Rice Weekly Research Report

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Outlook and Review:
Domestic Front

Vietnam's rice export prices this week slipped from a more than one year high on concerns about a possible drop in demand from the Philippines, while rates for the Indian variety dipped as hopes of a correction delayed purchases. In Vietnam, rates for 5% broken rice slid to $365-$375 per tonne from last week's $380, which was the highest since December 2018. Market rumors is that the Philippines may move to limit imports from Feb. 28, as a new harvest is beginning there, however the Philippines has not made any official announcement. These exporters signed the contracts before the Lunar New Year holiday, and hadn't yet made their purchases. Meanwhile, sluggish demand and a depreciation in the rupee pushed top exporter India's export prices off a more than 4-month peak hit earlier this month.

India's 5% broken parboiled variety was quoted at $369-$373 per tonne this week, down from $371-$376 last week and the week before. Demand from African and Asian buyers has been faltering as they expect rice prices to correct like other commodities. Meanwhile, prices for Thailand's benchmark 5% broken rice widened to $430-$452 on Thursday from the $430-$445 quoted last week. There are no major deals, just small ones from old customers.

The ongoing drought in many rice producing areas has continued to put strain on supply, keeping the prices of Thai varieties higher than competitors. The dry season started in November and usually lasts through April, although it could persist into June, according to the Thai government. The prices will remain high due to the lack of supply, and haven't dropped much even as the baht has weakened.

Rice Production Higher than Target as per Second Advance Estimates. 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.

Telangana's Food-grain Output zooms on Back of Bumper Paddy: Due to the tremendous production of paddy in Telangana, there has been a tremendous increase in the production of food grains in 2019-20, according to the first estimate, the production of food-grains in Telangana is estimated at 130 lakh tons, out of which rice production is estimated at 99 lakh tons. Grain production in Telangana increased by 40% as compared to last year, 93 lakh tons was produced last year.

The latest figures from the Directorate General of Commercial Vigilance and Statistics (DGCIS) show that during January 2020, more than 9.09 lakh tonnes of rice were exported from the country, including 4,56,586 tonnes of basmati rice and 4,52,544 tonnes of normal or non-basmati rice Shipment included.

India spot basmati down on weak demand. Prices of Pusa 1121 basmati paddy fell due to a decline in demand from local millers and exporters. Demand for the commodity– one of India's premium offering to the global market–has been subdued over the past few months due to lower shipments to Iran. Iran accounted for almost onethird of India's basmati exports in 2018-19 (Apr-Mar). Exports to the West Asian country is seen lower on year due geopolitical tensions in the region. Weak exports to Iran is also seen weighing on overall basmati exports this financial year.

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.

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 04th Week of Feb-2020

State	Prices 24-28 Feb 2020	Prices 16-23 Feb 2020	Prices 24-28 Feb 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh			4100	__	__
Manipur			3845.38	__	__
Uttrakhand	2226.82	2188.9	2779.39	1.73	-19.88
Assam			3177.53	__	__
Jharkhand			3761.69	__	__
Karnataka	3870.64	3495.95	3105.06	10.72	24.66
Kerala	3483.7	3484.97	3455.16	-0.04	0.83
Maharashtra			3498.86	__	__
Tripura	3040.08	2973.08	2892.96	2.25	5.09
West Bengal	2819.35	2844.41	2771.41	-0.88	1.73
Gujarat	3710.95	3598.7	3113.63	3.12	19.18
Meghalaya			3696.08	__	__
Nagaland			6900	__	__
NCT of Delhi			2085.71	__	__
Odisha	2820.41	3055.24	2818.99	-7.69	0.05
Uttar Pradesh	2507.45	2503.2	2417.17	0.17	3.73
Average	3059.92	3018.06	3401.19		

Duration	Trend	Average Price Range	Reason
01st Week of Mar, 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*	29-Feb-20	28-Feb-20	19-Feb-20	29-Jan-19	2/29/2019	Source
Chirala(A.P)	BPT(Raw)	20	3600	3600	3580	3500	3400	
Jharkhand(Ranchi)	Coarse	-10	3200	3200	3210	3100	3150	AGRIWATCH
Ernakulam(Kerala)	Jaya	100	3600	3600	3500	3500	3450	APMC
Divi(A.P)	BPT(Steam)	0	3400	3400	3400	3300	3200	APMC
Visakhapatnam	HMT(Raw)	200	4200	4150	4000	4050	4100	APMC
Nandyal	Sona Fine	-50	5350	5400	5400	5400	5350	AGRIWATCH
Barasat(W.B)	Masuri	50	3300	3300	3250	3300	3250	APMC
Dibrugarh	Common	0	3250	3250	3250	3000	2900	APMC
Jhargram(W.B)	IR-36	0	3000	3000	3000	2900	2900	APMC
Jhargram(W.B)	IR-36	20	2920	2900	2900	2800	2600	APMC
Karnal	Sarbati Steam	-250	3800	4100	4050	4200	3900	AGRIWATCH
Bangarpet(Kar)	Sugandh Sela	-750	3800	3800	4550	4500	4400	APMC

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-2	**3**	**5**	APMC
Srikakulam	All Paddy	-1	**1**	**2**	APMC
West Godavari	All Paddy	3	**5**	**2**	APMC
Burdwan(W.B)	All Paddy	-25	**55**	**80**	APMC
Delhi	All Paddy	-200	**1000**	**1200**	APMC
Amritsar	All Paddy	-20	**100**	**120**	APMC
Karnal	All Paddy	-100	**200**	**300**	APMC

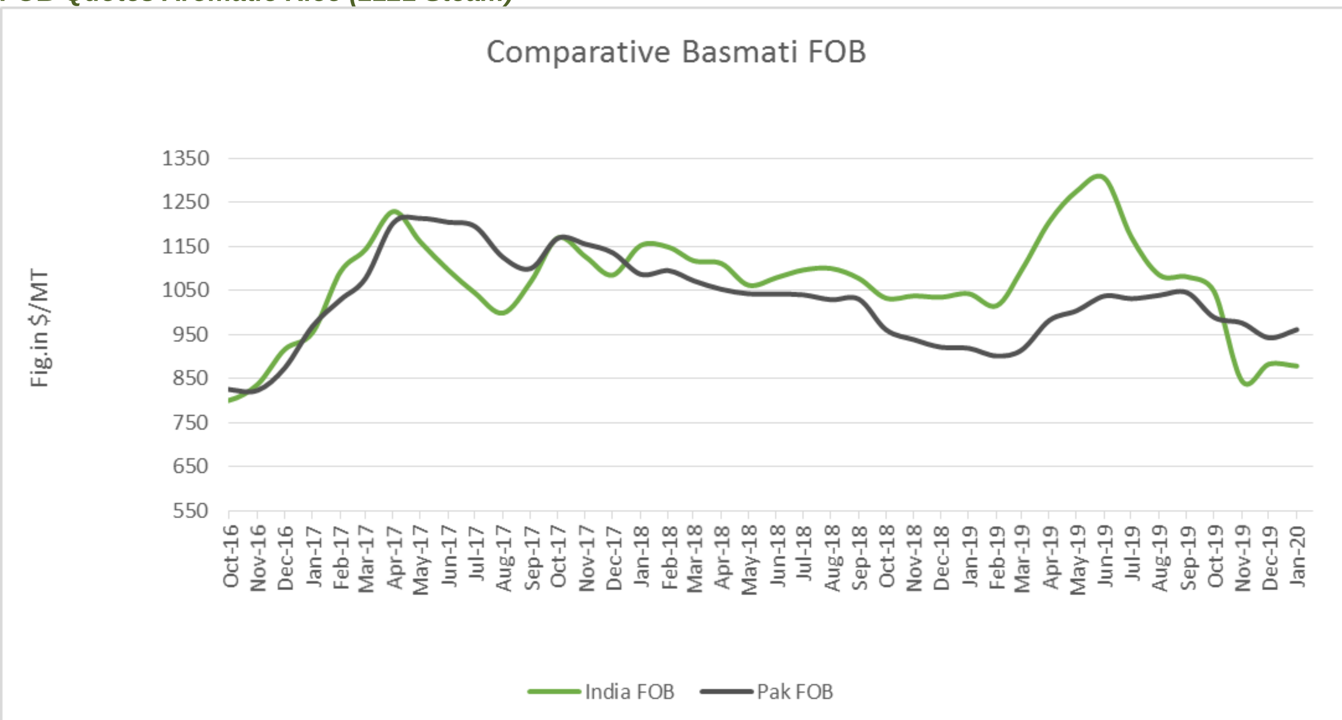
*Difference between current and previous week price

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

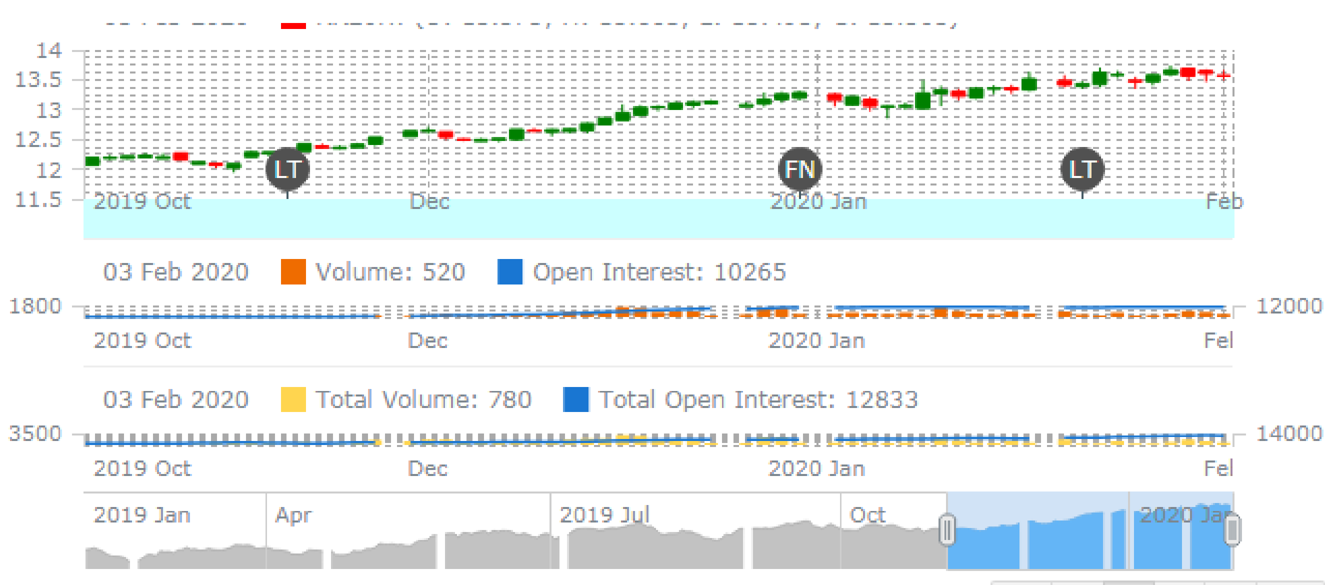
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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