

Wheat Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Agriwatch Cereals Index
- ❖ 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 decreased slightly by 0.01 % from Rs1742.97 to Rs1742.73 per qtl. during the week ended 30th May-2016. Actually, it is considered as a token decrease as arrival continues to decrease and market is still hovering above MSP price. All India average price is higher by 3.58% in comparison to price in end May, 2015 on month average basis. In May, 2015 average price was registered at 1682.36 per qtl. Overall trend in cash market is expected to remain firm as fear of lower production is gaining ground now. Govt. has estimated 94.02MMT wheat production in 3rd Adv. estimates released on 9th May-2016. However, lower arrivals and higher price in ongoing season hint towards lower production (around 89MMT) in 2016.

Govt. has reduced wheat procurement target for 2016-17 to 28MMT and it may be further revised 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. The season may end with 23MMT wheat procurement-market fears.

This year overall arrival has been registered at 25.29MMT against 30.49MMT last year. The difference is over 5 MMT. Lower procurement is expected to drive down central pool stock near minimum required buffer stock norms in fourth quarter of this MY. The only silver lining is possibility of good rainfall that may increase area next season. Besides, global market is hovering at lower level, so in extreme condition import option is open. If govt. revises wheat import duty down from 25 to 10 %, it would help to cater the south Indian Millers demand in the third and fourth quarter.

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.

At export front price difference is wider, around \$35/65 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: -

Offtake from central pool is expected to be lower by 15 to 20 percent this year as market participants think wheat stored out in central pool is of inferior quantity. Last year bad weather and hailstorm in March, April & May had damaged wheat crop at grain filling to maturity stages and govt. had to procure wheat below fixed specification norm. Private trades are engaged in buying having these factors in mind. Emerging scenario for wheat market hints uptrend to continue.

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 first week of May-2016.

Trade Call: Stakeholders should trade in June Contract taking care of lower and upper price tag of Rs1667 & 1705 respectively.

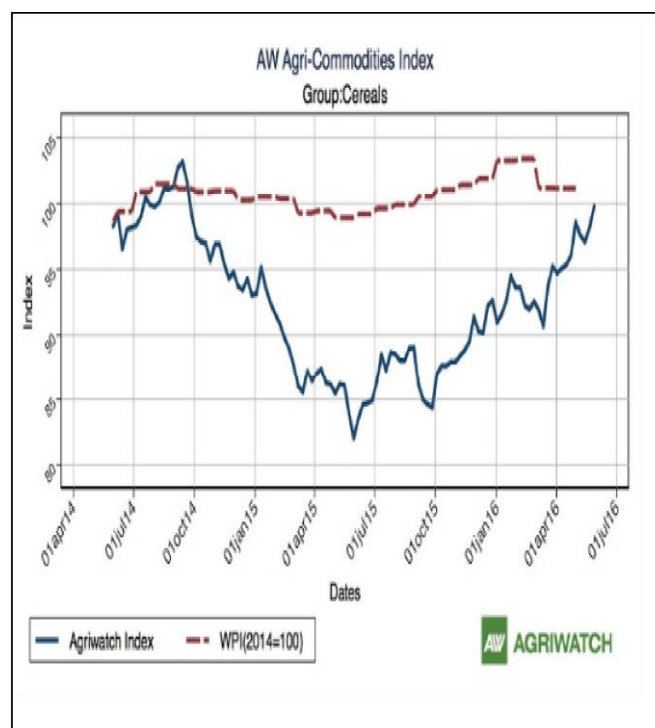
Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index dipped 0.31% to 110.64 during the week ended May 28, 2016 from 110.99 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Gains in cereals and vegetables prices were offset by declines in edible oils and pulses prices. The index values of the weekly gainers and their weekly changes are as follows:

Cereals Index: 99.76 (+1.60%), Vegetables Index: 72.08 (+2.38), Spices Index: 117.66 (+0.10%) and Fibres Index: 98.34 (+1.17%).

The weekly decliners were the Edible Oils Index: 109.34 (-3.09%), Pulses Index: 184.81 (-1.52%), Sweeteners (Sugar, Gur & Khandsari) Index: 115.56 (-0.09%), Oilseeds Index: 112.34 (-0.45%) and Other Non-food Articles Index: 83.45 (-1.61%).

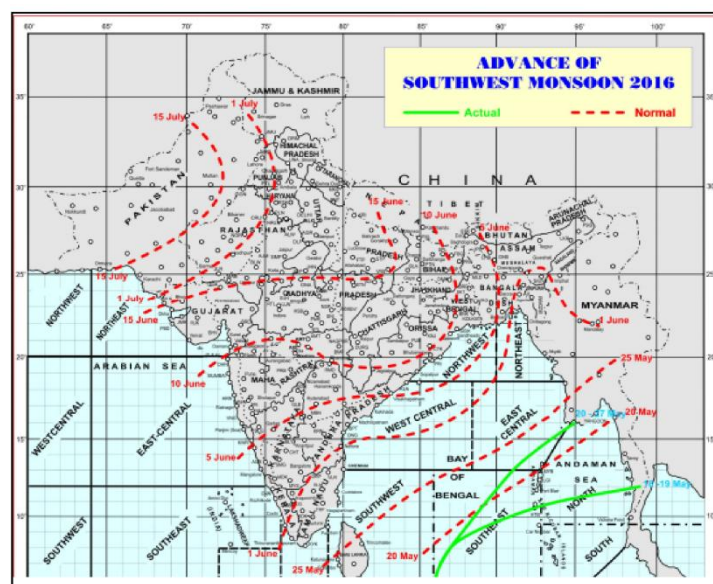


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 & Monsoon Progress

The Northern Limit of Monsoon (NLM) continue to pass through Lat. 5.0°N/ Long.86.0°E, Lat. 8.0°N/ Long.87.0°E, Hut Bay and Lat. 12.0°N /Long. 99.0°E. Conditions are favorable for further advance of southwest monsoon into some more parts of south Bay of Bengal, Andaman Islands and remaining parts of north Andaman Sea during next three days.

Thunderstorm accompanied with squall very likely at isolated places over Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Gangetic West Bengal, Coastal Andhra Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura and Tamilnadu.



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 price stayed steady at Rs 1710 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.

In Sasaram, Arah and Buxar major buyers are active and offering price at the rate of Rs 1710.1713 per qtl.

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 around 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 procurement to be below 24 MMT by the end of this season against the revised target of 28 MMT.As prices are ruling much higher procurement agencies(govt.) would hardly find wheat at MSP.

FOB Quote For Wheat In India At Kandla:

India exported 11431.56 tonne wheat during week ended 15th May-2016 against 1564.76 tonne during week ending 8th May-2016. Wheat has been exported at an average FoB of \$323.54 per tonne. Major buyers of the Indian wheat are UAE, Taiwan, UK, Nepal, Bahrain and Kuwait. Sentiments in cash market remain firm in the short to medium term as supply side is lower than normal demand.

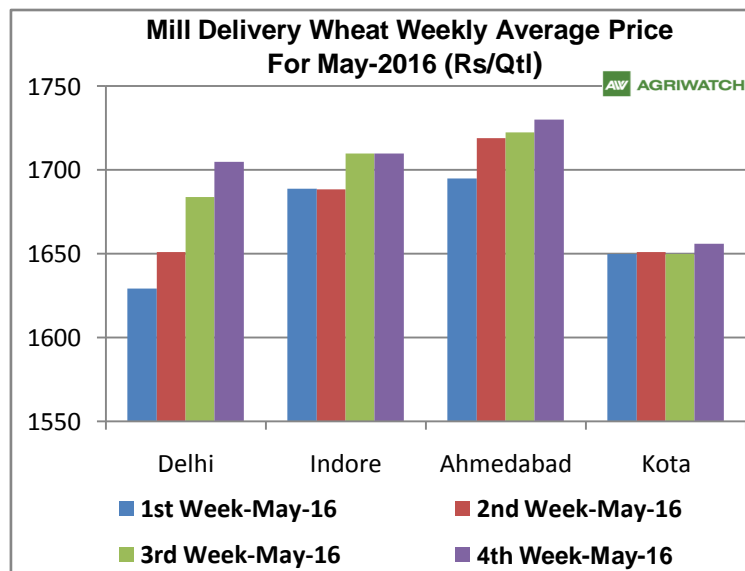
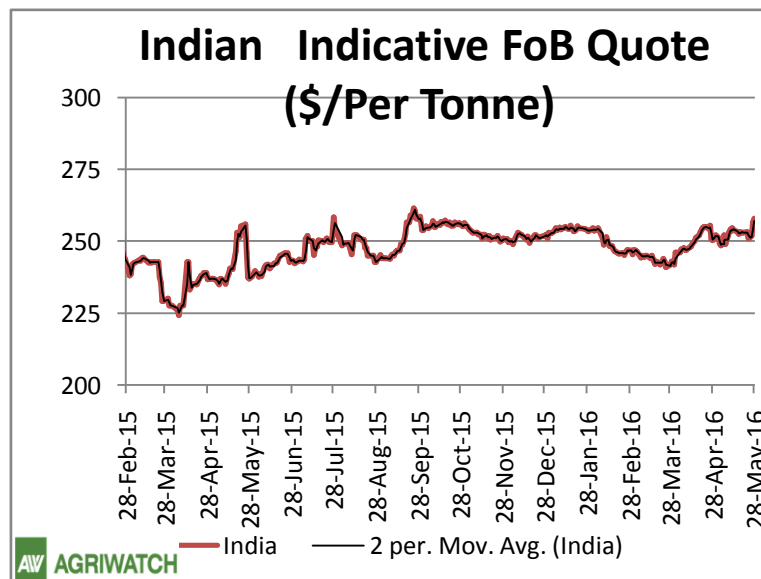


Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	G Total
As on 1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 22.01.2015						



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.

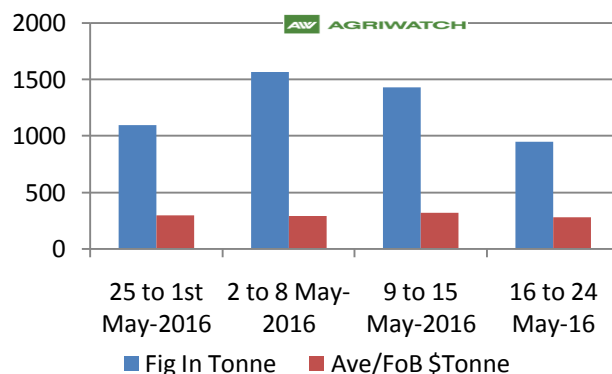
Wheat Export Weekly Data:

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 947.36 tonnes of wheat during week ended 24th May -2016. Average FoB quote realized last week was \$283.93 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 May-2016



Wheat Import:

There is no import during last 8 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.

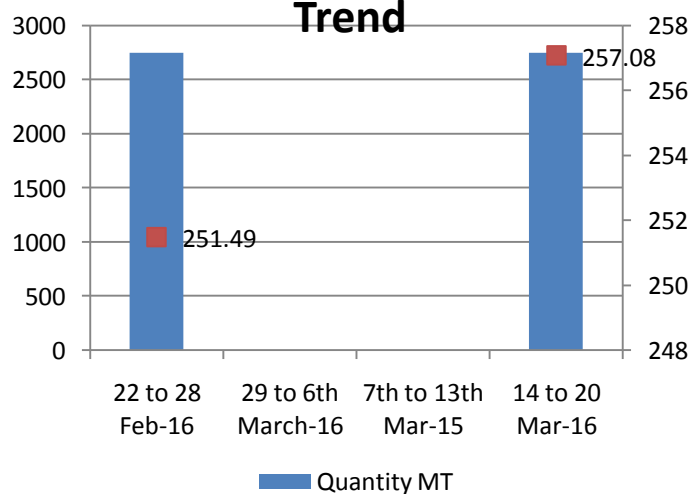
Indian importers have struck a deal of 50,000 tonne French wheat at \$203 per tonne on CiF basis for August delivery. Total 1.5 lakh tonne wheat expected to land Cochin port in August Sept.

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 Import Weekly Trend



Wheat Futures Contract: NCDEX Price

Date: 27.05.2016

Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-June	0	1661	1667	1660	1664	1520	330	15725	260
16-July	-3	1690	1696	1690	1695	710	65	4125	850

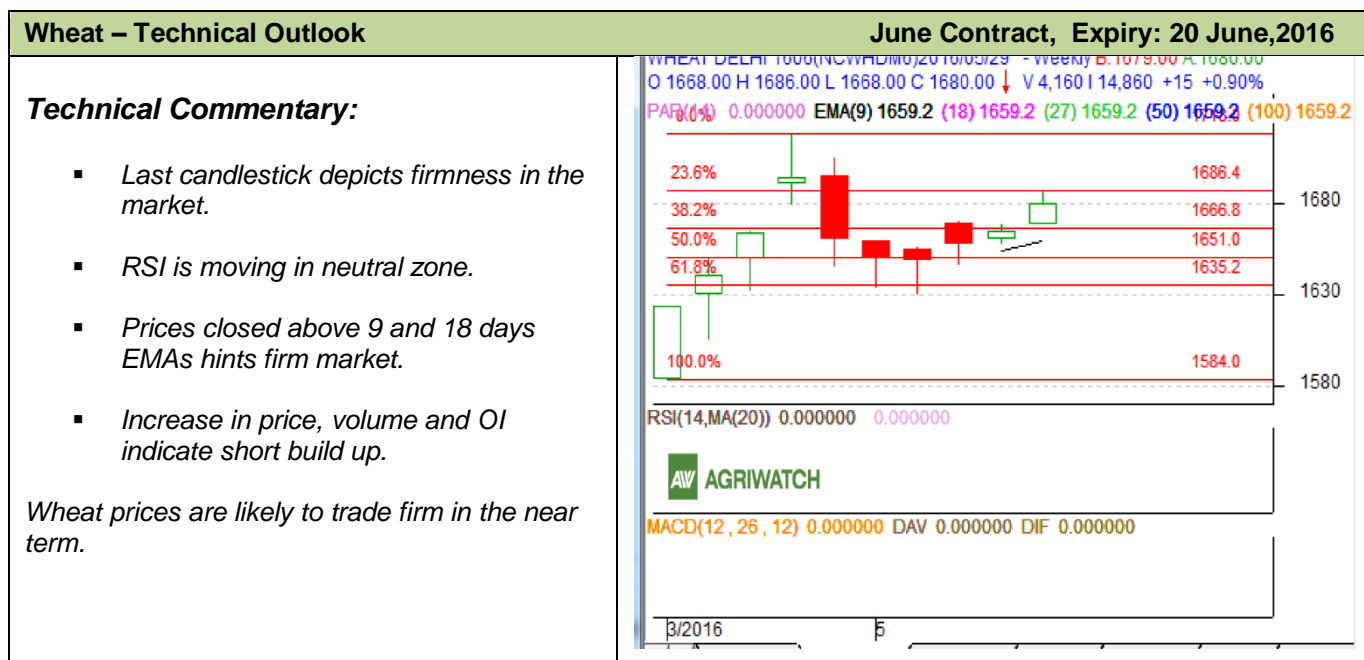
16-Aug	-5	1720	1725	1718	1725	240	120	1025	125
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Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today 26-May-16	Week Ago 19-May-16	Month Ago 26-Apr-16	Year Ago 26-May-15	Change over previous Year %
Indore	1702	1677	1663	1485	14.61
Bareilly	-	-	-	-	-
Delhi	1709	1690	1641	1519	12.51
Khanna	-	-	-	-	-
Kanpur	1615	1560	1515	1450	11.38
Karnal	-	-	-	-	-
Rajkot	1628	1603	1637	1374	18.49
Kota	1694	1675	1670	1470	15.24

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

Wheat Technical Analysis:



Strategy: Buy on Dip

			S2	S1	PCP	R1	R2
Wheat	NCDEX	June	1652	1668	1680	1706	1721
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	June	Buy	1675	1700	1705	1667

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the fourth week of May.

Spot Market Price:							
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Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			26-May-16	25- May-16	19- May-16	26-Apr- 16	26- May-15
Delhi	Lawrence Road	Mill Delivery	1705	1700	1690	1635	1500
	Narella	Mill Quality Loose	1645	NA	NA	1560	1455
	Nazafgarh	Mill Quality Loose	1640	NA	1620	1550	1425
Gujarat	Rajkot	Mill Delivery	1670	1665	1630	1645	1490
	Ahmedabad	Mill Delivery	1740	1735	1725	1720	1490
	Dhrol	Mill Quality Loose	NA	NA	1815	2075	1345
	Surat	Mill Delivery	1765	1760	1750	1750	1520
M.P.	Bhopal	Mill Quality Loose	1625	1625	1615	1550	1350
	Indore	Mill Delivery	1750	1750	1710	1715	1480
Rajasthan	Kota	Mill Quality Loose	1600	1590	1570	1590	1380
		Mill Delivery	1680	1650	1650	1690	1470
U.P.	Kanpur	Mill Delivery	1620	1615	1625	1600	1525
	Mathura	Mill Quality Loose	NA	1610	1570	1495	1300
	Kosi	Mill Quality Loose	1568	1565	1538	1485	1300
	Hathras	Mill Quality Loose	NA	NA	1528	NA	NA
	Aligarh	Mill Quality Loose	1575	1565	1565	1500	1350
Punjab	Khanna	Mill Quality Loose	1525	1525	1525	1525	1450
	Ludhiana (Jagraon)	Mill Delivery	1630	1620	1620	1650	1520
Haryana	Sirsa	Mill Delivery loose	1560	1560	1525	1525	1465
	Hodal	Mill Delivery	1690	1680	1665	1600	1490
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	1620	NA	1600	1550	1400
	Panipat	Mill Quality Loose	NA	NA	1525	1525	1450
Tamil Nadu	Chennai	Mill Quality	1950	1900	1900	1950	1700
	Madurai	Mill Quality	2007	1957	1957	2007	1757
	Coimbatore	Mill Quality	2007	1957	1957	2007	1757
Bihar	Sitamari	Mill Delivery	NA	NA	1420	1400	NA
	Khagariya	Mill Delivery	1600	1600	1600	1550	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
			25-May-16	18-May-16	25-Apr-16	25-May-15
USA (Chicago)	2srw	-5.63	196.28	201.42	192.88	208.00
France	FCW3	-17.27	147.50	148.50	143.75	178.30
Australia	ASW	-9.17	218.00	218.00	224.00	240.00
Russia	SRW	-3.63	186.00	187.00	179.00	193.00
India	Fob	4.75	257.88	253.33	NA	246.18

International Market Updates:

IGC has revised global wheat production estimate up from 717 to 722 MMT in its May-2016 update. Global trade estimate has been revised up by 1 MMT to 154MMT. Global consumption estimate has been revised up by 2MMT to 717 MMT. Carryout stock has been revised up from 218 to 223 MMT.

Soft Wheat production in EU is likely to increase to 145.1 MMT for summer season. It is higher by 2.3 MMT from the estimate of last month. However, the higher production figure is still lower than 151.6 MMT produced in 2015. Soft wheat stock has been lowered down to 18.4MMT for 2016-17 (July-June Season). It 18.9 MMT last month. Export from EU is expected to increase from 27 to 29 MMT for current season.

Russia will procure wheat for restocking programme in MY 2016-17, starting from July at \$161 per T (10,900 roubles) for third class wheat, almost same price set for last year. At the end of last week, domestic prices for third-class wheat were at 10,925 roubles a tonne in the European part of Russia on an ex-works basis. The domestic price has been declining in recent weeks and is expected to come under further pressure as farmers need to get rid of their stock before the new crop hits the market in June-July.

New policy for agriculture in Argentina is expected to encourage wheat planting considerably (25%) this year and it may pressurize local market. Farmers in Argentina are engaged to sell their stock pile to govt. Wheat export has increased 100 percent in first quarter of this year. The surge in Argentine supply is hitting an oversaturated world market and putting downward pressure on wheat prices.

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.

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.

As per latest update by US department of agriculture, winter crop condition is better than normal market expectation so far. It hints at 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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	28.04.2016	26.05.2016
Production	717	730	736	717	722
Trade	157	153	156	153	154
Consumptions	699	717	719	715	717
Carryover stocks	188	201	217	218	223
Y-O-Y change	19	12	16		6
Major Export	54	63	70	68	70

- IGC has revised wheat production projection up by 5MMT to 722 MMT in end May-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 722 MMT against 736 forecast for 2015-16. The difference is around 14 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 projection has been revised up by 1MMT to 154 MMT. However it is 2MMT lower from actual of last year.
- Consumption has been pegged at 717 MMT for 2016-17, up by 2MMT from last year.
- Carryout may increase from 218 to 223 in 2016-17. It would ensure ample supply for the global market. And continue to affect market sentiments.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today 25-May-16	Week Ago 18-May-16	Month Ago 25-Apr-16	3 Month Ago 25-Feb-16	6 Month Ago 25-Nov-15	Year Ago 25-May-15	% Ch over previous year
Jul-16	171.21	176.35	175.53	169.83	182.78	181.31	-5.57
Sep-16	175.34	180.03	179.02	173.78	186.18	184.07	-4.74
Dec-16	181.86	185.90	185.26	179.84	191.32	189.49	-4.02
Mar-17	188.20	191.60	190.68	184.62	179.11	195.27	-3.62
May-17	191.69	194.72	193.90	185.35	180.94	198.67	-3.51
Jul-17	193.71	195.64	194.91	189.12	180.21	200.05	-3.17

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.



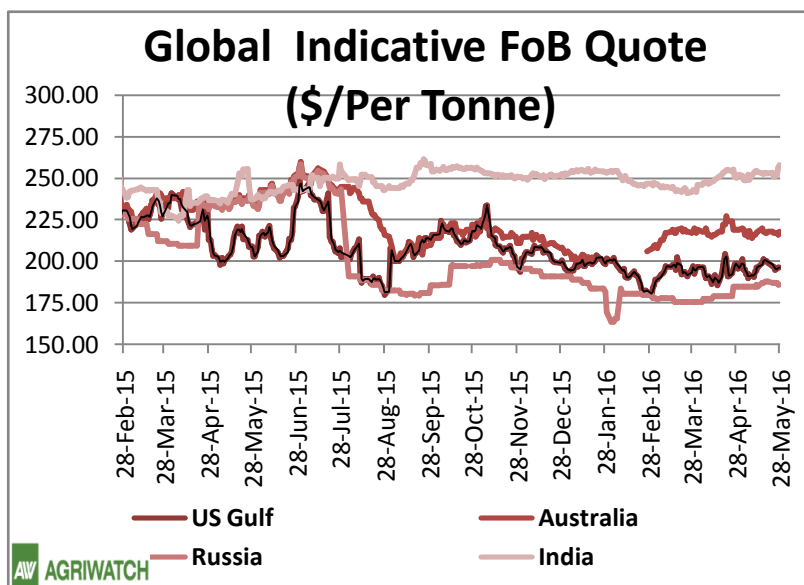
International FOB Weekly Price Movement (USD/T)

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 \$186 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 \$175 to \$220 due to excess supply in the global market in coming weeks.


International Weekly Outlook:

Wheat global market is likely 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. Expectation of 25% higher area coverage in Argentina would not allow global market to move up. It would continue to trade range bound.

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