

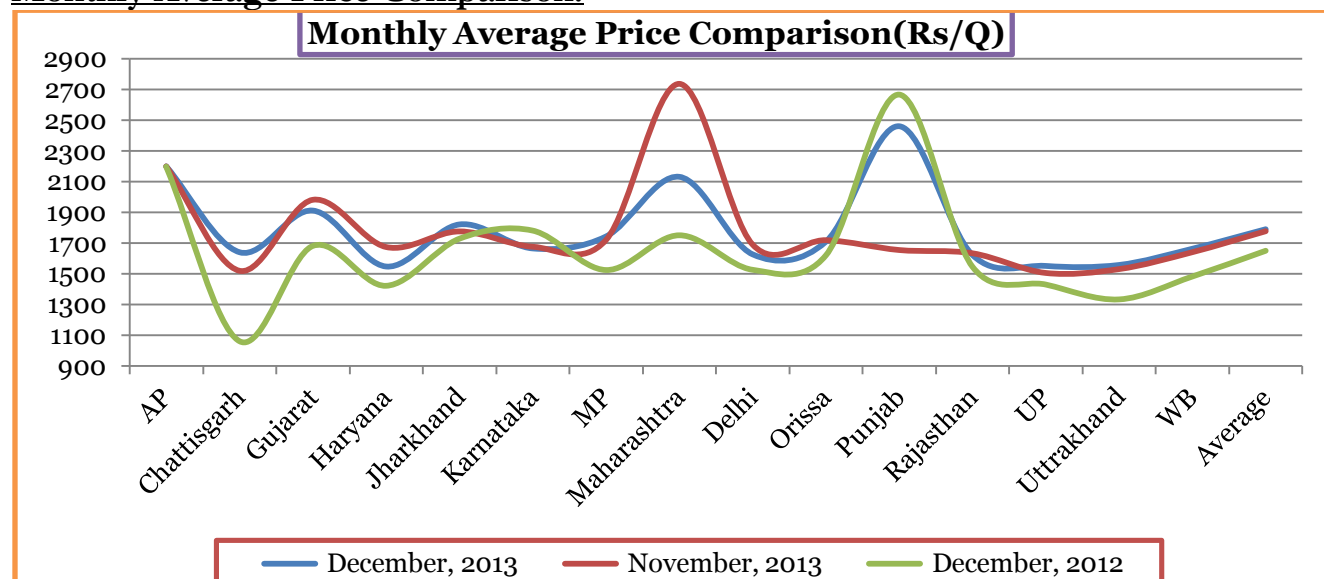
## Executive Summary

Wheat cash market traded ranged bound to slightly weak due to higher supply from central pool stock and improved area coverage for 2014-15 crop. Premium grade like Sharbati, Banshi, Tukra and Lok-1 ruled moderately higher due to paucity of stock in private hands. . Wheat sowing has entered in last phase in Uttar Pradesh and Bihar. However, it is almost over in Punjab, Haryana, Madhya Pradesh, Rajasthan and Gujarat. Wheat sowing area was recorded at 273.97 lakh ha. till 20th December,2013,higher by 8.20 percent from corresponding period last year(253.20 lakh ha.) Punjab govt. has made arrangements for procuring a record 140 lakh tonne of wheat during rabi marketing 2014-15 season starting April 1 against 129.35 LT procured in the last season. Punjab is anticipating 161.59 LT of wheat production this year. Light shower of rains at the end of December in major wheat growing states have ensured better growth of one month old crop. Lower temperature in growing belt too is considered beneficial and crop condition is very good throughout the country.

In recent tender (23.12.2013) invited by PSU's bids received were higher than expectation. The highest bid received was USD 288.30/MT, the second and the third highest were 281.21 and 280.50 per tonne respectively for 2 lakh tonne wheat export. It is higher than govt.'s floor price of USD 260 per Tonne. Earlier, state-run MMTC Ltd received the highest bid at \$283.11 a tonne for its wheat export tender from the east coast. The tender is part of the Indian government's plan to sell 2 million tonnes of the grain overseas until March to trim bulging stocks. Private export remains subdued due to higher prices in the domestic market, lower stock of quality wheat in private hands and lower prevailing prices in the international market.

Wheat stock in central pool registered at 29.93 million tonne as on 16.12.2013.It is lower than (the stock of 40.70 million T in 1st Nov.2012) corresponding period last year. However, it is quite higher than 10.2 million tone required on 1st January, 2014 under buffer norm, including strategic reserve of 2.0 million tonne. Overall stock status remains comfortable.

## Monthly Average Price Comparison:



Comparative price trend in various states shows that wheat traded marginally weak in December as compared to November. Prices had traded weak in month of December due to increase in OMSS quantity, higher area coverage for new crop and favourable weather.

### India's Wheat Balance Sheet:

in Thousand MT								Estimates		Estimates		Forecast		Forecast
			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		99318.699		78491.397		47745.796
<i>FCI opening stock</i>			16125	15364	19952	24207								
<b>Production</b>			80800	86810	94800	92460		92460		0		0		0
<b>Stock Position</b>														
<i>Procurement</i>								25092						
<i>Govt.</i>		<i>FCI figures</i>	22513	28334	38148	25092		49299		43677.417		38055.833		32434.25
<i>Private trade</i>		<i>Plug in figure</i>	30007	28092.5	23472	35007		41900		32274		24356		16332
<i>Farm</i>	35%		28280	30383.5	33180	32361	35%	32361		25888.8		19416.6		3236
Imports			218	272	17	0		0						
<b>Total Supply</b>			<b>97143</b>	<b>106017</b>	<b>119002</b>	<b>123560</b>		<b>123560</b>		<b>99318.699</b>		<b>78491.397</b>		<b>47745.796</b>
<b>Consumption</b>														
Exports			58	72	6496	6257		2522		815		920		2000
Domestic consumption														
<i>Govt releases</i>		from fci website	23067	24168	20224	22486		5622		5622		5622		5622
<i>Private trade</i>	5%		28506.65	26687.875	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	89518		21719.301		20012.301		29825.601		17961.201
<b>Closing Stock</b>			<b>18935</b>	<b>24185</b>	<b>31100</b>	<b>27784.59</b>		<b>99318.70</b>		<b>78491.40</b>		<b>47745.80</b>		<b>27784.59</b>
								<b>30-Jun-12</b>		<b>30-Sep-12</b>		<b>31-Dec-12</b>		<b>31-Mar-13</b>
								As on		As on		As on		As on

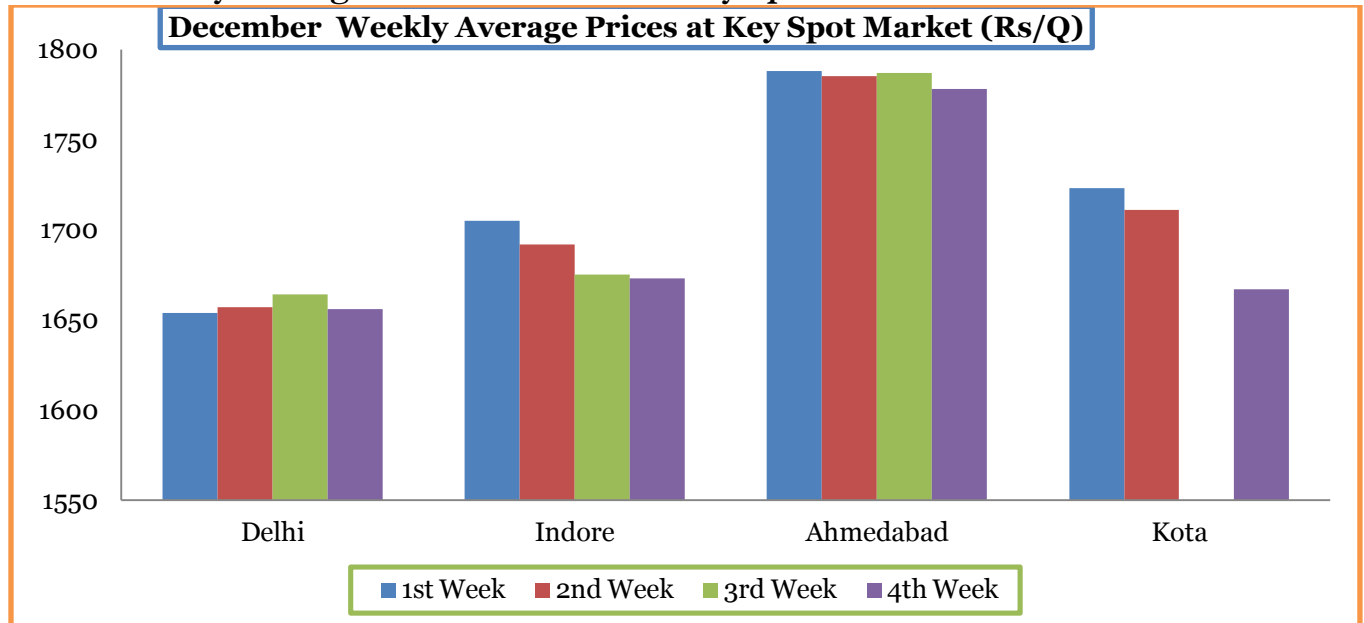
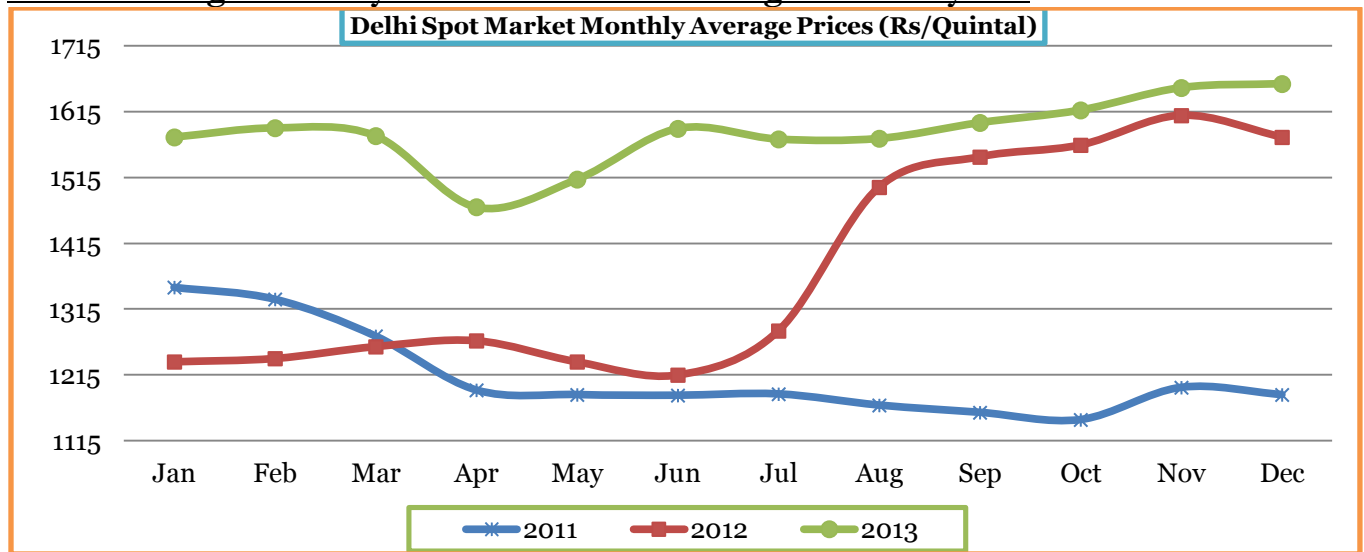
## Balance sheet highlights:

- 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 27.78 million tonnes including private trade stock and farmers combined stock of 5-6 million tonnes.
- Exports are expected at 6.2 million tonnes as compared to previous estimate of 5.5 million tonnes owing to reduction in export floor price by \$40/T to \$260/T and good response to recent tenders issued by PSU's.
- Consumption is expected to increase substantially owing to implementation of Food Security Bill and fast growing feed and confectionary industry.

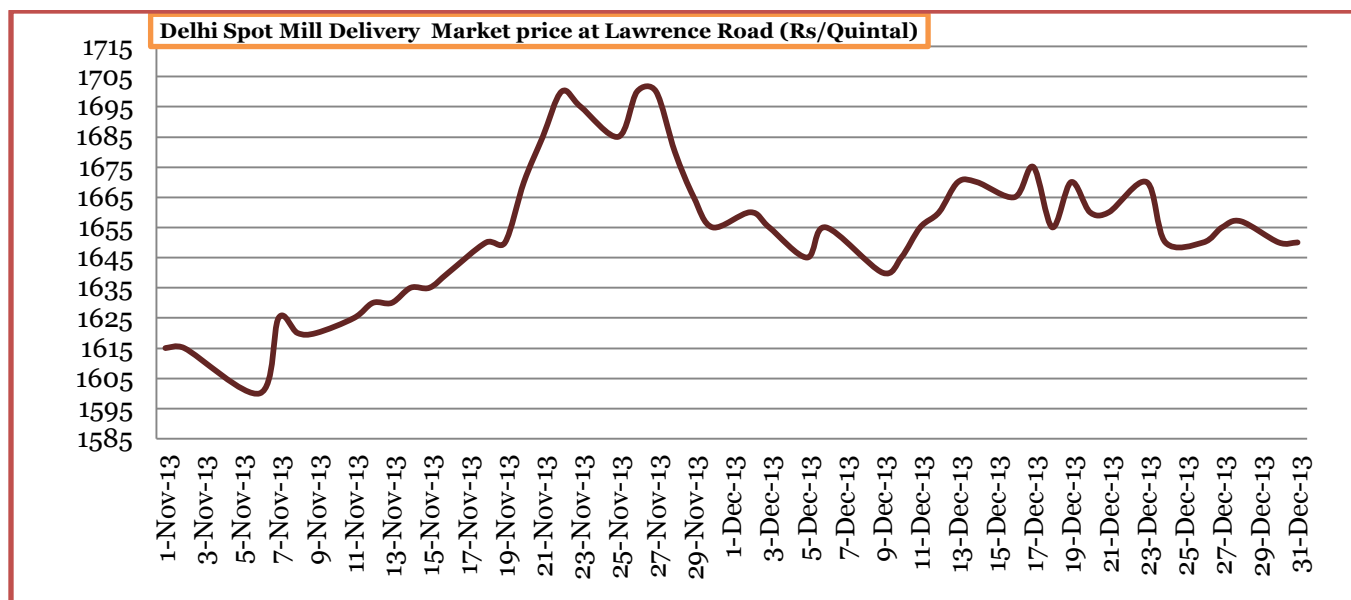
## Wheat Production estimate 2012-13 crop:

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**


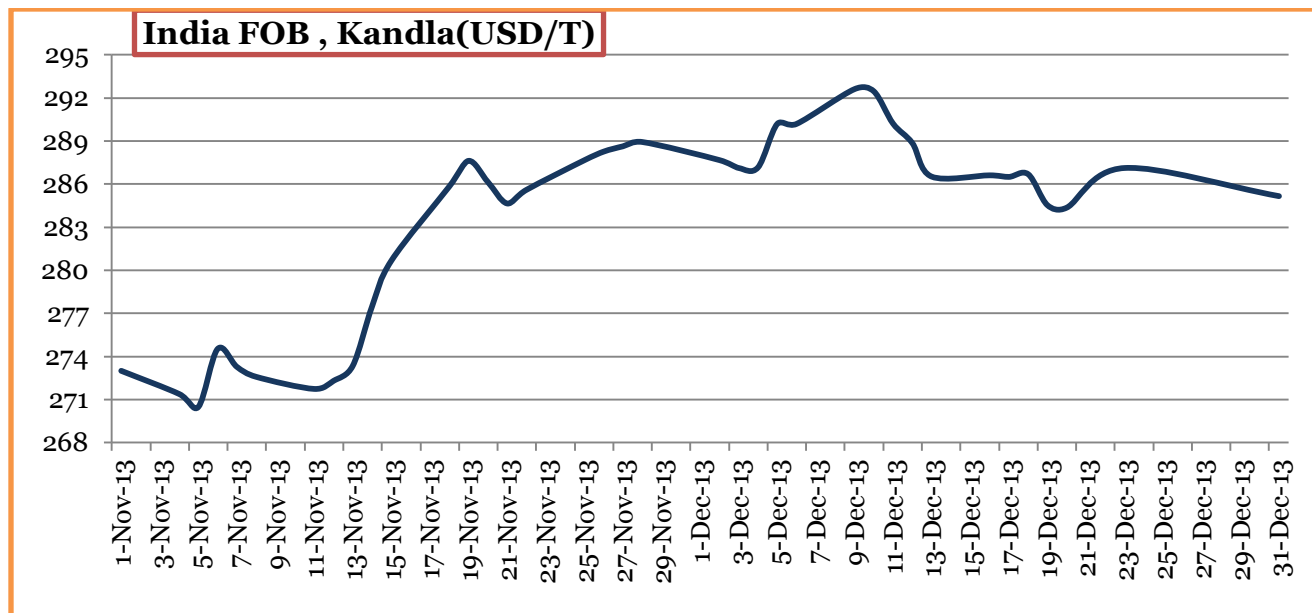
Wheat monthly average prices traded almost steady at benchmark market (Delhi). However prices traded firm as compared to previous year in the same month. In month ahead Prices are expected to trade slightly weak due to no export parity for private traders, better production expectation.



### Wheat Exports from India

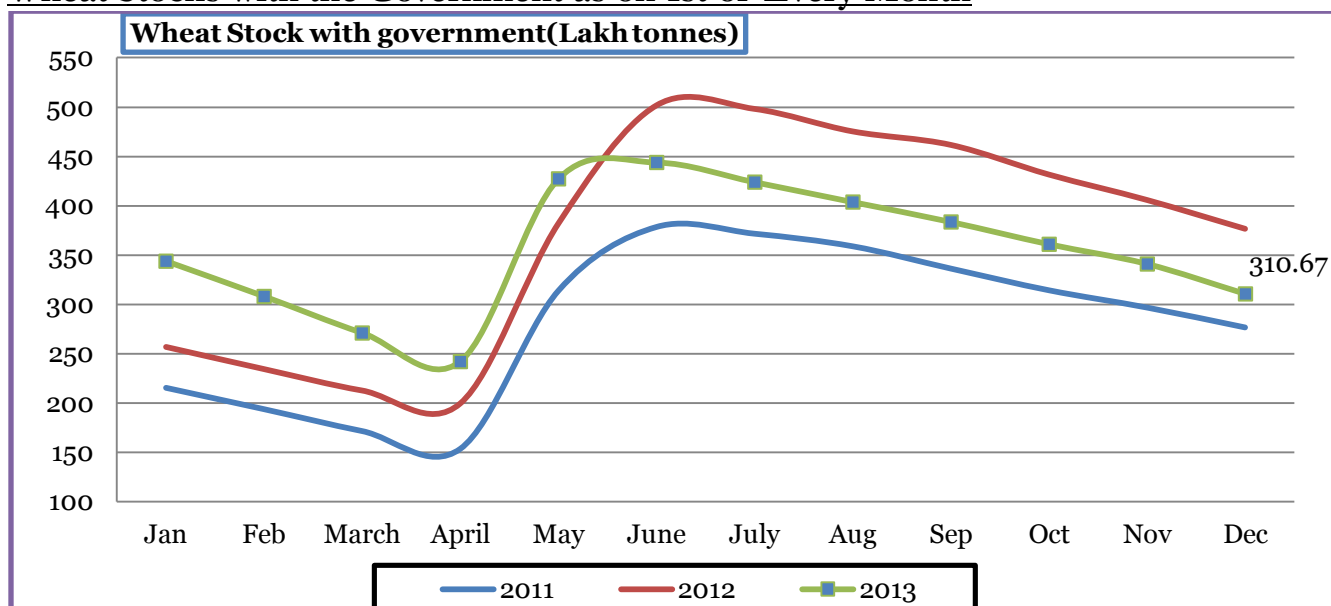
	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
<b>Sept 11- Mar 12</b>	<b>7.38</b>	<b>232.12</b>	<b>237.46</b>
<b>Apr 12 - Mar 13</b>	<b>64.96</b>	<b>298.18</b>	<b>286.71</b>
Apr-13	8.32	303.06	256.85
May-13	8.66	309.11	258.13
Jun-13	8.24	291.51	252.70
Jul-13	4.46	282.82	243.62
Aug-13	3.18	265.67	240.16
Sep-13	1.79	267.21	240.05
Oct-13*	0.57	271.7	253.25
Nov-13*	0.65	279.27	242.74
Dec-13*	3.83	287.89	230.98
<b>Total 13-14</b>	<b>39.70</b>	<b>284.25</b>	<b>246.50</b>

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

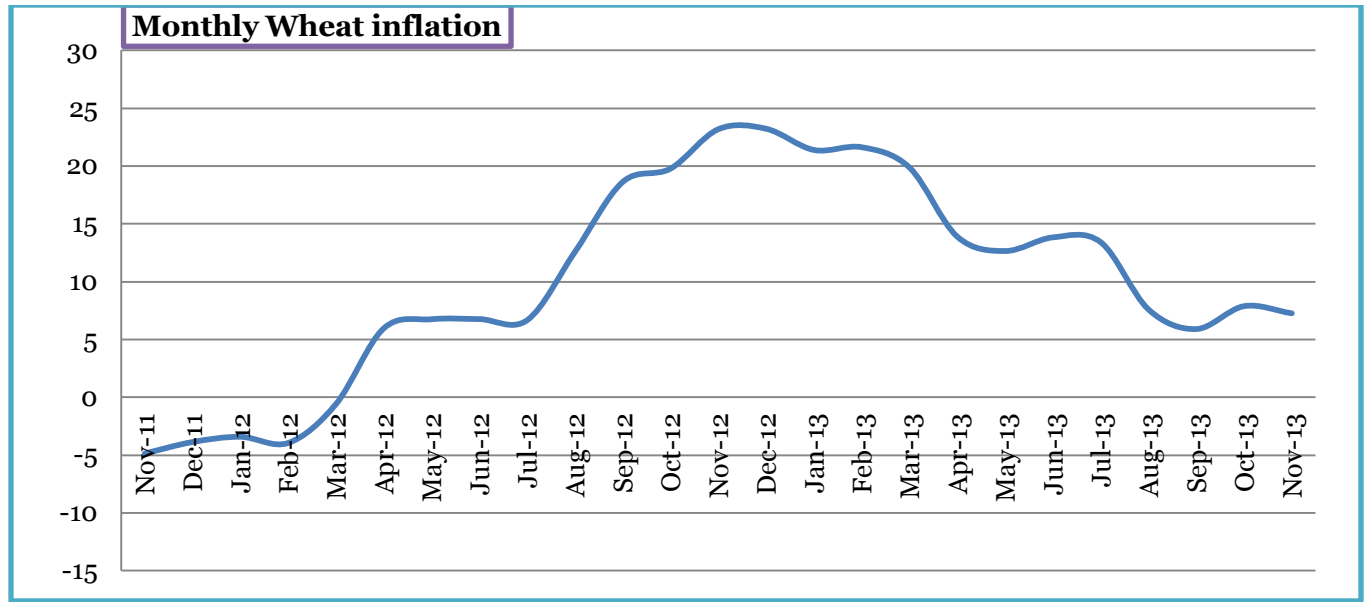


Indian wheat FOB traded range bound in December owing to no export parity for private traders. Recent wheat harvesting in Australia has made Indian wheat uncompetitive in South East Asian market.

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



## Wheat Inflation

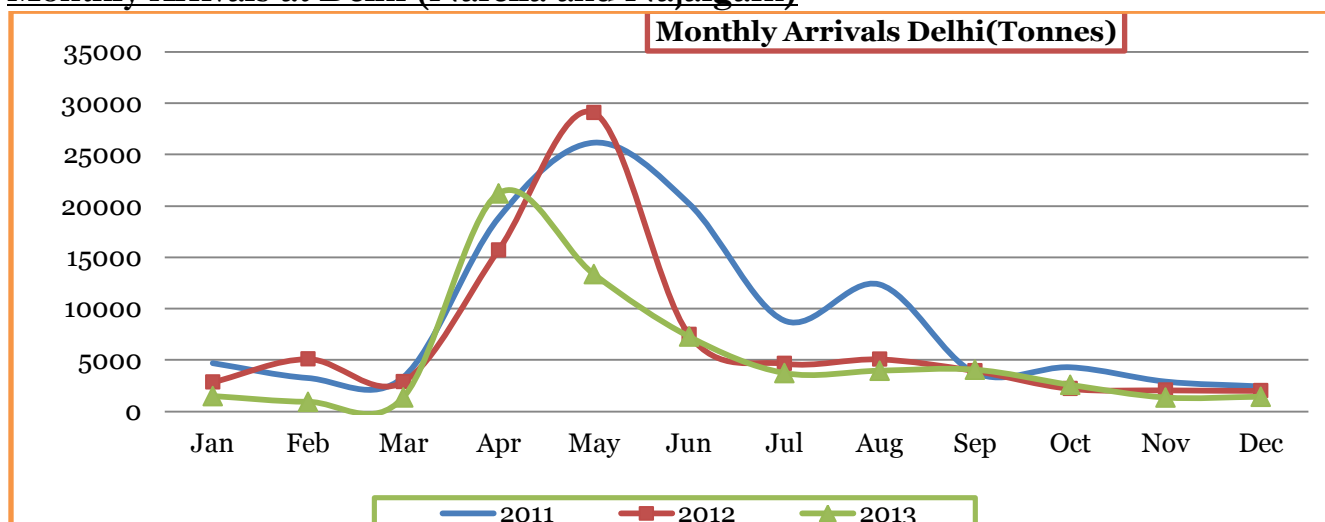


Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
<b>December</b>	1576.00	1581.00	1606.00	1605.83	1928.30
<b>January 2013</b>	1577.00	1593.15	1615.66	1587.50	1896.45
<b>February 2013</b>	1589.58	1607.61	1614.47	1570.00	1865.78
<b>March 2013</b>	1578.12	1525.80	1504.47	1492.85	1816.05
<b>April 2013</b>	1469.80	1503.33	1515.62	1460.83	1776.25
<b>May 2013</b>	1512.77	1584.60	1611.91	1521.11	1866.95
<b>June 2013</b>	1589.20	1606.66	1606.73	1565.20	1896.30
<b>July 2013</b>	1572.96	1603.84	1597.96	1549.03	1843.34
<b>August 2013</b>	1573.78	1619.72	1584.35	1550.62	1855.29
<b>September 2013</b>	1597.60	1645.71	1588.88	1566.73	1846.66
<b>October 2013</b>	1616.79	1698.00	1620.04	1572.94	1883.09
<b>November 2013</b>	1651.04	1698.75	1634.16	1631.17	2008.05
<b>December 2013</b>	1657.47	1674.56	1610.73	1609.31	2035.00

Wheat inflation has decreased in November to 7.26 % year on year basis from 7.88 % in October 2013. WPI has increased substantially to 217.10 in November 2013 from 213.60 in October 2013. Inflation has increased by 1.61 % month on month basis.

**Monthly Price Comparison of Spot Markets:**

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			31/12/2013	30/11/2013	
Delhi					
	Lawrence Road	Mill Delivery	1650	1665	-15
	Nazafgarh	Mill Quality Loose	1615	1650	-35
	Narella	Mill Quality Loose	1560	1635	-75
Gujarat	Rajkot	Mill Delivery	1620	1740	-120
	Ahmedabad	Mill Delivery	1780	1790	-10
	Surat	Mill Delivery	1800	1820	-20
M.P.	Bhopal	Lokwan	1900	1850	50
	Indore	Mill Delivery	1750	1725	25
Rajasthan	Kota	Mill Quality	1625	1610	15
	Kota	Mill Delivery	1731	1700	31
U.P.	Kanpur	Mill Delivery	1660	1675	-15
	Mathura	Mill Quality Loose	1550	1610	-60
	Kosi	Mill Delivery	1750	1800	-50
Punjab	Khanna	Mill Quality Loose	1550	1570	-20
	Jagraon	Mill Delivery	1550	1600	-50
Haryana	Sirsa	Mill Quality loose	1540	1550	-10
	Hodal	Mill Delivery	1660	1700	-40
Tamil Nadu	Chennai	Mill Quality	2035	2025	10
	Madurai	Mill Quality	2092	2082	10
	Coimbatore	Mill Quality	2092	2082	10

**Monthly Arrivals at Delhi (Narella and Najafgarh)**




**Domestic Outlook:** Domestic wheat market is expected to trade steady to weak in month ahead due to weak demand from millers and stockiest as they expect good harvest in season ahead, no parity for private exporter.

### International Market Dynamics:

Global wheat markets traded weak in December owing to plenty wheat supply in market. Lower wheat import demand in global market too has pushed prices down. Increased production estimates for Russia and Australia too has put bearish pressure on international market.

IGC sees global wheat production at 698 million tonnes as compared to 696 million tonnes in previous month estimate as crop prospects has improved in china. Trade is expected to increase by 6 million tonne over year and Consumptions is expected to rise by 2 million tonnes to 692 million tonnes over previous forecast. Carryover stocks are expected to increase to 181 million tonnes from 175 million tonnes over previous year owing to rise in production.

### IGC Wheat Balance Sheet

(Quantity in MMT)

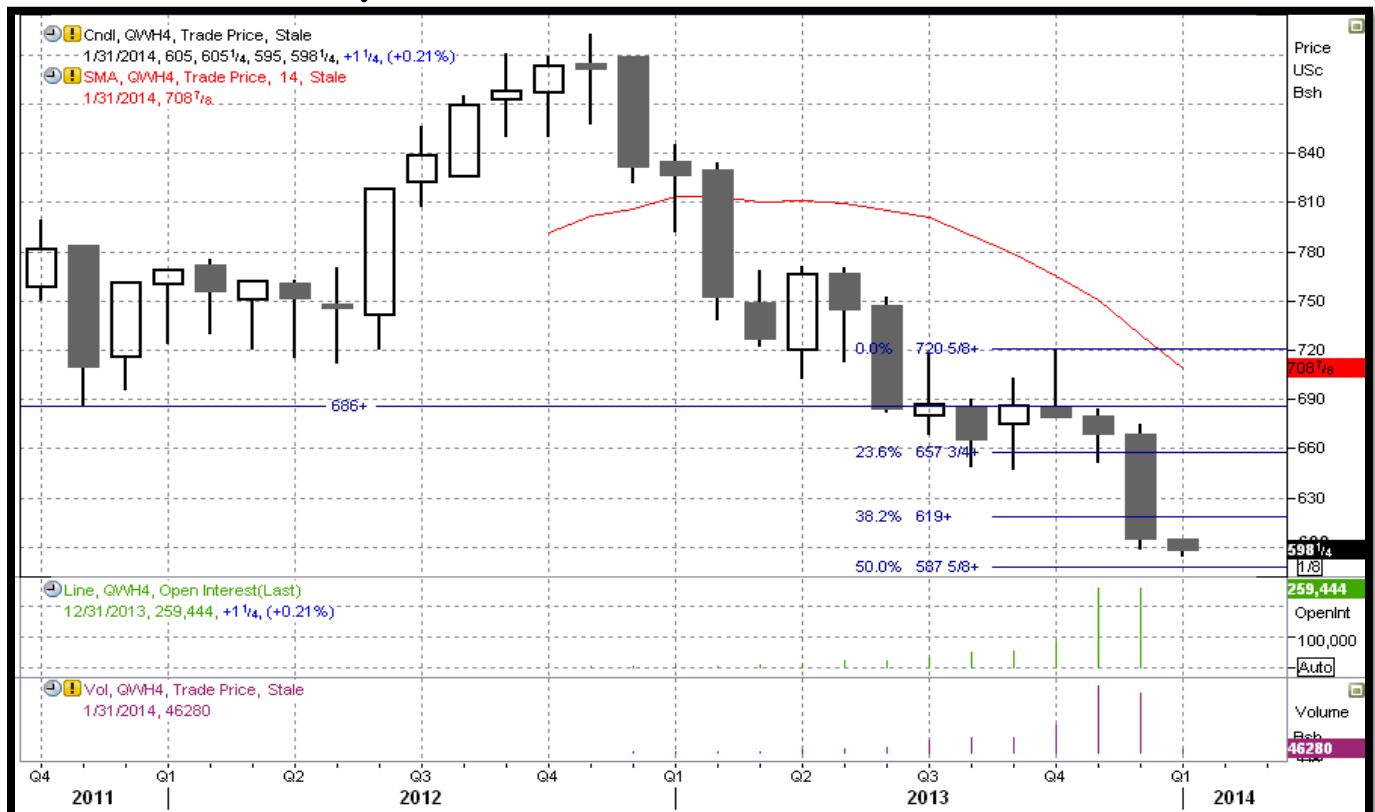
	2009-10	2010-11	2011-12	2012-13 est	Projection for 2013-14	
					31.10.2013	29.11.2013
<b>Production</b>	679	653	695	655	696	698
<b>Trade</b>	128	126	145	141	142	142
<b>Consumptions</b>	652	657	696	673	690	692
<b>Carryover stocks</b>	199	194	193	175	182	181
<b>Y-O-Y change</b>	27	-4	-1	-19	7	6
<b>Major Exporters</b>		73	69	50	53	51

### IGC Balance Sheet Highlight

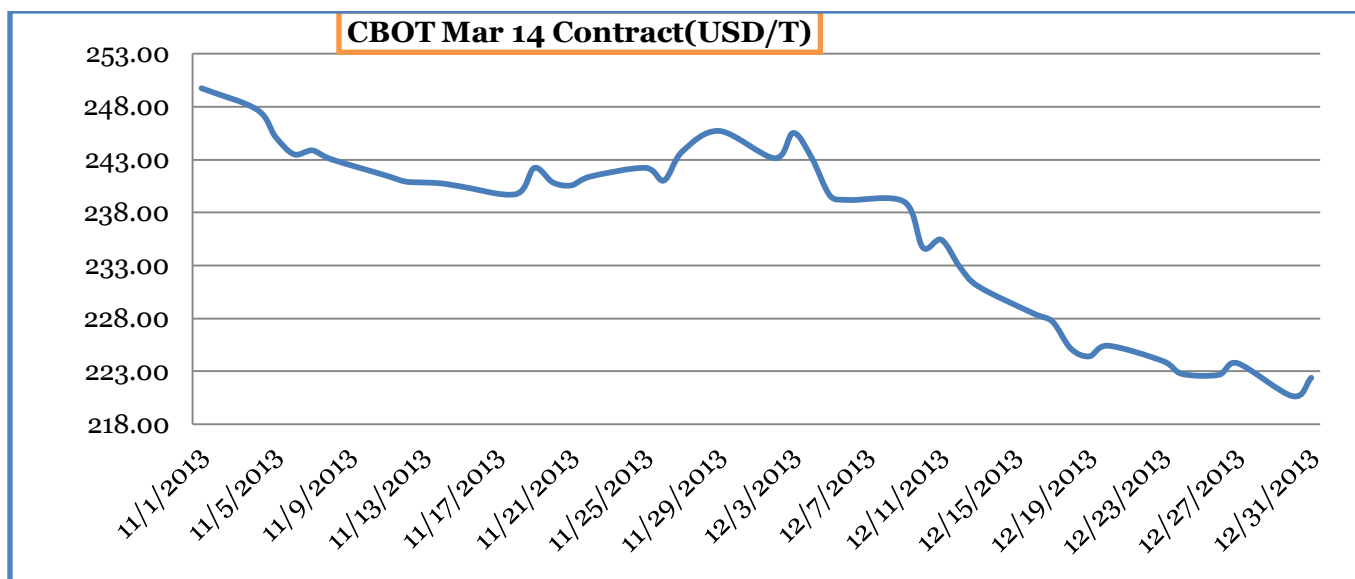
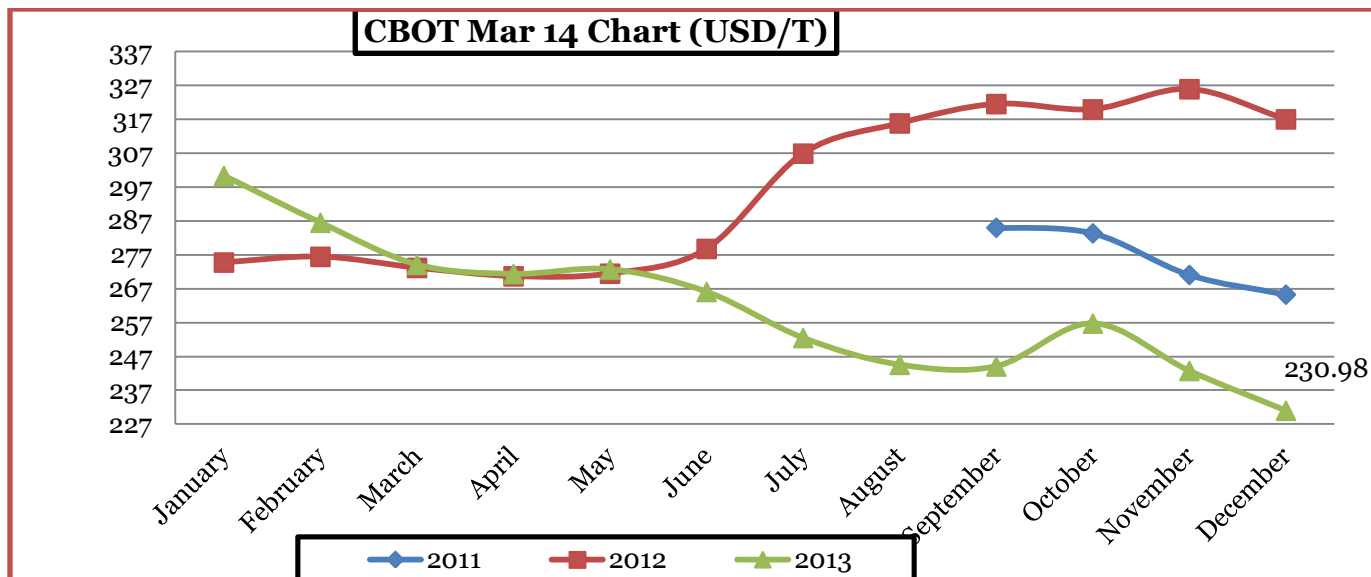
- The IGC GOI wheat sub-Index fell 3% month on month basis, led by slowing export demand and good winter wheat conditions in the US, but contained by limited CIS export availability and quality concerns.
- Increased figures for China and the US boost the forecast for world wheat production to 698 million tonnes, up 7% year on year basis, while total use is anticipated at 692 million tonnes, 3% higher year on year basis.
- The end-season stocks projection is slightly lower than last month, at 181 million tonnes, including a small reduction in the aggregate for the major exporters, but is still up 6m year on year basis.
- World trade is seen at 142 million tonnes, a small year on year increase, boosted by higher demand from China

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
<b>World total</b>	<b>175.58</b>	<b>706.37</b>	<b>699.29</b>	<b>149.52</b>	<b>153.72</b>	<b>178.47</b>	<b>655.93</b>

## CBOT Mar 14 Monthly Future Chart:



CBOT March 14 monthly chart shows the downtrend due to better global supplies and lower import demand for US wheat. We expect prices to trade steady to moderately weak in the month of January, within the range of USD 215-235/MT. 50% retracement will support market at lower level and prices are expected to bounce from this level.



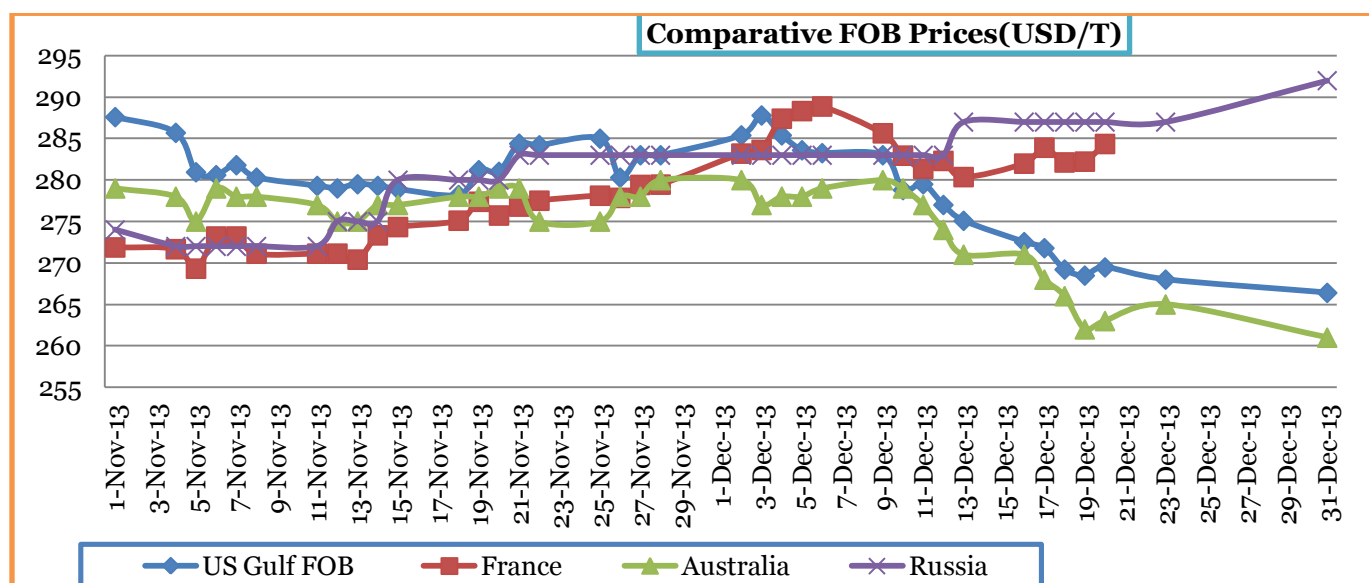
CBOT Mar 2014 contract traded in downtrend due to technical selling and cheap availability of corn.

## CBOT comparison over period of time:

CBOT Futures Prices: Date: 31.12.13 (USD/T)							
CONTRACT MONTH	31 Dec 13	Week ago (26 Dec 2013)	1 Month ago (02 Dec 13)	3 Month ago (02 Oct 13)	6 Month ago (02 July 13)	1 Year ago (02 Jan 12)	% Change over previous year
14-Mar	222.74	222.64	243.13	254.88	251.67	298.79	-25.45
14-May	224.85	225.40	244.87	255.71	255.07	298.70	-24.72
14-Jul	226.59	227.33	243.77	250.47	257.46	292.73	-22.59
14-Sept	230.18	230.91	246.53	252.40	260.30	295.21	-22.03
14-Dec	235.32	235.60	250.20	255.99	263.06	298.42	-21.14
15-Mar	238.35	238.44	252.40	258.74	264.34	296.12	-19.51

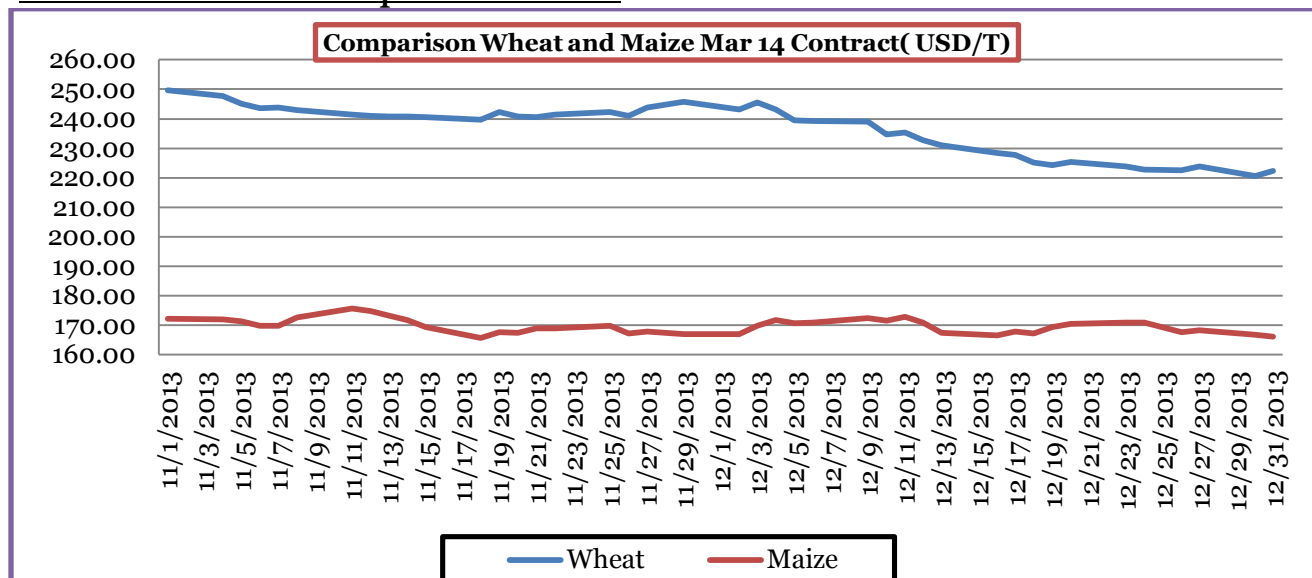
## Comparative Month on Month FOB quotes: (Fig in \$ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	1st October	1st November	1st December	1st January 2014
USA	291.60	292.00	284.50	266.40
France	256.70	271.88	283.20	NA
United Kingdom	251.20	NA	NA	NA
Australia	293.00	282.00	280.00	261.00
Russia	248.00	262.50	283.00	292.00
India	268.64	273.57	287.60	285.18



International FOB has been trading steady to slightly weak due to weak import demand from China and other South East Asian countries for feed wheat due to cheaper corn availability and recent harvest in Australia will also contain prices in International market.

## 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 test lower level and market will rise from those levels owing to fresh buying. However, any uptrend is not expected due to higher availability of wheat in open market.

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