Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Top exporter India's 5 percent broken parboiled variety was quoted around $365-$370 per ton this week,** down from $368-$372 last week. Demand is weak. We are waiting for the new season supplies that could rise from this month. Many rice growing states received rainfall in the last two weeks, which delayed harvesting and damaged paddy crops ready for harvesting.

- **All-India progressive procurement of Rice as on 25th October 2019 for Kharif Marketing Season (KMS) 2019-20** stood at 78.75 lakh tons as against the procurement of 71.35 lakh tons in the corresponding period of last year. Higher procurement is done from Punjab at 44.42 lakh tons as against 38.37 lakh tons, Haryana 33.71 lakh tons as against 31.84 lakh tons, Uttar Pradesh 0.31 lakh tons as against 0.02 lakh tons and Tamil Nadu 0.20 lakh tons as against 0.51 lakh tons. The 2019-20 (October-September) marketing season procurement targets is 416.00 lakh tons.

- **Indian Government Tight the Rice Export Rule to EU Countries:** The central government has tightened the export rules of rice to European Union countries. To export rice to these countries, it will now be mandatory for exporters to obtain a certificate from the Export Inspection Agency or Export Inspection Council. It is expected to have an impact on rice export transactions. According to the notification of the Directorate General of Foreign Trade (DGFT), exporters of European Union countries for basmati as well as non-basmati rice exports will have to get a certificate from the Export Inspection Agency or Export Inspection Council. This decision has come into force immediately. According to sources, the government has made the inspection certificate mandatory due to the pesticides in the rice. This is expected to affect rice exports.

- **Basmati rice exports declined by 11.33 per cent during the first half of this financial year from April to September** and the total exports stood at 18.70 lakh tonnes. Its exports during the same period of the last financial year was 20.82 lakh tonnes. Export of non-basmati rice has come down to 25.17 lakh tonnes as against 38.68 lakh tonnes in the same period last fiscal. The total exports of basmati rice from the country were 44.14 lakh tonnes and non-basmati 75.99 lakh tonnes in the financial year 2018-19.

- **India's rice stocks in the central pool as on October- 1, 2019 stood at 27.63 million tons up by 40%** from 19.74 million tons recorded during the corresponding period last year, according to data from the Food Corporation of India (FCI). India's rice stocks in the central pool are down by 8.31% by from 30.14 million tons recorded on September-01, 2019. Highest stock could be seen in the state of Punjab (88.85 lakh tons) followed by Telangana (24.28 lakh tons), A.P (19.84 lakh tons) Uttar Pradesh (13.52 Lakh Tons) and Haryana (18.98 lakh tons).

- **Thai rice export prices were little changed this week, but traders hoped a deal with Iraq could bolster shipments,** while lackluster demand and a slightly weaker rupee weighed on rates for the Indian variety. Thailand signed a deal to sell rice to Iraq, nearly 10 years after losing contracts over quality concerns, and hoped the new Iraqi market could jumpstart fresh demand for Thai rice. Also, fresh supply, which is expected to enter the market in the coming weeks, could potentially bring down Thai prices. Thai exports have been hurt by the relatively higher prices for the variety from Thailand, especially compared with Vietnamese prices, mostly due to a strong baht — Asia's best-performing currency this year. Thailand's benchmark 5-percent broken rice RI-THBKN5-P1 prices were quoted at $390-$408 a ton, versus $390-$413 last week.

- **In Vietnam, rates for 5% broken rice were unchanged from last week at $345-$350 a ton on** Thursday amid lackluster trading. The country's export prices had risen to a four-and-a-half-month high last month. Low supplies at the end of the summer-autumn harvest have helped keep prices from falling. However, no deals were struck this week as most buyers were waiting for new supply from the autumn-winter harvest in the Mekong Delta, which is expected to come in bulk in December. While prices of the regular 5% broken rice stayed flat, prices of jasmine rice have climbed up to $520 per ton due to tight supplies.

- **In Bangladesh, rice output is expected to jump 2.27% to 35.8 million tons in the May-April marketing year,** thanks to favorable weather, the U.S. Department of Agriculture (USDA). Rice imports are expected to hit 50,000 tons in the year to April, down 50% from a year earlier, USDA said in its latest report on Bangladesh, released this week.

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 01st Week of Nov-2019

State	Prices 01-08 Nov 2019	Prices 24-31 Oct 2019	Prices 01-08 Nov 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Haryana				__	__
Kerala	3492.3	3488.27	3550.88	0.12	-1.65
Odisha	2600.07	2756.6	2551.66	-5.68	1.9
Punjab	2490	1835	3208.89	35.69	-22.4
West Bengal	2782.25	2915.13	2718.01	-4.56	2.36
Andhra Pradesh	4106.25	4018.75	4140.59	2.18	-0.83
Gujarat	3203.94	3555.07	3262.97	-9.88	-1.81
Jharkhand	3582.49	3578.08	3591.57	0.12	-0.25
Maharashtra	3578.41	3486.34	3280.21	2.64	9.09
Nagaland			7000	__	__
NCT of Delhi		2750		__	__
Uttar Pradesh	2504.91	2553.67	2387.12	-1.91	4.93

Uttrakhand	2388.75	2506.78	2126.58	-4.71	12.33
Assam	2978.36	3055.37	3121.8	-2.52	-4.59
Manipur	4790.04	4779.17	3560.27	0.23	34.54
Tripura	2924.63	2953.15	2974.58	-0.97	-1.68
Karnataka	3918.48	4374.7	3627.55	-10.43	8.02
Meghalaya	3800		5586.36	__	-31.98
Average	3276.06	3240.41	3543.07		

Duration	Trend	Average Price Range	Reason
02nd 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*	9-Nov-19	8-Nov-19	2-Nov-19	9-Oct-19	9-Nov-18
Chirala(A.P)	BPT(Raw)	-200	3300	3200	3500	3250	3100
Jharkhand(Ranchi)	Coarse	-150	3050	3100	3200	3000	2900
Ernakulam(Kerala)	Jaya	-150	3250	3300	3400	3300	3200
Divi(A.P)	BPT(Steam)	-500	3000	3000	3500	3400	3300
Visakhapatnam	HMT(Raw)	-200	4000	4100	4200	4100	4000
Nandyal	Sona Fine	0	5300	5300	5300	5300	5000
Barasat(W.B)	Masuri	-100	3400	3500	3500	3300	3200
Dibrugarh	Common	-100	3200	3300	3300	2900	2800
Jhargram(W.B)	IR-36	50	2850	2700	2800	2500	2500
Jhargram(W.B)	IR-36	0	**2700**	2600	**2700**	2600	2300
Karnal	Sarbati Steam	-300	3900	3600	4200	4500	3600
Bangarpet(Kar)	Sugandh Sela	100	4000	4000	3900	4600	3600

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	**3.95**	**28**	**24.05**	APMC
Srikakulam	All Paddy	**-1**	**10**	**11**	APMC
West Godavari	All Paddy	**-2**	**10**	**12**	APMC
Burdwan(W.B)	All Paddy	**-1320**	**4005**	**5325**	APMC
Delhi	All Paddy	**519650**	**543215**	**23565**	APMC
Amritsar	All Paddy	**11100**	**196554**	**185454**	APMC
Karnal	All Paddy	**19557**	**128532**	**108975**	APMC

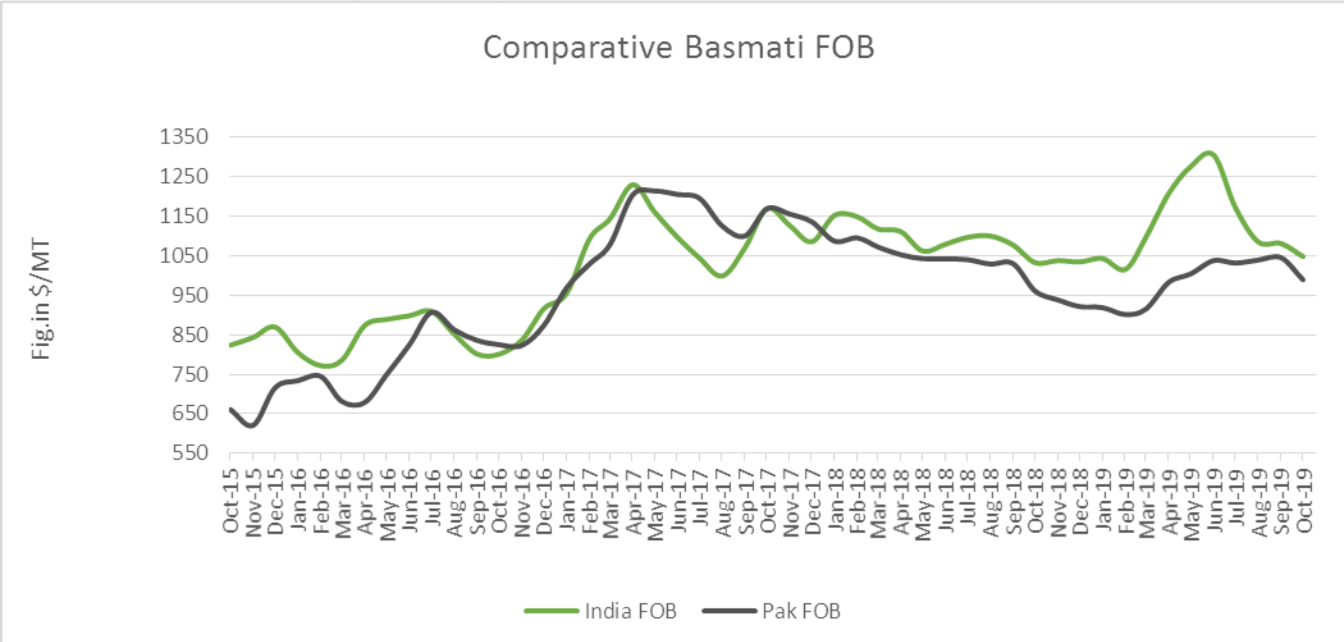
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs	**Target in marketing season 2019-20**	**Progressive Procurement as on 25.10.2019**	
(in Lakh T)	**(Oct. – Sept.)**	**In Marketing season 2018-19**	**In Marketing season 2017-18**
AP	--	--	--
Telangana	--	--	--
Bihar	--	--	--
Chhattisgarh	--	--	--
Haryana	40.00	40.00	40.00
Jharkhand	--	--	--
Kerala	**2.50**	0.01	0.05
M.P	--	--	--
Maharashtra	--	--	--
Odessa	--	--	--
Punjab	**114.00**	44.42	38.78
Tamilnadu	**8.00**	0.20	0.51
U.P	**33.00**	0.31	0.02
Uttrakhand	**5.00**	0.00	0.05
West Bengal	--	--	--
Total	**416.00**	**78.75**	**71.35**

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 October and currently is in the range of USD 3.07/MT which is down by 3.07% from last month price of USD 1080/T due to arrival pressure and also export as many companies in Iran, who is largest basmati importer, Exporters are facing a fund crunch with their payments stuck in Iran for five months. Over 30 per cent of basmati export is affected due to the crisis, making exporters reluctant to purchase basmati; Agriwatch expects that aromatic international rice price is likely to trade steady to weak in coming month due arrival pressure from major producing states. According to the UN's Food and Agriculture Organization (FAO), Currently Pakistani basmati FOB is moving weak from last month and is now hovering in the range of USD 988/MT which is up down 5.38 % from last month FOB of USD 1045/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.

Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2018-19) Forecast. 26.09.2019	(2019-20) Projection. 24.10.2019
Production	475	487	490	500	500
Trade	40	48	48	46	46
Consumption	474	486	487	496	496
Carryover stocks	122	123	126	178	179
Y-O-Y change	1	1	1	-	4
Major Exporters	33	31	28	38	39

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

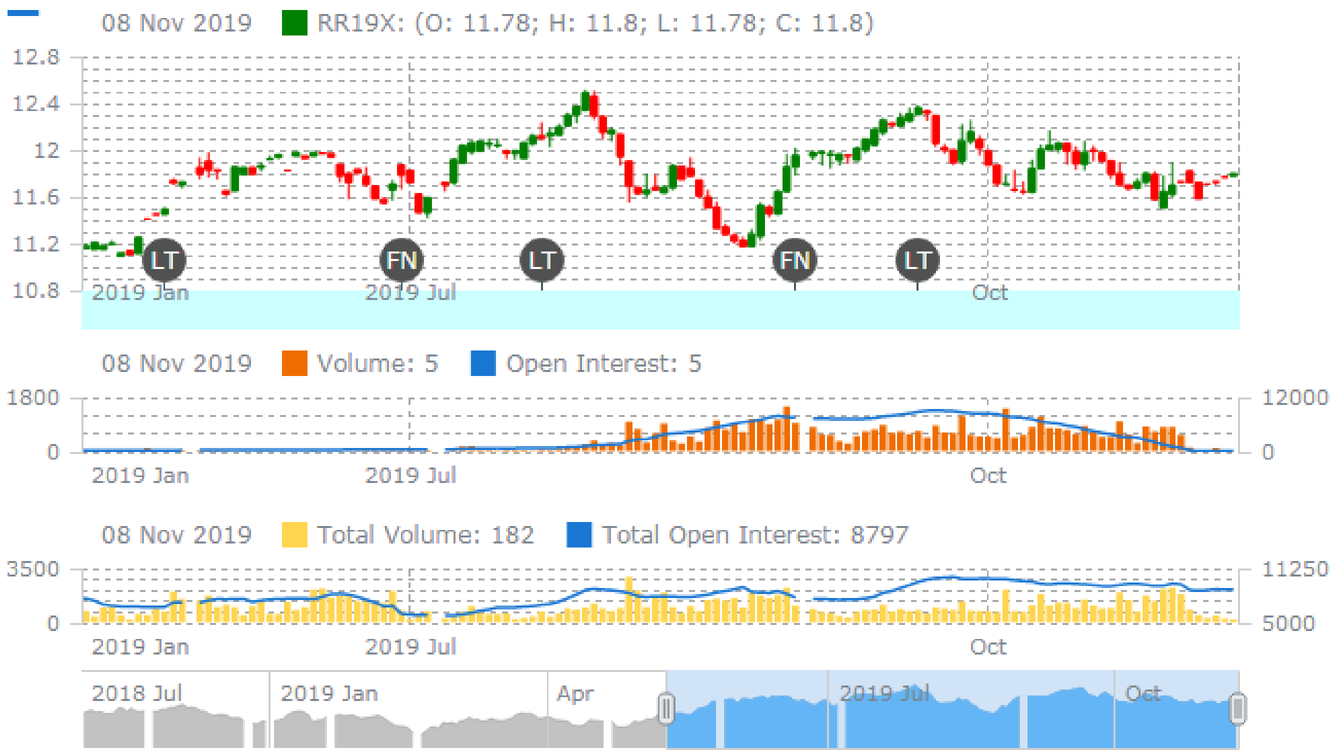
IGC Rice Balance sheet Highlights:

The outlook for global rice production in 2019/20 is unchanged m/m and matches the prior season's record of 500m t as smaller crops in some exporters are offset by gains elsewhere. However, due to a higher figure for opening stocks, world carryovers are predicted 1m t higher m/m, at a peak of 179m, including a nominal 114m in China. With the current lull in global import demand likely to continue into early 2020, the projection of trade in that year is cut by 0.6m t, to 45.9m, a 3% y/y increase.

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 11.20-12.55 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	**Trend**	**Price Range**
02nd Week of Nov-2019	Steady to Firm	USD/ Hundred Weight 11.00-12.80