

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 1.00 percent to Rs. 1937.30 per quintal during the week ended 23rd October 2017. Wheat average price were ruling at Rs 1918.16 per quintal during 09-15 October 2017. As compared to prices in the week 16-23 October 2016, the prices are firm by 6.27 percent. Prices are expected to remain steady to firm in coming days.

India received an actual rainfall of 73.90 mm since the beginning of the month until 22nd October against normal rainfall of 66.20 mm. During the same period, no rain has been reported in Punjab, Haryana and Rajasthan. Uttar Pradesh, Madhya Pradesh and Gujarat have received deficient rainfall. Soil moisture is good as of now in major producing states except in Rajasthan. However, any rain in near future in Rajasthan can easily provide the requisite soil moisture.

Sowing of wheat has started in irrigated areas of Madhya Pradesh and Gujarat. Furthermore, sowing is likely to pick up in Punjab and Haryana in upcoming days. Traders are expecting an increase in import duty from 10% to 20-25% or an increase in MSP by Rs 100 per quintal to Rs 1725 per quintal. Any or both these steps are likely to motivate farmers to sow more area.

As per latest update, wheat stock in central pool as on 1st October'17 stood at around 253.00 lakh tonnes down by 9.05% compared to last month. This quantity is higher by around 18.62% compared to corresponding month last year. For the month of September off take from central pool was around 25.16 lakh tonnes compared to 29.17 lakh tonnes for September'2016 and 26.04 lakh tonnes for September'2015. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

Wheat WPI has increased from 137.1 in August to 137.6 in September-2017. Monthly wheat inflation has increased by 0.36 percent in September-17 compared to August-17. As compared to September-16, wheat WPI has decreased by around 1.71% compared to September-17 and increased by 9.03% compared to September -2015.

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:

As per trade sources, Import quotes for wheat from different origins to Tuticorin port witnessed steady tone in the last week. As of now Tuticorin port price for APW is Rs1935 per quintal, ASW is Rs1830 per quintal and Ukrainian wheat at Rs1740 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 \$263.39 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.70, \$188.50, Euro 158.55, \$190.27 and \$210.56 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.

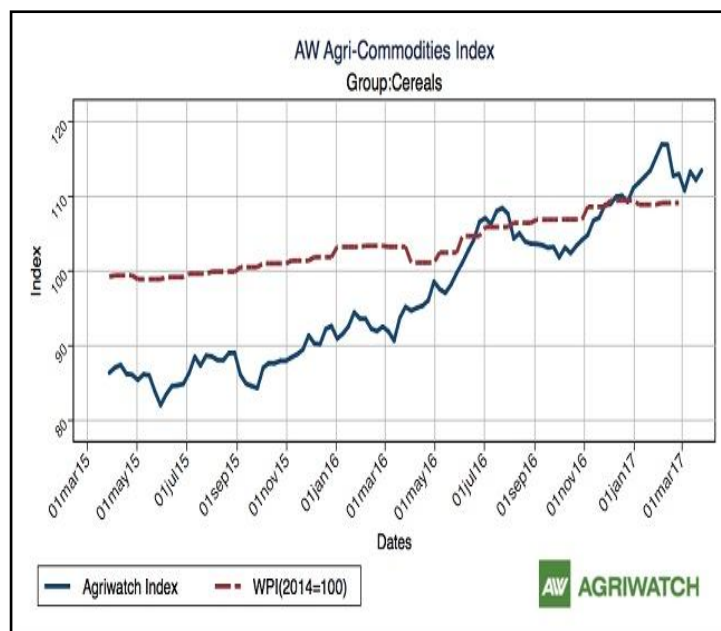
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call:Stakeholders should trade in November contract taking care of lower and upper price tag of Rs1668&1756 respectively.

Agriwatch Cereals Index:

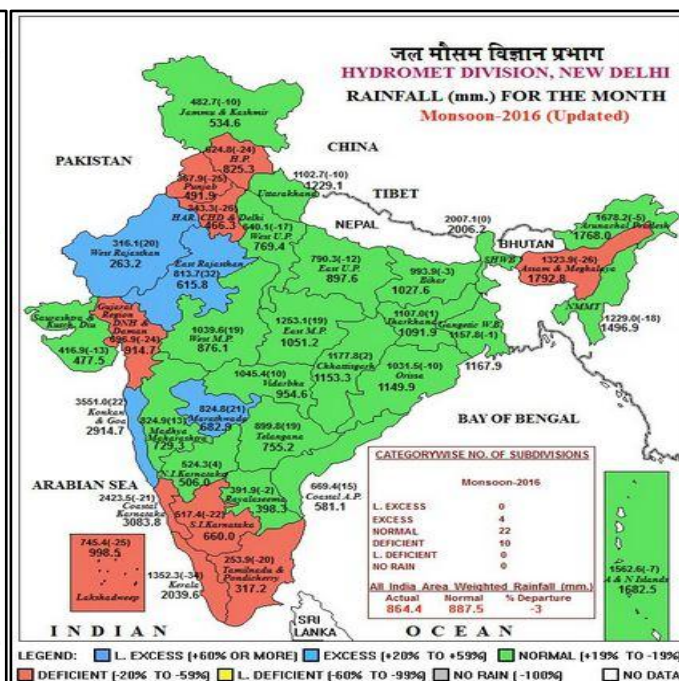
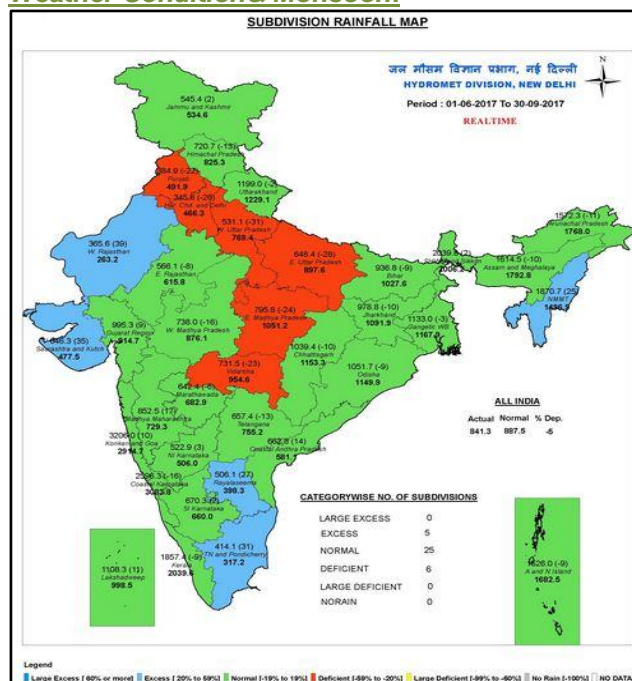
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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 Indore, Ahmedabad and Kota during 13th-19th October. Prices are expected to remain steady to firm.

Prices remained firm in the past week due to festive demand. Prices can get further support if Government increases 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.

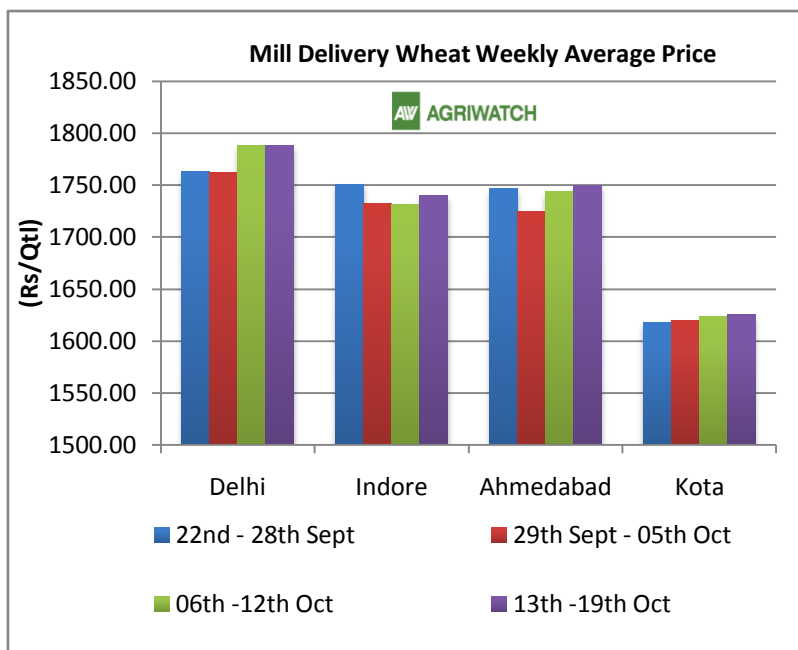

Wheat Stock Norms

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:

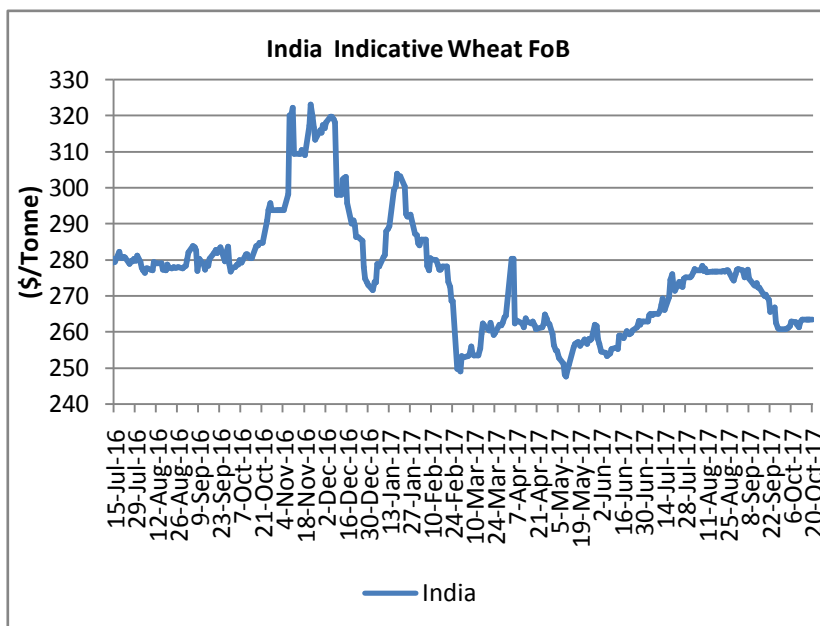
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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.

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. 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.

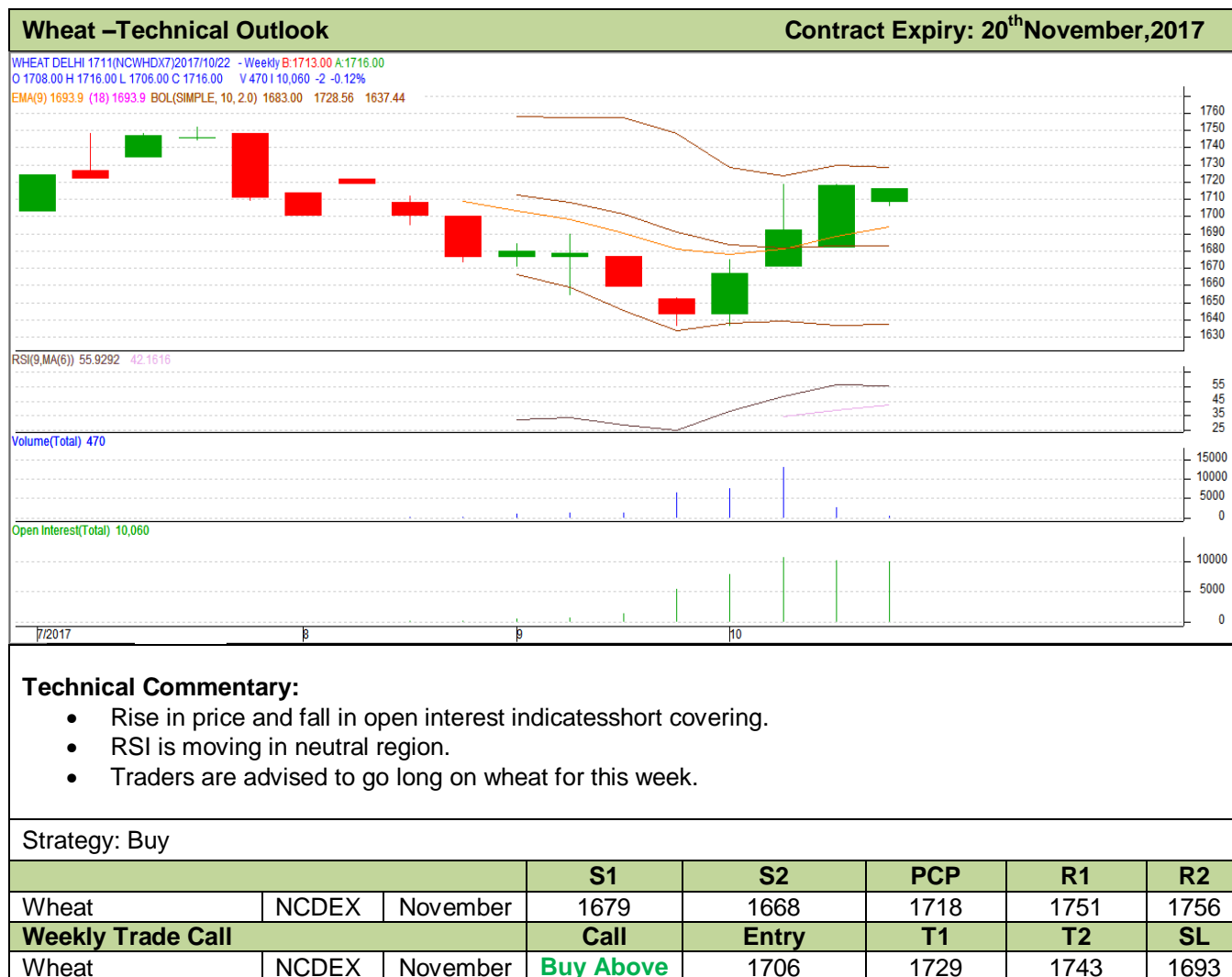


Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		17-Oct-17	10-Oct-17	15-Sep-17	18-Oct-16	
USA (Chicago)	2srw	190.96	191.10	190.73	189.20	0.93
France	FCW3	187.75	187.19	188.38	183.24	2.46
Australia	ASW	265.00	211.20	210.24	202.00	31.19
Russia	SRW	187.00	188.00	175.00	170.00	10.00
India	Fob	NA	262.03	272.36	284.02	--

	19/10/2017	12/10/2017	05/10/2017	28/09/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	193	195	193	191
Black Sea Mill Wheat 11.5% FOB Pmax.	185	186	183	180

Wheat Futures Contact: NCDEX Price								Date:18.10.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Nov	+8	1715	1715	1704	1715	1150	+280	10480	-270
17-Dec	+14	1721	1737	1722	1735	750	+640	1200	+450
18-Jan	0	1735	1735	1735	1735	0	0	0	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
	18-Oct-17	11-Oct-17	18-Sep-17	18-Oct-16	
Indore	NA	1667	1665	1845	-
Delhi	1785	1802	1765	1895	-5.80
Kanpur	1700	1700	1650	1800	-5.56
Rajkot	NA	1637	1644	1832	-
Kota	NA	1657	1668	1767	-

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

Domestic Market Weekly Outlook:

As of now, Wheat cash market is trading steady to slightly firm and 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. 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
			18-Oct-17	17-Oct-17	11-Oct-17	18-Sep-17	18-Oct-16
Delhi	Lawrence Road	Mill Delivery	1785	1785	1790	1765	1870
	Narella	Mill Quality Loose	Closed	1700	Closed	1675	1750
	Nazafgarh	Mill Quality Loose	Closed	NR	Closed	1670	NR
Gujarat	Rajkot	Mill Delivery	Closed	1550	1560	1570	1755
	Ahmedabad	Mill Delivery	Closed	1750	1740	1740	1880
	Surat	Mill Quality Loose	Closed	1800	1790	1780	1925
	Dhrol	Mill Delivery	Closed	Closed	1575	1620	1920
M.P.	Indore	Mill Quality Loose	Closed	Closed	1700	1650	1750
	Bhopal	Mill Delivery	Closed	Closed	1600	1600	1725
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	1550	1540	1640
		Mill Delivery	Closed	Closed	1625	1650	1730
U.P.	Kanpur	Mill Delivery	Closed	1720	1705	1715	1715
	Mathura	Mill Quality Loose	Closed	1585	1610	1575	1680
	Kosi	Mill Quality Loose	Closed	1585	1600	1575	1685
	Hathras	Mill Quality Loose	Closed	1590	1580	1580	1680
	Aligarh	Mill Quality Loose	Closed	1560	Closed	1600	1610
Punjab	Khanna	Mill Quality Loose	Closed	Closed	1690	1680	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	Closed	1705	1710	1695	1660
	Hodal	Mill Delivery	NA	1740	1740	1740	NA
	Bhiwani	Mill Quality Loose	1690	1695	1700	1670	1735
	Karnal	Mill Quality	1710	1710	1715	1670	1725



		Loose					
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	Closed	Closed	2000	1950	2100
	Madurai	Mill Quality	Closed	Closed	2057	2007	2157
	Coimbatore	Mill Quality	Closed	Closed	2057	2007	2157
Bihar	Khagariya	Mill Delivery	1600	1600	1600	1650	1800
	Muzaffarpur	Mill Delivery	NR	NR	1620	1610	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
Telengana	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 19th October Russia has harvested 87.6 million tonnes of wheat compared to 75.7 million tonnes a year earlier. Around 27.2 million hectares of area has been harvested with an average yield of 3.21 tonnes per hectare compared to 27.1 million hectares with an average yield of 2.79 tonnes per hectare a year earlier. Russia has harvested record crop this year.

GASC has purchased 230000 tonnes of Russian wheat through tender. Olam offered 60000 tonnes of Russian wheat at FoB \$198.35 per tonne, Union offered 55000 tonnes of Russian wheat at FoB \$198.90 per tonne, GTCS offered 60000 tonnes and 55000 tonnes of Russian wheat at FoB \$198.75 per tonne and FoB \$187.50 per tonne respectively.

Russian milling wheat prices with 12.5% protein content decreased by around \$0-2 per tonne compared to last week. Prices have become weak due to uncertainty regarding the procedure of exports relating to agrarian products to Turkey. Russia is expected to produce 85-90 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 \$192-194/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$185-188/tonne.

As per latest update, Japan's ministry of agriculture bought 123736 MMT of food quality wheat from United States, Canada and Australia. Around 64658 MMT has been bought from United States to be loaded between November 21 and December 20, 24150 MMT of standard white wheat has been bought from west Australia to be loaded between December 01 and December 31 and 34928 MMT with minimum protein content of 13.5 percent has been bought from Canada.

Algeria state grains agency OAIC has bought around 660000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$210.0-\$212.50 per tonne (Cost and Freight). Major part of the quantity is likely to be sourced from France but some quantity can come from Argentina as well.

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.

Russia has exported around 3.7 MMT of wheat in October'17 compared to 2.1 MMT for the corresponding month last year. Russia has exported a total of 13.1 MMT of wheat since July'17 until October'17 compared to 10.46 MMT for the corresponding period last month. Russia has harvested a record crop of around 85 MMT this year compared to around 72 MMT last year.

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.

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
	17-Oct-17	10-Oct-17	17-Sep-17	17-Jul-17	17-Apr-17	17-Oct-16	
Dec-17	161.47	159.91	162.94	194.81	172.68	183.24	-11.88
Mar-18	168.27	167.26	170.38	202.07	179.02	188.29	-10.63
May-18	172.86	172.22	175.25	205.93	183.33	189.85	-8.95
Jul-18	177.91	177.36	179.38	207.67	186.18	188.57	-5.65
Sep-18	183.79	183.15	184.53	210.70	189.76	190.68	-3.61
Dec-18	190.41	189.95	191.05	215.30	194.54	195.92	-2.81

CBOT-Dec-17

1st Support: 152.00
2nd Support: 150.00
1st Resistant: 183.00
2nd Resistant: 185.00
(\$ per tonne)

CBOT touched a month low due to ample availability in the market. Furthermore technical selling also supported the downtrend in CBOT.

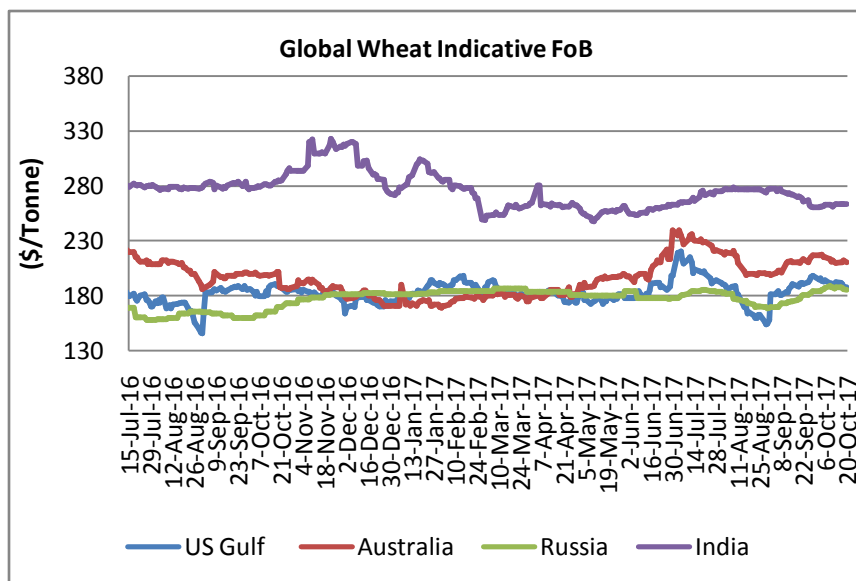


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$263.36-263.40 per tonne.

US and Russian quotes are hovering in the range of \$190.27 and \$186.70 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 \$225 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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