

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 9.82 percent to Rs. 1850.5 per quintal during the week ended 23rd June 2017. Wheat average price were ruling at Rs 1685.07 per quintal during 09-15 June 2017. As compared to prices in the week 16th -23rd June 2016, the prices are firm by 4.70 percent. Prices are expected to remain range bound to slightly weak in coming days.

Monsoon is likely to arrive in the Northern part of the country by Wednesday. Rapid advancement of southwest monsoon is mainly attributed to northwest-movement of low pressure which is currently over northwest Bay of Bengal and its contact with western disturbance. In the next 4-5 days most parts of northwest India, including entire Uttar Pradesh, Delhi, Haryana, Chandigarh, Punjab, Uttarakhand, Himachal Pradesh and Jammu & Kashmir are likely to engulfed in monsoon.

Government agencies have started procurement since 15th March'17. Until 23rd June'17 government has procured around 307.91 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, 36.99 lakh tonnes from Uttar Pradesh and 12.36 lakh tonnes from Rajasthan. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Government has achieved 93.30% 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.

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: -

FCI will sell a total quantity 375000 tonnes of wheat in different states through e-auction on 29th June at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 157500 tonnes is offered in Maharashtra followed by 50000 tonnes in West Bengal, 30000 tonnes in Odhisa, 29500 tonnes in Gujarat, 22500 tonnes in Kerela, 19200 tonnes in Karnataka, 16500 tonnes in Tamil Nadu, 16000 tonnes in Delhi, 15000 tonnes in Assam, 8300 tonnes in Chattisgarh, 3000 tonnes in Uttar Pradesh, 2000 tonnes in Andhra Pradesh, 1500 tonnes in Himachal Pradesh and 1000 tonnes in each J&k, Jharkhand, Pondicherry and Goa.

Indian FoB quote is hovering around \$259.34 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$178.0, \$179.50, Euro 170.94, \$190.97 and \$208.91 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 1587 & 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).

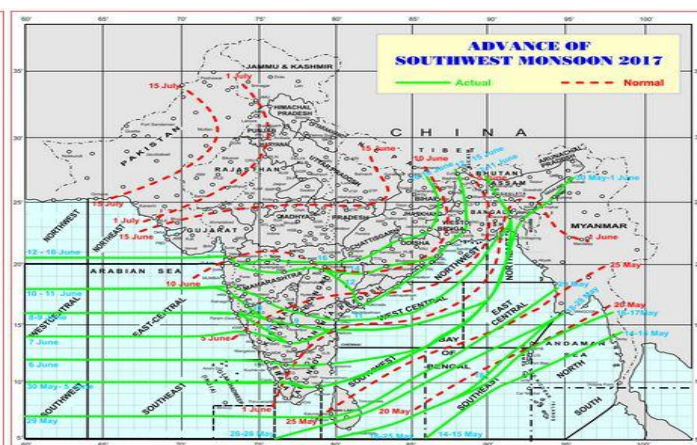
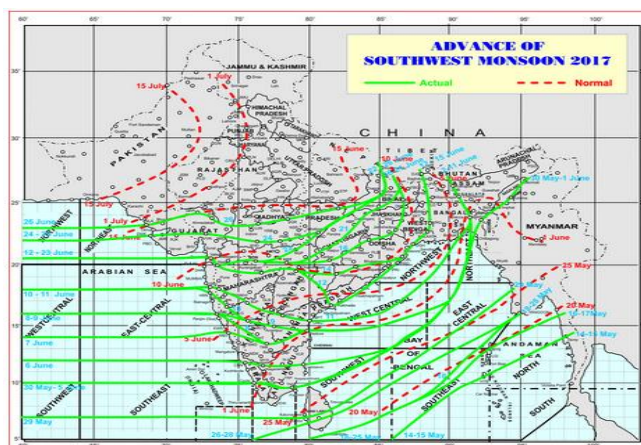
Seven of the 9 commodity group sub-Indices and 15 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week. Spices and Sweeteners were the only declining groups this week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 113.47 (+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: (27/06/2017)

(19/06/2017)



Favorable conditions are developing for the rapid advance of southwest monsoon into most parts northwest India, including remaining parts of Gujarat, Madhya Pradesh, Bihar, East Uttar Pradesh, entire West Uttar Pradesh, Haryana, Chandigarh & Delhi, Punjab, Uttarakhand, Himachal Pradesh and Jammu & Kashmir and some parts of Rajasthan during next 3-4 days. This is expected; in view of the likely west-northwestward movement of the cyclonic circulation which is currently located over north Odisha and neighborhood, towards northwest India and its likely interaction with an approaching Western Disturbance.

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded weak in Delhi, Indore and firm in Ahmedabad and Kota during 16th – 22nd June. Prices are expected to remain steady to slightly weak.

Procurement has crossed the mark of 305 LMT and government is likely to procure between 300-310 LMT. Quality of wheat is not a concern this year as good quality wheat is available at lower prices compared to last year due to ample availability in the market. 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.

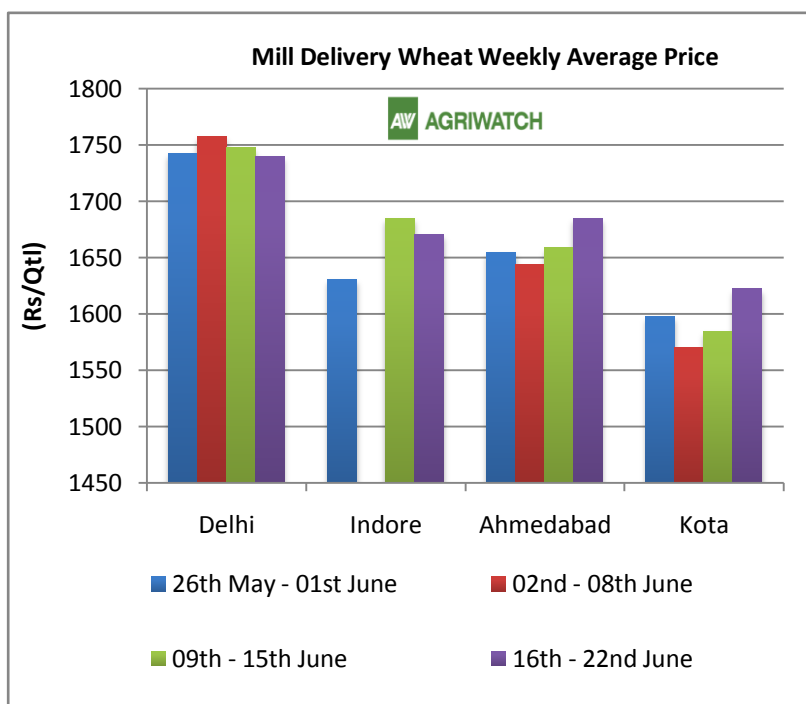

Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand 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 16th June-2017:

State	Total Procurement In Marketing Season 2016-17(April To March)	Progressive Procurement As on 16.06.2017(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	12.27	7.62	61.02%
Uttar Pradesh	7.97	35.62	7.97	346.93%
All-India	229.62	306.46	229.62	33.46%

Total wheat procurement was registered at 229.62 lakh tonnes till 28th June -2016. Against set target of 33 MMT Government has procured 306.46 lakh tonnes until 16th June-17.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed range bound trend last week. 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:

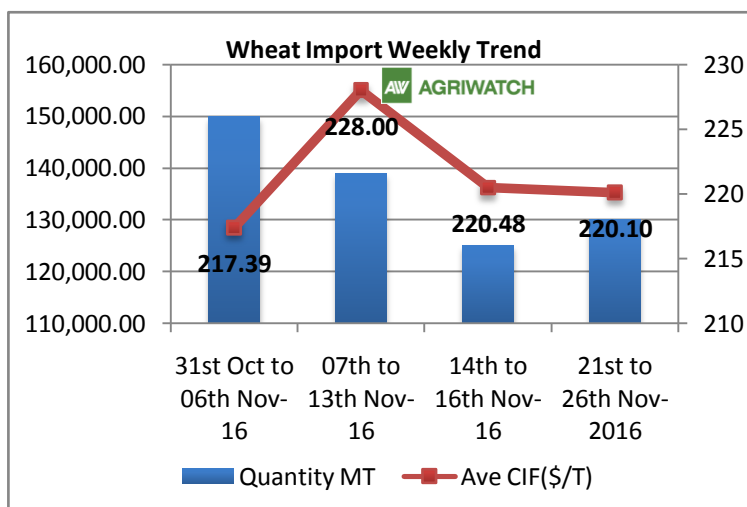
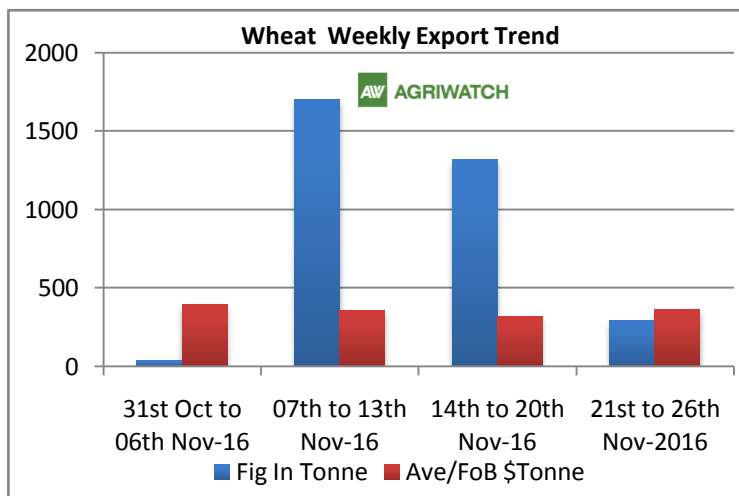
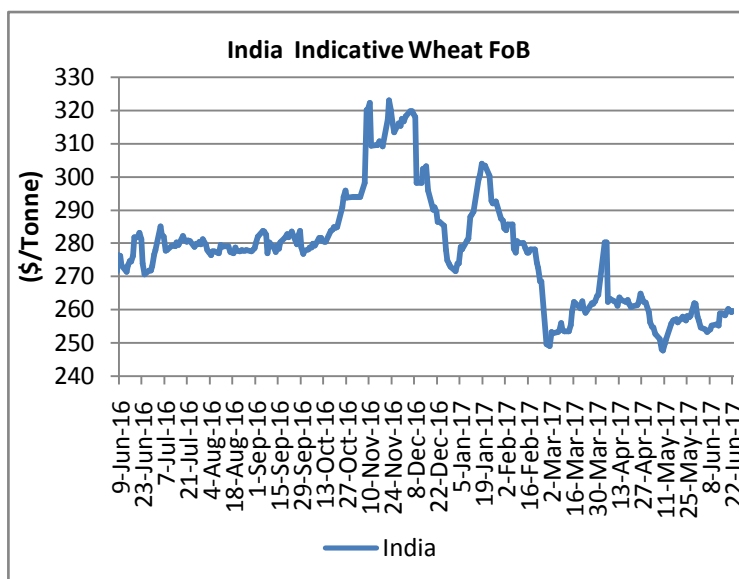
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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 6 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
		21-Jun-17	14-Jun-17	22-May-17	22-Jun-16	
USA (Chicago)	2srw	191.95	181.10	177.29	186.90	+2.70
France	FCW3	191.54	172.14	178.45	172.77	+10.87
Australia	ASW	210.60	194.81	196.81	230.00	-8.43
Russia	SRW	178.00	178.00	180.00	179.50	-0.84
India	Fob	259.29	258.90	257.90	281.27	-7.81

		22/06/2017	15/06/2017	08/06/2017	01/06/2017
July/Aug	Black Sea Mill Wheat 12.5% FOB Pmax.	186	185	177	176
August	Black Sea Mill Wheat 11.5% FOB Pmax.	177	175	168	166

Wheat Futures Contact: NCDEX Price									Date:23.06.2017
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-July	-2	1614	1613	1611	1612	690	+90	23330	-590
17-Aug	-1	1634	1634	1630	1633	730	+270	3400	+680
17-Sep	0	1654	1654	1654	1654	-	-	-	-

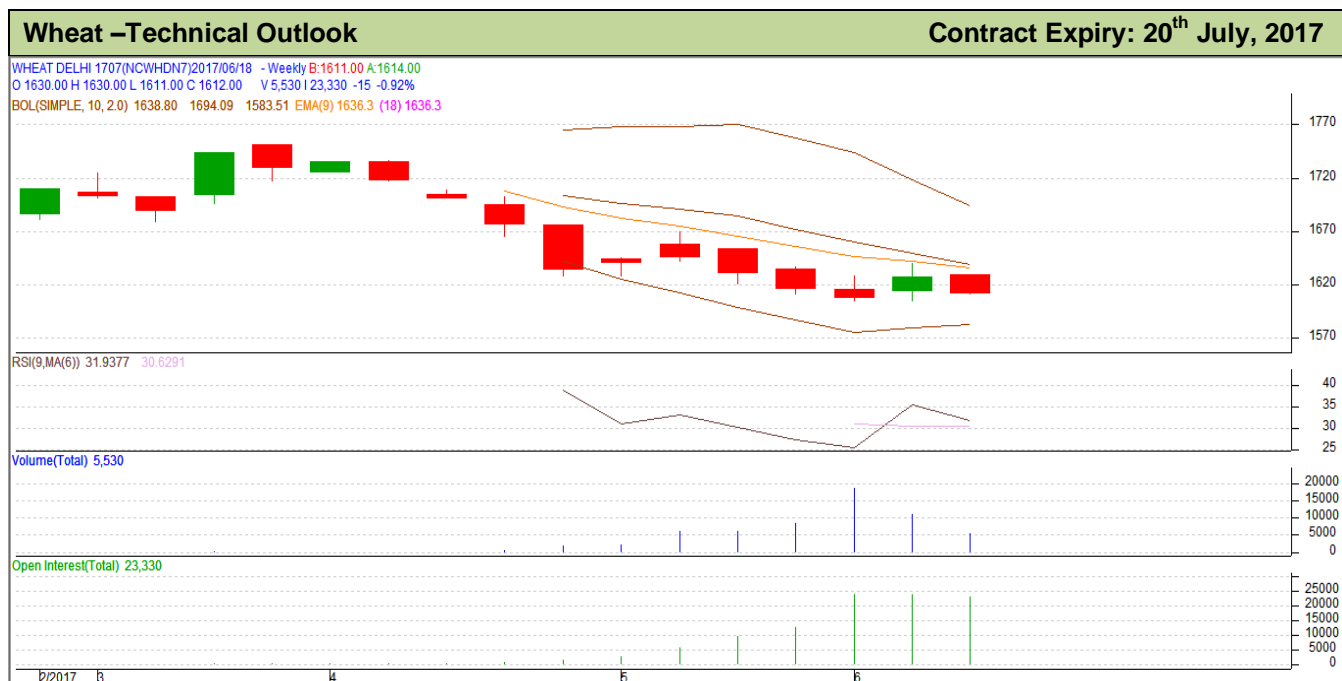
Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	22-Jun-17	15-Jun-17	22-May-17	22-Jun-16	
Indore	1627	NA	1610	1815	-10.36
Bareilly	NA	NA	NA	NA	-
Delhi	1741	1746	1738	1818	-4.24
Khanna	NA	NA	NA	NA	-
Kanpur	1572	1579	1594	1745	-9.91
Karnal	NA	NA	NA	NA	-
Rajkot	1590	1585	1597	1792	-11.27
Kota	1626	1616	1614	1810	-10.17

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 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. Buying activities are also sluggish due to lack of clarity regarding GST. 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. 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
			22-Jun-17	21-Jun-17	15-Jun-17	22-May-17	22-Jun-16
Delhi	Lawrence Road	Mill Delivery	1740	1740	1745	1735	1820
	Narella	Mill Quality Loose	1670	Closed	1675	1670	NA
	Nazafgarh	Mill Quality Loose	1630	Closed	1640	1640	NA
Gujarat	Rajkot	Mill Delivery	1515	1510	1500	NA	1740
	Ahmedabad	Mill Delivery	1700	1680	1680	NA	1870
	Surat	Mill Quality Loose	1720	1710	1710	NA	1900
	Dhrol	Mill Delivery	1620	1655	NR	1620	1880
M.P.	Indore	Mill Quality Loose	1625	1625	NA	1600	1750
	Bhopal	Mill Delivery	1600	1675	NA	1600	1750
Rajasthan	Kota	Mill Quality Loose	1530	1530	1500	1520	1700
		Mill Delivery	1630	1630	1600	1640	1780
U.P.	Kanpur	Mill Delivery	1720	1740	1725	1735	1700
	Mathura	Mill Quality Loose	1560	1570	1580	1560	1665
	Kosi	Mill Quality Loose	1575	1580	1585	1570	1670
	Hathras	Mill Quality Loose	1560	1560	1550	1580	1660
	Aligarh	Mill Quality Loose	1575	1590	1600	1560	NA
Punjab	Khanna	Mill Quality Loose	1600	1610	1600	1610	1600
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1750	NA
Haryana	Sirsa	Mill Delivery loose	1635	1635	1630	1615	1680



	Hodal	Mill Delivery	1690	1690	1700	1690	1750
	Bhiwani	Mill Quality Loose	1620	1620	1640	1625	1730
	Karnal	Mill Quality Loose	1640	1640	1640	1660	1700
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	1950	2000	1980	2100
	Madurai	Mill Quality	2007	2007	2057	2037	2157
	Coimbatore	Mill Quality	2007	2007	2057	2037	2157
Bihar	Khagariya	Mill Delivery	1600	1600	1625	1650	1700
	Muzaffarpur	Mill Delivery	1550	1550	1525	1550	1650

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 FranceAgrimer, around 68 percent of the soft wheat crop in France was in good or excellent condition compared to 74 percent a week earlier. Crop condition became stable during May after rains however moisture levels are still at lower levels and recent heat wave can also hurt maturing crop. France's crop was damaged last year as well due to unfavorable weather conditions.

As per latest update, Japan's ministry of agriculture bought 135747 MMT of food quality wheat from United States, Australia and Canada. Around 69961 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between July 21 - August 20, 31106 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between August 21- September 20 and 34680 MMT of standard white has been bought from west Australia to be loaded between August 1-August 31.

GASC has purchased 175000 tonnes of wheat through tender. Of the total quantity 120000 tonnes is of Romanian origin and 55000 tonnes is of Ukrainian origin. Cereacom offered 60000 tonnes of Romanian wheat at FoB \$193.94 per tonne, Cofco offered 60000 tonnes of Romanian wheat at FoB \$195.00 per tonne and Aston offered 55000 tonnes of Ukrainian wheat at FoB \$190.13 per tonne.

As per market sources, Ukraine is offering 2nd class wheat for CNF \$240 per tonne and 3rd class wheat for CNF \$235 per tonne at Mundra port. Furthermore high quality Ukrainian wheat flour with protein content of 10.5% is being offered at FoB \$245 per tonne at Odessa port. However due to good production, unsold stock at port silos and lower domestic prices buyers are not finding these prices attractive.

Wheat crop in France and Spain are likely to be damaged by an upcoming heat wave whereas Germany, Poland and UK are likely to benefit from rain. Forecast for soft wheat has been downgraded by 1.1 million tonnes to 141.6 million tonnes. France's crop was damaged last year as well due to unfavorable weather conditions.

Egypt has concluded its local wheat procurement from farmers at 3.4 million tonnes, just short of its target of 3.5-4 million tonnes. Furthermore Egypt has also purchased 350000 tonnes of durum wheat apart from 3.4 million tonnes which would be sold to local pasta factories.

China has sold 1809 tonnes of wheat for average price of 2436 yuan (\$356.45) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 0.43 percent of 3024632 tonnes of wheat available at auction.

As per latest update by USDA around 49% of winter wheat and 41% of spring wheat is in good or excellent condition compared to 61% and 76% a year ago respectively. Further around 28% of winter wheat has been harvested.

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.

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
	21- Jun-17	14-Jun- 17	21-May-17	21-Mar-17	21-Dec-16	21- Jun-16	
Jul-17	170.66	162.76	159.54	168.36	158.17	195.55	-12.73
Sep-17	176.17	167.99	164.60	175.43	163.31	198.30	-11.16
Dec-17	184.43	175.98	172.59	180.76	169.56	203.26	-9.26
Mar-18	190.31	182.51	179.20	183.33	173.87	207.76	-8.40
May-18	194.54	187.01	183.42	184.71	176.17	208.22	-6.57
Jul-18	196.83	190.13	186.73	188.11	177.09	208.32	-5.51

CBOT-July-17

1st Support: 154.00
2nd Support: 152.00
1st Resistant: 180.00
2nd Resistant: 182.00
(\$ per tonne)

CBOT moved down as wet weather was witnessed in major growing regions 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.

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 \$258.34-260.21 per tonne.

US and Russian quotes are hovering in the range of \$190.97 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 \$220 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, Canada and EU. Wheat crop in France and Spain are likely to be damaged by an upcoming heat wave whereas Germany, Poland and UK are likely to benefit from rain. All this has led EU to revise its production forecast down by 1.1 MMT to 141.6 MMT. 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. 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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