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# Rice Weekly Research Report

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## Outlook and Review:

### Domestic Front

- Minimum Support Price of Paddy Hike by 2.92% from Last Year to Rs. 1868/Quintal for Grade-A: As per by Union Agriculture Minister Narendra Singh Tomar ,the Union Cabinet on June 1 approved minimum support price for 14 kharif crops. The revised prices will provide farmers nearly 50-83 percent more than the cost. The MSP for paddy has been raised by Rs 53 per to Rs 1,868 per quintal for the 2020-21 crop year.
- Due to heavy rains hampered rice harvest in the Mekong Delta and robust demand from buyers supports the Vietnamese rice export prices and thus hit their highest in more than eight years. Vietnam's 5% broken rice price rose to \$475 per ton this week, the highest since early 2012 - from \$450-\$460 a week earlier. According to trader sources, demand of Vietnamese rice remains strong, while supplies are thin. Traders are finding it difficult to secure enough rice to fulfill their contracts signed with buyers in Malaysia and Cuba, also due to heavy rains in last week resultant the slowing the summer-autumn harvest in the Mekong Delta. Vietnam aims to ship 7 million tons of the grain this year, higher than last year.
- Unlike Thailand, top exporter India's 5 percent broken parboiled variety fell to \$368-\$373 per ton from last week's \$370-\$375. Importers in Africa and Asia have slowed purchases after large buys in May. India has raised the price(MSP) at which it will buy new-season common rice varieties from local farmers by 2.9%.
- Thailand's benchmark 5-percent broken rice prices rose to \$490-\$512 this week, from \$489-\$490 quoted last week. Traders attributed the increase to a stronger baht. There still are some persistent concerns over supply in the domestic rice market despite the recent enchantment of rain, and this continues to keep the price high. Rains have eased supply concerns after one of the worst droughts in decades impacted rice growing areas across Thailand earlier this year.
- With the exception of Punjab and Chhattisgarh, significant procurement increases in all major rice-producing states supports the estimated record rice production of around 116 MMT. With additional procurement of rabi and summer rice likely to continue in the eastern and southern states, government rice procurement in MY 2019-20 is likely to reach a record 48.5 MMT, more than a nine percent increase over last year's procurement levels.

## State wise Wholesale Prices Weekly Analysis for Rice First week June, 2020

State	Prices 01-08 Jun 2020	Prices 24-31 May 2020	Prices 01-08 Jun 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Gujarat	4200	4263.42	3229.74	-1.49	30.04
Maharashtra	3654.12	3510.08	3374.94	4.1	8.27
Odisha	2850.46	2939.06	2761.89	-3.01	3.21

Uttar Pradesh	2607.57	2715	2468.48	-3.96	5.63
Jharkhand	2483.33		3866.67	---	-35.78
Kerala	3563.43	3548.83	3421.28	0.41	4.15
Tripura	3172.42	3145.08	2875.4	0.87	10.33
Andhra Pradesh			4040	---	---
Meghalaya			3641.3	---	---
West Bengal	2791.86	2870.35	2758.34	-2.73	1.22
Assam			3310.06	---	---
Uttrakhand		2732.72	2297.33	---	---
Manipur			4379.92	---	---
Karnataka	3228.8	2942.51	3738.05	9.73	-13.62
Average	3172.44	3185.23	3297.39		

Duration	Trend	Average Price Range	Reason
02 <sup>nd</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*	06-Jun-20	05-Jun-20	30-May-20	06-May-19	06-Jun-19
Chirala(A.P)	BPT(Raw)	-3600		3350	3600	3300	3200
Jharkhand(Ranchi)	Coarse	-200	3100	3200	3300	3100	3000
Ernakulam(Kerala)	Jaya	200	3500	3600	3300	3500	3450

Divi( A.P)	BPT(Steam)	-100	3400	3450	3500	3300	3200
Visakhapatnam	HMT(Raw)	-200	4200	4400	4400	3900	3850
Nandyal	Sona Fine	-200	4300	4600	4500	4900	4800
Barasat(W.B)	Masuri	-100	3400	3200	3500	3300	3250
Dibrugarh	Common	200	3600	3300	3400	3200	3200
Jhargram(W.B)	IR-36	-100	3000	2800	3100	2900	2350
Jhargram(W.B)	IR-36	-200	2900	2900	3100	2600	2300
Karnal	Sarbati Steam	0	4100	4100	4100	4000	4400
Bangarpet(Kar)	Sugandh Sela	-200	4000	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

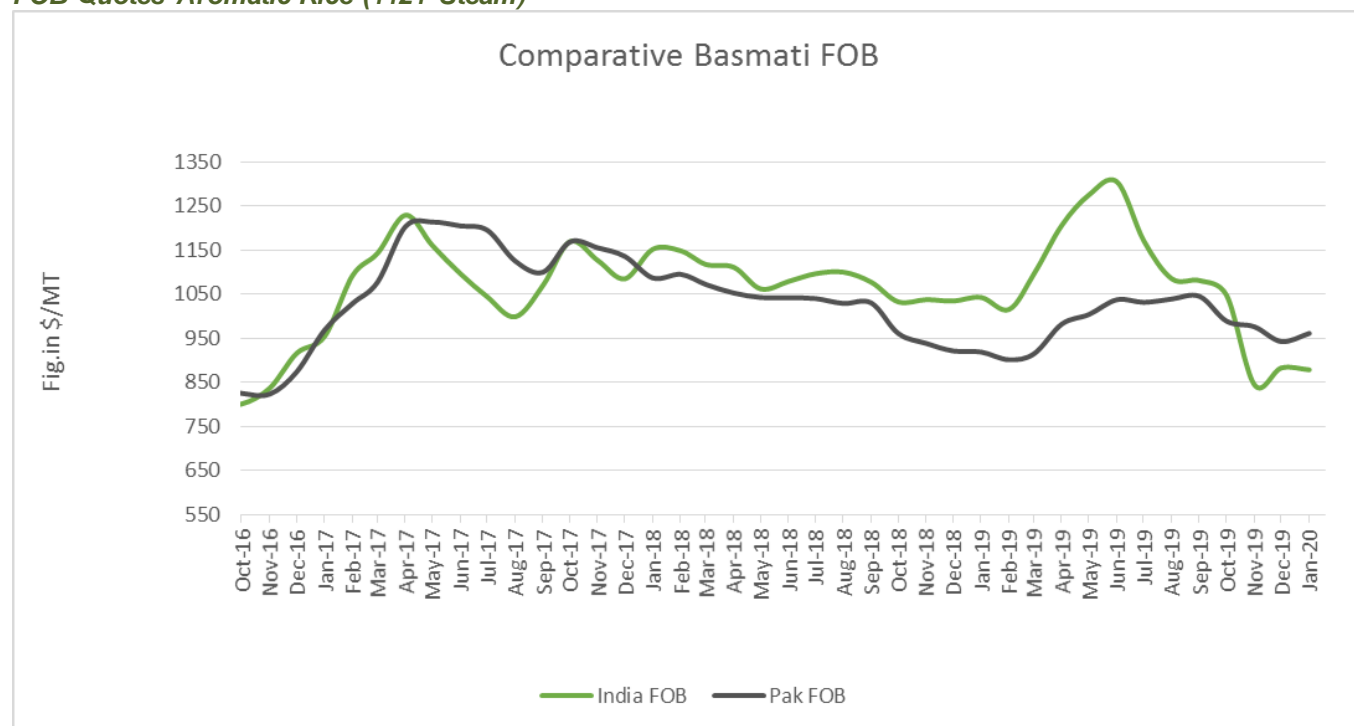
### State wise Progressive Procurement As on 29.05 2020

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
M.P	17.40	13.95
Maharashtra	8.70	4.25
Odisha	38.97	34.48
Punjab	108.76	113.34
Tamilnadu	15.54	11.48
U.P	37.90	32.33
Uttrakhand	6.81	4.62

West Bengal	14.95	16.54
<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

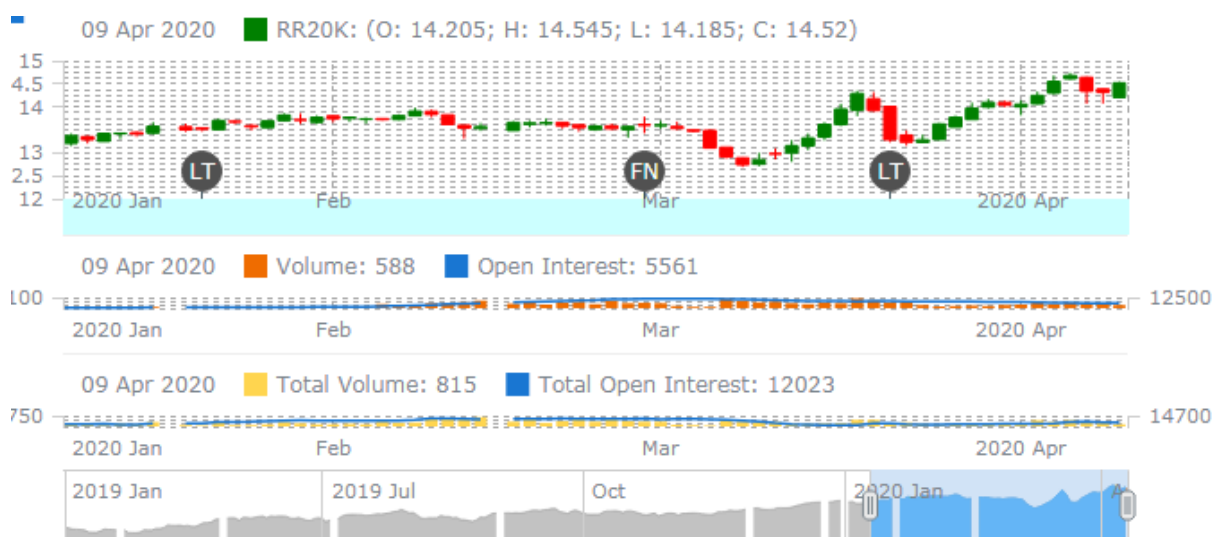
Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

**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
02 <sup>nd</sup> Week of Jun-2020	Steady to Firm	USD/ Hundred Weight 13.60-14.50

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