

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat increased by 3.34 percent from Rs 1751.33 (in September) to Rs 1809.81 per qtl in October-2016. Better crop prospects for next year have weakened inner tone in the market. Average price (October) is higher by 3.05 percent compared to price (Rs 1756.2 per qtl.) registered in October-2015. Recent festive demand has lent support to cash market fundamental and restricted any major decline. Higher import volume would restrict demand from south Indian millers. Government has reduced import duty from 25 percent to 10 percent, it would directly impact wheat price of central and north India.

Production Estimate: Directorate of Economics & Statistics has maintained production figure at 93.50 MMT in fourth Adv estimate released on 2nd Aug-2016 against target of 94.75 for the year. Final figure is likely to be revised down as per market expectation. Agriwatch had revised its preliminary production estimate from 89.28MMT to 87.2MMT as final estimate in May-2016. Lower than normal production would drag down carryout for 2016-17 to 12.57 MMT, the lowest in 8 years. The season (2015-16) started with 15.38 MMT carry in stock including private carry in stock of 1 to 1.5MMT.

Export-: At export front prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is over \$115 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$173/174.5 per tonne on FoB basis while Indian FoB at Kandla port comes to \$293 per tonne. India exported 2995 tonne wheat in October at an average FoB of \$373.89 per tonne. Total export in current MY till October-2016 was registered around 26344 tonne from 1st April. For current MY till October average FoB comes to \$340.54 per tonne. There is no hope for any recovery at export front this year.

Import : At import front situation seems to be turning in favour of south Indian millers after revision of import duty to 10%. Wheat from Ukraine is arrived at Chennai and Tuticorin port at \$189.49 per tonne and \$194.23 per tonne respectively. In October India imported 3.53 lakh tonne wheat at an average CiF of \$225.14 per tonne. Import is likely to continue as prices in domestic market rules higher. As 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.

FoB/CiF Quotes: Indian FoB quote is hovering around \$291.8 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$172.4, \$174, \$180.9, \$185.09 and \$186.6 per tonne respectively. The latest consignments from Australia landed at Tuticorin (20969 T), Cochin port (1500T) and Mangalore (2750 T) at CiF of \$246.89, \$249.89 and \$227.98 per tonne respectively. Around 3000 tonne and 24658 tonne of wheat from France and Ukraine respectively. As supply in global market is higher, recovery is unlikely in the near to medium term.

Supply-Demand: Supply side for FAQ wheat is likely to be normal as imported wheat would restrict demand from south India and it would ease pressure of tight supply side in north and central India. With commencement of festive season demand for wheat products would continue to increase and it would help market to trade steady despite likely pressure from import.

Procurement Target: Govt.'s procurement target for the year is unchanged at 30 MMT and there is no reduction in its target so far. Agriwatch expects 24MMT wheat procurement this year.

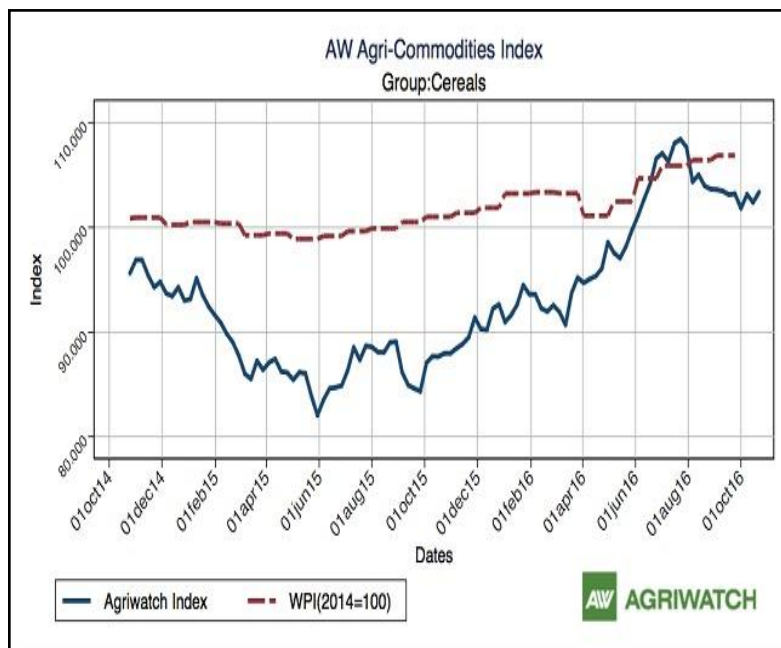
Outlook & Recommendation: Wheat cash market is expected to trade range bound to slightly firm in the short to medium term.

Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1935 & 2160 respectively.

AW Cereals Index:

The Agriwatch Agri Commodities Index eased 0.42% to 115.61 during the week ended Oct 22, 2016 from 116.10 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Gains in cereals, vegetables and spices were offset by declines in edible oils, oilseeds, pulses and cotton prices. The Index has remained confined in a tight range between 114.5 and 116.8 during the last 8 weeks indicating stability in prices. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 103.37 (+0.96%), Pulses: 227.98 (-0.93%), Vegetables: 67.40 (+11.17%), Edible Oils: 111.46 (-2.64%), Oilseeds: 100.96 (-3.69%), Spices: 133.49 (+5.16%), Sweeteners: 122.45 (-0.01%), Fibres: 93.70 (-3.89%) and Other Non-Food Articles: 75.24 (+0.76%).



"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."

India's Wheat Quarterly Balance Sheet For 2016-17:

Wheat MY Runs From April To March	2015-16	2016-17	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	19.85	15.38	15.38	79.73	57.23	34.78
Production	86.53	87.2*	87.2	0	0	0
Imports	1	2	0.2	0.6	0.6	0.6
Total Availability (A+B+C)	107.38	104.58	102.78	80.33	57.83	35.38
Consumption	91	91	22.75	22.75	22.75	22.75
Exports	1	1	0.3	0.35	0.3	0.05
Total Usage (E+F)	92	92	23.05	23.10	23.05	22.80
Carry out (D-G)	15.38	12.58	79.73	57.23	34.78	12.58
Av Monthly Consumption	7.58	7.58	7.58	7.58	7.58	7.58
Stock to Month Use	2.03	1.66	10.51	7.55	4.59	1.66
Stock to Consumption Ratio	0.17	0.14	3.50	2.52	1.53	0.55

Source: Agriwatch(Agriwatch has revised its wheat production estimate for 2015-16 to be marketed in 2016-17, starting from April-2016 from 89.28 to 87.2 MMT in end May-2016.)

Supply-Demand Highlights:

Wheat production in India for 2015-16 crop year (to be marketed in 2016-17) is expected to marginally cross last year level of 86.53 to 87.2MMT given normal condition in April- May, 2016 except higher temperature. Agriwatch has revised it as final estimate.

Lower than normal production would drag carryout for 2016-17 down to 12.58 MMT, the lowest in 8 years. It would be lower around 3 MMT from 2015-16. The season (2015-16) would start with 15.38 MMT carry in stock including private carry in stock of 1 to 1.5MMT.

Wheat stock in government godowns has fallen to a nine-year low of 21.66 million tonnes as on 1st October, which is close to the buffer-cum-strategic reserve norm of 20.52 million tonnes for the same date. This insecure position is however offset by ample global supplies and prospect for a good Rabi crop on account of recharged soil moisture from decent monsoon rains.

At export front there is not much scope for Indian wheat exporters due to cheaper price in Russia, Australia, US, Argentina and France. Russia, Argentina and Ukraine are offering wheat at \$120 per tonne lower than India. So there is no export window available for bulk export from India. India would be able to export hardly 1MMT wheat in 2016-17 in neighbouring countries. Import window is still open and it may touch 2MMT this year after the revision of duty from 25 percent to 10 percent.

Domestic Market Highlights:

As per latest update FCI has sold around 29.8 lakh tonnes wheat under OMSS during April to October. The bulk quantity has been purchased by private players under OMSS. The sales under OMSS rallied from June and are still continuing, wheat has been sold at Rs 1640 per quintal plus freight charges. Stock in central pool as on 1st October 2016, was 21.65 million tonnes. Given the average total consumption of around 13.5 million tonnes for the next six months till March'17, stock in central pool might be around 7.8 million tonnes as on 1st April'17.

As import duty is revised from 25 percent to 10 percent, flow of imports is expected to increase further. It would benefit south Indian millers. Furthermore it will keep the prices of wheat cash market under pressure. Global wheat market is favourable for import and reduction in duty has supported global market to some extent.

As global prices are down/ at bottom now, possibility of higher import is increasing. It would directly affect south Indian demand for domestic wheat. It would affect off take from central pool, especially from Punjab and Haryana, where maximum stock is available.

Wheat import continue with same pace as global market remains under pressure and supply exceeds on the back of bumper production prospects in Russia, US and Canada. India imported around 92072 tonne wheat last week (till 23rd Oct-2016), from Australia, Ukraine and France at an average CIF of \$232.03 per tonne. Around 48387 tonne has been imported from Australia at an average CIF of \$243.58 per tonne, 42685 tonne of Ukraine wheat at an average CIF of \$189.56 per tonne and a small quantity of 1000 tonnes has arrived from France at an average CIF of \$242.72 per tonne.

Wheat WPI has increased slightly from 230.2 in August to 231.9 in September-2016. Monthly wheat inflation has increased by 0.74 percent in September-16 compared to August-16. As compared to September-15 wheat WPI has increased by around 6.9 percent.

Area Coverage under Wheat Till 28th January-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	<i>Normal</i>	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	-	-	-	-
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	-	-	-
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
Others	0.208	0.16	0.19	-15.79
All-India	295.735	292.52	305.94	-4.39

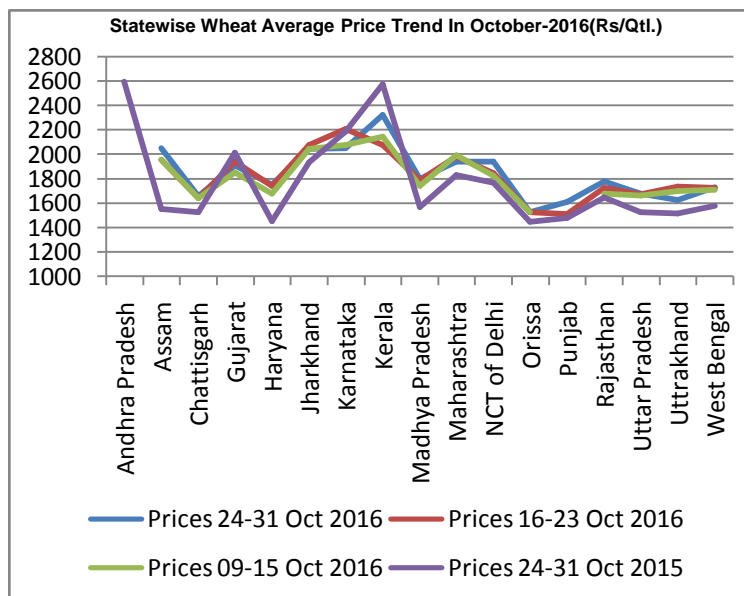
Wheat Procurement Status Till 28th June-2016 (Source :FCI)

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

Monthly Average Price Comparison:

All India average monthly prices increased by 3.34 % from Rs 1751.33 in September to Rs 1809.81 per qtl in October-2016. It is higher by 3.05 % from the average price registered in October-2015.

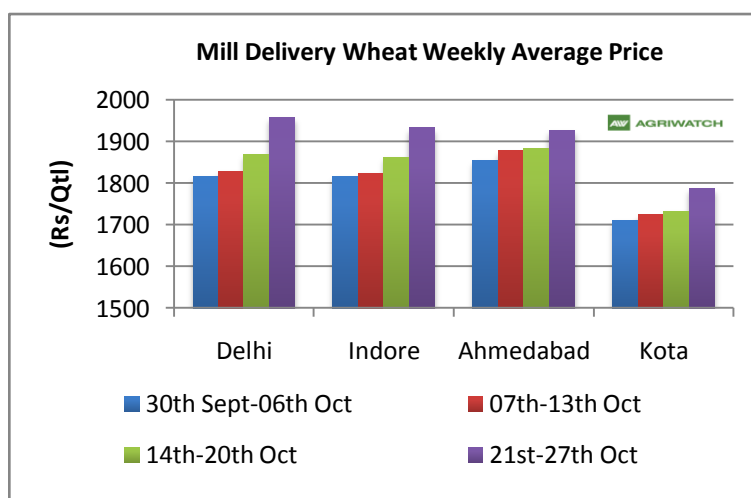
Average prices moved down in all States except Gujarat, Jharkhand, Karnataka, Maharashtra and Uttarakhand. For all the other states prices have remained steady or declined. Prices are likely to stay steady to slightly firm as major or all imports are consumed by southern millers only. Furthermore release through OMSS is lower compared to last year. Imports are increasing after revision of import duty from 25 to 10 percent. Supply through auction would likely to continue amid continued import flow from various destinations.



Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Wheat mill delivery average prices moved slightly up in all major markets at month end. Release from central pool stock and import have not been able to ease tight supply side.

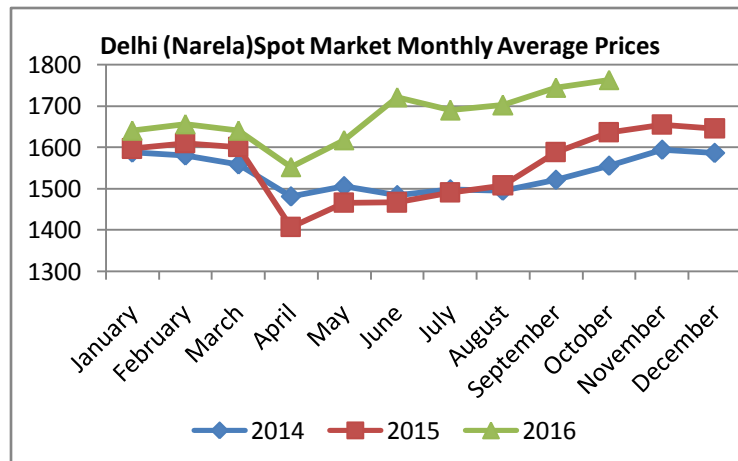
Prices have become firm on account of festive demand. Furthermore release in OMSS is lower compared to last year. Import volume is not able to create pressure even after revision of import duty from 25% to 10% as wheat from MP and Rajasthan is still in demand by south Indian millers but the volume is lower.



Wheat Average Monthly Price Movement In Delhi During Last Three Year:

Wheat spot market Delhi (Narela) average price increased from Rs 1744.05 in September-16 to Rs 1762.63 per quintal in October-2016. The prices are firm by 1.07 percent compared to last month and by 7.70 percent compared to last year for the same month.

Cash market at Delhi (Narela) has become firm because of low release from central pool than normal.



Wheat Exports:

According to IBIS data, India exported 2995 tonne wheat in the month of October-2016 at an average FoB price of \$373.89 per tonne.

It is around 1.5 thousand tonnes higher compared to exported quantity (1.29 thousand tonne) in September-2016. Overall condition for Indian wheat export is not favourable and export volume would remain at negligible level in November too.

Export volume would not increase much as prices in domestic market still rule higher and other exporting countries are offering wheat at cheaper price (\$110 to \$120 per tonne lower from domestic price) with assured quality and delivery schedule. Huge gap between prices continue to affect wheat export from India.

Source: DGCIS, *Provisional data from IBIS

Yearly/Monthly Quantity	Wheat Export(Lakh T)	Average FOB Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Sept 11- Mar 12	7.4	232.12	237.46
Apr 12 - Mar 13	65.14	298.18	286.71
Apr 13 - Mar 14	55.59	282.82	241.60
Apr-14-Mar-15	27.5	279.96	230.37
Apr-15-Mar-16	2.01	294.88	179.90
16-Apr	4.21	297.54	173.04
16-May	4.96	288.80	175.98
16-Jun	5.18	304.37	157.61
16-Jul	5.09	399.05	156.15
16-Aug	2.31	349.52	148.80
16-Sep	1.29	374.53	142.21
16-Oct	2.99	373.89	150.32
16-Nov			
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17("000"T)	26.34	340.54	159.51

Wheat Import :

India imported around 5.02 lakh tonne wheat during last MY. This year import volume may increase to 2 MMT if prices in domestic market continue to get firmer. In the month of October-2016 India imported around 3.53 lakh tonne wheat from France, Ukraine and Australia. Forward contract from Australia has been done for December shipment at \$210 C&F per tonne.

Yearly average CiF comes to \$272.73 per tonne for 2015-16. This year CiF quote may move down to \$205.00 per tonne as global market is expected to reel under pressure. FoB quote in Black Sea region has increased to \$173 and may touch \$180 per tonne by October end. As import duty is revised from 25 to 10 percent import volume would increase.

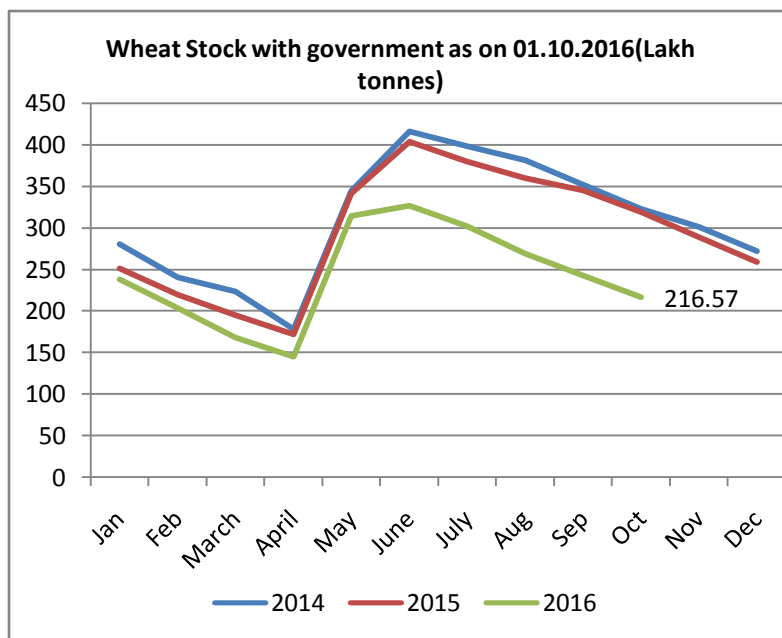
Source: DGCIS, *Provisional data from IBIS

April -2015 (MY-2015-16)	Wheat Import(In Thousand Tonne)	Average CIF Quotes India(USD/MT)	CBOT Average Quotes (USD/MT)
Apr-15 To Mar-16	502.31	272.73	179.71
16-Apr	0	0	173.04
16-May	0	0	174.51
16-Jun	0	0	157.61
16-Jul	50.909	191.93	156.15
16-Aug	242.21	235.06	148.8
16-Sep	335.34	231.32	142.21
16-Oct	353.75	225.14	150.32
16-Nov			
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17	982.249	220.86	159.51

Wheat Stocks with the Government as on 1st of Every Month

Wheat stock in government's ware houses on 01.10.2016 was registered at 216.57 lakh tonne. It is lower by 10.7 % from September-2016. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Market participants expect average off take would be around 22/23 lakh tonne per month till March 2017. This means around 13.5 MMT wheat would come out in next 5/6 months. So ending stock will be around 7.8 MMT next year.

However, available stock in central pool is enough to take care of domestic demand. Problem may surface if next crop faces weather aberration like last two years. The season started with good monsoon rainfall so Agriwatch expects bumper production next year.

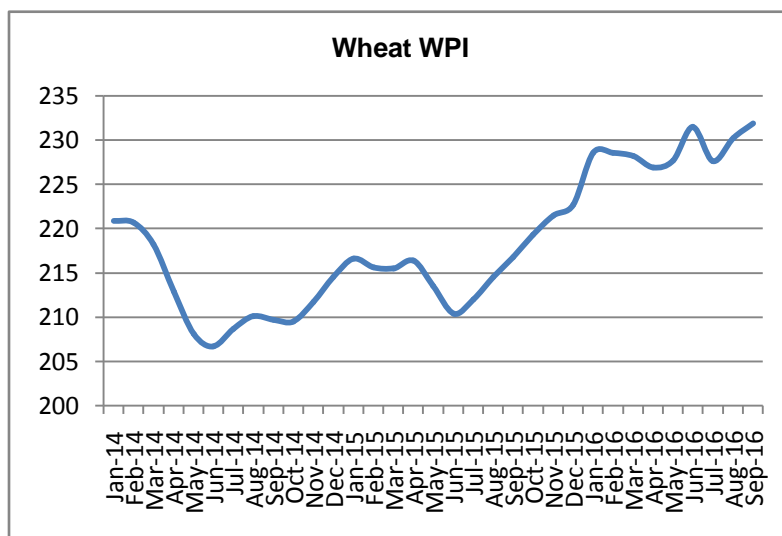


Wheat Inflation:

Wheat WPI has increased slightly from 230.2 in August to 231.9 in September-2016.

Monthly wheat inflation has increased by 0.74 percent in September-16 compared to August-16. As compared to September-15 wheat WPI has increased by around 6.9 percent.

Weight: 1.11595, base year-2004-05=100



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
14-Apr	1532.04	1527.50	1521.72	1602.14	1866.05
14-May	1540.00	1575.65	1531.43	1617.80	1845.48
14-Jun	1510.48	1509.58	1493.96	1519.78	1780.00
14-Jul	1562.42	1617.40	1569.55	1593.40	1799.32
14-Aug	1579.00	1624.05	1581.32	1581.32	1801.36
14-Sep	1596.54	1592.61	1560.00	1539.81	1778.40
14-Oct	1613.39	1575.14	1564.75	1540.33	1792.14
14-Nov	1625.21	1595.23	1563.75	1626.59	1814.38
14-Dec	1647.12	1637.05	1603.65	1649.42	1831.54
15-Jan	1669.60	1682.95	1666.36	1713.48	1843.18
15-Feb	1672.73	1563.86	1590.68	1565.43	1802.27
15-Mar	1652.48	1449.00	1487.63	1459.67	1720.26
15-Apr	1499.58	1434.52	1442.00	1402.05	1683.00
15-May	1506.92	1492.83	1468.60	1410.20	1700.00
15-Jun	1537.88	1518.40	1478.54	1442.71	1708.33
15-Jul	1548.08	1572.40	1546.80	1508.41	1738.00
15-Aug	1579.46	1580.68	1512.50	1520.00	1740.22
15-Sep	1652.80	1590.87	1546.59	1554.77	1768.86
15-Oct	1690.00	1689.77	1611.59	1617.92	1855.45
15-Nov	1687.73	1660.68	1604.71	1595.00	1868.24
15-Dec	1688.08	1662.20	1639.00	1593.53	1877.80
16-Jan	1698.18	1658.91	1693.18	1689.00	1852.27
16-Feb	1707.00	1613.48	1636.36	1660.63	1840.91
16-Mar	1698.40	1619.29	1581.52	1601.94	1831.52
16-Apr	1621.60	1665.79	1620.21	1632.38	1876.25
16-May	1677.69	1715.43	1660.00	1633.27	1913.04
16-Jun	1791.54	1825.40	1745.00	1773.20	2036.73
16-Jul	1778.27	1856.80	1765.42	1817.71	2089.58
16-Aug	1793.75	1877.39	1762.39	1796.75	2055.68
16-Sep	1810.40	1865.48	1749.00	1809.40	2061.00
16-Oct	1882.17	1871.43	1742.75	1831.09	2103.75

Source: Agriwatch

Monthly Price Comparison of Spot Markets

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			28-Oct-16	27-Oct-16	21-Oct-16	28-Sep-16	28-Oct-15
Delhi	Lawrence Road	Mill Delivery	2080	2015	1925	1815	1685
	Narella	Mill Quality Loose	1850	1850	1800	Closed	NR
	Nazafgarh	Mill Quality Loose	1950	1900	1840	Closed	NR
Gujarat	Rajkot	Mill Delivery	1815	1820	1770	1740	1540
	Ahmedabad	Mill Delivery	1950	1950	1900	1870	1680
	Surat	Mill Quality Loose	1980	1980	1950	1910	1735
	Dhrol	Mill Delivery	NR	NR	1905	1875	1755
M.P.	Indore	Mill Quality Loose	1800	1800	1850	1770	1625
	Bhopal	Mill Delivery	1750	1750	1775	1725	1540
Rajasthan	Kota	Mill Quality Loose	Closed	1750	1670	1630	1550
		Mill Delivery	Closed	1810	1760	1710	1650
U.P.	Kanpur	Mill Delivery	1745	1725	1725	1715	1565
	Mathura	Mill Quality Loose	1852	1805	1700	1630	1515
	Kosi	Mill Quality Loose	1915	1825	1745	1660	1540
	Hathras	Mill Quality Loose	NR	1715	NR	1680	1525
	Aligarh	Mill Quality Loose	1750	1730	1680	1650	NR
Punjab	Khanna	Mill Quality Loose	1700	1650	1630	1630	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1900	1810	1715	1660	1560
	Hodal	Mill Delivery	2005	1955	1900	1800	NA
	Bhiwani	Mill Quality Loose	1800	1860	1800	1725	1600
	Karnal	Mill Quality Loose	1850	1790	1725	1690	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	Closed	2200	2125	2050	1880
	Madurai	Mill Quality	Closed	2257	2182	2107	1937
	Coimbatore	Mill Quality	Closed	2257	2182	2107	1937
Bihar	Khagariya	Mill Delivery	1850	1850	1800	1850	1650
	Muzaffarpur	Mill Delivery	1840	1825	1825	1825	NA

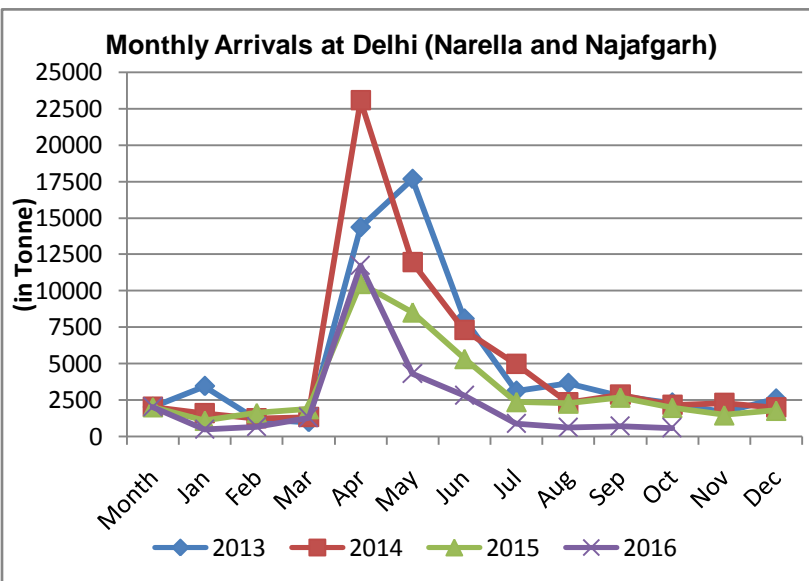
Monthly Arrivals at Delhi

Arrivals in Narela and Najafgarh in Delhi region decreased slightly in October-2016, from 695 tonne in September to 596.5 tonne in October-2016.

Currently wheat is being traded at Rs 2050 per qtl. Local millers are sourcing wheat from Uttar Pradesh.

Domestic Outlook:

Wheat cash market is expected to trade steady to slightly firm in November-2016 given the normal condition.



Wheat Technical Analysis:

Wheat – Technical Outlook

C1 Continuous Chart

Technical Commentary:

- RSI is moving in overbought region.
- Prices closed above 9 and 18 days EMAs.
- Candlesticks are denoting range bound movement

Wheat prices are likely to trade steady to slightly firm.



Strategy: Buy

			S2	S1	PCP	R1	R2
Wheat	NCDEX	C1	1935	1900	2006	2125	2160
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	Buy	2000	2045	2085	1973

* Do not carry-forward the position next month.

International Market Dynamics

According to latest update by International Grains Council, the production forecast has been increased by 1 million tons for crop year 2016-17. The production may touch 748 million tons against a forecast of 737 million tons for 2015-16. The difference is around 11 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

According to Kazakh statistics committee, stocks of wheat have increased by 8 percent to 11.74 MMT compared to 2015. This included 10.42 MMT of milling wheat, 596.5 KMT of feed wheat and 724.6 KMT for seeds. Furthermore milling wheat export prices have also strengthened for Kazakh on account of increased demand from exporters, strong national currency and increase in milling wheat prices in black sea region. Therefore in the past week 12.5% wheat export prices increased by US \$8-10 to US \$172-178/MT FoB Aktau port.

GASC has purchased 420000 tonnes of Russian and Romanian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$182.74/tonne, Cargill offered 60000 tonnes at FOB of \$183.25/tonne, Ameropa offered 120000 tonnes at FOB \$185.93/tonne, Alegrow offered 60000 tonnes at FOB \$184/tonne, ADM offered 60000 tonnes at FOB \$184.25/tonne and Aston offered 60000 tonnes at FOB \$184/tonne. Of the total quantity purchased 180000 tonnes is of Russian origin and remaining 240000 tonnes is of Romanian origin.

After a record crop in 2015, Japan's wheat production is expected to drop significantly due to non conducive weather conditions. Around 65 percent of Japan's wheat is grown in Hokkaido area which has been negatively affected by heavy rains. As a result yield estimates are revised down and total production is expected to fall by around 25 percent.

China has decided to keep its state wheat purchase price same for 2017. This is mainly done in order to protect local farmers. According to National development and Reform Commission (NDRC), the government's minimum purchase price will be 2360 Yuan or \$349.18 per tonne.

The Saudi Arabia Grain Organization has purchased 595000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 360000 tonnes will arrive at Jeddah port, 180000 tonnes at Dammam and the remaining 55000 tonnes at Jazan port. In its last tender on 15th August'16 SAGO purchased 640000 tonnes of hard wheat. Saudi Arabia abandoned plans of self sufficiency in 2008 as farming in desert reduced scarce water resources and became a major importer of hard and soft wheat.

Japan's Ministry of Agriculture has bought around 100140 tonnes of wheat from United States and Canada. Out of the total quantity around 72225 tonnes was bought from United States with a minimum protein content of 14 percent and around 27915 tonnes was bought from Canada with a minimum protein content of 13.5 percent. The shipments from US are expected to arrive by 31st January 2017, whereas loading from Canada will take place between 21st November and 20th December 2016.

Traders have bought around 400000 lakh tonnes of Ukraine-origin wheat for October/November after import duty was lowered from 25 percent to 10 percent. Most deals are made between \$192 and \$199 per tonne C&F for milling wheat with 11.5 percent protein. Indian buying of Ukraine-origin wheat has already pushed up prices as two weeks ago traders were paying \$192 per tonne.

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	29.09.2016	27.10.2016
Production	717	730	737	747	748
Trade	157	153	164	164	167
Consumptions	698	715	720	734	736
Carryover stocks	190	205	222	231	233
Y-O-Y change	19	15	17	-	12
Major Export	56	65	68	70	70

IGC Balance Sheet Highlight:

- IGC has revised wheat production projection up by 1MMT from 747MMT to 748MMT on 27th, Oct-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 748 MMT against 737 forecasts for 2015-16. The difference is around 11 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 167MMT. It is 3MMT higher from actual of last year.
- Consumption has been pegged at 736MMT for 2016-17, up by 16MMT from last year.
- Carryout may increase from 231 to 233 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiment.

USDA Global Wheat Balance Sheet: 2016-17 Fig. In Thousand Tonne (As on 01.11.2016)							
Country	Opening Stock 2016-17	Production projected 2016-17	Domestic Consumption 2016-17	Import 2016-17	Export 2016-17	Ending Stock 2016-17	Production Last Year
Argentina	859	14,400	6,300	5	8,000	964	11,300
Australia	6,262	28,300	7,460	150	20,500	6752	24,500
Canada	5,167	31,500	9,200	485	22,000	5952	27,594
China	97,042	128,000	117,000	3,500	800	110742	130,190
EU	14,007	143,224	128,700	7,000	25,000	10531	160,012
India	14,500	90,000	96100	3,000	400	11000	86,530
Pakistan	3,829	25,300	24500	25	900	3754	25,100
Russia	5,601	72,000	38,500	500	30,000	9601	61,044
Ukraine	2,548	27,000	12,000	50	15,500	2098	27,274
U S	26,554	62,859	35,299	3,402	26,535	30981	56,117
Others	63,290	121,857	255,904	151,796	25,047	55,992	125,355
World total	239,659	744,440	730,963	169,913	174,682	248367	735,016

Source:USDA

CBOT Futures Dec-16 Chart:

1st Support: 1425.00

2nd Support: 143.00

1st Resistant: 157.00

2nd Resistant: 160.00

(\$ per tonne)

Market is likely to move range bound to weak as ample supplies are available in the market. Steady to slightly weak trend is likely to continue.


CBOT comparison over period of time:
CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	28-Oct-16	21-Oct-16	28-Sep-16	28-Jul-16	28-Apr-16	28-Oct-15	
16-Dec	152.29	153.21	148.43	162.21	187.47	198.58	-23.31
17-Mar	159.27	160.74	156.51	171.67	193.25	202.25	-21.25
17-May	164.87	166.34	161.47	176.63	196.56	202.16	-18.45
16-Jul	169.92	170.84	164.78	179.20	198.03	197.66	-14.03
16-Sep	175.71	176.17	169.92	183.70	201.06	198.03	-11.27
16-Dec	182.23	182.14	176.72	190.59	206.11	203.82	-10.59

Comparative Month on Month FOB quotes: (Fig in USD/MT)

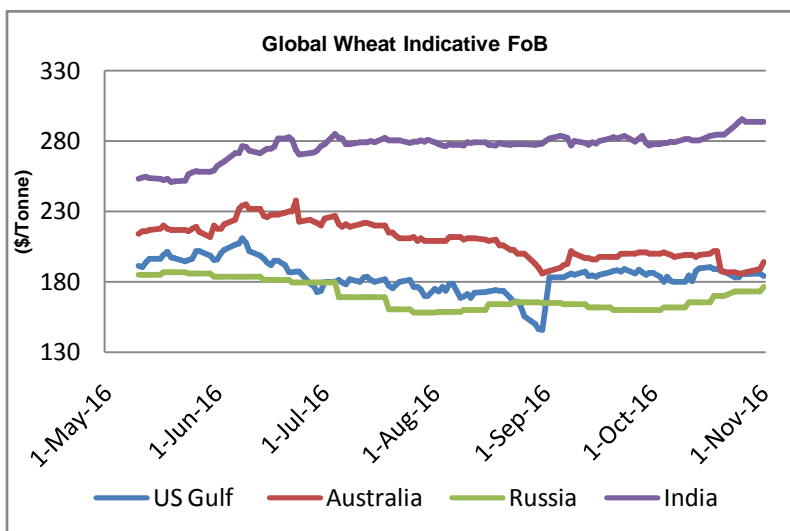
All prices are for SRW/milling grade	1-Apr-16	2-May-16	1-Jun-16	1-Jul-16	1-Aug-16	1-Sept-16	1-Oct-16	1-Nov-16
USA	196.8	195	196.1	180.1	174.9	162.8	182.26	184.4
France	141.5	145.25	149.5	156.75	187.56	178.15	183.48	184.64
Australia	217	219	218	221	211	187	200	194
Russia	175.5	185	183.5	179.5	158	165	160	176.5
India	243.1	256.1	262.45	278.02	279.4	280.0	277.74	293.85

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$280 to 293 per tonne.

US and Russian quotes are hovering in the range of \$184 and \$176 per tonne respectively. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$194 per tonne.

Wheat quotes may hover in the range of \$170 to \$205 due to excess supply in the global market in coming weeks.



International Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available despite crop loss in France and expectation of output being near record in Australia. Furthermore IGC has revised wheat production up by one million tonnes on account of improved outlook for Russia and Kazakhstan. Steady to slightly weak market is expected in short to medium term.

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