

### Domestic Market Updates:

**According to PIB (Press Information Bureau), wheat has been so far sown in 291.27** lakh hectares as compared to last year's 292.90 lakh hectares at the same time. In Maharashtra wheat has been sown in 4, 49, 966 hectares so far, which is 46.5 % of the Normal area. Last year at the same time wheat was sown in 4, 36,831 hectares. Maharashtra has set target of 10, 50,100 hectares. In Rajasthan wheat has been sown in 28, 20, 300 hectares so far, which is 100.7% of the target area. Last year at the same time wheat was sown in 29, 35,000 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

**There are rumors in market that South Korean millers are now turning to other** countries for feed wheat supplies due to concern over Indian feed wheat quality. South Korea has emerged as one of the big buyer of Indian feed wheat, in 2012, but millers say it contains high levels of foreign matter, pushing up processing costs.

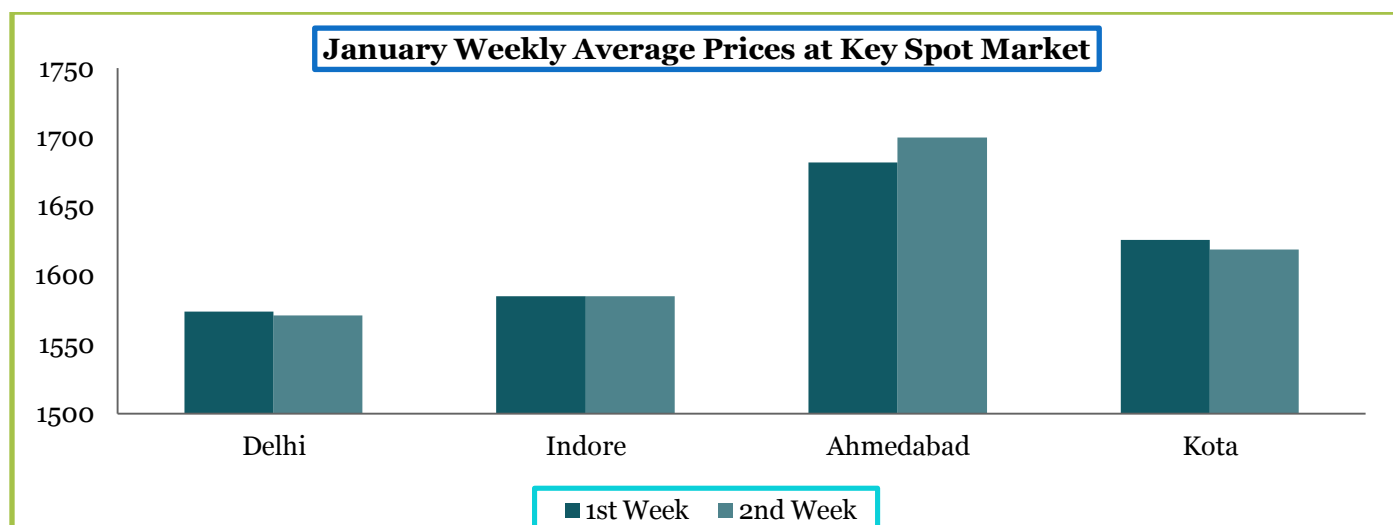
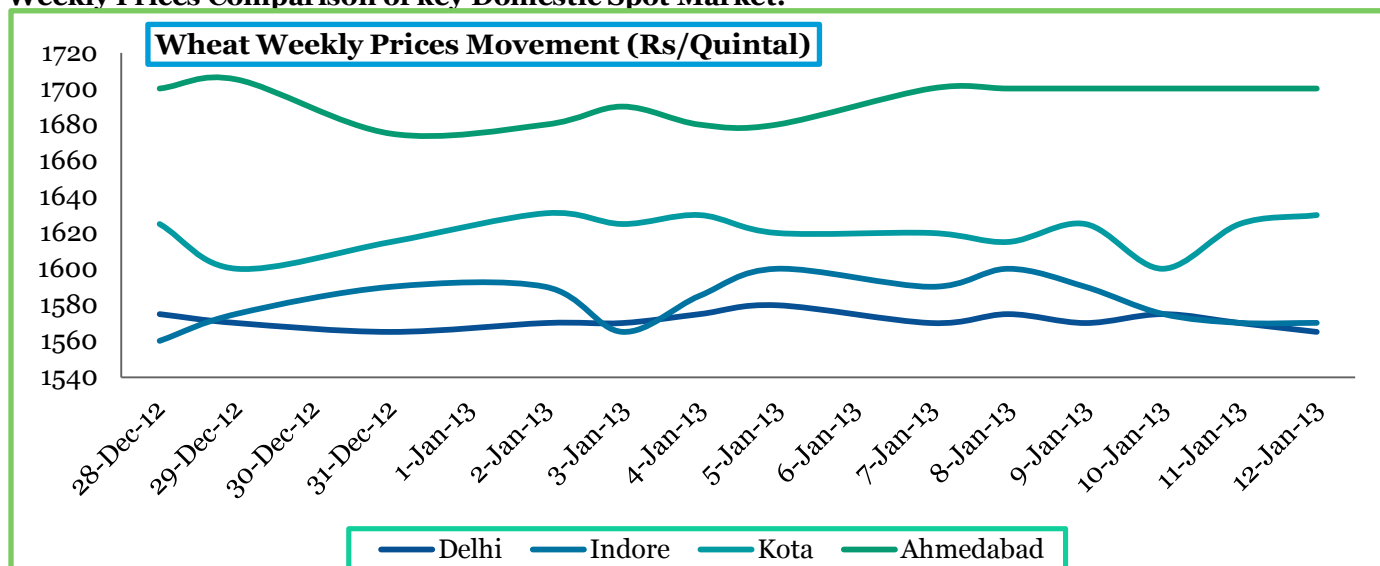
**OMSS wheat release prices can be discounted by Rs 100 as wheat lifting has been low** in previous releases. Government had allocated 6.5 million tonnes but half of the allocated quantity was lifted. Release prices had varied from Rs 1401/Q to Rs 1556/Q for different states. To increase lifting and reduce the stocks government can either go for cutting down prices to Rs 1,170/Q plus freight, absorbing the state levies or fixing the MSP as base price plus freight charges freeing away the state levies.

**Government has 34.38 million tonnes of wheat stock with it which is** almost 3 times of the norm and with sowing for current crop has reached 28.6 million hectares which is higher than last year's 28.1 million hectares at the same time. With weather condition favorable and increased MSP farmers might shift to wheat and wheat's final sown area might be around 29.5 million hectares which will again create storage problem.

**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.

### Weather Watch:

- The All India area weighted rainfall during the week (2.5 mm) was -38 per cent below normal (4.0 mm).
- The cumulative seasonal rainfall during 1st October to 31st December 2012 for the country as a whole was 100.6 mm which is -21 per cent below normal rainfall of 127.2 mm.
- In the country, 10 per cent districts received excess and 21 per cent districts received normal rainfall during post monsoon season so far. However, 26 per cent districts received deficient and 27 per cent districts received scanty rainfall and 16 per cent districts received no rainfall

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


Prices remained steady to weak in the previous week as demand has been sluggish in the market, it is expected that government might reduces Rs 100/Q on wheat release and the sowing progress has been good and as of now it is expected that area will be around 29.5 million hectares this year.

STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.01.2013:	IN STORAGE	IN TRANSIT	TOTAL
RICE	319.11	3.10	322.21
WHEAT	341.50	2.33	343.83
Wheat lying in Mandies	0.00	0.00	0.00
<b>TOTAL</b>	<b>660.61</b>	<b>5.43</b>	<b>666.04</b>
COARSE GRAINS	0.89	0.00	0.89
SUGAR	0.24	0.11	0.35
<b>GRAND TOTAL</b>	<b>661.74</b>	<b>5.54</b>	<b>667.28</b>

(Figures in Lakh Tonnes)

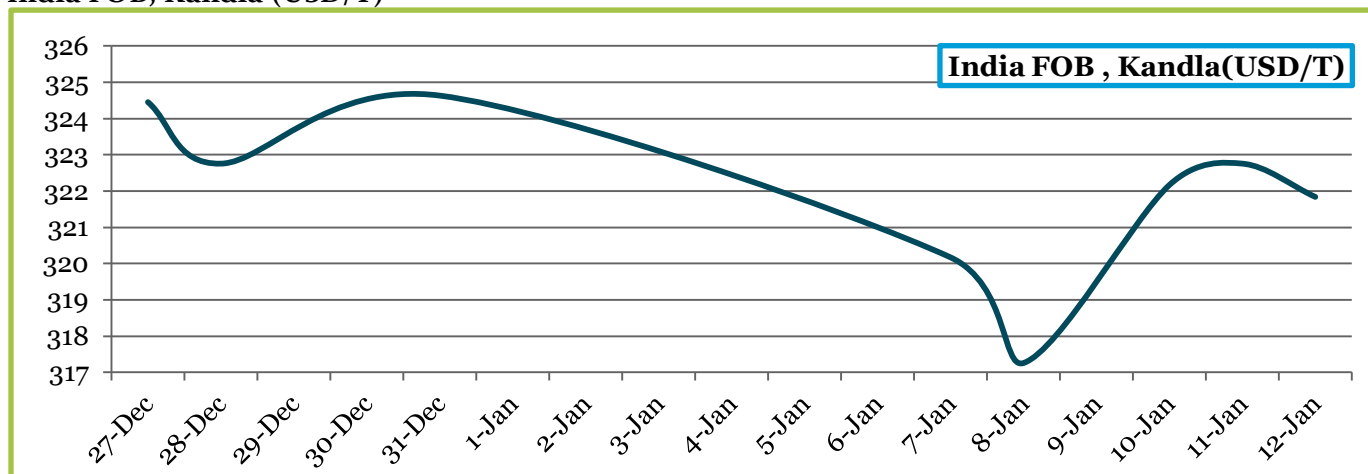
FOB Value as on 12.01.2013 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16100	16100	15300	15500	15300	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)	17100	17750	17700	17450	17350	14550	18220
<b>Indian FOB (USD/MT)</b>	<b>314</b>	<b>326</b>	<b>325</b>	<b>320</b>	<b>318</b>	<b>267</b>	<b>334</b>
Insurance @ 0.1%	0.31	0.33	0.32	0.32	0.32	0.27	0.33
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
<b>CIF (Kandla to Chittagong)</b>	<b>332</b>	<b>344</b>	<b>343</b>	<b>338</b>	<b>336</b>	<b>285</b>	<b>352</b>
INR	54.53	54.53	54.53	54.53	54.53	54.53	54.53
Russian Wheat FOB (USD/MT)	-	-	-	-	-	-	-
Parity on FOB Basis (USD/MT)	-	-	-	-	-	-	-

### Spot prices of Wheat at NCDEX Delivery Centers

NCDEX SPOT	12 Jan,2013	week ago 5 Jan 13	Month ago 12 Dec 12	Year ago 12 Jan 2012	change over previous Year %
<b>Bareilly</b>	1540	1560	1550	1225	<b>25.71</b>
<b>Delhi</b>	1570	1573	1584	1244	<b>26.21</b>
<b>Indore</b>	1555	1575	1575	1219	<b>27.56</b>
<b>Khanna</b>	1667	1662	1657	1298	<b>28.43</b>
<b>Kota</b>	1641	1653	1634	1228	<b>33.63</b>
<b>Kanpur</b>	1500	1523	1500	1150	<b>30.43</b>
<b>Karnal</b>	1490	1500	1525	1373	<b>8.52</b>
<b>Rajkot</b>	1630	1658	1650	1222	<b>33.39</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
			12.01.2013	05.01.2013	
Delhi					
	Lawrence Road	Mill Quality	1565	1580	-15
	Nazafgarh	Mill Delivery Loose	1550	1550	Unch
	Narella	Mill Delivery Loose	1540	1535	5
Gujarat	Rajkot	Mill Delivery	1625	1680	-55
	Ahmedabad	Mill Delivery	1700	1700	Unch
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1600	1600	Unch
	Indore	Mill Delivery	1570	1600	-30
Rajasthan	Kota	Mill Quality	1630	1620	10
U.P.	Kanpur	Mill Delivery	1545	1545	Unch
Punjab	Khanna	Mill Quality Loose	1470	1475	-5
Haryana	Sirsa	Mill Delivery loose	1520	1535	-15

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

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

### Wheat (Weekly Chart)

O 1523.00 H 1529.00 L 1445.00 C 1462.00 V 30,550 I 10,200 -67 -4.38%

EMA(9) 1537.3 (18) 1537.3



### Technical Commentary:

- Market is moving downward and candlestick chart depicts bearishness.
- Fall in price and rise in OI and Volume 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	1412	1430	1462	1493	1508
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	<b>Sell</b>	Below 1475	1455	1445	1490

\*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 there are speculations that government might reduce at least Rs 100/Q on wheat release to reduce the stocks and make way for new crop in coming months and strong sowing report has further pressurized the market.

### International Market Updates:

**According to USDA's WASDE report** World wheat production estimate has been reduced to 654.31 million tonnes as compared to December 2012 estimate of 655.11 million tonnes. World Trade and ending stocks too has been reduced to 131.97 million tonnes and 176.64 million tonnes respectively. US exports remain same at 28.58 million tonnes but ending stocks has been reduced to 19.50 million tonnes due to increase in domestic consumption. This might support the markets as in near term.

**Bangladesh's state grains buyer has received the lowest bid of USD 348.97/T CIF**, from Dong Yang Chemical a Korean Company for its tender to buy 50,000 tonnes wheat. In previous tender Samjin Company, made the lowest bid of USD 346.45/T. In various other tenders bids received were USD 359.66/T for 100,000 tonnes of wheat to a local trading firm, USD 352.95/T to South Korean Daewoo tonnes and USD 344/T to India's LMJ International to buy another 100,000 tonnes.

**According to traders and analysts poll Canada wheat area can reach 24.7 million acres**, 4% more than last year, which will be the largest crop in previous four years. This increase could be due to higher prices in US and lower yield in Canola.

**Round 97% of the Argentinean wheat crop has been harvested** as weather remained sunny and bright. As of now Argentinean wheat crop is estimated somewhere between 9.5-10.5 million tonnes.

**As per U.S. Agriculture Department winter wheat has been seeded** 42.687 million acres out which Hard Red Winter Wheat is 29.1 million acres as compared to 29.86 million acres in 2012. However, area covered is below the trader's estimate hence this might support the future market

**France exported 1.25 million tonnes of soft wheat in November**, bringing the total wheat export so far for this season to 6.15 million, down 18 percent on the year-earlier period. France's wheat exports outside the EU since the start of the 2012-13 seasons on July 1 were down 20 percent at 3.53 million tonnes, while exports within EU were down 16 percent at 2.63 million tonnes.

**China has started sourcing high quality wheat from US and Canada as domestic prices** has been rising. Chinese wheat crop will be harvested in May and till then China has to import wheat. China has started buying wheat as wheat prices have fallen internationally due to slack buying this might support market lower level.

IGC Wheat Balance Sheet (As on 29.11.2012)

(Quantity in MMT)

	2007-08	2008-09	2009-10	2010-11	2011-12 estimate	Million T	Projection for
						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	10.01.13	Week Ago 03.01.13	Month Ago (December)	3 Months Ago (Oct)	Year Ago (Jan)
<b>USA (Chicago)</b>	RTRS 2srw	<b>19.56</b>	306.90	-	334.40	345.80	256.70
<b>France</b>	FCW3	<b>27.64</b>	329.70	-	345.40	336.10	258.30
<b>United Kingdom</b>	Feed wheat	<b>38.61</b>	334.60	-	357.00	319.70	241.40
<b>Australia</b>	CWRS	<b>26.86</b>	307.45	-	335.74	345.26	242.36
<b>Russia</b>	SRW	-	NA	NA	332.50	322.00	247.00
<b>Canada(Spot)</b>	Q2FW	<b>28.57</b>	299.30	301.20	301.90	305.20	232.80
<b>Ukraine</b>	SRW	-	NA	NA	330.00	319.50	245.50
<b>Argentina</b>	SRW	<b>54.84</b>	360.00	365.00	345.00	338.00	232.50

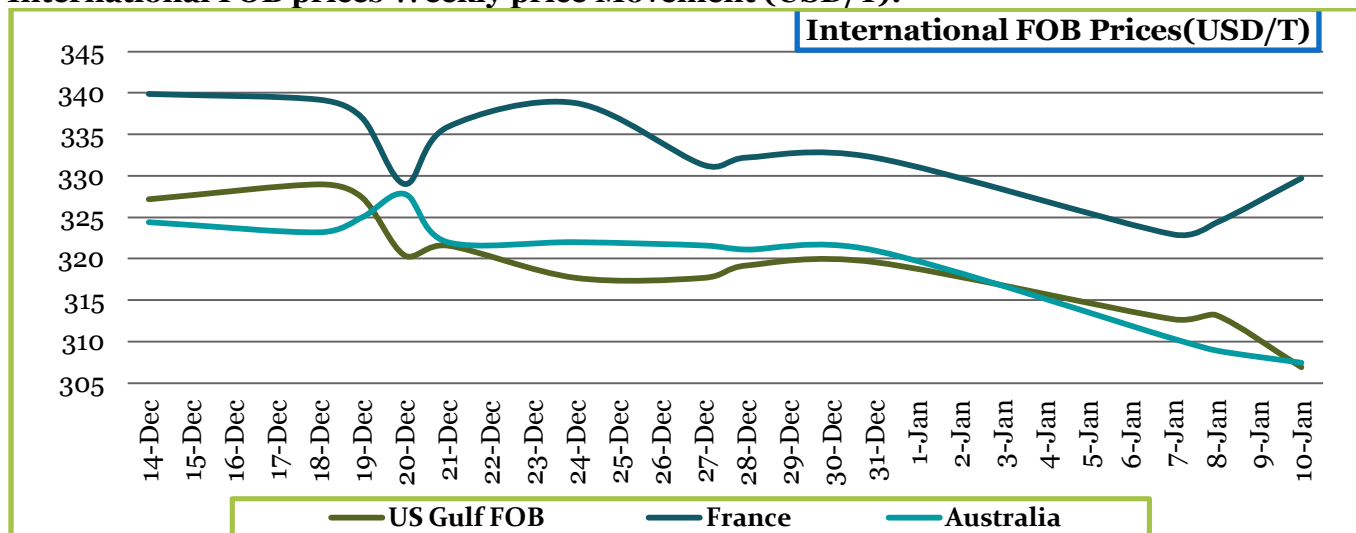
Global wheat market can rebound this week and trade between USD 310-340/T as USDA has World wheat production estimate has been reduced to 654.31 million tonnes as compared to December 2012 estimate of 655.11 million tonnes. World Trade and ending stocks too has been reduced to 131.97 million tonnes and 176.64 million tonnes respectively. Prices have fallen too low in past weeks this might bring buyers to market.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices: Date: 11.01.13(USD/T)							
CONTRACT MONTH	11 Jan 2012	Week ago (4 Jan 13)	1 Month ago(11 Dec 12)	3 Month ago(11 Oct 12)	6 Month ago(11 July )	1 Year ago(11 Jan )	% Change over previous year
Mar-13	277.30	274.54	301.82	329.56	311.00	267.19	<b>3.78</b>
May-13	279.96	278.03	306.32	329.83	310.64	270.59	<b>3.46</b>
July-13	281.80	280.42	309.44	316.52	301.36	268.57	<b>4.92</b>
Sept-13	285.10	284.64	313.39	317.53	301.54	270.77	<b>5.29</b>
Dec-13	290.43	289.33	317.98	320.28	303.47	273.71	<b>6.11</b>
Mar-14	294.84	293.28	321.29	322.58	305.13	276.19	<b>6.75</b>

**CBOT March 13 Future Contract Chart:**



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

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

**Argentina-** Rainfall tapered off across southern farming areas, aiding seasonal fieldwork even though some areas remained excessively wet from lingering patches of standing water. Winter wheat was 82 % harvested an increase of 12 points from last week but still 8 points behind last year. In Buenos Aires, Argentina's largest producer of wheat, harvesting advanced 21 points, although progress was 20 points behind last year at 66 percent complete.

**Russia and Ukraine** - A fresh snowfall along with somewhat milder weather benefited winter grains. Light to moderate snow (2-12 mm liquid equivalent) provided dormant winter crops additional insulation from potential incursions of bitter cold. Temperatures averaged 1 to 3°C above normal, minimizing the risk for any additional freeze damage or winterkill.

**Australia-** In Western and south eastern Australia, hot, dry weather favored winter wheat harvesting, allowing fieldwork to continue without delay. Reports indicated harvesting is rapidly approaching completion in western and southern Australia, and that harvesting has already concluded across much of eastern Australia.

**North West Africa-** A slow-moving cold front generated light to moderate rainfall (2-50 mm) across Algeria and Tunisia, improving topsoil moisture for vegetative winter wheat. Rain was lighter (5 mm or less) in Morocco, where generally sunny skies promoted wheat development. Temperatures averaged near normal, with nighttime temperatures well above freezing.

**International Weekly Outlook:** International market is expected to rebound but will trade with bearish basis as USDA has reduced world crop production estimate. Prices have fallen too low in past weeks which might attract buyers at these low levels.

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