

Wheat Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Weather
- ❖ Weekly Price Change
- ❖ Stock
- ❖ Weekly Wheat Export & Import
- ❖ Future Chart
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

Wheat Domestic Market Fundamentals: -

All India average wheat price increased by 6.01 % from Rs 1652.04 to Rs 1751.79 per qtl. during the week ended 23rd March-2016. Wheat prices increased by 4.13 % during last two weeks. It is higher by 1.01 % from the average price registered in the third week of March-2015. Major increase was seen in States like Karnataka, Kerala, Gujarat and Orissa. However, Average price decreased in Haryana, Rajasthan, Assam, West Bengal 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. Trading activities were seen restricted due to Holi festival.

Agriwatch has revised wheat production estimate up by 3.96 MMT from 85.32 MMT to 89.28 MMT for 2016-17 MY starting from April-2016. Weather condition in 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 stage. Crop attaining maturity too, may be in danger of losing quality. Carryout for 2016-17 would decrease from 15.38 to 13.66 MMT including 1.0/1.5 MMT private stock too.

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 541.56 tonne wheat during week ended 20th Mar-2016 against 1269.68 tonne previous week ending 13th March. Wheat has been exported at an ave FoB of \$358.33 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. India imported 2750 Tonne wheat from Australia on CiF basis at \$257.08 per T during the same period.

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: -

Import tax (25%) on wheat is likely to be continued despite losses in wheat crop. Wheat from new crop would be available by second week of April in bulk. After consulting the food, farm and trade ministries, the finance ministry now looks likely to extend the duty until September. India imposed an import tax of 10 percent in August last year, reinstating it after a gap of eight years following big wheat imports from overseas. In October, the government raised the import tax, which expires on March 31, to 25 percent. Once the tax is extended, concerned ministers will review the decision in June when they will have a clear idea about the size of this season's crop.

Import of wheat products from neighboring States will be stalled from April 1, decided the traders association in Bhubaneswar last week in protest against the ineffectiveness of the State government regarding VAT. Wheat arrivals from MP, Gujarat and Rajasthan have commenced and it is being traded in the range of Rs 1500 to Rs 1650 per qtl. depending on its quality. Rake loading from Kota region of Rajasthan for south India continues at Rs 1870/80 per qtl.

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.

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:

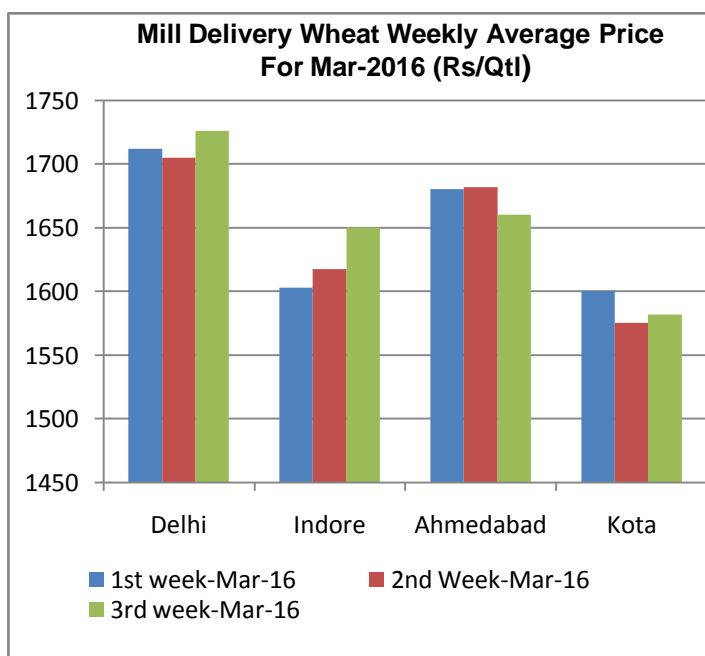
Thunderstorm accompanied with squall is likely at isolated places over Andhra Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

Wheat Weekly Ave Price Chart:

Wheat average wholesale prices increased slightly week on week basis in Delhi, Indore and Kota while it decreased in Ahmadabad. Pressure on wheat price at major trading hubs may be seen with new arrivals in M.P., followed by Gujarat and Rajasthan in higher 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 again. 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.

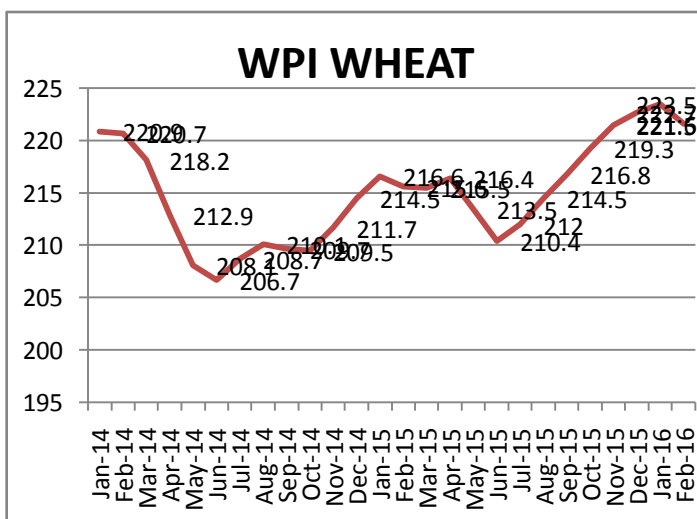


Wheat WPI/ Inflation:

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 01st Feb, 2016:

As on Mar 1, the FCI's wheat stock was registered at 169.32 lakh tonnes including stock in transit. At least, 3 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 100.96 lakh tonne. State agencies had 69.92 lakh tonne on 1st Mar-2016.

Stock in transit was 2.56 lakh tonne.

As on 1st of every Month Wheat Stock with Government(Lakh tonnes)			
STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.03.2016:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.29	0	8.29
NORTH EAST ZONE	0.46	0	0.46
NORTH ZONE	72.24	49.38	121.62
SOUTH ZONE	3.18	0	3.18
WEST ZONE	14.23	18.31	32.54
STOCK IN TRANSIT	2.56	0	3.23
TOTAL	100.96	67.69	169.32

State Wise Average Weekly Price Trend:

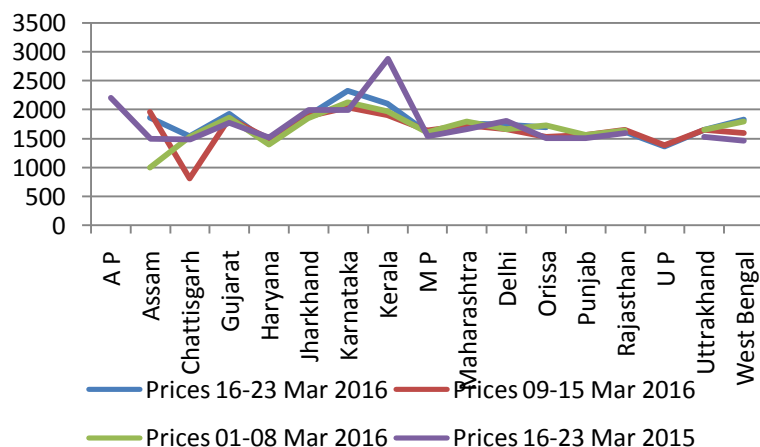
All India wheat ave price increases by 6.02% from Rs 1652.04 to Rs 1751.79 per qtl. during the week ended 23rd March-2016. Wheat prices declined by 4.13 % during last two weeks.

It is higher by 1.01% 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 up in the 3rd week of the month in some major bench mark markets.

Wheat Weekly Ave Price Trend(Rs /Qtl.)

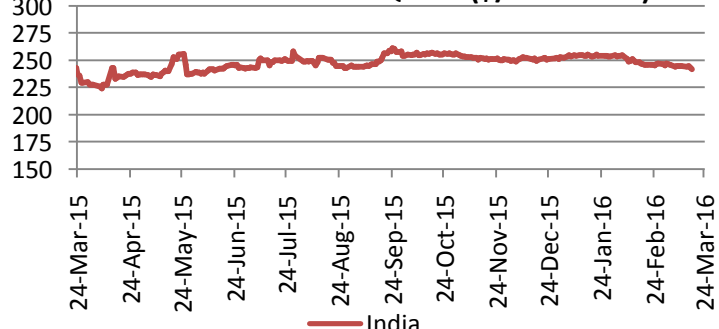


Indicative FOB Value For Wheat In India At Kandla:

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 /345 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.

Indian Indicative FoB Quote (\$/Per Tonne)



Wheat Export Weekly Data:

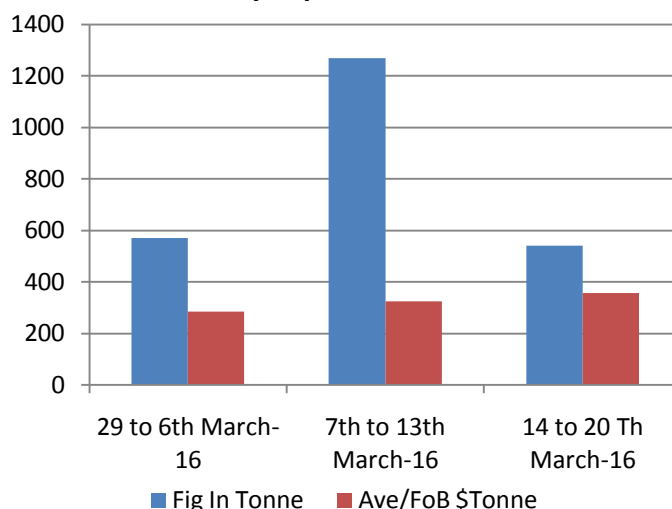
Wheat export volume has been negligible during last few weeks and there is no hope for any recovery in coming weeks as disparity continues to discourage exporters.

India exported 541.56 tonnes of wheat during week ended 20th Mar -2016. Average FoB quote realized last week was \$358.33 per tonne.

As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak.

Major buyers were Kuwait, Sudan and west Asian countries.

Wheat Weekly Export Trend March-2016



Wheat Import:

India imported 2750 Tonne wheat at CIF of \$ 257.08 per tonne during week ended 20th, Mar-2016. Import parity for wheat was not in favor of India with the imposition of 25% duty and it virtually stopped import for few weeks.

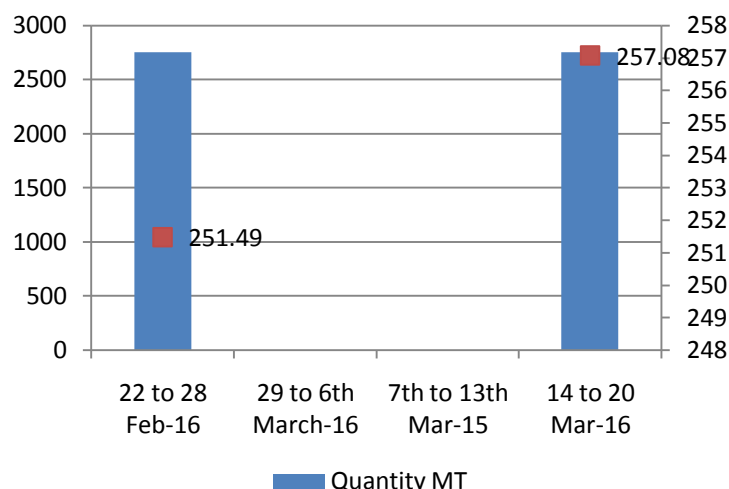
However, situation may change as wheat price in global market is decreasing. Besides, freight has decreased due to cheaper crude oil. New arrival in domestic markets may drive prices down and resultantly FoB quote too.

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 Import Weekly Trend



Wheat Futures Contact: NCDEX Price							Date: 23.03.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-Apr	1.00	1564.00	1565.00	1564.00	1565.00	40	-210	2820	20
16-May	-2.00	1569.00	1574.00	1562.00	1562.00	130	40	1150	20
16-June	0.00	00.00	00.00	00.00	00.00	160	-80	0	0

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 23-Mar-16	Week Ago 16-Mar-16	Month Ago 23-Feb-16	Year Ago 23-Mar-15	Change over previous Year %
Indore	1577	1599	1607	1424	10.74
Bareilly	-	-	-	-	-
Delhi	1713	1712	1732	1667	2.76
Khanna	-	-	-	-	-
Kanpur	1570	1605	1593	1548	1.42
Karnal	-	-	-	-	-
Rajkot	1582	1594	1632	1433	10.40
Kota	1610	1620	1635	1581	1.83

Wheat Technical Analysis:

Wheat – Technical Outlook			April Contract, Expiry: 20 April,2015				
<div>Technical Commentary:</div> <div><div><div>Last candlestick depicts firmness in the market.</div><div>RSI is moving down in neutral zone.</div><div>Prices closed below 9 and 18 days EMAs hints weak market.</div><div>Increase in price, volume and OI indicate short build up.</div></div></div> <div>Wheat prices are likely to trade firm this week.</div>			<div><div>WHEAT DELHI 1604(NCWDHJ6)2016/03/20 - Weekly B:1560.00 A:1576.00 O 1559.00 H 1565.00 L 1556.00 C 1565.00 ↓ V 1,190 I 2,820 -3 -0.19%</div><div>PAR(14) 1630.36 EMA(9) 1577.0 (18) 1577.0 (27) 1577.0 (50) 1577.0 (100) 1577.0</div><div><div><div>423.6%1730.6</div><div>161.8%138.2%100.0%50.0%25.0%10.0%</div><div>1608.51597.51579.71561.31543.31524.9</div></div></div><div><div>RSI(14,MA(20)) 9.79506 9.79506</div><div>MACD(12, 26, 12) 0.000000 DAV 0.000000 DIF 0.000000</div><div>ADX(14) 0.000000 +DI 9.63025 -DI 55.0067</div></div></div>				
Strategy: Buy on dip							
			S2	S1	PCP	R1	R2
Wheat	NCDEX	April	1533	1550	1565	1580	1597
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Buy above	1558	1575	1579	1553

Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the first week of April due to emerging rough weather condition in central, north and west India. Any unexpected dip is unlikely as govt would start buying at MSP. Futures may trade in the lower –upper price tag of Rs1550 and Rs1580 in the short term.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			23-Mar-16	22-Mar-16	16-Mar-16	23-Feb-16	23-Mar-15
Delhi	Lawrence Road	Mill Delivery	1730	1715	1705	1715	1680
	Narella	Mill Quality Loose	NA	1650	NA	1670	1610
	Nazafgarh	Mill Quality Loose	NA	NA	NA	1670	1610
Gujarat	Rajkot	Mill Delivery	1580	1600	1610	1660	NA
	Ahmedabad	Mill Delivery	1650	1650	1670	1725	1550
	Dhrol	Mill Quality Loose	1815	1645	1670	1795	NA
	Surat	Mill Delivery	1680	1690	1705	1750	NA
M.P.	Bhopal	Mill Quality Loose	NA	1500	1525	1550	1325
	Indore	Mill Delivery	NA	1650	1650	1610	1380
Rajasthan	Kota	Mill Quality Loose	1500	NR	1500	1550	1420
		Mill Delivery	1580	NR	1590	1625	1400
U.P.	Kanpur	Mill Delivery	NA	1580	1580	1575	1575
	Mathura	Mill Quality Loose	1620	1625	1680	1640	1625
	Kosi	Mill Quality Loose	NA	1520	1665	1660	1600
	Hathras	Mill Quality Loose	NA	1700	1750	1725	NA
	Aligarh	Mill Quality Loose	NA	NA	1800	1730	NA
Punjab	Khanna	Mill Quality Loose	NA	1525	1525	NA	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1550
Haryana	Sirsa	Mill Delivery loose	1560	1560	1560	1600	1510
	Hodal	Mill Delivery	1705	1705	1705	1705	1620
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1590	1585	1610	1660	1600
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	1800	NR	1850	1850	1700
	Madurai	Mill Quality	1857	NR	1907	1907	1757
	Coimbatore	Mill Quality	1857	NR	1907	1907	1757
Bihar	Sitamari	Mill Delivery	NA	Closed	1635	1620	1625
	Khagariya	Mill Delivery	NA	1700	1700	1800	NA



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
			22-Mar-16	15-Mar-16	22-Feb-16	22-Mar-15
USA (Chicago)	2srw	-18.83	193.53	197.39	190.43	238.43
France	FCW3	-23.56	142.75	144.00	146.75	186.75
Australia	ASW	-9.13	219.00	217.00	NA	241.00
Russia	SRW	-18.94	175.50	175.50	180.50	216.50
India	Fob	-	NA	NA	NA	244.06

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.

Russia is set to become the world's second largest wheat exporter in the 2015/16 marketing year, eating into Canadian and the U.S. market share, owing to a weak rouble and a decline in supplies from its main rivals. Russian wheat exports are running at a historically record pace this season, which lasts until June 30, thanks to a large crop of 61 million tonnes in 2015 and the weaker rouble. Global prices are, however, depressed and leading exporters have to compete for a smaller market share due to the oversupply and the 2016/17 season is expected to start with high stocks. Wheat export may reach at 23 to 23.5MMT.

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 Ukrariuan (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.

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.

Ethiopian has issued an international tender to buy around 499,000 metric tons of milling wheat sourced from optional origins as the country continues purchases following a serious drought. The tender closes on March 25. Shipment of the wheat is sought between May and July. Failed rains during spring and summer 2015 have sparked food and water shortages in the country, which boasts one of Africa's highest growth rates but depends heavily on farming. On Jan. 31, Ethiopia urged international donors to offer aid promptly for relief operations to support 10.2 million people critically short of food. Ethiopia last tendered to buy 70,000 metric tons of wheat in February

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

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.

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	
				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
	22-Mar-16	15-Mar-16	22-Feb-16	22-Dec-15	22-Sep-15	22-Mar-15	
16-May	171.48	175.34	170.47	175.98	186.46	196.19	-12.59
16-Jul	174.33	178.01	173.32	178.83	187.93	197.66	-11.80
16-Sep	178.01	181.59	177.27	182.41	191.05	200.97	-11.43
16-Dec	183.24	186.64	182.69	187.65	196.19	205.84	-10.98
17-Mar	188.20	191.51	186.27	191.97	184.71	210.34	-10.52

CBOT Wheat Futures Chart

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

1st Support; 165
 2nd Support: 160
 1st Resistant: 172
 2nd Resistant: 176
 (\$ per tonne)

CBOT futures market may trade in the range of \$165 to 172 per T during remaining parts of March in next two weeks.



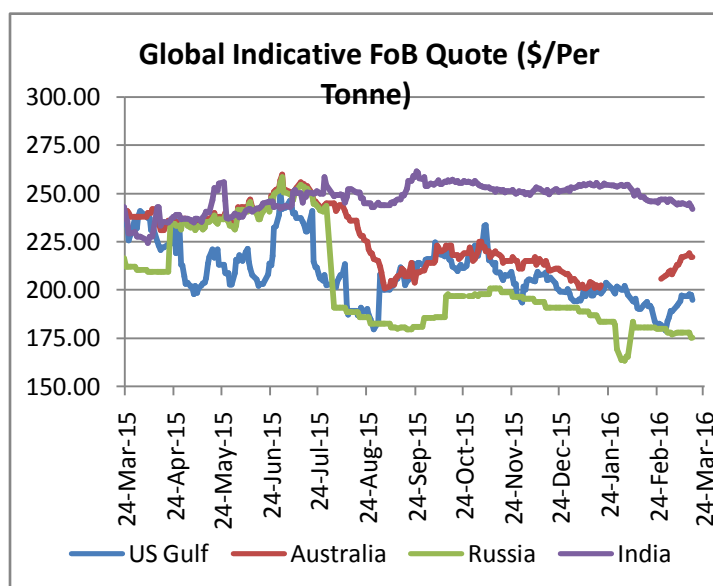
International FOB Weekly Price Movement (USD/T)

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 \$192 to \$177 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. Occurrence of crop loss in any of the major exporting countries in next one month, 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.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2016 Indian Agribusiness Systems Pvt Ltd.