

Rice Weekly Research Report

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Outlook and Review:

- As of 09th January 2022, 532.86 lakh MT of paddy has been procured in KMS 2021-22 in the procuring states. Till now approximately, 64.07 lakh farmers have been benefitted from the procurement with MSP value of Rs. 1,04,441.45 crore. In Punjab, the highest paddy procurement was done with 186.86 LMT benefitting 9.24 lakh farmers at MSP value of Rs. 36,623.64 crores. Haryana follows next with 55.31 LMT of paddy procurement benefitting 3.10 lakh farmers at MSP value of Rs. 10,839.97 crores.
- As of 07th January 2022, rabi paddy sowing was done in 16.441 lakh hectares down by 2.247 lakh hectares from 18.688 lakh hectares the previous year during corresponding period. In Tamil Nadu, around 10.981 lakh hectares up by 1.204 lakh hectares from 9.777 lakh hectares the previous year. The overall acreage fell by almost 12.02 percent mainly because of fall in acreage in Telangana and Andhra Pradesh as the Government of the respective states have asked the farmers not to sow paddy due to the ongoing procurement issue with the centre and also as a part of diversification of the crops.
- As per APEDA, in the international market, Non-Basmati Rice has emerged as India's top export item among the many agricultural and processed food, contributing close to one-fourth of the total exports in 2020-21. India's Non-Basmati rice exports were valued at \$4799.91 million (Rs 35,477 crore) in 2020-21, the Basmati Rice exports were at \$4018.71 million (Rs 29,850 crore). India's 5% broken parboiled rice price was quoted at \$359-\$363 per tonne this week, its highest level since November 11th 2021, up from the last week's \$355-\$360. Demand is not good but still prices are moving higher because of strengthening of rupee.
- As per sources, The price of Miniket variety in West Bengal is rising since December. Due to the rainfall and cyclonic activities in the previous months, the production for miniket rice fell by almost 30-35 percent which is supporting the market. The prices are almost up by Rs. 10-12 per kilogram.
- In Tamil Nadu, as the early harvest season begins, farmers in Thanjavur are facing a nearly 50% drop in samba yield due to the unseasonal rain. Samba and thalady paddy have been cultivated on 3,42,973 acres in the district which is nearly 30,500 acres more than the year's target of 3,12,500 acres.
- In Pakistan, Rice exporters are facing trouble in obtaining Export Refinance Facility from their banks which are saying that due to lack of allocations from the State Bank, they are not able to enhance the current credit lines. Efforts to take rice exports up to \$2.5 billion from the current \$2.0bn mark may suffer badly despite a good production.
- As per sources, Indian markets are waiting for new orders from International market which used to happen every year during the same period. Currently few Saudi Arabian orders are in line which are of very less quantity. It is mainly due to the low arrivals of tourist in Saudi Arabia, the demand for basmati rice have fallen. It is expected that the rice imports from India is about to fall by 30-40 percent. Even Iran and Iraq is buying more basmati from Pakistan due to better connectivity and bilateral trade relationship between the countries.

- As per sources, an order of 400-500 tonnes are made from Punjab, which is not enough to support the market. As a result, the market is currently trading weak. We expect basmati rice market to remain trade weak until and unless major orders are not made from Saudi Arabia.

State wise Wholesale Prices Weekly Analysis for Rice first week January, 2022

| State | Prices 01-08 Jan 2022 | Prices 24-31 Dec 2021 | Prices 16-23 Dec 2021 | Prices 01-08 Jan 2021 | % Change (Over Previous Week) | % Change (Over Previous Year) |
|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|-------------------------------------|
| Karnataka | 3681.27 | 4213.64 | 3609.56 | 3712.19 | -12.63 | -0.83 |
| Maharashtra | 4002.27 | 3626.13 | 4093.27 | 3668.01 | 10.37 | 9.11 |
| Kerala | 3677.38 | 3613.75 | 3673.23 | 3474.46 | 1.76 | 5.84 |
| Tripura | 3039.22 | 2990.37 | 3043.2 | 2898.17 | 1.63 | 4.87 |
| Uttar Pradesh | 2492.04 | 2472.75 | 2505.74 | 2369.24 | 0.78 | 5.18 |
| Gujarat | 4161.82 | 4200 | 4200 | 4308.37 | -0.91 | -3.4 |
| Manipur | 3418.53 | | | | — | — |
| Odisha | 2930.24 | 2377.68 | 3236.3 | 2817.55 | 23.24 | 4 |
| West Bengal | 2859.14 | 2743.53 | 2762.13 | 2709.61 | 4.21 | 5.52 |
| Average | 3362.43 | 3279.73 | 3390.43 | 3244.7 | 2.52 | 3.63 |

Prices in Rs/Quintal

(source: Agmarknet)

The price of rice from January 01 to January 08 was up by 2.52 percent from the previous week. The market is showing upward trend after weeks of downward trend. This is mainly due to huge increase in the prices of rice in Maharashtra, Orissa and West Bengal where production failure of certain varieties have shown dramatic increase in the prices.

Outlook (Narella 1121 Paddy):-

| Duration | Trend | Average Price Range | Reason |
|------------------------------|-------------------------------|----------------------|---|
| Second Week of January, 2021 | Trade with slightly weak bias | Rs.3500-3900/Quintal | The international orders have been delayed specially from Saudi Arabia due to lack of tourist owing to omicron scare. |

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

| Market | Variety | Today | Week Ago | Month Ago | Year ago | % Change From last week | % Change from last Month | % Change from last Year |
|--------|---------------------|-----------|-----------|-----------|-----------|-------------------------|--------------------------|-------------------------|
| | | 07-Jan-22 | 31-Dec-21 | 07-Dec-21 | 07-Jan-21 | | | |
| Delhi | 1121 Steam | 7400 | 7500 | 7800 | 6200 | -1.33 | -5.13 | 19.35 |
| | 1121 Sella | 6700 | 6700 | 6600 | 5300 | 0.00 | 1.52 | 26.42 |
| | 1121 Raw | 7400 | 7500 | 7800 | 6200 | -1.33 | -5.13 | 19.35 |
| | Basmati Raw | – | – | 10000 | 8600 | – | – | – |
| | 1509 Steam Wand New | 7000 | 6900 | 7200 | 5500 | 1.45 | -2.78 | 27.27 |
| | Sugandh Steam | 5800 | 6200 | 6200 | 4900 | -6.45 | -6.45 | 18.37 |
| | Sharbati Raw | 4800 | 4900 | 4900 | 4800 | -2.04 | -2.04 | Unch |
| | Pusa Raw Wand | 5800 | 5700 | 6200 | 5800 | 1.75 | -6.45 | Unch |
| | Parmal Sella | 3100 | 3100 | 3400 | 3300 | 0.00 | -8.82 | -6.06 |

Rabi Paddy Sowing Updates as on 07th January, 2022:

| State | Normal Area | Area sown reported | | | Absolute Change |
|----------------|-------------|--------------------|-------------|-----------|-----------------|
| | | This Year | % of Normal | Last Year | |
| Andhra Pradesh | 6.89 | 2.440 | 35.41 | 4.370 | -1.930 |
| Assam | 4.02 | 0.426 | 10.60 | 0.508 | -0.082 |
| Bihar | 0.71 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chhattisgarh | - | 0.100 | - | 0.100 | 0.00 |
| Gujarat | 0.45 | 0.00 | 0.00 | 0.00 | 0.00 |
| Karnataka | 1.81 | 0.050 | 2.76 | 0.082 | -0.032 |
| Kerala | 0.44 | 0.680 | 154.55 | 0.740 | -0.060 |
| Maharashtra | 0.50 | 0.00 | 0.00 | 0.00 | 0.00 |
| Manipur | 1.83 | 0.00 | 0.00 | 0.00 | 0.00 |
| Odisha | 2.49 | 0.107 | 4.30 | 0.170 | -0.063 |
| Tamil Nadu | 1.54 | 10.981 | 713.05 | 9.777 | 1.204 |
| Telangana | 7.33 | 0.933 | 12.73 | 2.761 | -1.828 |
| Tripura | 0.71 | 0.00 | 0.00 | 0.00 | 0.00 |
| Uttar Pradesh | 0.26 | 0.00 | 0.00 | 0.00 | 0.00 |
| West Bengal | 12.81 | 0.190 | 1.48 | 0.020 | 0.020 |
| Others | 0.72 | 0.534 | 74.17 | 0.524 | 0.524 |
| All-India | 42.51 | 16.441 | 38.68 | 18.688 | -2.247 |

Source: Agricoop (As on January 07, 2022)

State wise Ongoing Procurement KMS 2021-22

| KMS 2021-22 (Units in LMTs) (as on 31.12.2021) | | | | |
|--|--------------|------|--------------|-------|
| S.No. | STATES/ UTs | FCI | State Agency | Total |
| 1 | A.P. | 0 | 10.34 | 10.34 |
| 2 | Telangana | 0 | 62.25 | 62.25 |
| 3 | Assam | 0 | 0 | 0 |
| 4 | Bihar | 0 | 10.25 | 10.25 |
| 5 | Chandigarh | 0.27 | 0 | 0.27 |
| 6 | Chhattisgarh | 0 | 53.18 | 53.18 |
| 7 | Gujarat | 0 | 0.92 | 0.92 |
| 8 | Haryana | 0.60 | 54.71 | 55.31 |
| 9 | H.P. | 0.28 | 0.00 | 0.28 |
| 10 | Jharkhand | 0 | 0.31 | 0.31 |
| 11 | J&K | 0.40 | 0.00 | 0.40 |
| 12 | Karnataka | 0 | 0 | 0.0 |

| | | | | |
|-------|---------------|------|--------|--------|
| 13 | Kerala | 0 | 1.83 | 1.83 |
| 14 | M.P. | 0 | 22.42 | 22.42 |
| 15 | Maharashtra | 0 | 4.84 | 4.84 |
| 16 | Odisha | 0 | 12.57 | 12.57 |
| 17 | Punjab | 1.61 | 185.25 | 186.86 |
| 18 | Rajasthan | 0.07 | 0.00 | 0.07 |
| 19 | NEF (Tripura) | 0 | 0.02 | 0.02 |
| 20 | Tamilnadu | 0 | 6.83 | 6.83 |
| 21 | U.P. | 0.64 | 41.12 | 41.76 |
| 22 | Uttarakhand | 0 | 11.56 | 11.56 |
| 23 | West Bengal | 0 | 3.95 | 3.95 |
| Total | | 3.87 | 482.35 | 486.22 |

IGC Balance Sheet:

| Attributes (Fig in Million Tons) | 2018-19 | 2019-20 Est. | 2020-21 Forecast | 2021-22 (Proj.) | |
|--------------------------------------|---------|-----------------|---------------------|-----------------|------------|
| | | | | 21.10.2021 | 18.11.2021 |
| Production | 499 | 500 | 508 | 513 | 513 |
| Trade | 43 | 44 | 48 | 48 | 48 |
| Consumption | 488 | 496 | 506 | 510 | 510 |
| Carryover stocks | 175 | 179 | 179 | 182 | 184 |
| Y-O-Y change | 11 | 4 | 2 | | 3 |
| Major Exporters | 40 | 45 | 49 | 50 | 52 |

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

The Council's forecast for global rice trade in 2021 is fractionally higher m/m, at 48.3m t (44.0m), on stronger than anticipated demand from buyers in Asia. While 2021/22 world production is projected little-changed m/m, at a peak of 513m t (+1% y/y), end-season stocks are lifted from before, to 184m (+3m y/y), on an upward revision for India. The outlook for global import demand in 2022 is maintained and would be steady y/y.

Stronger demand from importers in Asia and Africa is seen pushing up world rice trade to a peak of 48.3m t (44.0m) in 2021. Linked to another record outturn in India, global production in 2021/22 is forecast at a fresh high, while inventories are seen expanding on accumulation in the major exporters. Despite a likely contraction in feed uptake in China, consumption is predicted at a record on continued population growth. Trade is projected little-changed y/y in 2022 as a potential reduction in deliveries to Asia is countered by firmer demand in Africa.

Rice Price Trend @ CBOT Jan-2022, Rough Rice) (Prices in US\$/hundredweight)



Market Analysis

The CBOT Jan-22 weekly rough chart for rice indicates firm tone last week. The trade is continuing with firm tone since last two weeks after trading weak for previous four weeks. The higher fertilizer prices which has limited the US rice planting is supporting the CBOT since last two weeks. With more restrictions coming over ports in coming days, we can expect the cbot to trade slightly weak.

Price Projection (International-CBOT)

| Duration | Trend | Price Range |
|--------------------------|---------------------|------------------------------------|
| 2ns Week of January-2022 | Trade slightly weak | USD/ Hundred Weight 14.10-14.80 |

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