

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.

According to PIB (Press Information Bureau), Wheat has been sown in 253.17 lakh hectares as compared to last year's 257.12 lakh hectares.

In Maharashtra wheat has been sown in 3, 79, 398 hectares so far, which is 39.3 % of the Normal area. Last year at the same time wheat was sown in 4, 09,616 hectares. Maharashtra has set target of 10, 50,100 hectares.

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, 12,500 hectares. Rajasthan has set target of 28, 00,000 hectares against the last years 29, 35,000 hectares.

Government favors hiking Wheat MSP as per latest update, the Union Cabinet is considering proposals to hike Minimum support price of wheat and export quota to ease pressure of bulging food grain stock. The agriculture ministry has proposed wheat MSP Rs1400/Q for 2013 as compared to Rs 1285/Q for 2012. If MSP is increased the sown area might increase as farmer will be getting more remuneration for their crop.

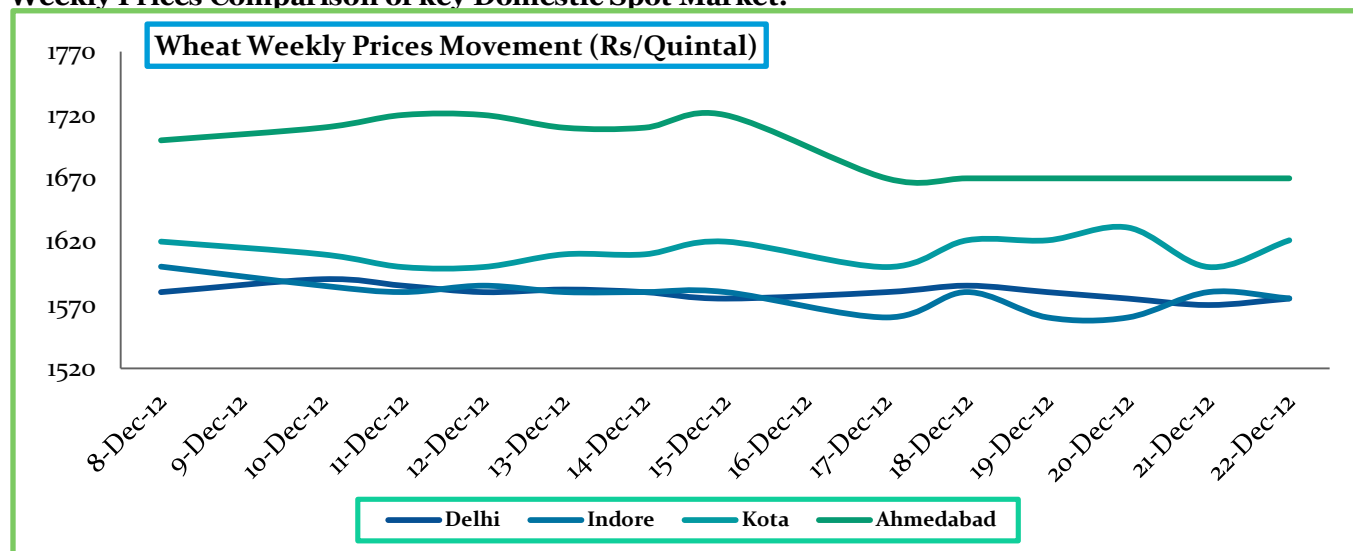
According to Traders wheat crop might be 20% less in Gujarat and 80% less in Saurashtra region due to lower availability of water. Wheat area might shift to Chana and Mustard in Saurashtra region.

Agriculture Minister Sarad Pawar is trying to ensure higher price for wheat farmers next season either by higher MSP or through bonus. The government had rejected the recommendation of the Commission for Agricultural Costs and Prices (CACP) to freeze the MSP of wheat at last year's level of Rs 1,285 per quintal. Resultantly, the CACP had revised its recommendation and suggested a bonus of Rs 40 per quintal subject to liquidation of 15 million tonnes of wheat by April 2013.

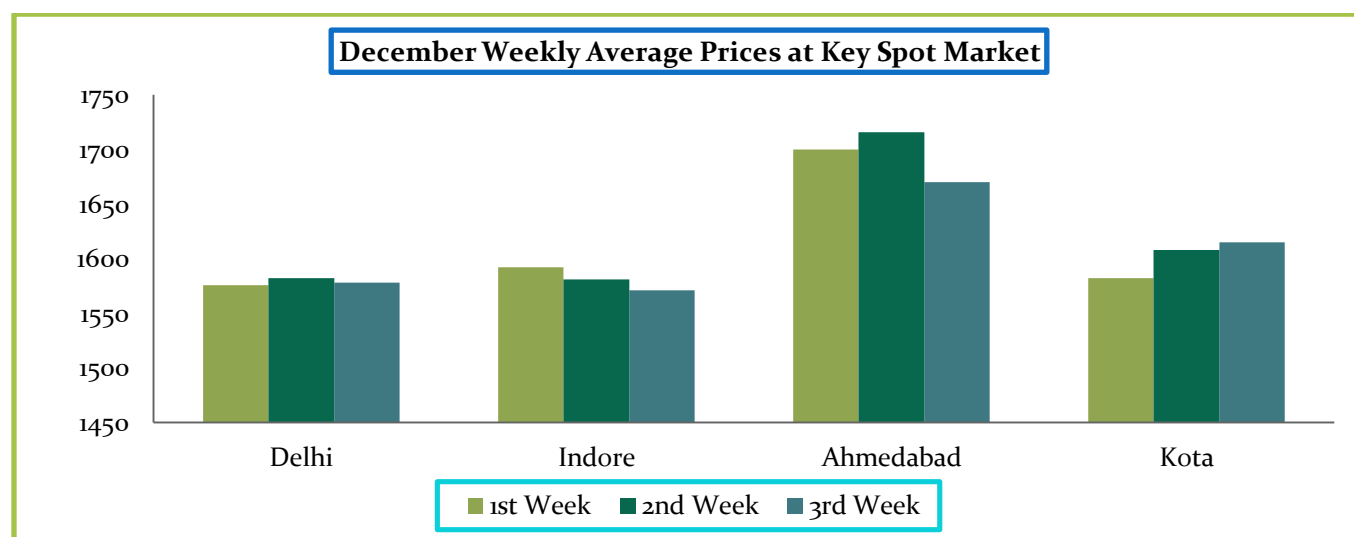
Concerned ministry with some others M.P's think that MSP should be above Rs 1500 per quintal, considering the enhanced cost of wheat production. However, the states have given the input cost and government has to analyze it. Bihar government had given the input cost per quintal as Rs 770, Gujarat (Rs 724), Haryana (Rs 580), Himachal Pradesh (Rs 1430), Jharkhand (Rs 1719), West Bengal (Rs 1,450), Punjab (Rs 607) and Uttar Pradesh (Rs 673). We expect wheat farmers to receive some extra amount per quintal as bonus, May be in the range of Rs 50 to Rs 100 per quintal. However, it will increase the burden of subsidy.

Weather Watch:

- Summer crop harvesting in northern India was completed in November, allowing winter crop planting to advance albeit somewhat behind last year's pace.
- Generally warm, sunny conditions favored planting and emergence of rapeseed and wheat in the northern tier states of India. Cooler weather by month's end favored vegetative development of the cool season crops.

Weekly Prices Comparison of key Domestic Spot Market:


Prices remained steady to weak at Delhi (Lawrence Road), Ahmadabad and Indore market due to sluggish demand and increased supply from government stocks.



Slight downward movement was seen at key spot market however no major uptrend was seen and prices are expected to remain steady to weak.

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)

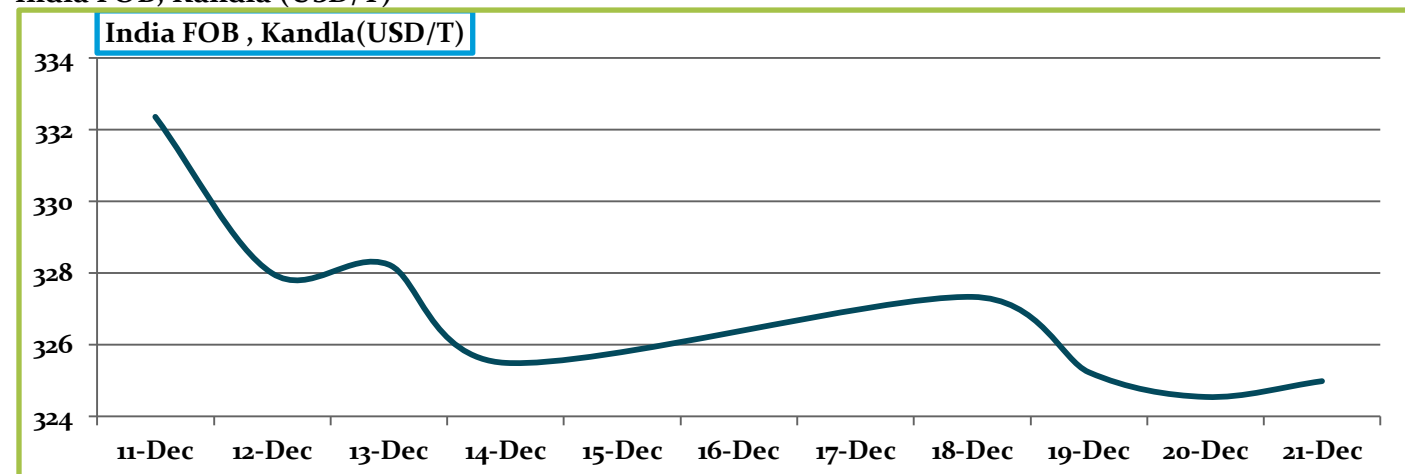
FOB Value as on 22.12.2012 from various destinations at Kandla:

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16700	16000	15300	15700	15100	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)	17700	17650	17700	17650	17150	14550	18220
Indian FOB (USD/MT)	321	320	321	320	311	264	331
Insurance @ 0.1%	0.32	0.32	0.32	0.32	0.31	0.26	0.33
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (Kandla to Chittagong)	339	338	339	338	329	282	349
INR	55.08	55.08	55.08	55.08	55.08	55.08	55.08
Russian Wheat FOB (USD/MT)	-	-	-	-	-	-	-
Parity on FOB Basis (USD/MT)	-	-	-	-	-	-	-

Spot prices of Wheat at NCDEX Delivery Centers

NCDEX SPOT	22 Dec, 2012	week ago 15 Dec 12	Month ago 22 Nov 12	Year ago 22 Dec 2011	change over previous Year %
Bareilly	1550	1550	1600	1180	23.87
Delhi	1580	1580	1595	1225	22.47
Indore	1560	1574	1603	1143	26.73
Khanna	1662	1657	1679	1300.45	21.75
Kota	1655	1600	1663	1173	29.12
Kanpur	1490	1500	1510	1070	28.19
Karnal	1530	1530	1600	1325.3	13.38
Rajkot	1650	1655	1660	1170	29.09

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			22.12.2012	15.12.12	
	Lawrence Road	Mill Quality	1575	1575	Unch
	Nazafgarh	Mill Delivery Loose	1550	1560	-10
	Narella	Mill Delivery Loose	1525	1525	Unch
Gujarat	Rajkot	Mill Delivery	1670	1670	Unch
	Ahmedabad	Mill Delivery	1710	1720	-10
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1625	1650	-25
	Indore	Mill Delivery	1575	1580	-5
Rajasthan	Kota	Mill Quality	1621	1620	1
U.P.	Kanpur	Mill Delivery	1540	1535	5
Punjab	Khanna	Mill Quality Loose	1470	1450	20
Haryana	Sirsa	Mill Delivery loose	1540	1540	Unch

Commodity: Wheat
Contract: January

Exchange: NCDEX
Expiry: January 18th, 2012

Wheat (Weekly Chart)

O 1592.00 H 1599.00 L 1577.00 C 1587.00 V 13,900 I 12,670 -4 -0.25%
EMA(9) 1584.1 (18) 1584.1



Technical Commentary:

- Market is moving downward and candlestick chart depicts bearishness.
- Fall in OI, Volume and Price hints towards Consolidation.
- 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	1587	1624	1632
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Sell	Below 1600	1585	1578	1612

*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 is going on and it seems that area sown will not be less than previous year, hence bumper crop is very much expected. Supply from government stocks and sluggish demand will add pressure to bearish tone.

International Market Updates:

Argentina wheat export limit may be further reduced as crop production seems to be lower than previous estimate of 10.1 million tonnes. Traders and Research Analyst sees Argentina production at 9.5 million tonnes, due to regular rains which resulted in flooding of the fields. However, According to Ministry of Agriculture's latest release ministry sees Argentina Wheat crop at 10.5 million tonnes 50 Lakh tonnes less from previous estimate.

Ukraine Government earlier has urged traders to halt wheat exports; but now has allowed 300,000 tonnes for export through government run organizations. According to official data, Ukraine has already exported 5.7 million tonnes of wheat as of December 18, 2012 now, it is expected that Ukraine export 6 million tonnes of wheat this year.

Bangladesh government got the lowest quote for wheat import from a domestic firm at USD 359.66/T CIF for 50, 000 MT. The price quote is higher than previous two tenders, which were USD 352.95/tonne CIF and \$344/tonne CIF.

Russian domestic prices continue to rise due to fresh buying interest ahead of domestic holidays and festive season. Domestic EXW (ex-silo) prices in the European part of the Russia for third-grade and fourth-grade milling wheat rose 200 roubles and 225 roubles, respectively, to reach 10,900 roubles (USD 350) per tonne.

Ukraine wheat sea exports have fallen in first half of December to 177,600 tonnes from 846,000 tonnes at the same time last month. Traders anticipate that maize will dominate exports from Ukraine in near and medium term due to lower wheat production this year.

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.

IGC Wheat Balance Sheet (As on 29.11.2012)

(Quantity in MMT)

	2007-08	2008-09	2009-10	2010-11	2011-12 estimate d	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	20.12.12	Week Ago 13.12.12	Month Ago (November)	3 Months Ago (Sept)	Year Ago (Dec)
USA (Chicago)	RTRS 2srw	22.69	320.40	321.00	343.60	354.00	247.70
France	FCW3	22.22	329.00	335.00	347.70	341.00	255.90
United Kingdom	Feed wheat	24.09	337.00	347.40	344.30	330.00	255.80
Australia	CWRS	30.45	327.80	325.08	339.85	343.11	228.00
Russia	SRW		NA	NA	342.00	322.00	247.00
Canada(Spot)	Q2FW	19.72	304.80	301.90	301.10	307.80	244.70
Ukraine	SRW		NA	NA	340.00	319.50	245.50
Argentina	SRW	40.28	360.00	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 315-345/T in near term.

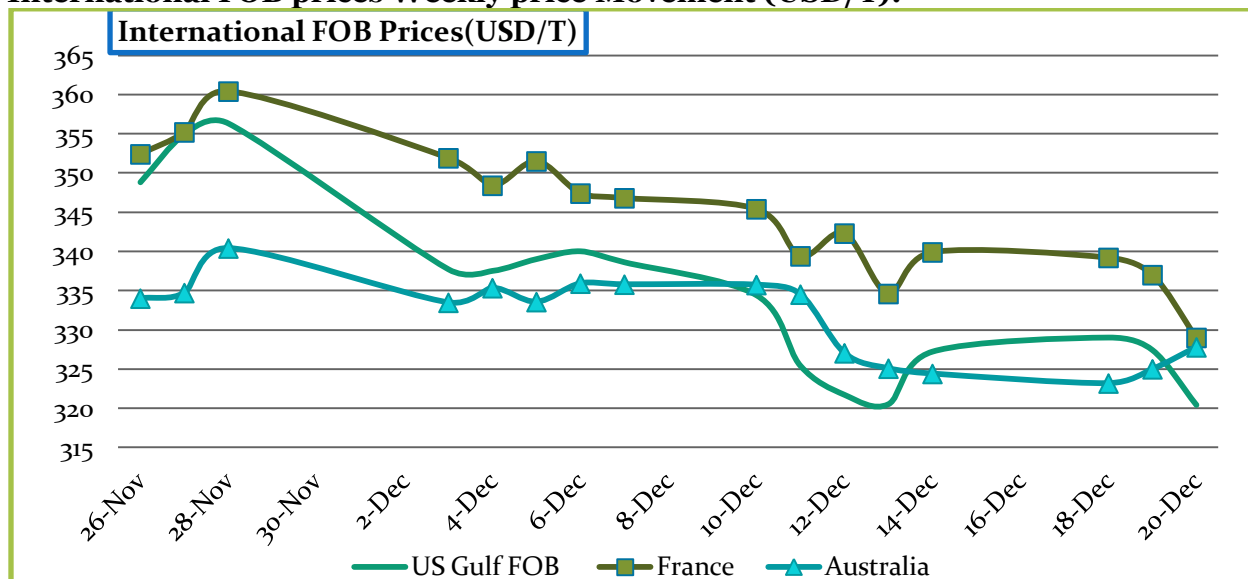
CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 21.12.12(USD/T)							
CONTRACT MONTH	21 Dec 2012	Week ago (14 Dec 2012)	1 Month ago(21 Nov)	3 Month ago(21 Sept)	6 Month ago(21 June)	1 Year ago(21 Dec)	% Change over previous year
Mar-13	290.98	299.06	315.87	333.60	263.89	259.57	10.80
May-13	294.65	303.56	318.17	332.68	266.00	262.78	10.82
July-13	297.13	306.04	312.84	320.19	267.01	260.49	12.33
Sept-13	301.54	310.73	315.50	320.37	271.32	263.61	12.58
Dec-13	305.95	315.78	317.98	322.85	276.84	266.64	12.85
Mar-14	309.26	309.26	319.91	325.33	278.86	269.21	12.95

CBOT March 13 Future Contract Chart:



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



International Weather update: (Source-USDA)

Canada: Monthly precipitation, most of which fell as rain, totaled less than 25 mm in most areas for the entire month, or less than half of the normal amount. Monthly average temperatures were 1 to 2°C below normal, due partly to a late-month outbreak of unseasonable cold (nighttime lows of -20 to -10°C). However, light snow accompanied the cold weather, offering overwintering wheat and pastures some protection from potential damage.

Argentina- According to Argentina's Ministry of Agriculture, corn and soybeans were 70 and 73 percent planted, respectively, as of December 13. In addition, winter wheat was 45 percent harvested, down 13 points from last year.

Russia and Ukraine - Soil moisture remained limited for winter wheat establishment in southern-most Ukraine and Russia's Southern District due to an abnormally dry autumn (locally less than 50 percent of normal). However, a much warmer-than-normal November and early December extended the growing season, which allowed producers to take advantage of late-month rain. Soil moisture was adequate for winter grains and oilseeds from Belarus and northern Ukraine into the Volga District. Most winter crops were devoid of a protective snow cover, which typically blankets the northern half of the region by early December.

Australia- Unseasonably warm, dry weather in southern and eastern Australia hastened wheat maturation and harvesting. Very hot weather toward month's end increased irrigation requirements.

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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