Rice Weekly Research Report

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Outlook and Review:
Domestic Front

- A supply crunch in drought stricken Thailand pushed rice export prices to their highest in six and half years this week, while Vietnamese rates bounced back to a more than one-year high on firm demand. Thailand's benchmark 5% broken rice prices jumped to $460-$467 per tonne on Thursday, their highest since August 2013, from $430-$452 last week. Most of the demand is from domestic buyers who are stocking up rice amid fears of shortages.

- The protracted drought in many rice producing areas caused market concerns over possible supply shortages and is the main reason for the price hike as overseas demand remained flat. The dry season, which usually starts in November and lasts until April, could persist into June, the Thai government said.

- In Vietnam, rates for 5% broken rice rose to $390-$400 on Thursday, their highest since December 2018, versus $365-$375 a week earlier on strong demand. The Philippines remains the largest buyer, and we have seen more orders coming in from Malaysia, Cuba and Africa. Vietnam's rice exports in the first two months of this year likely rose 11.5% from a year earlier to 811,000 tonnes, the government's General Statistics Office said on Saturday. The strong demand has outpaced the rise in supplies as local farmers are still harvesting rice from the winter-spring crop, adding that farmers have harvested 60%-70% of the crop.

- Meanwhile, in top exporter India, rice export prices extended losses due to weak demand and as rupee fell to the lowest level in 16 months. India's 5% broken parboiled variety rates inched lower to $367-$371 per tonne this week, from last week's $369-$373.

- Weak rupee is allowing exporters to lower prices in dollar terms, but still demand is not picking up. Weak rupee increases exporters margin from the overseas sale.

- Neighboring Bangladesh has set a production target of 20 million tonnes for summer variety rice crop "Boro", for the current year.

- Boro contributes more than half Bangladesh's typical annual rice output of around 35 million tonnes. In 2019, the country produced a record 20.4 million tonnes of Boro, up from 19.6 million tonnes the previous year, the agriculture ministry says.

- All-India progressive procurement of Rice as on 02nd March 2020 increased at 380.91 lakh tonnes as compared to 349.17 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 (6.27 lakh tonnes), Uttar Pradesh (34.21 lakh tonnes), Odisha (30.58 lakh tonnes), Maharashtra (4.80 lakh tonnes), Madhya Pradesh (15.35 lakh tonnes), Tamil Nadu (3.01 lakh tonnes) and Kerala (1.34 lakh tonnes).

- As per market sources, 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. However, India's basmati rice exports to Iran have almost stopped as cargo handling at the ports was restricted because of concerns regarding virus spread. More than 60,000 tonnes of rice slated for export is lying in the ports.

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
02nd 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*	7-Mar-20	6-Mar-20	29-Feb-20	7-Feb-19	2/29/2019
Chirala(A.P)	BPT(Raw)	-100	3500	3500	3600	3330	3320
Jharkhand(Ranchi)	Coarse	-100	3100	3100	3200	3100	3000
Ernakulam(Kerala)	Jaya	20	3620	3600	3600	3500	3450
Divi(A.P)	BPT(Steam)	50	3450	3450	3400	3300	3200
Visakhapatnam	HMT(Raw)	0	4200	4200	4200	4050	4100
Nandyal	Sona Fine	-300	4900	4950	5200	5400	5350
Barasat(W.B)	Masuri	-100	3200	3200	3300	3300	3250
Dibrugarh	Common	0	3250	3250	3250	3000	2900
Jhargram(W.B)	IR-36	-100	2500	2500	2600	2900	2350
Jhargram(W.B)	IR-36	-100	2400	2400	2500	2600	2300
Karnal	Sarbati Steam	-200	3600	3600	3800	3800	4000
Bangarpet(Kar)	Sugandh Sela	0	3800	3800	3800	4500	4400

Weekly Paddy Arrival in Major Mandi:

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-20.31	**33.06**	**53.37**	APMC
Srikakulam	All Paddy	-2	**0**	**2**	APMC
West Godavari	All Paddy	-12	**8**	**20**	APMC
Burdwan(W.B)	All Paddy	-5703.7	**6011.8**	**11715.5**	APMC
Delhi	All Paddy	-3187.3	**3311.4**	**6498.7**	APMC
Amritsar	All Paddy	-766.8	**315.2**	**1082**	APMC
Karnal	All Paddy	-5782	**250**	**6032**	APMC

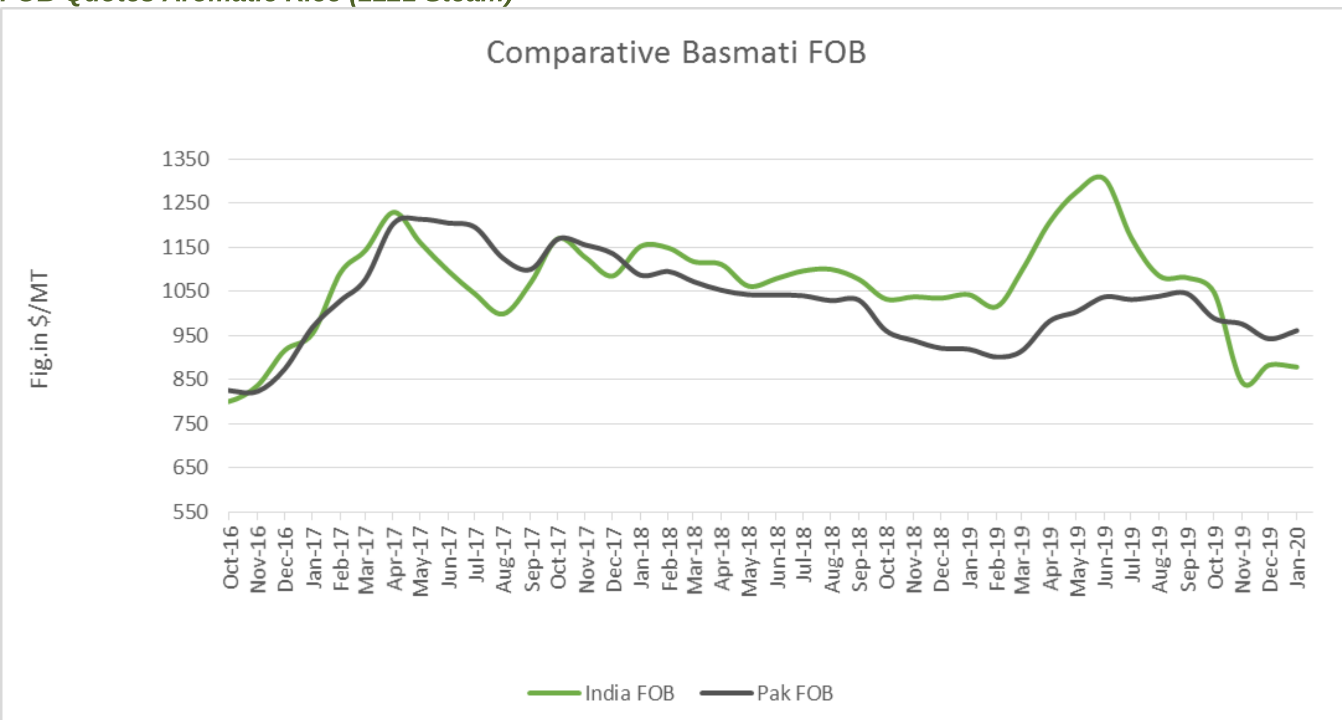
*Difference between current and previous week price

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

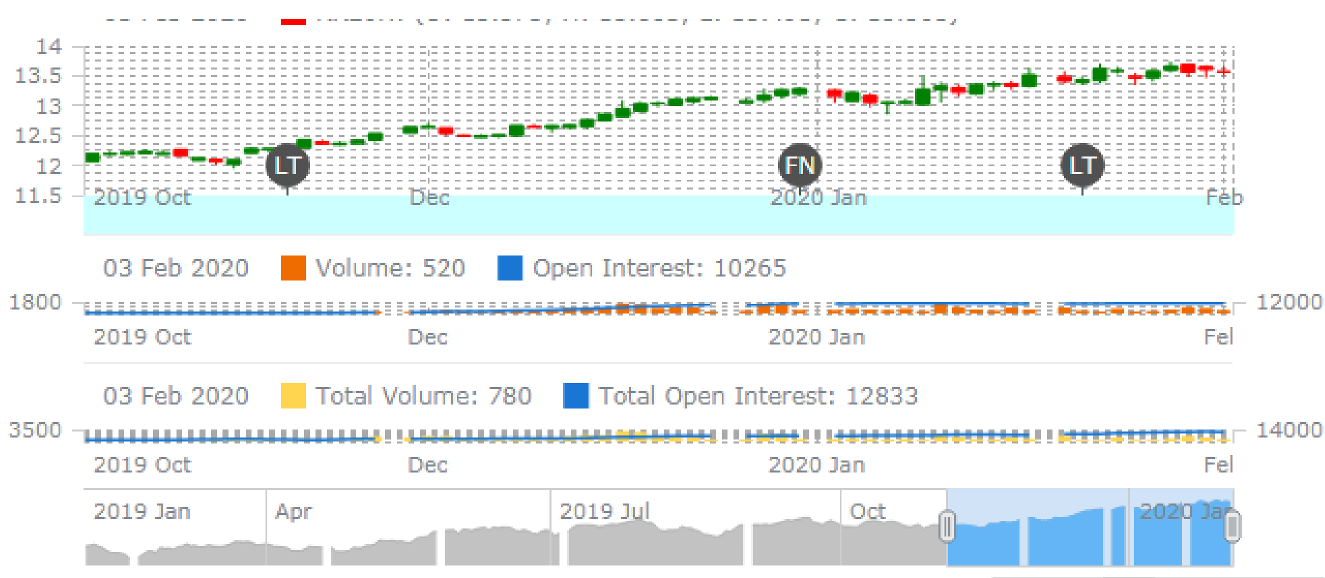
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

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
02nd Week of Mar-2020	Steady to Firm	USD/ Hundred Weight 12.60-13.50