

Paddy Outlook – June 2020

Paddy is cultivated globally being one of the most important cereal crops worldwide. USDA in its November report had estimated the global availability of rice at 67.10 million tons in 2019-20 marketing season. The same has been increased by 6 lakh tons to 67.16 million tons in the December report. The main reason for this is the increase in China's production. USDA has increased China's rice production estimates by 7 lakh tons to 14.77 million tons, based on the latest data from the National Bureau of Statistics of China.

Table 1: Major Rice Producing Countries in the World (Milled production in million tonnes)

Country	2018-19	2019-20*	Change over 2018 -19
USA	7.11	5.86	-1.25
India	116.42	115.00	-1.42
Pakistan	7.30	7.20	-0.10
Thailand	20.34	18.50	-1.84
Vietnam	27.77	28.30	0.53
Brazil	7.14	7.14	0.00
European Union	1.97	1.97	0.00
Indonesia	34.20	36.50	2.30
Nigeria	4.54	4.90	0.36
Philippines	11.73	12.00	0.27
Burma	13.18	13.30	0.12
China	148.49	146.73	-1.76
Egypt	2.80	4.30	1.50
Japan	7.66	7.80	0.14
South Korea	3.87	3.74	-0.13

Source: www.usda.gov * Estimated

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

	2018/19 (Estimated)	2019/20 (Forecast)	2020/21 (Projected)
Opening Stocks	164.3	173.7	176.5
Production	497.4	496.7	505.8
Imports	42.6	42.6	44.2
Total Availability	661.7	670.4	682.3
Total Consumption	488.0	493.9	500.4
Exports	42.6	42.6	44.2
Ending Stocks	173.7	176.5	181.9

Source: <https://www.igc.int/en/markets/marketinfo-sd.aspx>

Table 3: Domestic Balance Sheet (in MMT)

	2017-18	2018-19	2019-20*
Carry in	17.33	19.13	25.63
Production	112.00	116.00	117.94
Imports	0.00	0.00	0.00
Total Availability	129.33	135.13	143.57
Consumption	98.40	99.00	103.00
Exports	11.80	10.50	10.80
Total Usage	110.20	109.50	113.80
Carry out	19.13	25.63	29.77
Ave. Monthly Consumption	8.20	8.25	8.58
Stock to Month Use	2.58	3.26	3.56
Stock to Consumption Ratio	0.03	0.03	0.04

Source: www.agriwatch.com

As per the ministry of Agriculture, rabi rice acreage as on 31st January 2020 has increased by 13.78% to 28.80 lakh hectares (71.17 lakh acres) as compared to 25.31 lakh hectares (62.54 lakh acres) during the same period of last year. Higher acreage was covered in Tamil Nadu 10.42 lakh ha (25.75 lakh acres), Telangana 8.24 lakh ha (20.36 lakh acres) and Andhra Pradesh 6.01 lakh ha (14.85 lakh acres).

In Telangana, it has been sown in 15.90 lakh hectares (39.31 lakh acres) as on 27th May 2020 which is double than 7.00 lakh hectares (17.29 lakh acres) covered during corresponding period of last year. Major paddy growing districts in Telangana are Nalgonda 1.54 lakh ha (3.80 lakh acres), Suryapet 1.52 lakh ha (3.76 lakh acres), Nizamabad 1.29 lakh ha (3.19 lakh acres), Khammam 0.82 lakh ha (2.03 lakh acres), Jagtial 1.01 lakh ha (2.50 lakh acres), Peddapalli 0.78 lakh ha (1.93 lakh acres), Yadadri 0.81 lakh ha (1.99 lakh acres) and Karimnagar 0.89 lakh ha (2.19 lakh acres).

Paddy Price Outlook

Rice export prices increased by 4 percent as Thai rice exporters are sourcing new-crop rice to fulfill large volume contracted shipments of white and parboiled rice to Asian and African buyers. Also, foreign buyers began to seek Thai rice as prices of Thai and Vietnamese white rice are currently about the same, compared to a typical price difference of around U.S. \$15-20/MT, after the Vietnamese government removed its rice export restrictions earlier this month.

Rice prices in India (top exporter) hit a more than one-year peak this week bolstered by robust demand from African and Asian countries. India's 5 percent broken parboiled variety rose to \$385-\$389 per ton, the highest since April 2019, from last week's \$380-\$385. Buyers prefer Indian rice due to lower prices.

India's rice exports could rise by as much as 15% in 2020/21 as buyers purchase lower-priced Indian supply to rebuild inventories after growers capped exports amid the corona virus outbreak.

FCI delivers 1,12,927 MT rice to UTs of J&K, Ladakh under PMGKAY, ANBS. In these testing times of COVID-19 pandemic, FCI under UT of J&K/Ladakh has spearheaded the relief work by ensuring sufficient and uninterrupted supply of food-grains to the masses. As on May 31, 2020, FCI has already delivered the total allocated quantity of 1,10,593 MT Rice to UT of J&K/Ladakh under Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY) for the months of April, May and June 2020.

Union government can declare a reserve price of Rs. 2250 for rice under the Open Market Sales Scheme (OMSS) for 2021 season and is planning to sell 5 million tonnes of rice under the scheme in this season. Cyclone Amphan, which pounded eastern India and Bangladesh, damaged crops on 176,000 hectares in Bangladesh.

Minimum Support Price of paddy was hiked by 2.92% (Rs. 53/quintal) from last year to Rs. 1868/quintal for common and Rs. 1888/quintal for Grade A.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that Paddy-Grade-A (RNR) and Paddy-Common could trade in price ranges of Rs. 1750 - 1950 per quintal and Rs. 1550 - 1815 per quintal respectively during the month of June, 2020.