

Domestic Market Updates:

In the beginning of the season when CBOT was ruling higher and unresolved Crimea issue encouraged private traders to go for bulk buying as they saw better export opportunity in the global market. They continued buying and the quantity reached at all time high at 6.4 million tonne this year.

However, export opportunity started turning blemish when Russia and Ukraine started offering wheat at \$275 per tonne for long month delivery. With improved weather condition and higher production estimates CBOT decreased sharply. Buyers from India turned to Black Sea Region and demand decreased considerably for Indian wheat.

These developments in the month of May have pressurized cash wheat market and price of wheat decreased by Rs 50 to Rs 75 per quintal in last 15 days. Stock holders have started thinking to release wheat in local market in absence of export demand. Market is expected to trade steady to slightly firm from current level as market has absorbed the negative impact of lower export demand.

By the end of May, 2014 total arrival of wheat in major markets registered at 34 million tonne. Out of total arrivals FCI and other state agencies have brought 76.82 percent, while private trade contribution was registered at 23.18 percent. Actually, this year private trade's buying has increased considerably with hope of better export opportunity. Higher private participation encouraged wheat price in the season and prices continue to rule over MSP in many states. This year private trades, including flour mills, have brought around 6.4 million tonne wheat.

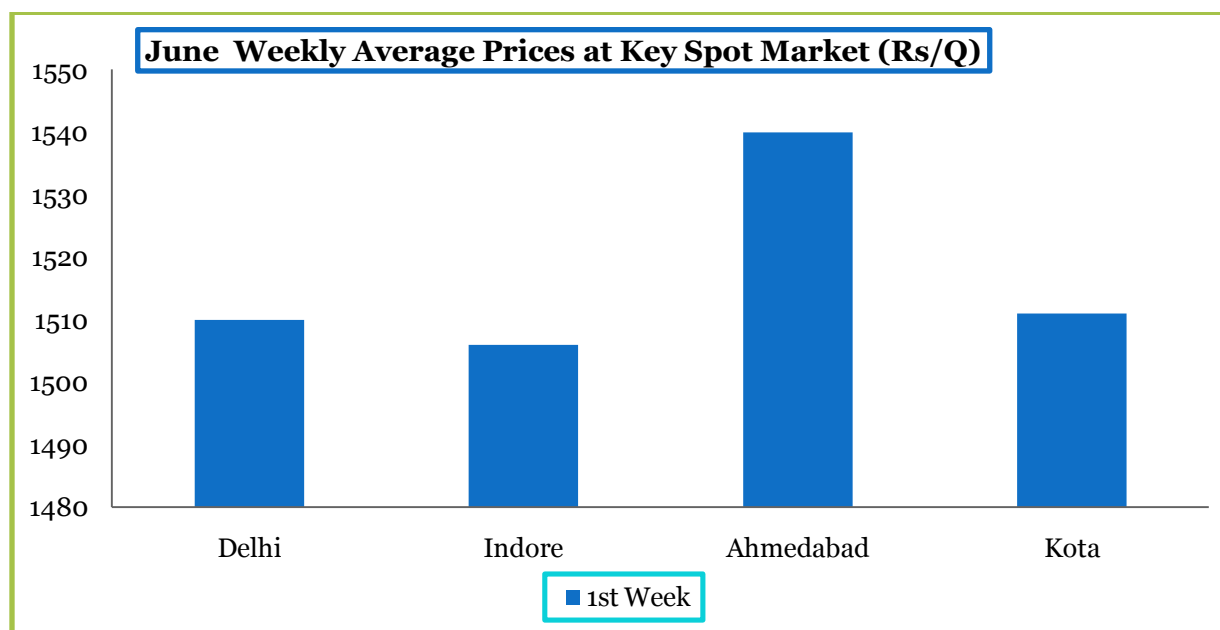
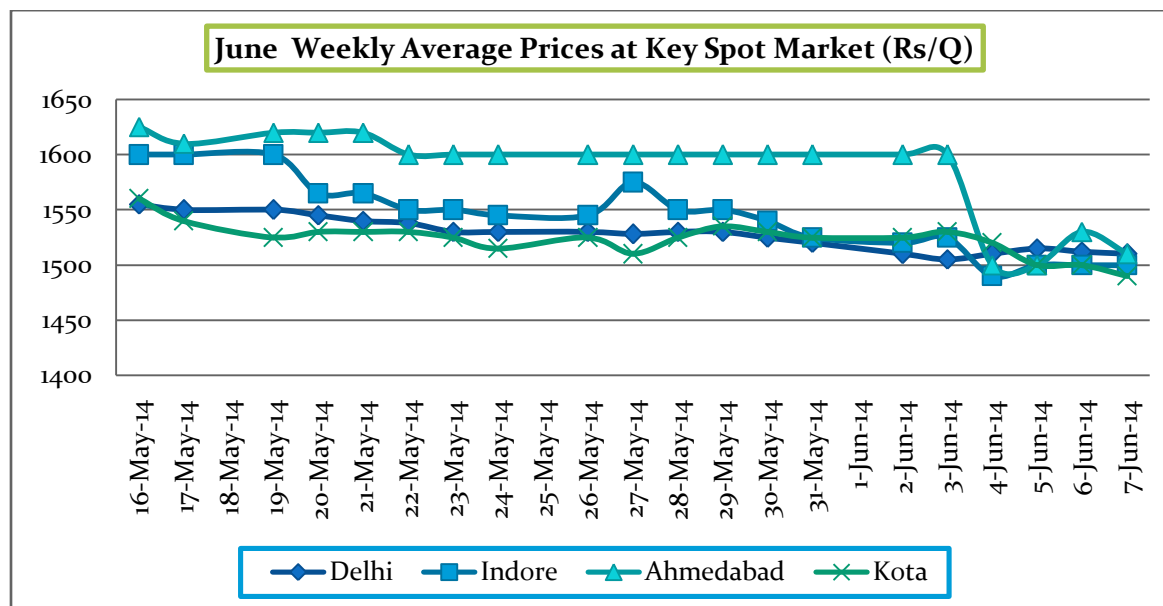
Wheat stock in central pool warehouses was registered at 41.58 million T on 01 May compared to 34.40 million T on 1st May 2014. The highest accumulated stock is in Punjab (16.15 million T) followed by Madhya Pradesh (8.26 million tonne) and Haryana (7.89 million Tonne) as on 01.06.2014.

According to IBIS (provisional data), export of wheat in the month of May was 7.7 Lakh tones which is around 11% less than last year at the same month, which was 8.66 Lakh tones in April 2013.

There is a buzz in the market that major importers have turned to Black Sea Region due to cheaper availability there. Russia is offering wheat at \$275 per tonne for long month delivery (August-Sept). Black Sea Region crop is due in July and with span of time quotes are likely to dip further. Indian Quotes in May month have been hovering in the region of \$280 to \$284 per tonne on FOB basis Kandla.

Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at many places over Andaman & Nicobar Islands, Lakshadweep, Sub-Himalayan West Bengal & Sikkim, northeastern states and along west coast.
- Rain/thundershowers would occur at a few places over rest peninsular India and Gangetic West Bengal.
- Rain/thundershowers would occur at isolated places over rest of the country on 12th and 13th.
- 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 01.06.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.96	0.00	8.96
NORTH EAST ZONE	0.90	0.00	0.90
NORTH ZONE	115.42	172.19	287.61
SOUTH ZONE	9.04	0.00	9.04
WEST ZONE	16.24	80.33	96.57
TOTAL	150.56	252.52	403.08

(Figures in Lakh Tonnes)

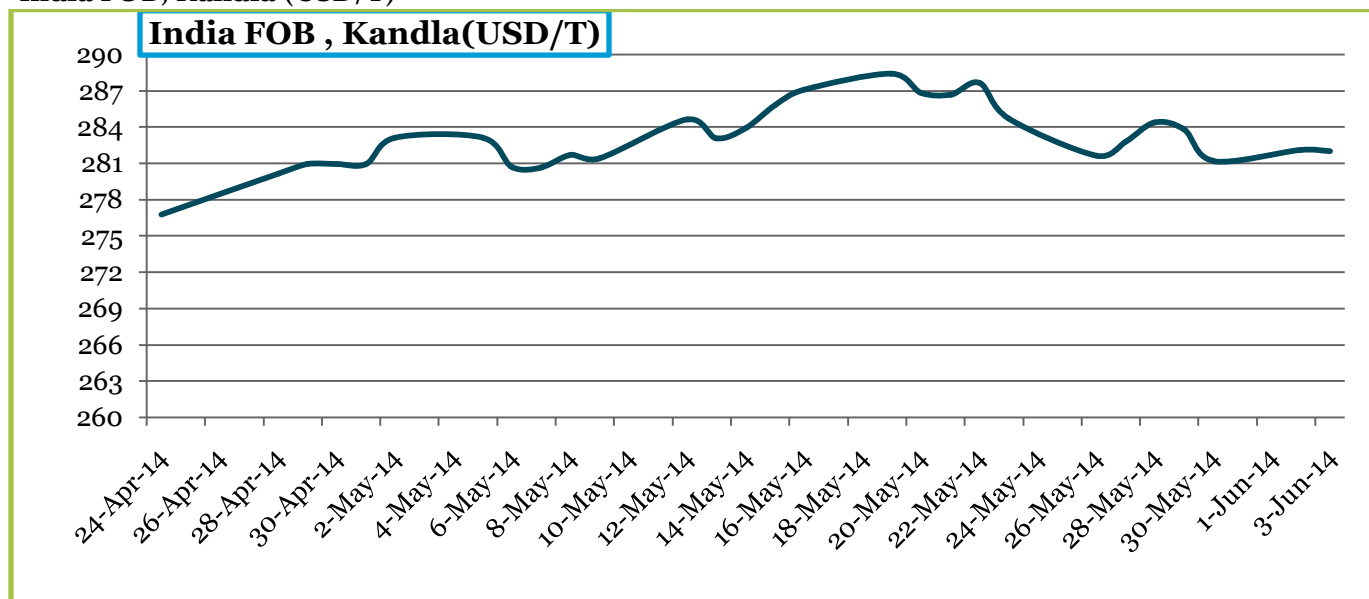
FOB Value as on 07.06.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	14250	14000	14500	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)	15450	15650	16900	16700	16550	15700	19100
Indian FOB (USD/MT)	261.02	264.40	285.52	282.14	279.61	265.25	322.69
Insurance @ 0.1%	0.26	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)	279	282	304	300	298	283	341
INR	59.19	59.19	59.19	59.19	59.19	59.19	59.19
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	31	28	6	10	12	27	-31

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	06 Jun, 2014	week ago 27 May, 2014	Month ago 02 May 14	Year ago 04 June 2013	Change over previous Year %
Indore	1518	1545	1560	1585	-4.23
Bareilly	1510	1533	1520	1590	-5.03
Delhi	1512	1530	1535	1600	-5.50
Khanna	NA	NA	NA	1566	NA
Kanpur	1505	1515	1535	1450	3.79
Karnal	NA	NA	NA	1648	NA
Rajkot	1545	1580	1595	1666	-7.26
Kota	1511	1590	1577.5	1560	-3.14

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	7.7	283.85	230.45
Jun-14			
Jul-14			
Aug-14			
Sep-14			
Oct-14			
Nov-14			
Dec-14			
Jan-15			
Feb-15			
Mar-15			
Total 14-15	11.97	281.09	240.63

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

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			07.06.2014	31.05.2014	
Delhi					
	Lawrence Road	Mill Delivery	1510	1520	-10
	Nazafgarh	Mill Delivery Loose	1475	1475	Unch
	Narella	Mill Delivery Loose	1470	1485	-15
Gujarat	Rajkot	Mill Delivery	1510	1600	-90
	Ahmedabad	Mill Delivery	1535	1650	-115
M.P.	Bhopal	Mill Quality Loose	1475	1460	15
	Indore	Mill Delivery	1500	1525	-25
Rajasthan	Kota	Mill Quality	1400	1435	-35
U.P.	Mathura`	Mill Quality Loose	1460	1450	10
Punjab	Khanna	Mill Quality Loose	1415	1410	5
Haryana	Sirsa	Mill Delivery loose	1405	1400	5

*Old crop

Commodity: Wheat

Exchange: NCDEX

Contract: June

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	1460	1470	1486	1520	1535
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	June	Sell	1490	1480	1475	1496

*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 no export demand and ample stock in the mandis.

International Market Updates:

Algeria state grains agency OAIC has purchased between 200,000 and 250,000 tonnes of durum wheat in the range of USD 398 to 408/tonne c&f probably from Canada or the European Union for shipment in August .

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.

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

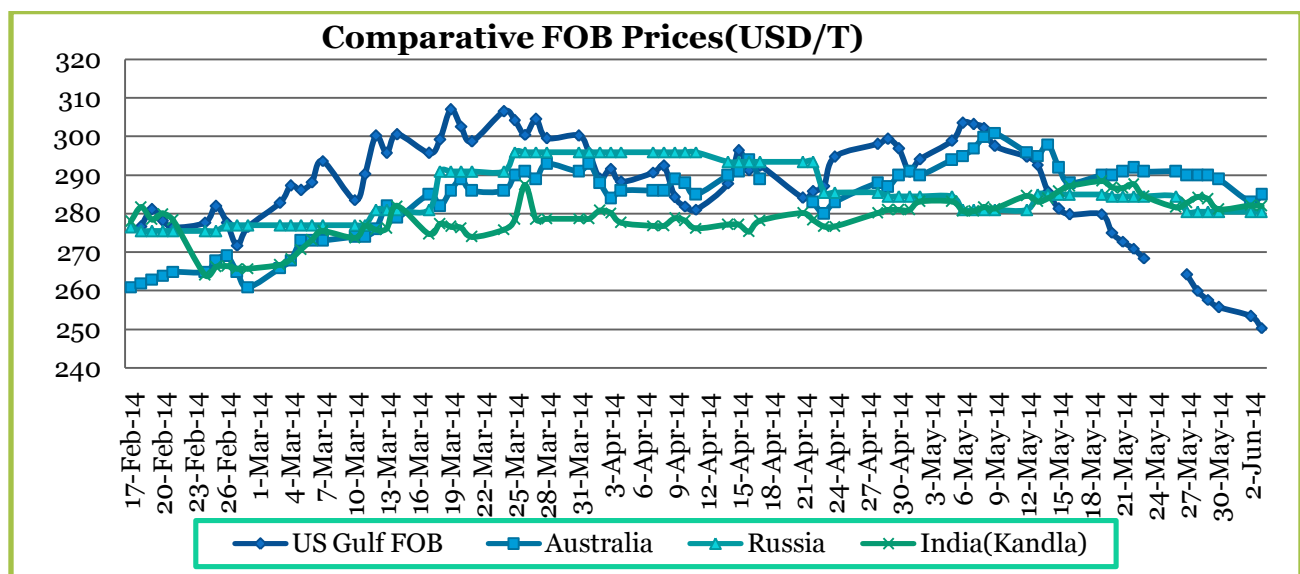
Indicative FOB Quotes:

	Variety	% Change over Prev. Year	03.06.14	Week Ago 26.05.14	Month Ago (May)	3 Months Ago (Mar)	Year Ago (June)
USA (Gulf)	SRW 2	-13.03	250.40	NA	296.89	277.75	287.90
France	FCW3	-6.71	251.32	254.35	284.06	265.90	269.40
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	269.70
Australia	CWRS	-12.89	285.00	291.00	290.00	265.00	327.18
Russia	SRW	4.86	280.50	284.50	284.50	275.50	267.50
Ukraine	SRW	NA	282.50	286.50	286.00	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: 05.06.14 (USD/T)							
CONTRACT MONTH	05 June 14	Week ago (28 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	222.55	234.68	259.84	233.57	243.77	280.97	-20.79
14-May	226.41	238.99	263.06	236.33	246.53	283.54	-20.15
14-Jul	234.03	246.16	268.11	240.74	250.20	286.02	-18.18
14-Sep	240.65	252.31	2844.32	243.40	252.40	288.32	-16.53
14-Dec	244.32	255.16	274.54	244.23	252.13	289.24	-15.53
15-Mar	246.71	256.26	270.13	241.29	256.17	279.32	-11.67

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 Western Australia, weekend showers (generally 2-10 mm) preceded sunny, seasonably mild weather during the remainder of the week, maintaining near ideal conditions for winter crop sowing and early development. Farther east, soaking rains (10-50 mm, locally more) overspread most of southern and eastern Australia, slowing fieldwork but favoring wheat crop. In contrast, warm, mostly dry weather increased evaporative losses in southern Queensland, further reducing topsoil moisture for emerging winter wheat. Unseasonably warm weather accelerated crop development in southern and eastern Australia. Temperatures averaged 3 to 5°C above normal, with maximum temperatures in the 20s degrees C.*

Argentina- *Warmer, favorably drier weather helped to improve field conditions for summer crop harvesting and other seasonal fieldwork. Little to no rain fell from the southwestern production areas of central Argentina (La Pampa and western Buenos Aires) northward to Salta. Meanwhile, several days of scattered, locally heavy showers (greater than 10 mm; locally approaching 50 mm) slowed fieldwork in Argentina's eastern agricultural areas (eastern Buenos Aires northward to eastern Formosa). However, amounts in the lower Parana Valley (northeastern Buenos Aires and southern sections of Entre Rios and Santa Fe) were lighter than in recent weeks (less than 25 mm), and weekly temperatures averaging near to above normal (daytime highs reaching the upper teens and lower 20s degrees C) aided the drying process throughout much of central Argentina. Farther north, temperatures averaged up to 3°C below normal in the rainiest parts of the northeast, though highs reached the lower and middle 20s on several days. Freezing temperatures were generally confined to Buenos Aires and southern Entre Rios, with temperatures staying above 5°C in the east (Santa Fe northward). Wheat planting was reportedly progressing slowly due to problems with lingering wetness.*

Russia and Ukraine- *Showers provided relief from heat in central and southern Russia, while locally heavy downpours continued in western crop districts. An area of high pressure maintained sunny, hot weather across Russia and eastern Ukraine during the first half of the period, although daytime highs (lower 30s degrees C) were below the threshold for damage to flowering wheat. During the latter half of the week, light to moderate showers (4-25 mm) signaled the arrival of cooler weather and improved soil moisture for reproductive winter crops in these previously hot areas. Meanwhile, moderate to heavy showers and thunderstorms (25-60 mm) persisted from central and western Ukraine into Belarus and northwestern Russia.*

International Weekly Outlook:

International market is likely to trade steady to slightly weak due to improved weather condition. However, weather condition in next two months would be crucial and might decide the future course of price trend. Overall, outlook remains bearish given the normal weather condition.

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