

Domestic Market Updates:

Domestic wheat markets traded almost range bound on the back of higher release from central pool stock for flour millers through open market sale schemes and bumper production prospects this year. Export continues through public and private channel. However, private export volume is lower due to lower availability of premium grade in the open market.

Recent rains (in the third week of January) have boosted the yield prospects in major wheat growing regions. Market participants have started talking about record crop size ranging 95 to 100 million tonnes based on record area coverage around 315 lakh ha. till 24th January, 2014 against last year's coverage of around 296 lakh ha.

Wheat sowing area increased this year by 6.33 percent so far (17th Jan, 2014) from 295 lakh ha. to 313.69 lakh ha. on the back of good monsoon and higher water availability in the major wheat growing regions.

This year wheat production may break all previous records of production as weather remains favourable till now for better growth of the crop. Market participants have started saying that wheat production this year may touch 100 million tonne provided weather remain congenial to the crop in the month of February and March.

The Inflation of wheat has increased to 7.40% in the month of December as compare to 7.26% in the month of November. WPI has increased to 220.5 in December as compare to 217.1 in the month of November.

Wheat stock in central pool warehouses was registered at 28.04 million T as compared to 31.06 million T on same time last year. It is higher than actual requirement of 11.12 million tonne on 1st Jan. 2014. The highest accumulated stock is in Punjab (10.72 million T) followed by Haryana (5.97 million Tonne) and Madhya Pradesh (4.20 million tonne) as on 01.01.2014.

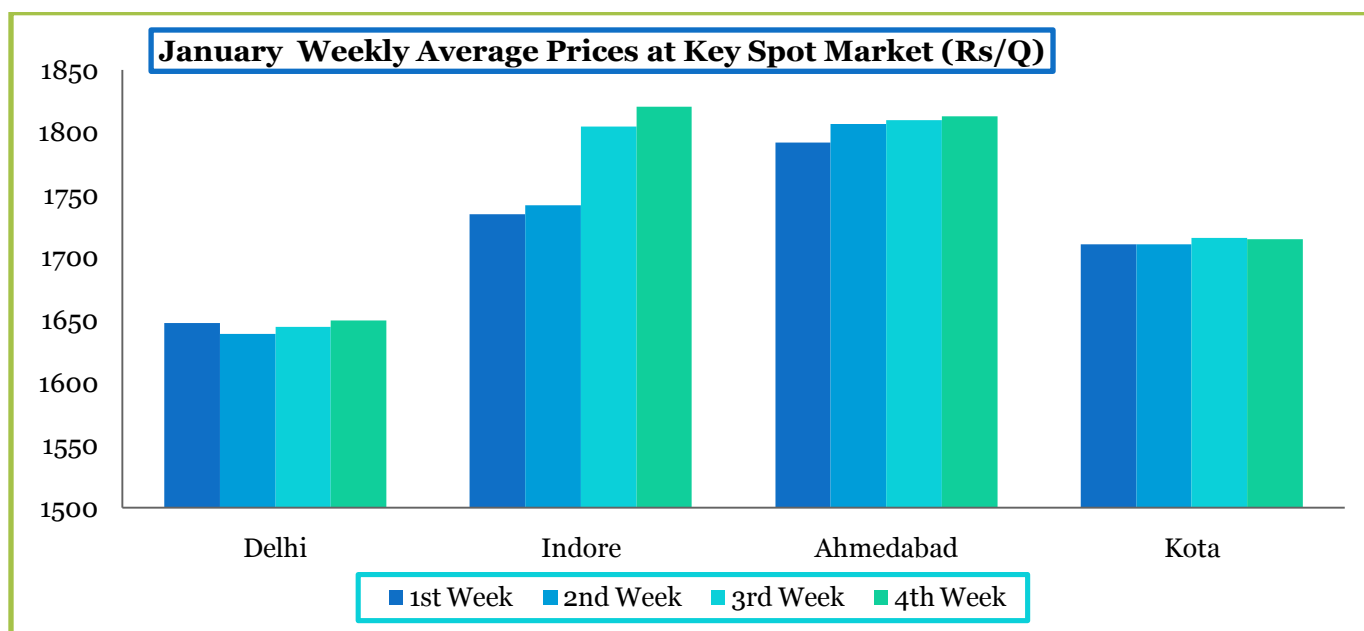
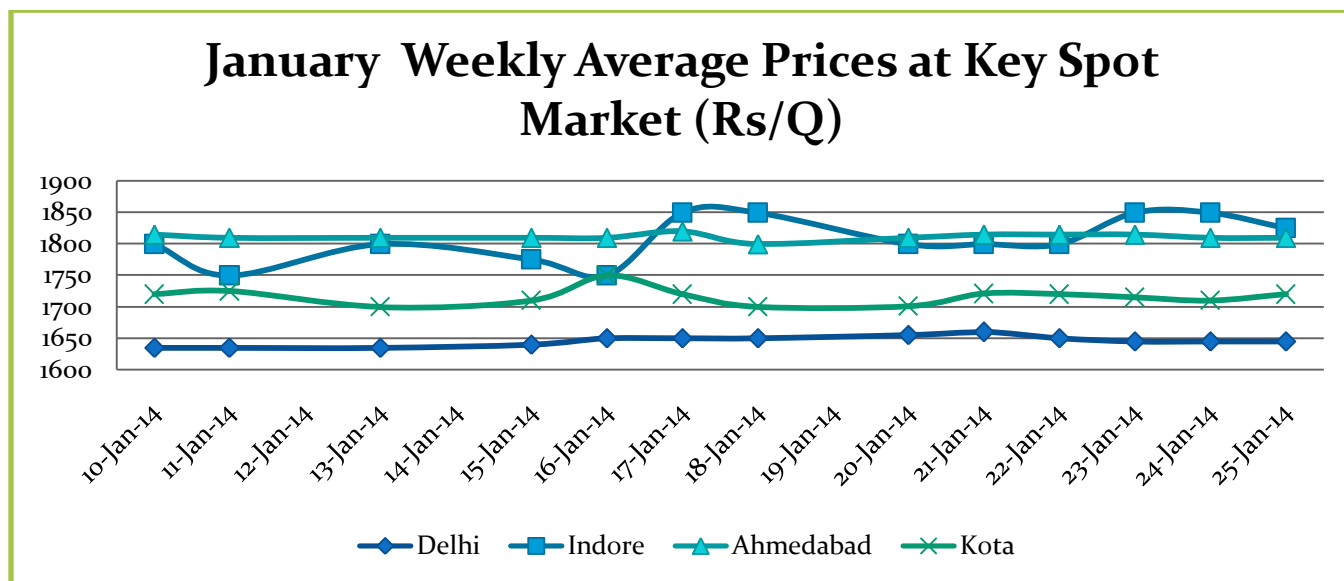
Government has set the production target at 92.5 Metric tonnes for 2013-14. Going by the current crop condition and higher area coverage production is expected to be much higher than the set target.

Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at isolated places over Arunachal Pradesh during next 24 hours and mainly dry thereafter.
- Weather would be mainly dry/dry over rest of the country.
- Minimum temperatures would fall by 1-2°C over northwest and adjoining central & east India and rise in maximum temperatures by 2-3°C over the same areas.
- Dense to moderate fog would occur at a few places over Punjab, Haryana & Delhi, north Rajasthan, Uttar Pradesh, Bihar, Sub-Himalayan West Bengal. North Madhya Pradesh, south Assam and Tripura.

- Dense fog would occur at isolated places over West Uttar Pradesh, Delhi, north Madhya Pradesh, Sub-Himalayan West Bengal, Assam & Meghalaya and Tripura.
- Generally dry weather would prevail over rest parts of the country till 31st January.

Weekly Prices Comparison of key Domestic Spot Market:



Key spot wheat mill delivery prices traded steady to moderately weak due to good expectation of crop this year.

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.01.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	7.72	0.00	7.72
NORTH EAST ZONE	0.45	0.00	0.45
NORTH ZONE	82.22	126.51	208.73
SOUTH ZONE	4.12	0.00	4.12
WEST ZONE	18.10	38.46	56.56
TOTAL	112.61	164.97	277.58

(Figures in Lakh Tonnes)

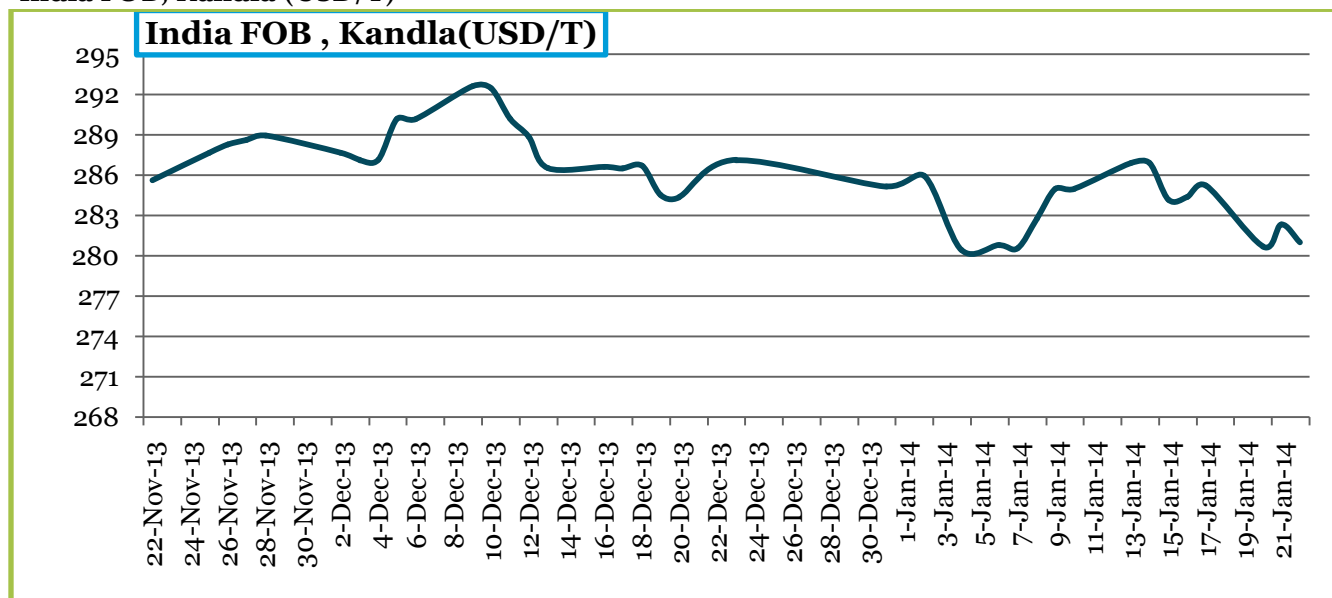
FOB Value as on 25.01.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16300	16500	18000	16700	17000	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)	17500	18150	20400	18650	19050	15700	19100
Indian FOB (USD/MT)	282.58	293.07	329.40	301.15	307.61	253.51	308.41
Insurance @ 0.1%	0.28	0.29	0.33	0.30	0.31	0.25	0.31
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	301	311	347	319	326	272	326
INR	61.93	61.93	61.93	61.93	61.93	61.93	61.93
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	9	-1	-37	-9	-16	38	-16

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	25 Jan , 2014	week ago 18 Jan, 2014	Month ago 23 Dec 13	Year ago 15 Jan 2013	Change over previous Year %
Indore	1740	1805	1690	1563	11.32
Bareilly	1755	1735	1740	1550	13.23
Delhi	1640	1650	1659	1573	4.26
Khanna	1839	1828	1745	1667	10.32
Kanpur	1733	1730	1663	1500	15.53
Karnal	1600	1565	1570	1500	6.67
Rajkot	1713	1707	1703	1631	5.03
Kota	1788	1745		1650	8.36

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)

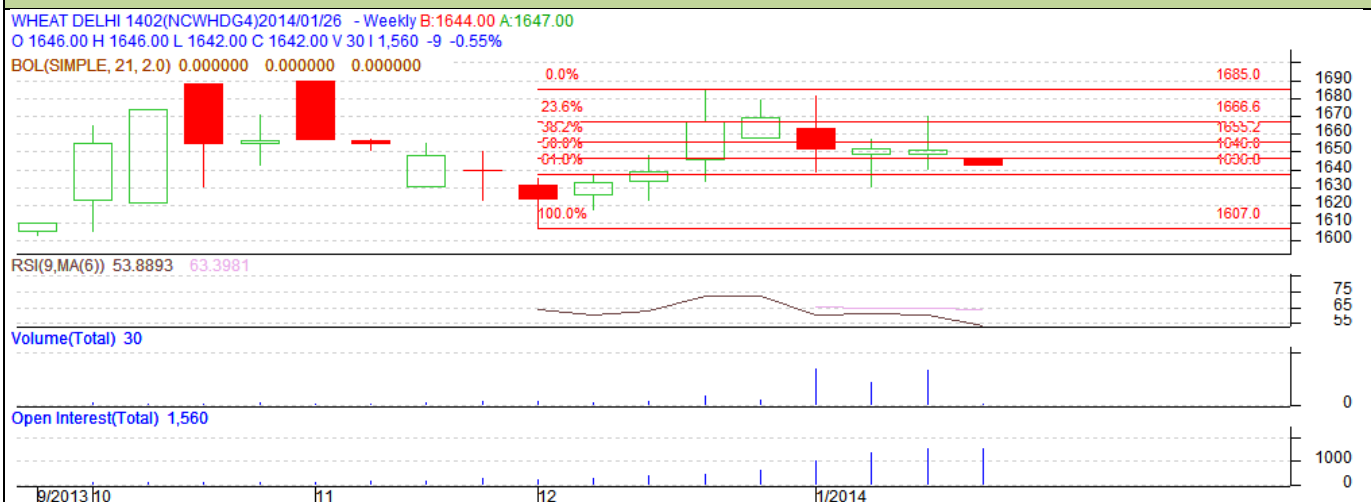
Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			25.01.2014	18.01.2014	
Delhi					
	Lawrence Road	Mill Quality	1645	1650	-5
	Nazafgarh	Mill Delivery Loose	1600	1625	-25
	Narella	Mill Delivery Loose	1600	1600	Unch
Gujarat	Rajkot	Mill Delivery	1730	1750	-20
	Ahmadabad	Mill Delivery	1810	1800	10
M.P.	Bhopal	Mill Quality Loose	1700	1700	Unch
	Indore	Mill Delivery	1825	1850	-25
Rajasthan	Kota	Mill Quality	1650	1600	50
U.P.	Mathura	Mill Quality Loose	1680	1650	30
Punjab	Khanna	Mill Quality Loose	1625	1625	Unch
Haryana	Sirsa	Mill Delivery loose	1560	1550	10

Commodity: Wheat
Contract: February

Exchange: NCDEX
Expiry: 20th February, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts range bound movement in the market.
- Fall in OI and prices indicate Consolidation.
- RSI is in neutral zone.

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	February	1600	1610	1642	1670	1680
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Sell	Above 1642	1635	1632	1646

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

Domestic Weekly Outlook: We expect wheat cash market to trade steady to slightly weak in this week of January due to expectation of a better crop and increase in quantity released by government.

International Market Updates:

Saudi Arabia's state grains authority GSFMO has issued an international tender to purchase 660,000 tonnes of wheat.

Iraq's state grain board has purchased a total 350,000 tonnes of hard wheat from Australia, Canada and the United States in a tender for at least 50,000 tonnes. The purchase involved 200,000 tonnes of Australian wheat at USD 334.78/ MT c&f free out (ciffo), 100,000 tonnes from Canada at USD 347/MT ciffo and 50,000 tonnes from the United States at USD 349/MT ciffo.

Thailand's Phoenix Commodities won a tender issued by Bangladesh government to supply 50,000 tonne wheat at \$305.60 a tonne CIF. Bangladesh is planning to import 850,000 tonnes of wheat in the financial year to June 2014, up from around 350,000 tonnes the previous year to contain any possibility of price rise.

Production estimate revised to 712.65 million tonnes for 2013-14 against the previous estimate of 656.44 million tonnes (2012-13). Likewise carry out stock too has been revised up from 176.13 million tonnes to 185.39 million tonnes.

Global 2013/14 wheat supplies are raised 1.5 million tonnes to 888.8 million with production increases for China and the FSU-12 as per latest USDA release.

Production is raised to 0.6 million tons for Russia and 0.3 million tons for Tajikistan from previous month estimates by USDA. Global wheat ending stocks are projected 2.6 million tons higher mostly on increases for China and the United States.

Argentina's 2013/14 wheat crop should come in at 9.2 million tonnes against previous estimate of 9 million tonnes of which 1.5 million tonnes will be approved for export. The increased forecast was attributed to higher-than-expected wheat yields and good soil water reserves.

Brazil is importing huge quantities of wheat from US instead of its traditional supplier Argentina. Wheat import from Argentina is tax free as both belong to regional trade bloc Mercosur. Wheat from the United States is subject to a 10 percent tariff.

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
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Indicative FOB Quotes:

	Variety	% Change over Prev. Year	20.01.14	Week Ago 14.01.14	Month Ago (Dec)	3 Months Ago (Oct)	Year Ago (Jan)
USA (Gulf)	SRW 2	NA	NA	270.36	272.52	294.20	324.30
France	FCW3	-22.69	259.05	265.03	281.99	268.51	335.10
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	NA
Australia	CWRS	-20.27	249.00	257.00	271.00	288.00	312.31
Russia	SRW	-12.20	291.50	291.50	287.00	254.00	332.00
Ukraine	SRW	-10.91	294.00	294.00	285.00	252.00	330.00
Argentina	SRW	-3.25	335.00	335.00	NA	315.00	346.25

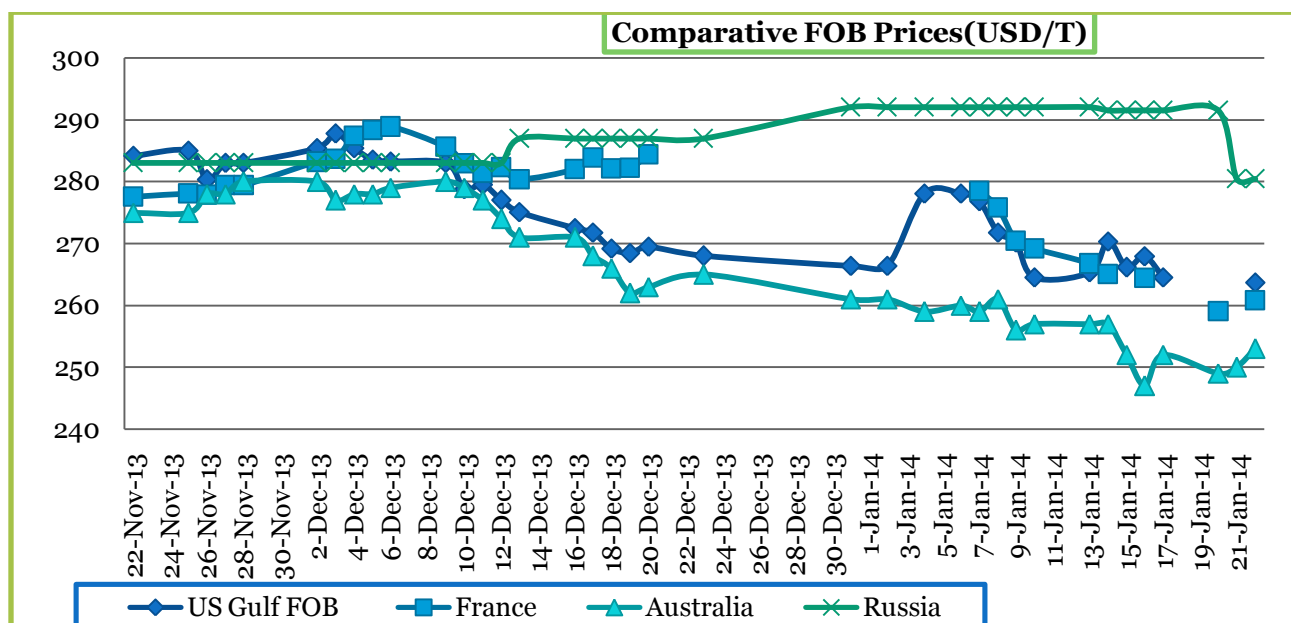
Global wheat market is expected to trade weak on higher wheat production estimate of 706.38 million tones and IGC latest estimate of 698 million tones may keep market under pressure in medium term.

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 24.01.14 (USD/T)							
CONTRACT MONTH	24 Jan 14	Week ago (17 Jan 2013)	1 Month ago(24 Dec 13)	3 Month ago(24 Oct 13)	6 Month ago(24 July 13)	1 Year ago(24 Jan 13)	% Change over previous year
14-Mar	207.67	207.03	222.74	259.75	247.54	301.08	-31.03
14-May	209.97	209.60	225.40	261.68	249.65	301.54	-30.37
14-Jul	211.99	211.99	227.05	258.65	248.82	293.92	-27.88
14-Sep	215.11	215.20	230.54	260.67	251.39	296.40	-27.42
14-Dec	219.98	219.89	235.23	264.25	255.07	301.08	-26.94
15-Mar	223.84	223.47	238.17	266.09	257.73	302.92	-26.11

CBOT March 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- Mostly dry, increasingly hot weather during the latter half of the month, however, increased irrigation demands and likely stressed some dryland crops, potentially reducing yield prospects. In western and southeastern Australia, near- to below-normal December rainfall favored winter grain and oilseed harvesting.

Argentina- Unseasonable warmth, accompanied by sporadic rainfall, stressed emerging to reproductive crops in the country's main production areas. Monthly temperatures averaged 2 to 4°C above normal in nearly all major agricultural districts, with daytime highs often exceeding 35°C and occasionally reaching 40°C, even in the high-yielding farming areas of central Argentina. Heavy showers brought localized relief from the heat, but below-normal December rainfall — in combination with the heat — lowered soil moisture to unfavorably low levels, for developing summer crops and germination of recently-planted crops.

Russia and Ukraine – During December, unseasonably warm weather lingered over northern portions of the region. Temperatures averaged 3 to 7°C above normal in Russia and northern Kazakhstan, although seasonably colder conditions gradually returned to the region by month's end. In the south, locally heavy rain and mountain snow boosted irrigation reserves for the upcoming summer growing season.

International Weekly Outlook:

International market is likely to trade steady to slightly firm on buyer's fresh interest at present level. However in medium term market is expected to trade slightly up due to some damage report in U.S. wheat growing area due to excessive cold.

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