**Domestic Market Updates:**

**Wheat cash market traded steady to weak in the week under review due to lower** export and domestic market demand. Feed millers have shifted to maize due to lower price and better availability in the major producing price, however maize price started firming up and it may support wheat price once again in near term.

**According to traders, latest release for Auction in M.P has been already purchased by** South Indian milers and Local traders as parity is in favor of traders/millers from M.P. and other centers like Rajasthan and Gujarat higher prices are restricting common trading activity in local market.

**Wheat sowing has picked its pace as weather and prices remains favorable and wheat** current sown area has exceeded area at the same time last year and it is very likely that overall wheat area will not be lower than previous year.

**In Maharashtra wheat has been sown in 235,634 hectares,** which is 24.4% of normal **Area**, at the same time last year wheat was sown in 302,656 hectares. Maharashtra has set sown area target at 10.5 lakh hectares against the normal area 9.67 lakh hectares.

**In Rajasthan wheat has been sown in 179,490 hectares so far, which is 64.1%** of the target area. Last year at the same time wheat was sown in 181,990 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

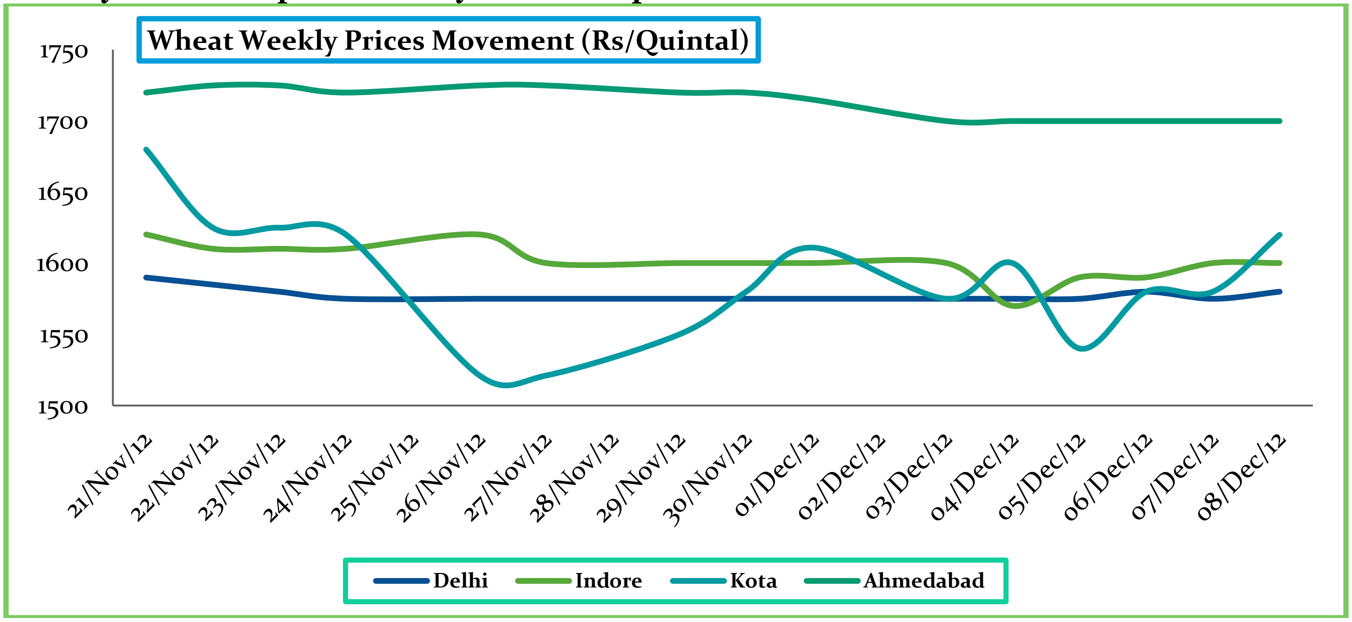
**According to PIB (Press Information Bureau), in India so far wheat has been sown in** 183.35 lakh hectares as compared to 181.67 lakh hectares same time last year.

**In a latest development, the Government has rejected a top food grain pricing** panel's (CACP) recommendation of keeping wheat MSP unchanged at previous year's level. The Government has asked the Commission for Agricultural Costs and Prices (CACP) to rework the minimum support price (MSP) of wheat for 2012-13 keeping in mind the rise of cost of inputs such as fertilizer and diesel. This means farmers may receive more prices for wheat either in way of higher MSP or through bonus. The cost of wheat production has gone up to Rs 1128 per qtl. against Rs 927 per qtl. last year. The MSP for wheat in 2010-11 was Rs 1,120 per quintal when the cost of production was Rs 826.

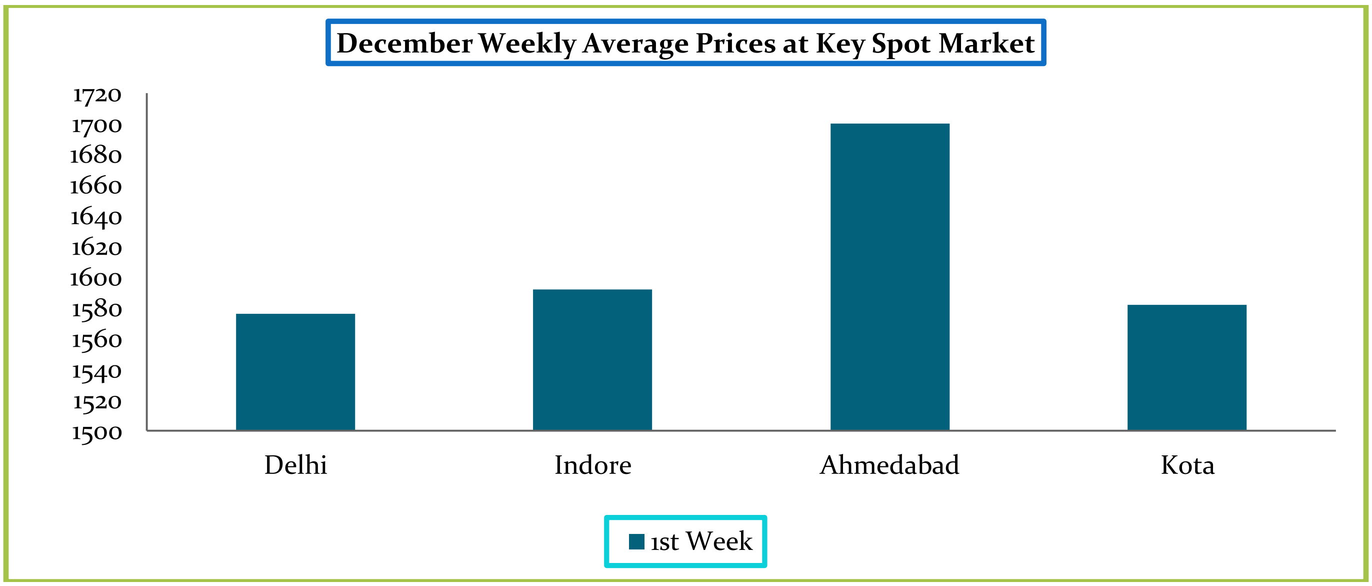
**Weather Watch:**

- Dry weather prevailed in Haryana state during past few days. The maximum temperature during the week ranged between 22.0 to 26.2°C and the minimum temperature ranged between 4.5 to 10.0°C. Irrigation, top dressing in wheat and mustard, weed control measures in Rabi crops.
- Minimum temperatures are below normal by 1-2°C over some parts of Gangetic plains and isolated pockets of Assam and northcoastal Andhra Pradesh. They are above normal by 5-6°C over some parts of west Rajasthan, north Gujarat and interior Maharashtra and by 2-4°C over many parts of rest Rajasthan, Gujarat and Maharashtra and over Madhya Pradesh, south Chhattisgarh, rest Andhra Pradesh, north & coastal Karnataka and Tamil Nadu and near normal over rest of the country.

**Weekly Prices Comparison of key Domestic Spot Market:**




Prices remained steady at Delhi (Lawrence Road), Ahmadabad and Indore market as supply and demand was at equilibrium.




| STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.12.2012: | IN STORAGE | IN TRANSIT | TOTAL |
|---|---|---|---|
| RICE | 303.30 | 2.77 | 306.07 |
| WHEAT | 374.07 | 2.45 | 376.52 |
| **Wheat lying in Mandies** | 0.00 | 0.00 | 0.00 |
| **TOTAL** | **677.37** | **5.22** | **682.59** |
| COARSE GRAINS | 0.63 | 0.00 | 0.63 |
| SUGAR | 0.22 | 0.04 | 0.26 |
| **GRAND TOTAL** | **678.22** | **5.26** | **683.48** |

(Figures in Lakh Tonnes)

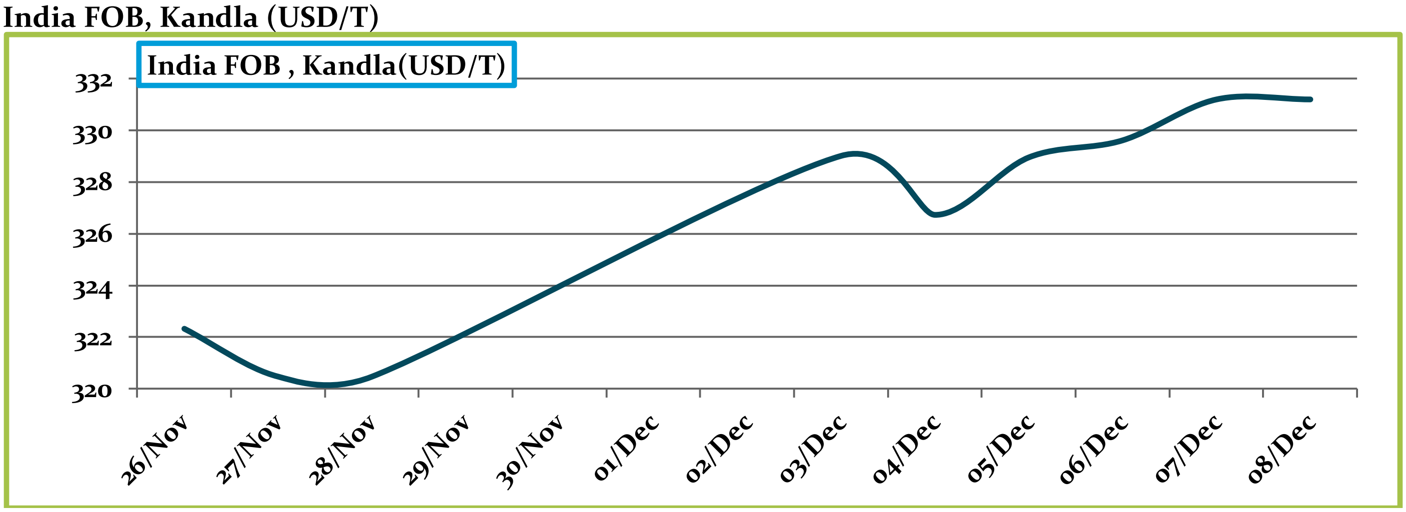
**FOB Value as on 08.12.2012 from various destinations at Kandla:**

| Parity Calculation | Rajkot | Baran/Bundi | Khagaria | Indore | Kosi | MSP | ECO.Cost |
|---|---|---|---|---|---|---|---|
| Basic cost of wheat (Rs/ton) | 16800 | 16200 | 15250 | 16000 | 15200 | 12850 | 18220 |
| Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton) | 500 | 500 | 500 | 500 | 500 | 500 | 0 |
| Local transport, port warehousing, labour charges, shortage | 500 | 1150 | 1900 | 1450 | 1550 | 1200 | 0 |
| Indian FOB (Rs/MT) | 17800 | 17850 | 17650 | 17950 | 17250 | 14550 | 18220 |
| **Indian FOB (USD/MT)** | **328** | **329** | **326** | **331** | **318** | **268** | **336** |
| Insurance @ 0.1% | 0.33 | 0.33 | 0.33 | 0.33 | 0.32 | 0.27 | 0.34 |
| Freight Charges (US $/ton) to Chittagong | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| **CIF (Kandla to Chittagong)** | 346 | 347 | 344 | 349 | 336 | 286 | 354 |
| INR | 54.2 | 54.2 | 54.2 | 54.2 | 54.2 | 54.2 | 54.2 |
| Russian Wheat FOB (USD/MT) | - | - | - | - | - | - | - |
| Parity on FOB Basis (USD/MT) | - | - | - | - | - | - | - |

## Spot prices of Wheat at NCDEX Delivery Centers

| NCDEX SPOT | 08 Dec, 2012 | week ago 1 Dec 12 | Month ago 8 Nov 12 | Year ago 8 Dec 2011 | change over previous Year % |
|---|---|---|---|---|---|
| **Bareilly** | 1550 | 1587 | 1585 | 1165 | **24.84** |
| **Delhi** | 1580 | 1578 | 1631 | 1192.15 | **24.55** |
| **Indore** | 1580 | 1575 | 1575 | 1168 | **26.08** |
| **Khanna** | 1654 | 1646 | 1646 | 1309 | **20.86** |
| **Kota** | 1650 | 1638 | 1583 | 1175 | **28.79** |
| **Kanpur** | 1505 | 1510 | 1495 | 1070 | **28.90** |
| **Karnal** | 1530 | 1560 | 1560 | 1314.25 | **14.10** |
| **Rajkot** | 1668 | 1653 | 1568 | 1125 | **32.55** |

**India FOB, Kandla (USD/T)**



**Wheat Export Monthly Data:**

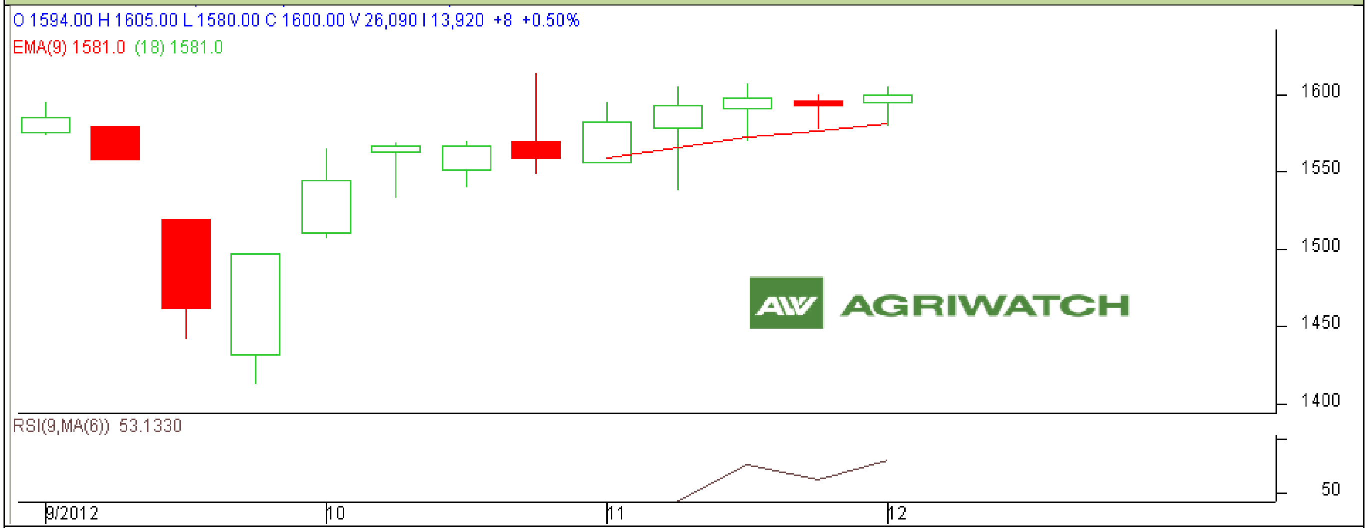
| Wheat export under OGL | Wheat (Lakh T) | Average FOB Quotes Kandla (USD/MT) | CBOT Average Quotes (USD/MT) |
|---|---|---|---|
| Oct-11 | 1.30 | 215.90 | 242.79 |
| Nov-11 | 1.80 | 225.41 | 234.05 |
| Dec-11 | 1.35 | 230.79 | 228.41 |
| Jan-12 | 1.05 | 237.07 | 237.73 |
| Feb-12 | 0.95 | 239.53 | 240.81 |
| Mar-12 | 1.23 | 244.02 | 241.00 |
| Apr-12 | 1.18 | 236.89 | 235.13 |
| May-12 | 2.57 | 252.15 | 236.73 |
| Jun-12 | 3.45 | 256.64 | 245.82 |
| Jul-12 | 3.35 | 296.12 | 318.27 |
| Aug-12 | 3.95 | 310.07 | 328.89 |
| Sep-12 | 3.55 | 314.48 | 326.52 |
| Oct-12 | 3.75 | 312.11 | 317.84 |
| Nov-12 | 3.26 | 320.19 | 317.04 |
| **Total** | **32.74** | | |

**Domestic Key Spot Market Price Comparison:**

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|---|---|---|---|---|---|
| | | | 08.12.2012 | 01.12.2012 | |
| Delhi | Lawrence Road | Mill Quality | 1580 | 1575 | 5 |
| | Nazafgarh | Mill Delivery Loose | 1560 | 1540 | 20 |
| | Narella | Mill Delivery Loose | 1520 | 1520 | Unch |
| Gujarat | Rajkot | Mill Delivery | 1700 | 1700 | Unch |
| | Ahmedabad | Mill Delivery | 1710 | 1715 | -5 |
| M.P. | Bhopal | Mill Quality Loose (Lokwan Price) | 1675 | 1700 | -25 |
| | Indore | Mill Delivery | 1600 | 1600 | Unch |
| Rajasthan | Kota | Mill Quality | 1620 | 1611 | 9 |
| U.P. | Kanpur | Mill Delivery | 1550 | 1540 | 10 |
| Punjab | Khanna | Mill Quality Loose | 1450 | 1450 | Unch |
| Haryana | Sirsa | Mill Delivery loose | 1530 | 1535 | -5 |

**Commodity: Wheat** **Exchange: NCDEX**
**Contract: January** **Expiry: January 18th, 2012**

**Wheat (Weekly Chart)**




## Technical Commentary:

- Market is moving upward and candlestick chart depicts bullishness.
- Rise in price and fall in OI hints towards Short Covering.
- Oscillator RSI is in neutral Zone.
- Prices closed above 9 days EMA and 18 days EMA.

**Strategy: Buy from entry level**

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---|---|---|---|---|---|---|---|
| Wheat | NCDEX | January | 1551 | 1560 | 1602 | 1614 | 1624 |
| **Intraday Trade Call*** | | | **Call** | **Entry** | **T1** | **T2** | **SL** |
| Wheat | NCDEX | January | **Buy** | Above 1575 | 1595 | 1606 | 1565 |

*Do not carry forward the position until the next Week.

**Weekly Outlook Domestic:** Spot and Future market is expected to trade steady to weak as wheat sowing has exceeded year on year basis area and bumper crop is very much expected.

**International Market Updates:**

**Russian Winter wheat crop might be affected by coldest winters in 20 years** as it might affect wheat crop which was already affected by dry weather.

**Indonesia has imposed 20% tariff on wheat flour import for next 200 days to** protect its domestic flour millers from foreign imports in to Indonesia. Indonesia is the largest South East Asia importer, importing about 6 million tonnes of Wheat every year. Turkey is the largest wheat flour exporter having about 60% market share in wheat flour imports.

**According to the reports Ukraine might 2013 harvest winter crops on the area** of 8.1 million hectares. As of now 92% of crop is in good and satisfactory condition. This was facilitated by the weather conditions prevailing in the majority of regions of Ukraine.

**Ukraine has already exceeded the expected export of 5.5 million tonnes of** wheat export. Traders now expect that Ukraine might export 5.6-5.7 million tonnes this year and traders will either switch for Maize or Barley.

**Indonesia the largest wheat importer in South East Asia has become the first nation** to purchase more than 4 million tonnes of wheat in a year. According to analyst Australia has 70% market share in Indonesia's wheat market.

**Australia has cut its expected wheat crop to 22.03 million** tonnes as compared to previous estimate of 22.54 million tonnes due to dry weather. Although yield are better than expected. Few analysts believe that Australia crop might be around 21 million tonnes this year.

**International Grain Council (IGC) has raised the estimate for expected** Wheat harvest area for 2013-14 at 223.3 million hectares as compared to 218.3 million hectares in 2012-13. This is largest world wheat area since 1998-99. This expected rise is due to higher domestic prices in major producing and exporting countries, as northern hemisphere was hit by severe draught this year. Higher domestic prices in Russia, Ukraine, EU and US might entice farmers to shift to wheat in 2013-14.

**IGC Wheat Balance Sheet (As on 29.11.2012)** (Quantity in MMT)

| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 estimated | Million T | Projection for 2012-13 |
|---|---|---|---|---|---|---|---|
| | | | | | | 25.10.2012 | 29.11.2012 |
| **Production** | 607 | 685 | 679 | 653 | 694 | 655 | 654 |
| **Trade** | 110 | 137 | 128 | 126 | 145 | 132 | 134 |
| **Consumption** | 603 | 645 | 652 | 659 | 692 | 679 | 678 |
| **Carryover stocks** | 132 | 173 | 200 | 194 | 196 | 172 | 173 |
| **Y-O-Y change** | 5 | 41 | 27 | -6 | -6 | -24 | -23 |
| **Major Exporters** | 47 | 69 | 79 | 73 | 73 | 50 | 50 |

**Indicative FOB Quotes:**

| | Variety | % Change over Prev. Year | 06.12.12 | Week Ago 29.11.12 | Month Ago (November) | 3 Months Ago (Sept) | Year Ago (Dec) |
|---|---|---|---|---|---|---|---|
| **USA (Chicago)** | RTRS 2srw | **27.09** | 340.00 | 356.30 | 348.00 | 345.00 | 247.90 |
| **France** | FCW3 | **30.25** | 347.40 | 360.40 | 351.40 | 335.00 | 242.30 |
| **United Kingdom** | Feed wheat | **38.33** | 361.60 | 359.50 | 351.40 | 325.00 | 223.00 |
| **Australia** | CWRS | **33.02** | 335.92 | 340.40 | 341.07 | 336.44 | 225.00 |
| **Russia** | SRW | - | NA | NA | 342.00 | 322.00 | 247.00 |
| **Canada(Spot)** | Q2FW | **19.05** | 302.30 | 301.90 | 301.10 | 307.80 | 244.70 |
| **Ukraine** | SRW | - | NA | NA | 340.00 | 319.50 | 245.50 |
| **Argentina** | SRW | **37.68** | 345.00 | 345.00 | 345.00 | 340.00 | 215.00 |

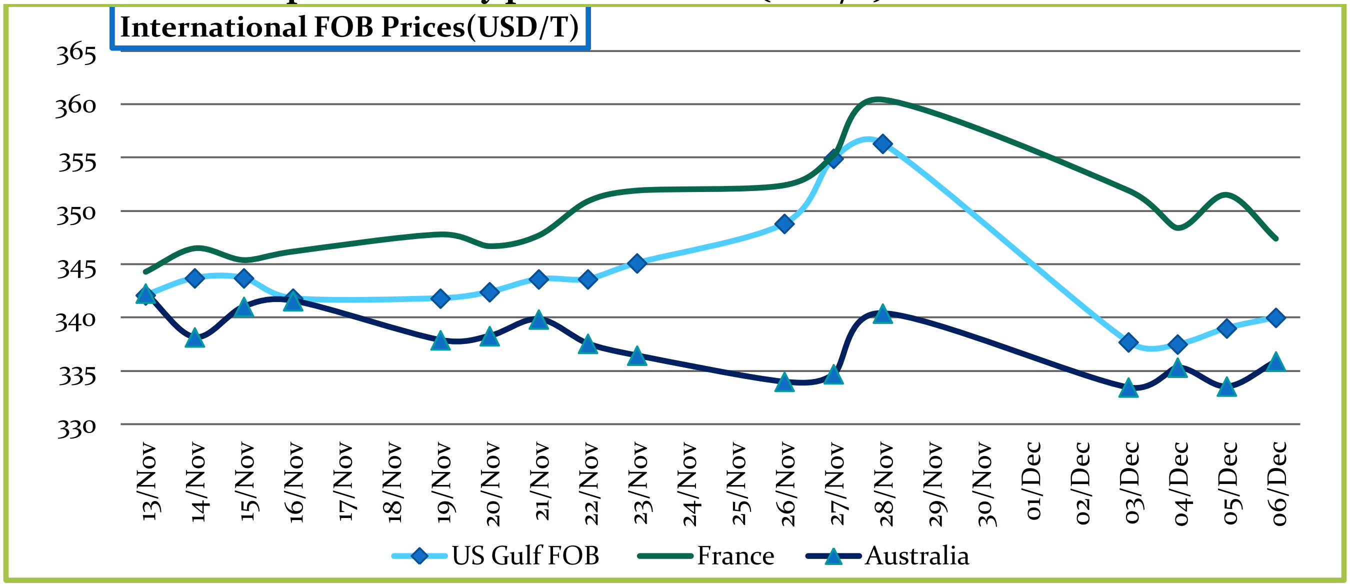
FOB quotes in the global market have been steady. Ukraine has reached the virtual higher limit of 5.5 million tonnes of wheat export and speculation is that a ban may be enforced any time soon. Poor crop reports from USA may weigh on the prices in week ahead. Global wheat FOB quotes may hover in the range of $330 to $360 per MT in the near term.

**CBOT FUTURES CONTRACT:**

| CBOT Futures Prices: Date: 07.12.12(USD/T) | | | | | | | |
|---|---|---|---|---|---|---|---|
| CONTRACT MONTH | 7 Dec 2012 | Week ago (30 Nov 2012) | 1 Month ago(7 Nov) | 3 Month ago(7 Sept) | 6 Month ago(7 June) | 1 Year ago(7 Dec) | % Change over previous year |
| Dec-12 | 310.18 | 310.36 | 328.46 | 332.50 | 250.66 | 248.55 | **19.87** |
| Mar-13 | 316.33 | 317.25 | 333.51 | 336.35 | 258.83 | 254.06 | **19.69** |
| May-13 | 319.09 | 320.37 | 335.80 | 335.99 | 264.71 | 255.99 | **19.78** |
| July-13 | 321.02 | 319.82 | 326.99 | 319.18 | 267.47 | 251.30 | **21.72** |
| Sept-13 | 324.23 | 322.85 | 329.93 | 319.91 | 271.23 | 255.07 | **21.33** |
| Dec-13 | 327.45 | 325.70 | 332.68 | 321.38 | 275.83 | 258.10 | **21.18** |

**CBOT December Future Contract Chart:**

**International FOB prices Weekly price Movement (USD/T):**




**International Weather update: (Source-USDA)**

**Argentina-** Wetter than normal conditions persisted throughout much of central Argentina, maintaining abundant to locally excessive levels of moisture for crop development. Winter wheat has been harvested 28 %, which is down 4 points from last year.

**Russia** - Mostly dry, warm weather (up to 7°C above normal) persisted in the Southern District, Russia's largest winter wheat producer, where soil moisture deficits continued to limit wheat establishment.

**Australia -** Hot, dry weather spurred winter grain maturation and harvesting across most of the wheat belt. In Western Australia, rain (up to 15 mm) was confined primarily to the northern and eastern fringes of the wheat belt, causing only temporary delays in winter grain harvesting.

**USA** - 88 percent of the winter wheat crop had emerged, 3 percentage points behind last year and 2 points behind the 5-year average. Unfavorably dry weather continued to blanket the nation's heartland, causing crop conditions to further deteriorate during the week. Most notably, good to excellent condition ratings in seven of the top ten winter wheat-producing states totaled 29 percentage points or less by November 25. Overall, 33 percent of the winter wheat crop was reported in good to excellent condition, down slightly from last week and 19 percentage points below the same time last year.