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Voluntary _ Public

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Report Highlights:

Post's MY 2015/16 wheat production forecast has been lowered to 92 million metric tons (MMT) on crop damage due to untimely rains in the first fortnight of March. MY 2015/16 wheat exports are revised lower to 1.5 MMT on weak demand.

General Information:

WHEAT

Table 1. India: Commodity, Wheat, PSD

(Area in thousand hectares, Quantity in thousand metric tons, Yield in MT/hectares)

<i>Wheat</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Apr 2013		Apr 2014		Apr 2015	
<i>India</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30,000	30,000	30,600	31,530	0	30,600
Beginning Stocks	24,200	24,200	17,830	17,830	0	16,500
Production	93,510	93,510	95,850	95,850	0	92,000
MY Imports	25	25	45	45	0	50
TY Imports	22	22	45	45	0	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	117,735	117,735	113,725	113,725	0	108,550
MY Exports	6,053	6,053	3,500	3,400	0	1,500
TY Exports	5,354	5,399	2,200	2,000	0	1,500
Feed and Residual	4,800	4,800	4,500	4,500	0	4,500
FSI Consumption	89,052	89,052	89,225	89,325	0	89,000
Total Consumption	93,852	93,852	93,725	93,825	0	93,500
Ending Stocks	17,830	17,830	16,500	16,500	0	13,550
Total Distribution	117,735	117,735	113,725	113,725	0	108,550
Yield	3.1170	3.1170	3.1324	3.0400	0.0000	3.0065

Production Prospects Affected by Unseasonal Rains in March

(Note: all production, trade and consumption forecast revisions for MY 2015/16 noted in the text below reference changes from Post's initial wheat forecasts in the India Grain and Feed Report dated February 24, 2015. USDA's official forecast for India grains is forthcoming)

Post's MY 2015/16 wheat production forecast has been lowered to 92 million metric tons (MMT) on

crop damage due to untimely rains in the first fortnight of March. Most wheat growing areas experienced unseasonal rains in three phases during February 28 to March 16, when the crop was at flowering and grain filling stages. Heavy rains accompanied with strong winds and hailstorm in some pockets resulted in significant lodging of the standing wheat crop.

Based on the preliminary assessment from the state governments, the Ministry of Agriculture (MoA) estimate that about 6.3 million hectares of the wheat crop area has been adversely affected by the recent rains, with most of the damage reported in the states of Uttar Pradesh (2.2 million hectares), Haryana (1.8 million hectares), Rajasthan (1.7 million hectares), Punjab (0.3 million hectares) and Madhya Pradesh (0.2 million hectares).

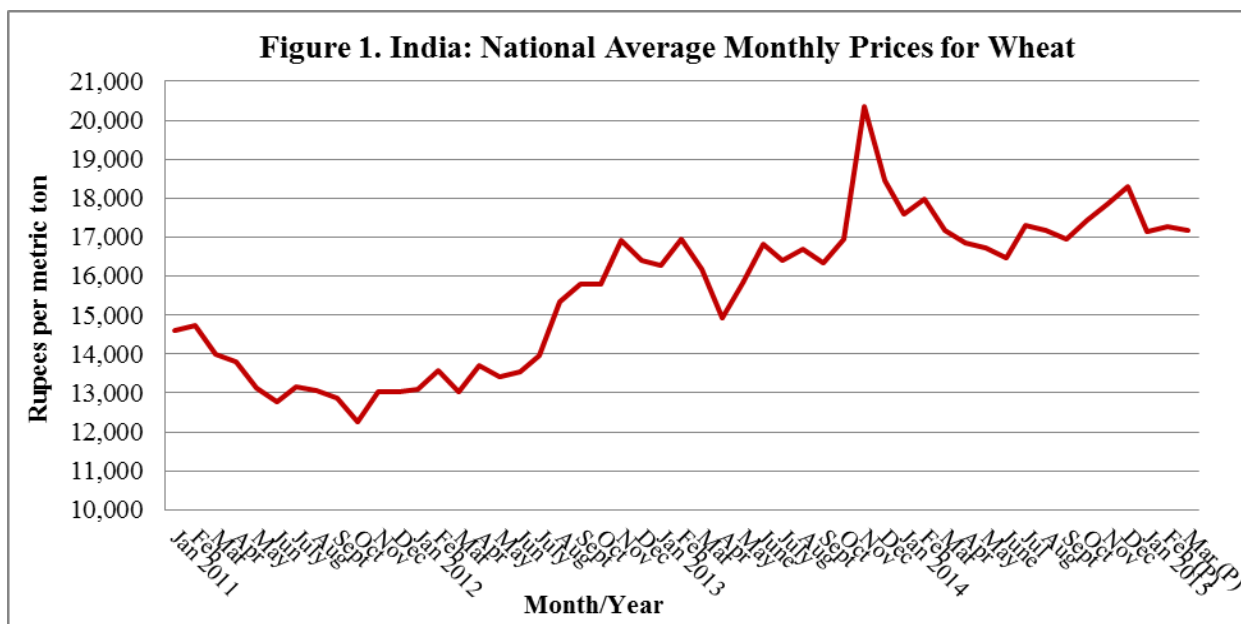
The lodging of the crop at the critical flowering/grain filling stages was further aggravated by two additional spell of rains, which is likely to affect yield due to poor grain filling and head loss. March rains are also likely to affect grain quality (test weight and vitreousness) from the crop harvested in the affected areas. While field reports are abuzz with report of significant crop loss, sources suggest that yield loss in the affected area is likely to be around 15 percent of the weather is normal through harvest. The March rains and extended cool temperature is likely to benefit the late planted largely unirrigated wheat in eastern India, which could partially offset the losses in rain affected wheat belt. Consequently, Post has revised the MY 2015/16 production lower to 92 MMT from the initial forecast of 94 MMT (IN5027). However, weather during April will be critical as sudden increase in temperature (grain shriveling) and/or additional rains/hailstorm during harvest (field loss) could further temper the production prospects and grain quality.

Harvest in most of the wheat producing areas has been delayed by 10-15 days due to the unseasonal rains. Harvest has just started in the western India and will begin in central India by first week of April, north India by mid-April and further to east India by end-April. Post will review the MY 2015/16 estimate based on the harvest reports from the different regions as the harvest progresses.

Based on the [latest report from the MoA](#), MY 2014/15 wheat area has been revised higher to 31.5 million hectares, while MY 2015/16 area is estimated at 30.6 million hectares.

Prices Steady

Despite adverse weather reports, domestic wheat prices have been steady in March due to sufficient carryover stocks from previous year and relatively weak demand, both domestic and exports. Average spot prices in the major wheat producing states in the last week of March ranged from INR 14,400 to INR 16,400 per metric ton.

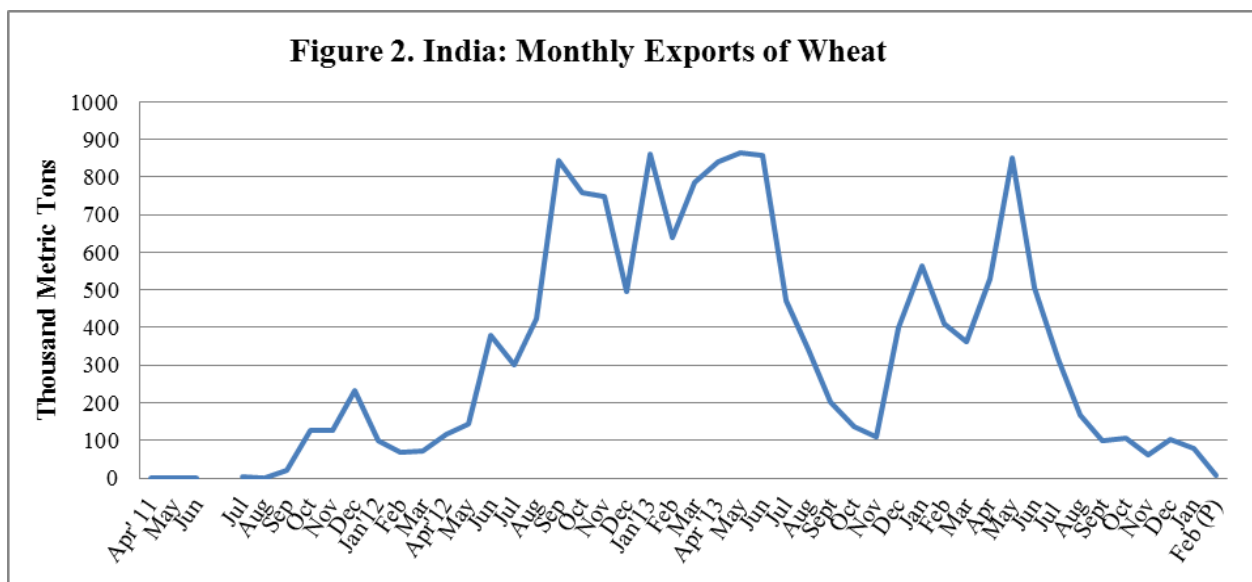


Source: Agmarket News (<http://agmarkweb.dacnet.ic.in>), Ministry of Agriculture, GOI

By March end, the government will stop supplying wheat to local millers and traders under the open market sale scheme, available through e-auction at the reserve price of INR 15,000 (MY 2013/14 wheat) and INR 15,700 (MY 2014/15 wheat) plus transportation from government warehouses in Punjab, Haryana and Madhya Pradesh. Despite the arrival of the new crop, prices are likely to remain firm in April on delayed harvest and reports of crop damage and quality loss. The domestic prices are likely to remain steady during most of MY 2015/16 on relatively tight supplies (lower opening stocks and production).

Exports Plummet on Weak demand

Indian wheat exports have continued to decline in the recent months on weak export demand. Wheat exports in the month of February 2015 plummeted to a low not seen since September 2011 when India removed the export ban on wheat.



Source: DGCIS, GOI, and private sources (February estimate).

Provisional trade figures indicate that wheat exports from April 2014 to February 2015 reached 2.83 MMT. Market sources report that Indian wheat is currently about \$40-50 per MT higher than wheat from competing origins in the major export markets, including Bangladesh. India is unlikely to export wheat in significant quantity in March 2015. Consequently, MY 2014/15 exports are likely to reach 3.4 MMT, which includes 400,000 -450,000 MT wheat product (in wheat equivalent).

Assuming no significant increase in the wheat prices in the international market, Post's MY 2015/16 wheat exports are revised lower to 1.5 MMT on expected lower bulk shipment of wheat to Bangladesh. Most of the wheat exports are likely to be restricted to exports of wheat by road to neighboring Bangladesh and Nepal, and some containerized shipment of wheat and products to African and Asian countries.

Consumption/Stocks Revised

MY 2015/16 consumption and ending stocks have been revised lower to reflect the relatively tight domestic supplies due to forecast lower production.