

**Domestic Market Updates:**

**Government's 3<sup>rd</sup> Advance estimate** has increased wheat production estimate to 93.62 million tonnes from previous estimate of 92.3 million tonnes. However, as per traders and farmers feedback our estimate is 88.2 million tonnes production due to severe yield loss in Haryana, Rajasthan, Madhya Pradesh, Punjab and U.P.

**During the week, Indian firm Amira Pure Foods, made the** lowest offer of USD 313.75/T for 50,000 MT wheat in a tender issued by Bangladesh State Grain buying agency.

**As per Trade sources exporters have slowed** wheat purchase pace due to uncertainty over domestic wheat prices and government policies amid bearish outlook in medium term.

**Despite higher pace of procurement this year as compared** to last year, overall procurement is expected to dip as private traders are active in buying new crop and farmers too are holding more stocks (Around 10%) this year. Wheat Procured by government agencies in this season in U.P is around 220,000 tonnes which is much lower than last year's 510,000 tonnes at the same time.

**Increasing arrival from newly harvest crop is restricting uptrend** despite considerable crop loss report. Despite higher pace of procurement this year as compared to last year, overall procurement is expected to dip as private traders are active in buying new crop.

**Rajasthan traders are buying lokwan-1 wheat at Rs 1500/Q**, loose and stocking it. Rakes are being loaded from Rajasthan to various destinations in South India for Rs 1850-1900/Q at delivered basis. Yield loss has been reported in major wheat growing states varying from 5-15%.

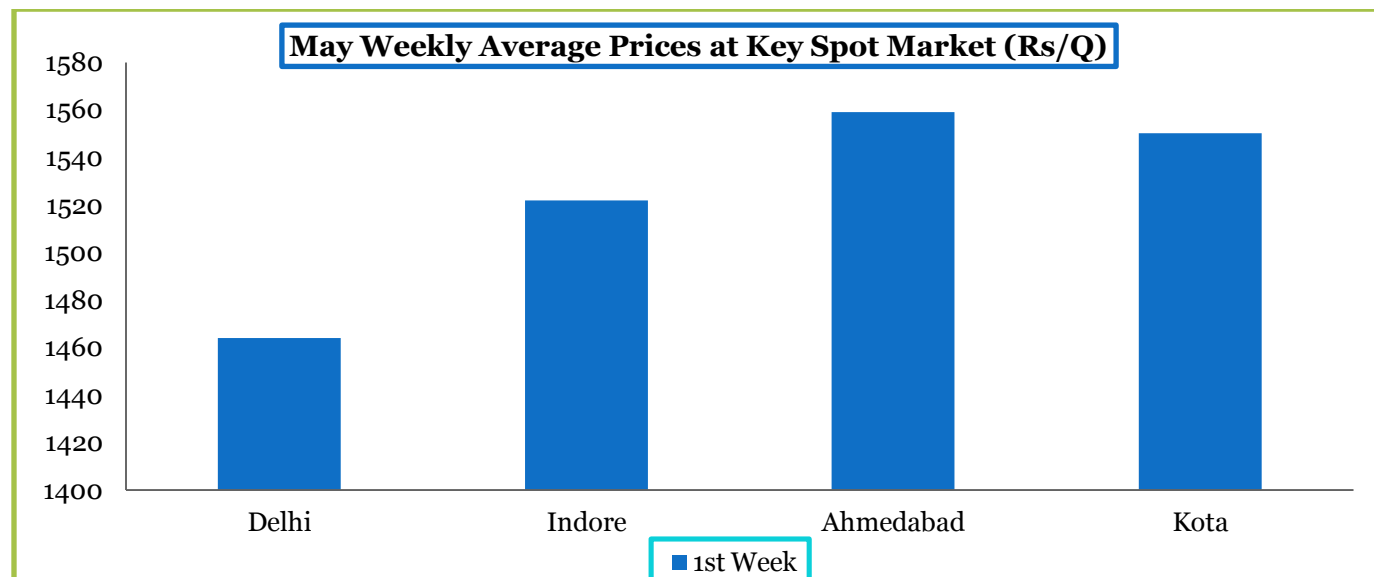
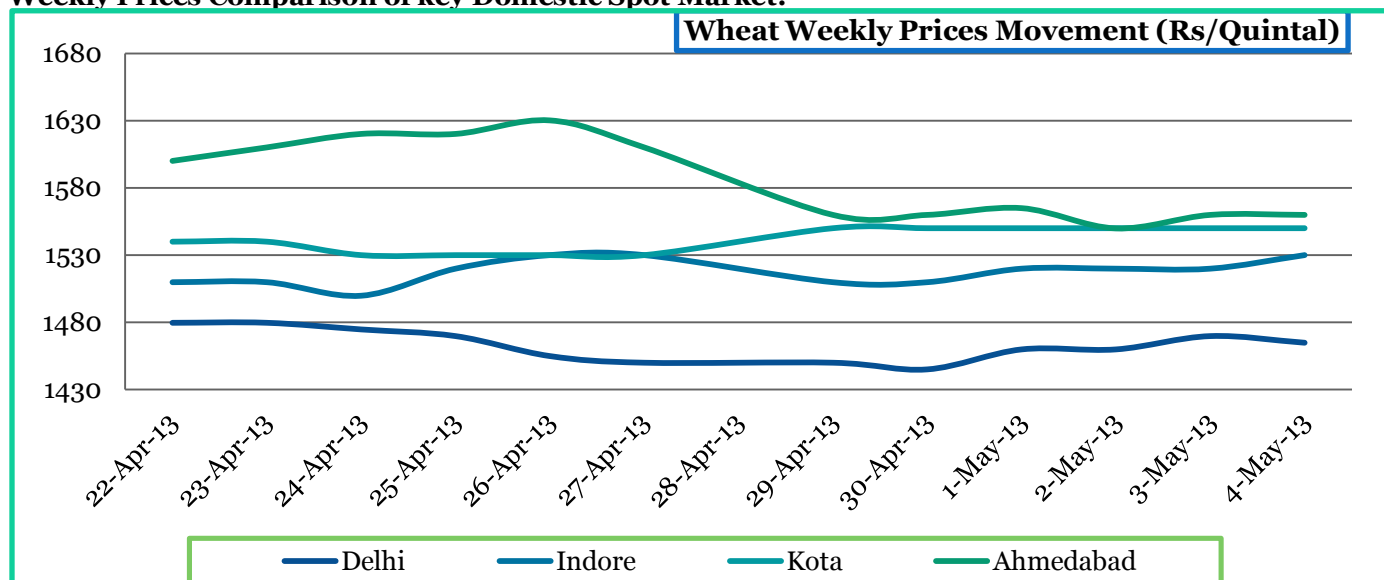
**Private traders and Millers are aggressively buying** wheat in Punjab and Haryana as mill delivered price is around Rs 1480-1500/Q, but if Wheat is purchased from U.P, basic cost is Rs 1330/Q plus all taxes @ 8%, Gunny bags and Transportation (Extra) total cost comes around Rs 1580-1600/Q on Mill delivered basis, that's why Millers and Private traders are building inventories in Punjab and Haryana.

**According to traders and farmers Wheat production** is likely to dip by 6 to 7 percent this year due to small grain size and lower yield. Farmers from Punjab, Haryana, Rajasthan, Uttar Pradesh, and Madhya Pradesh have reported lower yield varying from 5 to 8 percent. Abnormally lower temperature in Jan 1st week had adversely impacted the normal growth of the plant and consequently lower grain size. We expect around 88 million tonnes wheat production this year.

**Weather Watch:**

- Cumulative rainfall from 1<sup>st</sup> March to 1<sup>st</sup> May 2013 was excess/normal in 15 and deficient/scanty in 21 out of 36 meteorological sub-divisions. (All India Actual: 46.1 mm, Normal: 70.7 mm and Departure: -35%).
- Forecast for next week is rain/thundershowers would occur at many places over north eastern States.

## Weekly Prices Comparison of key Domestic Spot Market:



Prices remained steady majorly during the week traders have slowed the purchase of wheat as they expect to lose competitiveness to Black Sea region, moreover traders are uncertain about government policy. Prices have surged in U.P as south Indian millers are getting parity and exporters too are buying though in lower quantity.

STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.04.2013:	IN STORAGE	IN TRANSIT	TOTAL
RICE	350.57	4.11	354.68
WHEAT	239.30	2.77	242.07
Wheat lying in Mandies	0.00	0.00	0.00
<b>TOTAL</b>	<b>589.87</b>	<b>6.88</b>	<b>596.75</b>
COARSE GRAINS	0.83	0.00	0.83
SUGAR	0.26	0.05	0.31
<b>GRAND TOTAL</b>	<b>590.95</b>	<b>6.93</b>	<b>597.88</b>

(Figures in Lakh Tonnes)

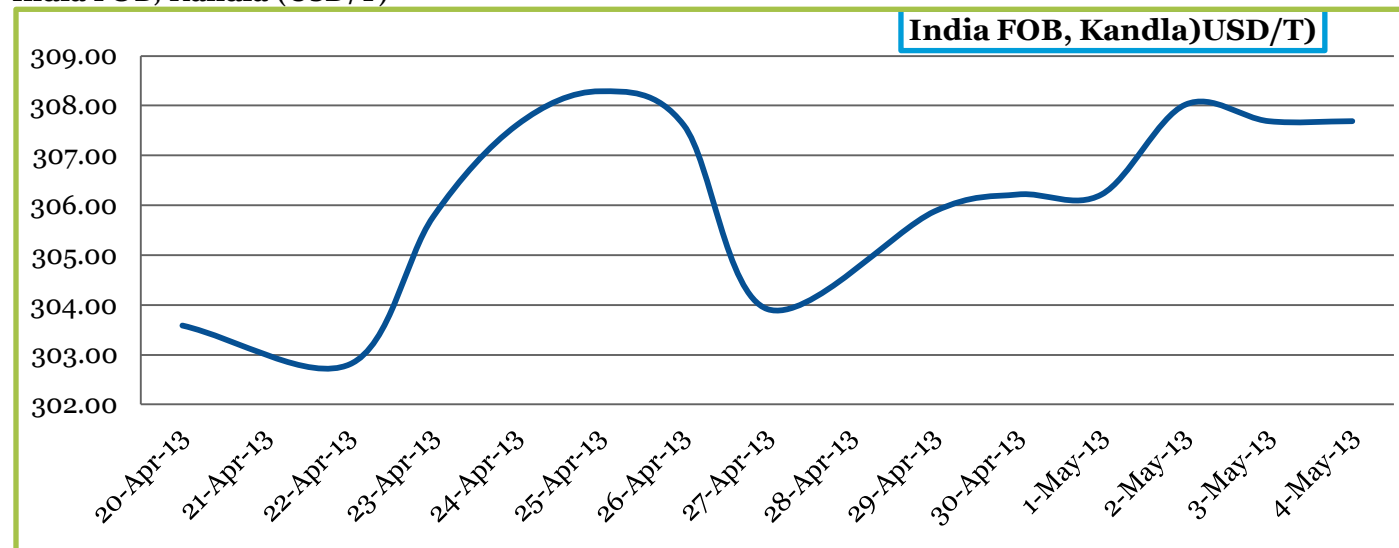
**FOB Value as on 04.05.2013 from various destinations at Kandla:**

Parity Calculation	Rajkot	Baran/Bundi	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15600	14800	13650	14800	13500	13500	19100
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)	16600	16450	16050	16750	15550	15200	19100
<b>Indian FOB (USD/MT)</b>	<b>307.69</b>	<b>304.91</b>	<b>297.50</b>	<b>310.47</b>	<b>288.23</b>	<b>281.74</b>	<b>354.03</b>
Insurance @ 0.1%	0.31	0.30	0.30	0.31	0.29	0.28	0.35
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
<b>CIF (Kandla to Chittagong)</b>	<b>326</b>	<b>323</b>	<b>315</b>	<b>328</b>	<b>306</b>	<b>300</b>	<b>372</b>
INR	53.95	53.95	53.95	53.95	53.95	53.95	53.95
Russian Wheat FOB (USD/MT)	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>
Parity on FOB Basis (USD/MT)	<b>-38</b>	<b>-35</b>	<b>-27</b>	<b>-40</b>	<b>-18</b>	<b>-12</b>	<b>-84</b>

**Spot Prices of Wheat at NCDEX Delivery Centers(Rs/Q)**

	4 May, 2013	Week ago 26 Apr 13	Month ago 4 Apr 13	Year ago 4 May 2012	Change over previous Year %
<b>Bareilly</b>	1505	1519	1450	1230	<b>22.36</b>
<b>Delhi</b>	1485	1480	1450	1215	<b>22.22</b>
<b>Indore</b>	1471	1457	1540	1261	<b>16.65</b>
<b>Khanna</b>	1535	1535	1640	1463.45	<b>4.89</b>
<b>Kota</b>	1440	1440	1425	1155	<b>24.68</b>
<b>Kanpur</b>	1375	1386	1475	1474.2	<b>-6.73</b>
<b>Karnal</b>	1560	1545	1529	1250	<b>24.80</b>
<b>Rajkot</b>	1540	1540	1500	1223	<b>25.92</b>

## India FOB, Kandla (USD/T)

**Wheat Export Monthly Data:**

	Wheat Export(Lakh T)	Average FOB Kandla Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
<b>Sept 11- Mar 12</b>	<b>7.68</b>	<b>232.12</b>	<b>237.46</b>
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	4.53	310.07	328.89
Sep-12	5.75	314.48	326.52
Oct-12	5.87	312.11	317.84
Nov-12	5.53	320.19	317.04
Dec-12	6.42	326.70	299.60
Jan-13	5.63	325.04	282.26
Feb-13	5.88	324.11	270.06
Mar-13	6.82	303.64	262.31
<b>Total for 2012-13</b>	<b>56.98</b>		
Apr-13	6.27	303.06	256.85

**Domestic Key Spot Market Price Comparison:**

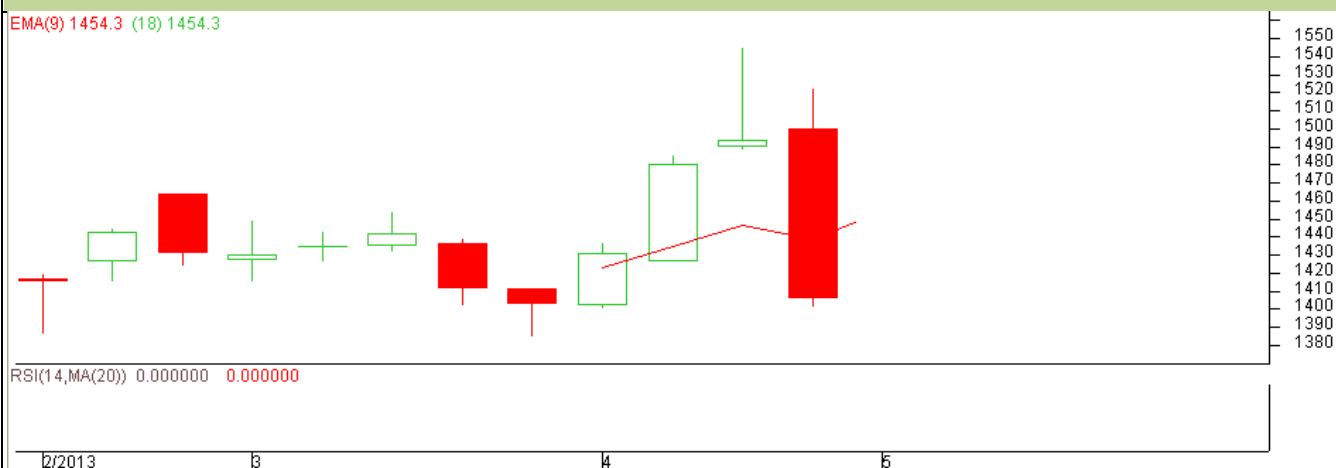
Centre	Market	Variety	Prices (Rs/Qtl)		Change
Delhi				<b>27.04.2013</b>	
	Lawrence Road	Mill Quality	1465	1450	15
	Nazafgarh	Mill Delivery Loose	1450	1425	25

	Narella	Mill Delivery Loose	1430	1435	-5
Gujarat	Rajkot	Mill Delivery	1560	1570	-10
	Ahmadabad	Mill Delivery	1610	1610	Unch
M.P.	Bhopal	Mill Quality Loose (Lokwan Price)	1650	1700	-50
	Indore	Mill Delivery	1530	1530	Unch
Rajasthan	Kota	Mill Quality	1445	1440	5
U.P.	Kanpur	Mill Delivery	1390	1325	65
Punjab	Khanna	Mill Quality Loose	1355	1350	5
Haryana	Sirsa	Mill Delivery loose	1350	1350	Unch

Commodity: Wheat  
Contract: June

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

### Wheat (Weekly Chart)



### Technical Commentary:

- Market is moving upward and candlestick chart depicts bullishness.
- Rise in OI, Volume and price hints towards Long Buildup.
- Prices closed above 9 and 18 days EMA.

### Strategy: Buy from entry level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	June	1475	1488	1519	1533	1545
Intraday Trade Call*			Call	Entry	T1	T2	SL

Wheat	NCDEX	June	<b>Sell</b>	Below 1520	1500	1590	1525
*Do not carry forward the position until the next Week.							

**Domestic Weekly Outlook:** Key Spot market might trade steady as trader and millers are in wait and watch mode as black sea region crop is expected to hit market soon.

#### International Market Updates:

**Australian eastern grain belt is suffering from dry** weather condition and planting has been delayed. Australian wheat prices are firm as farmers are reluctant to sell wheat at current price as they anticipate higher prices. Australia needs significant rains to evade yield loss.

**Corn Prices are expected to rise in International** Future market as only 6% corn has been planted against 40% last year during the same period. Demand for Feed Wheat might rise, pushing wheat prices north.

**Jordan State buying agency has bought 50,000 MT wheat** from Glencore of any origin to be delivered by Late August at USD 302.50/T, CNF. Other rejected bids were Bunge USD 311/T, Al Ghurair 318.50/T, Toepfer 319.85 and Olam 318.80/T. Jordan state agency has made no purchase in previous tenders of April 17, April 11, April 3 and Mar 27 as they expected prices to fall.

**South Korean firm CheilJedang Corp has bought 48,900 MT** of US origins, several types' wheat from Bunge in two consignments to be shipped by 31 July. Around 15,200 MT of soft wheat has been bought at USD 291.52-295.54/T, CNF.

**Wheat planting has been delayed and a loss in yield is** seen if Australia doesn't receive substantial rains in next two-three weeks. Planting has been delayed in New South Wales and Victoria states due to poor soil moisture.

**South Korean Major Feedmill Group has bought 60,000 Tonnes** feed wheat of Black sea origin at USD 292/T CNF, for arrival by 25 August. Cargill is the expected seller. Korean feed wheat and corn demand has fallen recently as there has been a big fall in Korean pork and livestock prices below farmers' breakeven levels.

**According to Egyptian Prime Minister, Egypt might** reach 65-70% self sufficiency this year as domestic crop is expected to be better than previous year. Egypt normally imports around 10 million tonnes of wheat each year however this year state will buy only 5-6 million tonnes. Government will be buying around 4.5 million tonnes at 400 Egyptian pound (USD 58)/150kg.

**IGC has forecasted the world wheat ending stocks** for 2013-14 at 181 million tonnes, which is 2 million tonnes more than 2012-13 due to lower feed wheat use.

## IGC Wheat Balance Sheet

(Quantity in MMT)

	2008-09	2009-10	2010-11	2011-12 est.	2012-13 forecast	Projection for 2013-14	
						21.03.2013	25.04.2013
<b>Production</b>	685	679	653	696	655	683	680
<b>Trade</b>	137	128	126	145	138	138	135
<b>Consumption</b>	645	652	659	692	674	678	678
<b>Carryover stocks</b>	173	199	193	197	179	182	181
<b>Y-O-Y change</b>	41	27	-6	4	-18		2
<b>Major Exporters</b>	69	79	74	71	52	58	58

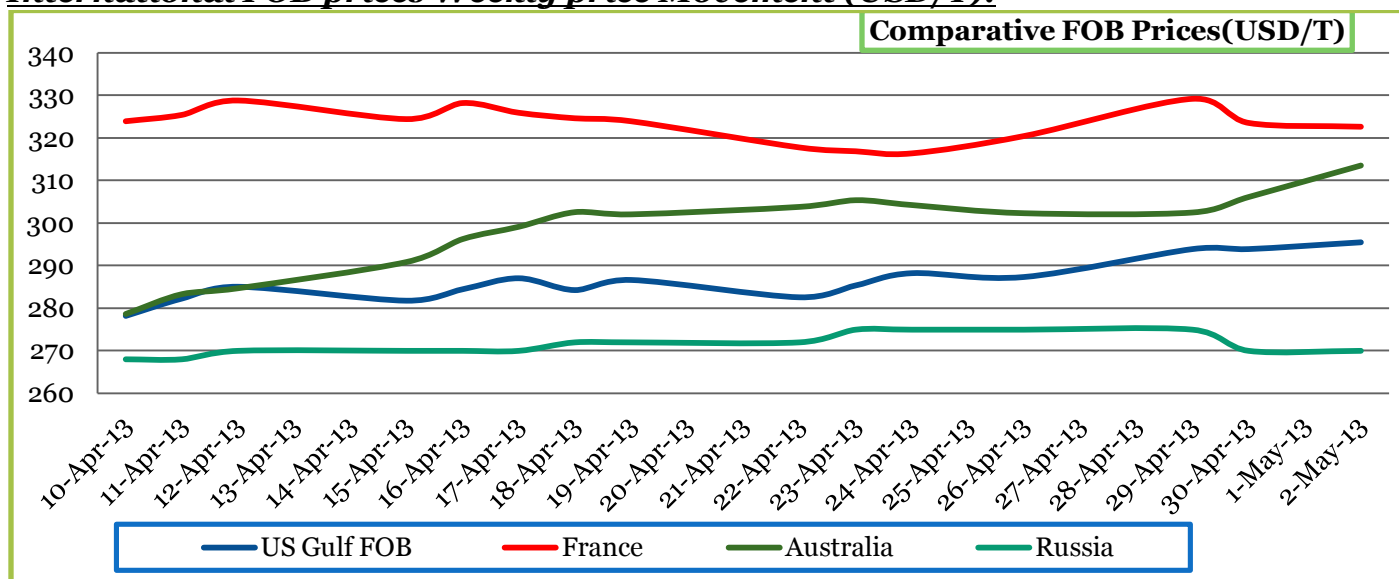
## Indicative FOB Quotes:

	Variety	% Change over Prev. Year	02.05.13	Week Ago 26.04.13	Month Ago (April)	3 Months Ago (Feb)	Year Ago (May)
<b>USA (Gulf)</b>	SRW 2	19.11	295.50	287.30	271.60	311.20	248.10
<b>France</b>	FCW3	12.80	322.60	320.40	310.40	338.70	286.00
<b>United Kingdom</b>	Feed wheat	6.65	299.70	297.10	299.90	337.10	281.00
<b>Australia</b>	CWRS	18.78	313.58	302.33	263.91	302.27	264.00
<b>Russia</b>	SRW	0.37	270.00	275.00	272.00	335.00	269.00
<b>Ukraine</b>	SRW	0.19	267.50	272.50	270.00	332.50	267.00
<b>Argentina</b>	SRW	24.00	310.00	315.00	320.00	360.00	250.00

Global wheat market is expected to trade between USD 295-330/T as market is consolidating. Prices are expected to be range bound.

## CBOT FUTURES CONTRACT:

CONTRACT MONTH	03 May 2013	Week ago (26 Apr 2013)	1 Month ago(3 Apr 13)	3 Month ago( 4 Feb 13)	6 Month ago(5 Nov 12)	1 Year ago(3 May 12)	% Change over previous year
<b>May-13</b>	261.31	253.05	255.89	283.16	325.61	253.69	3.01
<b>July-13</b>	264.90	254.42	257.64	285.10	321.11	255.71	3.59
<b>Sept-13</b>	268.39	257.55	260.95	289.33	324.14	259.94	3.25
<b>Dec-13</b>	273.80	262.97	266.37	292.45	327.17	264.90	3.36
<b>Mar-14</b>	278.67	267.83	271.69	299.34	328.82	267.01	4.37
<b>May-14</b>	279.96	269.76	274.63	299.34	323.68	269.40	3.92

**CBOT July 13 Weekly Future Chart:****International FOB prices Weekly price Movement (USD/T):****International Weather update: (Source-USDA)**

**Russia and Ukraine** – Cold front generated showers (4-25 mm) in Russia's Volga and Southern Districts, boosting soil moisture for winter wheat development. Normal temperature and clear sunny skies were seen during the week in Ukraine.

**Australia**– In southern Queensland and northern New South Wales, dry, seasonably warm weather favored uninterrupted summer crop harvesting and aided early winter wheat planting in the north. In



southeastern Australia, scattered showers (2-15 mm) boosted local moisture supplies in advance of wheat planting.

**Argentina-** Warm, dry weather dominated the region, hastening development of summer grains, oilseeds, and cotton and supporting harvesting. Weekly temperatures averaged 3 to 5°C above normal in most agricultural districts, with the warmest weather relative to normal occurring in agricultural areas lying more to the south and west.

**North West Africa-** In Algeria and Tunisia, a slow moving Mediterranean storm produced 20 to 65 mm of rain, providing late-season moisture for reproductive to filling winter grains.

**USA-** Heading of the winter wheat crop advanced to 14% complete by week's end, 41% points behind last year and 15 points behind the 5-year average. Unfavorably cool weather so far this spring limited crop development in many regions.

**International Weekly Outlook:** International Future and Spot market is expected to trade range bound in week ahead.

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