

**Wheat Domestic Market Fundamentals: -**

More or less wheat cash markets traded steady during the week under review. Market participants opine that wheat FAQ varieties would stay steady to slightly firm in the short to medium term while premium grade would continue to trade firm. Wheat is being traded in the range of Rs 1585 to Rs 1660 per qtl., depending upon sourcing place and quality of the seed. Overall sentiment remains firm. Demand from south India continues. Rake loading is being reported at Rs 1790 to 1810 per qtl. from Kota to Bangalore.

Govt increased import duty on wheat from 10 percent to 25 percent to check the current flow of import. At current duty wheat costing at Cochin port from Australi, Russia and France may be around \$329.35,291.49 and \$271.77 respectively per T.against this Indian wheat FoB is \$257 per T at Kandla Port.

Wheat import during the week ending 18th Oct - was registered only 2 tonne at an average CiF quote of \$100.98 per tonne. As parity is not in favour of India, export volume is unlikely to increase in the coming weeks. Export volume was registered at 1244.65 tonne during the same period at an average FoB of \$310.03 per tonne. Wheat has been imported from Australia and offloaded at Cochin port.

Agriwatch preliminary estimate (based on pre sowing farmer's intention) shows slightly lower area coverage under wheat this year than last year. It may dip slightly in Rajasthan. Wheat sowing may get delayed by a week or two due to late paddy harvesting and higher than normal temperature in major growing states.. Total area coverage may decrease to 304 lakh ha. lower by 2 lakh ha. from last year. Under normal condition wheat production is expected around 94 MMT in 2015-16 crop year. Farmers may shift from wheat to mustard and chana in Rajasthan and Gujarat.

As wheat prices of milling /premium grade in domestic market have started firming up, off-take from central pool stock is expected to increase in the month ahead. As usual higher availability in central pool stock and plan to regular release through OMSS would help checking wheat price. Luster loss wheat may stay steady while FAQ varieties would continue to trade firm.

Export demand is negligible due to wide gap( \$60 to 65 per ton from Russia of \$50 per ton from US) between FoBs quotes bring Indian exporters out of exporting arena. Gov may increase import duty on wheat from 10 % to25 percent to check the flow of import.

**Latest Developments In Domestic Markets : -**

Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released First Adv. Estimate for kharif crop for 2015-16 on 16th Sept,2015. Production target for wheat in Rabi has been set at 94.75 lakh tonne. In fourth adv. estimate it has revised wheat production estimate for 2014-15 to 90.78 lakh tonne. Notably, India has produced 95.85 million tonne wheat in 2013-14.

Export demand is negligible due to wide gap( \$60 to 65 per ton from Russia & \$50 per ton from US) between FoBs quotes bring Indian exporters out of exporting arena. Gov may increase import duty on wheat from 10 % to25 percent to check the flow of import. Import duty on wheat has been raised from 10 to 25 percent till March,2016.

**Outlook & Recomendation: -**

Wheat cash market is expected to trade steady to slightly firm in the coming weeks. Tight supply side may be felt for premium/milling grade wheat that may lend support to FAQ and premium milling grade wheat. However, any spike in milling grade (luster loss) wheat is unlikely.

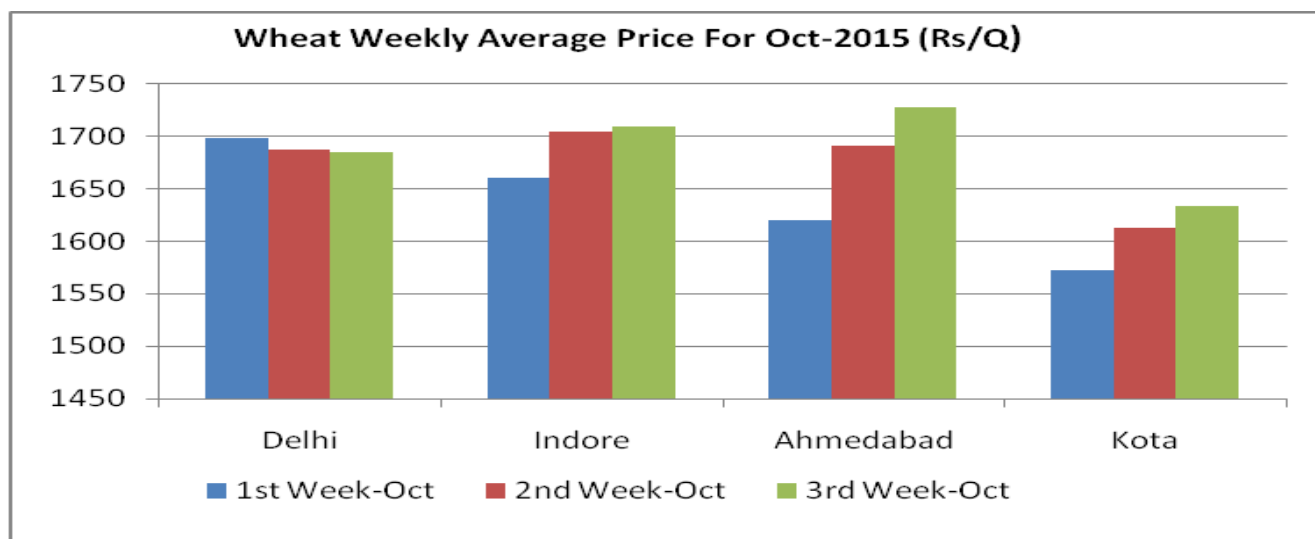
**Trade Call:**

Stake holders may go for Buying wheat at 1650 for the target of 1665 in Nov Contract.

**Weather Update: Weather Condition:**

The cumulative rainfall in the country during the post monsoon season i.e. 07<sup>st</sup> October to 15<sup>th</sup> October, 2015 was 44% lower than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by 74% in East & North East India, 99% in North West India, 55% in Central India and higher by 22% in South Peninsula.

**Wheat Weekly Ave Price Chart:**



Wheat average prices continued its upward journey week on week basis in all major bench mark markets except Delhi during the week under review. Prices of wheat in Rajasthan, Gujarat and Madhya Pradesh have been ruling firm and uptrend is likely to continue.

**Wheat Stock: As on 16<sup>th</sup> Sep, 2015:**

STOCKS OF WHEAT IN CENTRAL POOL AS ON 16.09.2015:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	9.14	0	9.14
NORTH EAST ZONE	1.51	0	1.51
NORTH ZONE	148.44	82.04	230.48
SOUTH ZONE	4.77	0	4.77
WEST ZONE	14.77	72.17	86.94
<b>TOTAL</b>	<b>182.09</b>	<b>154.56</b>	<b>336.65</b>

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

Wheat stock in central pool was registered at 336.65 lakh tonne as on 16.09.2015. Stock in transit was reported at around 3.46 lakh tonne while wheat lying in mandis was registered at 0.35 lakh tonne. As on first October India requires 175.20 lakh tonne as buffer stock and 30 lakh tonne as reserve stock. In Sept 2014 central pool stock was registered at 351.72 lakh tonne. It is 1.98 percent lower than the available stock in Sept, 2014.

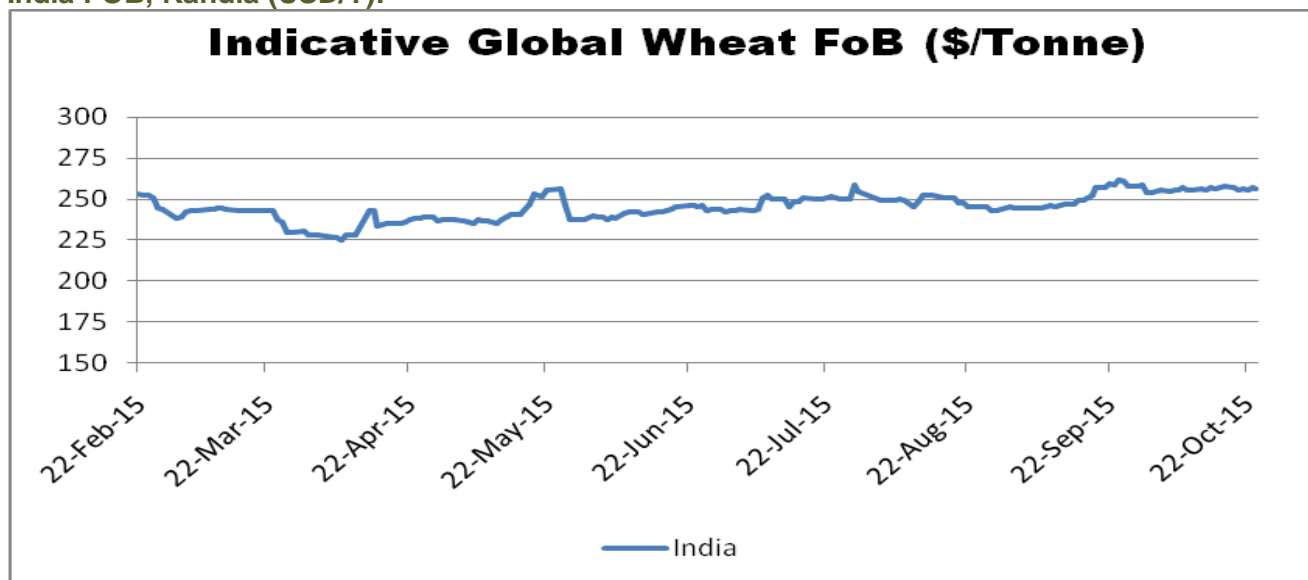
**FOB Value From Various Destinations At Kandla:**

**Weekly Parity Sheet: (As on 23 October, 2015)**

<b>Parity Calculation</b>	<b>Rajkot (FOR)</b>	<b>Kota</b>	<b>Khagaria</b>	<b>Indore</b>	<b>Kosi</b>	<b>MSP</b>	<b>ECO.Cost</b>
Basic cost of wheat (Rs/ton)	16000	16500.00	16600	17100	0	14500	20400
Port and Handling Charges /Loading /Unloading /Clearing (Rs/ton)	650	650	650	650	650	600	0
Local transport, port warehousing, labour charges, shortage	0	1850	1900	1450	1550	1200	0
Indian FOB (Rs/MT)	16650	19000	19150	19200	2200	16300	20400
<b>Indian FOB (USD/MT)</b>	<b>256.04</b>	<b>292.17</b>	<b>294.48</b>	<b>295.25</b>	<b>#DIV/o!</b>	<b>#DIV/o!</b>	<b>#DIV/o!</b>
Insurance @ 0.1%	0.26	0.29	0.29	0.30	#DIV/o!	#DIV/o!	#DIV/o!
Freight Charges (US \$/ton) to Chittagong	18	18	18	18	18	18	18
CIF (kandla to Chittagong)	274	310	312	313	#DIV/o!	#DIV/o!	#DIV/o!
<b>INR Value 65.1578 16.10.2015)</b>	<b>65.03</b>	<b>65.03</b>	<b>65.03</b>	<b>65.03</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Russian Wheat FOB (USD/MT)</b>	<b>197</b>	<b>197</b>	<b>197</b>	<b>197</b>	<b>197</b>	<b>197</b>	<b>197</b>
<b>Parity on FOB Basis (USD/MT)</b>	<b>-59</b>	<b>-95</b>	<b>-97</b>	<b>-98</b>	<b>#DIV/o!</b>	<b>#DIV/o!</b>	<b>#DIV/o!</b>

There is no parity for wheat export at current price.

**India FOB, Kandla (USD/T):**



FoB Prices are of new wheat from Saurashtra Region to Kandla. There is no parity from other States at current price. Wheat prices in domestic market have increased last week. However, any steep fall is unlikely. Despite slight decrease gap from global market continues to be between \$35 to \$45 per tonne. FoB quote may move up as wheat price in domestic market is increasing.

Wheat Import Weekly Data:

Wheat Import During Sep-Oct,2015 Till 18th				
Month Sep-Oct,2015	Quantity In Tonne	Ave CIF/\$/Tonne	High	Low
1st to 6th Sept-15	24.23	334.33	320	240
7th to13th Sep-15	No Import			
14th to 20th Sep-15	No import			
21st to 27th sep-15	51.2	327.22	327.22	327.22
28Sep to 4th Oct-15	25816.39	258.96		
5th Oct to 11Oct-15	3000	268.63		
12th Oct to 18th Oct-15	2	100.98		
<b>Total In MY 2015-16</b>	<b>444639.02</b>	<b>275.43</b>	<b>301.80</b>	<b>263.54</b>

Wheat Export Weekly Data:

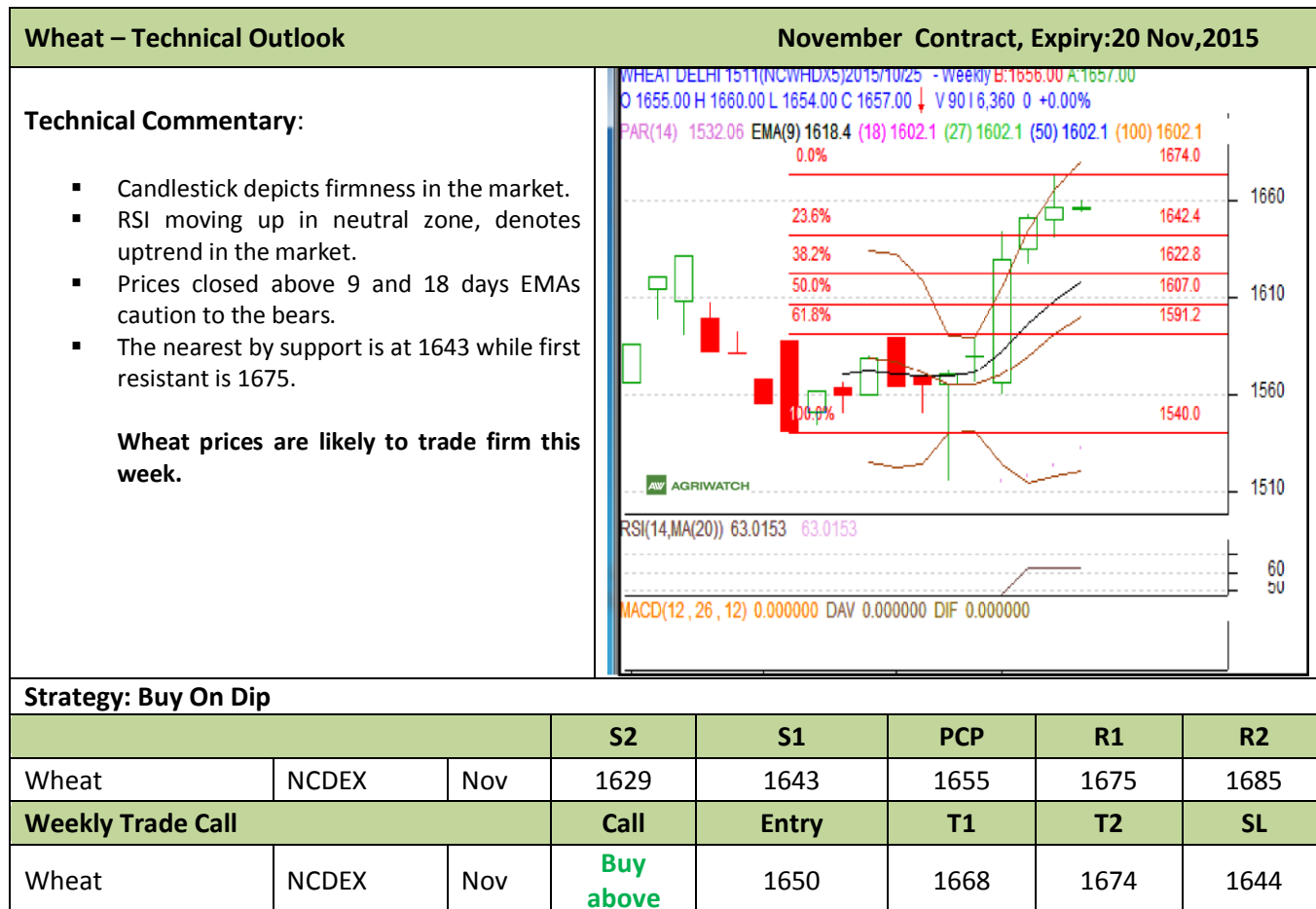
Wheat Export During Sep-Oct,2015 Till 18th				
Month Sep-Oct,2015	Quantity In Tonne	Ave CIF/\$/Tonne	High	Low
1st to 6th Sept-15	14818.57	280.71	599.54	243.43
7th to13th Sep-15	554.14	275.79	331.61	240.73
14th to 20th Sep-15	536.62	286.02	341.34	258.33
21st to 27th sep-15	13346.87	268.27	440	251.21
28Sep to 4th Oct-15	no export		0	0
5th Oct-11Oct	484.51	300.87	345	248
12th Oct-18Oct-15	1244.65	310.03	437.94	260.06
<b>Total In MY 2015-16</b>	<b>180722.07</b>	<b>276.01</b>	<b>363.72</b>	<b>242.64</b>

Source:IBIS

Wheat Futures:

Wheat Futures Contract: NCDEX Price Date:23-10-2015									
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
15-Oct	7	1633	1650	1625	1640	520	430	1290	390
15-Nov	8	1647	1653	1640	1653	2520	1500	6050	-610
15-Dec	21	1673	1694	1666	1694	70	40	160	10

### Wheat Technical Analysis:



### Domestic Market Weekly Outlook:

Wheat market is expected to trade steady to slightly firm in the fourth week of Oct due to seasonal factors like festive demand, restricted supply from private trades and fear of poor quality of wheat stored in govt.'s godowns and likely late sowing. However, any unexpected spike in cash market is unlikely as govt has ample stock to take care of extra demand in the weeks ahead. There is no support from export demand. Common grade wheat may rule steady while premium /milling grade may trade firm. Futures too may trade firm.

### Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			23-Oct-15	16-Oct-15	23-Sep-15	23-Oct-14
USA (Chicago)	2srw	-19.64	211.43	212.09	212.22	263.10
France	FCW3	-	171.50	169.25	162.00	NA
Australia	ASW	-17.74	218.00	218.00	204.00	265.00
Russia	SRW	-16.17	197.00	197.00	181.00	235.00
India	Fob	-	256.63	257.34	258.49	NA

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	24-Oct-15	17-Oct-15	23-Sep-15	24-Oct-14	
Indore	1710	1710	1600	NA	5.62
Bareilly	-	-	-	1543	#VALUE!
Delhi	1685	1680	1670	1620	5.26
Khanna	-	-	-	-	#VALUE!
Kanpur	1565	1550	1525	1565	5.54
Karnal	-	-	-	-	#VALUE!
Rajkot	1670	1650	1560	NA	4.72
Kota	1650	1545	1505	1480	1.89

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

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			24-Oct-15	23-Oct-15	17-Oct-15	23-Sep-15	24-Oct-14
Delhi	Lawrence Road	Mill Delivery	1685	1685	1680	1670	1620
	Narella	Mill Quality Loose	1655	1640	1635	NA	NA
	Nazafgarh	Mill Quality Loose	1625	1630	1625	NA	NA
Gujarat	Rajkot	Mill Delivery	1670	1670	1650	1560	NA
	Ahmedabad	Mill Delivery	1720	1720	1720	1620	NA
	Dhrol	Mill Quality Loose	NR	NA	NA	1550	NA
	Surat	Mill Delivery	1765	1760	1760	1670	NA
M.P.	Bhopal	Mill Quality Loose	Closed	1525	1525	1450	NA
	Indore	Mill Delivery	1710	1710	1710	1600	NA
Rajasthan	Kota	Mill Quality Loose	1550	1550	1570	1460	NA
		Mill Delivery	1650	1650	1630	1540	NA
U.P.	Kanpur	Mill Delivery	1565	1570	1550	1525	1565
	Mathura	Mill Quality Loose	1510	1515	1525	1515	NA
	Kosi	Mill Quality Loose	1550	1550	1545	1505	1480
	Hathras	Mill Quality Loose	1500	1500	1525	1460	1480



	Aligarh	Mill Quality Loose	1500	1500	1480	NA	NA
<b>Punjab</b>	Khanna	Mill Quality Loose	NA	NA	NA	1520	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
<b>Haryana</b>	Sirsa	Mill Delivery loose	1560	1560	1550	1515	NA
	Hodal	Mill Delivery	NA	NA	NA	1700	NA
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1600	1600	1600	1550	1535
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
<b>Tamil Nadu</b>	Chennai	Mill Quality	1880	1880	1875	1780	NA
	Madurai	Mill Quality	1937	1937	1932	1837	NA
	Coimbatore	Mill Quality	1937	1937	1932	1837	NA
<b>Bihar</b>	Sitamari	Mill Delivery	Closed	Closed	1540	1535	NA
	Khagariya	Mill Delivery	1660	1680	1680	1650	NA



**International Market Updates:**

**Wheat Prices in Russia have increased by \$18 to \$197 in last two weeks** and with rising prices Egypt is paying more and may turn to other source if prices continue to increase with recent pace. Egypt has brought 2.4 lakh tonne Russian and Romanian wheat At an average price of \$212.16 per tonne including freight. Deals have been struck for 60,000 Russian wheat at \$201.98 a tonne, plus \$9.10 a tonne freight from Aston, Romanian wheat from Glencore at \$203.65 a tonne plus \$9.08 a tonne freight. French wheat from Soufflet at \$204.74 a tonne plus \$11.99 a tonne freight.

**France Agri Ministry has projected higher soft wheat export volume this year** and it may cross 11.4 MMT exported last year. France Agri Ministry had projected 11 MMT wheat export last month. France has harvested record crop this year. This year France has harvested 41 MMT soft wheat and facing problem of plenty despite better export prospects. France may target Egypt, one of the biggest buyers, as it has turned to Black Sea Region for cheaper wheat.

**Jordan has cancelled tender for buying 1 lakh tonne hard wheat.** Trades sources say that there was no offer made to this tender due to very strict term and conditions. Before this Jordan had brought one lakh tonne wheat in Sept at \$224 per tonne on CiF basis for November delivery. This year in February one cargo was rejected by Jordan inspection authority sourced from Poland.

**Saudi Arabia may Import 3.5 MMT wheat in 2016.** In 2015 total wheat import may touch 3.4 MMT. As Saudi Arabia has abandoned its plan to achieve self sufficiency, import volume is expected to increase continuously. Total purchases of locally produced wheat in 2015, the final year of local procurement, are expected to reach 420,000 tonnes. Current storage capacity is 3.1 million tonne.

**As of October 1, Ukraine had exported 5.452 million tonnes of wheat,** according to the website of the Agricultural Policy and Food Ministry. As reported, the agricultural ministry forecasts that grain exports in the 2015/2016 marketing year (July-June) will reach 36.8 million tonnes. The harvest in 2015 will be 58-60 million tonnes.

**IGC has revised wheat production estimate up by 7 million tonne from 720 to 727 MMT.** The recent increase is mainly attributed to improved production prospects in Russia, Ukraine, Australia and EU. It might be a final production estimate for the year. Previously IGC had increased production estimate from 710 to 720 MMT.

**Wheat FoB quotes in Russia improved around \$5 per tonne in** anticipation of wheat export tax cut and govt's plan to procure wheat at higher price. Decision on tax cut is expected in the first week of Oct. Wheat having 12.5 percent protein content quoted at \$187 per tonne free-on-board (FOB) at the end of last week, up \$5 from a week earlier. Currently, export tax is set at 50 percent of the customs price minus 5,500 roubles (\$83) per tonne, but not less than 50 roubles a Ton. Now limit may be raised from 5500 to 6500 rouble per ton.

**Iran has cancelled import duties imposed in the month of July this year** on wheat. Notably, Iran govt. had imposed wheat import duty @ \$50 per tonne which made import totally unfeasible. Import duty has been lifted despite repeated statements that Iran has sufficient stock and there is no need for any import this year.

**With favorable weather condition for standing crop of wheat in** Australia market analysts have started talking higher than expected production this year. As per the latest update by ABARE Australia may enjoy 25.2 MMT wheat production this year and export 1 MMT more than normal expectation of 16.5 MMT in 2015-16 (starting from July to June). Higher export expectation has surfaced despite ample EU and Black Sea Region crop.



### IGC Wheat Balance Sheet:

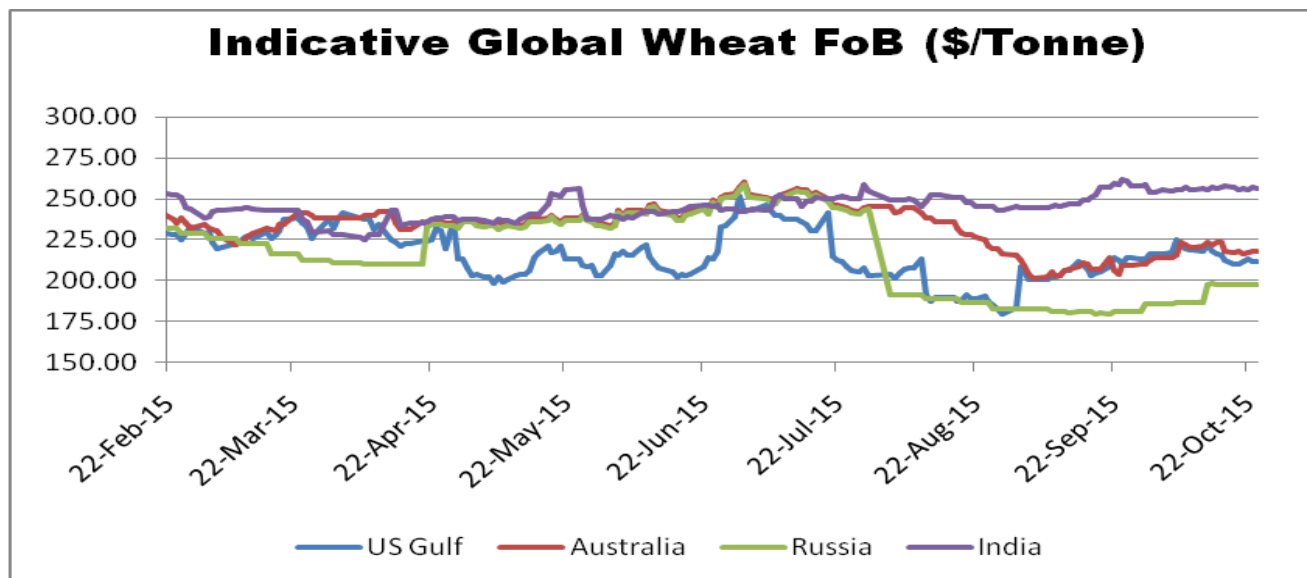
IGC Forecast( Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				27.08.2015	24.09.2015
Production	655	714	720	720	727
Trade	142	156	153	148	149
Consumptions	677	696	707	716	719
Carryover stocks	171	188	202	206	211
Y-O-Y change	-21	18	14		9
Major Export	51	55	65	68	71

### 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
	23-Oct-15	16-Oct-15	23-Sep-15	23-Jul-15	23-Apr-15	23-Oct-14	
15-Dec	180.21	180.85	182.05	194.26	200.60	210.06	-14.21
16-Mar	182.69	183.70	184.71	196.56	205.19	213.37	-14.38
16-May	184.25	185.54	186.46	198.03	208.32	214.84	-14.24
16-Jul	184.80	186.82	187.93	198.58	201.79	214.38	-13.80
16-Sep	187.83	190.04	191.05	201.15	204.83	216.95	-13.42

### CBOT Sep 15 Futures Chart:



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

International Weekly Outlook:

Global wheat market may move up due to rough weather conditions for winter wheat sowing in Black Sea Region, and US. Frost has damaged yield in Australia while Russia and Ukraine is facing dry weather where sowing of winter crops is under way. Demand for US wheat is expected to increase if dry weather in Black Sea region persists in the near term. Prices of wheat have recently been ruling lower due to weak export demand for U.S. wheat. Other suppliers were offering wheat at attractive price.

In the medium term prices would remain under pressure as IGC has revised wheat production estimate up by 7 MMT to 727 MMT. Ample stock is available in global wheat market and exporting countries are in urgency to offload their stock sooner than expected. US, France, Russia, Australia, Ukraine have ample marketable surplus.

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