

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 3.13 percent to Rs. 1870.47 per quintal during the week ended 23rd September 2017. Wheat average price were ruling at Rs 1930.87 per quintal during 09-15 September 2017. As compared to prices in the week 16-23 September 2016, the prices are firm by 1.32 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%. In July, India imported 1.049 lakh tonne wheat compared to 1.64 lakh tonnes in the month of June. Import will continue but volume is likely to decrease. India is expected to import 3 to 4 million tonnes in MY 2017-18. Total import until September'17 since April'17 is expected to be 1.38 MMT.

FCI has offered a total of 12800202 tonnes of wheat through E-Auction since June until first tender in September. 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, 43550 tonnes was sold in August against offered quantity of 5770100 tonnes and 13250 tonnes has been sold in first tenders of September against offered quantity of 991450.

The low pressure over Uttar Pradesh that is responsible for sustaining the late monsoon rains has become weak and is expected to die out soon. This may cause monsoon to withdraw from border areas of Rajasthan and Gujarat in the coming week almost a month before from its normal time. As per forecast by IMD the temperatures over North-west India is likely to increase by two degree Celsius in next two days.

Blacksea region has exported record wheat to Asia in the month of August as exporters took advantage of record output, higher quality and lower crop size in Australia. As per Thompson reuters flows data black sea region accounted for more than 40 percent of 6.5 MMT of wheat exported to Asia in the month of August.

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 \$268.88 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$178.10, \$175.80, Euro 157.38, \$190.23 and \$211.17 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.

Import quotes for wheat from different origins to Tuticorin port were stable last week. As of now Tuticorin port price for APW is Rs 1880 per quintal, ASW is Rs 1810 per quintal and Ukrainian wheat at Rs 1700 per quintal. India is likely to import 3-4 million tonnes of wheat in 2017-18. Government may increase import duty from 10% in order to curb imports and provide support to domestic prices. Fall in production forecast for Australia has increased quotes for APW and ASW.

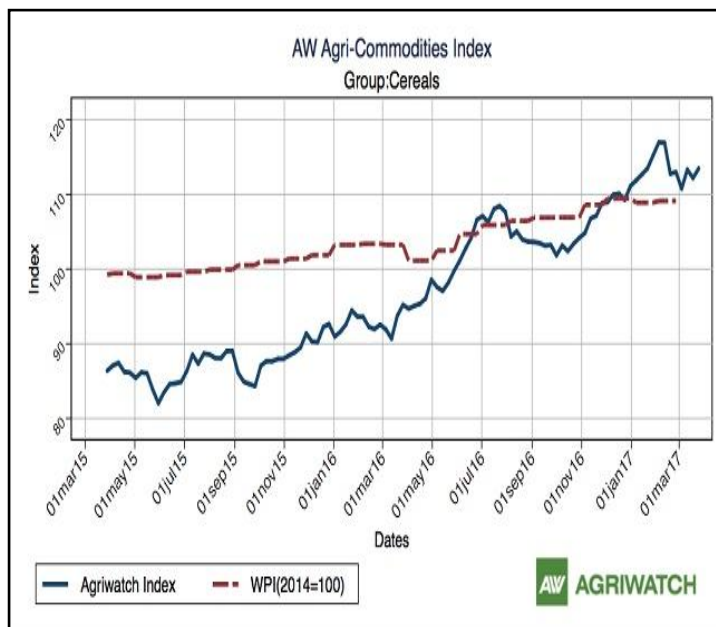
Outlook & Recommendation:-Wheat cash market is expected to trade steady to weak in the coming week.

Trade Call: Stakeholders should trade in October contract taking care of lower and upper price tag of Rs 1608 & 1657 respectively.

Agriwatch Cereals Index:

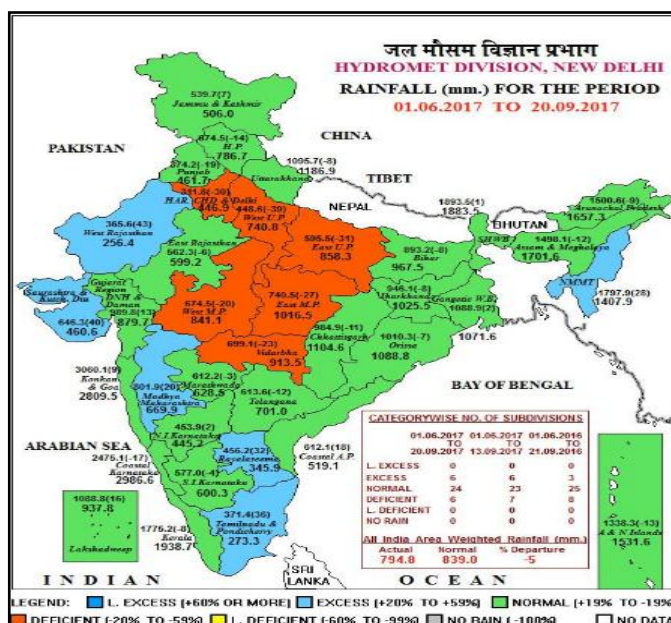
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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:



The axis of monsoon trough at mean sea level ran north of its normal position during first half of the week and the western end ran normal or south of its normal position during second half of the week.
Source: IMD

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded weak in Delhi, Kota and Indore during 15th – 21st September. Prices are expected to remain steady to weak.

Prices are expected to decrease in the coming week due to ample availability in the market. Government may also impose import duty to provide support to domestic prices however it has ample stocks to tackle any unexpected surge in prices. Imported wheat in south India is still cheaper compared to transporting it from north and central states. Government has applied 5% GST on wheat that has been packed and branded.

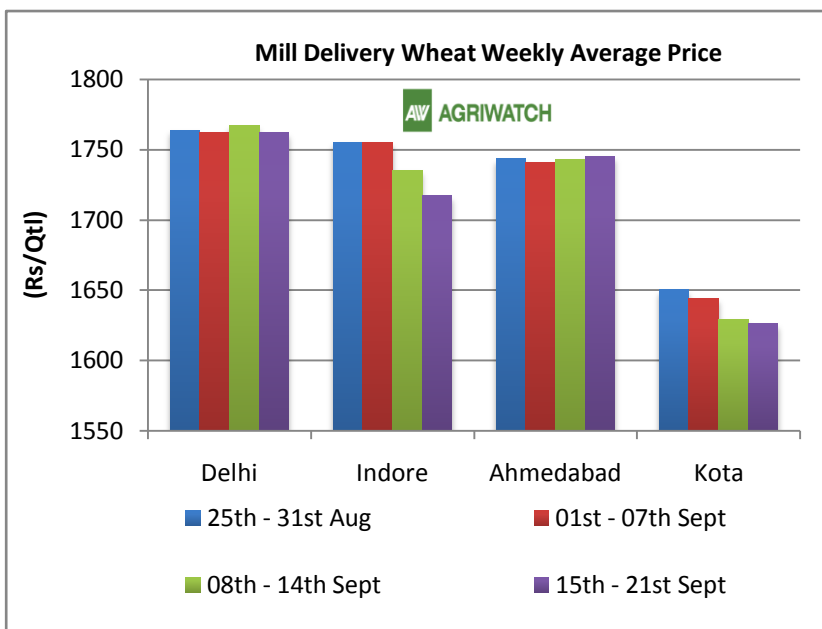

Wheat Stock Norms

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	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 01.07.2017						

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 weak 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 in the domestic as well as international markets.

Wheat Export:

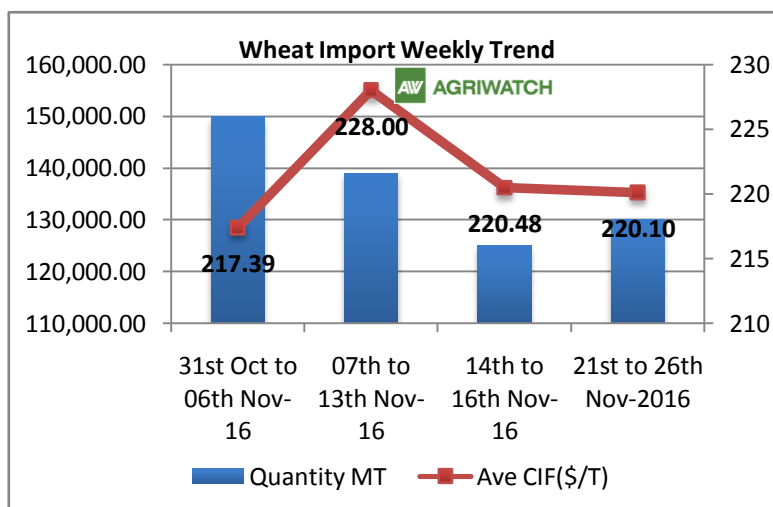
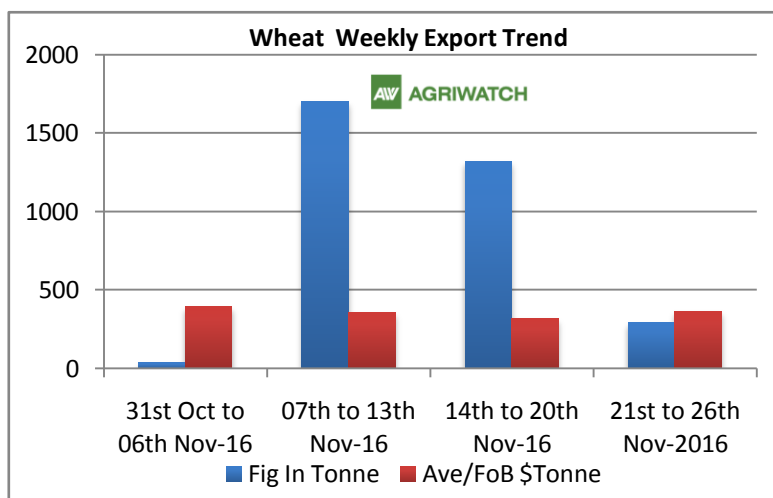
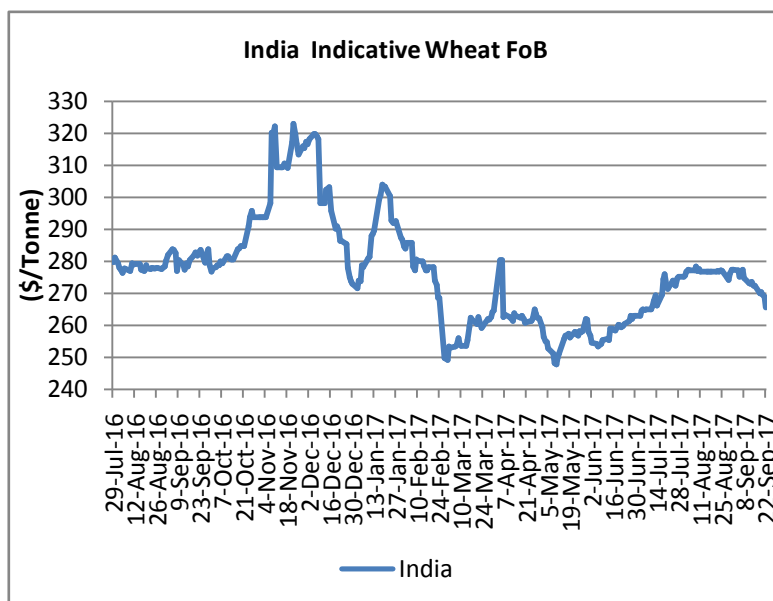
Wheat export volume has been negligible during last few weeks and there is no hope for any major recovery in coming weeks as disparity continues to discourage exporters.

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
		20-Sep-17	13-Sep-17	21-Aug-17	20-Sep-16	
USA (Chicago)	2srw	191.02	186.80	162.04	187.73	1.75
France	FCW3	189.32	188.71	184.44	182.40	3.80
Australia	ASW	209.76	211.04	199.74	198.00	5.94
Russia	SRW	177.00	174.50	172.00	160.00	10.63
India	Fob	269.58	273.52	Closed	282.75	-4.66

	21/09/2017	14/09/2017	07/09/2017	31/08/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	187	185	181	180
Black Sea Mill Wheat 11.5% FOB Pmax.	176	174	172	169

Wheat Futures Contact: NCDEX Price								Date:22.09.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Sep	-5	1634	1638	1633	1635	600	130	13230	-490
17-Oct	-10	1669	1659	1659	1659	510	500	1250	490
17-Nov	-8	1698	1690	1690	1690	10	0	20	10

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
	21-Sep-17	14-Sep-17	23-Aug-17	22-Sep-16	
Indore	1668	1670	1708	1825	-8.60
Bareilly	NA	NA	NA	NA	-
Delhi	1767	1769	1767	1820	-2.91
Khanna	NA	NA	NA	NA	-
Kanpur	1660	1675	1665	1713	-3.09
Karnal	NA	NA	NA	NA	-
Rajkot	1639	1650	1708	1820	-9.95
Kota	1664	1669	1673	1774	-6.20

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 and continuous imports. 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
			21-Sep-17	20-Sep-17	14-Sep-17	21-Aug-17	21-Sep-16
Delhi	Lawrence Road	Mill Delivery	1760	1760	1765	1760	1820
	Narella	Mill Quality Loose	1680	Closed	1670	1660	1770
	Nazafgarh	Mill Quality Loose	1660	Closed	1670	1665	1720
Gujarat	Rajkot	Mill Delivery	1570	1570	1580	NA	1740
	Ahmedabad	Mill Delivery	1750	1750	1735	1760	1880
	Surat	Mill Quality Loose	1800	1800	1780	1800	1915
	Dhrol	Mill Delivery	1590	NR	1690	NR	1935
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1660	1750
	Bhopal	Mill Delivery	NA	1625	1625	1675	1750
Rajasthan	Kota	Mill Quality Loose	Closed	1530	1530	1560	1670
		Mill Delivery	Closed	1620	1620	1650	1750
U.P.	Kanpur	Mill Delivery	1710	1715	1715	1715	1725
	Mathura	Mill Quality Loose	1575	1580	1575	1575	1640
	Kosi	Mill Quality Loose	1575	1575	1580	1570	1660
	Hathras	Mill Quality Loose	NR	1585	1580	1600	NA
	Aligarh	Mill Quality Loose	1600	Closed	1600	1600	1650
Punjab	Khanna	Mill Quality Loose	Closed	1680	1670	NA	1585
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1695	1695	1700	1700	1655
	Hodal	Mill Delivery	1740	1740	1740	1780	1800
	Bhiwani	Mill Quality Loose	1675	1670	1670	1670	1725
	Karnal	Mill Quality Loose	1670	1670	1670	1670	1700
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	Closed	1970	1950	1950	2075
	Madurai	Mill Quality	Closed	2027	2007	2007	2132
	Coimbatore	Mill Quality	Closed	2027	2007	2007	2132
Bihar	Khagariya	Mill Delivery	1650	1650	1650	1650	1750
	Muzaffarpur	Mill Delivery	1615	1615	1610	1600	1825

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 22nd September Russia has harvested 80.8 million tonnes of wheat compared to 72.7 million tonnes a year ago for the same date. Around 23.9 million hectares of area has been harvested with an average yield of 3.37 tonnes per hectare compared to 25.3 million hectares with an average yield of 2.88 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 \$2-3 per tonne compared to last week. Firmness in prices is due to strengthening of Russian currency and unresolved problem of imported wheat by Egypt. As per traders prices have already touched their lowest level. 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 \$186-190/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$176-180/tonne.

Australia is expected to harvest the lowest crop in last eight years at 21.6 MMT compared to 35.1 MMT last year. Farmers are holding onto their stocks in expectation of higher prices. All this has led to Australian wheat offer prices for Asia surpassing offer prices of U.S. The new crop of Australian soft white wheat has been offered at C&F \$245 per tonne for Southeast Asia compared to C&F \$235 per tonne for similar variety of U.S.

GASC has purchased 175000 tonnes of Russian wheat through tender. ADM offered 60000 tonnes of Russian wheat at FoB \$195.00 per tonnes; GTCS offered 60000 tonnes and 55000 tonnes of Russian wheat at FoB \$198.00 per tonne and FoB \$197 per tonne respectively.

As per latest update, Japan's ministry of agriculture bought 139382 MMT of food quality wheat from United States, Canada and Australia. Around 55645 MMT with minimum protein content of 14 percent has been bought from United States to be loaded between October 21 and November 20, 33595 MMT of standard white wheat has been bought from west Australia to be loaded between November 01 and November 30 and 50142 MMT with minimum protein content of 13.5 percent has been bought from United States to be loaded between October 21 and November 20

As per estimate by Rosario grains exchange, Argentina has planted around 5.4 million hectares of wheat in 2017-18 which is slightly lower than the previous estimate of 5.45 million hectares. wheat harvest for 2017-18 is expected to be 17 million tonnes.

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 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).

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	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
	20-Sep-17	13-Sep-17	20-Aug-17	20-Jun-17	20-Mar-17	20-Sep-16	
Dec-17	165.24	162.85	160.55	187.01	181.40	177.36	-6.84
Mar-18	172.59	170.01	169.10	192.15	183.88	182.60	-5.48
May-18	177.55	175.07	174.33	196.10	185.26	185.08	-4.07
Jul-18	181.68	179.57	179.38	198.58	188.75	182.60	-0.50
Sep-18	186.82	184.62	185.17	202.25	188.75	186.00	+0.44
Dec-18	193.34	190.86	192.06	207.31	193.53	192.52	+0.43

CBOT-Dec-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. USDA has reduced ending stock for both 2016-17 and 2017-18. 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 \$265.59-270.30 per tonne.

US and Russian quotes are hovering in the range of \$190.23 and \$178.10 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 firm and hover in the range of \$170 to \$225 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 21.6 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 17MMT 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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