

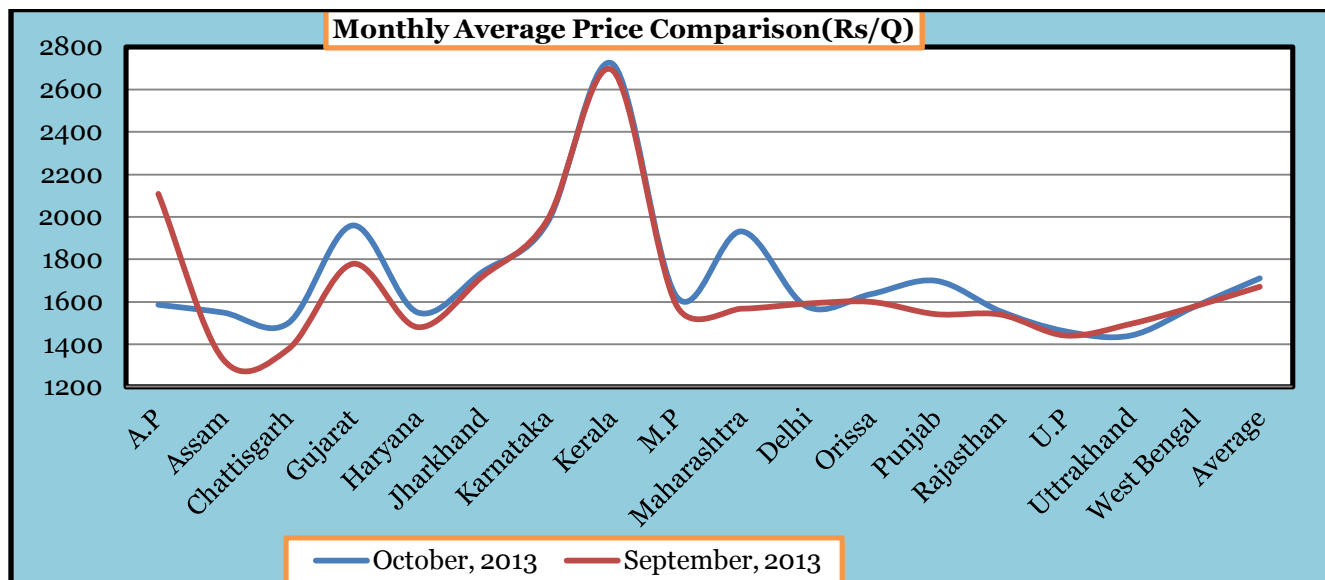
## Executive Summary

Backed up by seasonal factors like festive demand for wheat products and improved demand for seed wheat cash market traded firm in the first half of October. However, uptrend could not sustain in the second half of the review month due to ample supply side from private trade and government's end. Prices are expected to consolidate at upper level in domestic market. Wheat export floor price (as of now USD 300/T) has been revised down to USD 260/T as per market reports. It will help to increase almost halted export. Government warehouses are bulging with massive wheat stock (35.18 million T as on 16.10.2013 against the required norms of 14 million tonne till 1st of October). It includes 11 million T buffer norms and 3 million T strategic reserves.

Wheat MSP for 2013-14 crop years has been increased by Rs 50 per quintal to Rs 1400 per quintal. It is the lowest increase in recent years. Agriculture Ministry had suggested an increase of Rs 100 per quintal over last year's MSP. However, cabinet accepted the recommendation of Commission for Agriculture Costs and Prices. Two state owned undertaking firms out of three- STC and PEC- will soon issue tenders for exporting 2.8 lakh T wheat. State Trading Corporation of India (STC) will issue global tender to export 1.2 lakh T from the east coast. PEC will invite tenders for exporting 1.6 lakh T from both east and west coast. The deadline for submission of bids for both the tenders is Nov. 15

Indian private trade has clinched a fresh export deal of 30,000 tonnes of milling wheat to the United Arab Emirates (UAE), its first private deal since late August. Indian wheat with 12% protein was sold by private traders at USD 285/T FOB, and with up to 13% protein was traded at USD 315/T. The cargo is scheduled to be shipped in November.

## Monthly Average Price Comparison:



Comparative price trend in various states shows that wheat traded marginally higher in October as compared to September. Prices have firmed in month of October due to festive demand and lower arrivals in Mandis.

### India's Wheat Balance Sheet:

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

## Balance sheet highlights:

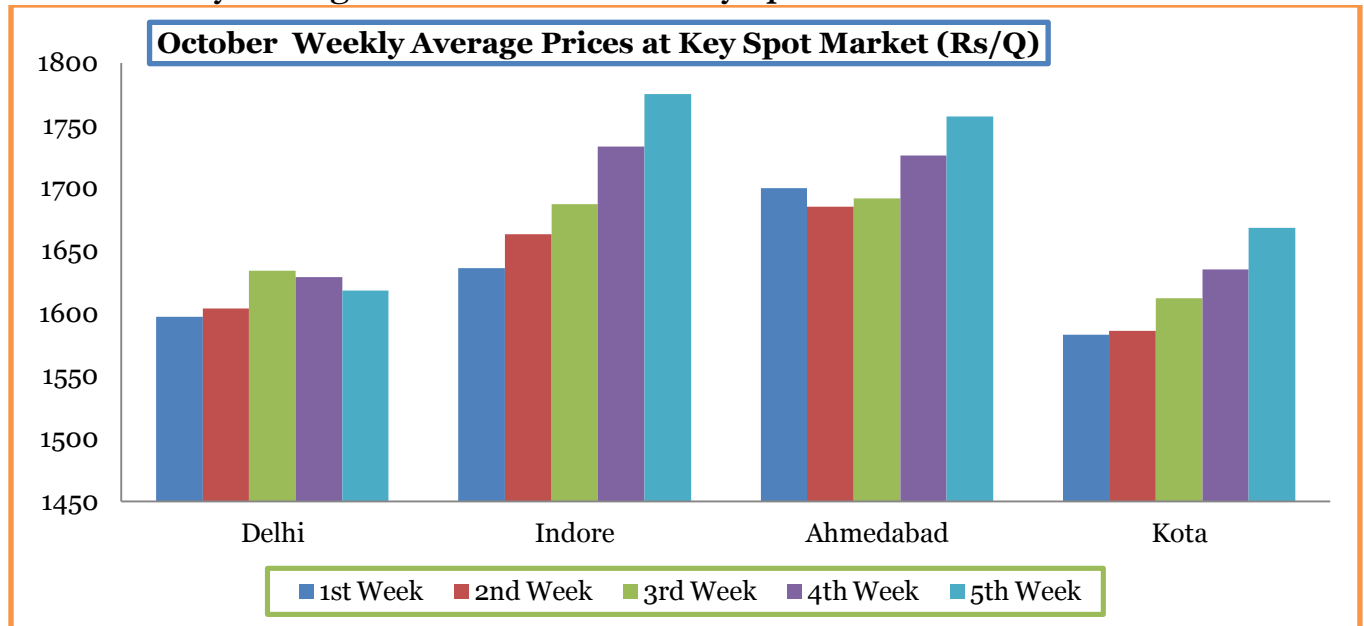
- Despite slightly lower production than expectation in 2012-13 the supply side is expected to remain comfortable and export will continue further provided parity remains favourable. We expect carry out to remain at 29.29 million tonnes including private trade stock and farmers combined stock of 6-7 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.

## Wheat Production estimate 2012-13 crop:

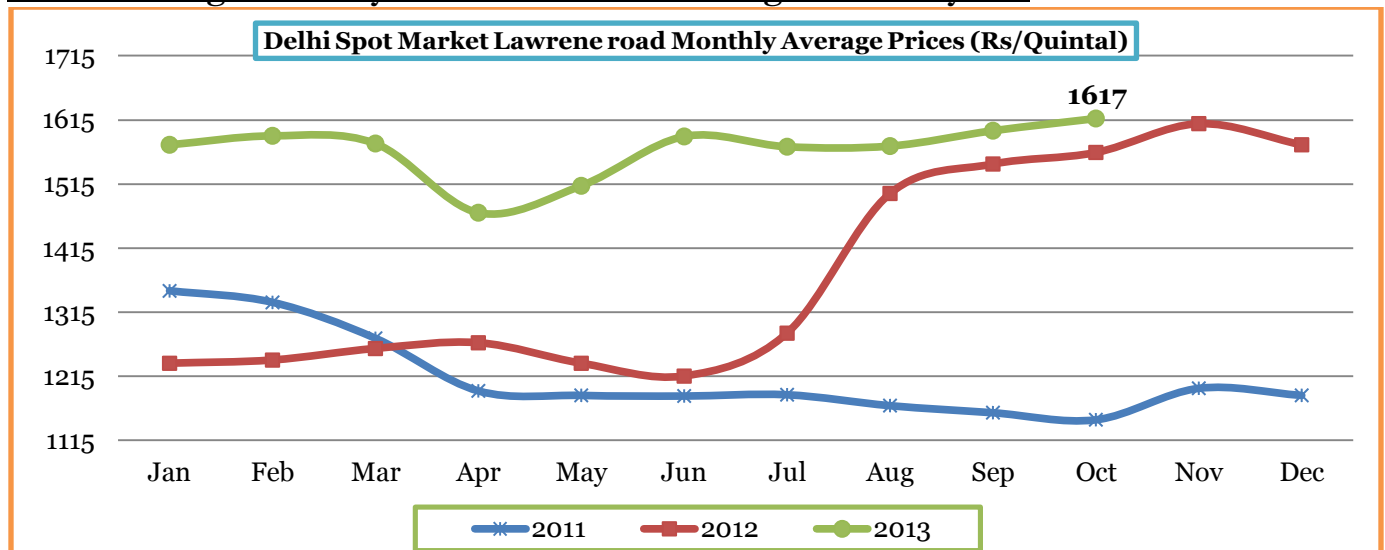
State	Production('000 Tonnes)		Area('000 Hectares)		Yield('Kg/Hectare)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
	4th Advance Estimate	Final Estimate	4th Advance Estimate	Final Estimate	4th Advance Estimate	Final Estimate
Andhra Pradesh	7	11	8	8	875	1375
Assam	57	60.3	48	52.6	1188	1147
Bihar	5375.1	4725	2215.1	2141.9	2427	2206
Chhattisgarh	141.3	133.1	101.2	108.5	1396	1227
Gujarat	3135	4072	1050	1351	2986	3014
Haryana	11117	12685.7	2497	2522	4452	5030
Himachal Pradesh	543.5	595.8	325.9	356.6	1514	1671
Jammu & Kashmir	415.8	500.3	296.2	296.2	1404	1689
Jharkhand	267.4	302.6	155.8	158.6	1716	1908
Karnataka	172	193	234	225	735	858
Madhya Pradesh	13133.4	11538.5	5300	4889.2	2478	2360
Maharashtra	875	1313	594	843	1473	1558
Orissa	2.1	2.4	1.3	1.5	1672	1644
Punjab	16106.1	17280.1	3522	3528	4573	4898
Rajasthan	8953.5	9319.6	2820	2935.3	3175	3175
Uttar Pradesh	30301.9	30292.6	9734	9731	3113	3113
Uttarakhand	838	878	358	369	2341	2379
West Bengal	907	872.9	322	315.7	2817	2765
Others	110	106.1	31.3	31.8	3514	3337
All India	<b>92458.2</b>	<b>94882.1</b>	<b>29646.7</b>	<b>29864.8</b>	<b>3119.0</b>	<b>3177.0</b>

**Note:** All figures are as per Ministry data.

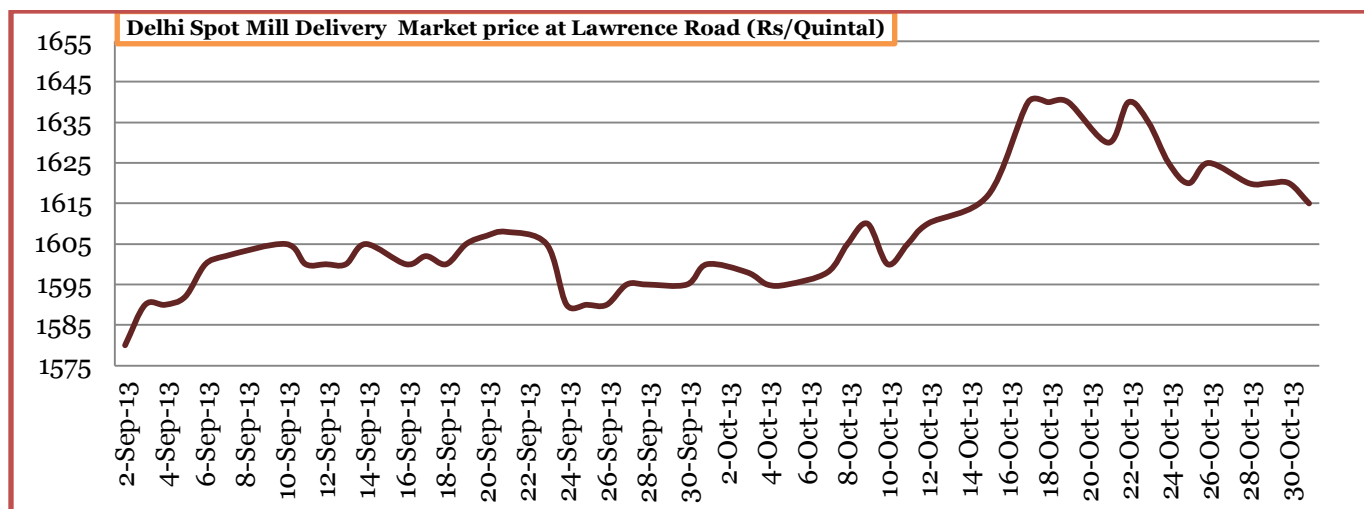
## Wheat Weekly Average Price Movement at key Spot Market:



## Wheat Average Monthly Prices movement during last three years



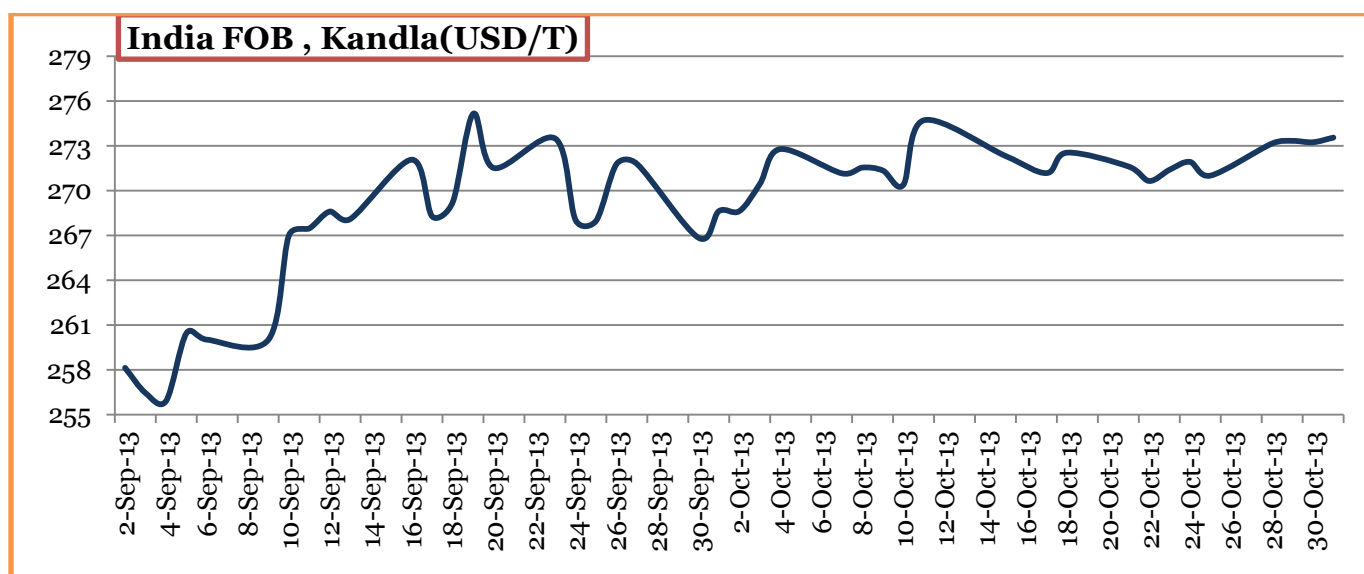
During the month of October prices has traded firm due to higher demand and increase in OMSS prices over previous month. Prices may remain on higher side in next demand as wheat sowing may keep farmers preoccupied and this may result in lower arrivals and subsequently higher prices.



## Wheat Exports from India

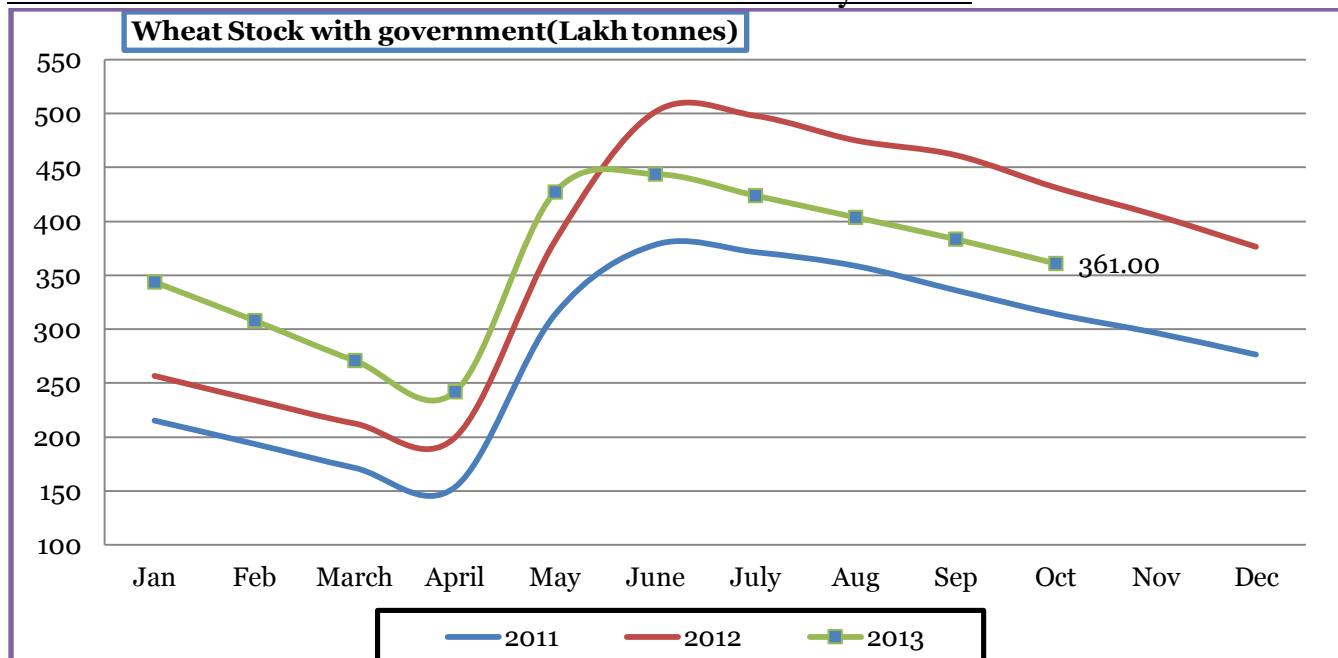
	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
<b>Sept 11- Mar 12</b>	<b>7.38</b>	<b>232.12</b>	<b>237.46</b>
<b>Apr 12 -Mar13</b>	<b>64.96</b>	<b>298.18</b>	<b>286.71</b>
Apr-13	8.32	303.06	256.85
May-13	8.66	309.11	258.13
June-13	8.24	291.51	252.70
July-13	4.46	282.82	243.62
Aug-13*	1.31	265.67	240.16
Sept-13*	0.52	267.21	240.05
<b>Total 13-14</b>	<b>31.51</b>	<b>286.56</b>	<b>248.59</b>

(Source: DGCIS, \*Provisional data from IBIS)

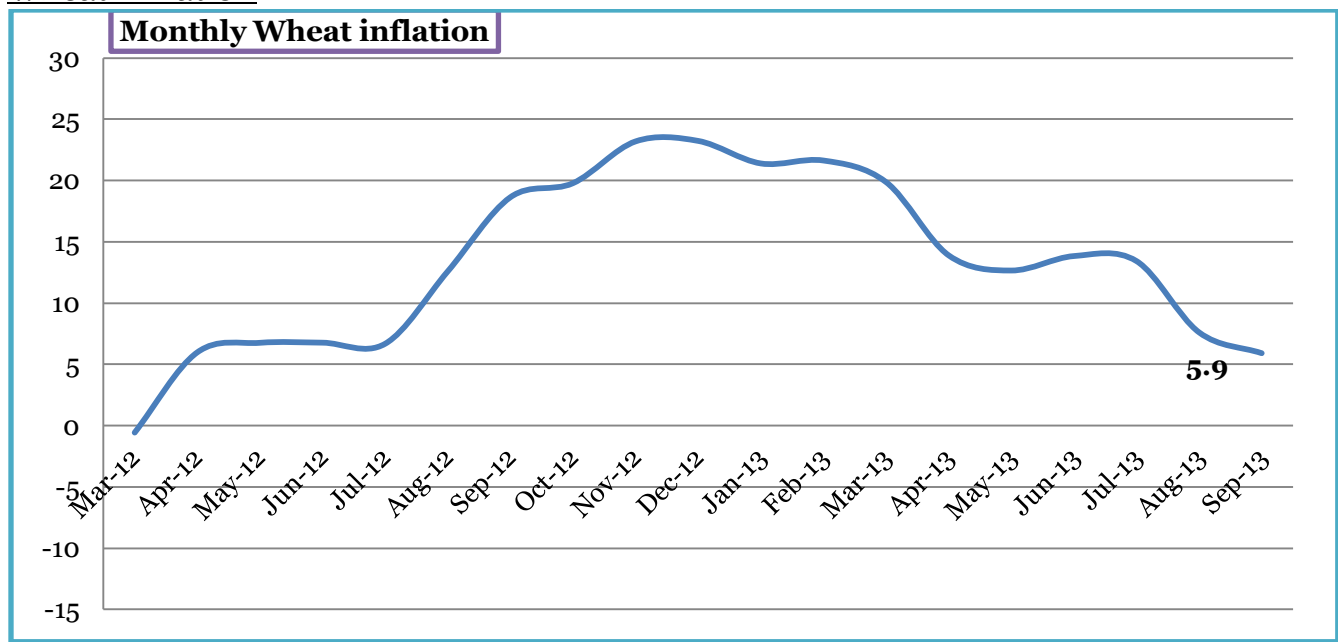


Indian wheat FOB has consolidated this month on higher levels and traded steady. Indian exports have fallen drastically due to cheaper availability from Black Sea region. Recent downward price revision may help India to capture international market owing to recent rise in prices as a result of adverse weather condition in Southern America and Black Sea region.

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



## Wheat Inflation



Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
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	1589.20	1606.66	1606.73	1660.80	1896.30
July 2013	1572.96	1603.84	1597.96	1617.30	1843.34
August 2013	1573.78	1619.72	1584.35	1634.37	1855.29
September 2013	1597.60	1645.71	1588.88	1654.35	1846.66
October 2013	1616.79	1698.00	1620.04	1695.31	1883.09

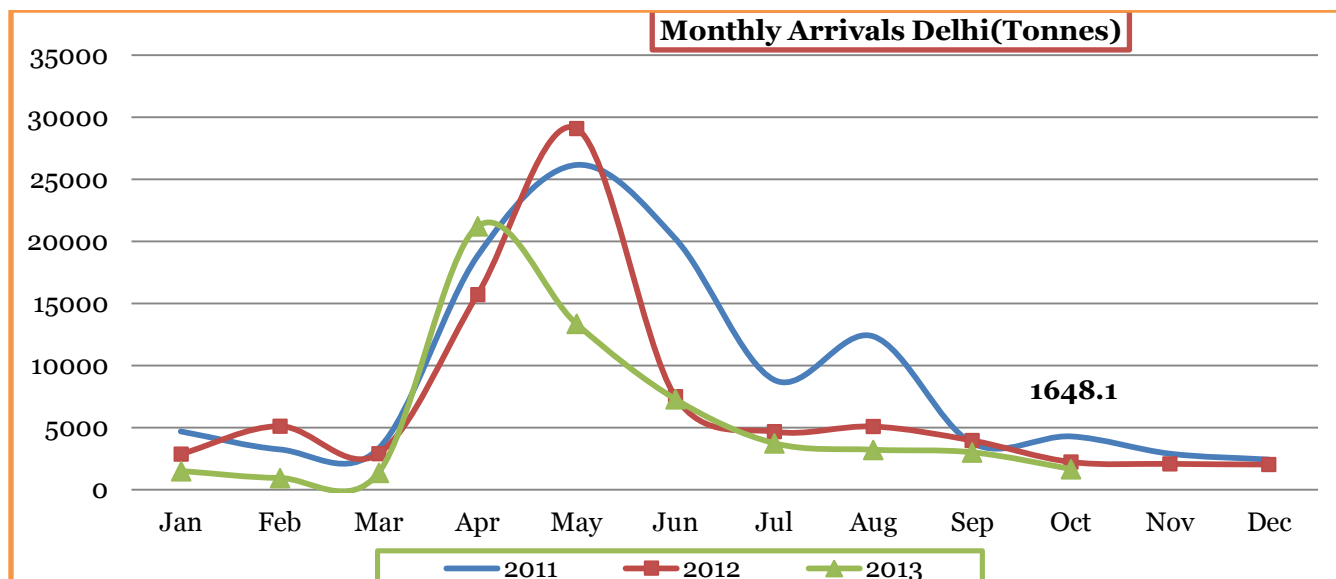
Wheat inflation has marginally decreased in September to 5.90% year on year basis from 7.60 % in August 2013. WPI has increased substantially to 210.10 in September 2013 from 205.3 in August 2013. Inflation has increased by 2.28 % month on month basis.

## Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			31/10/2013	1/10/2013	
Delhi	Lawrence Road	Mill Delivery	1615	1600	15
	Nazafgarh	Mill Quality Loose	1575	1550	25
	Narella	Mill Quality Loose	1560	1545	15
Gujarat	Rajkot	Mill Delivery	1760	1630	130
	Ahmadabad	Mill Delivery	1760	1700	60
	Surat	Mill Delivery	1810	1735	75
M.P.	Bhopal	Lokwan	1750	1800	-50
	Indore	Mill Delivery	1800	1600	200
Rajasthan	Kota	Mill Quality	1575	1500	75
	Kota	Mill Delivery	1670	1585	85
U.P.	Kanpur	Mill Delivery	1590	1560	30
	Mathura	Mill Quality	1500	1465	35

		Loose			
	<b>Kosi</b>	Mill Delivery	1600	1510	<b>90</b>
<b>Punjab</b>	<b>Khanna</b>	Mill Quality Loose	1450	1425	<b>25</b>
	<b>Jagraon</b>	Mill Delivery	1510	1500	<b>10</b>
<b>Haryana</b>	<b>Sirsa</b>	Mill Delivery loose	1520	1505	<b>15</b>
	<b>Hodal</b>	Mill Delivery	1660	1600	<b>60</b>
<b>Tamil Nadu</b>	<b>Chennai</b>	Mill Quality	1905	1865	<b>40</b>
	<b>Madurai</b>	Mill Quality	1962	1922	<b>40</b>
	<b>Coimbatore</b>	Mill Quality	1962	1922	<b>40</b>

## Monthly Arrivals at Delhi (Narella and Najafgarh)



**Domestic Outlook:** Spot and Future markets are expected to trade steady to slightly firm owing to upcoming festive demand and declining stock with farmers/Private traders. Harvesting of Rabi crop and Sowing of wheat may result in lower arrivals hence resulting in price rise.



### **International Market Dynamics:**

Global wheat markets have improved slightly on the back of increasing possibility of crop loss in Argentina and Brazil due to frost. Import demand from China, Brazil and Iran along with lower production estimate in 2014-15 in Ukraine due to excess rain may push Spot and Future prices north. However nearing harvest in Australia and Canada can restrict prices as supply will increase.

IGC sees global wheat production at 696 million tonnes as compared to 693 million tonnes in previous month estimate as crop prospects has improved in black sea region. Trade is expected to increase by 1 million tonne and Consumptions is expected to rise by 3 million tonnes to 690 million tonnes. Carryover stocks are expected to increase to 182 million tonnes from 180 million tonnes in previous forecast owing to rise in production.

### **IGC Wheat Balance Sheet**

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13 est	Projection for 2013-14	
					26.09.2013	31.10.2013
<b>Production</b>	679	653	695	655	693	696
<b>Trade</b>	128	126	145	141	141	142
<b>Consumptions</b>	652	657	696	673	687	690
<b>Carryover stocks</b>	199	194	194	175	180	182
<b>Y-O-Y change</b>	27	-4	0	-19	5	7
<b>Major Exporters</b>	79	74	69	50	53	53

### **IGC Balance Sheet Highlight**

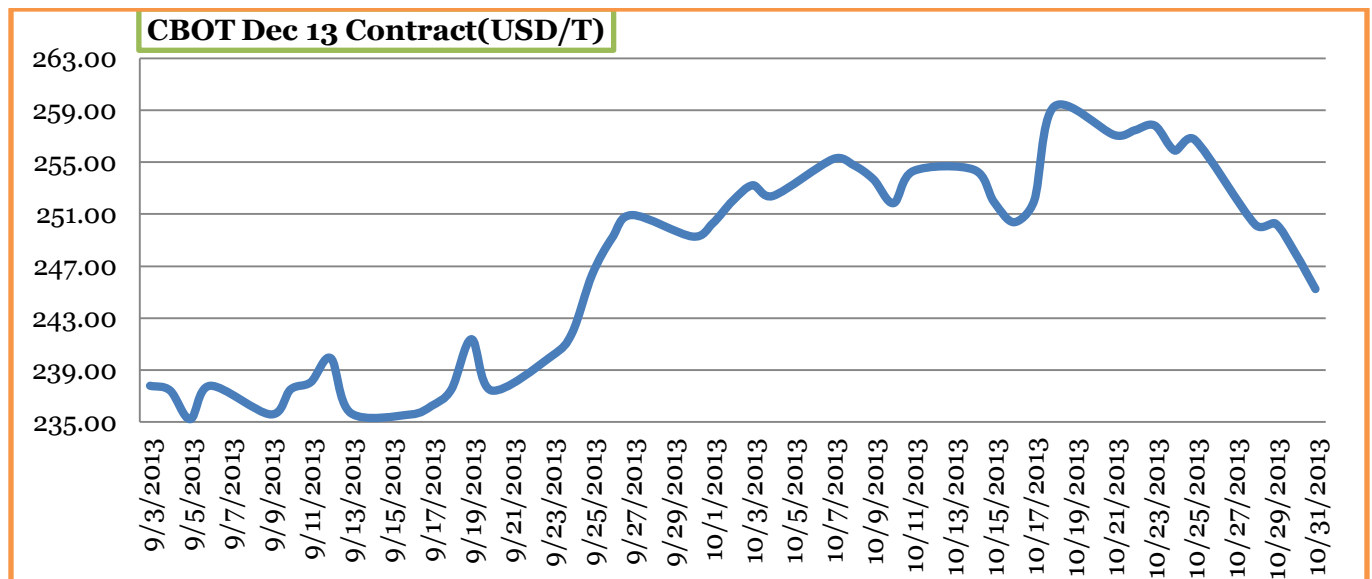
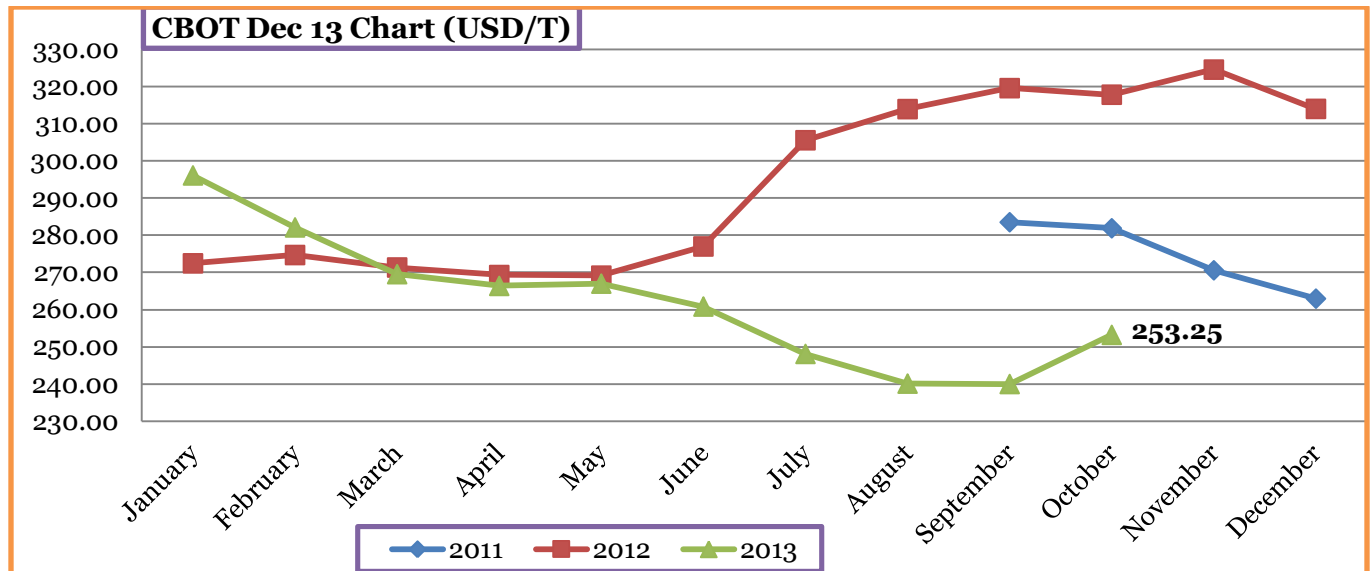
- The IGC GOI wheat sub-Index increased by 3% month on month basis, led by concerns about crop prospects in Argentina and the Black Sea region.
- The forecast for world wheat production in 2013-14 is 4 million tonnes higher than last month, at 696 million tonnes, and up 6% year on year with a substantial recovery seen in the CIS.
- Higher food and feed use is expected to lift world consumption by 2% to 690 million tonnes, and end-season stocks are put at 182 million tonnes, up by 7 million year on year.
- The world trade forecast for 2013-14 is raised by 1 million tonnes to 142 million tonnes; a small increase year on year as demand from China and Egypt outweighs declines elsewhere.

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	19.55	57.53	35.68	3.58	29.93	15.07	61.75
Canada	4.90	29.5	9.70	.49	20	5.19	27.20
Australia	3.70	25.5	7.05	.12	19	3.27	22.08
Argentina	.74	12	6.05	.005	6	.69	10.00
Russia	5.18	54	36.50	.5	17	6.18	37.72
China	53.93	121	126.5	9.5	1	56.93	121.00
EU	9.36	141.73	122.7	5	22	11.03	133.20
Ukraine	2.22	21.5	11.50	.1	10	2.32	15.76
Pakistan	3.06	24	24	.4	.5	3.40	23.30
India	24.2	92.46	90.97	.01	5.5	20.20	94.88
Others	47.60	126.50	229.83	129.07	23.07	48.72	130.57
<b>World total</b>	<b>174.43</b>	<b>705.38</b>	<b>702.04</b>	<b>149.23</b>	<b>154.07</b>	<b>172.98</b>	<b>655.27</b>

## CBOT Dec 13 Monthly Future Chart:



CBOT December 13 monthly chart shows the uptrend due to import demand from China, Iran and Brazil. We expect prices to trade steady to firm in the month of November, within the range of USD 245-265/MT.



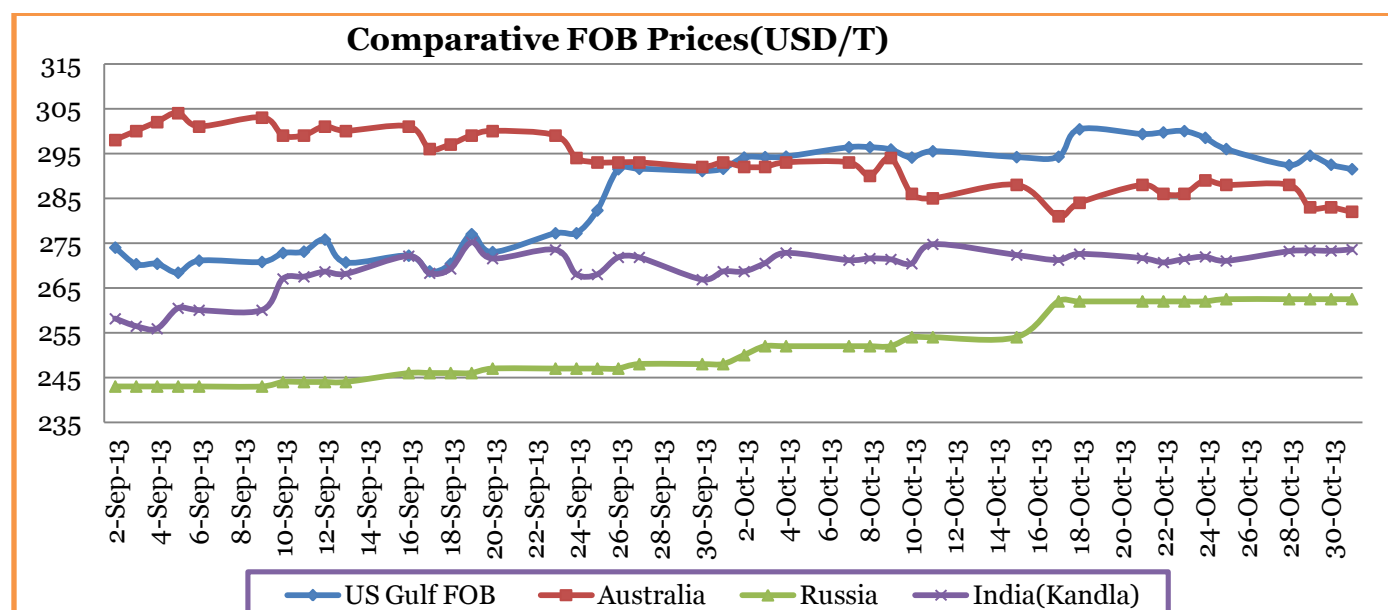
CBOT Dec 2013 contract traded in uptrend during the first half of month of October as fresh buying and concern over wheat crop in Argentina and Black sea region however improved weather condition in Australia and reduction in Minimum Export Price from India has pushed the market down. Market is expected to trade steady to slightly firm in November in the range of USD 245-265/T.

## CBOT comparison over period of time:

CBOT Futures Prices: Date: 31.10.13 (USD/T)							
CONTRACT MONTH	31 Oct 13	Week ago (24 Oct 2013)	1 Month ago (30 Sept 13)	3 Month ago (31 July 13)	6 Month ago (30 Apr 13)	1 Year ago (31 Oct 12)	% Change over previous year
13-Dec	245.24	255.89	249.28	248.73	276.93	326.53	-24.89
14-Mar	249.65	259.75	252.40	252.68	281.70	328.27	-23.95
14-May	251.67	261.68	253.41	254.61	282.90	318.35	-20.95
14-Jul	251.12	258.65	248.73	253.14	283.36	308.80	-18.68
14-Sept	254.24	260.67	250.38	255.43	284.37	309.44	-17.84
14-Dec	258.01	264.25	253.41	258.10	288.41	314.40	-17.94

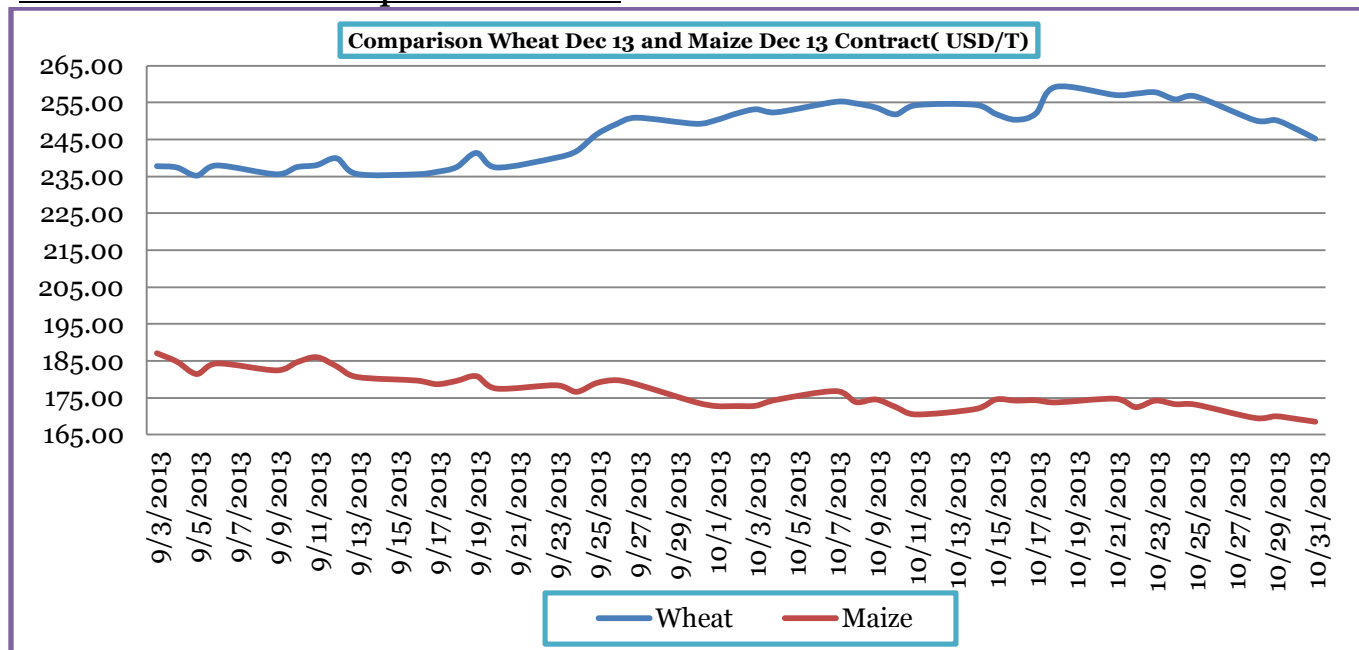
## Comparative Month on Month FOB quotes: (Fig in \$ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	1 <sup>st</sup> August	1 <sup>st</sup> September	1 <sup>st</sup> October	1 <sup>st</sup> November
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



International FOB has been trading steady to slightly firm due to demand from China owing to paucity of higher quality wheat, Brazil due to frost damaging the crop and demand from Iran has also firmed the market. Australian prices has fallen due to nearing harvest and improved crop situation.

## Wheat and Maize Comparison CBOT:



It can be seen from above chart that Wheat and Corn prices follow each other as both are the ingredients of feed. This year corn production is expected to rise; this means more corn is available at cheaper price to substitute it with feed wheat. This may further decrease feed wheat demand globally.

**International Outlook:** International Spot and Futures Market is expected to trade steady to slightly firm owing to fresh demand from Brazil, China and Egypt might support markets at lower levels.

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