

# Wheat Weekly Research Report

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**Wheat Domestic Market Fundamentals: -**

All India average wheat price could not sustain its previous week high and decreased by 4.33 percent to Rs 1724.26 to during the week ended 9<sup>th</sup> July-2016...Wheat average price was ruling at Rs 1802.45 percent in the first week of July. Arrival continues to decrease and private buyers remain active above Rs 1725-Rs1750 per qtl..All India average price is higher by 3.25 % in comparison to price registered in mid July, 2015. In mid July, 2015 average price was registered at 1669.84 per qtl. Overall trend in cash market is expected to remain steady to slightly firm as demand for wheat products is likely to increase. Unchanged import duty structure would force south Indian millers to source wheat from central and north India to some extent. However, continuous release from central pool through auction for bulk buyers may ease supply side and may be restrictive for one way uptrend.

Despite lower crop size and procurement, ample wheat is available in central pool. Wheat stock in central pool in the beginning of July was registered at 304.2 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 304.2 lakh tonne, higher by 29 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.

Total wheat procurement for the season is around 23MMT and season is over now.Despite lower production govt. has sufficient stock to take care of market need .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 began 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 4<sup>th</sup> 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 559.85 Twheat during week ending 3<sup>rd</sup> July-2016. Average FoB price was registered at \$335.65 per tonne. The lowest and highest quote was registered at \$595.03.& 263 per T. India had exported 2541.75T 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 out of 10 lakh tonne, finalized so far.

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.

Rake loading from kota region of Rajasthan to south Indian states are being reported at Rs !820/1830 per qtl. Demand for MP wheat continues.

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

**Trade Call:** Stakeholders should trade in August contract taking care of lower and upper price tag of Rs1757 &1780 respectively.

### Agriwatch Cereals Index:

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

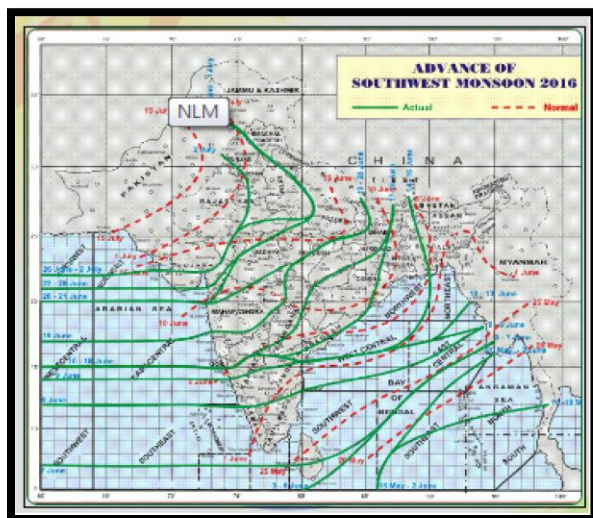
Among pulses, chana was the prime mover with the Chana Index posting a weekly gain of 10.63% while other pulses saw more modest increases of 0.2 to 3.0%. The sub-Index values and their weekly changes are as follows: Cereals Index: 107.08 (+0.45%), Pulses Index: 212.28 (+6.79%), Vegetables Index: 81.07 (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%).

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

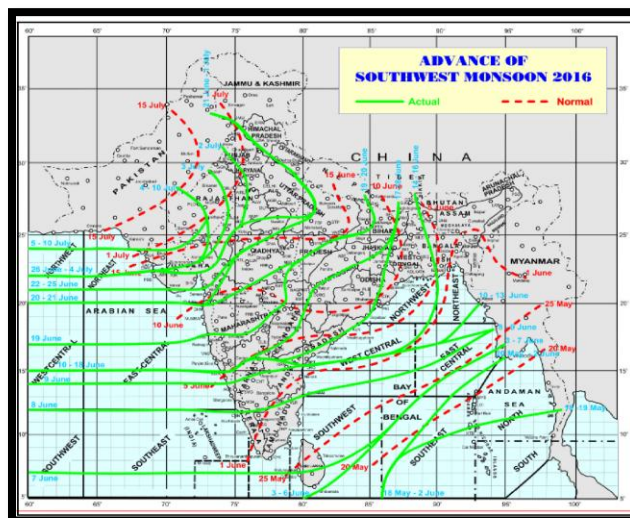


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

### Weather Condition & Monsoon Progress



Last Week (30.06.2016)



This Week (11.07.2016)

The Northern Limit of Monsoon (NLM) continues to pass through Lat. 24.0°N/ Long. 60.0°E, Lat. 24.0°N/ Long. 70.0°E, Bhuj, Jodhpur, Phalodi and Lat. 28.0°N/ Long. 71.0°E. Conditions are favourable for further advance of southwest monsoon into remaining parts of Kutch and West Rajasthan during next 48 hours. Heavy to very heavy rain occurred at isolated places over Maharashtra.

### Wheat Weekly Ave Price Chart:

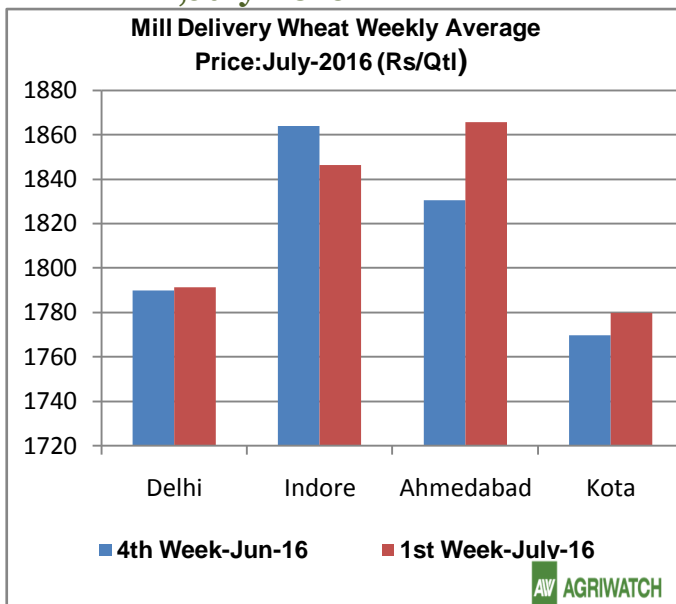
Wheat average mill delivery prices decreased slightly in Indore week on week basis, while it increased in all major bench markets like Delhi, Ahmadabad, Kota. Firmness is unlikely to continue as supply through OMSS continues.

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 1735.1745 per qtl. Concern over supply front in coming weeks may continue despite govt.'s effort to ease supply side.

Import duty would continue and south Indian millers would continue to source wheat from central and north India.

### Wheat Weekly Research Report 11<sup>th</sup>, July-2016



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 28<sup>th</sup> 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

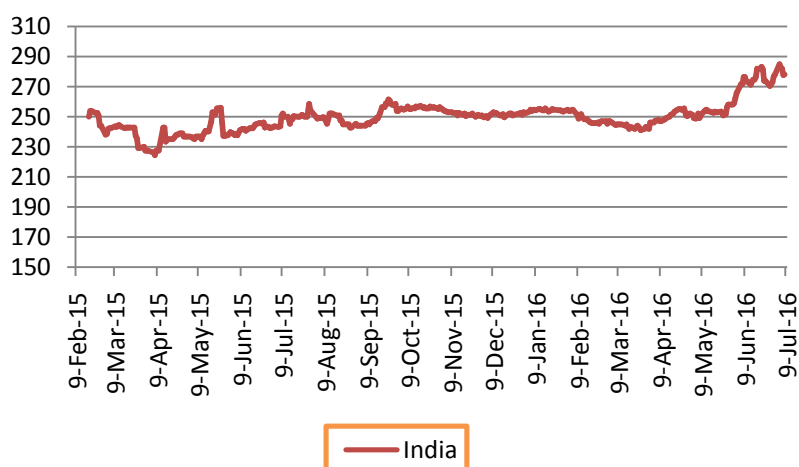
Total wheat procurement was registered at 229.44 lakh tonne till 28<sup>th</sup> June -2016. Against set target of 30 MMT total procurement may end up with 23 MMT this year. Till date it is lower by 18.32 % from last year.

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. Futures too eased and its impact was seen on cash market price.

Prices of wheat may move slightly 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)



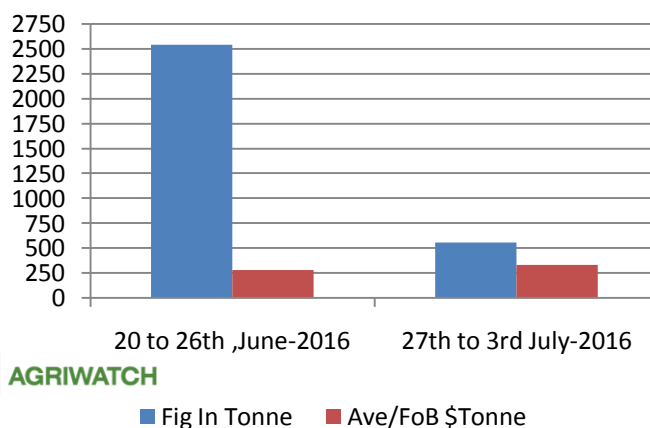
### Wheat Export Weekly Data:

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 559.85 tonnes of wheat during week ended 03<sup>rd</sup> July-2016. Average FoB quote realized last week was \$335.65 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 July-2016

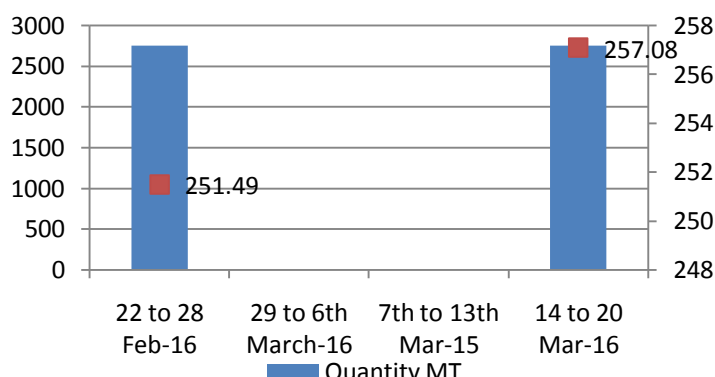


### Wheat Import:

There is no import during last 15 weeks. India had imported 2750 Tonne wheat at CIF of \$ 257.08 per tonne during week ended 20<sup>th</sup>, 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**

Wheat Import Weekly Trend





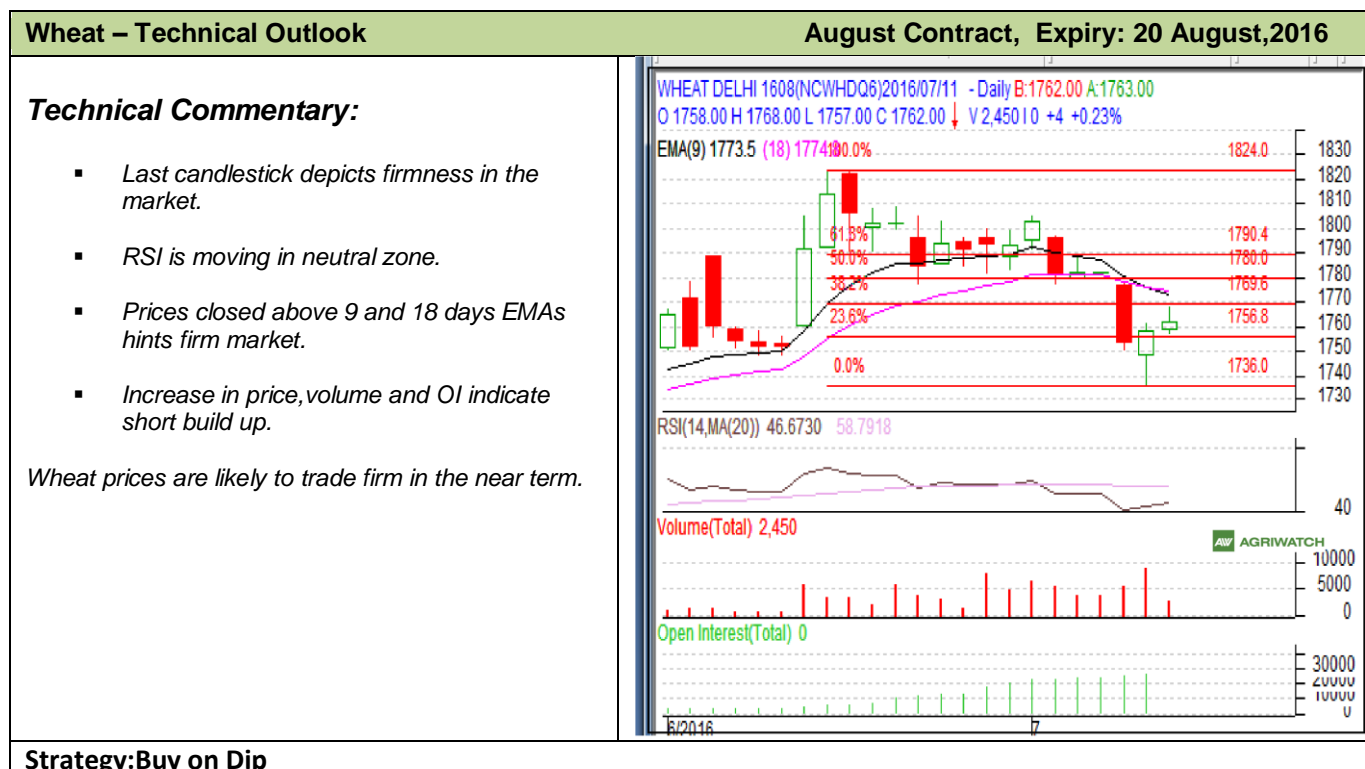
Wheat Futures Contact: NCDEX Price							Date: 08.07.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-July	3	1725	1738	1725	1732	1410	-1825	9810	-3260
16-Aug	4	1758	1768	1757	1762	2440	1120	27810	4270
16-Sep	2	1787	1795	1886	1790	370	280	3410	860

### 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 %
	7-Jul-16	30-Jun-16	7-Jun-16	7-Jul-15	
Indore	1778	1813	1739	1503	18.30
Bareilly	-	-	-	-	-
Delhi	1792	1800	1773	1552	15.46
Khanna	-	-	-	-	-
Kanpur	1738	1693	1658	1440	20.69
Karnal	-	-	-	-	-
Rajkot	1802	1789	1736	1453	24.02
Kota	1791	1785	1735	1539	16.37

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	Aug	1736	1755	1762	1780	1790
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Aug	Buy above	1756	1775	1779	1751

### Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the second week of July. Release from central pool would continue to restrict one way uptrend. Import, likely in mid July may restrict south Indian millers demand to some extent.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			7-Jul-16	6-Jul-16	30-Jun-16	7-Jun-16	7-Jul-15
Delhi	Lawrence Road	Mill Delivery	1795	1800	1810	1770	1545
	Narella	Mill Quality Loose	1700	Closed	1735	1700	1470
	Nazafgarh	Mill Quality Loose	1710	Closed	1715	1680	1460
Gujarat	Rajkot	Mill Delivery	1810	Closed	1805	1765	1460
	Ahmedabad	Mill Delivery	1850	Closed	1870	1790	1575
	Dhrol	Mill Quality Loose	NR	NR	2070	1920	1375
	Surat	Mill Delivery	1900	Closed	1900	1800	1590
M.P.	Bhopal	Mill Quality Loose	Closed	1700	1730	1650	1430
	Indore	Mill Delivery	1840	1840	1860	1790	1540
Rajasthan	Kota	Mill Quality Loose	1680	1680	1680	1625	1460
		Mill Delivery	1760	1760	1770	1710	1560
U.P.	Kanpur	Mill Delivery	1625	1625	1650	1625	1545
	Mathura	Mill Quality Loose	1630	1635	1650	1630	1380
	Kosi	Mill Quality Loose	1635	1625	1640	1611	NA
	Hathras	Mill Quality Loose	1625	1625	1680	NA	1340
	Aligarh	Mill Quality Loose	1650	1650	1650	1640	1370
Punjab	Khanna	Mill Quality Loose	1620	1620	1600	NA	1475
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1550
Haryana	Sirsa	Mill Delivery loose	Closed	1670	1680	1635	1500
	Hodal	Mill Delivery	1770	1770	1770	1750	1520
	Karnal	Mill Quality Loose	1680	1680	1680	1660	NA
	Bhiwani	Mill Quality Loose	1670	1670	1680	1700	1450
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2100	2100	2070	2000	1725
	Madurai	Mill Quality	2157	2157	2127	2057	1782
	Coimbatore	Mill Quality	2157	2157	2127	2057	1782
Bihar	Muzaffarpur	Mill Delivery	1675	1670	1670	1650	NA
	Khagariya	Mill Delivery	1650	1650	1750	1600	1400



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.**

**IGC has revised wheat production projection up by 7MMT from 722 to 729 MMT in 1<sup>st</sup>, July-2016 for crop year 2016-17.** According to IGC global wheat production for 2016-17 may touch 729 MMT against 736 forecast for 2015-16. The difference is around 7 MMT from previous year. Lower projection for wheat may lend support to global wheat market at current level and any major dip from current level is unlikely.

**IGC latest update suggests that trade projection has been revised up by 2MMT to 156 MMT. However it is 2MMT lower from actual of last year.** Consumption has been pegged at 720 MMT for 2016-17, up by 3MMT from last year. Carryout may increase from 223 to 226 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiments despite lower production by 7MMT from last year.

**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 tonnes 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.

**Black Sea wheat exporters Russia and Ukraine have started harvesting and are seeing higher yields and the same quality as a year ago,** analysts and traders said. The harvest begins with global wheat prices at around 10-year lows due to good prospects in producing countries. Russia is widely expected to harvest a record wheat crop this year, and favorable weather has been improving prospects for Ukraine's crop since spring. Neighbouring Kazakhstan will start harvesting later in the summer.

**Russia has harvested 4.2 million metric tons of wheat with a yield of 4.45 metric tons per hectare.** Around this date a year ago, the wheat yield was at 3.74 metric tons per hectare. The average Russian wheat quality is the same as a year ago, according to Rylko. IKAR sees Russia's 2016 wheat crop at 65-66 million metric tons versus 61 million metric tons in 2015.

**The Ukrainian farmers have harvested 369,000 metric tons of wheat from 2 percent of the planned area,** up from 274,000 metric tons on the same date a year ago. The average wheat yield so far is 3.75 metric tons per hectare, up from 3.20 metric tons a year ago. Ukraine may harvest 24.0-24.2 million metric tons. This is because of a record high wheat yield this year. Ukraine harvested 26.5 million metric tons in 2015. About 40-45 percent of the wheat crop is likely to be of milling quality, the same as in 2015.

**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.

**IGC Wheat Balance Sheet:**

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	26.05.2016	01.07.2016
<b>Production</b>	717	730	736	722	729
<b>Trade</b>	157	153	158	154	156
<b>Consumptions</b>	699	717	719	717	720
<b>Carryover stocks</b>	188	201	217	223	226
<b>Y-O-Y change</b>	19	12	17		9
<b>Major Export</b>	54	63	68	70	72

- IGC has revised wheat production projection up by 7MMT from 722 to 729 MMT in 1<sup>st</sup>, July-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 729 MMT against 736 forecast for 2015-16. The difference is around 7 MMT from previous year. 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 2MMT to 156 MMT. However it is 2MMT lower from actual of last year.
- Consumption has been pegged at 720 MMT for 2016-17, up by 3MMT from last year.
- Carryout may increase from 223 to 226 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiments despite lower production by 7MMT from last year.

**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
	6-Jul-16	29-Jun-16	6-Jun-16	6-Apr-16	6-Jan-16	6-Jul-15	
<b>Jul-16</b>	152.75	157.80	186.46	172.59	174.79	224.57	<b>-31.98</b>
<b>Sep-16</b>	157.43	163.31	190.22	176.17	178.37	226.87	<b>-30.61</b>
<b>Dec-16</b>	164.60	170.93	196.74	181.59	183.70	229.81	<b>-28.38</b>
<b>Mar-17</b>	170.93	177.91	203.26	186.82	188.02	231.09	<b>-26.03</b>
<b>May-17</b>	175.25	181.77	207.21	190.13	190.86	230.18	<b>-23.86</b>
<b>Jul-17</b>	178.56	184.62	209.97	192.79	189.58	220.44	<b>-19.00</b>

### CBOT MaY-16 Futures Chart:

**1<sup>st</sup> Support: 158.31**  
**2<sup>nd</sup> Support: 150.73**  
**1<sup>st</sup> Resistant: 165**  
**2<sup>nd</sup> Resistant: 176**  
**(\$ per tonne)**

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



### Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		8-Jul-16	1-Jul-16	8-Jun-16	8-Jul-15	
USA (Chicago)	2srw	181.90	180.10	211.10	239.70	-24.11
France	FCW3	162.25	156.75	157.50	193.25	-16.04
Australia	ASW	NA	225.00	234.00	248.00	--
Russia	SRW	169.00	179.50	183.50	196.00	-13.78
India	Fob	277.98	278.02	276.49	250.94	10.78

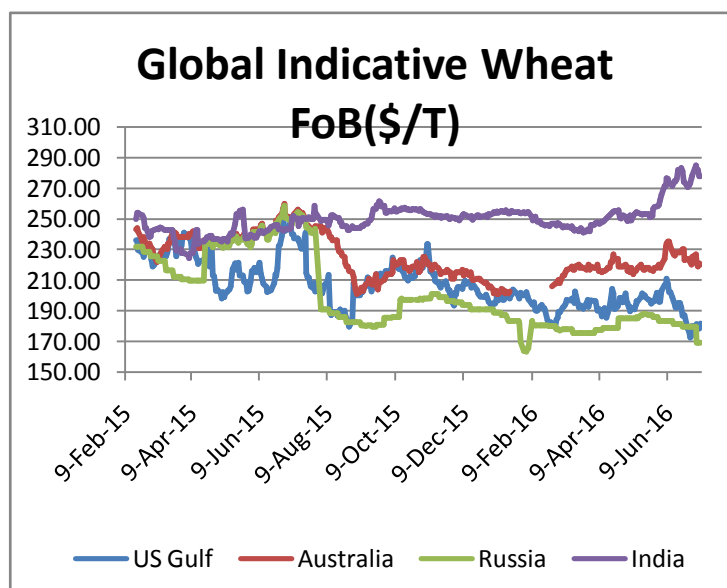
### International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering around \$277 to \$279 per tonne.

US and Russian quotes are hovering in the range of \$181 to \$169 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 \$165 to \$225 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. With commencement of harvesting in Black Sea Region may put further pressure on global wheat market. Bumper production prospects in Australia and good planting in US would increase supply of wheat in global market. So there is no hope for any immediate recovery in global market. 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.*

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