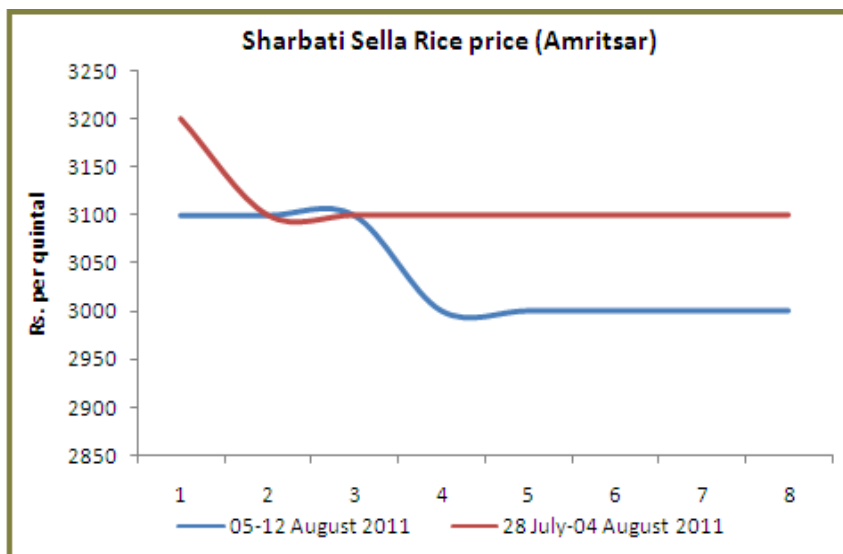


Domestic Market Highlights and Week ahead:

Rice prices depicted mixed sentiment in the spot market. Price of Sharbati Sella rice in Amritsar market (Punjab) fell Rs. 200 per quintal In the week ended 10 August 2011, whereas Sharbati steam drifted by Rs. 100 per quintal in the same week.

In contrast, price of DB Steam rose Rs. 100 per quintal in Rudrapur (Uttarakhand). Rice prices witnessed a mixed trend on equal demand and supply kept prices firm.

On the news front: India is planning to cut the minimum export price for 150,000 metric tons of premium non-basmati rice to \$600 per ton from \$850 per ton to



improve the competitiveness of the grain, as put by the food ministry officials. The government allowed exports of the premium grain in February until the end of the marketing year through Sept. 30, 2011, but only about a third of the quantity has been exported because of the high minimum price. The premium rice varieties that were allowed--Sona Masuri, Poni Samba and Matta--are mainly grown in southern India. Dubai and Singapore are the biggest export destinations.

Further, India may allow more rice exports, after permitting shipments of 1.0 million tons of common-grade rice last month as put by Trade Secretary. India's stocks of food grain have soared on the back of a bumper crop, and the government has been looking at ways to ease the storage pressure. Rice output this crop year is likely to rise to 102 million tons from 95.32 million tons last year.

Key Features:

- ✓ **India's area under rice is set to rise.** The total area under rice in the country has exceeded 26 million hectares. According to the state agriculture departments, rice has been sown in 26.036 million hectares, an increase of 1.557 million hectares over last year's acreage as of date. Higher acreage of rice has been reported from Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Bihar, West Bengal and Assam.
- ✓ **All-India progressive procurement of Rice for the marketing season 2010-11 as on 01.08.2011 was 325.99 lakh tonnes which is higher than the procurement of 301.60 lakh tonnes upto the**

corresponding period of last year. Rice inventory was 25.27 million tons against a target of 9.8 million tons, they said. Wheat stocks stood at 37.1 million tons on July 1 and rice stocks were 26.8 million tons.

Paddy Crop Progress and Weather:

All India rainfall remained below normal on all days of the week. Consequently, rainfall for the country as a whole for the week ending on 03 August, 2011 was 22% below long period average (LPA). The weak monsoon conditions during the week caused further decrease in seasonal rainfall for the country as a whole from - 4% to - 6%.

The cumulative seasonal rainfall for the country as a whole from 01-31 July has been 86% of LPA against the IMD forecast of 93% with a model error of $\pm 9\%$.

Following table reflects the state wise % departure of monsoon rains as on Week on Week

State	% Departure as on 03 rd August	% Departure as on 10 th August
Andhra Pradesh	34%	-52%
Assam	-35%	-3%
Bihar	-7	76%
Karnataka	-1%	28%
Kerala	-36	85%
Orissa	-38%	-34%
Tamil Nadu	-69%	-33%
Uttar Pradesh	-13%	-12%
West Bengal	-30%	68%

(Source: India Meteorological Department)

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 10 August	9.87	11.72

Karnataka as on 8th August	4.7	5.48
Bihar as on 03 August	19.68	14.07
Uttar Pradesh as on 7 August	57.78	52.20

(Source: State Agricultural Dept.)

Rains witness improvement in Bihar, Karnataka, Kerala in the latest week ended 10 August as compared to depicted deficiency in the same in a week prior. Area, reportedly outgrow in case of Bihar, as reported until 3rd August, while area sown in Karnataka lag behind last year's level as deficiency in rains until now has led to the same.

Progressive Procurement of Rice as on 01st August

(Values in lakh tonnes)

State	Total Procurement in Marketing Season 2009-10 (Oct. - Sept.)	Progressive Procurement as on 01.08.2011		% change Y- O-Y
		In Marketing	In Marketing	
		season 2010-11	season 2009- 10	
Andhra Pradesh	75.55	88.83	64.45	37.83
Chhattisgarh	33.57	36.38	31.39	15.90
Haryana	18.19	16.87	18.16	-7.10
Kerala	2.61	2.61	2.61	0.00
Maharashtra	2.29	2.74	2.1	30.48
Orissa	24.96	24.5	24.67	-0.69
Punjab	92.75	86.35	92.75	-6.90
Tamil Nadu	12.41	14.42	11.45	25.94
Uttar Pradesh	29.01	24.09	26.96	-10.65
Uttaranchal	3.75	4.17	3.74	11.50
West Bengal	12.4	10.6	11.75	-9.79
All India	320.34	325.99	301.6	8.09

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)

Rudrapur (Uttarakhand) Market:

Variety	10.08.2011	03.08.2011
Parmal paddy	950-1000	1000
Parmal raw rice	1750-1800	1750-1800
Sharbati Steam	3400	3400
DB steam	4200	4000

West Bengal			
Market	Variety	10.08.2011	03.08.2011
Blurghat	Masuri	2660	2660
Bishnupur	Masuri	1775	1775
Burdwan	Other	1630	1650
Kalipur	Sona masuri non basmati	1650	1650
Samsi	H.Y.V	1750	1750

Amritsar (Punjab) Market:

Variety	10.08.2011	03.08.2011
Sharbati Sella rice	3000	3100-3200
Sharbati raw rice	2900-3000	2900-3000
Sharbati steam	3200	3200-3300
Basmati rice raw	4400-4500	440-4500
Basmati Paddy	2200	2000-2200
ParmalGovt. Quality	1800	1800
Parmal Wand (New)	2000-2100	2000-2100
1121 Steam	4800-5000	4800-5000

Andhra Pradesh			
Market	Variety	10.08.2011	03.08.2011
Addanki	B P T	1730	2580
Allagadda	Boiled Rice	2500	2500
Divi	B P T	1800	1800
Kandukur	B P T	2400	2350
Kondapi	B P T	2400	2350

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

Market	Variety	11/08/2011	05/08/2011
Addanki (AP)	BPT	1330	1320
kakinada(AP)	MTU-1010	1040	1040
Badvel (AP)	Masuri	1250	1250
Gangavathi(Karnataka)	IR 64	1000	1000
Shimoga(Karnataka)	Paddy Coarse	900	-
Hassan(Karnataka)	Paddy	1000	-
Kolathur (Tamil Nadu)	Ponni	1150	-
Madurai (Tamil Nadu)	ADT 36	900	900
Chinnamanur(Tamil Nadu)	IR 64	860	860

Outlook:

- *Rice prices are likely to behave range bound and any optimism, driven by likely decision on allowing more exports and to cut the minimum export price of premium Non Basmati rice, is likely to be offset by higher supplies (ample stocks) and higher sowing reported for Paddy until this time in the season as compared to last year also take market forward towards the set target of production (which remain higher at 102 million tons).*

International Market Highlights:

- **U.S. total rice supplies for 2011/12 are projected at 257.2 million cwt, up 0.6 million from last month. Increases in both forecast beginning stocks and production more than offset a reduction in imports.** USDA's first survey-based forecast of the 2011/12 U.S. rice crop is 188.1 million cwt, up 1.1 million from last month's projection, but down 23 percent from the record 2010/11 crop. Average yield is forecast at 7,114 pounds per acre, up 55 pounds per acre from last month's projection, and up 6 percent from last year. Area harvested, at 2.64 million acres, is reduced slightly from a month ago.

Long-grain production is forecast at 124.2 million cwt, up 0.7 million from last month, while combined medium- and short-grain production is forecast at 63.9 million, up 0.4 million from a month ago. The all rice import.

- **U.S. total rice use for 2011/12 is projected at 224.0 million cwt, down 3.0 million cwt from last month.** The export projection is lowered 3.0 million cwt from a month ago to 97.0 million based entirely on a decrease in combined medium- and short-grain exports. An increase in competition from both Australia and Egypt is expected in medium-grain markets in North Africa, the Middle East, and Oceania. U.S. all rice ending stocks for 2011/12 are projected at 33.2 million cwt, up 3.6 million from last month, but down 35 percent from the previous year.
- **Vietnamese rice prices hit a three-year high because of demand for loading. Domestic prices in Vietnam have risen 5 percent in the past week on high loading demand, partly for Indonesia.** Traders put, there were no new deals due to high prices. Compared with the end of July, when Vietnam sold a record of 1 million tons, including 500,000 tons to Indonesia. Thai rice prices also rose, but in contrast to the situation in Vietnam, that was not due to strong demand but because of a stronger Thai baht and speculation about the policies of the incoming government.
- **North Korean trade officials visited Myanmar this week to discuss a possible deal to import Burmese rice to ease major food shortages at home as put by government official.** Myanmar has shipped 450,000 tons of the grain so far this year, up from 440,000 tons for the whole of 2010. It exported 1.1 million tons in 2009, mostly to markets in Africa and the Middle East. Its rice could be vital to North Korea, an impoverished, isolated nation that rarely produces enough food to feed its 24 million people, often as a result of bad weather affecting harvests.

CBOT Market Rice Scenario (Front Month Contract):



- CBOT Rice price remain range bound with positive bias, Price recoups from a significant support juncture of around 15.50, as indicated in the prior report.
- On the higher side level of 18.00 is the significant resistance juncture, while 15.50 continue to hold importance as a support.
- Bulls remain in charge of the trend with a possibility of continuity in the same, going forward in the next week.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.