Executive Summary

Month of June started with firm tone and touched its high in the second week of the review month. Short supply of milling grade in cash market and short covering by local millers remain supportive to the cash market fundamental. Prices of FAQ varieties gained Rs 40 to Rs55 per qtl.in Delhi market and traded at Rs 1560 per qtl. However, upward momentum could not sustain due to weak futures.

Festive season starts from this month and demand for wheat products is likely to increase from mid- July. It may push wheat price up once again. Wheat release through OMSS at Rs1550 per qtl from central pool stock (Punjab/Haryana) would not help much to quench thirst for flour millers' needs. If freight is included in reserve price of Rs 1550 per qtl., actual costing of wheat would go up to Rs 1650/1660 per qtl., while wheat is available in open market at Rs 1530 to RSs1560 per qtl. at various markets.

So, local millers would prefer to source wheat from cash markets.This year quality of wheat is not good and govt has procured wheat relaxing fixed norms and market participants are aware of it. There is no demand for export despite bullish global market and wheat meant for export in private hands may flow to millers' hand first at higher than prevailing market price due to good quality. It may push up wheat price up in the weeks ahead.

At present, rake loading from Kota region of Rajasthan to South Indian states is being done at Rs 1760 to Rs 1770 per qtl. for milling grade wheat. If bulk users source it from Punjab and Haryana costing would go up slightly.

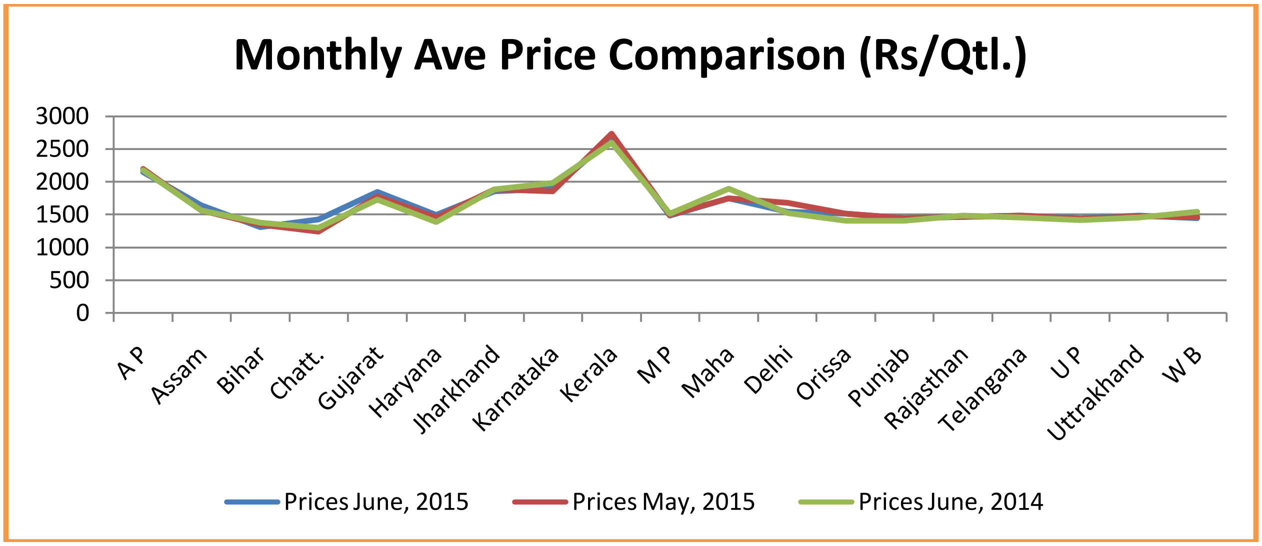
During month of June India exported 17388.6 tonne wheat at an ave FoB price of$268.70 per tonne.Import volume was registered at 97078.18 tonne at $289.02 per tonne on CIF Basis Tuticorin, sourced from Australia.

Wheat stock in central pool was registered at 403.51 lakh tonne as on 1st ,June 2015.The highest quantity of wheat is available in North and West Zone. It is almost 280 lakh tonne in northern states while western states have around 100 lakh tonne wheat stock.

Procurement is almost over now.Total wheat procurement was registered at 276.19 lakh tonne as on 25.06.2015 against 270.68 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 only12.95 lakh tonne. Overall procurement is up by0.46 percent this year

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 rules slightly higher in June in comparison to May, 2015. It is ruling higher in south and north Indian states.Average price of wheat in Rajasthan, Punjab, U.P. is moving in anarrow range as the above given chart shows.

State wise Area Coverage under Wheat as 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:

Particulars	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 (Govt 3rd advest released on 13.5.2015 is 90.78 MMT)

Balance sheet highlights:

- Agriwatch has revised wheat production estimate down from 96 million tonne to 91.14 million tonne in 2014-15,due to recent 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 to decrease from6.5 million tonne to 4.5 million tonne in 2014-15.

- Unfavourable global market, and 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:

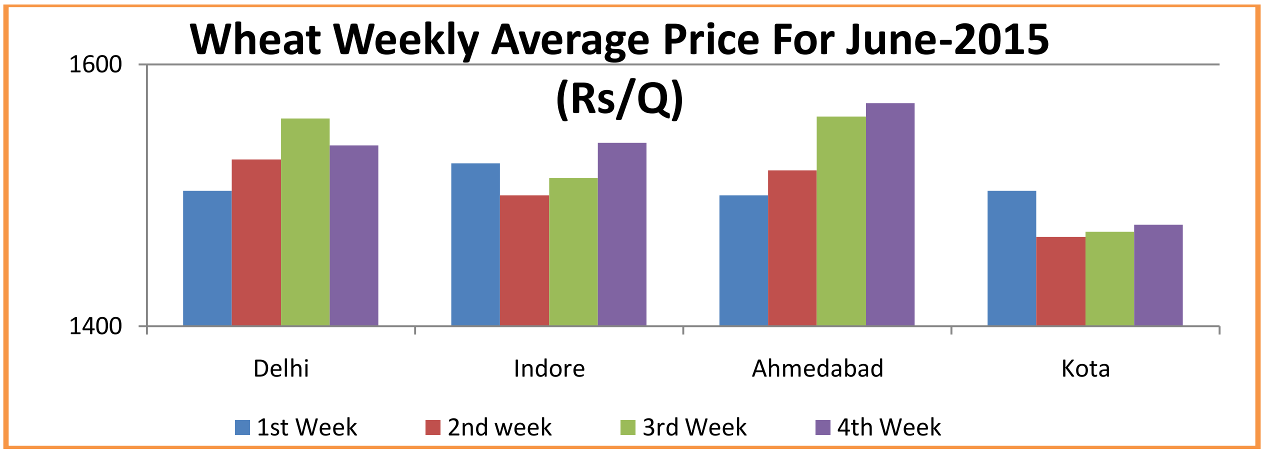
State/ UT	Area					Production					Yeild				
	2010-11	2011-12	2012-13	2013-14*	2014-15**	2010-11	2011-12	2012-13	2013-14*	2014-15**	2010-11	2011-12	2012-13	2013-14*	2014-15**
Andhra Pradesh	10	8	8	0	8	13	11	10	12	11	1300	1375	1250	1375	1331
Assam	45	53	34	22	17	53	60	44	58	20	1179	1147	1304	1147	1198
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

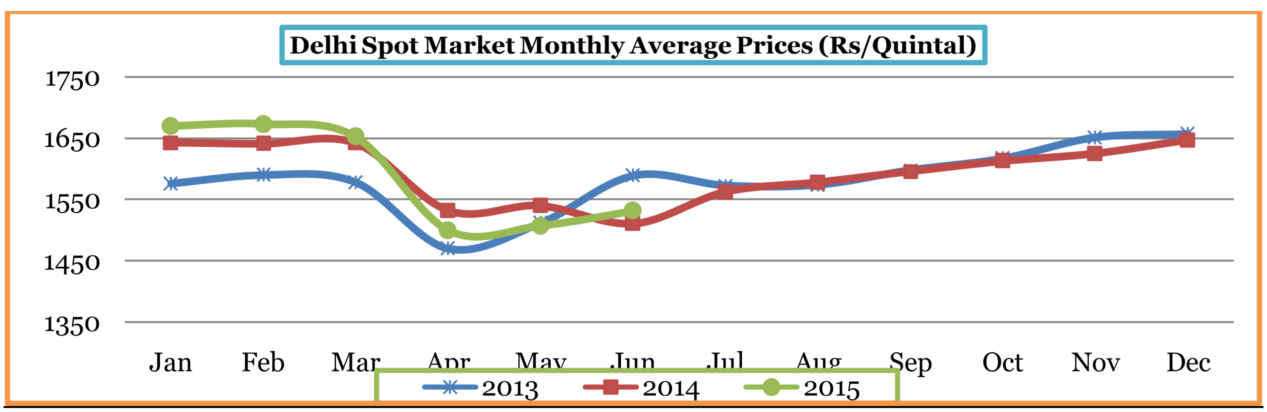
** Adv Estimate

Wheat Weekly Average Price Movement at key Spot Market:

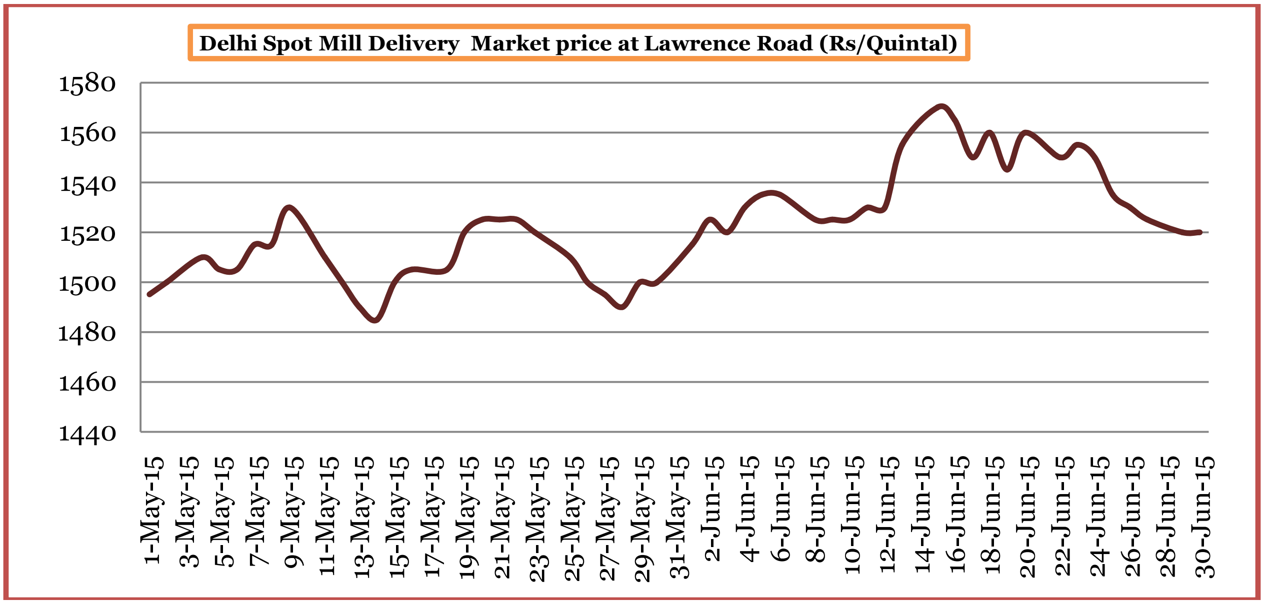


Weekly average price in the month of June shows that prices in all markets except Delhi continued to get firmer week on week basis. Short supply of quality wheat and restricted arrivals remain supportive to the cash market fundamental.Market is likely to trade steady to slightly firm in July too.

Wheat Average Monthly Prices movement during last three years



Wheat cash market (Delhi) during the month of June firmed up in comparison to May,2015 due to decreased arrivals,higher price at sourcing centres and demand from local millers. Wheat price in Delhi during June ,2014 was ruling at Rs 1511 per qtl.In June ,2015 it was being traded at Rs1531.14 per qtl.

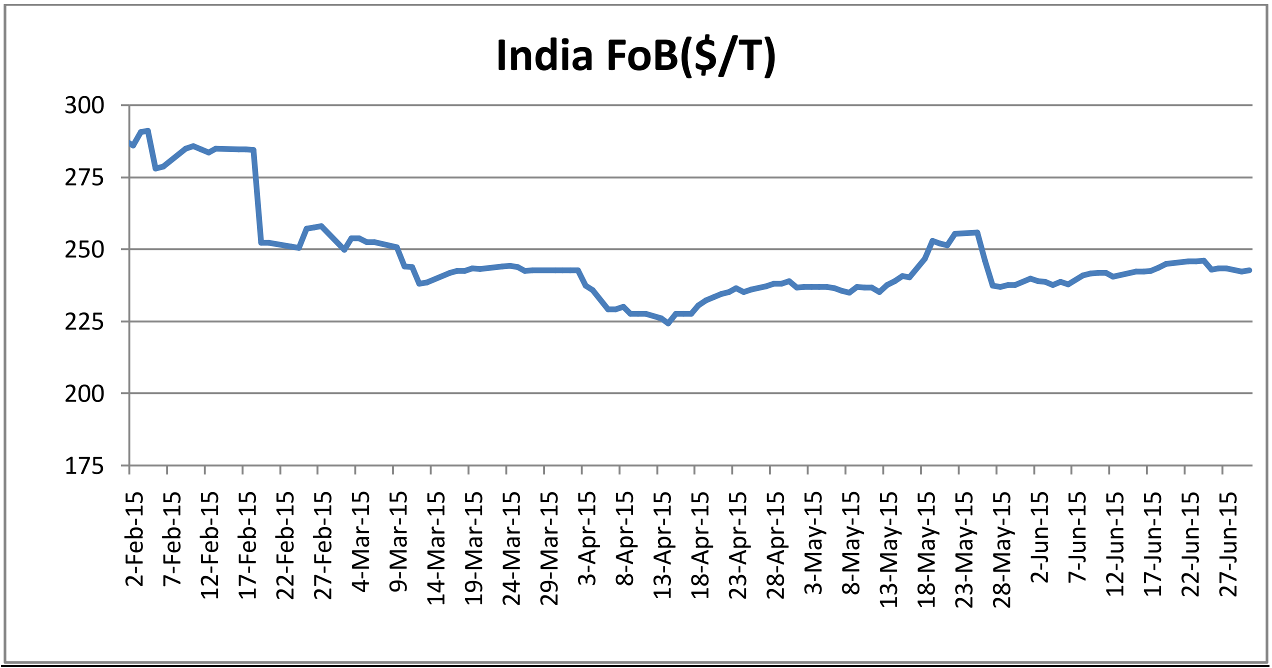


Wheat Exports from India

Yearly/Monthly Quantity	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-Mar-15	**29.25**	**279.96**	**230.37**
15-Apr	0.404	266.56	184.07
15-May	0.264	277.11	187.49
15-Jun	17388.6	268.7	190.63
15-Jul			
15-Aug			
15-Sep			
15-Oct			
15-Nov			
15-Dec			
16-Jan			
16-Feb			
16-Mar			
Total 2015-16("000"T)	17389.260	270.79	187.39

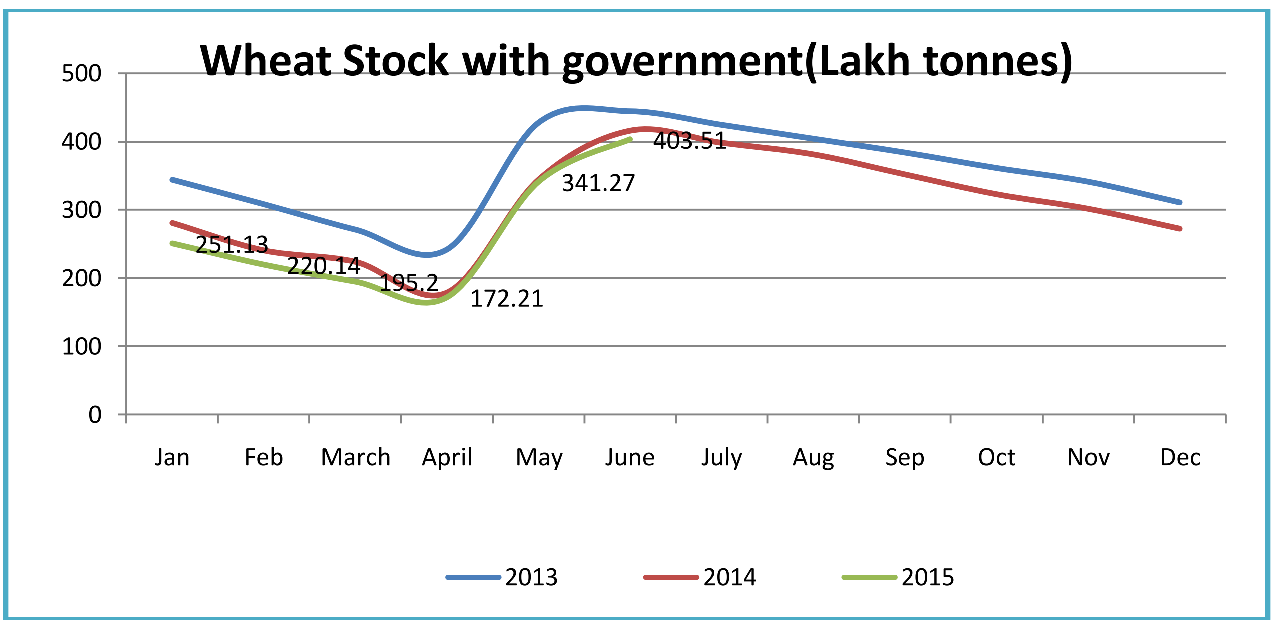
(Source: DGCIS, *Provisional data from IBIS)

According to IBIS data, wheat exports from India increased in June to 17388.6 tonne. Wheat export was minimum in the month of April and May,2015. Average Fob quote decreased from$277.11 in May to $268.7 per tonne in June,2015. However, during the review period CBOT average quote increased from $187.49 to $190.63 per tonne. Export from India is unlikely to increase due to current disparity and quality issue despite firm global market.



Indian Fob quote has increased slightly in June and is expected to get firmer in the weeks ahead as quality crop price is ruling higher. FOB quote has been considered From Rajkot to Kandla. Actually there is no quote available from Rajasthan and M.P. due to negative parity at this point of time.

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



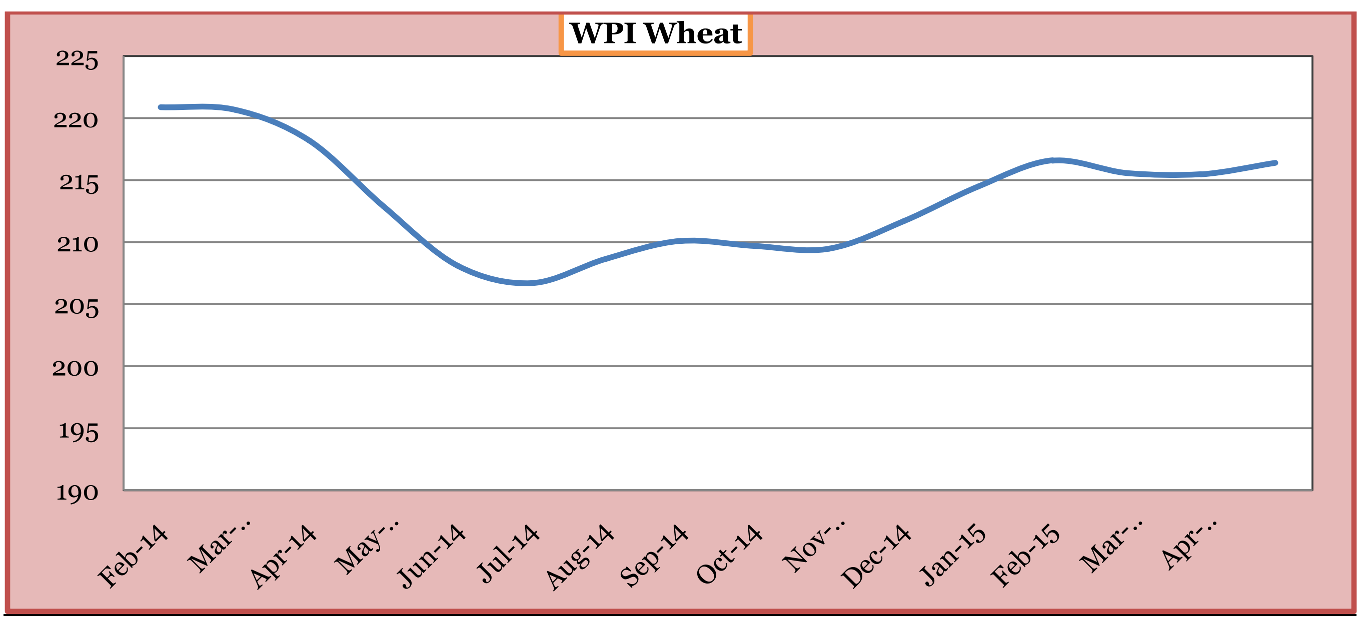
Wheat stock in government's ware houses in the beginning of June was registered at 403.51 lakh tonne. Stock is lower than 2013, 2014 due to lower procurement. This year carry out may decrease more due to crop and quality loss.

Wheat procurement:

States	Total During 2014-15	Target For 2015-16	Expected in 2015-16	25th June,2015	25th ,June,2014	% Ch till date
Punjab	116.41	125	118	99.52	112.41	-11.47
Haryana	64.95	65	60	67.55	64.16	5.28
UP	6.28	15	15	22.67	5.28	329.36
M.P.	70.94	78	65	72.61	70.94	2.35
Bihar	0	0	0.5			#DIV/0!
Rajasthan	21.59	20	15	12.95	21.54	-39.88
Uttrakhand	0.01	1.2	1	0.046	0.0046	900.00
Chandigarh	0.05	0	0	0.046	0.0108	325.93
Delhi	0	0	0	0.01787	0	#DIV/0!
Gujarat	0	1	0.75	0.7	0	#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	0.09	0.58	-84.48
TOTAL	**280.23**	306	275.85	276.19	274.92	0.46

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

Wheat Inflation:



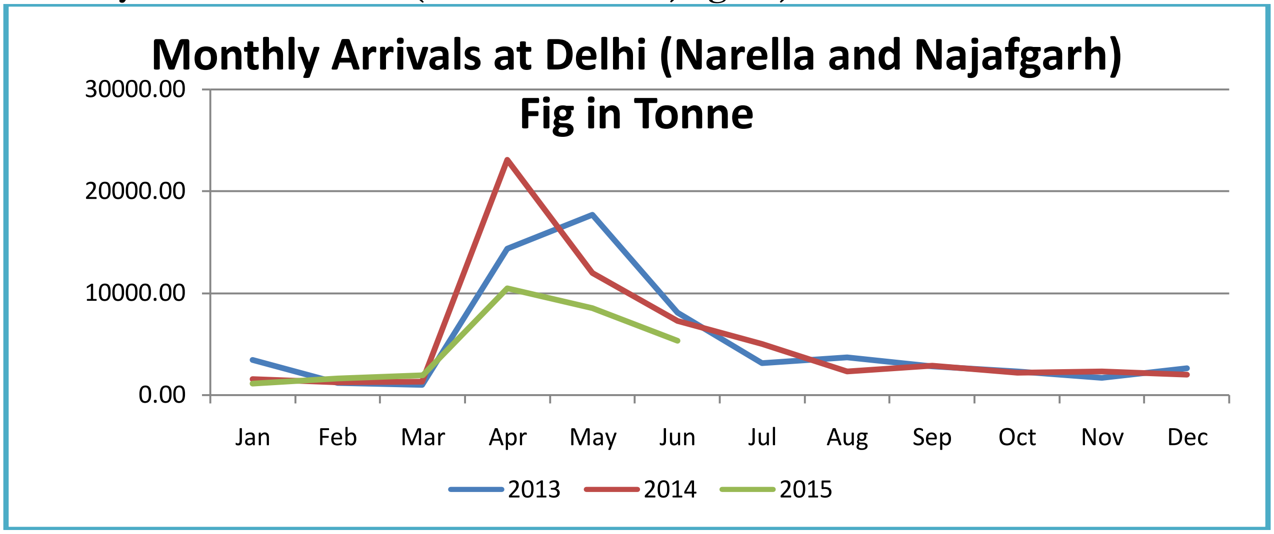
Wheat WPI has decreased slightly to 216.4 in April 2015 from 215.5 in March, 2015. Wheat prices may rule steady to slightly firm in the weeks ahead.

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
15-Jun	1531.54	1519.25	1537.25	1479.95	1708

Monthly Price Comparison of Spot Markets:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			30/06/2015	**30/05/2015**	
Delhi	Lawrence Road	Mill Delivery	1520	1500	**20**
	Nazafgarh	Mill Quality Loose	1460	1445	**15**
	Narella	Mill Quality Loose	1455	1450	**5**
Gujarat	Rajkot	Mill Delivery	1450	1400	**50**
	Ahmedabad	Mill Delivery	1565	1490	**75**
	Surat	Mill Delivery	1590	1520	**70**
M.P.	Bhopal	Lokwan	1425	1380	**45**
	Indore	Mill Delivery	1535	1525	**10**
Rajasthan	Kota	Mill Quality	1400	1390	**10**
	Kota	Mill Delivery	1500	1480	**20**
U.P.	Kanpur	Mill Delivery	1540	1500	**40**
	Mathura	Mill Quality Loose	1400	1350	**50**
	Kosi	Mill Delivery	1400	1300	**100**
Punjab	Khanna	Mill Quality Loose	1470	1450	**20**
	Jagraon	Mill Delivery	1500	1520	**-20**
Haryana	Sirsa	Mill Quality loose	1500	1465	**35**
	Hodal	Mill Delivery	1520	1490	**30**
Tamil Nadu	Chennai	Mill Quality	1700	1700	**0**
	Madurai	Mill Quality	1760	1757	**3**
	Coimbatore	Mill Quality	1760	1757	**3**

Monthly Arrivals at Delhi (Narella and Najafgarh)



Domestic Outlook:

Wheat market is expected to trade steady to slightly firm in the month of July despite likely release from central pool from this month. Availability of quality crop is lower and private trade is buying it at higher price than MSP. Private trade would continue to source wheat from cash market as there is a fear that wheat stored out in govt godowns is of poor quality. South Indian millers would continue to prefer import from Australia and Russia. Festive demand for wheat products may lend support to cash market fundamental.

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.UkraineHigher marketable surplus in major exporting countries.

International Market Dynamics:

IGC has revised global wheat production estimate down by 4 million tonne to 711 MMT for 2015-16.The main reason for downward revision is mainly attributed to lower production in India(from 91 to 89 MMT now),Australia(from 27 to 25.5 MMT)and EU(from 150 to 148.5 MMT. However, it has revised Ukraine wheat production estimate up from21 to 22 MMT.

Wheat price in Russia is likely to increase this week again taking clue from firm global market and rains in southern wheat growing region in Russia. Rains in Russia may damage quality of standing crop ready to be harvested now. Russia is selling wheat,having 12.5 percentprotein content, in forward months from new crop at $192 per tonne free on board basis. The FoB quote has increased by $2 per tonne in last one week.It may move up to $195 per tonne this week. Domestic prices for third-class wheat were up 125 roubles compared toa week earlier at 9,500 roubles ($171) per tonne in the European part of Russia on an ex-works basis

Korea's private flour miller has brought31,700 tonne milling grade wheat from Australia, scheduled to be delivered in November,2015.The purchase comprised 26,500 tonnes of soft white wheat of 10.3 to 11.0 percent protein content, bought at around $252 to $255 a tonne fob, and 5,200 tonnes of hard wheat of a minimum 11.5 percent protein, bought at between $258 and $259 a tonne fob.

China's wheat crop in some main growing regions has been affected badly by rains and issue over quality is increasing now.Wheat production in China is expected to cross last year level, damaged quality would force China to double its import-says expert. Harvesting is almost over. However, quality is worse than last year due to heavy rains during harvesting stage in the beginning of this month.

Russian wheat exporters offer wheat to Iraq at $231.00 a tonne c&f free out in the tender for hard wheat. The tender closed on Sunday and offers must remain valid up to June 18. Russian wheat exporters were also offered at $233.00 and $236.50 a tonne c&f free out. One offer for U.S. wheat was made at $285.42 a tonne c&f free out, the lowest offer for Australian origin was $267.50 c&f free out and the lowest from Canada was $266.00 a tonne c&f free out.

The El Nino developing across the Pacific, risks cutting Australia's wheat crop to the smallest in eight years, according to National Australia Bank Ltd.A classic pattern could reduce the harvest to 20 million metric tons or even lower, agribusiness economist Phin Ziebell said. That would be the lowest since the 2007-2008 season.Australian govt. predicted23.6 million tonne production last month.

An agro consultancy service of Ukraine has revised its wheat production estimate up to 22 MMT for 2015.Previously this consultancy firm had projected 21 MMT wheat production. Better weather condition throughout the growing season and rains at regular intervals helped to attain better yield. However, it is lower than2014 crop size when the country had produced 24.1 million tonne wheat.

The USDA has estimated its initial global wheat ending stock for 2015-16 at 203.32 million tonne,up by2.35 million tonne estimated for 2014-15 crop. It is higher than pre trade estimate of194.2 million tonne. Global wheat production for 2015-16 has been projected at718.93 million tonne. However it is lower than the estimate of 726.45 million tonne estimated for 2014-15.If the forecast materializes, it would be the second highest record of global wheat production.

The USDA has projected global wheat consumption for 2015-16 at 716.59 million tonne in comparison to forecast of715.46 million tonne for 2014-15. Export has been projected to be lower at 156.95 million tonnes in 2015-16 in comparison to 163.7 million tonnes estimated for 2014-15.

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				28.05.2015	25.06.2015
Production	655	712	721	715	711
Trade	142	156	153	149	149
Consumptions	677	696	710	715	713
Carryover stocks	171	187	198	200	196
Y-O-Y change	-21	16	10	0	-2
Major Export	51	55	64	67	65

IGC Balance Sheet Highlight

- World wheat production is forecast at a record 711m t in 2015/16,lower by 4 MMT from last month of 715 million T .
- The global consumption forecast has been revised down from 715 million T to 7153MMT .
- The world Carry out stocks too has been revised down by 4MMT, to196MMT
- World wheat trade has been pegged atat 149MMT.

USDA Global Wheat Balance Sheet: 2015-16 Fig. In Thousand Tonne(As on 15.06.2015)							
Country	Opening Stock 2015-16	Production Projected 2015-16	Domestic Consumption 2015-16	Import 2015-16	Export2015-16	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	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over previous year
	2-Jul-15	25-Jun-15	2-Jun-15	2-Apr-15	2-Jan-15	2-Jul-14	
15-Jul	215.20	195.46	188.29	194.54	216.40	206.39	4.27
15-Sep	216.95	197.66	190.04	197.66	219.06	211.44	2.61
15-Dec	220.16	201.52	195.00	202.80	222.92	219.80	0.17
16-Mar	223.38	205.28	200.05	207.76	224.39	248.55	-10.13
16-May	225.40	208.04	203.36	210.80	222.64	246.43	-8.54
16-Jul	223.47	209.51	204.92	210.52	219.25	243.13	-8.08

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

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			2-Jul-15	25-Jun-15	2-Jun-15	2-Jul-14
USA (Chicago)	2srw	-1.46	242.7	217.9	215.8	246.3
France	FCW3	8.54	197.0	182.5	178.3	181.5
Australia	ASW	-6.32	252.0	246.0	235.0	269.0
Russia	SRW	-21.22	193.0	190.0	193.0	245.0
India	Fob	-13.20	243.04	246.03	238.92	280.00

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. Besides downgraded production estimate by IGC from715 to 711 MMT remains supportive in the near term. However, any one way spike is unlikely as there are lots of wheat in global market. Overall sentiment for June remains firm.