

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 1.63 percent to Rs 1772.91 per qtl. during the week ended 16th July-2016...Wheat average price was ruling at Rs 1802.36 percent in the first week of July. Arrival continues to decrease and private buyers remain active above Rs 1725-Rs1740 per qtl..All India average price is higher by 6.17 % 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.

India exported 3466.31 tonne wheat during week ended 10th, July-2016. Major buyers were UAE, Nepal and Jordan contributing 3055.8, 154.28 & 100 tonne respectively in export basket. Wheat has been exported at an average FoB of \$331.65 per tonne. Malaysia, Somalia and Sri Lanka purchased 50, 48 & 42 tonne wheat during the week under review. Wheat export increased considerably last week from 559.85 to 3466.31 tonne.

Wheat import in India begins in month of July-2016. It is the first consignment that landed at Tuticorin port last week. The quantity in question is 11,000 T sourced from Ukraine at an average CiF of \$191.94 per tonne. If 25 % import duty is applied, the costing comes to 17500 per tonne. Freight and insurance cost is around \$30 per tonne. Two more vessels of higher quantity is expected this month from Ukraine.

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 needs 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.

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: -

South Indian millers have imported 11,000 tonne wheat from Ukraine, landed at Cochin port last week at CiF value of \$191.92 per tonne. One more vessel is expected next week from France.

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 1820/1830 per qtl. Demand for MP wheat continues.

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

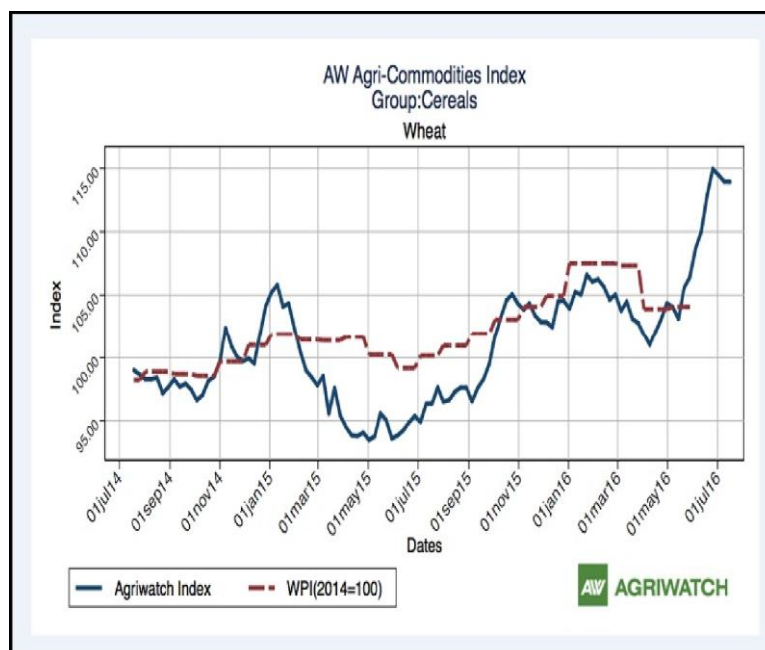
Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs1735 & 1760 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index jumped 2.13% to 121.71 during the week ended July 16, 2016 from 119.17 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

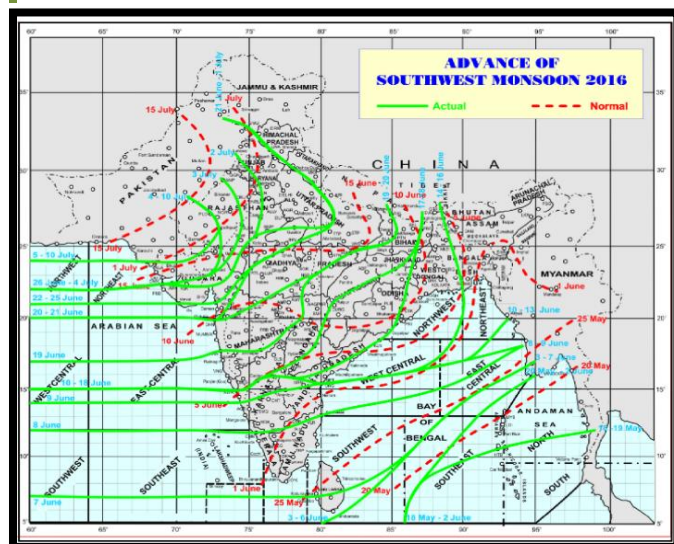
Pulses led by chana and vegetables led by onion were the big weekly gainers with cereals and fibres also posting significant weekly gains. Only three of the nine sub-Indices within the main Index declined. The sub-Index values and their weekly changes are as follows: Cereals Index: 108.04 (+1.66%), Pulses Index: 227.08 (+6.13%), Vegetables Index: 89.37 (+11.45%), Edible Oils Index: 114.45 (+0.10%), Spices Index: 142.67 (+4.91%), Fibres Index: 121.86 (+5.98%), Sweeteners Index: 120.82 (-0.14%), Oilseeds Index: 114.18 (-0.04%) and Other Non-Food Articles Index: 90.89 (-0.35%).

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

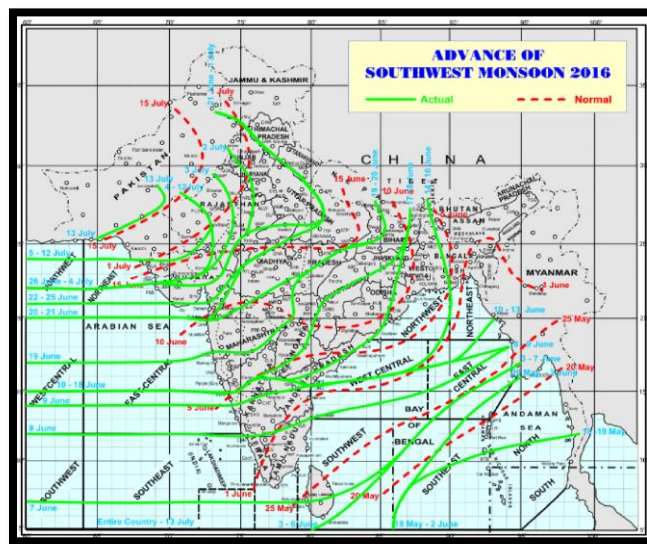


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 11.07.16



This week 18.07.2016



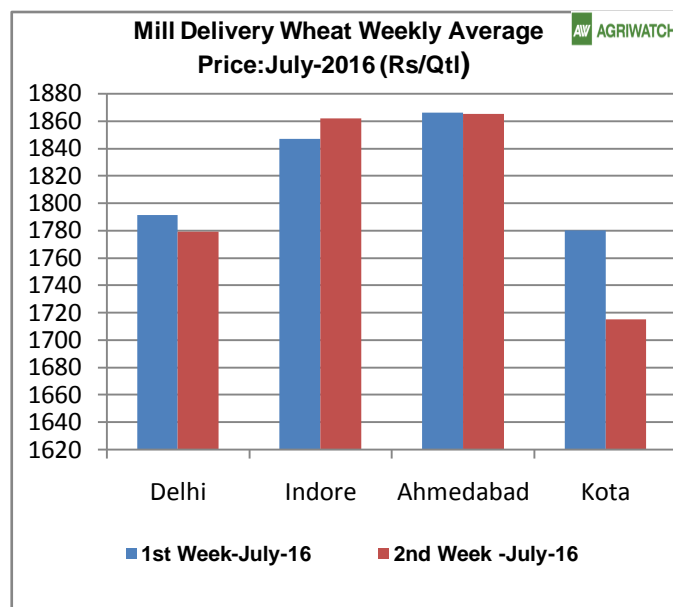
The Northern Limit of Monsoon (NLM) continues to pass through Lat. 24.0°N Long. 60.0°E, Lat. 24.0°N Long. 70.0°E, Bhuj, Jodhpur, Phalodi and Lat. 28.0°N Long. 71.0°E. Conditions are favourable for further advance of southwest monsoon into remaining parts of Kutch and West Rajasthan during next 48 hours.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

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices decreased slightly in Delhi, Ahmadabad & Kota week on week basis, while it increased in Indore. Firmness is unlikely to continue as supply through OMSS continues. Besides, south Indian demand may decrease with commencement of import by south Indian millers.

As arrivals have decreased considerably any major dip from current level is unlikely. Agriwatch expects stable market in July. Release from central pool stock too 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 1725.1730 per qtl. Concern over supply front for FAQ variety in coming weeks may continue despite govt.'s effort to ease supply side.



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.

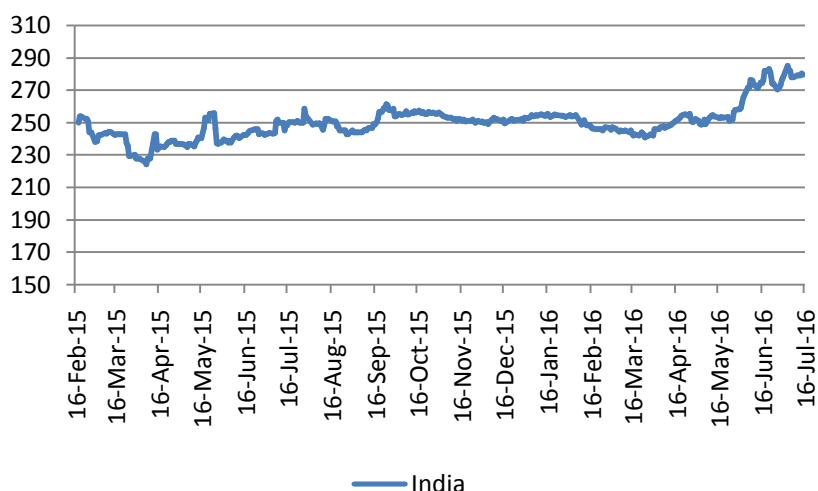
FOB Quote For Wheat In India At Kandla:

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

Prices of wheat may stay steady at current level supply demand side seems balanced despite lower arrivals and farmer's retention. of higher percentage of marketable surplus this year in anticipation of higher price in lean season.

With unchanged duty there is much scope for firmness in coming weeks. Import starts and first consignment of 11,000 T arrived at Cochin ,at 10th ,July-2016..

Indian Indicative Wheat FoB(\$/T)



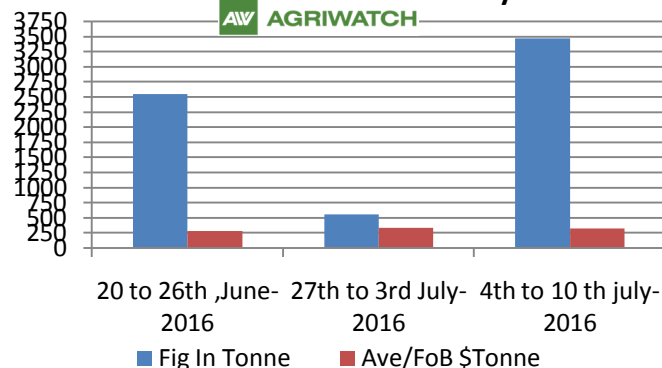
Wheat Export Weekly Data:

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 3466.61 tonnes of wheat during week ended 10th July-2016. Average FoB quote realized last week was \$331.65 per tonne.

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

Wheat Weekly Export Trend July-2016



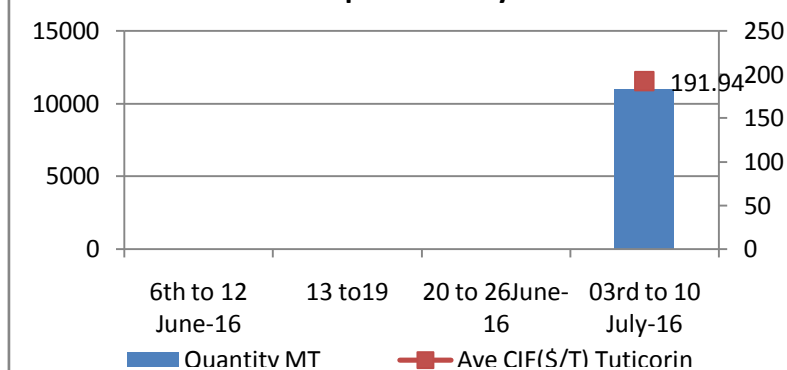
Wheat Import:

There was no import from 20th March-2016 when 2750 tonne wheat was imported from Australia at CIF of \$ 257.08 per tonne. After a gap of three months first consignment of 11,000 T wheat import was reported .Import parity for wheat was not in favor of India with 25% applicable import duty. However, decreasing global market may encourage import in the months ahead.

The landed cost for wheat is \$191.92 per Tonne. It has been imported from Ukraine. More shipment is due in August from Australia ,France and Ukraine.

.Source:IBIS

Wheat Import Weekly Trend



Wheat Futures Contract: NCDEX Price								Date: 18.07.2016	
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Aug	-2	1751	1754	1745	1748	860	-310	31740	30
16-Sep	-5	1779	1779	1771	1773	490	-610	3890	30
16-Oct	-8	1805	1805	1801	1801	60	-10	570	-210

Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	14-Jul-16	7-Jul-16	14-Jun-16	14-Jul-15	
Indore	1813	1778	1756	1534	18.19
Bareilly	-	-	-	-	-
Delhi	1781	1792	1799	1559	14.24
Khanna	-	-	-	-	-
Kanpur	1738	1738	1680	1455	19.45
Karnal	-	-	-	-	-
Rajkot	1819	1802	1767	1522	19.51
Kota	1805	1791	1791	1545	16.83

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

August Contract, Expiry: 20 August, 2016

Technical Commentary:

- Last candlestick depicts weakness 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 weak in the near term.



Strategy: Sell On Rise			S2	S1	PCP	R1	R2
Wheat	NCDEX	Aug	1715	1730	1748	1775	1789
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Aug	Sell Below	1756	1740	1730	1761

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the third 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. Range bound movement is expected in cash market.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			14-Jul-16	13-Jul-16	7-Jul-16	14-Jun-16	14-Jul-15
Delhi	Lawrence Road	Mill Delivery	1780	1780	1795	1800	1555
	Narella	Mill Quality Loose	1695	Closed	1700	1725	1515
	Nazafgarh	Mill Quality Loose	1690	Closed	1710	1725	1465
Gujarat	Rajkot	Mill Delivery	1735	1740	1720	1690	1450
	Ahmedabad	Mill Delivery	1870	1880	1850	1780	1585
	Surat	Mill Quality Loose	1900	1900	1900	1805	1625
	Dhrol	Mill Delivery	1850	2080	1870	1985	NA
M.P.	Indore	Mill Quality Loose	1750	1750	1750	1700	1500
	Bhopal	Mill Delivery	1725	1750	Closed	1725	1460
Rajasthan	Kota	Mill Quality Loose	1715	1715	1680	1650	1460
		Mill Delivery	1770	1770	1760	1740	1550
U.P.	Kanpur	Mill Delivery	1675	1675	Closed	1655	1540
	Mathura	Mill Quality Loose	1625	1630	1630	1655	NA
	Kosi	Mill Quality Loose	1625	1625	1635	1630	NA
	Hathras	Mill Quality Loose	1625	1625	1625	1650	NA
	Aligarh	Mill Quality Loose	1650	1635	1650	1640	1390
Punjab	Khanna	Mill Quality Loose	1610	1610	1620	1610	1480
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1550
Haryana	Sirsa	Mill Delivery loose	1660	1665	Closed	1660	1500
	Hodal	Mill Delivery	1770	1770	1770	1740	1550
	Bhiwani	Mill Quality Loose	1700	1700	1670	1700	1450
	Karnal	Mill Quality Loose	1670	1670	1680	1650	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2100	2100	2100	2050	1725
	Madurai	Mill Quality	2157	2157	2157	2107	1782
	Coimbatore	Mill Quality	2157	2157	2157	2107	1782



Bihar	Khagariya	Mill Delivery	1700	1680	1650	1700	1450
	Muzaffarpur	Mill Delivery	1675	1675	1675	1640	NA

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:

Flour Millers in Taiwan have purchased over one lakh tonne milling wheat from US through tender. Delivery is due in August and Sept-2016 in two consignments. First consignment would be of spring wheat having 14.5 percent protein content. It has been brought at \$231.25 per tonne on FoB basis. Second consignment of hard red winter wheat having 13 percent protein content has been brought at \$228.29(FoB) per tonne while wheat having 9 percent protein content was purchased at \$203.11 per tonne. If we include freight of \$20.84 per tonne, cif comes to \$ 252,\$248 and \$224 per tonne respectively for Taiwan.

Russian FoB quote has come down to \$169 while US wheat FoB is being quoted at \$181 per Tonne. Canada is going to harvest bumper crop despite lower area coverage. Yield in Canada is expected to increase by 23 % this year. US and Australia too are expecting bumper crop due to favorable weather condition. However, crop condition in EU is not good, that has provided some relief to the global wheat market.

Wheat harvesting in Black Sea Region has already commenced, Canadian crop is due in one month while Australian crop would hit the market in October. So there is plenty of supply in global market and it would continue to reel under pressure. More downside is expected in coming weeks. Higher acreage in US too would create supply glut. So, global wheat market seems under bear's grip.

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 ABARES. 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 ABARES forecast. If weather remains favorable throughout the season, bumper production seems very much in the 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 ABARES update wheat export from Australia would increase by 4 % to 17.2MMT, record in last three years. It has revised its export figure down by 3.33 lakh tonne to 16.93MMT for 2015-16. As price 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.

IGC has revised wheat production projection up by 7MMT from 722 to 729 MMT in 1st, 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. However, overall trend in global wheat market remains bearish.

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
Production	717	730	736	722	729
Trade	157	153	158	154	156
Consumptions	699	717	719	717	720
Carryover stocks	188	201	217	223	226
Y-O-Y change	19	12	17		9
Major Export	54	63	68	70	72

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- 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	% Change over prev. year
	13-Jul-16	6-Jul-16	13-Jun-16	13-Apr-16	13-Jan-16	13-Jul-15	
Jul-16	156.60	152.75	180.49	171.76	179.66	215.76	-27.42
Sep-16	161.56	157.43	184.89	175.25	182.60	217.68	-25.78
Dec-16	170.11	164.60	192.24	180.67	187.37	218.79	-22.25
Mar-17	177.09	170.93	199.41	186.46	191.42	222.55	-20.43
May-17	181.50	175.25	203.82	190.04	193.71	221.82	-18.18
Jul-17	184.43	178.56	207.03	191.97	190.41	212.08	-13.04

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:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		15-Jul-16	8-Jul-16	15-Jun-16	15-Jul-15	
USA (Chicago)	2srw	179.90	181.90	193.80	233.90	-23.09
France	FCW3	NA	179.71	169.84	204.76	-
Australia	ASW	NA	219.00	226.00	255.00	-
Russia	SRW	169.00	169.00	181.50	201.00	-15.92
India	Fob	279.60	277.98	274.76	248.23	12.64

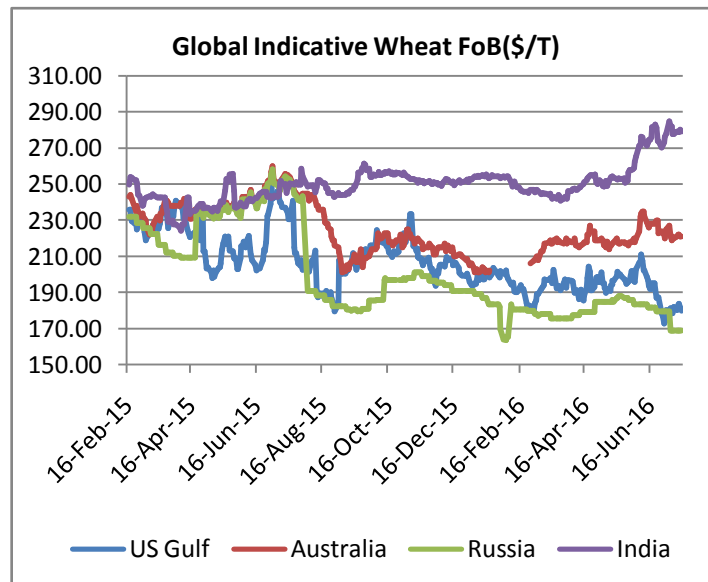
International FOB Weekly Price Movement (USD/T)

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 \$178 to \$169 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level.

Australia offers wheat at \$221 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 harvesting in Black Sea Region has already commenced, Canadian crop is due in one month while Australian crop would hit the market in October. So there is plenty of supply in global market and it would continue to reel under pressure. More downside is expected in coming weeks. Higher acreage in US too would create supply glut. So, global wheat market seems under bear's grip.

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