

Wheat Domestic Market Fundamentals: -

Wheat cash and futures markets continued to trade firm on seasonal factors and delayed sowing activities in major growing states during the week under review. Short supply of FAQ varieties and festive demand from local millers remains supportive to the cash market fundamentals. Wheat is being traded in the range of Rs 1580 to Rs 1665 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 1780 to 1800 per qtl. from Kota to Bangalore.

No fresh deal for import has been reported after the imposition of 25 percent duty on wheat. Higher import duty has made import costly and import parity is almost over now. Notably, govt. had increased import duty from 10 percent to 25 percent in mid Sept to check the current flow of import. At current duty wheat costing at Cochin port from Australia, Russia and France may be around \$332.35, 297.49 and \$286.77 respectively per T. against this Indian wheat FoB is \$256 per T at Kandla Port.

Wheat import during the week ending 25 th Oct - was registered only 3000 tonne at an average CiF quote of \$264.20 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 346.52 tonne during the same period at an average FoB of \$260.65 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. However, recent rains and decreasing temperature have provided my respite to the farm community. 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 to some extent. Luster loss wheat may stay steady while FAQ varieties would continue to trade firm.

Export demand is negligible due to wide gap(\$35 to \$55 per Tonne) between FoBs quotes bring Indian exporters out of exporting arena. Gov has already increased import duty on wheat from 10 % to 25 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.

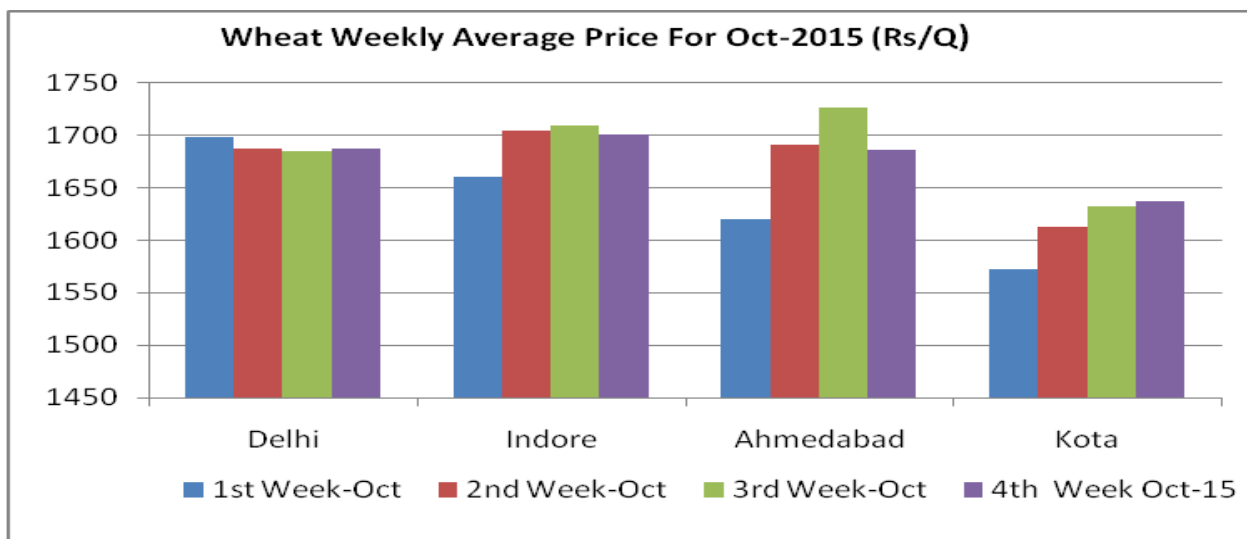
Overseas markets have firmed up and the price gap has narrowed to some extent. Still it is too higher to encourage export volume. Buyers are switching to Russia and France for cheaper wheat. In the short term market may trade weak.

Outlook & Recommendation: -

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

Weather Update: Weather Condition:

The cumulative rainfall in the country during the post monsoon season i.e. 01st October to 21st October, 2015 was 51% 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 61% in East & North East India, 56% in North West India, 73% in Central India and 25% in South Peninsula.

Wheat Weekly Ave Price Chart:


Wheat average prices could not sustain its uptrend 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 decreased. Agriwatch expects prices to stay steady in the near term while it may rule firm in the second week of Nov. due to expected demand from local millers. .

Wheat Stock: As on 16th Sep, 2015:

STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.10.2015:	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
TOTAL	182.09	154.56	336.65

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

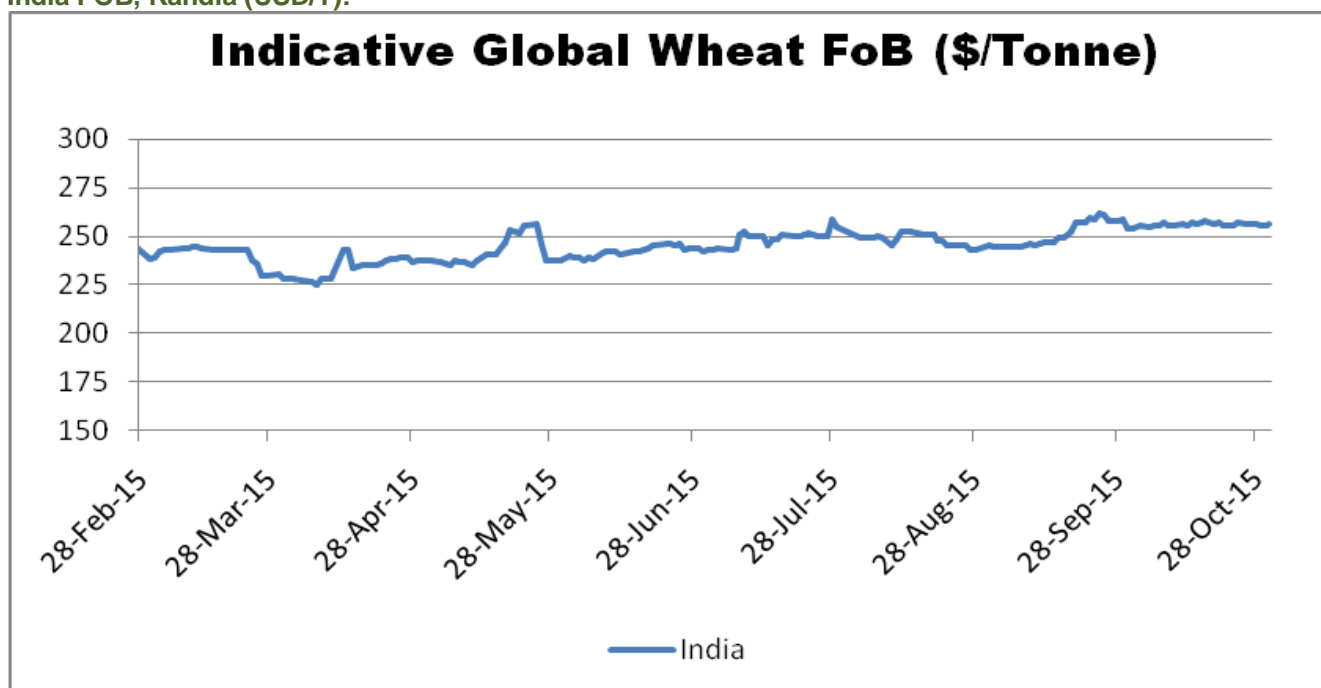
Wheat stock in central pool was registered at 336.65 lakh tonne as on 16.09.2015. Stock in transit was reported at around 3.46 lakh tonne while wheat lying in mandis was registered at 0.35 lakh tonne. As on first October India requires 175.20 lakh tonne as buffer stock and 30 lakh tonne as reserve stock. 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.

Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	31-Oct-15	24-Oct-15	30-Sep-15	31-Oct-14	
Indore	1632	1651	1597	1590	2.64
Bareilly	-	-	-	1545	-
Delhi	1700	1700	1700	1623	4.74
Khanna	-	-	-	-	-
Kanpur	1608	1615	1575	1523	5.58
Karnal	-	-	-	-	-
Rajkot	1613	1651	1565	1561	3.33
Kota	1640	1655	1584	1605	2.18

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs. There is no parity for wheat export at current price.

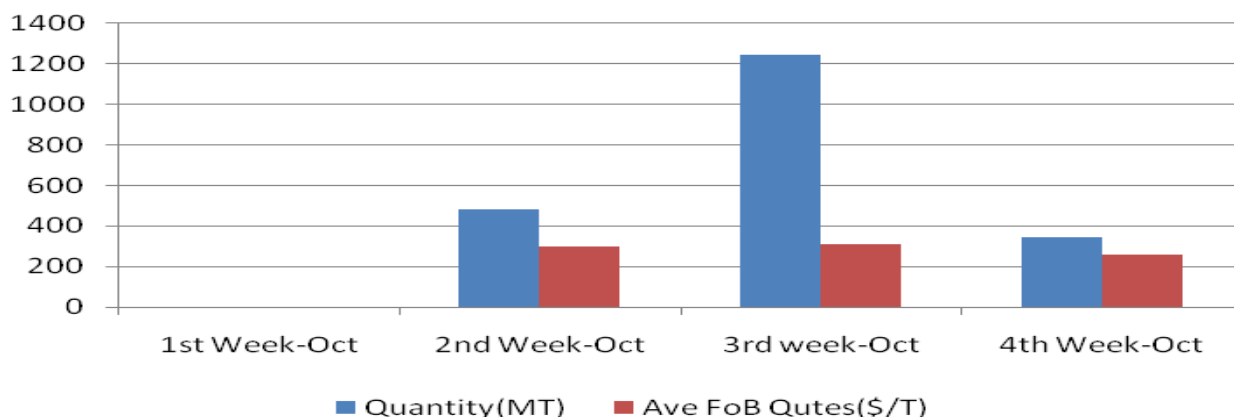
FOB Value From Various Destinations At Kandla:
India FOB, Kandla (USD/T):



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. FoB quotes have shown slight firmness last week as the line chart shows.

Wheat Export Weekly Data:

Wheat Weekly Export Trend(MT)

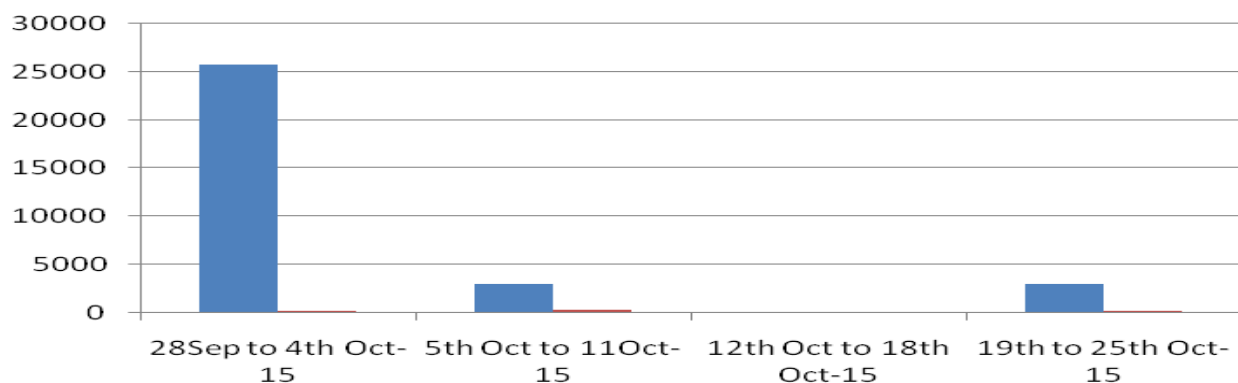


Wheat Import Weekly Data:

Source:IBIS

In the third week only 2 Wheat has been imported..

Wheat Import Weekly Trend(In MT)



Wheat Futures:

Wheat Futures Contact:NCDEX Price							Date:30.10.2015		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
15-Nov	0	1641	1651	1638	1637	1050	740	6290	0
15-Dec	0	1678	1680	1674	1674	50	-48	900	-10
16-Jan	0								

Wheat – Technical Outlook

November Contract, Expiry:20 Nov,2015

Technical Commentary:

- Candlestick depicts weakness in the market.
- RSI moving down in neutral zone, denotes weakness in the market.
- Prices closed below 9 and 18 days EMAs caution to the bulls.
- The nearest by support is at 1620 while first resistant is 1646.

Wheat prices are likely to trade weak this week.



Strategy: Sell on Rise

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Nov	1613	1620	1642	1646	1660
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Nov	Sell below	1640	1625	1620	1645

Domestic Market Weekly Outlook:

Wheat market is expected to trade steady to slightly weak in the first week of Nov due to decreased demand and weak futures. However, any unexpected dip in cash market is unlikely as short supply of premium grade wheat and delayed sowing govt. could lend support to the cash market fundamentals 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 trades weak.

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			30-Oct-15	23-Oct-15	30-Sep-15	30-Oct-14
USA (Chicago)	2srw	-14.00	223.00	211.43	215.94	259.31
France	FCW3	1.16	174.50	171.50	160.25	172.50
Australia	ASW	-	NA	219.00	212.00	269.00
Russia	SRW	-18.26	197.00	197.00	185.50	241.00
India	Fob	-	NA	256.63	254.00	NA

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	Yesterday	Week Ago	Month Ago	Year Ago
			31-Oct-15	30-Oct-15	24-Oct-15	30-Sep-15	31-Oct-14
Delhi	Lawrence Road	Mill Delivery	1690	1690	1685	1695	1620
	Narella	Mill Quality Loose	1650	1655	1655	Closed	1580
	Nazafgarh	Mill Quality Loose	1625	1630	1625	Closed	1545
Gujarat	Rajkot	Mill Delivery	Closed	1610	1670	1540	NA
	Ahmedabad	Mill Delivery	Closed	1670	1720	1610	NA
	Dhrol	Mill Quality Loose	Closed	1665	NA	NA	NA
	Surat	Mill Delivery	Closed	1710	1765	1660	NA
M.P.	Bhopal	Mill Quality Loose	Closed	1525	NA	1500	1450
	Indore	Mill Delivery	Closed	1685	1710	1650	1605
Rajasthan	Kota	Mill Quality Loose	1525	1525	1550	1470	1490
		Mill Delivery	1625	1625	1650	1550	1570
U.P.	Kanpur	Mill Delivery	1565	1565	1565	1540	1575
	Mathura	Mill Quality Loose	1510	1510	1510	1520	NA
	Kosi	Mill Quality Loose	1545	1545	1550	1570	1480
	Hathras	Mill Quality Loose	NA	1525	1500	1460	NA
	Aligarh	Mill Quality Loose	1500	1480	1500	NA	1440
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	1530	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1540	1565	1560	1522	1485
	Hodal	Mill Delivery	NA	NA	NA	1700	NA
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1600	1600	1600	1600	1560
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1890	1890	1880	1800	1825
	Madurai	Mill Quality	1947	1947	1937	1857	1882
	Coimbatore	Mill Quality	1947	1947	1937	1857	1882
Bihar	Sitamari	Mill Delivery	Closed	Closed	NA	1535	Closed
	Khagariya	Mill Delivery	1650	1650	1660	1630	1625

Australia's wheat crop may face quality problems as the country's eastern belt are forecast to receive heavy rains this week, may damage the crop which is ready for harvest. Dry weather in September and above average temperatures this month have already curbed yields of high-protein prime hard wheat.

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.

Russia has cut taxes on wheat sale for export and it has encouraged export volume last week. Buyers are switching to Russia for wheat. Black Sea prices for Russian wheat with 12.5 percent protein content were up \$1 at \$198 per tonne on a free-on-board (FOB) basis. Russian wheat export in October may be around 21 MMT. Third grade wheat quote is hovering \$169.29 per T in the European parts of Russia.

Under new Tax formula exporters have to pay 50 percent of the custom price minus 6,500 roubles (around \$99) per T. However, it would not be less than 10 roubles per ton. Market players have widely accepted this formula. Under previous formula exporters had to pay 50 percent of the customs price minus 5,500 roubles per ton but not less than 50 roubles per ton. It would encourage export volume in the rest of the year.

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 terms 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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				24.09.2015	29.10.2015
Production	655	714	721	727	726
Trade	142	156	153	149	150
Consumptions	677	696	707	719	718
Carryover stocks	171	188	201	211	209
Y-O-Y change	-21	18	13	-	8
Major Export	50	54	63	71	67

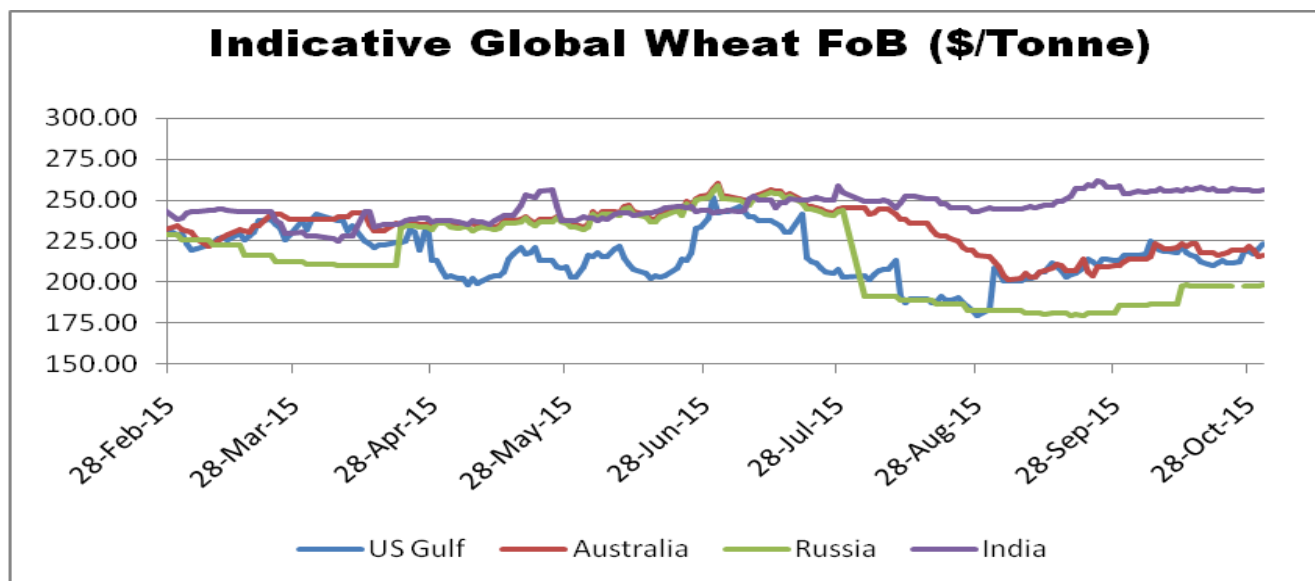
- IGC has revised world wheat production forecast down by 1 MMT from 727 to 726MMT in end Oct ,2015.
- Global trade figure too has been revised up by 1 MMT from 149 MMT to 150 MMT.
- Consumption has been pegged 1 MMT lower to 718 MMT.
- World carry over stock has been decreased by 2 MMT to 209 MMT..
- Overall outlook for global wheat market remains bearish in the short to medium term.
- There is no hope for any smart recovery in the third quarter of the year despite rough weather condition for winter sowing in Russia , US and yield loss in Australia.

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
	30-Oct-15	23-Oct-15	30-Sep-15	30-Jul-15	30-Apr-15	30-Oct-14	
15-Dec	191.78	180.21	188.38	185.26	184.53	196.93	-2.61
16-Mar	193.07	182.69	190.86	187.83	191.05	201.70	-4.28
16-May	194.35	184.25	192.61	189.39	195.09	204.64	-5.03
16-Jul	194.72	184.80	193.62	190.59	196.38	207.49	-6.15
16-Sep	197.66	187.83	196.56	194.08	199.41	211.35	-6.48

CBOT Sep 15 Futures Chart:



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

International Weekly Outlook:

Global wheat market may recover once again due to rough weather conditions for winter wheat sowing in Black Sea Region, and US. Flooding may damage Australian hard wheat ready to be harvested. while. 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. Short term outlook seems firm.

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 despite concern over new crop.

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