

**Domestic Market Updates:**

**Wheat cash market trades steady to slightly down on ample supply side and weak demand** from bulk consumers. Export demand for Indian wheat remains at its low ebb due to wide difference in FOB quotes. South Indian millers have covered their immediate demand and they are not in a hurry to buy wheat before August. Wheat in the domestic market is being traded in the range of Rs 1450 to Rs 1550 per qtl. at various trading hubs. Indian FOB quotes hover in between \$285 to 286 per tonne against world availability of wheat in the range of \$245 to \$250 per tonne.

**Wheat allocation (around 10 million tonnes) through OMSS for next eight months** at fixed reserved price (Rs 1500 and Rs 1570 per qtl. for the old and new crop respectively) would not allow market to get firmer. However, more dip from current level is unlikely from current level.

**Wheat export from India is bound to decline by 13 to 15 percent this year due to lower price** in the global market and importers have more options to source wheat and resultantly bargain. FAO estimates that Wheat supply would be around 881 mt, compared with the required 699 mt—surplus of 182 mt in 2014-15. This indicates over supply in global market and restricts Indian opportunity to export.

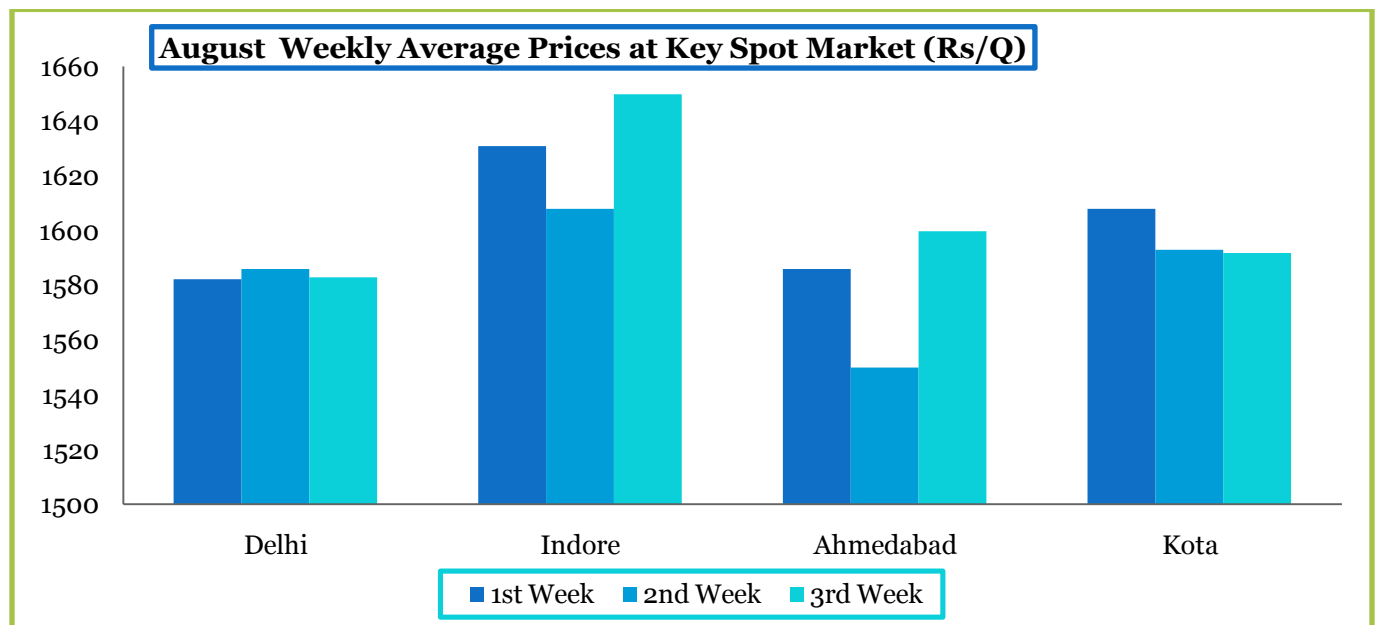
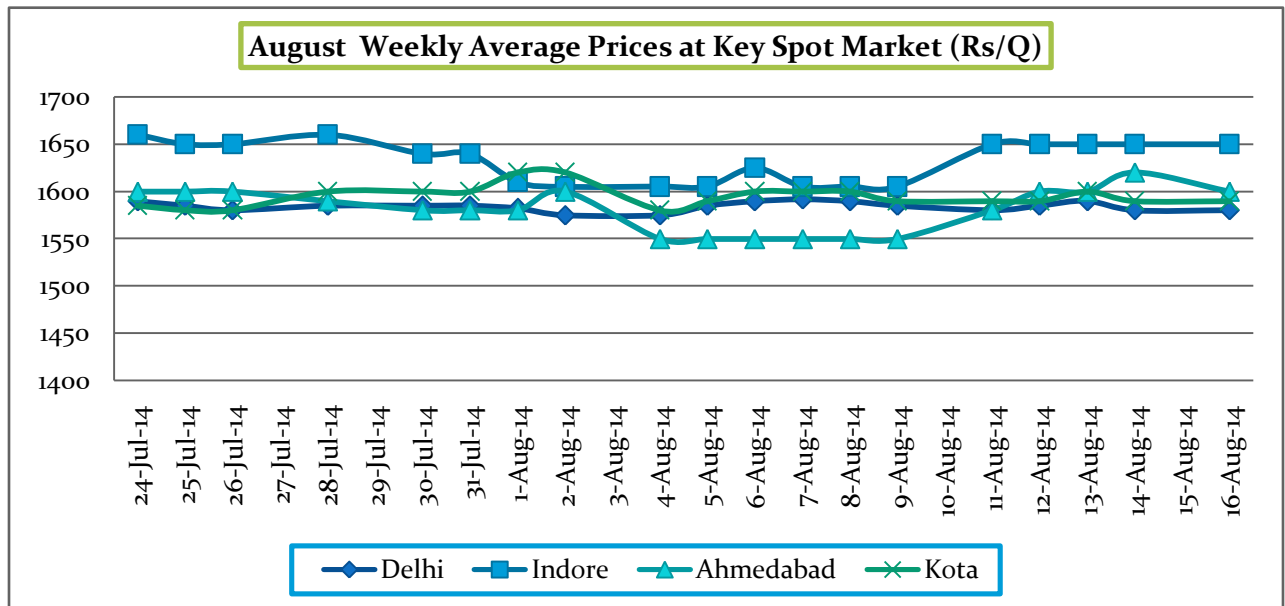
**Wheat offtake from central pool stock would remain restricted in the month of August** despite tender is being invited in various states like Rajasthan, M.P. Haryana and Punjab at pre determined reserve price. As wheat in the open market is available around Govt.'s reserve price, so private buyers would prefer to buy from the market first as they get credit at least for 15 days and get benefit of 1.5 percent cash discount. Rake loading from Kota region of Rajasthan to south India (Karnataka) is being loaded at Rs 1860 per qtl. on delivered basis.

**Wheat market is likely to stay steady to slightly up** in Aug/Sept. However, any spike at this point of time is unlikely as supply sides from private and govt.'s end remain ample.

**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.

### Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at many places over Sub-Himalayan West Bengal & Sikkim , northeastern states and peninsular India.
- Rain/thundershowers would occur at a few places over western Himalayan region, Maharashtra, east & central India.
- Subdued rainfall activity would continue over plains of northwest India and Gujarat.



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

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.08.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
<b>EAST ZONE</b>	8.73	0.00	8.73
<b>NORTH EAST ZONE</b>	0.75	0.00	0.75
<b>NORTH ZONE</b>	121.46	149.37	270.83
<b>SOUTH ZONE</b>	8.51	0.00	8.51
<b>WEST ZONE</b>	15.34	73.24	88.58
<b>TOTAL</b>	<b>154.79</b>	<b>222.61</b>	<b>377.40</b>

(Figures in Lakh Tonnes)

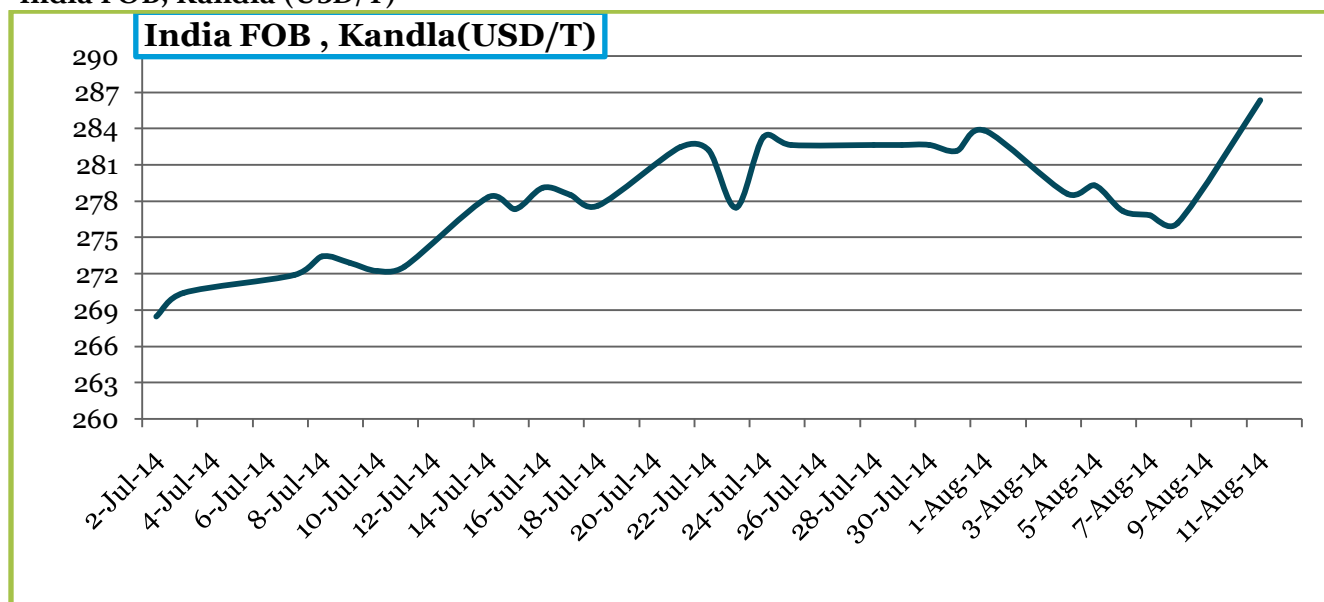
**FOB Value as on 16.08.2014 from various destinations at Kandla:**

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15300	15000	14500	15750	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)	16500	16650	16900	17700	16550	15700	19100
<b>Indian FOB (USD/MT)</b>	<b>270.27</b>	<b>272.73</b>	<b>276.82</b>	<b>289.93</b>	<b>271.09</b>	<b>257.17</b>	<b>312.86</b>
Insurance @ 0.1%	0.27	0.27	0.28	0.29	0.27	0.26	0.31
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	288	291	295	308	289	275	331
<b>INR</b>	<b>61.05</b>	<b>61.05</b>	<b>61.05</b>	<b>61.05</b>	<b>61.05</b>	<b>61.05</b>	<b>61.05</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>22</b>	<b>19</b>	<b>15</b>	<b>2</b>	<b>21</b>	<b>35</b>	<b>-21</b>

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

NCDEX SPOT	12 Aug, 2014	week ago 06 Aug, 2014	Month ago 14 July 14	Year ago 14 Aug 2013	Change over previous Year %
<b>Indore</b>	1634	1608	1628	1610	<b>1.49</b>
<b>Bareilly</b>	1568	1590	1613	1540	<b>1.82</b>
<b>Delhi</b>	1585	1590	1580	1575	<b>0.63</b>
<b>Khanna</b>	NA	NA	NA	1646	<b>NA</b>
<b>Kanpur</b>	1555	1555	1525	1520	<b>2.30</b>
<b>Karnal</b>	NA	NA	NA	1493	<b>NA</b>
<b>Rajkot</b>	1588	1596	1580	1601	<b>-0.81</b>
<b>Kota</b>	1628	1610	1645	1616	<b>0.74</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
			16.08.2014	09.08.2014	
Delhi	Lawrence Road	Mill Delivery	1580	1585	-5
	Nazafgarh	Mill Delivery Loose	1500	1520	-20
	Narella	Mill Delivery Loose	1490	1495	-5
Gujarat	Rajkot	Mill Delivery	1620	1580	40
	Ahmedabad	Mill Delivery	1700	1690	10
M.P.	Bhopal	Mill Quality Loose	1500	1450	50
	Indore	Mill Delivery	1650	1605	45
Rajasthan	Kota	Mill Quality	1500	1520	-20
U.P.	Mathura`	Mill Quality Loose	1460	1460	Unch
Punjab	Khanna	Mill Quality Loose	1425	1425	Unch
Haryana	Sirsa	Mill Delivery loose	1460	1455	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 rise in O.I. indicates short buildup.
- RSI is in neutral region.

### Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Sept	1560	1570	1581	1625	1635
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	Buy	1578	1587	1591	1573

\*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:**

**Inflation and domestic demand of wheat in Russia is fulfilled with bumper production** and falling of domestic prices whereas weakening of rouble has supported export of wheat from Russia. The largest buyers of Russian wheat in 2013/14 (July/June) were Egypt, Turkey, Yemen and Iran.

**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
<b>Production</b>	679	653	695	655	710	699	702
<b>Trade</b>	128	126	145	141	153	144	145
<b>Consumptions</b>	652	657	698	676	691	697	699
<b>Carryover stocks</b>	199	194	192	171	190	194	193
<b>Y-O-Y change</b>	27	-4	-2	-21	19	2	3
<b>Major Export</b>	79	73	68	48	54	57	56

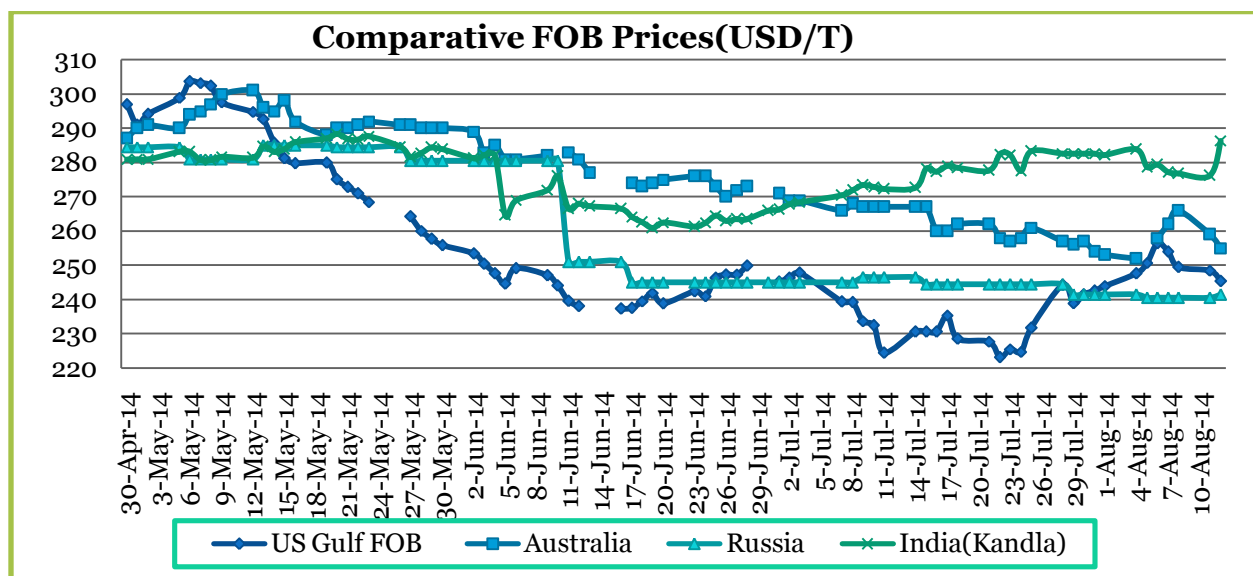
## Indicative FOB Quotes:

	Variety	% Change over Prev. Year	11.08.14	Week Ago 05.08.14	Month Ago (July)	3 Months Ago (May)	Year Ago (Aug)
<b>USA (Gulf)</b>	SRW 2	<b>-21.39</b>	248.50	250.7	232.55	294.80	316.10
<b>France</b>	FCW3	<b>-22.00</b>	239.86	243.56	243.42	267.95	307.50
<b>United Kingdom</b>	Feed wheat	<b>NA</b>	NA	NA	NA	NA	NA
<b>Australia</b>	CWRS	<b>-20.93</b>	255.00	258.00	267.00	296.00	322.48
<b>Russia</b>	SRW	<b>-19.02</b>	240.50	240.50	246.50	281.00	297.00
<b>Ukraine</b>	SRW	<b>-19.06</b>	242.00	242.00	248.00	282.50	299.00
<b>Argentina</b>	SRW	<b>NA</b>	NA	NA	NA	NA	NA

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: 13.08.14 (USD/T)							
CONTRACT MONTH	13 August 14	Week ago (05 Aug 2014)	1 Month ago(14 July 14)	3 Month ago(13 May 14)	6 Month ago(13 Feb 14)	1 Year ago(14 August 13)	% Change over previous year
<b>14-Sep</b>	193.99	202.99	197.57	263.79	222.74	246.07	<b>-21.16</b>
<b>14-Dec</b>	200.42	210.43	205.93	269.40	227.33	249.65	<b>-19.72</b>
<b>15-Mar</b>	207.86	217.68	213.73	274.54	230.82	252.50	<b>-17.68</b>
<b>15-May</b>	212.63	222.19	219.52	276.74	231.19	252.77	<b>-15.88</b>
<b>15-Jul</b>	216.21	224.76	223.56	275.55	229.17	251.03	<b>-13.87</b>
<b>15-Sep</b>	220.90	229.17	227.97	276.93	231.19	251.03	<b>-12.00</b>

**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, scattered, generally light showers (less than 5 mm) provided little additional moisture for vegetative winter grains. Similarly, little rain (mostly less than 5 mm) fell on major wheat producing areas in South Australia, Victoria, and southern New South Wales. Despite the relatively dry weather, generally adequate soil moisture continued to favor winter crop development in western and southeastern Australia. Elsewhere in the wheat belt, unfavorably dry weather persisted across northern New South Wales and southern Queensland, slowly reducing yield prospects for wheat. Soaking rains are needed soon to stabilize crop conditions in these areas. If significant rainfall does not arrive soon, yield prospects will begin to decline more rapidly as crops advance through reproductive development. Temperatures throughout the wheat belt averaged near normal, but for the second consecutive week minimum temperatures dropped below freezing in parts of southern and eastern Australia. The sub-freezing temperatures raised concerns about local freeze damage, especially in areas where crops were more advanced in the development cycle.

**Argentina-** Dry, warmer-than-normal weather improved conditions for late-season fieldwork in most major production areas. Little to no rain fell from La Pampa and western Buenos Aires northward to Chaco and Formosa. Rainfall also diminished from the past week in key winter grain areas of southeastern Buenos Aires and outlying farming areas of the northeast (eastern sections of Chaco and Formosa to Misiones), with few locations recording more than 10 mm. Weekly average temperatures were 1 to 3°C above normal throughout the region. Daytime highs ranged from the upper 10s (degrees C) to the lower 20s throughout central Argentina. In contrast, highs reached the middle 30s during the early part of the week farther north (notably Salta and western sections of Chaco and Formosa), although cooler weather (highs in the 10s and 20s) prevailed at week's end. Despite the cool down, freezing temperatures (nighttime lows from -3 to 0°C) were generally confined to points extending southward from northern Cordoba. According to Argentina's Ministry of Agriculture, winter wheat was 90 percent planted, also lagging last year's pace (96 percent).

**Russia and Ukraine-** Mostly dry, hot weather prevailed across the region, promoting fieldwork but causing some stress on summer crops. Rain was mostly confined to northern- and southern-most growing areas, with light to moderate showers (1-10 mm) in southern Russia's North Caucasus District. In addition, 2 to 20 mm of rain (locally more) over northern Russia sustained soil moisture for filling small grains but hampered harvest efforts. In contrast, dry, hot conditions (32-37°C) from Belarus and central Ukraine into Russia's Southern District allowed winter wheat harvesting to near completion but caused some stress to late-filling corn. However, overall summer crop prospects in Belarus, Ukraine, and Moldova remained favorable due to adequate soil moisture courtesy of a wet May, June, and July.. Farther east, dry weather in the southern Volga District reduced soil moisture for filling spring wheat, though temperatures remained near normal.

**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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