

### Domestic Market Updates:

**Bangladesh is importing Indian Wheat from Private traders** at USD 315-328/T FOB Kakinada port. Traders are exporting wheat procured from government tenders and new wheat crop arrivals are expected in Gujarat and M.P by late February, FOB are expected to fall that time but not much as Wheat crop is lower in Gujarat and sourcing wheat from Rajasthan and Madhya Pradesh will cost minimum Rs 1500/Q FOR at Kandla.

**Demand for Indian wheat continued from Southeast** Asian countries like Malaysia, Indonesia and higher demand is expected in the months ahead as latest development in global market hints toward positive prospects for Indian wheat. Govt. too seems eager to offload more wheat in the global market so that additional space for new crop could be created.

**There is a growing fear in the market that wheat yield** will not cross last year's level as sowing delayed by two weeks this year and temperature in the month of February will be crucial for the standing crop that are entering now in the flowering stage. Market experts say that two percent yield loss is a possibility if the standing crops don't get one –two shower of winter rains.

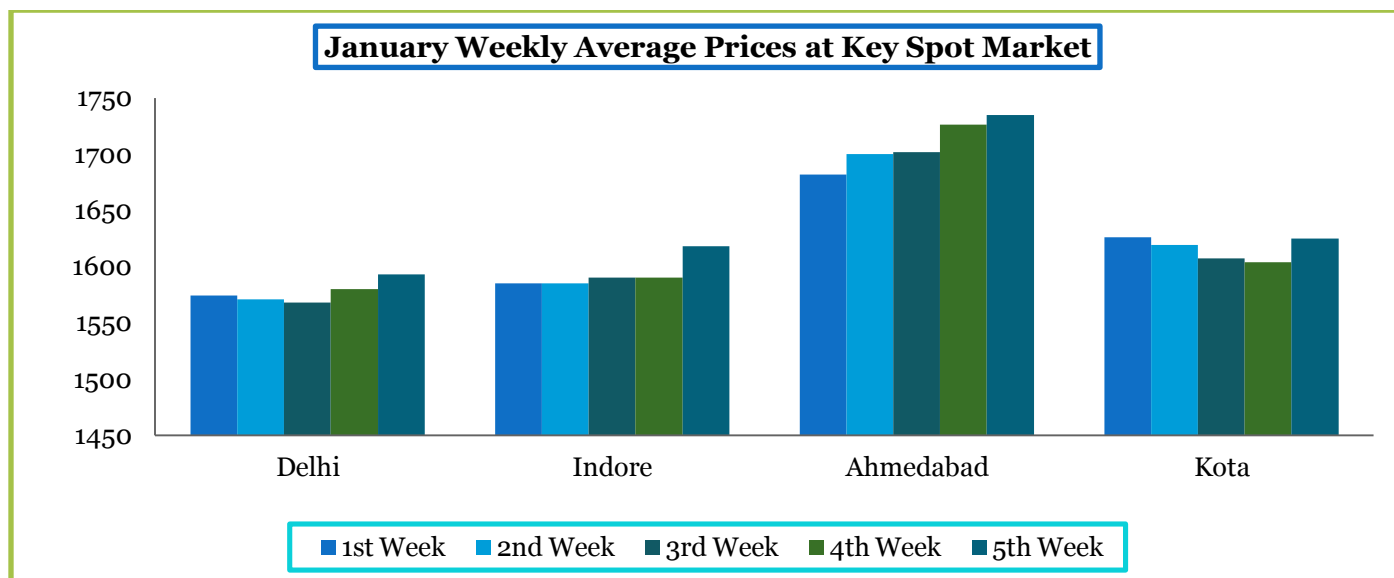
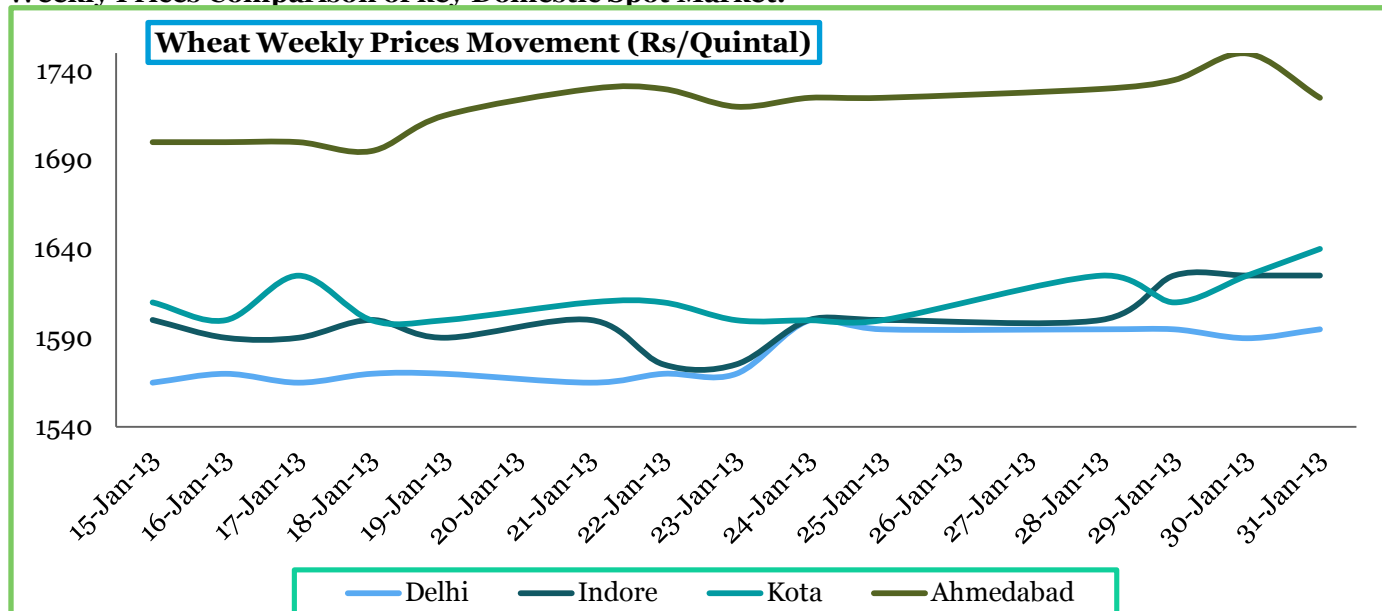
**At current scenario, 92 million Tonnes of wheat production seems** very much on the card against the set target of 86 million T for this season. Even if production goes down to 90 million T(unlikely),problem of plenty continues to haunt the govt. on storage front. Off take in domestic market is unlikely to improve at this point of time, especially when harvesting is hardly one and a half month away. Therefore, higher export is the only visible and practical solution to have stock at manageable level.

**Wheat sowing has completed now and total area coverage** is slightly lagging behind last year. Wheat has been sowed at 297.61 lakh hectares against 298.59 lakh T last year, almost one lakh hectares lower than last year. Major area increase has been witnessed in M.P. and Uttar Pradesh. Lower area coverage in Gujarat and Maharashtra will remain the cause of concern.

**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.

### Weather Watch:

- Cold wave conditions prevailed over some parts of Uttar Pradesh, Bihar and Madhya Pradesh during 24th to 29th January.
- Rainfall in January was excess/normal in 9, deficient/scanty in 25 and no rain in 2 out of 36 meteorological sub-divisions. (All India Actual: 11.2 mm, Normal: 18.1 mm and Departure: -38%).
- Under the influence of western disturbance, rain/snow would occur at many places over western Himalayan region with one or two spells of heavy rain/snowfall at one or two places during second half of the week in February.

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


Prices have increased at major spot trading centers due to strong domestic and export demand and the increase in the wheat release price by government from U.P by Rs 170/Q.

STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.01.2013:	IN STORAGE	IN TRANSIT	TOTAL
RICE	319.11	3.10	322.21
WHEAT	341.50	2.33	343.83
Wheat lying in Mandies	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>

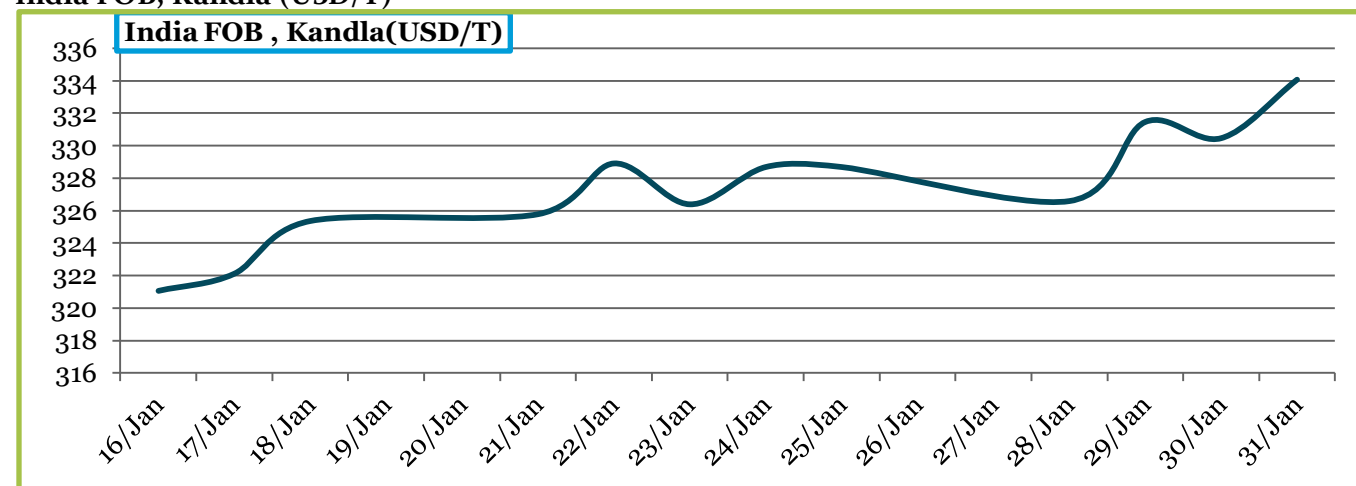
(Figures in Lakh Tonnes)

**FOB Value as on 02.02.2013 from various destinations at Kandla:**

Parity Calculation	Rajkot	Baran/Bundi	Khagaria	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16640	16000	15300	16000	15600	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)	17640	17650	17700	17950	17650	14550	18220
<b>Indian FOB (USD/MT)</b>	<b>331</b>	<b>328</b>	<b>329</b>	<b>333</b>	<b>328</b>	<b>270</b>	<b>338</b>
Insurance @ 0.1%	0.33	0.33	0.33	0.33	0.33	0.27	0.34
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
<b>CIF (Kandla to Chittagong)</b>	<b>349</b>	<b>346</b>	<b>347</b>	<b>351</b>	<b>346</b>	<b>288</b>	<b>356</b>
INR	53.32	53.85	53.85	53.85	53.85	53.85	53.85
Russian Wheat FOB (USD/MT)	-	-	-	-	-	-	-
Parity on FOB Basis (USD/MT)	-	-	-	-	-	-	-

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

NCDEX SPOT	2 Feb,2013	week ago 28 Jan 13	Month ago 2 Jan 13	Year ago 2 Feb 2012	change over previous Year %
<b>Bareilly</b>	1650	1618	1525	1205	<b>36.93</b>
<b>Delhi</b>	1593	1598	1569	1245	<b>27.95</b>
<b>Indore</b>	1600	1588	1575	1210	<b>32.23</b>
<b>Khanna</b>	1679	1676	1668	1314	<b>27.78</b>
<b>Kota</b>	1671	1560	1653	1234	<b>35.41</b>
<b>Kanpur</b>	1515	1510	1500	1160	<b>30.60</b>
<b>Karnal</b>	1500	1500	1525	1381	<b>08.62</b>
<b>Rajkot</b>	1653	1659	1650	1193	<b>38.56</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
			02.02.2013	25.01.2013	
Delhi					
	Lawrence Road	Mill Quality	1590	1595	-5
	Nazafgarh	Mill Delivery Loose	1575	1550	25
	Narella	Mill Delivery Loose	1550	1540	10
Gujarat	Rajkot	Mill Delivery	1660	1660	Unch
	Ahmedabad	Mill Delivery	1725	1725	Unch
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1650	1650	Unch
	Indore	Mill Delivery	1625	1600	25
Rajasthan	Kota	Mill Quality	1650	1600	50
U.P.	Kanpur	Mill Delivery	1565	1535	30
Punjab	Khanna	Mill Quality Loose	1505	1475	30
Haryana	Sirsa	Mill Delivery loose	1530	1520	10

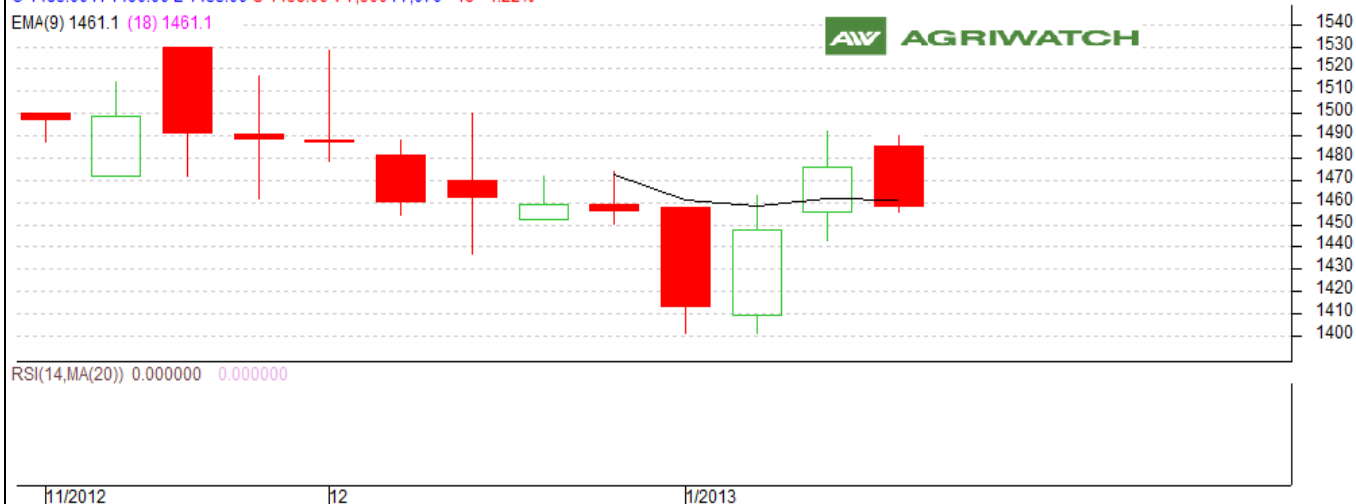
Commodity: Wheat  
Contract: March

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

### Wheat (Weekly Chart)

O 1485.00 H 1490.00 L 1455.00 C 1458.00 V 7,560 I 7,070 -18 -1.22%

EMA(9) 1461.1 (18) 1461.1



### Technical Commentary:

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

### Strategy: Sell from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	March	1431	1440	1458	1500	1528
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	March	<b>Sell</b>	Below 1470	1455	1448	1480

\*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 export and domestic demand will support prices and increase in the wheat release price at U.P too will support prices.

### International Market Updates:

**US Department of Agriculture data shows that its US wheat exports** were 14.5 million tonnes from June 2012 to 15 January 2013 which is 12% less as compared to previous year for the same period. CBOT is expected to fall on lower exports however current crop condition might support prices at lower levels.

**In 2012-13 Pakistan is expected to produce 23.9 million tonnes of Wheat** as compared to 2011-12 25 million tonnes and wheat sown area has increased by 2.5% over 2012. The decline is seen majorly due to late sowing of wheat consequently resulting in lower yield.

**Russian wheat output fell to 39 million tonnes in 2012 due** to severe drought and after exporting 9.95 million tonnes of wheat, domestic prices has been surging. Russian government is thinking to waive 5% import duty on import of wheat. The key importer of wheat to Russia is Kazakhstan, as imports from this country are exempted of customs duties.

**Wheat sowing in Canada is expected to be in 5-10% more** as compares to 9.63 million hectares in 2012. According to Analyst farmers to turn to wheat from less profitable crops like oilseed and Rye. Lower crop in Black Sea region, Australia and US may help Canada to grab a major share in international market and a good crop in Canada too might help in restricting up trend in Global prices.

**Heat wave in Australia is hurting the wheat sowing prospects for 2013 crop.** Wheat planting is still two months away but high temperature has taken the much needed soil moisture away. This year too Australia had a lower crop of 22 million tonnes as compared to previous year's 29.5 million tonnes.

**Ukraine has sown 2013 wheat crop in 6.7 million hectares** and is expected to produce 19 million tonnes, as of now 92% of the crop is in good to satisfactory condition. However winter kill in Russia and persistent drought in US might weight on the positive sentiments from Ukraine and prices may not fall much if current situation in Russia and US continues.

**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 Wheat Balance Sheet**

(Quantity in MMT)

	2007-08	2008-09	2009-10	2010-11	2011-12 estimat ed	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	31.01.13	Week Ago 24.01.13	Month Ago (December)	3 Months Ago (Oct)	Year Ago (Jan)
<b>USA (Chicago)</b>	RTRS 2srw	<b>18.16</b>	315.60	312.50	319.60	342.20	267.10
<b>France</b>	FCW3	<b>21.08</b>	337.80	328.10	332.20	343.00	279.00
<b>United Kingdom</b>	Feed wheat	<b>23.49</b>	337.20	335.30	334.80	341.00	258.00
<b>Australia</b>	CWRS	-	312.11	316.36	321.00	341.14	255.00
<b>Russia</b>	SRW	-	NA	NA	332.50	343.00	262.00
<b>Canada(Spot)</b>	Q2FW	<b>16.59</b>	295.30	291.20	304.70	300.20	246.30
<b>Ukraine</b>	SRW	-	NA	NA	330.00	341.00	260.00
<b>Argentina</b>	SRW	<b>27.78</b>	360.00	360.00	370.00	342.50	260.00

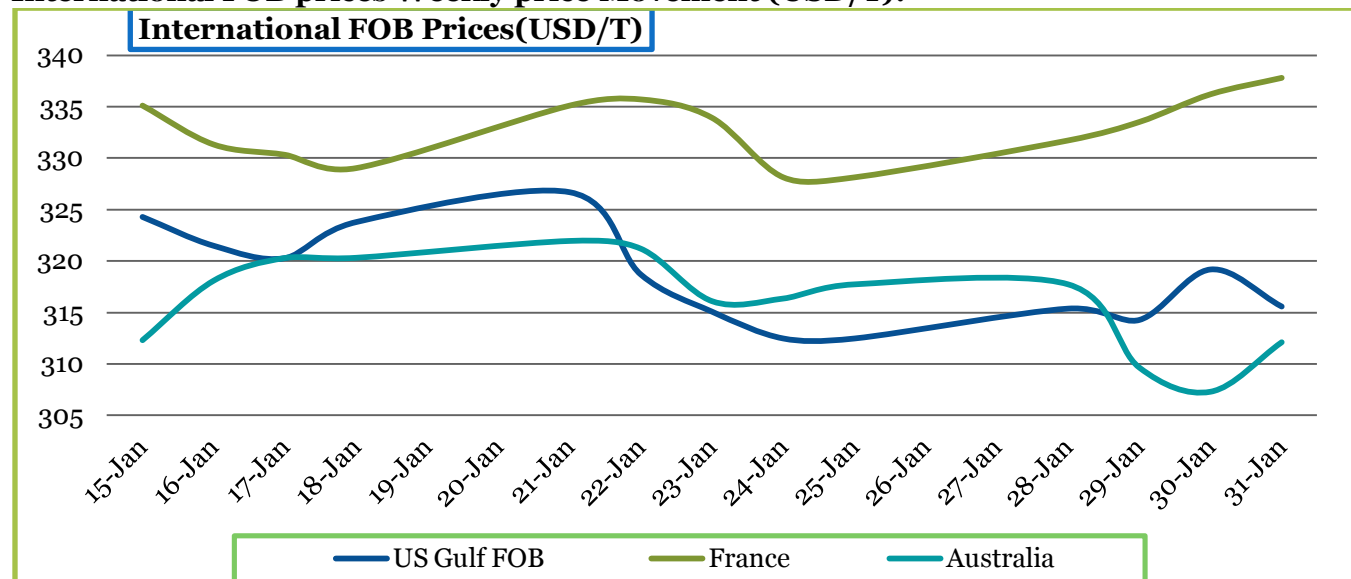
Global wheat market is expected to trade between USD 310-345/T as US winter wheat crop is affected by dry conditions, however increased sowing area and good crop condition in Ukraine and Indian presence in international market might restrict the uptrend.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices: Date: 01.02.13(USD/T)							
CONTRACT MONTH	01 Feb 2013	Week ago (25 Jan 13)	1 Month ago(2 Jan 13)	3 Month ago(1 Nov 12)	6 Month ago(1 Aug )	1 Year ago(1 Feb 12)	% Change over previous year
Mar-13	281.06	285.36	277.48	324.51	330.20	271.78	<b>3.41</b>
May-13	284.09	288.32	281.43	327.08	323.59	276.01	<b>2.93</b>
July-13	285.93	286.02	284.00	322.30	309.81	277.20	<b>3.15</b>
Sept-13	289.97	292.91	289.24	325.33	309.53	278.95	<b>3.95</b>
Dec-13	295.39	297.96	294.38	327.63	312.29	282.35	<b>4.62</b>
Mar-14	299.89	302.37	298.79	329.47	314.04	284.74	<b>5.32</b>

**CBOT March 13 Future Contract Chart:**



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

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

**Argentina-** Mostly dry, seasonably warm weather continued throughout central Argentina. Most of the region recorded less than 10 mm of rainfall, the exception being southern Buenos Aires, where amounts in excess of 25 mm were recorded.

**Russia and Ukraine** –Mild, wet weather melted much of the region’s snow cover but maintained abundant moisture reserves for spring growth. A slow-moving warm front generated moderate to heavy rain and freezing rain (10-30 mm, locally more) from Ukraine and southern Belarus into Russia

**Australia-** The remnants of Tropical Cyclone Oswald slid south along the coast of eastern Australia, producing soaking rains from northern Queensland to southern New South Wales.

**North West Africa-** Series of Mediterranean storms produced additional moderate to heavy showers (25-100 mm) from northern Morocco into northern Tunisia, maintaining favorable prospects for vegetative winter wheat.

**International Weekly Outlook:** International market is expected to trade Steady to Weak as good condition of Ukrainian wheat, Lower export sales by US and Indian presence in International market might pressurize market.

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