

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price increased by 5.44 % from Rs 1731.63 to Rs 1826.4 per qtl. during the week ended 22nd April-2016. Wheat. It is higher by 5.7 % from the average price registered in the first week of April-2016. Major increase was seen in States like Gujarat, Chhattisgarh, Kerala, Punjab and West Bengal. However, Average price decreased in other major states including, Assam, Rajasthan and Karnataka. Wheat procurement starts in Madhya Pradesh, MP, Punjab, Haryana and Uttar Pradesh. Average wheat price is continuously increasing from last couple of weeks due to coming export as well domestic demand..

For marketing season 2016-17 more than 10 million tonnes of wheat has been procured as compared to 3 million tonnes for the same season last year. This increase in procurement is mainly due to conducive weather in last couple of weeks, which has led to harvesting begin on time. Last year unseasonal rains in March postponed harvesting and affected the quality of wheat. In Rajpura, more than 10000 farmers have already sold around 8 lakh quintals to government agencies.

Agrivatch 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 in places where crop is inharvesting 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.

India exported 7077.06 tonne wheat during week ended 17th April-2016 against 817.8 tonne previous week ending 10th April. Wheat has been exported at an average FoB of \$286.44 per tonne. Major buyers of the Indian wheat are UAE, Taiwan, UK, Nepal, Bahrain and Kuwait. India imported 2750 tonne wheat from Australia on CiF basis at \$257.08 per tonne in March third week. There is no import last week. India exported 817.8 tonne wheat during week ended 10th April-2016 against 1422.16 tonne previous week ending 3rd April. Wheat has been exported at an aveFoB of \$289.26 per tonne. Buyers of the Indian wheat are UAE, Nepal, Malaysia and Qatar. Global wheat markets are offering wheat at very attractive price.

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 :-

According to latest market update, 4300985 metric tonnes of wheat have been procured in Haryana by government agencies. Out of the total quantity, 1203953 metric tonnes has been procured by food and supplies department, 1440734 metric tonnes by Haryana State Cooperative Supply and Marketing Federation Ltd, 478562 metric tonnes by Food Corporation of India, 366297 metric tonnes by Haryana Agro Industries Corporation and 811439 metric tonnes by Haryana Warehousing Corporation.

As per the latest update, wheat procurement has started in different districts of Punjab. Till Tuesday 264,361 metric tonnes have arrived in Patiala, Sangrur and Fatehgarh sahib districts. Out of the mentioned arrivals 188,488 metric tonnes have been procured by government agencies. The quality of wheat arriving is good.

According to latest update, FCI was required to lift 16,000 metric tonnes of wheat from public sector purchase agency, Pungrain in Bathinda. This was done in order to make the godown ready for holding the new crop. Due to higher moisture content of 20% than the permissible limit of 14%, this move was cancelled.

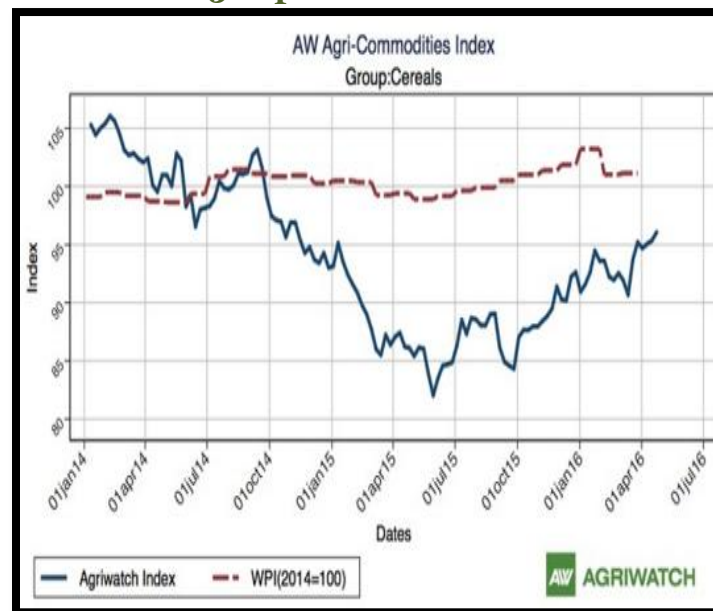
Outlook & Recommendation: -

Wheat cash market is expected to trade steady to slightly firm on higher demand.

Trade Call: Stakeholders should trade in May Contract taking care of lower and upper price tag of Rs 1650 & 1675 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index made another 12-month high, rising 2.28% to 111.23 during the week ended Apr 23, 2016 from 108.74 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100). All nine Commodity Group Indices and 25 of the 29 Individual Commodity Indices that comprise the headline Index gained during the week barring Maize, Onion, Sunflower Oil and Red Chilli. The commodity group Index values and their weekly changes are as follows: Pulses Index: 190.50 (+7.87%), Vegetables Index: 66.74 (+3.32%), Cereals Index: 96.06 (+0.75%), Edible Oils Index: 112.09 (+1.66%), Oilseeds Index: 115.2 (+2.3%), Spices Index: 130.85 (+0.32%), Sweeteners Index: 118.23 (+2.19%), Fibres Index: 94.31 (+0.9%) and Other Non-food Articles Index: 89.23 (+5.66%).



As prices of wheat are expected to decrease with increasing arrivals cereals index may soften in coming weeks.

Weather Condition/Warning:

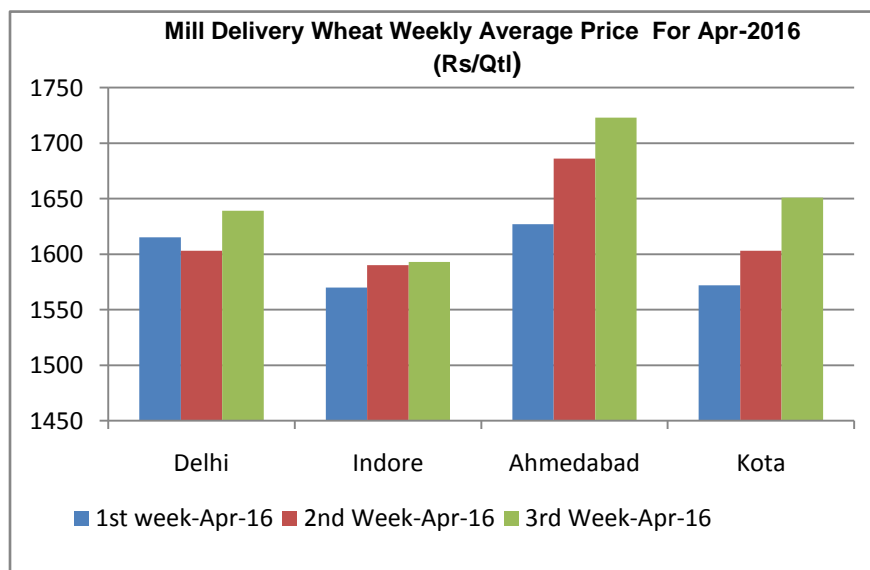
Heat wave conditions very likely at a few places with severe heat wave at isolated places over Gangetic West Bengal and Odisha. Heat wave conditions very likely at a few places over Jharkhand, Telangana and Coastal Andhra Pradesh and at isolated places over Bihar, Rayalaseema and South Interior Karnataka.

Alert:

Heat wave conditions very likely at isolated places over East Uttar Pradesh, Bihar, Jharkhand, Gangetic West Bengal and Odisha. Heat wave conditions prevailed at a few places with severe heat wave at isolated places over Odisha. Heatwave conditions prevailed at a few places over Gangetic West Bengal, Telangana, and south Coastal Andhra Pradesh & Rayalaseema; at isolated places over Bihar & north interior Tamilnadu.

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices increased week on week basis in all major bench mark markets like Delhi, Indore, Ahmadabad and Kota even with higher arrivals. Bulk demands from millers and stockiest push the wheat price in upward direction at this time.

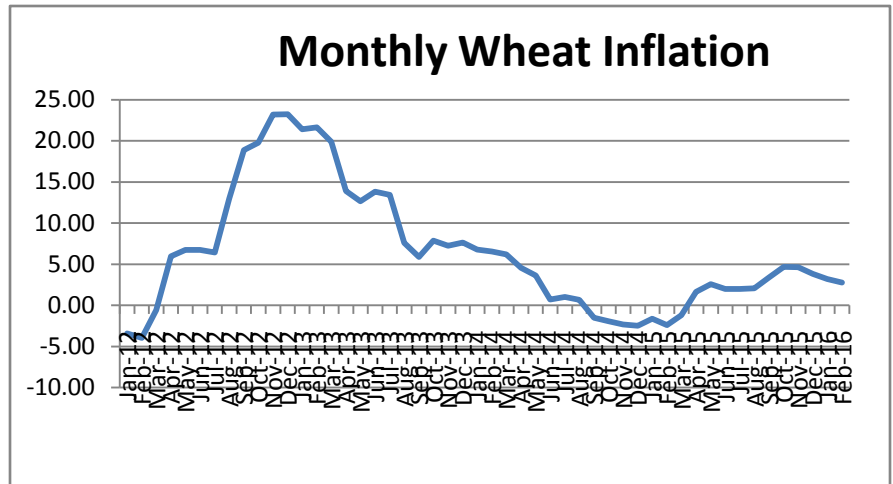


Wheat WPI/ Inflation:

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 Mar, 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.

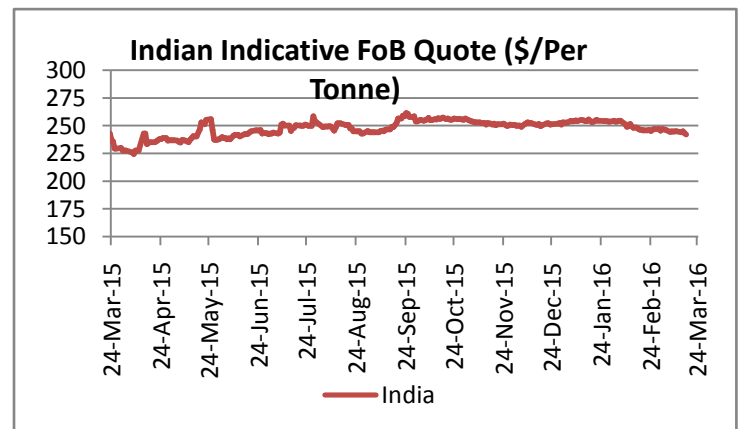
As on 1st of every Month Wheat Stock with Government(Lakh tonnes)			
STOCKS OF WHEAT IN CENTRAL POOL AS ON 01.03.2016:	STOCK WITH FCI	STOCK WITH STATE AGENCIES	TOTAL IN CENTRAL POOL
EAST ZONE	8.29	0	8.29
NORTH EAST ZONE	0.46	0	0.46
NORTH ZONE	72.24	49.38	121.62
SOUTH ZONE	3.18	0	3.18
WEST ZONE	14.23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

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 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 1422 tonnes of wheat during week ended 3rd April -2016. Average FoB quote realized last week was \$297.72 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 Import:

There is no import last week. India had 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.

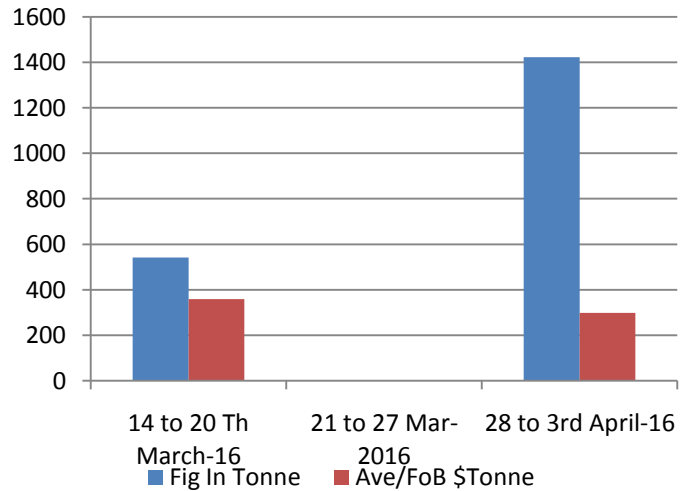
However, situation may change as wheat price in global market is decreasing. Besides, freight has decreased due to cheaper crude oil. New arrival in domestic markets may drive prices down and resultantly FoB quote too.

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

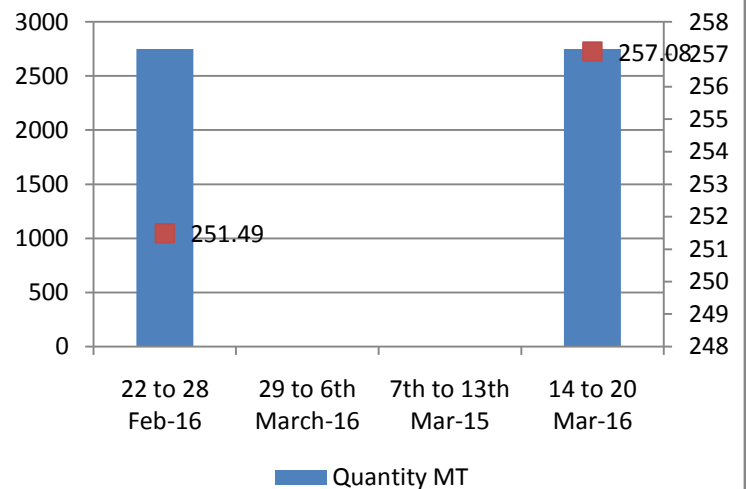
Difference between FoB quotes is around \$40/50 per tonne.

.Source: IBIS.

Wheat Weekly Export Trend March-2016



Wheat Import Weekly Trend



Wheat Futures Contact: NCDEX Price							Date: 22.04.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-May	2.00	1664	1670	1659	1665	2370	630	12450	280
16-June	3.00	1689	1699	1686	1694	1550	900	3490	300
16-July	1.00	1734	1734	1734	1734	10	-110	210	0

Wheat Weekly Price Table:

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

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	22-Apr-16	15-Apr-16	22-Mar-16	22-Apr-15	
Indore	Closed	1621	1578	1443	-
Bareilly	NA	NA	NA	NA	-
Delhi	1645	1610	1712	1470	11.90
Khanna	NA	NA	NA	NA	-
Kanpur	1500	1488	1585	1450	3.45
Karnal	NA	NA	NA	NA	-
Rajkot	Closed	1585	1605	1375	-
Kota	1662	1623	1615	1466	13.37

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

Wheat Technical Analysis:

Wheat – Technical Outlook

May Contract,

Expiry: 20 May,2016

Technical Commentary:

- Last candlestick depicts firmness in the market.
- RSI is moving in neutral zone.
- Prices closed above 9 and 18 days EMAs hints firm market.
- Increase in price, volume and OI indicate long build up.

Wheat prices are likely to trade firm this week.



Strategy: Buy on Dips

			S2	S1	PCP	R1	R2
Wheat	NCDEX	May	1606	1620	1665	1695	1710
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	May	Buy Above	1658	1664	1668	1655

Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the fourth week of April even after increasing arrivals and higher pace of harvesting in region like Rajasthan, Gujarat etc due to more demand and higher procurement.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			22-Apr-16	21-Apr-16	15-Apr-16	22-Mar-16	22-Apr-15
Delhi	Lawrence Road	Mill Delivery	1640	1640	1620	1715	1450
	Narella	Mill Quality Loose	1580	1560	1525	1650	NR
	Nazafgarh	Mill Quality Loose	1550	1560	1525	NR	NR
Gujarat	Rajkot	Mill Delivery	Closed	1670	1625	1600	1390
	Ahmedabad	Mill Delivery	Closed	1725	1690	1650	1450
	Dhrol	Mill Quality Loose	NR	NR	NR	1645	1280
	Surat	Mill Delivery	Closed	1760	1720	1690	1475
M.P.	Bhopal	Mill Quality Loose	Closed	1550	NR	1500	1350
	Indore	Mill Delivery	Closed	1690	NR	1650	1435
Rajasthan	Kota	Mill Quality Loose	1570	1560	1550	1560	1350
		Mill Delivery	1650	1650	1620	1580	1425
U.P.	Kanpur	Mill Delivery	1600	1600	1590	1580	1550
	Mathura	Mill Quality Loose	1531	1535	1460	1625	1450
	Kosi	Mill Quality Loose	1515	1530	1460	1520	1300
	Hathras	Mill Quality Loose	NR	1425	NR	1700	1250
	Aligarh	Mill Quality Loose	1480	1500	1460	NR	NR
Punjab	Khanna	Mill Quality Loose	1525	1525	1525	1525	NR
	Ludhiana (Jagraon)	Mill Delivery	1630	1630	1600	NR	1520
Haryana	Sirsa	Mill Delivery loose	1525	1525	1525	1560	1450
	Hodal	Mill Delivery	1600	1600	1575	1705	NR
	Karnal	Mill Quality Loose	NA	NA	NA	NR	NR
	Bhiwani	Mill Quality Loose	1530	1550	1525	1585	1450
	Panipat	Mill Quality	1525	1525	1525	NR	1450



		Loose					
Tamil Nadu	Chennai	Mill Quality	1900	1900	1875	1800	1650
	Madurai	Mill Quality	1957	1957	1932	1857	1707
	Coimbatore	Mill Quality	1957	1957	1932	1857	1707
Bihar	Sitamari	Mill Delivery	1400	1400	NR	NR	NR
	Khagariya	Mill Delivery	1500	1540	1450	1700	1300

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
			21-Apr-16	14-Apr-16	21-Mar-16	21-Apr-15
USA (Chicago)	2srw	-9.91	201.45	191.60	193.42	223.60
France	FCW3	-18.13	142.25	144.25	NA	173.75
Australia	ASW	-2.99	227.00	216.00	218.00	234.00
Russia	SRW	-15.37	179.00	179.00	175.50	211.50
India	Fob	-	NA	NA	NA	234.51

International Market Updates:

Bangladesh has rejected 100,000 metric tonnes of Russian wheat due to quality issues. The first cargo of 50,000 metric tonnes bought at \$215.87 per tonne (CIF) was rejected as quality did not match the specifications. The second cargo of the same quantity bought at \$233.96 per tonne was also rejected as the foreign body content was 1.08 percent which is 1.01 percent higher than the permissible limit

In a tender of wheat that closed on Thursday, Ethiopia bought 70000 tonnes of milling wheat. The said quantity will be delivered in two lots of 35000 tonnes each at \$285.67 and \$286.17 per tonne respectively to inland silos. Ethiopia has another pending tender with a bidding deadline of April 28 for 60000 tonnes.

According to latest report, Russian wheat export reached 21.3 mmt since 1st July 2015 as greater demand is supporting the export. At present Black sea mill wheat with 12.5% protein for April shipment is offered at US \$184 per tonne (FOB)

According to USDA weekly crop progress report for US, 48 percent of the winter wheat crop is in good condition as of now and there has been an increase of 13 percent as compared to 2015. Whereas the percentage of crop in poor condition has decreased to 7 percent in 2016 as compared to 14 percent in 2015. Overall crop condition is better for this year as compared to last year and we expect higher yield in marketing year 2016-17 which is likely to arrive in the month of June.

Egypt's state grain buyer GASC has purchased 175000 metric tonnes of wheat from Romania and Ukraine. Out of total quantity, 120000 metric tonnes has been purchased from Romania and 55000 metric tonnes from Ukraine. According to traders, 55000 metric tonnes of Ukraine wheat from Venus has been purchased at \$192 per tonne C&F. Romanian wheat is purchased in two consignments of 60000 metric tonnes each from Ameropa at \$192.18 per tonne C&F.

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 increaseslightly 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.

Donga one, a group of South Korean flour mills, has purchased 45500 metric tonnes of wheat from Australia in a tender. Of the total quantity 41000 metric tonnes of Australian White wheat with 10.3 to 11.0 percent protein was purchased at \$232 per tonne FOB and 4500 metric tonnes of Australian hard wheat with a minimum of 11.5 percent protein at \$229 per tonne FOB.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15(Est.)	15/16 f'cast		2016-17 (Proj)
			25.02.2016	01.04.2016	01.04.2016
Production	717	929	732	734	713
Trade	157	153	152	154	153
Consumptions	699	716	719	720	716
Carryover stocks	188	201	213	214	211
Y-O-Y change	19	12		14	-3
Major Export	54	63	70	70	67

- IGC revised wheat production estimate up by 2MMT to 734 MMT in April-2016. It projects 713 MMT production for 2016-17..
- Trade estimate too has been revised up by 2MMT to 154 MMT. Projection for 2016-17 is 153 MMT
- Consumption has been pegged at 720 MMT in the month of April- 2016, up by 1MMT from previous estimate.
- Carryout stock has been pegged at 214 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
	21-Apr-16	14-Apr-16	21-Mar-16	21-Jan-16	21-Oct-15	21-Apr-15	
16-May	182.14	169.56	171.39	176.26	184.25	201.43	-9.58
16-Jul	184.99	171.76	173.96	178.19	185.08	183.06	1.05
16-Sep	188.20	175.25	177.64	181.22	188.11	204.83	-8.12
16-Dec	193.80	180.67	182.69	186.27	193.25	209.79	-7.62
17-Mar	198.76	186.46	187.37	189.95	198.76	212.82	-6.60

CBOT Wheat Futures Chart

CBOT wheat market traded firm. Price Increase continues due to higher demand.

1st Support: 168
2nd Support: 164
1st Resistant: 180
2nd Resistant: 186
(\$ per tonne)

CBOT futures market may trade in the range of \$168 to 186 per T during remaining parts of April in next week.

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 \$196 to \$177 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

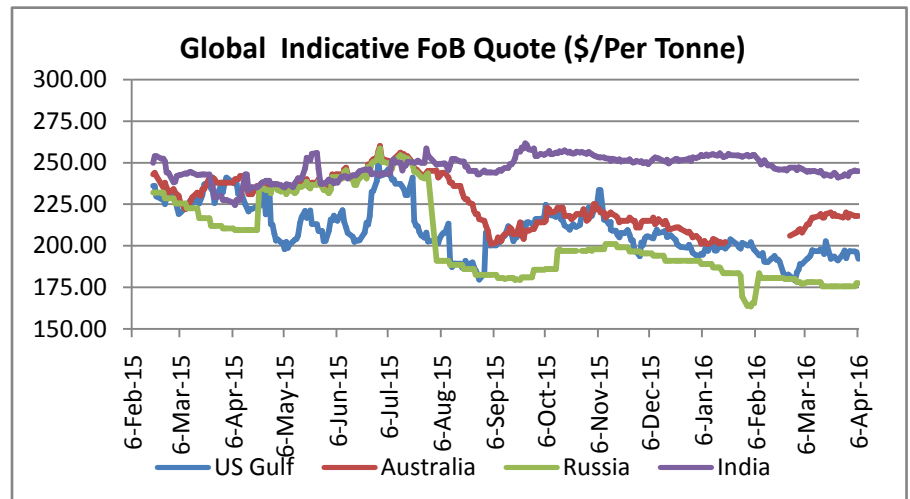
Australia offers wheat at \$218 per tonne.

Wheat quotes may hover in the range of \$175 to \$220 due to excess supply in the global market in coming weeks.

International Weekly Outlook:

Wheat global market is likely trade weak despite growing concern over winter wheat crop in US. There is plenty of wheat available in Black Sea Region, US, Australia, France and Canada. Russia, France and U.S are trying to offload their excess stock and all these developments put pressure on global wheat market. Russian wheat is very competitive and there is ample supply from other exporting countries. So stable to weak tone prevails in the market. Range bound movement in April is a seemingly possibility given the normal weather condition. Recovery in market is expected in second quarter of current MY.

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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