

### Domestic Market Updates:

**In patan district of Gujarat wheat prices are in the range of Rs 1930-1960/Quintal** which is coming from the private stock .Despite of good arrival from the private stock and demand from local millers is which is not push the prices down. Local millers may shift to government stock in near term once stocks in private hand stock get thinning. However wheat price from government warehouse too rule in the same range for ex mill.

**Wheat crop in eastern Gujarat is in good condition** and standing crop is in sprouting stage as per Agriwatch team. Second irrigation is almost done in the region and we expect that better production prospects for coming season if weather sustain till harvesting.

**According to IBIS, export of wheat in the last week of December** (22-28 Dec) was around 26 Thousand Mt. The major export destination of Indian wheat was U.A.E. from Mundra port which accounted 25 thousand MT at an average FOB price of \$318.29/Tn .Other countries were Italy and Malaysia.

**As of now Wheat area has slightly decreased by around 1%** in comparison to last year till date .As per latest update by agriculture ministry wheat coverage during 2014-15 has been registered at 293.16 lakh hectares against corresponding period of 2013-14(294.30 lakh hectares).

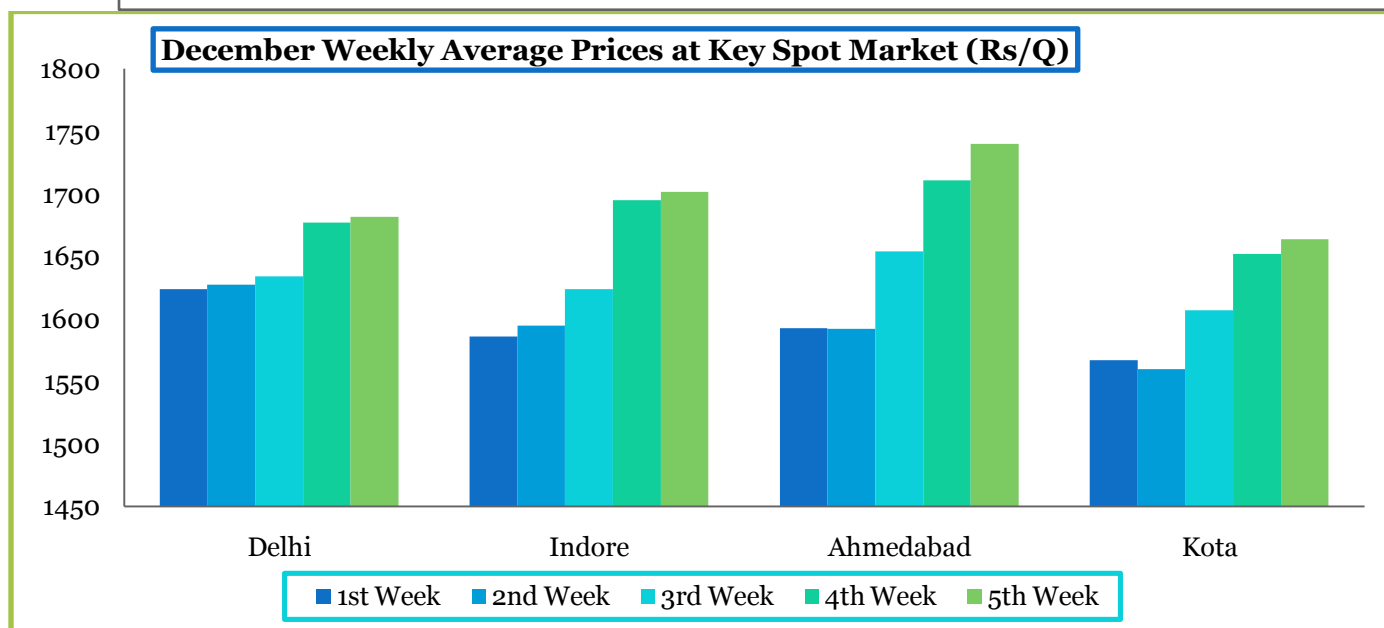
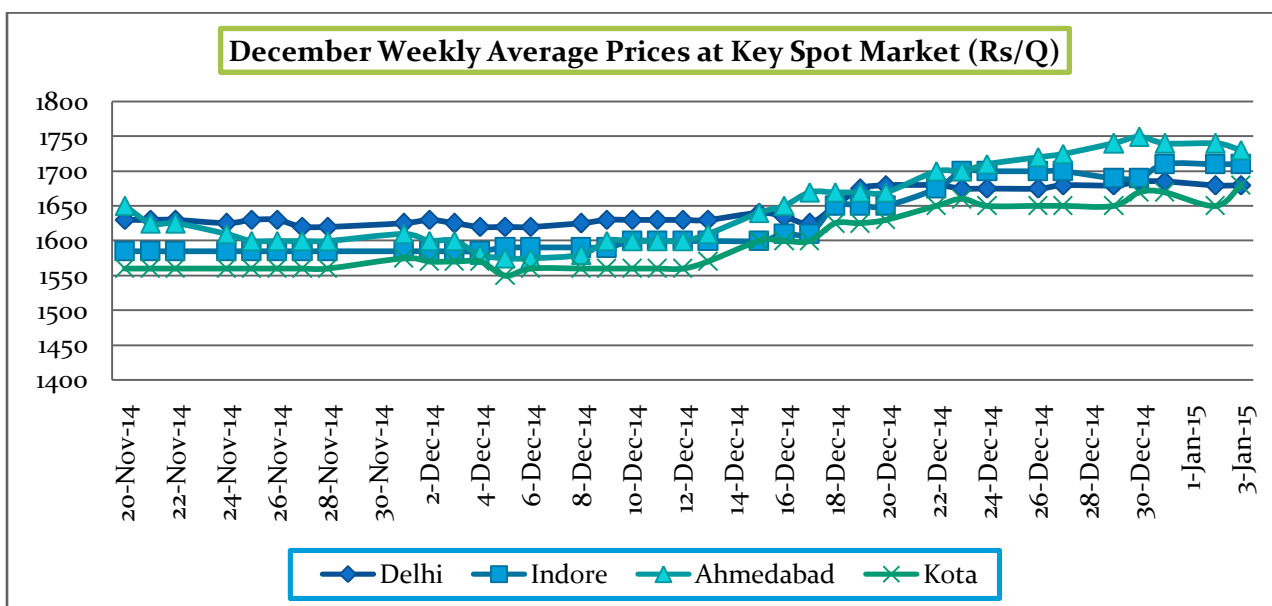
**Despite delayed sowing in lower land in Bihar and Uttar Pradesh** crop condition of standing crop is satisfactory so far. Decreasing temperature remains favorable for wheat crop and no major fall in production is expected at this point of time. Almost 95 percent sowing has been completed and one - 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.

### **Weather Watch: (Source-IMD)**

- Dense fog would occur at a few places over Punjab, Haryana & Delhi, north Rajasthan and at isolated places over Uttar Pradesh and Madhya Pradesh.
- Rain/thundershowers would occur at isolated places over extreme south peninsular India and Andaman & Nicobar Islands.
- Weather would be dry over rest of the country



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

(Figures in Lakh Tonnes)

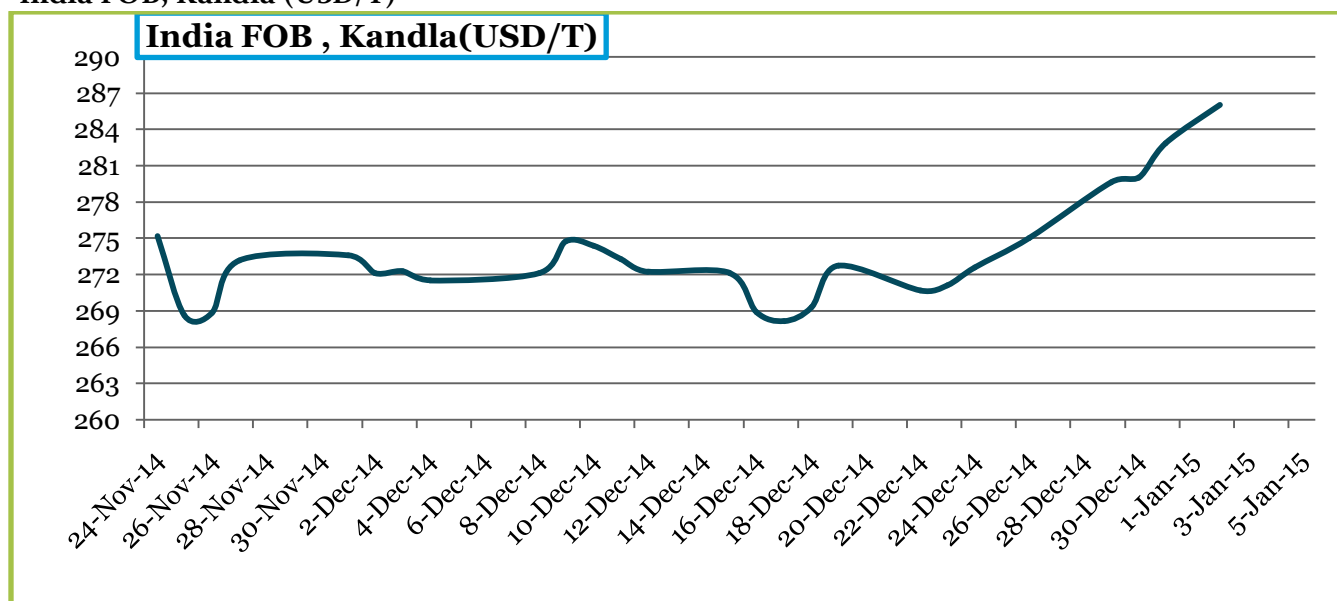
**FOB Value as on 03.01.2015 from various destinations at Kandla:**

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16400	16000	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	17650	17900	17950	18050	15700	19100
<b>Indian FOB (USD/MT)</b>	<b>278.13</b>	<b>278.92</b>	<b>282.87</b>	<b>283.66</b>	<b>285.24</b>	<b>248.10</b>	<b>301.83</b>
Insurance @ 0.1%	0.28	0.28	0.28	0.28	0.29	0.25	0.30
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	296	297	301	302	303	266	320
<b>INR</b>	<b>63.28</b>	<b>63.28</b>	<b>63.28</b>	<b>63.28</b>	<b>63.28</b>	<b>63.28</b>	<b>63.28</b>
<b>Russian Wheat FOB (USD/MT)</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>292</b>
<b>Parity on FOB Basis (USD/MT)</b>	<b>14</b>	<b>13</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>44</b>	<b>-10</b>

**Spot prices of wheat at NCDEX Delivery centers**

NCDEX SPOT	02 Jan, 2015	week ago 29 Dec, 2014	Month ago 02 Dec 14	Year ago 03 Jan 2014	Change over previous Year %
<b>Indore</b>	1678	1678	1595	1725	<b>-2.72</b>
<b>Bareilly</b>	1638	1638	1556	1743	<b>-6.02</b>
<b>Delhi</b>	1686	1687	1628	1650	<b>2.18</b>
<b>Khanna</b>	NA	NA	NA	1768	<b>NA</b>
<b>Kanpur</b>	1635	1608	1515	1690	<b>-3.25</b>
<b>Karnal</b>	NA	NA	NA	1570	<b>NA</b>
<b>Rajkot</b>	1713	1698	1590	1702	<b>0.65</b>
<b>Kota</b>	1690	1673	1593	1710	<b>-1.17</b>

## India FOB, Kandla (USD/T)

**Wheat Export Weekly Data:**

Weekly Export (22 Dec-14 28Dec-14)	Quantity in Mt	FoB (\$/Tn)
Total	26213.00	322.64
UAE	25241.00	318.29
Italy	341.00	350.57

\*Provisional Data (As per IBIS)

## Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			03.01.2015	27.12.2014	
Delhi	Lawrence Road	Mill Delivery	1680	1680	Unch
	Nazafgarh	Mill Delivery Loose	1625	1630	-5
	Narella	Mill Delivery Loose	1615	1610	5
	Rajkot	Mill Delivery	1730	1725	5
Gujarat	Ahmedabad	Mill Delivery	1790	1750	40
	Bhopal	Mill Quality Loose	1570	1550	20
M.P.	Indore	Mill Delivery	1710	1700	10
Rajasthan	Kota	Mill Quality	1600	1575	25
U.P.	Kosi	Mill Quality Loose	1610	1600	10
Punjab	Khanna	Mill Quality Loose	1480	1450	30
Haryana	Sirsa	Mill Delivery loose	1500	1500	Unch

Commodity: Wheat  
Contract: Jan

Exchange: NCDEX  
Expiry: 20<sup>th</sup> Jan, 2015

### Wheat (Weekly Chart)



### Technical Commentary:

- Candle stick chart depicts upward movement in the market.
- Fall in price and rise in O.I. indicates short buildup.
- RSI is in overbought zone.

### Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Jan	1660	1680	1711	1745	1760
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Jan	Buy	1706	1716	1721	1700

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

**Domestic Weekly Outlook:** Market is bound to stay steady to firm due to lower arrival.

### International Market Updates:

**Russia imposes export duty on wheat that would amount to 15 percent** of the customs price plus 7.5 euros and would be no less than 35 euros (\$43) per tonne from Feb. 1 until June 30, 2015. Russian domestic wheat prices are very high due to weak currency and good export demand, so the export duty might lower domestic wheat prices by 15 percent so the government can replenish its stocks.

**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.

## IGC Wheat Balance Sheet

(Quantity in MMT)

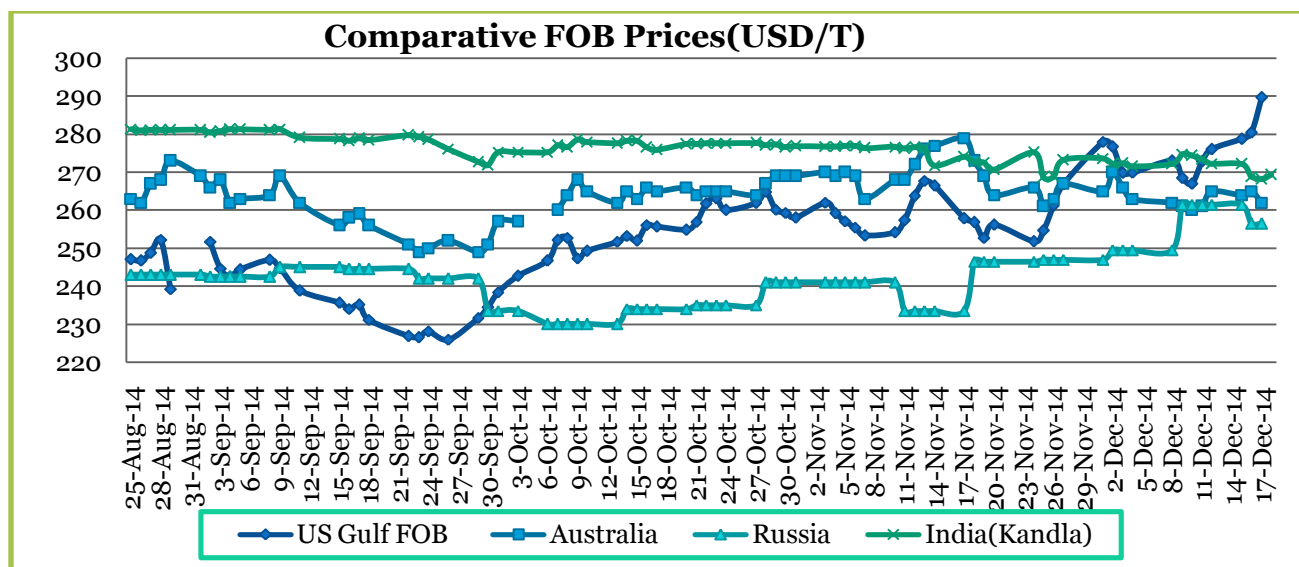
	2009-10	2010-11	2011-12	2012-13.	2013-14 Est	Forecast for 2014-15	
						30.10.2014	27.11.2014
<b>Production</b>	679	653	695	655	713	718	717
<b>Trade</b>	128	126	145	141	155	149	150
<b>Consumptions</b>	652	657	698	677	695	710	712
<b>Carryover stocks</b>	199	194	191	169	187	193	193
<b>Y-O-Y change</b>	27	-4	-2	-22	18	8	6
<b>Major Export</b>	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
<b>USA</b>	251.70	238.40	262.00	269.80
<b>France</b>	232.27	202.52	217.23	229.10
<b>United Kingdom</b>	NA	NA	NA	NA
<b>Australia</b>	266.00	257.00	270.00	266.00
<b>Russia</b>	242.50	233.50	241.00	249.50
<b>India</b>	280.48	275.30	276.83	272.30

## CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 02.01.15 (USD/T)							
CONTRACT MONTH	02 Jan 15	Week ago (29 Dec 2014)	1 Month ago(02 Dec 14)	3 Month ago(02 Oct 14)	6 Month ago(02 July 14)	1 Year ago(02 Jan 14)	% Change over previous year
<b>15-Mar</b>	213.55	226.13	221.63	182.23	228.43	235.41	<b>-9.29</b>
<b>15-May</b>	215.57	227.42	223.65	185.45	234.03	235.87	<b>-8.61</b>
<b>15-Jul</b>	216.40	227.88	225.12	188.57	238.44	233.85	<b>-7.46</b>
<b>15-Sep</b>	219.06	230.45	227.70	192.98	242.21	236.24	<b>-7.27</b>
<b>15-Dec</b>	222.92	234.22	231.19	198.86	246.43	240.19	<b>-7.19</b>
<b>16-Mar</b>	224.39	235.69	234.03	202.90	248.55	242.39	<b>-7.43</b>

**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:** Widespread showers continued in southern Queensland and much of New South Wales,. In addition, the recent rainfall boosted reservoir levels, which have seen declines over the last two years. However, even with the recent beneficial rainfall, most reservoirs remained below last year at the same time. Meanwhile, temperatures were generally near normal in most agricultural areas, with no indications of stressful heat.

**Argentina-** Locally heavy showers maintained slow rates of fieldwork in the northeast, but showers tapered off elsewhere, aiding the winter wheat harvesting. Rainfall totaled 25 to more than 100 mm from Santiago del Estero through Corrientes, with the highest amounts (greater than 100 mm) concentrated from northern Santa Fe eastward. In contrast, rainfall declined from the previous week in southern and western production areas, with amounts totaling less than 10 mm over much of La Pampa and Buenos Aires. Light to moderate rain (10-25 mm) kept top soils moist for crop germination in Cordoba, although additional rain would be welcome for establishment of summer grains and oilseeds after recent weeks of below normal rainfall. Unseasonably cool weather (daytime highs in the lower and middle 20s degrees C) dominated the region early in the week, but warmer conditions (daytime highs from the lower 30s to the lower 40s) developed during the latter part of the week. As a result, weekly temperatures averaged near normal in southern growing areas of Buenos Aires and below normal elsewhere. According to Argentina's Ministry of Agriculture wheat was 75percent harvested versus 87 percent last year.

**Russia and Ukraine:** Warmer-than-normal weather continued throughout much of the region, alleviating the threat of freeze injury to dormant crops but also keeping southern portions of the region devoid of a seasonal snow cover. Weekly temperatures were over 5°C above normal across the Ukraine and into southern Russia, with weekly temperatures in the remainder of the region between 1 and 4°C above normal. In addition to keeping a large portion of the region snow free, the warmer-than-normal weather caused dormant crops to lose some cold hardiness, leaving crops at risk for winterkill or freeze damage. Meanwhile, 10 to 20 mm of rain boosted moisture reserves in southern crop areas, with snow occurring in more northerly locations.

**International Weekly Outlook:** Global wheat market may trade steady to weak due to ample supply in the world market. Market may test the first support level of 560 cent per bushel in the short term. We expect market to trade in the range of \$200 to \$240 per T.

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