

Wheat Monthly Research Report

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Market Dynamics:

Price Trend : All India average monthly price for wheat increased marginally by 0.57 percent from Rs 1772.53 (in June) to Rs 1782.69 per qtl in July-2016 due to restricted arrivals in markets, active buying by private trades and increasing dependence on central pool stock. Average price (July) is higher by 8.07 percent from the price (Rs 1649.47 per qtl.) registered in July-2015. Festive demand would continue to lend support to cash market. However, continuous release from central pool stock through auction and import would ease tight supply side and may be restrictive to one way uptrend.

Production Estimate: Directorate of Economics & Statistics has maintained production figure at 93.50 MMT in fourth Adv estimate released on 2nd Aug-2016 against target of 94.75 for the year. Final figure is likely to be revised down as per market expectation. Agriwatch had revised its preliminary production estimate from 89.28MMT to 87.2MMT as final estimate in May-2016. Lower than normal production would drag down carryout for 2016-17 to 12.57 MMT, the lowest in 8 years. The season (2015-16) started with 15.38 MMT carry in stock including private carry in stock of 1 to 1.5MMT.

Export:- At export front prevailing market conditions are not in favour of Indian exporters due to huge price. The difference is over \$100 per tonne from Black Sea Region. Russia, Ukraine are offering wheat at \$158 per tonne on FoB basis while Indian FoB at Kandla port comes to \$278/79 per tonne. India exported 5295.66 tonne wheat in July at an average FoB of \$364.33 per tonne.

Import :At import front situation seems to be turning in favour of south Indian millers despite 25% duty on import. Wheat from Black Sea region is being offered at \$158 per tonne and with duty it is being landed at Cochin port at \$220/22 per tonne. In terms of INR it costs around Rs 1500 per qtl. In July India imported 50910 tonne wheat in four consignments at an average CiF of \$192 per tonne. Import is likely to continue as prices in domestic market rules higher.

FoB/CiF Quotes: India exported around 5300 tonne wheat in July-2016, much lower than normal expectation due to price disparity. In June around 1300 tonne wheat had been exported. There was no import in June-2016. However, in July import crossed 50,000 Tonne from one source -Ukraine. The latest wheat import deal for Sept delivery has been reported at \$205 per T on CiF basis from Ukraine. Currently, FoB quote in Australia hovers around \$213/214 per tonne. Currently US offers wheat at \$175 per tonne on FoB basis. Pressure on global wheat market is likely to continue with higher production estimates for Russia, USA, Australia and Argentina. Wheat harvesting is on in Black Sea region.

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. With commencement of festive season demand for wheat products would continue to increase. It would encourage uptrend as buying would continue from flour millers. Govt. can ensure ample supply by releasing higher stock for open market and thus check rising trend, ease supply side 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 are bound to turn to central pool stock in 2nd & 3rd quarters.

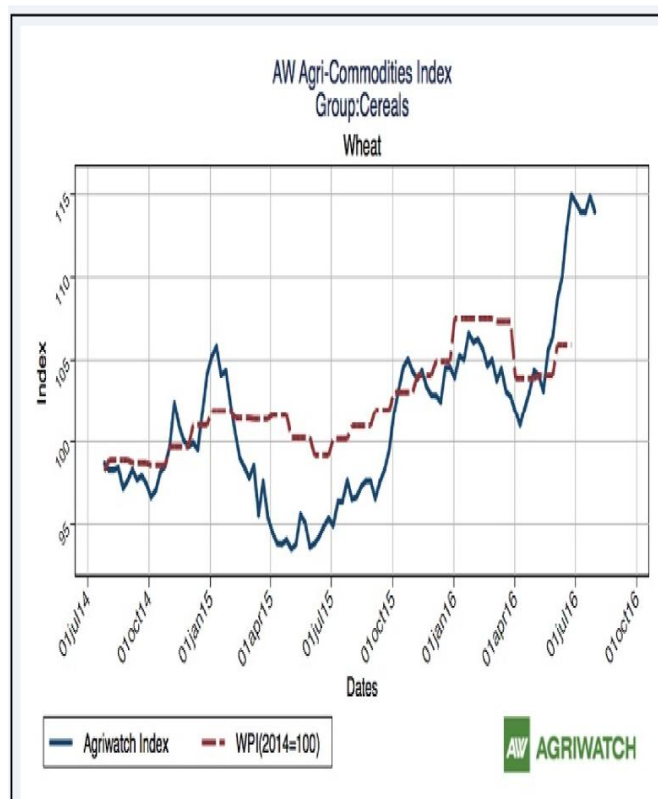
Trade Call: Stake holders should trade in Sept Contract taking care of lower and upper price band of Rs 1730 & 1770 respectively.

AW Wheat Index:

The Agriwatch Agri Commodities Index dipped 0.64% to 120.70 during the week ended July 30, 2016 from 121.47 during the previous week, led by easing in prices of pulses, cereals and cotton. The base for the Index and all sub-Indices is 2014 (= 100).

Six of the nine commodity group sub-Indices constituting the Index declined during the week. The declining sub-Indices and their values and weekly changes are as follows: Cereals Index: 107.67 (-0.70%), Pulses Index: 214.04 (-3.41%), Fibres Index: 112.75 (-3.58%), Edible Oils Index: 115.79 (-0.15%), Oilseeds Index: 114.87 (-0.73%) and Spices Index: 142.28 (-0.82%). The weekly gainers were: Vegetables Index: 84.94 (+1.64%), Sweeteners Index: 123.63 (+1.65%) and Other Non-Food Articles Index: 92.77 (+0.95%). The sub-Index charts can be viewed on the ET website and on Agriwatch.com. 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. 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 carryout for 2016-17 down 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 \$100 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 1MMT wheat in 2016-17 in neighbouring countries. Import window is still open and. it may touch 2MMT this year despite 25% import duty.

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. 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 has begun from 4th July-2016 in MP region and other states. Sale is being conducted as is where is basis. Detailed tender form will be uploaded every Monday on FCI website

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 reach 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 Rs1890/1910 per qtl. Demand from south India continues. Local millers in Rajasthan buy wheat at Rs 1740/45 per qtl.

Wheat WPI has increased slightly from 221.3 in May to 225.2 in June-2016. Wheat prices may rule steady to slightly firm in the weeks ahead on tight supply side and higher offering by private trades. Monthly wheat inflation percentage increase is 6.83. It was 3.65 in May-2016. Wheat cash market price will continue to trade steady to slightly firm and it may encourage inflation in coming weeks too.

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!
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 28th 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

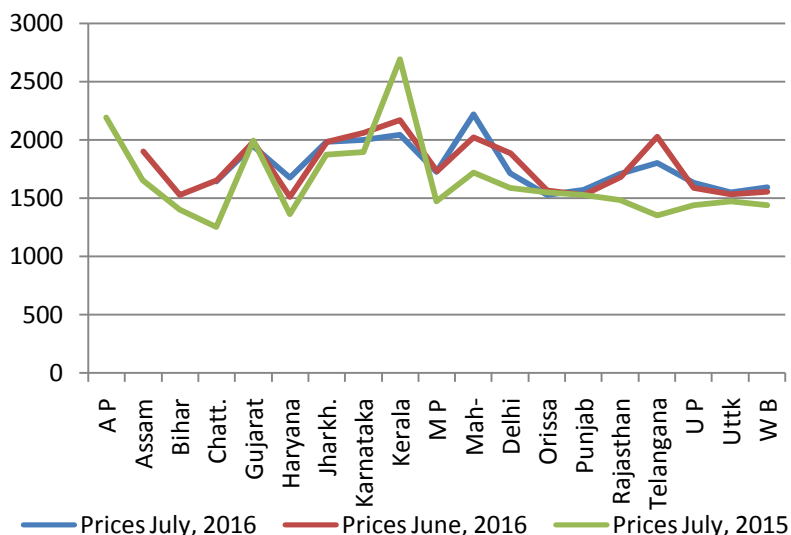
Monthly Average Price Comparison:

All India average monthly price increased by 0.48 % from Rs 1772.53 in June to Rs 1781.04 per qtl in July-2016. It is higher by 7.98 % from the average price registered in July-2015.

Ave. prices moved up in all States except Gujarat, Delhi, Karnataka, Telangana and Kerala. Any decline from current level is unlikely despite beginning of auction from central pool from the beginning of July.

Prices are likely to stay steady to slightly firm as arrivals are expected to decrease. Supply through auction would continue amid continued import from Ukraine. It would restrict one way spike in cash market. Demand for wheat products would increase with start of festive season

Statewise Wheat Ave Price Trend In July-2016(Rs/Qtl.)



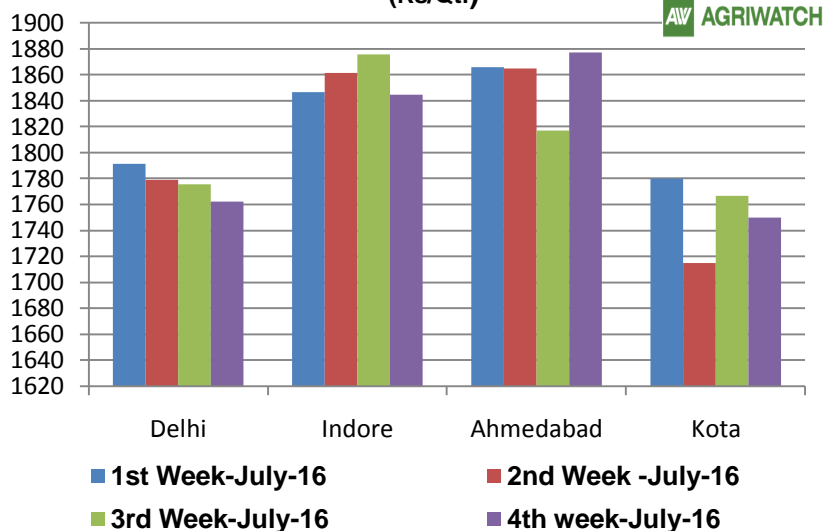
Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Wheat mill delivery average prices moved slightly down in all major markets except Ahmadabad at month end. Release from central pool stock and import eased tight supply side.

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 1650 to Rs 1720 per qtl., depending on quality and source of wheat.

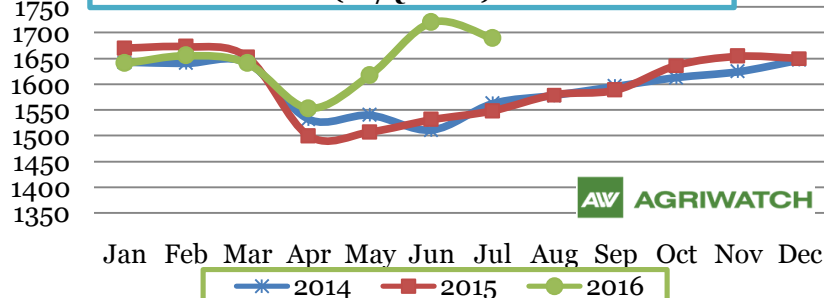
Mill Delivery Wheat Weekly Average Price: July-2016 (Rs/Qtl)



Wheat Average Monthly Price Movement In Delhi During Last Three Year

Wheat spot market Delhi (Narela) ave price decreased from Rs 1720.26 in June-16 to Rs 1689.52 per qtl. in July-2016 due to eased supply side, continuous release through auction weak demand from south India due to import.. Cash market may trade range bound to slightly firm as demand for wheat products would continue to increase.

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



Wheat Exports :

According to IBIS data, India exported 5088.62 tonne wheat in the month of July-2016 at an ave FoB price of \$399.05 per tonne.

It was 1.76 percent lower than exported quantity (5175.99 tonne) in June-2016..Overall condition for Indian wheat export is not favorable and export volume would remain at negligible level in August too.

Export volume would not increase much as prices in domestic market still rule higher and other exporting countries are offering wheat at cheaper price (\$90 to \$110 per tonne lower from domestic price) 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	5.18	304.37	157.61
16-Jul	5.09	399.05	156.15
16-Aug			
16-Sep			
16-Oct			
16-Nov			
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17("000"T)	19.455	322.44	165.70

Wheat Import :

India imported around 5.2 lakh tonne wheat during last MY. This year import volume may increase to 2 MMT if prices in domestic market continue to get firmer. In the month of July-2016 India imported 50909 tonne wheat from Ukraine in four consignments. Around 2.5 lakh tonne import is expected in August from Black Sea Region and Australia

Yearly ave CiF comes to \$272.73 per tonne for 2015-16. This year CiF quote may move down to \$190 per tonne as global market is expected to reel under pressure. FoB quote in Black Sea region has decreased to \$158 and may touch \$150 per tonne by August end. So import would continue despite 25% import duty.

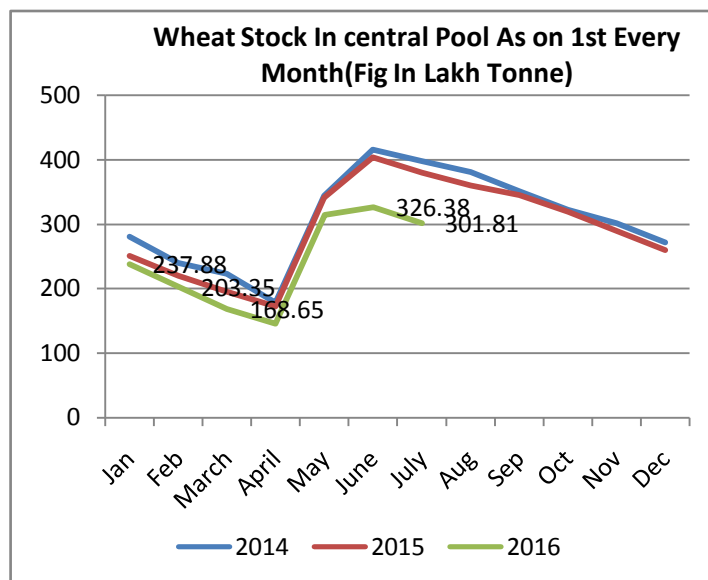
April -2015 (MY-2015-16)	Wheat Import(InThousand Tonne)	Average CIF Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Apr-15 To Mar-16	502.31	272.73	179.71
16-Apr	0	0	173.04
16-May	0	0	174.51
16-Jun	0	0	157.61
16-Jul	50.909	191.93	156.15
16-Aug		0	
16-Sep		0	
16-Oct		0	
16-Nov		0	
16-Dec		0	
17-Jan		0	
17-Feb		0	
17-Mar		0	
Total 2015-16	50.91	191.93	165.33

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 01.07.2016 was registered at 301.81 lakh tonne. It is lower by 20.51 % from July-2015. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Average 25/26 lakh tonne per month wheat is expected to come out from August this year to March -2017. This means around 20 MMT wheat would come out in next 8 months. So ending stock may decrease below 10 MMT next year.

However, available stock in central pool is enough to take care of domestic demand. Problem may surface if next crop faces weather aberration like last two years. The season started with good monsoon rainfall so Agriwatch expects bumper production next year.

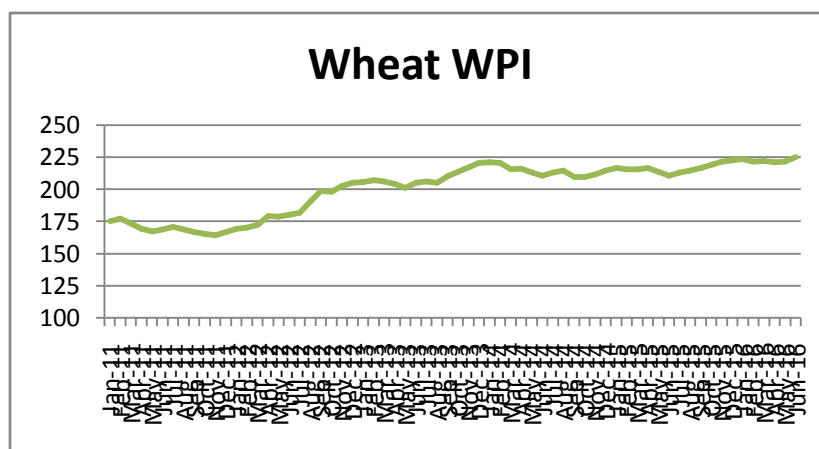


Wheat Inflation:

Wheat WPI has increased slightly from 221.3 in May to 225.2 in June-2016.

Monthly wheat inflation percentage increase is 6.85. It was 3.65 in May-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	Feb	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	1645.83	1610	1545.6	1515	1876.6
16-Jan	1640.83	1600	1609.04	1605.25	1852.38
16-Feb	1655.88	1599.56	1548.63	1566.36	1840.9
16-Mar	1626.75	1557.14	1501.95	1503.82	1831.66
16-Apr	1553.05	1608.68	1535.83	1533.8	1876.25
16-May	1677.69	1638.69	1582.6	1550	1913.04
16-Jun	1720.26	1711.45	1667.6	1688.33	2035.4
16-Jul	1689.52	1748.2	1695.62	1737.08	2089.58

Source: Agriwatch

Monthly Price Comparison of Spot Markets

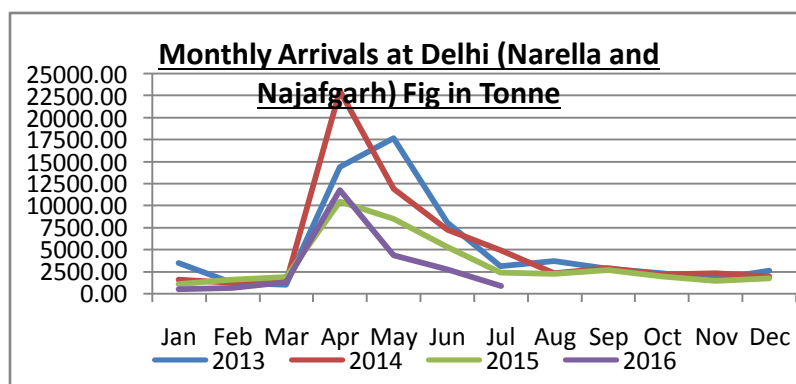
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			30-Jul-16	29-Jul-16	23-Jul-16	30-Jun-16	30-Jul-15
Delhi	Lawrence Road	Mill Delivery	1760	1760	1775	1810	1560
	Narella	Mill Quality Loose	1650	1650	1690	1735	1490
	Nazafgarh	Mill Quality Loose	1650	1650	1675	1715	1465
Gujarat	Rajkot	Mill Delivery	1725	1725	1735	1740	NA

	Ahmedabad	Mill Delivery	1870	1870	1880	1870	NA
	Surat	Mill Quality Loose	1900	1900	1910	1900	NA
	Dhrol	Mill Delivery	1930	NA	1860	2070	1500
M.P.	Indore	Mill Quality Loose	1730	1730	1750	1750	1575
	Bhopal	Mill Delivery	1700	1700	1750	1730	1475
Rajasthan	Kota	Mill Quality Loose	1660	1680	1690	1680	1475
		Mill Delivery	1750	1750	1750	1770	1550
U.P.	Kanpur	Mill Delivery	1740	1740	NR	1725	1550
	Mathura	Mill Quality Loose	1610	1615	1625	1650	1380
	Kosi	Mill Quality Loose	1595	1595	1610	1640	1380
	Hathras	Mill Quality Loose	1635	1635	1585	1680	NA
	Aligarh	Mill Quality Loose	1600	1620	1630	1650	1365
Punjab	Khanna	Mill Quality Loose	1605	1610	1610	1600	1500
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1650	1655	1660	1680	1500
	Hodal	Mill Delivery	1750	1750	1770	1770	1540
	Bhiwani	Mill Quality Loose	1660	1660	1680	1680	1450
	Karnal	Mill Quality Loose	1655	1655	1675	1680	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2100	2070	1750
	Madurai	Mill Quality	2107	2107	2157	2127	1807
	Coimbatore	Mill Quality	2107	2107	2157	2127	1807
Bihar	Khagariya	Mill Delivery	1750	1750	1700	1750	1450
	Muzaffarpur	Mill Delivery	1745	1750	1750	1670	NA

Monthly Arrivals at Delhi (Narela and Najafgarh)

Arrivals in Narela and Najafgarh in Delhi region decreased considerably in July-2016. It decreased from 2760 in June to 867 tonne In July-2016.

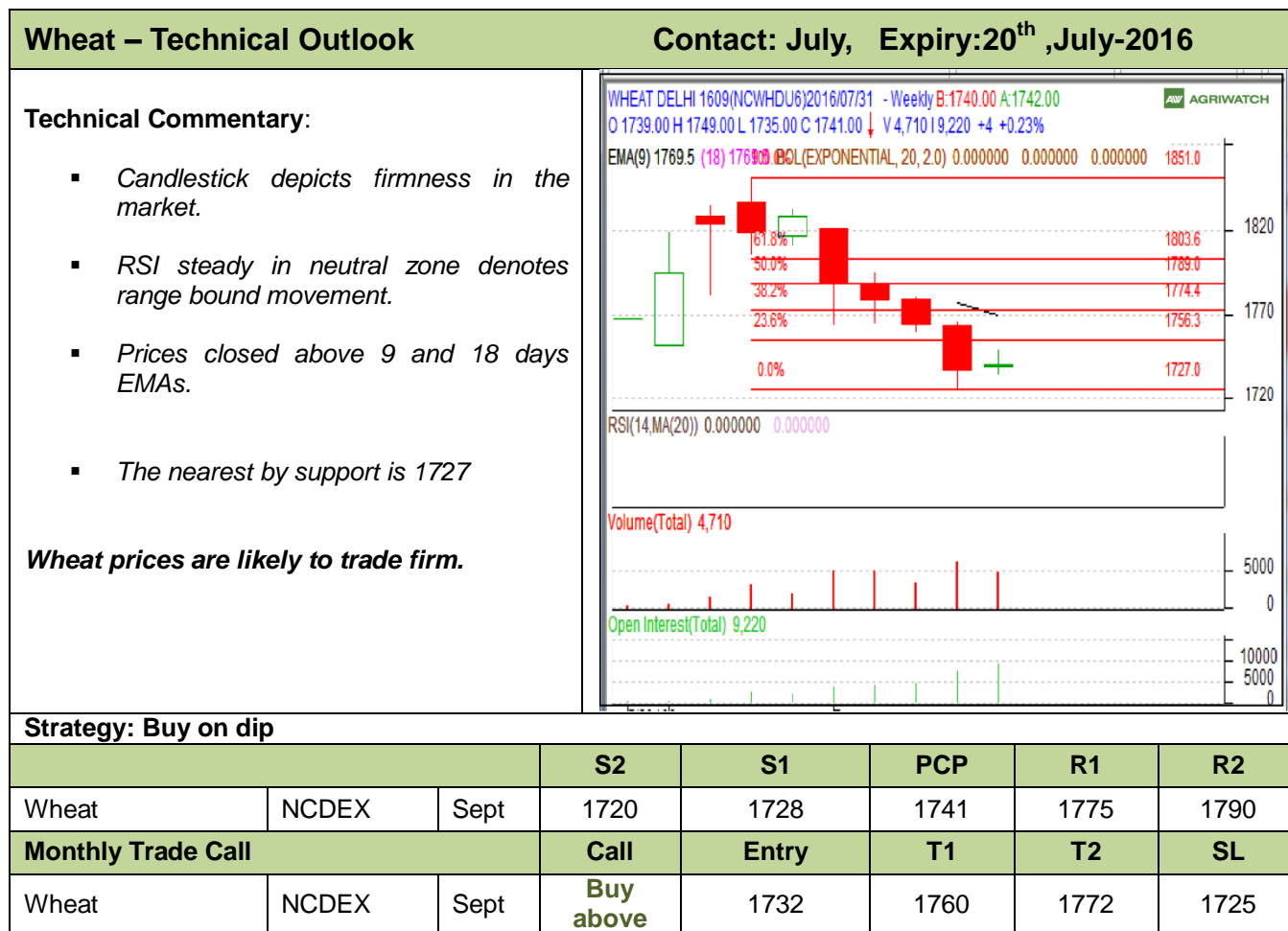
Currently wheat is being traded at Rs 1670 per qtl. With decreasing arrival, price may continue to rule firm.



Domestic Outlook:

Wheat cash market is expected to trade steady to slightly firm in August despite continuous release from central pool stock and commencement of import . 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. Overall outlook for August remains firm.

Wheat Technical Analysis:



* Do not carry-forward the position next month.

International Market Dynamics

IGC has revised wheat production projection up by 7MMT from 722 to 729 MMT in 1st 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. However, overall trend in global wheat market remains bearish.

As per USDA, U.S wheat exports at 0.549 MMT (for the period 15th July- 21st July, 2016) were up 53 percent from the previous week and 25 percent from the prior 4-week average. The primary destinations were Japan (178,200 MT), Chile (92,200 MT), Brazil 59,900 MT), Taiwan (56,800 MT), Peru (49,500 MT), Thailand (27,000 MT), and Mexico (25,700 MT).

France is expecting low yields due to heavy rain and lack of sunshine in spring which may lead to decrease in French wheat exports especially to overseas milling-wheat markets. A panamax bulk vessel is expected to arrive at Dunkirk in the mid of August from Romania carrying a quantity of around 55000-60000 MT. France usually takes smaller quantity of Romanian wheat such as 17500 MT in 2014/15 season and it seldom imports large quantities in June-July marketing season.

Russian FoB quote has come down to \$158 while US wheat FoB is being quoted at \$180 per Tonne. Canada is going to harvest bumper crop despite lower area coverage. Yield in Canada is expected to increase by 23 % this year. US and Australia too are expecting bumper crop due to favorable weather condition. However, poor crop condition in EU has provided some relief to the global wheat market.

Wheat harvesting in Black Sea Region has already commenced, Canadian crop is due in one month while Australian crop would hit the market in October. So there is plenty of supply in global market and it would continue to reel under pressure. More downside is expected in coming weeks. Higher acreage in US too would create supply glut. So, global wheat market seems under bear's grip.

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 ABARES. 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, 4 lakh tonne lower than ABARES forecast. If weather remains favorable throughout the season, bumper production seems very much in the 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 ABARES update wheat export from Australia would increase by 4 % to 17.2MMT, record in last three years. It has revised its export figure down by 3.33 lakh tonne to 16.93MMT for 2015-16. As price 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.

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	01.07.2016	28.07.2016
Production	717	730	736	729	735
Trade	157	153	164	156	159
Consumptions	699	716	719	720	727
Carryover stocks	188	203	219	226	228
Y-O-Y change	19	14	176		9
Major Export	54	64	66	72	71

IGC Balance Sheet Highlight:

- IGC has revised wheat production projection up by 6MMT from 729 to 735 MMT in 28th, July-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 735 MMT against 729 forecast for 2015-16. The difference is around 6 MMT from previous estimate. Higher projection for wheat may pressurize global wheat market at current level and any major recovery from current level is unlikely.
- Trade projection has been revised up by 3MMT to 1569MMT. However it is 5MMT lower from actual of last year.
- Consumption has been pegged at 7207MMT for 2016-17, up by 8MMT from last year.
- Carryout may increase from 226 to 228 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiments despite lower production by 1MMT from last year.

USDA Global Wheat Balance Sheet: 2016-17 Fig. In Thousand Tonne (As on 29.07.2016)							
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
World total	243,006	730,828	712,427	162,621	165,447	257838	216,539

Source:USDA

CBOT Futures July-16 Chart:

1st Support; 158.31

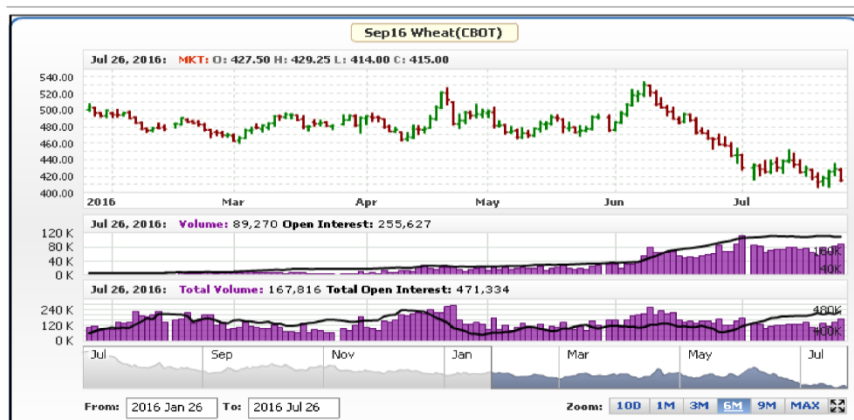
2nd Support: 150.73

1st Resistant: 165

2nd Resistant: 176

(\$ per tonne)

Market is likely to stay steady to weak as buyers may wait for stabilization in the market.



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 prev. year
	29-Jul-16	22-Jul-16	29-Jun-16	29-Apr-16	29-Jan-16	29-Jul-15	
Sep-16	149.81	156.24	163.31	183.06	183.52	194.81	-23.10
Dec-16	160.09	165.42	170.93	189.58	188.38	198.95	-19.53
Mar-17	169.10	174.61	177.91	195.82	191.97	201.34	-16.01
May-17	174.06	179.02	181.77	199.59	193.53	201.98	-13.82
Jul-17	176.54	181.77	184.62	200.69	191.51	196.83	-10.31
Sep-17	180.76	186.09	188.02	203.45	194.17	194.35	-6.99

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

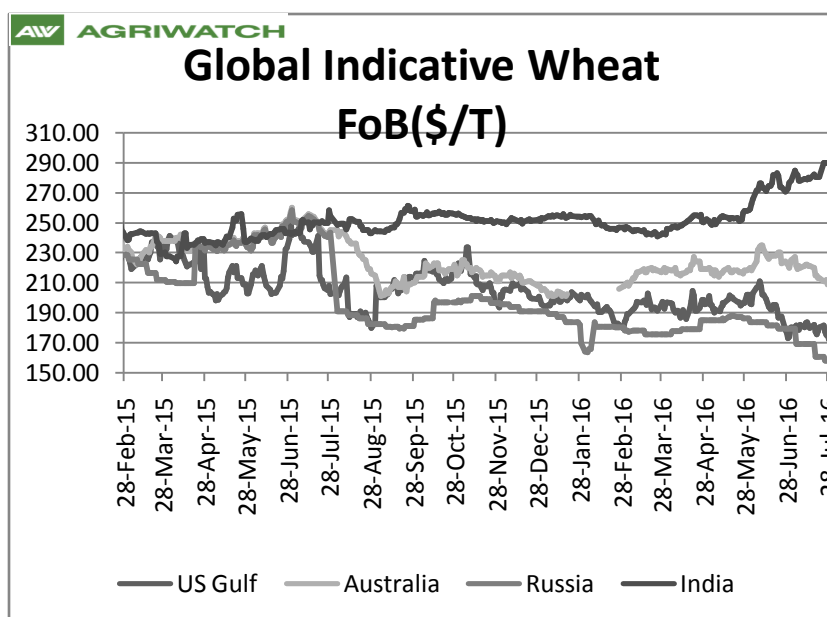
All prices are for SRW/milling grade	2 nd Nov-15	1 st Dec-15	4 th Jan-16	2 nd Feb-16	1 st Mar-16	1 st Apr-16	2 nd May-16	1-Jun-16	1-Jul-16
USA	217.9	201.87	194.1	200.3	228.9	196.8	195	196.1	180.10
France	172.5	182.67	173.47	163.81	NA	141.5	145.25	149.5	156.75
Australia	220	214	NA	NA	234	217	219	218	222
Russia	197	195.5	191	183.5	228.5	175.5	185	183.5	179.50
India	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. Indian FoB quote is hovering around \$299 to \$290 per tonne.

US and Russian quotes are hovering in the range of \$180 to \$158 per tonne. More dip is likely as buyers are waiting for [market to stabilize](#). Australia offers wheat at \$213 per tonne.

Wheat quotes may hover in the range of \$150 to \$210 per tonne, due to excess supply in the global market in coming weeks. Australian quote may move down to \$210 per tonne once again.



International Outlook:

Wheat global market would continue to reel under pressure due to ample marketable surplus and pressure from new crop in Black Sea Region. Argentina is going to harvest 28 % more crop than last year, while Australian crop is in good condition. US wheat crop condition too is good and yield is likely to increase. IGC too has increased wheat production estimate by 6 MMT to 735 MMT. All these factors would not allow global wheat market to recover in the near term. Outlook for August remains bearish.

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