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Wheat Market Summary & Outlook

Domestic

- Wheat cash and future market remained under pressure amid dull trading activities and expectation of all time high production.
- Weather has been favourable so far and recent rains are said to be beneficial to the standing crop in major growing regions.
- Prices in cash market are likely to dip in weeks ahead on back of ample stock release from federal govt. stock.
- The wheat sowing area increased to 29.25 million hectares from 28.32 million hectares.
- The country is expecting a wheat output beyond 83 million tons this rabi season against govt.'s second advance estimate of 81.47 MMT.
- The wheat acreage in Rajasthan is likely to be over 25 lakh hectare as against 23.94 lakh hectare last year.
- The output is likely to cross 85 lakh tons. Crop loss is feared only in hailstorm-hit areas of Sikar, Jhunjhunu and Churu.
- Crop conditions in major growing regions have been excellent so far. However, temperature in next three-four weeks are very crucial and we need to have a close eye on it.

International

- International market remained closed on Saturday and Monday.
- Prices of wheat eased in international market due to uncertainties in importing nations.
- China's worst drought in decades is likely to continue, putting the winter wheat harvest at risk.
- Argentina's production of wheat is sharply higher than a year .wheat output is estimated to jump to 15 million tons from 8.5 million tons because of exceptionally high yields in some regions.
- Global trading interests have been positioning to pursue any increase in Chinese import demand, which they expect to pick up following the drought that began in October.
- Abare sees 2010-11 wheat output at 26.32 MMT Vs December forecastof 26.82 MMT
- France raised its forecast for the 2010-11 ending stocks.
- China would reduce import tariffs for some agricultural products. Gains looked excessive amid a lack of confirmation of tax cuts.
- Russia may not extend export ban beyond 1st July.
- International Grains Council has increased its estimate for global wheat production by 23 million tons next season at 670 million tons.
- Area is expected to rise by 2 percent with farmers expected to stretch even further to exploit soaring grain markets.

Market Fundamentals

(Domestic)

Wheat future and cash markets continued to be under pressure due to various factors like favourable weather, increased area and higher production estimate. Rainfall activity in some parts of northern India such as Uttar Pradesh, Haryana and Punjab resulted to strong boost to wheat crop as crop is currently reported in grain formation stage.

Therefore ,anticipation of strong supplies in the near term might add some selling pressure.

However, next three -four weeks are very crucial for wheat crop in terms of estimating final production figure. If day temperature continues to rise, arrival for growing regions may start early. We need to keep close eye on weather development. Amid adequate stocks against lower demand and restricted trading activities prices are likely to dip in weeks ahead.

(International)

Uncertainty of wheat crop in major wheat exporting nations and unfavourable weather may keep wheat prices at upper level, but uptrend is unlikely to continue as demand decreased at higher level.. Argentina is likely to harvest bumper crop, almost 3 MMT more than previous year. Prices of wheat may dip in the international market in weeks ahead on decreased demand and increased overall area. China and India, the biggest consumers have ample stock and are able to take care of their domestic demands even in the worst case. Australia, Canada and US have ample stock to ease supply crunch in the overseas market.

Prices are likely to trade in the range of Rs 1200 to Rs1300 in most of the cash markets depending on quality as well as regions specific conditions with steady to weak bias in near term. Gains are likely to be restricted in medium term due to price curbing policy and govt.'s intention to curb inflation and augment regular supply through open market and PDS Channels. Increased area has heightened the hope for bumper crop production once again despite some damage in Punjab and Rajasthan. Recent rains have boosted up hopes for bumper production.

International

- Demand eased in international wheat market due to uncertain political scenario in major importing nations. Expectation of higher production and improvement in weather condition has given some respite.
- Fresh news is thin, but futures will be dictated by the cash - and cash will be dictated by the slew of tenders over the next week. In that context, there is no obvious reasons why this market should decline. Overnight is up 8¢, the US$ index is up 15 points at 78.50, WTI is up 50¢ at $87.25, the Brent premium is $13.
- China has ample stock to meet domestic wheat demand and does not seem to be in panic buying mood so far despite drought engulfing the major wheat growing regions.
- Australia's ABARE has slashed its production estimate and pegged it at26.3 MMT, almost 5 lakh ton lower than previous estimate.
- US wheat futures closed lower on profit-taking ahead of the three-day holiday weekend, retreating after Thursday's rally that was fueled in part by talk China would reduce import tariffs for some agricultural products.
- Gains looked excessive amid a lack of confirmation of tax cuts. "The market felt like yesterday's rebound on that China news might have been an overreaction.
- International Grains Council has increased its estimate for global wheat production by 23 million tons next season. In its latest report, the influential intergovernmental group mainly attributed better Russian weather for the newly projected target of 670 million tones. The figure represents an improvement of 3.6% year on year, although leaves production short of the record 683m tonnes set three years ago, and reflected a rise in area greater than the 2% forecast last month, with farmers expected to stretch even further to exploit soaring grain markets.
- Global 2010/11 wheat consumption is projected 1.2 million tons lower, mostly reflecting reduced wheat feeding in EU-27, the United States, and Kazakhstan. Food use is also lowered for EU-27 and Pakistan. Partly offsetting are increases in feed use in South Korea, Thailand, and Vietnam, and higher expected residual loss in Australia with the rain-damaged crop. Global ending stocks are raised 1.3 million tons with increases for EU-27, Argentina, and Australia, more than offsetting the U.S. reduction.
- Global wheat production prospects in 2011-12 appear bright with the possibility of a 3 per cent expansion in planted area. Growers are seen responding to high prices of recent months.
- World wheat imports and exports for 2010/11 are both raised slightly. South Korea imports are raised 0.4 million tons, mostly offsetting an expected reduction in corn imports. Imports are also raised 0.2 million tons each for Thailand and Vietnam based on the pace of shipments to date and the increased availability of feed quality wheat in Australia.
- Imports are lowered 0.5 million tons for EU-27 based on the slow pace of import licenses to date. Major shifts among exporters are projected as importers focus on U.S. supplies to meet their milling needs.

All these factors including rough weather are likely to keep the world wheat market at upperside in near and medium term despite adequate export availability in US amid unfavorable weather. However correction is expected at higher level. Weather in Canada and Australia are showing sign of improvement but will reduce the

total production and availability against export demand. Drought in China is also fanning the uptrend. Overall trend seems to be bullish in medium term.Demand at higher level has come down.

World & Domestic Market Report

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World Market:

- Argentina government authorized exports of wheat for 1 million tons for the 2010/2011 season due to high production levels during the harvesting season. The quota's release, which had already been referred to by members of the Agriculture Ministry in January is now effective.
- All aggressive buying of wheat at international market shows that the world buyers are still in their panic buying mode. Total export sales year to date are 28% higher than the five year average as expected by the USDA. The four-week average sales pace is 65% above the five-year average, which shows how aggressive the world buyers have been the past few weeks.
- French government agency for agriculture and fisheries, FranceAgriMer, raised its forecast for the 2010-11 ending stocks for the country's soft wheat, despite a surge in exports and stable production.
- As of early February, the agency has raised the ending stocks total for this key cash crop to 2.21 million metric tons from a 20-year low estimate of 1.96 million metric tons a month earlier, a gain of 12.8%.
- Europe's top wheat producer expects to ship a record 12.1 million metric tons outside the European Union in .
- International wheat market could not sustain its uptrend and tumbled down after touching 30 months high on profit taking. Market has already touched its high and uptrend is unlikely to continue at this level. However, more downward correction is unlikely because of the fear of China drought and more demand from china this year.
- On the weather front, there is snow in the forecast for the plains. This will bring much needed moisture to the crop and give it a nice insulating cover to protect it from more winter kill.
- The global wheat area is projected to rise by about 2%, boosted by higher prices and a return to more normal abandonment rates, especially in Russia," the IGC said, adding that the outlook for northern hemisphere grains crops "generally appears favourable at this early stage". Russia's grains output fell by nearly 40% last year, dented by the worst drought on record.
- Global wheat inventories will be 176.72 million tonnes by May 31, 2.4 percent more than last month's estimate, the U.S. Department of Agriculture said Dec. 10. Stockpiles were higher than any of the forecasts in a Bloomberg News survey of 17 analysts. The USDA raised its crop estimate for Australia by 6.3 percent, even after heavy rains threatened output.

Domestic (India) Market

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- Wheat market remained under pressure on various reasons like better crop prospects, higher area, favourable weather and expectation of higher stock to be offloaded in the market in next two months.
- Rains in north India are expected to boost the yield of wheat crop helping the country achieve record grain production.
- The current rainfall will prove positive for the standing wheat crop .The temperatures have come down due to the recent rainfall which are essential for the wheat crop. This will help farmers avoid extra irrigation and will take up the yields considerably.
- Production of wheat is likely to go up beyond 83 MMT this season. Govt may reconsider on export ban in weeks ahead.
- Crop size may be lower than expectation in Rajasthan due to lower temperature in January. However, overall production will be up from last year due to increased area.
- On the back of good rainfall observed just before sowing and recent rains, both states are optimistic about high yield of wheat crop. Punjab is looking at yield of 4,400 kg per hectare, against last year's yield of 4,370 kg. Similarly, Haryana is seeing its yield at 4,650 kg a hectare, against 4,213 kg last season.
- Supply is adequate against demand and flour millers are buying to fulfill their immediate requirement. Wheat prices have come down Rs 50 per qtl' in last one week and pressure is still on on higher production prospects, favourable weather and increased area.
- Stakeholders have reduced their position even in future market. In last one week. Traders are of the view that market has no support for uptrend. Govt. is augmenting supply through various channels and it

will keep market depressed until new crop arrivals, given the normal weather conditions throughout the producing regions.

- Meanwhile, Punjab and Haryana during current season are eyeing wheat output of 269 lakh Metric Tonne (MT) in Rabi season 2010-11, up by 5 per cent over last year's production. Punjab has projected wheat production at 154 lakh MT against 151.69 lakh MT output achieved in last season. Haryana has set a target to achieve wheat output of 114.62 lakh MT in current season, which will be almost 10 per cent higher than wheat production of 105 lakh MT.
- India is unlikely to lift curbs on export of wheat, rice in short term notwithstanding high buffer stocks. Government officials are of the view that these stocks would not be enough to meet domestic demand as the government proposes to enact a universal food security law.

We feel that prices of wheat may trade steady to weak in near term on hope of higher area coverage, favorable weather and govt.'s intention to augment supply in the open market. New crop is now only two months away and huge stock is cutting down the undertone. Millers, medium and small buyers are eying on govt. stock for their lean season demand and due to lower availability in open market offtake is likely to go up from federal govt. stock in January, February and March. Weather is favourable for bumper wheat production.

Global & Domestic News

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Global News

- **China's wheat crop may escape serious damage**

Wheat crops in China's drought- affected Shandong province, the country's second-largest producer, may escape serious damage if irrigation and rains replenish moisture in parched soil, said a local water official. If the plants get watered after awaking from hibernation and start greening, production won't face any problems," said Yin Changwen, director of Shandong's drought-relief office. Still, without rain and irrigation, output is likely to fall, according to a Bloomberg News survey of five farmers in a region about 200 kilometers south of the provincial capital Jinan. Shandong, about 34 million mu (2.3 million hectares) of wheat out of a total 53 million mu has been affected by a "largely light drought," said the drought office's Yin in an interview Feb. 14 in Jinan. "About 90 percent of the total 53 million mu wheat can be assured" of access to water, he said. About 30 million mu of wheat in Shandong was watered before the winter, Yin said. The remaining 20 million mu didn't get irrigated because it hadn't been as necessary in the past or the facilities to do so weren't in place, he said.Source: Bloomberg)

- **Russia may not extend export ban beyond 1st July**

The Russian Deputy Agriculture Minister told that the export ban on grains may not be extended beyond 1st July 2011 if the country achieves the current government forecast of a grain crop of 85Mt. He also suggested that there may still be some exports if the crop reaches 80Mt.This compares to the latest estimates of a total grain harvest of 87Mt in 2011 by analysts IKAR. They also suggested that exports could be as large as 7Mt, including 6.5Mt of wheat if Russia harvests 82Mt - 88Mt of grain. Russia harvested a total of 60.9Mt of grains in 2010, down by 37% from 2009 following the devastating drought; Russia harvested 97Mt in 2009 and 108Mt in 2008.However, it is still early and much depends on spring planting levels. **(Source: Bloomberg)**

- **Argentina Wheat Output Revised Up**

Argentina's production of wheat is sharply higher than a year .wheat output is estimated to jump to 15 million tons from 8.5 million tons because of exceptionally high yields in some regions. Wheat is harvested in October and November. Wheat output is estimated to jump to 15 million tons from 8.5 million tons because of exceptionally high yields in some regions. Wheat is harvested in October and November some regions the wheat yields almost doubled to 7 tons a hectare from 3.5-4.0 tons. Last year the wheat crop was affected by drought in some areas. However, the protein content in wheat is lower this year by 1.0-1.5 percentage points at 11.0%-11.5%.Argentina's wheat exports are likely to almost double to around 9 million-10 million tons this year and some of the low-protein grades may be shipped to Asian countries such as Bangladesh.**(source: Bloomberg)**

- **World wheat production likely to go up by 2%**

Global wheat production prospects in 2011-12 appear bright with the possibility of a 2 per cent expansion in planted area. Growers are seen responding to high prices of recent months. Assuming average yields, production is forecast to rebound to 670 million tonnes (the third highest on record, if achieved) compared with 647 mt in the previous year, the **International Grains Council said**, adding that the outlook for northern hemisphere grains crops generally appears favourable at this early stage.

- **World to produce slightly more wheat in 2011: CWB**

The world's farmers will produce only slightly more wheat in 2011, the Canadian Wheat Board said Friday, even as food inflation spurred protests this month and pumped up grain values.In its first market outlook of 2011, the Wheat Board said that despite attractive prices, global wheat production would be reined in by drought in Russia and potential flooding in Canada, as well as high prices of competing crops ahead of planting season in the Northern Hemisphere. (Source: CWB)

Domestic News:

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- **Crop size might be lower in Rajasthan**

The wheat acreage in Rajasthan is likely to be over 25 lakh hectare as against 23.94 lakh hectare last year. As per the earlier projections, the output is likely to cross 85 lakh tonne. "Crop loss is feared only in hailstorm-hit areas of Sikar, Jhunjhunu and Churu. In fact, the light to moderate rains are reported to be beneficial for standing crops in places like Bharatpur and Dholpur and Karauli," said state agriculture department deputy director D S Yadav. The crop size in Rajasthan has come under pressure. The sub-zero cold spell during January has shrunk the crop by 10-15%. The grain size too is likely to be affected. "The size of the grain is likely to be dwarf with less protein content in several areas. (source: state agriculture department)

- **Minor damage to the wheat crop by hailstorms in Punjab**

Rains accompanied by hailstorms are feared to have hit the wheat crop over 4,000 acres of land in a few areas of Punjab but experts feel downpour is beneficial for winter crop in improving crop's productivity. Hailstorm in few areas of Punjab including Dhuri in Sangrur and Morinda have hit wheat crop over 3000-4000 acres of land. Survey is being conducted for estimating actual loss. However, widespread rains at this point are beneficial for crop growth but hailstorm would completely damage early sown wheat crop. Rains are beneficial for wheat crop which is at heading stage (post tillering stage). The rainfall will help improving crop yield.**Source:PTI**

- **India's wheat production pegged at 81.47 MMT**

India's wheat production is estimated to touch an all-time high of 81.47 million tonnes in2010-11 crop year. Quoting the second advance estimates of agricultural crops, sources said pulses and cotton production are also projected to set fresh records of 16.51 million tonnes and33.9 million bales, respectively. The overall foodgrain production is seen at 232.07million tonnes in 2010-11 against 218.2 million tonnes last year. Agriculture Minister Sharad Pawar is scheduled to release the second advance estimates of agricultural production here tomorrow. The government releases estimates at different growing stages of the crops. Source:PTI
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- **Higher wheat production is on the card**

Weather throughout the country is favourable and plant growth in most producing states is said to be satisfactory and India is heading towards bumper production this year provided normal weather condition. Month of February and March would be very crucial for the standing crop and final production figure. As on 1st January,11 govt. wheat holding was 21.5 MMT, much more than actual requirement.The acreage of wheat during the current season is up by 9.31 lakh ha at 292.25 lakh ha (28.843 mil) compared to last year as on February 19, which could translate into a higher production of around 2.5 to 2.8 mil tonnes compared to last year, subject to favourable weather till harvest in April 2011. While government procurement will continue to swell, problem of plenty will further aggravate storage woes. (Source: PTI)

Wheat Statistics (Global & Domestic)

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Global Wheat Balance Sheet:

(Quantity in 000 tonnes)

Country	Opening Stock	Production Projected	Domestic Consumption	Imports	Exports	Ending Stocks	Production (last year's esti.)
USA	26552	60103	32278	2994	34019	23352	60336
Canada	7820	23167	7750	400	17000	5637	26848
Australia	4106	25500	7975	100	15000	6731	21923
Argentina	1363	13500	5425	5	8000	543	10500
Russia	11869	42000	47500	2000	4000	3869	61700
China	54314	114500	108,800	1000	1000	60014	115120
EU	15883	136228	123500	5000	22000	11611	138051
Ukraine	2404	17200	11600	50	6000	2054	20900
Kazakhistan	3540	11000	6900	75	6000	1715	17000
India	**16100**	**80710**	**82435**	**300**	**200**	**14475**	**80680**
World	**196679**	**676513**	**663546**	**122654**	**125576**	**176724**	**682109**

(Source: USDA)

Balance Sheet Highlights

- Global wheat production for 2010-2011 is raised at 676.51 MMT as against 645.55 MMT projected a month ago. Rough weather is considered to be unsupportive for wheat crop in some main growing regions.
- Production for Russia is lowered extensively from 61.70 MMT to 42 MMT due to extreme drought like conditions .Kazakistan and Ukraine is equally affected from severe drought.
- Supply position in the world market is said to tight and weather is going to play an important role to decide direction of wheat in overseas market.
- Prices of wheat may go up in the international market. Global wheat stocks are predicted to rise to 184 million tons in 2011, 3 million tons higher than it forecast at the beginning of September, taking the stock-to-use ratio to 27.7%, some 5.5 percentage points above the 30-year-low in 2007-08
- The FAO's estimate paints a more optimistic picture than the latest figures from the International Grains Council, which kept its August wheat production estimate unchanged at 644 million tons and revised down its world carryover stocks estimate to 183 million tonnes.

Global wheat supply projected down

Global wheat supplies for 2010/11 are projected down 0.7 million tonnes as higher carry in mostly offsets a 2.7-million-ton reduction in world output. Much of the offset is explained by Canada, where beginning stocks are increased 1.5 million tons, as reported by Statistics Canada, and production is increased by 2.0 million tons World wheat trade for 2010/11 is raised with global exports projected 1.4 million tons higher. Export shifts among countries largely reflect availability of supplies and increased competition from North America. World wheat trade for 2010/11 is raised with global exports projected 1.4 million tons higher. Export shifts among countries largely reflect availability of supplies and increased competition from North America. (Source: IGC)

Domestic (India) Wheat Balance Sheet

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	2007-08	2008-09	2009-10	2010-11	% Change over Last Yr
Beginning Stocks	4.50	5.80	13.43	16.10	19.88
Production	75.81	78.57	80.68	80.71	0.03
Imports	1.96	0.01	0.30	0.30	-
Total Supply	82.27	84.38	94.41	97.11	2.85
Exports	0.05	0.01	0.10	0.20	100.00
Total Consumption	76.42	70.92	78.21	82.43	5.40
Ending Stocks	5.80	13.43	16.10	14.47	10.06
Total Distribution	82.27	84.38	94.41	97.11	2.85

Source: USDA

Balance Sheet Highlights

- USDA estimated wheat production at 80.71 MMT compared to 80.68 MMT in 2009-10.
- The beginning stocks are estimated 16.10 MMT, a significant increase of 19.88 percent compared to last year 13.43 MMT.
- The domestic consumption is increased by5.40 % at 82 MMT as against 78.21 MMT last year.
- The ending stocks are estimated to decline significantly at 14.48 MMT from 16.10 MMT last year.

Wheat Balance Sheet (Agriwatch)

Attribute (Unit: lakh MT; Yr (APR-MAR)		2009-10 (Estimate)	2010-11 (Projection)
A	Total Production	807.80	810
B	Opening Balance (All India) as on 1st April	141.00	172.00
C	Opening Balance in the Central Pool as on 1st April	134.29	162.50
D	Imports	1.95	1.25
E	Exports	0.00	4.00
F	Total Availability of wheat (All India) (A+B+D)	950.30	955.28
G	Procurement for the Central Pool	225.8	245.50
H	Estimated Domestic Demand (All India)	780.50	782.00
I	Estimated off take (welfare schemes+OMSS) from central pool	226.86	240.75
J	Ending stocks as on 31st March (Central Pool) (C+G-I)	161.25	168.45
K	Ending stocks (All India) as on 31st March (F-E-H)	168.90	170.00

- Production for 2009-10 as per Dept. of E&S MoA
- Domestic demand for 2010-11 is almost unchanged from 2009-10, as high price may curtail demand.
- Offtake from central pool for 2010-11 is considered at (15 year CAGR of) 3.93% growth over 2009-10.

Wheat Procurement

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Progressive Procurement of Wheat (Lakh tonnes): as on (25.08.10)

States	Cumulative Arrivals		Cumulative Procurement		Total Procurement (2009-10)	Change Over Prev. year	
	2010-11	2009-10	2010-11	2009-10		Quantity	Percentage
Punjab	102.60	109.78	102.05	107.17	107.25	-5.12	-4.78
Haryana	63.39	69.13	63.35	69.10	69.24	-5.75	-8.32
U.P.	32.69	38.82	16.72	38.82	38.82	-22.1	-56.93
M.P.	44.34	21.82	35.38	17.81	19.68	17.57	98.65
Rajasthan	7.56	13.84	4.75	11.52	11.52	-6.77	-58.77
Gujarat	3.66	4.39		0.74	0.74	-	-
Bihar	1.83	4.96	1.83	4.96	4.96	-3.13	-63.10
Uttarakhand	2.15	2.84	0.86	1.83	1.44	-0.57	-39.86
Chandigarh	0.09	0.11	0.09	0.11	0.11	-0.02	-18.18
Delhi	0.52	0.30	0.09	-	-	-	-
All India	**259.04**	**266.06**	**225.25**	**251.72**	**253.81**	**-26.47**	**-10.52**

Source: FCI

Wheat Prices (International & Domestic)

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CBOT Futures Prices (USD per Metric Tonnes)				
Futures Month	**% Change Over Previous Month**	**Today (18.02.11)**	**Week Ago (11.02.11)**	**Month Ago (18.01.11)**
Mar'11 ($/MT)	-7.95	302.09	318.54	328.18
Mar'11 (INR/MT)	-7.95	13654.68	14397.82	14833.74
May'11 ($/MT)	4.07	314.40	330.20	302.09
May'11 (INR/MT)	4.07	14211.00	14925.07	13654.68
July'11 ($/MT)	4.70	325.52	340.03	310.91
July'11 (INR/MT)	4.70	14713.34	15369.30	14053.23
Sept'11 ($/MT)	5.55	335.44	349.21	317.80
Sept'11 (INR/MT)	5.55	15161.72	15784.46	14364.61

Note:1 Bushel=27.216kg. (Market remained closed on Saturday,Monday)

CBOT Price Outlook (March'11 Contract) (Prices in Cents/bushel)

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Tech Analysis of CBOT Chart

The views expressed below are purely based on technical analysis of the chart: However any changes in fundamentals may change the prevailing sentiment of overseas market.

Short Term Outlook (1 Week – Bearish/Bullish)	US wheat futures closed lower on profit-taking ahead of the three-day holiday weekend, retreating after Thursday's rally that was fueled in part by talk China would reduce import tariffs for some agricultural products. Gains looked excessive amid a lack of confirmation of tax cuts. "The market felt like yesterday's rebound on that China news might have been an overreaction CBOT March wheat falls 28 1/2c at $8.22 1/4 a bushel, while KCBT March loses 23 1/2c to $9.29 3/4 and MGE March drops 25 1/2c to $9.55 1/2.
Medium Term Outlook (1 Month – Bullish/Bearish)	A bullish divergence that has formed on the RSI indicator is another signal suggesting a possible firmness to some extent besides the wave pattern. Supplies of high-protein wheat are tightening, concern over China's drought may create more demand in overseas market.
Long Term Outlook (1 Quarter)	Market is expected to be governed by the global production prospects, weather and stock positions in major producing countries. Area is likely to increase due to higher prices world over.

Wheat FOB Prices (USD/MT)

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Country	Variety	% Change over Prev. Year	Today (18.02.11)	Week Ago (10.02.11)	Month Ago (14.01.11)	Year Ago (16.12.09)
USA (Gulf)	2soft red winter	44.23	342.5	351.00	315.00	191.6
USA	Hard red winter	51.31	354.20	356.10	334.00	207.00
Canada (Thunder Bay)	Q 2cw	-	425.60	425.4	309.4	224.70
Russia	wfca	-	213.2	213.2	203	134.05
Ukraine	SOFT MILL	-	212.5	-	282.5	155.00
Argentina	Up river	-	-	-	300.00	235.00
Australia	APW	-	321.10	341.00	324.00	-
France	FCW	32.49	354.4	374.3	325.7	245.19
Britain	Feed Wheat	44.39	330.2	333.1	313.4	198.89

Source: Reuter (**FOB prices are not available for19,21February due to closure of market.**)

Landed Cost Wheat (As on Date: 18.02.11)

Cost Component		Australia	USA	France	UK
FOB Value		321.10	342.50	354.40	330.40
Freight		55.00	60.00	60.00	62.00
Export tax		0.00	0.00	0.00	0.00
C&f Value		376.10	402.50	414.40	392.40
Int. charge for one month	0.01	3.76	4.03	4.14	3.92
Risk premium-risk of rejectionnat Indian port	10	10.00	10.00	10.00	10.00
C &F Value plus risk premium&int. charges		389.86	416.53	428.54	406.32
Landing charges	0.01	3.90	4.17	4.29	4.06
Landed cost at Indian port(USD/MT)		393.76	420.69	432.83	410.39
Landed cost at Indian port(NRI/T)	45.2	17797.93	19015.20	19563.89	18549.50
Port handling charges		800.00	800.00	800.00	800.00
Local transport		110.00	110.00	110.00	110.00
Warehousing charges (for 1 Month)		75.00	75.00	75.00	75.00
Transit Insurance		12.00	12.00	12.00	12.00
Gunny bags		500.00	500.00	500.00	500.00
Transit loss	0.05	9.25	9.25	9.25	9.25
Loading &unloading		200.00	200.00	200.00	200.00
Market price of wheat		19504.18	20721.45	21270.14	20255.75
profit margin	2%	390.08	414.43	425.40	405.12
Total cost		19894.27	21135.88	21695.54	20660.87

	BULLS	BEARS
Short term (1 Week)	Drought in China Lower area in USA Demand from importing nations Durum wheat production hit badly World wheat trade for 2010/11 is raised this month with imports up 0.5 million tons each for China, Egypt, and South Korea, Global wheat supplies are projected slightly lower for 2010/11.	World stock is at comfortable level. Production estimate higher. Weather improved in Australia ,Canada and Russia
Medium to Long term (1 Month – 1 Quarter)	Uncertain weather in major wheat exporting nations. Lower production estimates in Russia & Ukraine Global wheat consumption for 2010/11 is raised 2.5 million tons World wheat production for 2010-11 is likely to fall to 645.65 MMT from 674.92 MMT .	Better crop prospects in India, Argentina. (PTI) IGC estimates of higher production next year.

Domestic Wheat Prices:

Wheat Futures Prices (NCDEX) Rs/Qtl

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Contract	Change over prev. month (%)	Today (22/02/2011)	Week Ago	Month Ago
			16-02-2010	22-01-2011
March'11	0.07	1307	1308	1303
April'11	-0.16	1222.2	1224	1253
May'11	-0.48	1235	1241	1258.2
June,11	-0.45	1257.2	1263	1262.8

Spot Prices of Wheat at NCDEX Delivery Centers Rs/Qtl

Centre	Change over prev. year (%)	Today (22/02/2011)	Week Ago (16/02/2011)	Month Ago (22/01/2011)	Year ago (12/12/2010)	2 Years ago 16/12/2008
Delhi	-5.64	1330	1345	1395	1411.10	1165.00
Kanpur	-5.43	1300	1310.00	1335	1370.00	1146.90
Karnal	0.92	1410.70	1405	1417	1400.00	1100.00
Indore	-7.35	1320.25	1315	1360.40	1427.50	1146.90

Khanna	-3.78	1384.95	1475	1425	1442.65	1148.15

Source: NCDEX; NCDEX delivery prices are inclusive of mandi tax and other applicable state taxes along with handling & packaging costs.

Wheat Prices at Various Markets

Rs/Qtl

State	Location	22-02-11 (Today)	21-02-11 (Prev. Day)	29.11.10	30.09.10	22.09.10
Delhi	Lawrence Road	1335	1335	1295-1298	1242-1245	1248-1255
	Narela	1300	1300	1290	1225	1215-1220
	Nazafgarh	1275-1280	1280-1285	1270-1275	1190-1195	1195-1205
Gujarat	Rajkot (mill del.)	1300	1300	1260	1250	1240
	Ahmadabad	1320	1325	1365-1370	1260	1250
	Vadodra	1330-1345	1330-1340	1325-1400		
	Surat	1350	1350	1410	1375	
M.P	Bhopal	1200	1200	1200-1205	1150-1175	1150-1170
	Indore	1300	1310	1325-1370	1280-1285	1255-1285
	Jabalpur	1325-1330	1330	1225-1225		
	Gwaliar	1330-1335	1340	-		
Rajasthan	Kota	1175-1225	1220-1225	1230	1210	1150-1175
	Jaipur	1275	1275-1280			
	Jodhpur	1250-1275	1280			
	Sri Ganganagar	1250-1260	1250	1210-1210		
U.P.	Kanpur	1300	1300	1230-1240	1210-1215	1210
	Bareill	1310	1320	1290	1295	
	Lucknow	1250	1250-1260	1230-1260		
	Allahabad	1275-1300	1275-1300	1150-1210		
	Gorakhpur	NR	NR	1160-1205		
	Varanasi	1250-1350	1250-1350	NR		
	Mathura	1258-1260	1270	1220-1225		
	Kosi(M.D)	1360	1370	1400	1420-1425	
Punjab (Ludhiana)	Khanna	1215	1215	1200-1210	1140-1160	1130-1150
	Jagraon	1220	1230	1260-1280		
	Chandigarh	NR	NR			
	Amritsar	NR	NR			
Haryana	Karnal	1250	1255	1273-1280	1225	1250-1255
	Sirsa	1224	1224	1221-1222	1170-1175	1175
	Palwal(loose)	1230	-1240	1210-1225	1105-1140	1120-1160
	Panipath	1245-1250	1250-1260	1260-1270	1250-1280	1260
Orissa	Sambhalpur	1250	1260	1150-1200		
Maharashtra	Mumbai	1350-1375	1375	1360-2000	1350-2400	1325-2500
	Nagpur	1260	1250-1360	1150-1280		
W. B.	Kaliganj	1250-1275	1250-1300	1200-1250	1110-1140	1110-1130
	Asansol	1250-1260	1250-1270	1175-1200		
	Siliguri	1250-1260	1250-1280			

Chhatisgarh	Raipur	1260-1300	1260-1300	1180-1200	11801205	
Jharkhand	Saraikela	1350-1400	1350-1400	1275-1350	1200-1400	1200-1385
	Ranchi	1280-1340	1280-1350	1220-1325		
Tamil Nadu	Chennai	1530	1530	1440	1450-1515	1250-1750
	Madurai	1550	1550	1525	1365-1400	
	Coimbatore	1550	1550	1525	1360-1400	
Karnataka	Bangalore	1900	1750-1800	1850-1950	1675-2175	1675-2175
	Hubli	1760	1750			
	Mangalore	1300-1425	1300-1450	1300-1310		
	Mysore	1650-1800	1750-1900	1286		
A.P	Visakhapatnam	1950	1760-1875	1760-1875	1840-1940	1840-1950
Uttrakhand	Dehradun	1380	1360-1400	1220-1250	-	-
Assam	Bongiagaon (others)	NR	NR	1530-1600		
Tripura	Agartala	NR	NR	NR		
Manipur	Imphal	NR	NR	-		
Kerela	Cochin	NR	NR	NR	2200-2400	2100-2300
Bihar	Patna	1250-1300	1250-1300	1275-1360	1210-1280	1205-1210
	Gaya	1260-1275	1275-1300	1105-1200		
	Katihar	1250-1305	1260-1300	1150-1225		

Domestic Price Drivers

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	BULLS	BEARS
Short term (1 Week)	Uncertain weather. Fresh buying from flour millers and retailers. Lower supply from FCI. Demand for quality grain increased. Lean season	Higher area coverage Expectation of record production Huge stock. Ample allocation of wheat and rice through PDS for APL and BPL Planning to sell 2.5 MMT wheat and rice by June on discounted prices.
Medium to Long term (1 Month – 1 Quarter)	Hike in MSP for wheat of Rs 20 per qtl. for next marketing year. Increasing festival demand for wheat products. Export option still open for wheat and rice. Limited supply through OMSS	Planning to sell wheat through OMSS Space crunch for newly procured grain (rice) will encourage govt. to release stocks at various levels. Ample stock and expected bumper crop this year too on back of good monsoon.

Estimation of FOB Prices

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Estimation of FOB price		
Estimated FOB Kandla prices of Khanna wheat	FCI Economic Cost	Ruling Market prices
Ruling market prices at Indore	15280	13500
Local Transportation & Rake loading charges	400	400
Freight charges from Khanna to Kandla	1200	1200
Unloading, ship loading & Misc. handling expenses	450	450
Total handling cost	152.6	113
Total handling cost	2202.6	2163
Estimated FOB price	17482.6	13463
Estimated FOB price (USD\MT)-1 USD=45.50	390.93	343.75

Global & Domestic Weather and Crop Impact

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Global:

Country	Region	Weather Summary	Crop Impact
USA	Northern Plains	USA Southern Plains- Snow, blowing snow and ice today, dry Wednesday through Saturday. Temperatures well below normal into Thursday, less cold Friday and Saturday. Northern Plains- Mostly dry Tuesday through Friday, light snow or flurries Saturday. Temperatures very cold into midweek, milder late week into Saturday.	Favorable soil moisture conditions for winter wheat crop.
Australia	New south-wales - Queensland	No significant precipitation in Victoria and NSW. A few scattered showers in southern WA. Temperatures warm to hot western and central areas, warm in the east as well.	Better conditions for harvested crop..
Canada	Canadian Prairies	Canadian Prairies- Mostly dry through Friday, light snow Saturday. Temperatures well below normal into Tuesday warming to near to above normal later in the week and Saturday.	Harvest was complete. This product will resume with the spring planting season.
Russia & Ukraine	FSU west wheat	Periods of snow north, with some mixed precipitation in south eastern areas, 3-16 mm liquid. Mostly dry elsewhere. Temperatures 15to 47F (-	Episodes of colder temperatures continue in winter wheat areas across Russia and the Ukraine. However, snow

		9 to 8C). **Outlook:** Snow showers likely Thursday through Saturday, however widespread heavy precipitation is not expected. Temperatures a little milder east, variable west.	cover should protect the wheat from the coldest of this weather. Reports of favorable weather and an increase in the sowing area in Ukraine is currently projected to boost grain output in 2011, however future weather patterns may alter this projection.
Europe		A few showers developing in northern areas the next few days. Temperatures trending a little milder most areas. FSU- Becoming drier. Temperatures milder from west to east.	Europe wheat areas trending warmer, but may turn colder again next weekend. Snow cover continues abundant from central through eastern areas despite recent rain and warmer temperatures.
INDO-CHINA **(Asia)**		Mainly dry in north and central China Wheat areas, except mixed precipitation in southwestern areas. Temperatures milder most locales.	Earlier showers through winter wheat areas of northwest regions will favour early development of the recently planted crop. Irrigation supplies are adequate.

Source: Reuters

Domestic (India):

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Weather Summary	Crop Impact
North-West India (J&K, HP, Uttarakhand, Punjab, Haryana, Delhi, West UP): Widespread rain/snow would occur over Jammu & Kashmir and Himachal Pradesh, Uttarakhand during 24 hrs and decrease thereafter. Isolated rain/thundershowers would occur over Punjab, Haryana and West U.P during next 48 hours. Mainly dry weather is likely over rest of the region.	Winter wheat planting likely continues with no delays across the north India region at this time. Wheat in this area depends mostly on irrigation supplied by the summer Monsoon rains, which this season has been above normal.
East India (East UP, Bihar, Jharkhand, West Bengal & Sikkim, Orissa): Mainly dry weather is likely over the region.	Weather is congenial to the early wheat sowing in Punjab, Haryana and in the northern states of India. Sowing in Punjab and Haryana is nearing completion.
South India (Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Isolated rain/thundershowers would occur over Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Andaman & Nicobar Islands during next 48 hours and decrease thereafter. Mainly dry weather would occur over rest of the region.	Showers affecting south eastern portions of the wheat areas. No significant precipitation expected elsewhere the next few days. Temperatures variable to warm.
West India (Maharashtra, Other than Vidarbha, Gujarat, Rajasthan) Light rains with cloudy sky is likely over the region.	Late sowing may continue in M.P. Rajasthan due to sufficient availability of water.
Central India (MP, Chhattisgarh, Vidarbha) Mainly dry weather is likely over the region.	Early planting ongoing. No major concerns at this time. Earlier showers through winter wheat areas of northwest India will favor early development of the recently planted crop. Irrigation supplies are adequate.

Outlook :- Scattered light rain/snowfall would occur over Jammu & Kashmir and Himachal Pradesh and isolated heavy over Uttarakhand during next 24hrs.Isolated hailstorms/thunder squalls may occur over Punjab, north Rajasthan,Haryana, Delhi and west Uttar Pradesh during next 24 hours.