



Rice Weekly Research Report

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Outlook and Review:**Domestic Front**

- India's rice export prices scaled a near four-month peak this week on increased demand from buyers in Africa, in anticipation of a further jump in rates in Asia as a persistent drought in Thailand squeezes supply. Prices of India's 5-percent broken parboiled rose to their highest since the first week of October, around \$369-\$373 per ton, from \$366-\$371 last week, also helped by a depreciation of the rupee. Buyers from Africa have been making purchases fearing prices could rise further due to the drought in Thailand.
- Second largest exporter Thailand's benchmark 5-percent broken rice prices eased slightly to \$432-\$453 a ton from \$440-\$460 last week, which was the highest level since June 2017. Traders attributed the slight dip to the fluctuation in the baht, the domestic currency, which has softened by 4% so far this year after gaining more than 8% last year. The prices remain high due to concern over supply and that has put off many overseas buyers.
- In Vietnam, markets reopened after the Lunar New Year holiday, with rates for 5-percent broken rice unchanged from two weeks ago at \$345 a ton. There haven't been any transactions as traders have not returned to work after the Lunar New Year holiday, however activity should pick up from next week. Farmers in the Mekong Delta have begun harvesting rice of the winter-spring crop, and that the harvest will peak late February.
- Vietnam's rice exports in January are forecast to fall 18.7% from a year earlier to 350,000 tons, official data showed on Wednesday.
- Meanwhile, Bangladesh undertook measures to combat a spike in domestic prices. Seven monitoring committees have been formed to keep prices stable in the domestic markets, the country's food ministry said this week.
- Cut in reserve price of rice, wheat will hit FCI. FCI may have to sell a significant amount of its rice stock in the open market if it has to make room for fresh procurement of paddy and wheat. The time for this has come. The government has cut sharply the reserve price of rice and wheat to help FCI offload bulk of its stock. In the Open Market Sale Scheme (OMSS), rice will now be sold at 2,250/quintal against Rs.2,785/quintal earlier. The reserve price of wheat has also been cut. It is now 2,135/quintal. Originally, price for the January-March period was fixed at 2,245/quintal. Already, the reserve price, both of rice and wheat, was way lower to the economic cost of FCI. Now, with the price cut, the gap has increased further.
- West Bengal Govt procured only 22% of paddy crop target for this season. West Bengal government's Agriculture Department has managed to procure only 22% of the rice they had promised to procure from the cultivators across the state till now. The farmers in the state are refusing to sell their produce to the government because of various flaws in the process of procurement. Earlier in November 2018, the West Bengal government had announced that during the current season, it would buy 52 lakh metric tons of paddy from the farmers in the state. Out of these 52 lakh metric tons, 24 lakh metric tons were to be procured by the government directly from the farmers, through Central Purchase Centres (CPCs), while the remaining 28 lakh metric tons are to be procured from cooperatives like National Agricultural Cooperative Marketing Federation (NAFED), West Bengal State Cooperative Marketing Federation Ltd.

(BENFED), and West Bengal State Consumer Cooperative Federation (CONFED). The minimum support price (MSP) was fixed at Rs 1,815 per quintal. State government has been able to procure only 22% of the 24 lakh metric tons of rice that they were supposed to buy directly from the farmers. In 2018, by the end of December, the state government had managed to procure 12 lakh metric tons of paddy. In 2019, the amount was only one lakh metric tons.

- Tamil Nadu sets 25 lakh tonne as paddy procurement target this season. The paddy procurement target for the current samba season has been fixed at 25 lakh tonnes against 19.1 lakh tonnes in previous year. Tamil Nadu Civil Supplies Corporation (TNCSC) had set up 1,766 direct procurement centres (DPCs) last year, through which 19.1 lakh tonne paddy was procured from lakh farmers. Through 513 DPCs established in the state including 63 in non-delta districts this season, we have procured 87,000 tonnes of paddy so far. Based on the requirements, the number of DPCs will be increased.
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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 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
01 st Week of Feb, 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*	1-Feb-20	31-Jan-20	24-Jan-20	2-Jan-19	1-Feb-19
Chirala(A.P)	BPT(Raw)	20	3320	3300	3300	3220	3100
Jharkhand(Ranchi)	Coarse	0	3150	3130	3150	3000	3000
Ernakulam(Kerala)	Jaya	50	3700	3650	3650	3500	3500
Divi(A.P)	BPT(Steam)	5	3355	3350	3350	3350	3100
Visakhapatnam	HMT(Raw)	50	4100	4100	4050	4200	4000
Nandyal	Sona Fine	50	5650	5600	5600	5300	5400
Barasat(W.B)	Masuri	0	3550	3550	3550	3400	3350
Dibrugarh	Common	0	3300	3300	3300	2900	2800
Jhargram(W.B)	IR-36	0	2950	2950	2950	2900	2900
Jhargram(W.B)	IR-36	0	2930	2920	2930	2500	2400
Karnal	Sarbati Steam	100	3900	3900	3800	4000	3900
Bangarpet(Kar)	Sugandh Sela	200	4300	4200	4100	4500	4200

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-1	11	12	APMC
Srikakulam	All Paddy	0	5	5	APMC
West Godavari	All Paddy	0	8	8	APMC
Burdwan(W.B)	All Paddy	-30	120	150	APMC
Delhi	All Paddy	-1010	2000	3010	APMC
Amritsar	All Paddy	-75	125	200	APMC
Karnal	All Paddy	-87	420	507	APMC

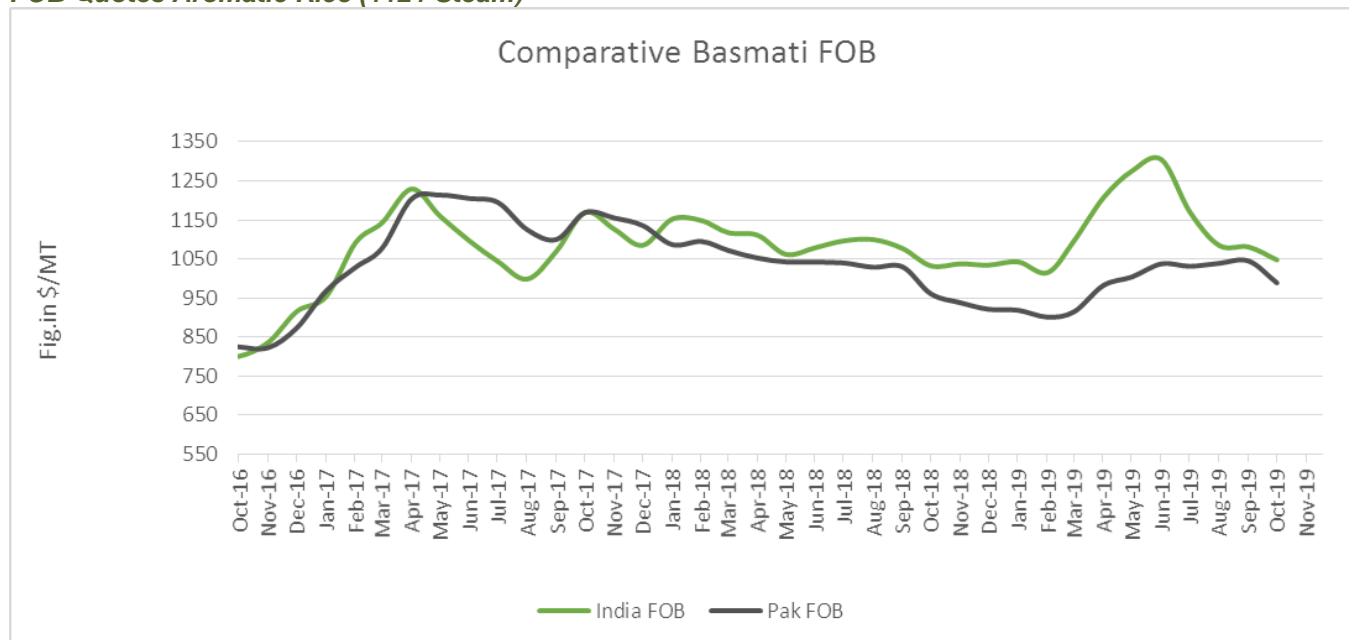
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs	Target in marketing season 2019-20 (Oct. – Sept.)	Progressive Procurement as on 10.1.2020	
(in Lakh T)		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
Uttarakhand	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 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

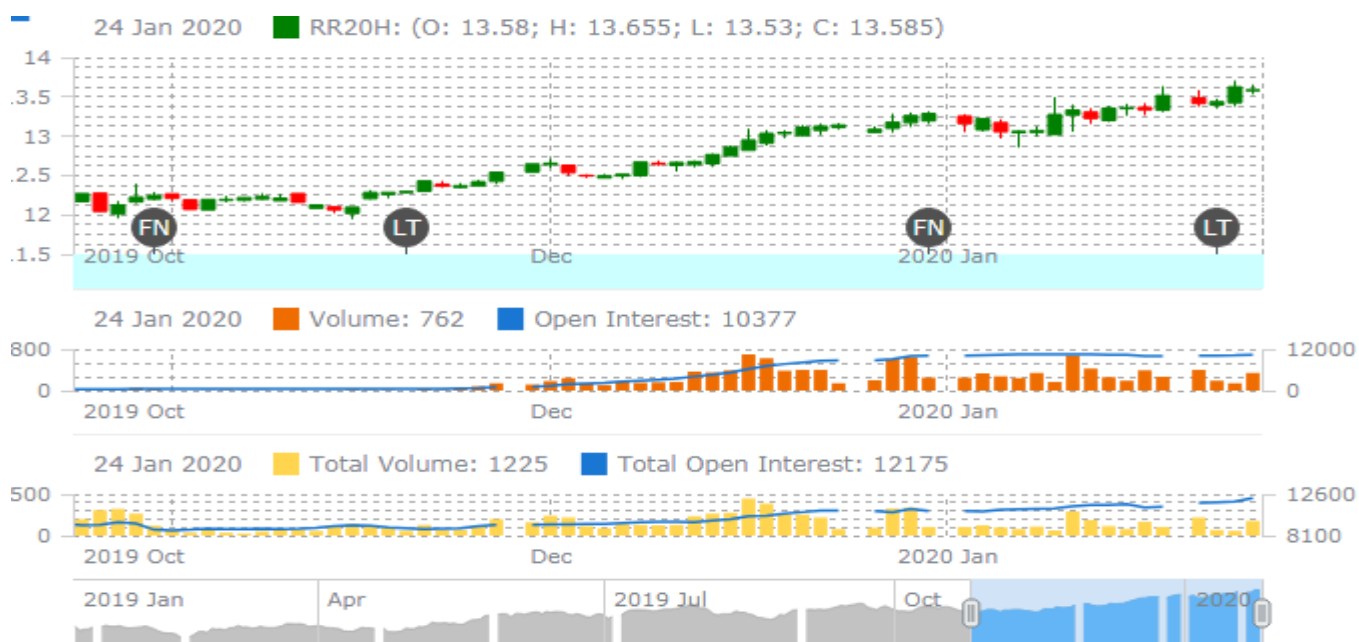
IGC Rice Balance sheet Highlights:

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
01 st Week of Feb-2020	Steady to Firm	USD/ Hundred Weight 12.60-13.50

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