

Paddy Outlook – August 2019

Paddy is cultivated globally being one of the most important cereal crops worldwide. As per USDA report the global production of rice may fall to 49.84 million tonnes in the 2019-20 season. According to USDA, production in China and India is estimated to decline. Rice production is likely to be 2.5 million tonnes in China and 10 lakh tonnes in India. The country's basmati rice exports increased to USD 4.71 billion in 2018-19 as compared with USD 3.20 billion in 2016-17.

Table 1: Major Rice Producing Countries in the World (Milled Production in Million Tonnes)

Country	2018-19	2019-20*	Change over 2018 -19
USA	7.12	6.29	-0.83
India	115.63	115	-0.63
Pakistan	7.4	7.5	0.1
Thailand	20.55	20.9	0.35
Vietnam	27.71	28	0.29
Brazil	7.31	7.34	0.03
European Union	1.98	2.04	0.06
Indonesia	37.1	37.4	0.3
Nigeria	4.79	4.9	0.11
Philippines	11.8	12.2	0.4
Burma	13.18	13.3	0.12
China	148.5	146	-2.5
Egypt	2.8	3.05	0.25
Japan	7.65	7.7	0.05
South Korea	3.87	3.88	0.01

Source: www.usda.gov * Estimated

Table 2: International Grain Council's World Rice Projections (in million metric tonnes)

	2017/18 (Estimated)	2018/19 (Forecast)	2019/20 (Projected)
Opening Stocks	142.6	150.3	157.8
Production	494.2	499.8	504.0
Imports	46.4	46.1	47.8
Total Availability	636.8	650.1	661.9
Total Consumption	486.6	492.3	498.9
Exports	46.4	46.1	47.8
Ending Stocks	150.3	157.8	162.9

Source: <https://igc.int/en/default.aspx>

Table 3: International Grain Council’s Indian Rice Projections (in million metric tonnes)

	2017/18 (Estimated)	2018/19 (Forecast)	2019/20 (Projected)
Opening Stocks	20.5	22.7	25.4
Production	112.9	115.6	117.5
Imports	-	-	-
Total Availability	133.4	138.3	142.9
Total Consumption	98.8	101	102.3
Exports	11.9	11.9	12.4
Ending Stocks	22.7	25.4	28.2

Source: <https://igc.int/en/default.aspx>

Table 4: Domestic Balance Sheet (Figure in MMT)

	2017-18	2018-19*	Oct- Dec	Jan- Mar	Apr- June	July- Sept
Carry in	18.32	17.57	17.57	103.30	75.12	47.80
Production	110.00	113.00	113.00	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	128.32	130.57	130.57	103.30	75.12	47.80
Consumption	98.00	98.50	24.63	24.63	24.63	24.63
Exports	12.75	11.40	2.65	3.55	2.70	2.50
Total Usage	110.75	109.90	27.28	28.18	27.33	27.13
Carry out	17.57	20.67	103.30	75.12	47.80	20.67
Av Monthly Consumption	8.17	8.21	2.05	2.05	2.05	2.05
Stock to Month Use	2.15	2.52	50.34	36.61	23.29	10.07
Stock to Consumption Ratio	0.02	0.03	2.04	1.49	0.95	0.41

Source: www.agriwatch.com

As per the ministry of Agriculture, Kharif Rice acreage as on 02nd August 2019 has declined by 12.50 per cent at 223.53 lakh hectares as compared to 255.48 lakh hectares during the same period last year. Higher acreage was covered in Madhya Pradesh (12.22 lakh hectares), Maharashtra (5.93 lakh hectares), Nagaland (2.08 lakh hectares) and Tamil Nadu (1.13 lakh hectares). While, lower acreage was reported from major states such as West Bengal (6.00 lakh hectares), Bihar (18.57 lakh hectares), Uttar Pradesh (47.78 lakh hectares), Odisha (16.61 lakh hectares), Assam (12.90 lakh hectares), Chhattisgarh (28.66 lakh hectares), Jharkhand (4.68 lakh hectares), Haryana (12.08 lakh hectares). Paddy production was estimated at 115.63 million tonnes.

In Telangana, it has been sown in 4, 39,477 hectares as on 7th August 2019 which is lower than 5, 94,944 hectares covered during corresponding period of last year. Major paddy growing districts in Telangana are Nizamabad (48365 ha), Karimnagar (33126 ha), Yadadri (33181 ha), Rajanna Siricilla (24000 ha), Medak (22150 ha) and Jagityal (31800).

Table 5: Arrivals and Prices of Paddy-Grade-A (RNR) for the Month of July 2019 in Kesamudram Market

Date	Arrival(Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
1	312	1751	2051	1936
3	591	1659	2161	1952
5	627	1466	2180	1961
8	803	1502	2311	2150
9	188	1521	2385	2038
10	303	1512	2380	2061
11	731	1521	2320	2072
15	707	1546	2381	2089
16	365	1556	2364	2059
17	342	1872	2376	2055
18	555	1916	2385	2081
19	339	1527	2383	2091
22	848	1829	2388	2096
23	442	1800	2385	2311
24	230	1921	2404	2106
25	547	1871	2355	2106
26	404	1619	2361	2313
30	363	1561	2331	2055

Source: <http://tsmarketing.in/>

Paddy-Grade-A (RNR) modal price at Kesamudram market ranged between Rs. 1936-2311 per quintal during July 2019. Paddy-Common modal price at Birkur market is Rs. 1750 per quintal during July 2019. The Government has increased the MSP of normal grade paddy by 65 rupees to Rs. 1815 and 'A' grade Paddy to Rs. 1835 per quintal.

Paddy Price Outlook

Bangladesh had been unable to strike a deal since its ban on rice exports was lifted a month ago. So far there is no progress in making any deal. Bangladesh lifted its longstanding ban on rice exports in May, aiming to sell as much as 1.5 million tonnes to support farmers following a drastic drop in domestic prices.

Average monthly wholesale rice prices in India stood at around Rs.3499 per quintal in July- 2019, up by 0.05% from Rs.3496 per quintal in June-2019 and up by 6.63% from Rs.3280 per quintal a year ago. It expects non-basmati rice market to move range bound.

The total procurement by FCI for Rice kharif market season 2018-19 stood at 440.71 lakh tonnes higher than 381.84 lakh tonnes in previous year. As on 02nd August 2019, highest procurement of 113.34 lakh tonnes was in Punjab followed by Telangana and Andhra Pradesh procuring 51.86 lakh tonnes and 45.65 lakh tonnes respectively.

Table 6: Arrivals and Prices of Paddy-Common (1010) for the Month of July 2019 in Birkur Market

Date	Arrival(Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
1	250	1750	1750	1750
4	325	1750	1750	1750
5	150	1750	1750	1750
7	250	1750	1750	1750
8	250	1750	1750	1750
9	940	1750	1750	1750
10	364	1750	1750	1750
11	260	1750	1750	1750
12	1273	1750	1750	1750
13	720	1750	1750	1750
14	150	1750	1750	1750
15	440	1750	1750	1750
16	1250	1750	1750	1750
17	200	1750	1750	1750
18	225	1750	1750	1750
19	280	1750	1750	1750
20	325	1750	1750	1750
21	260	1750	1750	1750
22	250	1750	1750	1750
23	1250	1750	1750	1750
24	250	1750	1750	1750
25	810	1750	1750	1750
26	460	1750	1750	1750
27	250	1750	1750	1750
31	500	1750	1750	1750

During the current year, the export of rice from India is likely to be reduced to the lowest level of last seven years as demand in African countries has weakened. Last year the government had provided export subsidy on non-basmati rice, which enabled exporters to face the global market competition, but this time the subsidy expired, and all the additional expenditures have to be borne by the exporters themselves.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that Paddy-Grade-A (RNR) could trade in a range of Rs. 1950-2100 per quintal and Paddy-Common could trade in a range of Rs. 1620-1700 per quintal during the month of August, 2019.