

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 2.57 percent to Rs. 1890.9 per quintal during the week ended 08th November 2017. Wheat average prices were ruling at Rs 1940.83 per quintal during 24-31 October 2017. As compared to prices in the week 01-08 November 2016, the prices are weak by 5.76 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 09th November'17 is 27.39 lakh hectares compared to 25.72 lakh hectares in the previous Rabi season. The normal area is 306.09 lakh hectares. Farmers are motivated as government has doubled import duty to 20 percent and increased MSP of wheat by Rs 110 per quintal.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone today. As of now Tuticorin port price for APW is Rs 2060-70 per quintal, ASW is Rs 1990-2000 per quintal and Russian/Ukrainian wheat at Rs 1790-1810 per quintal. Import quotes have become firm as government has increased import duty from 10 percent to 20 percent.

There is a rumor in the market that government may not procure wheat at MSP of Rs 1735 per quintal in the upcoming marketing year 2018-19. Government may come up with a new strategy of giving price difference directly in the account of the farmers.

FCI will offer a total quantity 1101650 tonnes of wheat in different states through e-auction on 16th November at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 295000 tonnes in Maharashtra followed by 293050 tonnes in Haryana, 137000 tonnes in Punjab, 105150 tonnes in M.P, 60000 tonnes in West Bengal, 50000 tonnes in Odhisa, 31500 tonnes in Tamil Nadu, 25450 tonnes in Karnataka, 20000 tonnes in Rajasthan, 16000 tonnes in Delhi, 15000 tonnes in Uttar Pradesh, 10000 tonnes in Kerala, 9500 tonnes in Andhra Pradesh, 9000 tonnes in Chandigarh, 7000 tonnes in Jammu & Kashmir, 4500 tonnes in Uttarakhand, 3500 tonnes in Gujarat, 3000 tonnes in Pondicherry, 2000 tonnes in Bihar, 1500 tonnes in Himachal Pradesh, 1500 tonnes in Chhattisgarh, 1000 tonnes in Goa and 1000 tonnes in Jharkhand.

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 market sources, the recent increase in import duty from 10 percent to 20 percent is likely to reduce flow of wheat from black sea region to about 1 MMT from previous expectations of around 1.5 MMT. Furthermore, it will provide support to prices in the domestic market. As of now no new contracts for importing wheat in bulk have been signed by the traders.

Indian FoB quote is hovering around \$268.64 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$184.65, \$189.75, Euro 160.42 \$186.48 and \$211.84 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.

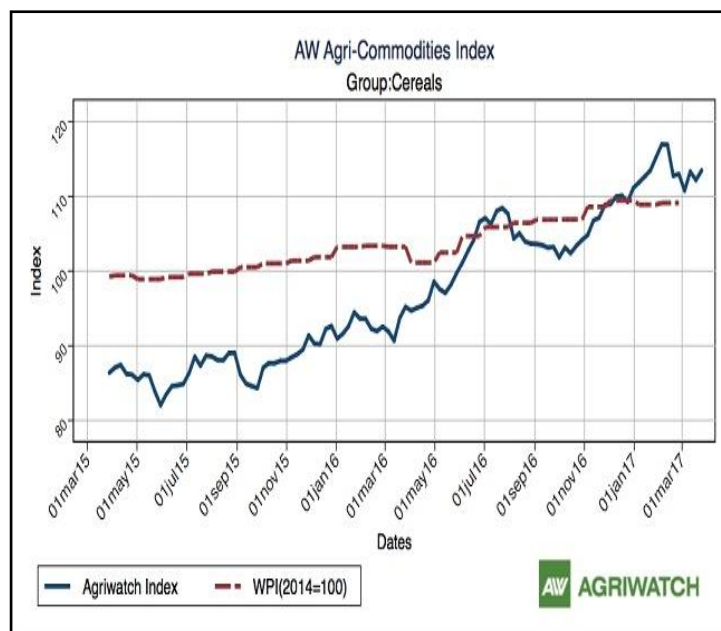
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in December contract taking care of lower and upper price tag of Rs 1702 & 1807 respectively.

Agriwatch Cereals Index:

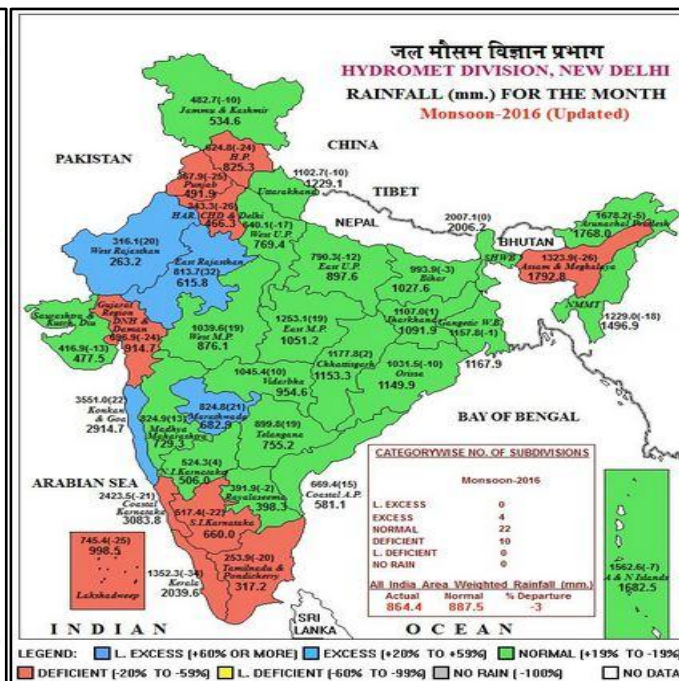
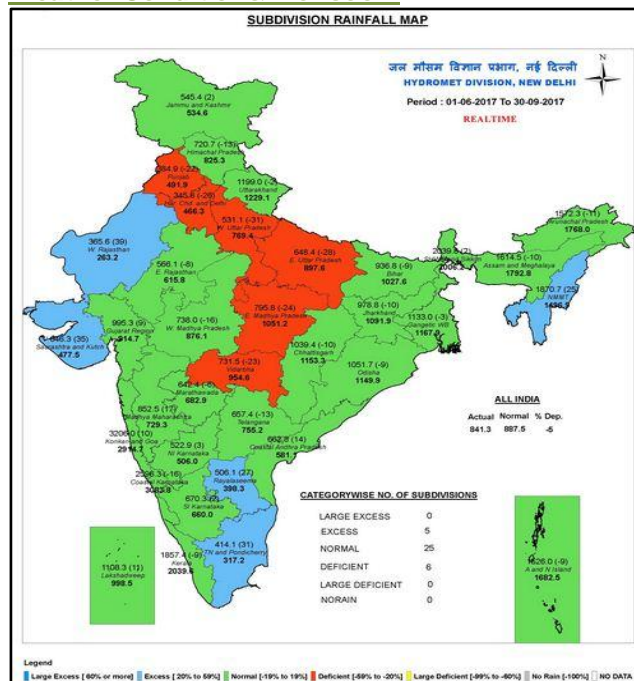
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%), 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 steady to firm in Delhi and Indore during 03rd -09th November. Prices are expected to remain steady to firm.

Prices are expected to remain firm as government has increased import duty on wheat from 10 percent to 20 percent. Increase in duty will help in curbing imports. Government has already increased MSP Rs 1625 per quintal to Rs 1735 per quintal. Lean season accompanied with revised MSP and import duty is likely to provide support to domestic prices. Government has applied 5% GST on wheat that has been packed and branded.

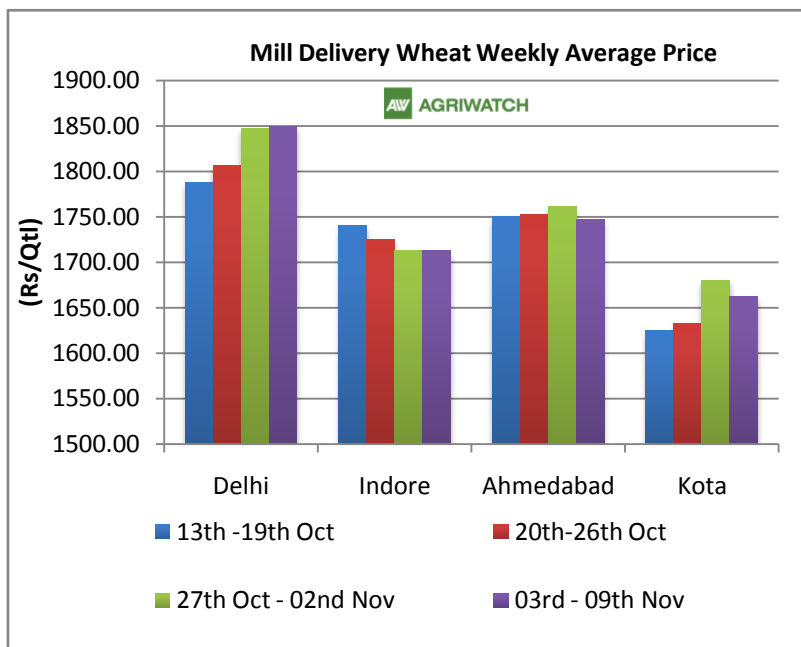

Wheat Stock Norms

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:

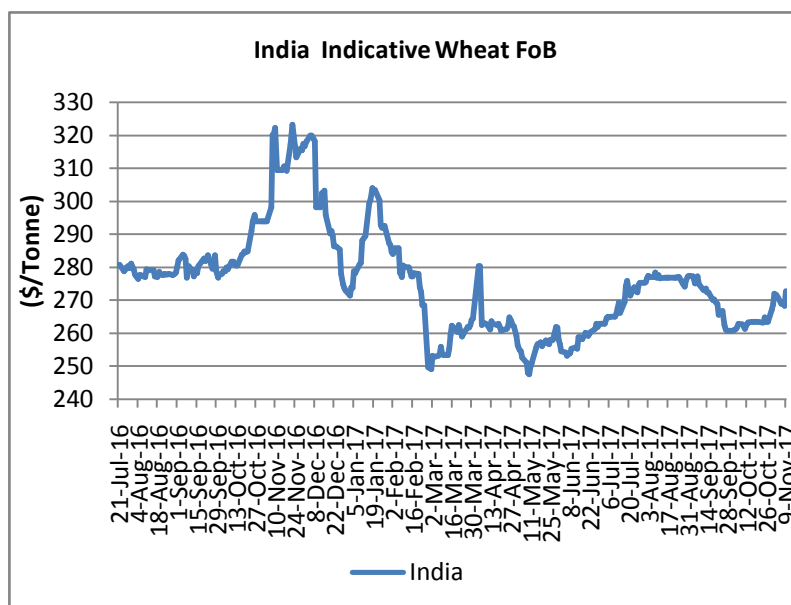
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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
		8-Nov-17	1-Nov-17	9-Oct-17	9-Nov-16	
USA (Chicago)	2srw	186.20	183.00	191.40	182.50	2.03
France	FCW3	184.83	NA	188.54	186.33	-0.81
Australia	ASW	211.20	210.40	213.60	192.00	10.00
Russia	SRW	185.00	185.00	189.00	178.50	3.64
India	Fob	268.26	272.01	262.68	320.41	-16.28

	09/11/2017	02/11/2017	26/10/2017	19/10/2017
Black Sea Mill Wheat 12.5% FOB Pmax.	194	194	193	193
Black Sea Mill Wheat 11.5% FOB Pmax.	187	186	184	185

Wheat Futures Contact: NCDEX Price
Date: 10.11.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Nov	-36	1732	1733	1695	1701	2750	1,640	3510	-1,010
17-Dec	-25	1768	1782	1742	1747	3800	-820	9570	1,430
18-Jan	-9	1803	1803	1778	1788	60	0	120	30

Wheat Technical Analysis:

Technical Commentary:

- Rise in price and open interest indicates long 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	1711	1702	1747	1793	1807
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	December	Buy Above	1735	1757	1776	1722

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
	9-Nov-17	2-Nov-17	10-Oct-17	9-Nov-16	
Indore	1674	1673	1661	2014	-16.88
Delhi	1855	1868	1805	2125	-12.71
Kanpur	1690	1695	1700	1880	-10.11
Rajkot	1672	1670	1634	2080	-19.62
Kota	1683	1698	1657	1975	-14.78

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, increase in MSP from Rs 1625 per quintal to Rs 1735 per quintal and hike in import duty from 10 percent to 20 percent.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			9-Nov-17	8-Nov-17	2-Nov-17	10-Oct-17	9-Nov-16
Delhi	Lawrence Road	Mill Delivery	1860	1835	1870	1810	2125
	Narella	Mill Quality Loose	1740	Closed	Closed	1685	NA
	Nazafgarh	Mill Quality Loose	NR	Closed	1725	1680	NA
Gujarat	Rajkot	Mill Delivery	1610	1590	1600	1555	NA
	Ahmedabad	Mill Delivery	1770	1740	1750	1740	2110
	Surat	Mill Quality Loose	1810	1780	1810	1780	2120
	Dhrol	Mill Delivery	1755	NR	1800	1680	NA
M.P.	Indore	Mill Quality Loose	1625	1625	1650	1700	2000
	Bhopal	Mill Delivery	1620	1625	1650	1600	1975
Rajasthan	Kota	Mill Quality Loose	NR	1575	1600	1550	Closed
		Mill Delivery	NR	1660	1700	1630	Closed
U.P.	Kanpur	Mill Delivery	1725	1735	1730	1705	1875
	Mathura	Mill Quality Loose	1640	1630	1630	1580	1911
	Kosi	Mill Quality Loose	1615	1615	1620	1600	1875
	Hathras	Mill Quality Loose	1685	1680	1650	1590	2050
	Aligarh	Mill Quality Loose	1620	Closed	1600	1570	NA
Punjab	Khanna	Mill Quality Loose	1695	1695	1700	1680	1900
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1730	1700	1950
	Hodal	Mill Delivery	1825	1825	NA	1740	2130
	Bhiwani	Mill Quality Loose	1750	1750	1760	1690	1980
	Karnal	Mill Quality Loose	1720	1720	1790	1715	NA



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	NR	2050	2050	2000	Closed
	Madurai	Mill Quality	NR	2107	2107	2057	Closed
	Coimbatore	Mill Quality	NR	2107	2107	2057	Closed
Bihar	Khagariya	Mill Delivery	1650	1650	1600	1600	2025
	Muzaffarpur	Mill Delivery	1620	1610	1630	1610	1850

Progressive Sowing Status till 11th Nov-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 11.11.2017				
State	Normal area	This Year	Last Year	% Change
Assam	0.24	0.00	0.00	0.00
Bihar	21.55	0.10	0.005	1900.00
Chhattisgarh	1.18	0.01	0.007	42.86
Gujarat	10.85	0.33	0.065	407.69
Haryana	25.42	2.58	2.10	22.86
Himachal Pradesh	3.31	0.72	1.436	-49.86
Jammu & Kashmir	2.82	0.04	0.234	-82.91
Jharkhand	1.75	0.00	0.00	0.00
Karnataka	1.93	1.05	0.73	43.84
Madhya Pradesh	55.99	11.48	6.20	85.16
Maharashtra	9.84	0.31	0.268	15.67
Punjab	35.07	5.10	7.48	-31.82
Rajasthan	30.74	0.93	2.379	-60.91
Uttar Pradesh	98.23	3.83	3.87	-1.03
Uttarakhand	3.51	0.92	0.95	-3.16
West Bengal	3.34	0.00	0.00	0.00
Others*	0.31	0.00	0.005	-100.00
Total	306.09	27.39	25.72	6.49

Source: Ministry of Agriculture

International Market Update:

GASC has purchased 120000 tonnes of Russian wheat through tender. ADM offered 60000 tonnes of Russian wheat at FoB \$196.50 per tonne and Union offered 60000 tonnes of Russian wheat at FoB \$196.50 per tonne.

As on 07th November Russia has harvested 88.0 million tonnes of wheat compared to 75.8 million tonnes a year ago for the same date. 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 for same date. Russia has harvested record crop this year.

As per latest update, Japan's ministry of agriculture bought 132390 MMT of food quality wheat from United States, Canada and Australia. Around 57995 MMT has been bought from United States to be loaded between December 21 and January 20, 24025 MMT of standard white wheat has been bought from west Australia to be loaded between January 01 and January 31 and 50370 MMT with minimum protein content of 13.5 percent has been bought from Canada to be loaded between December 21 and January 20.

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 new Australian wheat crop that is providing tight competition to Russian wheat. 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 \$190-194/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$183-187/tonne.

As per latest update, Ukraine has sown around 5.9 million hectares of wheat compared to 5.7 million hectares during corresponding period last year. 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.

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.

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
	8-Nov-17	1-Nov-17	8-Oct-17	8-Aug-17	8-May-17	8-Nov-16	
Dec-17	156.79	153.57	160.19	177.82	172.40	183.06	-14.35
Mar-18	163.03	160.19	167.53	185.45	178.92	188.02	-13.29
May-18	167.53	165.05	172.68	190.68	183.15	191.32	-12.43
Jul-18	172.49	170.20	177.73	193.71	185.26	189.03	-8.75
Sep-18	178.10	175.98	183.42	198.58	189.21	189.95	-6.24
Dec-18	185.35	183.42	190.22	205.01	194.45	196.65	-5.74

CBOT-Dec-17

1st Support: 151.00
2nd Support: 149.00
1st Resistant: 175.00
2nd Resistant: 177.00
(\$ per tonne)

CBOT wheat witnessed firm tone in the past week due to technical buying and strong export sales. U.S. exported 781700 tonnes of wheat in the past week. However ample global supplies are still weighing on wheat prices.

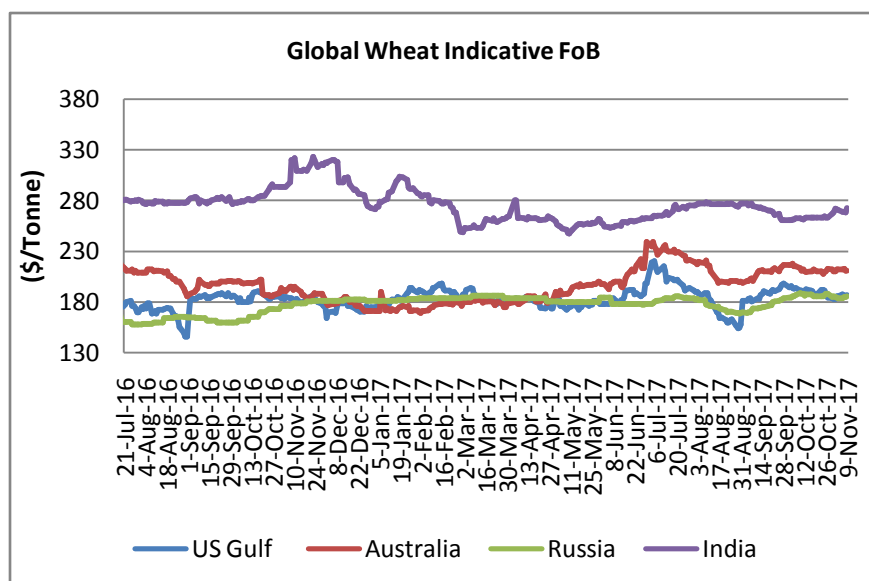


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$ 268.26-272.77 per tonne.

US and Russian quotes are hovering in the range of \$186.48 and \$184.65 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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