

Executive Summary

Domestic wheat market is expected to trade steady to slightly low in the month of July. Fresh local buying is expected in August when festive season starts in India and demand for wheat products will increase. Bulk buyers are fulfilling their immediate requirement from open market and are expected to turn to govt. stock towards August when stock in open market and at farmer's end begins to squeeze. At export front, global market situation for Indian wheat remains tough as domestic prices rule steady at higher level against the bearish global outlook and decreased price in the Black Sea Region and US. Major exporting countries like Russia, Ukraine and USA are offering cheaper wheat. Wheat export quantity is bound to decrease due to disparity and emerging obligation under food security bill.

The food security ordinance was unanimously approved by the cabinet on 2nd July. The bill proposes to supply 5 kg each of rice, wheat and coarse grains at Rs 3, Rs 2, Rs 1 per kg respectively, every month to three-fourths of rural population and half the urban population in the country. The programme would require more than 61 million tonnes of food grain and is expected to cost the government about Rs 1, 25,000 crore.

International market is likely to trade bearish in near and medium term on encouraging harvest and yield of winter wheat from Black sea region and US. Spring wheat plantation is going well in Argentina, US, Russia and Canada.

Domestic Market Dynamics:

Domestic cash wheat market is expected to trade range bound in month ahead. Increased wheat availability due to lower exports and slack demand has dragged prices south. Any uptrend from here seems a remote possibility however, prices may rise August onwards owing to festive demand and lower production will be visible by then. Traders will be dependent on government stock as supply from farmers and traders are expected to dry.

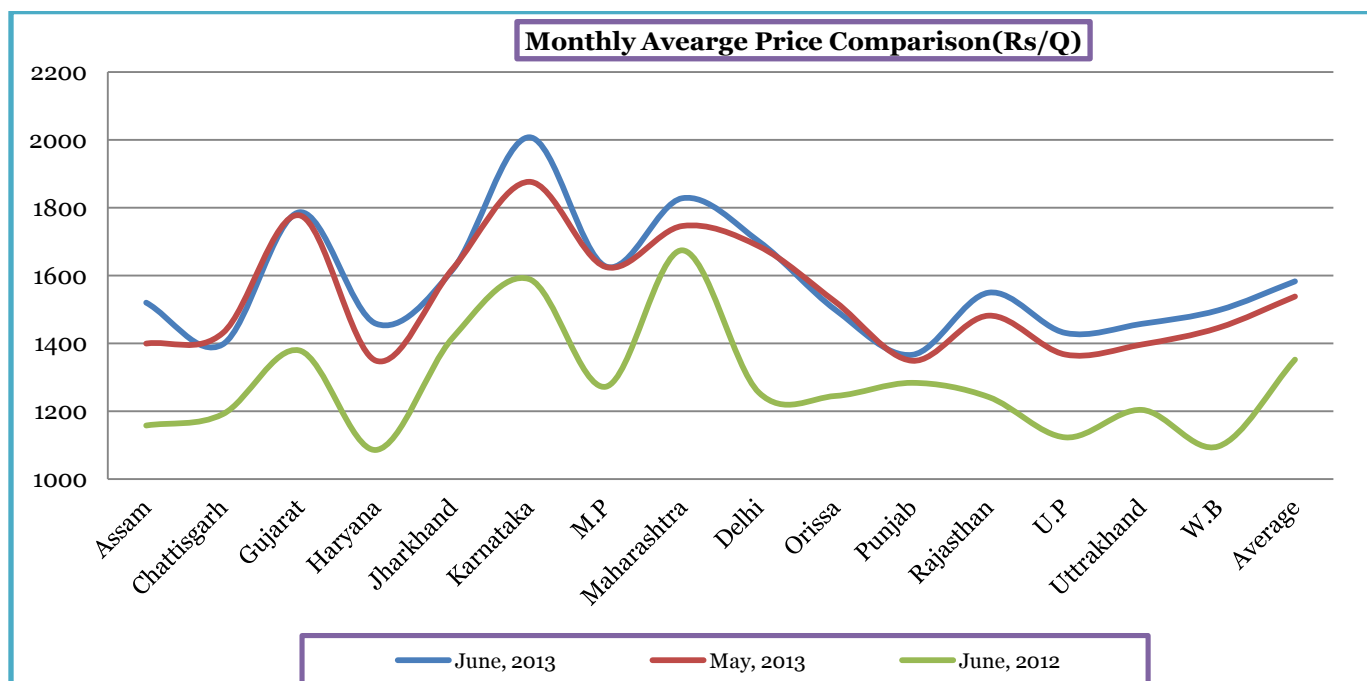
India's Wheat Balance Sheet:

	2010-11	2011-12	2012-13	2013-14*
Carry in	13.42	16.12	20.93	25.23
Production	80.8	86.81	94.8	88.17
Imports	0.15	0	0	0
Total Availability	94.37	102.93	115.73	113.40
Consumption	78.15	81	84	85.5
Exports	0.1	1	6.5	5.5
Total Usage	78.25	82	90.5	91
Carry out	16.12	20.93	25.23	22.40
Av Monthly Consumption	6.51	6.75	7.00	7.13
Stock to Month Use	2.48	3.10	3.60	3.14
Stock to Consumption Ratio	0.21	0.26	0.30	0.26

Balance sheet highlights:

- Agriwatch expects 88.17 MMT wheat productions this year which is lower than last year. Lower production estimate is based on slightly lower acreage and lower yield in major producing states like Punjab, Haryana, Rajasthan and U.P. The new season has started with hefty stock of 25.23 million T, including private stock of around 1 million T.
- Previous season ended up with 6.5 million tonnes wheat export and we expect around 5.5 million T, which is lower than previous estimate of 7 million tonnes as improved crop situation in Black sea region and falling FOB globally are likely to reduce Indian export.
- Wheat consumption is likely to increase by 1.5 million T this year and the increasing trend will continue with population growth and fast growing bakery industries. Total usage including export is expected to increase from 90.5 million T to 91 million T in this season.
- Higher consumption, lower production and exports may drag carry out to 22.40 million T. Due to higher carry in supply side will remain comfortable throughout the year.

Monthly Average Price Comparison:



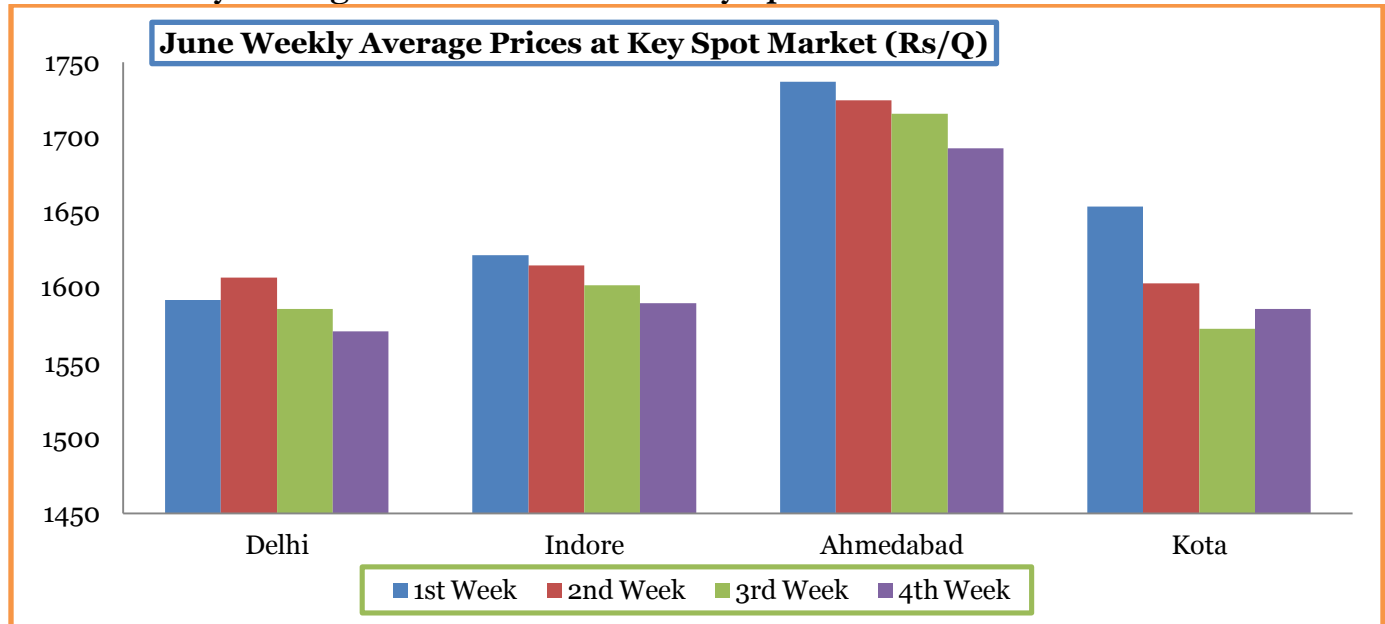
Wheat Production estimate 2012-13 crop:

	2011-12			2012-13*Expected crop based on previous year yield as on 04.03.2013			Revised Yield & Production 02.05.2013		2012-13 Estimate based on 5 year avg. yield as on 29.05.2013	
	Area	Production	Yield	Area	Production	Yield	Yield	Production	5 yr Avg. yield	Prod on 5 yr avg. yield
Uttar Pradesh	95.31	302.93	3.18	97.53	309.99	3.18	3.02	294.49	2.97	289.66
Madhya Pradesh	49.75	115.38	2.32	53.00	122.92	2.32	2.18	115.54	1.84	97.52
Punjab	35.2	172.8	4.91	35.15	172.55	4.91	4.42	155.30	4.57	160.64
Rajasthan	29.35	93.19	3.18	28.20	89.54	3.18	3.02	85.06	3.02	85.16
Haryana	25.22	126.85	5.03	25.12	126.35	5.03	4.28	107.39	4.48	112.54
Bihar	22.91	47.25	2.06	23.18	47.81	2.06	2.04	47.33	2.06	47.75
Gujarat	13.06	40.72	3.12	10.48	32.68	3.12	2.93	30.72	2.85	29.87
Other States	8.92	14.36	1.61	6.36	10.24	1.61	1.59	10.14	0.44	2.80
Uttrakhand	3.69	8.78	2.38	3.69	8.78	2.38	2.36	8.69	2.17	8.01
Himachal Pradesh	3.58	5.95	1.66	3.59	5.97	1.66	1.65	5.91	1.40	5.03
West Bengal	3.55	8.72	2.46	3.60	8.84	2.46	2.43	8.75	2.66	9.58
J&K	2.2	5	2.27	2.45	5.57	2.27	2.25	5.51	1.49	3.65
Karnataka	2.04	1.93	0.95	2.27	2.15	0.95	0.94	2.13	0.94	2.13
Jharkhand	1.71	3.02	1.77	1.64	2.90	1.77	1.75	2.87	1.68	2.76
Chhattisgarh	1.63	1.33	0.82	1.70	1.39	0.82	0.81	1.37	1.10	1.87
Assam	0.49	0.603	1.23	0.42	0.52	1.23	1.22	0.51	1.15	0.48
	298.61	948.813	3.18	298.38	948.17	3.18	3.019	881.71	2.18	859.43

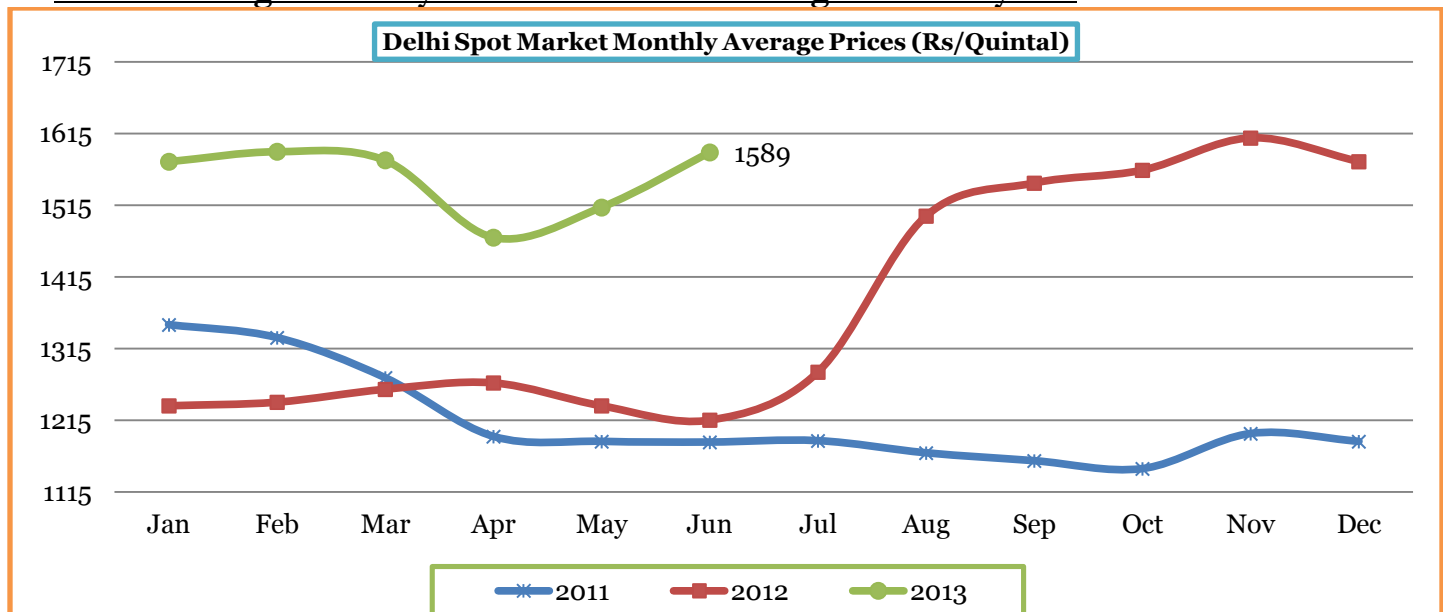
Note: Area in Lakh Hectares, Production in lakh tonnes, Yield in Tonnes/Hectares. Area is as per Ministry data and previous year production figures as per IndiaagriStat

Area sown has declined marginally overall this year however major fall is witnessed in Gujarat and Maharashtra. AgriWatch estimates wheat production for this year at 88.17 million tonnes as compared to last year's 94.88 million tonnes due to fall in yield in key producing region. Production for this year based on last five year average yield is expected at 85.94 million tonnes. Hence market rumors of 80-82 million tonnes production seems very unlikely.

Wheat Weekly Average Price Movement at key Spot Market:



Wheat Average Monthly Prices movement during last three years



Reservoir Status:

- The Central Water Commission monitors the live storage of 85 important/major reservoirs, having capacity at Full Reservoir Level (FRL) of 154.88 billion cubic meters (BCM), which is about 73% of total reservoir capacity in the country.

- Water stock in 85 major reservoirs decreased to 33.36 BCM from the previous week's level of 36.05 BCM. Current storage is less than the last year's position of 33.57 BCM and higher than the average of last 10 year's storage of 27.85 BCM.
- There were 50 reservoirs having storage more than 80%, 10 reservoirs having storage between 50% to 80% of Normal Storage, 9 reservoir having storage between 30% to 50% of Normal storage, 16 reservoir having storage 30% or below of Normal Storage and 8 reservoir have no live storage.

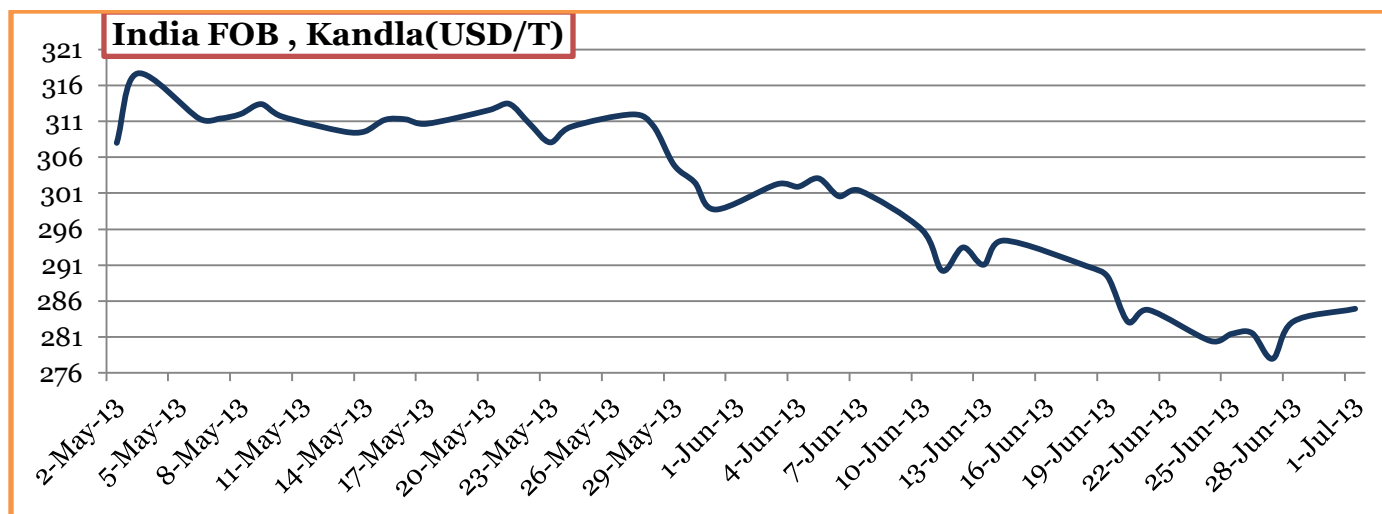
Table for 85 reservoirs of the Country in the month of June

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)	22	99	120
Last Week(2 nd Week)	23	101	123
The percentage to live capacity at FRL was 22% on 22/05/2012, 42% on 21/03/2011, 26% on 22/5/2010 and 16% on 20/05/2009.			
* Live storage as % to Full Reservoir Level (FRL) of 154.88 Billion Cub. Mts.(BCM)			

Wheat Exports from India

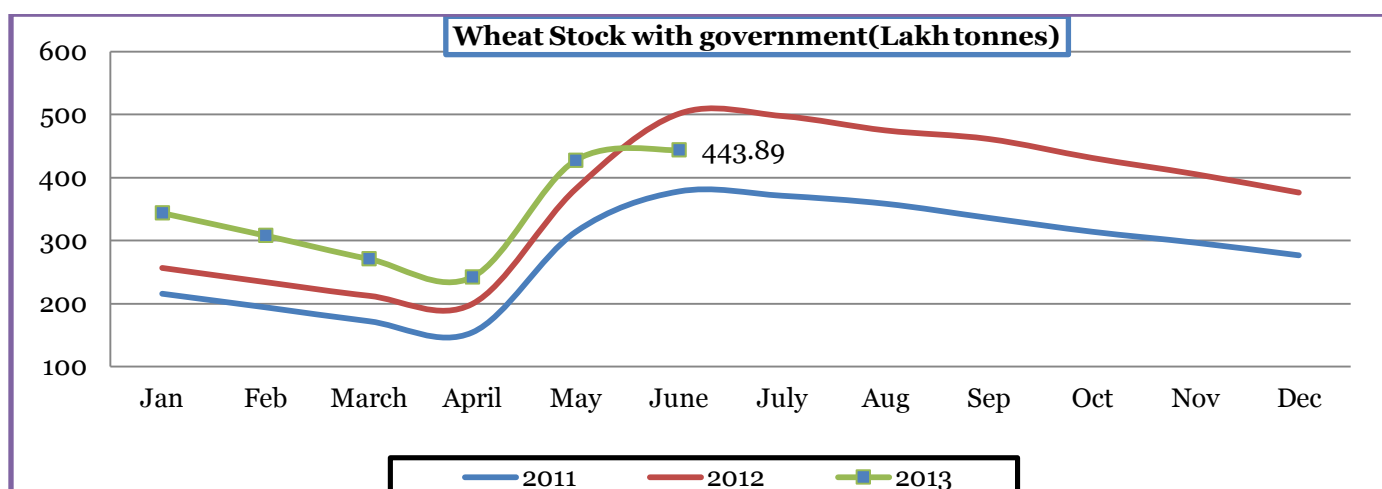
	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.38	232.12	237.46
Apr-12	1.17	236.89	235.13
May-12	1.93	252.15	236.73
Jun-12	4.13	256.64	245.82
Jul-12	2.88	296.12	318.27
Aug-12	4.79	310.07	328.89
Sep-12	9.39	314.48	326.52
Oct-12	6.62	312.11	317.84
Nov-12	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
Total 12-13	64.96	298.18	286.71
Apr-13*	6.27	303.06	256.85
May-13*	6.88	309.11	258.13
June-13*	5.91	291.51	252.7
Total 13-14	19.06	301.23	255.89

(Source: DGCIS, *Provisional data from IBIS)



Indian FOB traded weak due to falling INR and falling demand for Indian wheat in international market due to disparity. Black sea region milling wheat is available at USD 250-260 /MT. South East Asian nations has turned to black sea region for feed and milling wheat as better crop is expected this year.

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

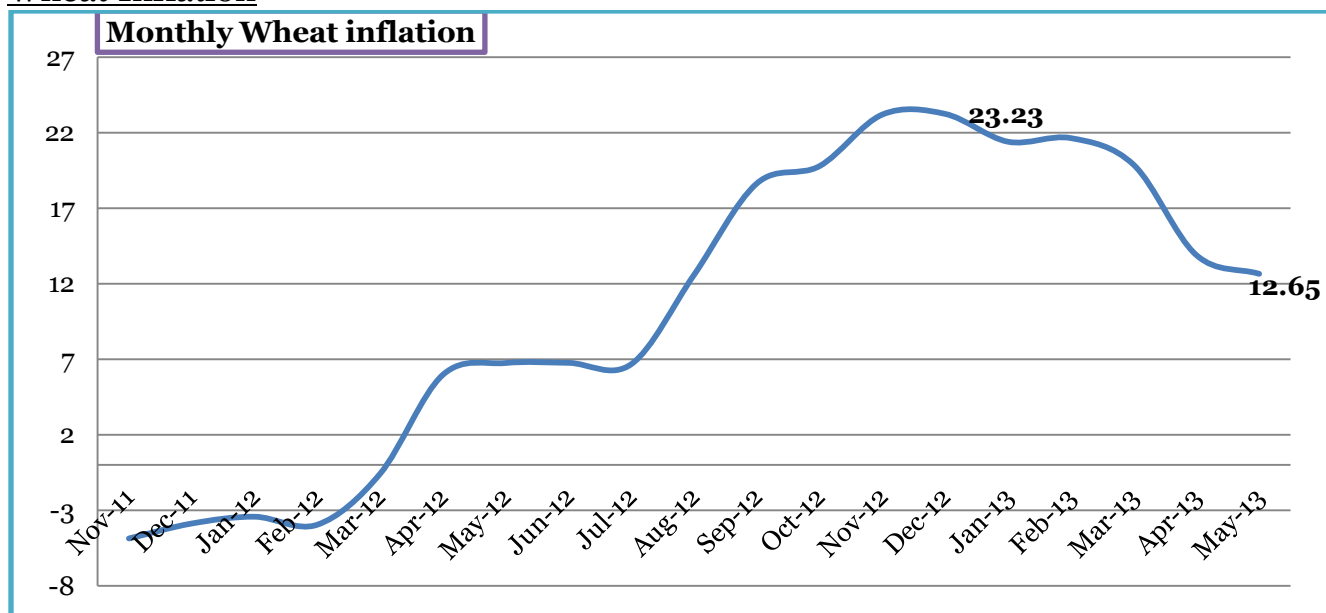


Wheat Progressive Procurement:

All figures in Lakh Tonnes		As on 03.06		
State	Total procurement in 2012-13 Season	In Marketing season 2013-14	In Marketing season 2012-13	Change from last year at the same time
Punjab	128.34	108.89	128.27	-15.11
Haryana	86.65	58.73	86.66	-32.23
U.P	50.63	6.83	49.81	-86.29
M.P	84.93	63.55	85.06	-25.29
Rajasthan	19.64	12.68	18.26	-30.56
Other	11.29	0.16	8.82	-98.19
All India	381.48	250.84	376.88	-33.44

Wheat stock at central pool on 1st June was 443.89 lakh tonnes which is lower than last year's 501.69 lakh tonnes due to lower procurement. Procurement by government agencies has fallen to 25.08 million tonnes this season due to lower production and higher procurement from private traders and millers. It seems this year government procurement may fall to 25.1 million tonnes from 38.1 million tonnes last year.

Wheat Inflation



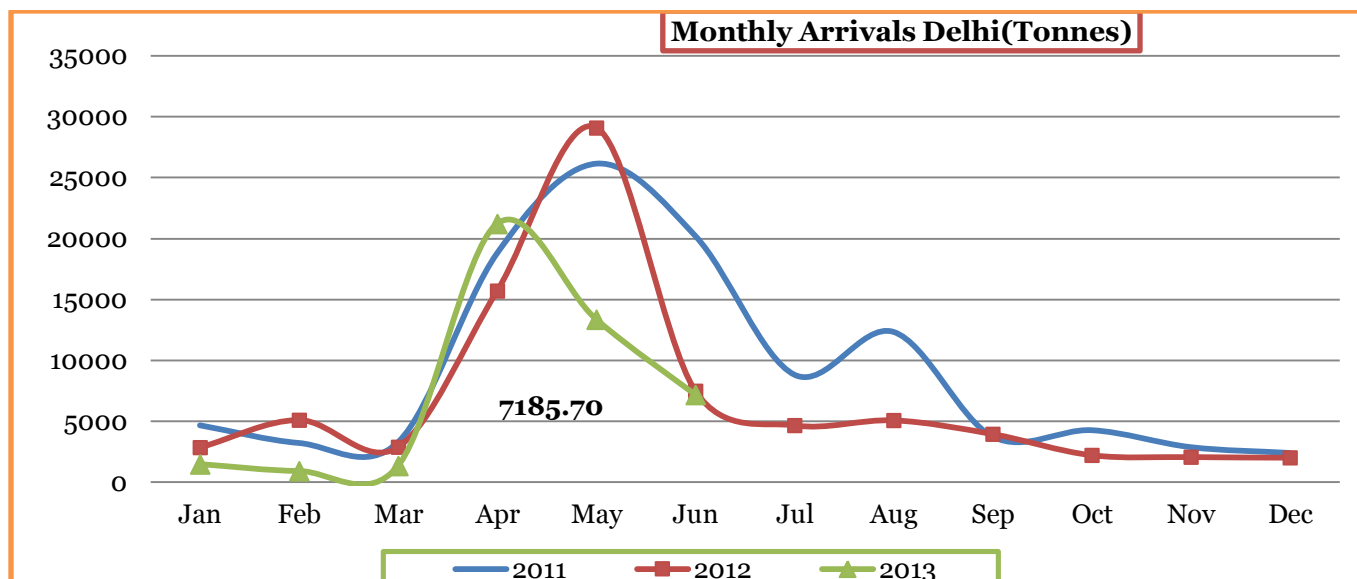
Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
July	1584.40	1366.20	1433.90	1431.90	1435.30
August	1508.80	1561.70	1578.10	1620.80	1532.50
September	1545.80	1573.30	1559.00	1596.50	1781.30
October	1563.80	1558.00	1574.60	1552.60	1807.20
November	1607.00	1605.50	1589.90	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
March 2013	1578.12	1525.80	1504.47	1571.66	1816.05
April 2013	1469.80	1503.33	1515.62	1549.58	1776.25
May 2013	1512.77	1584.60	1611.91	1630.92	1866.95
June 2013	1589.2	1606.66	1606.73	1660.80	1896.30

Inflation decreased to 12.65 % in May 2013 from 13.97 % in April and WPI for May 2013 was 201.3 as compared to previous month's 204.2

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			1/6/2013	1/7/2013	
Delhi					
	Lawrence Road	Mill Delivery	1590	1565	-25
	Nazafgarh	Mill Quality Loose	1525	1500	-25
	Narella	Mill Quality Loose	1530	1510	-20
Gujarat	Rajkot	Mill Delivery	1700	1625	-75
	Ahmadabad	Mill Delivery	1725	1710	-15
	Surat	Mill Delivery	1745	1735	-10
M.P.	Bhopal	Lokwan	1800	1600	-200
	Indore	Mill Delivery	1605	1590	-15
Rajasthan	Kota	Mill Quality	1575	1530	-45
	Kota	Mill Delivery	1670	1625	-45
U.P.	Kanpur	Mill Delivery	1550	1550	Unch
	Mathura	Mill Quality Loose	1500	1430	-70
	Kosi	Mill Delivery	1650	1550	-100
Punjab	Khanna	Mill Quality Loose	1390	1480	90
	Jagraon	Mill Delivery	1500	1525	25
Haryana	Sirsa	Mill Delivery loose	1415	1450	35
	Hodal	Mill Delivery	1550	1560	10
Tamil Nadu	Chennai	Mill Quality	1900	1900	Unch
	Madurai	Mill Quality	1950	1950	Unch
	Coimbatore	Mill Quality	1950	1950	Unch

Monthly Arrivals at Delhi (Narela and Najafgrah)



Domestic Outlook: Spot and Future markets are expected to trade range bound as supply and demand is at equilibrium.

International Market Dynamics:

International Future and Spot market is expected to trade weak in July due to better crop production outlook in major wheat producing countries like US, Ukraine, Canada, Argentina and Russia.

As per latest IGC report, global wheat production is forecasted to rise marginally by 1 million tonnes to 683 million tonne from previous forecast but 4% increase in production is expected from previous year, which is likely to be absorbed by increase in demand and is likely to leave no room for stock building. Ending stocks are expected at 181 million tonnes, 2 million tonnes more y-o-y basis. Higher use of wheat for feed and industrial purpose is expected to increase global consumption by modest 2 million tonnes to 682 million tonnes from 680 million tonnes. World wheat trade is expected to increase by 1 million tonnes as Iran and china are expected to import more. Black sea region is likely to export more this year and fall in exports is seen in Indian wheat. The Food and Agriculture Organization (FAO) and Agricultural Market Information System (AMIS) expect 2013-14 world wheat production at 704 million tonnes as compared to previous estimate of 702 million tonnes in June.

Increase in demand from China due to damage to wheat crop from rains and increase in consumption in major consuming countries may support market. In medium term market remains bearish.

IGC Wheat Balance Sheet

(Quantity in MMT)

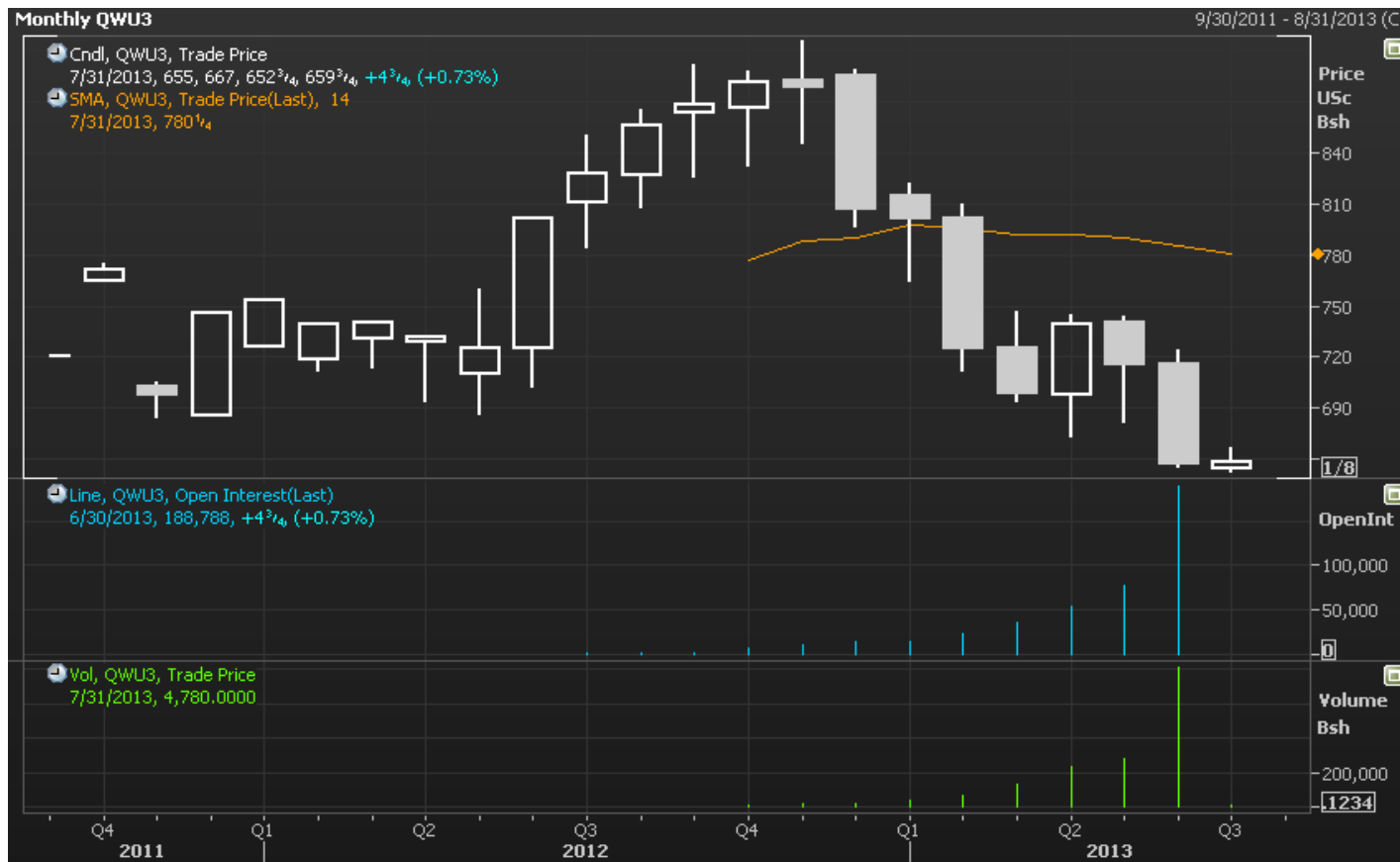
	2008-09	2009-10	2010-11	2011-12	2012-13 est	Projection for 2013-14	
						31.05.2013	01.07.2013
Production	685	679	653	695	655	682	683
Trade	137	128	126	145	138	137	138
Consumptions	645	652	657	692	673	680	682
Carryover stocks	173	199	194	198	179	180	181
Y-O-Y change	41	27	-4	3	-18	2	2
Major Exporters	69	79	74	70	51	56	53

IGC Balance Sheet Highlight

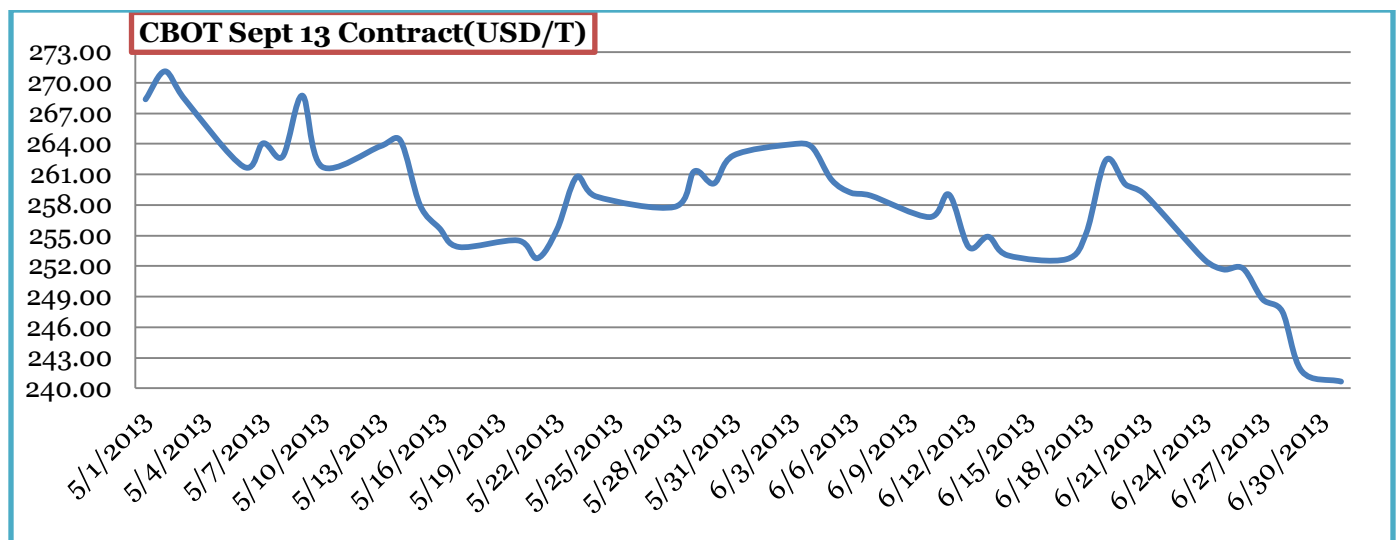
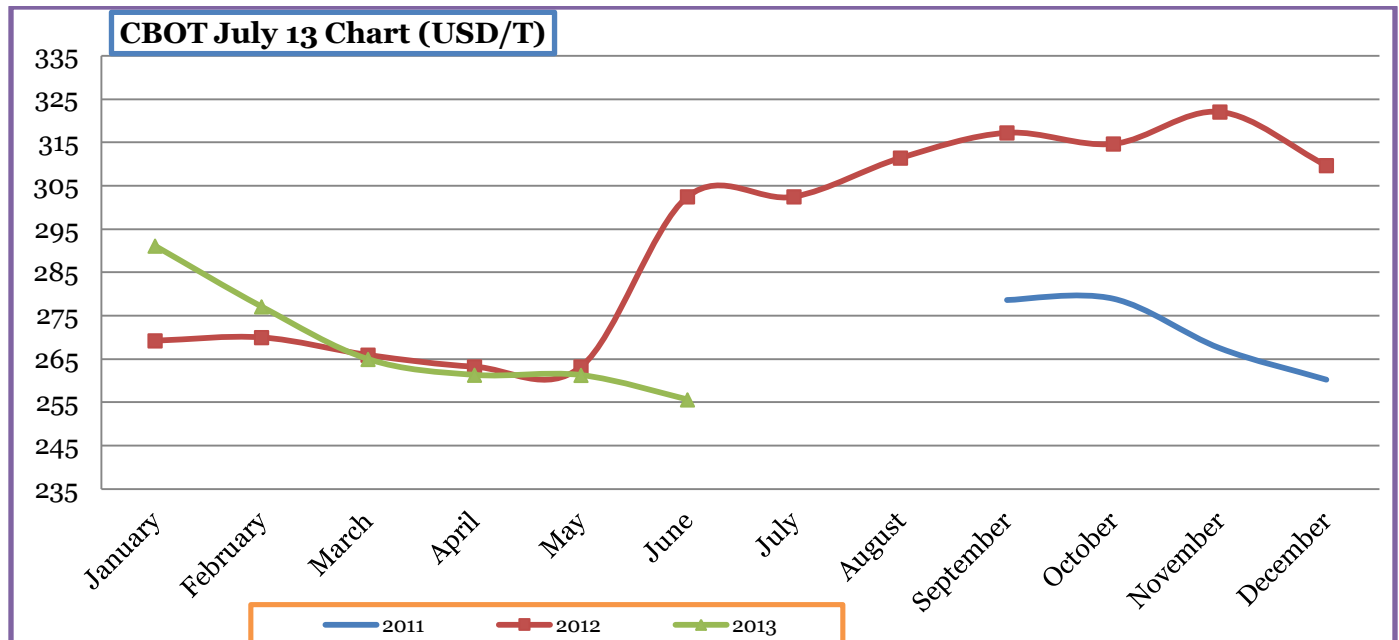
- The IGC GOI wheat sub-Index fell by 7% month on month basis as prospects for a large world wheat harvest, and a large maize harvest that could potentially limit feed demand for wheat in some countries.
- The forecast for world wheat production in 2013-14 is lifted by 1 million tonnes this month, to 683 million tonnes, up 4% year on year basis.
- Higher than previously forecast feed and industrial use boosts world consumption and only a modest 2million tonnes rise in end 2013-14 carryover stocks is expected.
- World trade is forecast to show little year on year change, at 137.7 million tonnes; since last month, import forecasts for China and Iran are raised, while India's projected exports are cut.

USDA Global Wheat Balance Sheet Fig.in MMT							
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	20.29	56.61	35.79	3.53	26.53	17.93	61.75
Canada	4.90	29	9.70	.49	19	5.67	27.20
Australia	3.42	24.5	7.05	.12	17	3.99	22.07
Argentina	.76	13	6.05	.005	7	.72	11.00
Russia	5.41	54	36.50	.5	17	6.41	37.72
China	58.74	121	120.50	3.5	1	61.74	120.60
EU	9.32	137.44	122.75	6	18.5	11.51	132.06
Ukraine	2.22	19.5	11.50	.1	8	2.32	15.76
Pakistan	3.55	24	23.50	.2	.8	3.45	23.30
India	24.2	92	88.01	.01	8	20.20	94.88
Others	47.01	124.80	229.65	126.37	21.28	47.24	109.23
World total	179.86	695.85	691.19	140.83	144.15	181.24	655.59

CBOT Sept 13 Future Chart:



Last monthly candlestick black Marubozu shows bearish sentiments are prevailing in the market and market expected to trade weak ahead.



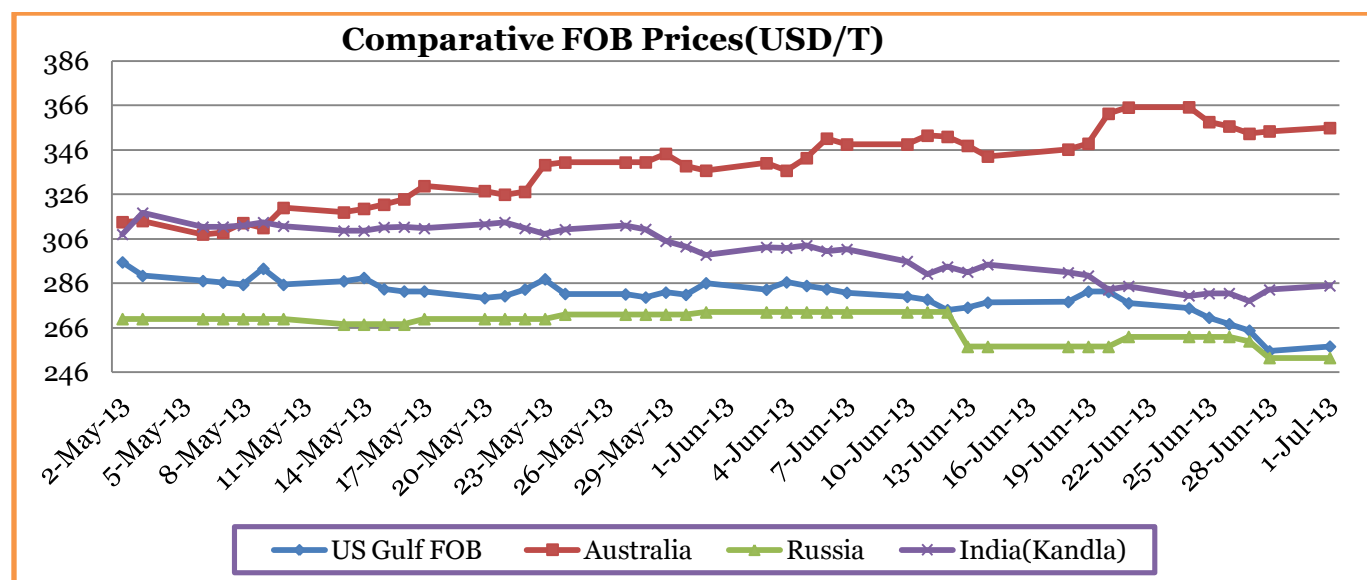
CBOT Sept 2013 contract traded downtrend during the month of June as winter wheat harvesting pressure weighed on prices and better plantation of spring wheat in Canada and Argentina too pressurized the market. CBOT wheat contracts may trade steady to weak ahead on better global production estimate as per IGC and FAO reports, any uptrend seems unlikely. Prices may trade in the range of USD 238/MT to USD 255/MT.

CBOT comparison over period of time:

CONTRACT MONTH	1 July 13	1 Month ago(3 June 13)	3 Month ago(1 Apr 13)	6 Month ago(2 Jan 13)	1 Year ago(2 July 12)	% Change over previous year
13-Jul	237.25	260.39	245.79	284.00	296.12	-19.88
13-Sep	240.65	263.98	249.37	289.24	297.78	-19.19
13-Dec	245.88	269.21	254.52	294.38	302.28	-18.66
14-Mar	250.84	274.72	259.84	298.79	303.47	-17.34
14-May	254.61	278.67	261.77	298.70	304.67	-16.43
14-Jul	257.00	280.97	261.41	292.73	292.82	-12.23

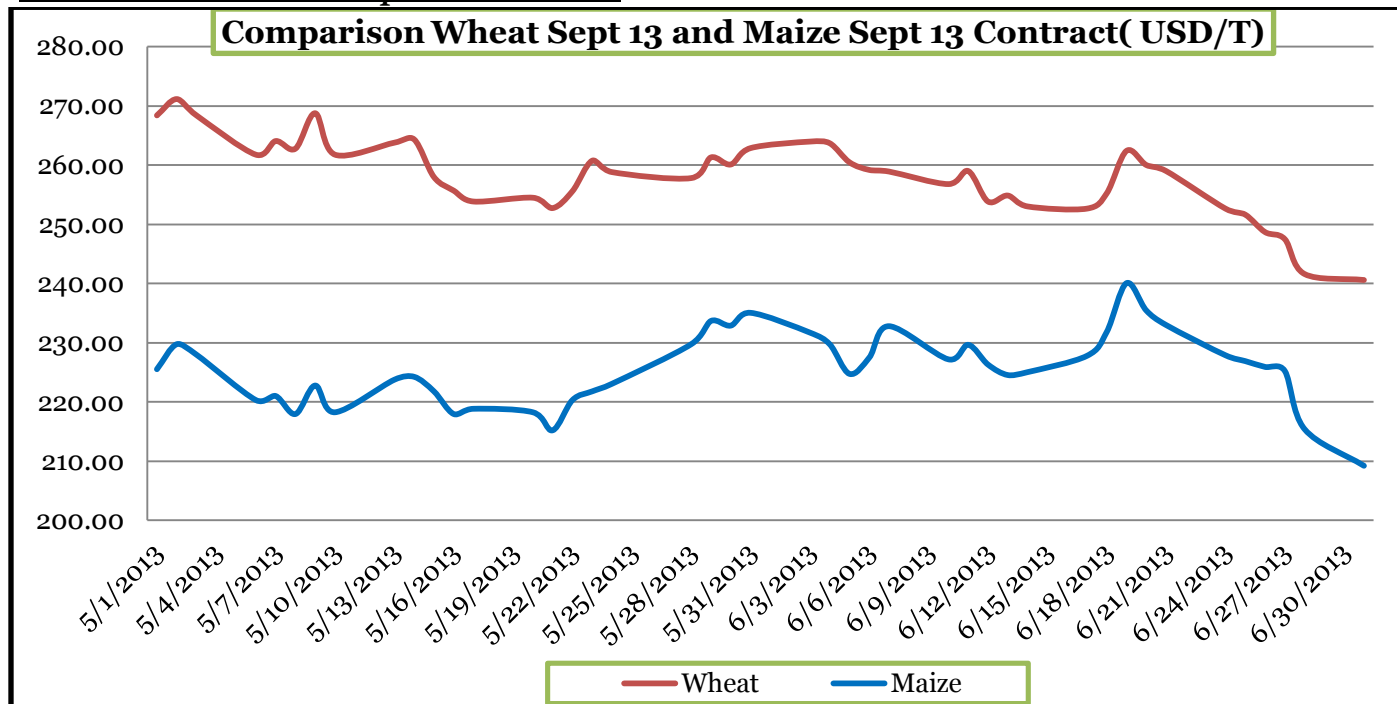
Comparative Month on Month FOB quotes: (Fig in \$ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	1st Apr 13	1st May	1st June	1st July
USA	271.16	295.50	283.20	257.60
France	310.40	322.60	275.10	256.60
United Kingdom	299.90	300.20	275.20	242.10
Australia	263.91	313.58	340.07	355.90
Russia	270.00	270.00	273.00	252.50
India	301.58	308.02	303.51	284.92



International FOB has been trading weak due to seasonal factors like harvesting. FOB may fall further due to better plantation of spring wheat in US, Russia, Canada and Argentina. However, Indian exports will fall due to disparity.

Wheat and Maize Comparison CBOT:



International Outlook: International Spot and Futures Market is expected to trade weak in month ahead owing to harvesting pressure of winter wheat from US and Black sea region.

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