



Wheat Domestic Market Fundamentals: -

Wheat cash markets traded up by 2.13% to Rs 1743.89 per qtl. in comparison to 1st week of December-2015 on all India average basis during the week under review. Firmness in premium grades like Tukra, Sharbati, Banshi and Lok-1 may continue due to short supply of these varieties in the open market. Stockists are well aware of the fact and they would release restricted quantity intentionally to fetch maximum benefit in the lean season. However, ordinary grade may trade steady as continuous release from central pool stock in bulk volume would restrict uptrend to some extent.

Other bullish factors that have changed bearish inner tone are delayed sowing, lower area coverage and increasing fear of lower yield from late shown crop in Madhya Pradesh, Uttar Pradesh, Maharashtra and Rajasthan. MSP for the new crop (Rs 1525 per qtl) too would not allow market to decrease much from current level until new crop hits the market. Wheat crop may hit market by end of April, next year, due to late sowing in central and western India. Normally, it hits the market in the beginning of April. So bulk consumers would have to wait one more month to get wheat at MSP or below MSP in the new season starting from 1st April-2016.

As per latest update from Ministry of Agriculture Indian wheat growing States have covered 202.28 lakh ha area till 11th Dec-2015. It is almost 16.38 % lower (241.91 lakh ha) in comparison to area covered in the corresponding time of last year. States like Uttar Pradesh, Gujarat and Madhya Pradesh are running behind by 34.10, 36.09 and 11.87 % at progressive wheat area coverage front. Sowing is on and would continue till 15th January-2015. Recovery in coverage is expected now with decreasing temperature and light showers of rains in some parts of central and western India. However, overall acreage may decrease from 306 lakh ha. to 29.5 lakh ha due to late sowing.

Wheat sowing is almost over in Punjab now. Punjab has covered 0.81 percent higher area this year. It has covered 33.47 lakh ha against 33.2 lakh ha till 11th Dec last year. It is 96 percent of the normal coverage. However Haryana is lagging behind by 2.75 % at coverage front so far. It has covered 22.94 lakh ha against 23.59 lakh ha last year till date. Both the States cover 35 and 25 lakh ha area under wheat normally every year.

India exported 0.368 tonne wheat in Nov-2015 at an average price of \$301.45 per tonne. Total export from April to Nov-2015 was registered at 458339.39 tonne. Export opportunity has not been in favor of India so far. There is no parity for wheat export and volume would remain negligible in the months ahead. Despite higher import duty (25%) millers from Kerala may turn to Argentina as it has devalued its currency by 26 percent and it goes in favor of millers in South India.

Export continues in small quantity for various destinations. India exported 510.72 tonne wheat during week ended 13 December-2015. Average FoB quote realized last week was \$324.18 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems blemish.

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.

Latest Developments In Domestic Markets : -

The area of wheat sown so far is lower by 16.58% than the year-ago but there is no cause for concern at present - says agriculture minister. Sowing operations has picked up now with decreasing temperature in key growing states Rajasthan and Uttar Pradesh. It is almost over in Punjab. 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 70 per cent of the total wheat area has been covered so far. It is difficult to predict weather conditions for next three months down the line as we had unseasonal rains and hailstorms last year that impacted wheat output. So it is too early to conclude the final size of the crop at this point of time.

Outlook & Recommendation: -

Wheat cash market is expected to trade steady to slightly firm in the coming weeks. Tight supply side for FAQ/premium varieties may continue to lend support to market fundamentals. Lower area coverage and production prospect remain supportive to wheat market.

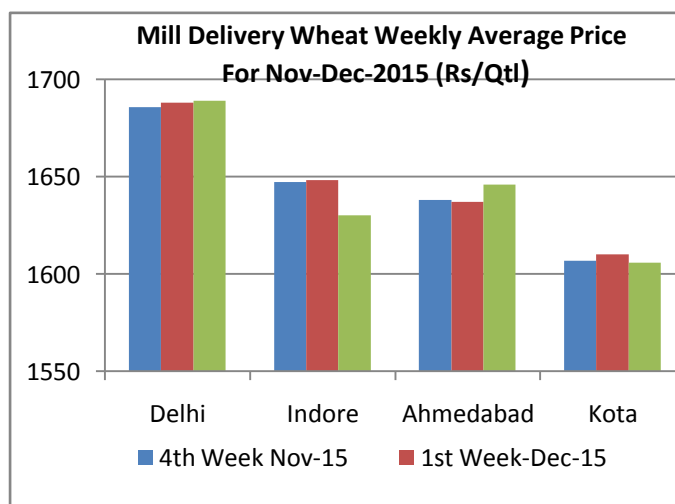
Trade Call: Stake holders should trade in Jan Contract taking care of lower and upper side of 1686 & 1738 respectively.

Weather Update: Weather Condition:

Rainfall for the country as a whole has been 26 per cent below normal during October 1 to Dec 07. 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 Ahmadabad and Delhi while it decreased in Rajasthan and M.P. Prices are likely to firm up from current level as inner tone in the market turns firm once again on the back of lower production prospects this year. Slight dip in Kota and Indore is a temporary phenomenon and it may move up once again with south Indian millers demand expected in January-2016 and likely delayed arrivals of new crop. Agriwatch expects prices to stay steady to slightly firm in the near to medium term.


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: As on 1st Nov-2015 wheat stock was 283.2 lakh tonne(Break UP Not Available)

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. December data is awaited.

Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	17-Dec-15	10-Dec-15	15-Nov-15	17-Dec-14	
Indore	1666	1634	1617	1613	3.26
Bareilly	-	-	-	1570	-
Delhi	1697	1700	1700	1638	3.58
Khanna	-	-	-	-	-
Kanpur	1603	1585	1603	1553	3.19
Karnal	-	-	-	-	-
Rajkot	1577	1582	1597	1620	-2.66
Kota	1627	1622	1640	1620	0.45

21st December-2015

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

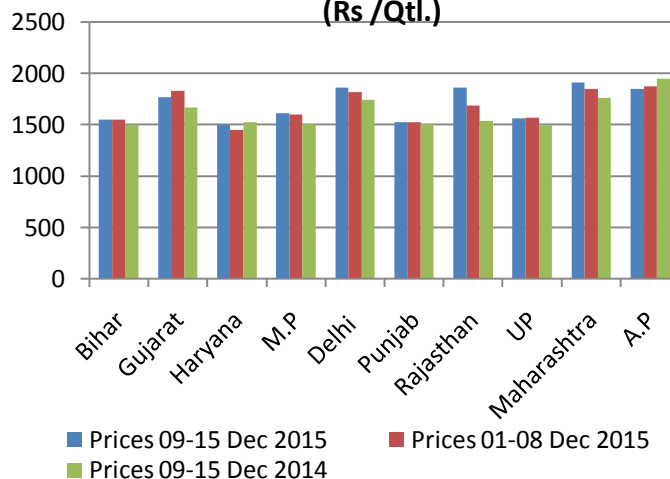
State wise Average Weekly Price Trend:

As per Agmark update, average weekly price increased in Haryana,A.P while it stayed steady in Punjab and Bihar and decreased in decreased in Gujarat, MP and Rajasthan.

Average all India weekly prices increased by 2.13 % from Rs1707.42 to Rs 1743.89 per qtl. during the week ended19th December-2015.All India average price may go up from current level by the end of this month.

However, it is 1.09 % lower than December 2014 level.It is ruling at Rs 1743 per qtl against Rs 1763 per qtl. last year

Comparative Wheat Price W on W Basis (Rs /Qtl.)



FOB ValueFrom Various Destinations At Kandla:

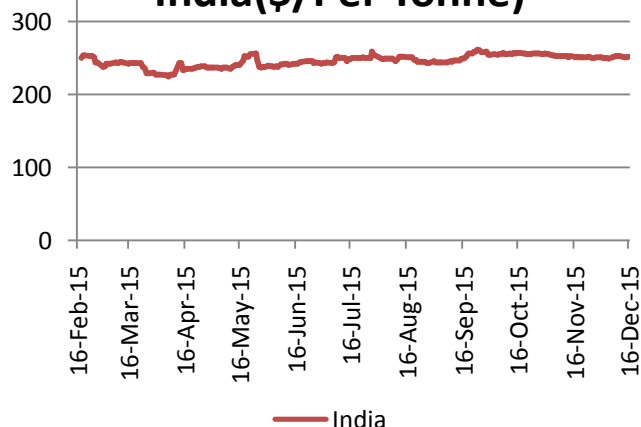
There is virtually no export taking place from India due to cheaper global market. Last week India exported around 500 tonne.

Exporters fetched Average FoB quote of \$324 per tonne for fine grade wheat.

FOR(Freight On Road) for ordinary grade comes to Rs 1600/ Rs1620 per qtl for locally sourced wheat. There is no export demand so FoB quote decreased slightly last week.

FoB Prices are of new wheat from Saurashtra Region to Kandla. FOR(Freight On Road) is not available for Rajasthan and MP wheat at present.

Indicative FoB Quote India(\$/Per Tonne)



Wheat Future Market:NCDEX:

Wheat Futures Contract: NCDEX Price							Date:18.12.2015		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
15-Dec	-62	1710	1710	1650	1655	360	-60	550	-150
16-Jan	0	1701	1705	1701	1705	270	120	1380	40



16-Feb	0	-	-	-	-	-	-	-	-
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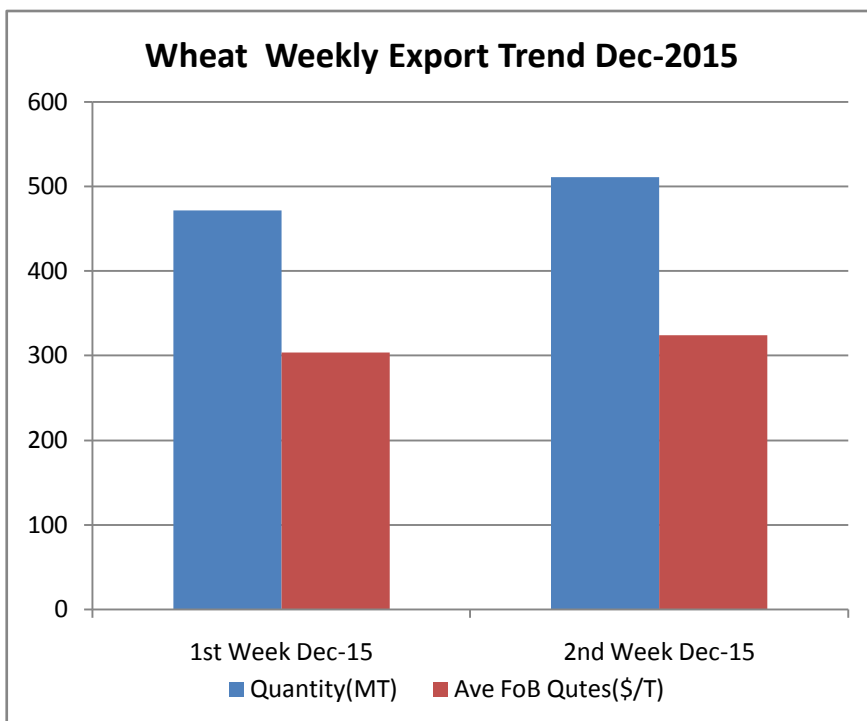
Wheat Export Weekly Data:

Wheat export increased by 8.30 percent during the week ended 13th dec-2015. However, exported volume was only 510.72 tonne against 471.6 tonne during week ended 6th Dec.

Wheat has been exported on an average FoB price of \$ 324 .18, higher by 8.8 percent from first week.

As export opportunity is not in favor of India, export volume is unlikely to increase in coming weeks. Domestic prices are ruling at higher level, buyers for Indian wheat remained sidelined.

Wheat is available at attractive price (\$190 to 210 per tonne) in global market, importers are switching to Australia, Argentina, US and Black Sea Region.

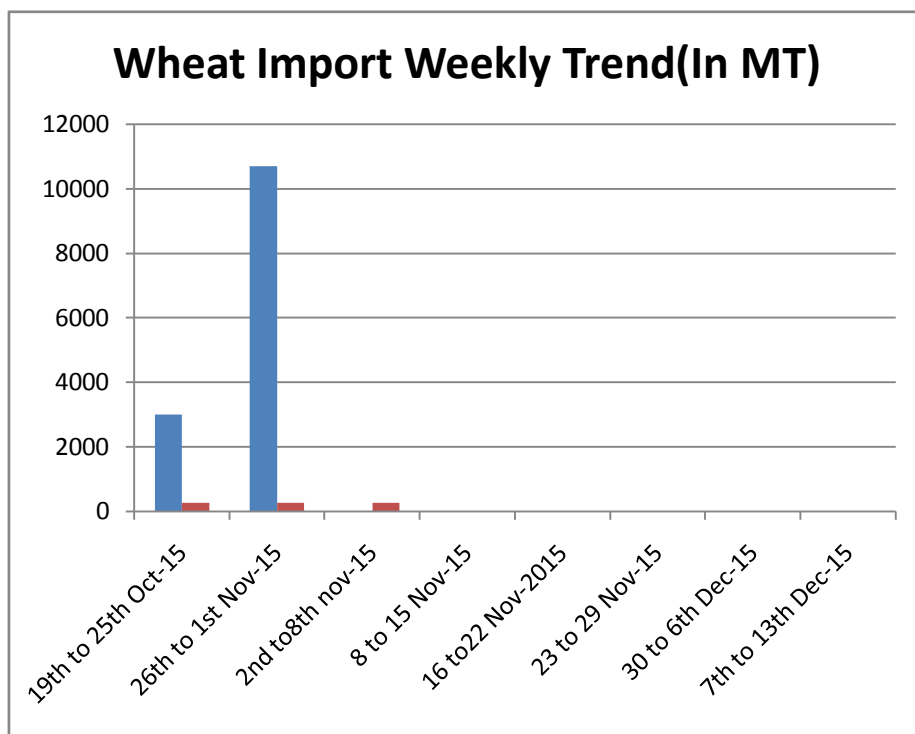


Wheat Import Weekly Data:

Wheat import has been on negligible level during last 6th week due to disparity. Import duty (25%) imposed by govt. has restricted importers from striking any fresh deal in last one and a half months.

However, importers may start importing wheat once again if prices in domestic market continue to increase.

Argentina has devalued its local currency by 26.4 % and it may neutralize the effect of import duty imposed by India. If millers from Kerala strike fresh deals, imported cost of wheat would be lower than the price prevalent in the domestic market.



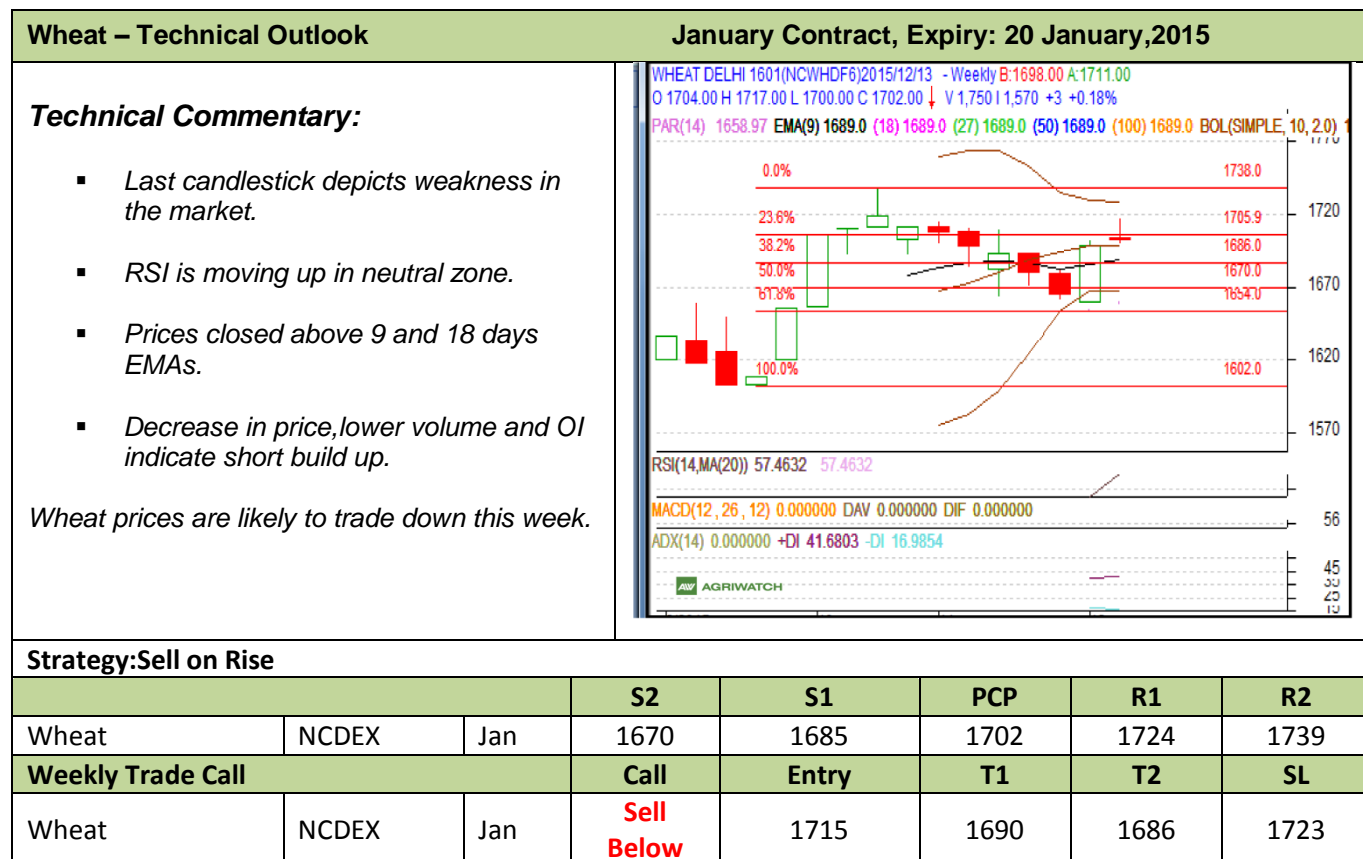
21st December-2015

Source: IBIS.

Source: IBIS. No import was reported in the first week of Dec-2015

Wheat Futures:

Wheat Technical Analysis:



Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			16-Dec-15	9-Dec-15	15-Nov-15	16-Dec-14
USA (Chicago)	2srw	-26.83	205.18	207.49	209.00	280.40
France	FCW3	-	165.75	167.75	NA	NA
Australia	ASW	-19.62	213.00	214.00	218.00	265.00
Russia	SRW	-25.54	191.00	194.00	201.00	256.50
India	Fob	-	NA	NA	252.35	NA

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

Domestic Market Weekly Outlook:

Wheat market is expected to trade steady to slightly firm in the fourth week of Dec due to improved demand and lower area coverage so far. However, any bull run is unlikely. Common grade wheat may trade steady while premium /milling grade may trade firm. Futures may trade in the lower –upper limit of Rs1686 and Rs1738 in the short term.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			17-Dec-15	16-Dec-15	10-Dec-15	17-Nov-15	17-Dec-14
Delhi	Lawrence Road	Mill Delivery	1690	1690	1690	1695	1630
	Narella	Mill Quality Loose	1650	Closed	1650	1655	NA
	Nazafgarh	Mill Quality Loose	1625	Closed	1625	1615	NA
Gujarat	Rajkot	Mill Delivery	1590	1590	1590	1620	1670
	Ahmedabad	Mill Delivery	1650	1650	1640	1620	1720
	Dhrol	Mill Quality Loose	NR	NR	NA	NA	NA
	Surat	Mill Delivery	1670	1670	1660	1645	1755
M.P.	Bhopal	Mill Quality Loose	1600	1600	1510	1500	1550
	Indore	Mill Delivery	1680	1680	1630	1670	1610
Rajasthan	Kota	Mill Quality Loose	1550	1550	1525	1500	1525
		Mill Delivery	1640	1640	1610	1600	1600
U.P.	Kanpur	Mill Delivery	1570	1565	1565	1550	1565
	Mathura	Mill Quality Loose	1575	1530	1540	1520	NA
	Kosi	Mill Quality Loose	1555	1535	1525	1565	1590
	Hathras	Mill Quality Loose	NA	NR	NA	1525	NA
	Aligarh	Mill Quality Loose	1520	Closed	1580	1460	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1550	1550	1550	1575	1490
	Hodal	Mill Delivery	NA	NA	NA	NA	NA
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1625	1615	1625	1600	1565
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1875	1850	1825
	Madurai	Mill Quality	1907	1907	1932	1907	1882
	Coimbatore	Mill Quality	1907	1907	1932	1907	1882
Bihar	Sitamari	Mill Delivery	1615	1615	1610	NA	NA
	Khagariya	Mill Delivery	1800	1800	1800	NA	1600



Progressive Wheat Sowing Till 11.12.2015				
	Normal	2015	2014	% ch
Andhra Pradesh				
Arunachal Pradesh				
Assam	0	0	0.16	-100
Bihar	57.8051	12.32	11.83	4.142012
Chhattisgarh	46.55493	0.5	0.42	19.04762
Goa				#DIV/0!
Gujarat	38.69995	4.62	7.23	-36.0996
Haryana	91.57685	22.94	23.59	-2.7554
Himachal Pra.	95.61085	3.42	3.41	0.293255
J&K	67.5583	1.97	1.89	4.232804
Jharkhand	21.62942	0.3	0.5	-40
Karnataka	60.9858	1.46	1.43	2.097902
Kerala				#DIV/0!
Madhya Pradesh	75.45688	36.5	41.42	-11.8783
Maharashtra	34.37561	3.507	4.22	-16.8957
Manipur				#DIV/0!
Meghalaya				#DIV/0!
Mizoram				#DIV/0!
Nagaland				#DIV/0!
Odisha				#DIV/0!
Punjab	95.17175	33.47	33.2	0.813253
Rajasthan	81.46037	22.29	25	-10.84
Sikkim				#DIV/0!
Tamil Nadu				#DIV/0!
Telengana				#DIV/0!
Tripura				#DIV/0!
Uttar Pradesh	56.46074	54.89	83.3	-34.1056
Uttarakhand	79.98918	2.958	2.957	0.033818
West Bengal	34.28928	1.1	1.3	-15.3846
Pondicherry				#DIV/0!
Others	18.26923	0.038	0.056	-32.1429
All-India	68.40009	202.283	241.913	-16.3819



International Market Updates:

Global wheat market has shown some improvement in recent week after considerable dip in last four weeks. However, firmness is unlikely to continue due to ample global supply and good production prospect in winter season. At current price buyers may return to market to cover their short position. Hence, more decrease in global market seems a remote possibility.

Algeria has bought around 8 lakh tonne wheat from global market last week, higher by 2 lakh tonne from its average monthly buying. Ethiopia too is trying to buy 70,000 tonne wheat this week. Jordan is looking for 100,000 MT of hard wheat and Syria for 200,000 MT of soft milling wheat. Meanwhile Japan's tendering for their regular 123,275 MT consignment of Wheat this week is only US and Canadian wheat for Jan/Mar shipment.

Agri expert from Australia says that wheat export from Australia may decrease by 3.3 percent to 16.95 MMT this year from July 1st-2015. The main reason for decline in export is mainly attributed to dry and hot weather that has impacted wheat crop in Australia. Australia has forecast 17.5 MMT wheat export in Sept-2015. Australia last week lowered its wheat harvest estimate 5.1 percent to 24 million tons. El Nino, which brings drier spring weather to eastern Australia, will probably rank among the three strongest since 1950.

Asian wheat buyers are turning to Australia for wheat supply in last quarter of this FY due to cheaper quotes in Australia. Wheat price in Australia has decreased considerably and it is now cheaper from US and Canadian wheat. Indonesia has struck deals for February shipment and may strike more deals for March delivery.

Australian prime wheat with 10.5 percent protein is currently quoted at about \$240 a ton, including cost and freight to Asia, compared with similar variety U.S. soft white wheat that is being offered at around \$280 a tonne. Australia is forecast to export around 17-18 million tonnes of wheat from a crop of 23.98 million tonnes in the year to June 2016.

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 1 MMT down from 209 to 208 MMT.

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.

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 \$192 per tonne on a free-on-board (FOB) basis. Domestic prices for third-class wheat added 75 rubles to 10,750 rubles (\$160) 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 tonne. 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

- 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.

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
	17-Dec-15	10-Dec-15	17-Nov-15	16-Sep-15	17-Jun-15	17-Dec-14	
16-Mar	177.82	182.05	178.92	181.95	192.52	246.43	-27.84
16-May	180.39	184.07	180.30	183.88	195.55	244.05	-26.08
16-Jul	182.69	185.54	181.31	185.45	197.48	235.14	-22.30
16-Sep	186.36	189.12	184.34	188.84	200.78	236.24	-21.11
16-Dec	191.51	193.99	189.12	193.99	205.56	239.91	-20.18

CBOT Wheat Futures Chart:

CBOT wheat market traded firm. However, it is firmness would not sustain due to ample supply in the global market.

1st Support: 470
 2nd Support: 450
 1st Resistant: 500
 2nd Resistant: 520

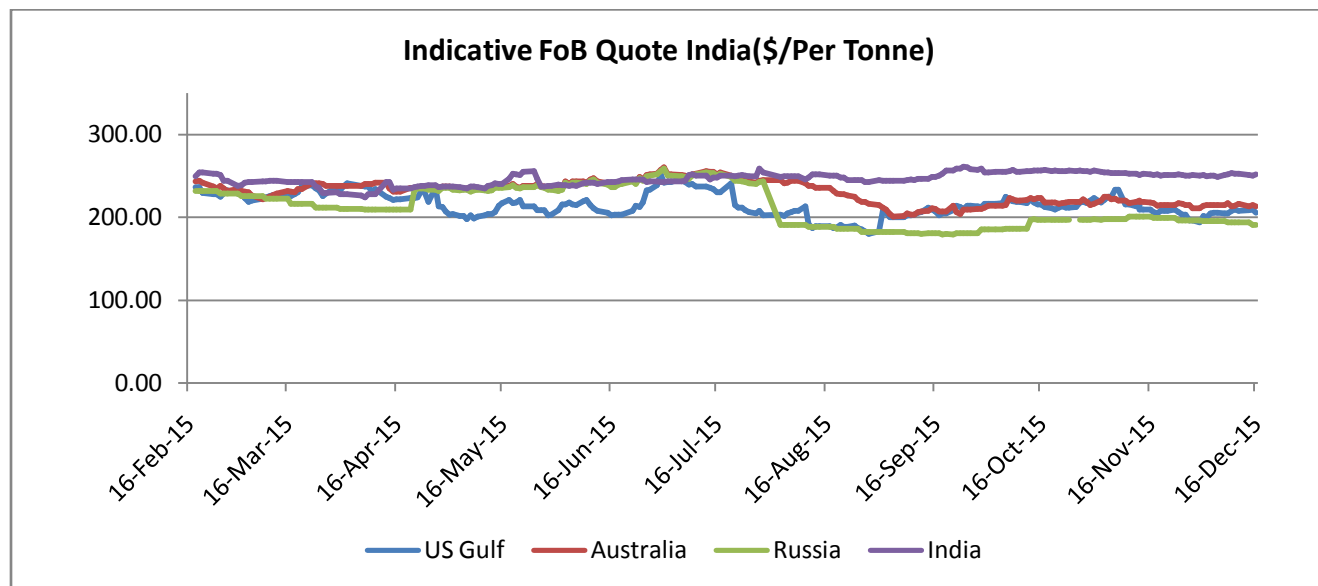
CBOT market is likely to trade in the range of 450 to 500 cent /bushel after reopening in the new year.





21st December-2015

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, which would enable 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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