Executive Summary

Month of May started with firm tone in major wheat markets of India and firm sentiment is likely continue in the month of June too. Quality issue started lending support to FAQ/Premium varieties throughout the country. Average price of wheat in Delhi market increased to Rs 1509 per qtl. It was registered at Rs 1499 per qtl. In April. Higher prevailing market price (against MSP of Rs 1450 per qtl) during the procurement season hints towards uptrend in the second half of the year.

Festival season normally starts from July and demand for wheat products starts increasing. Local millers, judging the emerging short supply like condition in the months ahead, have started taking position in forward months in NCDEX for delivery purpose. Govt. too has fixed OMSS price higher at Rs 1550 per qtl. for Punjab, Haryana and some other states. It may lend support cash wheat market at current level. Undoubtly, wheat selling through tender from central pool stock would increase supply and would restrict market to some extent. However, private trade may prefer to buy old stock as quality of the new procured wheat is not good-traders say.

Rake loading from Kota, Baran, Bundi region of Rajasthan for Bangalore and Kerala is continued at Rs Rs 1750/1775 per qtl. on delivered basis. Luster loss wheat for the same destination is being loaded at Rs 1690/1710 per qtl.

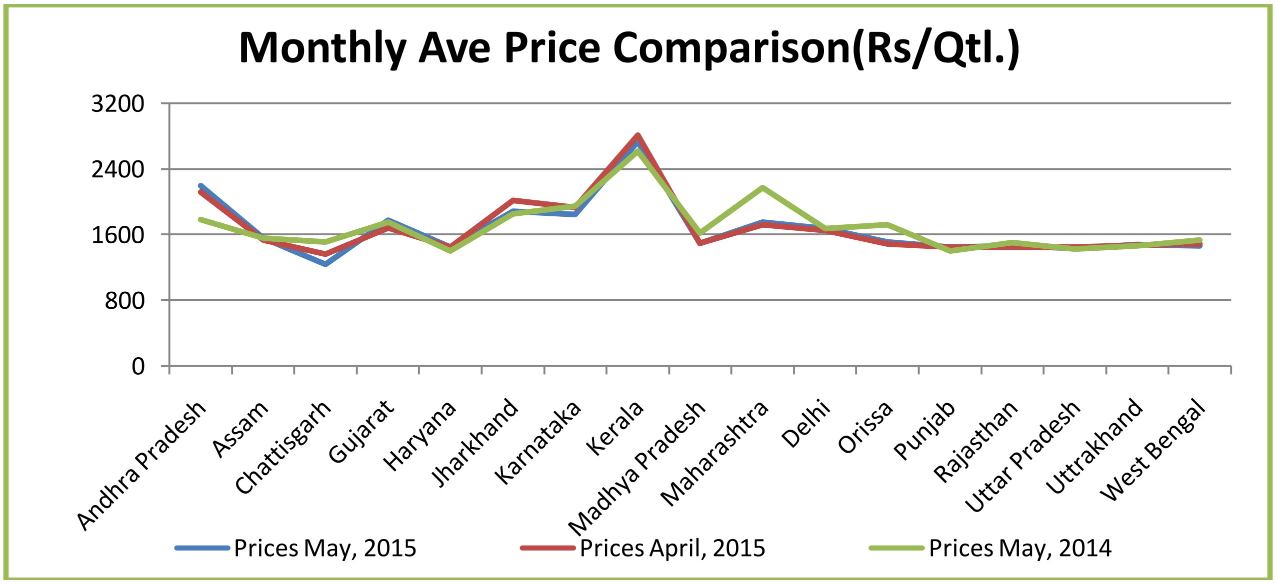
Local millers and DFM (Delhi Flour mill) are active in western markets of U.P and purchasing wheat at Rs 1540/Rs1550 per qtl. on delivered basis. Local miller are buying wheat at Rs 1450 to Rs 1460 per qtl.Major stake holders are taking position in forward contacts and it hints that price of wheat may move north ward from current level.

Total wheat procurement was registered at 271.68 lakh tonne as on 04.06.2015 against 280.23 lakh tonne till date last year. Punjab has contributed 99.52 lakh tonne so far, followed by Haryana 67.55 lakh tonne. M.P. contribution stands at around 72.61 lakh tonne. Rajasthan has procured only 12.48 lakh tonne. Overall procurement is lower by 3.05 percent this year.

South Indian Millers imported 1751.34 metric tonne of wheat from Australia during the week ended 24th May,2015 at Average CIF $298.91 per tonne at Tuticorin port. Indian wheat exporters managed to export2581.86 tonne wheat during the week ended24th May,2015. Average FOB quote for exported quantity is $278.52 per tonne.

Agriculture statistics Division, DES has released Third Adv estimates of Production of foodgrains for 2014-15 on 13.05 2015.It has revised wheat production estimate down by 4.9 MMT to90.78 MMT. In second Adv Est. production was estimated at95.76 MMT. The drastic decrease in third Adv . Est is mainly attributed to inclement weather conditions in March and April. India has produced 95.85 million tonne wheat in 2013-14.

Monthly Average Price Comparison:



Source: Agmarknet

All India ave monthly price is ruling lower in May in comparison to April, 2015. However, it is ruling higher in A.P and Assam in comparison to May,2014. Average price of Rajasthan, Punjab, U.P. Uttrakhand is moving in a narrow range as the above given chart shows.

State wise Area Coverage under Wheat on 13-02- 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	0.22
2	Bihar	21.61	23.04	23.03	22.87
3	Chhattisgarh	1.04	1.69	1.69	1.53
4	Gujarat	11.24	12.11	11.46	15.00
5	Haryana	24.98	24.99	24.90	24.95
6	Himachal	3.58	3.59	3.58	3.59
7	J & K	2.89	2.36	2.44	2.46
8	Jharkhand	1.24	1.40	1.62	1.69
9	Karnataka	2.51	2.35	1.86	1.93
10	M.P	45.18	49.34	58.44	57.92
11	Maharashtra	10.05	9.84	8.88	10.87
12	Punjab	35.2	35.14	35.00	35.00
13	Rajasthan	26.33	27.45	27.71	30.41
14	Uttar Pradesh	96.57	96.89	98.67	99.56
15	Uttar Khand	3.80	3.77	3.25	3.58

16	West Bengal	3.15	3.74	3.44	3.46
17	Others**	0.44	0.37	0.19	0.27
18	**Total**	**290.29**	**298.52**	**306.35**	**315.32**

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	91.14
Imports	0.15	0	0	0	1
Total Availability	97.58	103.35	113.86	115.67	114.31
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	20.81
Av Monthly Consumption	6.75	6.79	7.125	7.25	7.42
Stock to Month Use	2.44	3.00	2.7733	3.06	2.81
Stock to Consumption Ratio	0.20	0.25	0.2311	0.25	0.23

Note: *E Agriwatch estimate of wheat for 2014-15

Balance sheet highlights:

- Agriwatch has revised wheat production estimate down from 96 million tonne to 91.14 million tonne in 2014-15.Due to resent crop loss in Rajasthan, UP, MP, Punjab and Haryana. Recent unseasonal rains, hailstorms and strong wind have affected wheat crop adversely in these states.

- Total availability of wheat in MY 2015-16 is likely to decrease to 114.31 from 118.17 million tonne.

- Higher availability would ensure better supply throughout the year. Govt.'s godowns are bulging with surplus stock. As on 1st Jan stock in govt's godowns was registered at 251.13 lakh tonne against the required quantity of 112 lakh tonne under strategic reserve and buffer norm.

- Wheat consumption is likely to increase at normal pace of around 2 million tonne yearly to 89 million tonne. Export volume is likely decrease from6.5 million tonne to 4.5 million tonne in 2014-15.

- Unfavourable global market .higher price in domestic market remain the main bottleneck for higher export volume. There is surplus wheat in global market and exporting countries are offering attractive price for importers. With this background Indian exporters would not be able to increase wheat export volume considerably in the months ahead.

- Due to lower production estimate carryout for 2014-15 would decrease from22.17 to 20.81 million tonne.
- Ave monthly consumption would increase slightly from 7.25 to 7.42 million tonne. However, stock to consumption ratio too would increase slightly.

APY Of Wheat:

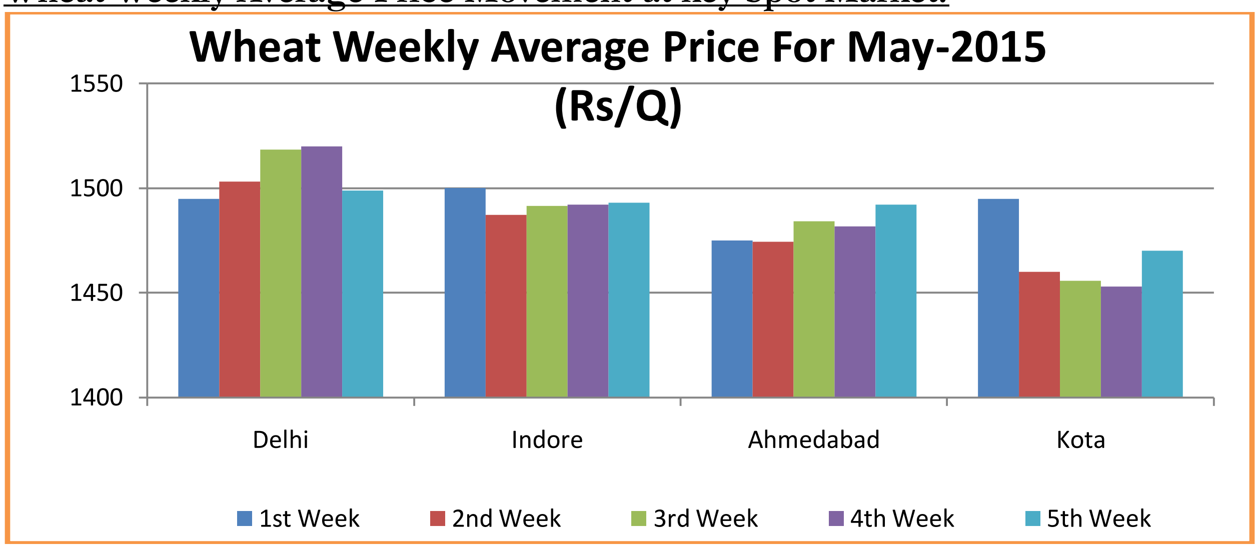
State/ UT	Area					Production					Yeild				
	2010-11	**2011-12**	**2012-13**	**2013-14***	**2014-15****	**2010-11**	**2011-12**	**2012-13**	**2013-14***	**2014-15****	**2010-11**	**2011-12**	**2012-13**	**2013-14***	**2014-15****
Andhra Pradesh	10	8	8	0	8	13	11	10	12	11	1300	1375	1250	1375	1331
Assam	45	53	34	22	17	53	60	44	58	20	1179	1147	1304	1147	1198
Bihar	2104	2142	2208	2287	2247	4098	4725	5357	4875	5454	1948	2206	2427	2206	2427
Chhatisgarh	111	109	101	153	152	127	133	141	131	190	1144	1227	1396	1227	1274
Gujarat	1274	1351	1024	1500	1140	4019	4072	2944	3336	3336	3155	3014	2875	3014	2927
Haryana	2515	2522	2497	2495	2490	11630	12686	11117	13238	11900	4624	5030	4452	5030	4778
Himachal Pradesh	357	357	364	359	360	546	596	608	574	588	1530	1671	1671	1671	1636
Jammu & Kashmir	291	296	290	246	241	446	500	462	527	392	1535	1689	1595	1689	1627
Jharkhand	96	159	164	169	154	158	303	319	313	285	1642	1908	1944	1908	1851
Karnataka	255	225	225	193	175	279	193	179	212	158	1094	858	796	858	901
Madhya Pradesh	4341	4889	5300	5792	5678	7627	11539	13133	12380	12381	1757	2360	2478	2320	2180

Maharashtra	1307	843	733	1087	713	2301	1313	1181	897	1043	1761	1558	1528	1558	1464
Orissa	3	1	0	0	1	4	2	2	2	2	1458	1644	1672	1644	1604
Punjab	3510	3528	3512	3500	3566	16472	17280	16591	18182	16098	4693	4898	4724	4898	4515
Rajasthan	2479	2935	3063	3041	2785	7214	9320	9275	8941	8060	2910	3175	3028	3140	2894
Uttar Pradesh	9637	9731	9734	9956	9751	30001	30293	30301	30299	29439	3113	3113	3113	2975	3019
Uttarakhand	379	369	358	358	371	878	878	858	898	889	2316	2379	2396	2379	2396
West Bengal	317	316	322	346	323	874	873	895	939	896	2760	2765	2786	2765	2769
Others				27											
All India	**29068.59**	**29864.77**	**30003.3**	**31532**	**30171.21**	**86873.95**	**94882.06**	**93506**	**96038.76**	**91142**	**2989**	**3177**	**3117**		

*Agriwatch Estimate

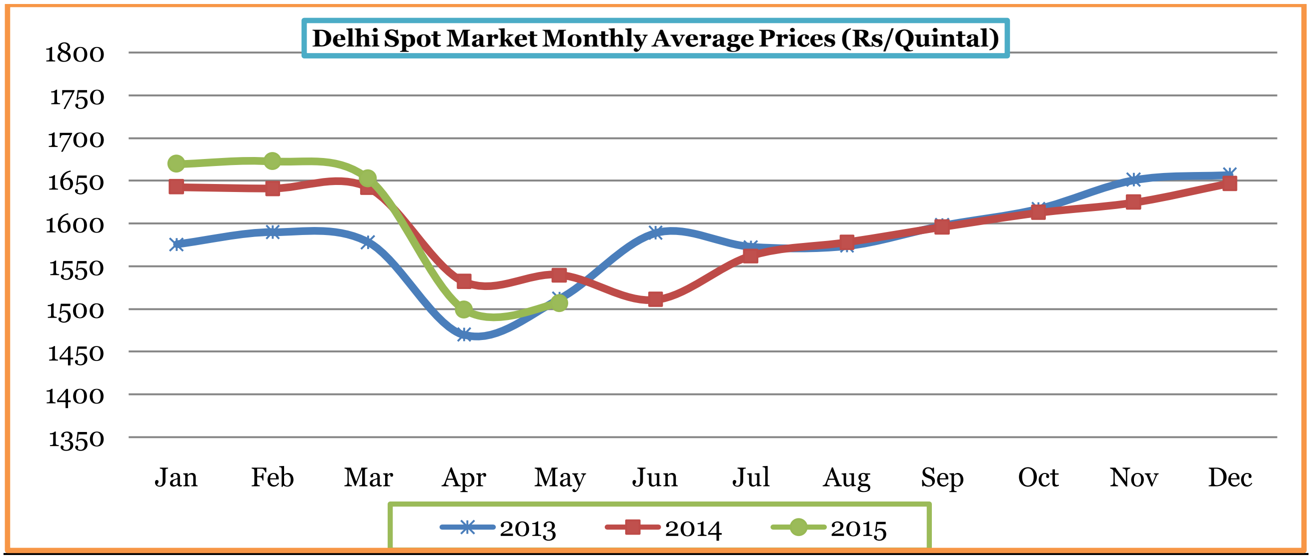
** Adv Estimate

Wheat Weekly Average Price Movement at key Spot Market:

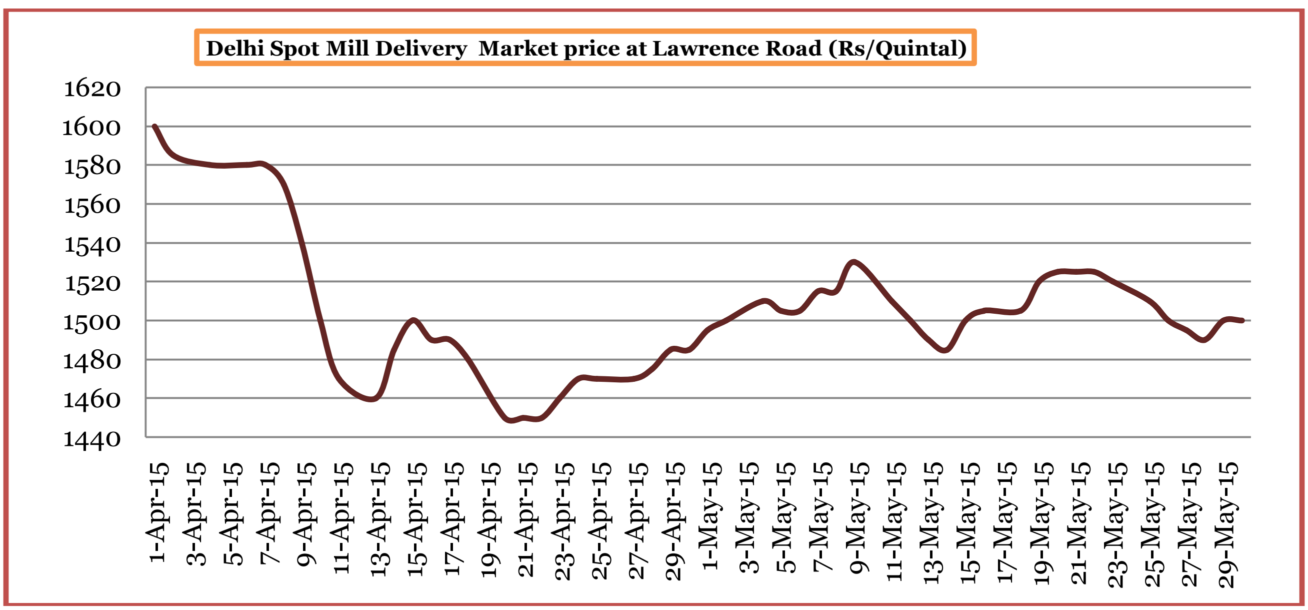


Weekly average price in the month of May shows that prices in Delhi market continues to decline week on week basis while it increased in Ahmedabad, Indore and Kota. Market is likely to trade steady to slightly firm in June too.

Wheat Average Monthly Prices movement during last three years



Wheat cash market (Delhi) during the month of May firmed up in comparison to April,2015 due to decreased arrivals and demand from local millers. However, it is higher from 2013 prices so far.



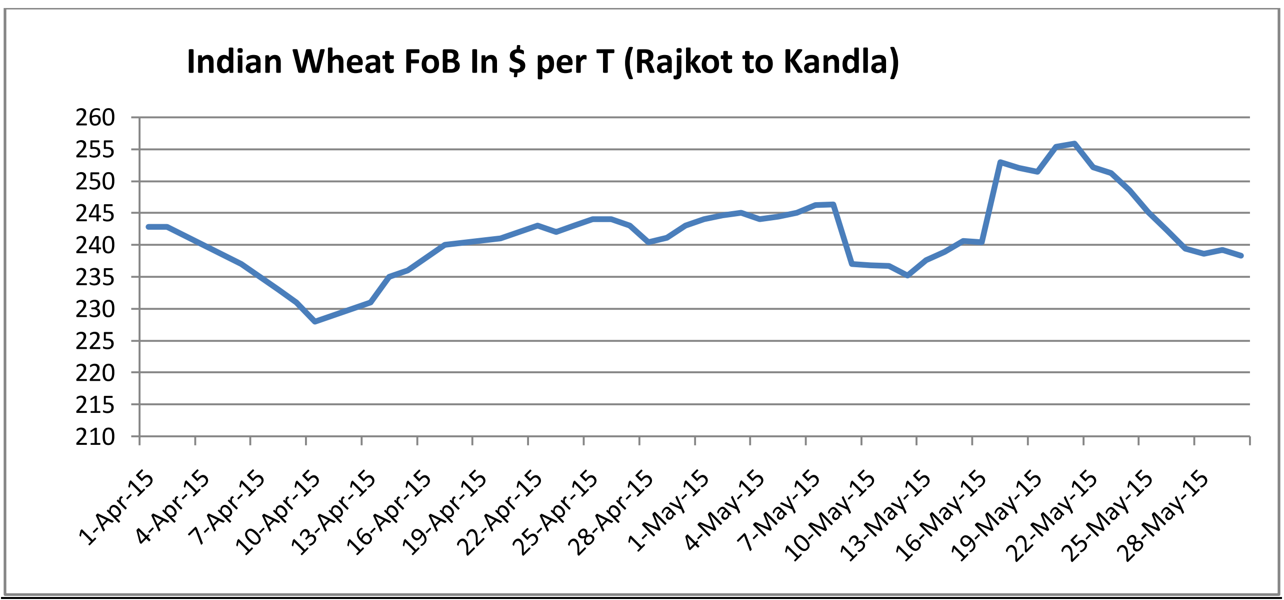
Wheat Exports from India

	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	5.31	278.33	280.61
May-14	8.51	283.85	270.66
Jun-14	5.04	267.03	235.16
Jul-14	3.16	277.24	217.94
Aug-14	1.68	280.53	218.9
Sep-14	0.93	278.84	204.33
Oct-14	0.87	276.86	222.94
Nov-14	0.85	274.25	235.64
Dec-14*	0.89	273.32	260.97
Jan-15*	0.35	288.62	233.2
Feb-15*	0.06	321.7	220.5
Total 14-15	**27.65**	**281.87**	**236.44**

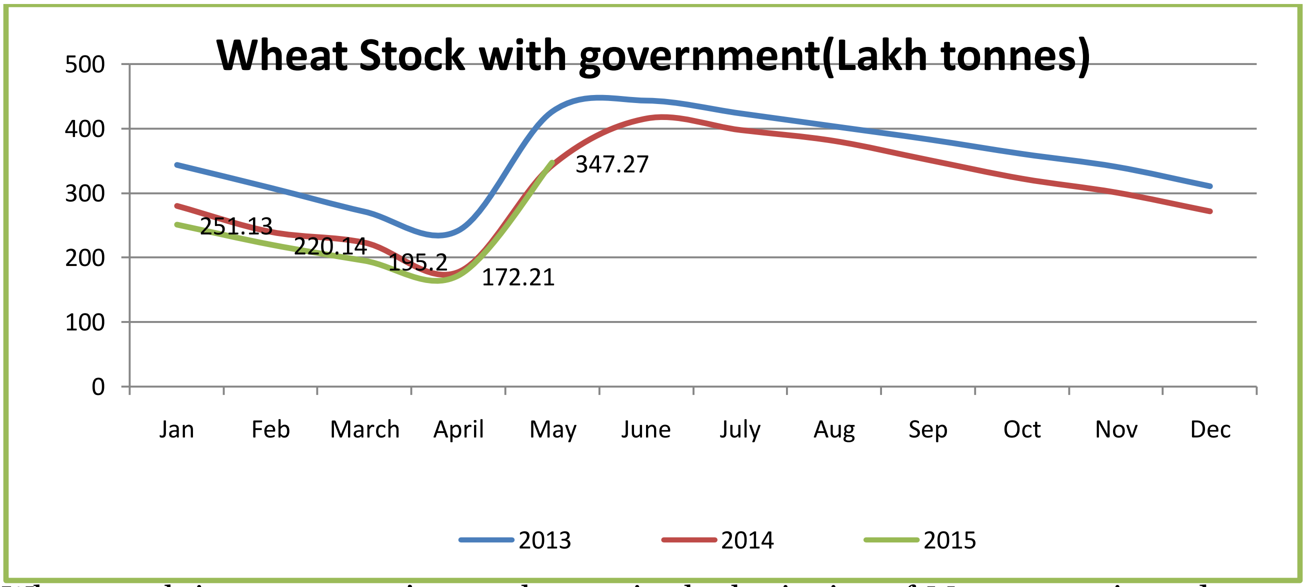
(Source: DGCIS, *Provisional data from IBIS)

According to IBIS, wheat exports from India decreased from 0.35 to 0.06 Lakh tonne in February. Average Fob quote increased from$288.62 in January to $321.7 per tonne in February. However, during the review period CBOT average quote decreased from $233.20 to $220.5 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 quote has decreased in May and is expected to trade up in the weeks ahead as quality crop price is getting firmer. FOB quote has been considered From Rajkot to kandla. Actually there is no quote available from Rajasthan and M.P. due to negative parity.

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



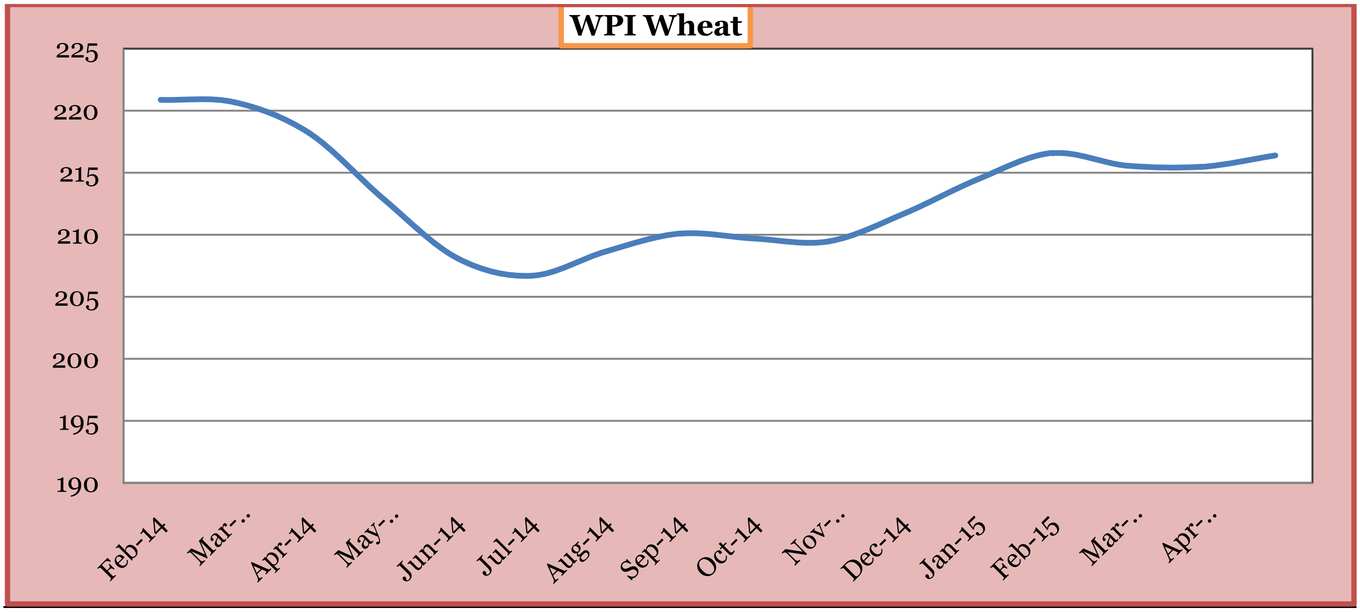
Wheat stock in government's ware houses in the beginning of May was registered at 347.27 lakh tonne. Stock is lower than 2012, 2013 due to lower procurement. This year carry out may decrease more due to crop and quality loss.

Wheat procurement:

States	Total During 2014-15	Target For 2015-16	Expected in 2015-16	4th June,2015	4th June-2014	% Ch till date
Punjab	116.41	125	118	99.52	116.41	-14.51
Haryana	64.95	65	60	67.55	64.94	4.02
UP	6.28	15	15	18.65	6.28	196.97
M.P.	70.94	78	65	72.61	70.94	2.35
Bihar	0	0	0.5			#DIV/0!
Rajasthan	21.59	20	15	12.48	21.58	-42.17
Uttrakhand	0.01	1.2	1			#DIV/0!
Chandigarh	0.05	0	0			#DIV/0!
Delhi	0	0	0			#DIV/0!
Gujarat	0	1	0.75	0.68		#DIV/0!
Jharkhand	0	0	0			#DIV/0!
HP	0	0	0			#DIV/0!
Maharashtra	0	0.2	0.2			#DIV/0!
J&K		0	0			#DIV/0!
West Bengal	0	0.2	0			#DIV/0!
Others	0	0.4	0.4	0.19	0.08	137.50
TOTAL	**280.23**	306	275.85	271.68	280.23	-3.05

Note: Procurement is almost over except Uttar Pradesh,Bihar and Rajasthan

Wheat Inflation:



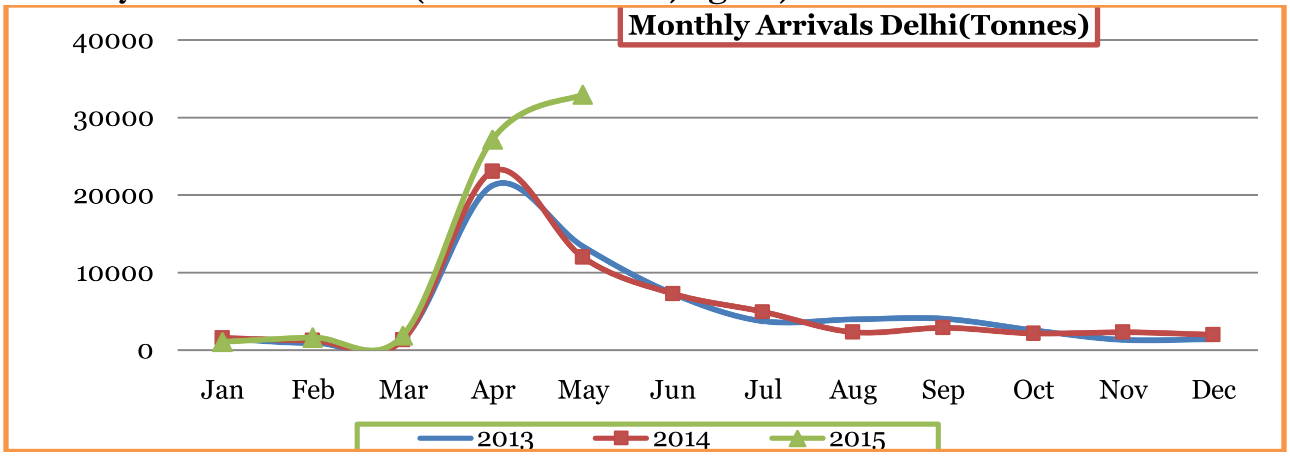
Wheat WPI has decreased slightly to 216.4 in April 2015 from 215.5 in March, 2015. Wheat prices may rule steady to slightly firm in the weeks ahead.

Monthly Average Prices at Various Spot Market(Rs/Qtl.)					
	Delhi	**Indore**	**Kota**	**Rajkot**	**Chennai**
14-Mar	1642.08	1593.33	1655	1530.3	1987.14
14-Apr	1532	1527.5	1521.7	1511.2	1866.1
14-May	1540	1575.65	1531.42	1518.4	1845.47
14-Jun	1510.48	1509.58	1493.95	1438.04	1780
14-Jul	1562.42	1617.4	1569.54	1512.6	1799.31
14-Aug	1579	1624.04	1581.31	1504.47	1801.36
14-Sep	1596.5	1592.6	1560	1539.8	1778.4
14-Oct	1613.39	1575.14	1564.75	1540.33	1792.4
14-Nov	1625.2	1595.22	1563.75	1626.59	1814.37
14-Dec	1647.11	1637.04	1603.65	1649.42	1831.53
15-Jan	1669.6	1682.95	1666.36	1713.47	1843.18
15-Feb	1673.33	1563.86	1592.61	1567.95	1803.57
15-Mar	1652.48	1449	1487.63	1459	1720.26
15-Apr	1499.16	1434.52	1442	1402.04	1683.8
15-May	1506.92	1492.82	1468.6	1410.2	1700

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			30/05/2015	30/04/2015	
Delhi	Lawrence Road	Mill Delivery	1500	1485	15
	Nazafgarh	Mill Quality Loose	1445	1450	-5
	Narella	Mill Quality Loose	1450	1435	15
Gujarat	Rajkot	Mill Delivery	1400	1410	-10
	Ahmedabad	Mill Delivery	1490	1475	15
	Surat	Mill Delivery	1520	1515	5
M.P.	Bhopal	Lokwan	1380	1600	-220
	Indore	Mill Delivery	1525	1490	35
Rajasthan	Kota	Mill Quality	1390	1400	-10
	Kota	Mill Delivery	1480	1475	5
U.P.	Kanpur	Mill Delivery	1500	1545	-45
	Mathura	Mill Quality Loose	1350	1360	-10
	Kosi	Mill Delivery	1300	1500	-200
Punjab	Khanna	Mill Quality Loose	1450	1450	0
	Jagraon	Mill Delivery	1520	1450	70
Haryana	Sirsa	Mill Quality loose	1465	1450	15
	Hodal	Mill Delivery	1490	1450	40
Tamil Nadu	Chennai	Mill Quality	1700	1700	0
	Madurai	Mill Quality	1757	1757	0
	Coimbatore	Mill Quality	1757	1757	0

Monthly Arrivals at Delhi (Narella and Najafgarh)



Domestic Outlook:

Wheat market is expected to trade steady to slightly firm in the month of May despite increasing arrivals in various markets. Availability of quality crop is lower and private trade is buying it at higher price than MSP while govt is buying poor quality wheat at MSP. Export demand is negligible as wide disparity is being seen at this point of time.

SWOT Analysis of Wheat

Strength

- Comfortable stock position despite lower procurement and production.
- Govt. release mechanism/allocation through OMSS.

Weakness

- Lower availability of quality wheat in Rajasthan, Gujarat and MP.
- Disparity for export at current level
- Weak Infrastructure.
- Lack of branded wheat quality wise.

Opportunity

- Unfavourable weather condition in US &Australia.
- Export Tax By Russia(Likely)
- Bangladesh current demand (3 MMT a year).
- Higher demand for premium grade like Lokwan,sharbati and tukda.

Threat

- Growing disparity.Import from Australia.Ukraine Higher marketable surplus in major exporting countries.

International Market Dynamics:

With improved weather condition in major wheat growing regions US wheat decreased 0.5 percent in a day. It is ruling at $4.82 per bushel. It is ruling at $4.54 per bushel. More decrease is likely as market had touched six months high in recent two weeks under abnormal weather conditions. The Plains have had lots of rains recently and should the warmer weather materialize, yields are likely to be better now. The improved U.S. wheat supply outlook comes amid ample global supplies despite some concern over Russian production.

A drier forecast for southern winter wheat areas reduced some concerns about crop damage from recent heavy rains.The quality of some HRW wheat in central Texas and southern Oklahoma would fall below export grade. Demand for U.S. wheat was light as less expensive supplies were available from several rival exporters in Europe and the Black Sea region. Russia approved a new wheat export tax from July 1, which could threaten profits on advance contracts for the new crop if the ruble weakens.

Global wheat production in 2015/16 was forecast at 715 million, up from a previous projection of 705 million but below last season's 721 million. The IGC raised its forecast for wheat crops in China (127 million from 118 million), Russia (55 million from 52 million) and Ukraine (21 million from 20 million).The revisions were partially offset by lower forecasts for India (91 million from 94 million) and the United States (58.2 million from 59 million).

Russian Govt is considering a proposal that would restrict wheat shipment from the country. The reason behind this proposal, when new crop has started hitting the market, is to protect their livestock farmers from increasing feed costs. Under this proposal, if implemented, tax would be applied from 1st July(the beginning of the MY 2015-16) on wheat shipment. Tax may be at least 1 ruble per Tonne and may be more if contract prices rise above $220 per tonne. Prices for next season's crop rose 2.7 percent to $190 a ton in the week to May 18.

IGC Wheat Balance Sheet(Quantity in MMT)

	2010-11	2011-12	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
						23.04.2015	28.05.2015
Production	653	695	655	713	721	705	715
Trade	126	145	141	155	153	151	149
Consumptions	657	697	678	696	710	711	715
Carryover stocks	194	192	170	187	200	194	200
Y-O-Y change	-4	-1	-22	17	11		0
Major Export	73	68	50	54	67	65	67

IGC Balance Sheet Highlight

- World wheat production is forecast at a record 715m t in 2015/16,higher by 10 MMT from last month of 705 million T .
- The global consumption forecast has been revised up from 711 million T to 715 MMT .
- The world Carry out stocks has been revised up by 6MMT, to200MMT
- World wheat trade is 2m t lower at 149MMT

USDA Global Wheat Balance Sheet: 2015-16 Fig. In Thousand Tonne(As on 15.05.2015)							
Country	Opening Stock 2015-16	Production Projected 2015-16	Domestic Consumption 2015-16	Import 2015-16	Export20 15-16	Ending Stock 2014-15	Production Last Year
Argentina	3,180	12,000	6,150	30	7,200	3,180	12,500
Australia	6,138	26,000	7,325	150	18,500	6,138	24,000
Canada	5,301	29,000	9,700	460	20,500	5,301	29,300
China	62,944	130,000	121,500	1,200	1,000	62,944	126,170
European Union	14,720	150,289	123,500	5,000	32,500	14,720	156,449
India	16,500	90,000	94,600	500	500	16,500	95,850
Pakistan	3,222	25,000	24,600	100	1,000	3,222	25,500
Russia	7,605	53,500	35,500	350	20,000	7,605	59,080
Ukraine	4,970	22,000	11,700	50	10,500	4,970	24,750
United States	19,306	56,811	33,176	3,810	25,174	19,306	55,129
Others	57,085	124,331	245,494	141,956	20,072	59,431	117,723
World total	200,971	718,931	713,245	153,606	156,946	203,317	726,451

CBOT May 15Monthly Future Chart:

CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)						
CONTRACT MONTH	Today 29-May-15	Week Ago 22-May-15	Month Ago 29-Apr-15	6 Month Ago 29-Nov-14	Year Ago 29-May-14	% Change over previous year
15-Jul	175.25	189.30	177.64	226.50	232.38	**-24.58**
15-Sep	177.18	192.15	181.22	229.07	236.79	**-25.17**
15-Dec	182.60	197.29	187.93	232.47	243.86	**-25.12**
16-Mar	187.93	202.62	194.26	235.50	261.31	**-28.08**
16-May	191.23	205.84	198.30	234.40	261.96	**-27.00**
16-Jul	192.98	207.40	199.22	229.26	255.34	**-24.42**

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

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			2-Jun-15	26-May-15	2-May-15	2-Jun-14
USA (Chicago)	2srw	**-14.84**	215.8	208.9	203.9	253.4
France	FCW3	**-2.99**	178.3	178.3	170.0	183.8
Australia	ASW	**-16.96**	235.0	240.0	236.0	283.0
Russia	SRW	**-31.19**	193.0	193.0	208.5	280.5
India	Fob	**-16.68**	238.84	246.20	237.00	271.00

International Outlook:

Global wheat market is likely to trade steady to slightly firm due to US lower crop size, below normal prospects for Australian wheat. Likely imposition of export tax by Russia may be supportive for global wheat market. However, any one way spike is unlikely as there are lots of wheat in global market. Overall sentiment for June remains firm.