

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

As per market sources around 2-2.5 lakh tonnes of wheat have been contracted from Ukraine by south Indian millers for August-September delivery at \$216-220 per tonne CiF whereas Australia is also ready to provide wheat for \$275-280 per tonne CiF. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures. Furthermore wheat stocks at Indian port silos have also decreased. Imports are likely to affect off take from central pool as south Indian millers will prefer imported wheat over domestic wheat due to lower prices.

As per IMD, since the beginning of south-west monsoon the rains have been well distributed all over India except few areas in the south. The cumulative rainfall until Sunday in the country has been around 102% of the LPA and it is expected to be 99% of LPA in August which has 29% share in the overall monsoon rains. Until 28th July around 75 percent of Kharif sowing is done and because of normal rainfall this year better crop can be expected under normal conditions.

Since 29th June, FCI has offered a total quantity of 3529640 tonnes through various depots across India in OMSS until 27th July'17 at a reserve price of Rs. 1790 per quintal. The quantity bought through OMSS is lower this year compared to last year due to ample availability. In coming weeks the demand is likely to increase and buying activities in OMSS are likely to pick up. The next auction will be on 03rd August'17.

All India weekly average prices increased by 4.61 percent to Rs. 1896.14 per quintal during the week ended 23rd July 2017. Wheat average price were ruling at Rs 1812.64 per quintal during 09-15 July 2017. As compared to prices in the week 16th -23rd July 2016, the prices are firm by 5.55 percent. Prices are expected to remain steady to firm in coming days

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, India has exported 41.15 thousand tonnes of wheat in the month of May'17 compared to 31.07 thousand tonnes in previous month. On import front India has imported 33 thousand tonnes of wheat in the month of May'17 compared to 185.17 thousand tonnes in the previous month. India is likely to import 3-4 million tonnes of wheat whereas exports are likely to be low as prices in India are ruling at higher side compared to other countries.

Indian FoB quote is hovering around \$273.04 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.50, \$186.60, Euro 166.65, \$194.76 and \$224.59 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.

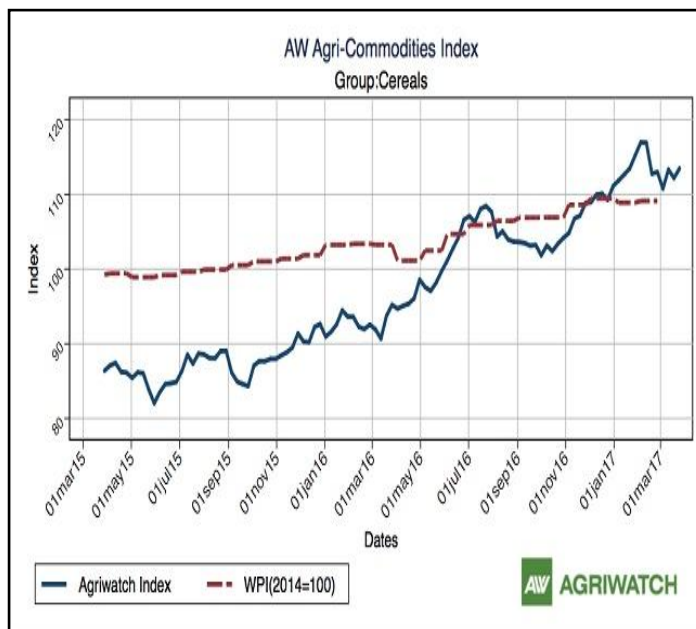
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs 1609 & 1753 respectively.

Agriwatch Cereals Index:

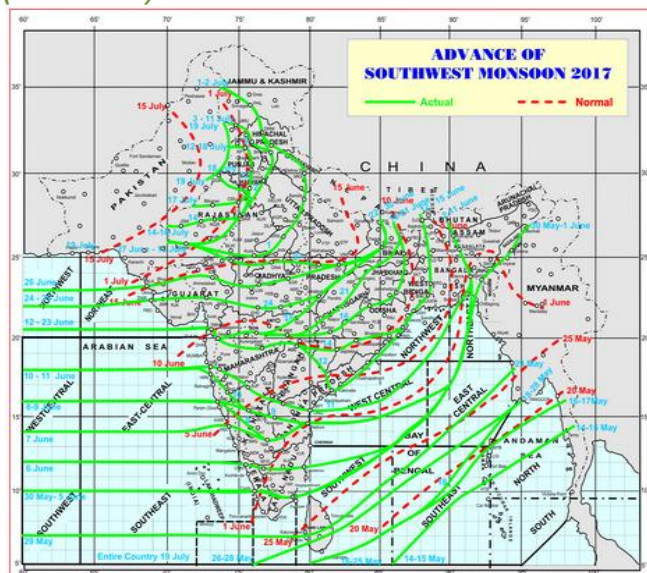
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%).

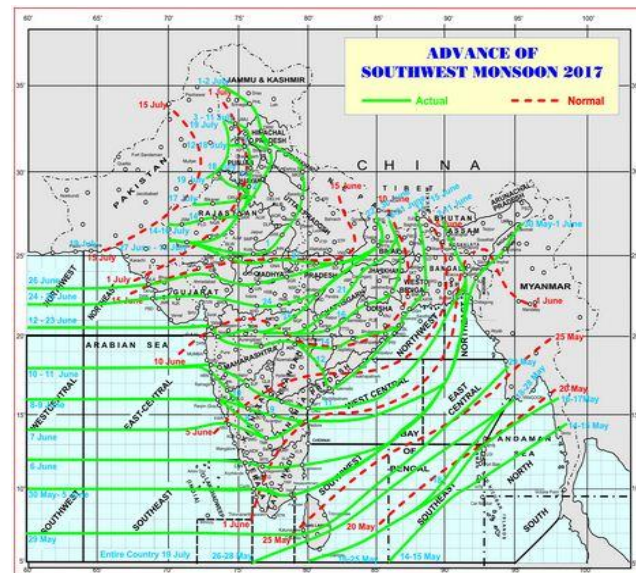


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (31/07/2017)



(24/07/2017)

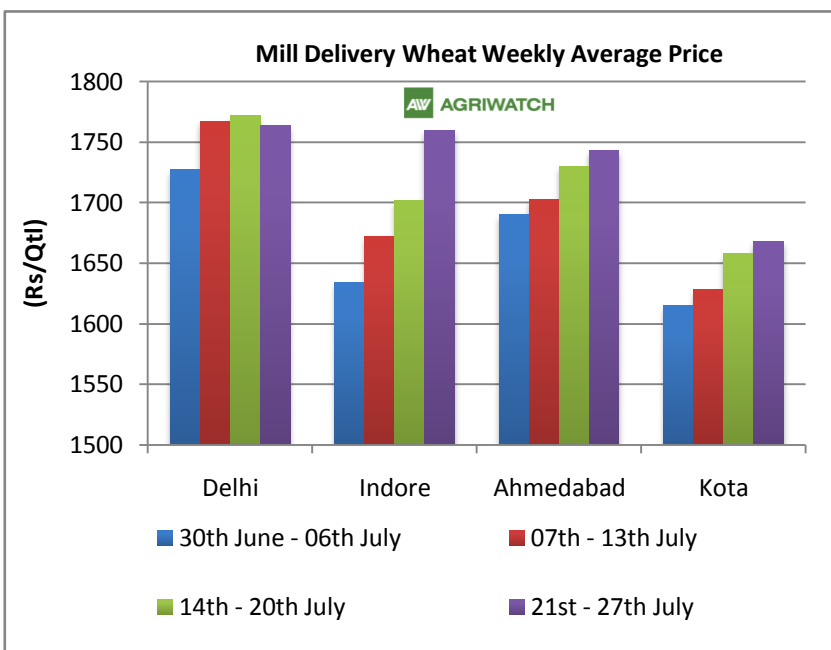


The axis of monsoon trough at mean sea level passes through Anupgarh, Hissar, Bareilly, Varanasi, Gaya, Bhagalpur, Malda, Guwahati and thence eastwards to Nagaland. Another branch of monsoon trough at mean sea level passes through Gaya, Purulia, Digha and thence east-southeastwards to northeast Bay of Bengal. The upper air cyclonic circulation over Saurashtra & Kutch and adjoining south Pakistan between 1.5 & 2.1 km above mean sea level persists.

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Indore, Kota and Ahmedabad during 21st-27th July. Prices are expected to remain steady to firm.

Import is likely to continue in 2017-18 as imported wheat in south India is still cheaper compared to transporting it from north and central states. As of now government has no intention of increasing import duty. 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.



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 21st July-2017:

State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(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 21st July-17.

FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed firm sentiments last week. The demand for Indian wheat in the international market is 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:

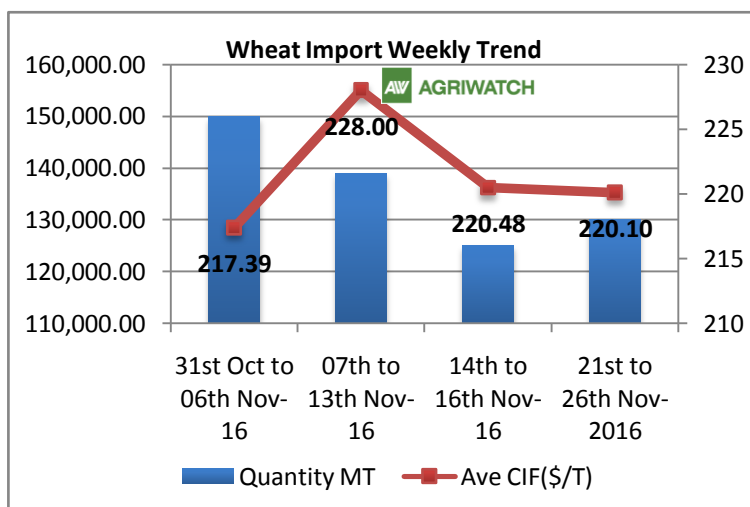
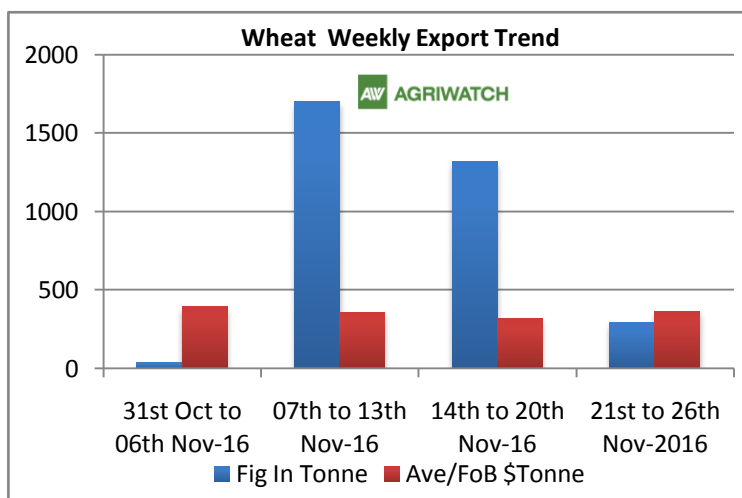
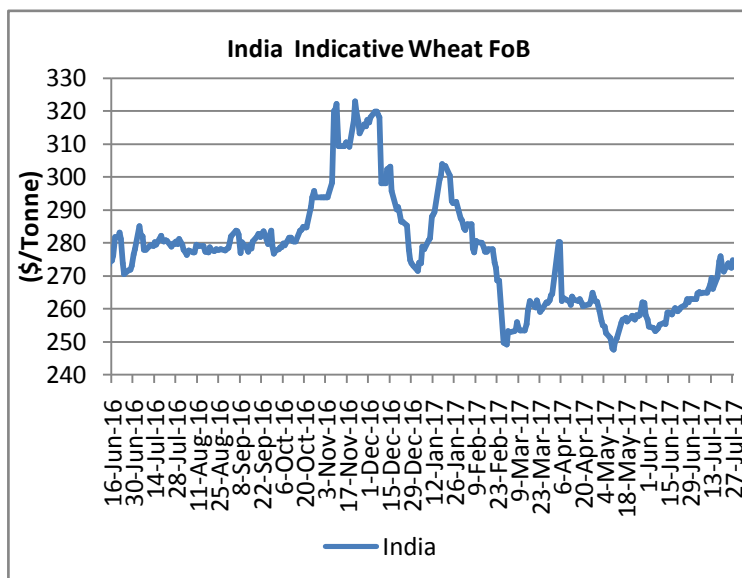
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		26-Jul-17	19-Jul-17	26-Jun-17	26-Jul-16	
USA (Chicago)	2srw	192.80	201.32	186.74	176.20	9.42
France	FCW3	194.80	193.57	186.78	182.97	6.47
Australia	ASW	220.99	228.69	230.08	209.00	5.74
Russia	SRW	184.50	185.50	177.50	158.00	16.77
India	Fob	272.43	275.96	262.99	279.64	-2.58

		29/07/2017	20/07/2017	13/07/2017	06/07/2017
August	Black Sea Mill Wheat 12.5% FOB Pmax.	194	195	196	191
August	Black Sea Mill Wheat 11.5% FOB Pmax.	182	184	186	180

Wheat Futures Contact: NCDEX Price								Date:28.07.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Aug	-1	1677	1677	1673	1673	900	+70	16280	-510
17-Sep	-3	1700	1699	1697	1697	280	-430	4890	+210
17-Oct	0	1726	1726	1726	1726	-	-	-	-

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
	27-Jul-17	20-Jul-17	27-Jun-17	27-Jul-16	
Indore	1697	1667	1625	1802	-5.83
Bareilly	NA	NA	NA	NA	-
Delhi	1768	1766	1718	1775	-0.39
Khanna	NA	NA	NA	NA	-
Kanpur	1680	1650	1568	1718	-2.21
Karnal	NA	NA	NA	NA	-
Rajkot	1670	1665	1615	1817	-8.09
Kota	1694	1690	1625	1789	-5.31

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 long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	August	1627	1609	1674	1733	1753
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	August	Buy Above	1662	1688	1711	1647

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. As of now prices in the domestic market are ruling lower than the reserve price in OMSS and private trade is likely to buy the required quantity from domestic market thereby providing further support to prices. Furthermore government has ample stocks to tackle any abnormal increase in domestic 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
			27-Jul-17	26-Jul-17	20-Jul-17	27-Jun-17	27-Jul-16
Delhi	Lawrence Road	Mill Delivery	1765	1760	1765	1715	1765
	Narella	Mill Quality Loose	1680	Closed	1685	1610	NA
	Nazafgarh	Mill Quality Loose	NR	Closed	1655	1630	NA
Gujarat	Rajkot	Mill Delivery	1600	1590	1590	1530	1760
	Ahmedabad	Mill Delivery	1750	1745	1740	1700	1885
	Surat	Mill Quality Loose	1790	1780	1780	1725	1915
	Dhrol	Mill Delivery	1660	1580	NR	1640	1880
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1600	1750
	Bhopal	Mill Delivery	1625	1625	1625	1650	1725
Rajasthan	Kota	Mill Quality Loose	1575	Closed	1580	1510	1670
		Mill Delivery	1650	Closed	1680	1620	1750
U.P.	Kanpur	Mill Delivery	1750	1735	1725	1740	1760
	Mathura	Mill Quality Loose	1590	1590	1590	1550	1615
	Kosi	Mill Quality Loose	1585	1585	1570	1525	1600
	Hathras	Mill Quality Loose	1580	1570	1580	1600	1615
	Aligarh	Mill Quality Loose	1600	Closed	1580	1550	1620
Punjab	Khanna	Mill Quality Loose	1650	1650	NA	1610	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1700	1700	1700	1625	1660
	Hodal	Mill Delivery	1740	1740	1740	1690	1730
	Bhiwani	Mill Quality Loose	1680	1660	1660	1630	1670



	Karnal	Mill Quality Loose	1660	1670	1665	1645	1660
	Panipat	Mill Quality Loose	1625	NR	NR	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	Closed	1950	1950	2050
	Madurai	Mill Quality	2007	Closed	2007	2007	2107
	Coimbatore	Mill Quality	2007	Closed	2007	2007	2107
Bihar	Khagariya	Mill Delivery	1750	1750	1750	1600	1750
	Muzaffarpur	Mill Delivery	1550	1550	1500	1550	1750

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
Telangana	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:

GASC has purchased 420000 tonnes of wheat through tender. Of the total quantity 300000 tonnes is of Russian origin, 60000 tonnes is of Romanian origin and 60000 tonnes is of Ukrainian origin. ADM offered 60000 tonnes of Russian wheat at FoB \$202.35 per tonne, Cofco offered 60000 tonnes of Romanian wheat at FoB \$204.99 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$203.90 per tonne, GTCS offered 120000 tonnes of Russian wheat at FoB \$204.65 per tonne, Louis Dreyfus offered 60000 tonnes of Russian wheat at FoB \$204.65 per tonne and AOS offered 60000 tonnes of Russian wheat at FoB \$204.40 per tonne.

Wheat area in Ukraine came to around 6.28 million hectares. Farmers have started harvesting wheat from 4.4 million hectare of land and as of now they have harvested around 17 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.

Egypt saw a decline in local supply in the current season to 3.4 million tonnes compared to previous season's 5.2 million tonnes. Egypt has been buying intensively in the international market and GASC has booked around 1.25 million tonnes of wheat in July. As of now Egypt's strategic reserve stand at 4.6 million tonnes and are sufficient to last for six months.

Algeria state grains agency OAIC has bought around 500000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$214.0 - \$216.0 per tonne (Cost and Freight). The quantity to be shipped between 01st-31st October. Major part of the quantity is likely to be sourced from France but some quantity can come from Argentina as well.

As per Agritel, France is likely to harvest 36.6 million tonnes of soft wheat in 2017 up by 33 percent compared to last year. Yield is expected to be around 7.12 tonnes per hectare. Furthermore protein levels are likely to be more than 12 percent due to dry and hot weather in the end of growth cycle. As on 17th July farmers have harvested 66% of this year's soft wheat crop.

As on 14th July Russia has harvested 10.7 million tonnes of wheat compared to 14.2 million tonnes a year ago for the same date. Around 2.3 million hectares of area has been harvested with an average yield of 4.62 tonnes per hectare compared to 3.2 million hectares with an average yield of 4.42 tonnes per hectare a year ago for same date.

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.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	29.06.2017	27.07.2017
Production	730	738	754	735	732
Trade	153	166	173	170	170
Consumptions	715	718	738	735	735
Carryover stocks	206	225	242	241	241
Y-O-Y change	15	19	16	-	-3
Major Export	66	68	78	67	65

- IGC has reduced its forecast for wheat by 3 MMT to 732 MMT as on 27th July-2017 for 2017-18. According to estimate 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 forecast has been increased to 170 MMT. It is 3MMT lower compared to estimate for last year and higher by 4 MMT compared to 2015-16.
- Consumption has been kept unchanged at 735 MMT for 2017-18. The forecast 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 3 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
	26-Jul-17	19-Jul-17	26-Jun-17	26-Apr-17	26-Jan-17	26-Jul-16	
Sep-17	175.53	184.80	171.02	161.38	172.59	184.25	-4.74
Dec-17	184.71	193.53	179.29	169.74	178.83	191.05	-3.32
Mar-18	192.52	200.78	185.35	176.81	183.33	196.19	-1.87
May-18	196.83	204.64	189.49	180.49	186.55	197.57	-0.37
Jul-18	199.50	206.39	191.42	182.05	187.28	194.54	+2.55
Sep-18	203.54	209.51	194.91	185.72	191.23	194.54	+4.63

CBOT-Sept-17

1st Support: 172.00
2nd Support: 170.00
1st Resistant: 212.00
2nd Resistant: 214.00
(\$ per tonne)

CBOT moved down due to forecast for rain in regions plagued with dryness. Furthermore reduced area accompanied with decreasing percentage of spring wheat in good or excellent condition in USA has 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 \$271.34-274.80 per tonne.

US and Russian quotes are hovering in the range of \$194.76 and \$184.50 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. Rains in Germany and Britain have slowed down wheat harvest however harvest in France is progressing at a decent pace. 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 62 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 is likely to harvest around 28.4 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17. Therefore, Steady to firm market is expected in short to medium term.

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