

### Domestic Market Updates:

**Wheat production is likely touch record level of 96.03 million tonne** this year(2013-14) despite considerable loss of crop in parts of Madhya Pradesh and Rajasthan. The main reason for higher production is attributed to higher area coverage and favorable weather throughout the season except the second fortnight of February when heavy rains fall and hails storm affected the quality of grains adversely.

**Carry out includes private stock of 1 to 1.5 million tonne.** Thus production would be 1.29 percent higher than last year. However, temperature in March remains crucial for late sowed crop in Uttar Pradesh and Bihar. Abnormal rise in temperature may affect the grain size and has potential to downgrade the final size of the crop in both the states.

**With 24.04 million tonne carryout total availability for 2014-15** marketing year would be around 120.67 million tonne against the total usage of 94 million tonne including export. Carryout for next season would increase from 24.64 million tonne to 26.67 million tonne, an increase of 8.23 percent. This implies sufficient supply throughout the season.

**Export quantity has been downgraded to 6 million tonne as favourable** condition for Indian wheat in the global market is unlikely to continue in the third quarter with expected arrivals in Black Sea Region from June onward. Australian crop too would start hitting the market from October and it may pressurize wheat prices in the global market.

**Wheat export market remains favorable for India with** ongoing issue between Russia and Ukraine. Besides, rough weather condition in US wheat growing plains and lower production estimate for Australia support the global wheat market. Prices are likely to hover at current level for next 8 to 10 days.

**Under current scenario prices of wheat in domestic market are** bound to decrease as harvesting starts in major wheat producing states like Madhya Pradesh and Rajasthan. Harvesting in Gujarat is in full swing and supply in local market would increase by the first week of April. Harvesting in Punjab, Haryana and Uttar Pradesh is expected to be delayed by a week /or two due to recent rains. Higher moisture level in the field has delayed the maturity of the crop.

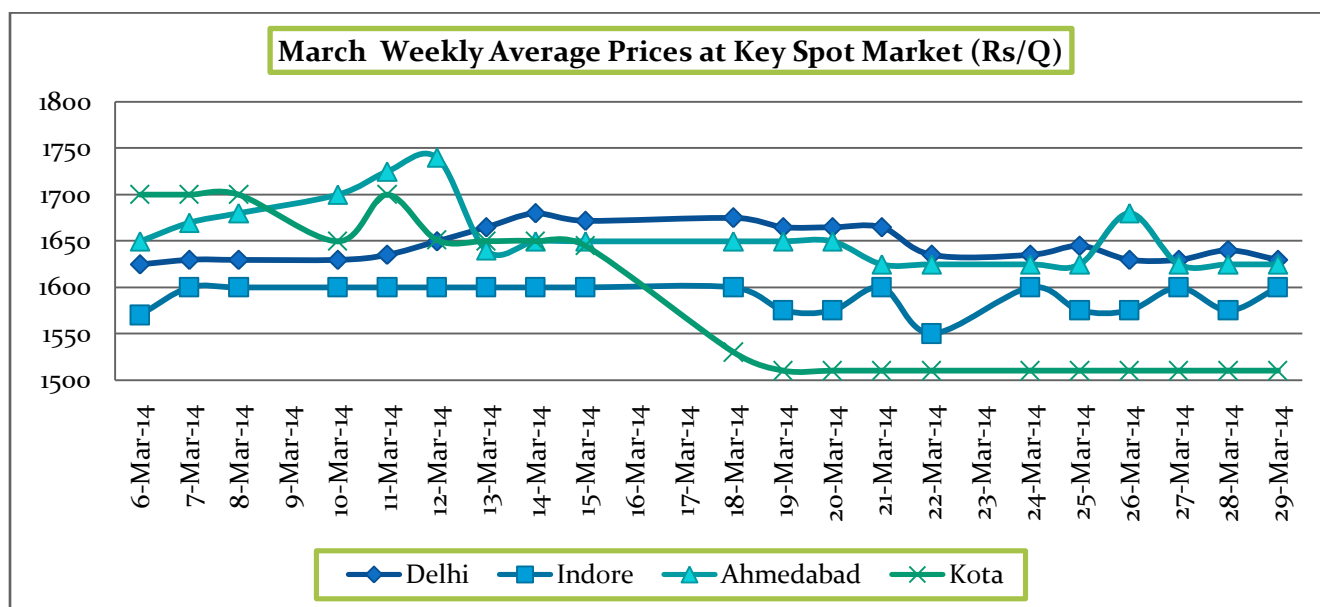
**We see Indian wheat exports increasing as long as prices** are above US\$ 260 per tonne . As per latest market update Indonesian wheat mills are looking for 40,000 tonnes from India while another 50,000 tonne Indian wheat tender was confirmed for April shipment to Bangladesh.

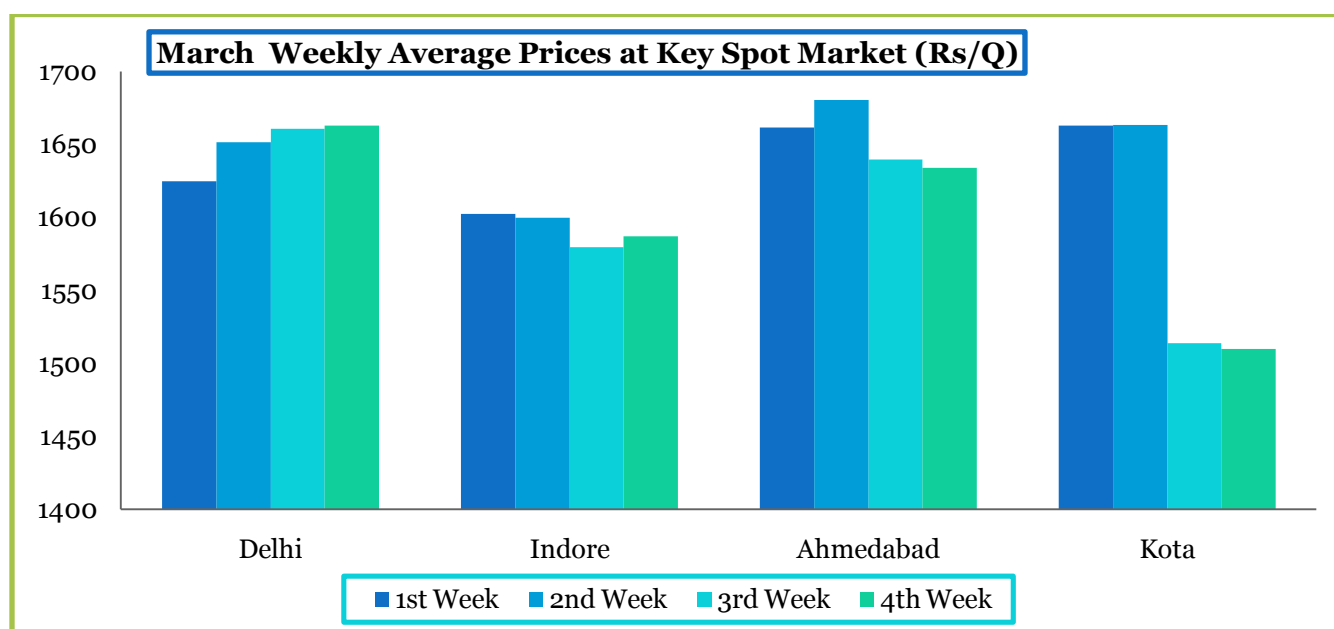
**Indian wheat export to Saudi Arabia is also forecast to** increase to 200,000 tonnes this year, up from 60,000 tonnes shipped last year. India was sitting on a wheat stock of around 21 million tonnes as on March this year. Harvesting is just to commence and India expects record production of over 95 million tonne this year.

### Weather Watch: (Source-IMD)

- Rain/snow would occur at many places over Jammu & Kashmir during next 24 hours and at most places during subsequent next 24 hours and decrease thereafter.
- Rain/snow would occur at many places over Himachal Pradesh during next 48 hours and decrease thereafter.
- Rain/snow would occur at isolated places over Uttarakhand during next 24 hours and at a few places thereafter.

- Rain/thundershowers would occur at isolated places over Punjab and Haryana & Delhi during next 24 hours and at a few places subsequent 24 hours.
- Rain/thundershowers would occur at isolated places over north Rajasthan and west Uttar Pradesh during next 48 hours and mainly dry thereafter.
- Rain/thundershowers would occur at isolated places over Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.
- Rain/thundershowers would occur at isolated places over sub-Himalayan West Bengal & Sikkim and Odisha during next 48 hours and mainly dry thereafter.
- Rain/thundershowers would occur at a few places over Gangetic West Bengal during next 24 hours and decrease thereafter.
- Rain/thundershowers would occur at isolated places over Kerala and Lakshadweep during next 24 hours and mainly dry thereafter.
- Rain/thundershowers would occur at isolated places over Marathwada from 24th onwards.
- Mainly dry/dry weather would prevail over rest of the country





Key spot wheat mill delivery prices traded steady to moderately weak due to arrival of the new crop.

| STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.03.2014: | STOCK WITH FCI | STOCK WITH STATE AGENCIES | TOTAL IN CENTRAL POOL |
|---|----------------|---------------------------|-----------------------|
| <b>EAST ZONE</b>                                  | 6.25           | 0.00                      | 6.25                  |
| <b>NORTH EAST ZONE</b>                            | 0.44           | 0.00                      | 0.44                  |
| <b>NORTH ZONE</b>                                 | 63.91          | 94.17                     | 158.08                |
| <b>SOUTH ZONE</b>                                 | 5.61           | 0.00                      | 5.61                  |
| <b>WEST ZONE</b>                                  | 11.98          | 22.67                     | 34.65                 |
| <b>TOTAL</b>                                      | <b>88.19</b>   | <b>116.84</b>             | <b>205.03</b>         |

(Figures in Lakh Tonnes)

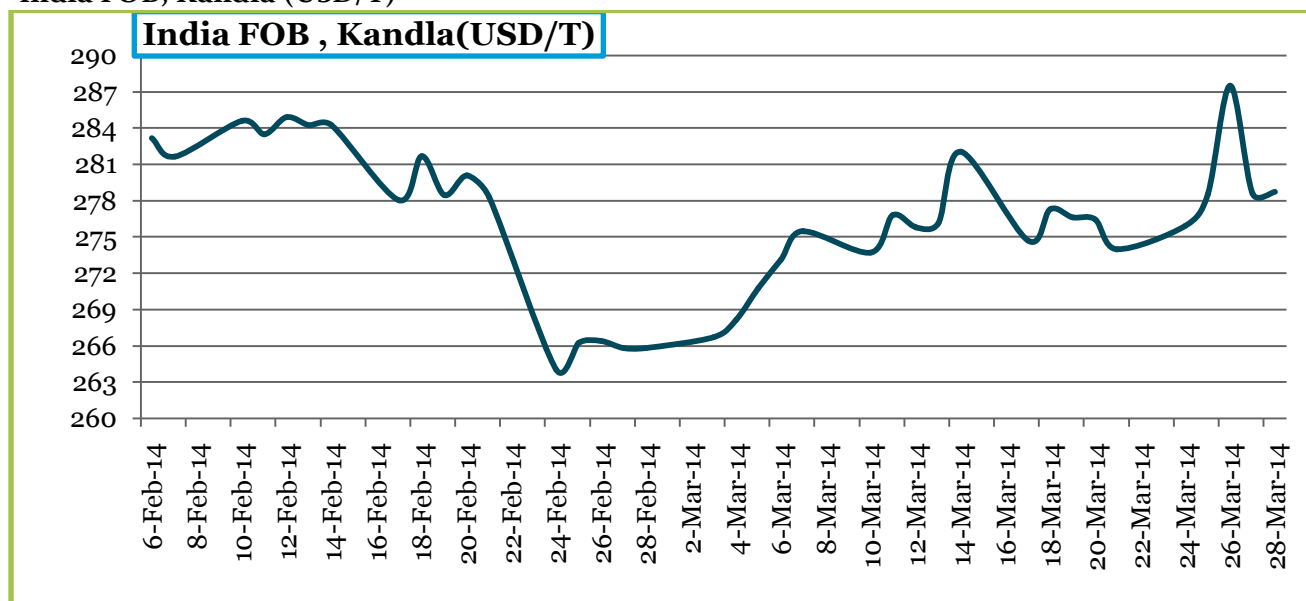
**FOB Value as on 21.03.2014 from various destinations at Kandla:**

| Parity Calculation   | Rajkot        | Kota          | Begusarai     | Indore        | Kosi          | MSP           | ECO.Cost      |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Basic cost of wheat (Rs/ton)                                     | 15200         | 15100         | 16900         | 15000         | 16150         | 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)   | 16400         | 16750         | 19300         | 16950         | 18200         | 15700         | 19100         |
| <b>Indian FOB (USD/MT)</b>                                       | <b>264.22</b> | <b>269.86</b> | <b>310.94</b> | <b>273.08</b> | <b>293.22</b> | <b>252.94</b> | <b>307.72</b> |
| Insurance @ 0.1%   | 0.26          | 0.27          | 0.31          | 0.27          | 0.29          | 0.25          | 0.31          |
| Freight Charges (US \$/ton) to Chittagong                        | 18            | 18            | 18            | 18            | 18            | 18            | 18            |
| CIF (kandla to Chittagong)                                       | 282           | 288           | 329           | 291           | 311           | 271           | 326           |
| <b>INR</b>   | <b>62.07</b>  | <b>62.07</b>  | <b>62.07</b>  | <b>62.07</b>  | <b>62.07</b>  | <b>62.07</b>  | <b>62.07</b>  |
| <b>Russian Wheat FOB (USD/MT)</b>                                | <b>292</b>    | <b>292</b>    | <b>292</b>    | <b>292</b>    | <b>292</b>    | <b>292</b>    | <b>292</b>    |
| <b>Parity on FOB Basis (USD/MT)</b>                              | <b>28</b>     | <b>22</b>     | <b>-19</b>    | <b>19</b>     | <b>-1</b>     | <b>39</b>     | <b>-16</b>    |

## Spot prices of wheat at NCDEX Delivery centers

| NCDEX SPOT      | 29 Mar , 2014 | week ago<br>24 Mar, 2014 | Month ago<br>28 Feb 14 | Year ago<br>01 Apr 2013 | Change over<br>previous Year % |
|-----------------|---------------|--------------------------|------------------------|-------------------------|--------------------------------|
| <b>Indore</b>   | 1523          | 1530                     | 1645                   | 1450                    | 5.03                           |
| <b>Bareilly</b> | 1705          | 1720                     | 1750                   | 1500                    | 13.67                          |
| <b>Delhi</b>    | 1650          | 1643                     | 1630                   | 1562                    | 5.63                           |
| <b>Khanna</b>   | NA            | NA                       | NA                     | 1568                    | NA                             |
| <b>Kanpur</b>   | 1590          | 1700                     | 1735                   | 1450                    | 9.66                           |
| <b>Karnal</b>   | NA            | NA                       | NA                     | NA                      | NA                             |
| <b>Rajkot</b>   | 1580          | 1560                     | 1600                   | 1540                    | 2.60                           |
| <b>Kota</b>     | 1620          | 1623                     | 1675                   | 1532                    | 5.74                           |

India FOB, Kandla (USD/T)



**Wheat Export Monthly Data:**

|                        | Wheat Export(Lakh T) | Average FOB Quotes(USD/MT) | CBOT Average Quotes (USD/MT) |
|------------------------|----------------------|----------------------------|------------------------------|
| <b>Sept 11- Mar 12</b> | <b>7.38</b>          | <b>232.12</b>              | <b>237.46</b>                |
| <b>Apr 12 - Mar 13</b> | <b>64.96</b>         | <b>298.18</b>              | <b>286.71</b>                |
| 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                 | 5.01                 | 281.84                     | 212.17                       |
| Feb-14                 | 6.75                 | 277.70                     | 218.93                       |
| Mar-14                 |                      |                            |                              |
| <b>Total 13-14</b>     | <b>51.46</b>         | <b>283.43</b>              | <b>240.87</b>                |

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

**Domestic Key Spot Market Price Comparison:**

| Centre    | Market        | Variety             | Prices (Rs/Qtl) |            | Change |
|-----------|---------------|---------------------|-----------------|------------|--------|
|           |               |                     | 28.03.2014      | 21.03.2014 |        |
| Delhi     | Lawrence Road | Mill Delivery       | 1640            | 1665       | -25    |
|           | Nazafgarh     | Mill Delivery Loose | 1600            | 1615       | -15    |
|           | Narella       | Mill Delivery Loose | 1570            | 1550       | 20     |
| Gujarat   | Rajkot        | Mill Delivery       | 1625            | 1625       | Unch   |
|           | Ahmedabad     | Mill Delivery       | 1625            | 1625       | Unch   |
| M.P.      | Bhopal        | Mill Quality Loose  | 1450            | 1400       | 50     |
|           | Indore        | Mill Delivery       | 1575            | 1550       | 25     |
| Rajasthan | Kota          | Mill Quality        | 1510            | 1510       | Unch   |
| U.P.      | Mathura`      | Mill Quality Loose  | 1525            | 1650       | -125   |
| Punjab    | Khanna        | Mill Quality Loose  | 1560            | 1560       | Unch   |
| Haryana   | Sirsa         | Mill Delivery loose | 1585            | 1580       | 5      |

Commodity: Wheat  
Contract: May

Exchange: NCDEX  
Expiry: 20<sup>th</sup> May, 2014

### Wheat (Weekly Chart)



### Technical Commentary:

- Candle stick chart depicts downward movement in the market.
- Fall in OI and Prices indicates consolidation.
- RSI is in neutral region.

### Strategy: Sell

| Intraday Supports & Resistances |       |          | S2          | S1    | PCP  | R1   | R2   |
|---------------------------------|-------|----------|-------------|-------|------|------|------|
| Wheat                           | NCDEX | February | 1530        | 1540  | 1567 | 1576 | 1590 |
| Intraday Trade Call*            |       |          | Call        | Entry | T1   | T2   | SL   |
| Wheat                           | NCDEX | February | <b>Sell</b> | 1567  | 1550 | 1545 | 1574 |

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

**Domestic Weekly Outlook:** We expect wheat cash market to trade steady to slightly weak due to new arrival hitting in the western states.

### International Market Updates:

**Tunisia's state grains agency purchased 34,000 tonnes durum wheat** in two 17,000 tonne consignments at \$435.49 and \$437.89 a tonne c&f and seller of both was Casillo Commodities.

**Global wheat market continues to trade higher due** to unrest in Ukraine and dry weather across the key U.S. wheat growing regions. Uptrend is likely to continue in the short term.

**Major importing countries like Iran, Saudi Arabia,** Morocco, Syria, Algeria, Iraq, and Turkey are expected to import more wheat in the months ahead.

**Drought conditions across Australia's east coast will** cut production of wheat next season and reduce exports. Australian wheat production is forecast to fall by 8.2 percent to 24.795 MMT in the 2014/15 season from 27.013 MMT in the previous year.

**Israeli private buyers have purchased 25,000 MT of** animal feed wheat at \$293.50 a MT c&f, thought likely to be sourced from US.

**Japan's Ministry of Agriculture is seeking to buy** a total of 118,795 tonnes of food quality wheat from the United States and Australia in a tender that will close late on 19.3.2014.

**Algeria's state grains agency OAIC bought between 300,000** and 350,000 MT of milling wheat in a tender that closed on 4th March between \$310 and \$311 a MT, cost and freight included, according to the trader.

**Global 2013/14 wheat supplies are raised** slightly with a 0.8-million-ton increase in world production. Production is raised 1.1 million tons for India and 0.5 million tons for Australia. China is lowered 0.3 million tons, Uruguay by 0.3 and Paraguay by 0.2 million tons respectively.

**Strong demand in the Middle East and North Africa boosts** 2013/14 world wheat imports 3.0 million tons. Imports are raised for Iran, Saudi Arabia, Morocco, Syria, Algeria, Iraq, and Turkey. Exports are raised for the European Union, Russia, Serbia, and Turkey. European Union exports are raised 1.5 million. For Russia, higher wheat imports and reduced wheat feeding support a 1.0-million-ton increase in wheat exports.

## IGC Wheat Balance Sheet

(Quantity in MMT)

|                  | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 Est. | Projection for 2013-14 |            |
|------------------|---------|---------|---------|---------|--------------|------------------------|------------|
|                  |         |         |         |         |              | 30.01.2014             | 27.02.2014 |
| Production       | 685     | 679     | 653     | 695     | 655          | 707                    | 708        |
| Trade            | 137     | 128     | 126     | 145     | 141          | 147                    | 146        |
| Consumption      | 645     | 652     | 657     | 696     | 673          | 691                    | 691        |
| Carryover stocks | 173     | 199     | 194     | 193     | 175          | 188                    | 190        |
| Y-O-Y change     | 41      | 27      | -4      | -1      | -18          | 16                     | 17         |
| Major Exporters  | 69      | 79      | 73      | 69      | 48           | 56                     | 56         |

## Indicative FOB Quotes:

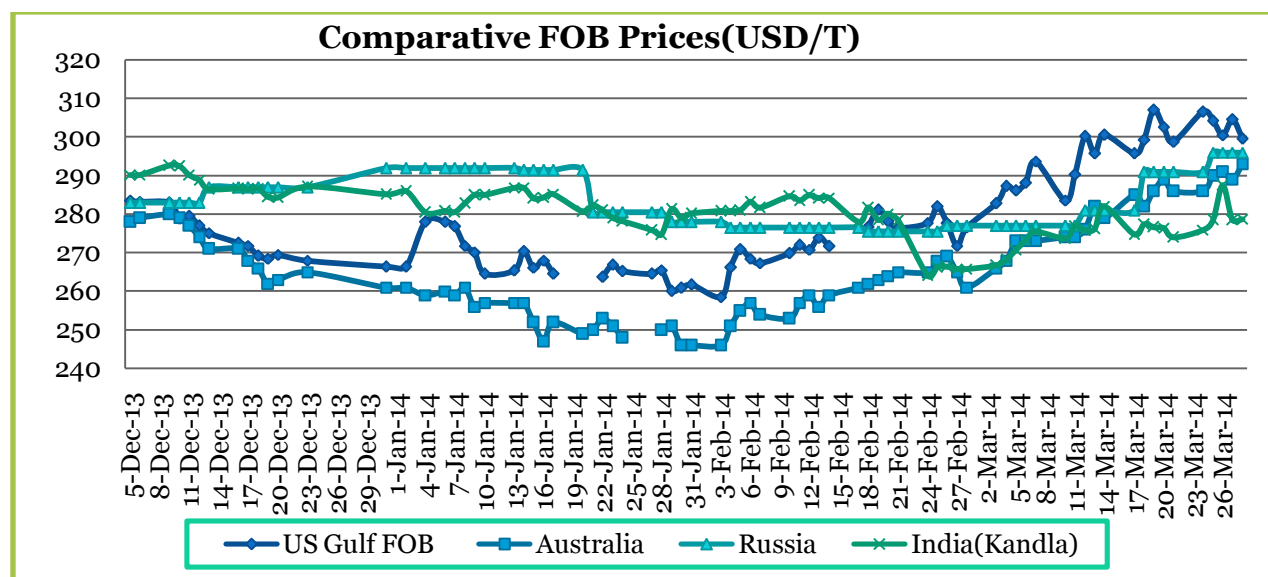
|                | Variety    | % Change over Prev. Year | 27.03.14 | Week Ago 24.03.14 | Month Ago (Feb) | 3 Months Ago (Dec) | Year Ago (Feb) |
|----------------|------------|--------------------------|----------|-------------------|-----------------|--------------------|----------------|
| USA (Gulf)     | SRW 2      | 4.15                     | 304.52   | 306.58            | 277.76          | 269.47             | 292.40         |
| France         | FCW3       | -12.96                   | 283.24   | 288.03            | 266.90          | 284.36             | 325.40         |
| United Kingdom | Feed wheat | NA                       | NA       | NA                | NA              | NA                 | NA             |
| Australia      | CWRS       | 3.33                     | 289.00   | 291.00            | 269.00          | 263.00             | 279.69         |
| Russia         | SRW        | 8.82                     | 296.00   | 291.00            | 277.00          | 287.00             | 272.00         |
| Ukraine        | SRW        | 8.58                     | 297.50   | 292.50            | 278.50          | 289.00             | 274.00         |
| Argentina      | SRW        | 19.55                    | 365.00   | 365.00            | 340.00          | 315.00             | 305.32         |

Global wheat market is expected to trade weak on higher wheat production estimate of 711 million tonnes and IGC latest estimate of 708 million tonnes may keep market under pressure in medium term.

## CBOT FUTURES CONTRACT:

| CBOT Futures Prices: Date: 28.03.14 (USD/T) |           |                        |                        |                        |                         |                       |                             |
|---|-----------|------------------------|------------------------|------------------------|-------------------------|-----------------------|-----------------------------|
| CONTRACT MONTH                              | 28 Mar 14 | Week ago (24 Mar 2014) | 1 Month ago(28 Feb 14) | 3 Month ago(31 Dec 13) | 6 Month ago(30 Sept 13) | 1 Year ago(28 Mar 13) | % Change over previous year |
| 14-Mar                                      | 255.53    | 262.51                 | 221.27                 | 224.85                 | 253.41                  | 267.83                | -4.60                       |
| 14-May                                      | 256.90    | 263.33                 | 223.47                 | 226.59                 | 248.73                  | 265.08                | -3.08                       |
| 14-Jul                                      | 259.66    | 265.81                 | 226.50                 | 230.18                 | 250.38                  | 267.19                | -2.82                       |
| 14-Sep                                      | 263.15    | 269.12                 | 231.09                 | 235.32                 | 253.41                  | 270.77                | -2.82                       |
| 14-Dec                                      | 265.91    | 271.05                 | 234.68                 | 238.35                 | 255.99                  | 272.43                | -2.39                       |
| 15-Mar                                      | 265.08    | 269.67                 | 236.33                 | 238.72                 | 256.63                  | 273.53                | -3.09                       |



**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-** Unfavorably dry weather returned to southern Queensland and northern New South Wales. Although temperatures averaged 1 to 2°C below normal, the lack of rain renewed stress on dry land summer crops. Throughout this region rainfall has averaged less than 50 percent of normal since August 1, 2013. Soaking rains are needed now to prevent additional reductions in yield prospects. Farther north, the remnants of Tropical Cyclone Dylan brought widespread showers (5-50 mm or more) to central Queensland, benefiting immature summer crops.

**Argentina-** For a second week, locally heavy rain fell in the country's main agricultural areas, increasing moisture for summer grains. Rainfall totaled 25 to 75 mm in the high-yielding farming areas of central Argentina (southern Cordoba to northeastern Buenos Aires). Weekly average temperatures were about 1°C above normal in the rainy areas, with daytime highs reaching the lower and middle 30s (degrees C). However, drier conditions dominated La Pampa and southwestern Buenos Aires, where weekly temperatures averaged 2°C above normal as daytime highs occasionally reached the middle and upper 30s. Heat and dryness also prevailed in northwestern Cordoba but the remainder of the north recorded moderate to heavy rain (25-100 mm, locally higher), further increasing moisture for summer crops at varying stages of development. However, drier conditions toward week's end allowed temperatures to rebound to stressful levels (daytime highs from 38-40°C) and maintained high evapotranspiration rates.

**Russia and Ukraine –** The coldest weather of the season settled over the region, although a fresh snowfall insulated dormant winter grains against potential winterkill. Temperatures for the week averaged 10 to nearly 20°C below normal, with nighttime lows plunging to -25°C (or lower) in key winter wheat areas of eastern Ukraine and Russia's Southern District. Readings plummeted to -36°C along the border between Russia's Southern and Central Districts. Despite the arctic blast, a shallow to moderate snowpack (5-30 cm) was mostly sufficient to prevent widespread winterkill. However, wind-swept fields may have left stands of wheat exposed, and some pockets of freeze damage are likely where snow was shallowest; areas at greatest risk are in southwestern portions of the Southern District, where snow depths were mostly between 5 and 10 cm.

**International Weekly Outlook:**

International market is likely to trade steady to slightly firm due to recent loss. However in medium term market is expected to trade slightly down due to expectation of good wheat production.

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