

Wheat Monthly Research Report

Contents

- ❖ Wheat Market Dynamics
- ❖ AW Wheat Index
- ❖ Wheat Quarterly Balance Sheet
- ❖ Wheat APY
- ❖ Wheat Price Trend
- ❖ Export & Import
- ❖ Monthly Stock & Procurement
- ❖ Inflation
- ❖ Spot Prices
- ❖ Domestic Outlook
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

Market Dynamics:

Price Trend: All India average monthly prices for wheat increased by 4.58 percent from Rs 1931.63 (in December) to Rs 2020.14 per qtl in January-2017. Better crop prospects for have weakened inner tone in the market. Average price (January) is higher by 19.43 percent compared to price (Rs 1691.51 per qtl.) registered in January-2016. 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: Agriwatch has given its preliminary production estimate of 94.7 MMT for 2017-18. Carryout is expected to be around 12.18 MMT. Availability would be 107.18 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT. 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.

Export-: At export front prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is over \$100 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$184/183.5 per tonne on FoB basis while Indian FoB at Kandla port comes to \$284.5 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 \$289.68 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.2, \$184.7, \$182.72, \$192.3 and \$172 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.

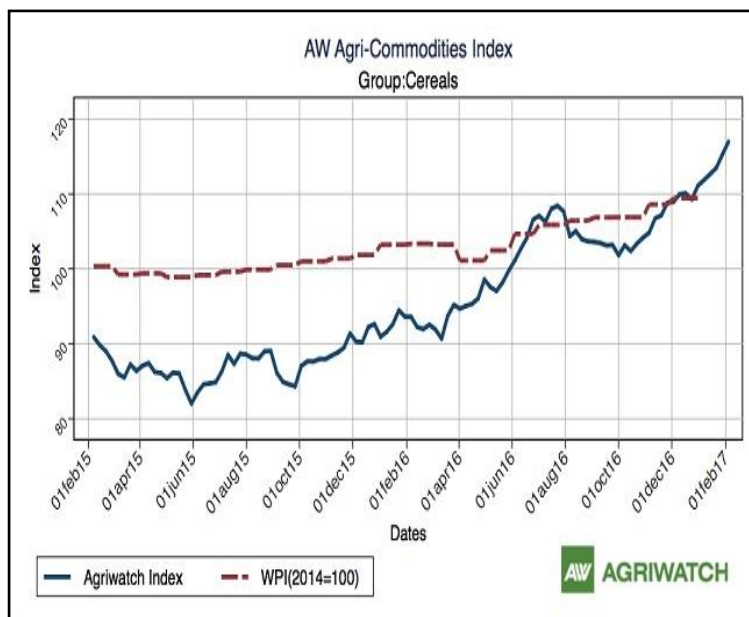
Outlook & Recommendation: Wheat cash market is expected to trade range bound to slightly weak in the short to medium term.

Trade Call: Stake holders should trade taking care of lower and upper price band of Rs 1665 & 1880 respectively.

AW Cereals Index:

The Agriwatch Agri Commodities Index dipped 0.32% to 114.85 during the week ended Feb 4, 2017 from 115.21 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Commodity price trends were mixed with 4 of the 9 commodity group sub-Indices gaining during the week. Gains in cereals and non-food articles were offset by declines in pulses and edible oils. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 116.96 (+1.49%), Pulses Index: 153.32 (-3.75%), Vegetables Index: 41.73 (+0.40%), Edible Oils Index: 111.13 (-1.38%), Oilseeds Index: 93.99 (-2.39%), Spices Index: 113.60 (-3.27%), Sweeteners Index: 125.57 (-0.35%), Fibres Index: 115.01 (+1.33%) and Other Non-Food Articles Index: 98.94 (+4.86%).



"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 2017-18:

Wheat MY Runs From April To March	2016-17	2017-18	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	15.38	8.98	8.98	80.23	57.43	34.68
Production	85.1	94.7	94.7	0	0	0
Imports	3	3.5	0.35	1.05	1.05	1.05
Total Availability (A+B+C)	103.48	107.18	104.03	81.28	58.48	35.73
Consumption	93.5	94	23.5	23.5	23.5	23.5
Exports	1	1	0.3	0.35	0.3	0.05
Total Usage (E+F)	94.5	95	23.8	23.85	23.8	23.55
Carry out (D-G)	8.98	12.18	80.23	57.43	34.68	12.18
Av Monthly Consumption	7.79	7.83	1.96	1.96	1.96	1.96
Stock to Month Use	1.15	1.55	40.97	29.33	17.71	6.22
Stock to Consumption Ratio	0.01	0.02	1.74	1.25	0.75	0.26

*Agriwatch Preliminary Estimate

Supply-Demand Highlights:

Wheat production in India for 2016-17 crop year (to be marketed in 2017-18) is expected to be around 94.7 MMT given normal condition in February- March, 2017. Carryout is expected to be around 12.18 MMT. Availability would be 107.18 MMT, higher compared to last year on account of increased production.

Wheat stock in government godowns has fallen to a five-year low of 13.67 million tonnes as on 1st January, which is slightly higher than the buffer-cum-strategic reserve norm of 12.8 million tonnes for 1st January-17. This insecure position is however offset by ample global supplies and expectations of good domestic crop under the normal conditions.

This season will start with a carryout of 8.98 MMT. Higher production this year will increase carry out for 2017-18 to 12.18 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 \$106 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 3.41 lakh tonnes of wheat in the first four weeks of January and around 4.25 lakh tonnes in December. In the first three weeks around 2.63 Lakh tonnes of wheat was sold and the remaining 78000 tonnes was sold in the fourth week. For the year 2016-17, FCI has sold around 40.76 lakh tonnes of wheat until last week of January. Of this total quantity around 34.43 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.

According to latest update, area sown until 03 February'17 is 317.81 lakh hectares compared to 297.25 lakh hectares in the previous Rabi season. Among various states the area is down in Jammu & Kashmir and Karnataka, whereas Punjab, Haryana 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 has motivated 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 245 in November to 251.7 in December-2016. Monthly wheat inflation has increased by 2.73 percent in December-16 compared to November-16. As compared to December-15 wheat WPI has increased by around 12.82 percent.

Area Coverage under Wheat Till 03rd February-2017:

State Wise Progressive Wheat Sowing Till 03.02.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0.00	0.00
Bihar	21.34	22.95	22.73	0.97
Chhattisgarh	1.04	1.736	1.58	9.87
Gujarat	11.56	9.96	9.01	10.54
Haryana	25.39	25.38	25.11	1.08
H.P.	3.51	3.59	3.60	-0.28
J&K(J)	3.04	2.31	2.45	-5.71
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	2.08	1.60	30.00
Karnataka	2.06	1.57	1.74	-9.77
M.P.	54.96	64.22	56.34	13.99
Maharashtra	8.82	10.52	6.29	67.25
Punjab	35.11	35	34.97	0.09
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	29.66	3.43
Uttar Pradesh	97.59	100.52	94.99	5.82
Uttarakhand	3.53	3.59	3.58	0.28
West Bengal	3.29	3.39	3.45	-1.74
Others	0.35	0.21	0.16	31.25
All India	304.05	317.81	297.25	6.92

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 for wheat increased by 4.58 percent from Rs 1931.63 (in December) to Rs 2020.14 per qtl in January-2017. Average price (January) is higher by 19.43 percent compared to price (Rs 1691.51 per qtl.) registered in January-2016.

Average prices moved down or remained steady in all States except Kerala, Jharkhand, and Karnataka.

Prices are likely to stay steady to slightly weak as bumper crop is expected this year under normal conditions. Furthermore under new stocking norms Government will have additional 1MMT for sale in OMSS. Import duty has been scrapped and ample supplies available in the global market although not many new deals have been signed for importing wheat.

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

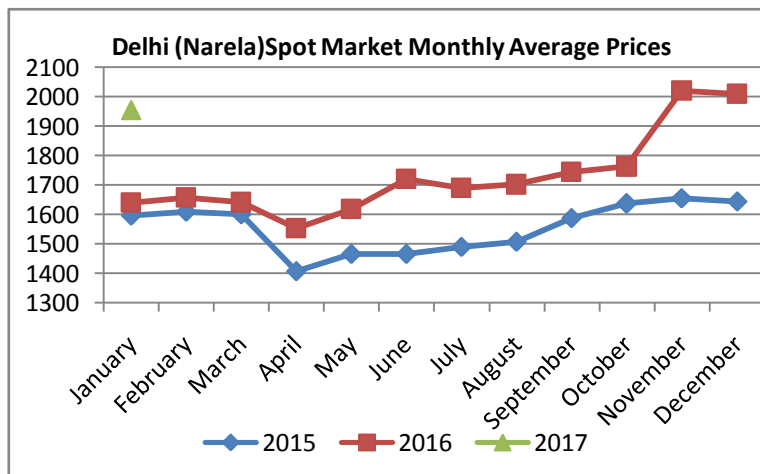
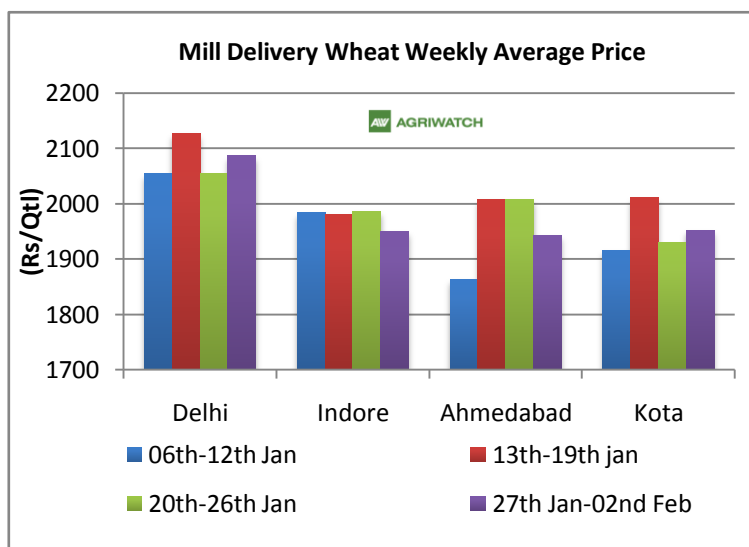
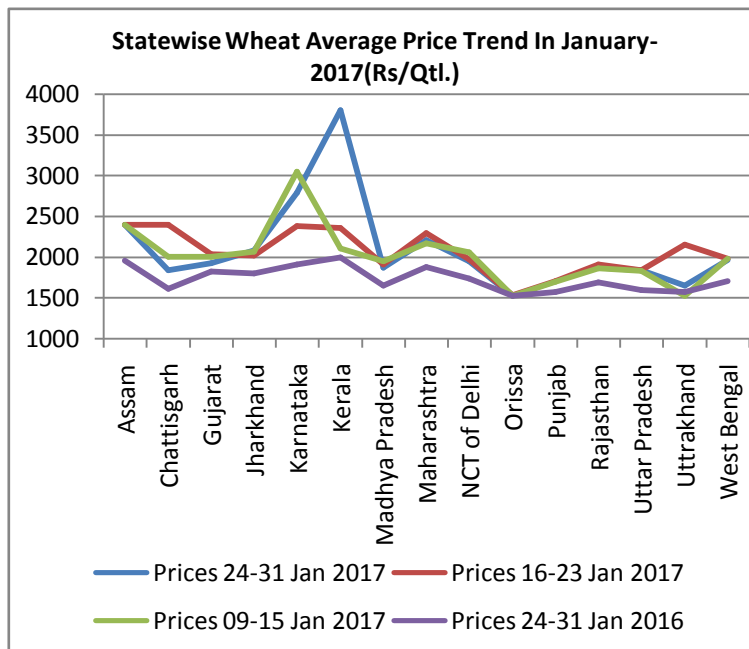
Wheat average mill delivery prices traded firm in Delhi, Kota and slightly weak in Indore, Ahmedabad during 27th Jan-02nd February. Prices are expected to remain steady to slightly weak.

Release in OMSS was doubled for Delhi but in comparison to last year it is still lower. 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.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 2009.05 in December-16 to Rs 1955.6 per quintal in January-2017. The prices are weak by 2.66 percent compared to last month and firm by 19.18 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.



Wheat Exports:

According to IBIS data, India exported around 3350 tonne 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.

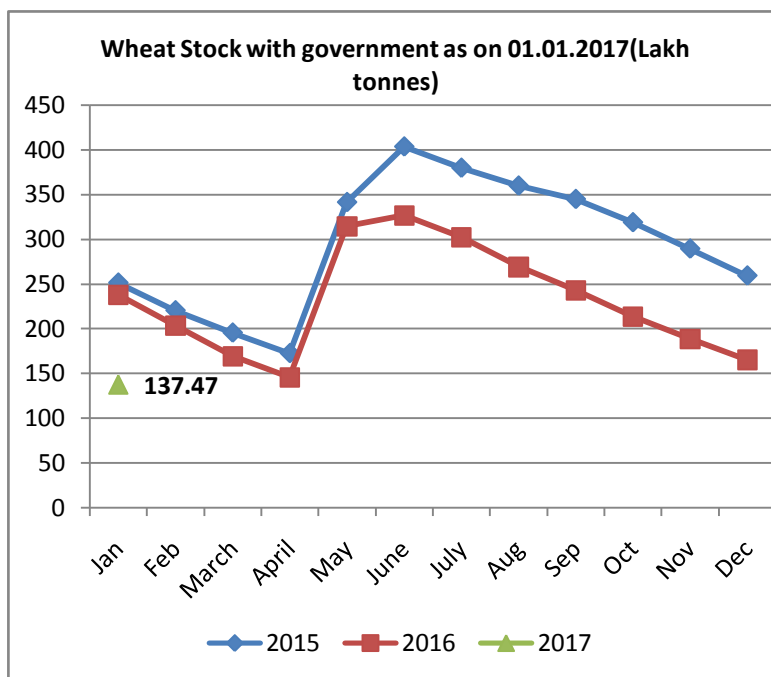
Source: DGCIS, *Provisional data from IBIS

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 01.01.2017 was registered at 137.47 lakh tonne. It is lower by 16.66 % from December-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 8.3 MMT wheat would come out in next 2 months. So ending stock will be around 8 MMT next year.

However, available stock in central pool is above the revised stocking norms as of now. Problem may surface if upcoming crop faces weather aberration like last two years. The season started with good monsoon rainfall so Agriwatch expects bumper production next year.

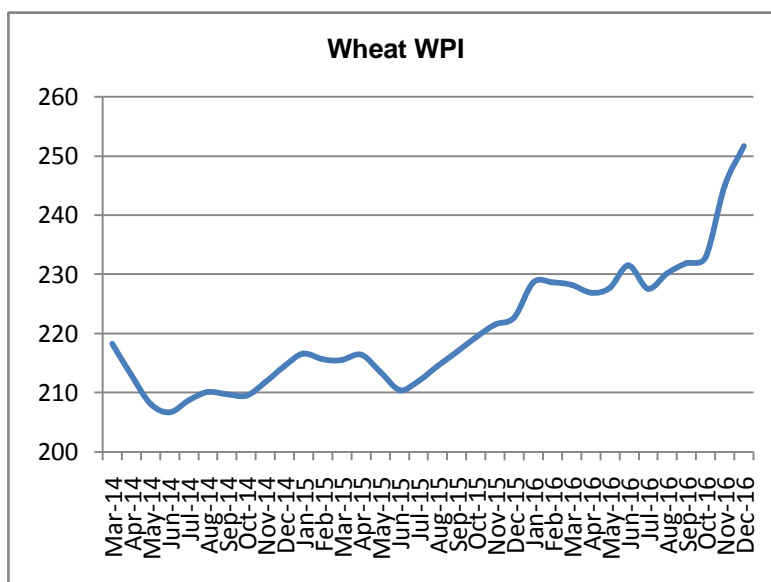


Wheat Inflation:

Wheat WPI has increased slightly from 245 in November to 251.7 in December-2016.

Monthly wheat inflation has increased by 2.73 percent in December-16 compared to November -16. As compared to December-15 wheat WPI has increased by around 13.022 percent.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
17-Jan	2061.60	1955.42	1936.88	1903.40	2312.50

Source: Agriwatch

Monthly Price Comparison of Spot Markets

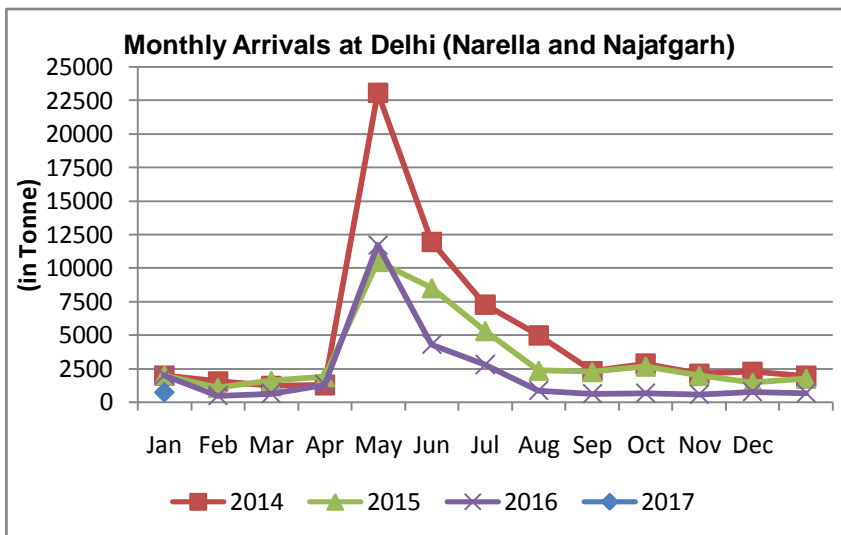
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Feb-17	31-Jan-17	25-Jan-17	1-Jan-17	1-Feb-16
Delhi	Lawrence Road	Mill Delivery	2075	2125	2075	1950	1700
	Narella	Mill Quality Loose	Closed	2000	Closed	1910	1660
	Nazafgarh	Mill Quality Loose	Closed	2000	Closed	1925	1660
Gujarat	Rajkot	Mill Delivery	1775	1800	1850	1715	1580
	Ahmedabad	Mill Delivery	1900	1940	1980	1830	1740
	Surat	Mill Quality Loose	1950	1980	2010	1870	1765
	Dhrol	Mill Delivery	2200	2160	2160	2265	1825
M.P.	Indore	Mill Quality Loose	1900	1900	1950	1800	1600
	Bhopal	Mill Delivery	1825	1825	1850	1825	1525
Rajasthan	Kota	Mill Quality Loose	NR	1850	1825	1760	NA
		Mill Delivery	NR	1950	1925	1850	NA
U.P.	Kanpur	Mill Delivery	1975	2015	2015	1915	1575
	Mathura	Mill Quality Loose	1925	1925	1900	1900	1675
	Kosi	Mill Quality Loose	1910	1920	1900	1900	1650
	Hathras	Mill Quality Loose	1880	1875	1935	1915	1680
	Aligarh	Mill Quality Loose	1920	1910	1910	1850	1650
Punjab	Khanna	Mill Quality Loose	1850	1820	1890	1700	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1890	1890	1910	1770	1580
	Hodal	Mill Delivery	2000	2000	2000	2000	1705
	Bhiwani	Mill Quality Loose	2000	1970	2000	1850	1630
	Karnal	Mill Quality Loose	NR	NR	NR	1825	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	NR	2300	2300	2350	NA
	Madurai	Mill Quality	NR	2357	2357	2407	NA
	Coimbatore	Mill Quality	NR	2357	2357	2407	NA
Bihar	Khagariya	Mill Delivery	2050	2100	2100	1800	1750
	Muzaffarpur	Mill Delivery	Closed	1950	1950	1925	NA

Monthly Arrivals at Delhi

Arrivals in Narela and Najafgarh in Delhi region increased in January-2017, from 667 tonne in December to 752 tonnes in January-2017. Currently wheat is being traded at Rs 2000 per qtl. Local millers are sourcing wheat from Uttar Pradesh.

Domestic Outlook:

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



Wheat Technical Analysis:



* Do not carry-forward the position next month.

International Market Dynamics

As per latest update, Canada's wheat output is estimated to be around 29 MMT for 2017-18. Although output is down by 2.6 MMT compared to previous year but it will be fourth largest in last twenty years. The harvest of durum wheat is likely to fall to 5.8 MMT because of fall in area by 15 percent. However this drop will be offset partially by increase in spring wheat sowings. A harvest of 29 MMT will allow Canadian exporters to marginally increase their exports to 21.3 MMT in 2017-18 compared to last year.

Russian wheat prices increased continuously for the third week in January and the quote for 12.5 percent Russian wheat increased by \$1 per tonne to \$186 per tonne compared to last week. The main reason for this is increased demand of Russian wheat in the international market. Russia has exported a total of 17.2 million tonnes of wheat between July 1 and Jan 25.

As per latest update, Japan's ministry of agriculture bought 108442 MMT of food quality wheat from United States, Australia and Canada. Around 64120 MMT has been bought from United States with minimum protein content of 13.5 percent to be loaded between March 21-April 20, 23482 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between April 21-May 20 and 20840 MMT from Australia to be loaded between April 1-April 30

GASC has purchased 410000 tonnes of Russian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$192.74/tonne, Aston offered 60000 tonnes at FOB of \$194/tonne, Grainbow offered 60000 tonnes at FOB \$192.25/tonne, ECTP offered 60000 tonnes at FOB \$192.7/tonne, Alegrow offered 60000 tonnes at FOB \$192.75/tonne and Glencore offered two cargoes of 55000 tonnes each at FOB \$192/tonne.

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According to latest update by International Grains Council, the production forecast has been increased by 3 million tons for crop year 2016-17. The production may touch 752 million tons against a forecast of 736 million tons for 2015-16. The difference is around 16 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

As per latest update, Australia is likely to produce around 33 MMT of wheat in 2016-17 surpassing its own record of 29.9 MMT set five years ago. Given the increase in production, Australia is expected to have around 53% more exportable volume compared to last year. Prices for the new crop are lower compared to last year, as Australian premium wheat with minimum 10.5% protein content was quoted around \$199/mt FoB Kwinana compared to \$212-213/mt last year and Australian standard white wheat with minimum 9% protein content was quoted around \$186/mt FoB Kwinana which is around \$5-10/mt less compared to black sea wheat with 11.5% protein content.

As per latest update, Japan's ministry of agriculture bought 110687 MMT of food quality wheat from United States and Canada. Around 60610 MMT has been bought from United States and 50077 MMT has been bought from Canada with minimum protein content of 13.5 percent. The quantity from U.S. will be loaded between February 21-March 20 and the quantity from Canada will be loaded between March 21-April 20.

As per latest update, a consortium of South Korean mills has bought around 100000 tonnes of U.S. and 87500 tonnes of Australian wheat. The wheat from U.S. was bought in three consignments of 35000 tonnes, 35000 tonnes and 30500 tonnes whereas the wheat from Australia was bought in two consignments of 54500 tonnes and 33000 tonnes.

IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	24.11.2016	19.01.2017
Production	717	730	737	749	752
Trade	157	153	164	166	168
Consumptions	698	715	720	736	738
Carryover stocks	190	205	222	235	235
Y-O-Y change	19	15	17	-	14
Major Export	56	65	68	71	77

IGC Balance Sheet Highlight:

- IGC has revised wheat production projection up by 3 MMT from 749 MMT to 752 MMT on 19th, Jan-2017 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 752 MMT against 737 forecasts for 2015-16. The difference is around 15 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 2MMT to 168 MMT. It is 4 MMT higher from actual of last year.
- Consumption has been pegged at 738MMT for 2016-17, up by 18 MMT from last year.
- Carryout has been kept unchanged i.e. 235 MMT since last estimate for 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 01.02.2017)							
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	616	15,000	6,300	10	9,000	721	11,300
Australia	5,971	33,000	7,960	150	23,500	6,661	24,500
Canada	5,171	31,700	10,200	485	21,000	6,156	27,594
China	97,042	128,850	117,000	3,500	800	111,592	130,190
EU	14,007	144,324	129,200	6,500	25,500	10,131	160,012
India	14,540	90,000	96,840	3,700	400	11,000	86,530
Pakistan	3,829	25,300	24,500	25	900	3,754	25,100
Russia	5,601	72,000	39,000	500	29,000	10,601	61,044
Ukraine	3,248	27,000	11,800	25	15,700	2,773	27,274
U S	26,552	62,859	33,993	3,400	26,000	32,285	56,117
Others	63,910	122,657	258,014	155,921	25,212	57,612	125,833
World total	240,487	752,690	734,807	174,216	177,012	253,286	735,494

Source: USDA

CBOT Futures Mar-17 Chart:

1st Support: 149.00
2nd Support: 147.00
1st Resistant: 164.00
2nd Resistant: 166.00
(\$ 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
	30-Jan-17	23-Jan-17	30-Dec-16	30-Oct-16	30-Jul-16	30-Jan-16	
17-Mar	152.10	159.18	149.90	159.36	169.10	191.97	-20.77
17-May	157.34	164.23	154.49	164.69	174.06	193.53	-18.70
17-Jul	162.57	169.56	159.54	169.56	176.54	191.51	-15.11
17-Sep	168.36	174.79	164.50	174.79	180.76	194.17	-13.29
17-Dec	175.16	181.22	170.84	180.94	187.19	199.13	-12.04
18-Mar	179.75	185.45	175.53	185.26	192.43	200.60	-10.39

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

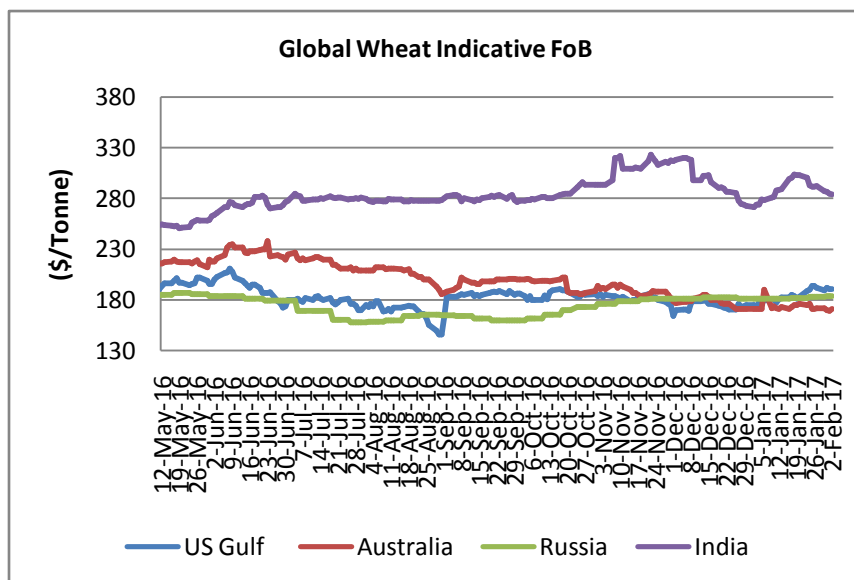
All prices are for SRW/milling grade	1-Aug-16	1st Sept-16	1st Oct-16	1st Nov-16	1st Dec-16	1st Jan-17	1st Feb-17
USA	174.9	162.8	182.26	184.4	164.00	174.87	190.60
France	187.56	178.15	183.48	184.64	176.85	169.25	182.70
Australia	211	187	200	194	179.00	171.00	169.00
Russia	158	165	160	176.5	181.50	181.50	184.00
India	279.44	280.06	277.74	293.85	316.66	271.52	284.59

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 \$283.96-292.52 per tonne.

US and Russian quotes are hovering in the range of \$190.87 and \$183.6 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 \$165 to \$200 in coming weeks.



International Outlook:

Global wheat market is expected to trade from steady to slightly weak as USDA has revised wheat projections up by 1.3 MMT due to large increases in Argentina and Russia. Forecast for EU wheat harvest has been revised down due to severe cold in eastern EU. However the reduced forecast of 143.5 MMT is still higher compared to last year. 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. 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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