.37	-6.33
Jharkhand	3866.59	3863.59	2725.17	0.08	41.88
Karnataka	4080.75	3797.25	3608.01	7.47	13.1
Kerala	3539.03	3461.53	3744.67	2.24	-5.49
Maharashtra	3624.63	3450.93	3102.85	5.03	16.82
Manipur	4486.52	4480	3382.89	0.15	32.62
Uttar Pradesh	2517.23	2489.66	2324.23	1.11	8.3
Uttrakhand	2968.49	2731	2718.36	8.7	9.2
Gujarat	3197.02	3117.67	3171.39	2.55	0.81
Tripura	2855.94	2886.9	3057.86	-1.07	-6.6
Odisha	2889.07	2660.43	2542.33	8.59	13.64

West Bengal	2824.95	2827.63	2780.22	-0.09	1.61
Average	**3377.11**	**3316.64**	**3033.97**		

Duration	Trend	Average Price Range	Reason
03rd 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*	14-Sep-19	13-Sep-19	07-Sep-19	14-Aug-19	14-Sep-18
Chirala(A.P)	BPT(Raw)	-100	3600	3600	3700	3400	3300
Jharkhand(Ranchi)	Coarse	0	3200	3200	3200	3050	3000
Ernakulam(Kerala)	Jaya	100	3600	3500	3500	3400	3300

Divi(A.P)	BPT(Raw)	50	3550	3500	3500	3200	3250
Visakhapatnam	HMT(Raw)	100	4100	4000	4000	4200	4000
Nandyal	Sona Fine	0	5200	5200	5200	5000	4800
Barasat(W.B)	Masuri	20	3420	3400	3400	3300	3200
Dibrugarh	Common	200	3450	3400	3250	2900	2800
Jhargram(W.B)	IR-36	100	2500	2500	2400	2600	2300

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	15.47	40.47	25	APMC
Srikakulam	All Paddy	7	19	12	APMC
Guntur	All Paddy	-2	6	8	APMC
Burdwan(W.B)	All Paddy	-7991	1887	9878	APMC
Delhi	All Paddy	-330.5	524.5	855	APMC
Amritsar	All Paddy	1645.75	2175.75	530	APMC
Karnal	All Paddy	6358.36	7038.36	680	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 23.08.2019	
		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	--	--

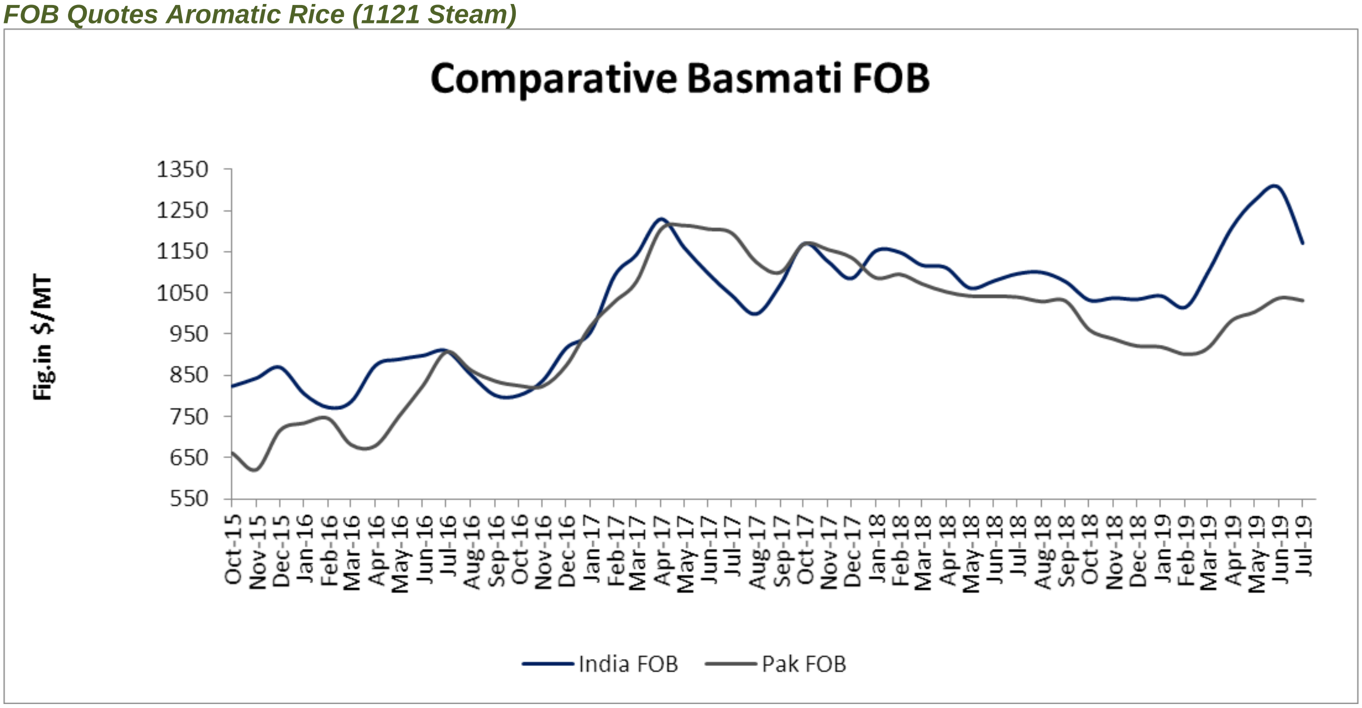
Total	**370.00**	**440.71**	**276.16**

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

Myanmar earned more than US$120 million from exporting over 450,000 tons of broken rice in 11 months this fiscal year but the amount fell by over US$14 million when compared to the same period of last year as over 17,000 tons were reduced this year, From October 1 to August 30 in the current 2018-2019 fiscal year, 459,927.860 tons of broken rice worth US$122.392 million. In the same period of last fiscal year, US$136.510 million was earned from export of 477,017.635 tons of broken rice. Therefore, this year saw a fall of 17,089 tons worth over US$14.188 million. Myanmar exports broken rice mainly to Belgium, Indonesia, China, the Netherlands and Britain, according to Myanmar Rice Federation.

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.

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.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 25.07.2019	(2019-20) Projection. 29.08.2019
Production	475	487	490	503	601
Trade	40	48	48	47	46

Consumption	474	486	487	498	496
Carryover stocks	122	123	126	162	178
Y-O-Y change	1	1	1	5	5
Major Exporters	33	31	28	38	29

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

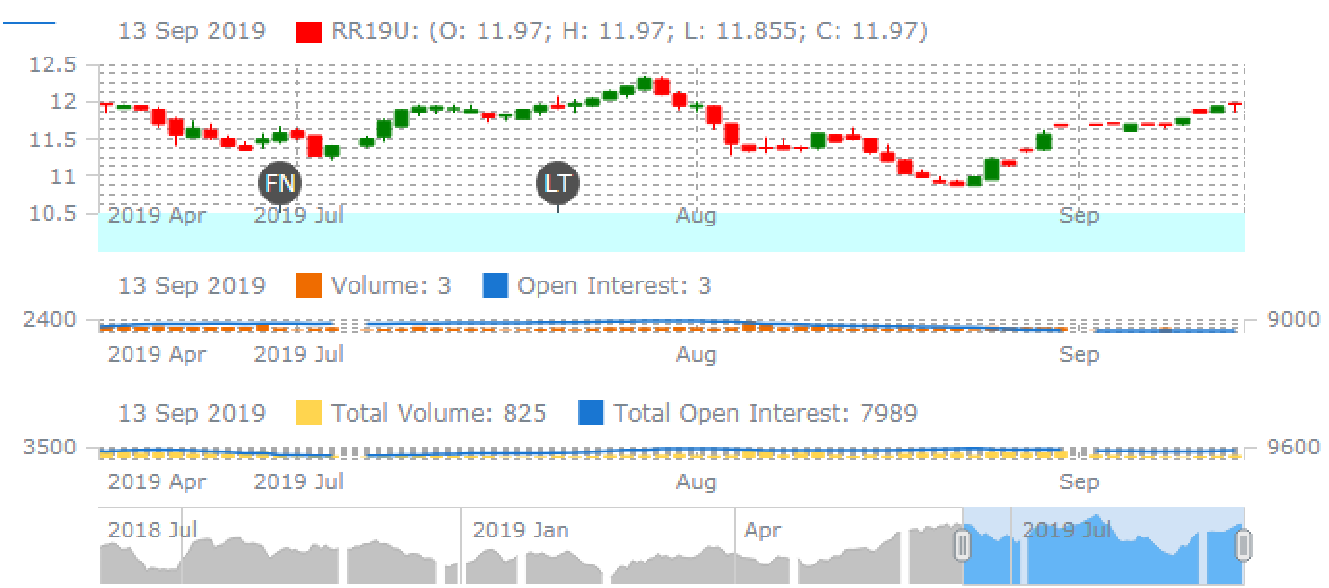
IGC Rice Balance sheet Highlights:

Reflecting subdued demand from buyers in Africa and Asia, the forecast for rice trade in 2019 is lowered by 1m t, to 45m, a slight y/y contraction. On the basis of reductions for leading exporters, global output in 2019/20 is projected 2m t lower m/m, at 501m, fractionally higher y/y. However, due to historical supply and demand adjustments for China, world ending stocks are raised by 16m t m/m, to 178m, a 3% y/y gain and a new peak.

Despite historical revisions to consumption and stocks for China, the broader fundamental backdrop for rice in 2018/19 is little-changed from before, with production, consumption and stocks set to scale fresh highs. However, amid weak demand from buyers in Asia, world trade could decline by 3% y/y in 2019; smaller dispatches by India and Thailand contrast with bigger exports by China and Vietnam. Output could grow in 2019/20, but with main crop harvests some way off, prospects are highly provisional. Further gains in use and inventories are anticipated, while trade may advance on larger 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
03rd Week of Sept-2019	Steady	USD/ Hundred Weight 11.00-12.00