Rice Weekly Research Report

Contents

Outlook and Review:

Domestic Front

In India, transplanting of Rabi rice is continuing in the eastern parts of the country under favourable conditions with an increase in total sown area observed. In Viet Nam, dry-season rice (winter-spring rice) is developing in the south under watch conditions because of an expected shortage of freshwater for irrigation due to saline intrusion. Sowing has not yet begun in the north. In Thailand, dry-season rice conditions are under watch due to the reduction of available water for irrigation, which is also expected to decrease the total sown area compared to last year.

All India Paddy acreage as on 31st January, 2020 increased at 28.80 lakh hectare as compared to 25.31 lakh hectares last year same period. Thus, 3.49 lakh hectares more area has been covered as compared to last year. Higher acreage under paddy is reported from the state of Telangana (3.14 lakh hectares), Tamil Nadu (1.49 lakh hectares), and Andhra Pradesh (0.26 lakh hectares). Less acreage is reported from Kerala (0.40 lakh hectares), Tripura (0.25 lakh hectares), Odisha (0.23 lakh hectares), Meghalaya (0.14 lakh hectares), Chhattisgarh (0.09 lakh hectares), Karnataka (0.04 lakh hectares) and Assam (0.03 lakh hectares).

The central government has estimated domestic production of food grains to reach a new record level of 291.95 million tonnes during the entire marketing season of 2019-20, which is much higher than the total production of 285.21 million tonnes for the 2018-19 season. According to the second advance estimate released by the Union Ministry of Agriculture, the country is expected to produce 117.47 million tonnes of rice during the 2019-20 season which is higher by the government target of 116. Million tonnes.

India spot basmati prices down on low demand. Prices of Pusa 1121 basmati paddy fell as bulk demand remained subdued. Prices are seen falling further in the coming days as overall export demand may not pick up owing to a dent in shipments to Iran. Orders from the West Asian country accounted for 30% of India's basmati exports in 2018-19 (Apr-Mar). Exports to Iran declined this year due to geopolitical tension in the region.

All-India progressive procurement of Rice as on 17th February, 2020 increased at 369.40 lakh tonnes as compared to 323.70 lakh tonnes in the corresponding period last year. The procurement target set for 2019-20 (October-September) is 416.00 lakh tonnes. Higher Rice procurement is done from Punjab (108.76 lakh tonnes), Haryana (43.03 lakh tonnes), Uttarakhand (6.22 lakh tonnes), Uttar Pradesh (34.21 lakh tonnes), Odisha (23.79 lakh tonnes), Maharashtra (3.53 lakh tonnes), Madhya Pradesh (15.35 lakh tonnes), Tamil Nadu (1.36 lakh tonnes) and Kerala (1.17 lakh tonnes).

Rice exporters are hopeful that the Pesticide Management Bill, 2020 will exhort pesticide manufacturers to register their products in foreign markets such as the US and European Union and help boost shipments from India, the largest producer of premium rice.

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.

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.

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 to 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
04th 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*	19-Feb-20	18-Feb-20	15-Feb-20	19-Jan-19	19-Feb-19
Chirala(A.P)	BPT(Raw)	-20	3580	3580	3600	3500	3400
Jharkhand(Ranchi)	Coarse	10	3210	3200	3200	3100	3150
Ernakulam(Kerala)	Jaya	-80	3500	3500	3580	3500	3450
Divi(A.P)	BPT(Steam)	50	3400	3400	3350	3300	3200
Visakhapatnam	HMT(Raw)	100	4000	4000	3900	4050	4100
Nandyal	Sona Fine	-100	5400	5400	5500	5400	5350
Barasat(W.B)	Masuri	50	3250	3250	3200	3300	3250
Dibrugarh	Common	0	3250	3250	3250	3000	2900
Jhargram(W.B)	IR-36	0	3000	3000	3000	2900	2900
Jhargram(W.B)	IR-36	50	2900	2900	2850	2800	2600
Karnal	Sarbati Steam	-50	4050	4100	4100	4200	3900
Bangarpet(Kar)	Sugandh Sela	-50	4550	4600	4600	4500	4400

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-6	**5**	**11**	APMC
Srikakulam	All Paddy	-3	**2**	**5**	APMC
West Godavari	All Paddy	-6	**2**	**8**	APMC
Burdwan(W.B)	All Paddy	-40	**80**	**120**	APMC
Delhi	All Paddy	-800	**1200**	**2000**	APMC
Amritsar	All Paddy	-5	**120**	**125**	APMC
Karnal	All Paddy	-120	**300**	**420**	APMC

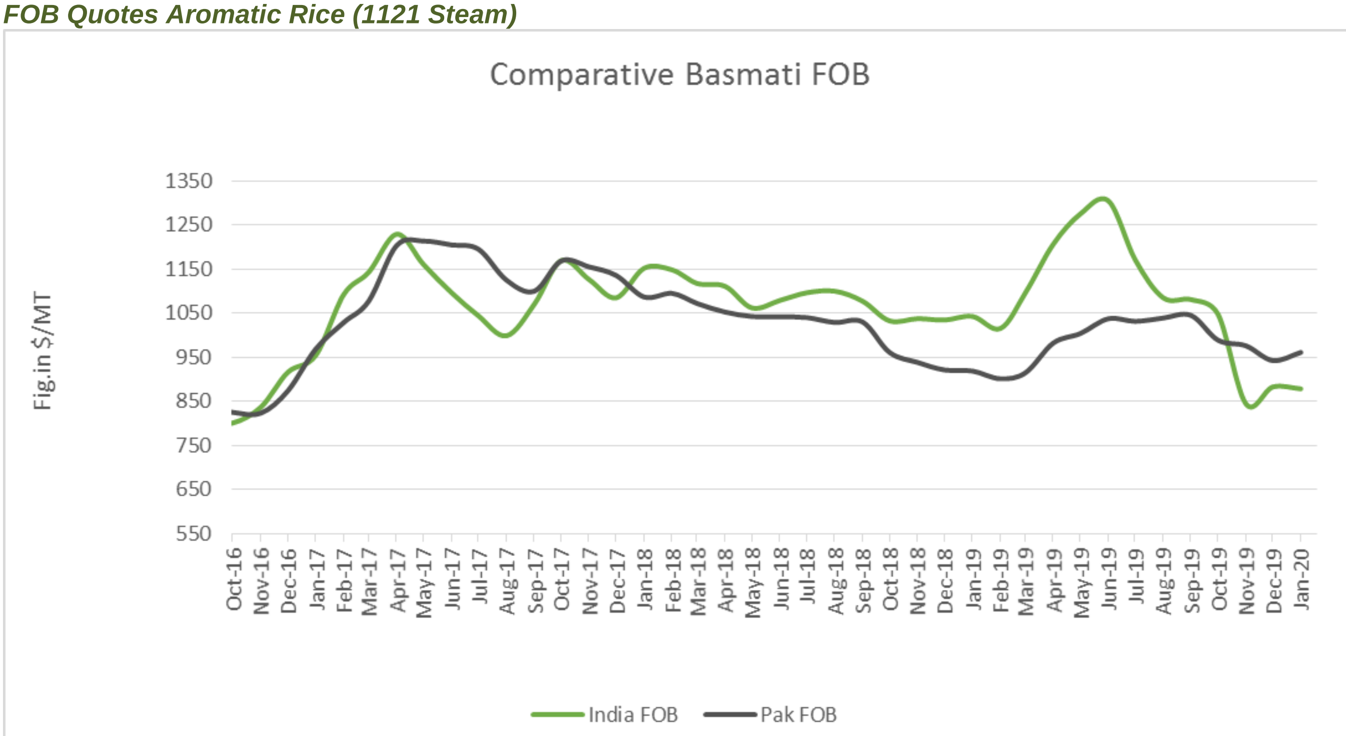
*Difference between current and previous week price

State wise Progressive Procurement

State/UTs (in Lakh T)	Target in marketing season 2019-20 (Oct. – Sept.)	Progressive Procurement as on 14.02.2020	
		In Marketing season 2018-19	In Marketing season 2017-18
AP	40.00	26.44	6.20
Telangana	30.00	31.57	18.45
Haryana	40.00	43.02	39.09
M.P	14.00	15.35	0.57
Maharashtra	6.00	4.41	1.01
Punjab	114.00	108.73	113.16
Tamilnadu	8.00	3.01	0.51
U.P	33.00	34.21	0.02
Uttrakhand	5.00	6.24	3.18
Total	416.00	367.86	344.29

All-India progressive procurement of Rice as on 14.02.2020 for Kharif Marketing Season (KMS) 2019-20 is 367.86 lakh tonnes against the procurement of 344.29 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

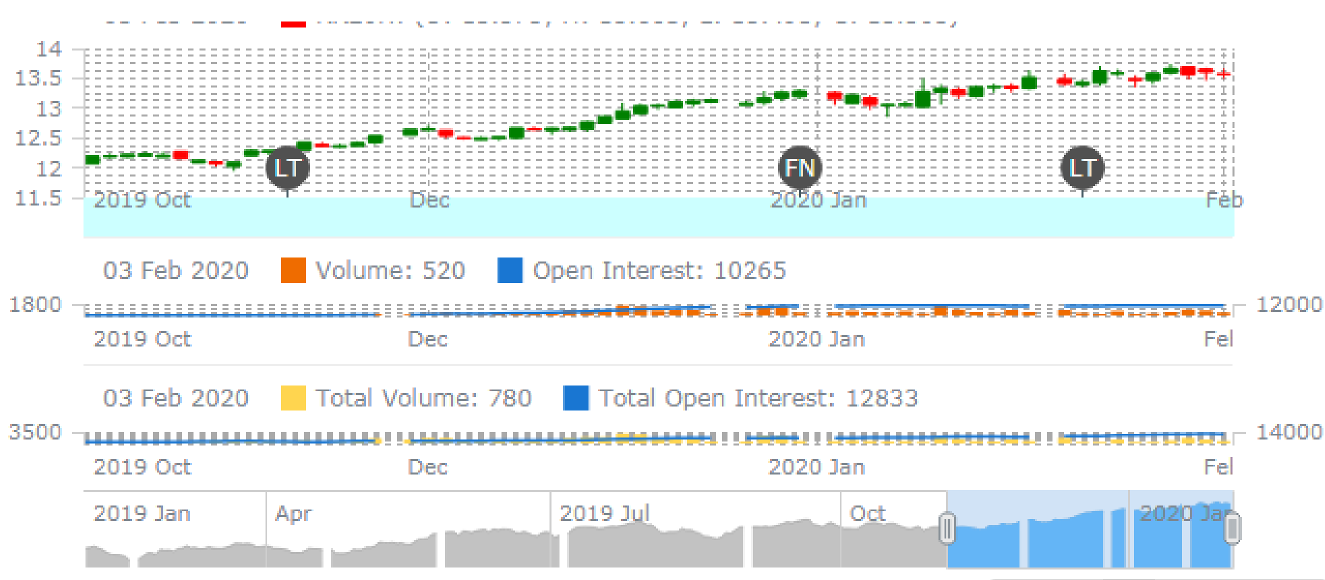
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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
04th Week of Feb-2020	Steady to Firm	USD/ Hundred Weight 12.60-13.50