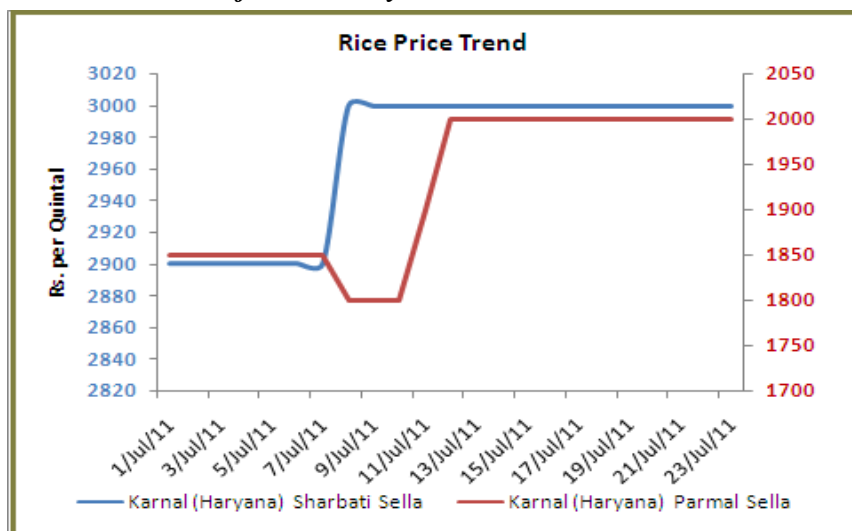


### **Domestic Market Highlights and Week ahead:**

Rice prices remain steady to higher in the spot market, witnessing a rise, ranging between 2.8%-3.3% for various varieties of Non Basmati and Basmati in Punjab and Haryana. Price of Sharbati Sella remain steady at Rs. 3000 per quintal as on 23 July. While market remains watchful of new developments on the export front, fresh arrival of few varieties also starts in few markets.

*In a recent development, arrivals of Govinda variety of rice has started to hit the markets in Haryana, with the same of 2000 bags, witnessed in*

*Karnal.* As per the market information, Arrivals in the region are likely to hit the peak of 15000 bags until 15<sup>th</sup> August and after the same, it is likely to witness a diminishing trend.



- *In the last action, Ministerial panel, allowed private traders to export one million metric tons of rice. The same has been allowed at a minimum \$400 a ton. In view of the same, India's Emmsons International Limited made the lowest offers in Bangladesh tenders for 50,000 tones of rice at \$429.71 including CIF liner out as put by food official.* After verifying all details, the offers will be forwarded to the cabinet committee on government purchase for approval and it is to be shipped in 40 days after signing deals. Seven suppliers took part in the wheat tender and five in rice tender. The lowest offer for rice is lower than its last tender for the same grade parboiled rice, for which the government is paying \$509 per tonne.
- *As per the latest estimates, India has produced 241.56 million tones of foodgrains during 2010-11 compared to 218.11 million tons in the previous year. This is highest ever foodgrains production, surpassing the earlier record of 234.47 million tons achieved in 2008-09.* Despite the setback in the production of kharif rice due to drought in some of the major rice producing areas in the country, significant improvement in production of rabi rice, along with other grains including wheat and pulses, resulted in the highest ever production of food grains. Rice production is estimated at 95.32 million tons as per the latest estimates made by Ministry of Agriculture.
- *As per the the Current Weather Situation:* distribution of rains that depicted deficiency until last week (ended July 13) has started to improve. Rainfall in Karnataka, Kerala and Uttar Pradesh has improved

as depicted by the recent data on departure of rains, mentioned ahead in the report. During the week ending on 20 July, 2011, rainfall for the country as a whole was 7% above LPA with excess rainfall activity over central India and south peninsula. As a result, seasonal rainfall deficiency from long period average (LPA) for the country as a whole has reduced from 3% to 1%. *As per the data received from the states, rice has been sown in 154.70 lakh hectares as on July 22*

- *India is likely to procure 33 million tonnes of rice in 2010/11 marketing year as put by Food Minister K.V. Thomas.* The government procures grains for distribution at subsidized prices to the country's millions of poor. India last week allowed 1 million tonnes of non-basmati rice for exports, easing curbs imposed since 2007 on overseas sales.

### **Paddy Crop Progress and Weather:**

There was a large improvement in the rainfall scenario over the country. The cumulative seasonal rainfall for the country as a whole from 1-20 July has been 12% below the LPA against the deficiency of 24% for the period from 1-13 July. Major shift is seen in rainfall in Karnataka, Kerala and Uttar Pradesh, where rains were below normal until last week, while they have started to improve, as depicted by data until July 20 when compared to week until July 13.

**Following table reflects the state wise % departure of monsoon rains (July 13 vs. July 20)**

State	% Departure upto July 13	% Departure upto July 20
Andhra Pradesh	-12%	-6%
Assam	-26%	-9%
Bihar	-63%	-18%
Karnataka	-38%	56%
Kerala	-49%	49%
Orissa	-53%	-29%
Tamil Nadu	-39%	-64%
Uttar Pradesh	-55%	11%
West Bengal	-40%	3%

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

	(Paddy Area in thousand/ Lakh hectares)	
State	Area Sown until July 2011	Area sown until July 2010
Andhra Pradesh (as on 20 July)	2.29	3.81
Assam (as on 20 July)	7.51	9.82
Bihar (as on 21 July)	11	8.13
Karnataka (as on 18 July)	2.2	2.39
Uttar Pradesh( as on 21 July)	41.18	33.38

(Source: State Agricultural Dept.)

***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	20.07.2011	13.07.2011
Basmati Common	4800	4800
Sharbati raw	3000	3000
Sharbati sella	2900	2900
Parmal raw	2200	2900
Parmal sella	1900	1900
DB Rice (white raw)	4000	4000
1121 Sella	4300	4300

**Amritsar (Punjab) Market:**

Variety	20.07.2011	13.07.2011
Sharbati Sella rice	3100-3200	3000-3100
Sharbati raw rice	3000-3100	2900-3000
Sharbati steam	3200-3300	3100-3200
Basmati rice raw	4200-4500	4200-4500
Basmati Paddy	2100-2200	2100-2200
Parmal Govt. Quality	1800	1800
Parmal Wand (New)	2050	2050
1121 Steam	4900-5000	4900-5000

**Rudrapur (Uttarakhand) Market:**

Variety	20.07.2011	13.07.2011
Parmal paddy	950	950
Parmal raw rice	1800	1750
Sharbati Steam	3100	3100
DB steam	4000	4000

**Karnal (Haryana) Market:**

Variety	20.07.2011	13.07.2011
Basmati rice raw	7000	7000
Sharbati steam	3000	3000
Sharbati sella	3000	3000
Parmal raw rice	1900	1900
Parmal sella	2000	2000
DB Rice Sella	3800	3800
IR8	1800	1800
1121 Sella	4400	4400

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

Market	Variety	15/07/2011	22/07/2011
Addanki (AP)	BPT	1300	1320
kakinada(AP)	MTU-1010	1040	1040
Badvel (AP)	Masuri	1150	1250
Gangavathi(Karnataka)	IR 64	960	1000
Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	1000	-

Kolathur (Tamil Nadu)	Other	-	-
Madurai (Tamil Nadu)	ADT 36	-	900
Chinnamanur(Tamil Nadu)	IR 64	-	-

### **Outlook:**

- We expect that both paddy and rice prices to remain positively skewed with exception of few varieties of Non basmati whose arrivals have started to hit the market. Catching up rains in the major growing regions, remain indicative of improvement in the sowing progress, which is likely to remain a continuous case and a supportive factor for the price.
- Although India's food minister state that he is not in favor of more rice exports immediately as the government would prefer to first study the reaction of the domestic market to its decision earlier this month to allow 1 million tones of non-basmati rice, previous development with regard to allowing the export of 10,000 tones non-basmati rice to Oman on diplomatic grounds and likely trade with Bangladesh on the same front, continue to keep the outlook positive for the price.
- Higher area coverage has been reported from Uttar Pradesh, Punjab, Tamil Nadu, Bihar; the same along with improvement in the weather distribution may act as a price limiting factor but is likely to produce only an offsetting impact on the price trend.

### **International Market Highlights:**

- The prospect of purchases by Indonesia later this year supported Vietnamese rice prices this week while prices in Thailand held steady at relatively high levels despite thin demand, propped up by speculation about intervention by the incoming government. Although the main Vietnamese crop is reaching its peak, the 5 percent broken white rice touched \$510-\$515 a tonne, free on board, up from \$505-\$510 last week as put by traders. Demand from major buyers such as Indonesia could be behind this price rise as farmers and buying agents have been holding back grain and it's been difficult to buy rice, even now, when the harvest is well under way as put by an exporter.
- Mekong River. Output was estimated at around 8.37 million tonnes of paddy, up nearly 5 percent from 2010. The Vietnam Food Association said Vietnam had exported 4.14 million tonnes of rice this year as of July 14, up around 15 percent from the same period last year. Also, Vietnam, the world's second

biggest exporter, is on track to export a record high volume of 7.0-7.4 million tonnes this year, based on industry and government projections.

- Vietnam's rice exports in the first seven months of 2011 rose 9 percent from the same period last year to an estimated 4.73 million tones as put by the government. Rice export revenue increased 10.5 percent from a year ago to an estimated \$2.32 billion, the government's General Statistics Office said in its monthly report.
- In Thailand, rice prices were steady at relatively high levels despite thin demand as domestic supply was tight due to speculative hoarding by local traders, expecting aggressive intervention by the next government to support farmers. The new government has not said yet how and when it would implement the price-supporting scheme. However, local traders still continued to stock up on rice, resulting in tight supply in the domestic market as mentioned by the traders.
- Indonesia has signed a major contract to buy 500,000 tons of Vietnamese rice as put by traders in a deal that has pushed up domestic prices during the peak harvesting period, which would keep Vietnam's inflation high. The government-to-government deal, making up half of an annual agreement between the two Southeast Asian countries, is in line with market expectations. Traders and industry officials stated, representatives from Indonesia's state procurement agency Bulog were also in Thailand several weeks ago checking for prices but did not buy Thai rice which are costlier than Vietnamese grain. They did not expect Indonesia to buy more till at least late October.

### CBOT Market Rice Scenario (Front Month Contract):



- CBOT price trend remain in short term uptrend.
- USD 17.20/hundredweight is the immediate resistance for the price, alternatively USD 17.20-16/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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