

Wheat Weekly Research Report

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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 23 December'16 is 278.62 lakh hectares compared to 259.37 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.

Indian wheat stocks are likely to be at their lowest level in the last ten years when the new season will begin in April next year. Such lower levels may force India to import higher quantity of wheat compared to this year. Since April 2016, around 2.7 MMT of wheat has been contracted of which around 2 MMT has already arrived.

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 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: -

Indian importers have purchased 50,000 tonnes wheat from Australia after scraping of duty from 10 to 0 percent. The said quantity involves Australian premium white (APW) and Australian standard white (ASW) wheat for February 2017 shipment at \$215 and \$220 per tonne respectively on CIF basis. Importers are buying from black sea region as well for the same shipment period.

Indian FoB quote is hovering around \$290.57 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.5, \$184, \$176.4, \$173.6 and \$177.8 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.

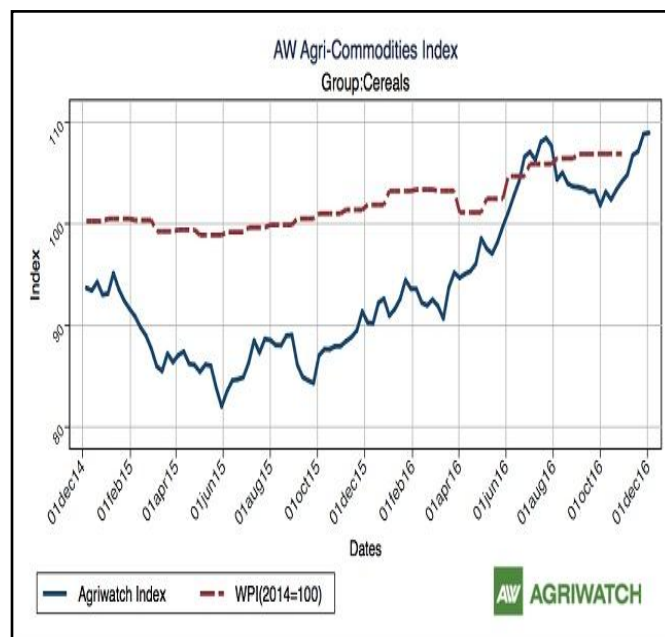
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in January contract taking care of lower and upper price tag of Rs 1915 & 2030 respectively.

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).

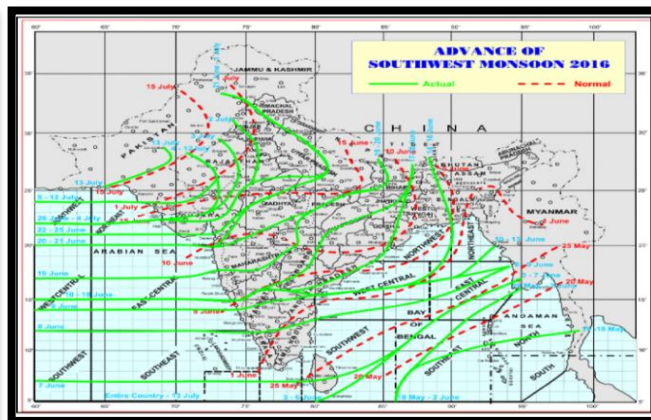
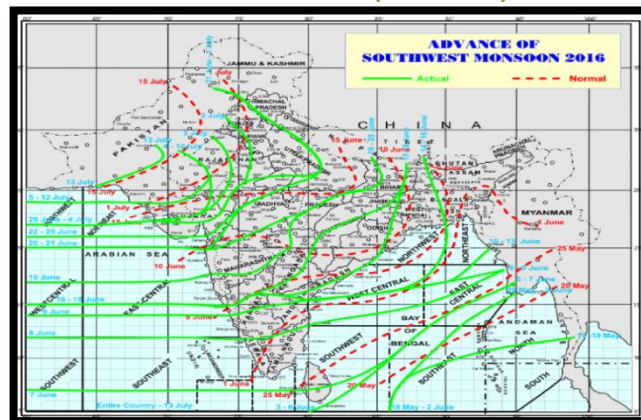
The Index rose despite a sharp 10% fall in the Vegetables Index as 7 of the 9 commodity group sub-Indices and 20 of the 29 individual commodity sub-Indices that constitute the main Index closed higher. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 108.96 (+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)

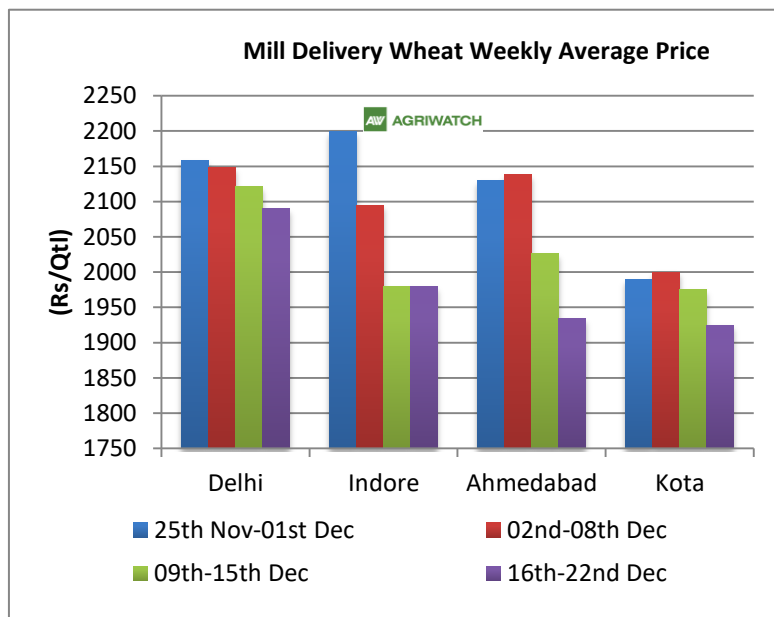


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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, Ahmedabad and Kota during 16th-22nd December. Prices are expected to remain steady to slightly weak.

Area sowed is higher compared to last year and under normal conditions good crop can be expected. Government has scrapped import duty on wheat for boosting domestic supplies and restraining rising prices. 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		
	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 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:

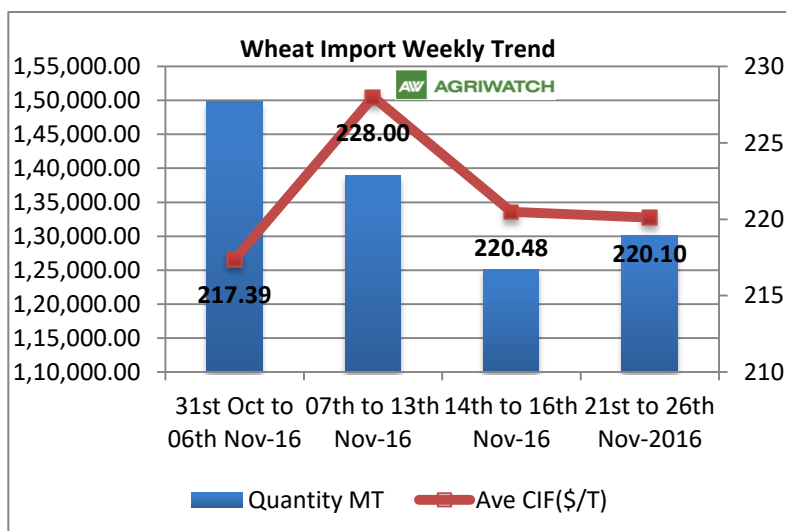
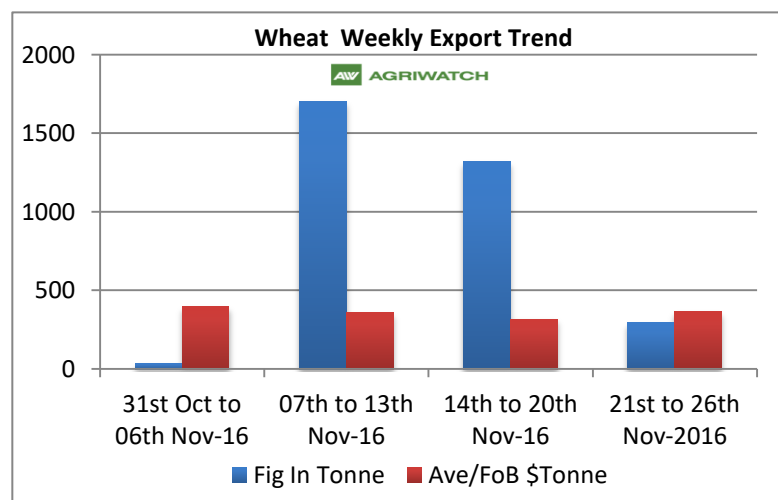
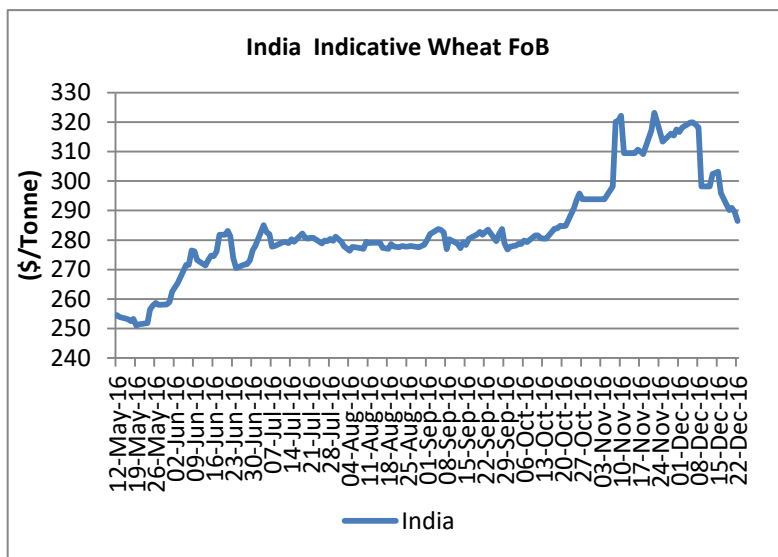
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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 94665tonnes has 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
		21-Dec-16	14-Dec-16	21-Nov-16	21-Dec-15	
USA (Chicago)	2srw	172.48	179.30	185.64	203.53	-15.26
France	FCW3	-	178.02	184.45	-	-
Australia	ASW	176.00	185.00	185.00	211.00	-16.59
Russia	SRW	182.50	182.50	180.50	191.00	-4.45
India	Fob	289.52	302.69	317.22	NA	-

		23/12/2016	16/12/2016	08/12/2016	2/12/2016
January	Black Sea Mill Wheat 12.5% FOB Pmax.	180	181	181	180
January	Black Sea Mill Wheat 11.5% FOB Pmax.	NA	NA	175	177

Wheat Futures Contact: NCDEX Price

Date:23.12.2016

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Jan	-4	1987	1995	1982	1986	530	90	3660	-30
17-Feb	-18	1958	1958	1942	1950	100	-90	710	0
17-Mar	-17	1765	1765	1755	1761	80	40	610	-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
	22-Dec-16	15-Dec-16	22-Nov-16	22-Dec-15	
Indore	1948	1961	2081	1665	17.00
Bareilly	NA	NA	NA	NA	-
Delhi	2076	2100	2168	1696	22.41
Khanna	NA	NA	NA	NA	-
Kanpur	1917	1900	2038	1615	18.70
Karnal	NA	NA	NA	NA	-
Rajkot	1878	1965	2060	1585	18.49
Kota	1952	1987	2037	1645	18.66

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:

- 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	1925	1915	1986	2020	2030
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Sell Below	1990	1960	1940	2008

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
			22-Dec-16	21-Dec-16	15-Dec-16	22-Nov-16	22-Dec-15
Delhi	Lawrence Road	Mill Delivery	2050	2075	2100	2100	1685
	Narella	Mill Quality Loose	NR	Closed	2020	1950	1650
	Nazafgarh	Mill Quality Loose	1960	Closed	2050	2100	1625
Gujarat	Rajkot	Mill Delivery	1785	1810	1915	NA	NA
	Ahmedabad	Mill Delivery	1910	1930	2010	2180	NA
	Surat	Mill Quality Loose	1940	1960	2050	2200	NA
	Dhrol	Mill Delivery	NR	2200	2255	NR	1755
M.P.	Indore	Mill Quality Loose	1880	1880	1950	2000	1600
	Bhopal	Mill Delivery	1900	1900	1850	2000	1550
Rajasthan	Kota	Mill Quality Loose	1810	1850	1860	1925	1570
		Mill Delivery	1900	1930	1925	2050	1680
U.P.	Kanpur	Mill Delivery	1925	1925	1900	1915	1570
	Mathura	Mill Quality Loose	1850	1850	1900	Closed	1575
	Kosi	Mill Quality Loose	Closed	Closed	1950	2100	1560
	Hathras	Mill Quality Loose	1950	2050	2100	NR	NA
	Aligarh	Mill Quality Loose	NA	NA	NA	Closed	1550
Punjab	Khanna	Mill Quality Loose	1800	1800	1850	1975	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1800	1800	1800	2000	1550
	Hodal	Mill Delivery	2100	2140	2240	2240	NA
	Bhiwani	Mill Quality Loose	1950	1950	NA	2300	1660
	Karnal	Mill Quality	1870	1870	2070	NR	NA



		Loose					
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2300	2300	2350	2350	1900
	Madurai	Mill Quality	2357	2357	2407	2407	1957
	Coimbatore	Mill Quality	2357	2357	2407	2407	1957
Bihar	Khagariya	Mill Delivery	1850	1850	1850	2050	1800
	Muzaffarpur	Mill Delivery	NR	NR	NR	1950	NA

Progressive Sowing Status till 23rd Dec-2016:

State Wise Progressive Wheat Sowing Till 23.12.2016				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.11	0.00	0.00
Bihar	21.34	18.43	19.12	-3.61
Chhattisgarh	1.04	0.78	0.91	-14.29
Gujarat	11.56	8.14	7.64	6.54
Haryana	25.39	24.68	24.91	-0.92
H.P.	3.51	2.87	3.60	-20.22
J&K(J)	3.04	1.49	2.34	-36.20
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	1.26	0.88	43.18
Karnataka	2.06	1.37	1.51	-9.27
M.P.	54.96	53.81	46.02	16.93
Maharashtra	8.82	7.94	4.76	66.81
Punjab	35.11	34.35	34.75	-1.15
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	28.12	25.68	9.48
Uttar Pradesh	97.59	89.26	80.62	10.72
Uttarakhand	3.53	3.38	3.24	4.32
West Bengal	3.29	2.55	3.25	-21.54
Others	0.35	0.08	0.13	-36.92
All-India	304.05	278.62	259.37	7.42

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:

Egypt has bought 3.6 lakh tonne milling grade wheat from Russia, Romania and Argentina for mid Jan-2017 delivery. It has been bought at an average price of \$198/ MT C&F. The price at the previous tender was around \$202.5/MT C&F. Due to the cheaper FOB quotes available from Argentina and Russia, traders had to lower their FOB prices in average by \$2 per tonne.

Importers in the Philippines purchased about 25,000 tonnes of Australian-origin feed wheat. The buyers had asked for quotations for milling wheat but bought feed wheat grades. Price was around \$196 a tonne C&F for April 2017 delivery.

Russian wheat export in MY 2016-17 from 1st July to 14th December increased by 1.9 percent to 143.17 lakh tonne year on year basis. However, wheat exports from this country has been lower than expected in the 2016-17 marketing year as farmers have been slow to let go of their stocks on due to low prices. However, this year's projected exports are 3.46 MMT higher than last year's first half. Higher export is mainly attributed to higher export volume in non-traditional countries like Algeria, Tunisia and others.

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.

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 from 748 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 737 forecasts 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
	21-Dec-16	14-Dec-16	21-Nov-16	21-Sep-16	21-Jun-16	21-Dec-15	
Mar-17	148.15	153.39	156.88	156.79	193.71	194.26	-23.74
May-17	152.84	157.34	161.84	161.66	198.12	196.10	-22.06
Jul-17	158.17	161.66	167.08	165.15	201.06	191.60	-17.45
Sep-17	163.31	166.43	172.40	170.38	203.72	194.63	-16.09
Dec-17	169.56	172.59	179.20	177.36	208.41	199.77	-15.13
Mar-18	173.87	176.54	183.15	182.60	212.82	200.69	-13.36

CBOT-Mar-17

1st Support: 140.00
2nd Support: 137.00
1st Resistant: 154.00
2nd Resistant: 156.00
(\$ per tonne)

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

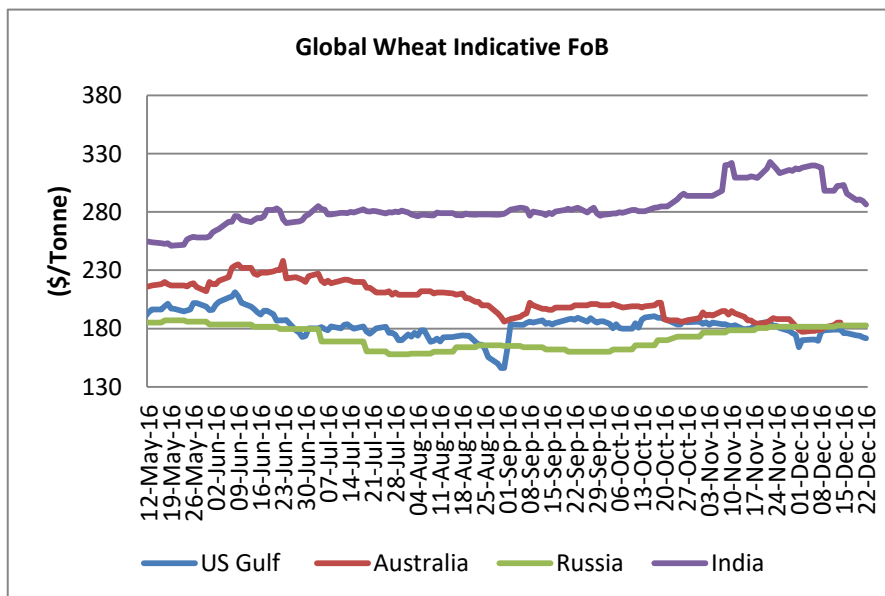


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$295.85-286.41 per tonne.

US and Russian quotes are hovering in the range of \$182.5 and \$173.6 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 \$170 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. Argentina has witnessed substantial increase in area sowed and is expecting to produce 15.7 MMT this season. 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.

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