

# WheatWeekly Research Report

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**Wheat Domestic Market Fundamentals: -**

All India average wholesale wheat price decreased slightly by 2.68 % from Rs 1735.2 to Rs1669.02 per qtl. during the week ended 5th Mar-2016. It is 3.40 % lower than price seen in the 1<sup>st</sup> week of Mar-2015. More decrease is expected due to arrivals from new crop in M.P. and likely arrivals from Gujarat soon. Despite lower rainfall, weather is considered normal in north India with light shower of rains. However, sudden rise of day temperature may impact yield of late variety crop-it is feared now.

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 15.38 to 13.96 MMT.

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, \$194, \$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 \$245/250 per tonne when it is sourced from Saurashtra Region Of Gujarat.

India exported 2004.28 tonne wheat in February-2016, slightly lower than exported volume (2594.16 tonne) in January-2016. Import was registered at 2750 tonne during the same time against 4950 tonne imported in January-2016. Average monthly FoB quote for exported volume in Feb-2016 was \$298.29 per tonne while average monthly CiF quote for imported volume was \$251.49 per tonne. It indicates that wheat is cheaper in global market. The latest wheat import deal for new year has been reported at \$230 per T on CiF basis from Australia. The quantity in question is 60,000 T expected delivery in April-2016.

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 had produced 86.53 million tonne wheat in 2014-15.

**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. Millers have struck a deal of 60000 tonne wheat purchase from Australia at \$230 per tonne on CiF basis to be delivered in April-2016.

Wheat arrival from new crop starts in M.P. (Indore region). Around 1.25 lakh bags were reported last week in markets of Madhya Pradesh. It is being traded at 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 onemonths. If the temperature does not rise above normal after February, there will not be any set back in 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 along with new arrivals in M.P. would not allow market to get firmer. Fundamentals remain weak.

### Weather Update: Weather Condition:

In the winter season, weekly Rainfall for the country as a whole during the week 11<sup>th</sup> February, 2016 to 17<sup>th</sup> February, 2016 was 56% 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 37% in East & North East India, 54% in North West India, 90% in Central India and 60% 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. Recent showers of rains and cold wave in Central and North India in wheat growing belts have helped better growth for late sowed crop. Futures too has 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.

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

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

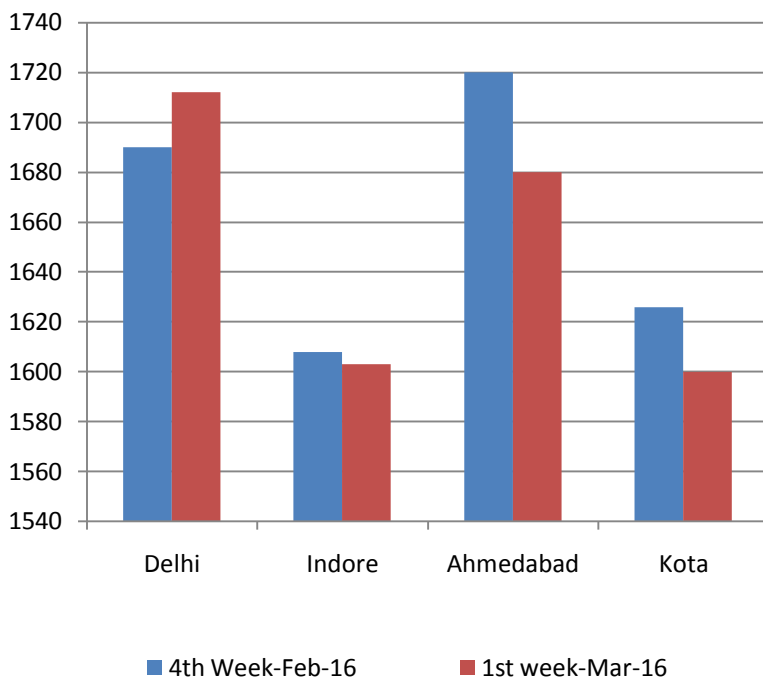
### Wheat WPI/ Inflation:

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.

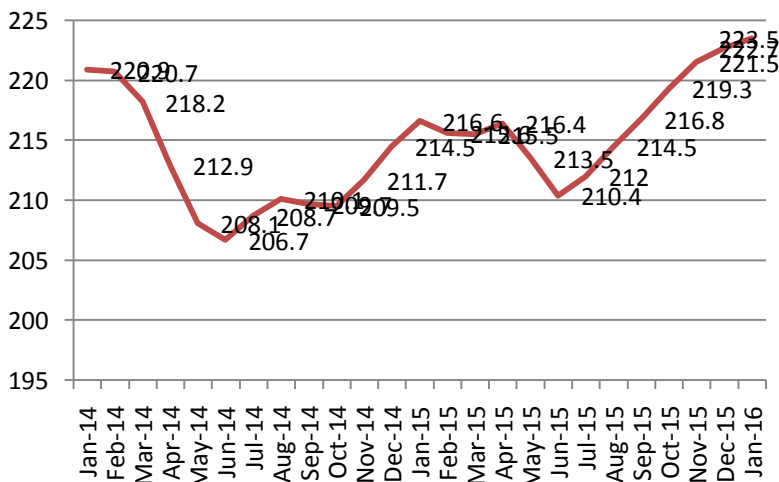
Monthly wheat inflation increase is 3.19. It was 3.82 in Dec-2015.

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

Mill Delivery Wheat Weekly Average Price For Feb-Mar-2016 (Rs/Qtl)



WPI WHEAT



Wheat Stock: As on 01st Feb, 2016:

As on Feb 1, the FCI's wheat stock was registered at 210 lakh tonnes. At least 6 MMT wheat is expected to be sold out from central pool stock by end March-2016. So new season may begin with 14 MMT as carryout stock.

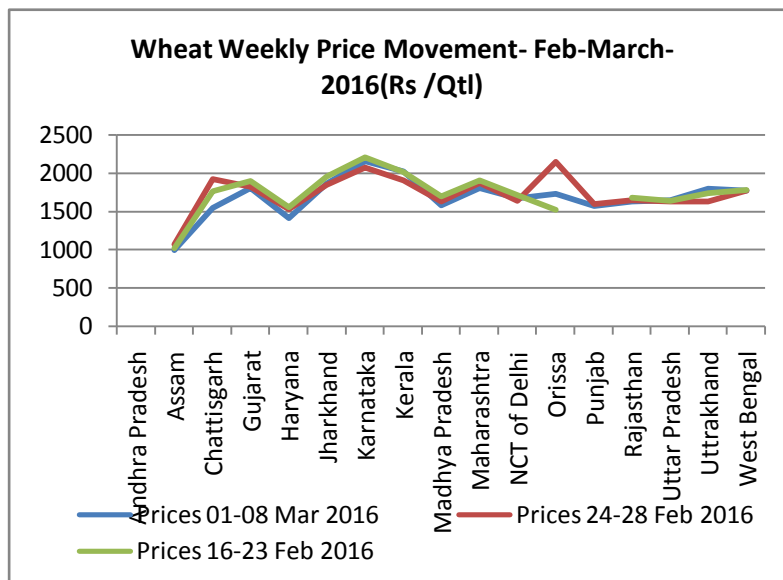
### State Wise Average Weekly Price Trend:

All India average wholesale wheat price decreased slightly by 2.67 % from Rs 1735.2 to Rs1688.77 per qtl. during the week ended 5<sup>th</sup> th Mar-2016.

It is lower by 3.41 % from prevailing price seen in March 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 fourth week of the month in some major bench mark markets.

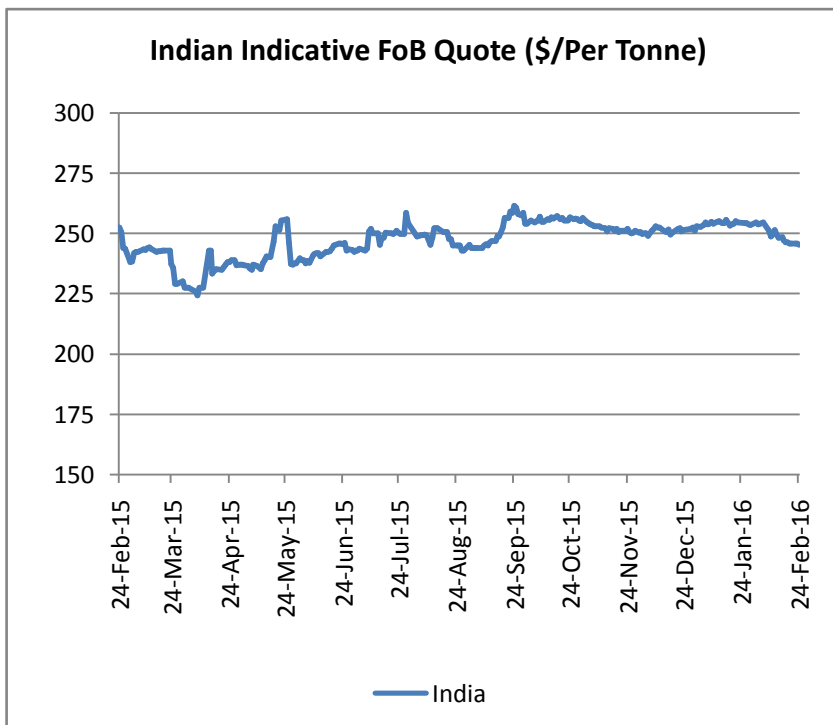


### Indicative FOB ValueFor Wheat In IndiaAtKandla:

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 \$245 to \$250 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.



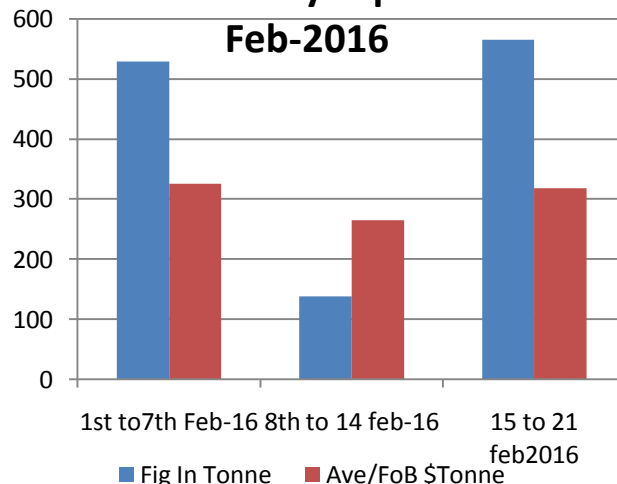
### Wheat Export Weekly Data:

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 564.67 tonnes of wheat during week ended 21<sup>st</sup> Feb -2016..AverageFoB quote realized last week was \$318.44 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 21st Feb-2016.

Major buyers were Kuwait, Sudan and west Asian countries.

### Wheat Weekly Export Trend



### Wheat Import:

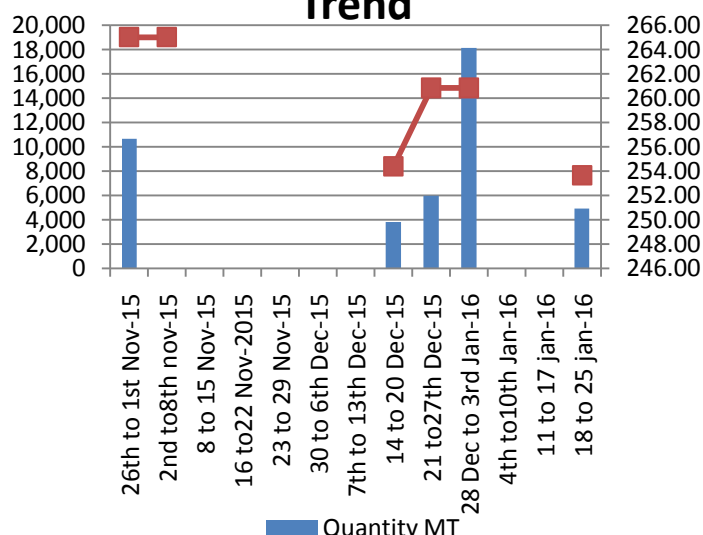
There was no import during last five weeks.Import parity for wheat was not in favour of India with the imposition of 25% duty and it virtually stopped import for few weeks.

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. Global wheat market offers wheat in the range of \$175 to 4193 per tonne against Indian FoB of \$245 per tonne.

.Source:IBIS.

### Wheat Import Weekly Trend



### Weekly Price Trend:

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

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	3-Mar-16	25-Feb-16	3-Feb-16	3-Mar-15	


Indore	1600	1605	1637	1540	3.90
Bareilly	-	-	-	1533	-
Delhi	1714	1728	1705	1672	2.51
Khanna	-	-	-	-	-
Kanpur	1613	1608	1628	1500	7.53
Karnal	-	-	-	-	-
Rajkot	1585	1620	1621	1485	6.73
Kota	1613	1641	1682	1595	1.13

### Wheat Future Market:NCDEX:

Wheat Futures Contact: NCDEX Price								Date:04.03.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Mar	-1.00	1564.00	1583.00	1560.00	1565.00	110	-60	360	-150
16-Apr	-7.00	1550.00	1551.00	1562.00	1542.00	150	-190	1960	-40
16-May	-5.00	1554.00	1549.00	1549.00	1549.00	10	-40	610	-10

### Futures Market:

### Wheat Technical Analysis:

Wheat – Technical Outlook			April Contract, Expiry: 20 April,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	April	1517	1524	1550	1559	1565
<b>Weekly Trade Call</b>			<b>Call</b>	<b>Entry</b>	<b>T1</b>	<b>T2</b>	<b>SL</b>
Wheat	NCDEX	April	<b>Sell below</b>	1556	1535	1525	1560

### Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly weak in the SECOND week of March 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 Rs1524 and Rs1560 in the short term

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Mar-16	2-Mar-16	25-Feb-16	3-Feb-16	3-Mar-15
Delhi	Lawrence Road	Mill Delivery	1715	1715	1720	1700	1665
	Narella	Mill Quality Loose	1645	Closed	1670	NA	NA
	Nazafgarh	Mill Quality Loose	1655	Closed	1650	NA	NA
Gujarat	Rajkot	Mill Delivery	1590	1590	1650	1670	1500
	Ahmedabad	Mill Delivery	1680	1680	1720	1730	1590
	Dhrol	Mill Quality Loose	NA	1865	1820	2000	NA
	Surat	Mill Delivery	1720	1710	1740	1760	1625
M.P.	Bhopal	Mill Quality Loose	1500	1500	1525	1525	1425
	Indore	Mill Delivery	1600	1600	1600	1620	1540
Rajasthan	Kota	Mill Quality Loose	1500	1500	1550	1570	1450
		Mill Delivery	1600	1600	1640	1670	1550
U.P.	Kanpur	Mill Delivery	1575	1575	1570	1575	1550
	Mathura	Mill Quality Loose	1660	1630	1630	1675	1500
	Kosi	Mill Quality Loose	1630	1645	1660	1650	1500
	Hathras	Mill Quality Loose	NA	NA	NA	1695	NA
	Aligarh	Mill Quality Loose	NA	Closed	NA	1630	1460
Punjab	Khanna	Mill Quality Loose	1580	1610	NA	NA	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1560
Haryana	Sirsa	Mill Delivery loose	1600	1610	1600	1580	1510
	Hodal	Mill Delivery	1705	1705	1705	1705	1660
	Karnal	Mill Quality	NA	NA	NA	NA	NA





		Loose					
	Bhiwani	Mill Quality Loose	1625	1625	1670	1620	1580
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1850	1800	1775
	Madurai	Mill Quality	1907	1907	1907	1857	1832
	Coimbatore	Mill Quality	1907	1907	1907	1857	1832
Bihar	Sitamari	Mill Delivery	1630	1620	1625	NA	1620
	Khagariya	Mill Delivery	1700	1825	1800	1650	1650

### 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
			2-Mar-16	24-Feb-16	2-Feb-16	2-Mar-15
USA (Chicago)	2srw	<b>-18.92</b>	185.60	181.80	200.30	228.90
France	FCW3	-	140.75	140.25	150.75	NA
Australia	ASW	-	NA	NA	NA	234.00
Russia	SRW	<b>-22.10</b>	178.00	180.00	183.50	228.50
India	Fob	-	NA	NA	NA	249.92

### International Market Updates:

**IGC revised wheat production estimate up by 1MMT to 732 MMT this month.** Trade estimate too has not been revised and it stayed steady at 152 MMT. Consumption has been pegged at 719 MMT in the month of Feb 2016. Carryout stock has been pegged at 213MMT.

**Saudi Arabia currently has 1.8 million tonnes of wheat reserves,** compared with 1.6 million tonnes at the corresponding time in 2015. The reserves are sufficient to last the kingdom more than six months. Saudi Arabia is expected to complete the privatization of its flour mills by the first quarter of 2017.

**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.

**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 (40.96MMT) 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	
				21.01.2015	25.02.2015
Production	657	717	728	731	732
Trade	142	157	153	152	152
Consumptions	679	699	716	719	719
Carryover stocks	170	187	200	213	213
Y-O-Y change	-22	19	12	-	13
Major Export	51	54	63	71	70

- IGC revised wheat production estimate up by 1MMT to 732 MMT this month.
- Trade estimate too has not been revised and it stayed steady at 152 MMT.
- Consumption has been pegged at 719 MMT in the month of Feb 2016.
- Carryout stock has been pegged at 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
	3-Mar-16	25-Feb-16	3-Feb-16	3-Dec-15	3-Sep-15	3-Mar-15	
16-Mar	166.52	163.58	176.35	175.89	174.06	186.91	-10.91
16-May	168.91	166.80	177.73	178.56	176.17	185.90	-9.14
16-Jul	171.12	169.83	179.38	181.04	177.91	187.28	-8.63
16-Sep	174.70	173.78	182.41	184.80	181.22	190.41	-8.25
16-Dec	180.03	179.84	187.37	189.95	170.93	195.64	-7.98

### 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.



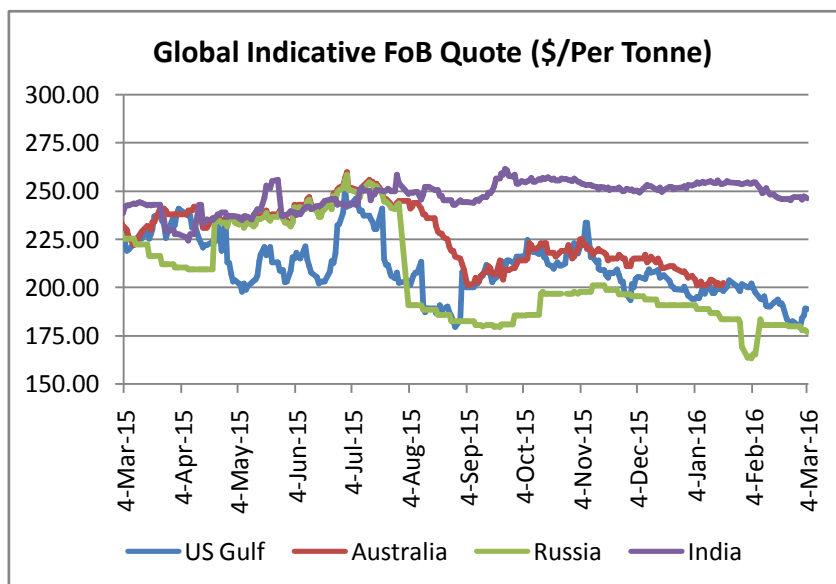
## International FOB Weekly Price Movement (USD/T)

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 \$193 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 \$201 due to excess supply in the global market in coming weeks.



## International Weekly Outlook:

Current firm trend is unlikely to continue. Global wheat markets are expected to reel under pressure due to improved weather and crop conditions in US and Black Sea regions. 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. December and January remain crucial for standing crop in the field. Overall outlook is bearish.

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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