



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 1.43 percent to Rs. 1781.34 per quintal during the week ended 08th April 2017. Wheat average price were ruling at Rs 1756.25 per quintal during 24-31 May 2017. As compared to prices in the week 01st – 08th April 2016, the prices are firm by 0.46 percent. Prices are expected to remain range bound to slightly weak in coming days.

As per IMD, India's monsoon rains are expected to reach 98 percent of the long term average higher by 2 percent points compared to its previous forecast. A weak El Nino is likely to develop during second half of the year. Monsoon is also likely to receive a boost from Indian Ocean dipole (IOD) as weak positive IOD conditions are likely to develop during monsoon season.

Government agencies have started procurement since 15th March'17. Until 06th June'17 government has procured around 301.01 lakh tonnes of wheat. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 117.05 lakh tonnes from Punjab, 30.74 lakh tonnes from Uttar Pradesh and 11.71 lakh tonnes from Rajasthan. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 91.21% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

Government is likely to sell around 40 lakh tonnes of wheat in MY 2017-18 compared to 46 lakh tonnes in MY 2016-17. Due to low production in last two years, wheat stock in central pool dwindled to five year lows. As of now government is procuring intensively to replenish its stocks. Further-more millers and traders are also not having any trouble in procuring this year due to ample availability.

As per market sources, India's wheat imports have slowed down due to good domestic crop. Furthermore around 1.8 million tonnes of imported wheat from Australia and Black sea region is lying unsold in port silos. For marketing year 2017-18 demand for imported wheat is likely to be low and India may import around 2-3 million tonnes.

Agriwatch has given its production estimate of 93.5 MMT for 2017-18. Carryout is expected to be around 13.98 MMT. Availability would be 108.48 MMT, higher compared to last year on account of increased production. Consumption is likely to be around 94 MMT.

As per third advance estimate for 2016-17 wheat production is likely to be around 97.4 MMT which is higher compared to second advance estimate of 96.6 MMT issued in February 2017. Grain quality is better this year compared to last year and there are no issues relating to higher moisture and pest. This year overall acreage is higher by around 4.5% over normal acreage of 304.05 lakh hectares.

Latest Developments In Domestic Markets: -

As per IMD, India's monsoon rains are expected to reach 98 percent of the long term which will not only support soil moisture but also lead to increased yields. Due to bumper crop in 2016-17 and low demand from south India, farmers are struggling with low prices. Furthermore prices are getting no support from export front as India's export quote for wheat is higher compared to black sea and Australia. The prevailing conditions are conducive for the upcoming crop and another bumper harvest will keep wheat prices under pressure.

Indian FoB quote is hovering around \$253.95 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$181.9, \$183.4, Euro 154.5, \$180.22 and \$197.15 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.

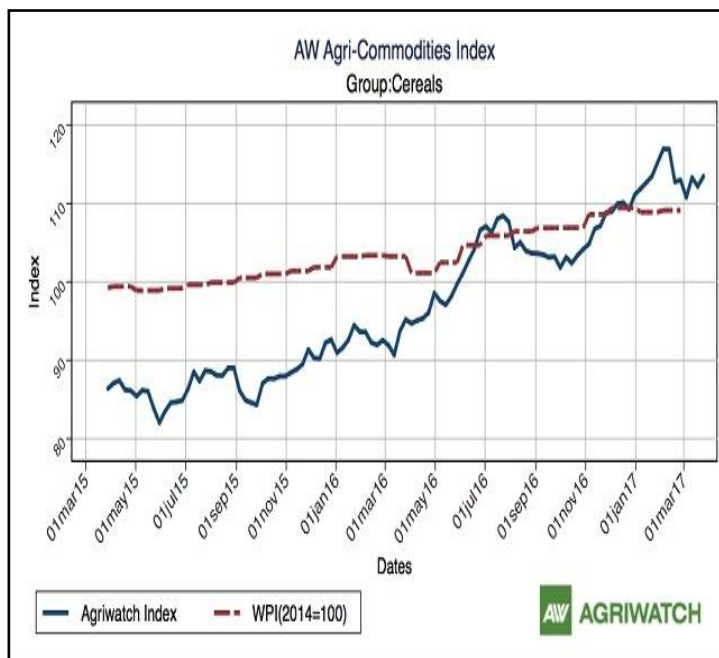
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in June contract taking care of lower and upper price tag of Rs 1579 & 1633 respectively.

Agriwatch Cereals Index:

The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

Seven of the 9 commodity group sub-Indices and 15 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week. Spices and Sweeteners were the only declining groups this week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 113.47 (+1.16%), Pulses: 137.35 (+3.20%), Vegetables: 41.18 (+0.41%), Edible Oils: 104.47 (+0.60%), Oilseeds: 90.01 (+0.80%), Spices: 97.92 (-3.29%), Sweeteners: 125.31 (-0.44%), Fibres: 115.44 (+1.72%) and Other Non-Food Articles: 95.34 (+0.08%).

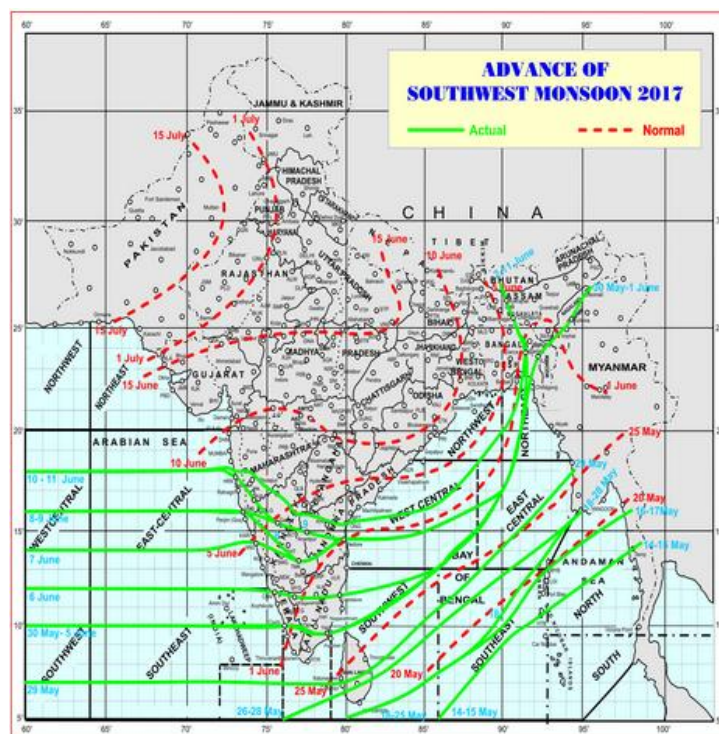


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 (12/06/2017):

Favorable conditions are developing for further advance of southwest monsoon into some more parts of central Arabian Sea, Konkan, Madhya Maharashtra, North Interior Karnataka, some parts of Marathwada, Telangana and some more parts of coastal Andhra Pradesh, central & north Bay of Bengal, remaining parts of Tripura and Assam & Meghalaya and some parts of West Bengal & Sikkim and Odisha during next 2-3 days.

Heavy to very heavy rain very likely at a few places over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura; at isolated places over Konkan & Goa, Coastal Karnataka, Gangetic West Bengal and northern parts of coastal Odisha; heavy at isolated places over Kerala, Interior Karnataka, Telangana, Marathawada, Madhya Maharashtra, Arunachal Pradesh, Sub Himalayan West Bengal & Sikkim and Vidharbha.



Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded weak in Ahmedabad and Kota and firm in Delhi during 02nd – 08th June. Prices are expected to remain steady to slightly weak. Indore mandi remain closed due to ongoing farmer's protest.

Procurement has crossed the mark of 30 MMT and government is likely to procure between 30-31 MMT. Prices are under pressure due to better crop this year and prospects of good monsoon which will support yields of upcoming crop. Arrivals as well as progressive procurement are higher compared to last year during the same period.

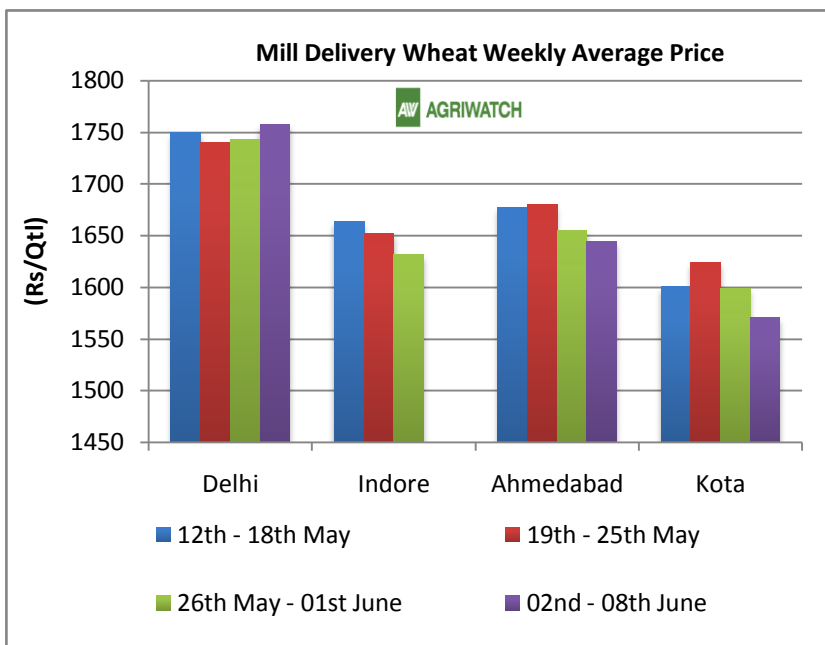

Wheat Stock Norms

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 01st June-2017:

State	Total Procurement In Marketing Season 2016-17 (April To March)	Progressive Procurement As on 01.06.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	67.52	74.11	67.28	+10.15
Madhya Pradesh	39.92	67.24	39.90	+68.52
Punjab	106.49	117.05	106.50	+9.91
Rajasthan	7.62	11.39	7.53	+51.26
Uttar Pradesh	7.97	28.58	7.97	+258.59
All-India	229.62	298.54	229.28	+30.21

Total wheat procurement was registered at 229.62 lakh tonnes till 28th June -2016. Against set target of 33 MMT Government has procured 298.54 lakh tonnes until 01st June-17.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed to weak tone. 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.

Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand of Indian wheat in international market. Unfavorable weather conditions in US, Black sea and Canada are increasing export quotes, thereby reducing price gap but not filling it completely. Prices of wheat may stay steady to slightly weak at current level because south Indian millers are still importing wheat even after duty has been imposed. As of now government has no intention to increase import duty.

Wheat Export:

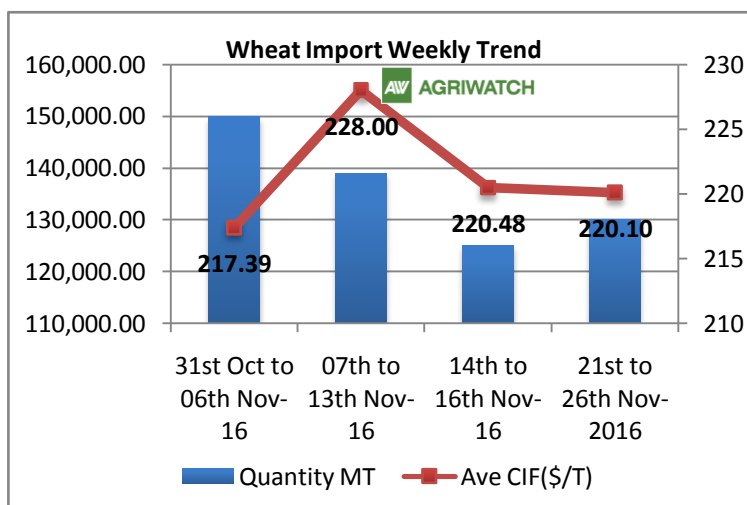
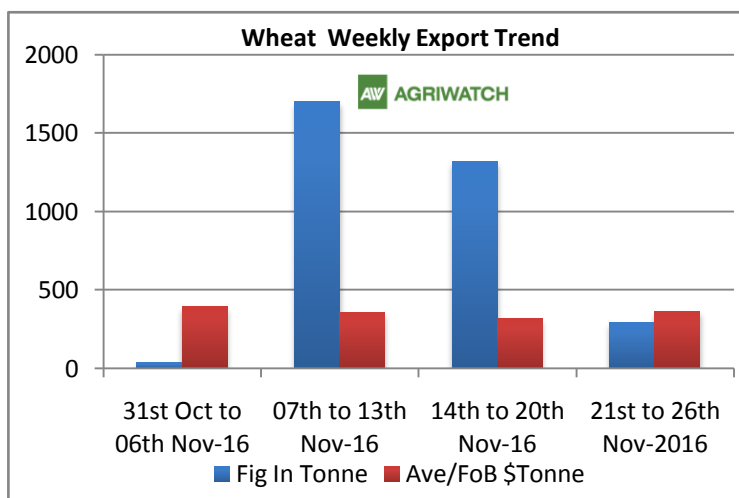
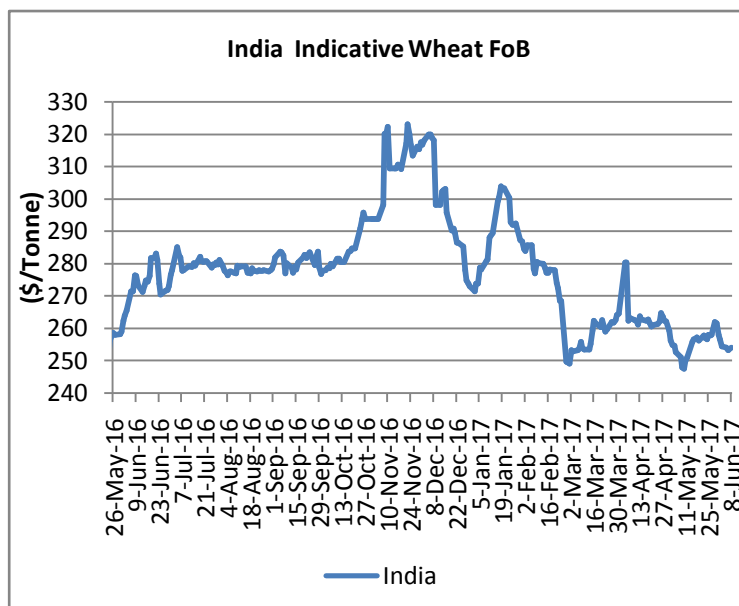
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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 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
		7-Jun-17	31-May-17	8-May-17	8-Jun-16	
USA (Chicago)	2srw	181.80	177.92	172.70	211.10	-13.88
France	FCW3	173.03	173.81	NA	178.93	-3.30
Australia	ASW	198.20	197.74	188.50	234.00	-15.30
Russia	SRW	178.00	184.50	180.00	183.50	-3.00
India	Fob	253.69	257.98	251.09	276.49	-8.25

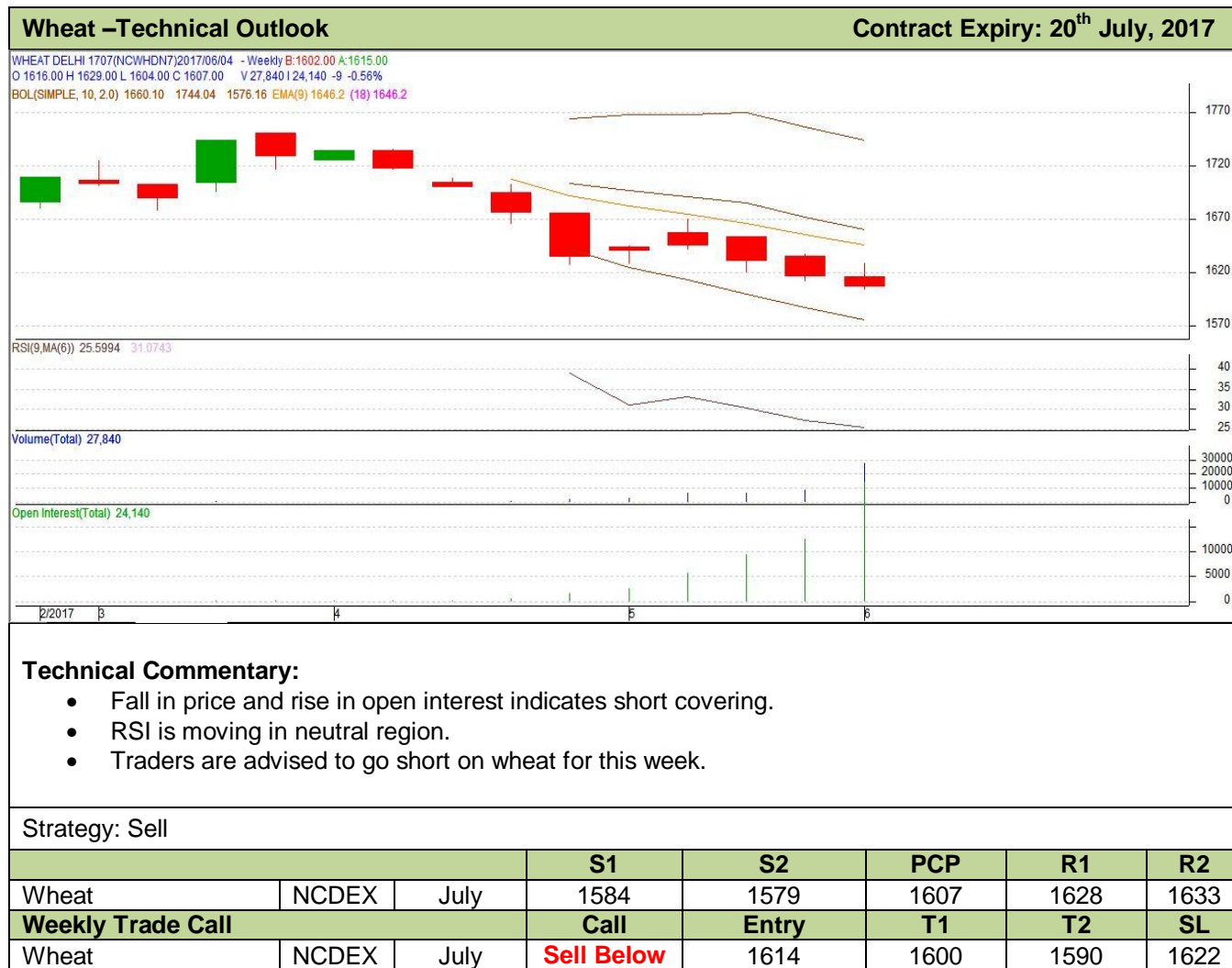
		08/06/2017	01/06/2017	25/05/2017	18/05/2017
July/Aug	Black Sea Mill Wheat 12.5% FOB Pmax.	177	176	174	172
August	Black Sea Mill Wheat 11.5% FOB Pmax.	168	166	166	165

Wheat Futures Contact: NCDEX Price								Date:09.06.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-June	-4	1588	1592	1580	1586	9900	7,170	4510	-6,680
17-July	-5	1610	1614	1604	1607	9020	6,990	24140	5,140
17-Aug	-4	1634	1630	1628	1630	60	-140	60	40

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
	8-Jun-17	1-Jun-17	8-May-17	8-Jun-16	
Indore	1595	1595	1601	1753	-9.01
Bareilly	NA	NA	NA	NA	-
Delhi	1760	1745	1731	1772	-0.68
Khanna	NA	NA	NA	NA	-
Kanpur	1574	1574	1561	1655	-4.89
Karnal	NA	NA	NA	NA	-
Rajkot	1575	1576	1550	1763	-10.66
Kota	1626	1634	1616	1740	-6.55

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Wheat Technical Analysis:


Domestic Market Weekly Outlook:

Wheat cash market is likely to stay steady to slightly weak in the coming week as India is expecting good monsoon this year which means better soil moisture and increased yields. Furthermore good crop in the upcoming season will increase glut created by bumper crop and imports. Demand for wheat is low as traders have adequate stocks which were build through imports and any additional demand can be met by good domestic crop. Furthermore, wheat stocks lying unsold at Indian port silos are likely to keep prices from moving up. At prevailing duty of 10%, South Indian flour millers are still importing wheat and government has no intention of increasing duty as of now.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			8-Jun-17	7-Jun-17	1-Jun-17	8-May-17	8-Jun-16
Delhi	Lawrence Road	Mill Delivery	1755	1765	1745	1730	1770
	Narella	Mill Quality Loose	1670	Closed	1665	1645	NA
	Nazafgarh	Mill Quality Loose	1650	Closed	1630	1640	NA
Gujarat	Rajkot	Mill Delivery	1460	1475	1480	1460	1700
	Ahmedabad	Mill Delivery	1645	1650	1635	1625	1800
	Surat	Mill Quality Loose	1690	1670	1665	1665	1825
	Dhrol	Mill Delivery	1525	1570	1850	1550	1850
M.P.	Indore	Mill Quality Loose	Closed	Closed	Closed	1600	1675
	Bhopal	Mill Delivery	Closed	Closed	Closed	1625	1650
Rajasthan	Kota	Mill Quality Loose	1480	1480	1480	1500	1625
		Mill Delivery	1570	1570	1570	1600	1725
U.P.	Kanpur	Mill Delivery	1735	1740	1740	1710	1625
	Mathura	Mill Quality Loose	1590	1590	1565	1590	1630
	Kosi	Mill Quality Loose	1590	1580	1575	1575	1610
	Hathras	Mill Quality Loose	1590	1600	1580	1600	1620
	Aligarh	Mill Quality Loose	1585	1580	1570	1625	1645
Punjab	Khanna	Mill Quality Loose	1600	1600	1600	1635	1540
	Ludhiana (Jagraon)	Mill Delivery	NA	NR	1750	1725	NA
Haryana	Sirsa	Mill Delivery loose	1630	1625	1625	1625	1630
	Hodal	Mill Delivery	1690	1690	1700	NR	1750



	Bhiwani	Mill Quality Loose	1625	1620	1610	1670	1700
	Karnal	Mill Quality Loose	1625	1625	1630	1650	1660
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	1950	2000
	Madurai	Mill Quality	2007	2007	2007	2007	2057
	Coimbatore	Mill Quality	2007	2007	2007	2007	2057
Bihar	Khagariya	Mill Delivery	1600	1600	1650	1650	1650
	Muzaffarpur	Mill Delivery	1550	1550	1550	1575	1640

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

International Market Update:

GASC has purchased 360000 tonnes of wheat through tender. Of the total quantity 240000 tonnes is of Russian origin and 120000 tonnes is of Romanian origin. GTCS offered 60000 tonnes of Russian wheat at FoB \$192.77 per tonne, AOS offered 60000 tonnes of Russian wheat at FoB \$200.20 per tonne, Friends offered 60000 tonnes of Russian wheat at FoB \$199.20 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$195.95 per tonne, Cofco offered 60000 tonnes of Romanian wheat at FoB \$194.50 per tonne and Cerealcon offered 60000 tonnes of Romanian wheat at FoB \$194.94 per tonne.

USDA has increased forecast for wheat output despite unfavorable weather conditions. The agency increased winter wheat production to 1.250 billion bushels from 1.246 billion bushels and raised Kansas winter wheat yields by 2 bushels per acre to 44 bushels per acre.

Cold weather in Russia has increased concerns regarding wheat crop that has to be harvested in summer and as a result of this, the export prices for Russian wheat has been increasing for the last three weeks. Russian agricultural ministry has downgraded its grain forecast from 110 MMT to 105-110 MMT due to unfavorable weather conditions. The current season may not provide a good output but the carryover from last year's bumper crop will ensure good supply. Furthermore Russian wheat prices are also getting support from purchases made by Egypt.

Canadian spring wheat in western region received good rainfall in the beginning of season is now facing dry conditions. Spring wheat in Saskatchewan is around 7 to 10 days behind their normal development in spite of being planted on time. Furthermore high winds have increased the problem drying up whatever little moisture was left.

Algeria state grains agency OAIC has bought around 450000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$197.75 to \$199 per tonne (Cost and Freight). The quantity to be shipped is due in August. The origin of wheat that is optional but it is likely to be sourced from France.

Russian spring wheat planting has increased to 12.8 million hectares (94.6% of the planned area) although it is down by 4.66 percentage points year on year. Sowing progress has been slower compared to last year due to frost in April and constant rains in May. However traders are confident that delay in sowing will result in higher yields.

As per latest update, Japan's ministry of agriculture bought 159610 MMT of food quality wheat from United States, Australia and Canada. Around 81115 MMT has been bought from United States to be loaded between July 21 - August 20, 55075 MMT has been bought from Canada to be loaded between August 21- September 20 and 23420 MMT of standard white has been bought from west Australia to be loaded between August 1-August 31.

Wheat prices have moved up due to concerns regarding weather in United States, Canada and Black sea. Prolonged dry conditions in United States and Canada may damage spring wheat crop. US have rated 55 percent of its crop in good to excellent condition compared to 62 percent a week ago. Prices in black sea region have also increased for third consecutive week. Wheat with 12.5% protein increased by \$1 per tonne to FoB \$187.50 per tonne.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017 (Forecast)	2017-18 (Proj)	
		Estimated		27.04.2017	25.05.2017
Production	730	738	754	736	736
Trade	153	166	173	166	169
Consumptions	715	719	738	738	738
Carryover stocks	206	225	241	239	239
Y-O-Y change	15	19	16	-	-2
Major Export	66	68	79	73	68

- IGC has kept its projection for wheat unchanged at 736 MMT as on 25th May-2017 for 2017-18. According to forecast by IGC for 2016-17 global wheat production was around 754 MMT against 738 MMT for 2015-16. The difference is around 16 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 increased to 169 MMT. It is 4 MMT lower compared to forecast for last year and higher by 3 MMT compared to 2015-16.
- Consumption has been kept unchanged at 738 MMT for 2017-18. The projection is higher by 19MMT compared to 2015-16.
- Carryout has been kept unchanged at 239 MMT for 2017-18. It is lower by around 2 MMT compared to 2016-17.

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
	7-Jun-17	31-May-17	7-May-17	7-Mar-17	7-Dec-16	7-Jun-16	
Jul-17	163.40	157.71	159.27	173.23	156.05	210.98	-22.55
Sep-17	168.73	163.03	164.87	178.65	161.20	213.09	-20.82
Dec-17	176.35	171.39	172.40	185.26	167.44	216.21	-18.44
Mar-18	182.87	177.82	178.92	190.22	171.85	218.79	-16.41
May-18	187.01	181.95	183.15	191.97	175.16	219.71	-14.88
Jul-18	190.22	184.43	185.26	191.78	178.37	213.46	-10.89

CBOT-July-17

1st Support: 152.00
2nd Support: 150.00
1st Resistant: 174.00
2nd Resistant: 176.00
(\$ per tonne)

CBOT is likely to move from range bound to slightly weak as USDA has increased its output forecast and increased yields of Kansas despite unfavorable weather conditions.

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 \$253.30-254.58 per tonne.

US and Russian quotes are hovering in the range of \$180.22 and \$181.90 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 firm and hover in the range of \$170 to \$210 in coming weeks.

International Weekly Outlook:

Global wheat market is expected to trade from steady to slightly firm as unfavorable weather is threatening upcoming crop in US, Black sea and Canada. Russian spring wheat planting has reached 12.8 million hectares (94.6% of the planned area) and total production for spring and winter season combined is likely to be 63 MMT in 2017 compared to 73.3 MMT in 2016. Production in US is likely to be around 49.5 MMT compared to last year's 62.8 MMT due to fall in area sowed. Dryness in Spain and France, and late frost in Germany and Poland has led EU to revise its production forecast by 1.1 MMT to 142.7 MMT. Ukraine has sown around 95% (1.68 lakh hectares) of their target area for spring wheat. Australia is likely to produce 24 MMT in 2017 compared to 35 MMT in 2016. The fall in production is mainly due to lower area compared to last year. Argentina is expecting to harvest around 17.5 MMT in 2017-18 compared to 16.3 MMT in 2016-17. Furthermore, Canada harvested around 31.7 MMT as higher yields compensated for a 7% drop in harvested area. Therefore, Steady to slightly firm market is expected in short to medium term.

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