

Wheat Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Agriwatch Cereals Index
- ❖ Weather
- ❖ Weekly Price Change
- ❖ Stock
- ❖ Weekly Wheat Export & Import
- ❖ Future Chart
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

Wheat Domestic Market Fundamentals: -

India imported around 52877 tonne wheat from Australia, Ukraine and France last week till 30th Oct-2016 at an average CIF of \$227.03 per tonne. Around 25219 tonne has been imported from Australia at an average CIF of \$244.4 per tonne, 24658 tonne of Ukraine wheat at an average CIF of \$194.38 per tonne and a small quantity of 3000 tonnes has arrived from France at an average CIF of \$211.24 per tonne.

According to latest update, export of wheat has increased compared to last week. In the week (24-30 October) the exports were around 889.53 metric tonnes compared to 799 metric tonnes in the week 17-23 October. The said quantity was exported at an average FOB of \$ 404.8 per tonne and the major destinations were UAE, Sri Lanka, Kuwait and Oman. Total export till 30th Oct-2016 since 4th April was registered around 26386 tonne. Export window remained restricted due to disparity.

All India weekly average prices increased by 8.25 percent to Rs. 1990.61 per quintal during the week ended 08th November 2016. Wheat average price was ruling at Rs 1838.95 per quintal during 24th-31st October 2016. As compared to prices in the week 01-08th November 2015, the prices are firm by 10.76 percent.

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 29.8 lakh tonnes wheat under OMSS during April to October. 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 October 2016, was 21.65 million tonnes. Given the average total consumption of around 13.5 million tonnes for the next six months till March'17, stock in central pool might be around 7.8 million tonnes as on 1st April'17.

Wheat stock in government godowns has fallen to a nine-year low of 21.66 million tonnes as on 1st October, which is close to the buffer-cum-strategic reserve norm of 20.52 million tonnes for the same date. This insecure position is however offset by ample global supplies and prospect for a good Rabi crop on account of recharged soil moisture from decent monsoon rains.

Indian FoB quote is hovering around \$291.8 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$172.4, \$174, \$180.9, \$185.09 and \$186.6 per tonne respectively. The latest consignments from Australia landed at Tuticorin (20969 T), Cochin port (1500T) and Mangalore (2750 T) at CiF of \$246.89, \$249.89 and \$227.98 per tonne respectively. Around 3000 tonne and 24658 tonne of wheat from France and Ukraine respectively.

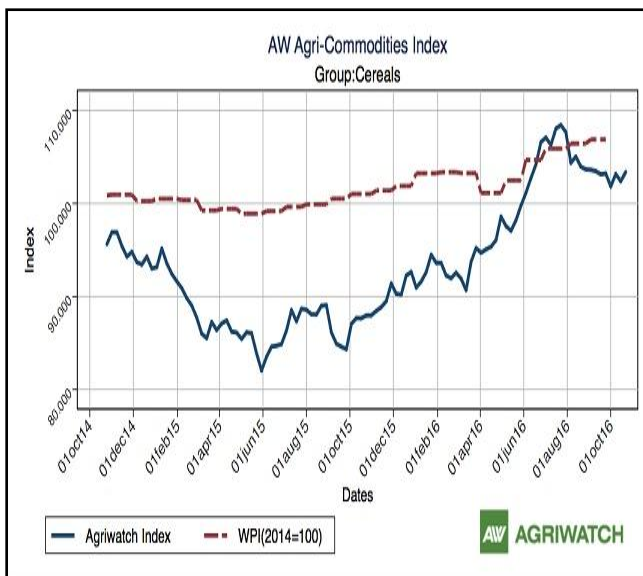
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly firm in the coming week.

Trade Call: Stakeholders should trade in December contract taking care of lower and upper price tag of Rs 1995 &2130 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index eased 0.42% to 115.61 during the week ended Oct 22, 2016 from 116.10 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

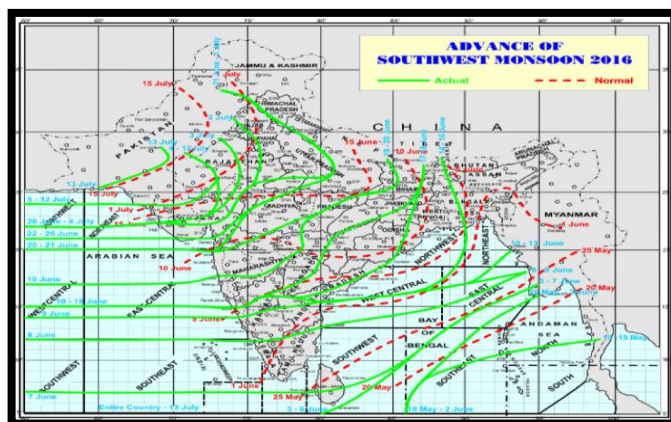
Gains in cereals, vegetables and spices were offset by declines in edible oils, oilseeds, pulses and cotton prices. The Index has remained confined in a tight range between 114.5 and 116.8 during the last 8 weeks indicating stability in prices. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 103.37 (+0.96%), Pulses: 227.98 (-0.93%), Vegetables: 67.40 (+11.17%), Edible Oils: 111.46 (-2.64%), Oilseeds: 100.96 (-3.69%), Spices: 133.49 (+5.16%), Sweeteners: 122.45 (-0.01%), Fibres: 93.70 (-3.89%) and Other Non-Food Articles: 75.24 (+0.76%).



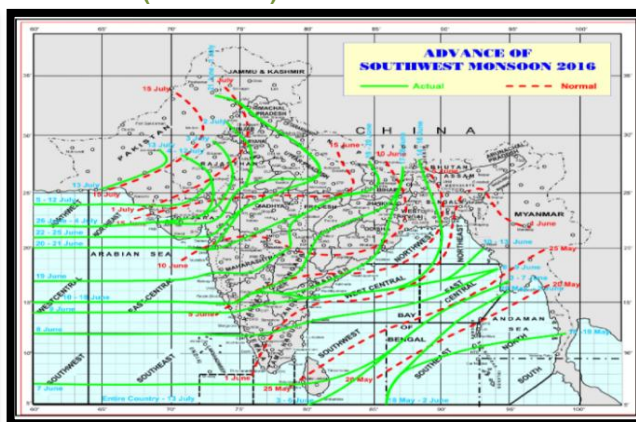
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade.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

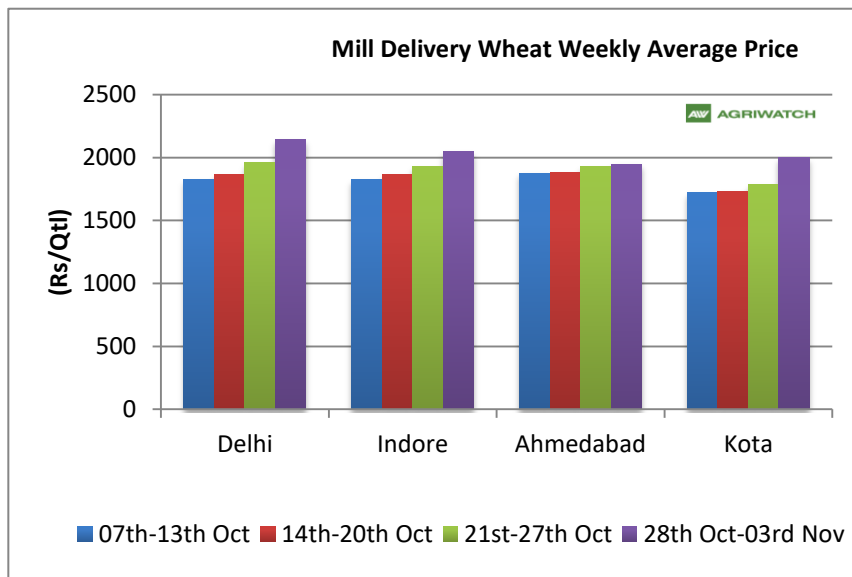


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centred at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 28th Oct-03rd November. Prices have become firm on account of lower 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:

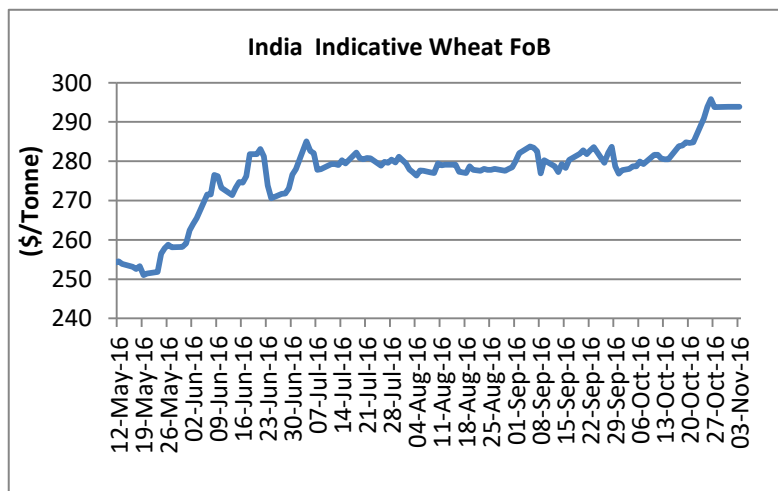
State	Total Procurement In Marketing Season 2015-16 (April To March)	Progressive Procurement As on 28.06.2016 (Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109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

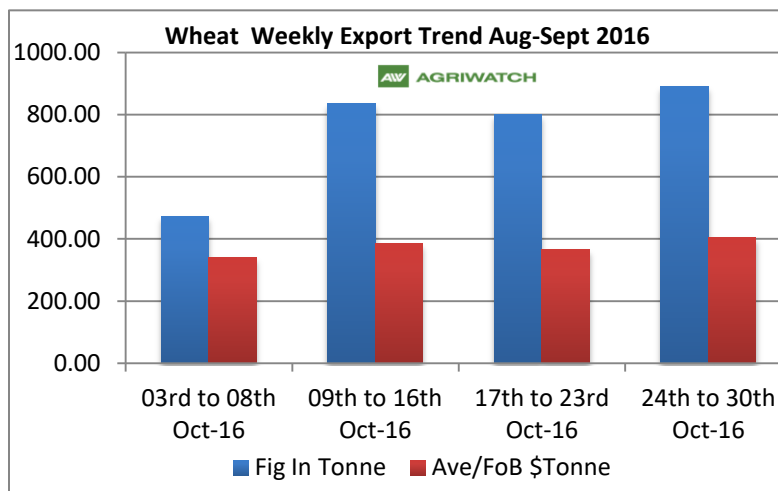
Prices of wheat may stay steady to slightly firm at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus is likely to hit market as import duty is slashed by the government.



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.

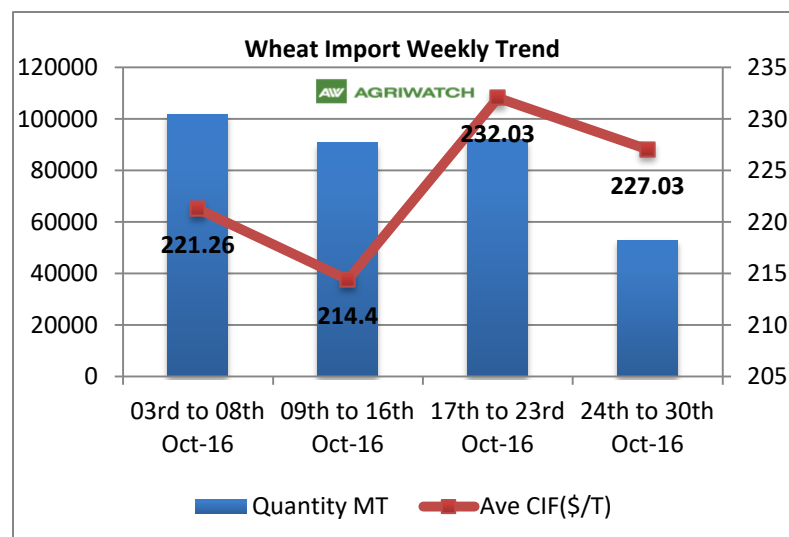
India exported 889.5 tonnes of wheat during week ended 30th Oct-2016, up by 11.33 percent from previous week. Average FoB quote realized last week was \$404.8 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were UAE, Sri Lanka, Kuwait and Oman.



Wheat Import:

According to latest update, a total quantity of around 52877 tonnes of wheat has been imported from Australia, Ukraine and France after revision of import duty from 25% to 10%. Of the total quantity imported 25219 tonnes has been imported from Australia and rest is from Ukraine and France.

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
		2-Nov-16	26-Oct-16	2-Oct-16	2-Nov-15	
USA (Chicago)	2srw	185.40	186.08	183.90	217.90	-14.92
France	FCW3	184.54	181.59	182.20	190.26	-3.00
Australia	ASW	191.00	186.00	NA	220.00	-13.18
Russia	SRW	176.50	173.00	160.00	197.00	-10.41
India	Fob	NA	295.84	278.07	254.39	-

Shipment		3/11/2016	27/10/2016	20/10/2016	13/10/2016
November	Black Sea Mill Wheat 12.5% FOB Pmax.	179	176	174	171
November	Black Sea Mill Wheat 11.5% FOB Pmax.	174	173	175	172

Wheat Futures Contact: NCDEX Price
Date: 04.11.2016

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
16-Nov	+2	1999	2023	1999	2008	3750	-3,790	8490	-650
16-Dec	+10	2021	2055	2021	2038	4070	-5,330	10710	390
17-Jan	+23	2044	2049	2036	2044	310	-400	950	10

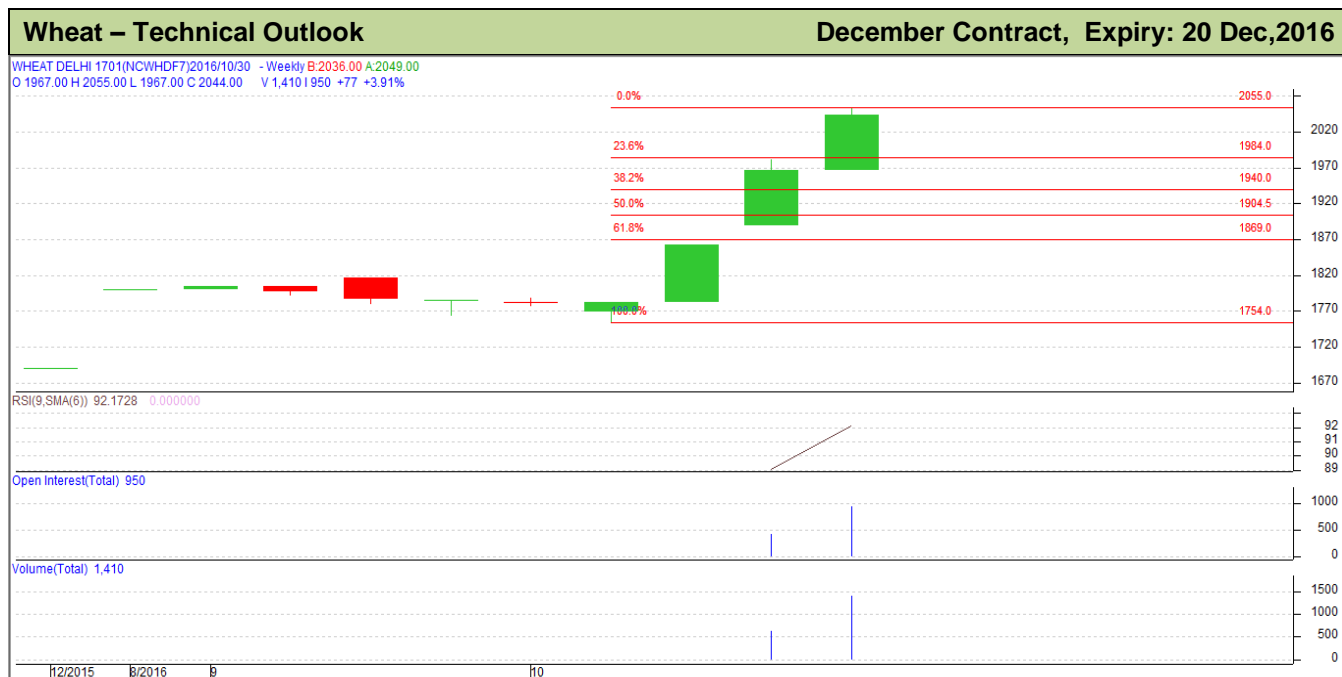
Wheat Weekly Price Table:
Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	3-Nov-16	27-Oct-16	3-Oct-16	3-Nov-15	
Indore	1992	1869	1796	1618	23.13
Bareilly	-	-	-	-	-
Delhi	2160	2021	1825	1696	27.36
Khanna	-	-	-	-	-
Kanpur	1860	1783	1703	1593	16.80
Karnal	-	-	-	-	-
Rajkot	Closed	1875	1798	1595	-
Kota	1992	1849	1737	1632	22.08

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 open interest indicates long buildup.
- RSI is moving up in overbought region.
- Last candlestick donates bullishness in the market.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	December	2005	1995	2044	2120	2130
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	December	Buy Above	2040	2075	2105	2019

Domestic Market Weekly Outlook:

Wheat cash market is likely to stay steady to slightly 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
			3-Nov-16	2-Nov-16	27-Oct-16	3-Oct-16	3-Nov-15
Delhi	Lawrence Road	Mill Delivery	2150	2200	2015	1815	1680
	Narella	Mill Quality Loose	2050	Closed	1850	1720	1655
	Nazafgarh	Mill Quality Loose	2000	Closed	1900	1735	1620
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1820	1720	1490
	Ahmedabad	Mill Delivery	Closed	Closed	1950	1850	1610
	Surat	Mill Quality Loose	Closed	Closed	1980	1880	1640
	Dhrol	Mill Delivery	NR	NR	NR	2110	1955
M.P.	Indore	Mill Quality Loose	2100	1900	1800	1650	1650
	Bhopal	Mill Delivery	1950	Closed	1750	1650	1525
Rajasthan	Kota	Mill Quality Loose	1900	1900	1750	1630	1510
		Mill Delivery	2000	2000	1810	1710	1610
U.P.	Kanpur	Mill Delivery	1750	NR	1725	1725	1565
	Mathura	Mill Quality Loose	1940	1980	1805	1640	1515
	Kosi	Mill Quality Loose	2000	2020	1825	1675	1540
	Hathras	Mill Quality Loose	1720	NA	1715	NA	1525
	Aligarh	Mill Quality Loose	1900	Closed	1730	1620	1500
Punjab	Khanna	Mill Quality Loose	1800	1800	1650	1615	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2010	2000	1810	1650	1570
	Hodal	Mill Delivery	2130	2130	1955	NA	NA
	Bhiwani	Mill Quality Loose	2025	2080	1860	1715	1600
	Karnal	Mill Quality Loose	2010	2000	1790	1660	NA



	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2250	2400	2200	2050	1870
	Madurai	Mill Quality	2307	2457	2257	2107	1927
	Coimbatore	Mill Quality	2307	2457	2257	2107	1927
Bihar	Khagariya	Mill Delivery	1875	1875	1850	1800	1730
	Muzaffarpur	Mill Delivery	1850	1850	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	-	-	-	-
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:

24th to 30th Oct-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	20969	246.89
	Mangalore	2750	227.98
	Cochin	1500	249.89
France	Tuticorin	3000	211.24
Ukraine	Chennai	7500	189.49
	Mangalore	2158	204.59
	Tuticorin	15000	194.23
Total		52877	

During the week 24th to 30th October FOB Kandla for wheat Sourced from Rajkot region (Gujarat) was in the range of \$290.91-\$295.84

17th to 23rd Oct-2016			
Source	Port	Quantity/T	Ave CiF/\$T
Australia	Tuticorin	41331	242.72
	Mangalore	250	228.15
	Cochin	6806	249.73
France	Tuticorin	1000	242.72
Ukraine	Mangalore	6875	196.74
	Tuticorin	35810	188.53
Total		92072	

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	



International Market Update:

Egypt has introduced new wheat inspection system which may lead to lower prices. The GOEIC will be the sole body responsible for wheat inspections at shipping and arrival ports. After application of new system inspection costs is likely to be cut by half and traders will be allowed to discharge their cargo in bonded warehouses even before receiving approval.

According to Ukrainian official statistics, wheat stocks are down by 16 percent to 14.48 MMT as on 1st October'16 compared to 17.18 MMT for tons for the same date last year. Wheat stocks are down on account of higher exports in the current season. In the months (July-September) of 2016/17 wheat exports were 13 percent (6.18 MMT) higher compared to the same period for 2015/16.

According to latest update by International Grains Council, the production forecast has been increased by 1 million tons for crop year 2016-17. The production may touch 748 million tons against a forecast of 737 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.

According to Kazakh statistics committee, stocks of wheat have increased by 8 percent to 11.74 MMT compared to 2015. This included 10.42 MMT of milling wheat, 596.5 KMT of feed wheat and 724.6 KMT for seeds. Furthermore milling wheat export prices have also strengthened for Kazakh on account of increased demand from exporters, strong national currency and increase in milling wheat prices in black sea region. Therefore in the past week 12.5% wheat export prices increased by US \$8-10 to US \$172-178/MT FoB Aktau port.

GASC has purchased 420000 tonnes of Russian and Romanian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$182.74/tonne, Cargill offered 60000 tonnes at FOB of \$183.25/tonne, Ameropa offered 120000 tonnes at FOB \$185.93/tonne, Alegrow offered 60000 tonnes at FOB \$184/tonne, ADM offered 60000 tonnes at FOB \$184.25/tonne and Aston offered 60000 tonnes at FOB \$184/tonne. Of the total quantity purchased 180000 tonnes is of Russian origin and remaining 240000 tonnes is of Romanian origin.

After a record crop in 2015, Japan's wheat production is expected to drop significantly due to non conducive weather conditions. Around 65 percent of Japan's wheat is grown in Hokkaido area which has been adversely affected by heavy rains. As a result, yield estimates are revised down and total production is expected to fall by around 25 percent.

China has decided to keep its state wheat purchase price same for 2017. This is mainly done in order to protect local farmers. According to National development and Reform Commission (NDRC), the government's minimum purchase price will be 2360 Yuan or \$349.18 per tonne

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Projected)	
			Forecast	29.09.2016	27.10.2016
Production	717	730	737	747	748
Trade	157	153	164	164	167
Consumptions	698	715	720	734	736
Carryover stocks	190	205	222	231	233
Y-O-Y change	19	15	17	-	12
Major Export	56	65	68	70	70

- IGC has revised wheat production projection up by 1MMT from 747MMT to 748MMT on 27th, Oct-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 748 MMT against 737 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 3MMT to 167MMT. It is 3MMT higher from actual of last year.
- Consumption has been pegged at 736MMT for 2016-17, up by 16MMT from last year.
- Carryout may increase from 231 to 233 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
	2-Nov-16	26-Oct-16	2-Oct-16	2-Aug-16	2-May-16	2-Nov-15	
Dec-16	153.48	151.19	145.31	157.25	189.85	197.57	-22.32
Mar-17	159.64	158.72	153.30	166.98	196.19	201.34	-20.71
May-17	164.96	164.32	158.17	172.22	199.87	201.61	-18.18
Jul-17	169.74	169.19	162.12	174.97	201.06	197.11	-13.89
Sep-17	175.07	174.88	167.44	179.66	203.91	197.48	-11.35
Dec-17	181.68	181.22	174.97	186.55	208.59	203.26	-10.62

CBOT-Dec 16

1st Support: 145.00
2nd Support: 143.00
1st Resistant: 157.00
2nd Resistant: 160.00
(\$ per tonne)

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

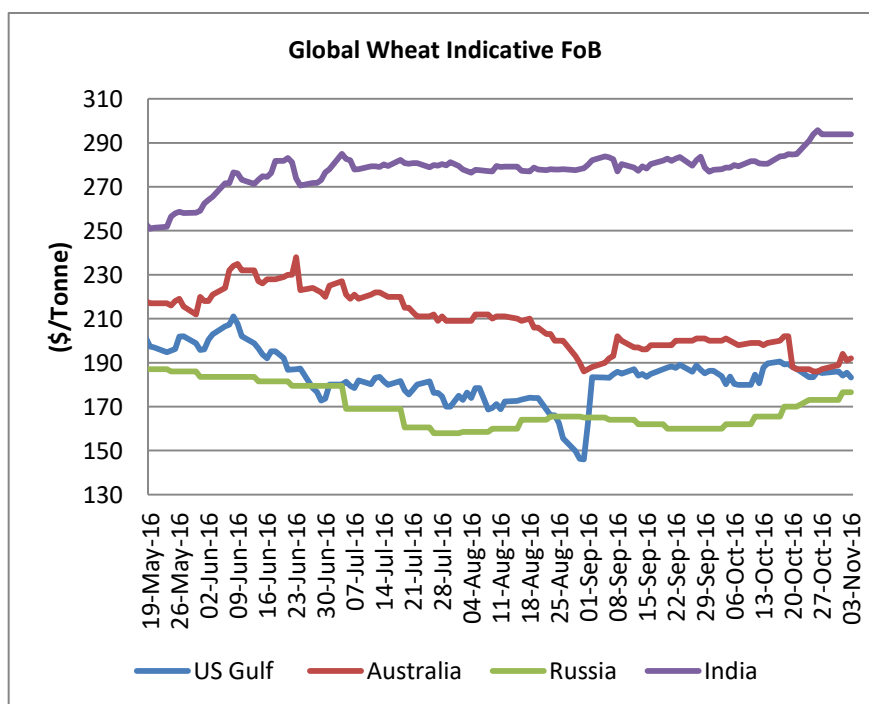


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$293.81-295.84 per tonne.

US and Russian quotes are hovering in the range of \$184.6 and \$175.5 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. Currently Australian quotes are hovering around \$191 per tonne.

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$170 to \$200 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 and expectation of output being near record in Australia. Furthermore IGC has revised wheat production up by one million tonnes on account of improved outlook for Russia and Kazakhstan. Steady to slightly weak market is expected in short to medium term.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2016 Indian Agribusiness Systems Pvt Ltd.