

Executive summary:

Rains in last couple of days across the country have affected the standing wheat crop to some extent. Harvesting has already been delayed by a fortnight in Punjab, Haryana and by a week in Uttar Pradesh and Rajasthan. However, dry weather is expected to place harvesting activities on track once again. State governments are advising farmers not to bring the moisture-laden wheat to market yards for sale.

Wheat procurement by various government agencies is expected to be delayed with rains affected lower arrivals in the markets across the states. The crop has been hit in major districts of Patiala, Fatehgarh Sahib and Mohali in Punjab. Besides, crop loss due to heavy hailstorm has been reported from Bengal's Kharagpur block. Wheat arrivals have been affected even in Gujarat due to recent rains. The situation is no different in several parts of Bihar and Uttar Pradesh.

Wheat procurement in the 2012-13 rabi marketing season has crossed 22 lakh tonne till April 12. Madhya Pradesh has procured 19,38,754 tonne wheat followed by Haryana with 1,68,147 tonne. Rajasthan has also procured 51,487 tonne while Gujarat procured 21,308 tonne by the date. Procurement in Punjab is expected to pick up from next week.

India's wheat production may cross 88 million tonnes, an all-time high, in the 2011-12 crop year surpassing the earlier estimate on the back of favourable weather condition and better yield in Rajasthan, M.P. and Uttar Pradesh. According to the second advance estimates for the 2011-12 crop year (July-June), wheat production is estimated at record 88.31 million tonnes. Yellow rust and terminal heat has not occurred so far except some losses due to recent rains and hailstorm.

Wheat traded weak during the week under review on back of higher production prospects. Supply in the markets is expected to increase in the weeks ahead and wheat may lose its previous ground at price front. Export demand is negligible for Indian wheat due to disparity at current prices.

According to Indian Meteorology Department's weather outlook, rain or thundershowers would occur at one or two places over western Himalayan region and extreme south peninsular India. The weather would be mainly dry over the rest of the country.

Market Fundamentals:

Wheat market is likely to continue to trade range bound with weak bias on bumper production prospects and higher supply from new crop despite ongoing procurement activities throughout the major wheat producing states. Recent damage reported due to rains and hailstorm may not impact prices due to negligible loss. Exporters are not active and are likely to wait for peak arrivals in Rajasthan, Uttar Pradesh and Bihar when they may get cheaper wheat. Farmers are likely to be engaged in drying crop to reduce moisture level for at least a week. . Exporters are also likely to get active only by the end of April. However, export opportunity is not in the favour of Indian exporters so far. World wheat prices are moving in the range of \$245 to \$280 per T and Indian exporters are unable to export below \$300 per T. In such a background export is possible only when either international quotes go beyond that level or domestic prices come down. However, possibility of either of the two is unlikely in near future. Stock in world market is

ample and major exporters are well aware of the existing wheat scenario and are engaged in selling aggressively amid lower buying interests of the buyers.

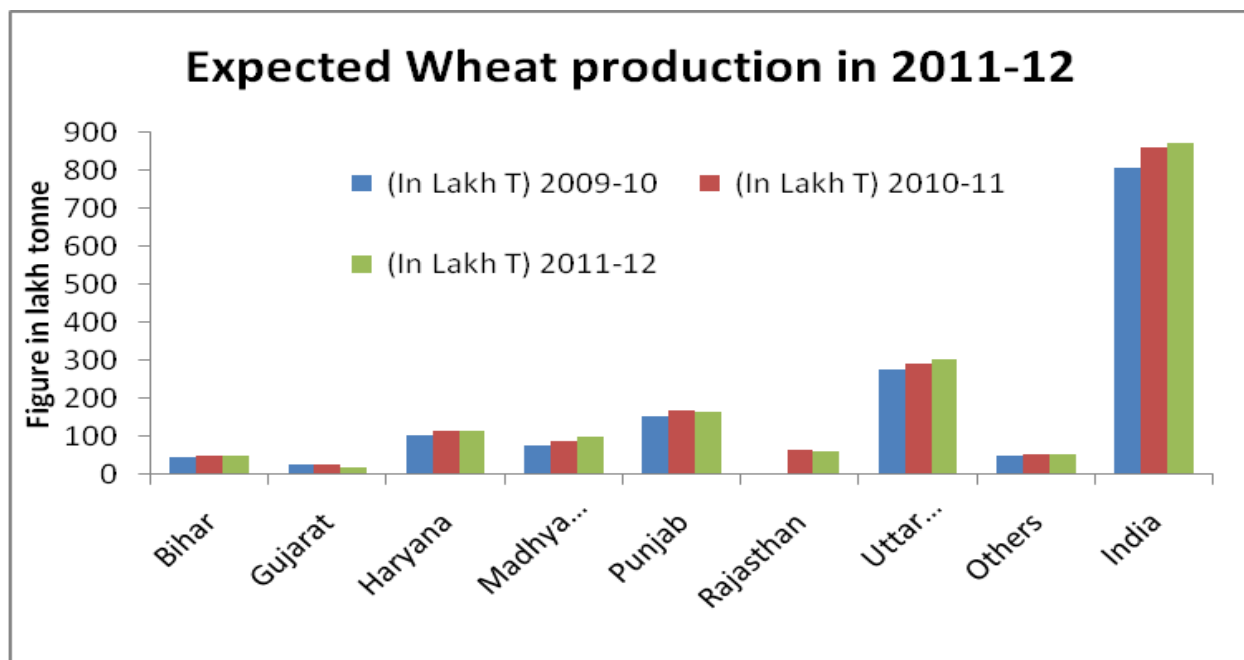
State wise Wholesale Prices Weekly Analysis for Wheat Second week April, 2012:

State	Prices 09-15 Apr 2012	Prices 01-08 Apr 2012	Prices 24-31 Mar 2012	Prices 09-15 Apr 2011	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	1950	1907.14	1087.45	2100	2.25	79.32	-7.14
Chhattisgarh	1119.73	1234.92	713.82	1109.63	-9.33	56.86	0.91
Gujarat	1385.93	1408.86	1461.9	1266	-1.63	-5.2	9.47
Haryana	1284.99	1294.22	1139.56	1120.09	-0.71	12.76	14.72
Jharkhand	1525.23	1519.25	1510.55	1438.04	0.39	0.97	6.06
Karnataka	1603.27	1718.83	1634.37	1780.25	-6.72	-1.9	-9.94
Madhya Pradesh	1383.46	1347.51	1358.52	1255.89	2.67	1.84	10.16
Maharashtra	1575.81	1598.79	1597.85	1635.29	-1.44	-1.38	-3.64
Delhi	1339.17	1300	1245.3	1157.88	3.01	7.54	15.66
Orissa	1673.77	1237.57	1126.02	1478.26	35.25	48.64	13.23
Punjab	1318.53	1238.07	1212.73	1120.09	6.5	8.72	17.72
Rajasthan	1212.46	1217.98	1195.4	1183.96	-0.45	1.43	2.41
Uttar Pradesh	1097.29	1123.9	1105.11	1098	-2.37	-0.71	-0.06
West Bengal	1054.64	1064.02	1101.73	1123.45	-0.88	-4.27	-6.12
Average	1416.52	1382.42	1292.99	1316.35			
As per the data reported by APMCs							

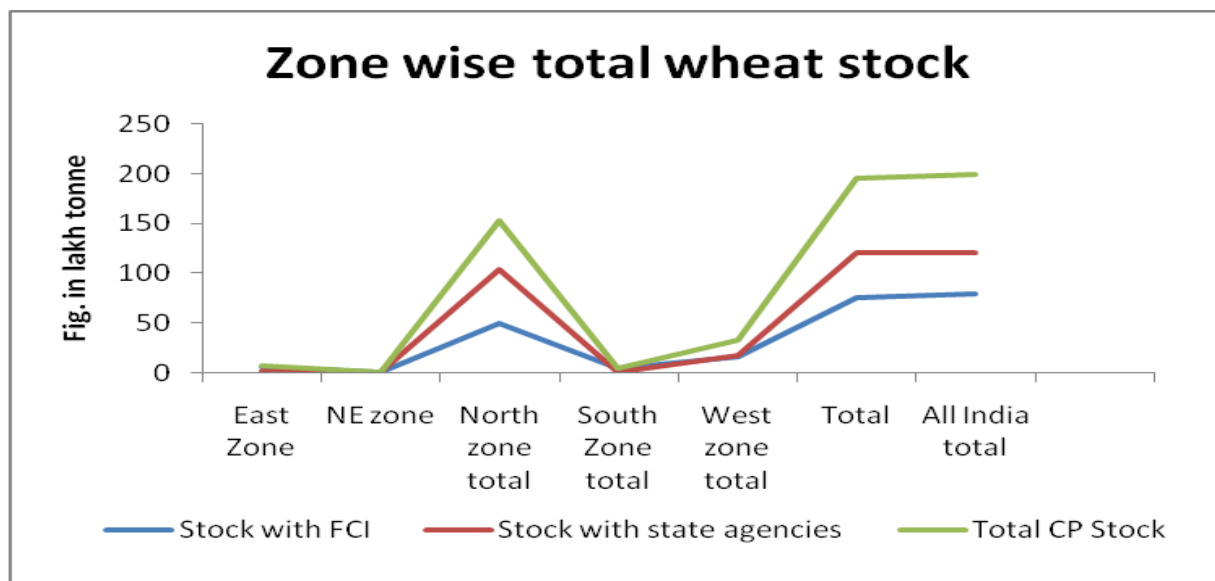
With increasing arrivals and expectation of bumper crop, prices of wheat have decreased considerably in various markets in comparison to last week as the above given data shows. Prices of wheat in A.P., Orissa, Punjab and Delhi have increased due to MSP and decreased arrivals. However, wheat prices remained under pressure in Chhattisgarh, Gujarat, Haryana, Karnataka, Maharashtra and Uttar Pradesh. Prices are expected to remain under pressure in these states with increasing supply pressure.

India Heads To Record Wheat Production:

Wheat production in India may cross previous estimate 87.5 million T on back of higher yield and favourable weather so far. Wheat production is likely to touch 88.5 million tonnes. Production in Uttar Pradesh may exceed 31 million tonnes, higher by one million T from previous estimate. Production in Rajasthan, Bihar and M.P. may increase slightly from last year. Initial feedback from farmers is very encouraging from production point of view.



Stock of wheat in central pool as on 01.04.2012:

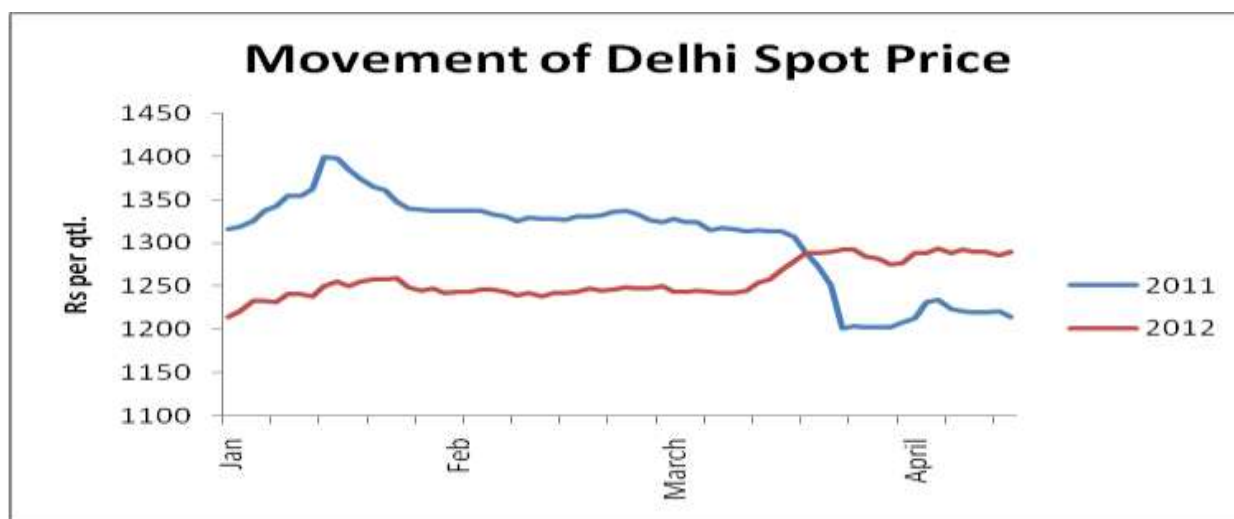


Wheat stock in north and west zone has been higher as usual. These zones are major wheat producing regions and contribute the highest quantity to the central pool. With ongoing procurement stock in both the zones is bound to go up once again. It would be better to shift stock in East, NE and west zone before the onset of monsoon. However, storage crunch even in these regions will continue to pose challenge for the procurement agencies.

Harvesting Status And Procurement Schedule:

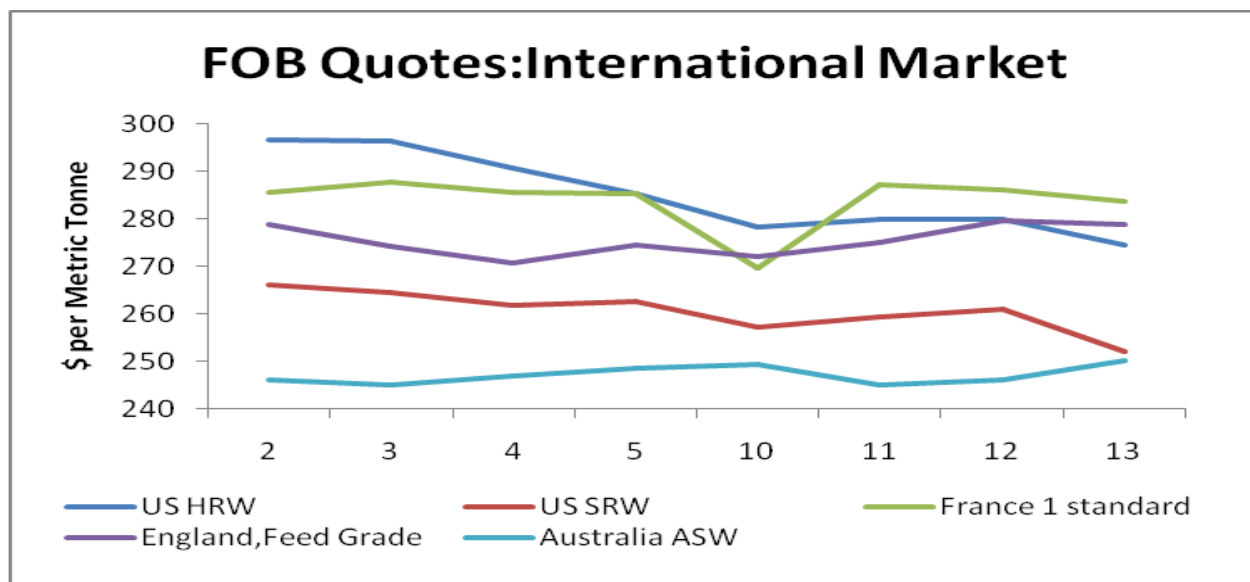
State	Harvesting under way	Percentage harvesting	Harvesting expected to be over	Arrival pressure likely from	Procurement starts from
Punjab	Started	5	At the end of April	Mid April to May	1st April
Haryana	Started	15	At the end of April	Mid April to May	1st April
Rajasthan	Started	35	At the end of April	April to May	1st April
Guajarat	Completed	100	At the end of March	March to April	15th March
M.P.	Started	65	At the end of April	April to mid May	15th March
Uttar Pradesh	Started	10	First week of May	Mid April to May	1st April
Bihar	Started	5	First week of May	Mid April to May	15th April
Maharastra	Started	75	At the end of April	April to May	15th March

Wheat harvesting in Gujarat has come to an end. It has just commenced in Punjab, Haryana, Uttar Pradesh, Bihar while it is running smooth in M.P., Rajasthan. Arrival pressure is expected from April end in Punjab, Haryana and Uttar Pradesh. Just opposite to it arrivals are continuously increasing in M.P. and Rajasthan. Weather remains favourable for smooth harvesting of the crop. However, recent rains have delayed threshing activities by two to three days.

Comparative Yearly Study of Spot Market Delhi Prices During Jan, Feb, March & April:


Wheat price crossed over each-other in mid-March during 2011 and 2012 in Delhi spot market as the above given data shows. The difference is due to difference of MSP (Rs 1170 & Rs 1285 per qtl.). With increasing arrivals prices are likely to come down as we have seen in 2011. Higher production, normal demand and increased availability throughout the country may pressurize wheat market in spite of ongoing procurement activities.

Comparative FOB Quotes:



Wheat FOB quotes during the week under review decreased slightly in major wheat exporting nations except Australia. Higher stock worldwide, better crop prospects despite some weather concern weigh on international market's fundamental. However, further downside is unlikely as demand is expected to increase at current level. FOB quotes of wheat may hover in the range of \$245 to \$295 per T depending on various exporting nations.

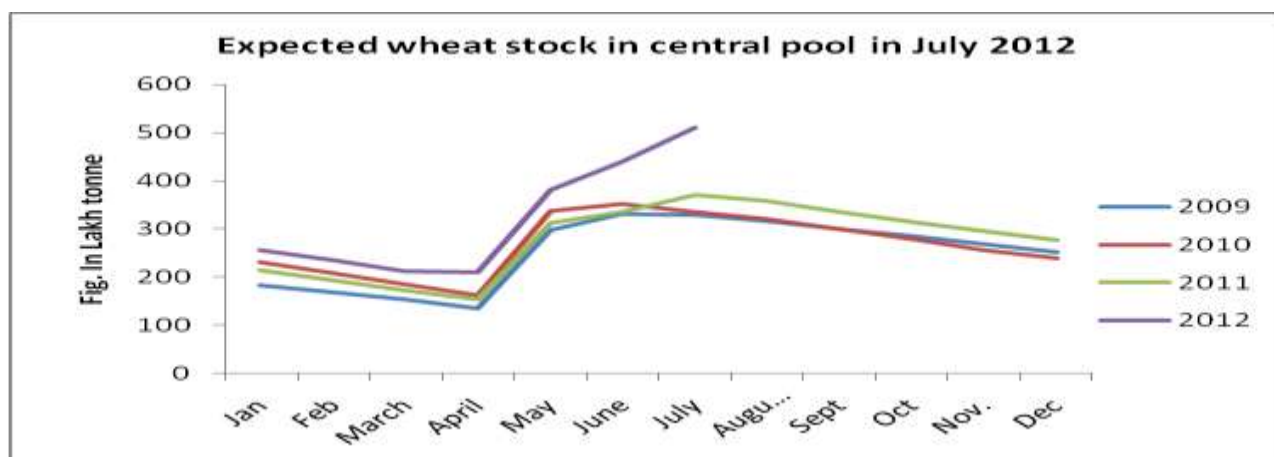
Parity continues to be negative:

Parity Calculation Sheet	Rajkot (Kandla)	Rajkot (Gandhidham)	Rajasthan (Baran/Bundi)	Punjab
FOR (Rs/ton)	13150	13150	13400	14450
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	500	500	500	500
Local transport, port warehousing, labour charges, shortage	500	500	1000	1000
Indian FOB (Rs/MT)	14150	14150	14900	15950
Indian FOB (USD/MT)	276	276	291	311

Insurance @ 0.1%	0.28	0.28	0.29	0.25
Freight Charges (US \$/ton) to Chittagong	20	20	20	20
CIF (kandla to Chittagong)	296	296	311	301
INR	51.29	51.29	51.29	51.29
Russian Wheat FOB (USD/MT)	275	275	275	275
Parity on FOB Basis (USD/MT)	1	-1	-16	-36

Note: Australia is exporting wheat at \$280 per T on CIF basis and posing great challenge for other exporting nations.

Expected wheat stock in central pool in July-2012:



Note: Fig in lakh tonne (one lakh tonne is equivalent to 0.1 million T)

Expected Price Range For Current Week:

Market : Delhi Spot	Rs/per qtl.
Cash market	Rs 1285-1300
Future market (April Contract)	Rs 1240-1270

Delhi spot traded in the range of 1285 to 1300 in the second week of April. Wheat prices are expected to stay steady at current level despite bumper crop prospects and ample availability in the domestic market. Delayed harvesting is hampering arrivals and support price at current level. However, likely higher supply will restrict market and pressure may continue despite delayed arrivals due to rains and some loss due to hailstorm.

Wheat futures market:

Wheat future market traded weak during the week under review and is expected to trade in between 1220 to 1250 in April contract. With the commencement of procurement on MSP, wheat future market may get support despite higher crop production forecast at lower level.

NCDEX April future contract, 2012 (Expiry: April. 20 2012)



Technical Commentary:

- Weekly chart formation shows market to trade range bound in the month of April.
- RSI is moving down in neutral region hints market to be under consolidation phase in short and medium term.
- Volume, price and open interest are decreasing hints buyers unwillingness to take fresh position in the market.

Trading Strategy:

1227 the lower side is the capable support whereas 1270 holds importance as an immediate resistance. 1227-1270 is the immediate trading range for the price; drift in either direction is likely to take it further in the respective same direction. Pressure of arrivals from new crop is expected to drive market for trading under given range.

International Market:-Development and Trade:

- Australia's wheat exports rose 13% to 2.4 MMT in February, 2012 compared to January, 2012. Exports are the highest recorded in last nine years after a record crop harvest. Meanwhile, fall of 2.3 MMT to 23.3 MMT is recorded in grains stored in February by bulk grain handlers. However, milling grade wheat stocks totalled at 5.9 MMT along with 7.4 MMT of feed stock. Source: Abare
- Chicago wheat hovered at around key support range and prices remained steady to weak during today's trading session on global economic worries and weakness. Meanwhile, strong dollar also weighed on commodity prices. Source: CME
- Russian wheat exports reached a record volume of more than 18.5 million tonnes in the period from July to the middle of April, the Institute for Agricultural Market Studies (IKAR) said on Friday. By the end of the 2011/12 season, from July to June, the country's wheat export could reach 20.5 million tonnes, up from 3.98 million tonnes during the 2010/11 crop season, hit by a severe drought. Source: AKAR
- Morocco's state-run grains authority ONICL said on Friday it had bought 180,000 tonnes of soft wheat as the north African country braced for a sharp drop in this year's cereals harvest, but private traders said the deal did not involve new imports. ONICL bought

the wheat at between 2,470 dirhams and 2,900 dirhams per tonne (\$290-\$343) under an April 10 tender that gave importers 90 days to deliver the purchased wheat. Source-Bloomberg

- *Wheat prices are falling for a second year as a glut of supply expands global stockpiles to an all-time high and farmers prepare to reap the third-biggest harvest on record. Inventories will gain 7.1 percent to 210 million metric tons this year and output in the next year of 681 million tons will have been exceeded only twice in history-IGC*
- *As per IGC latest update world wheat production in 2012/13 is expected to fall by 15m. tonnes from the past year's record, to 681m., capped by a projected reduction in the average yield from the current year's high. Crops may be smaller in Australia, Kazakhstan, Morocco and Ukraine. but better outcomes are expected in North America and Russia.*
- *Global consumption is forecast to grow only modestly, with gains in food and industrial use partly offset by a fall in feed demand. Nevertheless, feed use is expected to remain at are relatively high level due to ample global supplies-IGC*

IGC Wheat Balance Sheet:

IGC/02.04.12	2007-2008	2008-09	2009-10	2010-11 est.	2011-12 Forecast	Million Tonnes	Projection for 12-13
Wheat					23/02/2012	02/04/2012	02/04/12
Production	607	685	679	653	695	696	681
Trade	110	137	128	126	137	139	136
Consumptions	603	645	652	656	681	681	683
Carryover stocks	132	173	199	193	211	210	208
YOY ch.	+5	+41	+26	-3		+14	-2
Major Exporters	47	69	77	71	76	76	73

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outcomes are expected in North America and Russia. Global consumption is forecast to grow only modestly, with gains in food and industrial use partly offset by a fall in feed demand. Nevertheless, feed use is expected to remain at a relatively high level due to ample global supplies. World stocks are forecast to recede from the past year's peak, but availabilities should remain comfortable, including in the major exporters. Some reduction in world wheat trade is forecast, mainly due to lower purchases for feed amid improved supplies of maize and barley.

CBOT Chart: May Contract



CBOT wheat May contract traded under pressure on improved weather report in the US and huge exportable surplus in Australia. USA, Argentina, Russia and Ukraine Wheat may trade in the range of 640 to 670 cent per bushel in short term. Buyer's unwillingness to buy at current prices also weigh on market direction. Overall scenario is bearish. However, we expect cbot to trade in the range of 610 to 650 cents per bushel. The nearest by major support is 610.

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