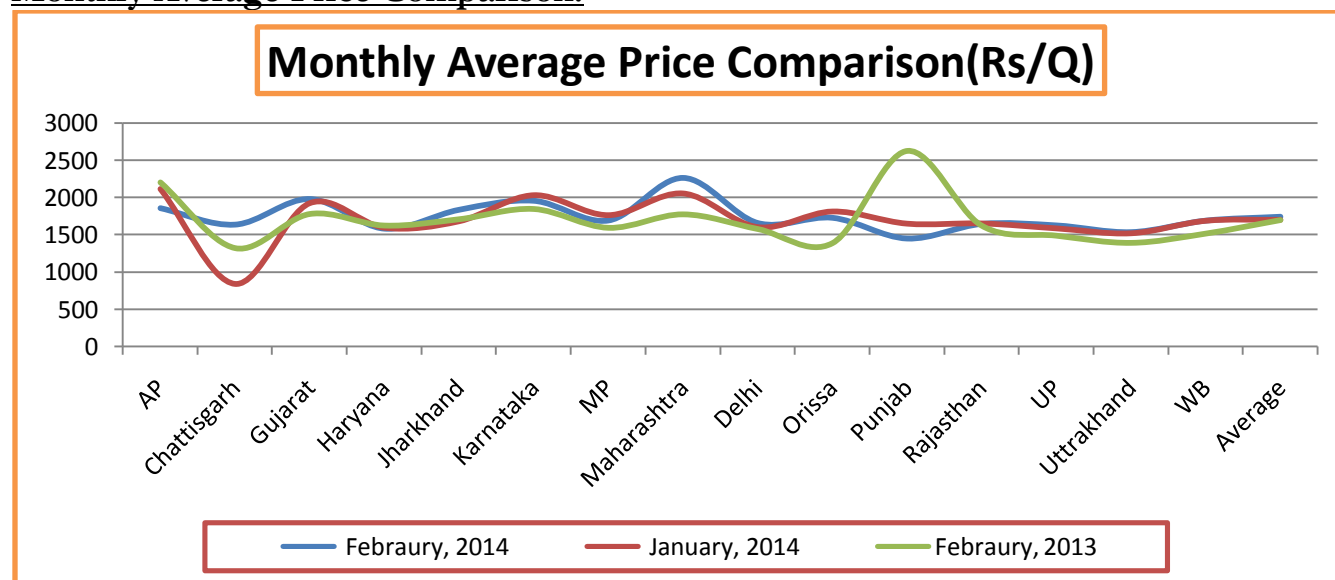


Executive Summary

Wheat markets traded flat to slightly weak during the first three weeks of February on the back of record production prospects, supported by higher area (31.55 Mln. Ha) and congenial weather throughout the season except last week of February. Heavy rain falls, hails storm and swift wind flattened the standing wheat crop in parts of Rajasthan and Madhya Pradesh and preliminary feedback from both the states hint considerable loss around (50 percent) in 600 to 650 villages. However, overall crop loss in these states would not be more than 4 to 5 percent. Weather condition has improved and opening of weather and good sunshine throughout the producing states would help timely maturity of the standing crop. Indian FoB quotes has declined month on month basis from \$281.84 per metric tonne in January to \$277.70 per metric tonne in February, 2014. Major export quotes hovered in the range of \$270 to \$275 per metric tonne. With decreasing FoB quotes export quantity has increased from 0.51 million metric tonne in January to 0.67 million metric tonne in February. In the month of March export quantity may decrease slightly as private trade would like to wait for the new crop.

The highest bid received for wheat export of 35,000 MT from Krishnapatnam port registered at \$ 274.90 per tonne on 24th February, 2014. The Glencore was the second highest bidder for the 40,000 metric tonne from Mundra port with bidding at \$271.3 per metric tonne. Previous bid opened on 14.02.2014 and only one bidder, Emssons Gulf DMCC was allowed to export 45,000 tonne from Kandla port. The company had offered \$270.50 per metric tonne. Other bids were rejected due to lower quotes below \$270 per metric tonne. Next tenders are likely to be floated on 15th March, 2014. The quantity involved is 1,40,000 metric tonne from Kakinada (80,000 metric tonne and 60,000 metric tonne from Kandla. The government is planning to allocate more wheat out of two million metric tonne if bidders quote higher than \$280 per metric tonne.

Monthly Average Price Comparison:



Comparative price trend in various states shows that wheat traded marginally weak in January as compared to February. Prices had traded weak in month of February 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:

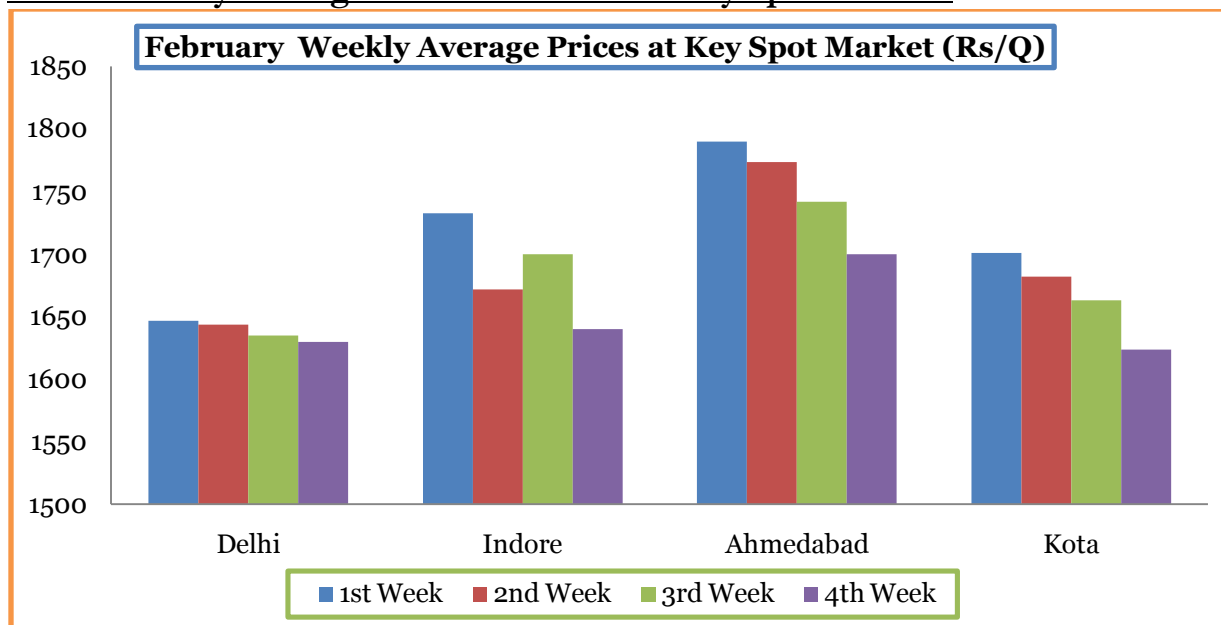
- Despite slightly lower production than expectation in 2012-13 the supply side is expected to remain comfortable and export will continue further provided parity remains favourable. We expect carry out to remain at 27.78 million tonnes including private trade stock and farmers combined stock of 5-6 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:

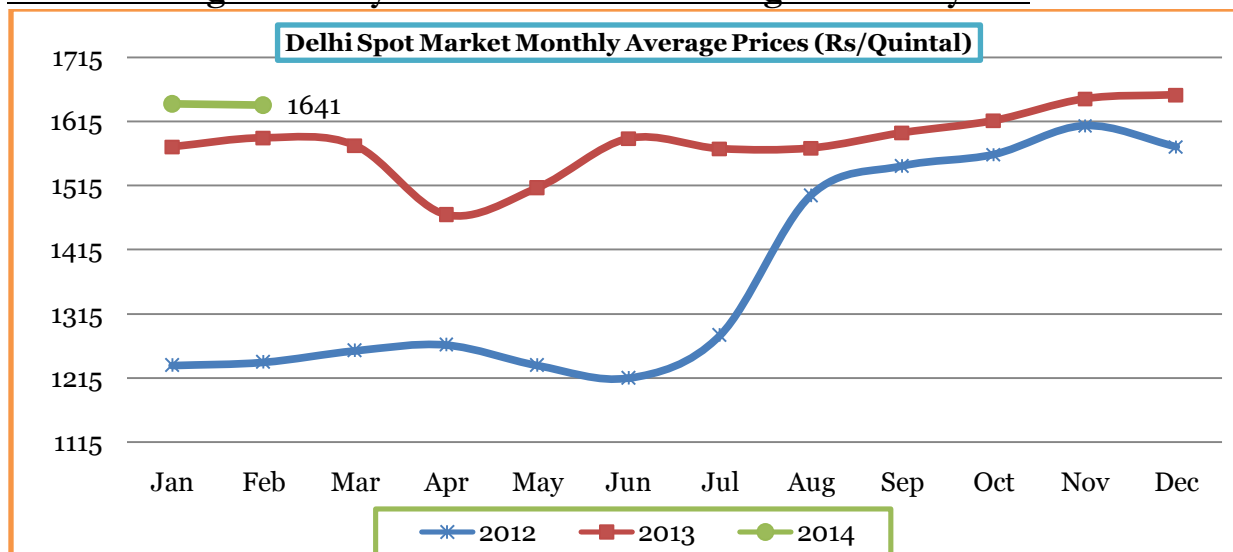
State	Production('000 Tonnes)		Area('000 Hectares)		Yield('Kg/Hectare)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
	4th Advance Estimate	Final Estimate	4th Advance Estimate	Final Estimate	4th Advance Estimate	Final Estimate
Andhra Pradesh	7	11	8	8	875	1375
Assam	57	60.3	48	52.6	1188	1147
Bihar	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.

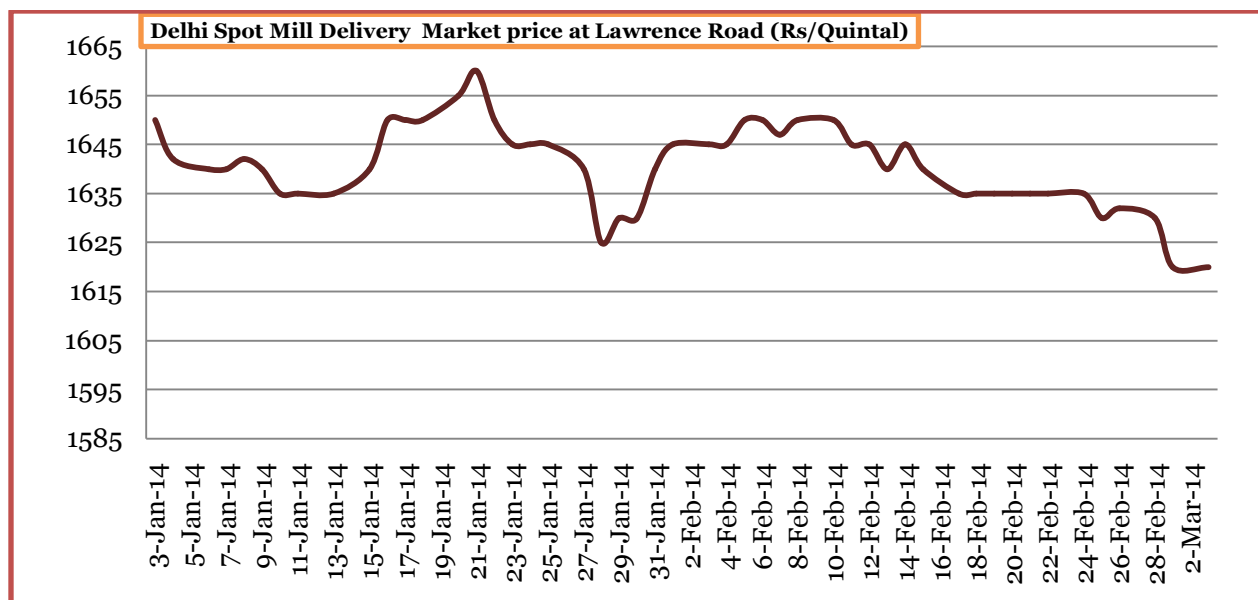
Wheat Weekly Average Price Movement at key Spot Market:



Wheat Average Monthly Prices movement during last three years



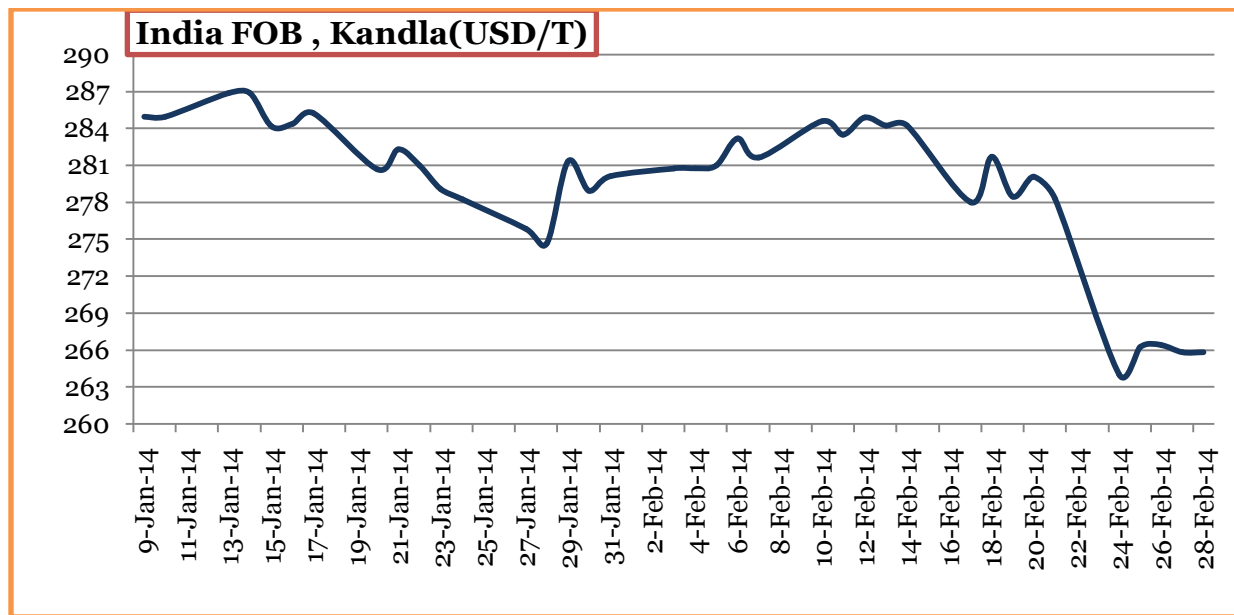
Wheat monthly average prices traded almost steady at benchmark market (Delhi). However prices traded firm as compared to previous year in the same month. In month ahead Prices are expected to trade steady to slightly weak due to better production expectation.



Wheat Exports from India

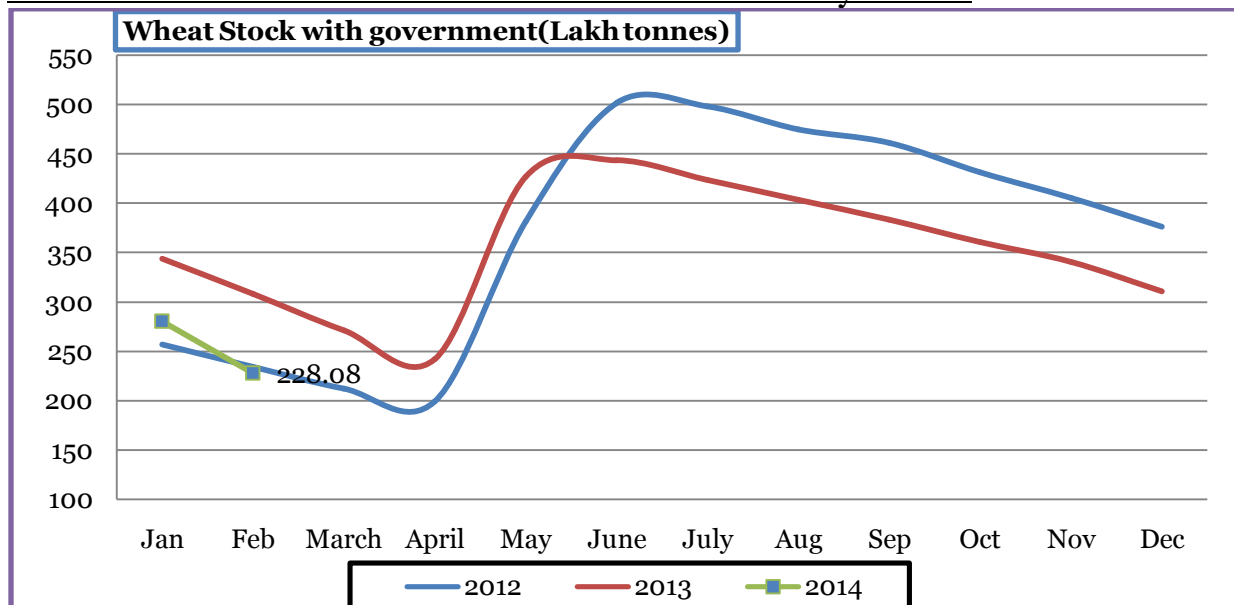
	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.38	232.12	237.46
Apr 12 - Mar 13	64.96	298.18	286.71
Apr-13	8.32	303.06	256.85
May-13	8.66	309.11	258.13
Jun-13	8.24	291.51	252.70
Jul-13	4.46	282.82	243.62
Aug-13	3.18	265.67	240.16
Sep-13	1.79	267.21	240.05
Oct-13	0.57	271.7	253.25
Nov-13	0.65	279.27	242.74
Dec-13	3.83	287.89	230.98
Jan-14	5.01	281.84	212.17
Feb-14	6.75	277.70	218.93
Mar-14			
Total 13-14	51.46	283.43	240.87

(Source: DGCIS, *Provisional data from IBIS)

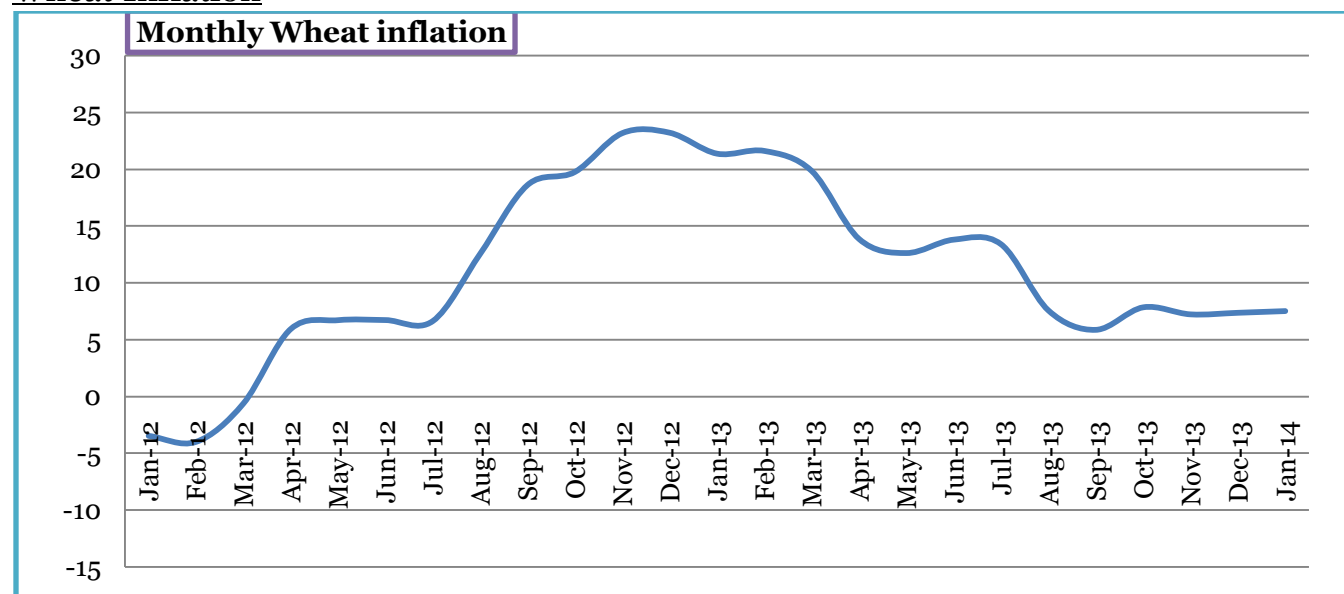


Indian wheat FOB traded weak in February owing to better crop expectation. Recent wheat harvesting in Australia has made Indian wheat uncompetitive in South East Asian market.

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



Wheat Inflation

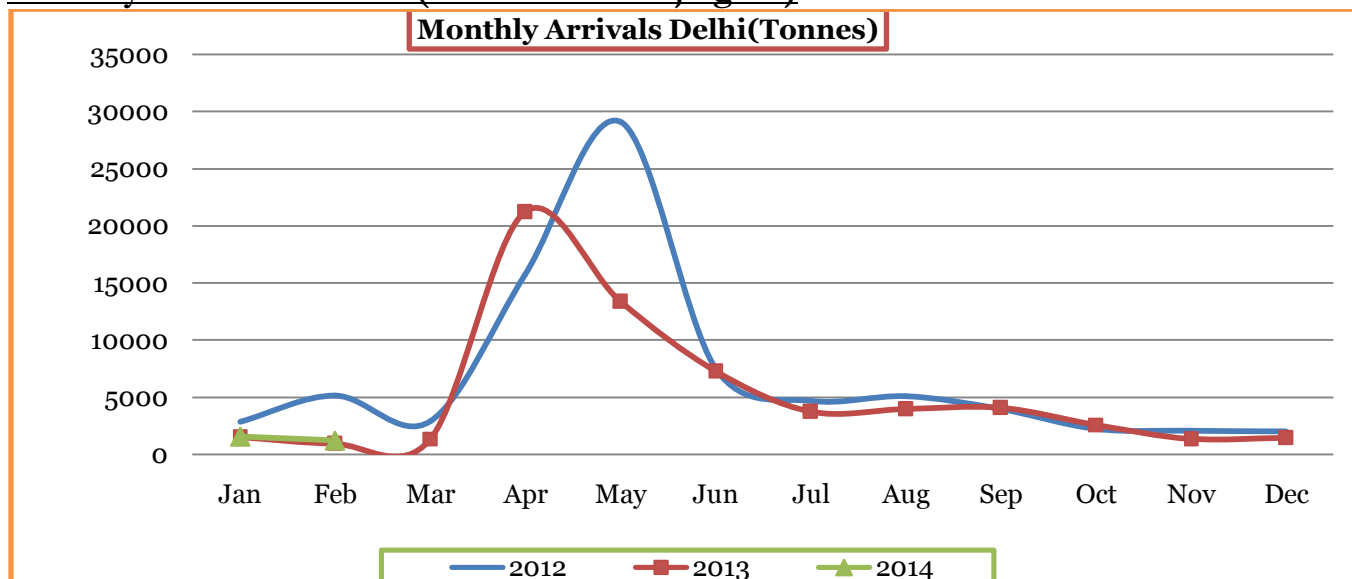


Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
February 2013	1589.58	1607.61	1614.47	1570.00	1865.78
March 2013	1578.12	1525.80	1504.47	1492.85	1816.05
April 2013	1469.80	1503.33	1515.62	1460.83	1776.25
May 2013	1512.77	1584.60	1611.91	1521.11	1866.95
June 2013	1589.20	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
February 2014	1640.60	1692.82	1673.08	1584.47	1980.00

The Inflation of wheat has increased to 7.55% in the month of January as compare to 7.40% in the month of December. WPI has increased to 220.9 in January as compare to 220.5 in the month of December.

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			28/02/2014	31/01/2014	
Delhi					
	Lawrence Road	Mill Delivery	1630	1640	-10
	Nazafgarh	Mill Quality Loose	1615	1600	15
	Narella	Mill Quality Loose	1565	1625	-60
Gujarat	Rajkot	Mill Delivery	1600	1625	-25
	Ahmedabad	Mill Delivery	1700	1800	-100
	Surat	Mill Delivery	1720	1815	-95
M.P.	Bhopal	Lokwan	1675	1900	-225
	Indore	Mill Delivery	1625	1800	-175
Rajasthan	Kota	Mill Quality	1525	1600	-75
	Kota	Mill Delivery	1611	1711	-100
U.P.	Kanpur	Mill Delivery	1700	1700	0
	Mathura	Mill Quality Loose	1625	1630	-5
	Kosi	Mill Delivery	1570	1680	-110
Punjab	Khanna	Mill Quality Loose	1620	1625	-5
	Jagraon	Mill Delivery	1640	1640	0
Haryana	Sirsa	Mill Quality loose	1590	1565	25
	Hodal	Mill Delivery	1645	1645	0
Tamil Nadu	Chennai	Mill Quality	2000	1985	15
	Madurai	Mill Quality	2057	2042	15
	Coimbatore	Mill Quality	2057	2042	15

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.

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 February 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 708 million tonnes as compared to 707 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 steady to 691 million tonnes over previous forecast. Carryover stocks are expected to increase to 190 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	
					30.01.2014	27.02.2014
Production	679	653	695	655	707	708
Trade	128	126	145	140	147	146
Consumptions	652	657	696	674	691	691
Carryover stocks	199	194	193	173	188	190
Y-O-Y change	27	-4	-1	-19	16	17
Major Exporters		73	69	48	56	56

IGC Balance Sheet Highlight

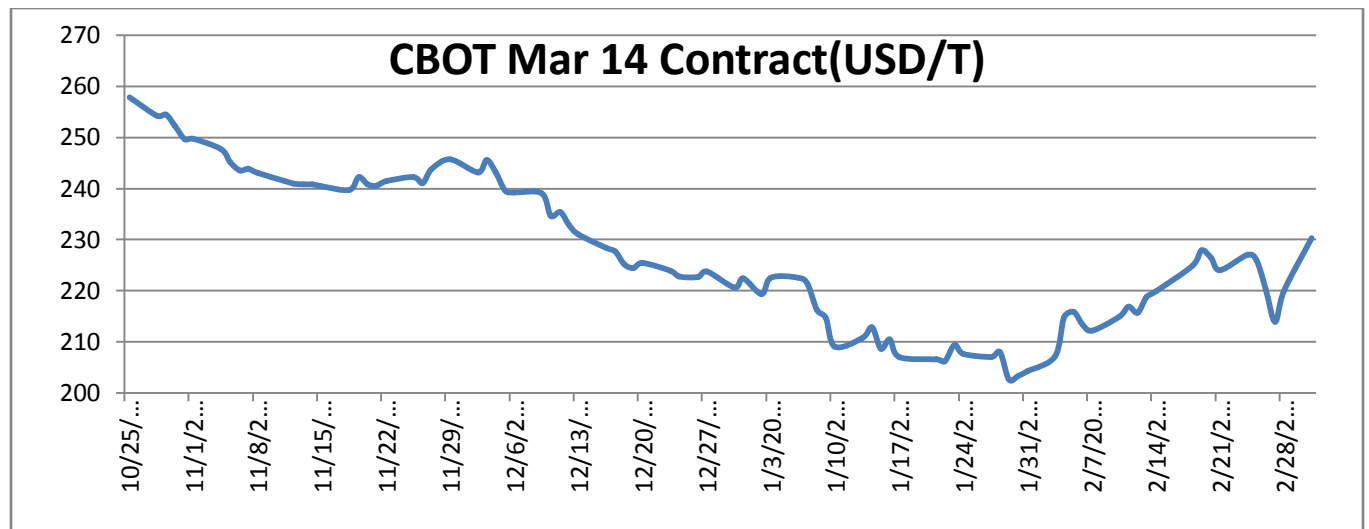
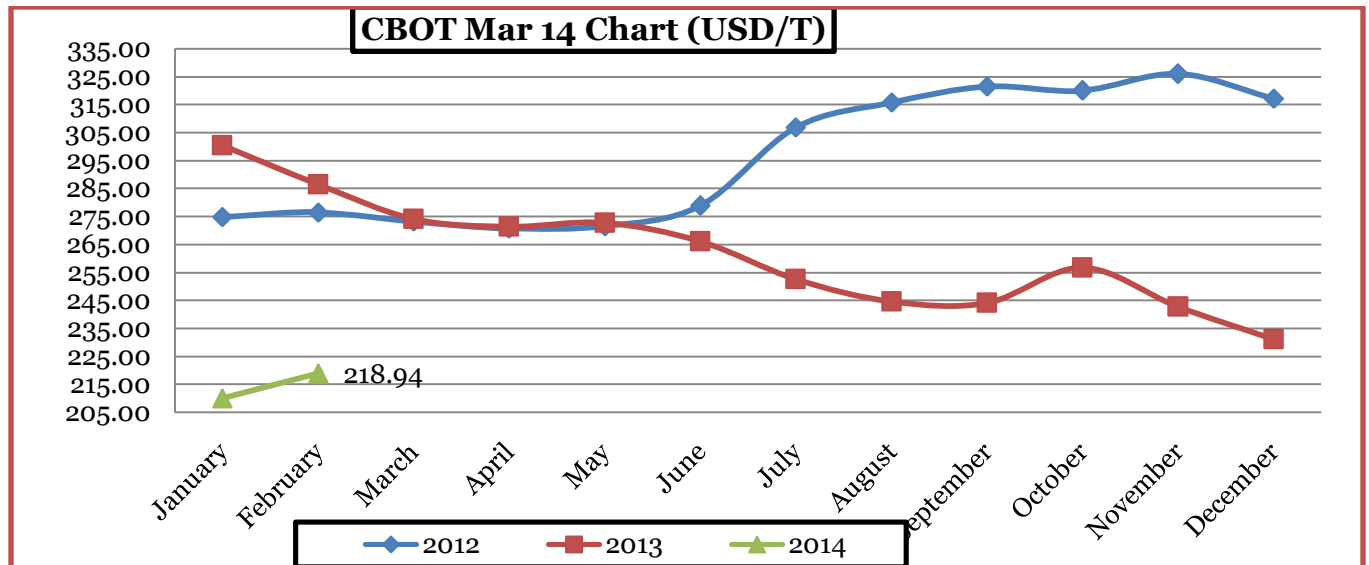
- The IGC GOI wheat sub-Index is up 2% m/m, as logistical issues and US weather concerns have outweighed ample nearby supplies and generally favourable crop prospects.
- While the global wheat area is expected to rise in 2014/15, production is likely to fall by 2% y/y on a return to more normal yields from the previous season's exceptional results.
- Large opening stocks will boost total supplies in 2014/15, but consumption is expected to absorb output, leaving carryover stocks at the end of the year almost unchanged.
- Trade is likely to fall slightly from last year's high, assuming that the quality of China's domestic crop is restored.

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 uptrend due to export demand for US wheat. We expect prices to trade steady to moderately weak in the month of March, within the range of USD 202-236/MT.



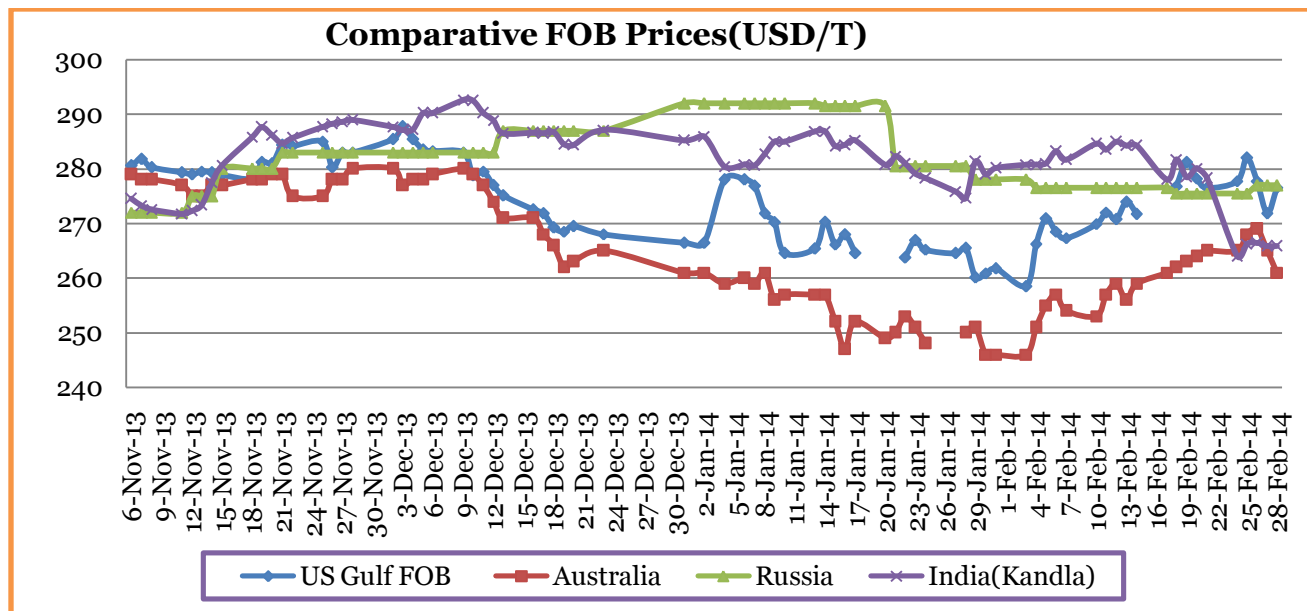
CBOT Mar 2014 contract traded in uptrend due to good export demand of US wheat.

CBOT comparison over period of time:

CBOT Futures Prices: Date: 28.02.14 (USD/T)							
CONTRACT MONTH	28 Feb 14	Week ago (24 Feb 2014)	1 Month ago (03 Feb 13)	3 Month ago (02 Dec 13)	6 Month ago (03 Sept 13)	1 Year ago (01 Mar 13)	% Change over previous year
14-Mar	220.07	226.96	207.12	243.13	242.02	277.39	-20.66
14-May	221.27	226.69	207.86	244.87	244.69	277.48	-20.26
14-Jul	223.47	228.16	208.96	243.77	242.58	275.37	-18.85
14-Sept	226.50	231.19	211.99	246.53	245.42	277.57	-18.40
14-Dec	231.09	235.87	216.67	250.20	250.20	281.06	-17.78
15-Mar	234.68	240.19	220.44	252.40	252.95	283.36	-17.18

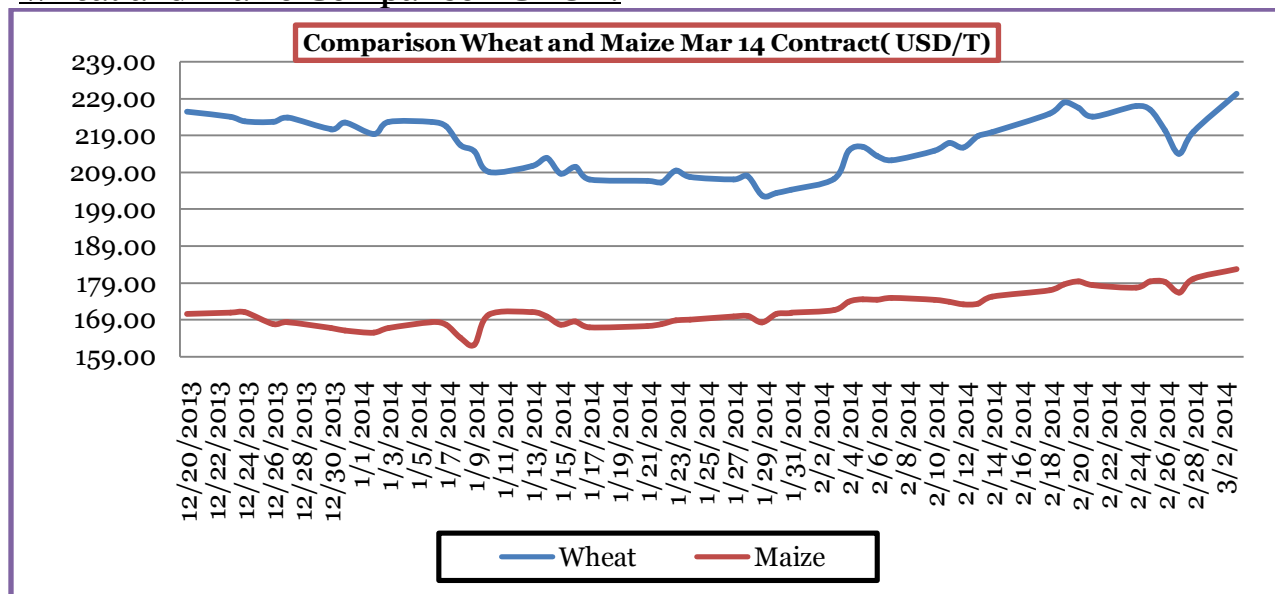
Comparative Month on Month FOB quotes: (Fig in \$ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	1 st November	1 st December	1 st January 2014	3 rd February 2014
USA	292.00	284.50	266.40	258.50
France	271.88	283.20	NA	258.98
United Kingdom	NA	NA	NA	NA
Australia	282.00	280.00	261.00	246.00
Russia	262.50	283.00	292.00	278.00
India	273.57	287.60	285.18	280.79



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 decrease feed wheat demand globally.

International Outlook: International CBOT future and spot markets shows upward movement due to export demand of US wheat , 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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