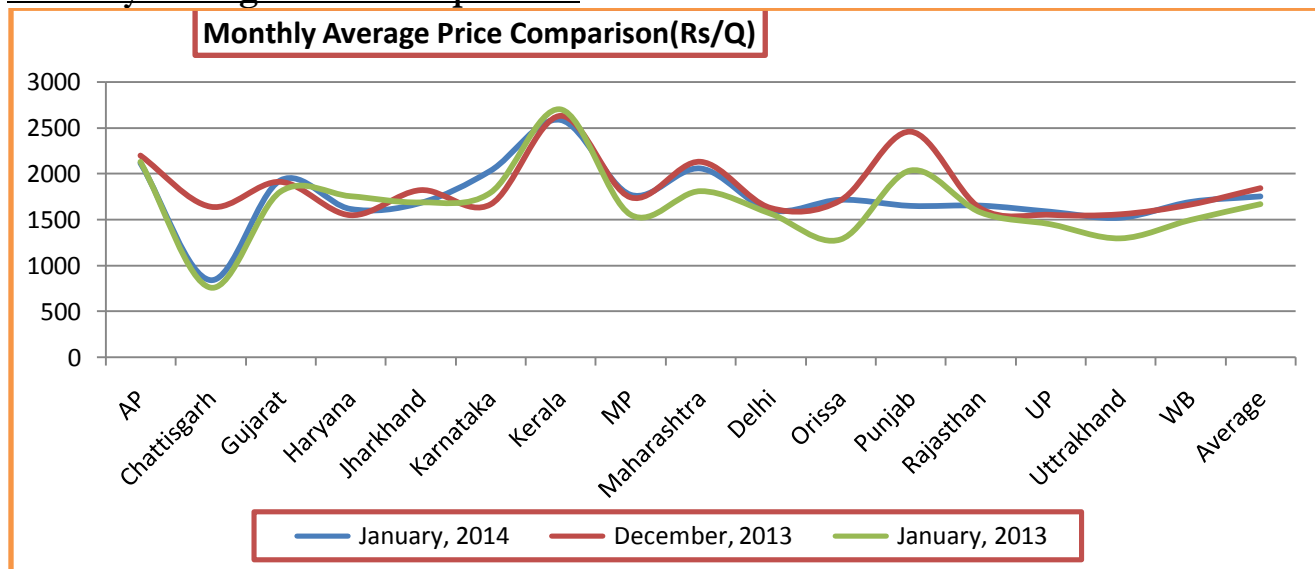


Executive Summary

India is likely to soon allow more wheat exports on the back of record production prospects in 2014. It may swell stockpiles further in global market. Since last fiscal year India has exported almost 4.5 million tonnes of wheat from state warehouses, and state-backed traders are now selling another 2 million tonnes via tenders. Of the 2 million tonnes of wheat currently allowed for exports from government warehouses, state-run traders have already sold almost a million tonnes. Domestic wheat markets traded almost range bound on the back of higher release from central pool stock for flour millers through open market sale schemes and bumper production prospects this year. Export continues through public and private channel. However, private export volume is lower due to lower availability of premium grade in the open market. Wheat stock in central pool registered at 26.94 million tonne as on 16.01.2014. It is lower by almost 3 million tonne than the stock of 29.93 million T on 1st Dec.2013). However, it is quite higher than 10.2 million tonne required on 1st January, 2014 under buffer norm, including strategic reserve of 2.0 million tonne.

Weather condition is favourable for the wheat crop and latest shower of rains(last week of January,2014) would boost yield further. However, yellow rust of wheat has been observed in some parts of Punjab and Haryana. Market participants have started talking about record crop size ranging 95 to 100 million tonnes based on record area coverage around 315 lakh ha. till 24th January,2014 against last year's coverage of around 296 lakh ha.

Monthly Average Price Comparison:



Comparative price trend in various states shows that wheat traded marginally weak in January as compared to December. Prices had traded weak in month of January due to increase in OMSS quantity, higher production expectation for the new crop.

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
Opening Stock			16125	18935	24185	31100		31100		99318.699		78491.397		47745.796
<i>FCI opening stock</i>			16125	15364	19952	24207								
Production			80800	86810	94800	92460		92460		0		0		0
Stock Position														
<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						
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														
<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
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

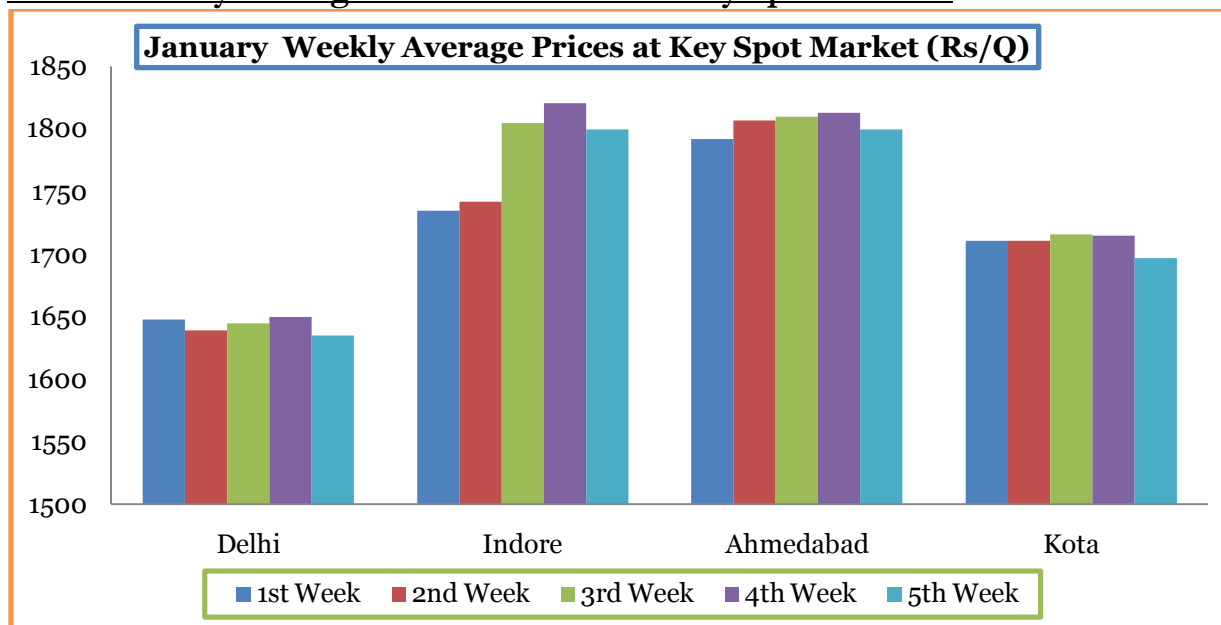
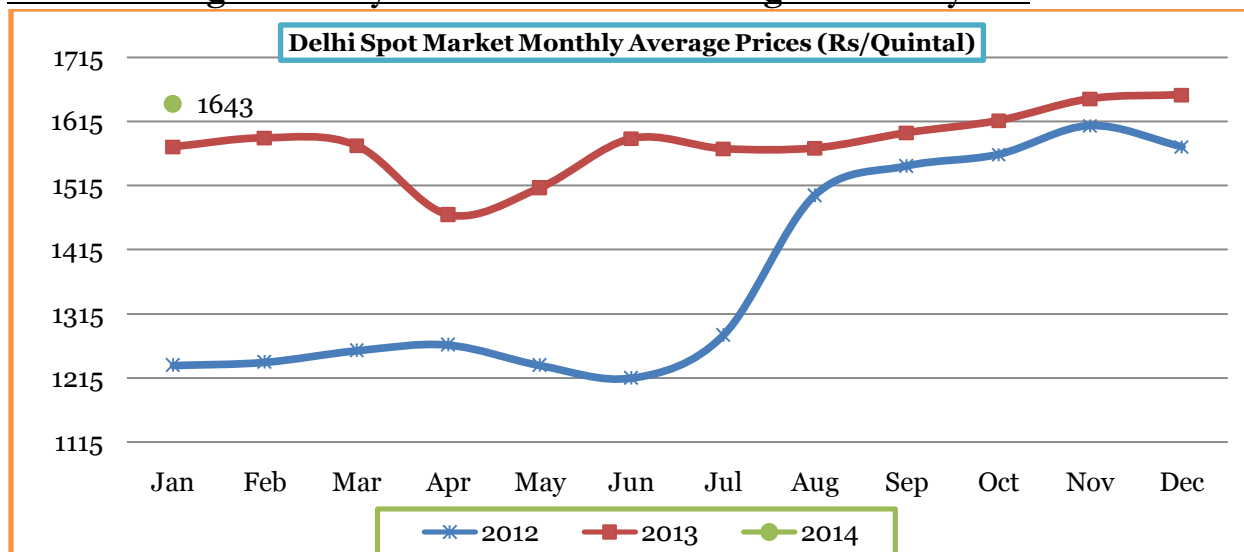
Balance sheet highlights:

- 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.

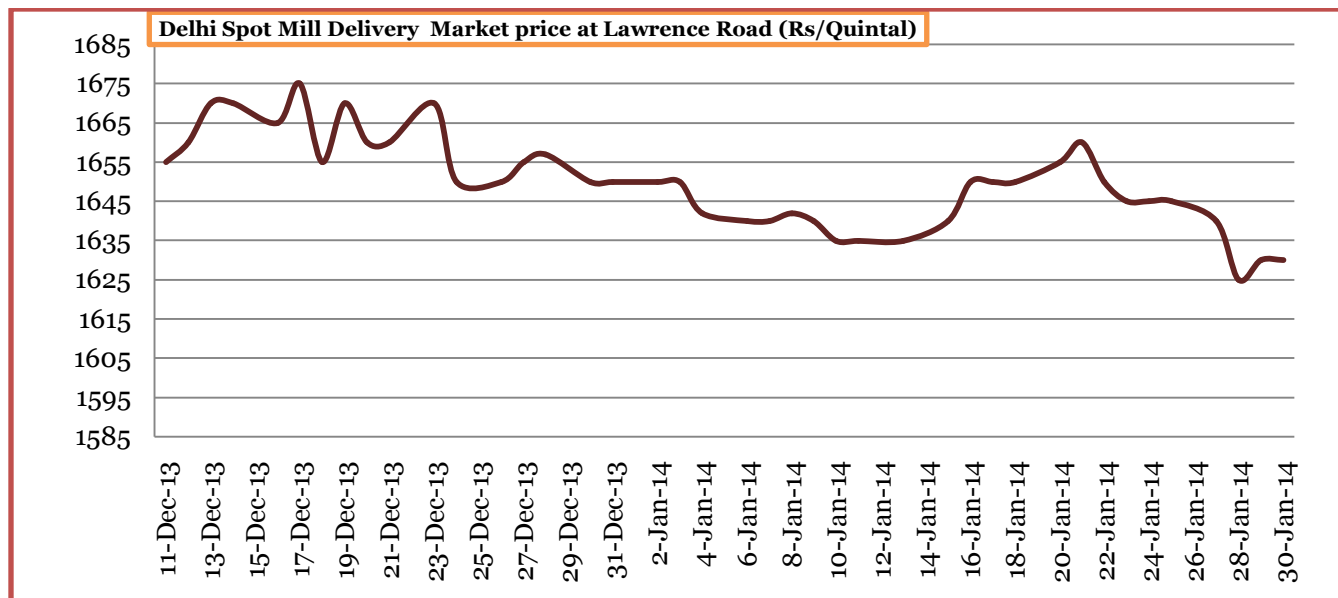
Wheat Production estimate 2012-13 crop:

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	92458.2	94882.1	29646.7	29864.8	3119.0	3177.0

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


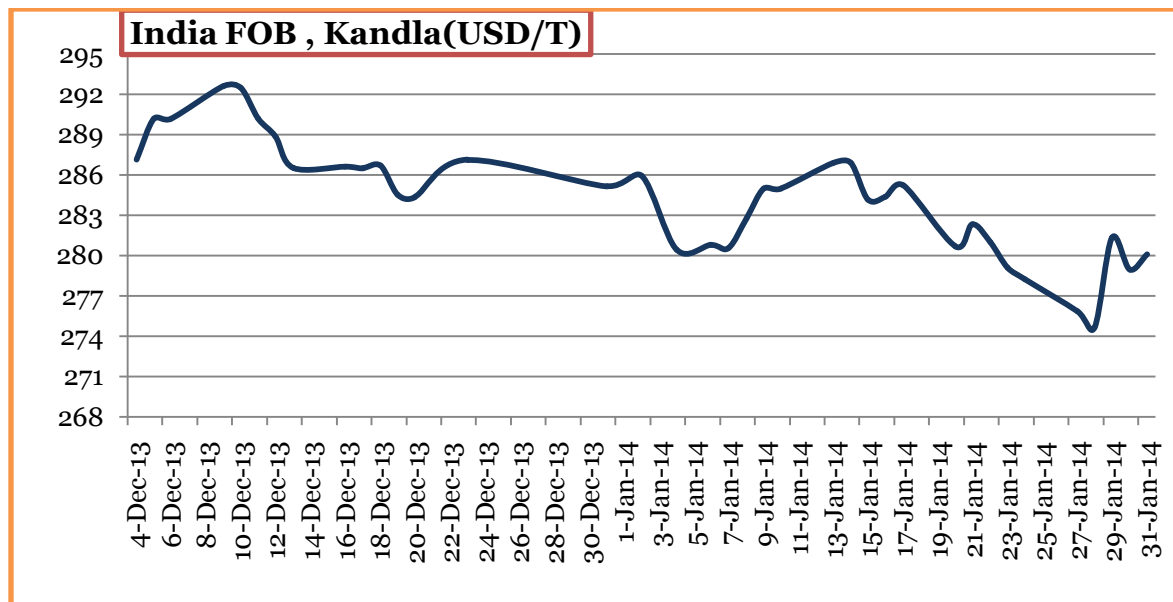
Wheat monthly average prices traded almost steady at benchmark market (Delhi). However prices traded firm as compared to previous year in the same month. In month ahead Prices are expected to trade slightly weak due to no export parity for private traders, better production expectation.



Wheat Exports from India

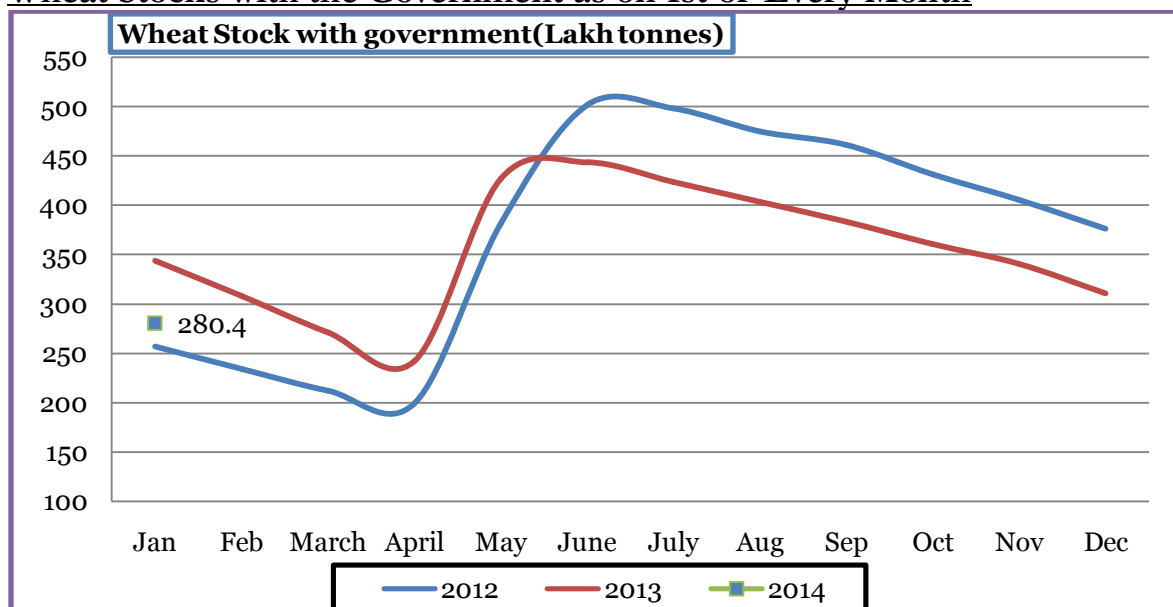
	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.38	232.12	237.46
Apr 12 - Mar 13	64.96	298.18	286.71
Apr-13	8.32	303.06	256.85
May-13	8.66	309.11	258.13
Jun-13	8.24	291.51	252.70
Jul-13	4.46	282.82	243.62
Aug-13	3.18	265.67	240.16
Sep-13	1.79	267.21	240.05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

(Source: DGCIS, *Provisional data from IBIS)

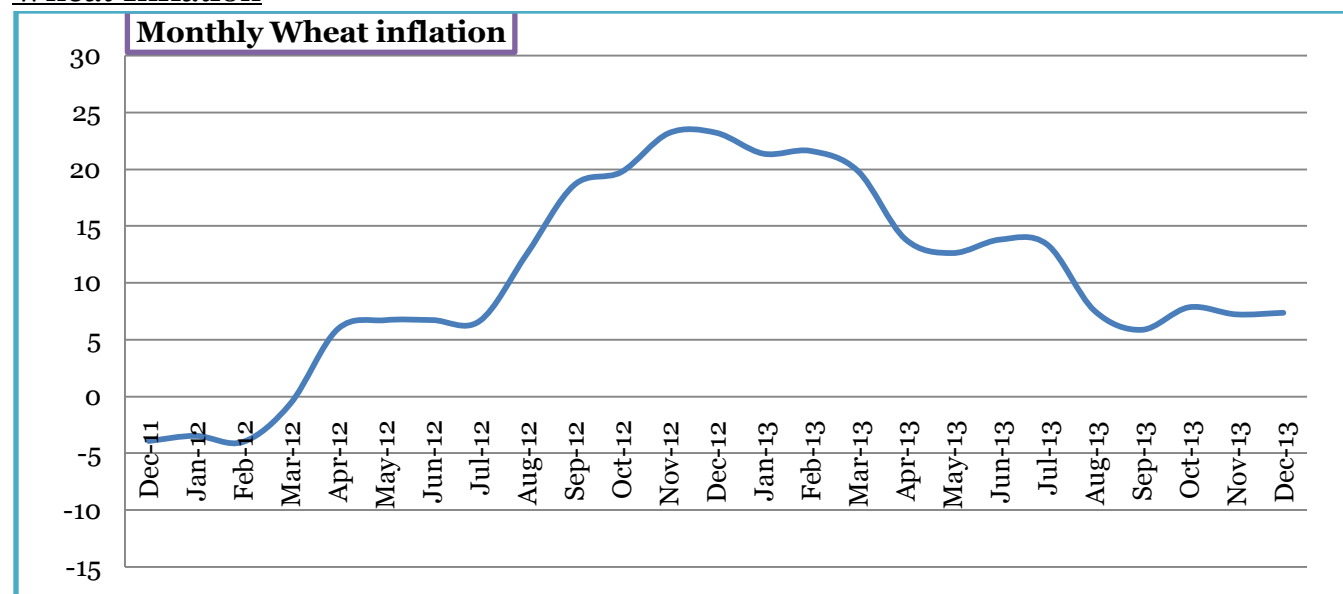


Indian wheat FOB traded range bound in December owing to no export parity for private traders. Recent wheat harvesting in Australia has made Indian wheat uncompetitive in South East Asian market.

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



Wheat Inflation

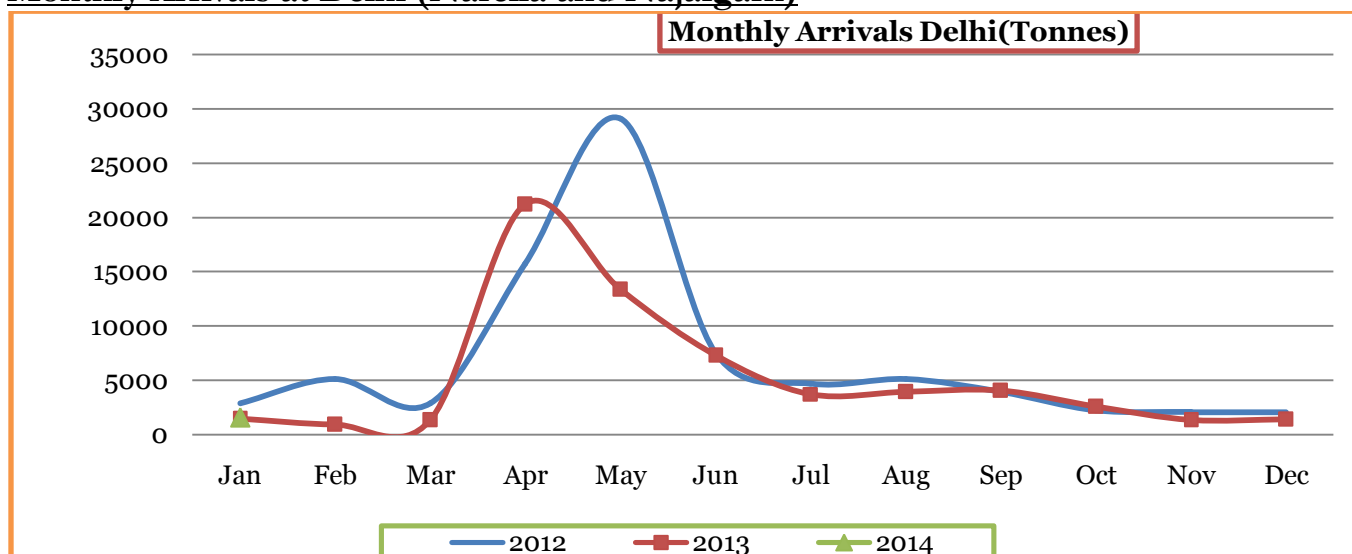


Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
January 2013	1577.00	1593.15	1615.66	1587.50	1896.45
February 2013	1589.58	1607.61	1614.47	1570.00	1865.78
March 2013	1578.12	1525.80	1504.47	1492.85	1816.05
April 2013	1469.80	1503.33	1515.62	1460.83	1776.25
May 2013	1512.77	1584.60	1611.91	1521.11	1866.95
June 2013	1589.20	1606.66	1606.73	1565.20	1896.30
July 2013	1572.96	1603.84	1597.96	1549.03	1843.34
August 2013	1573.78	1619.72	1584.35	1550.62	1855.29
September 2013	1597.60	1645.71	1588.88	1566.73	1846.66
October 2013	1616.79	1698.00	1620.04	1572.94	1883.09
November 2013	1651.04	1698.75	1634.16	1631.17	2008.05
December 2013	1657.47	1674.56	1610.73	1609.31	2035.00
January 2014	1642.56	1693.26	1617.61	1650.40	1957.61

The Inflation of wheat has increased to 7.40% in the month of December as compare to 7.26% in the month of November. WPI has increased to 220.5 in December as compare to 217.1 in the month of November.

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			31/01/2014	30/12/2013	
Delhi					
	Lawrence Road	Mill Delivery	1640	1650	-10
	Nazafgarh	Mill Quality Loose	1600	1615	-15
	Narella	Mill Quality Loose	1625	1560	65
Gujarat	Rajkot	Mill Delivery	1625	1620	5
	Ahmedabad	Mill Delivery	1800	1780	20
	Surat	Mill Delivery	1815	1800	15
M.P.	Bhopal	Lokwan	1900	1900	0
	Indore	Mill Delivery	1800	1750	50
Rajasthan	Kota	Mill Quality	1600	1625	-25
	Kota	Mill Delivery	1711	1731	-20
U.P.	Kanpur	Mill Delivery	1700	1660	40
	Mathura	Mill Quality Loose	1630	1550	80
	Kosi	Mill Delivery	1680	1750	-70
Punjab	Khanna	Mill Quality Loose	1625	1550	75
	Jagraon	Mill Delivery	1640	1510	130
Haryana	Sirsa	Mill Quality loose	1565	1540	25
	Hodal	Mill Delivery	1645	1660	-15
Tamil Nadu	Chennai	Mill Quality	1985	2035	-50
	Madurai	Mill Quality	2042	2092	-50
	Coimbatore	Mill Quality	2042	2092	-50

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.

SWOT Analysis of Wheat Strength

- Higher Stock.
- Bumper production prospects.
- Competitive quotes from other major rivals like Russia, Australia and USA.
- Better quality of Rajasthan and MP wheat.

Weakness

- Unstable dollar.
- Weak Infrastructure.
- Weather dependent crop.

Opportunity

- Competency of Indian wheat compare to Russia, Ukraine and Australia.
- Higher demand for premium grade like Lokwan,sharbati and tukda.
- Opportunity of Export from major importers like Bangladesh,Indonesia,Malaysia and west African countries for next 2-3 months

Threat

- Effect of harvesting of Russian and USA crop.
- Possibility of Production loss due to Weather impact till March.
- Unstable INR.
- Aggressive selling strategy by major exporter like Australia and USA.

International Market Dynamics:

Global wheat markets traded weak in January 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 707 million tonnes as compared to 698 million tonnes in previous month estimate as crop prospects has improved in china. Trade is expected to increase by 7 million tonne over year and Consumptions is expected to fall by 1 million tonnes to 691 million tonnes over previous forecast. Carryover stocks are expected to increase to 188 million tonnes from 173 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	
					29.11.2013	30.01.2014
Production	679	653	695	655	698	707
Trade	128	126	145	140	142	147
Consumptions	652	657	696	674	692	691
Carryover stocks	199	194	193	173	181	188
Y-O-Y change	27	-4	-1	-19	6	16
Major Exporters		73	69	48	51	56

IGC Balance Sheet Highlight

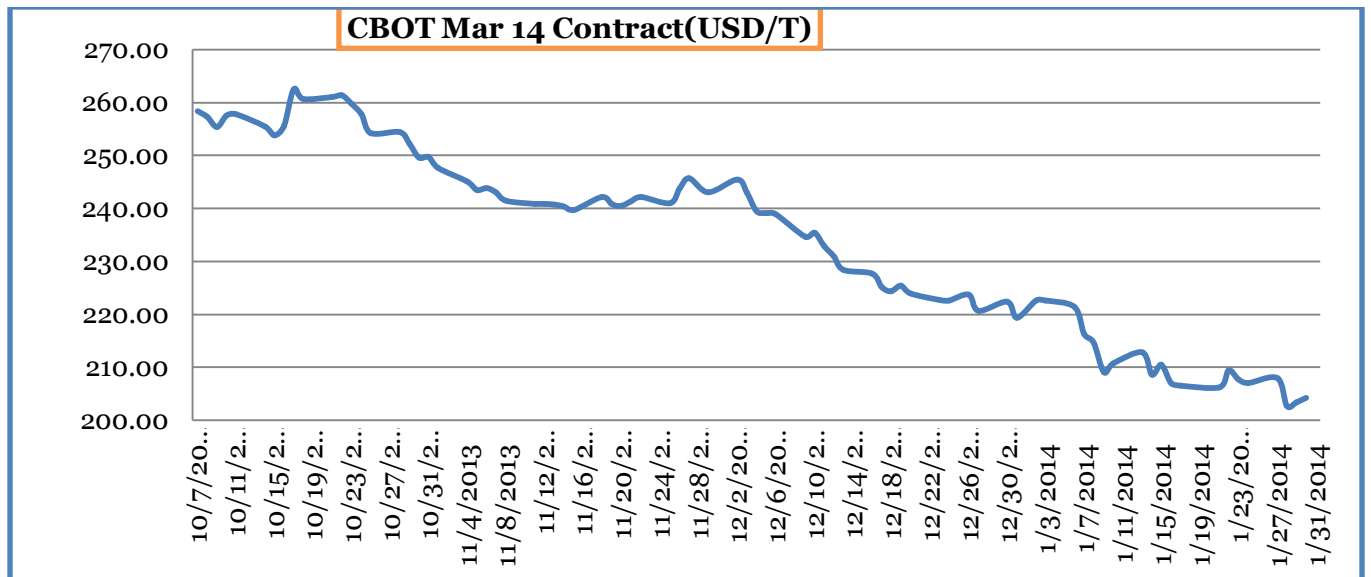
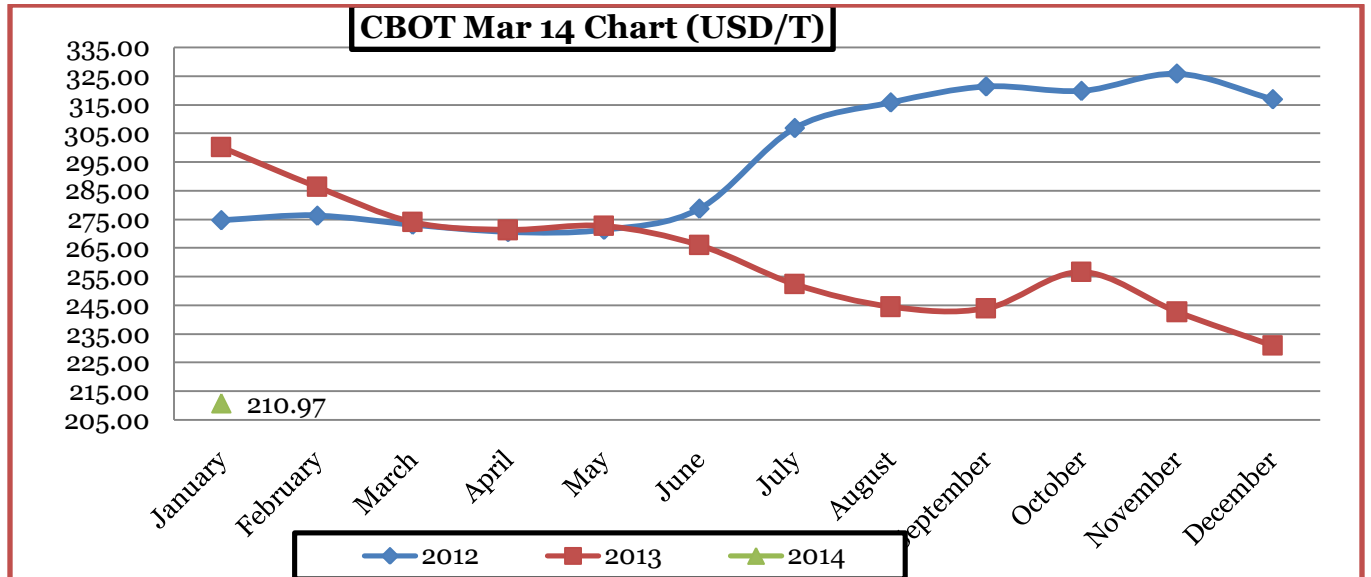
- The IGC GOI wheat sub-Index is down by 8% since the end of November, pressured by heavy global supplies.
- The forecast for 2013/14 world wheat production has been revised up by 9m t to a record 707m; consumption is placed 1m lower, but at 691m would be up 3% y/y.
- The global carryover figure is raised by 7m t, to 188m, with larger projections for the major exporters and India, and trade is now forecast to reach a record 147m.
- In 2014/15, the total wheat harvested area is forecast to increase by 2%, but production is tentatively expected to fall by 1% y/y to 697m t, on a return to average yields

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	19.54	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
World total	175.58	706.37	699.29	149.52	153.72	178.47	655.93

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 February, within the range of USD 202-227/MT.



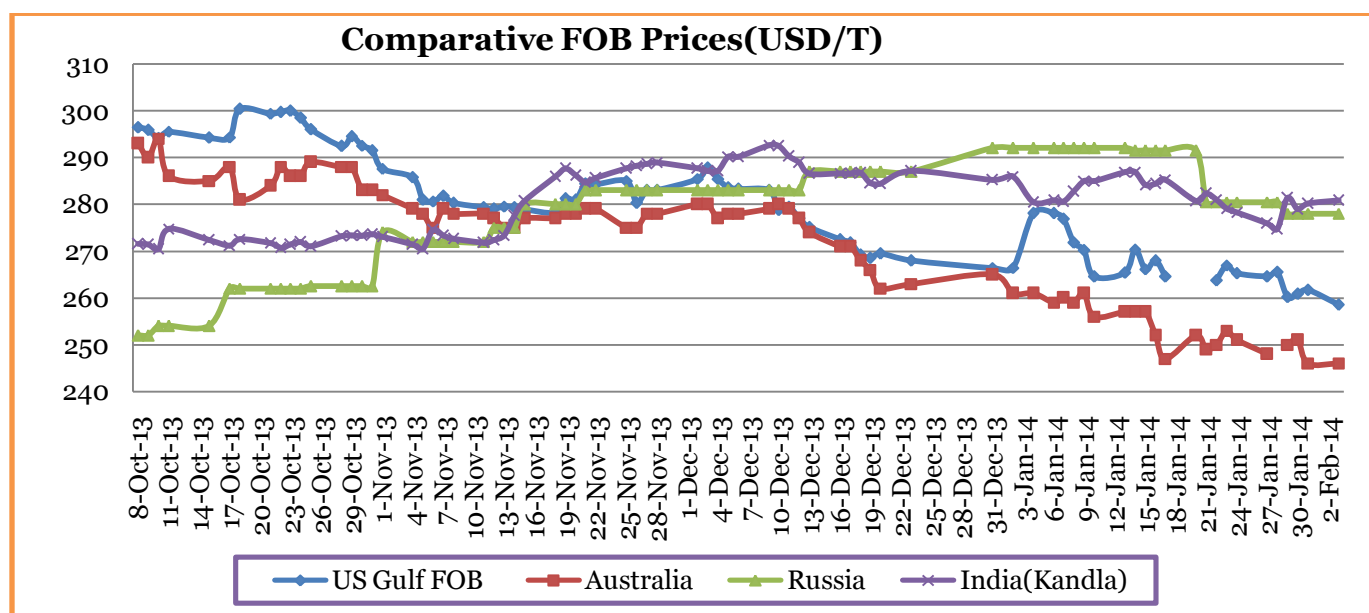
CBOT Mar 2014 contract traded in downtrend due to technical selling and cheap availability of corn.

CBOT comparison over period of time:

CBOT Futures Prices: Date: 31.01.14 (USD/T)							
CONTRACT MONTH	31 Jan 14	Week ago (24 Jan 2013)	1 Month ago(30 Dec 13)	3 Month ago(29 Oct 13)	6 Month ago(29 July 13)	1 Year ago(29 Jan 13)	% Change over previous year
14-Mar	204.18	207.67	220.62	254.42	247.35	302.74	-32.55
14-May	205.10	209.97	223.20	256.08	249.56	302.74	-32.25
14-Jul	206.30	211.99	225.12	253.32	248.27	296.77	-30.49
14-Sept	209.42	215.11	228.61	256.08	250.93	299.16	-30.00
14-Dec	214.10	219.98	233.67	259.94	253.78	303.29	-29.41
15-Mar	217.78	223.84	236.61	261.96	256.54	305.13	-28.63

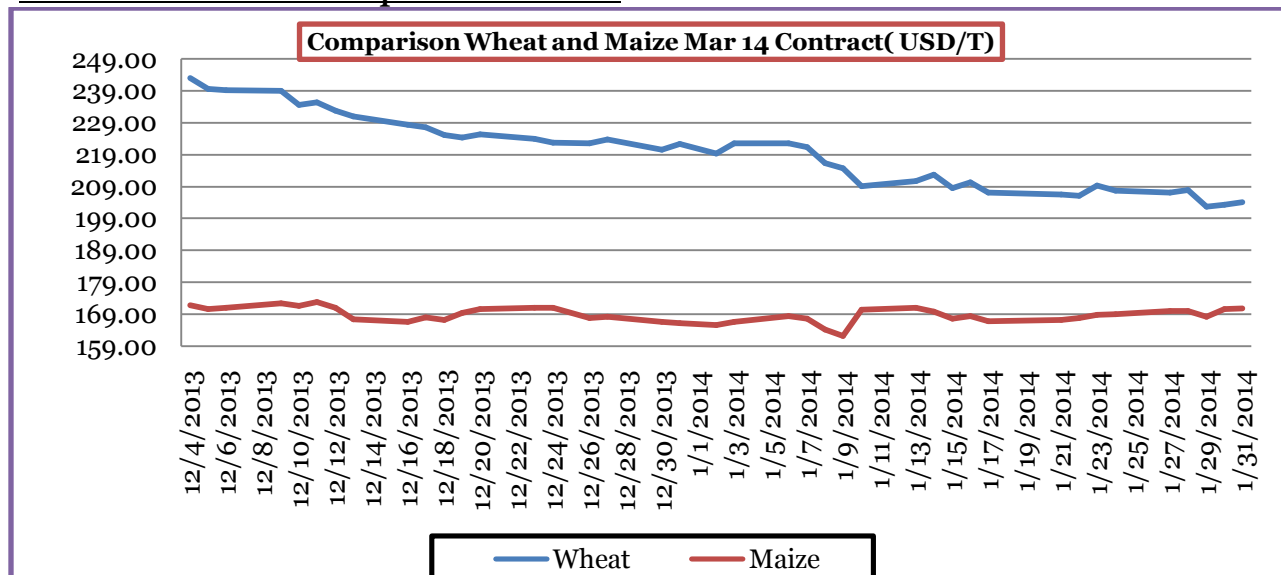
Comparative Month on Month FOB quotes: (Fig in \$ /MT)

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 CBOT future and spot markets shows rebound from current level due to interest buying at current level , however it will likely to move again downward in medium and long term due to higher production estimates from various global producers as per by USDA .

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