

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 0.65 percent to Rs. 1974.19 per quintal during the week ended 15th February 2017. Wheat average price were ruling at Rs 1961.4 per quintal during 01-08th February 2017. As compared to prices in the week 09-15 February 2016, the prices are firm by 13.44 percent. Prices are expected to remain range bound to slightly weak in coming days.

Government has fixed wheat procurement target at 33MMT for 2017-18. Of the total target around 11.5 MMT will be procured from Punjab, 8.5 MMT from Madhya Pradesh, 7.5 MMT from Haryana, 3MMT from Uttar Pradesh and 1.7 MMT from Rajasthan. Government target procurement for MY 2016-17 was 30.5 MMT against which it procured only 22.96 MMT. Wheat production target is kept at 96.5 MMT for 2016-17.

As per second advance estimate for 2016-17 wheat production is likely to be around 96.6 MMT which is higher compared to fourth advance estimate of 93.5 MMT issued in 2015-16. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

Wheat WPI has decreased slightly from 251.7 in December'16 to 250.3 in January-2017. Monthly wheat inflation has decreased by 0.55 percent in January-17 compared to December-16. As compared to January-16, wheat WPI has increased by around 9.49% and by 5.54% compared to January-2015.

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.

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.

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.

Latest Developments In Domestic Markets: -

As per latest update, FCI has sold around 85 Thousand tonnes of wheat in the second week of February compared to 88 thousand tonnes in the first week. In January FCI has sold around 3.41 lakh tonnes and 4.25 lakh tonnes in December. For the year 2016-17, FCI has sold around 42.49 lakh tonnes of wheat until second week of February. Of this total quantity around 36.05 lakh tonnes has been purchased by private trade and the remaining quantity by state governments.

Indian FoB quote is hovering around \$278.65 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.0, \$185.5, \$185.05, \$195.79 and \$178 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.

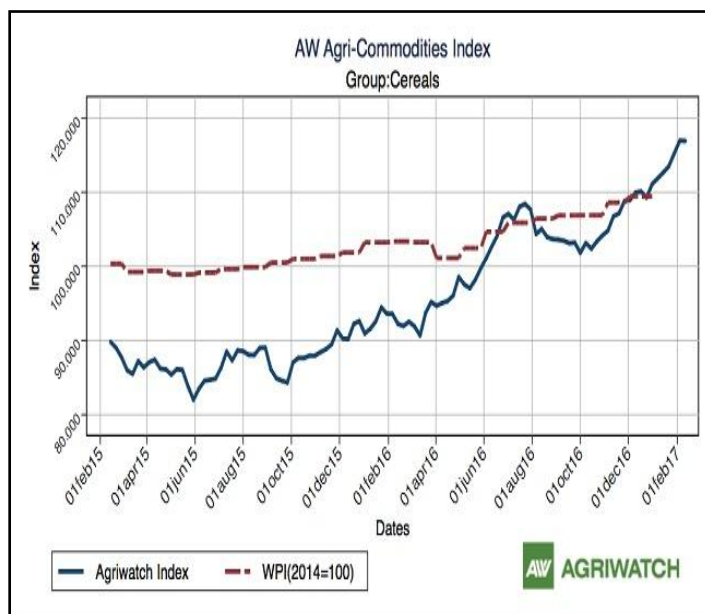
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in March contract taking care of lower and upper price tag of Rs 1685 & 1775 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index fell 0.50% to 114.27 during the week ended Feb 11, 2017 from 114.85 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

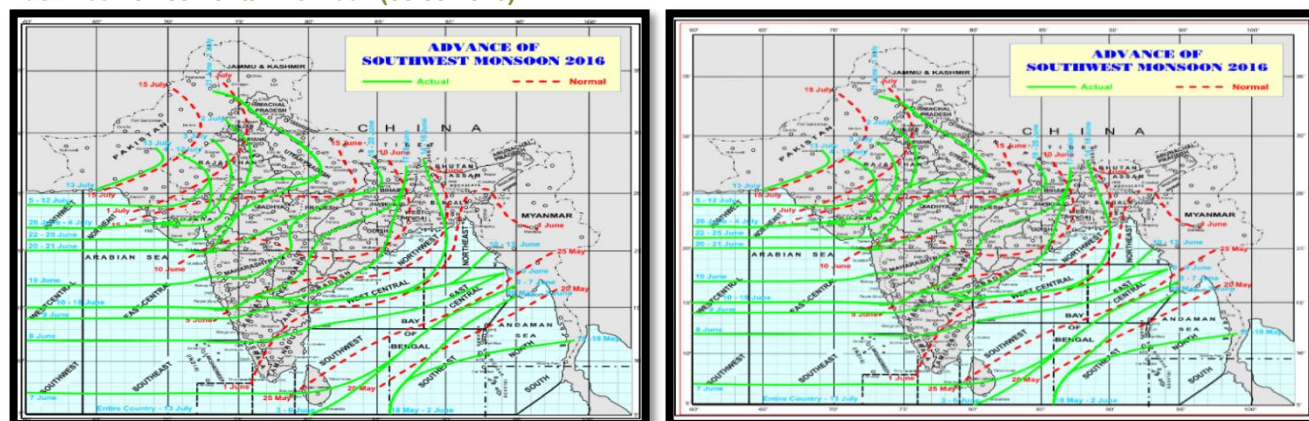
Pulses fell sharply led by a 10.5% slump in the Chana Index due to the harvest around the corner, while Tur and Urad Indices fell over 4% each. Higher sugar cushioned the Index's fall. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 116.91 (-0.04%), Pulses Index: 140.70 (-8.23%), Vegetables Index: 40.20 (-3.67%), Edible Oils Index: 110.59 (-0.49%), Oilseeds Index: 94.31 (+0.34%), Spices Index: 111.16 (-2.15%), Sweeteners Index: 127.89 (+1.85%), Fibres Index: 117.24 (+1.94%) and Other Non-Food Articles Index: 98.39 (-0.55%).



"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/This week (08.09.2016)

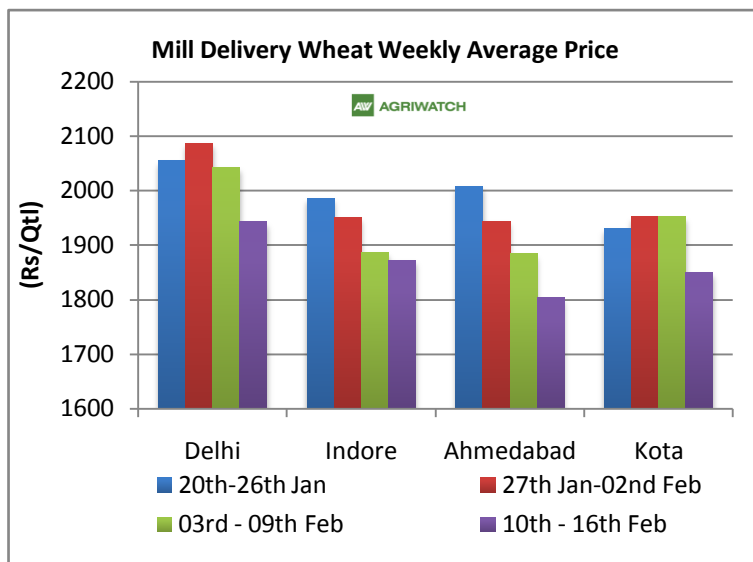


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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, Kota and Ahmedabad during 10th-16th February. Prices are expected to remain steady to slightly weak.

Arrivals have started in Madhya Pradesh. Overall crop is in good condition as of now and bumper harvest can be expected. Release in OMSS was doubled for Delhi but in comparison to last year it is still lower. Furthermore as per new stocking norms released by the government for wheat, it would have additional quantity to sell in the open market.



<u>Wheat Stock Norms</u>						
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. However, government's intention to augment supply in domestic market from central pool stock too may restrict uptrend from current level.

Wheat Export:

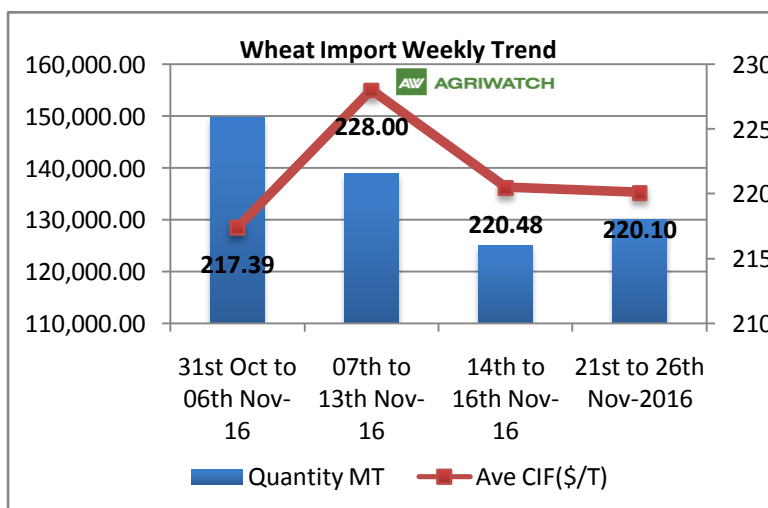
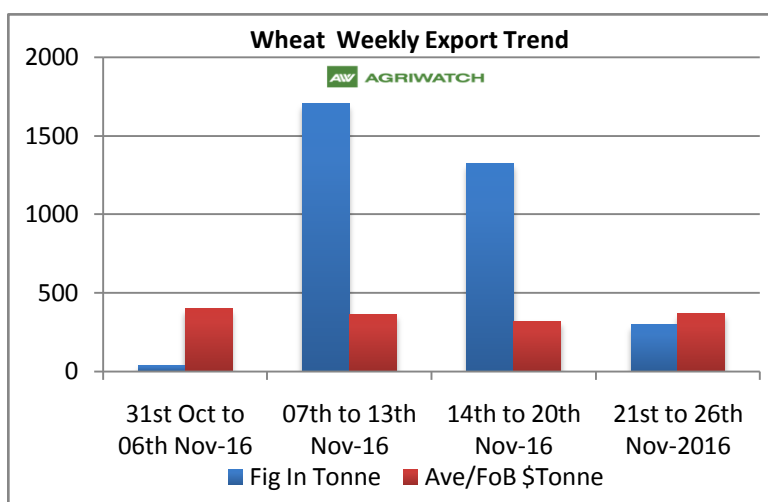
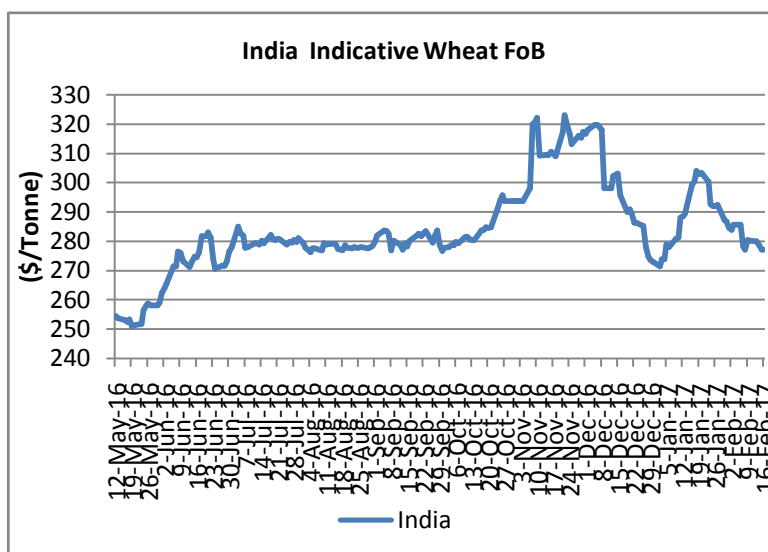
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		15-Feb-17	8-Feb-17	16-Jan-17	16-Feb-16	
USA (Chicago)	2srw	198.30	190.10	182.22	192.84	2.83
France	FCW3	185.23	184.48	182.49	162.62	13.90
Australia	ASW	178.00	175.00	171.00	NA	-
Russia	SRW	184.00	184.00	181.50	180.50	1.94
India	Fob	277.24	277.12	299.34	NA	-

		16/02/2017	09/02/2017	02/02/2017	26/01/2017
Feb/Mar	Black Sea Mill Wheat 12.5% FOB Pmax.	188	186	184	184
Feb/Mar	Black Sea Mill Wheat 11.5% FOB Pmax.	181	182	180	182

Wheat Futures Contact: NCDEX Price

Date: 17.02.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Feb	-1	1804	1803	1801	1803	600	-190	1800	0
17-Mar	+5	1725	1733	1725	1730	320	-1,120	3830	+50
17-Apr	+1	1646	1660	1646	1660	350	-120	1770	+220

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
	16-Feb-17	9-Feb-17	16-Jan-17	16-Feb-16	
Indore	1820	1854	1955	1626	11.93
Bareilly	NA	NA	NA	NA	-
Delhi	1950	2005	2137	1706	14.30
Khanna	NA	NA	NA	NA	-
Kanpur	1780	1865	1920	1600	11.25
Karnal	NA	NA	NA	NA	-
Rajkot	1812	1806	1918	1657	9.35
Kota	1874	NA	1990	1638	14.41

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 rise in open interest indicates short 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	March	1690	1685	1730	1770	1775
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	March	Sell Below	1745	1720	1700	1760

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. Arrivals have started in Madhya Pradesh and crop is in good condition. 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
			16-Feb-17	15-Feb-17	9-Feb-17	16-Jan-17	16-Feb-16
Delhi	Lawrence Road	Mill Delivery	1935	1920	2025	2100	1700
	Narella	Mill Quality Loose	1900	Closed	2000	2025	1640
	Nazafgarh	Mill Quality Loose	1900	Closed	1950	2050	1650
Gujarat	Rajkot	Mill Delivery	Closed	1735	1765	1890	1575
	Ahmedabad	Mill Delivery	Closed	1860	1870	2030	1740
	Surat	Mill Quality Loose	Closed	1880	1900	2060	1765
	Dhrol	Mill Delivery	2155	2000	NR	2030	1900
M.P.	Indore	Mill Quality Loose	1750	1750	1800	1950	1620
	Bhopal	Mill Delivery	1800	1825	1800	1900	1540
Rajasthan	Kota	Mill Quality Loose	1760	1760	Closed	1890	1550
		Mill Delivery	1850	1850	Closed	1990	1625
U.P.	Kanpur	Mill Delivery	1950	1990	2005	0	1580
	Mathura	Mill Quality Loose	1880	1925	1925	1960	1660
	Kosi	Mill Quality Loose	1850	1850	1920	2000	1650
	Hathras	Mill Quality Loose	1950	NA	1900	1925	1680
	Aligarh	Mill Quality Loose	1750	Closed	1825	1900	1700
Punjab	Khanna	Mill Quality Loose	1900	1910	1910	1750	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1800	1800	1850	1965	1600
	Hodal	Mill Delivery	2000	2000	2000	2050	1705
	Bhiwani	Mill Quality Loose	1860	1900	1950	2050	1650



	Karnal	Mill Quality Loose	NR	NR	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2250	2200	NR	2350	1850
	Madurai	Mill Quality	2307	2257	NR	2407	1907
	Coimbatore	Mill Quality	2307	2257	NR	2407	1907
Bihar	Khagariya	Mill Delivery	1900	1950	2050	2150	1800
	Muzaffarpur	Mill Delivery	1900	1800	2000	1950	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
Telangana	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, Japan's ministry of agriculture bought 113248 MMT of food quality wheat from United States and Canada. Around 88288 MMT has been bought from United States to be loaded between March 21-April 20 and 24960 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between April 21- May 20.

India has become the top buyer of Ukrainian wheat. Ukraine exported around 1.2 MMT of wheat in the month of January and major portion of it went to India. Ukraine wheat exports July to January increased by 16% to 12.72 MMT. Ukraine has exported around 10.99 MMT of wheat in the same period of 2015-16.

As per Australia's department of Agriculture and Water Resources (ABARES) Australia's production is likely to reach a record high of 35.1 MMT in 2016-17 surpassing its previous record of 29.6 MMT set five years ago. Given the increase in production Australia is likely to have more exportable volume compared to last year at competitive prices.

As per latest update, USDA has raised wheat exports by 50 million bushels to 1025 million bushels. Food use has been revised down by 3 million bushels to 960 million bushels. All this has led to reduction in ending stocks by 47 million bushels to 1139 million bushels. This fall in stocks and rise in exports is the main reason for the recent gain in U.S. wheat futures.

As per latest update, Ukraine has exported around 11.5 MMT of wheat in first half of MY 2016-17 higher by around 1 MMT compared to last year for the same period. India remained the top buyer of Ukrainian wheat as it purchased around 1.8 MMT of wheat during the above period. However, Ukraine exported around 18% less wheat to world's largest importer i.e. Egypt in the first half of 2016/17.

Bangladesh will import 200000 tonnes of Russian wheat at \$245 a tonne CIF. The first cargo of 55000 tonnes is likely to arrive around February 08th. Last year Bangladesh rejected three cargoes of Russian wheat totaling 150000 tonnes over quality concerns.

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.

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.

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
	15-Feb-17	8-Feb-17	15-Jan-17	15-Nov-16	15-Aug-16	15-Feb-16	
Mar-17	167.08	158.90	156.51	153.85	167.63	186.36	-10.35
May-17	172.04	162.94	161.56	158.81	171.76	188.38	-8.68
Jul-17	176.35	167.53	167.08	164.14	174.61	191.05	-7.69
Sep-17	181.31	172.40	172.49	170.01	179.38	194.54	-6.80
Dec-17	187.37	178.65	178.56	177.36	186.36	199.41	-6.03
Mar-18	191.60	182.78	183.06	181.95	191.97	201.79	-5.05

CBOT-Mar-17

1st Support: 152.00
2nd Support: 150.00
1st Resistant: 181.00
2nd Resistant: 183.00
(\$ per tonne)

Market is likely to move from range bound to slightly weak as abundant supplies are available in the market. CBOT reached a seven month high as USDA increased its export forecast and showed less global supplies than expected.

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 \$277.24-280.14 per tonne.

US and Russian quotes are hovering in the range of \$195.79 and \$184.0 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$170 to \$205 in coming weeks.

International Weekly Outlook:

Global wheat market is expected to trade from steady to slightly weak as ample supplies are available in the market. 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 34 MMT beating its previous record 29.9 MMT. Furthermore Canada is also expected to harvest around 31 MMT, largest in three years. Increase in export demand from various countries is also providing support to prices of exporting countries. Therefore, Steady to slightly weak market is expected in short to medium term.

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