Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Prices of rice in top exporter India slid to a three-year low this week as demand waned on ample supply** from the recent summer harvest, while demand from Philippines picked up for the Vietnamese variety.

- **Rates for India's 5% broken parboiled variety were quoted around $356-$361 per ton this week,** the lowest since January 2017 and down from last week's $358-$362. The supplies from new crop are rising, but demand is not picking up. India's rice exports in October fell 42% year-on-year to 485,898 tons, government data showed on Thursday, due to weak demand from African countries for non-basmati varieties.

- **In Vietnam, rates for 5% broken rice were quoted at $345 a ton on Thursday, compared with a range of $345-$350** a week earlier. Demand from the Philippines has been picking up, with more orders coming in, meanwhile, country is focusing on fulfilling orders signed earlier with clients from Iraq and Cuba. Farmers in the country's largest rice growing area, the Mekong Delta, are preparing land for the key winter-spring crop, but traders fear the rice quality of the crop might not be as high as before. The lack of floods over the recent years in the Mekong Delta has left the land less fertile.

- **In Bangladesh, domestic prices of rice have fallen slightly this week after the government vowed stern** action against the manipulators and considered a cut of import duties on the staple. Prices had rebounded in the past few weeks, despite good crops and ample stocks, which the food minister attributed to price manipulation by some traders. Bangladesh raised import duty to 55% from 28% in May, in an effort to support farmers amid protests over a steep fall in domestic prices.

- **Export prices for Thai variety were little changed this week on subdued demand and as new supply** gradually enter the market. Prices have not changed much this week because of the lack of demand. Thailand's benchmark 5% broken rice prices narrowed to $397-$410 a tonne on Thursday from $394 -$410 the week before.

- **Over 163.5 LMT paddy procured during KMS 2019 in Punjab. Punjab Food and Civil Supplies Minister said** the Kharif Marketing Season 2019-20 witnessed arrival of 163.49 lakh metric tonne (LMT) paddy in the mandis across the state, which has been successfully procured within the stipulated time frame by the State Procurement Agencies.
- Over 71.8 LMT paddy arrive in Haryana mandis. More than 71.86 lakh metric tonnes (LMT) of paddy has so far arrived in Mandis of Haryana as compared to over 70.70 LMT of paddy arrived during the corresponding period last year. Out of the total arrival of paddy, government agencies had so far procured over 63.95 LMT of paddy whereas the remaining quantity of over 7.90 LMT of paddy was procured by the millers and dealers. More than 34.85 LMT of paddy has been purchased by the Food, Civil Supplies and Consumer Affairs department whereas, over 19.76 LMT of paddy has been procured by Hafed, over 9.28 LMT by the Haryana Warehousing Corporation and 4,725 MT by the Food Corporation of India.
- **About 15.05 lakh ton wheat and rice sold in open market till Nov 20 by Govt. The government is sitting on a huge** stock of over 600 lakh tonnes of foodgrain, has sold 15.05 lakh tonnes of wheat and rice in the open market so far this fiscal. About 8.99 lakh tonnes of wheat and 6.06 lakh tonnes of rice has been sold through the open market sale scheme (OMSS) till November 20 of this year. The government, through the Food Corporation of India (FCI), sells wheat and rice to bulk consumer/traders/state governments

from the central pool at pre-determined prices in the open market from time to time through e-tender to enhance the supply in lean season and check prices. It aims to sell 100 lakh tonnes of wheat and 50 lakh tonnes of rice under OMSS during the ongoing 2019-20 fiscal. In 2018-19 financial year, the government had sold 90.30 lakh tonnes of foodgrain, comprising 81.84 lakh tonnes of wheat and 8.46 lakh tonnes of rice.

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 Dec-2019

State	Prices 01-08 Dec 2019	Prices 24-30 Nov 2019	Prices 01-08 Dec 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Kerala	3491.76	3485.59	3526.4	0.18	-0.98
Tripura	2891.72	2921.03	2921.67	-1	-1.03
Uttar Pradesh	2589.99	2513.08	2428.07	3.06	6.67
West Bengal	3065.28	2759.58	2711.82	11.08	13.03
Jharkhand			3783.08	__	__
Maharashtra	3624.56	4455.61	3481.57	-18.65	4.11
Manipur	4812.97	4749.3	3495	1.34	37.71
Meghalaya	5000	5000		0	__
Odisha	2931.68	2808.01	2694.43	4.4	8.81
Assam	3190.01	3028.03	3158.54	5.35	1
Gujarat	3232.51	3261.68	3306.05	-0.89	-2.22
Karnataka	3731.52	4038.4	3757.31	-7.6	-0.69
Andhra Pradesh	4180	4158.33	4190	0.52	-0.24
Nagaland			7290.91	__	__
NCT of Delhi			2416.36	__	__
Uttrakhand	2831.54	2783	2374.75	1.74	19.24
Punjab			3167.2	__	__
Average	3505.66	3535.51	3418.95		

Duration	Trend	Average Price Range	Reason
02nd 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*	07 Dec-19	06-Dec-19	30-Nov-19	07-Nov-19	07-Dec-18
Chirala(A.P)	BPT(Raw)	**50**	3500	3500	3450	3100	2950
Jharkhand(Ranchi)	Coarse	**-20**	2900	2900	2920	2900	2800
Ernakulam(Kerala)	Jaya	**-55**	3200	3250	3255	3300	3200
Divi(A.P)	BPT(Steam)	**100**	3300	3100	3200	3400	3300
Visakhapatnam	HMT(Raw)	**150**	4400	4200	4250	4100	4000
Nandyal	Sona Fine	**-100**	5400	5500	5500	5300	5100
Barasat(W.B)	Masuri	**0**	3500	3500	3500	3300	3200
Dibrugarh	Common	**100**	3100	3100	3000	2900	2800
Jhargram(W.B)	IR-36	**100**	3050	2920	2900	2800	2850
Jhargram(W.B)	IR-36	**100**	**3000**	2900	**2900**	2500	2400
Karnal	Sarbati Steam	**-100**	4000	4100	4100	4000	3900
Bangarpet(Kar)	Sugandh Sela	**-200**	4300	4500	4500	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

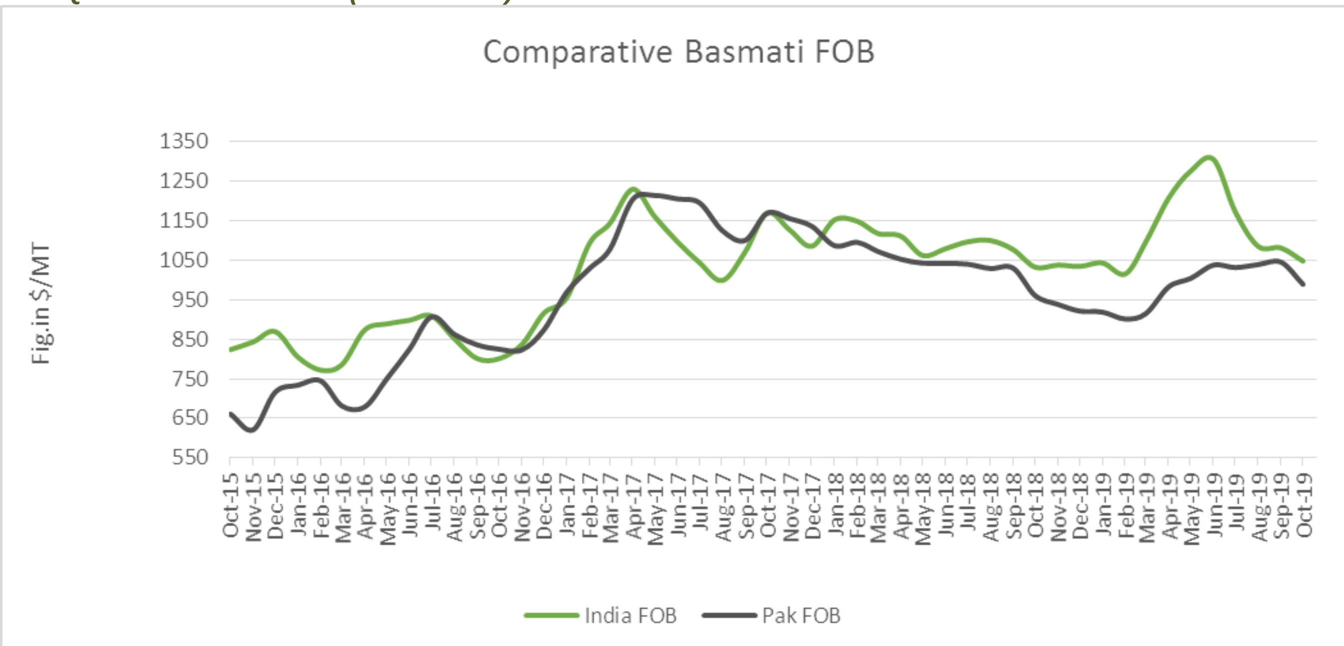
*Difference between current and previous week price

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	**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.

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

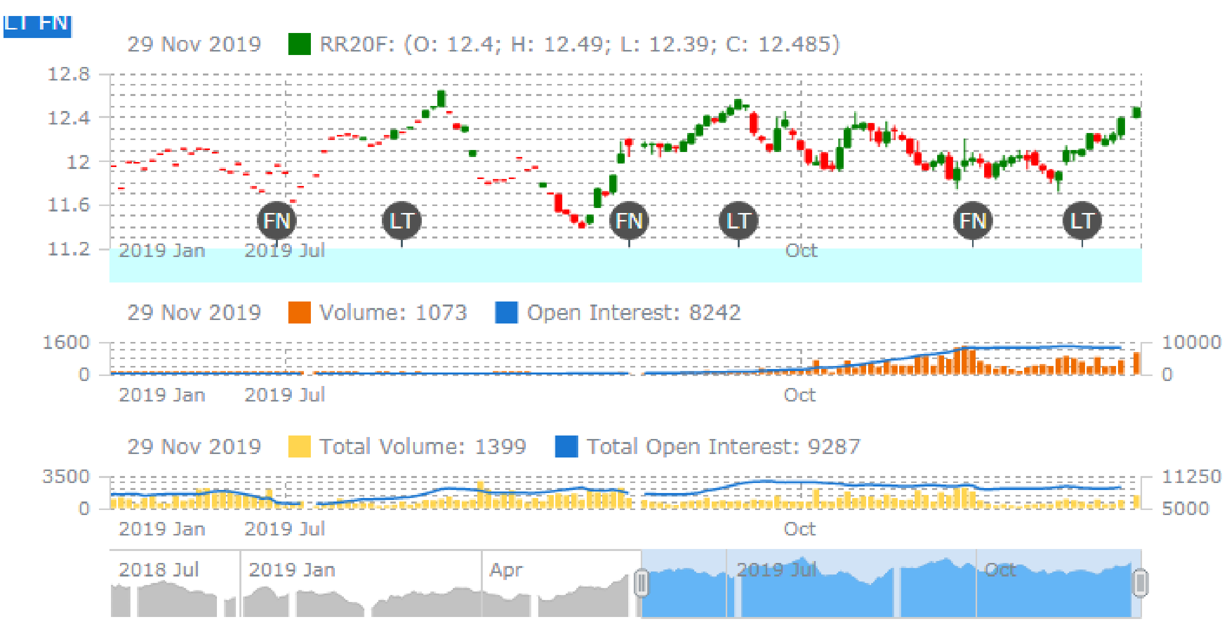
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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
02nd Week of Dec-2019	Steady to Firm	USD/ Hundred Weight 11.50-13.20