

Domestic Market Highlights and Week ahead:

Rice prices remain steady to higher in the spot market, witnessing a rise, ranging between 1.40%-10% for various varieties of Non Basmati and Basmati in Punjab and Haryana. While market remains watchful of new developments on the export front, fresh arrival of few varieties also starts in few markets.

Ministerial panel allowed private traders to export one million metric tons of rice. Exports have been allowed at a minimum \$400 a ton. In a recent development on the same, The Delhi High Court has stayed the allotment of export quotas to individual firms against the recent Directorate-General of Foreign Trade (DGFT) notification detailing the norms for shipping out 10 lakh tones (lt) of non-basmati rice, as per media sources.

Rice has been sown in 209.93 lakh hectare as on 29 July. It represents an increase of 10.11 lakh hectare over last year's acreage on this date. Higher area coverage has been reported from Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Bihar and Chhatisgarh.

All-India progressive procurement of Rice for the marketing season 2010-11 as on 22.07.2011 was 323.01 lakh tones which is higher than the procurement of 300.18 lakh tones upto the corresponding period of last year. India is likely to procure 33 million tons of rice in 2010/11 marketing year as put by Food Minister K.V. Thomas.

Price direction: Prices are unlikely to soar due to huge stocks with government. India's rice inventory was 26.86 million tones as on July 1st, while allowed exports of Non Basmati remain restricted in terms of quantity. Progressive monsoon until this time of the year has boosted paddy sowing, however likely deficiency in the rains as per forecast ahead for the monsoon season may bear an impact, but in the least. Developments on the export front is awaited, while positive developments on the same will boost the prospects for price, until that happens price is likely to inhibit range bound nature.

Paddy Crop Progress and Weather:

India's monsoon rains slacken in the week ended July 27. Monsoon rains in August will be crucial for India, one of the world's biggest producers and consumers of rice, after rainfall was 23 percent below normal in the week to July 27 in a sharp reversal from the previous week. The weather office had forecast rains 7 percent below the average for July, but the latest data put the shortfall in the monsoon so far this month at 14 percent. The below-average rainfall could continue in early August. The monsoon rains were 5 percent below average from June 1 to July 28, mainly due to poor rains over rice-growing areas of eastern India and cotton-growing areas of south India.

Following table reflects the state wise % departure of monsoon rains as on week ended July 27

State	% Departure	Status
Andhra Pradesh	-9%	Normal
Assam	-30%	Deficient
Bihar	-64%	Scanty
Karnataka	-25%	Deficient
Kerala	-21%	Deficient
Orissa	-37%	Deficient
Tamil Nadu	3%	Normal
Uttar Pradesh	-40%	Deficient
West Bengal	-19%	Normal

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 27 July)	5.03	5.68
Bihar (as on 29 July)	16.30	11.07
Uttar Pradesh(as on 29 July)	44.61	45.88

(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					
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Domestic Prices & Outlook

Spot Market Prices for Rice:

(Price in Rs. /qtl)

Delhi Market:

Variety	27.07.2011	20.07.2011
Basmati Common	4850	4800
Sharbati raw	2800	3000
Sharbati sella	2950	2900
Parmal raw	2200	2200
Parmal sella	1900	1900
DB Rice (white raw)	4000	4000
1121 Sella	4300	4300

Amritsar (Punjab) Market:

Variety	27.07.2011	20.07.2011
Sharbati Sella rice	3100-3200	3100-3200
Sharbati raw rice	2900-3100	3000-3100
Sharbati steam	3300	3200-3300
Basmati rice raw	4500-4600	4200-4500
Basmati Paddy	2000-2200	2100-2200
Parmal Govt. Quality	1800	1800
Parmal Wand (New)	2000-2050	2050
1121 Steam	4800-5000	4900-5000

Rudrapur (Uttarakhand) Market:

Variety	27.07.2011	20.07.2011
Parmal paddy	1000	950
Parmal raw rice	1750-1800	1800
Sharbati Steam	3400	3100
DB steam	4000	4000

Karnal (Haryana) Market:

Variety	27.07.2011	20.07.2011
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	22/07/2011	29/07/2011
Addanki (AP)	BPT	1320	1320
kakinada(AP)	MTU-1010	1040	1040
Badvel (AP)	Masuri	1250	1250
Gangavathi(Karnataka)	IR 64	1000	1000

Shimoga(Karnataka)	Paddy Coarse	-	-
Hassan(Karnataka)	Paddy	-	-
Kolathur (Tamil Nadu)	Other	-	-
Madurai (Tamil Nadu)	ADT 36	900	900
Chinnamanur(Tamil Nadu)	IR 64	-	970

Outlook:

- Rice price remain positively skewed in July 2011 as green signal to exports infused optimism although allotment of quota remain an issue. Likely trade with Oman and Bangladesh furthered the same.
- Comfortable supply amid huge stocks with government, although remains a medium term driver that is likely to cap the gains. Domestic rice prices are expected to remain steady to weak in medium term on comfortable supplies in the market. Meanwhile, deficient rains may impact the state of the sowing in the month ahead, thereby being a cause of lift in the prices. Selected Arrivals that has started to hit few markets is likely to again offset the prior sentiment.

International Market Highlights:

According to USDA state that, farmers growing rice along with other grains, report at least 90 percent of their crops are in fair to excellent shape. Less than 10 percent of the acreage is listed in either poor or very poor condition. Rice fields are 5 percent in poor condition.

Thailand: The Thai state may release some of its rice stocks into the domestic market if it sees any shortage as put by government official after speculators were reported to be hoarding grain, expecting prices to rise under an incoming government. They have around 2 million tones of milled rice in stocks, ready to be sold at any time if there is any tightness in the domestic market. Further it could ship more than 10 million tons in 2011, the highest ever as put by the Thai Rice Exporters Association. In the first half Thailand shipped 6.3 million tons of rice, up 57 percent from the 4.0 million tons in the same period last year.

Indonesia's: purchases of 500,000 tonnes of Vietnamese rice will start arriving from August, and the country is in talks with top exporter Thailand over further imports as put by the head of state

procurement agency Bulog. The unexpected rice imports come as Indonesia is looking to boost its stockpiles and calm food prices during Ramadan in August, when spending rises and inflation usually picks up. July inflation data is due on Aug 1. Vietnamese rice export prices have risen as much as 3 percent in a week after Vietnam struck the deal to sell 500,000 tonnes to Indonesia.

European Union rice production is forecast to climb 0.7 percent this year as higher temperatures boosted plant growth in Italy, the region's largest grower of the grain. The harvest may advance to 3.09 million metric tons from 3.07 million tons in 2010 as put by the EU's Monitoring Agricultural Resources unit. The EU will import 1.07 million tons of rice in the 2011-12 season, the U.S. Department of Agriculture estimates, less than the 1.15 million tons bought the previous season.

CBOT Market Rice Scenario (Front Month Contract):



- CBOT Rice price, corrects from highs, trend is likely to be range bound, while lower supports may act.
- 15.90/hundredweight is the immediate support for the price, while below the same, ongoing correction will extend, until it remain un breached, price has a fair chance of recouping back.
- On the higher side 17.30 level is the significant resistance juncture.
- Strategy: While buying remains a suitable option at dips, first indication of the same should be awaited as correction remains in progress. High risks takers may although take the same chance with a strict stop loss below 15.80 for the target of 17/17.30. However, selling below 15.80 can be made as a alternate strategy.

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