

Domestic Market Updates:

According to IBIS, export of wheat in the last week of October was around 32 Thousand Mt. The major export destination of Indian wheat was Algeria from kandla port which accounted 31.50 thousand MT at an average FOB price of \$359.21/Tn .Other countries were U.A.E, Malaysia and Philippines.

Wheat market fundamental points to move range bound in weeks ahead as supply side remain ample from central pool stock as well as private stock. Millers demand for festive season is almost over and only normal buying is expected in the month of November. Price remains unsupported due to sluggish export demand.

Wheat sowing in Northern India is likely to delay by 15-20 days from normal schedule due to late harvesting of paddy crop in Punjab and Haryana. Wheat sowing in Punjab and Haryana normally starts in the mid of October but this year it will start by the end of October.

FCI has invited bids fir 1Lakh Tn wheat selling through tender in Haryana region at reserve price of Rs 1500/quintal just to augment supply in the open market especially for the flour millers in the month of October. It will restrict open market from firming up in the near term. More tender for wheat selling is likely in the third quarter as government has to sell almost 10MMt wheat in the rest of the current marketing year.

Wheat stock in central pool warehouses was registered at 32.26 million T on 01 October compared to 35.17 million T on 1st September 2014. The highest accumulated stock is in Punjab (12.36 million T) followed by Madhya Pradesh (6.62 million tonne) and Haryana (5.89 million Tonne) as on 01.10.2014.

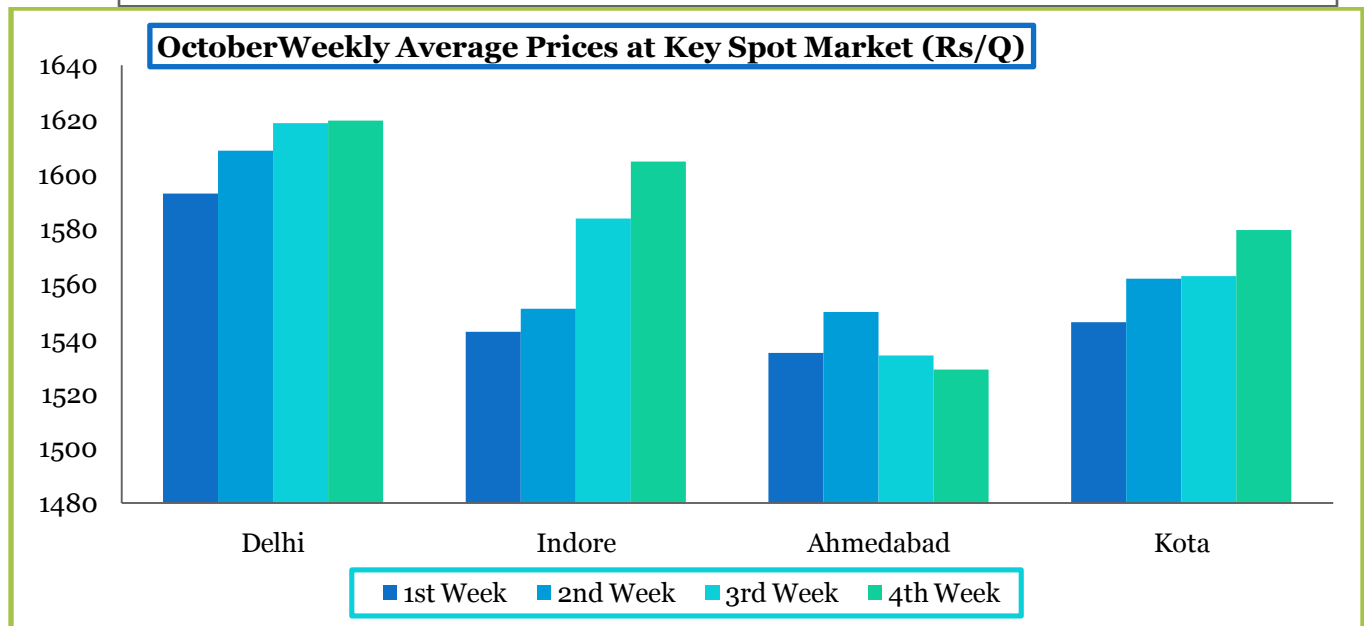
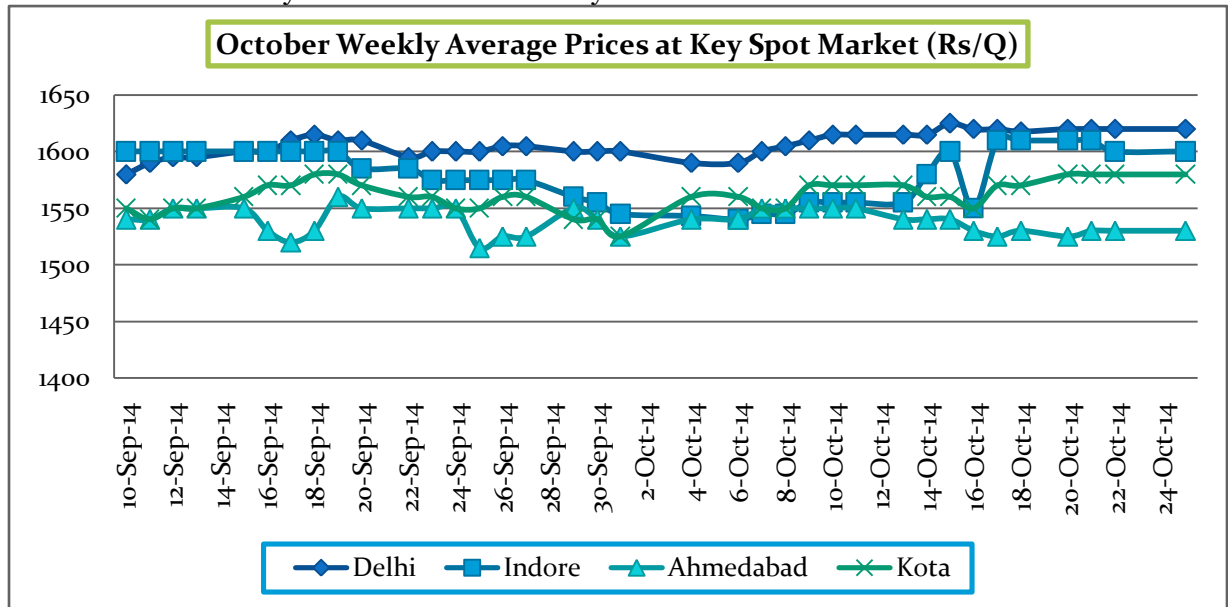
Export opportunity of Indian wheat to other countries is lower due FOB imparity. India Fob at Kandla port is around \$273-278/Tn as compare to Australia (\$264-267), U.S. (\$250-255) and Russia (\$230-235). In coming days domestic prices is going to increase due to increase demand by festive season therefore export is going to be on more lower side.

According to IBIS (provisional data), export of wheat in the month of September was 0.52 Lakh tonnes which is around 70% less than last year at the same month, which was 1.79 Lakh tones in September 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 and wind speed over Gujarat region from 30th October.
- Rain/thundershower would occur at many places over extreme south Peninsular India.
- Rain/thundershower would occur at a few places over Konkan & Goa, Andaman & Nicobar Islands and Lakshadweep.
- Rain/thundershower would occur at isolated places over northeastern states, Bihar and Sub-Himalayan WestBengal & Sikkim.

- Weather would be dry over rest of the country.



| STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.10.2014: | STOCK WITH FCI | STOCK WITH STATE AGENCIES | TOTAL IN CENTRAL POOL |
|---|----------------|---------------------------|-----------------------|
| EAST ZONE | 7.40 | 0.00 | 7.40 |
| NORTH EAST ZONE | 0.30 | 0.00 | 0.30 |
| NORTH ZONE | 110.62 | 116.08 | 226.70 |
| SOUTH ZONE | 6.79 | 0.00 | 6.79 |
| WEST ZONE | 14.05 | 72.43 | 78.35 |
| TOTAL | 139.16 | 18.38 | 319.54 |

(Figures in Lakh Tonnes)

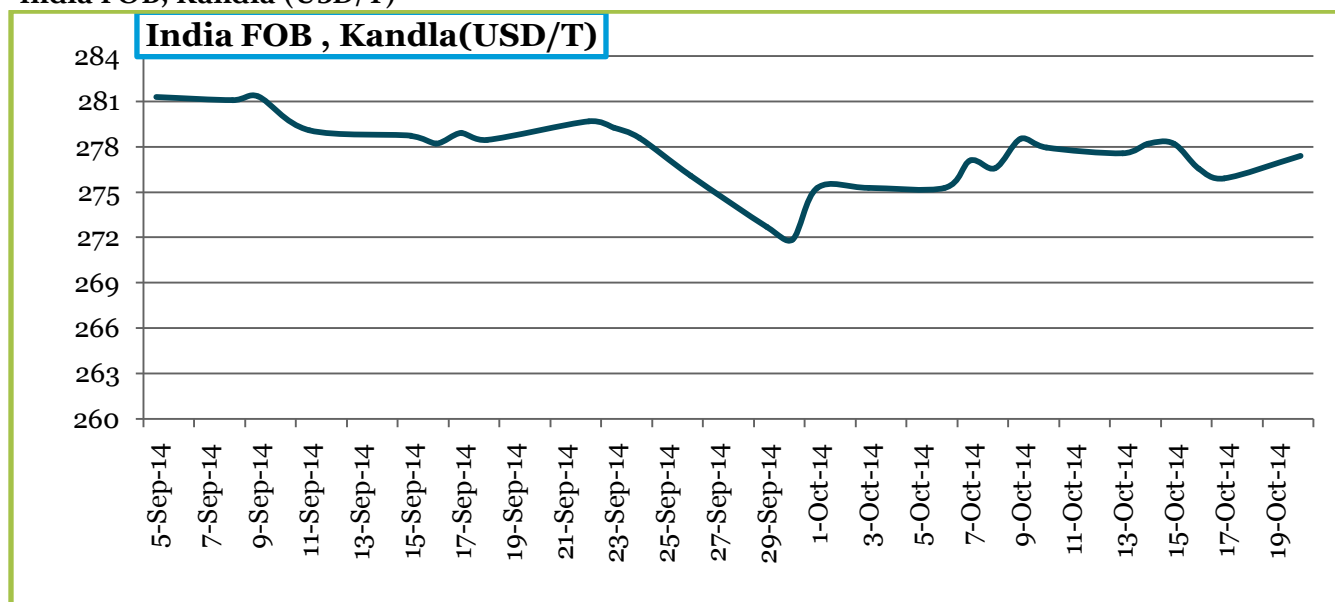
FOB Value as on 25.10.2014 from various destinations at Kandla:

| Parity Calculation | Rajkot | Kota | Begusarai | Indore | Kosi | MSP | ECO.Cost |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Basic cost of wheat (Rs/ton) | 14200 | 15000 | 15000 | 15500 | 14800 | 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) | 15400 | 16650 | 17400 | 17450 | 16850 | 15700 | 19100 |
| Indian FOB (USD/MT) | 251.55 | 271.97 | 284.22 | 285.04 | 275.24 | 256.45 | 311.99 |
| Insurance @ 0.1% | 0.25 | 0.27 | 0.28 | 0.29 | 0.28 | 0.26 | 0.31 |
| Freight Charges (US \$/ton) to Chittagong | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| CIF (kandla to Chittagong) | 270 | 290 | 302 | 303 | 293 | 274 | 330 |
| INR | 61.22 | 61.22 | 61.22 | 61.22 | 61.22 | 61.22 | 61.22 |
| Russian Wheat FOB (USD/MT) | 292 | 292 | 292 | 292 | 292 | 292 | 292 |
| Parity on FOB Basis (USD/MT) | 40 | 20 | 8 | 7 | 17 | 36 | -20 |

Spot prices of wheat at NCDEX Delivery centers

| NCDEX SPOT | 21 Oct, 2014 | week ago 14 Oct, 2014 | Month ago 22 Sept 14 | Year ago 15 Oct 2013 | Change over previous Year % |
|-----------------|--------------|--------------------------|-------------------------|-------------------------|--------------------------------|
| Indore | 1579 | 1573 | 1575 | 1678 | -5.90 |
| Bareilly | 1543 | 1545 | 1600 | 1610 | -4.16 |
| Delhi | 1621 | 1619 | 1600 | 1634 | -0.80 |
| Khanna | NA | NA | NA | 1660 | NA |
| Kanpur | 1514 | 1514 | 1560 | 1600 | -5.38 |
| Karnal | NA | NA | NA | 1550 | NA |
| Rajkot | 1551 | 1550 | 1543 | 1655 | -6.28 |
| Kota | 1597 | 1595 | 1590 | 1636 | -2.38 |

India FOB, Kandla (USD/T)

**Wheat Export Weekly Data:**

| Weekly Export (20 Oct-26 Oct-12) | Quantity in Mt | FoB (\$/Tn) |
|----------------------------------|----------------|-------------|
| Total | 32472.00 | 326.60 |
| Algeria | 31500.00 | 359.21 |
| Malaysia | 279.00 | 288.41 |

*Provisional Data (As per IBIS)

Domestic Key Spot Market Price Comparison:

| Centre | Market | Variety | Prices (Rs/Qtl) | | Change |
|-----------|---------------|---------------------|-----------------|------------|--------|
| | | | 25.10.2014 | 18.10.2014 | |
| Delhi | Lawrence Road | Mill Delivery | 1620 | 1618 | 2 |
| | Nazafgarh | Mill Delivery Loose | 1550 | 1550 | Unch |
| | Narella | Mill Delivery Loose | 1575 | 1550 | 25 |
| | | | | | |
| Gujarat | Rajkot | Mill Delivery | 1525 | 1530 | -5 |
| | Ahmedabad | Mill Delivery | 1625 | 1650 | -25 |
| M.P. | Bhopal | Mill Quality Loose | 1450 | 1430 | 20 |
| | Indore | Mill Delivery | 1610 | 1610 | Unch |
| Rajasthan | Kota | Mill Quality | 1580 | 1570 | 10 |
| U.P. | Mathura` | Mill Quality Loose | 1475 | 1475 | Unch |
| Punjab | Khanna | Mill Quality Loose | 1450 | 1480 | -30 |
| Haryana | Sirsa | Mill Delivery loose | 1485 | 1485 | Unch |

Commodity: Wheat
Contract: Nov

Exchange: NCDEX
Expiry: 20th Nov, 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 consolidation.
- RSI is in neutral zone.

Strategy: Sell

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|-----|-------------|-------|------|------|------|
| Wheat | NCDEX | Nov | 1535 | 1550 | 1599 | 1635 | 1650 |
| Intraday Trade Call* | | | Call | Entry | T1 | T2 | SL |
| Wheat | NCDEX | Nov | Sell | 1603 | 1596 | 1593 | 1607 |

*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:

Unfavorable weather in key wheat-growing regions in Australia could cause output to fall more than 5 percent from the country's official estimate for 2014/15. Lower wheat production in Australia would support global prices, which have firmed in recent weeks due to concern over the condition of the U.S. winter crop, which is behind schedule after wet weather.

Bangladesh to buy 250000 of wheat at \$297.50 a tonne c&f in a government-to-government deal with Ukraine. The Bangladesh state grains purchasing agency plans to import a total of 900,000 tonnes of wheat in the financial year that started in July.

Private buyers in Egypt purchased about 12,000 tonnes of wheat of 11.5 percent protein from the Black Sea region, possibly to be sourced from Russia or Moldavia at \$241 / tonne c&f which has to be delivered in November.

Glencore, Vitol and Mesopotamia got the tender to supply 2, 00,000 tonnes of milling wheat to Turkey grain board. They got the tender in the range of \$262-\$268 a tonne c&f and have to deliver shipment between Oct. 25 to Nov. 20.. The wheat is likely to be sourced from a range of origins including Russia, Ukraine, the European Union and United States.

Russia got the latest tender of GASC's of 55,000 Tonne wheat of 12.5 percent protein content at \$239.30 a tonne on a free-on-board basis (FOB). The tender has given the necessary support to the declining wheat prices in Russia; however it may further move southward as export demand is reducing due to price competitiveness.

According to WASDE, Global wheat production is raised by 1.2 MMT from last month report to 221 MMT. The increase is mainly due to greater production estimate from E.U., Pakistan and Ukraine. Decrease in production is recorded in countries like Kazakhstan, Algeria, Australia, Canada and Argentina.

The International Grains Council raised its forecast for global wheat production in 2014/15 to 717 million tonnes, up from a previous forecast of 713 million. Better production in CIS countries, the European Union and China is the main reason for increase in production estimate.

As per Reuter's, Russia's agriculture agency has raised Russia's 2014 grain crop forecast to 104-106 million tonnes from previously expected 98 million tonnes. The country's wheat crop forecast was upgraded to 60 million tonnes from 58 million tonnes expected earlier.

IGC Wheat Balance Sheet

(Quantity in MMT)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13. | 2013-14 Est | Forecast for 2014-15 | |
|-------------------------|---------|---------|---------|----------|-------------|----------------------|------------|
| | | | | | | 29.08.2014 | 25.09.2014 |
| Production | 679 | 653 | 695 | 655 | 713 | 713 | 717 |
| Trade | 128 | 126 | 145 | 141 | 156 | 146 | 147 |
| Consumptions | 652 | 657 | 698 | 676 | 695 | 706 | 709 |
| Carryover stocks | 199 | 194 | 192 | 170 | 188 | 195 | 195 |
| Y-O-Y change | 27 | -4 | -2 | -22 | 17 | 7 | 8 |
| Major Export | 79 | 73 | 68 | 48 | 53 | 59 | 60 |

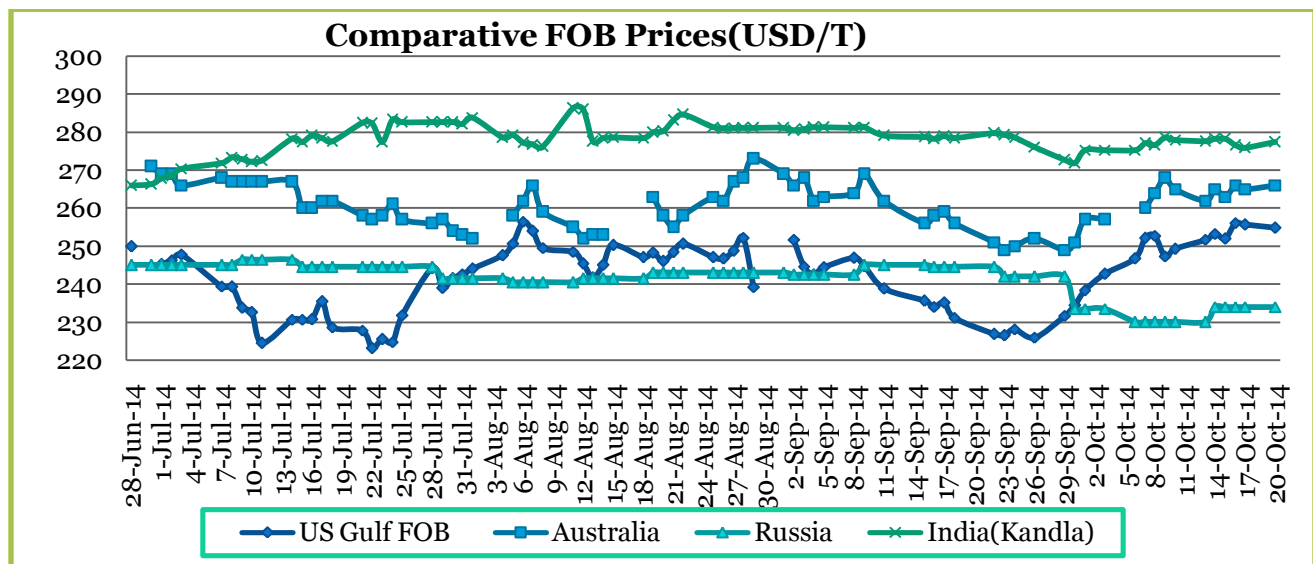
Indicative FOB Quotes:

| All prices are for SRW /milling grade, comparable to Indian quality | 2 nd July 14 | 1 st Aug 14 | 2 nd Sept 14 | 01st Oct 14 |
|---|-------------------------|------------------------|-------------------------|-------------|
| USA | 246.30 | 244.00 | 251.70 | 238.40 |
| France | 247.87 | 238.88 | 232.27 | 202.52 |
| United Kingdom | NA | NA | NA | NA |
| Australia | 269.00 | 252.00 | 266.00 | 257.00 |
| Russia | 245.00 | 241.50 | 242.50 | 233.50 |
| India | 268.47 | 283.86 | 280.48 | 275.30 |

Global wheat market is expected to trade weak on higher wheat production estimate of 721 million tones and IGC latest estimate of 717 million tones may keep market under pressure in medium term.

CBOT FUTURES CONTRACT:

| CBOT Futures Prices: Date: 27.10.14 (USD/T) | | | | | | | |
|---|-----------|------------------------|-------------------------|-------------------------|------------------------|-----------------------|-----------------------------|
| CONTRACT MONTH | 27 Oct 14 | Week ago (21 Oct 2014) | 1 Month ago(29 Sept 14) | 3 Month ago(29 July 14) | 6 Month ago(29 Apr 14) | 1 Year ago(29 Oct 13) | % Change over previous year |
| 14-Dec | 192.06 | 190.77 | 176.81 | 199.77 | 270.59 | 259.94 | -26.11 |
| 15-Mar | 197.11 | 195.82 | 181.50 | 208.78 | 274.91 | 261.96 | -24.75 |
| 15-May | 199.87 | 198.58 | 184.71 | 214.38 | 276.38 | 262.05 | -23.73 |
| 15-Jul | 202.71 | 201.06 | 186.82 | 218.24 | 271.51 | 259.84 | -21.99 |
| 15-Sep | 206.39 | 204.55 | 190.59 | 222.83 | 272.43 | 261.31 | -21.02 |
| 15-Dec | 210.89 | 208.96 | 196.38 | 228.52 | 275.09 | 265.63 | -20.61 |

CBOT Dec- 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 September, near-normal rainfall in Western Australia maintained good yield prospects for immature winter grains. In contrast, unfavorably dry weather persisted in South Australia and northern Victoria, causing a slow but steady decline in yield potential. Occasional showers in eastern Australia benefited reproductive winter crops in the south. The rain came too late in the growing season to significantly benefit filling to maturing winter wheat in the north, but helped boost topsoil moisture in advance of summer crop sowing.

Argentina- In September, lingering wetness delayed the final stages of winter wheat planting. Monthly rainfall totaled more than 50 mm from La Pampa and Buenos Aires northeastward through Corrientes, reaching as far west as Formosa and Chaco. In contrast, little to no rain fell in the northwest. Monthly temperatures averaging 2 to 3°C above normal spurred development of winter grains and emerging summer crops; freezes were generally confined to traditionally cooler locations in La Pampa and Buenos Aires, likely having limited impact on agriculture.

Russia and Ukraine: An unusually strong storm system produced heavy rain and high winds over western Russia and Ukraine during the latter part of September, damaging infrastructure but providing timely moisture for winter grain establishment. Favorably drier conditions both before and after the storm aided summer crop harvesting; however, beneficial rain fell in previously dry sections of southern Russia during the month.

International Weekly Outlook: With Due to some disturbance in weather in many parts of U.S. there is slightly upward movement. However the better crop production estimate will stop the bull market. There can be a resistance at 545 bushel.

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