

Domestic Market Highlights and Week ahead :

Rice prices surged higher in the spot market, witnessing a rise, ranging between 4% -20%, for various varieties of Non Basmati and Basmati in Punjab and Haryana. Price of 1121 Steam was recorded at Rs. 4400 per quintal as on 13 July as compared to Rs. 3900 per quintal a week ago. Green signal to export of Non basmati rice, directed the price trend along with developments on the weather front.

Ministerial panel, allowed private traders to export one million metric tons of rice. The same has been allowed at a minimum \$400 a ton. As an implication, exports by India are likely to dampen international prices of the grain currently quoting in a range of \$430 -\$500/ton.

Weather remains a significant driving factor for the rice prices. As per latest information available on sowing of crops, around 30% of the normal area under kharif crops have been sown upto 08.07.2011. Area sown under all kharif crops taken together has been reported to be 308.05 lakh hectares at All India level as compared to 328.64 lakh hectares in the corresponding period of 2010. Area reported was higher by 6.5 lakh ha. under Rice at 74.31 lakh hectares as compared to last year's 67.81 lakh hectares until 8 July.

Although, going forward deficiency in rains in India may continue to affect the paddy sowing progress as lag in area under Paddy until July 13 in Key States, Andhra Pradesh and Karnataka, remains indicative of the same.

India's monsoon rains between July 7 and July 13 were 19% below the long-term average--but this is slightly better than a week ago because rainfall in the western and parts of the central region has improved as put by the India Meteorological Department. The country received 52.5 millimeters of rain during the period, compared with the 50-year average of 64.6 mm. During the June 30-July 6 period, rainfall was 25% below average. State wise distribution of rains is mentioned ahead in the report.

In another reporting, Paddy farmers in Punjab are being asked by the state commission agents to curtail the production of PUSA 1121 basmati rice, a popular variety, during the ongoing paddy sowing period due to excess supply. They have asked paddy growers to reduce area under pusa 1121 as farmers may face problem in getting remunerative price for their produce due to oversupply as put by federation of arthi (commission agent) associations of Punjab. Commission agents, who usually make payment to farmers after buying their crops from mandis, have also attributed financial reasons for discouraging pusa 1121 sowing. They said rice millers and exporters are yet to pay them their dues amounting to nearly rs150 -250 crores for the past one and a half years.

All-India progressive procurement of Rice for the marketing season 2010 -11 as on 08.07.2011 was 318.11 lakh tonnes as compared to 296.77 lakh tonnes upto the corresponding period of last year.

Paddy Crop Progress and Weather:

Rain Progress remains disappointing, as depicted by the latest figures released by the weather office . Major shift is seen in rainfall in AP, Bihar, Tamil Nadu and Uttar Pradesh, where rains were until last week, while they have started to lag, as depicted by data until July 13 when compared to week until July 16.

Following table reflects the state wise % departure of monsoon rains (July 06 vs. July 13)

State	% Departure upto July 06	% Departure upto July 13
Andhra Pradesh	31%	-12%
Assam	-15%	-26%
Bihar	53%	-63%
Karnataka	-12%	-38%
Kerala	-67%	-49%
Orissa	-24%	-53%
Tamil Nadu	137%	-39%
Uttar Pradesh	45%	-55%
West Bengal	-6%	-40%

The table below shows the state -wise area coverage as on July 2011

(Area in Lakh hectares)			
State	Area Sown until 13 July 2011	Area sown until 13 July 2010	Y.O.Y Change
Andhra Pradesh	2.16	2.18	-0.92
Bihar	6.27	3.31	89.43
Karnataka(Until 11 July)	1.82	2.38	-23.53

(Source: State Agricultural Dept.)



Progressive Procurement of Paddy as on 15th July: 2010-11 Marketing Season (Oct-Sept)
(Figures in Tonnes)

		2009-10			2010-11		2009-10	2010-11	
States	Arrivals	Procurement	% Change	Arrivals	Procurement	% Change	Procurement	Procurement	% Change
Andhra Pradesh	12975985	451756	-96.52	16718328	2430993	-85.5	451756	2430993	438.1
Bihar	1013331	1013331	0.00	1119044	1119044		1013331	1119044	10.4
Chhatisgarh	5463141	4236724	-22.45	6056457	5113985	-15.6	4236724	5113985	20.7
Delhi	355469	0	-100.00	289276	-	-	-	-	-
Gujarat	0	0	-	0	-	-	-	-	-
Haryana	2825507	2634350	-6.77	4612199	2482253	-46.2	2634350	2482253	-5.77
Jharkhand	2060	2060	-	279	279	-	2060	279	-86.46
Karnatka	15454	15454	-	24571	24571	-	15454	24571	58.99
Madhya Pradesh	268735	207445	-22.81	472734	427981	-9.47	207445	427981	106.31
Maharashtra	230807	230807	0.00	192349	192349	0	230807	192349	-16.66
Orissa	3664219	3510231	-4.20	3652357	3585242	-1.8	3510231	3585242	2.14
Rajasthan	7425	0	-100.00	8153	-	-	0	0	-
Tamil Nadu	1677338	1677338	-	2072512	2072512	-	1677338	2072512	23.6
Uttar Pradesh	4163000	1389876	-66.61	3502000	1446173	-58.7	1389876	1446173	4.1
Uttarakhand	808741	34569	-95.73	886321	14873	-98.3	34569	14873	-57.0
Wes t Bengal	740105	740105	-	845075	845075	-	740105	845075	14.2
TOTAL	48788549	30384635	-37.72	53959913	33067110	-38.72	30384635	33067110	8.8

Total Rice Stocks Position with State/Central Pool

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT .

Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	24.35	25.65	26.95	26.71	23.26	25.26	24.26	22.87	20.48	18.44	23.17	24.52
2011	25.58	27.80	28.70	28.82	27.76	27.64	26.86					

Domestic Prices & Outlook
Spot Market Prices for Rice:

(Price in Rs. /qtl)

Delhi Market:

Variety	13.07.2011	06.07.2011
Basmati Common	4800	5000
Sharbati raw	3000	3000
Sharbati sella	2900	2900
Parmal raw	2900	3000
Parmal sella	1900	1800
DB Rice (white raw)	4000	4000
1121 Sella	4300	4200

Rudrapur (Uttarakhand) Market:

Variety	13.07.2011	06.07.2011
Parmal paddy	1000	1000
Parmal raw rice	1900	1900
Sharbati Steam	2900	2900
DB steam	4100	4100

(West Bengal) Market:

Variety	13.07.2011	06.07.2011
IR 36 (super)	-	3400-3500
Minikit Shankar	-	3800-3900
DoodhKalma	-	3900-4000
Swarna (New)	-	1800-1850

Amritsar (Punjab) Market:

Variety	13.07.2011	06.07.2011
Sharbati Sella rice	3000-3100	2900-3000
Sharbati raw rice	2900-3000	2800-2900
Sharbati steam	3100-3200	3000-3100
Basmati rice raw	4200-4500	4000-4500
Basmati Paddy	2100-2200	1800-2000
Parmal Govt. Quality	1800	1800
Parmal Wand (New)	2050	2000-2050
1121 Steam	4900-5000	4500-4800

Karnal (Haryana) Market:

Variety	13.07.2011	06.07.2011
Basmati rice raw	7000	6200
Sharbati steam	3000	3300
Sharbati sella	3000	2900
Parmal raw rice	1900	1850
Parmal sella	2000	1850
DB Rice Sella	3800	3200
IR8	1800	1650
1121 Sella	4400	3900

Paddy Price in various markets during the Week (Prices in Rs. /quintal)

Market	Variety	08/07/2011	15/07/2011
Addanki (AP)	BPT	1250	1300
kakinada(AP)	MTU-1010	1040	1040
Badvel (AP)	Masuri	1150	1150
Gangavathi(Karnataka)	IR 64	-	960
Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	-	1000

Kolathur (Tamil Nadu)	Other	1200	-
Madurai (Tamil Nadu)	ADT 36	850	-
Chinnamanur(Tamil Nadu)	IR 64	1000	-

Outlook:

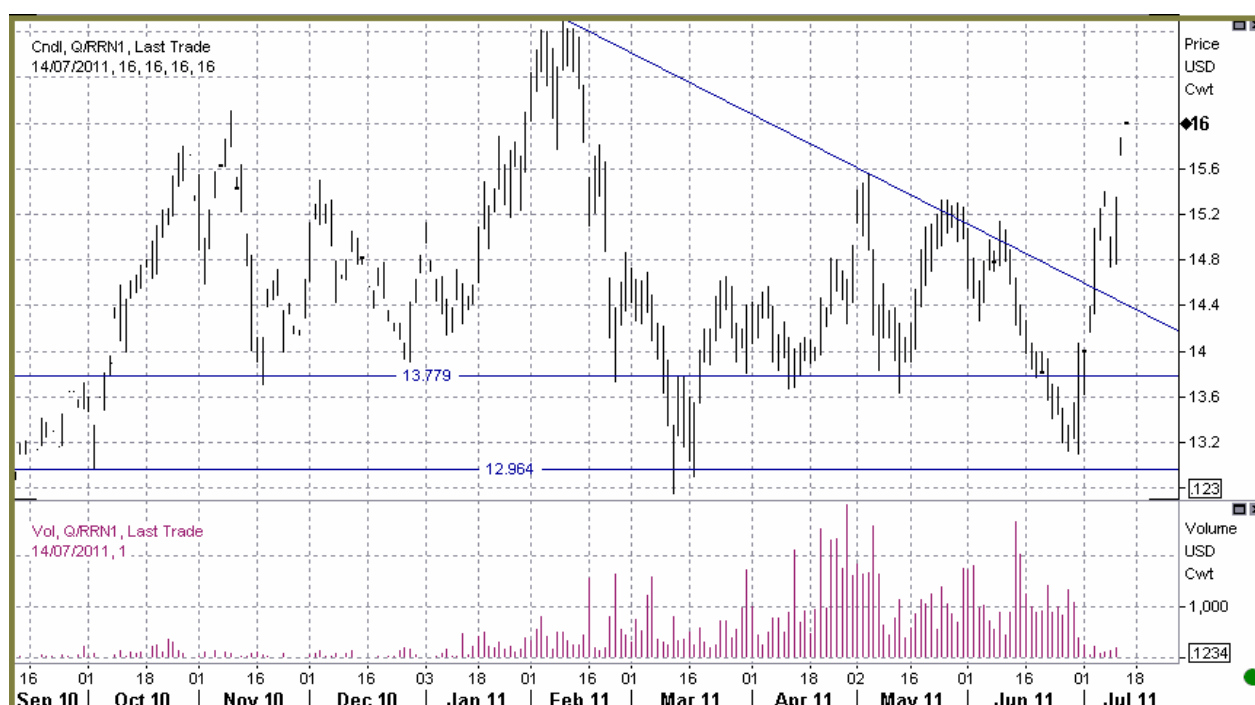
- We expect that both paddy and rice prices are likely to remain firm in the coming week as lagging rains and green signal to non basmati exports are likely to remain driving forces behind.
- The following developments have already been reported. India allowed the export of 10,000 tonnes non-basmati rice to Oman on diplomatic grounds. Also, Bangladesh's state grains buyer issued tenders to import 50,000 tonnes of non-basmati parboiled rice as part of efforts to replenish reserves . Comparatively higher rates in Thailand, makes India an attractive sources for Rice Importers .
- Higher paddy sowing until this time of the year remains indicative of sufficient supplies ahead but skepticism will continue to prevail over yields as deficiency of water at the time of requirement may affect the same.

International Market Highlights:

- *The relaxation of a ban on Indian rice exports helped hold Thai prices down this week but they remained high compared to prices in Vietnam, which as a result may be able to export a record volume this year as put by the traders.* Thai rice prices are expected to stay at relatively high levels even though demand is thin as millers continue to hoard grain in anticipation of a rise in market prices when the new government implements its proposed intervention price, which is way above the market .
- *U.S. feed grain supplies for 2011/12 are projected higher this month mostly with higher expected beginning stocks and production for corn .* Corn beginning stocks are raised 150million bushels reflecting changes to 2010/11 usage projections. Corn production for 2011/12 is projected 270 million bushels higher based on planted and harvested area as reported in the Acreage report. Feed and residual use for 2011/12 is raised 50 million bushels with larger supplies and lower expected prices. Corn use for ethanol is raised 100 million bushels with larger supplies and an improved outlook for ethanol producer margins. Exports are raised 100 million bushels mostly reflecting increased demand from China. Ending stocks for 2011/12 are projected 175 million bushels higher at 870 million. The 2011/12 season-average farm price for corn is projected at a record \$5.50 to\$6.50 per bushel, down 50 cents on both ends of the range.

- ***Pakistan is likely to export up to 4.5 million tons of rice in the 2011/12 fiscal year on an expected bumper crop as put by traders, adding to an amply supplied rice market.*** Pakistan's rice exports fell to about 3.7 million tons in the fiscal year to June 2011, from 4.6 million in the year before, after it was lashed by devastating floods in summer 2010. But farmers and traders are expecting a bumper crop of 6 million to 6.5 million tons this year. Harvesting of non-basmati rice begins in late September and basmati a month later. The country also has a carryover stock of more than one million tones. Annual consumption is about 2.3 million tones. Pakistani rice will enter a market already well -supplied by Vietnam, which is expected to export up to 7.3 million tons; India, which is lifting an export ban in place since 2008 and Thailand, which expects to export more than 10 million tones .

CBOT Market Rice Scenario (Front Month Contract):



- CBOT price trend remain range bound with positive bias.
- USD 17/hundredweight is the immediate resistance for the price, alternatively USD 17-14/hundredweight becomes the current applicable trading range, a drift in either directions is likely to take it further in the respective same.
- As a strategy, dips are likely to be useful to go long as trend is likely to remain positive, while resistances can be faced.

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