

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals: -

All India weekly average prices increased by 1.29 percent to Rs. 1825.66 per quintal during the week ended 23rd October 2016. Wheat average price were ruling at Rs 1802.44 per quintal during 09-15th October 2016. As compared to prices in the week 16-23rd October 2015, the prices are firm by 1.30 percent. Prices have become firm on account of festive demand.

India imported around 90762 tonne wheat from Australia, Ukraine and Bulgaria last week till 16th Oct-2016 at an average CIF of \$214.40 per tonne. Around 74000 tonne has been imported from Ukraine at an average CIF of \$191.57 per tonne, 16250 tonne of Australian wheat at an average CIF of \$244.39 per tonne and a small quantity of 512 tonnes has arrived from Bulgaria at an average CIF of \$202.81 per tonne.

According to latest update, export of wheat has increased compared to last week. In the week (09-16 October) the exports were around 835.06 metric tonnes compared to 472 metric tonnes in the week (03-08 October). The said quantity was exported at an average FOB of \$ 386 per tonne and the major destinations were UAE, Sri Lanka, Somalia and Jordan. Total export till 16th Oct-2016 since 4th April was registered around 24697 tonne. Export window remained restricted due to disparity.

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.

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 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 :-

As per latest update FCI has sold around 24.6 lakh tonnes wheat under OMSS during April to September. The bulk quantity has been purchased by private players under OMSS. The sales under OMSS rallied from June and are still continuing, wheat has been sold at Rs 1640 per quintal plus freight charges. Stock in central pool as on 1st September 2016, was 24.2 million tonnes. Given the average total consumption of around 17 million tonnes for the next seven months till March'17, stock in central pool might be around 7.3 million tonnes as on 1st April'17 which is equivalent to required norms.

Indian FoB quote is hovering around \$283.5 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$168, \$169.7, \$182.4, \$189.3 and \$198.2 per tonne respectively. Around 74000 tonnes of wheat have been imported from Ukraine at Tuticorin (CIF \$188.72 per tonne), Mumbai (CIF \$189.63 per tonne) and Village Ponneri Sea (CIF \$202.07 per tonne) port. Furthermore around 16250 tonnes and 512 tonnes of wheat have been imported from Australia and Bulgaria 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.

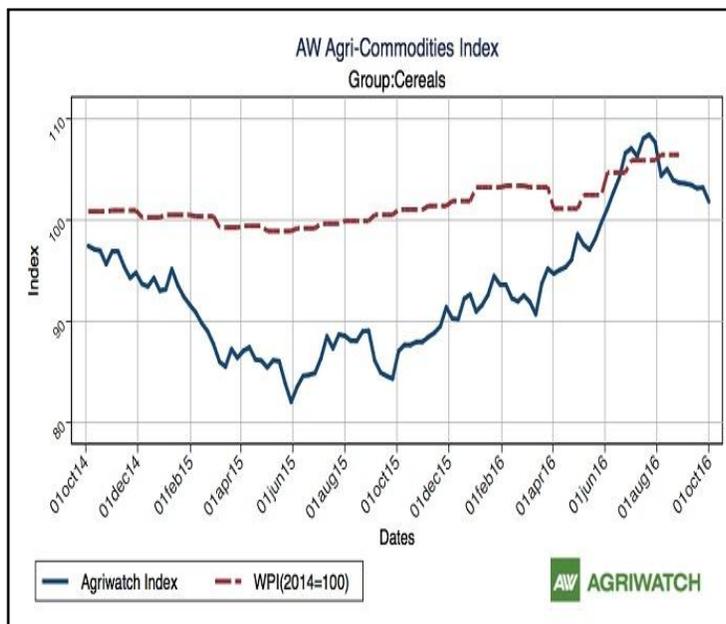
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in November contract taking care of lower and upper price tag of Rs 1785 & 1900 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).

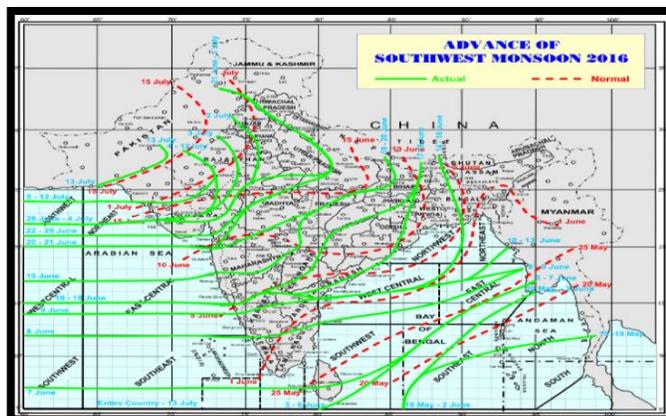
Decline in prices of cereals and vegetables offset the gains in pulses and edible oils. 6 of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 101.83 (-1.34%),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



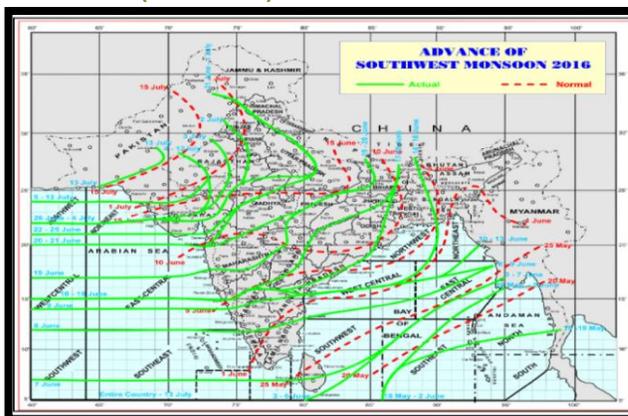
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

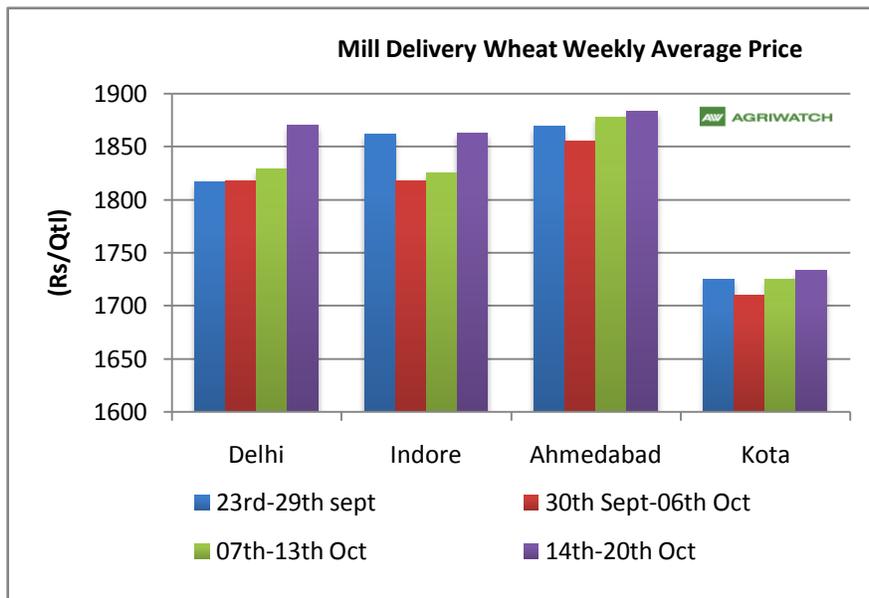


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 firm in Indore, Ahmedabad, Kota and Delhi during 14-20th October. Prices have become firm on account of festive demand. Furthermore release in OMSS is lower compared to last year.

Import volume is not able to create pressure even after revision of import duty from 25% to 10% as wheat from MP and Rajasthan is still in demand by south Indian millers but the volume is lower.



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:

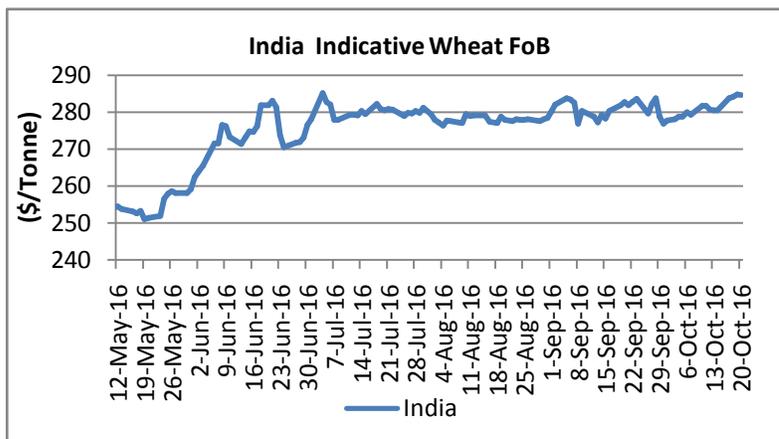
State	Total Procurement In Marketing Season 2015-16(April To March)	Progressive Procurement As on 28.06.2016(Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	0.73	-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 at 229.44 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 by 18.32 % from last year.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India has increased 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.

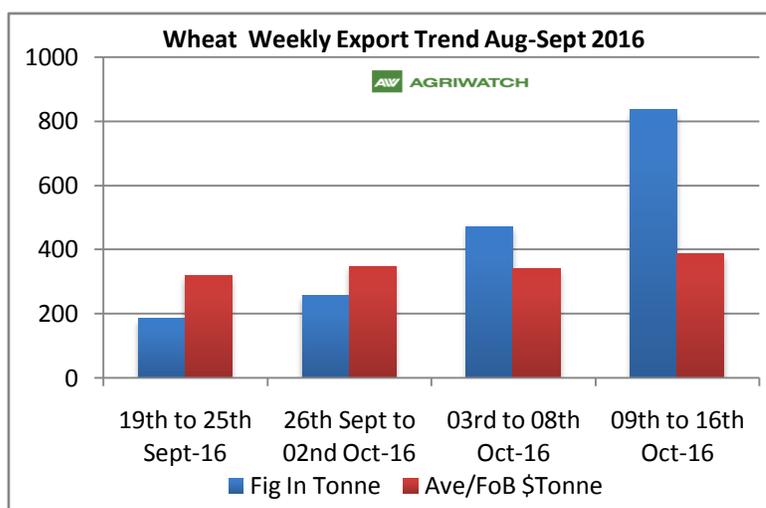
Prices of wheat may stay steady to firm at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus likely to hit market as import duty is slashed by the government.



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.

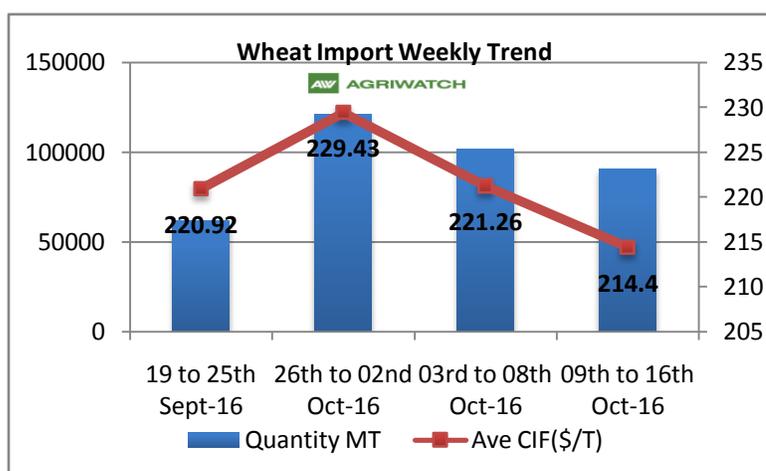
India exported 835.06 tonnes of wheat during week ended 16th Oct-2016, up by 76.92 percent from previous week. Average FoB quote realized last week was \$386.00 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were UAE, Sri Lanka, Somalia and Jordan.



Wheat Import:

According to latest update, a total quantity of around 90762 tonnes of wheat has been imported from Australia, Ukraine and Bulgaria after revision of import duty from 25% to 10%. Of the total quantity imported 74000 tonnes has been imported from Ukraine and rest is from Australia and Bulgaria.

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
		19-Oct-16	12-Oct-16	19-Sep-16	19-Oct-15	
USA (Chicago)	2srw	189.30	180.70	186.99	209.70	-9.73
France	FCW3	181.08	179.06	180.36	190.29	-4.84
Australia	ASW	202.00	199.00	198.00	218.00	-7.34
Russia	SRW	170.00	165.50	162.00	197.00	-13.71
India	Fob	284.81	280.65	281.89	256.59	11.00

Shipment	Variety	20/10/2016	13/10/2016	6/10/2016	29/09/2016
November	Black Sea Mill Wheat 12.5% FOB Pmax.	174	171	170	170
November	Black Sea Mill Wheat 11.5% FOB Pmax.	175	172	166	163

Wheat Futures Contact: NCDEX Price								Date:21.10.2016	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
16-Nov	+13	1825	1842	1825	1840	3340	-3,480	-	-
16-Dec	+20	1850	1868	1843	1863	610	+350	-	-
17-Jan	+20	1843	1863	1863	1863	-	-	-	-

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
	20-Oct-16	14-Oct-16	20-Sep-16	20-Oct-15	
Indore	1847	1821	1827	1660	11.27
Bareilly	-	-	-	-	-
Delhi	1903	1835	1817	1700	11.94
Khanna	-	-	-	-	-
Kanpur	1748	1733	1720	1618	8.07
Karnal	-	-	-	-	-
Rajkot	1840	1819	1821	1674	9.93
Kota	1770	1738	1780	1656	6.89

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

Wheat Technical Analysis:



Technical Commentary:

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

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	November	1785	1770	1840	1885	1900
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	November	Sell Below	1845	1820	1805	1860

Domestic Market Weekly Outlook:

Cash wheat market is likely to stay steady to firm in the coming week. Continuous import may restrict south Indian miller's demand to some extent and release from private stock may increase. Revision of import duty has pressurized inner tone of the market.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			20-Oct-16	19-Oct-16	13-Oct-16	20-Sep-16	20-Oct-15
Delhi	Lawrence Road	Mill Delivery	1900	1900	1830	1810	1685
	Narella	Mill Quality Loose	1750	Closed	1740	1780	1630
	Nazafgarh	Mill Quality Loose	1800	Closed	1760	1725	1640
Gujarat	Rajkot	Mill Delivery	1765	1760	1755	1740	1590
	Ahmedabad	Mill Delivery	1890	1880	1880	1880	1750
	Surat	Mill Quality Loose	1940	1935	1910	1920	1770
	Dhrol	Mill Delivery	1920	1825	1890	1860	1765
M.P.	Indore	Mill Quality Loose	1750	1750	1750	1750	1625
	Bhopal	Mill Delivery	1750	1750	1720	1725	1550
Rajasthan	Kota	Mill Quality Loose	1665	1640	1625	1670	1540
		Mill Delivery	1755	1730	1725	1750	1600
U.P.	Kanpur	Mill Delivery	1755	1735	1725	1735	1565
	Mathura	Mill Quality Loose	1715	1715	1635	1630	1525
	Kosi	Mill Quality Loose	1755	1735	1690	1655	1550
	Hathras	Mill Quality Loose	1690	1690	1700	NR	NR
	Aligarh	Mill Quality Loose	1650	1640	1610	1650	1500
Punjab	Khanna	Mill Quality Loose	1620	1650	1630	1650	NR
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1685	1680	1650	1655	1560
	Hodal	Mill Delivery	1900	NA	NA	1800	NA
	Bhiwani	Mill Quality Loose	1805	1740	1725	1725	1600
	Karnal	Mill Quality Loose	1725	1725	1700	1700	NA

	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2125	2100	2100	2075	1850
	Madurai	Mill Quality	2182	2157	2157	2132	1907
	Coimbatore	Mill Quality	2182	2157	2157	2132	1907
Bihar	Khagariya	Mill Delivery	1800	1800	1850	1700	1680
	Muzaffarpur	Mill Delivery	1825	1825	1825	1825	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	-	-	-	-
Telangana	-	-	-	-
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:

09th to 16th Oct-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	14000	245.24
	Mangalore	750	230.37
	Cochin	1500	253.33
Ukraine	Mumbai	7000	189.63
	Village Ponneri Sea	27000	202.07
	Tuticorin	40000	188.72
Bulgaria	Kolkata	512	202.81
Total		90762	

During the week 09th to 16th October FOB Kandla for wheat Sourced from Rajkot region (Gujarat) was in the range of \$280.52-\$281.62

03rd Sept to 08th Oct-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	39881	246.47
	Cochin	1000	248.3
France	Tuticorin	3800	202.02
	Mumbai	13750	213.67
Ukraine	Mumbai	15000	189.4
	Chennai	8000	189.28
	Tuticorin	20000	193.49
Moldova	Tuticorin	373	228.59
Total		101804	

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	

International Market Update:

The Saudi Arabia Grain Organization has purchased 595000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 360000 tonnes will arrive at Jeddah port, 180000 tonnes at Dammam and the remaining 55000 tonnes at Jazan port. In its last tender on 15th August'16 SAGO purchased 640000 tonnes of hard wheat. Saudi Arabia abandoned plans of self sufficiency in 2008 as farming in desert reduced scarce water resources and became a major importer of hard and soft wheat.

Japan's Ministry of Agriculture has bought around 100140 tonnes of wheat from United States and Canada. Out of the total quantity around 72225 tonnes was bought from United States with a minimum protein content of 14 percent and around 27915 tonnes was bought from Canada with a minimum protein content of 13.5 percent. The shipments from US are expected to arrive by 31st January 2017, whereas loading from Canada will take place between 21st November and 20th December 2016.

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's ban has been applied to all outstanding contracts.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Projected)	
			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 from 743MMT 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
	19-Oct-16	12-Oct-16	19-Sep-16	19-Jul-16	19-Apr-16	19-Oct-15	
Dec-16	154.40	145.77	148.43	162.57	190.77	192.33	-19.72
Mar-17	161.93	153.02	156.05	171.02	196.28	196.65	-17.66
May-17	167.26	157.98	161.01	175.98	199.77	196.74	-14.99
Jul-17	171.58	162.39	164.60	179.84	201.15	192.79	-11.01
Sep-17	176.72	167.99	170.01	184.34	204.09	192.79	-8.34
Dec-17	182.78	174.88	177.36	190.31	208.96	198.58	-7.96

CBOT-Dec 16

1st Support: 148.00
2nd Support: 146.00
1st Resistant: 158.00
2nd Resistant: 161.00
(\$ per tonne)

Market is likely to move from range bound to slightly weak as ample supplies are available in the market

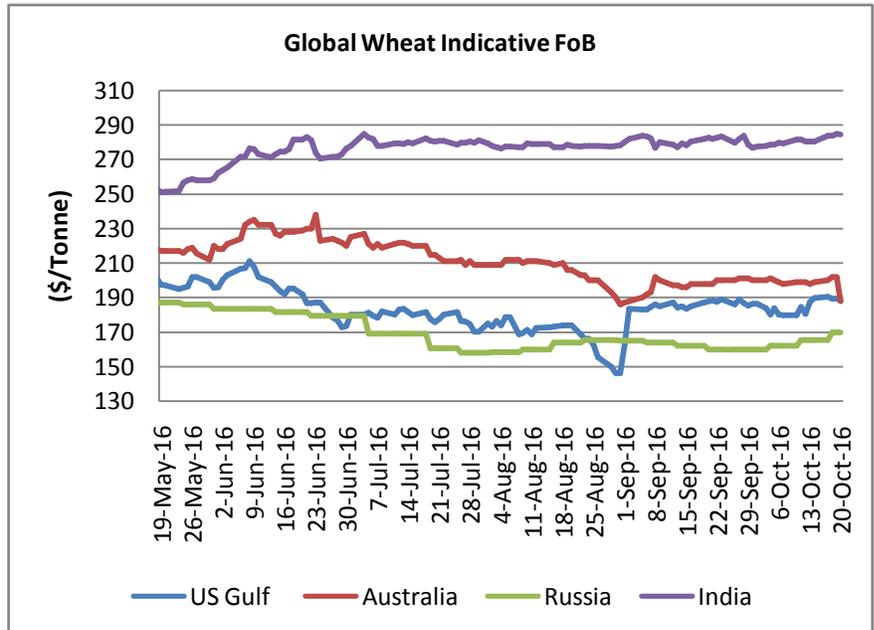


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$280.52 to 284.81 per tonne.

US and Russian quotes are hovering in the range of \$189 and \$168 per tonne respectively. Australian wheat quote fell sharply from \$202 per tonne as on 19th Oct to \$188 per tonne on 20th Oct due to dry weather in producing regions which has boosted harvesting process.

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$165 to \$205 in coming weeks.



International Weekly Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available despite crop loss in France. Furthermore dry weather in wheat producing regions of Australia has boosted the harvesting which has led to lower export quotes. Steady to slightly weak market is expected in short to medium term.

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