

Domestic Market Updates:

Wheat market is likely to move up from current level due to impending demand for wheat product like floor, Maida, Suzy. Notably demand for these product starts increasing from the first week of August. During this period arrival in major mandis drastically decrease and dependence of major buyers like floor millers and other bulk and medium users for wheat increases on central pool stock. Government is likely to allocate wheat through OMSS from August onward. Price for OMSS may be high from Rs.35-50/quintal from last year. Market has sensed these developments and started firming up on the back of changed inner tone.

Wheat stock in central pool warehouses was registered at 39.37 million T on 01 July compared to 41.58 million T on 1st June 2014. The highest accumulated stock is in Punjab (15.56 million T) followed by Madhya Pradesh (7.93 million tonne) and Haryana (7.55 million Tonne) as on 01.07.2014.

Punjab and M.P. emerged the biggest contributors to the central pool kitty contributing 11.6 and 7.0 million tonne respectively. Both the states have contributed 10.8 and 6.3 million tonne last year. Haryana has contributed 6.4 million tonne this year against 5.8 million tonne last year. Rajasthan and Uttar Pradesh have brought 2.5 and 0.59 million tonne wheat this year.

This year private trades purchasing has increased over 100 percent from last year. Private trades including millers have brought 7 million tonnes of wheat against 3 million tonne last year. Due to 3 million tonne higher procurement central pool stock has reached 42 million tonne in the beginning of June. It is quite higher than actual requirement under buffer norm and strategic reserves.

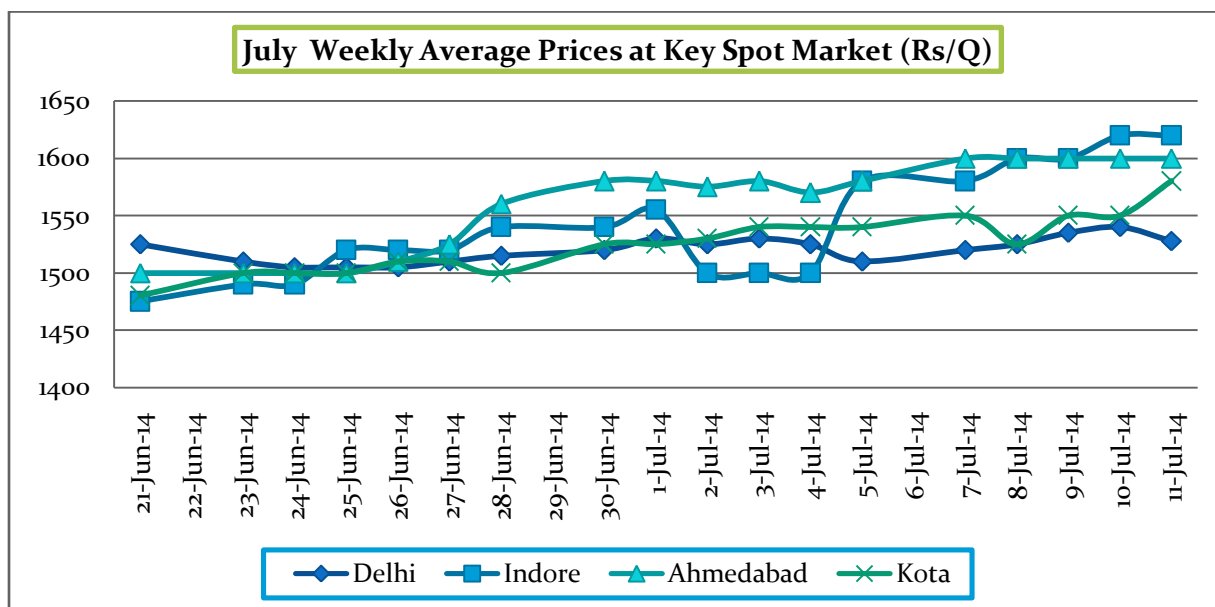
With the end of procurement season and increasing demands for wheat products prices of wheat may increase by Rs 30 to Rs 50 per quintal. By the end of July, private trades have restricted release of wheat in open market as prices are not matching their interest. They had procured wheat at higher than MSP in anticipation of higher export. Now prices in the open market are hovering near MSP and so they have decided to hold on stock at least for two months. Now their retaining cost including procurement cost has gone up to Rs 1550 per quintal against the prevailing rate of Rs 1400 to Rs 1500 per quintal in various mandis of Uttar Pradesh.

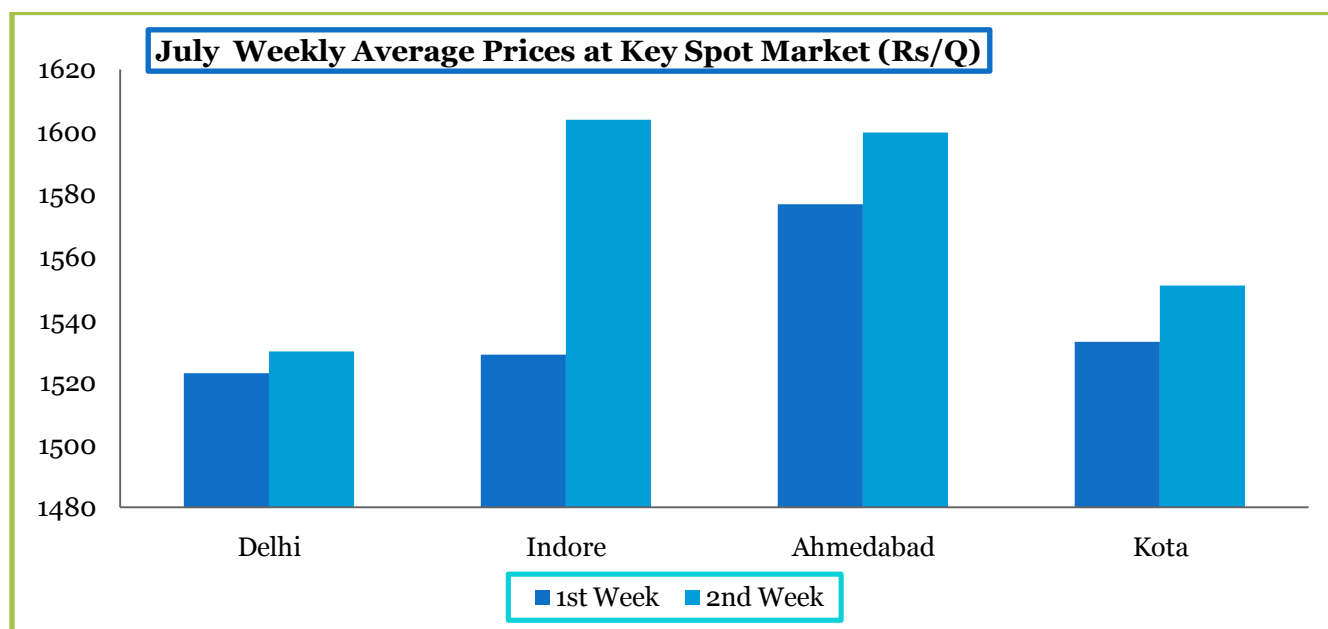
ITC can start procuring wheat once again in Uttar Pradesh. Government would start releasing wheat for OMSS July end and price for OMSS may be revised slightly up (Rs 50 per qtl.) from last year. All these developments may encourage wheat price in the weeks ahead.

Demand for wheat product in festive season is expected by the end of July and it will help wheat price to get firmer in the weeks ahead. However, supply side will remain ample as farmers in UP still holds 20-30 % marketable surplus stock in their hands; the stock will continue to hit market in July.

Weather Watch: (Source-IMD)

- The low pressure area over northwest Bay of Bengal and adjoining areas of Odisha and Gangetic West Bengal now lies over coastal Odisha. and neighborhood. Associated upper air cyclonic circulation extends up to 5.8 km above mean sea level tilting southwestwards with height.
- The trough at mean sea level from northwest Rajasthan to east central Bay of Bengal persists and runs across north Madhya Pradesh, north Chhattisgarh, centre of low pressure area and central parts of Bay of Bengal and also extends upto 1.5 km above mean sea level.
- The off shore trough at mean sea level from Gujarat coast to Kerala coast persists.
- The western disturbance as an upper air cyclonic circulation over Jammu & Kashmir and neighborhood has moved away northeastwards.





Key spot wheat mill delivery prices traded steady to slightly firm due to less arrival.

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)

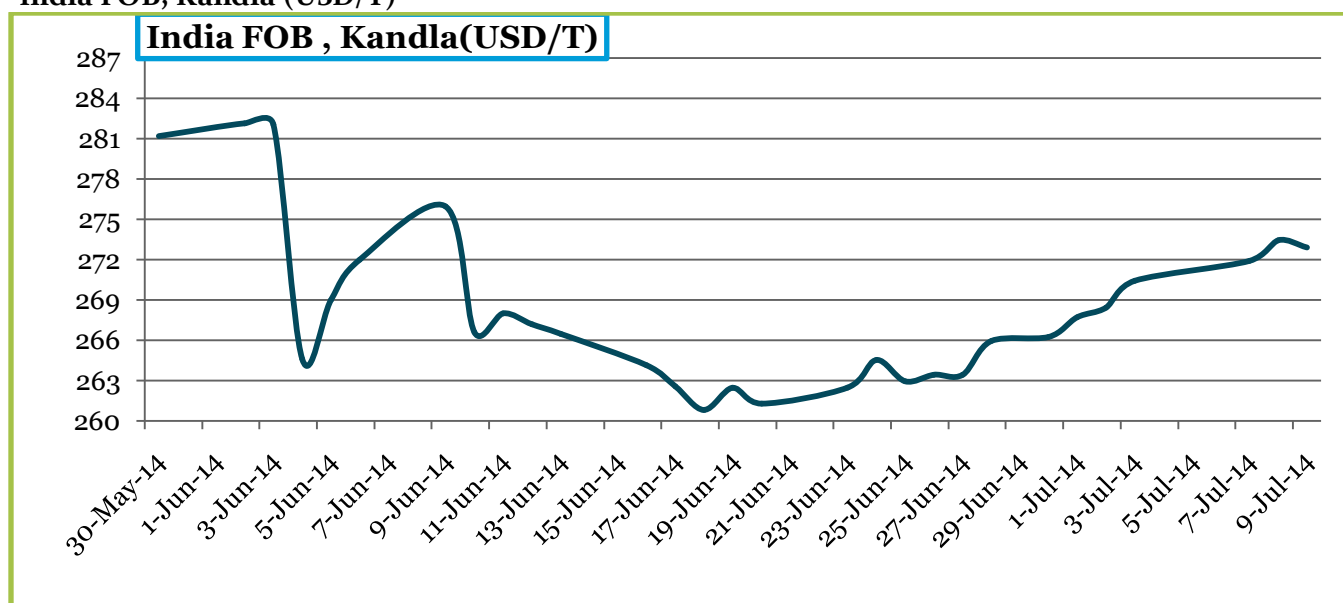
FOB Value as on 11.07.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO. Cost
Basic cost of wheat (Rs/ton)	15200	15000	14500	15000	14000	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	16650	16900	16950	16050	15700	19100
Indian FOB (USD/MT)	272.52	276.67	280.82	281.66	266.70	260.88	317.38
Insurance @ 0.1%	0.27	0.28	0.28	0.28	0.27	0.26	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	291	295	299	300	285	279	335
INR	60.18	60.18	60.18	60.18	60.18	60.18	60.18
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	19	15	11	10	25	31	-25

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	11 July, 2014	week ago 05 July, 2014	Month ago 12 June 14	Year ago 11 July 2013	Change over previous Year %
Indore	1619	1558	1510	1594	1.57
Bareilly	1573	1513	1510	1580	-0.44
Delhi	1534	1526	1506	1573	-2.48
Khanna	NA	NA	NA	1701	NA
Kanpur	1520	1500	1473	1553	-2.12
Karnal	NA	NA	NA	1455	NA
Rajkot	1580	1557	1536	1625	-2.77
Kota	1594	1555	1520	1623	-1.79

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*	4.0	267.03	217.52
Jul-14			
Aug-14			
Sep-14			

Oct-14			
Nov-14			
Dec-14			
Jan-15			
Feb-15			
Mar-15			
Total 14-15	15.97	276.40	232.93

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

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			11.07.2014	05.07.2014	
Delhi	Lawrence Road	Mill Delivery	1528	1510	18
	Nazafgarh	Mill Delivery Loose	1440	1455	-15
	Narella	Mill Delivery Loose	1475	1455	20
Gujarat	Rajkot	Mill Delivery	1600	1580	20
	Ahmadabad	Mill Delivery	1670	1650	20
M.P.	Bhopal	Mill Quality Loose	1500	1450	50
	Indore	Mill Delivery	1620	1580	40
Rajasthan	Kota	Mill Quality	1500	1435	65
U.P.	Mathura`	Mill Quality Loose	1400	1440	-40
Punjab	Khanna	Mill Quality Loose	1410	1410	Unch
Haryana	Sirsa	Mill Delivery loose	1421	1415	6

*Old crop

Commodity: Wheat
Contract: July

Exchange: NCDEX
Expiry: 18th July, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts upward movement in the market.
- Rise in price and fall in O.I. indicates weak market.
- RSI is in neutral region.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	July	1490	1500	1564	1573	1573
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Buy	1554	1561	1565	1549

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

Domestic Weekly Outlook: Market is bound to stay steady to slightly firm during the week.

International Market Updates:

Wheat harvesting is underway in major wheat growing belt of southern Nebraska in US. So far only 13 percent crop has been harvested. It is almost 50 percent lower than last year till date. despite weather disturbances almost 50 percent crop has been rated good to excellent and 10 to 15 percent in bad shape. The rest is considered to be in fair shape.

US wheat export may hamper with increasing freight cost in the months ahead. A rally in freight rates would be detrimental to the chances of U.S., Australian and Argentine wheat in Middle Eastern markets. Russian wheat would probably be the winner now U.S. soft red winter wheat, on a free-on-board basis, was currently \$6 a ton cheaper than Russian and Ukrainian wheat and \$5 a ton cheaper than Western Europe origins. Black Sea Region crop started hitting the market and Russian FOB quotes are hovering in the range of \$245 to \$250 per tonne.

The FAO raised their outlook on the global wheat crop in 2014/15 by 4 MMT from last month to 707 MMT. That increase came "mostly on improved prospects in Brazil, the EU, India and Russia, more than offsetting downward adjustments in Pakistan, Ukraine and the US. FAO has cut 2014/15 ending stocks however by 2 MMT to 180 MMT, although that's still 6 MMT up on 2013/14.

In Canada, overall conditions of seeded crops remain generally favorable; however concerns increased in the Prairie region due to stormy, wet, and unseasonably cool weather.

Kansas winter wheat harvesting is almost 40 percent over by the end of June. Continuous rains in states wheat growing belts have slowed down harvesting activities. It is running behind 26 percent from last year till June. As per local crop expert 84 percent winter wheat crop is ready to be harvested now. Continuous rains have increased weed problem and farmers are using pesticide to contain it. Overall 61 percent crop is in poor condition while 27 percent is in fair condition. One percent is in excellent condition. More rain in these areas can affect wheat natural quality and farmers may get lower price for their crop.

Private importers in Pakistan have purchased about 55,000 tons of Black Sea-origin wheat probably from Russia or Ukraine around \$266 a tons c&f for August/September shipment. They are still negotiating on more wheat purchases as bad harvesting this year have generated the import demand.

CBOT wheat futures improve after having a five week slide. Actually, market has traded up due to increasing expectation that buyers would take fresh position at the lower level. Besides, rains in US plains, where crop is in maturity stage, may affect grain quality. Forecast for rains in the central and south west wheat growing belts may hamper harvesting by a week or two. Rains on matured wheat may affect grain weight and its baking quality.

Wheat production in Bulgaria is likely to increase to 5 million tonne from 4.7 million tonne three years back as per latest update by Agriculture Minister. The main reason for the record yield is the additional 11 M decares sown under bread wheat. Agriculture Ministry data shows that the unusually wet spring has not harmed much the crops. Most of the damage from heavy rains and hail is on 32 000 decares – in the regions of Pleven, Stara Zagora, Yambol and Kazanlak.

				13 Est.	Forecast	29.05.2014	26.06.2014
Production	679	653	695	655	710	694	699
Trade	128	126	145	140	152	145	144
Consumptions	652	657	698	675	690	698	697
Carryover stocks	199	194	192	172	192	187	194
Y-O-Y change	27	-4	-3	-21	20		2
Major Export	79	73	68	48	55	52	57

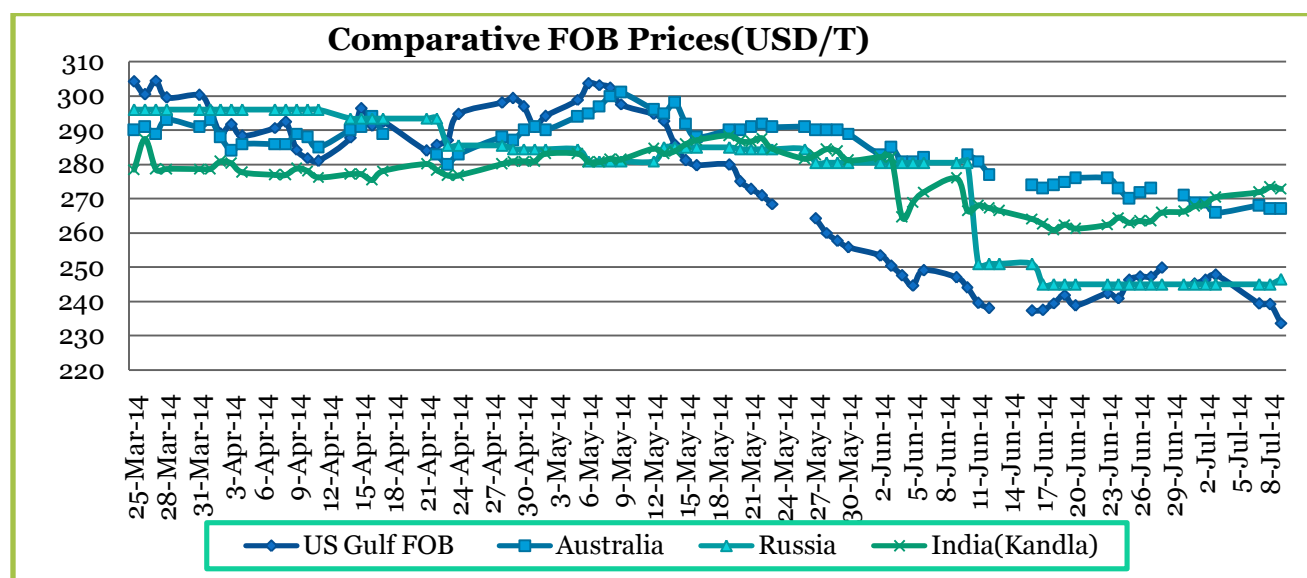
Indicative FOB Quotes:

	Variety	% Change over Prev. Year	08.07.14	Week Ago 27.06.14	Month Ago (June)	3 Months Ago (Apr)	Year Ago (July)
USA (Gulf)	SRW 2	-13.49	239.30	247.35	244.60	281.90	276.60
France	FCW3	-1.42	245.37	249.10	250.20	283.03	248.90
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	256.90
Australia	CWRS	-26.49	267.00	273.00	281.00	288.00	363.20
Russia	SRW	-2.97	245.00	245.00	280.50	296.00	252.50
Ukraine	SRW	-5.19	246.50	246.50	282.50	297.50	260.00
Argentina	SRW	NA	NA	290.00	NA	365.00	273.00

Global wheat market is expected to trade weak on higher wheat production estimate of 695 million tones and IGC latest estimate of 710 million tones may keep market under pressure in medium term.

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 10.07.14 (USD/T)							
CONTRACT MONTH	10 July 14	Week ago (01 July 2014)	1 Month ago (09 June 14)	3 Month ago (09 Apr 14)	6 Month ago (09 Jan 14)	1 Year ago (09 July 13)	% Change over previous year
14-Mar	197.20	205.65	225.03	248.82	218.33	259.66	-24.05
14-May	201.52	210.34	229.53	251.03	221.91	261.41	-22.91
14-Jul	209.60	218.60	238.17	257.27	226.96	263.98	-20.60
14-Sep	217.32	226.96	245.42	261.86	230.27	265.81	-18.24
14-Dec	222.64	232.10	249.56	264.53	230.64	265.63	-16.18
15-Mar	226.50	236.42	252.04	261.22	229.26	265.63	-14.73

CBOT July 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, intermittent showers (5-25 mm) and sunshine maintained near ideal conditions for vegetative winter grains. Similarly, scattered showers (2-10 mm, locally more) in South Australia, Victoria, and southern New South Wales maintained adequate to locally abundant soil moisture for early-season wheat. Farther north, dry weather in northern New South Wales and southern Queensland led to net evaporative losses, but topsoil moisture remained generally adequate for wheat. Temperatures in these areas averaged near to slightly below normal (up to 1°C below normal). In contrast, temperatures in southeastern and Western Australia averaged near to slightly above normal (up to 1°C above normal).

Argentina- Rain lingered in parts of the northeast, maintaining slow rates of seasonal fieldwork. Rainfall totaled more than 25 mm from eastern Chaco and Entre Rios eastward through Uruguay and southern Brazil. Amounts totaling more than 10 mm reached as far west as Cordoba, though many other western production areas received little to no rain. However, rain was returning to La Pampa and Buenos Aires at week's end, promising to cause additional delays in fieldwork. Weekly average temperatures were near to slightly above normal, with some of the wetter sections of the northeast averaging more than 2°C above normal. Daytime highs ranged from the middle and upper teens (degrees C) in the main southern production areas to the upper 20s in the far north, though most areas recorded several considerably cooler days (highs from 10°C in the south to 20°C farther north). Freezes extended as far north as Santiago del Estero. According to Argentina's Ministry of Agriculture winter wheat was 62 percent planted, same as last year.

Russia and Ukraine- A return of drier, warmer weather promoted summer crop development and allowed fieldwork to resume. After last week's soaking rainfall, sunny skies and above-normal temperatures allowed producers in key southern and western winter wheat areas of Russia and Ukraine to resume harvesting. Dry weather prevailed in the Volga District, though cool conditions (up to 4°C below normal) were favorable for spring wheat development. Despite the generally dry weather pattern, a few scattered showers (2-20 mm) dotted eastern Ukraine and central portions of Russia's Southern District, providing additional — albeit localized — soil moisture for summer crops.

International Weekly Outlook:

With the commencement of harvesting in the black sea region pressure on global wheat market continues. Wheat may hover in the range of \$250 to \$260 per tonne in the month of July. Russia, Ukraine, US would remain the main suppliers to the global market. Any unexpected spike is unlikely in the month of July.

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