

# Wheat Monthly Research Report

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## Market Dynamics:

**Price Trend & Crop Size:** All India average monthly price for wheat increased by 5.20 percent from Rs 1698.57 (in May) to Rs 1787.05 per qtl in June-2016 due to subdued arrivals, active buying by private trades and decision to continue import duty. Average price (June) is higher by 8.40 percent from the price (Rs 1648.45 per qtl.) registered in June-2015. Festive season is about to start and demand for wheat products is bound to increase. Higher demand in 2<sup>nd</sup> & 3<sup>rd</sup> quarters generally lends support to cash market fundamental. However, continuous release (likely as usual) from July for OMSS through auction would restrict one way uptrend. Undoubtedly, crop size and procurement are lower this year (86 to 88 & 23.9MMT respectively) as per market views. Govt. has ample stock (over 32MMT in the beginning of June-2016) to take care of current and any emerging demands in the months ahead.

**Production Estimate:** Wheat production in India for 2015-16 crop year is expected to decrease from 89.28MMT to 87.2MMT given the abnormal temperature seen during April, 2016. Agriwatch had revised its preliminary production estimate from 89.28MMT to 87.2MMT in May-2016. Lower than normal production would drag down carryout for 2016-17 to 12.57 MMT, the lowest in 8 years as final estimate. The season (2015-16) started with 15.38 MMT carry in stock including private carry in stock of 1 to 1.5MMT.

**Export-Import:** At export-import front prevailing market conditions are not in favour of Indian exporters/importers due to huge price difference and applicable import duty. Global market offers wheat at very competitive price. Price difference is wider, around \$45/95 per tonne at current FoB. Russia, US, France and Australia are offering wheat in the range of \$175 to \$224 per tonne on FoB basis. Despite 25% duty on import, south Indian millers have struck over 8 lakh tonne deal in forward months. First import consignment is expected in the third week of July from Australia at Kochi port. Import in small quantity is likely to continue this year. Exported volume would be negligible as price difference remains widened up.

**Impact On Market:** Retained import duty would not allow importers to import heavily. South Indian millers would continue to import as sourcing wheat from Central India remains costly due to higher local price and internal freight. Off-take from central pool stock is likely to increase as dependence on govt.'s stock increases with tight supply side. If price in cash market continues to move up, the govt. has option to revise import duty as per market need or increase supply through OMSS. Global market remains bearish too and it is in favour of India. Higher price and good rainfall prospects may encourage farmers to grow more wheat in Rabi Season. So, there is no concern at wheat supply front.

**FoB/CiF Quotes:** India exported 5835.03 tonne wheat in June-2016 (up to 26 June) at an average FoB price of \$304.37 per tonne. In May 4969 tonne wheat had been exported. There was no import in June-2016. The latest wheat import deal for July delivery has been reported at \$272.28 per T on CiF basis from Australia. Currently, FoB quote in Australia hovers around \$223/224 per tonne.

**Supply-Demand:** Supply side for FAQ wheat is likely to be tight as percentage of retention is higher and smaller grain size too has reduced the final size of the crop this year. July onward festive season starts and demand for wheat products increases. It would encourage uptrend as flour millers would start fresh buying from mid July. Govt. can ensure ample supply by releasing higher stock for open market and check rising trend despite lower procurement.

**Procurement Target:** Govt.'s procurement target for the year is unchanged at 30 MMT and there is no reduction in its target so far. Agriwatch expects 24MMT wheat procurement this year.

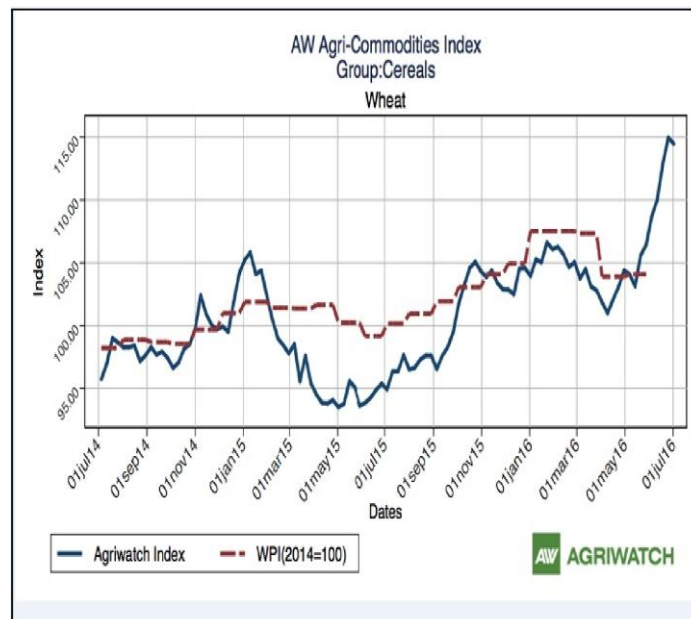
**Outlook & Recommendation:** Wheat cash market is expected to trade range bound to slightly firm in the short to medium term. Arrival continues to decline against current demand and flour millers is bound to turn to central pool stock in 2<sup>nd</sup> & 3<sup>rd</sup> quarters.

**Trade Call:** Stake holders should trade in July Contract taking care of lower and upper price band of Rs 1760 & 1800 respectively.

### AW Wheat Index:

The Agriwatch Agri Commodities Index rose 0.91% to 118.11 during the week ended July 2, 2016, its 5<sup>th</sup> straight weekly gain, led by higher price of pulses. The base for the Index and all sub-Indices is 2014 (= 100). Among pulses, chana was the prime mover with the Chana Index posting a weekly gain of 10.63% while other pulses saw more modest increases of 0.2 to 3.0%. The sub-Index values and their weekly changes are as follows: Cereals Index: 107.08 (+0.45%), Pulses Index: 212.28 (+6.79%), Vegetables Index: 81.07 (0.92%), Edible Oils Index: 112.63 (+0.29%), Oilseeds Index: 113.55 (-0.11%), Sweeteners Index: 118.54 (+0.06%), Spices Index: 134.1 (-1.11%), Fibres Index: 110.91 (-2.0%) and Other Non-Food Articles Index: 89.32 (+3.55%).

The sub-Index charts can be viewed on the ET website and on Agriwatch.com.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

### India's Wheat Quarterly Balance Sheet For 2016-17:

Wheat MY Runs From April To March	2015-16	2016-17	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	19.85	15.38	15.38	79.73	57.23	34.78
Production	86.53	87.2*	87.2	0	0	0
Imports	1	2	0.2	0.6	0.6	0.6
Total Availability (A+B+C)	107.38	104.58	102.78	80.33	57.83	35.38
Consumption	91	91	22.75	22.75	22.75	22.75
Exports	1	1	0.3	0.35	0.3	0.05
Total Usage (E+F)	92	92	23.05	23.10	23.05	22.80
Carry out (D-G)	15.38	12.58	79.73	57.23	34.78	12.58
Av Monthly Consumption	7.58	7.58	7.58	7.58	7.58	7.58
Stock to Month Use	2.03	1.66	10.51	7.55	4.59	1.66
Stock to Consumption Ratio	0.17	0.14	3.50	2.52	1.53	0.55

Source: Agriwatch( Agriwatch has revised its wheat production estimate for 2015-16 to be marketed in 2016-17, starting from April-2016 from 89.28 to 87.2 MMT in end May-2016.)

### Supply-Demand Highlights:

Wheat production in India for 2015-16 crop year (to be marketed in 2016-17) is expected to marginally cross last year level of 86.53 to 87.2MMT given normal condition in April- May,2016 except higher temperature. Agriwatch has revised it as final estimate.

Lower than normal production would drag down carryout for 2016-17 to 12.58 MMT, the lowest in 8 years. It would be lower around 3 MMT from 2015-16. The season (2015-16) would start with 15.38 MMT carry in stock including private carry in stock of 1 to 1.5MMT.

There is no panic on supply front as current availability in central pool is sufficient to take care of emerging festive season demand and minimise the impact of production shortfall. Improved rainfall prospects in monsoon season would ensure better coverage area next season. Govt has fixed 6.5MMT target to sell through OMSS this year at Rs 1640 Per qtl. It would continue to ensure better supply throughout the year.

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 \$45/70 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 hardly 1 MMT wheat in 2016-17 in neighbouring countries. Import window is still open despite 25% import duty. Govt may review import duty in July. Lobbying for revising import duty down is on.

## Domestic Market Highlights:

Government has extended a 25 per cent tax on wheat imports in the second half of June to help curb cheap shipments into the country. Before this, in March, government had extended the 25 per cent import tax on wheat by three months to June 30. The government has notified the extension of the import tax on wheat without specifying any timeline.

Reserve price for bulk sale has been fixed at Rs 1640 per qtl. and for dedicated movement sale reserve price will be calculated after adding handling and transportation charges from FCI depot to loading in Railway Rake. Weekly auction will begin from 4th July-2016 in MP region. Sale would be conducted aAs is where is basis. Detailed tender form will be uploaded on every Monday on FCI website

The government has revised its target down to sell wheat from its stock under OMSS to 6.5-7.5 million tonnes for 2016-17. It could not sell 10 MMT in open market last year set for 2014-15. Food corporation of India could sell 7.1 MMT last year under OMSS. The benchmark price for the sale of wheat to private bulk buyers and traders has been fixed at Rs 1,640 per quintal, higher than the minimum support price of Rs 1,525 per quintal for this year. The selling target will be reviewed in July.

Indian importers have struck a deal of 50,000 tonne French wheat at \$203 per tonne on CiF basis for August delivery. Total 1.5 lakh tonne wheat expected to land Cochin port in August Sept. Around 50,000 T Australian wheat too is expected to land at south Indian port in July end. Deal has been struck at \$275 per T on CiF basis. Around 25000 T Australian wheat is expected to land Kochi port in the third week of July.

Rake loading from Kota region of Rajasthan to South India is being done at Rs 1825/35 per qtl. Demand from south India continues. Local millers in Rajasthan buy wheat at Rs 1770 per qtl.

Wheat WPI has increased slightly from 220.9 in April to 221.3 in May-2016. Wheat prices may rule steady to slightly firm in the weeks ahead on decreasing arrivals from new crop and higher offering by private trades. Monthly wheat inflation percentage increase is 3.65. It was 2.08 in April-2016. Wheat cash market price will continue to trade steady to slightly firm and it may encourage inflation in coming weeks.

## Area Coverage Under Wheat Till 28<sup>th</sup> January-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	Normal	2015	2014	% ch
<b>Andhra Pradesh</b>	0.088			#DIV/0!
<b>Arunachal Pradesh</b>	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!
Telangana				#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

**Wheat Procurement Status Till 28<sup>th</sup> June-2016:**

State	Total Procurement In Marketing Season 2015- 16(April To March)	Progressive Procurement As on 28.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-99.85
Uttar Pradesh	22.67	8.2376	22.67	-63.66
MP	73.09	39.9	73.09	-45.41
Rajasthan	13	7.617	13	-41.40
Others	0.07	0.02	0.07	-71.43
All India	280.88	229.44	280.88	-18.32

Source:FCI



### Monthly Average Price Comparison:

All India average monthly price increased by 5.20 % from Rs 1698.57 in May to Rs 1787.05 per qtl in June-2016. It is higher by 8.40 % from the average price registered in June-2015.

Ave. prices moved up in all States except Haryana and Kerala. Any decline from current level is unlikely despite beginning of auction from central pool from July.

Prices are likely to stay steady to slightly firm as arrivals are expected to decrease by end of June in Central and North India.

Demand for wheat products would increase with start of festive season and it would continue to support wheat market at current level

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

Wheat mill delivery average prices moved slightly down week on week basis in all major markets at month end except Indore. Higher decrease was registered in Delhi and Ahmadabad during last week of June-2016 due to eased supply side and likely release from central pool stock.

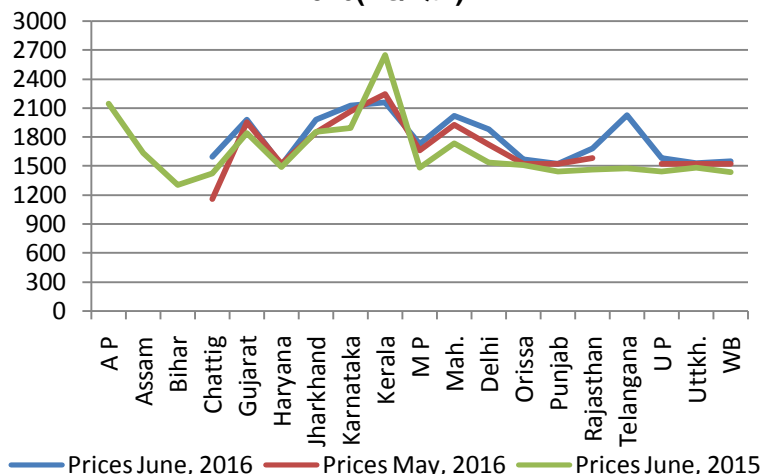
Private parties are still active in MP, UP and Rajasthan and offering higher price for milling quality wheat. Now they have option to buy from central pool stock through participation in bidding.

Prices are likely to stay steady to slightly firm as inner tone in the market remains firm. Wheat in cash market is being traded at Rs 1680 to Rs 1750 per qtl. depending on quality and source of wheat.

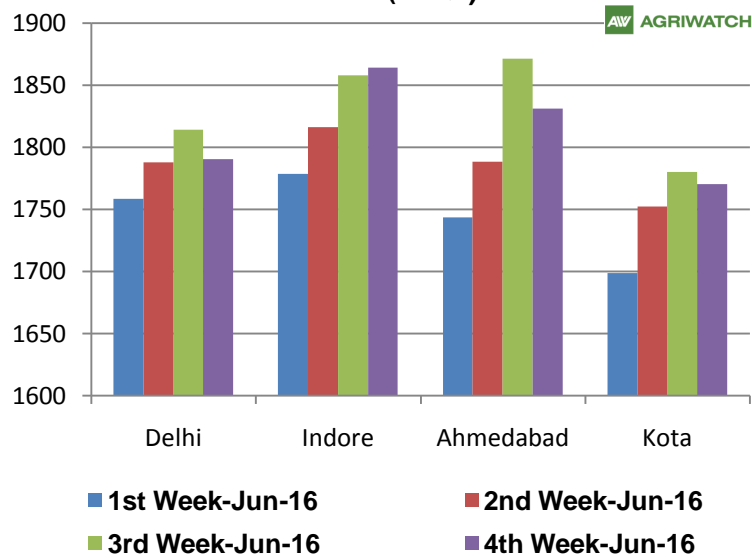
### Wheat Average Monthly Price Movement In Delhi During Last Three Year

Wheat spot market Delhi (Narela) ave price increased from Rs 1617.88 in May-16 to Rs 1720.26 per qtl. in June-2016 due to restricted supply, higher demand from local millers. Cash market may trade range bound to slightly firm due to lower arrival and higher prevailing prices. Millers are buying wheat actively as they expect prices to move up in the weeks ahead.

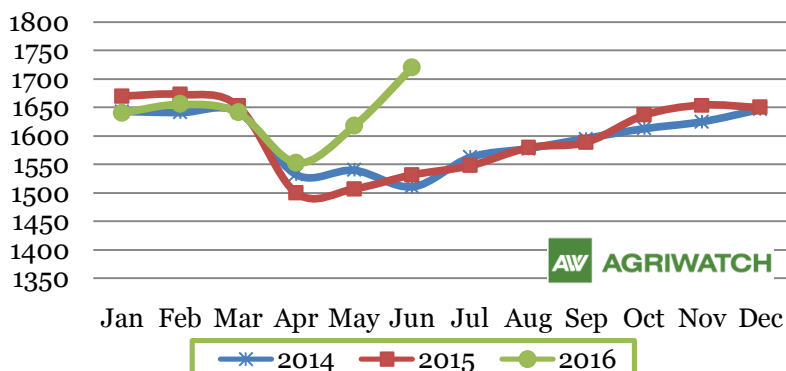
**All India Wheat Price Trend June-2016(Rs/Qtl.)**



**Mill Delivery Wheat Weekly Average Price: June-2016 (Rs/Qtl)**



**Delhi (Narela) Spot Market Monthly Average Prices (Rs/Quintal)**



## Wheat Exports :

According to IBIS data, India exported 5835.03 tonne wheat in the month of June-2016 at an ave FoB price of \$304.37 per tonne.

It was 14.84 percent higher than exported quantity in May-2016. India had exported 4969 Tonne wheat in May-2016. Overall condition for Indian wheat export is not favorable and export volume would remain at negligible level in July too.

Export volume would not increase much as prices in domestic market rule higher and other exporting countries are offering wheat at cheaper price (\$45 to 95 per tonne) with assured quality and delivery schedule. Huge gap between prices continue to affect wheat export from India.

Source: DGCIS, \*Provisional data from IBIS

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	27.5	279.96	230.37
Apr-15-Mar-16	2.01	294.88	179.9
16-Apr	4.216	297.54	173.04
16-May	4.969	288.8	175.98
16-Jun(*till 26th Jun)	5.835	304.37	175.61
16-Jul			
16-Aug			
16-Sep			
16-Oct			
16-Nov			
16-Dec			
17-Jan			
17-Feb			
17-Mar			
<b>Total 2016-17("000"T)</b>	15.02	296.90	174.88

## Wheat Import :

India imported around 5.2 lakh tonne wheat during last MY. This year import volume may increase to over one MMT if prices in domestic market continue to get firmer. However, there is no import till now. First consignment is expected by mid July from Australia.

Yearly ave CiF comes to \$272.73 per tonne for 2015-16. This year CiF quote may move up as global market is expected to recover from current level.

Source: DGCIS, \*Provisional data from IBIS

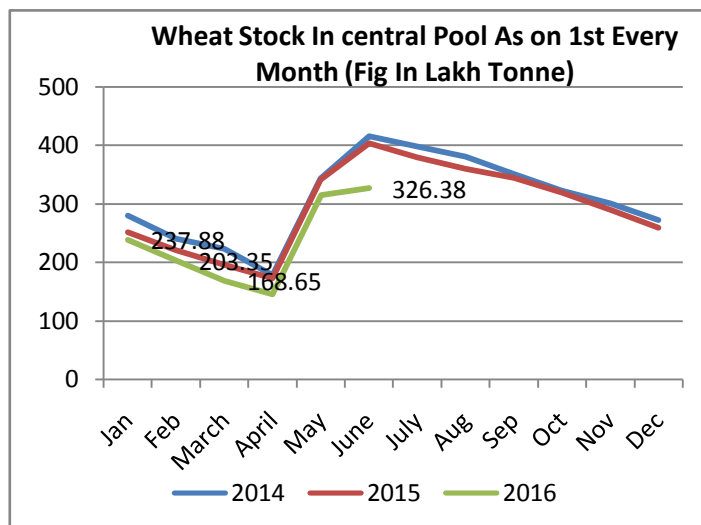
April -2015 (MY-2015-16)	Wheat Import (InThousand Tonne)	Average CIF Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Apr-15 To Mar-16	502.31	272.73	179.71
16-Apr	0	0	173.04
16-May	0	0	175.98
16-Jun	0	0	175.61
16-Jul		0	
16-Aug		0	
16-Sep		0	
16-Oct		0	
16-Nov		0	
16-Dec		0	
17-Jan		0	
17-Feb		0	
17-Mar		0	
<b>Total 2016-17</b>	<b>0.00</b>	0.00	174.88

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

Wheat stock in government's ware houses on 01.06.2016 was registered at 326.38 lakh tonne. It is lower by 19.11 % from June-2015. Central pool stock has been declining from 2013 owing to export and lower production/procurement. This year govt has set target for procurement at 30MMT.

Stock is expected to decrease from 15.38 million tonne to 12.58 MMT by end March, 2017.

Despite lower production prospects stock available in central pool is ample to take care of any additional emerging demand and fulfil the shortfall of lower production this year.



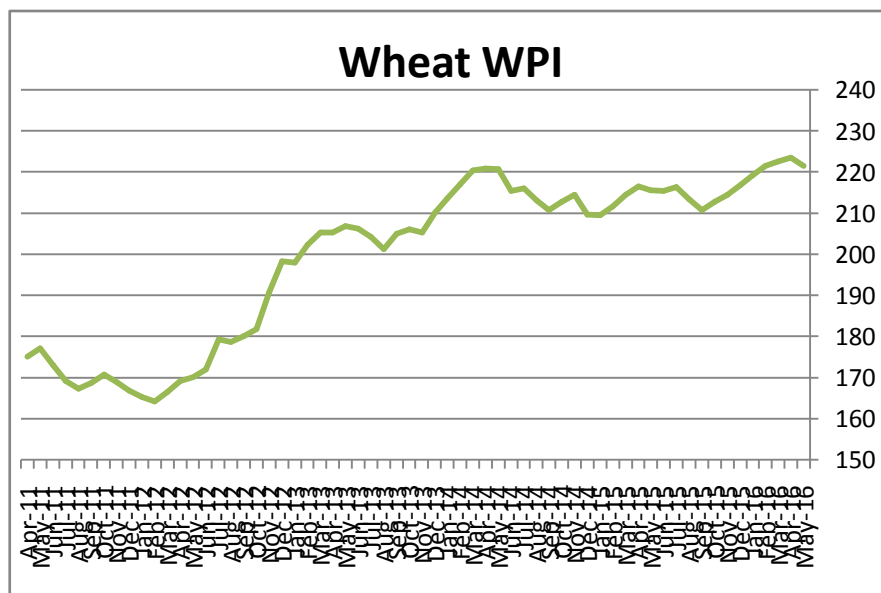
### Wheat Inflation:

Wheat WPI has increased slightly from 220.9 in April to 221.3 in May-2016.

Wheat prices may rule steady to slightly firm in the weeks ahead on decreasing arrivals from new crop and higher offering by private trades.

Monthly wheat inflation percentage increase is 3.65. It was 2.08 in April-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



<b>14-Oct</b>	1613.39	1575.14	1564.75	1540.33	1792.4
<b>14-Nov</b>	1625.2	1595.22	1563.75	1626.59	1814.37
<b>14-Dec</b>	1647.11	1637.04	1603.65	1649.42	1831.53
<b>15-Jan</b>	1669.6	1682.95	1666.36	1713.47	1843.18
<b>15-Feb</b>	1673.33	Feb	1592.61	1567.95	1803.57
<b>15-Mar</b>	1652.48	1449	1487.63	1459	1720.26
<b>15-Apr</b>	1499.16	1434.52	1442	1402.04	1683.8
<b>15-May</b>	1506.92	1492.82	1468.6	1410.2	1700
<b>15-Jun</b>	1531.54	1519.25	1537.25	1479.95	1708
<b>15-Jul</b>	1548	1534.3	1455.4	1508.4	1738
<b>15-Aug</b>	1579.45	1518.18	1433.25	1520	1740.21
<b>15-Sep</b>	1588.75	1511.95	1546.59	1554.77	1768.86
<b>15-Oct</b>	1690.71	1606.57	1607.22	1618.57	1848.33
<b>15-Nov</b>	1654.41	1615.26	1507.35	1508.66	1869.44
<b>15-Dec</b>	1645.83	1610	1545.6	1515	1876.6
<b>16-Jan</b>	1640.83	1600	1609.04	1605.25	1852.38
<b>16-Feb</b>	1655.88	1599.56	1548.63	1566.36	1840.9
<b>16-Mar</b>	1626.75	1557.14	1501.95	1503.82	1831.66
<b>16-Apr</b>	1553.05	1608.68	1535.83	1533.8	1876.25
<b>16-May</b>	1677.69	1638.69	1582.6	1550	1913.04
<b>16-Jun</b>	1720.26	1711.45	1667.6	1688.33	2035.4

Source: Agriwatch

## Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			29-Jun-16	28-Jun-16	22-Jun-16	29-May-16	29-Jun-15
Delhi	Lawrence Road	Mill Delivery	1790	1775	1820	1770	1520
	Narella	Mill Quality Loose	Closed	1700	Closed	1687	1455
	Nazafgarh	Mill Quality Loose	Closed	1725	Closed	NA	1460
Gujarat	Rajkot	Mill Delivery	1785	1780	1835	1670	1460
	Ahmedabad	Mill Delivery	1840	1830	1870	1740	1565
	Dhrol	Mill Quality Loose	1880	1980	1880	1770	1350

	Surat	Mill Delivery	1870	1870	1900	1760	1580
<b>M.P.</b>	Bhopal	Mill Quality Loose	1725	1750	1750	1625	1425
	Indore	Mill Delivery	1860	1850	1900	1775	1535
<b>Rajasthan</b>	Kota	Mill Quality Loose	1680	1680	1700	1620	1390
		Mill Delivery	1770	1770	1780	1700	1470
<b>U.P.</b>	Kanpur	Mill Delivery	NR	1675	1600	1640	1545
	Mathura	Mill Quality Loose	1650	1655	1665	1610	1400
	Kosi	Mill Quality Loose	1635	1645	1670	1600	1400
	Hathras	Mill Quality Loose	1650	1650	1660	NA	NA
	Aligarh	Mill Quality Loose	1660	1650	NA	Closed	1350
<b>Punjab</b>	Khanna	Mill Quality Loose	1610	1610	1600	1535	1470
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
<b>Haryana</b>	Sirsa	Mill Delivery loose	1680	1670	1680	1610	1500
	Hodal	Mill Delivery	1770	1770	1750	1700	1530
	Karnal	Mill Quality Loose	1685	1690	1700	1585	NA
	Bhiwani	Mill Quality Loose	1710	1700	1730	1625	1430
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
<b>Tamil Nadu</b>	Chennai	Mill Quality	2070	2070	2100	1950	1700
	Madurai	Mill Quality	2127	2127	2157	2007	1757
	Coimbatore	Mill Quality	2127	2127	2157	2007	1757
<b>Bihar</b>	Muzaffarpur	Mill Delivery	1670	1670	1650	1635	NA
	Khagariya	Mill Delivery	1750	1775	1700	1625	1370

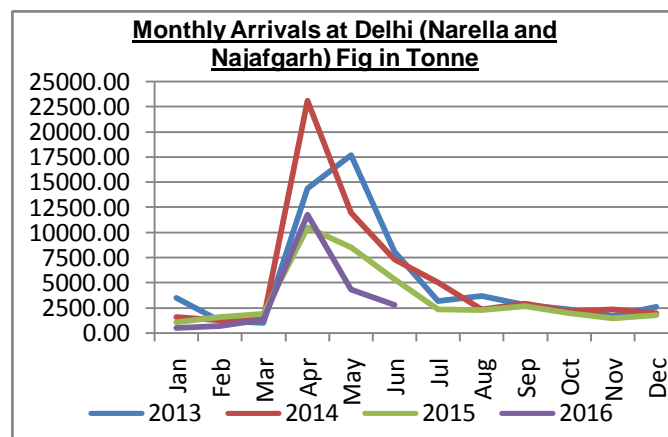
#### Monthly Arrivals at Delhi (Narela and Najafgarh)

Arrivals in Narela and Najafgarh in Delhi region decreased considerably in June-2016. It decreased to 2760 in June against 4310.2 tonne in May-2016.

Currently wheat is being traded at Rs 1710 to Rs 1725 per qtl. With decreasing arrival price may continue to rule firm.

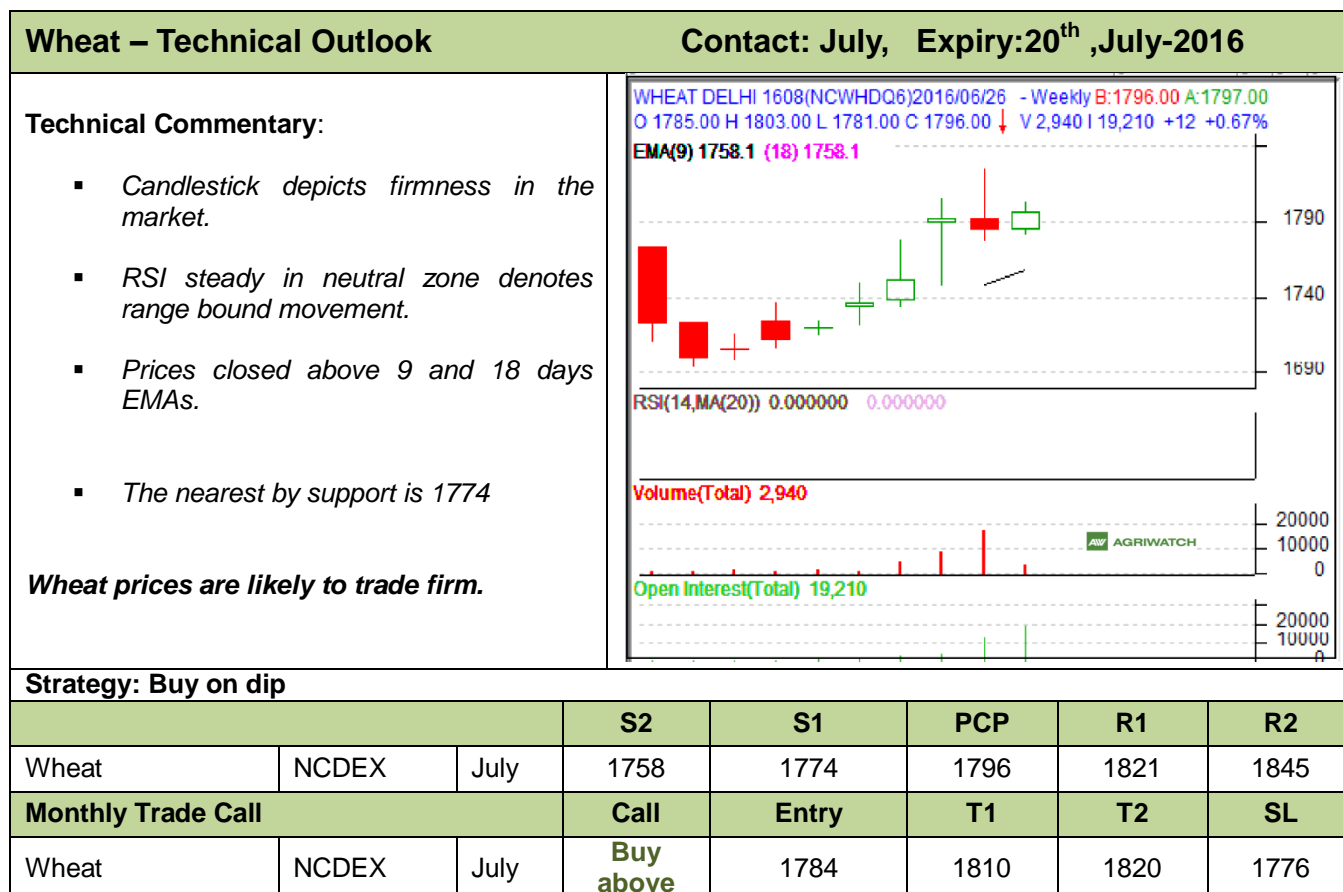
#### Domestic Outlook:

Wheat cash market is expected to trade steady to slightly firm in the coming weeks despite expected release from central pool stock from July. Supply has narrowed in Madhya Pradesh, Rajasthan and Uttar Pradesh too. Private traders are active and wheat is



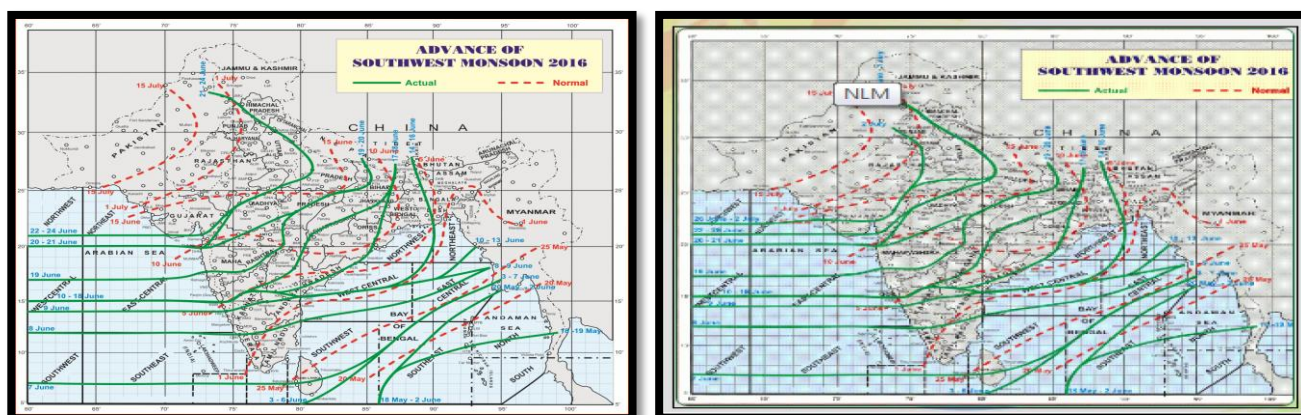
being loaded for Gujarat from Rajasthan and Madhya Pradesh. South Indian millers remain active in Central India.

### Wheat Technical Analysis:



\* Do not carry-forward the position next month.

### Monsoon Progress: (This week(23.06.2016) & Last Week(29.06.2016)



The Southwest Monsoon further advanced into some more parts of north Arabian Sea, south Gujarat state, West Madhya Pradesh and East Uttar Pradesh and some parts of East Rajasthan on 26th. The Northern Limit of Monsoon (NLM) passed through Lat. 22.0°N/ Long. 60.0°E, Lat. 22.0°N/ Long. 65.0°E, Dwarka, Vallabh Vidyannagar, Sawai Madhopur, Gwalior, Lucknow, Pantnagar, Dehradun, Una and Jammu from 26th to 29th.

## International Market Dynamics

**Wheat production in Australia is set to increase by 5% year on year basis to 25.4MMT** in 2016-17. As per latest update by AWARES. Recent rains in major growing regions are considered beneficial to the standing crop. Crop condition is good to excellent so far. However, IGC forecasts 25MMT wheat, 4lakh tonne lower than AWARES forecast. If weather remains favorable throughout the season, bumper production seems very much in sight. Despite slightly lower acreage production would increase due to higher yield expectation.

**At export front too Australia is set to ship record wheat in 2016-17 on the back** of huge carry out stock and bumper production prospects. As per AWARES update wheat export from Australia would increase by 4 % to 17.2MMT, record in last three years. AWARES has revised its export figure down by 3.33 lakh tonne to 16.93MMT for 2015-16. As price s of wheat is ruling lower in global market, overall realization is bound to decrease despite higher export volume.

**Strategie Grains left its estimate for this year's soft wheat production in the European Union** unchanged from last month but cut its export outlook in 2016/17 on quality concerns and higher supplies from Russia. It has pegged the EU soft wheat harvest at 146.7 million tonnes, down 3 percent on last year's record of almost 151 million tonnes.

**However, it has made considerable changes per country with a combined** rise of 1.3 million tonnes for Bulgaria, Romania, Spain and Italy offsetting a reduction of 1.3 million tonnes for France and Germany where wet weather last month was expected to have dented yields. The lower projected quality of the crop, in addition to a higher expected exportable supply from Russia, prompted Strategie Grains to cut its 2016/17 EU soft wheat export forecast by 800,000 tonnes to 29.9 million.

**Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)** has revised its wheat production estimate for 2016-17 up from 24.4 to 25.4MMT. The new season will end on 1st July-2017. It would be the highest production after 2012-13. Higher wheat output from Australia will add pressure on global prices Wv1, which last week hit a seven-month high on concerns over the outlook for the U.S. crop.

**Wheat demand in Indonesia from feed mill industry has** increased considerably in last six months and its import volume is expected to increase from 7.5MMT to 10 MMT this year, around 35 % higher than last year. From January to March Indonesia imported 2.9 million tonnes of the grain, about 500,000 tonnes of which went to feed mills. Indonesia imports wheat, from Australia, the United States and Canada. Around 80 % imported volume would be used to produce flour.

**IGC has revised global wheat production estimate up from 717 to 722 MMT** in its May-2016 update. Global trade estimate has been revised up by 1 MMT to 154MMT. Global consumption estimate has been revised up by 2MMT to 717 MMT. Carryout stock has been revised up from 218 to 223 MMT.

**Russia will procure wheat for restocking programme in MY 2016-17, starting from July** at \$161 per T (10,900 roubles) for third class wheat, almost same price set for last year. At the end of last week, domestic prices for third-class wheat were at 10,925 roubles a tonne in the European part of Russia on an ex-works basis. The domestic price has been declining in recent weeks and is expected to come under further pressure as farmers need to get rid of their stock before the new crop hits the market in June-July.

**Bangladesh has rejected 100,000 metric tonnes of Russian wheat due to quality issues.** The first cargo of 50,000 metric tonnes bought at \$215.87 per tonne (CIF) was rejected as quality did not match the specifications. The second cargo of the same quantity bought at \$233.96 per tonne was also rejected as the foreign body content was 1.08 percent which is 1.01 percent higher than the permissible limit.

## IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	26.05.2016	01.07.2016
Production	717	730	736	722	729
Trade	157	153	158	154	156
Consumptions	699	717	719	717	720
Carryover stocks	188	201	217	223	226
Y-O-Y change	19	12	17		9
Major Export	54	63	68	70	72

### IGC Balance Sheet Highlight:

- IGC has revised wheat production projection up by 7MMT from 722 to 729 MMT in 1<sup>st</sup>, July-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 729 MMT against 736 forecast for 2015-16. The difference is around 7 MMT from previous year. Lower projection for wheat may lend support to global wheat market at current level and any major dip from current level is unlikely.
- Trade projection has been revised up by 2MMT to 156 MMT. However it is 2MMT lower from actual of last year.
- Consumption has been pegged at 720 MMT for 2016-17, up by 3MMT from last year.
- Carryout may increase from 223 to 226 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiments despite lower production by 7MMT from last year.

USDA Global Wheat Balance Sheet: 2016-17 Fig. In Thousand Tonne (As on 23.06.2016)							
Country	Opening Stock 2016-17	Production projected 2016-17	Domestic Consumption 2016-17	Import 2016-17	Export 2016-17	Ending Stock 2016-17	Production Last Year
Argentina	1,029	14,500	8,500	30	8,500	734	4,874
Australia	4,928	25,000	17,000	160	17,000	5618	4,003
Canada	3,860	28,500	20,000	485	20,000	4045	7,075
China	96,295	130,000	1,000	3,000	1,000	117995	76,105
EU	18,729	157,500	35,500	6,300	35,500	18429	13,823
India	14,500	88,000	400	500	400	11000	17,200
Pakistan	3,845	25,300	700	100	700	3970	3,720
Russia	6,629	64,000	25,000	700	25,000	8629	6,285
Ukraine	4,202	24,000	11,500	50	11,500	4252	5,178
U S	26,668	56,531	24,500	3,200	24,500	28577	20,477
Others	243,006	730,828	712,427	162,621	165,447	54589	216,539



<b>World total</b>	243,006	730,828	712,427	162,621	165,447	257838	216,539
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**Source:USDA**

### CBOT Futures July-16 Chart:

**1<sup>st</sup> Support; 165.31**  
**2<sup>nd</sup> Support:158.73**  
**1<sup>st</sup> Resistant:172**  
**2<sup>nd</sup> Resistant:183**  
**(\$ per tonne)**

Market is likely to move range bound as buyers may enter into the market at lower level..



### 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	% Ch over previous year
	28-Jun-16	21-Jun-16	28-May-16	28-Mar-16	28-Dec-15	28-Jun-15	
<b>Jul-16</b>	163.03	168.45	176.90	175.62	176.72	220.16	<b>-25.95</b>
<b>Sep-16</b>	167.99	173.60	180.67	179.29	180.39	222.09	<b>-24.36</b>
<b>Dec-16</b>	175.25	181.22	186.73	184.43	185.63	226.23	<b>-22.53</b>
<b>Mar-17</b>	181.77	188.57	192.33	189.39	190.31	229.17	<b>-20.68</b>
<b>May-17</b>	185.17	192.70	196.10	192.43	192.61	230.36	<b>-19.62</b>
<b>Jul-17</b>	187.74	195.55	198.49	194.08	192.33	223.20	<b>-15.88</b>

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

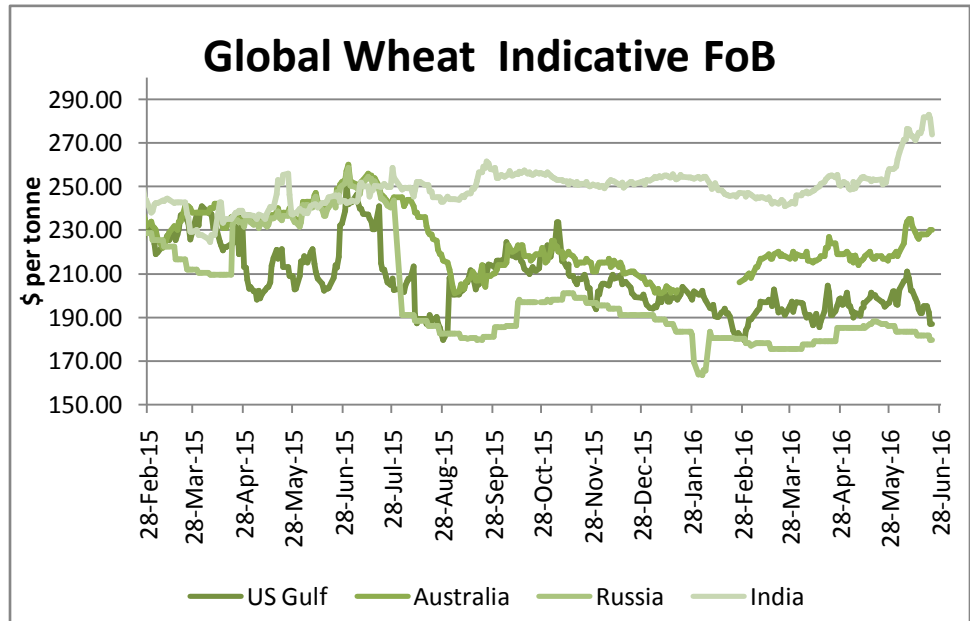
All prices are for SRW/milling grade	2 <sup>nd</sup> Nov-15	1 <sup>st</sup> Dec-15	4 <sup>th</sup> Jan-16	2 <sup>nd</sup> Feb-16	1 <sup>st</sup> Mar-16	1 <sup>st</sup> Apr-16	2 <sup>nd</sup> May-16	1-Jun-16	1-Jul-16
<b>USA</b>	217.9	201.87	194.1	200.3	228.9	196.8	195	196.1	180.10
<b>France</b>	172.5	182.67	173.47	163.81	NA	141.5	145.25	149.5	156.75
<b>Australia</b>	220	214	NA	NA	234	217	219	218	222
<b>Russia</b>	197	195.5	191	183.5	228.5	175.5	185	183.5	179.50
<b>India</b>	254.39	251.27	252.6	254.1	249.92	243.1	256.1	262.45	278.02



### Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk volume currently. US and Russian quotes are hovering in the range of \$179 to \$223 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$223 per tonne.

Wheat quotes may hover in the range of \$179 to \$225 due to excess supply in the global market in coming weeks.



### International Outlook:

Wheat global market is likely to trade range bound despite weather generated concern for US and Australian wheat. Supply would remain ample as stock in major exporting countries is considered to be enough to take care of any emerging demand. More dip from current level is unlikely as bulk buyers are expected to return into the market at current level. There is plenty of wheat available in Black Sea Region, US, Australia, France and Canada. Russia, France and U.S are trying to offload their excess stock and all these developments would continue to restrict firmness.

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