



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 5.40 percent to Rs. 1685.07 per quintal during the week ended 15th April 2017. Wheat average price were ruling at Rs 1781.34 per quintal during 01-08 April 2017. As compared to prices in the week 09th -15th April 2016, the prices are weak by 5.18 percent. Prices are expected to remain range bound to slightly weak in coming days.

Government agencies have started procurement since 15th March'17. Until 13th June'17 government has procured around 304.25 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, 33.57 lakh tonnes from Uttar Pradesh and 12.12 lakh tonnes from Rajasthan. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 92.19% of its procurement target. Last year government was able to procure only 229 lakh tonnes due to lower production.

As per latest update, wheat stock in central pool as on 1st June'17 stood at 33.44 MMT up by 12.82% compared to last month. This quantity is higher by around 8.02% compared to last year for the same month. For the year 2017-18, FCI has decided to sell around 40 lakh tonnes of wheat. 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.

As on 15th June, FCI will sell 16000 tonnes of wheat through e-auction in Delhi tomorrow at various depots. The reserve price has been fixed at Rs 1790 per quintal plus freight and other taxes/charges. Government is likely to sell around 40 lakh tonnes of wheat in MY 2017-18 compared to 46 lakh tonnes in MY 2016-17.

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 second forecast of the 2017 Southwest Monsoon (June to September), with 50 percent probability, the IMD now forecasts that monsoon rainfall is likely to be 98 percent of the LPA. The monthly rainfall over the country as a whole is forecast to be 96 percent of LPA in July and 99 percent of LPA during August. This forecast, IMD's second, is an update from its April forecast when it forecast a near normal monsoon with monsoon rainfall likely to be 96 percent of the LPA.

Indian FoB quote is hovering around \$256.27 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$178.0, \$179.50, Euro 153.13, \$181.60 and \$197.67 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.

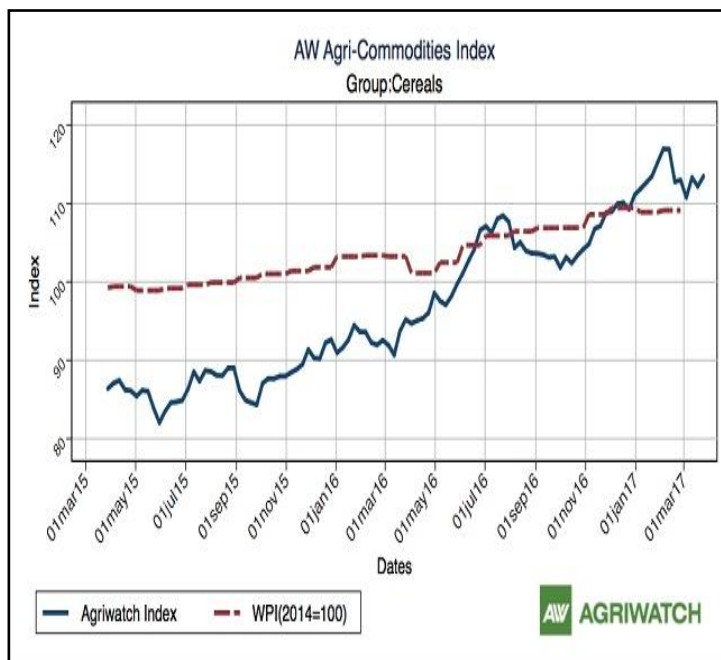
Outlook & Recommendation:-Wheat cash market is expected to trade steady to slightly weak in the coming week.

Trade Call: Stakeholders should trade in July contract taking care of lower and upper price tag of Rs 1579 & 1656 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%).

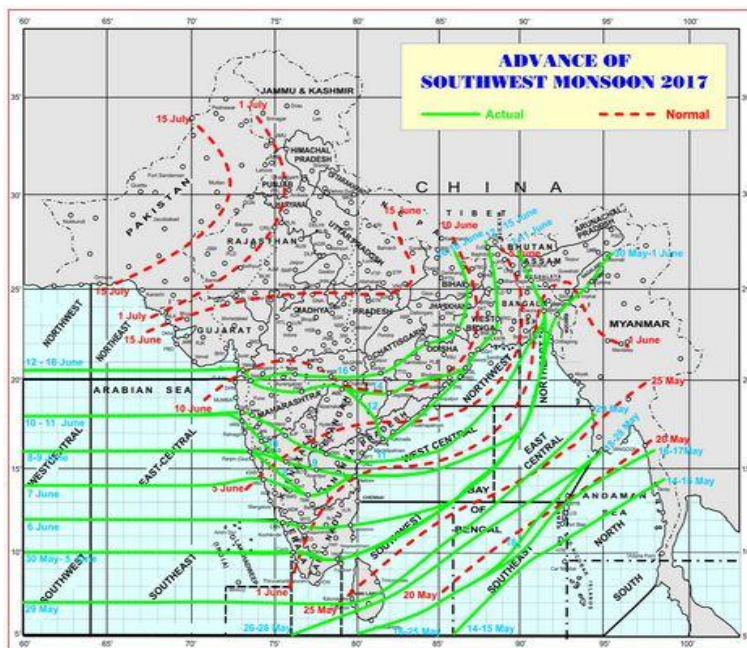


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 (19/06/2017):

Favorable Conditions are developing for further advance of southwest monsoon into some more parts of Chhattisgarh, remaining parts of Odisha, some more parts of Jharkhand and Bihar during next 23 days. The upper air cyclonic circulation over eastern parts of Assam & neighborhood extending up to 0.9 km above mean sea level persists.

The trough at mean sea level from Punjab to Manipur across Haryana, Uttar Pradesh, Bihar and northern parts of Gangetic West Bengal persists. Rain very likely at most places over east and northeastern states; at many places over west coast & adjoining central India; at a few places over northwest and peninsular India.



Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded weak in Delhi and firm in Ahmedabad, Kota and Indore during 09th – 15th June. Prices are expected to remain steady to slightly weak. Indore mandi reopened after 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.

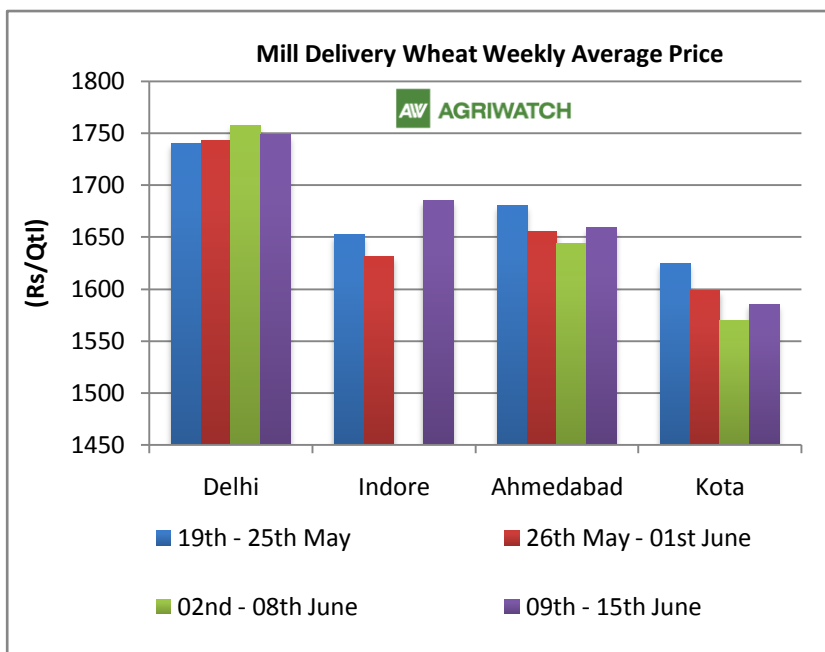

Wheat Stock Norms

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 09th June-2017:

State	Total Procurement In Marketing Season 2016-17 (April To March)	Progressive Procurement As on 09.06.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	67.52	74.11	67.52	9.76%
Madhya Pradesh	39.92	67.24	39.92	68.44%
Punjab	106.49	117.05	106.49	9.92%
Rajasthan	7.62	11.92	7.62	56.43%
Uttar Pradesh	7.97	32.21	7.97	304.14%
All-India	229.62	302.69	229.62	31.82%

Total wheat procurement was registered at 229.62 lakh tonnes till 28th June -2016. Against set target of 33 MMT Government has procured 302.69 lakh tonnes until 09st June-17.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed to slightly firm 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:

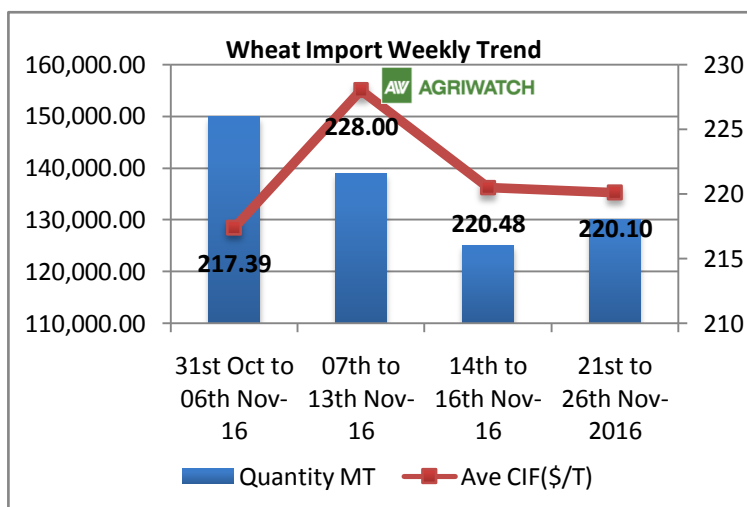
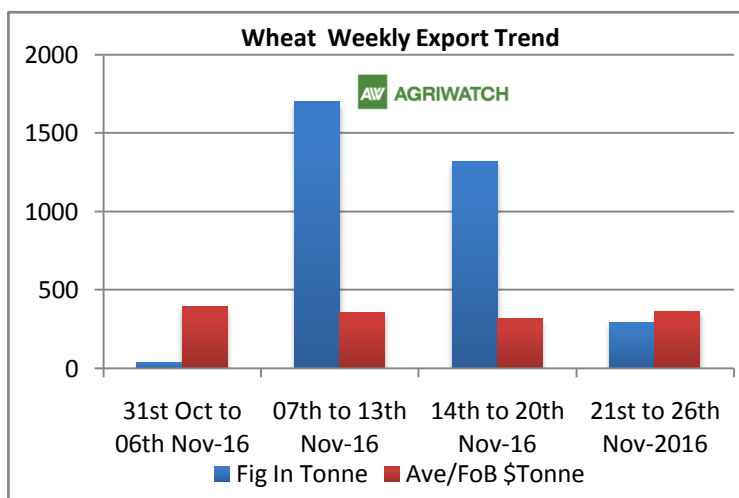
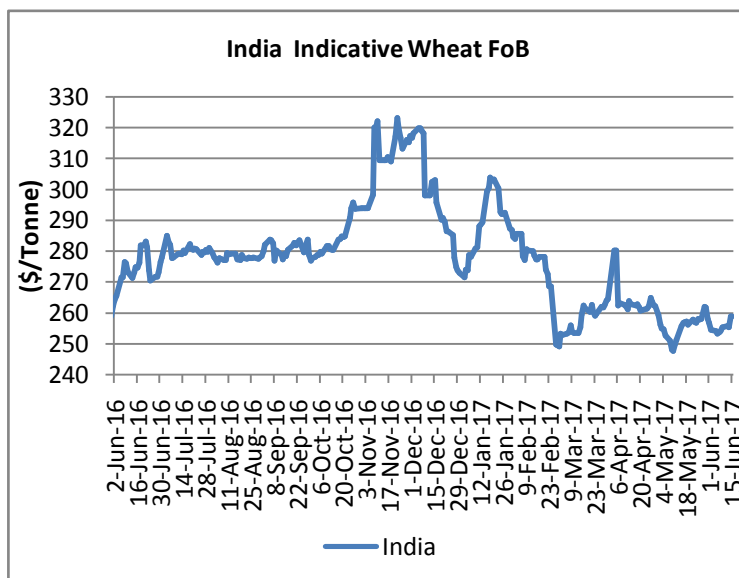
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		14-Jun-17	7-Jun-17	15-May-17	15-Jun-16	
USA (Chicago)	2srw	181.10	181.80	175.35	193.80	-6.55
France	FCW3	172.14	173.03	173.38	169.84	1.35
Australia	ASW	194.81	198.20	196.50	226.00	-13.80
Russia	SRW	178.00	178.00	180.00	181.50	-1.93
India	Fob	258.90	253.69	255.81	274.76	-5.77

		15/06/2017	08/06/2017	01/06/2017	25/05/2017
July/Aug	Black Sea Mill Wheat 12.5% FOB Pmax.	185	177	176	174
August	Black Sea Mill Wheat 11.5% FOB Pmax.	175	168	166	166

Wheat Futures Contact: NCDEX Price									Date: 16.06.2017
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-June	0	1611	1611	1611	1611	-	-	-	-
17-July	+7	1625	1640	1623	1628	4560	3,480	24080	-1,150
17-Aug	+10	1658	1658	1647	1650	1580	1,350	1520	+990

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
	15-Jun-17	8-Jun-17	15-May-17	15-Jun-16	
Indore	NA	1595	1619	1762	-
Bareilly	NA	NA	NA	NA	-
Delhi	1746	1760	1752	1799	-2.95
Khanna	NA	NA	NA	NA	-
Kanpur	1579	1574	1601	1698	-7.01
Karnal	NA	NA	NA	NA	-
Rajkot	1585	1575	1568	1759	-9.89
Kota	1616	1626	1620	1798	-10.12

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



Wheat –Technical Outlook

WHEAT DELHI 1707(NCWHDN7)2017/06/18 - Weekly B:1621.00 A:1626.00
O 1630.00 H 1630.00 L 1624.00 C 1625.00 V 610 | 24,250 -2 -0.12%
BOL(SIMPLE, 10, 2.0) 1640.10 1693.38 1586.82 EMA(9) 1638.9 (18) 1638.9

Contract Expiry: 20th July, 2017

Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- RSI is moving in neutral region.
- Traders are advised to go short on wheat for this week.

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	July	1587	1579	1627	1651	1656
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Sell Below	1630	1614	1601	1639

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
			15-Jun-17	14-Jun-17	8-Jun-17	15-May-17	15-Jun-16
Delhi	Lawrence Road	Mill Delivery	1745	1745	1755	1750	1795
	Narella	Mill Quality Loose	1675	Closed	1670	1670	NA
	Nazafgarh	Mill Quality Loose	1640	Closed	1650	1665	NA
Gujarat	Rajkot	Mill Delivery	Closed	1500	1460	1480	1700
	Ahmedabad	Mill Delivery	Closed	1680	1645	1680	1800
	Surat	Mill Quality Loose	Closed	1710	1690	1710	1820
	Dhrol	Mill Delivery	NR	NR	1525	1605	1920
M.P.	Indore	Mill Quality Loose	Closed	Closed	Closed	1600	1700
	Bhopal	Mill Delivery	Closed	Closed	Closed	1625	1725
Rajasthan	Kota	Mill Quality Loose	1500	1500	1480	1500	1700
		Mill Delivery	1600	1600	1570	1600	1775
U.P.	Kanpur	Mill Delivery	1725	1735	1735	1715	1675
	Mathura	Mill Quality Loose	1580	1585	1590	1575	1650
	Kosi	Mill Quality Loose	1585	1588	1590	1580	1633
	Hathras	Mill Quality Loose	1550	1570	1590	1540	1650
	Aligarh	Mill Quality Loose	1600	1600	1585	1625	1650
Punjab	Khanna	Mill Quality Loose	1600	1600	1600	1610	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1725	NA
Haryana	Sirsa	Mill Delivery loose	1630	1630	1630	1625	1660



	Hodal	Mill Delivery	1700	1700	1690	1690	1740
	Bhiwani	Mill Quality Loose	1640	1640	1625	1680	1700
	Karnal	Mill Quality Loose	1640	1630	1625	1650	1680
	Panipat	Mill Quality Loose	1625	NR	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2000	2000	1950	1950	2050
	Madurai	Mill Quality	2057	2057	2007	2007	2107
	Coimbatore	Mill Quality	2057	2057	2007	2007	2107
Bihar	Khagariya	Mill Delivery	1625	1600	1600	1625	1750
	Muzaffarpur	Mill Delivery	1525	1550	1550	1550	1645

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:

As per latest update, Japan's ministry of agriculture bought 162286 MMT of food quality wheat from United States, Australia and Canada. Around 98536 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between July 21 - August 20, 28620 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between August 21- September 20 and 35130 MMT of standard white has been bought from west Australia to be loaded between August 1-August 31.

The Rosario grain exchange has increased Argentina's winter wheat area by around 8 percent to 5.6 million hectares from 5.2 million hectares. Wheat crop is likely to hit a new record of 17.5 million tonnes in 2017-18 compared to 16.3 million tonnes in 2016-17. The increase in production of upcoming crop is mainly attributed to better crop technology. The only concern is regarding excessive moisture levels which are making it hard to prepare the land for planting.

Australia has given its production forecast for 2017-18 at 24.19 MMT compared to last year's record crop of 35.1 MMT. The area has been decreased by around 1.2 percent to 12689 thousand hectares compared to 2016-17. Last year exceptional yields have led to a record crop, however this year yields have returned to normal levels.

GASC has purchased 300000 tonnes of wheat through tender. Of the total quantity 180000 tonnes is of Russian origin, 60000 tonnes is of Romanian origin and 60000 tonnes is of Ukrainian origin. Friends offered 60000 tonnes of Russian wheat at FoB \$205.47 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$206.88 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$206.88 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB \$205.57 per tonne and Aston offered 60000 tonnes of Romanian wheat at FoB \$206.88 per tonne.

As per latest update, china has sold 1809 tonnes of imported wheat for average price of 2550 yuan (\$375.24) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 1.19 percent of 151854 tonnes of wheat available at auction.

As per latest update by USDA around 50% of winter wheat and 45% of spring wheat is in good or excellent condition compared to 61% and 79% a year ago respectively. Further around 17% of winter wheat has been harvested and 95% of spring wheat has emerged.

As per latest update, Egypt has procured around 3.4 million tonnes of wheat since the beginning of its harvesting season from mid-April. The ministry is targeting local procurement between 3.5 million to 4 million tonnes. Egypt also has 1.2 million tonnes in sugar reserves, 3.2 lakh tonnes of vegetable oil reserves and 1.5 lakh tonnes of rice reserves.

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.

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
	14- Jun-17	7-Jun-17	14-May-17	14-Mar-17	14-Dec-16	14- Jun-16	
Jul-17	162.76	163.40	155.50	163.77	160.19	205.19	-20.68
Sep-17	167.99	168.73	160.92	169.19	165.05	207.67	-19.11
Dec-17	175.98	176.35	168.54	175.89	171.21	211.81	-16.91
Mar-18	182.51	182.87	175.43	181.31	175.80	215.66	-15.37
May-18	187.01	187.01	179.66	183.79	178.83	216.12	-13.47
Jul-18	190.13	190.22	182.05	185.35	180.49	211.07	-9.92

CBOT-July-17

1st Support: 152.00
2nd Support: 150.00
1st Resistant: 178.00
2nd Resistant: 180.00
(\$ per tonne)

CBOT moved up on crop concern as dry weather continued in major wheat areas and is likely to move from range bound to slightly firm as percentage of spring wheat in good or excellent condition in USA has decreased on weekly basis. Similar is the case with condition for winter wheat.



International FOB Weekly Price Movement (USD/T)

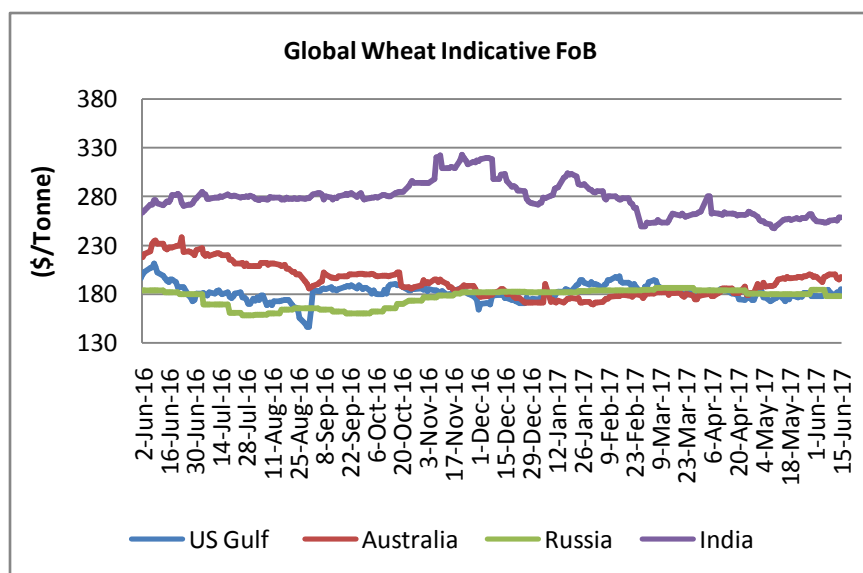
Indian FoB quote is based on local price. There is no export in bulk volume currently. Indian FoB quote is hovering between \$258.90-255.25 per tonne.

US and Russian quotes are hovering in the range of \$181.60 and \$178.00 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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