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# Rice Weekly Research Report

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## Outlook and Review:

### Domestic Front

- Indian rice export prices edged higher this week, buoyed by a stronger rupee and higher local paddy prices, while trade remained thin in rival hubs because of the holiday season. Top exporter India's 5% broken parboiled variety was quoted around \$362-\$366 a ton, up from last week's \$360-\$365. The slight upturn was because of a strong rupee, which trims exporters' margins from overseas sales, though demand remains weak.
- In Vietnam, rates for 5% broken rice were quoted at \$360 a ton on Thursday, little changed from last week's \$355-\$360. Trade is very thin at the moment as inventory has run low and many exporters are still on holiday. Farmers in the country's largest rice-growing area, the Mekong Delta, are preparing land for the key winter-spring crop, which is expected to peak by the end of February. No new deals were clinched in the past two weeks, apart from those to fulfil signed contracts.
- Preliminary shipping data showed more than 100,000 tons of rice is to be loaded at Ho Chi Minh City port between Jan. 1 and Jan. 23, with most of it bound for West Africa, Iraq and South Korea. Vietnam's rice exports in 2019 are forecast to be up 2.5% from a year earlier at 6.259 million tonnes, official data showed last week.
- Thailand's rice-trading market was closed for most of the week because of the New Year holidays.
- Telangana procures 23 lakh tons of paddy. The Telangana Government has procured 23 lakh tons of paddy so far from the kharif season, with Nizamabad district topping the list with about 4 lakh tons. The State government spent Rs. 4,200 crore on procuring the commodity from about 4.16 lakh farmers. Government has opened 3,500 procurement centers this year. Of the 23 lakh tons of paddy procured, around 22 lakh tons to the mills for processing.
- Bumper paddy yield in Visakhapatnam. Nearly 90 per cent of the crop has been harvested in the district so far, while the remaining standing crop will be harvested by the end of the month. Farmers harvested an average of 3,191 kg paddy per hectare, almost at equivalence with a yield of 3,193 kg per hectare in 2017. In 2018, paddy yield had dwindled to 2,300 kg per hectare due to unfavorable weather conditions and cyclones. The moisture content in paddy grains was reported at 13 per cent to 14 per cent in the district, against an average of 9 per cent across the state.
- Average monthly wholesale rice prices in India stood at around Rs.3446 per quintal in December- 2019, up by 1.38% from Rs.3399 per quintal in November-2019 and up by 2.78% from Rs.3354 per quintal a year ago. Agriwatch expects non-basmati rice market to move range bound. Prices are likely to remain steady to firm on yield loss and thus arrival is lower than expected in major mandis.
- According to the USDA, Pakistan exported 4.5 million tons of rice during the 18-19 season, which is the largest record ever. Estimated to produce 7.5 lakh tons of rice in Pakistan this year according to USDA.

China was an importer of rice before 2019 but became a major exporter of rice in 2019, China competed with India in 2019 and increased rice exports to African countries.

**State wise Paddy Crop Situation - Rabi (2019-20) as on 27.12.2019**

RICE						Over last year	
State	Normal Area	Average Area	Area sown reported			Absolute Change	% Change
			This Year	% of Normal	Last Year		
Andhra Pradesh	7.32	2.89	2.72	37.1	2.14	0.58	27.1
Assam	4.06	0.02	0.57	14.0	0.09	0.48	533.3
Bihar	0.82	0.00	0.00	0.0	0.00	0.00	#DIV/0!
Chhattisgarh		0.00	0.11		0.02		
Goa	0.13	0.00	0.00		0.00		
Gujarat	0.40	0.00	0.00		0.00		
Jharkhand	0.02					0.00	#DIV/0!
Karnataka	2.22	0.24	0.05	2.2	0.09	-0.04	-44.4
Kerala	0.44	0.95	0.61	137.5	1.05	-0.44	-41.9
Madhya Pradesh	0.08						
Maharashtra	0.43	0.00	0.00		0.00	0.00	#DIV/0!
Manipur	1.93	0.00	0.00		0.00		
Meghalaya	0.14	0.03	0.00		0.14	-0.14	-100.0
Nagaland	0.04						
Odisha	2.56	0.02	0.04	1.7	0.04	0.01	23.7
Tamil Nadu	1.52	9.58	9.42	620.7	7.98	1.44	18.1
Telangana	6.66	0.00	0.33	5.0	0.35	-0.02	-5.7
Tripura	0.67	0.00	0.00		0.00		#DIV/0!
Uttar Pradesh	0.27	0.00	0.00		0.00		#DIV/0!
Uttarakhand	0.14	0.00	0.00		0.00		#DIV/0!
West Bengal	12.86	0.00	.		0.00		
Pondicherry	0.04						
Others	0.00	0.04	0.05	2500.0	0.04	0.01	25.0
All-India	42.77	13.76	13.90	32.5	11.93	1.97	16.6

Paddy acreage as on 27<sup>th</sup> December, 2019 as per reports received from government, stands at 13.90 lakh hectare as compared to 11.93 lakh hectares last year same period. It is reported that rice has been sown/transplanted in Andhra Pradesh is higher by 75 per cent and reached to 2.18 lakh hectares from

last year area of 1.24 lakh hectares. Tamilnadu paddy area in Rabi is also up by 20 per cent from last year and reached to 9.27 lakh hectares.

**State wise Wholesale Prices weekly for 04<sup>th</sup> 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	---	---
Uttarakhand	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
01 <sup>st</sup> Week of Jan, 2020	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*	4-Jan-20	3-Jan-20	28-Dec-19	4-Dec-19	4-Jan-19
Chirala(A.P)	BPT(Raw)	50	3250	3250	3200	3100	3000
Jharkhand(Ranchi)	Coarse	20	3020	3000	3000	2950	2900
Ernakulam(Kerala)	Jaya	100	3500	3500	3400	3400	3350
Divi( A.P)	BPT(Steam)	0	3300	3100	3300	3350	3100
Visakhapatnam	HMT(Raw)	0	4400	4350	4400	4200	4000
Nandyal	Sona Fine	0	5500	5500	5500	5300	5100
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	-50	3250	3200	3300	2900	2800
Jhargram(W.B)	IR-36	-20	2900	2900	2920	2800	2850
Jhargram(W.B)	IR-36	0	2910	2900	2910	2500	2400
Karnal	Sarbati Steam	-500	3900	3900	4400	4000	3900
Bangarpet(Kar)	Sugandh Sela	-400	4300	4300	4700	4500	4200

**Weekly Paddy Arrival in Major Mandi:**

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-3	9	12	APMC
Srikakulam	All Paddy	-47	55	102	APMC
West Godavari	All Paddy	-3	5	8	APMC
Burdwan(W.B)	All Paddy	-2200	2625	4825	APMC
Delhi	All Paddy	-4027.1	12205	16232.1	APMC
Amritsar	All Paddy	-301	1204	1505	APMC
Karnal	All Paddy	782	13547	12765	APMC

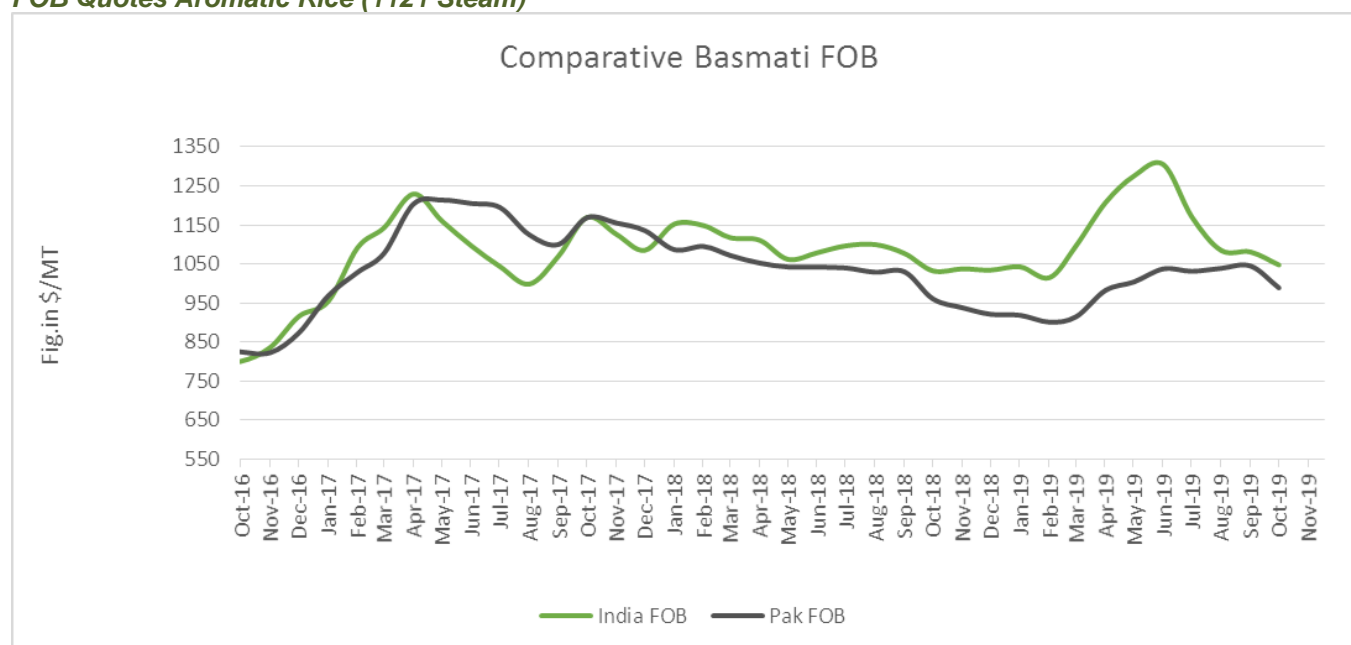
\*Difference between current and previous week price

### 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 November and currently is in the range of USD 844/MT which is down by 20% from last month price of USD 1047/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 in coming month due diminishing of arrival 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 976/MT which is up down 1.2 % from last month FOB of USD 988/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. 24.10.2019	(2019-20) Projection. 21.11.2019
Production	475	487	490	500	500
Trade	40	48	48	46	45
Consumption	474	486	487	496	495
Carryover stocks	122	123	126	179	180
Y-O-Y change	1	1	1	4	5
Major Exporters	33	31	28	39	40

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

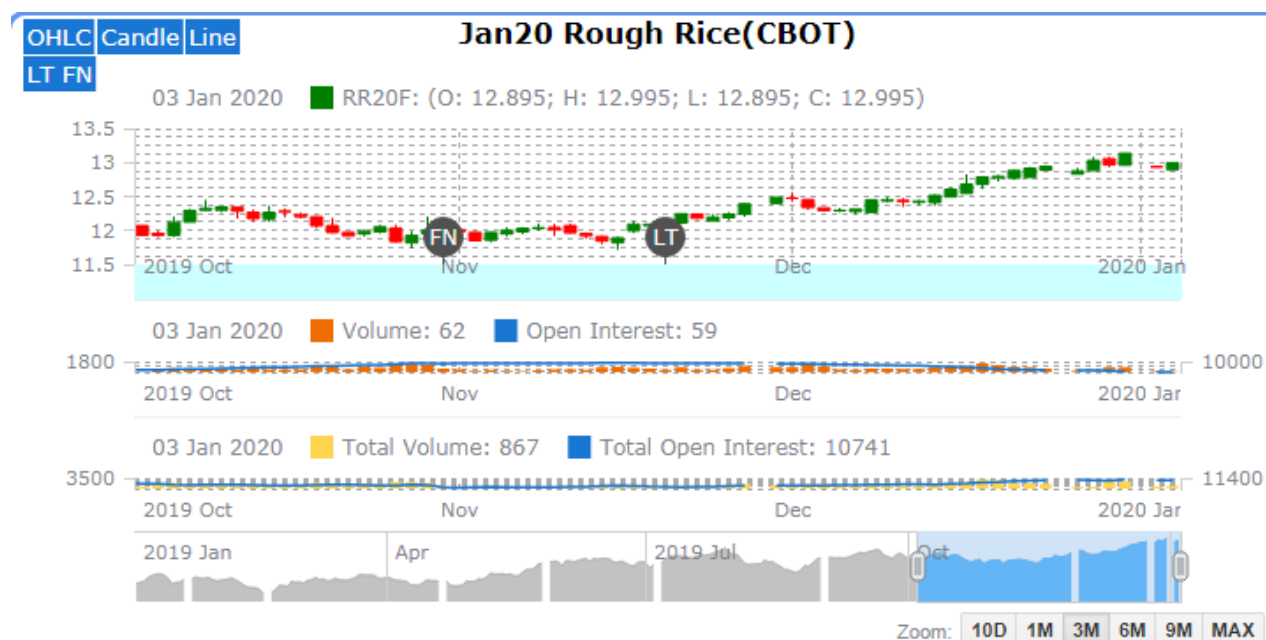
**IGC Rice Balance sheet Highlights:**

Largely reflecting the continued slow pace of dispatches by India and Thailand, the outlook for world rice trade in 2019 is cut by 1.0m t m/m, to 43.5m, a 6% y/y drop. Global production in 2019/20 is forecast at 500m t, little-changed y/y. And with consumption fractionally higher than in October, world inventories are raised by 1m t m/m, to a record of 180m, a 6m y/y gain. The projection for trade in 2020 is cut slightly but, at 45.4m t, would represent a moderate recovery.

With weak demand from several key Asian buyers only partly offset by a slight firming of buying interest from importers in sub-Saharan Africa, global rice trade in 2019 (Jan/Dec) is seen falling by 6% y/y, to 43.5m t. As a consequence, sales by India and Thailand are expected to contract. In contrast, China's exports are set to post strong y/y growth on bigger deliveries to Africa. Global production is predicted broadly steady y/y in 2019/20 as smaller crops in India and China are offset by gains elsewhere, while accumulation in leading producers could push up inventories to a new peak. Trade is projected to rebound, but stay below 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 12.50-13.50 hundred weights in coming sessions.

### Price Projection (International-CBOT)

Duration	Trend	Price Range
01 <sup>st</sup> Week of Jan-2020	Steady to Firm	USD/ Hundred Weight 11.50-13.20

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