



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 2.31 percent to Rs. 1918.16 per quintal during the week ended 15th October 2017. Wheat average price were ruling at Rs 1874.9 per quintal during 01-08 October 2017. As compared to prices in the week 09-15 October 2016, the prices are firm by 5.62 percent. Prices are expected to remain steady to firm in coming days.

India has received an actual rainfall of 50.00 mm against normal rainfall of 46.10 mm since the beginning of the month until 13th October. However the main wheat growing regions like Uttar Pradesh, Madhya Pradesh, Gujarat, Rajasthan, Haryana and Punjab received either deficient or no rainfall. Post monsoon rainfall will help in improving soil moisture. Sowing is likely to start after Diwali and any post monsoon rains can easily provide the requisite soil moisture.

Recent studies have suggested that wheat yield in India can be increased by early sowing. Yield in north-western states like Punjab and Haryana can be increased by around 10 percent by changing the sowing date whereas in northern and eastern state early sowing can increase the yield by around 30 percent. This will lead to increase in production thereby ensuring proper availability and reducing dependency on imports.

FCI has offered a total of 18368402 tonnes of wheat through E-Auction since June until second tender in October. 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, 18050 tonnes has been sold in September against offered quantity of 4437300 and 49450 tonnes has been sold in two tenders of October against offered quantity of 2122350.

As per trade sources, government may increase MSP of wheat for the upcoming market season. MSP can be increased up to Rs 100 per quintal from current Rs 1625 per quintal. An increase in MSP will motivate farmers either to sow more area or keep it unchanged.

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:

Import quotes for wheat from different origins to Tuticorin port witnessed weak tone in the last week. As of now Tuticorin port price for APW is Rs 1930-40 per quintal, ASW is Rs 1830-40 per quintal and Ukrainian wheat at Rs 1730-40 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.

Indian FoB quote is hovering around \$262.32 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$187.70, \$188.50, Euro 159.35, \$191.30 and \$211.80 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.

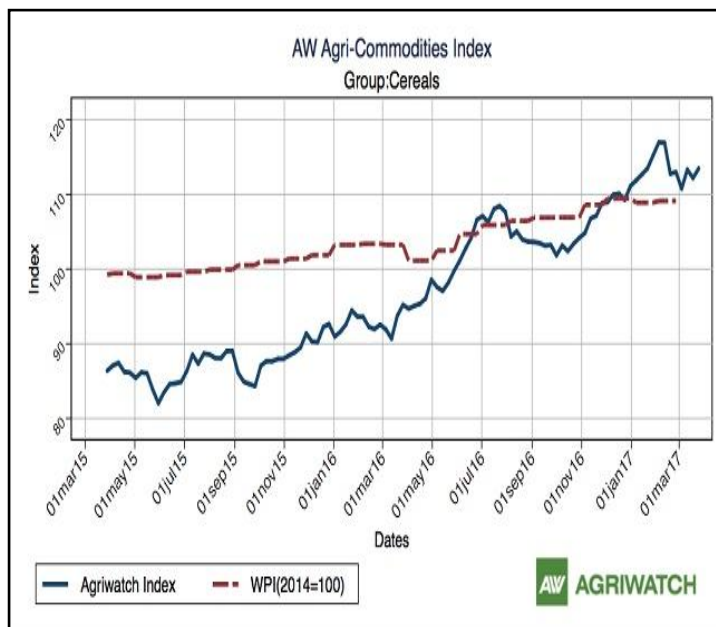
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in November contract taking care of lower and upper price tag of Rs 1648 & 1734 respectively.

Agriwatch Cereals Index:

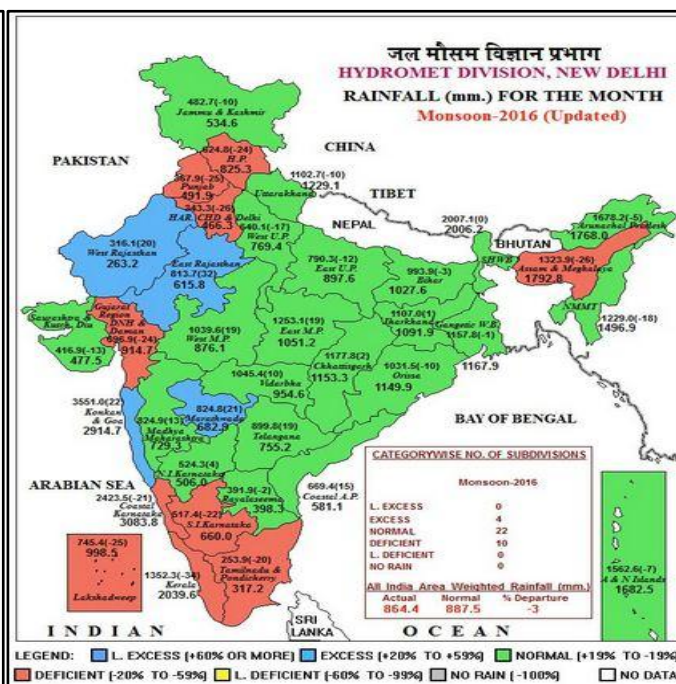
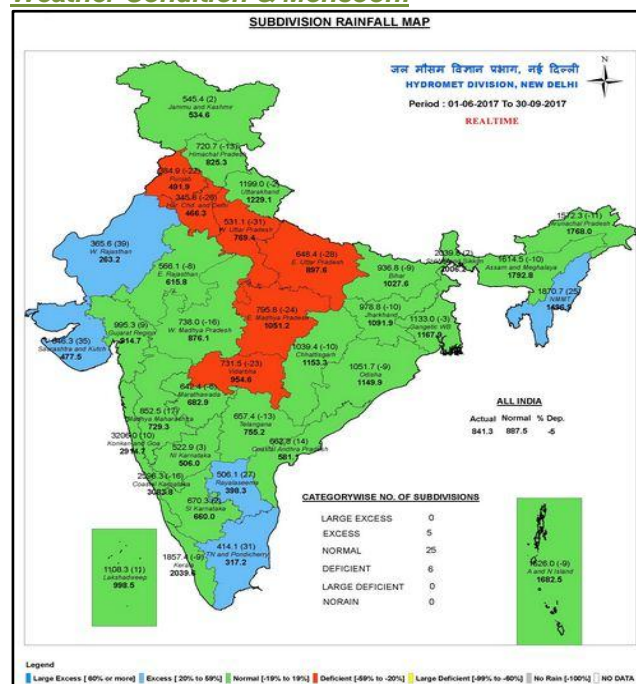
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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:



Source: IMD

Wheat Weekly Average Price Chart:

Wheat average mill delivery prices traded firm in Delhi, Ahmedabad and Kota during 06th -12th October. Prices are expected to remain steady to firm.

Prices are expected to remain firm in the coming week due to festive demand. Government may increase MSP or import duty, both of which are likely to support domestic prices. Furthermore government 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.

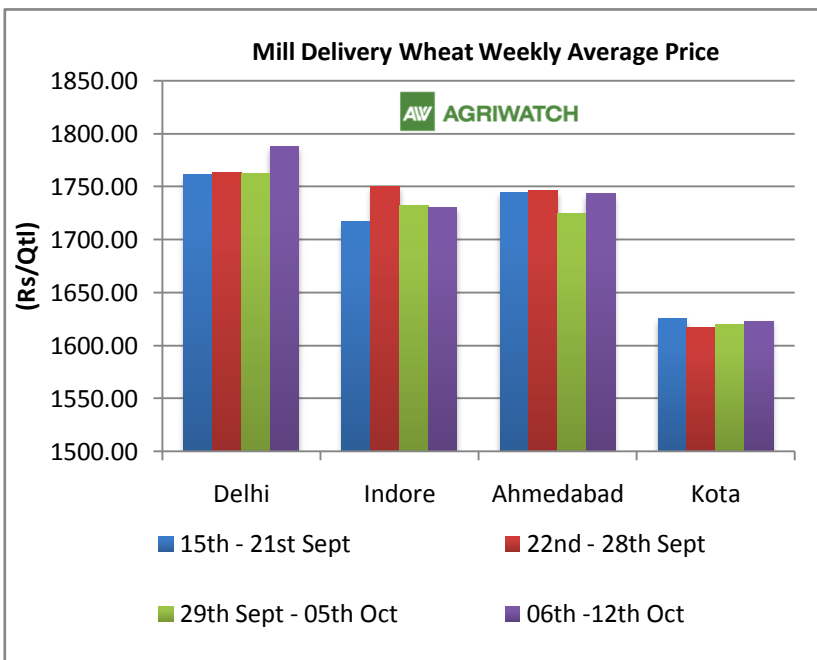

Wheat Stock Norms

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:

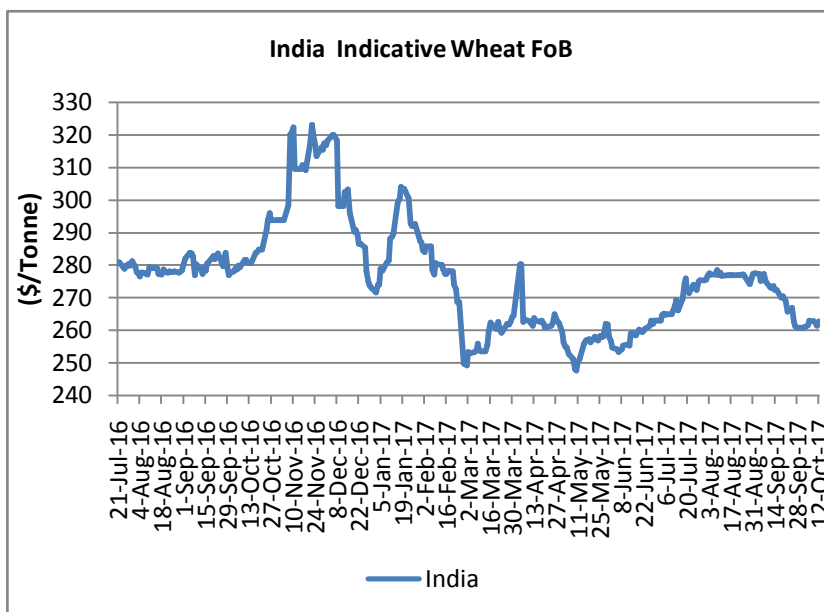
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 slightly firm tone 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. Wheat FoB quote for Kandla is likely to witness steady to firm tone in the coming week and is likely to hover in the range of \$260-270 per tonne.

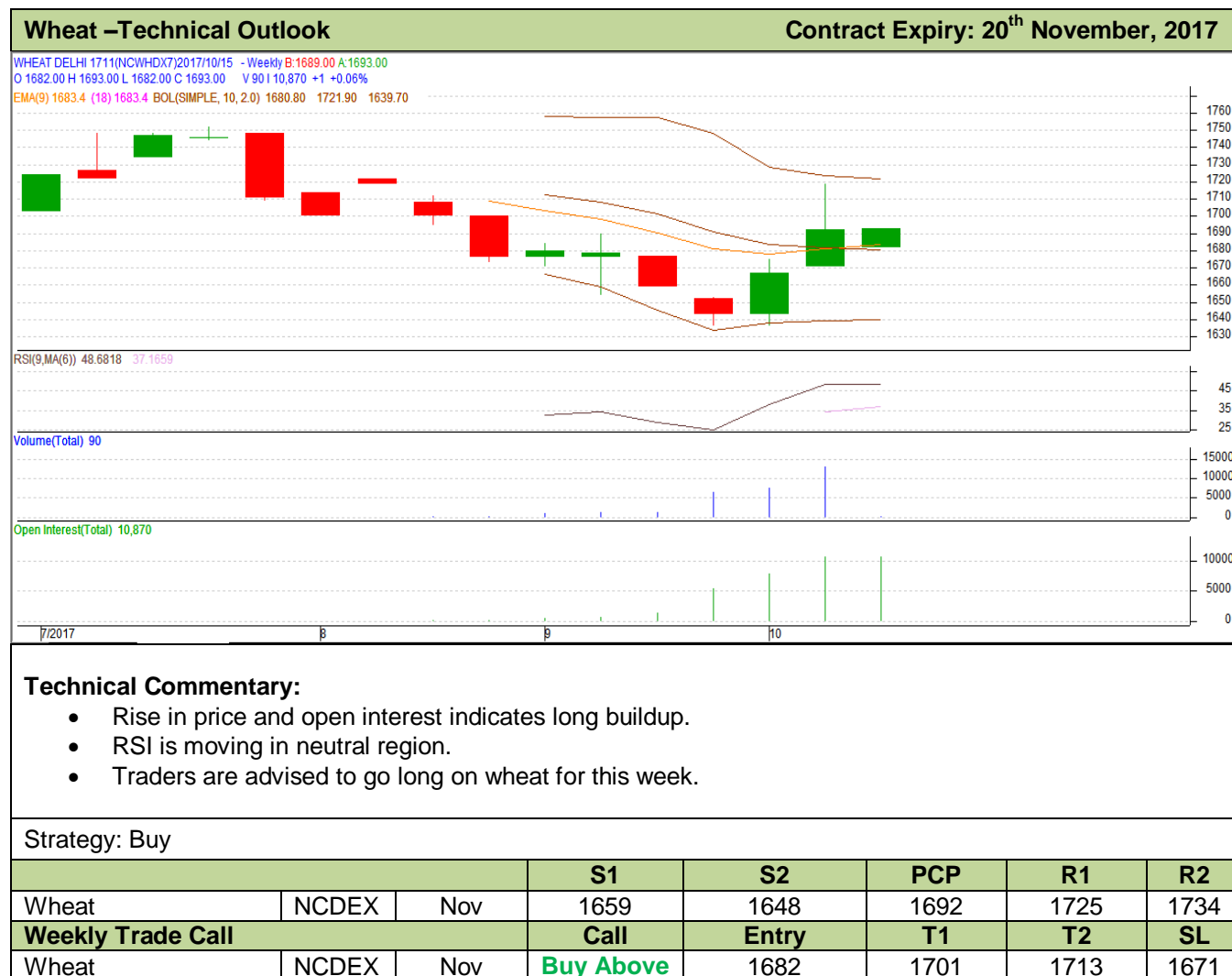


Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		11-Oct-17	4-Oct-17	11-Sep-17	12-Oct-16	
USA (Chicago)	2srw	190.40	193.60	183.67	180.70	5.37
France	FCW3	186.22	190.34	186.33	179.06	4.00
Australia	ASW	212.00	217.60	209.92	199.00	6.53
Russia	SRW	188.00	185.50	173.50	165.50	13.60
India	Fob	261.26	261.18	273.21	280.65	-6.91

	12/10/2017	05/10/2017	28/09/2017	21/09/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	195	193	191	187
Black Sea Mill Wheat 11.5% FOB Pmax.	186	183	180	176

Wheat Futures Contact: NCDEX Price								Date: 13.10.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Oct	0	1635	1665	1635	1635	1600	+290	1600	-1,640
17-Nov	-5	1681	1695	1681	1692	180	-250	10850	-40
17-Dec	0	1708	1712	1704	1708	110	0	720	0

Wheat Technical Analysis:

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
	12-Oct-17	5-Oct-17	12-Sep-17	13-Oct-16	
Indore	1664	1655	1672	1804	-7.76
Delhi	1793	1764	1770	1833	-2.18
Kanpur	1663	1656	1653	1738	-4.32
Rajkot	1640	1633	1672	1797	-8.74
Kota	1653	1650	1645	1744	-5.22

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

Domestic Market Weekly Outlook:

Wheat cash market is likely to trade steady to firm in the coming week as prices may get support from an expected increase in MSP or import duty. Furthermore festive season is likely to increase demand for wheat. 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
			12-Oct-17	11-Oct-17	5-Oct-17	12-Sep-17	12-Oct-16
Delhi	Lawrence Road	Mill Delivery	1790	1790	1765	1770	1830
	Narella	Mill Quality Loose	1690	Closed	1675	1670	NA
	Nazafgarh	Mill Quality Loose	1700	Closed	1665	1670	NA
Gujarat	Rajkot	Mill Delivery	1555	1560	1560	1575	1750
	Ahmedabad	Mill Delivery	1750	1740	1750	1740	1880
	Surat	Mill Quality Loose	1790	1790	1780	1780	1910
	Dhrol	Mill Delivery	1580	1575	1665	1630	1855
M.P.	Indore	Mill Quality Loose	1700	1700	1650	1650	Closed
	Bhopal	Mill Delivery	1600	1600	1625	1675	Closed
Rajasthan	Kota	Mill Quality Loose	1550	1550	1530	1530	1660
		Mill Delivery	1625	1625	1620	1630	1740
U.P.	Kanpur	Mill Delivery	1705	1705	1700	1705	NA
	Mathura	Mill Quality Loose	1605	1610	1580	1575	1650
	Kosi	Mill Quality Loose	1600	1600	1590	1585	1695
	Hathras	Mill Quality Loose	NR	1580	1580	1590	1710
	Aligarh	Mill Quality Loose	1590	Closed	1590	1600	NA
Punjab	Khanna	Mill Quality Loose	1700	1690	1680	1675	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1710	1710	1695	1700	1650
	Hodal	Mill Delivery	1740	1740	1740	1740	NA
	Bhiwani	Mill Quality Loose	1700	1700	1680	1675	1725



	Karnal	Mill Quality Loose	1710	1715	1670	1670	1700
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2000	2000	1950	1900	2050
	Madurai	Mill Quality	2057	2057	2007	1957	2107
	Coimbatore	Mill Quality	2057	2057	2007	1957	2107
Bihar	Khagariya	Mill Delivery	1700	1600	1600	1650	1850
	Muzaffarpur	Mill Delivery	1620	1620	1600	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 12th October Russia has harvested 56.7 million tonnes of wheat compared to 75.5 million tonnes a year ago for the same date. Around 26.7 million hectares of area has been harvested with an average yield of 3.24 tonnes per hectare compared to 27.1 million hectares with an average yield of 2.79 tonnes per hectare a year ago for same date. Russia has harvested record crop this year.

Morocco is likely to cut import duty on wheat from 135% to 30% from December 01. This cut in import duty will ensure adequate supplies in the market. Morocco is likely to produce 6.25 MMT of wheat in 2017-18 compared to 2.73 MMT in 2016-17.

As per latest update, Japan's ministry of agriculture bought 106045 MMT of food quality wheat from United States, Canada and Australia. Around 34175 MMT has been bought from United States to be loaded between November 21 and December 20, 36130 MMT of standard white wheat has been bought from west Australia to be loaded between December 01 and December 30 and 35740 MMT with minimum protein content of 13.5 percent has been bought from Canada.

Farmers in Ukraine have sown 5.1 million hectares of winter wheat against target area of 6.1 million hectares. Winter wheat accounts for around 95 percent of Ukraine's total wheat area. Farmers have sown 79 percent of target winter grain area i.e. 5.7 million hectares.

Russian milling wheat prices witnessed steady to slightly firm sentiments due to continuous demand by Egypt. However Turkey has introduced new restrictive measure regarding import of agricultural products from Russia. Russia has harvested 85.4 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 \$192-196/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$185-188/tonne.

GASC has purchased 170000 tonnes of Russian wheat through tender. Union offered two cargoes each of 55000 tonnes each at FoB \$197.97 per tonne and Daewoo offered 60000 tonnes of Russian wheat at FoB \$200.00 per tonne. In the last tender, GASC bought 180000 tonnes of Russian wheat.

The European commission has increased its production of soft wheat by 1 MMT to 140.4 MMT compared to 133.7 MMT last year. The exports for 2017-18 have also been increased by 1 MMT to 27 MMT compared to 25.1 MMT last year.

Algeria state grains agency OAIC has bought around 480000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of \$211.00 - \$212.00 per tonne (Cost and Freight). The quantity to be shipped is due in December. Major part of the quantity is likely to be sourced from France.

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.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	24.08.2017	28.09.2017
Production	730	736	754	742	748
Trade	153	166	176	172	174
Consumptions	715	718	736	738	742
Carryover stocks	206	224	242	248	248
Y-O-Y change	15	17	18	-	6
Major Export	66	66	76	69	69

- IGC has increased its forecast for wheat by 6 MMT to 748 MMT as on 28th September-2017 for 2017-18. According to estimate by IGC for 2016-17 global wheat production was around 754 MMT against 736 MMT for 2015-16. The difference is around 18 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 174 MMT. It is 2 MMT lower compared to estimate for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been increased to 742 MMT for 2017-18. The forecast is higher by 24 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
	11-Oct-17	4-Oct-17	11-Sep-17	11-Jul-17	11-Apr-17	11-Oct-16	
Dec-17	159.18	162.39	159.73	211.81	176.72	177.45	-10.30
Mar-18	166.16	169.19	167.26	218.14	182.69	182.78	-9.10
May-18	170.75	174.24	172.68	221.36	186.55	184.99	-7.70
Jul-18	175.80	178.65	177.64	222.37	189.30	183.79	-4.35
Sep-18	181.59	184.25	183.24	224.02	192.98	187.19	-2.99
Dec-18	188.20	191.32	189.76	227.42	197.84	192.43	-2.20

CBOT-Dec-17

1st Support: 154.00
2nd Support: 152.00
1st Resistant: 184.00
2nd Resistant: 186.00
(\$ per tonne)

CBOT closed higher on Friday due to technical buying after December contract touched a six week low. USDA reported export sales of 175000 tonnes in the latest week, which is well below the trade estimates of 300000 to 500000 tonnes.

International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$261.26-262.96 per tonne.

US and Russian quotes are hovering in the range of \$191.30 and \$187.70 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 firm and hover in the range of \$180 to \$220 in coming week.

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 141.2 MMT in 2017. Russia and Ukraine are likely to harvest 85-86 MMT and 26 MMT of wheat in 2017-18 respectively. Production in US is likely to be around 47.3 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 21.5 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 16.5 MMT in 2017-18 compared to 17.6 MMT in 2016-17. Furthermore, Canada is likely to harvest around 27 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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