

## Paddy Outlook – May 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
<b>India</b>	<b>116.48</b>	<b>118</b>	<b>1.52</b>
Pakistan	7.3	7.5	0.2
Thailand	20.34	18	-2.34
Vietnam	27.34	27.37	0.03
Brazil	7.14	7.14	0
European Union	1.98	1.99	0.01
Indonesia	36.7	36.5	-0.2
Nigeria	4.79	4.9	0.11
Philippines	11.73	11.4	-0.33
Burma	13.2	12.7	-0.5
<b>China</b>	<b>148.49</b>	<b>146.73</b>	<b>-1.76</b>
Egypt	2.8	4.3	1.5
Japan	7.66	7.61	-0.05
South Korea	3.87	3.74	-0.13

Source: [www.usda.gov](http://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)
<b>Opening Stocks</b>	<b>162.7</b>	<b>172.6</b>	<b>177.2</b>
<b>Production</b>	<b>499.9</b>	<b>499.5</b>	<b>508.6</b>
<b>Imports</b>	<b>42.4</b>	<b>44.0</b>	<b>45.2</b>
<b>Total Availability</b>	<b>662.6</b>	<b>672.1</b>	<b>685.8</b>
<b>Total Consumption</b>	<b>490.0</b>	<b>494.9</b>	<b>500.6</b>
<b>Exports</b>	<b>42.4</b>	<b>44.0</b>	<b>45.2</b>
<b>Ending Stocks</b>	<b>172.6</b>	<b>177.2</b>	<b>185.2</b>

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

**Table 3: Domestic Balance Sheet (in MMT)**

	2017-18	2018-19	2019-20*
<b>Carry in</b>	17.33	19.13	25.63
<b>Production</b>	<b>112.00</b>	<b>116.00</b>	<b>117.00</b>
<b>Imports</b>	0.00	0.00	0.00
<b>Total Availability</b>	129.33	135.13	142.63
<b>Consumption</b>	98.40	99.00	103.00
<b>Exports</b>	11.80	10.50	10.80
<b>Total Usage</b>	110.20	109.50	113.80
<b>Carry out</b>	<b>19.13</b>	<b>25.63</b>	<b>28.83</b>
<b>Ave. Monthly Consumption</b>	8.17	8.29	8.35
<b>Stock to Month Use</b>	2.58	3.26	3.56
<b>Stock to Consumption Ratio</b>	0.03	0.03	0.04

Source: [www.agriwatch.com](http://www.agriwatch.com)

As per the ministry of Agriculture, rabi rice acreage as on 31<sup>st</sup> January 2020 has increased by 13.78% to 28.80 lakh hectares as compared to 25.31 lakh hectares during the same period of last year. Higher acreage was covered in Tamil Nadu (10.42 lakh ha), Telangana (8.24 lakh ha) and Andhra Pradesh (6.01 lakh ha), whereas, lower acreage was reported from major states such as Karnataka (0.08 lakh ha) as of 31<sup>st</sup> January 2020.

In Telangana, it has been sown in 15.90 lakh hectares as on 29th April 2020 which is double than 6.99 lakh hectares covered during corresponding period of last year. Major paddy growing districts in Telangana are Nalgonda (1.53 lakh ha), Suryapet (1.52 lakh ha), Nizamabad (1.28 lakh ha), Khammam (82247 ha), Jagtiyal (1.03 lakh ha), Peddapalli (78016 ha), Yadadri (80573 ha) and Karimnagar (88655 ha).

### **Paddy Price Outlook**

As per market sources, about 400,000 tonnes of non-basmati rice and 100,000 tonnes of basmati rice, meant for March-April delivery, are either stuck at ports or in the pipeline due to the lockdown.

The export offer price of Indian rice has risen to a high of nine months due to supply constraints and strong demand from African countries due to the implementation of nationwide lock-down due to Corona virus epidemic. The new export contract of rice has been stalled due to the severe drought conditions in Thailand, increasing the attraction of buyers for Indian rice.

On March 25, the entire business came to a standstill for three weeks after the simultaneous lock-down was implemented across the country. But some government concessions were obtained when the second phase lock down from mid-April and third phase lock down from May 4 came into force. Indian exporters have started re-contracting rice exports since early May.

The central government of India has decided to distribute grains and pulses free of cost to poor people every month during the quarter of April-June 2020. For this, a total of 120 lakh tonnes of food grains (i.e., about 104.4 lakh tonnes of rice and 15.60 lakh tonnes of wheat) will be required.

All-India progressive procurement of Rice as on 01.05.2020 for Kharif Marketing Season (KMS) 2019-20 was 428.26 lakh tons against the procurement of 395.05 lakh tonnes in the corresponding period of last year.

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 - 1835 per quintal and Rs. 1700 - 1815 per quintal respectively during the month of May, 2020.