

Wheat Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Agriwatch Cereals Index
- ❖ Weather
- ❖ Weekly Price Change
- ❖ Stock
- ❖ Weekly Wheat Export & Import
- ❖ Future Chart
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

Wheat Domestic Market Fundamentals: -

All India average wheat price continued its descending trend and decreased by 1.37 percent to Rs 1796.12 per qtl. during the week ended 10th Sept-2016..Wheat average price was ruling at Rs 1668.14 per qtl in the first week of Sept-2015. All India average price is higher by 7.67 % in comparison to price (Rs 1668.14 per qtl.) registered in the first week of Sept, 2015. Overall trend in cash market is expected to remain steady to slightly weak as govt. may revise wheat import duty from 25% to 15 % in Sept.-2016.It would pressurize inner tone in the market. If duty is not revised, steady to firm sentiment may continue.

At import front situation seems to be turning in favor of south Indian millers despite 25% duty on import. Wheat from Black Sea region (Ukraine) is being offered at \$165 per tonne and with duty it is being landed at Tuticorin port at \$218.89 per tonne. At Cochin port it is being landed at \$249.15 per tonne ,sourced from Australia. In terms of INR it costs around Rs 15000 per tonne. India imported around 3.48 lakh tonne wheat from July to 4th Sept-2016 from Australia, Ukraine ,France and Luthuania. Import is likely to continue as prices in domestic market rules higher. If import duty is slashed, import volume may exceed 2MMT in current MY. It would impact south Indian millers demand from central and north India. Off-take from central pool would decrease.

At export front prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is over \$100/110 per tonne from Black Sea Region. Russia, Ukraine are offering wheat at \$165/166 per tonne on FoB basis while Indian FoB at Kandla port comes to \$277/78 per tonne. India exported only 28337 tonne wheat during week ended 4th Sept-2016 at an average FoB of \$342.13 per tonne. Total export in current MY till 4th Sept-2016 was registered around 22000 tonne. Export window remained restricted due to huge disparity. There is no hope for any recovery at export front.

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 : -

Indian FoB quote is hovering around \$277/78 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$165,\$166,\$178.25,\$146.02 and \$186 per tonne respectively. The latest consignments from Australia landed at Tuticorin (66655 T) and Cochin port(10,000T) at CiF of \$244.58 and \$249.15 per tonne. Around 7265 tonne wheat from ukraine landed atTuticorin port at an average Cif of \$193.21 per tonne. As supply in global market is higher, recovery is unlikely in the near to medium term.

Rake loading from Rajasthan to Bangalore is being reported at 2020/2015per 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 second week of Sept. If duty is maintained at current level market may move up from current level.

Trade Call: Stakeholders should trade in Sept. contract taking care of lower and upper price tag of Rs1720 &1750 respectively.

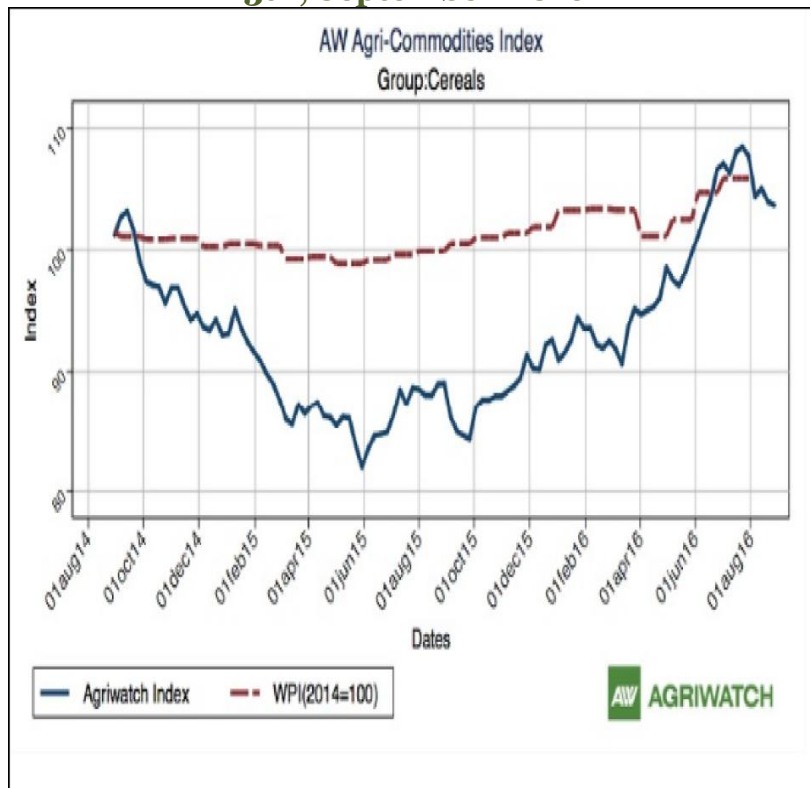
Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index fell 1.33% to 117.15 during the week ended August 27, 2016 from 118.73 during the previous week, led by sharply lower pulses prices. The base for the Index and all sub-Indices is 2014 (= 100).

Seven of the nine commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices that constitute the main Index declined during the week.

The commodity group sub-Index values and their weekly changes are as follows:

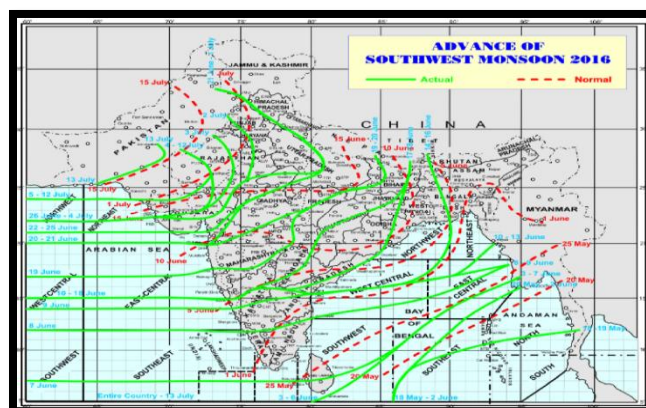
Cereals Index: 103.67 (-0.28%), Pulses Index: 184.36 (-5.90%), Sweeteners (Sugar, Gur, Khandsari) Index: 120.82 (-1.06%), Fibres Index: 114.14 (-0.44%), Oilseeds Index: 113.21 (-1.65%), Spices Index: 136.60 (-4.57%), Other Non-Food Articles Index: 85.95 (-7.95%), Vegetables Index: 79.35 (+3.01%) and Edible Oils Index: 120.41 (+0.19%).



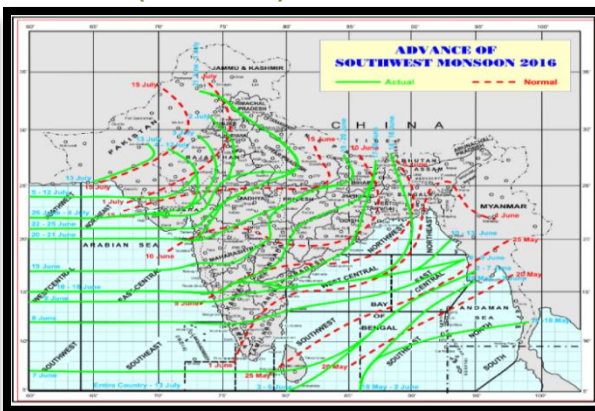
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 02.09.2016



This week(08.09.2016)

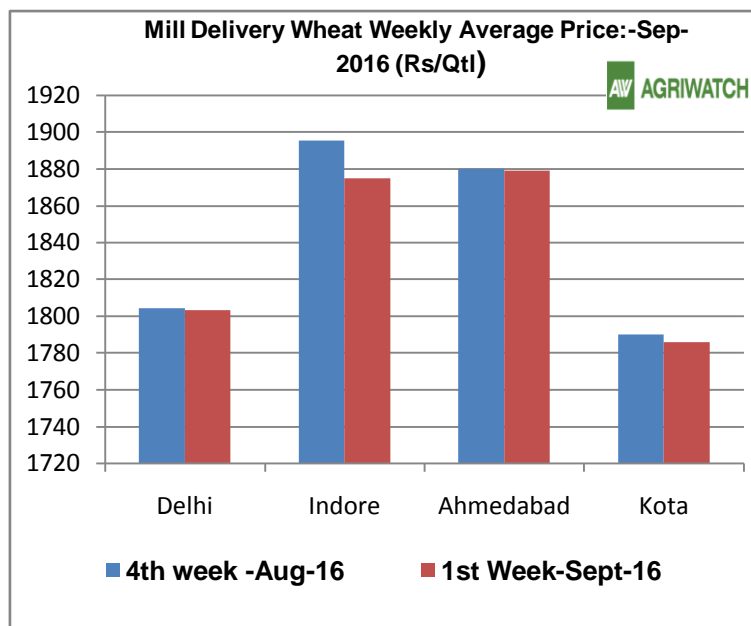


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighbourhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 down in major bench mark markets week on week basis during the review week. 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 1730.1745 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 283.37 tonnes of wheat during week ended 4th Sept-2016, down by 56 percent from previous week..Average FoB quote realized last week was \$342.13 per tonne.

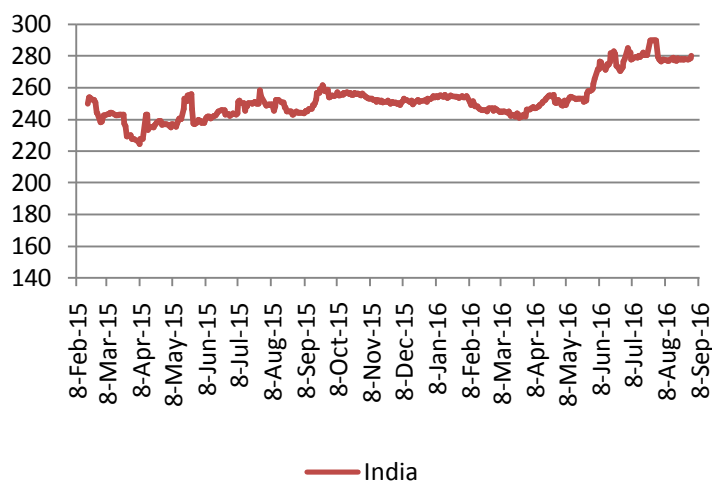
As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Kuwait, Sudan, Sri Lanka, Nepal and west Asian countries.

Wheat Import:

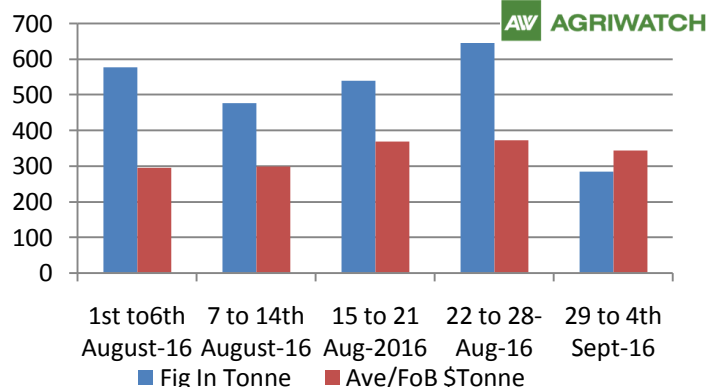
At import front situation seems to be turning in favor of south Indian millers despite 25% duty on import. Wheat from Black Sea region is being offered at \$165 per tonne and with duty it is being landed at Tuticorin port at \$228/29 per tonne. In terms of INR it costs around Rs 15000 per tonne. India imported 3.48 lakh tonne wheat till 4th Sept-2016. Import is likely to continue as prices in domestic market rules higher. If import duty is slashed, import volume may exceed 2MMT in current MY. It would impact south Indian millers demand from central and north India. Off-take from central pool would decrease.. **Source: IBIS**

AW AGRIWATCH

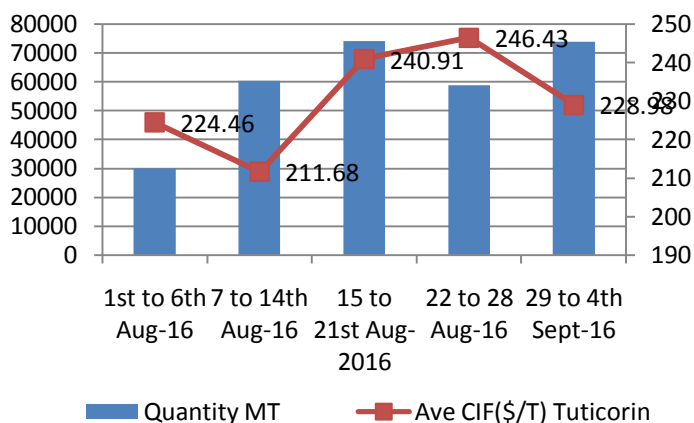
India Indicative Wheat FoB(\$/T)



Wheat Weekly Export Trend Aug-Sept-2016



Wheat Import Weekly Trend



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		7-Sep-16	31-Aug-16	7-Aug-16	7-Sep-15	
USA (Chicago)	2srw	184.70	146.02	168.68	NA	-
France	FCW3	180.08	178.25	187.81	169.12	6.48
Australia	ASW	193.00	186.00	212.00	201.00	-3.98
Russia	SRW	164.00	165.00	158.50	182.50	-10.14
India	Fob	282.55	278.44	277.20	NA	-

Wheat Futures Contract: NCDEX Price

Date: 12.09.2016

Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Sep	-5	1720.00	1732.00	1713.00	1720.00	1670	-2125	3880	-1245
16-Oct	00	1725.00	1748.00	1721.00	1725.00	5690	600	15780	2040
16-Nov	0.0	1770.00	1770.00	1770.00	1770.00	10	0	50	0

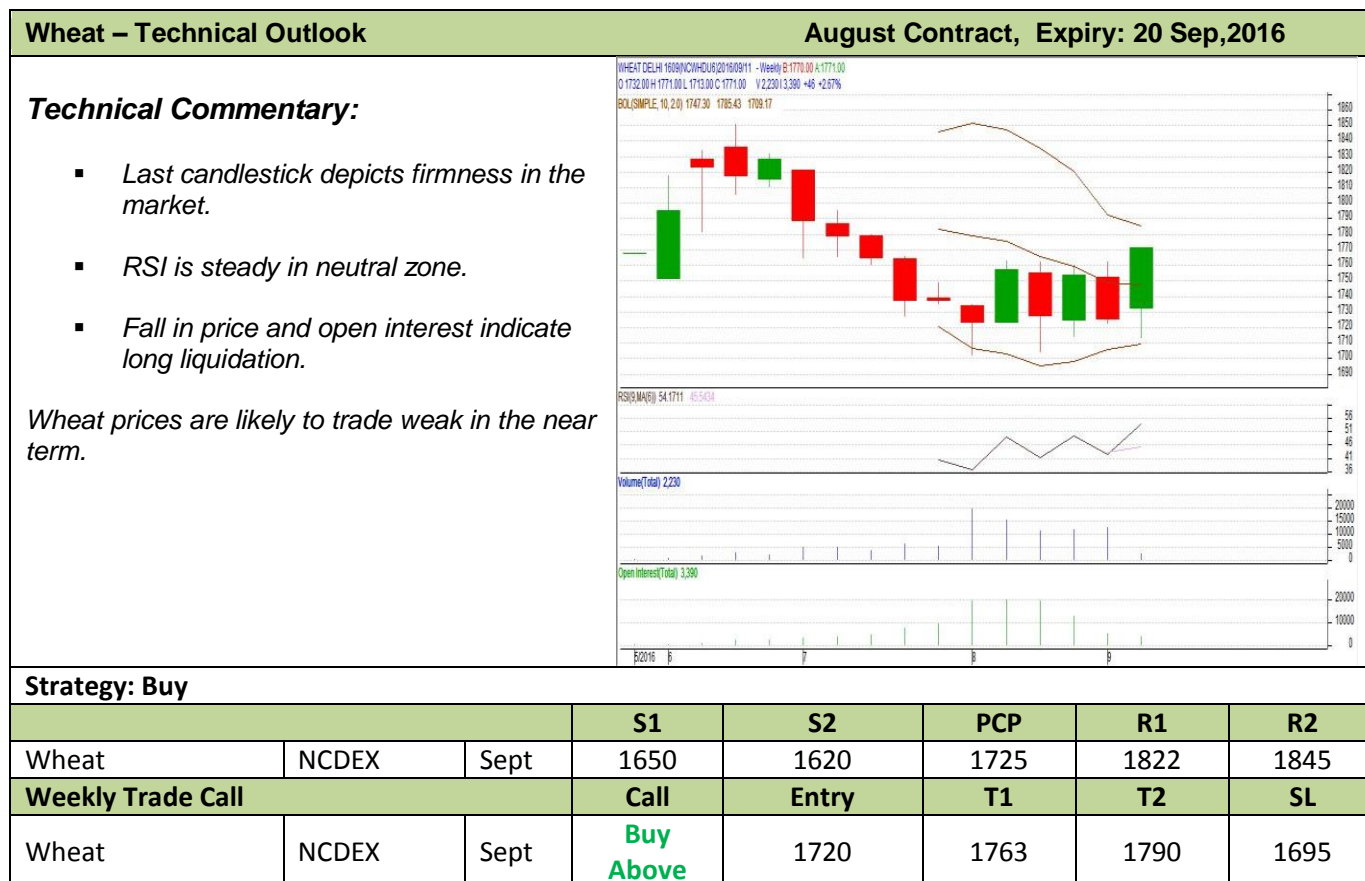
Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	8-Sep-16	1-Sep-16	8-Aug-16	8-Sep-15	
Indore	1816	1827	1800	1547	17.39
Bareilly	-	-	-	-	-
Delhi	1810	1812	1782	1630	11.04
Khanna	-	-	-	-	-
Kanpur	1718	1723	1703	1500	14.53
Karnal	-	-	-	-	-
Rajkot	1823	1810	1775	1533	18.92
Kota	1786	1804	1788	1564	14.19

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Wheat Technical Analysis:



Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly weak in Second week of Sept. 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. Revision in duty may decide future course of price direction in cash market.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			8-Sep-16	7-Sep-16	1-Sep-16	8-Aug-16	8-Sep-15
Delhi	Lawrence Road	Mill Delivery	1800	1800	1800	1790	1625
	Narella	Mill Quality Loose	1725	Closed	1735	1680	1560
	Nazafgarh	Mill Quality Loose	1700	Closed	NA	1680	1540
Gujarat	Rajkot	Mill Delivery	1680	1740	1750	1685	1435

	Ahmedabad	Mill Delivery	1870	1875	1880	1860	1600
	Surat	Mill Quality Loose	1910	1920	1920	1890	1650
	Dhrol	Mill Delivery	NR	1950	NR	1930	NA
M.P.	Indore	Mill Quality Loose	1750	1750	Closed	1740	1500
	Bhopal	Mill Delivery	1760	1750	Closed	1700	1450
Rajasthan	Kota	Mill Quality Loose	1680	1680	Closed	1650	1470
		Mill Delivery	1760	1770	Closed	1750	1550
U.P.	Kanpur	Mill Delivery	1725	1745	1715	1735	1550
	Mathura	Mill Quality Loose	1640	1650	1630	1615	1470
	Kosi	Mill Quality Loose	1670	1680	1655	1640	1460
	Hathras	Mill Quality Loose	1640	1640	1650	1625	1450
	Aligarh	Mill Quality Loose	1600	1610	1610	1585	1450
Punjab	Khanna	Mill Quality Loose	1625	1630	1630	1610	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1665	1665	1670	1650	1505
	Hodal	Mill Delivery	1815	1815	NR	1755	1630
	Bhiwani	Mill Quality Loose	1710	1710	1700	1665	1500
	Karnal	Mill Quality Loose	1665	1665	1670	1650	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	Closed	2050	1760
	Madurai	Mill Quality	2107	2107	Closed	2107	1817
	Coimbatore	Mill Quality	2107	2107	Closed	2107	1817
Bihar	Khagariya	Mill Delivery	1700	1750	1750	1750	1650
	Muzaffarpur	Mill Delivery	1800	1800	1800	1725	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!
Telangana				#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

Wheat Import At Various Port:

Wheat Import(22 to 28Aug-2016)					
Source	Quantity/T	Ave CiF \$/T	Port	Quantity/Ton	CiF at particular port
Australia	28000	247.53	Tuticorin	28000	245.9
Australia	20000	249.15	Cochin	20000	249.15
Luthuania	10874.2	242.07	JNPT	10874.2	242.07
Total	58874.2	246.25		58874.2	

Wheat Import 29Aug to 4th Sept-2016			
Source	Quantity/T	Port	Ave CiF/\$T
Australia	56655	Tuticorin	244.58
Ukraine	7264.925	Tuticorin	193.21
Australia	10,000	Cochin sea	249.15
Total	73919.925		228.98

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 than 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 735MMT to 743MMT 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 162MMT. 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 7-Sep-16	Week Ago 31-Aug-16	Month Ago 7-Aug-16	3 Month Ago 7-Jun-16	6 Month Ago 7-Mar-16	Year Ago 7-Sep-15	% Change over prev. year
Sep-16	137.87	132.63	153.21	190.77	175.89	184.16	-25.14
Dec-16	147.97	142.64	161.20	197.66	181.22	188.94	-21.68
Mar-17	155.13	150.73	168.91	204.27	186.09	192.33	-19.34
May-17	159.64	155.87	173.23	208.22	189.49	192.79	-17.20
Jul-17	164.04	159.54	175.80	210.98	191.60	190.04	-13.68
Sep-17	169.74	165.88	181.22	213.09	195.36	188.84	-10.12

1st Support: 156.00
2nd Support: 149.00
1st Resistant: 160.00
2nd Resistant: 174.00
(\$ 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



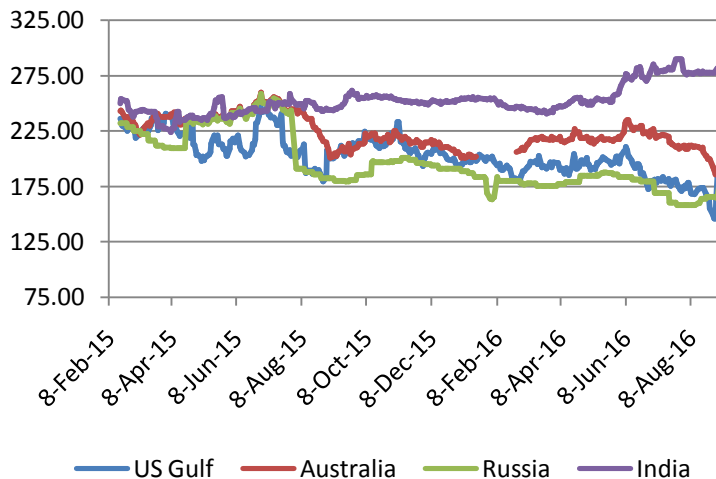
International FOB Weekly Price Movement (USD/T)

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 \$193 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 \$180 per tonne once again.

Global Wheat Indicative FoB(\$/Tonne)



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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