



Rice Weekly Research Report

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***Outlook and Review:
Domestic Front***

Local currency fluctuations helped to increase the top end of the range for Thai rice export prices this week while prices for leading exporter India rose to a more than four-month peak.

The range for Thai benchmark 5% broken rice widened on Thursday to \$425-\$447 a tonne from \$425-\$439 the previous week. The baht has softened, but rice prices remain expensive and this has deterred buyers. A strong baht resulted in 32.5% drop in rice exports in 2019. The currency, however, has weakened of late and touched a more than seven-month low against the U.S. dollar on Feb. 7, mainly hurt by the coronavirus outbreak in China.

As per trade sources, the prices of Thai varieties remain higher than competitors because of the drought that has hit many rice-growing regions and curbed production. There is a bullish feeling in the market that prices will stay high and may even go up further. The exporters association set an export target of 7.5 million tonnes for 2020, the lowest in seven years, and noted that Thailand could lose its place as the world's second-biggest rice exporter.

Meanwhile, prices for India's 5% broken parboiled variety rose to their highest since late September at \$371-\$376 a tonne, up from \$370-\$375 quoted last week. Demand has been trickling in from African countries.

In Vietnam, rates for 5% broken rice stayed flat from a week earlier at \$355-\$360, with the coronavirus epidemic weighing on sales. Many of our clients have cancelled their trips to Vietnam to check out the rice. The winter-spring harvest, meanwhile, is peaking and will finish by the end of this month. Customs data released this week showed Vietnam's rice exports in January fell 4.6% from a year earlier to 410,855 tonnes. Concern over the shrinking area for rice production because of salinity keeps the prices from falling.

Meanwhile, Bangladesh's rice output in the year to June hit a record high of 37.2 million tonnes, according to preliminary estimate from its statistics bureau.

The central pool had a stock of 578.17 lakh tonnes of rice as on 1 February 2020, of which the quantity of rice is 274.51 and that of . On January 1, 2020. Rice stock in the central pool increased as rice procurement became operational. Government procurement of rice reached 521.38 lakh tonnes by 10 February 2020.

This year, rice exports from India may decline by 18–20% over the previous year due to declining demand for Indian rice from West Asian countries. Rice exports to Iran decreased 22% in the current year, 33% to the UAE, 23% to Nepal, 90% to Senegal, 93% to Bangladesh, 2% to Yemen.

Myanmar has set a target of exporting 2.5 million tonnes of rice in present fiscal year 2019-2020 which started in October. The country exported 986,345 tonnes of rice and broken rice, earning over 282.9 million USD as of January 10, according to the Myanmar Rice Federation (MRF). From October 1, 2018 to January 10, 2020, Myanmar pocketed 245 million USD from the export of over 842,342 tonnes of rice via sea routes while 144,002 tonnes of rice valued at 37.8 million USD were exported through border gates. During the period, 29 percent of Myanmar's rice and broken rice were shipped to China, EU member states and African countries. From 2018 to 2019, the country exported more than 2.35 million tonnes of rice and broken rice worth 709.6 million USD.

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 01st Week of Feb-2020

State	Prices 01-08 Feb 2020	Prices 24-31 Jan 2020	Prices 16-23 Jan 2020	Prices 01-08 Feb 2019	% Change(Over Previous Week)	% Change(Over Previous Week)
Kerala	3478.16	3487.27	3489.34	3460.83	-0.26	-0.32
Maharashtra	3609.55	4292.97	4011.61	4298.48	-15.92	-10.02
Uttar Pradesh	2494.58	2697.91	2608.57	2396.17	-7.54	-4.37
Uttrakhand	2209.44	2508.42	2430.14	2616.03	-11.92	-9.08
West Bengal	2787.03	2861.01	2863.69	2734.84	-2.59	-2.68
NCT of Delhi				2750	---	---
Gujarat	4063.76	4112.94	4000	3193.78	-1.2	1.59
Andhra Pradesh				3895.83	---	---
Karnataka	3769.96	3629.15	3544.74	3681.32	3.88	6.35
Tamil Nadu				1490	---	---
Tripura	2997.9	2912.18	2958.97	2913.1	2.94	1.32
Jharkhand				3855.41	---	---
Odisha	2946.21	2871.98	2809.32	2746.67	2.58	4.87
Manipur				3621.01	---	---
Assam				3254.66	---	---
Average	3150.73	3263.76	3190.71	3127.21		

Duration	Trend	Average Price Range	Reason
02 nd 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*	15-Feb-20	14-Feb-20	7-Feb-20	15-Jan-19	15-Feb-19
Chirala(A.P)	BPT(Raw)	100	3600	3600	3500	3400	3350
Jharkhand(Ranchi)	Coarse	50	3200	3200	3150	3000	3000
Ernakulam(Kerala)	Jaya	-20	3580	3600	3600	3500	3500
Divi(A.P)	BPT(Steam)	-50	3350	3350	3400	3350	3100
Visakhapatnam	HMT(Raw)	0	3900	3900	3900	4200	4000
Nandyal	Sona Fine	100	5500	5500	5400	5300	5400
Barasat(W.B)	Masuri	-100	3200	3200	3300	3400	3350
Dibrugarh	Common	0	3250	3250	3250	2900	2800
Jhargram(W.B)	IR-36	50	3000	3000	2950	2900	2900
Jhargram(W.B)	IR-36	-80	2850	2800	2930	2500	2400
Karnal	Sarbatl Steam	150	4100	3900	3950	4000	3900
Bangarpet(Kar)	Sugandh Sela	200	4600	4300	4400	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

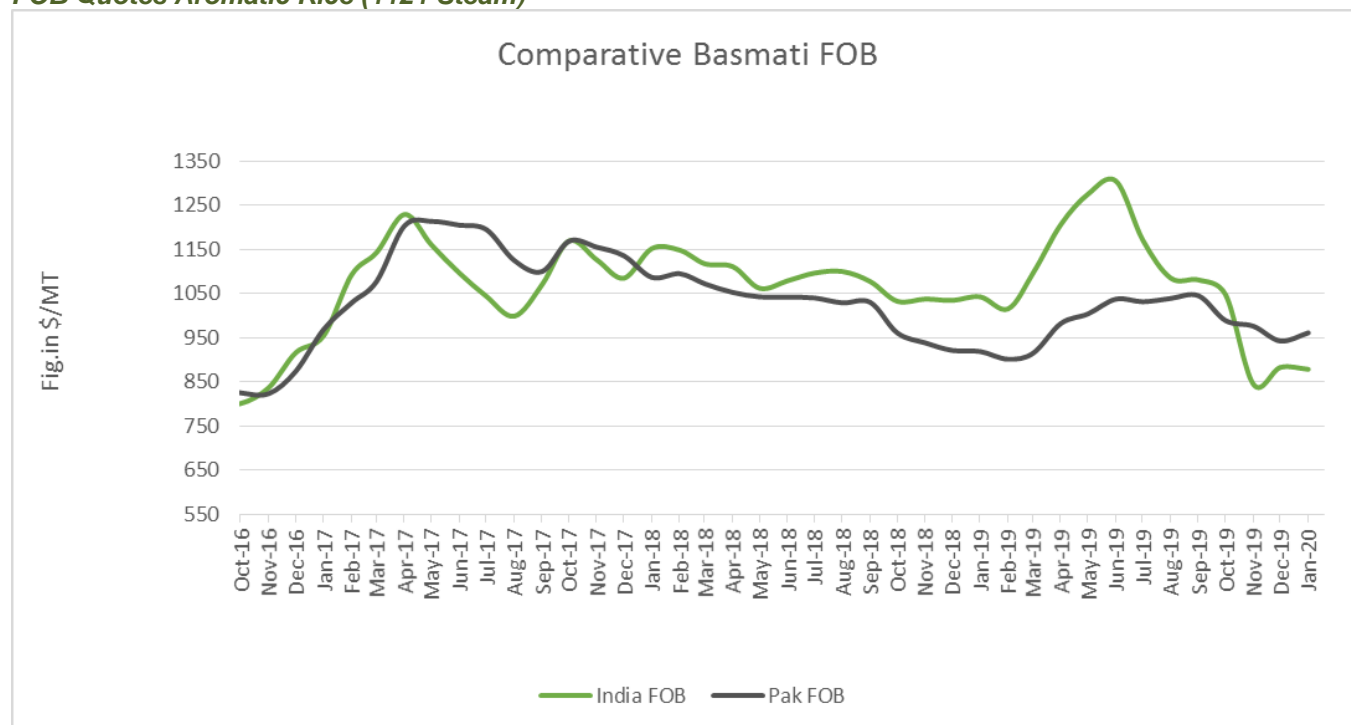
State wise Progressive Procurement

State/UTs (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
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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	(2019-20) Projection. 21.11.2019	(2019-20) Projection. 23.1.2020`1
Production	475	487	490	500	500
Trade	40	48	48	45	45
Consumption	474	486	487	495	495
Carryover stocks	122	123	126	180	180
Y-O-Y change	1	1	1	5	5
Major Exporters	33	31	28	40	40

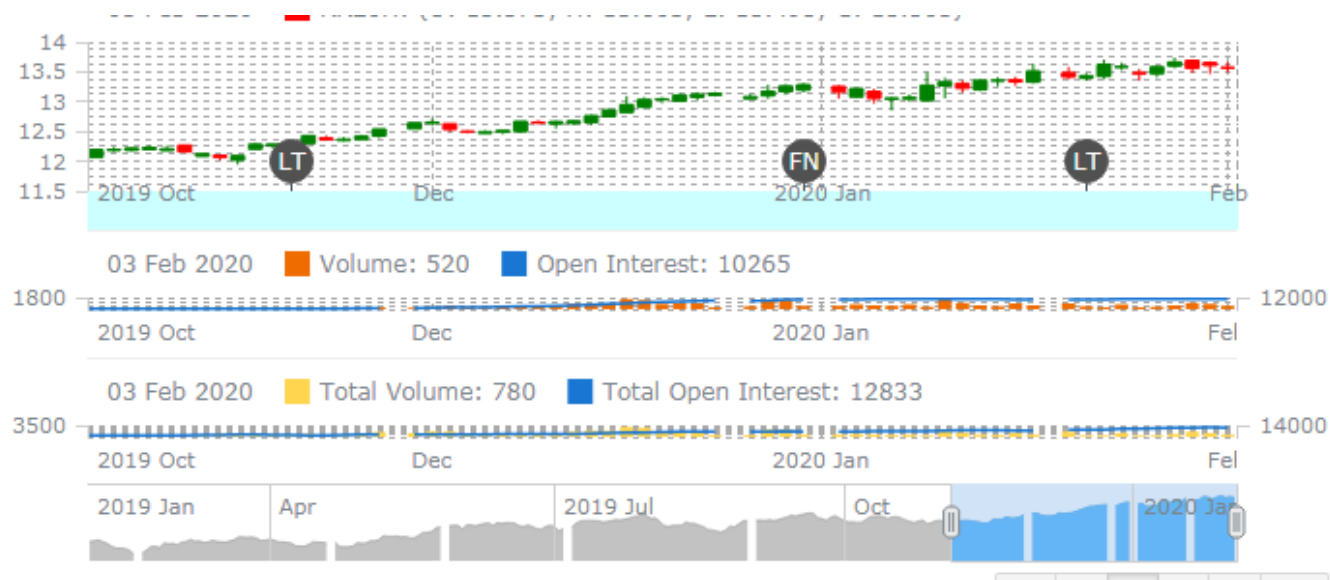
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:

With limited potential for gains in Asian producers, including Thailand, where drought conditions are a downside risk for the off-season crop, global **rice** output in 2019/20 is seen marginally lower y/y. Amid record supplies, growth in food demand is expected to push up consumption to a new high, while stocks are predicted to rise by 2% y/y, to a peak of 177m t. Within the total, major exporters' reserves are predicted at a six-year high of 40m t. Trade is anticipated to recover modestly, to 44m t, on stronger demand from buyers in sub-Saharan Africa. However, prospects are tentative, particularly in Nigeria owing to restrictions on cross-border flows.

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 Feb-2020	Steady to Firm	USD/ Hundred Weight 12.60-13.50

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