Wheat Weekly Research Report
10th, October-2016

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India weekly average prices increased by 2.62 percent to Rs. 1800.47 per quintal during the week ended 08th October 2016. Wheat average price were ruling at Rs 1754.45 per quintal during 24-30th September 2016. As compared to prices in the week 01-08th October 2015, the prices are firm by 1.8 percent. Prices have become firm on account of festive demand.

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 120780 tonne wheat from Australia, Ukraine and France last week, till 02nd Oct-2016 at an average CIF of $229.43 per tonne. Around 63200 tonne has been imported from Ukraine at an average CIF of$194.23 per tonne, 43800 tonne of Australian wheat at an average CIF of $243.60 per tonne and 13750 tonnes of French wheat at an average CIF of $213.14 per tonne. As import duty is slashed by the government, imports are expected to increase further.

According to latest update, export of wheat has increased compared to last week. In the week (26 September-02 October) the exports were around 256.55 metric tonnes compared to 184.6 metric tonnes in the week (19-25 September). The said quantity was exported at an average FOB of $ 347.08 per tonne and the major destinations were UAE, Sri Lanka, UK and Kenya. Total export since April-2016 was registered around 23390 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 : -

Traders have bought around 400000 lakh tonnes of Ukraine-origin wheat for October/November after import duty was lowered from 25 percent to 10 percent. Most deals are made between $192 and $199 per tonne C&F for milling wheat with 11.5 percent protein. Indian buying of Ukraine-origin wheat has already pushed up prices as two weeks ago traders were paying $192 per tonne.

Indian FoB quote is hovering around $278 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $161, $162.5, $182.5, $183 and $200 per tonne respectively. Around 43800 tonnes of wheat have been imported from Australia at Tuticorin (CIF $242.75 per tonne) and Cochin (CIF $248.27 per tonne) port. Furthermore around 63200 tonnes and 13750 tonnes of wheat have been imported from Ukraine and France respectively.

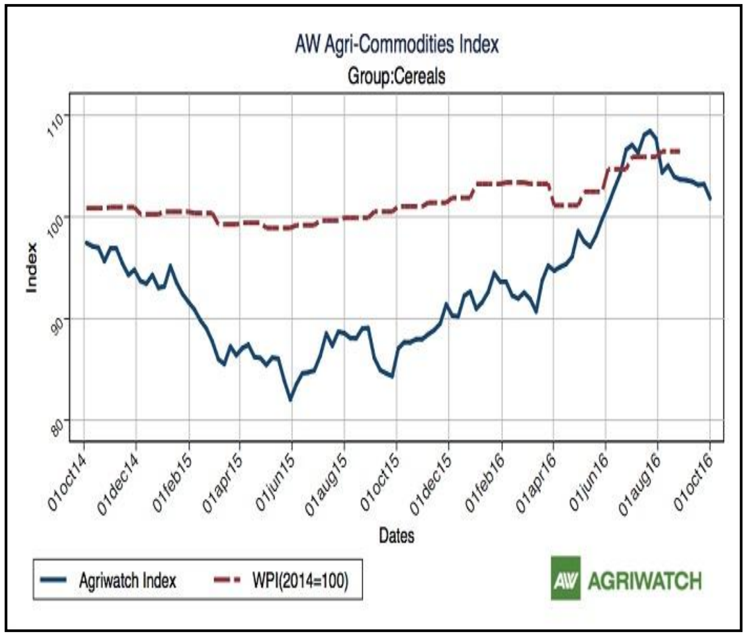
Rake loading from Rajasthan to Bangalore is being reported at 2020/2015per qtl. As demand continues, prices in domestic market is likely to trade stable to slightly firm despite import and regular release from central pool stock through various channels.

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 1725 &1780 respectively.*

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).

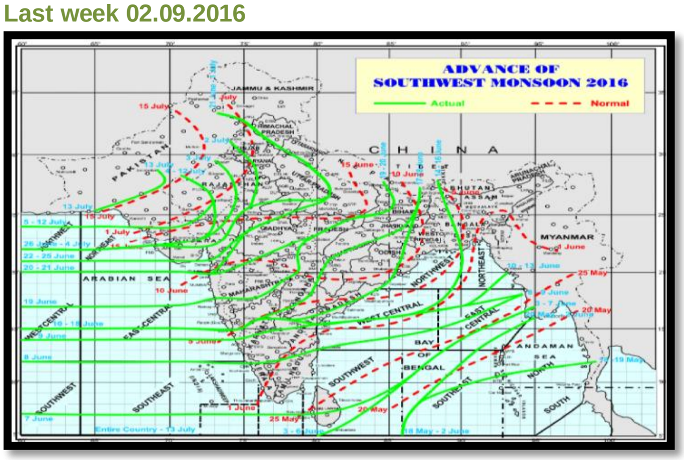


Decline in prices of cereals and vegetables offset the gains in pulses and edible oils. 6 of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 101.83 (-1.34%), 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%)

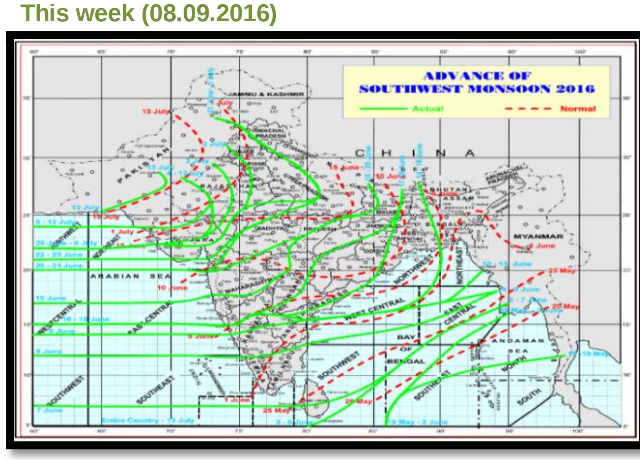
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

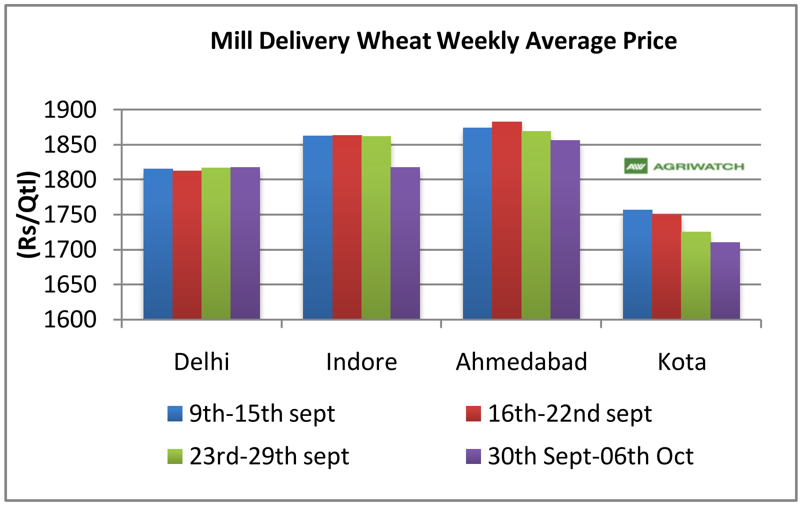


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 30th September-02nd October.

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**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**G Total**
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:

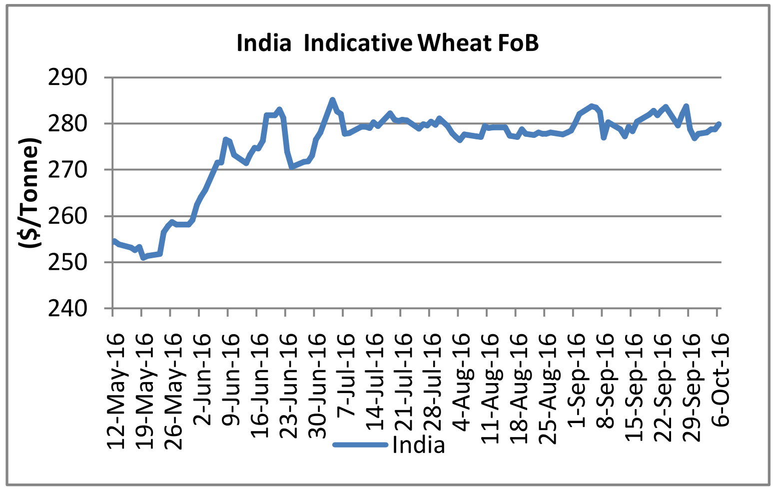
State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 28.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	**In Marketing Season 2015-16**	**% Ch Over Previous Year**
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	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.

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.

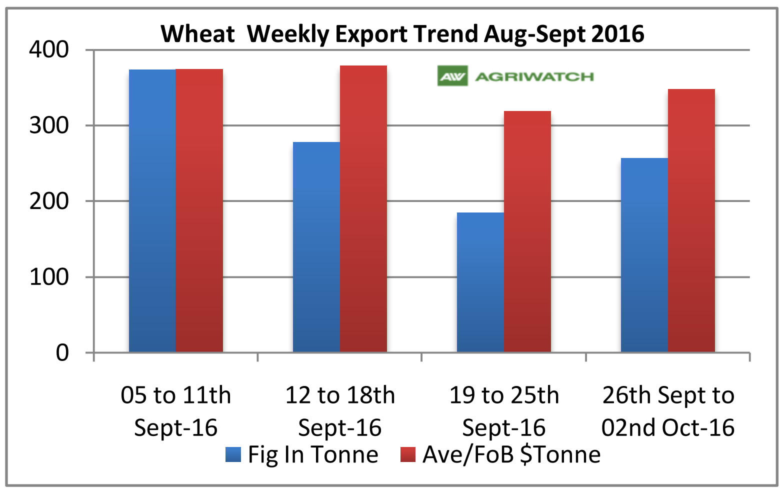
Prices of wheat may stay steady to slightly weak at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus likely to hit market as import duty is slashed by the government. With revision of duty structure there is much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

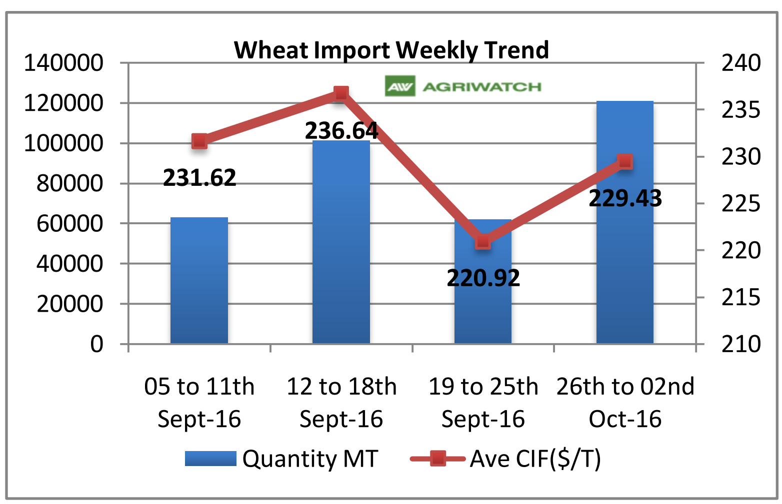
India exported 256.55 tonnes of wheat during week ended 02nd Oct-2016, up by 38.98 percent from previous week. Average FoB quote realized last week was $347.08 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were UAE, Sri Lanka, UK and Kenya.



Wheat Import:

According to latest update, a total quantity of around 120780 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 63230 tonnes has been imported from Ukraine and rest is from France and Australia.

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
		5-Oct-16	28-Sep-16	5-Sep-16	5-Oct-15	
USA (Chicago)	2srw	183.70	186.74	NA	216.87	**-15.29**
France	FCW3	183.37	184.05	179.63	184.35	**-0.53**
Australia	ASW	200.00	201.00	190.00	0.00	-
Russia	SRW	162.00	160.00	165.00	185.50	**-12.67**
India	Fob	278.70	283.71	283.80	254.63	**9.45**

Wheat Futures Contact: NCDEX Price									*Date:07.10.2016*
Contract Month	*Change from previous day*	*Open*	*High*	*Low*	*Close*	*Volume*	*Change From previous day*	*Open Interest*	*Change From previous day*
16-Oct	-4	1747	1751	1744	1746	1720	520	4580	-1,470
16-Nov	-5	1758	1760	1755	1756	1340	620	5430	1,190
16-Dec	-	-	-	-	-	-	-	-	-

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
	6-Oct-16	29-Sep-16	6-Sep-16	6-Oct-15	
Indore	1797	1804	1829	1616	**11.19**
Bareilly	-	-	-	-	-
Delhi	1824	1823	1811	1705	**7.00**
Khanna	-	-	-	-	-
Kanpur	1800	1715	1720	1603	**12.32**
Karnal	-	-	-	-	-
Rajkot	1802	1793	1820	1581	**13.97**
Kota	1739	1743	1794	1588	**9.53**
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	**November Contract, Expiry: 18 Nov,2016**

Technical Commentary:

- Fall in price and rise in open interest indicates short buildup.
- RSI is moving in oversold 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	Nov	1725	1720	1759	1775	1780
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Nov	**Sell Below**	1760	1740	1735	1766

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
			6-Oct-16	5-Oct-16	29-Sep-16	6-Sep-16	6-Oct-15
Delhi	Lawrence Road	Mill Delivery	1820	1820	1815	1795	1700
	Narella	Mill Quality Loose	1715	Closed	1750	1735	1615
	Nazafgarh	Mill Quality Loose	1735	Closed	1725	1715	1630
Gujarat	Rajkot	Mill Delivery	1715	1700	1725	1745	1500
	Ahmedabad	Mill Delivery	1865	1860	1860	1880	1600
	Surat	Mill Quality Loose	1890	1880	1885	1910	1650
	Dhrol	Mill Delivery	1925	1800	1825	1845	1700
M.P.	Indore	Mill Quality Loose	1750	1700	1750	1750	1575
	Bhopal	Mill Delivery	1700	1650	1700	1750	1525
Rajasthan	Kota	Mill Quality Loose	1615	1615	1630	1680	1480
		Mill Delivery	1710	1710	1710	1770	1570
U.P.	Kanpur	Mill Delivery	1690	1705	1735	1715	1550
	Mathura	Mill Quality Loose	1650	1610	1630	1640	1525
	Kosi	Mill Quality Loose	1665	1665	1650	1670	1515
	Hathras	Mill Quality Loose	1690	1700	1670	1645	NA
	Aligarh	Mill Quality Loose	1630	1630	1630	1610	1525
Punjab	Khanna	Mill Quality Loose	1630	1630	1630	1650	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1650	1650	1660	1660	1525
	Hodal	Mill Delivery	NA	NA	1800	1815	1700
	Bhiwani	Mill Quality Loose	1715	1715	1725	1710	1620
	Karnal	Mill Quality	1680	1660	1690	1660	NA

		Loose					
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2050	1825
	Madurai	Mill Quality	2107	2107	2107	2107	1882
	Coimbatore	Mill Quality	2107	2107	2107	2107	1882
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1750	1660
	Muzaffarpur	Mill Delivery	1800	1800	1825	1800	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:

26th Sept to 02nd Oct-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Tuticorin	38699	242.75
	Cochin	5104	248.27
France	Mumbai	13750	213.14
Ukraine	Village Ponneri Sea	27000	201.33
	Tuticorin	36230	192.45
Total		120783	

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	

International Market Update:

GASC has purchased 480000 tonnes of Russian and Romanian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB $181.7/tonne, ADM offered three cargoes each of 60000 tonnes at an average FOB of $180.33/tonne, Union offered 60000 tonnes at FOB $177.7/tonne, Aston offered 60000 tonnes at FOB $183.5/tonne, Alegrow offered 60000 tonnes at FOB $179.5/tonne and Venus offered 60000 tonnes at FOB $181.45/tonne

According to latest update by International Grains Council, the production forecast has been increased by 4 million tons for crop year 2016-17. The production may touch 747 million tons against a forecast of 736 million tons for 2015-16. The difference is around 11 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

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.

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 forecasts 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
	5-Oct-16	28-Sep-16	5-Sep-16	5-Jul-16	5-Apr-16	5-Oct-15	
Dec-16	148.80	148.15	146.68	166.62	185.35	202.25	-26.43
Mar-17	156.42	156.51	154.77	173.05	190.41	206.48	-24.24
May-17	161.47	161.56	159.73	177.45	193.71	205.74	-21.52
Jul-17	165.61	165.24	163.95	180.85	196.28	198.12	-16.41
Sep-17	171.39	170.47	169.92	184.71	199.31	198.12	-13.49
Dec-17	178.56	177.36	178.01	190.31	204.00	204.18	-12.55

AGRIWATCH

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10th, October-2016

CBOT-Dec 16

1st Support; 142.00
2nd Support: 140.00
1st Resistant: 152.00
2nd Resistant: 155.00
($ per tonne)

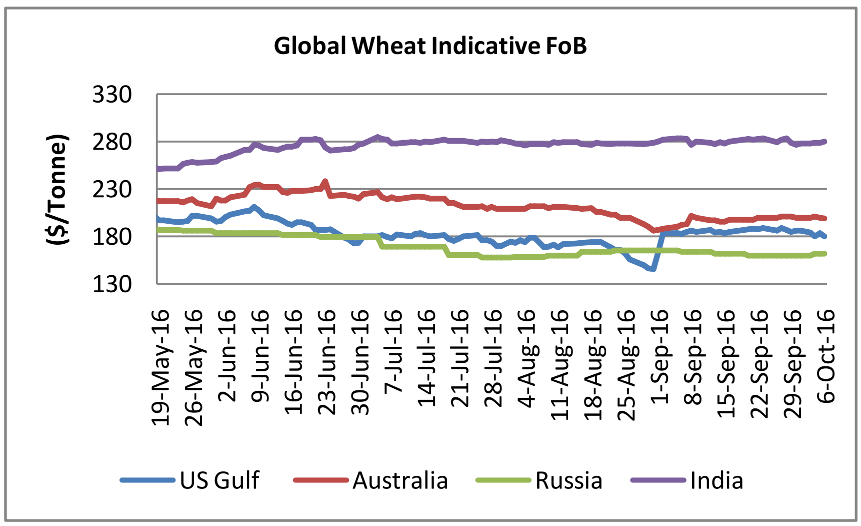
Market is likely to move range bound as buyers may enter into the market at lower level. Upside movement is likely to continue

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 $276 to 280 per tonne.

US and Russian quotes are hovering in the range of $182.5 and $161 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.