

Executive Summary

As of now Wheat sown area has slightly increased by 2% in comparison to last year till date .As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 161.57 lakh hectares against corresponding period of 2013-14(159.11 lakh hectares).However wheat area in Gujarat, MP and Punjab is lagging behind from the last year.

Early sown wheat crop in Punjab Haryana UP Rajasthan and Gujarat is under tile ring stage and germination is set to be over of the sown seed. In some area farmers are thinking of second irrigation as crop has entered into sprouting stage. Crop in these states are rated good to excellent condition.

As per farmer's feedback, paddy harvesting in Eastern Uttar Pradesh is under process and likely to end up by December end, Wheat sowing is too on its full swing and expected to complete by first week of January. As per data received from Agriculture Ministry, approx 60-65% area is covered for wheat sowing in Uttar Pradesh and acreage under wheat in 2014-15 is up by around 21% from same period last year of area.

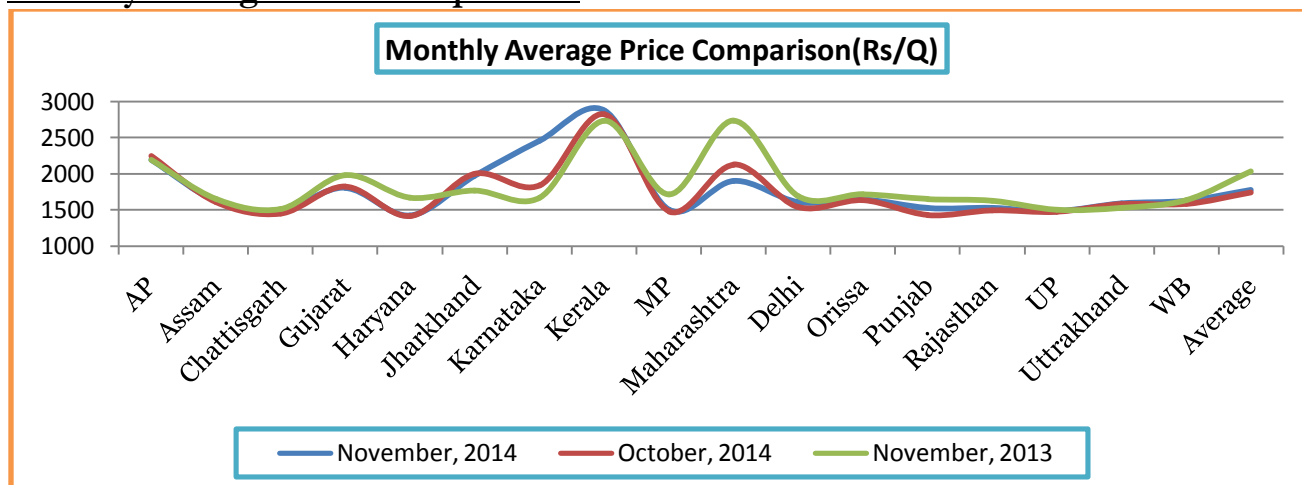
Sowing of wheat in Rajkot region of Gujarat is almost 20% completed .There is a general view of farmers and trade community that wheat area in Gujarat would decrease by 2-3 percent due to shifting intention of farmers from wheat to dhaniya or zeera due to lack of water availability and less rain.

Supply side in domestic market is enough to tackle lean seasonal demand continues supply from central government through OMSS and negligible demand for export remains restrictive for any uptrend in December. Wheat market is likely to trade in the range of Rs 1560 to Rs 1600 per quintal. Ample supply through PDS has eased demand pressure from country side and it would not allow market to rise unexpectedly.

According to IBIS (provisional data), export of wheat in the month of November was 0.22 Lakh tones which is around 66% less than last year at the same month, which was 0.65 Lakh tones in 2013.The reason behind the lower export is attributed to disparity from other exporting countries like U.S.A., Russia and Ukraine.

Wheat stock in govt.'s granary on 01st November was recorded at 30.13 million tonne against 32.26 million tonne on 1st October, 2014. India needs 8.2 million tonne wheat as buffer stock and 3 million tonne as strategic reserve as on 1st January, 2014.Actual holding with govt. is at comfortable stage and supply side would be ample throughout the season.

Monthly Average Price Comparison:



State wise average monthly wheat prices moved firm with October price. Average price in November has increased from the month of October. However, average prices in Gujarat, Maharashtra and U.P. have been ruling lower. The reason behind increase in average price is due to the lean season and less arrival.

State wise-Area Coverage under Wheat on 28-11- 2014

Si.No	State	Normal Area	Average Area as on Date	Area Shown reported	
				This Year	Last Year
1	Assam	0.48	0.04	0	0.04
2	Bihar	21.61	1.92	3.88	3.38
3	Chhattisgarh	1.04	0.2	0.17	0.48
4	Gujarat	11.24	3.36	3.02	4.63
5	Haryana	24.98	18.63	20.19	19.5
6	H.p	3.58	2.48	1.9	2.15
7	J & K	2.89	0.83	1.02	1.58
8	Jharkhand	1.24	0.11	0.08	0.48
9	Karnataka	2.51	1.9	1.36	1.57
10	M.P	45.18	28.26	30.42	34.41
11	Maharashtra	10.05	3.44	1.75	3.26
12	Punjab	35.2	29.02	27.5	29
13	Rajasthan	26.33	12.54	15.5	12.72
14	Uttar Pradesh	96.57	44.91	52.45	43.5
15	Uttar Khand	3.8	1.67	2.1	2.09
16	West Bengal	3.15	0.67	0.2	0.22
17	Others**	0.44	0.07	0.03	0.08
18	Total	290.44	149.94	161.57	159.11

Source:-Ministry of Agriculture

(Area in lakh hectare)

India's Wheat Balance Sheet:

	2010-11	2011-12	2012-13	2013-14	2014-15*E
Carry in	16.63	16.48	20.35	19.76	22.17
Production	80.8	86.87	93.51	95.91	92.6
Imports	0.15	0	0	0	0
Total Availability	97.58	103.35	113.86	115.67	114.77
Consumption	81	81.5	85.5	87	89
Exports	0.1	1.5	8.6	6.5	4.5
Total Usage	81.1	83	94.1	93.5	93.5
Carry out	16.48	20.35	19.76	22.17	21.27
Av Monthly Consumption	6.75	6.79	7.125	7.25	7.42
Stock to Month Use	2.44	3.00	2.77	3.06	2.87
Stock to Consumption Ratio	0.20	0.25	0.23	0.25	0.24

Note: (*E) Agriwatch preliminary estimate of wheat for the ensuing crop year 2014-15(2 percent +- remains a visible possibility under changed weather condition.

Agriwatch has just come out with preliminary wheat production estimate for the crop year 2014-15 based on farmers intention and lower rainfall status, which is -16 percent lower on LPA basis so far. Wheat production in India has been on rise from 2010-11 and to 2013-14. However, 2014-15 crop might be lower by around 3 million tonne due to lower availability of water, lower price this year and intention of area shifting from wheat to Mustard/spices in Rajasthan and Uttar Pradesh. Area shift in Bihar to some extent is expected at this point of time.

Balance sheet highlights:

- Agriwatch has estimated 92.6 million tonne wheat production in 2014-15. Total availability of wheat in MY 2015-16 is likely to decrease slightly from 115.67 to 114.77 million tonne.
- Lower availability would not impact overall supply side as govt.'s granary has ample stock to maintain supply flow throughout the year.
- Wheat consumption would increase at normal basis to 89 million tonne. Export volume is likely to decrease from 6.5 million tonne to 4.5 million tonne in 2014-15.
- Cheaper wheat availability in the global market, ample marketable surplus and disparity at current price are mainly attributed to lower export volume in ongoing season.
- Carryout for 2013-14 is higher as Agriwatch has accounted private stock (around 2 million tonne) too. Carry out for 2014-15 would decrease slightly due to lower production estimate.
- Ave monthly consumption would increase slightly from 7.25 to 7.42 million tonne. However, stock to consumption ratio would decrease slightly.

Wheat Production Adv estimate 2014-15 crop:

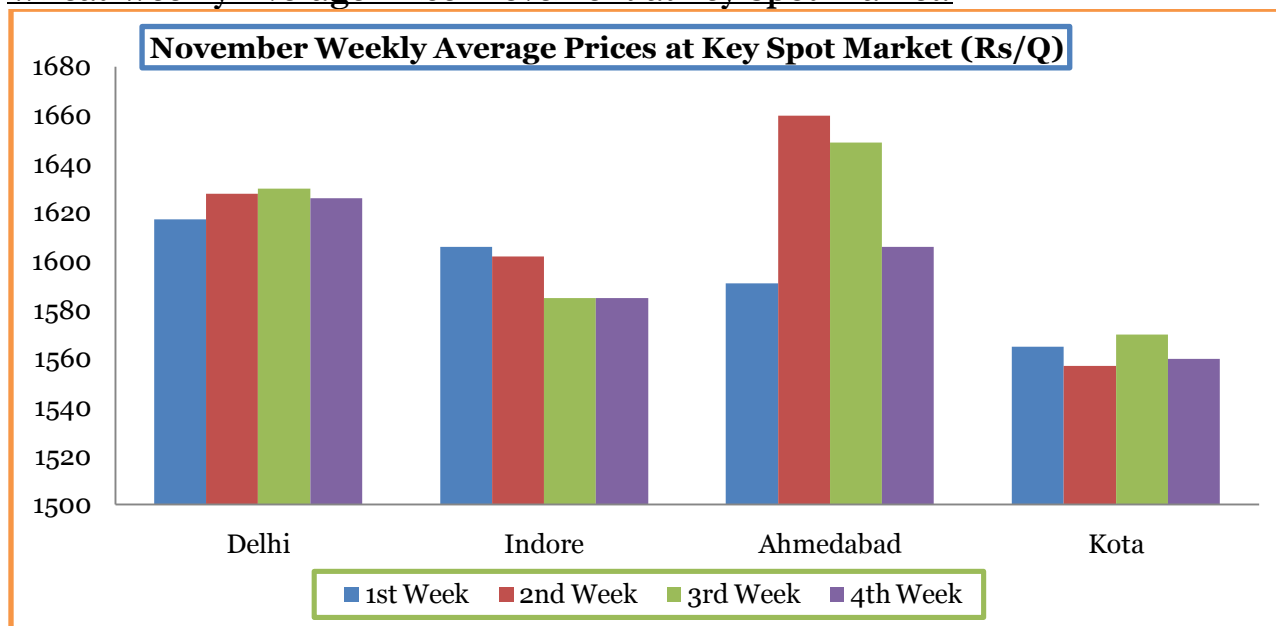
State/ UT	Area(000 Hectors)			Production(000 Tn)			Yeild(Kg/Ha)		
	2012-13	2013-14*	2014-15**	2012-13	2013-14*	2014-15**	2012-13	2013-14*	2014-15**
Andhra Pradesh	8.0	8.4	8.6	10.0	11.59	11.41	1250.0	1375	1325
Assam	33.9	50.6	45.5	44.0	58.03	54.29	1304.0	1147	1194
Bihar	2207.7	2209.7	2165.7	5357.0	4875	4758	2427.0	2206	2197
Chhatisgarh	101.2	106.7	106.8	141.3	130.8	133.3	1396.0	1227	1248
Gujarat	1024.0	1106.7	1188.9	2944.0	3336	3584	2875.0	3014	3015
Haryana	2497.0	2631.8	2541.5	11117.0	13238	12159	4452.0	5030	4784
Himachal Pradesh	364.2	343.5	355.4	608.0	573.9	581.3	1671.0	1671	1636
Jammu & Kashmir	290.0	312.2	297.3	462.0	527.4	483.7	1595.0	1689	1627

Jharkhand	164.3	164.2	145.9	319.0	313.4	270	1944.0	1908	1851
Karnataka	225.0	246.6	237.9	179.0	211.6	214.5	796.0	858	901
Madhya Pradesh	5300.0	5336.2	4966.6	13133.4	12380	11069	2478.0	2320	2229
Maharashtra	733.0	576.1	864.8	1181.0	897.3	1384	1528.0	1558	1601
Orissa	0.1	1.4	1.4	2.0	2.252	2.322	1672.0	1644	1604
Punjab	3512.0	3712.2	3565.5	16591.0	18182	17126	4724.0	4898	4803
Rajasthan	3063.2	2847.3	2831.3	9275.0	8941	8673	3028.0	3140	3063
Uttar Pradesh	9734.0	10184.6	9821.7	30301.0	30299	30236	3113.0	2975	3079
Uttarakhand	358.1	377.3	370.9	858.0	897.8	878.2	2396.0	2379	2368
West Bengal	321.6	339.4	323.4	895.0	938.5	895.5	2786.0	2765	2769
All India	30003.3	30622.6	29938.9	93506.0	96039	92614	3117		

*Agriwatch Estimate

** Adv Estimate

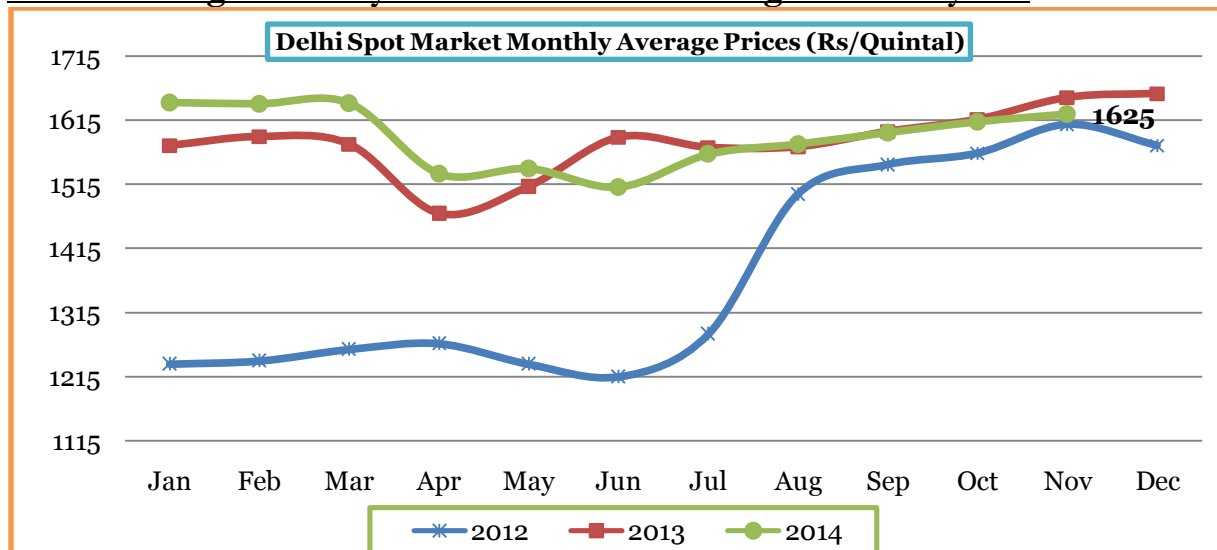
Wheat Weekly Average Price Movement at key Spot Market:



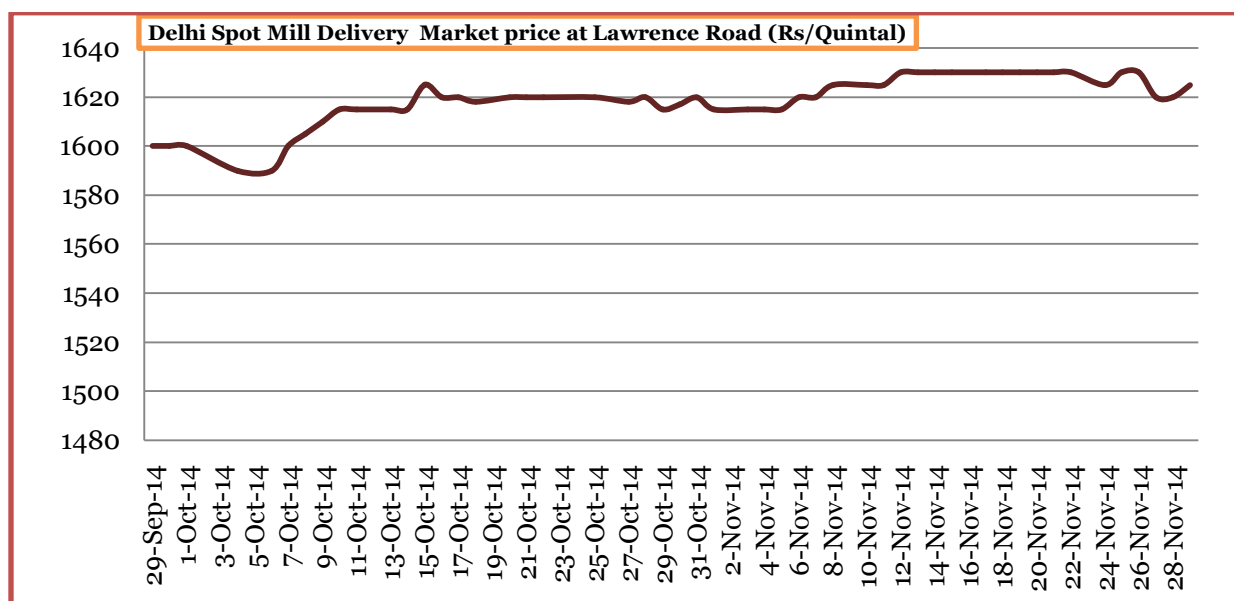
Monthly average price in the month of November was showed mixed sentiments in various spot markets. Prices in Delhi, Indore and Kota are normally fluctuate during the

month, however wheat price in Ahmadabad was move northward in second week due to higher than normal demand in this period.

Wheat Average Monthly Prices movement during last three years



Wheat cash market (Delhi) in the month of November moved slightly up as compare to October as lean season is going on. Prices are less than 2013 prices due to bumper production and less export opportunity from India this year.

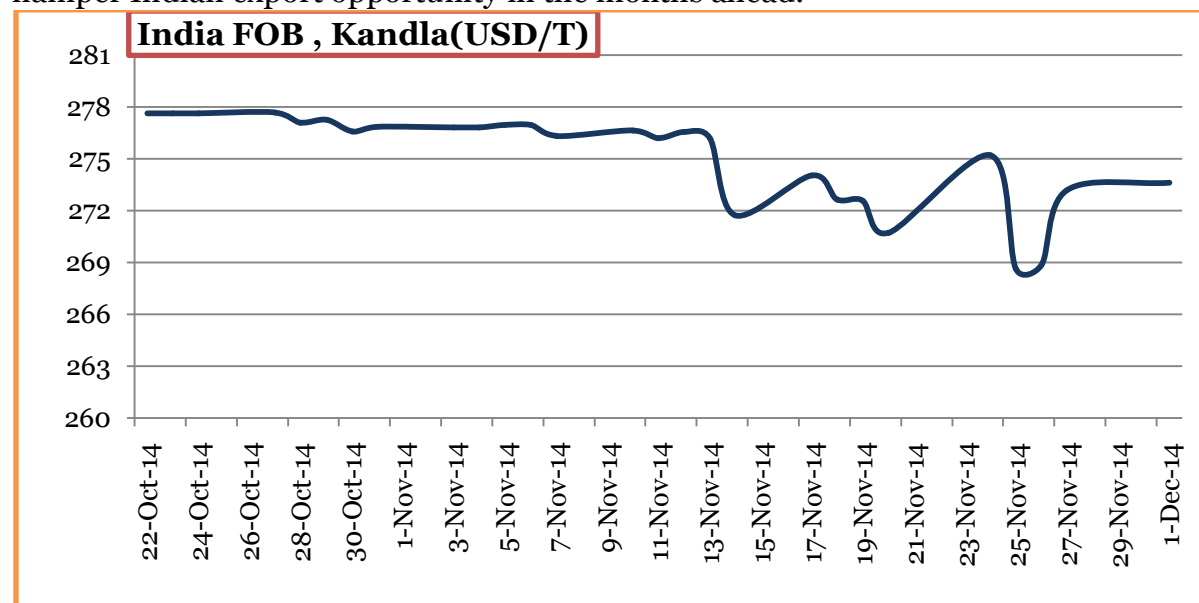


Wheat Exports from India

	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.4	232.12	237.46
Apr 12 - Mar 13	65.14	298.18	286.71
Apr 13 - Mar 14	55.59	282.82	241.6
Apr-14	5.22	278.33	280.61
May-14	8.24	283.85	270.66
Jun-14	4.87	267.03	235.16
July-14*	1.37	277.24	217.94
Aug-14*	0.43	280.53	218.9
Sept-14*	0.52	278.84	204.33
Oct-14*	0.59	276.86	222.94
Nov-14*	0.22	274.25	235.64
Total 14-15	21.46	277.11	235.77

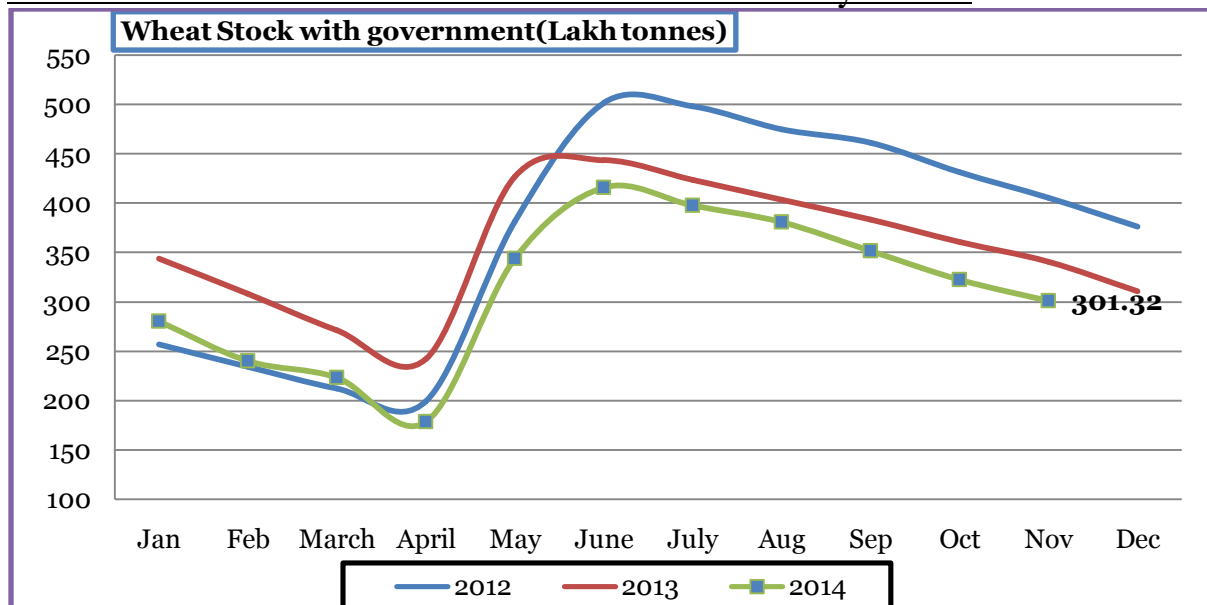
(Source: DGCIS, *Provisional data from IBIS)

Wheat exports from India slightly decreased from 0.59 to 0.22 Lakh tonne in November. Average Fob quote decreased from \$276.86 in September to \$274.25 per tonne in November. However, during the review period CBOT average quote increased from \$204.33 to \$222.94 per tonne. Export from India is bound to be same due to current disparity. US and Black Sea Region crops are cheaper and it would continue to hamper Indian export opportunity in the months ahead.



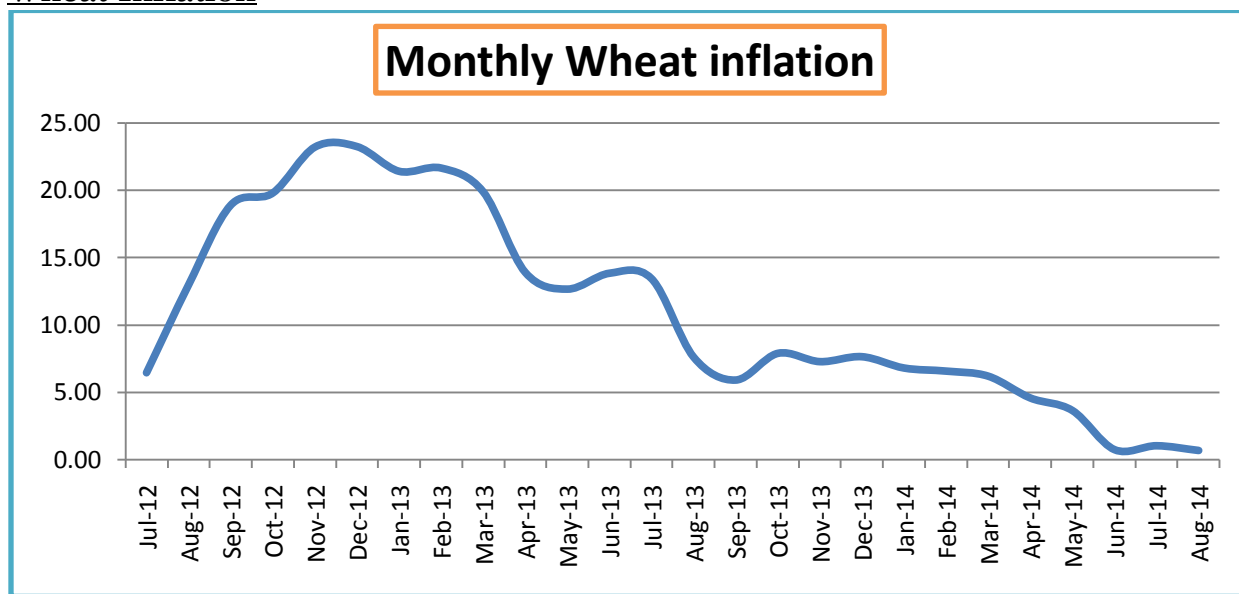
Indian Fob quotes rules lower in comparison to October as traders are offering lesser amount so that export can be done from their side. However, wheat market is likely stay steady as there is no good opportunity of export due to imparity with other wheat exporting countries and ample stock in the market.

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



Wheat stock in government's ware houses in the beginning of November was registered at 301.32 lakh tonne. Stock is lower than 2012, 2013 due to lower procurement. Cash market prices ruled higher and private traders offered higher prices than MSP to the farmers, so procurement quantity decreased.

Wheat Inflation

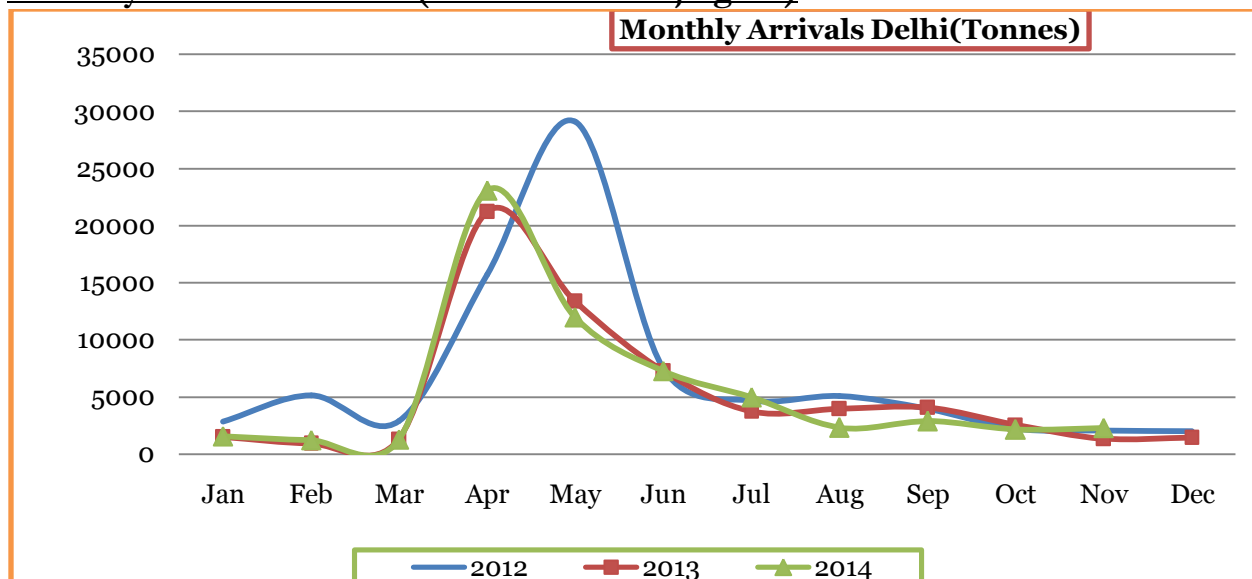


Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
November 2013	1651.04	1698.75	1634.16	1631.17	2008.05
December 2013	1657.47	1674.56	1610.73	1609.31	2035.00
January 2014	1642.56	1693.26	1617.61	1650.40	1957.61
February 2014	1640.60	1692.82	1673.08	1584.47	1980.00
March 2014	1642.08	1593.33	1655.00	1530.30	1987.14
April 2014	1532.00	1527.50	1521.70	1511.20	1866.10
May 2014	1540.00	1575.65	1531.42	1518.40	1845.47
June 2014	1510.48	1509.58	1493.95	1438.04	1780.00
July 2014	1562.42	1617.40	1569.54	1512.60	1799.31
August 2014	1579.00	1624.04	1581.31	1504.47	1801.36
September 2014	1596.50	1592.60	1560.00	1539.80	1778.40
October 2014	1613.39	1575.14	1564.75	1540.33	1792.40
November 2014	1625.20	1595.22	1563.75	1626.59	1814.37

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			29/11/2014	31/10/2014	
Delhi					
	Lawrence Road	Mill Delivery	1625	1620	5
	Nazafgarh	Mill Quality Loose	1550	1545	5
	Narella	Mill Quality Loose	1580	1580	0
Gujarat	Rajkot	Mill Delivery	1600	1550	50
	Ahmedabad	Mill Delivery	1700	1660	40
	Surat	Mill Delivery	1725	1690	35
M.P.	Bhopal	Lokwan	1650	1651	-1
	Indore	Mill Delivery	1585	1605	-20
Rajasthan	Kota	Mill Quality	1490	1490	0
	Kota	Mill Delivery	1575	1570	5
U.P.	Kanpur	Mill Delivery	1575	1575	0
	Mathura	Mill Quality Loose	NA	1485	NA
	Kosi	Mill Delivery	1480	1480	0
Punjab	Khanna	Mill Quality Loose	1460	1450	10
	Jagraon	Mill Delivery	1560	1560	0
Haryana	Sirsa	Mill Quality loose	1500	1485	15
	Hodal	Mill Delivery	NA	1610	NA
Tamil Nadu	Chennai	Mill Quality	1800	1825	-25
	Madurai	Mill Quality	1857	1882	-25
	Coimbatore	Mill Quality	1857	1882	-25

Monthly Arrivals at Delhi (Narella and Najafgarh)



Domestic Outlook:

Any spike in domestic wheat market is unlikely despite the beginning of lean season. Domestic cash market is expected to trade steady to slightly firm in the month of December.

Higher availability and lower export opportunity remain restrictive for any uptrend in the domestic market. Wheat price in domestic market may trade in the range of Rs 1625 to Rs 1650 in the month of December.

**SWOT Analysis of Wheat
Strength**

- Comfortable stock position despite lower procurement.
- Record production.
- Higher availability of quality wheat in Rajasthan, Gujarat and MP .

Weakness

- Disparity at current level
- Weak Infrastructure.
- Lack of branded wheat quality wise.

Opportunity

- Unfavourable weather in US and Black Sea Region.
- Bangladesh current demand (3 MMT a year).
- Higher demand for premium grade like Lokwan, sharbati and tukda.

Threat

- Growing disparity.
- Aggressive selling strategy by major exporter like US, Russia & Ukraine.
- Higher marketable surplus in major exporting countries.

International Market Dynamics:

Global wheat markets traded steady to firm in November owing to crop damage in many areas. However, lower wheat import demand in global market has pushed prices steady.

IGC sees global wheat production at 717 million tonnes as compared to 718 million tonnes in its previous month estimate as crop production has decreased in Australia. Trade is expected to decrease by 5 million tonne over year and Consumptions is expected to increase to 712 million tonnes over previous forecast. Carryover stocks are expected to increase to 193 million tonnes from 187 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.	2013-14 Est	Forecast for 2014-15	
						30.10.2014	27.11.2014
Production	679	653	695	655	713	718	717
Trade	128	126	145	141	155	149	150
Consumptions	652	657	698	677	695	710	712
Carryover stocks	199	194	191	169	187	193	193
Y-O-Y change	27	-4	-2	-22	18	8	6
Major Export	79	73	68	48	52	60	59

IGC Balance Sheet Highlight

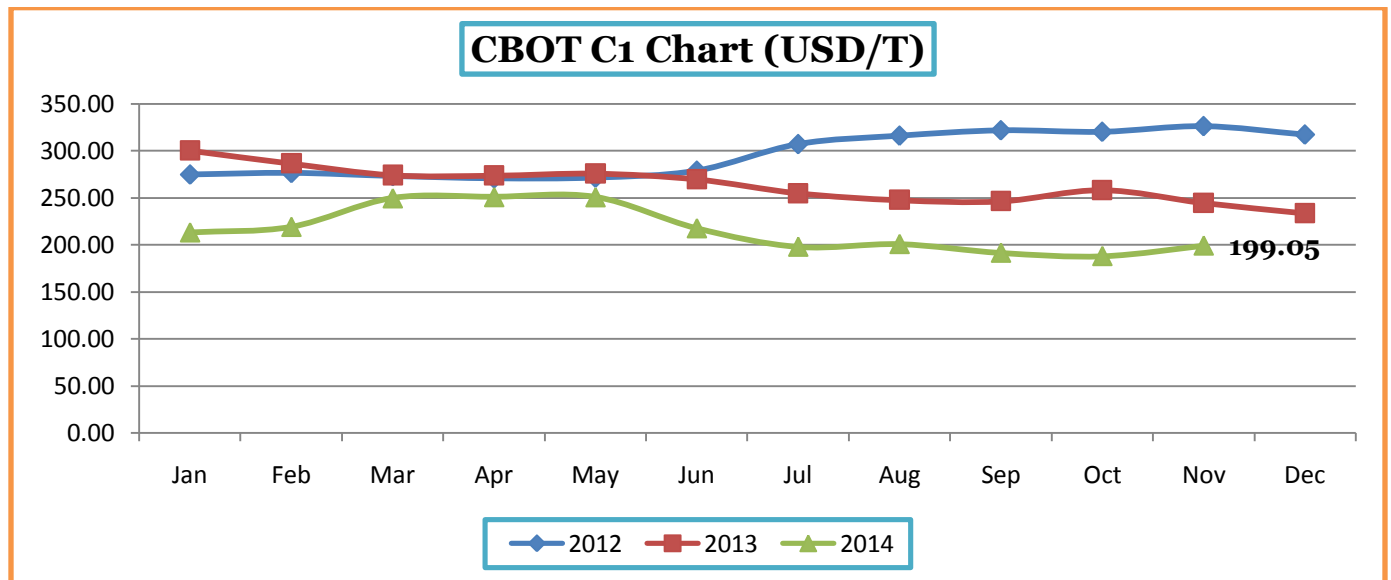
- The forecast of world wheat production is trimmed slightly but, at 717m t, is still seen at a record high, with a near 1% annual increase mainly tied to a larger harvested area.
- Planting of northern hemisphere 2015/16 winter crops is almost finished. Based on tentative assumptions for spring sowings and for the southern hemisphere, total area is projected to rise by 1% y/y.
- With demand stimulated by lower prices, food use in developing countries is seen growing faster than average. Forecast feed consumption is raised by 2m t from the last GMR, placed 7% higher y/y, at a three-year peak.
- Average wheat export prices were slightly firmer m/m, with weather concerns contributing to modest gains. Durum markets remained strong on tight availabilities.

USDA Global Wheat Balance Sheet Fig.in MMT							
Country	Opening stock 2014-15	Production projected 14-15	Domestic consumption (2014-15)	Import 14-15	Export 14-15	Ending stock 14-15	Production last year
USA	16.04	55.39	33.09	4.4	25.50	17.79	58.10
Canada	9.79	27.50	9.75	0.48	22.50	6.02	37.50
Australia	5.86	25.00	6.80	0.15	19.00	5.71	27.01
Argentina	2.54	12.00	6.15	0.005	6.00	2.39	10.50
Russia	5.30	59.00	34.80	0.50	22.50	7.50	52.09
China	60.27	126.00	124.00	2.00	1	63.27	121.93
EU	10.15	153.97	126.00	5.00	28.00	15.13	143.13
Ukraine	3.67	24.50	12.00	0.05	10.00	6.22	22.27
Pakistan	2.16	25.00	25.10	1.00	0.7	2.36	24.00
India	17.83	95.91	94.46	0.02	2.00	16.30	93.51
Others	51.96	116.84	240.65	140.19	19.44	49.89	124.99
World total	185.57	721.11	712.80	153.79	156.64	192.58	715.13

CBOT Dec 14Monthly Future Chart:



CBOT Dec 14monthly chart shows the firm movement due to crop damage reports in many wheat growing areas. We expect prices to trade slightly steady in the month of November, within the range of USD 200-230/MT.

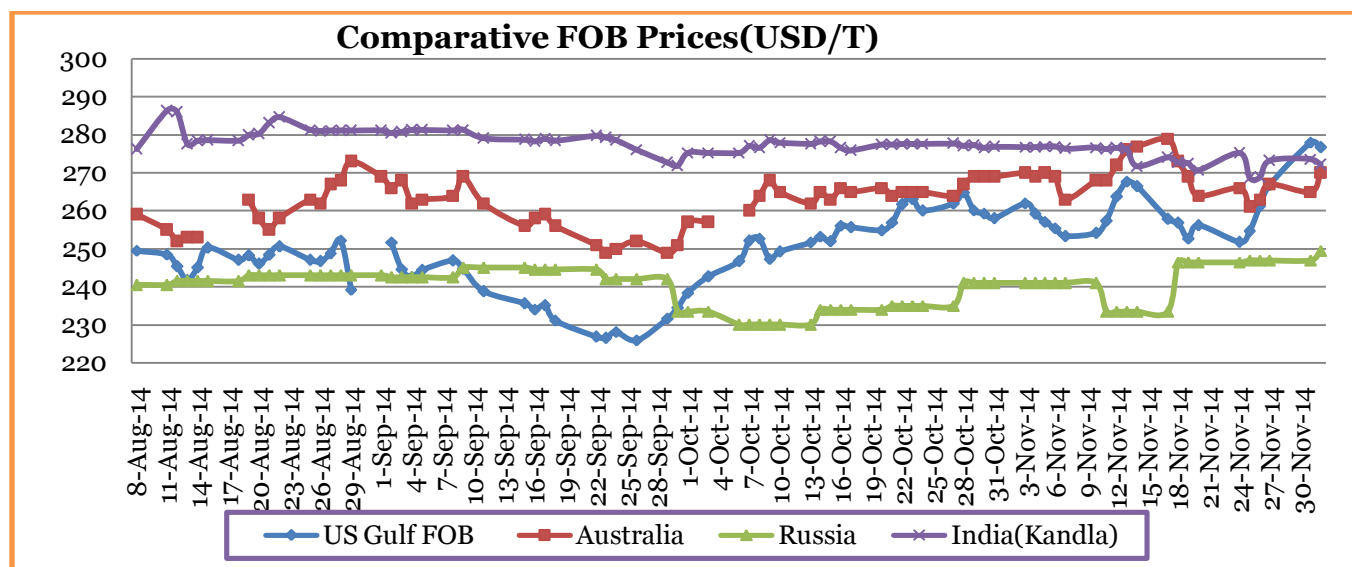


CBOT comparison over period of time:

CBOT Futures Prices: Date: 01.12.14 (USD/T)							
CONTRACT MONTH	01 Dec 14	Week ago (25 Nov 2014)	1 Month ago(03 Nov 14)	3 Month ago(03 Sept 14)	6 Month ago(03 June 14)	1 Year ago(03 Dec 13)	% Change over previous year
14-Dec	222.92	202.62	197.75	196.83	237.06	251.67	-11.42
15-Mar	222.92	204.92	202.35	204.46	243.68	253.87	-12.19
15-May	225.03	207.49	204.73	209.33	210.34	253.41	-11.20
15-Jul	226.50	209.42	206.94	212.36	249.10	250.75	-9.67
15-Sep	229.07	212.27	210.70	216.21	252.13	252.86	-9.41
15-Dec	232.47	216.58	215.57	222.09	255.71	256.90	-9.51

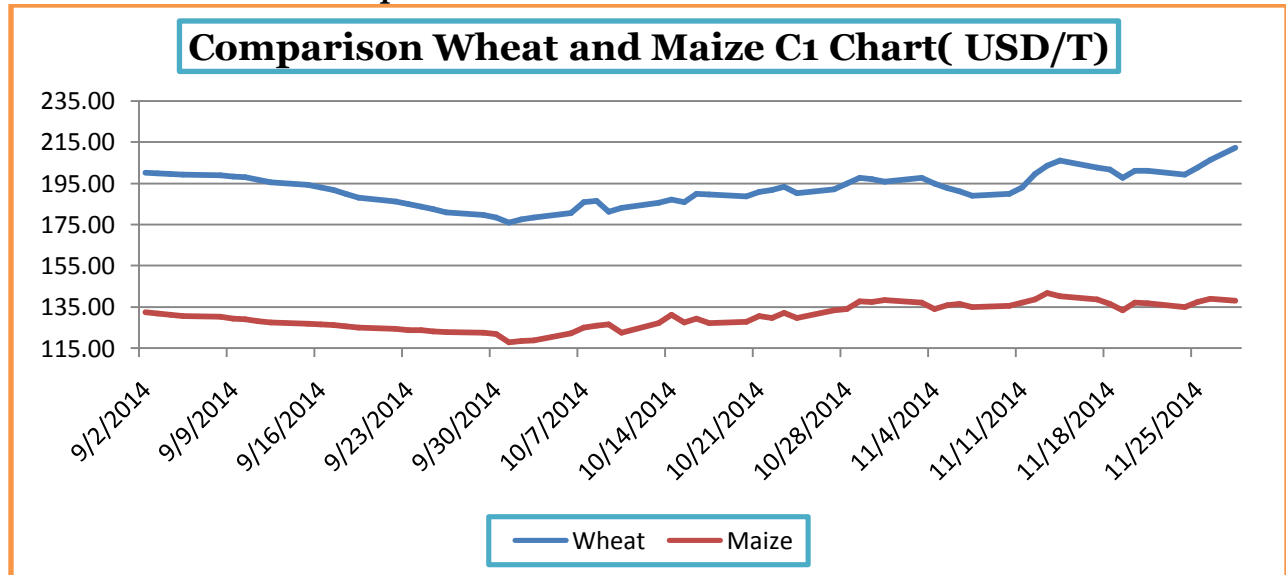
Comparative Month on Month FOB quotes: (Fig in \$ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	2nd Sept 14	1st Oct 14	03rd Nov 14	01st dec 14
USA	251.70	238.40	262.00	278.00
France	232.27	202.52	217.23	234.45
United Kingdom	NA	NA	NA	NA
Australia	266.00	257.00	270.00	265.00
Russia	242.50	233.50	241.00	247.00
India	280.48	275.30	276.83	273.62



International FOB has been trading steady to slightly firm due to news of crop damage in many places in US and Black Sea Region and possibility of new regulations to curb export from Russia.

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. Cbot wheat prices has increased due to unfavourable weather condition in US wheat growing area, therefore maize demand is increased.

International Outlook:

With ample global wheat surplus in international wheat market, price would continue to trade under pressure in the month of December. As per latest IGC estimate update global wheat production may touch 717 MMT this year. With recent weather concern in wheat area in Black Sea Region, Australia, and US there has been a rise in price in International market. Russia may introduce new regulations to curb wheat export to make sure it has enough wheat for domestic use.

Wheat price may go slightly up in near term due to above given weather conditions, however any northwards spike from current level is unlikely due to higher global production estimates.

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