

# Wheat Weekly Research Report

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### Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 6.76 percent to Rs. 1950.91 per quintal during the week ended 28th February 2017. Wheat average price were ruling at Rs 2092.28 per quintal during 16-23rd February 2017. As compared to prices in the week 24-28 February 2016, the prices are firm by 12.54 percent. Prices are expected to remain range bound to slightly weak in coming days.

As per latest update, India is likely to import 25% import duty in order to restrict imports and provide favorable grounds for the upcoming crop. In the current MY 2016-17, more than 4 MMT of wheat has already been imported. Government has made it compulsory for wheat shipments to be fumigated in the exporter's country. India is expecting a good crop this year and government has set a procurement target of 33 MMT higher by 10% compared to last year.

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.

As per 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 corresponding date of last year. 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.

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, Government has sold around 3.40 lakh tonnes of wheat in the month of February. In the month of January around 3.41 lakh tonnes of wheat was sold. For the year 2016-17, government has sold around 44.17 lakh tonnes of wheat until last week of February. Of this total quantity around 37.53 lakh tonnes have been purchased by private trade and 5.98 lakh tonnes has been purchased by state governments. Apart from this 66250 tonnes of wheat has been sold through dedicated movement.

Indian FoB quote is hovering around \$254.02 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.5, \$186, \$174.25, \$184.6 and \$179.16 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.

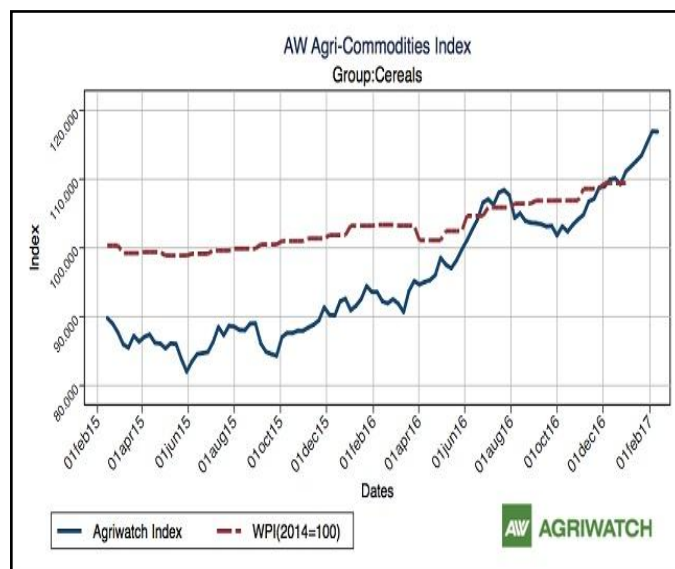
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in April contract taking care of lower and upper price tag of Rs1630 & 1695 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).

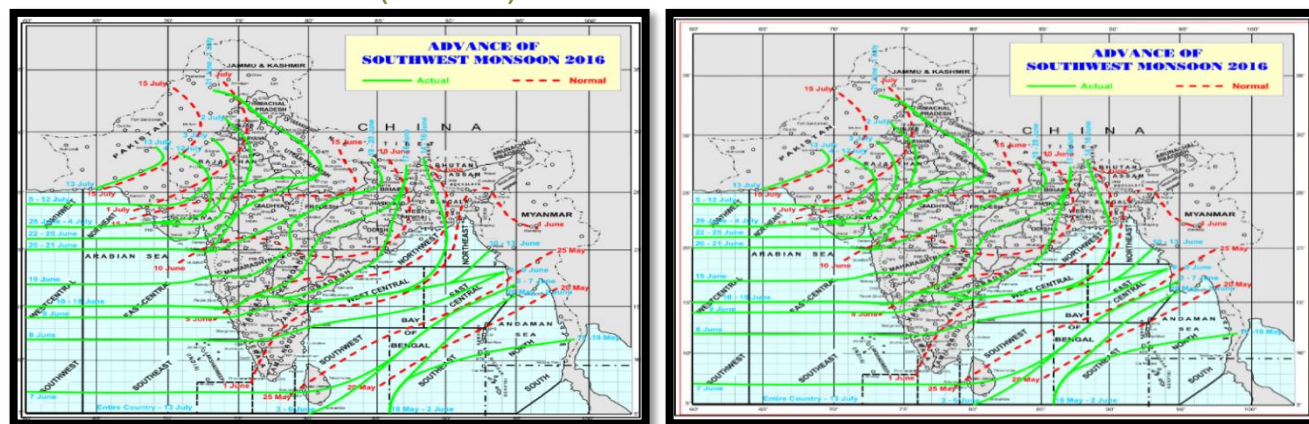
Pulses fell sharply led by a 10.5% slump in the Chana Index due to the harvest around the corner, while Tur and Urad Indices fell over 4% each. Higher sugar cushioned the Index's fall. The commodity group sub-Index values and their weekly changes are as follows: Cereals Index: 116.91 (-0.04%), Pulses 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](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/This week (08.09.2016)

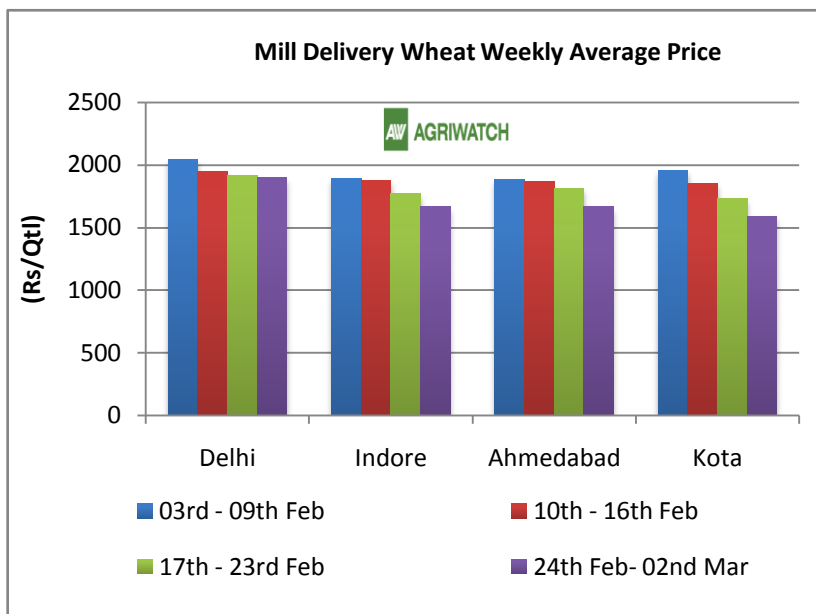


The depression over Jharkhand & adjoining Gangetic West Bengal has moved nearly westwards during past 12 hours and lay centered at 0530 hours IST of today i.e. 18th August, 2016, over Jharkhand & neighborhood, near Lat. 24.0°N and Long. 85.0°E, about 85 km north, northwest of Ranchi (Jharkhand) and 95 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 upto 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 24<sup>th</sup> February - 02<sup>nd</sup> March. Prices are expected to remain steady to slightly weak.

Arrivals have started in Madhya Pradesh, Rajasthan and Gujarat. Overall crop is in good condition as of now and good harvest can be expected. Crop condition in Uttar Pradesh is good as of now but increasing temperature is posing a threat. Therefore, next 20-25 days are very crucial for Uttar Pradesh. Release in OMSS was doubled for Delhi but in comparison to last year it is still lower.



<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
<b>Buffer Norms w.e.f. 27.12.2016</b>						

**Procurement As on 28<sup>th</sup> June-2016:**

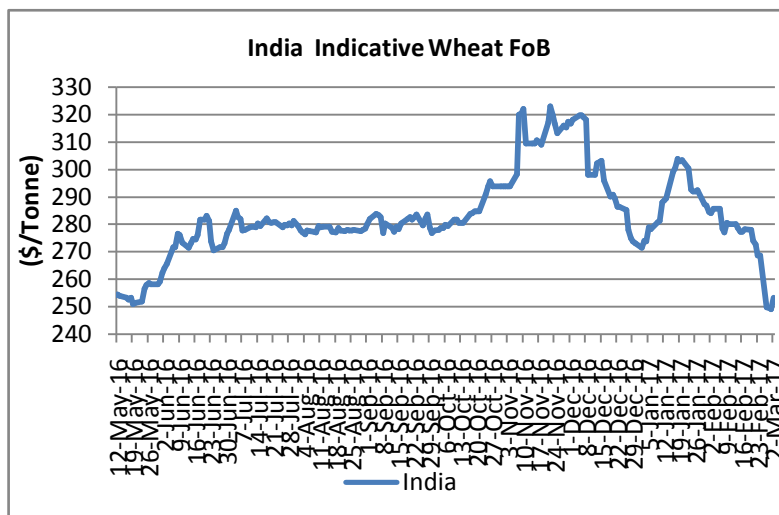
State	Total Procurement In Marketing Season 2015-16 (April To March)	Progressive Procurement As on 28.06.2016 (Fig In Lakh Tonne)		
		In Marketing Season 2016-17	In Marketing Season 2015-16	% Ch Over Previous Year
Punjab	103.54	106.44	103.54	+2.80
Haryana	67.78	67.22	67.78	-0.83
Gujarat	0.73	0.00109	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 tonnes 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. 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.

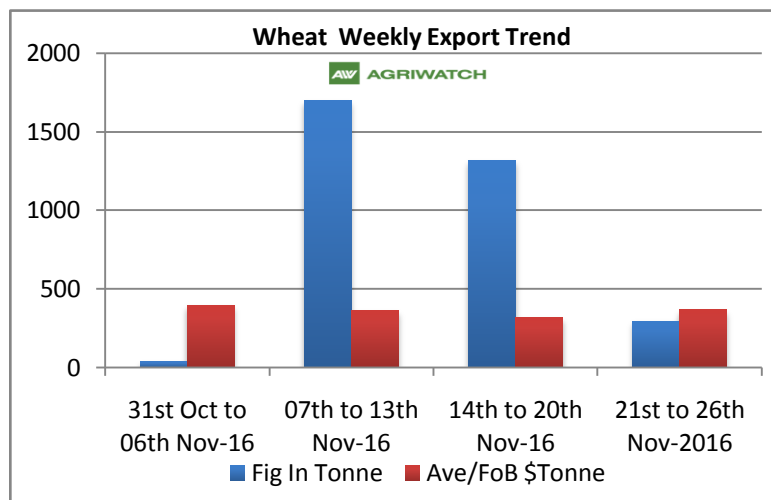
Prices of wheat may stay steady to slightly weak at current level because of increase in imported volume and prospects of a good crop this year. However, government's intention to augment supply in domestic market from central pool stock too may restrict up trend from current level.



## 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.

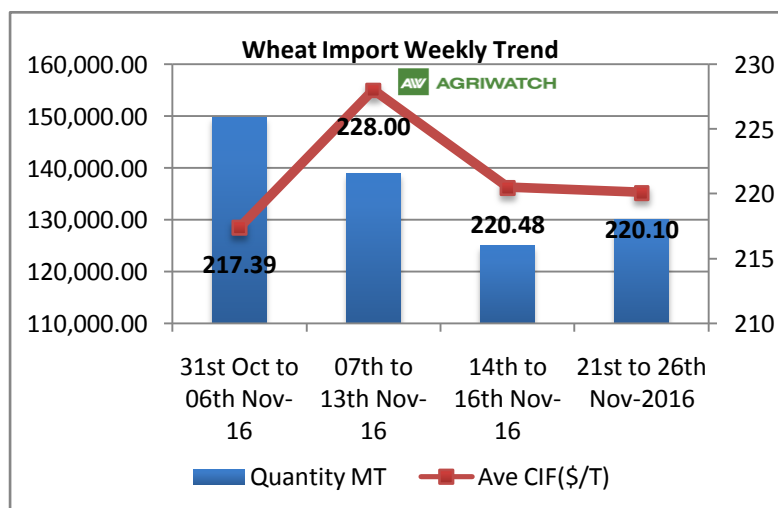
India exported 294.62 tonnes of wheat during week ended 26<sup>th</sup> Nov-2016, down compared to exports in the previous week. Average FoB quote realized last week was \$366.49 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers were Sri Lanka, UAE, Somalia and USA.



## Wheat Import:

According to latest update, a total quantity of around 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 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
		1-Mar-17	22-Feb-17	1-Feb-17	1-Mar-16	
USA (Chicago)	2srw	187.50	186.64	190.60	184.10	1.85
France	FCW3	185.03	184.09	182.71	154.35	19.87
Australia	ASW	178.48	177.20	169.00	NA	-
Russia	SRW	184.50	184.00	184.00	178.00	3.65
India	Fob	249.10	272.55	284.59	NA	-

		02/03/2017	23/02/2017	16/02/2017	09/02/2017
March	Black Sea Mill Wheat 12.5% FOB Pmax.	189	190	188	186
March	Black Sea Mill Wheat 11.5% FOB Pmax.	182	186	181	182

Wheat Futures Contact: NCDEX Price									Date:03.03.2017
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Mar	+8	1630	1658	1630	1643	970	-1,010	3400	-440
17-Apr	+6	1649	1663	1649	1653	1300	+320	3600	+370
17-May	+9	1667	1677	1664	1667	580	+370	2160	+280

## 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-Mar-17	23-Feb-17	2-Feb-17	2-Mar-16	
Indore	1670	1733	1896	1594	4.77
Bareilly	NA	NA	NA	NA	-
Delhi	1870	1900	2055	1719	8.78
Khanna	NA	NA	NA	NA	-
Kanpur	1730	1767	1825	1613	7.25
Karnal	NA	NA	NA	NA	-
Rajkot	1600	1700	1855	1586	0.88
Kota	1746	1813	NA	1619	7.84

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 bullishness in the market.
- Traders are advised to go long on wheat for this week.

**Strategy: Buy**

			S1	S2	PCP	R1	R2
Wheat	NCDEX	March	1635	1630	1651	1690	1695
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	March	Buy Above	1655	1670	1680	1646

**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 good crop this year. Arrivals have started in Madhya Pradesh, Maharashtra, Gujarat, Rajasthan and crop is in good condition. Crop condition in Uttar Pradesh is good as of now and harvesting is likely to start from first week of April but increasing temperature is posing a threat. Therefore, next 20-25 days are very crucial for Uttar Pradesh. Government may impose import duty to restrict import and provide favorable grounds for upcoming domestic crop.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			2-Mar-17	1-Mar-17	23-Feb-17	2-Feb-17	2-Mar-16
Delhi	Lawrence Road	Mill Delivery	1870	1875	1920	2060	1715
	Narella	Mill Quality Loose	1850	Closed	1900	1980	NA
	Nazafgarh	Mill Quality Loose	1800	Closed	1825	2000	NA
Gujarat	Rajkot	Mill Delivery	1525	1525	1650	1770	1500
	Ahmedabad	Mill Delivery	1700	1670	1790	1910	1680
	Surat	Mill Quality Loose	1725	1710	1800	1960	1710
	Dhrol	Mill Delivery	1875	1885	2110	NA	1865
M.P.	Indore	Mill Quality Loose	1650	1600	1700	1900	1575
	Bhopal	Mill Delivery	1625	1625	1700	1825	1500
Rajasthan	Kota	Mill Quality Loose	1575	1575	1700	NA	1500
		Mill Delivery	1650	1650	1800	NA	1600
U.P.	Kanpur	Mill Delivery	1890	1875	1950	2000	1575
	Mathura	Mill Quality Loose	1710	1700	1800	1925	1630
	Kosi	Mill Quality Loose	1700	1700	1720	1915	1645
	Hathras	Mill Quality Loose	1800	1800	1850	1880	1690
	Aligarh	Mill Quality Loose	NR	Closed	1750	1920	1730
Punjab	Khanna	Mill Quality Loose	1800	1850	1850	1900	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1730	1890	1610





	Hodal	Mill Delivery	NR	NR	2000	2000	1705
	Bhiwani	Mill Quality Loose	1825	1850	1850	2000	1625
	Karnal	Mill Quality Loose	NR	NR	NR	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2150	2150	2200	NA	1850
	Madurai	Mill Quality	2207	2207	2257	NA	1907
	Coimbatore	Mill Quality	2207	2207	2257	NA	1907
Bihar	Khagariya	Mill Delivery	1750	1800	1850	2050	1825
	Muzaffarpur	Mill Delivery	1800	1800	1800	1975	NA

### Progressive Sowing Status till 03<sup>rd</sup> 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
<b>Total</b>		130066	

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>		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
<b>Total</b>		138944	

**International Market Update:**

*As per latest update, Japan's ministry of agriculture bought 113167 MMT of food quality wheat from United States and Australia. Around 85417 MMT has been bought from United States with minimum protein content of 14 percent to be loaded between April 21-May 20 and 27750 MMT of standard white wheat has been bought from west Australia to be loaded between May 1- May 31.*

*GASC has purchased 535000 tonnes of wheat through tender after abolishing its zero-tolerance policy towards ergot. Of the total quantity 235000 tonnes is of Russian origin, 60000 tonnes is of Ukrainian origin, 120000 tonnes is of Romanian origin and 120000 tonnes is of French origin. Cerealcon bought Romanian wheat at FoB \$197.89 per tonne, AOS bought Russian wheat at FoB \$197.80 per tonne, Daewoo bought Russian wheat at FoB \$198.85 per tonne and Ukrainian wheat at \$199.5 per tonne respectively, Alegrow bought Russian wheat at FoB \$198.7 per tonne, Lecureur bought French wheat at FoB \$199 per tonne, Cargill bought Romanian and French wheat at FoB \$200.5 per tonne and FoB \$197 per tonne respectively, Glencore bought Romanian wheat at FoB \$198.75 per tonne*

*As per latest update, Indonesia is expected to import higher volume compared to last year. In 2016, Indonesia imported around 8.3 MMT of wheat. This year Indonesia is expected to import 8.7 MMT to 9 MMT of food grade wheat. Australia is the top supplier of wheat to Indonesia and as it has bumper crop of around 34.5 MMT this year, Indonesia can get good quality wheat at competitive price.*

*Argentinean government has announced that it has harvested a record 18.3 MMT of wheat for 2016-17 season, which is higher by 62 percent compared to last year. The crops loss in some of the areas in Argentina due to bad weather was compensated by increase in output other wheat producing areas.*

*Around 93 percent of French wheat is in good or excellent condition as of February 20th, which is slightly higher compared to last week. Last year, France harvested one of its worst wheat crops because heavy rainfall in late May to mid June as well as low sunshine during the crop's growth period.*

*Philippines have bought around 54000 tonnes of Australian wheat to be delivered in June and July. Australian standard wheat (ASW) was bought for \$205-210 per tonne including cost and freight. Australia with a record crop of around 35 MMT is providing wheat at competitive prices. Philippines monthly requirement is around 800000 tonnes and it is yet to cover half of its requirement for the month of May.*

*As per latest update, Ethiopia has bought 400000 tonnes of wheat in three consignments of 133333 tonnes each. The first consignment was purchased by promising international at \$227.85 C&F scheduled for delivery in March, second consignment was purchased by ADM at \$227.5 C&F scheduled for delivery in April and third consignment was purchased by Phoenix at \$225.10 C&F scheduled for delivery in May.*

*As per latest update, Taiwan flour mill association has bought around 102850 tonnes of U.S. origin wheat. The said quantity is to be delivered in two consignments. The first consignment of 50350 tonnes is to be shipped between April 19 and May 3 whereas the second consignment of 52500 tonnes is to be shipped between May 6 and May 20.*

*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.*

**IGC Wheat Balance Sheet:**

IGC Forecast( Fig-In MMT)	2013-14	2014-15	2015/2016	2016-17 (Projected)	
			Forecast	19.01.2017	23.02.2017
Production	717	730	737	752	752
Trade	157	153	164	168	169
Consumptions	698	715	720	738	738
Carryover stocks	190	205	222	235	236
Y-O-Y change	19	15	17	-	15
Major Export	56	65	68	77	77

- IGC has kept its projection same for wheat at 752 MMT as on 23<sup>d</sup> Feb-2017 for crop year 2016-17. According to IGC global wheat production for 2016-17 may touch 752 MMT against 737 MMT 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 up by 1MMT to 169MMT. It is 5MMT higher from actual of last year.
- Consumption has been pegged at 738MMT for 2016-17, up by 18MMT from last year.
- Carryout has been revised up by 1 MMT since last estimate of 235 MMT 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-Mar-17	22-Feb-17	1-Feb-17	1-Dec-16	1-Sep-16	1-Mar-16	
<b>Mar-17</b>	160.00	162.12	159.64	145.31	153.11	180.49	<b>-11.35</b>
<b>May-17</b>	167.90	167.53	164.23	150.17	158.17	184.07	<b>-8.78</b>
<b>Jul-17</b>	172.95	172.59	169.28	155.78	162.12	187.10	<b>-7.56</b>
<b>Sep-17</b>	178.19	178.01	174.61	161.66	168.09	192.70	<b>-7.53</b>
<b>Dec-17</b>	184.99	184.43	180.94	168.82	176.44	198.58	<b>-6.85</b>
<b>Mar-18</b>	189.85	189.03	185.17	173.69	182.41	200.14	<b>-5.14</b>

### CBOT-Mar-17

**1<sup>st</sup> Support: 152.00**  
**2<sup>nd</sup> Support: 150.00**  
**1<sup>st</sup> Resistant: 181.00**  
**2<sup>nd</sup> 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 \$268.59-249.1 per tonne.

US and Russian quotes are hovering in the range of \$184.6 and \$184.5 per tonne respectively. Wheat prices in international markets witnessed steady to slightly weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$170 to \$195 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. Russia has harvested recorded crop of 73.3 MMT in 2016 up by 18.6 percent compared to 2015. Argentina witnessed substantial increase in area sowed and has harvested around 18.3 MMT. 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. Australia is set to harvest record crop of around 34 MMT beating its previous record 29.9 MMT. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. 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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