



Rice Weekly Research Report

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Outlook and Review:

Domestic Front

- **Export prices for rice from Thailand jumped to their highest in more than two-and-a-half years** as a drought threatened to sap supply, in turn boosting demand for a relatively cheaper variety from top exporter India.
- **Prices of second largest exporter Thailand's benchmark 5% broken rice rose** to their highest since June 2017 at \$440-\$460 per ton, from \$435-\$445 the week before, with traders attributing the jump to concerns that the ongoing drought will squeeze supply. The market is worried about the shortening of supply, so some mills are refusing to sell, pushing the price higher. A strong baht, which is trading close to an over six-year peak, is also another factor keeping Thai prices high despite the lack of fresh demand. Things have been very quiet, there were some small deals with markets like Iraq but so far nothing big enough to impact price.
- **The high Thai prices prompted some buyers to opt for rice from India**, pushing rates for the Indian variety to their highest in nearly three months. India's 5% broken parboiled variety rose to around \$366-\$371 per ton from last week's \$364-\$368, the highest since Oct. 31, further supported by higher demand from African countries. Demand has been improving slowly. Since Thai prices are moving up quickly, some demand is getting diverted to India.
- **Vietnam's markets, meanwhile, are closed from Jan. 23-29 for the Lunar New Year holiday.**
- **Tamil Nadu sets 25 lakh ton as paddy procurement target this season.** The paddy procurement target for the current samba season has been fixed at 25 lakh tons against 19.1 lakh tons in previous year. Tamil Nadu Civil Supplies Corporation (TNCSC) had set up 1,766 direct procurement centers (DPCs) last year, through which 19.1 lakh tons paddy was procured from 1 lakh farmers. Through 513 DPCs established in the state including 63 in non-delta districts this season, government has procured 87,000 tons of paddy so far. Based on the requirements, the number of DPCs will be increased.
- **India Govt cuts reserve prices of wheat, rice to make space for new crop yield.** Faced with poor off take of grains from the official reserves, the government has cut the reserve prices of wheat and rice to clear the space for new crop, as the current food grain stocks with the Food Corporation of India (FCI) is 2.5 times the buffer norm. But, the delayed decision may not help FCI to substantially liquidate its stocks as procurement of the new crop will start from April. For this the agency needs 35 million tons (MT) of storage space. FCI has 56.51 MT of rice and wheat in its reserves, besides 27.89 MT of paddy (kept by millers) as on January 1, against the buffer norm of 21.41 MT. The stock position in the year-ago period was 45.41 MT of rice and wheat, and 27.41 MT of paddy. The agency has a total storage capacity of 76 MT, including hired ones.
- **Paddy procurement hits new high in Telangana.** The Telangana Civil Supplies Corporation has procured a record 44 lakh metric tons of paddy this kharif. Arrangements have been made to procure another 2 lakh metric tons of paddy from farmers, which would take the total to 46 lakh metric tons paddy production in kharif season. In the last kharif season, the Civil Supplies Corporation had purchased 40.41 lakh metric tonnes of paddy from 8 lakh farmers through 3,297 paddy purchase centres (PPCs).
- **India seeks to push sugar, rice exports to Indonesia.** The government has sought a deal with Indonesia to push Indian sugar, rice and bovine meat in return for higher quantity of palm oil imports from the Southeast Asian country. The move comes after the government decided to license the import of refined palm oil, which was meant to signal its displeasure to Malaysia over Mahathir Mohamad's comments on Kashmir, the Citizenship Amendment Act and his government's reluctance to extradite controversial preacher Zakir Naik.

Pakistan rice exports grow 26.30%. Rice exports from Pakistan during first half of current financial year grew by 26.30% as compared the exports of the corresponding period of last year. During the period from July-December 2019-20, rice over 2.020 million metric tons worth \$1.033 billion exported as

compared to the exports of 1.587 million tons valuing \$817.923 million of same period of last year. According the latest trade data released by the Pakistan Bureau of Statistics, exports of Basmati rice witnessed overwhelming growth of 55.89% as about 415,083 metric tons of above mentioned commodity worth \$380.623 million exported as compared to the exports of 241,491 metric tons valuing \$244.169 million of same period of last year. Meanwhile, exports of rice other than Basmati also grew by 13.71% during the period under review as 1,605,613 metric tons of rice worth \$652.428 million exported as against 1,345,961 metric tons valuing \$573.754 million of same period of last year. However, on month on month basis, rice exports decreased by 8.19% in December, 2019 as 403,923 metric tons of rice valuing \$197.185 million against exports of 431,744 metric tons of same month of last year.

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
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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 02nd Week of Jan-2020

State	Prices 09-15 Jan 2020	Prices 01-08 Jan 2020	Prices 09-15 Jan 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh			4250	---	---
Kerala	3494.71	3486.67	3457.32	0.23	1.08
Odisha	2880.2	2784.01	2562.46	3.46	12.4
Uttar Pradesh	2608.63	2530.28	2419.56	3.1	7.81
Uttarakhand	2320.57	2219.51	2636.07	4.55	-11.97
West Bengal	2869.68	2966.15	2720.25	-3.25	5.49
Gujarat	4020.42	4004.23	3267.9	0.4	23.03
Karnataka	3796.27	3770.76	3633.71	0.68	4.47
Maharashtra	4260.09	3477.85	4457.55	22.49	-4.43
Manipur			3607.14	---	---
Assam			3078.44	---	---
Madhya Pradesh			1750	---	---
Tripura	2927.51	3007.31	2960.92	-2.65	-1.13
Jharkhand			3856.03	---	---
Meghalaya			6000	---	---
Rajasthan			3175	---	---
Average	3242.01	3138.53	3364.52		

Duration	Trend	Average Price Range	Reason
03 rd 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*	24-Jan-20	23-Jan-20	18-Jan-20	24-Dec-19	24-Jan-19
Chirala(A.P)	BPT(Raw)	50	3300	3300	3250	3220	3100
Jharkhand(Ranchi)	Coarse	50	3150	3130	3100	3000	3000
Ernakulam(Kerala)	Jaya	30	3650	3650	3620	3500	3500
Divi(A.P)	BPT(Steam)	0	3350	3350	3350	3350	3100
Visakhapatnam	HMT(Raw)	130	4050	4100	3920	4200	4000
Nandyal	Sona Fine	100	5600	5600	5500	5300	5400
Barasat(W.B)	Masuri	30	3550	3550	3520	3400	3350
Dibrugarh	Common	0	3300	3300	3300	2900	2800
Jhargram(W.B)	IR-36	30	2950	2950	2920	2900	2900
Jhargram(W.B)	IR-36	5	2930	2920	2925	2500	2400
Karnal	Sarbat Steam	0	3800	3900	3800	4000	3900
Bangarpur(Kar)	Sugandh Sela	-100	4100	4200	4200	4500	4200

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-10	12	22	APMC
Srikakulam	All Paddy	-2	5	7	APMC
West Godavari	All Paddy	3	8	5	APMC
Burdwan(W.B)	All Paddy	-2055	150	2205	APMC
Delhi	All Paddy	-1222	3010	4232	APMC
Amritsar	All Paddy	-1052	200	1252	APMC
Karnal	All Paddy	-848	507	1355	APMC

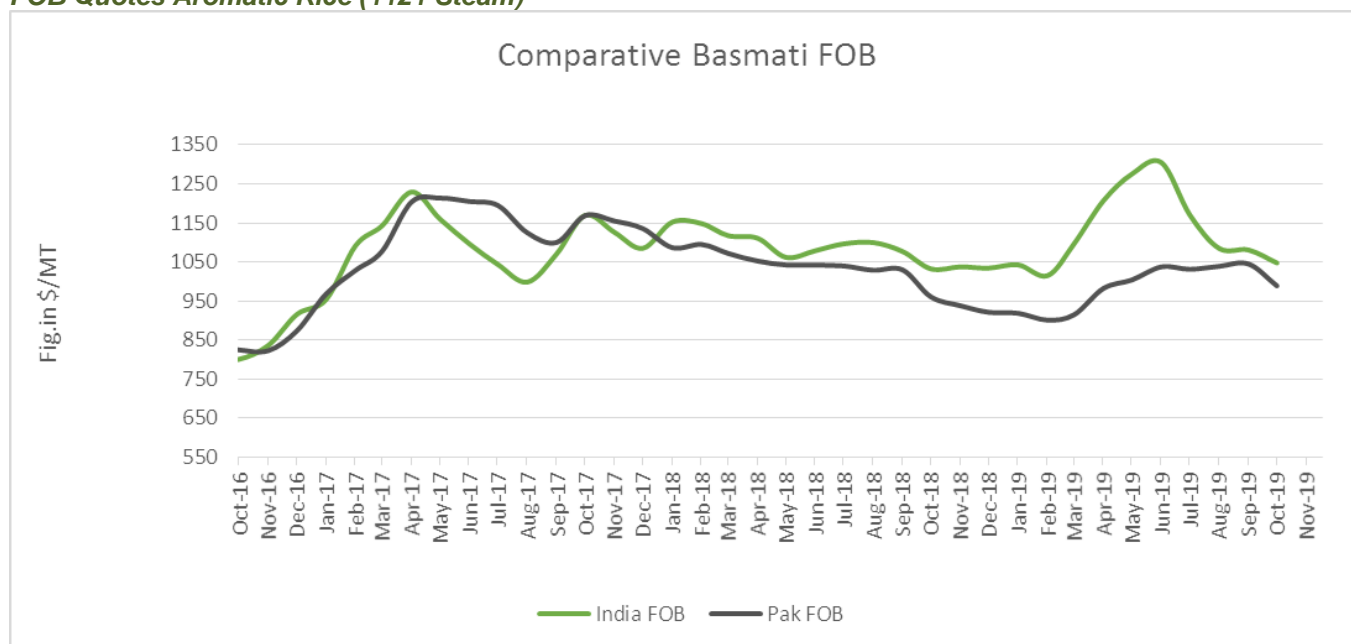
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs (in Lakh T)	Target in marketing season 2019-20 (Oct. – Sept.)	Progressive Procurement as on 10.1.2020	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	40.00	12.63	14.56
Telangana	30.00	28.05	25.43
Haryana	40.00	43.02	39.09
M.P	14.00	8.31	7.15
Maharashtra	6.00	2.40	1.96
Punjab	114.00	108.73	113.16
Tamilnadu	8.00	0.38	1.53
U.P	33.00	29.95	19.70
Uttrakhand	5.00	6.18	4.23
Total	416.00	282.85	280.42

All-India progressive procurement of Rice as on 10.01.2020 for Kharif Marketing Season (KMS) 2019-20 is 282.85 lakh tonnes against the procurement of 280.42 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 to 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

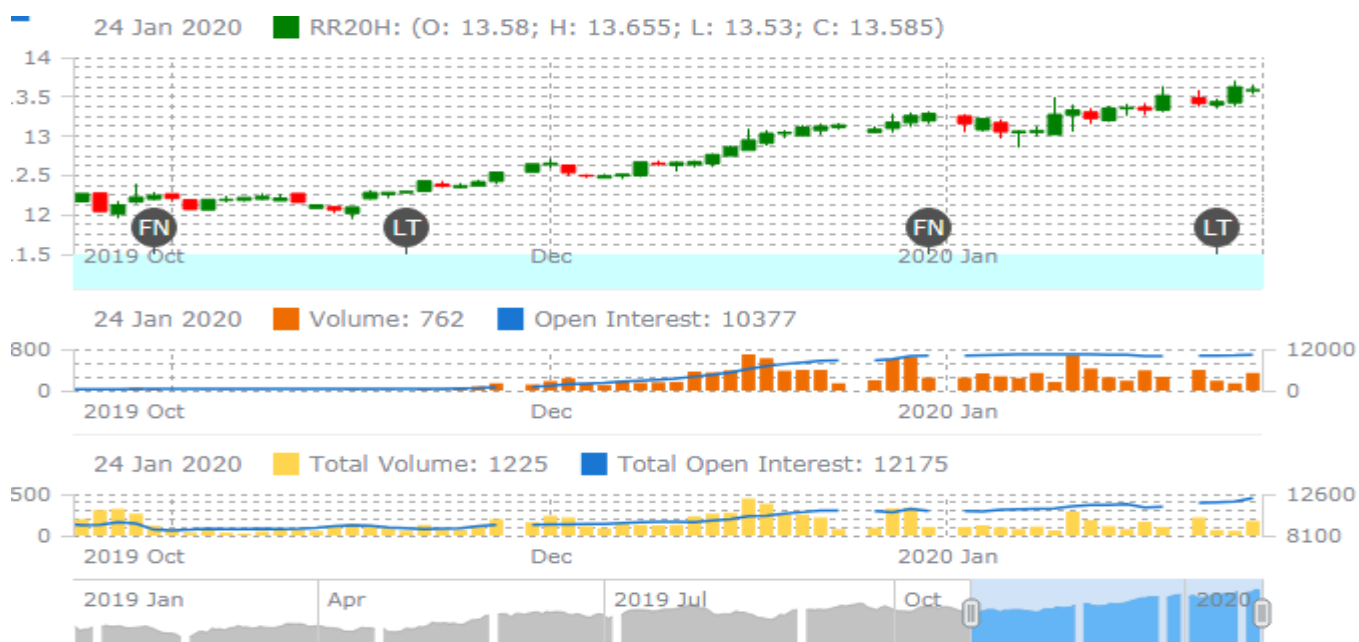
IGC Rice Balance sheet Highlights:

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 Mar- 2020, Rough Rice)

(Prices in US\$/hundredweight)



Market Analysis

The CBOT Mar-19 month rough chart for rice indicates steady to firm tone from last month. We expect market to hover in the range of USD 12.60-13.50 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03 rd Week of Jan-2020	Steady to Firm	USD/ Hundred Weight 12.60-13.50

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