

Wheat Domestic Market Fundamentals: -

Wheat cash markets continued its upward movement and increased by 3.07 % week on week basis from Rs 1728.79 to Rs 1782.02 per qtl. during the week under review. Prices ruled 4.42 % higher from January, 2015. All India average price of FAQ quality was registered at Rs 1782.02.47 per qtl last week. Slight decrease is expected due to improved sowing status in Uttar Pradesh and decreasing temperature in other producing regions. Major price decline was seen in Chhattisgarh (8.47%) and Madhya Pradesh(2.18%) where prices ruled at Rs 1503.08 and Rs 1631.47 per qtl. However, prices increased in Gujarat, Haryana and Maharashtra. Wheat cash market may trade range bound to slightly firm in the short term to medium term.

Export and import continue in small quantity for various destinations. India exported 519.05 tonnes of wheat during week ended 10th January-2016..Average FoB quote realized last week was \$319.39 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. There was no import last week. However, lower price in global market and decreasing crude oil may encourage south Indian millers to import wheat despite 25% applicable import duty in India.

Delayed sowing, lower area coverage by 5.89 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 281.7 lakh ha area till 8th Jan-2016.It is almost 5.89 % lower (299..33 lakh ha) in comparison to area covered in the corresponding time last year. States like Uttar Pradesh, Gujarat and Madhya Pradesh are running behind by 5.27,27.16 and 14.48 % at progressive wheat area coverage front. Sowing is almost over now. So any major recovery at coverage front is unlikely. However, overall acreage may decrease from 306 lakh ha. to 285 lakh ha due to late sowing and moisture stress in Nov-Dec-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.

Latest Developments In Domestic Markets : -

Wheat WPI has increased slightly to 222.7 in Dec, 2015 from 221.5 in Nov, 2015. Wheat prices may rule steady to slightly firm in the weeks ahead. Monthly wheat inflation increase is 3.82.It was 4.63 in Nov-2015.

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.

Wheat supply is bound to increase now as FCI is planning to offload excess stock of wheat in next two and a half months till March-2016.Wheat would be sold in open market..The Food Corporation of India (FCI) has so far sold close to 41 lakh tonnes of wheat in the current year. Total sale in current fiscal year is expected to reach at 65 lakh tonne and average price is expected to be around Rs 1605 per qtl. Last year FCI had sold wheat at an average price of Rs 1602 per qtl.

As on January 1, the FCI's wheat stock was registered at 240 lakh tonnes, up by 74% as against the 138 lakh tonnes required as per the buffer stocking norms on the same date. Higher availability in open market would restrict firm trend in wheat. Overall availability would be ample to take care of lean season demand.

Outlook & Recommendation: -

Wheat cash market is expected to trade range bound to weak in the short term while firm in medium term. Lower area coverage and tight supply side for FAQ/premium varieties may continue to lend support to market fundamentals.

Trade Call: Stake holders should trade in Feb Contract taking care of lower and upper price tag of Rs 1660 & 1710 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.

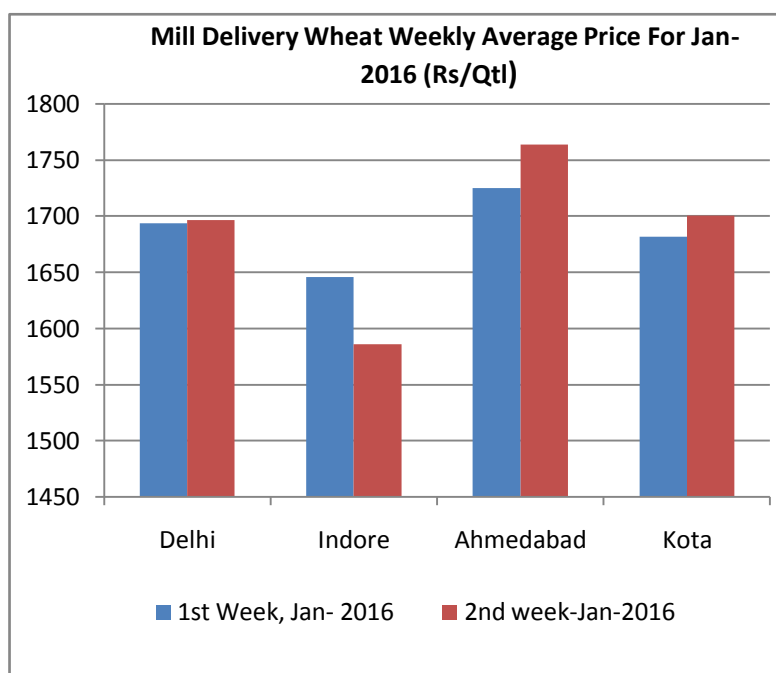
Wheat Weekly Ave Price Chart:

Wheat average prices moved slightly up week on week basis in all major markets except Indore. Higher increase was registered in Ahmadabad last week due to shortage of FAQ varieties and lower supply from western and central parts of India.

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 to wheat cash market in the weeks ahead.

Prices of wheat increased in Kota too due to restricted supply from private trades and central pool stock.



Wheat WPI/ Inflation:

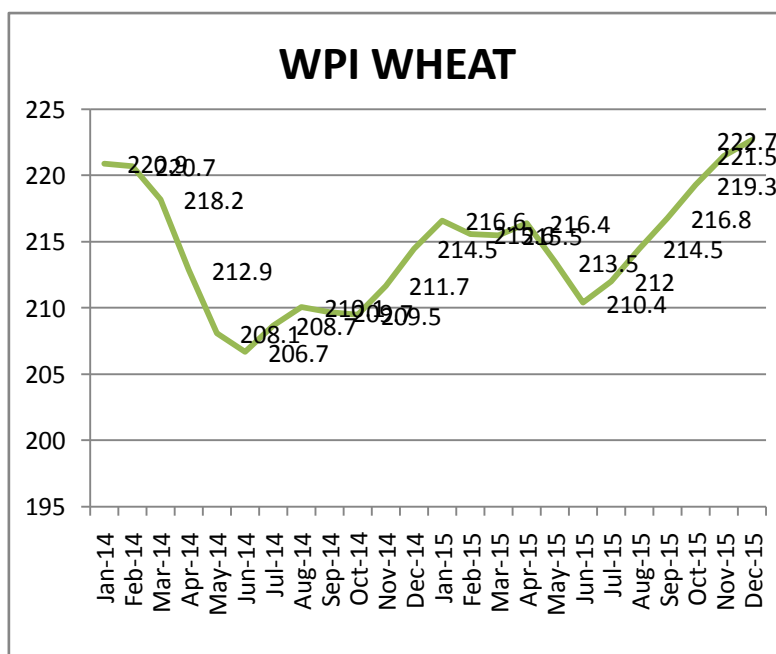
Wheat WPI increased from 221.5 to 222.7 in December, 2015.

Wheat inflation increased to 3.82 percent month on month basis.

Wheat cash market price will continue to trade up and it may further boost inflation 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 Feb, 2016.



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)

As on January 1, the FCI's wheat stock was registered at 240 lakh tonnes, up by 74% as against the 138 lakh tonnes required as per the buffer stocking norms on the same date. Higher availability in open market would restrict firm trend in wheat. Overall availability would be ample to take care of lean season demand.

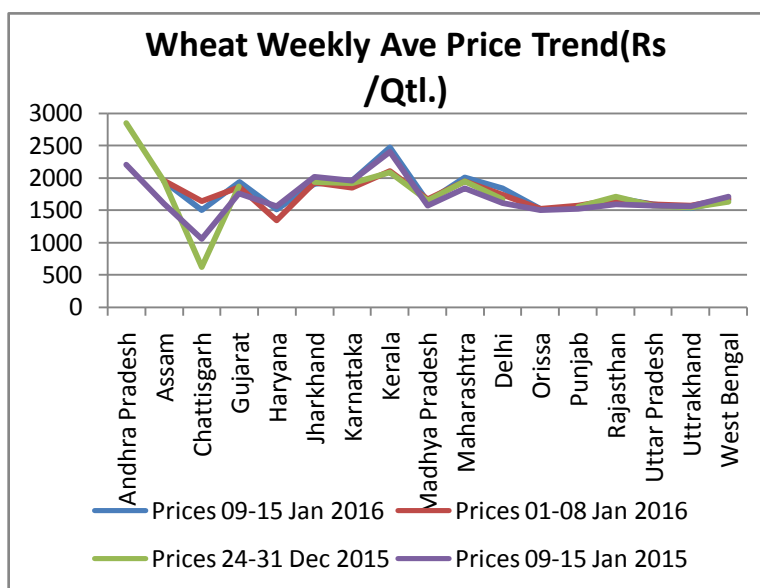
State Wise Average Weekly Price Trend:

All India average price of wheat increased by 3.07 % week on week basis from Rs 1728.79 to Rs 1782.02 per qtl. during the week under review. Prices ruled 4.42 % higher from January, 2015.

Prices increased in AP, Jharkhand, Karnataka, Kerala, Maharashtra and Uttar Pradesh in the range of 0.1 % to 2.17 % in comparison to last week.

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.

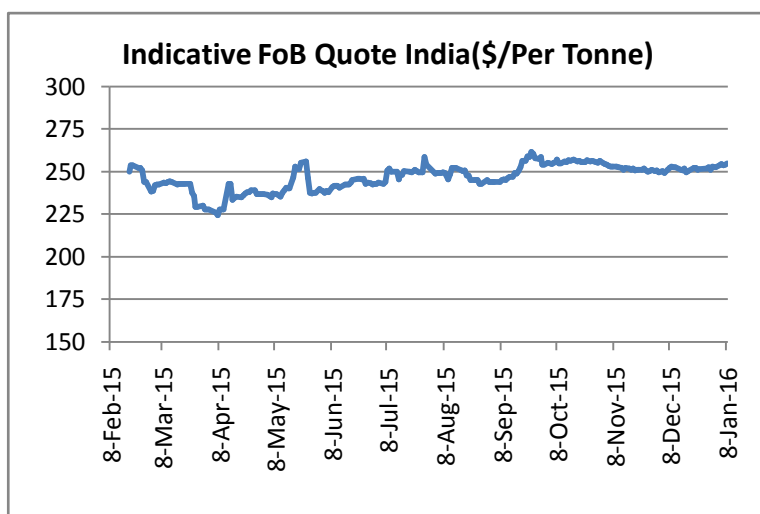


Indicative FOB Value For Wheat In India At Kandla:

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 \$324 /325 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.



Wheat Export Weekly Data:

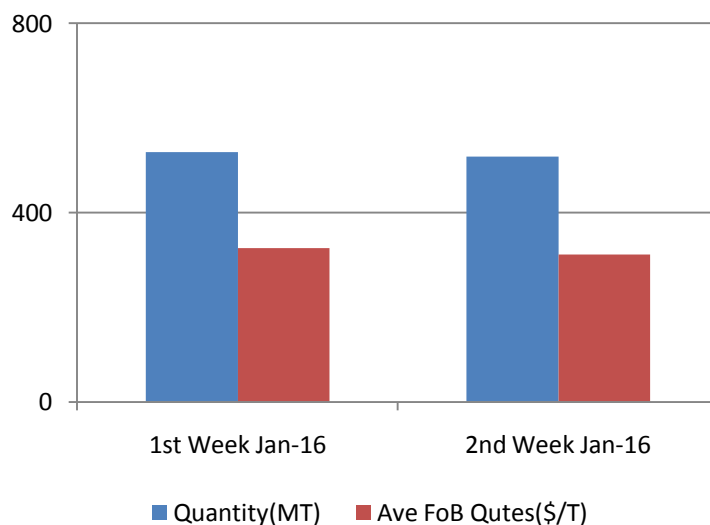
Wheat export volume has been negligible during last few weeks and there is no hope for any recovery in coming weeks as disparity continues to discourage exporters.

India exported around 519.05 tonne during the week ended 10th Jan-2016 slightly lower than last week. Before, this India had exported 552 tonne wheat.

Average FoB price realized during the same period was \$311.39 per tonne, lower by 1.73 %. Before this average FoB price was registered at \$324 per tonne

Major buyers were Kuwait, Sudan and west Asian countries.

Wheat Weekly Export Trend Jan 2016



Wheat Import:

Import parity for wheat was not in favour of India with the imposition of 25% duty and it virtually stopped import for few weeks.

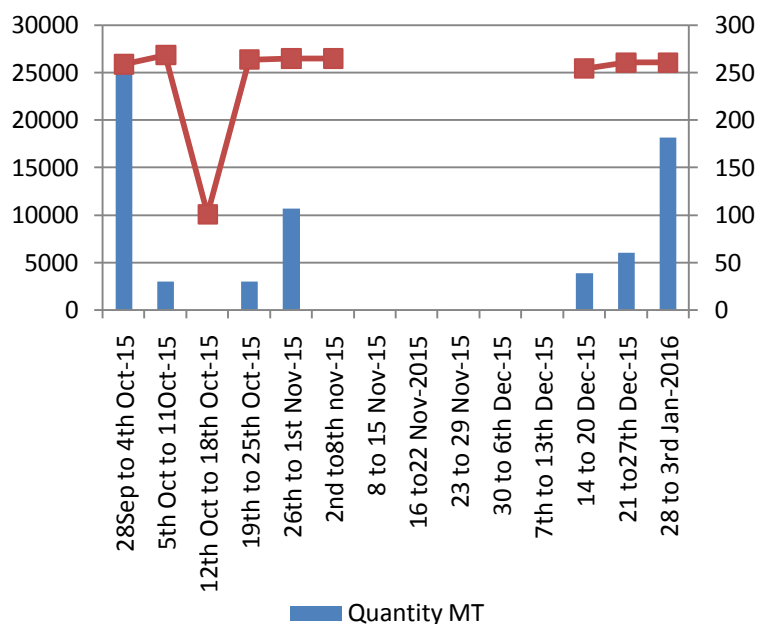
However, situation may change as wheat price in global market is decreasing. Besides, freight has decreased due to cheaper crude oil.

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 \$191 to \$181 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.

Wheat Import Weekly Trend



Source: IBIS.

Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	14-Jan-16	7-Jan-16	13-Dec-15	14-Jan-15	
Indore	1675	1671	1642	1685	-0.59
Bareilly	-	-	-	1634	-
Delhi	1704	1697	1702	1670	2.04
Khanna	-	-	-	-	-
Kanpur	1618	1610	1595	1620	-0.12
Karnal	-	-	-	-	-
Rajkot	-	1656	1573	1701	-
Kota	1678	1673	1629	1695	-1.00

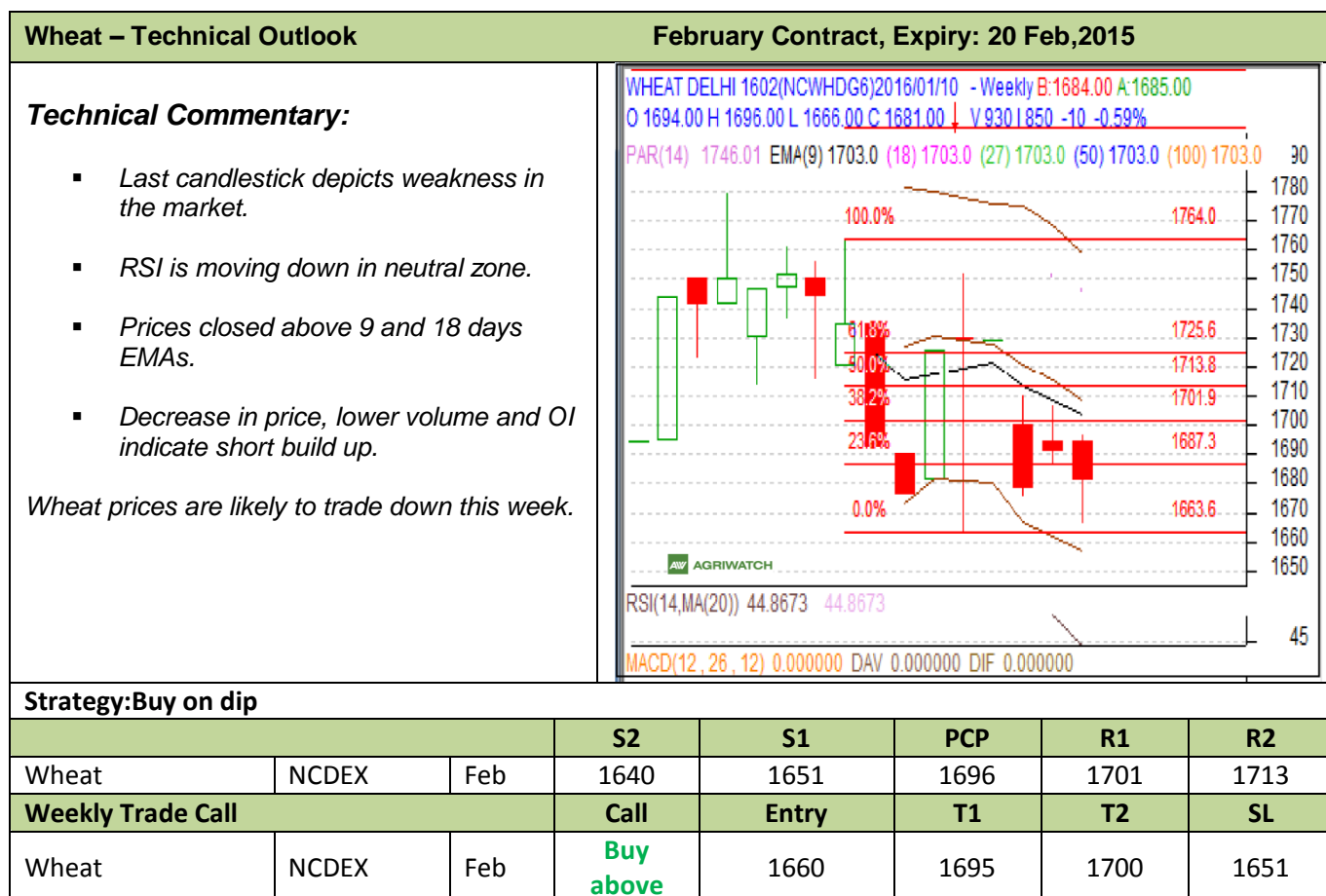
Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Wheat Future Market:NCDEX:

Wheat Futures Contract: NCDEX Price									Date:15.01.2016
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Jan	1	1644.00	1665.00	1622.00	1638.00	20	-40	190	-100
16-Feb	1	1674.00	1685.00	1674.00	1680.00	60	-200	850	6-0
16-Mar	6	1685	1685	1685.00	1685	10	-10	70	10

Futures Market:

Wheat Technical Analysis:



Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the third 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 price tag of Rs1650 and Rs1700 in the short term.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			14-Jan-16	13-Jan-16	7-Jan-16	15-Dec-15	14-Jan-15
Delhi	Lawrence Road	Mill Delivery	NA	1695	1690	1690	1660
	Narella	Mill Quality Loose	NA	NA	1630	1645	NA
	Nazafgarh	Mill Quality Loose	NA	NA	1635	1630	NA



Gujarat	Rajkot	Mill Delivery	NA	1720	1710	1590	NA
	Ahmedabad	Mill Delivery	NA	1770	1750	1650	NA
	Dhrol	Mill Quality Loose	NA	NA	1960	NA	NA
	Surat	Mill Delivery	NA	1800	1775	1670	NA
M.P.	Bhopal	Mill Quality Loose	1570	1570	1570	1550	1600
	Indore	Mill Delivery	1685	1685	1690	1660	1705
Rajasthan	Kota	Mill Quality Loose	1615	1615	1600	1540	NA
		Mill Delivery	1700	1700	1690	1650	NA
U.P.	Kanpur	Mill Delivery	1570	1570	1570	1565	1590
	Mathura	Mill Quality Loose	1690	1690	1600	1525	NA
	Kosi	Mill Quality Loose	NA	1650	1600	1540	NA
	Hathras	Mill Quality Loose	1560	NA	1565	1550	1585
	Aligarh	Mill Quality Loose	NA	NA	1525	1550	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1525
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	NA	1570	1550	1550	NA
	Hodal	Mill Delivery	NA	NA	1705	NA	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	NA	NA	1600	1610	1625
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1850	1870	NA
	Madurai	Mill Quality	1907	1907	1907	1927	NA
	Coimbatore	Mill Quality	1907	1907	1907	1927	NA
Bihar	Sitamari	Mill Delivery	1620	1615	1620	1610	1550
	Khagariya	Mill Delivery	1750	1750	1750	1800	1850

Progressive Sowing Status Till 01 st Jan-2016:

State Wise Progressive Wheat Sowing Till 08.01.2016				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088			#DIV/0!
Arunachal Pradesh	0.034			#DIV/0!
Assam	0.442	0	0.17	-100
Bihar	21.313	21.97	22.36	-1.74
Chhattisgarh	1.074	1.39	1.51	-7.95
Goa	0			#DIV/0!

Gujarat	11.938	8.26	11.34	-27.16
Haryana	25.05	25.03	24.78	1.01
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.41	2.4	0.42
Jharkhand	1.387	1.49	1.53	-2.61
Karnataka	2.394	1.59	1.74	-8.62
Kerala	0			#DIV/0!
Madhya Pradesh	48.372	48.32	56.5	-14.48
Maharashtra	10.202	5.52	7.09	-22.14
Manipur	0.024			#DIV/0!
Meghalaya	0.004			#DIV/0!
Mizoram	0			#DIV/0!
Nagaland	0.029			#DIV/0!
Odisha	0.024			#DIV/0!
Punjab	35.168	34.95	35	-0.14
Rajasthan	27.363	28.25	27.71	1.95
Sikkim	0			#DIV/0!
Tamil Nadu	0			#DIV/0!
Telangana	0.004			#DIV/0!
Tripura	0.004			#DIV/0!
Uttar Pradesh	97.218	91.91	97.02	-5.27
Uttarakhand	3.698	3.43	3.21	6.85
West Bengal	3.208	3.45	3.2	7.81
Pondicherry	0			#DIV/0!
Others	0.208	0.12	0.19	-36.84
All-India	295.735	281.7	299.33	-5.89

Source :Ministry Of Agriculture

Global Wheat FOB Quotes	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			14-Jan-16	7-Jan-16	14-Dec-15	14-Jan-15
USA (Chicago)	2srw	-19.60	197.21	196.70	208.30	245.30
France	FCW3	-19.58	153.00	157.00	165.25	190.25
Australia	ASW	-	NA	NA	213.00	261.00
Russia	SRW	-29.03	187.00	189.00	194.00	263.50
India	Fob	-	NA	NA	NA	288.01

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.

This year carryout for wheat in France is likely to increase by 0.56 MMT to 5.78 MMT due to lower than normal export volume by end of MY 2015-16. Before this, wheat inventory in France was seen at higher level (3.45 MMT) in 2008-09. Tough competition in global market, ample supply and huge production (40.96 MMT) last year have forced France to raise its carry-in stock. Its wheat export volume has decreased by 11.3% year on year basis.

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.

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.

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
	14-Jan-16	7-Jan-16	15-Dec-15	14-Oct-15	15-Jul-15	14-Jan-15	
16-Mar	172.13	172.13	181.59	189.67	192.24	211.26	-18.52
16-May	175.89	173.87	183.79	191.51	195.36	212.54	-17.24
16-Jul	179.38	176.54	185.45	192.89	197.11	214.29	-16.29
16-Sep	184.25	180.03	189.03	196.10	181.95	218.33	-15.61
16-Dec	191.32	185.35	193.90	201.15	187.28	223.47	-14.39

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 in next two weeks.



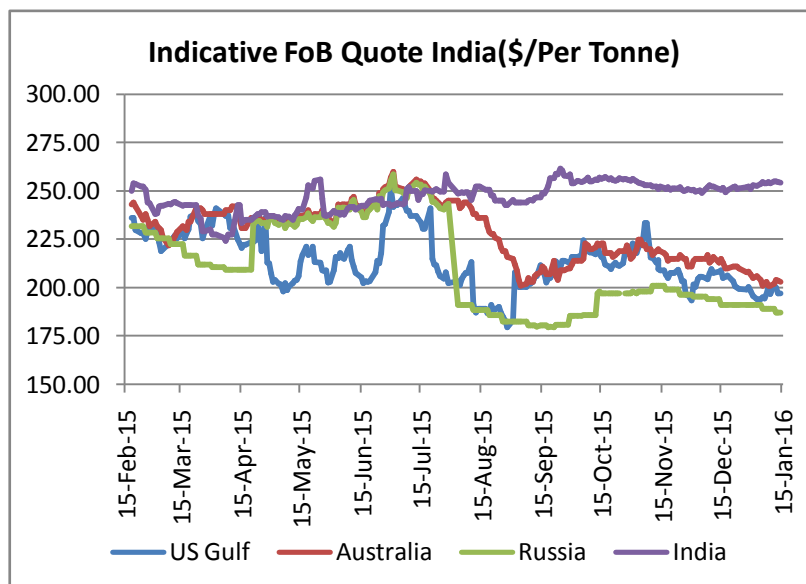
International FOB prices Weekly price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently..

US, Australia quotes are hovering in the range of \$195 to \$200 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level

Russian quote was registered at \$187, lower by \$10 from second week of Dec-2015

Wheat quotes may hover in the range of \$185 to \$205 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 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. Crop loss in any major exporting countries in next two three months, 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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