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# Rice Weekly Research Report

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## Outlook and Review:

### Domestic Front

- **Indian rice export rice prices retreated this week from a more than one-year peak that slowed demand**, while Vietnamese rates held nears a two-year high as countries battling the coronavirus pandemic sought to bolster stocks. Top exporter India saw rates for its 5 percent broken parboiled variety fall to \$370-\$375 per tonne from last week's \$385-\$389, which was the highest since April, 2019. Demand has been moderating in the last few days due to higher prices. Buyers are taking a pause after healthy purchases earlier this month. A weaker rupee and more competitive pricing boosted demand for the Indian variety over recent weeks.
- **In Vietnam, rates for 5% broken rice were unchanged** at \$450-\$460 a tonne, with prices likely to edge up in the coming weeks. Demand is rising faster than supplies from the summer-autumn harvest that has just begun.
- **Thailand's benchmark 5-percent broken rice edged lower to \$489-\$490**, from \$480-\$505 previously, with buyers choosing cheaper offers from India and Vietnam. Sales have been taking place but there have been no major deals as prices are still quite high. Supply concerns following one of the worst droughts in decades have also eased after rain in rice-growing areas this month.
- Supply of Bangladesh's dominant 'Boro' summer rice variety could miss its target of 20.04 million tonnes this season, as acreage fell to a three-year low. The Boro cultivation area has dropped to 4.75 million hectares from 4.9 million hectares last year.
- **Telangana procures record 55 lakh metric tonnes paddy worth Rs 10,000 crore**. Despite extended lockdown and shortage of workers and funds, the Telangana government has procured 12,000 crore worth farm produce from farmers, including paddy, maize, Bengal gram, sunflower and jowar. This is the first time that the state government is also purchasing jowar and sunflower from the farmers, keeping in view that here were no marketing facilities for them due to lockdown. The State Marketing Federation would later sell these products in the open market. A major chunk of the procured paddy would be given to Food Corporation of India, which in turn will supply it to various states for distribution through fair price shops. The government procured nearly 55 lakh metric tonnes (MT) of paddy worth over 10,000 crore. Over 86% of the total targeted-procurement has been completed. The state government has released another 600 crore. Through 6,392 paddy procurement centres, over 55 lakh metric tonnes.
- **Indian rice exports in 2020-21 may surge 15% as buyer's stockpile grain**. India's rice exports could rise by as much as 15% in 2020/21 as buyers purchase lower-priced Indian supply to rebuild inventories after growers capped exports amid the corona virus outbreak. These are among the first forecasts for rice exports during the new fiscal year that began on April 1. Higher shipments from India, the world's biggest rice exporter, could cap global prices and help New Delhi in reducing bulging inventories. There is a surge in demand for Indian rice right now and we are expecting demand to continue for some more time. India's rice exports were 9 million tonnes during the 2019/20 fiscal year, the lowest in eight years. That puts

Indian rice at a discount to supplies from competing countries and this has prompted African countries and Asian buyers such as Malaysia and Philippines to make purchases

**State wise Wholesale Prices Weekly Analysis for Rice Fourth week May, 2020**

State	Prices 24-31 May 2020	Prices 16-23 May 2020	Prices 24-31 May 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Assam			3281.8	---	---
Gujarat	4263.42	4237.29	3225.39	0.62	32.18
Karnataka	3027.86	3147.45	4084.32	-3.8	-25.87
Tripura	3145.27	2999.34	2836.63	4.87	10.88
Kerala	3546.67	3525.12	3448.29	0.61	2.85
Meghalaya			3916.67	---	---
Uttar Pradesh	2715.92	2634.13	2489.99	3.11	9.07
Maharashtra	3510.08	3871.05	3469.83	-9.32	1.16
NCT of Delhi			2000	---	---
Odisha	3017.39	3157.95	2845.39	-4.45	6.04
Uttarakhand	2732.72	2594.65	2904.59	5.32	-5.92
Andhra Pradesh			4092.86	---	---
Jharkhand			3857.17	---	---
West Bengal	2872.97	2965.46	2761.38	-3.12	4.04
Nagaland			7200	---	---
Manipur			4334.01	---	---
Average	3203.59	3236.94	3546.77		

Duration	Trend	Average Price Range	Reason
01 <sup>st</sup> Week of Jne, 2020	Steady	Rs.3200-3600/Quintal	If the Lockdown duration will increase in that case, demand of rice increases which support the prices at current level.

**Weekly Rice Price Change in Delhi Market (Figure: in Rs. /Quintal)**

Rice Price	Grade	Change*	30-May-20	29-May-20	23-May-20	30-Apr-20	30-May-19
Chirala(A.P)	BPT(Raw)	100	3700	3350	3600	3300	3200
Jharkhand(Ranchi)	Coarse	0	3300	3200	3300	3100	3000
Ernakulam(Kerala)	Jaya	-100	3200	3600	3300	3500	3450
Divi( A.P)	BPT(Steam)	100	3600	3450	3500	3300	3200
Visakhapatnam	HMT(Raw)	0	4400	4400	4400	3900	3850
Nandyal	Sona Fine	-100	4400	4600	4500	4900	4800
Barasat(W.B)	Masuri	0	3500	3200	3500	3300	3250
Dibrugarh	Common	0	3400	3300	3400	3200	3200
Jhargram(W.B)	IR-36	100	3200	2800	3100	2900	2350
Jhargram(W.B)	IR-36	200	3300	2900	3100	2600	2300
Karnal	Sarbati Steam	100	4200	4100	4100	4000	4400
Bangarpet(Kar)	Sugandh Sela	200	4400	4300	4200	4600	4800

**Weekly Paddy Arrival in Major Mandi:**

Paddy Arrivals (In Quintal)	Grade	Change	Current Week	Last Week	Source
Kurnool	All Paddy	-10	10	20	APMC
Srikakulam	All Paddy	5	18	13	APMC
West Godavari	All Paddy	--	22	NA	APMC
Burdwan(W.B)	All Paddy	NA	12	NA	APMC
Delhi	All Paddy	--	66	NA	APMC
Amritsar	All Paddy	--	43	--	APMC
Karnal	All Paddy	--	54	--	APMC

\*Difference between current and previous week price

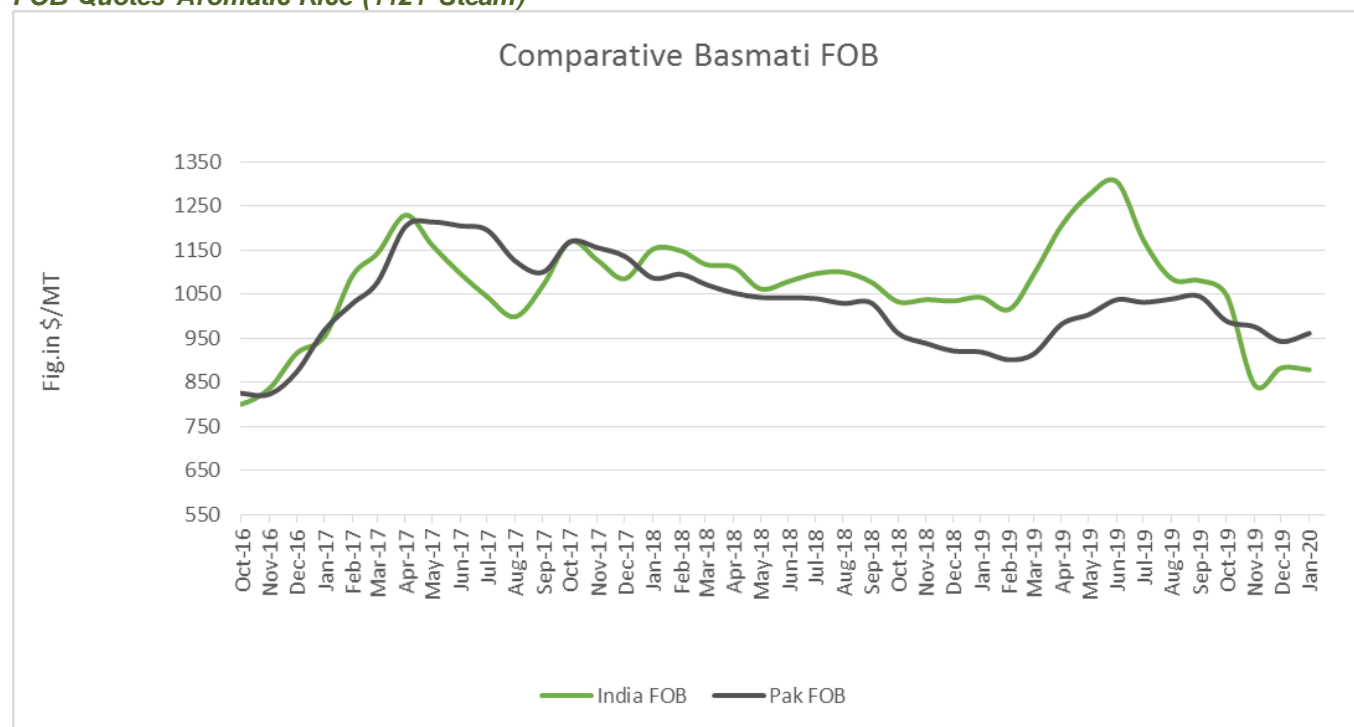
**State wise Progressive Procurement As on 29.05 2020**

State	Procurement(in Lakh Tons) 2019-20	2018-19
AP	48.36	32.25
Telangana	68.95	36.14
Assam	1.08	0.52
Bihar	13.41	9.28
Chhattisgarh	39.71	40.80
Haryana	43.03	39.09
Jharkhand	2.55	1.53
Kerala	4.63	4.07

<b>M.P</b>	<b>17.40</b>	<b>13.95</b>
<b>Maharashtra</b>	<b>8.70</b>	<b>4.25</b>
<b>Odisha</b>	<b>38.97</b>	<b>34.48</b>
<b>Punjab</b>	<b>108.76</b>	<b>113.34</b>
<b>Tamilnadu</b>	<b>15.54</b>	<b>11.48</b>
<b>U.P</b>	<b>37.90</b>	<b>32.33</b>
<b>Uttrakhand</b>	<b>6.81</b>	<b>4.62</b>
<b>West Bengal</b>	<b>14.95</b>	<b>16.54</b>
<b>Total</b>	<b>471.60</b>	<b>395.05</b>

All-India progressive procurement of Rice as on 29.05.2020 for Kharif Marketing Season (KMS) 2019-20 is 471.60 lakh tons against the procurement of 395.05 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 March and currently is in the range of USD 770-785/MT; Agriwatch expects that aromatic international rice price is likely to trade steady in coming month. 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 911/MT which is down 7.8 % from last month FOB of USD 988/MT.

*Global Updates*

**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.

Thailand Export prices of white and parboiled rice increased 1-2 percent from the previous weeks due to tighter supplies of white paddy rice as MY2019/20 off-season rice production is adversely affected by drought. Also, the Thai baht strengthened to 31.2 baht/U.S. \$1.00 from the previous week's exchange rate of 31.5 baht/U.S. \$1.00. Meanwhile, export prices of fragrant rice declined 3 percent due to the lack of new inquiries as foreigners are reportedly seeking Vietnamese fragrant rice, which is U.S. \$450-500/MT cheaper.

**IGC Balance Sheet:**

Attributes ( Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2019-20) Forecast. 30.04.2020	(2020-21) Projection. 28.05.2020
Production	475	487	490	507	506
Trade	40	48	48	44	44
Consumption	475	488	494	502	500
Carryover stocks	164	174	176	181	182
Y-O-Y change	9	9	3		5
Major Exporters	31	39	42	45	46

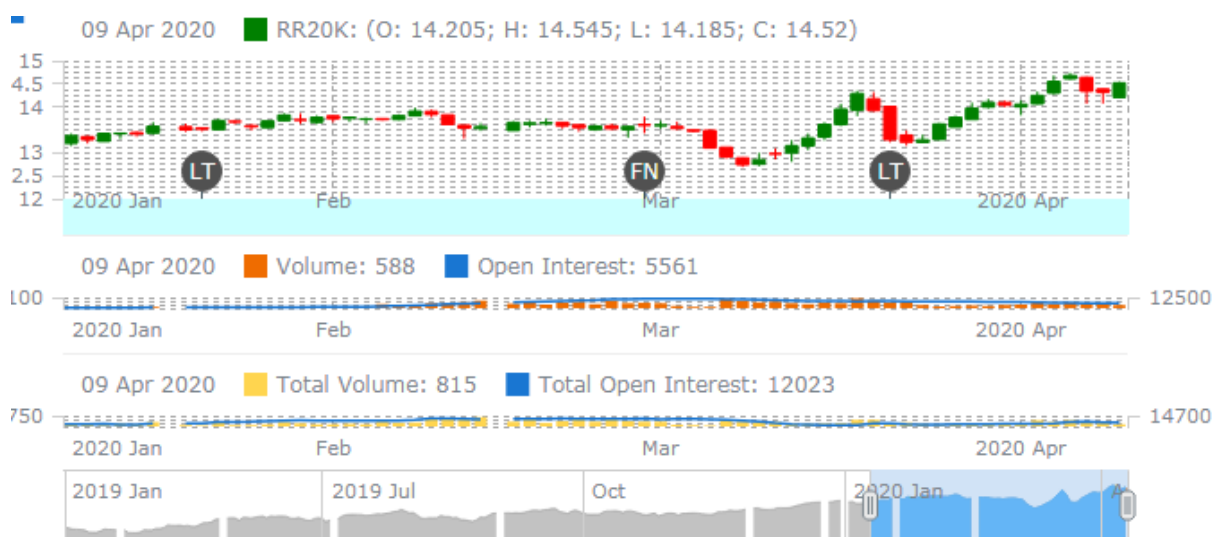
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

**IGC Rice Balance sheet Highlights:**

With record production in India contrasting with smaller crops elsewhere, global rice output is estimated steady y/y in 2019/20. While the full impact of COVID-19 on demand patterns remains uncertain, the Council expects total use to rise on population growth. Amid heavy supplies, stocks are forecast to climb to a new high on gains in China and major exporters, while trade in 2020 is seen steady y/y. Tied to anticipated acreage increases in Asia, the 2020/21 world rice outturn is predicted at a peak of 506m t, up 9m y/y, with accumulation in key exporters pushing up global carryovers to a record of 182m. A recovery in African demand could boost trade by 4% y/y in 2021.

**Rice Price Trend @ CBOT May- 2020, Rough Rice)**

(Prices in US\$/hundredweight)


**Market Analysis**

**The CBOT May-20** 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
04 <sup>th</sup> Week of May-2020	Steady to Firm	USD/ Hundred Weight 13.60-14.50

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