

01 July 2015

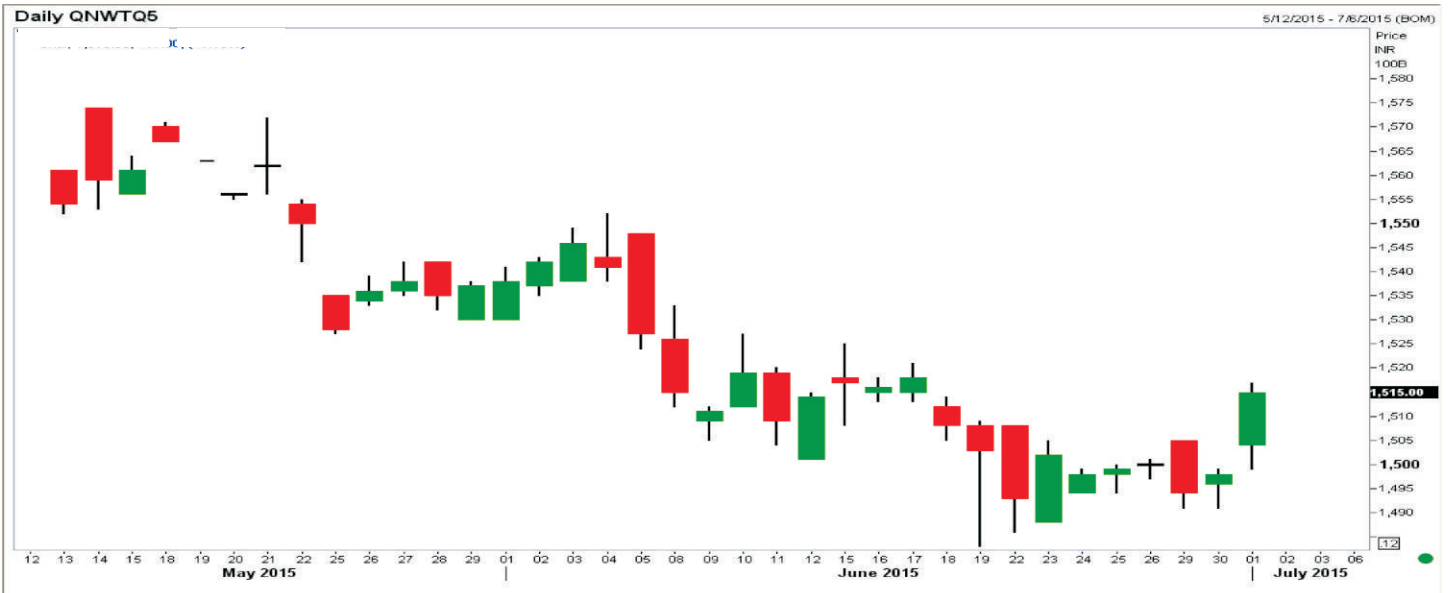
**TECHNO FUNDA REPORT ON**  
**Wheat futures**  
**August**



**Presented by:**  
**Subhranil Dey**

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## TECHNO FUNDA REPORT ON WHEAT FUTURES (AUGUST) – BUY



Source: Reuters

**Recommendation:** Investors are advised to take fundamental positional BUY position in Wheat futures (August) at current market price for the target of 1595 in long-term, with a closing stop loss below 1465 levels.

### Note:

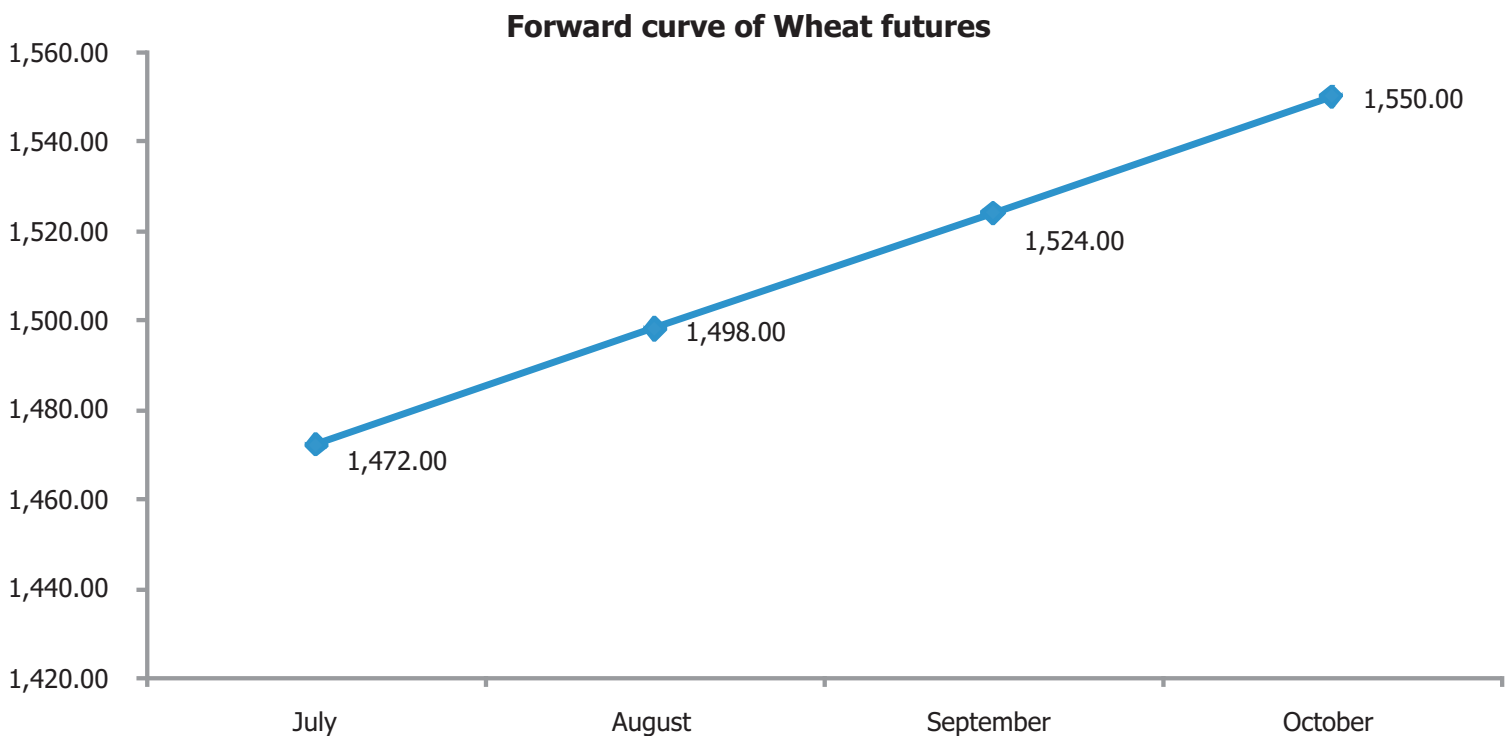
- These long term fundamental calls are for duration of one to three weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

### Fundamental

- The government is considering imposing 10 per cent import duty on wheat to curb shipments and liquidate poor quality grains lying in FCI godowns.
- After procuring over 27.6 million tonne of grain since April, which is marginally lower than 28 million tonne purchased last year, the Food Corporation of India (FCI) has wound up wheat procurement campaign in major growing states for the marketing season 2015-16. The central agency had set a procurement goal of 30 million tonne.
- This season there was an expectation of lower procurement by the state agencies after unseasonal rains in March had a negative effect on the quality of crop in states like Haryana, Uttar Pradesh, Gujarat and Madhya Pradesh.
- India has exported 3624.07 tonne wheat in the third week of June till 21th. at an ave FOB price of \$273.88 per tonne. During the same period wheat import was registered at 5745.03 tonne at an Ave CIF of \$295.85 per tonne.
- IGC has revised global wheat production estimate down by 4 million tonne to 711 MMT for 2015-16. The main reason for downward revision is mainly attributed to lower production in India (from 91 to 89 MMT now), Australia (from 27 to 25.5 MMT) and EU (from 150 to 148.5 MMT).

Attribute	2014/2015	2015/2016	% Change
Area Harvested (1000 HA)	31,530	30,600	-2.95%
Beginning Stocks (1000 MT)	17,830	16,500	-7.46%
Production (1000 MT)	95,850	90,000	-6.10%
MY Imports (1000 MT)	52	500	861.54%
TY Imports (1000 MT)	125	500	300.00%
Total Supply (1000 MT)	113,732	107,000	-5.92%
MY Exports (1000 MT)	3,402	500	-85.30%
TY Exports (1000 MT)	1,550	500	-67.74%
Feed and Residual (1000 MT)	4,500	4,800	6.67%
FSI Consumption (1000 MT)	89,330	89,800	0.53%
Total Consumption (1000 MT)	93,830	94,600	0.82%
Ending Stocks (1000 MT)	16,500	11,900	-27.88%
Total Distribution (1000 MT)	113,732	107,000	-5.92%
Yield (MT/HA)	3.04	2.94	-3.29%

Source: Foreign Agricultural Service, Official USDA Estimates



*For further any queries, please contact*

Subhranil Dey

Sr. Research Analyst

subhranildey@smcindiaonline.com

Ph.: 011-30111000

Extn.: 674

SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public issue of its equity shares and has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI). The DRHP is available on the website of the SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) and the website of the Book Running Lead Managers i.e. Tata Securities Limited at [www.tatacapital.com](http://www.tatacapital.com) and IL&FS Capital Advisors Limited at [www.ilfscapital.com](http://www.ilfscapital.com). Investors should note that investment in equity shares involves a high degree of risk. For details please refer to the DRHP and particularly the section titled Risk Factors in the Draft Red Herring Prospectus.

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