

# 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 decreased by 3.62 percent from Rs 2014.55 (in January) to Rs 1941.56 per qtl in February-2017. Better crop prospects for have weakened inner tone in the market. Average price (February) is higher by 11.13 percent compared to price (Rs 1747.16 per qtl.) registered in February -2016. Higher import volume would restrict demand from south Indian millers. Government may impose import duty of 25 percent to restrict flow of imports.

**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 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.

**Export-:** At export front prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is around \$65 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$184.5/186 per tonne on FoB basis while Indian FoB at Kandla port comes to \$249.7 per tonne. India exported 7847 tonne wheat in December at an average FoB of \$325.12 per tonne. Total export in current MY till December-2016 was registered around 37530 tonne from 1<sup>st</sup> April. For current MY till October average FoB comes to \$342.52 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 government scrapped import duty. In December India imported 5.66 lakh tonne wheat at an average CiF of \$220.47 per tonne compared to 5.44 lakh tonnes in the month of december. Import is likely to continue as prices in domestic market rules higher. As import duty is slashed, import volume may exceed 4 MMT 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 \$254.02 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.5, \$186, \$174.25, \$184.6 and \$179.16 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:** Government has fixed wheat procurement target at 33MMT for 2017-18. Of the total target around 11.5 MMT will be procured from Punjab, 8.5 MMT from Madhya Pradesh, 7.5 MMT from Haryana, 3MMT from Uttar Pradesh and 1.7 MMT from Rajasthan.

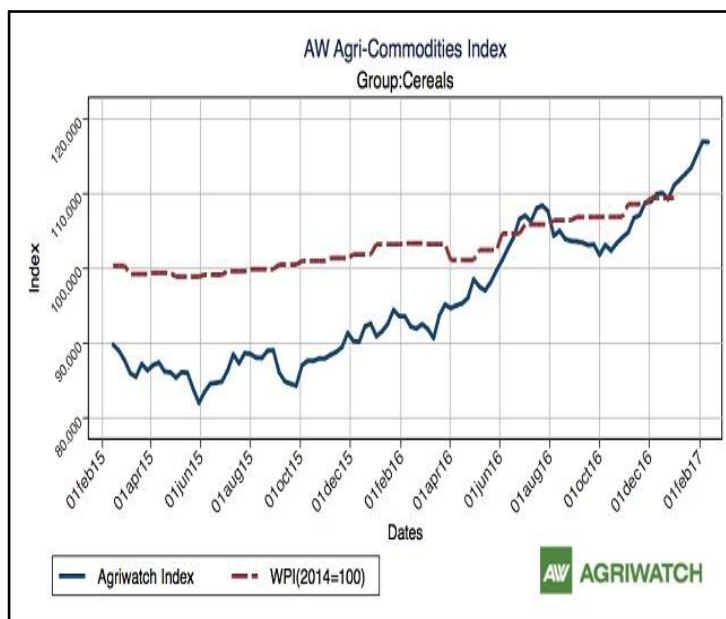
**Outlook & Recommendation:** Wheat cash market is expected to trade range bound to slightly weak in the short to medium term.

**Trade Call:** Stake holders should trade taking care of lower and upper price band of Rs 1535 & 1810 respectively.

### AW Cereals Index:

The Agriwatch Agri Commodities Index fell 0.50% to 114.27 during the week ended Feb 11, 2017 from 114.85 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

Pulses fell sharply led by a 10.5% slump in the Chana Index due to the harvest around the corner, while Tur and Urad Indices fell over 4% each. Higher sugar cushioned the Index's fall. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 116.91 (-0.04%), Pulses Index: 140.70 (-8.23%), Vegetables Index: 40.20 (-3.67%), Edible Oils Index: 110.59 (-0.49%), Oilseeds Index: 94.31 (+0.34%), Spices Index: 111.16 (-2.15%), Sweeteners Index: 127.89 (+1.85%), Fibres Index: 117.24 (+1.94%) and Other Non-Food Articles Index: 98.39 (-0.55%).



"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 2017-18:

<b>Wheat MY Runs From April To March</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Apr-Jun</b>	<b>July-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>
<b>Carry in</b>	<b>15.38</b>	<b>8.98</b>	<b>8.98</b>	<b>80.23</b>	<b>57.43</b>	<b>34.68</b>
<b>Production</b>	85.1	94.7	94.7	0	0	0
<b>Imports</b>	3	3.5	0.35	1.05	1.05	1.05
<b>Total Availability (A+B+C)</b>	103.48	107.18	104.03	81.28	58.48	35.73
<b>Consumption</b>	93.5	94	23.5	23.5	23.5	23.5
<b>Exports</b>	1	1	0.3	0.35	0.3	0.05
<b>Total Usage (E+F)</b>	94.5	95	23.8	23.85	23.8	23.55
<b>Carry out (D-G)</b>	<b>8.98</b>	<b>12.18</b>	<b>80.23</b>	<b>57.43</b>	<b>34.68</b>	<b>12.18</b>
<b>Av Monthly Consumption</b>	7.79	7.83	1.96	1.96	1.96	1.96
<b>Stock to Month Use</b>	1.15	1.55	40.97	29.33	17.71	6.22
<b>Stock to Consumption Ratio</b>	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 11.15 million tonnes as on 1st February, which is lower than the buffer-cum-strategic reserve norm of 12.8 million tonnes. 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 \$64-76 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 4MMT this year after government scrapped import duty.

**Domestic Market Highlights:**

As per latest update, Government has sold around 3.40 lakh tonnes of wheat in the month of February. In the month of January around 3.41 lakh tonnes of wheat was sold. For the year 2016-17, government has sold around 44.17 lakh tonnes of wheat until last week of February. Of this total quantity around 37.53 lakh tonnes have been purchased by private trade and 5.98 lakh tonnes has been purchased by state governments. Apart from this 66250 tonnes of wheat has been sold through dedicated movement.

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 week(21<sup>st</sup> -26<sup>th</sup>), 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 decreased slightly from 251.7 in December'16 to 250.3 in January-2017. Monthly wheat inflation has decreased by 0.55 percent in January-17 compared to December-16. As compared to January-16, wheat WPI has increased by around 9.49% and by 5.54% compared to January-2015.

Area Coverage under Wheat Till 03rd February-2017:

<b>State Wise Progressive Wheat Sowing Till 03.02.2017</b>				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0.00	<b>0.00</b>
Bihar	21.34	22.95	22.73	<b>0.97</b>
Chhattisgarh	1.04	1.736	1.58	<b>9.87</b>
Gujarat	11.56	9.96	9.01	<b>10.54</b>
Haryana	25.39	25.38	25.11	<b>1.08</b>
H.P.	3.51	3.59	3.60	<b>-0.28</b>
J&K(J)	3.04	2.31	2.45	<b>-5.71</b>
Manipur	0.00	0.00	0.00	<b>0.00</b>
Meghalaya	0.00	0.00	0.00	<b>0.00</b>
Jharkhand	1.66	2.08	1.60	<b>30.00</b>
Karnataka	2.06	1.57	1.74	<b>-9.77</b>
M.P.	54.96	64.22	56.34	<b>13.99</b>
Maharashtra	8.82	10.52	6.29	<b>67.25</b>
Punjab	35.11	35	34.97	<b>0.09</b>
Tamil Nadu	0.00	0.00	0.00	<b>0.00</b>
Telengana	0.00	0.00	0.00	<b>0.00</b>
Tripura	0.00	0.00	0.00	<b>0.00</b>
Rajasthan	30.47	30.677	29.66	<b>3.43</b>
Uttar Pradesh	97.59	100.52	94.99	<b>5.82</b>
Uttarakhand	3.53	3.59	3.58	<b>0.28</b>
West Bengal	3.29	3.39	3.45	<b>-1.74</b>
Others	0.35	0.21	0.16	<b>31.25</b>
All India	304.05	317.81	297.25	<b>6.92</b>

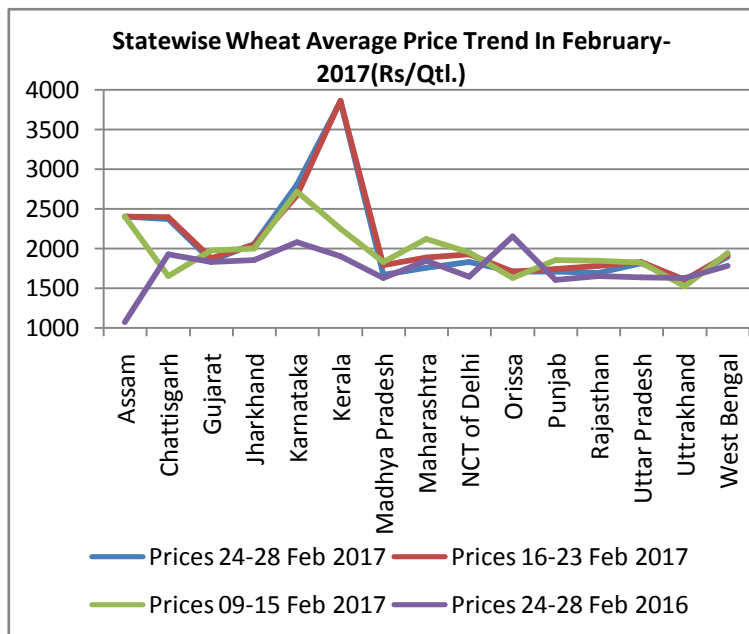
Wheat Procurement Status Till 28<sup>th</sup> June-2016 (Source :FCI)

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	<b>+2.80</b>
Haryana	67.78	67.22	67.78	<b>-0.83</b>
Gujarat	0.73	0.00109	0.73	<b>-99.85</b>
Uttar Pradesh	22.67	8.2376	22.67	<b>-63.66</b>
MP	73.09	39.9	73.09	<b>-45.41</b>
Rajasthan	13	7.617	13	<b>-41.40</b>
Others	0.07	0.02	0.07	<b>-71.43</b>
All India	280.88	229.44	280.88	<b>-18.32</b>

### Monthly Average Price Comparison:

All India average monthly prices for wheat decreased by 3.62 percent from Rs 2014.55 (in January) to Rs 1941.56 per qtl in February-2017. Average prices moved down in all States except Orissa, Jharkhand, and Karnataka.

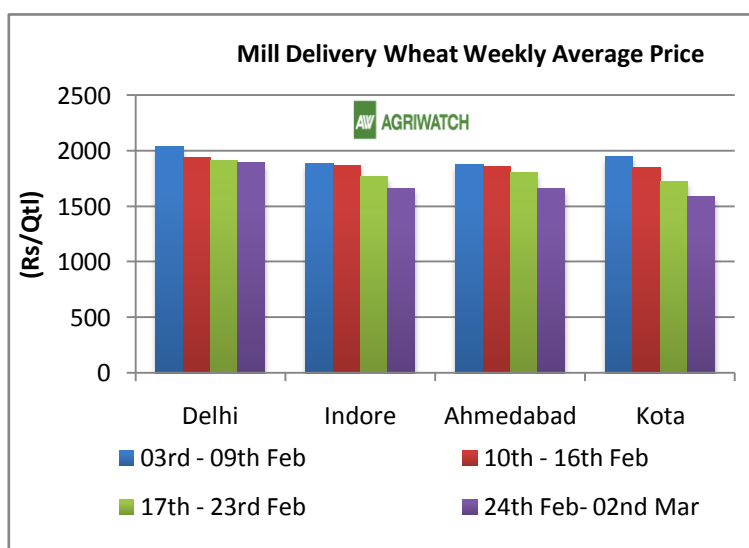
Prices are likely to stay steady to slightly weak as good crop is expected this year under normal conditions. Furthermore under new stocking norms Government will have additional 1MMT for sale in OMSS. Import duty has been scrapped and ample supplies available in the global market although not many new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



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

Wheat average mill delivery prices traded weak in Delhi, Indore, Kota and Ahmedabad during 24<sup>th</sup> February -02<sup>nd</sup> March. Prices are expected to remain steady to slightly weak.

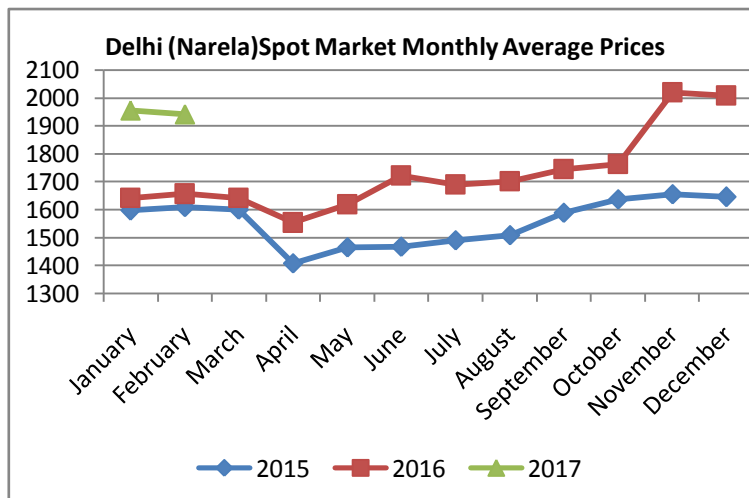
Arrivals have started in Madhya Pradesh, Rajasthan and Gujarat. Overall crop is in good condition as of now and good harvest can be expected. Crop condition in Uttar Pradesh is good as of now but increasing temperature is posing a threat. Therefore, next 20-25 days are very crucial for Uttar Pradesh. 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 1955.6 in January-17 to Rs 1941.95 per quintal in February-2017. The prices are weak by 0.70 percent compared to last month and firm by 17.23 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 latest update, India exported around 7847 tonne wheat in the month of December-2016 at an average FoB price of \$325.12 per tonne.

It is around 4.49 thousand tonnes higher compared to exported quantity (3.35 thousand tonne) in November-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 (\$64 to \$76 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	7.84	325.12	145.91
17-Jan			
17-Feb			
17-Mar			
Total 2016-17("000"T)	37.53	342.52	156.76

## Wheat Import :

India imported around 5.02 lakh tonne wheat during last MY. This year import volume may increase to 4 MMT if prices in domestic market continue to get firmer. In the month of December-2016 India imported around 5.66 lakh tonne wheat from Russia, Bulgaria, Ukraine and Australia compared to 5.54 lakh tonnes in November-16.

Yearly average CiF comes to \$272.73 per tonne for 2015-16. This year CiF average quote comes to 220.47 per tonne. FoB quote in Black Sea region has increased to \$185.5 and may touch \$190 per tonne by April end. Government may impose around 25 percent import duty to restrict flow of imports and provide favourable grounds for upcoming domestic crop.

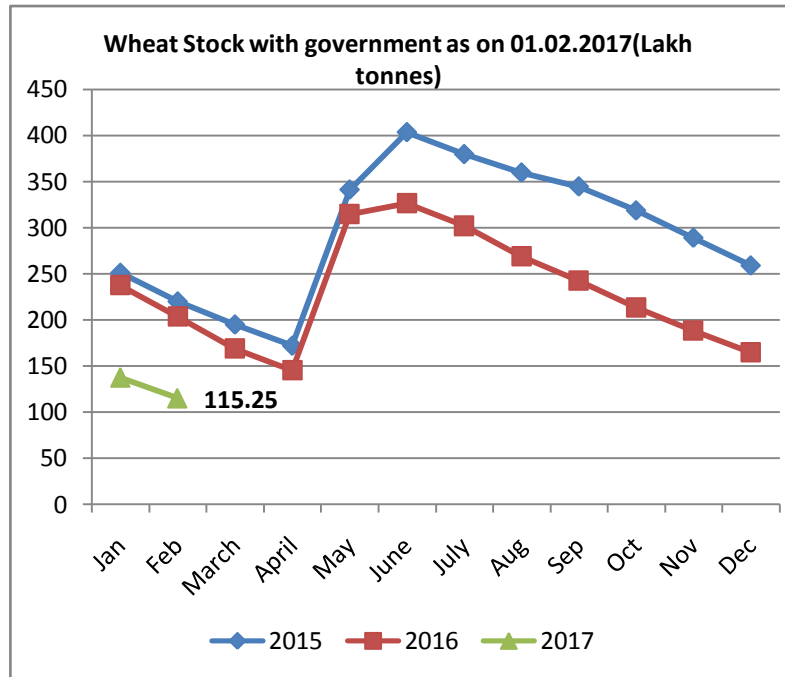
Source: DGCIS, \*Provisional data from IBIS

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	554.86	221.97	148.36
16-Dec	566.15	217.37	145.91
17-Jan			
17-Feb			
17-Mar			
Total 2016-17	2103.259	220.47	156.76

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

Wheat stock in government's ware houses on 01.02.2017 was registered at 115.25 lakh tonne. It is lower by 16.16 % from January-2017. Central pool stock has been declining from 2013 owing to export and lower production/procurement. Market participants expect average off take to be around 20/21 lakh tonne per month till March 2017. This means around 8.0 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 below 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 good production this year.

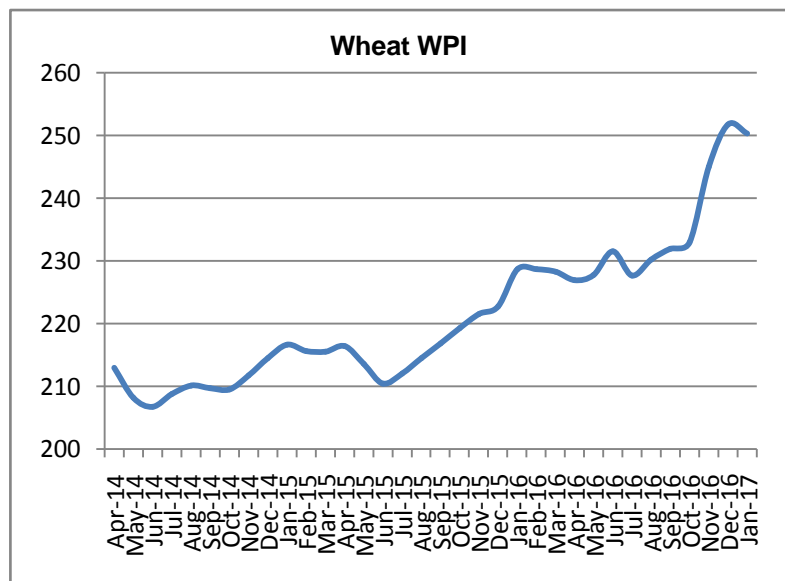


### Wheat Inflation:

Wheat WPI has decreased slightly from 251.7 in December to 250.3 in January-2017.

Monthly wheat inflation has decreased by 0.56 percent in January-17 compared to December -16. As compared to January-16 wheat WPI has increased by around 9.49 percent.

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



Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
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
17-Feb	1968.18	1824.77	1811.36	1779.29	2213.64

Source: Agriwatch

Monthly Price Comparison of Spot Markets

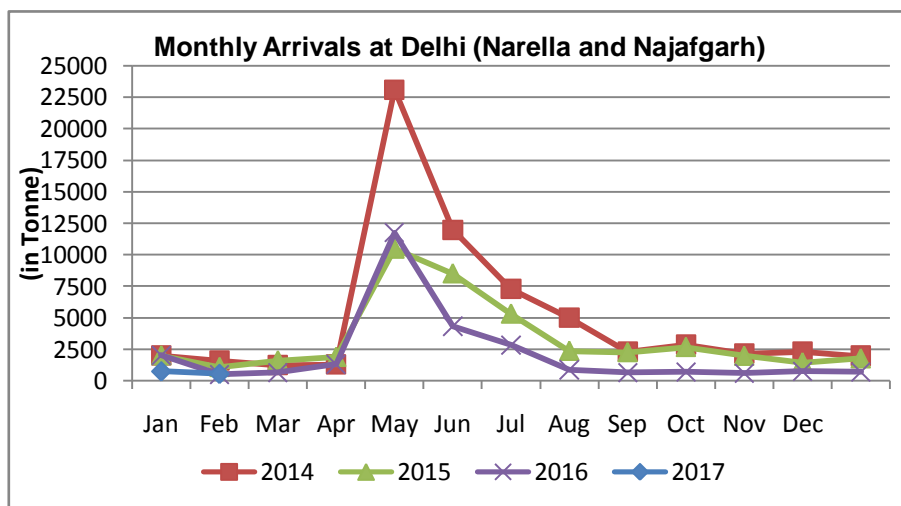
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			4-Mar-17	3-Mar-17	25-Feb-17	4-Feb-17	4-Mar-16
Delhi	Lawrence Road	Mill Delivery	1825	1830	1915	2050	1710
	Narella	Mill Quality Loose	1800	1800	1870	2020	1645
	Nazafgarh	Mill Quality Loose	1750	1800	1825	1950	0
Gujarat	Rajkot	Mill Delivery	1540	1525	1500	1775	1500
	Ahmedabad	Mill Delivery	1680	1700	1650	1910	1680
	Surat	Mill Quality Loose	1700	1725	1650	1930	1710
	Dhrol	Mill Delivery	1730	1860	1910	2000	2035
M.P.	Indore	Mill Quality Loose	1625	1625	1600	1900	1550
	Bhopal	Mill Delivery	1640	1640	1650	1825	1500
Rajasthan	Kota	Mill Quality Loose	1625	1575	NR	NA	NA
		Mill Delivery	1725	1650	NR	NA	NA
U.P.	Kanpur	Mill Delivery	1875	1915	NR	2025	1580
	Mathura	Mill Quality Loose	1725	1715	1725	1925	1700
	Kosi	Mill Quality Loose	1710	1700	1725	1890	1655
	Hathras	Mill Quality Loose	1810	1825	NR	1875	1710
	Aligarh	Mill Quality Loose	1700	1700	1700	1850	1730
Punjab	Khanna	Mill Quality Loose	1750	1820	1850	NA	1560
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1715	1715	1735	1870	1600
	Hodal	Mill Delivery	NR	NR	1900	2000	1705
	Bhiwani	Mill Quality Loose	1850	1825	1850	2020	1625
	Karnal	Mill Quality Loose	NR	NR	NR	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2150	2150	NR	NA	NA
	Madurai	Mill Quality	2207	2207	NR	NA	NA
	Coimbatore	Mill Quality	2207	2207	NR	NA	NA
Bihar	Khagariya	Mill Delivery	1750	1750	1800	2050	1700
	Muzaffarpur	Mill Delivery	1800	1800	1800	1925	NA

### Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased in February-2017, from 752 tonnes in January to 552.5 tonnes in February-2017. Currently wheat is being traded at Rs 1970 per qtl.

### Domestic Outlook:

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



### Wheat Technical Analysis:



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

### International Market Dynamics

**As per latest update, Japan's ministry of agriculture bought 113167 MMT of food quality wheat** from United States and Australia. Around 85417 MMT has been bought from United States with minimum protein content of 14 percent to be loaded between April 21-May 20 and 27750 MMT of standard white wheat has been bought from west Australia to be loaded between May 1- May 31.

**GASC has purchased 535000 tonnes of wheat through tender** after abolishing its zero-tolerance policy towards ergot. Of the total quantity 235000 tonnes is of Russian origin, 60000 tonnes is of Ukrainian origin, 120000 tonnes is of Romanian origin and 120000 tonnes is of French origin. Cereacom bought Romanian wheat at FoB \$197.89 per tonne, AOS bought Russian wheat at FoB \$197.80 per tonne, Daewoo bought Russian wheat at FoB \$198.85 per tonne and Ukrainian wheat at \$199.5 per tonne respectively, Alegrow bought Russian wheat at FoB \$198.7 per tonne, Lecureur bought French wheat at FoB \$199 per tonne, Cargill bought Romanian and French wheat at FoB \$200.5 per tonne and FoB \$197 per tonne respectively, Glencore bought Romanian wheat at FoB \$198.75 per tonne

**As per latest update, Indonesia is expected to import higher volume compared to last year.** In 2016, Indonesia imported around 8.3 MMT of wheat. This year Indonesia is expected to import 8.7 MMT to 9 MMT of food grade wheat. Australia is the top supplier of wheat to Indonesia and as it has bumper crop of around 34.5 MMT this year, Indonesia can get good quality wheat at competitive price.

**Argentinean government has announced that it has harvested a record 18.3 MMT of wheat** for 2016-17 season, which is higher by 62 percent compared to last year. The crops loss in some of the areas in Argentina due to bad weather was compensated by increase in output other wheat producing areas.

**Around 93 percent of French wheat is in good or excellent condition as of February 20th,** which is slightly higher compared to last week. Last year, France harvested one of its worst wheat crops on account of heavy rainfall in late May to mid June as well as low sunshine during the crop's growth period.

**Philippines have bought around 54000 tonnes of Australian wheat to be delivered in June and July.** Australian standard wheat (ASW) was bought for \$205-210 per tonne including cost and freight. Australia with a record crop of around 35 MMT is providing wheat at competitive prices. Philippines monthly requirement is around 800000 tonnes and it is yet to cover half of its requirement for the month of May.

**As per latest update, Ethiopia has bought 400000 tonnes of wheat in three consignments** of 133333 tonnes each. The first consignment was purchased by promising international at \$227.85 C&F scheduled for delivery in March, second consignment was purchased by ADM at \$227.5 C&F scheduled for delivery in April and third consignment was purchased by Phoenix at \$225.10 C&F scheduled for delivery in May.

**As per Australia's department of Agriculture and Water Resources (ABARES) Australia's production is likely to reach a record high of 35.1 MMT** in 2016-17 surpassing its previous record of 29.6 MMT set five years ago. Given the increase in production Australia is likely to have more exportable volume compared to last year at competitive prices.

**Russian milling wheat prices continued to increase** on account of both strong demands from importers as well as rise in global wheat prices. Export prices for wheat 12.5% protein and 11.5% protein content went up by \$1 per tonne on weekly basis. At Novorossysk port, wheat 12.5% protein and 11.5% protein content were quoted at \$186-88 per tonne and \$183-85 per tonne respectively.

**As per latest update, USDA has raised wheat exports by 50 million bushels to 1025 million bushels.** Food use has been revised down by 3 million bushels to 960 million bushels. All this has led to reduction in ending stocks by 47 million bushels to 1139 million bushels. This fall in stocks and rise in exports is the main reason for the recent gain in U.S. wheat futures.

## IGC Wheat Balance Sheet(Quantity in MMT)

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	19.01.2017	23.02.2017
Production	717	730	737	752	752
Trade	157	153	164	168	169
Consumptions	698	715	720	738	738
Carryover stocks	190	205	222	235	236
Y-O-Y change	19	15	17	-	15
Major Export	56	65	68	77	77

## IGC Balance Sheet Highlight:

- IGC has kept its projection same for wheat at 752 MMT as on 23<sup>rd</sup> Feb-2017 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 752 MMT against 737 MMT 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 up by 1MMT to 169MMT. It is 5MMT higher from actual of last year.
- Consumption has been pegged at 738MMT for 2016-17, up by 18MMT from last year.
- Carryout has been revised up by 1 MMT since last estimate of 235 MMT 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 01.03.2017)							
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	9,500	421	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	4,000	800	111,092	130,190
EU	13,985	144,862	129,200	6,000	25,500	10,147	160,000
India	14,540	87,000	96,840	3,700	400	8,000	86,530
Pakistan	3,829	25,300	24,500	25	900	3,754	25,100
Russia	5,601	72,000	39,000	500	28,500	11,101	61,044
Ukraine	3,248	26,800	11,800	25	16,500	2,773	27,274
U S	26,552	62,859	33,993	3,400	27,500	31,006	56,117
Others	64,211	120,867	259,117	157,266	24,197	57,498	125,937
World total	240,766	748,238	735,910	175,561	178,297	248,609	735,586

Source: USDA

## CBOT Futures Mar-17 Chart:

**1<sup>st</sup> Support: 152.00**  
**2<sup>nd</sup> Support: 150.00**  
**1<sup>st</sup> Resistant: 181.00**  
**2<sup>nd</sup> Resistant: 183.00**  
**(\$ per tonne)**

Market is likely to move from range bound to slightly weak as abundant supplies are available in the market. CBOT reached a seven month high as USDA increased its export forecast and showed less global supplies than expected.



## 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
	1-Mar-17	22-Feb-17	1-Feb-17	1-Dec-16	1-Sep-16	1-Mar-16	
17-Mar	160.00	162.12	159.64	145.31	153.11	180.49	-11.35
17-May	167.90	167.53	164.23	150.17	158.17	184.07	-8.78
17-Jul	172.95	172.59	169.28	155.78	162.12	187.10	-7.56
17-Sep	178.19	178.01	174.61	161.66	168.09	192.70	-7.53
17-Dec	184.99	184.43	180.94	168.82	176.44	198.58	-6.85
18-Mar	189.85	189.03	185.17	173.69	182.41	200.14	-5.14

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

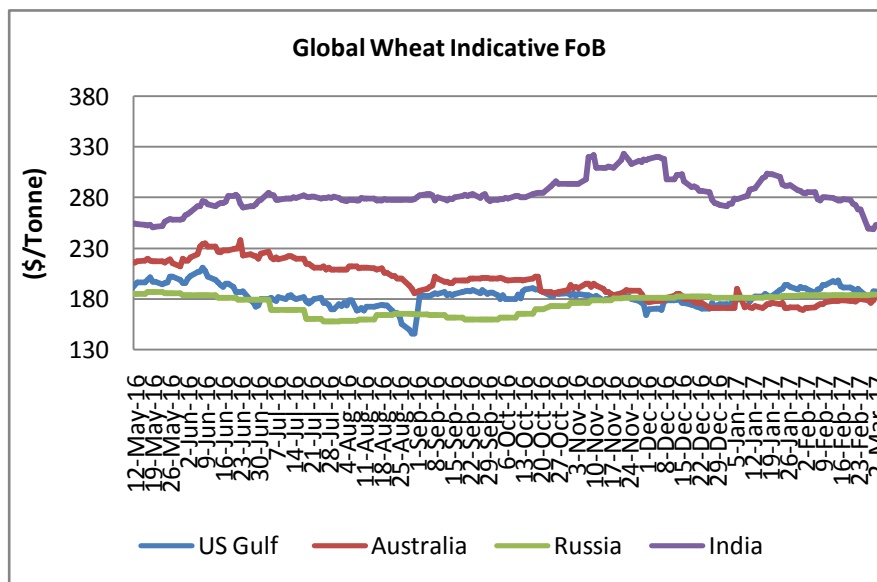
All prices are for SRW/milling grade	1st Sept-16	1st Oct-16	1st Nov-16	1st Dec-16	1st Jan-17	1st Feb-17	1st Mar-17
USA	162.8	182.26	184.4	164.00	174.87	190.60	187.50
France	178.15	183.48	184.64	176.85	169.25	182.70	175.25
Australia	187	200	194	179.00	171.00	169.00	178.48
Russia	165	160	176.5	181.50	181.50	184.00	184.50
India	280.06	277.74	293.85	316.66	271.52	284.59	249.11

### 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 \$268.59-249.1 per tonne.

US and Russian quotes are hovering in the range of \$184.6 and \$184.5 per tonne respectively. Wheat prices in international markets witnessed steady to slightly weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$170 to \$195 in coming weeks.



### International Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available in the market. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina witnessed substantial increase in area sowed and has harvested around 18.3 MMT. 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. Australia is set to harvest record crop of around 34 MMT beating its previous record 29.9 MMT. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. Increase in export demand from various countries is also providing support to prices of exporting countries. Therefore, Steady to slightly weak market is expected in short to medium term.

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