

Wheat Monthly Research Report

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Market Dynamics:

Price Trend: All India average monthly prices for wheat decreased by 2.68 percent from Rs 1984.85 (in November) to Rs 1931.63 per qtl in December-2016. Better crop prospects for next year have weakened inner tone in the market. Average price (December) is higher by 11.55 percent compared to price (Rs 1731.62 per qtl.) registered in December-2015. Higher import volume would restrict demand from south Indian millers. Government has scrapped import duty on wheat, 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 \$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 1st 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 \$297.28 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$181.95, \$183.45, \$176.93, \$173.67 and \$179.06 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. Area sowed is higher compared to last year until now. Furthermore crop situation is in good and weather conditions are conducive which may lead to a good crop this year.

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.

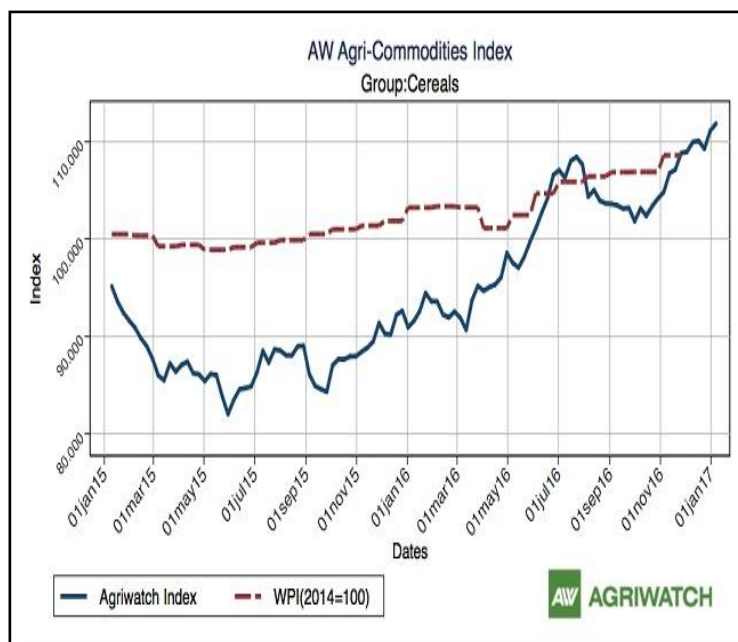
Outlook & Recommendation: Wheat cash market is expected to trade range bound to slightly weak in the short to medium term.

Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1770 & 1975 respectively.

AW Cereals Index:

The Agriwatch Agri Commodities Index gained 0.41% to 115.30 during the week ended Jan 7, 2017 from 114.83 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Most agri-commodities rebounded from their recent weakness and offset a sharp fall in the Pulses Index. 7 of the 9 commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices posted weekly gains. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 111.86 (+0.68%), Pulses Index: 181.78 (-10.1%), Vegetables Index: 45.06 (+7.79%), Edible Oils Index: 112.79 (+1.34%), Oilseeds Index: 99.10 (+2.25%), Spices Index: 120.81 (-0.48%), Sweeteners Index: 122.73 (+2.72%), Fibres Index: 111.10 (+7.19%) and Other Non-Food Articles Index: 86.02 (+1.31%).



"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.

Wheat stock in government godowns has fallen to a five-year low of 16.49 million tonnes as on 1st December, which is close to the buffer-cum-strategic reserve norm of 13.8 million tonnes for 1st 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.

Lower than normal production would drag carryout for 2016-17 down to 10.08 MMT, the lowest in 8 years. It would be lower by around 9 MMT from 2015-16. The season (2015-16) would start with 10.08 MMT carry in stock including private carry in stock of 1 to 1.5 MMT.

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:

To ease supply side and check price in the open market, FCI has revised its grain stocks norms for third quarter beginning in the month of October and January while rules for July and April have remained unchanged. Under the revised norms FCI needs to maintain wheat stocks of 19.5 million tonne (MT) and 13.8 MT on October 1 and January 1, respectively. Now it needs to maintain 1MMT less wheat. As on December 1, FCI had a wheat stock of 16.49 MT, against the buffer stocks norm of 13.8 MT required to be maintained on January 1. This implies that the corporation would be left with virtually no excess wheat stocks starting next year as it requires around 2.5 MT of grain monthly for Public Distribution System.

As per latest update, area sown until 06 January'17 is 303.16 lakh hectares compared to 281.7 lakh hectares in the previous Rabi season. Among major states the area is down in Bihar, Chhattisgarh, Himachal Pradesh and Jammu & Kashmir, 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 304.05 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 232.9 in October to 245 in November-2016. Monthly wheat inflation has increased by 5.19 percent in November-16 compared to October -16. As compared to November-15 wheat WPI has increased by around 10.71 percent.

Area Coverage under Wheat Till 06th January-2017:

State Wise Progressive Wheat Sowing Till 06.01.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0	0.00
Bihar	21.34	21.369	21.97	-2.74
Chhattisgarh	1.04	1.28	1.39	-7.91
Gujarat	11.56	9.28	8.26	12.35
Haryana	25.39	25.19	25.03	0.64
H.P.	3.51	2.872	3.6	-20.22
J&K(J)	3.04	1.63	2.41	-32.37
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	1.93	1.49	29.53
Karnataka	2.06	1.53	1.59	-3.77
M.P.	54.96	59.19	48.32	22.50
Maharashtra	8.82	9.12	5.52	65.22
Punjab	35.11	34.96	34.95	0.03
Tamil Nadu	0.00	0.00	0.00	0.00
Telengana	0.00	0.00	0.00	0.00
Tripura	0.00	0.00	0.00	0.00
Rajasthan	30.47	30.677	28.25	8.59
Uttar Pradesh	97.59	97.26	91.91	5.82
Uttrakhand	3.53	3.48	3.43	1.46
West Bengal	3.29	3.15	3.45	-8.70
Others	0.35	0.12	0.12	0.00
All- India	304.05	303.16	281.7	7.62

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

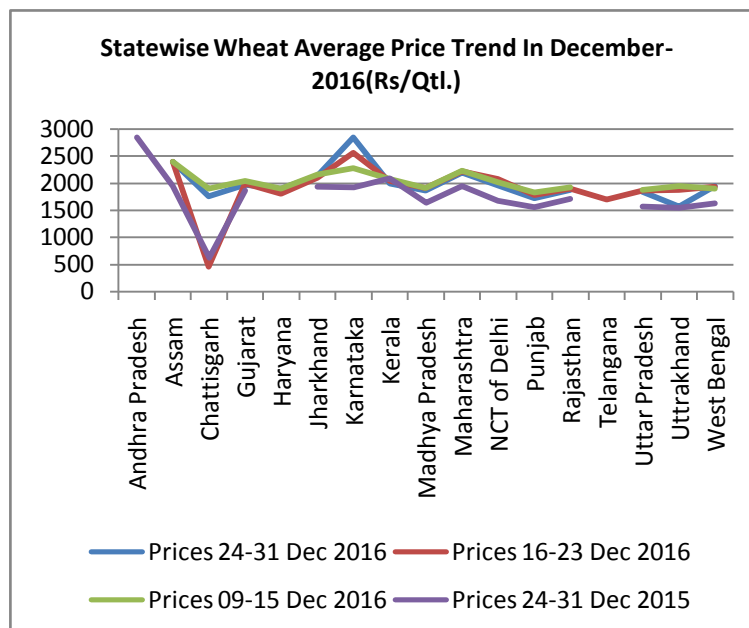
State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 28.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-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 decreased by 2.68 % from Rs 1984.85 in November to Rs 1931.63 per qtl in December-2016. It is higher by 11.55% from the average price registered in December-2015.

Average prices moved down in all States except Chhattisgarh, Jharkhand, Haryana and Karnataka. For all the other states prices have remained steady or increased.

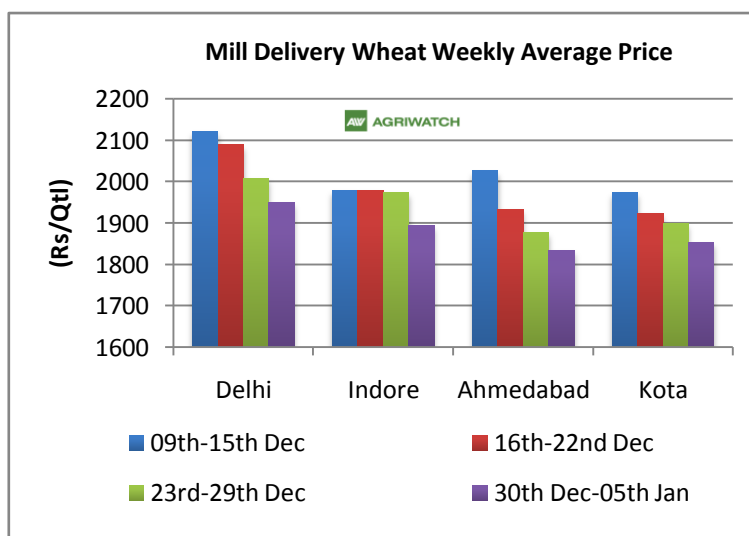
Prices are likely to stay steady to slightly weak as government has revised its stocking norms down by 1MMT, therefore more quantity will be available for sale. Government is also expecting increased flow of imported wheat as import duty has been scrapped and ample supplies available in the global market



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

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

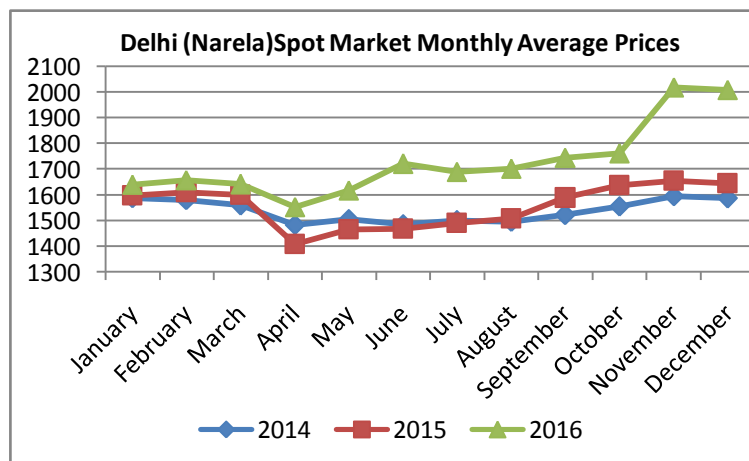
Prices have become weak in the last week. Import duty has been scrapped by the government. Furthermore as per new stocking norms released by the government for wheat, it would have additional quantity to sell in the open market. Release in OMSS was doubled for Delhi but in comparison to last year it is still lower.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 2019.75 in November-16 to Rs 2009.05 per quintal in December-2016. The prices are weak by 0.53 percent compared to last month and firm by 22.13 percent compared to last year for the same month.

Cash market at Delhi (Narela) has become slightly weak because of government's decision to revise down stocking norms and 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 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 \$183 and may touch \$190 per tonne by December end. As import duty is revised from 25 to 10 percent import volume would increase.

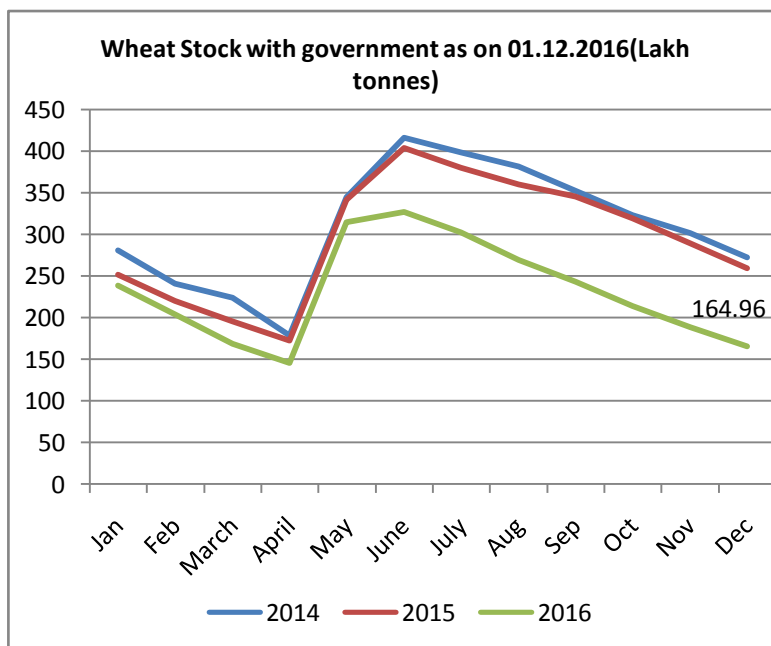
Source: DGCIS, *Provisional data from IBIS

April -2015 (MY-2015-16)	Wheat Import(In 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	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 01.12.2016 was registered at 164.96 lakh tonne. It is lower by 23.45 % from November-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 8.5 MMT wheat would come out in next 3 months. So ending stock will be around 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.

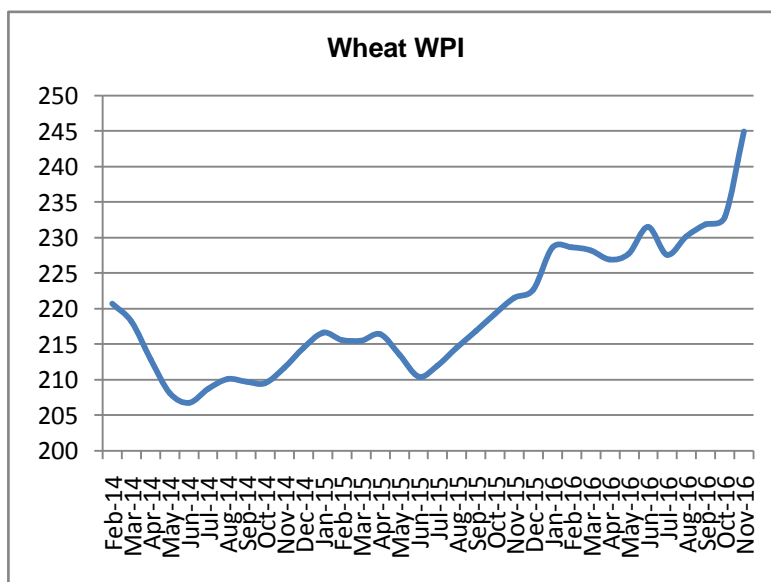


Wheat Inflation:

Wheat WPI has increased slightly from 232.9 in October to 245 in November-2016.

Monthly wheat inflation has increased by 5.19 percent in November-16 compared to October -16. As compared to November-15 wheat WPI has increased by around 10.71 percent.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
16-Dec	2083.88	2018.69	1930.71	1949.63	2340.47

Source: Agriwatch

Monthly Price Comparison of Spot Markets

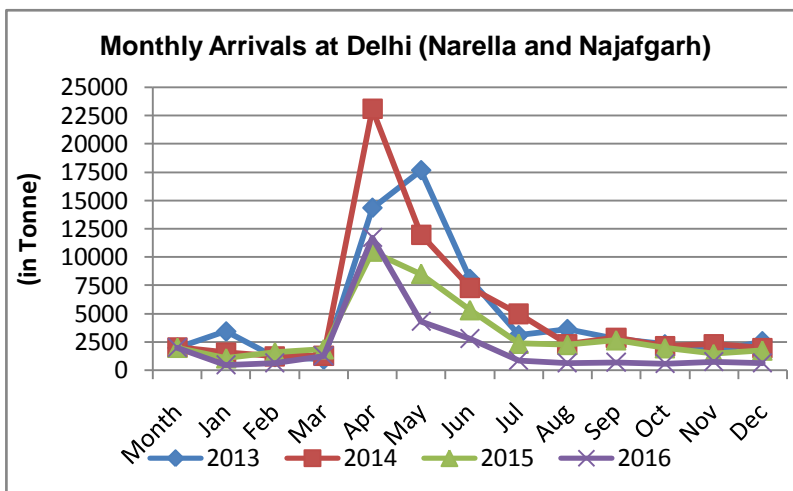
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			7-Jan-17	6-Jan-17	31-Dec-16	7-Dec-16	7-Jan-16
Delhi	Lawrence Road	Mill Delivery	2020	2000	1950	2150	1690
	Narella	Mill Quality Loose	NA	1900	1900	Closed	1630
	Nazafgarh	Mill Quality Loose	NA	1900	1925	Closed	1635
Gujarat	Rajkot	Mill Delivery	1750	1740	1710	2000	1620
	Ahmedabad	Mill Delivery	1870	1830	1830	2140	1750
	Surat	Mill Quality Loose	1900	1870	1880	2160	1775
	Dhrol	Mill Delivery	2000	2060	2235	NA	1960
M.P.	Indore	Mill Quality Loose	1900	1900	NR	1950	1600
	Bhopal	Mill Delivery	1850	1900	1825	1950	1570
Rajasthan	Kota	Mill Quality Loose	1800	1775	1760	1900	1600
		Mill Delivery	1900	1875	1850	NR	1690
U.P.	Kanpur	Mill Delivery	NR	NR	1900	NR	1570
	Mathura	Mill Quality Loose	1900	1870	1850	1935	1600
	Kosi	Mill Quality Loose	1915	1900	1850	2100	1600
	Hathras	Mill Quality Loose	1925	1925	1970	1975	1565
	Aligarh	Mill Quality Loose	1750	1800	1880	Closed	1525
Punjab	Khanna	Mill Quality Loose	NA	1740	1700	1975	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1810	1800	1800	1900	1550
	Hodal	Mill Delivery	2000	2000	2050	2240	1705
	Bhiwani	Mill Quality Loose	1800	1825	1910	2130	1600
	Karnal	Mill Quality Loose	1825	1825	1850	2060	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2300	2300	2350	NR	1850
	Madurai	Mill Quality	2357	2357	2407	NR	1907
	Coimbatore	Mill Quality	2357	2357	2407	NR	1907
Bihar	Khagariya	Mill Delivery	2100	2100	Closed	1800	1750
	Muzaffarpur	Mill Delivery	1950	1925	Closed	1925	0

Monthly Arrivals at Delhi

Arrivals in Narela and Najafgarh in Delhi region increased in December-2016, from 751 tonne in November to 667 tonnes in December-2016. Currently wheat is being traded at Rs 2010 per qtl. Local millers are sourcing wheat from Uttar Pradesh.

Domestic Outlook:

Wheat cash market is expected to trade steady to slightly weak in January-2017 given the normal condition.



Wheat Technical Analysis:



* Do not carry-forward the position next month.

International Market Dynamics

As per latest update, Russia has harvested around 73.3 MMT of wheat in 2016 up by 18.6 percent compared to 2015. The total quantity majorly included 51 MMT of milling wheat and 15.9 MMT of third grade milling wheat. Furthermore around 34.6 MMT of cereal crops were exported out of which 25.3 MMT was wheat.

Importers in the Philippines purchased about 25,000 tonnes of Australian-origin feed wheat. The buyers had asked for quotations for milling wheat but bought feed wheat grades. Price was around \$196 a tonne C&F for April 2017 delivery.

Egypt has bought 3.6 lakh tonne milling grade wheat from Russia, Romania and Argentina for mid Jan-2017 delivery. It has been bought at an average price of \$198/ MT C&F. The price at the previous tender was around \$202.5/MT C&F. Due to the cheaper FOB quotes available from Argentina and Russia, traders had to lower their FOB prices in average by \$2.

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.

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 24th, 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 01.01.2017)							
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	809	14,400	6,300	5	8,200	914	11,300
Australia	6,138	33,000	7,960	150	23,000	7328	24,500
Canada	5,167	31,700	9,900	485	21,500	5952	27,594
China	97,042	128,850	117,000	3,500	800	111592	130,190
EU	14,007	143,974	129,200	6,500	25,000	10281	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	29,000	10101	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	63,711	122,180	257,514	155,046	25,097	57,126	125,833
World total	240,646	751,263	734,477	172,636	175,397	252138	735,494

Source: USDA

CBOT Futures Mar-17 Chart:

1st Support: 152.00
2nd Support: 149.00
1st Resistant: 160.00
2nd Resistant: 163.00
(\$ 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-Dec-16	22-Dec-16	29-Nov-16	29-Sep-16	29-Jun-16	29-Dec-15	
17-Mar	148.71	145.86	150.17	154.95	177.91	192.7	-22.83
17-May	153.48	150.63	155.13	160	181.77	194.45	-21.07
17-Jul	158.62	155.78	160.83	163.95	184.62	193.62	-18.07
17-Sep	163.68	161.1	166.43	169	188.02	196.65	-16.77
17-Dec	169.74	167.63	173.14	175.98	193.44	200.51	-15.35
18-Mar	174.42	172.68	177.55	181.68	198.4	201.43	-13.41

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

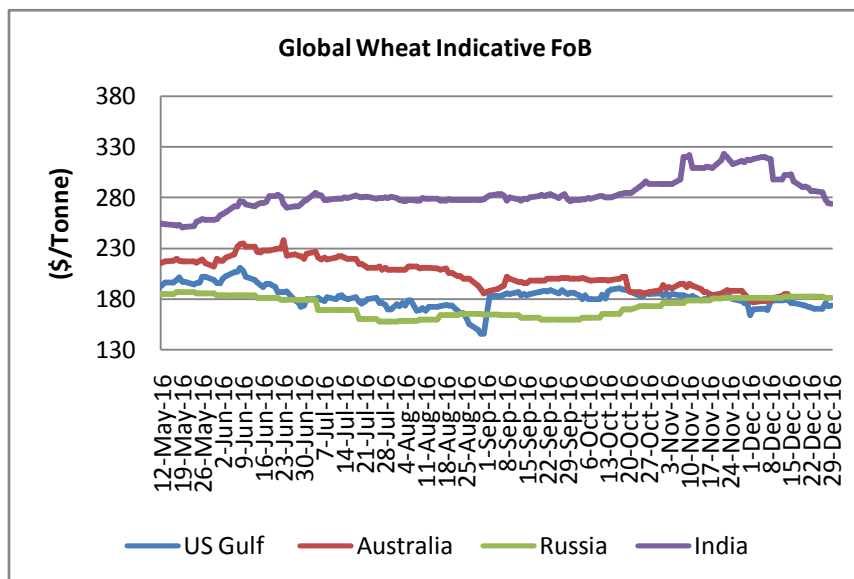
All prices are for SRW/milling grade	1-Jun-16	1-Jul-16	1-Aug-16	1st Sept-16	1st Oct-16	1st Nov-16	1st Dec-16	1st Jan-17
USA	196.1	180.1	174.9	162.8	182.26	184.4	164.00	174.87
France	149.5	156.75	187.56	178.15	183.48	184.64	176.85	169.25
Australia	218	221	211	187	200	194	179.00	171.00
Russia	183.5	179.5	158	165	160	176.5	181.50	181.50
India	262.45	278.02	279.44	280.06	277.74	293.85	316.66	271.52

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 \$273.38-286.41 per tonne.

US and Russian quotes are hovering in the range of \$173.6 and \$181.9 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in the last month.

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$165 to \$195 in coming weeks.



International Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina has witnessed substantial increase in area sowed and is expecting to produce 15.7 MMT this season. The two main producers of EU i.e. France and Germany have sown in 5.2 and 3.2 million hectares respectively. The crop conditions for both countries are good which may lead to an ample harvest under normal conditions. Australia is set to harvest record crop of around 32 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 31 MMT, largest in three years.. Steady to slightly weak market is expected in short to medium term.

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