AGRIWATCH

Wheat Weekly Research Report
03rd, October-2016

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India weekly average prices decreased by 5.91 percent to Rs. 1754.45 per quintal during the week ended 30th September 2016. Wheat average price were ruling at Rs 1864.73 per quintal during 16-23rd September 2015. As compared to prices in the week 24-30th September 2015, the prices are firm by 8.20 percent. Overall trend in cash market is expected to remain steady to slightly weak as govt. has revised wheat import duty from 25% to 10% in Sept.-2016.It would pressurize inner tone in the market.

Government has reduced import duty on wheat, Crude palm oil and refined vegetable oils in order to curb food inflation. The import duty on wheat has been reduced from 25 percent to 10 percent. Traders were expecting a reduction in import duty to make imports cheaper and ease the pressure on domestic market. Private traders have already imported around 600000 tonnes in the current marketing year.

India imported around 61900 tonne wheat from Australia, Ukraine and France last week till 25th Sept-2016 at an average CIF of $216.44 per tonne. Around 13000 tonne has been imported from Ukraine at an average CIF of$190.87 per tonne, 32900 tonne of Australian wheat at an average CIF of $231.38 per tonne and 16000 tonnes of French wheat at an average CIF of $222.73 per tonne. As import duty is slashed by the government, exports are expected to increase further.

According to latest update, export of wheat has decreased compared to last week. In the week (19-25 September) the exports were around 184.6 metric tonnes compared to 277.23 metric tonnes in the week (12-18 September). The said quantity was exported at an average FOB of $ 318.33 per tonne and the major destinations were UAE, Somalia, UK and Jordan. Total export in current MY till 25th Sept-2016 was registered around 23133 tonne. Export window remained restricted due to disparity.

Agriwatch has revised its wheat production estimate down from89.28 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 2nd Aug-2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne for 2015-16 crop years. Now it has been revised down to 93.50MMT.

Latest Developments In Domestic Markets : -

After the reduction of import duty from 25 percent to 10 percent, Indian importers have entered into contract for importing 25000 tonnes of Australian wheat for December shipment. The said quantity has been purchased at $ 210 per tonne C&F. Private traders in India have already imported around 600000 tonnes, this quantity is further expected to rise due to fall in production and reduction in import duty.

Indian FoB quote is hovering around $281 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $160, $161.5, $183, $187 and $200 per tonne respectively. Around 32900 tonnes of wheat have been imported from Australia at Tuticorin (CIF $216.59 per tonne), Mangalore (CIF $228.42 per tonne) and Cochin (CIF $249.15 per tonne) port. Furthermore around 13000 tonnes and 16000 tonnes of wheat have been imported from Ukraine and France respectively.

Rake loading from Rajasthan to Bangalore is being reported at 2020/2015per 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 weak in the coming week.*

Trade Call: *Stakeholders should trade in Oct. contract taking care of lower and upper price tag of Rs 1710 &1790 respectively.*

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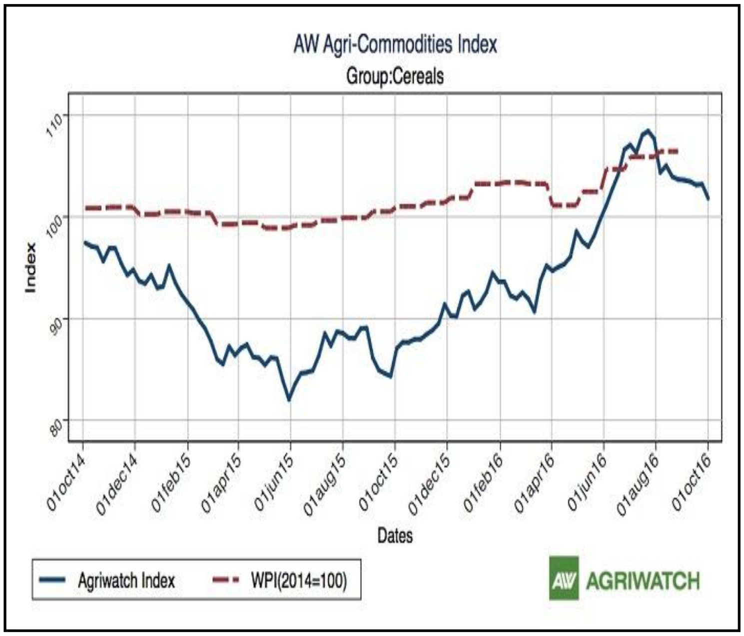
Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

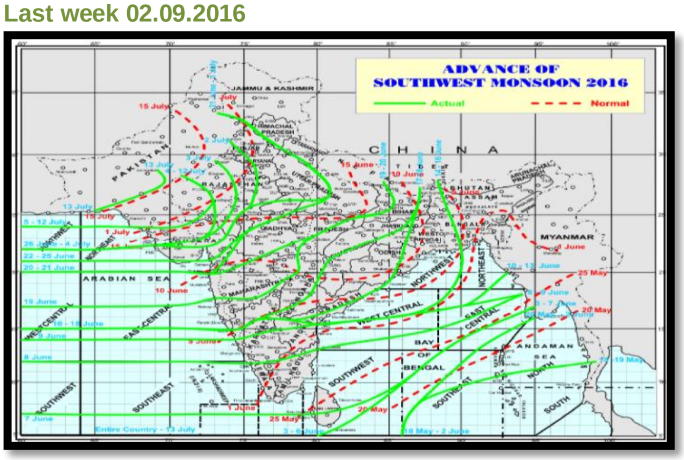


Declines in cereals and vegetables prices offset the gains in pulses and edible oils. 6 of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 101.83 (-1.34%), Pulses: 216.70 (+4.40%), Vegetables: 62.30 (-4.85%), Edible Oils: 116.0 (+0.68%), Oilseeds: 107.67 (-1.83%), Sweeteners (Sugar, Gur & Khandsari): 121.96 (-0.48%), Spices: 135.90 (-0.83%), Fibres: 98.82 (-3.23%) and Other Non-Food Articles: 77.57 (+2.25%)

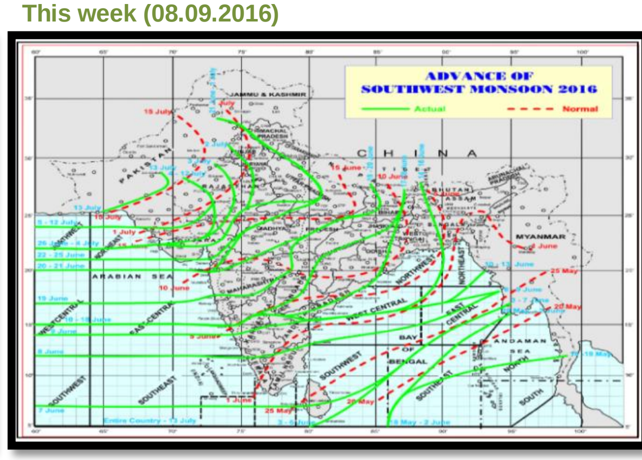
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

Weather Condition & Monsoon Progress:

Last week 02.09.2016



This week (08.09.2016)

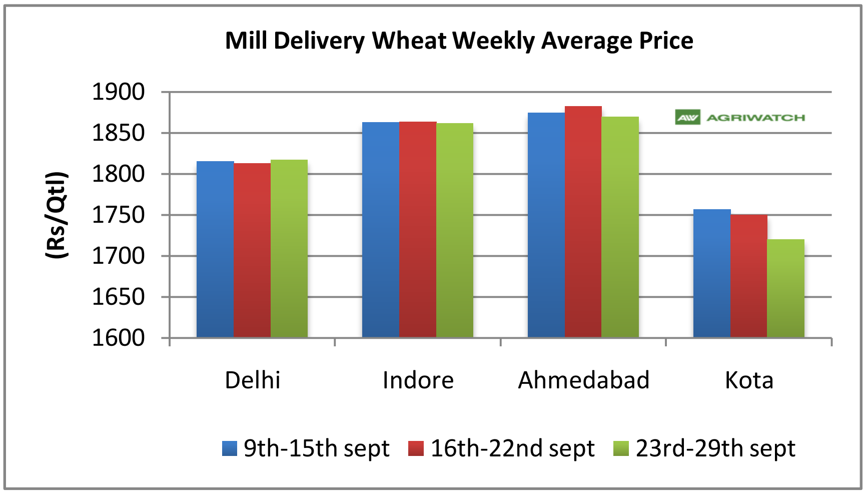


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 east central Bay of Bengal and extends up to 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 weak in Indore, Ahmedabad and Kota and firm in Delhi during 23-29 September.

Pressure on wheat market may be seen as government has revised wheat import duty from 25% to 10%. With import duty being revised down, South Indian demand for wheat may decrease with the commencement of import by south Indian millers. Market may trade steady to weak in coming month.



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 28th 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 at229.44 lakh tonne till 28th June -2016.Against set target of 30 MMT total procurement may end up with 23 MMT this year. Till date it is lower by18.32 % from last year.

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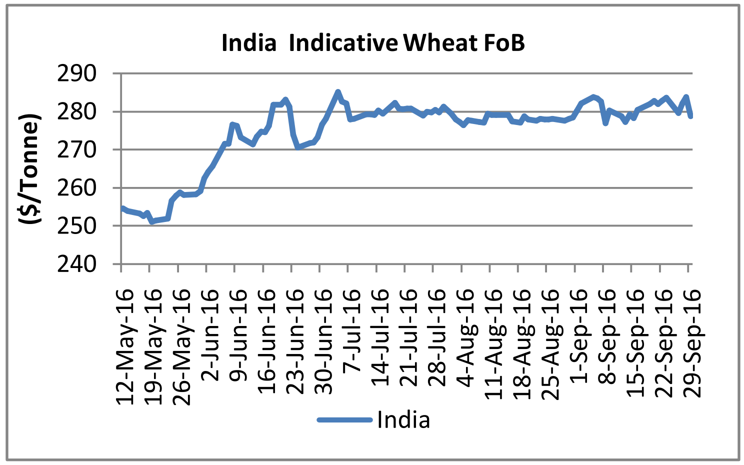
FOB Quote For Wheat At Kandla:

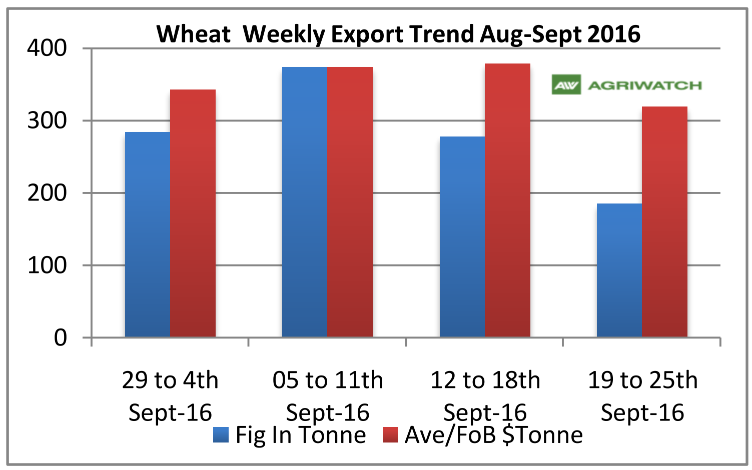
Wheat FoB quote in India has decreased slightly. There are no takers at higher level. However, govt.'s intention to augment supply in domestic market from central pool stock too may restrict uptrend from current level.

Prices of wheat may stay steady to slightly weak at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus likely to hit market as import duty is slashed by the government. With revision of duty structure there is much scope for weakness in coming weeks.



Wheat Export Weekly Data:

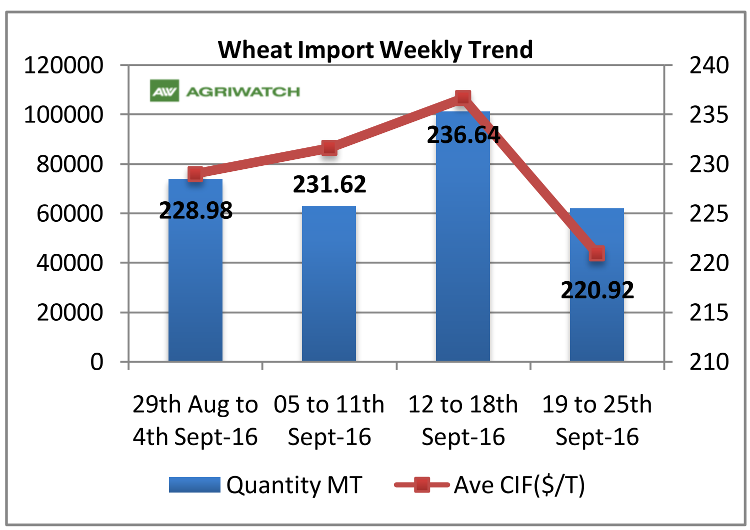
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.
India exported 184.6 tonnes of wheat during week ended 25th Sept-2016, down by 33.41 percent from previous week. Average FoB quote realized last week was $318.33 per tonne.
As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were UAE, Somalia, UK and Jordan.



Wheat Import:

According to latest update, a total quantity of 61907.34 tonnes of wheat has been imported from Australia, France and Ukraine after revision of import duty from 25% to 10%. Of the total quantity imported 32907 tonnes has been imported from Australia and rest is from France and Ukraine.

Wheat from Ukraine is being offered at $188.93 per tonne CiF Chennai and at $192.82 per tonne CiF Tuticorin. Wheat from Australia arrived at Mangalore, Cochin and Tuticorin port at an average CiF of $228.42 per tonne, $249.15 per tonne and $216.59 per tonne respectively. As import duty has been slashed, import volume may exceed 2MMT in current MY. It would impact demand of south Indian millers from central and north India. Off-take from central pool may decrease.



Indicative FOB Quotes:						
Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		28-Sep-16	21-Sep-16	28-Aug-16	28-Sep-15	
USA (Chicago)	2srw	186.74	188.39	149.81	213.26	-12.44
France	FCW3	184.05	181.55	175.98	184.01	0.02
Australia	ASW	201.00	198.00	193.00	210.00	-4.29
Russia	SRW	160.00	160.00	165.50	181.00	-11.60
India	Fob	283.71	281.84	277.61	257.63	10.12

Wheat Futures Contact: NCDEX Price									*Date:30.09.2016*
Contract Month	*Change from previous day*	*Open*	*High*	*Low*	*Close*	*Volume*	*Change From previous day*	*Open Interest*	*Change From previous day*
16-Oct	-5	1751	1755	1750	1752	500	-5,140	10030	-2,290
16-Nov	-1	1762	1765	1760	1762	340	-1,140	2040	570
16-Dec	0	1769	1769	1769	1769	0	-10	50	0

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
	29-Sep-16	22-Sep-16	29-Aug-16	29-Sep-15	
Indore	1804	1825	1838	1593	13.28
Bareilly	-	-	-	-	-
Delhi	1823	1820	1813	1700	7.24
Khanna	-	-	-	-	-
Kanpur	1715	1713	1720	1560	9.94
Karnal	-	-	-	-	-
Rajkot	1793	1820	1793	1566	14.49
Kota	1743	1774	1798	1582	10.18
Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.					

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Wheat Technical Analysis:

Wheat – Technical Outlook	October Contract, Expiry: 20 Oct,2016

Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- RSI is moving sideways in neutral region.
- Last candlestick donates bearishness in the market.
- Traders are advised to go short on wheat for this week.

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	Oct	1715	1710	1751	1775	1785
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Oct	**Sell Below**	1752	1735	1725	1762

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to slightly weak in the coming week. Release from central pool stock and revision in import duty may pressurize market fundamental. Continuous import may restrict south Indian miller's demand to some extent. Release from private stock may increase.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			29-Sep-16	28-Sep-16	22-Sep-16	29-Aug-16	29-Sep-15
Delhi	Lawrence Road	Mill Delivery	1815	1815	1820	1810	1695
	Narella	Mill Quality Loose	1750	Closed	1770	1740	1640
	Nazafgarh	Mill Quality Loose	1725	Closed	1720	1725	1615
Gujarat	Rajkot	Mill Delivery	1725	1740	1740	1720	1490
	Ahmedabad	Mill Delivery	1860	1870	1880	1880	1610
	Surat	Mill Quality Loose	1885	1910	1915	1920	1660
	Dhrol	Mill Delivery	1825	1875	1935	NR	1600
M.P.	Indore	Mill Quality Loose	1750	1770	1750	1750	1600
	Bhopal	Mill Delivery	1700	1725	1750	1775	1500
Rajasthan	Kota	Mill Quality Loose	1630	1630	1670	1720	1480
		Mill Delivery	1710	1710	1750	1790	1560
U.P.	Kanpur	Mill Delivery	1735	1715	1725	1725	1540
	Mathura	Mill Quality Loose	1630	1630	1640	1630	1520
	Kosi	Mill Quality Loose	1650	1660	1660	1650	1565
	Hathras	Mill Quality Loose	1670	1680	NA	1640	NA
	Aligarh	Mill Quality Loose	1630	1650	1650	1620	1520
Punjab	Khanna	Mill Quality Loose	1630	1630	1585	1650	1530
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1660	1660	1655	1665	1520
	Hodal	Mill Delivery	1800	1800	1800	1810	1700
	Bhiwani	Mill Quality Loose	1725	1725	1725	1710	1600
	Karnal	Mill Quality Loose	1690	1690	1700	1655	NA

	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2075	2075	1800
	Madurai	Mill Quality	2107	2107	2132	2132	1857
	Coimbatore	Mill Quality	2107	2107	2132	2132	1857
Bihar	Khagariya	Mill Delivery	1800	1850	1750	1750	1630
	Muzaffarpur	Mill Delivery	1825	1825	1825	1760	NA

Progressive Sowing Status till 28th Jan-2016:

State Wise Progressive Wheat Sowing Till 28.01.2016				
	Normal	2015	2014	% change
Andhra Pradesh	0.088	-	-	-
Arunachal Pradesh	0.034	-	-	-
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	-	-	-
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	-	-	-	-
Madhya Pradesh	48.372	51.84	58.44	-11.29
Maharashtra	10.202	6.19	8.59	-27.94
Manipur	0.024	-	-	-
Meghalaya	0.004	-	-	-
Mizoram		-	-	-
Nagaland	0.029	-	-	-
Odisha	0.024	-	-	-
Punjab	35.168	34.97	35	-0.09
Rajasthan	27.363	29.66	27.71	7.04
Sikkim	-	-	-	-
Tamil Nadu	-	-	-	-
Telengana	-	-	-	-
Tripura	0.004	-	-	-
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	-	-	-	-
Others	0.208	0.16	0.19	-15.79
All-India	295.735	292.52	305.94	-4.39

Source: Ministry of Agriculture

Wheat Import at Various Ports:

19th to 25th Sept-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Mangalore	27438	228.42
	Cochin	500	249.15
	Tuticorin	4969	216.59
France	Tuticorin	16000	222.73
Ukraine	Chennai	1000	188.93
	Tuticorin	12000	192.82
Total		61907	

Wheat Import 12th Sept to 18th Sept-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Tuticorin	82108	243.95
France	Tuticorin	11310	222.73
Lithuania	JNPT	1088	243.69
Ukraine	Chennai	4550	193.06
	Tuticorin	2000	192.78
Total		101055	

Wheat Import 05th Sept to 11th Sept-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Cochin	17702.35	248.53
	Tuticorin	21192	241.19
Ukraine	Chennai	22000	188.51
	Tuticorin	2000	192.78
Total		62894.35	

Wheat Import 29th Aug to 4th Sept-2016			
Source	Quantity/T	Port	Ave CiF/$T
Australia	56655	Tuticorin	244.58
Ukraine	7264.925	Tuticorin	193.21
Australia	10,000	Cochin sea	249.15
Total	73919.925		228.98

International Market Update:

Australia's wheat crop is expected to fall due to damages caused to the crop by recent rainfalls. East coast of the country is expected to receive around 100 millimeters of rainfall, which will lead to wetter than average conditions until November. Furthermore east coast of the country produces high protein wheat which means crop loss in the region will limit the exports with the country. Earlier a forecast of 28.1 million tonnes was given for production which is likely to be revised in the near future.

Russia has decided to revise its wheat export duty to zero in order to reduce risks for traders arising from volatility in rouble currency and to make forward contracts more attractive. Russia's largest foreign buyer of wheat from 1-12 September was Bangladesh with 244800 tonnes. Egypt is usually the largest buyer of Russian wheat was at third place due to its zero-tolerance ergot policy which has been changed to 0.05 percent since September 22. The volume will depend on whether traders will be able to export 373000 tonnes of wheat to Egypt that has been bought but not yet accepted due to change in its zero-tolerance ergot policy.

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 $189/tonne, union offered three cargoes each of 60000 tonnes at FOB $ 178.78/tonne, Olam offered 60000 tonnes at FOB $187.79/tonne and Aston offered 60000 tonnes at FOB $179/tonne. Earlier suppliers were reluctant in making offers as they were afraid whether import authorities will tolerate negligible level of ergot or not in their cargoes.

Egypt has imported around 11 million tonnes of wheat in the marketing year 2015-16 making it the largest importer of wheat in the world. Egypt has changed its zero tolerance policy towards ergot. Now 0.05 percent ergot is allowed in wheat shipments although shipments of around 540000 tonnes have been suspended as last month months ban has been applied to all outstanding contracts.

France has 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. This year France's area is up by 1.3% (5.23million hectares) whereas production and yield are down by 30% (28.47 million tonnes) and 31% (5.45 tonnes per hectare) respectively compared to last year.

With drying supply from India and higher local price flour millers in Bangladesh 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 than 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. Bangladesh has booked 2 lakh tonne Canadian wheat too for delivery in same period.

This year Russia and Ukraine are expected 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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Proj)	
			Forecast	**25.08.2016**	**29.09.2016**
Production	717	730	736	743	747
Trade	157	153	165	162	164
Consumptions	699	716	721	732	734
Carryover stocks	188	203	218	229	231
Y-O-Y change	19	14	15	-	13
Major Export	54	64	65	70	70

- *IGC has revised wheat production projection up by 4MMT from743MMT to 747MMT on 29th,Sep-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 747 MMT against 736 forecast for 2015-16. The difference is around 11 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 2MMT to 164MMT. However it is 1MMT lower from actual of last year.*
- *Consumption has been pegged at 732MMT for 2016-17, up by 13MMT from last year.*
- *Carryout may increase from 229 to 231 in 2016-17. It would ensure ample supply for the global market and continue to affect market sentiment.*

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**
	28-Sep-16	**21-Sep-16**	**28-Aug-16**	**28-Jun-16**	**28-Mar-16**	**28-Sep-15**	
Dec-16	148.15	149.81	145.86	175.25	184.43	199.04	**-25.57**
Mar-17	156.51	157.71	154.68	181.77	189.39	203.36	**-23.04**
May-17	161.56	162.67	160.09	185.17	192.43	202.71	**-20.30**
Jul-17	165.24	165.79	163.40	187.74	194.08	195.92	**-15.66**
Sep-17	170.47	170.75	169.46	190.77	197.39	195.92	**-12.99**
Dec-17	177.36	177.45	177.55	195.82	202.53	201.98	**-12.19**

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CBOT-Dec 16

1st Support; 141.00
2nd Support: 139.00
1st Resistant: 152.00
2nd Resistant: 155.00
($ per tonne)

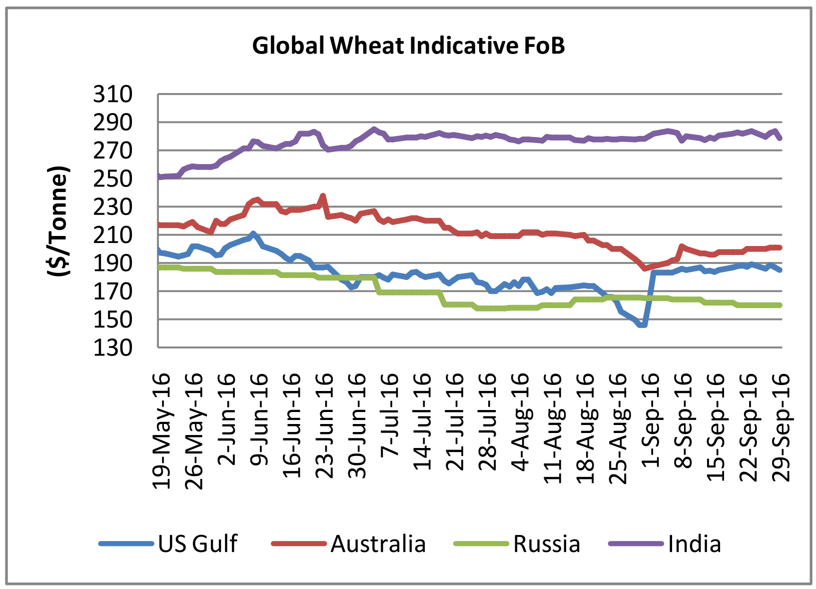
Market is likely to move range bound as buyers may enter into the market at lower level. Upside movement is likely to continue

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 between $278 to 282 per tonne.

US and Russian quotes are hovering in the range of $187 and $160 per tonne respectively. More dip is unlikely as buyers are expected to return to the market at lower level. Australia offers wheat at $200 per tonne.

Wheat quotes may hover in the range of $160 to $205 due to excess supply in the global market in coming weeks.



International Weekly Outlook:

Global wheat market is expected to stay steady to slightly weak due to higher supply side despite crop loss in France.US, Russia and Australia have bumper crop expectation and it will easily compensate the loss seen in France. Steady to weak market is likely in the short to medium term.