

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price could not sustain at higher level and decreased by 1.75 percent to Rs 1767.78 per qtl. during the week ended 13th August-2016..Wheat average price was ruling at Rs 1798.98 per qtl in the first week of August..All India average price is higher by 4.70 % in comparison to price (Rs 1688.37 per qtl.) registered in the second 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.

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 exported around 20,032 tonne wheat from April- to 6th August-2016.Due to huge disparity export volume would remain negligible in coming weeks too.

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.

Total 81000 tonne wheat has been imported in last five weeks at an average CiF of \$208.02 per tonne. Average price includes Australian CIF(Tuticorin) of \$224.46 per tonne too. Import volume would increase in coming weeks as south Indian millers had struck deal for 10 lakh tonne wheat in April and May-2016 for delivery in August and Sept.this year.

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 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 93.50MMT.

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 till 6th August-2016.Latest and the biggest volume is from Australia. Last four consignments were imported from Ukraine in July-2016.

Rake loading from Rajasthan to Bangalore is being reported at 2020/2030 per qtl.As demand continues, prices in domestic market is likely to trade stable to slightly firm despite import and regular release from central pool stock through various channels.

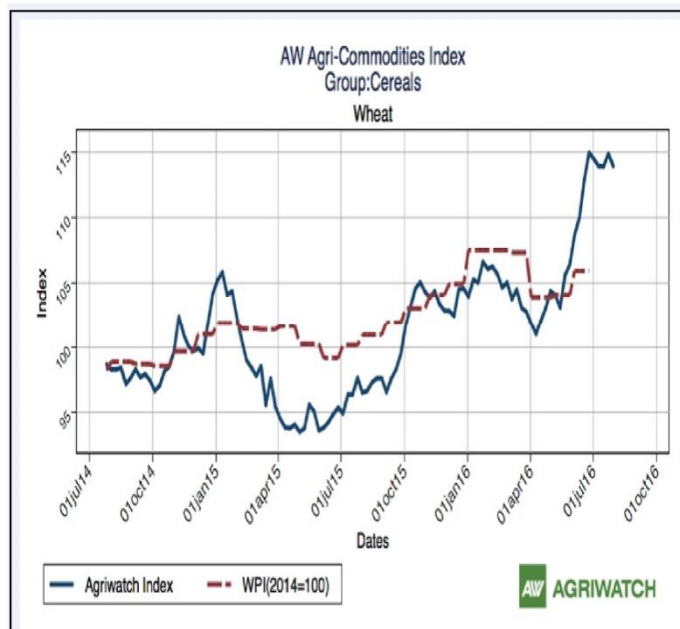
Outlook & Recommendation: -Wheat cash market is expected to trade steady to slightly firm in the third week of August.

Trade Call: Stakeholders should trade in Sept. 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).

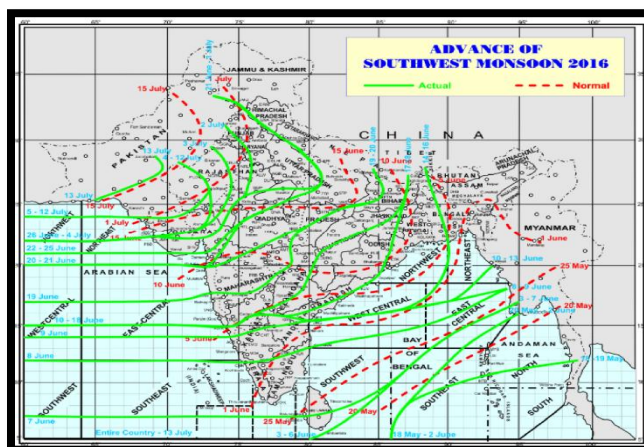
Six of the nine commodity group sub-Indices constituting the Index declined during the week. The declining sub-Indices and their values and weekly changes are as follows: Cereals Index: 107.67 (-0.70%), Pulses Index: 214.04 (-3.41%), Fibres Index: 112.75 (-3.58%), Edible Oils Index: 115.79 (-0.15%),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



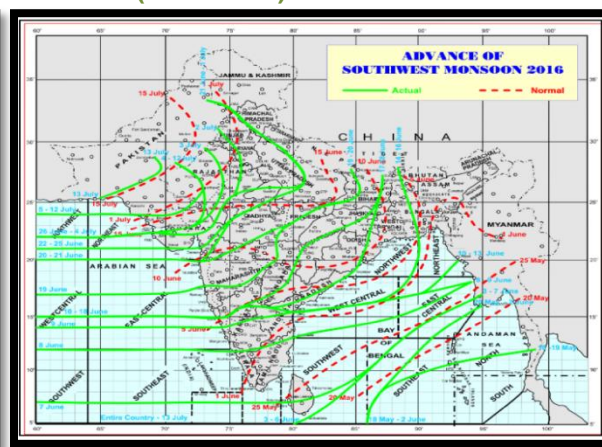
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

Weather Condition& Monsoon Progress:

Last week 30.07.2016



This week(09.08.2016)



The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 12th August, 2016, over Jharkhand & neighbourhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 Km east of Daltonganj (Jharkhand). The system is very likely to move westwards and weaken into a well marked low pressure area. The axis of monsoon trough at mean sea level, now passes through Ganganagar, Narnaul, Agra, Sultanpur, centre of depression, Midnapore and thence southeastwards to eastcentral Bay of Bengal and

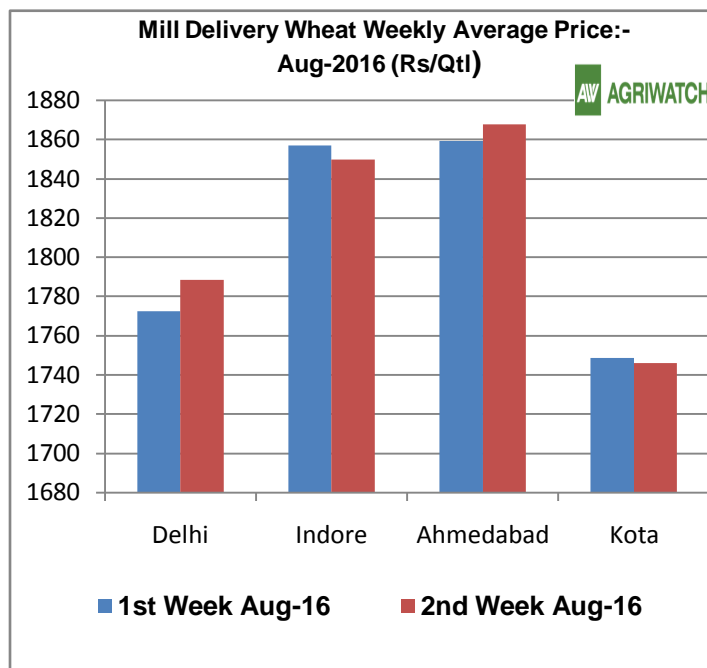
extends upto 0.9 Km above mean sea level. The feeble off-shore trough from south Gujarat coast to Karnataka coast persists.

Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices traded mixed in major bench mark markets week on week basis during the review week. It decreased in Indore and Kota while it increased in Delhi and Ahmadabad. As demand is likely to increase, cash market may trade stable to firm in coming weeks. However, South Indian demand for wheat may decrease with the commencement of import by south Indian millers.

Any major dip from current level is unlikely despite continuous release from central pool through weekly auction.. Agriwatch expects stable to firm market in August.

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..

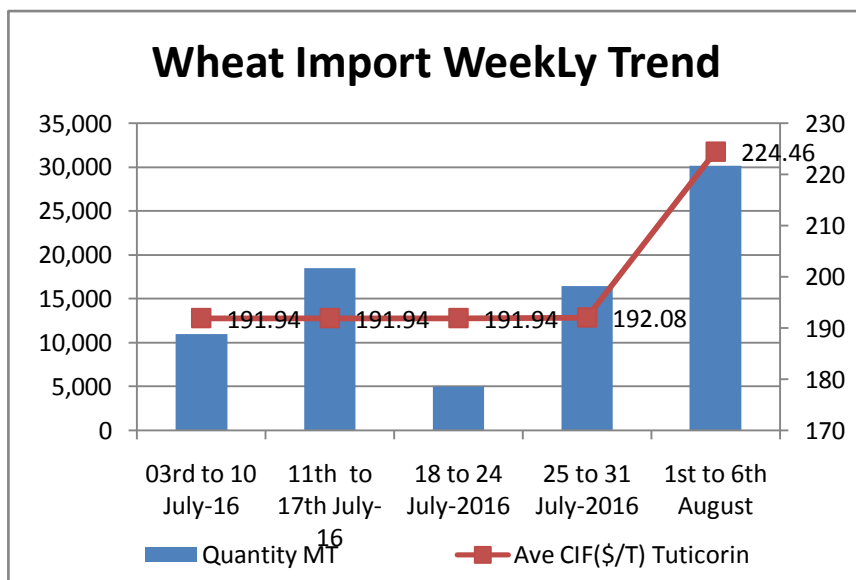
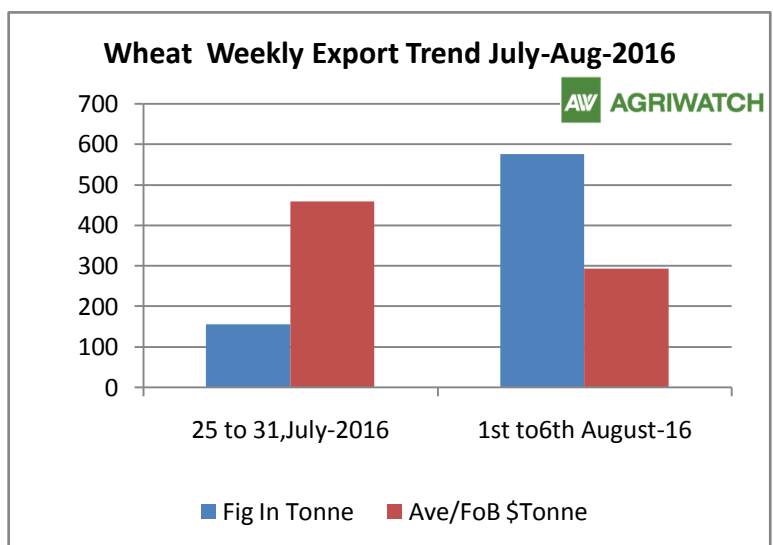
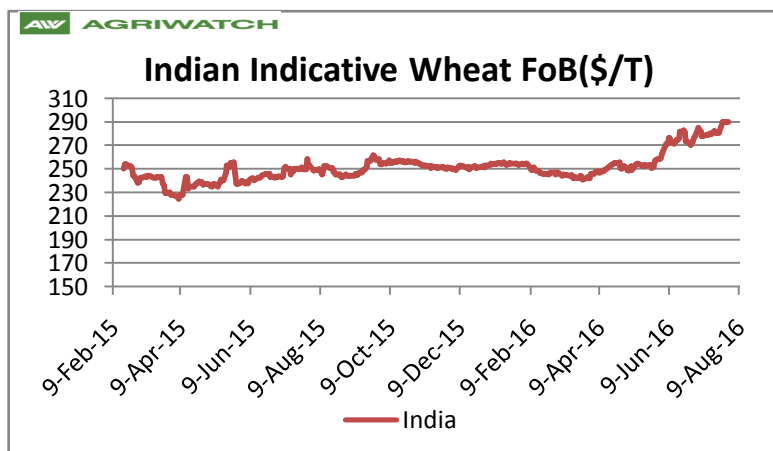
India exported 577 tonnes of wheat during week ended 6th Aug-2016, up by 267 percent. Average FoB quote realized last week was \$294.40 per tonne.

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 weeks 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:11.08.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Aug	1	1685.00	1697.00	1674.00	1690.00	2380	-5530	6330	-2300
16-Sep	-1	1712.00	1718.00	1703.00	1715.00	2130	-5230	19,400	-4460
16-Oct	1	1737.00	1741.00	1731.00	1741.00	190	-170	1560	100

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
	11-Aug-16	4-Aug-16	11-Jul-16	11-Aug-15	
Indore	1804	1788	1817	1513	19.23
Bareilly	-	-	-	-	-
Delhi	1796	1775	1780	1577	13.89
Khanna	-	-	-	-	-
Kanpur	1698	1700	1760	1478	14.88
Karnal	-	-	-	-	-
Rajkot	1778	1764	1815	1488	19.49
Kota	1790	1795	1795	1559	14.82

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
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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	Sep	1674	1690	1702	1737	1758
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	Buy above	1695	1725	1735	1685

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the third 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. Weekly auction from central pool stock too would restrict any spike from current level.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			11-Aug-16	10-Aug-16	4-Aug-16	11-Jul-16	11-Aug-15
Delhi	Lawrence Road	Mill Delivery	1795	1785	1770	1775	1580
	Narella	Mill Quality Loose	1680	Closed	1670	1690	1490
	Nazafgarh	Mill Quality Loose	1710	Closed	1670	1700	1500
Gujarat	Rajkot	Mill Delivery	1700	1700	1690	1715	1425
	Ahmedabad	Mill Delivery	1875	1880	1850	1840	1590
	Surat	Mill Quality Loose	1900	1900	1880	1880	1620
	Dhrol	Mill Delivery	1965	1865	1945	1950	NA
M.P.	Indore	Mill Quality Loose	1750	1750	1740	1750	1500

	Bhopal	Mill Delivery	1725	1700	1700	1725	1450
Rajasthan	Kota	Mill Quality Loose	1660	1660	1650	1715	1440
		Mill Delivery	1750	1740	1750	1770	1500
U.P.	Kanpur	Mill Delivery	1735	1735	NR	1710	1545
	Mathura	Mill Quality Loose	1615	1615	1600	1650	1390
	Kosi	Mill Quality Loose	1640	1625	1625	1625	1400
	Hathras	Mill Quality Loose	1635	1635	1635	1615	1380
	Aligarh	Mill Quality Loose	1640	1600	1585	1650	1400
Punjab	Khanna	Mill Quality Loose	1620	1625	1630	1610	1505
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1650	1653	1650	1670	1500
	Hodal	Mill Delivery	1755	1755	1755	1770	1560
	Bhiwani	Mill Quality Loose	1675	1670	1670	1680	1450
	Karnal	Mill Quality Loose	1645	1645	1650	1660	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2100	1750
	Madurai	Mill Quality	2107	2107	2107	2157	1807
	Coimbatore	Mill Quality	2107	2107	2107	2157	1807
Bihar	Khagariya	Mill Delivery	1750	1750	1725	1670	1550
	Muzaffarpur	Mill Delivery	1725	1725	1730	1660	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:

IGC has revised global wheat production estimate up by 6MMT to 735MMT at July end .Trade estimate too has been revised up from 56 to 159MMT.Consumption estimate too has been increased from 720 to 727MMT.Higher production estimate despite increased consumption would push carryout stock up by 2MMT to 228 MMT.

Increasing production of wheat in major producing countries have pressurized global price for wheat and the trend is likely to continue as exporting countries are willing to get rid of their excessive stock accumulated from old and newly harvested crop. Russia, Ukraine, Australia, Argentina and Canada offer wheat at very competitive price. Russia offers it at \$158 per tonne, the cheapest source of wheat right now. Due to lower price realization (around \$110/112 per tonne) US farmers may reduce crop area and may replace it with moong and other cash crop.US wheat export percentage in global market has dropped below 10 % and situation may turn more pathetic with stronger dollar.

Till mid July Agri experts in France were very optimistic over record wheat production of around 35 to 37 MMT. However, weather turned rough and a vast wheat field was affected badly by heavy rains and flooding. Harvesting had commenced in good weather conditions in the third week of July. After flooding and heavy crop loss experts have reduced crop size to 29 MMT now, almost 21 % lower than mid July estimate..If wet condition continues milling grade wheat may turn to feed grade wheat.

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.

Russian exports of wheat increased to 9.3 million tonnes in the first six months of 2016 from 5.5 million tonnes a year ago, As crop size is higher Russia would continue to maintain its prime exporter status this year too. Wheat is being offered at \$158 per tonne on FoB basis.

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.

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.

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	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 159 MMT. 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
	11-Aug-16	4-Aug-16	11-Jul-16	10-May-16	10-Feb-16	10-Aug-15	
Sep-16	153.21	150.73	158.17	173.41	175.62	197.39	-22.38
Dec-16	160.46	160.28	166.43	180.21	180.94	208.96	-23.21
Mar-17	168.73	169.83	173.23	186.73	185.17	211.71	-20.30
May-17	173.32	174.79	177.64	190.22	187.74	211.62	-18.10
Jul-17	175.98	177.27	180.49	191.60	190.31	206.39	-14.73
Sep-17	181.31	182.05	184.25	194.72	194.35	203.91	-11.08

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. Trading range may be \$150 to 165 per tonne for this week.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		10-Aug-16	3-Aug-16	10-Jul-16	10-Aug-15	
USA (Chicago)	2srw	171.24	176.40	180.20	213.30	-19.72
France	FCW3	189.16	189.33	182.66	192.62	-1.80
Australia	ASW	211.00	209.00	221.00	244.00	-13.52
Russia	SRW	160.00	158.50	169.00	191.00	-16.23

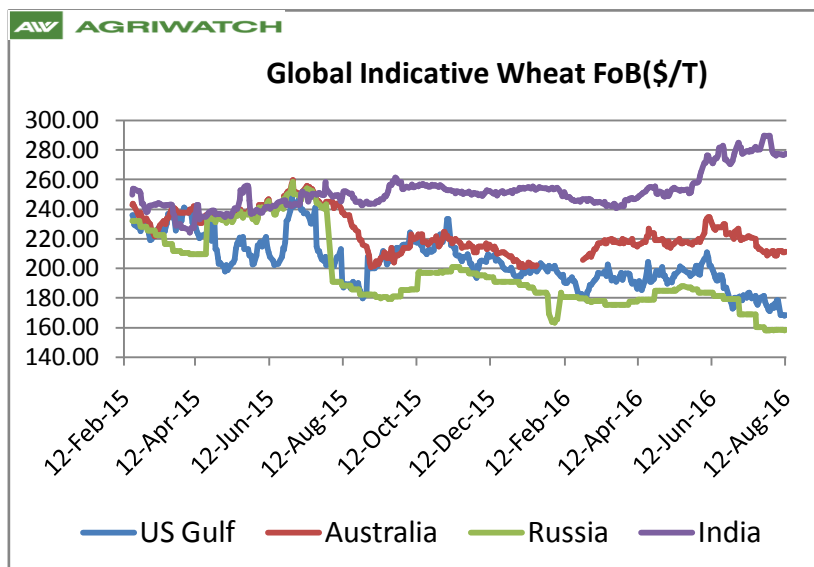
India	Fob	279.44	277.16	279.27	249.41	12.04
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International FOB Weekly Price Movement (USD/T)

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. Short term outlook remains stable to weak. However, crop loss in France and lower acreage in US may lend support to cash market to some extent. Overall outlook for global market seems weak. Uptrend is unlikely at this point of time.

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