Executive Summary

Despite recent crop loss report and increasing possibility of downward revision in production estimate wheat price is likely to move range bound at current level. Cash market may start decreasing by the end of this month towards MSP. As supply side is at comfortable level any unexpected uptrend in domestic wheat market is unlikely in the remaining week of March 2015.

Despite lower area coverage in comparison to last year wheat yield is expected to go up in major producing states this year. The weather throughout the growing season (Except in the first week of March) has been exceptionally well and temperature so far remains favourable for the wheat crop.

However, some disturbing reports from Madhya Pradesh, Uttar Pradesh and Gujarat over crop loss this week (March 1st week) may reduce crop size in these states. Heavy rains with swift wind in Rajasthan and Madhya Pradesh have flattened early sown wheat crop. It may impact the final size of the crop. Hails storm have damaged some crops attaining maturity in the western Uttar Pradesh. Farmers say that 10 to 15 percent crop loss is obvious in that particular regions. M.P too may face3 to 4 percent crop loss due to abnormal weather in March first week.

In Gujarat crop size is expected to be lower by 10 to 15 percent. Early sown crop has attained maturity and harvesting has commenced. During grain feeling stage temperature started increasing in the major growing belt of Swarastra region and it compelled grain to ripen early. It did not allow grain to attain it normal size that may affect yield by 10 to 15 percent.

Wheat farmers in Rajasthan too have suffered 5 to 10 percent crop loss in some particulars regions like Barmer,Bundi and Baran .Agriwatch team is still in process of analyzing total loss in the region.

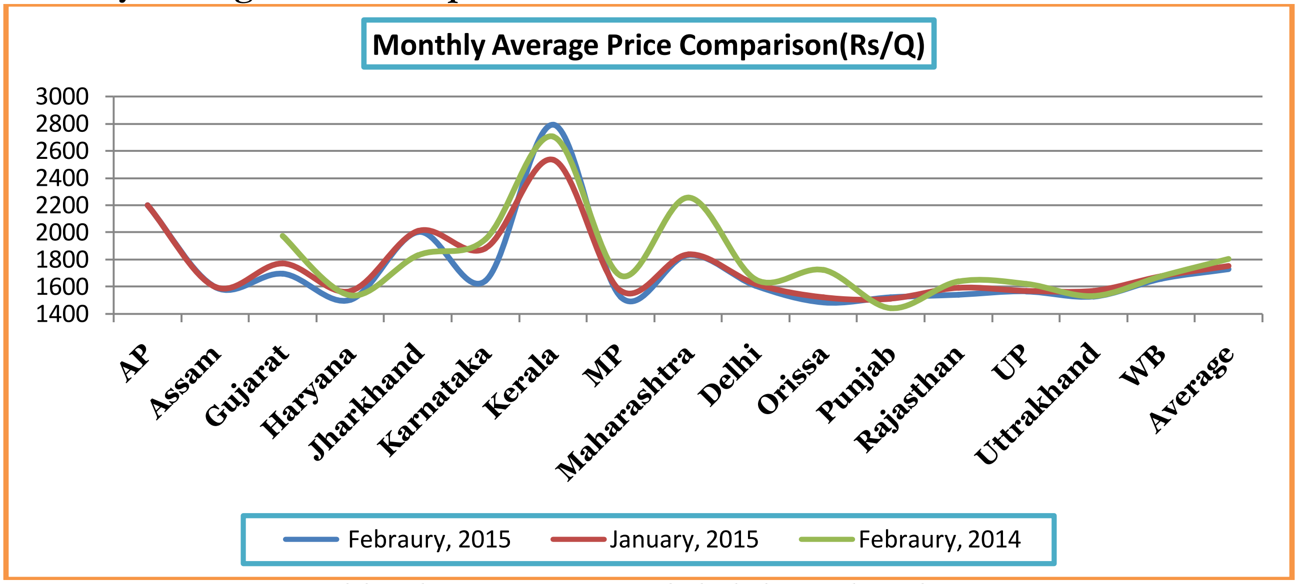
However, crop condition in Bihar, Punjab and Haryana is in good to excellent so far. Good production prospect is live in these states. Temperature in March month would remain crucial for the final size of the crop. Abnormally higher temperature may increase shrinkage percentage in grain.

As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 306.35 lakh hectares till 13 Feb,2015 against corresponding period of 2013-14 (315.32 lakh hectares).

According to IBIS (provisional data), export of wheat in the month of January was 0.35 Lakh tones which is around 93% less than last year at the same month, which was 5.65 Lakh tones in 2014.The reason behind the lower export is attributed to disparity from other exporting countries like U.S.A., EU and Australia.

Wheat stock in govt.'s granary on 15th February,2015 was recorded at 20.35 million tonne . India needs 7.46 million tonne wheat as buffer stock and strategic reserve as on 1st April, 2015.Actual holding with govt. is at comfortable stage and supply side would be ample throughout the remaining season.

Monthly Average Price Comparison:



State wise average monthly wheat prices moved slightly weak with January price. Average price in February has decreased from the month of January. However, average prices in Punjab and Kerala have been ruling higher. The reason behind decrease in average price is due to expectation of good production, insignificant export and sufficient availability of wheat in the market.

State wise Area Coverage under Wheat on 23-01- 2015

Si.No	State	Normal Area	Average Area as on Date	Area Shown reported	
				This Year	Last Year
1	Assam	0.48	0.46	0.18	0.21
2	Bihar	21.61	22.06	23.03	22.08
3	Chhattisgarh	1.04	1.38	1.67	1.39
4	Gujarat	11.24	11.90	11.34	14.87
5	Haryana	24.98	25.07	24.90	24.95
6	Himachal	3.58	3.58	3.58	3.59
7	J & K	2.89	2.27	2.43	2.45
8	Jharkhand	1.24	1.36	1.62	1.69
9	Karnataka	2.51	2.33	1.86	1.84
10	M.P	45.18	48.95	58.13	57.92
11	Maharashtra	10.05	9.10	8.59	10.42
12	Punjab	35.2	35.15	35.00	35.00
13	Rajasthan	26.33	27.35	27.71	30.41
14	Uttar Pradesh	96.57	96.03	98.67	99.56
15	Uttar Khand	3.80	3.80	3.25	3.58
16	West Bengal	3.15	3.60	3.44	3.46
17	Others**	0.44	0.35	0.19	0.27
18	**Total**	**290.29**	**294.74**	**305.60**	**313.69**

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	96
Imports	0.15	0	0	0	0
Total Availability	97.58	103.35	113.86	115.67	118.17
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	24.67
Av Monthly Consumption	6.75	6.79	7.12	7.25	7.42
Stock to Month Use	2.44	3.00	2.77	3.06	3.33
Stock to Consumption Ratio	0.20	0.25	0.23	0.25	0.28

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 revised its preliminary wheat production estimate for the crop year 2014-15 based on farmer's intention, area coverage and favourable weather so far. Production estimate has been revised up from 92.6 to 96.0 MMT. With higher wheat production by 3.4 million tonne wheat availability in domestic market would increase to 118.17 MMT. Wheat consumption is growth rate had been steady and it may increase by 2 million tonne to 89 million tonne this year.

Balance sheet highlights:

- Agriwatch has revised its production estimate up from 95.91 million tonne to 96 million tonne in crop year 2014-15, to be marketed from April,2015. Total availability of wheat for MY 2015-16 is likely to increase slightly from115.67 to 118.17 million tonne.

- Higher availability and lower export demand would ensure price stability even in the the month of July,August and Sept.

- Wheat consumption would increase at normal basis to89 million tonne. Export volume is likely decrease from6.5 million tonne to 4.5 million tonne in MY2015-16.

- Cheaper wheat availability in the global market, ample marketable surplus and disparity at current domestic price are mainly attributed to lower export volume in ongoing season.

- Carryout for 2015-16 is pegged at 24.67 million tonne. 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. Stock to consumption ratio too would increase slightlyfrom0.25 to 0.28 million tonne.

Wheat Production Adv estimate 2014-15 crop:

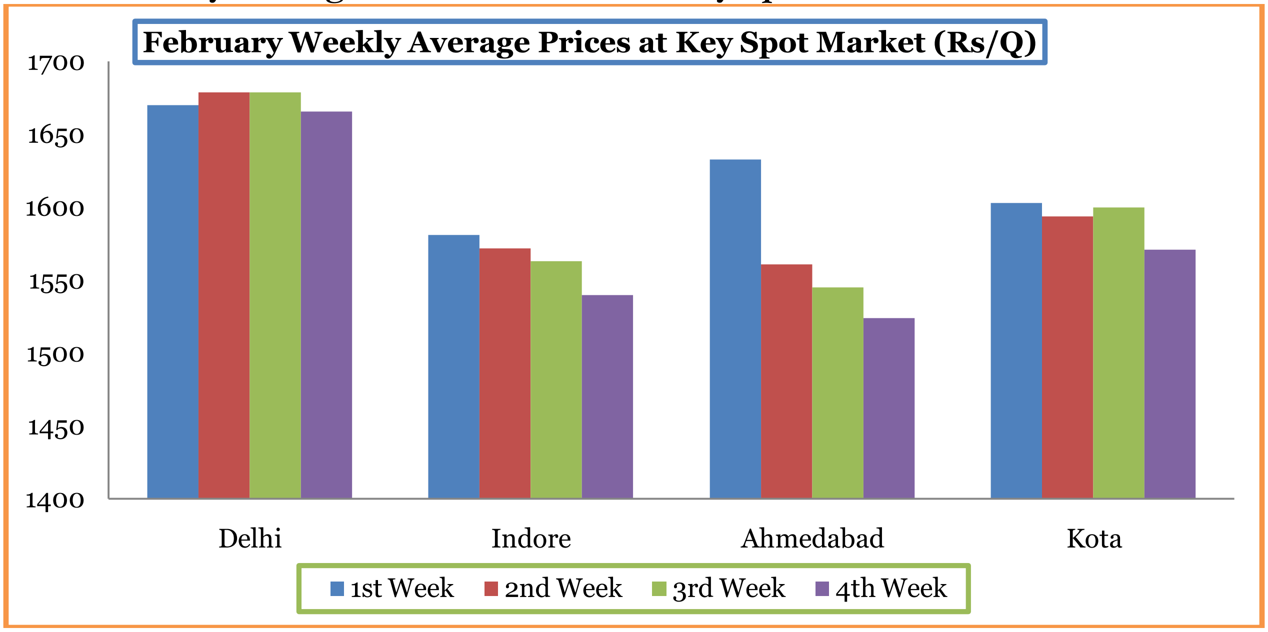
State/ UT	Area					Production					Yeild				
	2010-11	2011-12	2012-13	2013-14 *	2014-15 **	2010-11	2011-12	2012-13	2013-14 *	2014-15 **	2010-11	2011-12	2012-13	2013-14 *	2014-15 **
Andhra Pradesh	10	8	8	8	8	13	11	10	12	11	1300	1375	1250	1375	1325
Assam	45	53	34	51	17	53	60	44	58	20	1179	1147	1304	1147	1194
Bihar	2104	2142	2208	2210	2247	4098	4725	5357	4875	5454	1948	2206	2427	2206	2427
Chhatisgarh	111	109	101	107	152	127	133	141	131	190	1144	1227	1396	1227	1248
Gujarat	1274	1351	1024	1107	1140	4019	4072	2944	3336	3436	3155	3014	2875	3014	3015
Haryana	25	25	24	26	24	116	12	111	13	12	46	50	44	50	50

	15	22	97	32	90	30	686	17	238	527	24	30	52	30	30
Himachal Pradesh	357	357	364	343	360	546	596	608	574	588	1530	1671	1671	1671	1636
Jammu & Kashmir	291	296	290	312	241	446	500	462	527	392	1535	1689	1595	1689	1627
Jharkhand	96	159	164	164	154	158	303	319	313	285	1642	1908	1944	1908	1851
Karnataka	255	225	225	247	175	279	193	179	212	158	1094	858	796	858	901
Madhya Pradesh	4341	4889	5300	5336	5678	7627	11539	13133	12380	14071	1757	2360	2478	2320	2478
Maharashtra	1307	843	733	576	713	2301	1313	1181	897	1110	1761	1558	1528	1558	1558
Orissa	3	1	0	1	1	4	2	2	2	2	1458	1644	1672	1644	1604
Punjab	3510	3528	3512	3712	3566	16472	17280	16591	18182	17126	4693	4898	4724	4898	4803
Rajasthan	2479	2935	3063	2847	2785	7214	9320	9275	8941	8531	2910	3175	3028	3140	3063
Uttar Pradesh	9637	9731	9734	10185	9751	30001	30293	30301	30299	30353	3113	3113	3113	2975	3113
Uttarakhand	379	369	358	377	371	878	878	858	898	889	2316	2379	2396	2379	2396
West Bengal	317	316	322	339	323	874	873	895	939	896	2760	2765	2786	2765	2769
All India	29069	29865	30003	30623	30171	86874	94882	93506	96039	96037	2989	3177	3117		

*Agriwatch Estimate

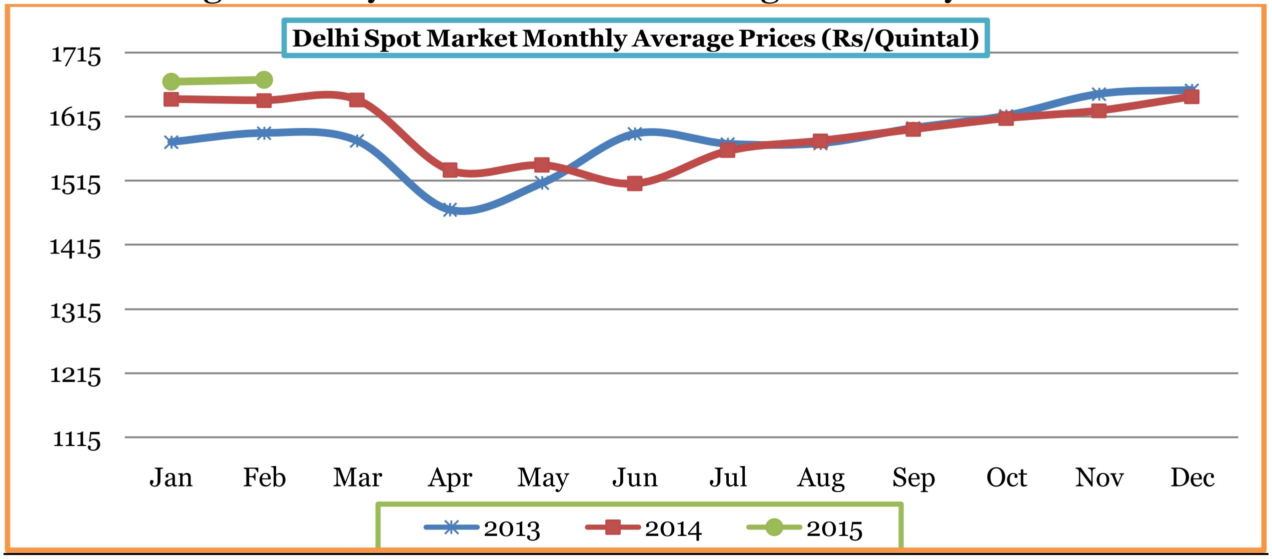
** Adv Estimate

Wheat Weekly Average Price Movement at key Spot Market:

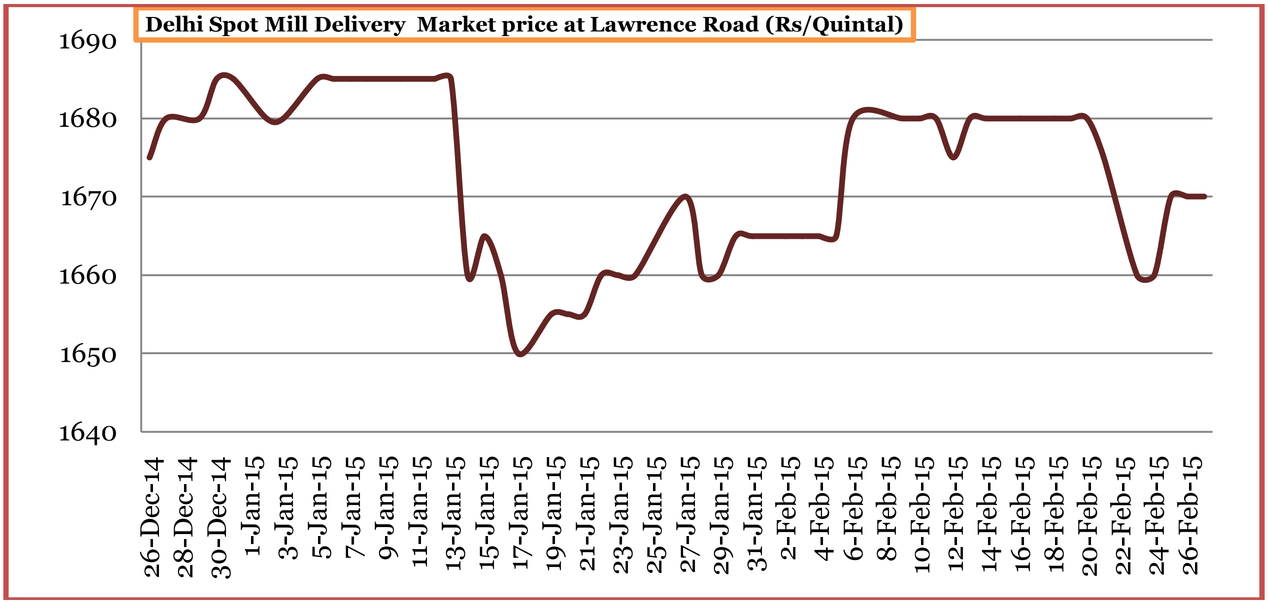


Monthly average price in the month of February showed weak sentiments in various spot markets. Prices in all major markets show bearishness due to marginal export demand and sufficient availability in the market. Moreover expectation of bumper crop production is restricting the price to move up.

Wheat Average Monthly Prices movement during last three years



Wheat cash market (Delhi) in the month of January moved slightly up as compare to December as arrival from the nearby states was very low like UP and Haryana.

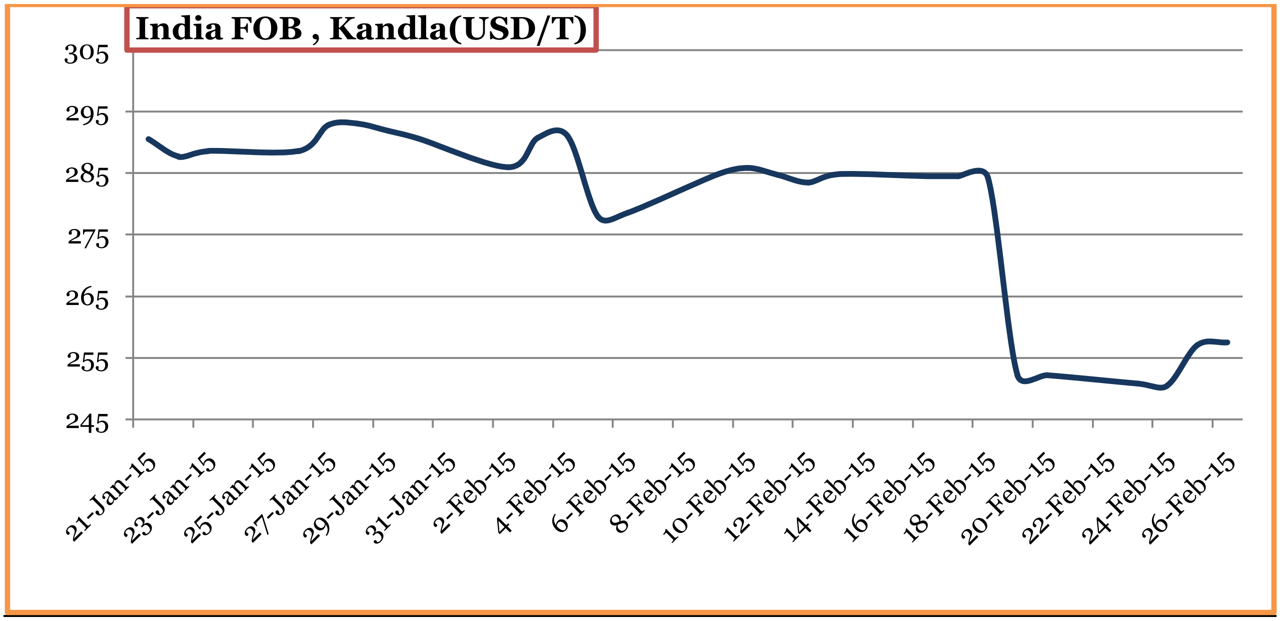


Wheat Exports from India

	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	4.95	267.03	235.16
Jul-14	3.39	277.24	217.94
Aug-14	1.52	280.53	218.9
Sep-14	1.32	278.84	204.33
Oct-14*	0.59	276.86	222.94
Nov-14*	0.22	274.25	235.64
Dec-14*	0.89	273.32	260.97
Jan-15*	0.35	288.62	233.2
Total 14-15	**26.69**	**277.88**	**238.03**

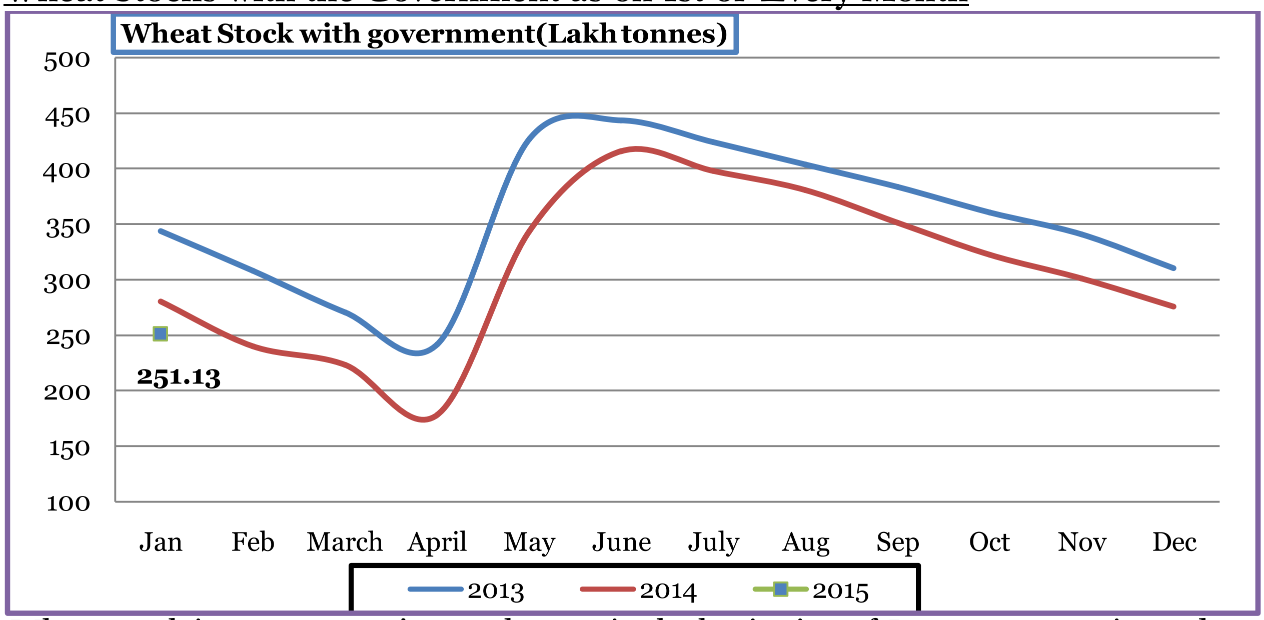
(Source: DGCIS, *Provisional data from IBIS)

Wheat exports from India slightly decreased from 0.89 to 0.35 Lakh tonne in January. Average Fob quote increased from$273.32 in December to $288.62 per tonne in January. However, during the review period CBOT average quote decreased from $260.97 to $233.20 per tonne. Export from India is bound to be same due to current disparity. Australia and Black Sea Region crops are cheaper and it would continue to hamper Indian export opportunity in the months ahead.



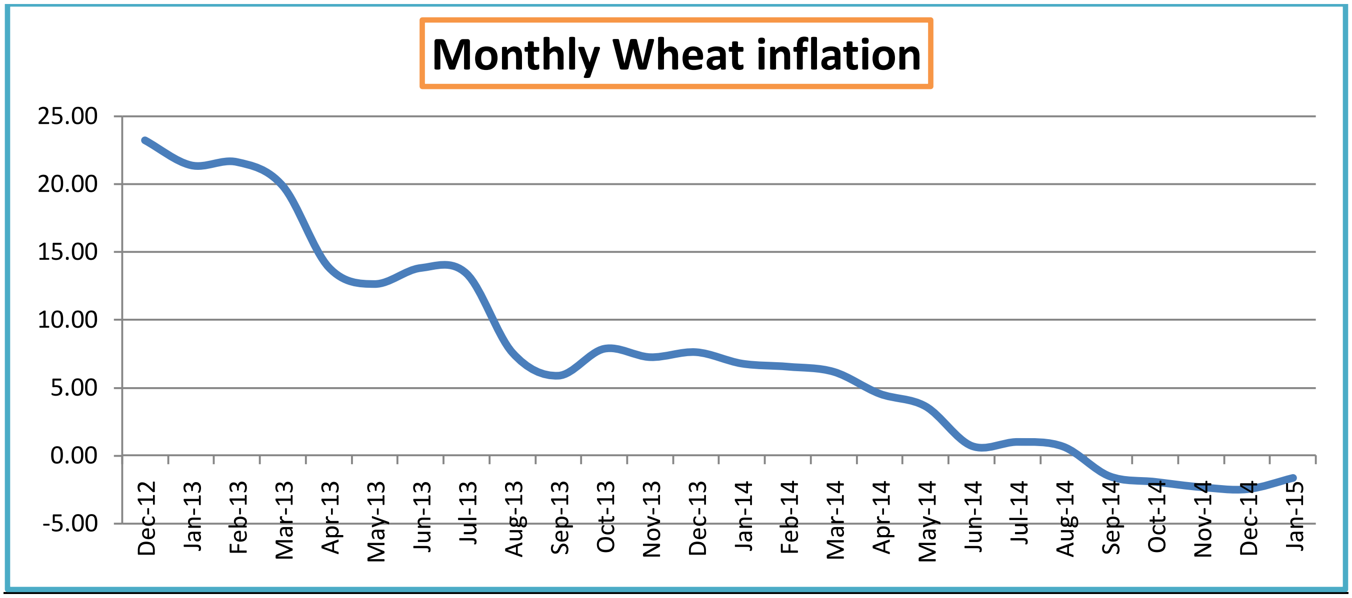
Indian Fob quotes rules steady to slightly weak in the first half of February due to lower export opportunity whereas in the second half Fob prices fall down due to arrival of the new crop . Prices are going to be steady to weak in the month of March due to arrival pressure.

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



Wheat stock in government's ware houses in the beginning of January was registered at 251.13 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

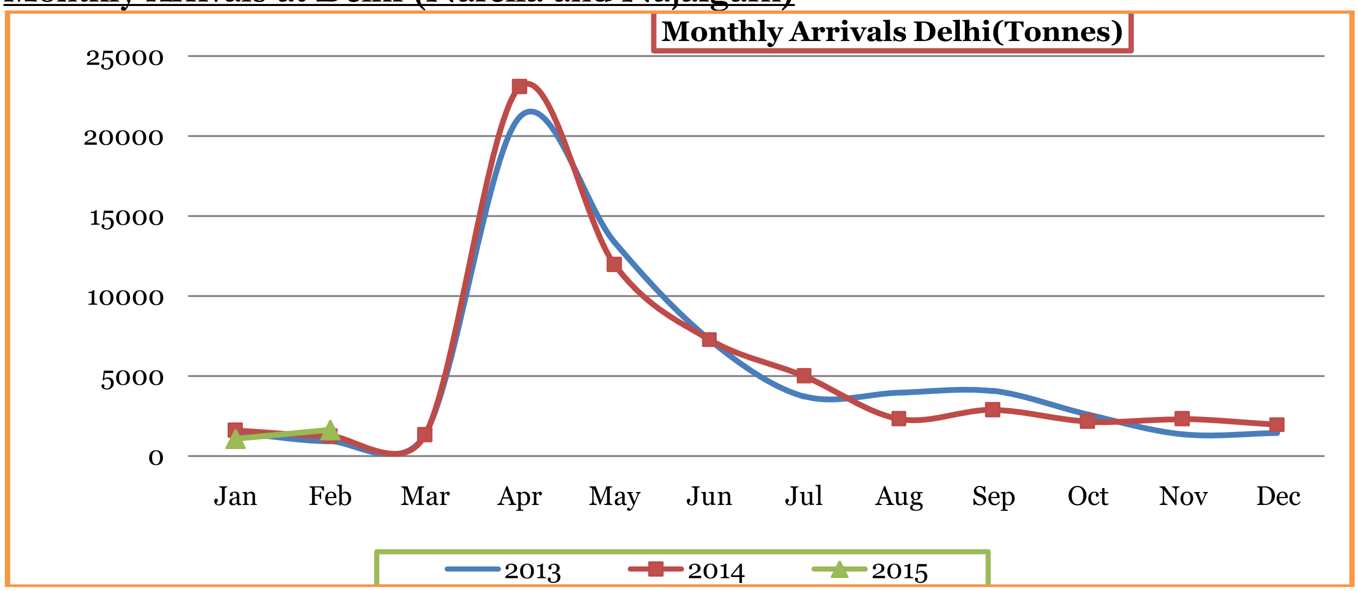


Monthly Average Prices at Various Spot Market					
	Delhi	**Indore**	**Kota**	**Rajkot**	**Chennai**
February 2014	1640.60	1692.82	1673.08	1584.47	1980.00
March 2014	1642.08	1593.33	1655.00	1530.30	1987.14
April 2014	1532.00	1527.50	1521.70	1511.20	1866.10
May 2014	1540.00	1575.65	1531.42	1518.40	1845.47
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
December 2014	1647.11	1637.04	1603.65	1649.42	1831.53
January 2015	1669.60	1682.95	1666.36	1713.47	1843.18
February 2015	1673.33	1664.52	1592.61	1567.95	1803.57

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			27/02/2015	31/01/2015	
Delhi	Lawrence Road	Mill Delivery	1670	1665	05
	Nazafgarh	Mill Quality Loose	1600	1615	-15
	Narella	Mill Quality Loose	1610	1600	10
Gujarat	Rajkot	Mill Delivery	1520	1660	-140
	Ahmedabad	Mill Delivery	1570	1740	-170
	Surat	Mill Delivery	1610	1765	-155
M.P.	Bhopal	Lokwan	1600	1650	-50
	Indore	Mill Delivery	1540	1610	-70
Rajasthan	Kota	Mill Quality	1470	1520	-50
	Kota	Mill Delivery	1550	1600	-50
U.P.	Kanpur	Mill Delivery	1550	1570	-20
	Mathura	Mill Quality Loose	1460	1630	-170
	Kosi	Mill Delivery	1500	1600	-100
Punjab	Khanna	Mill Quality Loose	1540	1530	10
	Jagraon	Mill Delivery	1560	1560	0
Haryana	Sirsa	Mill Quality loose	1510	1515	-05
	Hodal	Mill Delivery	1660	1680	-20
Tamil Nadu	Chennai	Mill Quality	1775	1825	-50
	Madurai	Mill Quality	1832	1882	-50
	Coimbatore	Mill Quality	1832	1882	-50

Monthly Arrivals at Delhi (Narella and Najafgarh)



Domestic Outlook:

Despite recent crop loss report and increasing possibility of downward revision in production estimate wheat price is likely to move range bound at current level. Cash market may start decreasing by the end of this month towards MSP. As supply side is at comfortable level any unexpected uptrend in domestic wheat market is unlikely in the remaining week of March 2015. As export is not viable at this point of time demand for export is unlikely at current price. Some exports are taking place for neighbouring country like Bangladesh and UAE, Malaysia and South East Asian countries. This year major participants may try to procure wheat in Gujarat and would try to export from there in the latter part of the year. So Farmers may receive more price than MSP there. Arrivals in Gujarat Mandi may end earlier as crop size is pegged lower this year.

Wheat may trade in the range of RS 1500 to RS 1600 per qtl in the remaining days of the month, depending on source and quality of the crop.

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.
- Export restriction of wheat in Russia & Ukraine.
- 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 and Australia.
- Higher marketable surplus in major exporting countries.

International Market Dynamics:

Global wheat markets traded weak in February as frigid temperatures likely caused spotty freeze damage to winter wheat in parts of the U.S. Plains. Temperatures fell as low as minus 22 Celsius in parts of south-central Nebraska and north-central Kansas where most of wheat areas lacked a protective layer of snow cover.

IGC Wheat Balance Sheet (Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13.	2013-14 Est	Forecast for 2014-15	
						22.01.2015	26.02.2015
Production	679	653	695	655	713	717	719
Trade	128	126	145	141	155	151	152
Consumptions	652	657	697	678	696	708	709
Carryover stocks	199	194	192	170	187	196	197
Y-O-Y change	27	-4	-1	-22	17	9	10
Major Export	79	73	68	50	54	63	64

IGC Balance Sheet Highlight

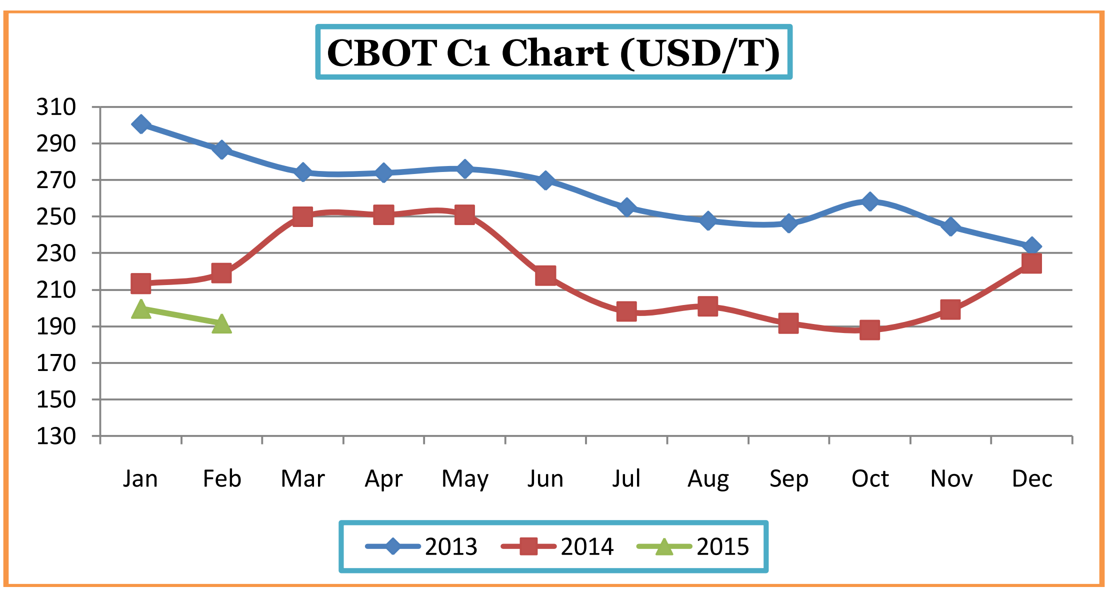
- The forecast of world wheat production at 719mt.
- World wheat markets were pressured by ample availabilities, strong competition among exporters and generally favourable prospects for 2015/16 winter crops.
- With weakness across all major suppliers, the IGC GOI wheat sub-Index fell by a net 7%, to its lowest levels since mid-2010.

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 Mar 15Monthly Future Chart:

CBOT Mar- 15 monthly chart shows the range bound movement in the month of February. In first half prices went up due to weather concerns in the wheat growing area, however better crop production estimate around the world moved the prices down. We expect prices to trade steady to slightly weak in the month of March, within the range of USD 185-205/MT.

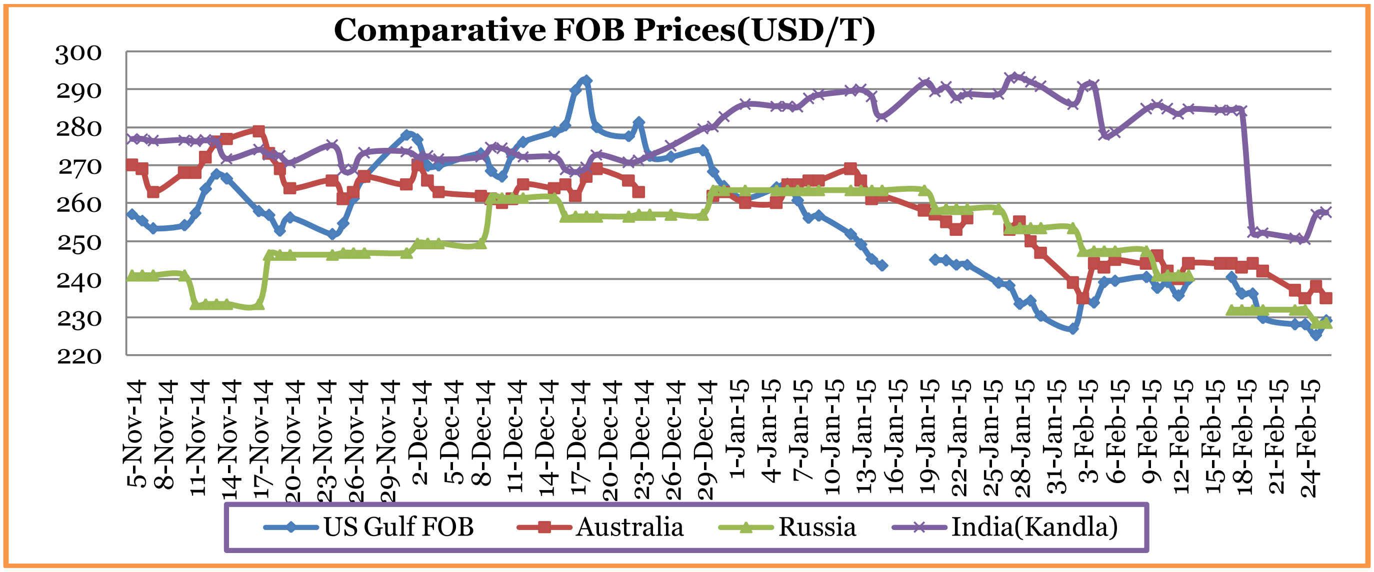


CBOT comparison over period of time:

CBOT Futures Prices: Date: 27.01.15 (USD/T)							
CONTRACT MONTH	**27-Feb-15**	**Week ago (20 Feb 2015)**	**1 Month ago(27 Jan 15)**	**3 Month ago(28 Nov 14)**	**6 Month ago(27 Aug 14)**	**1 Year ago(27 Feb 14)**	**% Change over previous year**
15-Mar	190.13	187.47	190.68	212.54	214.01	229.81	**-17.27**
15-May	188.48	186.27	192.15	214.75	217.87	231.65	**-18.64**
15-Jul	189.85	187.93	194.26	216.40	220.16	229.72	**-17.35**
15-Sep	192.89	190.96	197.39	219.15	223.65	231.46	**-16.67**
15-Dec	197.84	195.36	201.70	222.74	228.43	234.86	**-15.76**
16-Mar	201.61	198.12	204.09	226.13	231.92	236.88	**-14.89**

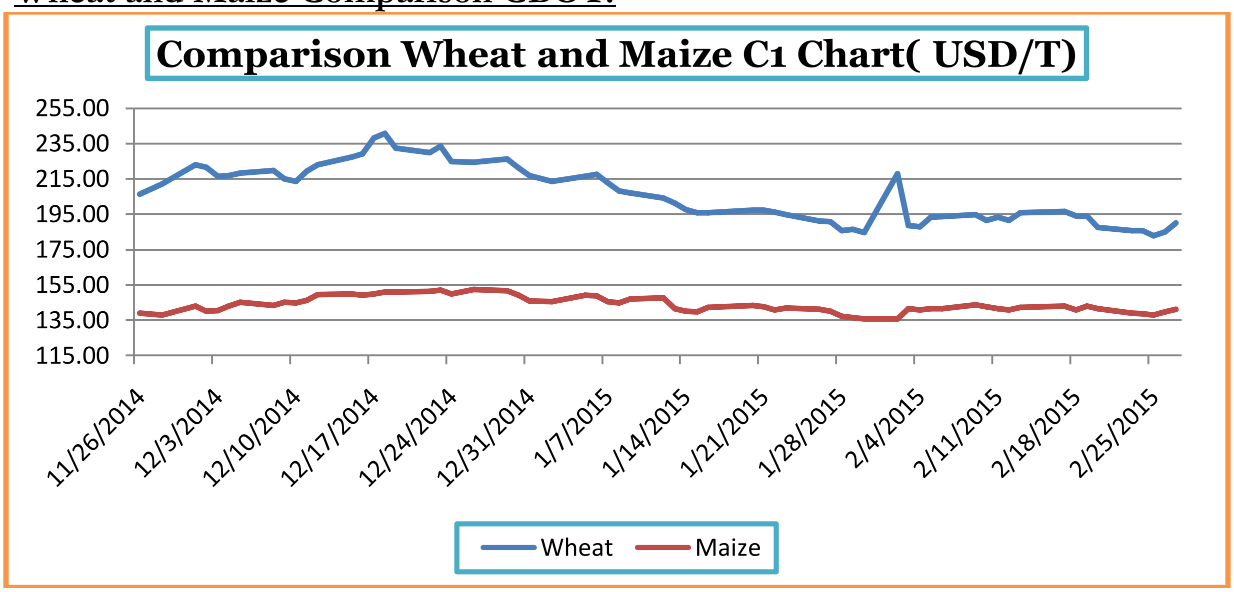
Comparative Month on Month FOB quotes: (Fig in $ /MT)

All prices are for SRW /milling grade, comparable to Indian quality	**03rd Nov 14**	**01st dec 14**	**06th Jan 15**	**02nd Feb 15**
USA	262.00	278.00	265.20	226.90
France	217.23	234.45	239.58	204.41
United Kingdom	NA	NA	NA	NA
Australia	270.00	265.00	265.00	239.00
Russia	241.00	247.00	263.50	253.50
India	276.83	273.62	285.58	286.04



International FOB has been trading weak due to better crop production estimate globally. However, some crop is affected by cold in places like US.

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 also increased.

International Outlook:

With ample global wheat surplus in international wheat market, price would continue to trade under pressure in the month of February. As per latest IGC estimate update global wheat production may touch 719 MMT this year. Russia has introduced new regulations to curb wheat export to make sure it has enough wheat for domestic use.

Wheat price may go steady to slightly down in near term due to harvesting is near in many producing countries like India, Turkey and EU. However some crop may get damage in USA and Russia due to cold.