Wheat Weekly Research Report

Contents

Wheat Domestic Market Fundamentals: -

All India average wheat price increased by 2.50 % from Rs1775.04to Rs1869.70 per qtl. during the week ended 11th June-2016. Arrival continues to decrease and private buyers remain active above Rs 1700-Rs1725 per qtl. All India average price is higher by 8.31% in comparison to price registered in June, 2015. In June, 2015 average price was registered at 1680.91 per qtl. Overall trend in cash market is expected to remain firm as lower production this year has changed inner tone. 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 87MMT) 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 to24MMT for the ongoing season. Despite lower production govt. has sufficient stock to take care of market need. Besides, option for import and revision in import duty remain open.

This year (till 5th June-2016) overall arrival has been registered at 27.85MMT against 32.28MMT last year.The difference is around 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. Importers lobby is active and govt. may revise import duty down in the beginning of July-2016.

Agriwatch has revised its wheat production estimate down from89.28 to 87.20 MMT In end May-2016. Carryout for next year would decrease from 15.38 to 12.58 MMT. Availability would be lower at 104.58 MMT for the current year. Consumption would remain same as last year.

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.*

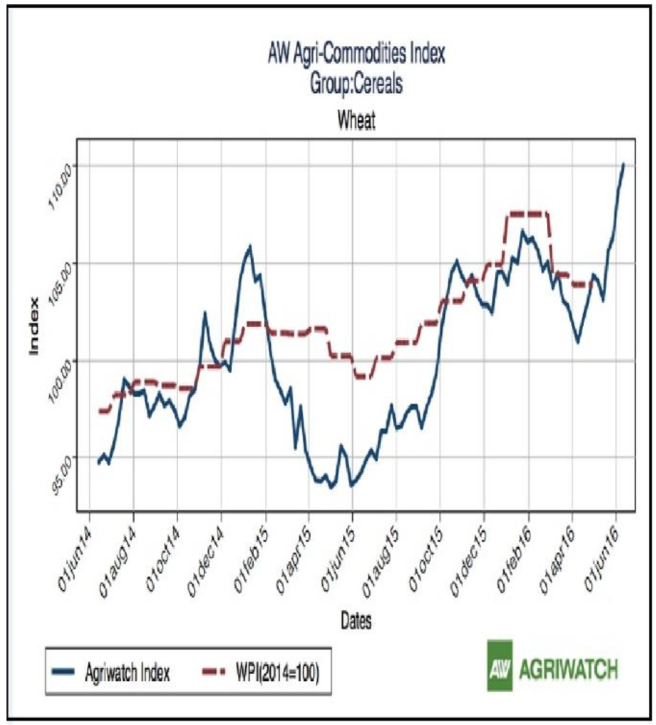
Trade Call: *Stakeholders should trade in July contract taking care of lower and upper price tag of Rs1728&1748 respectively.*

Wheat Weekly Research Report
13thJune-2016

Agriwatch Cereals Index:

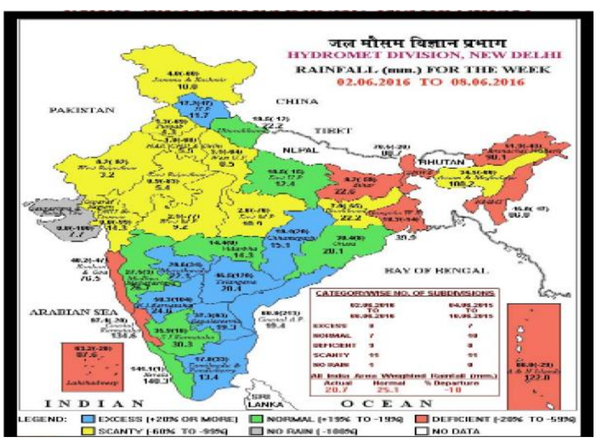
The Agriwatch Agri Commodities Index hit a new 52-week high of 113.62 during the week ended June 11, 2016, up 1.84% from 111.57 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

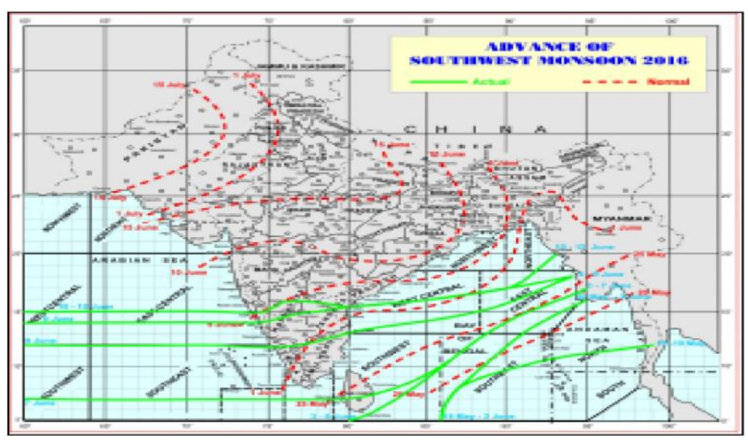
All nine of the commodity group sub-Indices and 22 of the 29 individual commodity Indices that comprise the overall Index ended higher during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 102.72 (+1.56%), Pulses Index: 190.89 (+3.96%), Vegetables Index: 79.29 (+4.29%), Edible Oils Index: 111.27 (+1.06%), Oilseeds Index: 112.61 (+0.99%), Spices Index: 118.30 (+0.01%), Sweeteners (Sugar, Khandsari & Jaggery) Index: 117.36 (+1.43%), Fibres Index: 106.11 (+3.53%) and Other Non-Food Articles Index: 85.36 (+2.63%).Detailed charts 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& Monsoon Progress





The Northern Limit of Monsoon (NLM) continue to pass through Lat. 15.0°N/ Long.60.0°E, Lat. 15.0°N/ Long.70. 0°E, Karwar, Gadag, Ongole,Lat. 16.0°N/ Long. 85.0°E, Lat. 17.0°N/ Long. 90.0°E and Lat. 20.0°N/ Long. 93.0°E . Conditions are favourable for further advance of southwest monsoon into some more parts of central & north B ay of Bengal and some parts of northeastern states and SubHimalayan West Bengal & Sikkim during next 2-3 days

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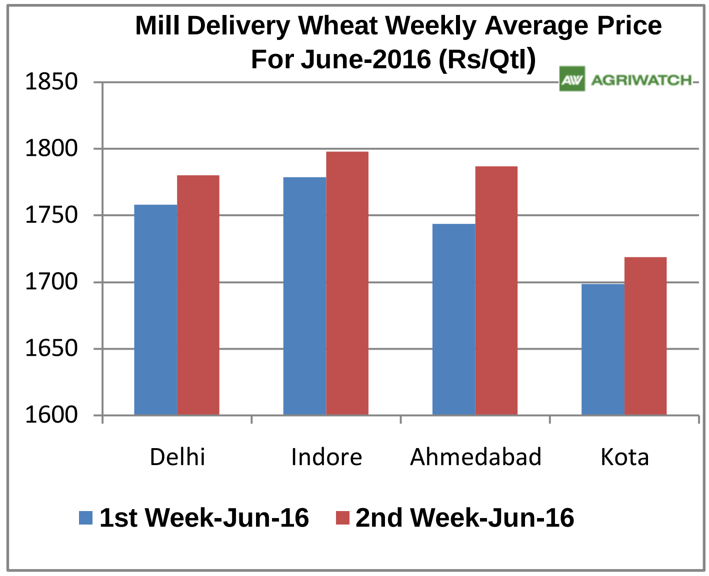
Wheat Weekly Research Report
13th June-2016

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,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.

In Sasaram, Arah and Buxar major buyers are active and offering price at the rate of Rs 1720.1725 per qtl. Concern over supply front in the coming weeks continues. Major buyers have eyed on likely revision on import duty.



Wheat Stock Norms:

Fig. In Lakh Tonne / As on	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	G Total
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						

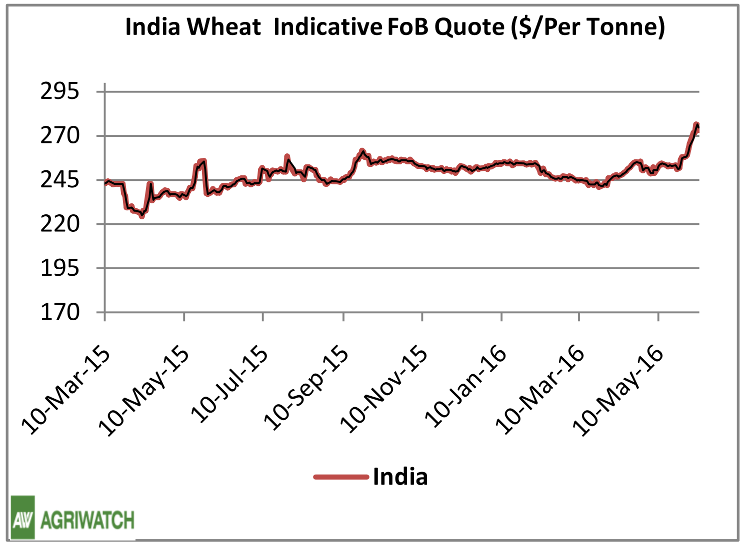
Procurement As on 8th June-2016:

State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 08.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-99.85
Uttar Pradesh	22.67	8.2376	22.67	-63.66
MP	73.09	39.9	73.09	-45.41
Rajasthan	13	7.617	13	-41.40
Others	0.07	0.02	0.07	-71.43
All India	280.88	229.44	280.88	-18.32

Total wheat procurement was registered at 229.44 lakh tonne till 8th June -2016.Against set target of 30 MMT total procurement may end up with 23 MMT this year. Till date it is lower by18.32 % from last year.

Wheat Weekly Research Report
13th June-2016

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 $262 to $274 in last one week.

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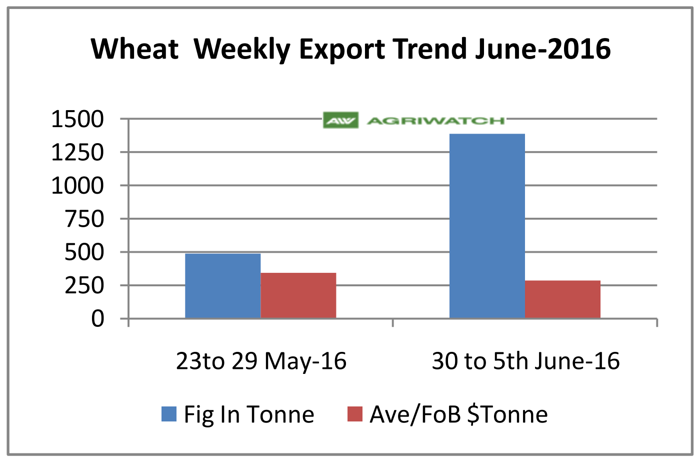
Prices of wheat may move up from current level as arrivals have decreased sharply and farmers have retained higher percentage of marketable surplus this year in anticipation of higher price.

So there is much scope for firmness in coming weeks. However, revision in import duty may restrict cash market as import would help south Indian millers to get wheat at affordable prices.It would ease pressure on central and western In.ia,as millers are dependent on Rajasthan and M>P. wheat.

Wheat Export Weekly Data:

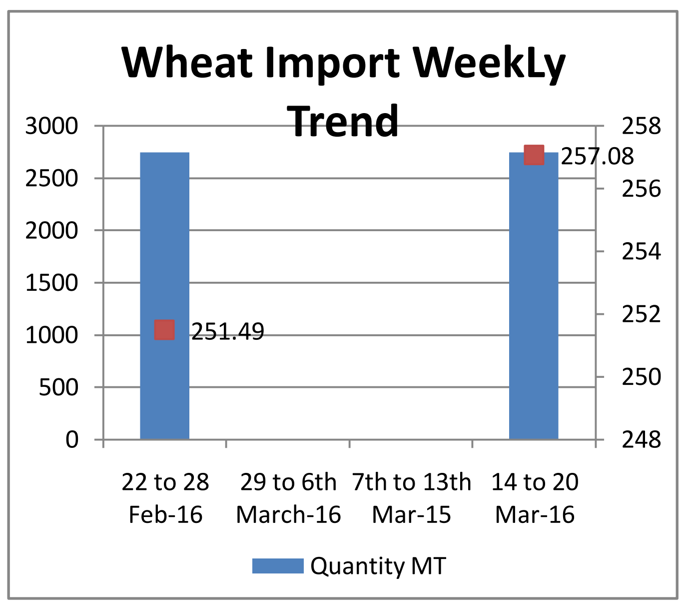


Wheat export volume has been negligible during last few weeks and there is no hope for any recovery in coming weeks as disparity continues to discourage exporters.

India exported 1390.61 tonnes of wheat during week ended 5th June-2016.AverageFoB quote realized last week was $285.83 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 9 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 importduty.

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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 struct at $275 per T onCiF 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 $40/75per tonne..**Source:IBIS***

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Wheat Weekly Research Report
13th June-2016

Wheat Futures Contact: NCDEX Price									Date:10.06.2016
Contract Month	**Ch from previous day**	**Open**	**High**	**Low**	**Close**	**Vol**	**Ch. From previous day**	**OI**	**Ch. From previous day**
16-June	-11	1713	1715	1674	1695	6680	2970	6340	-2250
16-July	-14	1740	1748	1719	1721	12030	-1885	26750	11425
16-Aug	-15	1772	1778	1750	1750	960	345	131	-1310

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 %**
	9-Jun-16	**2-Jun-16**	**9-May-16**	**9-Jun-15**	
Indore	1748	1716	1644	1495	**16.92**
Bareilly	-	-	-	-	-
Delhi	1781	1775	1650	1537	**15.88**
Khanna	-	-	-	-	-
Kanpur	1668	1623	1525	1470	**13.47**
Karnal	-	-	-	-	-
Rajkot	1760	1668	1610	1393	**26.35**
Kota	1745	1714	1668	1495	**16.72**

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

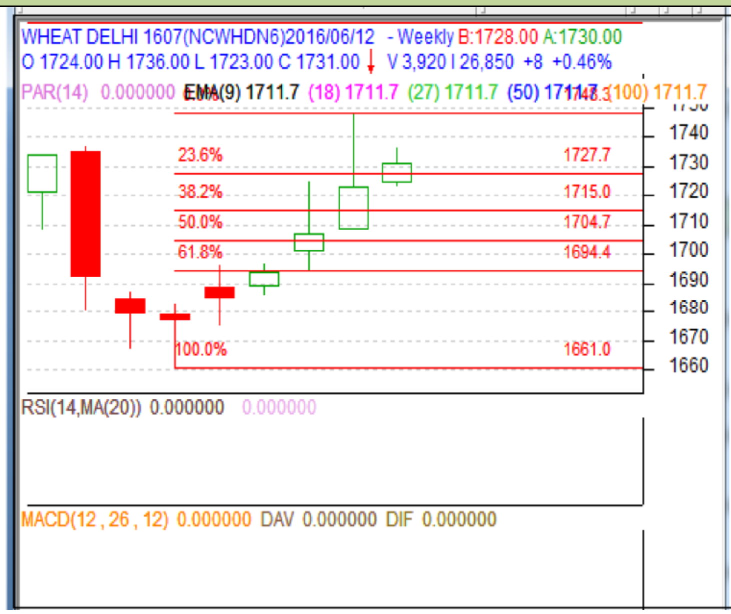
Wheat Technical Analysis:

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

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Wheat Weekly Research Report
13thJune-2016

			S2	S1	PCP	R1	R2
Wheat	NCDEX	June	1701	1715	1731	1748	1761
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	June	**Buy**	1720	1740	1745	1714

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the third week of June

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl) Today 9-Jun-16	Yesterday 8-Jun-16	Week Ago 2-Jun-16	Month Ago 9-May-16	Year Ago 9-Jun-15
Delhi	Lawrence Road	Mill Delivery	1780	1770	1765	1650	1540
	Narella	Mill Quality Loose	1700	Closed	1700	1600	NA
	Nazafgarh	Mill Quality Loose	1700	Closed	1685	1600	1450
Gujarat	Rajkot	Mill Delivery	1775	1780	1700	1620	1465
	Ahmedabad	Mill Delivery	1800	1800	1750	1710	1580
	Dhrol	Mill Quality Loose	1950	1850	1950	NA	1380
	Surat	Mill Delivery	1825	1825	1770	1735	1615
M.P.	Bhopal	Mill Quality Loose	1650	1650	1625	NA	1425
	Indore	Mill Delivery	1800	1800	1765	NA	1540
Rajasthan	Kota	Mill Quality Loose	1640	1625	1610	NA	1440
		Mill Delivery	1725	1725	1700	NA	1550
U.P.	Kanpur	Mill Delivery	1630	1625	1630	1620	1530
	Mathura	Mill Quality Loose	1640	1630	1625	1535	1370
	Kosi	Mill Quality Loose	1620	1610	1608	1485	1400
	Hathras	Mill Quality Loose	1625	1620	NA	1475	NA
	Aligarh	Mill Quality Loose	1650	1650	1640	1500	1380
Punjab	Khanna	Mill Quality Loose	1540	1540	1530	1525	1480
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1635	1550
Haryana	Sirsa	Mill Delivery loose	1630	1630	1625	1525	1500
	Hodal	Mill Delivery	1740	1750	1750	1600	1520
	Karnal	Mill Quality Loose	1660	1660	1625	NA	NA
	Bhiwani	Mill Quality Loose	1700	1700	1675	1550	1450
	Panipat	Mill Quality Loose	NA	NA	NA	1525	NA

Tamil Nadu	Chennai	Mill Quality	2000	2000	1950	NA	1725
	Madurai	Mill Quality	2057	2057	2007	NA	1782
	Coimbatore	Mill Quality	2057	2057	2007	NA	1782
Bihar	Sitamari	Mill Delivery	1465	1465	1455	NA	1420
	Khagariya	Mill Delivery	1650	1650	1600	1600	1425

Progressive Sowing Status Till28thJan-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 OfAgricultur

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			8-Jun-16	1-Jun-16	8-May-16	8-Jun-15
USA (Chicago)	2srw	-3.91	211.10	196.10	189.80	219.70
France	FCW3	-13.58	157.50	149.50	139.50	182.25
Australia	ASW	-	234.00	218.00	215.00	NA
Russia	SRW	-4.92	183.50	183.50	185.00	193.00
India	Fob	14.73	276.49	262.45	NA	240.99

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 from218 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 than151.6 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 priceset 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 to722 MMT in end May-2016 for crop year2016-17. According to IGC global wheat production for 2016-17may 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**
	8-Jun-16	**1-Jun-16**	**8-May-16**	**8-Mar-16**	**8-Dec-15**	**8-Jun-15**	
Jul-16	190.86	174.06	167.72	173.32	181.04	209.79	**-9.02**
Sep-16	194.91	178.19	171.67	176.90	184.89	212.72	**-8.38**
Dec-16	201.43	184.80	178.46	181.95	190.13	216.95	**-7.15**
Mar-17	207.95	191.23	184.89	186.73	193.99	220.35	**-5.63**
May-17	211.90	195.36	188.29	189.95	195.55	220.35	**-3.83**
Jul-17	214.47	197.94	189.76	191.87	193.16	214.47	**Unch**

CBOT MaY-16 Futures Chart:

1St Support; 175.24
2nd Support:165.10
1st Resistant:195.41
2nd Resistant:205.24
($ per tonne)

CBOT market is likely to move up from current level as yield loss is expected and spring planting seems under threat in EU.However, uptrend would not sustain as wheat stock in global market is higher.

Wheat Weekly Research Report
13th June-2016

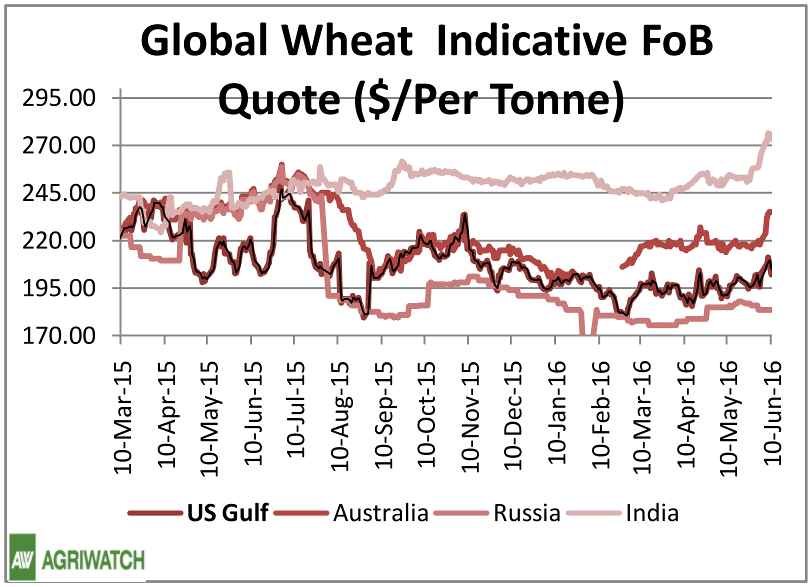
International FOB Weekly Price Movement (USD/T)

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 $202 to $183per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australia offers wheat at $235 per tonne.

Wheat quotes may hover in the range of $175 to $220 due to excess supply in the global market in coming weeks.Australian quote may move up to $240 per tonne.



International Weekly Outlook:

Di *Wheat global market is likely trade steady to slightly firm as planting prospects of spring wheat in EU seems in trouble. However,there is plenty of wheat available in Black Sea Region, US, Australia, France and Canada. Russia, France and U.S and it would not allow market to move one way up.. IGC too has projected higher (5MMT) carryout for 2016-17. Agriwatch expects range bound movement in June given the normal weather condition and fresh buying interest at current level...*