

### Domestic Market Updates:

**Cash wheat market continued to rule under pressure on increasing** possibility of higher supply from govt.'s stock on likely discounted price for OMSS. Major buyers for export are waiting for downward correction in the domestic market as export margin has decreased to a negligible level in last three- four weeks. Global wheat markets have seen a steep fall in recent weeks and importers are unwilling to buy in declining market. Increasing possibility of higher supply and likely discount for OMSS will be restrictive for any uptrend in the short and medium term.

**Even domestic millers are in wait and watch mood as they will prefer to see** stabilization in the market. Better crop prospects, favorable weather so far and govt.'s urgency to offload more wheat in the domestic market through various channels have supported bearish outlook in the short and medium term. We expect wheat market to decrease at least by Rs 50 per qtl. further if government decide to offload wheat at discounted price in local markets.

**At production front we expect bumper crop once again and total production may touch 95** million T given the normal weather, improved sowing status especially in M.P, U.P., Rajasthan and Bihar. Higher production in M.P. may create a tough challenge to procurement agency this year too. Crunch of storage space will aggravate problem further if export volume is not increased. Higher MSP (Rs 650 per T) for next season might encourage farmers to sell more wheat to govt's procurement agencies. However, it will boost wheat inflation further.

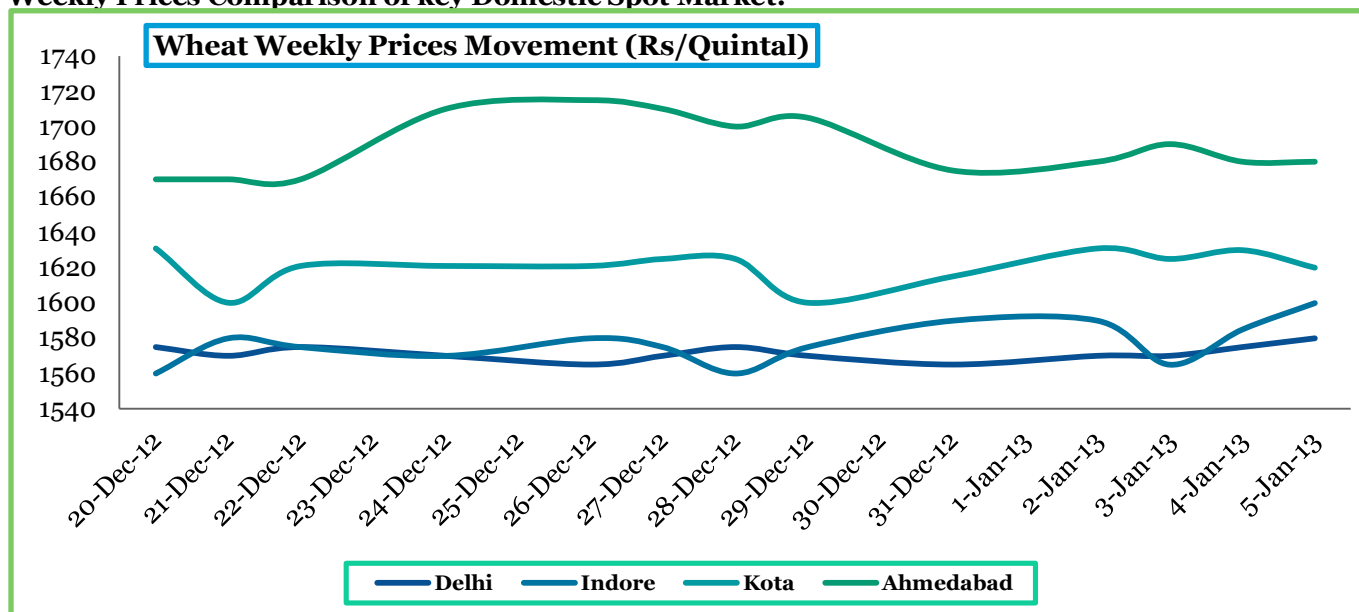
**The coverage area under wheat has crossed last year's level(286.38 against 281.80 lakh ha.)** till date(04.01.2013) and major increase has been seen in Uttar Pradesh(4 lakh ha.) M.P.(2.5 lakh ha.),Rajasthan(2.00 lakh ha.) and Bihar(2.00 ha.). Sowing in Bihar and Uttar Pradesh still continues and total area is likely to cross last year's level of 294 lakh ha. Lower area coverage in Gujarat and Maharashtra is likely to be compensated by higher area coverage in U.P. and M.P.

**Export market for India is not as lucrative as it was one month before. Steep fall** (almost \$25 to 30 per T) in global wheat market is not a good omen for India exporters. However, we expect situation to improve February onward and India can take advantage of its competitive price in MY 2013-14. We expect export volume and FOB price to decline further in Jan and Feb 2013. Around 3.24 million Tonnes of wheat have been exported so far Since April 2012. Indian wheat has been bought aggressively by South-East Asian countries. We expect 1 to 1.5 million T more export in the remaining three months.

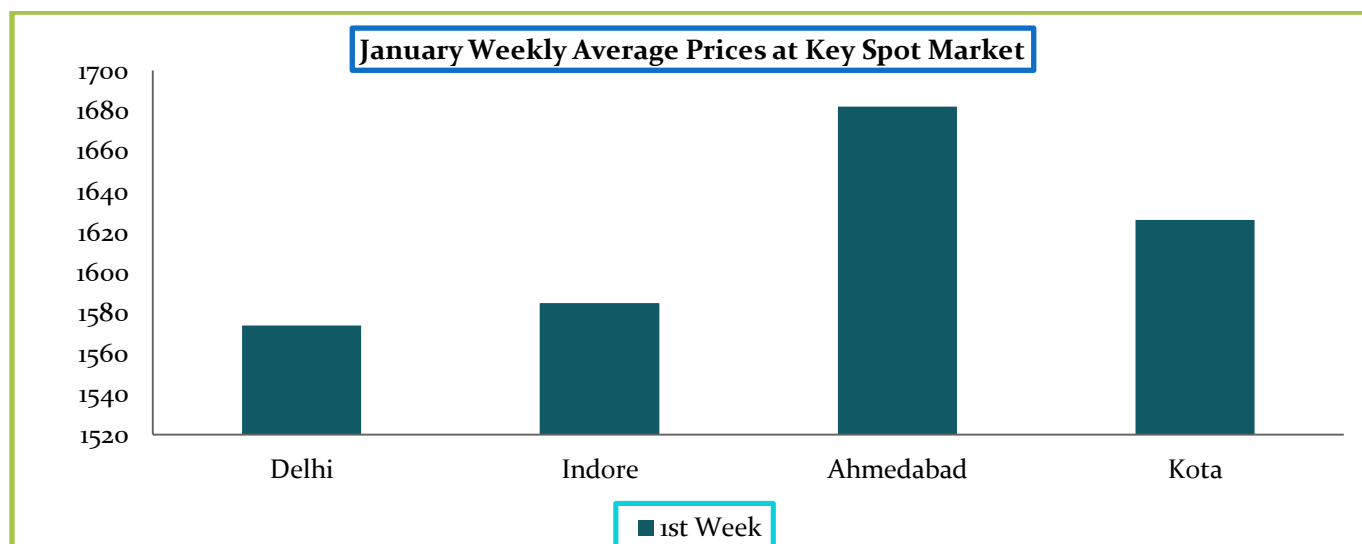
**Wheat cash market traded slightly lower on expectation of higher supply** in the weeks ahead. Government may offer discount for wheat through open market sale scheme. Market expects a discount of Rs 100 per qtl. Govt . too is in urgency of offloading higher stock from central pool as new crop is hardly 3 months away from now.

### Weather Watch:

- The All India area weighted rainfall during the week (0.4 mm) was -88 per cent below normal (3.3 mm).
- During the week the minimum temperatures were below normal to appreciably below normal over Madhya Pradesh and Vidarbha for most days; over Gangetic West Bengal, Odisha, Jharkhand, Bihar, East Uttar Pradesh and Chhattisgarh for many days & Delhi, Punjab, East Rajasthan, Saurashtra & Kutch, Konkan & Goa and Marathwada for one or two days of the week.

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


Prices remained steady to firm at key spot markets due to improved domestic demand however prices may come under pressure in the weeks ahead due to expected better sown area as compared to last year.



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
<b>TOTAL</b>	<b>677.37</b>	<b>5.22</b>	<b>682.59</b>
COARSE GRAINS	0.63	0.00	0.63
SUGAR	0.22	0.04	0.26
<b>GRAND TOTAL</b>	<b>678.22</b>	<b>5.26</b>	<b>683.48</b>

(Figures in Lakh Tonnes)

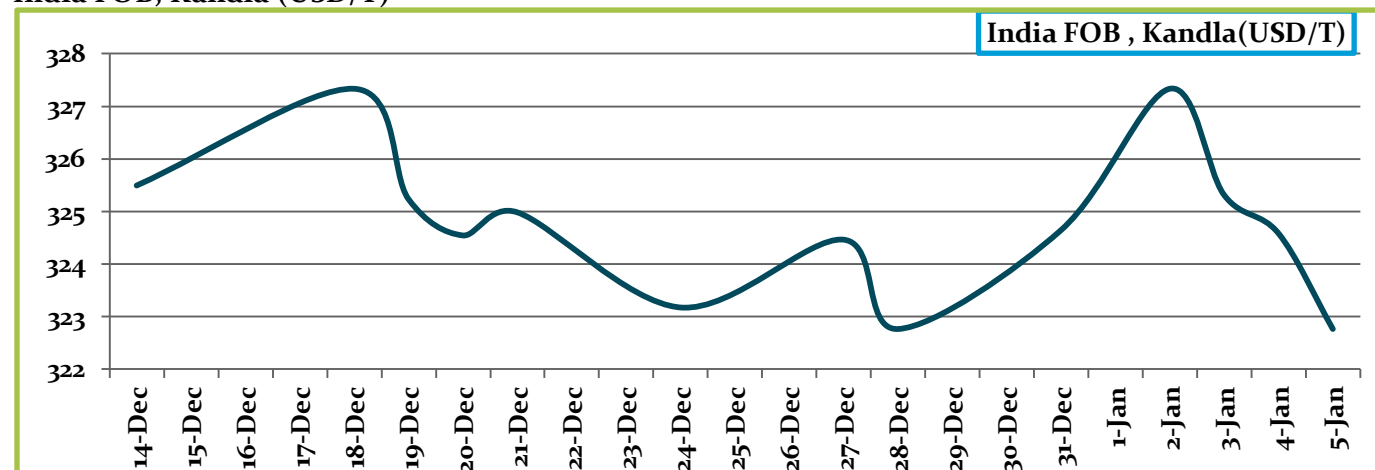
FOB Value as on 05.01.2013 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16700	16000	15500	15900	15100	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)	17700	17650	17900	17850	17150	14550	18220
<b>Indian FOB (USD/MT)</b>	<b>323</b>	<b>322</b>	<b>326</b>	<b>325</b>	<b>313</b>	<b>265</b>	<b>332</b>
Insurance @ 0.1%	0.32	0.32	0.33	0.33	0.31	0.27	0.33
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
<b>CIF (Kandla to Chittagong)</b>	<b>341</b>	<b>340</b>	<b>344</b>	<b>343</b>	<b>331</b>	<b>283</b>	<b>350</b>
INR	54.84	54.84	54.84	54.84	54.84	54.84	54.84
Russian Wheat FOB (USD/MT)	-	-	-	-	-	-	-
Parity on FOB Basis (USD/MT)	-	-	-	-	-	-	-

### Spot prices of Wheat at NCDEX Delivery Centers

NCDEX SPOT	5 Jan,2013	week ago 29 Dec 12	Month ago 5 Dec 12	Year ago 5 Jan 2012	change over previous Year %
<b>Bareilly</b>	1560	1540	1550	1173	<b>24.81</b>
<b>Delhi</b>	1573	1571	1578	1231	<b>21.74</b>
<b>Indore</b>	1575	1573	1563	1202	<b>23.68</b>
<b>Khanna</b>	1662	1668	1646	1296	<b>22.02</b>
<b>Kota</b>	1653	1650	1625	1218	<b>26.32</b>
<b>Kanpur</b>	1523	1490	1510	1090	<b>28.43</b>
<b>Karnal</b>	1500	1525	1600	1325	<b>11.67</b>
<b>Rajkot</b>	1658	1647	1653	1188	<b>28.35</b>

India FOB, Kandla (USD/T)



**Wheat Export Monthly Data:**

	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	4.26	320.19	317.04
Dec-12	6.42	326.70	299.60
<b>Total</b>	<b>40.16</b>		

**Domestic Key Spot Market Price Comparison:**

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			05.01.2013	29.12.2012	
Delhi					
	Lawrence Road	Mill Quality	1580	1570	10
	Nazafgarh	Mill Delivery Loose	1550	1550	Unch
	Narella	Mill Delivery Loose	1535	1525	10
Gujarat	Rajkot	Mill Delivery	1680	1675	5
	Ahmedabad	Mill Delivery	1700	1705	-5
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1600	1600	Unch
	Indore	Mill Delivery	1600	1575	25
Rajasthan	Kota	Mill Quality	1620	1600	20
U.P.	Kanpur	Mill Delivery	1545	1535	10
Punjab	Khanna	Mill Quality Loose	1475	1470	5
Haryana	Sirsa	Mill Delivery loose	1535	1530	5

**Commodity: Wheat**  
**Contract: February**

**Exchange: NCDEX**  
**Expiry: February 20<sup>th</sup>, 2012**

### Wheat (Weekly Chart)



### Technical Commentary:

- Market is moving downward and candlestick chart depicts bearishness.
- Fall in price and rise in OI hints towards Short Buildup.
- Oscillator RSI is in neutral Zone.
- Prices closed below 9 and 18 days EMA.

### Strategy: Sell from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	February	1460	1485	1529	1558	1588
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	<b>Sell</b>	Below 1530	1505	1490	1550

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

**Domestic Weekly Outlook:** Spot and Future market is expected to trade steady to weak as wheat sowing area has crossed area covered last year's area at the same time and it seems that area sown will be around 29.5 million hectares, hence bumper crop is very much expected. Supply from government stocks and sluggish demand will add pressure to bearish tone.

### International Market Updates:

**World Largest wheat buyer Egypt has enough stocks of wheat** for at least 5.5 months. GASC is expecting wheat supplies from the local market to increase to 4 million tonnes this year from 3.7 million last year. Nomani, vice chairman of GASC has said he expected wheat imports this fiscal year to drop to 3.8 million tonnes from an earlier estimate of 4.8 million. GASC has so far bought a total of 6.84 million Tonnes of wheat this fiscal year (June-12 to July 13) out of this 6.84 Million tonnes, 3.14 million tonnes of wheat were from international markets and 3.7 million from the local market. According to FOA Egypt harvested 8.69 million tonnes of wheat in summer 2012, up 4 percent from the 8.37 million tonnes in 2011.

**Despite of the rainfall in recent days the US winter wheat condition is not so good.** Precipitation couldn't bring the amount of moisture needed. In Kansas, the top wheat producing state, the crop was rated 24 percent good to excellent as of Dec. 30, down from 29 percent at the end of November. In Nebraska, the hard red winter wheat crop was just 14 percent good, 0 percent excellent compared to 74 percent a year ago according to U.S. Agriculture Department's National Agricultural Statistics Service.

**CBOT has risen as US weekly exports have highest in two years.** Buyers have again turned to US as CBOT has fallen to lowest point in Six months and it is expected both spot and future might rise on revived demand for wheat.

**Argentina wheat export limit may be further** reduced as crop production seems to be lower than previous estimate of 10.1 million tonnes. Traders and Research Analyst sees Argentina Production at 9.5 million tonnes, due to regular rains which resulted in flooding of the fields. However, According to Ministry of Agriculture's latest release ministry sees Argentina Wheat crop at 10.5 million Tonnes 50 Lakh tonnes less from previous estimate.

**Ukraine Government earlier has urged traders to halt wheat exports;** but now has allowed 300,000 tonnes for export through government run organizations. According to official data, Ukraine has already exported 5.7 million tonnes of wheat as of December 18, 2012 now, it is expected that Ukraine export 6 million tonnes of wheat this year.

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
<b>Production</b>	607	685	679	653	694	655	654
<b>Trade</b>	110	137	128	126	145	132	134
<b>Consumption</b>	603	645	652	659	692	679	678
<b>Carryover stocks</b>	132	173	200	194	196	172	173
<b>Y-O-Y change</b>	5	41	27	-6	-6	-24	-23
<b>Major Exporters</b>	47	69	79	73	73	50	50



**Indicative FOB Quotes:**

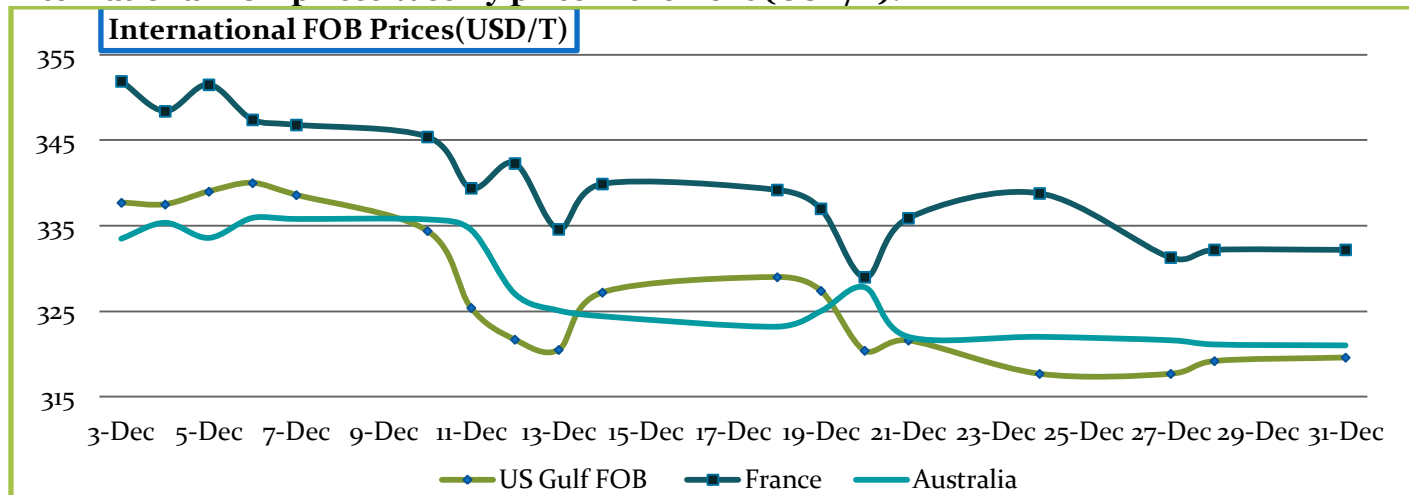
	Variety	% Change over Prev. Year	31.12.12	Week Ago 24.12.12	Month Ago (November)	3 Months Ago (Sept)	Year Ago (Dec)
<b>USA (Chicago)</b>	RTRS 2srw	<b>18.59</b>	319.60	317.70	337.70	351.20	260.20
<b>France</b>	FCW3	<b>20.05</b>	332.20	338.80	351.90	339.10	265.60
<b>United Kingdom</b>	Feed wheat	<b>30.17</b>	334.80	340.20	360.90	324.20	233.80
<b>Australia</b>	CWRS	<b>25.23</b>	321.00	321.60	333.48	346.05	240.00
<b>Russia</b>	SRW	-	NA	NA	332.50	322.00	247.00
<b>Canada(Spot)</b>	Q2FW	<b>22.96</b>	302.20	302.20	301.90	305.20	232.80
<b>Ukraine</b>	SRW		NA	NA	330.00	319.50	245.50
<b>Argentina</b>	SRW	<b>35.42</b>	360.00	345.00	345.00	338.00	232.50

Global wheat market continued to rule under pressure on declined export volume from US and buyers have been able to source wheat at lower price from other source than US. However, we expect fresh buying interest at lower level and market might recover in the medium term as weather issue in US, Black Sea Region continues to haunt wheat farmers abroad. Short term outlook is bearish and international FOB is expected to be in the range of USD 315-340/T.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices: Date: 04.01.13(USD/T)							
CONTRACT MONTH	4 Jan 2012	Week ago (28 Dec 2012)	1 Month ago(4 Dec)	3 Month ago(4 Oct)	6 Month ago(5 July )	1 Year ago(4 Jan )	% Change over previous year
Mar-13	274.72	286.11	314.68	323.22	314.31	270.59	<b>1.50</b>
May-13	278.03	289.69	317.89	323.22	313.30	273.90	<b>1.49</b>
July-13	280.42	292.08	318.26	309.99	310.18	272.15	<b>2.95</b>
Sept-13	284.64	296.86	321.38	311.10	310.36	275.09	<b>3.36</b>
Dec-13	289.33	301.64	324.78	314.49	314.04	277.85	<b>3.97</b>
Mar-14	293.28	305.68	326.43	316.79	314.68	279.68	<b>4.64</b>

**CBOT March 13 Future Contract Chart:**

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

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

**Argentina-** Drier conditions prevailed throughout central Argentina, although unseasonably heavy rain lingered over southern production areas. Rainfall totaled 25 to 90 mm over central and southern Buenos Aires and nearby locations in La Pampa; in contrast, little to no rain fell from Cordoba to southern Entre Rios and northern Buenos Aires. Winter wheat was 70 percent harvested an increase of 13 points from last week but still 9 points behind last year.

**Russia and Ukraine** - Snow and somewhat milder weather eased the winterkill threat in Russia, although some additional burnback was likely early in the week. After several weeks of bitter cold, temperatures moderated to more seasonable levels. Snow depths averaged less than 5 cm in the aforementioned areas, while depths of 10 to 25 cm protected winter grains and oilseeds from northern Ukraine and southern Belarus into northern Russia.

**Australia-** Hot, mostly dry weather persisted in western and southern Australia, favoring uninterrupted winter grain harvesting. Temperatures averaged near to above normal (up to 4°C above normal), with maximum temperatures approaching 40°C in some areas. Temperatures in major summer crop producing areas were generally seasonable, with maximum temperatures in the 30s (degrees C).

**North West Africa-** Light showers moistened topsoil for vegetative winter grains. A weak cold front generated light to moderate showers (2-12 mm) from northern Morocco into northeastern Algeria, maintaining favorable moisture for wheat and barley. Showers diminished across northern Tunisia (less than 2 mm), although subsoil moisture remained adequate for winter wheat.

**International Weekly Outlook:** International market is expected to trade under pressure due lower exports of US, weak international demand and increased global production estimate, however fresh exports demand might support prices at lower levels.

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