

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price increased by 0.09 % from Rs1777.39 to Rs1779.13 per qtl. during the week ended 15th June-2016. Arrival continues to decrease and private buyers remain active above Rs 1730-Rs1735 per qtl. All India average price is higher by 5.84 % in comparison to price registered in June, 2015. In mid 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. Unchanged import duty structure may continue to encourage price in cash market. 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 remains unchanged at 30 MMT and there is no reduction in its target so far despite slower pace of procurement in Rajasthan, Madhya Pradesh 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 23 MMT for the ongoing season. Despite lower production govt. has sufficient stock to take care of market. Off-take from central pool stock would increase as prices in domestic market would continue to get firmer. Millers may turn to central pool stock as supply in cash market would continue to be thinner.

Unchanged duty structure would ensure better price for farmers who have retained stock and expectation of higher area coverage in Rabi season amid hope for good rainfall this year may boost up overall production once again. Govt. may start wheat auction from July-2016 having reserve price of Rs 1640 per qtl. If prices continue to increase govt. may review duty structure at the end of the year. Offtake from central pool is expected to increase by this move.

India exported 845.65 T wheat during week ending 12th June-2016. Average FoB price was registered at \$265.82 per tonne. The highest and lowest quote was registered at \$389.04 & \$99.55 per T. India had exported 1390.61 T wheat previous week. Export volume would remain negligible as parity is not in favor of India.

Agriwatch has revised its wheat production estimate down from 89.28 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 \$50/90 per tonne. Russia, US, France and Argentina are offering wheat in the range of \$181 to \$228 per tonne on FoB basis. France offer wheat at \$168 per tonne. Despite 25% duty on import, south Indian millers have struck around 7.5 lakh tonne deal in forward months (July onward).

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 : -

First shipment from France is expected to in end -July, first in this financial year. In the second quarter total 8 lakh tonne wheat is expected to land at South Indian port including Kerala.

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 firm in June.

Trade Call: Stakeholders should trade in July contract taking care of lower and upper price tag of Rs1760 & 1785 respectively.

Agriwatch Cereals Index:

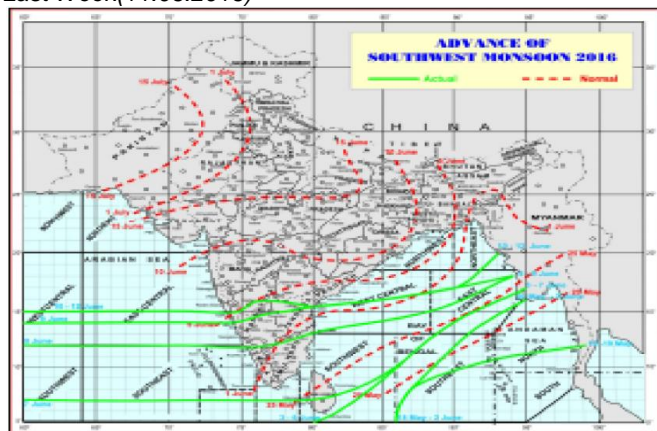
Led by rises in cereals and pulses, the Agriwatch Agri Commodities Index rose 2.15% to close at 116.06 during the week ended June 18, 2016 from 113.62 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100). Eight of the nine of the commodity group sub-Indices that comprise the overall Index ended higher during the week, the only exception being Vegetables. The sub-Index values and their weekly changes are as follows: Cereals Index: 104.18 (+1.42%), Pulses Index: 201.67 (+5.65%), Vegetables Index: 78.95 (-0.43%), Edible Oils Index: 112.15 (+0.79%), Oilseeds Index: 114.55 (+1.72%), Spices Index: 124.88 (+5.56%), Sweeteners Index: 119.51 (+1.83%), Fibres Index: 110.06 (+3.72%) and Other Non-Food Articles Index: 85.92 (+0.66%). The sub-Index charts can be viewed on the ET website and on Agriwatch.com.



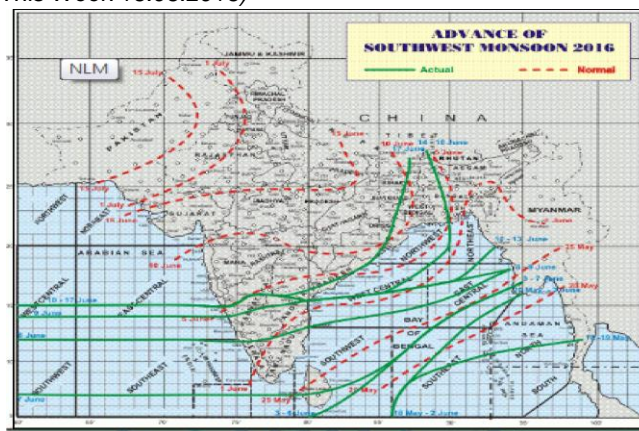
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

Last Week(11.06.2016)



(This Week 16.06.2016)



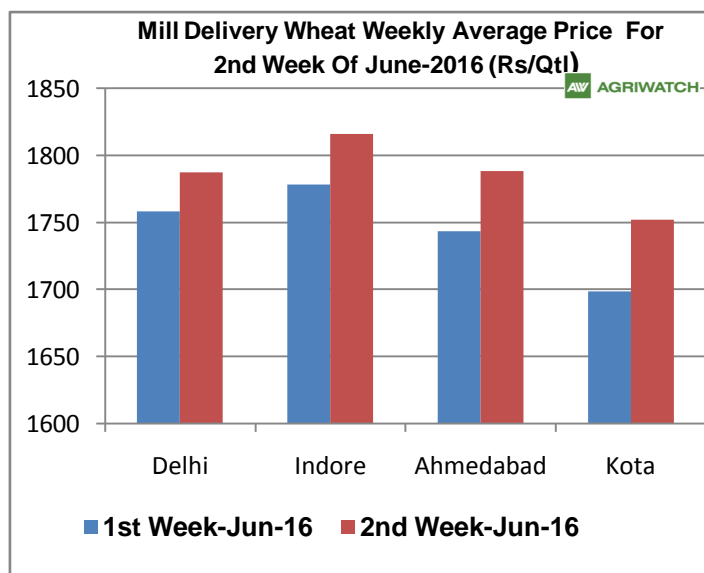
The southwest monsoon further advanced into remaining parts of Rayalaseema and Bay of Bengal, most parts of Coastal Andhra Pradesh and West Bengal & Sikkim and some parts of Odisha, Jharkhand and Bihar. Conditions are favourable for further advance of southwest monsoon into remaining parts of central Arabian Sea, entire Konkan & Goa, some parts of Madhya Maharashtra, Marathwada, Vidarbha, Chhattisgarh and East Madhya Pradesh, remaining parts of North Interior Karnataka, Coastal Andhra Pradesh, Odisha and Gangetic West Bengal, entire Telangana and some more parts of Jharkhand and Bihar during next 2-3 days.

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 1735.1745 per qtl. Concern over supply front in coming weeks may continue. Import duty would continue and wheat price would continue to trade firm.



Wheat Stock Norms						
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						

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

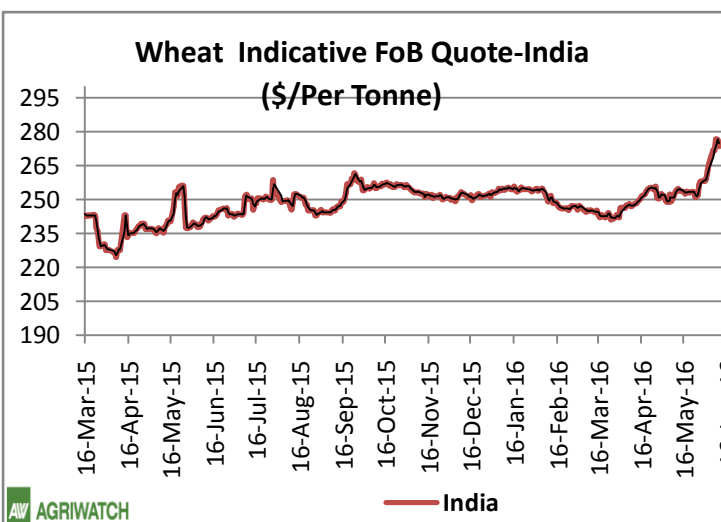
Total wheat procurement was registered at 229.44 lakh tonne till 8th June -2016. Against set target of 30 MMT total procurement may end up with 23 MMT this year. Till date it is lower by 18.32 % from last year.

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.

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.

With unchanged duty there is much scope for firmness in coming weeks. There is no import from last two months. It may start from Mid July-2016 despite duty obligation.

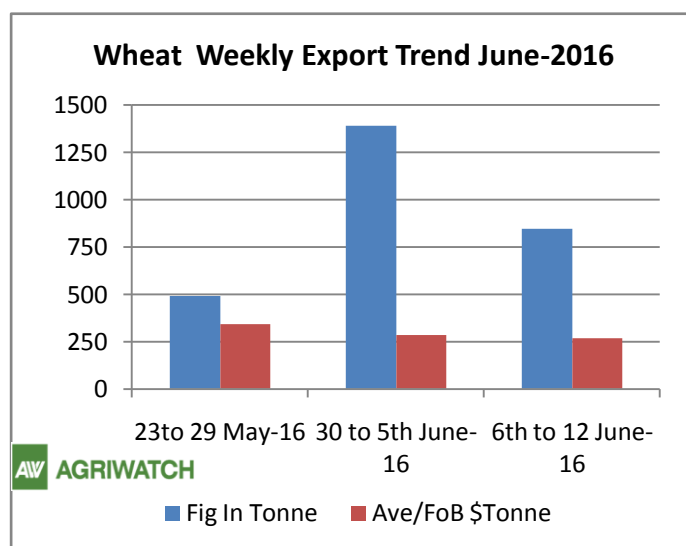


Wheat Export Weekly Data:

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 845.65 tonnes of wheat during week ended 12th June-2016. Average FoB quote realized last week was \$265.82 per tonne.

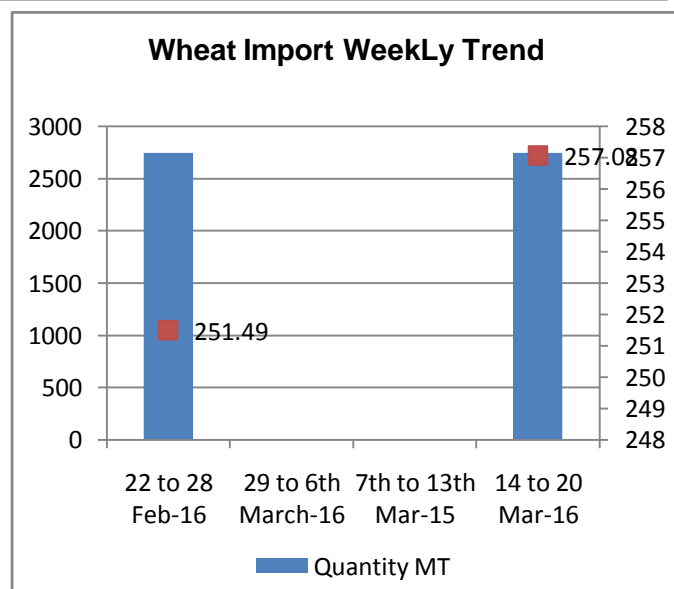
As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Kuwait, Sudan and west Asian countries.



Wheat Import:

There is no import during last 10 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. **Source: IBIS**



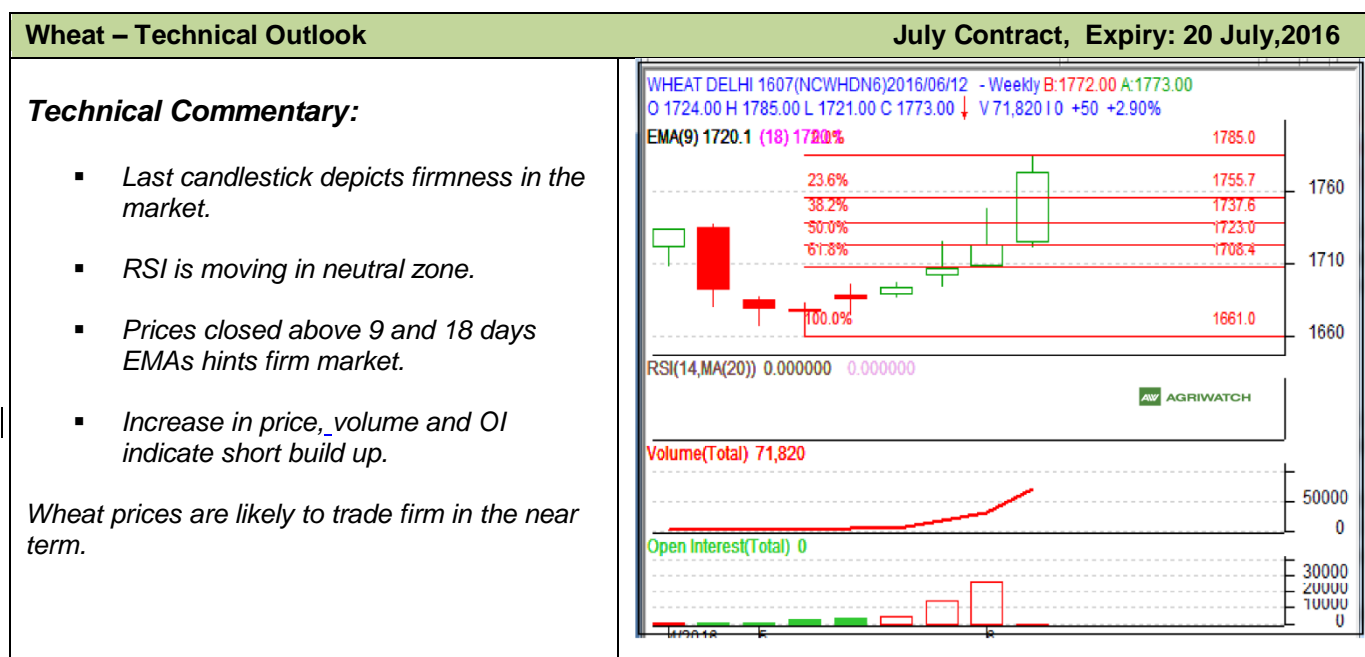
Wheat Futures Contract: NCDEX Price							Date:17.06.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-June	46	1703	1785	1743	1749	310	100	1700	-140
16-July	49	1728	1730	1728	1772	28480	5850	31580	5105
16-Aug	38	1760	1805	1760	1791	5410	4250	4320	1750

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 %
	16-Jun-16	9-Jun-16	16-May-16	16-Jun-15	
Indore	1776	1748	1675	1450	22.48
Bareilly	-	-	-	-	-
Delhi	1800	1781	1685	1570	14.65
Khanna	-	-	-	-	-
Kanpur	1700	1668	1550	1465	16.04
Karnal	-	-	-	-	-
Rajkot	1759	1760	1593	1415	24.31
Kota	1801	1745	1674	1475	22.10

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	1744	1754	1773	1791	1805
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	June	Buy	1755	1780	1790	1749

Domestic Market Weekly Outlook:

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

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			16-Jun-16	15-Jun-16	9-Jun-16	16-May-16	16-Jun-15
Delhi	Lawrence Road	Mill Delivery	1800	1795	1780	1680	1565
	Narella	Mill Quality Loose	1740	Closed	1700	1630	1495
	Nazafgarh	Mill Quality Loose	1715	Closed	1700	1615	1500
Gujarat	Rajkot	Mill Delivery	1780	1780	1775	1635	1420
	Ahmedabad	Mill Delivery	1800	1800	1800	1725	1530
	Dhrol	Mill Quality Loose	NR	1920	1950	1995	NA
	Surat	Mill Delivery	1820	1820	1825	1750	1550
M.P.	Bhopal	Mill Quality Loose	1725	1725	1650	1550	NA
	Indore	Mill Delivery	1810	1810	1800	1710	NA
Rajasthan	Kota	Mill Quality Loose	1680	1700	1640	1570	NA
		Mill Delivery	1750	1775	1725	1650	NA
U.P.	Kanpur	Mill Delivery	NR	NR	1630	1625	1525
	Mathura	Mill Quality Loose	1655	1650	1640	1545	1425
	Kosi	Mill Quality Loose	1636	1633	1620	1530	1350
	Hathras	Mill Quality Loose	1660	1650	1625	1525	1370
	Aligarh	Mill Quality Loose	1650	1650	1650	1520	1400
Punjab	Khanna	Mill Quality Loose	1640	1610	1540	1525	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1620	1500
Haryana	Sirsa	Mill Delivery loose	1665	1660	1630	1525	1475
	Hodal	Mill Delivery	1760	1740	1740	1660	1550
	Karnal	Mill Quality Loose	1680	1680	1660	NA	NA
	Bhiwani	Mill Quality Loose	1700	1700	1700	1580	1440
	Panipat	Mill Quality Loose	NA	NA	NA	1525	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2000	1900	NA
	Madurai	Mill Quality	2107	2107	2057	1957	NA
	Coimbatore	Mill Quality	2107	2107	2057	1957	NA
Bihar	Muzaffarpur	Mill Delivery	1650	1645	1640	1560	NA
	Khagariya	Mill Delivery	1700	1750	1650	1600	1320

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 Agriculture

International Market Updates:

Jordan has changed its wheat import buying terms in a bid to attract more suppliers to its purchase tenders. "The terms have been changed, mainly specifications concerning the sunn pest and a reduction of some fines. Jordan has been having trouble importing wheat and barley since late 2015 after tougher terms on quality control and payment were introduced that reduced participation by international trading houses. The new terms state that the maximum level of a grain insect, the sunn pest, allowed in imported wheat can be 0.8 percent. It was previously 0.6 percent.

Strategie Grains left its estimate for this year's soft wheat production in the European Union unchanged from last month but cut its export outlook in 2016/17 on quality concerns and higher supplies from Russia. It has pegged the EU soft wheat harvest at 146.7 million tonnes, down 3 percent on last year's record of almost 151 million tonnes.

However, it has made considerable changes per country with a combined rise of 1.3 million tonnes for Bulgaria, Romania, Spain and Italy offsetting a reduction of 1.3 million tonnes for France and Germany where wet weather last month was expected to have dented yields. The lower projected quality of the crop, in addition to a higher expected exportable supply from Russia, prompted Strategie Grains to cut its 2016/17 EU soft wheat export forecast by 800,000 tonnes to 29.9 million.

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has revised its wheat production estimate for 2016-17 up from 24.4 to 25.4MMT. The new season will end on 1st July-2017. It would be the highest production after 2012-13. Higher wheat output from Australia will add pressure on global prices Wv1, which last week hit a seven-month high on concerns over the outlook for the U.S. crop.

Wheat demand in Indonesia from feed mill industry has increased considerably in last six months and its import volume is expected to increase from 7.5MMT to 10 MMT this year, around 35 % higher than last year. From January to March Indonesia imported 2.9 million tonnes of the grain, about 500,000 tonnes of which went to feed mills. Indonesia imports wheat from Australia, the United States and Canada. Around 80 % imported volume would be used to produce flour.

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.

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.

The U.S. Department of Agriculture (USDA) kept unchanged its forecast for Kazakhstan's wheat production at 13 million tonnes for the next marketing year (July 2016 - June 2017). The outlook of Kazakh wheat exports also remained unchanged at 7 million tonnes. The projections of wheat imports were lowered 16.7% to 50,000 tonnes.

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 16-Jun-16	Week Ago 9-Jun-16	Month Ago 16-May-16	3 Month Ago 16-Mar-16	6 Month Ago 16-Dec-15	Year Ago 16-Jun-15	% Ch over previous year
Jul-16	173.60	187.47	174.42	175.71	182.05	197.48	-12.09
Sep-16	178.10	191.60	177.82	179.29	185.63	200.78	-11.30
Dec-16	185.26	198.21	183.33	184.62	190.77	205.56	-9.87
Mar-17	192.33	204.64	188.75	189.58	194.91	210.06	-8.44
May-17	196.74	208.78	191.87	192.61	197.39	211.35	-6.91
Jul-17	200.23	211.53	192.98	194.08	194.81	205.84	-2.72

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			16-Jun-16	9-Jun-16	16-May-16	16-Jun-15
USA (Chicago)	2srw	-5.09	192.00	207.70	196.47	202.30
France	FCW3	-14.66	148.50	156.50	145.50	174.00
Australia	ASW	-4.20	228.00	235.00	218.00	238.00
Russia	SRW	-3.97	181.50	183.50	185.00	189.00
India	Fob	13.26	274.55	276.19	253.17	242.4

CBOT MaY-16 Futures Chart:

1st Support: 172.31

2nd Support: 168.73

1st Resistant: 178

2nd Resistant: 183

(\$ per tonne)

Market is likely to decrease as global supply is ample and demand remains subdued..



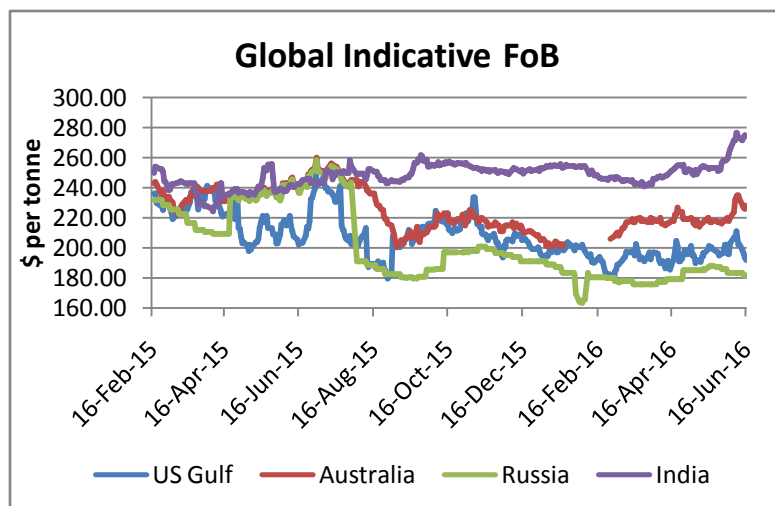
International FOB Weekly Price Movement (USD/T)

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 \$198 to \$181 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australia offers wheat at \$228 per tonne.

Wheat quotes may hover in the range of \$168 to \$228 due to excess supply in the global market in coming weeks. Australian quote may move down to \$220 per tonne.



International Weekly Outlook:

Wheat global market is likely trade steady to slightly weak as planting prospects of spring wheat in EU seems in good shape. 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.

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