

Domestic Market Updates:

Wheat cash market may trade slightly lower from current level due to ample supply in the market against subdued demand from private exporters. With the ending of long stretched election phase, interstate movement started once again and it has eased supply in the open market.

Wheat FAQ variety is being quoted at Rs 1530 per qtl. in Delhi. Prices have decreased by Rs 25 per qtl. in a week time. Agriwatch expects market to stabilize near Rs 1500 to Rs 1510 per qtl. in a couple of week.

Export demand for Indian wheat is expected to remain subdued as buyers are well aware of bearish global market fundamentals in the short and medium term. Supply side is expected to be higher than normal global demand.

Agriculture Ministry in its third advance estimate for the crop year 2013-14 (July-June) has estimated the wheat production at record level of 958.5 lakh tonnes. In 2012-13 crop year, output stood at 935.10 lakh tonnes.

Wheat procurement has crossed 26.68 million tonne against 25 million tonne last year. Govt. had fixed procurement target for 2014-15 at 31 million tonne. Target is unlikely to be met as arrival pressure has decreased considerably. Procurement may end up with 28/29 million tonne this year.

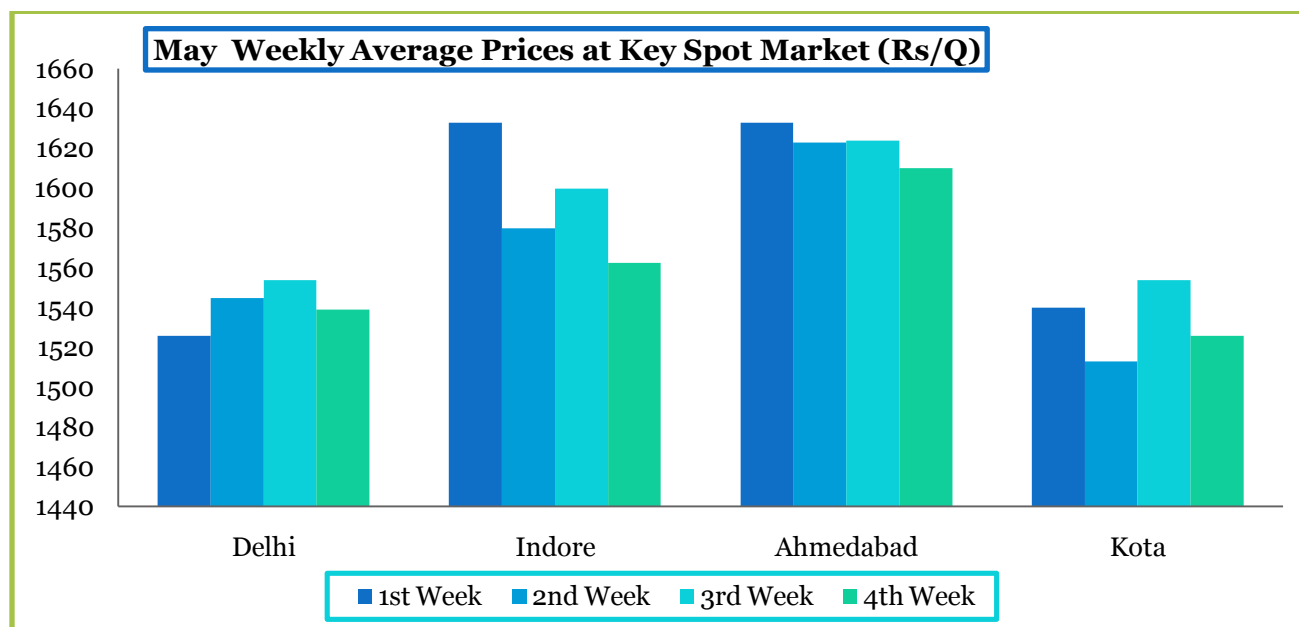
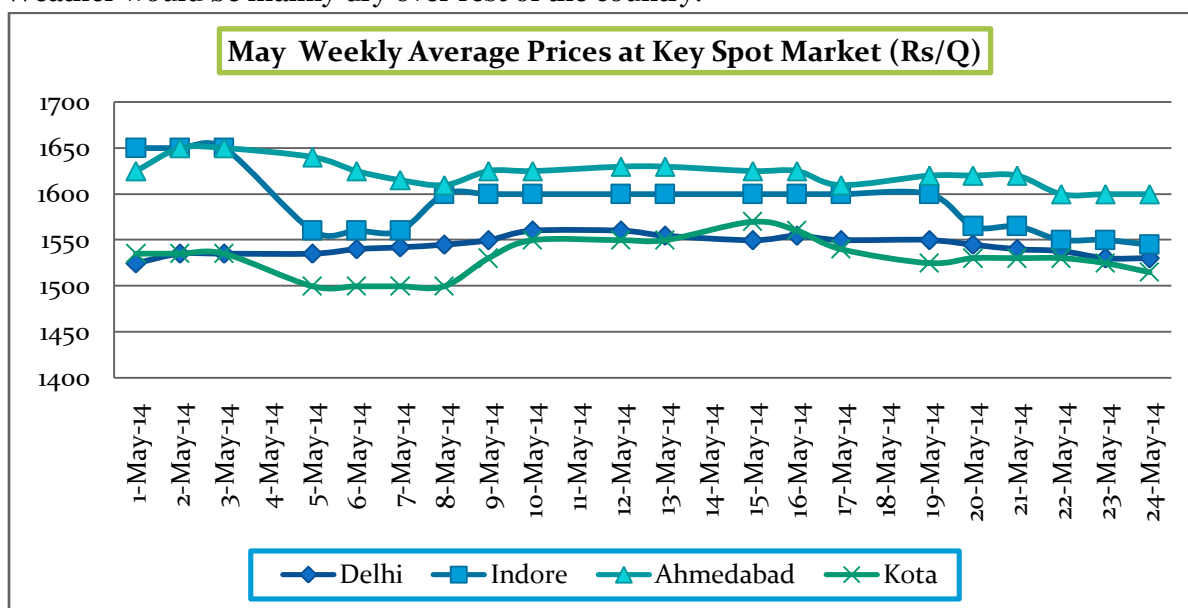
As on May 22, the procurement in Punjab so far is at 114.38 lakh tonnes, 5.45% higher than the last year's level of 108.46 lakh tonnes at the same time. Similarly in Haryana, procurement has rose to 64.73 lakh tonnes as compare to 58.70 lakh tonnes at the same time during marketing year 2013-14.

Procurement in Madhya Pradesh and Rajasthan has also increased to 68.06 lakh tonnes and 16.26 lakh tonnes respectively so far from 62.06 lakh tonnes and 11.80 lakh tonnes at same time last year. However, in Uttar Pradesh procurement has decreased to 3.17 lakh tonnes so far, as compared to 6.60 lakh tonnes last year.

According to IBIS (provisional data), export of wheat in the month of April was 4.27 Lakh tones which is around 48% less than last year at the same month, which was 8.32 Lakh tones in April 2013.

Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at isolated places over western Himalayan region.
- Rain/thundershowers would occur at many places over northeastern states and at isolated places over adjoining east India.
- Rain/thundershowers would occur at a few places over Andaman & Nicobar Island and south peninsular India.
- Weather would be mainly dry over rest of the country.



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

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.05.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.62	0.00	8.62
NORTH EAST ZONE	0.71	0.00	0.71
NORTH ZONE	70.64	104.38	175.02
SOUTH ZONE	8.50	0.00	8.50
WEST ZONE	14.94	61.58	76.52
TOTAL	115.79	228.24	344.03

(Figures in Lakh Tonnes)

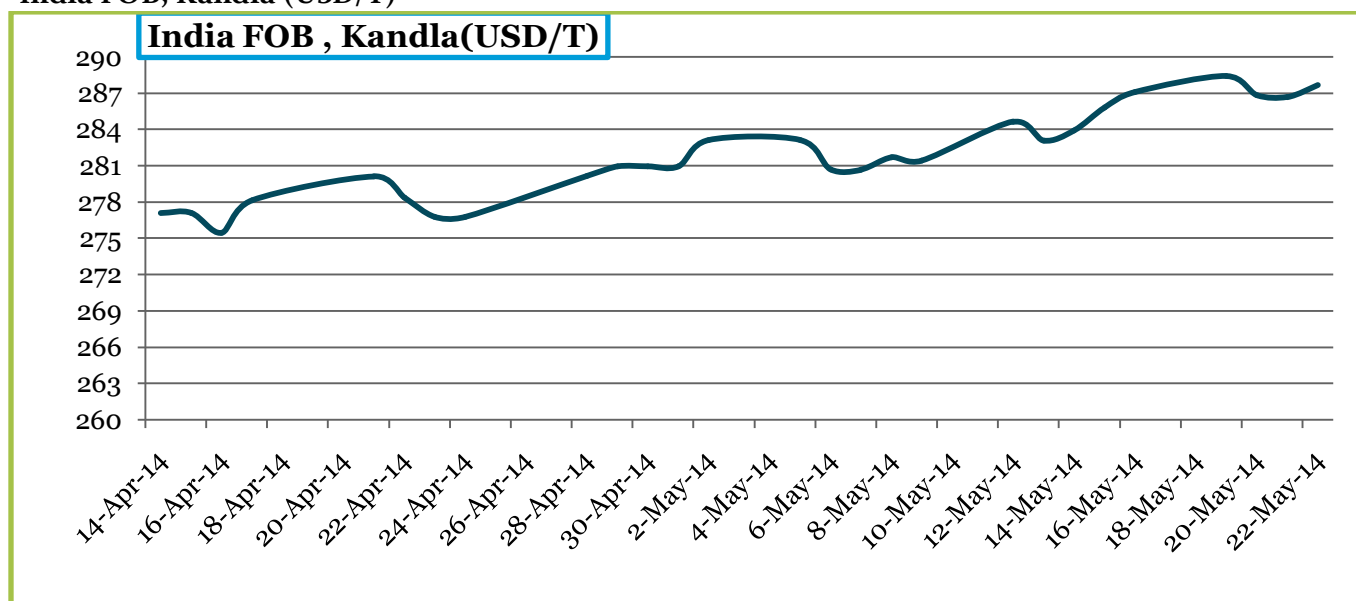
FOB Value as on 24.05.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15000	14500	14400	14750	14400	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)	16200	16150	16800	16700	16450	15700	19100
Indian FOB (USD/MT)	277.02	276.16	287.28	285.57	281.29	268.47	326.61
Insurance @ 0.1%	0.28	0.28	0.29	0.29	0.28	0.27	0.33
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	295	294	305	304	299	286	345
INR	58.48	58.48	58.48	58.48	58.48	58.48	58.48
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	15	16	5	6	11	24	-35

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	23May, 2014	week ago 16 May, 2014	Month ago 22 Apr 14	Year ago 19 May 2013	Change over previous Year %
Indore	1545	1570	1541	1471	5.03
Bareilly	1530	1545	1555	-	NA
Delhi	1537	1550	1531	1455	5.64
Khanna	NA	NA	NA	1535	NA
Kanpur	1525	1550	1525	1383	10.27
Karnal	NA	NA	NA	1563	NA
Rajkot	1580	1596	1590	1598	-1.13
Kota	1566	1585	1526	1440	8.75

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			
Jun-14			
Jul-14			
Aug-14			
Sep-14			
Oct-14			
Nov-14			
Dec-14			
Jan-15			
Feb-15			
Mar-15			
Total 14-15	4.27	278.33	250.82

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

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			24.05.2014	17.05.2014	
Delhi					
	Lawrence Road	Mill Delivery	1530	1550	-20
	Nazafgarh	Mill Delivery Loose	1490	1520	-30
	Narella	Mill Delivery Loose	1520	1510	10
Gujarat	Rajkot	Mill Delivery	1600	1610	-10
	Ahmedabad	Mill Delivery	16+45	1650	-
M.P.	Bhopal	Mill Quality Loose	1475	1500	-25
	Indore	Mill Delivery	1545	1600	-55
Rajasthan	Kota	Mill Quality	1450	1475	-25
U.P.	Mathura`	Mill Quality Loose	1430	1450	-20
Punjab	Khanna	Mill Quality Loose	1410	1425	-15
Haryana	Sirsa	Mill Delivery loose	1400	1400	Unch

*Old crop

Commodity: Wheat
Contract: June

Exchange: NCDEX
Expiry: 20th June, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts downward movement in the market.
- Rise in price and rise in O.I. indicates long buildup.
- RSI is in neutral region.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	February	1520	1530	1555	1580	1590
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Buy	1552	1560	1564	1556.5

*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 good arrivals in the mandis.

International Market Updates:

Crop from Black Sea Region, Russia-Ukraine is due in July. Recent rains in US wheat growing belt have improved the production prospects. The droughty southern Plains (US) received much needed rainfall before the weekend, which could significantly boost winter wheat harvest prospects. Discouraging export demand for US wheat signals weak global market fundamentals.

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.

In China, there are reports of a strong recovery in the harvest in Henan province, responsible for about one-quarter of domestic output, where higher sowings and better weather are expected to take production to a new high.

European Union and U.S. might not put sanctions on Russia grain trade as it would not affect Russia so much as its importers. Putting sanctions on Russia means the wheat importing countries have to import wheat from other countries which is going to cost them more. Russia, Ukraine and Kazakhstan are main wheat exporters from Black Sea region to Egypt, Turkey, Yemen and Iran.

South Korea's Major Feedmill Group (MFG) has purchased 106,000 tonnes of feed wheat in a tender for October arrival. Some 53,000 tonnes was bought at \$283.00 a tonne c&f for arrival by Oct. 5 plus a \$1.50 a tonne surcharge for unloading at an additional port and another 53,000 tonnes was bought at \$283.50 a tonne c&f for arrival by Oct. 25 plus a \$1.50 a tonne surcharge for unloading at an additional port.

Jordan's state grain buyer has purchased 100,000 tonnes of wheat which is expected to be sourced from the Black Sea region, probably Romania for shipment in September at \$311.00 a tonne c&f.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13 Est.	2013-14 Forecast	Projection for 2013-14	
						27.03.2014	25.04.2014
Production	679	653	695	655	709	700	697
Trade	128	126	145	140	151	143	144
Consumptions	652	657	698	675	691	700	701
Carryover stocks	199	194	192	172	190	190	190
Y-O-Y change	27	-4	-3	-20	18		17
Major Export	79	73	68	48	55	55	54

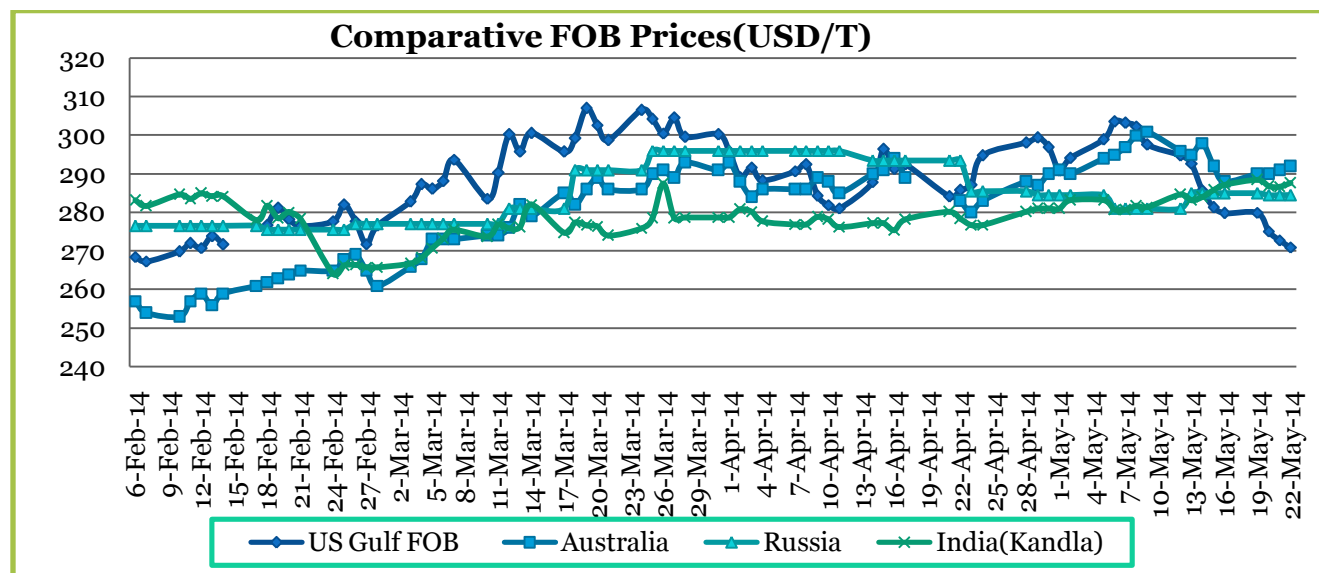
Indicative FOB Quotes:

	Variety	% Change over Prev. Year	22.05.14	Week Ago 15.05.14	Month Ago (Apr)	3 Months Ago (Feb)	Year Ago (May)
USA (Gulf)	SRW 2	-4.38	270.98	281.30	296.40	276.71	283.40
France	FCW3	-0.40	262.16	262.95	289.40	269.29	263.20
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	NA
Australia	CWRS	-9.15	292.00	292.00	291.00	262.00	321.42
Russia	SRW	6.36	284.50	285.00	293.50	275.50	267.50
Ukraine	SRW	6.51	286.50	287.00	292.50	277.00	269.00
Argentina	SRW	NA	NA	NA	NA	322.00	315.00

Global wheat market is expected to trade weak on higher wheat production estimate of 697 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: 23.05.14 (USD/T)							
CONTRACT MONTH	23 May 14	Week ago (16 May 2014)	1 Month ago(21 Apr 14)	3 Month ago(20 Feb 14)	6 Month ago(20 Nov 13)	1 Year ago(20 May 13)	% Change over previous year
14-Mar	239.73	247.72	248.18	226.41	240.56	270.04	-11.22
14-May	243.86	251.03	251.67	229.99	243.31	271.60	-10.21
14-Jul	250.66	256.72	256.54	234.49	247.44	275.00	-8.85
14-Sep	256.90	262.14	261.31	237.80	249.28	277.11	-7.29
14-Dec	259.94	264.62	262.14	237.98	249.65	278.03	-6.51
15-Mar	261.04	264.16	256.63	234.95	247.44	273.71	-4.63

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 April, mostly dry, warmer-than-normal weather in southern Queensland and northern New South Wales spurred summer crop maturation and harvesting but slowed early winter wheat planting and development. Elsewhere, above-normal rain fall was welcomed in southeastern and western Australia. The rain helped condition topsoils in advance of wheat.*

Argentina- *Early-April wetness disrupted summer crop harvesting, continuing the trend of wetter-than-normal weather that has affected some areas since January. Most of the rain came early in the month, although showers returned at month's end, limiting opportunities for fieldwork to a brief period during the latter half of April. Monthly average temperatures were near normal, with frosty weather generally confined to traditionally cooler locations of southern Buenos Aires. Northern Argentina experienced a similar rainfall pattern, with wet conditions early in the month, and rain returning at the end of April. However, temperatures averaged 1 to 2°C above normal, with daytime highs reaching the lower 30s (degrees C) early in the month and nighttime lows staying well above freezing.*

Russia and Ukraine- *During April, wetter- and warmer-than-normal weather in Ukraine improved soil moisture for vegetative winter grains. In particular, 50 to 90 mm of rain eased moisture shortages in central and northern portions of the country, which is key wheat area. In contrast, dry albeit chilly conditions in Russia slowed winter crop development but favored rapid spring wheat planting. Showers maintained favorable prospects for winter crops in Moldova and boosted soil moisture for spring grain establishment in Belarus.*

International Weekly Outlook:

International market is likely to trade steady to slightly weak due to improved weather condition . However in medium term market is expected to trade slightly down due to expectation of good wheat production.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt Ltd.