

Paddy Outlook – July 2019

Paddy is cultivated globally being one of the most important cereal crops worldwide. As per USDA report the global production of rice will fall to 49.84 million tonnes in 2019-20 as compared to 2018-19. According to USDA, production in China and India is estimated to decline. The country's basmati rice exports increased to USD 4.71 billion in 2018-19 as compared to USD 3.20 billion in 2016-17. In volume terms, the exports increased to 44,14,605 tonnes in 2018-19 from 39,85,210 tonnes in 2017-18. Similarly, exports of non-basmati rice also rose to USD 3 billion in the last financial year from USD 2.52 billion in 2016-17.

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

Country	2018-19	2019-20	Change over 2018-19
USA	7.12	6.29	-0.83
India	115.63	115.00	-0.63
Pakistan	7.40	7.50	0.10
Thailand	20.72	20.90	0.18
Vietnam	27.71	28.00	0.29
Brazil	7.34	7.34	0.00
European Union	1.98	2.04	0.06
Indonesia	37.10	37.40	0.30
Nigeria	4.70	4.90	0.20
Philippines	11.80	12.20	0.40
Burma	13.18	13.30	0.12
China	148.50	146.00	-2.50
Egypt	2.80	3.05	0.25
Japan	7.65	7.70	0.05
South Korea	3.87	3.88	0.01

Source: www.usda.gov

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
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	20.80	20.05	20.05	106.78	78.60	50.48
Production	110.00	114.00	114.00	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	130.80	134.05	134.05	106.78	78.60	50.48
Consumption	98.00	98.50	24.63	24.63	24.63	24.63
Exports	12.75	12.55	2.65	3.55	3.50	2.85
Total Usage	110.75	111.05	27.28	28.18	28.13	27.48
Carry Out	20.05	23.00	106.78	78.60	50.48	23.00
Average Monthly Consumption	8.17	8.21	2.05	2.05	2.05	2.05
Stock to Month Use	2.46	2.80	52.03	38.30	24.60	11.21
Stock to Consumption Ratio	0.03	0.03	2.11	1.56	1.00	0.46

Source: www.agriwatch.com * Estimated

Transplanting of Paddy is under progress in Andhra Pradesh, Karnataka, Assam, Orissa, Tamil Nadu, Chhattisgarh, Uttar Pradesh, Gujarat, Telangana, Haryana, Punjab and West Bengal. The states where the crop was sown through DSR (Direct Seed Rice) method, crop is in seedling emergence stage. Acreage of Paddy in the current week is almost similar to corresponding week of last year as Paddy is mainly sown in irrigated areas and hence sowing was not affected due to deficient rainfall. Farmers are interested in cultivating Paddy crop because of good yield and market price that were realized last year.

As per the Ministry of Agriculture, Kharif Rice acreage as on 5th July 2019 has declined by 23.51% to 52.47 lakh hectares as compared to 68.60 lakh hectares during same period last year and about 33.88% down from normal area of 79.36 lakh hectares as on same date. The area coverage is mainly reported from Uttrakhand (1.82 lakh hectares), Assam (3.14 lakh hectares),

Nagaland (1.85 lakh hectares), Chhattisgarh (4.38 lakh hectares), Kerala (0.33 lakh hectares), Odisha (5.16 lakh hectares), Tamil Nadu (0.646 lakh hectares) and Punjab (21.07 lakh hectares). Paddy production was estimated at 115.63 million tonnes.

In Telangana, it has been sown in 24,646 hectares which is lower than 62,348 hectares covered during corresponding period of last year. Major paddy growing districts in Telangana are Rajanna Siricilla (8965 ha), Peddapalli (1516 ha), Yadadri (3140 ha), Medak (2560 ha) and Karimnagar (1284 ha).

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

Date	Arrival(Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
6	290	1426	2131	1854
7	1060	1436	2131	1855
10	850	1455	2145	1863
11	503	1436	2146	1941
12	524	1420	2155	1863
13	565	1436	2149	1881
14	447	1415	2148	1906
17	352	1400	2161	1921
18	280	1433	2157	1939
19	195	1400	2166	1939
24	275	1421	2161	1893
25	313	1436	2157	1889
26	222	1416	2171	1939
27	215	1750	2179	1921

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

Table 6: Arrivals and Prices of Paddy-Common for the Month of June 2019 in Tandur market

Date	Arrival(Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
1	1210	1411	1611	1500
7	394	1503	1530	1521
8	435	1451	1551	1501
10	441	1500	1600	1551
12	217	1450	1500	1500
13	85	1400	1500	1451
15	779	1400	1530	1501
18	240	1404	1602	1530
19	167	1485	1539	1511
20	150	1413	1600	1511
24	37	1539	1548	1541
25	37	1458	1539	1531
27	394	1503	1530	1521

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

Paddy - Grade-A (RNR) modal price at Kesamudram market ranged between Rs. 1854 - 1939 per quintal during June 2019. Paddy - Common modal price at Tandur market ranged between Rs. 1450 - 1554 per quintal during June 2019. The Government has increased the MSP of normal grade paddy and 'A' grade paddy by Rs. 65 per quintal i.e., to Rs. 1815 and Rs. 1835 for 2019-20 respectively.

Paddy Price Outlook

India's rice production is likely to shrink in this kharif season due to delayed monsoon and farmers' interest towards shifting to alternative crops. In Punjab, the major rice-growing state, transplantation has been carried out on less than half of the area covered last year.

Average monthly wholesale rice prices in India stood at around Rs. 3414 per quintal in June 2019, down by 3.22% from Rs. 3527 per quintal in May-2019 and down by 2.82% from Rs. 3512 per quintal a year ago. Non-basmati rice market may move range bound with firm tone due to decreasing of arrival from major producing regions and demand of Indian rice from overseas buyers.

All-India progressive procurement of Rice as on 19th June 2019 for 2018-19 season stood at 432.27 lakh tonnes as compared to procurement of 300 lakh tonnes in the corresponding period of last year. Higher procurement was done from Punjab (113.34 lakh tonnes), Telangana (51.84 lakh tonnes) and Andhra Pradesh (43.66 lakh tonnes).

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that Paddy - Grade-A (RNR) could trade in a range of Rs. 1850-1940 per quintal and Paddy - Common could trade in a range of Rs. 1500-1600 per quintal during the month of July, 2019.