

Downward pressure continues to dictate cash wheat markets as major buyers have slowed down their buying in anticipation of more dip in the market. Export opportunity remains blemish with lower quotes (\$250 to \$255 per tonne on FOB basis) in black sea region and weak cbot. This month volume for export trade remains discouraging and in the second week of June company like promising international has struck a deal at \$278 for July delivery. The quantity in question is around 10,000 tonnes. No other export deals has been reported in last two-three days.

Wheat prices in Uttar Pradesh, Bihar, Rajasthan, M.P. and Gujarat have declined considerably during last one week and pressure on price continues as bulk buyers are reluctant to buy at current level. Only normal domestic trade is being conducted and south Indian miller are asking for discount as they have ample stock for next 15 to 20 days. Besides, Wheat (meant for export) stockists are now sellers in domestic market and they may opt to release their stock on continuous intervals. These developments in domestic market would not allow wheat to raise its head at least for a month.

Despite ongoing issue between Russia and Ukraine, export offers on attractive price continue on large scale. Russian FOB quote has decreased from \$276 to \$250 per tonne in last 15 days. New crop in Russia and Ukraine is in good condition and both the countries have much marketable surplus to offer. New crop would start hitting the market by the end of June and it would pressurize price globally. CBOT Futures contracts too have declined in last two-three weeks. Weak export data from US, higher marketable surplus and importers reservation against buying bulk quantity remain the price limiting factors. More dip is expected in the global wheat market in the weeks ahead.

All these developments are going to impact domestic price of Indian wheat. Export opportunity for Indian wheat seems bleak at this point of time. Private stockiest, who have brought 6.4 million tonne wheat from open market at price higher than MSP, are sellers now in domestic market in diminishing export opportunity. Supply would remain higher than demand.

By the end of May, 2014 total arrival of wheat in major markets registered at 34 million tonne. Out of total arrivals FCI and other state agencies have brought 76.82 percent, while private trade contribution was registered at 23.18 percent. Actually, this year private trade's buying has increased considerably with hope of better export opportunity. Higher private participation encouraged wheat price in the season and prices continue to rule over MSP in many states. This year private trades, including flour mills, have brought around 6.4 million tonne wheat.

Maximum wheat has been purchased in Madhya Pradesh by private trades this year. During the season up to May total arrival in M.P. was registered at 9.4 million tonne. FCI and other agencies have brought 7.1 million tonne out of it while private trades uplifted 2.3 million tonne so far. Notably, Wheat grown in Madhya Pradesh is considered as premium grade and its export demand continues throughout the year.

Comparative analysis government's wheat costing:

INR Value; 59.32 as 13.06.14	At Kandla	MSP	Economic Cost
FOR Kandla	15350.00	14000	19100
Misc.Charges(port handling)	500.00	500.00	0.00
FOB (at Kandla Rs/T)	15850.00	14500	19100
FOB value in \$ for FAQ	267.19	244.44	321.98
Freight Charges (US \$/ton) to Chittagong	18.00	18.00	18.00
Insurance @ 0.1% (\$/MT)	0.27	0.24	0.32
CIF to Chittagong (value in \$ for SRW)	285.46	262.68	340.30

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	05.06.14	Week Ago 03.06.14	Month Ago (May)	3 Months Ago (Mar)	Year Ago (June)
USA (Chicago)	2SRW	-12.24	244.60	250.40	303.20	277.75	278.70
France	FCW3	-8.42	250.20	251.32	277.30	265.90	273.20
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	265.70
Australia	ASW	-20.28	281.00	285.00	297.00	265.00	352.48
Russia	SRW	2.75	280.50	280.50	281.00	275.50	273.00
Ukraine	SRW	7.62	282.50	282.50	282.50	277.00	262.50
Argentina	SRW	NA	NA	NA	NA	340.00	282.00

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

All prices are for SRW /milling grade, comparable to Indian quality	1 st Apr 14	1 st Apr 14	5 th May 14	2 nd June 14
USA	295.80	295.80	298.90	253.40
France	280.57	280.57	281.11	249.99
United Kingdom	NA	NA	NA	NA
Australia	293.00	293.00	294.00	283.00
Russia	296.00	296.00	284.50	280.50
India	278.75	278.75	283.14	282.14

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 favorable. We expect carry out to remain at 27.78 million tonnes including private trade stock and farmers combined stock of 5-6 million tonnes.
- We expect 6.2 million tonnes of wheat export this higher than previous estimate of 5.5 million tonnes owing to recent reduction in base price for exports by \$ 40/MT to \$ 260/MT.
- Consumption is expected to increase substantially owing to implementation of Food Security Bill and fast growing feed and confectionary industry.

India's Wheat Balance Sheet:

in Thousand MT								Estimates		Estimates		Forecast		Forecast
	Retention	Notes	2010-11	2011-12	2012-13	2013-14		Apr -June		July -Sept		Oct -Dec		Jan -Mar
Opening Stock			16125	18935	24185	31100		31100		99318.699		78491.397		47745.796
FCI opening stock			16125	15364	19952	24207								
Production			80800	86810	94800	92460		92460		0		0		0
Stock Position														
Procurement								25092						
Govt.		FCI figures	22513	28334	38148	25092		49299		43677.417		38055.833		32434.25
Private trade		Plug in figure	30007	28092.5	23472	35007		41900		32274		24356		16332
Farm	35%		28280	30383.5	33180	32361	35%	32361		25888.8		19416.6		3236
Imports			218	272	17	0		0						
Total Supply			97143	106017	119002	123560		123560		99318.699		78491.397		47745.796
Consumption														
Exports			58	72	6496	6257		2522		815		920		2000
Domestic consumption														
Govt releases		from fci website	23067	24168	20224	22486		5622		5622		5622		5622
Private trade	5%		28506.65	26687.875	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	89518		21719.301		20012.301		29825.601		17961.201
Closing Stock			18935	24185	31100	27784.59		99318.70		78491.40		47745.80		27784.59
								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				
	13 June 14	11 June 14	Week ago 02 June 14	Month ago 09 May 14	% Change Over Previous Month
14-June	1501	1478	1521	1565	-4.25
14-July	1508	1506	1545	1595	-5.89
14-Aug	1530	1532	1570	1618	-5.86

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	13 Jun, 2014	week ago 03 June, 2014	Month ago 08 May 14	Year ago 12 June 2013	Change over previous Year %
Indore	1510	1503	1556	1619	-6.73
Bareilly	1510	1523	1520	1605	-5.92
Delhi	1501	1512	1552	1625	-7.32
Khanna	NA	NA	NA	1568	NA
Kanpur	1473	1508	1540	1495	-1.47
Karnal	NA	NA	NA	1646	NA
Rajkot	1536	1550	1600	1658	-7.36
Kota	1520	1523	1593	1590	-4.40

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

Weekly Parity Sheet: (As on 07.06.2014)

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	14250	14000	14500	14750	14500	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)	15450	15650	16900	16700	16550	15700	19100
Indian FOB (USD/MT)	261.02	264.40	285.52	282.14	279.61	265.25	322.69
Insurance @ 0.1%	0.26	0.26	0.29	0.28	0.28	0.27	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	279	282	304	300	298	283	341
INR	59.19	59.19	59.19	59.19	59.19	59.19	59.19
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	31	28	6	10	12	27	-31

Wheat Prices at various Domestic markets:

State	Location	Variety	13-Jun-14	12-Jun-14	Week ago (27.05.2014)	Month ago(09.05.14)	Year ago (04.06.2013)
Delhi	Lawrence Road	Mill Delivery	1500	1505	1510	1550	1615
	Narela	Mill Quality Loose	1475	1490	1485	1540	Closed
	Nazafgarh	Mill Quality Loose	1470	1470	1475	1500	Closed
Gujarat	Rajkot	Mill Delivery	1510	1510	1600	1625	1690
	Ahmadabad	Mill Delivery	1520	1525	1650	1650	1725
	Surat	Mill Delivery	1530	1540	1665	1670	1735
M.P	Bhopal Lok-1	Lokwan	1550	1575	1600	1750	1700
	Indore	Mill Delivery	1520	1520	1520	1600	1610
Rajasthan	Kota mill Quality	Mill Quality Loose	1400	1400	1450	1450	-
	Kota mill Delivery	Mill Delivery	1480	1480	1525	1530	1600
U.P.	Kanpur	Mill Delivery	1475	1470	1515	1530	1590
	Mathura loose	Mill Quality Loose	1440	1420	1450	1460	1500
	Kosi	Mill Quality Loose	1425	1450	1450	1435	1700
	Hathras	Mill Quality Loose	1400	1404	NA	1450	-
Punjab	Khanna	Mill Quality Loose	1400	NR	1410	1405	1400
(Ludhiana)	Jagraon	Mill Delivery	1400	1415	1500	1490	-
Haryana	Sirsa	Mill Delivery loose	1480	1480	1400	1400	1440
	Hodal	Mill Delivery	1410	1412	1520	1595	1610
	Karnal	Mill Quality Loose	1490	1490	1400	1400	1400
	Bhiwani	Mill Quality Loose	1380	1380	1390	1450	-
Tamil Nadu	Chennai	Mill Quality	1400	1390	NA	1800	1900
	Madurai	Mill Quality	NA	NA	1800	1857	1950
	Coimbatore	Mill Quality	1832	1857	1857	1857	1950
Bihar	Sitamari	Mill Delivery	1832	1857	1857	NA	-
	Khagaria	Mill Delivery	1570	1570	NA	1550	1360

Wheat Exports:

	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 - Mar 13	64.96	298.18	286.71
Apr 13 - Mar 14	55.54	282.82	241.6
4/1/2014*	4.27	278.33	250.82
May-14	7.7	283.85	230.45
Jun-14			
Jul-14			
Aug-14			
Sep-14			
Oct-14			
Nov-14			
Dec-14			
Jan-15			
Feb-15			
Mar-15			
Total 14-15	11.97	281.09	240.63

Source: DGCIS; *Provisional (as per IBIS)

Wheat Stock with Government:

As on 1st of every Month Wheat Stock with Government(Lakh tonnes)							
	2008	2009	2010	2011	2012	2013	2014
Jan	77.12	182.12	230.92	215.4	256.76	343.83	280.47
Feb	71.62	167.74	206.23	193.73	234.25	308.09	240.23
March	65.06	152.76	183.88	171.57	212.55	271.03	223.50
April	58.03	134.29	161.25	153.64	200.00	242.07	178.30
May	176.92	298.26	337.13	313.75	381.94	427.30	344.03
June	241.23	331.22	351.62	378.32	501.69	443.89	
July	249.12	329.22	335.84	371.49	498.08	423.97	
Aug	243.8	316.23	320.47	358.75	475.26	403.78	
Sep	232.59	300.73	298.62	336.2	461.60	383.60	
Oct	220.25	284.57	277.77	314.2	431.53	361.00	
Nov	209.61	268.88	255.58	296.71	405.75	340.99	
Dec	195.98	251.61	239.14	276.56	376.52	310.67	

Source: FCI

International updates:

Morocco's Attijariwafa Bank has signed a deal with Moroccan wheat trade federation FIAC to finance \$300 million of Russian wheat imports in the 2014-2015 season. The deal was signed in Moscow ON June 10th. Two trading companies, Louis Dreyfus Vostok and Glencore Grain, took part of the deal.

Morocco is expected to buy around 2.5 million tonnes of foreign wheat in the 2013-2014 marketing year. Moroccan importers would buy the equivalent of \$300 million of Russian wheat in the 2014-2015 .

Algeria state grains agency OAIC has purchased between 200,000 and 250,000 tonnes of durum wheat in the range of USD 398 to 408/tonne c&f probably from Canada or the European Union for shipment in August .

Black Sea countries such as Russia tend to dominate wheat exports at the start of the international marketing year, which begins in July, as they offload large volumes at often attractive prices.

According to the International Grains Council, world production is projected to fall by 2% to 694m t in 2014/15 with average yields retreating from last season's unusually high levels.

Winter wheat production in South Dakota is likely to increase by 50 percent this year in comparison to 2013. The Agriculture Department's latest estimate is 49.1 million bushels, up 88 percent over the year. The average yield is forecast at 45 bushels per acre, up 6 bushels from last year.

Philippines animal feed makers have purchased 105,650 tonnes of feed wheat at USD 266.75/tonne (c&f) for July/August shipment. The wheat may be sourced from the Black Sea region or European Union as FoB prices will be more competitive from other exporting countries.

Indonesia has bought around 125000 tonnes of wheat from Russia at USD 290-295/tonne (c&f) for shipment between mid-July and mid-August. That compares with a price of \$305 being quoted for Indian wheat and around \$320 to \$330 a tonne offered for U.S and Australia for the same period of time. As FoB quotes of Russia remains competitive than other major wheat exporting countries many more deals are expected to be made.

Besides, Argentine wheat sowing expectations growing, with the farm ministry pegging area at 4.5m hectares, above a forecast from the Buenos Aires grains exchange. From October onward Australian crop would start hitting the market. All these factors signify plenty of supply in the medium term.

Argentina's wheat area will expand to more than 4 million hectares this year from 3.6 million in the previous year due to good showing condition, need for crop rotation and high prices due to political crises in Ukraine. Ukraine and Argentina are both significant wheat producers.

The price of Argentine wheat at port for export is currently \$370 per tonne, up from \$270 a year ago. U.S. wheat will be hitting in the market from July onward and then Black Sea Region followed by Argentina in December and January, so if there is any damage reported meanwhile overall sentiments will be bearish.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13 Est.	2013-14 Forecast	Projection for 2013-14	
						25.04.2014	29.05.2014
Production	679	653	695	655	709	697	694
Trade	128	126	145	140	151	144	145
Consumptions	652	657	698	675	690	701	698
Carryover stocks	199	194	192	172	191	187	187
Y-O-Y change	27	-4	-3	-21	19		-4
Major Export	79	73	68	48	55	53	52

- The IGC GOI wheat sub-Index fell by 4% m/m, pressured by prospects for ample global supplies in 2014/15.
- World production is projected to fall by 2% to 694m t in 2014/15 with average yields retreating from last season's unusually high levels.
- Gains in food and feed use are forecast to lift consumption by 1% and the world carryover is likely to decline slightly, led by the major exporters.
- Trade is seen lower y/y, at 145m t as, assuming a better quality domestic harvest, China's purchases are expected to fall.

International Weather update: (Source-USDA)

Australia- In Western Australia, weekend showers (generally 2-10 mm) preceded sunny, seasonably mild weather during the remainder of the week, maintaining near ideal conditions for winter crop sowing and early development. Farther east, soaking rains (10-50 mm, locally more) overspread most of southern and eastern Australia, slowing fieldwork but favoring wheat crop. In contrast, warm, mostly dry weather increased evaporative losses in southern Queensland, further reducing topsoil moisture for emerging winter wheat. Unseasonably warm weather accelerated crop development in southern and eastern Australia. Temperatures averaged 3 to 5°C above normal, with maximum temperatures in the 20s degrees C.

Argentina- Warmer, favorably drier weather helped to improve field conditions for summer crop harvesting and other seasonal fieldwork. Little to no rain fell from the southwestern production areas of central Argentina (La Pampa and western Buenos Aires) northward to Salta. Meanwhile, several days of scattered, locally heavy showers (greater than 10 mm; locally approaching 50 mm) slowed fieldwork in Argentina's eastern agricultural areas (eastern Buenos Aires northward to eastern Formosa). However, amounts in the lower Parana Valley (northeastern Buenos Aires and southern sections of Entre Rios and Santa Fe) were lighter than in recent weeks (less than 25 mm), and weekly temperatures averaging near to above normal (daytime highs reaching the upper teens and lower 20s degrees C) aided the drying process throughout much of central Argentina. Farther north, temperatures averaged up to 3°C below normal in the rainiest parts of the northeast, though highs reached the lower and middle 20s on several days. Freezing temperatures were generally confined to Buenos Aires and southern Entre Rios, with temperatures staying above 5°C in the east (Santa Fe

northward). Wheat planting was reportedly progressing slowly due to problems with lingering wetness.

Russia and Ukraine- Showers provided relief from heat in central and southern Russia, while locally heavy downpours continued in western crop districts. An area of high pressure maintained sunny, hot weather across Russia and eastern Ukraine during the first half of the period, although daytime highs (lower 30s degrees C) were below the threshold for damage to flowering wheat. During the latter half of the week, light to moderate showers (4-25 mm) signaled the arrival of cooler weather and improved soil moisture for reproductive winter crops in these previously hot areas. Meanwhile, moderate to heavy showers and thunderstorms (25-60 mm) persisted from central and western Ukraine into Belarus and northwestern Russia.

USDA Global Wheat Balance Sheet: 2013-14 Fig. in MMT(As on 16.04.2014)

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	19.53	57.96	34.14	4.7	31.5	15.87	61.67
Canada	5.05	37.50	10.4	0.465	22	10.11	27.2
Australia	4.24	27.00	6.95	0.13	18	5.42	22.46
Argentina	0.29	10.50	6.05	0.005	2	1.74	9.3
Russia	4.95	50.09	34.5	1.2	17.5	6.24	37.72
China	53.96	121.72	123.5	7	1	58.18	121.02
EU	10.57	142.88	117	3.8	29	11.26	133.87
Ukraine	2.57	22.27	11.5	0.1	9.5	3.95	15.76
Pakistan	2.62	24.00	24.1	0.5	0.7	2.32	23.3
India	24.2	93.51	92.73	0.02	5	19	94.88
Others	48.61	124.37	233.99	136.09	20.55	52.58	109.31
World total	176.59	712.52	694.9	154	156.8	186.7	656.5

CBOT Futures Prices: Date: 11.06.14 (USD/T)

CONTRACT MONTH	11 June 14	Week ago (03 June 2014)	1 Month ago(09 May 14)	3 Month ago(10 Mar 14)	6 Month ago(10 Dec 13)	1 Year ago(10 June 13)	% Change over previous year
14-Jul	216.49	225.03	265.45	237.34	235.96	273.90	-20.96
14-Sept	220.99	228.89	268.57	240.37	239.36	276.28	-20.01
14-Dec	230.08	237.06	273.80	244.50	244.05	279.41	-17.65
15-Mar	237.52	243.68	278.58	253.23	246.43	281.89	-15.74
15-May	241.93	247.08	280.14	247.44	246.80	282.44	-14.34
15-July	243.77	249.10	277.02	244.87	245.70	278.95	-12.61

June 12,
2014

WHEAT DAILY REPORT

CBOT July 14 Futures Chart:



Global wheat market outlook:

Global wheat market may trade steady to slightly weak on better crop production expectation. Market may test the first support level of 594 cent per bushel in the short term. However, better production world over and higher marketable surplus would not allow market to go for any Bull Run. We expect market to trade in the range of \$210 to \$230 per T

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