

Domestic Market Updates:

Wheat cash market continued to trade under pressure during the week under review as bulk buyers like exporters/processors have slowed down their buying as inner tone in the market remains bearish. Wheat prices in major benchmark market have decreased by Rs 40 to Rs 50 per qtl. during last two weeks. Market participants opine that wheat would continue to trade steady to slightly lower in the third week of June too.

Main reasons behind bearish tone in wheat cash market are diminished export demand and higher supply from private stock. Stockists, who had procured handsome quantity during season with a hope of better export opportunity, are now sellers in domestic market as bearish global wheat outlook and decreasing price at CBOT has dashed their hope. Wheat prices are ruling in the range of Rs 1380 to Rs 1550 per qtl. in major benchmark markets.

Russia/Ukraine/Romania, the major players in Black Sea Region are offering wheat at \$250 per tonne for August –Sept delivery against \$280 per tonne in India at current price. USA is offering wheat at \$254 per tonne on FOB basis. The huge difference between Indian, Russian And US FOB quotes encouraged buyers to source wheat from US, Black Sea Region. Wheat from Black Sea Region would start hitting the global market from July and crop is in very good condition there. Besides, US have ample exportable surplus.

All these developments are going to impact domestic price of Indian wheat. Export opportunity for Indian wheat seems bleak at this point of time. Private stockiest, who have brought 6.4 million tonne wheat from domestic market, would prefer to offload wheat in local market and it will increase supply. Bulk buyers like ITC, MK, Cargil and LD are out of the market. However, some improvement might be seen July onward when festive season starts in India and with it demand for wheat products increases.

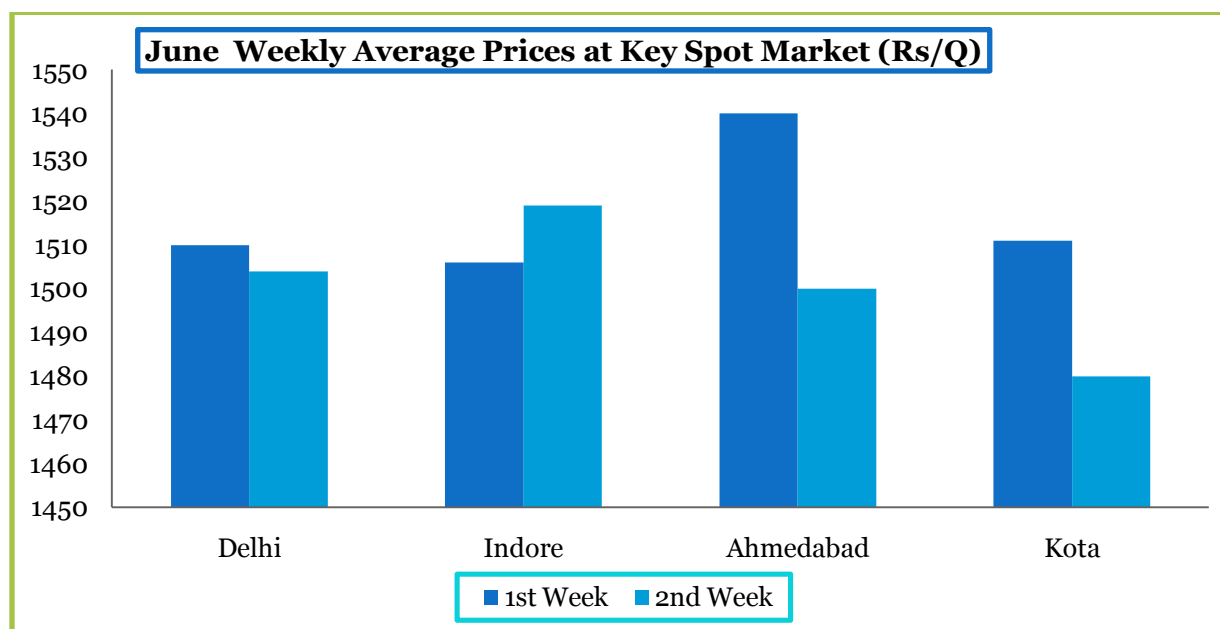
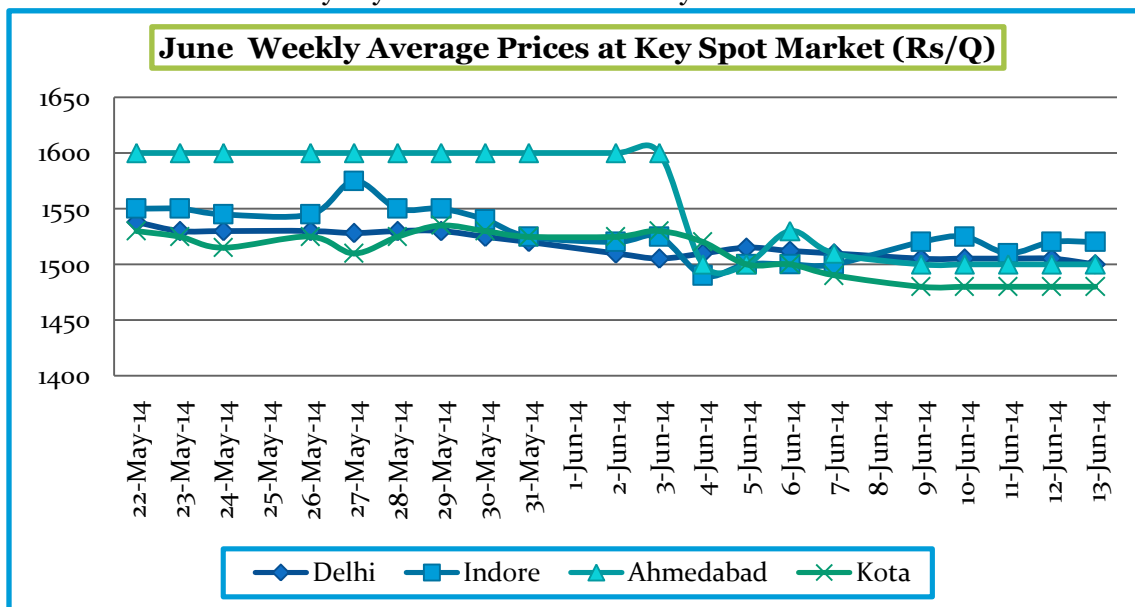
By the end of May, 2014 total arrival of wheat in major markets registered at 34 million tonne. Out of total arrivals FCI and other state agencies have brought 76.82 percent, while private trade contribution was registered at 23.18 percent. Actually, this year private trade's buying has increased considerably with hope of better export opportunity. Higher private participation encouraged wheat price in the season and prices continue to rule over MSP in many states. This year private trades, including flour mills, have brought around 6.4 million tonne wheat.

Maximum wheat has been purchased in Madhya Pradesh by private trades this year. During the season up to May total arrival in M.P. was registered at 9.4 million tonne. FCI and other agencies have brought 7.1 million tonne out of it while private trades uplifted 2.3 million tonne so far. Notably, Wheat grown in Madhya Pradesh is considered as premium grade and its export demand continues throughout the year.

Weather Watch: (Source-IMD)

- Thunderstorm would occur at isolated places over east Rajasthan and east Uttar Pradesh.
- Increase in significant rainfall activity over east India and adjoining central India from 18th onwards.
- Rain/thundershowers would occur at many places over Andaman & Nicobar Islands, Lakshadweep, Sub-Himalayan West Bengal & Sikkim, northeastern states and along west coast.
- Rain/thundershowers would occur at a few places over rest peninsular India and Gangetic West Bengal.

Weather would be mainly dry over rest of the country.



Key spot wheat mill delivery prices traded steady to slightly weak due to arrival pressure in the market.

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.06.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.96	0.00	8.96
NORTH EAST ZONE	0.90	0.00	0.90
NORTH ZONE	115.42	172.19	287.61
SOUTH ZONE	9.04	0.00	9.04
WEST ZONE	16.24	80.33	96.57
TOTAL	150.56	252.52	403.08

(Figures in Lakh Tonnes)

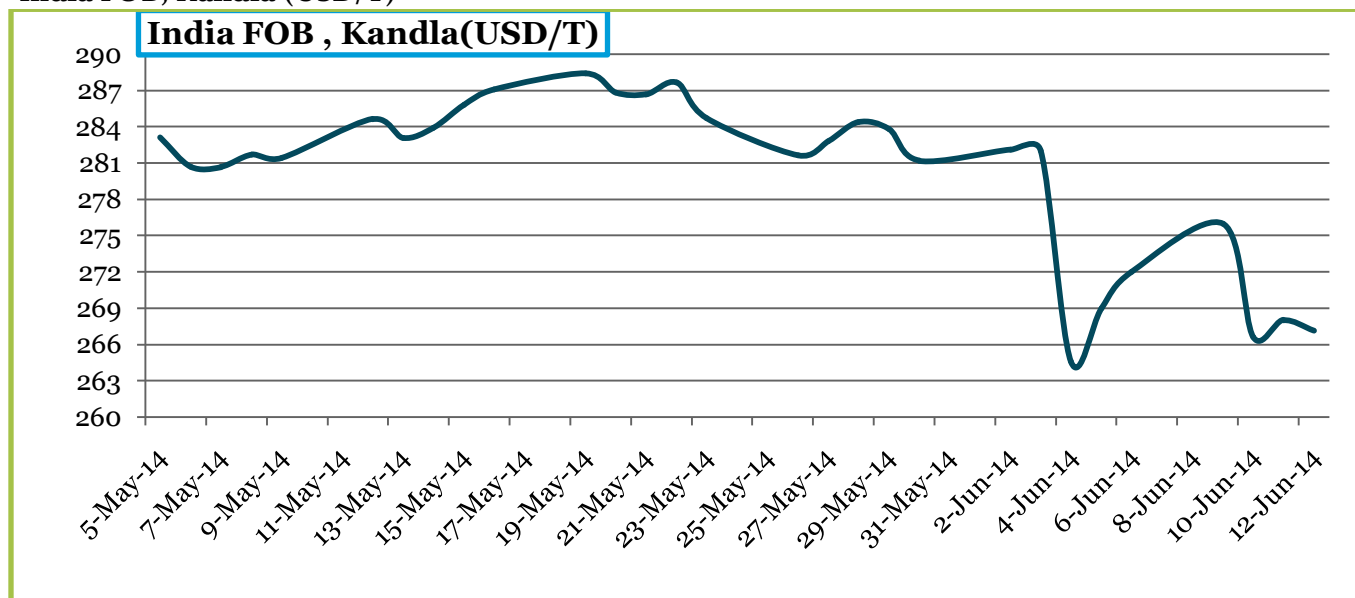
FOB Value as on 13.06.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	14250	14000	14500	14750	14500	14000	19100
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	500	500	500	500	500	500	0
Local transport, port warehousing, labour charges, shortage	700	1150	1900	1450	1550	1200	0
Indian FOB (Rs/MT)	15450	15650	16900	16700	16550	15700	19100
Indian FOB (USD/MT)	259.79	263.16	284.18	280.81	278.29	264.00	321.17
Insurance @ 0.1%	0.26	0.26	0.28	0.28	0.28	0.26	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	278	281	302	299	296	282	339
INR	59.47	59.47	59.47	59.47	59.47	59.47	59.47
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	32	29	8	11	14	28	-29

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	13 Jun, 2014	week ago 06 June, 2014	Month ago 13 May 14	Year ago 04 June 2013	Change over previous Year %
Indore	1511	1518	1563	1591	-5.03
Bareilly	1505	1510	1530	1609	-6.46
Delhi	1506	1512	1552	1620	-7.04
Khanna	NA	NA	NA	1585	NA
Kanpur	1480	1505	1540	1508	-1.86
Karnal	NA	NA	NA	1626	NA
Rajkot	1530	1545	1600	1660	-7.83
Kota	1521	1511	1594	1580	-3.73

India FOB, Kandla (USD/T)

**Wheat Export Monthly Data:**

	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 - Mar 14	55.54	282.82	241.6
4/1/2014*	4.27	278.33	250.82
May-14	7.7	283.85	230.45
Jun-14			
Jul-14			
Aug-14			
Sep-14			
Oct-14			
Nov-14			
Dec-14			
Jan-15			
Feb-15			
Mar-15			
Total 14-15	11.97	281.09	240.63

Source: DGCIS, *Provisional Data (As per IBIS)

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			13.06.2014	07.06.2014	
Delhi					
	Lawrence Road	Mill Delivery	1500	1510	-10
	Nazafgarh	Mill Delivery Loose	1470	1475	-5
	Narella	Mill Delivery Loose	1470	1470	Unch
Gujarat	Rajkot	Mill Delivery	1510	1510	Unch
	Ahmedabad	Mill Delivery	1520	1535	-15
M.P.	Bhopal	Mill Quality Loose	1475	1475	Unch
	Indore	Mill Delivery	1520	1500	20
Rajasthan	Kota	Mill Quality	1400	1400	Unch
U.P.	Mathura`	Mill Quality Loose	1440	1460	-20
Punjab	Khanna	Mill Quality Loose	1400	1415	-15
Haryana	Sirsa	Mill Delivery loose	1410	1405	5

*Old crop

Commodity: Wheat
Contract: July

Exchange: NCDEX
Expiry: 18th July, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts downward movement in the market.
- Fall in price and rise in O.I. indicates weak market.
- RSI is in oversold region.

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	July	1475	1490	1508	1540	1555
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Sell	1512	1502	1497	1418

*Do not carry forward the position until the next Week.

Domestic Weekly Outlook: Market is bound to stay steady to slightly weak during the week..

International Market Updates:

Morocco's Attijariwafa Bank has signed a deal with Moroccan wheat trade federation FIAC to finance \$300 million of Russian wheat imports in the 2014-2015 season. The deal was signed in Moscow ON June 10th. Two trading companies, Louis Dreyfus Vostok and Glencore Grain, took part of the deal.

Morocco is expected to buy around 2.5 million tonnes of foreign wheat in the 2013-2014 marketing year. Moroccan importers would buy the equivalent of \$300 million of Russian wheat in the 2014-2015 .

Algeria state grains agency OAIC has purchased between 200,000 and 250,000 tonnes of durum wheat in the range of USD 398 to 408/tonne c&f probably from Canada or the European Union for shipment in August .

Black Sea countries such as Russia tend to dominate wheat exports at the start of the international marketing year, which begins in July, as they offload large volumes at often attractive prices.

According to the International Grains Council, world production is projected to fall by 2% to 694m t in 2014/15 with average yields retreating from last season's unusually high levels.

Winter wheat production in South Dakota is likely to increase by 50 percent this year in comparison to 2013. The Agriculture Department's latest estimate is 49.1 million bushels, up 88 percent over the year. The average yield is forecast at 45 bushels per acre, up 6 bushels from last year.

Philippines animal feed makers have purchased 105,650 tonnes of feed wheat at USD 266.75/tonne (c&f) for July/August shipment. The wheat may be sourced from the Black Sea region or European Union as FoB prices will be more competitive from other exporting countries.

Indonesia has bought around 125000 tonnes of wheat from Russia at USD 290-295/tonne (c&f) for shipment between mid-July and mid-August. That compares with a price of \$305 being quoted for Indian wheat and around \$320 to \$330 a tonne offered for U.S and Australia for the same period of time. As FoB quotes of Russia remains competitive than other major wheat exporting countries many more deals are expected to be made.

Besides, Argentine wheat sowing expectations growing, with the farm ministry pegging area at 4.5m hectares, above a forecast from the Buenos Aires grains exchange. From October onward Australian crop would start hitting the market. All these factors signify plenty of supply in the medium term.

Argentina's wheat area will expand to more than 4 million hectares this year from 3.6 million in the previous year due to good showing condition, need for crop rotation and high prices due to political crises in Ukraine. Ukraine and Argentina are both significant wheat producers.

The price of Argentine wheat at port for export is currently \$370 per tonne, up from \$270 a year ago. U.S. wheat will be hitting in the market from July onward and then Black Sea Region followed by Argentina in December and January, so if there is any damage reported meanwhile overall sentiments will be bearish.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13 Est.	2013-14 Forecast	Projection for 2013-14	
						25.04.2014	29.05.2014
Production	679	653	695	655	709	697	694
Trade	128	126	145	140	151	144	145
Consumptions	652	657	698	675	690	701	698
Carryover stocks	199	194	192	172	191	187	187
Y-O-Y change	27	-4	-3	-21	19		-4
Major Export	79	73	68	48	55	53	52

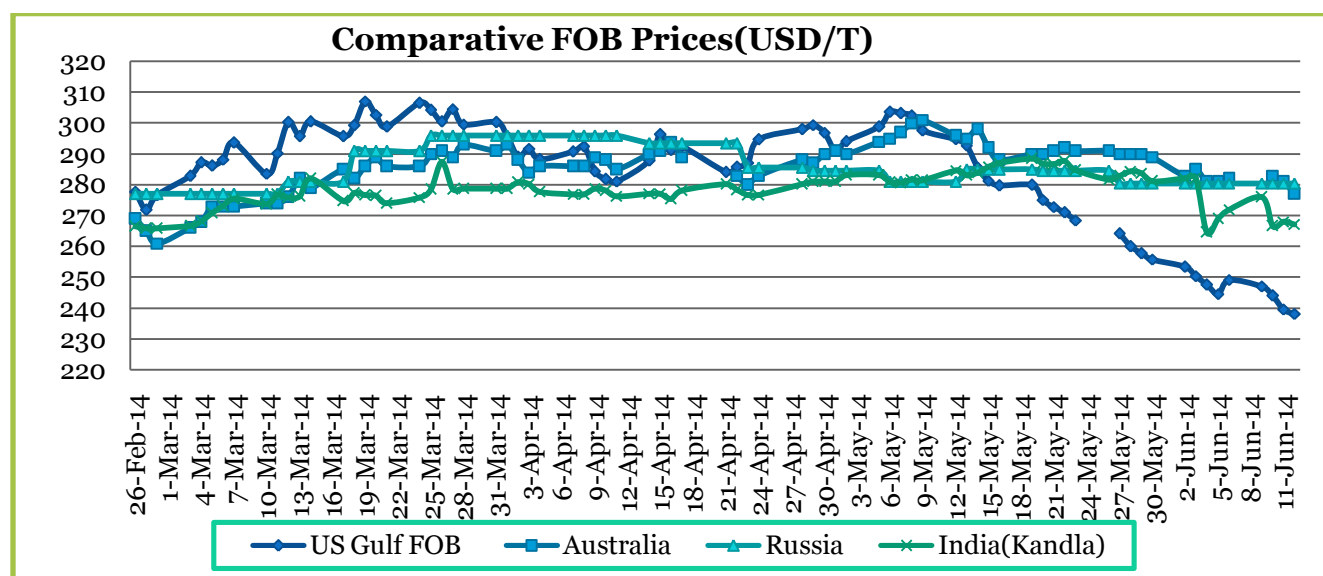
Indicative FOB Quotes:

	Variety	% Change over Prev. Year	03.06.14	Week Ago 26.05.14	Month Ago (May)	3 Months Ago (Mar)	Year Ago (June)
USA (Gulf)	SRW 2	-13.03	250.40	NA	296.89	277.75	287.90
France	FCW3	-6.71	251.32	254.35	284.06	265.90	269.40
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	269.70
Australia	CWRS	-12.89	285.00	291.00	290.00	265.00	327.18
Russia	SRW	4.86	280.50	284.50	284.50	275.50	267.50
Ukraine	SRW	NA	282.50	286.50	286.00	277.00	NA
Argentina	SRW	NA	NA	NA	370.00	340.00	275.00

Global wheat market is expected to trade weak on higher wheat production estimate of 694 million tones and IGC latest estimate of 709 million tones may keep market under pressure in medium term.

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 13.06.14 (USD/T)							
CONTRACT MONTH	13 June 14	Week ago (06 June 2014)	1 Month ago (14 May 14)	3 Month ago (13 Mar 14)	6 Month ago (13 Dec 13)	1 Year ago (13 June 13)	% Change over previous year
14-Mar	215.02	227.15	252.31	249.10	234.03	270.87	-20.62
14-May	219.34	231.55	256.81	252.22	237.34	273.53	-19.81
14-Jul	228.16	239.18	262.69	255.80	242.48	275.83	-17.28
14-Sep	235.14	246.07	268.11	257.91	245.33	278.03	-15.43
14-Dec	239.45	250.02	270.96	258.47	245.61	278.58	-14.05
15-Mar	240.65	252.59	270.22	254.79	242.76	275.09	-12.52

CBOT May 14 Future Charts:**International FOB prices Weekly price Movement (USD/T):**

Note: Due to holidays in U.S. and other international markets data is unavailable.

International Weather update: (Source-USDA)

Australia- In Western Australia, sunny skies and adequate moisture supplies continued to favor wheat. The warm, sunny weather aided fieldwork as well, including winter grain and oilseed planting. In South Australia and northern Victoria, scattered, light showers (generally less than 5 mm) maintained local moisture supplies for germinating to emerging winter grains. More widespread showers (5-25 mm, locally more) fell across eastern New South Wales and southern Queensland, increasing topsoil moisture for wheat. Temperatures throughout the wheat belt averaged above normal, with the largest temperature anomalies located over New South Wales and southern Queensland (2-3°C above normal). The warmer-than-normal weather hastened winter crop development while helping establishment.

Argentina- Dry, seasonably mild weather dominated the region, improving conditions for summer crop harvesting and planting of winter grains. Most agricultural districts of northern and central Argentina recorded little to no rain, with only a few isolated spots recording 10 mm or more. It was the second week of favorably dry weather for most areas, and the dryness was welcomed after an extended period of excessive wetness. Weekly temperatures averaged near to slightly above normal, with daytime highs in the mid-teens and low 20s (degrees C) in the main central production areas (La Pampa, Buenos Aires, and southern sections of Cordoba, Santa Fe, and Entre Rios). These areas also experienced several days with sub-freezing nighttime lows, though no impact on agriculture was likely. Farther north, weekly temperatures averaged closer to normal, with daytime highs reaching the middle and upper 20s on several days, aiding the drying process.

Russia and Ukraine- Showers eased heat impacts in central and southern Russia, while locally heavy downpours continued in western crop districts. Increasingly hot weather developed from eastern Ukraine into southern and central Russia, with daytime highs reaching the middle 30s (degrees C). However, showers and thunderstorms (10-25 mm, locally more), particularly in key wheat areas of southern Russia and eastern Ukraine, helped mitigate potential yield losses as crops progressed through the flowering and filling stages of development. Farther north, however, dry and hot conditions likely caused some stress to reproductive to filling winter crops across southern portions of the Central and Volga Districts and adjacent portions of the Southern District. Meanwhile, additional moderate to heavy showers and thunderstorms (10-60 mm) from central and western Ukraine into Belarus and northwestern Russia further increased soil moisture but hampered fieldwork, including late summer crop planting.

International Weekly Outlook:

Global wheat market is bound to trade under pressure due to lower quotes in Black Sea Region, ample marketable surplus in US and decreasing COBT futures market. Buyers are in a position to bargain at this point of time.

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