

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India average monthly prices for wheat decreased by 0.66 percent from Rs 1890.24 (in September) to Rs 1876.09 per qtl in October-2017. Average price (October) is higher by 3.59 percent compared to price (Rs 1811.11 per qtl.) registered in October-2016. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 03rd November'17 is 8.43 lakh hectares compared to 3.88 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Sowing of wheat has started in Madhya Pradesh, Punjab, Haryana, Himachal Pradesh and Karnataka. Acreage in Madhya Pradesh is expected to be lower due to higher sowing of chickpeas.

As per market sources, around 0.3-0.5 MMT of wheat has been either diverted or cancelled due to rumors related to increase in import duty from 10 percent to 20-25 percent. Speculation relating to increase in import duty increased quotes of imported wheat that helped importers in selling their stocks. As of now no new deals for importing in bulk have been signed.

As per market sources, West Bengal government has banned wheat sowing in two districts due to wheat blast like disease, a fungus that causes wheat to turn whitish and dry up. The only way to stop this disease is not to cultivate wheat. West Bengal cultivates wheat on around 3-4 lakh hectares of land. India has imported around 0.65 MMT until September '17 since April'17.

Government of Punjab has decided to give seed subsidy directly in the bank accounts of farmers for this season. Farmers can get subsidized seed from registered/certified agencies of government and semi-government institutions. As per Chief Agriculture Officer Dr Gurditta Singh Sidhu, Bhatinda has set a target of selling around 1030 tonne of wheat seed.

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 steady to firm tone in last week. As of now Tuticorin port price for APW is Rs 1950-60 per quintal, ASW is Rs 1910-1920 per quintal and Russian/Ukrainian wheat at Rs 1750-1760 per quintal. India is likely to import 3-4 million tonnes of wheat in 2017-18. Government may increase import duty from 10% to curb imports and provide support to domestic prices.

Indian FoB quote is hovering around \$268.61 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$185.60, \$188.20, Euro 160.75, \$184.00 and \$211.52 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.

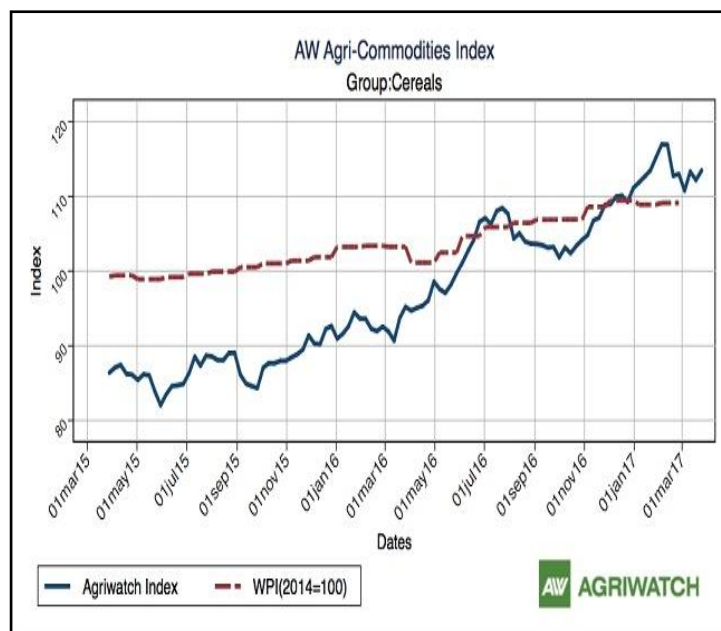
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call:Stakeholders should trade in December contract taking care of lower and upper price tag of Rs 1690 & 1773 respectively.

AgriwatchCereals Index:

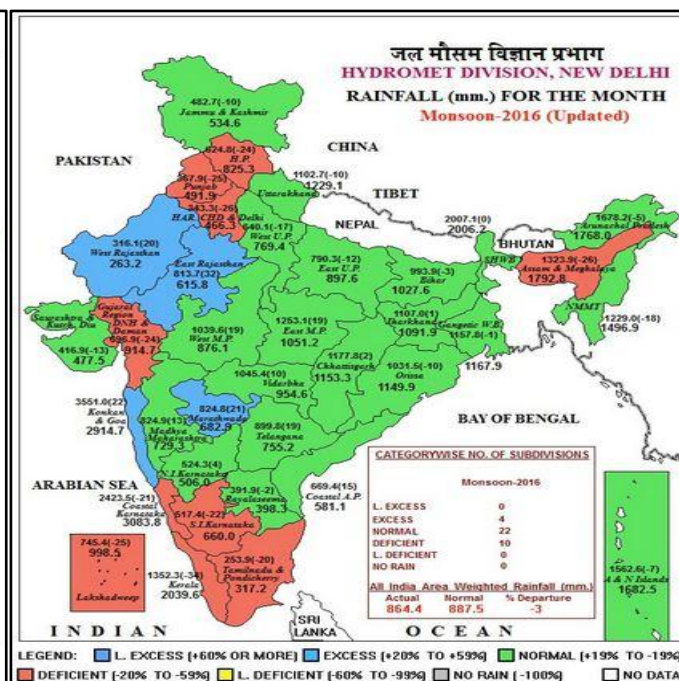
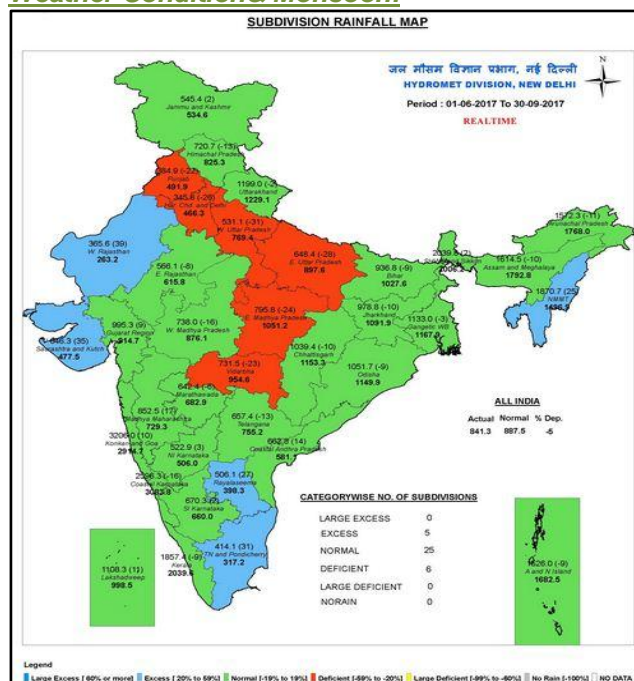
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%), Fibers: 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:

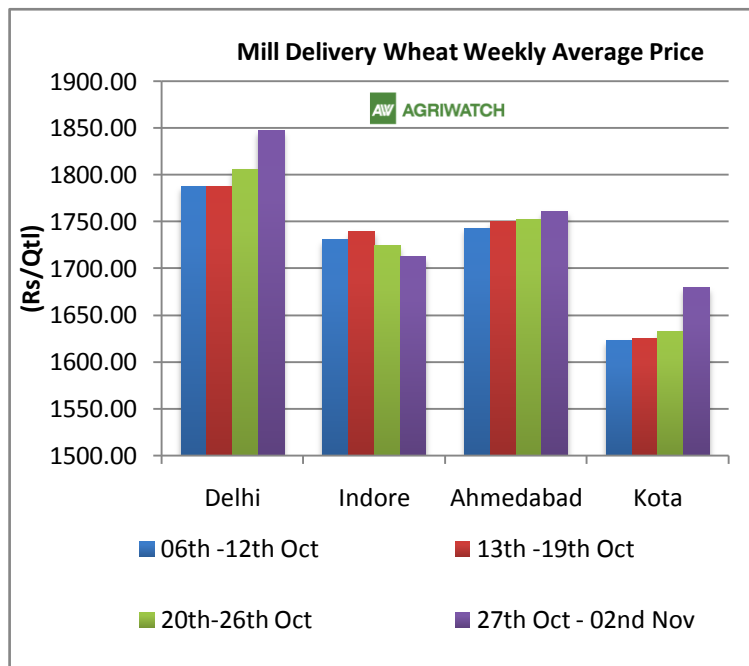


Source: IMD

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad and Kota during 27th October- 02nd November. 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 increase 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:

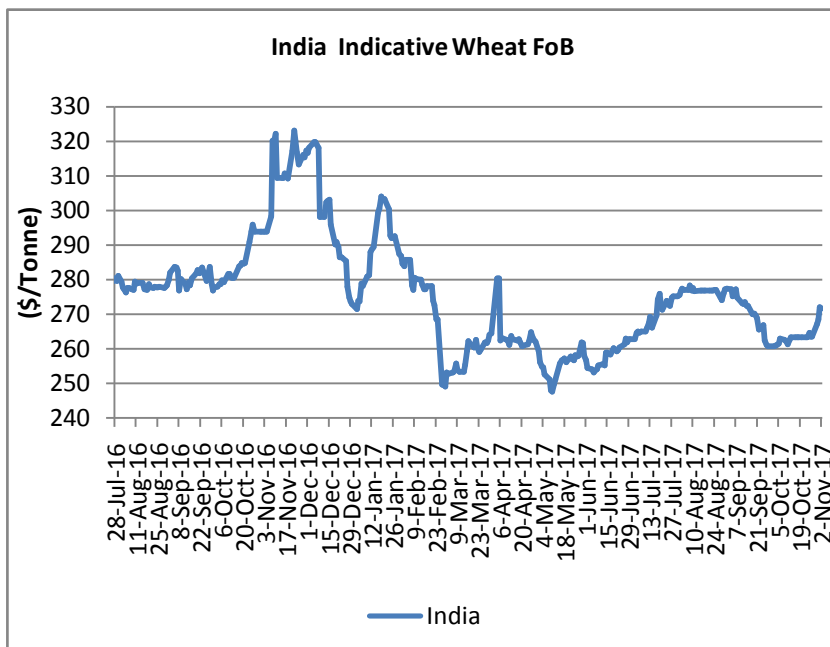
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 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 \$270-280 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 increased 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
		1-Nov-17	25-Oct-17	2-Oct-17	2-Nov-16	
USA (Chicago)	2srw	183.00	191.22	194.60	185.40	-1.29
France	FCW3	NA	188.74	NA	184.54	-
Australia	ASW	210.40	209.60	NA	191.00	10.16
Russia	SRW	185.00	187.00	184.50	176.50	4.82
India	Fob	272.01	263.32	NA	NA	-

	02/11/2017	26/10/2017	19/10/2017	12/10/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	194	193	193	195
Black Sea Mill Wheat 11.5% FOB Pmax.	186	184	185	186

Wheat Futures Contact: NCDEX Price								Date: 03.11.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Nov	-15	1720	1721	1708	1708	1010	40	6290	-240
17-Dec	-9	1740	1748	1733	1733	1020	-270	5600	300
18-Jan	0	1774	1774	1774	1774	10	0	70	10

Wheat Technical Analysis:

Technical Commentary:

- Fall in price and rise in open interest indicates short buildup.
- RSI is moving in neutral region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	December	1690	1681	1736	1764	1773
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	December	Buy Above	1714	1735	1753	1702

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
	2-Nov-17	26-Oct-17	3-Oct-17	2-Nov-16	
Indore	1673	1676	1671	1990	-15.93
Delhi	1868	1824	1765	2200	-15.09
Kanpur	1695	1700	1655	1858	-8.77
Rajkot	1670	1645	1630	Closed	-
Kota	1698	1676	1646	2004	-15.27

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 week as prices are being supported by lean season and increase in MSP. 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
			2-Nov-17	1-Nov-17	26-Oct-17	1-Oct-17	2-Nov-16
Delhi	Lawrence Road	Mill Delivery	1870	1880	1830	1760	2200
	Narella	Mill Quality Loose	Closed	Closed	1700	1665	Closed
	Nazafgarh	Mill Quality Loose	1725	Closed	1700	1665	Closed
Gujarat	Rajkot	Mill Delivery	1600	1600	1560	1550	Closed
	Ahmedabad	Mill Delivery	1750	1760	1755	1710	Closed
	Surat	Mill Quality Loose	1810	1810	1800	1750	Closed
	Dhrol	Mill Delivery	1800	1800	1655	1575	NA
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	1900
	Bhopal	Mill Delivery	1650	1650	1650	1625	Closed
Rajasthan	Kota	Mill Quality Loose	1600	1600	1560	1530	1900
		Mill Delivery	1700	1700	1640	1620	2000
U.P.	Kanpur	Mill Delivery	1730	1715	1720	1710	NA
	Mathura	Mill Quality Loose	1630	1630	NR	1585	1980
	Kosi	Mill Quality Loose	1620	1615	1620	1600	2020
	Hathras	Mill Quality Loose	1650	1635	1600	1590	NA
	Aligarh	Mill Quality Loose	1600	Closed	1560	1580	NA
Punjab	Khanna	Mill Quality Loose	1700	1700	1680	1660	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1725	1720	1690	2000
	Hodal	Mill Delivery	NA	NA	NA	1740	2130
	Bhiwani	Mill Quality Loose	1760	1750	1700	1700	2080
	Karnal	Mill Quality Loose	1790	1790	1710	NA	2000
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	1950	2400
	Madurai	Mill Quality	2107	2107	2107	2007	2457
	Coimbatore	Mill Quality	2107	2107	2107	2007	2457
Bihar	Khagariya	Mill Delivery	1600	1600	1650	1600	1875
	Muzaffarpur	Mill Delivery	1630	1630	NA	1620	1850

Progressive Sowing Status till 03rd Nov-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 03.11.2017				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.03			0.00
Arunachal Pradesh	0.04			0.00
Assam	0.33	0.00	0.01	-100.00
Bihar	21.25			0.00
Chhattisgarh	1.04	0.01	0.00	0.00
Gujarat	11.56			0.00
Haryana	25.39	0.28	0.00	0.00
Himachal Pradesh	3.50	0.72	0.20	260.00
J&K	2.96	0.01	0.00	0.00
Jharkhand	1.65	0.00	0.31	-100.00
Karnataka	2.06	0.49	1.34	-63.43
Kerala				0.00
Madhya Pradesh	54.96	5.44	0.11	4937.04
Maharashtra	9.38	0.01	0.00	0.00
Punjab	35.13	1.45	0.52	178.85
Rajasthan	30.47	0.02	0.44	-95.45
Sikkim	0.01			0.00
Telangana	0.04			0.00
Uttar Pradesh	97.59	0.00	0.95	-100.00
Uttarakhand	3.53			0.00
West Bengal	3.29	0.00	0.01	-100.00
Others	0.19			0.00
All-India	304.37	8.43	3.88	117.10

Source: Ministry of Agriculture

International Market Update:

As per latest update, Ukraine has sown around 5.9 million hectares of wheat compared to 5.7 million hectares last year during the same time period. Winter wheat accounts for 95 percent of Ukraine's total area for wheat. Ukraine produced around 26.6 million tonnes of wheat in 2017.

China has reduced its minimum purchase price for 2018 by 2.5 percent compared to last year. This may lead farmers to shift from common wheat to more lucrative varieties with more gluten content. This move can also reduce china's dependency on imports as it uses imported wheat to improve gluten level in domestic crop.

China has sold 86162 tonnes of wheat for average price of 2361 yuan (\$358.00) per tonne at an auction of state reserves. The quantity sold represents around 12.07 percent of wheat available at auction.

Wheat harvesting in Australia picked up last week due to drier weather as it helped in drying crops and bringing down the moisture level. As of now APW1 and APH2 in Brisbane are being quoted at \$245 per tonne and \$256.5 per tonne respectively. Australia is expected to harvest around 20.15 MMT compared to 35.5 MMT last year.

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.

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
	1-Nov-17	25-Oct-17	1-Oct-17	1-Aug-17	1-May-17	1-Nov-16	
Dec-17	153.57	160.00	163.40	179.20	180.03	180.94	-15.13
Mar-18	160.19	166.71	170.20	187.19	186.27	185.17	-13.49
May-18	165.05	171.85	175.07	191.97	189.58	186.82	-11.65
Jul-18	170.20	176.81	179.66	195.09	189.76	185.45	-8.22
Sep-18	175.98	182.51	185.35	199.77	192.70	188.11	-6.45
Dec-18	183.42	189.30	192.24	205.38	197.48	193.71	-5.31

CBOT-Dec-17

1st Support:149.00
2nd Support: 147.00
1st Resistant: 174.00
2nd Resistant:176.00
(\$ per tonne)

Wheat touched a six-month low on 31st October at \$ 4.16 a bushel. CBOT rose to one-week high on expectation of increased demand for U.S wheat. Exporters have sold 3 lakh tonnes of hard red winter wheat to Iraq and 0.86 lakh tonnes to Taiwan.

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 \$263.48-272.01 per tonne.

US and Russian quotes are hovering in the range of \$184.00 and \$185.60 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 \$175 to \$220 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady 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 15.9MMT 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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