

# Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India average wheat price increased by 0.67 percent to Rs 1801.65 per qtl. during the week ended 19<sup>th</sup> August-2016..Wheat average price was ruling at Rs 1789.6 per qtl in the third week of August..All India average price is higher by 8 % in comparison to price (Rs 1668.1 per qtl.) registered in the third week of August, 2015. Overall trend in cash market is expected to remain steady to slightly firm as demand for wheat products is likely to increase ahead of festive season.

Export data for last two week is awaited. India exported 577 tonne wheat during week ended 6<sup>th</sup>, August-2016 from Mundra and Cochin port..Major buyers were Qatar, UAE, Thailand and UK.. Wheat has been exported at an average FoB of \$294.40 per tonne..Wheat export increased by 267 percent last week from 257.11 to 577 tonne. As parity is not in favor of Indian exporters, export volume would remain negligible in coming weeks. India exported around 20,032 tonne wheat from April- to 6<sup>th</sup> August-2016.Due to huge disparity export volume would remain negligible in coming weeks too.

Import data for last two is awaited. India imported 30,100.04 tonne wheat from Australia in the week ended 6<sup>th</sup> August-2016. The average CiF price has been registered at \$224.46 per tonne. Before this four shipments at Cochin port were reported in July from Ukraine having 11,000, 18495.57, 5000 & 16414.11 tonne in four weeks of July -2016.Average price for these consignment was registered at \$191.94 per tonne. Total 50910 tonne was imported in July. August started with 30100.04 tonne import.

Total 81000 tonne wheat has been imported in last five weeks at an average CiF of \$208.02 per tonne. Average price includes Australian CiF(Tuticorin) of \$224.46 per tonne too. Import volume would increase in coming weeks as south Indian millers had struck deal for 10 lakh tonne wheat in April and May-2016 for delivery in August and Sept.this year.

Agriwatch has revised its wheat production estimate down from 89.28 to 87.20 MMT In end May-2016. Carryout for next year would decrease from 15.38 to 12.58 MMT. Availability would be lower at 104.58 MMT for the current year. Consumption would remain same as last year.

Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released Fourth Adv. Estimate for Rabi crop for 2015-16 on 2<sup>nd</sup> Aug-2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne for 2015-16 crop year. Now it has been revised down to 93.50MMT.

Latest Developments In Domestic Markets :-

South Indian millers have imported 30,100.04 tonne wheat from Australia, landed at Tuticorin port last week at CiF value of \$224.46 per tonne. Indian millers have imported around 81010 T till 6<sup>th</sup> August-2016.Latest and the biggest volume is from Australia. Last four consignments were imported from Ukraine in July-2016.

Rake loading from Rajasthan to Bangalore is being reported at 2030/2035per qtl. As demand continues, prices in domestic market is likely to trade stable to slightly firm despite import and regular release from central pool stock through various channels.

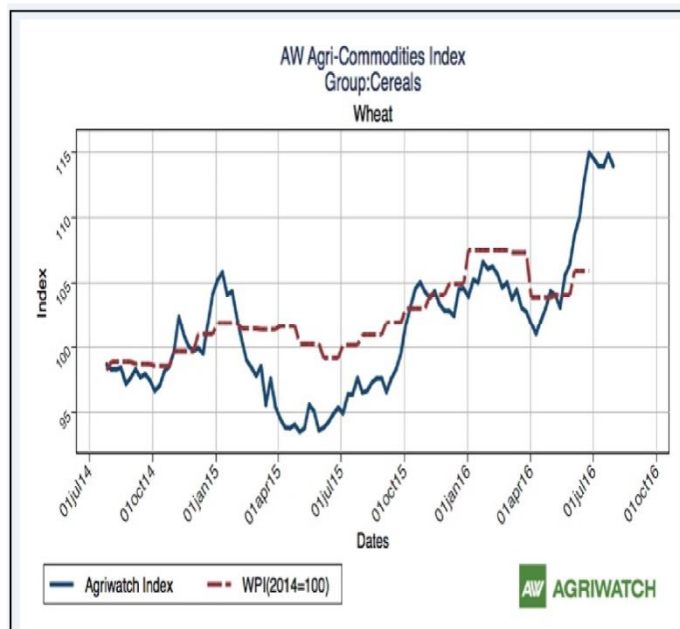
Outlook & Recommendation: -Wheat cash market is expected to trade steady to slightly firm in the forth week of August.

**Trade Call:** Stakeholders should trade in Sept. contract taking care of lower and upper price tag of Rs1710 &1750 respectively.

### Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index dipped 0.64% to 120.70 during the week ended July 30, 2016 from 121.47 during the previous week, led by easing in prices of pulses, cereals and cotton. The base for the Index and all sub-Indices is 2014 (= 100).

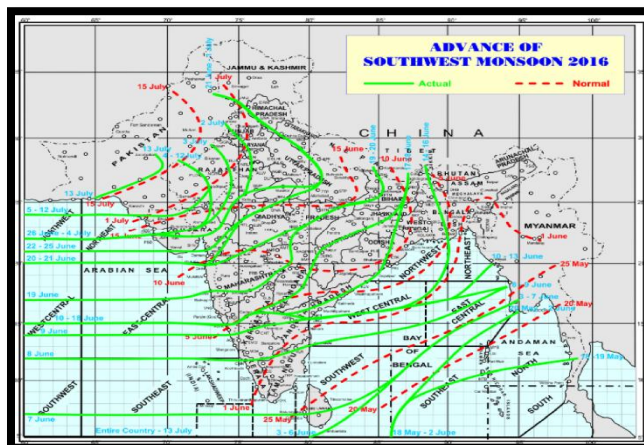
Six of the nine commodity group sub-Indices constituting the Index declined during the week. The declining sub-Indices and their values and weekly changes are as follows: Cereals Index: 107.67 (-0.70%), Pulses Index: 214.04 (-3.41%), Fibres Index: 112.75 (-3.58%), Edible Oils Index: 115.79 (-0.15%), Oilseeds Index: 114.87 (-0.73%) and Spices Index: 142.28 (-0.82%). The weekly gainers were: Vegetables Index: 84.94 (+1.64%), Sweeteners Index: 123.63 (+1.65%) and Other Non-Food Articles Index: 92.77 (+0.95%). The sub-Index charts can be viewed on the ET website and on Agriwatch.com.



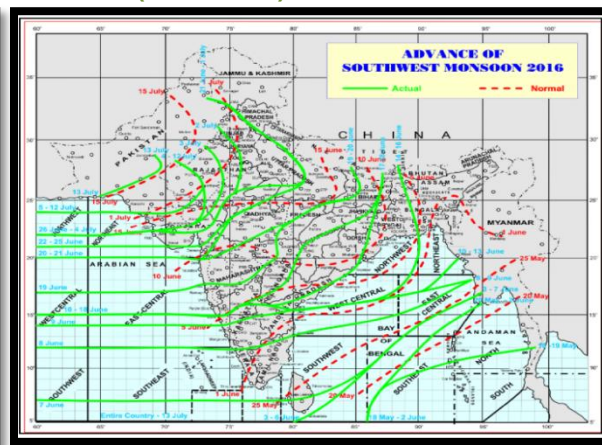
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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."

### Weather Condition& Monsoon Progress:

**Last week 09.08.2016**



**This week(18.08.2016)**



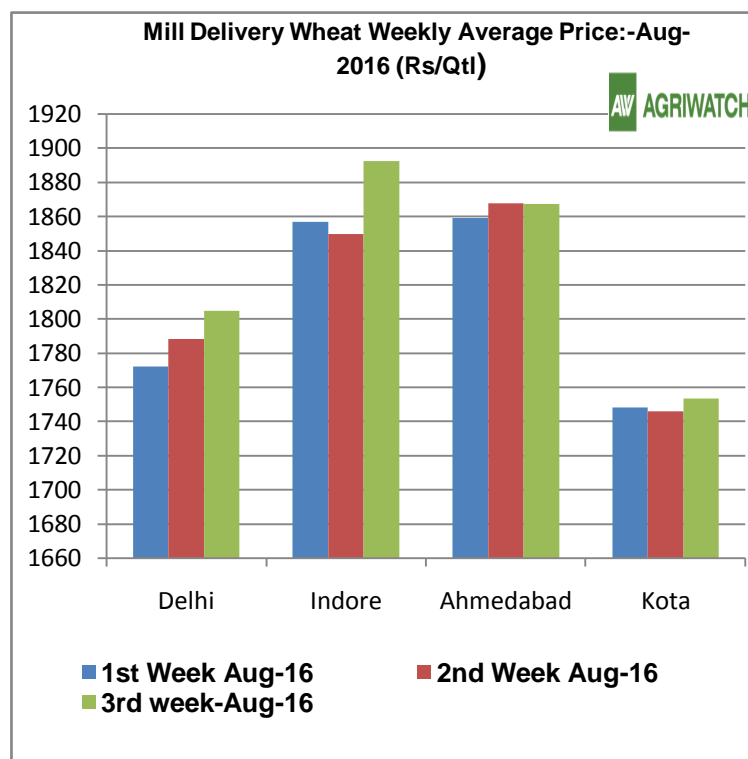
The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighbourhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 Km east of Daltonganj (Jharkhand). The system is very likely to move westwards and weaken into a well marked low pressure area. The axis of monsoon trough at mean sea level, now passes through Ganganagar, Narnaul, Agra, Sultanpur, centre of depression, Midnapore and thence southeastwards to eastcentral Bay of Bengal and extends upto 0.9 Km above mean sea level. The feeble off-shore trough from south Gujarat coast to Karnataka coast persists.

### Wheat Weekly Ave Price Chart:

Wheat average mill delivery prices traded up in major bench mark markets week on week basis during the review week. It stayed steady in Ahmadabad while it increased in Delhi, Indore and Kota. As demand is likely to increase, cash market may trade stable to firm in coming weeks. However, South Indian demand for wheat may decrease with the commencement of import by south Indian millers.

Any major dip from current level is unlikely despite continuous release from central pool through weekly auction.. Agriwatch expects stable to firm market in August.

In Sasaram, Arah and Buxar major buyers are active and purchasing wheat at the rate of Rs 1745.1750 per qtl. Concern over supply front for FAQ variety in coming weeks may continue despite govt.'s effort to ease supply side.



.Wheat Stock Norms						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	G Total
As on						
1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 22.01.2015						

### Procurement As on 28<sup>th</sup> June-2016:

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

Total wheat procurement was registered at 229.44 lakh tonne till 28<sup>th</sup> June -2016. Against set target of 30 MMT total procurement may end up with 23 MMT this year. Till date it is lower by 18.32 % from last year.

## FOB Quote For Wheat At Kandla:

Wheat FoB quote in India has decreased slightly with firm price in domestic market. There is no taker at higher level. However, govt.'s intention to augment supply in domestic market from central pool stock may restrict any unwanted uptrend from current level.

Prices of wheat may stay steady at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus this year in anticipation of higher price in lean season.

With unchanged duty there is much scope for firmness in coming weeks in the medium term in central and north India.

## Wheat Export Weekly Data:

Latest export data is awaited. Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters..

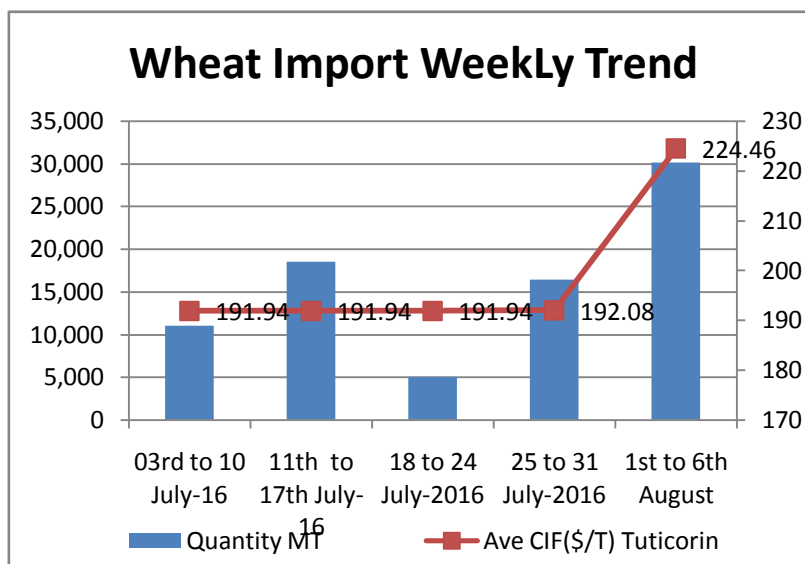
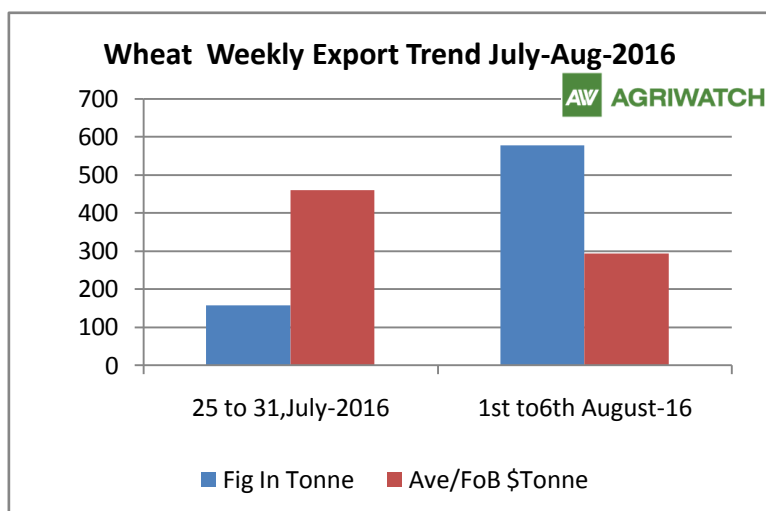
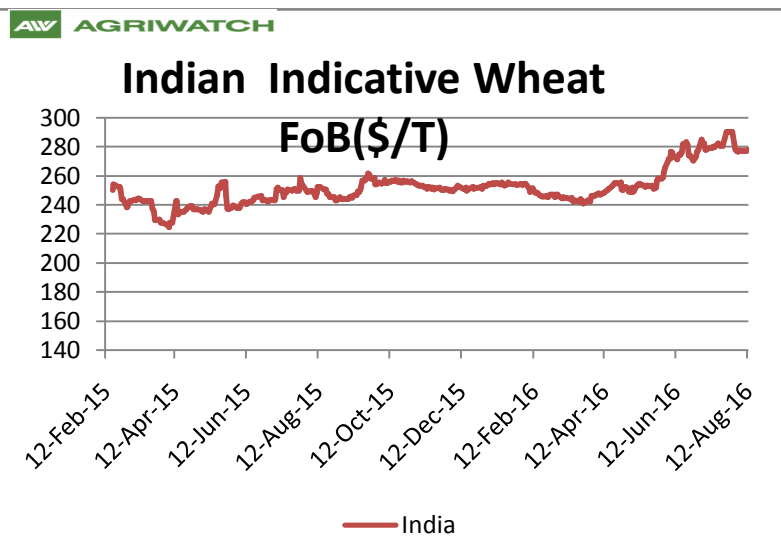
India exported 577 tonnes of wheat during week ended 6<sup>th</sup> Aug-2016, up by 267 percent. Average FoB quote realized last week was \$294.40 per tonne.

As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Kuwait, Sudan, Sri Lanka ,Nepal and west Asian countries.

## Wheat Import:

Latest Import data is awaited. Import starts and total 81010 tonne wheat has been imported so far in last five weeks starting from July to first week of August. In the first week of Aug. India imported 30100 tonne wheat from Australia at Cif \$224.46 Per tonne. 25 percent duty is applied on wheat sourced from black sea region, the costing comes to around \$201 per tonne. If other costing from Indian port to local destination is added, it goes up to \$210/12 per tonne. In INR term it comes to Rs15200 per tonne. Wheat cost for Australian wheat would be higher.

.Source:IBIS





Wheat Futures Contact: NCDEX Price							Date:19.08.2016		
Contract Month	Ch from previous day	Open	High	Low	Close	Vol.	Ch. From previous day	OI	Ch. From previous day
16-Aug	-1	1741.00	1749.00	1740.00	1740.00	270	-110	730	-150
16-Sep	6	1756.00	1763.00	1752.00	1757.00	3220	1940	20360	605
16-Oct	11	1781.00	1787.00	1778.00	1784.00	1170	980	2150	1175

### Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	19-Aug-16	12-Aug-16	19-Jul-16	19-Aug-15	
Indore	1839	1804	1808	1534	19.88
Bareilly	-	-	-	-	-
Delhi	1814	1800	1780	1580	14.81
Khanna	-	-	-	-	-
Kanpur	1695	1688	1715	1488	13.91
Karnal	-	-	-	-	-
Rajkot	1794	1780	1828	1501	19.52
Kota	1778	1792	1803	1562	13.83

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

### Wheat Technical Analysis:

#### Wheat – Technical Outlook

August Contract, Expiry: 20 August,2016

#### Technical Commentary:

- Last candlestick depicts firmness in the market.
- RSI is steady in neutral zone.
- Prices closed above 9 and 18 days EMAs hints firm market.
- Increase in price, volume and OI indicate short build up.

Wheat prices are likely to trade firm in the near term.



Strategy: Buy On Dip

			S2	S1	PCP	R1	R2
Wheat	NCDEX	Sep	1720	1741	1757	1775	1796
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	Sept	Buy above	1745	1760	1770	1740

## Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly firm in the forth week of August. Release from central pool would continue to restrict one way uptrend. Continuous import may restrict south Indian miller's demand to some extent. Cash market may trade up from current level as demand for wheat products is increasing. Weekly auction from central pool stock too would restrict any spike from current level.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			19-Aug- 16	17-Aug- 16	12-Aug- 16	19-Jul-16	19-Aug- 15
Delhi	Lawrence Road	Mill Delivery	1810	1795	1795	1775	1585
	Narella	Mill Quality Loose	1720	Closed	1680	1690	NA
	Nazafgarh	Mill Quality Loose	1710	Closed	1710	1700	NA
Gujarat	Rajkot	Mill Delivery	1725	1705	1700	1735	1440
	Ahmedabad	Mill Delivery	1870	1870	1875	1870	1600
	Surat	Mill Quality Loose	1900	1900	1900	1900	1635
	Dhrol	Mill Delivery	1995	1905	1830	1730	1550
M.P.	Indore	Mill Quality Loose	1800	1750	1750	1750	1500
	Bhopal	Mill Delivery	1700	1700	1725	1750	1500
Rajastha n	Kota	Mill Quality Loose	1700	1650	1650	1715	1440
		Mill Delivery	1750	1740	1740	1770	1520
U.P.	Kanpur	Mill Delivery	1725	1725	1745	NR	1550
	Mathura	Mill Quality Loose	1610	1610	1620	Closed	1425
	Kosi	Mill Quality Loose	1655	1655	1635	Closed	1440
	Hathras	Mill Quality Loose	1630	1630	1635	NR	1400
	Aligarh	Mill Quality Loose	1600	1650	1640	1600	NA
Punjab	Khanna	Mill Quality Loose	1630	1630	1610	1610	1520
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	Closed	NA
Haryana	Sirsa	Mill Delivery loose	1660	1655	1650	1665	1500



	Hodal	Mill Delivery	1795	1795	1755	1770	1580
	Bhiwani	Mill Quality Loose	1670	1670	1675	1700	1500
	Karnal	Mill Quality Loose	1655	1650	1645	1670	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2100	1750
	Madurai	Mill Quality	2107	2107	2107	2157	1807
	Coimbatore	Mill Quality	2107	2107	2107	2157	1807
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1550
	Muzaffarpur	Mill Delivery	1750	1725	1725	1700	NA

### Progressive Sowing Status Till 28<sup>th</sup> Jan-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	Normal	2015	2014	% ch
Andhra Pradesh	0.088			#DIV/0!
Arunachal Pradesh	0.034			#DIV/0!
Assam	0.442	0	0.18	-100
Bihar	21.313	22.7	23.03	-1.43
Chhattisgarh	1.074	1.6	1.69	-5.33
Goa	0			#DIV/0!
Gujarat	11.938	9.01	11.34	-20.55
Haryana	25.05	25.11	24.9	0.84
Himachal Pra.	3.577	3.6	3.58	0.56
J&K	2.916	2.45	2.44	0.41
Jharkhand	1.387	1.6	1.63	-1.84
Karnataka	2.394	1.61	1.86	-13.44
Kerala				#DIV/0!
Madhya Pradesh	48.372	51.84	58.44	-11.29
Maharashtra	10.202	6.19	8.59	-27.94
Manipur	0.024			#DIV/0!
Meghalaya	0.004			#DIV/0!
Mizoram				#DIV/0!
Nagaland	0.029			#DIV/0!
Odisha	0.024			#DIV/0!
Punjab	35.168	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
Sikkim				#DIV/0!
Tamil Nadu				#DIV/0!
Telangana				#DIV/0!
Tripura	0.004			#DIV/0!
Uttar Pradesh	97.218	94.99	98.67	-3.73
Uttarakhand	3.698	3.58	3.25	10.15
West Bengal	3.208	3.45	3.44	0.29
Pondicherry				#DIV/0!
Others	0.208	0.16	0.19	-15.79
All-India	295.735	292.52	305.94	-4.39

Source::Ministry Of Agriculture



## International Market Update:

**With drying supply from India and higher local price flour millers in B,desh have started sourcing wheat from Black Sea Region.** Millers have booked around 8 lakh tonne wheat for delivery from August to October-2016. It is higher by around 6 lakh tonne in corresponding period last year. Buyers have paid \$155 to \$168 per tonne free on board for wheat having 10.5 % protein content. For milling grade wheat having 11.5 to 12.5 % protein content they have paid \$165 to \$180 per tonne on FoB basis. B,desh has booked 2 lakh tonne Canadian wheat too for delivery in same period.

**This year Russia and Ukraine are going to receive bumper wheat crop due to favorable weather and higher yield.** Prices too are comparatively lower and it has attracted global buyers. Russia and Ukraine are likely to have crop size of 70 and 26 MMT respectively this year. Both countries have storage problem and they will remain aggressive sellers throughout the season.

**Much of the Middle East and North African countries have heavily booked wheat shipments from the Black Sea region, taking advantage of competitive price.** As France has lost 30 % of its wheat crop this year, its buyers turn to Russia and so Russian export volume are likely to touch a record.

**As per latest update by Russian Agriculture Ministry it has proposed to reduce a floating export tax to zero until 1st July, 2017.** It has affected traders' hope who had expected the ministry to propose cancelling altogether the tax mechanism, which is at a minimum level of 10 rubles (\$0.16) per ton now but could rise if the rouble currency declines. Vladimir Volik, the head of the ministry's regulation department says, It is not about cancelling the duties, it is about a zero duty, until July 1, 2017. "The duty formula is set at half of the customs price minus 6,500 rubles (\$102) per ton but not less than 10 rubles per ton. Wheat having 12.5 % protein content is being quoted at \$168 per tonne.

**Wheat price in Ukraine has firmed up by \$7 per tonne to \$165 per tonne and is likely to move up by another \$3/4 per tonne in coming weeks.** Increasing price would pose a greater challenge to sell 3rd grade wheat from Ukraine as Russia offers wheat at attractive price (\$161 per tonne). Russia will remain aggressive buyers as bumper crop has given it an edge over Ukraine. Current firmness in Black Sea region is due to crop loss in France.

**Australia is heading towards a bumper wheat crop to be harvested in October.** Experts have estimated around 27.2 MMT wheat crop in 2016-17. It has started affecting wheat FoB quote in Australia and it has touched at \$206.5 per T for premium white wheat in western Australia. It is the lowest price after 2009. For December/January delivery new crop is being offered at \$208/210 per tonne at western Australian port. Buyers have showed interest at \$200 per tonne. Russia is offering wheat having 12.5 % protein content at \$174 per Tonne. Lower crop size in Europe has supported wheat price in Russia to some extent.

**France agriculture ministry has slashed its wheat output by 21% as heavy rains worsened the crops sending yields to lowest level since 1986.** All this has given an advantage to sellers in Russia, where prices have increased by \$2.5 per tonne from a week earlier to \$167 per tonne. Wheat for delivery in French port of Rouen with minimum 11% protein content increased by 0.6% to \$185.95 per tonne last week.

**At export front too Australia is set to ship record wheat in 2016-17 on the back of huge carry out stock and bumper production prospects.** As per ABARES update wheat export from Australia would increase by 4 % to 17.2 MMT, record in last three years. It has revised its export figure down by 3.33 lakh tonne to 16.93 MMT for 2015-16. As price of wheat is ruling lower in global market, overall realization is bound to decrease despite higher export volume.

**However, it has made considerable changes per country with a combined rise of 1.3 million tonnes for Bulgaria, Romania, Spain and Italy offsetting a reduction of 1.3 million tonnes for France and Germany where**

wet weather last month was expected to have dented yields. The lower projected quality of the crop, in addition to a higher expected exportable supply from Russia, prompted Strategie Grains to cut its 2016/17 EU soft wheat export forecast by 800,000 tonnes to 29.9 million.

**IGC Wheat Balance Sheet:**

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	01.07.2016	28.07.2016
Production	717	730	736	729	735
Trade	157	153	164	156	159
Consumptions	699	716	719	720	727
Carryover stocks	188	203	219	226	228
Y-O-Y change	19	14	176		9
Major Export	54	64	66	72	71

- IGC has revised wheat production projection up by 6MMT from 729 to 735 MMT in 28th, July-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 735 MMT against 729 forecast for 2015-16. The difference is around 6 MMT from previous estimate. Higher projection for wheat may pressurize global wheat market at current level and any major recovery from current level is unlikely.
- Trade projection has been revised up by 3MMT to 159 MMT. However it is 5MMT lower from actual of last year.
- Consumption has been pegged at 720 MMT for 2016-17, up by 8MMT from last year.
- Carryout may increase from 226 to 228 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiments despite lower production by 1MMT from last year.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	19-Aug-16	12-Aug-16	19-Jul-16	19-May-16	19-Feb-16	19-Aug-15	
Sep-16	156.88	155.23	153.57	176.17	189.39	190.86	-17.81
Dec-16	163.40	161.66	162.57	182.78	194.81	196.10	-16.67
Mar-17	170.47	169.74	171.02	188.94	200.05	199.68	-14.63
May-17	175.34	174.52	175.98	192.06	189.30	200.69	-12.63
Jul-17	178.37	177.09	179.84	193.44	191.69	197.84	-9.84
Sep-17	183.33	182.41	184.34	195.46	194.81	195.36	-6.16

**1<sup>st</sup> Support: 156.00**  
**2<sup>nd</sup> Support: 150.00**  
**1<sup>st</sup> Resistant: 160.00**  
**2<sup>nd</sup> Resistant: 155.00**  
**(\$ per tonne)**

Market is likely to move range bound as buyers may enter into the market at lower level. Upside movement is likely to continue



## Indicative FOB Quotes:

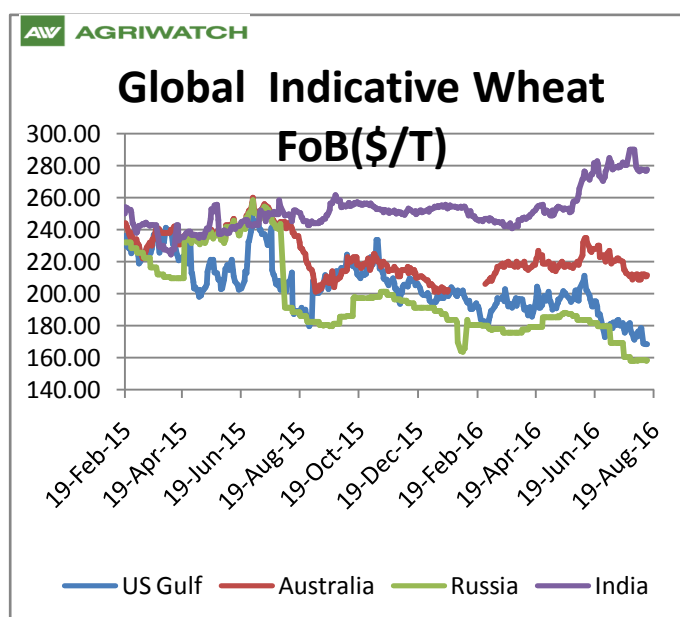
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		19-Aug-16	12-Aug-16	19-Jul-16	19-Aug-15	
USA (Chicago)	2srw	173.87	172.33	177.40	187.84	-7.44
France	FCW3	188.20	189.99	NA	178.12	5.66
Australia	ASW	NA	211.00	215.00	232.00	-
Russia	SRW	164.00	160.00	160.50	186.00	-11.83
India	Fob	278.69	279.11	280.76	250.57	11.22

## International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering around \$277 to 278 per tonne.

US and Russian quotes are hovering in the range of \$165 to \$173 per tonne. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at \$210 per tonne.

Wheat quotes may hover in the range of \$160 to \$210 due to excess supply in the global market in coming weeks. Australian quote may move down to \$205 per tonne once again.



**International Weekly Outlook:**

*Global wheat market is expected to move up from current level due to 30 % crop loss In France and poor quality of US wheat. Prices of wheat started recovering in Black Sea Region. However, any sudden spike is unlikely as Russia and Australia have bumper crop expectation. Global wheat market now seems bottomed out. Steady to firm market is likely in the short to medium term.*

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