

# Rice Weekly Research Report

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### ***Outlook and Review:***

- As global wheat and corn prices are increasing, countries like China, Indonesia seek to replace the grain with rice. Prices of 100% broken rice have increased nearly 15 per cent since the beginning of the year following demand for exports as well as from domestic consumers. The surge in corn and wheat prices after the Russia-Ukraine conflict has also helped increase the prices. Broken rice prices were ruling at \$270 in December but have now reached \$310 per quintal.
- As per USDA, the 2021-22 global outlook is for larger supplies, higher consumption, increased trade, and higher stocks. Rice supplies are raised 4.9 MMT to 701.6 MMT, mainly due to higher production in India, which is projected at a record 129.0 MMT, up by 4.0 MMT. Global 2021-22 consumption is increased by 0.7 MMT to a record 511.1 MMT. World trade is 0.5 MMT higher at 51.3 MMT on greater exports by India and Thailand. India's 2021-22 exports are forecast at 20.5 MMT, surpassing last year's record 20.2 MMT. Indian rice is getting good export demand from South east Asian markets, Africa and Middle east countries.
- Ocean container rates in transpacific lanes increased up by 1-2% this week, while Asia-Europe lanes even fell slightly. There are also reports of added congestion at European hubs as Russia-bound cargo stops getting moved, and worsening congestion and delays at already overwhelmed ports will slow operations and decrease available capacity in the coming days. Due to sanctions, Asia-Europe rail volumes will likely to shift to ocean which could increase Asia – Europe charges. Approx. 30 to 50% of the Russian ocean freight books have been cancelled.
- The Odisha government has announced boosting of non-basmati aromatic rice exports to open new area of income for the farmers of the state. The announcement was made largely due to the state's production potential owing to good agro-climatic zone, presence of huge genetic diversity of aromatic rice germplasm and availability of port facilities.
- The 5% broken rice of IR 64 variety is being traded with FOB \$355 per tonne from Mundra Port while 25% broken rice is being traded at FOB \$335 per tonne from Mundra Port. While 100% broken rice is traded with FOB \$315 per tonne from Vizag port and \$305 per tonne from JNPT port. The CIF for 25% broken rice includes \$440 per tonne to Benin and \$395 per tonne to Madagascar. In case of 100% broken rice, the CIF is \$440 per tonne for Djibouti and \$340 per tonne for Vietnam.
- The 5% broken rice of IR 64 variety is trading with FOB \$350 per tonne from Kolkata Port and \$368 per tonne from Nhava Sheva Port. For Swarna variety, 5% broken rice is trading with FOB \$334 per tonne from Vizag Port. The CIF for 5% broken rice includes \$488 per tonne for delivery at Togo, \$505 per tonne to Gambia, \$470 per tonne to Djibouti and \$490 per tonne to Benin.
- The exchange volatility of US dollars and Indian rupee is disrupting the regular offers keeping the prices under the pressure. The freight charges have also increased and the container shortages continues keeping the market on firm side. There is huge demand from African markets for the broken rice. Non-basmati rice market remains steady in Eastern part of India due to low container availability for near term. And 100% broken rice remains bullish due to rigid supplies.

- Thailand's 5% broken rice prices rose to \$415-\$428 per tonne, highest since late June from \$400-\$403 per tonne a week ago. As corn and wheat prices rise, animal feed makers were looking to use more broken rice which is pushing prices on higher side. Also there has been good demand from buyers in Europe, the United States, Iraq and Iran for different grades of Thai white rice. Demand from Hong Kong has also increased with concerns over plans for a city-wide lockdown creating panic buying by residents.
- In Vietnam, the rice exports for February month were down by 7.3 percent from previous month at 468,925 tonnes. Rice exports in the first two months were up by 49.2% year on year to 974,556 tonnes. The exports are going to increase further as China has opened its trade route completely after shutting down due to Lunar new year. Vietnam's 5% broken rice prices rose to their highest since December at \$410-\$415 per tonne compared to \$400 last week due to higher demand, with the Ukraine-Russia conflict prompting buyers to place more orders from elsewhere in Asia. Shipping costs had surged since the Ukraine-Russia conflict began, with international freight costs rising 50% and domestic freight costs climbing 70%-80%. Farmers in the Mekong Delta had harvested 20%-25% of the winter-spring crop till now.

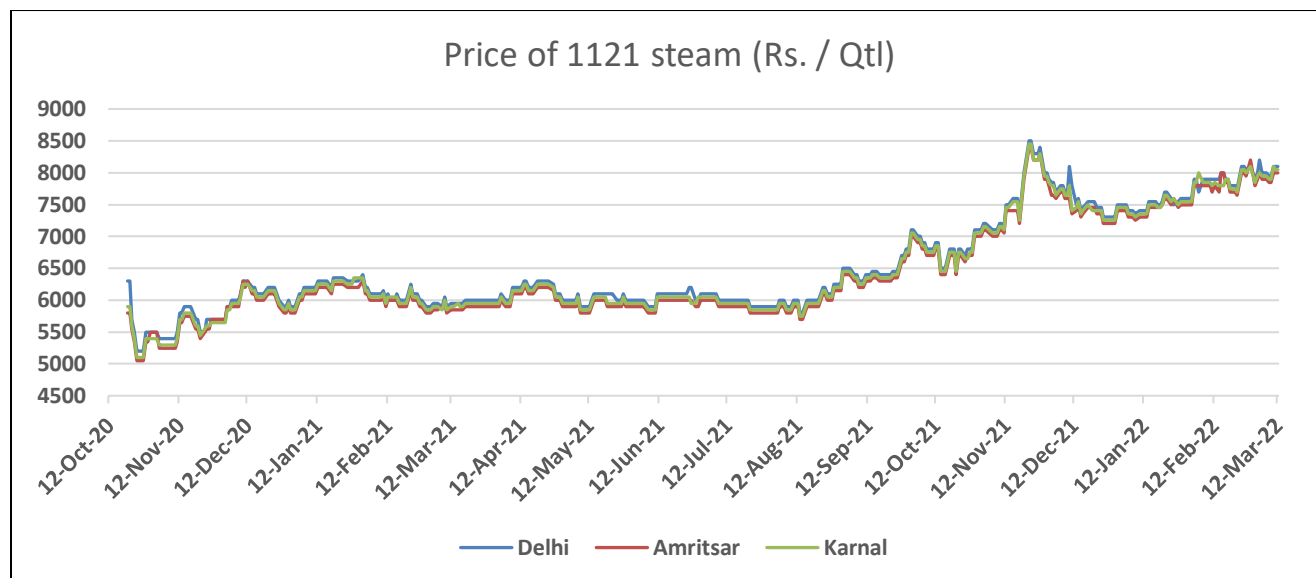
### State wise Wholesale Prices Weekly Analysis for Rice Second week March, 2022

State	Prices 09-15 Mar 2022	Prices 01-08 Mar 2022	Prices 24-28 Feb 2022	Prices 09-15 Mar 2021	% Change (Over Previous Week)	% Change (Over Previous Year)
Gujarat	4248.87	4266.41	4256.16	4325	-0.41	-1.76
Kerala	3644	3627.54	3644.35	3474.09	0.45	4.89
Tripura	3091.49	2994.96	2967.39	2884.35	3.22	7.18
West Bengal	2961.14	2865.26	2894.8	2868.43	3.35	3.23
Maharashtra	3767.59	4331.43	4326.2	3535.62	-13.02	6.56
Manipur	3326.42	3412.69	3424.85	-	-2.53	-
NCT of Delhi	2825	3520	-	-	-19.74	-
Odisha	3103.01	2803.21	2803.73	3108.11	10.69	-0.16
Bihar	3221.51	2852.73	3720.96	-	12.93	-
Jharkhand	-	-	-	2387.91	-	-
Karnataka	3663.97	3822.29	3867.52	3917.94	-4.14	-6.48
Uttar Pradesh	2536.42	2553.22	2521.65	2471.61	-0.66	2.62
Average	3308.13	3368.16	3442.76	3219.23	-1.78	2.76

Prices in Rs/Quintal

(source: Agmarknet)

USA has removed restrictions from Iran. As a result, good export demand from Iran is happening in the market. %. As the stocks available is low, by the end of April it is expected that 90% of rice millers will stop the regular operations and will operate only according to the export demand. The basmati market is expected to remain steady in the coming week, the prices are already high which is making the market bit uncompetitive. Though lower availability and production will support the market.


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

Duration	Trend	Average Price Range	Reason
Third Week of March, 2022	Mix bias	Rs.7950-8150/Quintal	Good export demand and rigid availability of stocks. But high prices make the rice uncompetitive
Fourth Week of March, 2022	Mix bias	Rs.7900-8100/Quintal	Low availability of stocks
First Week of April, 2022	Mix bias	Rs.7850-8050/Quintal	Demand from Middle east decrease

**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
		12-Mar-22	04-Mar-22	12-Feb-22	12-Mar-21			
Delhi	1121 Steam	8100	8200	7900	5950	-1.22	2.53	36.13
	1121 Sella	7100	7300	7000	5100	-2.74	1.43	39.22
	1121 Raw	8100	8300	7900	6100	-2.41	2.53	32.79

	Basmati Raw	9700	8700		9400	11.49	-	3.19
	1509 Steam Wand New	7850	7600	7200	5500	3.29	9.03	42.73
	Sugandh Steam	6500	6600	6350	4800	-1.52	2.36	35.42
	Sharbati Raw	5700	5700	5000	4300	Unch	14.00	32.56
	Pusa Raw Wand	6700	6600	6300	5700	1.52	6.35	17.54
	Parmal Sella	3200	3250	3250	3150	-1.54	-1.54	1.59

#### 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 09.03.2022)				
S.No.	STATES/ UTs	FCI	State Agency	Total
1	A.P.	0	37.27	37.27
2	Telangana	0	70.22	70.22
3	Assam	0.41	0.38	0.79
4	Bihar	0	44.90	44.90
5	Chandigarh	0.27	0	0.27
6	Chhattisgarh	0	92.01	92.01
7	Gujarat	0	1.22	1.22
8	Haryana	0.60	54.71	55.31
9	H.P.	0.28	0.00	0.28
10	Jharkhand	0	4.73	4.73
11	J&K	0.40	0.00	0.40
12	Karnataka	0	1.64	1.64
13	Kerala	0	2.70	2.70
14	M.P.	0	45.83	45.83
15	Maharashtra	0	13.36	13.36
16	Odisha	0	55.43	55.43
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	22.95	22.95
21	U.P.	1.08	64.45	65.53
22	Uttarakhand	0	11.56	11.56
23	West Bengal	0	16.03	16.03
Total		4.72	724.95	729.67

### 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 weak tone last weeks. The weak tone is mainly due to increase in the global ending stocks by USDA. The demand for wheat and corn is shifting towards rice thus the fundamentals support the CBOT. In coming week, the CBOT is expected to trade firm and take resistance at \$16.50 and reversing back. The CBOT is expected to trade in the range of USD 15.00-16.50.

**Price Projection (International-CBOT)**

Duration	Trend	Price Range
3 <sup>rd</sup> Week of March-2022	Firm	USD/ Hundred Weight 15.00-16.50

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