

Domestic Market Updates:

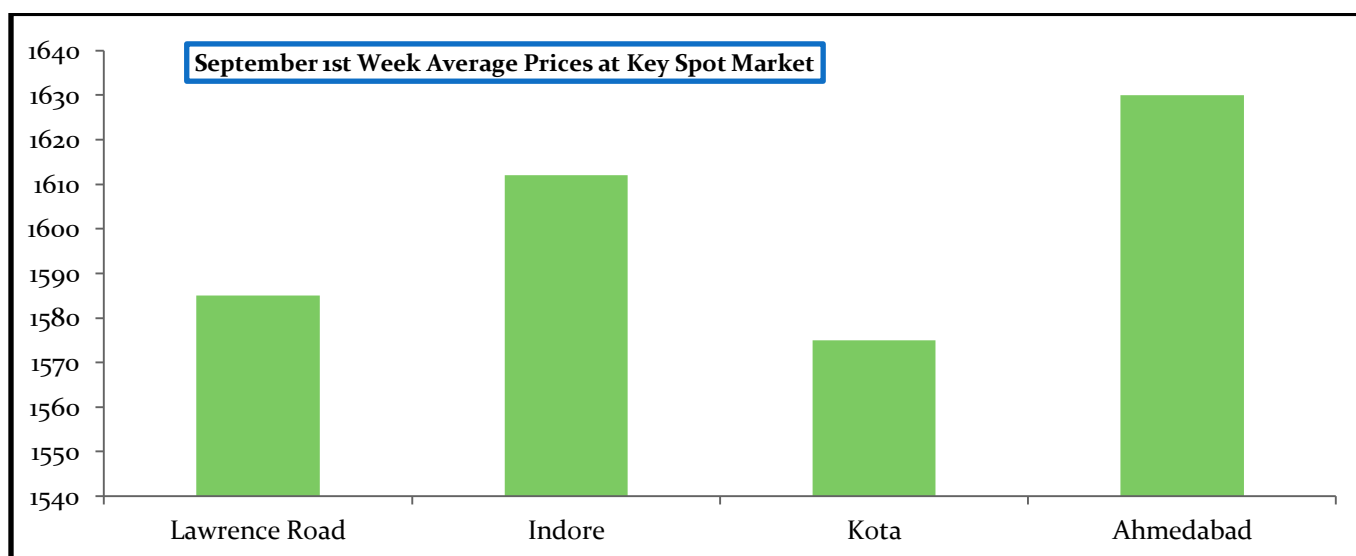
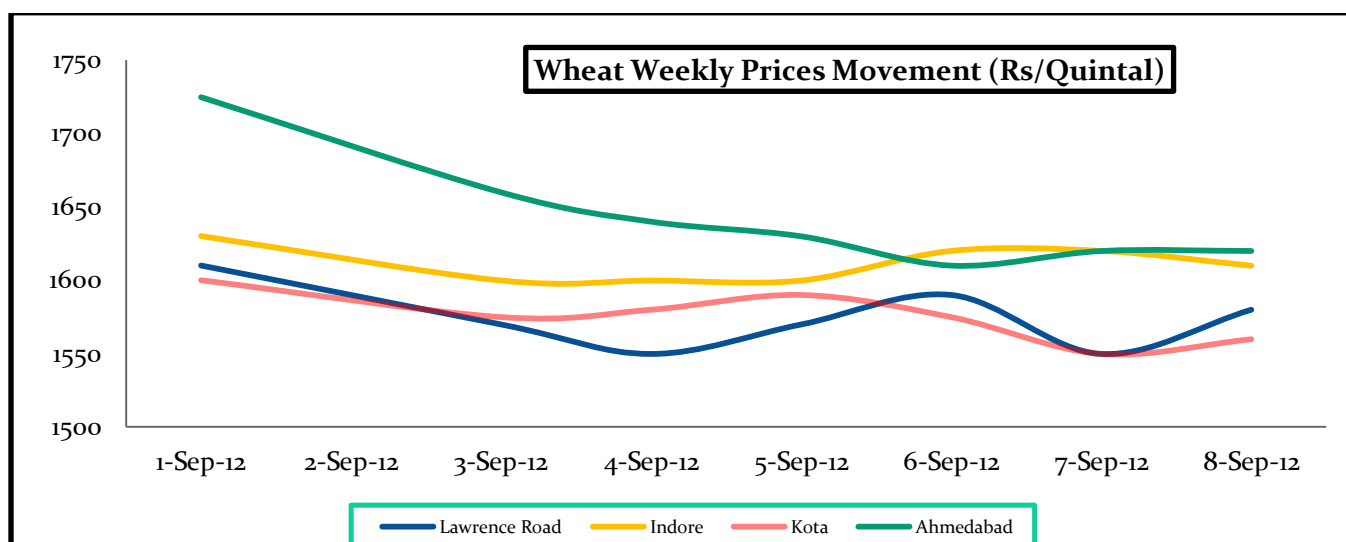
- Wheat cash market stays steady despite attempt to augment supply through various channels by the govt.'s agencies. Supply crunch continues to support cash market. At least 12 percent higher allocation monthly in comparison to last year may be helpful to stabilize domestic market.
- Govt. is releasing wheat for domestic through tender. This should be done with fixing minimum bid price. Otherwise, huge differences in bid price will continue to distort common market force. As we see in Thursday's bid prices at Jaipur. Some bidders bid was Rs 1551 per qtl., others in the range of Rs 1350 to Rs1450 per qtl. Such huge differences may discourage regular buyers and suppliers.
- On export front situation remains same as it was in the previous week. Buyers are either looking towards Russia or India as both these countries are the cheapest source of wheat right now. India should attempt to attract big buyers like Iran and explore opportunity in China where big quantity is required. Besides, Malaysia, Indonesia, Philippines, south west Asian countries will remain perspective buyers in the months ahead.
- We expect prices to increase from current level as demand from south India is continuously increasing. Millers demand is higher than normal as demand for wheat products is being seen at higher side.
- Out of 13 lakh tonnes, the share of U.P is 2.10 lakh T, West Bengal gets 1.33 lakh T and Rajasthan 1.12 lakh T. The allocation for southern States has been made based on their off take of wheat through the public distribution system. However, mills are betting on the three lakh tonne that has been set aside for non-wheat procuring States. Lower allocation for southern millers may be problematic as prices in southern India is ruling higher than expectation at this point of time. More allocation for these regions is required.
- The minimum support price (MSP) for wheat is unlikely to be raised for the next marketing season, which starts from April 1, 2013. For 2012-13, wheat MSP stands at Rs 1,285 a quintal. The Commission for Agriculture Costs and Prices has not recommended any increase in the MSP of wheat for 2013-2014 crop marketing season. Reasons given are that higher MSP would make exports uncompetitive and that the country already has huge stocks of wheat. Any further increase in MSP would only add to subsidy burden of the government for the next fiscal.
- Wheat domestic market is expected to trade under pressure as government is releasing stock through tenders and for OMSS and it is expected that market may continue to trade weak as government may release more stock in coming months.
- Exporters are not buying wheat actively due to unstable market. Higher domestic prices have narrowed down the margin. Besides, unstable INR, logistics problems are posing greater challenge. We expect exporters to return to the market once again in mid Sep. when direction for cash market and global market would be clearer. Exporters bid in fresh tender are expected in the range of \$300 to \$315 per T at current global market scenario. Fresh tender is due and may be invited soon. We expect cash wheat market to trade range bound as fresh allocation is not up to the expectation of current demand.
- Planting intension of wheat farmers seems almost same as last year so far. However, rains in sep and price will be decisive factors for wheat acreage. However, slight decrease in yield is feared due to lower rainfall in some eastern and western states.

Weather Watch (Weather Outlook Up to 16th September, 2012):

Rain/thundershowers would occur at many places over west coast, east & northeastern states and Andaman & Nicobar Islands. Rain/thundershowers would occur at a few places over northwest India.

Seasonal Rainfall (in mm) from 1 June-8 September, 2012

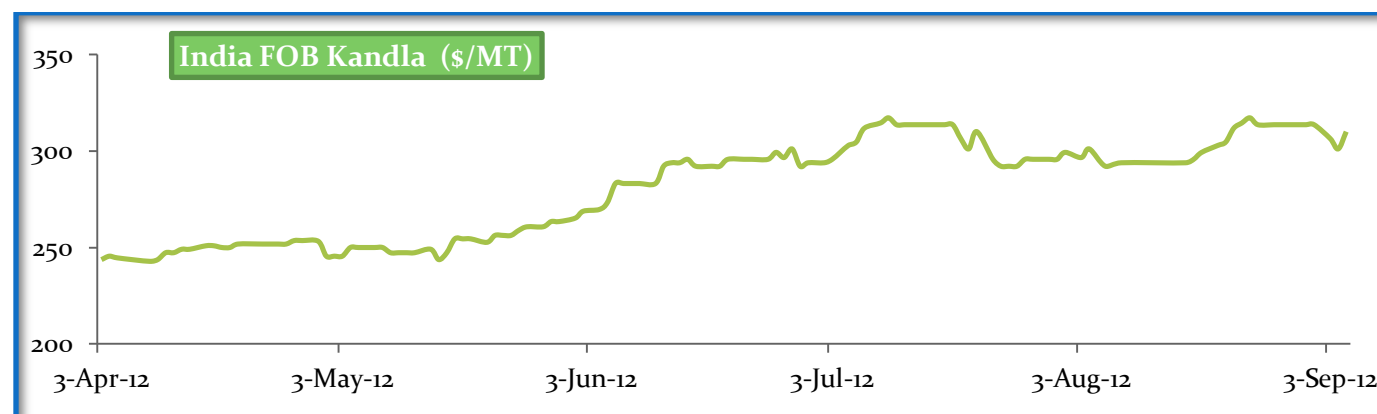
Region	Actual	Normal	% Departure from Long Period Average
All India	700.8	768.3	-9
East & Northeast India	1034	1223	-15
Northwest India	477.6	544.4	-12
Central India	829.6	858.6	-3
South Peninsula	558.9	594.8	-6

Domestic Weekly Prices Comparison of key Spot Market:

FOB Value as on 08.09.12 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Bareilly	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16400	14800	14900	16100	15500	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	1000	1200	1350	1200	1200	0
Indian FOB (Rs/MT)	17400	16300	16600	17950	17200	14550	18220
Indian FOB (USD/MT)	313	294	299	323	310	262	328
Insurance @ 0.1%	0.31	0.29	0.30	0.32	0.31	0.26	0.33
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (Kandla to Chittagong)	331	312	317	341	328	280	346
INR	55.52	55.52	55.52	55.52	55.52	55.52	55.52
Russian Wheat FOB (USD/MT)	270	270	270	270	270	270	270
Parity on FOB Basis (USD/MT)	-17	2	-3	-27	-14	34	-32

Slight downward correction has been seen in the domestic market due to 13 lakh tonnes allocation for bulk buyers. Russian and Indian FOB quotes are ruling almost the same and so competition still exists between the two countries. However, Russia will not be able to supply continuously due the lesser crop this year. India can take advantage of this emerging scenario with heavy stockpiles of wheat. However, long term strategy is needed on food grains export front.



STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.09.2012:	IN STORAGE	IN TRANSIT	TOTAL
RICE	253.39	2.54	255.93
WHEAT	457.85	3.75	461.60
Wheat lying in Mandies	0.00	0.00	0.00
TOTAL	711.24	6.29	717.53
COARSE GRAINS	0.59	0.00	0.59
SUGAR	0.48	0.10	0.58
GRAND TOTAL	712.31	6.39	718.70

(Figures in Lakh Tonnes)

Spot prices of wheat at NCDEX Delivery centers

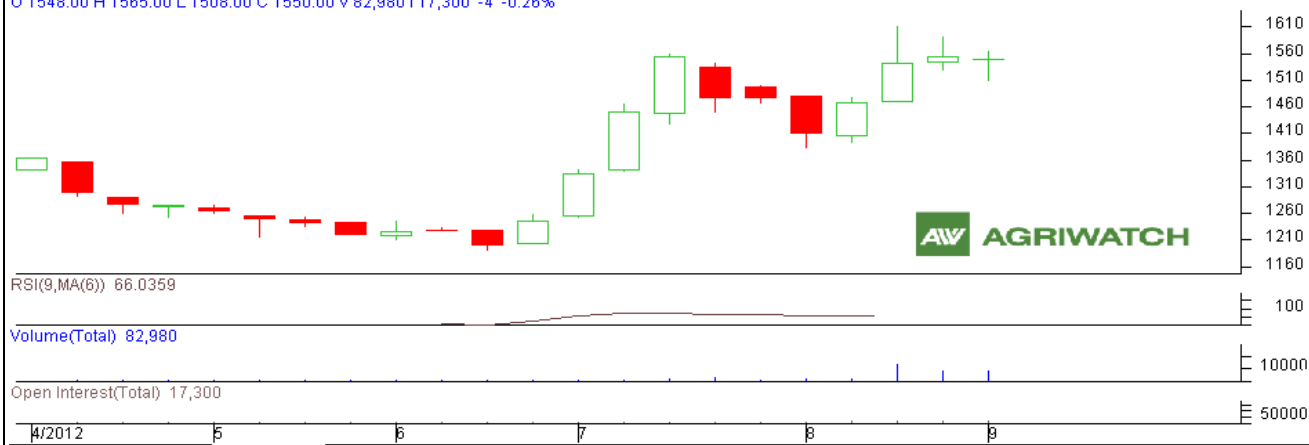
NCDEX SPOT	8 th Sept, 2012	week ago 1 Sept 12	Month ago 8 th Aug 12	Year ago 8 th Sept 2011	Change over previous year %
Bareilly	1550	1630	1440	1125	27.42
Delhi	1575	1600	1403	1144.15	27.36
Indore	1615	1650	1524	1120	30.65
Khanna	1591	1596.50	1425	1289	18.98
Kota	1638	1645	1628	1131.25	30.94
Kanpur	1565	1570	1390	1070	31.63
Karnal	1517	1623	1350	1259	17.01
Rajkot	1600	1610	1500	1064	33.50

Commodity: Wheat
Contract: October

Exchange: NCDEX
Expiry: October 19th, 2012

Wheat (Weekly Chart)
201210th September

Wheat New Delhi 1210(NCWHMV2)2012/09/02 - Weekly B:1549.00 A:1550.00
O 1548.00 H 1565.00 L 1508.00 C 1550.00 V 82,980 I 17,300 -4 -0.26%



Technical Commentary:

- Market is moving sideways and candlestick chart depicts consolidation.
- Fall in prices, OI and Volume hints towards Consolidation.
- Oscillator RSI is in neutral zone and nearing overbought zone.
- Last candlestick Doji Shows indecision among market participant.

Strategy: Sell from entry level

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	October	1460	1477	1550	1612	-
Weekly Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	October	Sell	Below 1560	1523	1502	1595

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

International Market Updates:

A purchase of 475,000 tonnes of wheat from Russia, Romania and Ukraine by Egypt's main state-run wheat buyer, spurred talk that Russia would exhaust supplies soon. Russia has repeatedly denied that it would ban exports -as it did in 2010 after a historic drought -- due to a poor crop this year.

Leading Russian grain analyst Dmitry Rylo, head of the Institute for Agriculture Market Studies told, a conference in Moscow that Russia could import as much as 2.5 million tonnes of wheat from neighbor Kazakhstan.

Argentina has completed 99% of sowing at 3.7 million hectares till Thursday which is 2 % more than a week earlier but 1% less from last year at the same time and it is expected to produce 12.5 million tonnes this year as compared to last year's 15 million tonnes which might affect the Brazil's import, as Brazil is the largest importer of Argentina's wheat and imports around 4 million tonnes.

Australia is expected to produce 22.79 million tonnes of wheat this season which is lower than last year's record production by 20%, which is mainly due to dry weather in Western Australia, the largest wheat producing province of Australia.

It is expected that Ukraine will produce 15 million tonnes of wheat this year against 22.3 million tonnes last year. Ukraine's domestic consumption is about 12 million tonnes which will leave it with around 4 million tonnes of exportable surplus hence Ukraine may ban exports in early January 2013 to quell the rising domestic wheat prices.

Russian has so far harvested 65% of grains which is 55 million tonnes out of which 33 million tonnes of wheat has been harvested so far. The yield of wheat this year has fallen to 1.89 tonnes per hectares which is less by 27% as compared to last year's yield.

The forecast for world trade is only slightly lower than last month's 134.6 million tons (143.5m.), as reduced milling wheat imports, particularly in North Africa, are nearly balanced by an increase in projected feed wheat trade. Smaller export surpluses in the Black Sea region will see demand switch to other origins in the year ahead, especially the US

IGC Wheat Balance Sheet (As on 23.08.2012)

(Quantity in MMT)

IGC/23.07.12	2007-08	2008-09	2009-10	2010-11	2011-12 Estimated	Million T	Projection for 2012-13
Wheat						26/07/2012	23.08.2012
Production	607	685	679	653	695	665	662
Trade	110	137	128	126	146	133	133
Consumptions	603	645	653	659	692	679	679
Carryover stocks	132	173	199	193	197	183	180
Y-O-Y change	5	41	26	-6	4	-	-17
Major Exporters	47	69	78	72	70	55	54

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	(08.09.12)	Week Ago 1.09.12	Month Ago (August)	3 Months Ago (June)	Year Ago (Sept.)
USA (Chicago)	RTRS 2srw	22.27	344.80	341	334	242	268
France	FCW3	15.20	334.90	332	317	278	284
United Kingdom	Feed wheat	15.69	325.00	320.4	294	256	274
Australia	CWRS	27.77	336.44	344	342	272	243
Russia	SRW	15.54	313.75	312	307	275	265
Canada	Q2FW	20.48	306.20	305.5	297	252	243.5
Ukraine	SRW	15.35	309.50	310	304	272	262
Argentina	SRW	22.46	345.00	340	304	270	267.5

FOB quotes in the global market has been unstable due to weather related concern, lower Russian and Australian production estimates and conflicting reports on production fronts in other major wheat growing countries. . Global wheat FOB quotes may hover in the range of \$305 to \$355 per MT in the near and medium term

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 08.09.12							
CONTRACT MONTH	08 Sept 2012	Week ago (1 Sept 2012)	1 Month ago (8 Aug)	3 Month ago (8 June)	6 Month ago (8 Mar)	1 Year ago	% Change over previous year
Sept-12	325.06	324.60	328.18	278.21	251.21	301.64	7.21
Dec-12	332.50	331.76	332.96	285.38	257.00	309.17	7.02
Mar-12	336.35	334.70	334.79	290.61	261.96	313.48	6.80
May-13	335.99	331.85	327.54	286.66	264.16	312.01	7.14
July-13	319.18	315.14	314.31	293.09	264.25	304.39	4.63
Sept-13	319.91	314.59	314.40	294.84	266.92	291.62	8.84

CBOT SEPTEMBER CHART:

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