

Wheat Domestic Market Fundamentals: -

Wheat cash markets continued to trade up by 0.31% to Rs 1748.63 per qtl. in comparison to 2nd week of December-2015 on all India average basis during the week under review. All India average price of FAQ quality was registered at Rs 1743.19 per qtl previous week. 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.

As per latest update from Ministry of Agriculture Indian wheat growing States have covered 239.45 lakh ha area till 18th Dec-2015. It is almost 10.74 % lower (268.26 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 19.17, 26.13 and 13.33 % 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 0.65 percent higher area this year. It has covered 34.3 lakh ha against 34.08 lakh ha till 18th Dec last year. It is 98 percent of the normal coverage. Haryana too has covered 1.07 % higher area so far. It has covered 24.66 lakh ha against 24.4 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 waived export duty from wheat. All these developments go in favor of millers in South India.

Export continues in small quantity for various destinations. India exported 772.49 tonne wheat during week ended 20 December-2015. Average FoB quote realized last week was \$332.78 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems blemish. India imported 3850 tonne wheat during the same period after a gap of three weeks at an average CiF of \$254.42 per tonne. Wheat landed at Cochin sea.

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 : -

Wheat WPI has increased slightly to 221.5 in Nov, 2015 from 219.3 in Oct, 2015. Wheat prices may rule steady to slightly firm in the weeks ahead.

With late start of sowing Punjab farmers have preferred two varieties namely HD2967 and HD 3086. HD 2967 has been shown in 75% area out of 35 lakh ha in Punjab. Other variety HD 3086 coverage is lower as seed availability were limited. PBW-550 (good for sowing in December) and PBW-621 and WH-1105 varieties too are sown in Punjab on some area. The reason behind farmers preference for these varieties is its ability to resist higher temperature and yellow rust disease. Besides, these varieties also give a yield up to 21.4 quintal per acre against 20 quintal/acre for other varieties. It is also short duration crop.

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 1689 & 1710 respectively.

Weather Update: Weather Condition:

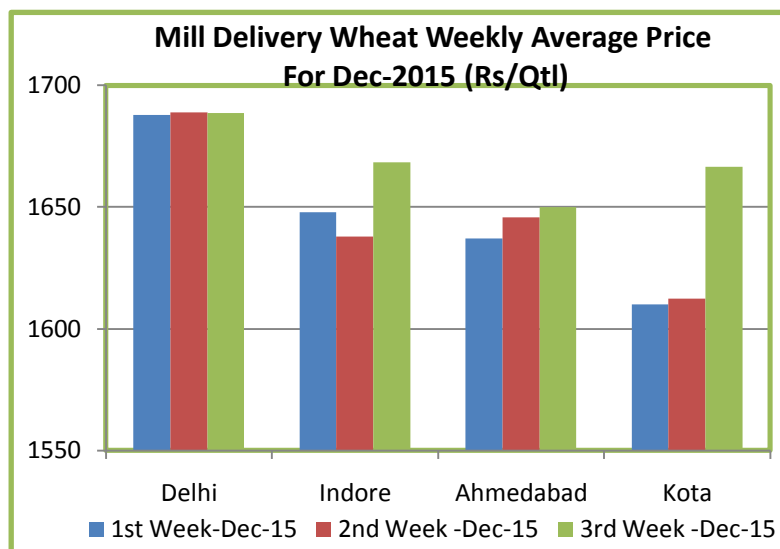
Rainfall for the country as a whole has been 26 per cent below normal during October 1 to Dec 07. Coming after a 14 per cent deficient monsoon season (June-September), the possibility of a poor rabi crop, after lower kharif production, seems clear in the sight. The latest update still awaited.

Wheat Weekly Ave Price Chart:

Wheat average prices moved slightly up week on week basis in all major markets. Higher increase was registered in Kota last week due to demand from south Indian millers for FAQ varieties.

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.

Besides, higher MSP for next year crop and possibility of one month delay in arrival would continue to lend support wheat cash market in the weeks ahead.



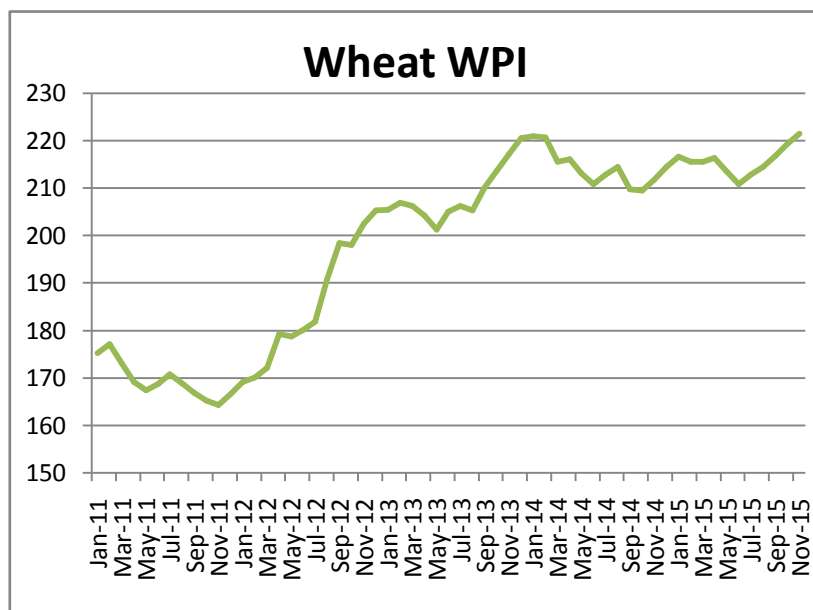
Wheat WPI/ Inflation:

Wheat WPI increased from 219.3 to 221.5 in November, 2015.

Wheat inflation increased to 4.63 percent month on month basis.

Wheat cash market price will continue to trade up and it may boost up inflation further up in coming weeks.

The given chart shows inflationary pressure and there is no respite seems in the sight given by the increasing trend.



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.

State wise Average Weekly Price Trend:

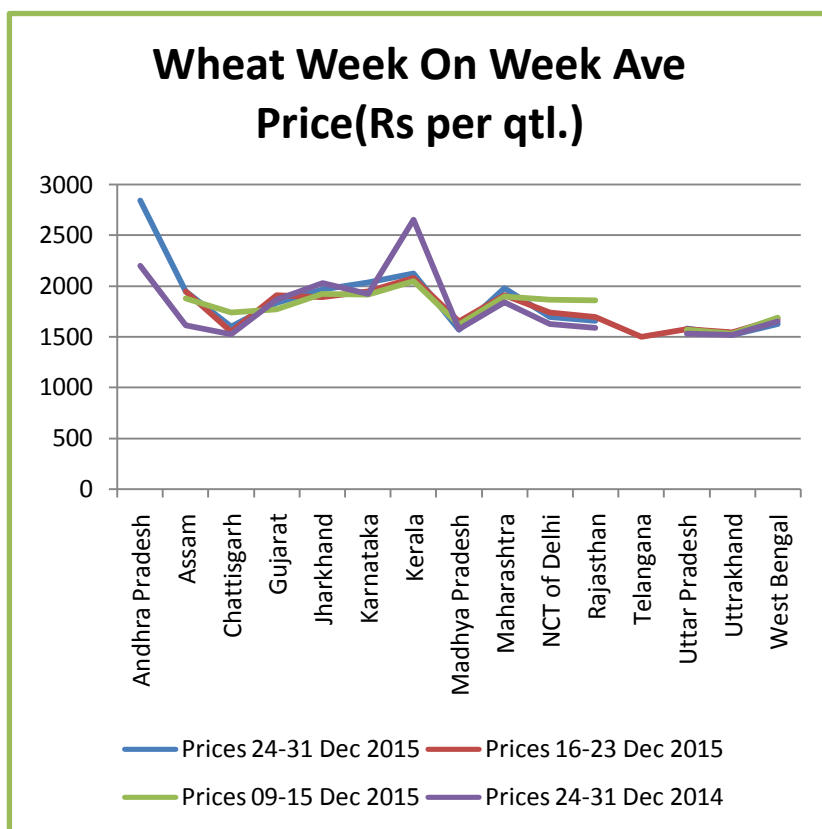
Wheat all India average price increased from Rs 1745.11 to Rs1855.09 per qtl week on week basis.

Prices increased in AP, Jharkhand, Karnataka, Kerala, Maharashtra and Uttar Pradesh in the range of 0.1 % to 4.47 % in comparison to last week.

However, decline was seen in Gujarat, M.P, Rajasthan and Delhi in the range of 1.47 to 5.26 % during the week under review.

Overall wheat ave price is likely to stay steady to slightly firm in the weeks ahead.

The Ave line price chart shows the trend clearly. After staying steady, prices of wheat moved up in the last week of the month in some major bench mark markets.



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

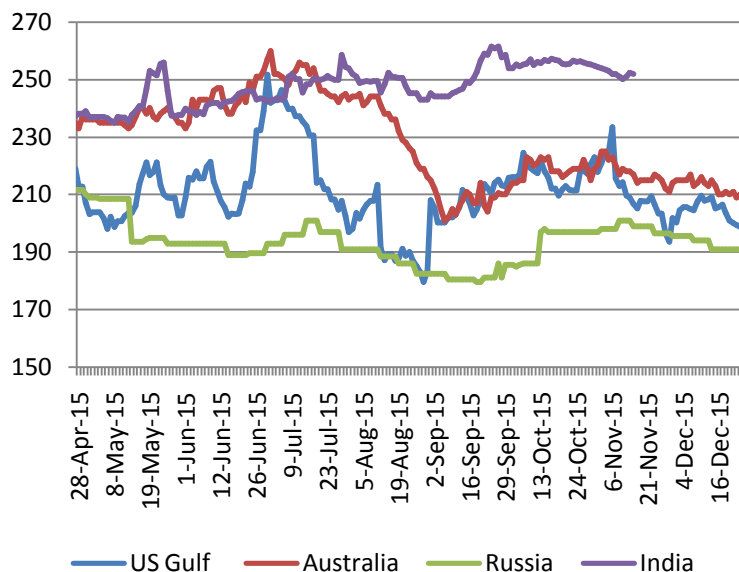
Indian FoB quotes are not available as export remains almost at halt.

FoB quotes in Australia, Russia and US have declined considerably in last two weeks.

It is hovering in the range of \$191 to \$210 per tonne. Market is likely stay steady at this level as buyers are on driving seat right now.

Market experts believe that some fresh buying may take place as prices of wheat in the global market is ruling lower now and it may restrict downward trend.

Indicative Global FoB (\$/Per T)



Wheat Export Weekly Data:

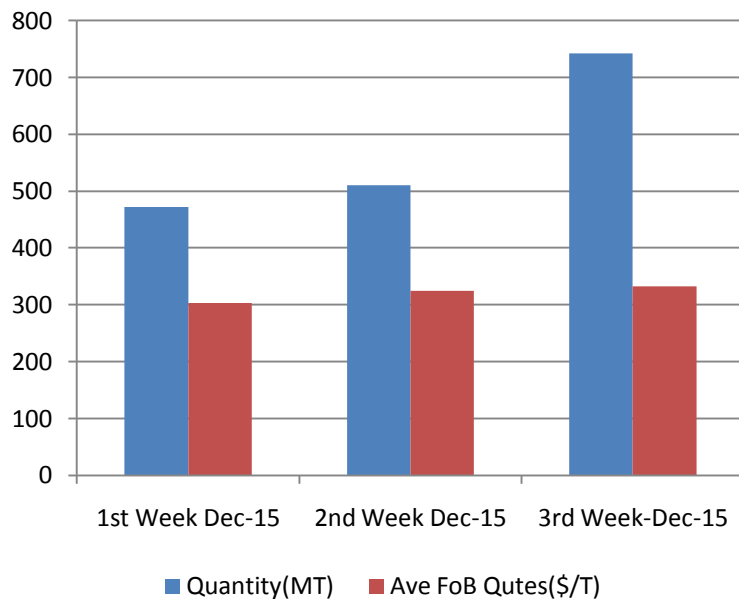
Wheat export volume has been negligible during last few weeks and there is no hope for any recovery in coming weeks as disparity continues to discourage exporters.

India exported 742.49 tonne during the week ended 20th Dec-2015, higher by 45.38 % from the second week of Dec-2015.

Average FoB price realized during the same period was \$332.78 per tonne, higher by 2.65 %. Before this average FoB price was registered at \$324.18.

Major buyers were Kuwait, Sudan and west Asian countries.

Wheat Weekly Export Trend Dec-2015



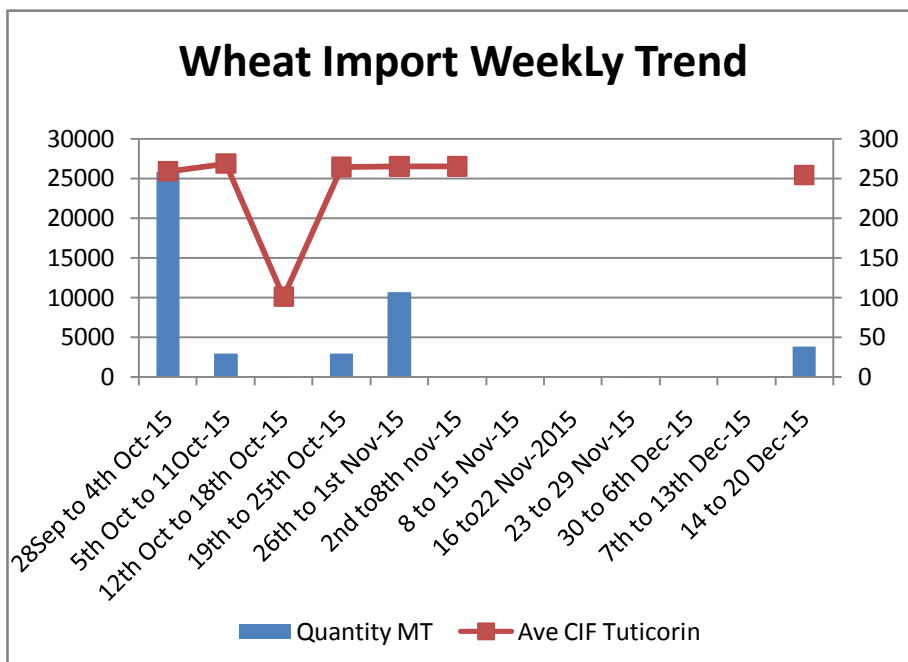
Wheat Import:

Import parity for wheat was not in favour of India with imposition of 25% import duty and import virtually stopped during last 7 weeks.

However, situation changed once again as Argentina devalued its currency by 26 % and decreased export tax from 20 to 3 percent.

Besides, Russia too has removed export tax to encourage export volume in recent week. Russian FoB has decreased from \$199 to \$191 per tonne in two weeks.

US FoB quotes are hovering in the range of \$209 to \$211 per tonne. Australia quotes are hovering almost in the same range.



Source: IBIS.

Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	24-Dec-15	17-Dec-15	22-Nov-15	24-Dec-14	
Indore	1670	1666	1626	1660	0.60
Bareilly	NA	NA	NA	1577	-
Delhi	1695	1697	1700	1680	0.89
Khanna	NA	NA	NA	NA	-
Kanpur	1615	1603	1613	1550	4.19
Karnal	NA	NA	NA	NA	-
Rajkot	1592	1577	1602	1690	-5.80
Kota	1657	1627	1646	1680	-1.37

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

Wheat Future Market: NCDEX:

Wheat Futures Contract: NCDEX Price							Date: 28.12.2015		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Jan	4	1698	1698	1688	1696	270	120	1790	640
16-Feb	0	-	-	-	-	-	-	-	-
16-Mar	0	-	-	-	-	-	-	-	-

Futures Market:

Wheat Technical Analysis:

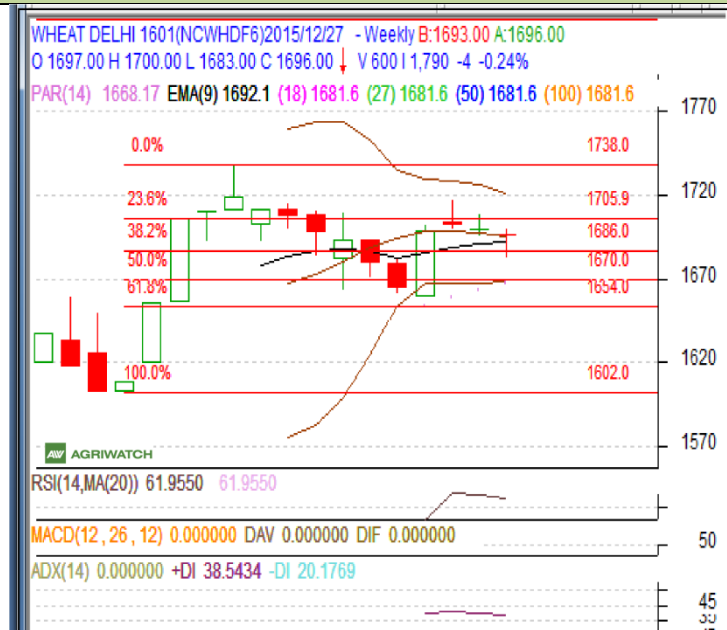
Wheat – Technical Outlook

January Contract, Expiry: 20 January,2015

Technical Commentary:

- Last candlestick depicts weakness in the market.
- RSI is moving down in neutral zone.
- Prices closed above 9 and 18 days EMAs.
- Decrease in price, lower volume and OI indicate short build up.

Wheat prices are likely to trade down this week.



Strategy: Sell on Rise

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Jan	1670	1685	1696	1712	1739
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Jan	Sell Below	1706	1690	1686	1711

Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the first week of January due to improved demand from local millers and lower area coverage so far. However, any unexpected spike is unlikely. Common grade wheat may rule steady while premium /milling grade would continue to trade firm. Futures may trade in the lower – upper limit of Rs1686 and Rs1711 in the short term.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			24-Dec-15	23-Dec-15	17-Dec-15	24-Nov-15	24-Dec-14
Delhi	Lawrence Road	Mill Delivery	1685	1690	1690	1685	1675
	Narella	Mill Quality Loose	1635	Closed	1650	NA	NA
	Nazafgarh	Mill Quality Loose	1625	Closed	1625	1640	NA
Gujarat	Rajkot	Mill Delivery	NA	NR	1590	1625	1710

	Ahmedabad	Mill Delivery	NA	NR	1650	1665	1740
	Dhrol	Mill Quality Loose	NA	1725	NA	1825	NA
	Surat	Mill Delivery	NA	NA	1670	1635	1780
M.P.	Bhopal	Mill Quality Loose	NA	1550	1600	1500	1550
	Indore	Mill Delivery	1675	1680	1680	1650	1700
Rajasthan	Kota	Mill Quality Loose	1580	1580	1550	NA	1560
		Mill Delivery	1670	1670	1640	NA	1650
U.P.	Kanpur	Mill Delivery	1560	1575	1570	1565	1580
	Mathura	Mill Quality Loose	1570	1550	1575	1510	1580
	Kosi	Mill Quality Loose	1585	1575	1555	1545	1600
	Hathras	Mill Quality Loose	1580	NA	NA	NA	1535
	Aligarh	Mill Quality Loose	1550	Closed	1520	1500	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	1565	1500
	Hodal	Mill Delivery	NA	NA	NA	NA	1635
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1550
	Bhiwani	Mill Quality Loose	1650	1650	1625	1600	1590
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1900	1900	1850	NA	1850
	Madurai	Mill Quality	1957	1957	1907	NA	1907
	Coimbatore	Mill Quality	1957	1957	1907	NA	1907
Bihar	Sitamari	Mill Delivery	1610	1615	1615	1600	1490
	Khagariya	Mill Delivery	1750	1800	1800	1850	1750

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

Progressive Sowing Status Till 18th dec-2015:

Progressive Wheat Sowing Till 11.12.2015				Till 18.12.2015			
	2015	2014	% ch	Normal	2015	2014	% ch
Andhra Pradesh				0.088	0	0	#DIV/0!
Arunachal Pradesh				0.034	0	0	#DIV/0!
Assam	0	0.16	-100	0.442	0	0.16	-100
Bihar	12.32	11.83	4.142012	21.313	16.09	15.85	1.51
Chhattisgarh	0.5	0.42	19.04762	1.074	0.78	0.7	11.43
Goa			#DIV/0!	0	0	0	#DIV/0!
Gujarat	4.62	7.23	-36.0996	11.938	6.05	8.19	-26.13
Haryana	22.94	23.59	-2.7554	25.05	24.66	24.4	1.07
Himachal Pra.	3.42	3.41	0.293255	3.577	3.6	3.58	0.56
J&K	1.97	1.89	4.232804	2.916	2.21	2.17	1.84
Jharkhand	0.3	0.5	-40	1.387	0.6	0.77	-22.08
Karnataka	1.46	1.43	2.097902	2.394	1.47	1.68	-12.50
Kerala			#DIV/0!	0	0	0	#DIV/0!
Madhya Pradesh	36.5	41.42	-11.8783	48.372	40.58	46.82	-13.33
Maharashtra	3.507	4.22	-16.8957	10.202	4.26	5.04	-15.48
Manipur			#DIV/0!	0.024	0	0	#DIV/0!
Meghalaya			#DIV/0!	0.004	0	0	#DIV/0!
Mizoram			#DIV/0!	0	0	0	#DIV/0!
Nagaland			#DIV/0!	0.029	0	0	#DIV/0!
Odisha			#DIV/0!	0.024	0	0	#DIV/0!
Punjab	33.47	33.2	0.813253	35.168	34.3	34.08	0.65
Rajasthan	22.29	25	-10.84	27.363	24.69	27.23	-9.33
Sikkim			#DIV/0!	0	0	0	#DIV/0!
Tamil Nadu			#DIV/0!	0	0	0	#DIV/0!
Telengana			#DIV/0!	0.004	0	0	#DIV/0!
Tripura			#DIV/0!	0.004	0	0	#DIV/0!
Uttar Pradesh	54.89	83.3	-34.1056	97.218	74.59	92.28	-19.17
Uttarakhand	2.958	2.957	0.033818	3.698	3.15	3	5.00
West Bengal	1.1	1.3	-15.3846	3.208	2.35	2.25	4.44
Pondicherry			#DIV/0!	0	0	0	#DIV/0!
Others	0.038	0.056	-32.1429	0.208	0.07	0.06	16.67
All-India	202.283	241.913	-16.3819	295.735	239.45	268.26	-10.74

Source :Ministry Of Agriculture

International Market Updates:

Export premiums for wheat shipped from the US Gulf Coast were steady in light dealings as many traders were absent from the market for end-of-year holidays. US wheat export demand is facing headwinds from ample world supplies and a strong dollar, which makes the grain more expensive for those buying with other currencies.

Egypt's GASC is seeking cargoes of wheat from various origins for shipment January 21-31. Results of the snap tender are expected by this weekend. Traders are not expecting US wheat to be offered in the tender due to uncompetitive prices. Traders continue to monitor grain sales in Argentina, which have been lighter than anticipated following the peso devaluation, cuts to export taxes and an expected lifting of wheat and corn export quotas. Any increase in sales of stored grain would challenge US supplies in the world market.

B, desh has issued an international tender to import 50,000 tonnes of milling wheat. The deadline for this offer is 10th of January-2016. Bid winners have to deliver wheat within 40 days of the signing of the contract. The tender called for wheat with at least 12.5 percent protein and a minimum test weight of 76 kilos per hectoliter. Around 1.25 lakh tonne wheat has been rejected due to quality reasons in last four weeks. Wheat imported from Brazil was rejected earlier. French wheat too was found below quality norm in recent weeks.

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.

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
	23-Dec-15	16-Dec-15	23-Nov-15	22-Sep-15	23-Jun-15	23-Dec-14	
16-Mar	173.32	177.64	182.87	184.71	202.44	224.67	-22.85
16-May	175.98	180.03	184.25	186.46	205.28	226.04	-22.15
16-Jul	178.83	182.05	185.63	187.93	206.94	226.50	-21.05
16-Sep	182.41	185.63	188.75	191.05	193.62	229.26	-20.43
16-Dec	187.65	190.77	193.71	196.19	198.03	232.66	-19.34

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.



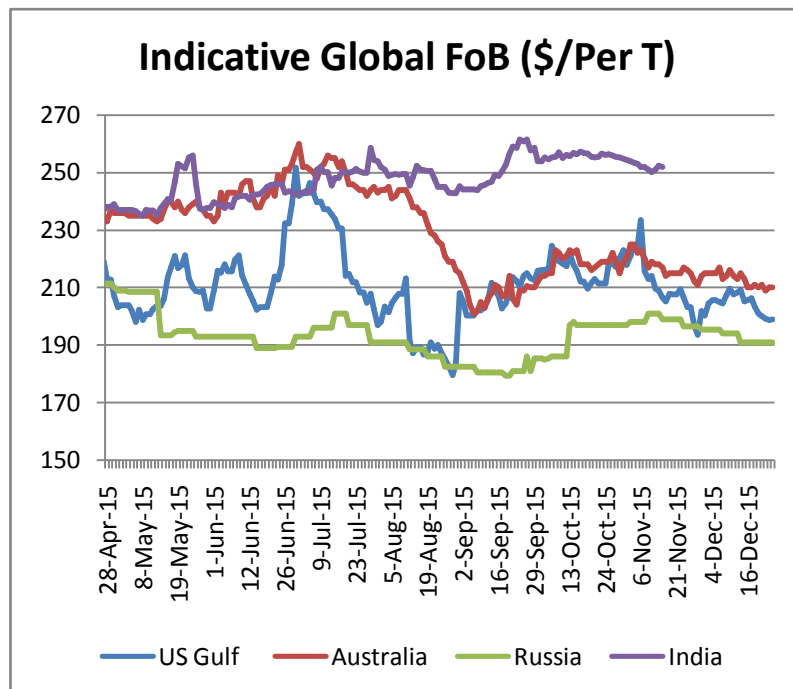
International FOB prices Weekly price Movement (USD/T)

Indian FoB quote is not available.

US, Australia quotes are hovering in the range of \$209 to \$211 per tonne. More dip is unlikely as buyers are expected to return into the market at lower level

Russian quote was registered at \$191, lower by \$8 from first week of Dec-2015

Wheat quotes may hover range bound due to excess supply in the global market in coming weeks.



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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