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# Rice Weekly Research Report

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## Outlook and Review:

### Domestic Front

- **Prices of rice from top exporter India held at its lowest in nearly three years this week on low demand** as a harvest gathers pace, while neighboring Bangladesh considered cutting import duty on the staple to rein in surging domestic rates. Rates for India's 5% broken parboiled variety were unchanged around \$358-\$362 per ton, the lowest since January 2017.
- **Summer-sown crop harvesting has been gathering pace, but export demand is not improving.** Rising supplies have also started to push paddy prices below the government-set purchases rate of 1,835 rupees per 100 kg in many spot markets.
- **Bangladesh, meanwhile, was considering a reduction of import duties on the staple if local prices continue** to rise. In May, Bangladesh raised import duty to 55% from 28% to support farmers amid protests over a steep fall in domestic prices. However, prices have rebounded in the past few weeks, despite good crops and sufficient stocks, with the food minister attributing it to price manipulation by some traders.
- **Vietnam's 5% broken rice rates remained flat for a fourth week at \$345-\$350 a tonne, but demand picked** up slightly after Philippines decided last week not to suspend imports. Buyers in Philippines, one of Vietnam's top buyers, have started to clinch new deals although the quantity is not large. But if this batch of shipment to Philippines is smooth, price will increase. A lot of Chinese buyers are shifting to Cambodia and Myanmar as prices there are lower.
- **The Central Government is considering cutting the minimum reserve price (minimum reserve price)** of rice sold under the Open Market Sale Scheme (OMSS) as its level is higher than the open market price and hence the business community is in a position to buy it. According to rough estimates, the reserve price of government rice may be cut by up to Rs 500 per quintal. At present, the minimum reserve price of rice is fixed at Rs 2785 per quintal, which can be reduced to Rs 2250 per quintal. While determining the reserve price, it was said that it could be reviewed in October. But the Ministry of Food thought it better to wait for some time. There was no significant increase in the sale of rice and when the government stock started increasing, there was a need to seriously consider the reduction in the reserve price.
- **During the elections in Chhattisgarh, the government promised to buy paddy at the rate of Rs 2500** per quintal, but the Kharif MSP means Rs 1850 per quintal. How the difference will be paid for this, the government may have formed a committee that the remaining amount will be given to the farmers as a bonus.
- **Rice exports from Pakistan during first four months of current financial year grew by 43.76 per cent** as compared to the exports of the corresponding period of the previous year. The rice exports during the period under review, witness significant increase as it went up from 800,078 metric tons in first four months of last financial year to 1,141,334 metric tons in same period of current financial year. The exports of basmati rice also increased by 55.32% as about 279,257 metric tons of basmati rice worth \$256.817 million were exported as against the exports of 161,812 metric tons valuing \$165.351 million of same period of last year. Meanwhile, country earned \$376.922 million by exporting about 862,087 metric tons of others rice, which stood at 638,266 metric tons valuing \$275.477 million in the period under review.

## 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

<b>Others</b>	0.28	0.43	0.43	152.5	0.21	0.22
<b>All-India</b>	396.26	381.52	383.77	96.8	388.70	-4.93

As per the Ministry of Agriculture, current Kharif Rice acreage as on 05<sup>th</sup> 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 01<sup>st</sup> Week of Nov-2019**

State	Prices 24-30 Nov 2019	Prices 16-23 Nov 2019	Prices 24-30 Nov 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam	3044.65	3273.88	3252.2	-7	-6.38
NCT of Delhi			2013.79	---	---
Uttarakhand	2785.84	2606.85	2354.92	6.87	18.3
West Bengal	2749.68	2782.87	2718.91	-1.19	1.13
Gujarat	3270.13	3257.22	3201.92	0.4	2.13
Kerala	3485.25	3490.02	3529.26	-0.14	-1.25
Manipur	4756.99	4805.69	3700	-1.01	28.57
Uttar Pradesh	2513.38	2498.77	2428.09	0.58	3.51
Maharashtra	4606.12	4053.52	3513	13.63	31.12
Tamil Nadu			1855	---	---
Tripura	2933	2930.86	2923.01	0.07	0.34
Andhra Pradesh	4158.33	4428.57	4183.33	-6.1	-0.6
Jharkhand			3819.79	---	---
Karnataka	4076.63	3873.55	3752.94	5.24	8.62
Meghalaya	5000	5000		0	---
Odisha	2901.76	2534.68	2478.45	14.48	17.08
Punjab			3265.67	---	---
Average	3560.14	3502.81	3061.89		

Duration	Trend	Average Price Range	Reason
01 <sup>st</sup> Week of Dec, 2019	Steady to Weak	Rs.3250-3600/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*	30-Nov-19	29-Nov-19	23-Nov-19	30-Oct-19	30-Nov-18
Chirala(A.P)	BPT(Raw)	250	3450	3400	3200	3100	2950
Jharkhand(Ranchi)	Coarse	20	2920	2900	2900	2900	2800
Ernakulam(Kerala)	Jaya	55	3255	3250	3200	3300	3200
Divi( A.P)	BPT(Steam)	100	3200	3100	3100	3400	3300
Visakhapatnam	HMT(Raw)	150	4250	4200	4100	4100	4000
Nandyal	Sona Fine	-100	5500	5500	5600	5300	5100
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	0	3000	3100	3000	2900	2800
Jhargram(W.B)	IR-36	50	2900	2920	2850	2800	2850
Jhargram(W.B)	IR-36	100	2900	2900	2800	2500	2400
Karnal	Sarbati Steam	200	4100	4100	3900	4000	3900
Bangarpet(Kar)	Sugandh Sela	200	4500	4500	4300	4500	4200

### Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	451.89	507.38	55.49	APMC
Srikakulam	All Paddy	260	510	250	APMC
West Godavari	All Paddy	14566	23550	8984	APMC
Burdwan(W.B)	All Paddy	45223	50231	5008	APMC
Delhi	All Paddy	-78894	453521	532415	APMC
Amritsar	All Paddy	332867	535421	202554	APMC
Karnal	All Paddy	-13329	125525	138854	APMC

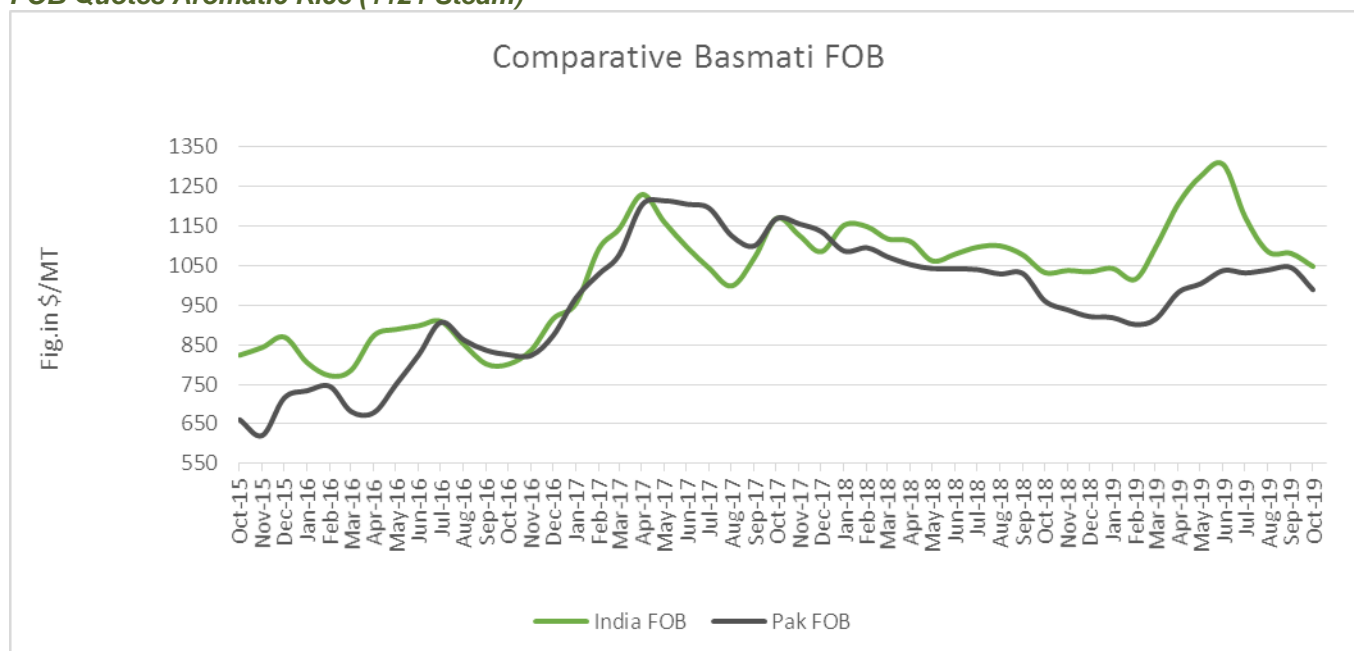
\*Difference between current and previous week price

### State wise Progressive Procurement

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

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&amp; 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.



**IGC Balance Sheet:**

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

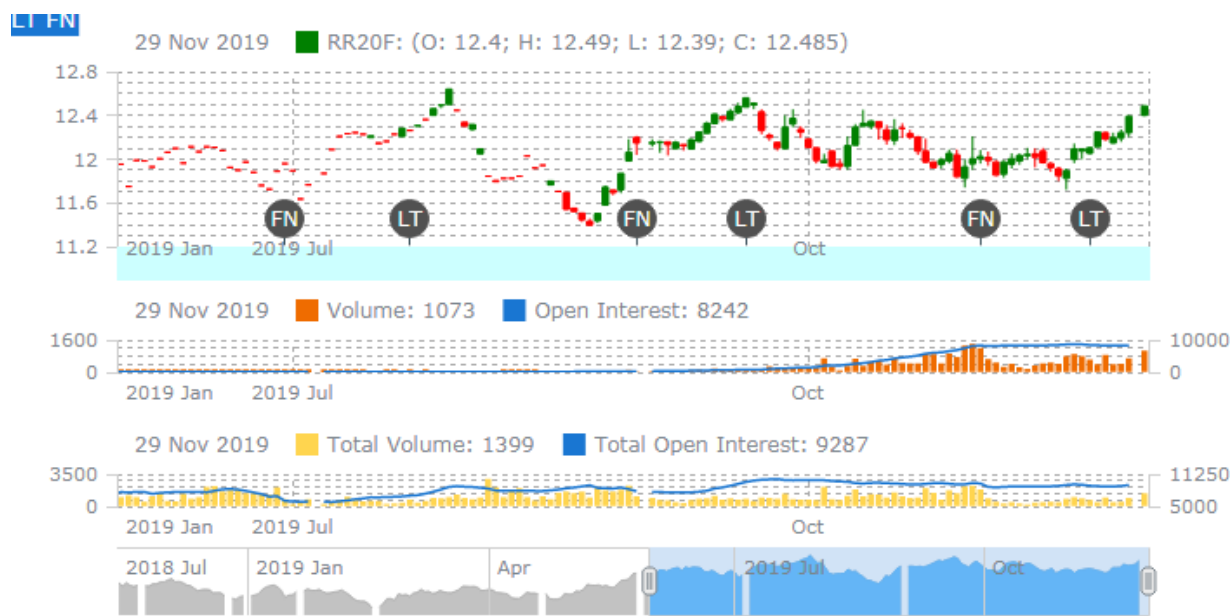
**IGC Rice Balance sheet Highlights:**

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 Jan- 19, Rough Rice)**

(Prices in US\$/hundredweight)



**Market Analysis**

**The CBOT Jan-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
01 <sup>st</sup> Week of Dec-2019	Steady to Firm	USD/ Hundred Weight 11.50-13.20

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