

Wheat Domestic Market Fundamentals: -

Wheat cash market continued to trade up by 0.29 % to Rs 1690 per qtl. in comparison to 3rd week of December-2015 in Delhi during the week under review. All India average price of FAQ quality was registered at Rs 1855.09 per qtl last 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 in coming weeks.

Delayed sowing, lower area coverage by 7.40 percent and increasing fear of lower yield from late sown crop in Madhya Pradesh, Uttar Pradesh, Maharashtra and Rajasthan may remain supportive for the cash market fundamentals. 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 271.46 lakh ha area till 1st Jan-2016. It is almost 7.4 % lower (293.16 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 11.28, 27.21 and 13.60 % at progressive wheat area coverage front. Sowing is on and would continue till 15th January-2016. Recovery in coverage is expected now to some extent with decreasing temperature in central, east and western parts of India. However, overall acreage may decrease from 306 lakh ha. to 29.0 lakh ha due to late sowing.

Wheat sowing is almost over in Punjab now. Punjab has covered 0.17 percent lower area this year. It has covered 34.89 lakh ha against 34.95 lakh ha till 1st Jan, last year. It is 0.79 percent lower of the normal coverage. Haryana too has covered 1.01 % higher area so far. It has covered 25.03 lakh ha against 24.78 lakh ha last year till date. Both the States normally cover 35 and 25 lakh ha area under wheat every year.

Export continues in small quantity for various destinations. India exported 5586.84 tonne wheat during week ended 27 December-2015. Average FoB quote realized last week was \$311.9 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. India imported 6000 tonne wheat during the same period after a gap of four weeks at an average CiF of \$260.86 per tonne. Wheat landed at Cochin sea and imported from Australia.

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 sown 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 farmer's preference for these varieties is its ability to resist higher temperature and yellow rust disease. Besides, these varieties also give a yield of up to 21.4 quintal per acre against 20 quintal/acre for other varieties. It is also short duration crop.

Yellow rust has been spotted on wheat crop in some parts of Punjab and it may spread rapidly as condition for its spread is very conducive now. As per latest update by Punjab Agricultural University (PAU), yellow rust disease has been spotted in some wheat fields in Anandpur Sahib and Nangal in Ropar district which are sub-mountainous areas of Punjab. The affected crop is HD 2967. PAU has suggested farmers to be careful and use pesticide advised by agri scientists. Farmers need to be vigilant in Gurdaspur and Pathankot in Punjab, Yamunanagar in Haryana and Kathua in Jammu and Kashmir. Wheat Production may dip below 85 MMT in 2016-17 MY. Weather remains unfavorable.

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.

Trade Call: Stake holders should trade in Jan Contract taking care of lower and upper side of 1654 & 1705 respectively.

Weather Update: Weather Condition:

In the post monsoon season, weekly Rainfall for the country as a whole during the week 10th December to 16th December, 2015 was 22% higher than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was higher by 144% in North West India and lower by 35% in Central India, 32% in South Peninsula and 20% in East and North-East India.

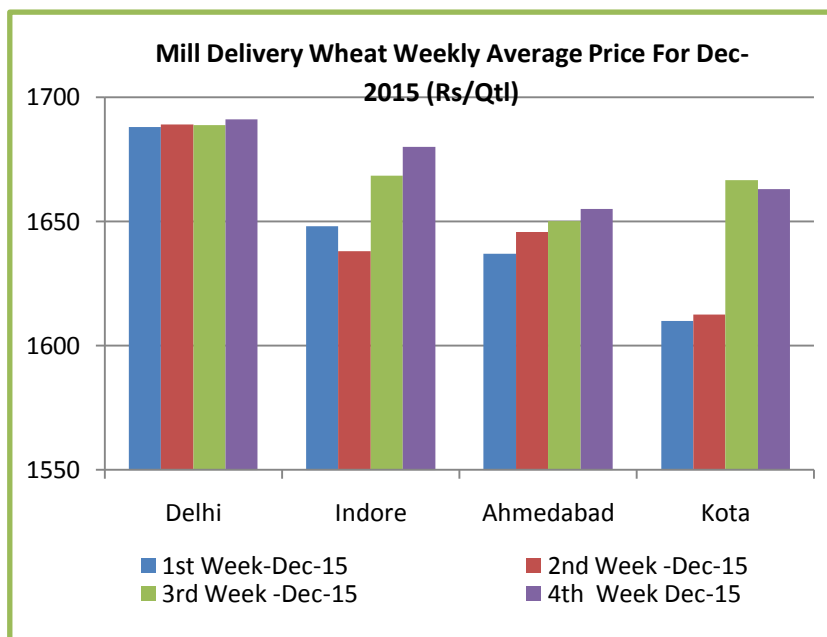
Wheat Weekly Ave Price Chart:

Wheat average prices moved slightly up week on week basis in all major markets. Higher increase was registered in Indore 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 based on 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.

Slight decrease was registered in Kota due to ample supply from private trades and central pool stock.



Wheat WPI/ Inflation:

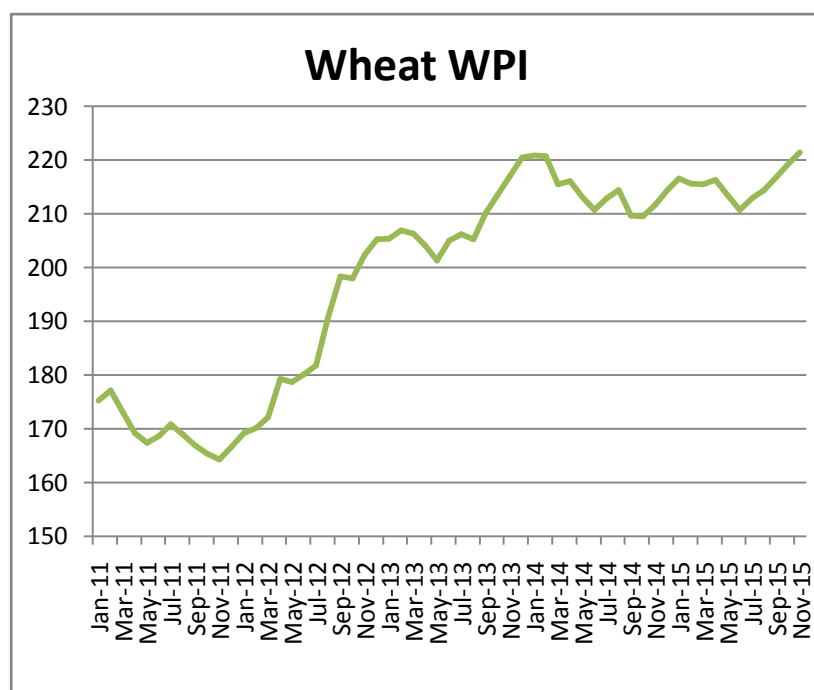
Wheat WPI increased from 219.3 to 221.5 in November, 2015.

Wheat inflation increased to 4.63 percent month on month basis.

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

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

More jump in WPI is expected in January, 2016.



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(The latest break up is 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:

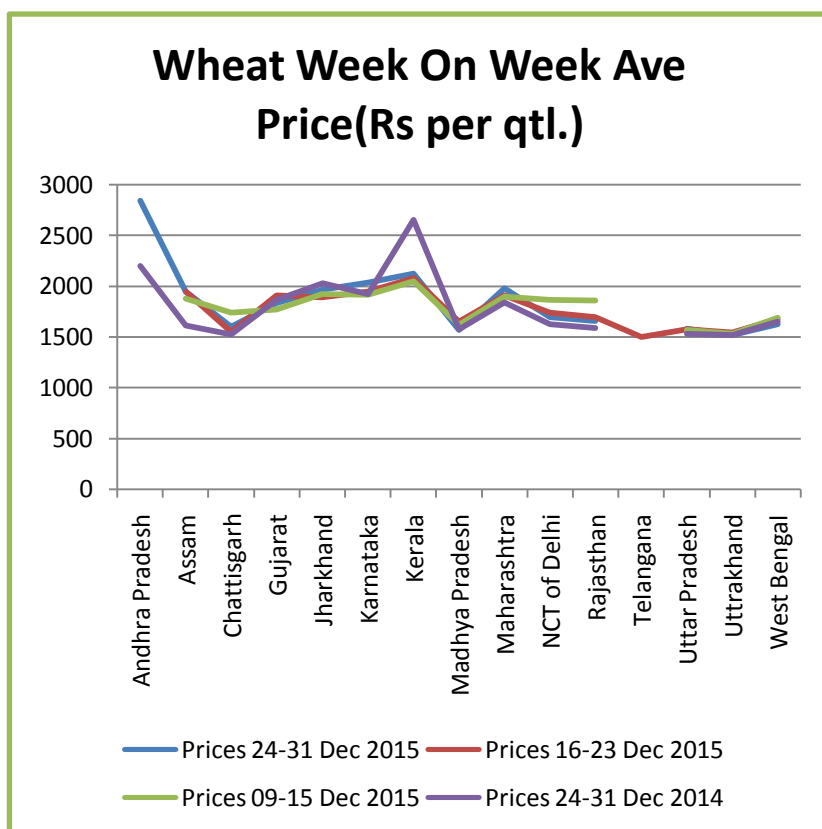
All India average price of Wheat increased from Rs 1745.11 to Rs1855.09 per qtl week on week basis.

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.



Indicative FOB Value For Wheat In India AtKandla:

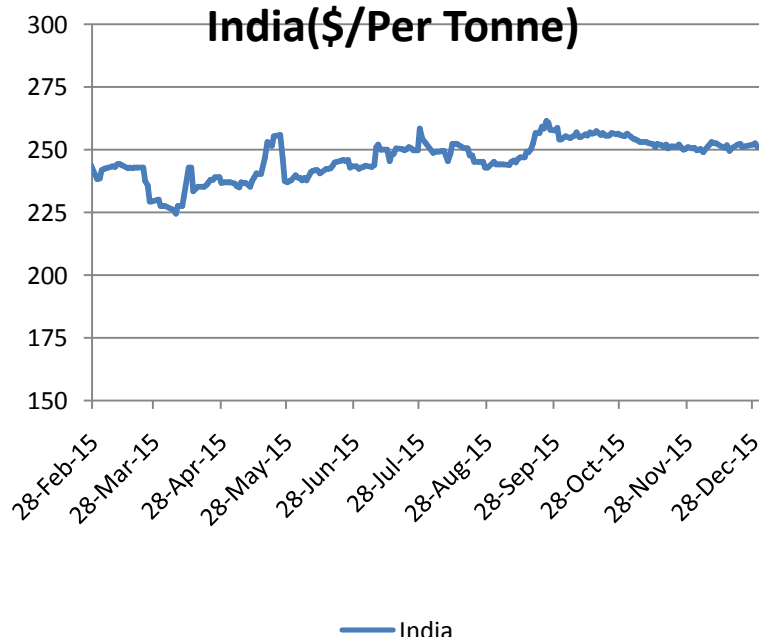
Indian FoB quotes are not available as export remains almost at halt. It is based on market price available in Saurashtra region.

India has exported some premium grade wheat at \$311 /312 per tonne last week. Buyers for Indian wheat remain sidelined due to higher prevailing prices in domestic markets.

It is hovering in the range of \$250 to \$254 per tonne for common grade wheat. Market is likely to stay steady at this level as buyers are unwilling to strike any fresh deal.

Experts say that there is no export parity and volume would remain at negligible level in the weeks ahead.

Indicative FoB Quote India(\$/Per Tonne)



Wheat Export Weekly Data:

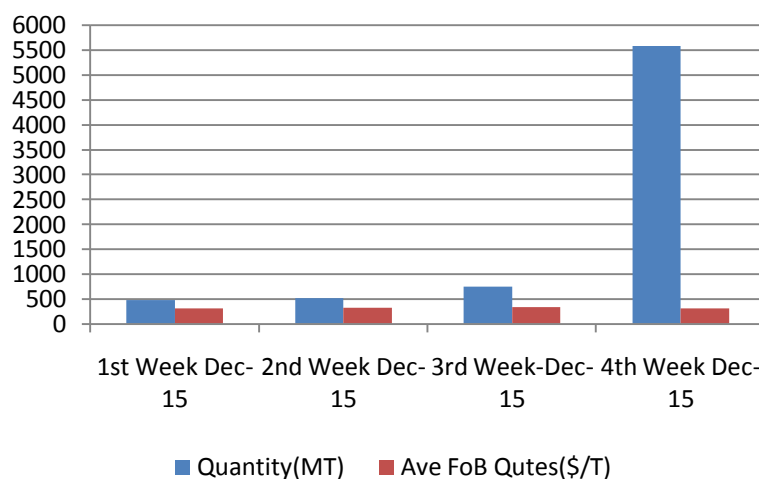
Wheat export volume has been negligible during last few weeks and there is no hope for any recovery in coming weeks as disparity continues to discourage exporters.

India exported around 5586 tonne during the week ended 27th Dec-2015, higher by 251 % ~~from~~ in comparison to third week of Dec-2015.

Average FoB price realized during the same period was \$311.9 per tonne, lower by 6.27 %. Before this average FoB price was registered at \$332.78 per tonne

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 the imposition of 25% duty and it virtually stopped during last 7 weeks.

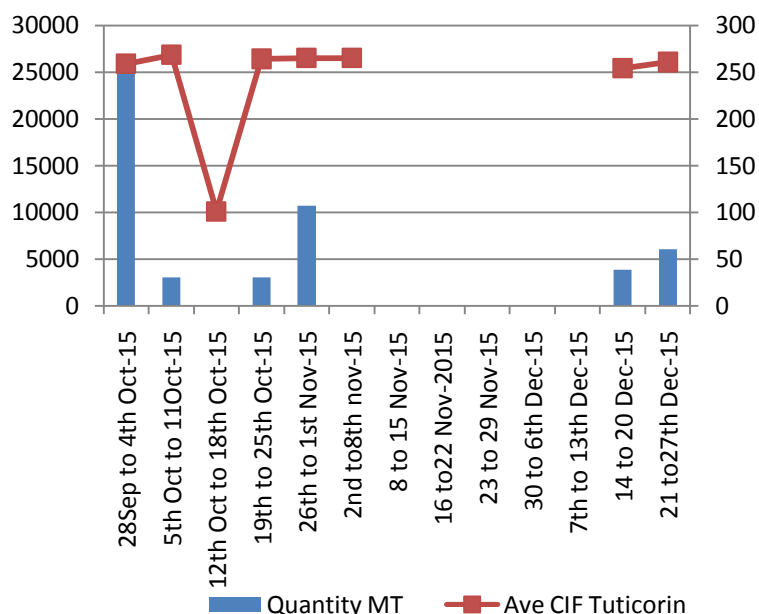
Last week India imported around 6000 t wheat from Australia at an Ave CiF of \$260.86 per tonne. Wheat landed at Cochin Port.

Emerging scenario in global market is not in favor of India as other exporting countries are offering wheat at very attractive prices. Argentina has devalued its currency by 26 % and decreased export tax from 20 to 3 percent. Export limit (quota) has been removed.

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 three weeks.

US FoB quotes are hovering in the range of \$198 to \$200 per tonne. Australia quotes are hovering almost \$206-7 per tonne despite no fresh trade in the new year so far.

Source: IBIS.

Wheat Import Weekly Trend

Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	31-Dec-15	24-Dec-15	29-Nov-15	31-Dec-14	
Indore	1673	1670	1627	1690	-1.00
Bareilly	-	-	-	1638	-
Delhi	1700	1695	1700	1688	0.69
Khanna	-	-	-	-	-
Kanpur	1598	1615	1600	1608	-0.65
Karnal	-	-	-	-	-
Rajkot	1641	1592	1591	1705	-3.78
Kota	1656	1657	1633	1690	-2.01

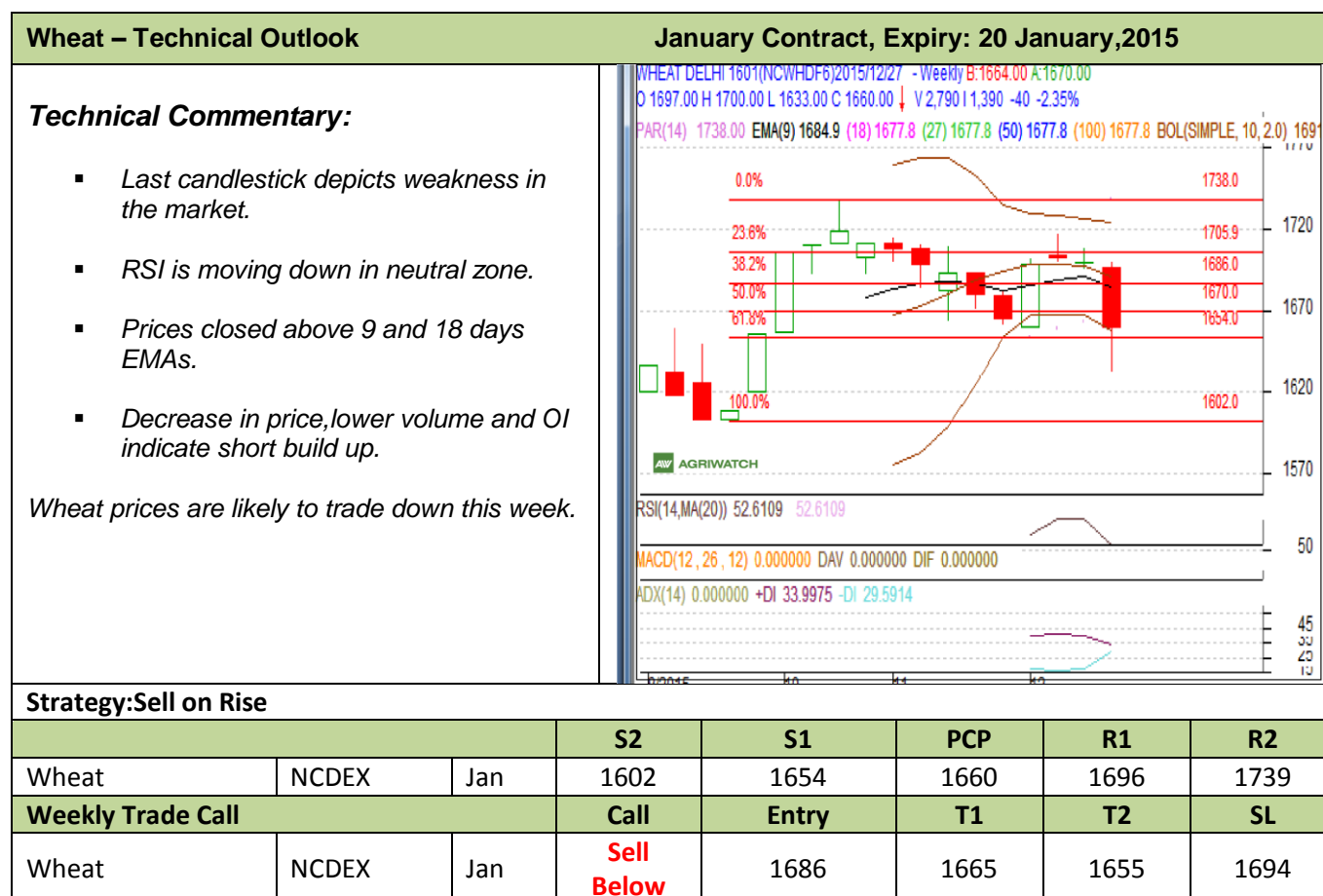
Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Wheat Future Market:NCDEX:

Wheat Futures Contact: NCDEX Price							Date:31.12.2015		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Jan	-20	1685.00	1685.00	1633.00	1665.00	870	360	1530	355
16-Feb	-28	1690.00	1690.00	1676.00	1676	30	10	90	10
16-Mar									

Futures Market:

Wheat Technical Analysis:



Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the second 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 Rs1655 and Rs1690 in the short term.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			31-Dec- 15	30-Dec- 15	24-Dec- 15	1-Dec-15	31-Dec- 14
Delhi	Lawrence Road	Mill Delivery	1690	1690	1680	1685	1685
	Narella	Mill Quality Loose	1620	Closed	1635	1650	NA
	Nazafgarh	Mill Quality Loose	1640	Closed	1630	1630	NA
Gujarat	Rajkot	Mill Delivery	NR	NR	NR	1600	1740
	Ahmedabad	Mill Delivery	NR	NR	NR	1625	1800
	Dhrol	Mill Quality Loose	1670	1845	1820	1720	NA
	Surat	Mill Delivery	NR	NR	NR	1645	1825
M.P.	Bhopal	Mill Quality Loose	1560	1560	NR	1525	1560
	Indore	Mill Delivery	1680	1680	1675	1640	1710
Rajastha n	Kota	Mill Quality Loose	1600	1580	1580	1510	1600
		Mill Delivery	1700	1650	1670	1610	1670
U.P.	Kanpur	Mill Delivery	1565	1565	1560	1565	1590
	Mathura	Mill Quality Loose	1600	1580	1570	NA	1620
	Kosi	Mill Quality Loose	1585	1580	1585	NA	1600
	Hathras	Mill Quality Loose	NA	NA	1580	NA	1600
	Aligarh	Mill Quality Loose	1550	Closed	1550	NA	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	1560	1490
	Hodal	Mill Delivery	NA	NA	NA	NA	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1650	1600	1650	1625	1620
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1900	1900	1900	1850	1850
	Madurai	Mill Quality	1957	1957	1957	1907	1907
	Coimbatore	Mill Quality	1957	1957	1957	1907	1907
Bihar	Sitamari	Mill Delivery	NR	1615	1610	1610	1520
	Khagariya	Mill Delivery	1750	1750	1750	1850	1800

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			30-Dec-15	23-Dec-15	29-Nov-15	30-Dec-14
USA (Chicago)	2srw	-26.09	198.31	200.04	196.53	268.32
France	FCW3	#VALUE!	NA	NA	NA	NA
Australia	ASW	#VALUE!	NA	NA	NA	262.00
Russia	SRW	-27.51	191.00	191.00	196.50	263.50
India	Fob	#VALUE!	NA	NA	NA	NA

Progressive Sowing Status Till 01 st Jan-2016:

State Wise Progressive Wheat Sowing Till 01.01.2016				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088	0	0	#DIV/0!
Arunachal Pradesh	0.034	0	0	#DIV/0!
Assam	0.442	0	0.17	-100
Bihar	21.313	21.32	21.14	0.85
Chhattisgarh	1.074	1.12	1.22	-8.20
Goa	0	0	0	#DIV/0!
Gujarat	11.938	8	10.99	-27.21
Haryana	25.05	25.03	24.78	1.01
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.4	2.35	2.13
Jharkhand	1.387	1.25	1.04	20.19
Karnataka	2.394	1.51	1.74	-13.22
Kerala	0	0	0	#DIV/0!
Madhya Pradesh	48.372	47.59	55.08	-13.60
Maharashtra	10.202	5.14	6.55	-21.53
Manipur	0.024	0	0	#DIV/0!
Meghalaya	0.004	0	0	#DIV/0!
Mizoram	0	0	0	#DIV/0!
Nagaland	0.029	0	0	#DIV/0!
Odisha	0.024	0	0	#DIV/0!
Punjab	35.168	34.89	34.95	-0.17
Rajasthan	27.363	27.86	27.23	2.31
Sikkim	0	0	0	#DIV/0!
Tamil Nadu	0	0	0	#DIV/0!
Telengana	0.004	0	0	#DIV/0!
Tripura	0.004	0	0	#DIV/0!
Uttar Pradesh	97.218	85.03	95.84	-11.28
Uttarakhand	3.698	3.35	3.21	4.36
West Bengal	3.208	3.25	3.2	1.56
Pondicherry	0	0	0	#DIV/0!
Others	0.208	0.12	0.1	20.00
All-India	295.735	271.46	293.16	-7.40

Source :Ministry Of Agriculture

International Market Updates:

Global wheat market has shown some firmness 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.

Argentina has revised its grain export policies and it would encourage farmers to grow more wheat and corn now. Export permit policy has been cancelled. Export tax too has been removed on corn and wheat. Local farmers had reduced their wheat and corn area under export permit system and lower price. Now they will double their area under wheat and corn-say experts.

Argentina's Agriculture Ministry has forecasted the current wheat crop to be 10.9 million metric tons. That is below the 2007-08 record crop of 16.4 million, before the export permit policy was initiated. The export of grains has become more profitable for farmers after Argentina's government lifted four years of currency controls, leading to the biggest one-day peso devaluation in the last 14 years on Dec. 17.

Countries like UAE, Malaysia, Nigeria and Qatar brought 48,30,25 and 5.46 tonne wheat respectively from India last week. Actually, it is a token buying and there is no hope for any bulk demand from our regular buyers due to higher prevailing prices in the domestic market. Russia, France and Argentina are offering wheat lower by \$35 to 45 per tonne and it distracts buyers to source wheat from India. Australia offers wheat at \$216 and US \$209 per tonne. Besides, quality wise they supply better wheat in assured time and this makes a difference.

Australian prime wheat with 10.5 percent protein is currently quoted at about \$240 a ton, including cost and freight to Asia, compared to 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 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.

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 by 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..

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.

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
	30-Dec-15	23-Dec-15	30-Nov-15	29-Sep-15	30-Jun-15	30-Dec-14	
16-Mar	172.59	173.32	174.70	187.83	230.73	221.17	-21.97
16-May	175.07	175.98	177.82	189.58	231.92	222.64	-21.37
16-Jul	177.64	178.83	181.04	190.86	230.08	223.38	-20.48
16-Sep	181.13	182.41	185.26	193.90	226.23	225.86	-19.80
16-Dec	186.27	187.65	191.05	198.86	228.52	229.72	-18.91

CBOT Wheat Futures Chart:

CBOT wheat market traded firm. However, 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 re-opening the new year.



International FOB prices Weekly price Movement (USD/T)

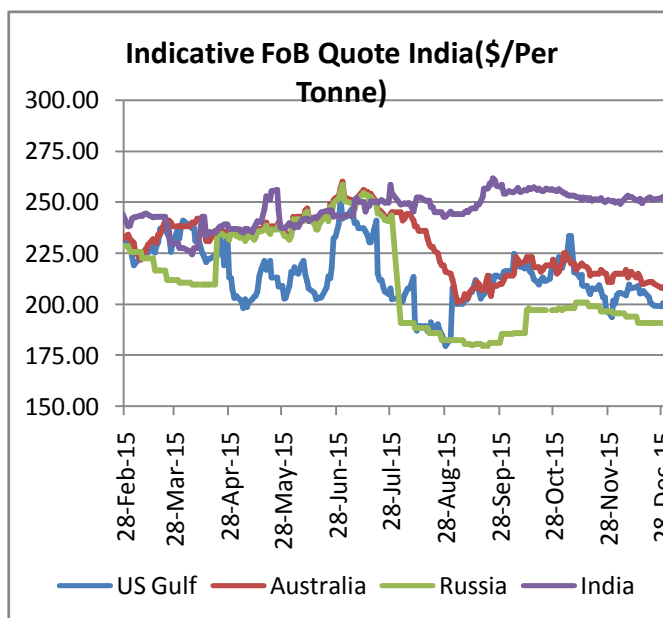
Indian FoB quote is not available.

US, Australia quotes are hovering in the range of \$198 to \$207 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 in the range of \$195 to \$210 due to excess supply in the global market in coming weeks.

Moreover, year-end holidays would restrict any fresh deal in the first week of January.



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 despite recent flooding in US. Besides, Argentina has abolished export tax(23 %) on wheat and cancelled wheat export quota system., 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 to some extent. Month of January remains crucial for standing crop in the field. Overall outlook is bearish. Any spike in global wheat market is unlikely.

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