

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price decreased by 3.43 % from Rs1777.04 to Rs1716 per qtl. during the week ended 6th May-2016. Despite lower arrivals and active participation by private trades cash market decreased on the back of ample supply and stock in north and central India. When we compare all India average price from May,2015, it is lower by 5.12 % average. In May,2015 average price was registered at 1665.72 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. Current decrease is a temporary phenomenon.

Govt. has reduced wheat procurement target for 2016-17 to 28MMT and it may be revised further down to 25MMT as cash market price is ruling higher from MSP. Govt agencies have procured 208.11 tonne wheat till 2nd May-2016 Some difficulty may be faced in M.P. Uttar Pradesh and Rajasthan as private trade would remain active and may offer slightly higher price to farmers in anticipation of lower crop size this year. At supply front there seems no panic in first half of MY 2016-17. Likely higher rainfall in monsoon season may ensure normal area coverage. Besides, disparity for export and sufficient stock in central pool would not allow market to go on bull run.

Agriwatch has revised its wheat production estimate up by 1.54 MMT from 89.28 MMT to 90.82 MMT for 2016-17 MY starting from April-2016. The new season (2016-17) started with 145.38 lakh tonne wheat as carry out. If we include private carryout (1 MMT), it comes to 155.38 lakh tonne. The new season may end up with 15.2 MMT as carry out including private carryout also. Production estimate for Bihar, Gujarat and Eastern Uttar Pradesh has been reduced by 20 to 30 percent due to thinner grain size this year. In other state crop is almost normal.

Export window for India is not favorable due to higher local price despite new arrivals and higher production than last year.. Global market offers wheat at very competitive price with assurance of timely delivery and better quality. Price difference is wider, around \$30/60 per tonne. Russia, US, France and Argentina are offering wheat in the range of \$175 to \$219 per tonne on FoB basis. Despite 25% duty on import south Indian millers have struck around 7 lakh tonne deal in forward months (June onward). Govt. may consider revision on import duty in June end, by then final size of the crop/procurement status would be clear.

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 : -

India exported 4349.56 tonne wheat in April-2016 at an average FoB price of \$307.20 per tonne. There was no import in April month. The latest wheat import deal for July delivery has been reported at \$272.28 per T on CiF basis from Australia.

Supply side is likely to be comfortable as supply from farmers end would continue from farmers end. With smooth procurement wheat stock in central pool increased from 145.38 lakh tonne (1st April-2016) to 353.48 lakh tonne on 1st May-2016. Stock in central pool seems at comfortable level in absence of export demand and new arrivals so far. Private trades are sourcing wheat from open market as supply side is higher.

Outlook & Recommendation: -

Wheat cash market is expected to trade steady to slightly firm on decreased arrivals and trades' active participation.

Trade Call: Stakeholders should trade in June Contract taking care of lower and upper price tag of Rs1630 & 1665 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index fell 1.36% to 110.10 during the week ended May 7, 2016 from 111.62 the previous week. This was the Index's first decline in eight weeks during which it soared to 111.62 from 100.12 during the week ended March 12. The base for the Index and all sub-Indices is 2014 (= 100).

Seven of the nine sub-Indices fell during the week, led by Edible Oils and Cereals. The sub-Index values and their weekly changes are as follows: Edible Oils Index: 110.81 (-3.21%), Cereals Index: 97.57 (-1.03%), Pulses Index: 180.34 (-1.46%), Oilseeds Index: 111.83 (-0.82%), Spices Index: 131.46 (-1.25%), Sweeteners Index: 114.50 (-0.90%), Other Non-food Articles Index: 90.35 (-4.56%), Vegetables Index: 72.30 (+4.08%) and Fibres Index: 94.95 (+0.20%). Further details can be viewed on the ET website and on Agriwatch.com.

"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. The daily indices are available on subscription. Please contact for more details."

Weather Condition/Warning:

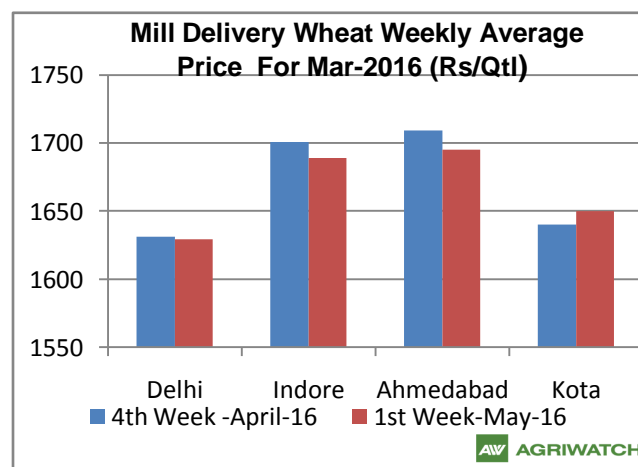
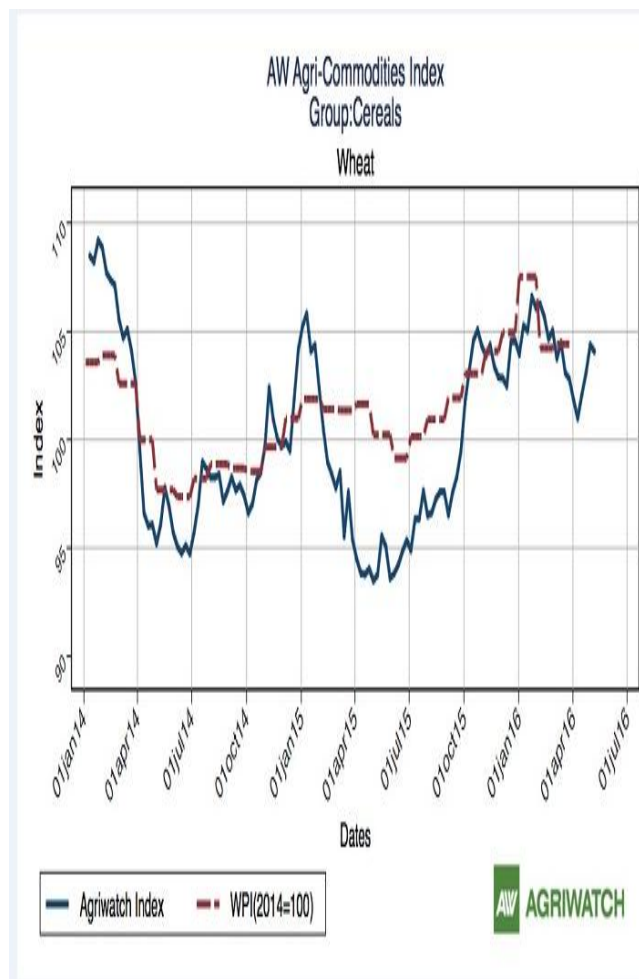
In the pre-monsoon season, weekly Rainfall for the country as a whole during the week 14th April, 2016 to 20th April, 2016 was 20% lower than Long Period Average (LPA). Rainfall (% departure from LPA) in the four broad geographical divisions of the country during the above period was higher by 24% in 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 benchmark markets like Delhi, Ahmadabad and Kota except Kota where average price increased from Rs 1640 to Rs 1650 per qtl.

As arrivals have decreased any major dip from current level is unlikely. Flour millers have covered their 30 % need so far. However new entrants as stockiests have helped wheat price to rule firm.

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.

Procurement would continue till June-2016 and Agriwatch expects 25 to 26 MMT procurement by the end of this season against the revised target of 28 MMT.

Wheat Weekly Research Report

09th May-2016

Foodgrains Stocking Norms (Fig in MMT)

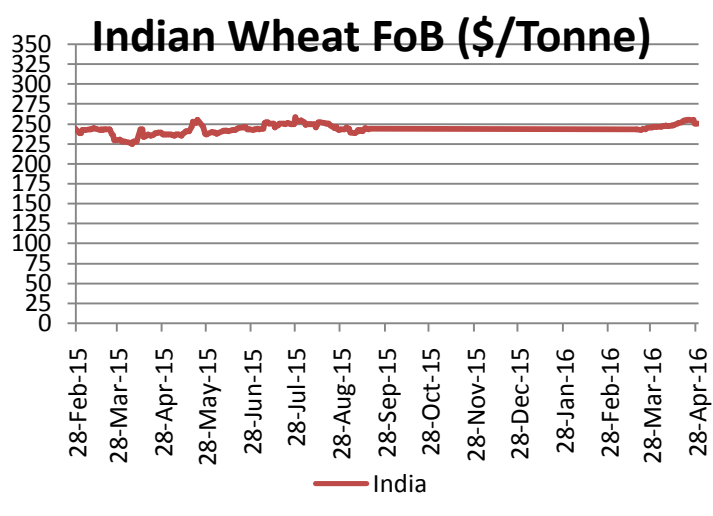
As on	Rice	Wheat	Total
1 st Apr	13.58	7.46	21.04
1 st July	13.54	27.58	41.12
1 st Oct	10.25	20.52	30.77
1 st Jan	7.61	13.8	21.41

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:

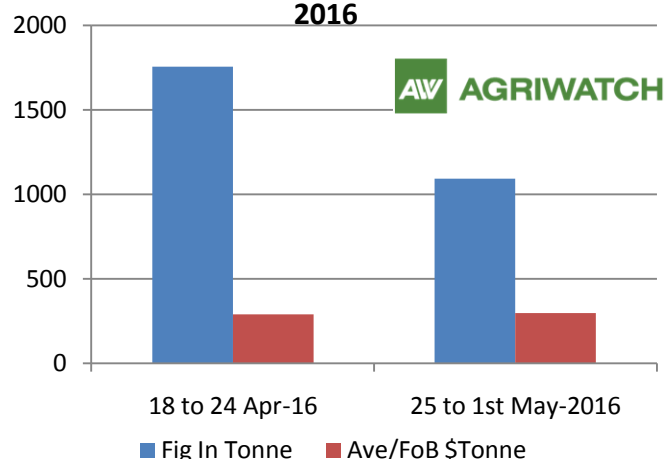
Wheat export volume has been negligible during last few weeks and there is no hope for any recovery in coming weeks as disparity continues to discourage exporters.

India exported 1095.49 tonnes of wheat during week ended 2nd May -2016. Average FoB quote realized last week was \$297.54 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 Apr-May-2016



Wheat

Import:

There is no import during last 6 weeks. 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.

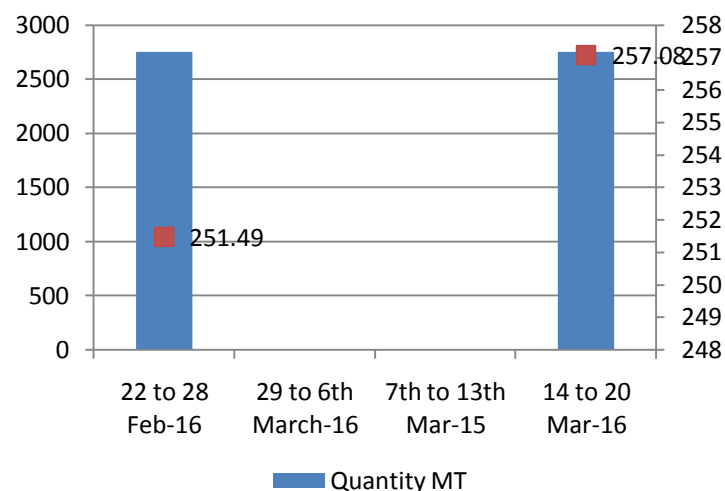
However, situation may change as wheat price in global market is decreasing. Besides, freight has decreased due to cheaper crude oil. New arrival in domestic markets may drive prices down and resultantly FoB quote too.

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 Import Weekly Trend



Wheat Futures Contact: NCDEX Price								Date:06.05.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-May	10	1607	1626	1607	1622	1510	-1080	7620	-2180
16-June	7	1639	1656	1638	1649	2430	1300	8120	2210
16-July	13	1670	1684	1670	1684	380	130	1540	240

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 %
	5-May-16	28-Apr-16	5-Apr-16	5-May-15	
Indore	1643	1667	1587	1450	13.31
Bareilly	-	-	-	-	-
Delhi	1631	1631	1605	1515	7.66
Khanna	-	-	-	-	-
Kanpur	1525	1518	1500	1413	7.93
Karnal	-	-	-	-	-
Rajkot	1600	1611	1560	1370	16.79

Kota	1672	1660	1592	1500	11.47
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Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Wheat Technical Analysis:

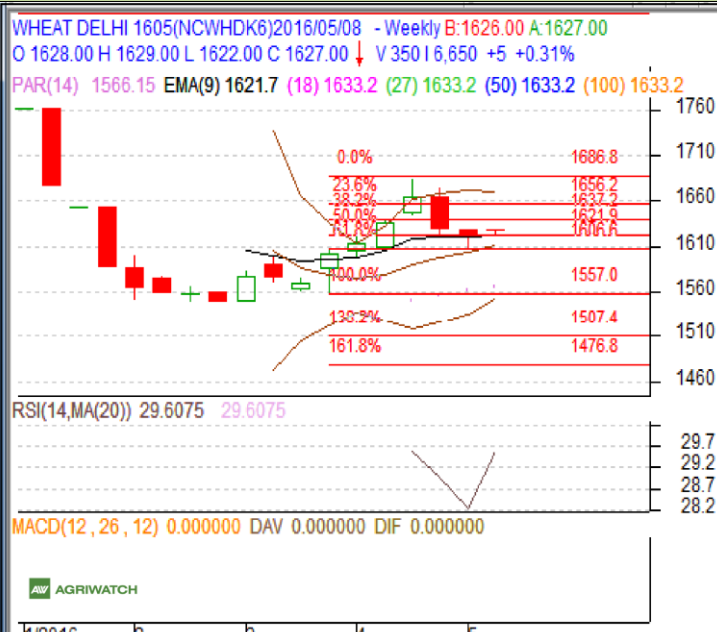
Wheat – Technical Outlook

May Contract, Expiry: 20 May,2016

Technical Commentary:

- Last candlestick depicts weakness in the market.
- RSI is moving in neutral zone.
- Prices closed below 9 and 18 days EMAs hints weak market.
- Increase in price, volume and OI indicate short build up.

Wheat prices are likely to trade weak this week.



Strategy: Buy on Dips

			S2	S1	PCP	R1	R2
Wheat	NCDEX	May	1605	1616	1627	1635	1686
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	May	Sell below	1629	1610	1605	1636

Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly weak in the second week of May. Stake holders should trade in price band of Rs1605 to Rs1630 in May contract..

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			5-May-16	4-May-16	28-Apr-16	5-Apr-16	5-May-15
Delhi	Lawrence Road	Mill Delivery	1630	1630	1620	1605	1505
	Narella	Mill Quality Loose	1580	Closed	1590	1525	1465



	Nazafgarh	Mill Quality Loose	1575	Closed	1565	1530	1475
Gujarat	Rajkot	Mill Delivery	1600	1590	1625	1625	1415
	Ahmedabad	Mill Delivery	1700	1700	1700	1640	1480
	Dhrol	Mill Quality Loose	2100	1880	2025	2270	1320
	Surat	Mill Delivery	1730	1725	1730	1670	1510
M.P.	Bhopal	Mill Quality Loose	1525	1540	1560	1500	1350
	Indore	Mill Delivery	1675	1685	1700	1620	1510
Rajasthan	Kota	Mill Quality Loose	1580	1575	1550	1480	1400
		Mill Delivery	1650	1650	1620	1570	1500
U.P.	Kanpur	Mill Delivery	1615	1615	1615	1590	1545
	Mathura	Mill Quality Loose	1522	1525	1535	1420	1375
	Kosi	Mill Quality Loose	1480	1480	1480	1420	1325
	Hathras	Mill Quality Loose	1485	1485	NA	NA	1350
	Aligarh	Mill Quality Loose	1490	Closed	1495	1500	NA
Punjab	Khanna	Mill Quality Loose	1525	1525	1525	1510	1450
	Ludhiana (Jagraon)	Mill Delivery	1635	1635	1650	NA	1510
Haryana	Sirsa	Mill Delivery loose	1525	1525	1525	1525	1460
	Hodal	Mill Delivery	1600	1600	1580	1575	1520
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1550	1550	1550	1550	1450
	Panipat	Mill Quality Loose	1525	1525	1525	1525	1450
Tamil Nadu	Chennai	Mill Quality	1900	1900	1900	1800	1700
	Madurai	Mill Quality	1957	1957	1957	1857	1757
	Coimbatore	Mill Quality	1957	1957	1957	1857	1757
Bihar	Sitamari	Mill Delivery	1420	1425	1410	1625	NA
	Khagariya	Mill Delivery	1550	1580	1550	1500	1335

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 Agricultur

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			4-May-16	27-Apr-16	4-Apr-16	4-May-15
USA (Chicago)	2srw	-3.27	195.20	198.41	196.50	201.80
France	FCW3	-14.90	142.75	142.75	142.50	167.75
Australia	ASW	-	216.00	219.00	218.00	NA
Russia	SRW	-11.27	185.00	185.00	175.50	208.50
India	Fob	-	NA	255.49	NA	236.974

International Market Updates:

IGC has revised its wheat production projection up by 4MMT to 717 MMT at end April against last year's actual of 732MMT. As consumption and trade estimate are almost stable, there is no panic at supply front. Carryout is expected to increase by 5MMT from last year to 218 MMT. Overall supply is expected to be at comfortable level during the first half of 2016.

As per latest update by US department of agriculture winter crop condition is better than normal market expectation so far. It hints ample supply from winter crop once again. Its immediate impact has been seen on CBOT wheat futures which slips considerably. The USDA pegs winter wheat at 61 percent good-to-excellent, ahead of market expectations of 60 percent.

India's 2016/17 wheat imports are expected to surge more than five-fold to the highest in a decade, as a severe drought linked to an El Nino weather event and unseasonal rains push domestic output down to the lowest since 2011, a Reuters survey shows. Wheat arrivals into India are likely to reach 2.75 million tonnes in the year to June 2017, according to the survey of 11 analysts and traders. Imports would have been even higher, but surplus stocks from a series of bumper harvests since 2007 are expected to help pick up some of the slack in output.

A spike in overseas purchases by India, the world's second largest producer and consumer of the grain, could take some pressure off benchmark wheat prices Wv1 that are mired near five-year lows of \$4.42-1/4 a bushel amid ample world supplies.

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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.

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 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)

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	15/16 f'cast	2016-17 (Proj)	
			25.02.2016	01.04.2016	28.04.2016
Production	717	929	732	713	717
Trade	157	153	152	153	153
Consumptions	699	716	719	716	715
Carryover stocks	188	201	213	211	218
Y-O-Y change	19	12		-	3
Major Export	54	63	70	67	68

- IGC revised wheat production projection estimate up by 4MMT to 717 MMT in end April-16 for crop year 2016-17. According to IGC global wheat production for 2015-16 was registered at 732MMT. Projection for 2016-17 is quite lower from actual production of last year. The difference is around 15 MMT. Lower projection for wheat may lend support to global wheat market at current level and any major dip from current level is unlikely.
- Trade estimate/projection has not been revised. It has been stable at 153MMT in 2016-17. However it is 1MMT up from actual of last year.
- Consumption has been pegged at 715 MMT for 2016-17, down by 4MMT from last year.
- Carryout may increase from 213 to 218 in 2016-17. It would ensure ample supply for the global market.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today 4-May-16	Week Ago 27-Apr-16	Month Ago 4-Apr-16	3 Month Ago 4-Feb-16	6 Month Ago 4-Nov-15	Year Ago 4-May-15	% Change over previous year
16-May	169.19	174.24	174.42	172.59	195.36	193.53	-12.58
16-Jul	173.14	177.64	176.81	176.26	195.46	196.10	-11.71
16-Sep	176.90	181.22	180.30	181.31	198.30	200.32	-11.69
16-Dec	183.24	187.47	185.45	188.48	203.26	206.30	-11.18
17-Mar	189.30	193.25	190.50	193.44	206.94	209.88	-9.80
17-May	192.89	196.56	193.90	191.51	206.20	211.35	-8.74

CBOT Wheat Futures Chart

CBOT wheat market trades weak due to higher production estimate for winter from winter crop in US. As market is ruling near support level, recovery is expected. Consolidation phase may start. Market would trade stable around \$165 to \$168 per tonne in near by month.

1st Support: 169
2nd Support: 164
1st Resistant: 182
2nd Resistant: 190
(\$ per tonne)

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 \$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 to trade steady despite better production prospects of winter wheat crop in US. More dip from current level is unlikely as bulk buyers are expected to return into the market at current level. 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 would continue to restrict firmness. IGC too has projected higher (5MMT) carryout for 2016-17. Agriwatch expects range bound movement in May given the normal weather condition and fresh buying interest at current level. Recovery in market is expected in second quarter of current MY. At present buyers are in position to bargain as there is a plenty of wheat available in the global market.

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