

# Rice Weekly Research Report

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## 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 3<sup>rd</sup> March 2022, the Centre has procured 724.31 lakh tonne of paddy in the ongoing 2021-22 marketing year so far at the minimum support price (MSP). Also, The Centre announced that it would purchase 44.4 MMT of wheat and 4.29 million MMT of rabi-grown rice under the MSP programme in 2022-23. In Chhattisgarh paddy lifting from procurement centers for custom milling is being done all across the state. Around 88.18 lakh tonnes of paddy have been lifted by the millers so far. The government is also working expeditiously to deposit the rice in the central pool. Over 25.61 lakh tonnes of quality rice have been deposited in the central pool which includes 14.01 lakh tonnes of rice deposited with the FCI and 11.60 lakh tonnes with the Civil Supplies Corporation.
- Currently, 5% broken parboiled rice of IR-64 variety is trading at \$350 per tonne from Kolkata Port and \$368 per tonne from Nhava Sheva. While 5% broken rice of Swarna variety is trading at \$334 per tonne from Vizag port. The CIF for 5% broken rice includes \$475 per tonne for Togo, \$498 per tonne for Gambia, \$462 per tonne for Djibouti and \$480 per tonne for Benin.
- Currently, 25% broken rice of IR-64 variety is trading with \$335 per tonne FOB from Mundra Port. While 100% broken rice is trading at \$305 per tonne FOB from Vizag port and \$298 per tonne FOB from JNPT. The CIF for 100% broken rice includes \$388 per tonne for Djibouti and \$520 per tonne for Sierra Leone.
- The crude oil prices are going to have a long-term impact on the freights until the crisis ends. ECGC has withdrawn open coverage on Russia and classified it as Restricted cover category. This has created a problem for whose business were positive with Russia and Ukraine. Trade payments are also disrupted after withdrawal of SWIFT from Russian Banks. Though the impact on Indian rice exports would be less as Russia contributes less than 1 percent of India's total basmati exports and 1% of non-basmati exports.
- The prices of Thailand's 5% broken rice increased slightly to \$403-\$400 per tonne from \$400 last week, as there were currency fluctuations with the baht valued at 32.60 against the U.S. dollar. The Ukrainian crisis has increased the freight rates but many think that it hasn't impacted Thailand's export demand as neither Ukraine nor Russia were a main buyer of rice from Thailand.
- In Vietnam the prices of rice rose this week as the trade routes to China has opened completely and many traders expect additional demand from buyers looking for alternate sources due to Ukraine and Russia crisis. Vietnam's 5% broken rice were offered at \$400 per tonne compared to \$395-\$400 a week ago. The ongoing Ukrainian war might prompt buyers to import more rice from Asia, including Vietnam.
- Demand for rice from India has improved, but prices of 5% broken parboiled variety were unchanged at \$370-\$376 per tonne as the rupee weakened, leading to higher margins for traders from overseas sales. Demand for broken rice has improved as prices of corn are rising. Some buyers are looking for alternatives to corn.
- In the first one and half months of the year, Vietnam has exported nearly 6.48 LMT of rice worth nearly US\$314 million, up by 36.2% in volume and 19.6% in value year-on-year. In January, the largest rice importer of Vietnam was the Philippines, with over 2.34 LMT of exports valued at US\$110 million. This was followed by Ivory Coast with nearly 0.60 LMT and China with 0.37 LMT. According to the Vietnam Food

Association (VFA), Vietnam's rice exports this year were expected to reach 6-6.2 million tons, equivalent to the volume in 2020 and 2021 due to the increasing global rice demand.

- Sri Lanka government would purchase a kilo of Samba rice at Rs. 128 and kilo of Nadu rice at Rs. 105 until the end of this year. They are also importing rice from Myanmar at the price of FOB that has been set at US \$ 340-350 million per tonne. Accordingly, the price of US \$ 440 million per tonne of rice imported from Myanmar at CIF Colombo prices, including shipping, insurance and transport charges.

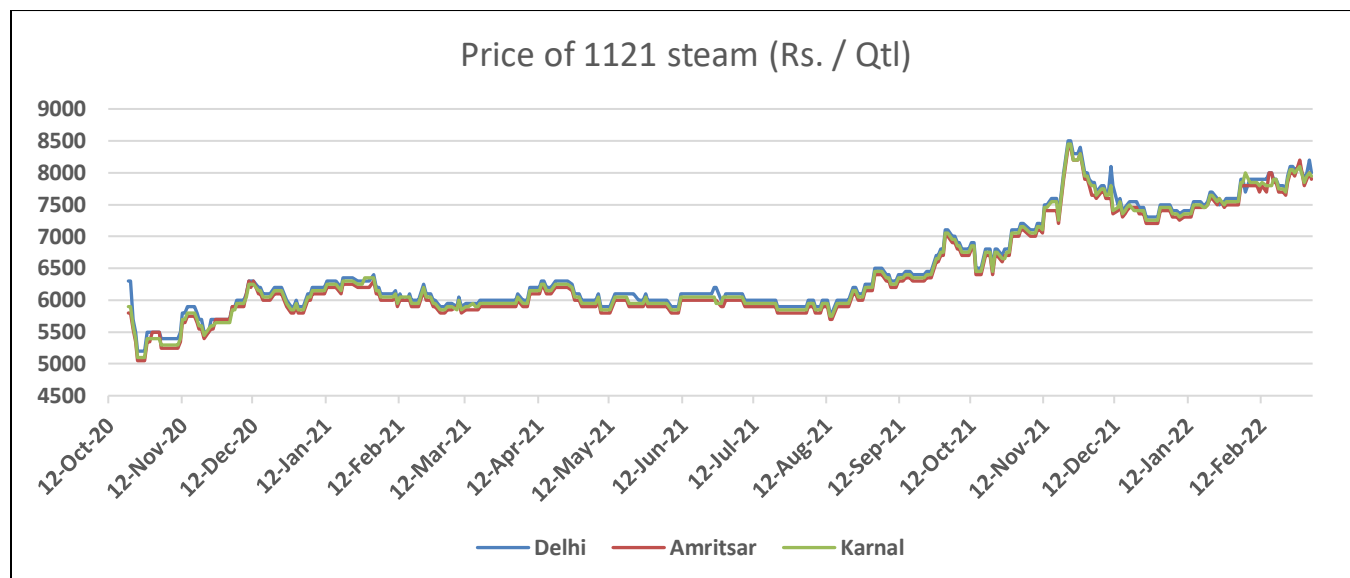
### State wise Wholesale Prices Weekly Analysis for Rice First week March, 2022

State	Prices 24-28 Feb 2022	Prices 16-23 Feb 2022	Prices 09-15 Feb 2022	Prices 24-28 Feb 2021	% Change (Over Previous Week)	% Change (Over Previous Year)
Karnataka	3899.99	3867.52	4292.33	3891.4	0.84	0.22
Uttar Pradesh	2557.65	2521.65	2529.86	2430.37	1.43	5.24
Kerala	3657.03	3644.35	3661.55	3420.91	0.35	6.9
Maharashtra	4454.23	4326.2	4017.4	3448.02	2.96	29.18
Odisha	2915.16	2803.73	2939.47	3109.39	3.97	-6.25
Tripura	3023.7	2967.39	2762.84	2878.14	1.9	5.06
Bihar	2949.71	3720.96	3947.09	-	-20.73	-
Gujarat	4271.62	4256.16	4223.36	4324.98	0.36	-1.23
West Bengal	2857.14	2894.8	2893.57	2842.07	-1.3	0.53
Manipur	3400	3424.85	3414.45	-	-0.73	-
Jharkhand	-	-	-	2380.95	-	-
Average	3398.62	3442.76	3468.19	3191.8	-1.28	6.48

Prices in Rs/Quintal

(source: Agmarknet)

The basmati rice is trading firm in the market. 1121 steam is trading at Rs. 8200 per quintal compared to Rs. 8100 the previous week. The price of 1509 steam is trading at Rs. 7700 per quintal compared to Rs. 7650 the previous week. 1121 steam is receiving good export demand from Middle East countries and stock availability is also low within the traders and stockiest. This is supporting the basmati market. The prices are already high and we expect that in coming days it would trade with mix bias as increase in further prices would make the Indian rice highly uncompetitive.


**Outlook (Narella 1121 Steam): -**

Duration	Trend	Average Price Range	Reason
Second Week of March, 2022	Mix bias	Rs.7850-8050/Quintal	Prices already high, increase in price makes the rice uncompetitive
Third Week of March, 2022	Mix bias	Rs.7800-8000/Quintal	Lower availability of stocks pressurizes the price
Fourth Week of March, 2022	Mix bias	Rs.7800-8000/Quintal	Demand from Middle East reduces

**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
		04-Mar-22	25-Feb-22	04-Feb-22	04-Mar-21			
Delhi	1121 Steam	8200	8100	7900	5950	1.23	3.80	37.82
	1121 Sella	7300	7200	7000	4900	1.39	4.29	48.98
	1121 Raw	8300	8200	7900	5950	1.22	5.06	39.50

	Basmati Raw	8700	8700	-	8600	Unch	-	1.16
	1509 Steam Wand New	7600	7700	7200	5500	-1.30	5.56	38.18
	Sugandh Steam	6600	6800	6150	4700	-2.94	7.32	40.43
	Sharbati Raw	5700	5700	4950	4300	Unch	15.15	32.56
	Pusa Raw Wand	6600	6900	6300	5600	-4.35	4.76	17.86
	Parmal Sella	3250	3300	3100	3200	-1.52	4.84	1.56

#### Rabi Paddy Sowing Updates as on 04<sup>th</sup> February, 2022:

State	Normal Area	Area sown reported			Absolute Change
		This Year	% of Normal	Last Year	
Andhra Pradesh	6.89	6.750	97.97	7.150	-0.400
Assam	4.02	1.840	45.77	1.970	-0.130
Bihar	0.71	0.00	0.00	0.00	0.00
Chhattisgarh	-	0.670	-	0.650	0.020
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	0.880	200	0.740	0.140
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	0.790	31.73	1.540	-0.750
Tamil Nadu	1.54	11.900	772.72	10.870	1.030
Telangana	7.33	7.760	105.87	14.790	-7.030
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	3.800	29.66	4.150	-0.350
Others	0.72	0.730	101.39	0.730	0.000
All-India	42.51	35.190	82.78	42.670	-7.480

Source: Agricoop (As on February 04, 2022)

## State wise Ongoing Procurement KMS 2021-22

KMS 2021-22 (Units in LMTs) (as on 03.03.2022)				
S.No.	STATES/ UTs	FCI	State Agency	Total
1	A.P.	0	36.52	36.52
2	Telangana	0	70.22	70.22
3	Assam	0.34	0.29	0.63
4	Bihar	0	44.85	44.85
5	Chandigarh	0.27	0	0.27
6	Chhattisgarh	0	92.01	92.01
7	Gujarat	0	1.21	1.21
8	Haryana	0.60	54.71	55.31
9	H.P.	0.28	0.00	0.28
10	Jharkhand	0	4.21	4.21
11	J&K	0.41	0.00	0.41
12	Karnataka	0	1.40	1.40
13	Kerala	0	2.54	2.54
14	M.P.	0	45.83	45.83
15	Maharashtra	0	13.36	13.36
16	Odisha	0	54.02	54.02
17	Punjab	1.61	185.25	186.86
18	Rajasthan	0.07	0.00	0.07
19	NEF (Tripura)	0	0.31	0.31
20	Tamilnadu	0	21.16	21.16
21	U.P.	1.07	64.18	65.25
22	Uttarakhand	0	11.56	11.56
23	West Bengal	0	16.03	16.03
Total		4.65	719.66	724.31

### IGC Balance Sheet:

Attributes ( Fig in Million Tons)	2018-19	2019-20	2020-21 Est.	2021-22 (Fore.)	
				13.01.2022	17.02.2022
Production	499	500	508	511	510
Trade	43	44	50	48	49
Consumption	488	496	507	509	509
Carryover stocks	175	179	180	183	181
Y-O-Y change	11	4	1		1
Major Exporters	40	45	49	51	51

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

The global rice production in 2021-22 have been trimmed by 1 MMT month-on-month, to 510 MMT, still higher year on year and a new peak. With uptake maintained from previously, the figure for global stocks is cut by 2 MMT, to 181m higher by 1 MMT compared to previous year, including a modest reduction in the major exporters, principally India. The forecast for trade in 2022 is raised slightly, to about 49 MMT still lower by 1 MMT compared to previous year, well above average. With increases likely in leading producers, including India, world harvested area is predicted to expand by 1% year on year in 2022-23.

Tied to gains in India and Thailand, world rice output in 2021-22 is forecast to establish a peak of 510 MMT, a marginal year on year increase. Amid population-driven gains in food demand, as well as increased use for feeding in China, global uptake is seen at a high, while accumulation in India could underpin record stocks of 181 MMT. Trade in 2022 is predicted to contract slightly from the prior year's peak, to 49 MMT. However, the figure must be put in context – being 3 MMT above the five-year average.

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



**Market Analysis**

**The CBOT Feb-22** weekly chart for Rough Rice indicated firm tone since last two weeks. In coming week, we can expect the CBOT to trade firm and can take resistance at \$16.77 and reversing back. The CBOT is expected to trade in the range of USD 16.00-16.77.

**Price Projection (International-CBOT)**

Duration	Trend	Price Range
2 <sup>nd</sup> Week of March-2022	Firm	USD/ Hundred Weight 16.00-16.77

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