

Domestic Market Updates:

- Domestic market will trade weak. CCI (Competition Commission of India) has intervened as prices of wheat have been soaring in spite of bumper crop. For 2012-13 year FCI has procured 38 million tonnes of wheat, which is more than 200% of required quantities, creating monopoly over wheat supply and leaving less quantity in open market for private traders.
- It has been decided by the government that government will release 20-25 lakh tonnes of wheat every month October onwards in open market, to contain the price rise.
- STC has issued a tender to sell 40000 MT of wheat. PEC has issued tender to export 30000 MT Indian milling wheat to be shipped from 10 Oct to 5 November 2012 from Karaikal port and another tender of 125,000 MT Indian milling wheat to be shipped in month of October 2012 from Kandla port.
- India has exported 22.98 lakh tonnes of wheat till date is expected to export 35 lakh tonnes of wheat by the end of October.
- Bihar government has set target of 72.85 lakh tonnes of wheat production for 2012-13 in an area of 23.5 lakh hectares with productivity of 3.1 tonnes/hectare. Last year's Bihar has produced around 47 lakh tonnes.
- 36,750 tonnes of wheat has been shipped from port Pipavav by Government to Indofood sukses, Jakarta Indonesia. This was the first consignment for 2012 of wheat exported by government from Pipavav port.
- 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:

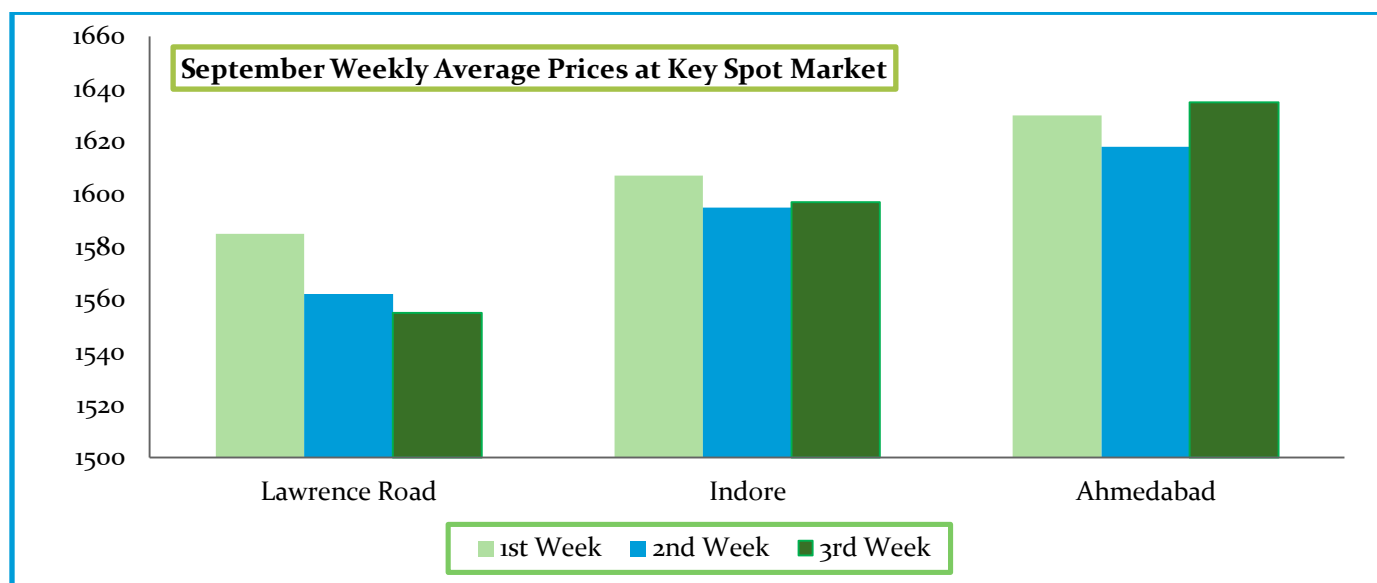
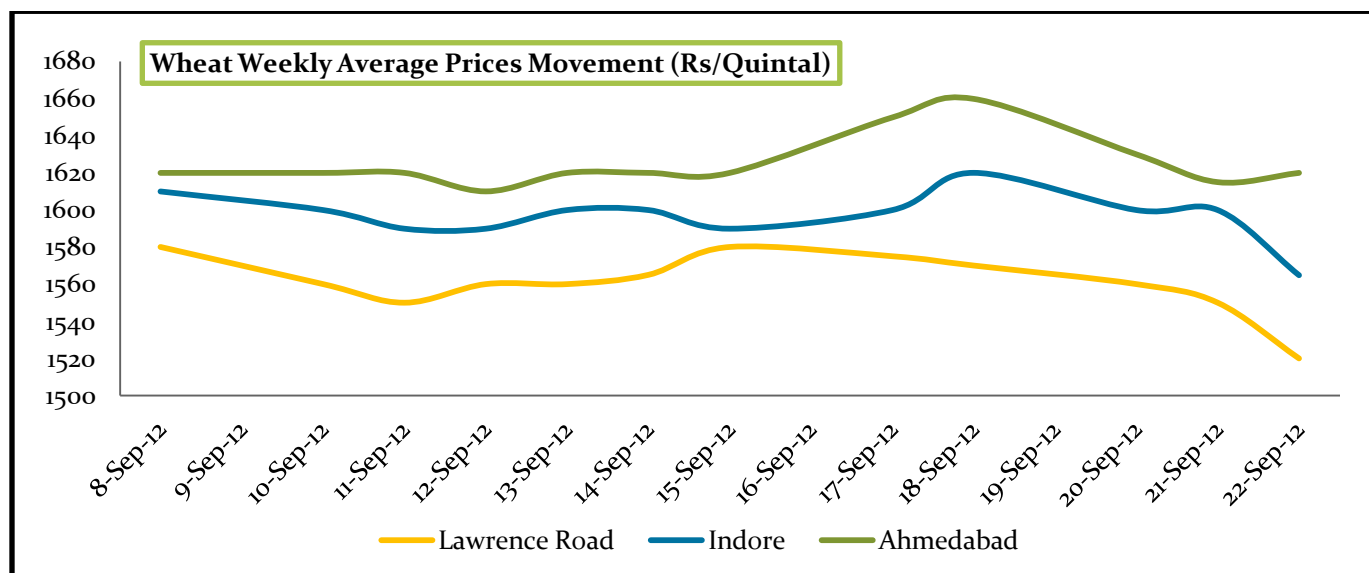
Weather Outlook up to 30 September, 2012-

Rain/thundershowers would occur at a few places over northeastern states and south Peninsular India. Weather would be mainly dry over northwest, central and adjoining east India.

Seasonal Rainfall (in mm) from 1 June-22 September, 2012

Region	Actual	Normal	% Departure from Long Period Average
All India	801.9	848.1	-5
East & Northeast India	1236.1	1367.2	-10
Northwest India	568.0	594.6	-4
Central India	919.6	939.0	-2
South Peninsula	614.0	667.8	-8

Weekly Prices Comparison of key Domestic 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)

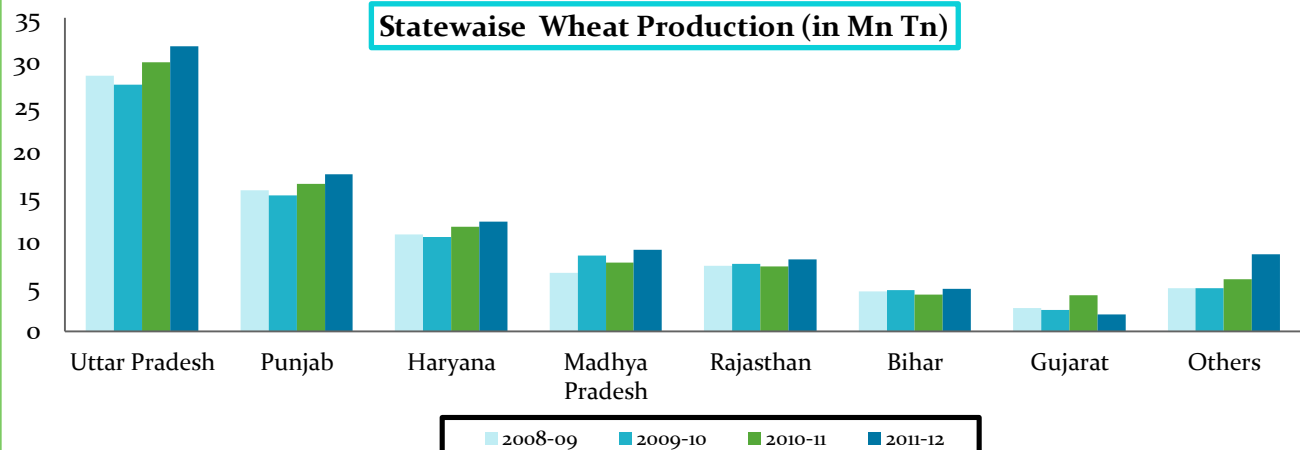
FOB Value as on 22.09.12 from various destinations at Kandla:

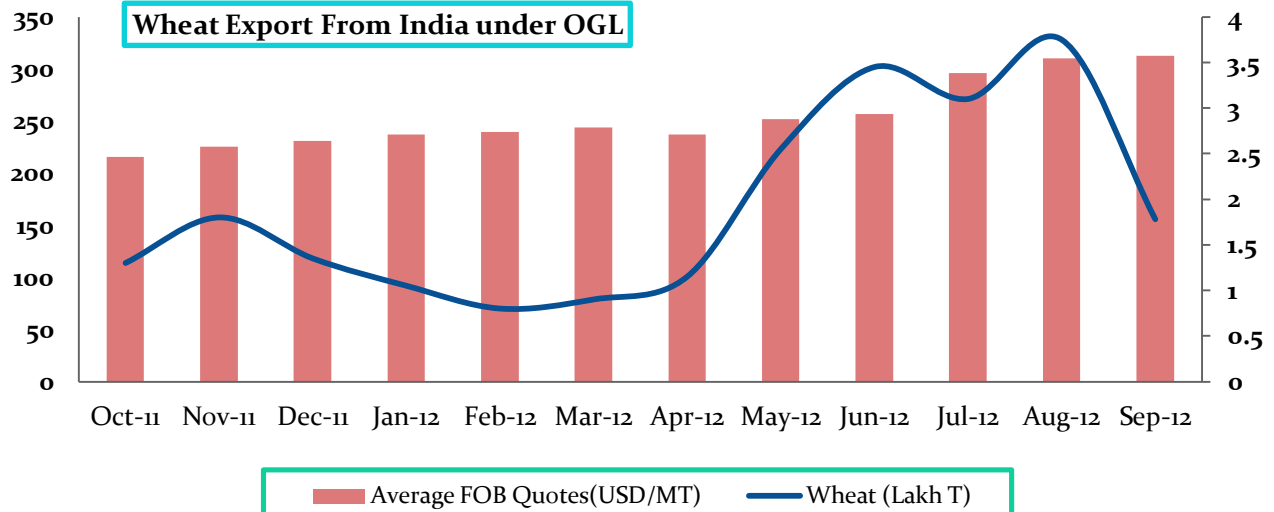
Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Bareilly	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16400	15000	14500	15650	15200	12850	18220
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	500	500	500	500	500	500	0
Local transport, port warehousing, labour charges, shortage	500	1000	1200	1350	1200	1200	0
Indian FOB (Rs/MT)	17400	16500	16200	17500	16900	14550	18220
Indian FOB (USD/MT)	323	306	301	325	314	270	338
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)	341	324	319	343	332	288	356
INR	54.72	54.72	54.72	54.72	54.72	54.72	54.72
Russian Wheat FOB (USD/MT)	325.50	325.50	325.50	325.50	325.50	325.50	325.50
Parity on FOB Basis (USD/MT)	1	17	23	-1	10	54	-15

Slight downward correction has been seen in the domestic market due to 13 lakh tonnes allocation for bulk buyers. Indian FOB quotes are ruling low, as stocks are ample in open market and demand from millers have subdued in recent times. 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	22 nd Sept, 2012	week ago 15 th Sept 12	Month ago 22 nd Aug 12	Year ago 22 nd Sept 2011	Change over previous year %
Bareilly	1550	1550	1483	1150	25.81
Delhi	1530	1578	1536.35	1178.05	23.00
Indore	1544	1576	1576.25	1098	28.89
Khanna	1632	1618	1463.45	1296.45	20.56
Kota	1575	1625	-	1129	28.32
Kanpur	1530	1550	1490	1080	29.41
Karnal	1550	1600	1445	1280	17.42
Rajkot	1581	1592	1582	1098	30.55

Statewise Wheat Production (in Mn Tn)



Centre	Market	Variety	Prices (Rs/Qtl)		Change
			22.9.2012	15.9.2012	
Delhi					
	Lawrence Road	Mill Quality	1520	1580	-60
	Nazafgarh	Mill Delivery Loose	1490	1500	-10
	Narella	Mill Delivery Loose	1445	1485	-40
Gujarat	Rajkot	Mill Delivery	1590	1590	Unch
	Ahmedabad	Mill Delivery	1620	1620	Unch
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1475	1650	-175
	Indore	Mill Delievery	1565	1590	-25
Rajasthan	Kota	Mill Quality	1550	-	-
U.P.	Kanpur	Mill Delivery	1550	1550	Unch
Punjab	Khanna	Mill Quality Loose	1460	1460	Unch
Haryana	Karnal	Mill Quality	-	-	-
	Sirsa	Mill Delivery loose	-	1480	-
	Palwal	Mill Quality Loose	1480	-	-
	Panipat	Mill Quality Loose	-	-	-
	Hodal	Mill Quality loose	1425	1450	-25

Commodity: Wheat

Contract: October

Exchange: NCDEX

Expiry: October 19th, 2012

Wheat (Weekly Chart)

Wheat New Delhi 1210(NCWHMV2)2012/09/16 - Weekly B:1521.00 A:1525.00
 O 1570.00 H 1570.00 L 1521.00 C 1524.00 V 32,300 I 14,610 -43 -2.74%

EMA(9) 1501.5 (18) 1446.6



Technical Commentary:

- Market is moving sideways and candlestick chart depicts consolidation.
- Fall in OI, price and Volume hints towards Consolidation.
- Oscillator RSI is in neutral zone.
- Last candlestick Bearish opening Marubozu indicates bearishness.
- Last two candlesticks are forming bearish engulfing indicating downtrend.

Strategy: Sell from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	October	-	1450	1524	1588	1600
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	October	Sell	Below 1530	1490	1475	1565

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

International Market Updates:

Concern over lower wheat production globally due to dry weather condition in Russia, Ukraine and USA and Australia, during sowing to harvesting stages have supported global wheat prices this year. However, the uptrend has been contained by good harvest prospects in Argentina and Russia's continued exports along with improved precipitation in US wheat growing region, which will improve soil moisture and ultimately will improve sowing prospects.

Global benchmark Wheat prices has risen by 2% as Russia may ban wheat export to check the rising domestic wheat prices. Russia had banned wheat export in August 2010 after a severe drought which led to wheat crop of 41.5 million tonnes; this year wheat crop is around 39 million tonnes.

Japan plans to import 1.21 million tonnes of feed wheat, due to raising US corn prices. Wheat feed use has increased 4.1% this year as compared to last year's 1.2% at the same time. This is 20 year low of corn use in animal feed in Japan.

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.

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	(22.09.12)	Week Ago 15.09.12	Month Ago (August)	3 Months Ago (June)	Year Ago (Sept.)
USA (Chicago)	RTRS 2srw	23.41	349.90	358.80	344	267	268
France	FCW3	16.91	341.80	354.90	336	281	284
United Kingdom	Feed wheat	17.79	333.30	335.70	336	276	274
Australia	CWRS	29.61	345.20	347.25	355	281	243
Russia	SRW	8.81	323.50	317.50	306	278	295
Canada	Q2FW	21.55	307.20	305.30	298	257	241
Ukraine	SRW	9.38	320.00	319.50	304	275	290
Argentina	SRW	15.94	345.00	345.00	340	264	290

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: 21.09.12							
CONTRACT MONTH	21 Sept 2012	Week ago (14 Sept 2012)	1 Month ago(21 Aug)	3 Month ago(21 June)	6 Month ago(21 Mar)	1 Year ago	% Change over previous year
Dec-12	329.65	339.57	338.74	259.38	250.20	279.32	15.27
Mar-12	333.60	344.07	341.68	263.89	254.98	284.55	14.70
May-13	332.68	342.42	336.26	266.00	257.73	285.47	14.19
July-13	320.19	328.00	316.33	267.01	258.28	280.60	12.36
Sept-13	320.37	327.08	316.52	271.32	261.04	282.16	11.93
Dec-13	322.85	329.10	318.54	276.84	266.73	288.04	10.78

CBOT DECEMBER FUTURE CHART:

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