

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 by 0.18 % from Rs1777.15 to Rs1773.9 per qtl. during the week ended 23rd June-2016. Arrival continues to decrease and private buyers remain active above Rs 1750-Rs1775 per qtl. All India average price is higher by 7.48 % in comparison to price registered in June, 2015. In the third week of June, 2015 average price was registered at 1650.52 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. 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. Sale from central pool through auction is expected from July having reserve price of Rs 1640 per qtl.

Reserve Price for bulk sale is Rs 1640 per qtl. and for dedicated movement sale reserve price will be calculated after adding handling and transportation charges from FCI depot to loading in Railway Rake. Weekly auction will begin from 4th July-2016 in MP region. Sale would be conducted on as is where is basis. Detailed tender form will be uploaded on every Monday on FCI website. For more information interested parties may log on to <http://fciweb.nic.in/>

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. If prices continue to increase due to tight supply side and likely festive demand for wheat products govt. may review duty structure at the end of the year. Off-take from central pool is expected to increase as opportunity through import window has been narrowed by maintaining same import duty structure.

India exported 1057.02T wheat during week ending 19th June-2016. Average FoB price was registered at \$384.37 per tonne. The highest and lowest quote was registered at \$633.33 & \$170.85 per T. India had exported 845.65 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.

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.

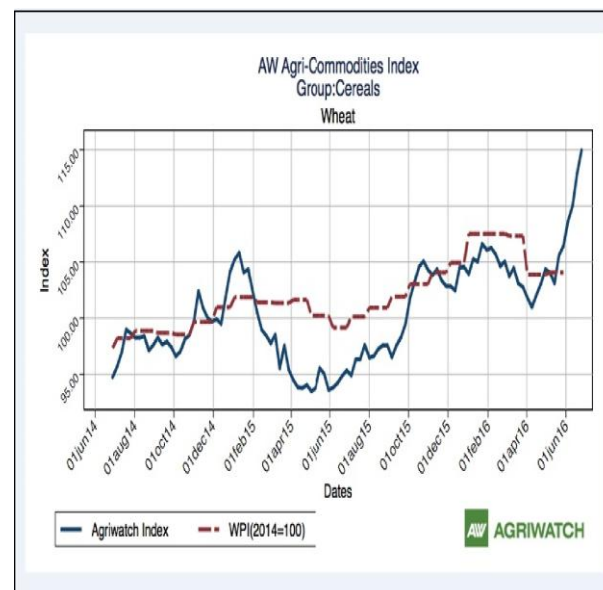
Indian importers have struck a deal of 50,000 tonne French wheat at \$203 per tonne on CiF basis for August delivery. Total 1.5 lakh tonne wheat expected to reach Cochin port in August Sept. Around 50,000 T Australian wheat too is expected to land at south Indian port in July end. Deal has been struck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

Outlook & Recommendation: - Wheat cash market is expected to trade firm in end June too.

Agriwatch Cereals Index:

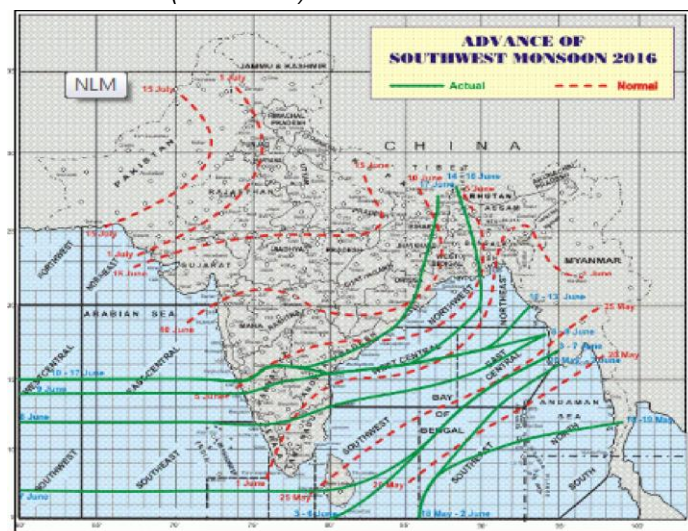
The Agriwatch Agri Commodities Index gained 0.84% during the week ended June 25, 2016, lower than weekly gains of 2.15% and 1.84% in the preceding two weeks, but still closed at a new high of 117.04. The base for the Index and all sub-Indices is 2014 (= 100).

Pulses, Sweeteners (Sugar, jaggery & khandsari) and Oilseeds were the only sub-Indices to decline during the week while the other six sub-Indices gained. The sub-Index values and their weekly changes are as follows: Cereals Index: 106.60 (+2.32%), Pulses Index: 198.77 (-1.44%), Vegetables Index: 80.33 (+1.75%), Edible Oils Index: 112.30 (+0.13%), Oilseeds Index: 113.67 (-0.77%), Sweeteners Index: 118.47 (-0.87%), Fibres Index: 113.17 (+2.83%) and Other Non-Food Articles Index: 86.26 (+0.40%). The sub-Index charts can be viewed on the ET website and on Agriwatch.com.

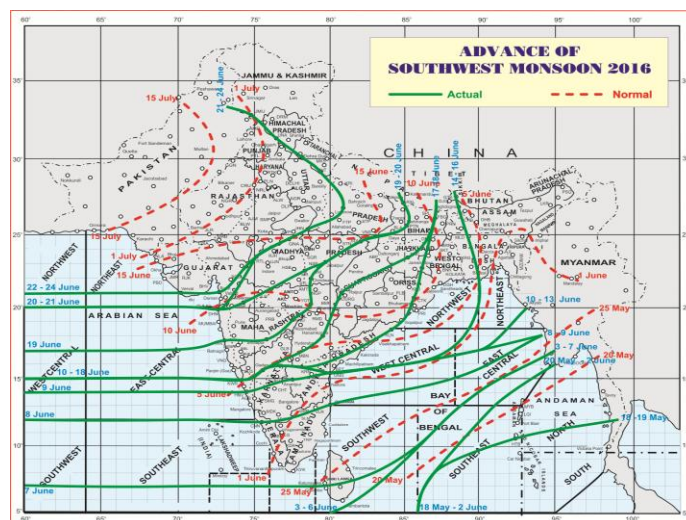


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 (16.06.2016)



This Week 22.06.2016



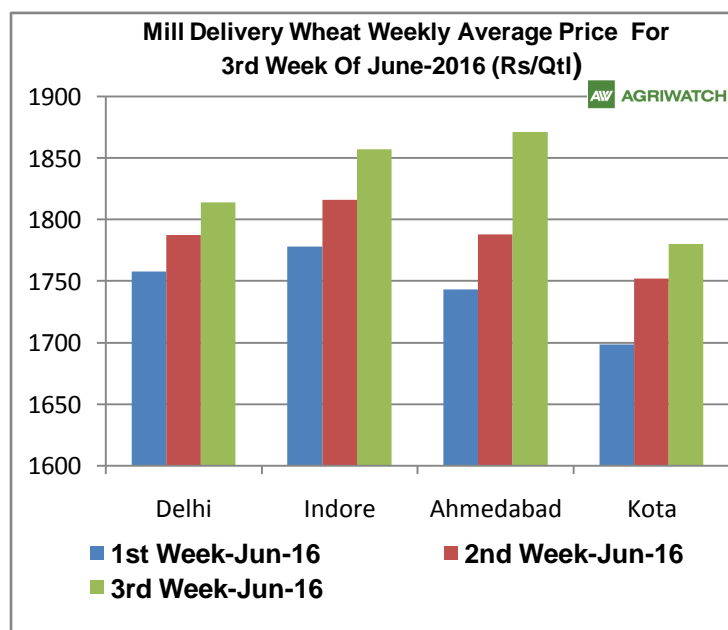
The southwest monsoon further advanced into remaining parts of country and may cover entire country including Punjab, Haryana, J&K by next week. Conditions are favorable for monsoon advancement.

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices increased slightly week on week basis, in all major bench 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 1750.1760 per qtl. Concern over supply front in coming weeks may continue. Import duty would continue and wheat price would continue to trade firm. Sale from central pool would start from July through auction.



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 two weeks. However, some technical correction has been seen at the end of the 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 1057.02 tonnes of wheat during week ended 19th June-2016. Average FoB quote realized last week was \$384.37 per tonne.

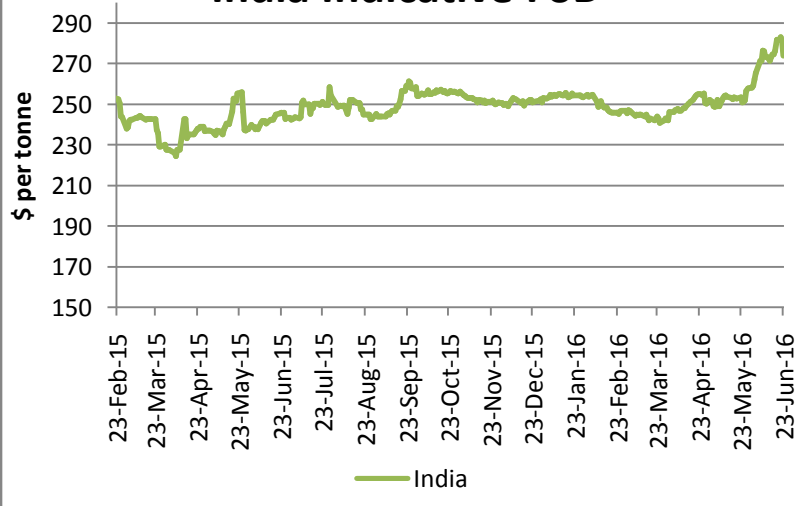
As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Kuwait, Sudan and west Asian countries.

Wheat Import:

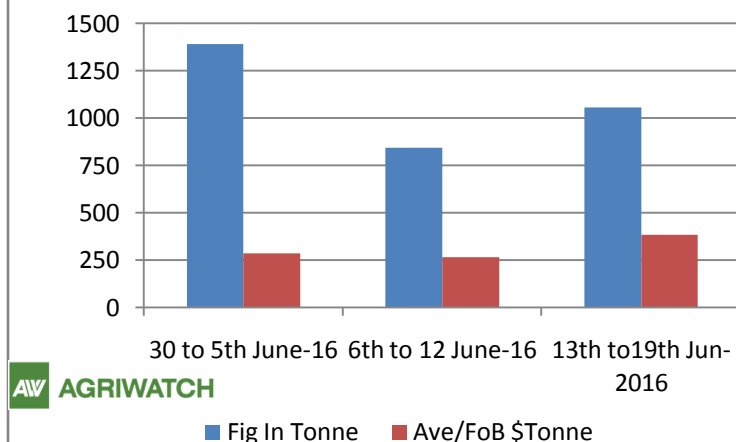
There is no import during last 11 weeks. India had imported 2750 Tonne wheat at CIF of \$ 257.08 per tonne during week ended 20th, Mar-2016. Import parity for wheat was not in favor of India with 25% applicable import duty.

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 countries are offering wheat at very attractive prices. **Source: IBIS**

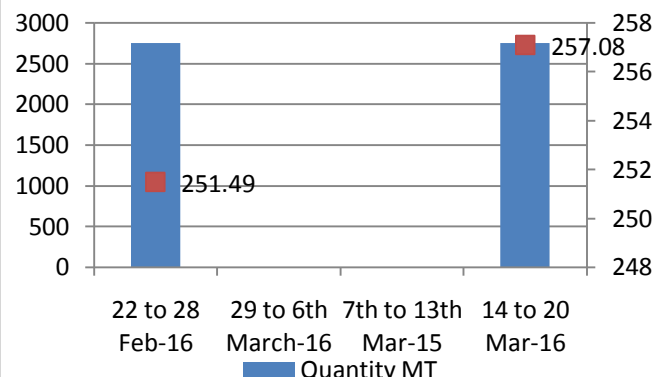
India Indicative FoB



Wheat Weekly Export Trend June-2016



Wheat Import Weekly Trend



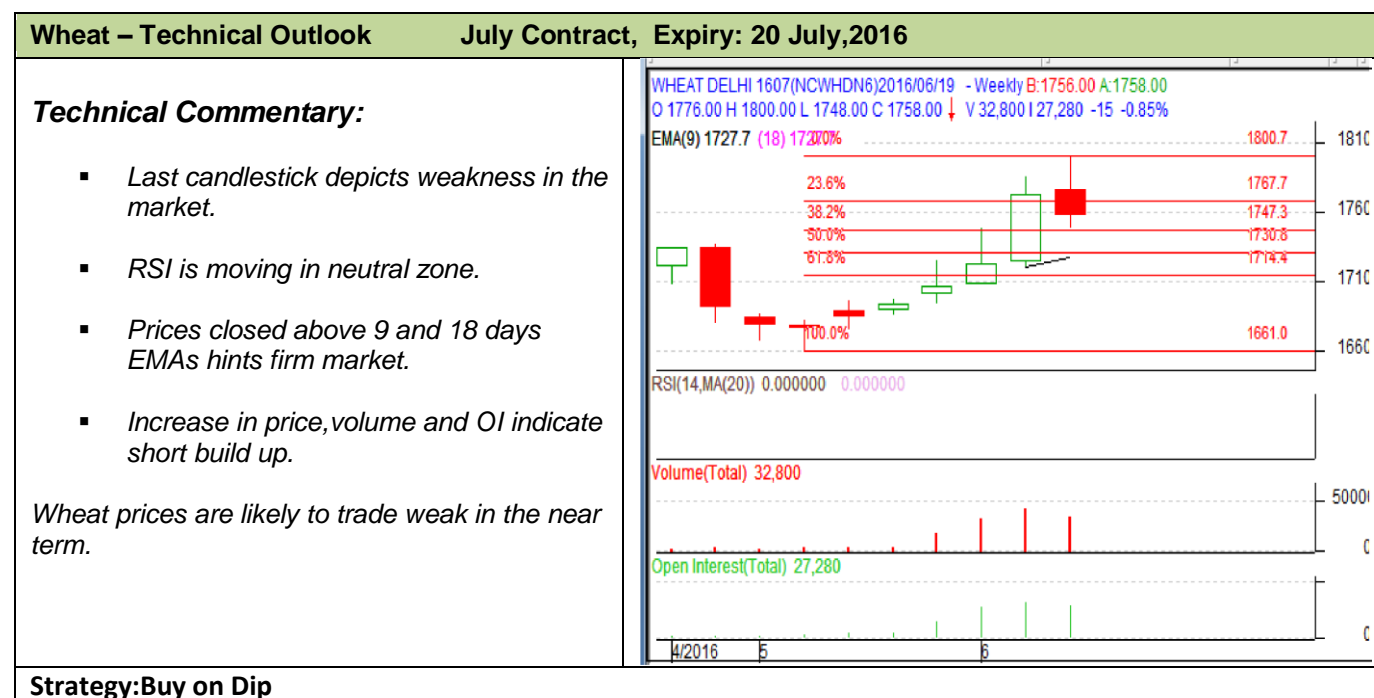
Wheat Futures Contract: NCDEX Price							Date:23.06.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol	Ch. From previous day	OI	Ch. From previous day
16-July	-5	1775	1781	1769	1772	6800	3750	28350	-2270
16-Aug	-2	1802	1809	1799	1800	5670	2940	10960	6350
16-Sep	7	1835	1837	1831	1837	260	-285	2050	130

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 %
	23-Jun-16	16-Jun-16	23-May-16	23-Jun-15	
Indore	1813	1776	1689	1490	21.68
Bareilly	-	-	-	-	-
Delhi	1813	1800	1712	1559	16.29
Khanna	-	-	-	-	-
Kanpur	1740	1700	1603	1445	20.42
Karnal	-	-	-	-	-
Rajkot	1777	1759	1608	1460	21.71
Kota	1792	1801	1684	1488	20.43

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

Wheat Technical Analysis:



			S2	S1	PCP	R1	R2
Wheat	NCDEX	July	1730	1745	1758	1801	1815
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Sell below	1770	1755	1746	1785

Domestic Market Weekly Outlook:

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

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			23-Jun-16	22-Jun-16	16-Jun-16	23-May-16	23-Jun-15
Delhi	Lawrence Road	Mill Delivery	1805	1820	1800	1710	1555
	Narella	Mill Quality Loose	1750	NA	1740	NA	1465
	Nazafgarh	Mill Quality Loose	1730	NA	1715	1625	1475
Gujarat	Rajkot	Mill Delivery	1780	1835	NA	1640	1480
	Ahmedabad	Mill Delivery	1815	1870	NA	1725	1570
	Dhrol	Mill Quality Loose	1945	1880	1975	NA	1330
	Surat	Mill Delivery	1860	1900	NA	1750	1590
M.P.	Bhopal	Mill Quality Loose	1750	1750	1725	1600	1400
	Indore	Mill Delivery	1860	1900	1810	1710	1550
Rajasthan	Kota	Mill Quality Loose	1700	1700	1680	1585	1400
		Mill Delivery	1780	1780	1750	1650	1480
U.P.	Kanpur	Mill Delivery	1640	1600	1675	1615	1525
	Mathura	Mill Quality Loose	1665	1665	1655	1610	NA
	Kosi	Mill Quality Loose	1660	1670	1636	1575	1410
	Hathras	Mill Quality Loose	1650	NA	1660	NA	NA
	Aligarh	Mill Quality Loose	1650	NA	1650	1575	1425
Punjab	Khanna	Mill Quality Loose	1600	1600	1640	1525	1450
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1620	1500
Haryana	Sirsa	Mill Delivery loose	1680	1680	1665	1520	1490
	Hodal	Mill Delivery	1750	1750	1760	1665	1550
	Karnal	Mill Quality Loose	1710	1700	1680	NA	NA

	Bhiwani	Mill Quality Loose	1750	1730	1700	1630	1450
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2100	2100	2050	1900	1725
	Madurai	Mill Quality	2157	2157	2107	1957	1782
	Coimbatore	Mill Quality	2157	2157	2107	1957	1782
Bihar	Muzaffarpur	Mill Delivery	1650	1650	1650	1650	NA
	Khagariya	Mill Delivery	1700	1700	1700	1600	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 Agriculture

International Market Updates:

Wheat production in Australia is set to increase by 5% year on year basis to 25.4MMT in 2016-17. As per latest update by AWARES. Recent rains in major growing regions are considered beneficial to the standing crop. Crop condition is good to excellent so far. However, IGC forecasts 25MMT wheat, 4lakh tonne lower than AWARES forecast. If weather remains favorable throughout the season, bumper production seems very much in sight. Despite slightly lower acreage production would increase due to higher yield expectation.

At export front too Australia is set to ship record wheat in 2016-17 on the back of huge carry out stock and bumper production prospects. As per AWARES update wheat export from Australia would increase by 4 % to 17.2MMT, record in last three years. AWARES has revised its export figure down by 3.33 lakh tonne to 16.93MMT for 2015-16. As price s of wheat is ruling lower in global market, overall realization is bound to decrease despite higher export volume.

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.

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
	22-Jun-16	15-Jun-16	22-May-16	22-Mar-16	22-Dec-15	22-Jun-15	
Jul-16	168.54	173.60	169.74	174.33	178.83	200.32	-15.86
Sep-16	173.50	178.10	173.78	178.01	182.41	203.54	-14.76
Dec-16	181.13	185.26	180.39	183.24	187.65	208.96	-13.32
Mar-17	188.29	192.33	186.82	188.20	191.97	213.46	-11.79
May-17	192.15	196.74	190.13	191.23	194.17	214.75	-10.52
Jul-17	195.00	200.23	191.97	192.61	192.98	209.23	-6.80

Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			22-Jun-16	15-Jun-16	22-May-16	22-Jun-15
USA (Chicago)	2srw	-10.14	186.90	193.00	194.81	208.00
France	FCW3	-13.52	153.50	151.50	146.00	177.50
Australia	ASW	-6.12	230.00	231.76	217.00	245.00
Russia	SRW	-5.03	179.50	181.50	187.00	189.00
India	Fob	14.45	281.27	274.76	251.85	245.75

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..

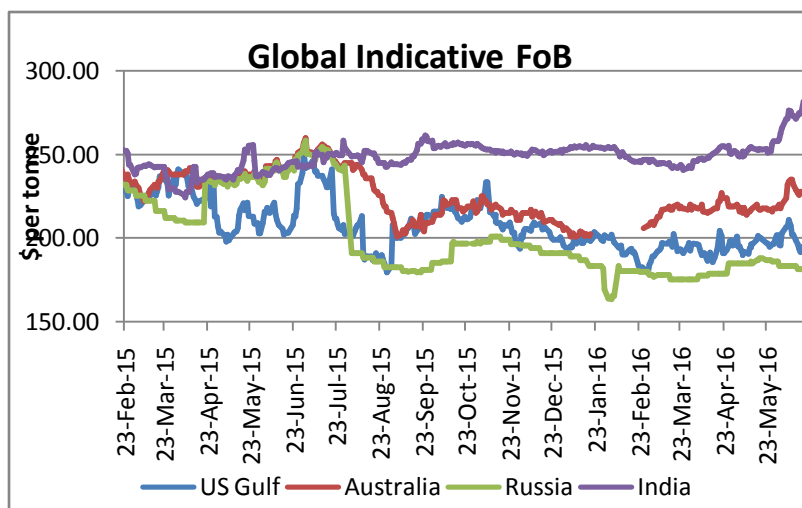

International FOB Weekly Price Movement (USD/T)

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 to trade steady to slightly weak as planting prospects of spring wheat in EU seem 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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