

Rice Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Weekly Price Change
- ❖ Rabi Sowing Update
- ❖ Progressive Procurement
- ❖ International Rice Market Summary
- ❖ IGC Balance Sheet
- ❖ CBOT Trend

Outlook and Review:

- As of 14th January 2022, rabi paddy sowing was done in 19.82 lakh hectares down by 18.52 percent from 24.33 lakh hectares the previous year during corresponding period. In Tamil Nadu, around 11.19 lakh hectares up by 10.27 percent from 10.12 lakh hectares the previous year. The overall acreage fell 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 center and also as a part of diversification of the crops.
- Rice export prices in India this week touched their highest levels since last June which is supported by tight supplies and a stronger rupee. India's 5% broken parboiled rice was quoted at \$367-\$375 per tonne up from last week's \$359-\$363. Mills are mainly focusing on milling white rice. Parboiled supplies are very limited which is supporting the prices. We are also expecting that non-basmati rice exports from India is likely to be affected in the first quarter of this year as the rates of parboiled rice have increased due to central government's purchase of cereals for distribution under free ration scheme for poor families. The prices are up by \$20-30 per tonne due to higher consumption at home and also there is a panic buying by the procurement agencies. The panic buying is happening in Nagpur and Chhattisgarh.
- All India rice exporters association has asked the government to extend the interest subsidy scheme which has ended last year as it will help in further boosting of outbound shipments of the commodity. If it is not extended, it is expected that large number of rice mills will be closed due to economically unviable conditions that will make the mills unsustainable.
- As per sources, EU's import tariffs on Myanmar and Cambodian long grain white rice will be zero from January 18th. Both countries will benefit from EU's Everything but Arms initiative, which allows Least Developed Countries to export tariff-free. The tariffs led to a substantial shift in the flow of rice to Europe. Cambodian Fragrant rice faced more competition from Thai Fragrant rice and many EU buyers switched to Myanmar medium grain variety, Kayinma, instead of the regular Emata long grain variety. The removal of import tariff will impact India's rice exports to European Union.
- In Pakistan, due to the lack of availability of containers and high freight costs, 250,000 tonnes of rice could not be exported last year and this quantity may increase to 500,000 tonnes this year due to the severity of the situation. The country is likely to lose \$400 million in export revenue if timely steps are not taken through policy measures by restricting the movement of empty containers. Container charges which were \$70 to \$80 last year have increased to over \$1,300 per container for their Chinese destination. Exports from India is also seeing a major challenge as there has been 7-10 days delay in shipment time for products to China and Hong Kong due to quarantine rules in ports, lockdowns and increased congestion. The container and freight issue is expected to be normal once the panic created by omicron spread diminish.

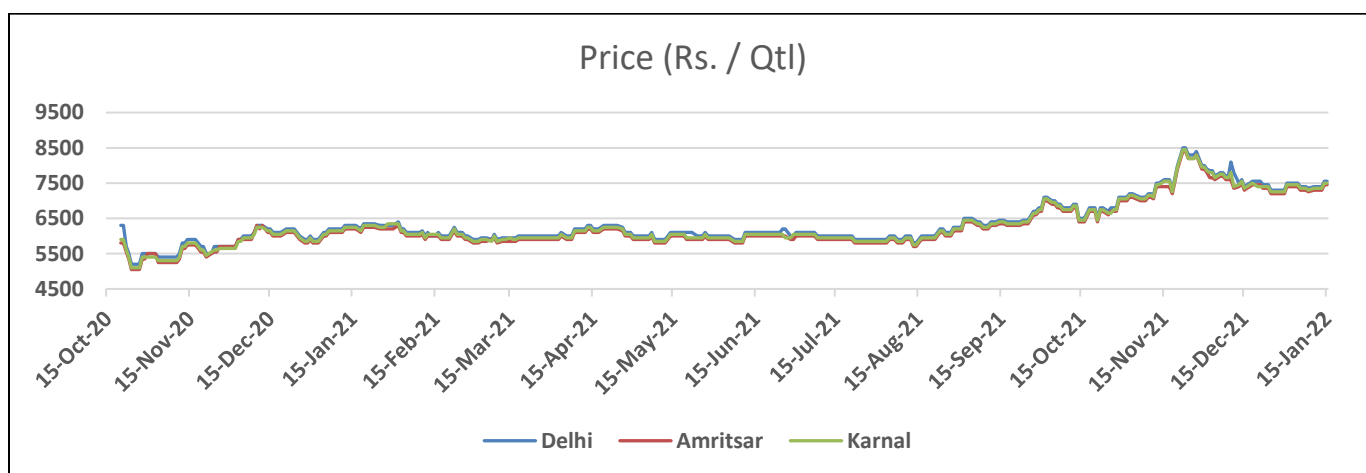
State wise Wholesale Prices Weekly Analysis for Rice first week January, 2022

State	Prices 09-15 Jan 2022	Prices 01-08 Jan 2022	Prices 24-31 Dec 2021	Prices 09-15 Jan 2021	% Change (Over Previous Week)	% Change (Over Previous Year)
Tripura	2993.15	3039.22	2990.37	2920.94	-1.52	2.47
West Bengal	2834.83	2853.8	2743.53	2677.55	-0.66	5.87
Gujarat	4251.67	4161.82	4200	4122.41	2.16	3.14
Kerala	3768.09	3677.38	3613.75	3488.94	2.47	8
Manipur	3400	3418.53	-	-	-0.54	-
Maharashtra	3602.56	4020.72	3626.13	4069.61	-10.4	-11.48
Uttar Pradesh	2498.07	2491.77	2472.75	2388.86	0.25	4.57
Jharkhand	-	-	-	2366.67	-	-
Odisha	3074.12	2928.82	2377.68	2668.79	4.96	15.19
Karnataka	3609.82	3681.27	4213.64	3300.1	-1.94	9.39
Average	3336.92	3363.7	3279.73	3111.54	-0.80	7.24

Prices in Rs/Quintal

(source: Agmarknet)

The price of 1121 steam rice saw an increase in price by Rs 100-150 in major mandis of Delhi, Karnal and Amritsar. There was an order from Saudi Arabian company for import of 25,000-30,000 MT of rice. This supported the basmati rice market which is currently trading firm.


Outlook (Narella 1121 Steam):-

Duration	Trend	Average Price Range	Reason
Third Week of January, 2021	Trade with slight firm bias	Rs.7500-7600/Quintal	Owing to Ramzan festivals in March month, good orders from Middle east countries are expected in coming week..

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	7550	7400	7600	6300	2.03	-0.66	19.84
	1121 Sella	6650	6700	6800	5400	-0.75	-2.21	23.15
	1121 Raw	7600	7400	7600	6300	2.70	Unch	20.63
	Basmati Raw	–	–	10000	9200	–	–	–
	1509 Steam Wand New	7200	7000	7100	5800	2.86	1.41	24.14
	Sugandh Steam	6000	5800	6000	4900	3.45	Unch	22.45
	Sharbati Raw	4900	4800	4900	4500	2.08	Unch	8.89
	Pusa Raw Wand	5900	5800	6300	6000	1.72	-6.35	-1.67
	Parmal Sella	3150	3100	3250	3300	1.61	-3.08	-4.55

The prices were on firm side compared to previous week owing to the new order from Saudi Arabia that has supported the market. But there was no major improvement in the prices of paddy mainly because the prices were already on higher side and the operation of mills were impacted as they were operating for 5 days a week. A full fledged milling operation can only be seen once they are allowed to operate for 7 days a week.

Rabi Paddy Sowing Updates as on 14th January, 2022:

State	Normal Area	Area sown reported			Absolute Change
		This Year	% of Normal	Last Year	
Andhra Pradesh	6.89	4.000	58.06	5.340	-1.340
Assam	4.02	0.502	12.49	0.675	-0.173
Bihar	0.71	0.00	0.00	0.00	0.00
Chhattisgarh	-	0.197	-	0.378	-0.181
Gujarat	0.45	0.00	0.00	0.00	0.00
Karnataka	1.81	0.070	3.87	0.080	-0.010
Kerala	0.44	0.820	186.36	0.740	0.080
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	0.144	5.78	0.292	-0.148
Tamil Nadu	1.54	11.190	726.62	10.115	1.075

Telangana	7.33	1.837	25.06	5.559	-3.722
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	0.440	3.43	0.550	-0.110
Others	0.72	0.621	86.25	0.596	0.025
All-India	42.51	19.821	46.63	24.325	-4.504

Source: Agricoop (As on January 14, 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	Uttrakhand	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	2020-21 Est.	2021-22 (Fore.)	
				18.11.2021	13.01.2022
Production	499	500	508	513	511
Trade	43	44	50	48	48
Consumption	488	496	507	510	509
Carryover stocks	175	179	181	184	183
Y-O-Y change	11	4	1		2
Major Exporters	40	45	49	52	51

Note: Major exporters are India, Pakistan, Thailand, Vietnam.

On the basis of reduced figures for Asian producers, the Council's outlook for 2021-22 global rice output is cut by 2 MMT, to 511 MMT down by 1 percent. With consumption trimmed slightly – albeit still seen at a fresh peak – the forecast for world stocks is lowered by 1 MMT, to 183 MMT. Global import demand in 2022 from January to December is projected little-changed from before, representing a marginal y/y contraction from the prior year's record.

World rice trade in 2021 is pegged at a record of 50 MMT up by 13 percent, stemming from a heavy expansion of deliveries to Asia, including Bangladesh, China and Vietnam, and Africa. Global output in 2021-22 is forecast at 511 MMT, marginally higher y/y and a new peak on bigger harvests in Asian producers. Tied to population-driven gains in food use, consumption is predicted at a peak, while inventories are seen at a new high, including accumulation in key exporters, principally India. After the prior year's solid y/y rise, trade may edge lower in 2022.

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


Market Analysis

The CBOT Jan-22 weekly rough chart for rice indicates weak tone last week. The trade was weak after trading firm for consecutive three weeks. With the grain council reducing the production estimate along with the carryover stock, we can expect market to trade firm in the coming week.

Price Projection (International-CBOT)

Duration	Trend	Price Range
3rd Week of January-2022	Trade slightly firm	USD/ Hundred Weight 14.10-14.80

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Agribusiness Systems Ltd.