

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 8.11 percent to Rs. 1961.4 per quintal during the week ended 08th February 2017. Wheat average price were ruling at Rs 2134.53 per quintal during 24-31 January 2017. As compared to prices in the week 01-08 February 2016, the prices are firm by 12.44 percent. Prices are expected to remain range bound to slightly weak in coming days.

According to latest update, area sown until 03 February'17 is 317.81 lakh hectares compared to 297.25 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 given its preliminary production estimate of 94.7 MMT for 2017-18. Carryout is expected to be around 12.18 MMT. Availability would be 107.18 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT.

Agricultural Statistics Division, Directorate of Economics & Statistics (DES) has released Fourth Adv. Estimate for Rabi crop for 2015-16 on 2nd Aug-2016. Production target for wheat in Rabi had been set at 94.75 lakh tonne for 2015-16 crop years. Now it has been revised down to 93.50MMT.

Latest Developments In Domestic Markets: -

As per latest update, FCI has sold around 3.41 lakh tonnes of wheat in the first four weeks of January and around 4.25 lakh tonnes in December. In the first three weeks around 2.63 Lakh tonnes of wheat was sold and the remaining 78000 tonnes was sold in the fourth week. For the year 2016-17, FCI has sold around 40.76 lakh tonnes of wheat until last week of January. Of this total quantity around 34.43 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.

Indian FoB quote is hovering around \$287.04 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.6, \$185.1, \$182.5, \$190.87 and \$170.8 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.

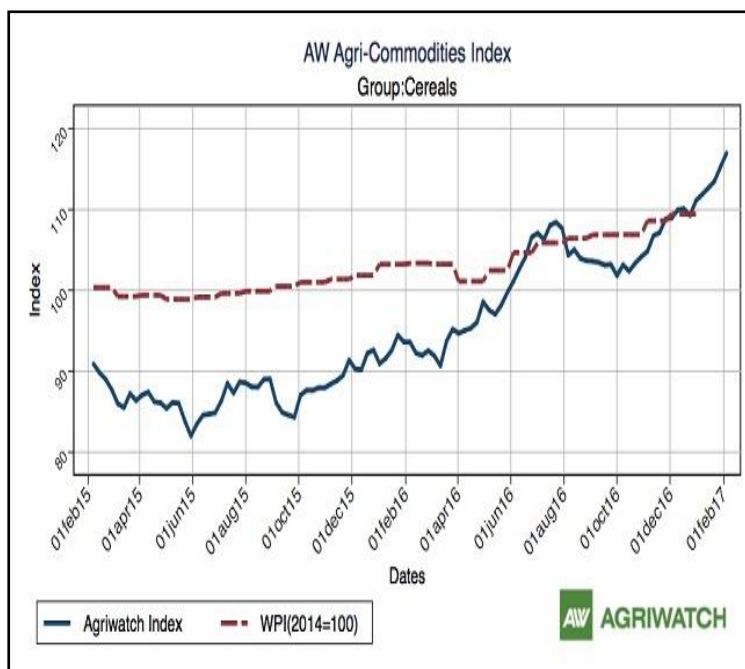
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in February contract taking care of lower and upper price tag of Rs 1740 & 1880 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index dipped 0.32% to 114.85 during the week ended Feb 4, 2017 from 115.21 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

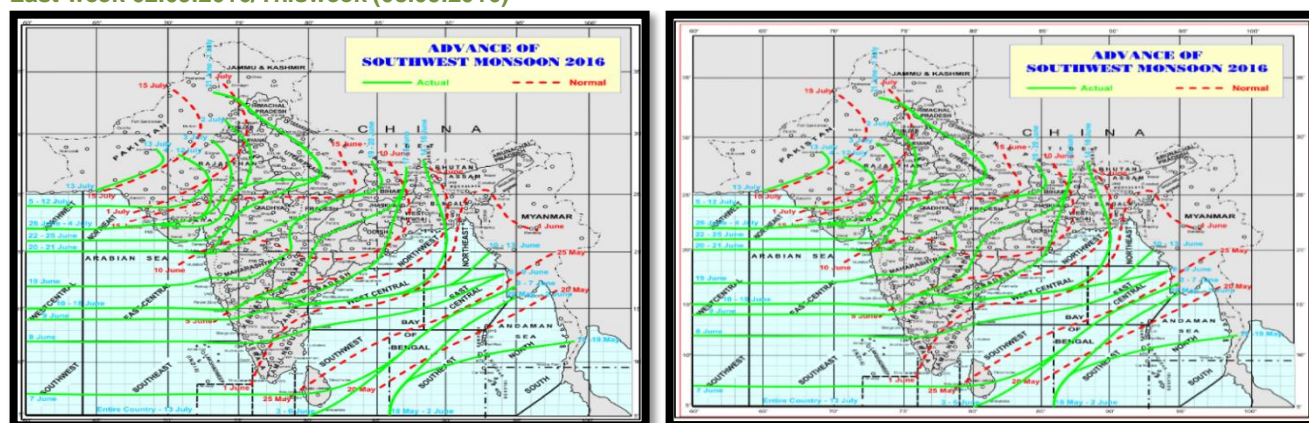
Commodity price trends were mixed with 4 of the 9 commodity group sub-Indices gaining during the week. Gains in cereals and non-food articles were offset by declines in pulses and edible oils. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 116.96 (+1.49%), Pulses Index: 153.32 (-3.75%), Vegetables Index: 41.73 (+0.40%), Edible Oils Index: 111.13 (-1.38%), Oilseeds Index: 93.99 (-2.39%), Spices Index: 113.60 (-3.27%), Sweeteners Index: 125.57 (-0.35%), Fibres Index: 115.01 (+1.33%) and Other Non-Food Articles Index: 98.94 (+4.86%).



"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)

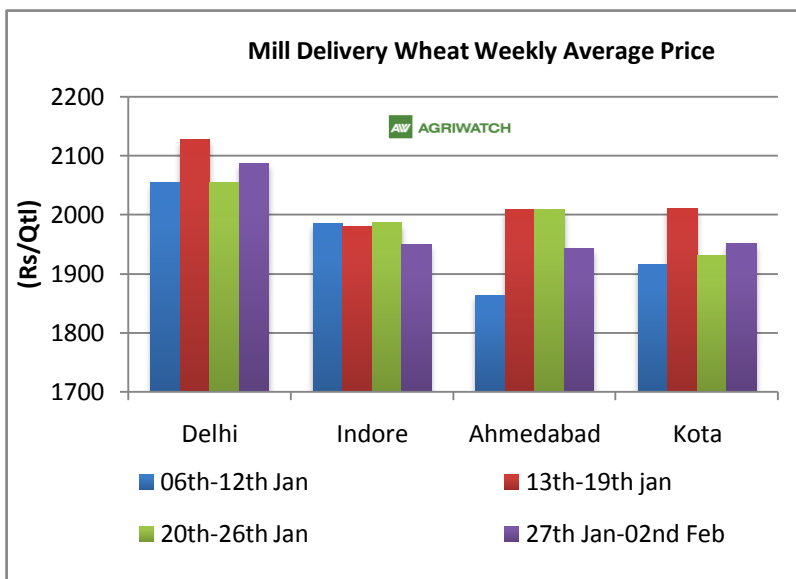


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 firm in Delhi, Kota and slightly weak in Indore, Ahmedabad during 27th Jan-02nd February. Prices are expected to remain steady to slightly weak.

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:

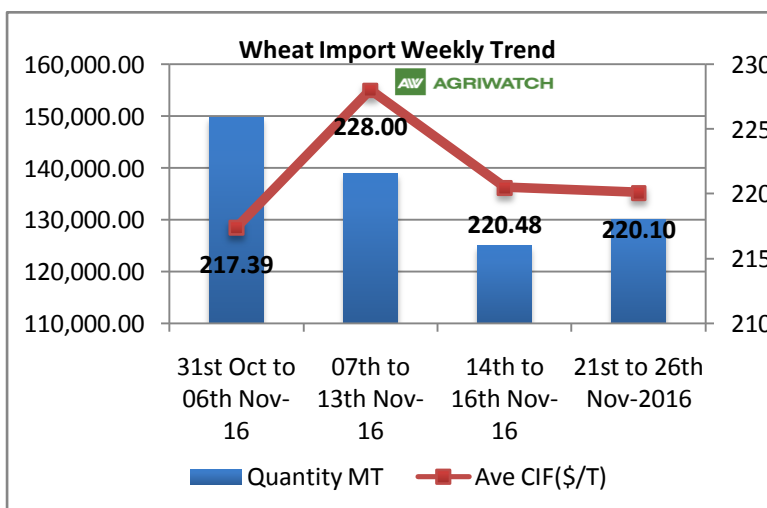
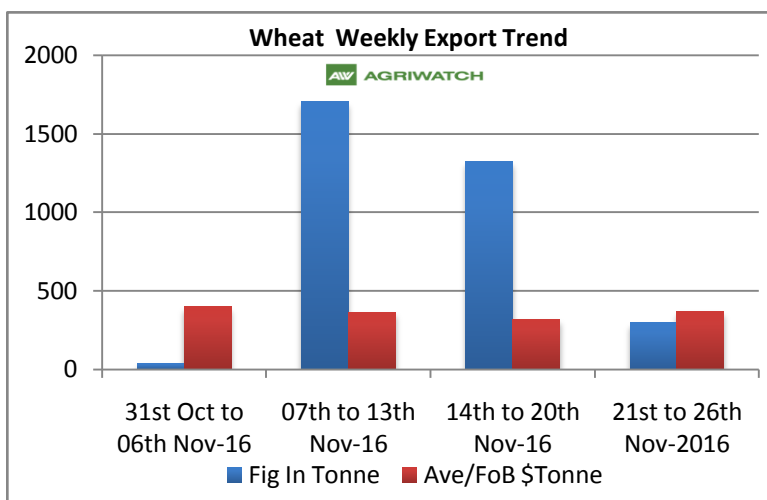
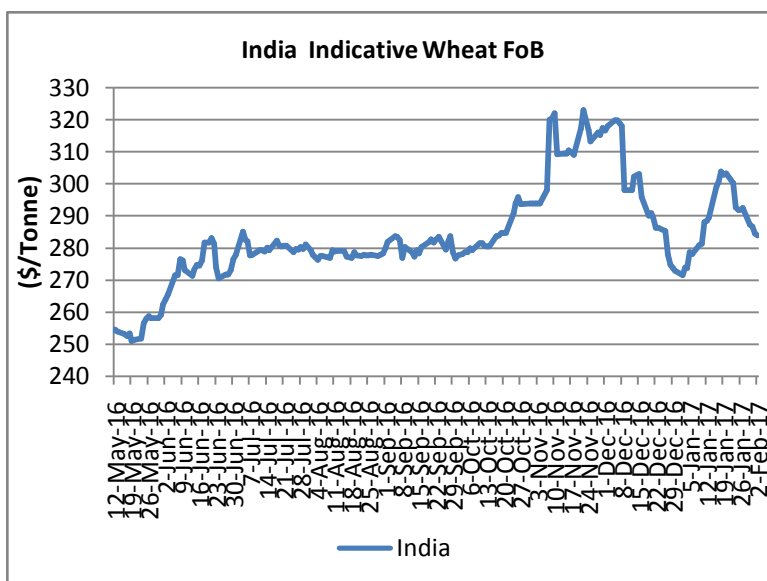
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		1-Feb-17	25-Jan-17	2-Jan-17	2-Feb-16	
USA (Chicago)	2srw	190.60	194.20	NA	200.30	-4.84
France	FCW3	182.71	184.47	NA	164.31	11.20
Australia	ASW	169.00	171.00	Closed	NA	-
Russia	SRW	184.00	183.00	181.50	183.50	0.27
India	Fob	284.59	292.00	271.52	NA	-

		02/02/2017	26/01/2017	19/01/2017	12/01/2017
February	Black Sea Mill Wheat 12.5% FOB Pmax.	184	184	183	179
February	Black Sea Mill Wheat 11.5% FOB Pmax.	180	182	181	176

Wheat Futures Contact: NCDEX Price
Date: 03.02.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Feb	-30	1863	1863	1820	1823	1050	+740	4950	-60
17-Mar	-21	1748	1751	1738	1738	600	+400	1440	+140
17-Apr	+11	1673	1673	1660	1665	40	+20	210	+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
	2-Feb-17	27-Jan-17	3-Jan-17	2-Feb-16	
Indore	1896	NA	1879	1633	16.11
Bareilly	NA	NA	NA	NA	-
Delhi	2055	2073	1961	1706	20.46
Khanna	NA	NA	NA	NA	-
Kanpur	1825	1883	1905	1630	11.96
Karnal	NA	NA	NA	NA	-
Rajkot	1855	1905	1800	1624	14.22
Kota	NA	1953	1913	1695	-

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	February	1750	1740	1829	1870	1880
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Sell Below	1830	1795	1770	1851

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
			2-Feb-17	1-Feb-17	26-Jan-17	2-Jan-17	2-Feb-16
Delhi	Lawrence Road	Mill Delivery	2060	2075	2050	1950	1700
	Narella	Mill Quality Loose	1980	Closed	NR	1910	1655
	Nazafgarh	Mill Quality Loose	2000	Closed	2000	1925	1660
Gujarat	Rajkot	Mill Delivery	1770	1775	1840	1715	1575
	Ahmedabad	Mill Delivery	1910	1900	1980	1830	1745
	Surat	Mill Quality Loose	1960	1950	2010	1870	1770
	Dhrol	Mill Delivery	NR	2200	2135	2265	2200
M.P.	Indore	Mill Quality Loose	1900	1900	Closed	1800	1600
	Bhopal	Mill Delivery	1825	1825	Closed	1825	1550
Rajasthan	Kota	Mill Quality Loose	NR	NR	Closed	1760	1570
		Mill Delivery	NR	NR	Closed	1850	1670
U.P.	Kanpur	Mill Delivery	2000	1975	2015	1915	1575
	Mathura	Mill Quality Loose	1925	1925	1925	1900	1665
	Kosi	Mill Quality Loose	1915	1910	1900	1900	1660
	Hathras	Mill Quality Loose	1880	1880	1900	1915	1700
	Aligarh	Mill Quality Loose	1920	1920	1920	1850	1620
Punjab	Khanna	Mill Quality Loose	1900	1850	1890	1700	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1890	1890	1920	1770	1580
	Hodal	Mill Delivery	2000	2000	2000	2000	1705
	Bhiwani	Mill Quality Loose	2000	2000	1970	1850	1615
	Karnal	Mill Quality	NR	NR	NR	1825	NA



		Loose					
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	NR	NR	Closed	2350	1800
	Madurai	Mill Quality	NR	NR	Closed	2407	1857
	Coimbatore	Mill Quality	NR	NR	Closed	2407	1857
Bihar	Khagariya	Mill Delivery	2050	2050	2100	1800	1650
	Muzaffarpur	Mill Delivery	1975	Closed	1950	1925	NA

Progressive Sowing Status till 03rd Feb-2017:

State Wise Progressive Wheat Sowing Till 03.02.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.34	0.12	0.00	0.00
Bihar	21.34	22.95	22.73	0.97
Chhattisgarh	1.04	1.736	1.58	9.87
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	2.31	2.45	-5.71
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	1.74	-9.77
M.P.	54.96	64.22	56.34	13.99
Maharashtra	8.82	10.52	6.29	67.25
Punjab	35.11	35	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	30.677	29.66	3.43
Uttar Pradesh	97.59	100.52	94.99	5.82
Uttarakhand	3.53	3.59	3.58	0.28
West Bengal	3.29	3.39	3.45	-1.74
Others	0.35	0.21	0.16	31.25
All India	304.05	317.81	297.25	6.92

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, Canada's wheat output is estimated to be around 29 MMT for 2017-18. Although output is down by 2.6 MMT compared to previous year but it will be fourth largest in last twenty years. The harvest of durum wheat is likely to fall to 5.8 MMT because of fall in area by 15 percent. However this drop will be offset partially by increase in spring wheat sowings. A harvest of 29 MMT will allow Canadian exporters to marginally increase their exports to 21.3 MMT in 2017-18 compared to last year.

Russian wheat prices increased continuously for the third week in January and the quote for 12.5 percent Russian wheat increased by \$1 per tonne to \$186 per tonne compared to last week. The main reason for this is increased demand of Russian wheat in the international market. Russia has exported a total of 17.2 million tonnes of wheat between July 1 and Jan 25.

As per latest update, Japan's ministry of agriculture bought 108442 MMT of food quality wheat from United States, Australia and Canada. Around 64120 MMT has been bought from United States with minimum protein content of 13.5 percent to be loaded between March 21-April 20, 23482 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between April 21-May 20 and 20840 MMT from Australia to be loaded between April 1-April 30

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, 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.

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
	1-Feb-17	25-Jan-17	1-Jan-17	1-Nov-16	1-Aug-16	1-Feb-16	
Mar-17	154.58	156.79	149.90	159.36	168.45	190.22	-18.73
May-17	159.27	162.02	154.49	164.69	173.41	191.87	-16.99
Jul-17	164.32	167.53	159.54	169.56	176.26	189.67	-13.37
Sep-17	169.83	173.05	164.50	174.79	180.58	192.33	-11.70
Dec-17	176.26	179.57	170.84	180.94	187.10	197.57	-10.79
Mar-18	180.58	184.07	175.53	185.26	192.33	199.04	-9.28

CBOT-Mar-17

1st Support: 149.00
2nd Support: 147.00
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.

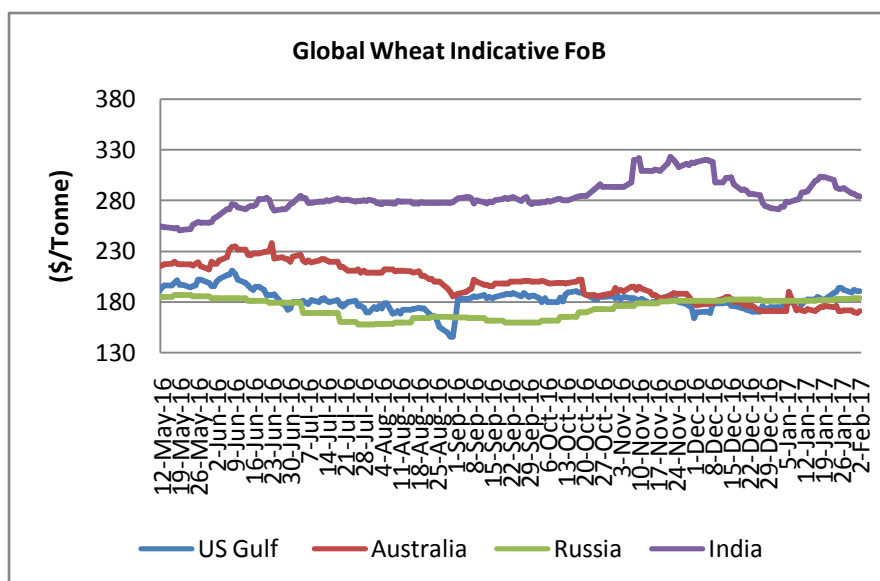


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$283.96-292.52 per tonne.

US and Russian quotes are hovering in the range of \$190.87 and \$183.6 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.

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