

# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices decreased by 8.03 percent to Rs. 2014.77 per quintal during the week ended 31<sup>st</sup> December 2016. Wheat average price were ruling at Rs 2197.04 per quintal during 16-23<sup>rd</sup> December 2016. As compared to prices in the week 24-31<sup>st</sup> December 2015, the prices are firm by 14.20 percent. Prices are expected to remain range bound to slightly weak in coming days.

According to latest update, area sown until 30 December'16 is 292.39 lakh hectares compared to 271.46 lakh hectares in the previous Rabi season. Among major states the area is down in Himachal Pradesh, Bihar and Chhattisgarh whereas Punjab, Haryana, Madhya Pradesh, Maharashtra 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.

Food corporation of India has been selling wheat at Rs 1640 per qtl. In ongoing MY, FCI has sold 3.6 MT of wheat under OMSS to bulk buyers so far. In MY 16, it had sold 7.1 MT of wheat through OMSS while in the 2014-15, it had sold more than 4.2 mt of grain to bulk purchasers.

In the last week, India imported around 130066 tonne wheat from Australia, Ukraine and France till 26<sup>th</sup> 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 26<sup>th</sup> Nov-2016 since 4<sup>th</sup> 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 2<sup>nd</sup> 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: -**

To ease supply side and check price in the open market, FCI has revised its grain stocks norms for third quarter beginning in the month of October and January while rules for July and April have remained unchanged. Under the revised norms FCI needs to maintain wheat stocks of 19.5 million tonne (MT) and 13.8 MT on October 1 and January 1, respectively. Now it needs to maintain 1MMT less wheat. As on December 1, FCI had a wheat stock of 16.49 MT, against the buffer stocks norm of 13.8 MT required to be maintained on January 1. This implies that the corporation would be left with virtually no excess wheat stocks starting next year as it requires around 2.5 MT of grain monthly for Public Distribution System.

Indian FoB quote is hovering around \$279.66 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$181.9, \$183.4, \$176.4, \$172.73 and \$173.5 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.

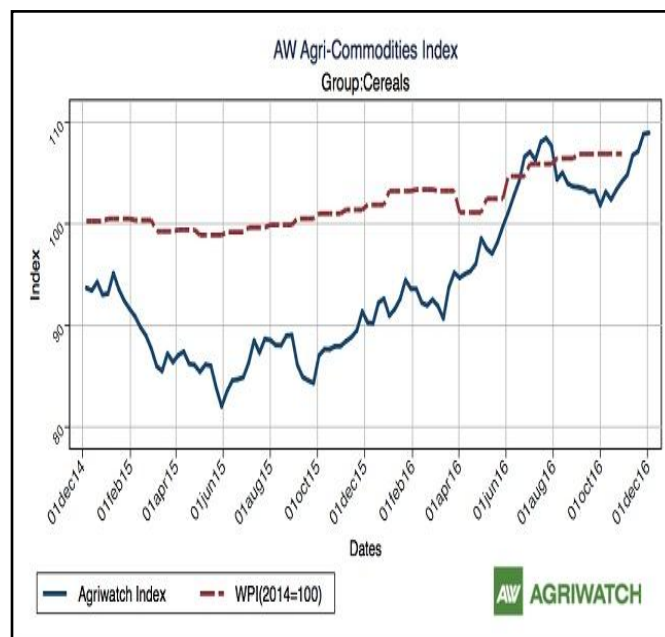
**Outlook & Recommendation:-**Wheat cash market is expected to trade steady to slightly weak in the coming week.

**Trade Call:** Stakeholders should trade in January contract taking care of lower and upper price tag of Rs 1815 & 1930 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).

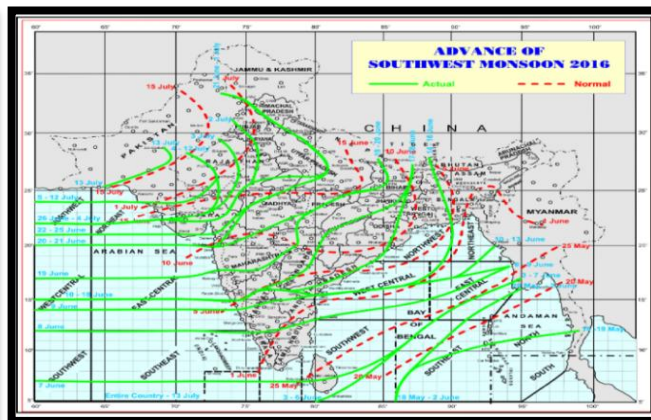
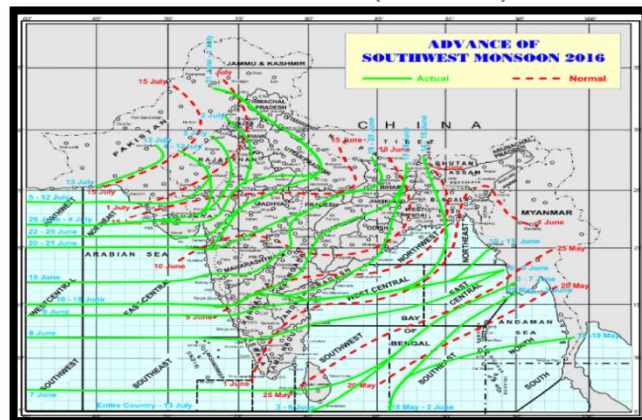
The Index rose despite a sharp 10% fall in the Vegetables Index as 7 of the 9 commodity group sub-Indices and 20 of the 29 individual commodity sub-Indices that constitute the main Index closed higher. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 108.96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

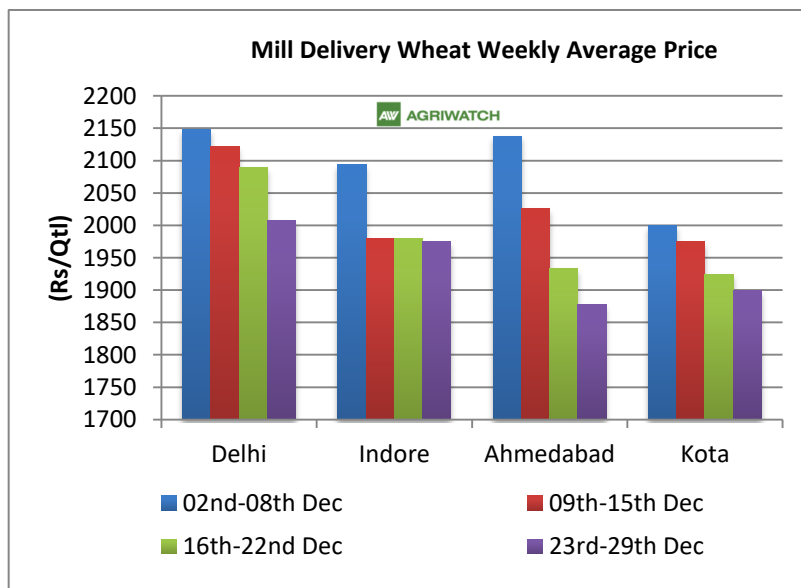


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 23<sup>rd</sup>-29<sup>th</sup> December. Prices are expected to remain steady to slightly weak.

As per new norms of FCI it can hold one MMT less wheat compared to its previous norms. 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.



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	30	20	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 27.12.2016						

**Procurement As on 28<sup>th</sup> 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 28<sup>th</sup> 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:

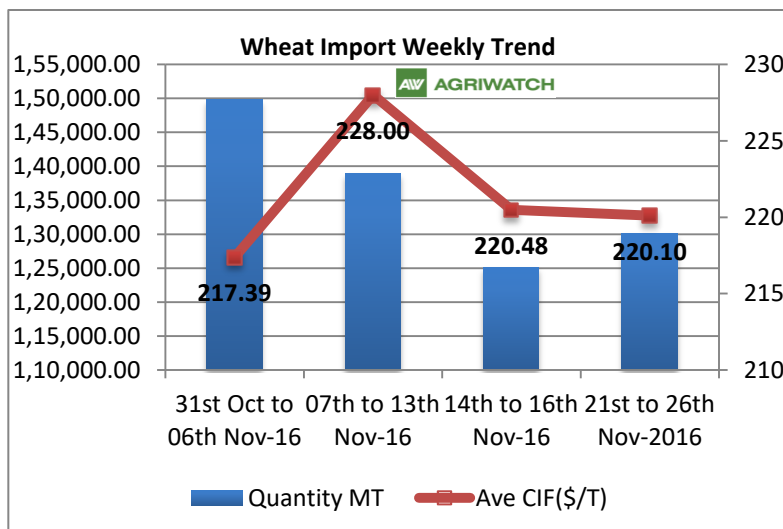
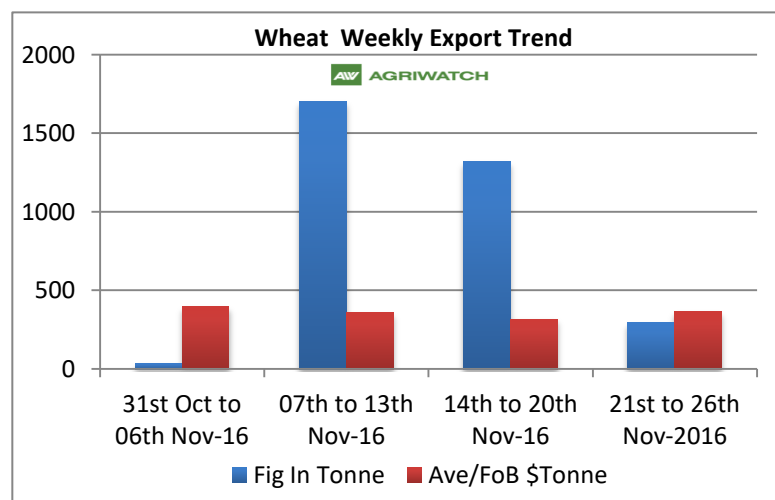
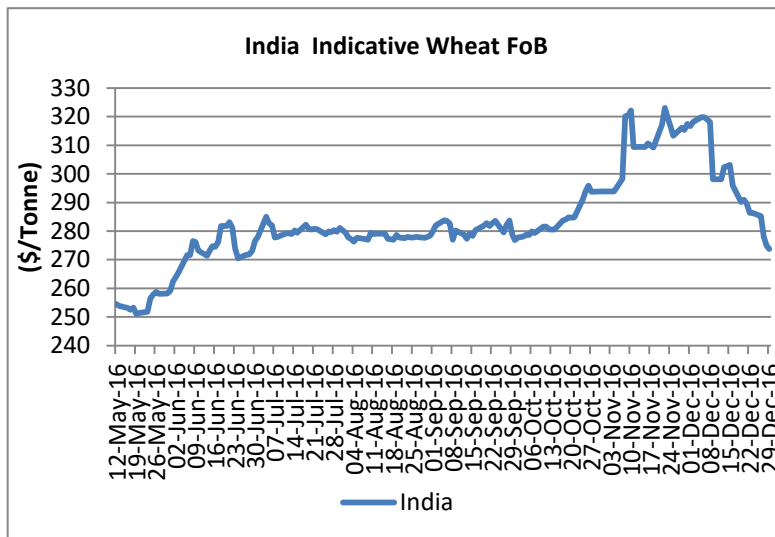
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

India exported 294.62tonnes of wheat during week ended 26<sup>th</sup> 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
		28-Dec-16	21-Dec-16	28-Nov-16	28-Dec-15	
USA (Chicago)	2srw	173.22	172.48	177.99	198.93	<b>-12.92</b>
France	FCW3	NA	NA!	180.48	NA	-
Australia	ASW	Closed	176.00	188.00	NA	-
Russia	SRW	181.50	182.50	181.50	191.00	<b>-4.97</b>
India	Fob	274.85	289.52	316.07	NA	-

		30/12/2016	23/12/2016	16/12/2016	08/12/2016
January	Black Sea Mill Wheat 12.5% FOB Pmax.	178	180	181	181
January	Black Sea Mill Wheat 11.5% FOB Pmax.	178	NA	NA	175

**Wheat Futures Contact: NCDEX Price**
**Date:30.12.2016**

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Jan	<b>-22</b>	1903	1903	1873	1884	670	<b>+290</b>	3270	<b>-140</b>
17-Feb	<b>-15</b>	1888	1888	1860	1878	220	<b>+50</b>	980	<b>+70</b>
17-Mar	<b>-6</b>	1750	1750	1745	1749	30	<b>-120</b>	580	<b>+10</b>

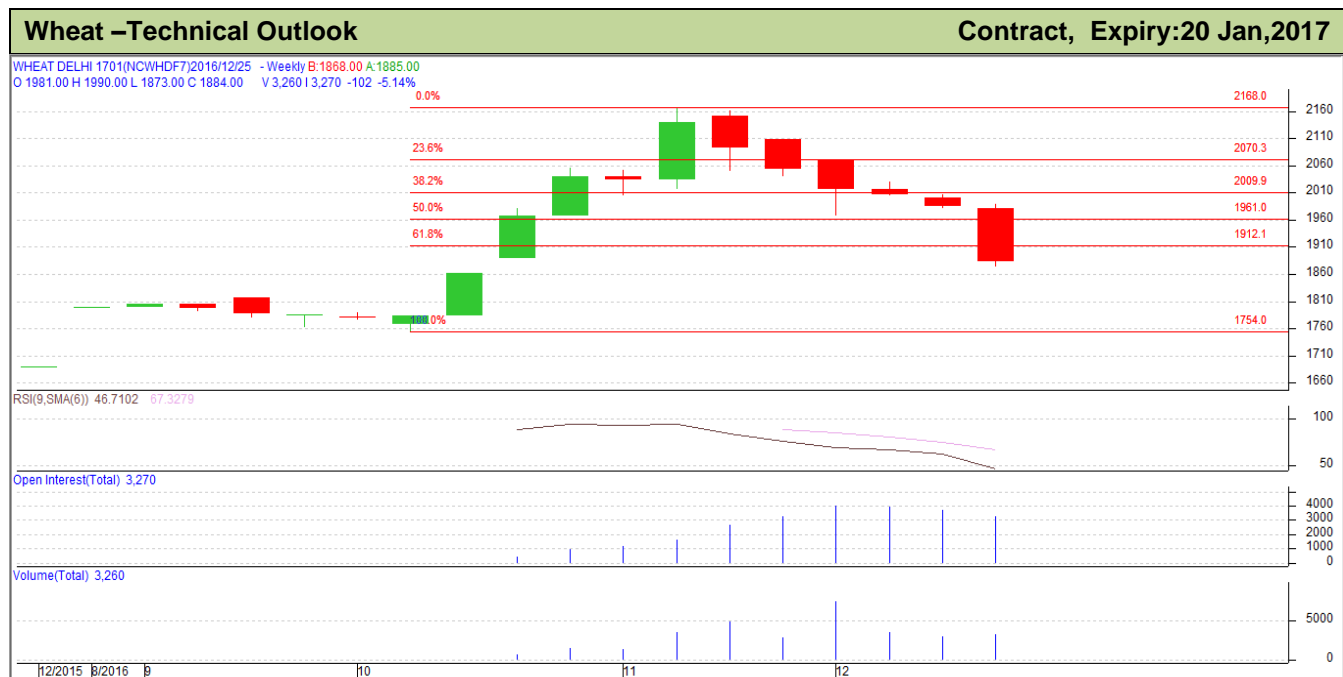
**Wheat Weekly Price Table:**
**Spot prices of wheat at NCDEX Delivery centers**

NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	29-Dec-16	22-Dec-16	29-Nov-16	29-Dec-15	
Indore	NA	1948	2064	1663	-
Bareilly	NA	NA	NA	NA	-
Delhi	1988	2076	2100	1699	<b>17.01</b>
Khanna	NA	NA	NA	NA	-
Kanpur	1863	1917	1957	1603	<b>16.22</b>
Karnal	NA	NA	NA	NA	-
Rajkot	1821	1878	2092	1635	<b>11.38</b>
Kota	1922	1952	2035	1657	<b>15.99</b>

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	1825	1815	1884	1920	1930
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Sell Below	1890	1860	1840	1908

**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. As per revised norms of FCI it can hold one MMT less wheat compared to previous norms, this would allow FCI to sell additional one MMT 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
			29-Dec-16	28-Dec-16	22-Dec-16	29-Nov-16	29-Dec-15
Delhi	Lawrence Road	Mill Delivery	1950	2000	2050	2150	1690
	Narella	Mill Quality Loose	1930	Closed	NR	2025	1630
	Nazafgarh	Mill Quality Loose	1925	Closed	1960	NR	1650
Gujarat	Rajkot	Mill Delivery	1720	1730	1785	2000	NR
	Ahmedabad	Mill Delivery	1860	1840	1910	2150	NR
	Surat	Mill Quality Loose	1900	1880	1940	2180	NR
	Dhrol	Mill Delivery	1990	NA	NR	NR	1845
M.P.	Indore	Mill Quality Loose	Closed	NR	1880	Closed	1580
	Bhopal	Mill Delivery	Closed	1825	1900	Closed	1550
Rajasthan	Kota	Mill Quality Loose	1760	1825	1810	Closed	1580
		Mill Delivery	1850	1925	1900	Closed	1650
U.P.	Kanpur	Mill Delivery	1885	1900	1925	2025	1580
	Mathura	Mill Quality Loose	1860	1850	1850	2020	1575
	Kosi	Mill Quality Loose	1850	1850	Closed	2060	1580
	Hathras	Mill Quality Loose	1960	1925	1950	Closed	NA
	Aligarh	Mill Quality Loose	1970	1980	NA	1850	1550
Punjab	Khanna	Mill Quality Loose	1750	1800	1800	1960	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1800	1800	1800	1975	1550
	Hodal	Mill Delivery	2050	2040	2100	2240	NA
	Bhiwani	Mill Quality	1900	1900	1950	2175	NA



		Loose					
	Karnal	Mill Quality Loose	1860	1860	1870	NR	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2350	2350	2300	Closed	1900
	Madurai	Mill Quality	2407	2407	2357	Closed	1957
	Coimbatore	Mill Quality	2407	2407	2357	Closed	1957
Bihar	Khagariya	Mill Delivery	1800	1800	1850	2050	1750
	Muzaffarpur	Mill Delivery	1950	1950	NR	1875	NA

### Progressive Sowing Status till 30<sup>th</sup> Dec-2016:

State Wise Progressive Wheat Sowing Till 30.12.2016				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.11	0.00	0.00
Bihar	21.34	20.68	21.38	-3.27
Chhattisgarh	1.04	1.03	1.12	-8.04
Gujarat	11.56	8.94	8.00	11.73
Haryana	25.39	25.03	25.03	0.00
H.P.	3.51	2.87	3.60	-20.22
J&K	3.04	1.59	2.40	-33.75
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	1.55	1.25	24.00
Karnataka	2.06	1.40	1.74	-19.54
M.P.	54.96	57.80	48.32	19.62
Maharashtra	8.82	8.64	5.14	68.09
Punjab	35.11	34.81	34.89	-0.23
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	29.75	27.86	6.78
Uttar Pradesh	97.59	91.65	83.88	9.26
Uttarakhand	3.53	3.48	3.43	1.46
West Bengal	3.29	2.98	3.30	-9.70
Others	0.35	0.08	0.12	-31.67
Total	304.05	292.39	271.46	7.71

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
<b>Total</b>		<b>130066</b>	

During the week 21<sup>st</sup> to 26<sup>th</sup> 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
<b>Total</b>		<b>125055</b>	

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
<b>Total</b>		<b>138944</b>	

**International Market Update:**

*Agriculture Ministry of Argentina expects higher than expected wheat production this year due to increased investment in pesticides and fertilizers amid new government export policies. Rules regarding export curbs and other taxes have been eased. This led to massive increase in planted area this year. Argentina is expected to harvest 157 lakh tonne wheat this year against 113 lakh tonne last year. Previous estimate for this year was 149 lakh tonne. Wheat sowing has entered in last phase now.*

*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.*

### 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 24<sup>th</sup>, 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
	28-Dec-16	21-Dec-16	28-Nov-16	28-Sep-16	28-Jun-16	28-Dec-15	
Mar-17	147.51	148.15	150.17	156.51	181.77	190.31	-22.49
May-17	152.29	152.84	155.13	161.56	185.17	192.61	-20.93
Jul-17	157.43	158.17	160.83	165.24	187.74	192.33	-18.15
Sep-17	162.67	163.31	166.43	170.47	190.77	195.36	-16.74
Dec-17	169.19	169.56	173.14	177.36	195.82	199.22	-15.08
Mar-18	173.96	173.87	177.55	183.06	201.52	200.14	-13.08

### CBOT-Mar-17

**1<sup>st</sup> Support: 145.00**  
**2<sup>nd</sup> Support: 142.00**  
**1<sup>st</sup> Resistant: 153.00**  
**2<sup>nd</sup> Resistant: 155.00**  
**(\$ per tonne)**

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

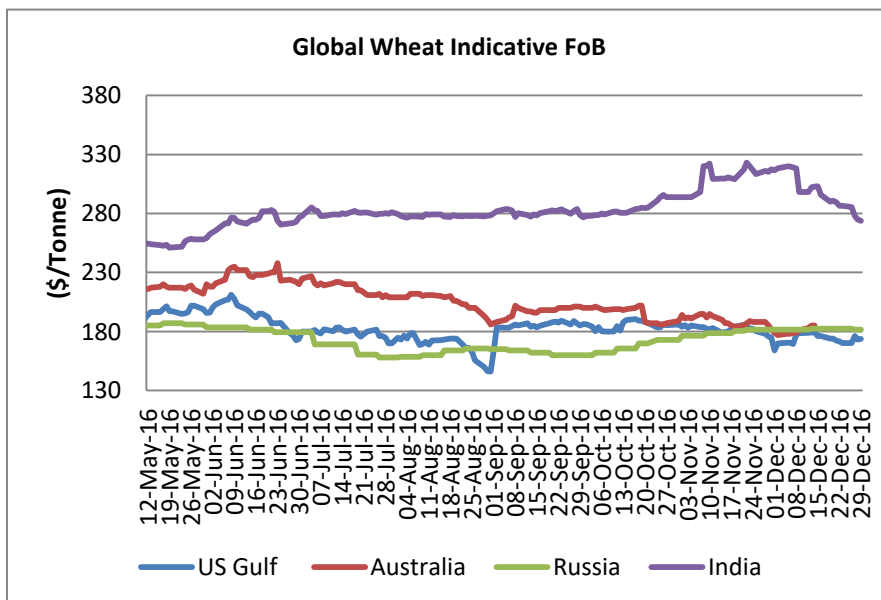


### International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$273.78-286.41 per tonne.

US and Russian quotes are hovering in the range of \$172.73 and \$181.9 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 \$185 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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