Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Prices of 5% broken parboiled variety in top exporter India were quoted at around $371-$375 per** tonne this week, down from $373-$379 a week ago.Demand from African countries has been muted for the last few weeks, even as export prices have corrected. India's rice exports plunged 26.5% in April-July from a year ago to 3.14 million tonnes.

- **In Thailand, a strong baht, Asia's best performing currency in 2019, has kept away potential buyers** who find cheaper markets elsewhere, such as in Vietnam. Thai exporters have struggled to sell the staple since the beginning of the year. The country's benchmark 5-percent broken rice prices were quoted at $400-$420 a tonne on Thursday, compared to $400-$418 last week. The price is only fluctuating due to the exchange rate at the moment as both demand and supply remain unchanged. Concerns over supply also persist due to floods in northeastern Thailand that have damaged agricultural land, including some rice-growing areas. This has not had an immediate impact on prices though.

- **Buyers seem to be heading to Vietnam as Thai prices are a lot higher. Trader think that prices have** bottomed and that domestic supplies have gone low as the summer-autumn harvest has ended. In Vietnam, rates for 5% broken rice rose to $335 a tonne on Thursday from $325 a week earlier, which was its lowest since November 2007. Preliminary data showed at least 37,100 tonnes of rice is scheduled to be loaded at Ho Chi Minh City ports during Oct. 1-9, with most of the shipments bound for West Africa and Malaysia.

- **The Haryana Chief Minister gave permission to purchase paddy till September 25, before the conduct of** election conduct in Haryana. Realizing the situation first, the Haryana Government wrote a letter to the Central Government on September 17, requesting that government procurement be started soon. The Central Government gave approval to allow purchase of Kharif season from 1 October to 15 December from 25 September to 15 December.

- **Punjab government has directed the Food Department to obtain all receivables from GoI and FCI at the earliest,** to ensure that the Cash Credit Limit (CCL) is availed in time for the smooth procurement of Paddy. The Chief Minister was reviewing the arrangements for the procurement season, beginning from October 1. With 29.20 Lakh hectares of area under paddy cultivation, Punjab is targeting procurement of 170 Lakh Metric tons, requiring CCL to the tune of Rs. 34,500 Crores in Kharif Season 2019-20.

- **On September 25, under Maharashtra FCI OMSS scheme, 50 metric tons of rice at Rs.2,790 per quintal**. FCI sold 4,300 metric tons of rice from Jammu and Kashmir at Rs.2,785 per quintal . Under the FCI OMSS scheme, on September 25, 30,000 metric tons of rice was sold from Karnataka at a price of Rs 2,785 per quintal.

- **FCI Plans to Cut the Rice Reserve Price :** Food Corporation of India (FCI) is regularly conducting e-auctions every week to sell rice under the Open Market Sales Scheme (OMSS) but its purchase includes bulk consumers (millers, traders and exporters etc.) The interest is not shown as the minimum selling price of this rice is higher than the prevailing price in the domestic market. The sale of rice is slowing down due to no commercial purchase. It is being procured in limited quantities only by the states. It is noteworthy that the minimum selling price of rice sold under OMSS is currently running at Rs 2785 per quintal. The government had earlier said that this price will continue till September and when the arrival of new goods starts in October, then it will be decided that this price should be retained or any modification or modification in it. The month of September is coming to an end and the performance of government rice sales is very weak, so its price can be reduced to make it attractive to buyers.

- **Transplanting of paddy is over in most of the major growing areas. Its crop is now old for 30 to 80 days, whereas** it has been cultivated recently. Paddy grains have already come to the plants in the northern states and have reached the ripening stage. But in eastern and southern provinces, its cultivation is done by late, so the process of releasing there also starts late. In the areas where there is direct sowing, paddy plants are starting to grow. Harvesting and preparation of new basmati paddy crop has already started in Punjab and Haryana, while normal or non-basmati paddy crop is also ready. Permission has been given to start government procurement of paddy in Haryana from today i.e. 25 September. The heavy rains of August-September not only hastened the pace of transplanting of paddy but also brought great relief to the previously planted crop.

- **In many areas it has been raining till recently. There is sufficient moisture content in the paddy fields** due to which the crop is growing properly. In some areas there was limited outbreak of diseases and insects on the crop but this was soon controlled. Overall the condition of the crop is satisfactory. Paddy production area has been reduced from 383.85 lakh hectare in last year to 5.25 lakh hectare in the current kharif season at 378.60 lakh hectare, which is much less than the average area of 396.25 lakh hectare. Due to lack of good monsoon rains in Bihar and Karnataka, the area under paddy production declined. Its area is almost normal in other states. The arrival of new paddy will start increasing in the northern states from next month and along with it, the government procurement will also be started. The minimum support price of paddy has been increased to Rs 65 per quintal.

- **Due to cheaper Chinese rice, African countries were keen to import from China instead of India,** on October 1-9, 37100 tonnes of rice were exported from West China port to West Africa.

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	13.71	13.70	90.2	14.35	-0.65
Arunachal Pradesh	1.30	1.30	1.31	100.8	1.31	0.00
Assam	20.60	20.56	19.71	95.7	19.77	-0.06
Bihar	31.73	32.98	27.72	87.4	32.56	-4.84
Chhattisgarh	38.04	36.95	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	8.48	110.5	8.06	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	16.11	13.57	87.1	15.19	-1.62
Karnataka	9.38	8.90	8.12	86.5	9.56	-1.44
Kerala	1.47	0.56	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	15.14	14.82	99.6	15.53	-0.71
Manipur	0.40	1.79	0.97	244.5	1.51	-0.54
Meghalaya	0.97	1.00	0.97	100.4	1.01	-0.04
Mizoram	0.37	0.35	0.35	95.4	0.35	0.00
Nagaland	1.96	1.98	2.11	107.4	2.08	0.03
Odisha	37.25	36.50	37.42	100.4	37.06	0.36
Punjab	29.37	29.62	29.20	99.4	30.42	-1.22
Rajasthan	1.77	1.47	1.82	102.9	1.15	0.67
Sikkim	0.11	0.11	0.11	103.8	0.11	0.01
Tamil Nadu	16.07	4.12	5.10	31.7	4.23	0.87
Telangana	9.38	7.67	12.59	134.2	10.38	2.21
Tripura	2.00	1.63	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	42.72	-2.41
Pondicherry	0.12			0.0		0.00
Others	0.28	0.45	0.43	152.5	0.32	0.11
All-India	396.26	380.21	382.34	96.5	386.92	-4.58

As per the Ministry of Agriculture, current Kharif Rice acreage as on 27th September 2019 declined by 1.81 per cent at 382.34 lakh hectares as compared to 386.92 lakh hectares last year same period. Less area is reported from Bihar (4.84 lakh tonnes), Jharkhand (1.62 lakh tonnes), Karnataka (1.44 lakh tonnes), West Bengal (2.41 lakh tonnes), Assam (0.93 lakh tonnes), Manipur (0.58 lakh tonnes) Punjab (0.42 lakh tonnes), Mizoram (0.35 lakh tonnes), Jammu and Kashmir (0.28 lakh tonnes), Maharashtra (0.26 lakh hectares), Tamil Nadu (0.25 lakh hectares) Andhra Pradesh (0.19 lakh hectares), Sikkim (0.11 lakh hectares).

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

State	Prices 24-30 Sep 2019	Prices 16-23 Sep 2019	Prices 24-30 Sep 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
A.P	4250	4107.14	4195.04	3.48	1.31
Gujarat	3158.47	3214.97	3158.54	-1.76	0
Maharashtra	3463.03	3468.26	3374.67	-0.15	2.62
Odisha	2628.96	2612.87	2810.01	0.62	-6.44

West Bengal	2825.63	2827.47	2781.03	-0.07	1.6
Assam	3121.26	3298.06	3270.71	-5.36	-4.57
Kerala	3423.4	3467.53	3698.59	-1.27	-7.44
Manipur	4492.86	4491.78		0.02	__
Meghalaya	3800	3800	2300	0	65.22
Jharkhand	3527.69	3851.94	2786.62	-8.42	26.59
Karnataka	3741.36	3895.09	3626.61	-3.95	3.16
Uttar Pradesh	2541.4	2526.28	2338.95	0.6	8.66
Tripura	2888.98	2868.95	3026.33	0.7	-4.54
Uttrakhand	2841.48	2735.52	2465.22	3.87	15.26
Average	3336.04	3368.99	3287.49		

Duration	Trend	Average Price Range	Reason
01st Week of Oct, 2019	Steady to Weak	Rs.3000-3600/Quintal	In the beginning of new crop year of MY-2019-20, due to arrival pressure. Arrival of fresh crops starts in many regions of north India and thus prices would likely to go down to some extent in the first quarter, however higher MSP of paddy will keep the prices tightly to some extent.

Weekly Rice Price Change in Delhi Market (Figure: in Rs. /Quintal)

Rice Price	Grade	Change*	27-Sep-19	26-Sep-19	21-Sep-19	27-Aug-19	27-Sep-18
Chirala(A.P)	BPT(Raw)	**-20**	3600	3600	3620	3400	3300
Jharkhand(Ranchi)	Coarse	**-25**	3200	3200	3225	3050	3000
Ernakulam(Kerala)	Jaya	**-50**	3550	3500	3600	3400	3300
Divi(A.P)	BPT(Raw)	**70**	3600	3600	3530	3200	3250
Visakhapatnam	HMT(Raw)	**-200**	4000	4000	4200	4200	4000
Nandyal	Sona Fine	**75**	5300	5300	5225	5100	5000
Barasat(W.B)	Masuri	**50**	3500	3500	3450	3300	3200
Dibrugarh	Common	**-100**	3300	3300	3400	2900	2800
Jhargram(W.B)	IR-36	**25**	2625	2600	2600	2650	2300
Jhargram(W.B)	IR-36	**0**	**2600**	2600	**2600**	2600	2300

Karnal	Sarbati Steam	-200	4100	4050	4300	4500	4700
Bangarpet(Kar)	Sugandh Sela	-200	4300	4300	4500	4800	4900

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	**-0.98**	**13.07**	**14.05**	APMC
Srikakulam	All Paddy	**-15**	**7**	**22**	APMC
West Godavari	All Paddy	**-21**	**64**	**85**	APMC
Burdwan(W.B)	All Paddy	**-2454.5**	**7597.5**	**10052**	APMC
Delhi	All Paddy	**-2663.3**	**2896.6**	**5559.9**	APMC
Amritsar	All Paddy	**39352**	**40037**	**685**	APMC
Karnal	All Paddy	**1366**	**2231**	**865**	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**

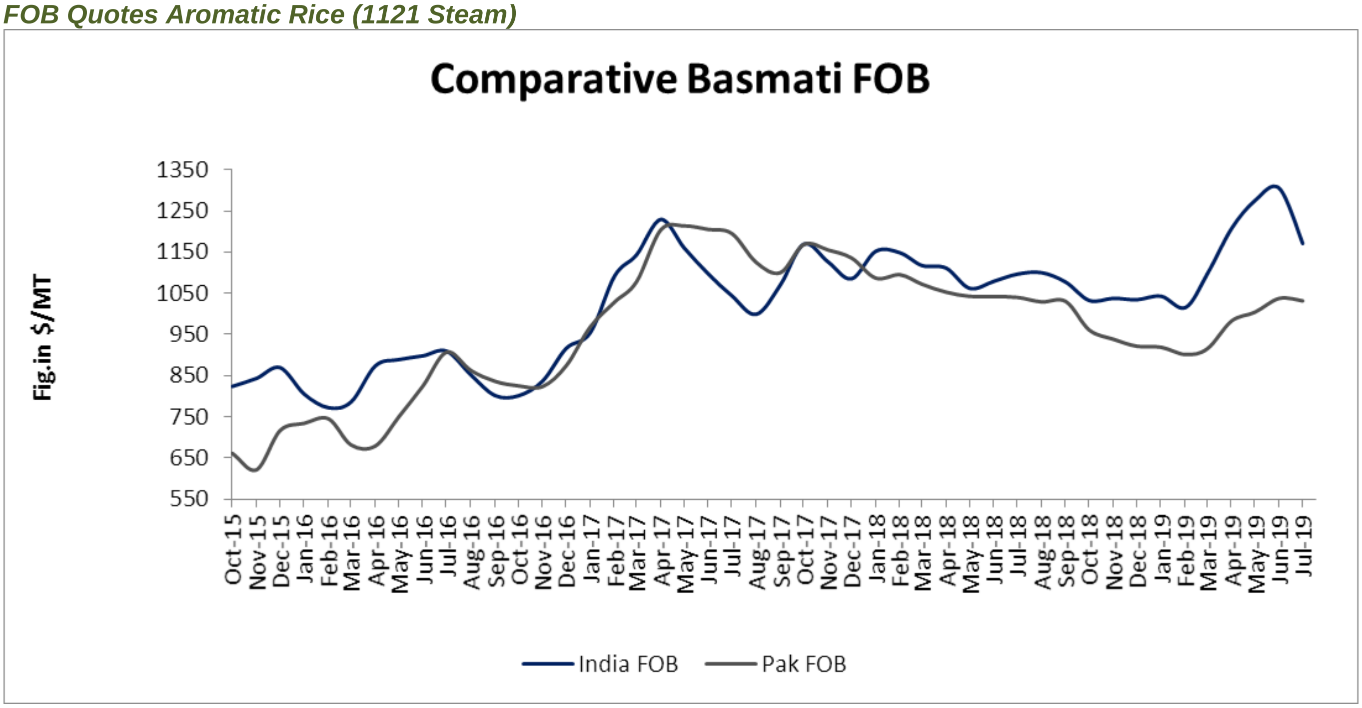
The central government has set a target of procuring 416 lakh tons of rice for the marketing season (October-September) of 2019-20, which is more than 382 lakh tons for the 2018-19 season. It is noteworthy that for the marketing season of 2018-19, the government had exported a target of procuring 370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

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
01st Week of Oct-2019	Steady to Firm	USD/ Hundred Weight 11.50-12.80

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