

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

Government has reduced import duty on wheat, Crude palm oil and refined vegetable oils in order to curb food inflation. The import duty on wheat has been reduced from 25 percent to 10 percent. Traders were expecting a reduction in import duty to make imports cheaper and ease the pressure on domestic market. Private traders have already imported around 600000 tonnes in the current marketing year.

All India weekly average prices increased by 4.96 percent to Rs. 1864.73 per quintal during the week ended 23rd September 2016. Wheat average price were ruling at Rs 1776.54 per quintal during 09-15th September 2015. As compared to prices in the week 16-23rd September 2015, the prices are firm by 12.53 percent. 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. As import duty has been revised steady to weak sentiments are expected in coming weeks.

According to IBIS (provisional data), export of wheat has decreased compared to last week. In the week (12-18 September) the exports were around 277 metric tonnes compared to 372 metric tonnes in the week (05-11 September). The said quantity was exported at an average FOB of \$ 378.22 per tonne while Indian FoB at Kandla port is coming around \$278 per tonne and the major destinations were UAE, Somalia, Malaysia and Sri Lanka. Total export in current MY till 18th Sept-2016 was registered around 22950 tonne. Export window remained restricted due to disparity.

India imported around 101000 tonne wheat from Australia, Ukraine, France and Lithuania last week till 18th Sept-2016 at an average CiF of \$236.64 per tonne. Around 6550 tonne has been imported from Ukraine at an average CiF of \$192.97 per tonne. Around 82100 tonne of Australian wheat has landed at Tuticorin port at an average CiF of \$243.83 per tonne. Total import in current marketing year has crossed 5.9 lakh tonne. As import duty is slashed by the government, exports are expected to increase further.

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 93.50 MMT.

Latest Developments In Domestic Markets : -

Indian FoB quote is hovering around \$281 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$161, \$162, \$181.2, \$186 and \$198 per tonne respectively. Around 82108 tonnes of wheat have been imported from Australia Tuticorin (CIF \$2413.95 per tonne) port. Furthermore around 4550 tonnes and 2000 tonnes of wheat have been imported from Ukraine at Chennai (CIF \$193.06 per tonne) and Tuticorin (CIF \$192.78 per tonne) port respectively.

Rake loading from Rajasthan to Bangalore is being reported at 2020/2015 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.

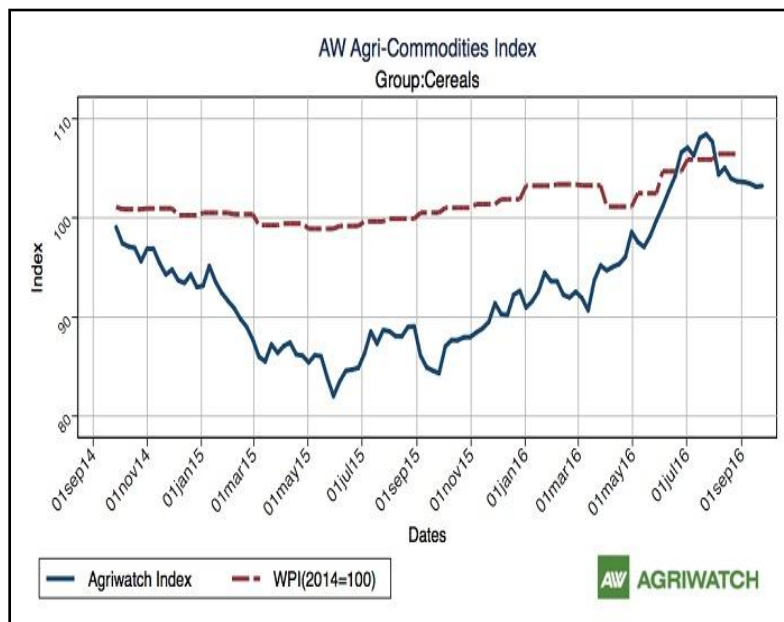
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in Oct. contract taking care of lower and upper price tag of Rs 1700 & 1770 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index gained 0.78% to 116.13 during the week ended Sept 24, 2016 from 115.24 during the previous week as pulses recovered from their recent sharp fall. The base for the Index and all sub-Indices is 2014 (= 100).

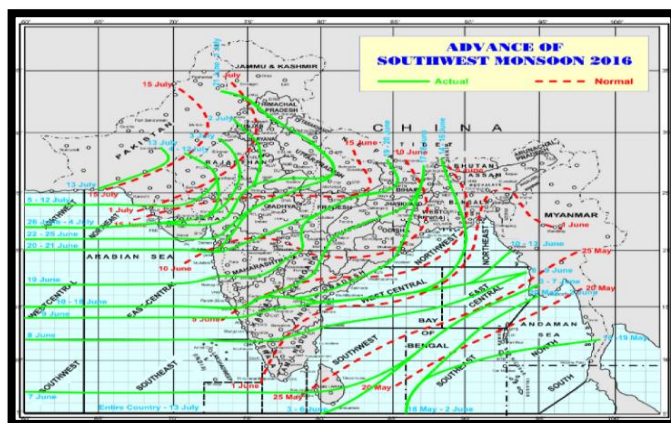
Four of the nine commodity group sub-Indices and 16 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week. The gaining commodity group sub-Index values and their weekly changes are as follows: Cereals: 103.21 (+0.07%), Pulses: 207.57 (+7.91%), Spices: 137.04 (+2.14%) and Other Non-Food Articles: 75.86 (+1.53%). The declining sub-Indices were: Vegetables: 65.47 (-0.26%), Edible Oils: 115.21 (-0.73%), Oilseeds: 109.68 (-0.12%), Sweeteners (Sugar, Gur & Khandsari): 122.55 (-0.22%) and Fibres: 102.12 (-1.46%).



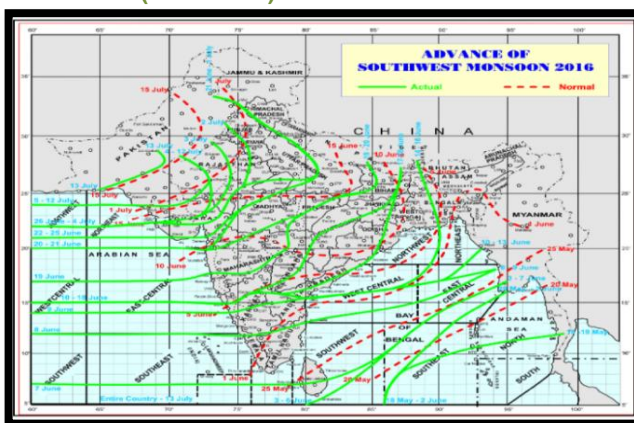
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

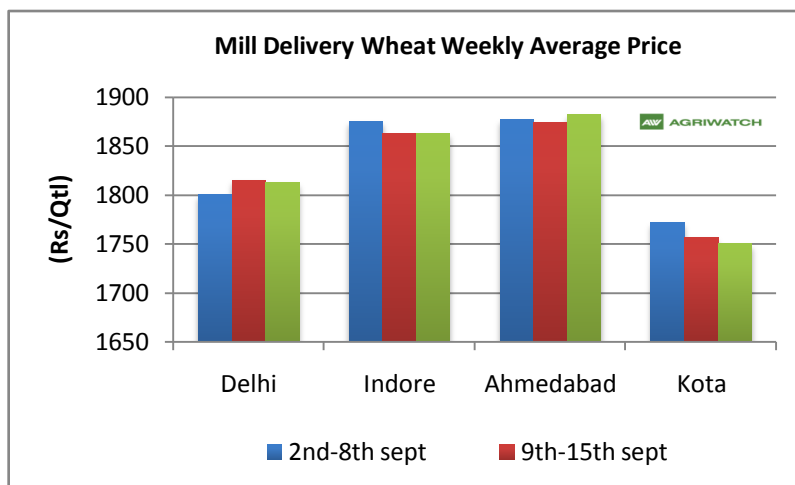


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 east central Bay of Bengal and extends up to 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 weak in Delhi and Kota and firm in Indore and Ahmedabad during 16-22 September.

Pressure on wheat market may be seen as government has revised wheat import duty from 25% to 10%. With import duty being revised down, South Indian demand for wheat may decrease with the commencement of import by south Indian millers. Market may trade steady to weak in coming month.



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 sentiment in domestic market last week. There are 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 as import duty is slashed by the government. With revision of 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.

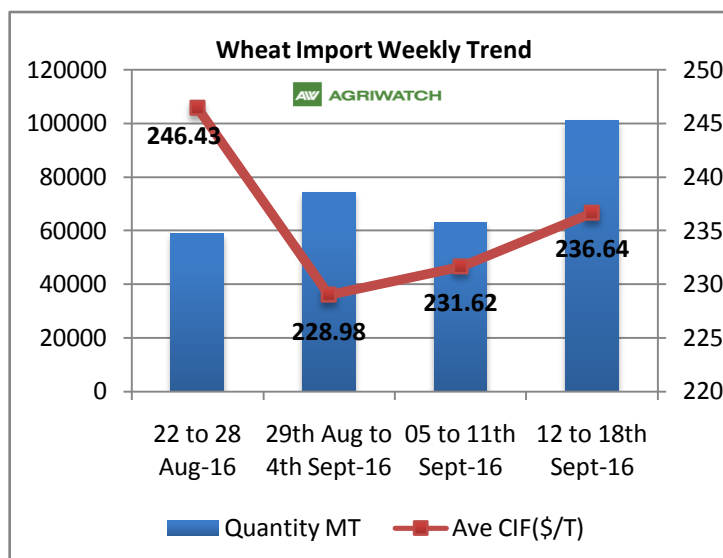
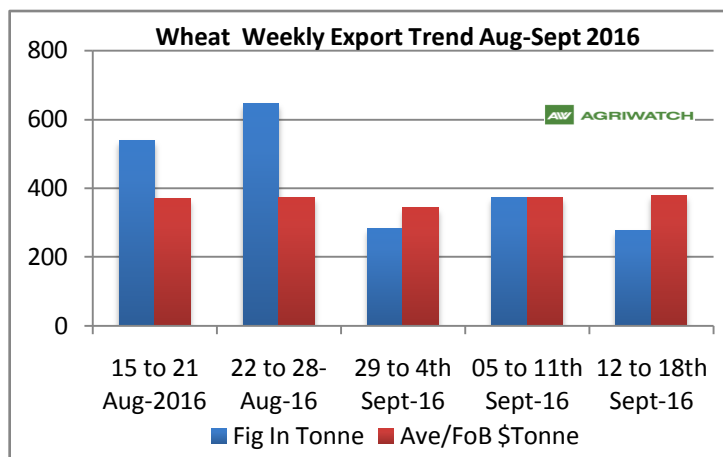
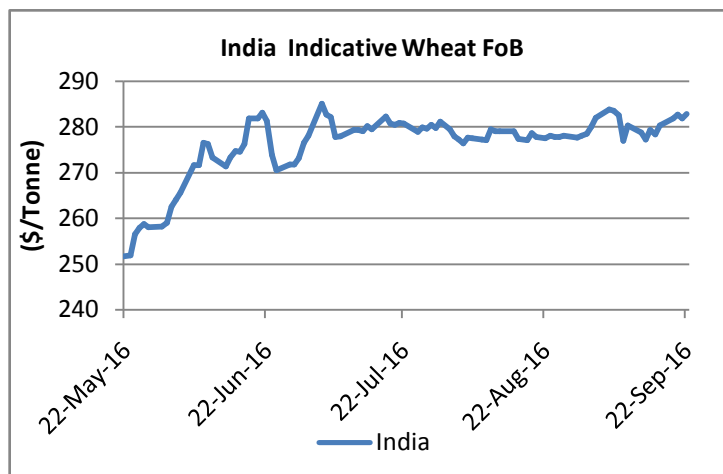
India exported 277.23 tonnes of wheat during week ended 18th Sept-2016, down by 25.64 percent from previous week. Average FoB quote realized last week was \$378.22 per tonne.

As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were UAE, Somalia, Malaysia, and Sri Lanka.

Wheat Import:

According to latest update, a total quantity of 101055.06 tonnes of wheat has been imported from Australia and Ukraine despite 25% import duty. Of the total quantity imported 82108 tonnes is from Australia and rest is from France, Ukraine and Lithuania.

Wheat from Ukraine is being offered at \$193.06 per tonne CiF Chennai and at \$192.78 per tonne CiF Tuticorin. At Tuticorin port, wheat from Australia is coming at \$ 243.95 per tonne CiF. Import is likely to continue as prices in domestic market rules higher. As import duty has been slashed, import volume may exceed 2MMT in current MY. It would impact demand of south Indian millers from central and north India. Off-take from central pool may decrease. (Source: IBIS)



Indicative FOB Quotes:						
Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		21-Sep-16	14-Sep-16	20-Aug-16	21-Sep-15	
USA (Chicago)	2srw	188.39	184.80	173.87	208.29	-9.55
France	FCW3	181.55	179.69	188.01	178.91	1.47
Australia	ASW	198.00	196.00	206.00	214.00	-7.48
Russia	SRW	160.00	162.00	164.00	179.50	-10.86
India	Fob	281.84	279.27	277.82	256.57	9.85

Wheat Futures Contact: NCDEX Price								Date:23.09.2016	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	OI	Change From previous day
16-Sep	+3	1751	1752	1745	1750	750	-150	13490	-580
16-Oct	+3	1765	1765	1761	1761	20	-70	930	0
16-Nov	-	-	-	-	-	10	-	50	-

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
	22-Sep-16	15-Sep-16	22-Aug-16	22-Sep-15	
Indore	1825	1819	1853	1556	17.29
Bareilly	-	-	-	-	-
Delhi	1820	1822	1823	1669	9.05
Khanna	-	-	-	-	-
Kanpur	1713	1773	1705	1510	13.44
Karnal	-	-	-	-	-
Rajkot	1820	1828	Closed	1559	16.74
Kota	1774	1791	1795	1578	12.42

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

Wheat Technical Analysis:

Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving sideways in neutral region.
- Last candlestick donates bearishness in the market.
- Traders are advised to go short on wheat for this week.

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	Oct	1705	1700	1751	1763	1770
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Oct	Sell Below	1740	1725	1715	1749

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly weak in the coming week. Release from central pool stock and 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	Yesterday	Week Ago	Month Ago	Year Ago
			22-Sep-16	21-Sep-16	15-Sep-16	22-Aug-16	22-Sep-15
Delhi	Lawrence Road	Mill Delivery	1820	1810	1815	1820	1670
	Narella	Mill Quality Loose	1770	Closed	1740	1760	1590
	Nazafgarh	Mill Quality Loose	1720	Closed	1720	1721	1595
Gujarat	Rajkot	Mill Delivery	1740	1740	1735	Closed	1510
	Ahmedabad	Mill Delivery	1880	1890	1880	1870	1615
	Surat	Mill Quality Loose	1915	1925	1915	1900	1670
	Dhrol	Mill Delivery	1935	1970	1875	Closed	1550
M.P.	Indore	Mill Quality Loose	1750	1750	Closed	1800	1550
	Bhopal	Mill Delivery	1750	1750	Closed	1750	1460
Rajasthan	Kota	Mill Quality Loose	1670	1670	Closed	1700	1480
		Mill Delivery	1750	1750	Closed	1785	1550
U.P.	Kanpur	Mill Delivery	1735	1735	1750	1725	1525
	Mathura	Mill Quality Loose	1640	1630	1630	1620	1500
	Kosi	Mill Quality Loose	1660	1655	1660	1645	1490
	Hathras	Mill Quality Loose	NA	1680	1665	NR	NA
	Aligarh	Mill Quality Loose	1650	1670	1630	1650	1480
Punjab	Khanna	Mill Quality Loose	1585	1650	1620	1620	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1655	1655	1665	1665	1500
	Hodal	Mill Delivery	1800	1800	1800	1785	1670
	Bhiwani	Mill Quality Loose	1725	1725	1725	1675	1550

	Karnal	Mill Quality Loose	1700	1700	1680	1655	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2075	2075	Closed	2060	1775
	Madurai	Mill Quality	2132	2132	Closed	2117	1832
	Coimbatore	Mill Quality	2132	2132	Closed	2117	1832
Bihar	Khagariya	Mill Delivery	1750	1750	1700	1750	1650
	Muzaffarpur	Mill Delivery	1825	1825	1850	1750	NA

Progressive Sowing Status till 28th Jan-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	Normal	2015	2014	% change
Andhra Pradesh	0.088	-	-	-
Arunachal Pradesh	0.034	-	-	-
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	-	-	-
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	-	-	-	-
Madhya Pradesh	48.372	51.84	58.44	-11.29
Maharashtra	10.202	6.19	8.59	-27.94
Manipur	0.024	-	-	-
Meghalaya	0.004	-	-	-
Mizoram	-	-	-	-
Nagaland	0.029	-	-	-
Odisha	0.024	-	-	-
Punjab	35.168	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
Sikkim	-	-	-	-
Tamil Nadu	-	-	-	-
Telengana	-	-	-	-
Tripura	0.004	-	-	-
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	-	-	-	-
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 Ports:

Wheat Import 12 th Sept to 18 th Sept-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	82108	243.95
France	Tuticorin	11310	222.73
Lithuania	JNPT	1088	243.69
Ukraine	Chennai	4550	193.06
	Tuticorin	2000	192.78
Total		101055	

Wheat Import 05 th Sept to 11 th Sept-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Cochin	17702.35	248.53
	Tuticorin	21192	241.19
Ukraine	Chennai	22000	188.51
	Tuticorin	2000	192.78
Total		62894.35	

Wheat Import 29 th Aug to 4 th 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:

Russia has decided to revise its wheat export duty to zero in order to reduce risks for traders arising from volatility in rouble currency and to make forward contracts more attractive. Russia's largest foreign buyer of wheat from 1-12 September was Bangladesh with 244800 tonnes. Egypt is usually the largest buyer of Russian wheat was at third place due to its zero-tolerance ergot policy which has been changed to 0.05 percent since September 22. The volume will depend on whether traders will be able to export 373000 tonnes of wheat to Egypt that has been bought but not yet accepted due to change in its zero-tolerance ergot policy.

GASC has purchased 240000 tonnes of Russian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$189/tonne, union offered three cargoes each of 60000 tonnes at FOB \$ 178.78/tonne, Olam offered 60000 tonnes at FOB \$187.79/tonne and Aston offered 60000 tonnes at FOB \$179/tonne. Earlier suppliers were reluctant in making offers as they were afraid whether import authorities will tolerate negligible level of ergot or not in their cargoes.

Egypt has imported around 11 million tonnes of wheat in the marketing year 2015-16 making it the largest importer of wheat in the world. Egypt has changed its zero tolerance policy towards ergot. Now 0.05 percent ergot is allowed in wheat shipments although shipments of around 540000 tonnes have been suspended as last month months ban has been applied to all outstanding contracts.

France has harvested one of its worst wheat crops on account of heavy rainfall in late May to mid June as well as low sunshine during the crop's growth period. This year France's area is up by 1.3% (5.23million hectares) whereas production and yield are down by 30% (28.47 million tonnes) and 31% (5.45 tonnes per hectare) respectively compared to last year.

With drying supply from India and higher local price flour millers in Bangladesh 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. Bangladesh 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.

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	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	21-Sep-16	14-Sep-16	21-Aug-16	21-Jun-16	21-Mar-16	21-Sep-15	
Dec-16	149.16	147.33	163.40	186.46	182.69	196.38	-24.04
Mar-17	156.79	154.95	170.47	193.71	187.37	200.14	-21.66
May-17	161.66	160.37	175.34	198.12	190.41	199.68	-19.04
Jul-17	165.15	164.04	178.37	201.06	191.87	192.89	-14.38
Sep-17	170.38	169.00	183.33	203.72	195.27	192.89	-11.67
Dec-17	177.36	175.89	190.22	208.41	200.42	198.76	-10.77

CBOT-Dec 16

1st Support; 142.00
2nd Support: 140.00
1st Resistant: 152.00
2nd Resistant: 155.00
(\$ 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

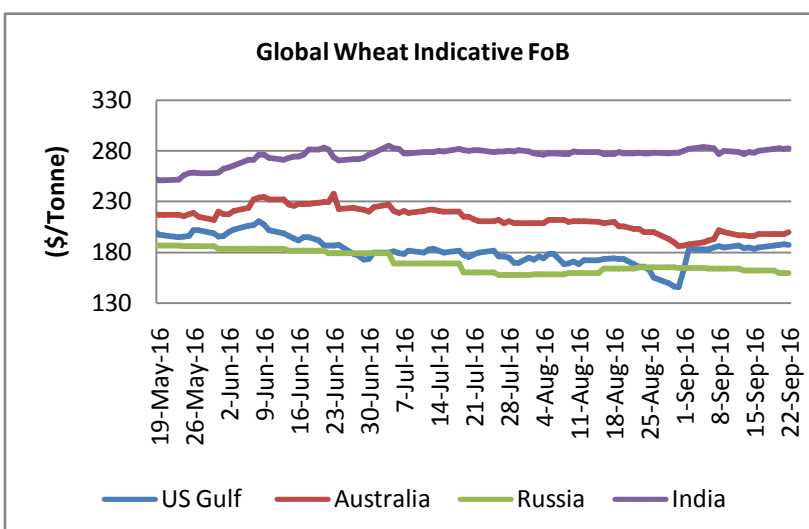


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$278 to 282 per tonne.

US and Russian quotes are hovering in the range of \$186 and \$161 per tonne respectively. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$198 per tonne.

Wheat quotes may hover in the range of \$160 to \$205 due to excess supply in the global market in coming weeks.



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. Steady to weak market is likely in the short to medium term.

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