

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 increased by 4.01 % from Rs1740.84 to Rs1810.73 per qtl. during the week ended 4th May-2016. Arrival continues to decrease and private buyers remain active above Rs 1700 per qtl. All India average price is higher by 8.88% in comparison to price registered in June, 2015. In June, 2015 average price was registered at 1662.94 per qtl. Overall trend in cash market is expected to remain firm as fear of lower production is gaining solid 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 lower production size (around 87/88MMT) in 2016.

Govt.'s procurement target for the year is unchanged at 30 MMT and there is no reduction in its target so far despite slower pace of procurement in Rajasthan and Uttar Pradesh. Procurement has been below 23 MMT so far. There is a gossip in the market that higher prevailing price in open market and thinning arrival may restrict total procurement to 24MMT for the ongoing season. 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.

This year (till 25th May-2016) 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 likely good rainfall that may increase area/yield 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. However, global market would move up and dollar will appreciate too.

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. Agriwatch would publish final production estimate in July-2016

At export front price difference is wider, around \$40/75 per tonne. Russia, US, France and Argentina are offering wheat in the range of \$164 to \$219 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 -2016.

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: -

As per market gossip, off-take 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.

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 June.

Trade Call: Stakeholders should trade in July contract taking care of lower and upper price tag of Rs1680 & 1720 respectively.

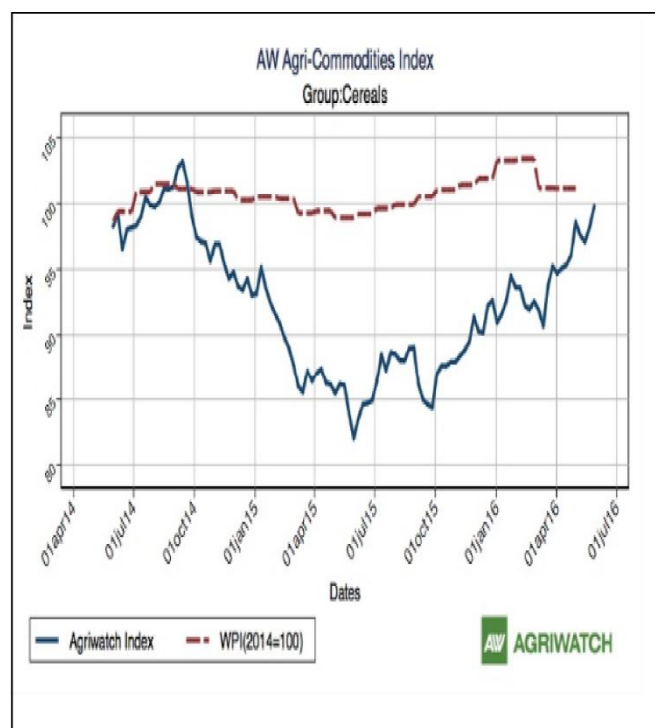
Agriwatch Cereals Index:

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 prices of edible oils and pulses. 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%).

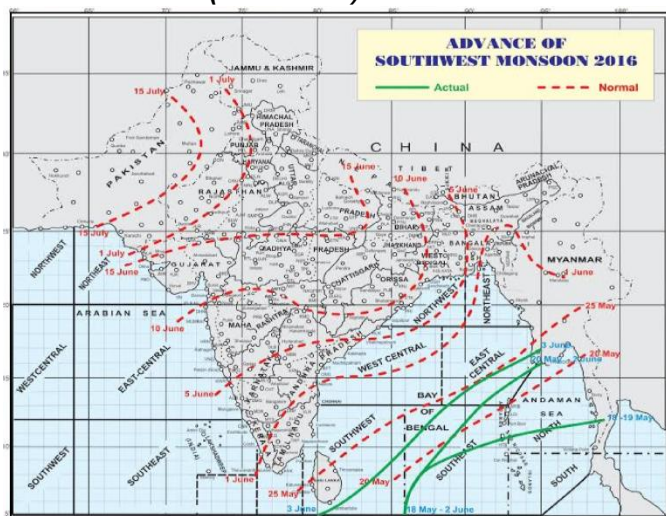
The weekly decliners were the Edible Oils Index: 109.34 (-3.09%), Pulses Index: 184.81 (-1.52%), Sweeteners (Sugar, Gur&Khandsari) Index: 115.56 (-0.09%), Oilseeds Index: 112.34 (-0.45%) and Other Non-food Articles Index: 83.45 (-1.61%).



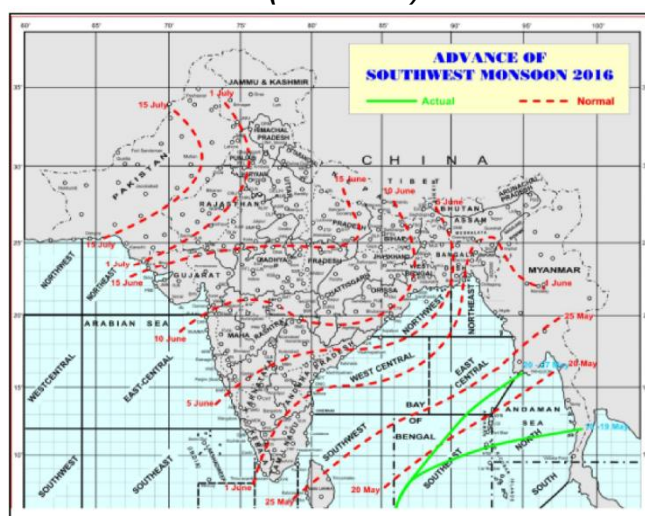
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

This Week as on(03.06.2016)



Last Week as on (28.05.2016)



The southwest monsoon has further advanced into some more parts of southeast Bay of Bengal and some parts of southwest and eastcentral Bay of Bengal. The Northern Limit of Monsoon (NLM) passes through Lat. 5.0°N / Long. 80.0°E, Lat. 11.0°N / Long. 87.0°E, Lat. 14.0°N / Long. 90.0°E and Lat. 17.0°N / Long. 95.0°E. Conditions are favorable for onset of the southwest monsoon over Kerala during next 3-4 days.

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices increased slightly week on week basis in all major benchmark markets like Delhi, Ahmadabad, Kota and Indore. Firmness is likely to continue as private buyers are active.

As arrivals have decreased considerably any major dip from current level is unlikely. Flour millers have covered 35 % of their 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:

Wheat FoB quote in India has improved considerably with continuous firmness in domestic market. It has increased from \$251 to \$262 in last one week.

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.

So there is much scope for firmness in coming weeks.

Mill Delivery Wheat Weekly Average Price For June-2016 (Rs/Qtl)

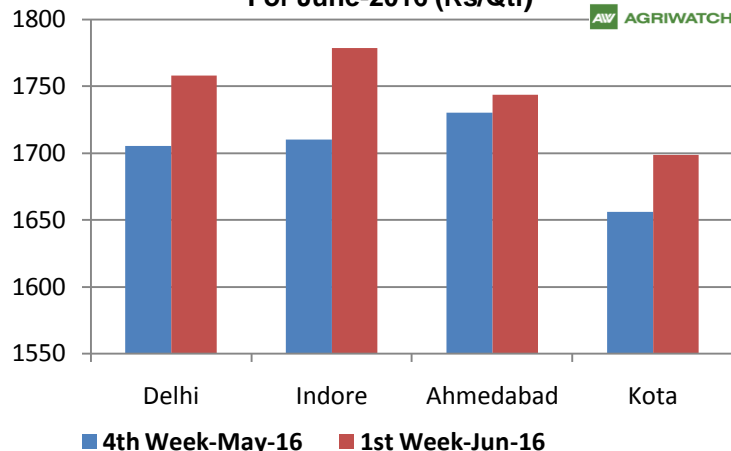
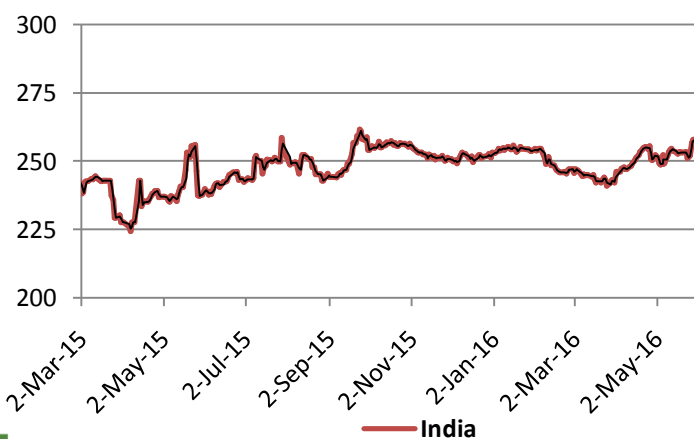


Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	G Total
As on 1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 22.01.2015						

Indian Indicative FoB Quote (\$/Per Tonne)



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 489.32 tonnes of wheat during week ended 29th May -2016. Average FoB quote realized last week was \$340.86 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 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.

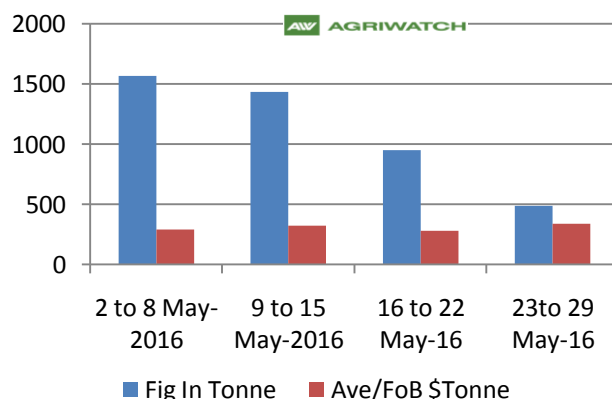
Indian importers have struck a deal of 50,000 tonne French wheat at \$203 per tonne on CiF basis for August delivery. Total 1.5 lakh tonne wheat expected to land Cochin port in August Sept.

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.

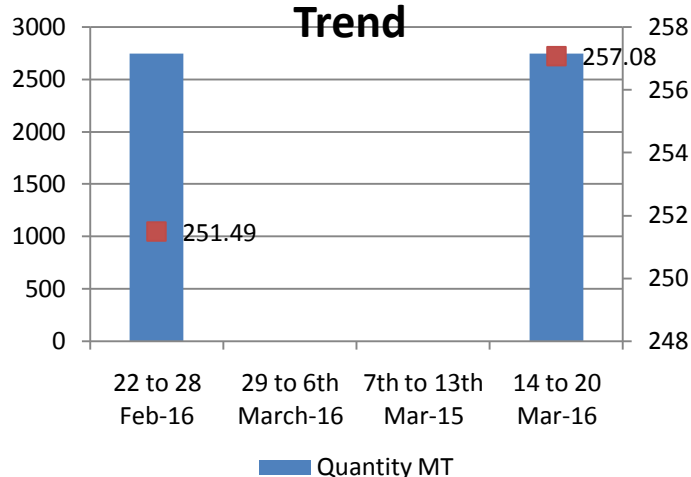
Emerging scenario in global market is not in favor of India as other exporting countries are offering wheat at very attractive prices. Difference between FoB quotes is around \$40/75 per tonne.

.Source: IBIS

Wheat Weekly Export Trend May-2016



Wheat Import Weekly Trend



Wheat Futures Contract: NCDEX Price							Date: 02.06.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-June	-8	1682	1682	1666	1671	2530	10	13080	30
16-July	-12	1703	1704	1694	1696	1810	-965	12640	325
16-Aug	-10	1728	1728	1722	1727	140	1260	1260	940

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 %
	2-Jun-16	26-May-16	3-May-16	2-Jun-15	
Indore	1716	1702	1649	1495	14.78
Bareilly	-	-	-	-	-
Delhi	1775	1709	1633	1530	16.01
Khanna	-	-	-	-	-
Kanpur	1623	1615	1523	1438	12.87
Karnal	-	-	-	-	-
Rajkot	1668	1628	1587	1380	20.87
Kota	1714	1694	1676	1480	15.81

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

July Contract, Expiry: 20 July,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 short build up.

Wheat prices are likely to trade firm in the near term.



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 first week of June.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			2-Jun-16	1-Jun-16	26-May-16	3-May-16	2-Jun-15
Delhi	Lawrence Road	Mill Delivery	1765	1765	1705	1630	1525
	Narella	Mill Quality Loose	1700	NA	1645	1580	1460
	Nazafgarh	Mill Quality Loose	1685	NA	1640	1575	1440
Gujarat	Rajkot	Mill Delivery	1700	1680	1670	1590	1400
	Ahmedabad	Mill Delivery	1750	1750	1740	1700	1500
	Dhrol	Mill Quality Loose	NA	NA	NA	2050	1300
	Surat	Mill Delivery	1770	1770	1765	1725	1520
M.P.	Bhopal	Mill Quality Loose	1625	1640	1625	1540	1380
	Indore	Mill Delivery	1765	1800	1750	1685	1525
Rajasthan	Kota	Mill Quality Loose	1610	1615	1600	1570	1400
		Mill Delivery	1700	1700	1680	1650	1510
U.P.	Kanpur	Mill Delivery	1630	1630	1620	1615	1495
	Mathura	Mill Quality Loose	1625	1625	NA	1525	1350
	Kosi	Mill Quality Loose	1608	1606	1568	1480	1310
	Hathras	Mill Quality Loose	NA	NA	NA	1480	1320
	Aligarh	Mill Quality Loose	1640	NA	1575	1480	1350
Punjab	Khanna	Mill Quality Loose	1530	1530	1525	1525	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	1630	1635	1520
Haryana	Sirsa	Mill Delivery loose	1625	1605	1560	1525	1465
	Hodal	Mill Delivery	1750	1750	1690	1600	1490
	Karnal	Mill Quality Loose	1625	1625	NA	NA	NA
	Bhiwani	Mill Quality Loose	1675	1660	1620	1550	1390
	Panipat	Mill Quality Loose	NA	NA	NA	1525	1450
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	1900	1700
	Madurai	Mill Quality	2007	2007	2007	1957	1757
	Coimbatore	Mill Quality	2007	2007	2007	1957	1757
Bihar	Sitamari	Mill Delivery	1455	NA	NA	1425	1300
	Khagariya	Mill Delivery	1600	1600	1600	1570	1340



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
			1-Jun-16	25-May-16	2-May-16	1-Jun-15
USA (Chicago)	2srw	-6.13	196.10	196.28	201.20	208.90
France	FCW3	-13.71	149.50	147.50	142.75	173.25
Australia	ASW	-6.44	218.00	218.00	220.00	233.00
Russia	SRW	-4.92	183.50	186.00	185.00	193.00
India	Fob	9.45	262.45	257.88	250.68	239.78

International Market Updates:

Thailand last week bought 60,000 tonnes of Black Sea feed wheat for \$187 a tonne, including cost and freight, for August shipment. Most feed makers are taking Ukrainian shipments, although some Argentinian and French cargos have also made their way to Asia. About 400,000 tonnes of shipments from Argentina have landed since January. Vietnam is also likely to be forced to switch to more wheat. Vietnam will most likely take European feed wheat.

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 fig 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 in selling 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 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	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Ch over previous year
	1-Jun-16	25-May-16	2-May-16	3-Mar-16	2-Dec-15	1-Jun-15	
Jul-16	174.06	171.21	179.20	171.12	176.99	181.40	-4.05
Sep-16	178.19	175.34	183.15	174.70	180.94	183.24	-2.76
Dec-16	184.80	181.86	189.85	180.03	186.46	188.38	-1.90
Mar-17	191.23	188.20	196.19	184.99	171.67	193.53	-1.19
May-17	195.36	191.69	199.87	188.38	174.24	196.83	-0.75
Jul-17	197.94	193.71	201.06	190.96	188.66	198.76	-0.42

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



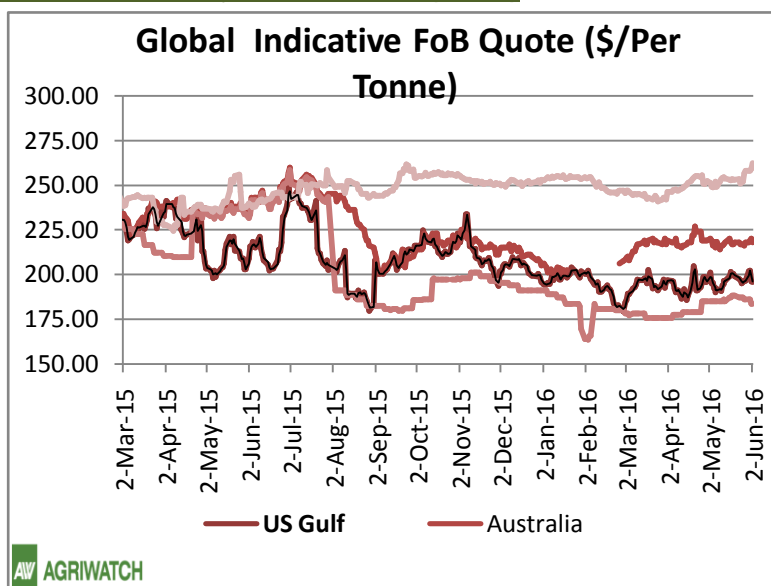
International FOB Weekly Price Movement (USD/T)

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 \$200 to \$183 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australia offers wheat at \$220 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 to 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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