

# Wheat Weekly Research Report

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**Wheat Domestic Market Fundamentals: -**

All India average wheat price increased by 1.65 % from Rs1739.41 to Rs1768.24 per qtl. during the week ended 30<sup>th</sup> April-2016. Lower than expected arrivals and active participation by private trades continue to lend support to cash market fundamentals. It is (All India Ave. Price) higher by 3.64 % from the price registered in April, 2015. The ave. price was hovering near Rs 1706.08 per qtl..Any major dip from current level is unlikely as yield of wheat in Bihar,Uttar Pradesh has declined considerably. This year wheat price is ruling unexpectedly at higher level in U.P. & Bihar. So millers are now purchasing wheat above MSP wherever it is available and these developments would not allow wheat to decrease in the short to medium term.

For marketing season 2016-17 more than 18 million tonnes of wheat has been procured as compared to 15.5 million tonnes for the same season last year(till 25<sup>th</sup> April-2015).The increase in procurement by 17% this year is mainly due to early start of procurement in Madhya Pradesh. However, slower pace of arrival and higher prevailing market price may limit govt.'s procurement this year to 26/27MMT.As private trades buying continues at higher price, the pace of procurement by public agencies including FCI may slow down in the weeks ahead.

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. The new season started with 14.53 MMT wheat as carryout. If we add around 1MMT private stock as carryout, the season started with 15.53 MMT wheat as carryout. So stock is considered at comfortable level this year despite lower production estimates. There is no panic at supply front. Govt. has enough stock to take care of any additional emerging demand.

India exported 1759.2 tonne wheat during week ended 24<sup>th</sup> April-2016 against 541.56 tonne previous week ending 17<sup>th</sup> April. Wheat has been exported at an average FoB of \$291.98 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 was no import last week. As price of wheat in domestic market rules higher, scope for export is diminishing fast. Import is expected to commence once again June onward.

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 : -**

According to latest market update, over 59 lakh tonnes of wheat has been procured in Haryana by government agencies. Punjab has procured 84 lakh tonne while M>P has purchase 35 lakh tonne.Slower pace of arrival hints towards lower procurement for central pool this year.

Over 63.71 lakh metric tonnes (MT) of wheat has so far arrived in the mandis Haryana, which is the highest arrival till 30<sup>th</sup> April.. Around 54.98 lakh MT of wheat had arrived in the mandis during the corresponding period last year. Out of the total arrival, 63.70 lakh tonnes has been purchased by government procurement agencies.Sirsa,

The Government of India have decided that it is for the present no longer necessary to maintain the scheme announced on the 25<sup>th</sup> March, 1915, for controlling the export of wheat in the interests of the Indian consumers while permitting export by firms acting as the Agents of the Government. The Government of India have now decided that the normal conditions of private exports may for the present be restored, subject to a maximum restriction on the quantity which may be exported.

**Outlook & Recommendation: -**

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

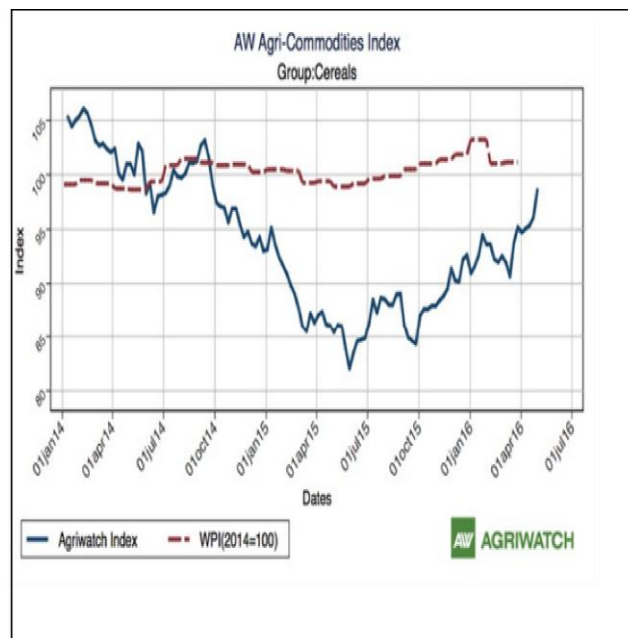
**Trade Call:** Stakeholders should trade in May Contract taking care of lower and upper price tag of Rs1600 &1650 respectively.

### Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index rose a modest 0.35% to 111.62 during the week ended Apr 30, 2016 after a sharp rise during the previous four weeks. The Index ended at 111.23 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Higher cereals, edible oils and vegetable prices were partially offset by declines in pulses, sugar and oilseeds prices. The commodity group Index values and their weekly changes are as follows:

Cereals Index: 98.58 (+2.62%), Edible Oils Index: 114.48 (+2.13%), Vegetables Index: 69.46 (+4.08%), Pulses Index: 183.01 (-3.93%), Oilseeds Index: 112.76 (-2.12%), Sweeteners (Sugar, Gur, Khandsari) Index: 115.54 (-2.28%), Spices Index: 133.13 (+1.74%), Fibres Index: 94.76 (+0.47%) and Other Non-food Articles Index: 94.66 (+6.09%).



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

### Weather Condition/Warning:

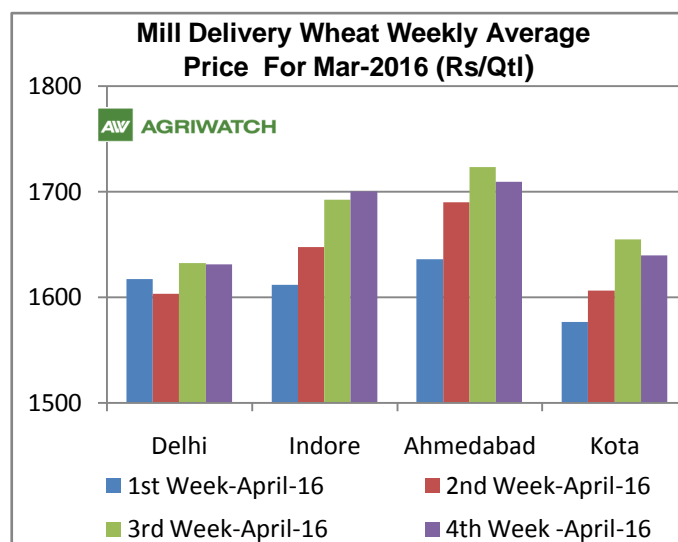
In the pre-monsoon season, weekly Rainfall for the country as a whole during the week 14th April, 2016 to 20th April, 2016 was 20% lower than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was higher by 24% in East & North East India and lower by 26% in North West India, 94% in Central India, 85% in South Peninsula.

### Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices decreased slightly week on week basis in all major bench mark markets like Delhi, Ahmadabad and Kota except Indore where ave price increased from Rs 1692 to Rs 1700 per qtl.

Ample supply in Punjab, Haryana, Rajasthan and Uttar Pradesh has eased pressure in cash market. In Madhya Pradesh private parties are active and they are buying wheat continuously offering higher price to farmers.

Higher demand from South Indian millers has lent support to cash markets in Madhya Pradesh.

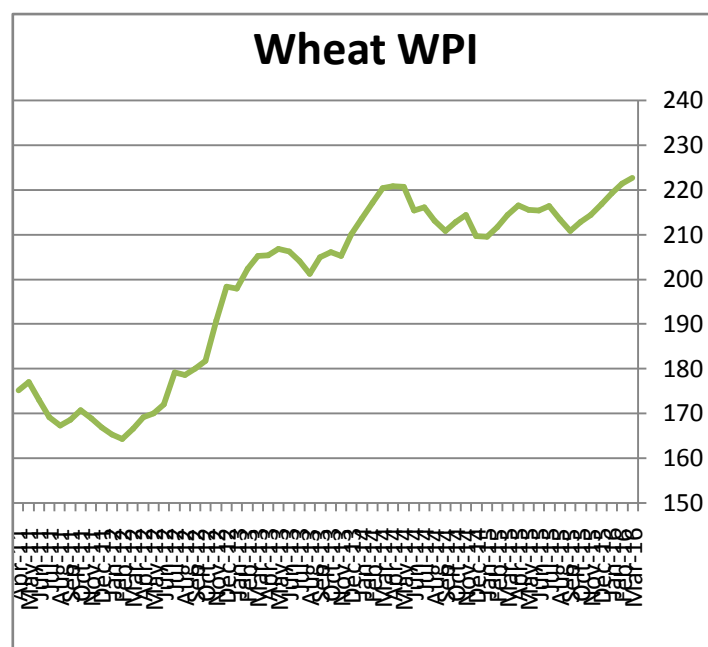


### Wheat WPI/ Inflation:

Wheat WPI has increased slightly to 222 in March, 2016 from 221.6 in Feb, 2016. Wheat prices may rule steady to slightly firm in the weeks ahead on decreasing arrivals from new crop and higher offering by private trades.

Monthly wheat inflation percentage increase is 3.02. It was 2.78 in Feb-2016.

Wheat cash market price will continue to trade steady and it may encourage inflation in coming weeks as arrival would continue to decline.



### Wheat Stock: As on 01st Mar, 2016:

As on April 1, the FCI's wheat stock was registered at 145.38 lakh tonnes. New season started with 145.38 lakh tonne stock in central pool. Agriwatch expects 1 MMT stock in private hands. Thus total availability of old stock is around 155.38 lakh tonne.

As procurement is on stock is bound to increase. Procurement would continue till June-2016 and Agriwatch expects 26 to 27 MMT procurement by the end of this season against the set target of 30.5 MMT.

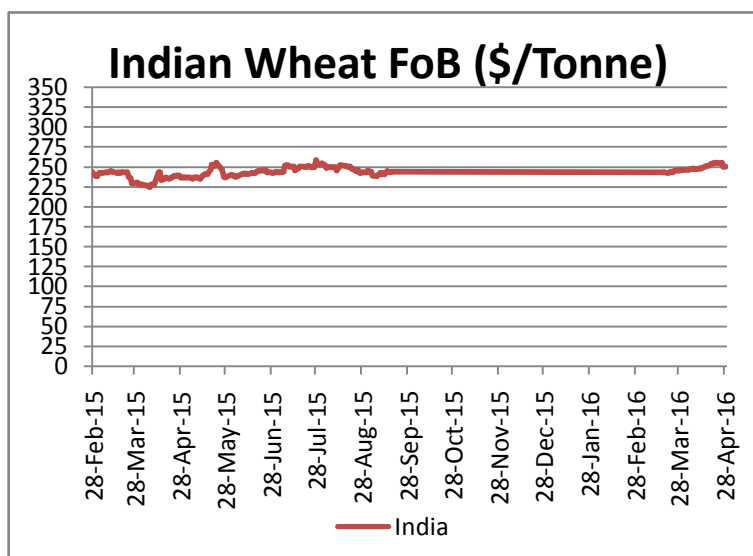
Foodgrains Stocking Norms ( Fig in MMT)			
As on	Rice	Wheat	Total
1 <sup>st</sup> Apr	13.58	7.46	21.04
1 <sup>st</sup> July	13.54	27.58	41.12
1 <sup>st</sup> Oct	10.25	20.52	30.77
1 <sup>st</sup> Jan	7.61	13.8	21.41

### Indicative FOB Value For Wheat In India At Kandla:

Indian FoB quotes have firmed up as prices of wheat in domestic market have improved by 2 to 3 percent in last two weeks.

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 \$252 to \$255 per tonne for common grade.

Prices of wheat may move up from current level.



### 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 1759.2 tonnes of wheat during week ended 24<sup>th</sup> April -2016. Average FoB quote realized last week was \$291.98 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 during last 5 weeks. India had imported 2750 Tonne wheat at CIF of \$ 257.08 per tonne during week ended 20<sup>th</sup>, 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.

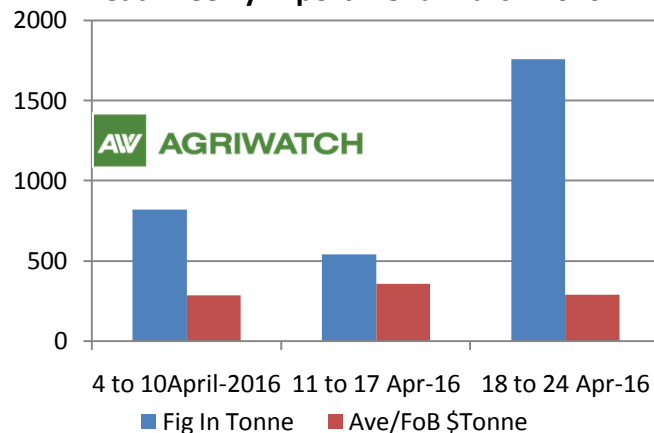
However, situation may change as wheat price in global market is decreasing. Besides, freight has decreased due to cheaper crude oil. New arrival in domestic markets may drive prices down and resultantly FoB quote too.

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

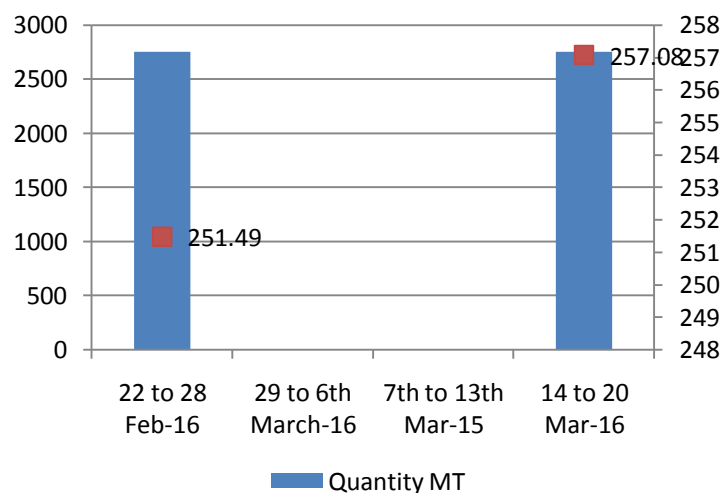
Difference between FoB quotes is around \$40/50 per tonne.

.Source:IBIS

### Wheat Weekly Export Trend March-2016



### Wheat Import Weekly Trend



### Wheat Futures Contract: NCDEX Price

Date:29.04.2016

Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-May	0	1623	1630	1623	1628	1590	-2,390	10420	-1,080
16-June	-3	1658	1660	1654	1658	810	-240	6590	450
16-July	-2	1690	1692	1687	1690	350	10	1300	690

### 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 %
	28-Apr-16	21-Apr-16	28-Mar-16	28-Apr-15	
Indore	1667	1667	-	1458	14.33
Bareilly	-	-	-	-	-
Delhi	1631	1643	1692	1488	9.61
Khanna	-	-	-	-	-
Kanpur	1518	1498	-	1408	7.81
Karnal	-	-	-	-	-
Rajkot	1611	1636	-	1370	17.59
Kota	1660	1671	1572	1465	13.31

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 below 9 and 18 days EMAs hints firm market.
- Increase in price, volume and OI indicatelong build up.

Wheat prices are likely to trade firm this week.



#### Strategy:Buy on Dips

			S2	S1	PCP	R1	R2
Wheat	NCDEX	May	1600	1616	1626	1652	1685
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	May	Buy Above	1620	1630	1635	1617



## Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the first week of May due to decreasing arrivals and active buying by private trades.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			28-Apr-16	27-Apr-16	21-Apr-16	28-Mar-16	28-Apr-15
Delhi	Lawrence Road	Mill Delivery	1620	1630	1640	1650	1475
	Narella	Mill Quality Loose	1590	Closed	1560	1625	1440
	Nazafgarh	Mill Quality Loose	1565	Closed	1560	1500	1450
Gujarat	Rajkot	Mill Delivery	1625	1640	1670	NA	1410
	Ahmedabad	Mill Delivery	1700	1725	1725	NA	1480
	Dhrol	Mill Quality Loose	2025	1985	NA	NA	1290
	Surat	Mill Delivery	1730	1750	1760	NA	1510
M.P.	Bhopal	Mill Quality Loose	1560	1550	1550	NA	NA
	Indore	Mill Delivery	1700	1700	1690	NA	1465
Rajasthan	Kota	Mill Quality Loose	1550	1570	1560	1450	1375
		Mill Delivery	1620	1620	1650	1550	1450
U.P.	Kanpur	Mill Delivery	1615	1600	1600	1580	1540
	Mathura	Mill Quality Loose	1535	1525	1535	1550	1375
	Kosi	Mill Quality Loose	1480	1480	1530	1470	1300
	Hathras	Mill Quality Loose	NR	NR	1425	1450	NA
	Aligarh	Mill Quality Loose	1495	NR	1500	1750	1320
Punjab	Khanna	Mill Quality Loose	1525	1525	1525	1525	1450
	Ludhiana (Jagraon)	Mill Delivery	1650	1650	1630	NA	1510
Haryana	Sirsa	Mill Delivery loose	1525	1525	1525	1550	1450
	Hodal	Mill Delivery	1580	1580	1600	1650	1510
	Karnal	Mill Quality Loose	NA	NR	NA	NA	NA
	Bhiwani	Mill Quality Loose	1550	1550	1550	NA	1450
	Panipat	Mill Quality	1525	1525	1525	NA	1450



		Loose					
<b>Tamil Nadu</b>	Chennai	Mill Quality	1900	1900	1900	1825	1700
	Madurai	Mill Quality	1957	1957	1957	1882	1757
	Coimbatore	Mill Quality	1957	1957	1957	1882	1757
<b>Bihar</b>	Sitamari	Mill Delivery	1410	1400	1400	1640	NA
	Khagariya	Mill Delivery	1550	1525	1540	1750	NA

### 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
			27-Apr-16	20-Apr-16	27-Mar-16	27-Apr-15
USA (Chicago)	2srw	-9.39	198.41	204.47	195.08	218.96
France	FCW3	-17.01	142.75	143.75	143.00	172.00
Australia	ASW	-6.81	219.00	222.00	218.00	235.00
Russia	SRW	-12.53	185.00	179.00	175.50	211.50
India	Fob	-	255.49	NA	NA	237.11

**International Market Updates:**

**According to USDA weekly crop progress report for US**, 50 percent of the winter wheat crop is in good condition as of now and there has been an increase of 15 percent as compared to 2015. Whereas the percentage of crop in poor condition is 7 percent in 24/4/2016 as compared to 6 percent in 24/4/2015. 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.

**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.

**As per latest update, farmers in Canada are planning to shift their crop from wheat to peas and lentil** due to higher prices and demand in India. This shift will lead to a fall in area for wheat to 23.2 million acres from 24.17 million acres in 2015-16. Farmers aim to plant 5 million acres of lentils and 4.6 million acres of peas. The shift will be mainly in spring wheat rather than winter wheat as Lentil and spring wheat both have same planting period.

**The forecast for Pakistan's wheat crop has been increased marginally to 25.3 million tonnes** for crop that is to be harvested in 2016-17. The government of Pakistan has kept a target of procuring 6.95 million tonnes of wheat, which will lead to an increase in stocks held by government to 11 million tonnes.

**As per USDA, U.S wheat exports at 309,200 MT (for the period 1<sup>st</sup> April- 7<sup>th</sup> April, 2016) were down 21 percent** from the previous week and 18 percent from the prior 4-week average. The primary destinations were Indonesia (86,100 MT), the Philippines (66,000 MT), Mexico (57,600 MT), Malaysia (26,600 MT), and South Korea (26,300 MT).

**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.

**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.

**According to latest report, Russian wheat export** reached 21.3 mmt since 1<sup>st</sup> 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)

**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.

**Wheat was drawing support from concerns that weather in key U.S. growing regions could hit production.** There are forecasts of cold temperatures in some U.S. wheat areas and continued dry conditions in the southern Plains wheat belt. The unfavorable weather forecasts have given fresh impetus to further short covering. Investors more than likely have the view that U.S. wheat supply is heavy and will only get worse as we progress into 2016. CBOT market may see down ward correction.

**Strengthening of rouble against dollar has lent support to Russian wheat export price.** Wheat having 12.5 % protein content for April delivery are being quoted at \$183 a tonne. It has moved \$2 per tonne up from a week ago. Export sales for March delivery were quoted at \$181 per tonne. Due to higher demand quotes increased by \$4 to \$159 a tonne at swallow water port.

**Russia exported 20.3 MMT wheat from 1st July 2015 to 23 March -2016.** Year on year basis Russian grains export increased by 5.5 %. Domestic prices for third-class wheat fell 100 Roubles last week to 10,925 roubles (\$160) a tonne in the European part of Russia on an ex-works basis.

**As per latest update by USDA Philippines wheat import may decline to 4.3 MMT in MY 2015-16** due to sufficient stock. Imported volume may decrease by 16 % this year. However, it would improve once again in MY 2016-17 to 4.8 MMT. lower price, increasing population and lower wheat price would encourage importers to import higher

### 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
	27-Apr-16	20-Apr-16	27-Mar-16	27-Jan-16	27-Oct-15	27-Apr-15	
16-May	174.24	185.26	173.05	177.18	190.59	193.71	-10.05
16-Jul	177.64	188.20	175.62	179.29	191.23	194.54	-8.69
16-Sep	181.22	191.42	179.29	182.41	194.17	197.84	-8.40
16-Dec	187.47	197.11	184.43	187.56	198.58	203.08	-7.69
17-Mar	193.25	202.35	189.39	191.51	203.63	206.39	-6.36

### CBOT Wheat Futures Chart

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

**1<sup>st</sup> Support; 168**  
**2<sup>nd</sup> Support; 164**  
**1<sup>st</sup> Resistant; 180**  
**2<sup>nd</sup> 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.



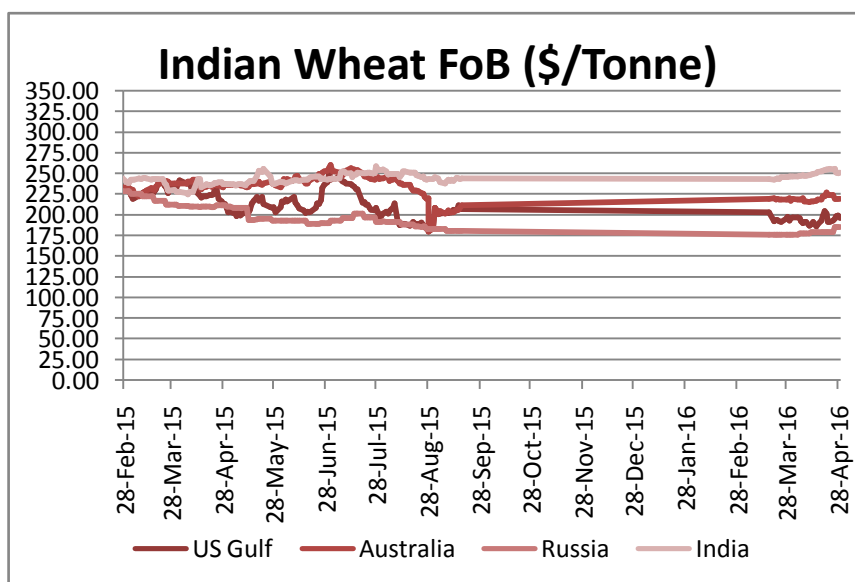
### International FOB Weekly Price Movement (USD/T)

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 \$185 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australia offers wheat at \$219 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:**

*Recent firm trend is unlikely to continue. 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. 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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