Executive Summary:

Wheat cash markets traded down by 2.26 % month on month basis in January-2016 due to improved area coverage, favourable weather conditions and beginning of new arrivals in M.P. and Gujarat. Overall area shortfall has come down to 4.38 percent now. Sowing is almost complete now and total coverage under wheat has been reported at 292.52 lakh ha against 305.94 lakh ha last year, lower by13.42 lakh ha from last year. Shortfall of 13.42 lakh ha in area and delayed sowing of wheat in Uttar Pradesh, Rajasthan, Maharashtra would impact crop size by 35 to 45 lakh tonne from normal expectation. Temperature in Feb, March and April would be decisive factor for the final crop size in 2016.

Agriwatch has revised wheat production estimate up by 4.26 MMT from 85.32 MMT to 89.58 MMT for 2016-17 MY starting from April-2016. Temperature in Feb & March may affect yield where wheat has been sown late. Carryout for 2016-17 would decrease from13.99 to 9.57 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 $60/80 per tonne. Russia, US, France and Argentina are offering wheat at $183,$205,$164 and $197 per tonne on FoB basis respectively. Quote from Australia is unavailable right now. Against it, India FoB quotes at current price come to $154/155 per tonne when it is sourced from Saurashtra Region Of Gujarat.

India exported 2223.98 tonne wheat in January-2016,quite lower than exported volume(7338.29 tonne) in December-2015.Import was registered at 4950 tonne during the same time against 28025.03 tonne imported in December-2015.Average monthly FoB quote for exported volume in January-2016 was $324.42 per tonne while average monthly CiF quote for imported volume was $253.67 per tonne. It indicates itself that wheat is cheaper in global market.

Supply side is almost balanced for common grade wheat as continuous release from central pool stock is meeting local millers demand. Export demand is almost negligible due to disparity. Besides, new arrival begins in M.P.& Rajasthan. So Agriwatch expects market to stay steady to slightly weak in the month of February too. Wheat stock in central pool decreased from 24 MMT (Jan-2016) to 21.4 MMT in Feb-2016. Normally, wheat off-take is 2.5 to 3.0 MMT per month in lean season starting from August. Almost two months left for old wheat consumption, so, stock in central pool seems at comfortable level in absence of export demand so far. However, it would decrease this year as production is expected to decrease drastically and its impact would be felt in the third and fourth quarter of the year.

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 by 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 continue to limit firm trend in the market.

IGC has revised its global wheat production estimate up by 5MMT from 726MMT to 731MMT in Jan-2016 despite some concerns regarding winter wheat crop prospects this season. Trade estimate too has been revised up by 1 MMT to 152 MMT. However, consumption estimate has been decreased from 720 to 719 MMT during same period. Carryout stock has been revised 5MMT up from 208 to 213MMT.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.With this background global wheat market will continue to reel under pressure in Feb and March-2016..

Domestic wheat market is expected to trade range bound to slightly weak in the month of February.

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

Quarterly Wheat Supply & Demand Side In 2016-17(Fig. In MMT)						
Wheat MY Runs April To March	2015-16	**2016-17**	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	18.55	**13.99**	13.99	78.52	53.845	31.37
Production	88.94	89.58	89.58	0	0	0
Imports	1	1.5	0	0.375	0.525	0.6
Total Availability	108.49	105.07	103.57	78.895	54.37	31.97
Consumption	93.5	95	24.7	24.7	22.8	22.8
Exports	1	1	0.35	0.35	0.2	0.1
Total Usage	94.5	96	25.05	25.05	23	22.9
Carry out	13.99	**9.07**	78.52	53.845	31.37	**9.07**

Source: Agriwatch
Agriwatch has revised its preliminary wheat production estimate for 2015-16 to be marketed in 2016-17, starting from April-2016 from 85.32 to 89.58 MMT in Feb-2016.

Supply- Demand Highlights:

- *Wheat production in India from 2015-16 crop year (to be marketed in 2016-17) is expected to cross last year level of 88.94 to 89.58MMT under normal condition in Feb and March-2016. Agriwatch has revised its preliminary production estimate from 85.32 MM to 89.58MMT.Lower area coverage (4.4% and delayed sowing) moisture stress and abnormal temperature would impact yield this year by 3 to 4 % in non-irrigated states.*

- *Unexpectedly lower production would drag down carryout for 2017-18 to 9.07 MMT, the lowest in a decade. It would be lower by around 6 MMT from 2015-16.The season(2015-16) would start with 13.99 tonne carry in stock.*

- *At export front there is not much scope for Indian wheat exporters due to cheaper price in Russia, Australia, US, Argentina and France. Russia, Argentina and Australia are offering wheat at $70/80 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 only1 MMT wheat in 2016-17 in neighbouring countries.*

- *The new MY (starting from April 2016) may end with 1.5 MMT wheat import due to cheaper world market and likely tight supply side in third and fourth quarter of the year*

Revised Wheat APY Estimate For Crop Year 2015-16:

Fig In Thousand T/Ha	**Area**		**Yield**		**Production**	
States	2014-15	**2015-16(Forecast)**	2014-15	**2015-16(Forecast)**	2014-15	**2015-16(Forecast)**
Andhra Pradesh	8	**0**	1331	**446**	10.6	0
Assam	18	**0**	1198	**405**	21.6	0
Bihar	2247.18	**2270**	2450	**2322**	5505.59	5319.07
Chhatisgarh	152	**160**	1274	**529**	193.648	203.901

Gujarat	1240	**901**	2820	**2874**	3496.8	2589.29
Haryana	2500.39	**2511**	4760	**3257**	11901.9	12204.5
Himachal Pradesh	359.79	**360**	1636	**785**	588.616	596.467
Jammu & Kashmir	241.2	**245**	1627	**704**	392.432	403.158
Jharkhand	156.76	**160**	1851	**723**	290.163	302.801
Karnataka	174.87	**161**	901	**412**	157.558	138.91
Madhya Pradesh	5778.25	**5184**	2115	**2303**	12221	11939.8
Maharashtra	812.54	**619**	1464	**1472**	1189.56	910.92
Orissa	1.4	**0**	1604	**535**	2.2456	0
Punjab	3551.5	**3497**	4500	**3850**	15981.8	16662
Rajasthan	2826	**2966**	2875	**2995**	8124.75	8883.47
Uttar Pradesh	9850.51	**9499**	2750	**2907**	27088.9	27617.4
Uttarakhand	370.9	**358**	2350	**1026**	871.615	852.098
West Bengal	323.4	**345**	2769	**1146**	895.495	955.982
Others		**16**			0	
All India	30613	**29252**			88934.2	89579.7

Source: Agriwatch

- *Agriwatch has considered Govt. area while in case of yield five year's average yield has been taken for all states except Gujarat(-2.5% from 5years average),Maharashtra(-4%),Madhya Pradesh(-2%),Rajasthan(-2%)and Uttar Pradesh (-3.5%)due to excess soil moisture stress in these regions.*

- *Wheat sowing is over now and total area under wheat coverage has been reported 4.4 % lower than last year at 292.52 lakh ha. However, higher than normal temperature in Feb –Mar may reduced yield.*

Domestic Market Highlights:

- *Wheat Sowing lags behind by 4.4 % as on 28.01.2016 to 292.52 lakh ha. Sowing is over now.*
- *India exported 2223.98 tonne wheat in January-2016, quite lower than exported volume(7338.29 tonne) in December-2015. FoB quote for exported volume in January-2016 was $324.42 per tonne*
- *Import was registered at 4950 tonne during the same time against 28025.03 tonne imported in December-2015. Average monthly CiF quote for imported volume was$253.67 per tonne. It indicates itself that wheat is cheaper in global market.*
- *Rake loading from Kota region to Tamil Nadu/Karnataka is being reported at Rs 1775/1780 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.*
- *South Indian flour millers association has requested govt to scarp import duty from April so that millers can strike deals in adv in global market. Lower production may impact availability in 3rd and 4th quarter.*

Area Coverage Under Wheat Till 28th January-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088			#DIV/0!
Arunachal Pradesh	0.034			#DIV/0!
Assam	0.442	0	0.18	-100
Bihar	21.313	22.7	23.03	-1.43
Chhattisgarh	1.074	1.6	1.69	-5.33
Goa	0			#DIV/0!
Gujarat	11.938	9.01	11.34	-20.55
Haryana	25.05	25.11	24.9	0.84
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.45	2.44	0.41
Jharkhand	1.387	1.6	1.63	-1.84
Karnataka	2.394	1.61	1.86	-13.44
Kerala				#DIV/0!
Madhya Pradesh	48.372	51.84	58.44	-11.29
Maharashtra	10.202	6.19	8.59	-27.94
Manipur	0.024			#DIV/0!
Meghalaya	0.004			#DIV/0!
Mizoram				#DIV/0!
Nagaland	0.029			#DIV/0!
Odisha	0.024			#DIV/0!
Punjab	35.168	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
Sikkim				#DIV/0!
Tamil Nadu				#DIV/0!
Telengana				#DIV/0!
Tripura	0.004			#DIV/0!
Uttar Pradesh	97.218	94.99	98.67	-3.73
Uttarakhand	3.698	3.58	3.25	10.15
West Bengal	3.208	3.45	3.44	0.29
Pondicherry				#DIV/0!
Others	0.208	0.16	0.19	-15.79
All-India	295.735	292.52	305.94	-4.39

Source: Ministry OF Agriculture

Major area loss has been seen in Gujarat, Maharashtra, Madhya Pradesh and Uttar Pradesh while it increased in Rajasthan, Bihar and Haryana and Uttarakhand.

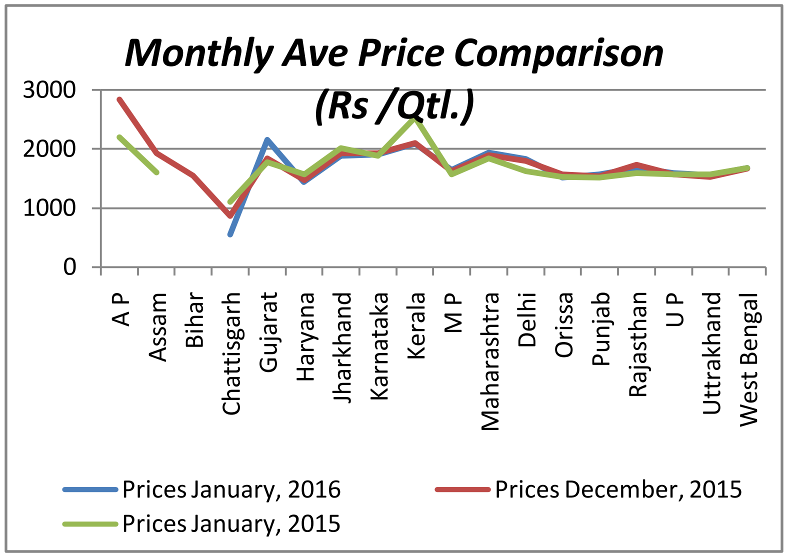
Monthly Average Price Comparison:

All India ave monthly price decreased by 2.26 % from Rs 1731.62 in Dec to Rs 1692.45 per qtl in Jan-2016

Prices increased in Madhya Pradesh , Delhi, Maharashtra while it decreased in Haryana. Jharkhand,Karnataka and Orissa.

However, in many States prices were ruling considerably lower than Jan-2015 price.

Higher supply, new arrivals, favourable weather and lower export demand amid continuous supply through central pool have restricted wheat price to firm up like previous year.



Source Agmark.Net

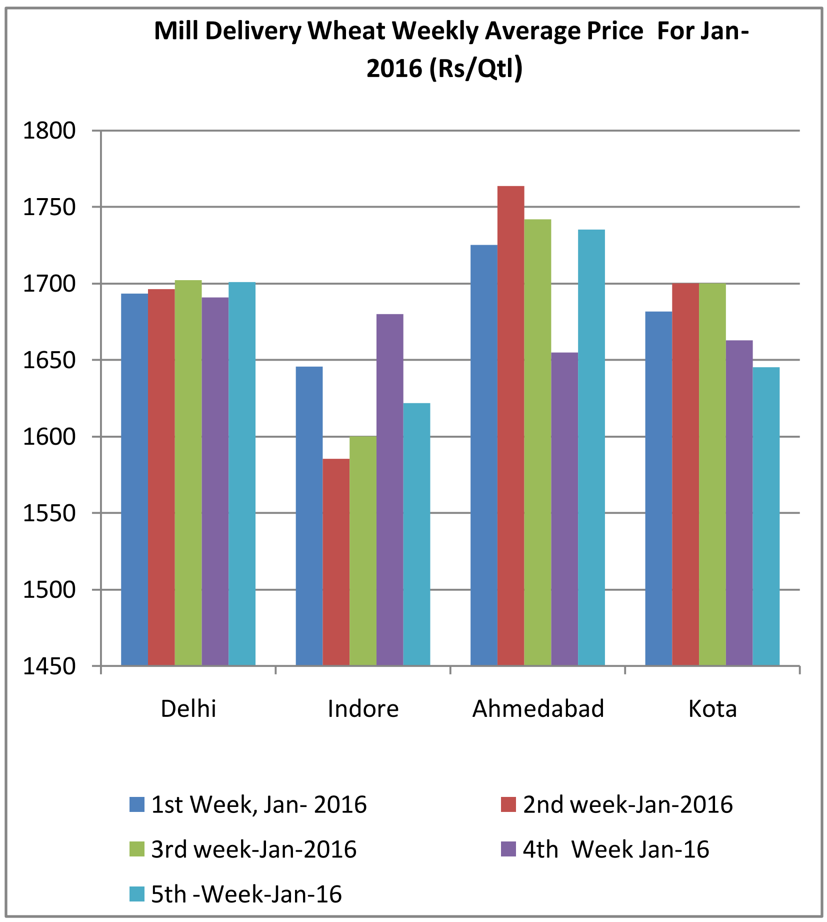
Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Wheat average prices moved slightly down week on week basis in all major markets. Higher decrease was registered in Indore and Kota last week due to new arrival, better quality and lower demand from local millers.

Prices are likely to stay steady to slightly weak as inner tone in the market turns bearish once again based on higher production prospects this year.

As MSP is higher for this year, major dip is unlikely. This year govt will pay farmers at Rs 1525 per qtl., and it would continue to support market around Rs 1500 per qtl in April.

New wheat from Gujarat too is set to hit market by the mid of the week and it would put pressure on current price at around Rs 1650/1660.

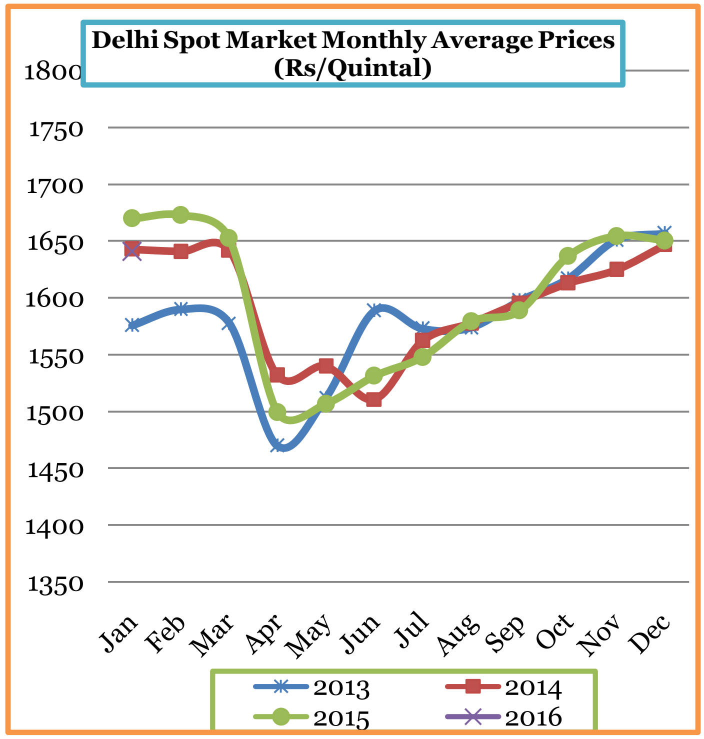


Wheat Average Monthly Prices Movement During Last Three Years

Wheat spot market (Delhi) ave price increased slightly from Rs 1650.5 in December-15 to Rs 1640.63 per qtl. in January-2016 due to weak demand from local millers ,good crop condition and improved area in Uttar Pradesh. Cash market may trade range bound to slightly weak.

Millers are buying for immediate needs while govt is releasing stock from central pool continuously to augment supply in lean season.

However, temperature in Feb and March is very crucial and it may direct market in coming weeks. In normal condition market may trade steady to slightly week.



Wheat Exports From India

According to IBIS data, India exported 2594.17 tonne wheat in the month of Jan-2016 at an ave FoB price of $306.43 per tonne. It was slightly lower than Dec-2015 average price of Rs314.8.

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

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

The gap in FoB quotes vary in the range of $65 to $70 per tonne.

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	7368.29	314.8	176
16-Jan	2594.17	306.43	173.67
16-Feb			
16-Mar			
Total 2015-16("000"T)	190753.41	285.86	182.48

Source: DGCIS, *Provisional data from IBIS

Wheat Import From India:

Wheat import in Jan, 2016 was registered at 4950 tonne. It decreased considerably i last month due to import duty and improved production prospects.

Average CiF price was $253.67 per tonne. Import volume would not increase due to 255 applicable import duty and new crop, two months away from now. Moreover, global wheat price is expected to recover from current level.

Total import has crossed 4.91 lakh tonne till Jan - 2016.Yearly ave CiF comes to $276.81 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	306.83	178.08
15-Oct	16702	262.21	186
15-Nov	0.368	272.5	182
15-Dec	28025.03	254.42	176
16-Jan	4950	253.67	173.67
16-Feb			
16-Mar			
Total 2015-16	**491314.42**	276.81	182.24

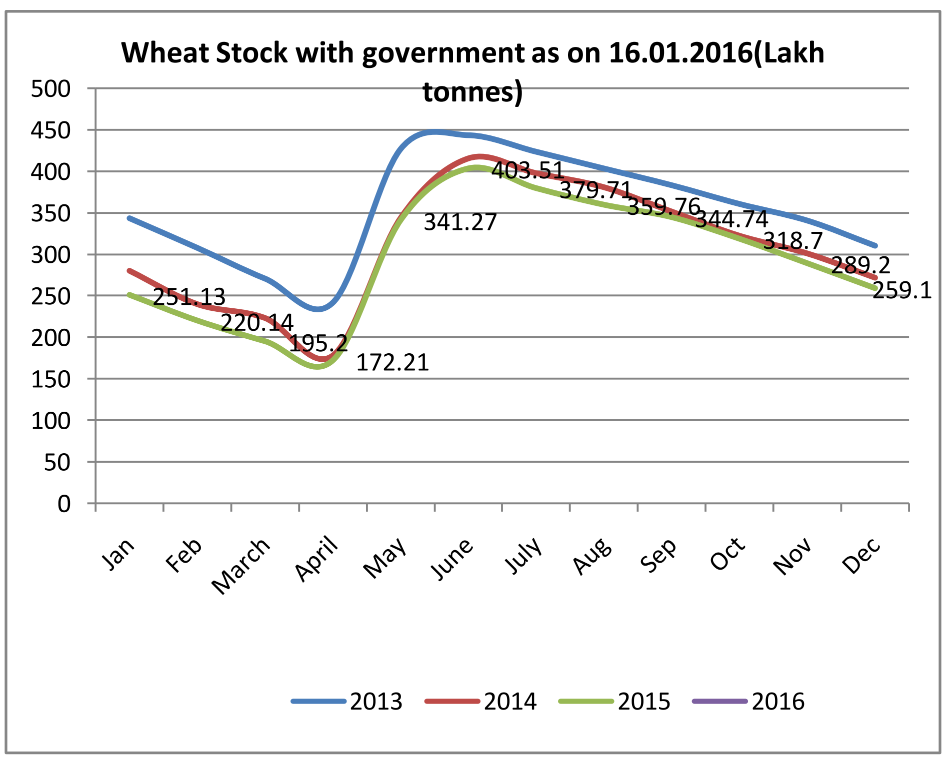
Source: DGCIS, *Provisional data from IBIS

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

Wheat stock in government's ware houses on 01.01.2016 was registered at 239 lakh tonne. Stock is lower than 2014, 2015 due to lower procurement.

This year carry out may decrease considerably due to lower production prospects and higher consumption. Stock is expected to decrease from 13.99 million tonne to 9.08MMT by end March, 2017

Despite lower production prospects stock available in central pool is ample to take care of any emerging 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 221.5 to 222.7 in December, 2015.

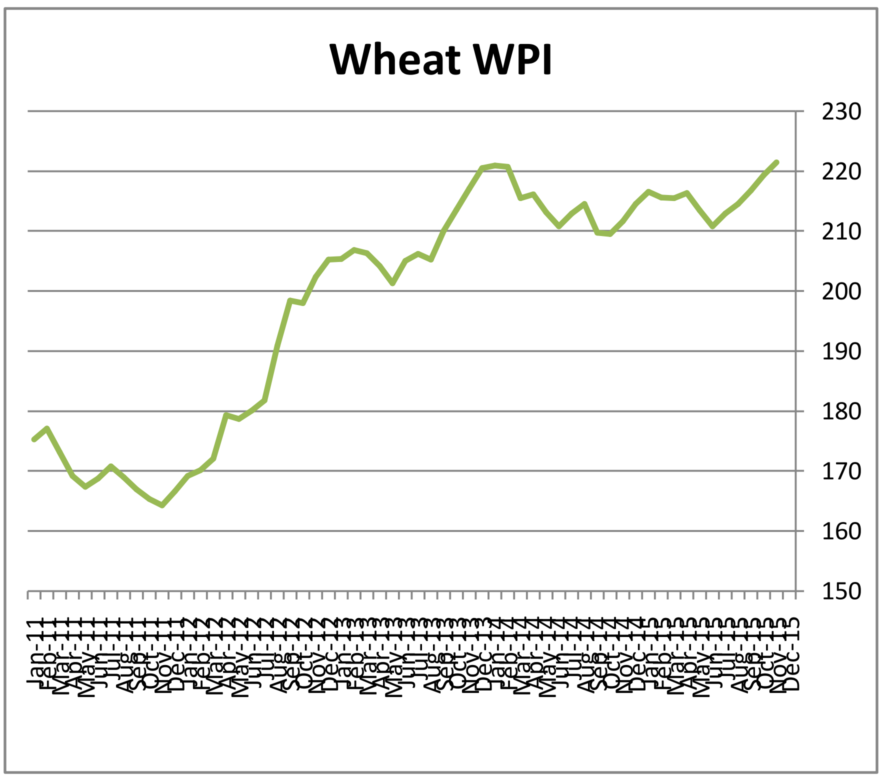
Wheat inflation increased to 3.82 percent month on month basis.

Wheat cash market is likely to trade steady to slightly firm 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.

Slight jump in WPI is expected in February, 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
16-Jan	1640.83	1600	1609.04	1605.25	1852.38

Source: Agriwatch

Monthly Price Comparison of Spot Markets:

Market Price:							
Centre Spot	**Market**	**Variety**	**Prices (Rs/Qtl)**				
			Today	**Yesterday**	**Week Ago**	**Month Ago**	**Year Ago**
			30-Jan-16	**29-Jan-16**	**23-Jan-16**	**30-Dec-15**	**30-Jan-15**
Delhi	Lawrence Road	Mill Delivery	1700	1700	1700	1690	1665
	Narella	Mill Quality Loose	1660	1660	1650	NA	1575
	Nazafgarh	Mill Quality Loose	1680	1650	1650	NA	1615
Gujarat	Rajkot	Mill Delivery	1650	1650	1660	NA	1675
	Ahmedabad	Mill Delivery	1740	1735	1710	NA	1750
	Dhrol	Mill Quality Loose	NA	2165	NA	1845	NA

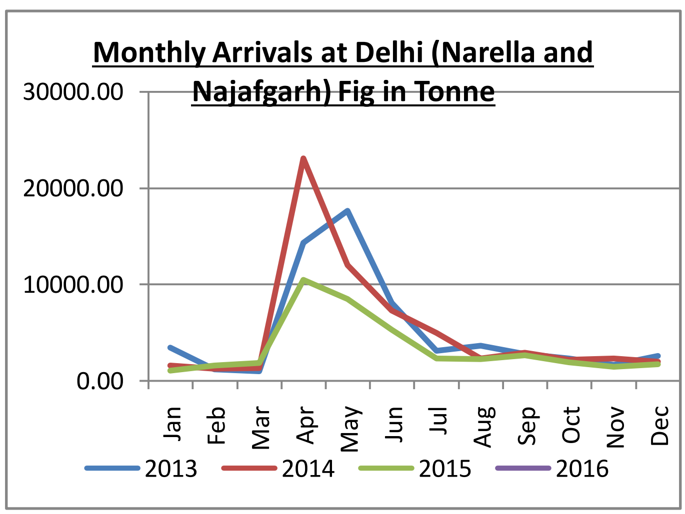
	Surat	Mill Delivery	1760	1765	1750	NA	1775
M.P.	Bhopal	Mill Quality Loose	1610	1610	1550	1560	1500
	Indore	Mill Delivery	1620	1620	1640	1680	1610
Rajasthan	Kota	Mill Quality Loose	1600	1600	1610	1580	1540
		Mill Delivery	1680	1700	1700	1650	1650
U.P.	Kanpur	Mill Delivery	1575	1575	1575	1565	1570
	Mathura	Mill Quality Loose	1700	1700	1680	1580	1640
	Kosi	Mill Quality Loose	1655	1650	1650	1580	1610
	Hathras	Mill Quality Loose	NA	NA	1670	NA	NA
	Aligarh	Mill Quality Loose	NA	NA	1620	NA	1550
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1580	1575	1575	1550	1515
	Hodal	Mill Delivery	NA	1705	1705	NA	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1630	1620	1620	1600	1600
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1850	1900	1825
	Madurai	Mill Quality	1907	1907	1907	1957	1882
	Coimbatore	Mill Quality	1907	1907	1907	1957	1882
Bihar	Sitamari	Mill Delivery	1625	1625	NA	1615	1550
	Khagariya	Mill Delivery	1750	1750	1750	1750	1800

Monthly Arrivals at Delhi (Narella and Najafgarh)

Domestic Outlook:

Wheat cash market is expected to trade range bound with bias likely to continue in the coming weeks due to sluggish demand from local millers.

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



However, 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.
- Improved sowing coverage.

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

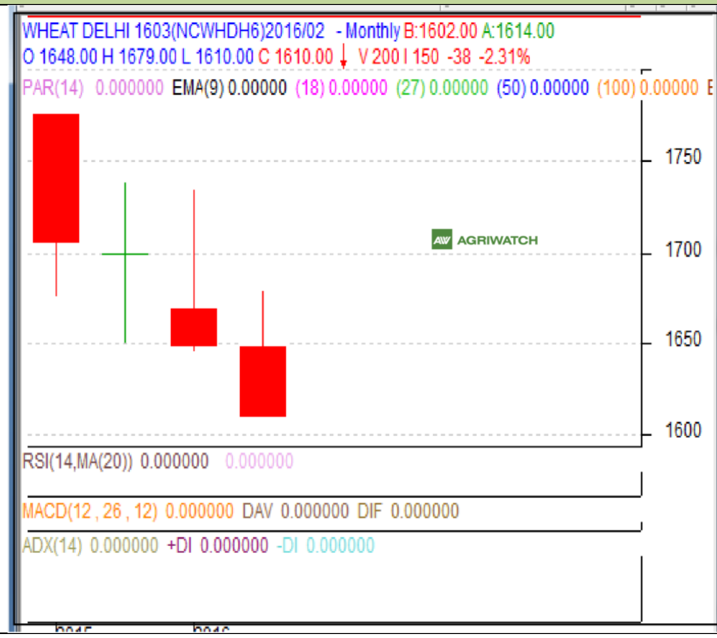
Wheat Technical Analysis:

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

Technical Commentary:

- *Candlestick depicts weakness in the market.*
- *RSI steady in neutral zone denotes range bound movement.*
- *Prices closed below 9 and 18 days EMAs.*
- *The nearest by support is 1605*

Wheat prices are likely to trade weak.



Strategy: Sell on Rise

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Mar	1595	1605	1610	1645	1670
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Mar	**Sell Below**	1640	1615	1605	1646

* Do not carry-forward the position next month.

International Market Dynamics:

***IGC has revised global wheat production estimate up by 5MMT to 731MMT on** 21st jan-2016. Before this November-2015 estimate was 726 MMT. Global carryout stock too has been revised up by 5MMT to 213MMT. However consumption estimate has been revised down from720 to 719MMT.Higher production estimate may continue to pressurize global wheat price in January-2016.*

***The GOI wheat sub-Index dropped by a net 3% compared to late November,** with the steepest declines in the EU and Black Sea region. While concerns about 2016/17 winter crops occasionally underpinned, prices were mostly pressured by ample availabilities and strong export competition.*

***Switzerland's ADM International has secured a tender to supply 50,000** tonnes of wheat to Bangladesh after submitting the lowest offer of $215.87 a tonne. This was the second international wheat purchase tender issued by the Directorate General of Food since the current financial year started in July. The State buyer is buying a similar volume of wheat from Phoenix Commodities in its first tender this financial year as the trading firm came up with the lowest offer of $233.96 a tonne. All prices include freight, insurance and discharge costs.*

***Bangladesh's State grains buyer plans to import 950,000 tonnes of wheat in** the year to June 2016, up from 300,000 tonnes the previous year, seeking to secure food supplies."We will seek wheat with 12.5 percent protein content to ensure quality," said Ilahi Dad Khan, procurement director at the Directorate General of Food.*

***Russia will consider removing or cutting an export tax on wheat and** imposing one on barley and corn (maize) exports, First Deputy Agriculture Minister Evgenii Gromyko said on Wednesday. Concerns over possible tougher limits on Russia's foreign sales of wheat had helped Chicago prices of the commodity hit a one-month high on Tuesday.*

***Russian wheat export prices fell further last week and early this week due** to a continuing decline in the rouble, which makes Russian grain more competitive on the global dollar-denominated markets. Black Sea prices for Russian wheat with 12.5 percent protein content were at $181 a tonne on a free-on-board (FOB)*

***Russia exported 21.3 million tonnes of grains, including 16.0 million tonnes** of wheat, between July 1 and Jan. 20, the Agriculture Ministry said. The pace of grain exports was down 3 percent year on year.*

***This year carryout for wheat in France is likely to increase by 0.56 MMT to 5.78 MMT** due to lower than normal export volume by end of MY 2015-16. Before this, wheat inventory in France was seen at higher level(3.45 MMT)in 2008-09. Tough competition in global market, ample supply and huge production(40.96MMT) last year have forced France to raise its carry-in stock. Its wheat export volume has decreased by 11.3% year on year basis.*

***Argentina's Agriculture Ministry has forecast 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.*

***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 decline in export is mainly attributed to dry and hot weather that 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.*

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				19.11.2015	21.01.2015
Production	654	714	725	726	731
Trade	142	156	153	151	152
Consumptions	676	695	712	720	719
Carryover stocks	170	189	201	208	213
Y-O-Y change	-22	19	12	-	12
Major Export	51	54	63	69	71

IGC Balance Sheet Highlight:

- *IGC revised wheat production estimate up by 5MMT to731 MMT this month.*
- *Trade estimate too has been revised up by 1 MMT to 152 MMT.*
- *However, consumption estimate has been revised down by 1MMT to 719 MMT in the month of Jan 2016.*
- *Carryout stock has been revised up by5MMT down from 208 to 213MMT.*

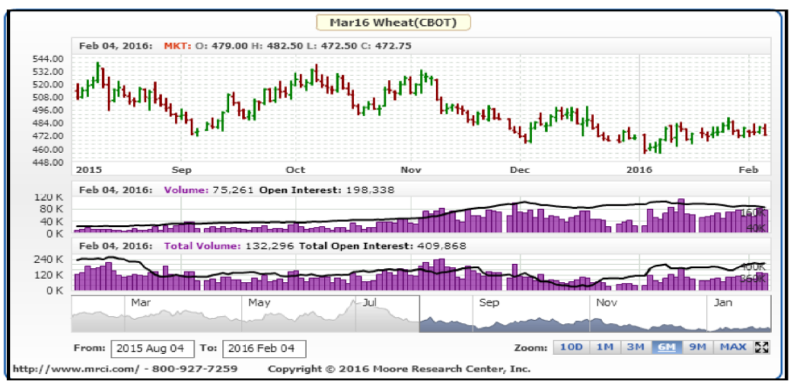
USDA Global Wheat Balance Sheet: 2015-16 Fig. In Thousand Tonne(As on 27.01.2016)							
Country	*Opening Stock 2015-16*	*Production Projected 2015-16*	*Domestic Consumption 2015-16*	*Import 2015-16*	*Export20 15-16*	*Ending Stock 2014-15*	*Production Last Year*
Argentina	*3,175*	*10,500*	*6,150*	*30*	*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 weak. As market is ruling at lower level ,slight recovery is expected.

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**
	27-Jan-16	**20-Jan-16**	**28-Dec-15**	**27-Oct-15**	**28-Jul-15**	**27-Jan-15**	
16-Mar	175.07	173.23	171.39	188.94	194.08	190.68	**-8.19**

16-May	177.18	174.79	173.87	190.59	195.73	192.15	**-7.79**
16-Jul	179.29	176.81	176.72	191.23	196.56	194.26	**-7.71**
16-Sep	182.41	179.93	180.39	194.17	199.50	197.39	**-7.58**
16-Dec	187.56	184.99	185.63	198.58	191.14	201.70	**-7.01**

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

All prices are for SRW/milling grade	*2nd, july-15*	*5th, Aug-15*	*1st Sept-15*	*1st Oct-2015*	*2nd Nov-15*	*1st Dec-15*	*4th Jan-16*	*2nd Feb-16*
USA	*242.7*	*204.6*	*208*	216.1	217.9	*201.87*	194.1	200.3
France	*218*	*173*	*156.75*	165.25	172.5	*182.67*	173.47	163.81
Australia	*260*	*241*	*215*	214	220	*214*	NA	NA
Russia	*193*	*191.18*	*182.5*	185.5	197	*195.5*	191	183.5
India	*243.4*	*249.18*	*245.25*	254	254.39	*251.27*	252.6	254.1

International Weather update: (Source-USDA)

Australia-

Following two weeks of hot and relatively dry weather, widespread showers (10-50 mm, locally more than 75 mm) overspread southern Queensland, easing the irrigation requirements of cotton while boosting topsoil moisture for sorghum. Similarly, soaking rains (20-75 mm or more) overspread New South Wales too, maintaining good to excellent yield prospects for summer crops, many of which are in or near the reproductive stages of development. Temperatures averaged 1°C above normal in major summer crop producing areas of eastern Australia, with daily maximum temperatures generally in the upper 20s to middle 30s degrees C

*.**Argentina-***

Beneficial rain returned to key farming areas of northern and central Argentina that had experienced a brief spell of stressful heat and dryness. In central Argentina, the heaviest rain was concentrated in La Pampa and neighbouring locations in Cordoba and Buenos Aires. However, rainfall diminished toward the east, with amounts falling below 10 mm in north-eastern Buenos Aires and south-eastern Entre Rios. Weekly temperatures averaged up to 2°C below normal in the wetter western areas and 2°C above normal in drier locations in the lower Parana River Valley, where daytime highs reached the upper 30s (degrees C). However, the heat was short-lived as the cold front generating the region's rainfall quickly brought temperatures back down to more seasonable levels (highs in the upper 20s and lower 30s). Wetter conditions were also noted farther north, with rainfall totalling more than 25 mm (locally approaching 100 mm) over much of the region from Salta and Santiago del Estero eastward. Weekly temperatures averaged near to above normal; as in central Argentina, hot weather (highs locally in excess of 40°C) lingering from the previous week was brought to an end with the rain-producing storm system. According to the government of Argentina, soybeans and corn were 99 and 94 percent planted, respectively, as of January 28. In addition, wheat harvesting was also virtually complete at 99 percent harvested

Russia and Ukraine-

Snow melted over southern growing areas, while areas farther north remained well insulated from lingering bitter cold. Widespread light to moderate rain (5-25 mm) melted the shallow snow cover across southern portions of Ukraine and Russia, though exposed winter wheat was not subjected to bitter cold. Farther north, night time lows plunged below -20°C from central and northern Ukraine eastward into Russia, but a moderate to deep snowpack (10-30 cm) kept crops adequately protected from freeze *damage. Despite temperatures averaging up to 5°C below normal in Russia, notably warmer weather (up to 7°C above normal) over Belarus and western Ukraine was advancing eastward at week's end.*

Europe-

A rapid rise in temperatures melted last week's snowfall in central and eastern growing areas, though conditions for overwintering wheat and rapeseed remained mostly favorable. After a brief spell of cold, snowy weather, a northward shift of the jet stream allowed unusually warm weather (5-9°C above normal) to overspread much of the continent. The abnormal warmth coupled with light to moderate showers (1-25 mm) melted the short-lived snow cover in Germany, Poland, and the Balkans, but kept the threat of winterkill to a minimum. The northward shift in the jet stream also renewed moderate to heavy rain (25-100 mm, locally more) and lowland flooding in parts of Ireland, the United Kingdom, and Norway. Nevertheless, winter crops in central and northern Europe remained in generally good condition due to adequate soil moisture and a lack of widespread freeze damage. Farther south, moderate showers (10-30 mm) maintained good to excellent moisture reserves for winter grains and oilseeds over central and northern France as well as northern and western portions of the Iberian Peninsula.

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 winter crop loss 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. Crop loss in any major exporting countries in next two three months, 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.

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