

Domestic Market Updates:

Despite disparity on export front and bearish outlook in global wheat market Indian exporters managed to offload some quantity of wheat in markets like Vietnam, Djibouti, U.A.E., Philippines etc around \$284/tonnes on FoB basis through Kandla, Mundra etc ports. As per IBIS data wheat export from India was registered 14,953 tonnes during 11th to 17th August. However, global wheat market seems to be in surplus state and opportunity for Indian exporters remains still unfavorable.

Wheat cash market trades steady to slightly down on ample supply side and weak demand from bulk consumers. 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.

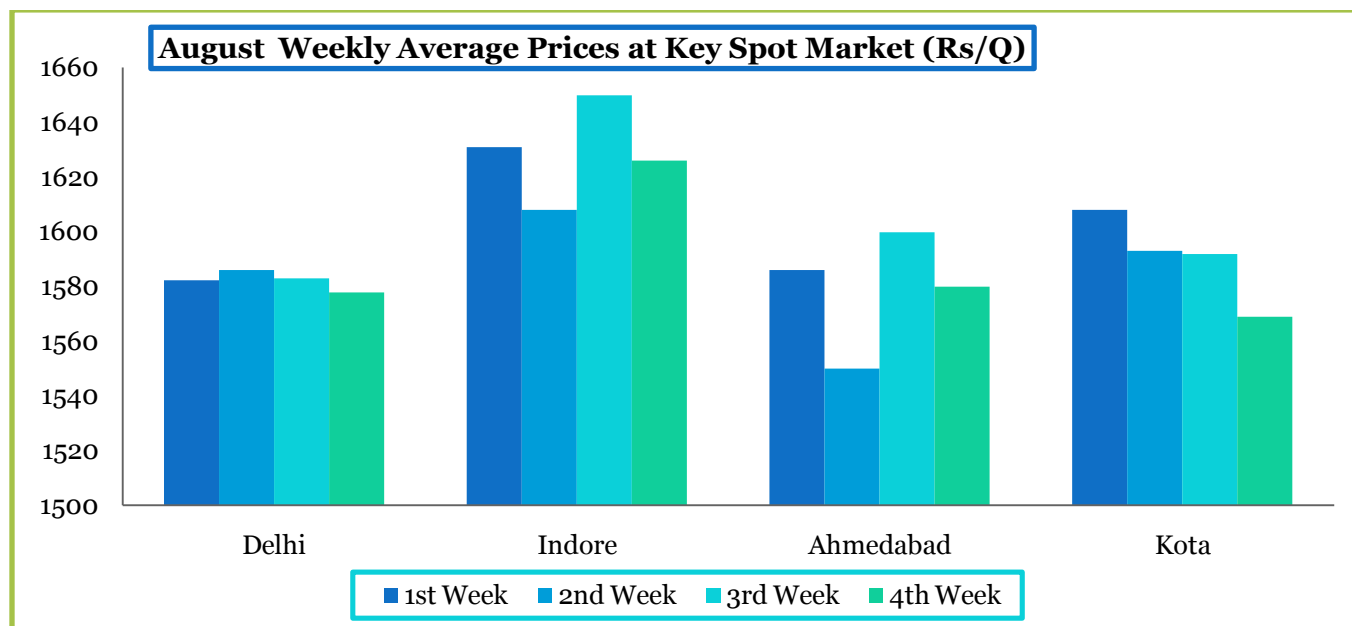
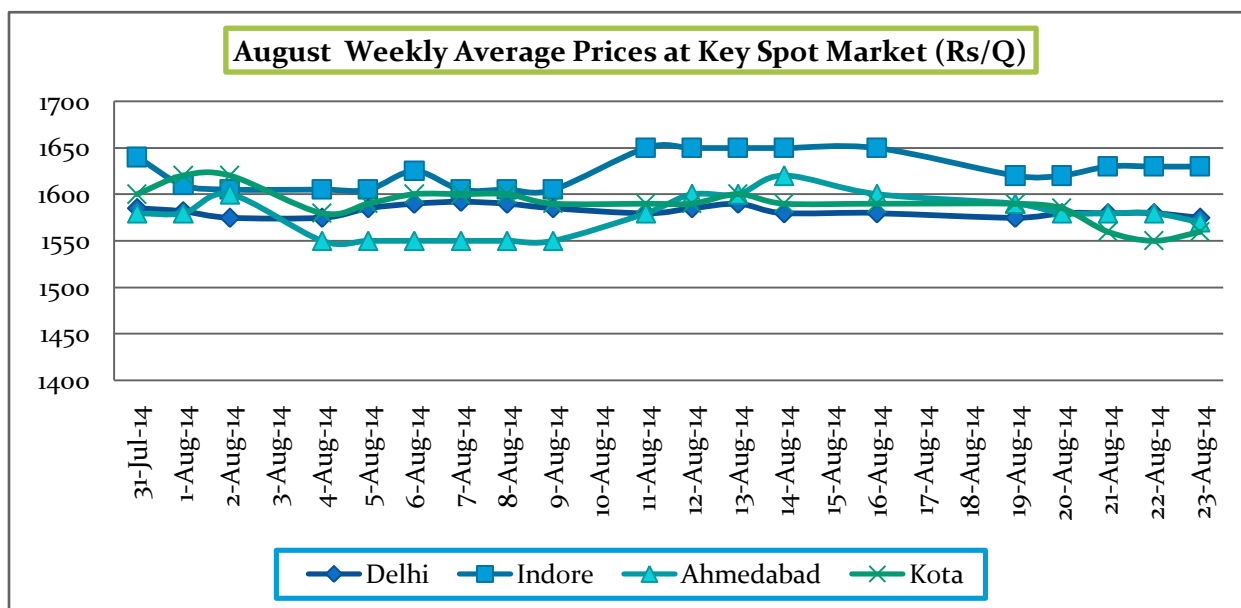
Wheat export from India is bound to decline by 13 to 15 percent this year due to lower price in the global market and importers have more options to source wheat and resultantly bargain. FAO estimates that Wheat supply would be around 881 mt, compared with the required 699 mt—surplus of 182 mt in 2014-15.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

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)

- A low pressure area is likely to form over west Central and adjoining northwest Bay of Bengal a round 28th August.
- Increase in rainfall activity over central and adjoining Peninsular India.
- Rain/thundershowers would occur at many places over Sub-Himalayan West Bengal & Sikkim , northeastern states and along west coast and Interior Maharashtra.
- Rain/thundershowers would occur at a few places over east and adjoining central India.
- Rain/thundershowers would occur at isolated places over western Himalayan region.



Key spot wheat mill delivery prices traded steady to slightly weak due to more arrivals.

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

(Figures in Lakh Tonnes)

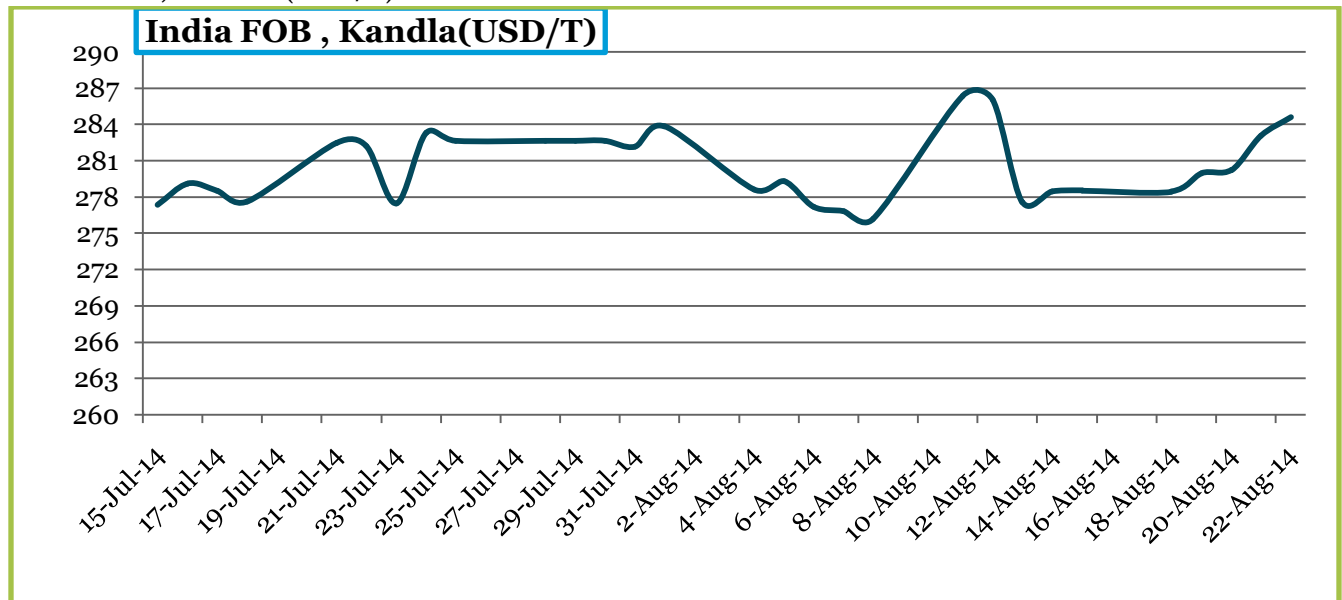
FOB Value as on 23.08.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	15000	14850	14500	15500	14550	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)	16200	16500	16900	17450	16600	15700	19100
Indian FOB (USD/MT)	268.08	273.04	279.66	288.76	274.70	259.80	316.07
Insurance @ 0.1%	0.27	0.27	0.28	0.29	0.27	0.26	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	286	291	298	307	293	278	334
INR	60.43	60.43	60.43	60.43	60.43	60.43	60.43
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	24	19	12	3	17	32	-24

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	22 Aug, 2014	week ago 14 Aug, 2014	Month ago 21 July 14	Year ago 22 Aug 2013	Change over previous Year %
Indore	1605	1634	1631	1593	0.78
Bareilly	1585	1568	1605	1560	1.60
Delhi	1579	1585	1588	1580	-0.06
Khanna	NA	NA	NA	1649	NA
Kanpur	1540	1555	1550	1535	0.33
Karnal	NA	NA	NA	1480	NA
Rajkot	1590	1588	1603	1606	-0.98
Kota	1598	1628	1638	1613	-0.90

India FOB, Kandla (USD/T)

**Wheat Export Weekly Data:**

Weekly Export (11-17 Aug-14)	Quantity in MMt	FoB (\$/Tn)
Total	14953 MMT	
Vietnam	2237 MMT	288.22
Djibouti	10500 MMT	274.77

*Provisional Data (As per IBIS)

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			23.08.2014	16.08.2014	
Delhi	Lawrence Road	Mill Delivery	1575	1580	-5
	Nazafgarh	Mill Delivery Loose	1515	1500	15
	Narella	Mill Delivery Loose	1490	1490	Unch
Gujarat	Rajkot	Mill Delivery	1570	1620	-50
	Ahmedabad	Mill Delivery	1690	1700	-10
M.P.	Bhopal	Mill Quality Loose	1450	1500	-50
	Indore	Mill Delivery	1630	1650	-20
Rajasthan	Kota	Mill Quality	1485	1500	-15
U.P.	Mathura`	Mill Quality Loose	1450	1460	-10
Punjab	Khanna	Mill Quality Loose	1425	1425	Unch
Haryana	Sirsa	Mill Delivery loose	1465	1460	5

*Old crop

Commodity: Wheat
Contract: Sept

Exchange: NCDEX
Expiry: 19th 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 weak market.
- RSI is in neutral region.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Sept	1550	1560	1580	1610	1625
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	Buy	1577	1585	1590	1572.5

*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
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	21.08.14	Week Ago 14.08.14	Month Ago (July)	3 Months Ago (May)	Year Ago (Aug)
USA (Gulf)	SRW 2	-7.93	248.40	245.10	227.77	287.10	269.80
France	FCW3	-6.15	233.13	234.72	243.07	285.60	248.40
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	NA
Australia	CWRS	-16.39	255.00	253.00	258.00	280.00	305.00
Russia	SRW	NA	243.00	241.50	244.50	285.50	NA
Ukraine	SRW	NA	244.50	243.00	246.00	287.00	NA
Argentina	SRW	NA	280.00	272.50	280.00	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.

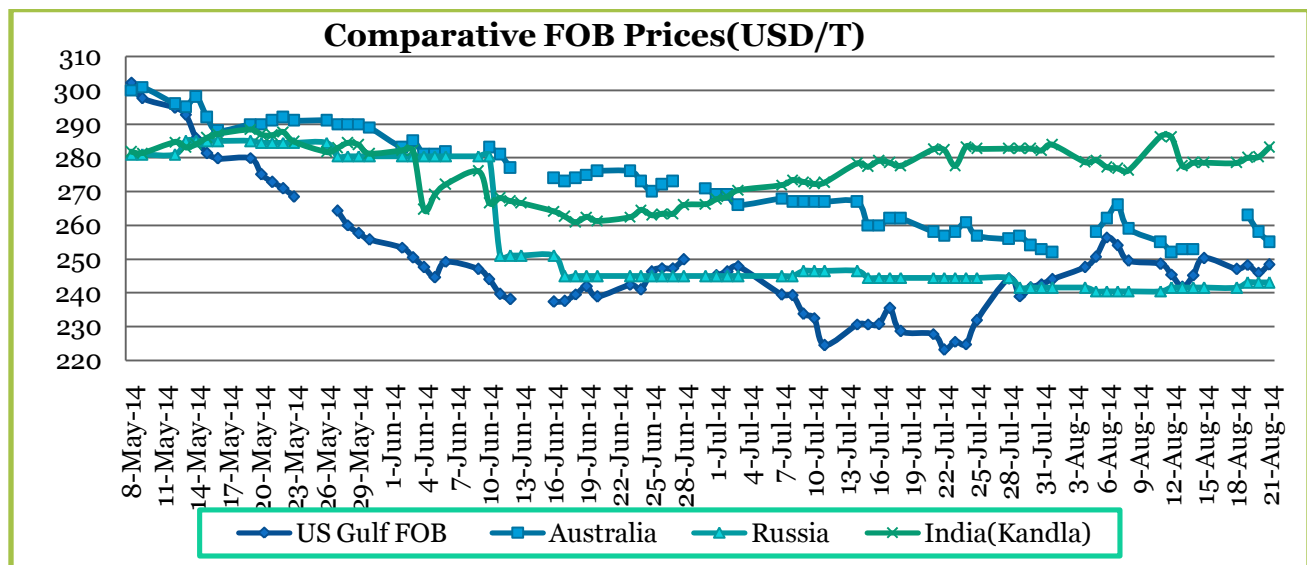
CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 22.08.14 (USD/T)							
CONTRACT MONTH	22 August 14	Week ago (14 Aug 2014)	1 Month ago (22 July 14)	3 Month ago (22 May 14)	6 Month ago (24 Feb 14)	1 Year ago (22 August 13)	% Change over previous year
14-Sep	202.80	197.39	192.70	246.16	231.19	244.60	-17.09
14-Dec	206.57	203.08	201.61	252.86	235.87	249.46	-17.19
15-Mar	213.18	210.52	210.34	259.11	239.09	251.76	-15.32
15-May	216.49	215.20	216.12	261.86	239.82	251.58	-13.95
15-Jul	218.97	218.69	220.99	262.78	236.79	249.28	-12.16
15-Sep	222.55	223.10	225.58	264.62	238.72	249.74	-10.89

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 and southeastern Australia, near- to above-normal July rainfall and generally mild weather maintained good to excellent yield prospects for wheat. In contrast, unfavorably dry weather settled into northern New South Wales and southern Queensland during July, hampering wheat and other winter crop development.

Argentina- Unseasonably heavy rain lingered in Argentina's eastern farming areas during the month of July, maintaining slow rates of fieldwork. Rainfall totaled more than 50 mm from eastern La Pampa and Buenos Aires to eastern Formosa, with amounts exceeding 100 mm in key winter wheat areas of southern Buenos Aires. The general pattern of wetness contributed to delays in winter grain planting, though seasonably drier conditions prevailed in the country's more westerly farming areas (Cordoba to Salta and western Formosa). Monthly temperatures averaging 1 to 2°C above normal maintained generally favorable conditions for emerging to vegetative winter grains throughout the region, although brief outbreaks of unseasonable cold (nighttime lows at or below 0°C) struck the northwest.

Russia and Ukraine- Drier- and warmer-than-normal July weather accelerated winter wheat harvesting from eastern Ukraine into western and southern Russia. However, localized showers (10-50 mm) provided timely soil moisture for reproductive corn in the southwestern corner of Russia in advance of late-month heat. During the latter half of July, hot weather (35-37°C) increased stress in areas with limited soil moisture. Meanwhile, showers (25-100 mm, locally more) maintained favorable prospects for reproductive summer crops in Moldova, northern and western Ukraine, and Belarus.

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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