

Executive Summary

In month of February domestic markets remained steady to weak as to demand-supply were in equilibrium and consumers are fulfilling their immediate needs and waiting for new crop arrivals. Prices are expected to fall to near MSP level in Month ahead as abundant supply will create pressure. New crop arrivals are reaching in M.P and Gujarat and will pick pace by Mid-March. Arrivals in U.P, Punjab and Haryana are expected in first week of April.

Sowing has completed now and wheat production is expected to be around 94.6million tonnes (last year 94.8 million Tonne), overall crop seems good and higher production is expected in U.P, M.P and Bihar and lower crop is expected in Maharashtra, Rajasthan and Gujarat. Punjab will be highest contributor to central pool and Madhya Pradesh may take over Haryana as second largest contributor towards central pool owing to bonus of Rs 150/Q over MSP.

Export from India will continue and India is expected to export around 5 million tonnes wheat this year as 4.4 million tonnes has been exported till February end. Export quotes has fallen as fresh crop is making inroads in Gujarat and M.P. PSU's tender has fallen to USD 300/T from USD 310/T. Private export quote may fall further to USD 295-290/T by march end. Private exports will re-enter by late march.

International Markets may trade week better crop prospects in major producing and exporting countries. IGC estimate 4% increase in wheat crop in next year from this year. Spot and Future are likely to remain under pressure as crop condition has improved in most countries.

Domestic Market Dynamics:

Domestic cash wheat market traded steady to weak in February on continuous supply from central pool stock, new crop arrivals in parts of Madhya Pradesh and Gujarat and slack buying from private traders as they are waiting for new crop and for market to stabilize at lower levels. Prices also fell as farmers and traders are selling old crop at low price to clear the stock. Prices are expected to fall in the month ahead as crop arrivals will pick pace and supply will be abundant.

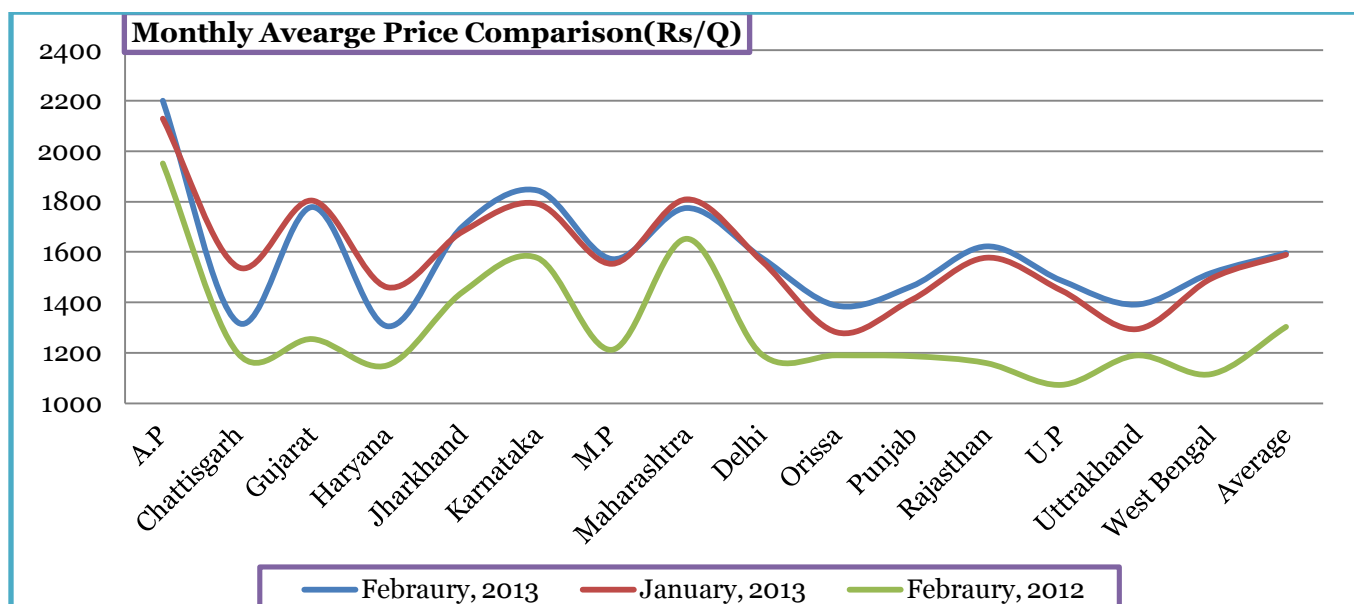
India's Wheat Balance Sheet:

	2010-11	2011-12	2012-13	2013-14*
Carry in	13.42	16.12	21.43	28.23
Production	80.8	86.81	94.8	94.69
Imports	0.15	0	0	0
Total Availability	94.37	102.93	116.23	122.92
Consumption	78.15	80.5	83	84.25
Exports	0.1	1	5	9
Total Usage	78.25	81.5	88	93.25
Carry out	16.12	21.43	28.23	29.67
Av Monthly Consumption	6.51	6.71	6.92	7.02
Stock to Month Use	2.48	3.19	4.08	4.23
Stock to Consumption Ratio	0.21	0.27	0.34	0.35

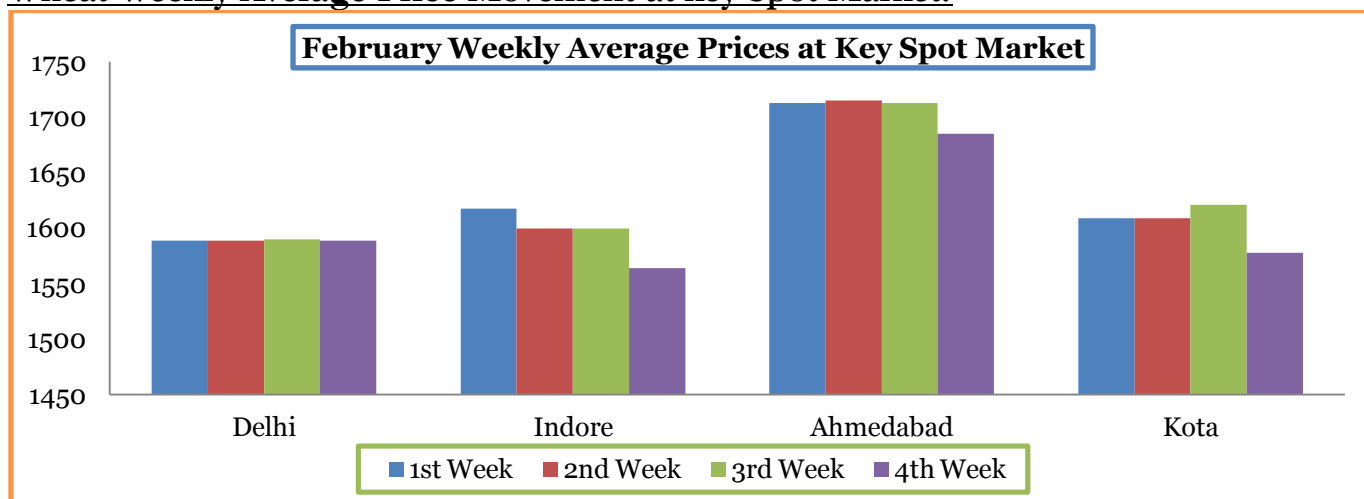
Balance sheet highlights:

- Higher area coverage in major wheat growing states like Uttar Pradesh, M.P and Bihar indicates and lower area coverage in Gujarat, Maharashtra and Rajasthan. We expect wheat production to be around 94.7 million Tonnes and even if yield falls due to erratic weather than also crop will be no less than 93.8 million tonnes.
- India is likely to enter with hefty carryout stock of around 28.23 million Tonnes in 2013-14 and production around 94.6 million T will aggravate problem further and carry out may touch almost 29.67 million T, around five times higher than required stock on 1st April 2014. Hence, higher volume of export more than 9 million T should be targeted to maintain carryout stock at 2012-13 level.

Monthly Average Price Comparison:

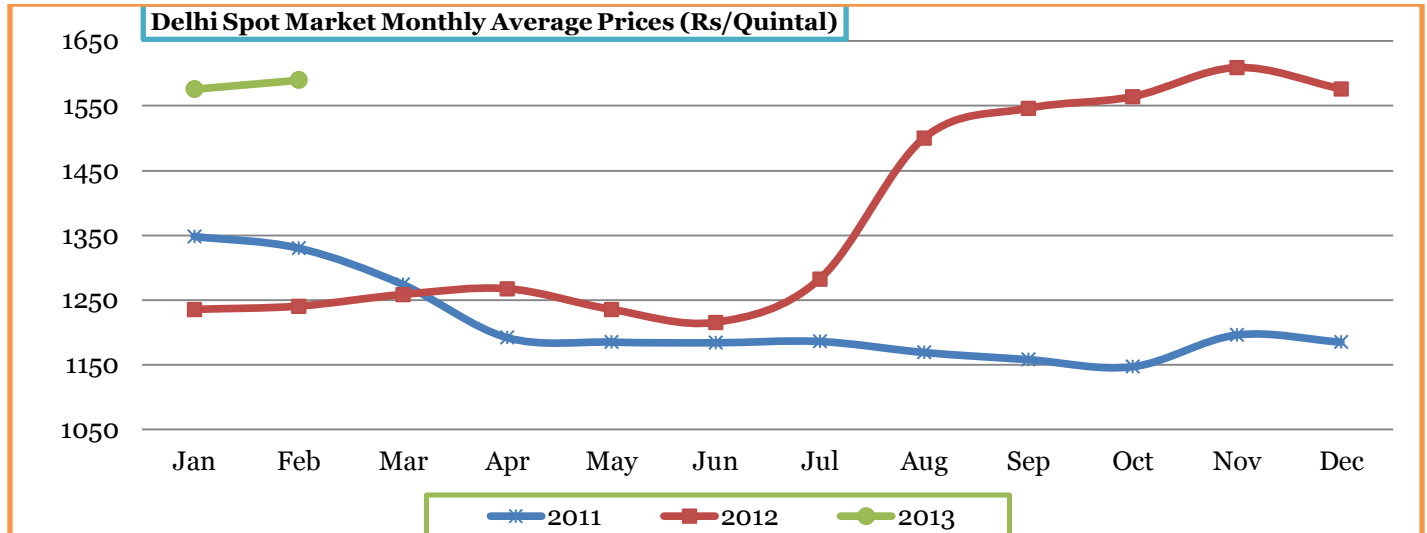


Wheat Weekly Average Price Movement at key Spot Market:

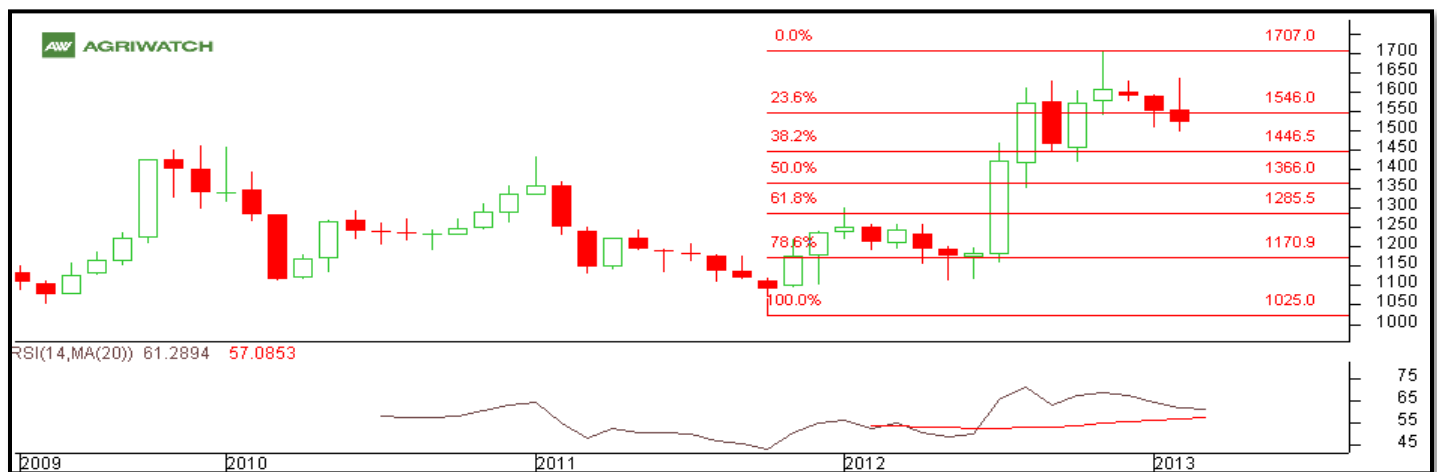


Wheat prices in February were steady to weak due to as demand-supply equilibrium, new crop arrivals reaching mandi's in M.P and Gujarat and weak buying from private exporters.

Wheat Average Monthly Prices movement during last three years



Wheat Technical NCDEX Monthly:



- Future prices have fallen in this month owing supply pressure and slack buying.
- Market participants are advised to go short with target of 1440 and stop loss of 1550.

Support and Resistance				
<i>S2</i>	<i>S1</i>	<i>PCP</i>	<i>R1</i>	<i>R2</i>
1385	1400	1524	1560	1580

Status Rabi Crop 2012-2013

State wise Rabi Crop Situation 2012-13 (Area in Lakh Hectare)				
State	As on 14.12.2012	As on 4.01.2013	As on 18.01.2013	As on 15.02.2013
U.P	71.01	95.30	96.88	97.53
Haryana	22.74	24.95	25.10	25.12
Punjab	33.18	35.00	35.15	35.15
Rajasthan	22.81	28.20	28.20	28.20
M.P	43.34	49.64	51.80	53.00
Gujarat	5.76	9.28	10.37	10.48
Bihar	11.98	21.56	22.71	23.18
Maharashtra	3.56	5.20	5.61	5.93
Others	13.07	17.25	19.16	19.79
All India	227.45	286.38	294.98	298.38

Sowing has been completed and an increase in area has been reported in Madhya Pradesh, Uttar Pradesh, Bihar and West Bengal and major fall in area coverage has been reported in Gujarat, Maharashtra and Rajasthan as compared to previous year. Late variety seed has been sown in recent times owing to increased MSP by central government and announcement of Bonus by M.P. government. Abnormal weather in January and February might affect the yield and final crop size. Total sown area in 2012-13 is 298.38 lakh hectares which is 22 thousand hectares lower than previous year's 298.61 lakh hectares; however it is way more than normal sown area of 282.62 lakh hectares.

Production estimate for 2013-14 Wheat Crop:

According to feedback from Traders/farmers/analyst as of now, wheat crops seems to be around 94.6 million tonnes as compared to 94.8 million tonnes last year. However even if yield falls due to erratic weather conditions in February, we still expect crop to be around 93.7 million tonnes. Production is expected to fall as area sown has fallen owing to decrease in sown area in Maharashtra and Gujarat. Production is likely to increase in M.P and U.P.

	2012-13*			
	Area	Production	Area	Production
Assam	0.49	0.59	0.42	0.51
Bihar	22.91	48.23	23.18	48.80
Chattisgarh	1.63	1.35	1.70	1.41
Gujarat	13.06	42	10.48	33.70
Haryana	25.22	128.62	25.12	128.11
Himachal pradesh	3.58	6.02	3.59	6.04
Jammu and Kashmir	2.2	4.12	2.45	4.59
Jharkhand	1.71	3.48	1.64	3.34

Karnatka	2.04	1.98	2.27	2.20
Madhya Pradesh	49.75	106.8	53.00	113.78
Maharahtra	8.43	14.12	5.93	9.93
Punjab	35.2	173.58	35.15	173.33
Rajasthan	29.35	93.98	28.20	90.30
Uttar Pradesh	95.31	303.24	97.53	310.30
Uttrakahnd	3.69	8.85	3.69	8.85
West Bengal	3.55	8.91	3.60	9.04
others	0.48	2.93	0.44	2.69
	298.60	948.8	298.38	946.91

***Estimate**

Reservoir Status:

- The Central Water Commission monitors the live storage of 84 important/major reservoirs, having capacity at Full Reservoir Level (FRL) of 154.42 billion cubic meters (BCM), which is about 73% of total reservoir capacity in the country.
- Water stock in 84 major reservoirs decreased to 67.49 BCM from the previous week's level of 68.72 BCM. Current storage is less than the last year's position of 69.34 BCM and lower than the average of last 10 year's storage of 60.32 BCM.
- There were 49 reservoirs having storage more than 80%, 14 reservoirs having storage between 50% to 80% of Normal Storage, 3 reservoir having storage between 30% to 50% of Normal storage, 18 reservoir having storage 30% or below of Normal Storage and 5 reservoir namely Kabini (Karnatka), Bhadar (Gujarat) and Bhima(Maharashtra) having no live storage, Aliyar (TN) Gumti(Tripura).

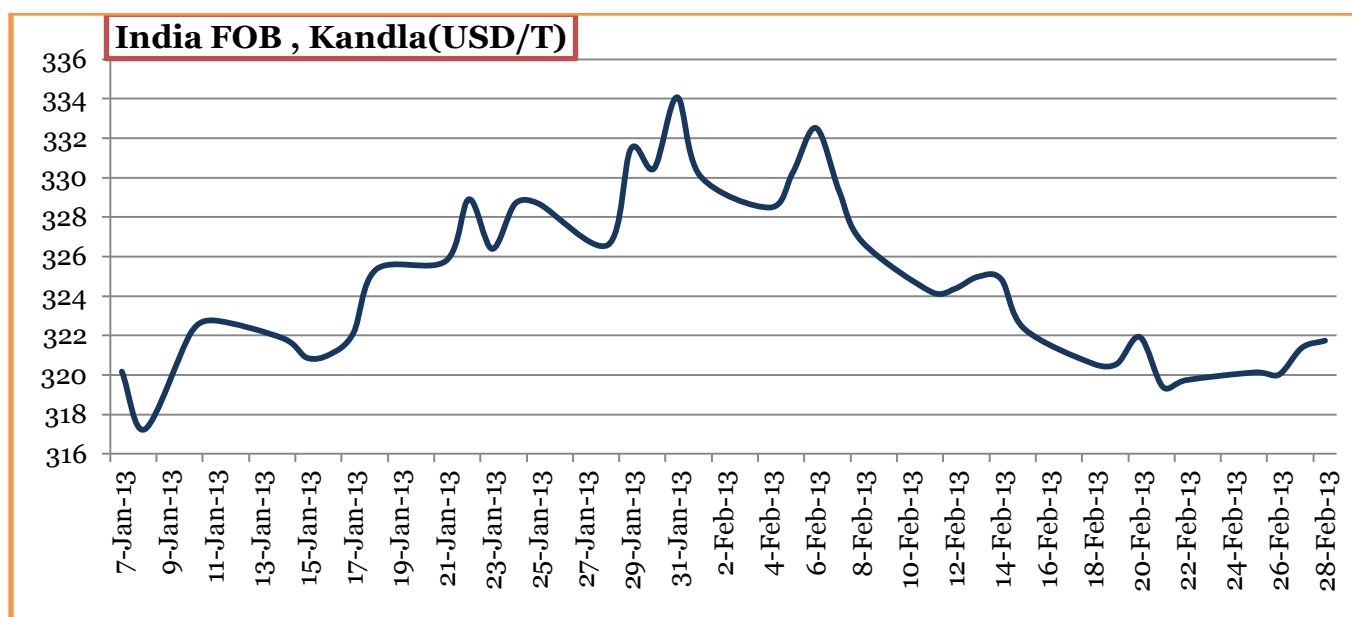
Table for 84 reservoirs of the Country in the month of February

Period	Current Year's storage as % of FRL*	Current Year's storage as % of last year	Current year as a % of 10 years average level.
Current Week (3 th Week)	44	97	112
Last Week(2 nd Week)	45	91	107
The percentage to live capacity at FRL was 51% on 21/02/2012, 66% on 17/01/2011, 53% on 21/2/2011 and 38% on 18/02 /2010.			
* Live storage as % to Full Reservoir Level (FRL) of 154.42 Billion Cub. Mts.(BCM)			

Wheat Exports from India

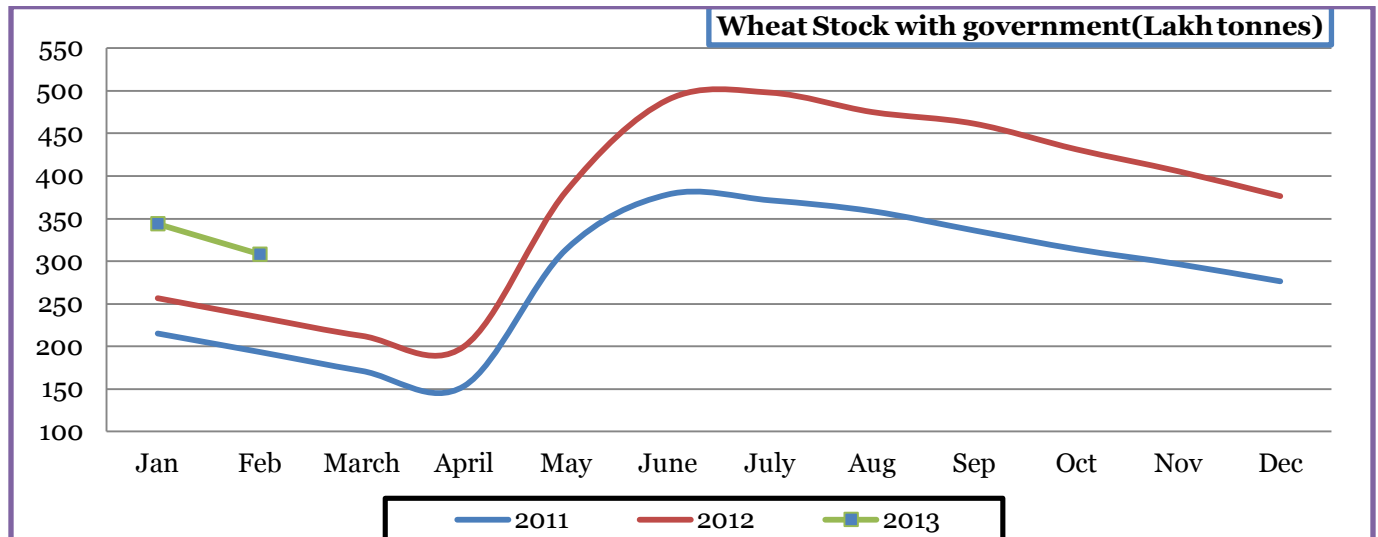
	Wheat Export(Lakh T)	Average FOB Kandla Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.68	232.12	237.46
Apr-12	1.18	236.89	235.13
May-12	2.57	252.15	236.73
Jun-12	3.45	256.64	245.82
Jul-12	3.35	296.12	318.27
Aug-12	3.95	310.07	328.89
Sep-12	3.55	314.48	326.52
Oct-12	3.75	312.11	317.84
Nov-12	4.26	320.19	317.04
Dec-12	6.42	326.70	299.60
Jan-13	5.12	325.04	282.26
Feb-13	5.82	324.11	270.06
Total for 2012-13	44.08		

In 2012-13 till February India has exported 4.4 million tonnes of wheat, which has been mostly bought by Bangladesh, Saudi Arabia, Indonesia, Vietnam and UAE. In February most of the quantity was exported by PSU's and private exports have declined as private traders are waiting for new crop to arrive and sources have revealed that private exporters are entering in forward contracts for May delivery around USD 290-295/T, FOB Kandla. We expect that in March 2013 exports will be around 5.3 lakh tonnes. In 2012-13 Indian total exports are expected to be around 5 million tonnes.



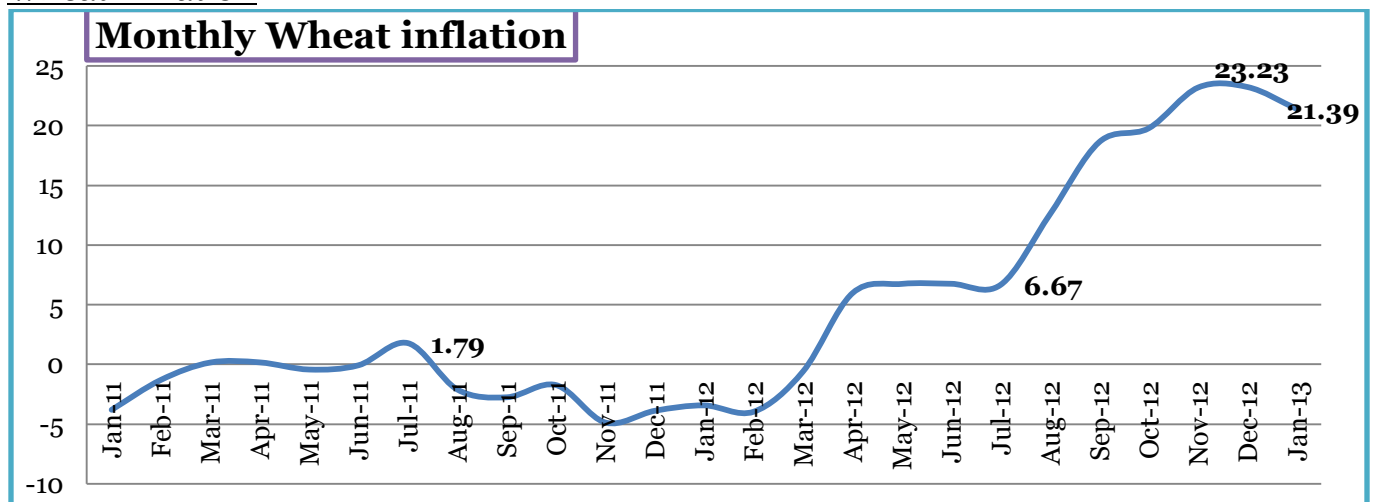
Indian FOB has been falling since February second week as international crop condition has improved in major wheat growing and exporting countries. Private exporters are deferring their purchases as they are waiting for the new crop. We expect FOB to be in the range of USD 310-290/T in March.

Wheat Stocks with the Government as on 1st of Every Month



	Buffer Norms			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
1st April	122	40	162	20	30	212
1st July	98	171	269	20	30	319
1st October	52	110	162	20	30	212
1st January	118	82	200	20	30	250

Wheat Inflation



Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
July	1584.40	1366.20	1433.90	1431.90	1435.30
August	1508.80	1561.70	1578.10	1620.80	1532.50
September	1545.80	1573.30	1559.00	1596.50	1781.30
October	1563.80	1558.00	1574.60	1552.60	1807.20
November	1607.00	1605.50	1589.90	1654.70	1928.90
December	1576.00	1581.00	1606.00	1680.00	1928.30
January 2013	1577.00	1593.15	1615.66	1655.20	1896.45
February 2013	1589.58	1607.61	1614.47	1646.81	1865.78

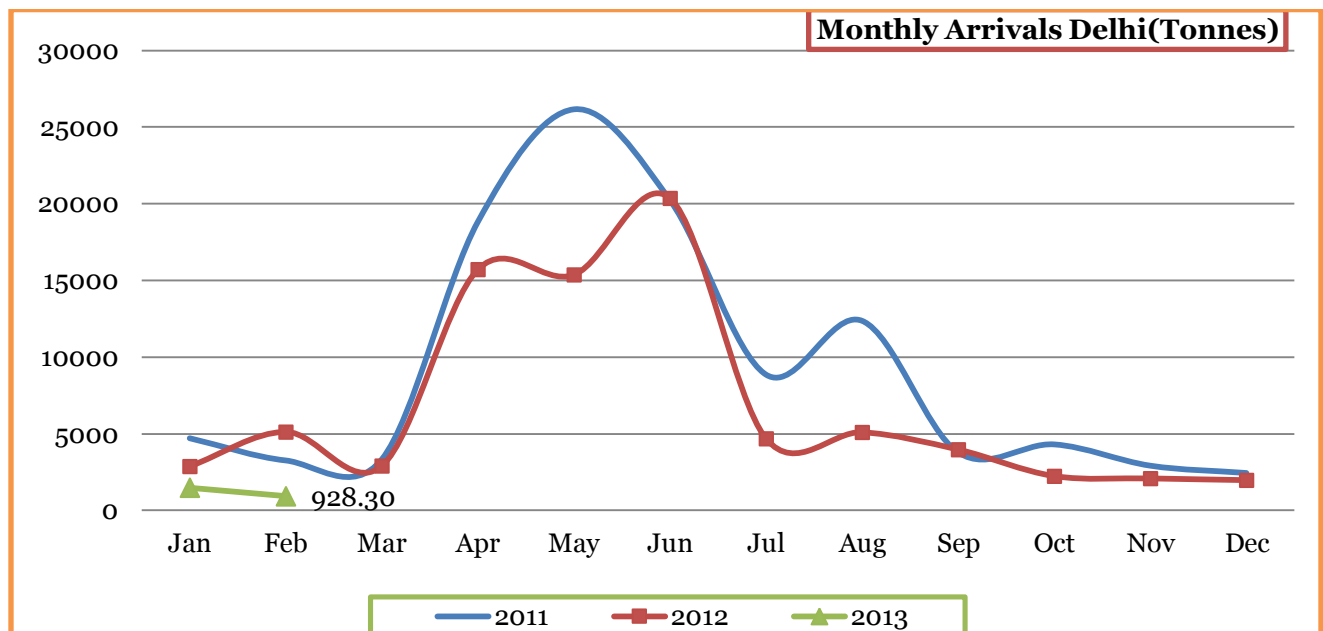
Inflation decreased to 21.39% in January 2013 from 23.23% in December 2012, declining inflation is mainly attributed to WPI as WPI for December 2012 and January 2013 increased marginally and increase was substantial during same period last year. As Monthly Average prices have fallen in Kota, Rajkot and Chennai due to arrival pressure building up, this bearish trend will continue and consequently inflation will come down.

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			1/2/2013	1/3/2013	
Delhi					
	Lawrence Road	Mill Delivery	1595	1590	-5
	Nazafgarh	Mill Quality Loose	1575	1555	-20
	Narella	Mill Quality Loose	1550	1555	5
Gujarat	Rajkot	Mill Delivery	1700	1625	-75
	Ahmedabad	Mill Delivery	1725	1675	-50
	Surat	Mill Delivery	1770	1700	-70
M.P.	Bhopal	Lokwan	1650	1600	-50
	Indore	Mill Delivery	1625	1500	-125
Rajasthan	Kota	Mill Quality	1560	1470	-90
	Kota	Mill Delivery	1640	1570	-70
U.P.	Kanpur	Mill Delivery	1560	1610	50
	Mathura	Mill Quality Loose	1525	1540	15
	Kosi	Mill Delivery	1700	1700	Unch

Punjab	Khanna	Mill Quality Loose	1500	1470	-30
	Jagraon	Mill Delivery	1560	1560	Unch
Haryana	Sirsa	Mill Delivery loose	1520	1525	5
	Hodal	Mill Delivery	1580	1580	Unch
Tamil Nadu	Chennai	Mill Quality	1850	1810	-40
	Madurai	Mill Quality	1900	1860	-40
	Coimbatore	Mill Quality	1900	1860	-40
Chattisgarh	Raipur	Mill Quality	1550	1550	Unch
Bihar	Begusarai	Mill Quality	1455	1675	220

Monthly Arrivals at Delhi (Narela and Najafgrah)



Domestic Outlook: Spot and Future market are expected to trade under pressure in March as new crop arrival will pressurize market. Government too will be releasing wheat under tender sale in all states except Madhya Pradesh and lower purchases from private traders will further weaken market.

International Market Dynamics:

International market remained weak in February due to better crop production outlook in major wheat producing countries like India, US, Ukraine and Australia. Ukraine has sown wheat in around 8 million hectares and is expecting to produce 19 million tonnes. Australia has set target of 24.9 million tonnes in 2013-14 as compared to 22.077 million tonnes in 2012-13.

CBOT Wheat May 13 contract was weak in the month under review, May 13 contract traded USD 284.09/T in beginning of the month and touched monthly low of USD 259.11/T and consolidated at that level. Fall was witnessed due technical selling and improved crop condition.

Global FOB's fell as Middle East and North African countries imported lower quantities as they expect good domestic production.

According the latest estimate by IGC, World production and trade remains unchanged at 656 million and 137 million tonnes respectively. Carryover stocks are estimated 2 million tonnes more than previous estimate due to upward crop revision by India and china.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2007-08	2008-09	2009-10	2010-11	2011-12 estimated	Projection for 2012-13	
						17.01.2013	21.02.2013
Production	607	685	679	653	696	656	656
Trade	110	137	128	126	145	137	137
Consumptions	603	645	652	659	693	678	677
Carryover stocks	132	173	200	194	196	174	176
Y-O-Y change	5	41	27	-6	-6	-22	-21
Major Exporters	47	69	79	73	70	51	50

IGC Balance Sheet Highlight

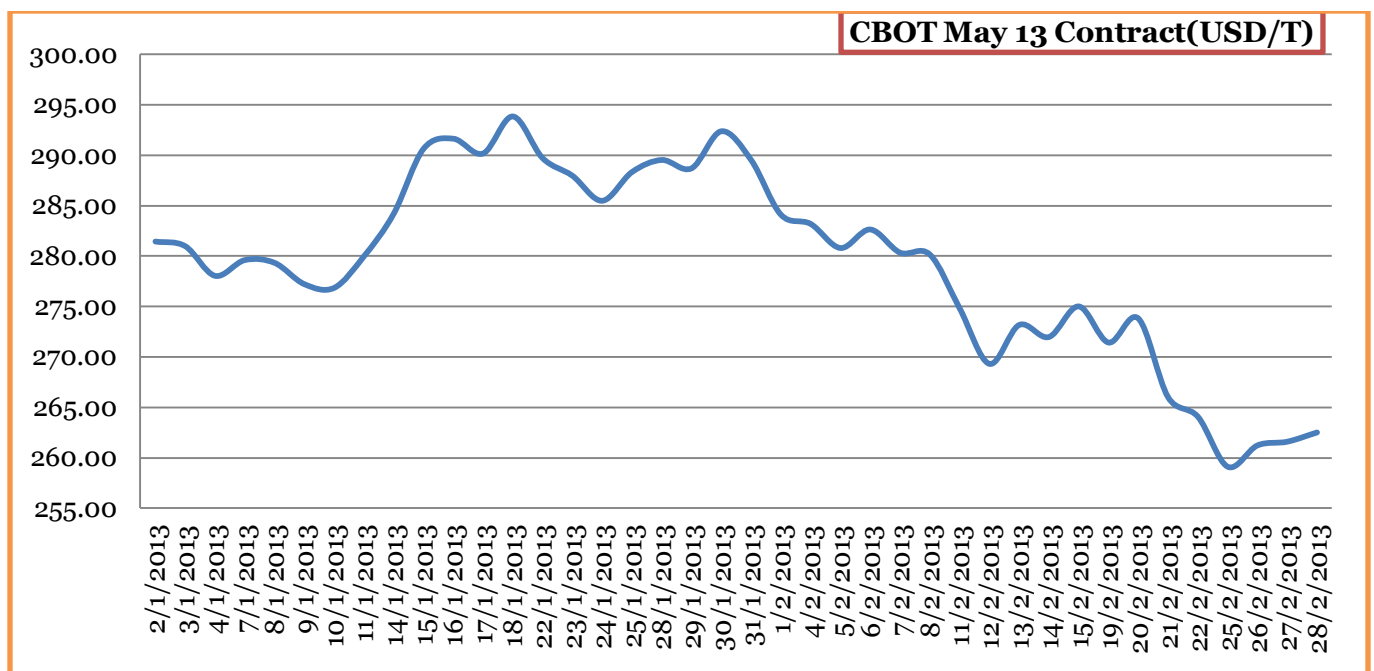
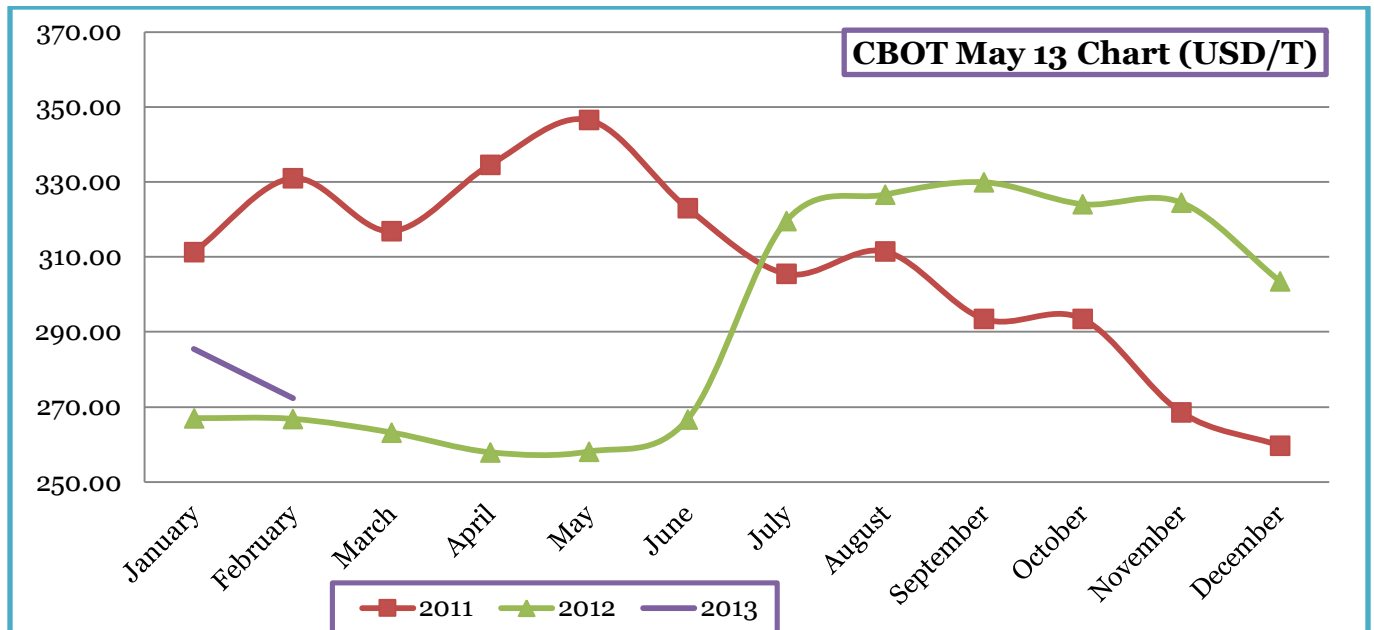
- Production and Trade remains unchanged from previous estimate but consumption is expected to fall by a million tonne.
- The IGC GOI wheat sub-Index is down 5% m/m on sluggish export demand and the prospect of improved conditions for the US winter crop, only partly offset by firm demand for EU exports.
- Upward revisions for China and India raise the global stocks estimate to 176 million tonnes for 2012-13, but this is still down 21 million tonnes year on year basis.
- World output for 2013-14 is tentatively projected up 4% year on year, but much is expected to be absorbed by higher demand, and stocks are forecast to rise by only 2 million tonnes.
- World trade is expected to be unchanged year on year basis in 2013-14; Black Sea region supplies will likely be capped by below-average beginning stocks, underpinning demand for other exporters.

USDA Global Wheat Balance Sheet Fig.in MMT							
Country	Opening stock 2012-13	Production projected 12-13	Domestic consumption (2011-12)	Import 12-13	Export 12-13	Ending stock 11-12	Production last year
USA	20.21	61.75	38.10	3.53	28.57	18.81	54.41
Canada	5.87	27.2	8.85	0.40	18.5	6.12	25.28
Australia	6.97	22	6.34	0.12	16.5	6.25	29.92
Argentina	.762	11	6	.005	5	.76	15.5
Russia	10.89	37.70	34	1.5	10.5	5.59	56.24
China	55.94	120.6	123	3	1	55.54	117.40
EU	12.27	131.72	121.5	6	18.5	9.99	137.22
Ukraine	5.36	15.76	12	0.1	6.2	3.02	22.32
Pakistan	4.25	23.3	23.2	0.2	1	3.55	25.00
India	19.95	93.9	85.41	.01	6.5	21.95	86.87
Others	54.02	108.67	222.80	124.38	19.39	45.08	126.51
World total	196.53	653.61	681.02	139.25	131.66	176.72	696.42

CBOT May 13 Future Chart:



- CBOT has fallen to the lowest level since July 2012 owing to recent snow and rains in drought hit US plains and better winter wheat crop condition in Ukraine.
- Indian exports and expected huge ending stocks too have pressurized CBOT.
- USD 6.8/ Bushel (USD 249.83/T) seems to be a good support and fresh buying is expected from this level and USD 7.5/Bushel (USD 275.55/T) is 1st Resistance and USD 7.7/Bushel (USD 282.90/T) is 2nd resistance. Better crop expectations in Ukraine and Australia will resist and major uptrend.



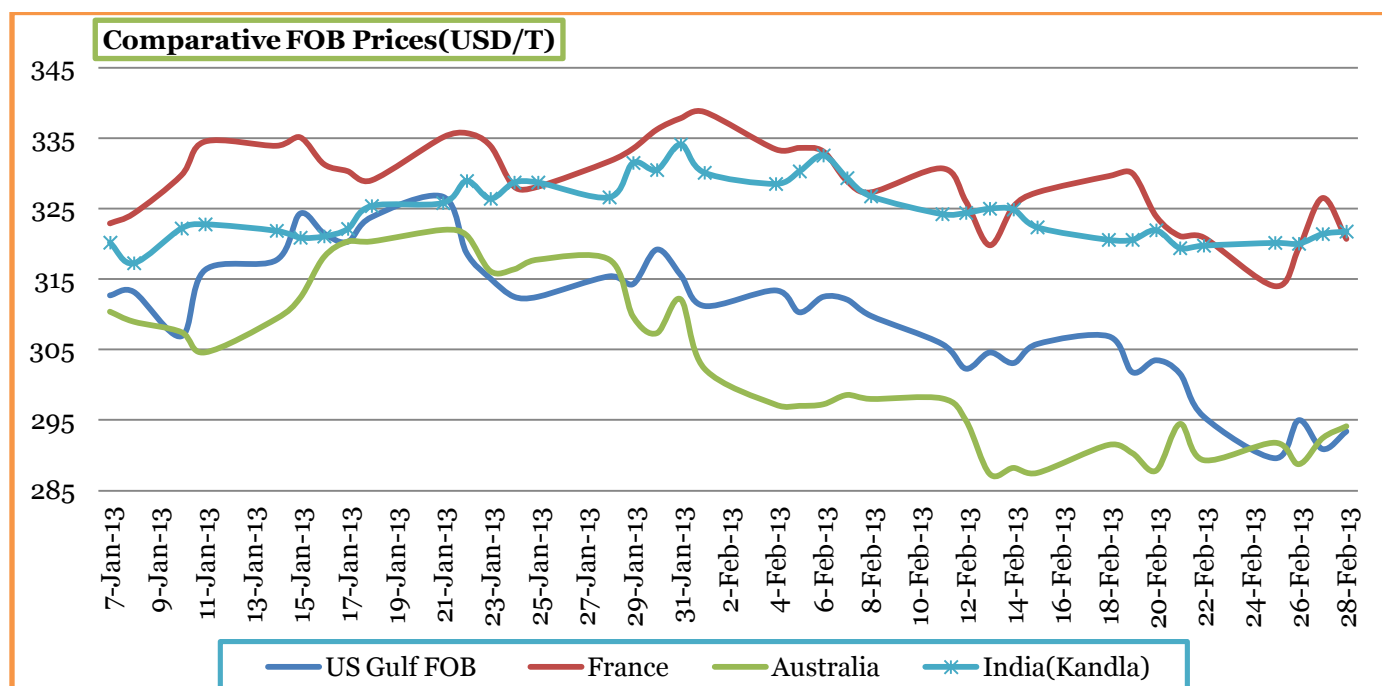
CBOT May 2013 contract traded weak in February as crop prospects in Ukraine, Australia and US improved. US northern plains had bouts of snow and rain in last week of February which can further pressurize market.

CBOT comparison over period of time:

CBOT Futures Prices: Date: 04.03.12(USD/T)							
CONTRACT MONTH	04 Mar 2013	Week ago (25 Feb 13)	1 Month ago(4 Feb 13)	3 Month ago(4 Dec 12)	6 Month ago(2 Sept)	1 Year ago(5 Mar 12)	% Change over previous year
Mar-13	255.71	256.90	280.33	314.68	330.48	266.00	-3.87
May-13	258.10	259.11	283.17	317.89	329.74	268.02	-3.70
July-13	258.83	260.85	285.10	325.61	316.61	267.56	-3.26
Sept-13	261.59	264.25	289.33	321.38	316.52	270.22	-3.20
Dec-13	266.46	269.49	294.75	324.78	319.18	275.18	-3.17
Mar-14	270.96	274.17	299.34	326.43	321.57	276.19	-1.90

Comparative Month on Month FOB quotes: (Fig in \$ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	1 st Dec 2012	1 st Jan 2013	1 st Feb 2013	1 st Mar 12
USA	337.70	312.70	311.20	293.00
France	351.90	322.90	338.70	320.60
United Kingdom	360.90	329.70	337.10	309.60
Australia	333.48	318.32	302.27	294.08
Russia	332.50	NA	NA	NA
India	327.40	327.33	330.08	317.55



International Outlook: International Spot and Futures Market is expected to trade Steady to slightly weak in month ahead as better crop is expected in major wheat producing and exporting countries , however buyers may re-enter market at lower level.

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2005 Indian Agribusiness Systems Pvt. Ltd.