



# **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 decreased by 1.17 percent to Rs. 1809.16 per quintal during the week ended 31st August 2017. Wheat average price were ruling at Rs 1830.66 per quintal during 16-23 August 2017. As compared to prices in the week 24-31 August 2016, the prices are weak by 0.67 percent. Prices are expected to remain steady to weak in coming days.

FCI has offered a total of 11808752 tonnes of wheat through E-Auction since June until fifth tender in August. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the month of June 115000 tonnes was sold against offered quantity of 1104050 tonnes, 34400 tonnes was sold in July against offered quantity of 4934602 tonnes and 43550 tonnes has been sold in five tenders of August against offered quantity of 5770100.

Domestic wheat prices are likely to stay steady to slightly weak due to ample availability created by good domestic crop and continuous imports from Black sea region and Australia. Government may impose import duty on wheat in order to curb imports and provide support to domestic prices. If prices do get support farmers will be motivated either to keep their area same as last year or even sow more.

India has received 683.60 mm of actual rainfall against 707.40 mm of normal rainfall since the beginning of monsoon season until 30th August. In the week (24th – 30th August) India has received rainfall above LPA by 24% and the worst hit region was East & Northeast India which received rainfall below LPA by -21%. Since the beginning of monsoon season Punjab, Chandigarh, Delhi, West Uttar Pradesh, East Madhya Pradesh and Vidharba have received deficient rainfall.

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.

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.

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:**

Indian FoB quote is hovering around \$275.86 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$169.40, \$171.90, Euro 155.05, \$157.18 and \$200.29 per tonne respectively. There is little hope for recovery at export front this year however India is expected to import 3 to 4 million tonnes in MY 2017-18.

India is likely to import between 3-4 MMT in 2017-18 despite good production as wheat is available at lower prices in the international market. Expectations of bumper crop of 80-82 MMT and 26 MMT in Russia and Ukraine respectively have decreased their export quotes. There is no change in quotes compared to last week and as of now APW, ASW, Ukrainian and Bulgarian wheat are being quoted at Rs. 1860 per quintal, Rs. 1790 per quintal, Rs. 1680 per quintal Rs. 1670 per quintal respectively at Tuticorin port.

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

**Trade Call:** Stakeholders should trade in September contract taking care of lower and upper price tag of Rs 1569 & 1677 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%).



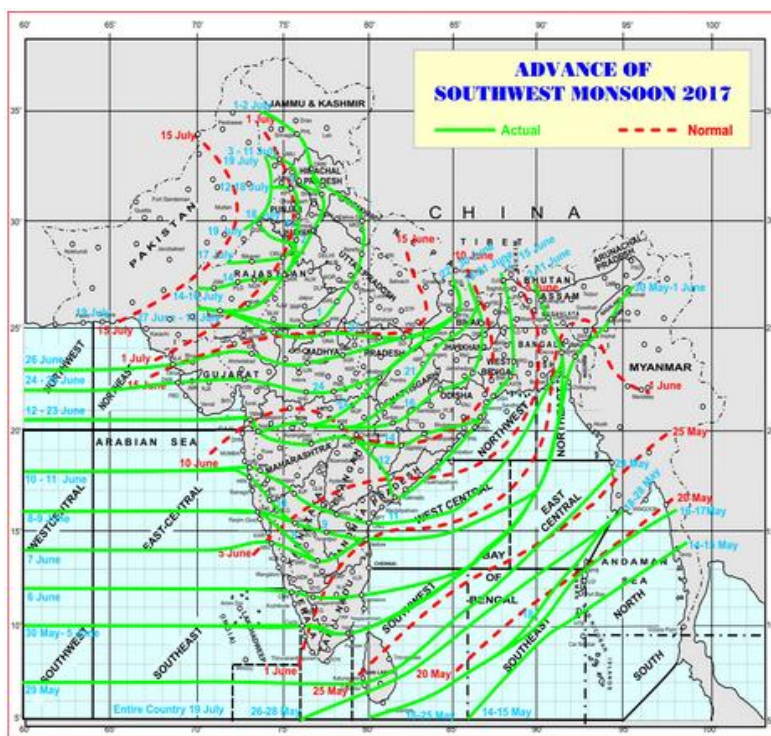
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## Weather Condition & Monsoon Progress: (04/09/2017)

The southwest monsoon has been vigorous over Haryana, Chandigarh & Delhi and active over Arunachal Pradesh, Assam & Meghalaya, Jammu & Kashmir and Kerala.

The axis of monsoon trough at mean sea level continues to run close to the foothills of the Himalayas. The north south trough from the Sub Himalayan West Bengal & neighborhood to North Bay of Bengal now runs from eastern parts of Arunachal Pradesh to Mizoram at 3.1km above mean sea level.

Thunderstorm occurred at isolated places over Jammu & Kashmir, Himachal Pradesh, Uttarakhand, West Rajasthan, West Madhya Pradesh, Saurashtra & Kutch, Sub Himalayan West Bengal & Sikkim, Jharkhand, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Odisha, Telangana, Rayalaseema, South Interior Karnataka, Coastal Andhra Pradesh, Tamil Nadu & Kerala



Source: IMD

**Wheat Weekly Average Price Chart:**

Wheat average mill delivery prices traded steady to weak in Ahmedabad, Kota, Delhi and Indore during 25<sup>th</sup> – 31<sup>st</sup> August. Prices are expected to remain steady to weak.

Prices are expected to decrease in the coming week due to ample availability. Furthermore imported wheat in south India is still cheaper compared to transporting it from north and central states and Government has ample stocks to tackle any unexpected surge in prices. As of now government has no intention of increasing import duty. Government has applied 5% GST on wheat that has been packed and branded.

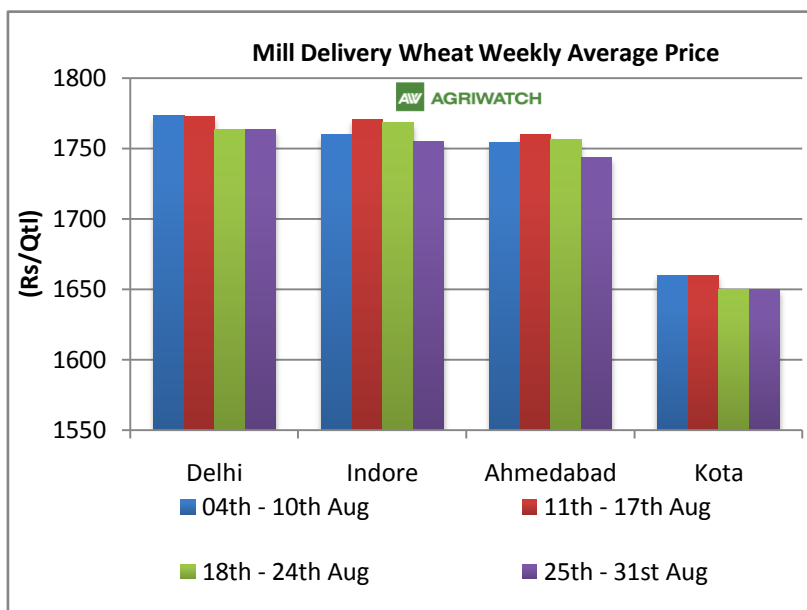

**Wheat Stock Norms**

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
<b>Buffer Norms w.e.f. 27.12.2016</b>						

**Procurement As on 21<sup>st</sup> 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%
<b>All-India</b>	<b>330.00</b>	<b>308.01</b>	<b>229.62</b>	<b>34.13%</b>

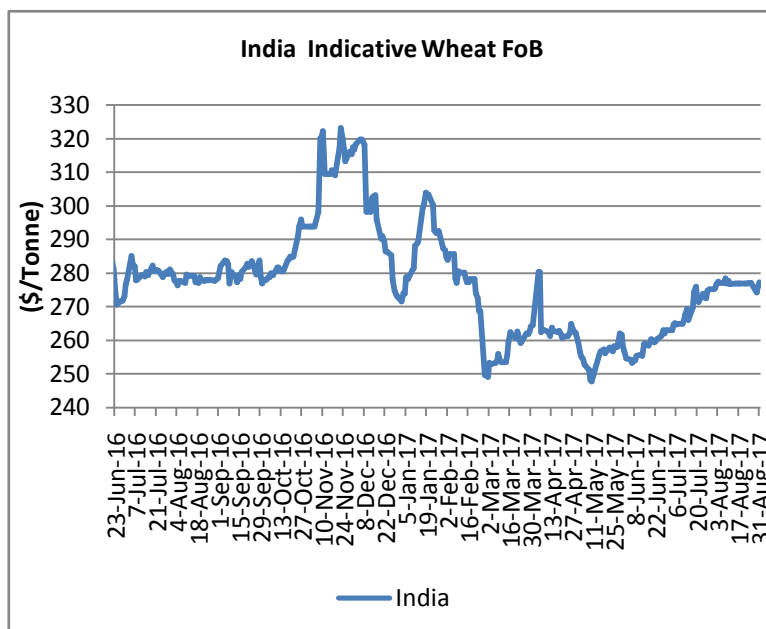
Total wheat procurement was registered at 229.62 lakh tonnes till 28<sup>th</sup> June -2016. Against set target of 33 MMT Government has procured 308.01 lakh tonnes until 21<sup>st</sup> July-17.



## FOB Quote For Wheat At Kandla:

Wheat FoB quote in India witnessed steady 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.

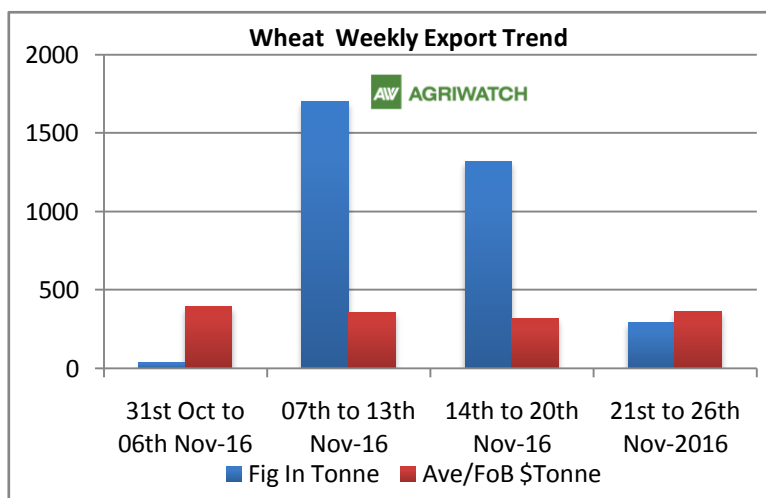
Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand of Indian wheat in international market. Black sea region is expected to harvest good crop this year which will further reduce the regions export quotes and increase price gap between India and black sea region. Prices of wheat may stay steady to weak at current level due to ample availability on account of high domestic production and imports.



## 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.

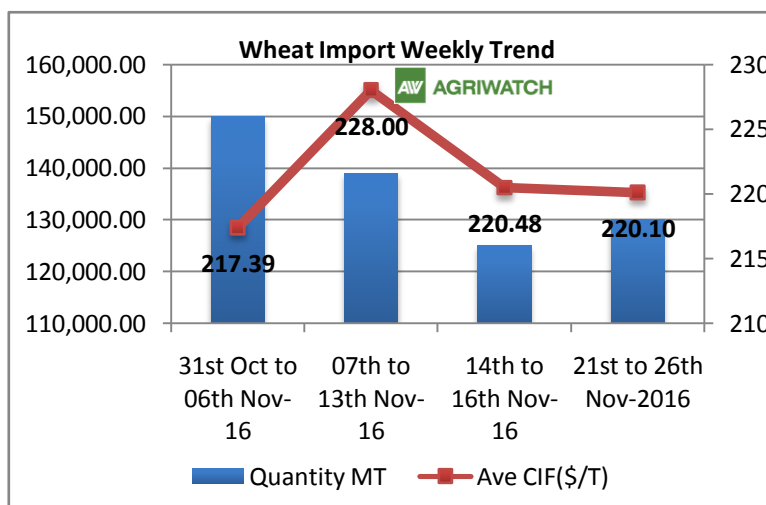
India exported 294.62 tonnes of wheat during week ended 26<sup>th</sup> Nov-2016, down compared to exports in the previous week. Average FoB quote realized last week was \$366.49 per tonne. As prices are ruling lower in global market export opportunity for Indian wheat exporters seems bleak. Major buyers 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
		30-Aug-17	23-Aug-17	31-Jul-17	31-Aug-16	
USA (Chicago)	2srw	154.66	160.07	191.59	146.02	<b>5.92</b>
France	FCW3	185.33	181.97	196.65	178.25	<b>3.97</b>
Australia	ASW	199.74	198.97	219.91	186.00	<b>7.39</b>
Russia	SRW	168.50	170.50	183.50	165.00	<b>2.12</b>
India	Fob	276.04	276.82	275.22	278.44	<b>-0.86</b>

	31/08/2017	24/08/2017	17/08/2017	10/08/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	180	178	185	190
Black Sea Mill Wheat 11.5% FOB Pmax.	169	165	170	178

Wheat Futures Contact: NCDEX Price								Date:01.09.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
<b>17-Sep</b>	<b>-1</b>	1637	1637	1634	1636	750	<b>-610</b>	12720	<b>-220</b>
<b>17-Oct</b>	<b>+2</b>	1654	1657	1653	1657	600	<b>-750</b>	5680	<b>450</b>
<b>17-Nov</b>	0	1673	1673	1673	1673	-	-	-	-

**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
	31-Aug-17	24-Aug-17	31-Jul-17	31-Aug-16	
Indore	1699	1708	1698	1825	<b>-6.90</b>
Bareilly	NA	NA	NA	NA	-
Delhi	1762	1766	1772	1814	<b>-2.87</b>
Khanna	NA	NA	NA	NA	-
Kanpur	1658	1655	1678	1725	<b>-3.88</b>
Karnal	NA	NA	NA	NA	-
Rajkot	1715	1708	1662	1810	<b>-5.25</b>
Kota	1673	1676	1684	1803	<b>-7.21</b>

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 weak in the coming week due ample availability in the market. Wheat stocks lying in port silos have decreased but Continuous import of wheat is keeping wheat prices under pressure. Import duty is 10% and government may increase import duty to curb imports.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			31-Aug-17	30-Aug-17	24-Aug-17	1-Aug-17	31-Aug-16
Delhi	Lawrence Road	Mill Delivery	1760	1760	1765	1770	1810
	Narella	Mill Quality Loose	1655	Closed	1655	1670	NA
	Nazafgarh	Mill Quality Loose	1665	Closed	1670	1670	NA
Gujarat	Rajkot	Mill Delivery	1610	Closed	NA	1600	1750
	Ahmedabad	Mill Delivery	1740	1740	1750	1755	1880
	Surat	Mill Quality Loose	1780	1780	1790	1790	1915
	Dhrol	Mill Delivery	1605	1610	NR	1610	NA
M.P.	Indore	Mill Quality Loose	1650	1650	1660	1650	1750
	Bhopal	Mill Delivery	1650	1650	1660	1650	1750
Rajasthan	Kota	Mill Quality Loose	1550	1550	1560	1570	1730
		Mill Delivery	1650	1650	1650	1650	1790
U.P.	Kanpur	Mill Delivery	1720	1720	1715	1725	1715
	Mathura	Mill Quality Loose	1575	1575	1575	NA	1630
	Kosi	Mill Quality Loose	1570	1570	1575	1585	NA
	Hathras	Mill Quality Loose	1630	1590	1600	1560	NA
	Aligarh	Mill Quality Loose	1600	Closed	1600	1600	NA
Punjab	Khanna	Mill Quality Loose	1670	1660	1665	1650	1650
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1700	1700	1700	1690	1665
	Hodal	Mill Delivery	NA	1740	1780	1740	NR
	Bhiwani	Mill Quality Loose	1670	1675	1680	1680	1700
	Karnal	Mill Quality Loose	1670	1670	1670	1655	1655
	Panipat	Mill Quality	1625	1625	1625	1625	NA





		Loose					
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	1950	2075
	Madurai	Mill Quality	2007	2007	2007	2007	2132
	Coimbatore	Mill Quality	2007	2007	2007	2007	2132
Bihar	Khagariya	Mill Delivery	1650	1650	1650	1700	1750
	Muzaffarpur	Mill Delivery	1600	1600	1600	1600	1800

### Progressive Sowing Status till 03<sup>rd</sup> 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:**

*Ukraine has completed wheat harvest for 2017, harvesting a total 26.6 million tonnes of wheat with a yield of 4.18 tonnes per hectare. Furthermore exports and carryover stocks for 2017 are likely to be around 15.5 MMT and 1.9 MMT.*

*As per latest update, Japan's ministry of agriculture bought 125713 MMT of food quality wheat from United States and Canada. Around 67123 MMT with minimum protein content of 14 percent has been bought from United States and 58590 MMT has been bought from Canada with minimum protein content of 13.5 percent to be loaded between October 21 and November 20.*

*As per forecast of IKAR, Russia is likely to produce a record 81-84 MMT of wheat in 2017 compared to 77-80 MMT in 2016. The rise in production is mainly due to good yield this year (4.13 tonnes per hectare) compared to last year (3.40 tonnes per hectare).*

*GASC has purchased 295000 tonnes of wheat through tender. Of the total quantity 235000 tonnes is of Russian origin and 60000 tonnes is of Ukrainian origin. Daewoo offered 60000 tonnes of Russian wheat at FoB \$186.00 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$187.00 per tonne, GTCS offered 55000 tonnes of Russian wheat at FoB \$187.00 per tonne and 120000 tonnes of Russian wheat at FoB \$187.50 per tonne.*

*Russian milling wheat prices with 12.5% protein content decreased by around \$1 per tonne compared to last week. The fall in prices was due to higher production forecast, large stock and low export demand. Russia is expected to produce 78-80 MMT of wheat this year compared to 72 MMT last year. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$178-182/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$167-170/tonne.*

*As on 24th August Russia has harvested 62.2 million tonnes of wheat compared to 58.9 million tonnes a year ago for the same date. Around 15.1 million hectares of area has been harvested with an average yield of 4.13 tonnes per hectare compared to 17.3 million hectares with an average yield of 3.40 tonnes per hectare a year ago for same date.*

*Algeria state grains agency OAIC has bought around 590000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$200.00 - \$201.00 per tonne (Cost and Freight). The quantity to be shipped is due in November. Major part of the quantity is likely to be sourced from France and Baltic states but some quantity can come from United States as well.*

*Government of Argentina has reduced its forecast for wheat planted area for 2017-18 to 5.78 million hectares down from 5.9 million hectares. Flooding in past months led to excessive water logging in fields which has prevented planting in many areas in Argentina.*

*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.*

*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.*

**IGC Wheat Balance Sheet:**

IGC Forecast( Fig-In MMT)	2014-15	2015/16	2016/2017 (Estimate)	2017-18 (Forecast)	
				27.07.2017	24.08.2017
Production	730	738	754	732	742
Trade	153	166	173	170	172
Consumptions	715	718	738	735	738
Carryover stocks	206	225	242	241	248
Y-O-Y change	15	19	16	-	4
Major Export	66	68	78	65	69

- IGC has increased its forecast for wheat by 10 MMT to 742 MMT as on 24<sup>th</sup> August-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 172 MMT. It is 1 MMT lower compared to estimate for last year and higher by 6 MMT compared to 2015-16.
- Consumption has been increased to 738 MMT for 2017-18. The forecast is higher by 20 MMT compared to 2015-16.
- Carryout has been increased to 248 MMT for 2017-18. It is higher by around 6 MMT compared to estimate of 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
	30- Aug-17	23-Aug- 17	30-Jul-17	30-May-17	28-Feb-17	30- Aug-16	
Sep-17	148.25	148.15	174.33	163.13	173.87	167.08	-11.27
Dec-17	157.89	157.98	183.61	171.39	180.85	175.43	-10.00
Mar-18	166.34	166.43	191.32	177.82	185.72	181.40	-8.30
May-18	171.21	171.85	195.73	182.05	188.11	183.24	-6.57
Jul-18	175.80	177.09	198.58	184.89	187.93	178.56	-1.54
Sep-18	181.59	182.87	202.99	188.94	19.29	178.56	+1.70

### CBOT-Sept-17

**1<sup>st</sup> Support: 143.00**  
**2<sup>nd</sup> Support: 141.00**  
**1<sup>st</sup> Resistant: 181.00**  
**2<sup>nd</sup> Resistant: 183.00**  
**(\$ per tonne)**

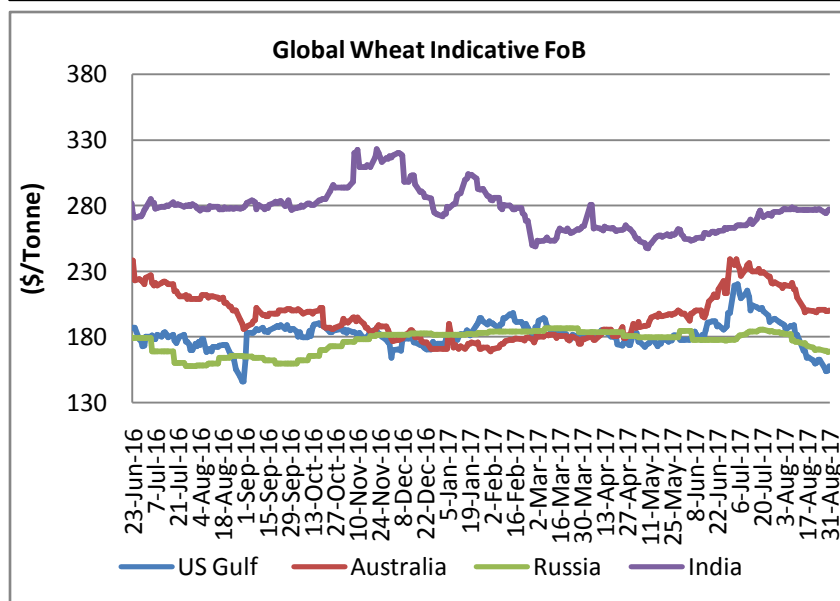
CBOT fell continuously as ample supplies are available in the market. Furthermore strong export sales in US and production forecast which is well above the average forecast of analyst also led to fall in CBOT. As of now prices are increasing on technical buying.

### 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 \$274.18-277.30 per tonne.

US and Russian quotes are hovering in the range of \$157.18 and \$169.40 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$150 to \$205 in coming weeks.



### International Weekly Outlook:

Global wheat market is expected to trade from steady to weak due to higher carryover stocks and good production. EU is likely to produce around 139.3 MMT in 2017. Russia and Ukraine are likely to harvest 80-83 MMT and 26 MMT of wheat in 2017-18. 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 Australia's 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 25 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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