

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 6.34 percent to Rs. 1884.72 per quintal during the week ended 08th August 2017. Wheat average price were ruling at Rs 1722.30 per quintal during 24-31 July 2017. As compared to prices in the week 01-08 August 2016, the prices are firm by 5.48 percent. Prices are expected to remain steady to firm in coming days.

As per latest update, wheat stock in central pool as on 1st August'17 stood at 300.59 lakh tonnes down by 6.87% compared to last month. This quantity is higher by around 11.83% compared to last year for the same month. For the month of July off take from central pool was around 22.16 lakh tonnes compared to 33.02 lakh tonnes for July '2016 and 19.95 lakh tonnes for July'2015. Off take is likely to increase in the coming months due to seasonal demand. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

India is likely to import 3-4 million tonnes of wheat in 2017-18 despite good production this year as wheat is available at lower prices in the international market. Traders in India have signed deals for import of 3 lakh tonnes of Ukrainian wheat recently and have imported 1.4 lakh tonnes from Australia in the month of June. More deals like these can be signed in near future. Furthermore analyst are expecting record crop in Russia at around 77 MMT, which will keep Russia's export quotes at a lower level. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

India has received 518.3 mm of actual rainfall against 536.6 mm of normal rainfall since the beginning of monsoon season until 09th August. Northwest India is the only region to receive more than normal rainfall. During 17th to 23rd August rainfall activity is likely to be above normal over south peninsular India and adjoining central India. As of now neutral El Nino condition is prevailing and is likely to continue in the next two weeks.

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 will sell a total quantity 1094150 tonnes of wheat in different states through e-auction on 17th August at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 401000 tonnes is offered in Punjab followed by 220000 tonnes in Maharashtra, 173000 tonnes in Haryana, 60000 tonnes in West Bengal, 50000 tonnes in Odhisa, 48950 tonnes in M.P, 22000 tonnes in Tamil Nadu, 21800 tonnes in Karnataka, 20000 tonnes in Rajasthan, 17000 tonnes in Gujarat, 16500 tonnes in Kerala, 16000 tonnes in Delhi, 10000 tonnes in Assam, 7000 tonnes in Chandigarh, 5400 tonnes in Uttarakhand, 2000 tonnes in Bihar, 1500 tonnes in Himachal Pradesh, 1000 tonnes in Goa and 1000 tonnes in Jharkhand.

Indian FoB quote is hovering around \$277.42 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$179.10, \$181.10, Euro 162.85, \$186.62 and \$218.28 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 September contract taking care of lower and upper price tag of Rs 1626 & 1721 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%).



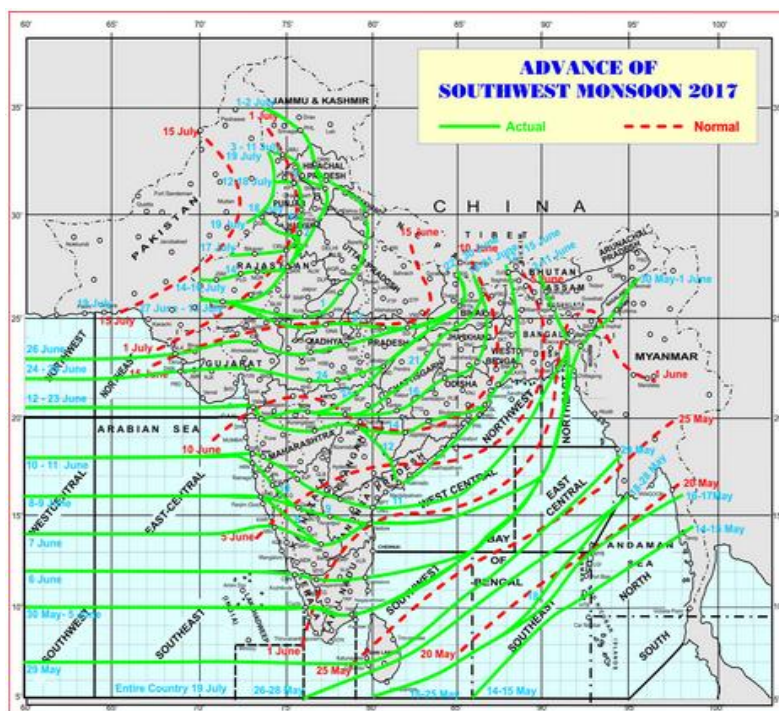
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (12/8/2017)

Southwest monsoon has been vigorous over Arunachal Pradesh & Sub Himalayan West Bengal & Sikkim and active over Bihar, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

Light scattered to fairly widespread rainfall activity likely to occur over remaining parts of the country outside Rajasthan and Gujarat state, where light isolated to scattered rainfall activity is likely to occur in the upcoming week.

Fairly widespread to widespread rainfall activity likely to occur over East India, Uttar Pradesh, Uttarakhand and Himachal Pradesh in the upcoming week with possibility of isolated heavy to very rainfall over Bihar, East Uttar Pradesh, Uttarakhand and Himachal Pradesh.



Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Ahmedabad, Kota and Delhi during 04th- 10th 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.

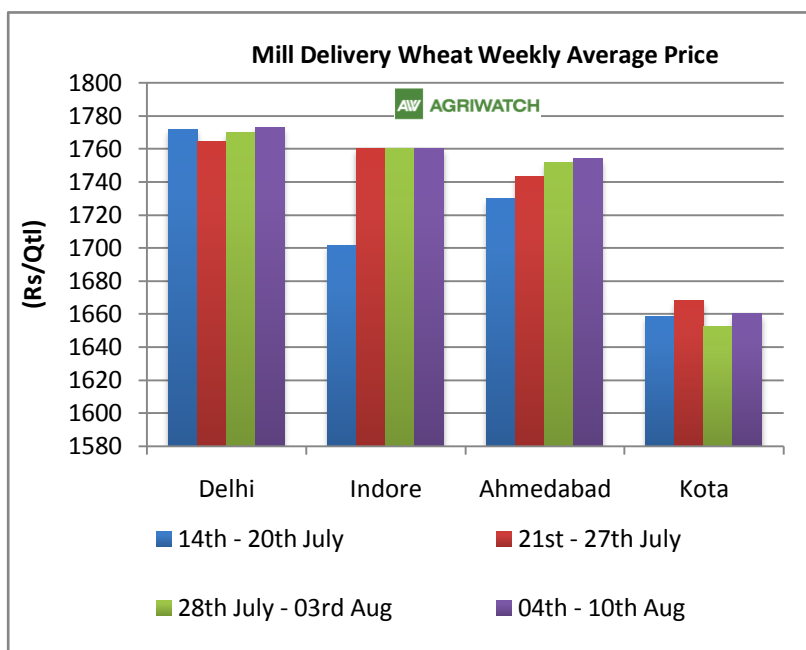

Wheat Stock Norms

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:

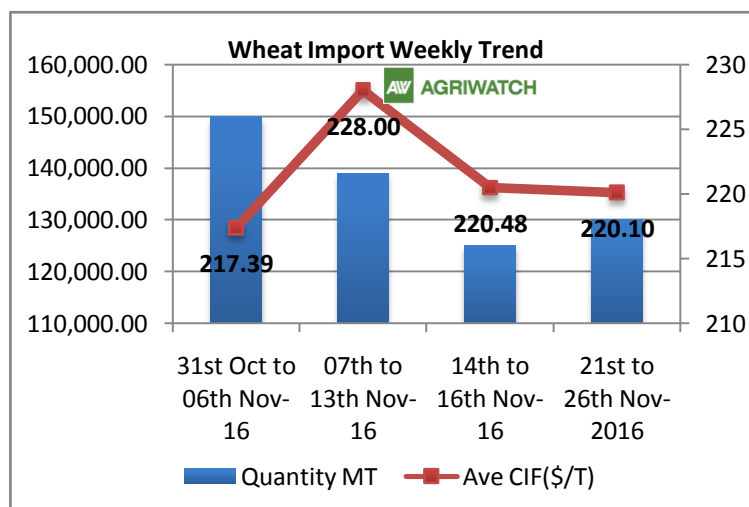
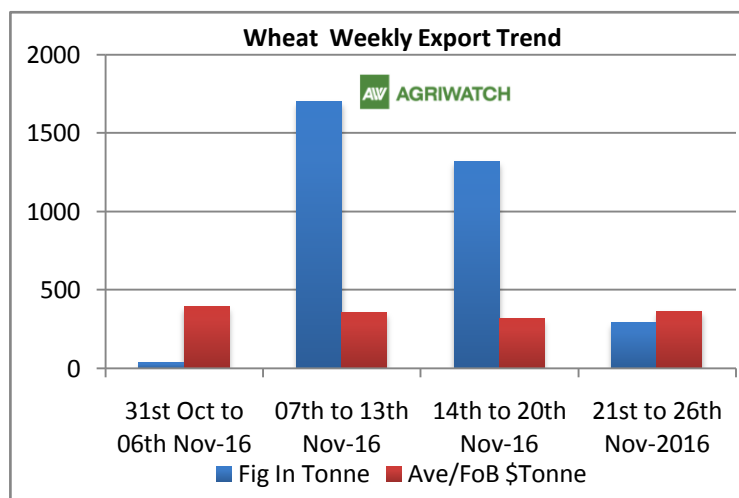
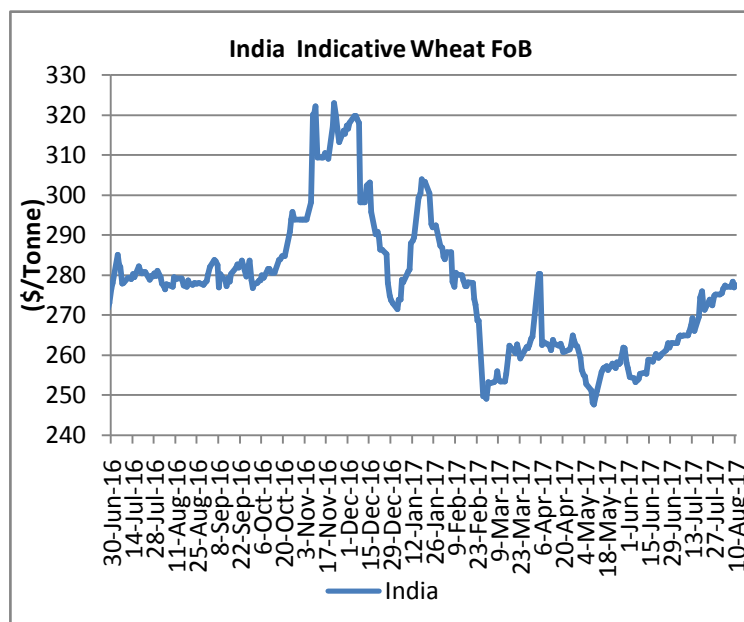
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		9-Aug-17	2-Aug-17	10-Jul-17	10-Aug-16	
USA (Chicago)	2srw	189.00	190.20	213.30	171.24	10.37
France	FCW3	190.85	195.58	201.51	189.16	0.90
Australia	ASW	216.22	217.29	231.65	211.00	2.47
Russia	SRW	177.50	183.00	182.00	160.00	10.94
India	Fob	276.91	276.65	264.95	279.44	-0.91

	10/08/2017	03/08/2017	29/07/2017	20/07/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	190	192	194	195
Black Sea Mill Wheat 11.5% FOB Pmax.	178	181	182	184

Wheat Futures Contact: NCDEX Price								Date: 11.08.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Aug	+9	1634	1651	1634	1643	700	-5,130	5040	-500
17-Sep	+9	1660	1678	1659	1669	1310	-3,390	15100	-40
17-Oct	-2	1679	1726	1689	1695	-	-	-	-

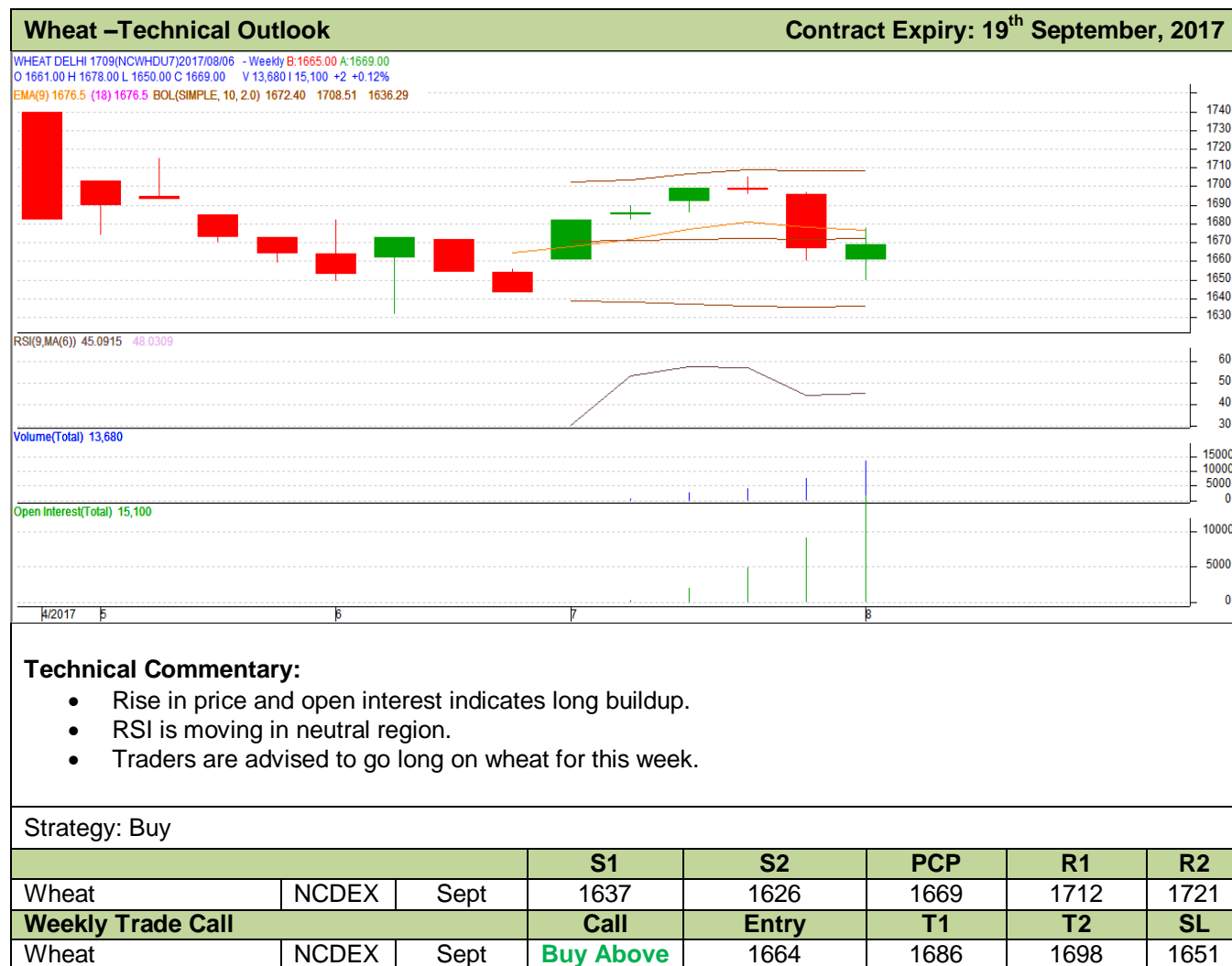
Wheat Weekly Price Table:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	10-Aug-17	3-Aug-17	11-Jul-17	10-Aug-16	
Indore	1690	1700	1626	1800	-6.11
Bareilly	NA	NA	NA	NA	-
Delhi	1778	1770	1770	1792	-0.78
Khanna	NA	NA	NA	NA	-
Kanpur	1690	1683	1640	1705	-0.88
Karnal	NA	NA	NA	NA	-
Rajkot	1680	1670	NA	1755	-4.27
Kota	1692	1681	1658	1789	-5.42

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



Wheat Technical Analysis:



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 hovering near 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
			10-Aug-17	9-Aug-17	3-Aug-17	10-Jul-17	10-Aug-16
Delhi	Lawrence Road	Mill Delivery	1780	1775	1770	1765	1785
	Narella	Mill Quality Loose	1660	Closed	1670	1700	NA
	Nazafgarh	Mill Quality Loose	1670	Closed	1675	1665	NA
Gujarat	Rajkot	Mill Delivery	1610	1600	1600	NA	1700
	Ahmedabad	Mill Delivery	1750	1755	1750	1700	1880
	Surat	Mill Quality Loose	1790	1790	1790	1730	1900
	Dhrol	Mill Delivery	1630	1665	1615	NR	1865
M.P.	Indore	Mill Quality Loose	1650	1650	1660	1600	1750
	Bhopal	Mill Delivery	1650	1650	1650	1600	1700
Rajasthan	Kota	Mill Quality Loose	1570	1570	1575	1530	1660
		Mill Delivery	1660	1660	1665	1630	1740
U.P.	Kanpur	Mill Delivery	1750	1725	1735	NR	1735
	Mathura	Mill Quality Loose	Closed	Closed	Closed	1570	1615
	Kosi	Mill Quality Loose	1580	1585	1585	1590	1625
	Hathras	Mill Quality Loose	1580	NR	1560	1560	1635
	Aligarh	Mill Quality Loose	1600	Closed	1600	1575	1600
Punjab	Khanna	Mill Quality Loose	1650	NA	1650	1660	1625
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1700	1705	1700	1650	1653
	Hodal	Mill Delivery	1740	1740	1760	1760	1755
	Bhiwani	Mill Quality Loose	1670	1660	1650	1640	1670
	Karnal	Mill Quality	1665	1665	1655	1675	1645



		Loose					
	Panipat	Mill Quality Loose	1625	1625	1625	NA	NA
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	1950	2050
	Madurai	Mill Quality	2007	2007	2007	2007	2107
	Coimbatore	Mill Quality	2007	2007	2007	2007	2107
Bihar	Khagariya	Mill Delivery	1650	1600	1650	1700	1750
	Muzaffarpur	Mill Delivery	1600	1600	1600	1560	1725

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 on 10th August Russia has harvested 47.0 million tonnes of wheat compared to 47.9 million tonnes a year ago for the same date. Around 10.8 million hectares of area has been harvested with an average yield of 4.36 tonnes per hectare compared to 12.4 million hectares with an average yield of 3.85 tonnes per hectare a year ago for same date.

Wheat area in Ukraine came to around 6.28 million hectares. Farmers have harvested 25.3 MMT of wheat and the total grain harvest is likely to be around 63 MMT in 2017 compared to 66 MMT last year.

As per analysts, Russia is likely to harvest around 77 MMT in 2017 breaking its previous record of 72.5 MMT in 2016. The main reason for such increase is record yields, high soil moisture and good condition of spring wheat. Overall Russia is expected to harvest 125.2 MMT of grains compared to 120.7 MMT in 2016.

CBOT reached two-month low at \$4.40 per bushel as USDA estimated U.S. total wheat production at 1.739 billion bushels which is well above the average of analyst updates at 1.711 billion bushels. Furthermore U.S. export sales of wheat in the last week were estimated at 464200 tonnes, above its expected range of 250000 to 450000 tonnes.

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.

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
	9-Aug-17	2-Aug-17	9-Jul-17	9-May-17	9-Feb-17	9-Aug-16	
Sep-17	168.82	169.28	202.07	163.31	176.08	181.31	-6.89
Dec-17	178.83	179.20	210.89	170.66	182.23	188.66	-5.21
Mar-18	186.46	187.10	217.04	177.18	186.09	193.90	-3.84
May-18	191.78	192.15	220.35	181.40	188.48	196.38	-2.34
Jul-18	195.00	195.46	221.17	183.98	188.84	191.14	+2.02
Sep-18	199.77	200.32	222.83	188.20	192.61	191.14	+4.52

CBOT-Sept-17

1st Support: 157.00
2nd Support: 155.00
1st Resistant: 193.00
2nd Resistant: 195.00
(\$ per tonne)

CBOT is falling continuously as ample supplies are available in the market. Furthermore stronger export sales in US and production forecast which is well above the average forecast of analyst.

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 \$276.91-278.43 per tonne.

US and Russian quotes are hovering in the range of \$186.62 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 due to lower global production compared to last year. EU is likely to produce around 139.3 MMT in 2017. Russian has harvested 47.0 MMT of wheat until 10th August and total production for spring and winter season combined is likely to be 77 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 27.4 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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