

Domestic Market Updates:

With favourable weather, assured price and area shifting from other crops to wheat area under wheat coverage crossed record at 302.09 lakh ha. against 286.38 last year till 1st January. It is almost 5 percent higher than last year. Market participants expect higher than targeted production of 92.50 million tonne this year.

As sowing of late varieties are still on in Uttar Pradesh, Bihar and Madhya Pradesh, wheat area is expected to cross 305 lakh ha. by the end of January. Crop condition is good to excellent throughout the country. However, spread of yellow rust in Jamnagar remains a major cause of concern as it may reduce the final size of the crop.

Area in Uttar Pradesh has crossed 9.68 million ha. against the target of 9.73 million ha., Madhya Pradesh is lagging behind the target of 5.9 million ha., wheat coverage area has been registered here at 5.39 million ha. so far. As sowing still continues, target is likely to be met in next two -three weeks from now. Area under wheat in Bihar has been reported at 2 million ha. against the target of 2.32 million ha.

Wheat stock in central pool registered at 29.93 million tonne as on 16.12.2013. It is lower than (the stock of 40.70 million T in 1st Nov. 2012) corresponding period last year. However, it is quite higher than 10.2 million tonne required on 1st January, 2014 under buffer norm, including strategic reserve of 2.0 million tonne. Overall stock status remains comfortable.

MMTC has received the highest bid of USD 283.11/MT from Cargill for 30,000 MT wheat. Tender was issued to 100,000 MT of wheat and second highest bid was from Emmsons Gulf DMCC for USD 282.11/MT.

STC has received the highest bid of USD 288.30/T from Promising International for 40,000 MT wheat tender. Tender was issued for 200,000 MT of wheat to be exported from west port to be delivered by early Feb. Emmsons Gulf DMCC was the second highest bidder at USD 281.21/MT.

Wheat cash market continues to trade range bound as supply side from central pool stock remains ample. Higher area coverage and expectation of higher crop size restrict market to go for any bull run at this point of time. However, premium grades have firmed up due to short supply in the market as there is no stock of these grades in private hands. Milling grade is expected to trade steady to slightly lower in the short term.

Weather Watch: (Source-IMD)

Rain/thundershowers would occur at isolated places over Arunachal Pradesh, Assam & Meghalaya and Sub-Himalayan West Bengal & Sikkim during next 48 hours

Weather would be mainly dry/dry over rest of the country.

No significant change in minimum temperatures over central India fall by 2-3°C over east India during next 48 hours.

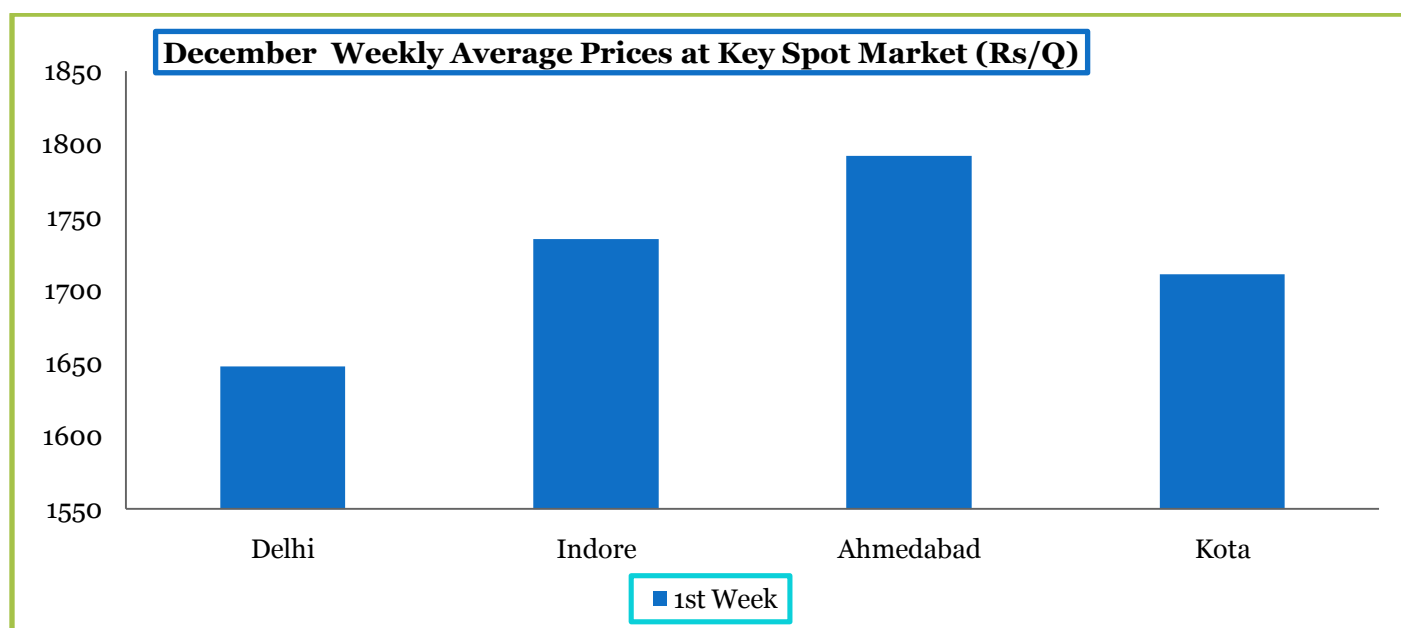
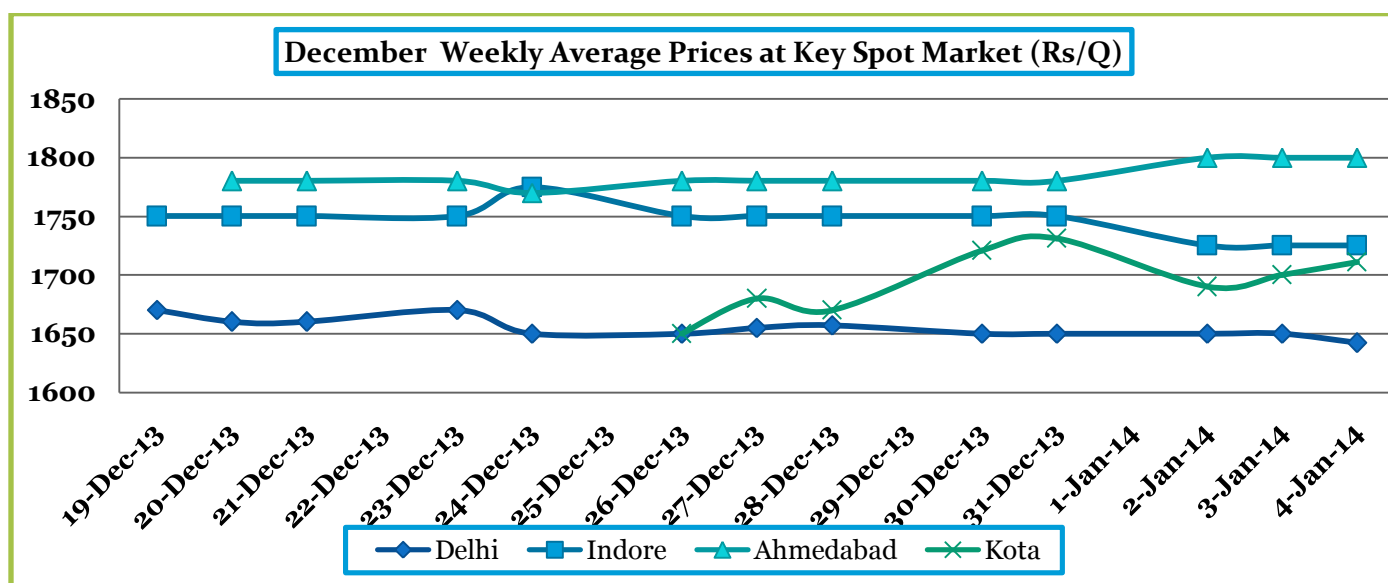
Very dense to dense fog would occur at many places over Punjab, Haryana, Delhi, Uttar Pradesh, Madhya Pradesh, Bihar, Sub-Himalayan West Bengal, Assam and Tripura in morning hours

Cold day conditions would prevail at a few places over Punjab, Haryana, Uttar Pradesh, Bihar and Rajasthan and ground frost would occur at isolated places over Punjab, Haryana and west Rajasthan.

Light rain/snowfall occurred at isolated places over Jammu & Kashmir and Himachal Pradesh. Very light rain/thundershowers occurred at isolated places over east Uttar Pradesh and Madhya Pradesh, Bihar and Jharkhand. Weather remained mainly dry/dry over rest parts of the country.

Maximum temperatures were below normal by 2-5°C at a few places over Jammu & Kashmir, Haryana, east Rajasthan, west Uttar Pradesh, Madhya Pradesh and Bihar and isolated places over Gujarat, Konkan, Sikkim, west Assam and Gangetic West Bengal. They were above normal by 2-3°C at a few places over Chhattisgarh, interior Odisha and peninsular India and near normal over rest part of the country.

Weekly Prices Comparison of key Domestic Spot Market:



Key spot wheat mill delivery prices traded steady to moderately weak owing to increased OMSS release.

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.12.2013:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.13	0.00	8.13
NORTH EAST ZONE	0.37	0.00	0.37
NORTH ZONE	90.02	141.30	231.32
SOUTH ZONE	4.69	0.00	4.69
WEST ZONE	18.92	44.43	63.35
TOTAL	122.13	185.73	307.86

(Figures in Lakh Tonnes)

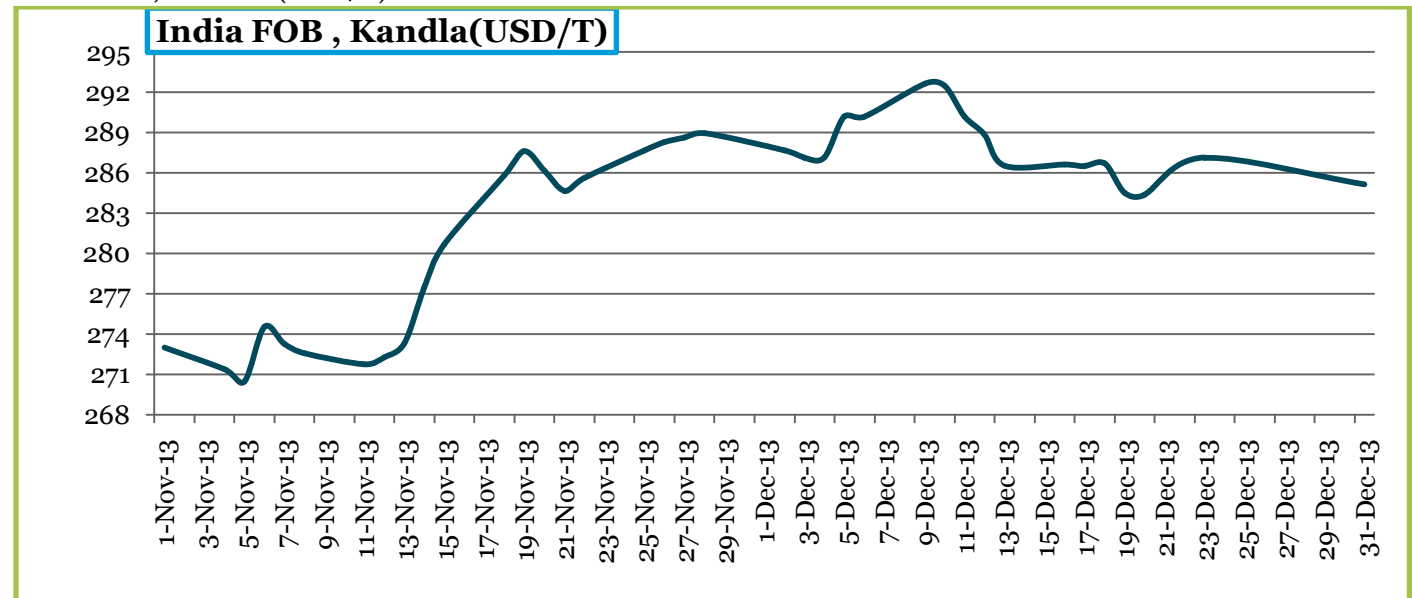
FOB Value as on 04.01.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16400	16300	15800	16500	16000	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)	17600	17950	18200	18450	18050	15700	19100
Indian FOB (USD/MT)	282.05	287.66	291.67	295.67	289.26	251.60	306.09
Insurance @ 0.1%	0.28	0.29	0.29	0.30	0.29	0.25	0.31
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	300	306	310	314	307	270	324
INR	62.4	62.4	62.4	62.4	62.4	62.4	62.4
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	10	4	0	-4	3	40	-14

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	04 Jan , 2014	week ago 24 Dec, 2013	Month ago 30 Nov 13	Year ago 29 Dec 2012	Change over previous Year %
Indore	1713	1690	1696	1540	11.25
Bareilly	1743	1740	1728	1571	11.06
Delhi	1654	1657	1658	1573	5.13
Khanna	1765	1742	1756	1668	5.95
Kanpur	1680	1660	1675	1650	1.81
Karnal	1560	1575	1585	1490	4.68
Rajkot	1706	1708	1718	1525	11.75
Kota	-	-	1700	1647	

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	8.32	303.06	256.85
May-13	8.66	309.11	258.13
Jun-13	8.24	291.51	252.70
Jul-13	4.46	282.82	243.62
Aug-13	3.18	265.67	240.16
Sep-13	1.79	267.21	240.05
Oct-13	0.57	271.7	253.25
Nov-13	0.65	279.27	242.74
Dec-13	3.83	287.89	230.98
Jan-14			
Feb-14			
Mar-14			
Total 13-14	39.7	284.25	246.50

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

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			04.01.2014	28.12.2013	
Delhi					
	Lawrence Road	Mill Quality	1642	1657	-15
	Nazafgarh	Mill Delivery Loose	1610	1615	-5
	Narella	Mill Delivery Loose	1590	1560	30
Gujarat	Rajkot	Mill Delivery	1720	1700	20
	Ahmadabad	Mill Delivery	1800	1780	20
M.P.	Bhopal	Mill Quality Loose	1700	1700	Unch
	Indore	Mill Delivery	1725	1750	-25
Rajasthan	Kota	Mill Quality	1630	1600	30
U.P.	Mathura	Mill Quality Loose	1600	1550	50
Punjab	Khanna	Mill Quality Loose	1580	1550	30
Haryana	Sirsa	Mill Delivery loose	1550	1540	10

Commodity: Wheat
Contract: January

Exchange: NCDEX
Expiry: 20th January, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts upward movement in the market.
- Rise in OI and price indicates Long Buildup.
- Prices closed above 9days EMA.

Strategy: Buy On Dips

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	January	1642	1654	1685	1693	1700
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy	Above 1678	1684	1689	1671

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

Domestic Weekly Outlook: Market is likely to trade steady to slightly weak due to weak demand.

International Market Updates:

Bitter cold temperatures across the U.S. Plains early next week will put some of the dormant hard red winter wheat crop at risk of damage, particularly in drier areas of the region. Low temperatures on Monday morning were expected to hit 5 to 15 degrees Fahrenheit below zero (minus 20.6 Celsius to minus 26.1 C) in parts of Kansas and Nebraska, cold enough to destroy some crops through winterkill.

Snow cover will remain quite thin across much of Nebraska and north-central Kansas, and some extensive winterkill damage is likely there," said Don Keeney, senior agricultural meteorologist for MDA Weather Services. "Snow cover of 2 inches or less will offer little protection.

The global wheat market continues to trade under pressure on the back of surplus wheat situation. Huge global stockpiles and favorable production prospects worldwide remain un-supportive to the global wheat market.

Lower export volumes, higher stock and improved production prospects in US are undercutting US market prices. Situation is unlikely to improve at global price front as Australia remains active seller with ample marketable surplus this year. Indian wheat too helps prices to rule lower.

Bangladesh state grain buying agency has received no bid in recent tender which was reissued as bidder failed to supply wheat. Mid gulf International had made a bid of USD 311/MT CIF liner out on 11 Dec tender.

Ukraine has exported 6.64 million tonnes of wheat from 1st July 2013 to 23rd December 2013 as compared to 5.81 million tons for the same period. Ukraine's grain export has risen by 27.7% in this season so far to 17.6 million tones as compared to previous season.

Morocco will remove import duty on Soft wheat import from 1 Jan 2014 to April 2014 to contain rising domestic wheat prices by boosting import. Morocco is expected to import around 2 million tones till next harvest in April.

Ministry of Agriculture in Argentina has raised the wheat production estimate to 9 million tons from 8.5 million tons for 2013-14 crops.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2008-09	2009-10	2010-11	2011-12	2012-13 Est.	Projection for 2013-14	
						31.10.2013	29.11.2013
Production	685	679	653	695	655	696	698
Trade	137	128	126	145	141	142	142
Consumption	645	652	657	696	673	690	692
Carryover stocks	173	199	194	193	175	182	181
Y-O-Y change	41	27	-4	-1	-18	7	6
Major Exporters	69	79	73	69	48	53	51

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	19.12.13	Week Ago 12.12.13	Month Ago (Nov)	3 Months Ago (Sept)	Year Ago (Dec)
USA (Gulf)	SRW 2	-16.20	268.48	277.00	281.00	273.00	320.40
France	FCW3	-14.22	282.23	282.32	275.73	251.00	329.00
United Kingdom	Feed wheat	-	NA	NA	NA	248.90	324.20
Australia	CWRS	-20.07	262.00	274.00	279.00	300.00	327.80
Russia	SRW	-11.15	287.00	283.00	280.00	247.00	323.00
Ukraine	SRW	-10.94	285.00	280.00	277.00	245.00	320.00
Argentina	SRW	-6.94	335.00	335.00	355.00	295.00	360.00

Global wheat market is expected to trade weak on higher wheat production estimate of 706.38 million tones and IGC latest estimate of 698 million tones may keep market under pressure in medium term.

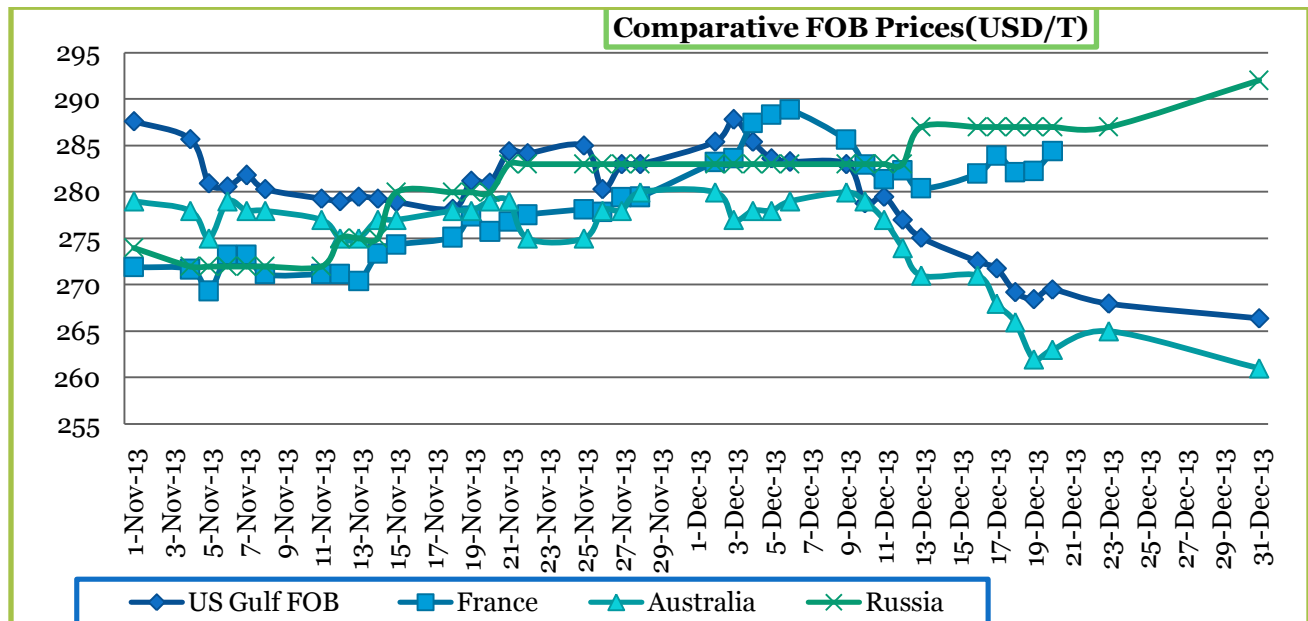
CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 31.12.13 (USD/T)							
CONTRACT MONTH	31 Dec 13	Week ago (26 Dec 2013)	1 Month ago(02 Dec 13)	3 Month ago(02 Oct 13)	6 Month ago(02 July 13)	1 Year ago(02 Jan 12)	% Change over previous year
14-Mar	222.74	222.64	243.13	254.88	251.67	298.79	-25.45
14-May	224.85	225.40	244.87	255.71	255.07	298.70	-24.72
14-Jul	226.59	227.33	243.77	250.47	257.46	292.73	-22.59
14-Sep	230.18	230.91	246.53	252.40	260.30	295.21	-22.03
14-Dec	235.32	235.60	250.20	255.99	263.06	298.42	-21.14
15-Mar	238.35	238.44	252.40	258.74	264.34	296.12	-19.51

CBOT March 14 Future Charts:



International FOB prices Weekly price Movement (USD/T):



Note: Due to Christmas and New Year holiday in U.S. and other international markets data is unavailable in current week.

International Weather update: (Source-USDA)

Australia- Temperatures in major summer crop producing areas averaged about 1 to 2°C above normal, with maximum temperatures in the middle 30s degrees C. Farther south, widespread showers (10-25 mm, locally near 40 mm) in central and southern New South Wales benefited summer crops but hampered late winter grain harvesting. Elsewhere in southeastern and Western Australia, warm, dry weather allowed winter crop harvesting to proceed without delay.

Argentina- Hot, mostly dry weather dominated the north, with weekly temperatures averaging 4 to 6°C above normal and daytime highs reaching 40°C on numerous days. As in central Argentina, additional rainfall and cooler weather are needed to end stress on predominantly rain-fed summer grains. Winter wheat was 87 percent harvested (16 points ahead of last year), with most of the remaining acreage to be harvested in major production areas of southern Buenos Aires.

Russia and Ukraine – Dry, unseasonably warm weather maintained favorable overwintering conditions for wheat but left portions of the region uncharacteristically devoid of snow cover. Temperatures up to 8°C above normal in western and northern crop areas minimized the risk of winterkill but slowly eroded the region's protective snowpack. In key southern winter wheat areas, sunny skies and above-normal temperatures (1-4°C above normal) melted much of the remaining shallow snow cover. At week's end, only crops in the Volga and eastern Central District were adequately protected with 5 to 20 cm of snow.

International Weekly Outlook:

International market is likely to trade steady to slightly firm on increased demand from China and Brazil, however in medium term market is expected to remain steady to weak.

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