

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price decreased by 0.50 percent to Rs 1783.52 per qtl. during the week ended 27th August-2016..Wheat average price was ruling at Rs 1792.59 per qtl in the fourth week of August-2015..All India average price is higher by 8.11 % in comparison to price (Rs 1649.59 per qtl.) registered in the fourth week of August, 2015. Overall trend in cash market is expected to remain steady to slightly weak as govt. may revise wheat import duty from 25% to 10 % in Sept.-2016.It would pressurize inner tone in the market.

Wheat import starts increasing now. India has imported 74,300 tonne wheat during week ended 21st Aug-2016.It had imported 60458 tonne wheat previous week. Wheat has been imported from Australia, France and Ukraine at an average CiF of \$240.3,\$202.95 &192.99 per tonne respectively..Wheat import in this marketing year till 21 Aug-2016 has reached at 215768 tonne. Out of total import Australia has contributed 69755 tonne, Ukraine's share has been 11703 tonne while France has offloaded 58100 tonne so far. Import flow is likely to continue in coming weeks. As per market sources around 12 lakh tonne import deals have been struck so far for delivery till October-2016.

India exported only 21370.44 tonne wheat in current marketing year till 21st Aug-2016 at an average FoB of \$325.52 per tonne. Export pace has been negligible due to higher domestic price and lower crop size. India exported only 538.43 tonne wheat during week ending 21st Aug at an average FoB of \$368.48 per tonne. It is 17.67 % higher than previous week. On an average India exports around 450 to 500 Tonne wheat per week, which is much lower than normal expectation. Export volume is likely to remain at lower level due to wide disparity.

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 74,300 tonne wheat from Australia and France landed at Tuticorin /Cochin port last week at CiF value of \$244.04 & \$202.95 per tonne. Indian millers have imported over 2.15 lakh tonne T wheat till 21st August-2016.Latest and the biggest volume is from Australia. Last four consignments were imported from Ukraine in July-2016. First consignment (25,000 T) of French wheat landed at Tuticorin last week at an average CiF of \$ 202.95 per tonne.

Rake loading from Rajasthan to Bangalore is being reported at 2030/2035per 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.

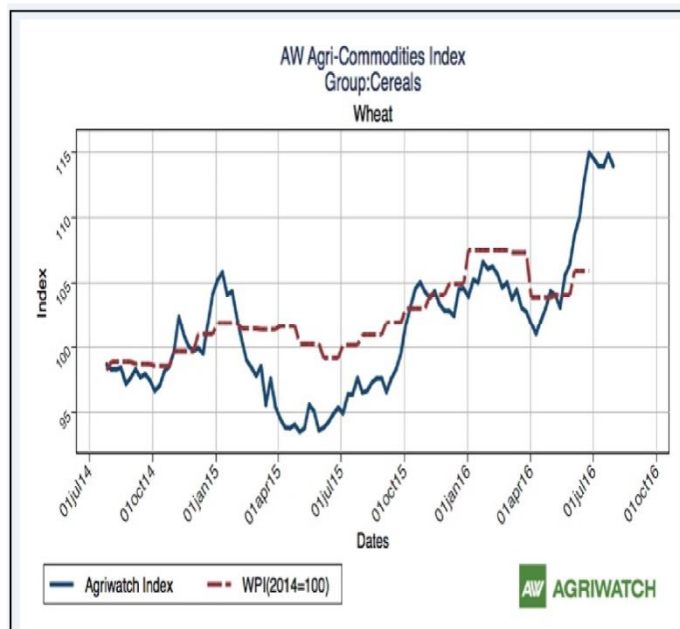
Outlook & Recommendation: -Wheat cash market is expected to trade steady to slightly weak in the first week of Sept.

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).

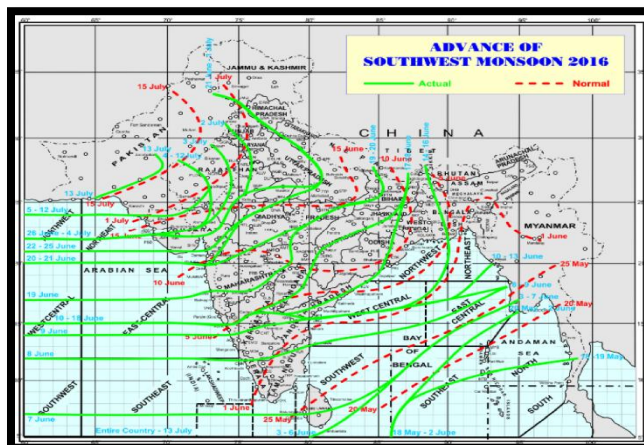
Six of the nine commodity group sub-Indices constituting the Index declined during the week. The declining sub-Indices and their values and weekly changes are as follows: Cereals Index: 107.67 (-0.70%), Pulses Index: 214.04 (-3.41%), Fibres Index: 112.75 (-3.58%), Edible Oils Index: 115.79 (-0.15%),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



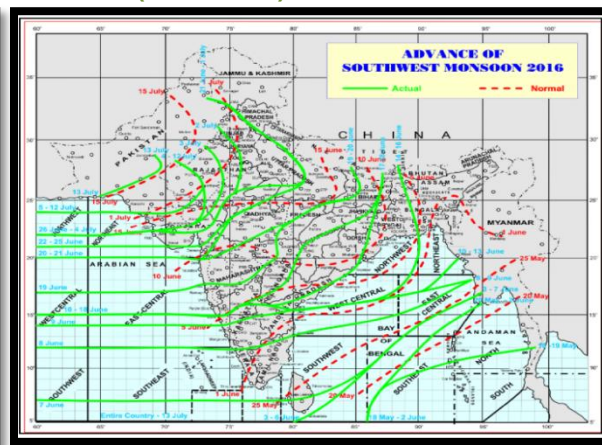
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 18.08.2016



This week (25.08.2016)

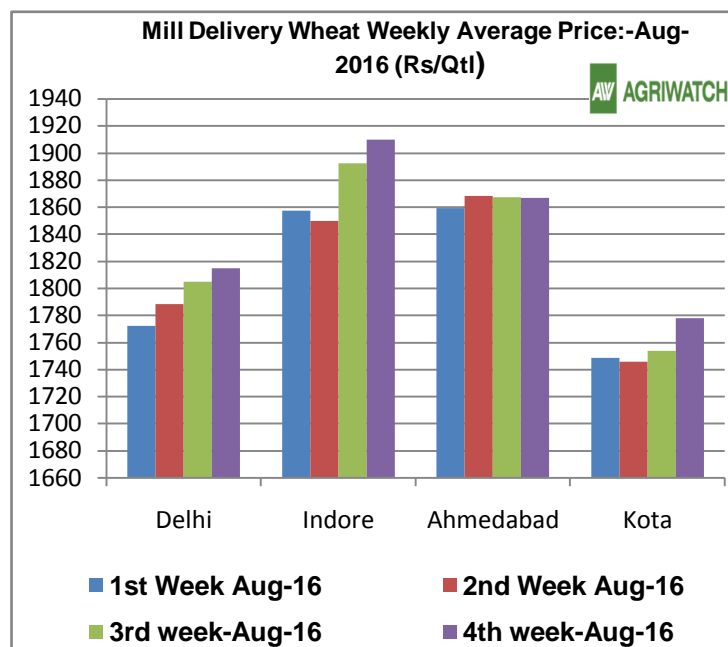


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighbourhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 up in major bench mark markets week on week basis during the review week except Ahmadabad. Pressure on wheat market may be seen as govt may revise wheat import duty from 25% to 10 % in Sept. South Indian demand for wheat may decrease with the commencement of import by south Indian millers and with current exercise of slashing duty. Market may trade steady to weak in coming month.

In Sasaram, Arah and Buxar major buyers are active and purchasing wheat at the rate of Rs 1750.1760 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 decreased slightly with weak sentiment in domestic market due to increasing possibility of duty revision in coming weeks. There is no takers at higher level. However, govt.'s intention to augment supply in domestic market from central pool stock too may restrict uptrend from current level.

Prices of wheat may stay steady to slightly weak at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus likely to hit market if import duty is slashed.

With increasing possibility of revision in duty structure there is much scope for weakness 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 538 tonnes of wheat during week ended 21st Aug-2016, up by 13 percent. Average FoB quote realized last week was \$368.43 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:

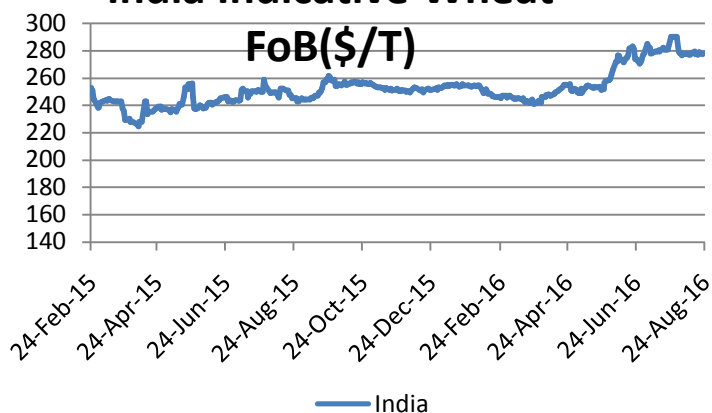
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Wheat import in this marketing year till 21 Aug-2016 has reached at 215768 tonne. Out of total import Australia has contributed 69755 tonne, Ukraine's share has been 11703 tonne while France has offloaded 58100 tonne so far. Import flow is likely to continue in coming weeks.

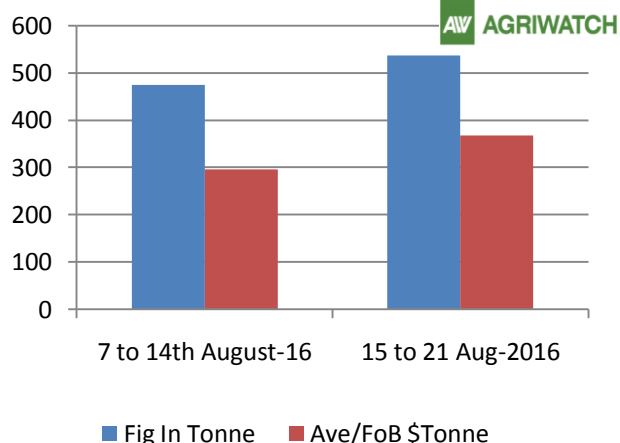
.Source: IBIS

AW AGRIWATCH

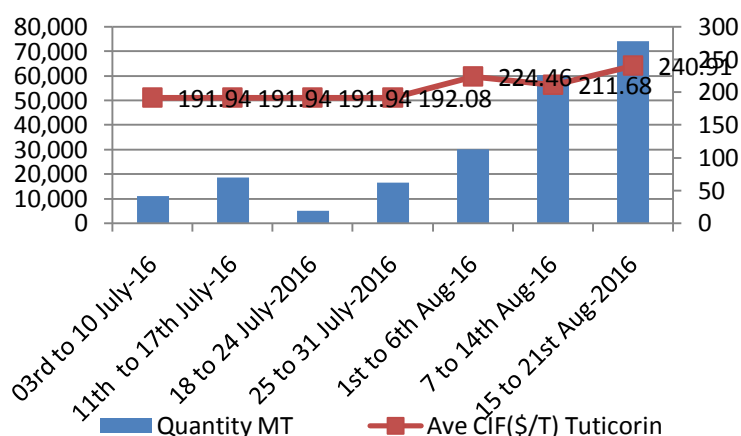
India Indicative Wheat FoB(\$/T)



Wheat Weekly Export Trend Aug-2016



Wheat Import Weekly Trend



Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		25-Aug-16	18-Aug-16	25-Jul-16	25-Aug-15	
USA (Chicago)	2srw	162.64	174.06	181.50	187.12	-13.08
France	FCW3	186.59	188.38	188.48	187.55	-0.51
Australia	ASW	200.00	210.00	211.00	225.00	-11.11
Russia	SRW	165.50	164.00	160.50	186.00	-11.02
India	Fob	277.82	277.03	278.85	NA	-

Wheat Futures Contract: NCDEX Price							Date:26.08.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Sep	-22	1744.00	1748.00	1704.00	1725.00	2600	-1340	19460	-845
16-Oct	-23	1772.00	1772.00	1730.00	1749.00	1650	450	3800	880
16-Nov									

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
	26-Aug-16	19-Aug-16	26-Jul-16	26-Aug-15	
Indore	1838	1839	1809	1552	18.43
Bareilly	-	-	-	-	-
Delhi	1810	1814	1775	1603	12.91
Khanna	-	-	-	-	-
Kanpur	1730	1695	1710	1495	15.72
Karnal	-	-	-	-	-
Rajkot	Closed	1794	1820	1525	-
Kota	1801	1778	1791	1545	16.57

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 Sep,2016

Wheat Weekly Research Report 29th, August-2016

Technical Commentary:

- Last candlestick depicts weakness in the market.
- RSI is steady in neutral zone.
- Prices closed below 9 and 18 days EMAs hints weak market.
- Decrease 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	Sept	1701	1709	1723	1748	1760
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	Sell Below	1737	1710	1702	1746

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly weak in first week of August. Release from central pool stock and likely revision in import duty may pressurize market fundamental. Continuous import may restrict south Indian miller's demand to some extent. Cash market may trade down from current level as demand from south India would decrease. Release from private stock may increase.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			26-Aug-16	24-Aug-16	19-Aug-16	26-Jul-16	26-Aug-15
Delhi	Lawrence Road	Mill Delivery	1800	1810	1810	1765	1595
	Narella	Mill Quality Loose	1725	Closed	1720	1675	NA
	Nazafgarh	Mill Quality Loose	1715	Closed	1710	1675	NA
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1725	1735	NA
	Ahmedabad	Mill Delivery	Closed	Closed	1870	1880	NA
	Surat	Mill Quality Loose	Closed	Closed	1900	1915	NA
	Dhrol	Mill Delivery	Closed	Closed	1995	2195	NA

M.P.	Indore	Mill Quality Loose	1750	1750	1800	1750	1525
	Bhopal	Mill Delivery	1800	1800	1700	1700	1500
Rajasthan	Kota	Mill Quality Loose	1700	1700	1700	1660	1410
		Mill Delivery	1785	1785	1750	1750	1500
U.P.	Kanpur	Mill Delivery	1715	1715	1725	1760	NA
	Mathura	Mill Quality Loose	1625	1610	1610	1610	1415
	Kosi	Mill Quality Loose	1645	1650	1655	1610	1435
	Hathras	Mill Quality Loose	1650	NR	1630	1560	1415
	Aligarh	Mill Quality Loose	1660	1650	1600	1600	NA
Punjab	Khanna	Mill Quality Loose	1650	1650	1630	1610	1520
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1660	1660	1660	1662	1505
	Hodal	Mill Delivery	1810	1810	1795	1770	1580
	Bhiwani	Mill Quality Loose	1710	1700	1670	1680	1500
	Karnal	Mill Quality Loose	1655	1655	1655	1660	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2060	2060	2050	2050	1700
	Madurai	Mill Quality	2117	2117	2107	2107	1757
	Coimbatore	Mill Quality	2117	2117	2107	2107	1757
Bihar	Khagariya	Mill Delivery	1750	1750	1700	1725	1600
	Muzaffarpur	Mill Delivery	1750	1750	1750	1760	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:

Lower than expected wheat production in France is unlikely to drag down global wheat stock as short fall is likely to be compensated by higher production in US and former Soviet states. IGC too has increased its grains stock forecast for 2016-17 by 0.8% to 492MMT. Better yield prospects in Black Sea Region and higher maize production in US would increase global grains stock and restrict any possibility of unexpected firmness. Sufficient availability and competitive prices are seen encouraging feed demand.

With drying supply from India and higher local price flour millers in B, desh have started sourcing wheat from Black Sea Region. Millers have booked around 8 lakh tonne wheat for delivery from August to October-2016. It is higher by around 6 lakh tonne in corresponding period last year. Buyers have paid \$155 to \$168 per tonne free on board for wheat having 10.5 % protein content. For milling grade wheat having 11.5 to 12.5 % protein content they have paid \$165 to \$180 per tonne on FoB basis. B, desh has booked 2 lakh tonne Canadian wheat too for delivery in same period.

This year Russia and Ukraine are expected to receive bumper wheat crop due to favorable weather and higher yield. Prices too are comparatively lower and it has attracted global buyers. Russia and Ukraine are likely to have crop size of 70 and 26 MMT respectively this year. Both countries have storage problem and they will remain aggressive sellers throughout the season.

Much of the Middle East and North African countries have heavily booked wheat shipments from the Black Sea region, taking advantage of competitive price. As France has lost 30 % of its wheat crop this year, its buyers turn to Russia and so Russian export volume are likely to touch a record.

As per latest update by Russian Agriculture Ministry it has proposed to reduce a floating export tax to zero until 1st July, 2017. It has affected traders' hope who had expected the ministry to propose cancelling altogether the tax mechanism, which is at a minimum level of 10 rubles (\$0.16) per ton now but could rise if the rouble currency declines. Vladimir Volik, the head of the ministry's regulation department says, It is not about cancelling the duties, it is about a zero duty, until July 1, 2017. "The duty formula is set at half of the customs price minus 6,500

rubles (\$102) per ton but not less than 10 rubles per ton. Wheat having 12.5 % protein content is being quoted at \$168 per tonne.

Wheat price in Ukraine has firmed up by \$7 per tonne to \$165 per tonne and is likely to move up by another \$3/4 per tonne in coming weeks. Increasing price would pose a greater challenge to sell 3rd grade wheat from Ukraine as Russia offers wheat at attractive price(\$161 per tonne).Russia will remain aggressive buyers as bumper crop has given it an edge over Ukraine. Current firmness in Black Sea region is due to crop loss in France.

Australia is heading towards a bumper wheat crop to be harvested in October. Experts have estimated around 27.2 MMT wheat crop in 2016-17.It has started affecting wheat FoB quote in Australia and it has touched \$206.5 per T for premium white wheat in western Australia. It is the lowest price after 2009.

France agriculture ministry has slashed its wheat output by 21% as heavy rains worsened the crops, sending yields to lowest level since 1986. All this has given an advantage to sellers in Russia, where prices have increased by \$2.5 per tonne from a week earlier to \$167 per tonne. Wheat for delivery in French port of Rouen with minimum 11% protein content increased by 0.6% to \$185.95 per tonne last week.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	28.07.2016	25.08.2016
Production	717	730	736	735	743
Trade	157	153	165	159	162
Consumptions	699	716	722	727	732
Carryover stocks	188	203	217	228	229
Y-O-Y change	19	14	15		12
Major Export	54	64	64	71	70

- IGC has revised wheat production projection up by 8MMT from 735 MMT to 743 MMT on 25th,Aug-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 743 MMT against 736 forecast for 2015-16. The difference is around 7 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 162 MMT. However it is 3MMT lower from actual of last year.
- Consumption has been pegged at 732MMT for 2016-17, up by 10MMT from last year.

- Carryout may increase from 228 to 229 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiment.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today 26-Aug-16	Week Ago 18-Aug-16	Month Ago 25-Jul-16	3 Month Ago 25-May-16	6 Month Ago 25-Feb-16	Year Ago 25-Aug-15	% Change over prev. year
Sep-16	147.42	156.88	157.61	175.34	173.78	191.23	-22.91
Dec-16	155.69	163.22	167.63	181.86	179.84	196.38	-20.72
Mar-17	164.14	169.92	177.64	188.20	184.62	200.05	-17.95
May-17	169.28	174.42	182.14	191.69	187.19	201.24	-15.88
Jul-17	172.68	177.45	184.71	193.71	189.12	198.49	-13.00
Sep-17	177.82	182.32	189.03	196.01	193.53	196.01	-9.28

1st Support: 141.00
2nd Support: 135.00
1st Resistant: 151.00
2nd Resistant: 160.00
(\$ per tonne)

Market is likely to move range bound as buyers may enter into the market at lower level. Upside movement is likely to continue

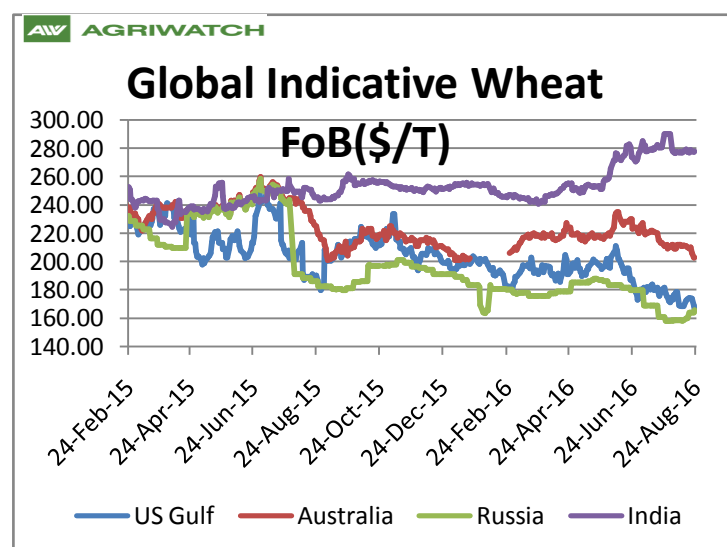


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering around \$277 to 278 per tonne.

US and Russian quotes are hovering in the range of \$165.5 to \$167 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$203 per tonne.

Wheat quotes may hover in the range of \$160 to \$200 due to excess supply in the global market in coming weeks. Australian quote may move down to \$185 per tonne once again.



International Weekly Outlook:

Global wheat market is expected to stay steady to slightly weak due to higher supply side despite crop loss in France. US, Russia and Australia have bumper crop expectation and it will easily compensate the loss seen in France Global wheat market which remains under pressure. Steady to weak market is likely in the short to medium term.

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