

Domestic Market Updates:

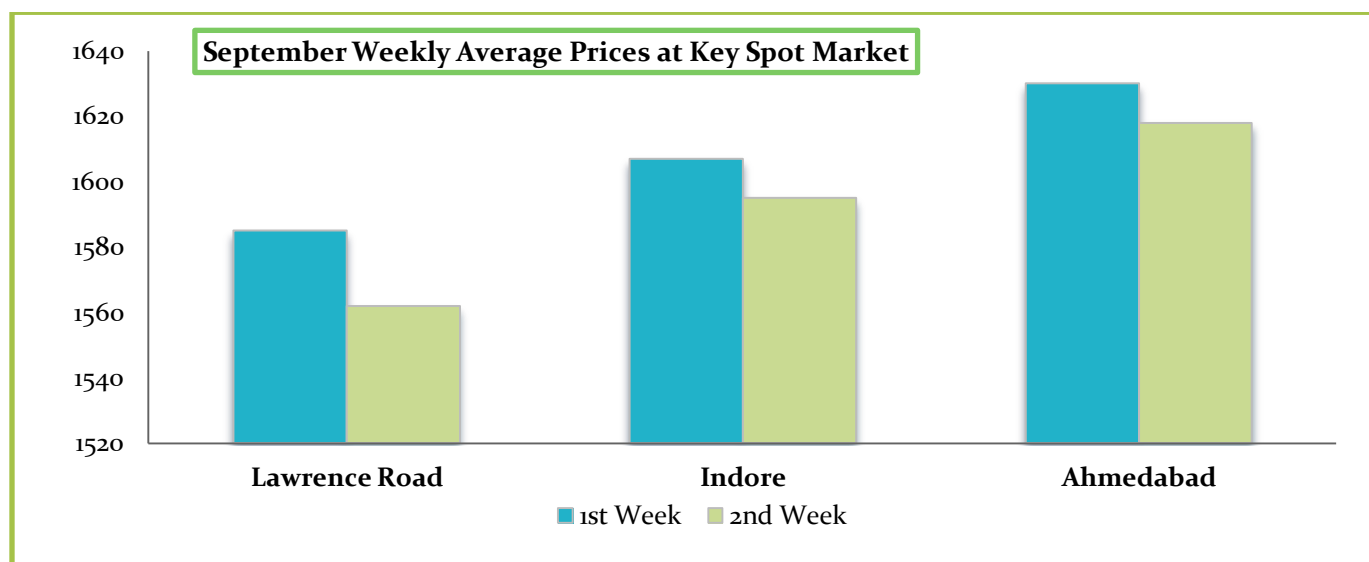
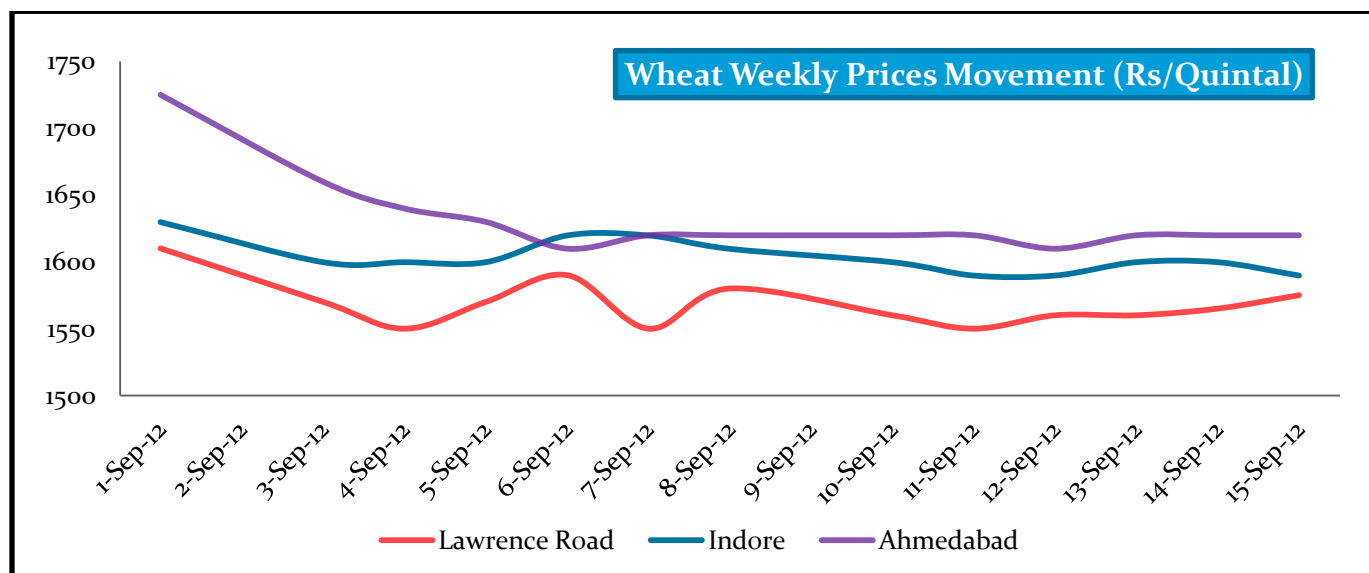
- Domestic market continued to rule higher due to short supply in cash market. Demand from bulk users continues and millers are unable to fulfill their immediate demand from cash market. Private traders/stockiest have meager quantities to offer and farmers are unwilling to release stock at this point of time despite better prices as they usually get higher prices in Jan, Feb.
- Wheat cash market traded almost steady on Saturday on back of balanced supply-demand side. Bulk users are utilizing their inventories as prices are higher in the cash market. Higher release from govt.'s stock may stabilize market. There is not enough stock in cash market and in the absence of ample release market may move up once again. Private inventories too are depleting fast.
- Besides, the other important factor influencing price is the latest hike in fuel price. Retail prices of essential food items, including wheat and edible oils, are expected to increase marginally across the country due to a rise in the cost of transport following diesel price hike by over Rs 5 per liter.
- The State Trading Corp has floated a tender to export 120,000 tonnes of wheat for shipments in October and November. The last date of submission of bids is Oct. 1. The tender is part of the plans of the government to trim huge wheat stocks at government warehouses.
- PEC has got bid of \$ 316.1 per tonne from Agrocorp for 120,000 tonnes of milling wheat to be exported from Krishnapatanam port. In another tender MMTC has received the highest bid of \$ 305.25 per tonne from Toepfer for export of 35,000 tonnes wheat.
- 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.

Weather Watch (Weather Outlook Up to 23th September, 2012):

Rain/thundershowers would occur at many places over east and adjoining central India, northeastern states and Andaman & Nicobar Islands. Rain/thundershowers would occur at one or two places over rest parts of the country.

Seasonal Rainfall (in mm) from 1 June-15 September, 2012			
Region	Actual	Normal	% Departure from Long Period Average
All India	756.9	813.6	-7
East & Northeast India	1125.8	1303.4	-14
Northwest India	526.1	577.6	-9
Central India	889.0	906.6	-2
South Peninsula	592.4	625.9	-5

Domestic Weekly Prices Comparison of key Spot Market:



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)

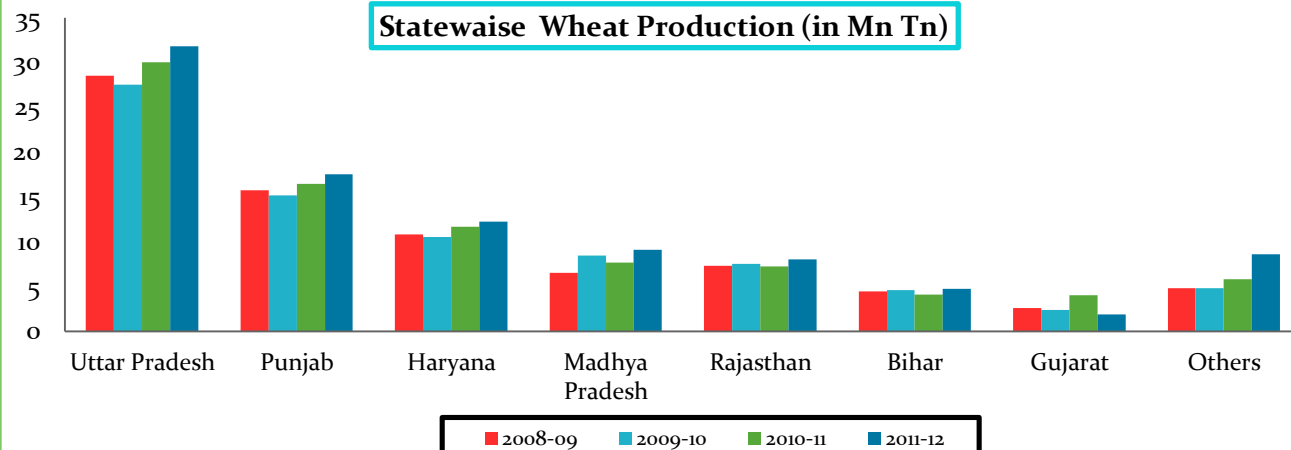
FOB Value as on 15.09.12 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Bareilly	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16500	15000	14800	15900	15250	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)	17500	16500	16500	17750	16950	14550	18220
Indian FOB (USD/MT)	320	302	302	324	310	266	333
Insurance @ 0.1%	0.32	0.30	0.30	0.32	0.31	0.27	0.33
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (Kandla to Chittagong)	338	320	320	342	328	284	351
INR	54.72	54.72	54.72	54.72	54.72	54.72	54.72
Russian Wheat FOB (USD/MT)	313.75	313.75	313.75	313.75	313.75	313.8	313.75
Parity on FOB Basis (USD/MT)	-6	12	12	-11	4	48	-19

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.

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	15 th Sept, 2012	week ago 8 Sept 12	Month ago 14 th Aug 12	Year ago 15 th Sept 2011	Change over previous year %
Bareilly	1550	1550	-	1170	24.52
Delhi	1578	1575	1415	1174	25.60
Indore	1576	1615	1478	1130	28.30
Khanna	1618	1591	1463	1289.4	20.31
Kota	1625	1638	1575	1188	26.89
Kanpur	1550	1565	1380	1110	28.39
Karnal	1600	1517	1355	1270.05	20.62
Rajkot	1592	1600	1500	1136	28.64

Statewise Wheat Production (in Mn Tn)

Commodity: Wheat
Contract: October

Exchange: NCDEX
Expiry: October 19th, 2012

Wheat (Weekly Chart)

Wheat New Delhi 1210(NCWHMV2)2012/09/16 - Weekly B:1559.00 A:1560.00
O 1570.00 H 1570.00 L 1555.00 C 1559.00 V 1,120 I 17,060 -8 -0.51%

EMA(9) 1508.5 (18) 1450.3



Technical Commentary:

- Market is moving sideways and candlestick chart depicts consolidation.
- Fall in OI and rise in price hints towards Short covering.
- Oscillator RSI is in neutral zone.
- Last candlestick Spinning Top Shows indecision among market participant.

Strategy: Sell from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	October	-	1510	1567	1612	1625
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	October	Sell	Below 1575	1535	1525	1605

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

International Market Updates:

Supply from Russia and other black sea region may dwindle November onward due to lower export availability and rising prices in the domestic market. China turns to be a big importers, production falls short considerably. Australian, US (major suppliers for global market) quotes are comparatively higher, production estimates are likely to be revised down.

CBOT is expected to trade range bound in the week ahead.

According to the report of USDA it is expected that world wheat production will decline by 5.2% in 2012-13 due to crop damaged in major wheat producing countries because of adverse weather conditions. Argentina is expected to produce 12.5 million tonnes as compared to 15 million tonnes last year, a decline by 23%. Australia is expected to produce 22.5 million tonnes as compared to last year's 29.5 million tonnes, which is 24% lesser than last year's crop. Kazakhstan crop will drop to 10.5 million tonnes this year as compared to last year's 22.7 million tonnes.

South Korean firm Daewoo offers to sell 50,000 tonnes of wheat to Bangladesh at USD 352.92 per tonne CIF, which has to be shipped within 40 days after signing the deal. This is the second tender issued by the Bangladesh government as Bangladesh tries to secure supplies due to estimated lower wheat production this year.

Argentina has sown wheat in 3.6 million hectares this year. Wheat production is estimated to produce 12.5 million tonnes of wheat this year as compared to 15 million tonnes last year due to flood but the rain has increased the prospects of better yield.

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.

IGC Wheat Balance Sheet (As on 23.08.2012)

(Quantity in MMT)

IGC/23.08.12	2007-08	2008-09	2009-10	2010-11	2011-12 Estimated	Million T 26.07.2012	Projection for 2012-13 23.08.2012
Wheat							
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	(14.09.12)	Week Ago 7.09.12	Month Ago (August)	3 Months Ago (June)	Year Ago (Sept.)
USA (Chicago)	RTRS 2srw	22.74	346.90	349.00	322	247.4	268
France	FCW3	18.44	348.20	343.20	321	282	284
United Kingdom	Feed wheat	16.84	329.50	329.50	305	264	274
Australia	CWRS	30.06	347.44	344.05	344	274	243
Russia	SRW	15.54	313.75	312	307	275	265
Canada	Q2FW	20.01	308.80	305.3	298	258	247
Ukraine	SRW	16.30	319.00	309.50	304	290	267
Argentina	SRW	11.94	335.00	345	340	265	295

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: 14.09.12							
CONTRACT MONTH	14 Sept 2012	Week ago (7 Sept 2012)	1 Month ago (14 Aug)	3 Month ago (14 June)	6 Month ago (14 Mar)	1 Year ago	% Change over previous year
Dec-12	339.57	332.50	315.32	244.87	253.32	291.72	14.09
Mar-12	344.07	336.35	318.72	252.22	258.47	296.58	13.80
May-13	342.42	335.99	315.60	255.89	261.41	297.32	13.17
July-13	328.00	319.18	303.93	258.93	261.41	291.16	11.23
Sept-13	327.08	319.91	304.39	263.24	264.25	291.62	10.84
Dec-13	329.10	321.38	307.24	268.84	269.58	291.62	11.39

CBOT DECEMBER CHART:

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2005 Indian Agribusiness Systems Pvt. Ltd.