

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 0.51 percent to Rs. 1799.86 per quintal during the week ended 08th September 2017. Wheat average price were ruling at Rs 1809.16 per quintal during 24-31 August 2017. As compared to prices in the week 01-08 September 2016, the prices are weak by 1.57 percent. Prices are expected to remain steady to weak in coming days.

India is continuously importing wheat from Black sea region and Australia as it is cheaper compared to domestic wheat even after including the current import duty of 10%. As of now Rajkot mill quality is being offered at \$256 per tonne whereas millers in India have contracted to import 8 lakh tonnes from blacksea region at CnF \$200-210 per tonne. Government is considering to increase import duty in order to curb wheat imports and provide support to domestic wheat prices. Sowing of wheat is likely to start in coming months and if prices remain at low level overall acreage may fall in comparison to last year.

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. Import quotes have decreased compared to last week and as of now APW, ASW, Ukrainian and Bulgarian wheat are being quoted at Rs. 1850 per quintal, Rs. 1770 per quintal, Rs. 1670 per quintal Rs. 1660 per quintal respectively at Tuticorin port.

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.

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:

India is likely to import 800000 tonnes of wheat in september and october from blacksea region at \$200-210 per tonne cost and freight after taking into account 10% of duty. According to traders there is not much price advantage, millers are buying to ensure smooth supplies in November and December. The only fear importers are facing is an increase in import duty or abrupt change in phytosanitary measures.

Indian FoB quote is hovering around \$274.69 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$170.30, \$171.50, Euro 156.70, \$182.30 and \$201.30 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.

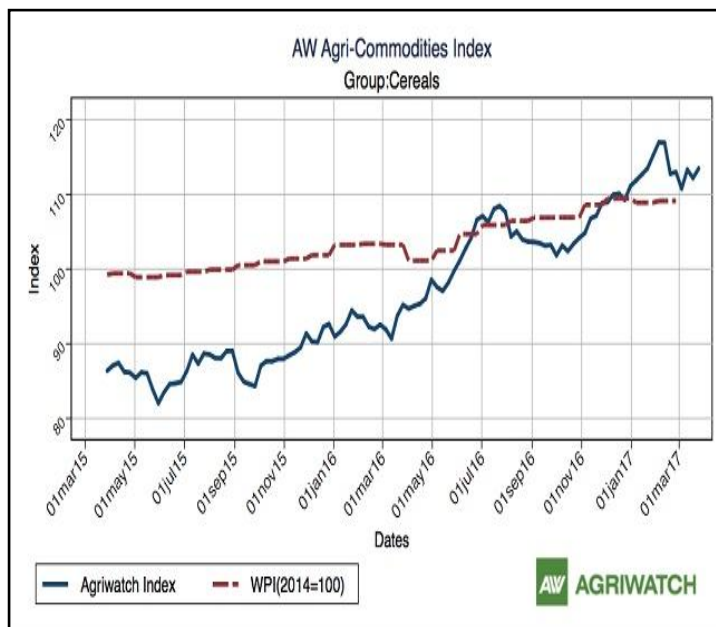
Outlook & Recommendation:-Wheat cash market is expected to trade steady to weak in the coming week.

Trade Call: Stakeholders should trade in September contract taking care of lower and upper price tag of Rs 1602 & 1676 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."

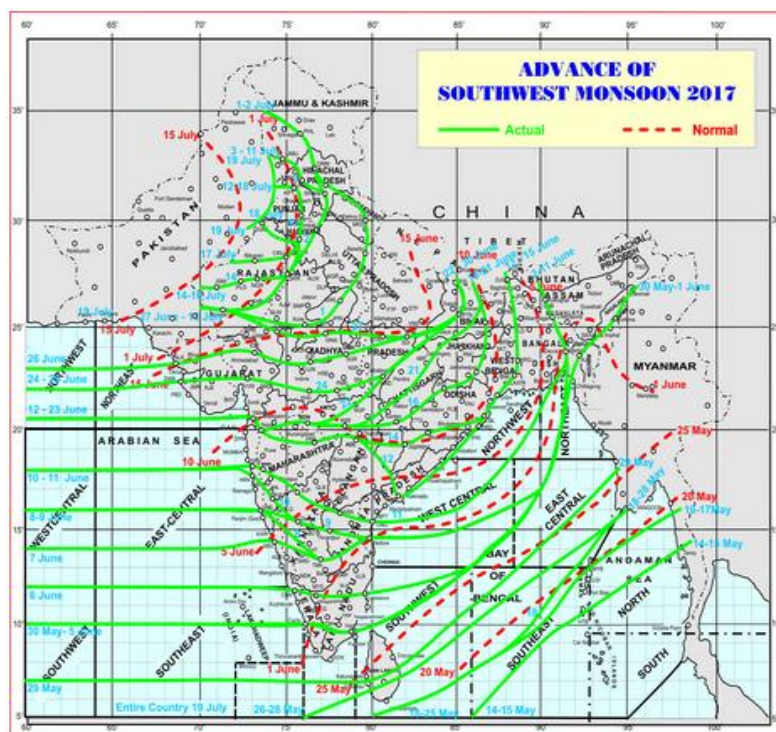
Weather Condition & Monsoon Progress: (11/09/2017)

The monsoon trough was close to foothills of the Himalayas or north of its normal position during the week.

Southwest monsoon was vigorous over Haryana, Chandigarh & Delhi on a few days; over Uttarakhand, Punjab, West Rajasthan, Saurashtra & Kutch, Tamilnadu & Puducherry and South Interior Karnataka on one or two days of the week.

It was active over Arunachal Pradesh on many days; over Kerala on a few days; over Assam & Meghalaya, Nagaland Manipur, Mizoram & Tripura, West Bengal & Sikkim, Odisha, Bihar, West Uttar Pradesh, Uttarakhand, Himachal Pradesh, Coastal Andhra Pradesh, Rayalaseema and North Interior Karnataka on one or two days of the week.

Source: IMD



Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded steady to weak in Ahmedabad, Kota, Delhi and Indore during 01st – 07th September. 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. Government may impose import duty to provide support to domestic prices. Government has applied 5% GST on wheat that has been packed and branded.

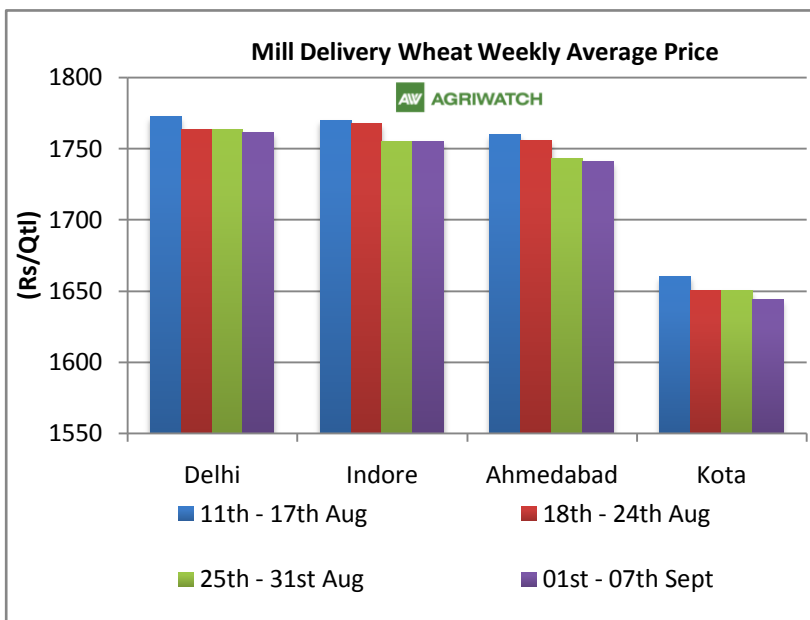

Wheat Stock Norms

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 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:

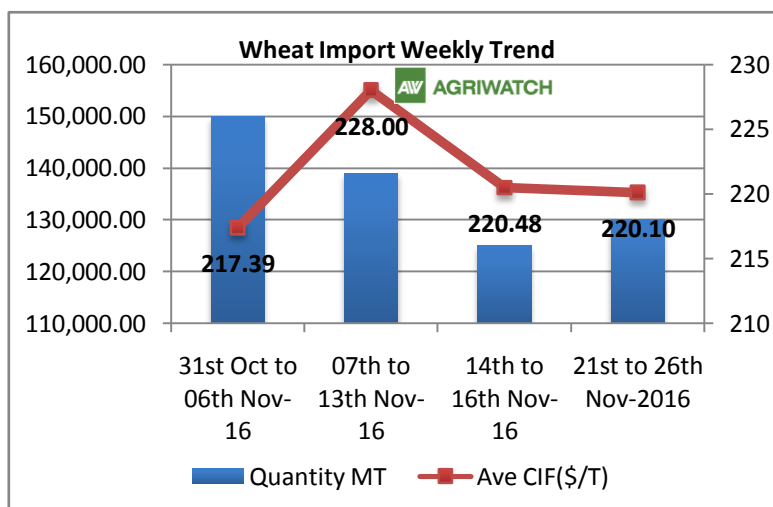
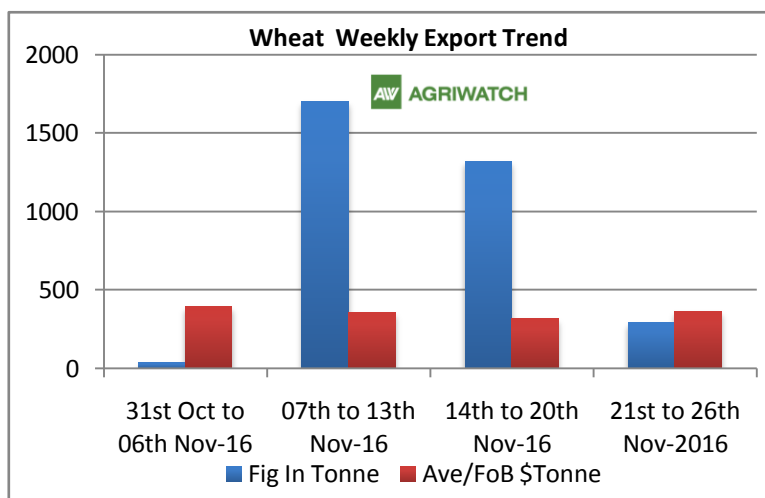
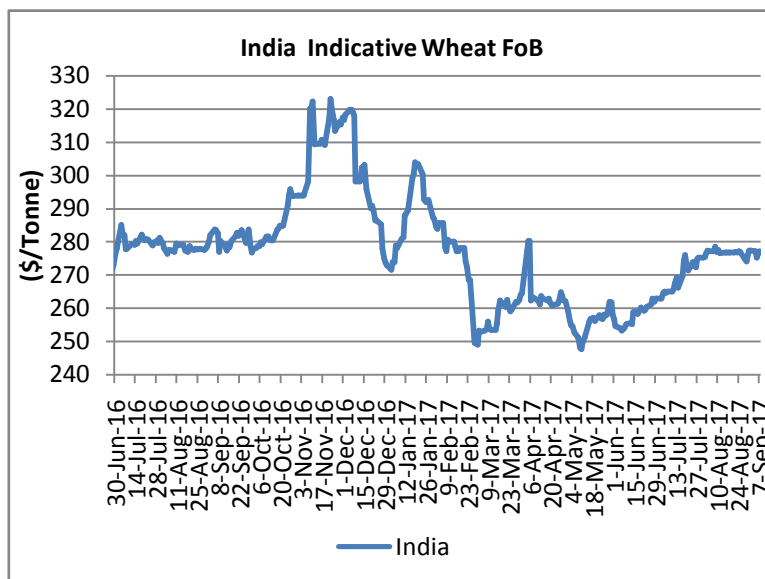
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

India exported 294.62 tonnes of wheat during week ended 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
		6-Sep-17	30-Aug-17	7-Aug-17	7-Sep-16	
USA (Chicago)	2srw	184.00	154.66	188.60	184.70	-0.38
France	FCW3	187.45	185.33	191.49	180.08	4.09
Australia	ASW	202.97	199.74	218.68	193.00	5.17
Russia	SRW	170.00	168.50	182.00	164.00	3.66
India	Fob	276.44	276.04	277.08	282.55	-2.16

	07/09/2017	31/08/2017	24/08/2017	17/08/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	181	180	178	185
Black Sea Mill Wheat 11.5% FOB Pmax.	172	169	165	170

Wheat Futures Contact: NCDEX Price								Date:08.09.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Sep	-11	1630	1635	1613	1618	5390	4,170	7980	-2,460
17-Oct	-4	1652	1657	1645	1649	4610	3,500	9500	2,130
17-Nov	3	1677	1677	1677	1680	450	20	-	-

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
	7-Sep-17	31-Aug-17	8-Aug-17	8-Sep-16	
Indore	1693	1699	1705	1816	-6.77
Bareilly	NA	NA	NA	NA	-
Delhi	1766	1762	1769	1810	-2.43
Khanna	NA	NA	NA	NA	-
Kanpur	1648	1658	1690	1718	-4.07
Karnal	NA	NA	NA	NA	-
Rajkot	1690	1715	1674	1823	-7.30
Kota	1658	1673	1682	1786	-7.17

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. Millers in south India are still importing wheat as it is cheaper compared to buying it from North India. 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
			7-Sep-17	6-Sep-17	31-Aug-17	8-Aug-17	7-Sep-16
Delhi	Lawrence Road	Mill Delivery	1765	1765	1760	1775	1800
	Narella	Mill Quality Loose	1670	Closed	1655	1645	NA
	Nazafgarh	Mill Quality Loose	1665	Closed	1665	1670	NA
Gujarat	Rajkot	Mill Delivery	1605	1610	1610	1610	1740
	Ahmedabad	Mill Delivery	1740	1740	1740	1760	1875
	Surat	Mill Quality Loose	1775	1780	1780	1790	1920
	Dhrol	Mill Delivery	1665	1655	1605	1595	1950
M.P.	Indore	Mill Quality Loose	1650	Closed	1650	1650	1750
	Bhopal	Mill Delivery	1675	1650	1650	1650	1750
Rajasthan	Kota	Mill Quality Loose	1540	1540	1550	NA	1680
		Mill Delivery	1640	1640	1650	NA	1770
U.P.	Kanpur	Mill Delivery	1715	1715	1720	1735	1745
	Mathura	Mill Quality Loose	1575	1575	1575	NA	1650
	Kosi	Mill Quality Loose	1560	1560	1570	1585	1680
	Hathras	Mill Quality Loose	1595	1595	1630	1565	1640
	Aligarh	Mill Quality Loose	1600	Closed	1600	1600	1610
Punjab	Khanna	Mill Quality Loose	1680	1640	1670	1650	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1700	1700	1700	1700	1665
	Hodal	Mill Delivery	1740	1740	NA	1740	1815
	Bhiwani	Mill Quality Loose	1675	1670	1670	1660	1710
	Karnal	Mill Quality Loose	1670	1670	1670	1665	1665
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	1950	1950	1950	NA	2050
	Madurai	Mill Quality	2007	2007	2007	NA	2107
	Coimbatore	Mill Quality	2007	2007	2007	NA	2107
Bihar	Khagariya	Mill Delivery	1650	1650	1650	1600	1750
	Muzaffarpur	Mill Delivery	1615	1615	1600	1600	1800

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 01st September Russia has harvested 67.8 million tonnes of wheat compared to 63.8 million tonnes a year ago for the same date. Around 17.7 million hectares of area has been harvested with an average yield of 3.84 tonnes per hectare compared to 20.1 million hectares with an average yield of 3.17 tonnes per hectare a year ago for same date. Russia is expected to harvest 80-82 million tonnes of wheat in 2017.

Russian milling wheat prices with 12.5% protein content increased by around \$3 per tonne compared to last week. The rise in prices was due to strong rouble. Russia is expected to produce 80-82 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 \$181-185/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$169-174/tonne.

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.

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.

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 24th 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
	6-Sep-17	30-Aug-17	6-Aug-17	6-Jun-17	6-Mar-17	6-Sep-16	
Sep-17	154.95	148.25	170.29	165.42	178.83	168.82	-8.22
Dec-17	163.77	157.89	180.30	173.05	185.26	176.81	-7.38
Mar-18	171.58	166.34	187.83	179.47	190.04	182.69	-6.08
May-18	176.44	171.21	192.79	183.70	191.51	184.43	-4.33
Jul-18	181.22	175.80	195.73	186.91	190.86	179.84	+0.77
Sep-18	186.64	181.59	200.23	191.14	193.99	179.84	+3.78

CBOT-Sept-17

1st Support: 142.00
2nd Support: 140.00
1st Resistant: 182.00
2nd Resistant: 184.00
(\$ per tonne)

CBOT fell continuously as ample supplies are available in the market. As of now prices are increasing as prices in black sea region, which is a rival exporter for US, increased. Furthermore technical buying is also supporting 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 \$275.17-277.43 per tonne.

US and Russian quotes are hovering in the range of \$182.12 and \$170.30 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in the last week

Wheat quotes are expected to trade steady to slightly weak and hover in the range of \$170 to \$215 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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