Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Indian wholesale rice price increased slightly** from last week as arrival of fresh crop is around 15-20 days away and demand of local millers is normal, meanwhile increasing in MSP of common paddy and grade "A" paddy would not allow to pressure on paddy as well rice prices. Agriwatch expects that rice prices will move steady in coming week.

- **Indian rice export prices rose this week on a resurgent rupee, while sluggish demand kept Vietnamese rates** near a 12-year low even as the country looks to encourage private investment to make its rice more competitive. Top exporter India's 5% broken parboiled variety rose to around $373-$379 per ton from $370-$376 a week ago, despite faltering demand from African countries. The rupee on Thursday moved further away from a near two-week low touched earlier in the week. Buying from west African countries, especially from key buyer Benin, has been faltering.

- **Meanwhile, Vietnam's 5% broken rice rates were unchanged at $325 per tonne, their lowest since November** 2007, as "trading activity remains subdued on weaker demand. A lack of fresh deals has squeezed the Vietnamese market, with prices now about 13% lower than at the beginning of the year.

- **Prices for second-biggest exporter Thailand's benchmark 5% broken rice were also unchanged at $400-$418** a tonne on lack of demand and little fluctuation in the exchange rate between the baht and U.S. dollar. At an average of $409, Thai rice was still near its highest since June 2018. Demand remains flat as higher prices have deterred buyers, traders said. A strong baht has kept rates elevated compared with competitors since the start of the year.

- **According to APEDA, Indian basmati rice exports from India could reach around 44 lakh tons last year, a decline** of 9% in Indian basmati rice imports from April to July. An APEDA official said that if the farmer reduces the use of pesticides, exports to many countries can be opened.

- **Organic Basmati Promotes in Punjab:** Exporters can happily give a bonus of Rs 150 per quintal by Punjab farmers for increasing the production of organic basmati rice. Punjab produced around 200 lakh tonnes of paddy on 23.64 lakh hectares during 2017 which is 6% more than in 2016. Punjab is included in the 'Agricultural Ranking Award' 2017-18 list due to excess production.

- **Sowing of Kharif Crops in Andhra Pradesh is Behind Last Year:** So far this year in Andhra Pradesh, an important agricultural producing state of South India, the total production area of Kharif crops has reached 31.35 lakh hectare, which is 3.00 lakh hectare less than the 33.30 lakh hectare in the same period last year. The area is about 82 percent of 42.05 lakh hectares. According to the new weekly report of the State Agriculture Department, the area under paddy production in Andhra Pradesh decreased from 13.87 lakh hectare to 13.23 lakh hectare in the current kharif season as compared to the same period last year.

- **101 Percent of Kharif Crops Sown in Telangana:** The area of Kharif crops in the South Indian state Telangana has increased to 43.94 lakh hectare, which is much higher than the 41.39 lakh hectare sowing area and 101 percent of the normal average area of 43.35 lakh hectare in the same period last year. Late monsoon but good rains helped farmers in the state to increase sowing of kharif crops. According to the latest report of the State Agriculture Department, the production of paddy in Telangana jumped from 10.32 lakh hectare to 12.58 lakh hectare during the current kharif season as compared to last year.

- **According to industry-trade critics, the minimum support price of paddy is being increased drastically, causing** the price of rice to go up by $ 20 per ton. As a result, rice exports in the first quarter of the current financial year are about 30 percent rolled off. If the export incentive of 5% on non-basmati rice continued, it would have helped mitigate the impact of the increase in MSP and would have improved rice export performance.

State wise Paddy Crop Situation - Kharif (2019-20) as on 20.9.2019

	RICE					
State	**Normal Area**	**Normal Area as on date**	**Area sown reported**			**Absolute Change**
			This Year	**% of Normal**	**Last Year**	
Andhra Pradesh	15.19	13.42	13.23	87.1	13.48	-0.25
Arunachal Pradesh	1.30	1.30	1.31	100.8	1.31	0.00
Assam	20.60	20.49	19.56	94.9	19.56	0.00
Bihar	31.73	32.98	27.72	87.4	32.56	-4.84
Chhattisgarh	38.04	36.88	38.33	100.8	37.54	0.79
Goa	0.28	0.26	0.28	100.9	0.28	0.00
Gujarat	7.68	7.89	8.47	110.3	8.05	0.42
Haryana	13.35	12.62	13.57	101.6	13.29	0.28
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	16.10	13.57	87.1	15.15	-1.58
Karnataka	9.38	8.79	7.33	78.1	9.50	-2.17
Kerala	1.47	0.55	0.68	46.4	0.57	0.11
Madhya Pradesh	20.78	20.82	24.60	118.4	21.65	2.95
Maharashtra	14.88	15.04	14.78	99.4	15.21	-0.43
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	2.11	107.4	2.08	0.03
Odisha	37.25	36.44	37.42	100.4	37.04	0.38
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	3.63	3.38	21.1	4.22	-0.84
Telangana	9.38	7.54	12.58	134.1	10.18	2.40
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	41.77	40.31	97.9	42.71	-2.40
Pondicherry	0.12			0.0		0.00
Others	0.28	0.43	0.35	124.2	0.21	0.14
All-India	396.26	378.55	378.62	95.5	383.86	-5.25

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
04th 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	Grade	Change*	21-Sep-19	20-Sep-19	14-Sep-19	21-Aug-19	21-Sep-18
Chirala(A.P)	BPT(Raw)	20	3620	3600	3600	3400	3300
Jharkhand(Ranchi)	Coarse	25	3225	3200	3200	3050	3000
Ernakulam(Kerala)	Jaya	0	3600	3500	3600	3400	3300
Divi(A.P)	BPT(Raw)	-20	3530	3500	3550	3200	3250
Visakhapatnam	HMT(Raw)	100	4200	4100	4100	4200	4000
Nandyal	Sona Fine	25	5225	5200	5200	5000	4800
Barasat(W.B)	Masuri	30	3450	3400	3420	3300	3200
Dibrugarh	Common	-50	3400	3400	3450	2900	2800
Jhargram(W.B)	IR-36	100	2600	2600	2500	2600	2300

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Cuddapah	All Paddy	**7**	**32**	**25**	APMC
Srikakulam	All Paddy	**10**	**22**	**12**	APMC
Guntur	All Paddy	**77**	**85**	**8**	APMC
Burdwan(W.B)	All Paddy	**174**	**10052**	**9878**	APMC
Delhi	All Paddy	**133**	**988**	**855**	APMC
Amritsar	All Paddy	**155**	**685**	**530**	APMC
Karnal	All Paddy	**185**	**865**	**680**	APMC

*Difference between current and previous week price

State wise Progressive Procurement

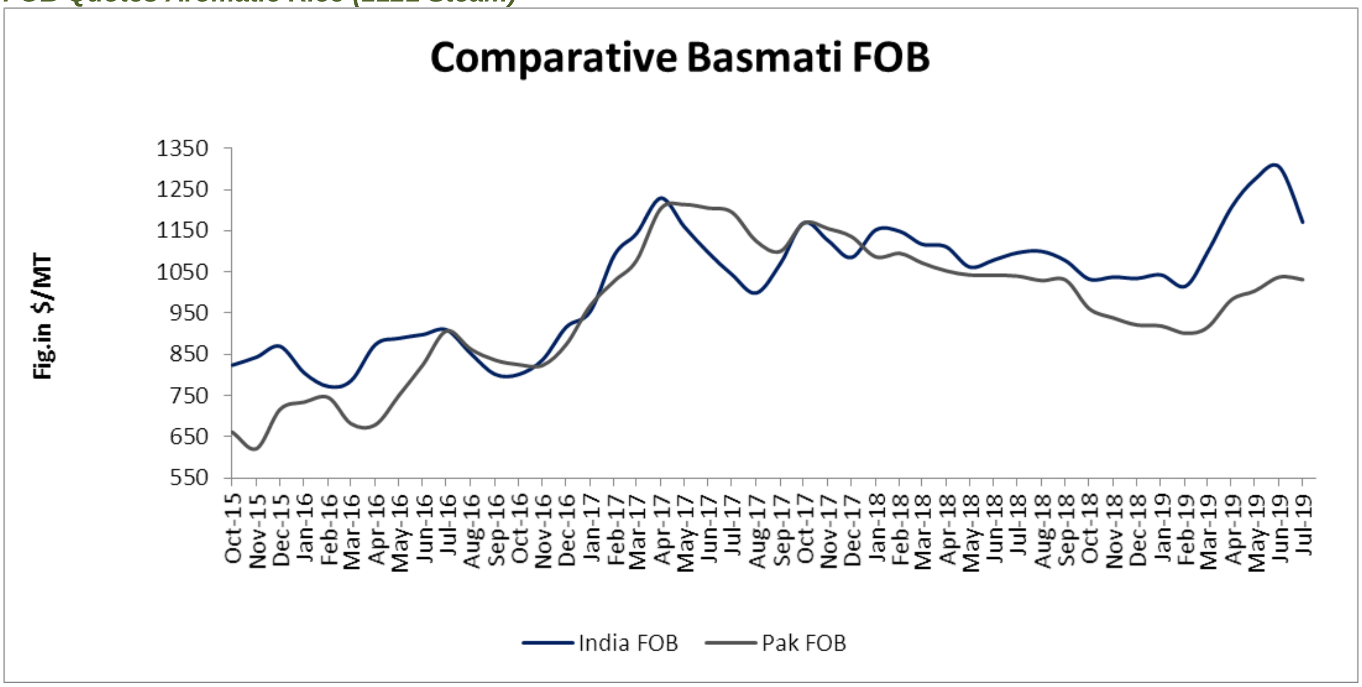
State/UTs	**Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)**	**Progressive Procurement as on 23.08.2019**	
(in Lakh T)		**In Marketing season 2018-19**	**In Marketing season 2017-18**
AP	30.00	47.75	17.40
Telangana	15.00	51.86	12.17
Bihar	8.00	9.49	2.03
Chhattisgarh	40.00	40.80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

Sri Lanka is expected to get a healthy paddy harvest in MY 2018/19 . Post estimates the milled production to be 2.9 million metric tons in the MY 2018/19, up from 2.2 million metric tons in MY 2017/18. Paddy production in MY 2018/ 19 is 4.3 million metric tons. Both seasons had a total harvested area of 1 million ha. Assuming normal weather conditions and average yields, for MY 2019/20 1.1 million hectares are expected to produce an estimated 4.6 million metric tons of paddy, or 3 million metric tons of milled rice.

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

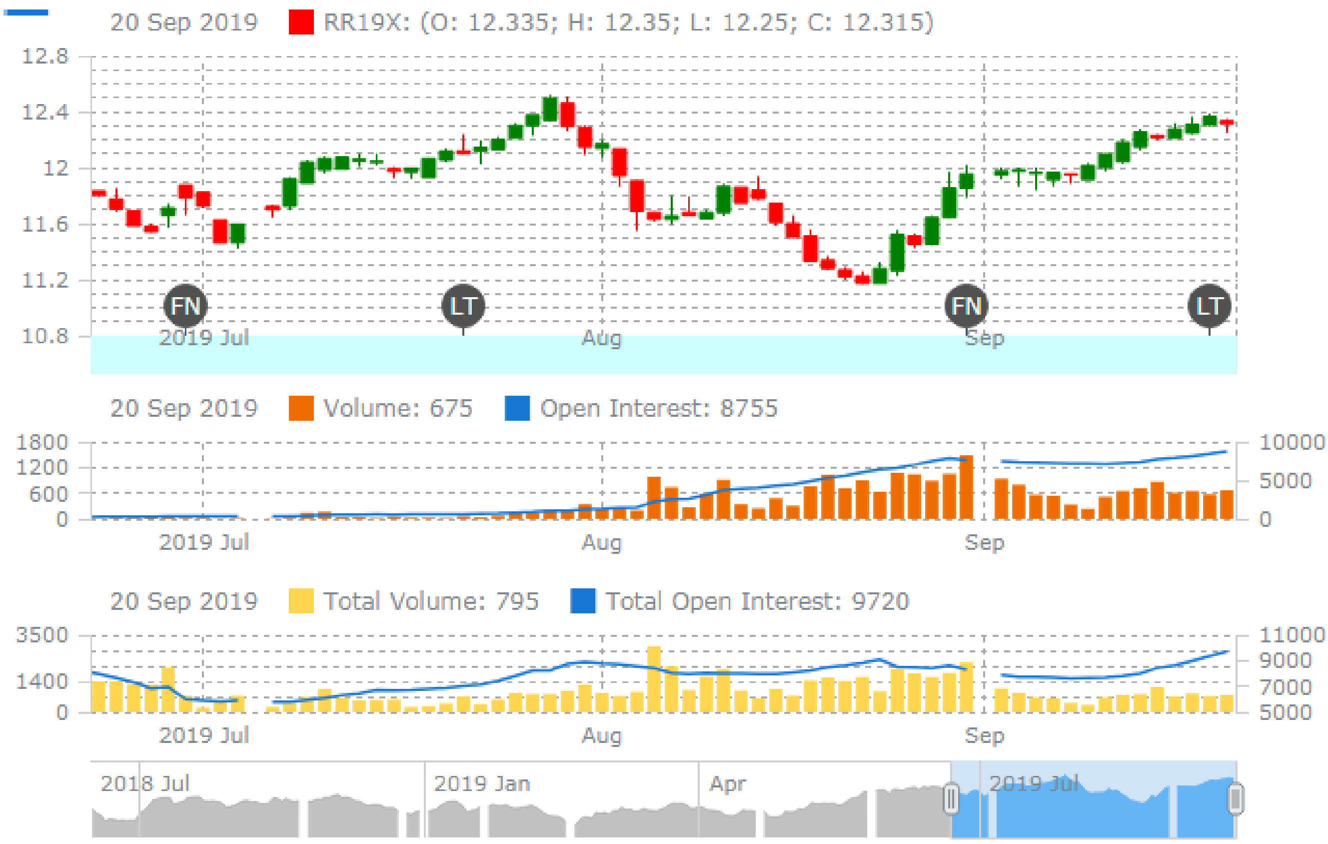
IGC Rice Balance sheet Highlights:

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 Nov- 19, Rough Rice)

(Prices in US$/hundredweight)



Market Analysis

The CBOT Nov-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
04th Week of Sept-2019	Steady	USD/ Hundred Weight 11.00-12.00