

Domestic Market Updates:

Wheat cash market continued to reel under pressure on better supply and sluggish demand from bulk users in the week under review. Millers are sourcing wheat from FCI go-downs as well as from private trade. We expect wheat to trade range bound with weak bias likely to continue in the short term.

South Indian millers are sourcing wheat from Rajasthan too from private trade at Rs 1750-Rs1760 per quintal on mill delivered basis. Just against it they are uplifting wheat from FCI around Rs 1756 per quintal at locally located warehouse. However, they get at least 10 days credit from private traders and get wheat at their mills. Thus they save local freight and labor in sourcing wheat from Rajasthan.

We expect ample supply from central pool stock in the weeks ahead Besides, improved area coverage in major wheat growing states, bearish tone in the global market and importers sluggish buying interest are the restrictive factors for wheat market fundamental. Higher stock in central pool, better production prospect, favorable weather condition and government's strategy to augment supply in the market will remain the major price limiting factor.

At export point of view, it would be difficult for India to get more than recently received bid (\$328 MT) with declining CBOT futures. During last one week CBOT lost almost 6 percent despite some gains in last trading session on Friday. Price trend channel shows bearish trend supported by higher estimation of EU crop. However, any major dip from current level is unlikely as we expect buyer's fresh interest at lower level.

In Gujarat, Gandhidham exporters are buying wheat at FOR Rs 1710/Q. Cargill and ITC are active in wheat spot market. According to traders every day around 700-800 bags are being diverted from ration quota to spot market at Rs 1550-1600/Q.

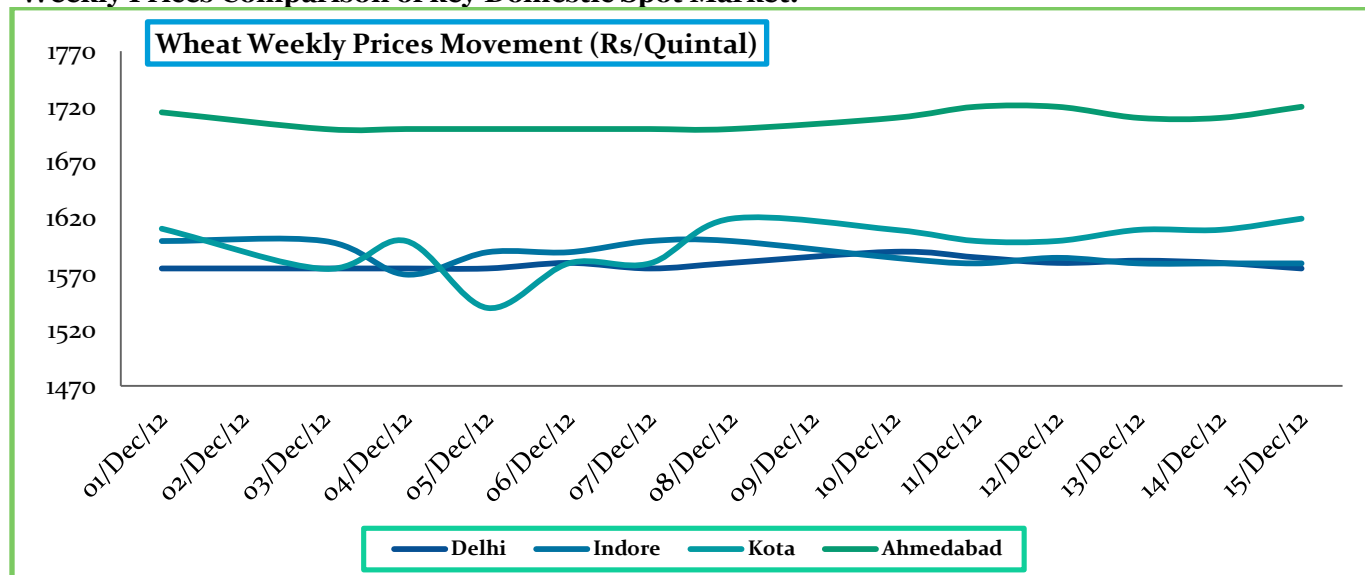
In Rajasthan wheat has been sown in 24, 15, 100 hectares so far, which is 86.3% of the target area. Last year at the same time wheat was sown in 23, 12,150 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

According to PIB (Press Information Bureau), wheat has been so far sown in 227.45 lakh hectares as compared to last year's 220.82 lakh hectares at the same time.

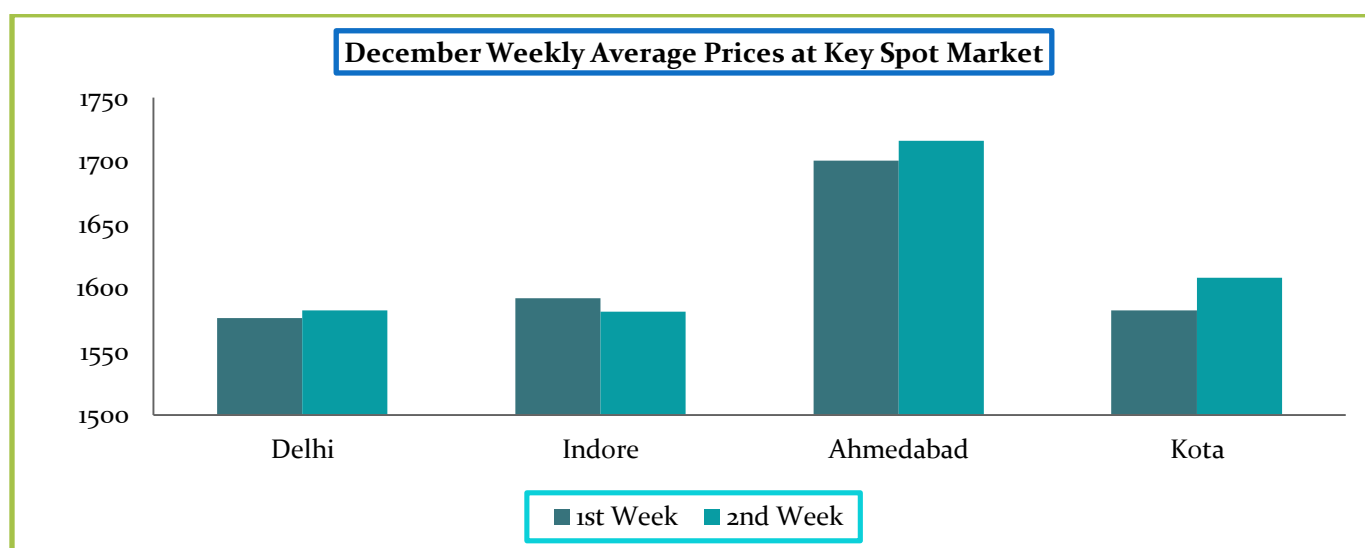
Weather Watch (6-12 December):

- The cumulative seasonal rainfall during 1st October to 12th December 2012 for the country as a whole was 93.0 mm which is -21 per cent below normal rainfall of 117.5 mm.
- In the country, 11 per cent districts received excess and 20 per cent districts received normal rainfall during post monsoon season so far. However, 22 per cent districts received deficient and 30 per cent districts received scanty rainfall and 17 per cent districts received no rainfall.
- Dry weather prevailed in Gujarat state during this week. Maximum temperature is higher in tune of 0.5°C and minimum temperature is higher in tune of 0.6°C as compared to their normal values and wheat is in CRI stage in Gujarat.

Weekly Prices Comparison of key Domestic Spot Market:



Prices remained steady to high at Delhi (Lawrence Road), Ahmadabad and Indore market as supply and demand was at equilibrium.



Slight upward movement was seen at key spot market however no major uptrend was seen and prices are expected to remain steady in week ahead.

STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.12.2012:	IN STORAGE	IN TRANSIT	TOTAL
RICE	303.30	2.77	306.07
WHEAT	374.07	2.45	376.52
Wheat lying in Mandies	0.00	0.00	0.00
TOTAL	677.37	5.22	682.59
COARSE GRAINS	0.63	0.00	0.63
SUGAR	0.22	0.04	0.26
GRAND TOTAL	678.22	5.26	683.48

(Figures in Lakh Tonnes)

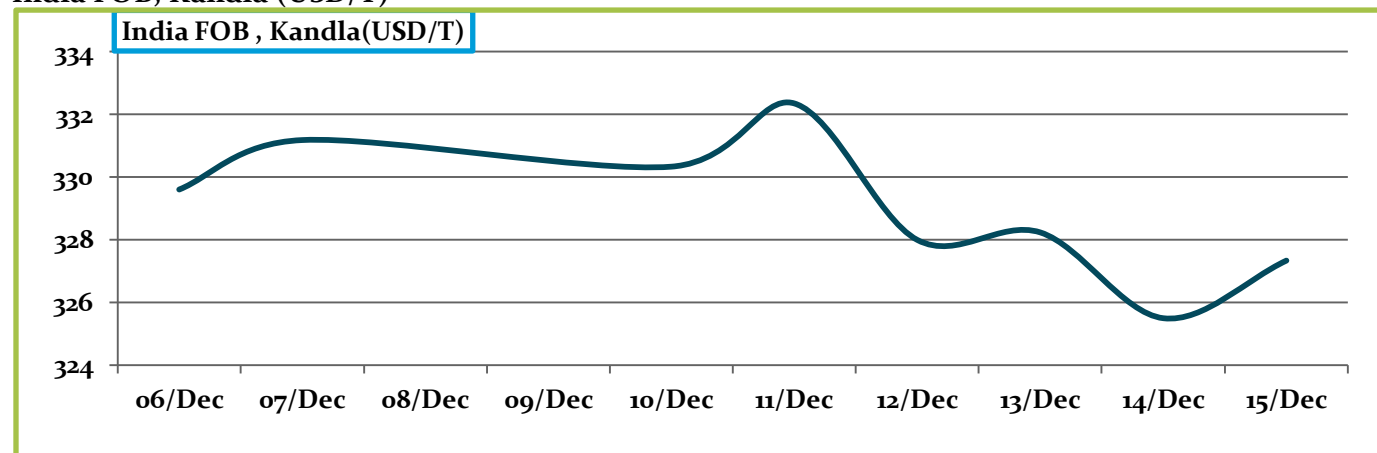
FOB Value as on 15.12.2012 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16300	15800	15250	15600	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	1150	1900	1450	1550	1200	0
Indian FOB (Rs/MT)	17300	17450	17650	17550	17250	14550	18220
Indian FOB (USD/MT)	318	321	325	323	317	268	335
Insurance @ 0.1%	0.32	0.32	0.32	0.32	0.32	0.27	0.34
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (Kandla to Chittagong)	336	339	343	341	335	286	353
INR	54.34	54.34	54.34	54.34	54.34	54.34	54.34
Russian Wheat FOB (USD/MT)	-	-	-	-	-	-	-
Parity on FOB Basis (USD/MT)	-	-	-	-	-	-	-

Spot prices of Wheat at NCDEX Delivery Centers

NCDEX SPOT	15 Dec, 2012	week ago 08 Dec 12	Month ago 15 Nov 12	Year ago 15 Dec 2011	change over previous Year %
Bareilly	1550	1550	-	1168	24.65
Delhi	1580	1580	1629	1199	24.11
Indore	1574	1580	-	1140	27.57
Khanna	1657	1654	1618	1289	22.21
Kota	1600	1650	-	1150	28.13
Kanpur	1500	1505	1518	1050	30.00
Karnal	1530	1530	1560	1314	14.12
Rajkot	1655	1668	-	1141	31.06

India FOB, Kandla (USD/T)



Wheat Export Monthly Data:

Wheat export under OGL	Wheat (Lakh T)	Average FOB Quotes Kandla (USD/MT)	CBOT Average Quotes (USD/MT)
Oct-11	1.30	215.90	242.79
Nov-11	1.80	225.41	234.05
Dec-11	1.35	230.79	228.41
Jan-12	1.05	237.07	237.73
Feb-12	0.95	239.53	240.81
Mar-12	1.23	244.02	241.00
Apr-12	1.18	236.89	235.13
May-12	2.57	252.15	236.73
Jun-12	3.45	256.64	245.82
Jul-12	3.35	296.12	318.27
Aug-12	3.95	310.07	328.89
Sep-12	3.55	314.48	326.52
Oct-12	3.75	312.11	317.84
Nov-12	3.26	320.19	317.04
Total	32.74		

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
Delhi			15.12.12	8.12.2012	
	Lawrence Road	Mill Quality	1575	1580	-5
	Nazafgarh	Mill Delivery Loose	1560	1560	Unch
	Narella	Mill Delivery Loose	1525	1520	5
Gujarat	Rajkot	Mill Delivery	1670	1700	-30
	Ahmedabad	Mill Delivery	1720	1710	10
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1650	1675	-25
	Indore	Mill Delivery	1580	1600	-20
Rajasthan	Kota	Mill Quality	1620	1620	Unch
U.P.	Kanpur	Mill Delivery	1535	1550	-15
Punjab	Khanna	Mill Quality Loose	1450	1450	Unch
Haryana	Sirsa	Mill Delivery loose	1540	1530	10

Commodity: Wheat
Contract: January

Exchange: NCDEX
Expiry: January 18th, 2012

Wheat (Weekly Chart)



Technical Commentary:

- Market is moving upward and candlestick chart depicts bullishness.
- Rise in OI and fall in price hints towards Short Buildup.
- 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	January	1562	1570	1591	1624	1632
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Sell	1605-1608	1580	1572	1615

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

Weekly Outlook Domestic: Spot and Future market is expected to trade steady to weak as wheat sowing has exceeded year on year basis area and bumper crop is very much expected. Supply from government stocks and sluggish demand will add pressure to bearish tone.

International Market Updates:

According to latest USDA's WASDE report US ending stocks has been increased by 50 million bushels and Soft wheat export are reduced by 10 million tonnes. Global Wheat production estimates has been increased 655.11 million tonnes from 651.43 million tonnes. Trade has been marginally too increased. CBOT has fallen and international cash and future markets are expected to consolidate at lower levels.

Iraq has made a purchase 350,000 tonnes of wheat from Australia and Romania. Romanian wheat was cheaper than Australian Wheat. Romanian Wheat has been purchased at USD 404/T CIF, whereas Australian wheat has been purchased in range of USD413/T-USD 407/t CIF.

Indonesia has imposed 20% tariff on wheat flour import for next 200 days to protect its domestic flour millers from foreign imports in to Indonesia. This move may increase in import of wheat by 6-7% next year and Indonesia may import 7 million tonnes of wheat next year. Indonesia is the largest South East Asia importer, importing about 6.2 million tonnes of Wheat every year. Turkey is the largest wheat flour exporter having about 60% market share in wheat flour imports.

According to the reports Ukraine might 2013 harvest winter crops on the area of 8.1 million hectares. As of now 92% of crop is in good and satisfactory condition. This was facilitated by the weather conditions prevailing in the majority of regions of Ukraine.

Ukraine has already exceeded the expected export of 5.5 million tonnes of wheat export. Traders now expect that Ukraine might export 5.6-5.7 million tonnes this year and traders will either switch for Maize or Barley.

Indonesia the largest wheat importer in South East Asia has become the first nation to purchase more than 4 million tonnes of wheat in a year. According to analyst Australia has 70% market share in Indonesia.

Australia has cut its expected wheat crop to 22.03 million tonnes as compared to previous estimate of 22.54 million tonnes due to dry weather. Although yield are better than expected. Few analysts believe that Australia crop might be around 21 million tonnes this year.

IGC Wheat Balance Sheet (As on 29.11.2012)

(Quantity in MMT)

	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	Million T	Projection for 2012-13
						25.10.2012	29.11.2012
Production	607	685	679	653	694	655	654
Trade	110	137	128	126	145	132	134
Consumption	603	645	652	659	692	679	678
Carryover stocks	132	173	200	194	196	172	173
Y-O-Y change	5	41	27	-6	-6	-24	-23
Major Exporters	47	69	79	73	73	50	50

Indicative FOB Quotes:

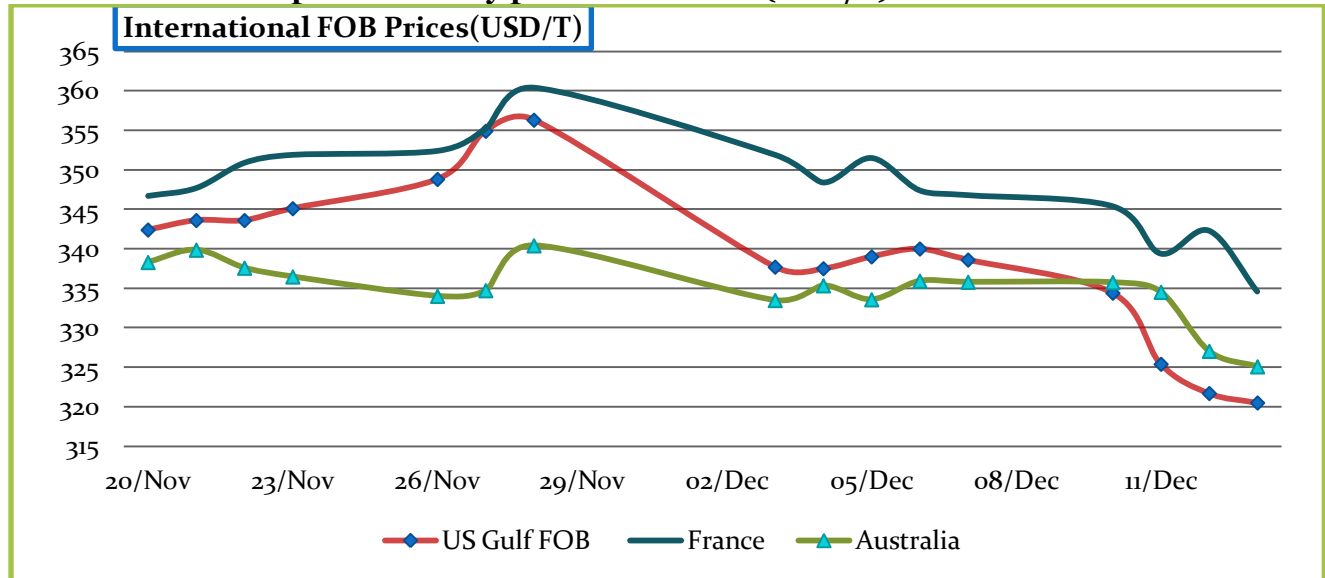
	Variety	% Change over Prev. Year	13.12.12	Week Ago 06.12.12	Month Ago (November)	3 Months Ago (Sept)	Year Ago (Dec)
USA (Chicago)	RTRS 2srw	24.45	321.00	340.00	342.10	347.00	242.50
France	FCW3	29.33	335.20	347.40	344.30	348.00	236.90
United Kingdom	Feed wheat	36.85	347.40	361.60	341.90	330.00	219.40
Australia	CWRS	33.29	325.08	335.92	342.28	374.00	216.87
Russia	SRW	-	NA	NA	342.00	322.00	247.00
Canada(Spot)	Q2FW	19.05	302.30	301.90	301.10	307.80	244.70
Ukraine	SRW	-	NA	NA	340.00	319.50	245.50
Argentina	SRW	37.68	345.00	345.00	345.00	340.00	215.00

According to latest USDA's WASDE report US ending stocks has been increased by 50 million bushels and Soft wheat export are reduced by 10 million tonnes. Global Wheat production estimates has been increased 655.11 million tonnes from 651.43 million tonnes and Weak international buying interest will add to bearish pressure and international FOB are expected to be in the range of USD 320-350/T in near term.

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 14.12.12(USD/T)							
CONTRACT MONTH	14 Dec 2012	Week ago (7 Dec 2012)	1 Month ago(14 Nov)	3 Month ago(14 Sept)	6 Month ago(14 June)	1 Year ago(14 Dec)	% Change over previous year
Mar-13	299.06	316.33	317.43	344.07	252.22	257.00	14.07
May-13	303.56	319.73	319.91	342.42	255.89	249.28	17.88
July-13	306.04	321.02	315.50	328.00	258.93	245.97	19.63
Sept-13	310.73	324.23	318.72	327.08	263.24	250.38	19.42
Dec-13	315.78	327.45	320.92	329.10	268.84	252.40	20.07
Mar-14	319.36	329.28	322.49	330.94	270.77	255.71	19.93

CBOT March 13 Future Contract Chart:

International FOB prices Weekly price Movement (USD/T):

International Weather update: (Source-USDA)

Argentina- Chronic wetness maintained unfavorable prospects for summer crop planting and normal development of winter grains. Unlike recent weeks, the heaviest rainfall (greater than 100 mm) was concentrated in eastern production areas (Santa Fe to northeastern Buenos Aires), ending a brief period of favorable dryness.. Winter wheat was 37 percent harvested, down 8 points from last year.

Russia - Showers (10-35 mm) also spread into western sections of Russia's Southern District, providing much-needed soil moisture for winter wheat establishment. Rain bypassed the remainder of the southern District's winter wheat areas, where crops remained poorly established due to an abnormally dry autumn.

Australia- In Western Australia, occasional showers (5-35 mm) slowed winter grain dry down and harvesting. In contrast, warm, mostly dry weather in southeastern Australia favored winter grain maturation and harvesting. In northern New South Wales and southern Queensland, scattered showers (5-20 mm, locally more) reduced local irrigation requirements and benefited some dry land summer crops, but more rain would be welcome to ease longer term moisture deficits. Temperatures in southeastern Australia averaged near to below normal (up to 2°C below normal), while elsewhere in the wheat belt temperatures were generally seasonable.

International Weekly Outlook: International market is expected to trade under pressure due increased ending stocks of US, increased global production and sluggish international demand.

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