

Wheat Weekly Research Report

Contents

- ❖ Outlook and Review
- ❖ Agriwatch Cereals Index
- ❖ Weather
- ❖ Weekly Price Change
- ❖ Stock
- ❖ Future Chart
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 0.18 percent to Rs. 1940.83 per quintal during the week ended 31st October 2017. Wheat average price were ruling at Rs 1937.30 per quintal during 16-23 October 2017. As compared to prices in the week 24-31 October 2016, the prices are firm by 5.29 percent. Prices are expected to remain steady to firm in coming days.

India has received actual rainfall of 78 mm since the beginning of the month until 29th October. There is no departure from normal rainfall for the same period. Uttar Pradesh, Madhya Pradesh and Gujarat received deficient rainfall whereas Rajasthan, Haryana and Punjab received no rainfall during the same period. Soil moisture is good in major wheat producing states as of now except Rajasthan. Rajasthan government has kept a target of 32 lakh hectares for 2017-18 Rabi season compared to actual sown area of 33.49 lakh hectares last year. Wheat prices are getting support from increase in MSP and an expected increase in import duty.

India is likely to increase import duty on wheat from 10 percent to 20 percent. India had scrapped import duty on wheat in December 2016 and reinstated 10 percent duty in March 2017 due to cheaper imports compared to domestic wheat prices. Millers in South India have put their import contracts on hold due to speculation regarding import duty.

As per Afghanistan Chamber of Commerce and Industries (ACCI), India will send around 130000 tonnes of wheat to Afghanistan via Chabahar port of Iran. This move is likely to improve trade relations of India and Afghanistan.

Government has increased MSP of wheat by Rs 110 per quintal to Rs 1735 per quintal. This will motivate farmers to sow more area and thereby boost production of wheat. 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. The crop will be marketed from next year in April onwards.

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 because 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 firm tone in last week. As of now Tuticorin port price for APW is Rs 1950 per quintal, ASW is Rs 1890-1900 per quintal and Ukrainian wheat at Rs 1790-1800 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 \$263.85 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.50, \$188.50, Euro 159.56, \$190.76 and \$209.50 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.

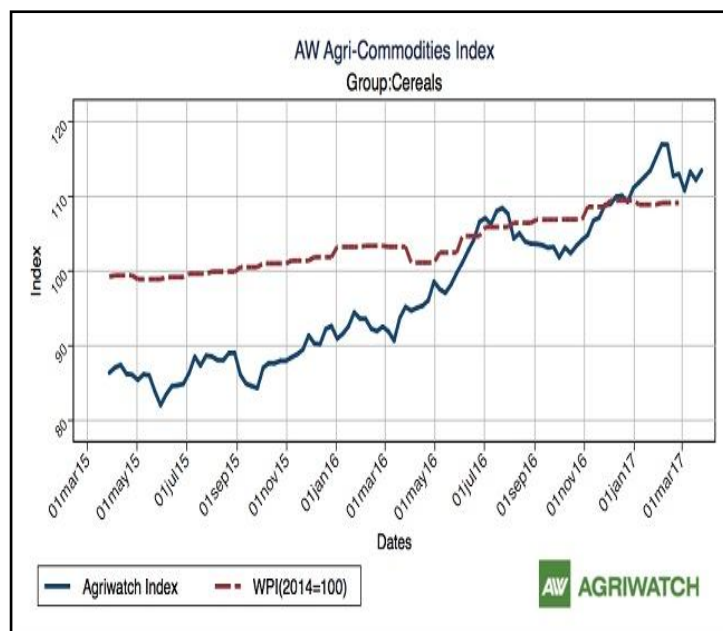
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call:Stakeholders should trade in November contract taking care of lower and upper price tag of Rs 1702 & 1783 respectively.

AgriwatchCereals Index:

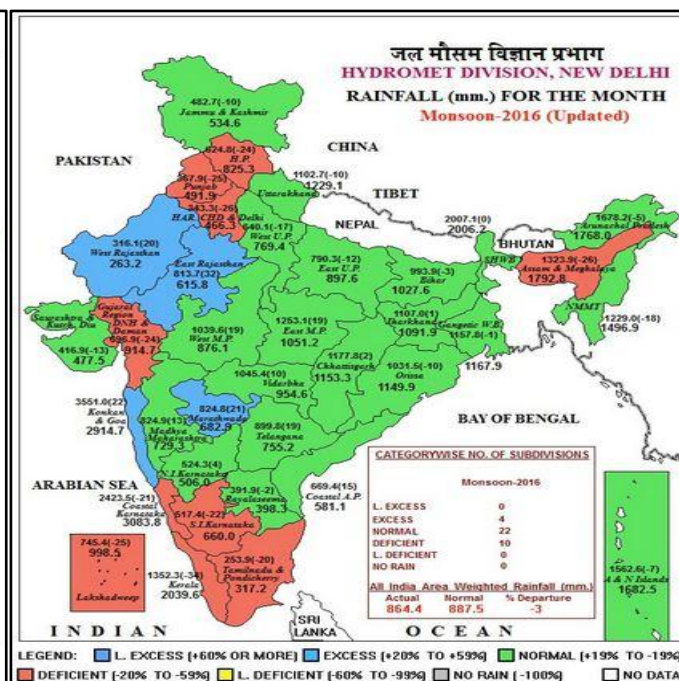
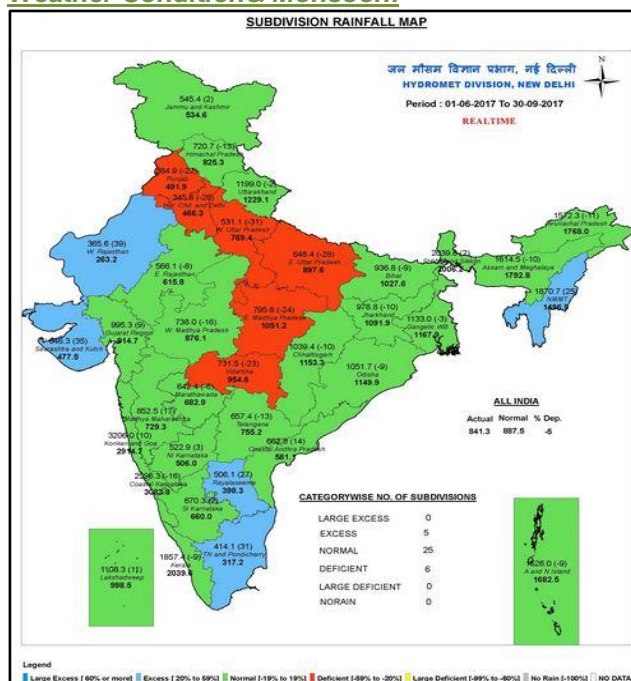
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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:

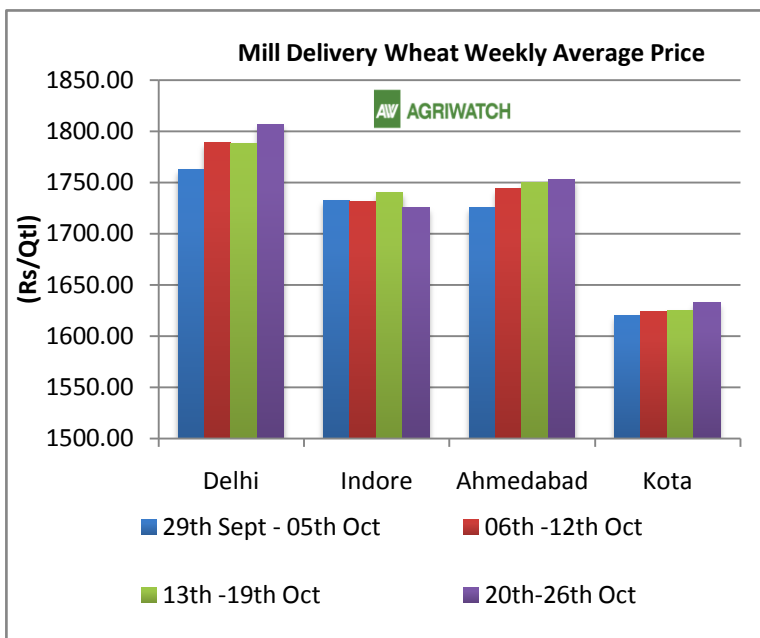


Source:IMD

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad and Kota during 20th-26th October. Prices are expected to remain steady to firm.

Prices were firm last week due to lean season as well as increase in MSP by government from Rs 1625 per quintal to Rs 1735 per quintal. Furthermore, government may also double import duty to curb imports because as of now imports are cheaper compared to transporting it from north and central Indian states. Prices are expected to remain steady to firm in the upcoming week but government has ample stocks to tackle any unexpected surge in 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	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:

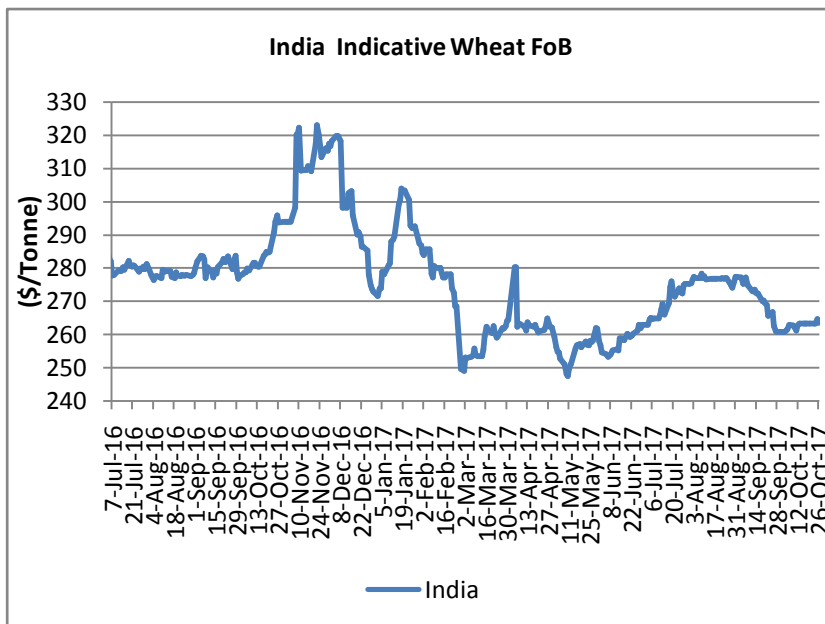
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 firmtone 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 has harvested good crop this year which has further reduced the region's 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
		25-Oct-17	18-Oct-17	25-Sep-17	26-Oct-16	
USA (Chicago)	2srw	191.22	188.39	192.56	186.08	2.76
France	FCW3	188.74	186.53	190.48	181.59	3.94
Australia	ASW	209.60	212.00	210.40	186.00	12.69
Russia	SRW	187.00	186.00	181.00	173.00	8.09
India	Fob	264.74	NA	266.80	295.84	-10.51

	26/10/2017	19/10/2017	12/10/2017	05/10/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	193	193	195	193
Black Sea Mill Wheat 11.5% FOB Pmax.	184	185	186	183

Wheat Futures Contact: NCDEX Price

Date: 27.10.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Nov	+2	1730	1739	1730	1736	1700	+710	7720	-720
17-Dec	+5	1747	1757	1747	1755	730	+150	4280	+120
18-Jan	+8	1766	1774	1774	1774	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
	26-Oct-17	18-Oct-17	25-Sep-17	27-Oct-16	
Indore	1676	NA	1672	1869	-10.33
Delhi	1824	1785	1765	2021	-9.75
Kanpur	1700	1700	1648	1783	-4.66
Rajkot	1645	NA	1639	1875	-12.27
Kota	1676	NA	1657	1849	-9.36

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 firm and is likely to stay the same in the coming weeks prices have got support from increased MSP and are likely to get further support from an expected increase in import duty to curb imports. Millers in south India are still importing wheat as it is cheaper compared to buying it from North India.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			26-Oct-17	25-Oct-17	18-Oct-17	25-Sep-17	26-Oct-16
Delhi	Lawrence Road	Mill Delivery	1830	1810	1785	1765	1980
	Narella	Mill Quality Loose	1700	Closed	Closed	1670	NA
	Nazafgarh	Mill Quality Loose	1700	Closed	Closed	1665	NA
Gujarat	Rajkot	Mill Delivery	1560	1560	Closed	1570	1820
	Ahmedabad	Mill Delivery	1755	1750	Closed	1750	1920
	Surat	Mill Quality Loose	1800	1800	Closed	1800	1980
	Dhrol	Mill Delivery	1655	1675	Closed	1665	1945
M.P.	Indore	Mill Quality Loose	1650	1650	Closed	1700	1850
	Bhopal	Mill Delivery	1650	1650	Closed	1625	1750
Rajasthan	Kota	Mill Quality Loose	1560	1560	Closed	1525	1725
		Mill Delivery	1640	1640	Closed	1615	1800
U.P.	Kanpur	Mill Delivery	1720	1725	Closed	1710	1740
	Mathura	Mill Quality Loose	NR	1590	Closed	1590	1780
	Kosi	Mill Quality Loose	1620	1620	Closed	1575	1815
	Hathras	Mill Quality Loose	1600	1580	Closed	1585	1715
	Aligarh	Mill Quality Loose	1560	Closed	Closed	1600	1740
Punjab	Khanna	Mill Quality Loose	1680	1690	Closed	1690	1650
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1720	1715	Closed	1700	1790
	Hodal	Mill Delivery	NA	NA	NA	1740	1955
	Bhiwani	Mill Quality Loose	1700	1685	1690	1680	1860
	Karnal	Mill Quality Loose	1710	1710	1710	1670	1770



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	Closed	NA	2200
	Madurai	Mill Quality	2107	2107	Closed	NA	2257
	Coimbatore	Mill Quality	2107	2107	Closed	NA	2257
Bihar	Khagariya	Mill Delivery	1650	1600	1600	1650	1900
	Muzaffarpur	Mill Delivery	Closed	NR	NR	1620	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:

The Saudi Arabia Grain Organization has purchased 484000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 306000 tonnes will arrive at Jeddah port, 123000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. Saudi Arabia abandoned plans of self-sufficiency in 2008 as farming in desert reduced scarce water resources and became a major importer of hard and soft wheat.

As on 27th October, Russia has harvested 87.8 million tonnes of wheat compared to 75.8 million tonnes a year ago. Around 27.3 million hectares of area has been harvested with an average yield of 3.22 tonnes per hectare compared to 27.2 million hectares with an average yield of 2.79 tonnes per hectare a year ago. Russia has harvested record crop this year.

China has reduced MSP for wheat to 2300 Yuan (\$346) per tonne in 2018 compared to 2360 Yuan per tonne. China has reduced MSP for the first time since 2004. Government buys wheat from farmers at MSP in case prices drop below that level.

Russian milling wheat prices with 12.5% protein content decreased by around \$0-1 per tonne compared to last week. Prices have become weak due to weak demand for Russian wheat in the week. 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 \$184-187/tonne.

Australia has signed deals with Vietnam to export 30000 tonnes APW new crop at cost and freight \$ 252 per tonne. High global stock is forcing wheat suppliers in Australia to keep their prices at lower levels. Australian wheat is being quoted at \$232 per tonne compared to \$250- \$260 per tonne. Australia's wheat output is expected to be around 20.15 MMT in 2017-18 compared to 35.5 MMT last 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.

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.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	28.09.2017	26.10.2017
Production	730	736	754	748	748
Trade	153	166	176	174	174
Consumptions	715	719	736	742	741
Carryover stocks	207	224	242	248	249
Y-O-Y change	16	17	18	-	7
Major Export	66	66	76	69	71

- IGC has kept its forecast unchanged for wheat at 748 MMT as on 26th October-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 have been kept unchanged at 174 MMT. It is 2MMT lower compared to estimate for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been decreased to 741 MMT for 2017-18. The forecast is higher by 5 MMT compared to 2016-17.
- Carryout has been increased to 249 MMT for 2017-18. It is higher by around 7 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
	25-Oct-17	18-Oct-17	25-Sep-17	25-Jul-17	25-Apr-17	25-Oct-16	
Dec-17	160.00	159.73	166.80	183.33	170.66	179.11	-10.67
Mar-18	166.71	166.71	174.06	191.78	177.55	184.07	-9.43
May-18	171.85	171.76	178.92	196.01	181.31	185.81	-7.51
Jul-18	176.81	176.72	182.78	198.76	183.33	185.08	-4.47
Sep-18	182.51	182.41	188.02	202.99	186.91	187.83	-2.84
Dec-18	189.30	189.03	194.72	208.22	191.05	192.79	-1.81

CBOT-Dec-17

1st Support:151.00
2nd Support: 149.00
1st Resistant: 176.00
2nd Resistant:178.00
(\$ per tonne)

CBOT fell in last week, as strengthening dollar weighed on global demand for United States exports. Furthermore, abundant global availability of wheat has provided wheat importers with many options for buying wheat.

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 \$263.32-264.74 per tonne.

US and Russian quotes are hovering in the range of \$190.76 and \$186.50 per tonne respectively. Wheat prices in international markets witnessed steady 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 142.5 MMT in 2017. Russia and Ukraine are likely to harvest 86-88 MMT and 26.5 MMT of wheat in 2017-18 respectively. Production in US is likely to be around 47.37 MMT compared to last year's 62.8 MMT due to fall in area sowed. Australia is likely to produce 20.1 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 15.9 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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