

Domestic Market Updates:

According to IBIS (provisional data), export of wheat in the month of August was 0.43 Lakh tones which is around 69% less than last year at the same month, which was 1.37 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.

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.

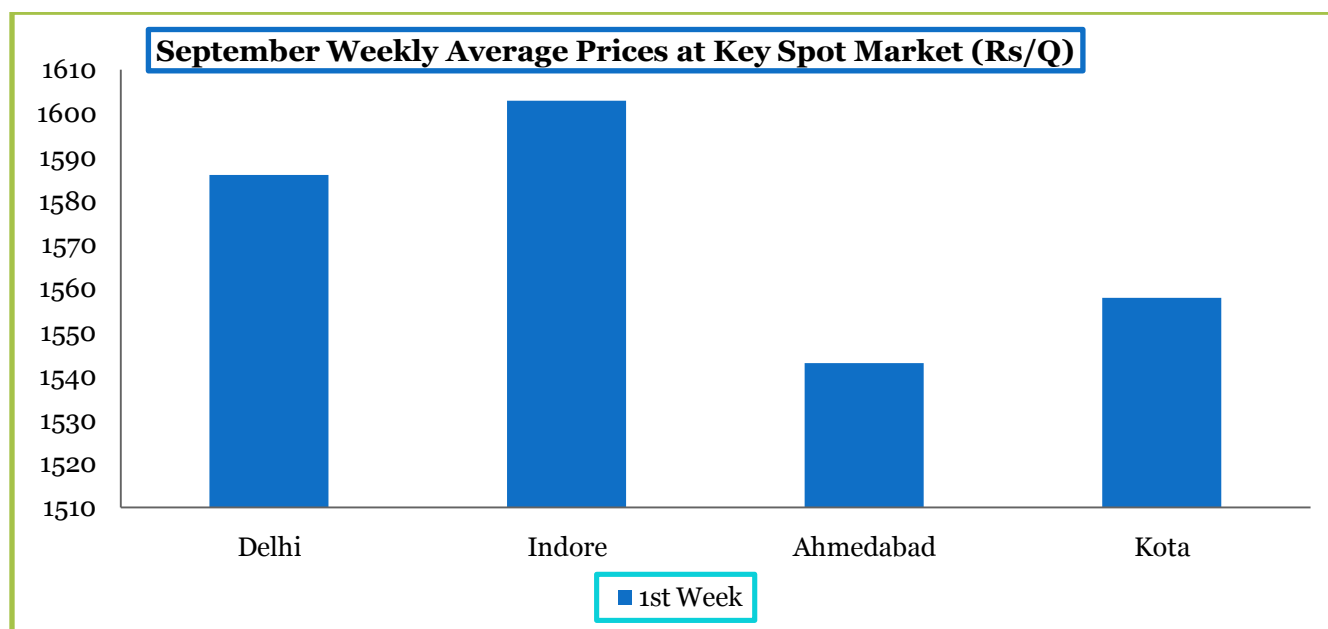
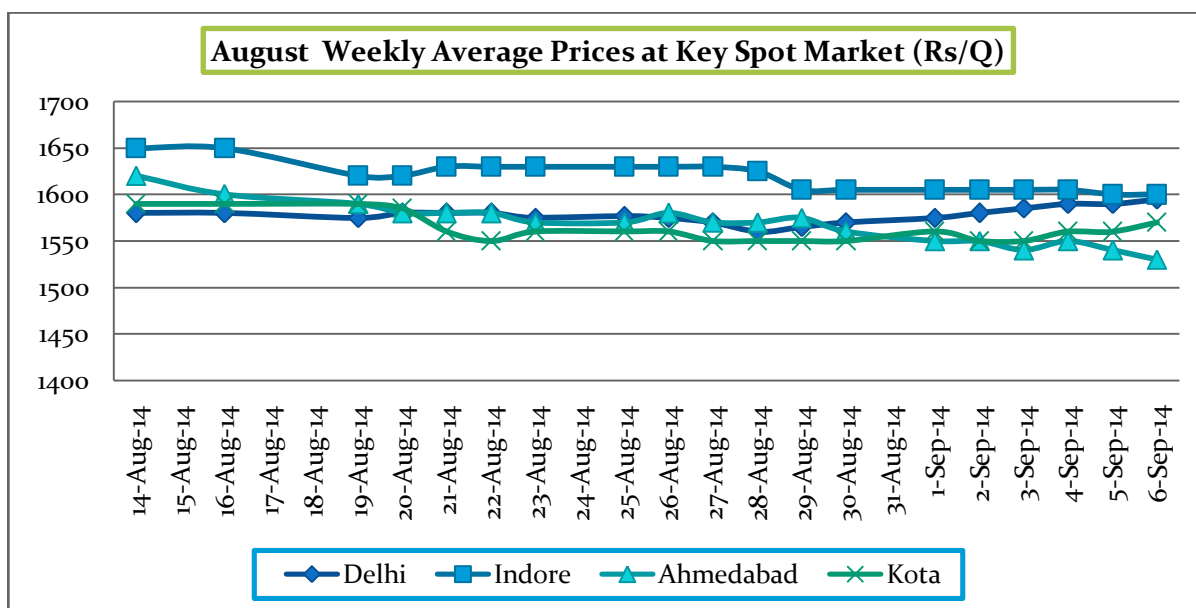
Despite disparity on export front and bearish outlook in global wheat market Indian exporters managed to offload some quantity of wheat in markets like Vietnam, Djibouti, U.A.E., Philippines etc around \$284/tonnes on FoB basis through Kandla, Mundra etc ports. As per IBIS data wheat export from India 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.

Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at most places over Konkan & Goa and Gujarat Region.
- Rain/thundershowers would occur at many places over Coastal Karnataka, Kerala and northeast India.
- Rain/thundershowers would occur at a few places over northwest, east and south interior peninsular India.
- Rain/thundershowers would occur at isolated places over rest parts of the country.



Key spot wheat mill delivery prices traded steady to slightly firm due to less arrivals in the mundis.

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)

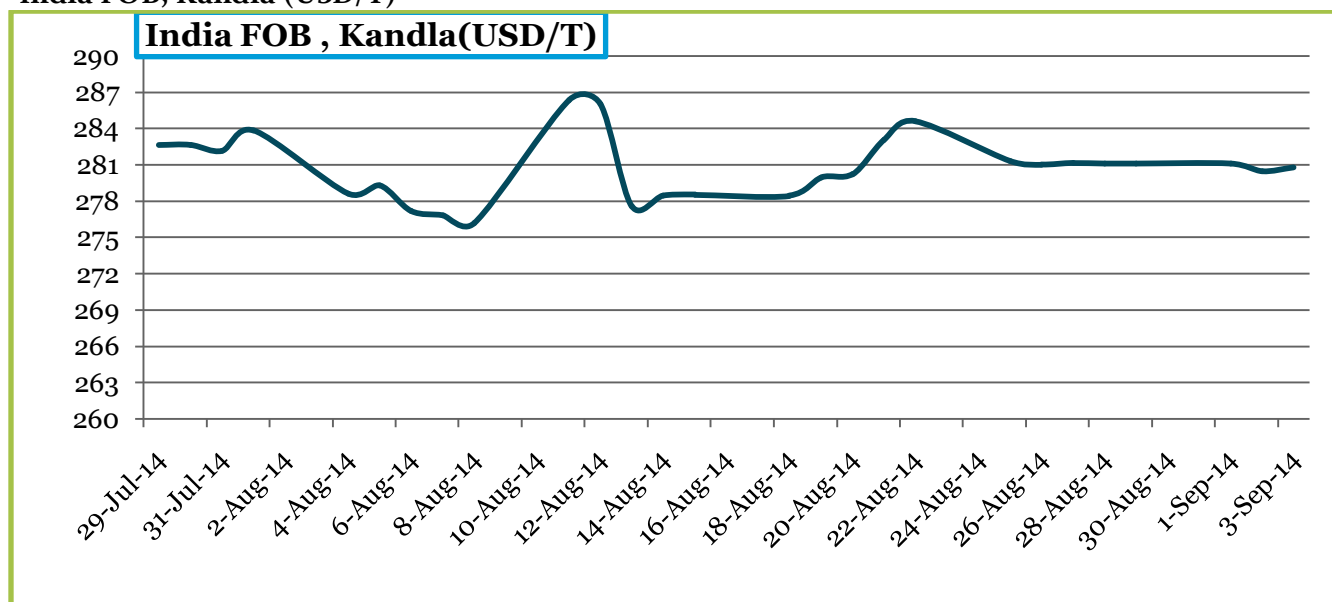
FOB Value as on 06.09.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	14400	14850	14500	15750	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)	15600	16500	16900	17700	16750	15700	19100
Indian FOB (USD/MT)	258.15	273.04	279.66	292.90	277.18	259.80	316.07
Insurance @ 0.1%	0.26	0.27	0.28	0.29	0.28	0.26	0.32
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	276	291	298	311	295	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)	34	19	12	-1	15	32	-24

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	04 Sept, 2014	week ago 26 Aug, 2014	Month ago 04 Aug 14	Year ago 02 Sept 2013	Change over previous Year %
Indore	1575	1595	1629	1600	-1.56
Bareilly	1580	1583	1598	1560	1.28
Delhi	1589	1580	1585	1585	0.25
Khanna	NA	NA	NA	1646	NA
Kanpur	1545	1555	1570	1540	0.32
Karnal	NA	NA	NA	1540	NA
Rajkot	1551	1591	1595	1621	-4.32
Kota	1577	1606	1625	1605	-1.74

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
			06.09.2014	30.08.2014	
Delhi	Lawrence Road	Mill Delivery	1595	1570	25
	Nazafgarh	Mill Delivery Loose	1520	1505	15
	Narella	Mill Delivery Loose	NA	NA	-
Gujarat	Rajkot	Mill Delivery	1530	1560	-30
	Ahmedabad	Mill Delivery	1660	1670	-10
M.P.	Bhopal	Mill Quality Loose	1415	1425	-10
	Indore	Mill Delivery	1600	1605	-5
Rajasthan	Kota	Mill Quality	1585	1470	115
U.P.	Mathura`	Mill Quality Loose	1450	1460	-10
Punjab	Khanna	Mill Quality Loose	1430	1435	-5
Haryana	Sirsa	Mill Delivery loose	1465	1460	5

Commodity: Wheat
Contract: Sept

Exchange: NCDEX
Expiry: 19th Sept, 2014

Wheat (Weekly Chart)

WHEAT DELHI 1409(NCWHDU4)2014/09/07 - Weekly B:1553.00 A:1555.00
O 1555.00 H 1555.00 L 1555.00 C 1555.00 V 70 I 7,450 -5 -0.32%

BOL(SIMPLE, 20, 2.0) 1599.55 1679.18 1519.92



Technical Commentary:

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

Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Sept	1525	1535	1560	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:

South Korean mill CJ Cheiljedang Corp bought 21,200 tonnes wheat (max. 10.5 protein) at Fob around \$260-263/ tonne and 4,900 tonnes wheat (max. 8.5 protein) at Fob \$300/ tonne from U.S. which is scheduled for shipment between Jan. 1 and 31, 2015.

Egypt had bought 60,000 tonnes of French wheat from Granit and 60,000 tonnes of Romanian wheat from Bunge at an average price of \$258.89/tonne (CiF). Earlier Egypt had stopped buying from France as they don't allow import of wheat with moisture content was more than 13 percent whereas in 2013 the average moisture content of France wheat was 13.5. In June, Egypt raised its tolerance again for moisture content to 13.5 percent, albeit with heavier penalties, but had not made a French wheat purchase due to lower price offered by Russian, Romanian and Ukrainian.

The International Grains Council raised its forecast for global wheat production in 2014/15 to 713 million tonnes, up from a previous forecast of 702 million. Better production in Russia, the European Union and China is the main reason for increase in production estimate.

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.

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

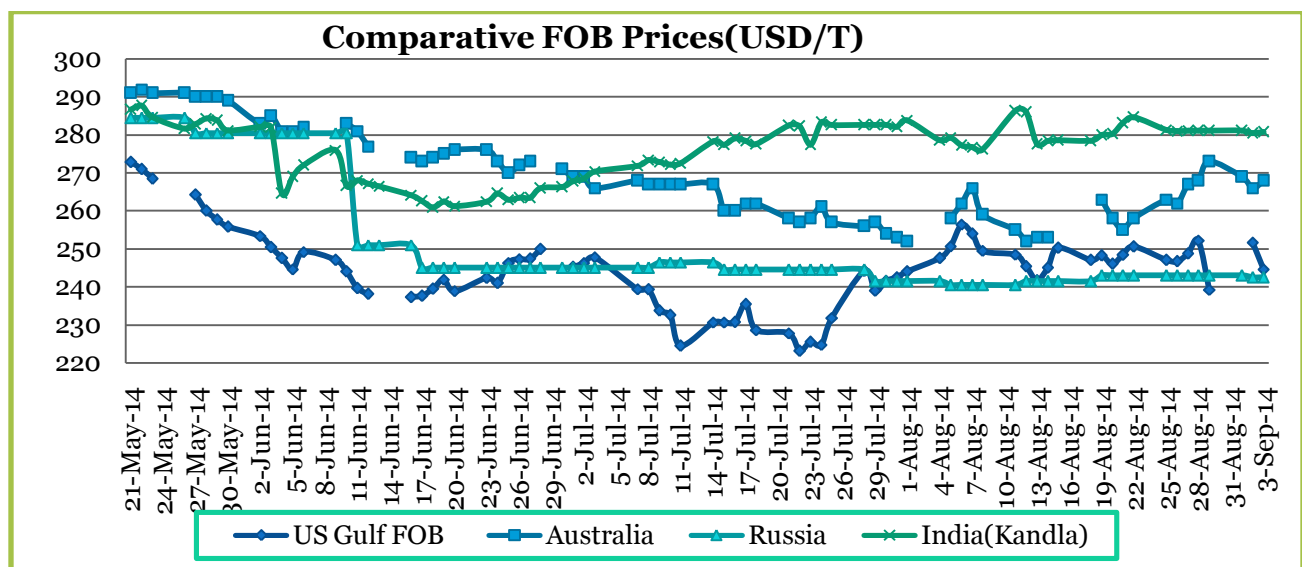
Indicative FOB Quotes:

	Variety	% Change over Prev. Year	03.09.14	Week Ago 28.08.14	Month Ago (Aug)	3 Months Ago (June)	Year Ago (Sept)
USA (Gulf)	SRW 2	-10.73	244.60	252.20	244.00	253.40	274.00
France	FCW3	-9.58	225.61	231.58	238.88	249.99	249.50
United Kingdom	Feed wheat	NA	NA	NA	NA	NA	NA
Australia	CWRS	-10.07	268.00	268.00	252.00	283.00	298.00
Russia	SRW	-0.21	242.50	243.00	241.50	280.50	243.00
Ukraine	SRW	-0.41	244.00	244.50	243.00	282.50	245.00
Argentina	SRW	NA	251.00	255.00	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 713 million tones may keep market under pressure in medium term.

CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 03.09.14 (USD/T)							
CONTRACT MONTH	03 Sept 14	Week ago (28 Aug 2014)	1 Month ago(04 Aug 14)	3 Month ago(04 June 14)	6 Month ago(04 Mar 14)	1 Year ago(04 Sept 13)	% Change over previous year
14-Sep	192.33	204.46	199.87	229.63	240.46	245.79	-21.75
14-Dec	196.83	210.06	207.40	237.52	244.96	250.29	-21.36
15-Mar	204.46	217.23	214.38	243.95	247.44	253.14	-19.23
15-May	209.33	220.72	218.88	247.54	248.18	254.15	-17.64
15-Jul	212.36	222.37	221.91	249.46	244.23	252.77	-15.99
15-Sep	216.21	225.40	226.04	252.31	245.61	253.23	-14.62

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- For the second consecutive week, widespread showers (10-35 mm) overspread Western Australia, maintaining good to excellent yield prospects for winter grains. In contrast, mostly dry weather continued in southeastern Australia, further reducing topsoil moisture for wheat. The persistent dryness has steadily reduced yield potential, but overall yield prospects remain good because near- to above-normal subsoil moisture has helped curb losses. Nevertheless, more rain would be welcomed across this region as crops advance through reproduction. Farther north, scattered showers (5-25 mm, locally more) benefited wheat in northern New South Wales, while seasonably warm, sunny weather hastened winter wheat development in southern Queensland. Temperatures averaged near normal in southern and eastern Australia and above normal (up to 4°C) in Western Australia.

Argentina- Heavy rain continued for a second week across the southern wheat belt, disrupting the final stages of planting and causing ponding in fields. Rainfall totaled more than 50 mm over a large section of southeastern Buenos Aires; this included the delegations of Tandil and Tres Arroyos, two of the country's largest producers of winter grains. Somewhat lighter rain (2-25 mm) was recorded elsewhere in Buenos Aires and in La Pampa but dry weather dominated the remainder of the country. Weekly temperatures averaged 1 to 2°C below normal in most major agricultural areas with the exception of the far north (Salta through Formosa), where temperatures averaged closer to normal. Nighttime lows dropped below freezing as far north as Santiago del Estero. A warming trend caused temperatures to reach the middle and upper 30s (degrees C) late in the week in the far north, otherwise temperatures were generally capped at 10s and lower 20s, with the coolest conditions recorded in the far south (La Pampa and Buenos Aires). According to Argentina's Ministry of Agriculture, both corn harvesting and winter wheat planting were virtually complete as of August 28.

Russia and Ukraine- Hot, dry weather persisted in southwestern Russia, while showers continued over central and northern portions of the region. In particular, heat and dryness impacted late-filling summer crops across Russia's Southern and North Caucasus Districts, with Rostov (located in west-central portions of the Southern District) tallying a meager 5 mm of rain since June 22. Soil moisture remained unfavorably low for winter wheat germination and establishment. Temperatures continued to approach or top 35°C in this key crop region, exacerbating the impacts of the developing drought. In contrast, wet weather (10-50 mm, locally more) from Belarus and Ukraine into central Russia maintained adequate to abundant soil moisture for filling summer crops as well as vegetative winter grains.

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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