

# Wheat Weekly Research Report

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**Wheat Domestic Market Fundamentals: -**

All India wheat ave price decreases by 1.84 % from Rs 1682.34 to Rs 1651.2 per qtl. during the week ended 15<sup>th</sup> March-2016. Wheat prices declined by 4.82 % during last two weeks. It is lower by 5.74 % from the average price registered in Mid March-2015. Major decline was seen in States like Karnataka, Kerala, Maharashtra and Orissa. However, Average price increased in Haryana, Jharkhand and Madhya Pradesh. Wheat procurement starts in Madhya Pradesh. Slight decrease in average price seems on the cards as arrival from new crop is likely to increase in the weeks ahead.

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. Weather condition in the remaining weeks of March & April remains crucial and has potency to affect yield and normal quality of grain. Cloudy sky, likely rains/hailstorm is not a good sign where crop is in harvesting phase. Crop attaining maturity too, may be in danger of losing quality. 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 \$50/60 per tonne. Russia, US, France and Argentina are offering wheat at \$178, \$192, \$164 and \$196 per tonne on FoB basis respectively. Quote from Australia is not available right now. Against it, India FoB quotes at current price come to \$240/242 per tonne when it is sourced from Saurashtra Region of Gujarat. Importers from south India have struck a 60,000 T wheat deal at CiF \$230 per T for April Delivery.

Despite disparity India exported 1269.68 tonne wheat during week ended 13<sup>th</sup> Mar-2016 against 570.8 tonne previous week ending 6<sup>th</sup> March. Wheat has been exported at an ave FoB of \$325.64 per tonne. Buyers of the Indian wheat are UAE, Kuwait, Malaysia and Somalia. As prices are ruling higher in domestic market, export pace would remain slow despite arrival from new crop. Global wheat markets are offering wheat at very attractive price. There was no import last week.

Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released Second Adv. Estimate for Rabi crop for 2015-16 on 15<sup>th</sup> 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: -**

South Indian flour millers have asked the govt. to scrap 25 % import duty on wheat again 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. 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. Import deal around two lakh tonne has been struck for season so far.

Wheat arrivals from MP, Gujarat and Rajasthan have commenced and it is being traded in the range of Rs 1480 to Rs 1580 per qtl. Rake loading from Kota region of Rajasthan for south India continues at Rs 1860 per qtl. Sown area of 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 decreased slightly to 221.6 in Feb, 2016 from 223.5 in Jan, 2016. Wheat prices may rule steady to slightly weak in the weeks ahead on increasing arrivals from new crop.. Monthly wheat inflation increase is 2.78. It was 3.19 in Jan-2016.

**Outlook & Recommendation: -**

Wheat cash market is expected to trade steady to slightly weak despite weather generated fear once again. Overall fundamentals remain weak.

**Trade Call:** Stakeholders should trade in April Contract taking care of lower and upper price tag of Rs 1550 & 1588 respectively.

## Weather Condition/Warning:

The western disturbance as an upper air cyclonic circulation over Afghanistan & adjoining north Pakistan extending upto 4.5 km above mean sea level persists. The induced upper air cyclonic circulation over central Pakistan & adjoining West Rajasthan now lies over north Rajasthan and adjoining Punjab and Haryana and extends upto 1.5 km above mean sea level. The upper air cyclonic circulation over Vidarbha & neighbourhood extending upto 0.9 km above mean sea level persists. The trough extending from the above system to south Tamilnadu across Telangana and Interior Karnataka persists.

## Alert:

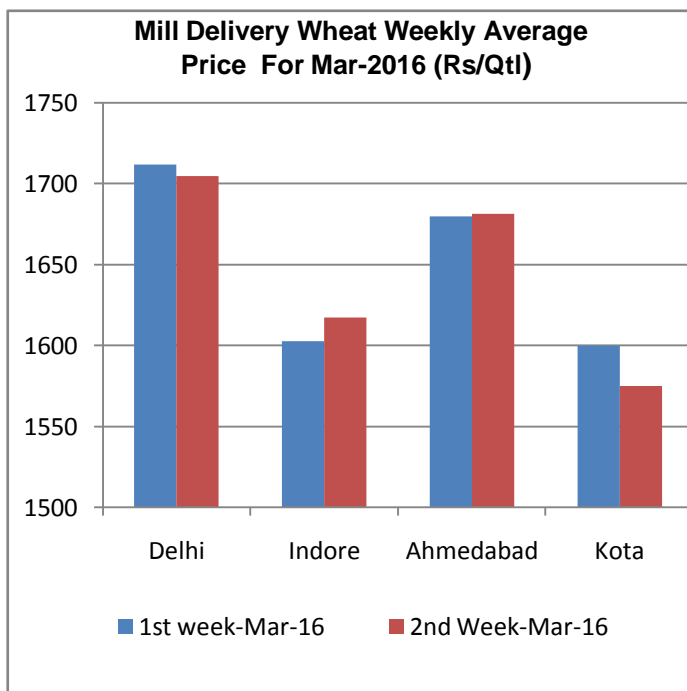
Thunderstorm accompanied with squall is likely at isolated places over Andhra Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

## Wheat Weekly Ave Price Chart:

Wheat average wholesale prices decreased slightly week on week basis in Delhi and Kota while it increased in Indore and Ahmedabad. Pressure on wheat price at major trading hubs was seen with new arrivals in M.P., followed by Gujarat and Rajasthan 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. However, likely bad weather may change sentiments.

Prices are likely to stay steady to slightly firm as inner tone in the market may change from fear of damage due to forecast of rains. However, it is a temporary phenomenon.

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

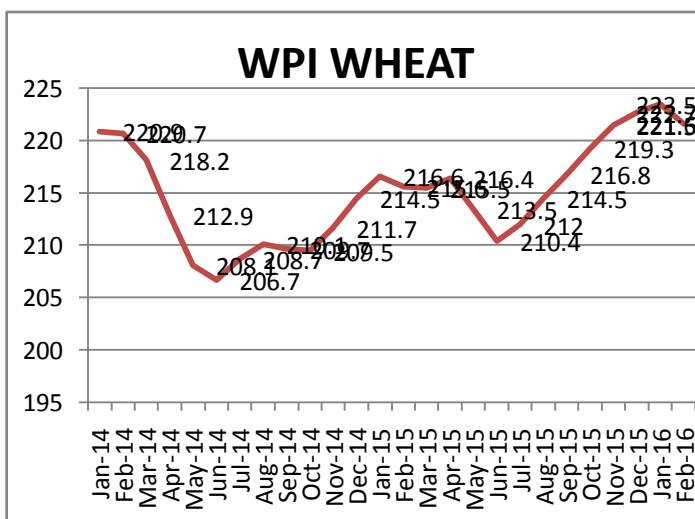


## Wheat WPI/ Inflation:

Wheat WPI has decreased slightly to 221.6 in Feb, 2016 from 223.5 in Jan, 2016. Wheat prices may rule steady to slightly weak in the weeks ahead on increasing arrivals from new crop.

Monthly wheat inflation increase is 2.78. It was 3.19 in Jan-2016.

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



## Wheat Stock: As on 01<sup>st</sup> Feb, 2016:

As on Feb 1, the FCI's wheat stock was registered at 203.35 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.

Stock registered with FCI was 120.2 lakh tonne. State agencies had 79.92 lakh tonne on 1<sup>st</sup> Feb-2016.

Stock in transit was 3.23 lakh tonne.

As On 1 <sup>st</sup> Of Every Month Wheat Stock With Government (Lakh Tonnes)			
Stocks of wheat in central pool as on 01.02.2016:	Stock With Fci	Stock With State Agencies	Total In Central Pool
East zone	9.69	0	9.69
North east zone	0.5	0	0.5
North zone	90.71	54.09	144.8
South zone	3.97	0	3.97
West zone	15.33	25.83	41.16
Stock in transit	0	0	3.23
<b>Total</b>	<b>120.2</b>	<b>79.92</b>	<b>203.35</b>

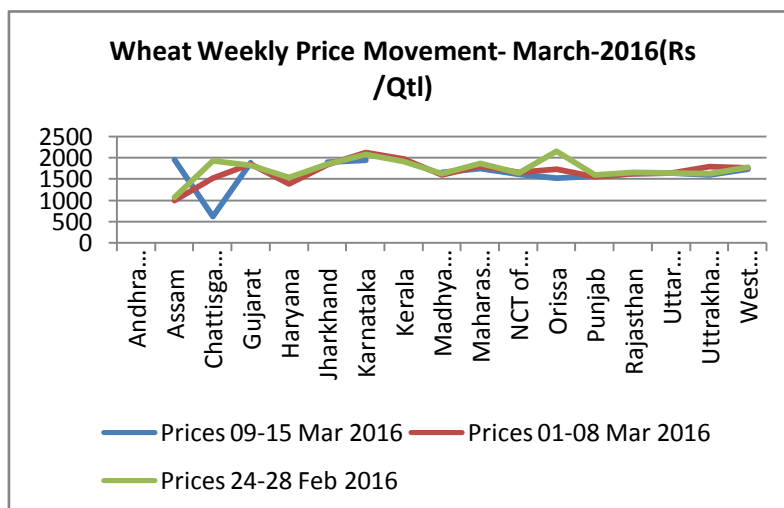
## State Wise Average Weekly Price Trend:

All India wheat ave price decreases by 1.84 % from Rs 1682.34 to Rs 1651.2 per qtl. during the week ended 15<sup>th</sup> March-2016. Wheat prices declined by 4.82 % during last two weeks.

It is lower by 5.74 % from the average price registered in Mid March-2015.

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

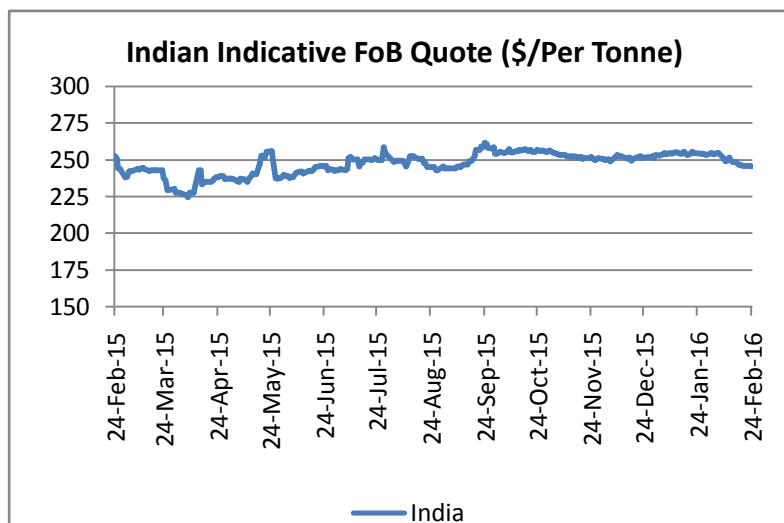
The Ave line price chart shows the trend clearly. After staying steady, prices of wheat moved slightly down in the 2<sup>nd</sup> week of the month in some major bench mark markets.



## 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. FOR for new wheat is unavailable.

India has exported some premium grade wheat at \$325 /326 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 \$240 to \$241 per tonne for common grade wheat.



### 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 1269.68 tonnes of wheat during week ended 13<sup>th</sup> Mar -2016. Average FoB quote realized last week was \$325.64 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 13<sup>th</sup> Mar-2016.

Major buyers were Kuwait, Sudan and west Asian countries.

### Wheat Import:

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

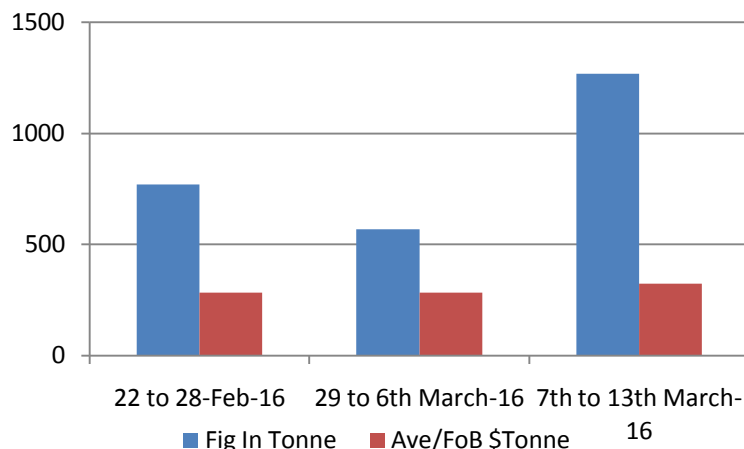
However, situation may change as wheat price in global market is decreasing. Besides, freight has decreased due to cheaper crude oil. New arrival in domestic markets may drive prices down and resultantly FoB quote too.

Emerging scenario in global market is not in favor of India as other exporting countries are offering wheat at very attractive prices.

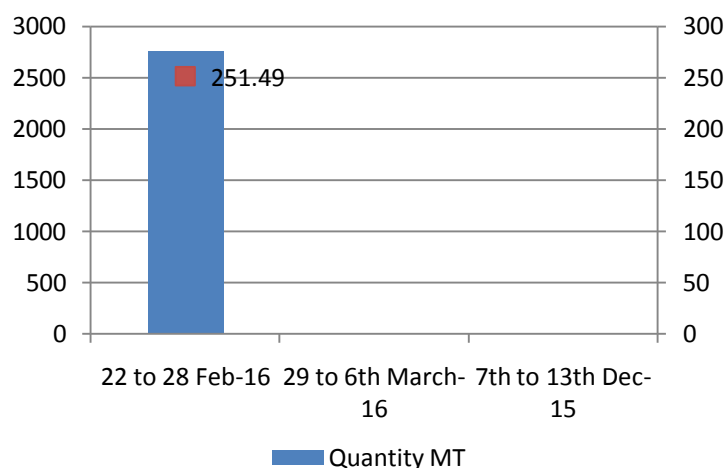
Difference between FoB quotes is around \$40/50 per tonne.

.Source:IBIS.

### Wheat Weekly Export Trend March-2016



### Wheat Import Weekly Trend



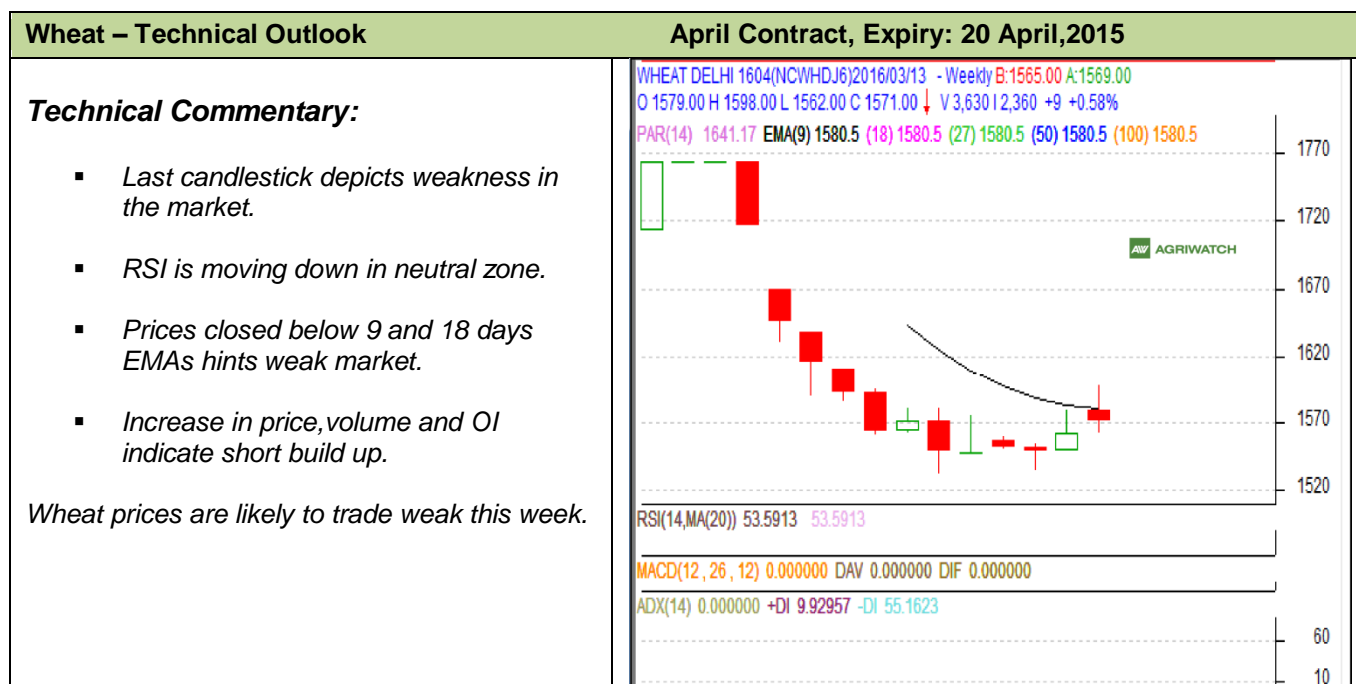
Wheat Futures Contract: NCDEX Price								Date:17.03.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Mar	-27.00	1627.00	1600.00	1600.00	1600.00	30	30	30	00
16-Apr	-17.00	1585.00	1585.00	1562.00	1568.00	1020	280	2370	-170
16-May	-8.00	1585.00	1885.00	1571.00	1578.00	240	-10	1100	-10

### 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 17-Mar-16	Week Ago 10-Mar-16	Month Ago 17-Feb-16	Year Ago 17-Mar-15	Change over previous Year %
Indore	1592	1585	1628	1480	7.57
Bareilly	-	-	-	-	-
Delhi	1714	1702	1707	1676	2.27
Khanna	-	-	-	-	-
Kanpur	1605	1608	1598	1573	2.03
Karnal	-	-	-	-	-
Rajkot	1597	1580	1627	1453	9.91
Kota	1616	1611	1640	1619	-0.19

#### Wheat Technical Analysis:



#### Strategy: Sell on rise

			S2	S1	PCP	R1	R2
Wheat	NCDEX	April	1533	1550	1571	1597	1621
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Sell Below	1590	1565	1552	1598

#### Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly weak in the third week of March despite emerging rough weather condition in central, north and west India. Arrival pressure from new crop would continue to weigh on market fundamentals. However, any unexpected dip is unlikely as govt would start buying at MSP. Futures may trade in the lower –upper price tag of Rs1550 and Rs1600 in the short term.



### Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			17-Mar-16	16-Mar-16	10-Mar-16	17-Feb-16	17-Mar-15
Delhi	Lawrence Road	Mill Delivery	1725	1705	1700	1705	1670
	Narella	Mill Quality Loose	1650	Closed	1645	NA	1615
	Nazafgarh	Mill Quality Loose	NA	Closed	NA	NA	1630
Gujarat	Rajkot	Mill Delivery	1615	1610	1610	1650	1460
	Ahmedabad	Mill Delivery	1670	1670	1680	1735	1470
	Dhrol	Mill Quality Loose	1745	1670	1960	1765	1330
	Surat	Mill Delivery	1710	1705	1710	1760	1510
M.P.	Bhopal	Mill Quality Loose	1500	1525	1500	1560	1325
	Indore	Mill Delivery	Closed	1650	1620	1610	1470
Rajasthan	Kota	Mill Quality Loose	1500	1500	1500	1550	1450
		Mill Delivery	1590	1590	1600	1625	1550
U.P.	Kanpur	Mill Delivery	1580	1580	1580	1575	1550
	Mathura	Mill Quality Loose	1675	1680	1720	1650	1650
	Kosi	Mill Quality Loose	1630	1665	1670	1640	1580
	Hathras	Mill Quality Loose	NR	1750	1750	1700	1600
	Aligarh	Mill Quality Loose	1800	1800	1730	1700	NA
Punjab	Khanna	Mill Quality Loose	1525	1525	1525	NA	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1550
Haryana	Sirsa	Mill Delivery loose	1560	1560	1580	1600	1510
	Hodal	Mill Delivery	1705	1705	1705	1705	1660
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1610	1610	1630	1650	1570
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1850	1850	1850	1850	1750
	Madurai	Mill Quality	1907	1907	1907	1907	1807
	Coimbatore	Mill Quality	1907	1907	1907	1907	1807
Bihar	Sitamari	Mill Delivery	1630	1635	1635	1630	NA
	Khagariya	Mill Delivery	1700	1700	1750	1800	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!
Telangana				#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
			16-Mar-16	9-Mar-16	16-Feb-16	16-Mar-15
USA (Chicago)	2srw	-14.94	195.00	194.09	192.84	229.24
France	FCW3	-	144.50	142.50	145.75	NA
Australia	ASW	-6.47	217.00	215.00	NA	232.00
Russia	SRW	-21.12	175.50	178.00	180.50	222.50
India	Fob	-	NA	NA	NA	241.96



**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.

**Egypt buys 1.2 lakh tonne wheat from France, 60,000 T from Romania and 60,000 T from Ukraine through tender at \$188.27 on CiF basis.** Seller was casillo. FoB quote for this wheat was \$178.87 per tonne. Amepora and Dreyfus sold Romanian and Ukrainian (60,000 each) wheat at \$188.77 and \$189.93 per T on CiF basis. FoB quote for this wheat were \$183 & \$180 per tonne. Wheat would be delivered in mid April-2016.

**Russian wheat price stayed almost steady on appreciating Rouble .It has made trading difficult for private trade** because they are unable to decrease price in dollar term. Russian wheat traders are trying to return to more competitive levels amid a decline in global benchmarks, but domestic sellers are reluctant to agree to significantly lower wheat prices while the Rouble is strengthening. Black Sea prices for Russian wheat with 12.5 percent protein content were at \$179 a metric ton on a free-on-board (FOB) basis at the end of last week.

**The European Commission recent forecast says that usable production of soft wheat in the European Union** would fall to 142.4 million tonnes in 2016/17 from a record 150.8 million estimated for the current 2015/16 season. Soft wheat stocks would nonetheless increase slightly to 17.4 million tonnes at the end of 2016/17, compared to 17.2 million tonnes of carryover stocks forecast for 2015/16. The Commission's first forecasts for 2016/17 also showed a projected drop in EU soft wheat exports to 27.0 million tonnes from 29.1 million expected this season.

**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 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 Ilahee Dad Khan, procurement director at the Directorate General of Food.

**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 carry-in 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 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 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:

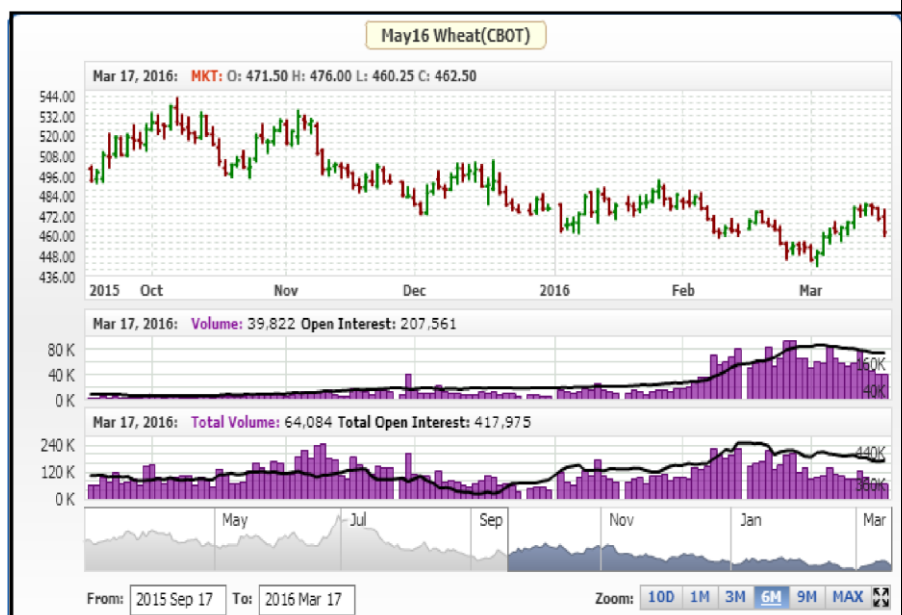
CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over previous year
	16-Mar-16	9-Mar-16	16-Feb-16	16-Dec-15	16-Sep-15	16-Mar-15	
16-May	172.95	172.04	169.92	180.03	183.88	188.84	-8.41
16-Jul	172.95	172.04	169.92	180.03	183.88	188.84	-8.41
16-Sep	175.71	174.42	171.85	182.05	185.45	189.76	-7.41
16-Dec	179.29	177.73	175.25	185.63	188.84	193.25	-7.22
17-Mar	184.62	182.78	180.39	190.77	193.99	198.12	-6.82

#### CBOT Wheat Futures Chart

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

1<sup>st</sup> Support; 169  
 2<sup>nd</sup> Support: 163  
 1<sup>st</sup> Resistant: 178  
 2<sup>nd</sup> Resistant: 183  
 (\$ per tonne)

CBOT futures market may trade in the range of \$163 to 178 per T during remaining parts of March in next two weeks.



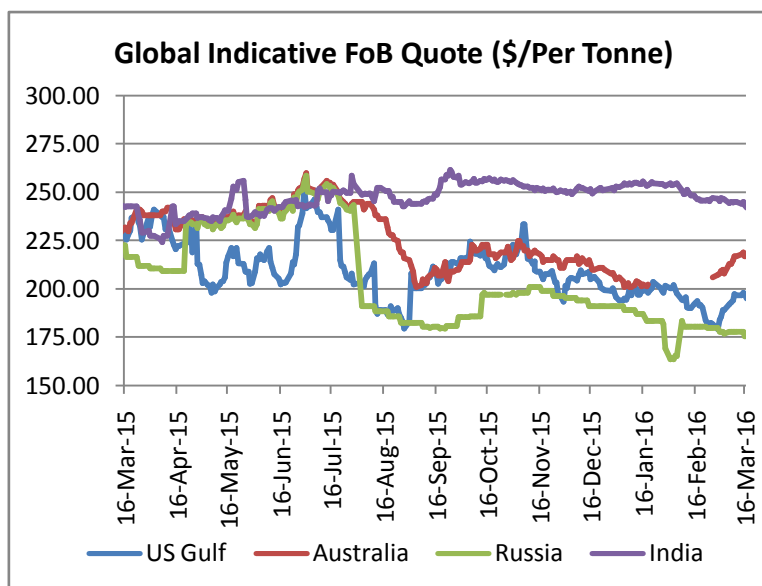
**International FOB Weekly Price Movement  
(USD/T)**

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 \$195 to \$175.5 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australia offers wheat at \$217 per tonne.

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. Australia, Canada and U.S have ample marketable surplus and they all compete with each another. However, wheat market has touched its bottom now and more dip from current level is unlikely. If crop loss occurs in any of the major exporting countries in next one month, it may encourage global wheat price once again. March/April 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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