

**Domestic Market Updates:**

**Major wheat cash markets trade steady to slightly firm** due to restricted arrivals as farmers are busy with kharif sowing. Wheat release from central pool stock through tendering process is expected from next week. Besides demand from south and north Indian miller's continues. In Delhi market wheat traded Rs 15 per qtl. up to Rs 1590 per quintal in last three days. Market participants say that uptrend in Delhi market would not continue as rescheduled tendering date would remain restrictive to the market fundamental. Wheat price may hover in the range of RS 1580 to Rs 1600 per qtl.. Old wheat sourced from Govt. godowns in Delhi would cost around Rs 1560/1570 including freight and labour.

**According to IBIS (provisional data), export of wheat in the month of July** was 1.37 Lakh tones which is around 69% less than last year at the same month, which was 4.46 Lakh tones in July 2013. The reason behind the lower export is attributed to disparity from other exporting countries like U.S.A., Russia and Ukraine.

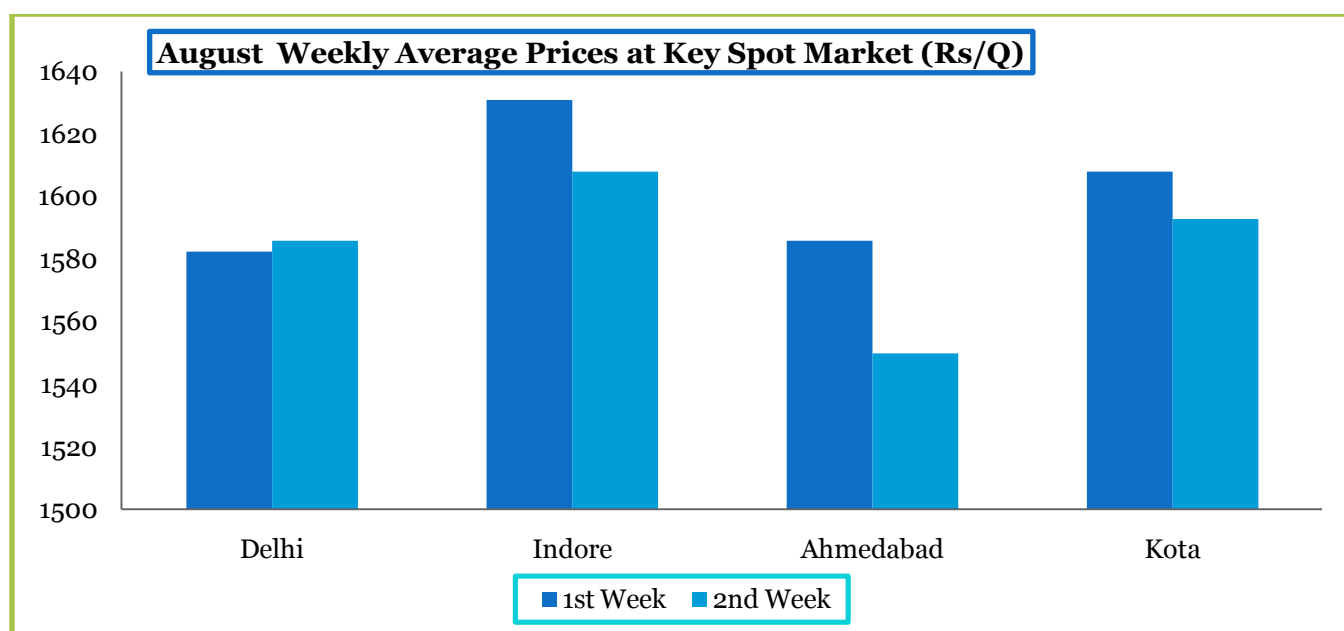
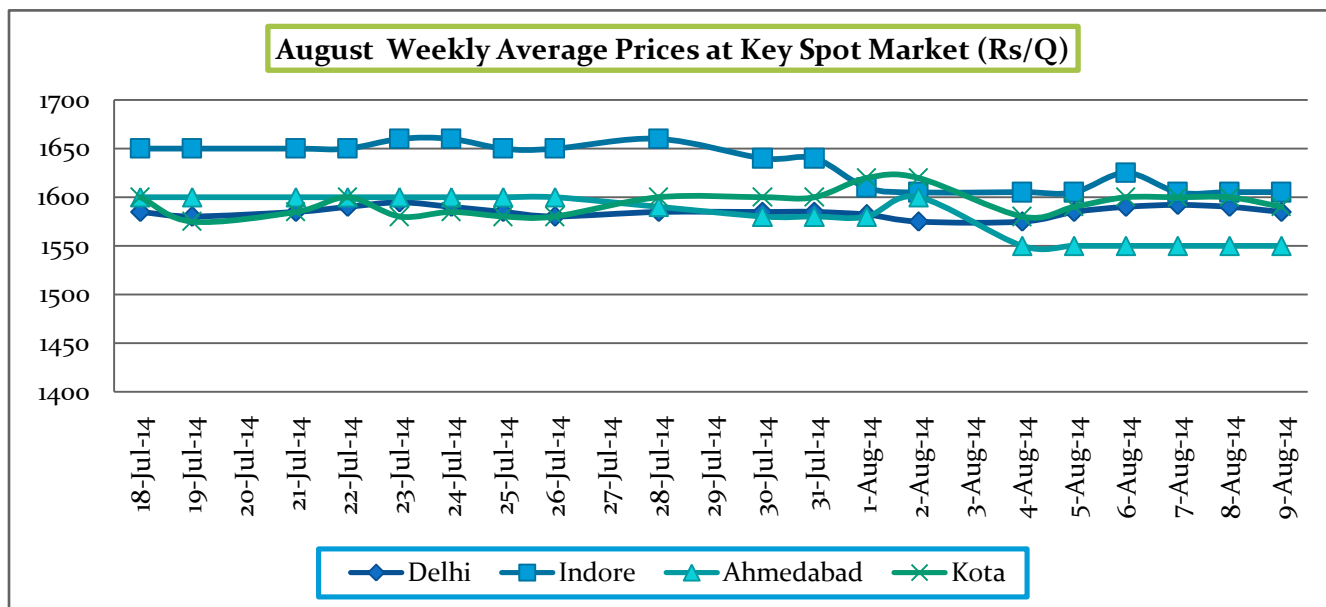
**The CACP (Commission for Agricultural Costs and Prices) would announce the MSP for rabi crop** soon and market expects marginal increase in the MSP of wheat for 2014-15. Market participants are of the view that MSP may be increase from 2 to 3 percent for rabi crops to contain the inflationary pressure. Experts assume that wheat MSP might be fixed in between Rs 1420 to RS 1450 per quintal for ensuing rabi season.

**However, any major spike in wheat market in the third quarter** is unlikely due to intended supply of 10 million tonne in next eight months from central pool stock at the base price of Rs 1500 and Rs 1575 per qtl. for old and new crop respectively. As wheat prices in Uttar Pradesh, Punjab, Haryana and Rajasthan are hovering around Rs 1450 to Rs 1575 per qtl. currently, offtake from central pool would be lower than expectation.

**With higher allocation of wheat govt.** has ensured ample availability for the rest of the year and any attempt to drag wheat price up would not be materialized. Export window is not wide open now with declining price world over and private trades would have to release their stock in domestic market. Global FOB quotes range \$230 to \$235 per tonne (US & Black Sea Region) while Indian exporters are not able to offer below \$280 per tonne. The huge difference of \$50 per tonne would not allow smooth export from India in next four –five months.

**Weather Watch: (Source-IMD)**

- Heavy to very heavy rainfall would occur at a few places over Assam & Meghalaya and at isolated places over Sub Himalayan West Bengal & Sikkim and Arunachal Pradesh.
- Heavy rainfall would occur at isolated places over Himachal Pradesh, Uttarakhand, Uttar Pradesh, Bihar, Nagaland, Manipur, Mizoram & Tripura and Coastal Karnataka.
- Rain/thundershowers would occur at most places along foot hills of Himalayas, east & north-east India.
- Rain/thundershowers would occur at many places along west coast.
- Rain/thundershowers would occur at a few places over interior peninsula and central India.



Key spot wheat mill delivery prices traded steady to slightly weak due to more arrival from OMSS.

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.06.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
<b>EAST ZONE</b>	8.96	0.00	8.96
<b>NORTH EAST ZONE</b>	0.90	0.00	0.90
<b>NORTH ZONE</b>	115.42	172.19	287.61
<b>SOUTH ZONE</b>	9.04	0.00	9.04
<b>WEST ZONE</b>	16.24	80.33	96.57
<b>TOTAL</b>	<b>150.56</b>	<b>252.52</b>	<b>403.08</b>

(Figures in Lakh Tonnes)

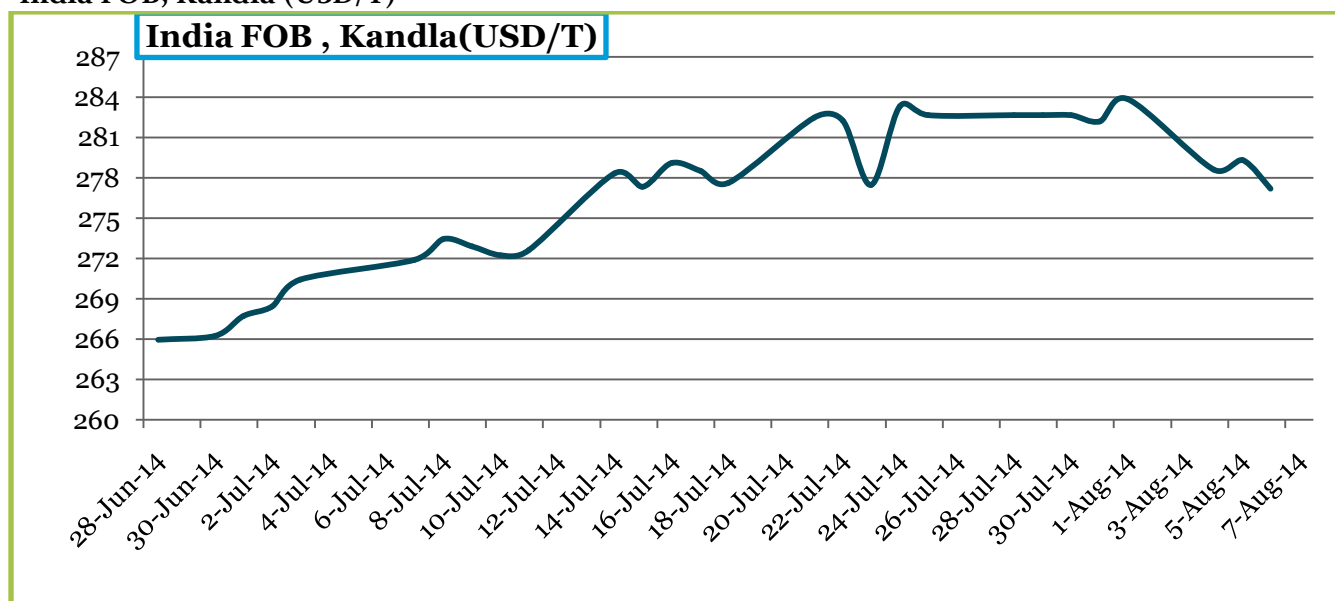
**FOB Value as on 09.08.2014 from various destinations at Kandla:**

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15100	15200	14500	15500	14600	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)	16300	16850	16900	17450	16650	15700	19100
<b>Indian FOB (USD/MT)</b>	<b>264.83</b>	<b>273.76</b>	<b>274.57</b>	<b>283.51</b>	<b>270.51</b>	<b>255.08</b>	<b>310.32</b>
Insurance @ 0.1%	0.26	0.27	0.27	0.28	0.27	0.26	0.31
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	283	292	293	302	289	273	328
<b>INR</b>	<b>61.55</b>	<b>61.55</b>	<b>61.55</b>	<b>61.55</b>	<b>61.55</b>	<b>61.55</b>	<b>61.55</b>
<b>Russian Wheat FOB (USD/MT)</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>
<b>Parity on FOB Basis (USD/MT)</b>	<b>27</b>	<b>18</b>	<b>17</b>	<b>8</b>	<b>21</b>	<b>37</b>	<b>-18</b>

**Spot prices of wheat at NCDEX Delivery centers**

NCDEX SPOT	08 Aug, 2014	week ago 01 Aug, 2014	Month ago 07 July 14	Year ago 08 Aug 2013	Change over previous Year %
<b>Indore</b>	1616	1595	1570	1573	<b>2.73</b>
<b>Bareilly</b>	1590	1575	1540	1580	<b>0.63</b>
<b>Delhi</b>	1587	1580	1520	1569	<b>1.15</b>
<b>Khanna</b>	NA	NA	NA	1701	<b>NA</b>
<b>Kanpur</b>	1555	1550	1510	1535	<b>1.30</b>
<b>Karnal</b>	NA	NA	NA	1478	<b>NA</b>
<b>Rajkot</b>	1590	1592	1570	1610	<b>-1.24</b>
<b>Kota</b>	1624	1618	1570	1613	<b>0.68</b>

## India FOB, Kandla (USD/T)

**Wheat Export Weekly Data:**

Weekly Export (21-27 July-14)	Quantity in MMt	FoB (\$/Tn)
Total	26774 MMT	
Vietnam	1940 MMT	290.77
Turkey	21000 MMT	324.96

\*Provisional Data (As per IBIS)

**Domestic Key Spot Market Price Comparison:**

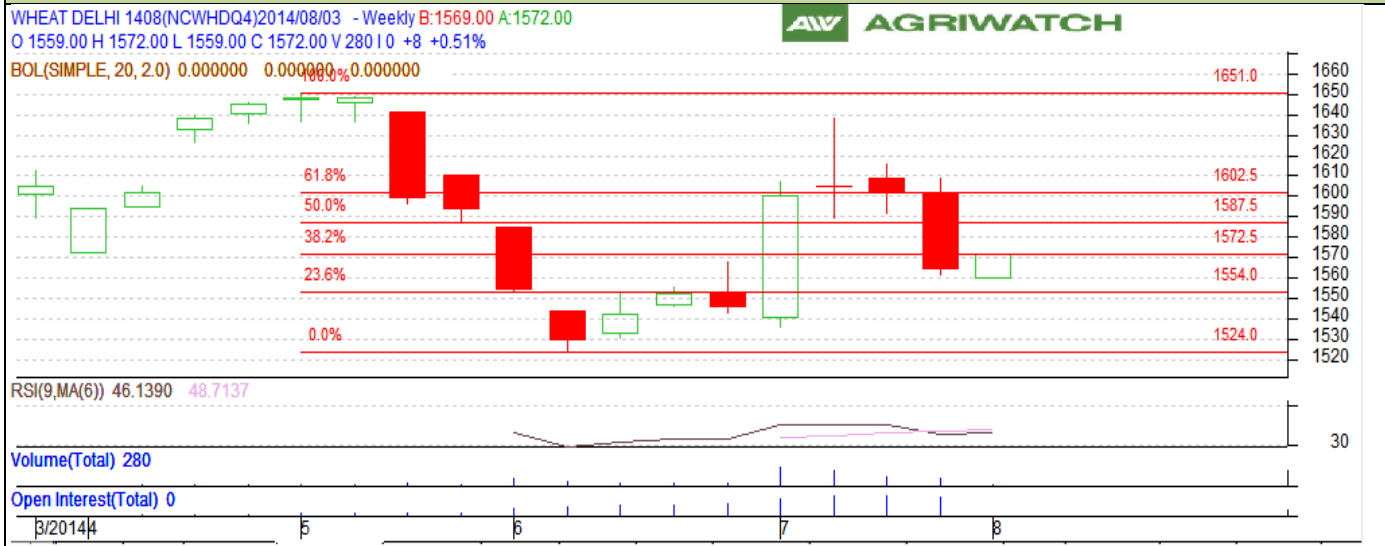
Centre	Market	Variety	Prices (Rs/Qtl)		Change
			09.04.2014	02.04.2014	
Delhi	Lawrence Road	Mill Delivery	1585	1575	10
	Nazafgarh	Mill Delivery Loose	1520	1515	5
	Narella	Mill Delivery Loose	1495	1490	5
Gujarat	Rajkot	Mill Delivery	1580	1600	-20
	Ahmedabad	Mill Delivery	1690	1690	Unch
M.P.	Bhopal	Mill Quality Loose	1550	1500	50
	Indore	Mill Delivery	1605	1605	Unch
Rajasthan	Kota	Mill Quality	1520	1515	5
U.P.	Mathura`	Mill Quality Loose	1460	1450	10
Punjab	Khanna	Mill Quality Loose	1425	1450	-25
Haryana	Sirsa	Mill Delivery loose	1455	1450	5

\*Old crop

Commodity: Wheat  
Contract: Sept

Exchange: NCDEX  
Expiry: 19<sup>th</sup> Sept, 2014

### Wheat (Weekly Chart)



### Technical Commentary:

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

### Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Sept	1575	1585	1606	1625	1635
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	<b>Sell</b>	1609	1600	1596	1613

\*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:

**Unexpected rains at the time of wheat harvesting during mid July** in France and Germany have impacted grain quality and availability of milling grade may decrease in these countries. This may encourage European buyers to source milling grade wheat from US. Crop quality in Poland too is similar. Report of higher export sales in recent weeks in US points to the emerging scenario in global wheat market. U.S. export sales of wheat were 801,007 metric tons in the week-ended July 24, up 81 percent from a week earlier, according to the U.S. Department of Agriculture.

**However, uptrend in CBOT futures and US FoB is unlikely to continue** .Marketable surplus in exporting countries is ample and aggressive selling strategy by Russia Ukraine at around \$243/45 per tonne for August - sep delivery would not allow market to gain continuously. Global market is likely to trade in the range of \$240 to \$260 per tonne on FOB basis.US offers wheat at \$256 per Tonne.The \$10 per tonne difference between US and Black sea Region may continue in this month too.

**Private importers in Pakistan have purchased about 55,000 tons of Black Sea-origin** wheat probably from Russia or Ukraine around \$261 a tons c&f for September shipment. They have been making large imports of wheat as harvesting was not good this year.

**Wheat harvesting in Kansas is heading towards final stage** and would be over by the end of this month. According to national agriculture statistics service almost 95 percent wheat harvested from new crop is now in store. The quality is good and recent rains have not impacted quality of the grain.Harvesting reached near finishing line almost delayed by 15 days in comparison to last year.

**As per latest update by USDA global wheat production is bound to increase** from June estimate of 701.62 million tonnes to 705.17 million tonne in 2014-15.production in US would increase from 1.942 to 1.992 billion bushel. Pressure on global wheat market would likely to continue as corn prices are ruling lower \$3.835 bushel.Global corn production too is estimated at higher side and it would reduce demand for feed grade wheat. Recent firmness is due to short covering and investor's interest at current level.

**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.

## IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13 Est.	2013-14 Forecast	Projection for 2013-14	
						26.06.2014	31.07.2014
Production	679	653	695	655	710	699	702
Trade	128	126	145	141	153	144	145
Consumptions	652	657	698	676	691	697	699
Carryover stocks	199	194	192	171	190	194	193
Y-O-Y change	27	-4	-2	-21	19	2	3
Major Export	79	73	68	48	54	57	56

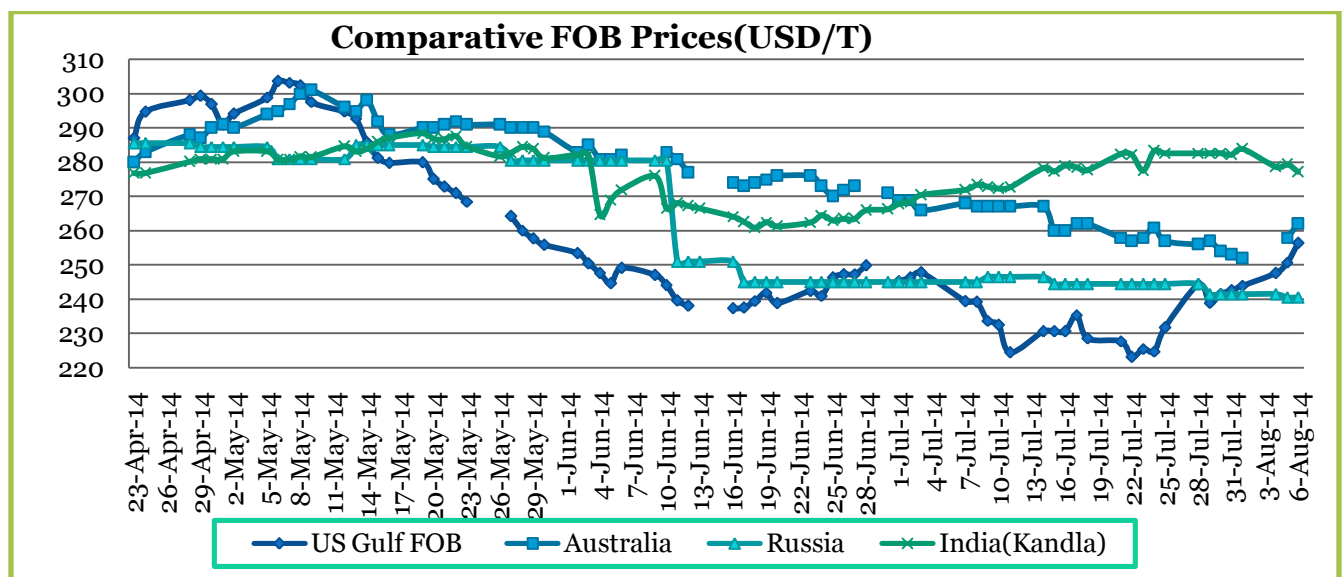
## Indicative FOB Quotes:

	Variety	% Change over Prev. Year	06.08.14	Week Ago 01.08.14	Month Ago (July)	3 Months Ago (May)	Year Ago (Aug)
USA (Gulf)	SRW 2	-7.30	256.40	244.00	239.40	303.20	276.60
France	FCW3	-0.74	247.05	238.88	244.84	277.30	248.90
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	256.90
Australia	CWRS	-27.86	262.00	252.00	268.00	297.00	363.20
Russia	SRW	-4.75	240.50	241.50	245.00	281.00	252.50
Ukraine	SRW	-6.92	242.00	243.00	246.50	282.50	260.00
Argentina	SRW	NA	NA	NA	NA	NA	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: 08.08.14 (USD/T)							
CONTRACT MONTH	08 August 14	Week ago (31 July 2014)	1 Month ago (7 July 14)	3 Month ago (7 May 14)	6 Month ago (7 Feb 14)	1 Year ago (7 August 13)	% Change over previous year
14-Sep	201.79	194.81	204.55	274.26	217.50	248.55	-18.81
14-Dec	207.95	202.16	213.28	279.13	222.19	251.87	-17.44
15-Mar	215.02	210.24	221.63	283.36	225.68	254.61	-15.55
15-May	219.52	215.30	227.24	285.29	226.32	254.70	-13.81
15-Jul	221.91	218.88	231.46	279.50	224.94	254.79	-12.91
15-Sep	226.41	223.20	235.50	280.33	227.24	254.79	-11.14

**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 and South Australia, widespread showers (5-25 mm) and seasonably mild weather maintained good to excellent yield prospects for winter grains. More widely scattered showers (5-25 mm) fell across Victoria and central New South Wales, aiding local wheat development. Following last week's beneficial rains, drier weather returned to extreme northern New South Wales and southern Queensland. Widely scattered, generally light showers (less than 5 mm) provided little additional moisture for vegetative winter crops. Continued rainfall will be needed in upcoming weeks to maintain yield prospects in these areas. Temperatures in eastern Australia averaged about 1 to 2°C above normal.

**Argentina-** Showers returned to eastern farming areas at midweek, renewing fieldwork delays after a brief respite from the wetness. Rainfall totaled 10 to 50 mm in eastern Buenos Aires, Entre Rios, and central sections of Santa Fe, and 25 to 100 mm — locally higher — in eastern areas of Chaco and Formosa. Mostly dry weather was recorded elsewhere, including sections of La Pampa and western Buenos Aires that recorded heavy rain last week. Weekly temperatures averaged near to below normal, as early-week warmth gave way to cooler conditions following the passage of the rain-producing cold front. At the beginning of the week, daytime highs ranged from the upper 10s (degrees C) in Buenos Aires to the upper 20s in Formosa. At week's end, however, highs failed to reach 20°C in the north and stayed below 10°C in southern production areas (La Pampa and Buenos Aires); in addition, temperatures fell below freezing in most agricultural areas extending from La Pampa and Buenos Aires to Salta, with nighttime lows approaching 0°C in the traditionally warmer northeast. According to Argentina's Ministry of Agriculture, winter wheat was 81 percent planted, slightly behind last year (85 percent).

**Russia and Ukraine-** Mostly dry, hot weather persisted in Russia, while showers and thunderstorms further boosted summer crop prospects elsewhere. High pressure remained centered over western Kazakhstan, maintaining sunny skies in Russia and a warm southerly flow across the western two-thirds of the region. Temperatures averaged 2 to 5°C above normal in most growing areas, with daytime highs in the lower to middle 30s (degrees C) causing some stress to reproductive summer crops in southern portions of Ukraine and Russia. In Russia, the heat was accompanied by sunny skies, which accelerated winter wheat harvesting. However, the Rostov Oblast in the west-central Southern District has reported little — if any — precipitation since June 21, causing deteriorating yield prospects for summer crops. In contrast, the heat and humidity over Moldova, Ukraine, and Belarus was accompanied by widespread showers and thunderstorms (10-50 mm, locally more. Farther east, dry albeit cooler weather (1-3°C below normal) prevailed in the southeastern Volga District, promoting spring wheat maturation.

**International Weekly Outlook:**

With the commencement of harvesting in the black sea region pressure on global wheat market continues. Russia, Ukraine, US would remain the main suppliers to the global market. Any spike is unlikely in the coming week of August.

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