

Wheat Domestic Market Fundamentals: -

Wheat cash markets stayed steady under normal supply-demand side and improved sowing status throughout the country during the week under review. Local millers have started sourcing wheat from central pool stock and private traders too intended to release 50 % of their stock in custody, taking advantage of higher prices for premium grade. Futures too have declined despite lower than normal area coverage so far. Cash market is expected to trade steady to slightly weak in the short to medium term as recovery in area coverage is expected to some extent by end-December.. Wheat in cash market is being traded at Rs 1630 to Rs 1770 per qtl., depending upon source and quality of the grain.

India exported 471.60 tonne wheat during the week ending 29th Nov-2015 at an average price of \$303.55 per tonne. Around 200 kg wheat has been imported from Mexico by air during the same period and it landed in Delhi last week as per IBIS data. Ave CiF was registered at \$122.34 per tonne. However, there is no parity for wheat import and volume would remain negligible in the months ahead. There was no import last week. Higher import duty (25%) remains restrictive for any fresh import deal.

Wheat has been sown only in 117.32 lakh ha till 27th Nov-2015, almost lower by 27.38 % from corresponding date of previous year. As sowing activities have increased, recovery in area to some extent is expected now. However, late sowing may reduce yield of wheat crop - it is feared now. Rainfall for the country as a whole has been 25 per cent below normal from October 1 to November 25, 2015. Coming after a 14 per cent deficient monsoon season (June-September), the possibility of a poor rabi crop, after lower kharif production, seems clear in the sight.

Major wheat growing States like Punjab have covered 4.8 % lower area so far (26.16 against 27.16 lakh ha), Haryana has covered 22.73 % lower area (15.60 against 20.19 lakh ha), Rajasthan - 21.22 % lower area (12.21 against 15.50 lakh ha), Madhya Pradesh lower by 22.12% (23.69 against 30.42 lakh ha) and Uttar Pradesh lower by 51.82 % (25.27 against 52.27 lakh ha) so far. Situation is not normal at sowing front and despite likely recovery; production is bound to decrease this year. Against normal year's ave area (295.74 lakh ha), total area was registered at 117.32 lakh ha against 161.57 last year as on 27.11.2015.

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.

Agriwatch preliminary estimate (based on pre sowing farmer's intention) shows slightly lower area coverage than last year. Area coverage may dip slightly in Rajasthan, Uttar Pradesh and Madhya Pradesh due to lower rainfall. Wheat sowing is almost 50% complete and it would continue for one and a half month from now. Total area coverage may touch 29.5 million ha. Under prevailing condition wheat production is expected around 87 to 88 MMT. Agriwatch would revise preliminary estimate in January 2016.

Latest Developments In Domestic Markets: -

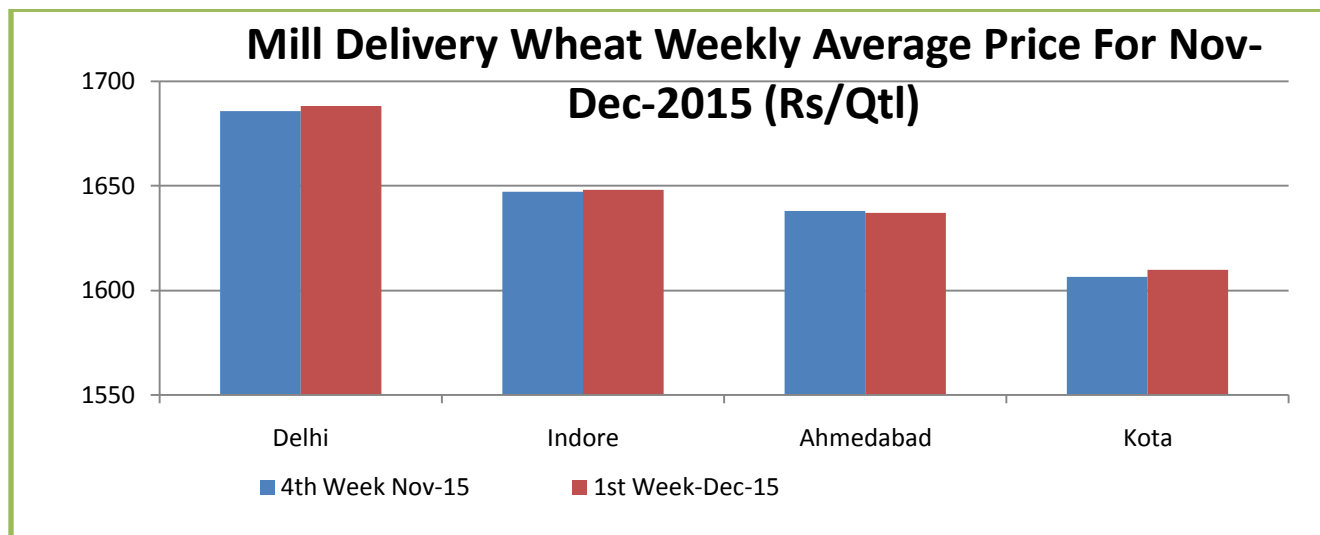
The area sown to wheat so far is lower than the year-ago period but there is no cause of concern at present - says agriculture minister. Sowing operations has picked up now in key growing states Haryana and Uttar Pradesh. Wheat sowing normally continues till mid January and there was no need to worry about less area been planted during the start of the season as just 40 per cent of the total wheat area has been covered so far. It is difficult to predict weather conditions for three months down the line as we had unseasonal rains and hailstorms last year that impacted wheat output.

Outlook & Recommendation: -

Wheat cash market is expected to trade steady to slightly weak in the coming weeks. Tight supply side for FAQ/premium varieties may continue to lend support to market fundamentals. However, fear of lower area coverage may restrict any unwanted decrease in the short term.

Trade Call: Stake holders may go for Buying wheat above 1648 for the target of 1670 in Dec Contract.

Rainfall for the country as a whole has been 25 per cent below normal during October 1 to November 25. Coming after a 14 per cent deficient monsoon season (June-September), the possibility of a poor rabi crop, after lower kharif production, seems clear in the sight.

Wheat Weekly Ave Price Chart:


Wheat average prices moved slightly up week on week basis in all major bench mark markets except Ahmedabad where it decreased by Rs 2 per qtl due to weak demand from south Indian millers during the week under review. Prices of wheat in Rajasthan, Delhi and Madhya Pradesh have increased due to improved demand and lower area coverage. Agriwatch expects prices to stay steady in the near term while it may rule firm in the second -third weeks of Dec. due to fear of lower production and millers fresh buying interest. Rains in growing region are very crucial at this point of time and it may direct market in the weeks ahead.

Wheat Stock: As on 01st Oct, 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 01.10.2015. 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.

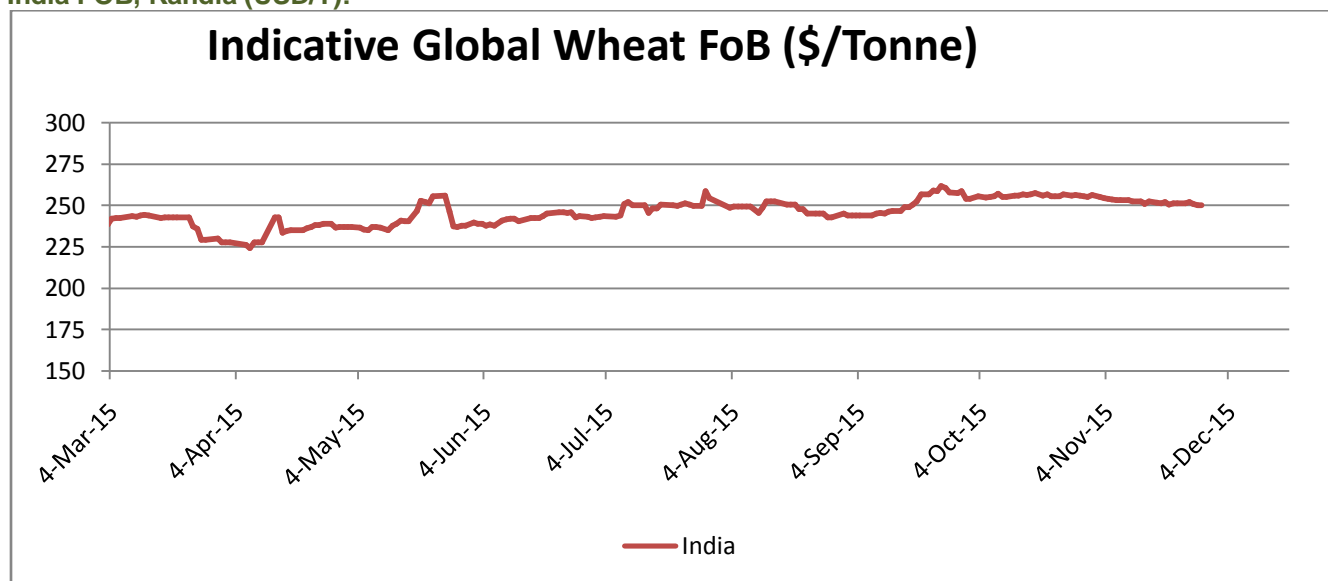
Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	5-Dec-15	28-Nov-15	5-Nov-15	5-Dec-14	
Indore	1621	1627	1619	1580	2.59
Bareilly	-	-	-	1556	-
Delhi	1694	1700	1698	1628	4.05
Khanna	-	-	-	-	-
Kanpur	1593	1600	1650	1500	6.20
Karnal	-	-	-	-	-
Rajkot	1586	1591	1586	1600	-0.88
Kota	1634	1633	1631	1595	2.45

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

FOB Value From Various Destinations At Kandla:

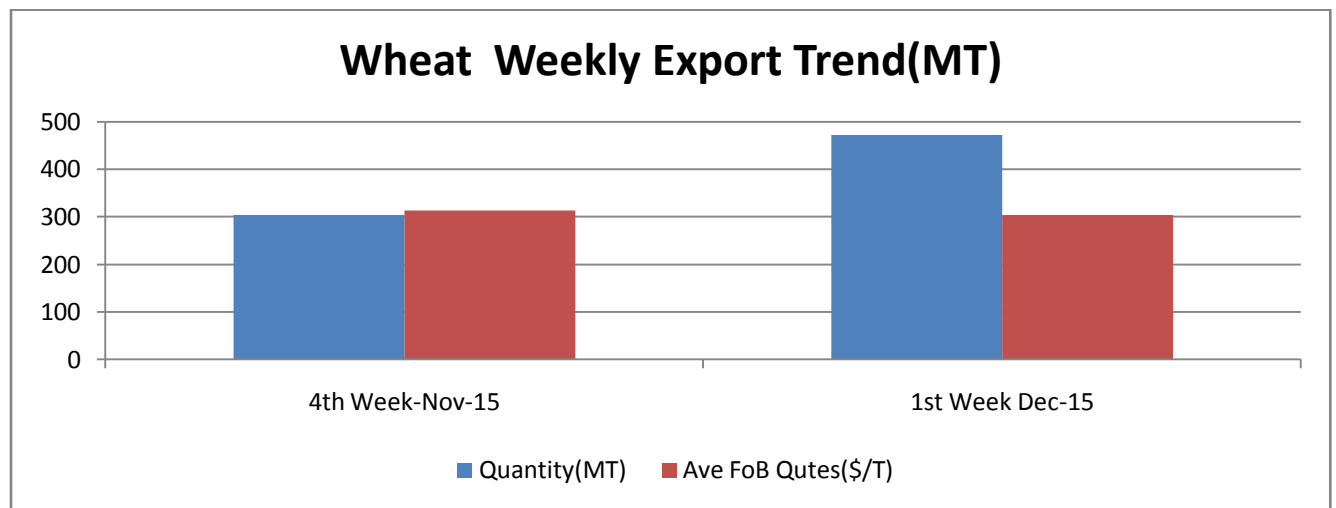
India FOB, Kandla (USD/T):



FoB Prices are of new wheat from Saurashtra Region to Kandla.(FOB quotes are not available from third/fourth week)

As export volume is negligible no FoB quotes were available for last two weeks. There is no parity from other States at current price. Wheat prices in domestic market have decreased slightly last week. However, any steep fall is unlikely. Despite slight decrease, gap from global market continues to be around \$30 to \$35 per tonne. FoB quote may move up once again as wheat price in domestic market may increase due to seasonal factors. FoB quotes have shown slight weakness last week as per the line chart.

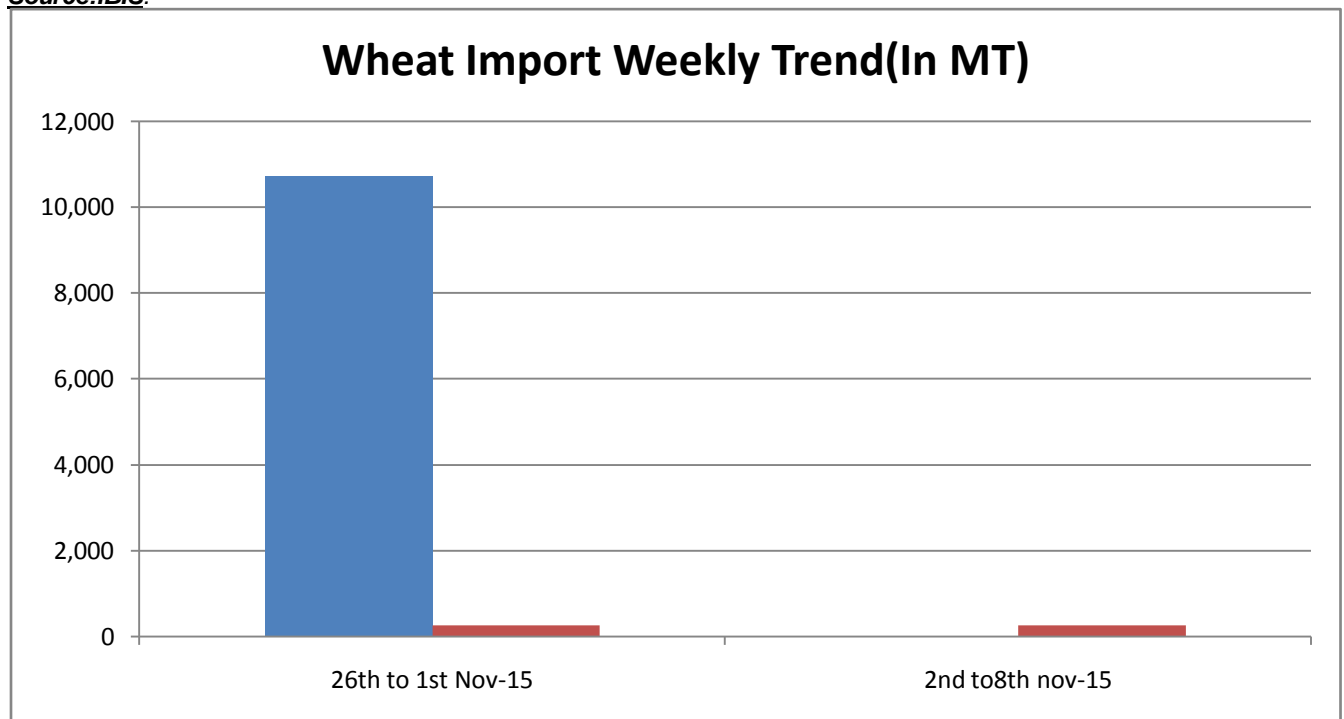
Wheat Export Weekly Data:



Wheat export increased from 303 tonne to 471 tonne in the first week of December-2015. However, FoB quote decreased slightly during this period. It decreased from \$312 to \$303 per Tonne. More down ward correction is unlikely.

Wheat Import Weekly Data:

Source:IBIS.



Source:IBIS. No import was reported in the third and fourth week of Nov-2015

Wheat Futures:

Wheat Futures Contact: NCDEX Price							Date:04.12.2015		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
15-Dec	-7	1663	1663	1647	1650	600	-330	2520	80
16-Jan	-15	1675	1671	1662	1668	90	-50	340	60
16-Feb	0	1685	1685	1685	1685	-	-	-	-

Wheat Technical Analysis:

Wheat – Technical Outlook			December Contract, Expiry:20 Dec,2015				
<div>Technical Commentary:</div> <div><div><div>Last candlestick depicts firmness in the market.</div><div>RSI is moving down in neutral zone.</div><div>Prices closed below 9 and 18 days EMAs.</div><div>Decrease in prices lower volume and OI indicates short build up.</div></div><div>Wheat prices are likely to trade up this week.</div></div> <div><div>WHEAT DELHI 1512(NCWHZ5)2015/12/06 - Weekly B:1651.00 A:1655.00 O 1650.00 H 1651.00 L 1650.00 C 1651.00 ↓ V 7012,460 -3 -0.18% PAR(14) 1633.26 EMA(9) 1651.8 (18) 1635.4 (27) 1635.4 (50) 1635.4 (100) 1635.4</div><div><div><div><div>0.0%</div><div>23.6%</div><div>38.2%</div><div>50.0%</div><div>61.8%</div><div>100.0%</div></div><div><div>1707.0</div><div>1670.7</div><div>1648.2</div><div>1630.0</div><div>1611.8</div><div>1553.0</div></div></div><div><div>1720</div><div>1670</div><div>1620</div><div>1570</div><div>1520</div></div></div><div><div>AW AGRIWATCH</div><div>RSI(14,MA(20)) 66.1098 66.1098</div><div>MACD(12, 26, 12) 0.000000 DAV 0.000000 DIF 0.000000</div><div><div>71</div><div>66</div></div></div></div>							
Strategy: Buy on dip							
			S2	S1	PCP	R1	R2
Wheat	NCDEX	Dec	1630	1642	1651	1671	1707
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Dec	Buy above	1647	1665	1670	1641

Domestic Market Weekly Outlook:

Wheat market is expected to trade steady to slightly firm in the second week of Dec due to weak demand and recovery in area coverage so far. However, any bull run is unlikely. Common grade wheat may trade steady to weak while premium /milling grade may trade firm. Futures may trade weak in the short term..

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			4-Dec-15	27-Nov-15	4-Nov-15	4-Dec-14
USA (Chicago)	2srw	-23.84	205.55	196.53	224.60	269.90
France	FCW3	-18.79	185.52	184.21	192.18	228.44
Australia	ASW	-	NA	212.00	225.00	263.00
Russia	SRW	-21.64	195.50	196.50	198.00	249.50
India	Fob	-	NA	NA	253.54	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
			3-Dec-15	2-Dec-15	26-Nov-15	3-Nov-15	3-Dec-14
Delhi	Lawrence Road	Mill Delivery	1685	1690	1680	1680	1625
	Narella	Mill Quality Loose	1660	Closed	NA	1655	Closed
	Nazafgarh	Mill Quality Loose	1630	Closed	1615	1620	Closed
Gujarat	Rajkot	Mill Delivery	1600	1600	1620	1570	1600
	Ahmedabad	Mill Delivery	1640	1640	1650	1610	1685
	Dhrol	Mill Quality Loose	1745	NR	NA	1955	NA
	Surat	Mill Delivery	1660	1660	1670	1640	1705
M.P.	Bhopal	Mill Quality Loose	1520	1525	1525	1525	NA
	Indore	Mill Delivery	1650	1650	1650	1685	NA
Rajasthan	Kota	Mill Quality Loose	1510	1510	1510	1510	1480
		Mill Delivery	1610	1610	1600	1610	1570
U.P.	Kanpur	Mill Delivery	1565	1570	1570	1565	1580
	Mathura	Mill Quality Loose	1530	1515	1520	1515	NA
	Kosi	Mill Quality Loose	1520	1525	1500	1540	1480
	Hathras	Mill Quality Loose	NR	NA	1525	1525	1490
	Aligarh	Mill Quality Loose	1550	NA	1570	1500	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1560	1560	1565	1570	1500



	Hodal	Mill Delivery	NA	NA	NA	NA	NA
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1625	1625	1610	1600	1570
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1850	1870	1825
	Madurai	Mill Quality	1907	1907	1907	1927	1882
	Coimbatore	Mill Quality	1907	1907	1907	1927	1882
Bihar	Sitamari	Mill Delivery	1615	1615	1610	1570	1590
	Khagariya	Mill Delivery	1800	1850	1850	1730	1650

International Market Updates:

IGC wheat production estimate remained unchanged this month too at 726 MMT. However, trade estimate has been revised up by 1 MMT to 151 MMT. Consumption estimate has been raised from 718 to 720 MMT in the month of Nov-2015. Similarly carryout stock has been revised 1MMT down from 209 to 208MMT.

World wheat harvested area in 2016/17 seen falling by less than 1%.Northern hemisphere 2016/17 winter wheat sowing is almost over now. Conditions are almost favorable; however, concerns persist about dryness in some parts, especially in Ukraine. There is a common assumption based on spring wheat plantings and the next southern hemisphere crops, world may harvest at 221.8m ha, down almost 1% y/y.

Chicago wheat futures slid for a fourth session last week, dropping to the lowest in almost three months as plentiful global supplies and a lack of demand for expensive U.S. shipments dragged on prices. It is the comfortable wheat supply condition; U.S. and Europe are looking pretty good, despite, El Nino weather which had triggered some worries.

The U.S. Department of Agriculture reported weekly U.S. wheat export sales of 303,700 tonnes for 2015/16, below the range of trade estimates from 400,000 to 600,000 tonnes. Expectations of big wheat deliveries, starting with first notice day on Monday for December contracts, also weighed on the market, traders and analysts said. Estimates were for zero to 336 deliveries against Chicago wheat futures.

Argentina's incoming government will abolish export taxes on corn and wheat the day after it assumes office. The country collects a 23 percent export tax on wheat and a 20 percent levy on corn shipments. By some estimates, Argentina will have doubled wheat shipments and surpassed Russia and Brazil as a corn exporter, by the end of Macri's four-year term.

The upturn in export demand supported French cash prices, with negative premiums in recent months virtually wiped out at northern ports. There is quite a bit of buying interest, especially for nearby deals, thanks to the lower euro. Activity in eastern France which picked up after rain in recent days helped ease restrictions on the nearby river Rhine that has seen low water levels, although more rain would be needed to maintain normal traffic.

Fundamental pressure noted from strength in the DXY dollar, and ample world wheat stocks coupled with poor export demand for U.S. supplies. Egypt's main State wheat buyer bought 240,000 tonnes of French, Russian and Romanian wheat in a tender for Dec. 21-31. No U.S. wheat was offered during last week

Russian Wheat Exporters have won two tenders of Egypt last week. Demand for Russian wheat has increased due to weak ruble. Wheat prices in local market remained almost flat and may stay steady despite higher demand. Black Sea prices for Russian wheat with 12.5 percent protein content were flat at \$198 per tonne on a free-on-board (FOB) basis. Domestic prices for third-class wheat added 75 rubles to 10,750 rubles (\$163) per tonne in the European part of Russia, on an ex-works basis.

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

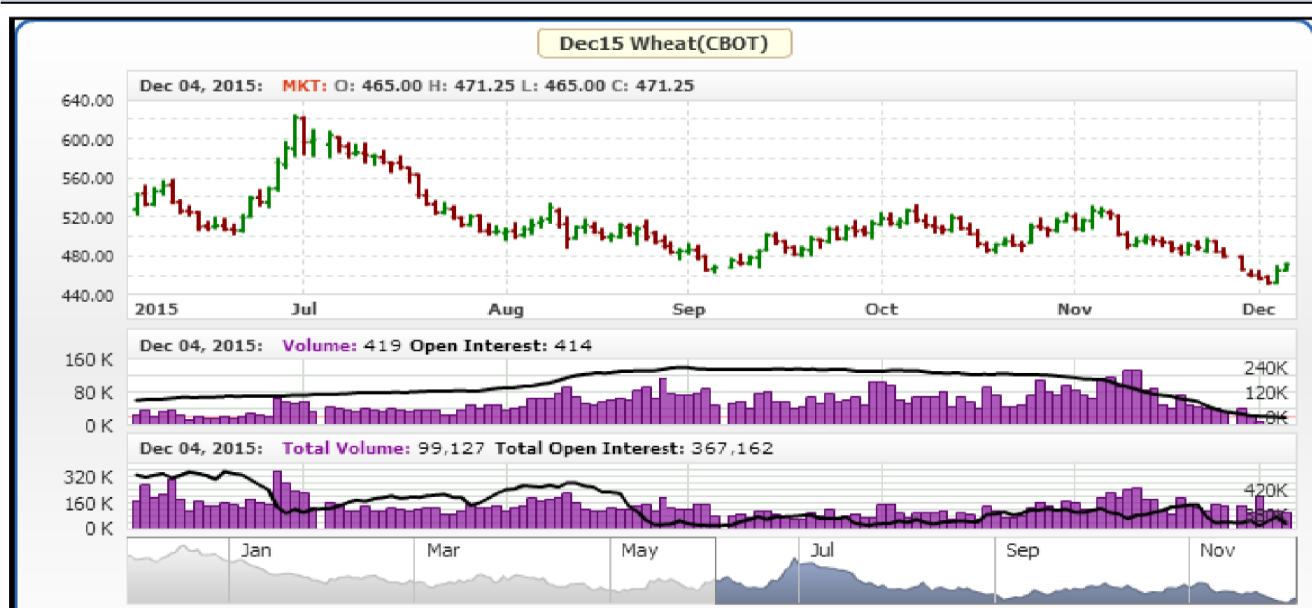
IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				29.10.2015	19.11.2015
Production	655	714	723	726	726
Trade	142	156	153	150	151
Consumptions	677	696	710	718	720
Carryover stocks	171	188	201	209	208
Y-O-Y change	-21	18	14	8	7
Major Export	50	54	63	67	69

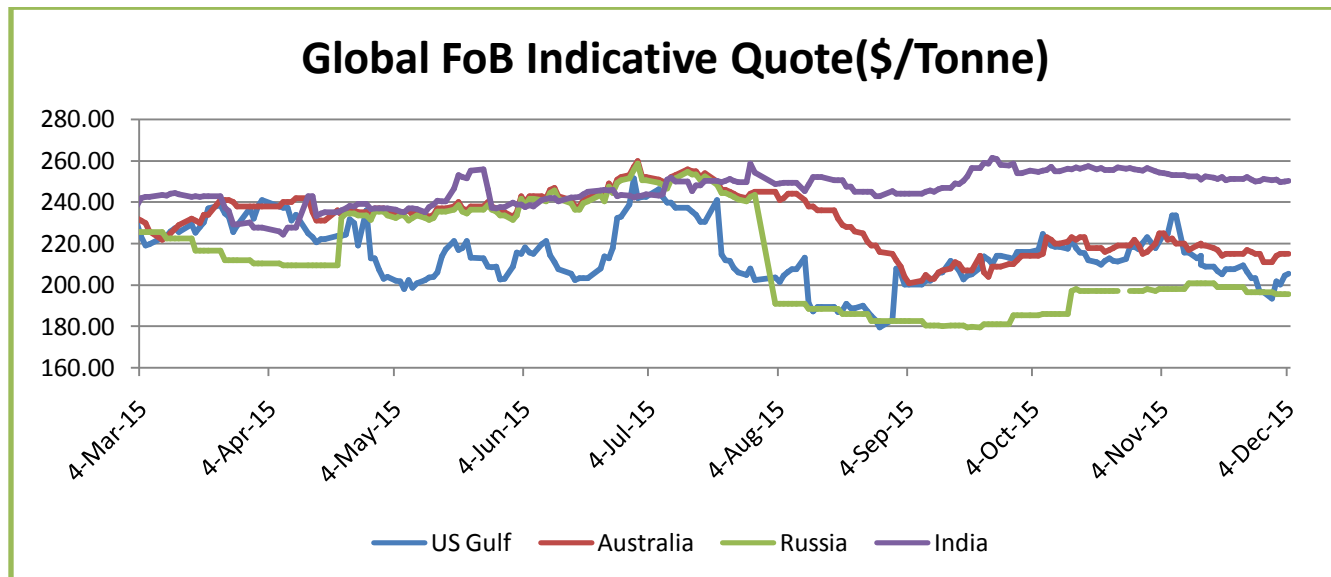
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- However, trade estimate has been revised up by 1 MMT to 151 MMT.
- Consumption estimate has been raised from 718 to 720 MMT in the month of Nov-2015.
- Similarly carryout stock has been revised 1MMT down from 209 to 208MMT.

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
	25-Nov-15	18-Nov-15	26-Oct-15	25-Aug-15	26-May-15	25-Nov-14	
15-Dec	176.08	177.55	187.01	183.52	189.49	216.58	-18.70
16-Mar	179.11	178.19	189.12	185.81	195.27	204.92	-12.60
16-May	180.94	179.75	190.77	187.10	198.67	207.49	-12.79
16-Jul	182.78	181.13	191.51	187.93	200.05	209.42	-12.72
16-Sep	186.18	184.34	194.63	191.23	202.90	212.27	-12.29



International FOB prices Weekly price Movement (USD/T)



International Weekly Outlook::

Global wheat markets are expected to reel under pressure due to improved weather and crop conditions in US and Black Sea regions. Besides, Argentina is ready to abolish export tax(23 %) on wheat soon that would enabled it to double its export volume. Australia, Canada and US have ample marketable surplus and they all compete with one another. However, wheat market has touched its bottom now and more dip from current level is unlikely. If crop loss occurs in any major exporting countries in next two three months, it may encourage global wheat price once again. December and January remain crucial for standing crop in the field. Overall outlook is bearish. Any spike at present in wheat prices is unlikely.

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