

Paddy Outlook – March 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	7.50	0.20
Thailand	20.34	18.50	-1.84
Vietnam	27.77	28.30	0.53
Brazil	7.14	7.14	0.00
European Union	1.96	2.00	0.04
Indonesia	36.70	36.50	-0.20
Nigeria	4.79	4.90	0.11
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)

	2017/18 (Estimated)	2018/19 (Forecast)	2019/20 (Projected)
Opening Stocks	154.3	162.8	172.5
Production	494.1	499.9	499.4
Imports	46.4	42.5	44.2
Total Availability	648.4	662.6	671.9
Total Consumption	485.7	490.1	495.0
Exports	46.4	42.5	44.2
Ending Stocks	162.8	172.5	176.9

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	22.6	28.5
Production	112.8	116.5	117.5
Imports	-	-	-
Total Availability	133.4	139.1	146.0
Total Consumption	98.8	100.3	102.7
Exports	11.9	10.4	10.4
Ending Stocks	22.6	28.5	32.9

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

Table 4: Domestic Balance Sheet (in MMT)

	2017-18	2018-19	2019-20*
Carry in	15.39	21.05	27.00
Production	116.40	116.00	115.00
Imports	0.00	0.00	0.00
Total Availability	131.79	137.05	141.00
Consumption	98.00	99.50	100.20
Exports	12.74	10.55	11.05
Total Usage	110.74	110.05	111.25
Carry out	21.05	27.00	29.75
Ave. Monthly Consumption	8.17	8.29	8.35
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 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).

In Telangana, it has been sown in 11.27 lakh hectares as on 19th February 2020 which is higher than 6.40 lakh hectares covered during corresponding period of last year. Major paddy growing districts in Telangana are Nalgonda (1.20 lakh ha), Nizamabad (1.10 lakh ha), Medak (19244 ha), Jagtiyal (71851 ha), Peddapalli (74727 ha), Yadadri (58813 ha) and Karimnagar (71009 ha).

Market sources report that given the weak open market prices of rice on weak domestic and export demand, government procurement is likely to be higher than last year. Expanding government procurement operations in the eastern and southern states will largely fuel the growth in government rice procurement.

Table 5: Arrivals and Prices of Paddy-Grade-A (RNR) for the Month of February 2020 in Kesamudram Market

Date	Arrival (Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
3	947	1511	2093	2051
4	383	1556	2066	1805
10	518	1601	2071	2009
11	1301	1462	2306	2042
12	1520	1459	2323	1989
13	1259	1556	2358	2016
14	551	1708	2352	2018
17	1106	1419	2368	2030
18	1050	1602	2366	1981
19	769	1426	2313	2019
20	628	1556	2322	2026
24	1077	1651	2338	1982
25	511	1751	2041	1987
26	754	1726	2011	1991
27	305	1551	2019	1991
28	358	1351	2020	2011

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

Table 6: Arrivals and Prices of Paddy-Common (IR-64) for the Month of February 2020 in Suryapet Market

Date	Arrival (Quintals)	Minimum price (Rs/quintal)	Maximum price (Rs/quintal)	Modal price (Rs/quintal)
1	401	1233	1664	1639
3	320	1242	1664	1617
4	306	1296	1669	1639
5	162	1507	1647	1589
6	162	1507	1647	1589
8	91	1269	1659	1659
10	243	1479	1671	1668
11	192	1309	1672	1662
14	186	1456	1671	1496
15	125	1351	1647	1367
17	319	1326	1671	1670
19	163	1211	1677	1617
20	468	1229	1576	1518
24	637	1256	1647	1431
26	21	1802	1882	1808
29	428	1301	1557	1526

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

Modal prices of Paddy-Grade-A (RNR) at Kesamudram market and Paddy-Common at Suryapet market ranged between Rs. 1805-2051 and Rs. 1367-1808 per quintal during February 2020 respectively. The Government has increased MSP of normal grade paddy by 65 rupees to Rs. 1815 and 'A' grade paddy to Rs. 1835 per quintal.

Paddy Price Outlook

Non-basmati rice price traded weak in the month of February due to corona virus attack globally and also cut in reserve price of rice by FCI. FCI may have to sell a significant amount of its rice stock in the open market if it has to make room for fresh procurement which pressurizes the Open market rice price. However, shifting of overseas demand from Thailand to Indian Market may support the rice price.

This year, rice exports from India may decline by 18–20% over the previous year due to declining demand for Indian rice from West Asian countries. Rice exports to Iran decreased 22% in the current year, 23% to Nepal, 90% to Senegal, 93% to Bangladesh, 2% to Yemen. India's overall rice exports to the Middle East is set to see a significant decline in the current quarter, hit by the double whammy of corona virus-related restrictions on movement of goods and a bumper production in the domestic market pulling down prices.

Due to the tremendous production of paddy in Telangana, there has been a tremendous increase in the production of food grains in 2019-20, according to the second advance estimate, the production of food-grains in Telangana is estimated at 130 lakh tons, out of which rice production is estimated at 99 lakh tons. Grain production in Telangana increased by 40% as compared to last year, 93 lakh tons was produced 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. 1900-2100 per quintal and Rs. 1500-1650 per quintal respectively during the month of March, 2020.