Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **In top exporter India, prices for the 5% broken parboiled variety rose to $368-$372 per tonne from $365-$370 a week ago**. The Indian rupee on Thursday hit its highest in more than a week, reducing exporters' margins. According to President of the Rice Exporters Association B. V. Krishna Rao, demand from African countries is still weak. 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.

- **Purchase of paddy in Karnal, Haryana has been stopped for the last 4 days due to which farmers are facing problems**. Paddy is visible everywhere in the mandis. According to the Karnal Market Committee, a total of 42 lakh quintals of paddy had arrived last year, which has now reached 43 lakh tonnes. The arrival of paddy may continue for another 15-20 days, which means that the production of paddy is more than that of last year.

- **Under the FCI OMSS scheme, on October 23, 20,000 metric tonnes of rice was sold from Karnataka at a price of Rs 2,785** per quintal. FCI sold 5,500 metric tonnes of rice from Jammu and Kashmir at Rs 2,785 per quintal on 23 October under the OMSS scheme.
- **According to information received from sources, the government may reduce the reserve sale price of rice sold** under the OMSS scheme. Like rice, wheat sales are also very weak. At present the arrival of paddy in the country is at its peak. Due to which the availability of rice is more in the markets, but there is still time for the wheat crop to come.

- **As soon as the harvesting and preparation of the agrarian crop started in Punjab-Haryana, government agencies** started procuring paddy from the farmers in the mandis at the minimum support price. There have been some purchases in some other states as well, but vigorous harvesting and government procurement of crops has not started in many important production provinces.

- **According to the latest available data, during the current kharif marketing season started on 1 October 2019,** a total of 68.10 lakh tonnes of paddy has been purchased by the Food Corporation of India (FCI) and its associated provincial agencies till date. The participation of Food Corporation in this is just 65 thousand tons and purchase of 67.45 lakh tons of provincial agencies. In the coming days, the speed of purchase will increase continuously. According to the data received, 39.10 lakh tonnes of paddy has been procured in the mandis of Haryana this time, while 28.12 lakh tonnes of paddy has been purchased in the mandis of Punjab. Apart from this, there are reports of government procurement of 10 thousand tonnes in Chandigarh (Union Territory), 17 thousand tonnes in Tamil Nadu and 7 thousand tonnes in Uttar Pradesh. It may be known that Punjab and Haryana are the most prominent states contributing food grains in the Central Pool, while now Uttar Pradesh has also started increasing its contribution.
- **In addition to Punjab, Haryana and Uttar Pradesh, states like Chhattisgarh, Telangana, Andhra Pradesh, Odisha,** Madhya Pradesh, Bihar, West Bengal and Uttrakhand are also largely procured by government agencies. The central government has increased the minimum support price of paddy by Rs 65 per quintal. Under this, the minimum support price of paddy for the 2019-20 marketing season is increased

from Rs 1750 per quintal for general category to Rs 1815 per quintal and 'A' grade support price increased from Rs 1770 per quintal to 1835 as compared to 2018-19 season. Rupees per quintal has been fixed.

- **The new monthly (October) report of the International Cereal Council (IGC) has projected the total global production of rice** in the 2019-20 marketing season to be 500 million tons, which is equivalent to the September report estimates and the 2018-19 season production. According to IGC, in the previous year 2017-18, the production of rice was 49.40 million tons and in 2016-17, 492 million tons of rice. Rice production is expected to increase in some countries and decrease in some other countries during 2019-20 season as compared to 2018-19.

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
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	0.43	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
Uttrakhand	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
01st Week of Nov, 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*	25-Oct-19	24-Oct-19	19-Oct-19	25-Sep-19	25-Oct-18
Chirala(A.P)	BPT(Raw)	-50	3550	3600	3600	3620	3550
Jharkhand(Ranchi)	Coarse	50	3300	3300	3250	3200	3100
Ernakulam(Kerala)	Jaya	0	3500	3500	3500	3400	3425
Divi(A.P)	BPT(Steam)	20	3520	3520	3500	3450	3400
Visakhapatnam	HMT(Raw)	0	4200	4200	4200	4100	4000
Nandyal	Sona Fine	200	5400	5400	5200	5300	5250
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	0	3400	3400	3400	2900	2800
Jhargram(W.B)	IR-36	100	2700	2700	2600	2500	2500
Jhargram(W.B)	IR-36	50	**2600**	2600	**2550**	2600	2300
Karnal	Sarbati Steam	0	3900	3900	3900	4600	3800
Bangarpet(Kar)	Sugandh Sela	0	4200	4200	4200	4700	3650

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	**-51.92**	**56.08**	**108**	APMC
Srikakulam	All Paddy	**5**	**16**	**11**	APMC
West Godavari	All Paddy	**-1**	**7**	**8**	APMC
Burdwan(W.B)	All Paddy	**-15980.8**	**6317.9**	**22298.7**	APMC
Delhi	All Paddy	**-23993.5**	**22473.6**	**46467.1**	APMC
Amritsar	All Paddy	**106738**	**167343**	**60605**	APMC
Karnal	All Paddy	**14836.85**	**105379.4**	**90542.55**	APMC

*Difference between current and previous week price

State wise Progressive Procurement

STATEWISE PROCUREMENT OF RICE FOR KMS 2019-20

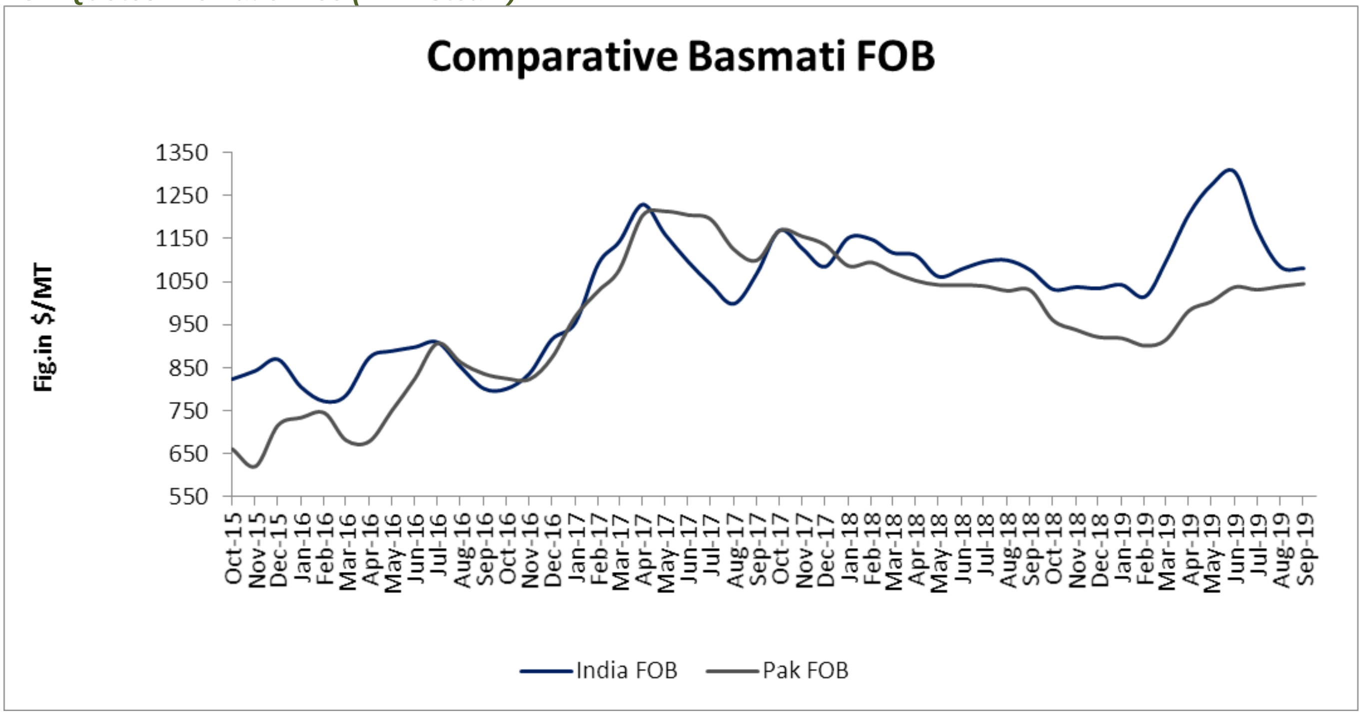
(Fig. in LMTs)

S.No.	STATES/ UTs	Procurement
1	A.P.	0.00
2	Telangana	0.00
3	Assam	0.00
4	Bihar	0.00
5	Chandigarh	0.07
6	Chhattisgarh	0.00
7	Gujarat	0.00
8	Haryana	26.20
9	H.P.	0.00
10	Jharkhand	0.00
11	J&K	0.00
12	Karnataka	0.00
13	Kerala	0.00
14	M.P.	0.00
15	Maharashtra	0.00
16	Odisha	0.00
17	Punjab	19.19
18	Rajasthan	0.00
19	NEF (Tripura)	0.00
20	Tamilnadu	0.11
21	U.P.	0.05
22	Uttrakhand	0.00
23	West Bengal	0.00
Total		45.62

Fig. as on 18.10.2019

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.

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

Neighboring Bangladesh, meanwhile, has failed to secure any overseas deals since a long-standing export ban was lifted in May, due to cheaper rice from competitors. Country are still looking for a market to export rice. India can export rice at $370-390 per tonne while country are asking for at least $500.

Prices in second biggest exporter Thailand's benchmark 5-percent broken rice rose to $396-$410 a tonne on Thursday from $395-$400 last week. Traders attributed the slight rise in prices to the changes in the currency exchange rate. There has been very little change in demand and supply and the strengthening of the baht has moved the price up slightly. A stronger baht has marred demand for the Thai variety for many months now. If the baht weakens a little, we may be able to sell some rice, but at the moment, Thai rice is just too expensive compared with competitors.

Vietnamese rice export prices rose to a four-and-a-half-month high this week on healthy demand from Africa and Cuba as supply remained scant, while a stronger rupee helped rates for Indian variety recover from a four-month low.Rates for Vietnam's benchmark 5% broken rice rose to $350-$355 a ton, a four-and-a-half month high from $350 a tonne a week earlier due to limited stockpiles. Supplies are running low while demand remains steady, especially from Africa and also Cuba. The Vietnamese market could get a further fillip as the Philippines, which accounts for 36% of total shipments from Vietnam, might be considering easing its restrictions on rice imports soon. In September, prices for the Vietnamese variety had touched their lowest in nearly 12 years at $325 per tonne.

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.

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

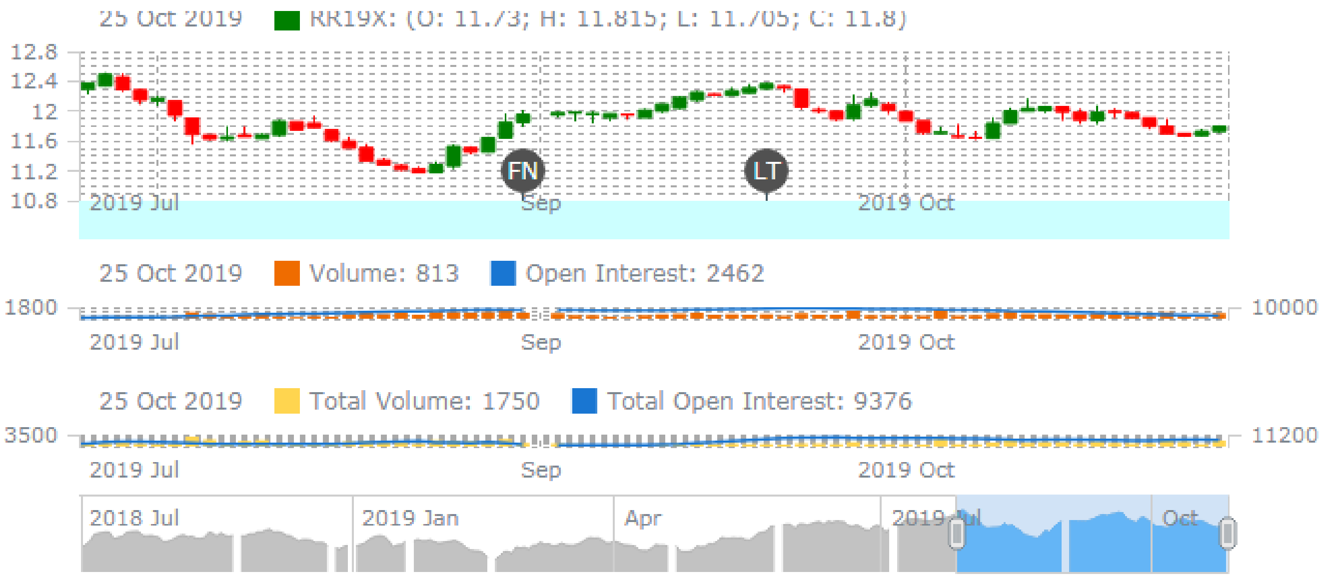
IGC Rice Balance sheet Highlights:

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
01st Week of Nov-2019	Steady to Firm	USD/ Hundred Weight 11.00-12.80