

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:-

All India weekly average prices increased by 3.60 percent to Rs. 2134.53 per quintal during the week ended 31st January 2017. Wheat average price was ruling at Rs 2060.35 per quintal during 16-23rd January 2017. As compared to prices in the week 24-31st January 2016, the prices are firm by 23.94 percent. Prices are expected to remain range bound to slightly weak in coming days.

According to latest update, area sown until 27 January'17 is 315.55 lakh hectares compared to 292.52 lakh hectares in the previous Rabi season. Among various states the area is down in Jammu & Kashmir and Karnataka, whereas Punjab, Haryana and Uttar 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 has motivated farmers to sow more area.

As per latest update, India is expected to receive around 1MMT of wheat in January'17. This will include delayed shipments from last year as well as shipments that were booked for this month only. This may lead to congestion at Indian ports. Around 700,000 tonnes is expected from Ukraine and the remaining from Australia for the month. Furthermore Indian crop has entered crucial stages and any further deals will depend on how the crop shapes up. As of now, not many new deals are being signed.

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: -

As per latest update, a service tax of 4.5 percent will be levied on prepaid ocean freight. Around one million metric tonnes of wheat is expected to be imported in January. A group of importers believe that as most of the contracts are on Cost and Freight (C&F) basis or Cost, Insurance and Freight (CIF) basis, exporters are liable to pay the additional service tax whereas others believe that the service tax is marginal and can easily be absorbed by the importers provided the quantity traded is large.

Indian FoB quote is hovering around \$296.08 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.6, \$184.1, \$184.4, \$190.1 and \$173.8 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.

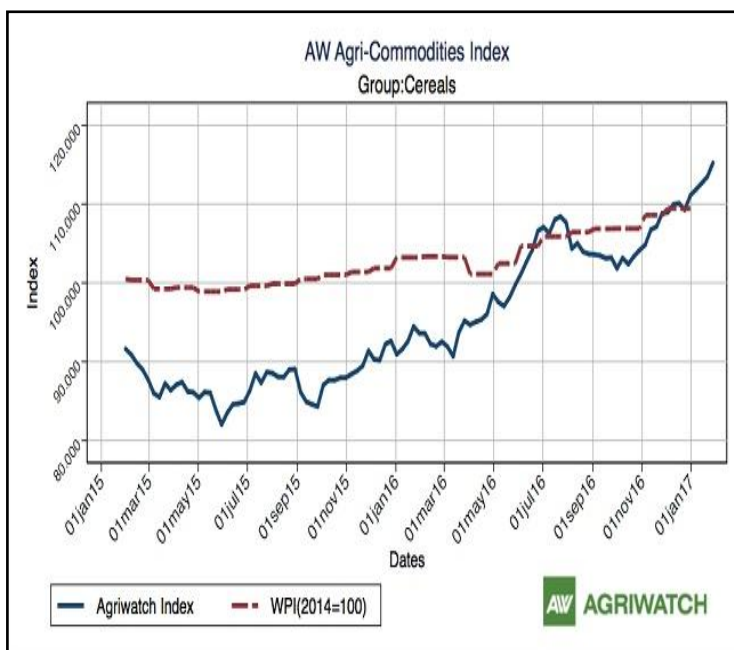
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in February contract taking care of lower and upper price tag of Rs 1800 & 1910 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index rose 0.49% to 115.21 during the week ended Jan 28, 2017 from 114.66 during the previous week led by gains in cereals prices (rice and maize). The base for the Index and all sub-Indices is 2014 (= 100).

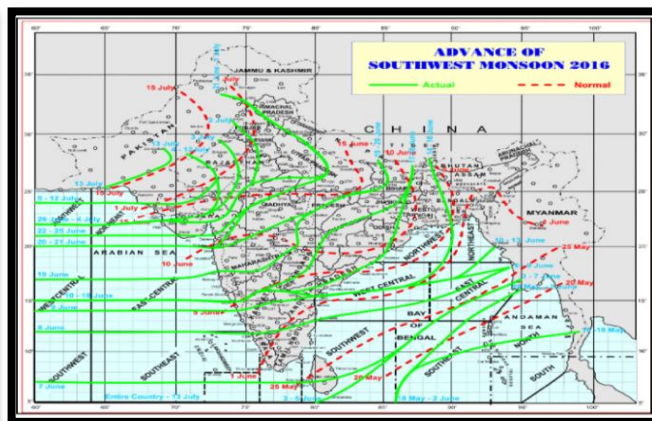
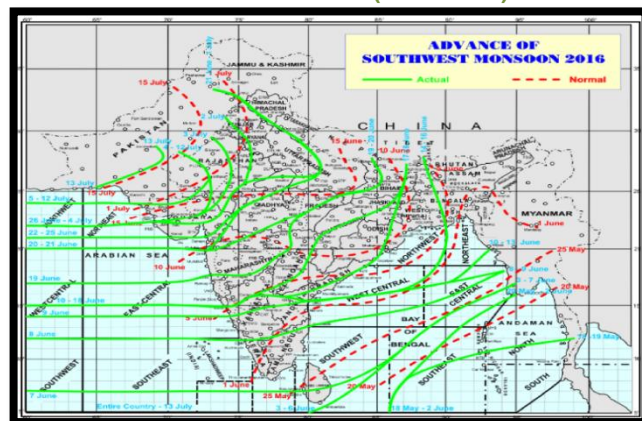
Five of the 9 commodity group sub-Indices and 16 of the 29 individual commodity sub-Indices gained during the week. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 115.24 (+1.56%), Pulses Index: 159.30 (-0.17%), Vegetables Index: 41.56 (-2.48%), Edible Oils Index: 112.69 (+0.26%), Oilseeds Index: 96.29 (-1.22%), Spices Index: 117.44 (+2.72%), Sweeteners (Sugar, Gur & Khandsari) Index: 126.01 (+0.03%), Fibres Index: 113.51 (-0.51%) and Other Non-Food Articles Index: 94.35 (+0.93%).



"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)

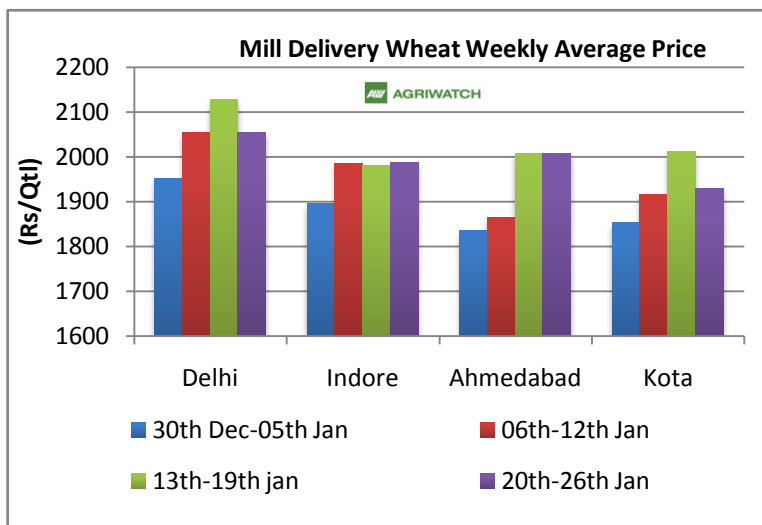


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August,2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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, Kota and slightly firm in Indore during 20th-26th January. Prices are expected to remain steady to slightly weak.

Prices traded steady to slightly weak in last week, as arrivals in these markets except Delhi were higher compared to last week. Release in OMSS was doubled for Delhi but in comparison to last year it is still lower. Import duty has been scrapped by the government. Furthermore as per new stocking norms released by the government for wheat, it would have additional quantity to sell in the open market.



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	30	20	214.1
Buffer Norms w.e.f. 27.12.2016						

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. The demand for Indian wheat in the international market is very low. Export window remains restricted due to huge disparity. There are no takers at higher level.

Prices of wheat may stay steady to slightly weak at current level because of increase in imported volume and prospects of a bumper crop this year. As of now not many new deals have been signed for importing wheat. However, government's intention to augment supply in domestic market from central pool stock too may restrict uptrend from current level.

Wheat Export:

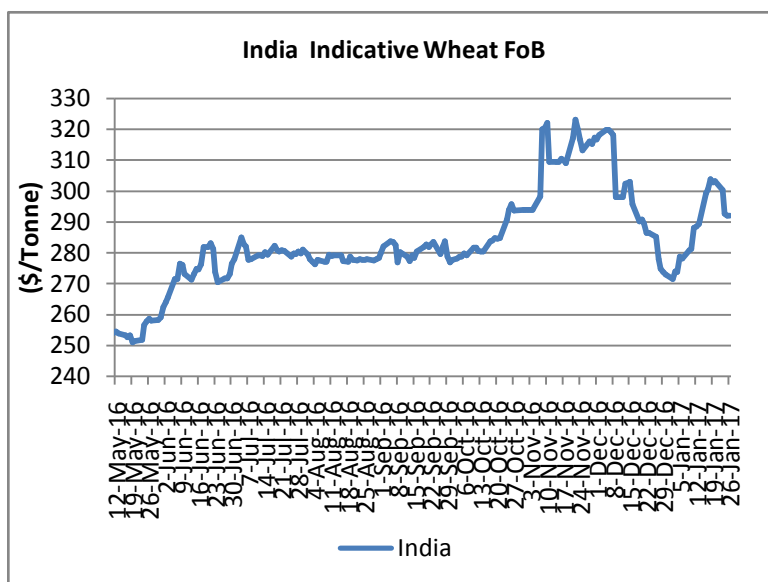
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

India exported 294.62 tonnes 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 130066 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 94665 tonnes have been imported from Ukraine and rest is from Australia and France.

As import duty, has been slashed, import volume may be around 3 MMT 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
		26-Jan-17	19-Jan-17	26-Dec-16	26-Jan-16	
USA (Chicago)	2srw	194.20	181.30	170.28	203.82	-4.72
France	FCW3	184.47	183.22	NA	170.80	8.00
Australia	ASW	171.00	175.00	171.00	NA	-
Russia	SRW	183.00	182.00	182.50	183.50	-0.27
India	Fob	292.00	302.92	285.31	NA	-

		26/01/2017	19/01/2017	12/01/2017	06/01/2017
February	Black Sea Mill Wheat 12.5% FOB Pmax.	184	183	179	180
February	Black Sea Mill Wheat 11.5% FOB Pmax.	182	181	176	177

Wheat Futures Contact: NCDEX Price
Date:27.01.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Feb	+7	1862	1876	1855	1863	1340	+1,040	5530	+500
17-Mar	+9	1764	1773	1760	1768	340	+70	1190	+10
17-Apr	0	1680	1680	1680	1680	10	0	200	0

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
	27-Jan-17	20-Jan-17	27-Dec-16	27-Jan-16	
Indore	NA	1958	1878	1650	-
Bareilly	NA	NA	NA	NA	-
Delhi	2073	2068	2000	1707	21.44
Khanna	NA	NA	NA	NA	-
Kanpur	1883	1908	1875	1628	15.66
Karnal	NA	NA	NA	NA	-
Rajkot	1905	1969	Closed	1635	16.51
Kota	1953	1960	1938	1708	14.34

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 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	February	1810	1800	1863	1900	1910
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Sell Below	1870	1845	1825	1885

Domestic Market Weekly Outlook:

Wheat cash market is likely to stay steady to slightly weak in the coming week because of increase in imported volume and prospects of bumper crop this year. 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. 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
			27-Jan-17	25-Jan-17	20-Jan-17	27-Dec-16	27-Jan-16
Delhi	Lawrence Road	Mill Delivery	2050	2075	2050	2000	1700
	Narella	Mill Quality Loose	NR	Closed	2040	1950	NR
	Nazafgarh	Mill Quality Loose	2000	Closed	1975	1950	NR
Gujarat	Rajkot	Mill Delivery	1840	1850	Closed	Closed	1550
	Ahmedabad	Mill Delivery	1980	1980	2040	1870	1725
	Surat	Mill Quality Loose	2010	2010	2060	1910	1740
	Dhrol	Mill Delivery	2135	2160	NR	1915	2010
M.P.	Indore	Mill Quality Loose	Closed	1950	1950	1900	1600
	Bhopal	Mill Delivery	Closed	1850	1900	1825	1610
Rajasthan	Kota	Mill Quality Loose	Closed	1825	1800	1825	1610
		Mill Delivery	Closed	1925	1950	1925	1700
U.P.	Kanpur	Mill Delivery	2015	2015	1950	1900	1580
	Mathura	Mill Quality Loose	1925	1900	1925	1850	1700
	Kosi	Mill Quality Loose	1900	1900	2000	1825	1655
	Hathras	Mill Quality Loose	1900	1935	1900	NA	1690
	Aligarh	Mill Quality Loose	1920	1910	1900	1970	1640
Punjab	Khanna	Mill Quality Loose	1890	1890	1850	1775	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1920	1910	1920	1800	1575
	Hodal	Mill Delivery	2000	2000	2000	2040	1705
	Bhiwani	Mill Quality Loose	1970	2000	2000	1925	1610
	Karnal	Mill Quality	NR	NR	NR	1850	NA



		Loose					
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	Closed	2300	2300	2350	1850
	Madurai	Mill Quality	Closed	2357	2357	2407	1907
	Coimbatore	Mill Quality	Closed	2357	2357	2407	1907
Bihar	Khagariya	Mill Delivery	2100	2100	2100	1800	1750
	Muzaffarpur	Mill Delivery	1950	1950	1950	1950	NA

Progressive Sowing Status till 27th jan-2017:

State Wise Progressive Wheat Sowing Till 27.01.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0.00	0.00
Bihar	21.34	22.92	22.70	0.97
Chhattisgarh	1.04	1.72	1.60	7.50
Gujarat	11.56	9.96	9.01	10.54
Haryana	25.39	25.38	25.11	1.08
H.P.	3.51	3.59	3.60	-0.28
J&K(J)	3.04	2.30	2.45	-6.12
Manipur	0.00	0.00	0.00	0.00
Meghalaya	0.00	0.00	0.00	0.00
Jharkhand	1.66	2.08	1.60	30.00
Karnataka	2.06	1.57	1.61	-2.48
M.P.	54.96	62.23	51.84	20.04
Maharashtra	8.82	10.34	6.19	67.04
Punjab	35.11	35.00	34.97	0.09
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	30.68	29.66	3.44
Uttar Pradesh	97.59	100.52	94.99	5.82
Uttarakhand	3.53	3.59	3.58	0.28
West Bengal	3.29	3.34	3.45	-3.19
Others	0.35	0.21	0.16	31.25
All India	304.05	315.55	292.52	7.87

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:

GASC has purchased 410000 tonnes of Russian wheat through tender after abolishing its zero-tolerance policy towards ergot. Louis Dreyfus offered 60000 tonnes at FOB \$192.74/tonne, Aston offered 60000 tonnes at FOB of \$194/tonne, Grainbow offered 60000 tonnes at FOB \$192.25/tonne, ECTP offered 60000 tonnes at FOB \$192.7/tonne, Alegrow offered 60000 tonnes at FOB \$192.75/tonne and Glencore offered two cargoes of 55000 tonnes each at FOB \$192/tonne.

As per latest update, Japan's ministry of agriculture bought 110687 MMT of food quality wheat from United States and Canada. Around 60610 MMT has been bought from United States and 50077 MMT has been bought from Canada with minimum protein content of 13.5 percent. The quantity from U.S. will be loaded between February 21-March 20 and the quantity from Canada will be loaded between March 21-April 20.

As per latest update, a consortium of South Korean mills has bought around 100000 tonnes of U.S. and 87500 tonnes of Australian wheat. The wheat from U.S. was bought in three consignments of 35000 tonnes, 35000 tonnes and 30500 tonnes whereas the wheat from Australia was bought in two consignments of 54500 tonnes and 33000 tonnes.

According to latest update by International Grains Council, the production forecast has been increased by 3 million tons for crop year 2016-17. The production may touch 752 million tons against a forecast of 736 million tons for 2015-16. The difference is around 16 million tons. Higher projection for wheat may pressurize global wheat at current level and any major recovery from current level is unlikely.

As per latest update, Australia is likely to produce around 33 MMT of wheat in 2016-17 surpassing its own record of 29.9 MMT set five years ago. Given the increase in production, Australia is expected to have around 53% more exportable volume compared to last year. Prices for the new crop are lower compared to last year, as Australian premium wheat with minimum 10.5% protein content was quoted around \$199/mt FoB Kwinana compared to \$212-213/mt last year and Australian standard white wheat with minimum 9% protein content was quoted around \$186/mt FoB Kwinana which is around \$5-10/mt less compared to black sea wheat with 11.5% protein content.

As per latest update, Russian wheat exports in the marketing year 2016-17 from 1st July to 11th January increased by 4.9 percent year on year to 16.2 MMT. Wheat exports from Russia have not increased as expected in the year 2016-17 as farmers are not releasing their stock because of lower prices.

Algeria state grains agency OAIC has bought around 475000 tonnes of wheat in a tender. The prices paid were in the range of \$198 to \$202 per tonne (Cost and Freight). The quantity to be shipped is due in March. The wheat is expected to be sourced from Argentina and other European Union states.

As per latest update, U.S. farmers have lowered their winter wheat planting to 32.3 million acres as supplies were at their 29 year high. This year has marked the lowest acreage in more than a century. Last year area planted was around 34.14 million acres. U.S. wheat stocks rose to 2.073 billion bushels on December 01st compared to 1.746 billion bushels last year for the same date.

Major feedmill group of south korea has purchased around 60000 tonnes of feed wheat from Concordia at \$187.88/tonne cost and freight. Around \$1.5 per tonne will be charged for port unloading. The quantity is likely to be shipped between March 17 and April 05.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Projected)	
			Forecast	24.11.2016	19.01.2017
Production	717	730	737	749	752
Trade	157	153	164	166	168
Consumptions	698	715	720	736	738
Carryover stocks	190	205	222	235	235
Y-O-Y change	19	15	17	-	14
Major Export	56	65	68	71	77

- IGC has revised wheat production projection up by 3 MMT from 749 MMT to 752 MMT on 19th, Jan-2017 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 752 MMT against 737 forecasts for 2015-16. The difference is around 15 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 2MMT to 168 MMT. It is 4 MMT higher from actual of last year.
- Consumption has been pegged at 738MMT for 2016-17, up by 18 MMT from last year.
- Carryout has been kept unchanged i.e. 235 MMT since last estimate for 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
	26-Jan-17	19-Jan-17	26-Dec-16	26-Oct-16	26-Jul-16	26-Jan-16	
Mar-17	156.88	155.59	144.57	158.72	172.40	193.90	-19.09
May-17	161.84	161.38	149.44	164.32	177.18	195.27	-17.12
Jul-17	167.17	167.26	154.58	169.19	179.75	192.79	-13.29
Sep-17	172.59	172.95	159.91	174.88	184.25	196.93	-12.36
Dec-17	178.83	179.93	166.62	181.22	191.05	200.97	-11.01
Mar-18	183.33	184.62	171.58	186.18	196.19	202.44	-9.44

CBOT-Mar-17

1st Support: 152.00
2nd Support: 149.00
1st Resistant: 163.00
2nd Resistant: 165.00
(\$ per tonne)

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

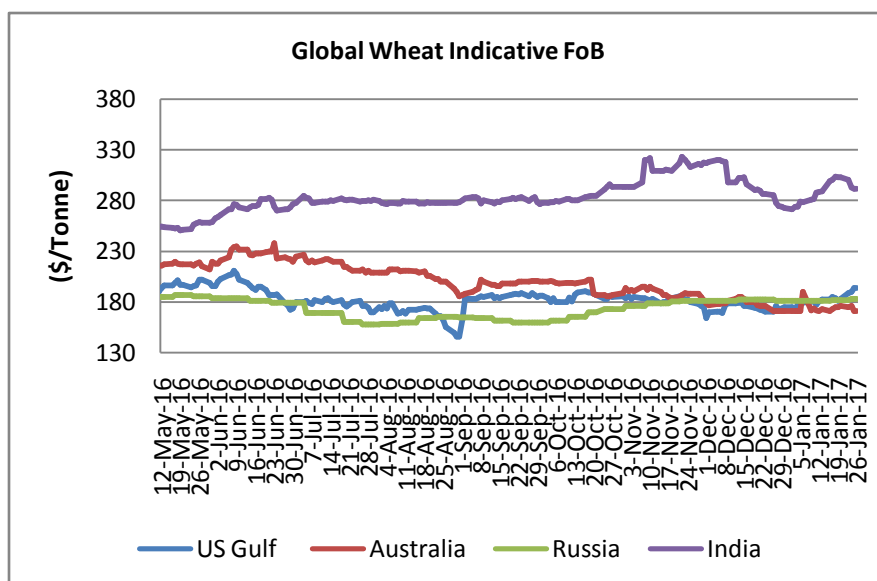


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$292-303.32 per tonne.

US and Russian quotes are hovering in the range of \$190.1 and \$182.6 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 \$165 to \$200 in coming weeks.



International Weekly Outlook:

Global wheat market is expected to trade from steady to slightly weak as USDA has revised wheat projections up by 1.3 MMT due to large increases in Argentina and Russia. Forecast for EU wheat harvest has been revised down due to severe cold in eastern EU. However the reduced forecast of 143.5 MMT is still higher compared to last year. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina has witnessed substantial increase in area sowed and is expecting to produce 15.7 MMT this season. 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. 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> © 2017 Indian Agribusiness Systems Pvt Ltd.