



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 1.45 percent to Rs. 1812.64 per quintal during the week ended 15th July 2017. Wheat average price were ruling at Rs 1786.77 per quintal during 01-08 July 2017. As compared to prices in the week 09th -15th July 2016, the prices are firm by 2.23 percent. Prices are expected to remain steady to firm in coming days.

East India is likely to receive more rainfall due to new low forming in Bay of Bengal. The low in Gujarat is likely to exit in the week which will lead to lower rainfalls. These lows in monsoon are necessary for bringing rainfall across India however they can also cause widespread flooding. The new low in monsoon will spread rains across Orissa, Chhattisgarh, eastern part of Maharashtra and Andhra Pradesh.

As per latest update, wheat stock in central pool as on 1st July'17 stood at 32.27 MMT down by 3.48% compared to last month. This quantity is higher by around 20.94% 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.

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: -

FCI has offered a total quantity of 1369700 tonnes through various depots across India in OMSS until 13th July'17 at a reserve price of Rs. 1790 per quintal. The next auction will be on 20th July'17 and as of now the quantity to be sold has been specified only for two states i.e. Uttarakhand (5600 tonnes) and Uttar Pradesh (9500 tonnes).

Indian FoB quote is hovering around \$266.21 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.50, \$189.25, Euro 173.88, \$210.22 and \$231.97 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.

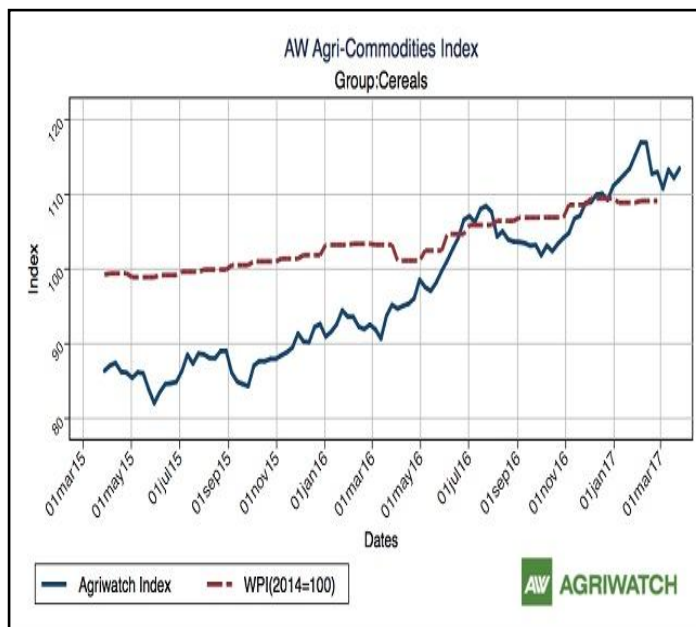
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs 1608 & 1752 respectively.

Agriwatch Cereals Index:

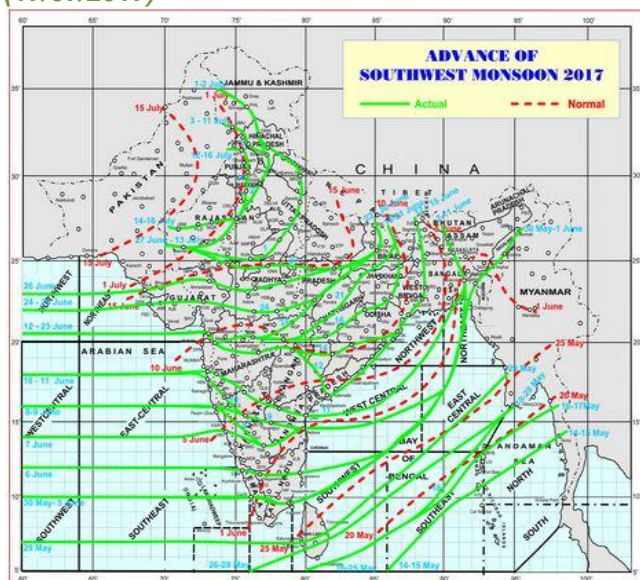
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%).

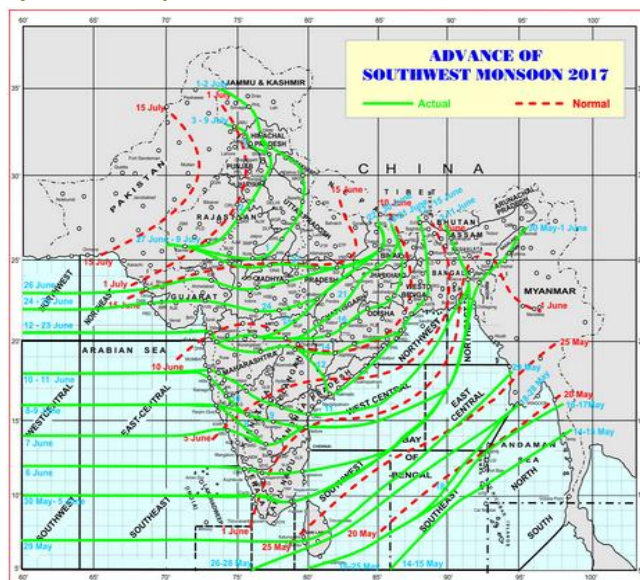


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (17/07/2017)



(10/07/2017)



The low pressure area over northwest Bay of Bengal and adjoining areas of Odisha & Gangetic West Bengal now lies over northwest Bay of Bengal & adjoining areas of coastal Odisha and west central Bay of Bengal with associated upper air cyclonic circulation extending up to 7.6 Km above mean sea level. It is very likely to become well marked during next 24 hours.

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Delhi, Indore, Kota, and Ahmedabad during 07th - 13th July. Prices are expected to remain steady to firm.

Trade activities are still at lower side as traders are still trying to understand various aspects of 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.

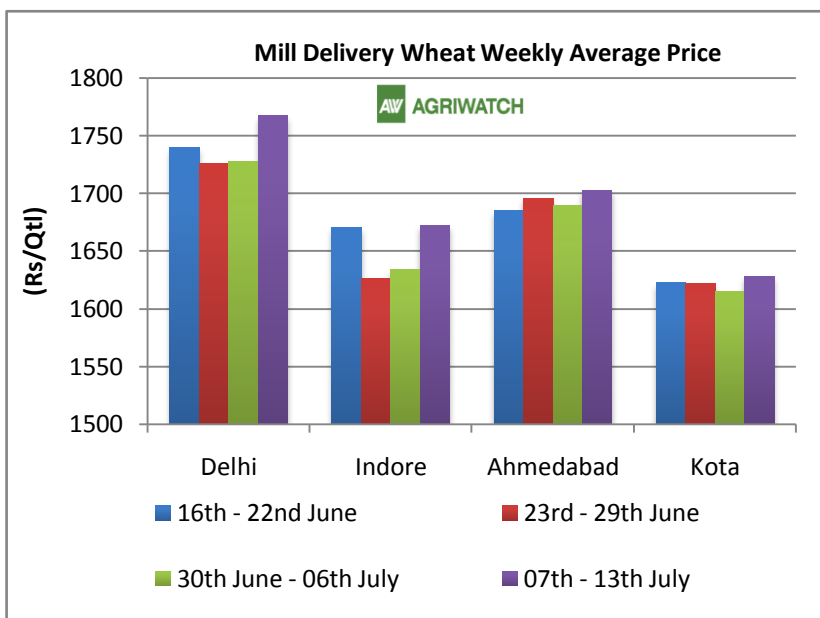

Wheat Stock Norms

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 07th July-2017:

State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 07.07.2017(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	12.45	7.62	63.12%
Uttar Pradesh	30.00	36.99	7.97	364.12%
All-India	330.00	308.01	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 308.01 lakh tonnes until 07th July-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:

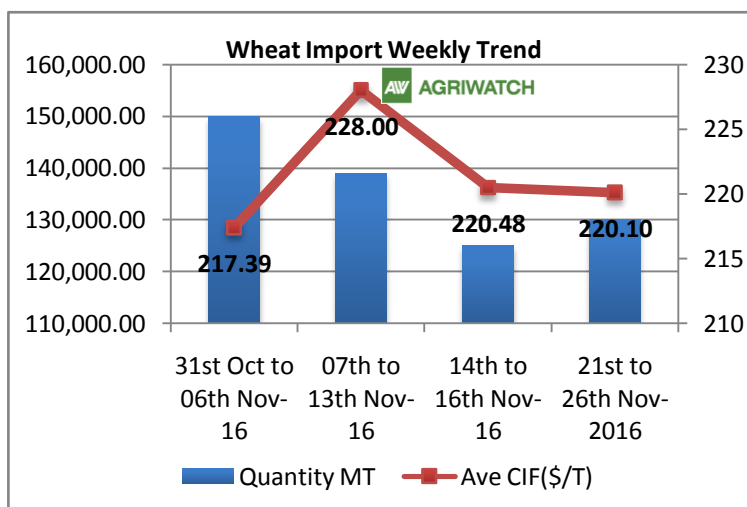
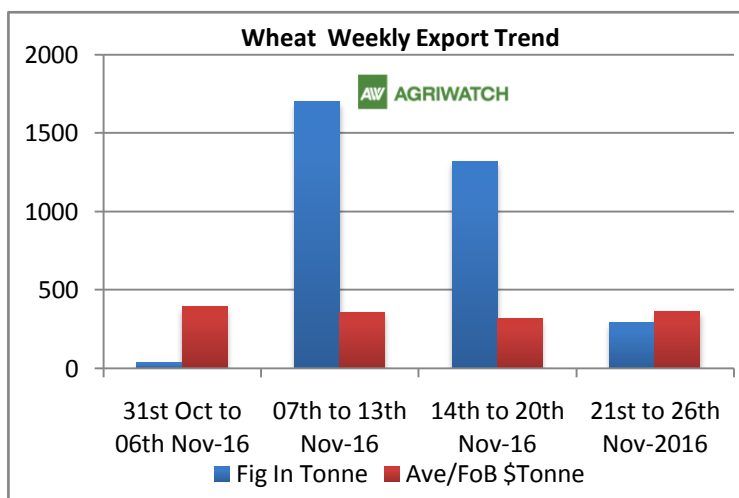
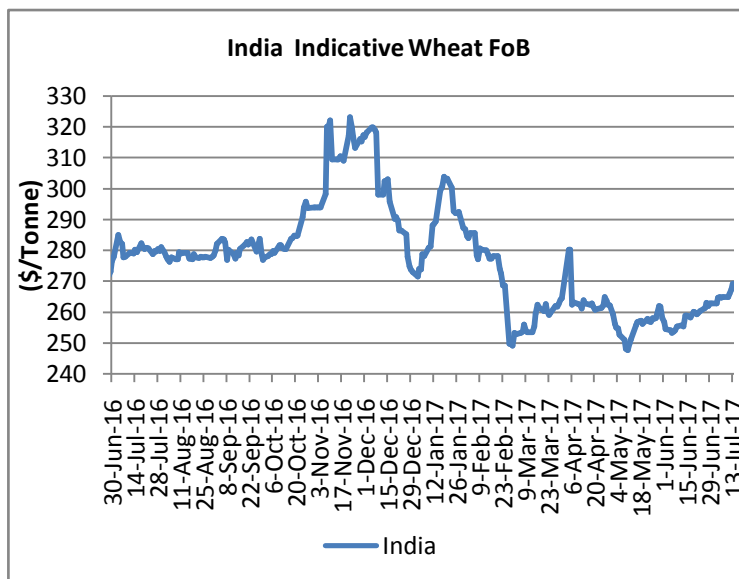
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		12-Jul-17	5-Jul-17	12-Jun-17	12-Jul-16	
USA (Chicago)	2srw	210.30	220.20	177.80	183.60	14.54
France	FCW3	201.01	197.89	170.96	184.74	8.81
Australia	ASW	236.06	234.69	194.81	222.00	6.33
Russia	SRW	184.00	180.00	178.00	169.00	8.88
India	Fob	267.48	264.99	255.67	279.02	-4.14

		17/07/2017	06/07/2017	29/06/2017	22/06/2017
August	Black Sea Mill Wheat 12.5% FOB Pmax.	196	191	183-185	186
August	Black Sea Mill Wheat 11.5% FOB Pmax.	186	180	NA	177

Wheat Futures Contact: NCDEX Price								Date: 14.07.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-July	-1	1650	1650	1647	1650	300	280	2020	0
17-Aug	-2	1668	1669	1665	1668	1650	-10	22590	-470
17-Sep	0	1688	1690	1682	1688	40	0	280	0

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
	13-Jul-17	6-Jul-17	13-Jun-17	14-Jul-16	
Indore	1633	1624	1595	1813	-9.93
Bareilly	NA	NA	NA	NA	-
Delhi	1768	1745	1750	1781	-0.73
Khanna	NA	NA	NA	NA	-
Kanpur	1665	1630	1582	1738	-4.20
Karnal	NA	NA	NA	NA	-
Rajkot	NA	NA	1580	1819	-
Kota	1663	1643	1614	1805	-7.87

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



Wheat Technical Analysis:

Wheat –Technical Outlook Contract Expiry: 18th August, 2017

WHEAT DELHI 1708(NCWHQ7)2017/07/16 - Weekly B:1665.00 A:1666.00
O 1668.00 H 1668.00 L 1664.00 C 1666.00 V 360 I 22,480 -2 -0.12%
EMA(9) 1659.8 (18) 1659.8 BOL(SIMPLE, 10, 2.0) 1649.30 1681.09 1617.51



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	1627	1608	1668	1733	1752
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	August	Buy Above	1664	1688	1709	1650

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
			13-Jul-17	12-Jul-17	6-Jul-17	13-Jun-17	13-Jul-16
Delhi	Lawrence Road	Mill Delivery	1760	1765	1745	1745	1780
	Narella	Mill Quality Loose	1695	Closed	1640	1680	NA
	Nazafgarh	Mill Quality Loose	1665	Closed	1635	1645	NA
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1485	1740
	Ahmedabad	Mill Delivery	1725	1700	1690	1675	1880
	Surat	Mill Quality Loose	1760	1730	1725	1700	1900
	Dhrol	Mill Delivery	NR	NR	NA	NA	2080
M.P.	Indore	Mill Quality Loose	1600	1600	1600	NA	1750
	Bhopal	Mill Delivery	1600	1600	1600	NA	1750
Rajasthan	Kota	Mill Quality Loose	1550	1550	1515	1500	1715
		Mill Delivery	1640	1640	1615	1600	1770
U.P.	Kanpur	Mill Delivery	1730	1710	1750	1735	1675
	Mathura	Mill Quality Loose	1565	1565	Closed	1585	1630
	Kosi	Mill Quality Loose	1580	1580	1530	1590	1625
	Hathras	Mill Quality Loose	1580	1540	1510	1570	1625
	Aligarh	Mill Quality Loose	1570	Closed	1550	1600	1635
Punjab	Khanna	Mill Quality Loose	1650	1650	1630	1600	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1665	1670	1625	1630	1665
	Hodal	Mill Delivery	1760	1760	1685	1700	1770
	Bhiwani	Mill Quality Loose	1650	1650	1600	1625	1700
	Karnal	Mill Quality Loose	1660	1660	1625	1630	1670
	Panipat	Mill Quality	NR	NR	NR	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	2000	2100
	Madurai	Mill Quality	2007	2007	2007	2057	2157
	Coimbatore	Mill Quality	2007	2007	2007	2057	2157
Bihar	Khagariya	Mill Delivery	1700	1700	1650	1600	1680
	Muzaffarpur	Mill Delivery	1550	1550	1550	1550	1675

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 93765 MMT of food quality wheat from United States and Australia. Around 62900 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between August 21 - September 20 and 30865 MMT of standard white has been bought from west Australia to be loaded between September 1- September 30.

Buenos Aires grains exchange has reduced acreage for wheat from 5.5 million hectares to 5.4 million hectares. The reduction in acreage is mainly attributed to early rains in the month of July and humid weather that hindered planting in Buenos Aires and Entre Rios provinces. Furthermore, Rosario grains exchange has also reduced acreage for wheat from 5.6 million hectares to 5.45 million hectares.

Wheat area in Ukraine came to around 6.28 million hectares. Farmers have started harvesting wheat and as of now they have harvested around 3.1 million 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.

As per latest update, china has sold 3566 tonnes of wheat for average price of 2539 yuan (\$373.08) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 2.79 percent of 127786 tonnes of wheat available at auction.

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.

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, wheat production in Ukraine is likely to fall by 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.

France is expected to harvest 36.2 million tonnes of what in 2017 compared to 28.47 million tonnes in 2016. Wheat crop condition in France improved slightly as showers provided relief after a dry June. Ministry has estimated an average yield of 7.04 tonnes per hectare compared to 5.37 tonnes per hectare in 2016 whereas the area has been pegged at 5.15 million hectares.

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
	12-Jul-17	5-Jul-17	12-Jun-17	12-Apr-17	12-Jan-17	12-Jul-16	
Jul-17	191.97	198.12	159.45	163.95	166.62	183.42	4.66
Sep-17	197.29	205.74	164.78	168.91	171.76	187.37	5.29
Dec-17	205.93	213.09	172.95	176.44	177.55	193.07	6.66
Mar-18	212.63	218.05	179.38	182.41	181.77	197.57	7.62
May-18	215.94	219.98	183.98	186.36	183.98	198.76	8.64
Jul-18	217.04	220.62	187.01	189.21	183.98	198.86	9.15

CBOT-Sept-17

1st Support; 172.00
2nd Support: 170.00
1st Resistant: 209.00
2nd Resistant: 211.00
(\$ per tonne)

CBOT moved down as US revised its production forecast up. Furthermore reduced area accompanied with decreasing percentage of spring wheat in good or excellent condition in USA had 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 \$264.75-269.28 per tonne.

US and Russian quotes are hovering in the range of \$210.22 and \$182.50 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. Yield for Wheat in France and Spain have been revised downwards due to heat wave observed in the past month. All this has led EU to revise its production forecast down by around 1.0 MMT to 140.7 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 47.8 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.

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.

