AGRIWATCH

Wheat Weekly Research Report
19th, December-2016

Wheat Weekly Research Report

Contents

Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 2.04 percent to Rs. 2197.04 per quintal during the week ended 23rd December 2016. Wheat average price were ruling at Rs 2242.69 per quintal during 09-15th December 2016. As compared to prices in the week 16-23rd December 2015, the prices are firm by 25.95 percent. Prices are expected to remain range bound to slightly weak in coming days.

According to latest update, area sown until 16 December'16 is 256.19 lakh hectares compared to 239.45 lakh hectares in the previous Rabi season. Among major states the area is down in Madhya Pradesh, Maharashtra and Uttar Pradesh, whereas Punjab, Haryana and Himachal Pradesh have seen an increase in area compared to last year for the same date. The normal area is 304.05 lakh hectares. Area is expected to be higher this year as government has increased MSP of wheat which may motivate farmers to sow more area.

Ukraine has become a key supplier of wheat to India in the past five months. It has exported around 900 thousand tonnes of wheat to India. Another factor apart from lower prices that supported such large quantities to be exported to India was revision of duty by India from 25% to 10%. As import duty has been scrapped now it will increase the flow of imports from Ukraine further.

In the last week, India imported around 130066 tonne wheat from Australia, Ukraine and France till 26th Nov-2016 at an average CIF of $220.10 per tonne. Around 33901 tonne has been imported from Australia at an average CIF of $238.61 per tonne, 94665 tonnes of Ukraine wheat at an average CIF of $198.56 per tonne and a small quantity of 1500 tonnes has arrived from France at an average CIF of $219.33 per tonne.

According to latest update, export of wheat has decreased compared to last week. In the week (21-26 November) the exports were around 294.625 metric tonnes compared to 1319.07 metric tonnes in the week 14-20 November. The said quantity was exported at an average FOB of $366.49 per tonne and the major destinations were Sri Lanka, USA, Somalia and UAE. Total export till 26th Nov-2016 since 4th April was registered around 29738.94 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: -

India has bought around 200000 tonnes of wheat from black sea region in the last week after Indian government scrapped import duty on wheat. Of the total quantity 150000 tonnes of wheat is from Ukraine and the remaining quantity is from Russia. Ukraine has already emerged as a key exporter of wheat to Indian as it has already exported around 900 thousand tonnes of wheat in the past five months.

Indian FoB quote is hovering around $300.9 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $182.1, $183.6, $177.11, $178.42 and $183.4 per tonne respectively. The latest consignments from Australia landed at Tuticorin (28901 T), Cochin port (1000 T) and Mangalore (4000 T) at CiF of $239.42, $243.6 and $226.02 per tonne respectively. Around 1500 tonne and 94665 tonne of wheat have been imported from France and Ukraine respectively.

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

Trade Call: *Stakeholders should trade in January contract taking care of lower and upper price tag of Rs 1935 & 2050 respectively.*

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Agriwatch Cereals Index:

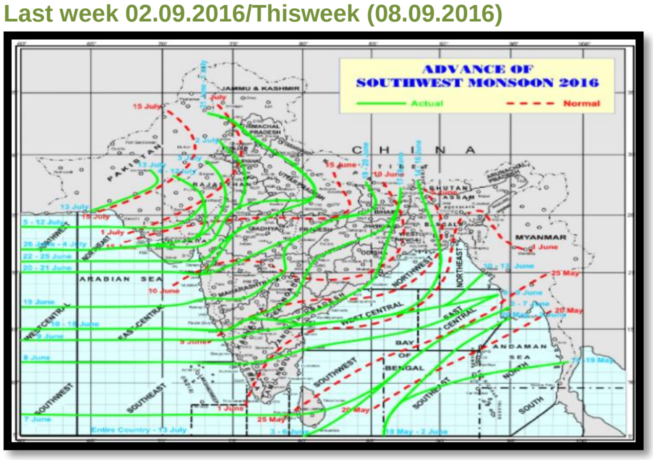
The Agriwatch Agri Commodities Index rose 0.44% to 116.24 during the week ended Dec 3, 2016 from 115.72 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

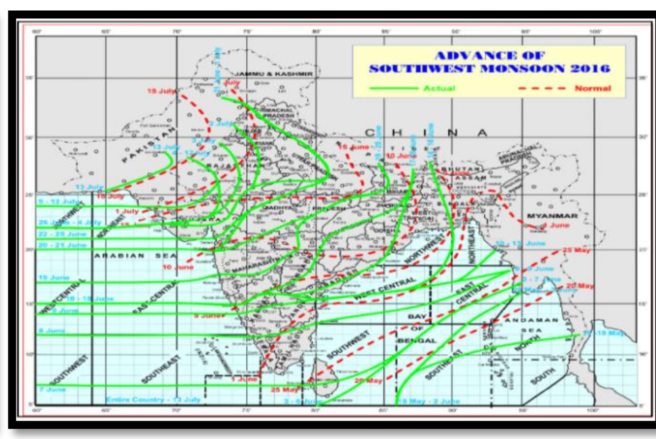
The Index rose despite a sharp 10% fall in the Vegetables Index as 7 of the 9 commodity group sub-Indices and 20 of the 29 individual commodity sub-Indices that constitute the main Index closed higher. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 108.96 (+0.11%), Pulses Index: 213.91 (+2.05%), Vegetables Index: 53.58 (-10.34%), Edible Oils Index: 111.67 (+1.55%), Oilseeds Index: 104.39 (+0.82%), Spices Index: 128.38 (+0.74%), Sweeteners Index: 118.74 (-0.78%), Fibers Index: 105.25 (+1.36%) and Other Non-Food Articles Index: 83.22 (+2.09%).

"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/Thisweek (08.09.2016)



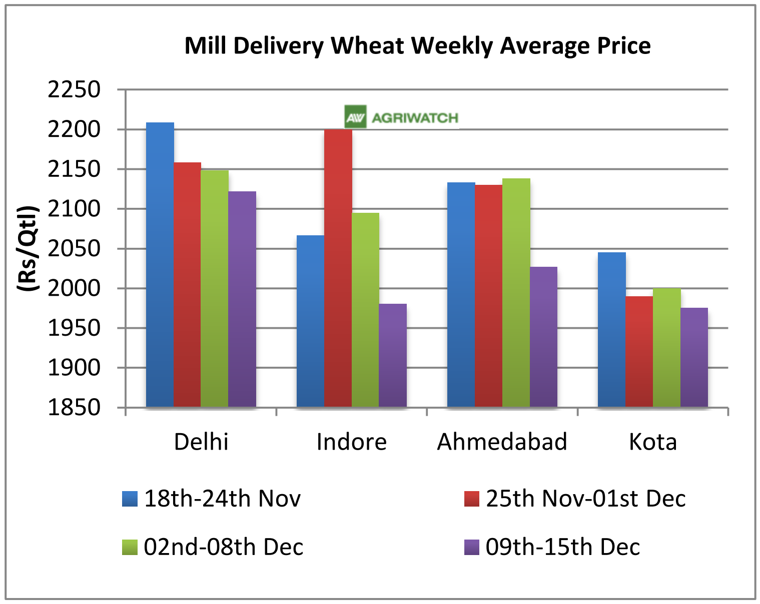


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand &neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95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

Wheat average mill delivery prices traded weak in Delhi, Indore, Ahmadabad and Kota during 09th-15th December. Prices are expected to remain steady to slightly weak.

Government has scrapped import duty on wheat for boosting domestic supplies and restraining rising prices. With removal of duty, India has become a target market for countries with abundant supplies. Furthermore, Indian demand can also provide support to low international prices of wheat. Release from central pool increased slightly in the month of November but it is still low compared to release in the previous year.



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.

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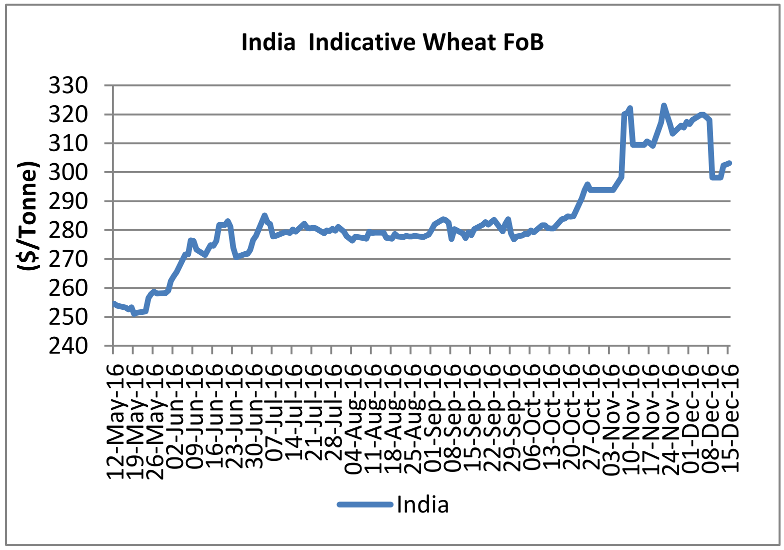
FOB Quote For Wheat At Kandla:

Wheat FoB quote in India has become weak due to very low demand of Indian wheat in the international market. Export window remains restricted due to huge disparity. There are no takers at higher level. However, government's intention to augment supply in domestic market from central pool stock too may restrict uptrend from current level.

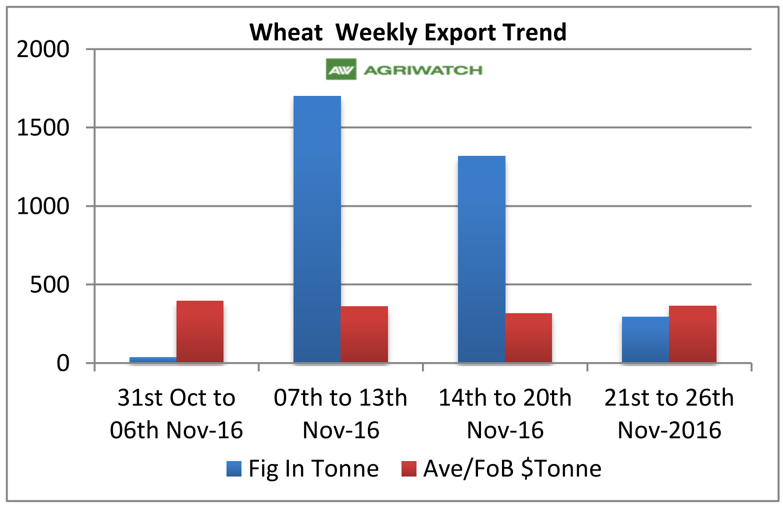
Prices of wheat may stay steady to slightly weak at current level. Supply demand side seems balanced despite lower arrivals and farmer's retention of higher percentage of marketable surplus is likely to hit market as import duty is slashed by the government.



Wheat Export:

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.

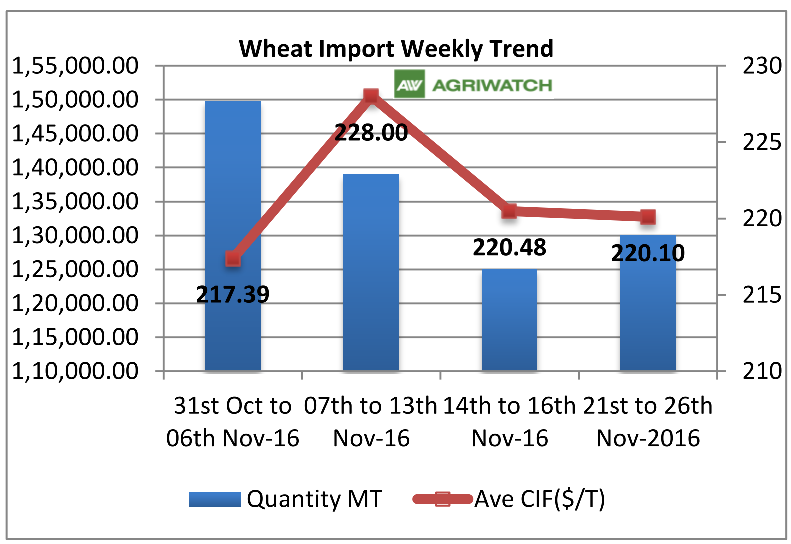
India exported 294.62tonnes of wheat during week ended 26th Nov-2016, down compared to exports in the previous week. Average FoB quote realized last week was \$366.49 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Sri Lanka, UAE, Somalia and USA.



Wheat Import:

According to latest update, a total quantity of around 130066tonnes of wheat has been imported from Australia, Ukraine and France after revision of import duty from 25% to 10%. Of the total quantity imported 94665tonneshas been imported from Ukraine and rest is from Australia and France.

As import duty, has been slashed, import volume may be around 3MMT 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**
		14-Dec-16	**7-Dec-16**	**14-Nov-16**	**14-Dec-15**	
USA (Chicago)	2srw	179.30	169.50	179.93	205.18	**-12.61**
France	FCW3	178.02	176.86	182.45	181.40	**-1.86**
Australia	ASW	185.00	179.00	187.00	213.00	**-13.15**
Russia	SRW	182.50	181.50	180.50	191.00	**-4.45**
India	Fob	302.69	318.99	310.61	NA	NA

		16/12/2016	08/12/2016	2/12/2016	25/11/2016
January	Black Sea Mill Wheat 12.5% FOB Pmax.	181	181	180	180
January	Black Sea Mill Wheat 11.5% FOB Pmax.	NA	175	177	NA

Wheat Futures Contact: NCDEX Price									*Date:16.12.2016*
Contract Month	*Change from previous day*	*Open*	*High*	*Low*	*Close*	*Volume*	*Change From previous day*	*Open Interest*	*Change From previous day*
16-Dec	-22	2060	2060	2025	2025	100	30	1920	-370
17-Jan	-10	2012	2015	2006	2006	540	-120	3950	-70
17-Feb	-	1972	1975	1955	1972	70	-	660	-

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**
	15-Dec-16	**8-Dec-16**	**15-Nov-16**	**15-Dec-15**	
Indore	1961	2022	1956	1642	**19.41**
Bareilly	NA	NA	NA	NA	-
Delhi	2100	2150	2200	1702	**23.40**
Khanna	NA	NA	NA	NA	-
Kanpur	1900	1940	2000	1595	**19.12**
Karnal	NA	NA	NA	NA	-
Rajkot	1965	2050	NA	1573	**24.95**
Kota	1987	2008	1969	1629	**21.96**

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 December Contract, Expiry:20 Jan,2017

Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving 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	January	1940	1935	2006	2045	2050
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	January	**Sell Below**	2010	1975	1950	2031

Domestic Market Weekly Outlook:

Wheat cash market is likely to stay steady to slightly weak in the coming week as government has scrapped import duty on wheat and increased its release in OMSS. Continuous import may restrict south Indian miller's demand to some extent and release from private stock may increase. Removal 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
			15-Dec-16	14-Dec-16	8-Dec-16	15-Nov-16	15-Dec-15
Delhi	Lawrence Road	Mill Delivery	2100	2100	2150	2100	1690
	Narella	Mill Quality Loose	2020	Closed	2030	Closed	NA
	Nazafgarh	Mill Quality Loose	2050	Closed	2075	Closed	NA
Gujarat	Rajkot	Mill Delivery	1915	1920	1970	NA	1500
	Ahmedabad	Mill Delivery	2010	2025	2130	2080	1650
	Surat	Mill Quality Loose	2050	2060	2140	2100	1670
	Dhrol	Mill Delivery	2255	2200	2185	NR	NA
M.P.	Indore	Mill Quality Loose	1950	1950	1950	2000	1650
	Bhopal	Mill Delivery	1850	1850	1925	1900	1600
Rajasthan	Kota	Mill Quality Loose	1860	1925	1900	1860	1550
		Mill Delivery	1925	1975	2000	1950	1640
U.P.	Kanpur	Mill Delivery	1900	1915	1925	NR	1565
	Mathura	Mill Quality Loose	1900	1900	1940	1880	1530
	Kosi	Mill Quality Loose	1950	2060	2150	1910	1535
	Hathras	Mill Quality Loose	2100	2100	1940	1950	NA
	Aligarh	Mill Quality Loose	NA	Closed	1900	Closed	NA
Punjab	Khanna	Mill Quality Loose	1850	1900	1980	1950	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1800	1825	1900	1925	1550
	Hodal	Mill Delivery	2240	2240	2240	2020	NA
	Bhiwani	Mill Quality Loose	NA	2100	NR	2010	1615
	Karnal	Mill Quality	2070	2070	2060	NR	NA

		Loose					
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2350	2400	2400	2300	1850
	Madurai	Mill Quality	2407	2457	2457	2357	1907
	Coimbatore	Mill Quality	2407	2457	2457	2357	1907
Bihar	Khagariya	Mill Delivery	1850	1800	1800	2050	1800
	Muzaffarpur	Mill Delivery	NR	NR	1925	1870	0

Progressive Sowing Status till 16th Dec-2016:

State Wise Progressive Wheat Sowing Till 16.12.2016				
State	**Normal area**	**This Year**	**Last Year**	**% Change**
Assam	0.34	0.00	0.00	0.00
Bihar	21.34	15.63	16.09	**2.94**
Chhattisgarh	1.04	0.44	0.78	**75.60**
Gujarat	11.56	6.30	6.05	**-3.97**
Haryana	25.39	24.18	24.66	**1.99**
Himachal Pradesh	3.51	2.87	3.60	**25.35**
J&K(J)	3.04	1.32	2.21	**66.92**
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Mizoram	0.00	0.00	0.00	0.00
Jharkhand	1.66	0.59	0.60	**1.69**
Karnataka	2.06	1.23	1.47	**19.51**
M.P.	54.96	48.11	40.58	**-15.65**
Maharashtra	8.82	7.52	4.26	**-43.34**
Punjab	35.11	34.15	34.30	**0.44**
Tamil Nadu	0.00	0.00	0.00	0.00
Telengana	0.00	0.00	0.00	0.00
Tripura	0.00	0.00	0.00	0.00
Rajasthan	30.47	26.95	24.69	**-8.39**
Uttar Pradesh	97.59	81.90	74.59	**-8.93**
Uttarakhand	3.53	3.16	3.15	**-0.32**
West Bengal	3.29	1.75	2.35	**34.29**
Pondicherry	0.00	0.00	0.00	0.00
Others	0.35	0.08	0.07	**-13.58**
All-India	304.05	256.19	239.45	**-6.53**

Source: Ministry of Agriculture

Wheat Import at Various Ports:

21st to 26th Nov-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Tuticorin	28901	239.42
	Mangalore	4000	226.02
	Cochin	1000	243.6
France	Tuticorin	1500	219.33
Ukraine	Tuticorin	76965	199.93
	Chennai	17700	195.23
Total		130066	

During the week 21st to 26th November FOB Kandla for wheat Sourced from Rajkot region (Gujarat) was in the range of $313.32-323.08 per tonne.

14th to 20th Nov-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Tuticorin	18870	243.8
	Chennai	2500	260.21
	Mangalore	7438	228.92
	Cochin	1500	247.93
France	Tuticorin	2000	223.22
Ukraine	Tuticorin	57716	199.73
	Chennai	35031	197.93
Total		125055	

07th to 13th Nov-2016			
Source	Port	Quantity/T	Ave CiF/$T
Australia	Tuticorin	22580	244.96
	Chennai	21000	260.21
	Mangalore	2500	227.81
	Cochin	1768	249.7
France	Tuticorin	1000	223.22
Ukraine	Kolkata	16096	188.61
	Chennai	74000	196.18
Total		138944	

International Market Update:

As per latest update, USDA has increased its global wheat production forecast for 2016-17 up by 6.54 MMT to 751.26 MMT. The forecast was revised up because of expectations of good crop in Australia. Consumption and ending stocks have also been revised up by 3.25 MMT and 2.91 MMT to 739.77 MMT and 252.14 MMT respectively.

The Saudi Arabia grains organization has bought around 725000 tonnes of hard wheat with a protein content of 12.5 percent for delivery between 1st February'17 to 10th April'17. Of the total quantity 430000 tonnes will arrive at Jeddah, 240000 tonnes will arrive at Dammam and the remaining 55000 tonnes at Jazan port.

As per latest update, Indian importers bought around 10000 tonnes of wheat with a protein content of 11.5 percent from Ukraine and Moldova. The said quantity was purchased between $213-216 per tonne cost and freight. The purchase was made before India scrapped import duty on wheat and is expected to arrive at Nhava Sheva port by 25th Feb'17.

As per latest update, Japan's ministry of agriculture bought 123354 tonnes of food quality wheat from United States and Canada. Around 67780 tonnes has been bought from United States with minimum protein content of 14 percent and 55574 tonnes has been bought from Canada with minimum protein content of 13.5 percent. The entire quantity from US will be loaded between January 16 and February 15, 2017.

Ukrainian wheat shipments of around 400000 tonnes which were booked for December delivery may be delayed as traders are giving priority to corn exports. Wheat shipment season is nearly over and corn shipments are at its peak. Therefore India may face low wheat supplies in upcoming days.

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 $188.74/tonne, Olam offered 60000 tonnes at FOB of $189.05/tonne, Alegrow offered 60000 tonnes at FOB $189.46/tonne and Grainbow offered 60000 tonnes at FOB $188.74/tonne.

According to latest update by International Grains Council, the production forecast has been increased by 1 MMT for crop year 2016-17. The production may touch 749 MMT against a forecast of 737 MMT for 2015-16. The difference is around 12 MMT. However, trade projection has been revised down by 1MMT to 166 MMT which is still 2 MMT higher than actual of last year. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

As per latest update, Japan's ministry of agriculture bought 158414 tonnes of food quality wheat from United States and Canada. Around 92328 tonnes has been bought from united states and 65556 tonnes has been bought from Canada. The entire quantity from Canada will be loaded between January 16 and February 15, 2017.

As per latest update Taiwan bought around 85325 tonnes of wheat through tender. The said quantity was bought in two consignments. First consignment is purchased by ADM comprising of 46225 tonnes of wheat to be shipped between January 8 to 22, 2017. Second consignment is purchased by Columbia grain comprising of 39100 tonnes of wheat to be shipped between January 25 to February 8, 2017.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Projected)	
			Forecast	**27.10.2016**	**24.11.2016**
Production	717	730	737	748	749
Trade	157	153	164	167	166
Consumptions	698	715	720	736	736
Carryover stocks	190	205	222	233	235
Y-O-Y change	19	15	17	-	13
Major Export	56	65	68	70	71

- *IGC has revised wheat production projection up by 1 MMT from748 MMT to 749 MMT on 24th, Nov-2016 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 749 MMT against 737forecasts for 2015-16. The difference is around 12 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 down by 1MMT to 166 MMT. It is 2 MMT higher from actual of last year.*
- *Consumption has been pegged at 736MMT for 2016-17, up by 16 MMT from last year.*
- *Carryout may increase from 233 to 235 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**
	14-Dec-16	**7-Dec-16**	**14-Nov-16**	**15-Sep-16**	**13-Jun-16**	**15-Dec-15**	
Dec-16	143.84	141.91	144.76	146.78	170.11	193.90	**-25.82**
Mar-17	151.74	147.33	151.55	155.13	177.09	197.75	**-23.27**
May-17	155.87	151.55	156.60	160.55	181.50	199.13	**-21.73**
Jul-17	160.19	156.05	162.21	164.69	184.43	196.56	**-18.50**
Sep-17	165.05	161.20	168.27	170.47	188.20	198.12	**-16.69**
Dec-17	171.21	167.44	175.53	178.01	193.80	203.26	**-15.77**

AGRIWATCH

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CBOT-Mar-17

1st Support; 145.00
2nd Support: 143.00
1st Resistant: 157.00
2nd Resistant: 159.00
($ per tonne)

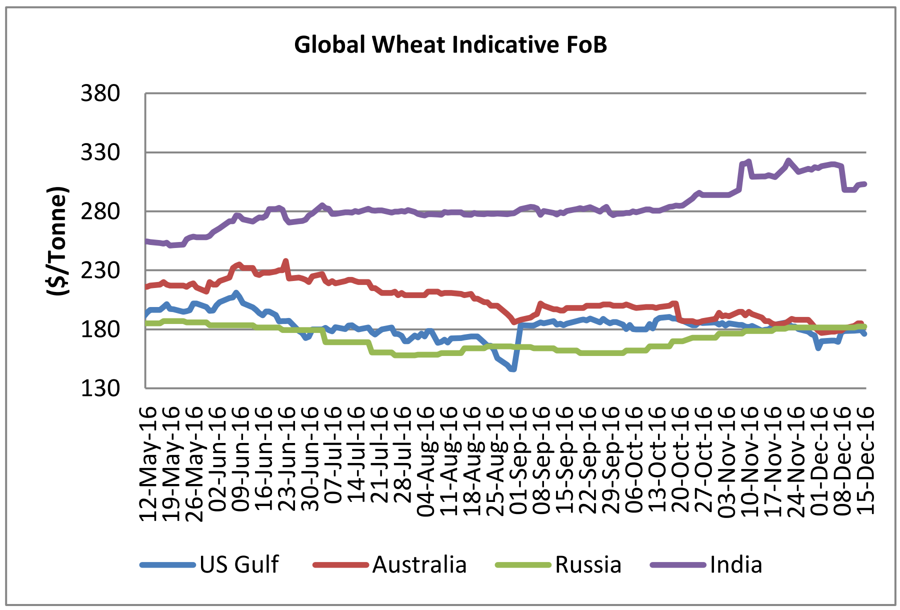
Market is likely to move from range bound to slightly weak as ample supplies are available in the market.

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 $298.17-300.9 per tonne.

US and Russian quotes are hovering in the range of $178.4 and $182.1 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of $165 to $190 in coming weeks.



International Weekly Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available. The two main producers of EU i.e. France and Germany have sown in 5.2 and 3.2 million hectares respectively. The crop conditions for both countries are good which may lead to an ample harvest under normal conditions. Australia is set to harvest record crop of around 32 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 31 MMT, largest in three years. In USA, government has kept its domestic wheat stockpiles same as last month i.e. 1.14 billion bushels. Steady to slightly weak market is expected in short to medium term.