

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly price for wheat decreased by 2.23 percent from Rs 1786.21 (in August) to Rs 1746.43 per qtl in September-2016 due to increasing fear of higher import volume and continuous sale from OMSS through auction. Better crop prospects for next year have weakened inner tone in the market. Average price (September) is higher by 7.33 percent from the price (Rs 1673.9 per qtl.) registered in September-2015. However, festive demand would continue to lend support to cash market fundamental and restrict market from any major decline. Higher import volume would restrict demand from south Indian millers. Government has reduced import duty from 25 percent to 10 percent, it would directly impact wheat price of central and north India.

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 gap. The difference is over \$110/120 per tonne from Black Sea Region. Russia, Ukraine is offering wheat at \$160/161 per tonne on FoB basis while Indian FoB at Kandla port comes to \$278/79 per tonne. India exported 1118 tonne wheat in September at an average FoB of \$353.01 per tonne. Total export in current MY till 25th September-2016 was registered at 23133.64 tonne from 1st April to 25th September. For current MY till August average FoB comes to \$330.34 per tonne. There is no hope for any recovery at export front this year.

Import : At import front situation seems to be turning in favour of south Indian millers after revision of import duty to 10%. Wheat from Ukraine is arrived at Chennai and Tuticorin port at \$188.93 per tonne and \$192.82 per tonne respectively. In September till 25th India imported 5.74 lakh tonne wheat at an average CiF of \$217.46 per tonne. Import is likely to continue as prices in domestic market rules higher. As import duty is slashed, import volume may exceed 2MMT in current MY. It would impact south Indian millers demand from central and north India. Off-take from central pool would decrease.

FoB/CiF Quotes: Indian FoB quote is hovering around \$278/79 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$160,\$161.5,\$183.37,\$186.26 and \$200 per tonne respectively. The latest consignments from Australia landed at Tuticorin (4969 T), Cochin port (500T) and Mangalore (27438 T) at CiF of \$216.59, \$249.15 and \$228.42 per tonne respectively. Around 16000 tonne wheat from France landed at Tuticorin port at an average Cif of \$222.73 per tonne. As supply in global market is higher, recovery is unlikely in the near to medium term.

Supply-Demand: Supply side for FAQ wheat is likely to be normal as imported wheat would restrict demand from south India and it would ease pressure of tight supply side in north and central India. With commencement of festive season demand for wheat products would continue to increase and it would help market to trade steady despite likely pressure from import.

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.

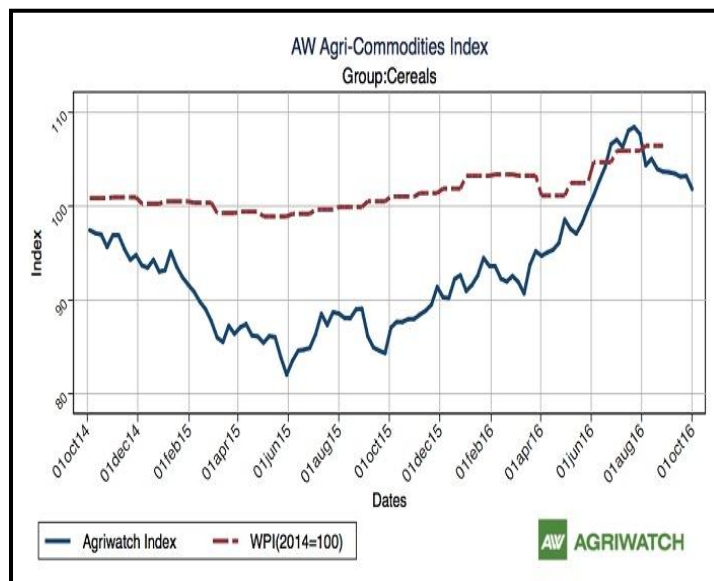
Outlook & Recommendation: Wheat cash market is expected to trade range bound to slightly weak in the short to medium term. Continuous import too may help easing supply side.

Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1730 & 1750 respectively.

AW Cereals Index:

The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Declines in cereals and vegetables prices offset the gains in pulses and edible oils. 6 of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 101.83 (-1.34%), Pulses: 216.70 (+4.40%), Vegetables: 62.30 (-4.85%), Edible Oils: 116.0 (+0.68%), Oilseeds: 107.67 (-1.83%), Sweeteners (Sugar, Gur & Khandsari): 121.96 (-0.48%), Spices: 135.90 (-0.83%), Fibres: 98.82 (-3.23%) and Other Non-Food Articles: 77.57 (+2.25%)



"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 \$110 per tonne lower than India. 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 after the revision of duty from 25 percent to 10 percent.

Domestic Market Highlights:

As per latest update, government's advisory body on farm pricing CACP has advised government to revise MSP of wheat up by Rs. 100/quintal to Rs. 1625/quintal. If this advice by CACP is accepted by government it will help in stabilizing the wheat domestic market prices. Furthermore, farmers may also be motivated to keep their area same as last year and if the weather conditions are conducive for the crop that is to be sown in the upcoming Rabi season, a good crop can be expected.

As import duty is revised from 25 percent to 10 percent, flow of imports is expected to increase further. It would benefit south Indian millers. Furthermore it will keep the prices of wheat cash market under pressure. Global wheat market is favourable for import and reduction in duty has supported global market to some extent.

As global prices are down/ at bottom now, possibility of higher import is increasing. It would directly affect south Indian demand for domestic wheat and domestic market may decrease in central and north India. It would affect off take from central pool, especially from Punjab and Haryana, where maximum stock is available.

Wheat import continue with same pace as global market remains under pressure and supply exceeds on the back of bumper production prospects in Russia, US and Canada. India imported 61907 tonne wheat during week ended 25th September, 2016. Wheat has been imported from Australia and France at an average CiF of \$231.38 and \$222.73 per tonne respectively. Around 13000 tonne of Ukraine wheat was imported in week ended 25th September, 2016 out of which 12000 tonne landed at Tuticorin port at CiF \$192.82 per tonne and 1000 tonne landed at Chennai port at CiF \$188.93 per tonne.

Wheat WPI has increased slightly from 227.6 in July to 230.2 in August-2016. Monthly wheat inflation percentage increase is 1.14. The WPI in August 2015 was 214.5, which is 7.32 percent lower compared to WPI in August 2015.

Area Coverage under Wheat Till 28th January-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	<i>Normal</i>	2015	2014	% ch
Andhra Pradesh	0.088			
Arunachal Pradesh	0.034			
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			
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				
Madhya Pradesh	48.372	51.84	58.44	-11.29
Maharashtra	10.202	6.19	8.59	-27.94
Manipur	0.024			
Meghalaya	0.004			
Nagaland	0.029			
Odisha	0.024			
Punjab	35.168	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
Sikkim				
Tamil Nadu				
Telengana				
Tripura	0.004			
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
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 (Source :FCI)

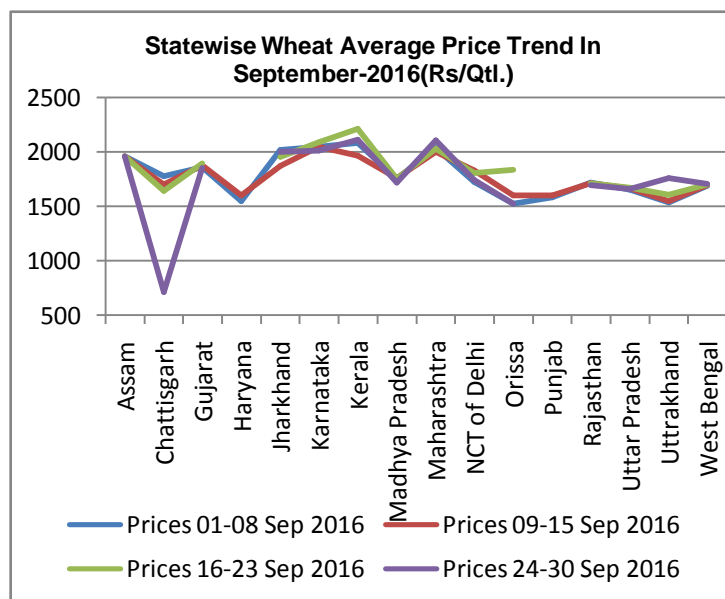
State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 28.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-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

Monthly Average Price Comparison:

All India average monthly prices decreased by 2.23 % from Rs 1786.21 in August to Rs 1746.43 per qtl in September-2016. It is higher by 7.33 % from the average price registered in September-2015.

Average prices moved down in all States except Assam, Gujarat, Haryana, Karnataka, Madhya Pradesh, Orissa, Punjab, Uttar Pradesh and West Bengal. For all the other states prices have remained steady or declined.

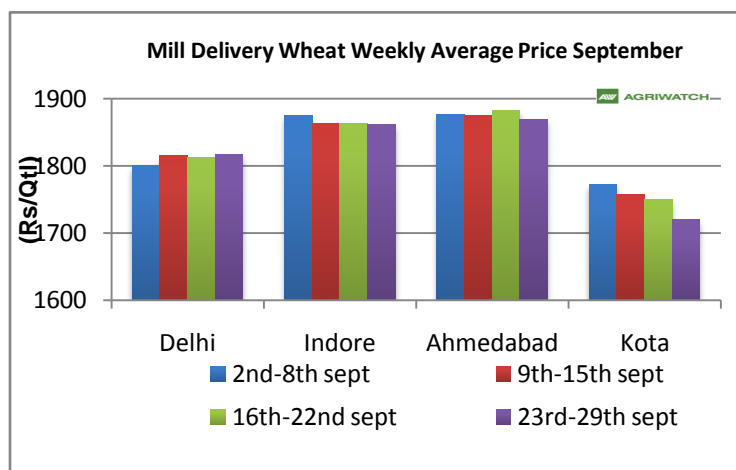
Prices are likely to stay steady to slightly weak as imports are increasing after revision of import duty from 25 to 10 percent. Supply through auction would likely to continue amid continued import flow from various destinations.



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

Wheat mill delivery average prices moved slightly down in all major markets except Delhi at month end. Release from central pool stock and import have not been able to ease tight supply side.

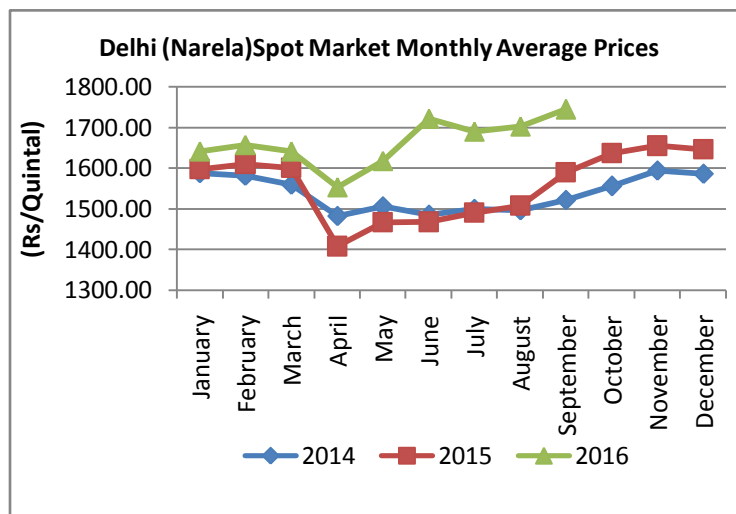
Private parties are still active in MP, UP and Rajasthan and offering higher price for milling quality wheat. Now they have option to buy from central pool stock through participation in bidding. Prices are likely to stay steady to slightly weak.



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

Wheat spot market Delhi (Narela) average price increased from Rs 1701.84 in August-16 to Rs 1744.05 per quintal in September-2016. The prices are firm by 2.48 percent compared to last month and by 9.77 percent compared to last year for the same month.

Cash market at Delhi (Narela) has become firm because of low release from central pool than normal. Furthermore demand is also firm due to festive season.



Wheat Exports:

According to IBIS data, India exported 1188 tonne wheat in the month of September-2016 at an average FoB price of \$353.01 per tonne.

It is around 52 percent lower than exported quantity (2318 tonne) in August-2016. Overall condition for Indian wheat export is not favourable and export volume would remain at negligible level in Sept 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 (\$110 to \$120 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	241.60
Apr-14-Mar-15	27.5	279.96	230.37
Apr-15-Mar-16	2.01	294.88	179.90
16-Apr	4.21	297.54	173.04
16-May	4.96	288.80	175.98
16-Jun	5.18	304.37	157.61
16-Jul	5.09	399.05	156.15
16-Aug	2.31	349.52	148.80
16-Sep(till 25 th)	1.11	353.01	142.21
16-Oct			
16-Nov			
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17("000"T)	21.69	324.57	162.32

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 September-2016 India imported around 2.99 lakh tonne wheat from France, Ukraine and Australia. Forward contract from Australia has been done for December shipment at \$210 C&F per tonne.

Yearly average CiF comes to \$272.73 per tonne for 2015-16. This year CiF quote may move down to \$200.00 per tonne as global market is expected to reel under pressure. FoB quote in Black Sea region has decreased to \$161 and may touch \$150 per tonne by Sept end. As import duty is revised from 25 to 10 percent import volume would increase.

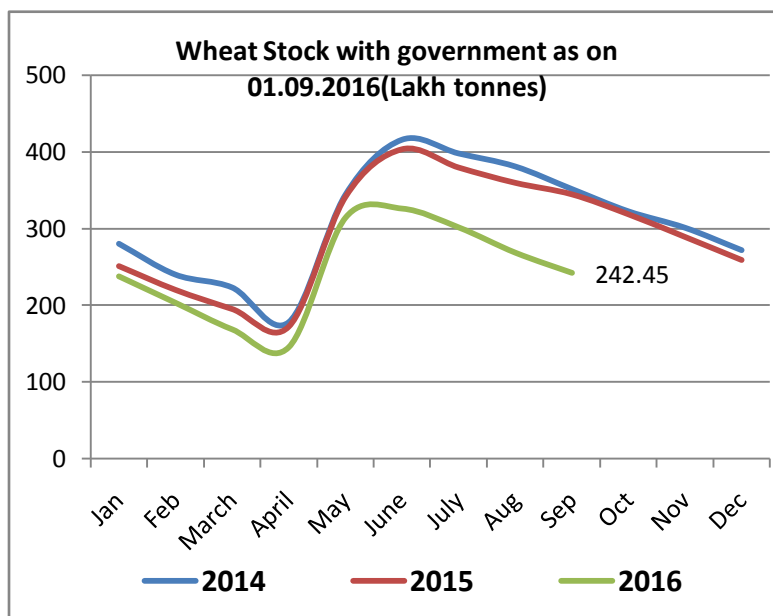
Source: DGCIS, *Provisional data from IBIS

April -2015 (MY-2015-16)	Wheat Import(In Thousand 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	242.21	235.06	148.8
16-Sep(Till 25 th)	299.77	220.61	142.21
16-Oct			
16-Nov			
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17	274.64	211.40	162.02

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

Wheat stock in government's ware houses on 01.09.2016 was registered at 242.45 lakh tonne. It is lower by 9.79 % from August-2016. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Market participants expect average off take would be around 21/22 lakh tonne per month till March 2017. This means around 14 MMT wheat would come out in next 6/7 months. So ending stock may decrease below 9 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.

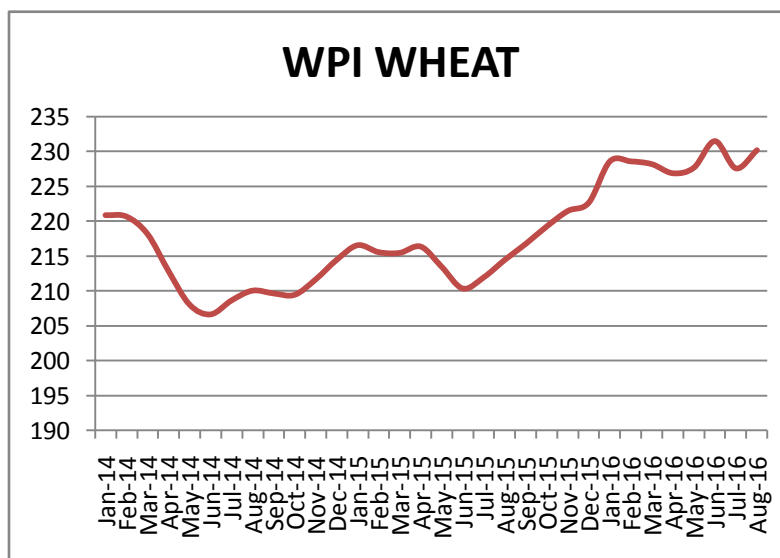


Wheat Inflation:

Wheat WPI has increased slightly from 227.6 in July to 230.2 in August-2016.

Monthly wheat inflation has increased by 1.14 percent in August-16 compared to July-16.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
14-Mar	1642.08	1593.33	1655.87	1617.37	1987.14
14-Apr	1532.04	1527.50	1521.72	1602.14	1866.05
14-May	1540.00	1575.65	1531.43	1617.80	1845.48
14-Jun	1510.48	1509.58	1493.96	1519.78	1780.00
14-Jul	1562.42	1617.40	1569.55	1593.40	1799.32
14-Aug	1579.00	1624.05	1581.32	1581.32	1801.36
14-Sep	1596.54	1592.61	1560.00	1539.81	1778.40
14-Oct	1613.39	1575.14	1564.75	1540.33	1792.14
14-Nov	1625.21	1595.23	1563.75	1626.59	1814.38
14-Dec	1647.12	1637.05	1603.65	1649.42	1831.54
15-Jan	1669.60	1682.95	1666.36	1713.48	1843.18
15-Feb	1672.73	1563.86	1590.68	1565.43	1802.27
15-Mar	1652.48	1449.00	1487.63	1459.67	1720.26
15-Apr	1499.58	1434.52	1442.00	1402.05	1683.00
15-May	1506.92	1492.83	1468.60	1410.20	1700.00
15-Jun	1537.88	1518.40	1478.54	1442.71	1708.33
15-Jul	1548.08	1572.40	1546.80	1508.41	1738.00
15-Aug	1579.46	1580.68	1512.50	1520.00	1740.22
15-Sep	1652.80	1590.87	1546.59	1554.77	1768.86
15-Oct	1690.00	1689.77	1611.59	1617.92	1855.45
15-Nov	1687.73	1660.68	1604.71	1595.00	1868.24
15-Dec	1688.08	1662.20	1639.00	1593.53	1877.80
16-Jan	1698.18	1658.91	1693.18	1689.00	1852.27
16-Feb	1707.00	1613.48	1636.36	1660.63	1840.91
16-Mar	1698.40	1619.29	1581.52	1601.94	1831.52
16-Apr	1621.60	1665.79	1620.21	1632.38	1876.25
16-May	1677.69	1715.43	1660.00	1633.27	1913.04
16-Jun	1791.54	1825.40	1745.00	1773.20	2036.73
16-Jul	1778.27	1856.80	1765.42	1817.71	2089.58
16-Aug	1793.75	1877.39	1762.39	1796.75	2055.68
16-Sep	1810.40	1865.48	1749.00	1809.40	2061.00

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-Sep- 16	29-Sep- 16	23-Sep- 16	30-Aug- 16	30-Sep- 15
Delhi	Lawrence Road	Mill Delivery	1815	1815	1820	1810	1695
	Narella	Mill Quality Loose	1725	1750	1770	1740	NR
	Nazafgarh	Mill Quality Loose	1735	1725	1720	1725	NR
Gujarat	Rajkot	Mill Delivery	1740	1725	1740	1740	1490
	Ahmedabad	Mill Delivery	1850	1860	1880	1880	1610
	Surat	Mill Quality Loose	1880	1885	1915	1910	1660
	Dhrol	Mill Delivery	1845	1825	1915	NR	NR
M.P.	Indore	Mill Quality Loose	Closed	1750	1750	1750	1575
	Bhopal	Mill Delivery	Closed	1700	1725	1775	1500
Rajasthan	Kota	Mill Quality Loose	Closed	1630	1660	1720	1470
		Mill Delivery	Closed	1710	1750	1790	1550
U.P.	Kanpur	Mill Delivery	1700	1735	1725	1745	1540
	Mathura	Mill Quality Loose	1630	1630	NR	1640	1520
	Kosi	Mill Quality Loose	1650	1650	1665	1655	1570
	Hathras	Mill Quality Loose	1670	1670	NR	1640	1460
	Aligarh	Mill Quality Loose	1630	1630	1650	1610	NR
Punjab	Khanna	Mill Quality Loose	1630	1630	1610	1630	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1655	1660	1650	1665	1522
	Hodal	Mill Delivery	1800	1800	1800	1810	1700
	Bhiwani	Mill Quality Loose	1725	1725	1730	1710	1600
	Karnal	Mill Quality Loose	1690	1690	1700	1655	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	Closed	2050	2050	2075	1800
	Madurai	Mill Quality	Closed	2107	2107	2132	1857
	Coimbatore	Mill Quality	Closed	2107	2107	2132	1857
Bihar	Khagariya	Mill Delivery	1850	1800	1750	1750	1630
	Muzaffarpur	Mill Delivery	1825	1825	1825	1760	NA

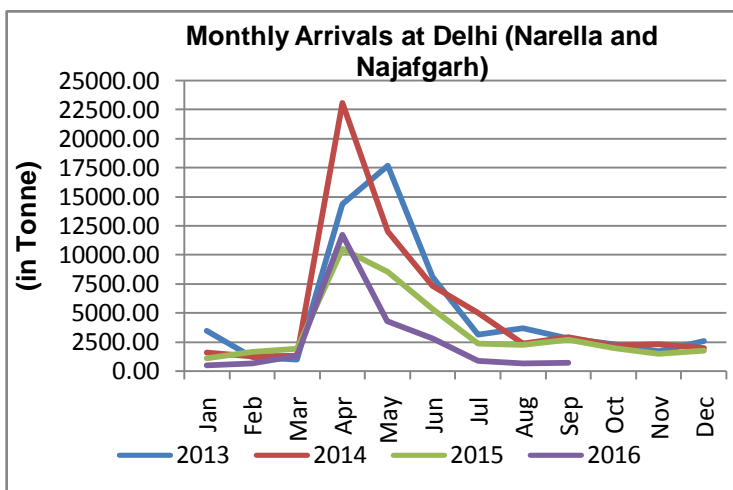
Monthly Arrivals at Delhi

Arrivals in Narela and Najafgarh in Delhi region increased slightly in September-2016, from 632 in August to 695 tonne In September-2016.

Currently wheat is being traded at Rs 1725 per qtl. Local millers are sourcing wheat from Uttar Pradesh.

Domestic Outlook:

Wheat cash market is expected to trade steady to slightly weak in October-2016 given the normal condition.



Wheat Technical Analysis:

Wheat – Technical Outlook			C1 Continuous Chart				
Technical Commentary: <ul style="list-style-type: none"> RSI is steady in neutral zone denotes range bound movement. Prices closed below 9 and 18 days EMAs hints steady to weak market Rise in price and fall in open interest indicates short covering Candlesticks are denoting range bound movement <p>Wheat prices are likely to trade steady to weak.</p>							
Strategy: Sell							
			S2	S1	PCP	R1	R2
Wheat	NCDEX	C1	1700	1712	1753	1780	1788
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	Sell	1754	1738	1726	1763

* Do not carry-forward the position next month.

International Market Dynamics

According to latest update by International Grains Council, the production forecast has been increased by 4 million tons for crop year 2016-17. The production may touch 747 million tons against a forecast of 736 million tons for 2015-16. The difference is around 11 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

Australia's wheat crop is expected to fall due to damages caused to the crop by recent rainfalls. East coast of the country is expected to receive around 100 millimetres of rainfall, which will lead to wetter than average conditions until November. Furthermore east coast of the country produces high protein wheat which means crop loss in the region will limit the exports with the country. Earlier a forecast of 28.1 million tonnes was given for production which is likely to be revised in the near future.

GASC has purchased 240000 tonnes of Russian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$189/tonne, union offered three cargoes each of 60000 tonnes at FOB \$ 178.78/tonne, Olam offered 60000 tonnes at FOB \$187.79/tonne and Aston offered 60000 tonnes at FOB \$179/tonne. Earlier suppliers were reluctant in making offers as they were afraid whether import authorities will tolerate negligible level of ergot or not in their cargoes.

Wheat stockpiles in Canada have decreased sharply in comparison to last year. However, it has not declined as much as expected at this point of time. A report from Statistics Canada shows this. It has pegged wheat stock at 5.2 MMT by the end July-2016. It is down by 27 % from last year. However, it is higher by trade estimate of 4.29 MMT. The main reason behind higher stock is higher retention at farm level. Canada is a major wheat exporter.

France has harvested one of its worst wheat crops on account of heavy rainfall in late May to mid June as well as low sunshine during the crop's growth period. This year France's area is up by 1.3% (5.23million hectares) whereas production and yield are down by 30% (28.47 million tonnes) and 31% (5.45 tonnes per hectare) respectively compared to last year.

Russia has decided to revise its wheat export duty to zero in order to reduce risks for traders arising from volatility in rouble currency and to make forward contracts more attractive. Russia's largest foreign buyer of wheat from 1-12 September was Bangladesh with 244800 tonnes. Egypt is usually the largest buyer of Russian wheat was at third place due to its zero-tolerance ergot policy which has been changed to 0.05 percent since September 22. The volume will depend on whether traders will be able to export 373000 tonnes of wheat to Egypt that has been bought but not yet accepted due to change in its zero-tolerance ergot policy.

Egypt has imported around 11 million tonnes of wheat in the marketing year 2015-16 making it the largest importer of wheat in the world. Egypt has changed its zero tolerance policy towards ergot. Now 0.05 percent ergot is allowed in wheat shipments although shipments of around 540000 tonnes have been suspended as last month months ban has been applied to all outstanding contracts.

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.

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	25.08.2016	29.09.2016
Production	717	730	736	743	747
Trade	157	153	165	162	164
Consumptions	699	716	721	732	734
Carryover stocks	188	203	218	229	231
Y-O-Y change	19	14	15	-	13
Major Export	54	64	65	70	70

IGC Balance Sheet Highlight:

- IGC has revised wheat production projection up by 4MMT from 743MMT to 747MMT on 29th, Sep-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 747 MMT against 736 forecasts for 2015-16. The difference is around 11 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 2MMT to 164MMT. However it is 1MMT lower from actual of last year.
- Consumption has been pegged at 732MMT for 2016-17, up by 13MMT from last year.
- Carryout may increase from 229 to 231 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiment.

USDA Global Wheat Balance Sheet: 2016-17 Fig. In Thousand Tonne (As on 06.10.2016)

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	859	14,400	6,300	5	8,000	964	11,300
Australia	6,262	27,500	7,460	150	19,500	6952	24,500
Canada	5,167	30,500	9,000	485	21,000	5652	27,594
China	97,042	128,000	117,000	3,500	800	110742	130,190
EU	15,068	145,270	129,300	7,000	26,000	12038	160,012
India	14,500	90,000	95100	2000	400	11000	86,530
Pakistan	3,829	25,300	24500	25	900	3754	25,100
Russia	5,570	72,000	38,500	500	30,000	9570	61,044
Ukraine	2,548	27,000	12,500	50	15,000	2098	27,274
U S	26,707	63,156	37,204	3,100	25,500	29934	55,840
Others	63,342	121,722	255,450	152,196	24,747	56,363	125,413
World total	240,894	744,848	732,314	169,011	171,847	249067	734,797

Source:USDA

CBOT Futures Dec-16 Chart:

1st Support: 142.00
2nd Support: 140.00
1st Resistant: 152.00
2nd Resistant: 155.00
(\$ per tonne)

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



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-Sep-16	22-Sep-16	29-Aug-16	29-Jun-16	29-Mar-16	29-Sep-15	
16-Dec	146.59	148.98	145.86	170.93	186.27	198.86	-26.28
17-Mar	154.95	157.34	154.68	177.91	191.14	202.90	-23.63
17-May	160.00	162.39	160.09	181.77	194.08	202.25	-20.89
16-Jul	163.95	165.33	163.40	184.62	195.00	197.20	-16.86
16-Sep	169.00	170.11	169.46	188.02	198.03	195.46	-13.53
16-Dec	175.98	176.54	177.55	193.44	203.08	201.52	-12.67

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

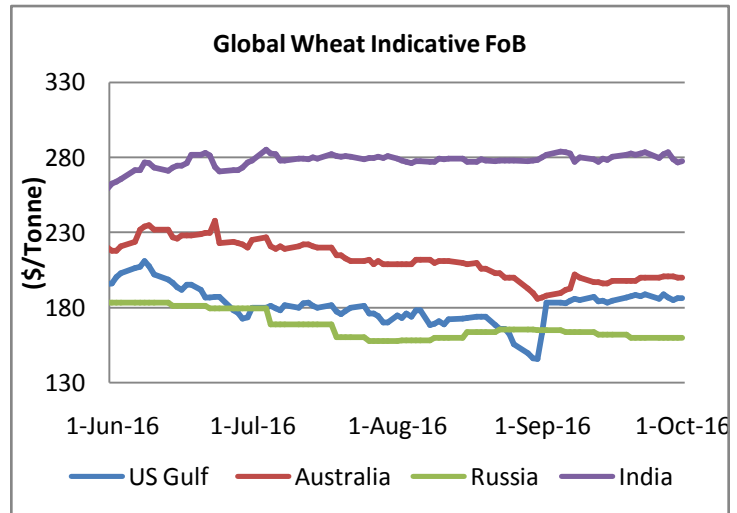
All prices are for SRW/milling grade	1 st Mar-16	1 st Apr-16	2 nd May-16	1-Jun-16	1-Jul-16	1-Aug-16	1st Sept-16	1st Oct-16
USA	228.9	196.8	195	196.1	180.1	174.9	162.8	182.26
France	NA	141.5	145.25	149.5	156.75	187.56	178.15	183.48
Australia	234	217	219	218	221	211	187	200
Russia	228.5	175.5	185	183.5	179.5	158	165	160
India	249.92	243.1	256.1	262.45	278.02	279.44	280.06	277.74

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 between \$278 to 282 per tonne.

US and Russian quotes are hovering in the range of \$187 and \$160 per tonne respectively. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$200 per tonne.

Wheat quotes may hover in the range of \$160 to \$205 due to excess supply in the global market in coming weeks.



International Outlook:

Global wheat market is expected to stay steady to slightly weak due to higher supply side despite crop loss in France. US, Russia and Australia have bumper crop expectation and it will easily compensate the loss seen in France. Steady to weak market is likely in the short to medium term.

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