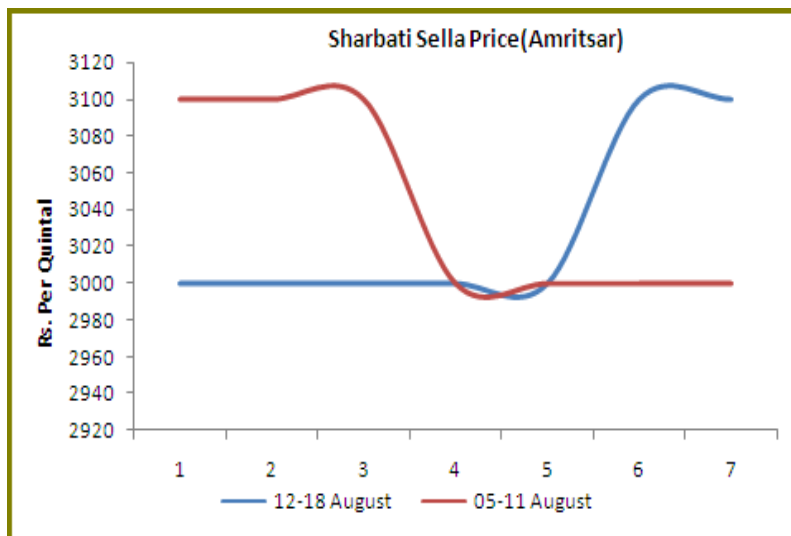


**Domestic Market Highlights and Week ahead:**

*Rice prices recouped in the spot market in the week ended 18 August 2011. Price of Sharbati Sella rice in Amritsar market (Punjab) recovered by Rs. 100 per quintal in the latest week, Sharbati steam also recovered by Rs.100 per quintal as compared to loss of same points a week ago.*

*In a news development, India has lowered the minimum export price for a select non-basmati rice variety to \$600 per ton from \$850 per ton as put by government sources. Sona Masuri, the variety for which the export price was revised, is mostly grown in southern India. India is sitting on a huge stockpile of rice. On July 1, rice inventory was 26.8 million tons against a target of 9.8 million tons. But India could miss its target for a record 102 million tons of rice production in the year that began in July because of scanty rains, although it should still have plenty of supplies to meet demand.*



*Further, several Indian states have asked the government to allow more rice exports as put by the Food Minister K.V. Thomas as a first round of one million tons remains blocked by a court and stocks are still bulging. Thomas, further put that India could consider allowing an extra one million tons of rice exports at the next meeting of a panel of ministers, which can act without cabinet approval. They have received several proposals for allowing exports from states like Andhra Pradesh where production was more than expectations.*

*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.*

*India's area under rice has been reported at 260.36 lakh hectares as on 5<sup>th</sup> August 2011 as compared to 244.79 lakh hectares last year around same time.*

*All-India progressive procurement of Rice for the marketing season 2010-11 as on 05.08.2011 was 327.08 lakh tonnes which is higher than the procurement of 302.44 lakh tonnes upto the corresponding period of last year.*

**Paddy Crop Progress and Weather:**

After two consecutive weeks of weak monsoon conditions, it was active during this week (**4-10 August**): and all India rainfall was 14% above long period average (LPA).

Because of the active monsoon conditions in this week, seasonal rainfall for the country as a whole is now deficient by 4% against 6% till previous week. The cumulative seasonal rainfall for the country as a whole from 1-10 August has been 1% above the LPA with near normal rainfall over all the four subdivisions. For the country as a whole, cumulative rainfall during this year's monsoon has so far upto 10 August been 04% below the LPA

**Outlook for the subsequent week (20- 26 August):** With the likely southward shift of trough, Monsoon activity may increase over central India and adjoining Andhra Pradesh and Maharashtra. However, rainfall would decrease over northwest and east India.

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

State	% Departure as on 10 <sup>th</sup> August	% Departure as on 17 <sup>th</sup> August
Andhra Pradesh	-52%	-21%
Assam	-3%	21%
Bihar	76%	29%
Karnataka	28%	-55%
Kerala	85%	-25%
Orissa	-34%	-9%
Tamil Nadu	-33%	123%
Uttar Pradesh	-12%	52%

**West Bengal**
**68%**
**86%**

(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 17th August	13.07	15.34
Karnataka as on 16 <sup>th</sup> August	5.32	6.49
Bihar as on 12th August	25.85	15.80
Uttar Pradesh as on 7 August	57.78	52.20

(Source: State Agricultural Dept.)

Rains witness improvement in Assam, Tamil Nadu and UP in the latest week ended 17th August as compared to depicted deficiency in the prior week prior. Area, reportedly outgrow in case of Bihar and UP as reported, while area sown in Karnataka and Andhra Pradesh lag behind last year's level as deficiency in rains until now has led to the same.

**Progressive Procurement of Rice as on 05th August**

(Values in lakh tonnes)

State	Total Procurement in Marketing Season 2009- 10 (Oct. - Sept.)	Progressive Procurement as on 05.08.2011		% change Y-O- Y
		In Marketing	In Marketing	
		season 2010- 11	season 2009-10	
Andhra Pradesh	75.55	89.63	65.12	37.6
Chhattisgarh	33.57	36.47	31.43	16.0
Haryana	18.19	16.87	18.16	-7.1
Kerala	2.61	2.61	2.61	0.0
Maharashtra	2.29	2.78	2.1	32.4
Orissa	24.96	24.5	24.69	-0.8

<b>Punjab</b>	92.75	86.35	92.75	-6.9
<b>Tamil Nadu</b>	12.41	14.48	11.5	25.9
<b>Uttar Pradesh</b>	29.01	24.09	26.96	-10.6
<b>Uttaranchal</b>	3.75	4.17	3.74	11.5
<b>West Bengal</b>	12.4	10.6	11.75	-9.8
<b>All India</b>	<b>320.34</b>	<b>327.08</b>	<b>302.44</b>	8.1

### Domestic Prices & Outlook

#### Spot Market Prices for Rice:

(Price in Rs. /qtl)

#### Rudrapur (Uttarakhand) Market:

Variety	17.08.2011	10.08.2011
Parmal paddy	950-1000	950-1000
Parmal raw rice	1750-1800	1750-1800
Sharbati Steam	3400	3400
DB steam	4200	4200

West Bengal			
Market	Variety	17.08.2011	10.08.2011
Blurghat	Masuri	2660	2660
Bishnupur	Masuri	1800	1775
Burdwan	Other	-	1630
Kalipur	Sona masuri non basmati	-	1650
Samsi	H.Y.V	1900	1750

#### Amritsar (Punjab) Market:

Variety	17.08.2011	10.08.2011
Sharbati Sella rice	2900-3100	3000
Sharbati raw rice	3000-3100	2900-3000
Sharbati steam	3100-3300	3200
Basmati rice raw	4400-4500	4400-4500
Basmati Paddy	2000-2200	2200
ParmalGovt. Quality	1800	1800
Parmal Wand (New)	2000-2100	2000-2100
1121 Steam	4500-4800	4800-5000

Andhra Pradesh			
Market	Variety	17.08.2011	10.08.2011
Addanki	B P T	2570	2570
Allagadda	Boiled Rice	2500	2500
Divi	B P T	1800	1800
Kandukur	B P T	2250	2400
Kondapi	B P T	2400	2400

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

<b>Market</b>	<b>Variety</b>	<b>18/08/2011</b>	<b>11/08/2011</b>
Addanki (AP)	BPT	1320	1330
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	1150
Madurai (Tamil Nadu)	ADT 36	950	900
Chinnamanur(Tamil Nadu)	IR 64	-	860

**Outlook:**

- *Rice prices are likely to continue 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 area sown under Paddy until this time of the season as compared to last year also remains a price limiting factor.*

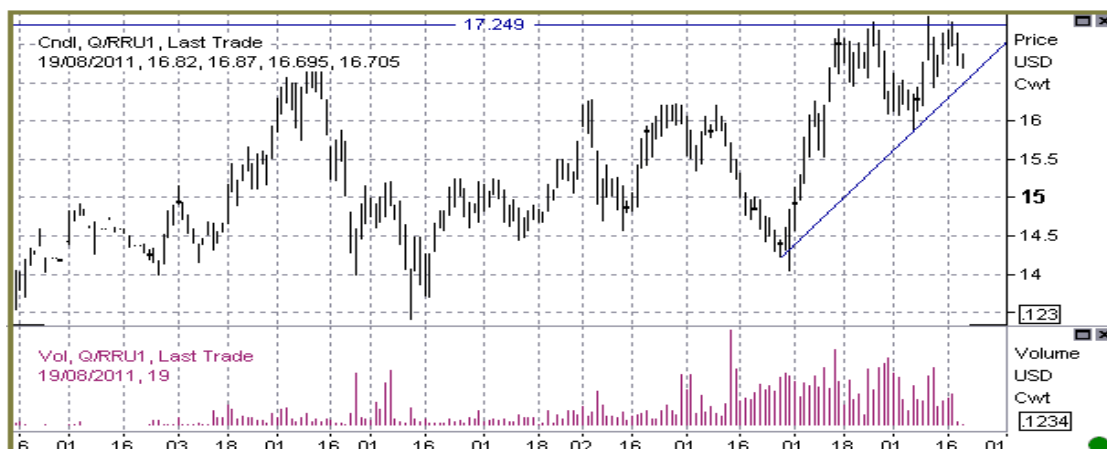
**International Market Highlights:**

- **The new Thai government put that it would start intervening in the rice market in November, buying rice directly from farmers at 15,000 baht (\$502) per tonne, as promised by the main coalition party in its election campaign.** That is practically double the price of around 8,000 baht in the market around the time of the election on July 3. Thailand, the world's biggest rice exporter, is forecast to produce around 23 million tonnes of paddy in the major crop, as put by the Agriculture Ministry.
- **Indonesia sees unmilled rice production rising almost 9 percent next year as put by the finance minister, as the country tries to boost crop output to improve food security.** Production of the staple food will hit 74.1 million tons next year as told by Finance Minister in a news conference for the

2012 budget forecast. Last month, the statistics bureau in the world's third-largest rice grower, forecast unmilled rice production at 68.06 million tons for 2011. Indonesia's monthly rice consumption is 2.7 million tonnes, and the country has six months of rice surplus and six months of deficit, the agriculture ministry said in March. Improving self-sufficiency has become a top policy priority.

- **Thailand's Rice production is well on track due to favorable weather conditions.** Rice exports will likely reach 10 million tons in 2011 despite an anticipated domestic policy shift to the Paddy Pledging Program. However, this policy shift will adversely affect the Thai rice export outlook in 2012.
- **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.

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



- CBOT Rice price continue to be inside the trading range however profit taking at peak led to drift in the price.
- 17.50-16.50 is the immediate trading band for the price; drift in either direction will take it further in the respective same. While 15.80 on the lower side stand as a significant support juncture, on the lower side.
- While break below 16.50 will strengthen hopes for bears, until is stay un breached, bulls keep a chance to bounce once again.

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