

## DOMESTIC WHEAT NEWS:

**Wheat sowing in Gujarat is at full swing** while it is gaining momentum in M.P. and Rajasthan. Farmers in Punjab and Haryana are engaged in preparing fields for wheat sowing, just vacated after paddy harvesting. Sowing is likely to be delayed by a couple of weeks from normal schedule due to high moisture level in the field and standing crop of paddy.

**Wheat inflation has increased to 7.88% Y-o-Y** basis in October from 5.90% in September. WPI in October has increased to 213.60 from 210.10 in September.

**Wheat markets have started firming up at consuming** centers and there is a possibility of uptrend to continue in the next week too. Prices of Lok-1 and other superior varieties have increased by Rs 40 to Rs 50/Q as supply from private trades/stockiest is depleting fast in Madhya Pradesh, Rajasthan and dependence on govt.'s stock is expected to increase in the weeks to come.

**Comparatively, prices of mill quality move** slight up on the back of seasonal factors in the range of Rs 10 to Rs 20/Q in Indore and Kota region. However, uptrend in milling grade is unlikely to continue as supply of milling grade (mostly DL and 173) through OMSS would restrict market.

**Stock (Lok-1 and Tukda) with private hands is contracting** at this point of time and release of lower quantity of higher grade (300 to 400 T) at different centers in M.P. (Vidhisha, Seohar) is unable to fulfill current market demands.

**South Indian millers/exporters** buy Lok-1 and Tukda for mixing it in mill quality to upgrade quality and continued demand for higher grade remains supportive to the premium grade market. Mill Quality Wheat traded for Chennai delivery in M.P. quoted today at Rs 1970/Q and Madurai at Rs 2005 /Q Premium grade in South India is being traded at Rs 2050 to Rs 2150 /Q.

**Bangladesh has received the lowest bid of USD 314.20/MT** CNF for its wheat import tender of 50000 MT of wheat from Indian firm Amira Foods. Other major bidders were Vitol at USD 314.47/MT, Ismail Foods at USD 321.86/MT and Daewoo International at USD 334/MT, CNF.

**Traders and market participants believe** that wheat production in 2013-14 may near or above of 2011-12 production level of 94.88 million tonnes owing to good soil moisture, strong retreating monsoon and good market price. However final production will depend on weather conditions in January and February.

**On 1<sup>st</sup> November, wheat stock in central pool** was 34.09 million tonnes as compared to 40.05 million tonnes on same time last year. Punjab has the highest level of stock at 12.25 million tonnes followed by Haryana at 7.89 million tonnes.

## Comparative analysis government's wheat costing:

INR Value; 63.06 as 16.11.13	At Kandla	MSP	Economic Cost
FOR Kandla	17200.00	13500	19100
Misc.Charges(port handling)	500.00	500.00	0.00
FOB (at Kandla Rs/T)	17700.00	14000	19100
FOB value in \$ for FAQ	280.69	222.01	302.89
Freight Charges (US \$/ton) to Chittagong	18.00	18.00	18.00
Insurance @ 0.1% (\$/MT)	0.28	0.22	0.30
CIF to Chittagong (value in \$ for SRW)	298.97	240.23	321.19

## Indicative FOB Quotes:

	Variety	% Change over Prev. Year	14.11.13	Week Ago 07.11.13	Month Ago (Oct)	3 Months Ago (Aug)	Year Ago (Nov)
USA (Chicago)	2SRW	-18.35	279.30	292.40	294.30	270.40	346.20
France	FCW3	-	NA	NA	NA	241.00	346.00
United Kingdom	Feed wheat	-	NA	NA	NA	257.70	324.20
Australia	ASW	-19.20	277.00	288.00	293.00	297.00	340.33
Russia	SRW	-23.69	280.00	272.00	247.00	244.00	344.00
Ukraine	SRW	-23.64	277.00	270.00	245.00	240.00	340.50
Argentina	SRW	-	NA	NA	NA	273.00	340.00

## Comparative Month on Month FOB quotes: (Fig in USD/MT)

All prices are for SRW /milling grade, comparable to Indian quality	1st Aug	1st Sept	1st Oct	1st Nov
USA	270.70	274.00	291.60	292.00
France	248.70	249.50	256.70	NA
United Kingdom	247.10	245.40	251.20	NA
Australia	364.77	300.00	293.00	282.00
Russia	242.00	243.00	248.00	262.50
India	277.41	258.12	268.64	273.57

## Agriwatch Wheat Balance Sheet:

- Despite slightly lower production than expectation in 2012-13 the supply side is expected to remain comfortable and export will continue further provided parity remains favourable. We expect carry out to remain at 29.29 million tonnes including private trade stock and farmers combined stock of 6-7 million tonnes.
- We expect 1 million tonnes lower export at 5.5 million tonnes, this year due to better production and cheaper wheat availability in international market. India has 5 month left in current marketing season. Due to higher export price India couldn't export much quantity in past 3 months however recent revision in export price is likely to increase export volume.
- Consumption is expected to increase substantially owing to implementation of Food Security Bill and fast growing feed and confectionary industry.

November  
16, 2013

## WHEAT DAILY REPORT

in Thousand MT									Estimates		Forecast		Forecast
	Retention	2010-11	2011-12	2012-13	2013-14		Apr -June		July -Sept		Oct -Dec		Jan -Mar
<b>Opening Stock</b>		16125	18935	24185	31100		31100		99318.69		78863.4		49457.79
<i>FCI opening stock</i>		16125	15364	19952	24207								
<b>Production</b>		80800	86810	94800	92460		92460		0		0		0
<i>Stock Position</i>													
<i>Procurement</i>							25092						
<i>Govt.</i>		22513	28334	38148	25092		49299		43677.42		38055.83		32434.25
<i>Private trade</i>		30007	28092.5	23472	35007		41900		32274		24542		17188
<i>Farm</i>	35%	28280	30383.5	33180	32361	35%	32361		25888.8		19416.6		3236
<b>Imports</b>		218	272	17	25		0						
<b>Total Supply</b>		97143	106017	119002	123585		123560		99318.7		78863.4		49457.79
<b>Consumption</b>													
<b>Exports</b>		58	72	6496	5501		2522		629		250		2100
Domestic consumption													
<i>Govt releases</i>		23067	24168	20224	22486		5622		5622		5622		5622
<i>Private trade</i>	5%	28506.65	26687.87	22298.4	28414		7104		7104		7104		7104
<i>Farm (seed plus releases)</i>	0%	28280	30383.5	33180	32361	20%	6472.2	20%	6472.2	50%	16180.5	10%	3236.1
<b>Total Consumption</b>		78150	81760	81406	88762		21719.30146		19826.3		29155.6		18061.20146
<b>Closing Stock</b>		18935	24185	31100	29322		99318.69		78863.4		49457.79		29296.59
							30-Jun-12		30-Sep-12		31-Dec-12		31-Mar-13
							As on		As on		As on		As on

Contract Month	Wheat future prices NCDEX Rs/Quintal				
	16 Nov 13	15 Nov 13	Week ago 08 Nov 13	Month ago 16 Oct 13	% Change Over Previous Month
<b>Dec-13</b>	1647	closed	1626	1615	<b>1.98</b>
<b>Jan-14</b>	1666	closed	1646	1636	<b>1.83</b>
<b>Feb-14</b>	1652	closed	1659	1646	<b>0.36</b>

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	16 Nov , 2013	week ago 08 Nov, 2013	Month ago 17 Oct 13	Year ago 19 Nov 2012	Change over previous Year %
<b>Indore</b>	1739	1723	1650	1598	<b>8.82</b>
<b>Bareilly</b>	1695	1700	1640	1590	<b>6.60</b>
<b>Delhi</b>	1631	1624	1640	1644	<b>-0.79</b>
<b>Khanna</b>	1701	1701	1668	1591	<b>6.91</b>
<b>Kanpur</b>	1665	1650	1600	1525	<b>2.71</b>
<b>Karnal</b>	1600	1550	1545	1560	<b>2.56</b>
<b>Rajkot</b>	1705	1684	1655	1641	<b>3.9</b>
<b>Kota</b>	1700	1688	1626	1660	<b>2.40</b>

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

### Weekly Parity Sheet: (As on 09.11.2013)

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16100	15850	15300	17500	15700	14000	19100
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	500	500	500	500	500	500	0
Local transport, port warehousing, labour charges, shortage	700	1150	1900	1450	1550	1200	0
Indian FOB (Rs/MT)	17300	17500	17700	19450	17750	15700	19100
Indian FOB (USD/MT)	<b>275.79</b>	<b>278.97</b>	<b>282.16</b>	<b>310.06</b>	<b>282.96</b>	<b>250.28</b>	<b>304.48</b>
Insurance @ 0.1%	0.28	0.28	0.28	0.31	0.28	0.25	0.30
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	294	297	300	328	301	268	322
INR	62.73	62.73	62.73	62.73	62.73	62.73	62.73
Russian Wheat FOB (USD/MT)	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>
Parity on FOB Basis (USD/MT)	<b>-4</b>	<b>-7</b>	<b>-10</b>	<b>-38</b>	<b>-11</b>	<b>22</b>	<b>-32</b>

**Wheat Prices at various Domestic markets:**

State	Location	16-11-2013 1640	15-11-2013 1635	Week ago (06.11.2013)	Month ago (12.10.13)	Year ago (06.11.2012)
Delhi	Lawrence Road	1650	-	1600	1610	1605
	Narela	1600	1600	-	1555	1515
	Nazafgarh	1730	1730	-	1550	1550
Gujarat	Rajkot	1780	1780	Closed	Closed	1620
	Ahmadabad	1805	1810	Closed	Closed	1650
	Surat	-	-	Closed	Closed	1680
M.P	Bhopal Lok-1	1750	1750	1800	1650	1625
	Indore	-	1640	1900	1675	1600
Rajasthan	Kota mill Quality	-	1720	1535	1515	1400
	Kota mill Delivery	1625	1640	1650	1600	1475
U.P.	Kanpur	1550	1550	1610	1550	1520
	Mathura loose	1750	1750	1500	1475	1450
	Kosi	1525	1525	1560	1520	1520
	Hathras	1480	1490	1480	1460	-
Punjab (Ludhiana)	Khanna	1510	1510	1450	1425	1400
	Jagraon	1510	1510	1510	1500	1500
Haryana	Sirsa	1670	1670	1510	Closed	1550
	Hodal	-	-	1670	1630	-
	Karnal	-	1600	NA	NA	-
	Bhiwani	-	1975	1560	1540	-
Tamil Nadu	Chennai	-	2032	1950	1850	1850
	Madurai	-	2032	2007	1907	1900
	Coimbatore	-	1750	2007	1907	1900
Bihar	Patna	-	1750	1500	1450	1400
	Samastipur	1480	1480	1450	1430	1410
	Khagaria	1510	1520	1490	1460	1430

**Wheat Exports:**

Months	Wheat(Lakh T)	Average FOB Kandla(USD /T)	Average CBOT(USD/ T)	Month	Wheat(Lakh T)	Average FOB Kandla(USD/ T)	Average CBOT(USD/ T)
Apr-12	1.17	236.89	235.13	Apr-13	8.32	303.06	256.85
May-12	1.93	252.15	236.73	May-13	8.66	309.11	258.13
Jun-12	4.13	256.64	245.82	Jun-13	8.24	291.51	252.70
Jul-12	2.90	296.12	318.27	Jul-13	4.46	282.82	243.62
Aug-12	4.79	310.07	328.89	Aug-13*	1.31	265.67	240.16
Sep-12	9.39	314.48	326.52	Sept-13*	0.52	267.21	240.05
Oct-12	6.62	312.11	317.84	Oct-13*	0.57	271.70	253.25
Nov-12	6.90	320.19	317.04				
Dec-12	4.96	326.70	299.60				
Jan-13	7.81	325.04	282.26				
Feb-13	6.48	324.11	270.06				
Mar-13	7.92	303.64	262.31				
	<b>64.98</b>	<b>298.18</b>	<b>286.71</b>		<b>32.08</b>	<b>284.44</b>	<b>249.25</b>

Source: DGCIS; \*Provisional (as per IBIS)

**Wheat Stock with Government:**

As on 1st of every Month Wheat Stock with Government(Lakh tonnes)							
	2007	2008	2009	2010	2011	2012	2013
Jan	57.29	77.12	182.12	230.92	215.4	256.76	343.83
Feb	53.85	71.62	167.74	206.23	193.73	234.25	308.09
March	51.00	65.06	152.76	183.88	171.57	212.55	271.03
April	45.63	58.03	134.29	161.25	153.64	200.00	242.07
May	116.00	176.92	298.26	337.13	313.75	381.94	427.30
June	133.08	241.23	331.22	351.62	378.32	501.69	443.89
July	129.26	249.12	329.22	335.84	371.49	498.08	423.97
Aug	120.19	243.8	316.23	320.47	358.75	475.26	403.78
Sep	110.08	232.59	300.73	298.62	336.2	461.60	383.60
Oct	101.21	220.25	284.57	277.77	314.2	431.53	361.00
Nov	90.25	209.61	268.88	255.58	296.71	405.75	340.99
Dec	83.58	195.98	251.61	239.14	276.56	376.52	

Source: FCI

**International updates:**

**GASC has purchased 2.4 lakh tonnes** of Romanian and French wheat to be delivered by 1-15 December. 60,000 tonnes of Romanian wheat from Bunge at USD 299.74/MT CNF, 60,000 tonnes of French wheat from Soufflet at USD 303.82/MT, 60,000 tonnes of French wheat from Cargill at USD 305.61/MT, 60,000 tonnes of French wheat from Invivo at USD 305.61/MT.

**Egypt is expected to import 5-5.5 million** tonnes of wheat in current year ending June 30, 2014. Since the start of the 2013-2014 fiscal year on July 1, GASC has bought 2.50 million tonnes of wheat from Romania, Ukraine, Russia and France.

**China National Grain and Oils Information Center** has revised wheat import target for 2013-14 at 7.5 million tonnes due to damage caused to domestic crop by adverse weather condition where as USDA forecast is 8.5 million tonnes of wheat import for 2013-14.

**Pakistan's Federal committee has set** wheat production target of 25 million tonnes from 8.89 million hectares in 2013-14. Pakistan produced 24.2 million tonnes of wheat in 2012-13 against the target of 25.5 million tonnes.

**As per USDA report global wheat production is** expected to fall in 2013-14 to 706.38 million tonnes from 708.89 million tonnes, in previous forecast. Although ending stocks are expected to rise to 178.42 million tonnes from 176.28 million tonnes due to lower consumption of wheat in animal feed.

**Saudi Arabia has bought 720,000 MT of Hard Wheat** (12.5% Protein Minimum) in 12 cargoes to be delivered between January and March 2014. 360,000 MT of wheat will be received at Jeddah port at USD 317.72-321.93/MT and 360,000 MT CNF to be received at Dammam port at USD 329.72-331.92/MT, CNF.

**Tunisia has bought 92000 MT of soft wheat** 50000 MT from Vitol at USD 302.86/MT CNF, 25000 MT from Louis Dreyfus at USD 303.74/MT CNF, 17000 MT from Granit at USD 306.40/MT CNF.

**Russia has completed 87% of winter** grain sowing, helped by recent dry weather condition. So far winter grains sowing have been completed in 14.2 million hectares as compared to 15.6 million hectares last year at the same time.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2008-09	2009-10	2010-11	2011-12	2012-13 Est.	Projection for 2013-14	
						26.09.2013	31.10.2013
<b>Production</b>	685	679	653	695	655	693	696
<b>Trade</b>	137	128	126	145	141	141	142
<b>Consumptions</b>	645	652	657	696	673	687	690
<b>Carryover stocks</b>	173	199	194	194	175	180	182
<b>Y-O-Y change</b>	41	27	-4	0	-19	5	7
<b>Major Export</b>			74	69	50	53	53

USDA Global Wheat Balance Sheet: 2013-14 Fig. in MMT(As on 12.11.2013)							
Country	Opening stock 2013-14	Production projected 13-14	Domestic consumption (2013-14)	Import 13-14	Export 13-14	Ending stock 13-14	Production last year
USA	19.54	57.96	36.27	3.58	29.93	15.07	61.75
Canada	5.05	33.20	10	.49	21.50	7.24	27.20
Australia	3.70	25.50	6.55	.12	19	3.77	22.08
Argentina	.59	11.00	6.05	.005	4.5	1.04	09.50
Russia	5.18	51.50	35.00	.5	16	6.18	37.72
China	53.93	121	125.50	8.5	1	56.93	121.00
EU	10.01	143.34	121.75	4.5	24	12.1	133.20
Ukraine	2.18	22	11.50	.1	10	2.78	15.76
Pakistan	2.62	24	24	.9	.5	3.02	23.30
India	24.2	92.46	89.97	.01	6.5	20.20	94.88
Others	48.57	124.41	232.70	130.32	20.78	49.82	130.57
World total	175.58	706.37	699.29	149.52	153.72	178.47	655.93

CBOT Futures Prices: Date: 14.11.13 (USD/T)							
CONTRACT MONTH	14 Nov 13	Week ago (04 Nov 2013)	1 Month ago(11 Oct 13)	3 Month ago(12 Aug 13)	6 Month ago(13 May 13)	1 Year ago(12 Nov 12)	% Change over previous year
13-Dec	236.88	243.49	254.33	238.44	2694.88	321.38	-25.91
14-Mar	240.74	247.72	257.55	243.77	276.47	322.58	-25.01
14-May	242.30	249.92	258.19	246.89	278.49	318.08	-23.47
14-Jul	242.21	249.37	254.42	246.34	279.04	307.15	-20.72
14-Sept	245.24	252.59	256.72	249.46	280.51	307.79	-19.89
14-Dec	249.37	256.81	260.76	253.41	283.54	310.91	-19.41

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

**Australia-** In western and southeastern Australia, very warm, mostly dry weather favored wheat crop maturation. In Northern New South Wales and extreme southern Queensland, mostly dry, seasonably warm weather favored rapid winter wheat harvesting.

**Argentina-** Temperatures averaged near to slightly above normal (daytime highs from the middle 20s to lower 30s degrees C) in central Argentina and more than 3°C above normal (daytime highs exceeding 40°C) in the northwest from Santiago del Estero to Jujuy, spurring development of winter wheat.

**Canada-** First autumn freeze was later than usual, and warmer weather prior to the freeze enabled most late-planted spring grains and oilseeds to reach maturity and avoid losses in yield potential.

**Russia and Ukraine** – Rain (10-20 mm) was confined to northern growing areas, while mostly sunny skies favored seasonal fieldwork in Ukraine and Russia's Southern District.

### CBOT Dec 13 Futures Chart:



### Global wheat market outlook:

Global wheat market may trade steady to slightly firm on improved demand at lower level. Market may test the first resistance level of 670 cent per bushel in the short term. However, better production world over and higher marketable surplus would not allow market to go for Bull Run. We expect market to trade in the range of \$245 to \$ 255 per T

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