

Wheat Domestic Market Fundamentals: -

All India average wholesale wheat price decreased slightly by 1.22 % from Rs 1741 to Rs1719.46 per qtl. during the week ended 20th February-2016. It is 0.88 % lower than price seen in Feb-2015. More decrease is expected due to improved sowing status in Uttar Pradesh and decreasing temperature in other producing regions with recent shower of rains considered beneficial to the standing crop in North and Central India. Major price decline was seen in Assam (5.82%), Karnataka (1.63%) Delhi (10.14%) and Chhattisgarh (0.3%), where prices ruled at Rs 1023.38, .Rs 2233.57 ,Rs 1601.56 and Rs 1667.70 per qtl. respectively. However, prices increased in Jharkhand, Rajasthan and Gujarat to some extent. Under current condition wheat cash market may trade range bound to slightly weak 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 \$50/70 per tonne. Russia, US, France and Argentina are offering wheat at \$181, \$204, \$164 and \$196 per tonne on FoB basis respectively. Quote from Australia is unavailable right now. Against it, India FoB quotes at current price come to \$152/154 per tonne when it is sourced from Saurashtra Region Of Gujarat.

India exported 138.36 tonne during week ended 14 Feb-2016 at an ave FoB price of \$264.84 per tonne. There was no import during the week under review. Cheaper global market would provide opportunity for Indian wheat exporters despite new crop coming into the MP Mandis. Wide gap in price would restrict export volume in coming weeks.

Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released Second Adv. Estimate for Rabi crop for 2015-16 on 15th Feb, 2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne. Now in Second Adv. estimate it has estimated wheat production for 2015-16 at 93.82 lakh tonne. Notably, India has produced 86.53 million tonne wheat in 2014-15.

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 5000 bags were traded in the range of Rs 1580 to Rs 1700 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 223.5 in Jan, 2016 from 222.7 in Dec, 2015. Wheat prices may rule steady to slightly firm in the weeks ahead. Monthly wheat inflation increase is 3.19. It was 3.82 in Dec-2015.

Outlook & Recommendation: -

Wheat cash market is expected to trade range bound to slightly weak in the short term to medium term. Improved area coverage, recent showers of rains and higher production estimate would not allow market to get firmer. Fundamentals remain weak.

Trade Call: Stake holders should trade in March Contract taking care of lower and upper price tag of Rs 1550 & 1585 respectively.

Weather Update: Weather Condition:

In the winter season, weekly Rainfall for the country as a whole during the week 28th January, 2016 to 07th 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.

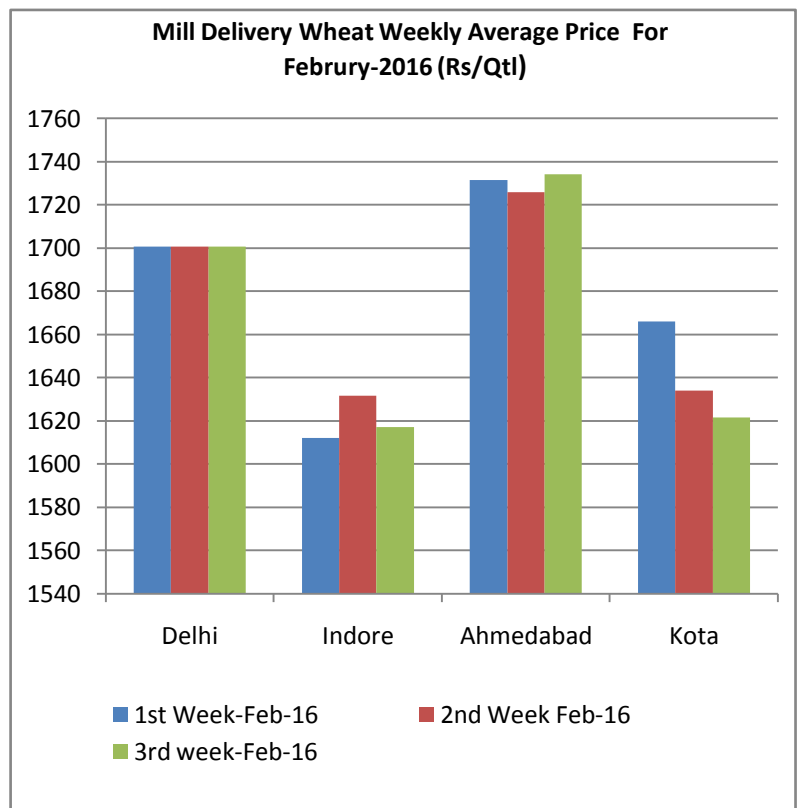
Wheat Weekly Ave Price Chart:

Wheat average wholesale prices decreased slightly week on week basis in all major markets except Ahmadabad. Pressure on wheat price at major trading hubs was seen with new arrivals in M.P., followed by Gujarat in a limited quantity. recent showers of rains 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 to slightly weak 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.



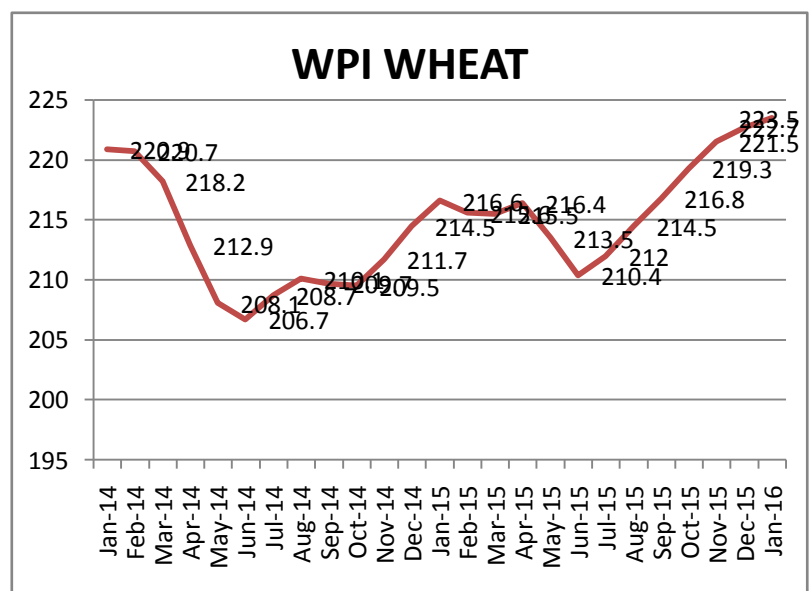
Wheat WPI/ Inflation:

Wheat WPI has increased slightly to 223.5 in Jan, 2016 from 222.7 in Dec, 2015.

Wheat prices may rule steady to slightly firm in the weeks ahead.

Monthly wheat inflation increase is 3.19. It was 3.82 in Dec-2015.

Wheat cash market price will continue to trade weak and it may ease inflation in coming weeks.



Wheat Stock: As on 01st Oct, 2015:

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

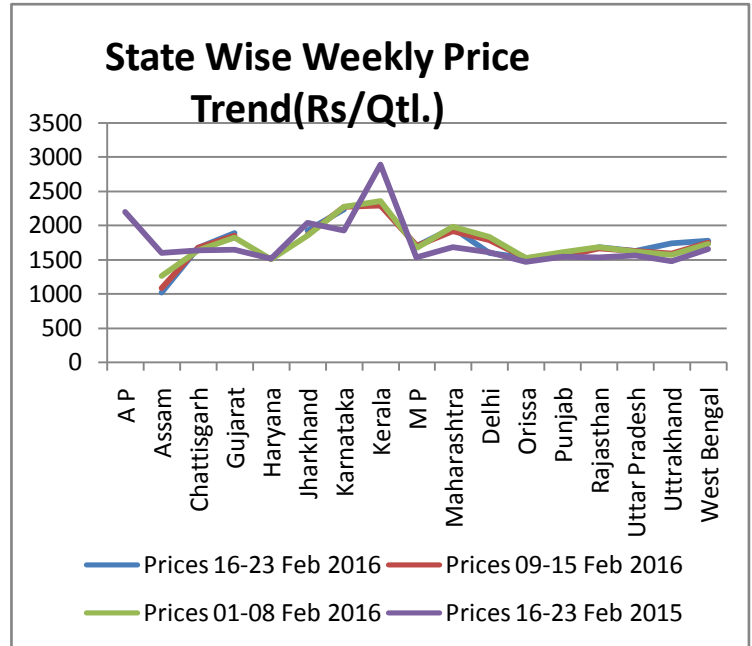
State Wise Average Weekly Price Trend:

All India average wholesale wheat price decreased slightly by 1.22 % from Rs 1741 to Rs1719 per qtl. during the week ended 20 th February-2016.

It is lower by 0.88 % from prevailing price seen in Feb 2015.

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

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

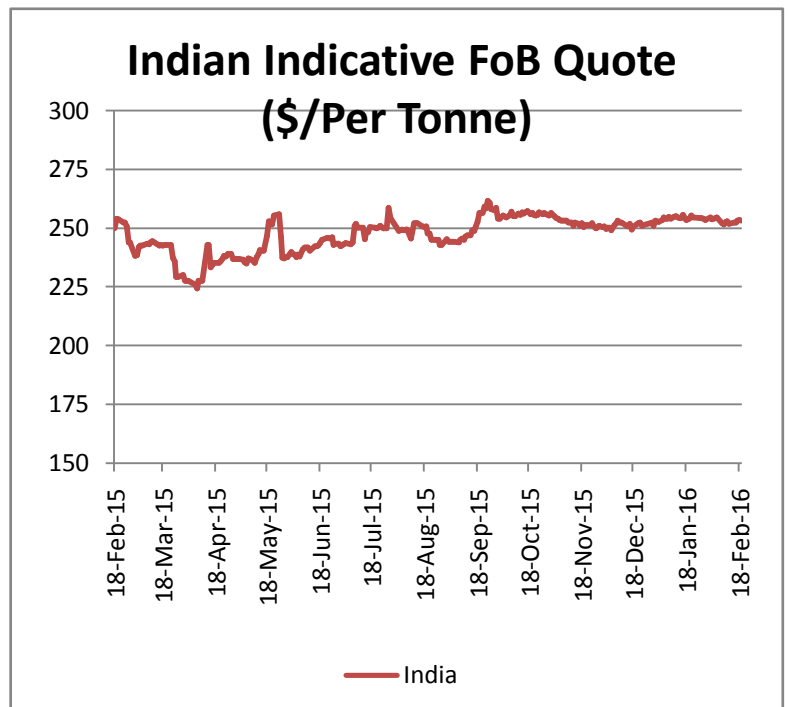


Indicative FOB Value For Wheat In India At Kandla:

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 \$252 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 136 tonnes of wheat during week ended 14th Feb -2016..Average FoB quote realized last week was \$264.84.17 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 7th feb-2016.

India exported around 529.03 tonne during the week ended 7th Feb-2016 slightly higher than last week. Before, this India had exported 889 tonne wheat.

Major buyers were Kuwait, Sudan and west Asian countries.

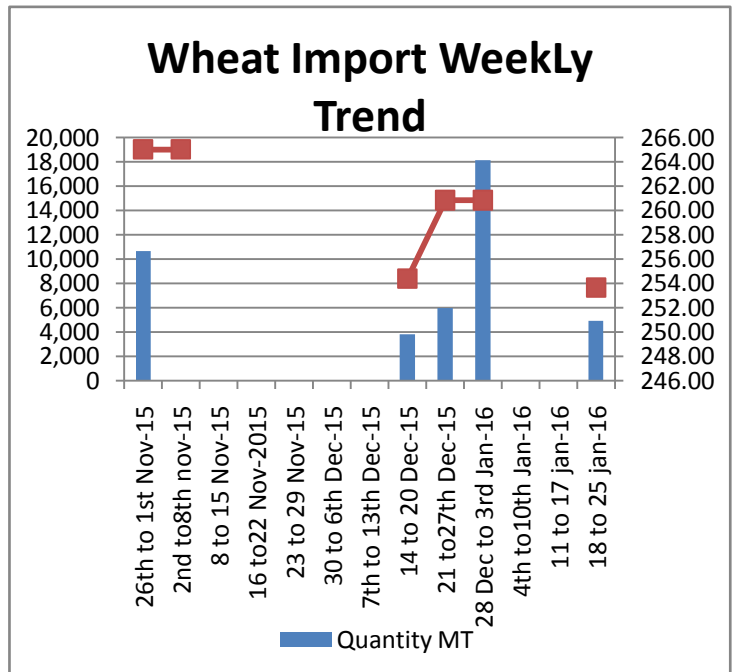
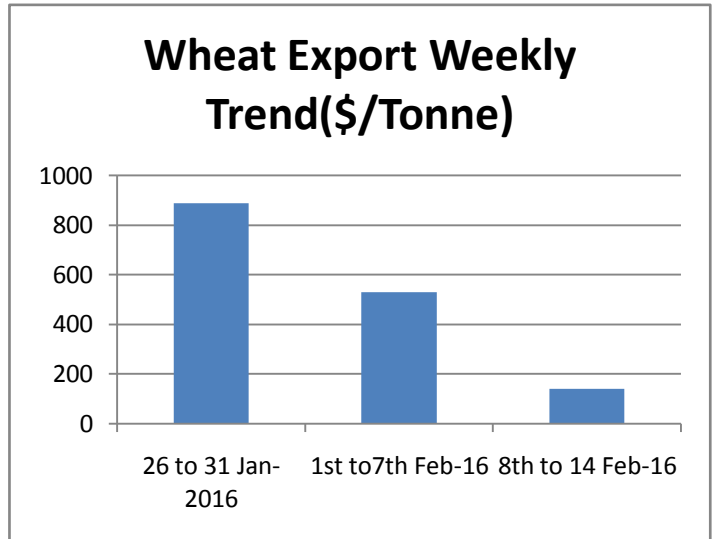
Wheat Import:

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.**



Weekly Price Trend:

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	18-Feb-16	11-Feb-16	17-Jan-16	18-Feb-15	
Indore	1629	1619	1669	1573	3.56
Bareilly	-	-	-	1615	-

Delhi	1709	1708	1709	1686	1.36
Khanna	-	-	-	-	-
Kanpur	1598	1618	1620	1480	7.97
Karnal	-	-	-	-	-
Rajkot	1650	1650	1672	1570	5.10
Kota	1639	1657	1690	1636	0.18

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:17.02.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Feb	-2.00	1565.00	1565.00	1561.00	1561.00	20	0	20	-460
16-Mar	-28.00	1594.00	1581.00	1565.00	1566.00	190	100	460	-200
16-Apr	-11.00	1560.00	1562.00	1557.00	1558.00	190	-130	2160	1220

Futures Market:

Wheat Technical Analysis:

Wheat – Technical Outlook

February Contract, Expiry: 20 March,2015

Technical Commentary:

- Last candlestick depicts weakness in the market.
- RSI is moving down in neutral zone.
- Prices closed below 9 and 18 days EMAs hints weak market
- Decrease in price, 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	Mar	1545	1555	1569	1584	1601
Weekly Trade Call			Call	Entry	T1	T2	SL

Wheat	NCDEX	Mar	Sell below	1580	1565	1555	1585
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Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly weak in the fourth 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
			18-Feb-16	17-Feb-16	11-Feb-16	18-Jan-16	18-Feb-15
Delhi	Lawrence Road	Mill Delivery	1700	1705	1700	1705	1680
	Narella	Mill Quality Loose	1660	NA	NA	1640	NA
	Nazafgarh	Mill Quality Loose	NA	NA	1650	1650	NA
Gujarat	Rajkot	Mill Delivery	1670	1650	1660	1715	1550
	Ahmedabad	Mill Delivery	1735	1735	1730	1740	1640
	Dhrol	Mill Quality Loose	1780	NA	2030	2120	NA
	Surat	Mill Delivery	1760	1760	1755	1770	1680
M.P.	Bhopal	Mill Quality Loose	1550	1560	1525	1550	NA
	Indore	Mill Delivery	1610	1610	1630	1640	NA
Rajasthan	Kota	Mill Quality Loose	1550	1550	1550	1610	NA
		Mill Delivery	1625	1625	1640	1700	NA
U.P.	Kanpur	Mill Delivery	1580	1575	1575	1570	1575
	Mathura	Mill Quality Loose	1625	1650	1640	1700	1535
	Kosi	Mill Quality Loose	1640	1640	1660	1640	1550
	Hathras	Mill Quality Loose	NA	NA	1700	1650	1525
	Aligarh	Mill Quality Loose	1700	NA	1620	1600	NA
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1600	1600	1600	1570	1515



	Hodal	Mill Delivery	1705	1705	1705	1705	1660
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1650	1650	1610	1600	1625
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1850	1850	NA
	Madurai	Mill Quality	1907	1907	1907	1907	NA
	Coimbatore	Mill Quality	1907	1907	1907	1907	NA
Bihar	Sitamari	Mill Delivery	1630	1630	1625	1620	1610
	Khagariya	Mill Delivery	1800	1800	1700	1750	1700

Progressive Sowing Status Till 28thJan-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
			17-Feb-16	10-Feb-16	17-Jan-16	17-Feb-15
USA (Chicago)	2srw	-19.36	193.93	195.63	NA	240.50
France	FCW3	-19.97	146.25	147.50	153.75	182.75
Australia	ASW	-	NA	NA	NA	244.00
Russia	SRW	-22.20	180.50	180.50	187.00	232.00
India	Fob	-	NA	NA	NA	284.57

International Market Updates:

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 213 MMT.

Over the past 10 days, the GASC of Egypt cancelled two tenders to import wheat. Another tender was issued by the GASC on Thursday and the GASC completed a deal with a Romanian supplier to purchase 60,000 tonnes of wheat. Egypt faces an impending crisis in its main food commodity after suppliers have boycotted a tender issued earlier this month in protest of new import regulations.

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. American farmers, saddled with a stronger dollar, are having an even harder time finding buyers for their relatively expensive supplies. The U.S. Department of Agriculture forecasts that exports from the country will shrink to the smallest since 1972.

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)

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 carryin stock. Its wheat export volume has decrease by 11.3% year on year basis.

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..

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 213 MMT.

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
	17-Feb-16	10-Feb-16	17-Jan-16	17-Nov-15	17-Aug-15	17-Feb-15	
16-Mar	172.13	169.46	174.06	178.92	187.28	196.47	-12.39
16-May	174.33	170.84	175.80	180.30	188.57	195.36	-10.77
16-Jul	176.44	172.49	178.01	181.31	189.67	196.56	-10.23
16-Sep	180.12	175.62	181.13	184.34	193.16	199.50	-9.71
16-Dec	184.99	180.94	186.18	189.12	185.35	204.18	-9.40

CBOT Wheat Futures Chart

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

1st Support; 480
2nd Support:460
1st Resistant:500
2nd Resistant:520

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



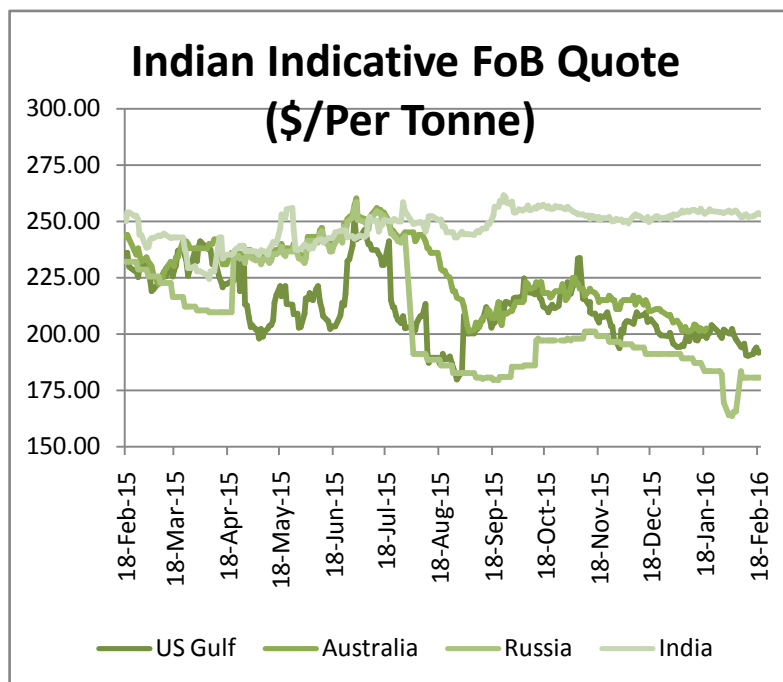
International FOB prices Weekly price Movement (USD/T)

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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