Executive Summary:

Wheat cash markets traded up by 0.57 % month on month basis in December-2015 due to seasonal factors and moisture stress in major wheat growing states like Gujarat, Uttar Pradesh and Madhya Pradesh. Overall progressive sowing area lags behind by 7.4 % till 1st Jan -2016.However, it is lower by5.96 % from December-2014 when wheat was being traded at Rs 1830.88 per qtl. Firmness in wheat market is likely to continue in January 2016 too as production and carryout are bound to decline at an alarming level. Production may dip around 85 MMT in 2016 from 88 MMT in 2015.

As per latest update by Ministry Of Agriculture wheat sowing area is running behind by 7.40% to 271.46 lakh ha from (293.16 lakh ha) corresponding time last year. As planting of wheat has entered into last phase now, any unexpected recovery in area is a remote possibility and total coverage may end up at 281.24 lakh ha in 2016. Major dip is expected in U.P.,M.P. & Gujarat which contribute collectively around 48% in total production. Weather is not favourable and it hints tough time in last quarter of MY 2016-17.Rains at this stage are very crucial. Temperature in Feb, March and April would be decisive factor for the final crop size in 2016.

Agriwatch has revised wheat production estimate down by 3.62 MMT to 85.32 MMT for 2016-17 MY starting from April-2016.Crop size may be further revised down if weather turns unfavourable in March – April once again like last year. Carryout for 2016-17 would decrease from13.99 to 5.81 MMT, the lowest in a decade.

At export front, opportunity for Indian wheat exporters is not favourable due to cheaper availability of wheat in the global market. Price difference is wider, around $50/55 per tonne. Russia, Australia and Argentina are offering wheat at $190 to $205 per tonne on FoB basis. Against it, India FoB quotes at current price come to$152/155 per tonne when it is sourced from Saurashtra Region Of Gujarat.

India exported 8129.73 tonne wheat in December 2015, quite higher than exported volume(1798.04 tonne) in November-2015.Import was registered at 28025.03 tonne during the same time against 0.368 tonne import in November-2015.Average monthly FoB quote for exported volume in December was $314.8 per tonne while average monthly CiF quote for imported volume was$254.42 per tonne. It indicates that wheat is cheaper in global market.

Supply side is almost balanced for common grade wheat as continuous release from central stock pool is meeting local millers demand. Export demand is almost negligible due to disparity. So Agriwatch expects market to stay steady to slightly firm in the month of January too. Wheat stock in central pool decreased from 28.32 MMT(Nov) to 251.2 MMT in Dec-2015. Normally, wheat off-take is 2.5 to 3.0 MMT per month in lean season starting from August. Almost three months left for old wheat consumption, stock in central pool seems at comfortable level in absence of export demand so far. However, stock would decrease this year as production is expected to decrease drastically and its impact would be felt next year.

Proposed higher MSP (Rs 1450 to Rs 1525 for MY 2016-17) by CACP would remain supportive to the cash market fundamentals. However, govt has ample stock and can intervene in the market in any unexpected gains with releasing additional stock. As stored out crop is of poor quality, its life cycle too has decreased this year. So govt may prefer to consume last year's crop as soon as possible. This may limit firm trend in the market.

IGC has not changed its global wheat production estimate (726MMT) in Dec-2015 despite some concerns regarding winter wheat crop prospects this season. However, trade estimate has been revised up by 1 MMT to 151 MMT. Consumption estimate has been raised from 718 to 720 MMT in the month of Nov/Dec-2015and carryout stock has been revised 1MMT down from 209 to 208MMT.In brief, Overall supply side in the global wheat market does not imply any short supply in the fourth quarter of the current MY, ending March-2016. In brief, global wheat market will continue to reel under pressure in the last quarter of the year.

India's Wheat Quaterly Balance Sheet For 2016-17:

Quarterly Wheat Supply & Demand Side In 2016-17(Fig. In MMT)							
	2015-16	**2016-17(Forecast)**	**2016-17**	**Apr-Jun**	**July-Sep**	**Oct-Dec**	**Jan-Mar**
Carry in	18.55	**13.99**	**13.99**	**13.99**	**75.58**	**52.21**	**28.88**
Production	88.94	**85.32**	85.32	85.32	0	0	0
Imports	1	**2**	2	0.2	0.6	0.6	0.6
Total Availability	108.49	**101.31**	101.31	99.51	76.18	52.81	29.49
Consumption	93.5	**94.5**	94.5	23.62	23.62	23.62	23.63
Exports	1	**1**	1	0.3	0.35	0.3	0.05
Total Usage	94.5	**95.5**	95.5	23.92	23.97	23.92	23.68
Carry out	13.99	**5.81**	**5.81**	**75.58**	**52.21**	**28.88**	**5.81**
Av Monthly Consumption	7.79	**7.88**	7.87	7.87	7.87	7.87	7.88
Stock to Month Use	1.80	**0.74**	0.74	9.60	6.63	3.67	0.74
Stock to Consumption Ratio	0.15	**0.06**	0.06	3.20	2.21	1.22	0.25

Source: Agriwatch

Agriwatch has revised 1st Adv estimate for 2016-17 MY starting from April-2016 from 88.94 to 85.32 MMT in its monthly report of January 2016.

Supply- Demand Highlights:

- *Wheat production in India(to be marketed in 2016-17) would decrease drastically in 2016 from 88.94 million tonne to 85.32 MMT. Decrease in production by 3.62 million tonne from last year would directly impact total availability in 2016-17 and it would decrease from 108.49 to 101.31 MMT.*

- *Unexpectedly lower production would drag down carryout for 2016-17 to5.81MMT, the lowest in a decade. It would be lower by over 8 MMT from 2015-16.The season(2015-16) started with 13.99 tonne carry in stock.*

- *At export front there is not much scope for Indian wheat due to lower offering by other exporting countries. Russia, Argentina and Australia are offering wheat at $50/55 per tonne lower than India. France wheat is even cheaper. So there is no export window available for bulk export from India. India would be able to export only 1 MMT wheat in 2016-17 in neighbouring countries.*

- *The new MY (starting from April 2016) may end with 2 MMT wheat import due to cheaper world market. India imported 28025.03 tonne wheat in December-2015 and volume may increase in the remaining months of the last quarter due to wide difference in prices. Current MY may end with 1 MMT import. Around 5 lakh tonne wheat has been imported so far.*

- *Supply side would be tight in the last quarter of the new MY. Prices of wheat may rule firm in domestic market and South Indian Millers would prefer to import wheat from Australia, Argentina and Black Sea Region due to wider price gap. Govt may extend applicable import duty for one year after March-2016 to restrict import. Currently 25% import duty is applicable.*

Revised Wheat APY Estimate For Crop Year 2015-16:

Revised Wheat Production Estimate For The Crop Year 2015-16						
State/ UT	Area		Yield		Production	
	2014-15	2015-16(Forecast)	2014-15	2015-16(Forecast)	2014-15	2015-16(Forecast)
Andhra Pradesh	8	8	1331	1326	10.648	10.608
Assam	18	10	1198	1194.803	21.564	11.94803
Bihar	2247.18	2150	2425	2273.17	5505.591	4887.316
Chhatisgarh	152	115	1274	1252.721	193.648	144.0629
Gujarat	1240	825	2800	2839.55	3496.8	2342.629
Haryana	2500.39	2505	4750	4819.376	11901.86	12072.54
Himachal Pradesh	359.79	360	1636	1635.686	588.6164	588.8469
Jammu & Kashmir	241.2	250	1627	1627.124	392.4324	406.781
Jharkhand	156.76	130	1851	1850.819	290.1628	240.6065
Karnataka	174.87	160	901	901.3486	157.5579	144.2158
Madhya Pradesh	5778.25	5000	2100	2136.55	12221	10682.75
Maharashtra	812.54	600	1464	1570.853	1189.559	942.5118
Orissa	1.4	1	1604	1604.357	2.2456	1.604357
Punjab	3551.5	3515	4500	4752.683	15981.75	16705.68
Rajasthan	2826	2800	2875	3031.866	8124.75	8489.225
Uttar Pradesh	9850.51	9000	2750	2878.5	27088.9	25906.5
Uttarakhand	370.9	350	2350	2369.392	871.615	829.2872
West Bengal	323.4	330	2769	2769.149	895.4946	913.819
Others		15			0	
All India	30613	28124			88934.19	85320.93

Source:Agriwatch

- *Overall wheat area is running behind by 7.4 % to 271 lakh ha till 1st Jan-2016 from corresponding time last year, any unexpected recovery is unlikely. The ongoing planting season may end up with 28.12 Million ha.area coverage. Lower area coverage would definitely reduce normal production size (95 MMT) by 10 MMT to 85 MMT this year.*

Domestic Market Highlights:

- *Wheat Sowing lags behind by 7.40 % as on 01.01.2016 to 271 lakh ha. Around 90 percent sowing is over now.*
- *India exported 8129.73 tonne wheat in December 2015, quite higher than exported volume(1798.04 tonne) in November-2015.*
- *Import was registered at 28025.03 tonne during the same time against 0.368 tonne import in November-2015.Average monthly*
- *FoB quote for exported volume in December was $314.8 per tonne while average monthly CiF quote for imported volume was$254.42 per tonne.*
- *The CACP has proposed to hike wheat MSP from RS 1450 to Rs1525 per qtl.for MY 2016-17*
- *Rake loading from Kota region to Tamil Nadu/Karnataka is being reported at Rs 1820/1830 per qtl.*
- *Agriculture Statistics Division, DES has revised wheat production estimate down by 1.78 MMT to 88.94 MMT. India has produced 95.85 million tonne wheat in 2013-14.Govt has fixed Rabi production target at 94.75 MMT for crop year 2015-16.*
- *The basic customs duty of 25 per cent on wheat import will remain effective till March 31 ,2016.It may be extended beyond March-2016.*

Area Coverage Under Wheat Till 1st January-2016:

State Wise Progressive Wheat Sowing Till 01.01.2016 (Fig In Lakh ha)				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088	0	0	#DIV/0!
Arunachal Pradesh	0.034	0	0	#DIV/0!
Assam	0.442	0	0.17	-100
Bihar	21.313	21.32	21.14	0.85
Chhattisgarh	1.074	1.12	1.22	-8.20
Goa	0	0	0	#DIV/0!
Gujarat	11.938	8	10.99	-27.21
Haryana	25.05	25.03	24.78	1.01
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.4	2.35	2.13
Jharkhand	1.387	1.25	1.04	20.19
Karnataka	2.394	1.51	1.74	-13.22
Kerala	0	0	0	#DIV/0!
Madhya Pradesh	48.372	47.59	55.08	-13.60
Maharashtra	10.202	5.14	6.55	-21.53
Manipur	0.024	0	0	#DIV/0!
Meghalaya	0.004	0	0	#DIV/0!
Mizoram	0	0	0	#DIV/0!
Nagaland	0.029	0	0	#DIV/0!
Odisha	0.024	0	0	#DIV/0!
Punjab	35.168	34.89	34.95	-0.17
Rajasthan	27.363	27.86	27.23	2.31
Sikkim	0	0	0	#DIV/0!
Tamil Nadu	0	0	0	#DIV/0!
Telengana	0.004	0	0	#DIV/0!
Tripura	0.004	0	0	#DIV/0!
Uttar Pradesh	97.218	85.03	95.84	-11.28
Uttarakhand	3.698	3.35	3.21	4.36
West Bengal	3.208	3.25	3.2	1.56
Pondicherry	0	0	0	#DIV/0!
Others	0.208	0.12	0.1	20.00
All-India	295.735	271.46	293.16	-7.40

Source: Ministry OF Agriculture

Wheat Area coverage lags behind by 7.4 % to 271.46 lakh ha. Five years average area is 295.73. As sowing has entered last phase, maximum increase of10 lakh ha coverage is possible. So, shortfall in production is clearly visible now. Major dip has been seen in Uttar Pradesh, Madhya Pradesh and Gujarat.

Slight increase has been seen in Uttarakhand, Rajasthan,Bihar and Jhharkhand. However, it would not compensate lower coverage in Major states like M.P., U.P.and Gujarat.

Weather development in Feb, March & April would be crucial now.

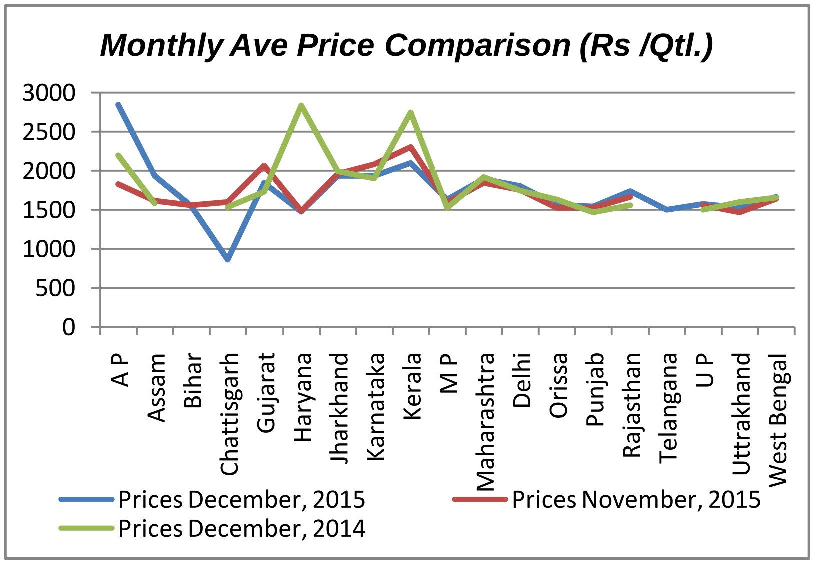
Monthly Average Price Comparison:

All India ave monthly price increased by 0.57% from Rs 1721.69 in Nov to Rs 1731.62 per qtl in Dec-2015

Prices increased in Rajasthan , Delhi, Madhya Pradesh and Gujarat while it decreased in Haryana. Jharkhand and Orissa.

However, in many states prices were ruling considerably lower than Dec-2014 price.

Higher supply and lower export demand amid continuous supply through central pool restricted wheat price to firm up like previous year.



Source Agmark.Net

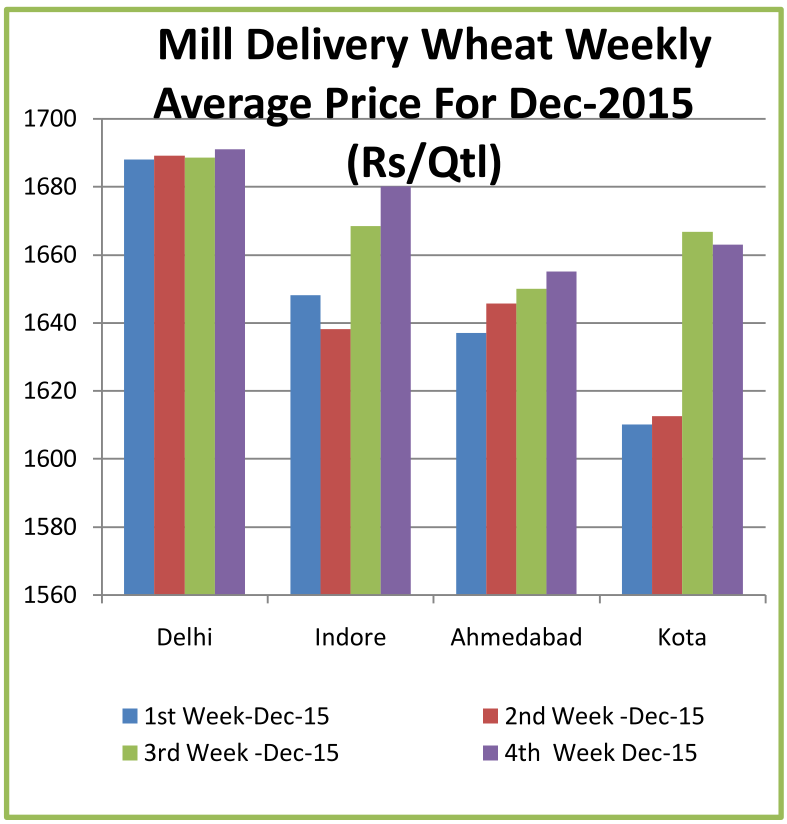
Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Wheat average prices moved slightly up week on week basis in all major markets. Higher increase was registered in Indore last week due to demand from south Indian millers for FAQ varieties.

Prices are likely to firm up from current level as inner tone in the market turns firm once again based on lower production prospects this year.

Besides, higher MSP for next year crop and possibility of one month delay in arrival would continue to lend support wheat cash market in the weeks ahead.

Slight decrease was registered in Kota due to ample supply from private trades and central pool stock.

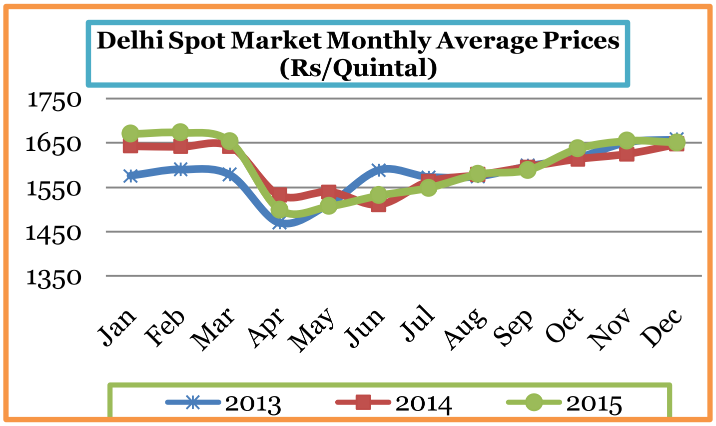


Wheat Average Monthly Prices Movement During Last Three Years

Wheat spot market (Delhi) ave price increased slightly during the month of Dec in comparison to Nov,2015 due to short supply of FAQ/premium varieties at local market.

It moved up from Rs 1647 to Rs 1650 per qtl. in Dec.

It may continue to improve slightly again in January-2016 as inner tone in domestic market remains firm.



Wheat Exports From India

According to IBIS data, India exported 8129.73 tonne wheat in the month of Dec-2015 at an ave FoB price of $314.8 per tonne. It was slightly lower than Nov average price.

Export volume would not increase much in the month of January as prices in domestic c market rule higher.

Cheaper wheat available in global market erases opportunity for Indian wheat exporters.

Yearly/Monthly Quantity	Wheat Export(Lakh T)	Average FOB Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	**7.4**	**232.12**	**237.46**
Apr 12 - Mar 13	**65.14**	**298.18**	**286.71**
Apr 13 - Mar 14	**55.59**	**282.82**	**241.6**
Apr-14-Mar-15	**29.25**	**279.96**	**230.37**
15-Apr	62669.6	266.56	184.07
15-May	25815.69	251.04	187.49
15-Jun	17388.6	268.7	190.63
15-Jul	35104.35	274.91	200.86
15-Aug	8758.47	270.51	182.61
15-Sep	29256.2	277.69	180
15-Oct	2513	299.92	186
15-Nov	1798.04	315.79	182
15-Dec	8129.73	314.8	176
16-Jan			
16-Feb			
16-Mar			
Total 2015-16("000"T)	188920.68	282.43	183.74

Source: DGCIS, *Provisional data from IBIS)

Wheat Import From India:

Wheat import in Dec,2015 was registered at 28025 tonne. It increased considerably in December.

Average CiF price was $254.42 per tonne. More import seems on the card as global wheat market offers wheat at very attractive price.

Total import has crossed 4.86lakh tonne till Dec - 2015.Yearly ave CiF comes to $277.98 per tonne.

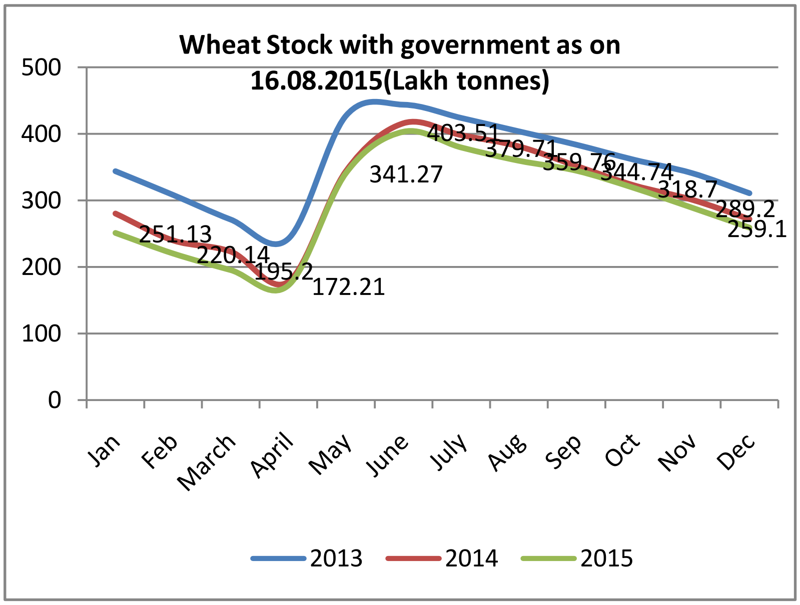
April -2015 (MY-2015-16)	Wheat Import(InThousand Tonne)	Average CIF Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
15-Apr	**Negligible**	**NA**	184.07
15-May	38401.64	300.93	187.49
15-Jun	97078.18	289.02	190.63
15-Jul	126511.11	279.16	200.86
15-Aug	153754.27	272.54	182.61
15-Sep	25891.82	293.09	180
15-Oct	16702	262.21	186
15-Nov	0.368	272.5	182
15-Dec	28025.03	254.42	176
16-Jan			
16-Feb			
16-Mar			
Total 2015-16	**486364.41**	277.98	183.74

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

Wheat stock in government's ware houses on 01.12.2015 was registered at 259.1.67 lakh tonne. Stock is lower than 2013, 2014 due to lower procurement.

This year carry out may decrease considerably due to lower production prospects. Stock is expected to decrease from 13.99 million tonne to 5.81 by end March, 2017

Despite lower production prospects stock available in central pool is ample to take care of any additional demand.



Wheat procurement:

States	Total During 2014-15	Target For 2015-16	Procurement for the season as on 13th July, 2014	Procurement for the season as on 14th July, 2015	% Ch till date
Punjab	116.41	125	107.74	103.44	-3.99%
Haryana	64.95	65	64.14	67.78	5.68%
UP	6.28	30	6.28	22.67	260.99%
M.P.	70.94	78	71.88	73.09	1.68%
Bihar	0	0	0	0	
Rajasthan	21.59	20	21.54	13	-39.65%
Uttrakhand	0.01	1.2	0.01	0.04	300.00%
Chandigarh	0.05	0	0.05	0.11	120.00%
Delhi	0	0		0.02	
Gujarat	0	1		0.73	
Jharkhand	0	0			
HP	0	0			
Maharashtra	0	0.2			
J&K		0			
West Bengal	0	0.2			
Others	0	0.4	0.02	0	
TOTAL	280.23	321	271.66	280.88	3.39%

Note: **Fig in lakh tonne Source :FCI Wheat procurement is up by 3.39 percent till14th July,2015.**

Wheat Inflation:

Wheat WPI increased from 219.3 to 221.5 in November, 2015.

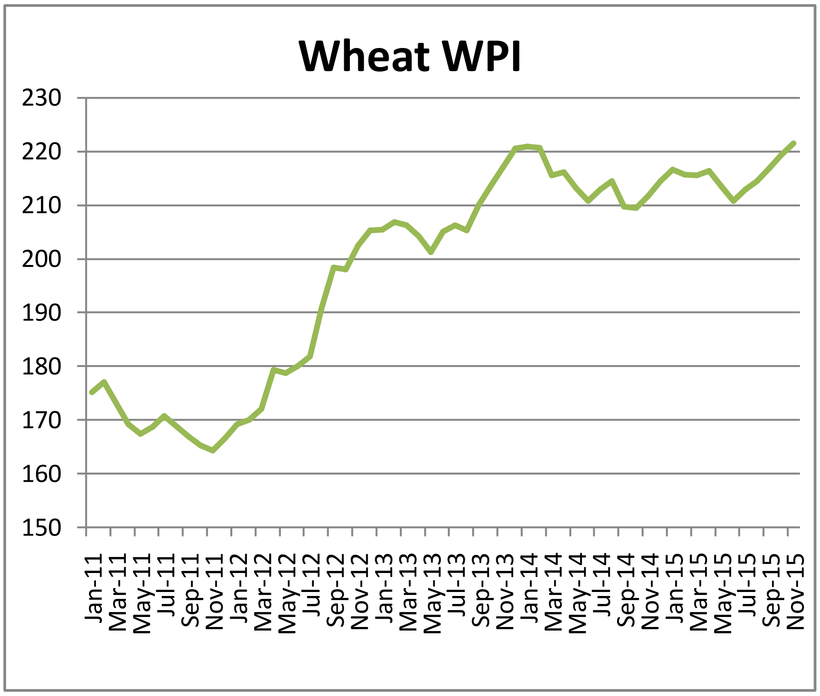
Wheat inflation increased to 4.63 percent month on month basis.

Wheat cash market price will continue to trade up and it may further boost inflation up in coming weeks.

The given chart shows inflationary pressure and there is no respite in the sight given the increasing trend.

More jump in WPI is expected in January, 2016.

Weight: 1.11595, base year-2004-05=100

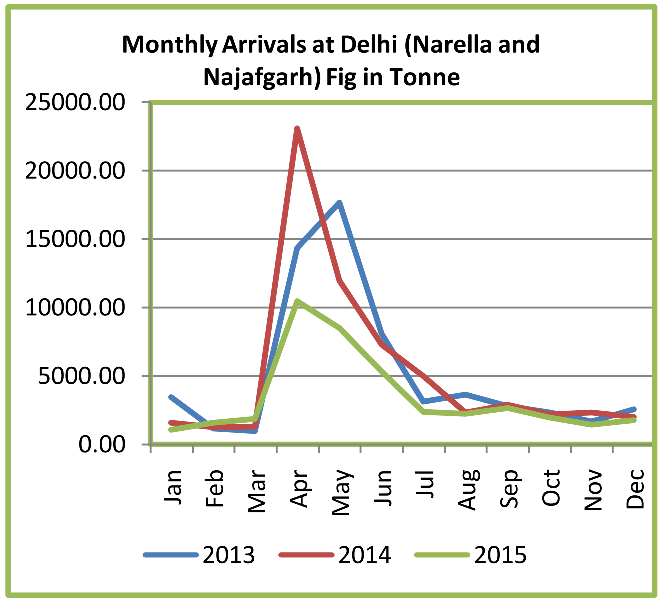


Monthly Average Prices at Various Spot Market(Rs /per Quintal)					
	Delhi	**Indore**	**Kota**	**Rajkot**	**Chennai**
14-Mar	1642.08	1593.33	1655	1530.3	1987.14
14-Apr	1532	1527.5	1521.7	1511.2	1866.1
14-May	1540	1575.65	1531.42	1518.4	1845.47
14-Jun	1510.48	1509.58	1493.95	1438.04	1780
14-Jul	1562.42	1617.4	1569.54	1512.6	1799.31
14-Aug	1579	1624.04	1581.31	1504.47	1801.36
14-Sep	1596.5	1592.6	1560	1539.8	1778.4
14-Oct	1613.39	1575.14	1564.75	1540.33	1792.4
14-Nov	1625.2	1595.22	1563.75	1626.59	1814.37
14-Dec	1647.11	1637.04	1603.65	1649.42	1831.53
15-Jan	1669.6	1682.95	1666.36	1713.47	1843.18
15-Feb	1673.33	1563.86	1592.61	1567.95	1803.57
15-Mar	1652.48	1449	1487.63	1459	1720.26
15-Apr	1499.16	1434.52	1442	1402.04	1683.8
15-May	1506.92	1492.82	1468.6	1410.2	1700
15-Jun	1531.54	1519.25	1537.25	1479.95	1708
15-Jul	1548	1534.3	1455.4	1508.4	1738
15-Aug	1579.45	1518.18	1433.25	1520	1740.21
15-Sep	*1588.75*	*1511.95*	*1546.59*	*1554.77*	*1768.86*
15-Oct	*1690.71*	*1606.57*	*1607.22*	*1618.57*	*1848.33*
15-Nov	1654.41	1615.26	1507.35	1508.66	1869.44
15-Dec	1550.2	1610	1639	1515	1876.6

Monthly Price Comparison of Spot Markets:

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			31-Dec-15	30-Dec-15	24-Dec-15	1-Dec-15	31-Dec-14
Delhi	Lawrence Road	Mill Delivery	1690	1690	1680	1685	1685
	Narella	Mill Quality Loose	1620	Closed	1635	1650	NA
	Nazafgarh	Mill Quality Loose	1640	Closed	1630	1630	NA
Gujarat	Rajkot	Mill Delivery	NR	NR	NR	1600	1740
	Ahmedabad	Mill Delivery	NR	NR	NR	1625	1800
	Dhrol	Mill Quality Loose	1670	1845	1820	1720	NA
	Surat	Mill Delivery	NR	NR	NR	1645	1825
M.P.	Bhopal	Mill Quality Loose	1560	1560	NR	1525	1560
	Indore	Mill Delivery	1680	1680	1675	1640	1710
Rajasthan	Kota	Mill Quality Loose	1600	1580	1580	1510	1600
		Mill Delivery	1700	1650	1670	1610	1670
U.P.	Kanpur	Mill Delivery	1565	1565	1560	1565	1590
	Mathura	Mill Quality Loose	1600	1580	1570	NA	1620
	Kosi	Mill Quality Loose	1585	1580	1585	NA	1600
	Hathras	Mill Quality Loose	NA	NA	1580	NA	1600
	Aligarh	Mill Quality Loose	1550	Closed	1550	NA	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1550	1550	1550	1560	1490
	Hodal	Mill Delivery	NA	NA	NA	NA	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1650	1600	1650	1625	1620
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1900	1900	1900	1850	1850
	Madurai	Mill Quality	1957	1957	1957	1907	1907
	Coimbatore	Mill Quality	1957	1957	1957	1907	1907
Bihar	Sitamari	Mill Delivery	NR	1615	1610	1610	1520
	Khagariya	Mill Delivery	1750	1750	1750	1850	1800

Monthly Arrivals at Delhi (Narella and Najafgarh)



Domestic Outlook:

Wheat cash market is expected to trade range bound with firm bias likely to continue in the coming weeks.

Supply side is expected to be normal as govt is keen to augment supply when and wherever additional demand arises. Despite lower area coverage and production prospects common grade wheat would continue to trade steady.

Higher temperature still remains a major concern that may impact yield and resultantly price too.

SWOT Analysis of Wheat

Strength

- *Comfortable stock position.*
- *Import option open despite imposition of 25 percent duty.*
- *Govt. release mechanism/allocation through OMSS.*
- *Hope for sowing recovery*

Weakness

- Lower availability of quality/premium grade wheat in private hands.
- Disparity for export at current level
- Weak Infrastructure.
- Lack of branded quality wheat.

Opportunity

- *Winter wheat sowing condition in Russia/US remains unfavourable.*
- *Higher demand for premium grade like Lokwan, Sharbati and Tukda.*

Threat

- *Growing disparity.*
- *Higher domestic price.*
- *Higher marketable surplus in major exporting countries.*
- *Lower price in global market*

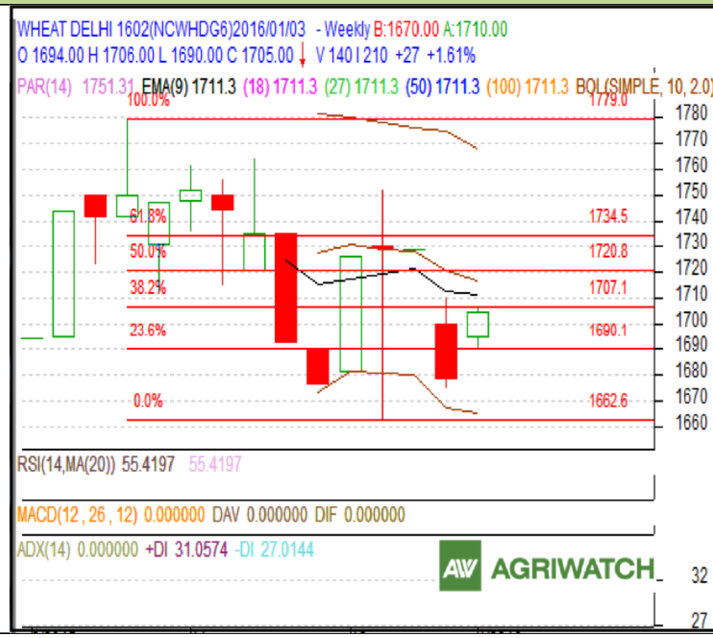
Wheat Technical Analysis:

Wheat – Technical Outlook	Contact: Feb, Expiry:20th ,Feb-2016

Technical Commentary:

- *Candlestick depicts firmness in the market.*
- *RSI steady in neutral zone denotes range bound movement.*
- *Prices closed above 9 and 18 days EMAs.*
- *The nearest by support is 1690*

Wheat prices are likely to trade firm.



Strategy: Buy on dip

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Oct	1663	1690	1705	1721	1734
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Oct	**Buy above**	1695	1715	1720	1688

* Do not carry-forward the position next month.

International Market Dynamics:

***Global wheat market has shown some firmness in recent week after considerable dip in** last four weeks. However, firmness is unlikely to continue due to ample global supply and good production prospect in winter season. At current price, buyers may return to market to cover their short position.*
***Argentina has revised its grain export policies and it would encourage farmers to** grow more wheat and corn now. Export permit policy has been cancelled. Export tax too has been removed on corn and wheat. Local farmers had reduced their wheat and corn area under export permit system and lower price. Now they will double their area under wheat and corn-say experts.*
***Argentina's Agriculture Ministry has forcasted the current wheat crop to be 10.9** million metric tons. That is below the 2007-08 record crop of 16.4 million, before the export permit policy was initiated. The export of grains has become more profitable for farmers after Argentina's government lifted four years of currency controls, leading to the biggest one-day peso devaluation in the last 14 years on Dec. 17.*
***Countries like UAE, Malaysia, Nigeria and Qatar bought 48,30,25 and 5.46 tonne** wheat respectively from India last week. Actually, it is a token buying and there is no hope for any bulk demand from our regular buyers due to higher prevailing prices in the domestic market. Russia, France and Argentina are offering wheat lower by $35 to 45 per tonne and it distracts buyers to source wheat from India. Australia offers wheat at $216 and US $209 per tonne. Besides, quality wise they supply better wheat in assured time and this makes a difference.*
***Australian prime wheat with 10.5 percent protein is currently quoted at about** $240 a ton, including cost and freight to Asia, compared to similar variety U.S. soft white wheat that is being offered at around $280 a tonne. Australia is forecast to export around 17-18 million tonnes of wheat from a crop of 23.98 million tonnes in the year to June 2016.*
***IGC wheat production estimate remained unchanged this month too at 726** MMT. However, trade estimate has been revised up by 1 MMT to 151 MMT. Consumption estimate has been raised from 718 to 720 MMT in the month of Nov-2015.Similarly carryout stock has been revised 1MMT down from 209 to 208MMT.*
***World wheat harvested area in 2016/17 seen falling by less than 1%.Northern hemisphere** 2016/17 winter wheat sowing is almost over now. Conditions are almost favorable; however, concerns persist about dryness in some parts, especially in Ukraine. There is a common assumption based on spring wheat plantings and the next southern hemisphere crops, world may harvest at 221.8m ha, down almost 1% y/y.*
***Agri expert from Australia says that wheat export from Australia may decrease** by3.3 percent to 16.95 MMT this year from July 1st-2015. The reason for decline in export is mainly attributed to dry and hot weather which has impacted wheat crop in Australia. Australia has forecast17.5 MMT wheat export in Sept-2015.Australia last week lowered its wheat harvest estimate by 5.1 percent to 24 million tons. El Nino, which brings drier spring weather to eastern Australia, will probably rank among the three strongest since 1950..*
***Russian Wheat Exporters have won two tenders of Egypt last week. Demand** for Russian wheat has increased due to weak ruble. Wheat prices in local market remained almost flat and may stay steady despite higher demand. Black Sea prices for Russian wheat with 12.5 percent protein content were flat at $198 per tonne on a free-on-board (FOB) basis. Domestic prices for third-class wheat added 75 rubles to 10,750 rubles ($163) per tonne in the European part of Russia, on an ex-works basis.*

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				29.10.2015	19.11.2015
Production	655	714	723	726	726
Trade	142	156	153	150	151
Consumptions	677	696	710	718	720
Carryover stocks	171	188	201	209	208
Y-O-Y change	-21	18	14	8	7
Major Export	50	54	63	67	69

IGC Balance Sheet Highlight:

- *IGC wheat production estimate remained unchanged this month too at 726 MMT.*
- *However, trade estimate has been revised up by 1 MMT to 151 MMT.*
- *Consumption estimate has been raised from 718 to 720 MMT in the month of Nov-2015.*
- *Similarly carryout stock has been revised 1MMT down from 209 to 208MMT.*

USDA Global Wheat Balance Sheet: 2015-16 Fig. In Thousand Tonne(As on 02.01.2016)							
Country	Opening Stock 2015-16	Production Projected 2015-16	Domestic Consumption 2015-16	Import 2015-16	Export20 15-16	Ending Stock 2014-15	Production Last Year
Argentina	3,175	10,500	6,150	30	5,000	2,555	12,500
Australia	4,273	26,000	7,425	150	18,000	4998	23,666
Canada	7,108	26,000	9,000	485	20,000	4593	29,420
China	74,067	130,000	118,000	2,000	1,000	87067	126,170
E U	13,318	157,274	126,750	6,000	33500	16342	156,523
India	17,200	88,940	93,940	500	800	11,900	95,850
Pakistan	3,221	25,000	24,600	100	600	3,121	25,500
Russia	6,282	60,500	36,500	350	23,500	71,32	59,080
Ukraine	5,178	27,000	12,500	50	15,000	4,728	24,750
U S	20,501	55,840	33,177	3,402	21772	24794	55,147
Others	57,369	125,930	246,770	144,786	21,242	67,205	116,888
World total	211692	732,984	714,812	157,853	160,414	227303	725,494

Source:USDA

CBOT Futures Dec Chart:

CBOT wheat market traded firm. However, firmness would not sustain due to ample supply in the global market.

1st Support; 170
2nd Support:165
1st Resistant:183
2nd Resistant:191
($ per tonne)

CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over previous year
	30-Dec-15	23-Dec-15	30-Nov-15	29-Sep-15	30-Jun-15	30-Dec-14	
16-Mar	172.59	173.32	174.70	187.83	230.73	221.17	-21.97
16-May	175.07	175.98	177.82	189.58	231.92	222.64	-21.37
16-Jul	177.64	178.83	181.04	190.86	230.08	223.38	-20.48
16-Sep	181.13	182.41	185.26	193.90	226.23	225.86	-19.80
16-Dec	186.27	187.65	191.05	198.86	228.52	229.72	-18.91

Comparative Month on Month FOB quotes: (Fig in USD/MT)

All prices are for SRW/milling grade	2nd May-15	2nd, july-15	5th, Aug-15	1st Sept-15	1st Oct-2015	2nd Nov-15	1st Dec-15	4th Jan-16
USA	236.5	242.7	204.6	208	216.1	217.9	201.87	194.1
France	194.73	218	173	156.75	165.25	172.5	182.67	NA
Australia	237	260	241	215	214	220	214	NA
Russia	209	193	191.18	182.5	185.5	197	195.5	191
India	239.44	243.4	249.18	245.25	254	254.39	251.27	252.6

International Weather update: (Source-USDA)

Australia-

Widespread showers (10-50 mm) in eastern Australia continued to favor cotton and sorghum development, further increasing moisture supplies while simultaneously reducing irrigation demands. Seasonably warm weather benefited summer crops too, helping minimize stress on crops which are mostly in the vegetative stages of development. The rain l slowed late winter grain harvesting in southern New South Wales and eastern Victoria, but the harvest is reportedly well advanced in these areas, limiting the overall negative impacts on crop quality and production.

.Argentina-

Warm, showery weather maintained overall favorable conditions for summer grains, oilseeds, and cotton. Rainfall totalled 10 to 50 mm across much of central Argentina (La Pampa, Buenos Aires, and southern sections of Cordoba, Santa Fe, and Entre Rios). However, drier conditions (less than 10 mm) prevailed across the southern winter grain belt, favoring drydown and harvesting of wheat and barley. Weekly temperatures averaged near to slightly above normal in the aforementioned areas, with daytime highs reaching the middle and upper 30s (degrees C) in western farming areas at week's end; though above normal, hot weather is common this time of year in and around La Pampa.

Russia and Ukraine-

Above-normal temperatures kept the region uncharacteristically devoid of snow cover and reduced winter crop cold hardiness. Widespread showers (generally 5-25 mm) sustained or improved soil moisture reserves from Belarus and northern Ukraine into central and southern Russia. However, temperatures for the week averaged 7 to 11°C above normal, which kept most primary winter wheat areas lacking a protective snow cover. The widespread abnormal warmth reduced winter crop cold hardiness and likely *encouraged some additional vegetative growth in the warmest locales of Ukraine and southern Russia, though winter wheat was still dormant in the colder central and northern growing areas.*

Europe-

Warm weather persisted, with developing short-term drought across the Mediterranean contrasting with additional showers in the north. A stagnant weather pattern featuring fast-moving Atlantic disturbances resulted in additional widespread showers (5-40 mm) from France and the United Kingdom into Poland and the Baltic States, sustaining favorable soil moisture for vegetative (west) to dormant (northeast) winter crops. Meanwhile, sunny skies promoted a rapid pace of late winter grain planting across Spain and Italy. However, increasingly dry conditions have rapidly reduced soil moisture for crop establishment from southern France and the Iberian Peninsula into Italy and the northern Balkans. Over the past 60 days, precipitation has averaged 25 to 50 percent of normal, with some locations reporting locally less than 10 percent of normal. Rain will be needed soon across crop areas of southern Europe to ensure adequate soil moisture for proper winter grain establishment.

International Outlook:

Global wheat markets are expected to reel under pressure due to improved weather and crop conditions in US and Black Sea regions despite recent flooding in US. Besides, Argentina has abolished export tax(23 %) on wheat and cancelled wheat export quota system., which would enable it to double its export volume. Australia, Canada and US have ample marketable surplus and they all compete with one another. However, wheat market has touched its bottom now and more dip from current level is unlikely. If crop loss occurs in any major exporting countries in next two three months,it may encourage global wheat price once again to some extent. Month of January remains crucial for standing crop in the field. Overall outlook is bearish. Any spike in global wheat market is unlikely.