Rice Weekly Research Report

Contents

Outlook and Review:
Domestic Front

- **Rice export rates in Asian hubs fell this week as weak demand and currency fluctuations prompted sellers in** India and Thailand to cut prices, while expectations of lower interest from the Philippines weighed on the Vietnamese market. Thailand's benchmark 5% broken rice prices were quoted slightly lower at $396-$417 a tonne versus last week's $400-$420.Exporters have to lower prices to lure buyers. Thai exporters have struggled since the start of the year as the baht, which has been Asia's best performing currency this year, has kept Thai prices higher than those of competitors India and Vietnam. There could be a possible deal for parboiled rice from African markets ahead of Christmas, and perhaps some demand from China and other Asian markets for jasmine rice towards the end of the year.But as of now there is simply no major demand due to our high prices.

- **Prices of top exporter India's 5% broken parboiled variety also extended losses, dipping to around $369-$373** per tonne from $371-$375 a week ago on a weak rupee and subdued demand. Demand is weak. Traders are waiting for the new season crop. Indian rice exports in April-July plunged 26.5% from a year ago to 3.14 million tonnes, a government body said last month, on subdued demand for non-basmati rice from Africa.

- **In Vietnam, rates for 5% broken rice were quoted at $330-$340 a tonne, free on board, compared with $335** a week earlier. Prices had plunged to a near 12-year low of about $325 in the week to Sept. 19. Exports to Philippines will decline as it is seeking to limit rice imports to protect local farmers. Philippines, one of the world's biggest rice importers, may consider imposing a safeguard duty on rice to ease the pain of local farmers hurting from a surge in imports.

- **Cambodia had exported 157,793 tons of milled rice to China during the first nine months of 2019, up 44** percent over the same period last year. China remained the top buyer of Cambodian rice during the January-September period this year. The export to China accounted for 39.6 percent of the country's total rice export. According to the report, Cambodia exported a total of 398,586 tons of rice to 53 countries and regions across the globe during the first nine months of this year, up 2.3 percent over the same period last year.

- **The pace of paddy purchase in Patiala is very slow due to the factional strike: In Punjab, the state that contributed** the most to food grains in the central pool, although the new marketing season for government procurement of paddy was formally started from October 1, the actual procurement pace is slowing down. Only 8500 tonnes of paddy arrived in the grain markets and government purchasing centers of Patiala district. There are 101 purchasing centers built for the purchase of paddy there, but due to very low arrival of paddy, only three centers - Rajpura, Nabha and Samana - could start the procurement process. There is silence in other centers.

- **Government procurement of paddy has started since October 1, but FCI rice sales are weak, the stock** of food grains has increased in the go downs compared to the previous year, due to lack of space.

More than 20 shipwrecks were trapped after the US imposed a sanction on Iran. The pressure of arrival of paddy in the mandi of Uttar Pradesh has not been formed yet, the rain on the standing crop has damaged the paddy crop.

- **Sowing of 59.93 lakh hectare kharif crops completed in Odisha: The total production area of Kharif crops in Orissa** till September 28 this year could reach 59.93 lakh hectare, which is 60.40 lakh hectare in the same period last year and less than the fixed target of 61.50 lakh hectare but more than the normal average area of 56.97 lakh hectare. According to the latest weekly report of the State Agriculture Department, the production of paddy in Orissa has improved from 37.06 lakh hectare to 37.52 lakh hectare during the current kharif season as compared to last year

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
02nd 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*	5-Oct-19	4-Oct-19	27-Sep-19	5-Sep-19	5-Oct-18
Chirala(A.P)	BPT(Raw)	20	3620	3600	3600	3500	3450
Jharkhand(Ranchi)	Coarse	10	3210	3200	3200	3100	3050
Ernakulam(Kerala)	Jaya	-50	3500	3500	3550	3400	3425
Divi(A.P)	BPT(Raw)	0	3600	3600	3600	3200	3250
Visakhapatnam	HMT(Raw)	-100	3900	3900	4000	4100	4000
Nandyal	Sona Fine	-50	5250	5300	5300	5100	5000
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	-50	3250	3300	3300	2900	2800
Jhargram(W.B)	IR-36	75	2700	2700	2625	2650	2300
Jhargram(W.B)	IR-36	0	**2600**	2600	**2600**	2600	2300
Karnal	Sarbati Steam	200	4300	4250	4100	4500	4700
Bangarpet(Kar)	Sugandh Sela	100	4400	4400	4300	4800	4900

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	0.98	**14.05**	**13.07**	APMC
Srikakulam	All Paddy	1	**8**	**7**	APMC
West Godavari	All Paddy	24	**88**	**64**	APMC
Burdwan(W.B)	All Paddy	694.5	**8292**	**7597.5**	APMC
Delhi	All Paddy	108.4	**3005**	**2896.6**	APMC
Amritsar	All Paddy	10287	**50324**	**40037**	APMC
Karnal	All Paddy	-30	**2201**	**2231**	APMC

*Difference between current and previous week price

State wise Progressive Procurement

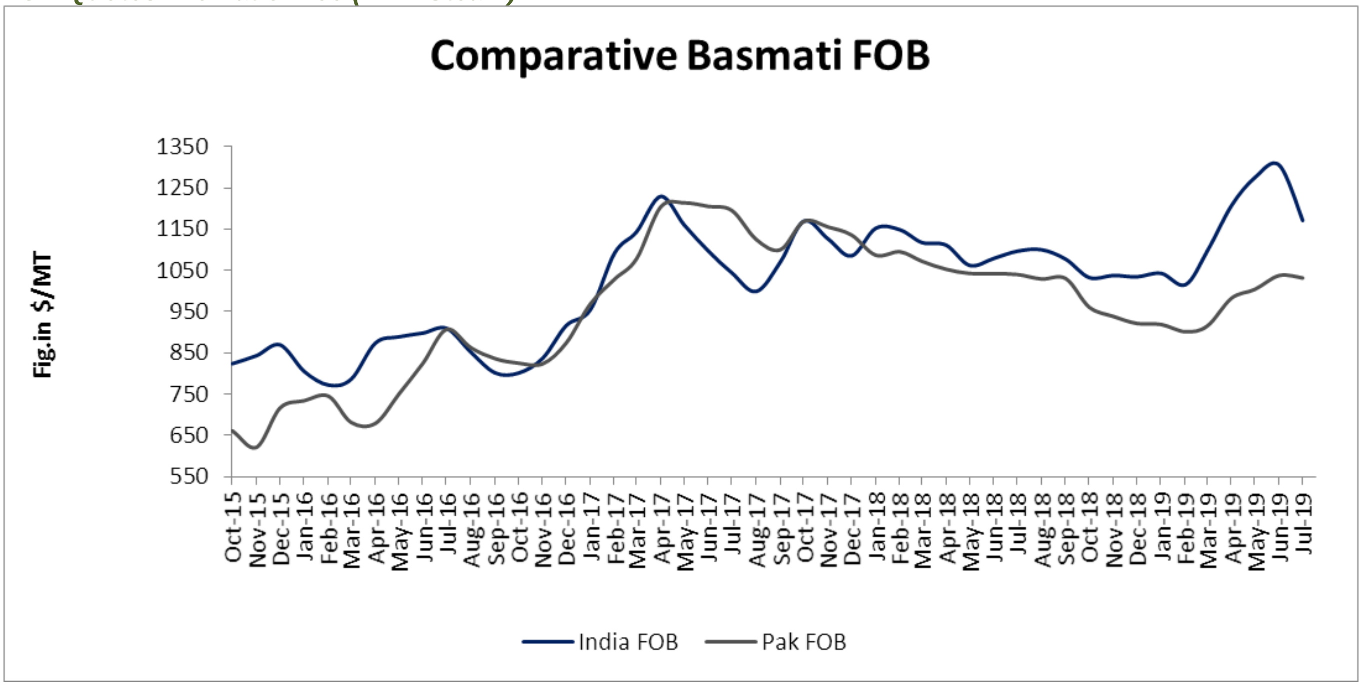
State/UTs	Target (only kharif crop) in marketing season 2018-19 (Oct. – Sept.)	Progressive Procurement as on 23.08.2019	
(in Lakh T)		In Marketing season 2018-19	In Marketing season 2017-18
AP	30.00	47.75	17.40
Telangana	15.00	51.86	12.17
Bihar	8.00	9.49	2.03
Chhattisgarh	40.00	40.80	31.77
Haryana	39.75	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
02nd Week of Oct-2019	Steady to Firm	USD/ Hundred Weight 11.50-12.80