

### Wheat Domestic Market Fundamentals: -

All India average wholesale wheat price increased slightly by 0.006 % from Rs 1745.96 to Rs1746.08 per qtl. during the week ended 13th February-2016. Prices ruled almost same from 2<sup>nd</sup> week of February, 2015 at Rs 1745.25 per qtl. 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 and Central India. Major price decline was seen in Assam (13.75%), Kerala (2.99%) Delhi (3.3%) and Punjab (4.17%), where prices ruled at Rs 1086.67, .Rs 2287.5 ,Punjab Rs 1540 and Rs 1769per qtl. respectively. However, prices increased in Jharkhand, Karnataka and Gujarat to some extent. Under current condition wheat cash market may trade range bound to slightly firm in the short to medium term.

Agriwatch has revised wheat production estimate up by 4.26 MMT from 85.32 MMT to 89.58 MMT for 2016-17 MY starting from April-2016. Temperature in Feb & March may affect yield where wheat has been sown late. Carryout for 2016-17 would decrease from 13.99 to 9.57 MMT, the lowest in a decade.

At export front, opportunity for Indian wheat exporters is not favorable due to cheaper availability of wheat in the global market. Price difference is wider, around \$60/80 per tonne. Russia, US, France and Argentina are offering wheat at \$183,\$205,\$164 and \$197 per tonne on FoB basis respectively. Quote from Australia is unavailable right now. Against it, India FoB quotes at current price come to \$154/155 per tonne when it is sourced from Saurashtra Region Of Gujarat.

India exported 2223.98 tonne wheat in January-2016, quite lower than exported volume (7338.29 tonne) in December-2015. Import was registered at 4950 tonne during the same time against 28025.03 tonne imported in December-2015. Average monthly FoB quote for exported volume in January-2016 was \$324.42 per tonne while average monthly CiF quote for imported volume was \$253.67 per tonne. It indicates itself that wheat is cheaper in global market.

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 ongoing weather conditions, particularly the maximum day temperature hovering around 22 degrees and night temperatures between six and 12 degrees are ideal conditions for proliferation of the fungal disease. Yellow rust has started affecting wheat crop in Punjab and Haryana and sending alarm bells ringing in the agriculture department. Round-the-clock monitoring is being done by the department to check the spread of the disease. Nearly 40 percent of a total of about 33 lakh hectares of wheat crop in the state is vulnerable to the deadly disease as per state agriculture department.

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 4000 bags were traded in the range of Rs 1600 to Rs 1750 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 292.57 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.

### 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 March Contract taking care of lower and upper price tag of Rs 1600 & 1630 respectively.

### Weather Update: Weather Condition:

In the winter season, weekly Rainfall for the country as a whole during the week 28th January, 2016 to 03rd February, 2016 was 72% 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 96% in East & North East India, 57% in North West India, 99% in Central India and 70% in South Peninsula.

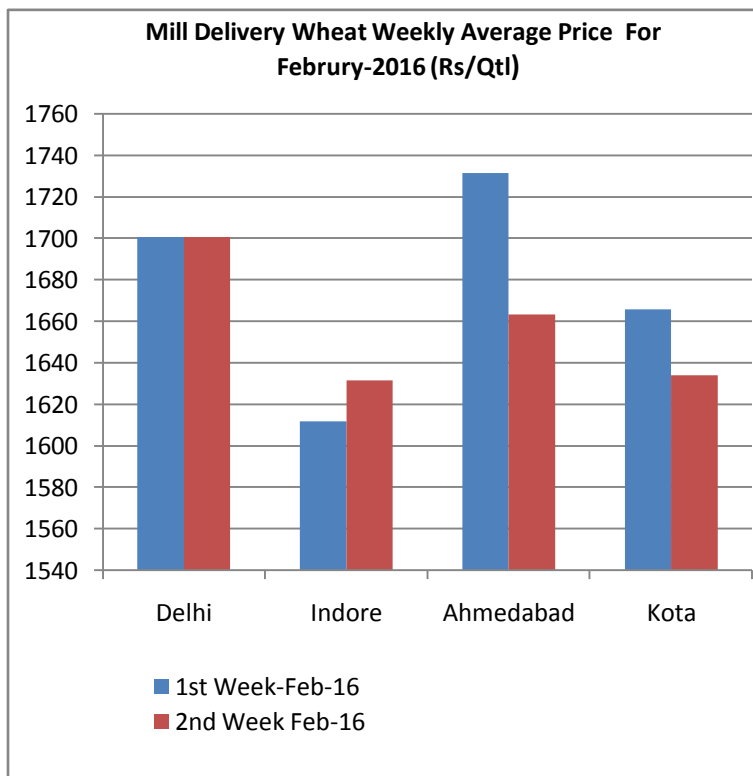
### Wheat Weekly Ave Price Chart:

Wheat average wholesale prices decreased slightly week on week basis in all major markets except Delhi. Pressure on wheat price at major trading hubs was seen with new arrivals in M.P., followed by Gujarat in a limited quantity. Cold wave in Central and North India in wheat growing belts and improved acreage too have helped easing prices. 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:

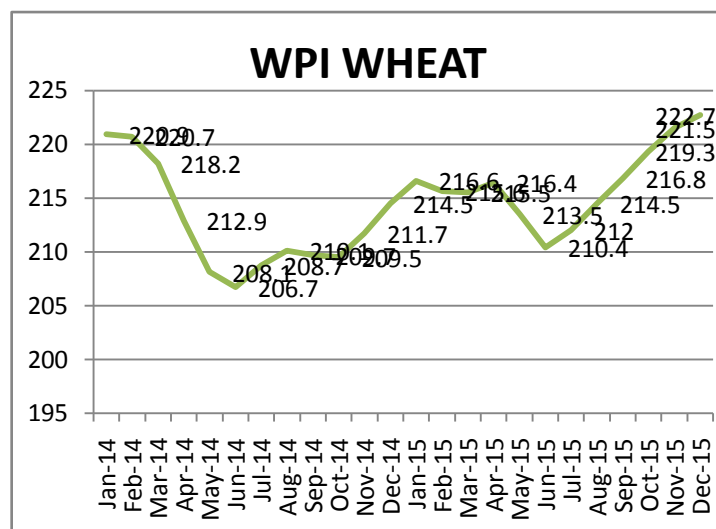
Wheat WPI increased from 221.5 to 222.7 in December, 2015.

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 01st Oct, 2015:

As on Feb 1, the FCI's wheat stock was registered at 210 lakh tonnes,

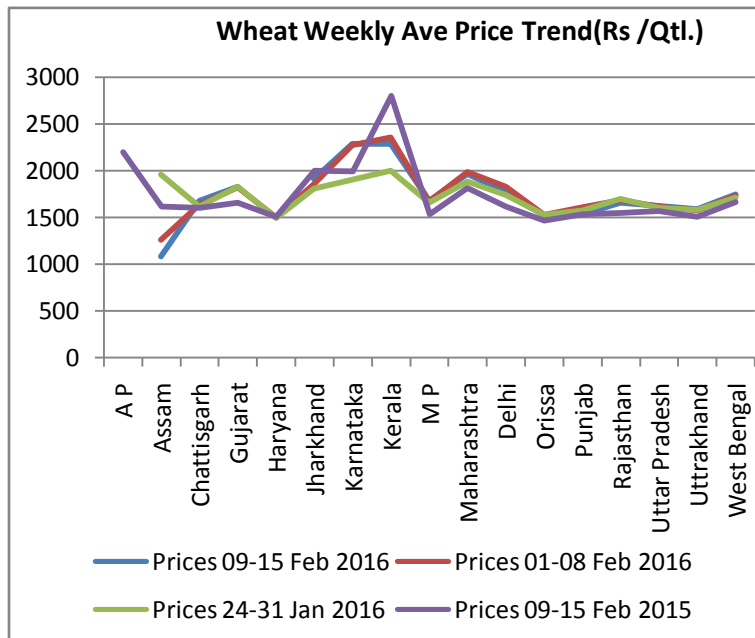
### State Wise Average Weekly Price Trend:

All India average wholesale wheat price increased slightly by 0.006 % from Rs 1745.96 to Rs 1746.08 per qtl. during the week ended 13<sup>th</sup> February-2016. Prices ruled almost at same level seen during 2<sup>nd</sup> week of February, 2015

Prices decreased in AP, Kerala, Delhi, Maharashtra and Uttar Pradesh in the range of 0.005 % to 3.3 % 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.

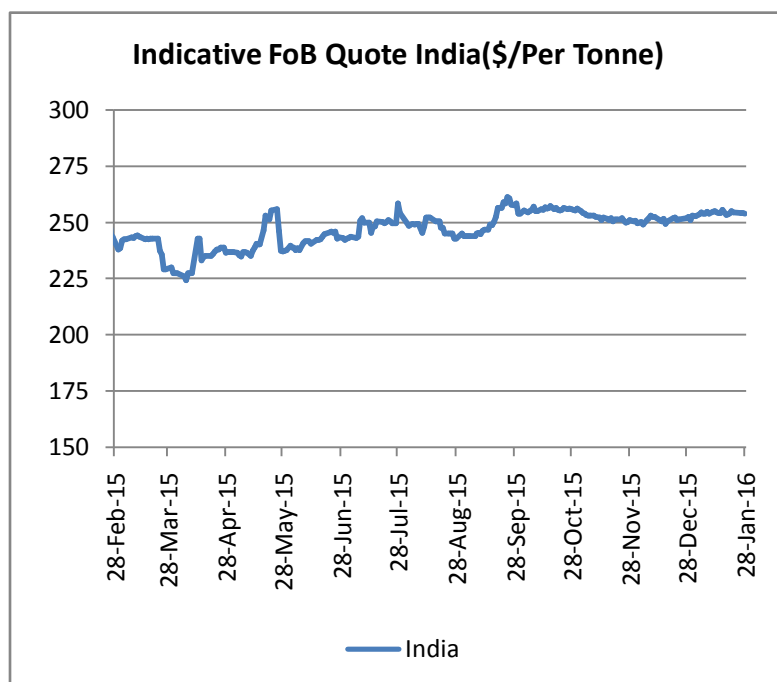


### Indicative FOB Value For Wheat In India At Kandla:

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.

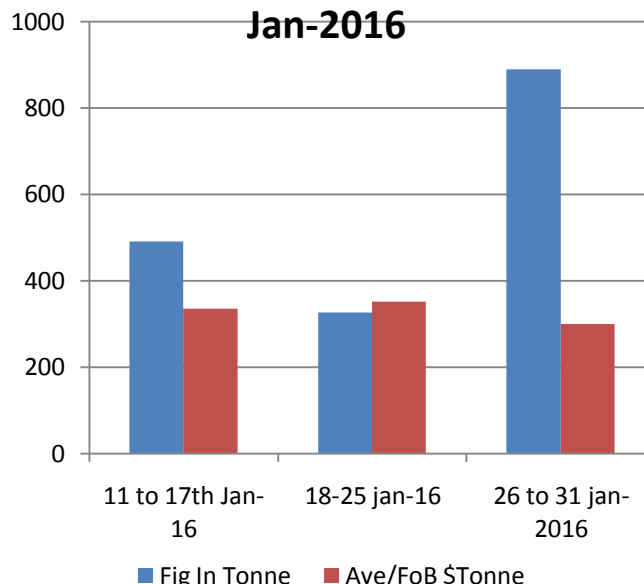
India exported 529.03 tonnes of wheat during week ended 7<sup>th</sup> Feb -2016..Average FoB quote realized last week was \$325.17 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. There was no import during week ended 7<sup>th</sup> feb-2016.

India exported around 889.33 tonne during the week ended 31<sup>st</sup> Jan-2016 slightly higher than last week. Before, this India had exported 325.4 tonne wheat.

Major buyers were Kuwait, Sudan and west Asian countries.

### Wheat Weekly Export Trend

#### Jan-2016



### Wheat Import:

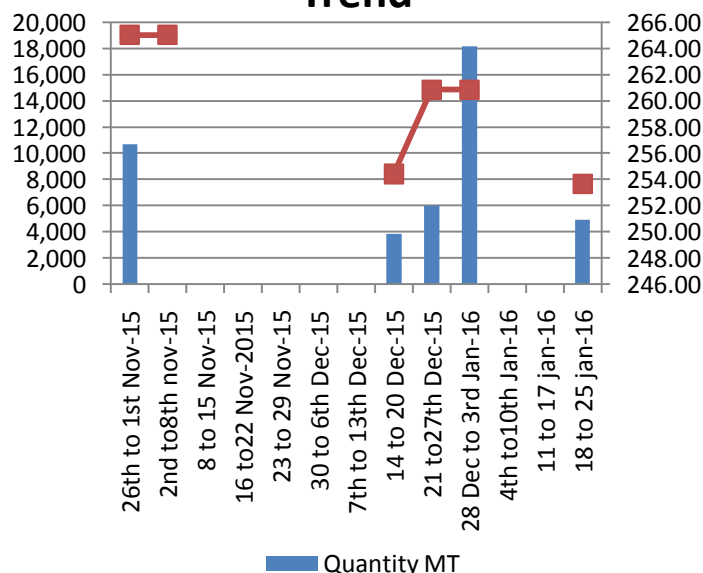
There was no import last week.Import parity for wheat was not in favour of India with the imposition of 25% duty and it virtually stopped import for few weeks. India imported 4950 Tonne wheat from Australia last week at \$253.50 per tonne on CiF basis at Tuticorin port.

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.**Source:IBIS.**

### Wheat Import Weekly Trend



### Weekly Price Trend:

NCDEX	Today	Week Ago	Month Ago	Year Ago	Change over previous

SPOT	11-Feb-16	4-Feb-16	10-Jan-16	11-Feb-15	Year %
Indore	1619	1634	1672	1601	1.12
Bareilly	-	-	-	1628	-
Delhi	1708	1706	1700	1685	1.36
Khanna	-	-	-	-	-
Kanpur	1618	1623	1613	1515	6.80
Karnal	-	-	-	-	-
Rajkot	1650	1630	1667	1570	5.10
Kota	1657	1693	1673	1630	1.66


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:12.02.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Feb	-5.00	1556.00	1551.00	1551.00	1551.00	20	-570	460	0
16-Mar	+1.00	1575.00	1588.00	1563.00	1588.00	90	-170	520	0
16-Apr	+5.00	1542.00	1553.00	1545.00	1547.00	300	-830	1590	220

Futures Market:

**Wheat Technical Analysis:**

Wheat – Technical Outlook		February Contract, Expiry: 20 March,2015	
<p><b>Technical Commentary:</b></p> <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>			

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Mar	1561	1580	1590	1613	1624
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Mar	<b>Sell below</b>	1610	1590	1580	1614

### Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the third 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 while premium /milling grade would continue to trade firm. Futures may trade in the lower –upper price tag of Rs1580 and Rs1610 in the short term.

### **Spot Market Price:**

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			11-Feb-16	10-Feb-16	4-Feb-16	11-Jan-16	11-Feb-15
Delhi	Lawrence Road	Mill Delivery	1700	1705	1700	1695	1680
	Narella	Mill Quality Loose	NA	NA	1650	1625	NA
	Nazafgarh	Mill Quality Loose	1650	NA	1650	1635	NA
Gujarat	Rajkot	Mill Delivery	1660	1660	1670	1721	1570
	Ahmedabad	Mill Delivery	1730	1725	1725	1765	1670
	Dhrol	Mill Quality Loose	NA	2045	2070	1875	NA
	Surat	Mill Delivery	1755	1755	1755	1800	1725
M.P.	Bhopal	Mill Quality Loose	1525	1550	1525	1590	1460
	Indore	Mill Delivery	1630	1630	NA	1690	1570
Rajasthan	Kota	Mill Quality Loose	1550	1550	1570	1615	1510
		Mill Delivery	1640	1640	1670	1700	1570
U.P.	Kanpur	Mill Delivery	1575	1575	1575	1570	1570
	Mathura	Mill Quality Loose	1640	1625	1650	1610	1550
	Kosi	Mill Quality Loose	1660	1660	1645	1625	1580
	Hathras	Mill Quality Loose	NA	NA	NA	1645	1585
	Aligarh	Mill Quality Loose	1620	NA	1620	1550	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560





<b>Haryana</b>	Sirsa	Mill Delivery loose	1600	1600	1580	1550	1515
	Hodal	Mill Delivery	1705	1705	1705	1705	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1610	1625	1615	NA	1600
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
<b>Tamil Nadu</b>	Chennai	Mill Quality	1850	1850	1800	1850	1800
	Madurai	Mill Quality	1907	1907	1857	1907	1857
	Coimbatore	Mill Quality	1907	1907	1857	1907	1857
<b>Bihar</b>	Sitamari	Mill Delivery	1625	1620	1620	1610	1530
	Khagariya	Mill Delivery	1700	1700	1700	1750	1700

### Progressive Sowing Status Till 28th Jan-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088			#DIV/0!
Arunachal Pradesh	0.034			#DIV/0!
Assam	0.442	0	0.18	-100
Bihar	21.313	22.7	23.03	-1.43
Chhattisgarh	1.074	1.6	1.69	-5.33
Goa	0			#DIV/0!
Gujarat	11.938	9.01	11.34	-20.55
Haryana	25.05	25.11	24.9	0.84
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.45	2.44	0.41
Jharkhand	1.387	1.6	1.63	-1.84
Karnataka	2.394	1.61	1.86	-13.44
Kerala				#DIV/0!
Madhya Pradesh	48.372	51.84	58.44	-11.29
Maharashtra	10.202	6.19	8.59	-27.94
Manipur	0.024			#DIV/0!
Meghalaya	0.004			#DIV/0!
Mizoram				#DIV/0!
Nagaland	0.029			#DIV/0!
Odisha	0.024			#DIV/0!
Punjab	35.168	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
Sikkim				#DIV/0!
Tamil Nadu				#DIV/0!
Telengana				#DIV/0!
Tripura	0.004			#DIV/0!
Uttar Pradesh	97.218	94.99	98.67	-3.73
Uttarakhand	3.698	3.58	3.25	10.15
West Bengal	3.208	3.45	3.44	0.29
Pondicherry				#DIV/0!

Others	0.208	0.16	0.19	-15.79
All-India	295.735	292.52	305.94	-4.39

Source

:Ministry Of Agriculture

### Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			10-Feb-16	3-Feb-16	10-Jan-16	10-Feb-15
USA (Chicago)	2srw	<b>-17.66</b>	195.63	202.10	200.40	237.60
France	FCW3	<b>-17.94</b>	147.50	149.75	159.50	179.75
Australia	ASW	-	NA	NA	NA	246.00
Russia	SRW	<b>-25.10</b>	180.50	183.50	189.00	241.00
India	Fob	-	NA	NA	NA	285.87



**International Market Updates:**

**The recent rain and snow bolstering wheat crops across Kansas** are also dousing expectations for a recovery in prices. Improving plant conditions are underscoring the outlook for ample supplies after the U.S. government on Tuesday raised its estimate for world inventories to an all-time high. Money managers last week expanded their wagers on prices declines by two-thirds.

**Falling consumption in China and India is adding to the surplus concerns**, and prices are falling around the globe. Paris milling wheat reached a five-year low last week, while benchmark Chicago futures fell to the cheapest since 2010. The U.S. continues to be uncompetitive in export markets, and there's not much going wrong from a production point of view

**Hedge funds and other large speculators increased their net-short holdings in wheat** to 81,045 U.S. futures and options in the week ended Feb. 9, according to Commodity Futures Trading Commission data released three days later. That compares with 48,685 a week earlier. Futures for March delivery fell 2 percent last week to \$4.575 a bushel on the Chicago Board of Trade.

**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.

**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
<b>Production</b>	654	714	725	726	731
<b>Trade</b>	142	156	153	151	152
<b>Consumptions</b>	676	695	712	720	719
<b>Carryover stocks</b>	170	189	201	208	213
<b>Y-O-Y change</b>	-22	19	12	-	12
<b>Major Export</b>	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
	10-Feb-16	3-Feb-16	10-Jan-16	10-Nov-15	10-Aug-15	10-Feb-15	
<b>16-Mar</b>	169.46	176.35	169.83	182.78	197.20	191.69	<b>-11.60</b>
<b>16-May</b>	170.84	177.73	173.50	183.88	199.04	191.87	<b>-10.96</b>
<b>16-Jul</b>	172.49	179.38	177.09	184.34	200.42	193.34	<b>-10.78</b>
<b>16-Sep</b>	175.62	182.41	182.14	187.28	203.82	196.28	<b>-10.53</b>
<b>16-Dec</b>	180.94	187.37	189.12	192.24	194.54	201.15	<b>-10.05</b>

### CBOT Wheat Futures Chart

CBOT wheat market traded weak. Pressure continues due to ample supply side .

**1<sup>st</sup> Support; 480**  
**2<sup>nd</sup> Support:460**  
**1<sup>st</sup> Resistant:500**  
**2<sup>nd</sup> Resistant:520**

CBOT futures market may trade in the range of 460 to 500 cent /bushel in next two weeks.



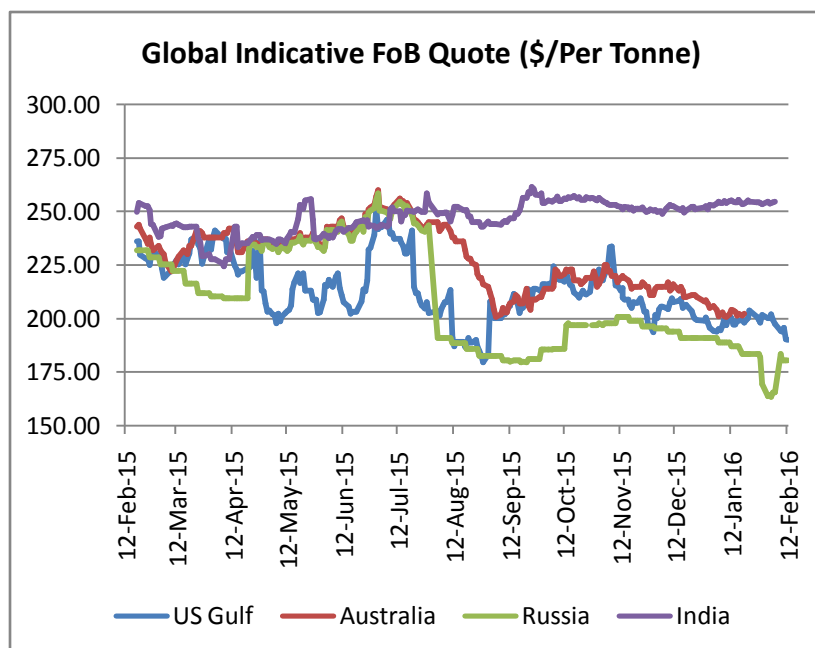
### International FOB prices Weekly price Movement (USD/T)

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

US and Russian quotes are hovering in the range of \$190 to \$180 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australian quotes are not available from last two –three week.

Wheat quotes may hover in the range of \$175 to \$200 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.

Steady consumption growth for wheat in China and India would continue to put pressure on global wheat market in the near term.

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