
Rice Weekly Research Report

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Outlook and Review:**Domestic Front**

- Rice export prices in major Asian hubs held steady this week but a multi-month drought drove expectations of a rise in Thai rates, while a cold snap threatened crops in Bangladesh.
- Thailand's benchmark 5 percent broken rice prices were quoted at \$425-\$435 on Thursday, largely unchanged from two weeks earlier, but was still the highest level since June 2018. Although demand was flat, prices for the Thai grade, which were consistently trading higher than the Vietnamese variety throughout 2019, remained high well into 2020 due to the drought threatening supply and the continuous appreciation of the baht. Thailand's dry season started in November and usually lasts through April, although authorities said it could go on through June this year. A drought has been declared in 14 provinces in the central, northern and northeastern farming regions.
- In top producer India, rice export prices remained steady due to weak demand from African countries. Prices of the 5 percent broken parboiled variety were unchanged from last week, around \$362-\$366 per ton. Exports demand is subdued. Supplies are rising from the summer-sown crop.
- In Vietnam, rates for 5% broken rice eased to \$355 a ton on Thursday, from \$360 a week earlier. Demand remains weak this week and trade has been very slow, Preliminary shipping data showed 138,650 tons of rice is to be loaded at Ho Chi Minh City port between Jan. 1 and Jan. 23, with most of the grain bound for Iraq and West Africa. The Ministry of Industry and Trade this week added 47 companies to a list of eligible rice exporters, raising the number of licensed Vietnamese exporters to 182, The move is aimed at "facilitating rice exports, promoting rice production in a sustainable manner and enhancing the competitiveness of Vietnamese rice.
- **Andhra Pradesh government released its Rabi second advance production estimate in which paddy production** is estimates to 130.62 lakh tons which is higher by 5.6 lakh tons from last year production of 123.70 lakh tons that in the current Rabi season, also there will be a huge increase in the production of all crops except sugarcane in Andhra Pradesh. In terms of percentage, the maximum increase has been in the production of gram, the gram crop can more than double from last year to reach 5.12 lakh tons. Good growth in production of paddy, maize, groundnut, cotton and red chili.
- **DGFT made minor changes to the Basmati, Non-Basmati rice export rules by issuing notification 41 / 2015-20** dated 09 January 2020. Basmati and non-basmati rice in Europe Member State and Iceland, Norway, Switzerland, for export to LIECHTENSTEIN, an inspection certificate will have to be obtained from the Export Inspection Council or Export Agency. In the remaining European countries, an inspection certificate by both agencies will be mandatory on every shipment from 1 July 2020 i.e. by 1 July 2020 all European countries, Europe Member State and Iceland, Certificate of export will have to be given at LIECHTENSTEIN in Norway, Switzerland. Basmati rice prices declined due to Iran, US dispute which also had a direct impact on Basmati paddy. The farmers were also harmed by the ongoing stir between the two countries.
- **Paddy procurement: APSCSC likely to go for Rs. 3000-cr. loan.** Andhra Pradesh State Civil Supplies Corporation will have to avail a loan of Rs. 3,000 crore from the banks to facilitate uninterrupted procurement of paddy from farmers. The loan is to meet the working capital requirements for procurement. The corporation is negotiating with the National Bank for Agriculture and Rural Development (NABARD) and is likely to be finalised in a couple of days.

- India basmati exports to biggest buyer Iran come to a halt.** Rice millers in India face a squeeze on margins as basmati trade to Iran has come to halt, as insurers aren't ready to provide cover to shipments following the latest escalation in Iran-United States conflict. Iran is the largest buyer of the premium rice from India, and the situation has arisen at the onset of the procurement period by the West Asian country. In this volatile situation, payments for any shipments are also sure to be delayed for several months. Payments were late by five months last year and exporters are not ready to take more risk. The rising hostilities in the US-Iran relations have dampened the scope of a revival in basmati trade. Global shipments from India were down by 10 per cent in April-October 2019, but had increased marginally in November 2019. That was due to higher shipments to Saudi Arabia, Iran, Jordan, Kuwait and the US. Indian rice exporters were expecting momentum in trade after government of Iran had opened a fresh tender in December for 200,000 tonnes of basmati from India. Basmati trade is hit hard as Iran buys more than one-third of the total export of the commodity from India.
- Mandis refuse to buy paddy as millers fail to lift stock in Odisha.** Paddy procurement has come to a halt in many parts of coastal districts as storage capacity of mandis (paddy procurement centres) are full to the edge since the millers have not lifted the stock. Reports coming in from districts such as Cuttack, Puri, Nayagarh, Jagatsingpur, and Kendrapara reveal that custom millers allowed to participate in procurement are not lifting paddy stock from identified mandis for the last two days under the pretext that they did not have storage capacity. However, the fact remains that the millers do not want to lift the paddy due to heavy moisture content. With no storage facilities in many of the Primary Agriculture cooperative Societies (PACS), the principal agent of Odisha State Civil Supply Corporation for procurement, purchased paddy stocked in open are exposed to unseasonal rains.

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!
Uttrakhand	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 27th 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 04th Week of Dec-2019

State	Prices 01-08 Jan 2020	Prices 24-31 Dec 2019	Prices 01-08 Jan 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh		3825	4241.67	---	---
Assam		3066.02	3198.21	---	---
Jharkhand			3862.92	---	---
Karnataka	3770.76	3906.82	3535.05	-3.48	6.67
Maharashtra	3477.85	3666.44	4362.45	-5.14	-20.28
Odisha	2784.01	2566.4	2754.35	8.48	1.08
Kerala	3486.67	3486.35	3446.88	0.01	1.15
Manipur		4781.85	3514.34	---	---
Tamil Nadu			1693	---	---
Tripura	3007.31	2891.37	2962.16	4.01	1.52
Uttrakhand	2219.51	2438.5	2485.34	-8.98	-10.7
Gujarat	4004.23	3225.13	3167.7	24.16	26.41
Madhya Pradesh			1750	---	---
Nagaland			6000	---	---

Punjab			3100	---	---
West Bengal	2966.36	2945.95	2690.72	0.69	10.24
Uttar Pradesh	2530.29	2570.45	2421.6	-1.56	4.49
NCT of Delhi			2750	---	---
Average	3138.55	3280.86	3218.69		

Duration	Trend	Average Price Range	Reason
02 nd 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*	11-Jan-20	10-Jan-20	4-Jan-20	11-Dec-19	11-Jan-19
Chirala(A.P)	BPT(Raw)	-50	3200	3200	3250	3300	3050
Jharkhand(Ranchi)	Coarse	30	3050	3020	3020	2950	2900
Ernakulam(Kerala)	Jaya	100	3600	3600	3500	3400	3400
Divi(A.P)	BPT(Steam)	50	3350	3350	3300	3350	3100
Visakhapatnam	HMT(Raw)	-500	3900	3950	4400	4200	4000
Nandyal	Sona Fine	-100	5400	5500	5500	5300	5100
Barasat(W.B)	Masuri	0	3500	3500	3500	3300	3200
Dibrugarh	Common	0	3250	3200	3250	2900	2800
Jhargram(W.B)	IR-36	0	2900	2900	2900	2800	2850
Jhargram(W.B)	IR-36	0	2910	2900	2910	2500	2400
Karnal	Sarbati Steam	-100	3800	3900	3900	4000	3900
Bangarpur(Kar)	Sugandh Sela	-100	4200	4200	4300	4500	4200

Weekly Paddy Arrival in Major Mandi:

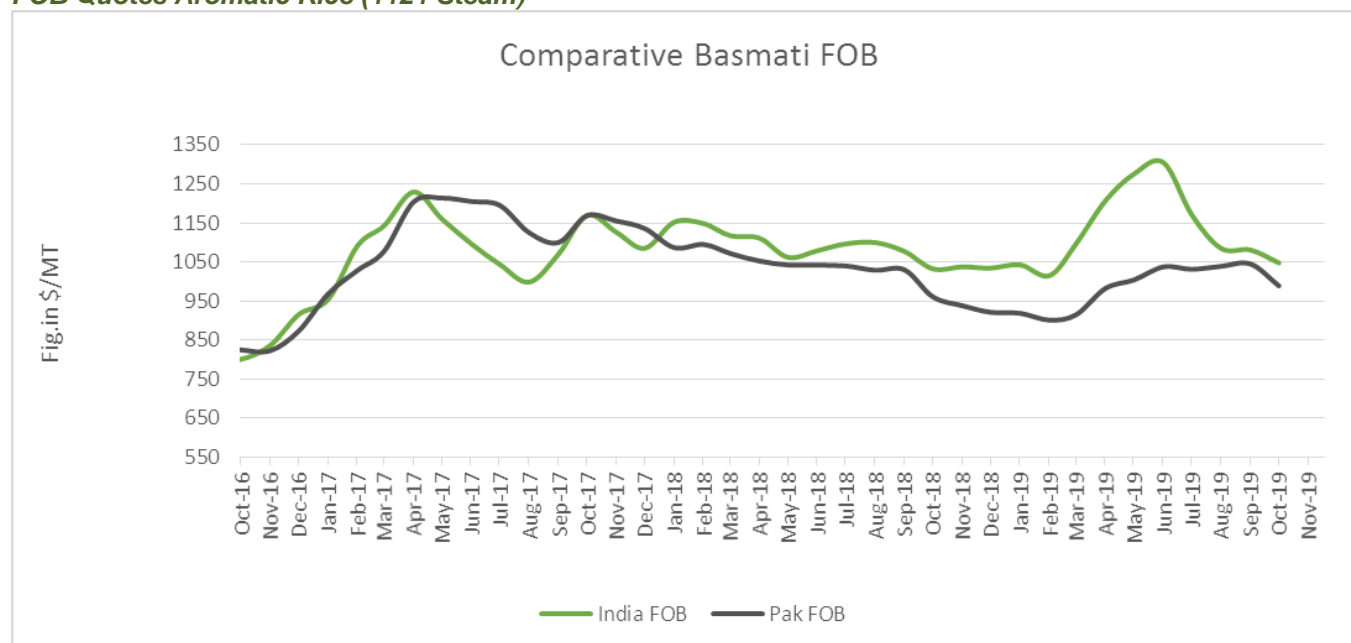
Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	0.09	36.45	36.36	APMC
Srikakulam	All Paddy	-3	5	8	APMC
West Godavari	All Paddy	0	6	6	APMC
Burdwan(W.B)	All Paddy	-8452.8	6807	15259.8	APMC
Delhi	All Paddy	-9848.7	6342.8	16191.5	APMC
Amritsar	All Paddy	-7313.7	1157.6	8471.3	APMC
Karnal	All Paddy	-20278.5	1503	21781.5	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

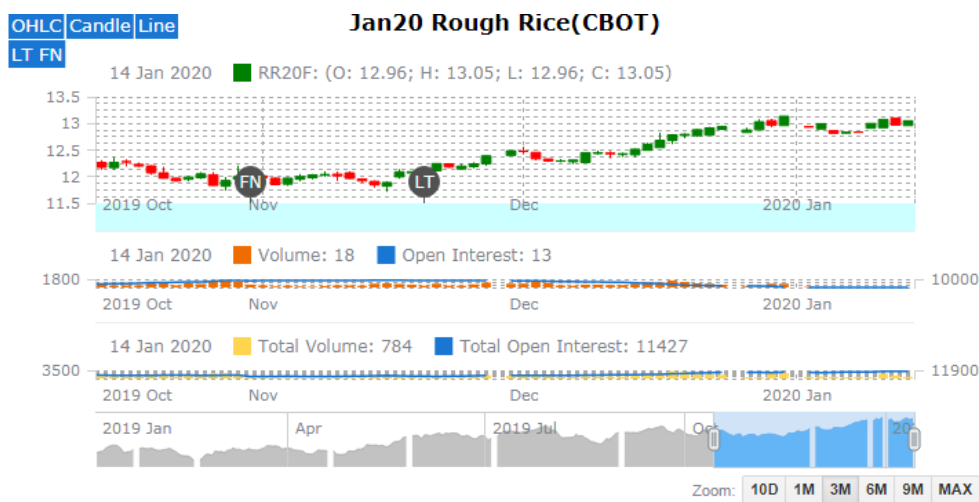
IGC Rice Balance sheet Highlights:

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
02 nd Week of Jan-2020	Steady to Firm	USD/ Hundred Weight 11.50-13.20

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