

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price stayed almost steady to Rs1767.51 per qtl. during the week ended 2nd July-2016. Arrival continues to decrease and private buyers remain active above Rs 1730-Rs1760 per qtl. All India average price is higher by 6.54 % in comparison to price registered in June end, 2015. In the fourth week of June, 2015 average price was registered at 1658.94 per qtl. Overall trend in cash market is expected to remain steady to slightly firm as lower production this year has changed inner tone. Unchanged import duty structure may continue to encourage price in cash market. Release from central pool through auction for bulk buyers may ease supply side.

Despite lower crop size and procurement, ample wheat is available in central pool. Wheat stock in central pool in the beginning of June was registered at 326.4 lakh tonne. The actual annual requirement under NFSA (National Food Security act) is 240 lakh tonne. This shows that govt has ample stock to handle any emerging demand from domestic market, various welfare schemes and OMSS (open market sales schemes). As per normal stock norms, India need 245 lakh tonne wheat as on 1st July as operational stock while 30 lakh tonne as strategic reserve. So, total requirements bring it to 275 lakh tonne. Against this total availability is around 326 lakh tonne, higher by 51 lakh tonne. So there is no panic at supply front and govt is able to release stock as per market needs as and when it requires.

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. Dedicated sales in procuring region may start July onward.

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/>

India exported 2541.75 T wheat during week ending 26 th June-2016. Average FoB price was registered at \$281.48 per tonne. The lowest and highest quote was registered at \$259.98 & 344.29 per T. India had exported 1057.02 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 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.

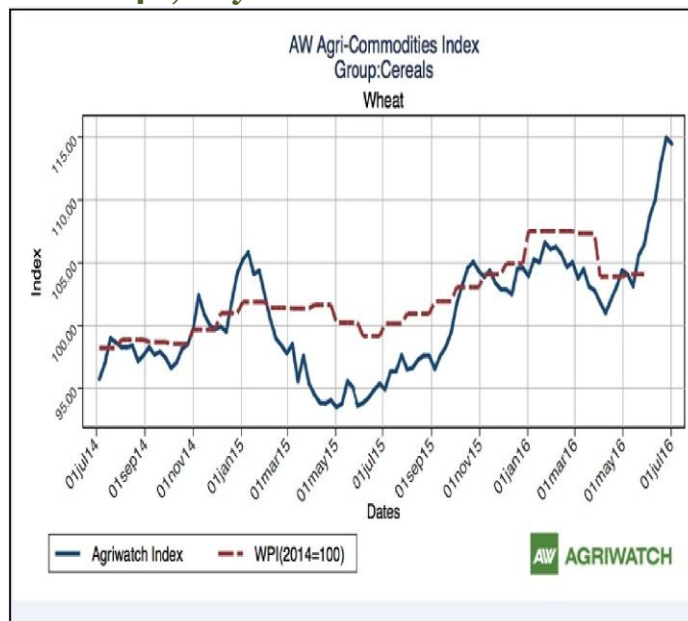
Outlook & Recommendation: - Wheat cash market is expected to trade firm in July.

Cereals Index:

The Agriwatch Agri Commodities Index rose 0.91% to 118.11 during the week ended July 2, 2016, its 5th straight weekly gain, led by higher price of pulses. The base for the Index and all sub-Indices is 2014 (= 100).

Among pulses, chana was the prime mover with the Chana Index posting a weekly gain of 10.63% while other pulses saw more modest increases of 0.2 to 3.0%. The sub-Index values and their weekly changes are as follows: Cereals Index: 107.08 (+0.45%), Pulses Index: 212.28 (+6.79%), Vegetables Index: 81.07 (0.92%), Edible Oils Index: 112.63 (+0.29%), Oilseeds Index: 113.55 (-0.11%), Sweeteners Index: 118.54 (+0.06%), Spices Index: 134.1 (-1.11%), Fibres Index: 110.91 (-2.0%) and Other Non-Food Articles Index: 89.32 (+3.55%).

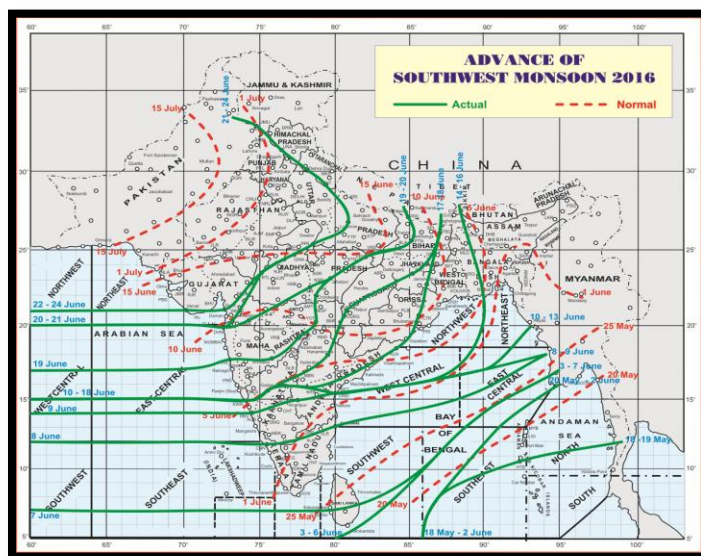
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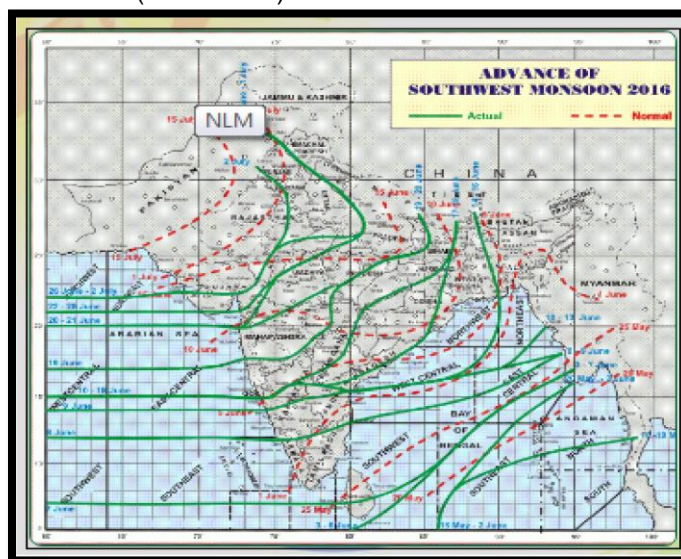
The sub-Index charts can be viewed on the ET website and on Agriwatch.com.

"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



This Week(30.06.2016) LastWeek(22.06.2016)



The Southwest Monsoon further advanced into some more parts of north Arabian Sea, south Gujarat state, West Madhya Pradesh and East Uttar Pradesh and some parts of East Rajasthan on 26th. The Northern Limit of

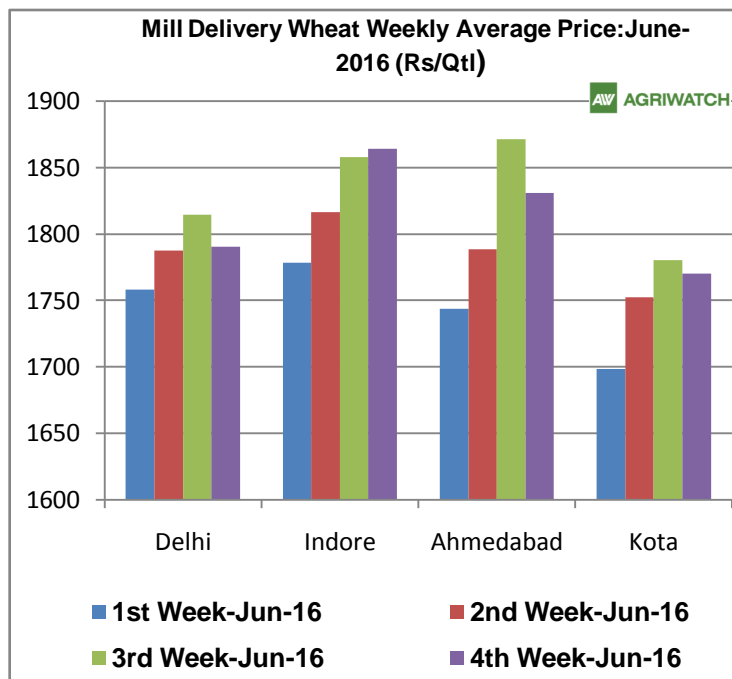
Monsoon (NLM) passed through Lat. 22.0°N/ Long. 60.0°E, Lat. 22.0°N/ Long. 65.0°E, Dwarka, Vallabh Vidyanagar, Sawai Madhopur, Gwalior, Lucknow, Pantnagar, Dehradun, Una and Jammu from 26th to 29th .

Wheat Weekly Ave Price Chart:

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

As arrivals have decreased considerably any major dip from current level is unlikely. Release from central pool stock may cap one way uptrend in the weeks ahead.

In Sasaram, Arah and Buxar major buyers are active and offering price at the rate of Rs 1725.1740 per qtl. Concern over supply front in coming weeks may continue despite govt.'s effort to ease supply side. Import duty would continue.



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 28th June-2016:

State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 28.06.2016(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 28th 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.

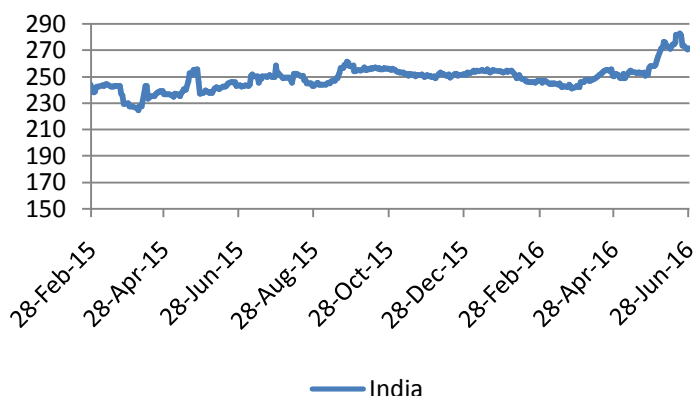
FOB Quote For Wheat In India At Kandla:

Wheat FoB quote in India has eased slightly with eased price in global market and govt.'s intention to augment supply in domestic market from central pool stock

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.

India Indicative Wheat FoB(\$/T)



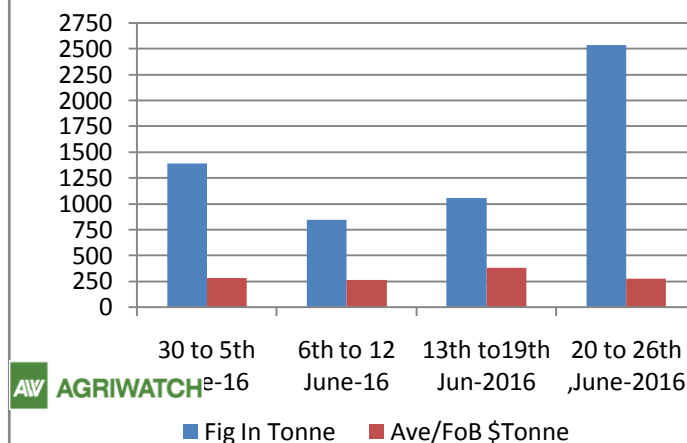
Wheat Export Weekly Data:

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

India exported 2541.75 tonnes of wheat during week ended 26th June-2016. Average FoB quote realized last week was \$281.48 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 June-2016

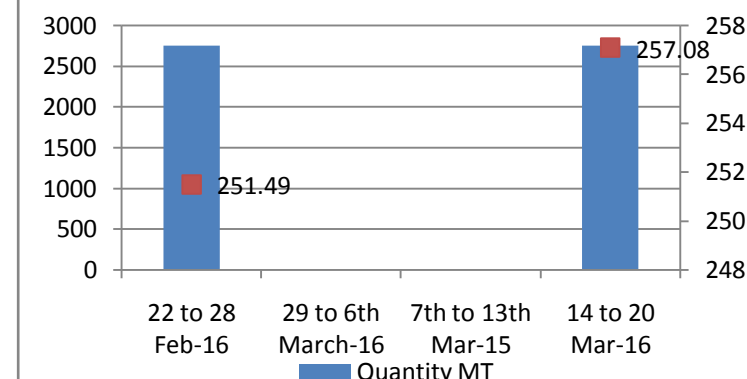


Wheat Import:

There is no import during last 12 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

Wheat Import Weekly Trend



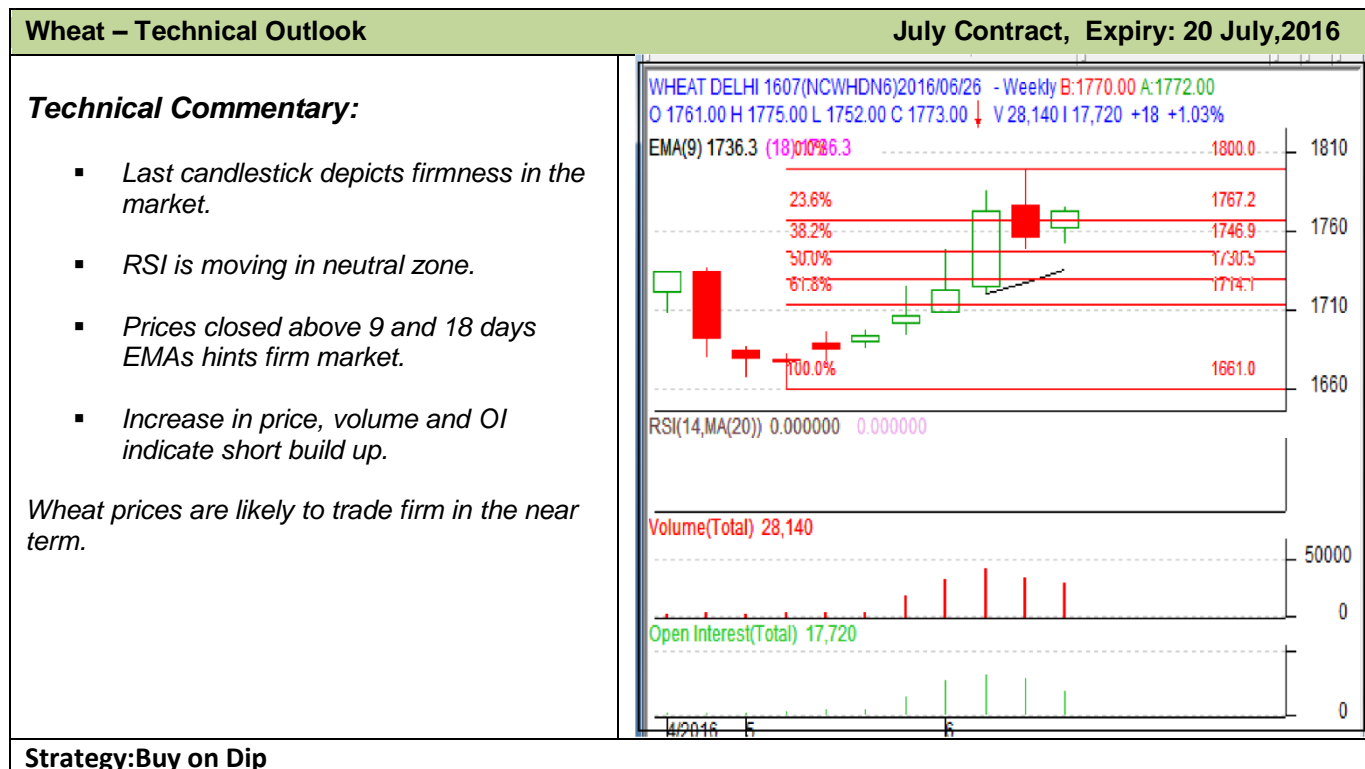
Wheat Futures Contract: NCDEX Price							Date:01.07.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-July	8	1765	1775	1760	1772	5260	-825	17720	-3260
16-Aug	9	1795	1805	1791	1802	6410	2120	22931	2270
16-Sep	8	1827	1832	1826	1832	170	-80	1980	-60

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 %
	30-Jun-16	23-Jun-16	30-May-16	30-Jun-15	
Indore	1813	1813	1713	1497	21.11
Bareilly	-	-	-	-	-
Delhi	1800	1813	1761	1530	17.65
Khanna	-	-	-	-	-
Kanpur	1693	1740	1618	1450	16.76
Karnal	-	-	-	-	-
Rajkot	1789	1777	1644	1456	22.87
Kota	1785	1792	1696	1519	17.51

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	1746	1773	1801	1815
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Buy above	1767	1790	1798	1759

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the first week of July.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			30-Jun-16	29-Jun-16	23-Jun-16	30-May-16	30-Jun-15
Delhi	Lawrence Road	Mill Delivery	1810	1790	1805	1770	1520
	Narella	Mill Quality Loose	1735	Closed	1750	1687	1455
	Nazafgarh	Mill Quality Loose	1715	Closed	1730	NA	1460
Gujarat	Rajkot	Mill Delivery	1805	1785	1780	1670	1450
	Ahmedabad	Mill Delivery	1870	1840	1815	1740	1565
	Dhrol	Mill Quality Loose	2070	1880	1945	1770	1375
	Surat	Mill Delivery	1900	1870	1860	1760	1590
M.P.	Bhopal	Mill Quality Loose	1730	1725	1750	1625	1425
	Indore	Mill Delivery	1860	1860	1860	1775	1535
Rajasthan	Kota	Mill Quality Loose	1680	1680	1700	1620	1400
		Mill Delivery	1770	1770	1780	1700	1500
U.P.	Kanpur	Mill Delivery	1650	NR	1640	1640	1540
	Mathura	Mill Quality Loose	1650	1650	1665	1610	1400
	Kosi	Mill Quality Loose	1640	1635	1660	1600	1400
	Hathras	Mill Quality Loose	1680	1650	1650	NA	1325
	Aligarh	Mill Quality Loose	1650	1660	1650	Closed	1370
Punjab	Khanna	Mill Quality Loose	1600	1610	1600	1535	1470
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1500
Haryana	Sirsa	Mill Delivery loose	1680	1680	1680	1610	1500
	Hodal	Mill Delivery	1770	1770	1750	1700	1520
	Karnal	Mill Quality Loose	1680	1685	1710	1585	NA
	Bhiwani	Mill Quality Loose	1680	1710	1750	1625	1430
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2070	2070	2100	1950	1700
	Madurai	Mill Quality	2127	2127	2157	2007	1757
	Coimbatore	Mill Quality	2127	2127	2157	2007	1757
Bihar	Muzaffarpur	Mill Delivery	1670	1670	1650	1635	NA
	Khagariya	Mill Delivery	1750	1750	1700	1625	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 Update:

Australia's largest wheat export market, Southeast Asia is seeing robust demand growth. In the next five years, Australia's wheat market share will shrink from around 49% to 37% whereas the market share of black sea region is expected to increase from around 8% to 18%. Currently wheat from black sea region is cheaper by \$20 to \$30 compared to Australian wheat to any major port in Southeast Asia. Major portion of the wheat going out of black sea to Southeast Asia will be used for animal feed, whereas Australia will remain the main supplier for food in Indonesia, Vietnam and Malaysia.

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, 4 lakh 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 prices 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.

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
	30-Jun-16	23-Jun-16	30-May-16	30-Mar-16	30-Dec-15	30-Jun-15	
Jul-16	158.44	166.89	168.91	175.25	177.64	230.08	-31.14
Sep-16	163.68	171.12	174.79	180.49	181.13	231.92	-29.43
Dec-16	171.02	178.65	183.15	187.93	186.27	235.50	-27.38
Mar-17	177.55	185.45	189.12	192.52	190.59	237.34	-25.19
May-17	181.40	189.30	192.79	195.46	192.70	238.08	-23.80
Jul-17	184.43	192.33	195.64	197.48	191.05	223.93	-17.64

CBOT MaY-16 Futures Chart:

1st Support; 158.31
2nd Support: 150.73
1st Resistant: 165
2nd Resistant: 176
(\$ per tonne)

Market is likely to stay steady as buyers may return to cover their need at lower level.



Indicative FOB Quotes:

	Variety	% Change over Prev. Year	Today	Week Ago	Month Ago	Year Ago
			29-Jun-16	22-Jun-16	29-May-16	29-Jun-15
USA (Chicago)	2srw	-27.73	172.72	186.90	195.73	238.98
France	FCW3	-20.03	157.75	153.50	148.50	197.25
Australia	ASW	-12.25	222.00	230.00	212.00	253.00
Russia	SRW	-5.28	179.50	179.50	186.00	189.50
India	Fob	12.24	273.10	281.27	258.18	243.31

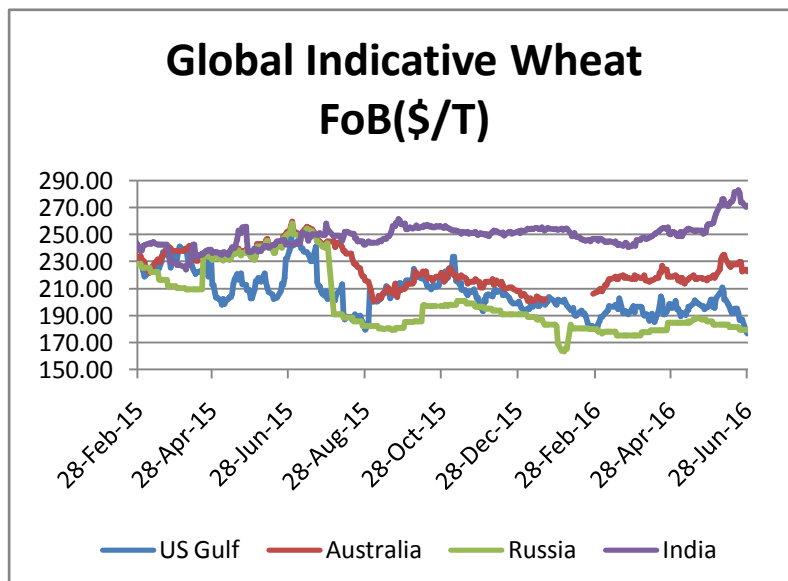
International FOB Weekly Price Movement (USD/T)

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 \$172 to \$179.5 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 \$222 due to excess supply in the global market in coming weeks. Australian quote may move down to \$218 per tonne once again.


International Weekly Outlook:

Wheat global market is likely to 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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