

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price continues to recover and increased by 0.62 percent to Rs 1798.99 per qtl. during the week ended 6th July-2016..Wheat average price was ruling at Rs 1787.84 per qtl in the fourth week of July. Arrival continues to decrease and private buyers remain active above Rs 1710-Rs1725 per qtl..All India average price is higher by 6.59 % in comparison to price (Rs 1687.82 per qtl.) registered in the first week of August, 2015. Overall trend in cash market is expected to remain steady to slightly firm as demand for wheat products is likely to increase ahead of festive season.

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.However, regular release from central pool stock through auction may restrict one way uptrend. Wheat price in black sea region has decreased to \$158 per tonne.If millers add freight and insurance cost (around \$25/\$28 per tonne) it brings total landed costing at \$192/\$193 per tonne at Cochin port. With 25 percent duty total costing for millers come to Rs 15200 per tonne at their premises in Kerala. When they source it from domestic markets, total costing comes to Rs19100 per tonne. So, import is likely to continue.

India exported 577 tonne wheat during week ended 6th,August-2016 from Mundra and Cochin port..Major buyers were Qatar, UAE, Thailand and UK.. Wheat has been exported at an average FoB of \$294.40 per tonne., .Wheat export increased by 267 percent last week from 257.11 to 577 tonne. As parity is not in favor of Indian exporters, export volume would remain negligible in coming weeks.

India imported 30,100.04 tonne wheat from Australia in the week ended 6th August-2016. The average CiF price has been registered at \$224.46 per tonne. Before this four shipments at Cochin port were reported in July from Ukraine having 11,000, 18495.57,5000 & 16414.11 tonne in four weeks of July -2016.Average price for these consignment was registered at \$191.94 per tonne.Total 50910 tonne was imported in July. August started with 30100.04 tonne import.

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 Fourth Adv. Estimate for Rabi crop for 2015-16 on 2nd Aug-2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne for 2015-16 crop year. Now it has been revised down to 93.50 MMT.

Latest Developments In Domestic Markets :-

South Indian millers have imported 30,100.04 tonne wheat from Australia, landed at Tuticorin port last week at CiF value of \$224.46 per tonne. Indian millers have imported around 81010 T so far till 6th August-2016. Latest and the biggest volume is from Australia. Lat four consignments were imported from Ukraine.

Rake loading from Rajasthan to Bangalore is being reported at 2040 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 the second week of August.

Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs1700 &1740 respectively.

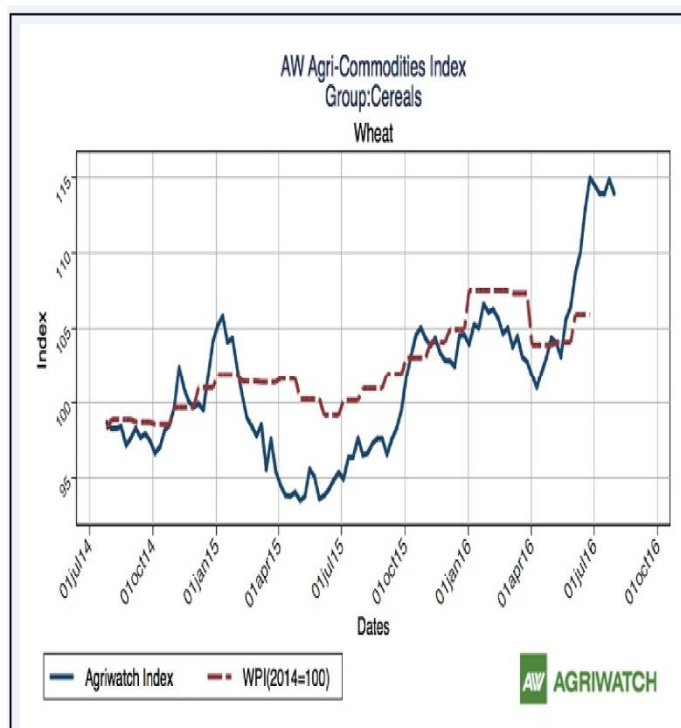
Agriwatch Cereals Index:

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).

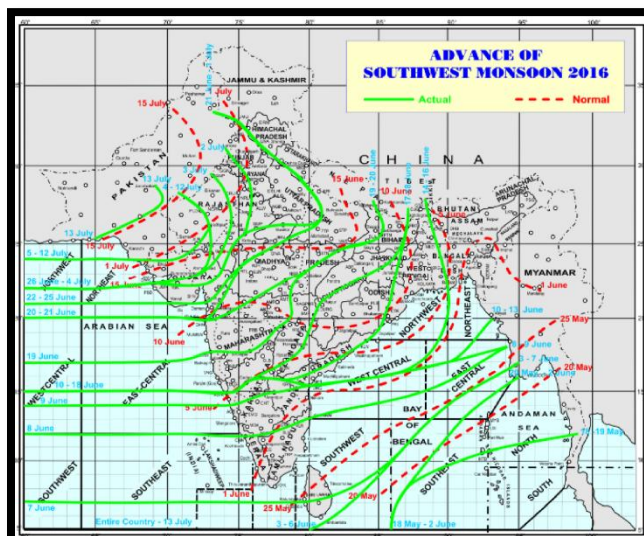
Six of the nine commodity group sub-Indices constituting the Index declined during the week. The declining sub-Indices and their values and weekly changes are as follows: Cereals Index: 107.67 (-0.70%), Pulses Index: 214.04 (-3.41%), Fibres Index: 112.75 (-3.58%), Edible Oils Index: 115.79 (-0.15%), 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."

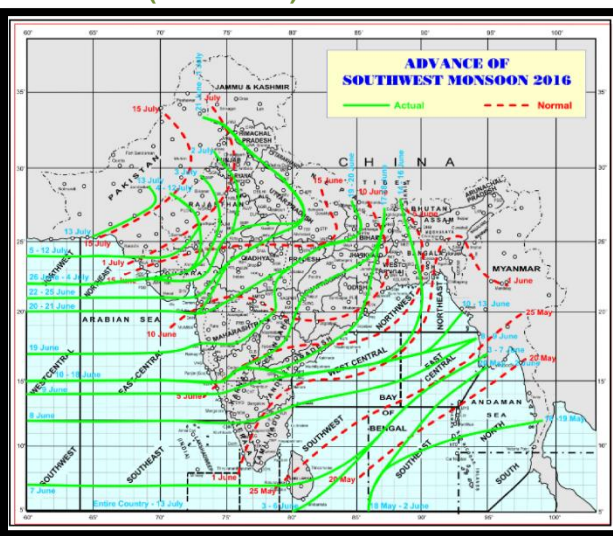
Wheat Weekly Research Report 08th, August-2016



Weather Condition & Monsoon Progress: Last week 22.07.2016



This week(30.07.2016)



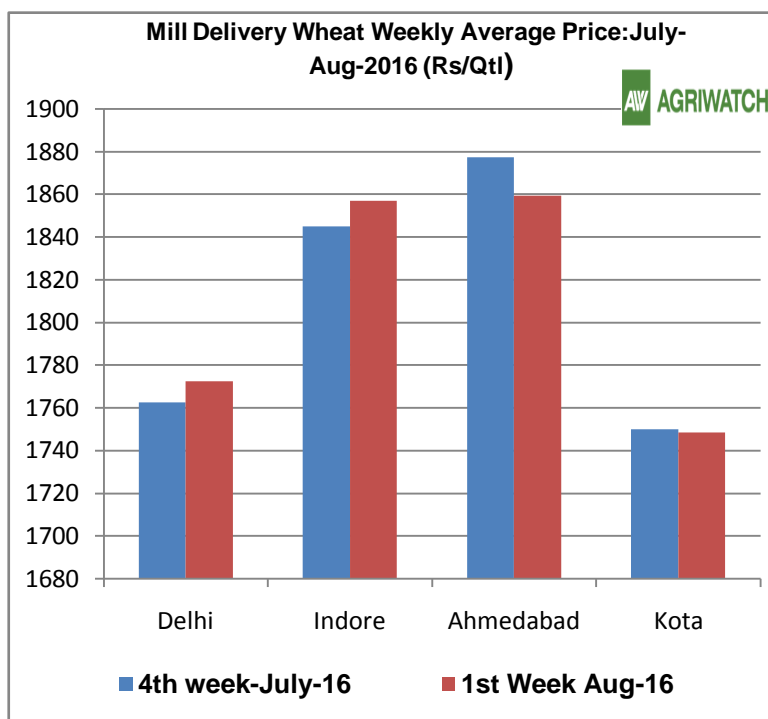
Southwest monsoon was active over West Uttar Pradesh, Gujarat, Marathwada, Konkan & Goa, North Interior Karnataka and South Interior Karnataka. Heavy rain occurred at isolated places over Gujarat region and Odisha. The low pressure area over northeast Bay of Bengal and adjoining northwest & east central Bay of Bengal, now lies over north Bay of Bengal and neighborhood. 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 and Delhi week on week basis, while it decreased in Ahmadabad and Kota due to improved availability in Gujarat and 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 1725.1735 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.

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 577tonnes of wheat during week ended 6th Aug-2016, up by 267 percent. Average FoB quote realized last week was \$294.40 per tonne.

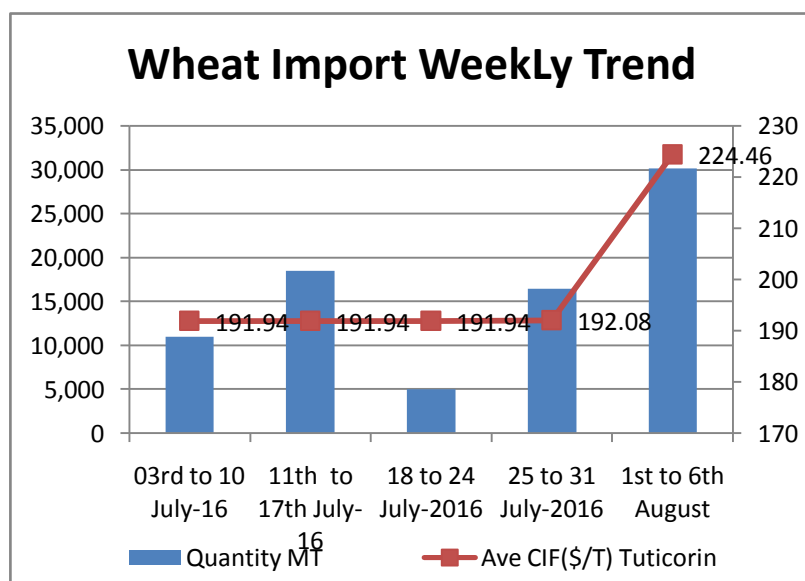
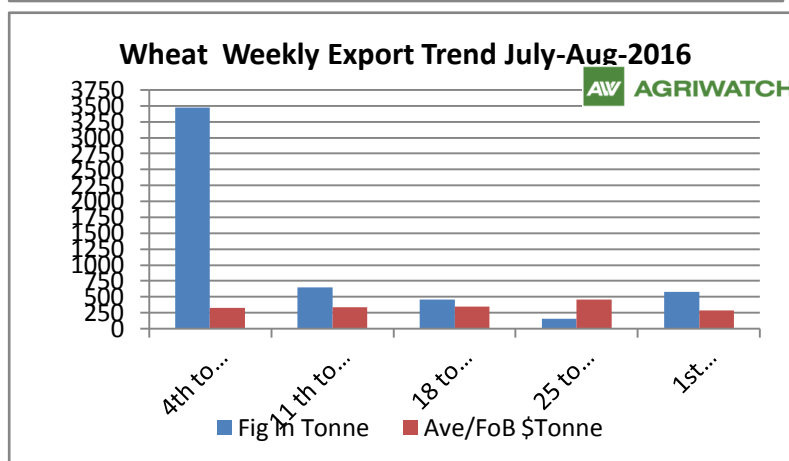
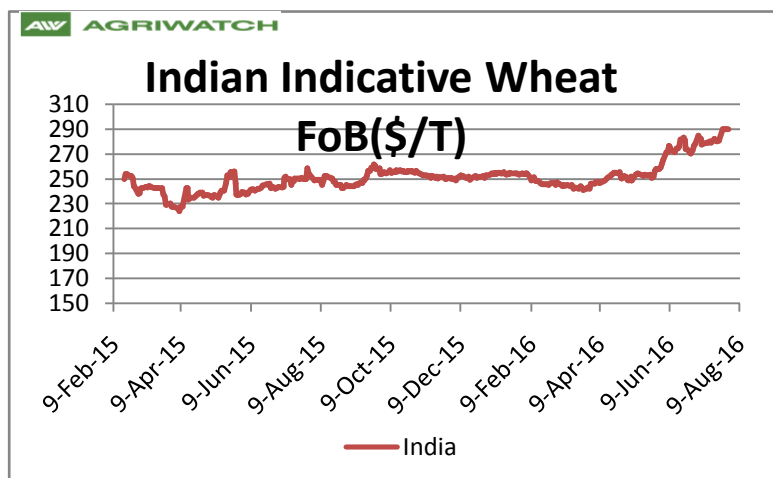
As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Kuwait, Sudan, Sri Lanka, Nepal and west Asian countries.

Wheat Import:

Import starts and total 81010 tonne wheat has been imported so far in last five week starting from July to first week of August. In the first week of Aug. India imported 30100 tonne wheat from Australia at Cif \$224.46 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. Wheat cost for Australian wheat would be higher.

.Source:IBIS



Wheat Futures Contract: NCDEX Price							Date:08.08.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Aug	-17.00	1709.00	1711.00	1695.00	1696.00	5410	4210	17810	-3330
16-Sep	-21.00	1734.00	1735.00	1715.00	1716.00	3040	2090	11060	1480
16-Oct	-24.00	1767.00	1754.00	1742.00	1743.00	550	510	1010	170

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
	4-Aug-16	28-Jul-16	4-Jul-16	4-Aug-15	
Indore	1788	1795	1822	1513	18.18
Bareilly	-	-	-	-	-
Delhi	1775	1774	1790	1568	13.20
Khanna	-	-	-	-	-
Kanpur	1700	1703	1735	1463	16.20
Karnal	-	-	-	-	-
Rajkot	1764	1794	1827	1506	17.13
Kota	1795	1789	1794	1551	15.73

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 firm in the near term.



Strategy: Buy On Dip

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Aug	1680	1672	1695	1730	1758
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Aug	Buy above	1675	1700	1720	1669

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the second 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	Yesterday	Week Ago	Month Ago	Year Ago
			4-Aug-16	3-Aug-16	28-Jul-16	4-Jul-16	4-Aug-15
Delhi	Lawrence Road	Mill Delivery	1770	1770	1760	1790	1565
	Narella	Mill Quality Loose	1670	Closed	1670	1700	1500
	Nazafgarh	Mill Quality Loose	1670	Closed	1670	1710	1515
Gujarat	Rajkot	Mill Delivery	1690	1700	1730	1770	1425
	Ahmedabad	Mill Delivery	1850	1860	1880	1890	1570
	Surat	Mill Quality Loose	1880	1900	1910	1935	1620
	Dhrol	Mill Delivery	1945	2020	2050	1910	NA
M.P.	Indore	Mill Quality Loose	1740	1740	1730	NA	1550
	Bhopal	Mill Delivery	1700	1700	1700	NA	1450
Rajasthan	Kota	Mill Quality Loose	1650	1650	1700	NA	1430
		Mill Delivery	1750	1750	1750	NA	1500
U.P.	Kanpur	Mill Delivery	NR	NR	1765	1715	1545
	Mathura	Mill Quality Loose	1600	1600	1615	1650	1380
	Kosi	Mill Quality Loose	1625	1600	1590	1640	1382
	Hathras	Mill Quality Loose	1635	1630	1635	1621	NA
	Aligarh	Mill Quality Loose	1585	1600	1620	1650	1400
Punjab	Khanna	Mill Quality Loose	1630	1630	1610	1610	1525
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1650	1650	1655	1670	1500
	Hodal	Mill Delivery	1755	1740	1750	1770	1540



	Bhiwani	Mill Quality Loose	1670	1660	1670	1670	1450
	Karnal	Mill Quality Loose	1650	1660	1660	1680	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	NA	1750
	Madurai	Mill Quality	2107	2107	2107	NA	1807
	Coimbatore	Mill Quality	2107	2107	2107	NA	1807
Bihar	Khagariya	Mill Delivery	1725	1725	1750	1700	1500
	Muzaffarpur	Mill Delivery	1730	1730	1750	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:

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.

Russian FoB 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 735 MMT 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
	3-Aug-16	27-Jul-16	3-Jul-16	3-May-16	3-Feb-16	3-Aug-15	
Sep-16	150.73	152.38	158.07	183.15	182.41	193.80	-22.23
Dec-16	160.28	162.21	165.61	189.85	187.37	197.39	-18.80
Mar-17	169.83	171.67	172.22	196.19	190.96	199.87	-15.03
May-17	174.79	176.63	176.44	199.87	192.61	200.05	-12.63
Jul-17	177.27	179.20	179.47	201.06	190.86	194.91	-9.05
Sep-17	182.05	183.70	183.15	203.91	194.08	192.43	-5.39

CBOT MaY-16 Futures Chart:

1st Support: 158.31

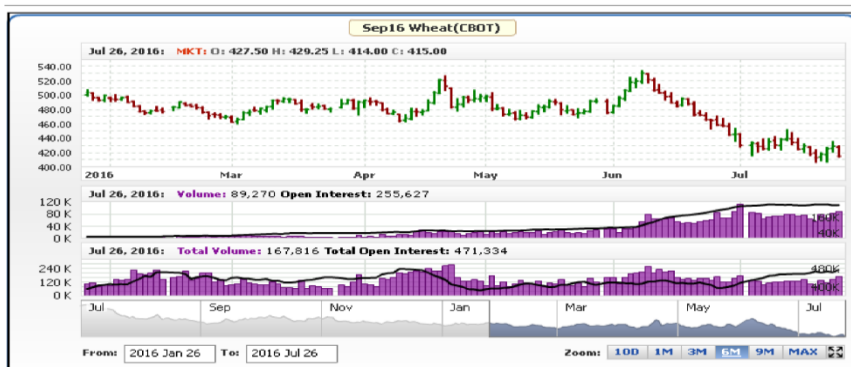
2nd Support: 150.73

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:

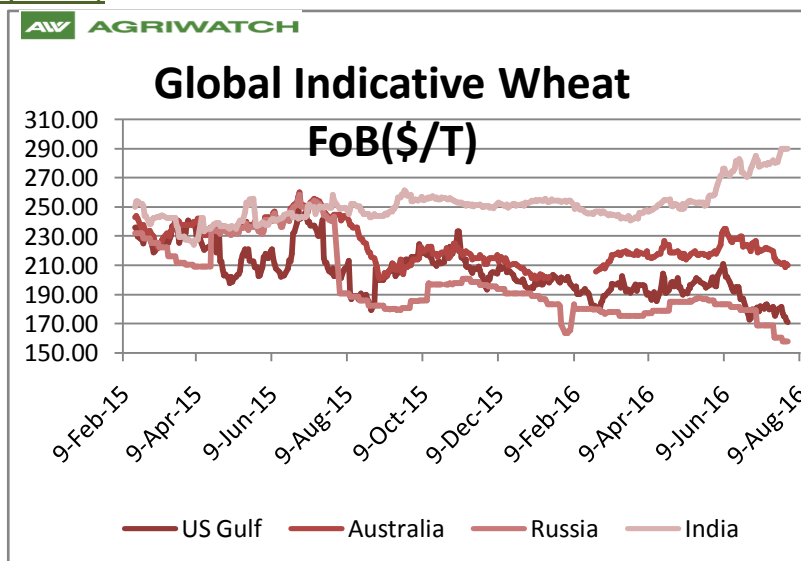
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		8-Aug-16	1-Aug-16	8-Jul-16	8-Aug-15	
USA (Chicago)	2srw	168.68	174.90	181.90	207.80	-18.83
France	FCW3	187.81	187.56	179.71	190.77	-1.55
Australia	ASW	212.00	NA	219.00	244.00	-13.11
Russia	SRW	158.50	158.00	169.00	191.00	-17.02
India	Fob	277.20	279.44	277.98	249.22	11.23

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 280 per tonne.

US and Russian quotes are hovering in the range of \$168 to \$158 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:

Supply side in global market remains ample and pressure would continue on global wheat market in August too. 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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