

Domestic Market Highlights and Week ahead :

Rice prices remain steady to lower in the spot market. Price of Sharbati raw rice and basmati raw rice fell by Rs. 100 per quintal in Amritsar market of Punjab in the week ended August 03. Traders state, the fall in rice basmati prices was mostly due to reduced offtake by stockists. They said selling by stockists due to sluggish demand led to the decline in rice basmati prices. Rice prices in Karnal remain almost steady. Prices remained so despite the fact that traders are holding huge stocks and new stock will be in the market in this month, due to better domestic demand.

While no further development has been reported with regard to exports of Non Basmati since the Delhi High Court has stayed the allotment of export quotas to individual firms against the 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, markets awaits fresh cues on the same.

As per data received from States, rice has been sown in 260.36 lakh hectare as on today. It represents an increase of 15.57 lakh hectare over last year's acreage on this date. Higher area coverage has been reported from Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Bihar, West Bengal and Assam. India's summer crop output may not be hit despite a prediction of below-normal rains in August and September as put by Farm Secretary. He said the government will keep unchanged its rice output estimate of 102 million metric tons, up from 95.32 million tons in the last year ended June 30.

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 25.27 million tones as on 1st August as against 22.87 million tones as on same date a year earlier. While allowed exports of Non Basmati remain restricted in terms of quantity. Progressive monsoon until this time of the year continue to boost paddy sowing, however likely deficiency in the rains as per forecast ahead for the monsoon season may bear an impact, but in the least. Development 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 were 22 percent below normal in the week to Aug. 3, recording marginal improvement from 23 percent below average showers in the previous week as put by the weather office. Key rice-growing

areas of West Bengal and Orissa had below normal rains whereas Andhra Pradesh witness excessive rains. Last year, rainfall was 16 percent above normal in the week to Aug. 4, after a weak start in June, and ended the four - month season as normal.

Following table reflects the state wise % departure of monsoon rains as on week ended 03 rd August

State	% Departure	Status
Andhra Pradesh	34%	Excess
Assam	-35%	Deficient
Bihar	-7	Normal
Karnataka	-1%	Normal
Kerala	-36	Deficient
Orissa	-38%	Deficient
Tamil Nadu	-69%	Scanty
Uttar Pradesh	-13%	Normal
West Bengal	-30%	Deficient

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

	(Paddy Area in thousand/ Lakh hectares)	
State	Area Sown in 2011	Area sown in 2010
Andhra Pradesh as on 03 August	7.41	8.01
Karnatka as on 31 July	4.32	4.51
Bihar as on 29 July	16.3	11.07
Uttar Pradesh as on 31 July	55.86	45.89

(Source: State Agricultural Dept.)

Total Stocks of Rice in Central Pool as on 01.08.2011			
State	Stock With	Stock with	Total Central Pool
	FCI	State Agencies	Stock
Bihar	2.0	2.1	4.1
Jharkhand	1.0	0.0	1.0
Oissa	2.5	12.4	14.9
West Bengal	1.8	2.1	3.9
East Zone Total	7.3	16.6	23.9
NE Zone Total	3.0	0.0	3.0
North Zone Total	85.2	25.1	110.4
South Zone Total	61.7	22.3	84.0
West Zone Total	17.9	10.3	28.2

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	25.27				

Domestic Prices & Outlook

Spot Market Prices for Rice:

(Price in Rs. /qtl)

Delhi Market:

Variety	02.08.2011	27.07.2011
Basmati Common	4850	4850
Sharbati raw	2800	2800
Sharbati sella	2950	2950
Parmal raw	2200	2200
Parmal sella	1900	1900
DB Rice (white raw)	4000	4000
1121 Sella	4300	4300

Amritsar (Punjab) Market:

Variety	03.08.2011	27.07.2011
Sharbati Sella rice	3100-3200	3100-3200
Sharbati raw rice	2900-3000	2900-3100
Sharbati steam	3200-3300	3300
Basmati rice raw	4440-4500	4500-4600
Basmati Paddy	2000-2200	2000-2200
Parmal Govt. Quality	1800	1800
Parmal Wand (New)	2000-2100	2000-2050
1121 Steam	4800-5000	4800-5000

Rudrapur (Uttarakhand) Market:

Variety	03.08.2011	27.07.2011
Parmal paddy	1000	1000
Parmal raw rice	1750-1800	1750-1800
Sharbati Steam	3400	3400
DB steam	4000	4000

Karnal (Haryana) Market:

Variety	01.08.2011	27.07.2011
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	29/07/2011	05/08/2011
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	-	1150
Madurai (Tamil Nadu)	ADT 36	900	900
Chinnamanur(Tamil Nadu)	IR 64	970	860

Outlook:

- *Rice price remain steady as prevalent demand in few markets (Karnal) counter the fresh new supply (arrivals). Comfortable supply amid huge stocks with government, although remains a medium term driver that is likely to cap the gains led by any positive developments on the export front. 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:

- **Asian rice prices are likely to rise this month due to decreased supply from the world's largest importer Thailand as put by trade participants . Prices have already increased by up to \$50/t on in the past month and most traders expect a further upswing in the market due to the new government's plans to buy unmilled rice, or paddy, from farmers at THB15,000/ton, around 50% higher than domestic market prices.**

- **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.
- **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.
- **Global unmilled rice production will expand less than forecast after drought and floods in the US, according to the United Nations' Food & Agriculture Organisation (FAO).** Paddy output may be a record 718.3 million tone in 2011, 1.5 million tone less than forecast. Still, that's 2.5% higher than total output in 2010, with gains set to be driven by improved yields and a larger worldwide crop area. Rice in Chicago rallied 49% in the past 12 months, helping to send global food prices to a record in February. A rally in prices last month was mainly in reaction to a growing likelihood of a reintroduction of the rice-pledging program at higher prices in Thailand, which could cut the country's availabilities for export.
- **Global demand was expected to remain stable until the first quarter of next year, though demand could increase sharply in some markets. Indonesia would import more from Vietnam in the fourth quarter and the Philippines would import rice if its stocks diminish or rice yield was hit by natural disaster.** Malaysia and Bangladesh also plan to continue buying rice from Vietnam this year. The country was likely to export 2.1 million tonnes in the third quarter and 1 -1.3 million tonnes in the last quarter, taking full-year exports to 7-7.3 million tones.

CBOT Market Rice Scenario (Front Month Contract):

- CBOT Rice price continue to correct from highs, the same move may extend, reliable supports lay ahead.
- 15.00a/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 15.50 for the target of 17/17.30. However, selling below 15.50 can be kept as a alternate strategy.

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