

Domestic Market Updates:

Wheat cash market stays steady to slightly firm this week due to seasonal factors like contracting supply from private traders, declining arrivals in major markets and higher demands for wheat products in festive season starting from August, 2014. Wheat prices have increased in the range of Rs 35 to Rs 55 per qtl. in last 10 days and markets expect firmness to continue.

However, supply from central pool stock through OMSS is due in August and it may cap firmness to some extent. Millers, especially south Indian millers are dependent on govt.'s stock in lean season as usual. As per market experts major price driving force would be price for OMSS for the year. If govt. revises price for OMSS, it would encourage wheat price in the domestic market. There is a buzz in the market that govt may increase OMSS price by Rs 40 to 50 per qtl.

Wheat cash markets in Uttar Pradesh get firmer on the back of improved demand from Rajasthan and Delhi. Demand from roller flour mills have improved during last one week. Festive season in India starts from 1st August and continues till November and during this period demands for wheat product increase considerably.

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.

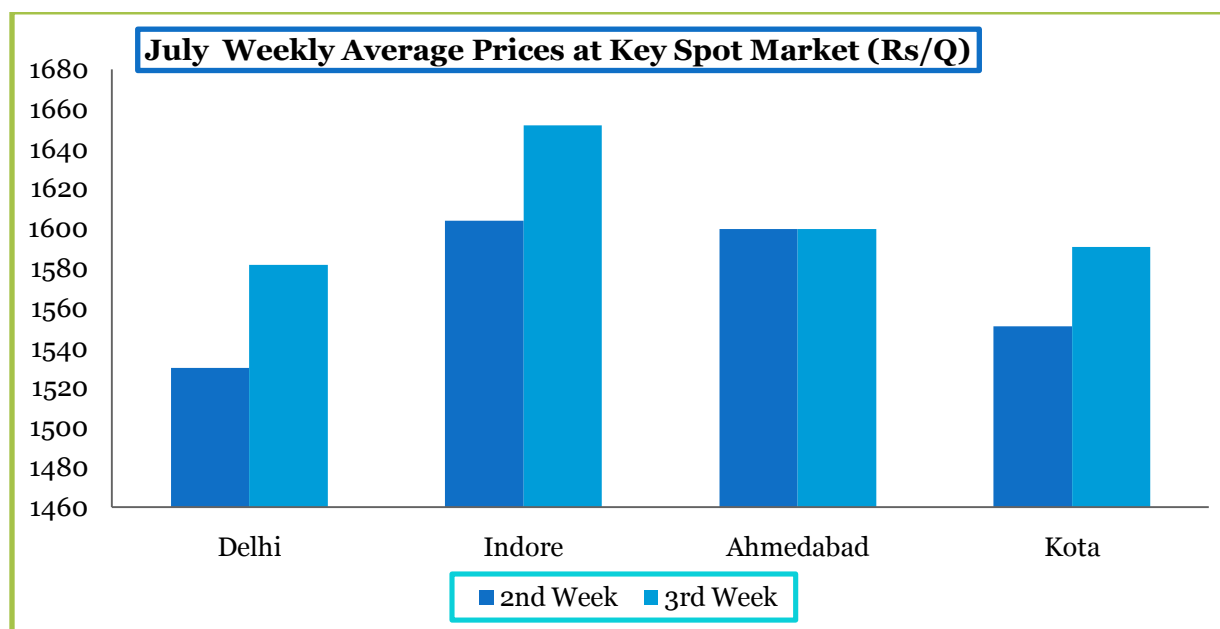
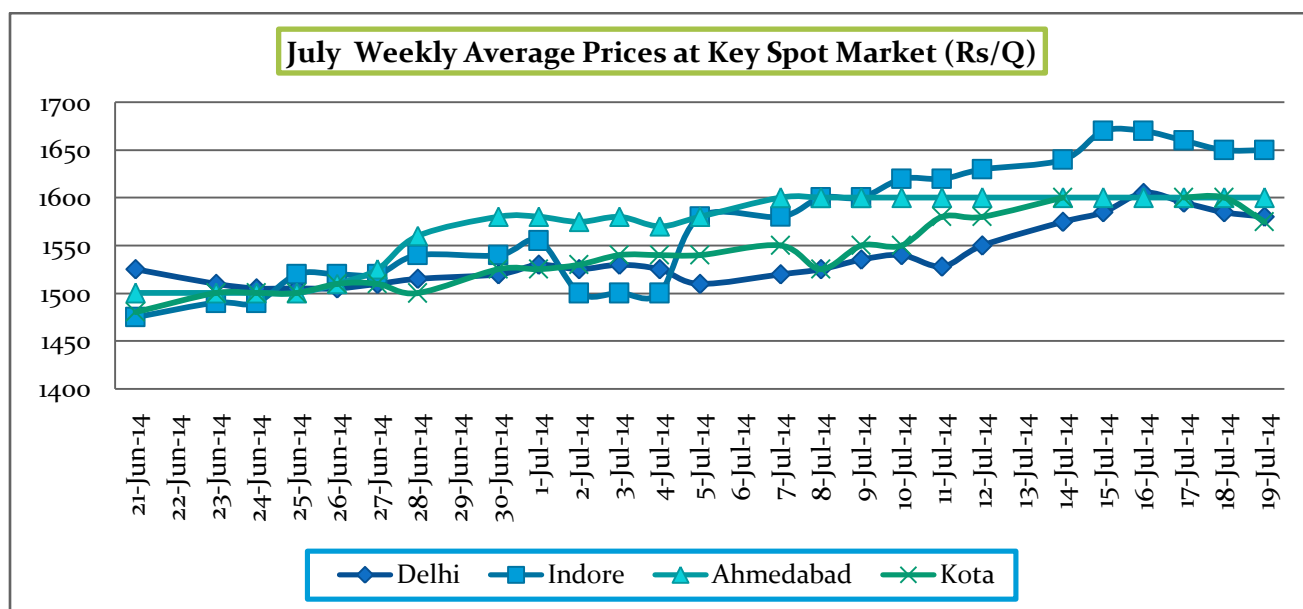
Punjab and M.P. emerged the biggest contributors to the central pool kitty contributing 11.6 and 7.0 million tonne respectively. Both the states have contributed 10.8 and 6.3 million tonne last year. Haryana has contributed 6.4 million tonne this year against 5.8 million tonne last year. Rajasthan and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

Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at most places along west coast.
- Rain/thundershowers would continue at many places over central & northeast India, Himachal Pradesh and Uttarakhand.
- Subdued rainfall activity would continue over south interior peninsular India.
- Rain/thundershowers would occur at a few places over rest parts of the country outside west Rajasthan, where, it would be isolated.



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)

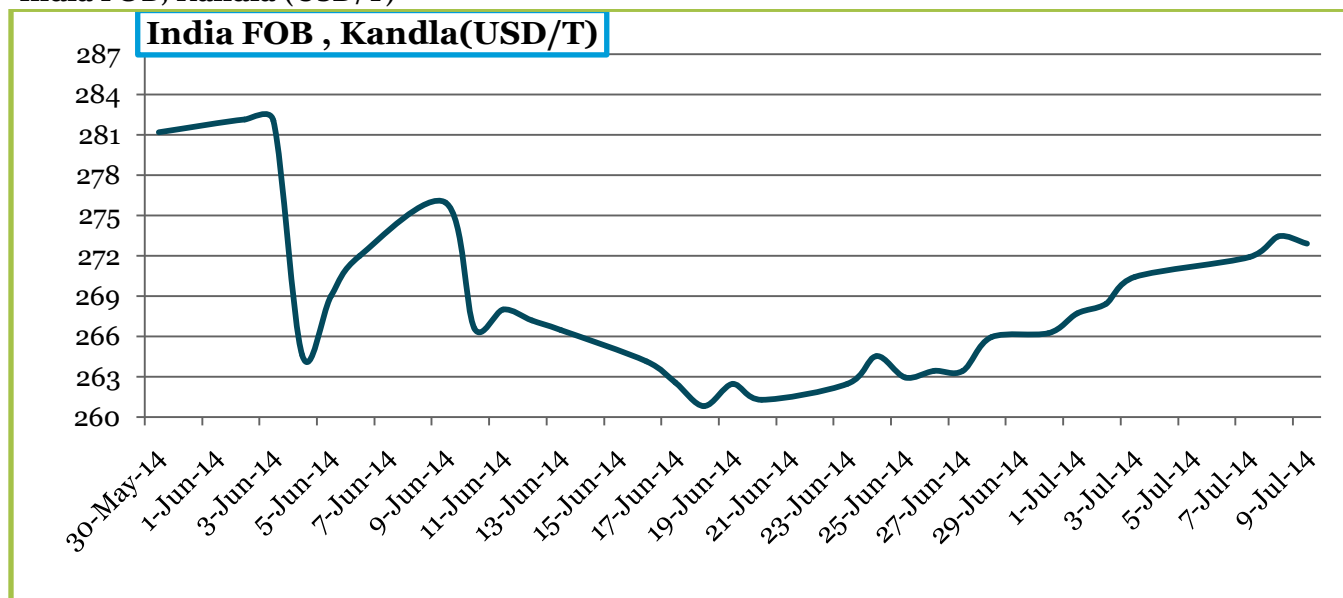
FOB Value as on 19.07.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16000	15750	14750	16500	14700	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)	17200	17400	17150	18450	16750	15700	19100
Indian FOB (USD/MT)	285.10	288.41	284.27	305.82	277.64	260.24	316.59
Insurance @ 0.1%	0.29	0.29	0.28	0.31	0.28	0.26	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	303	306	302	324	296	278	335
INR	60.33	60.33	60.33	60.33	60.33	60.33	60.33
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	7	4	8	-14	14	32	-25

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	19 July, 2014	week ago 11 July, 2014	Month ago 19 June 14	Year ago 19 July 2013	Change over previous Year %
Indore	1633	1619	1505	1575	3.68
Bareilly	1625	1573	1510	1580	2.85
Delhi	1588	1534	1523	1587	0.06
Khanna	NA	NA	NA	1701	#VALUE!
Kanpur	1570	1520	1510	1550	1.29
Karnal	NA	NA	NA	1500	#VALUE!
Rajkot	1597	1580	1520	1608	-0.68
Kota	1638	1594	1505	1629	0.55

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
Delhi			19.07.2014	11.07.2014	
	Lawrence Road	Mill Delivery	1580	1528	52
	Nazafgarh	Mill Delivery Loose	1530	1440	90

	Narella	Mill Delivery Loose	1530	1475	55
Gujarat	Rajkot	Mill Delivery	1600	1600	Unch
	Ahmedabad	Mill Delivery	1700	1670	30
M.P.	Bhopal	Mill Quality Loose	1500	1500	Unch
	Indore	Mill Delivery	1650	1620	30
Rajasthan	Kota	Mill Quality	1575	1500	75
U.P.	Mathura`	Mill Quality Loose	1470	1400	70
Punjab	Khanna	Mill Quality Loose	1425	1410	15
Haryana	Sirsa	Mill Delivery loose	1445	1421	24

*Old crop

Commodity: Wheat

Contract: Aug

Exchange: NCDEX

Expiry: 18th July, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts upward movement in the market.
- Fall in price and rise in O.I. indicates short build up in the market.
- RSI is in neutral region.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	July	1490	1500	1603	1649	1573
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Buy	1592	1610	1625	1585

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

Domestic Weekly Outlook: Market is bound to stay steady to slightly weak 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.

Lebanon has purchased about 7,000 tonnes of Black Sea-origin milling wheat. The price for the 12.5 percent protein content wheat was \$253 a tonne c&f. Importers in Indonesia have also purchased an unknown volume of Black Sea wheat of 11.5 percent protein in containers at \$271 a tonne C&F.

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.

	2009-10	2010-11	2011-12	2012-13 Est.	2013-14 Forecast	Projection for 2013-14	
						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

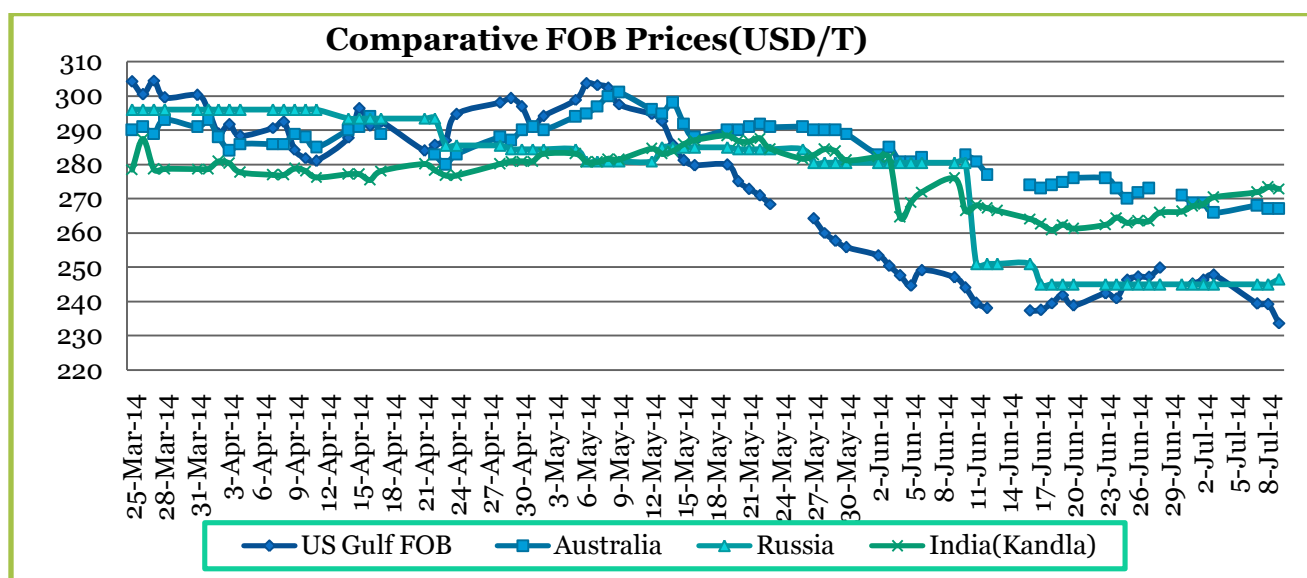
Indicative FOB Quotes:

	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: 18.07.14 (USD/T)							
CONTRACT MONTH	18 July 14	Week ago (18 July 2014)	1 Month ago(18 June 14)	3 Month ago(18 Apr 14)	6 Month ago(18 Jan 14)	1 Year ago(18 July 13)	% Change over previous year
14-Sep	195.55	189.12	247.72	253.97	207.03	242.67	-19.42
14-Dec	204.37	193.25	251.03	256.81	209.60	247.26	-17.35
15-Mar	212.27	201.24	256.72	260.21	28.29	251.39	-15.56
15-May	217.78	209.23	262.14	264.90	215.20	254.06	-14.28
15-Jul	222.28	215.20	264.62	269.49	219.89	253.05	-12.16
15-Sep	226.41	219.15	264.16	271.23	223.65	255.89	-11.52

CBOT Sept 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 \$260 to \$280 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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