

### Domestic Market Updates:

**Despite news of yellow and brown rust from some** pockets of Punjab and Haryana wheat production prospects are very good so far. We expect total production to cross last year's level of 93.9 million T. Stock in government godowns may exceed last year's level if almost 10 million T stock from government godowns is not offloaded in the international market in the marketing year starting from April 2012.

**Recent wide spread rains in major wheat growing areas** have brightens the production prospect. Lower temperature at this point of time is beneficial to the entire growth of the plant. Lower area coverage in Rajasthan, Gujarat and Maharashtra is expected to be covered by higher area coverage in Madhya Pradesh, U.P, and Bihar. Late variety is still being sown in U.P. and Bihar.

**At export front, demand for Indian wheat has not been** up to the mark in two-three weeks as fluctuation in global wheat market continues. However, upward recovery is expected in the short term as global production prospects may be revised down on rough weather. Latest quote for Indian wheat through PSU tender registered at \$309 per T. It may go up in next tender in the range of USD 310 to USD 315 per T.

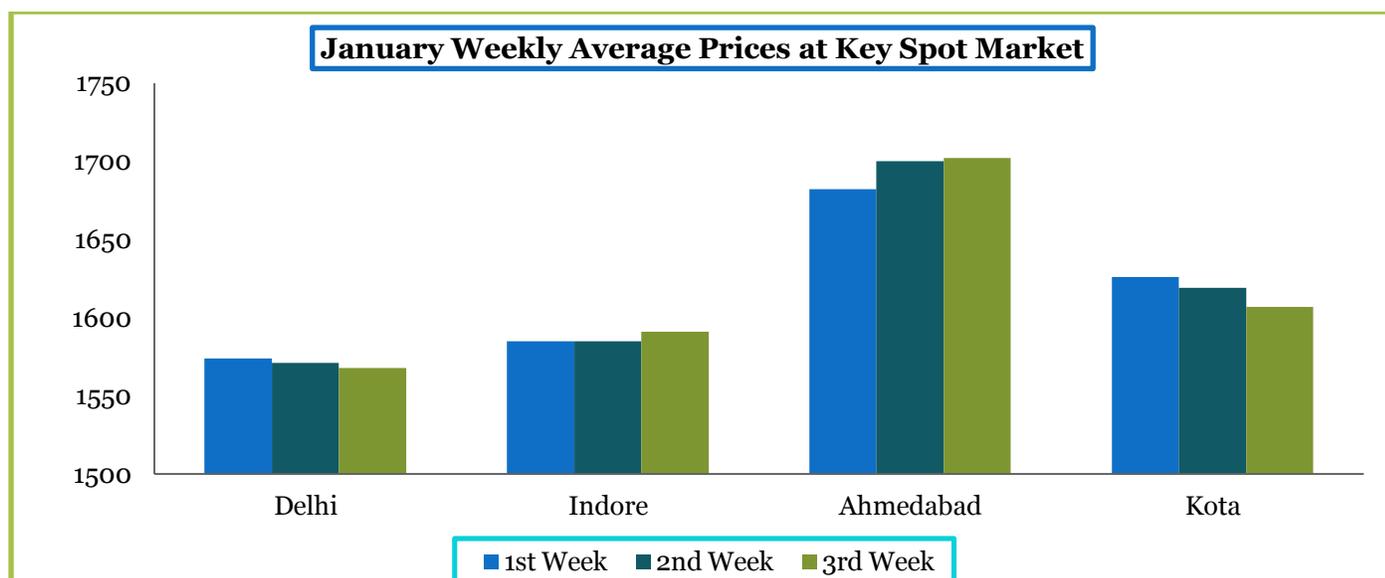
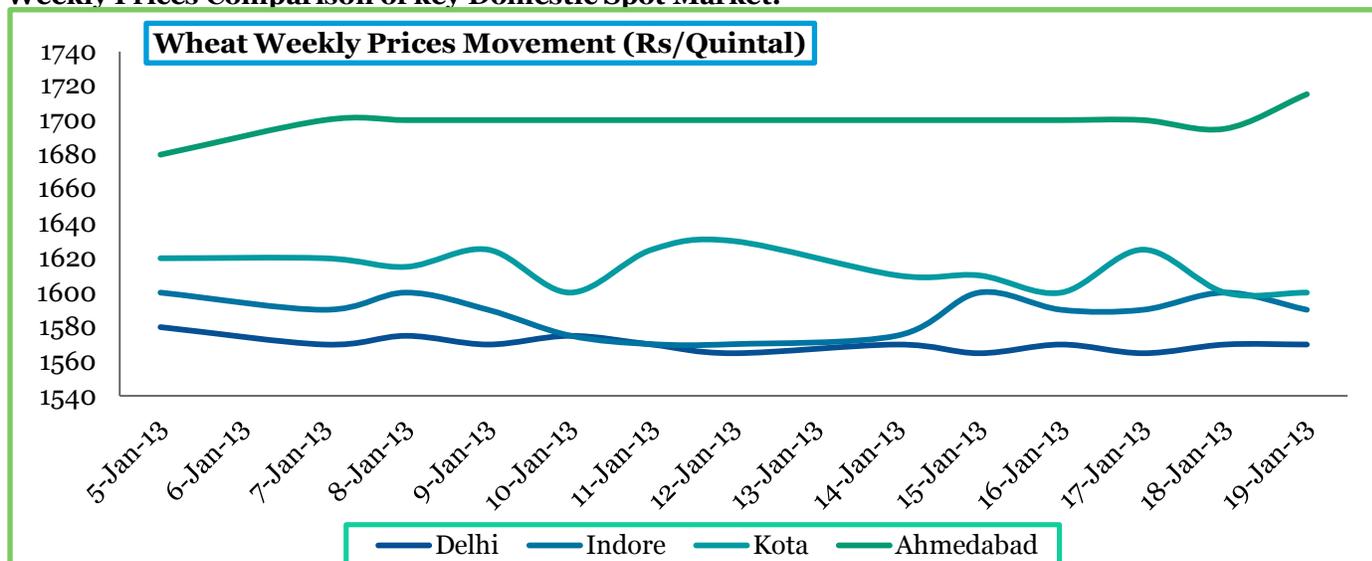
**Traders in domestic market expect some discount from govt.** as they are well aware of hefty stock lying intact in godowns supported by bumper incoming crops and lower export demand. Besides, storage problem would encourage govt. to offload maximum wheat in domestic and international market in the months ahead. That's why bulk buying is limited from private exporters.

**According to PIB (Press Information Bureau), wheat has been so far sown in 294.98** lakh hectares as compared to last year's 295.93 lakh hectares at the same time. In Maharashtra wheat has been sown in 4, 49, 966 hectares so far, which is 46.5 % of the Normal area. Last year at the same time wheat was sown in 4, 36,831 hectares. Maharashtra has set target of 10, 50,100 hectares. In Rajasthan wheat has been sown in 28, 20, 300 hectares so far, which is 100.7% of the target area. Last year at the same time wheat was sown in 29, 35,000 hectares.

**Prices in domestic market are likely to be directed by** global price, govt.'s policy for release and price mechanism in domestic market and incoming crop prospects. February and March month will remain crucial for wheat crop as usual. Demand and supply side is balanced right now. We expect wheat inflation to come down from its peak in the weeks ahead on rising possibility of higher supply and better crop outlook.

### Weather Watch:

- The All India area weighted rainfall during the week (2.5 mm) was -38 per cent below normal (4.0 mm).
- The cumulative seasonal rainfall during 1st October to 31st December 2012 for the country as a whole was 100.6 mm which is -21 per cent below normal rainfall of 127.2 mm.
- In the country, 10 per cent districts received excess and 21 per cent districts received normal rainfall during post monsoon season so far. However, 26 per cent districts received deficient and 27 per cent districts received scanty rainfall and 16 per cent districts received no rainfall

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


Prices remained steady at Indore and Gujarat as exporters bought this week but are unable to find vessels and marginal price fall was witnessed at Delhi and Kota due to sluggish demand

<b>STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.01.2013:</b>	<b>IN STORAGE</b>	<b>IN TRANSIT</b>	<b>TOTAL</b>
RICE	319.11	3.10	322.21
WHEAT	341.50	2.33	343.83
<b>Wheat lying in Mandies</b>	0.00	0.00	0.00
<b>TOTAL</b>	<b>660.61</b>	<b>5.43</b>	<b>666.04</b>
COARSE GRAINS	0.89	0.00	0.89
SUGAR	0.24	0.11	0.35
<b>GRAND TOTAL</b>	<b>661.74</b>	<b>5.54</b>	<b>667.28</b>

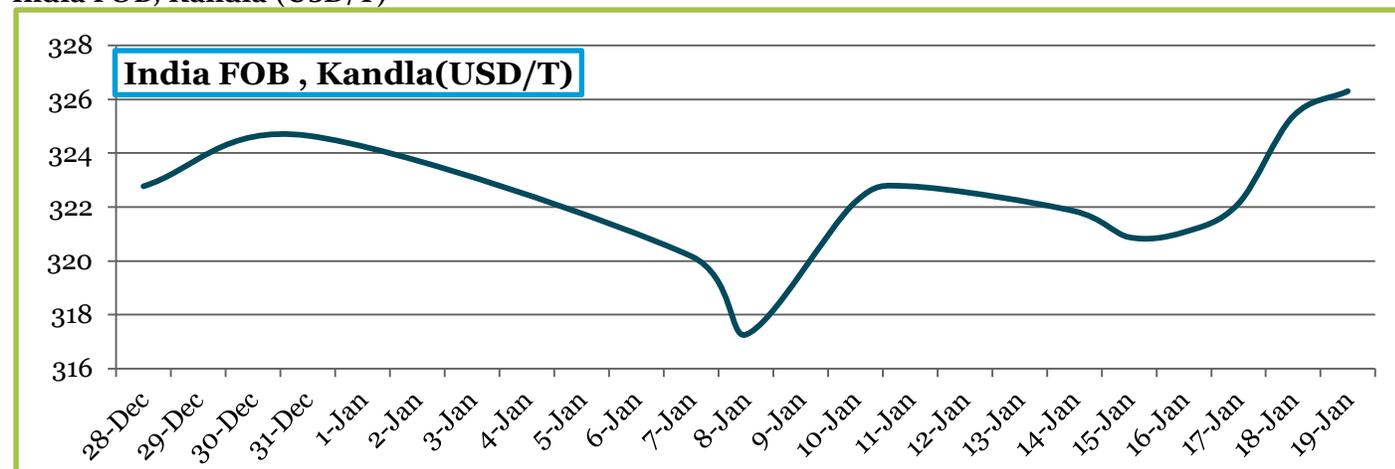
(Figures in Lakh Tonnes)

**FOB Value as on 19.01.2013 from various destinations at Kandla:**

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16300	16000	15500	15800	15250	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	17650	17900	17750	17300	14550	18220
<b>Indian FOB (USD/MT)</b>	<b>321</b>	<b>327</b>	<b>332</b>	<b>329</b>	<b>321</b>	<b>270</b>	<b>338</b>
Insurance @ 0.1%	0.32	0.33	0.33	0.33	0.32	0.27	0.34
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
<b>CIF (Kandla to Chittagong)</b>	<b>339</b>	<b>345</b>	<b>350</b>	<b>347</b>	<b>339</b>	<b>288</b>	<b>356</b>
INR	53.94	53.94	53.94	53.94	53.94	53.94	53.94
Russian Wheat FOB (USD/MT)	-	-	-	-	-	-	-
Parity on FOB Basis (USD/MT)	-	-	-	-	-	-	-

**Spot prices of Wheat at NCDEX Delivery Centers**

NCDEX SPOT	19 Jan,2013	week ago 12 Jan 13	Month ago 19 Dec 12	Year ago 19 Jan 2012	change over previous Year %
<b>Bareilly</b>	1550	1540	1550	1155	<b>34.20</b>
<b>Delhi</b>	1572	1570	1580	1192	<b>31.88</b>
<b>Indore</b>	1563	1555	1574	1150	<b>35.91</b>
<b>Khanna</b>	1671	1667	1657	1299	<b>28.64</b>
<b>Kota</b>	1630	1641	1600	1145	<b>42.36</b>
<b>Kanpur</b>	1510	1500	1500	1060	<b>42.45</b>
<b>Karnal</b>	1500	1490	1530	1314	<b>14.16</b>
<b>Rajkot</b>	1636	1630	1655	1147	<b>42.63</b>

**India FOB, Kandla (USD/T)**


## Wheat Export Monthly Data:

	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	4.26	320.19	317.04
Dec-12	6.42	326.70	299.60
<b>Total</b>	<b>40.16</b>		

## Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			19.01.2013	12.01.2013	
Delhi	Lawrence Road	Mill Quality	1570	1565	5
	Nazafgarh	Mill Delivery Loose	1550	1550	Unch
	Narella	Mill Delivery Loose	1520	1540	-20
Gujarat	Rajkot	Mill Delivery	1640	1625	15
	Ahmedabad	Mill Delivery	1715	1700	15
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1600	1600	Unch
	Indore	Mill Delivery	1590	1570	20
Rajasthan	Kota	Mill Quality	1600	1630	-30
U.P.	Kanpur	Mill Delivery	1555	1545	10
Punjab	Khanna	Mill Quality Loose	1480	1470	10
Haryana	Sirsa	Mill Delivery loose	1515	1520	-5

**Commodity: Wheat**  
**Contract: February**

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



**Technical Commentary:**

- Market is moving sideward and candlestick chart depicts Consolidation.
- Fall in OI and Volume but rise price hints towards Weak Market.
- Oscillator RSI is in neutral Zone.
- Prices closed below 9 and 18 days EMA.

**Strategy: Buy from entry level**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	February	1479	1490	1515	1565	1589
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Buy	1512-1516	1535	1550	1500

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

**Domestic Weekly Outlook:** Spot and Future market is expected to trade steady this week as fresh export demand has been witnessed.

### International Market Updates:

**IGC estimates that total harvested area is expected to increase by 2.1% in 2013-14**, the highest since 1998. Winter wheat condition is good in Europe but drought is still persistent in US HRW (Hard Red Winter) growing areas. World production estimate for 2012-13 has been increased from previous estimate of 654 million tonnes to 656 million tonnes as production is expected to improve in Australia, Canada, China and EU.

**IGC has estimated that world wheat trade will be 137 million tonnes** as compared to previous estimate of 134 million tonnes in 2012-13 as Australia, Canada and India are expected to export more. No change is reported in Consumption; however carryover stocks have been increased by a million to 174 million tonnes. This might pressurize market.

**South Korean feed manufacturer Nonghyup Feed Inc. has bought a 60,000 MT feed wheat** of any origin including Indian from Glencore at USD 324/T CFR basis. Earlier there were rumors that some South Korean firms were looking for other than Indian origin wheat due to presence of high levels of foreign matter, pushing up processing costs.

**Argentinean Ministry of Agriculture has further reduced the crop estimate to 10.1 million tonnes** from previous estimate of 10.5 million tonnes. Harvest is almost complete and production is estimated low as Yields in the main wheat region of the country did not reach what was estimated at the beginning of the season due to crop health problems, excess water in August, several heat shocks in November and bouts of hail and strong winds during the harvest.

**According to USDA's WASDE report** World wheat production estimate has been reduced to 654.31 million tonnes as compared to December 2012 estimate of 655.11 million tonnes. World Trade and ending stocks too has been reduced to 131.97 million tonnes and 176.64 million tonnes respectively. US exports remain same at 28.58 million tonnes but ending stocks has been reduced to 19.50 million tonnes due to increase in domestic consumption. This might support the markets as in near term.

**Bangladesh's state grains buyer has received the lowest bid of USD 348.97/T CIF**, from Dong Yang Chemical a Korean Company for its tender to buy 50,000 tonnes wheat. In previous tender Samjin Company, made the lowest bid of USD 346.45/T. In various other tenders bids received were USD 359.66/T for 100,000 tonnes of wheat to a local trading firm, USD 352.95/T to South Korean Daewoo tonnes and USD 344/T to India's LMJ International to buy another 100,000 tonnes.

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
						29.11.2012	17.01.2013
<b>Production</b>	607	685	679	653	694	654	656
<b>Trade</b>	110	137	128	126	145	134	137
<b>Consumption</b>	603	645	652	659	692	678	678
<b>Carryover stocks</b>	132	173	200	194	196	173	174
<b>Y-O-Y change</b>	5	41	27	-6	-6	-23	-22
<b>Major Exporters</b>	47	69	79	73	73	50	51

**Indicative FOB Quotes:**

	Variety	% Change over Prev. Year	17.01.13	Week Ago 10.01.13	Month Ago (December)	3 Months Ago (Oct)	Year Ago (Jan)
<b>USA (Chicago)</b>	RTRS 2srw	<b>30.68</b>	320.30	306.90	329.00	340.10	245.10
<b>France</b>	FCW3	<b>29.17</b>	330.30	329.70	339.20	334.40	255.70
<b>United Kingdom</b>	Feed wheat	<b>41.12</b>	340.80	334.60	345.60	320.50	241.50
<b>Australia</b>	CWRS	<b>32.90</b>	320.30	307.45	323.19	338.58	241.00
<b>Russia</b>	SRW	-	NA	NA	332.50	322.00	247.00
<b>Canada(Spot)</b>	Q2FW	<b>28.57</b>	299.30	301.20	301.90	305.20	232.80
<b>Ukraine</b>	SRW	-	NA	NA	330.00	319.50	245.50
<b>Argentina</b>	SRW	<b>41.18</b>	360.00	365.00	360.00	340.00	255.00

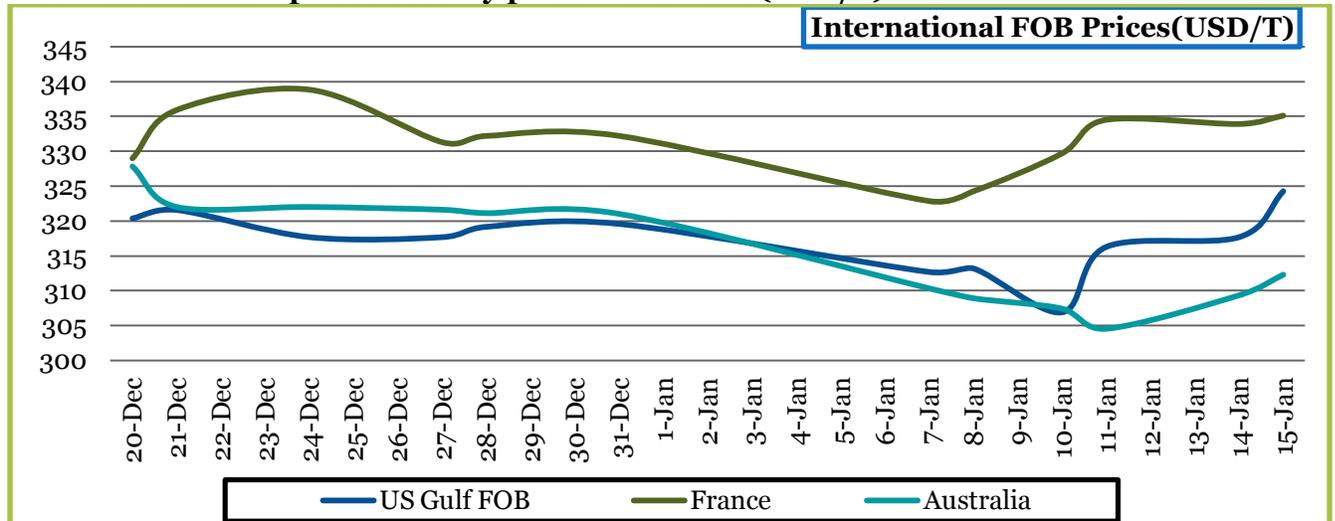
Global wheat market is expected to trade between USD 315-350/T as US winter wheat area is still affected by draught and renewed buying interest might pull FOB's toward north but increased production estimate by IGC might restrict a sharp uptrend.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices: Date: 18.01.13(USD/T)							
CONTRACT MONTH	18 Jan 2012	Week ago (11 Jan 13)	1 Month ago(18 Dec 12)	3 Month ago(18 Oct 12)	6 Month ago(18 July )	1 Year ago(18 Jan )	% Change over previous year
Mar-13	290.71	277.30	298.05	323.59	336.72	253.69	<b>14.59</b>
May-13	293.83	279.96	302.37	324.87	329.56	257.64	<b>14.05</b>
July-13	295.57	281.80	304.57	311.19	307.42	259.02	<b>14.11</b>
Sept-13	298.88	285.10	308.98	312.57	307.42	261.13	<b>14.46</b>
Dec-13	303.75	290.43	313.39	315.41	310.36	264.53	<b>14.83</b>
Mar-14	307.97	294.84	316.70	317.62	311.83	266.00	<b>15.78</b>

**CBOT March 13 Future Contract Chart:**



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

**International Weather update: (Source-USDA)**

**Canada-** Wet, unseasonably mild weather dominated the region. Near to above normal precipitation provided beneficial moisture for overwintering grains and wheat in the main production areas. Heavier precipitation (10-50 mm) fell elsewhere, adding to an already deep snowpack protecting overwintering wheat and pastures in most northern districts, as well as parts of the southwest.

**Argentina-** Mostly dry, warmer than normal weather continued across central Argentina, further improving conditions for fieldwork delayed by earlier periods of wetness. Winter wheat harvesting was approaching completion at 97 percent, an increase of 15 points from last week.

**Russia and Ukraine** -Soil moisture remained limited for winter wheat in southern most portions of Russia's Southern District, where an unfavorably dry autumn (30-70 percent of normal) persisted.

**Australia-** Above normal rainfall in Western Australia hampered winter wheat harvesting. In contrast, very warm, mostly dry weather in southeastern Australia favored harvesting activities.

**North West Africa-** Mostly sunny weather promoted winter grain growth. December rainfall totaled 50% of normal or less across most primary winter crop areas, although soil moisture remained in good supply following an unusually wet autumn, especially across the western half of the region. Only southwestern Morocco, received little precipitation during December.

**International Weekly Outlook:** International market is expected to trade up due to lower crop estimate in US and renewed buying interest

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