

## Domestic Market Updates:

**Wheat cash market traded mixed and is likely to move range** bound in the near term. Govt may impose 10 percent import duty on wheat to restrict the flow of imported wheat. With the help of this measure govt intends to offload poor quality grain stored out in central pool stock this year. Out of 27 MMT 10/12 MMT wheat is considered to be of poor quality and its life cycle is not more than 10 months as market participants opine.

**At present, rake loading from Kota region of Rajasthan to South Indian** states is being done at Rs 1750 to Rs 1760 per qtl for milling grade wheat. If bulk users source it from Punjab and Haryana costing would go up slightly. Besides, there is a fear over quality of wheat procured this year by govt agencies. So, local millers will continue to prefer sourcing wheat from open market first.

**Market sources say that half out of 5 lakh tonne contracted (in between \$255 to \$275 per Tonne)** so far around one lakh tonne has already landed in India. The remaining quantity is scheduled to reach India in July onward. Market has witnessed two new developments this year. Firstly, wheat import is taking place in vessels and south Indian millers are in process of buying wheat from Russia and France first time.

**India has exported 3432.95 tonne wheat in the fourth week of June** till 28th. at an ave FOB price of \$273.75 per tonne. During the same period wheat import was registered at 27,500 tonne at an Ave CIF of \$268.78 per tonne. Wheat has been imported from Australia and is likely to continue as deals have already been struck.

**Total wheat procurement was registered at 276.19 lakh tonne** as on 25.06.2015 against 270.68 lakh tonne till date last year. Punjab has contributed 99.52 lakh tonne so far, followed by Haryana 67.55 lakh tonne. M.P. contribution stands at around 72.61 lakh tonne. Rajasthan has procured only 12.95 lakh tonne. Overall procurement is up by 0.46 percent this year.

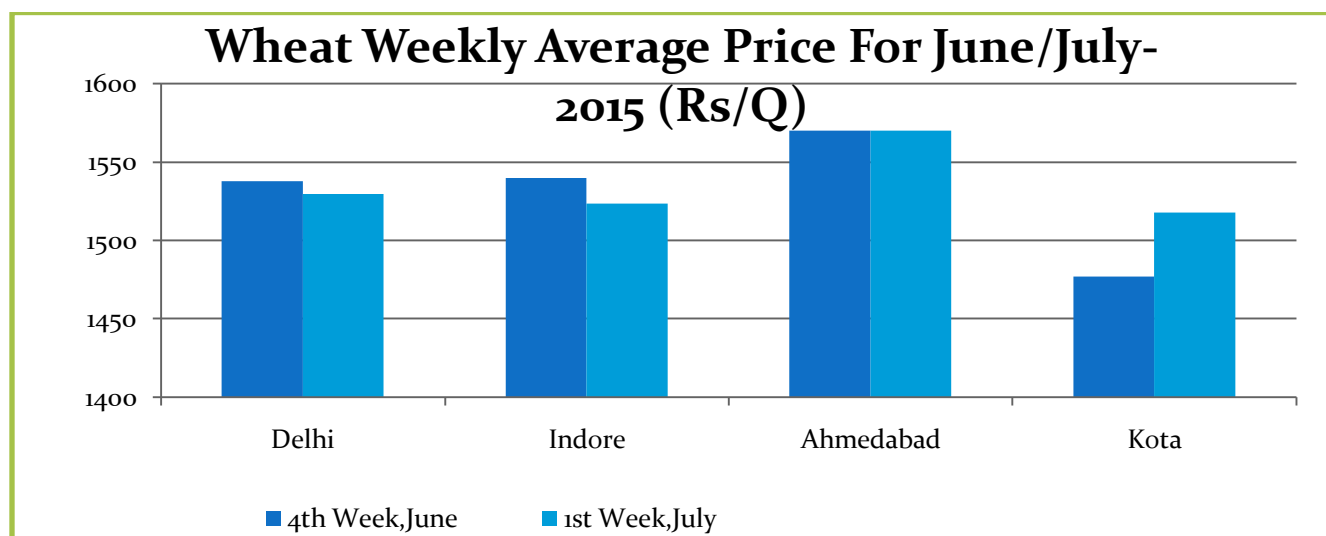
**Wheat stock in central pool was registered at 403.51 lakh tonne** as on 1<sup>st</sup>, June 2015. The highest quantity of wheat is available in north and west zone. It is almost 280 lakh tonne in northern states while western states have around 100 lakh tonne wheat stock. Under buffer norms India needs to maintain 245.80 and 30 lakh tonne wheat under buffer and strategic reserve on 1<sup>st</sup> July, 2015.

**Agriculture statistics Division, DES has released Third Adv estimates** of Production of foodgrains for 2014-15 on 13.05.2015. It has revised wheat production estimate down by 4.9 MMT to 90.78 MMT. In second Adv Est. production was estimated at 95.76 MMT. The drastic decrease in third Adv Est is mainly attributed to inclement weather conditions in March and April. India has produced 95.85 million tonne wheat in 2013-14.

## ***Weather Outlook For (Second Week of July, 2015)***

The western end of monsoon trough at mean sea level runs close to the foot hills of Himalayas and eastern end passes through Bhaich, Gorakhpur, Bhagalpur, Kolkata and thence southeastward to northeast Bay of Bengal. The north-south trough from eastern parts of Bihar to northwest Bay of Bengal across Gangetic West Bengal persists and extends upto 2.1 km above mean sea level. The upper air cyclonic circulation over north Bay of Bengal & neighbourhood between 3.1 & 7.6 km above mean sea level persists. The western disturbance as an upper air cyclonic circulation over Afghanistan & adjoining Pakistan extending upto 5.8 km above mean sea level persists.

**Rainfall:** Heavy to very heavy rainfall would occur at isolated places over Himachal Pradesh, Uttarakhand and Bihar. Heavy rainfall would occur at isolated places over Jammu & Kashmir, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Jharkhand, West Bengal & Sikkim, Assam & Meghalaya and Coastal Karnataka.



Wheat prices moved up in major bench mark markets of wheat except Delhi and Indore. Prices of wheat decreased slightly in Delhi and Indore while it moved up in Kota and Ahmedabad during the week under review. Market participants expect recovery in wheat price in all markets this week as arrivals have declined considerably in last two weeks..

#### Wheat Stock:

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.06.2015:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
<b>EAST ZONE</b>	8.87	0.00	8.87
<b>NORTH EAST ZONE</b>	0.68	0.00	0.68
<b>NORTH ZONE</b>	155.02	125.22	280.24
<b>SOUTH ZONE</b>	4.05	0.00	4.05
<b>WEST ZONE</b>	13.86	87.10	100.96
<b>TOTAL</b>	185.87	217.64	403.51

Note: Fig In Lakh T, Total includes stock in Mandis and in transit too.

#### FOB Value as on 04.07.2015 from various destinations at Kandla:

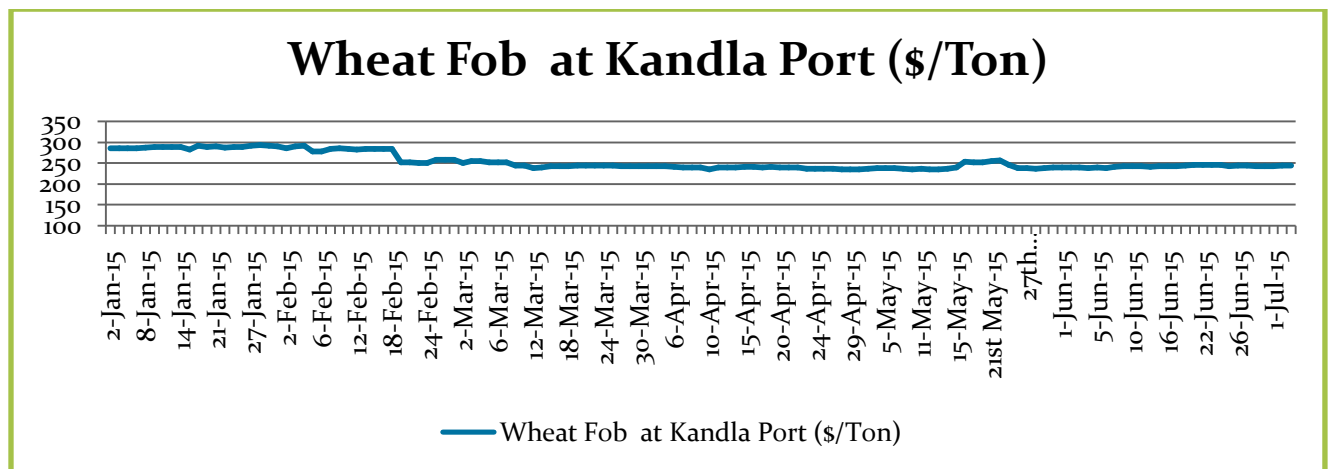
Parity Calculation	Rajkot (FOR)	Kota	Khagaria	Indore	Kosi	MSP	ECO.Cost
<b>Basic cost of wheat (Rs/ton)</b>	14800	15400	14000	15250	NA	14500	20400
<b>Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)</b>	650	650	650	650	650	600	0
<b>Local transport, port warehousing, labour charges, shortage</b>	0	1850	1900	1450	1550	1200	0
<b>Indian FOB (Rs/MT)</b>	15450	17900	16550	17350	2200	16300	20400
<b>Indian FOB (USD/MT)</b>	<b>243.73</b>	<b>282.38</b>	<b>261.08</b>	<b>273.70</b>	<b>34.71</b>	<b>257.14</b>	<b>321.82</b>
<b>Insurance @ 0.1%</b>	0.24	0.28	0.26	0.27	0.03	0.26	0.32
<b>Freight Charges (US \$/ton) to Chittagong</b>	18	18	18	18	18	18	18
<b>CIF (kandla to Chittagong)</b>	262	300	279	292	53	275	340
<b>INR Value 63.49 (02.05.2015)</b>	63.39	63.39	63.39	63.39	63.39	63.39	63.39
<b>Russian Wheat FOB (USD/MT)</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>
<b>Parity on FOB Basis (USD/MT)</b>	<b>-14</b>	<b>-52</b>	<b>-31</b>	<b>-44</b>	<b>195</b>	<b>-27</b>	<b>-92</b>

## Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	3-Jul-15	26-Jun-15	3-Jun-15	3-Jul-14	
Indore	1492	1498	1495	1558	-4.24
Bareilly	-	-	-	1513	-
Delhi	1545	1543	1537	1526	1.25
Khanna	-	-	-	-	-
Kanpur	1445	1450	1445	1500	-3.67
Karnal	-	-	-	-	-
Rajkot	1436	1448	1375	1557	-7.77
Kota	1543	1489	1480	1555	-0.77

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

India FOB, Kandla (USD/T):



\*FoB Prices are of new wheat from Saurashtra Region to Kandla

### Wheat Export Weekly Data:

Wheat Export	Quantity MT	Ave FOB Kandla(\$/T)	High	Low
18-24May2015	2581.86	278.52	339.65	224.96
25.-30 May2015	2388.34	268.93	345.19	234
31-May to 7th June-15	3872.38	267.86	362.32	219.78
8th June to 14 June-15	6459.2	259.32	337	222.17
15th to 21st ,June -15	3624.07	273.88	337.52	238.93
22to 28,June-15	3432.95	273.75	338.58	229.12

### Wheat Import Weekly Data:

Wheat import	Quantity MT	Ave CIF Tuticorin	High	Low
18-24May,2015	1751.34	298.91	301.32	296.5
25-30 May-2015	10004.9	302.95	330	295
31 May to 7th June-15	2082.72	303.31	325.82	289.89
8th to 14 June-15	61750.43	288.17	297.14	270.73
15to21,June-15	5745.03	295.85	318.15	270.73
22 to 28,June-15	27,500	268.78	268.78	268.78

\*Provisional Data (As per IBIS)

Wheat Procurement Till 25<sup>th</sup> June, 2015:

States	Total During 2014-15	Target For 2015-16	Expected in 2015-16	25th June, 2015	25th June, 2014	% Ch till date
<b>Punjab</b>	116.41	125	118	99.52	112.41	-11.47
<b>Haryana</b>	64.95	65	60	67.55	64.16	5.28
<b>UP</b>	6.28	15	15	22.67	5.28	329.36
<b>M.P.</b>	70.94	78	65	72.61	70.94	2.35
<b>Bihar</b>	0	0	0.5			#DIV/o!
<b>Rajasthan</b>	21.59	20	15	12.95	21.54	-39.88
<b>Uttarakhand</b>	0.01	1.2	1	0.046	0.0046	900.00
<b>Chandigarh</b>	0.05	0	0	0.046	0.0108	325.93
<b>Delhi</b>	0	0	0	0.01787	0	#DIV/o!
<b>Gujarat</b>	0	1	0.75	0.7	0	#DIV/o!
<b>Jharkhand</b>	0	0	0			#DIV/o!
<b>HP</b>	0	0	0			#DIV/o!
<b>Maharashtra</b>	0	0.2	0.2			#DIV/o!
<b>J&amp;K</b>		0	0			#DIV/o!
<b>West Bengal</b>	0	0.2	0			#DIV/o!
<b>Others</b>	0	0.4	0.4	0.09	0.58	-84.48
<b>TOTAL</b>	<b>280.23</b>	306	275.85	276.19	274.92	0.46

Wheat procurement is up by 2.14 percent till 19<sup>th</sup> June, 2015.

## Domestic Key Spot Market Weekly Price Comparison:

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Jul-15	2-Jul-15	26-Jun-15	3-Jun-15	3-Jul-14
<b>Delhi</b>	Lawrence Road	Mill Delivery	1535	1530	1530	1520	1530
	Narella	Mill Quality Loose	1470	1475	1440	NA	1475
	Nazafgarh	Mill Quality Loose	1450	1450	1475	NA	1465
<b>Gujarat</b>	Rajkot	Mill Delivery	1450	1450	1475	1410	1580
	Ahmedabad	Mill Delivery	1575	1560	1560	1500	1650
	Dhrol	Mill Quality Loose	1375	1375	1350	1305	NA
	Surat	Mill Delivery	1590	1580	1580	1535	1680
<b>M.P.</b>	Bhopal	Mill Quality Loose	1425	1425	1400	1390	1460
	Indore	Mill Delivery	1525	1525	1550	1525	1500
<b>Rajasthan</b>	Kota	Mill Quality Loose	1430	1415	1380	1400	1460
		Mill Delivery	1540	1510	1460	1510	1540
<b>U.P.</b>	Kanpur	Mill Delivery	1545	1545	1525	1495	1490

	Mathura	Mill Quality Loose	1400	1400	1400	1350	1425
	Kosi	Mill Quality Loose	1400	1400	1400	1310	1420
	Hathras	Mill Quality Loose	1340	1340	1340	NA	1375
	Aligarh	Mill Quality Loose	1380	1380	1410	NA	1380
Punjab	Khanna	Mill Quality Loose	1470	1470	1450	1450	1410
	Ludhiana (Jagraon)	Mill Delivery	1550	1550	NA	1520	1500
Haryana	Sirsa	Mill Delivery loose	1500	1500	1490	1465	1415
	Hodal	Mill Delivery	1520	1520	1550	1490	1520
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1485
	Bhiwani	Mill Quality Loose	1440	1440	1440	1400	1400
	Panipat	Mill Quality Loose	NA	NA	NA	1450	NA
Tamil Nadu	Chennai	Mill Quality	1750	1750	1725	1700	1810
	Madurai	Mill Quality	1807	1807	1782	1757	1867
	Coimbatore	Mill Quality	1807	1807	1782	1757	1867
Bihar	Sitamari	Mill Delivery	1410	1410	1400	NA	NA
	Khagariya	Mill Delivery	1400	1400	1350	1320	1450

## Technical Analysis:

Commodity: Wheat

Exchange: NCDEX Contract: July Expiry: 20<sup>th</sup> July, 2015

## Wheat (Weekly Chart)



**Technical Commentary:**

- Candle stick chart depicts firm tone in the market.
- Rise in price and rise in O.I. indicate long build up.
- RSI is moving up in neutral zone hints upward movement.

**Strategy: Sell On Rise**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Wheat	NCDEX	July	1457	1499	1513	1526	1542
Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Sell Below	1525	1510	1505	1529

\*Do not carry forward the position until the next Week.

**Domestic Weekly Outlook:**

Month of June started with firm tone and touched its high in the second week of the review month. Short supply of milling grade in cash market and short covering by local millers remain supportive to the cash market fundamental. Prices of FAQ varieties gained Rs 40 to Rs55 per qtl. in Delhi market and traded at Rs 1560 per qtl. However, upward momentum could not sustain due to weak futures.

Festive season starts from this month and demand for wheat products is likely to increase from mid July. It may push wheat price up once again. Wheat release through OMSS at Rs1550 per qtl from central pool stock (Punjab/Haryana) would not help much to quench thirst for flour millers' needs. If freight is included in reserve price of Rs 1550 per qtl., actual costing of wheat would go up to Rs 1650/1660 per qtl., while wheat is available in open market at Rs 1530 to Rs1560 per qtl. at various markets.

So, local millers would prefer to source wheat from cash markets. This year quality of wheat is not good and govt has procured wheat relaxing fixed norms and market participants are aware of it. There is no demand for export despite bullish global market and wheat meant for export in private hands may flow to millers' hand first at higher than prevailing market price due to good quality. It may push up wheat price up in the weeks ahead.



## International Market Updates:

**IGC has revised global wheat production estimate down by 4 million tonne** to 711 MMT for 2015-16. The main reason for downward revision is mainly attributed to lower production in India (from 91 to 89 MMT now), Australia (from 27 to 25.5 MMT) and EU (from 150 to 148.5 MMT). However, it has revised Ukraine wheat production estimate up from 21 to 22 MMT.

**Wheat price in Russia is likely to increase this week again taking clue** from firm global market and rains in southern wheat growing region in Russia. Rains in Russia may damage quality of standing crop ready to be harvested now. Russia is selling wheat, having 12.5 percent protein content, in forward months from new crop at \$192 per tonne free on board basis. The FoB quote has increased by \$2 per tonne in last one week. It may move up to \$195 per tonne this week. Domestic prices for third-class wheat were up 125 roubles compared to a week earlier at 9,500 roubles (\$171) per tonne in the European part of Russia on an ex-works basis.

**Korea's private flour miller has brought 31,700 tonne milling grade wheat** from Australia, scheduled to be delivered in November, 2015. The purchase comprised 26,500 tonnes of soft white wheat of 10.3 to 11.0 percent protein content, bought at around \$252 to \$255 a tonne fob, and 5,200 tonnes of hard wheat of a minimum 11.5 percent protein, bought at between \$258 and \$259 a tonne fob.

**China's wheat crop in some main growing regions has been affected badly by** rains and issue over quality is increasing now. Wheat production in China is expected to cross last year level, damaged quality would force China to double its import - says expert. Harvesting is almost over. However, quality is worse than last year due to heavy rains during harvesting stage in the beginning of this month.

**Russian wheat exporters offer wheat to Iraq at \$231.00 a tonne c&f** free out in the tender for hard wheat. The tender closed on Sunday and offers must remain valid up to June 18. Russian wheat exporters were also offered at \$233.00 and \$236.50 a tonne c&f free out. One offer for U.S. wheat was made at \$285.42 a tonne c&f free out, the lowest offer for Australian origin was \$267.50 c&f free out and the lowest from Canada was \$266.00 a tonne c&f free out.

According to National Australia Bank Ltd, **The El Nino developing across the Pacific risks cutting Australia's wheat crop** to the smallest in eight years. A classic pattern could reduce the harvest to 20 million metric tons or even lower, agribusiness economist Phin Ziebell said. That would be the lowest since the 2007-2008 season. Australian govt. predicted 23.6 million tonne production last month.

**An agro consultancy service of Ukraine has revised its wheat production estimate** up to 22 MMT for 2015. Previously this consultancy firm had projected 21 MMT wheat production. Better weather condition throughout the growing season and rains at regular intervals helped to attain better yield. However, it is lower than 2014 crop size when the country had produced 24.1 million tonne wheat.

**The USDA has estimated its initial global wheat ending stock for 2015-16** at 203.32 million tonne, up by 2.35 million tonne estimated for 2014-15 crop. It is higher than pre trade estimate of 194.2 million tonne. Global wheat production for 2015-16 has been projected at 718.93 million tonne. However it is lower than the estimate of 726.45 million tonne estimated for 2014-15. If the forecast materializes, it would be the second highest record of global wheat production.

**The USDA has projected global wheat consumption for 2015-16** at 716.59 million tonne in comparison to forecast of 715.46 million tonne for 2014-15. Export has been projected to be lower at 156.95 million tonnes in 2015-16 in comparison to 163.7 million tonnes estimated for 2014-15.

IGC Forecast( Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				28.04.2015	25.06.2015
<b>Production</b>	655	712	721	715	711
<b>Trade</b>	142	156	153	149	149
<b>Consumptions</b>	677	696	710	715	713
<b>Carryover stocks</b>	171	187	198	200	196
<b>Y-O-Y change</b>	-21	16	10	0	-2
<b>Major Export</b>	51	55	64	67	65

**CBOT FUTURES CONTRACT:**

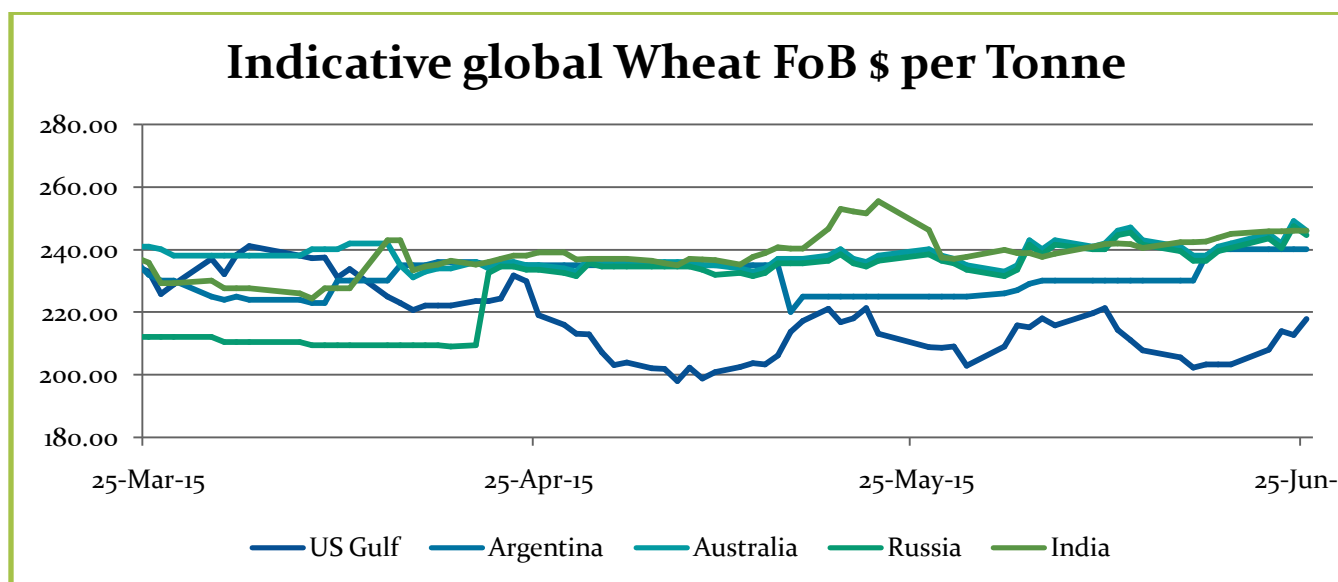
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over previous year
	2-Jul-15	25-Jun-15	2-Jun-15	2-Apr-15	2-Jan-15	2-Jul-14	
<b>15-Jul</b>	215.20	195.46	188.29	194.54	216.40	206.39	<b>4.27</b>
<b>15-Sep</b>	216.95	197.66	190.04	197.66	219.06	211.44	<b>2.61</b>
<b>15-Dec</b>	220.16	201.52	195.00	202.80	222.92	219.80	<b>0.17</b>
<b>16-Mar</b>	223.38	205.28	200.05	207.76	224.39	248.55	<b>-10.13</b>
<b>16-May</b>	225.40	208.04	203.36	210.80	222.64	246.43	<b>-8.54</b>
<b>16-Jul</b>	223.47	209.51	204.92	210.52	219.25	243.13	<b>-8.08</b>

**CBOT May- 15FutureCharts:**





**International FOB prices Weekly price Movement (USD/T):**



**International Weather update: (Source-USDA)**

**Australia-** In Western and Southern parts of Australia, bulk of the rains occurred-in wheat belt, providing little additional moisture for vegetative winter grains. More widespread, albeit light showers fell across Victoria and southern New South Wales, aiding wheat, barley, and canola emergence and establishment. In northern New South Wales, widely scattered showers helped maintain local moisture supplies for vegetative winter grains. Elsewhere in northern New South Wales and in southern Queensland, dry weather reduced moisture supplies for wheat and other winter crops, likely slowing early crop development.

**Argentina-** Warm, dry weather sustained rapid rates of summer crop dry-down and harvesting. The main agricultural areas of central and northern Argentina recorded little to no rainfall; weekly temperatures averaging 2 to 6°C above normal enhanced the drying. Conditions were particularly welcome in the northeastern cotton belt (including Chaco and Formosa), where the lingering effects of earlier wetness hampered fieldwork. Wheat planting was reportedly underway in locations where moisture was available.

**Russia and Ukraine-** Showers and thunderstorms renewed planting delays in western spring wheat areas, though pockets of dry weather enabled fieldwork to proceed locally. After last week's welcomed dry spell across northern Kazakhstan and Russia's southern Urals District, moderate to heavy showers (10-55 mm) renewed planting delays for spring wheat. Spring wheat is typically planted during May, and reports from the field indicated substantial delays due to abnormally wet weather during the month. Despite the mostly unsettled conditions, crop areas from the south-central Urals District into northwestern Kazakhstan benefited from dry, hot weather (up to 8°C above normal).

### **International Weekly Outlook:**

Global wheat market is likely to trade steady to slightly firm due to US lower crop size, below normal prospects for Australian wheat. Likely imposition of export tax by Russia may be supportive for global wheat market. Besides downgraded production estimate by IGC from 715 to 711 MMT remains supportive in the near term. However, any one way spike is unlikely as there are lots of wheat in global market. Overall sentiment for June remains firm.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2015 Indian Agribusiness Systems Pvt Ltd.