

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 6.46 percent to Rs. 1762.94 per quintal during the week ended 15th August 2017. Wheat average price were ruling at Rs 1884.72 per quintal during 01-08 August 2017. As compared to prices in the week 09-15 August 2016, the prices are weak by 1.49 percent. Prices are expected to remain steady to firm in coming days.

India has received 572.4 mm of actual rainfall against 598.2 mm of normal rainfall since the beginning of monsoon season until 16th August. Northwest and East & Northeast India are the only regions to receive more than normal rainfall. In the week (10th – 16th August) India has received rainfall below LPA by 16% and the worst hit region was central India which received rainfall below LPA by 63%. Furthermore a low pressure is developing in the Bay of Bengal which is likely to bring in central India which has seen a weak monsoon in last week.

As per fourth advance estimate for 2016-17 wheat production is likely to be around 98.8 MMT which is higher compared to third advance estimate of 97.4 MMT. The total food grain production has been pegged at 275.68 MMT compared to 251.57 MMT in final estimate of 2015-16.

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.

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.

Latest Developments In Domestic Markets:

After good production of wheat in India, government has decided not to increase import duty as of now. The import duty will be kept unchanged at 10%. At the current import duty importers will remain active in south India and wheat from Australia and Black sea region is likely to arrive in the near future. Expectations of bumper crop of 77 MMT in Russia have decreased their export quotes. As of now APW, ASW and Ukrainian wheat are being quoted at Rs. 1860 per quintal, Rs. 1790 per quintal and Rs. 1690 per quintal respectively at Tuticorin port.

Indian FoB quote is hovering around \$276.73 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$175.13, \$178.25, Euro 159.81, \$171.16 and \$202.89 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 1622 & 1714 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%).



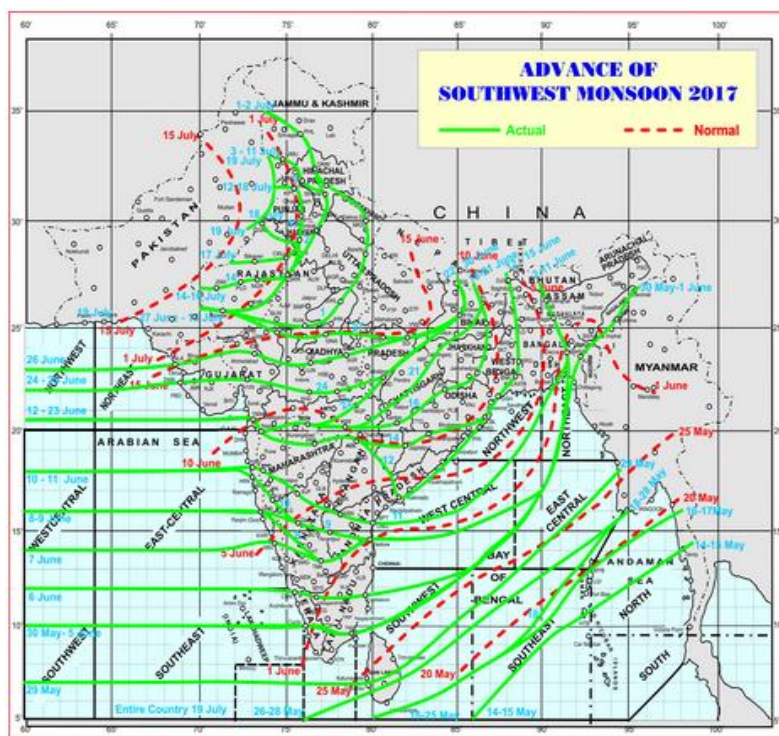
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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: (19/8/2017)

Southwest monsoon has been Active over Andaman & Nicobar Islands, Himachal Pradesh, Vidarbha, Chhattisgarh, Coastal Andhra Pradesh, Telangana, Tamil nadu & Puduchery and Kerala

The low pressure area over northwest Bay of Bengal and adjoining coastal Odisha, now lies over north Coastal Andhra Pradesh and adjoining areas of south coastal Odisha & west central Bay of Bengal. Associated upper air cyclonic circulation now extends upto 7.6 km above mean sea level tilting southwestwards with height.

The axis of monsoon trough at mean sea level passes through Ferozpur, Hissar, Gwalior, Damoh, Raipur, centre of low pressure area and thence east south eastwards to east central Bay of Bengal and extends up to 0.9 Km above mean sea level.



Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Ahmedabad, Kota and Delhi during 11th- 17th 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.

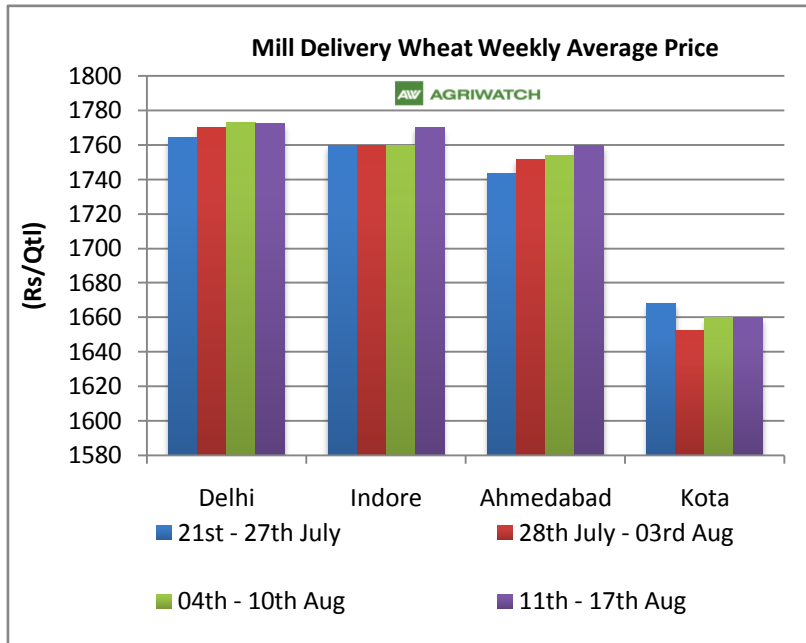

Wheat Stock Norms

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 steady to 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:

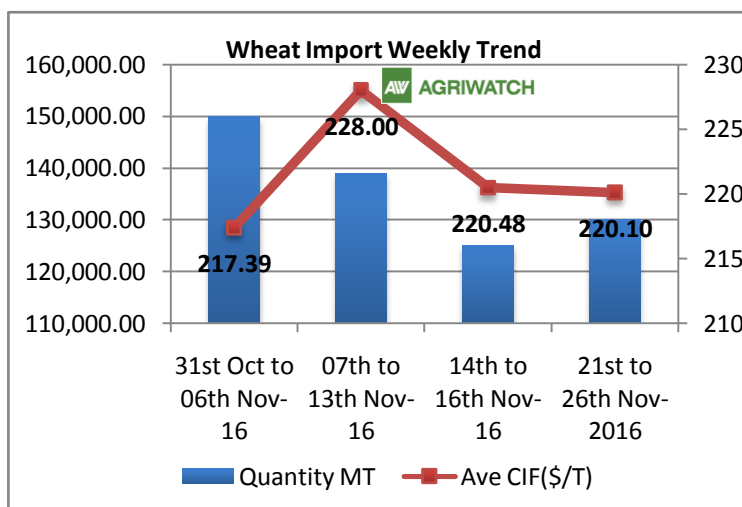
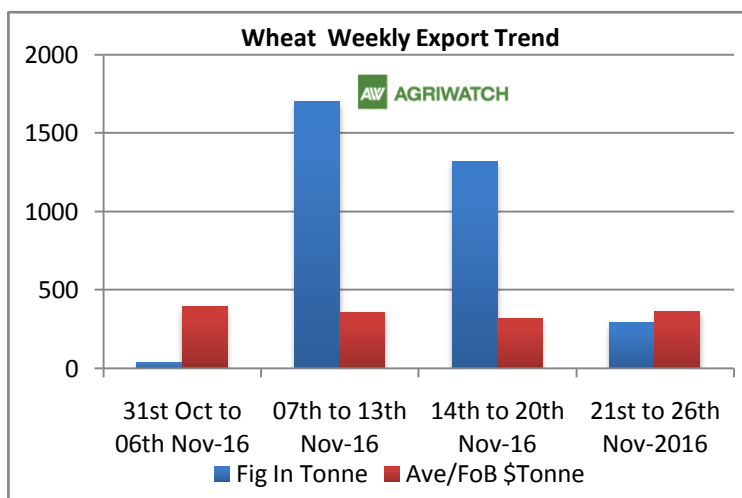
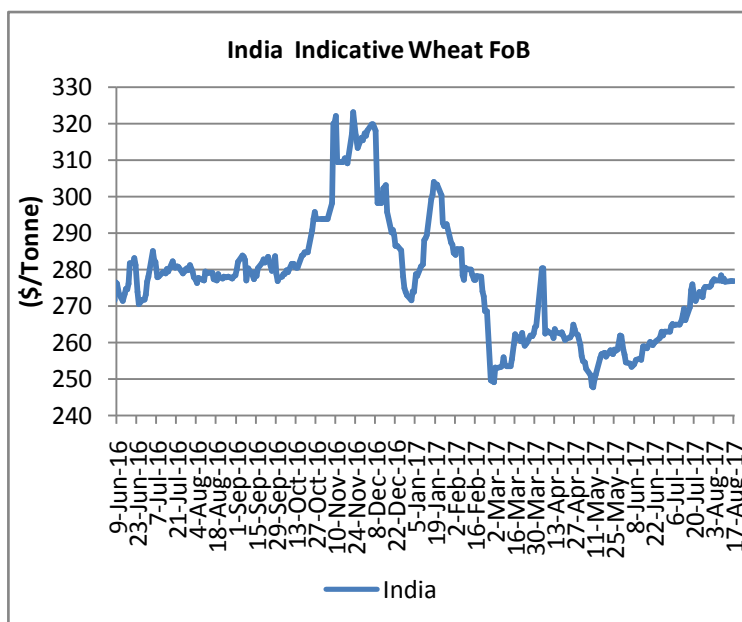
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		16-Aug-17	9-Aug-17	17-Jul-17	16-Aug-16	
USA (Chicago)	2srw	169.30	189.00	202.42	173.27	-2.29
France	FCW3	188.31	190.85	192.35	185.87	1.31
Australia	ASW	198.97	216.22	229.77	209.00	-4.80
Russia	SRW	175.50	177.50	184.00	164.00	7.01
India	Fob	NA	276.91	269.58	277.32	-

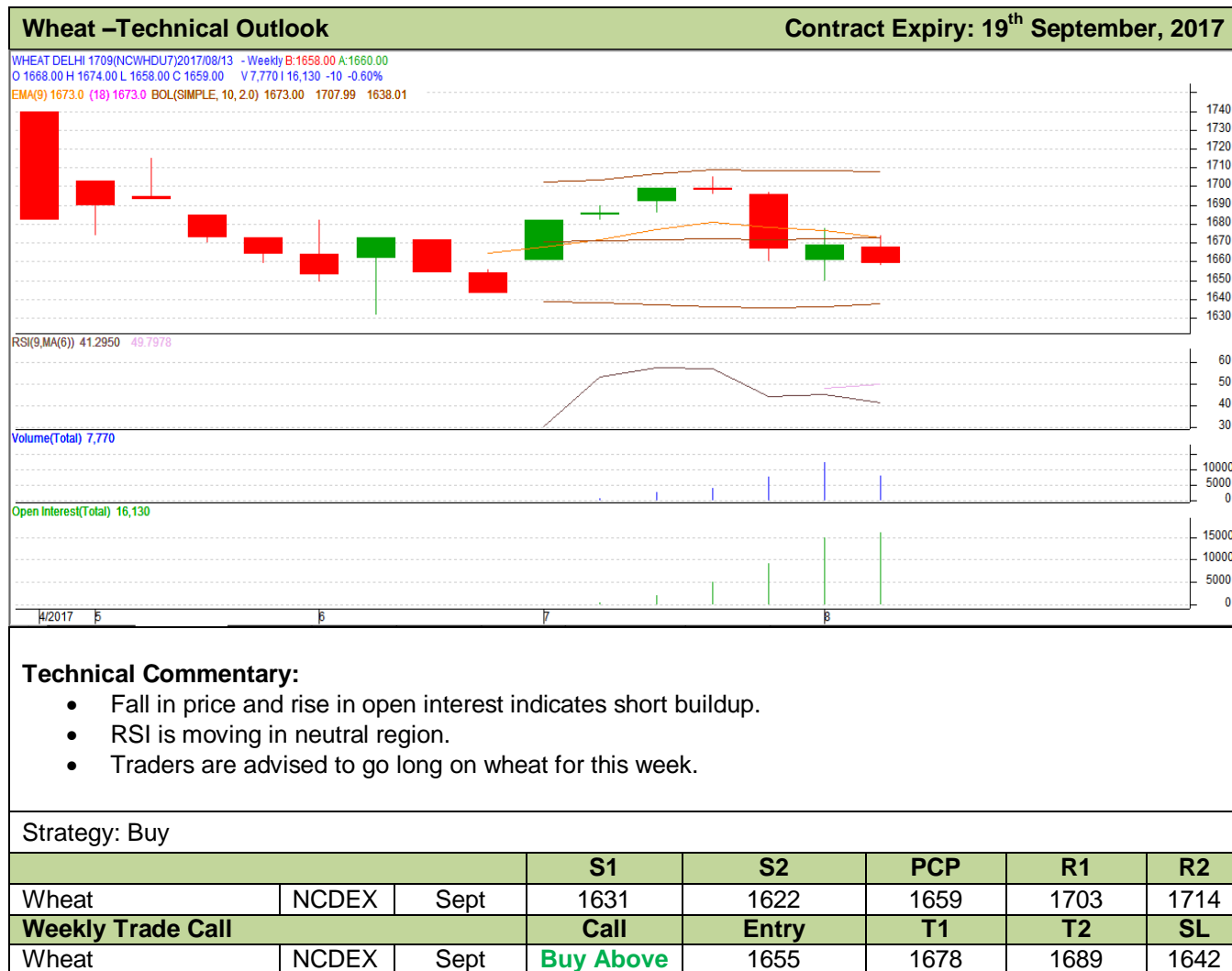
	17/08/2017	10/08/2017	03/08/2017	29/07/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	185	190	192	194
Black Sea Mill Wheat 11.5% FOB Pmax.	170	178	181	182

Wheat Futures Contact: NCDEX Price								Date: 18.08.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Aug	+3	1653	1670	1653	1660	1920	1,530	3010	-970
17-Sep	-9	1666	1670	1658	1659	2250	1,730	16130	1,150
17-Oct	+10	1679	1694	1683	1689	410	320	380	240

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
	17-Aug-17	10-Aug-17	18-Jul-17	17-Aug-16	
Indore	1709	1690	1652	1823	-6.25
Bareilly	NA	NA	NA	NA	-
Delhi	1766	1778	1777	1800	-1.89
Khanna	NA	NA	NA	NA	-
Kanpur	1668	1690	1648	1703	-2.06
Karnal	NA	NA	NA	NA	-
Rajkot	1683	1680	1683	1785	-5.71
Kota	1695	1692	1683	1778	-4.67

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. Continuous import of wheat is keeping wheat prices under pressure. 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
			17-Aug-17	16-Aug-17	10-Aug-17	17-Jul-17	17-Aug-16
Delhi	Lawrence Road	Mill Delivery	1765	1765	1780	1780	1795
	Narella	Mill Quality Loose	1655	Closed	1660	1680	NA
	Nazafgarh	Mill Quality Loose	1670	Closed	1670	1665	NA
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1610	1600	1705
	Ahmedabad	Mill Delivery	Closed	Closed	1750	1720	1870
	Surat	Mill Quality Loose	Closed	Closed	1790	1760	1900
	Dhrol	Mill Delivery	NR	NR	1630	NR	1905
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1625	1750
	Bhopal	Mill Delivery	1700	1650	1650	1600	1700
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	1570	1550	1650
		Mill Delivery	Closed	Closed	1660	1640	1740
U.P.	Kanpur	Mill Delivery	1725	1720	1750	1730	1725
	Mathura	Mill Quality Loose	1580	1590	Closed	1610	1610
	Kosi	Mill Quality Loose	1575	1585	1580	1580	1655
	Hathras	Mill Quality Loose	1600	1620	1580	1620	1630
	Aligarh	Mill Quality Loose	1610	Closed	1600	1590	1650
Punjab	Khanna	Mill Quality Loose	1650	1650	1650	1650	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1710	1705	1700	1675	1655
	Hodal	Mill Delivery	1780	1780	1740	1750	1795
	Bhiwani	Mill Quality Loose	1670	1670	1670	1650	1670



	Karnal	Mill Quality Loose	1670	1670	1665	1665	1650
	Panipat	Mill Quality Loose	1625	1625	1625	NA	NA
Tamil Nadu	Chennai	Mill Quality	Closed	Closed	1950	1950	2050
	Madurai	Mill Quality	Closed	Closed	2007	2007	2107
	Coimbatore	Mill Quality	Closed	Closed	2007	2007	2107
Bihar	Khagariya	Mill Delivery	1700	1650	1650	1750	1700
	Muzaffarpur	Mill Delivery	NA	NA	1600	1500	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
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:

As on 17th August Russia has harvested 55.7 million tonnes of wheat compared to 52.2 million tonnes a year ago for the same date. Around 13.0 million hectares of area has been harvested with an average yield of 4.27 tonnes per hectare compared to 14.4 million hectares with an average yield of 3.63 tonnes per hectare a year ago for same date.

GASC has purchased 355000 tonnes of wheat through tender. Of the total quantity 295000 tonnes is of Russian origin and 60000 tonnes is of Ukrainian origin. Union offered 120000 tonnes of Russian wheat at FoB \$193.80 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$193.80 per tonne, ECTP offered 60000 tonnes of Russian wheat at FoB \$193.80 per tonne, Louis Dreyfus offered 60000 tonnes of Russian wheat at FoB \$193.80 per tonne and Union offered 55000 tonnes of Russian wheat at FoB \$192.20 per tonne.

As per latest update by USDA on 13th August'17 around 33% of spring wheat is in good or excellent condition compared to 66% a year ago. Further around 97% of winter wheat has been harvested compared to 94% a week ago.

France has harvested around 99 percent of its soft wheat crop until 14th August compared to 97 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 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.

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.

Jordan has bought 50000 tonnes of hard milling wheat in a tender closed on Wednesday at \$221.50 per tonne cost and freight to be shipped in first half of December. Recently Jordan has faced difficulty in purchasing wheat through tenders due to ambiguity about country's new quality control and payment.

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
	16-Aug-17	9-Aug-17	16-Jul-17	16-May-17	16-Feb-17	16-Aug-16	
Sep-17	154.03	168.82	185.90	161.01	179.47	180.21	-14.53
Dec-17	164.23	178.83	194.81	168.82	186.00	187.47	-12.40
Mar-18	172.49	186.46	202.07	175.43	190.22	193.07	-10.66
May-18	178.01	191.78	205.93	179.57	192.52	195.55	-8.97
Jul-18	182.41	195.00	207.67	182.41	191.87	190.68	-4.34
Sep-18	187.74	199.77	210.70	186.55	195.00	190.68	-1.54

CBOT-Sept-17

1st Support: 147.00
2nd Support: 145.00
1st Resistant: 186.00
2nd Resistant: 188.00
(\$ 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 \$276.65-276.82 per tonne.

US and Russian quotes are hovering in the range of \$171.16 and \$175.13 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 \$165 to \$220 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 55.7 MMT of wheat until 17th 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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