**Domestic Market Updates:**

**Wheat traded firm in major benchmark markets on the** back of good demand from bulk users. Despite lower arrivals in various markets market is likely to trade range bound in the beginning of the week starting from Monday. Buyers for Jammu are active in Sirsa, where wheat is available in the range of Rs 1435 to 1440 per qtl.It is being delivered at Rs1600 per qtl. in Jammu region.

**Wheat is not available abundantly in Rajkot for bulk buyers.** Bulk buyers and exporters are sourcing wheat from Uttar Pradesh, Haryana and Rajasthan.ITC and L.D are active in Gujarat, U.P. and Bihar. Sources say that delivered prices at Kandla are in the range of Rs 1550 to Rs 1680 per qtl. depending on sourcing states.

**On 1st June, 2013 government has 443.89 Lakh tonnes** of wheat in its central pool, which is lower than last year's 489.70 lakh tonnes at the same time.

**As on 06th June 250.53 lakh tones wheat has been** procured by government agencies as compared to 356.88 lakh tonnes. Wheat procurement is lagging behind by 30% due to lower production and higher market price over MSP. It is expected that procurement may remain around 252-257 lakh tonnes this season.

**Wheat from U.P is reaching Karnataka (Bangalore**, Hassan and Mysore) at Rs 1870-1895/Q delivered by truck. Parity from U.P may not sustain due to rising prices in U.P and South Indian traders may turn to Rajasthan and M.P in days tom come.

**As per the reports government has** removed the 5% VAT from Wheat lifted from Punjab and Haryana for exports and unconfirmed reports say government may fix price around Rs 1550/Q against Rs 1484/Q plus VAT.

**As on 29.5.2013 government agencies has** procured 249.86 lakh tonnes against 339.67 Lakh tonnes last year. As per traders and analyst estimate procurement this year is expected to remain around 260 Lakh tonnes owing to lower production and higher price in open market (Rs 1420-1550/Q).

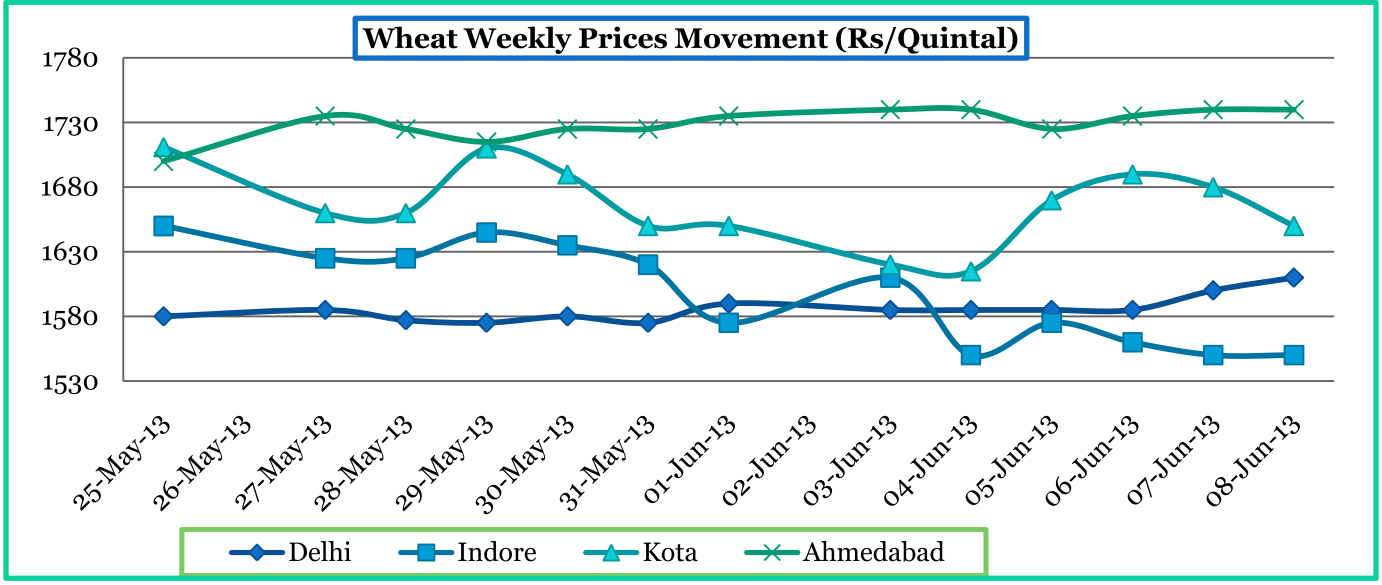
**M.P government will be providing wheat** at Rs 1/Kg from June 1 under Mukhyamantri Annapurna Yojana. Tamil Nadu and Chhattisgarh have already announced the same earlier.

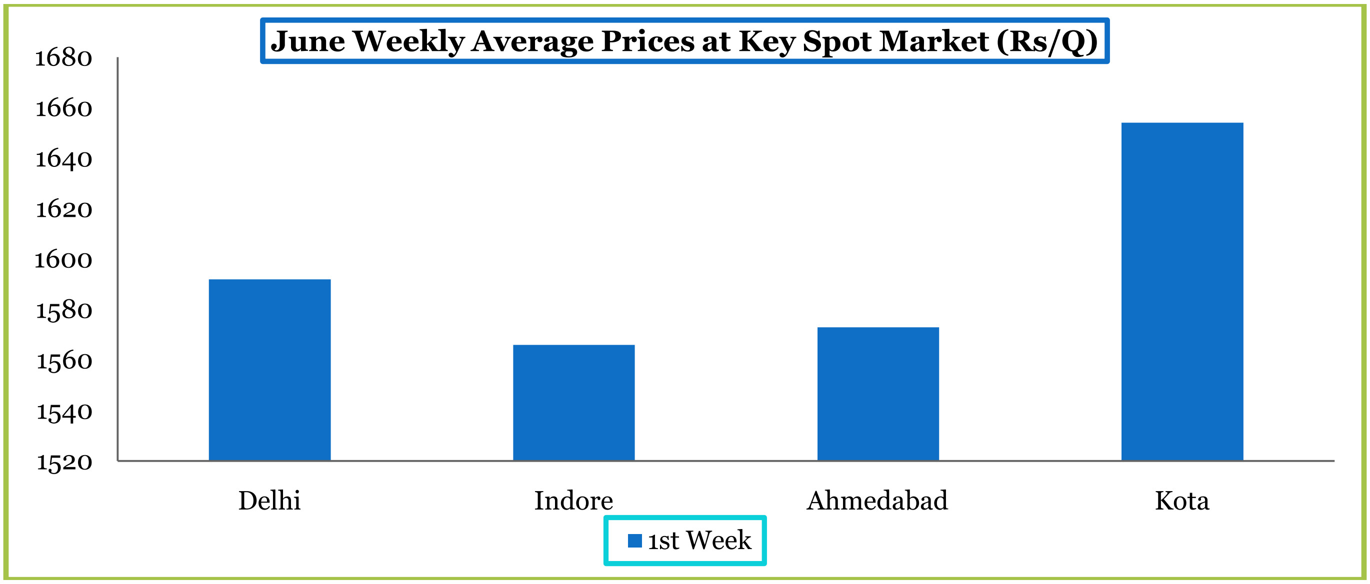
**Wheat production this year is estimated at 88.2 million tonnes by Agriwatch** due to fall in yield in key producing states like Haryana, Punjab, Rajasthan, U.P and Madhya Pradesh. 5 year average yield indicates production at 85.94 million tonnes. Market rumors 80-82 million tonnes production seems unlikely.

***Weather Watch: (Source-IMD)***

- The southwest monsoon set in over Kerala on 1st June. It advanced into entire south Arabian Sea, Maldive Comorin area, Lakshadweep, some parts of central Arabian Sea, entire Kerala, some parts of coastal & south interior Karnataka, most parts of Tamil Nadu and some more parts of southwest & west central Bay of Bengal on 1st June.
- Cumulative rainfall from 1st March to 31st May 2013 was excess/normal in 20 and deficient/scanty in 16 out of 36 meteorological sub-divisions. (All India Actual: 26.3 mm, Normal: 20.6 mm and Departure: +28%).

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




| STOCKS OF FOODGRAINS IN CENTRAL POOL AS ON 01.06.2013: | IN STORAGE | IN TRANSIT | TOTAL |
|---|---|---|---|
| RICE | 329.67 | 3.39 | 333.06 |
| WHEAT | 439.73 | 2.71 | 442.44 |
| **Wheat lying in Mandies** | 1.45 | 0.00 | 1.45 |
| **TOTAL** | **770.85** | **6.10** | **776.95** |
| COARSE GRAINS | 0.45 | 0.00 | 0.45 |
| SUGAR | 0.05 | 0.05 | 0.10 |
| **GRAND TOTAL** | **771.34** | **6.15** | **777.49** |

(Figures in Lakh Tonnes)

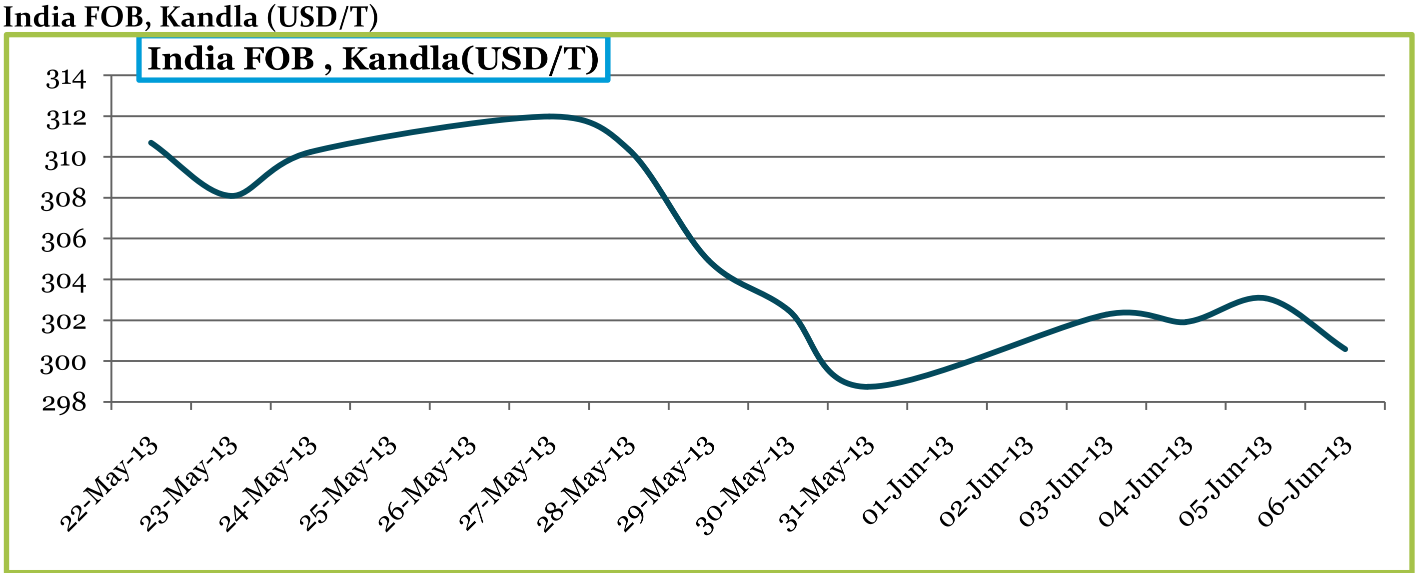
**FOB Value as on 08.06.2013 from various destinations at Kandla:**

| Parity Calculation | Rajkot | Baran/Bundi | Begusarai | Indore | Kosi | MSP | ECO.Cost |
|---|---|---|---|---|---|---|---|
| Basic cost of wheat (Rs/ton) | 15900 | 15750 | 13650 | 15500 | 15000 | 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 | 600 | 1150 | 1900 | 1450 | 1550 | 1200 | 0 |
| Indian FOB (Rs/MT) | 17000 | 17400 | 16050 | 17450 | 17050 | 15200 | 19100 |
| **Indian FOB (USD/MT)** | **294.22** | **301.14** | **277.78** | **302.01** | **295.08** | **263.07** | **330.56** |
| Insurance @ 0.1% | 0.29 | 0.30 | 0.28 | 0.30 | 0.30 | 0.26 | 0.33 |
| Freight Charges (US $/ton) to Chittagong | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| **CIF (Kandla to Chittagong)** | 312 | 319 | 296 | 320 | 313 | 281 | 349 |
| INR | 57.78 | 57.78 | 57.78 | 57.78 | 57.78 | 57.78 | 57.78 |
| Russian Wheat FOB (USD/MT) | **273** | **273** | **273** | **273** | **273** | **273** | **273** |
| Parity on FOB Basis (USD/MT) | **-21** | **-28** | **-5** | **-29** | **-22** | **10** | **-58** |

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

| | 8 June, 2013 | Week ago 1 June 13 | Month ago 8 May 13 | Year ago 8 June 2012 | Change over previous Year % |
|---|---|---|---|---|---|
| **Bareilly** | - | 1605 | 1511 | 1220 | - |
| **Delhi** | 1625 | 1580 | 1460 | 1200 | **35.42** |
| **Indore** | 1615 | 1590 | 1470 | 1223.15 | **32.04** |
| **Khanna** | 1574 | 1566 | 1541 | 1425 | **10.46** |
| **Kota** | 1590 | 1560 | 1445 | 1130 | **40.71** |
| **Kanpur** | 1450 | 1450 | 1385 | 1422 | **01.97** |
| **Karnal** | 1635 | 1609 | 1558 | 1276 | **28.13** |
| **Rajkot** | 1666 | 1668 | 1573 | 1255 | **32.75** |

**India FOB, Kandla (USD/T)**



***Wheat Export Monthly Data:***

| | Wheat Export(Lakh T) | Average FOB Kandla Quotes(USD/MT) | CBOT Average Quotes (USD/MT) |
|---|---|---|---|
| **Sept 11- Mar 12** | **7.68** | **232.12** | **237.46** |
| 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 |
| **Total for 2012-13** | **56.98** | **298.18** | **286.71** |
| Apr-13 | 6.27 | 303.06 | 256.85 |
| May-13 | 6.88 | 309.11 | 258.13 |
| **Total 2013-14** | **13.15** | **306.09** | **257.49** |

**Domestic Key Spot Market Price Comparison:**

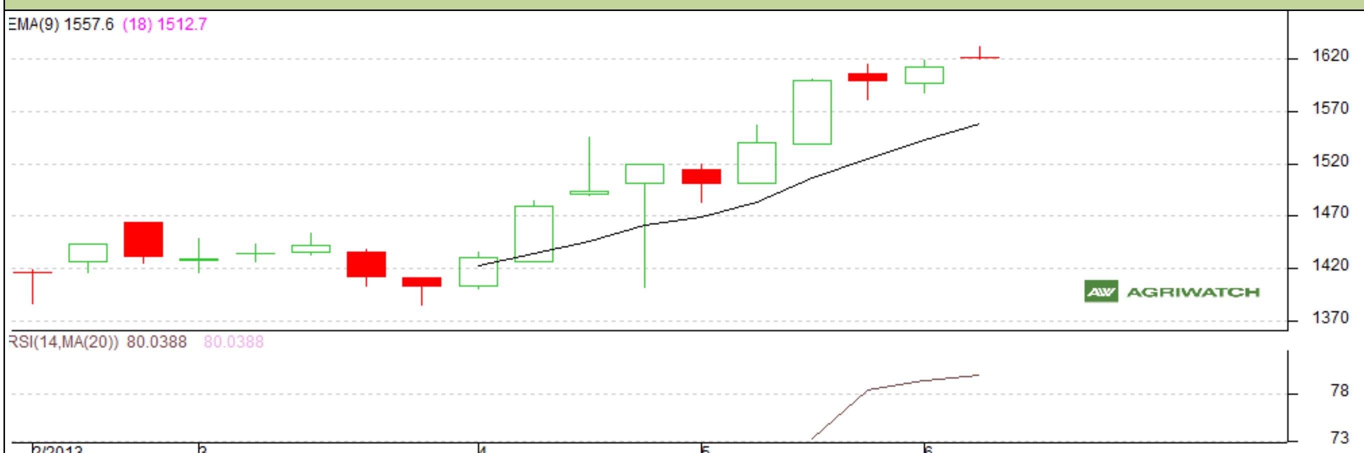
| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|---|---|---|---|---|---|
| | | | 08.06.2013 | 01.06.2013 | |
| Delhi | Lawrence Road | Mill Quality | 1610 | 1590 | 20 |
| | Nazafgarh | Mill Delivery Loose | 1550 | 1525 | 25 |
| | Narella | Mill Delivery Loose | 1600 | 1530 | 70 |
| Gujarat | Rajkot | Mill Delivery | 1700 | 1700 | Unch |
| | Ahmadabad | Mill Delivery | 1740 | 1735 | 5 |
| M.P. | Bhopal | Mill Quality Loose (Lokwan Price) | 1800 | 1800 | Unch |
| | Indore | Mill Delivery | 1625 | 1605 | 20 |
| Rajasthan | Kota | Mill Quality | 1575 | 1560 | 15 |
| U.P. | Kanpur | Mill Delivery | 1510 | 1490 | 20 |
| Punjab | Khanna | Mill Quality Loose | 1400 | 1380 | 20 |
| Haryana | Sirsa | Mill Delivery loose | 1435 | 1415 | 20 |

***Wheat Progressive Procurement:***

| All Figures in Lakh Tonnes | | As on 06.06 | |
|---|---|---|---|
| **State** | **Total procurement in 2012-13 Season** | **In Marketing season 2013-14** | **In Marketing season 2012-13** |
| Punjab | 128.34 | 108.85 | 128.08 |
| Haryana | 86.65 | 58.73 | 86.52 |
| U.P | 50.63 | 6.78 | 34.53 |
| M.P | 84.93 | 63.55 | 84.06 |
| Rajasthan | 19.64 | 12.47 | 16.72 |
| Others | 11.29 | 0.15 | 5.97 |
| **All India** | **381.48** | **250.53** | **356.88** |

**Commodity: Wheat** **Exchange: NCDEX**
**Contract: June** **Expiry: 20th June, 2012**

**Wheat (Weekly Chart)**




**Technical Commentary**:
- Market is moving upward and candlestick chart depicts bullishness.
- Fall in OI but rise in price indicates short covering.
- Prices closed above 9 and 18 days EMA.
- RSI is in overbought zone.

**Strategy: Buy from entry level**

| **Intraday Supports & Resistances** | | | **S2** | **S1** | **PCP** | **R1** | **R2** |
|---|---|---|---|---|---|---|---|
| Wheat | NCDEX | June | 1575 | 1595 | 1612 | 1650 | 1662 |
| **Intraday Trade Call*** | | | **Call** | **Entry** | **T1** | **T2** | **SL** |
| Wheat | NCDEX | June | **Buy** | Above 1615 | 1630 | 1645 | 1605 |

*Do not carry forward the position until the next Week.

***Domestic Weekly Outlook:*** **It seems that mixed sentiments will be witnessed in the week ahead as prices may drop in Rajasthan and M.P due to lower buying.**

**International Market Updates:**

**Iran's state grains buyer GTC swept back** into international markets, picking up more than half a million tons of wheat to shore up domestic stocks as its crop expectations were pared back and to avoid unrest after next week's elections. Iran had bought about 600,000 tons of milling wheat from the Baltic Sea region and Germany in the last two weeks.

**Saudi Arabia has bought 115,000 MT of soft wheat (**11% protein) for September shipment from Toepfer of any origin wheat. Out of 115,000 MT, 60,000 MT was bought at USD 296.47/T to be delivered at Jeddah port between 1-10 September and 55,000 MT was bought at USD 307.96/MT to be delivered at Dammam port by 20-30 September.

**Ukraine has exported 6.7 million tonnes wheat** Since July 2012 to 1st June 2013 as compared to 4.84 million tonnes last year during the same time. In may 156,000 MT of wheat was exported in May.

**Russian Agriculture ministry may intervene in domestic** market to maintain exportable surplus at 18-20 million tonnes in 2013-14 as Russia is expected to produce around 50 million tonnes.

**Genetically modified wheat discovery in US and continued** probe over GM wheat there may have serious implication on US export sales. Japan, the biggest buyer of US wheat has suspended some US import. Even South Korea is in the process of testing US wheat and is expected to remain sideline till the final result comes.

**Unconfirmed sources say that 5 percent wheat in** US might be GM wheat. If it is confirmed, it could have a wider impact on world market. Quality conscious buyers like Japan, China and European Union may turn to other countries. However, Indian export opportunity in South Korea and some middle-east countries would increase.

**GMO wheat is not approved for commercial sale anywhere in the world** .Japan has cancelled a bid for 25,000 tonnes of US wheat and the European Union told its member states to test imports from the area, saying any genetically modified wheat would not be sold to consumers.

**However, one thing is very clear now that export sales from US** is bound to decrease and buyers will remain hesitant till the final result, expected in two to three weeks from now. Situation seems favorable for India right now and we should have a close eye on emerging scenario.

**IGC Wheat Balance Sheet** (Quantity in MMT)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 est. | 2012-13 forecast | Projection for 2013-14 | |
|---|---|---|---|---|---|---|---|
| | | | | | | 25.04.2013 | 31.05.2013 |
| **Production** | 685 | 679 | 653 | 696 | 655 | 680 | 682 |
| **Trade** | 137 | 128 | 126 | 145 | 139 | 135 | 137 |
| **Consumption** | 645 | 652 | 658 | 693 | 674 | 678 | 680 |
| **Carryover stocks** | 173 | 199 | 194 | 197 | 178 | 181 | 180 |
| **Y-O-Y change** | 41 | 27 | -5 | 3 | -19 | 2 | 2 |
| **Major Exporters** | 69 | 79 | 74 | 70 | 51 | 58 | 56 |

**Indicative FOB Quotes:**

| | Variety | % Change over Prev. Year | 06.06.13 | Week Ago 30.05.13 | Month Ago (May) | 3 Months Ago (Mar) | Year Ago (June) |
|---|---|---|---|---|---|---|---|
| **USA (Gulf)** | SRW 2 | 14.97 | 283.40 | 280.90 | 287.10 | 277.80 | 246.50 |
| **France** | FCW3 | -01.41 | 272.10 | 277.50 | 313.80 | 309.60 | 276.00 |
| **United Kingdom** | Feed wheat | 06.00 | 273.90 | 279.90 | 299.40 | 398.90 | 258.40 |
| **Australia** | CWRS | 31.51 | 351.14 | 338.79 | 308.05 | 295.15 | 267.00 |
| **Russia** | SRW | -08.39 | 273.00 | 273.00 | 270.00 | 272.50 | 298.00 |
| **Ukraine** | SRW | -11.02 | 262.50 | 262.50 | 265.00 | 270.00 | 295.00 |
| **Argentina** | SRW | 07.84 | 282.00 | 275.00 | 310.00 | 350.00 | 261.50 |

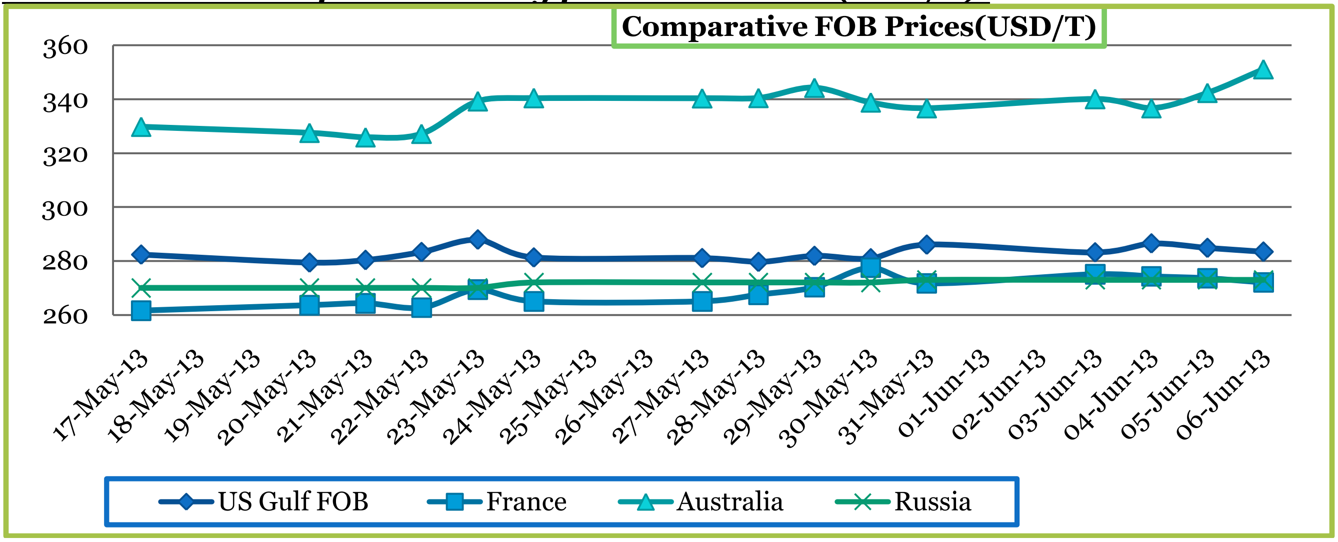
Global wheat market is expected to trade weak higher wheat production estimate of 682 million tonnes as compared to 680 million tonnes as per IGC latest estimate.

**CBOT FUTURES CONTRACT:**

| CONTRACT MONTH | 7 June 2013 | Week ago (3 June 2013) | 1 Month ago(7 May 13) | 3 Month ago( 7 Mar 13) | 6 Month ago(7 Dec 12) | 1 Year ago(7 June 12) | % Change over previous year |
|---|---|---|---|---|---|---|---|
| **July-13** | 255.80 | 260.39 | 260.49 | 256.81 | 321.02 | 267.47 | -4.36 |
| **Sept-13** | 258.93 | 263.98 | 264.07 | 259.57 | 324.23 | 271.23 | -4.54 |
| **Dec-13** | 264.24 | 269.21 | 270.31 | 263.89 | 327.45 | 275.83 | -4.20 |
| **Mar-14** | 269.67 | 274.72 | 275.73 | 269.40 | 329.28 | 278.31 | -3.10 |
| **May-14** | 273.35 | 278.67 | 278.12 | 270.04 | 325.61 | 279.68 | -2.27 |
| **July-14** | 275.55 | 280.97 | 278.76 | 267.65 | 313.39 | 273.07 | 0.91 |

***CBOT July 13 Future Chart:***

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




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

**Canada-** Warm, showery weather prevailed, maintaining mostly favorable conditions for crops and pastures. Rainfall was highly variable, with pockets of dryness contrasting with accumulations in excess of 25 mm.

**Russia and Ukraine** –Respite from wet weather helped in planting of spring wheat in southern district of Russia. Temperatures above 30°C in southern portions of the Southern District maintained high demand for water and increased stress on heading to filling winter wheat.

**Australia**- Widespread rainfall in Western Australia, New South Wales and Victoria (Ranging from 10-45 mm) continued to support wheat germination and emergence. However, Southern Queensland was mostly dry which slowed early winter wheat development.

**Argentina-** Mostly dry weather dominated the week with scattered rainfall. Weekly average temperature was 3°C below normal.

**North West Africa-** At the end of the 2012-13 growing season, it was favorable over primary wheat areas in northwest Africa, and yield prospects remained excellent throughout the season due to abundant moisture and near to normal temperatures.

**USA-**Heading this year so far by week's end was 73% of the winter wheat crop which is 15% points behind last year and 7 points behind the 5-year average.

***International Weekly Outlook***: **International Spot and Future market is expected to trade steady to weak on expectation of better production and harvesting season in nearing in key producing and exporting countries like Russia, US and Ukraine.**