

### **Executive Summary**

Wheat cash market is expected to reel under pressure in the month of April despite quality and weight loss due to recent rains, strong winds followed by hail storm. With the opening of weather harvesting activities get momentum once again. However, concern over wheat quality has increased as grains arriving in markets are of lower quality and traders/buyers offer lower price for the same. Traders say that grains are smaller and have lost its natural colour in Rajasthan and MP. Almost 25 percent grains are of inferior quality and it hints lower availability of quality crop this year. Overall loss is considered to be around 4 to 5 percent this year.

Agriwatch has revised wheat production estimate from 96 million tonne to 91.14 million tonne in 2014-15 owing to recent crop loss in Rajasthan, UP, MP, Punjab and Haryana. There is no loss in Bihar so far and market expert says that yield might be higher by 2 to 3 percent this year.

Unseasonal rains and strong wind in major wheat growing regions during February end to March end have impacted standing rabi crops adversely, particularly wheat crop. Recent rains have delayed harvesting and threshing activities in Rajasthan, Madhya Pradesh, Punjab and Haryana by a couple of weeks. Harvesting in Bihar and Uttar Pradesh is expected from mid April. Arrivals from newly harvested crop in M.P. and Rajasthan have decreased and fresh pressure is expected from mid of April.

As arrivals in various markets have been delayed by a couple of weeks, wheat (old crop) may rule steady to slightly firm till the second week of April. However, with opening up of the weather pressure may build up and price would come down near MSP for quality crop.

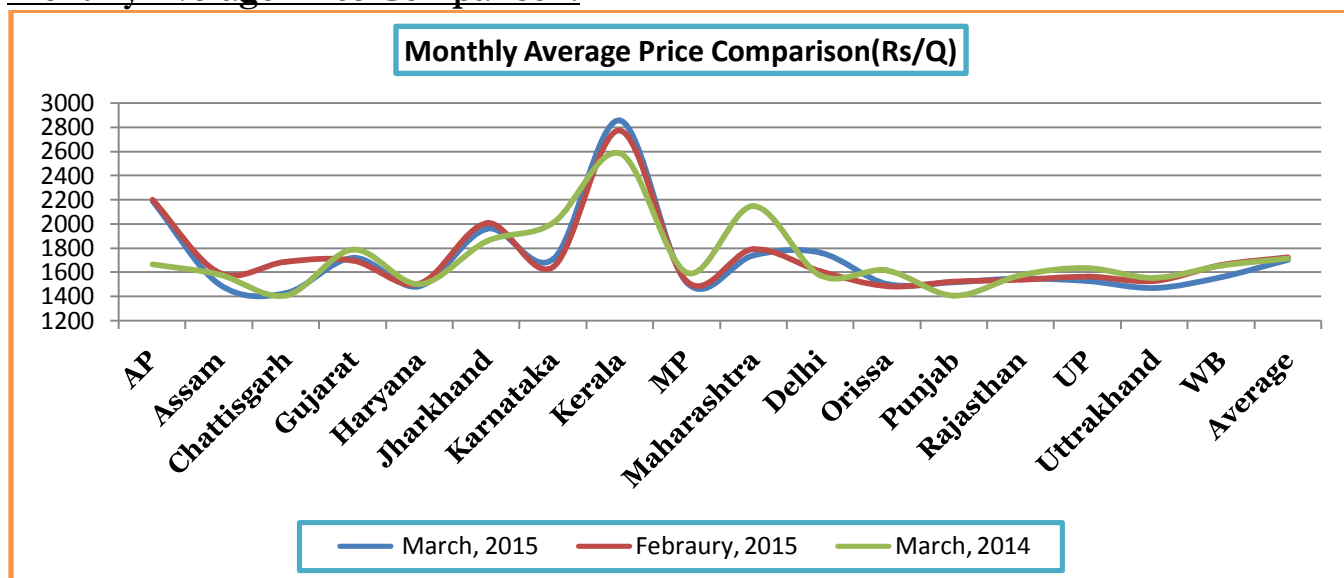
Heavy rains and strong wind have damaged 4 to 5 percent crop in Punjab and Haryana. Quality problem is likely to emerge in these states too. Harvesting in these states may start again this week. Farmers in these states have started demanding compensation for emerging loss.

News of crop loss from Uttar Pradesh too is gaining ground in western Uttar Pradesh. As wheat crop in these states are in grain filling stage, quality of the crop is likely to be unaffected. However, flattening of crop may reduce yield in Western Uttar Pradesh. The loss may be 2 to 3 percent in these regions. There is no report of any loss from Bihar. Recent rains are said to be beneficial for the standing crop.

As crop size is expected to be lower, set procurement target would be difficult to materialize. Procuring quality crop too would be a challenge this year. Government may end up with 27.28 million tonne wheat procurement in 2015.

South Indian flour millers have started importing wheat from Australia sensing the shortage of quality grains in major sourcing states like Madhya Pradesh and Rajasthan. Almost 80,000 tonne prime wheat has been brought from Australia at \$260/265 per Tonne on CIF basis (Tuticorin) for April/May delivery.

## Monthly Average Price Comparison:



State wise average monthly wheat prices of March have decreased from the month of February. However, average prices in Gujarat, Delhi and Rajasthan have been ruling higher. The reason behind decrease in average price is arrival of wheat in major mundis and insignificant export.

## State wise Area Coverage under Wheat on 13-02- 2015

Si.No	State	Normal Area	Average Area as on Date	Area Shown reported	
				This Year	Last Year
1	Assam	0.48	0.46	0.18	0.22
2	Bihar	21.61	23.04	23.03	22.87
3	Chhattisgarh	1.04	1.69	1.69	1.53
4	Gujarat	11.24	12.11	11.46	15.00
5	Haryana	24.98	24.99	24.90	24.95
6	Himachal	3.58	3.59	3.58	3.59
7	J & K	2.89	2.36	2.44	2.46
8	Jharkhand	1.24	1.40	1.62	1.69
9	Karnataka	2.51	2.35	1.86	1.93
10	M.P	45.18	49.34	58.44	57.92
11	Maharashtra	10.05	9.84	8.88	10.87
12	Punjab	35.2	35.14	35.00	35.00
13	Rajasthan	26.33	27.45	27.71	30.41
14	Uttar Pradesh	96.57	96.89	98.67	99.56
15	Uttar Khand	3.80	3.77	3.25	3.58
16	West Bengal	3.15	3.74	3.44	3.46
17	Others**	0.44	0.37	0.19	0.27

18	Total	290.29	298.52	306.35	315.32
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Source:-Ministry of Agriculture (Area in lakh hectare)

## India's Wheat Balance Sheet:

	2010-11	2011-12	2012-13	2013-14	2014-15*E
Carry in	16.63	16.48	20.35	19.76	22.17
Production	80.8	86.87	93.51	95.91	91.14
Imports	0.15	0	0	0	1
Total Availability	97.58	103.35	113.86	115.67	114.31
Consumption	81	81.5	85.5	87	89
Exports	0.1	1.5	8.6	6.5	4.5
Total Usage	81.1	83	94.1	93.5	93.5
Carry out	16.48	20.35	19.76	22.17	20.81
Av Monthly Consumption	6.75	6.79	7.125	7.25	7.42
Stock to Month Use	2.44	3.00	2.7733	3.06	2.81
Stock to Consumption Ratio	0.20	0.25	0.2311	0.25	0.23

**Note: \*E Agriwatch estimate of wheat for 2014-15**

### Balance sheet highlights:

- Agriwatch has revised wheat production estimate down from 96 million tonne to 91.14 million tonne in 2014-15. Due to recent crop loss in Rajasthan, UP, MP, Punjab and Haryana. Recent unseasonal rains, hailstorms and strong wind have affected wheat crop adversely in these states.
- Total availability of wheat in MY 2015-16 is likely to decrease to 114.31 from 118.17 million tonne.
- Higher availability would ensure better supply throughout the year. Govt.'s godowns are bulging with surplus stock. As on 1<sup>st</sup> Jan stock in govt's godowns was registered at 251.13 lakh tonne against the required quantity of 112 lakh tonne under strategic reserve and buffer norm.
- Wheat consumption is likely to increase at normal pace of around 2 million tonne yearly to 89 million tonne. Export volume is likely to decrease from 6.5 million tonne to 4.5 million tonne in 2014-15.
- Unfavourable global market, higher price in domestic market remain the main bottleneck for higher export volume. There is surplus wheat in global market and exporting countries are offering attractive price for importers. With this background Indian exporters would not be able to increase wheat export volume considerably in the months ahead.
- Due to lower production estimate carryout for 2014-15 would decrease from 22.17 to 20.81 million tonne.

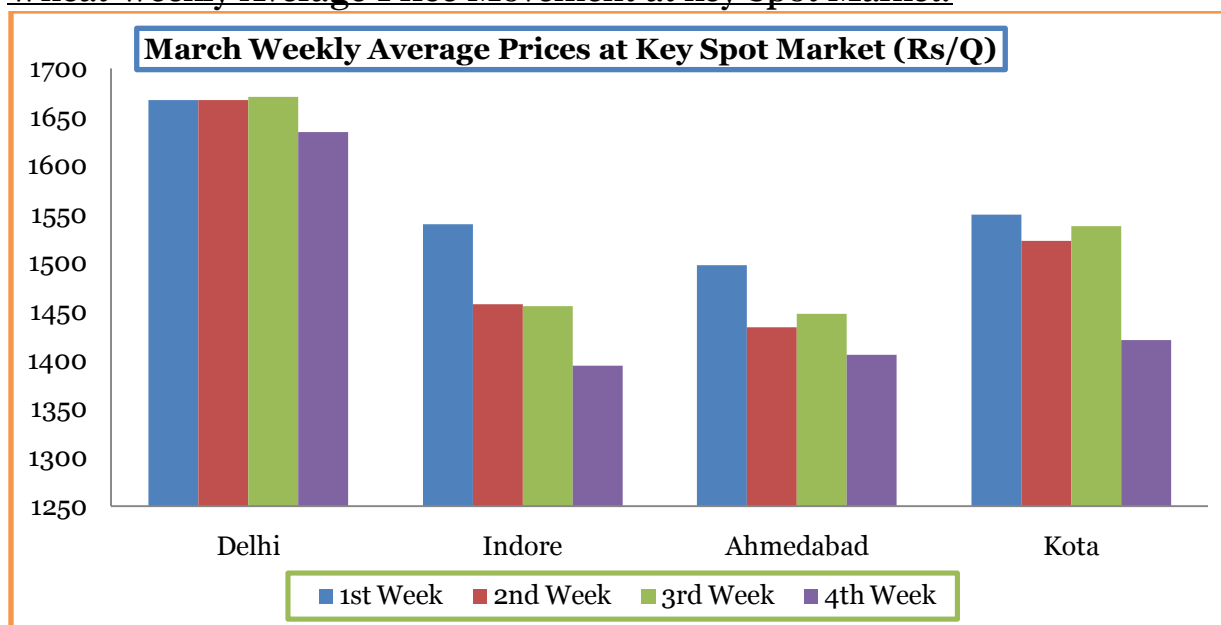
- Ave monthly consumption would increase slightly from 7.25 to 7.42 million tonne. However, stock to consumption ratio too would increase slightly.

State/ UT	Area					Production					Yeild				
	201 0- 11	201 1- 12	20 12- 13	201 3- 14*	201 4- 15* *	201 0- 11	201 1- 12	20 12- 13	201 3- 14*	201 4- 15* *	20 10- 11	20 11- 12	20 12- 13	201 3- 14*	201 4- 15* *
Andhra Pradesh	10	8	8	0	8	13	11	10	12	11	1300	1375	1250	1375	1331
Assam	45	53	34	22	17	53	60	44	58	20	1179	1147	1304	1147	1198
Bihar	2104	2142	2208	2287	2247	4098	4725	5357	4875	5454	1948	2206	2427	2206	2427
Chhatis garh	111	109	101	153	152	127	133	141	131	190	1144	1227	1396	1227	1274
Gujarat	1274	1351	1024	1500	1140	4019	4072	2944	3336	3336	3155	3014	2875	3014	2927
Haryana	2515	2522	2497	2495	2490	11630	12686	1117	13238	11900	4624	5030	4452	5030	4778
Himachal Pradesh	357	357	364	359	360	546	596	608	574	588	1530	1671	1671	1671	1636
Jammu & Kashmir	291	296	290	246	241	446	500	462	527	392	1535	1689	1595	1689	1627
Jharkhand	96	159	164	169	154	158	303	319	313	285	1642	1908	1944	1908	1851
Karnataka	255	225	225	193	175	279	193	179	212	158	1094	858	796	858	901
Madhya Pradesh	4341	4889	5300	5792	5678	7627	11539	13133	12380	12381	1757	2360	2478	2320	2180
Maharashtra	1307	843	733	1087	713	2301	1313	1181	897	1043	1761	1558	1528	1558	1464
Orissa	3	1	0	0	1	4	2	2	2	2	1458	1644	1672	1644	1604
Punjab	3510	3528	3512	3500	3566	16472	17280	16591	18182	16098	4693	4898	4724	4898	4515
Rajasthan	247	293	30	304	278	721	932	92	894	806	29	31	30	314	289

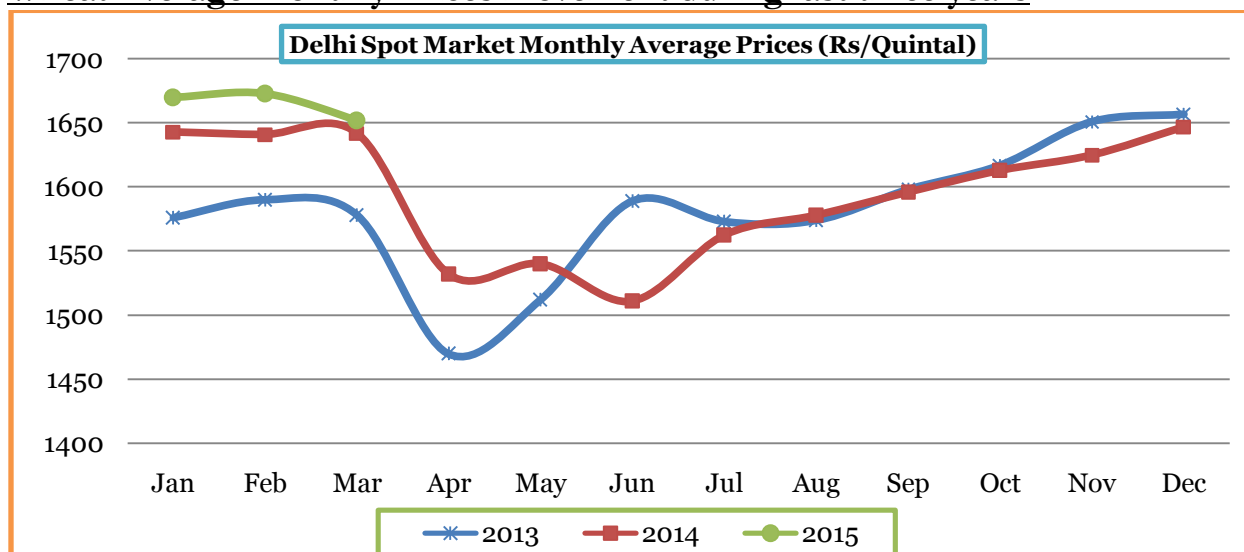
an	9	5	63	1	5	4	0	75	1	0	10	75	28	0	4
Uttar Pradesh	9637	9731	9734	9956	9751	30001	30293	30301	30299	29439	3113	3113	3113	2975	3019
Uttarakhand	379	369	358	358	371	878	878	858	898	889	2316	2379	2396	2379	2396
West Bengal	317	316	322	346	323	874	873	895	939	896	2760	2765	2768	2765	2769
Others				27											
All India	29068.59	29864.77	30003.3	31532	30171.21	86873.95	94882.06	93506	96038.76	91142	2989	3177	3117		

\*Agriwatch Estimate

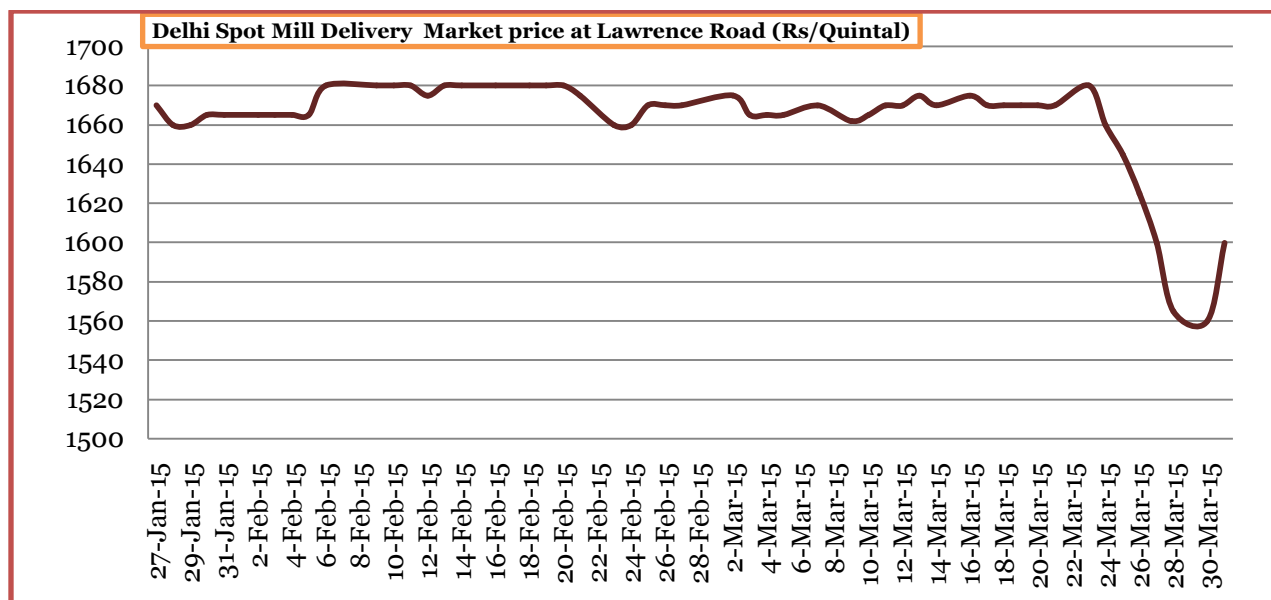
\*\* Adv Estimate

**Wheat Weekly Average Price Movement at key Spot Market:**


Monthly average price in the month of March showed weak sentiments in various spot markets. Prices in all major markets showed down trend due to arrival pressure and marginal export demand.

**Wheat Average Monthly Prices movement during last three years**


Wheat cash market (Delhi) in the month of March moved down as compare to February due to arrival pressure. However it is slightly up from last year prices same time due to recent crop loss .



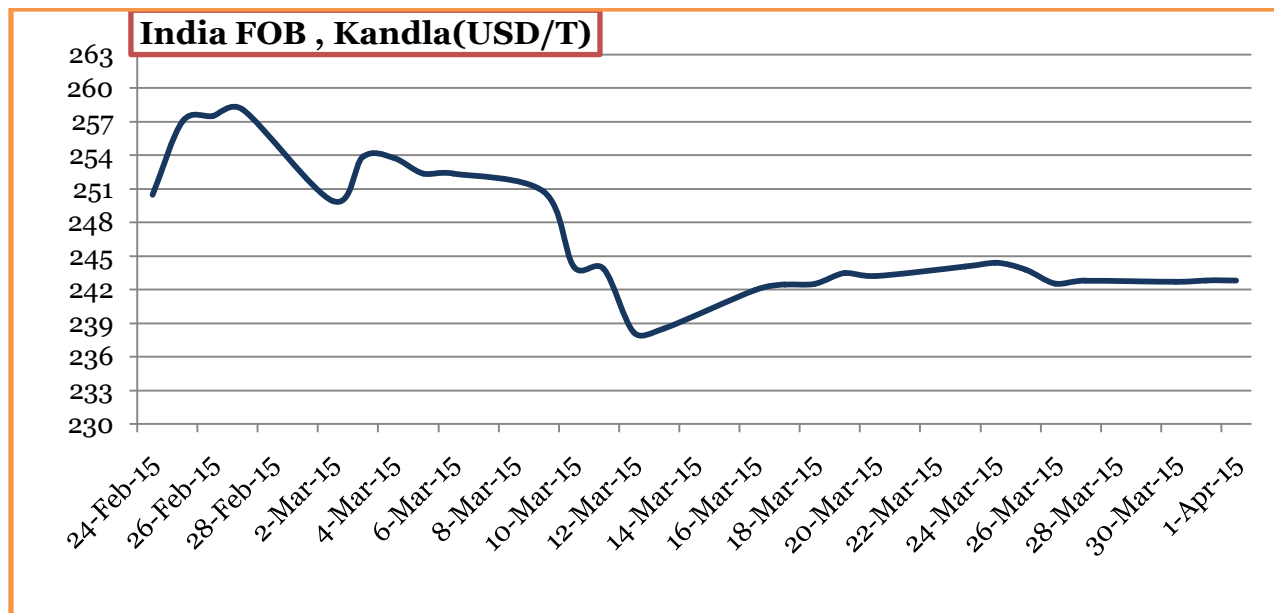
### Wheat Exports from India

	Wheat Export(Lakh T)	Average FOB Quotes(USD/MT)	CBOT Average Quotes (USD/MT)
<b>Sept 11- Mar 12</b>	<b>7.4</b>	<b>232.12</b>	<b>237.46</b>
<b>Apr 12 - Mar 13</b>	<b>65.14</b>	<b>298.18</b>	<b>286.71</b>
<b>Apr 13 - Mar 14</b>	<b>55.59</b>	<b>282.82</b>	<b>241.6</b>
Apr-14	5.31	278.33	280.61
May-14	8.51	283.85	270.66
Jun-14	5.04	267.03	235.16
Jul-14	3.16	277.24	217.94
Aug-14	1.68	280.53	218.9
Sep-14	0.93	278.84	204.33
Oct-14	0.87	276.86	222.94
Nov-14	0.85	274.25	235.64
Dec-14*	0.89	273.32	260.97
Jan-15*	0.35	288.62	233.2
Feb-15*	0.06	321.7	220.5
<b>Total 14-15</b>	<b>27.65</b>	<b>281.87</b>	<b>236.44</b>

**(Source: DGCIS, \*Provisional data from IBIS)**

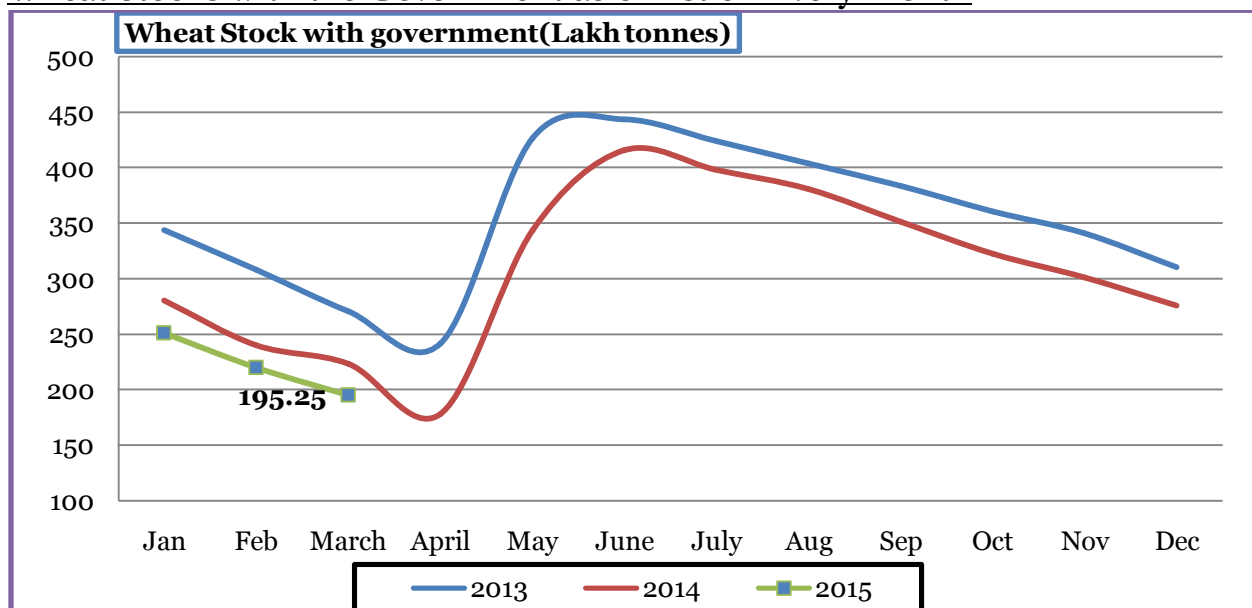
According to IBIS, wheat exports from India decreased from 0.35 to 0.06 Lakh tonne in February. Average Fob quote increased from \$288.62 in January to \$321.7 per tonne in February. However, during the review period CBOT average quote decreased from \$233.20 to \$220.5 per tonne. Export from India is bound to be same due to current disparity. Australia and Black Sea Region crops are cheaper and it would continue to hamper Indian export opportunity in the months ahead.





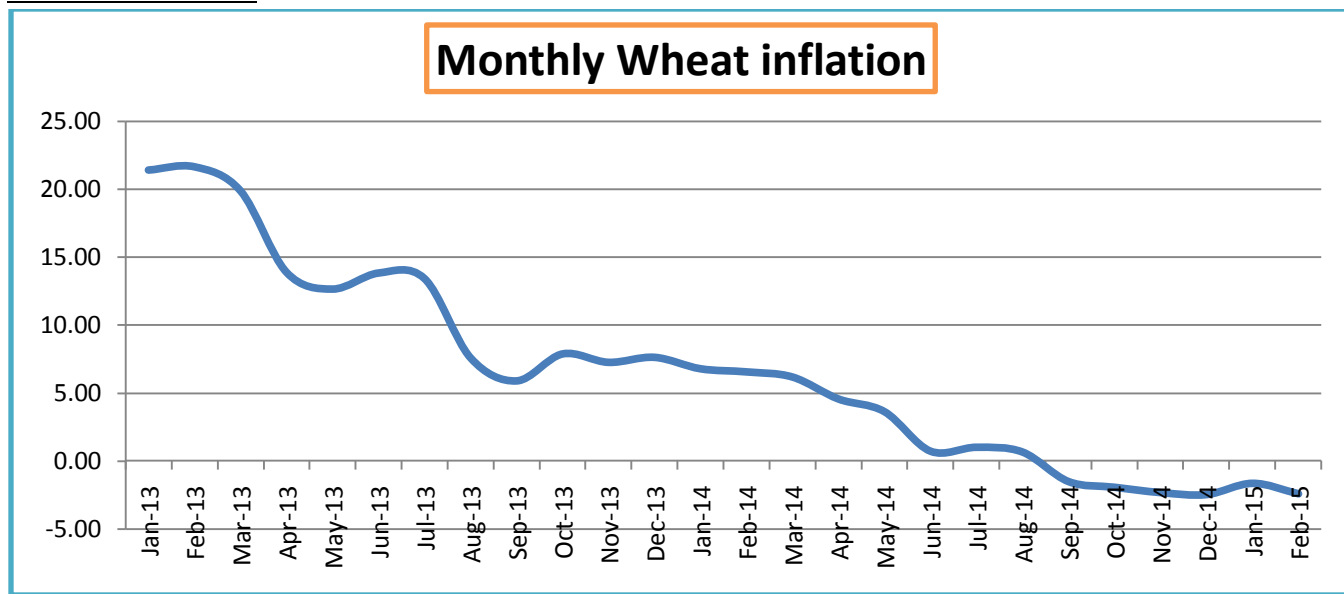
Indian Fob quotes rules steady to slightly weak in the first half of March due to arrival of the new crop whereas in the second half Fob prices moved slightly up due to recent crop loss in many states . Prices are going to be steady to weak in the month of April due to arrival pressure.

### Wheat Stocks with the Government as on 1st of Every Month



Wheat stock in government's ware houses in the beginning of March was registered at 195.25 lakh tonne. Stock is lower than 2012, 2013 due to lower procurement. We expect government may relax norms for procurement as recent hailstorms and heavy rains have affected the quality to wheat in many states.

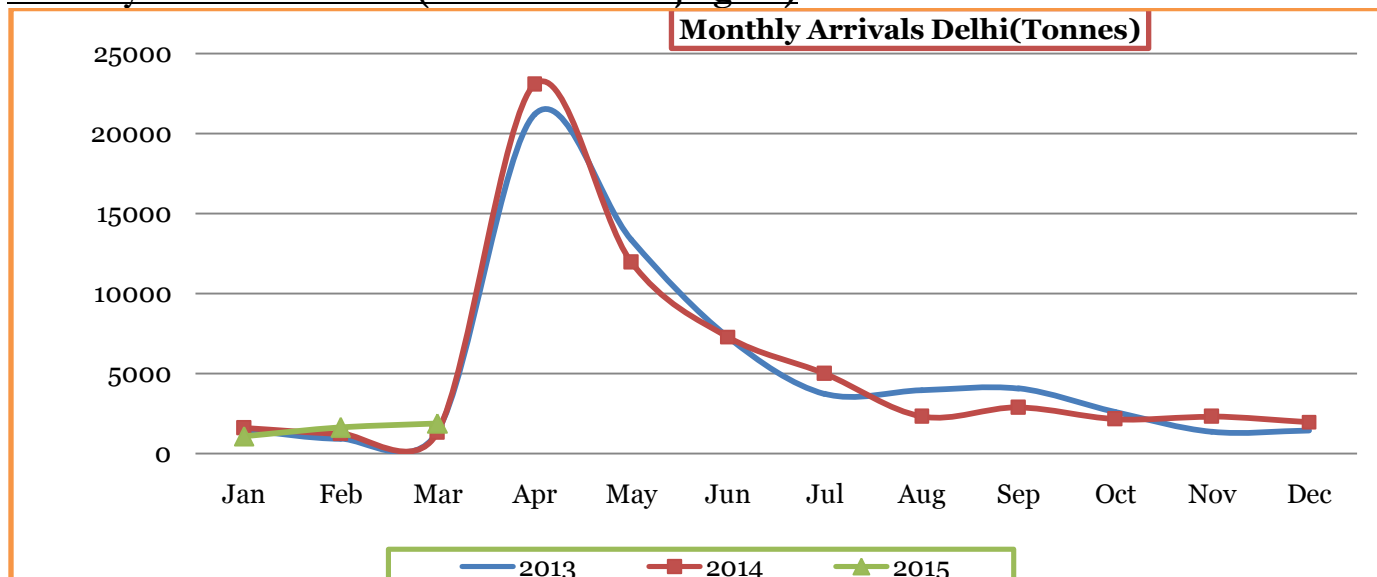
## Wheat Inflation



Monthly Average Prices at Various Spot Market					
	Delhi	Indore	Kota	Rajkot	Chennai
March 2014	1642.08	1593.33	1655.00	1530.30	1987.14
April 2014	1532.00	1527.50	1521.70	1511.20	1866.10
May 2014	1540.00	1575.65	1531.42	1518.40	1845.47
June 2014	1510.48	1509.58	1493.95	1438.04	1780.00
July 2014	1562.42	1617.40	1569.54	1512.60	1799.31
August 2014	1579.00	1624.04	1581.31	1504.47	1801.36
September 2014	1596.50	1592.60	1560.00	1539.80	1778.40
October 2014	1613.39	1575.14	1564.75	1540.33	1792.40
November 2014	1625.20	1595.22	1563.75	1626.59	1814.37
December 2014	1647.11	1637.04	1603.65	1649.42	1831.53
January 2015	1669.60	1682.95	1666.36	1713.47	1843.18
February 2015	1673.33	1563.86	1592.61	1567.95	1803.57
March 2015	1652.48	1449.00	1487.63	1459.00	1720.26

**Monthly Price Comparison of Spot Markets:**

Centre	Market	Variety	Prices (Rs/Qtl)		Change
			31/03/2015	27/02/2015	
Delhi	Lawrence Road	Mill Delivery	1600	1670	-70
	Nazafgarh	Mill Quality Loose	1525	1600	-75
	Narella	Mill Quality Loose	1600	1610	-10
Gujarat	Rajkot	Mill Delivery	1450	1520	-70
	Ahmedabad	Mill Delivery	1500	1570	-70
	Surat	Mill Delivery	1520	1610	-90
M.P.	Bhopal	Lokwan	1600	1600	0
	Indore	Mill Delivery	1380	1540	-160
Rajasthan	Kota	Mill Quality	1350	1470	-120
	Kota	Mill Delivery	1450	1550	-100
U.P.	Kanpur	Mill Delivery	1550	1550	0
	Mathura	Mill Quality Loose	1460	1460	0
	Kosi	Mill Delivery	1450	1500	-50
Punjab	Khanna	Mill Quality Loose	1530	1540	-10
	Jagraon	Mill Delivery	1550	1560	-10
Haryana	Sirsa	Mill Quality loose	1500	1510	-10
	Hodal	Mill Delivery	1500	1660	-160
Tamil Nadu	Chennai	Mill Quality	1700	1775	-75
	Madurai	Mill Quality	1757	1832	-75
	Coimbatore	Mill Quality	1757	1832	-75

**Monthly Arrivals at Delhi (Narella and Najafgarh)**


**Domestic Outlook:**

Wheat cash market is expected to trade lower as pressure is bound to increase with opening of the weather and recommencement of harvesting activities in Punjab and Haryana. This year percentage of light quality wheat may increase from normal 10 to 30 percent and lacklustre wheat would fetch price below MSP. As wheat crop in MP and Rajasthan has affected badly (20 to 25 percent), shortage of quality wheat would attract premium price throughout the season. South Indian millers may increase import volume in the second half as prices of wheat may start moving north way. Traders expect minimum 1 million tonne export this year. Government too would face problem to procure quality wheat and farmers would try to sell their lacklustre wheat to state agencies and FCI. Overall, trend is expected to remain bearish in May and June, till the procurement season.

However, govt has ample stock and is in a position to intervene the market by increasing supply of mill quality. In case of premium quality traders/purchasers would have to depend on open market availability and would have to pay premium price for the same.

**SWOT Analysis of Wheat  
Strength**

- Comfortable stock position despite lower procurement.
- Record production.

**Weakness**

- Lower availability of quality wheat in Rajasthan, Gujarat and MP.
- Disparity at current level
- Weak Infrastructure.
- Lack of branded wheat quality wise.

**Opportunity**

- Unfavourable weather in US.
- Export restriction of wheat in Russia & Ukraine.
- Bangladesh current demand (3 MMT a year).
- Higher demand for premium grade like Lokwan, sharbati and tukda.

**Threat**

- Growing disparity.
- Import from Australia.
- Higher marketable surplus in major exporting countries.

### International Market Dynamics:

Global wheat markets traded steady to slightly firm in March owing to better export opportunity to Argentina, E.U. and Ukraine However USA wheat export may decline due to recent crop loss by cold.

IGC sees global wheat production at 719 million tonnes which is slightly higher as compared to its previous month estimate. Trade is expected to decrease by 2 million tonne over year and Consumptions is expected to decrease to 708million tonnes over previous forecast. Carryover stocks are expected to increase to 198 million tonnes from 187 million tonnes over previous year owing to rise in production.

### IGC Wheat Balance Sheet(Quantity in MMT)

	2009-10	2010-11	2011-12	2012-13.	2013-14 Est	Forecast for 2014-15	
						26.02.2015	26.03.2015
<b>Production</b>	679	653	695	655	713	719	719
<b>Trade</b>	128	126	145	141	155	152	153
<b>Consumptions</b>	652	657	697	678	696	709	708
<b>Carryover stocks</b>	199	194	192	170	187	197	198
<b>Y-O-Y change</b>	27	-4	-1	-22	17	10	11
<b>Major Export</b>	79	73	68	50	54	64	66

### IGC Balance Sheet Highlight

- World wheat production is forecast at a record 719m t in 2014/15, marginally up from last month and an increase of 1% y/y.
- Because of a cut in feed use, the global consumption forecast is down by 1m t from before, to 708m, still up by 2% y/y.
- The world stocks figure is lifted by 2m t, to 198m, up by 11m y/y and a 13-year high.
- World wheat trade is 1m t higher than previously, at 153m, down by 1% from last season's record.

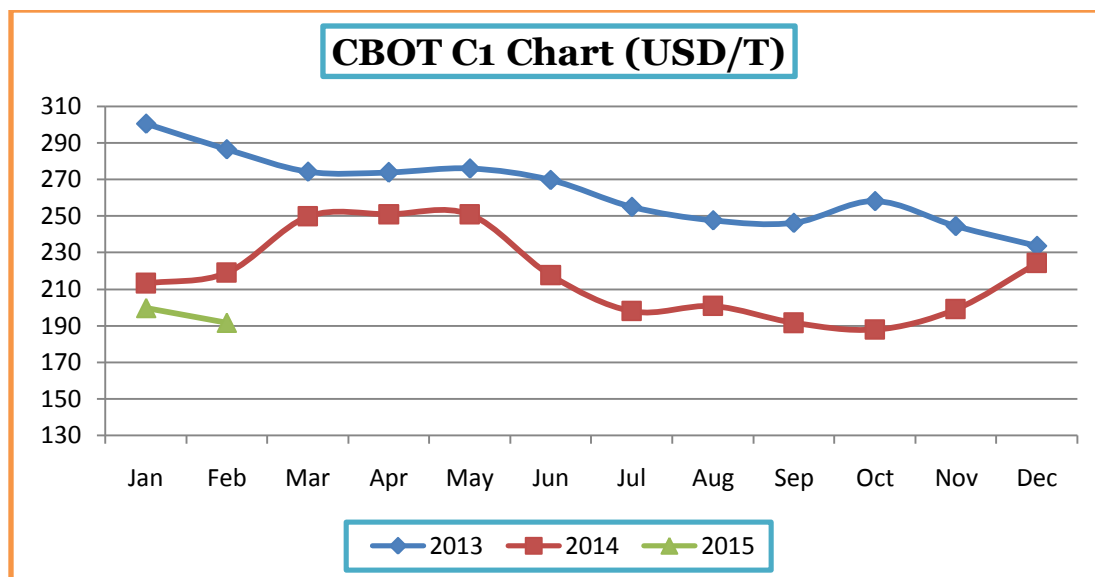
USDA Global Wheat Balance Sheet Fig.in MMT							
Country	Opening stock 2014-15	Production projected 14-15	Domestic consumption (2014-15)	Import 14-15	Export 14-15	Ending stock 14-15	Production last year
USA	16.04	55.39	33.09	4.4	25.50	17.79	58.10
Canada	9.79	27.50	9.75	0.48	22.50	6.02	37.50
Australia	5.86	25.00	6.80	0.15	19.00	5.71	27.01
Argentina	2.54	12.00	6.15	0.005	6.00	2.39	10.50
Russia	5.30	59.00	34.80	0.50	22.50	7.50	52.09
China	60.27	126.00	124.00	2.00	1	63.27	121.93
EU	10.15	153.97	126.00	5.00	28.00	15.13	143.13
Ukraine	3.67	24.50	12.00	0.05	10.00	6.22	22.27
Pakistan	2.16	25.00	25.10	1.00	0.7	2.36	24.00
India	17.83	95.91	94.46	0.02	2.00	16.30	93.51
Others	51.96	116.84	240.65	140.19	19.44	49.89	124.99
<b>World total</b>	<b>185.57</b>	<b>721.11</b>	<b>712.80</b>	<b>153.79</b>	<b>156.64</b>	<b>192.58</b>	<b>715.13</b>

### CBOT May 15Monthly Future Chart:



CBOT May 15monthly chart shows the range bound movement in the month of March. In first half prices went up due to weather concerns in the wheat growing area, however better crop production estimate around the world moved the prices down. We expect

prices to trade steady to slightly firm in the month of April, within the range of USD 185-215/MT.

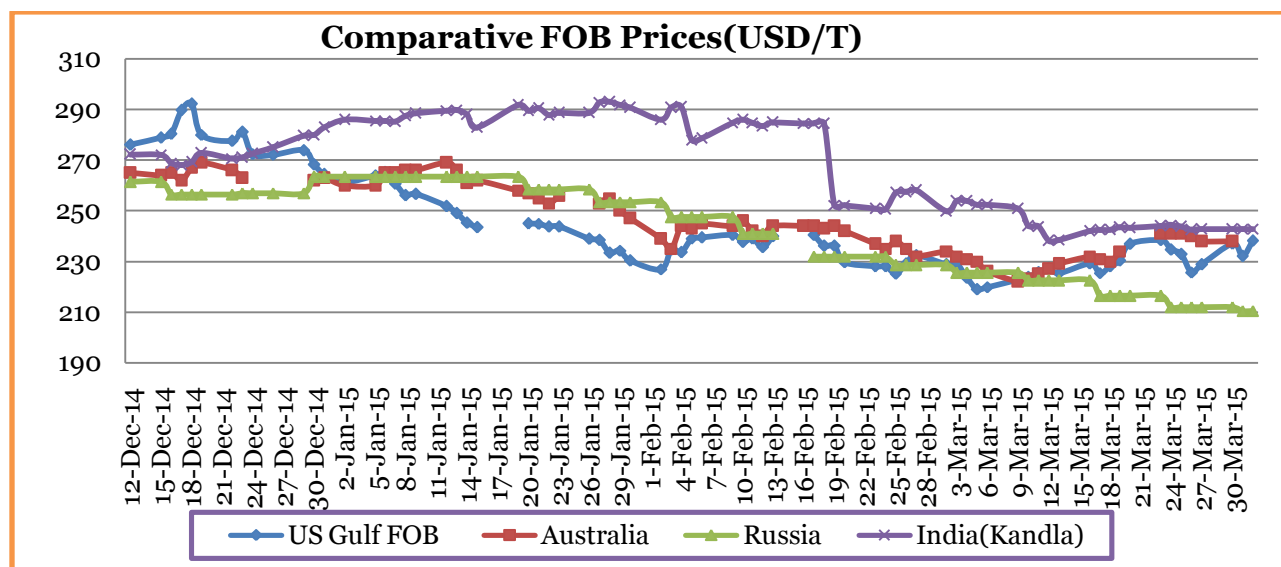


### CBOT comparison over period of time:

CBOT Futures Prices: Date: 03.04.15 (USD/T)							
CONTRACT MONTH	03-Apr-15	Week ago (27 Mar 2015)	1 Month ago (03 Mar 15)	3 Month ago (05 Jan 14)	6 Month ago (03 Oct 14)	1 Year ago (03 Apr 14)	% Change over previous year
15-May	197.02	186.55	185.90	218.14	185.63	263.61	-25.26
15-Jul	196.83	188.11	187.28	218.97	188.75	261.96	-24.86
15-Sep	199.96	191.42	190.41	221.45	193.07	263.06	-23.99
15-Dec	205.10	196.56	195.64	224.94	198.95	265.91	-22.87
16-Mar	209.97	201.43	199.59	226.32	202.90	267.01	-21.36
16-May	212.91	204.46	201.79	224.57	204.37	266.27	-20.04

**Comparative Month on Month FOB quotes: (Fig in \$ /MT)**

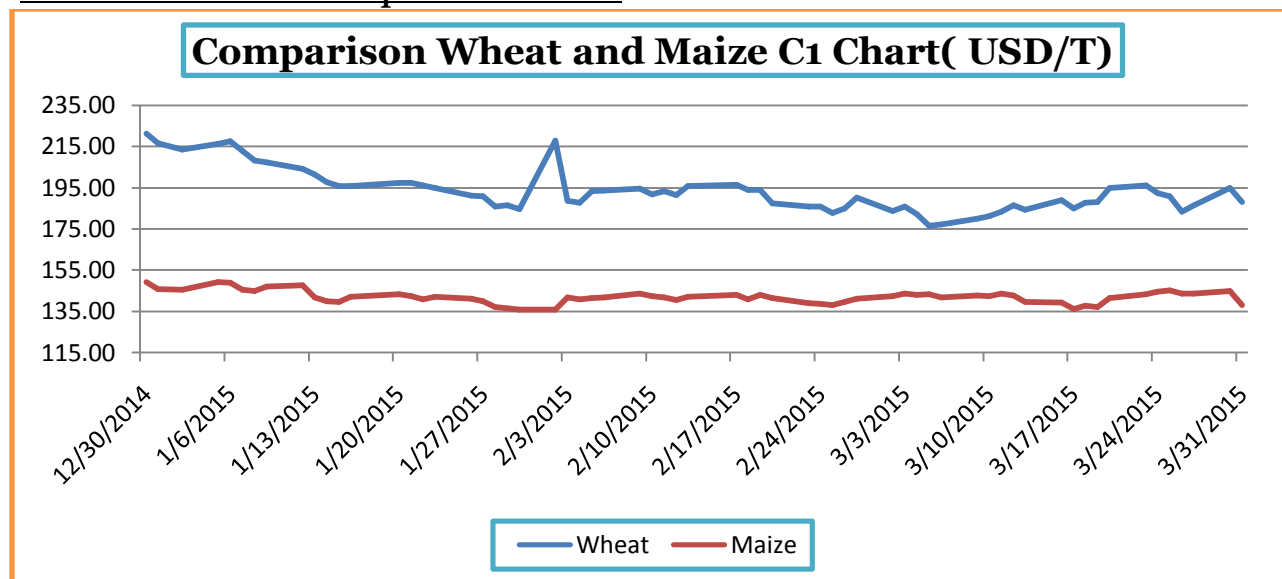
All prices are for SRW /milling grade, comparable to Indian quality	01st dec 14	06th Jan 15	02nd Feb 15	03rd Mar 15
<b>USA</b>	278.00	265.20	226.90	229.20
<b>France</b>	234.45	239.58	204.41	199.53
<b>United Kingdom</b>	NA	NA	NA	NA
<b>Australia</b>	265.00	265.00	239.00	232.00
<b>Russia</b>	247.00	263.50	253.50	225.50
<b>India</b>	273.62	285.58	286.04	253.92



International FOB has been trading weak due to better crop production estimate globally. However, USA has shown some firmness due to recent crop loss in major producing states of wheat.



### Wheat and Maize Comparison CBOT:



It can be seen from above chart that Wheat and Corn prices follow each other as both are the ingredients of feed. Cbot wheat prices has increased due to unfavourable weather condition in US wheat growing area, therefore maize demand is also increased.

### International Outlook:

Global wheat market have firmed up in the month of March and may get firmer as main wheat growing belt in US is facing drought like condition and production may revise down once again. Besides, Wheat area in Australia may decrease this year as sowing condition is not favourable so far. Weather conditions during sowing (June –July) have been predicted to remain abnormal. However, better production in Russian and Ukraine may cap the gain as new crop would start hitting the market by mid June. Russia may remove export curb to offload excess marketable surplus. Overall trend in global wheat market is expected to remain steady to slightly firm in the month of April.

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