

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 decreased by 4.34 percent to Rs. 1829.45 per quintal during the week ended 23rd November 2017. Wheat average prices were ruling at Rs 1912.51 per quintal during 09-15 November 2017. As compared to prices in the week 16-23 November 2016, the prices are weak by 7.03 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 23rd November'17 is 110.66 lakh hectares compared to 126.35 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Punjab, Haryana, Rajasthan, Uttar Pradesh and Madhya Pradesh compared to corresponding date last year.

FCI has offered a total of 24858202 tonnes of wheat through E-Auction since June until fourth tender in November. 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 was sold in September against offered quantity of 4437300 tonnes, 131150 tonnes was sold in October against offered quantity of 4276700 tonnes and 230750 tonnes has been sold in four tenders of November against offered quantity of 4335450 tonnes.

As per trade sources, import quotes for wheat from various origins to Tuticorin port witnessed weak tone in the week. As of now Tuticorin port price for APW is Rs 2000 per quintal, ASW is Rs 1825 per quintal and Ukrainian wheat at Rs 1750 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

As per latest update third shipment of Indian wheat consisting of 15000 tonnes has reached Chabahar on Saturday and will be unloaded and transited to southwestern Afghanistan. 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. Furthermore, it will also increase job opportunities in Iran and Afghanistan.

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:

FCI will offer a total quantity 959800 tonnes of wheat in different states through e-auction on 30th November at a reserve price of Rs 1790 per quintal. Of the total quantity in OMSS, highest quantity of 284000 tonnes in Maharashtra followed by 269200 tonnes in Haryana, 65400 tonnes in Punjab, 115400 tonnes in M.P, 60000 tonnes in West Bengal, 50000 tonnes in Odhisa, 26000 tonnes in Tamil Nadu, 24100 tonnes in Karnataka, 15000 tonnes in Uttar Pradesh, 12200 tonnes in Kerala, 10500 tonnes in Chandigarh, 7500 tonnes in J&K, 6500 tonnes in Andhra Pradesh, 3000 tonnes in Assam, 3000 tonnes in Pondicherry, 2000 tonnes in Bihar, 1500 tonnes in Himachal Pradesh, 1500 tonnes in Chhattisgarh, 1500 tonnes in Gujarat, 1000 tonnes in Jharkhand and 500 tonnes in Goa.

Indian FoB quote is hovering around \$278.01 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.90, \$184.60, Euro 157.75, \$182.76 and \$210.40 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.

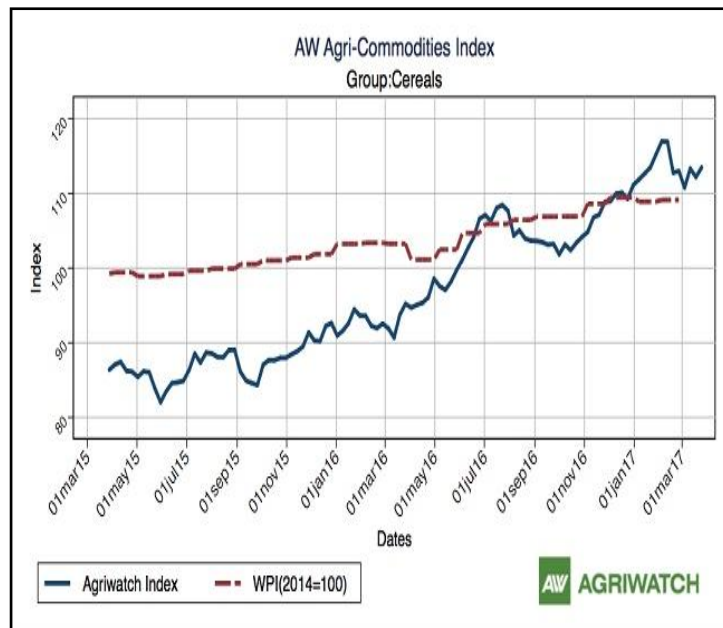
Outlook & Recommendation:-Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in December contract taking care of lower and upper price tag of Rs1653 & 1765 respectively.

Agriwatch Cereals Index:

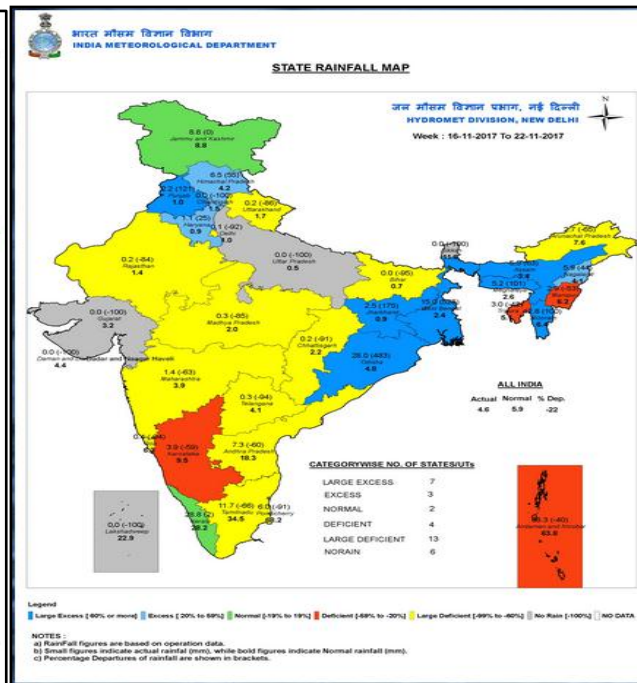
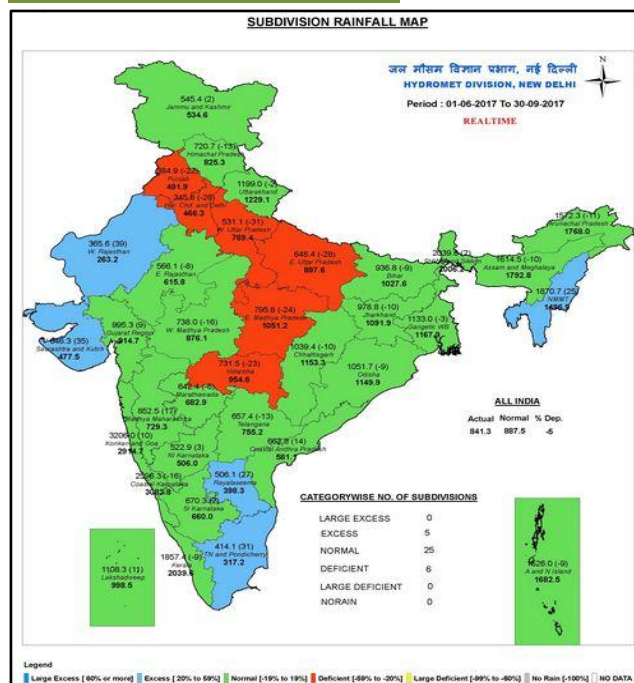
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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 firm in Indore, Ahmedabad and Kota during 17th -23rd 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 from 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. Furthermore, acreage is expected to be lower in current season compared to last year.

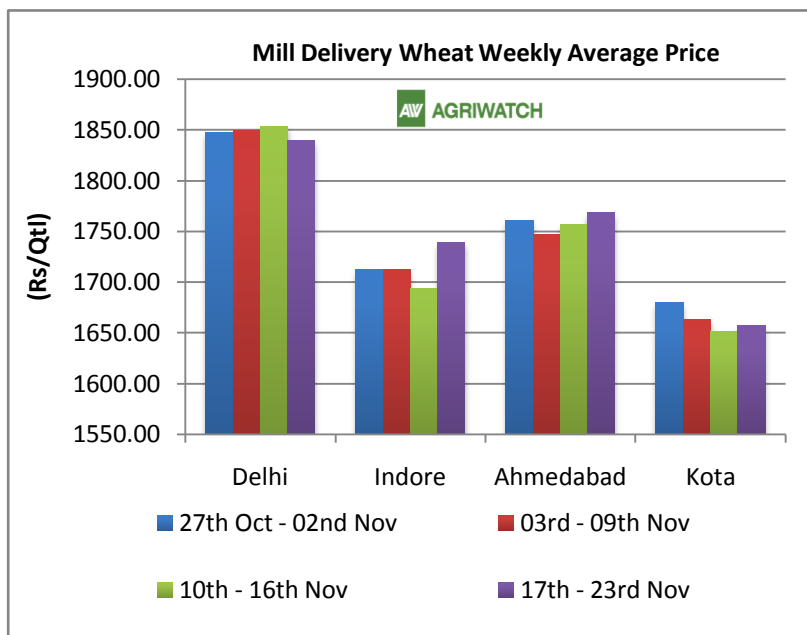

Wheat Stock Norms

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:

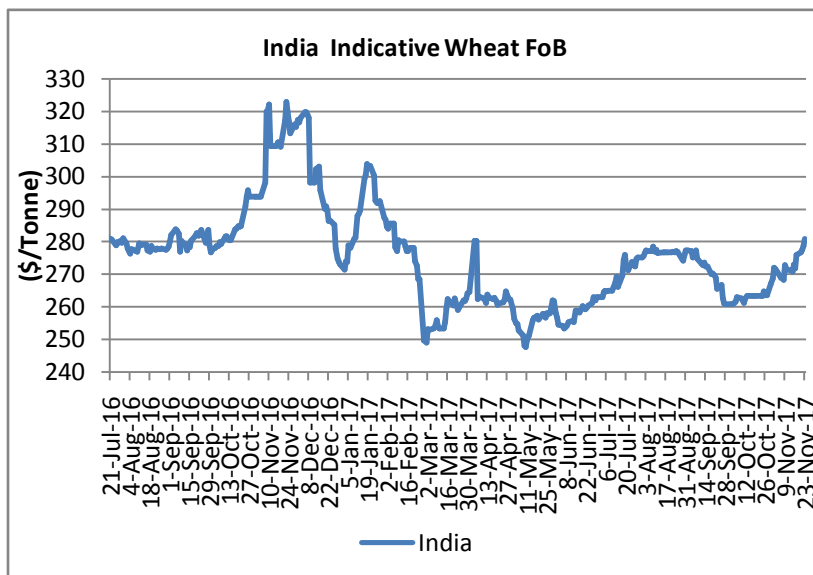
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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. However, India has recently exported 15000 tonnes of wheat via chabahar port to Afghanistan. A total quantity of 1.1 million tonnes of wheat will be shipped as India's gift to Afghanistan.

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 \$280-290 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.


Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		22-Nov-17	15-Nov-17	23-Oct-17	23-Nov-16	
USA (Chicago)	2srw	181.81	183.70	191.70	182.40	-0.32
France	FCW3	186.24	186.58	187.09	180.97	2.91
Australia	ASW	210.40	209.60	NA	189.00	11.32
Russia	SRW	183.00	182.50	185.50	181.50	0.83
India	Fob	278.81	273.10	NA	319.85	-12.83

	23/11/2017	16/11/2017	09/11/2017	02/11/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	193	193	194	194
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	185	184	187	186

Wheat Futures Contact: NCDEX Price
Date: 24.11.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Dec	-9	1705	1705	1694	1701	940	+760	11450	-310
18-Jan	-10	1732	1732	1722	1728	110	+100	610	+90
18-Feb	0	1766	1766	1766	1766	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
	23-Nov-17	16-Nov-17	24-Oct-17	23-Nov-16	
Indore	1666	1676	1668	2080	-19.90
Delhi	1831	1839	1796	2140	-14.44
Kanpur	1695	1700	1700	1950	-13.08
Rajkot	1720	1692	NA	NA	-
Kota	1679	1677	1659	2031	-17.33

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 and is likely to trade steady to firm in the coming week, as prices are being supported by expectation of lower acreage, 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
			23-Nov-17	22-Nov-17	16-Nov-17	23-Oct-17	23-Nov-16
Delhi	Lawrence Road	Mill Delivery	1825	1835	1840	1795	2150
	Narella	Mill Quality Loose	1750	Closed	1730	1685	1950
	Nazafgarh	Mill Quality Loose	1740	Closed	1740	1700	2100
Gujarat	Rajkot	Mill Delivery	Closed	1635	1615	Closed	NA
	Ahmedabad	Mill Delivery	1765	1770	1770	Closed	2150
	Surat	Mill Quality Loose	1825	1825	1820	Closed	2180
	Dhrol	Mill Delivery	NR	1785	1865	Closed	NA
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	2000
	Bhopal	Mill Delivery	1630	1635	1625	1600	2000
Rajasthan	Kota	Mill Quality Loose	1565	1570	1580	1555	1925
		Mill Delivery	1665	1660	1650	1625	2050
U.P.	Kanpur	Mill Delivery	1655	1725	1745	1725	1900
	Mathura	Mill Quality Loose	1630	1630	1630	1590	2021
	Kosi	Mill Quality Loose	1660	1660	1660	1600	2100
	Hathras	Mill Quality Loose	1685	NR	1695	1590	NA
	Aligarh	Mill Quality Loose	NR	Closed	1620	1560	NA
Punjab	Khanna	Mill Quality Loose	1700	1700	1700	1680	1960
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1735	1725	1730	1710	2000
	Hodal	Mill Delivery	1855	1855	1855	NA	2240
	Bhiwani	Mill Quality Loose	1770	1775	1770	1680	2250
	Karnal	Mill Quality Loose	1790	1790	1750	1710	NA
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	2050	2060	2060	2050	2350
	Madurai	Mill Quality	2107	2117	2117	2107	2407
	Coimbatore	Mill Quality	2107	2117	2117	2107	2407
Bihar	Khagariya	Mill Delivery	1650	1650	1600	1650	2050
	Muzaffarpur	Mill Delivery	1600	1600	1615	1615	2025

Progressive Sowing Status till 24th Nov-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 24.11.2017				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.03	0	0	0.00
Arunachal Pradesh	0.04	0	0	0.00
Assam	0.33	0	0	0.00
Bihar	21.25	2.92	0.66	342.42
Chhattisgarh	1.04	0.07	0.07	0.00
Goa	0	0	0	0.00
Gujarat	11.56	3.04	1.16	162.07
Haryana	25.39	13.17	14.91	-11.67
Himachal Pradesh	3.5	1.62	2.3	-29.57
J&K	2.96	0.25	0.5	-50.00
Jharkhand	1.65	0.19	0.01	1800.00
Karnataka	2.06	1.38	1.65	-16.36
Kerala	0	0	0	0.00
Madhya Pradesh	54.96	23.29	30.27	-23.06
Maharashtra	9.38	2.09	2.3	-9.13
Punjab	35.134	22.82	27.45	-16.87
Rajasthan	30.47	10.58	12.46	-15.09
Uttar Pradesh	97.59	26.85	30.15	-10.95
Uttarakhand	3.53	2.22	2.25	-1.33
West Bengal	3.29	0.17	0.2	-15.00
Others	0.19	0	0.02	-100.00
All-India	304.43	110.66	126.35	-12.42

Source: Ministry of Agriculture

International Market Update:

As per latest update, farmers in European Union have sowed around 98 percent of planned area compared to 95 percent a week earlier. Furthermore, around 96 percent of soft wheat has already emerged and is in good or excellent condition. EU is likely to produce 151.6 MMT of wheat in 2017-18.

Russian milling wheat prices remained stable compared to last week. Demand for Russian wheat is good. However, traders are facing logistical problems at Azov port. 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 \$190-193/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$181-185/tonne.

GASC has purchased 240000 tonnes of Russian wheat through tender. Daewoo offered 60000 tonnes of Russian wheat at FoB \$194.65 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$194.65 per tonne, Garant offered 60000 tonnes of Russian wheat at FoB \$194.65 per tonne and GTCS offered 60000 tonnes of Russian wheat at FoB \$194.65 per tonne.

As per latest update, Japan's ministry of agriculture bought 125611 MMT of food quality wheat from United States, Canada and Australia. Around 65530 MMT has been bought from United States to be loaded between December 21 and January 20, 24900 MMT of standard white wheat has been bought from west Australia to be loaded between January 01 and January 31 and 35181 MMT with minimum protein content of 13.5 percent has been bought from Canada to be loaded between December 21 and January 20.

As on 07th November Russia has harvested 88.0 million tonnes of wheat compared to 75.8 million tonnes a year earlier. 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.

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 dessert reduced scarce water resources and became a major importer of hard and soft wheat.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015-16	2016-2017	2017-18 (Forecast)	
			(Estimate)	26.10.2017	23.11.2017
Production	730	736	754	748	749
Trade	153	166	176	174	174
Consumptions	715	719	736	741	742
Carryover stocks	207	224	242	249	249
Y-O-Y change	16	17	18	-	7
Major Export	66	66	76	71	71

- IGC has increased its forecast for wheat to 749 MMT as on 23rd November-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 increased by 1 MMT to 742 MMT for 2017-18. The forecast is higher by 6MMT compared to 2016-17.
- Carryout has been kept unchanged at 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
	22-Nov-17	15-Nov-17	22-Oct-17	22-Aug-17	22-May-17	22-Nov-16	
Dec-17	155.32	154.31	160.46	157.61	172.59	179.47	-13.46
Mar-18	161.93	160.83	167.17	166.34	179.20	183.79	-11.89
May-18	166.62	165.33	172.22	171.85	183.42	186.64	-10.73
Jul-18	171.76	170.29	176.90	176.90	186.73	188.66	-8.96
Sep-18	177.09	175.62	182.69	182.69	190.96	193.62	-8.54
Dec-18	183.79	182.41	189.30	189.49	195.64	200.32	-8.25

CBOT-Dec-17

1st Support: 140.00
2nd Support: 138.00
1st Resistant: 173.00
2nd Resistant: 175.00
(\$ per tonne)

CBOT fell as abundant global supplies are still weighing on wheat prices. Export sales of U.S. wheat old crop in the past week at 199845 tonnes against expected sales of 350000-550000 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 \$276.06-280.91 per tonne.

US and Russian quotes are hovering in the range of \$182.76 and \$182.90 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 to weak due to higher carryover stocks and good production. EU is likely to produce around 142.2 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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