

Wheat Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Agriwatch Cereals Index
- ❖ Weather
- ❖ Weekly Price Change
- ❖ Stock
- ❖ Weekly Wheat Export & Import
- ❖ Future Chart
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 9.47 percent to Rs. 1675.21 per quintal during the week ended 30th June 2017. Wheat average price were ruling at Rs 1850.5 per quintal during 16-23 June 2017. As compared to prices in the week 24th -30th June 2016, the prices are weak by 5.57 percent. Prices are expected to remain range bound to slightly weak in coming days.

In the first month (June) of southwest monsoon, India witnessed 4 percent excess rains. A surplus of 5 percent and 50 percent was recorded in Central/South India and Northwest India respectively in terms of rain. However a deficiency of around 17 percent was seen in East and Northeast region. As of now southwest monsoon has hit Delhi-NCR and western disturbance persists over Jammu & Kashmir. Furthermore a cyclonic circulation is building over East Uttar Pradesh, Bihar, Northwest Bengal and coast of Odhisa.

Government agencies have started procurement since 15th March'17. Until 30th June'17 government has procured around 307.98 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, 12.43 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttarakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government was able to procure only 229 lakh tonnes due to lower production.

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 latest update under GST, loose and unbranded wheat will not attract any duty whereas a duty of 5% will be applicable on packed wheat sold under a brand name. Same is the case with flour and maida.

India has extended exemption for crop fumigation by six month to 30th December 2017. Prior to this, India has stated that after 30th June 2017 the country would accept cargoes that are fumigated with methyl bromide at the port of origin. However this extension of six months comes with a cost as cargoes need to be fumigated at port of destination in India at five times the normal cost of fumigation. This will add up to \$ 11.18 per tonne for container shipment. Methyl bromide has been banned or restricted in many countries due to its unfriendly atmospheric properties.

Indian FoB quote is hovering around \$261.89 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$176.2, \$177.70, Euro 167.25, \$189.62 and \$217.91 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 1577 & 1654 respectively.

Agriwatch Cereals Index:

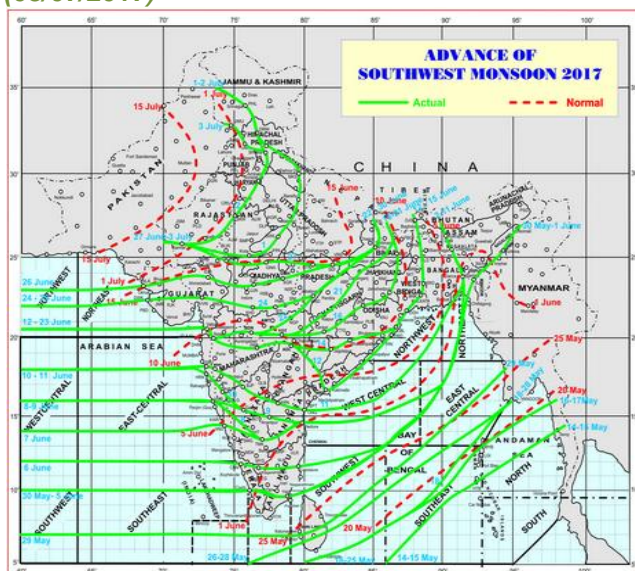
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%).

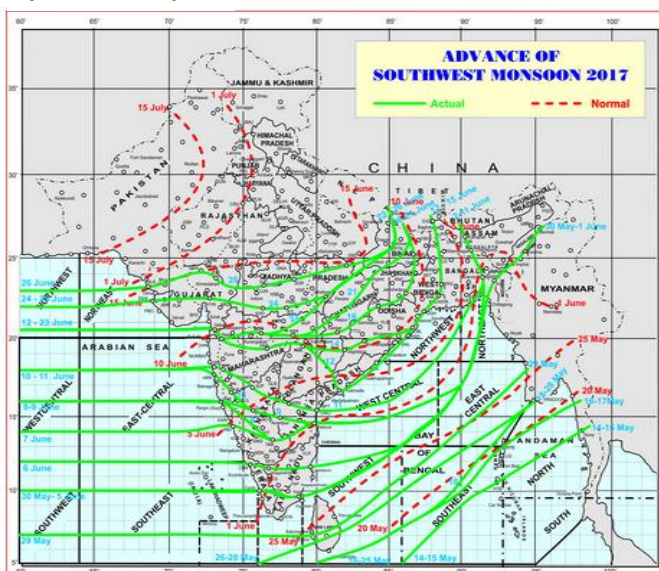


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (03/07/2017)



(27/06/2017)



The southwest monsoon has further advanced into some more parts of Himachal Pradesh and Jammu & Kashmir. In near future, Heavy to very heavy rain with extremely heavy falls is likely to occur at isolated places over Assam & Meghalaya; heavy to very at isolated places over East Uttar Pradesh, Bihar, Sub Himalayan West Bengal & Sikkim and Arunachal Pradesh.

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded weak in Delhi, Indore, Kota and firm in Ahmedabad during 23rd -29th June. Prices are expected to remain steady to slightly weak.

Trade activities are sluggish in mandis due to ongoing issues related to GST Procurement has crossed the mark of 307.98 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.

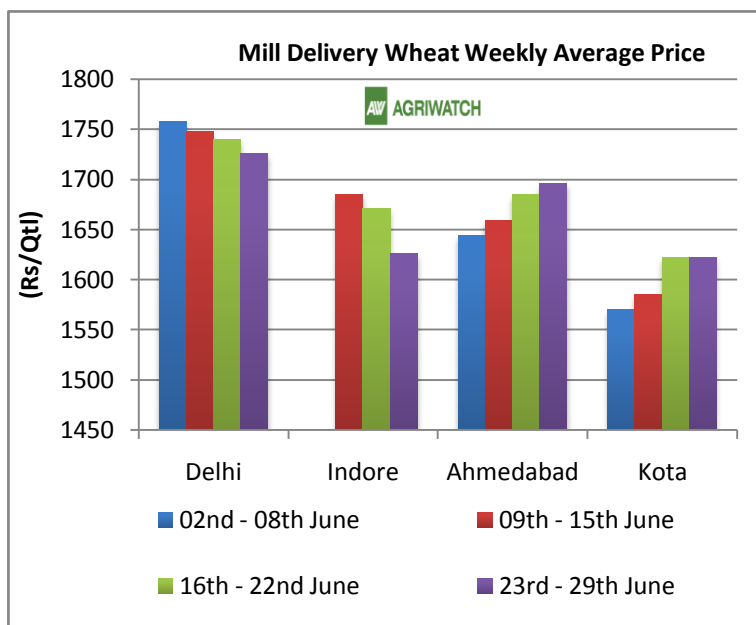

Wheat Stock Norms

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 23rd June-2017:

State	Total Procurement In Marketing Season 2016-17(April To March)	Progressive Procurement As on 23.06.2017(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	12.35	7.62	62.07%
Uttar Pradesh	7.97	36.99	7.97	364.12%
All-India	229.62	307.91	229.62	34.10%

Total wheat procurement was registered at 229.62 lakh tonnes till 28th June -2016. Against set target of 33 MMT Government has procured 307.91 lakh tonnes until 23rd June-17.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed range bound to slightly firm 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:

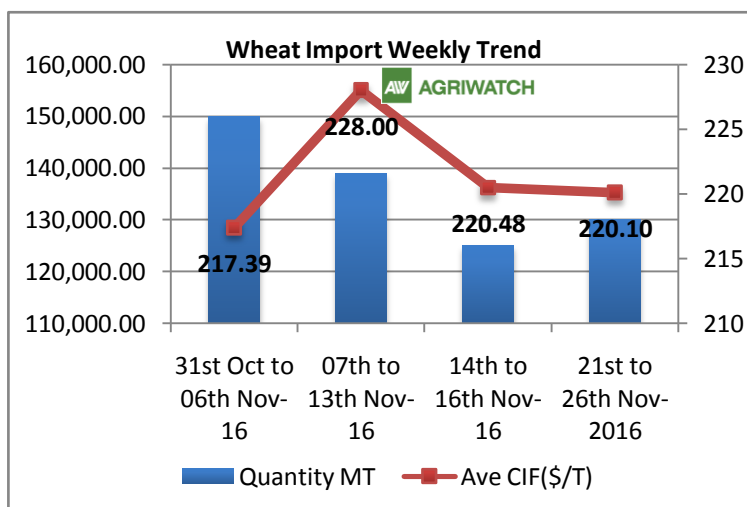
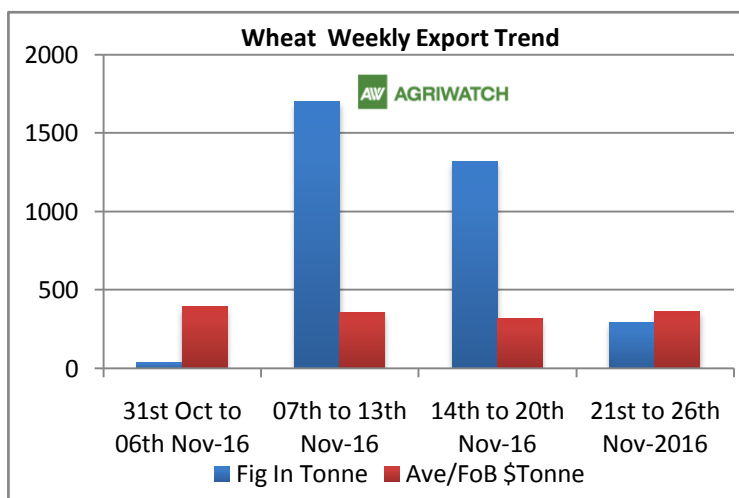
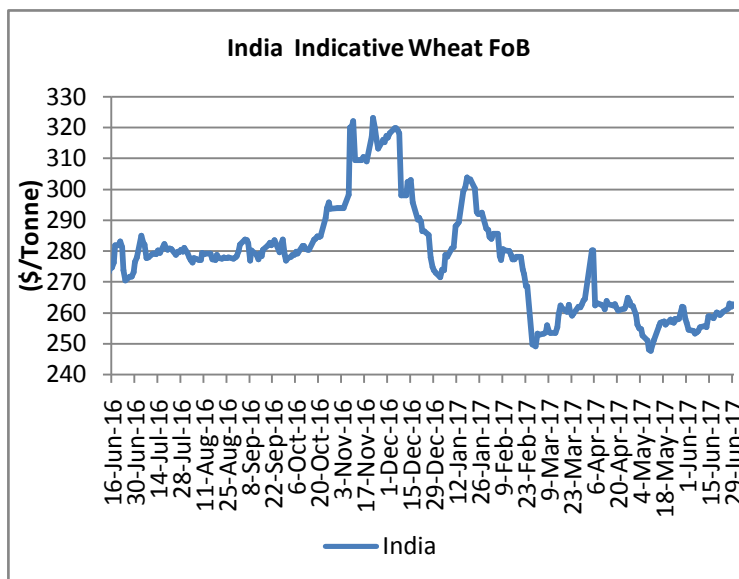
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		28-Jun-17	21-Jun-17	29-May-17	29-Jun-16	
USA (Chicago)	2srw	188.21	191.95	181.23	172.72	8.97
France	FCW3	188.20	191.54	174.88	174.70	7.73
Australia	ASW	213.29	210.60	200.05	222.00	-3.92
Russia	SRW	175.00	178.00	180.00	179.50	-2.51
India	Fob	261.93	259.29	261.93	273.10	-4.09

		29/06/2017	22/06/2017	15/06/2017	08/06/2017
July/Aug	Black Sea Mill Wheat 12.5% FOB Pmax.	183-185	186	185	177
August	Black Sea Mill Wheat 11.5% FOB Pmax.	NA	177	175	168

Wheat Futures Contact: NCDEX Price									Date:30.06.2017
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-July	+1	1605	1606	1601	1604	1310	770	21190	-1,080
17-Aug	-1	1626	1627	1620	1624	1320	550	5940	1,040
17-Sep	0	1647	1647	1647	1647	-	-	-	-

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
	29-Jun-17	22-Jun-17	29-May-17	29-Jun-16	
Indore	1625	1627	1595	1808	-10.12
Bareilly	NA	NA	NA	NA	-
Delhi	1715	1741	1744	1783	-3.81
Khanna	NA	NA	NA	NA	-
Kanpur	1577	1572	1586	1720	-8.31
Karnal	NA	NA	NA	NA	-
Rajkot	1607	1590	1585	1778	-9.62
Kota	1625	1626	1617	1784	-8.91

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



Wheat Technical Analysis:



Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- 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	1585	1577	1605	1649	1654
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Sell Below	1628	1612	1599	1637

Domestic Market Weekly Outlook:

Buying activities are sluggish as traders are still not clear regarding various aspects of GST. 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. Import duty is 10% 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
			29-Jun-17	28-Jun-17	22-Jun-17	29-May-17	29-Jun-16
Delhi	Lawrence Road	Mill Delivery	1720	1720	1740	1745	1790
	Narella	Mill Quality Loose	1600	Closed	1670	1665	NA
	Nazafgarh	Mill Quality Loose	1625	Closed	1630	1630	NA
Gujarat	Rajkot	Mill Delivery	1540	1535	1515	1515	1725
	Ahmedabad	Mill Delivery	1690	1690	1700	1660	1840
	Surat	Mill Quality Loose	1720	1725	1720	1700	1870
	Dhrol	Mill Delivery	1595	1630	1620	1655	1880
M.P.	Indore	Mill Quality Loose	1600	1600	1625	1600	1750
	Bhopal	Mill Delivery	1625	1650	1600	1650	1725
Rajasthan	Kota	Mill Quality Loose	1510	1510	1530	1520	1680
		Mill Delivery	1620	1620	1630	1600	1770
U.P.	Kanpur	Mill Delivery	1740	1740	1720	1740	NA
	Mathura	Mill Quality Loose	Closed	Closed	1560	1565	1650
	Kosi	Mill Quality Loose	Closed	Closed	1575	1575	1635
	Hathras	Mill Quality Loose	1520	1580	1560	1560	1650
	Aligarh	Mill Quality Loose	1550	Closed	1575	1570	1660
Punjab	Khanna	Mill Quality Loose	NR	NR	1600	1600	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1750	NA
Haryana	Sirsa	Mill Delivery loose	NR	1625	1635	1625	1680
	Hodal	Mill Delivery	1685	1685	1690	1700	1770



	Bhiwani	Mill Quality Loose	1590	1600	1620	1600	1710
	Karnal	Mill Quality Loose	1635	1625	1640	1640	1685
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	1950	2070
	Madurai	Mill Quality	2007	2007	2007	2007	2127
	Coimbatore	Mill Quality	2007	2007	2007	2007	2127
Bihar	Khagariya	Mill Delivery	NR	NR	1600	1600	1750
	Muzaffarpur	Mill Delivery	1550	1550	1550	1550	1670

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, wheat production in Ukraine is likely to be around 3 million tonnes to 23.1 million tonnes compared to last year due to unfavourable weather conditions. Overall grain harvest is likely to fall by around 10-11 percent to 59 million tonnes.

IGC has decreased its projection for wheat to 735 MMT as on 29th June-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 19 MMT from previous year's production forecast. Trade projection has been increased by 1 MMT to 170 MMT. Consumption has also been reduced by 3 MMT to 735 MMT.

Wheat prices in Russia have increased for the sixth week due to fear of crop loss in some of major producers and delayed local harvesting. Black sea wheat prices for new crop increased by \$0.5 per tonne to \$185.5 per tonne compared to last week. Furthermore good international demand is also supporting wheat prices in the black sea region. Russia has exported 26.6 million tonnes of wheat from July 01 to June 21.

As per latest update by USDA around 49% of winter wheat and 40% of spring wheat is in good or excellent condition compared to 62% and 72% a year ago respectively. Further around 41% of winter wheat has been harvested.

As per latest update, china has sold 5765 tonnes of wheat for average price of 2453 yuan (\$359.29) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 0.19 percent of 3020339 tonnes of wheat available at auction.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017 (Forecast)	2017-18 (Proj)	
		Estimated		25.05.2017	29.06.2017
Production	730	738	754	736	735
Trade	153	166	173	169	170
Consumptions	715	718	738	738	735
Carryover stocks	206	225	242	239	241
Y-O-Y change	15	19	16	-	0
Major Export	66	68	78	68	67

- IGC has reduced its projection for wheat by 1 MMT to 735 MMT as on 29th June-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 170 MMT. It is 3MMT lower compared to forecast for last year and higher by 4 MMT compared to 2015-16.
- Consumption has been kept unchanged at 735 MMT for 2017-18. The projection is higher by 17 MMT compared to 2015-16.
- Carryout has been kept unchanged at 241 MMT for 2017-18. It is lower by around 1 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
	28- Jun-17	21-Jun- 17	28-May-17	28-Mar-17	28-Dec-16	28- Jun-16	
Jul-17	167.99	170.66	161.01	160.74	157.43	187.74	-10.52
Sep-17	173.78	176.17	165.79	166.25	162.67	190.77	-8.91
Dec-17	181.95	184.43	173.96	173.60	169.19	195.82	-7.08
Mar-18	187.37	190.31	180.49	179.02	173.96	200.42	-6.51
May-18	191.32	194.54	184.71	182.14	176.35	200.88	-4.76
Jul-18	193.25	196.83	187.65	183.88	176.99	200.97	-3.84

CBOT-July-17

1st Support: 162.00
2nd Support: 160.00
1st Resistant: 201.00
2nd Resistant: 204.00
(\$ per tonne)

CBOT moved up as dry weather threatened wheat crop in major growing regions. Furthermore reduced area accompanied with decreasing percentage of spring wheat in good or excellent condition in USA has also supported upward movement of prices.

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 \$260.34-262.99 per tonne.

US and Russian quotes are hovering in the range of \$189.62 and \$176.20 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 \$230 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.

Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2017 Indian Agribusiness Systems Pvt Ltd.

