

## Domestic Market Updates:

**Bulk users like flour millers are totally dependent on govt.'s stock** and there is negligible supply from farmers. At current market scenario any steep decline in wheat market from current level is unlikely as demand for wheat is higher than actual supply. Wheat prices in domestic market is likely to trade steady to slightly firm on the back of higher demand of wheat products ahead of festive season.

**Wheat stock with government as on 1 October 2012 was 431.53 lakh tonnes**, which is highest ever wheat stock with government. Off take from government granaries was around 30 lakh tonnes in month of September which is likely to rise as festive demand will be there and due to lean season.

**Export demand for Indian wheat too is likely to improve in the weeks** ahead as global market fundamentals seem bullish.

**Wheat sowing has started in Maharashtra** and is likely to start in Gujarat by mid-October. In Madhya Pradesh harvesting of soybean is going on and Wheat sowing is likely to commence after Diwali.

**In Gujarat for 33000 tonnes of Wheat tender bids received were around Rs 1422/Quintal.** Prices in local market are likely to remain stable as supply is short which may support prices in days ahead if government doesn't allocate more quantity. Major Price deciding force will remain additional stock from government and stock in private hands and farmers is negligible and major consumers like flour miller and exporters are completely depended on government stocks.

**Wheat area may improve this year as farmers have realized better** price due to higher MSP and continuous export demand. Farmer's pre sowing intention shows better coverage this year in Rajasthan as they prefer wheat sowing in guar field. Besides, there is ample water available in Gandhi Sagar Dam and it will facilitate irrigation at maturity stage. However, area under wheat in Saurashtra region may decrease drastically due to lower rainfall. Almost 80 percent wheat area may be used for other cash crops like chana, castor, cumin and cotton.

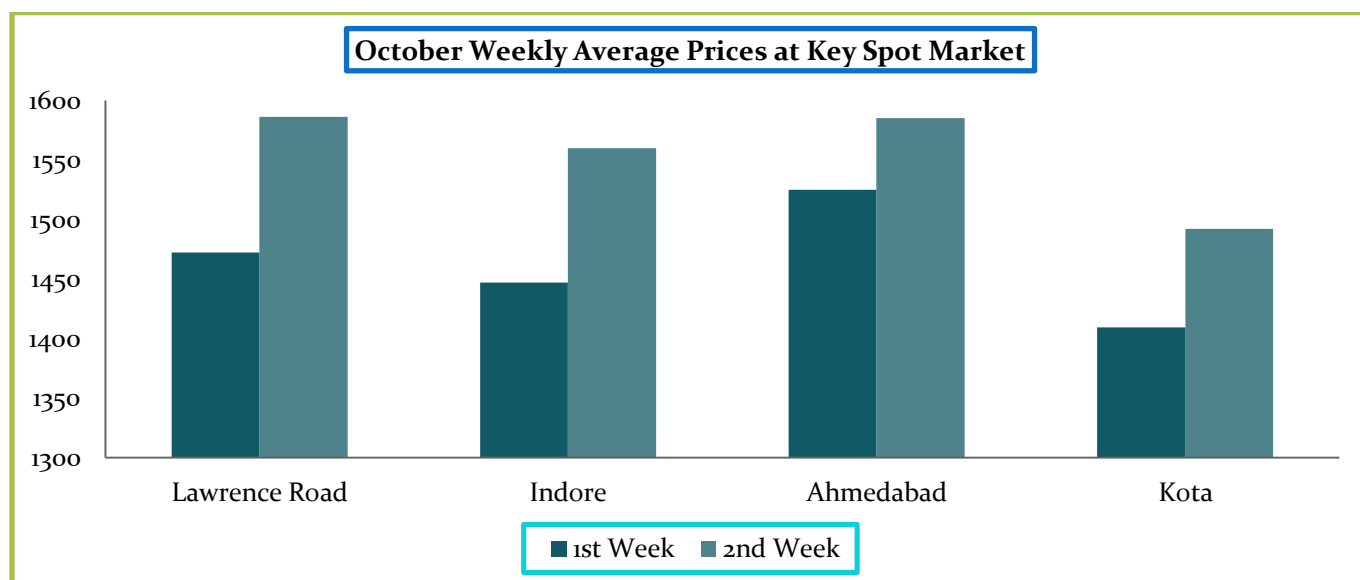
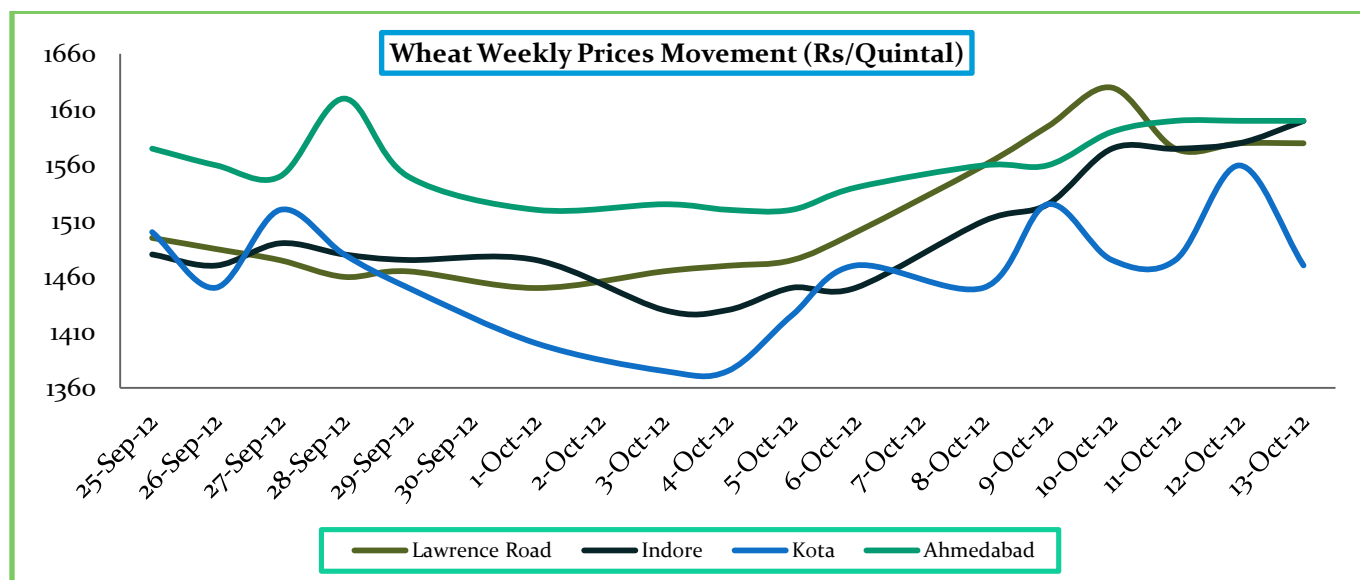
**Wheat stock with govt. is still much higher than required norm and another** bumper crop may lead to serious storage problem. Export through govt.'s godowns has not been very impressive. It is appropriate time to ship out maximum wheat (in the range of 7 to 8 million T) in current marketing year. So that carryout stock remains at manageable level.

## Weather Watch:

For the country as a whole, the rainfall for the season (June-September) was 92 % of its long period average (LPA). Seasonal rainfall was 93% of its LPA over Northwest India, 96% of its LPA over Central India, 90% of its LPA over south Peninsula and 89% of its LPA over Northeast (NE) India. Monthly rainfall over the country as a whole was 72% of LPA in June, 87% of LPA in July, 101% of LPA in August and 111% of LPA in September.

Season (June to September) rainfall			
Region	LPA (mm)	Actual Rainfall for 2012 SW Monsoon Season	
		Rainfall (mm)	Rainfall (% of LPA)
All India	887.5	819.8	92
Northwest India	615	569.3	93
Central India	975.5	935.5	96
Northeast India	1438.3	1275.3	89
South Peninsula	715.5	643.9	90

### Weekly Prices Comparison of key Domestic Spot Market:



STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.10.2012:			
	IN STORAGE	IN TRANSIT	TOTAL
RICE	231.59	2.14	233.73
WHEAT	428.29	3.24	431.53
Wheat lying in Mandies	0.00	0.00	0.00
<b>TOTAL</b>	<b>659.88</b>	<b>5.38</b>	<b>665.26</b>
COARSE GRAINS	0.59	0.00	0.59
SUGAR	0.35	0.04	0.39
<b>GRAND TOTAL</b>	<b>660.81</b>	<b>5.42</b>	<b>666.23</b>

(Figures in Lakh Tonnes)

**FOB Value as on 13.10.12 from various destinations at Kandla:**

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Bareilly	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15600	14850	15000	15900	14700	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	1900	1350	1650	1200	0
Indian FOB (Rs/MT)	16600	16350	17400	17750	16850	14550	18220
<b>Indian FOB (USD/MT)</b>	<b>315</b>	<b>310</b>	<b>330</b>	<b>337</b>	<b>320</b>	<b>276</b>	<b>346</b>
Insurance @ 0.1%	0.31	0.31	0.33	0.34	0.32	0.28	0.35
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
<b>CIF (Kandla to Chittagong)</b>	<b>333</b>	<b>328</b>	<b>348</b>	<b>355</b>	<b>338</b>	<b>294</b>	<b>364</b>
INR	52.7	52.7	52.7	52.7	52.7	52.7	52.7
Russian Wheat FOB (USD/MT)	340	340	340	340	340	340	340
Parity on FOB Basis (USD/MT)	<b>25</b>	<b>30</b>	<b>10</b>	<b>3</b>	<b>20</b>	<b>64</b>	<b>-6</b>

**Spot prices of wheat at NCDEX Delivery centers**

NCDEX SPOT	13 <sup>th</sup> Oct, 2012(Today)	week ago 6 Oct 12	Month ago 13 Sept 12	Year ago 13 Oct 2011	change over previous Year %
<b>Bareilly</b>	1520	1500	1550	1145	<b>24.67</b>
<b>Delhi</b>	1580	1495	1561	1155	<b>26.90</b>
<b>Indore</b>	1576	1455	1576	1100	<b>30.20</b>
<b>Khanna</b>	1591	1596	1618	1303.2	<b>18.09</b>
<b>Kota</b>	1538	1500	1630	1128	<b>26.66</b>
<b>Kanpur</b>	1500	1400	1540	1080	<b>28.00</b>
<b>Karnal</b>	1510	1481	1615	1227	<b>18.74</b>
<b>Rajkot</b>	1520	1500	1580	1097	<b>27.83</b>

Tenders date	Opening Date	CPSU	Name of Port	Qty(MT)	USD/T(Tender Bid)	CBOT Dec (USD/T)
<b>13.07.12</b>	03.08.12	STC	Mundra	100000	302.50	332.04
		PEC	Kandla	90000	296.68	
<b>25.07.12</b>	16.08.12	PEC	Krishnapatnam	60000	308.00	323.95
<b>07.08.12</b>	21.08.12	MMTC	Pipava	35000	301.00	338.74
<b>03.08.12</b>	24.08.12	STC	Chennai	40000	311.11	326.43
<b>13.08.12</b>	10.09.12	PEC	Kandla	125000	313.50	326.89
<b>23.08.12</b>	13.09.12	PEC	Krishnapatnam	70000	316.01	331.39
<b>27.09.12</b>	27.09.12	PEC	Karaikal	30000	308.00	314.31

CBOT Dec Quotes are as on Opening Dates

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13.10.2012	06.10.2012	
Delhi	Lawrence Road	Mill Quality	1580	1500	80
	Nazafgarh	Mill Delivery Loose	1500	1420	80
	Narella	Mill Delivery Loose	1520	1420	100
Gujarat	Rajkot	Mill Delivery	1550	1510	40
	Ahmedabad	Mill Delivery	1600	1540	60
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1600	1330	270
	Indore	Mill Delivery	1600	1450	150
Rajasthan	Kota	Mill Quality	1470	1470	Unch
U.P.	Kanpur	Mill Delivery	1475	1425	50
Punjab	Khanna	Mill Quality Loose	1425	1380	45
Haryana	Sirsa	Mill Delivery loose	1440	1390	50
	Hodal	Mill Delivery	-	1505	-

Commodity: Wheat  
Contract: November

Exchange: NCDEX  
Expiry: November 20<sup>th</sup>, 2012

### Wheat (Weekly Chart)

O 1516.00 H 1569.00 L 1513.00 C 1539.00 V 66,670 I 15,750 +27 +1.79%  
EMA(9) 1510.5 (18) 1468.1



### Technical Commentary:

- Market is moving sideward and candlestick chart depicts Consolidation.
- Rise in OI, price and Volume hints towards Long Build up.
- Oscillator RSI is in neutral zone.
- Prices closed above 9 days EMA and 18 days EMA.

### Strategy: Buy from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	November	1498	1515	1539	1600	-
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	November	Buy	1534-1538	1575	1588	1521

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

### International Market Updates:

**USDA cut its estimate of U.S. wheat ending stocks to 654 million** bushels from 698 million, the lowest since the 2007-08 crop year. USDA also lowered its estimate for world ending stocks to 173 million tonnes from 176.71 million which is mainly due to lower production and few countries are taking advantage of higher international prices by exporting wheat hence their carry out stocks too will be low.

**South Korea's DongA One Corp bought 25,100 tonnes of milling wheat for January** arrival via a tender on Thursday. The flour miller bought U.S. origin milling wheat from Columbia Grain & Ingredients (CGI) for arrival between Jan. 1 and 31 of next year. 11,000 tonnes of Soft White (9.5 min protein) for \$331(FOB), 1,700 tonnes of Soft White (8.5 max) for \$339 FOB, 9,000 tonnes Hard Red Winter for \$361 FOB and 3400 tonnes Northern Spring for \$378 FOB.

**FranceAgriMer has cut its forecast of French soft wheat stocks at the end of this season** to the lowest level in at least 13 years as it raised its export outlook. It is expected that soft wheat ending stocks in 2012/13 will be 1.8 million tonnes, down around by 600,000 tonnes from its previous estimate last month. The cut was mainly due to a rise in forecast for French soft wheat exports outside the European Union in the 2012/2013 season to 9.5 million tonnes, against 9.0 million tonnes seen last month and now up 13 percent on 2011/2012.

**Australia is enjoying wheat export boom, with statistics released by the Australian** Bureau of Statistics on 9.10.2012 confirming that the Australian wheat industry is thriving in a deregulated environment. In 2011-12 marketing year 22.9 million tonnes of wheat has been exported in first 11 months (October 2011 to August 2012).

**We expect wheat prices to go up in the international market at least by \$20 to \$25 per metric T** from current level and it should trade in the range of \$340 to 375 per T in Nov and Dec on back of lower IGC production estimate, likely the lowest carryout stock in the US and dwindling exportable surplus in black sea regions. World wheat crop is still vulnerable to rough weather and any shortfall in major producing countries may spike price beyond expectation. Current global market fundamental is strong and firmness seems very much in sight in the medium term.

**IGC Wheat Balance Sheet (As on 29.09.2012)**

(Quantity in MMT)

IGC/29.09.12	2007-08	2008-09	2009-10	2010-11	2011-12 Estimated	Million T 23.08.2012	Projection for 2012-13 29.09.2012
Wheat							
Production	607	685	679	653	696	662	657
Trade	110	137	128	126	145	133	132
Consumptions	603	645	653	659	691	679	679
Carryover stocks	132	173	199	193	197	180	175
Y-O-Y change	5	41	26	-6	4	-	-22
Major Exporters	47	69	78	72	70	54	51

## Indicative FOB Quotes:

	Variety	% Change over Prev. Year	11.10.12	Week Ago 5.10.12	Month Ago (September)	3 Months Ago (July)	Year Ago (Oct.)
<b>USA (Chicago)</b>	RTRS 2srw	<b>22.72</b>	346.80	344.00	341.00	305.20	268
<b>France</b>	FCW3	<b>16.74</b>	341.10	336.90	344.60	306.00	284
<b>United Kingdom</b>	Feed wheat	<b>15.38</b>	323.80	321.00	329.30	274.10	274
<b>Australia</b>	CWRS	<b>29.76</b>	345.98	347.65	347.00	321.00	243
<b>Russia</b>	SRW	<b>22.94</b>	340.00	335.00	307.00	298.00	262
<b>Canada(Spot)</b>	Q2FW	<b>20.77</b>	306.70	306.50	308.30	268.70	243
<b>Ukraine</b>	SRW	<b>28.59</b>	337.50	334.00	319.00	295.00	241
<b>Argentina</b>	SRW	<b>26.47</b>	340.00	350.00	345.00	300.00	250

FOB quotes in the global market has been unstable due to weather related concern, lower Russian and Australian production estimates, Lower carry out stocks as per USDA reports and conflicting reports on production fronts in other major wheat growing countries. . Global wheat FOB quotes may hover in the range of \$310 to \$350 per MT in the near and medium term

## CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 12.10.12(USD/T)							
CONTRACT MONTH	Today (12 Oct 2012)	Week ago (5 Oct 2012)	1 Month ago(12 Sept)	3 Month ago(12 July)	6 Month ago(12 Apr)	1 Year ago	% Change over previous year
Dec-12	314.77	315.05	326.99	315.87	248.91	272.15	<b>13.54</b>
Mar-13	329.56	868.75	331.67	319.27	253.87	277.85	<b>15.69</b>
May-13	320.65	319.45	330.75	317.62	257.91	280.14	<b>12.63</b>
July-13	309.08	308.71	318.72	303.75	260.12	273.35	<b>11.56</b>
Sept-13	310.36	310.09	318.35	304.48	263.52	279.96	<b>9.80</b>
Dec-13	313.39	314.13	320.28	306.60	270.13	283.27	<b>9.61</b>

## CBOT December Future Contract Chart:



**International Weather update:**

**Australia** - For the second consecutive week, timely rain (10-20 mm, locally more) in Western Australia helped stabilize prospects for winter grains and oilseeds. In contrast, isolated showers (generally less than 5 mm) in South Australia, northern Victoria, and southern New South Wales provided little additional moisture for reproductive winter crops. Elsewhere, widespread showers (5-30 mm) overspread northern New South Wales and southern Queensland, providing a welcome boost in topsoil moisture for reproductive to filling winter wheat.

**Argentina** - Cool, dry weather slowed winter grain growth throughout the region. Weekly average temperatures were 1 to 2°C below normal in most farming areas, mainly due to the mid-week passage of a cold front that dropped nighttime lows below freezing in southern agricultural areas (La Pampa, Buenos Aires, Cordoba, and neighboring locations in Santa Fe and Entre Rios). Both before and after the cold snap, however, daytime highs reached the lower and middle 20s (degrees C) in the south, promoting germination and vegetative growth of wheat and barley.

**Kazakhstan** - Kazakhstan's spring wheat harvesting campaign was virtually completed as of the end of September.

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