



Rice Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Weekly Price Change
- ❖ Weekly Rice Export
- ❖ Progressive Procurement
- ❖ FOB-1121 Steam
- ❖ International Rice Market Summary
- ❖ IGC Balance Sheet
- ❖ CBOT Trend

Outlook and Review:
Domestic Front

- **Demand for rice from top exporter India was subdued as buyers delayed purchases despite a dip in prices to four-month lows** this week, while restricted supply kept rates for the Vietnamese variety at their highest in two months.
- **Prices for India's 5 percent broken parboiled variety fell to \$365-\$370 per tonne from \$368-\$372 a week ago.** Asian and African buyers are not in a hurry. They are postponing buying anticipating a further fall in prices. India's rice exports in August fell 29% year-on-year to 644,249 tonnes due to weak demand from African countries for non-basmati rice, among other factors. Its rice production from the summer-sown crop in 2019 is expected to drop 1.7% from a year ago to 100.35 million tonnes.
- **Meanwhile, rates for Vietnam's benchmark 5% broken rice were unchanged from last week's \$350 a tonne, a two-month high.** Demand is weak, but low supplies have helped keep prices from falling. However, there were concerns that a move by the Philippines — Vietnam's largest rice export market accounting for 36% of total shipments — to reduce imports could further hit the Vietnamese market. Sluggish demand pushed export prices for Vietnamese rice to their lowest in nearly 12 years, at \$325 per tonne, in September.
- **In second biggest exporter Thailand, which has also been grappling with slow demand and a strong baht, benchmark 5-percent broken rice prices narrowed to \$395-\$400 a tonne on Thursday from \$396-\$400 last week.** Demand has been very small because of our high prices and little else has changed. Prices for the Thai variety have remained higher than competitors due to the firm currency. The continued strength of the baht has prevented exporters quoting lower prices as the market anticipates further strengthening of the currency.
- **Meanwhile, farmers in Bangladesh, who have been struggling with low prices and high harvesting costs, will receive** a subsidy of 30 billion taka (\$354 million) to buy modern agro-tools in an effort to minimize production costs and boost domestic output, Agriculture Minister Abdur Razzaque said. Dhaka has failed to clinch overseas deals for its rice since a long-standing export ban was lifted in May, losing out to cheaper grain from India and Thailand.
- **Nearly 20.9 lakh metric tonne paddy procured in Punjab mandis. The govt. agencies and private millers have procured** 20.9 LMT of paddy from the various mandies across the state. Govt. agencies have procured 2035766 MT and 55130 MT by private millers. PUNGRAIN has purchased 796027 MT, MARKFED 545746 MT, PUNSUP391387 MT, Punjab State Warehousing Corp. 264783 MT and FCI 37823.
- **Punjab government taking steps to control burning crop residue. The state government has been promoting** the adoption of equipment for paddy straw management. In 2018, the state has been able to manage 10.21 million tons of paddy straw out of 20 million tons but it includes around 2.89 million tons of paddy straw as partially burnt. Punjab government has submitted to the National Green Tribunal (NGT), the steps it is taking to control the burning of crop residue. Majority of farmers are not ready to shift to other crops unless an assured procurement on MSP is ensured for alternated crops like maize, cotton and basmati. On the other hand, farmers have been burning paddy residue, primarily because of

the limited window between harvesting of paddy and sowing of wheat and other crops. The state government has been promoting the adoption of equipment for paddy straw management. In 2018, the state has been able to manage 10.21 million tons of paddy straw out of 20 million tons but it includes around 2.89 million tons of paddy straw as partially burnt. The Punjab government said that even though the farmers have been provided equipment during the year 2018-19 and additionally will get this year too, the proposal for providing paddy straw management compensation at Rs 100 per quintal of paddy produced is still relevant.

- Over 1 lakh acres of paddy infested in Andhra Pradesh. Paddy has been infested by five types of pests in over one lakh acres** in four districts. Similarly, groundnut has been infested in 61,000 acres in Chittoor and Anantapur districts. Paddy in Krishna, Vizianagaram, East Godavari and Prakasam districts has been infested in 1,00,485.4 acres by rice blast, BPH, sheath blight, stem borer and leaf folder. Farmers are, however, able to treat the pestilence in 81,421 acres of paddy and stop the spread of the pests and diseases. Rice blast, considered a major disease, is capable of causing very severe loss (up to 100%). While the data for India is old, the yield loss due to the disease in the Philippines is between 50% and 85%. The yield loss caused by sheath blight is 6%. While the infestation of leaf-eating caterpillar, aphids and Spodoptera has been reported in 61,000 acres, farmers have been able to treat the crop in only 51,892 acres and check the spread of the pests and diseases. Pests have also infested cotton, maize and sugarcane in several districts. Aphids and pink boll worm have reportedly infested cotton crop in Krishna, Prakasam and Vizianagaram districts.
- India's Rice Exports Drops 29% due to Less Demand from African Countries. India's rice exports dropped 29%** in August to 644,249 tonnes, due to weak demand from African countries for non-basmati rice, among other factors. Demand from West African countries is weak for non-basmati rice. They have bought a lot from China and don't need to buy huge volumes now". India is the world's biggest rice exporter but its shipments have plunged 27% in the first five months of the 2019/20 financial year, starting on April 1, to 3.8 million tonnes, the data reveals. Moreover, India's biggest buyer of basmati rice, Iran has nearly stopped purchases in the last few weeks as it harvests its own crop. Iran could resume buying early next year after harvesting the local crop. Rice supplies from India's summer-sown crop are expected to improve from next month and this could moderate local prices and make exports competitive. Last month, the government revealed that rice production from the summer-sown crop in 2019 was expected to drop 1.7% from a year ago to 100.35 million tonnes.

State wise Paddy Crop Situation - Kharif (2019-20) as on 05.10.2019

	RICE					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	15.19	14.06	13.70	90.2	14.73	-1.03

Arunachal Pradesh	1.30	1.28	1.31	100.8	1.22	0.09
Assam	20.60	20.61	19.71	95.7	19.97	-0.26
Bihar	31.73	32.98	27.72	87.4	32.56	-4.84
Chhattisgarh	38.04	37.23	38.44	101.1	38.17	0.27
Goa	0.28	0.26	0.28	100.9	0.28	0.00
Gujarat	7.68	7.89	8.48	110.5	8.05	0.43
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	9.22	8.46	90.2	9.65	-1.19
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	15.15	15.00	100.8	15.53	-0.53
Manipur	0.40	1.55	0.97	244.5	0.32	0.65
Meghalaya	0.97	0.97	0.97	100.4	0.95	0.02
Mizoram	0.37	0.37	0.35	95.4	0.38	-0.03
Nagaland	1.96	1.98	2.11	107.4	2.09	0.02
Odisha	37.25	36.50	37.52	100.7	37.06	0.46
Punjab	29.37	29.62	29.20	99.4	30.42	-1.22
Rajasthan	1.77	1.48	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	4.70	5.80	36.1	6.14	-0.34
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
Uttarakhand	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	0.43	152.5	0.21	0.22
All-India	396.26	381.52	383.77	96.8	388.70	-4.93

As per the Ministry of Agriculture, current Kharif Rice acreage as on 05th September 2019 declined by 1.26 per cent at 383.77 lakh hectares as compared to 388.70 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 03rd Week of Oct-2019

State	Prices 16-23 Oct 2019	Prices 09-15 Oct 2019	Prices 16-23 Oct 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Gujarat	3287.12	3317.71	3127.79	-0.92	5.09
Jharkhand	3590.59	3574.51	2897.74	0.45	23.91
Maharashtra	4038.05	3473.11	3183.23	16.27	26.85
Uttarakhand	2755.35	2499.44	2353.53	10.24	17.07
West Bengal	2916.83	2895.43	2813.5	0.74	3.67
Assam	3024.61	3156.19	3122.25	-4.17	-3.13
Kerala	3447.62	3496.65	3569.23	-1.4	-3.41
Uttar Pradesh	2592.43	2608.35	2432.49	-0.61	6.58
Andhra Pradesh	4040	4250	4183.33	-4.94	-3.43
Haryana	1835	1835		0	—
Karnataka	4189.67	3946.71	3597.99	6.16	16.44
Odisha	2775.04	2874.11	2957.28	-3.45	-6.16
Manipur	4605.63	4585.37	3486.2	0.44	32.11
Tripura	2927.32	2939.45	3041.56	-0.41	-3.76
Average	3287.52	3246.57	3305.78		

Duration	Trend	Average Price Range	Reason
04 th Week of Oct, 2019	Steady to Weak	Rs.3200-3600/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*	19-Oct-19	18-Oct-19	12-Oct-19	19-Sep-19	19-Oct-18
Chirala(A.P)	BPT(Raw)	-20	3600	3600	3620	3620	3550
Jharkhand(Ranchi)	Coarse	50	3250	3250	3200	3200	3100
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3400	3425
Divi(A.P)	BPT(Steam)	100	3500	3500	3400	3450	3400
Visakhapatnam	HMT(Raw)	100	4200	4200	4100	4100	4000
Nandyal	Sona Fine	-50	5200	5200	5250	5100	5000
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	100	3400	3400	3300	2900	2800
Jhargram(W.B)	IR-36	200	2600	2600	2400	2500	2500
Jhargram(W.B)	IR-36	50	2550	2500	2500	2600	2300
Karnal	Sarbati Steam	-400	3900	3900	4300	4600	3800
Bangarpet(Kar)	Sugandh Sela	-400	4200	4200	4600	4800	4300

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	6.13	33.5	27.37	APMC
Srikakulam	All Paddy	6	11	5	APMC
West Godavari	All Paddy	3	8	5	APMC
Burdwan(W.B)	All Paddy	410	2008	1598	APMC
Delhi	All Paddy	1032.3	11456	10423.7	APMC
Amritsar	All Paddy	10281	60605	50324	APMC
Karnal	All Paddy	6701.34	90542.55	83841.21	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

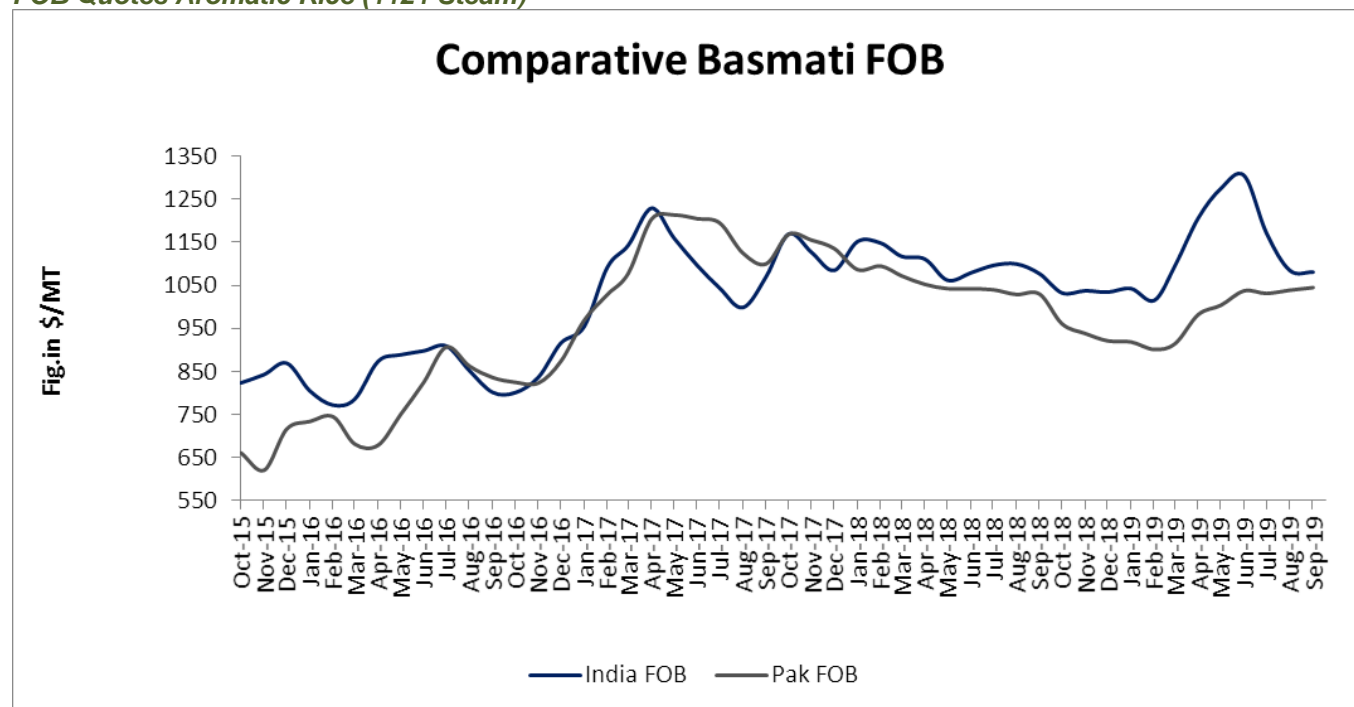
Odessa	30.00	43.83	15.24
Punjab	114.00	113.34	118.39
Tamilnadu	8.00	12.37	0.03
U.P	33.00	32.33	24.88
Uttrakhand	5.00	4.62	0.35
West Bengal	23.00	17.21	0.06
Others	0	--	--
Total	370.00	440.71	276.16

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 September and currently is in the range of USD 1080/MT which is down by 0.37% from last month price of USD 1085/T due to arrival pressure and also 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 firm from last month and is now hovering in the range of USD 1045/MT which is up by 0.57% from last month FOB of USD 1039/MT.

Global Updates

Myanmar Govt. backs minimum price for rice amid weak market. The Myanmar government has fixed the minimum price for rice at 500,000 kyats for 100 baskets of paddy (US\$327.30 for about 2.09 tons) in a bid to establish a fair market and fair prices for paddy farmers. The government's Leading Committee for the Protection and Promotion of the Rights and Interests of Farmers, led by Vice President Henry Van Thio, met last month to discuss setting the floor price for paddy grains. Paddy rice refers to unprocessed rice harvested from a field, rather than hulled rice. The government has agreed to pay any farmer the floor price, but only for paddy that meets quality standards: the grains, once processed, must have a moisture content of 14 percent and can't have any dust, sand or gravel.

Traders bypass EU safeguard tariffs on Cambodian rice, Hogan admits. EU imports of Indica rice have dropped, but purchases of another rice variety have gone up. The renewed EU tariffs on rice from Cambodia and Myanmar are functioning well, yet he admitted that they are being circumvented by European importers.

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.

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.

IGC Balance Sheet:

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 29.08.2019	(2019-20) Projection. 26.09.2019
Production	475	487	490	601	600
Trade	40	48	48	46	46
Consumption	474	486	487	496	496
Carryover stocks	122	123	126	178	178
Y-O-Y change	1	1	1		4
Major Exporters	33	31	28	39	38

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

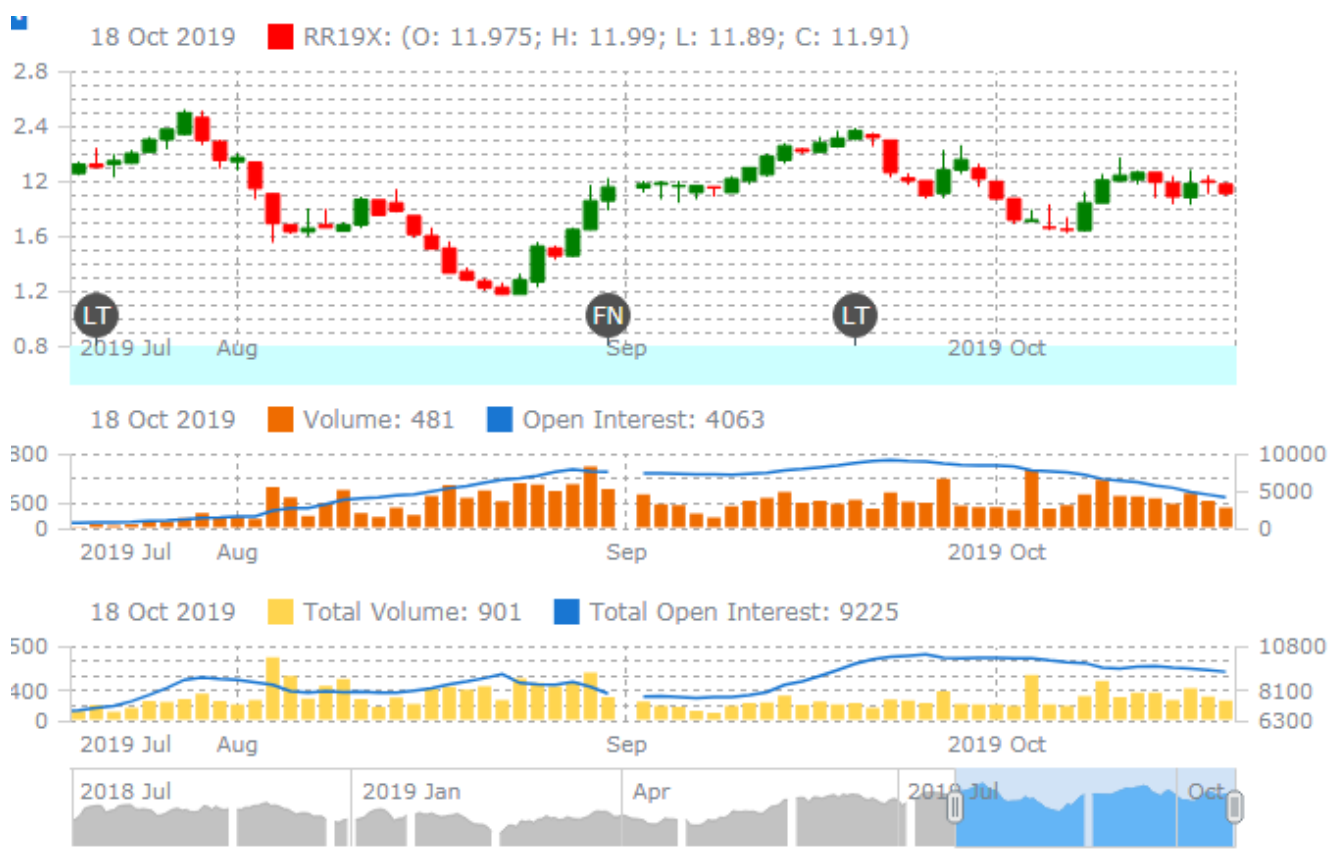
IGC Rice Balance sheet Highlights:

Global rice fundamentals in 2018/19 are little changed from August, with production, consumption and stocks seen at all-time peaks. Due to a marginal m/m reduction, world output in 2019/20 is predicted steady y/y, at a high of 500m t. Population growth will again be the key driver of demand as consumption advances further and, with supplies expected to be boosted by heavy carry-ins, aggregate end-season inventories are likely to rise by 2% y/y, to 178m t. Traded volumes could recover in 2020 on firmer demand from buyers in Africa.

World rice trade in 2019 is forecast to decline by 4% y/y as a steep fall in deliveries to Far East Asia – including to the key markets of Indonesia and China – is only partly offset by bigger shipments to Africa. Building on the prior season's gains, projections point to record production, total use and stocks in 2019/20. With accumulation in China and the major exporters likely, aggregate inventories are predicted to rise by 4m t y/y, to a peak of 178m. Global import demand could recover in 2020 on an uptick in deliveries to sub-Saharan Africa. With China again expected to provide export competition in African markets, shipments by India and Thailand are likely to fall short of past highs.

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
04 th Week of Oct-2019	Steady to Firm	USD/ Hundred Weight 11.50-12.80

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.