Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- Thailand's rice export prices rose this week on concerns that a drought hitting the country may harm future supplies of the crop, while the festive season led to thin trade in India and Vietnam. Thailand's benchmark 5 percent broken rice prices were quoted at $424-$435 on Thursday, an increase from $395-$420 the week before. There are concerns that the ongoing drought could hurt future supply so there is speculative buying and stockpiling by some mills and exporters, which has driven up the prices. The government introduced emergency measures last week in 11 provinces around the country, many of them rice-growing areas.
- Thailand, the world's second-largest rice exporter, will not have enough water to grow the crop in some 960,000 hectares of rice fields around the Chao Phraya River basin. The dry season is expected to last through to April 30 next year.
- Rice export rates notched up in Vietnam as well, with 5 percent broken quoted at $355-$360 a ton, slightly higher from last week's $350-$352. The market is just quiet during this Christmas and New Year holiday. Despite domestic inventory being nearly empty, prices would likely not go up in the short term due to weak demand.
- In top exporter India, weak demand amid a rise in paddy rates in the local market kept export prices steady. The 5 percent broken parboiled variety was quoted around $360-$365 per ton. Most of the traders are on Christmas vacation. Demand is negligible. New Delhi earlier this year raised paddy rice purchase price by 3.7% to 1,815 rupees per 100 kg for the 2019/20 crop.
- Meanwhile, Bangladesh has failed to secure any overseas deals since a long-standing export ban on common variety was lifted in May, with its rice more expensive than supplies from India or Thailand.
- So far 335.28 lakh tons of paddy has been procured by the Central Government's subordinate agency Food Corporation of India (FCI) and its associated provincial agencies in the procurement marketing season of 2019-20 Paddy at the minimum support price from farmers in major producing states is being procured. This time the support price of paddy has been increased by Rs 65 per quintal. As a result, the support price of paddy for the 2019-20 season increased from Rs 1750 per quintal in the general category to Rs 1815 per quintal and the support price of 'A' grade increased by Rs 1770 to Rs 1835 per quintal as compared to the 2018-19 season. As per the available data, so far Food Corporation's participation in the total government procurement of 335.28 lakh tons of paddy was 3.29 lakh tons and the share of provincial agencies was 331.99 lakh tons.
- During the period under review, procurement of paddy is 162.28 lakh tons in Punjab, 64.23 lakh tons in Haryana, 36.45 lakh tons in Uttar Pradesh, 9.14 lakh tons in Uttrakhand, 12.61 lakh tons in Orissa, 3.43 lakh tons in Madhya Pradesh, 1.94 lakh tons in Maharashtra, 1.63 in Kerala. Government procurement has been done for lakh tons, 33.39 lakh tons in Telangana and 9.17 lakh tons in Andhra Pradesh.
- The Center recently approved the purchase of 2.4 million tons of paddy, giving great relief to the Government of Chhattisgarh.While previously allocated 1.6 million tons of paddy purchases from the state. If the Kharif Rabi season is purchased, then this year there may be a government purchase of 40 lakh tons of paddy from Chhattisgarh. In order to reduce the stock of food grains from the central pool in the country, rotten grains should be allocated at the earliest to be used for ethanol production.

State wise Paddy Crop Situation - Rabi (2019-20) as on 20.12.2019

	RICE					
State	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	7.32	2.18	29.8	1.24	0.94	75.8
Assam	4.06	0.07	1.7	0.00	0.07	#DIV/0!
Bihar	0.82	0.00	0.0	0.00	0.00	#DIV/0!
Chhattisgarh		0.11		0.02		
Goa	0.13	0.00		0.00		
Gujarat	0.40	0.00		0.00		
Jharkhand	0.02					#DIV/0!
Karnataka	2.22	0.02	0.9	0.08	-0.06	-73.8
Kerala	0.44	0.30	67.6	0.56	-0.26	-46.4
Madhya Pradesh	0.08					
Maharashtra	0.43	0.00		0.00	0.00	#DIV/0!
Manipur	1.93	0.00		0.00		
Meghalaya	0.14	0.00		0.14	-0.14	-100.0
Nagaland	0.04					
Odisha	2.56	0.02	0.8	0.02	0.00	-14.8
Tamil Nadu	1.52	9.27	610.6	7.67	1.60	20.9
Telangana	6.66	0.33	5.0	0.34	-0.01	-2.9
Tripura	0.67	0.00		0.00		#DIV/0!
Uttar Pradesh	0.27	0.00		0.00		#DIV/0!
Uttrakhand	0.14					#DIV/0!
West Bengal	12.86	.		0.00		

Others	0.00	0.05		0.04	0.01	22.0
All-India	42.77	12.35	28.9	10.11	2.24	22.2

As per the Ministry of Agriculture, current rabi Rice acreage as on 20th December 2019 up by 22.18 per cent at 12.35 lakh hectares as compared to 10.11 lakh hectares last year same period.

State wise Wholesale Prices weekly for 02nd Week of Dec-2019

State	Prices 16-23 Dec 2019	Prices 09-15 Dec 2019	Prices 16-23 Dec 2018	% Change(Over Previous Week)	% Change(Over Previous Year)
Odisha	2718.06	2557.64	2660.08	6.27	2.18
Andhra Pradesh	4040	4250	4218.75	-4.94	-4.24
Assam	3065.38	2915.63	3127.54	5.14	-1.99
Karnataka	3432.86	3801.66	3439.72	-9.7	-0.2
Maharashtra	3574.15	3654.93	3521.62	-2.21	1.49
Tripura	2940.66	2874.56	2954.9	2.3	-0.48
Uttar Pradesh	2629.78	2500.38	2410.72	5.18	9.09
Kerala	3491.92	3491.58	3531.42	0.01	-1.12
Manipur	4811.42	4835.42	3477.78	-0.5	38.35
Meghalaya				__	__
Gujarat	3229.91	3253.12	3121.52	-0.71	3.47
Jharkhand			3867.21	__	__
Uttrakhand	2678.25	2655.67	2330.51	0.85	14.92
Tamil Nadu			1466	__	__
West Bengal	3121.97	2967.28	2710.78	5.21	15.17
Madhya Pradesh			1750	__	__
NCT of Delhi			2200	__	__
Average	3311.2	3313.16	2924.28		

Duration	Trend	Average Price Range	Reason
04th 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*	28-Dec-19	27-Dec-19	21-Dec-19	28-Nov-19	28-Dec-18
Chirala(A.P)	BPT(Raw)	100	3200	3100	3100	3100	2900
Jharkhand(Ranchi)	Coarse	50	3000	3000	2950	2920	2850
Ernakulam(Kerala)	Jaya	100	3400	3400	3300	3300	3200
Divi(A.P)	BPT(Steam)	0	3300	3100	3300	3350	3100
Visakhapatnam	HMT(Raw)	80	4400	4350	4320	4200	4000
Nandyal	Sona Fine	-50	5500	5500	5550	5300	5100
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	0	3300	3100	3300	2900	2800
Jhargram(W.B)	IR-36	0	2920	2920	2920	2800	2850
Jhargram(W.B)	IR-36	0	**2910**	2900	**2910**	2500	2400
Karnal	Sarbati Steam	100	4400	4400	4300	4000	3900
Bangarpet(Kar)	Sugandh Sela	300	4700	4400	4400	4500	4200

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	1.3	**12**	**10.7**	APMC
Srikakulam	All Paddy	-5.87	**102**	**107.87**	APMC
West Godavari	All Paddy	-5	**8**	**13**	APMC
Burdwan(W.B)	All Paddy	-1051.1	**4825**	**5876.1**	APMC
Delhi	All Paddy	-1800	**16232.1**	**18032.1**	APMC
Amritsar	All Paddy	97	**1505**	**1408**	APMC
Karnal	All Paddy	997.2	**12765**	**11767.8**	APMC

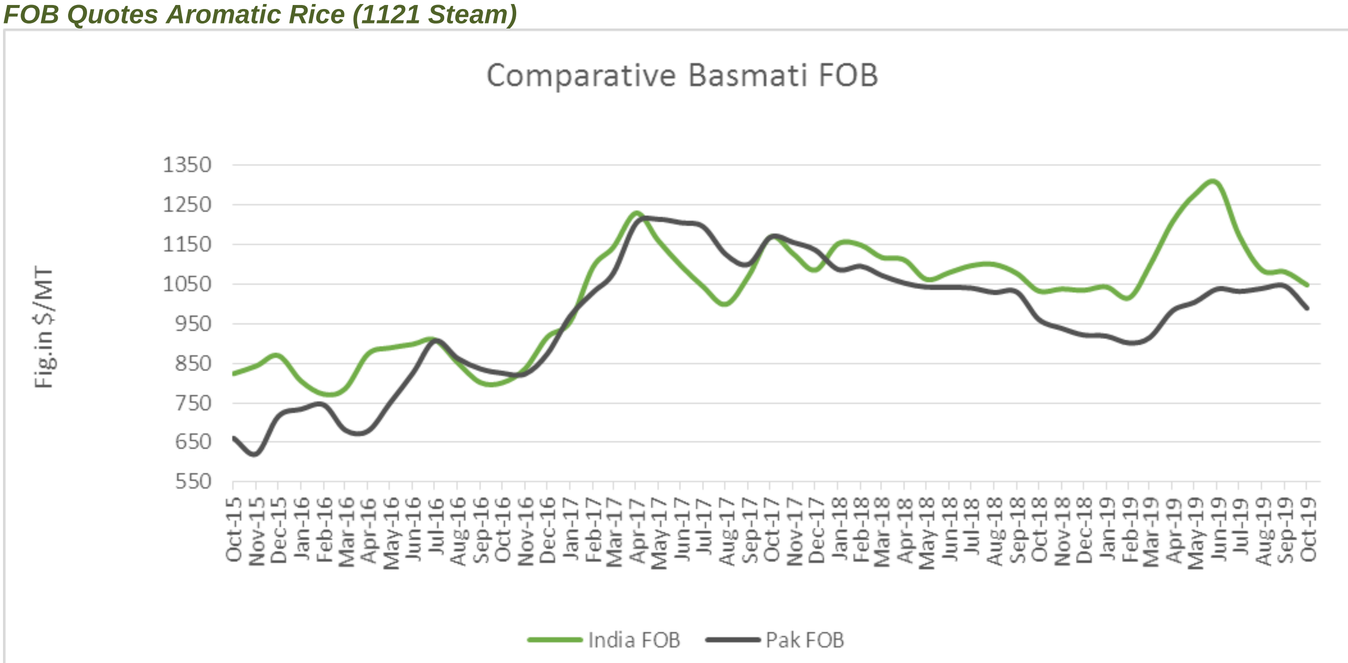
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs (in Lakh T)	Target in marketing season 2019-20 (Oct. – Sept.)	Progressive Procurement as on 13.12.2019	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	40.00	2.97	6.20
Telangana	30.00	15.28	18.45
Haryana	40.00	43.02	39.09
M.P	14.00	0.32	0.57
Maharashtra	6.00	0.88	1.01
Punjab	114.00	108.73	113.16
Tamilnadu	8.00	0.20	0.51
U.P	33.00	0.31	0.02
Uttrakhand	5.00	6.10	3.18
Total	416.00	201.06	190.99

All-India progressive procurement of Rice as on 13.12.2019 for Kharif Marketing Season (KMS) 2019-20 is 201.06 lakh tonnes against the procurement of 190.99 lakh tonnes in the corresponding period of last 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.

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

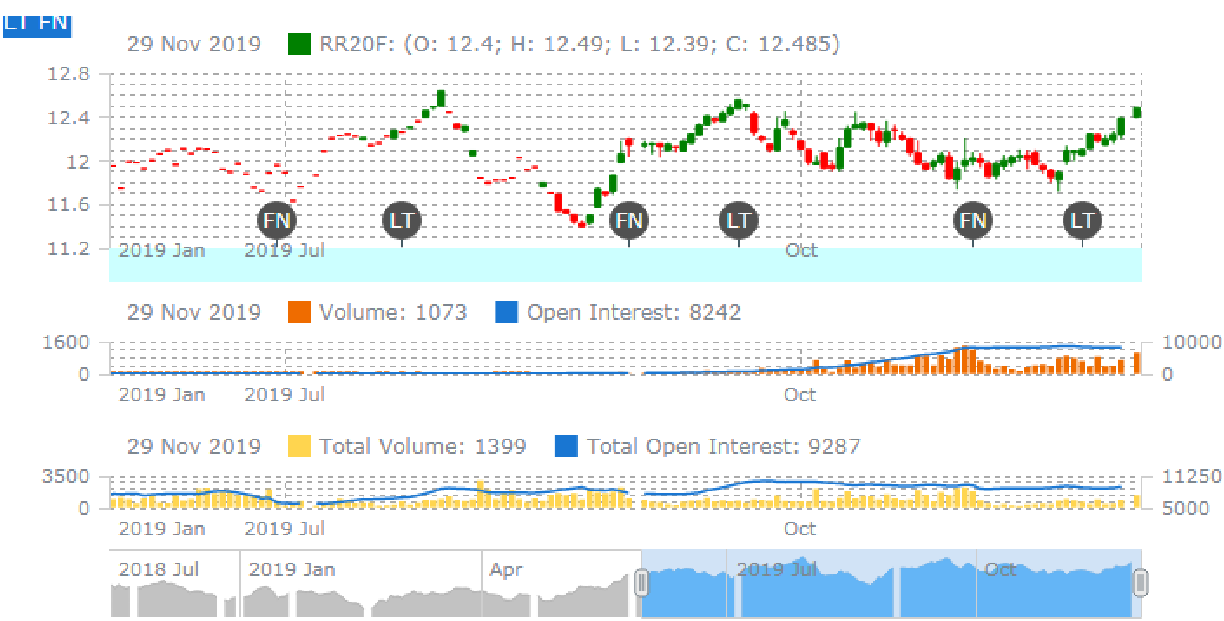
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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
04th Week of Dec-2019	Steady to Firm	USD/ Hundred Weight 11.50-13.20