Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

- **Rice export prices in India edged up to the highest level** in more than four months this week, helped by healthy demand from African countries, while markets in Thailand and Vietnam deal with the new coronavirus outbreak.
- **India's 5 percent broken parboiled variety was quoted around $370-$375 per tonne** this week, the highest since the last week of September. Export prices were up from $369-$373 quoted in the previous week, also supported by an appreciation in rupee. Demand is good for the new season crop. Prices are also competitive.
- **Thailand's benchmark 5 percent broken rice prices eased to $425-$439 a tonne** from $432-$453 last week, hurt by a weak local currency. The Thai baht plunged to a seven-month low on Jan. 30, weighed down by the spread of the coronavirus that threatened the country's tourism sector, a key driver of growth. China was Thailand's second-largest export market last year. Domestic rice prices in Thailand remained high as a persistent drought undermined new supply.
- **The ongoing coronavirus epidemic in China has also caused disruption to deliveries of Vietnamese** farm produce to China, including rice. The impact on shipments was however limited since China had been cutting down on rice imports from Vietnam for over a year. Rates for 5% broken rice in Vietnam rose to $355-$360 per tonne from $345 a tonne a week ago. Demand for 5% broken rice remains strong but the growing area in Vietnam is shrinking, partly due to salinity.
- **Karnataka Govt. to resume supply of rice, wheat to private institutions.** The State government has decided to continue midday meal scheme in 351 private schools, with students totalling 32,700, for one more year. The scheme was stopped following reduction in grants by the Centre to the StateThe decision to supply rice and wheat to unaided schools would cost an additional Rs. 18 crore to the State exchequer.
- **Paddy procurement picks up in entire Chhattisgarh**. With higher price provided by the state government for the main Kharif crop paddy, the number of paddy selling farmers has increased this season. Secretary, Food, informed that the procurement of paddy at the procurement centers is going on in full swing this time and till date the government has procured 68.63 lakh metric tonne of paddy. Against 19.52 lakh registered farmers 13.2 lakh small farmers have sold their paddy till date. The central agency Food Corporation of India (FCI) till January, 2020 taken 3 lakh tonne of parboiled rice prepared after milling of procured paddy.
- **Paddy farmers in Tamil Nadu not getting MSP announced by Centre**. There is no end to the woes of the Tamil Nadu farmers. Though the Centre had declared a MSP of Rs 1,815/- per quintal for paddy for the year 2019-2020, Tamil Nadu farmers have not received any figure in the close vicinity of the Government rate. The Direct Purchase Centers set by the State Government are far away from the villages and the paddy fields. The farmers do not have the transport mechanism to carry the paddy to the DPCs. As on 31 Jan 2020, FCI procured only 1.36 lakh tons of rice from Tamilnadu states against 2.17 lakh tons in the corresponding period.
- **Thailand rice sector suffers from irrigation issues**. Thailand's rice production is at its second lowest level in the decade due to weather conditions and irrigation restrictions. The country's 2019-20 rice production estimate was reduced to 18 million tonnes, a 12% reduction compared to the 2018-19 market year. Low reservoirs have pushed Thailand's government to restrict irrigation for rice production in major growing rice areas. Market year 2019-20 off-season rice production is expected to decrease to 3.2 million tonnes, a 40% drop compared with the previous marketing year. Dwindling domestic rice supplies are expected to lower Thailand's exports to 7.5 million tonnes, a 1% drop compared with the previous year.

State wise Paddy Crop Situation - Rabi (2019-20) as on 31.1.2020

	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**	**6.29**	6.01	82.0	5.75	0.26	4.5
Assam	**4.06**	**1.35**	1.34	33.0	1.37	-0.03	-2.2
Bihar	**0.82**	**0.00**		0.0		0.00	#DIV/0!
Chhattisgarh		**0.50**	0.54		0.63		
Goa	**0.13**	**0.00**					
Gujarat	**0.40**	**0.00**					
Jharkhand	**0.02**					0.00	#DIV/0!
Karnataka	**2.22**	**0.27**	0.08	3.6	0.12	-0.04	-33.3
Kerala	**0.44**	**0.96**	0.67	151.1	1.07	-0.40	-37.4
Madhya Pradesh	**0.08**						
Maharashtra	**0.43**	**0.00**				0.00	#DIV/0!
Manipur	**1.93**	**0.00**					
Meghalaya	**0.14**	**0.03**			0.14	-0.14	-100.0
Nagaland	**0.04**						
Odisha	**2.56**	**0.46**	0.22	8.6	0.45	-0.23	-51.1
Tamil Nadu	**1.52**	**10.85**	10.42	686.6	8.93	1.49	16.7
Telangana	**6.66**	**0.00**	8.24	123.8	5.10	3.14	61.6
Tripura	**0.67**	**0.19**	0.07	10.5	0.32		0.0
Uttar Pradesh	**0.27**	**0.00**					#DIV/0!
Uttrakhand	**0.14**	**0.00**					#DIV/0!
West Bengal	**12.86**	**1.70**	1.06	8.2	1.27		
Pondicherry	**0.04**						
Others	**0.00**	**0.12**	0.16		0.17	-0.01	-5.9
All-India	**42.77**	**22.70**	**28.80**	**67.3**	**25.31**	**3.49**	**13.8**

Paddy acreage as on 31st January, 2020 as per reports received from government, stands at 28.80 lakh hectare as compared to 25.31 lakh hectares last year same period. It is reported that rice has been sown/transplanted in Andhra Pradesh is higher by 5 per cent and reached to 6.01 lakh hectares from last year area of 5.75 lakh hectares. Tamilnadu paddy area in Rabi is also up by 17 per cent from last year and reached to 10.42 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
Uttrakhand	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
02nd 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*	7-Feb-20	6-Feb-20	1-Feb-20	7-Jan-19	7-Feb-19
Chirala(A.P)	BPT(Raw)	180	3500	3500	3320	3300	3200
Jharkhand(Ranchi)	Coarse	0	3150	3150	3150	3000	3000
Ernakulam(Kerala)	Jaya	-100	3600	3600	3700	3500	3500
Divi(A.P)	BPT(Steam)	45	3400	3400	3355	3350	3100
Visakhapatnam	HMT(Raw)	-200	3900	3900	4100	4200	4000
Nandyal	Sona Fine	-250	5400	5500	5650	5300	5400
Barasat(W.B)	Masuri	-250	3300	3400	3550	3400	3350
Dibrugarh	Common	-50	3250	3250	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	50	3950	3900	3900	4000	3900
Bangarpet(Kar)	Sugandh Sela	200	4400	4300	4200	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

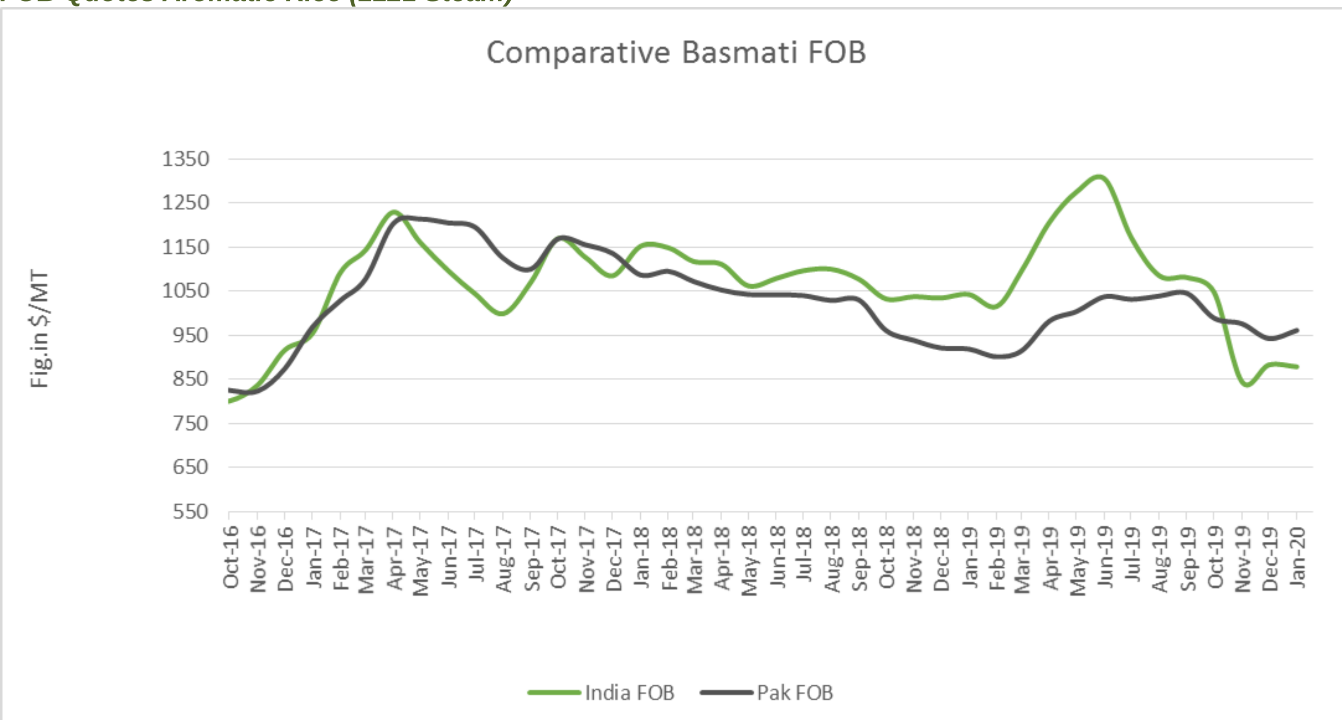
State wise Progressive Procurement

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

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

Due to poor performance of basmati and non-basmati rice exports from India, pressure on domestic market prices has increased. Indian FOB for 1121 steam traded weak in the month of January and currently is in the range of USD 880/MT which is down by 0.5% from last month price of USD 883/T; 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 firm from last month and is now hovering in the range of USD 961-965/MT which is up 1.2 % from last month FOB of USD 943/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

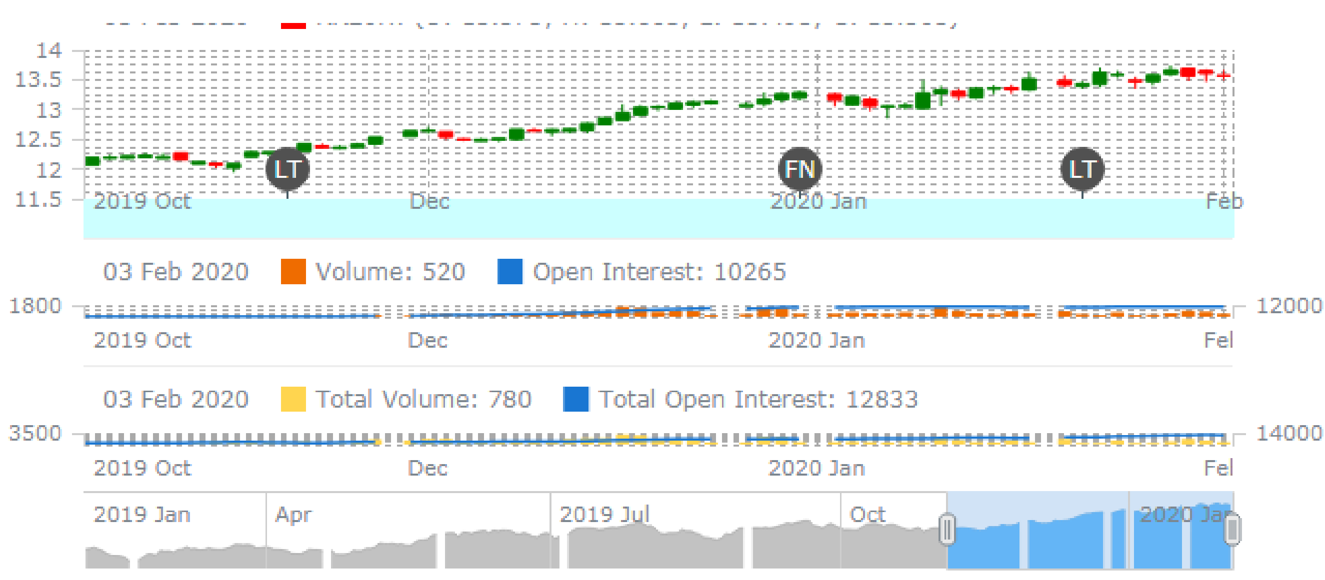
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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