

Domestic Market Updates:

As projected earlier by Agriwatch the CACP (Commission for Agricultural Costs and Prices) has recommended increasing the minimum support price of wheat by a nominal Rs 50 to Rs 1,450 a quintal this year. The rabi crops of this year will be marketed in 2015-16 starting April.

Wheat cash market stays steady to slightly weak on higher arrivals from upcountry markets and lower offtake by millers in major consuming centers. Besides, continuous holidays restricted normal course of trading. Recommended hike of Rs 50 per qtl. may support market to some extent October onward. Supply side is likely to be at comfortable level even in the lean season.

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.

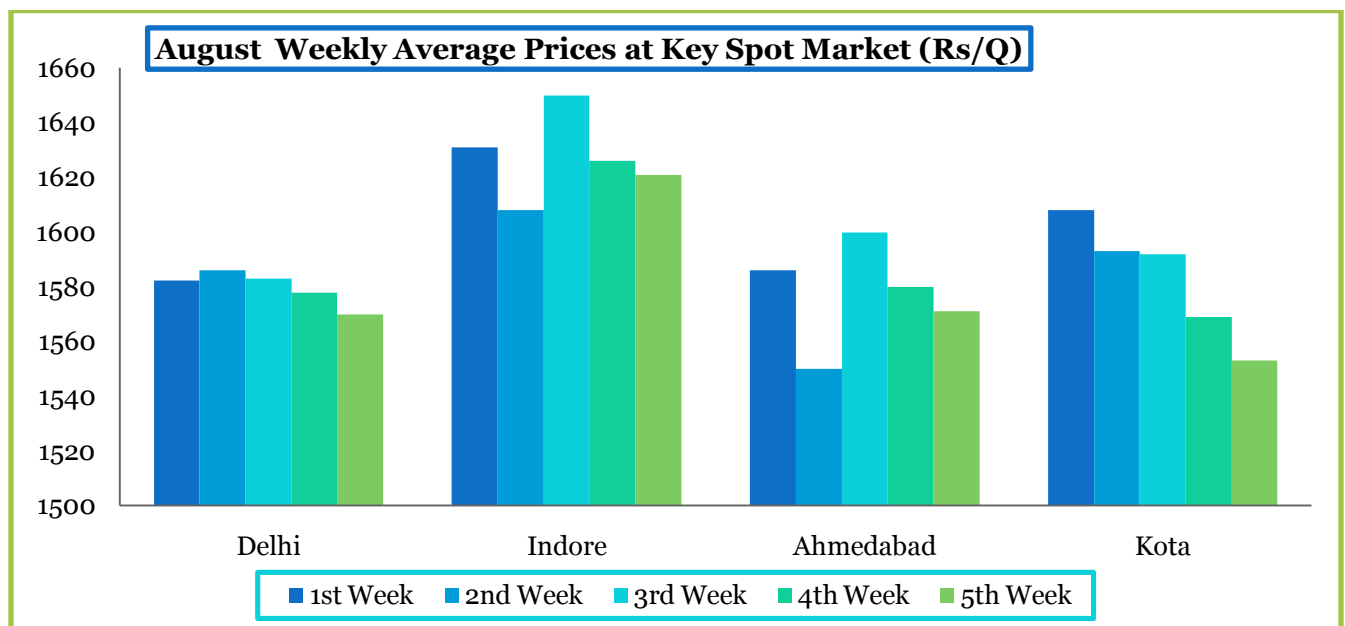
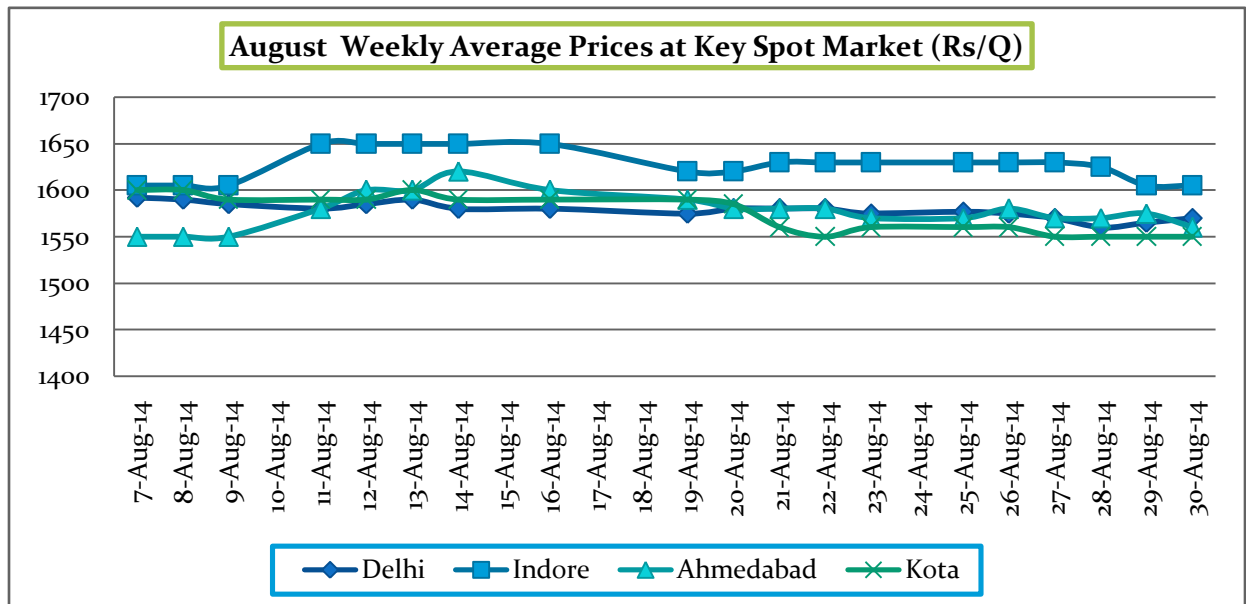
Wheat allocation (around 10 million tonnes) through OMSS for next eight months at fixed reserved price (Rs 1500 and Rs 1570 per qtl. for the old and new crop respectively) would not allow market to get firmer. However, more dip from current level is unlikely from current level.

Wheat 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)

- Increase in rainfall activity over east & northeast India.
- Rain/thundershowers would occur at many places along west coast and northwest India and at a few places over central and adjoining peninsular India.
- Rain/thundershowers would occur at isolated places over remaining parts of the country.



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

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)

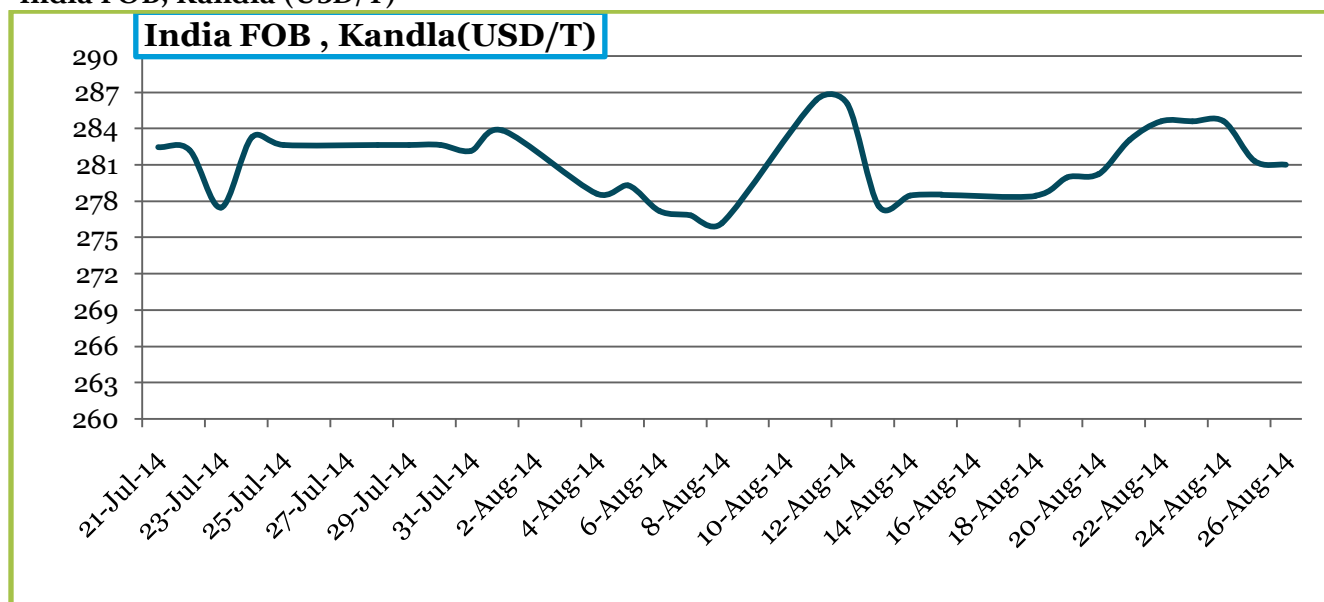
FOB Value as on 30.08.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	14650	14700	14500	15750	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)	15850	16350	16900	17700	16600	15700	19100
Indian FOB (USD/MT)	262.11	270.38	279.48	292.71	274.52	259.63	315.86
Insurance @ 0.1%	0.26	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)	280	288	297	311	293	278	334
INR	60.47	60.47	60.47	60.47	60.47	60.47	60.47
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	30	22	13	-1	17	32	-24

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	26 Aug, 2014	week ago 19 Aug, 2014	Month ago 28 July 14	Year ago 26 Aug 2013	Change over previous Year %
Indore	1605	1595	1629	1610	-0.31
Bareilly	1578	1583	1598	1550	1.81
Delhi	1577	1580	1585	1603	-1.64
Khanna	NA	NA	NA	1651	NA
Kanpur	1528	1555	1570	1535	-0.46
Karnal	NA	NA	NA	1500	NA
Rajkot	1586	1591	1595	1610	-1.49
Kota	1598	1606	1625	1605	-0.44

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
			30.08.2014	23.08.2014	
Delhi	Lawrence Road	Mill Delivery	1570	1575	-5
	Nazafgarh	Mill Delivery Loose	1505	1515	-10
	Narella	Mill Delivery Loose	1480	1490	-10
Gujarat	Rajkot	Mill Delivery	1560	1570	-10
	Ahmedabad	Mill Delivery	1670	1690	-20
M.P.	Bhopal	Mill Quality Loose	1425	1450	-25
	Indore	Mill Delivery	1605	1630	-25
Rajasthan	Kota	Mill Quality	1470	1485	-15
U.P.	Mathura`	Mill Quality Loose	1460	1450	10
Punjab	Khanna	Mill Quality Loose	1435	1425	10
Haryana	Sirsa	Mill Delivery loose	1460	1465	-5

*Old crop

Commodity: Wheat
Contract: Sept

Exchange: NCDEX
Expiry: 19th Sept, 2014

Wheat (Weekly Chart)

WHEAT DELHI 1409(NCWHDU4)2014/08/31 - Weekly B:1557.00 A:1559.00
O 1561.00 H 1565.00 L 1547.00 C 1556.00 V 280 I 7,870 +2 +0.13%

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Technical Commentary:

- Candle stick chart depicts downward movement in the market.
- Fall in price and fall in O.I. indicates consolidation.
- RSI is near overbought region.

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Sept	1525	1535	1556	1590	1605
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	Sell	1560	1550	1545	1566

*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:

Egypt, the top wheat importer(around 10 million tonne annually) is trying to reduce import dependency and for this goal local agriculture ministry has planned to encourage farmers to grow more wheat in the years to come. The target has been fixed to achieve 75 percent of self sufficiency by 2017. Area under wheat is bound to increase. However, import would continue as per requirement.

Pakistan's flour millers bought around 100,000 tons of wheat from the Black Sea region this week, while importers in Bangladesh booked 50,000 tons. Importers in Pakistan paid \$269.50 a ton, including cost and freight, for two cargoes of wheat with 11.5% protein. One cargo is scheduled to be shipped in October and the other is for arrival between October 15 and November 15. Buyers in Bangladesh paid \$255 a ton for 50,000 tons of wheat with 10.5% protein. It is due for shipment in the second half of September.

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.

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.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13.	2013-14 Est	Projection for 2014-15	
						31.07.2014	29.08.2014
Production	679	653	695	655	713	702	713
Trade	128	126	145	141	156	145	146
Consumptions	652	657	698	676	695	699	706
Carryover stocks	199	194	192	170	188	193	195
Y-O-Y change	27	-4	-2	-22	17	3	7
Major Export	79	73	68	48	53	56	59

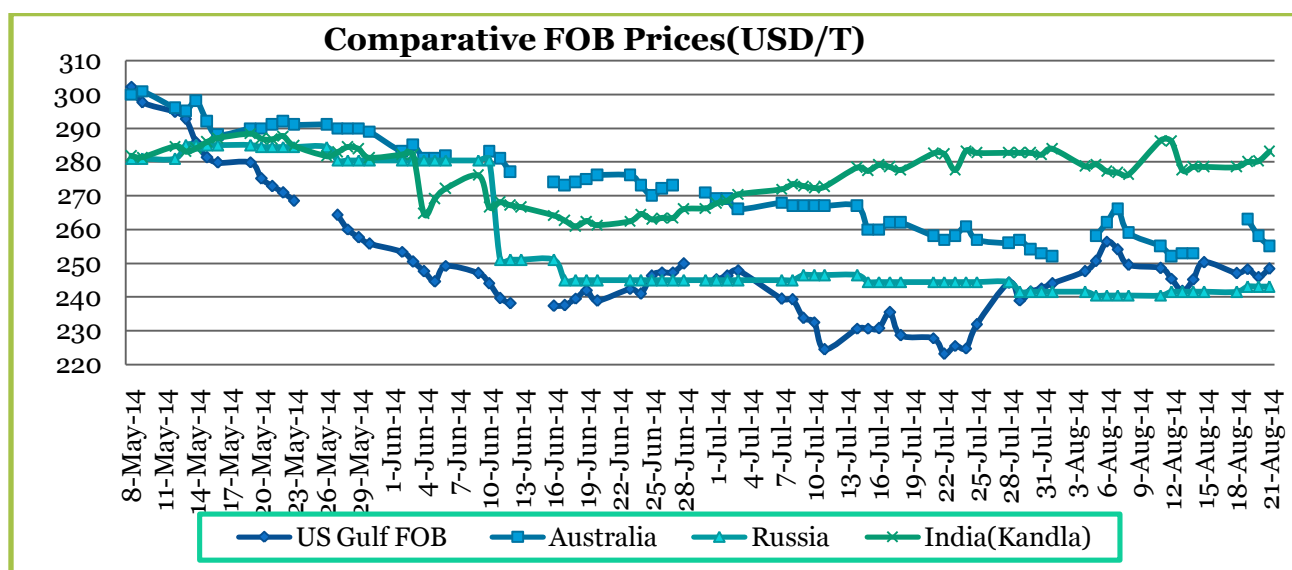
Indicative FOB Quotes:

	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: 29.08.14 (USD/T)							
CONTRACT MONTH	29 August 14	Week ago (22 Aug 2014)	1 Month ago(29 July 14)	3 Month ago(29 May 14)	6 Month ago(28 Feb 14)	1 Year ago(29 August 13)	% Change over previous year
14-Sep	202.16	202.80	191.05	236.97	226.69	248.00	-18.48
14-Dec	207.03	206.48	199.87	243.95	231.09	252.40	-17.98
15-Mar	214.01	213.09	208.68	249.83	234.77	255.34	-16.19
15-May	217.59	216.40	214.56	252.77	236.24	255.34	-14.78
15-Jul	220.16	218.97	218.24	254.24	234.03	253.87	-13.28
15-Sep	223.38	222.64	223.01	256.45	235.87	254.24	-12.14

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 the wake of last week's soaking rains, scattered showers (2-10 mm, locally near 20 mm) fell across southern Queensland and New South Wales, helping to further stabilize yield prospects for wheat. In contrast, for a third consecutive week mostly dry weather covered southern Australia, slowly reducing topsoil moisture for winter grains. Season-to-date rainfall has been near to above normal throughout this region, however, leading to adequate subsoil moisture which has helped moderate the impacts of the recent dryness. Elsewhere, widespread showers (10-25 mm) in Western Australia favored wheat.

Argentina- Heavy rain returned to the southern winter grain belt, providing abundant moisture for germination and establishment but ending a period of favorable planting conditions. Rainfall totaled 10 to 50 mm — locally higher — in eastern La Pampa and southern Buenos Aires; little to no rain fell elsewhere. Weekly temperatures averaged 6 to 10°C above normal, with daytime highs reaching the middle 20s (degrees C) in southeastern Buenos Aires and the middle and upper 30s farther north (northern Cordoba to Salta and Formosa). However, the rainfall, which came at week's end, resulted in daytime highs in the 10s. Nighttime lows fell below 10°C in many areas but no freezes were reported. According to Argentina's Ministry of Agriculture, wheat planting reached 99 percent.

Russia and Ukraine- Hot, mostly dry weather prevailed in southwestern Russia, while showers developed over central and northern portions of the region. The heat and dryness were most pronounced in the Rostov Oblast, located in west-central portions of Russia's Southern District, where highs in excess of 35°C (locally as high as 39°C) and scant rainfall (2 mm or less) stressed late-filling corn and sunflowers. Early-week heat also impacted late-filling summer crops in central and eastern Ukraine, though showers and thunderstorms (2-30 mm) associated with cold front improved soil moisture for winter wheat planting and establishment and lowered temperatures to more seasonable levels. Despite the showers, localized dryness in north-central Ukraine coupled with early-to mid-August heat further lowered yield prospects for filling corn. In contrast, wet weather in Belarus (10-35 mm) maintained abundant soil moisture for filling small grains, though producers need drier weather for winter crop planting. Elsewhere, generally dry weather in Moldova promoted corn harvesting following a favorable growing campaign, while heat and dryness in the southeastern Volga District lowered prospects for filling spring wheat.

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 September.

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