

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price increased by 2.51 % from Rs1706.04 to Rs1749 per qtl. during the week ended 12th May-2016. Active private participation and decreased arrival in north and central India has lent support to cash market fundamental. When we compare all India average price from May,2015, it is lower by 4.10 % on month average basis. In May, 2015 average price was registered at 1680.4 per qtl. Overall trend in cash market is expected to remain firm despite higher production estimate (94.02MMT) in 3rd Adv. estimates released on 9th May-2016.

Govt. has reduced wheat procurement target for 2016-17 to 28MMT and it may be revised further down to 25MMT. Govt agencies have procured 224.81 tonnes wheat till 14 May-2016. Punjab, Haryana, Madhya Pradesh have contributed 106.16, 67.68 & 30.02 lakh tonnes wheat respectively so far. Rajasthan and Uttar Pradesh have brought 6.78 & 6.66 lakh tonnes wheat till 14th May-2016. Overall pace of procurement has slowed down due to lower arrival and higher prevailing prices in cash market.

Market participants are not convinced with govt.'s latest estimate as prices of wheat is ruling higher despite negligible export order. Current procurement figure too does not indicate higher crop size. At ground level stockiest and flour millers are offering farmers higher Price than MSP and wheat market stays steady to firm. This year, undoubtedly, some new entrants are active in wheat stocking in anticipation of higher price in second half and lower crop size. But this cannot be considered as a factor for higher wheat price. Comparatively, arrivals in mandis have been lower except Punjab and Haryana.

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

Export window for India is not favorable due to higher local price. Global market offers wheat at very competitive price with assurance of timely delivery and better quality. Price difference is wider, around \$30/65 per tonne. Russia, US, France and Argentina are offering wheat in the range of \$165 to \$218 per tonne on FoB basis. Despite 25% duty on import south Indian millers have struck around 7.5 lakh tonne deal in forward months (July onward). Govt. may consider revision on import duty in July, by then final size of the crop/procurement status would be clear.

Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released Third Adv. Estimate for Rabi crop for 2015-16 on 9th May, 2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne for 2015-16 crop year. Now in Third Adv. estimate wheat production estimate has been revised up from 93.82 lakh tonne to 94.04 MMT.

Latest Developments In Domestic Markets: -

India exported 1564.76 tonne wheat during week ended 8th May-2016 against 1095.49 tonne during week ending 2nd May-2016. Wheat has been exported at an average FoB of \$291.03 per tonne. Major buyers of the Indian wheat are UAE, Taiwan, UK, Nepal, Bahrain and Kuwait. There is no import last week. Sentiments in cash market remain firm in the short to medium term as supply side is lower than normal demand.

Indian importers have struck a deal of 50,000 tonne French wheat at \$203 per tonne on CiF basis for August delivery. Total 1.5 lakh tonne wheat expected to land Cochin port in August Sept. Around 50,000 T Australian wheat too is expected to land at south Indian port in July end. Deal has been struck at \$275 per T on CiF basis.

Outlook & Recommendation: -

Wheat cash market is expected to trade range bound to slightly firm in the third week of May-2016.

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 edged up 0.33% to 110.46 during the week ended May 14, 2016 from 110.10 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

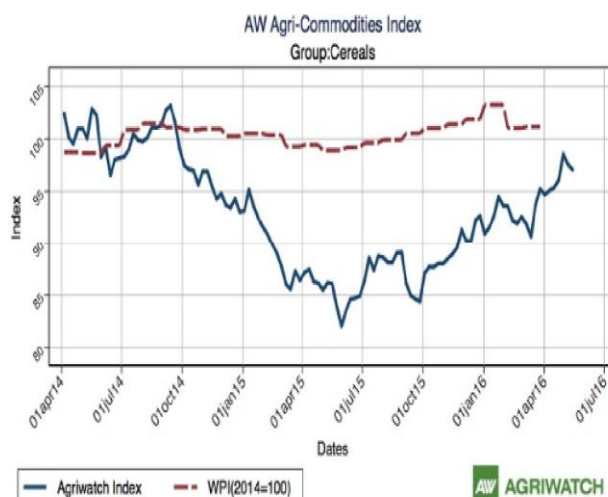
Gains in Edible Oils, Fibres and Oilseeds were partially offset by declines in Spices and Cereals.

The index values of the weekly gainers and their weekly changes are as follows: Edible Oils Index: 112.45 (+1.48%), Fibres Index: 97.68 (+2.87%), Oilseeds Index: 113.72 (+1.69%), Pulses Index: 182.74 (+1.33%), Vegetables Index: 72.62 (+0.44%) and Sweeteners (Sugar, Gur & Khandsari) Index: 114.89 (+0.34%).

The declining Indices were the Cereals Index: 97.06 (-0.52%), Spices Index: 121.79 (-7.36%) and Other Non-food Articles Index: 88.11 (-2.48%).

"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."

Cereals Index



Weather Condition/Warning:

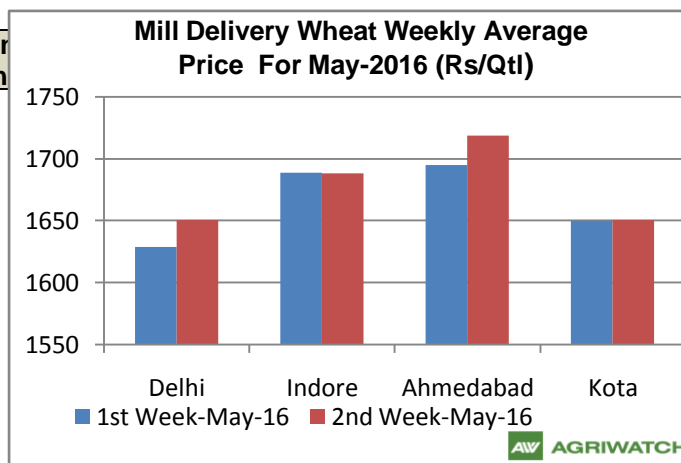
The much awaited south west monsoon is expected to hit the Nicobar islands in next 3 to 4 days. However, it will take a few more weeks for the monsoon to enter the mainland at Kerala, which is expected to happen earlier than normal this year. "Conditions are becoming favorable for the onset of south west monsoon over south Bay of Bengal, south Andaman sea and the Nicobar islands during next 3 to 4 days," said Sunita Devi, director (weather section) IMD, Pune. The normal date for onset of south west monsoon over Nicobar Islands is May 15, while it is May 20 for the Andaman Islands. .

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices increased slightly week on week basis in all major bench mark markets like Delhi, Ahmadabad and Kota except Indore where ave price stayed steady at Rs 1650 per qtl.

As arrivals have decreased any major dip from current level is unlikely. Flour millers have covered their 35 % 1st quarter need so far. However new entrants as stockiest have helped wheat price to rule firm.

Fig. In Lakh



Wheat Stock: As on 01st April, 2016:

As on 14, May, stock in central pool was registered at 370.19 lakh tonnes including carry in of 145.38 lakh tonne.. Agriwatch expects 1 MMT stock as carryout in private hands. Thus total availability of old stock is around 155.38 lakh tonne.

Procurement would continue till June-2016 and Agriwatch expects around 24 to 25 MMT procurement by the end of this season against the revised target of 28 MMT.

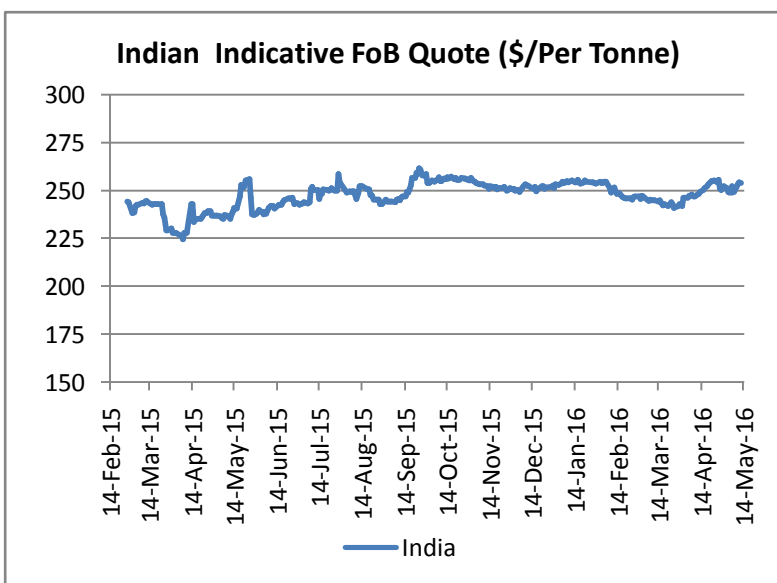
	Rice	Wheat	Total	Rice	Wheat	G Total
As on						
1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 22.01.2015						

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 2.5 percent in last one week.

India has exported some premium grade wheat at \$291.3 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 \$254 per tonne for common grade.

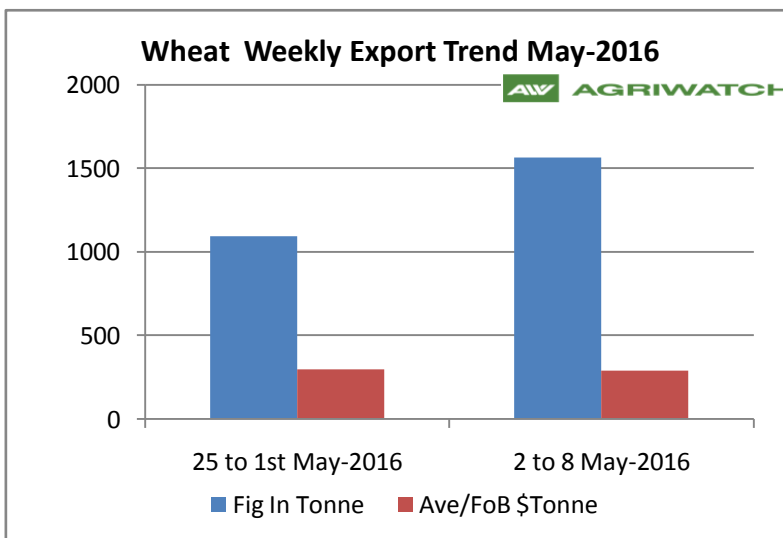
Prices of wheat may move up from current level as arrivals have decreased sharply and farmers have retained higher percentage of marketable surplus this year in anticipation of higher price.


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 1564.76 tonnes of wheat during week ended 8th May - 2016. Average FoB quote realized last week was \$291.03 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 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 25%applicable import duty.

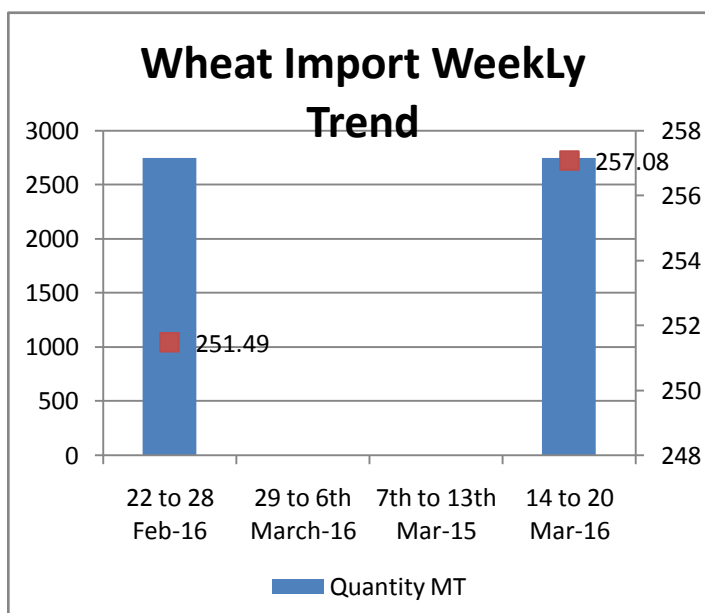
Indian importers have struck a deal of 50,000 tonne French wheat at \$203 per tonne on CiF basis for August delivery. Total 1.5 lakh tonne wheat expected to land Cochin port in August Sept.

Around 50,000 T Australian wheat too is expected to land at south Indian port in July end. Deal has been struck at \$275 per T on CiF basis.

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 \$40/60 per tonne.

.Source:IBIS



Wheat Futures Contact: NCDEX Price								Date:13.05.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-May	6	1616	1622	1622	1622	180	-80	2770	480
16-June	3	1641	1649	1639	1649	1580	-160	12590	-210
16-July	2	1669	1680	1661	1679	540	385	2530	-230

Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	Change over previous Year %
	12-May-16	5-May-16	12-Apr-16	12-May-15	
Indore	1653	1643	1612	1465	12.83
Bareilly	-	-	-	-	-
Delhi	1655	1631	1603	1519	8.95
Khanna	-	-	-	-	-
Kanpur	1543	1525	1480	1490	3.56
Karnal	-	-	-	-	-
Rajkot	1596	1600	1585	1375	16.07
Kota	1682	1672	1618	1485	13.27

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

Wheat Technical Analysis:

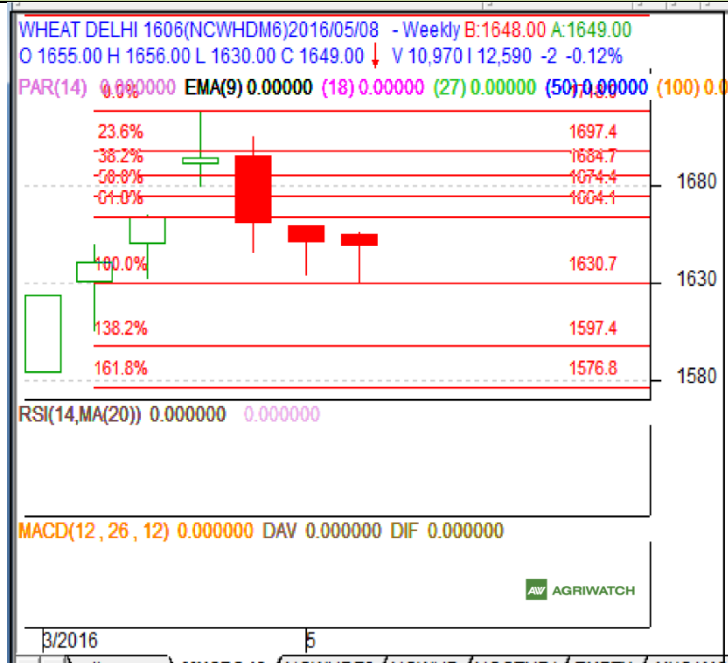
Wheat – Technical Outlook

June Contract, Expiry: 20 June,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 firm this week.



Strategy: Buy on Dip

			S2	S1	PCP	R1	R2
Wheat	NCDEX	June	1616	1632	1649	1674	1684
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	June	Buy above	1638	1660	1665	1631

Domestic Market Weekly Outlook:

Wheat market is likely to stay steady to slightly firm in the third week of May. Stake holders should trade in price band of Rs1630 to Rs1665 in June contract..

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			12-May-16	11-May-16	5-May-16	12-Apr-16	12-May-15
Delhi	Lawrence Road	Mill Delivery	1650	1650	1630	1595	1500
	Narella	Mill Quality Loose	1585	Closed	1580	1540	1475
	Nazafgarh	Mill Quality Loose	1600	Closed	1575	1525	1460
Gujarat	Rajkot	Mill Delivery	1630	1630	1600	NA	1380
	Ahmedabad	Mill Delivery	1730	1720	1700	NA	1470



	Dhrol	Mill Quality Loose	1905	2035	2100	2365	1300
	Surat	Mill Delivery	1750	1740	1730	NA	1500
M.P.	Bhopal	Mill Quality Loose	1550	1550	1525	1525	1350
	Indore	Mill Delivery	1695	1695	1675	1650	1505
Rajasthan	Kota	Mill Quality Loose	1570	1560	1580	1525	1350
		Mill Delivery	1650	1650	1650	1600	1450
U.P.	Kanpur	Mill Delivery	1615	1610	1615	1575	1550
	Mathura	Mill Quality Loose	1520	1525	1522	1440	1400
	Kosi	Mill Quality Loose	1495	1490	1480	1445	1300
	Hathras	Mill Quality Loose	1510	1500	1485	NA	1305
	Aligarh	Mill Quality Loose	1520	1500	1490	1450	NA
Punjab	Khanna	Mill Quality Loose	1525	1525	1525	1525	1460
	Ludhiana (Jagraon)	Mill Delivery	1620	1620	1635	1600	1550
Haryana	Sirsa	Mill Delivery loose	1525	1525	1525	1525	1460
	Hodal	Mill Delivery	1620	1600	1600	1575	1520
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1570	1570	1550	1535	1450
	Panipat	Mill Quality Loose	1525	1525	1525	1525	1450
Tamil Nadu	Chennai	Mill Quality	1900	1900	1900	1850	1700
	Madurai	Mill Quality	1957	1957	1957	1907	1757
	Coimbatore	Mill Quality	1957	1957	1957	1907	1757
Bihar	Sitamari	Mill Delivery	1425	1430	1420	1400	NA
	Khagariya	Mill Delivery	1600	1600	1550	1500	1350

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 Agricultur

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			11-May-16	4-May-16	11-Apr-16	11-May-15
USA (Chicago)	2SRW	-5.83	190.70	195.20	186.40	202.50
France	FCW3	-11.21	144.50	142.75	141.00	162.75
Australia	ASW	-7.69	216.00	216.00	215.00	234.00
Russia	SRW	-11.27	185.00	185.00	177.50	208.50
India	Fob	7.39	254.16	NA	NA	236.68

International Market Updates:

Russian wheat export prices rose slightly last week on high demand from traders needing to fulfill previously signed deals. Black Sea prices for Russian wheat with 12.5 percent protein content were at \$192.5 a tonne on a free-on-board (FOB) basis at the end of last week, up \$1.50 from a week earlier. FOB prices for maize (corn) rose \$1 to 183.5 per tonne. SovEcon, another farm consultancy, quoted export wheat prices at \$193 per tonne and maize prices at \$181 per tonne. Russia exported 30.7 million tonnes of grains, including 22.3 million tonnes of wheat, between July 1 and May 4..

Russia will Harvest 62.5 million tons of wheat in 2016, the highest in eight years, after the warmest winter on record preserved the grain sowed in the fall and rainfall boosted soil moisture, researchers including Ikar estimate. In 2015, 61.8 million tons were harvested. Even with the tax in place since July, the nation will probably ship a record 25 million tons of wheat this season, the government estimates.

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.

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. Soybean plantings were 8 percent complete, matching analyst expectations.

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.

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	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 an 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	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over previous year
	11-May-16	4-May-16	11-Apr-16	11-Feb-16	11-Nov-15	11-May-15	
16-May	165.15	169.19	164.32	166.71	183.88	195.18	-15.39
16-Jul	168.64	173.14	166.89	170.57	184.34	197.48	-14.60
16-Sep	172.40	176.90	170.57	175.62	187.28	202.80	-14.99
16-Dec	179.02	183.24	176.17	183.33	192.24	210.06	-14.78
17-Mar	184.80	189.30	181.95	188.66	196.01	214.29	-13.76
17-May	188.48	192.89	185.72	188.02	195.73	215.57	-12.57

CBOT MaY-16 Futures Chart:

1st Support; 167.84
2nd Support: 164.10
1st Resistant: 178.41
2nd Resistant: 185.24
(\$ per tonne)

CBOT market is unlikely to move up and downward correction is expected as supply side would remain higher despite some weather generated loss in March- April 2016. Range bound movement is expected in May-2016.



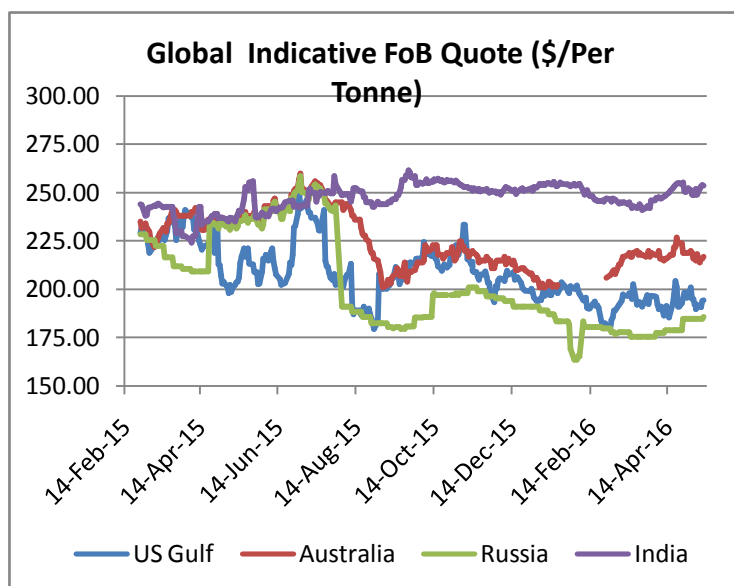
International FOB Weekly Price Movement (USD/T)

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 \$216/217 per tonne.

Wheat quotes may hover in the range of \$165 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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