

Domestic Market Updates:

Wheat market improved slightly on the back of higher demand from flour millers ahead of continuous festivals in the weeks ahead. Wheat prices are likely to remain supportive following the improved pace of demand in the short term despite govt.'s intention to offload more wheat in domestic market in current financial year. However, medium term outlook depends on additional allocated quantity on month basis. Govt. may offload 7 million tonnes of wheat in the rest of the current MY.

Stock in private hands and with farmers is believed to be at lower level and bulk/medium consumers are totally dependent on govt.'s release. Any aberration in release mechanism may create short supply in the domestic market, especially at consuming centers and may support prices further. Thus overall sentiment and directional move depend on govt's strategy of allocation and price for OMSS.

With rising international market and depleting exportable surplus in Russia, Ukraine, Australia supported by lower production prospects in the US and Argentina export opportunity for India has improved in the recent weeks. Iran and Indonesia are interested to import wheat from India on G to G deals on long term basis. Besides, private trades will continue to cater the needs of small foreign buyers. Overall situation on export front is expected to improve in the months ahead.

Wheat sowing is about start and we expect bumper crop once again as weather remains favourable throughout the major growing regions. Based on preliminary feedback from farmers over 90 million tonnes wheat production seems very much on the card. So supply side is expected to remain ample next year too. Burden of hefty stock needs to be reduced. Lower export volume can pose storage problem especially when wheat procurement starts in April.

Area under wheat crop is likely to cross last year's level of almost 296 million ha. to 29 million ha. as guar field in Rajasthan may be shifted to wheat to a large extent. Better price realization at the time of sowing too encourage farmers to go for wheat planting supported by assured purchase on MSP in major producing states. However, major deciding factor for the final size of the crop would be temperature in March and April. Higher temperature might affect yield of wheat crop.

Farmers in major wheat growing areas are engaged in field preparation and sowing will start in full swing at the end of this month. Weather remains favourable for wheat sowing and ample moisture level in field will ensure good crop this year too.

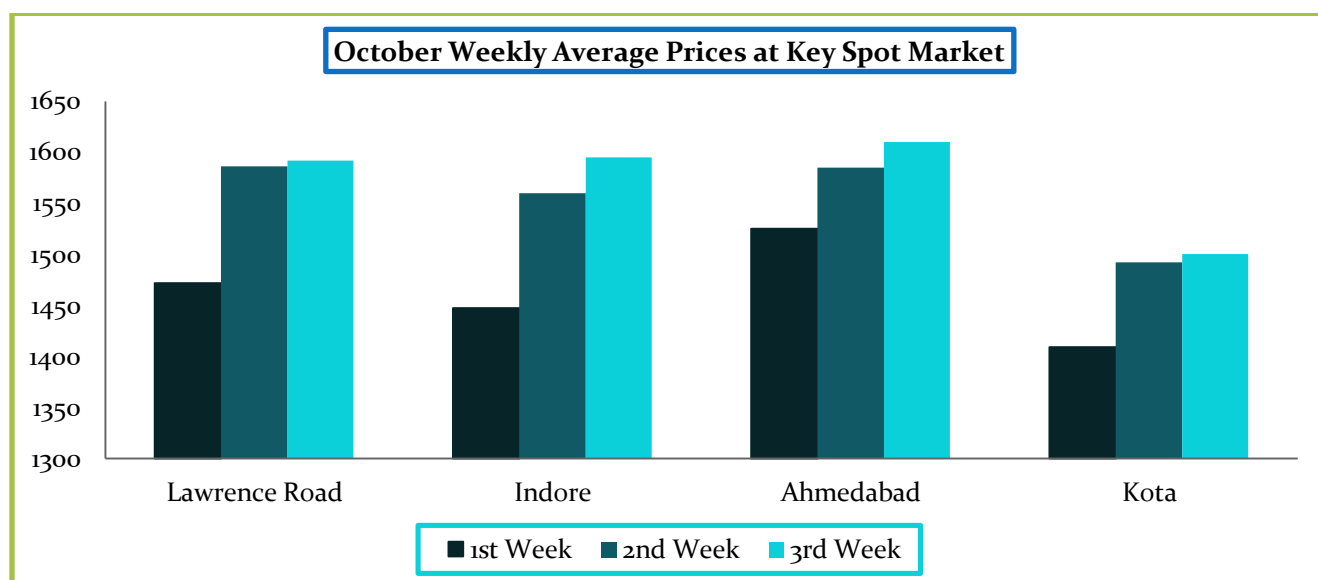
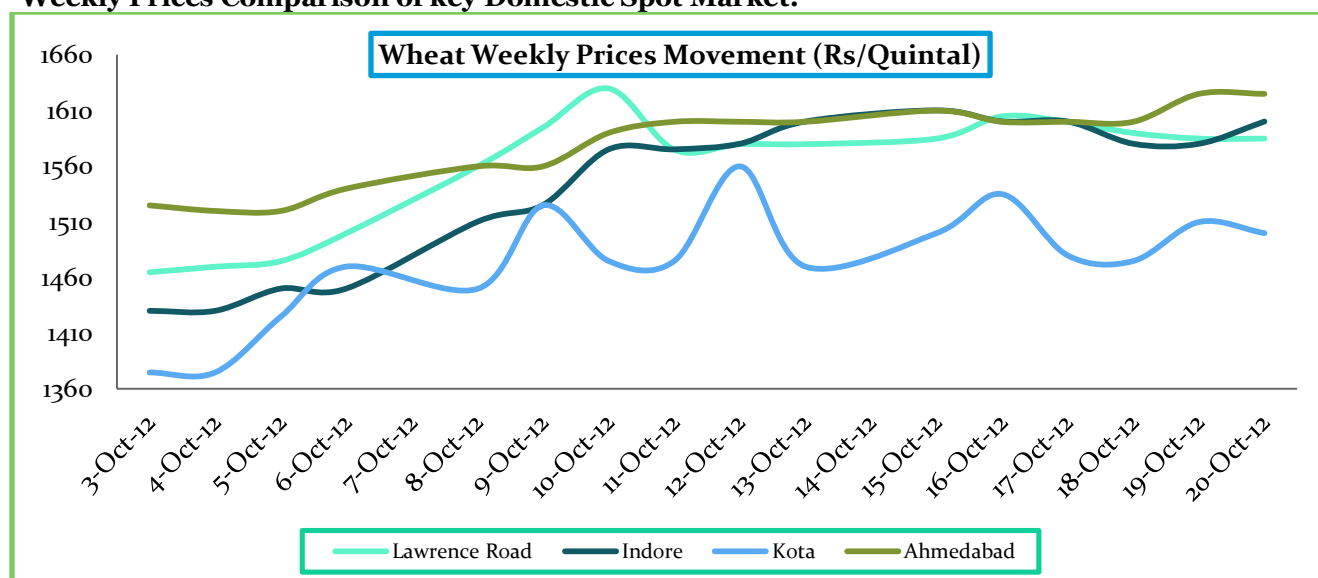
Wheat loading from Kota regions to south India continues in the range of Rs 1850 to Rs 1895 per qtl. on delivered basis. Millers in Gujarat too are sourcing wheat from Rajasthan as wheat availability in cash markets in Gujarat has decreased considerably. Millers in Gujarat offer higher prices than exporters due to better margin in wheat products at the time of festive season. The export of wheat products too is on the rise from Gujarat based ports.

PEC has got highest bid of USD 310/MT from Australia based JK international for 40000 MT of wheat to be delivered from Krishnapattam port till 27 November. STC has received the highest bid of USD 311.75/MT from Dubai based Sun International. Higher bids in comparison to last one indicate uptrend in the global wheat market in the months ahead.

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
TOTAL	659.88	5.38	665.26
COARSE GRAINS	0.59	0.00	0.59
SUGAR	0.35	0.04	0.39
GRAND TOTAL	660.81	5.42	666.23

(Figures in Lakh Tonnes)

FOB Value as on 20.10.12 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Bareilly	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15700	14900	15000	16000	14900	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	1550	1200	0
Indian FOB (Rs/MT)	16700	16400	17400	17850	16950	14550	18220
Indian FOB (USD/MT)	311	305	324	332	316	271	339
Insurance @ 0.1%	0.31	0.31	0.32	0.33	0.32	0.27	0.34
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (Kandla to Chittagong)	329	323	342	350	334	289	357
INR	53.71	53.71	53.71	53.71	53.71	53.71	53.71
Russian Wheat FOB (USD/MT)	342	342	342	342	342	342	342
Parity on FOB Basis (USD/MT)	31	37	18	10	26	71	3

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	20 th Oct, 2012(Today)	week ago 13 Oct 12	Month ago 21 Sept 12	Year ago 20 Oct 2011	change over previous Year %
Bareilly	1550	1520	1580	1125	27.42
Delhi	1579	1580	1546	1147	27.36
Indore	1558	1576	1576	1120	28.11
Khanna	1524	1591	1638	1295	15.03
Kota	1575	1538	1600	1123	28.70
Kanpur	1500	1500	1540	1060	29.33
Karnal	1500	1510	1500	1259	16.07
Rajkot	1525	1520	1580	1079	29.25

Tenders date	Opening Date	CPSU	Name of Port	Qty(MT)	USD/T(Tender Bid)	CBOT Dec (USD/T)
13.07.12	03.08.12	STC	Mundra	100000	302.50	332.04
		PEC	Kandla	90000	296.68	
25.07.12	16.08.12	PEC	Krishnapatnam	60000	308.00	323.95
07.08.12	21.08.12	MMTC	Pipava	35000	301.00	338.74
03.08.12	24.08.12	STC	Chennai	40000	311.11	326.43
13.08.12	10.09.12	PEC	Kandla	125000	313.50	326.89
23.08.12	13.09.12	PEC	Krishnapatnam	70000	316.01	331.39
27.09.12	27.09.12	PEC	Karaikal	30000	308.00	314.31
19.10.12	19.10.12	PEC	Krishnapatnam	100000	310.00	320.56
19.10.12	19.10.12	STC	West Coast	-	311.75	320.56

CBOT Dec Quotes are as on Opening Dates

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
Delhi			20.10.2012	13.10.2011	
	Lawrence Road	Mill Quality	1585	1580	5
	Nazafgarh	Mill Delivery Loose	1525	1500	25
	Narella	Mill Delivery Loose	1550	1520	30
Gujarat	Rajkot	Mill Delivery	1580	1550	30
	Ahmedabad	Mill Delivery	1625	1600	25
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1600	1600	-
	Indore	Mill Delivery	1600	1600	-
Rajasthan	Kota	Mill Quality	1500	1470	30
U.P.	Kanpur	Mill Delivery	1500	1475	25
Punjab	Khanna	Mill Quality Loose	1450	1425	25
Haryana	Sirsa	Mill Delivery loose	1480	1440	40

Commodity: Wheat
Contract: November

Exchange: NCDEX
Expiry: November 20th, 2012

Wheat (Weekly Chart)

O 1540.00 H 1549.00 L 1525.00 C 1536.00 V 3,580 I 17,600 -15 -0.97%

EMA(9) 1522.1 (18) 1483.1



Technical Commentary:

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

Strategy: Sell from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	November	1480	1495	1551	1580	1595
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	November	Sell	Below 1553	1511	1500	1570

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

International Market Updates:

Global wheat market gains further on increased concern on weather, crop prospects and possibility of negligible supply from black sea regions Nov. onward. Lower production in Australia, US and Argentina is supportive to the global wheat market fundamentals. Bullish outlook for maize too supports wheat market. Demand from feed industries has increased and we expect further gains to continue in the global wheat market.

Drought hit Ukraine may ban its Wheat export by November 15. Ukraine, which consumes 12 million tonnes of wheat, harvested 15.5 million tonnes in clean weight this year. The ministry, however, is still sticking to its earlier quantity of 5 million tonnes of wheat for exports in the current season. However, overall view indicates that supply from black sea region is unlikely to continue.

Argentina crop sown area is around 3.7 million hectares which is 20% less as compared to previous year's area. It is expected that it will produce 11.5 million tonnes of wheat this year. It clearly indicates that major importers cannot rely fully on Argentina. Higher grade wheat supply from Argentina will decrease considerably.

Malaysia is interested to import wheat through diplomatic channel on long term basis. Currently, it is importing Indian wheat through private channel on limited basis. Wheat exports from India have picked up on rising demand amid squeeze in global supplies. Better crop prospect once again and higher stock level in central pool have encouraged govt. to eye on possible buyers and attract them by ensuring regular supply with assured quality and quantity.

Canadian wheat exports are trimmed 0.5 million tons to 19.0 million. In Australia, where supplies are projected 3.0 million tons lower this month, local marketing year exports (October-September) are trimmed, down 3.0 million tons to 18.0 million, while international trade year exports (July-June) are reduced just 0.5 million tons to 20.5 million.

In the first three months of the international trade year (July-September), Australia has already exported around 7.0 million tons of wheat, which leaves just about 13.0 million tons for the country to ship during the remaining 9 months. Exports are also reduced for Uruguay, reflecting lower supplies.

Egypt is likely to add Hungary to its wheat exporter list and it sees Argentina and France as potential supplier due to competitive pricing. All this has happened due to apprehensions, whether Black Sea region will continue to Supply or not.

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	Projection for 2012-13
Wheat						23.08.2012	29.09.2012
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	19.10.12	Week Ago 12.10.12	Month Ago (September)	3 Months Ago (July)	Year Ago (Oct.)
USA (Chicago)	RTRS 2srw	22.72	343.70	337.70	350.00	352.20	268
France	FCW3	16.74	339.80	334.80	342.60	324.00	284
United Kingdom	Feed wheat	15.38	324.10	320.90	339.30	303.10	274
Australia	CWRS	29.76	341.97	348.85	341.00	346.44	243
Russia	SRW	22.94	342.00	335.00	307.00	298.00	262
Canada(Spot)	Q2FW	20.77	302.10	306.50	308.30	293.70	243
Ukraine	SRW	28.59	341.00	334.00	319.00	290.00	241
Argentina	SRW	26.47	345.00	350.00	345.00	320.00	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. Possibility of ban on Ukraine wheat export too has weighted on global prices. Global wheat FOB quotes may hover in the range of \$320 to \$350 per MT in the near and medium term

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 19.10.12(USD/T)							
CONTRACT MONTH	Today (19 Oct 2012)	Week ago (12 Oct 2012)	1 Month ago(19 Sept)	3 Month ago(19 July)	6 Month ago(19 Apr)	1 Year ago	% Change over previous year
Dec-12	320.56	314.77	323.86	343.34	245.15	267.01	16.70
Mar-13	324.69	868.75	328.36	335.62	250.93	272.89	15.95
May-13	325.79	320.65	328.82	323.31	254.98	275.92	15.31
July-13	311.65	309.08	318.35	299.98	257.55	270.59	13.17
Sept-13	313.02	310.36	318.17	299.80	261.13	276.10	11.80
Dec-13	316.06	313.39	321.02	302.74	266.82	279.59	11.54

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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