

# Wheat Monthly Research Report

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### **Market Dynamics:**

**Price Trend:** All India average monthly prices for wheat increased by 9.75 percent from Rs 1810.97 (in October) to Rs 1987.59 per qtl in November-2016. Better crop prospects for next year have weakened inner tone in the market. Average price (November) is higher by 15.44 percent compared to price (Rs 1721.69 per qtl.) registered in November-2015. 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 2<sup>nd</sup> 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 \$130 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$181.5/183 per tonne on FoB basis while Indian FoB at Kandla port comes to \$318.12 per tonne. India exported 3350 tonne wheat in November at an average FoB of \$373.81 per tonne. Total export in current MY till October-2016 was registered around 29694 tonne from 1<sup>st</sup> April. For current MY till October average FoB comes to \$344.7 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 has arrived at Chennai and Tuticorin port at \$195.23 per tonne and \$199.93 per tonne respectively. In October India imported 5.41 lakh tonne wheat at an average CiF of \$221.97 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 \$318.12 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$181.5, \$183, \$176.85, \$164 and \$179 per tonne respectively. The latest consignments from Australia landed at Tuticorin (28901 T), Cochin port (1000 T) and Mangalore (4000 T) at CiF of \$239.42, \$243.6 and \$226.02 per tonne respectively. Around 1500 tonne and 94665 tonne of wheat have been imported from France and Ukraine respectively.

**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.

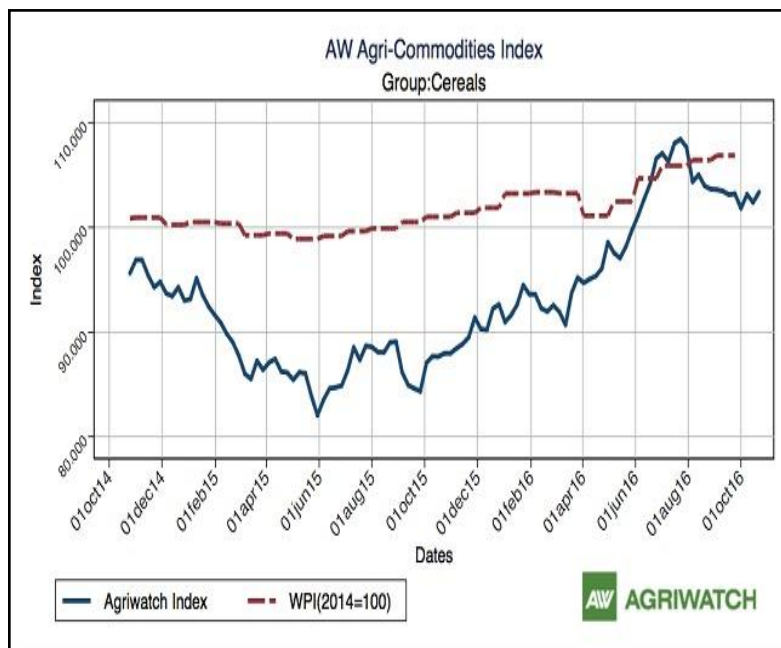
**Outlook & Recommendation:** Wheat cash market is expected to trade range bound to slightly weak in the short to medium term.

**Trade Call:** Stake holders should trade taking care of lower and upper price band of Rs1905&2130 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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

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

<b>Wheat MY Runs From April To March</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Apr-Jun</b>	<b>July-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>
<b>Carry in</b>	19.85	15.38	15.38	79.73	57.23	34.78
<b>Production</b>	86.53	87.2*	87.2	0	0	0
<b>Imports</b>	1	2	0.2	0.6	0.6	0.6
<b>Total Availability (A+B+C)</b>	107.38	104.58	102.78	80.33	57.83	35.38
<b>Consumption</b>	91	91	22.75	22.75	22.75	22.75
<b>Exports</b>	1	1	0.3	0.35	0.3	0.05
<b>Total Usage (E+F)</b>	92	92	23.05	23.10	23.05	22.80
<b>Carry out (D-G)</b>	15.38	12.58	79.73	57.23	34.78	12.58
<b>Av Monthly Consumption</b>	7.58	7.58	7.58	7.58	7.58	7.58
<b>Stock to Month Use</b>	2.03	1.66	10.51	7.55	4.59	1.66
<b>Stock to Consumption Ratio</b>	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 five-year low of 18.84 million tonnes as on 1st November, which is close to the buffer-cum-strategic reserve norm of 13.8 million tonnes for 1<sup>st</sup> January-17. This insecure position is however offset by ample global supplies and expectations of bumper crop in Australia and Argentina. Furthermore, overall area as per latest sowing report is more compared to last year.

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 \$130 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 the latest update, to keep the rising prices of wheat in check the government has decided to double the quantity from 7000 tonnes to 14000 tonnes to be sold in open market through auction in Delhi. Recently the government released one million tonnes of wheat for flour millers and other bulk users. Around 29000 tonnes of wheat has been sold by FCI in the first week of November in Delhi and its neighbouring areas. Government is also expecting increase in flow of imported wheat due to reduced import duty from 25 to 10 percent, which would be enough for meeting the requirements of market and private sector.

As per latest update, area sown until 25 November'16 is 127.15 lakh hectares compared to 117.32 lakh hectares in the previous Rabi season. Among major states the area is down in Bihar, Chhattisgarh, Gujarat and Haryana, whereas Madhya Pradesh, Maharashtra, Punjab and Uttar Pradesh have seen an increase in area compared to last year for the same date. The normal area is 301.74 lakh hectares. Area is expected to be higher this year as government has increased MSP of wheat which may motivate farmers to sow more area.

The government has decided to increase the minimum support price of wheat by Rs 100 per quintal to Rs 1625 per quintal for 2016-17. The hike is around 6.6 percent higher compared to last year and 5.2 percent higher compared to 2015.

Wheat import continues with same pace as global market remains under pressure and supply exceeds led by bumper production prospects in Australia, US and Canada. In the last week, India imported around 130066 tonne wheat from Australia, Ukraine and France till 26th Nov-2016 at an average CIF of \$220.10 per tonne. Around 33901 tonne has been imported from Australia at an average CIF of \$238.61 per tonne, 94665 tonnes of Ukraine wheat at an average CIF of \$198.56 per tonne and a small quantity of 1500 tonnes has arrived from France at an average CIF of \$219.33 per tonne.

Wheat WPI has increased slightly from 231.9 in September to 232.9 in October-2016. Monthly wheat inflation has increased by 0.43 percent in October-16 compared to September -16. As compared to October-15 wheat WPI has increased by around 6.3 percent.

Area Coverage under Wheat Till 25<sup>th</sup> November-2016:

<b>State Wise Progressive Wheat Sowing Till 25.11.2016</b>				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.02	0.00	0.00	0.00
Arunachal Pradesh	0.03	0.00	0.00	0.00
Assam	0.37	0.00	0.00	0.00
Bihar	21.23	2.10	2.84	-26.06
Chhattisgarh	1.04	0.07	0.15	-53.33
Gujarat	12.41	1.16	3.02	-61.59
Haryana	25.27	14.91	15.60	-4.42
Himachal Pra.	3.53	2.30	1.83	25.68
J&K	2.98	0.50	1.28	-60.94
Jharkhand	1.53	0.01	0.08	-87.50
Karnataka	2.22	1.01	1.47	-31.29
Kerala	0.00	0.00	0.00	0.00
Madhya Pradesh	51.82	30.27	23.69	27.78
Maharashtra	10.17	2.30	1.57	46.50
Manipur	0.02	0.00	0.00	0.00
Nagaland	0.03	0.00	0.00	0.00
Odisha	0.01	0.00	0.00	0.00
Punjab	35.13	27.45	26.16	4.93
Rajasthan	29.21	12.46	12.21	2.05
Sikkim	0.01	0.00	0.00	0.00
Tamil Nadu	0.00	0.00	0.00	0.00
Telangana	0.00	0.00	0.00	0.00
Tripura	0.00	0.00	0.00	0.00
Uttar Pradesh	97.57	30.15	25.27	19.31
Uttarakhand	3.60	2.25	2.00	12.50
West Bengal	3.24	0.20	0.11	81.82
Pondicherry	0.00	0.00	0.00	0.00
Others	0.20	0.02	0.05	-60.00
All-India	301.74	127.15	117.32	8.38

Wheat Procurement Status Till 28<sup>th</sup> June-2016 (Source :FCI)

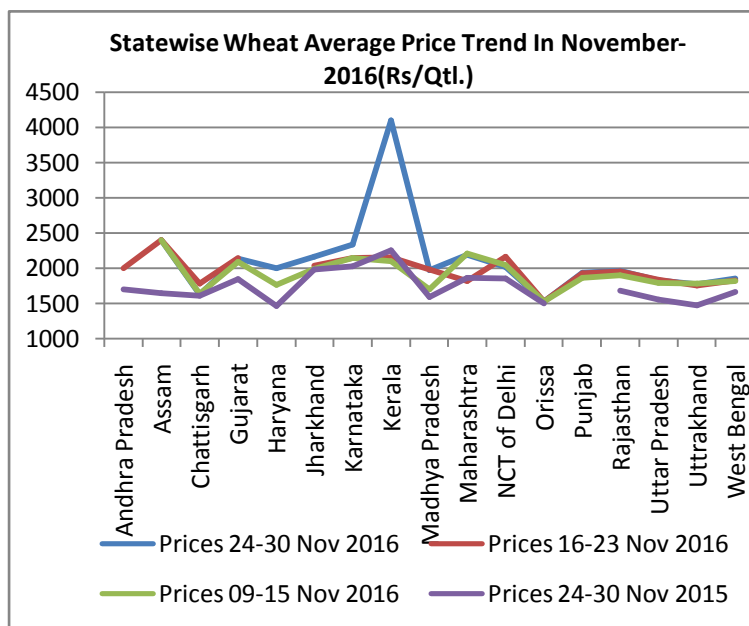
State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 28.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-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 9.75 % from Rs1810.97 in October to Rs1987.59 per qtl in November-2016. It is higher by 15.44% from the average price registered in November-2015.

Average prices moved down in all States except Chhattisgarh, Gujarat, Madhya Pradesh, Delhi and Uttar Pradesh. For all the other states prices have remained steady or increased.

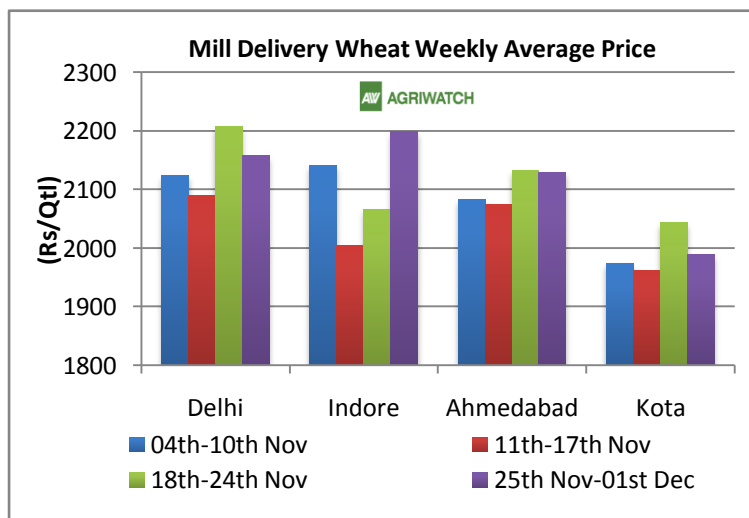
Prices are likely to stay steady to slightly weak as government has doubled the quantity that is to be sold in open market in Delhi from 7000 tonnes to 14000 tonnes. Government is also expecting increased flow of imported wheat not only because of reduced import duty but also because of ample supplies available in the global market



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

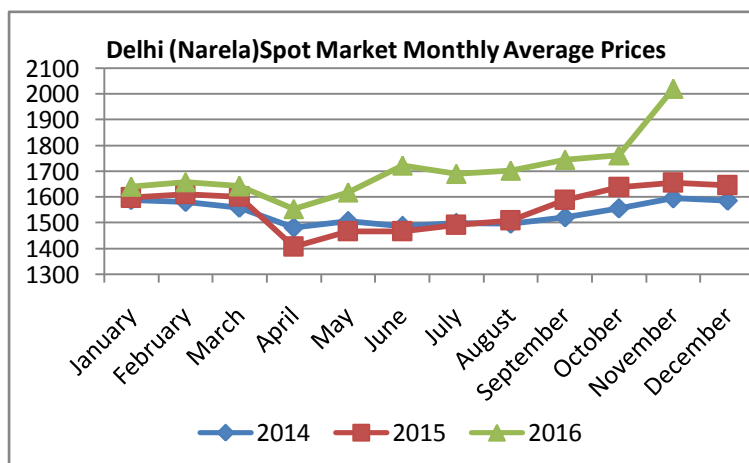
Wheat mill delivery average prices moved slightly down in all major markets at month end. Release from central pool increased slightly in the month of November but it is still low compared to release in the previous year.

Prices have become weak in the last week. Release in OMSS was doubled for Delhi but in comparison to last year it is still lower. After revision of import duty to 10%, Import volume from 31<sup>st</sup> October to 26<sup>th</sup> November was around 5.43 lakh tonnes. This quantity is highest since 04<sup>th</sup> April 2016 for any four weeks combined.



### Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs1762.63 in October-16 to Rs2019.75 per quintal in November-2016. The prices are firm by 14.58 percent compared to last month and by 22.08 percent compared to last year for the same month. Cash market at Delhi (Narela) has become firm because of low release from central pool. After government's decision on 21<sup>st</sup> Nov. to double the quantity released from 7000 tonnes to 14000 tonnes, prices have stabilized and became steady to slightly weak.





## Wheat Exports:

According to IBIS data, India exported around 3350tonne wheat in the month of November-2016 at an average FoB price of \$373.81 per tonne.

It is around 1.36 thousand tonnes higher compared to exported quantity(2.99 thousand tonne) in October-2016.Overall condition for Indian wheat export is not favourable and export volume would remain at negligible level in December 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 (\$130 to\$140 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	3.35	373.81	148.36
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17("000"T)	29.69	344.70	158.12

## 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 November-2016 India imported around 5.41 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 averageCiF 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 \$183 and may touch \$190 per tonne by December 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 ThousandTonne )	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	541.37	221.97	148.36
16-Dec			
17-Jan			
17-Feb			
17-Mar			
Total 2016-17	1523.619	221.08	158.12

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

Wheat stock in government's ware houses on 01.11.2016 was registered at 188.41 lakh tonne. It is lower by 11.7 % from October-2016. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Market participants expect average off take to be around 22/23 lakh tonne per month till March 2017. This means around 10 MMT wheat would come out in next 4 months. So ending stock will be around 8.8 MMT next year.

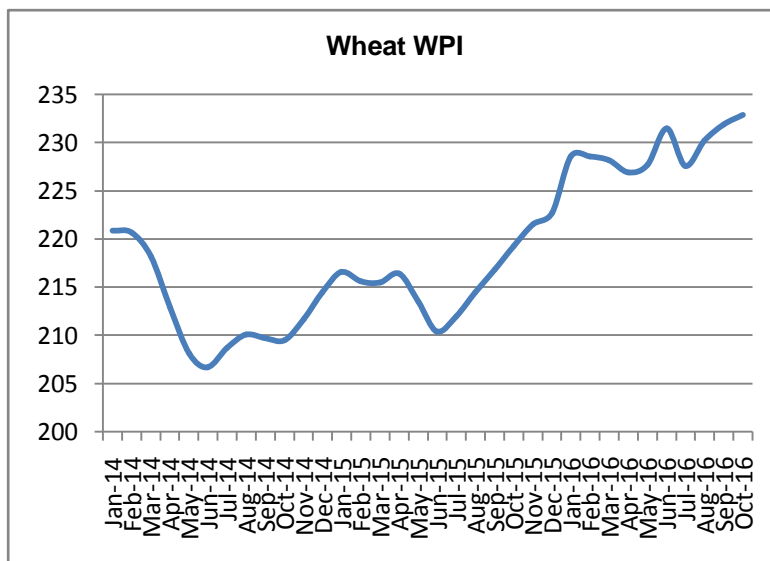
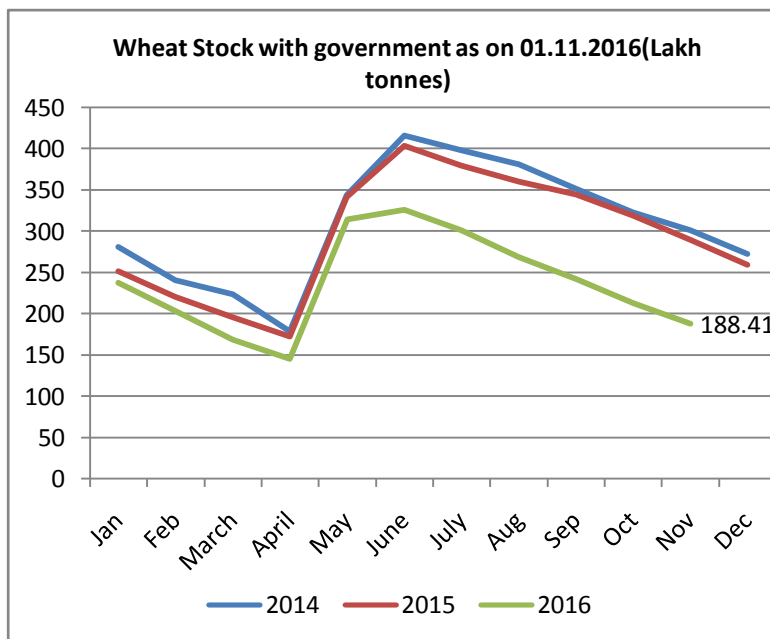
However, available stock in central pool is enough to take care of domestic demand. Problem may surface if next crop faces weather aberration like last two years. The season started with good monsoon rainfall so Agriwatch expects bumper production next year.

### Wheat Inflation:

Wheat WPI has increased slightly from 231.9 in September to 232.9 in October-2016.

Monthly wheat inflation has increased by 0.43 percent in October-16 compared to September -16. As compared to October-15 wheat WPI has increased by around 6.3 percent.

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





Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
16-Nov	2150.00	2098.91	1997.37	2063.18	2310.53

Source: Agriwatch

**Monthly Price Comparison of Spot Markets**

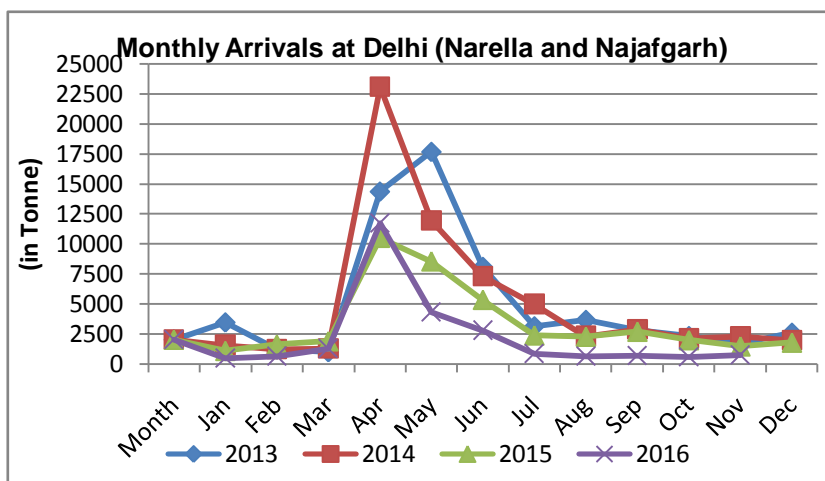
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			30-Nov-16	29-Nov-16	23-Nov-16	30-Oct-16	30-Nov-15
Delhi	Lawrence Road	Mill Delivery	2150	2150	2150	2080	1690
	Narella	Mill Quality Loose	Closed	2025	Closed	1850	1650
	Nazafgarh	Mill Quality Loose	Closed	NR	Closed	1950	1620
Gujarat	Rajkot	Mill Delivery	1990	2000	NA	1815	1520
	Ahmedabad	Mill Delivery	2150	2150	2150	1950	1640
	Surat	Mill Quality Loose	2170	2180	2180	1980	1660
	Dhrol	Mill Delivery	NR	NR	NR	NR	1685
M.P.	Indore	Mill Quality Loose	2100	Closed	2000	1800	1620
	Bhopal	Mill Delivery	1950	Closed	2000	1750	1530
Rajasthan	Kota	Mill Quality Loose	1925	Closed	1925	Closed	1515
		Mill Delivery	2000	Closed	2050	Closed	1620
U.P.	Kanpur	Mill Delivery	1975	2025	1900	1745	1570
	Mathura	Mill Quality Loose	1950	2020	Closed	1852	1510
	Kosi	Mill Quality Loose	2060	2060	2100	1915	NA
	Hathras	Mill Quality Loose	2100	Closed	NA	NR	1550
	Aligarh	Mill Quality Loose	Closed	1850	Closed	1750	NA
Punjab	Khanna	Mill Quality Loose	1975	1960	1960	1700	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1975	1975	2000	1900	1565
	Hodal	Mill Delivery	2240	2240	2240	2005	NA
	Bhiwani	Mill Quality Loose	2100	2175	2250	1800	1620
	Karnal	Mill Quality Loose	NR	NR	NR	1850	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2300	Closed	2350	Closed	1850
	Madurai	Mill Quality	2357	Closed	2407	Closed	1907
	Coimbatore	Mill Quality	2357	Closed	2407	Closed	1907
Bihar	Khagariya	Mill Delivery	1975	2050	2050	1850	1850
	Muzaffarpur	Mill Delivery	1875	1875	2025	1840	NA

### Monthly Arrivals at Delhi

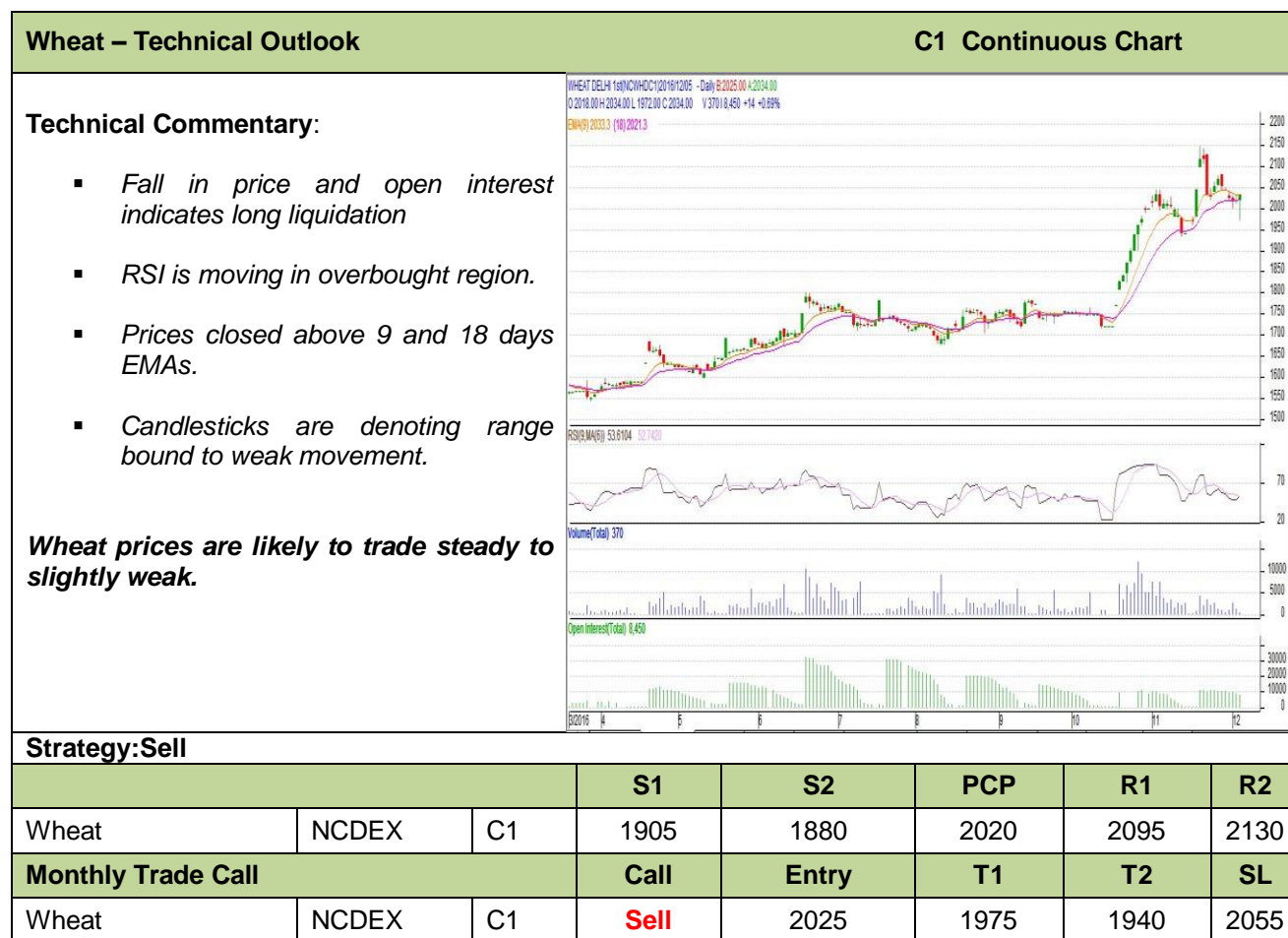
Arrivals in Narela and Najafgarh in Delhi region increased in November-2016, from 596.5 tonne in October to 751 tonne. In November-2016, currently wheat is being traded at Rs 2140 per qtl. Local millers are sourcing wheat from Uttar Pradesh.

### Domestic Outlook:

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



### Wheat Technical Analysis:



\* Do not carry-forward the position next month.

### International Market Dynamics

**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 \$188.74/tonne, Olam offered 60000 tonnes at FOB of \$189.05/tonne, Alegrow offered 60000 tonnes at FOB \$189.46/tonne and Grainbow offered 60000 tonnes at FOB \$188.74/tonne.

**According to latest update by International Grains Council**, the production forecast has been increased by 1 MMT for crop year 2016-17. The production may touch 749 MMT against a forecast of 737 MMT for 2015-16. The difference is around 12 MMT. However trade projection has been revised down by 1MMT to 166 MMT which is still 2 MMT higher than actual of last year. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

**As per latest update, Japan's ministry of agriculture bought 158414 tonnes of food quality wheat** from United States and Canada. Around 92328 tonnes has been bought from united states and 65556 tonnes has been bought from Canada. The entire quantity from Canada will be loaded between January 16 and February 15, 2017.

**As per latest update Taiwan bought around 85325 tonnes of wheat through tender.** The said quantity was bought in two consignments. First consignment is purchased by ADM comprising of 46225 tonnes of wheat to be shipped between January 8 to 22, 2017. Second consignment is purchased by Columbia grain comprising of 39100 tonnes of wheat to be shipped between January 25 to February 8, 2017.

**As per latest update, Russian government has removed export duty on wheat.** After crop loss in France, Russia stepped up its export to capture a decent amount of market share and is expected to secure the position of largest wheat exporter. Furthermore, Russia is expecting to export around 28 million tonnes of wheat in the agricultural year 2016-17 and this move of eliminating export duty may help Russia in achieving it.

**Algeria state grains agency OAIC has bought around 580000 tonnes of milling wheat in a tender.** The prices paid were in the range of \$201 to \$201.50 per tonne (Cost and Freight). The quantity to be shipped is due in January. The origin of wheat that is to be supplied is at seller's option

**The state grains agency of Tunisia has purchased around 100000 tonnes of soft milling wheat** in a tender which closed on Friday. The soft wheat has been purchased in four lots of 25000 tonnes each from Bunge at \$192.74 a tonne (Cost and Freight). The said quantity must be shipped between 25th December'16 and 25th January'17.

**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 because 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.

## IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	27.10.2016	24.11.2016
Production	717	730	737	748	749
Trade	157	153	164	167	166
Consumptions	698	715	720	736	736
Carryover stocks	190	205	222	233	235
Y-O-Y change	19	15	17	-	13
Major Export	56	65	68	70	71

## IGC Balance Sheet Highlight:

- IGC has revised wheat production projection up by 1MMT from 748MMT to 749MMT on 24<sup>th</sup>, Nov-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 749 MMT against 737 forecasts for 2015-16. The difference is around 12 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 down by 1MMT to 166MMT. It is 2MMT 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 233 to 235 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 01.12.2016)							
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	1,109	14,400	6,300	5	8,000	1214	11,300
Australia	6,138	28,300	7,460	150	20,500	6628	24,500
Canada	5,167	31,500	9,700	485	21,500	5952	27,594
China	97,042	128,000	117,000	3,500	800	110742	130,190
EU	14,007	143,574	128,700	6,500	25,000	10381	160,012
India	14,540	90,000	96140	3,000	400	11000	86,530
Pakistan	3,829	25,300	24500	25	900	3754	25,100
Russia	5,601	72,000	39,000	500	30,000	9101	61,044
Ukraine	3,248	27,000	11,800	25	15,500	2973	27,274
U S	26,554	62,859	35,163	3,400	26,000	31117	56,117
Others	63,797	121,789	256,464	153,346	24,997	56,371	125,355
World total	241,032	744,722	732,227	170,936	173,597	249233	735,016

Source:USDA

**CBOT Futures Dec-16 Chart:**

**1<sup>st</sup> Support: 134.00**  
**2<sup>nd</sup> Support: 132.00**  
**1<sup>st</sup> Resistant: 151.00**  
**2<sup>nd</sup> Resistant: 154.00**  
**(\$ per tonne)**

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


**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
	29-Nov-16	22-Nov-16	29-Oct-16	29-Aug-16	29-May-16	29-Nov-15	
16-Dec	141.08	149.62	152.29	145.86	183.15	191.05	-26.15
17-Mar	150.17	156.97	159.27	154.68	189.12	194.63	-22.84
17-May	155.13	162.12	164.87	160.09	192.79	196.01	-20.85
16-Jul	160.83	167.53	169.92	163.4	195.64	192.98	-16.66
16-Sep	166.43	172.86	175.71	169.46	199.68	193.8	-14.12
16-Dec	173.14	179.47	182.23	177.55	205.84	200.05	-13.45

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

All prices are for SRW/milling grade	2nd May-16	1-Jun-16	1-Jul-16	1-Aug-16	1st Sept-16	1st Oct-16	1st Nov-16	1st Dec-16
USA	195	196.1	180.1	174.9	162.8	182.26	184.4	164.00
France	145.25	149.5	156.75	187.56	178.15	183.48	184.64	176.85
Australia	219	218	221	211	187	200	194	179.00
Russia	185	183.5	179.5	158	165	160	176.5	181.50
India	256.1	262.45	278.02	279.44	280.06	277.74	293.85	316.66

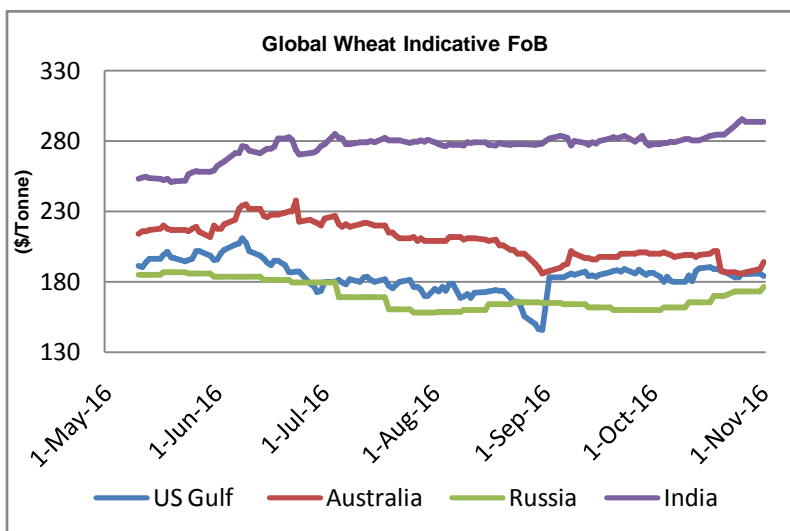


## Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$313.32-317.43 per tonne.

US and Russian quotes are hovering in the range of \$174.59 and \$181.5 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$160 to \$190 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. Australia is set to harvest record crop of around 31 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 30.5 MMT, largest in three years. In USA, fall in area sown and cold weather provided support to prices. Steady to slightly weak market is expected in short to medium term.

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