Rice Weekly Research Report

Contents

Outlook and Review:

- **Thai rice prices fell to 4-month low due to weak demand:** The export offer price of rice in Thailand has come down to a four-month low because there is lesser demand from foreign buyers and secondly, the exchange rate of Thailand's currency Baht has weakened. On the other hand, the export offer price of Vietnamese rice has risen to a one-month high due to strong demand from Cuba and Malaysia.
    - The average unit export offer price of Thailand's benchmark 5 percent broken rice at Bangkok port was between USD 455 and USD 485 a tonne last week, falling to USD 440-455 a tonne during the current week. This is the lowest export offer price of rice since February. The arrival of new paddy in the country would likely start from next month.

- Meanwhile, the free on-board (FoB) export offer price of 5 percent broken rice at Vietnam's Ho Chi Minh City port reached USD 425-457 per tonne last week, the highest level since June 18. According to trade analysts, Cuba and Malaysia as well as some other countries are showing good interest in purchasing Vietnamese rice. But maybe waiting for the prices to decline a little more. Arrivals of new paddy and rice have begun in Vietnam and will continue till the beginning of next month. The free trade agreement between Vietnam and the European Union is going to come into effect from 1 August and thereafter, rice exports from Vietnam to member countries may increase. But the annual import quota of rice in the European Union will be fixed.
- **Trade with Bangladesh opens doors for India's non-basmati rice exports**. The resumption of trade with Bangladesh through the West Bengal border has raised hopes among India's non-basmati rice traders of getting fresh orders from the neighbouring country. Trucks carrying rice are currently going through the Petrapole-Benapole border, fulfilling orders which were placed prior to the Covid-19 outbreak. Bangladesh largely buys non-basmati rice. The offer price of 5 percent broken sela-grade rice export in India, remains stable at the previous level of USD 377-382 per tonne.
- Paddy sowing is going strong in India in this Kharif season, while due to the Corona epidemic will likely settle soon. As per data received from Ministry of Agriculture, Sowing of Kharif crops reached 691.86 lakh hectares till July 17, which was 570.86 lakh hectares last year, and also up by 21.20% from last year. Paddy sowing has increased by 18.6% to 168.47 lakh hectares from the same period last year area of 142.06 lakh hectares.

- Haryana government hopes to save 12 per cent water this crop season, with farmers applying to shift to alternatives to the water-guzzling paddy, like cotton, bajra and maize in over 2.86 lakh acres under the government scheme 'mera pani-meri virasat', this year. As per by state government, around 12-13 per cent water will be saved this way. Paddy is cultivated in about 30 lakh acres in the state. This includes water savings from all sources including canal and underground water which is pumped through tube-wells for the paddy crop. However, an official of the agriculture department cautioned to wait till July-end, when the transplantation of basmati variety of paddy will conclude. The alternative crops require 80 per cent less water than the needs of paddy cultivation. However as on July 17, area under paddy reached to 9.03 lakh hectares which was 6.79 lakh hectares in 2019-20.

- **Paddy sowing shows a decreasing trend in Andhra Pradesh**. On the back of a normal monsoon in the State, the cultivation target for paddy in the kharif season is 15.90 lakh hectares. It is less than the last year's target of 16.25 lakh hectares. The normal sowing has been on decline since 2016. Districts such as East and West Godavari and Krishna, which are known for paddy cultivation, have shown a decline trend in paddy sowing. For instance, the normal paddy sowing in Krishna was 2,45,279 hectares in 2016 kharif. It has slipped to 2,30,375 hectares in 2020). Similarly, it was only 2,23,431 hectares in East Godavari as against 2,29,617 hectares in 2016. Likewise, the normal sowing was 2,38,524 hectares in West Godavari in 2016 and is now 2,27,161 hectares.

- **Telangana government will withdraw one lakh tonne of rice from central pool**: Out of the stock purchased by the Telangana government for the central pool, about one lakh tonne of rice is expected to be taken back to the provincial pool. According to official sources, food grains are being distributed free of cost to the people under various welfare schemes in the state. There is a stock of rice in the provincial pool but the need is more than that. As a result, rice will have to be purchased for this additional requirement from the central pool. The Telangana government has so far purchased about 10 thousand tonnes of rice from the central pool, reducing its contribution to 74.50 lakh tonnes there. The state government will continue to purchase rice in the central pool as per the need.

State wise Wholesale Prices Weekly Analysis for Rice second week July, 2020

State	Prices 09-15 Jul 2020	Prices 01-08 Jul 2020	Prices 09-15 Jul 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Karnataka	3239.13	2982.93	3716.68	8.59	-12.85
Maharashtra	4200	3774.94	3436.47	11.26	22.22
Manipur			4458.47	__	__
Meghalaya			3603.28	__	__
Uttar Pradesh	2543.8	2752.5	2505.19	-7.58	1.54
Gujarat	4200	4200	3177.97	0	32.16
Jharkhand	2533.33	2524.8	3863.77	0.34	-34.43
Nagaland			7200	__	__
Odisha	2570.41	2973.46	2776.16	-13.55	-7.41
Tripura	2940.9	2931.83	2839.63	0.31	3.57
Uttrakhand			2232.63	__	__
Assam			3293.2	__	__
Kerala	3360.79	3559.78	3453.09	-5.59	-2.67
West Bengal	2916.8	2855.67	2753.18	2.14	5.94
Andhra Pradesh			4125	__	__
Average	**3167.24**	**3172.88**	**3562.31**		

*Report Generation: As per the data reported by APMCs

Prices in Rs/Quintal

Duration	Trend	Average Price Range	Reason
03rd Week of July, 2020	Steady to Firm	Rs.3300-3900/Quintal	Overseas demand of Indian rice due to competitive price supports the price at current level.

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

Rice Price	Grade	Change*	18-Jul-20	17-Jul-20	11-Jul-20	18-Jun-20	18-Jul-20
Chirala(A.P)	BPT(Raw)	0	3200	3200	3200	3200	3300
Jharkhand(Ranchi)	Coarse	-100	3000	3200	3100	3100	2900
Ernakulam(Kerala)	Jaya	0	3500	3600	3500	3500	3500
Divi(A.P)	BPT(Steam)	0	3500	3450	3500	3500	3500
Visakhapatnam	HMT(Raw)	100	4700	4400	4700	4700	4600
Nandyal	Sona Fine	-300	4400	4600	4700	4700	4600
Barasat(W.B)	Masuri	100	3200	3200	3100	3100	3200
Dibrugarh	Common	100	3000	3300	2900	2900	3000
Jhargram(W.B)	IR-36	200	3100	2800	2900	2900	2900
Jhargram(W.B)	IR-36	100	2900	2900	2800	2800	2800
Karnal	Sarbati Steam	-150	4350	4100	4500	4500	4500
Bangarpet(Kar)	Sugandh Sela	-100	4100	4300	4200	4400	4400

Comparative Rice Varity Prices of Delhi (Naya Bazaar) in Rs./Quintal)

Variety	Today	Week Ago	Month Ago	Year ago	% Change From last week	% Change from last Month	% Change from last Year
	18-Jul-20	13-Jul-20	19-Jun-20	19-Jul-19			
1121 Steam	6600	6900	7000	7900	-4.35	-5.71	-16.46
1121 Sella	5300	5450	5400	7150	-2.75	-1.85	-25.87
1121 Raw	6700	7000	7100	7900	-4.29	-5.63	-15.19
Basmati Raw	8400	8800	7600	9400	-4.55	10.53	-10.64
1509 Steam Wand New	5600	6000	6200	7500	-6.67	-9.68	-25.33
Sugandh Steam	4700	5000	4800	6100	-6.00	-2.08	-22.95
Sharbati Raw	4100	4100	4200	4500	0.00	-2.38	-8.89

Pusa Raw Wand	6000	6300	5600	6100	-4.76	7.14	-1.64
Parmal Sella	3700	3600	3600	3150	2.78	2.78	17.46

Paddy Kharif Sowing Updates as on 17th July 2020-

Rice: About **168.47 lakh ha** area coverage under rice has been reported compared to last year **(142.06 lakh ha)**. Thus **26.41 lakh ha more area** has been covered compared to last year. **Higher area** is reported from the States of Uttar Pradesh (10.61 lakh ha), Madhya Pradesh (5.58 lakh ha), Bihar (5.48 lakh ha), Chhattisgarh (4.79 lakh ha), Jharkhand (2.44 lakh ha), Haryana (2.24 lakh ha), Telangana (1.93 lakh ha), Assam (1.83 lakh ha), Arunachal Pradesh (1.17 lakh ha), Odisha (0.98 lakh ha), Andhra Pradesh (0.74 lakh ha), Gujarat (0.39 lakh ha), Mizoram (0.35 lakh ha), West Bengal (0.28 lakh ha), Manipur (0.22 lakh ha), Karnataka (0.22 lakh ha), Uttarakhand (0.02 lakh ha), Goa (0.02 lakh ha) and Sikkim (0.01 lakh ha). **Less area** is reported from the States of Punjab (2.70 lakh ha), Tamil Nadu (0.76 lakh ha), Maharashtra (0.31 lakh ha), Rajasthan (0.17 lakh ha), Kerala (0.15 lakh ha), J&K (0.09 lakh ha), Nagaland (0.07 lakh ha), Tripura (0.03 lakh ha) and Himachal Pradesh (0.01 lakh ha).

State wise Progressive Procurement As on 10.07.2020

State	Procurement(in Lakh Tons) 2019-20	2018-19
AP	53.18	32.25
Telangana	74.64	36.14
Assam	1.28	0.52
Bihar	13.41	9.28
Chhattisgarh	46.56	40.80
Haryana	43.03	39.09
Jharkhand	2.55	1.53
Kerala	4.75	4.07
M.P	17.40	13.95
Maharashtra	10.14	4.25
Odisha	47.01	34.48
Punjab	108.76	113.34
Tamilnadu	17.27	11.48
U.P	37.90	32.33
Uttrakhand	6.81	4.62
West Bengal	15.15	16.54
Total	**502.75**	**395.05**

All-India progressive procurement of Rice as on 10.07.2020 for Kharif Marketing Season (KMS) 2019-20 is 502.75lakh tons against the procurement of 395.05 lakh tonnes in the corresponding period of last year.

IGC Balance Sheet:

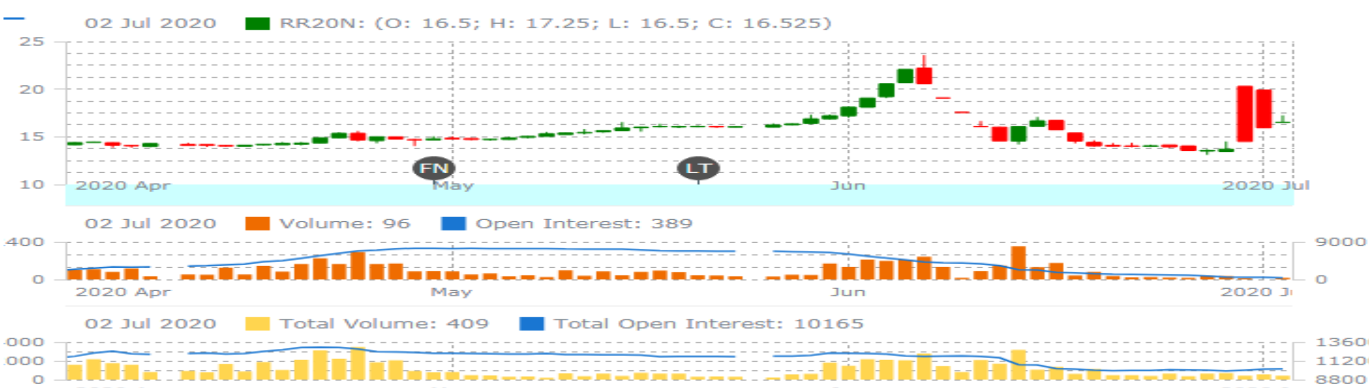
Attributes (Fig in Million Tons)	2015-16	2016-17	2017-18 Estimate	(2019-20) Forecast. 28.05.2020	(2020-21) Projection. 25.06.2020
Production	475	487	490	506	505
Trade	40	48	48	44	44
Consumption	475	488	494	500	501
Carryover stocks	164	174	176	182	180
Y-O-Y change	9	9	3	-	4
Major Exporters	31	39	42	46	46

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

IGC Rice Balance sheet Highlights: With few changes to the 2019-20 global **rice** supply and demand balance sheet from previously, end-season carryovers are maintained at 176 million tons, a record level on gains in China and leading exporters. The 2020/21 production outlook is trimmed m/m, with the net reduction in total supplies leading to a modestly lower figure for inventories, placed at 180 million tons, albeit still a new high. The projection for trade in 2021 is unchanged m/m, at 44 million tons (+4% y/y).

Rice Price Trend @ CBOT Jul- 2020, Rough Rice)

(Prices in US$/hundredweight)



Market Analysis

The CBOT Jul-20 month rough chart for rice indicates steady to weak tone from last month. We expect market to hover in the range of USD 12.60-13.90 hundred weights in coming sessions.

Price Projection (International-CBOT)

Duration	Trend	Price Range
03rd Week of Jul-2020	Steady	USD/ Hundred Weight 11.60-18.50