

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 increased by 6.66 percent to Rs. 1786.77 per quintal during the week ended 08th July 2017. Wheat average price were ruling at Rs 1675.21 per quintal during 24-30 June 2017. As compared to prices in the week 01st -08th July 2016, the prices are weak by 0.99 percent. Prices are expected to remain steady to firm in coming days.

Sellers are offering Ukrainian origin wheat with protein content of 11.5% for August delivery at Tuticorin port for CFR \$209 per tonne. Buyers are likely to buy at CFR \$206 per tonne. However, due to ample availability in the domestic market and good prospects for upcoming crop on account of better monsoon it is highly unlikely that any buying activities will take place.

As per data released France's custom department, there has been no export of soft wheat in the month of June to India. During July'16 to May'17 France has exported 107910 tonnes of soft wheat to India compared to zero tonnes a year ago during the same period.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. 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, 12.45 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: -

PQ Department has extended the permission for MBR Fumigation at port of arrival for agri-commodities from Canada, USA and France. While the extension given to Canada is applicable on all consignments with BL Date of Sept. 30th, 2017 or before; the extension given to USA and France is for all consignments with BL Date of Dec. 31st, 2017 or before.

Indian FoB quote is hovering around \$264.78 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$179.10, \$182.80, Euro 173.75, \$212.65 and \$235.93 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 firm in the coming week.

Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs 1590 & 1755 respectively.

Agriwatch Cereals Index:

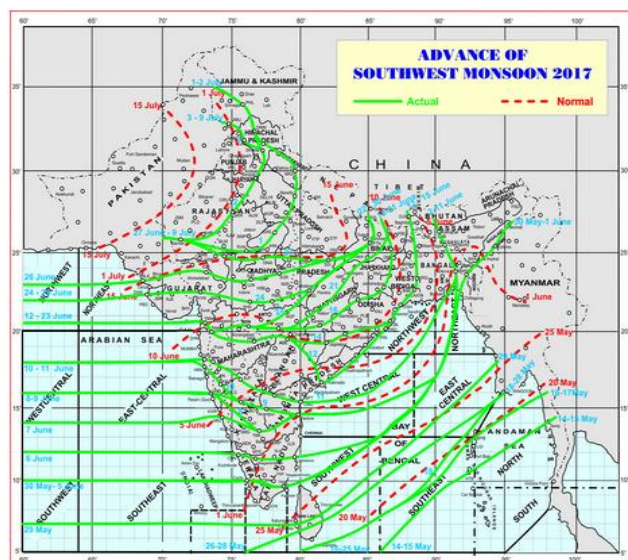
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%).

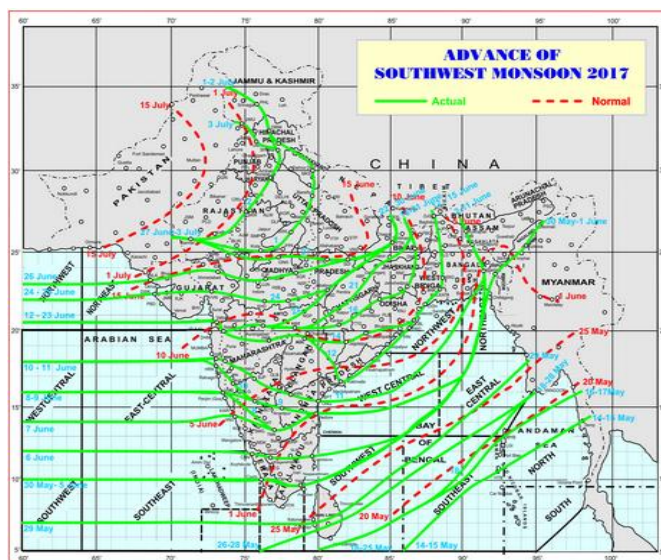


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (10/07/2017)



(03/07/2017)



Favorable conditions are likely to develop for further advance of southwest monsoon into remaining parts of Jammu division and Himachal Pradesh; some more parts of Haryana and some parts of Punjab during next 2-3 days.

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Delhi, Indore, and weak in Kota, Ahmedabad during 30th June-06th July. Prices are expected to remain steady to firm.

Trade activities are sluggish in mandis due to ongoing issues related to GST. Furthermore government has applied 5% GST on wheat that has been packed and branded. Government has procured 308 lakh tonnes of wheat in MY 2017-18. 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.

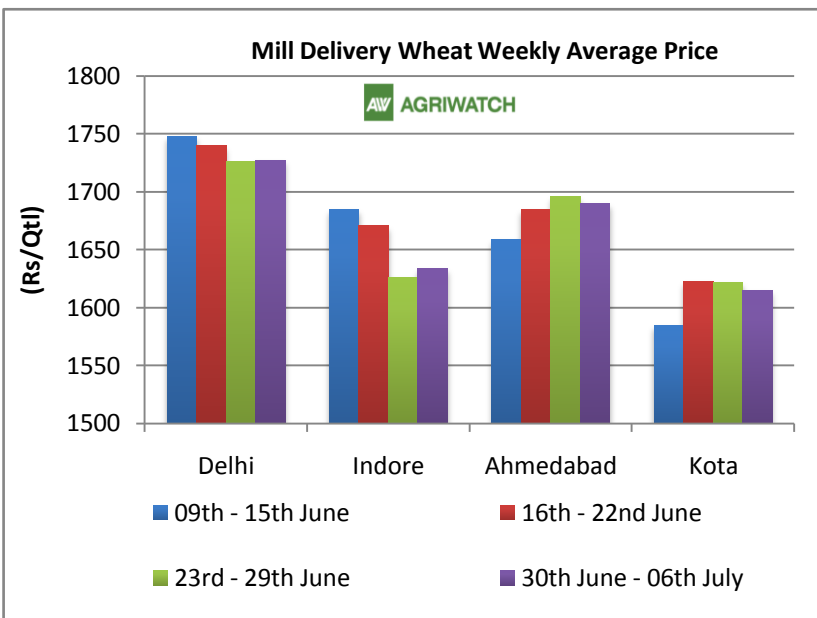

Wheat Stock Norms

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 30th June-2017:

State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 30.06.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	117.05	106.49	9.92%
Rajasthan	17.50	12.43	7.62	63.12%
Uttar Pradesh	30.00	36.99	7.97	364.12%
All-India	330.00	307.99	229.62	34.13%

Total wheat procurement was registered at 229.62 lakh tonnes till 28th June -2016. Against set target of 33 MMT Government has procured 307.99 lakh tonnes until 30th June-17.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed steady to 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 firm at current level as beginning of festive season is likely to increase demand for wheat and provide support to domestic prices.

Wheat Export:

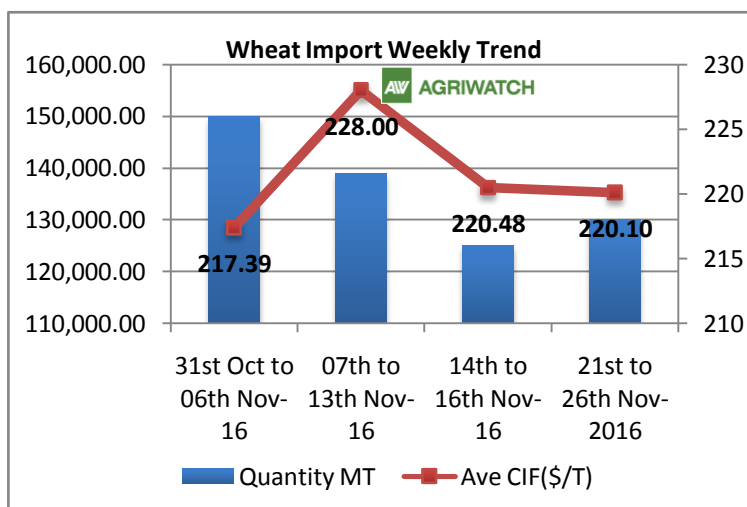
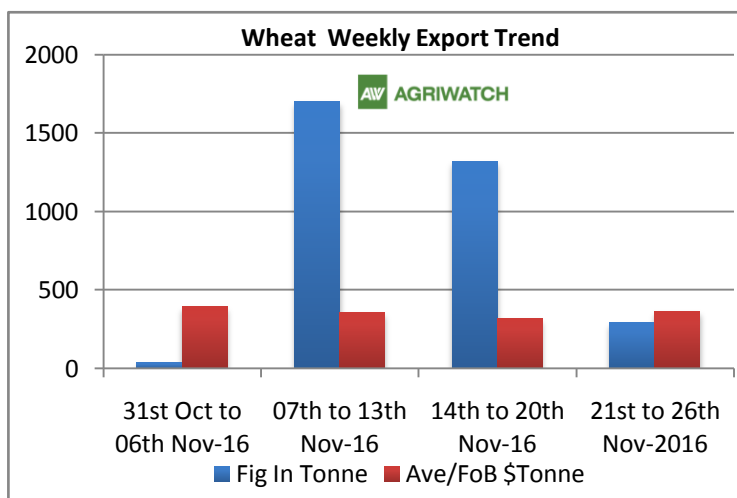
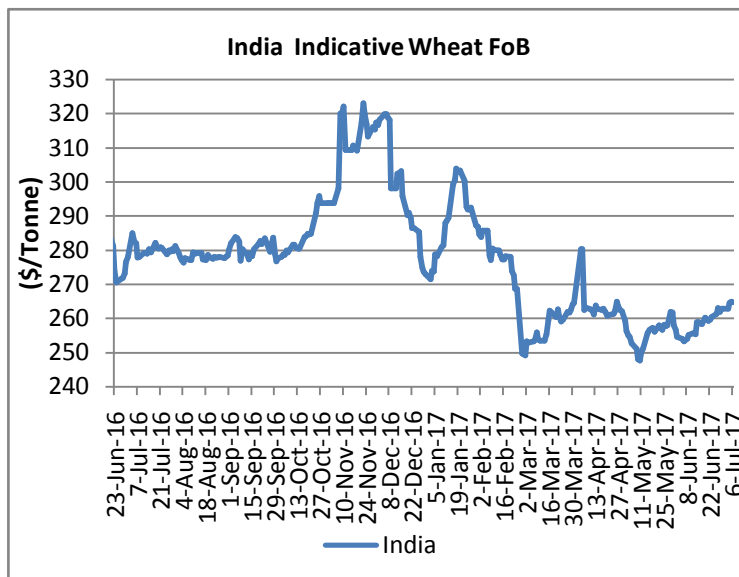
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		5-Jul-17	28-Jun-17	5-Jun-17	5-Jul-16	
USA (Chicago)	2srw	220.20	188.21	178.00	179.50	22.67
France	FCW3	197.89	188.20	175.17	173.78	13.87
Australia	ASW	234.69	230.69	198.20	219.00	7.16
Russia	SRW	180.00	177.50	184.50	169.00	6.51
India	Fob	264.99	261.93	254.12	282.06	-6.05

		06/07/2017	29/06/2017	22/06/2017	15/06/2017
August	Black Sea Mill Wheat 12.5% FOB Pmax.	191	183-185	186	185
August	Black Sea Mill Wheat 11.5% FOB Pmax.	180	NA	177	175

Wheat Futures Contact: NCDEX Price								Date:07.07.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-July	0	1641	1645	1636	1640	5290	+1,390	8180	-2,620
17-Aug	+1	1660	1666	1656	1661	6210	+1,700	18480	+2,490
17-Sep	+2	1680	1680	1680	1682	-	-	-	-

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
	6-Jul-17	29-Jun-17	6-Jun-17	6-Jul-16	
Indore	1624	1625	1595	1778	-8.66
Bareilly	NA	NA	NA	NA	-
Delhi	1745	1715	1760	1792	-2.62
Khanna	NA	NA	NA	NA	-
Kanpur	1630	1577	1589	1738	-6.21
Karnal	NA	NA	NA	NA	-
Rajkot	NA	1607	1570	1802	-
Kota	1643	1625	1623	1791	-8.26

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

Wheat Technical Analysis:

Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	August	1615	1590	1661	1735	1755
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	August	Buy Above	1655	1685	1710	1637

Domestic Market Weekly Outlook:

Wheat cash market is likely to stay steady to firm in the coming week as beginning of festive season will lead to increase in demand for wheat which in turn would provide support to prices. 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
			6-Jul-17	5-Jul-17	29-Jun-17	6-Jun-17	6-Jul-16
Delhi	Lawrence Road	Mill Delivery	1745	1730	1720	1765	1800
	Narella	Mill Quality Loose	1640	Closed	1600	1675	NA
	Nazafgarh	Mill Quality Loose	1635	Closed	1625	1650	NA
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1540	1460	Closed
	Ahmedabad	Mill Delivery	1690	1690	1690	1635	Closed
	Surat	Mill Quality Loose	1725	1725	1720	1665	Closed
	Dhrol	Mill Delivery	NR	NR	1595	1730	Closed
M.P.	Indore	Mill Quality Loose	1600	1600	1600	NA	1750
	Bhopal	Mill Delivery	1600	1560	1625	NA	1700
Rajasthan	Kota	Mill Quality Loose	1515	1515	1510	1480	1680
		Mill Delivery	1615	1615	1620	1570	1760
U.P.	Kanpur	Mill Delivery	1750	1750	1740	1735	1700
	Mathura	Mill Quality Loose	Closed	Closed	1550	1585	1635
	Kosi	Mill Quality Loose	1530	1535	1525	1585	1625
	Hathras	Mill Quality Loose	1510	1510	1520	1600	1625
	Aligarh	Mill Quality Loose	1550	Closed	1550	1575	1650
Punjab	Khanna	Mill Quality Loose	1630	1630	1610	1580	1620
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1750	NA
Haryana	Sirsa	Mill Delivery loose	1625	1625	1625	1625	1670
	Hodal	Mill Delivery	1685	1685	1685	1690	1770
	Bhiwani	Mill Quality Loose	1600	1600	1590	1625	1670
	Karnal	Mill Quality Loose	1625	1630	1635	1650	1680
	Panipat	Mill Quality	NR	NR	1625	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	1950	2100
	Madurai	Mill Quality	2007	2007	2007	2007	2157
	Coimbatore	Mill Quality	2007	2007	2007	2007	2157
Bihar	Khagariya	Mill Delivery	1650	1650	1600	1600	1650
	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:

Egypt is largest buyer of wheat in the world and has recently bought 115000 tonnes and 410000 tonnes in last two tenders from Russia and Romania. Egypt has imported around 5.58 million tonnes of wheat in 2016-17 compared to 4.4 million tonnes a year ago. It is expected to import 6.2 million tonnes of wheat in the coming financial year.

Wheat area in Ukraine came to around 6.28 million hectares. Farmers have started harvesting wheat and as of now they have harvested around 615000 tonnes of wheat. The ministry has given no official forecast regarding production of wheat harvest but analysts believe it to be around 23-25 million tonnes.

Wheat crop condition in France improved slightly as showers provided relief after a dry June. Around 66 percent of wheat was reported in good or excellent condition compared to 65 percent a week ago.

As per latest update, Japan's ministry of agriculture bought 91660 MMT of food quality wheat from United States. Of the total quantity 37937 tonnes is western white, 18965 is hard red winter and 34758 is dark northern spring wheat to be loaded between August 21 - September 20.

As per latest update by USDA around 48% of winter wheat and 37% of spring wheat is in good or excellent condition compared to 62% and 72% a year ago respectively. Further around 53% of winter wheat has been harvested and 69 percent of spring wheat is headed.

GASC has purchased 410000 tonnes of wheat through tender. Of the total quantity 350000 tonnes is of Russian origin and 60000 tonnes is of Romanian origin. Glencore offered 60000 tonnes of Romanian wheat at FoB \$198 per tonne, AOS offered 55000 tonnes of Russian wheat at FoB \$197.90 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$199.99 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$201.85 per tonne, Louis dreyfus offered 60000 tonnes of Russian wheat at FoB \$201.95 per tonne, Glencore offered 55000 tonnes of Russian wheat at FoB \$201.70 per tonne and Aston offered 60000 tonnes of Ukrainian wheat at FoB \$201.50 per tonne.

Algeria state grains agency OAIC has bought around 420000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$213.75 - \$216.0 per tonne (Cost and Freight). The quantity to be shipped is due in September. Major part of the quantity is likely to be sourced from France but some quantity can come from Argentina as well.

As per latest update, China has sold 21223 tonnes of wheat for average price of 2432 yuan (\$357.76) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 0.70 percent of 3006652 tonnes of wheat available at auction.

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 unfavorable weather conditions. Overall grain harvest is likely to fall by around 10-11 percent to 59 million tonnes.

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.

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
	5-Jul-17	28-Jun-17	5-Jun-17	5-Apr-17	5-Jan-17	5-Jul-16	
Jul-17	198.12	167.99	157.80	162.57	165.05	180.85	9.55
Sep-17	205.74	173.78	163.03	167.81	169.28	184.71	11.39
Dec-17	213.09	181.95	170.38	175.25	174.79	190.31	11.97
Mar-18	218.05	187.37	176.90	181.40	178.74	195.18	11.72
May-18	219.98	191.32	181.22	185.45	180.39	195.64	12.44
Jul-18	220.62	193.25	184.89	187.37	180.94	195.73	12.72

CBOT-July-17

1st Support: 162.00
2nd Support: 160.00
1st Resistant: 204.00
2nd Resistant: 206.00
(\$ 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 \$264.78-264.62 per tonne.

US and Russian quotes are hovering in the range of \$212.65 and \$179.10 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 \$240 in coming weeks.

International Weekly Outlook:

Global wheat market is expected to trade from steady to 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 firm market is expected in short to medium term.

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