

#### Wheat Domestic Market Fundamentals: -

All India average wholesale wheat price increased considerably by 1.44 % from Rs 1811.44 to Rs1837.57 per qtl. during the week ended 29th January-2016. Prices ruled 5.75 % higher from 4<sup>th</sup> week of January, 2015. Slight decrease is expected due to improved sowing status in Uttar Pradesh and decreasing temperature in other producing regions with likely light shower of rains expected next week in North India. However, major price decline was seen in Haryana (3.39%), Karnataka (1.66%) Madhya Pradesh (0.66%) and Maharashtra (2.41%), where prices ruled at Rs 1491, Rs 1901.7 and Rs 1649.52 per qtl. respectively. However, prices increased in Rajasthan, Uttar Pradesh and West Bengal. Under current condition wheat cash market may trade range bound to slightly firm in the short to medium term.

Export and import continue in small quantity for various destinations. India exported 325.4 tonnes of wheat during week ended 25 th January-2016. Average FoB quote realized last week was \$351.15 per tonne. As prices are ruling lower in global market, export opportunity for Indian wheat exporters seems bleak. Indian millers imported 4950 tonne wheat from Australia at an ave CiF of \$253.67 per tonne last week. Current lower price in global market and decreasing crude oil may encourage South Indian millers to import wheat despite 25% applicable import duty in India.

As per latest update from Ministry of Agriculture Indian wheat growing States have covered 292.52 lakh ha area till 28<sup>th</sup> Jan-2016. It is almost 4.4 % lower (305.94 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 6.04, 21.60 and 8.25 % 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 293 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 : -

On increasing fear of lower output this year due to two consecutive drought years, moisture stress in the field and higher than normal temperature flour millers have asked the govt to scrap 25 % import duty on wheat from new MY, starting from April-2016. Actually global exporters are eyeing India as a potential bulk buyer. As per flour millers they have to plan early for import requirement. Global market may react when final size of the domestic crop would be clearer by March -April.

Wheat arrival from new crop starts in M.P. (Indore region). Around 2000 bags were traded in the range of Rs 1600 to Rs 1850 per qtl. Quality of new wheat is good and there is no report of any pest incident. Arrival would continue to increase.

Wheat production prospects would depend on the temperature in next two months. If the temperature does not rise above normal after February, there will not be any set back on production. Area sown to wheat remained down by 4.46 per cent at 292.99 lakh hectare as on January 28 of the rabi season compared to 305.60 lakh hectare a year—ago.

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.

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 slightly firm in the short term to medium term. Lower area coverage and tight supply side for FAQ/premium varieties may continue to lend support to cash market fundamentals.

**Trade Call:** Stake holders should trade in Feb Contract taking care of lower and upper price tag of Rs 1640 & 1677 respectively.

#### Weather Update: Weather Condition:

The cumulative rainfall in the country during the post monsoon season i.e. 01st January, 2016 to 20th January, 2016 was 55% lower than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was lower by 6% in East & North East India, 73% in North West India, 26% in Central India and 78% in South Peninsula.

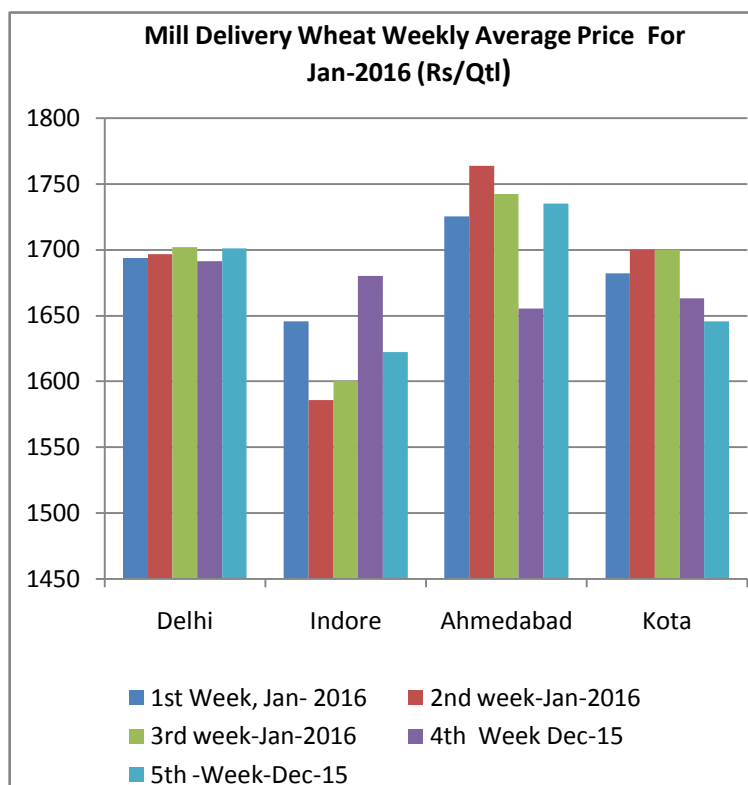
#### Wheat Weekly Ave Price Chart:

Wheat average wholesale prices moved slightly up week on week basis in all major markets except Ahmadabad Indore and Kota. Pressure on wheat price at major trading hubs were seen with new arrivals in M.P., cold wave in Central and North India in wheat growing belts and improved acreage. Futures too decreased and it affected sentiments.

Prices are likely to stay steady at current level as inner tone in the market weakens once again based on improved production prospects this year.

Sentiments may change once again if temperature increases in Feb-March above normal as it will impact normal yield.

Pressure from new arrival in M.P. is expected by the end of February, followed by Gujarat and it will stabilize market during March and April in normal condition.



#### Wheat WPI/ Inflation:

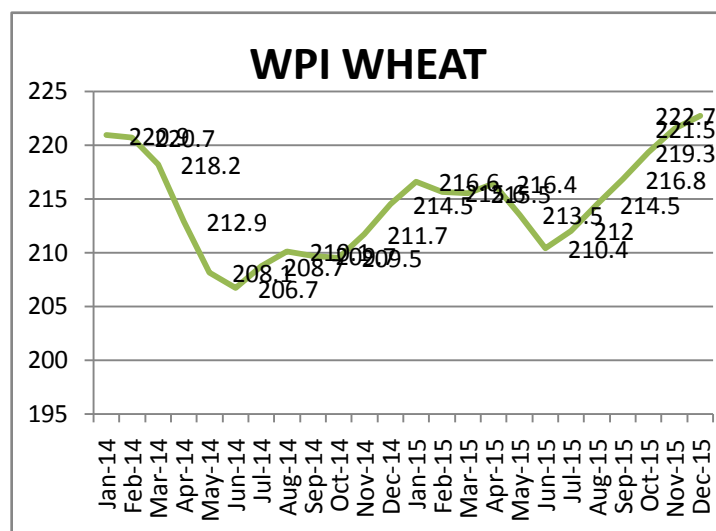
Wheat WPI increased from 221.5 to 222.7 in December, 2015.

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.



Wheat Stock: As on 01<sup>st</sup> 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
<b>TOTAL</b>	<b>182.09</b>	<b>154.56</b>	<b>336.65</b>

**Note:** As on 1<sup>st</sup> 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.

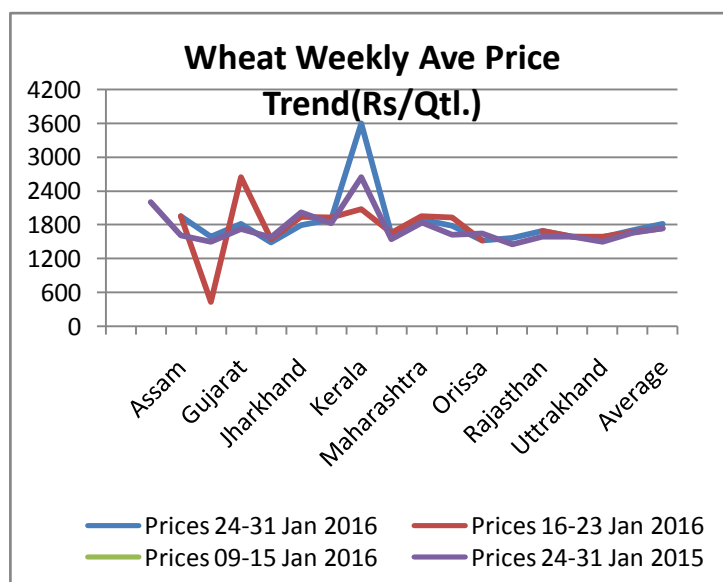
### State Wise Average Weekly Price Trend:

All India average price for wheat increased by 4.49 % week on week basis from Rs 1744.29 to Rs 1822.69 per qtl. during the week under review. Prices ruled 4.89 % higher from January, 2015.

Prices increased in AP, Kerala, Delhi, Maharashtra and Uttar Pradesh in the range of 0.2 % 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 slightly down in the last week of the month in some major bench mark markets.

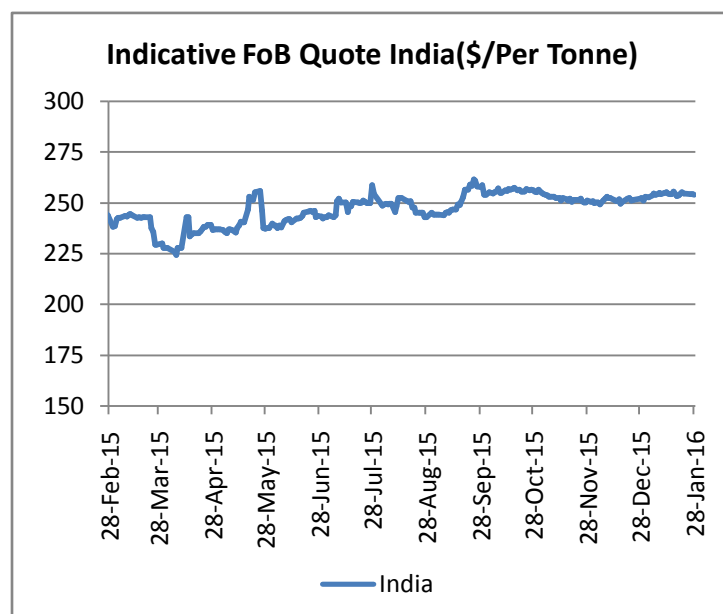


### Indicative FOB Value For Wheat In India At Kandla:

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 \$335 /336 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 \$254 to \$256 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 325.4 tonne during the week ended 25<sup>th</sup> Jan-2016 slightly lower than last week. Before, this India had exported 490.2 tonne wheat.

Average FoB price realized during the same period was \$351.15 per tonne, higher by 4.70 %. Before this average FoB price was registered at \$335.36 per tonne

Major buyers were Kuwait, Sudan and west Asian countries.

#### **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. India imported 4950 Tonne wheat from Australia last week at \$253.50 per tonne on CiF basis at Tuticorin port.

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.

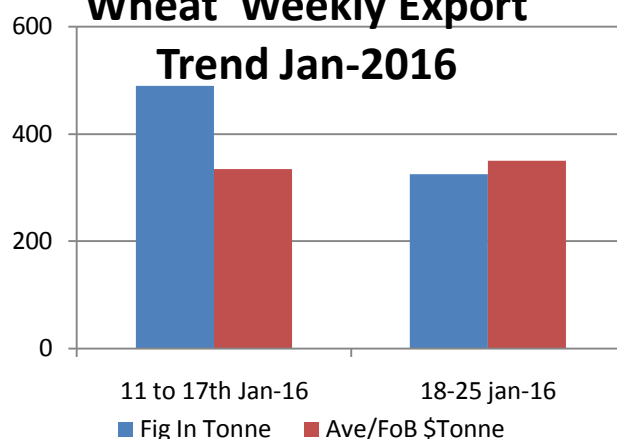
US FoB quotes are hovering in the range of \$198 to \$200 per tonne. Australia quotes are hovering almost \$206-7 per tonne despite no fresh trade in the new year so far.

**Source: IBIS.**

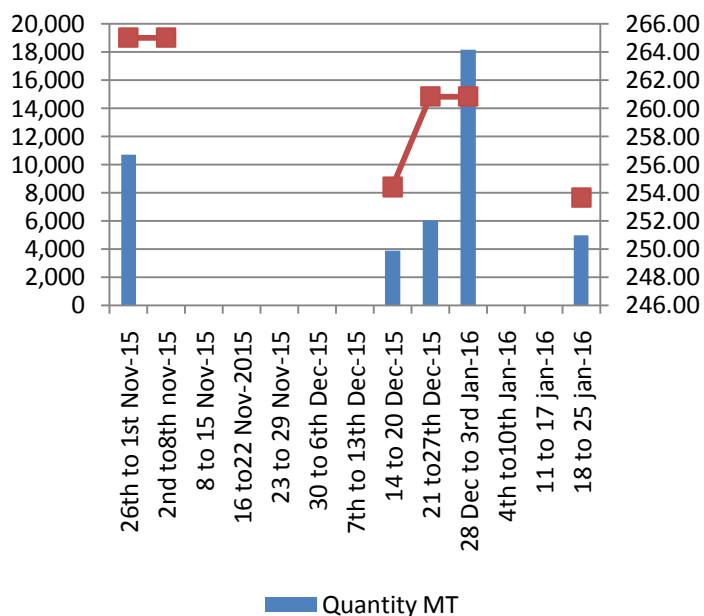
#### **Weekly Price Trend:**

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	28-Jan-16	21-Jan-16	27-Dec-15	28-Jan-15	
Indore	1651	1661	1661	1638	0.79

### Wheat Weekly Export Trend Jan-2016



### Wheat Import Weekly Trend



Bareilly	-	-	-	1623	-
Delhi	1711	1708	1697	1664	2.82
Khanna	-	-	-	-	-
Kanpur	1635	1623	1610	1618	1.05
Karnal	-	-	-	-	-
Rajkot	1622	1669	1615	1677	-3.28
Kota	1697	1698	1662	1670	1.62

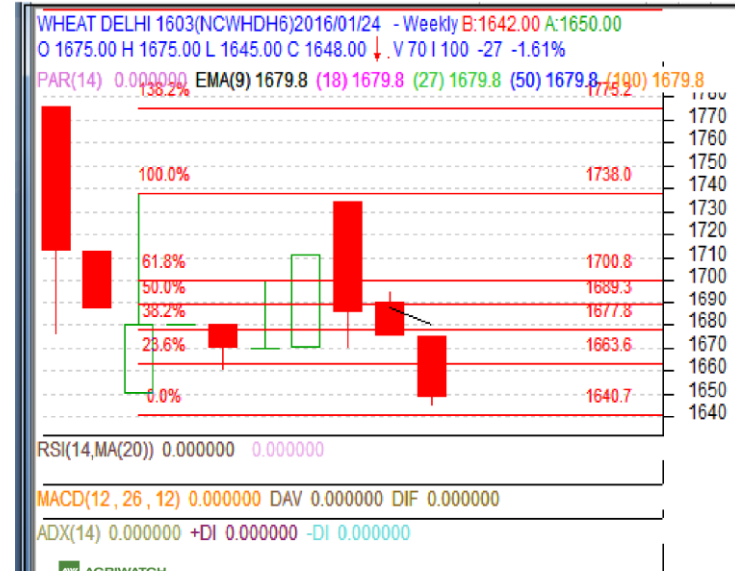
Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

### Wheat Future Market:NCDEX:

Wheat Futures Contact: NCDEX Price Date:29.01.2016									
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Feb	2	1659.00	1672.00	1656.00	1656.00	80	-10	1000	10
16-Mar	-2	1650.00	1652.00	1650.00	1650.00	10	10	100	0
16-Apr	-8	1563.00	1567.00	1561.00	1567.00	60	-130	830	-190

### Futures Market:

### Wheat Technical Analysis:

Wheat – Technical Outlook			February Contract, Expiry: 20 Feb,2015				
<b>Technical Commentary:</b> <ul style="list-style-type: none"> <li>Last candlestick depicts weakness in the market.</li> <li>RSI is moving down in neutral zone.</li> <li>Prices closed below 9 and 18 days EMAs hints weak market</li> <li>Decrease in price, volume and OI indicate short build up.</li> </ul> <p>Wheat prices are likely to trade down this week.</p>							
<b>Strategy: Sell on rise</b>			<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
Wheat	NCDEX	Mar	1621	1640	1648	1677	1689
<b>Weekly Trade Call</b>			<b>Call</b>	<b>Entry</b>	<b>T1</b>	<b>T2</b>	<b>SL</b>
Wheat	NCDEX	Mar	Sell below	1665	1645	1640	1672

### Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly weak in the first week of February due to new arrival in M.P., Improved area and weather conditions in major wheat growing belts. However, any unexpected dip is unlikely. Common grade wheat may rule steady to weak while premium /milling grade would continue to trade firm. Futures may trade in the lower –upper price tag of Rs1640 and Rs1677 in the short term.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			28-Jan-16	27-Jan-16	21-Jan-16	28-Dec-15	28-Jan-15
Delhi	Lawrence Road	Mill Delivery	1705	1700	1705	1690	1660
	Narella	Mill Quality Loose	1655	NA	1645	1630	NA
	Nazafgarh	Mill Quality Loose	1650	NA	1650	1625	NA
Gujarat	Rajkot	Mill Delivery	1640	1640	1690	NA	1675
	Ahmedabad	Mill Delivery	1720	1725	1730	NA	1750
	Dhrol	Mill Quality Loose	1915	2010	2160	1680	NA
	Surat	Mill Delivery	1740	1740	1760	NA	1770
M.P.	Bhopal	Mill Quality Loose	1610	1610	1560	1560	1500
	Indore	Mill Delivery	1620	1620	1640	1680	1630
Rajasthan	Kota	Mill Quality Loose	NA	1610	1610	1585	1570
		Mill Delivery	NA	1700	1700	1650	1670
U.P.	Kanpur	Mill Delivery	NA	NA	1575	1565	1580
	Mathura	Mill Quality Loose	1700	1700	1700	1580	1640
	Kosi	Mill Quality Loose	1650	1655	1660	1575	1630
	Hathras	Mill Quality Loose	NA	NA	NA	NA	NA
	Aligarh	Mill Quality Loose	1610	NA	1600	1550	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1520
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1580	1575	1575	1550	1510
	Hodal	Mill Delivery	1705	1705	1705	NA	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1610	1610	1620	1650	1610
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	NA	1850	1850	1900	1825
	Madurai	Mill Quality	NA	1907	1907	1957	1882
	Coimbatore	Mill Quality	NA	1907	1907	1957	1882
Bihar	Sitamari	Mill Delivery	1625	1620	1620	1615	1550
	Khagariya	Mill Delivery	1750	1750	1750	1750	1850



### Progressive Sowing Status Till 22<sup>nd</sup> Jan-2016:

State Wise Progressive Wheat Sowing Till 22.01.2016				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088	0	0	#DIV/0!
Arunachal Pradesh	0.034	0	0	#DIV/0!
Assam	0.442	0	0.18	-100
Bihar	21.313	22.7	23.03	-1.43
Chhattisgarh	1.074	1.6	1.67	-4.19
Goa	0	0	0	#DIV/0!
Gujarat	11.938	8.97	11.34	-20.90
Haryana	25.05	25.11	24.9	0.84
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.44	2.43	0.41
Jharkhand	1.387	1.6	1.63	-1.84
Karnataka	2.394	1.61	1.86	-13.44
Kerala	0	0	0	#DIV/0!
Madhya Pradesh	48.372	51.84	58.13	-10.82
Maharashtra	10.202	6.06	8.59	-29.45
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	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
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	94.63	98.67	-4.09
Uttarakhand	3.698	3.58	3.25	10.15
West Bengal	3.208	3.45	3.44	0.29
Pondicherry	0	0	0	#DIV/0!
Others	0.208	0.16	0.19	-15.79
All-India	295.735	291.97	305.6	-4.46

Source :Ministry Of Agriculture

### Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			27-Jan-16	20-Jan-16	27-Dec-15	27-Jan-15
USA (Chicago)	2srw	-15.78	200.77	198.20	198.93	238.40
France	FCW3	-18.09	156.25	152.50	NA	190.75
Australia	ASW	#VALUE!	NA	NA	NA	253.00
Russia	SRW	-27.61	183.50	183.50	191.00	253.50
India	Fob	#VALUE!	NA	NA	NA	292.87

**International Market Updates:**

**IGC has revised global wheat production estimate up by 5MMT to 731MMT on 21<sup>st</sup> Jan-2016.** Before this November-2015 estimate was 726 MMT. Global carryout stock too has been revised up by 5MMT to 213MMT. However consumption estimate has been revised down from 720 to 719MMT. Higher production estimate may continue to pressurize global wheat price in January-2016.

**The IGC GOI wheat sub-Index dropped by a net 3% compared to late November,** with the steepest declines in the EU and Black Sea region. While concerns about 2016/17 winter crops occasionally underpinned, prices were mostly pressured by ample availabilities and strong export competition.

**Switzerland's ADM International has secured a tender to supply 50,000 tonnes of wheat to Bangladesh** after submitting the lowest offer of \$215.87 a tonne. This was the second international wheat purchase tender issued by the Directorate General of Food since the current financial year started in July. The State buyer is buying a similar volume of wheat from Phoenix Commodities in its first tender this financial year as the trading firm came up with the lowest offer of \$233.96 a tonne. All prices include freight, insurance and discharge costs.

**Bangladesh's State grains buyer plans to import 950,000 tonnes of wheat in the year to June 2016,** up from 300,000 tonnes the previous year, seeking to secure food supplies. "We will seek wheat with 12.5 percent protein content to ensure quality," said Ilahi Dad Khan, procurement director at the Directorate General of Food.

**Russia will consider removing or cutting an export tax on wheat and** imposing one on barley and corn (maize) exports, First Deputy Agriculture Minister Evgenii Gromyko said on Wednesday. Concerns over possible tougher limits on Russia's foreign sales of wheat had helped Chicago prices of the commodity hit a one-month high on Tuesday.

**Russian wheat export prices fell further last week and early this week due to** a continuing decline in the rouble, which makes Russian grain more competitive on the global dollar-denominated markets. Black Sea prices for Russian wheat with 12.5 percent protein content were at \$181 a tonne on a free-on-board (FOB)

**Russia exported 21.3 million tonnes of grains, including 16.0 million tonnes of wheat,** between July 1 and Jan. 20, the Agriculture Ministry said. The pace of grain exports was down 3 percent year on year.

**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 (40.96MMT) 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's Agriculture Ministry has forecast 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.

**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 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..



### IGC Wheat Balance Sheet:

IGC Forecast( Fig-In MMT)	2012-13.	2013-14 Est	2014-15 F'cast	2015-16 Projection	
				19.11.2015	21.01.2015
Production	654	714	725	726	731
Trade	142	156	153	151	152
Consumptions	676	695	712	720	719
Carryover stocks	170	189	201	208	213
Y-O-Y change	-22	19	12	-	12
Major Export	51	54	63	69	71

- IGC revised wheat production estimate up by 5MMT to 731 MMT this month.
- Trade estimate too has been revised up by 1 MMT to 152 MMT.
- However, consumption estimate has been revised down by 1MMT to 719 MMT in the month of Jan 2016.
- Carryout stock has been revised up by 5MMT down from 208 to 213MMT.

### CBOT FUTURES CONTRACT:

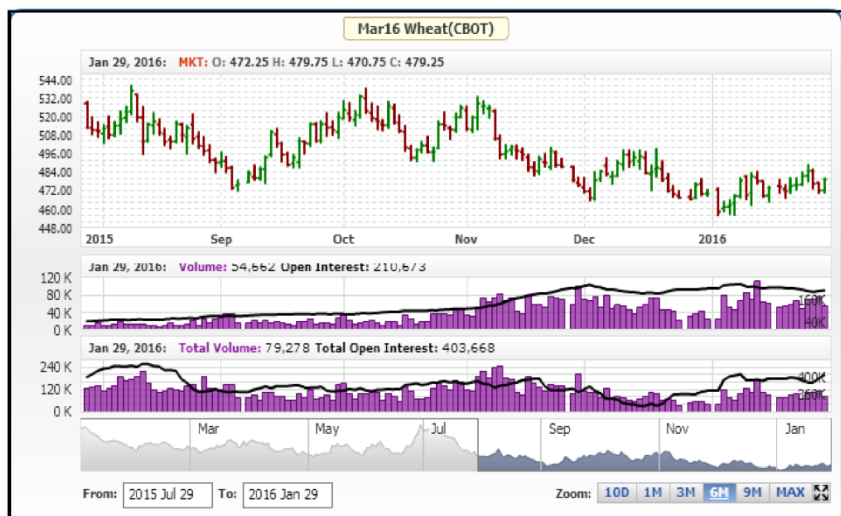
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over previous year
	27-Jan-16	20-Jan-16	28-Dec-15	27-Oct-15	28-Jul-15	27-Jan-15	
16-Mar	175.07	173.23	171.39	188.94	194.08	190.68	-8.19
16-May	177.18	174.79	173.87	190.59	195.73	192.15	-7.79
16-Jul	179.29	176.81	176.72	191.23	196.56	194.26	-7.71
16-Sep	182.41	179.93	180.39	194.17	199.50	197.39	-7.58
16-Dec	187.56	184.99	185.63	198.58	191.14	201.70	-7.01

### CBOT Wheat Futures Chart:

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

1<sup>st</sup> Support; 470  
 2<sup>nd</sup> Support:450  
 1<sup>st</sup> Resistant:500  
 2<sup>nd</sup> Resistant:520

CBOT futures market may trade in the range of 450 to 500 cent /bushel in next two weeks.



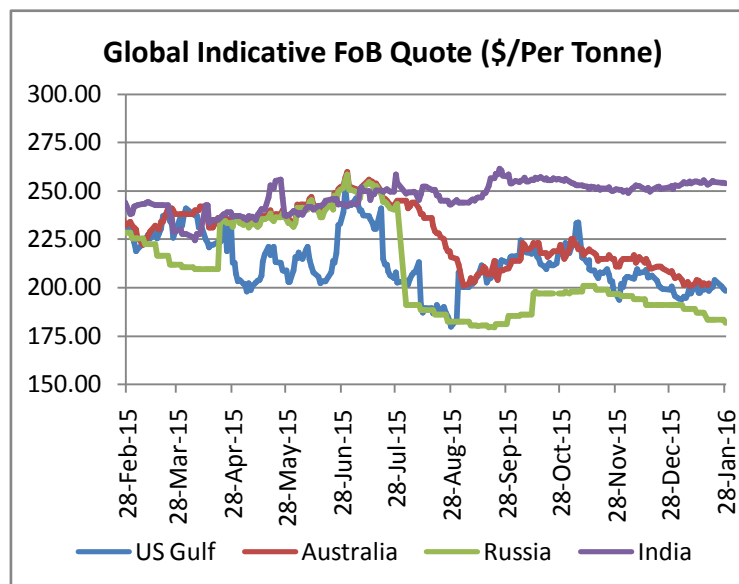
#### International FOB prices Weekly price Movement (USD/T)

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 \$201 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Russian quote was registered at \$182, lower by \$12 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 winter crop loss 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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