

### Domestic Market Updates:

Global wheat market has firmed up in last one month and downward correction is unlikely at this point of time. Improved price in major exporting nations and the tax imposition on Russian export may go in favor of Indian wheat export in the months ahead. Export volume from India may increase now. However, Tough Challenge from EU, who supplies cheaper wheat at this point of time, lays ahead India. Wheat price in international market has increased by 20 percent in last one and a half month on increasing concern on Russian supply.

Russia plans to introduce a duty of at least 35 euros (\$41) per tonne on shipments from February to curb a rise in domestic prices. The likely gap in the absence of Russia may be fulfilled by India sitting on huge stock pile of wheat with new crop hardly two months away from now. The Asian Buyers need 3.5 to 4 million tonne wheat between Feb to July and India has potential to supply 2 million tonne wheat in the given period.

Indonesia, Vietnam, Malaysia and Bangladesh may resume buying from India due to freight advantage over European cargoes. Southeast Asian buyers pay a freight rate of \$12-\$15 a tonne to get wheat from India against \$30 to get grain from Ukraine. India may start issuing tenders to sell wheat from reserves from February. Government stocks were at 25.1 million tonnes as of January 1, more than 2 times of required quantity.

The government is yet to decide on tenders but there are discussions going on between trading companies and the Food Corporation of India on export prospects and prices. Central govt. would procure wheat from farmers at about \$230 per tonne this season, higher by 3.7 percent from last year.

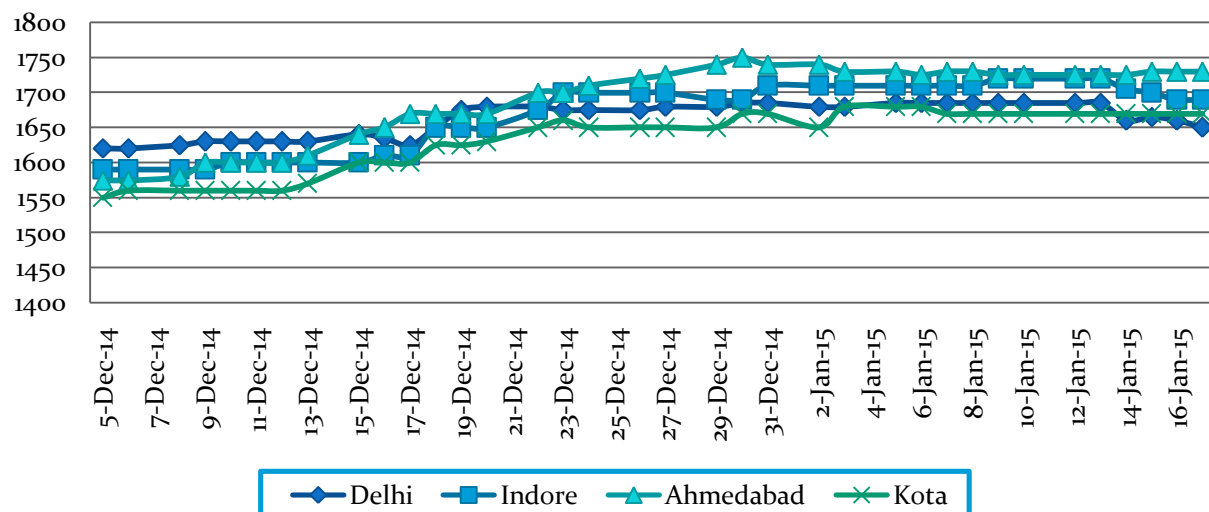
In the export market, Indian wheat was offered by private traders at \$275/76 per tonne free on board, while French wheat was sold at \$248.94-250.25 recently. Australian standard wheat is at \$270 and Ukraine milling wheat is available for \$265. Due to freight advantage India has good chance to offload wheat in the international market in bulk volume.

Despite lower area coverage(303.51lakh ha) under wheat so far production of wheat is bound to increase this year due to favorable weather conditions throughout the main growing regions of north and central India. Crop Condition in Punjab, Haryana, Rajasthan, Bihar and Uttar Pradesh has been rated excellent so far. Decreasing temperature and high moisture level availability in the field provide good growth condition for the standing crop. Early sown varieties are now in panicle formation stages while late sown varieties are in sprouting stages.

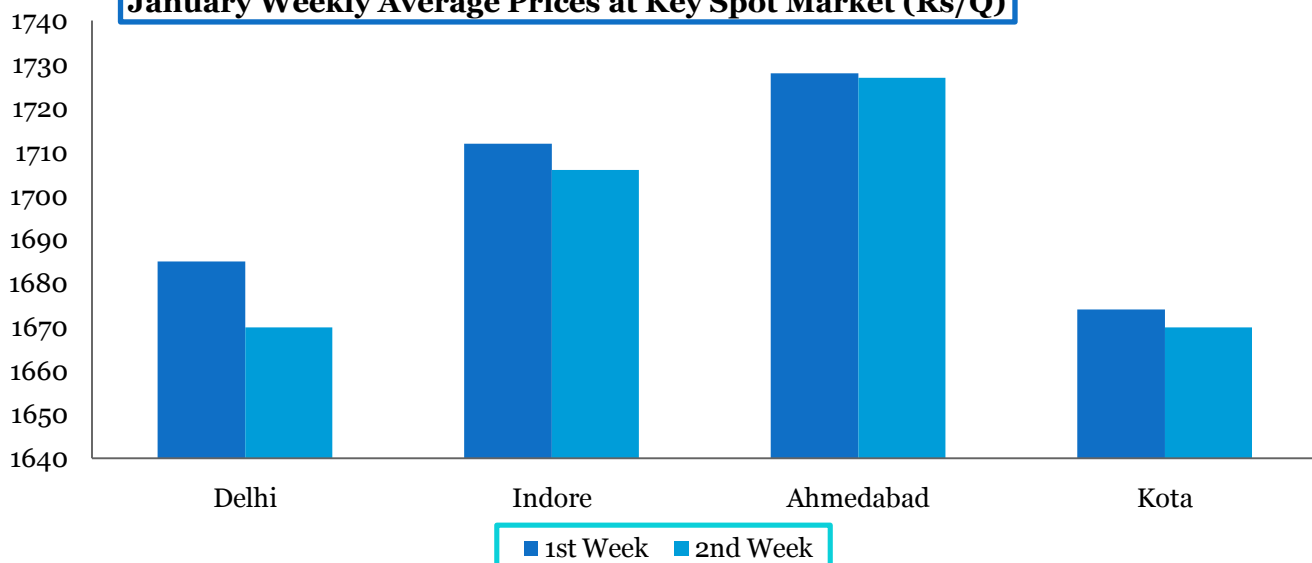
### ***Weather Watch: (Source-IMD)***

- Interaction of Western Disturbance and easterly wave would cause rain/thundershower over Punjab, Haryana, Delhi, Chandigarh, West Uttar Pradesh and Gujarat from 21st and central India from 22nd with conditions favorable for isolated hailstorm.
- A fresh easterly wave would affect south peninsula from 22nd.
- Rain/thundershowers would occur at isolated places over Andaman & Nicobar Islands and northeastern states.
- Weather would be dry over rest of the country.

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



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



STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.01.2015:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.26	0.00	8.26
NORTH EAST ZONE	0.64	0.00	0.64
NORTH ZONE	90.78	84.42	175.20
SOUTH ZONE	6.12	0.00	6.12
WEST ZONE	14.89	43.09	57.98
<b>TOTAL</b>	<b>120.69</b>	<b>127.51</b>	<b>248.20</b>

(Figures in Lakh Tonnes)

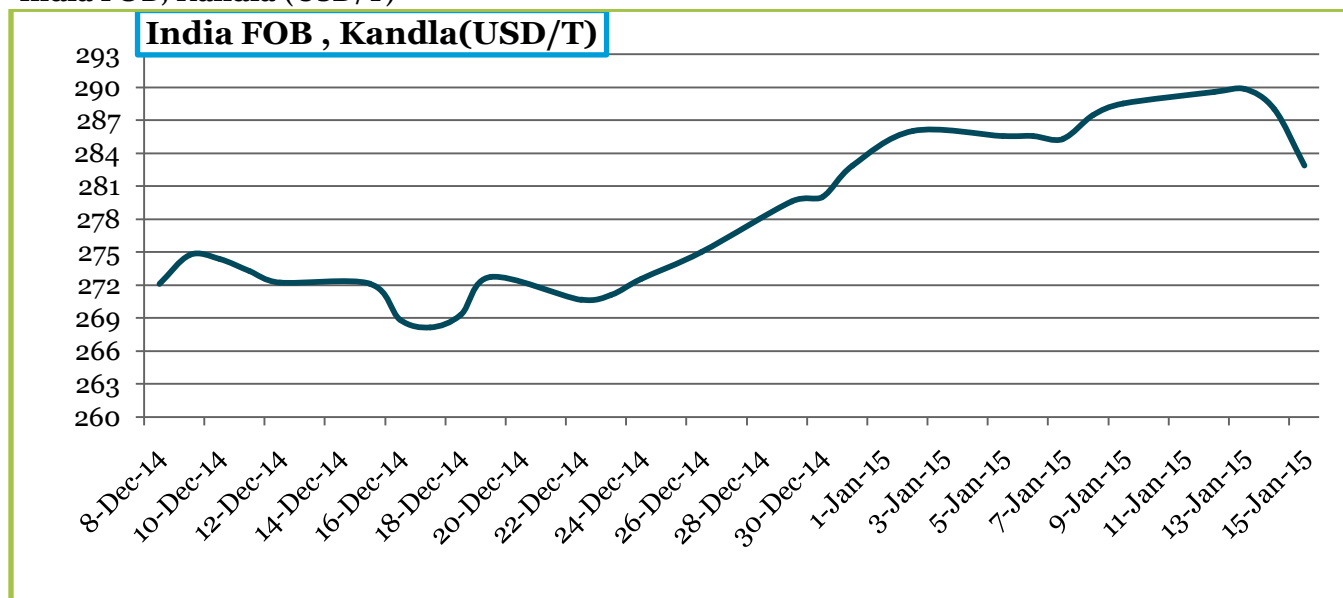
**FOB Value as on 16.01.2015 from various destinations at Kandla:**

Parity Calculation	Rajkot	Kota	Begusarai	Indore	Kosi	MSP	ECO.Cost
Basic cost of wheat (Rs/ton)	16400	15800	15700	16500	16300	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	17450	18100	18450	18350	15700	19100
<b>Indian FOB (USD/MT)</b>	<b>284.38</b>	<b>281.95</b>	<b>292.45</b>	<b>298.11</b>	<b>296.49</b>	<b>253.68</b>	<b>308.61</b>
Insurance @ 0.1%	0.28	0.28	0.29	0.30	0.30	0.25	0.31
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	302	300	310	316	314	272	327
<b>INR</b>	61.89	61.89	61.89	61.89	61.89	61.89	61.89
<b>Russian Wheat FOB (USD/MT)</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>268</b>
<b>Parity on FOB Basis (USD/MT)</b>	<b>-16</b>	<b>-14</b>	<b>-24</b>	<b>-30</b>	<b>-28</b>	<b>14</b>	<b>-41</b>

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

NCDEX SPOT	16 Jan, 2015	week ago 09 Jan, 2015	Month ago 16 Dec 14	Year ago 16 Jan 2014	Change over previous Year %
<b>Indore</b>	1678	1695	1625	1765	<b>-4.93</b>
<b>Bareilly</b>	1636	1641	1577	1755	<b>-6.78</b>
<b>Delhi</b>	1670	1689	1637	1640	<b>1.83</b>
<b>Khanna</b>	NA	NA	NA	1812	<b>NA</b>
<b>Kanpur</b>	1625	1636	1553	1750	<b>-7.14</b>
<b>Karnal</b>	NA	NA	NA	1560	<b>NA</b>
<b>Rajkot</b>	1702	1705	1600	1699	<b>0.18</b>
<b>Kota</b>	1693	1690	1605	1750	<b>-3.26</b>

## India FOB, Kandla (USD/T)

**Wheat Export Weekly Data:**

Weekly Export (06 Jan-15 11Jan-15)	Quantity in Mt	FoB (\$/Tn)
Total	445.00	320.67
UAE	26.00	307.01
Taiwan	121.00	291.72

\*Provisional Data (As per IBIS)

## Domestic Key Spot Market Price Comparison:

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			17.01.2015	09.01.2015	
Delhi	Lawrence Road	Mill Delivery	1650	1685	-35
	Nazafgarh	Mill Delivery Loose	1640	1650	-10
	Narella	Mill Delivery Loose	1590	1615	-25
Gujarat	Rajkot	Mill Delivery	1730	1725	5
	Ahmedabad	Mill Delivery	1760	1760	Unch
M.P.	Bhopal	Mill Quality Loose	1575	1560	15
	Indore	Mill Delivery	1690	1720	-30
Rajasthan	Kota	Mill Quality	1590	1590	Unch
U.P.	Kosi	Mill Quality Loose	1630	1650	-20
Punjab	Khanna	Mill Quality Loose	1550	1525	25
Haryana	Sirsa	Mill Delivery loose	1505	1505	Unch

Commodity: Wheat  
Contract: Feb

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

### Wheat (Weekly Chart)



### Technical Commentary:

- Candle stick chart depicts downward movement in the market.
- Fall in price and fall in O.I. indicates long liquidation.
- RSI is in neutral zone.

### Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	Feb	1600	1620	1655	1690	1700
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Feb	<b>Sell</b>	1660	1650	1645	1666

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

**Domestic Weekly Outlook:** Market is bound to stay steady to slightly weak due to pressure arrival and expectation of good production this year.

### International Market Updates:

**Egypt had purchased 2, 40,000 tonnes of wheat from France** at an average price of \$256.10/tonne CiF which has to be delivered between 19-28 February. Till now from July 1st, Egypt has bought 3.32 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.

**Ukraine's Agriculture Ministry suggested traders to limit milling wheat exports** at 2 Lakh tones per month in January and February to keep as much wheat in stock as possible because it was uncertain how much the next harvest(in July) would yield. February exports of wheat from Ukraine ranged from 1.88 Lakh tonnes to 446,000 Lakh tonnes in the previous three years, with milling wheat comprising about half the total.

**Russia besides imposing tax on wheat exports that amount to 15 percent** of the customs price plus 7.5 euros and will be no less than 35 euros (\$41) per tonne from Feb 01, 2015 until June 30, 2015 also taking informal measures to restrict wheat export like tougher and longer quality check and delays on getting the final documents needed from ports for loaded ships to set sail. Due to these informal restrictions traders are facing more problems to meet their contracts before the introduction of an export tax.

**A cold snap across the United States raised concerns about damage** to the dormant winter wheat crop in many states, particularly in Illinois where the crop was hobbled by planting delays and USDA rated 24 percent of the wheat crop as good to excellent down from 56 percent. In Kansas, the top winter wheat producer, USDA said 49 percent of the crop was rated good to excellent, down from 61 percent.

**Iraq's state grains board has purchased 200,000 tonnes of hard wheat** to be sourced from Canada, the United States and Australia. The purchase comprised 100,000 tonnes of Canadian wheat at \$331.65/tonne Cif, 50,000 tonnes of U.S. wheat at \$333.87/tonne CiF and 50,000 tonnes of Australian wheat at \$325.93/tonne CiF.

**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.

## IGC Wheat Balance Sheet

(Quantity in MMT)

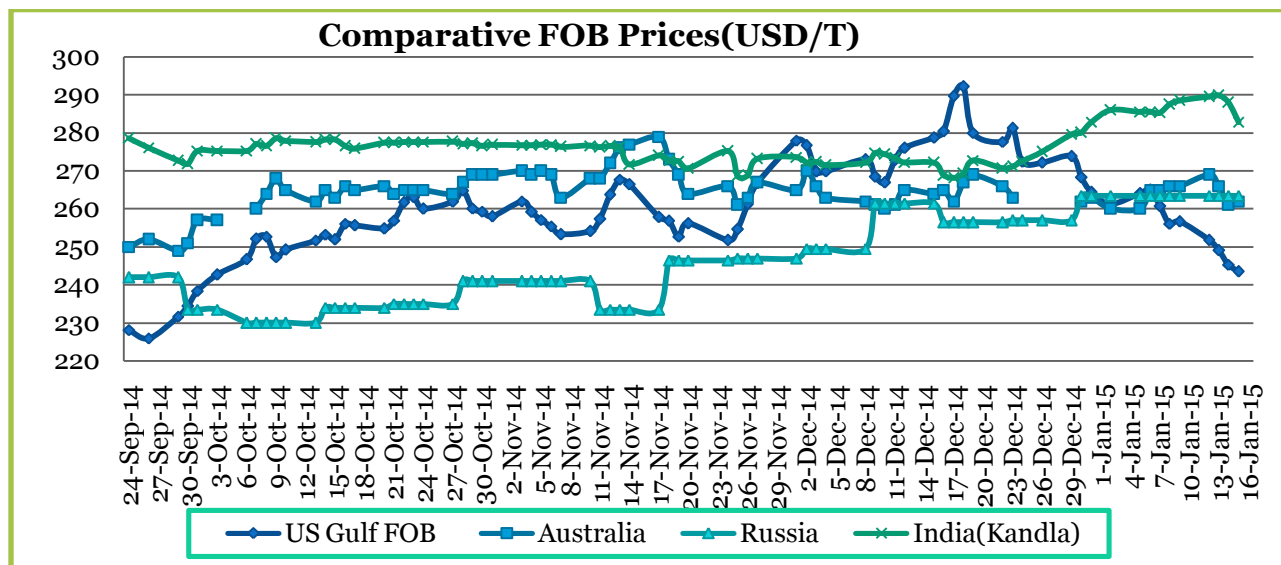
	2009-10	2010-11	2011-12	2012-13.	2013-14 Est	Forecast for 2014-15	
						30.10.2014	27.11.2014
Production	679	653	695	655	713	718	717
Trade	128	126	145	141	155	149	150
Consumptions	652	657	698	677	695	710	712
Carryover stocks	199	194	191	169	187	193	193
Y-O-Y change	27	-4	-2	-22	18	8	6
Major Export	79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

## Indicative FOB Quotes:

All prices are for SRW /milling grade, comparable to Indian quality	1 <sup>st</sup> Oct 14	3 <sup>rd</sup> Nov 14	1 <sup>st</sup> Dec 14	6 <sup>th</sup> Jan 15
USA	238.40	262.00	278.00	265.20
France	202.52	217.23	234.45	239.58
United Kingdom	NA	NA	NA	NA
Australia	257.00	270.00	265.00	265.00
Russia	233.50	241.00	247.00	263.50
India	275.30	276.83	273.62	285.58

## CBOT FUTURES CONTRACT:

CBOT Futures Prices: Date: 09.01.15 (USD/T)							
CONTRACT MONTH	15 Jan 15	Week ago (12 Jan 2015)	1 Month ago(19 Dec 14)	3 Month ago(20 Oct 14)	6 Month ago(21 July 14)	1 Year ago(21 Jan 14)	% Change over previous year
15-Mar	195.73	204.09	232.29	193.34	212.08	223.29	-12.34
15-May	196.83	205.74	233.30	195.64	217.68	223.84	-12.06
15-Jul	198.40	207.49	233.02	198.03	222.55	221.45	-10.41
15-Sep	201.15	209.88	235.60	201.70	226.96	223.93	-10.17
15-Dec	205.47	213.92	239.09	206.57	232.47	226.96	-9.47
16-Mar	207.76	215.94	241.01	210.15	235.96	229.35	-9.41

**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 the wake of last week's widespread showers, soaking rains (10-50 mm, locally more) continued to fall across southern Queensland and parts of northern New South Wales. During the past few weeks, frequent showers and seasonable warmth have been very beneficial for cotton and sorghum. Following a relatively dry start to the growing season, the recent rains are unlikely to significantly increase summer crop acreage but have helped boost yield prospects. Elsewhere, mostly dry weather favored wheat, barley, and canola harvesting in southeastern and Western Australia. Winter crop harvesting is rapidly approaching completion in these areas.

**Argentina-** Locally heavy showers ended a brief spell of dryness in western production areas, while soaking rain maintained locally excessive levels of moisture in the northeast. Rainfall totaling 10 to 50 mm in recently dry farmlands of central Argentina (Cordoba and nearby locations in La Pampa and Buenos Aires). The rain also lowered temperatures down to more seasonable levels after several days of highs in the middle 30s (degrees C) early in the week. In the northwest (notably Salta, northern Santiago del Estero, and western parts of Chaco and Formosa), the rain slowed fieldwork. Meanwhile, unseasonably wet weather (50-200 mm) persisted in the northeast, with some of the heaviest rain (greater than 100 mm) centered over northern Santa Fe and southeastern Chaco. According to Argentina's Ministry of Agriculture wheat was 88 percent harvested versus 97 percent last year.

**Russia and Ukraine:** Winter crops remained adequately insulated from bitter cold by a moderate to deep snowpack. Across Ukraine and central Russia, a fresh snowfall (10-35 mm liquid equivalent, snow depths of 5 to 30 cm, locally more) protected dormant winter wheat from temperatures up to 6°C below normal (nighttime lows below -20°C). However, key southern wheat areas in southern Russia were spared the coldest conditions, with readings remaining above -15°C; these southern wheat areas are protected by a shallow, patchy snow cover.

**International Weekly Outlook:** Global wheat market may trade steady to weak due to ample supply in the world market. Recently market showed firmness due to weather concern in USA and Russia restriction on wheat export, however recent weather updates has calm down the concern of wheat crop in USA and Global wheat production started pressuring the wheat market. Market may test the first support level of 520 cent per bushel in the short term & 480 cent per bushel in medium term. We expect market to trade in the range of \$185 to \$215 per T.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt Ltd.