

Domestic Market Updates:

With decreasing CBOT futures and restricted demand from importing countries amid ample supply in local market prices of wheat in domestic market remain under pressure. FOR Kandla decreases slightly from Rs 1630 to Rs 1620 per qtl. in last three days. However, any steep dip from current level is unlikely. Wheat cash market may trade steady to slightly weak in the first week of June.

Private buyers are engaged in restricted buying and supply continues only to needy private millers. Export demand too is not very encouraging at this point of time as higher global production estimates from various reputed agencies make global wheat price outlook bearish in the weeks ahead.

Black Sea Region crop is due in July, followed by Australia in October. Demand from major importers is likely to remain steady. Besides, bumper corn production estimate also remain price limiting factors for wheat as both the commodities are used for animal feed at large scale.

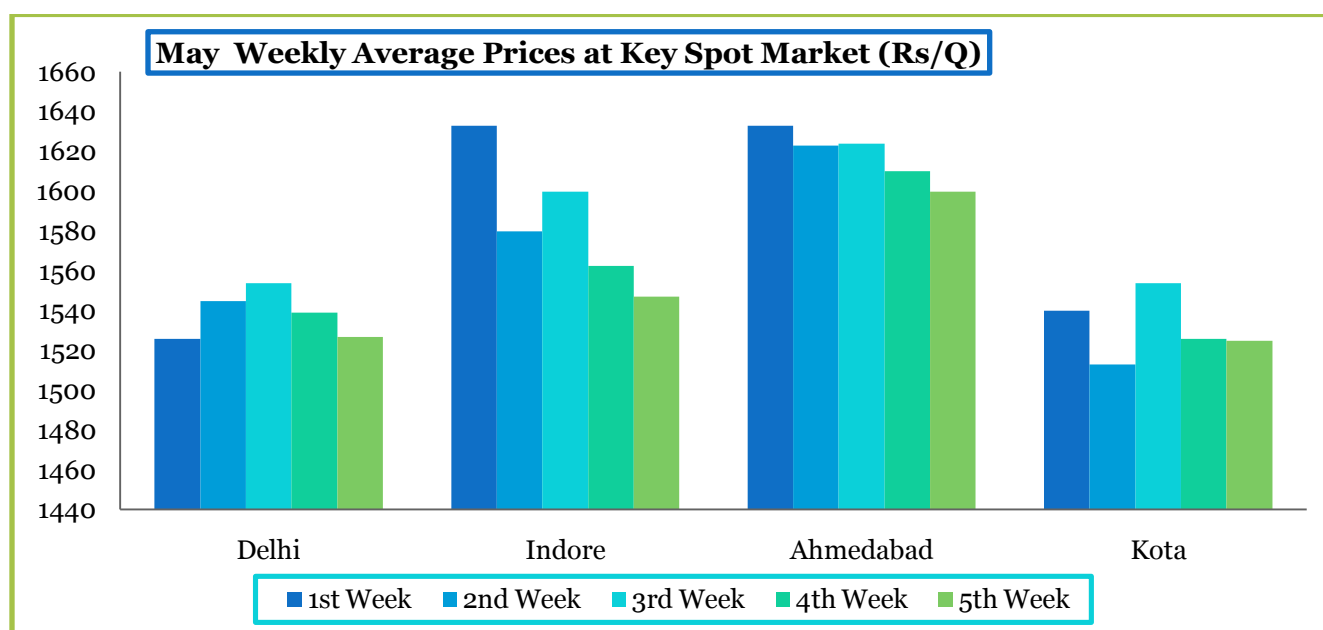
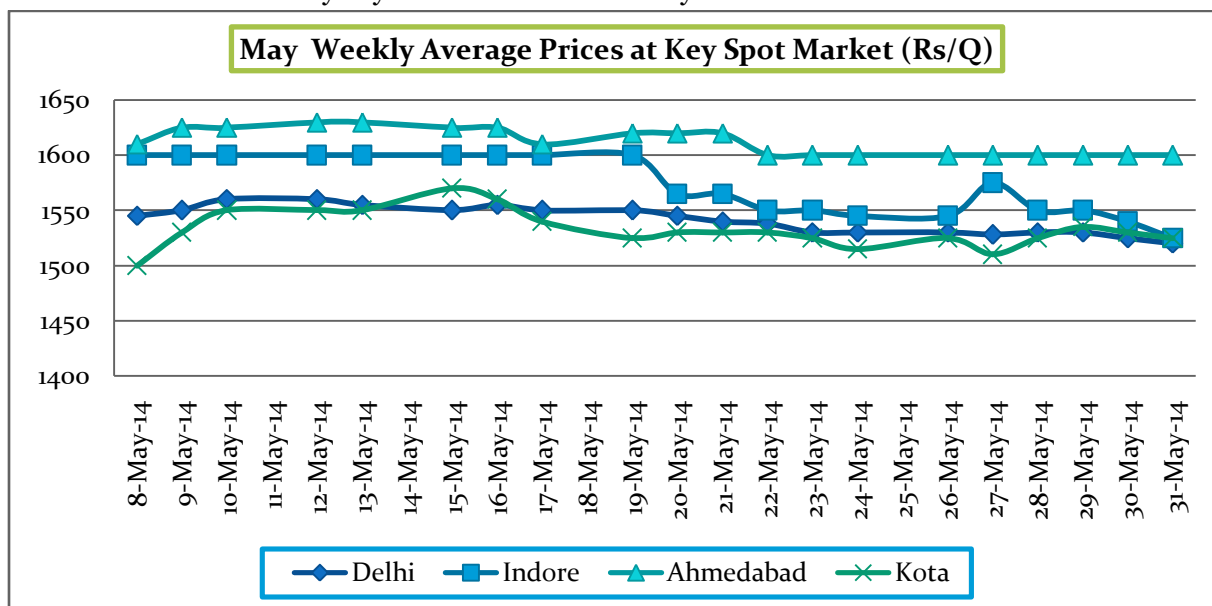
Export of wheat from India may decline for the month of July and August as FoB offered at that time is less competitive than the Black Sea region. Russia is offering USD 290-295/tonnes of wheat as compares with a price of \$305 being quoted for Indian wheat and around \$320 to \$330 a tonne offered for U.S and Australia for the same period of time. Generally wheat domestic market prices increase from July onwards due to starting of the lean season.

Downward movement on CBOT continues to pressurize Indian wheat export, CBOT July contract is now hovering at USD 234 and market observers expect more dip in the near term. Nearby month on CBOT shows its first resistance at USD 217. At present USA Fob is at USD 255-265/tonne and Indian Fob at USD 280-285/tonne and if the difference continue to widen opportunity for Indian wheat in global market would turn blemish. Besides, Indian wheat price starts firming up July onward and it is termed as negative for Indian wheat exporters. Black Sea Region Crop too is due in July, followed by Australian wheat in October. All these factors denote bearish outlook.

Wheat cash market seems under pressure as supply side remains balanced. Global wheat market too remains un-supportive to the cash market fundamentals. Wheat (milling grade) price in Delhi extended its loss and more dip is expected in the weeks ahead. Rake loading from Rajasthan to Kottam continues at Rs 1900 per quintal. For Bangalore delivered price has been quoted at 1880 per quintal. Export through private trade continues. However, July onward volume may decrease due to higher domestic price. Traders expect market to move up in July and global market would dip from current level.

Weather Watch: (Source-IMD)

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



Key spot wheat mill delivery prices traded steady to slightly 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)

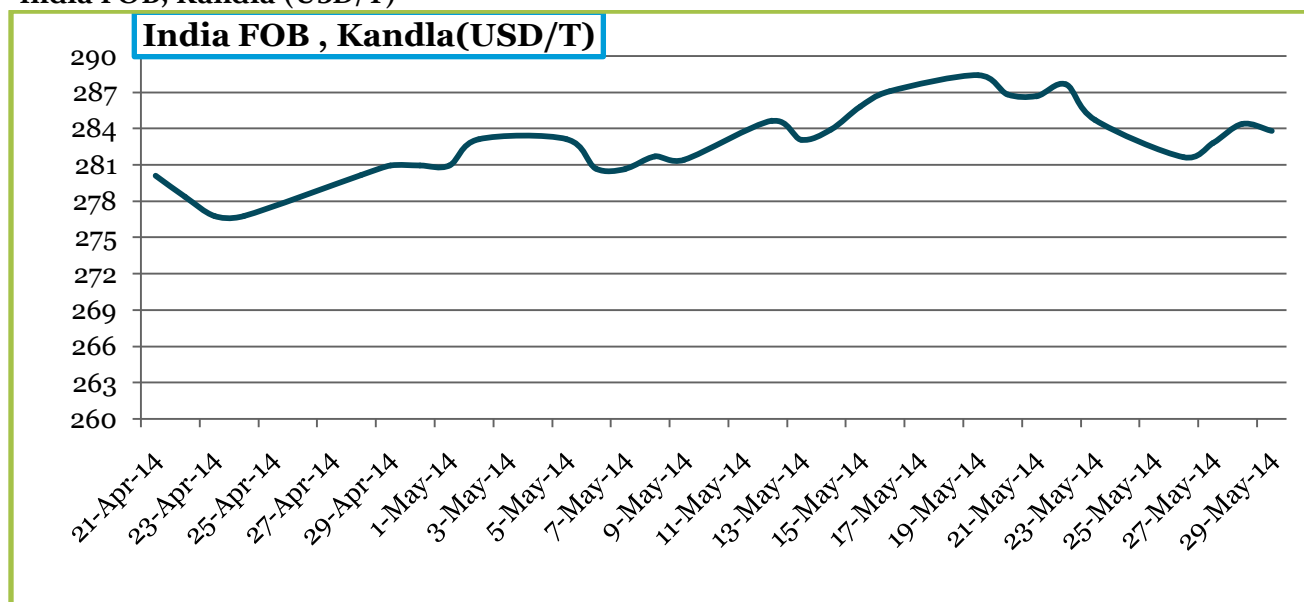
FOB Value as on 31.05.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15000	13500	14600	14750	14500	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	15150	17000	16700	16550	15700	19100
Indian FOB (USD/MT)	274.44	256.65	287.99	282.91	280.37	265.97	323.56
Insurance @ 0.1%	0.27	0.26	0.29	0.28	0.28	0.27	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	292	275	306	301	298	284	342
INR	59.03	59.03	59.03	59.03	59.03	59.03	59.03
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	18	35	4	9	12	26	-32

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	30 May , 2014	week ago 21 May, 2014	Month ago 29 Apr 14	Year ago 27 May 2013	Change over previous Year %
Indore	1541	1545	1550	1577	-2.27
Bareilly	1520	1530	1520	1600	-5.00
Delhi	1526	1537	1523	1575	-3.10
Khanna	NA	NA	NA	1546	NA
Kanpur	1510	1525	1535	1500	0.67
Karnal	NA	NA	NA	1610	NA
Rajkot	1567	1580	1591	1700	-7.82
Kota	1563	1566	1564	1550	0.81

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
			31.05.2014	24.05.2014	
Delhi					
	Lawrence Road	Mill Delivery	1520	1530	-10
	Nazafgarh	Mill Delivery Loose	1475	1490	-15
	Narella	Mill Delivery Loose	1485	1520	-35
Gujarat	Rajkot	Mill Delivery	1600	1600	Unch
	Ahmedabad	Mill Delivery	1650	1645	5
M.P.	Bhopal	Mill Quality Loose	1460	1475	-15
	Indore	Mill Delivery	1525	1545	-20
Rajasthan	Kota	Mill Quality	1435	1450	-15
U.P.	Mathura`	Mill Quality Loose	1450	1430	20
Punjab	Khanna	Mill Quality Loose	1410	1410	Unch
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.
- Fall in price and fall in O.I. indicates consolidation.
- RSI is in neutral region.

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	June	1505	1520	1537	1560	1570
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	June	Sell	1540	1530	1525	1556

*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 sluggish demand and good arrivals in the mandis.

International Market Updates:

According to the International Grains Council, world production is projected to fall by 2% to 694m t in 2014/15 with average yields retreating from last season's unusually high levels.

Philippines animal feed makers have purchased 105,650 tonnes of feed wheat at USD 266.75/tonne (c&f) for July/August shipment. The wheat may be sourced from the Black Sea region or European Union as FoB prices will be more competitive from other exporting countries.

Indonesia has bought around 125000 tonnes of wheat from Russia at USD 290-295/tonne (c&f) for shipment between mid-July and mid-August. That compares with a price of \$305 being quoted for Indian wheat and around \$320 to \$330 a tonne offered for U.S and Australia for the same period of time. As FoB quotes of Russia remains competitive than other major wheat exporting countries many more deals are expected to be made.

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.

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.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13 Est.	2013-14 Forecast	Projection for 2013-14	
						25.04.2014	29.05.2014
Production	679	653	695	655	709	697	694
Trade	128	126	145	140	151	144	145
Consumptions	652	657	698	675	690	701	698
Carryover stocks	199	194	192	172	191	187	187
Y-O-Y change	27	-4	-3	-21	19		-4
Major Export	79	73	68	48	55	53	52

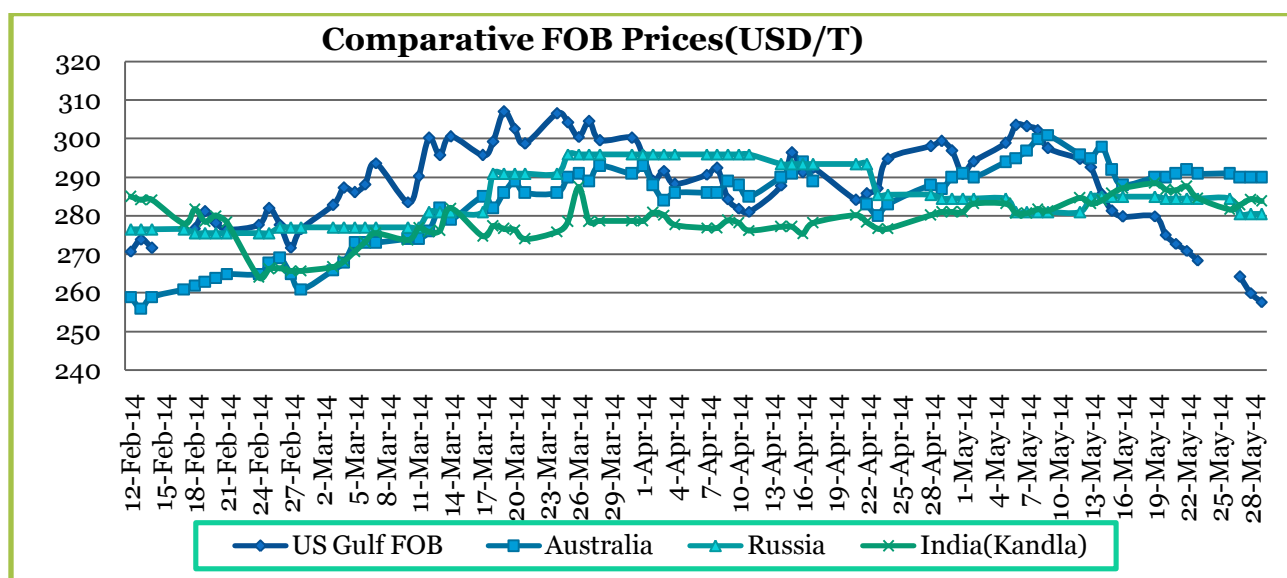
Indicative FOB Quotes:

	Variety	% Change over Prev. Year	29.05.14	Week Ago 19.05.14	Month Ago (Apr)	3 Months Ago (Feb)	Year Ago (May)
USA (Gulf)	SRW 2	-10.48	257.71	279.90	298.08	277.75	287.90
France	FCW3	NA	252.54	260.27	283.80	265.90	269.40
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	269.70
Australia	CWRS	-11.36	290.00	290.00	288.00	265.00	327.18
Russia	SRW	4.86	280.50	285.00	285.50	275.50	267.50
Ukraine	SRW	NA	282.50	287.00	287.00	277.00	NA
Argentina	SRW	NA	NA	NA	370.00	340.00	275.00

Global wheat market is expected to trade weak on higher wheat production estimate of 694 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: 30.05.14 (USD/T)							
CONTRACT MONTH	30 May 14	Week ago (23 May 2014)	1 Month ago (01 May 14)	3 Month ago (03 Mar 14)	6 Month ago (02 Dec 13)	1 Year ago (03 June 13)	% Change over previous year
14-Mar	230.45	239.73	259.84	233.57	243.77	280.97	-17.98
14-May	235.04	243.86	263.06	236.33	246.53	283.54	-17.10
14-Jul	242.67	250.66	268.11	240.74	250.20	286.02	-15.16
14-Sep	248.82	256.90	2844.32	243.40	252.40	288.32	-13.70
14-Dec	252.04	259.94	274.54	244.23	252.13	289.24	-12.86
15-Mar	253.87	261.04	270.13	241.29	256.17	279.32	-9.11

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- Following a brief period of dry weather, which promoted winter crop sowing, soaking rains (10-25 mm or more) returned to Western Australia, maintaining near ideal conditions for wheat. In southeastern Australia, widely scattered showers (1-5 mm, locally near 10 mm) dotted major agricultural areas, allowing winter crop planting to progress while sustaining generally adequate moisture supplies for early winter grain. In northern New South Wales and southern Queensland, scattered showers (2-10 mm, locally more) provided a welcome boost in topsoil moisture, aiding local winter grain emergence and establishment. Temperatures in the wheat belt averaged above normal, with the largest anomalies located over southeastern Australia (3-5°C above normal) where maximum temperatures were in the lower to middle 20s degrees C.

Argentina- Unseasonable wetness continued throughout much of the region, causing additional delays in autumn fieldwork. Rainfall totaled 25 to 100 mm over large areas of both central and northern Argentina, with the heaviest rainfall (greater than 50 mm) concentrated over Buenos Aires, northern Cordoba, and Tucuman. In contrast, favorably drier conditions prevailed in and around eastern Chaco. Cold weather followed the rain in central Argentina, where weekly temperatures averaged 1 to 3°C below normal; nighttime lows fell below freezing from central Cordoba to southwestern Buenos Aires, providing some locations with their first season-ending freeze. Temperatures averaged near to slightly below normal across the north, with daytime highs reaching the upper 20s (degrees C) before the onset of the heaviest rain.

Russia and Ukraine- For the second consecutive week, a stagnant weather pattern resulted in building heat over Russia and heavy rain in central Ukraine and Belarus. A stationary area of high pressure maintained sunny, hot weather across Russia and eastern Ukraine, with daytime highs in the middle 30s (degrees C) causing some stress to reproductive winter wheat; most of the region's winter wheat reached the temperature-sensitive flowering stage during the past week, and temperatures at or above 35°C can cause yield losses. Meanwhile, moderate to heavy showers and thunderstorms (10-60 mm) developed from central Ukraine into Belarus, boosting soil moisture but hampering fieldwork, including late summer crop planting.

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.

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