

Domestic Market Updates:

Despite delayed sowing in lower land in Bihar and Uttar Pradesh crop condition of standing crop is satisfactory so far. Decreasing temperature remains favorable for wheat crop and no major fall in production is expected at this point of time. Almost 80 percent sowing has been completed and one - two showers of winter rains may ensure better growth for sprouting stages.

Rake loading by private trade has decreased considerably in the second fortnight of December. Fresh demand may be seen in the second week of January. Recent firmness in wheat market is due to seasonal factors. Farmers are engaged in sowing activities and arrivals from their end have decreased considerably. Demands in domestic market remain normal against lower supply. Flour millers may turn to central pool stock to meet their immediate demands.

Wheat stock in govt.'s granary on 15th December was recorded at 26.38 million tonne against 27.20 million tonne on 1st December, 2014. India needs 8.2 million tonne wheat as buffer stock and 3 million tonne as strategic reserve as on 1st January, 2014. Actual holding with govt. is at comfortable stage and supply side would be ample throughout the season.

During last two weeks coverage area under wheat has recovered considerably on the back of favorable weather condition in major growing states. The considerable increase has been registered in Madhya Pradesh where it is now (46.82 lakh hectares) 103 percent in comparison to normal area (45.18 lakh hectares) of the state. However it is lagging behind by around 10 % from last year area (51.93 lakh hectares) coverage till 19 December. Overall wheat area coverage has reached 92% in comparison to normal area so far.

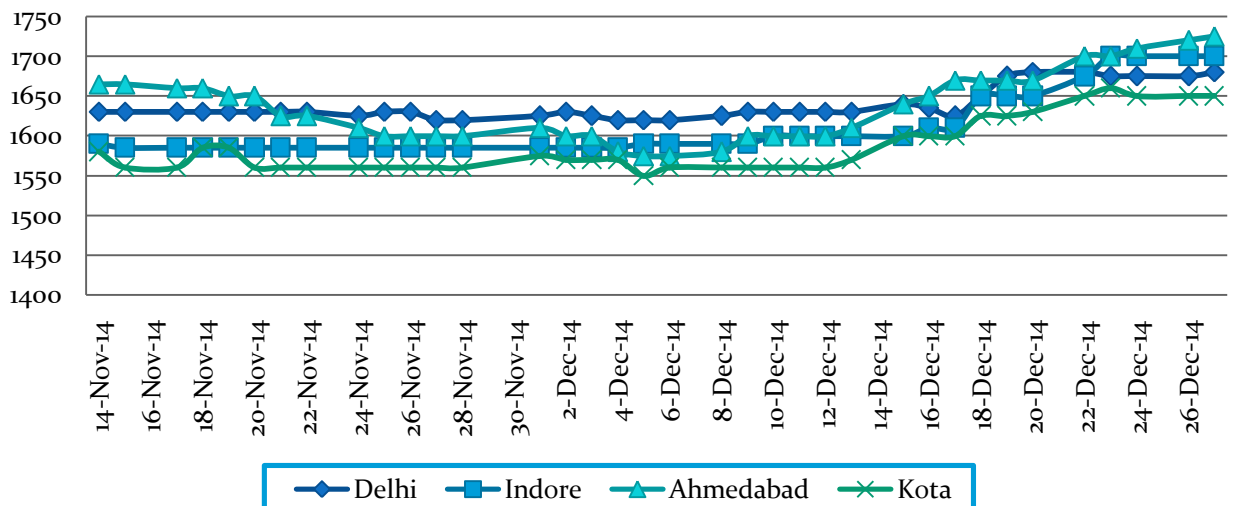
As of now Wheat area has slightly decreased by around 3% in comparison to last year till date. As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 279.60 lakh hectares against corresponding period of 2013-14 (286.90 lakh hectares).

According to IBIS, export of wheat in the second week of December (08-14 Dec) was around .49 Thousand Mt. The major export destination of Indian wheat was UAE from Mundra port which accounted .12 thousand MT at an average FOB price of \$363.01/Tn. Other countries were Jordan and Malaysia.

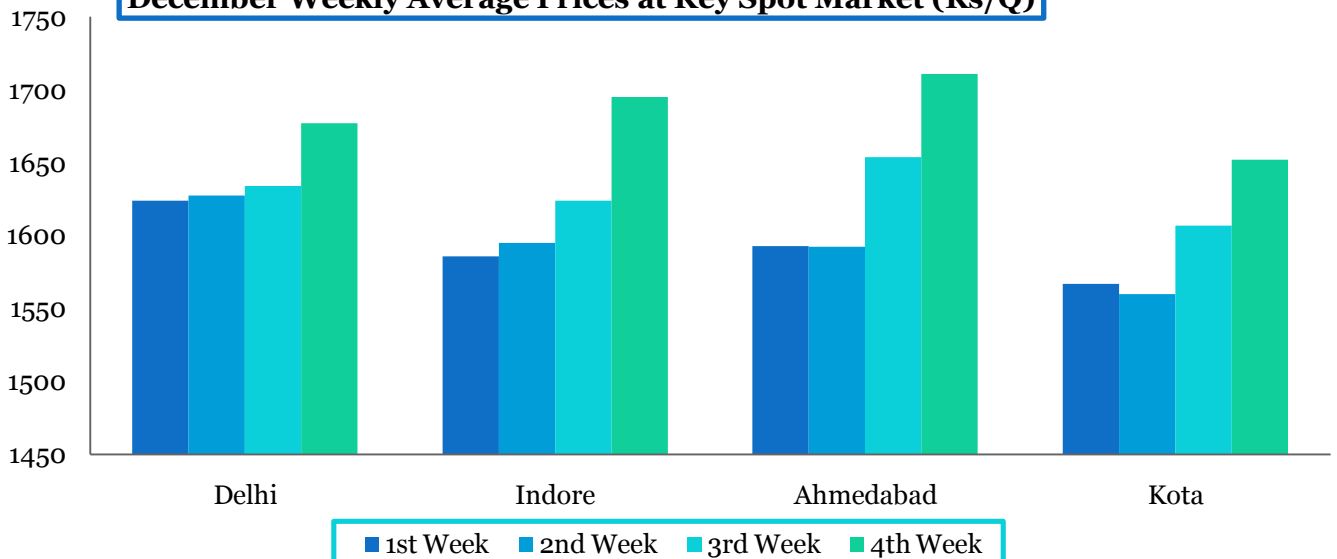
Weather Watch: (Source-IMD)

- Rain/thundershowers would occur at a few places over Andaman & Nicobar Islands.
- Isolated rainfall/thundershower would occur over central India and adjoining parts of East & peninsular India with possibility of isolated hailstorm over Madhya Maharashtra, Marathwada and Madhya Pradesh.
- A fresh Western Disturbance as an Upper air system would affect Western Himalayan Region from 3rd Jan. onwards.

December Weekly Average Prices at Key Spot Market (Rs/Q)



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STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.12.2014:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.12	0.00	8.12
NORTH EAST ZONE	0.69	0.00	0.69
NORTH ZONE	98.89	91.81	190.70
SOUTH ZONE	6.73	0.00	6.73
WEST ZONE	15.07	50.77	65.84
TOTAL	129.50	142.58	272.08

(Figures in Lakh Tonnes)

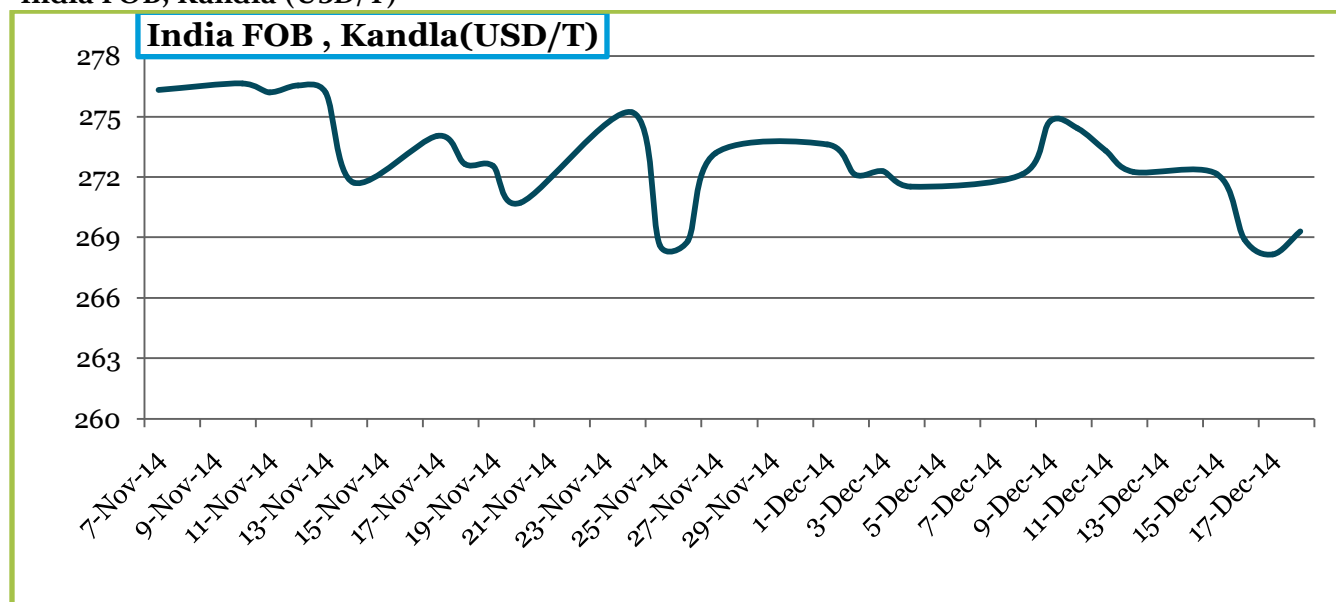
FOB Value as on 27.12.2014 from various destinations at Kandla:

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16400	15750	15500	16000	16000	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)	17600	17400	17900	17950	18050	15700	19100
Indian FOB (USD/MT)	276.60	273.46	281.31	282.10	283.67	246.74	300.17
Insurance @ 0.1%	0.28	0.27	0.28	0.28	0.28	0.25	0.30
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	295	291	299	300	302	265	318
INR	63.63	63.63	63.63	63.63	63.63	63.63	63.63
Russian Wheat FOB (USD/MT)	292	292	292	292	292	292	292
Parity on FOB Basis (USD/MT)	15	19	11	10	8	45	-8

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	23 Dec, 2014	week ago 16 Dec, 2014	Month ago 27 Nov 14	Year ago 26 Dec 2013	Change over previous Year %
Indore	1658	1625	1585	1688	-1.78
Bareilly	1584	1577	1556	1740	-8.97
Delhi	1681	1637	1629	1660	1.27
Khanna	NA	NA	NA	1748	NA
Kanpur	1551	1553	1505	1668	-7.01
Karnal	NA	NA	NA	1575	NA
Rajkot	1668	1600	1601	1704	-2.11
Kota	1650	1605	1601	1701	-3.00

India FOB, Kandla (USD/T)

**Wheat Export Weekly Data:**

Weekly Export (08 Dec-14 Dec-14)	Quantity in Mt	FoB (\$/Tn)
Total	498.00	294.40
UAE	126.00	263.01
Jordan	125.00	322.60

*Provisional Data (As per IBIS)

Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			27.12.2014	20.12.2014	
Delhi	Lawrence Road	Mill Delivery	1680	1680	Unch
	Nazafgarh	Mill Delivery Loose	1630	1565	65
	Narella	Mill Delivery Loose	1610	1595	15
Gujarat	Rajkot	Mill Delivery	1725	1670	55
	Ahmedabad	Mill Delivery	1750	1730	20
M.P.	Bhopal	Mill Quality Loose	1550	1550	Unch
	Indore	Mill Delivery	1700	1650	50
Rajasthan	Kota	Mill Quality	1575	1555	20
U.P.	Kosi	Mill Quality Loose	1600	1600	Unch
Punjab	Khanna	Mill Quality Loose	1450	1450	Unch
Haryana	Sirsa	Mill Delivery loose	1500	1500	Unch

Commodity: Wheat
Contract: Dec

Exchange: NCDEX
Expiry: 19th Dec, 2014

Wheat (Weekly Chart)



Technical Commentary:

- Candle stick chart depicts upward 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	Dec	1645	1660	1704	1745	1760
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Dec	Sell	1708	1698	1695	1715

*Do not carry forward the position until the next Week.

Domestic Weekly Outlook: Market is bound to stay steady to weak due to lower demand .

International Market Updates:

Romanian wheat was offered lowest at \$313.00 a tonne (CiF) in a tender from Iraq's state grains board of at least 50,000 tonnes of hard wheat. The tender called for wheat only from the United States, Canada, Australia, Ukraine, Russia and Romania. No offers for Russian wheat were made after the Russian government imposed informal measures to restrain exports while others offer were Ukrainian at \$322.97, Australian at \$325.93, Canadian at \$331.65 and U.S. at \$333.87.

Egypt had purchased 3, 00,000 tonnes of wheat from Russia & France at an average price of \$273.94/tonne CiF which has to be delivered between 21-31 January. Till now from July 1st, Egypt has bought 2.90 million tonnes of wheat from the international market. Egypt had purchased 5.46 million tonnes of wheat from abroad in addition to 3.7 million tonnes of local wheat in 2013-14.

Olam International offers the lowest bid at \$268.47 a tonne (CiF) among 5 bidders to sell 50,000 tonnes of wheat to Bangladesh. Wheat has to be shipped within 40 days after the approval of Bangladesh purchase committee. Bangladesh is planning to import 900,000 tonnes of wheat in the current fiscal year starting from July that includes 250,000 tonnes of Ukrainian wheat at \$297.50 a tonne (CiF) and other port-related expenses in a government-to-government deal with Ukraine.

The U.S. Department of Agriculture on their latest report raised its forecast for global wheat production with an increase in the Canada and Kazakhstan crop more than offset by cuts by global beginning stock.

Egypt had purchased 180000 tonnes of wheat from Russia & France at an average price of \$262.92/tonne CiF which has to be delivered between 11-20 January. Till now from July 1st, Egypt has bought 2.605 million tonnes of wheat from the international market, in 2013-14 Egypt had purchased 5.46 million tonnes of wheat from abroad in addition to 3.7 million tonnes of local wheat.

Russia government might introduce few new regulations to curb exports to make sure it has enough wheat for domestic use. Russia is a key wheat exporter to North Africa and the Middle East. Russia exports increased due to bumper production and fall in the value of the rouble currency.

IGC Wheat Balance Sheet

(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13.	2013-14 Est	Forecast for 2014-15	
						30.10.2014	27.11.2014
Production	679	653	695	655	713	718	717
Trade	128	126	145	141	155	149	150
Consumptions	652	657	698	677	695	710	712
Carryover stocks	199	194	191	169	187	193	193
Y-O-Y change	27	-4	-2	-22	18	8	6
Major Export	79	73	68	48	52	60	59

Indicative FOB Quotes:

All prices are for SRW /milling grade, comparable to Indian quality	2nd Sept 14	01st Oct 14	03rd Nov 14	03rd Dec 14
USA	251.70	238.40	262.00	269.80
France	232.27	202.52	217.23	229.10
United Kingdom	NA	NA	NA	NA
Australia	266.00	257.00	270.00	266.00
Russia	242.50	233.50	241.00	249.50
India	280.48	275.30	276.83	272.30

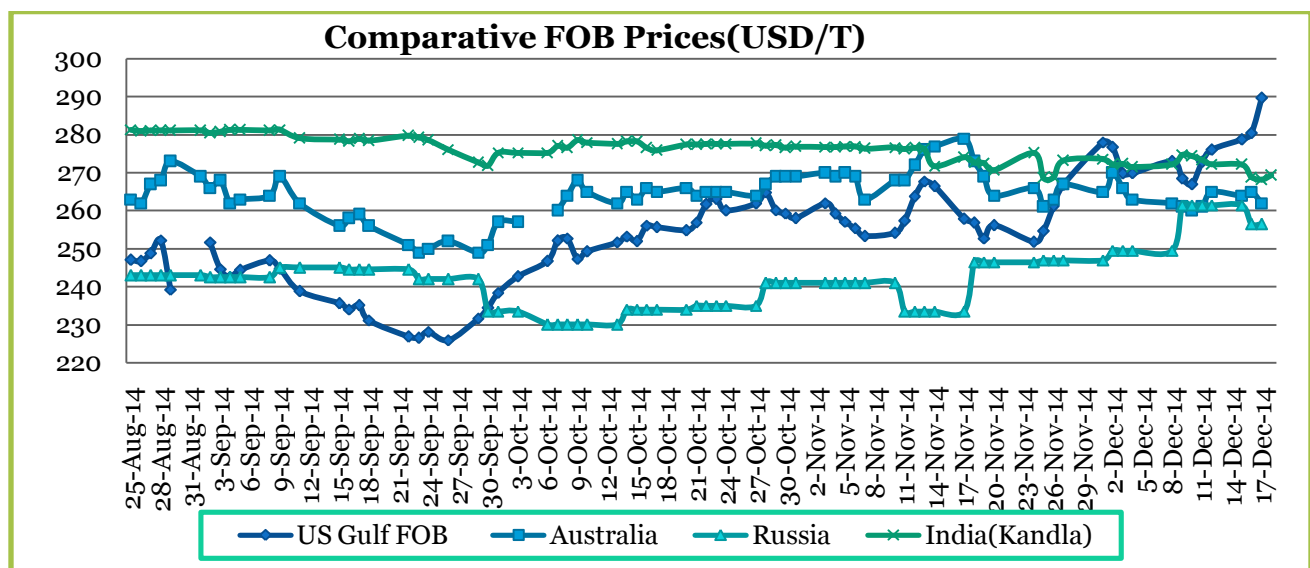
CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 26.12.14 (USD/T)							
CONTRACT MONTH	26 Dec 14	Week ago (22 Dec 2014)	1 Month ago(28 Nov 14)	3 Month ago(30 Sept 14)	6 Month ago(30 June 14)	1 Year ago(30 Dec 13)	% Change over previous year
15-Mar	224.39	229.90	212.54	180.21	227.51	236.61	-5.16
15-May	225.86	231.19	214.75	183.24	232.29	236.97	-4.69
15-Jul	226.50	231.74	216.40	185.35	235.87	235.23	-3.71
15-Sep	228.98	234.22	219.15	189.39	239.91	237.62	-3.63
15-Dec	232.84	237.62	222.74	232.10	243.86	241.57	-3.61
16-Mar	234.40	238.53	226.13	236.15	245.97	243.77	-3.84

CBOT Mar- 15 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 southern and eastern Australia, unseasonably hot, mostly dry weather during November promoted wheat maturation and harvesting. The heat and dryness were unfavorable for summer crops, increasing stress on vegetative crops and discouraging additional planting. In Western Australia, near-normal rainfall and temperatures allowed winter grain harvesting to proceed at a reasonable pace and helped maintain crop quality.

Argentina- During November, near- to above-normal rainfall increased moisture for, but the intensity of the rain in some areas caused localized flooding and disrupted seasonal fieldwork. The heaviest rainfall (monthly accumulations above 200 mm) occurred in the lower Parana River Valley (in and around northern Buenos Aires) and from northern Cordoba to eastern Formosa. In western areas —notably Cordoba — the rain was timely for corn and soybean planting, following extended periods of dryness. Monthly average temperatures were near to slightly above normal; highs occasionally approached 40°C in parts of the north, sustaining high evaporative losses.

Russia and Ukraine: During November, cold conditions further stressed poorly established winter grains in the north, while winter wheat in key southern growing areas entered dormancy under mostly favorable conditions. Autumn drought continued from Belarus and northern Ukraine into central Russia, with November precipitation totaling less than 50 percent of normal (locally less than 10 percent). The lack of moisture Coupled with an early onset of bitter cold (-20°C or lower) resulted in poorly established winter grains in more northerly growing areas. In addition, a lack of snow cover may have resulted in some burn back or winterkill during the coldest weather. In contrast, despite a dry November, winter crops in southern growing areas were properly established due to plentiful autumn rainfall. Therefore, winter wheat from southern Ukraine into southern portions of Russia entered dormancy under mostly favorable conditions and was better able to withstand the late-month bitter cold, despite a relatively shallow snowpack.

International Weekly Outlook: Global wheat market may trade steady to weak due to lower demand in the holiday season and ample supply in the world market. Market may test the first resistance level of 560 cent per bushel in the short term. We expect market to trade in the range of \$210 to \$250 per T.

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