



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

As per latest update, traders in India have signed deals in the last few weeks to buy around 300000 tonnes of Ukrainian wheat with a protein content of 11.5% for September-October delivery. Importers have paid \$210-217 per tonne cost and freight. More deals like these can be signed in the near future but as of now things have slowed down. India is likely to import 2-3 million tonnes of wheat in 2017-18. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

All India weekly average prices decreased by 6.53 percent to Rs. 1772.3 per quintal during the week ended 31st July 2017. Wheat average price were ruling at Rs 1896.14 per quintal during 16-23 July 2017. As compared to prices in the week 24-31 July 2016, the prices are weak by 1.20 percent. Prices are expected to remain steady to firm in coming days.

FCI will sell a total quantity 1099150 tonnes of wheat in different states through e-auction on 10th August at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 404700 tonnes is offered in Punjab followed by 214000 tonnes in Maharashtra, 173000 tonnes in Haryana, 60000 tonnes in West Bengal, 50000 tonnes in Odisha, 48950 tonnes in M.P, 23000 tonnes in Gujarat, 21950 tonnes in Karnataka, 20000 tonnes in Rajasthan, 20000 tonnes in Tamil Nadu, 16000 tonnes in Delhi, 14750 tonnes in Kerala, 5000 tonnes in Uttar Pradesh, 7000 tonnes in Chandigarh, 5700 tonnes in J&K, 4600 tonnes in Uttarakhand, 1000 tonnes in Goa, 1500 tonnes in Himachal Pradesh, 1000 tonnes in Jharkhand, 3000 tonnes in Pondicherry, 2000 tonnes in each Bihar and Andhra Pradesh.

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 (30th July) in the country has been around 102 percent of the LPA and it is expected to be 99% of LPA in August which has 29 percent 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.

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:

Government has offered 1104050 tonnes of wheat in OMSS for the month of June out of which only 115000 tonnes was sold. In the month of July only 32850 tonnes was sold against a total quantity of 3561562 tonnes offered in the first three tenders. Off take is low this year due to ample availability in the market.

Indian FoB quote is hovering around \$275.99 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.90, \$183.00, Euro 165.13, \$191.05 and \$219.51 per tonne respectively. There is little hope for recovery at export front this year however India is expected to import 2 to 3 million tonnes in MY 2017-18.

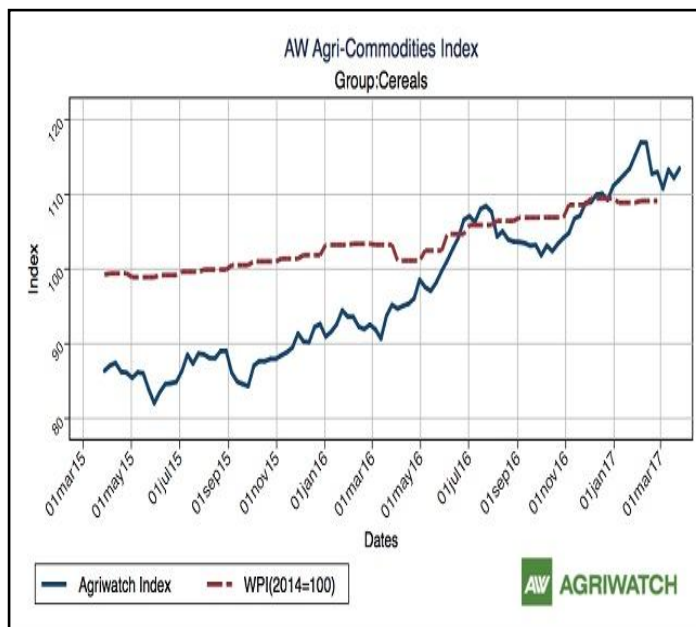
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in August contract taking care of lower and upper price tag of Rs 1597 & 1704 respectively.

Agriwatch Cereals Index:

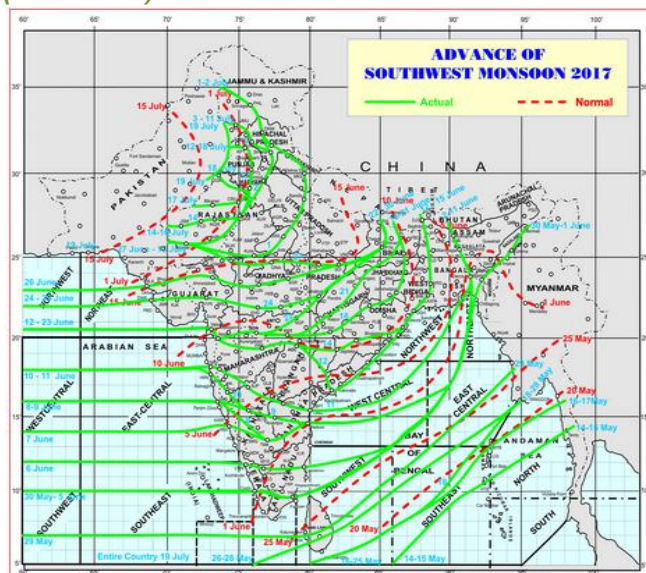
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%).

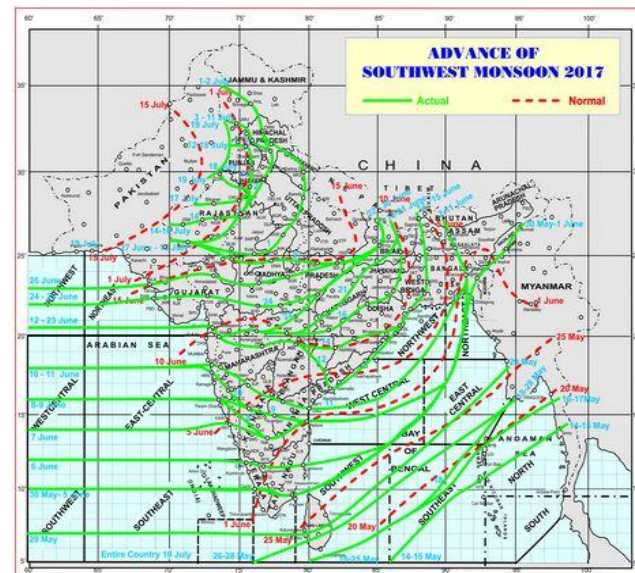


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (08/08/2017)



(31/07/2017)



The southwest monsoon has been active over Himachal Pradesh, Assam & Meghalaya and Sub-Himalayan West Bengal & Sikkim. The axis of monsoon trough at mean sea level now passes through Amritsar, Delhi, Banda, Daltongang, Digha and thence south-southeastwards to west-central Bay of Bengal.

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Indore, Kota and Delhi during 28th July- 03rd August. Prices are expected to remain steady to firm.

Prices are expected to increase on account of seasonal demand and Government has ample stocks to tackle any unexpected surge in prices. 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. Furthermore government has applied 5% GST on wheat that has been packed and branded.

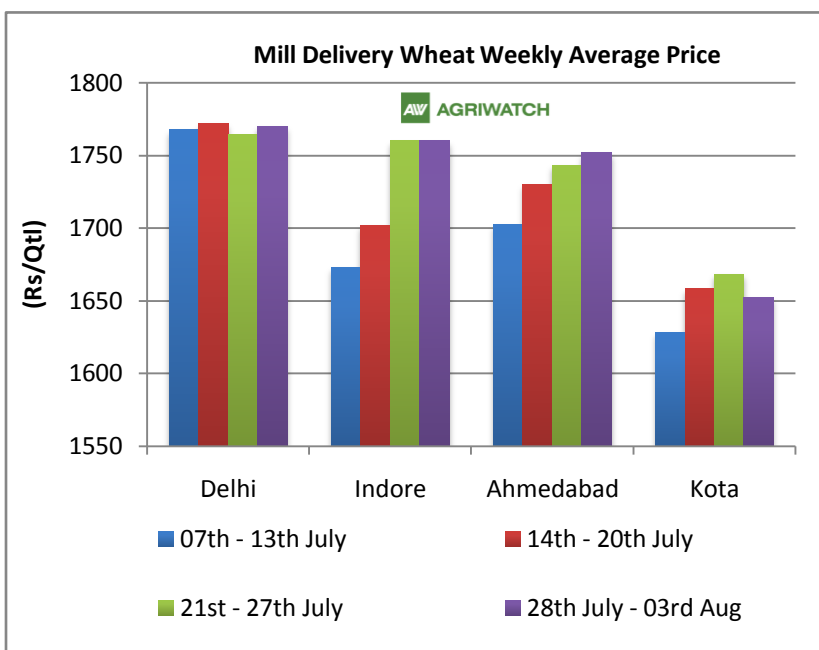

Wheat Stock Norms

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:

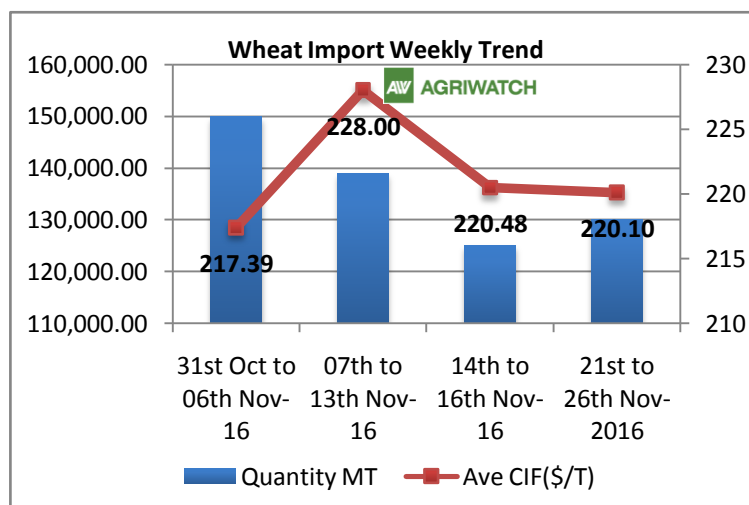
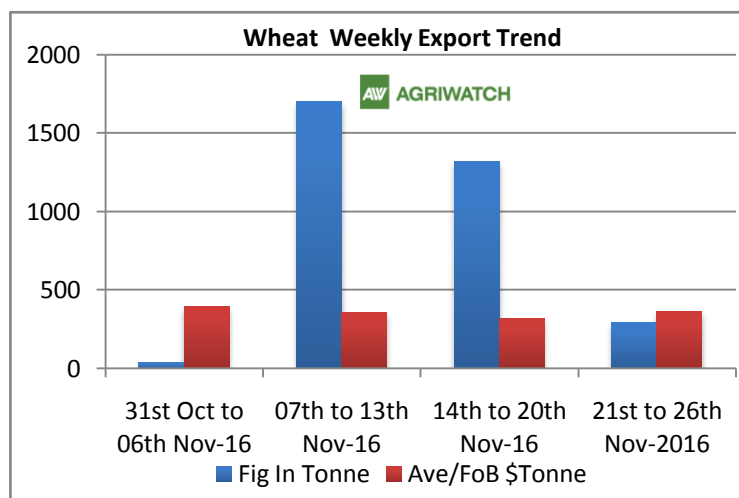
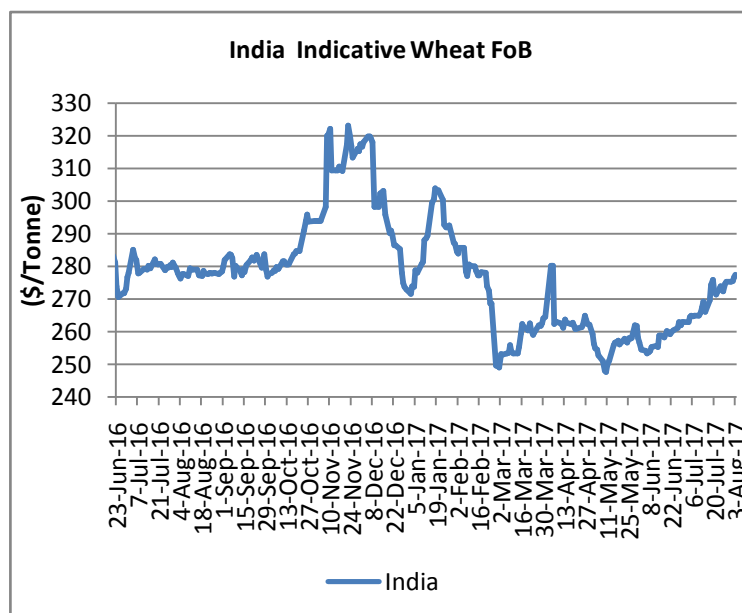
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		2-Aug-17	26-Jul-17	3-Jul-17	3-Aug-16	
USA (Chicago)	2srw	190.20	192.80	219.20	176.40	7.82
France	FCW3	195.58	194.80	199.88	189.33	3.30
Australia	ASW	217.29	220.99	234.69	209.00	3.97
Russia	SRW	183.00	184.50	178.00	158.50	15.46
India	Fob	276.65	272.43	Closed	277.16	-0.18

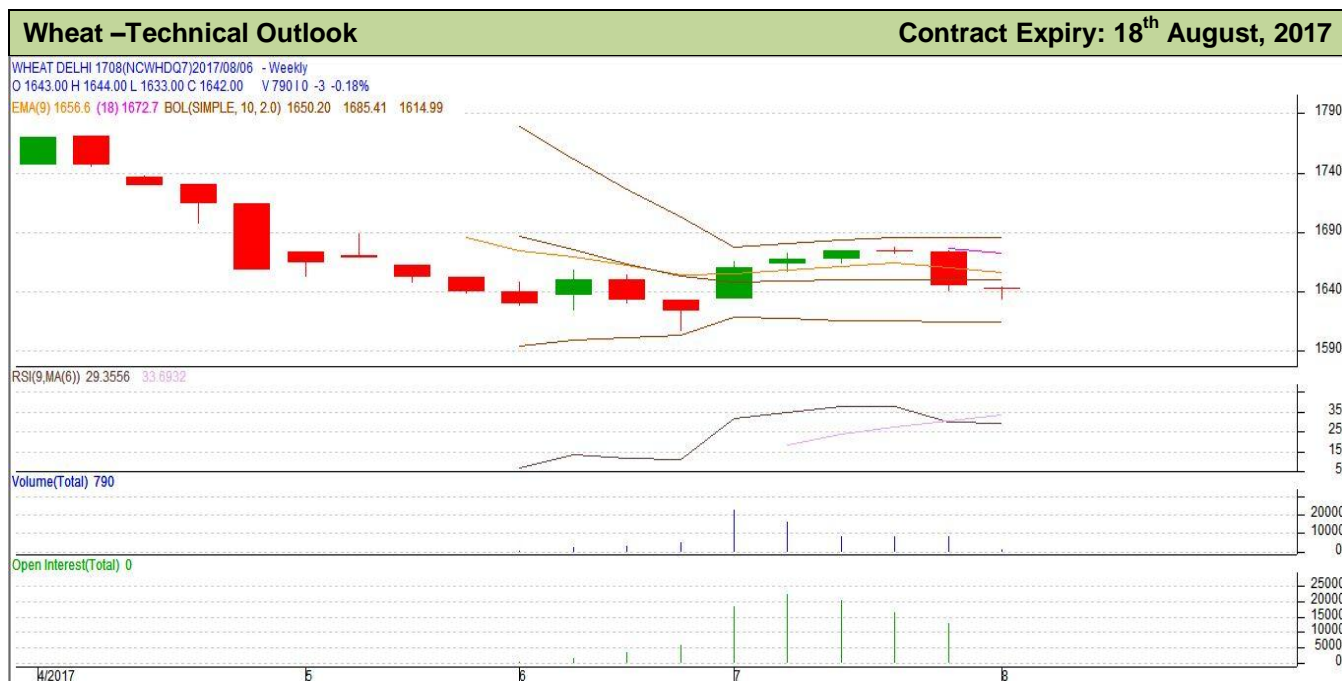
		03/08/2017	29/07/2017	20/07/2017	13/07/2017
August	Black Sea Mill Wheat 12.5% FOB Pmax.	192	194	195	196
August	Black Sea Mill Wheat 11.5% FOB Pmax.	181	182	184	186

Wheat Futures Contact: NCDEX Price								Date:04.08.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Aug	+3	1644	1648	1644	1647	300	-1,210	12920	-190
17-Sep	+1	1668	1669	1666	1669	400	-1,420	9160	180
17-Oct	0	1692	1692	1692	1692	-	-	-	-

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
	3-Aug-17	27-Jul-17	3-Jul-17	3-Aug-16	
Indore	1700	1697	1608	1789	-4.97
Bareilly	NA	NA	NA	NA	-
Delhi	1770	1768	1722	1775	-0.28
Khanna	NA	NA	NA	NA	-
Kanpur	1683	1680	1575	1698	-0.88
Karnal	NA	NA	NA	NA	-
Rajkot	1670	1670	1608	1770	-5.65
Kota	1681	1694	1626	1798	-6.51

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 oversold region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	August	1606	1597	1645	1693	1704
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	August	Buy Above	1633	1659	1681	1618

Domestic Market Weekly Outlook:

Wheat cash market is likely to stay steady to firm in the coming week due to seasonal demand. 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. 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
			3-Aug-17	2-Aug-17	27-Jul-17	3-Jul-17	3-Aug-16
Delhi	Lawrence Road	Mill Delivery	1770	1770	1765	1725	1770
	Narella	Mill Quality Loose	1670	Closed	1680	1630	NA
	Nazafgarh	Mill Quality Loose	1675	Closed	NR	1635	NA
Gujarat	Rajkot	Mill Delivery	1600	1600	1600	NA	1700
	Ahmedabad	Mill Delivery	1750	1755	1750	NA	1860
	Surat	Mill Quality Loose	1790	1790	1790	NA	1900
	Dhrol	Mill Delivery	1615	1620	1660	NA	2020
M.P.	Indore	Mill Quality Loose	1660	1650	1650	1625	1740
	Bhopal	Mill Delivery	1650	1650	1625	1600	1700
Rajasthan	Kota	Mill Quality Loose	1575	1570	1575	Closed	1650
		Mill Delivery	1665	1650	1650	Closed	1750
U.P.	Kanpur	Mill Delivery	1735	1735	1750	1740	NR
	Mathura	Mill Quality Loose	Closed	Closed	1590	Closed	1600
	Kosi	Mill Quality Loose	1585	1585	1585	1500	1600
	Hathras	Mill Quality Loose	NR	NA	1580	1515	1630
	Aligarh	Mill Quality Loose	1600	Closed	1600	1525	1600
Punjab	Khanna	Mill Quality Loose	1650	Closed	1650	1625	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1700	1690	1700	1630	1650
	Hodal	Mill Delivery	1760	1740	1740	1685	1740
	Bhiwani	Mill Quality Loose	1650	1650	1680	1600	1660
	Karnal	Mill Quality	1655	1655	1660	NR	1660



		Loose					
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	Closed	2050
	Madurai	Mill Quality	2007	2007	2007	Closed	2107
	Coimbatore	Mill Quality	2007	2007	2007	Closed	2107
Bihar	Khagariya	Mill Delivery	1650	1700	1750	1650	1725
	Muzaffarpur	Mill Delivery	1600	1600	1550	1550	1730

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 by USDA on 08th August'17 around 32% of spring wheat is in good or excellent condition compared to 68% a year ago. Further around 94% of winter wheat has been harvested compared to 88% a week ago.

France has harvested around 91 percent of its soft wheat crop until 31st July compared to 85 percent a week ago. FranceAgriMer has estimated that median date for soft wheat harvest is still 11 days earlier than the average of past five years.

As per latest update, Japan's ministry of agriculture bought 132925 MMT of food quality wheat from United States, Australia and Canada. Around 50080 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between September 21 - October 20, 49665 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between September 21 - October 20 and 33180 MMT of standard white has been bought from west Australia to be loaded between October 1-October 31.

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.

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.

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 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.

As on 28th July Russia has harvested 31.7 million tonnes of wheat compared to 33.0 million tonnes a year ago for the same date. Around 7.2 million hectares of area has been harvested with an average yield of 4.44 tonnes per hectare compared to 8.1 million hectares with an average yield of 4.09 tonnes per hectare a year ago for same date.

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
	2-Aug-17	26-Jul-17	2-Jul-17	2-May-17	2-Feb-17	2-Aug-16	
Sep-17	169.28	175.53	203.91	171.94	174.61	179.66	-5.78
Dec-17	179.20	184.71	210.89	179.75	180.94	186.55	-3.94
Mar-18	187.10	192.52	215.85	185.90	185.17	191.87	-2.49
May-18	192.15	196.83	218.42	189.30	187.74	193.34	-0.62
Jul-18	195.46	199.50	218.97	190.41	188.11	190.59	+2.55
Sep-18	200.32	203.54	220.72	193.80	191.78	190.59	+5.11

CBOT-Sept-17

1st Support; 159.00
2nd Support: 157.00
1st Resistant: 203.00
2nd Resistant: 205.00
(\$ per tonne)

CBOT is falling continuously as ample supplies are available in the market. Furthermore weaker export sales in US and forecast for rains in wheat growing regions is keeping the prices under pressure. On the other hand due to unfavorable weather wheat crop is not in good condition.

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 \$275.22-277.38 per tonne.

US and Russian quotes are hovering in the range of \$191.50 and \$182.90 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 unfavourable 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 has harvested 31.7 MMT of wheat until 28th July 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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