

Domestic Market Updates:

Planting area under India's Rabi (winter) wheat crop stands at about 31.52 million hectares as of January 31, 2014, which is up about 6% from around 29.63 million hectares wheat planted during the same time last year, according to the Ministry of Agriculture.

Three traders in Bangladesh have bought 150,000 tonnes of wheat from India at prices ranging from \$302 to \$305 a tonne, including cost of delivery to Chittagong port.

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.

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 26.94 million T as on 16th Jan.'2014 compared to 28.04 million T on 1st Jan.'2014. 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 16.01.2014.

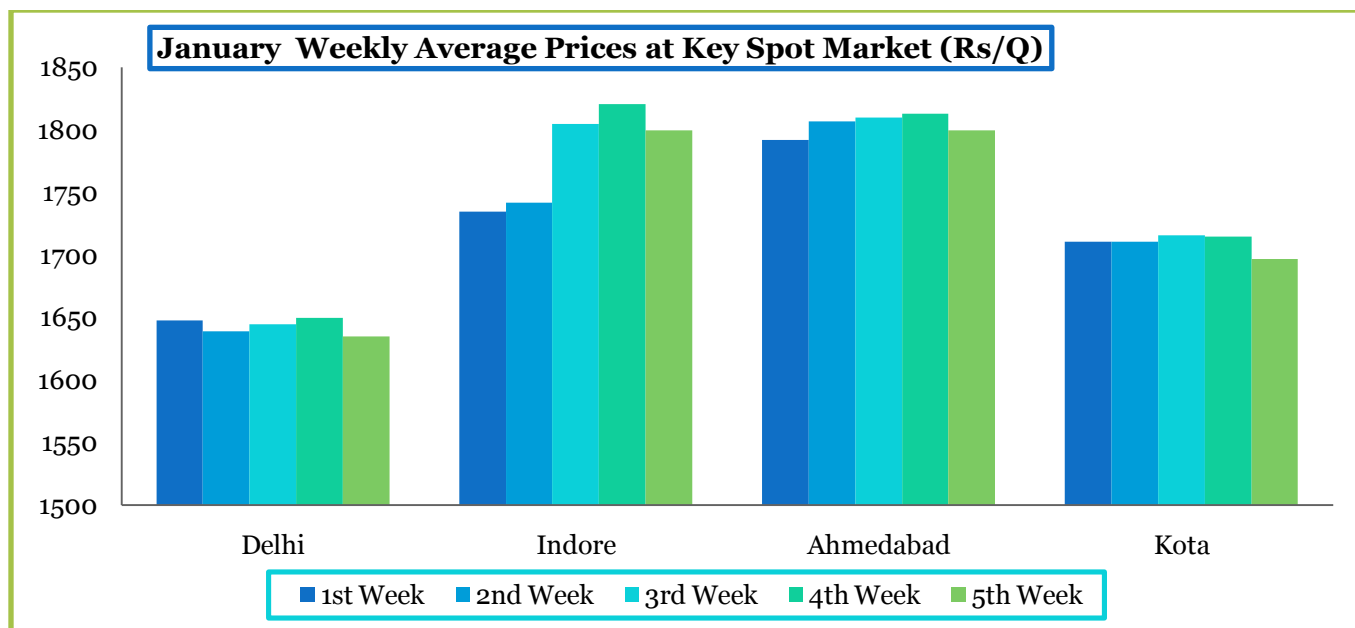
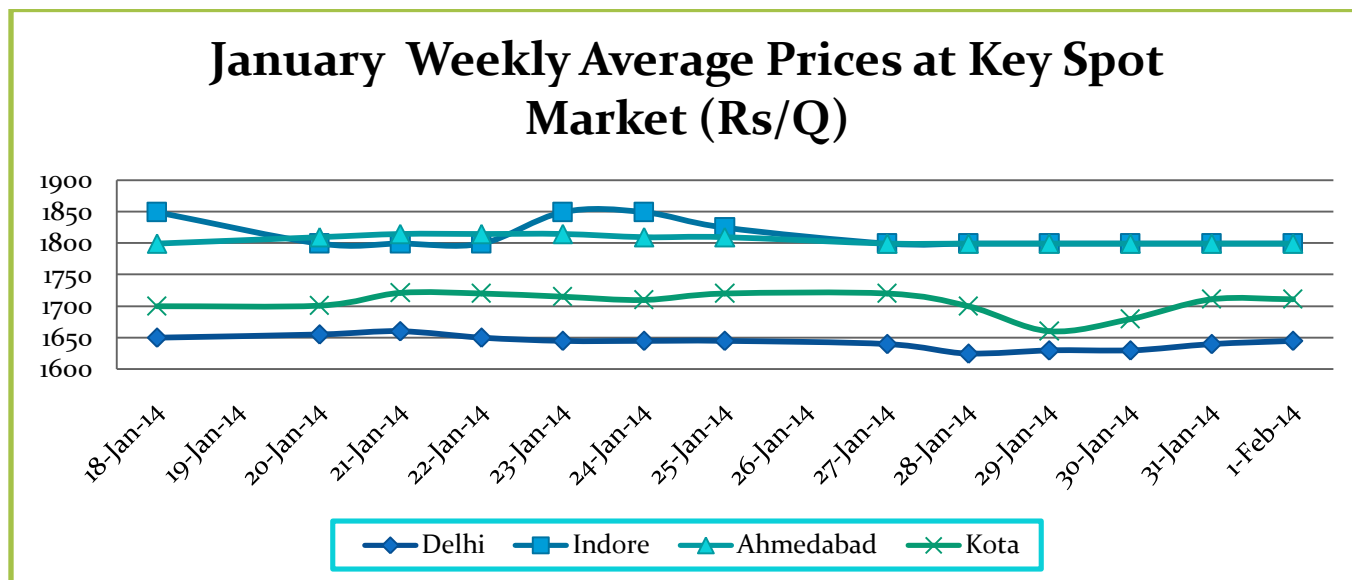
In MMTC Wheat export tender of 60,000 MTs from Pipava port 5 bids were received. Highest bid was by Alghurair at \$277.50/MT for 30,000 tonnes followed by Agro Corp. at \$275.59/MT for 30,000 tonnes and the lowest bid was at \$274.00.

Weather Watch: (Source-IMD)

- Rain/snow would occur at many places over Himachal Pradesh during next 48 hours and at a few places thereafter.
- Rain/snow would occur at isolated places over Uttarakhand.
- Rain/thundershowers would occur at isolated places over south coastal Tamil Nadu during next 24 hours and mainly dry thereafter.
- Weather would be mainly dry/dry over rest parts of the country.
- No significant change in minimum temperatures over northwest, central & east India.
- Moderate to dense fog would occur at a few places over Delhi, Uttar Pradesh, north Rajasthan, north Madhya Pradesh, Bihar, Sub-Himalayan West Bengal, Assam & Meghalaya and Tripura.

- Dense fog (visibility < 200 M) would occur at a few places over Uttar Pradesh, Bihar, Sub-Himalayan West Bengal, west south Assam and Tripura.

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)

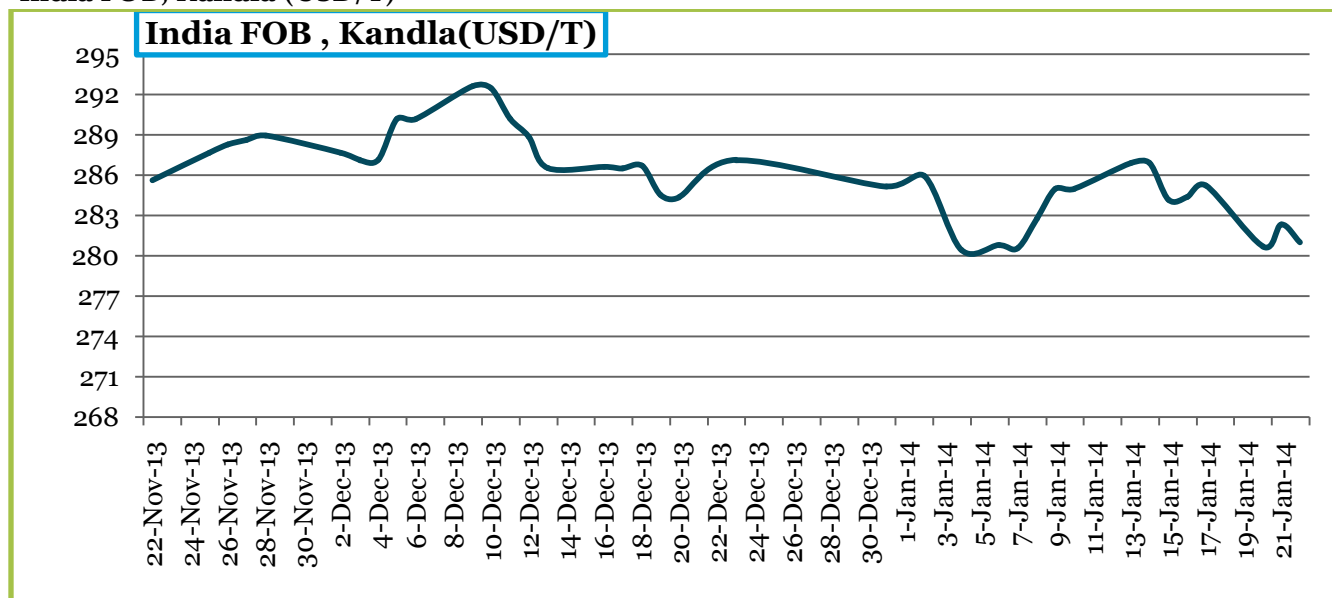
FOB Value as on 25.01.2014 from various destinations at Kandla:

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	01 Feb , 2014	week ago 24 Jan, 2014	Month ago 31 Dec 13	Year ago 30 Jan 2013	Change over previous Year %
Indore	1700	1750	1721	1613	5.39
Bareilly	1760	1755	1755	1660	6.02
Delhi	1641	1640	1660	1591	3.16
Khanna	1842	1801	1767	1690	8.99
Kanpur	1745	1745	1670	1520	14.80
Karnal	1615	1570	1550	1500	7.67
Rajkot	1710	1707	1702	1657	3.20
Kota	1685	1775	1709	1674	0.66

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
			03.02.2014	25.01.2014	
Delhi					
	Lawrence Road	Mill Quality	1645	1645	Unch
	Nazafgarh	Mill Delivery Loose	1600	1600	Unch
	Narella	Mill Delivery Loose	1625	1600	25
Gujarat	Rajkot	Mill Delivery	1725	1730	-5
	Ahmadabad	Mill Delivery	1800	1810	-10
M.P.	Bhopal	Mill Quality Loose	1650	1700	-50
	Indore	Mill Delivery	1800	1825	-25
Rajasthan	Kota	Mill Quality	1600	1650	-50
U.P.	Mathura	Mill Quality Loose	1635	1680	-45
Punjab	Khanna	Mill Quality Loose	1620	1625	-5
Haryana	Sirsa	Mill Delivery loose	1565	1560	5

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.
- Rise in OI and prices indicate Long Buildup.
- RSI is in neutral zone.

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	February	1600	1610	1639	1660	1670
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Sell	Above 1640	1650	1653	1634

*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 February due to expectation of a better crop and increase in quantity released by government.

International Market Updates:

Japan's Ministry of Agriculture bought a total of 179,343 tonnes of food quality wheat from the United States and Australia.

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.

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:

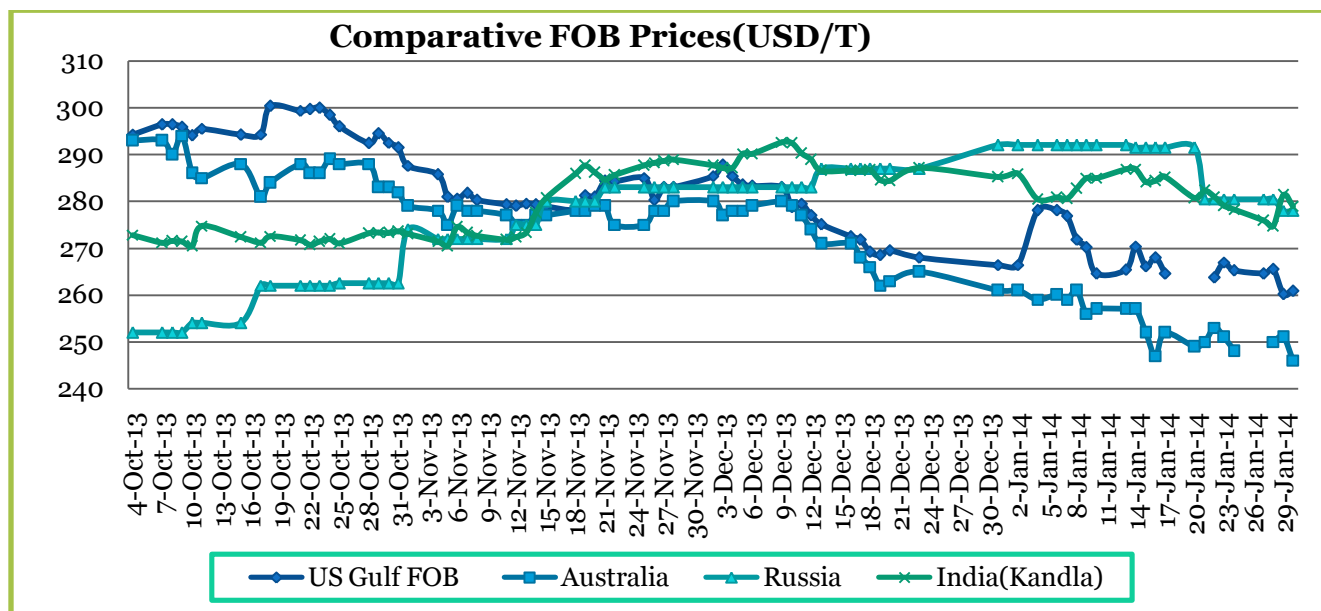
	Variety	% Change over Prev. Year	20.01.14	Week Ago 14.01.14	Month Ago (Dec)	3 Months Ago (Oct)	Year Ago (Jan)
USA (Gulf)	SRW 2	-19.56	260.88	NA	272.52	294.20	324.30
France	FCW3	-23.18	257.41	NA	281.99	268.51	335.10
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	NA
Australia	CWRS	-21.23	246.00	250.00	271.00	288.00	312.31
Russia	SRW	-16.27	278.00	280.50	287.00	254.00	332.00
Ukraine	SRW	-15.15	280.00	282.50	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: 31.01.14 (USD/T)							
CONTRACT MONTH	31 Jan 14	Week ago (24 Jan 2013)	1 Month ago(30 Dec 13)	3 Month ago(29 Oct 13)	6 Month ago(29 July 13)	1 Year ago(29 Jan 13)	% Change over previous year
14-Mar	204.18	207.67	220.62	254.42	247.35	302.74	-32.55
14-May	205.10	209.97	223.20	256.08	249.56	302.74	-32.25
14-Jul	206.30	211.99	225.12	253.32	248.27	296.77	-30.49
14-Sep	209.42	215.11	228.61	256.08	250.93	299.16	-30.00
14-Dec	214.10	219.98	233.67	259.94	253.78	303.29	-29.41
15-Mar	217.78	223.84	236.61	261.96	256.54	305.13	-28.63

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- During the first half of the week, very hot weather overspread northern New South Wales and southern Queensland, combining with persistent dryness to reduce summer crop prospects. Daily maximum temperatures ranged from the upper 30s to lower 40s degrees C in major summer crop areas. During the latter half of the week, widespread showers (5-25 mm, locally near 40 mm) and more seasonable temperatures returned to the region, helping stabilize crop conditions. Although the showers have been beneficial, additional rainfall is needed to prevent further reductions in yield potential because of the recent heat and persistent dryness..

Argentina- After several weeks of stressful conditions, rain overspread the region, lowering temperatures to seasonable levels and helping to stabilize the condition of filling summer crops. Rainfall totaled more than 25 mm throughout areas of central Argentina (southern Cordoba to northeastern Buenos Aires), with highest amounts (greater than 100 mm) concentrated over the eastern third of Buenos Aires. Farther north (notably Santiago del Estero and Salto to Corrientes), rain fell at the beginning and the end of the week, while the latter moisture arrived with the strong cold front that soaked the south. A continuation of rainy weather and seasonable temperatures is vital for normal development of summer grains for the remainder of the growing season to prevent further declines in yield potential.

Russia and Ukraine – Sharply colder, snowy weather brought an abrupt end to the region's month-long spell of spring-like warmth. Temperatures for the week averaged 2 to 10°C below normal as the coldest air of the winter arrived. Widespread snow (5-25 cm) accompanied the cold air, insulating winter grains against potential winterkill as nighttime lows plunged below -20°C (locally as low as -28°C) by week's end. The snow not only provided much-needed protection from bitter cold but also improved moisture reserves for spring growth.

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 down due to expectation of good wheat production.

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