

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price decreased slightly by 0.42 percent to Rs 1792.16 per qtl. during the week ended 30th July-2016..Wheat average price was ruling at Rs 1799.72 per qtl in the fourth week of July. Arrival continues to decrease and private buyers remain active above Rs 1700-Rs1715 per qtl. All India average price is higher by 7.82 % in comparison to price (Rs 1662.24 per qtl.) registered in the fourth week of July, 2015. Overall trend in cash market is expected to remain steady to slightly firm as demand for wheat products is likely to increase just ahead of festive season.

Unchanged import duty structure would force south Indian millers to source wheat from central and north India to some extent. However, weak global market due to ample availability in black sea region, US, Australia, France, Canada and Argentina has encouraged south Indian millers to continue import despite 25% import duty and regular release from central pool stock through auction. Wheat price in black sea region has decreased to \$160 per tonne.If millers add freight and insurance cost (around \$25 per tonne) it brings total landed costing at \$186 per tonne at Tuticorin port. With 25 percent duty total costing for millers come to Rs 15000 per tonne at their premises in Kerala. When they source it from domestic markets, total costing comes to Rs18800 per tonne. So, import is likely to continue.

India exported 463.88 tonne wheat during week ended 24th,July-2016 from Mundra port..Major buyers were Somalia, UAE, Tanzania and UK.. Wheat has been exported at an average FoB of\$354.94 per tonne., .Wheat export decreased by 28.46 percent last week from 648.51 TO 463.88 tonne. As parity is not in favor of Indian exporters, export volume would remain negligible in coming weeks.

Wheat import in India begins in month of July-2016. The first consignment landed at Tuticorin port in the second week of July. The quantity in question was 11,000 T sourced from Ukraine at an average CiF of \$191.94 per tonne. The second consignment of 18495.575 tonne landed at same port from same origin in the third week of July. The CiF value remains same as first one. One more vessels is expected this month. Third consignment of 5000 tonne landed in third week at Cochin port from Ukraine at CiF \$191.94 per tonne..

Agriwatch has revised its wheat production estimate down from89.28 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 5000 tonne wheat from Ukraine, landed at Tuticorin port last week at CiF value of \$191.92 per tonne. Indian millers have imported around 35,000 T wheat in three consignments from one destination – Ukraine.

Rake loading from Rajasthan to Bangalore is being reported at 2075 per qtl.As demand continues, prices in domestic market is likely to trade stable to slightly firm despite import and release from central pool stock through various channels.

Outlook & Recommendation: -Wheat cash market is expected to trade steady to slightly firm in t.he first week of August.

Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs1700 &1730 respectively.

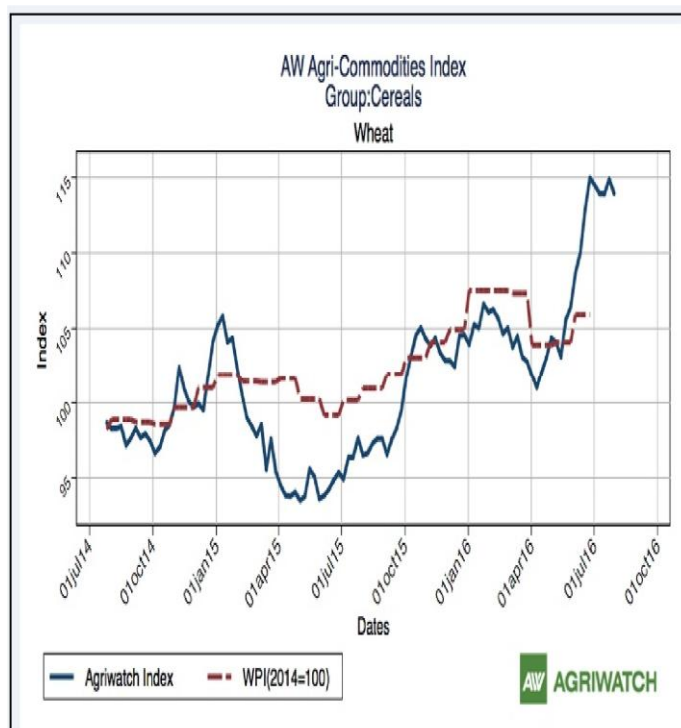
Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index dipped 0.64% to 120.70 during the week ended July 30, 2016 from 121.47 during the previous week, led by easing in prices of pulses, cereals and cotton. The base for the Index and all sub-Indices is 2014 (= 100).

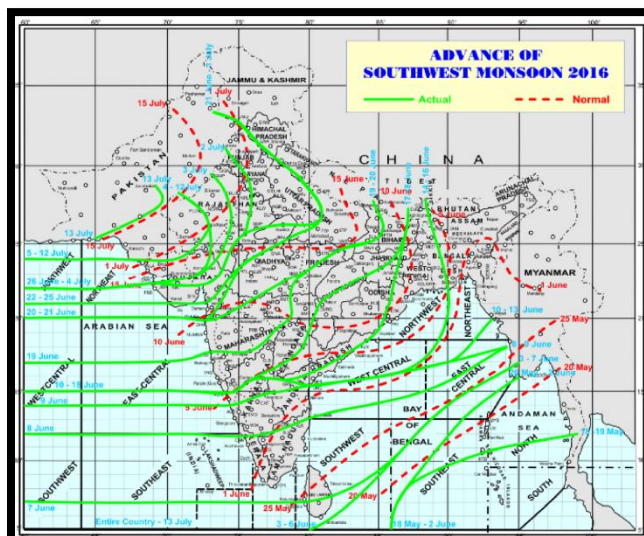
Six of the nine commodity group sub-Indices constituting the Index declined during the week. The declining sub-Indices and their values and weekly changes are as follows: Cereals Index: 107.67 (-0.70%), Pulses Index: 214.04 (-3.41%), Fibres Index: 112.75 (-3.58%), Edible Oils Index: 115.79 (-0.15%), Oilseeds Index: 114.87 (-0.73%) and Spices Index: 142.28 (-0.82%). The weekly gainers were: Vegetables Index: 84.94 (+1.64%), Sweeteners Index: 123.63 (+1.65%) and Other Non-Food Articles Index: 92.77 (+0.95%). 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."

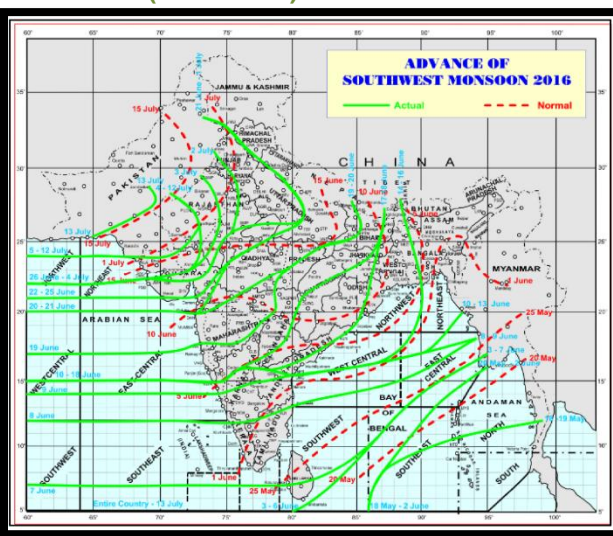
Wheat Weekly Research Report 01st, August-2016



Weather Condition & Monsoon Progress: Last week 22.07.2016



This week (30.07.2016)



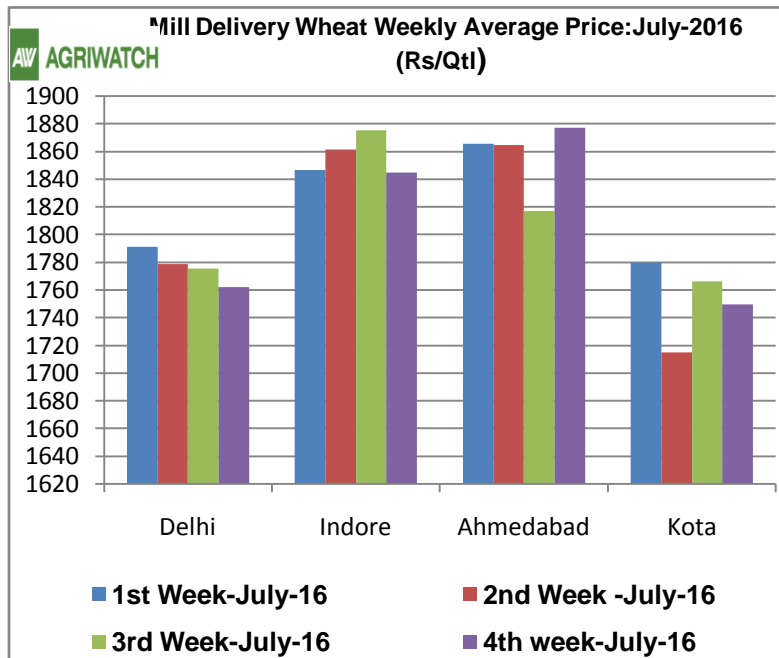
Southwest monsoon was active over West Uttar Pradesh, Gujarat, Marathwada, Konkan & Goa, North Interior Karnataka and South Interior Karnataka. Heavy rain occurred at isolated places over Gujarat region and Odisha. The low pressure area over northeast Bay of Bengal and adjoining northwest & east central Bay of Bengal now lies over north Bay of Bengal and neighbourhood. The associated upper air cyclonic circulation extending up to 5.8 Km above mean sea level.

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices increased slightly in Indore & Kota and Delhi week on week basis, while it increased in Ahmadabad due to lower availability in Gujarat and higher cost of sourcing wheat from MP & Rajasthan..Cash market is likely to trade stable to firm in coming weeks. South Indian demand for wheat may decrease with the commencement of import by south Indian millers.

As arrivals have decreased considerably any major dip from current level is unlikely. Agriwatch expects stable to firm market in August.. However, release from central pool stock and import may cap one way uptrend in the weeks ahead.

In Sasaram, Arah and Buxar major buyers are active and purchasing wheat at the rate of Rs 1720.1730 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 At Kandla:

Wheat FoB quote in India has increased slightly with firm price in domestic market. However, govt.'s intention to augment supply in domestic market from central pool stock may restrict uptrend.

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 third consignment of 5000 T arrived at Cochin ,at 23rd July-2016 at same price(\$191.94 per tonne).

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 463.88 tonnes of wheat during week ended 24th July-2016, lower by 28 percent. Average FoB quote realized last week was \$354.94 per tonne.

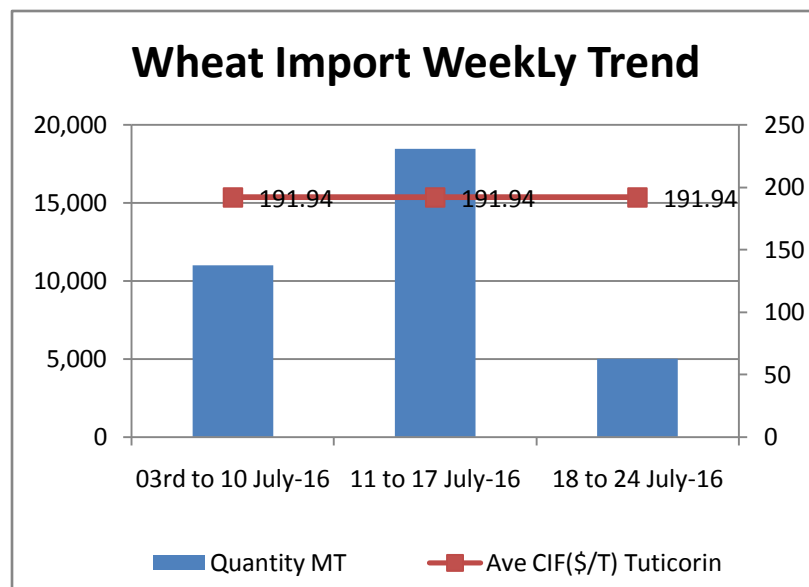
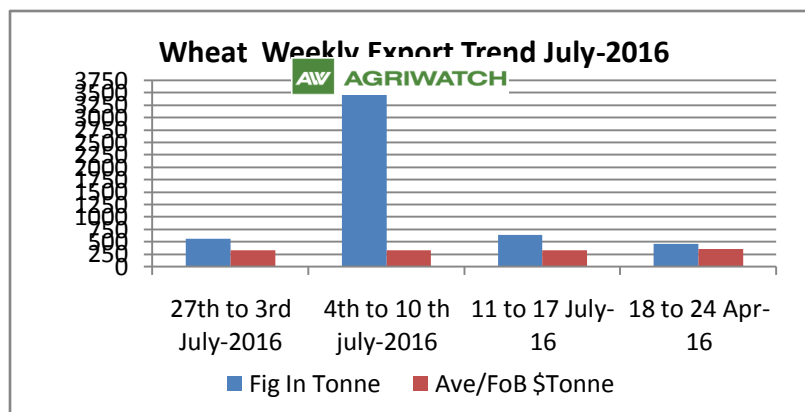
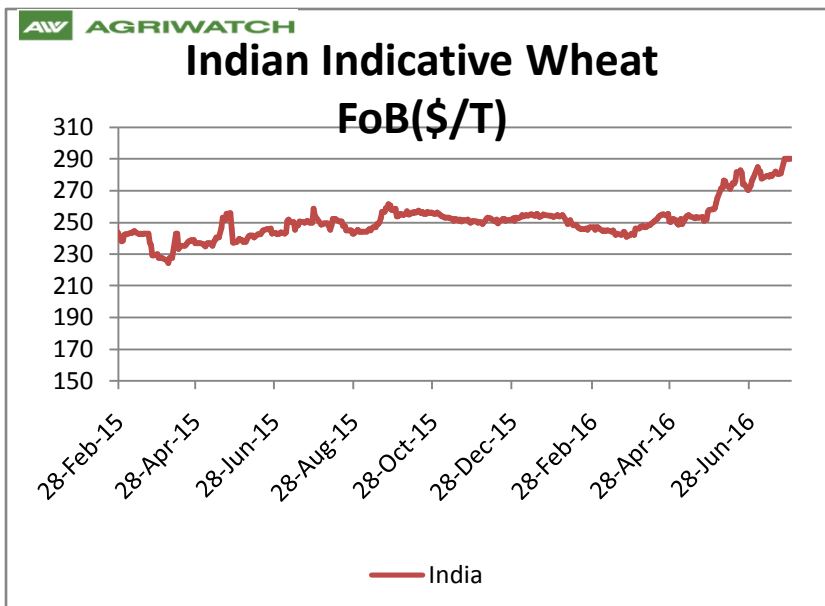
As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Kuwait, Sudan, Sri Lanka ,Nepal and west Asian countries.

Wheat Import:

After 20th March-2016 when 2750 tonne wheat was imported from Australia at CIF of \$ 257.08 per tonne, three consignments of 11,000 , 18,495 & 5000 tonne respectively landed at Cochin port at CiF value of \$191.94 per tonne. Import is likely to continue as global market, particularly price in black sea region has decreased to \$158 per tonne.

If 25 percent duty is applied on wheat sourced from black sea region, the costing comes to around \$201 per tonne. If other costing from Indian port to local destination is added, it goes up to \$210/12 per tonne. In INR term it comes to Rs15200 per tonne.

.Source:IBIS



Wheat Futures Contact: NCDEX Price							Date:29.07.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Aug	-3.00	1708.00	1715.00	1706.00	1712.00	3140	-620	25520	-1690
16-Sep	-4.00	1735.00	1740.00	1733.00	1738.00	2160	80	7270	1470
16-Oct	-10.00	1763.00	1763.00	1756.00	1756.00	20	-550	840	0

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
	28-Jul-16	21-Jul-16	28-Jun-16	28-Jul-15	
Indore	1795	1824	1803	1556	15.36
Bareilly	-	-	-	-	-
Delhi	1774	1782	1776	1560	13.72
Khanna	-	-	-	-	-
Kanpur	1703	1718	1728	1465	16.25
Karnal	-	-	-	-	-
Rajkot	1794	1823	1775	1515	18.42
Kota	1789	1794	1790	1558	14.83

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 firmness 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 firm in the near term.



Strategy: Buy On Dip

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Aug	1694	1705	1716	1743	1758
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Aug	Buy above	1706	1735	1740	1697

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the first week of August Release from central pool would continue to restrict one way uptrend. Continuous import may restrict south Indian miller's demand to some extent. Cash market may trade up from current level as demand for wheat products is increasing.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			28-Jul-16	27-Jul-16	21-Jul-16	28-Jun-16	28-Jul-15
Delhi	Lawrence Road	Mill Delivery	1760	1765	1770	1775	1555
	Narella	Mill Quality Loose	1670	Closed	1690	1700	1485
	Nazafgarh	Mill Quality Loose	1670	Closed	1700	1725	1465
Gujarat	Rajkot	Mill Delivery	1730	1760	1735	1710	NA
	Ahmedabad	Mill Delivery	1880	1885	1880	1830	1600
	Surat	Mill Quality Loose	1910	1915	1915	1870	1645
	Dhrol	Mill Delivery	2050	1880	2060	1980	NA
M.P.	Indore	Mill Quality Loose	1730	1750	1750	1750	1575
	Bhopal	Mill Delivery	1700	1725	1740	1750	1475
Rajasthan	Kota	Mill Quality Loose	1700	1670	1670	1680	1475
		Mill Delivery	1750	1750	1750	1770	1560
U.P.	Kanpur	Mill Delivery	1765	1760	NR	1750	1545
	Mathura	Mill Quality Loose	1615	1615	NR	1655	1370
	Kosi	Mill Quality Loose	1590	1600	1625	1645	1384
	Hathras	Mill Quality Loose	1635	1615	1625	1650	NA
	Aligarh	Mill Quality Loose	1620	1620	1620	1650	1390
Punjab	Khanna	Mill Quality Loose	1610	1610	1600	1610	1480
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1550
Haryana	Sirsa	Mill Delivery loose	1655	1660	1665	1670	1500
	Hodal	Mill Delivery	1750	1730	1770	1770	1540



	Bhiwani	Mill Quality Loose	1670	1670	1700	1700	1450
	Karnal	Mill Quality Loose	1660	1660	1670	1690	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2100	2070	1750
	Madurai	Mill Quality	2107	2107	2157	2127	1807
	Coimbatore	Mill Quality	2107	2107	2157	2127	1807
Bihar	Khagariya	Mill Delivery	1750	1750	1700	1775	1450
	Muzaffarpur	Mill Delivery	1750	1750	1720	1670	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:

As per USDA, U.S wheat exports at 0.549 MMT (for the period 15th July- 21st July, 2016) were up 53 percent from the previous week and 25 percent from the prior 4-week average. The primary destinations were Japan (178,200 MT), Chile (92,200 MT), Brazil 59,900 MT), Taiwan (56,800 MT), Peru (49,500 MT), Thailand (27,000 MT), and Mexico (25,700 MT).

France is expecting low yields due to heavy rain and lack of sunshine in spring which may lead to decrease in French wheat exports especially to overseas milling-wheat markets. A panamax bulk vessel is expected to arrive at Dunkirk in the mid of August from Romania carrying a quantity of around 55000-60000 MT. France usually takes smaller quantity of Romanian wheat such as 17500 MT in 2014/15 season and it seldom imports large quantities in June-July marketing season.

RussianFoB quote has come down to \$158 while US wheat FoB is being quoted at \$180 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	01.07.2016	28.07.2016
Production	717	730	736	729	735
Trade	157	153	164	156	159
Consumptions	699	716	719	720	727
Carryover stocks	188	203	219	226	228
Y-O-Y change	19	14	176		9
Major Export	54	64	66	72	71

- IGC has revised wheat production projection up by 6MMT from 729 to 735MMT in 28th, July-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 735 MMT against 729 forecast for 2015-16. The difference is around 6 MMT from previous estimate. Higher projection for wheat may pressurize global wheat market at current level and any major recovery from current level is unlikely.
- Trade projection has been revised up by 3MMT to 1569MMT. However it is 5MMT lower from actual of last year.
- Consumption has been pegged at 7207MMT for 2016-17, up by 8MMT from last year.
- Carryout may increase from 226 to 228 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiments despite lower production by 1MMT from last year.

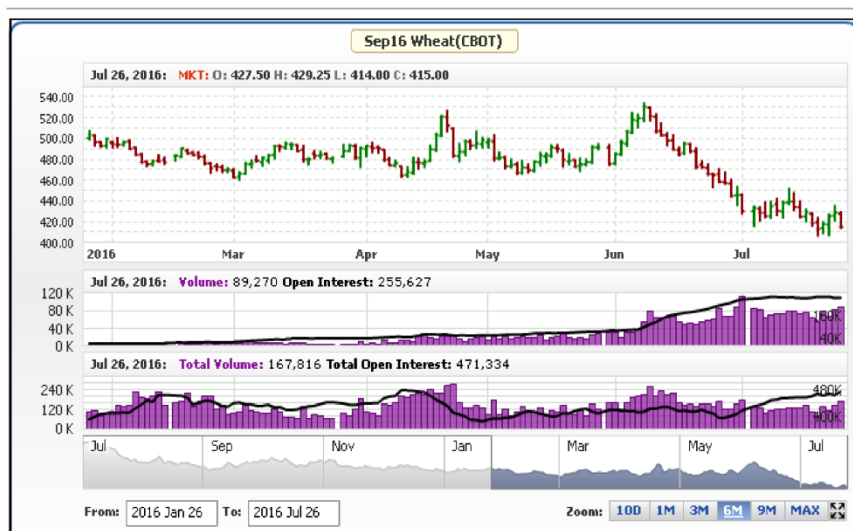
CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29-Jul-16	22-Jul-16	29-Jun-16	29-Apr-16	29-Jan-16	29-Jul-15	
Sep-16	149.81	156.24	163.31	183.06	183.52	194.81	-23.10
Dec-16	160.09	165.42	170.93	189.58	188.38	198.95	-19.53
Mar-17	169.10	174.61	177.91	195.82	191.97	201.34	-16.01
May-17	174.06	179.02	181.77	199.59	193.53	201.98	-13.82
Jul-17	176.54	181.77	184.62	200.69	191.51	196.83	-10.31
Sep-17	180.76	186.09	188.02	203.45	194.17	194.35	-6.99

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:

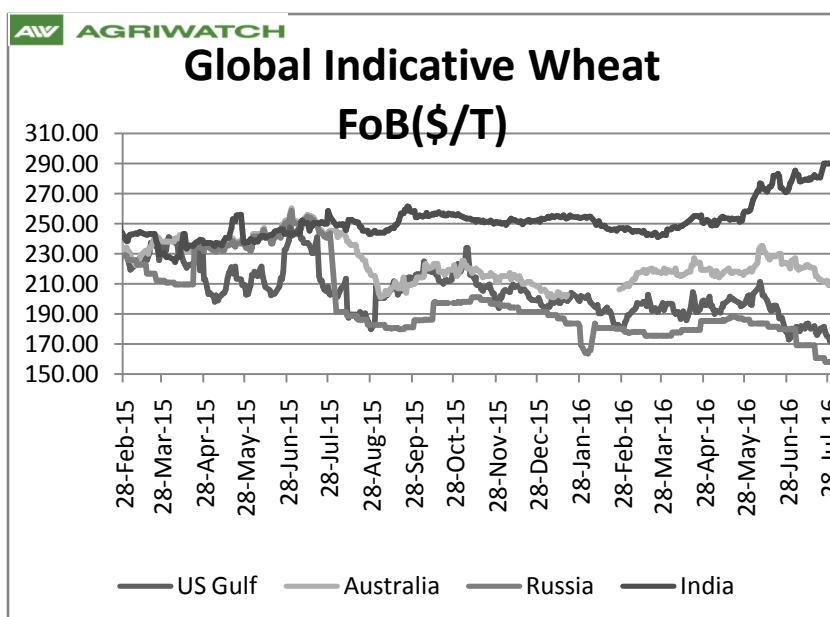
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		29-Jul-16	22-Jul-16	29-Jun-16	29-Jul-15	
USA (Chicago)	2srw	170.02	180.10	172.72	202.53	-16.05
France	FCW3	185.59	184.72	174.70	190.39	-2.52
Australia	ASW	NA	211.00	222.00	245.00	-
Russia	SRW	158.00	160.50	179.50	191.00	-17.28
India	Fob	279.73	280.71	273.10	254.34	9.98

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 \$299 to \$290 per tonne.

US and Russian quotes are hovering in the range of \$180 to \$160 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$211 per tonne.

Wheat quotes may hover in the range of \$155 to \$210 due to excess supply in the global market in coming weeks. Australian quote may move down to \$210 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. Uptrend is unlikely at this point of time.

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