

# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices increased by 1.45 percent to Rs. 1856.01 per quintal during the week ended 30th November 2017. Wheat average price were ruling at Rs 1829.45 per quintal during 16-23 November 2017. As compared to prices in the week 24-30 November 2016, the prices are weak by 8.11 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 30th November'17 is 156.80 lakh hectares compared to 169.57 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Bihar, Punjab, Haryana, Rajasthan and Madhya Pradesh compared to 01st December'17.

As per market sources Glencore has loaded largest vessel in South Australia. The Adraina Rose has been loaded with 74000 tonnes of wheat and Barley. The quantity loaded is a mixture of old as well as new crop and is destined for MENA region, South East Asia and Indian subcontinent.

FCI has offered a total of 25818002 tonnes of wheat through E-Auction since June until fifth 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 on 09th November wheat stock in central pool stood at 238.50 lakh tonnes down by around 7.79 percent compared to last month. Highest stock was with Punjab (66.95 lakh tonnes) followed by Madhya Pradesh (52.43 lakh tonnes), Haryana (50.89 lakh tonnes) and Uttar Pradesh (22.12 lakh tonnes). FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

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 various origins to Tuticorin port witnessed weak tone in the week. As of now Tuticorin port price for APW is Rs 1970 per quintal, ASW is Rs 1900 per quintal and Ukrainian wheat at Rs 1740 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$281.67 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.90, \$183.70, Euro 156.00, \$177.42 and \$208.64 per tonne respectively. There is little hope for recovery at export front this year however India is expected to import 3 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 1614 & 1751 respectively.

### AgriwatchCereals Index:

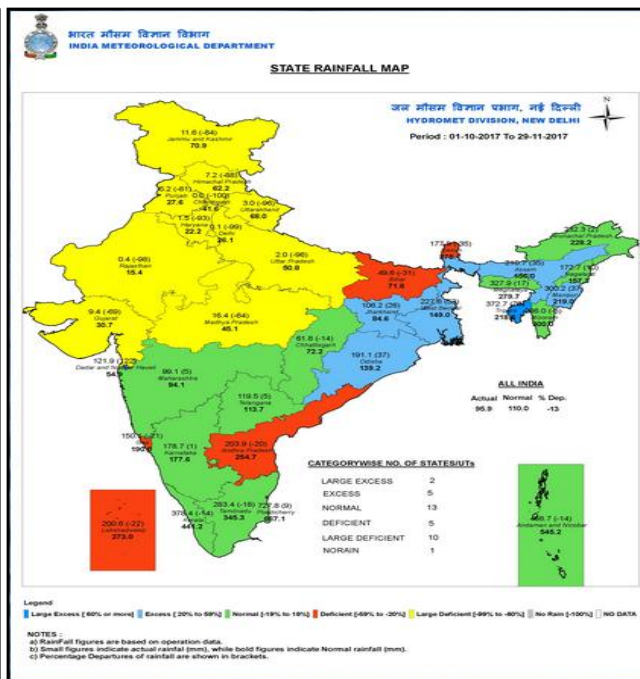
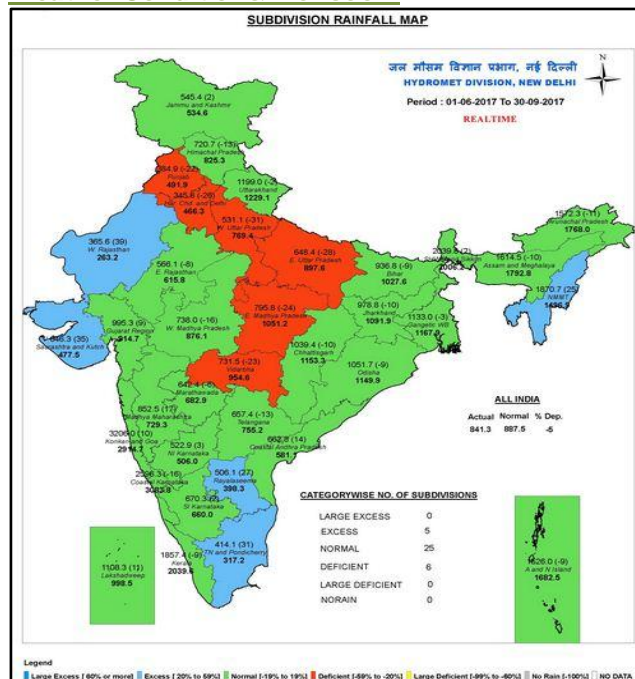
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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](http://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 and steady to slightly weak in Kota, Delhi and Ahmedabad during 24<sup>th</sup> – 30<sup>th</sup> November. Prices are expected to remain steady to firm.

Lean season accompanied with revised MSP and import duty is likely to provide support to domestic prices. 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. Furthermore, acreage is expected to be lower in current season compared to last year.

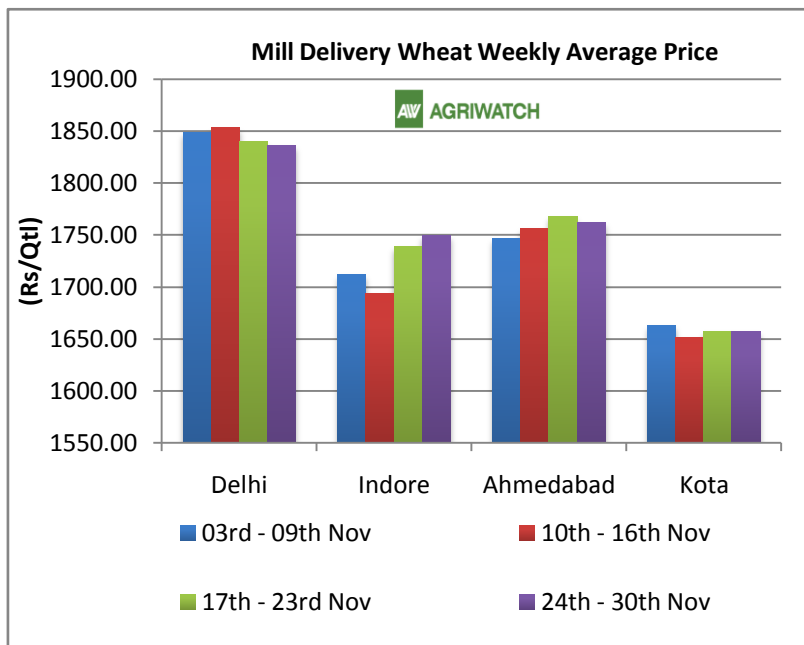

**Wheat Stock Norms**

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
<b>As on</b>						
<b>1st April</b>	115.8	44.6	160.4	20	30	210.4
<b>1st July</b>	115.4	245.8	361.2	20	30	411.2
<b>1st Oct.</b>	82.5	175.2	257.7	20	30	307.7
<b>1st Jan</b>	56.1	108	164.1	20	30	214.1
<b>Buffer Norms w.e.f. 01.07.2017</b>						

**Procurement As on 21<sup>st</sup> July-2017:**

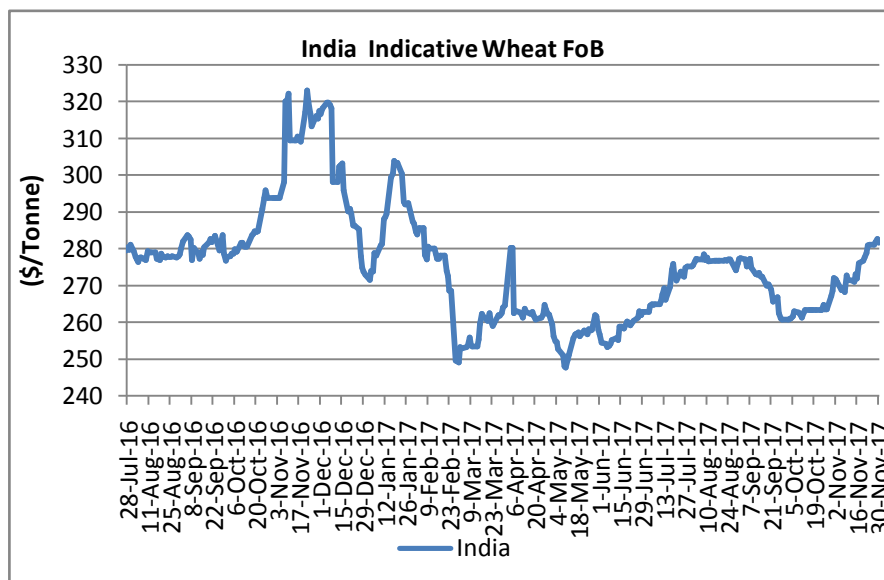
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
<b>Haryana</b>	75.00	74.11	67.52	9.76%
<b>Madhya Pradesh</b>	85.00	67.24	39.92	68.44%
<b>Punjab</b>	115.00	117.05	106.49	9.92%
<b>Rajasthan</b>	17.50	12.45	7.62	63.12%
<b>Uttar Pradesh</b>	30.00	36.99	7.97	364.12%
<b>All-India</b>	<b>330.00</b>	<b>308.01</b>	<b>229.62</b>	<b>34.13%</b>

Total wheat procurement was registered at 229.62 lakh tonnes till 28<sup>th</sup> June -2016. Against set target of 33 MMT Government has procured 308.01 lakh tonnes until 21<sup>st</sup> 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 \$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
		29-Nov-17	21-Nov-17	30-Oct-17	30-Nov-16	
USA (Chicago)	2srw	179.39	183.08	183.55	174.69	2.69
France	FCW3	185.17	184.11	187.88	177.26	4.46
Australia	ASW	207.20	210.40	212.00	182.00	13.85
Russia	SRW	182.50	183.00	185.00	181.50	0.55
India	Fob	282.61	277.56	267.21	317.43	-10.97

	30/11/2017	23/11/2017	16/11/2017	09/11/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	192	193	193	194
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	185	185	184	187

Wheat Futures Contact: NCDEX Price								Date: 01.12.2017	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Dec	-1	1670	1671	1666	1671	450	-880	8410	-120
18-Jan	-1	1701	1703	1696	1701	240	-170	3070	30
18-Feb	0	1732	1732	1732	1732	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
	30-Nov-17	22-Nov-17	31-Oct-17	30-Nov-16	
Indore	1670	1670	1673	2060	-18.93
Delhi	1837	1830	1854	2113	-13.06
Kanpur	1680	1673	1700	1960	-14.29
Rajkot	1730	1730	1665	2110	-18.01
Kota	1666	1683	1690	2022	-17.61

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 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
			30-Nov-17	28-Nov-17	22-Nov-17	31-Oct-17	30-Nov-16
Delhi	Lawrence Road	Mill Delivery	1845	1850	1835	1850	2150
	Narella	Mill Quality Loose	1725	1715	Closed	Closed	2025
	Nazafgarh	Mill Quality Loose	1750	1760	Closed	1715	NA
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1635	1595	1990
	Ahmedabad	Mill Delivery	1760	1760	1770	1770	2150
	Surat	Mill Quality Loose	1800	1810	1825	1825	2170
	Dhrol	Mill Delivery	1725	1795	1785	1700	NA
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	2100
	Bhopal	Mill Delivery	1625	1635	1635	1600	1950
Rajasthan	Kota	Mill Quality Loose	1560	1560	1570	1600	1925
		Mill Delivery	1650	1650	1660	1700	2000
U.P.	Kanpur	Mill Delivery	1675	1655	1725	1720	1975
	Mathura	Mill Quality Loose	1630	1632	1630	1630	1950
	Kosi	Mill Quality Loose	1650	1655	1660	1615	2060
	Hathras	Mill Quality Loose	1650	NR	NR	1640	2100
	Aligarh	Mill Quality Loose	1600	1600	Closed	1620	NA
Punjab	Khanna	Mill Quality Loose	1720	1720	1700	1675	1975
	Ludhiana (Jagraon)	Mill Delivery	NA	NR	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1725	1725	1975
	Hodal	Mill Delivery	NR	1800	1855	NA	2240
	Bhiwani	Mill Quality Loose	1755	1750	1775	1710	2100
	Karnal	Mill Quality Loose	1745	1750	1790	1725	NA



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2060	2050	2300
	Madurai	Mill Quality	2107	2107	2117	2107	2357
	Coimbatore	Mill Quality	2107	2107	2117	2107	2357
Bihar	Khagariya	Mill Delivery	1650	1650	1650	1600	1975
	Muzaffarpur	Mill Delivery	1600	1600	1600	1615	1875

### Progressive Sowing Status till 01<sup>st</sup> Dec-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 01.12.2017				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.026	0	0	0.00
Arunachal Pradesh	0.035	0	0	0.00
Assam	0.325	0	0	0.00
Bihar	21.247	6.74	6.36	5.97
Chhattisgarh	1.036	0.2	0.09	122.22
Gujarat	11.56	3.04	2.838	7.12
Haryana	25.39	18.45	21.45	-13.99
Himachal Pra.	3.5	1.62	2.872	-43.59
J&K	2.955	0.52	0.778	-33.16
Jharkhand	1.65	0.19	0.2	-5.00
Karnataka	2.06	1.47	1.03	42.72
Madhya Pradesh	54.962	30.52	34.91	-12.58
Maharashtra	9.38	4.11	3.824	7.48
Punjab	35.13	28.19	31.36	-10.11
Rajasthan	30.472	15.06	18.07	-16.66
Uttar Pradesh	97.59	44.24	43.02	2.84
Uttarakhand	3.53	2.22	2.55	-12.94
West Bengal	3.288	0.17	0.2	-15.00
Others	0.186	0.02	0.017	17.65
All-India	304.434	156.8	169.569	-7.53

Source: Ministry of Agriculture



**International Market Update:**

*As per latest update, Japan's ministry of agriculture bought 151853 MMT of food quality wheat from United States, Canada and Australia. Around 57430 MMT has been bought from United States, 24781 MMT of standard white wheat has been bought from west Australia and 69642 MMT with minimum protein content of 13.5 percent has been bought from Canada to be loaded between January 16 and February 15.*

*Russian milling wheat prices eased by \$1 per tonne for deep-water ports like Novorossiysk and Odessa compared to last week. Quotes for Azov shallow port remained stable. Russia is expected to produce 83-88 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, Odessa port and Azov port are being quoted at FoB \$189-192/tonne, FoB \$187-190/tonne and FoB \$155-160/tonne respectively.*

*Algeria state grains agency OAIC has bought around 570000 tonnes of optional-origin milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$208.75-210.50 per tonne (Cost and Freight). The said quantity is likely to arrive in February however if Argentine wheat is supplied the wheat should be shipped a month earlier.*

*GASC has purchased 120000 tonnes of Russian wheat through tender. GTCS offered 60000 tonnes of Russian wheat at FoB \$192.99 per tonne and Union offered 60000 tonnes of Russian wheat at FoB \$193.30 per tonne.*

*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.*

*As per latest update, china has sold 238266 tonnes of wheat for average price of 2504 yuan (\$379.81) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 10.96 percent of wheat available at auction.*

*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.*

*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 23<sup>rd</sup> 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 2 MMT 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 6 MMT 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
	29-Nov-17	22-Nov-17	29-Oct-17	29-Aug-17	29-May-17	29-Nov-16	
Dec-17	153.02	155.32	156.05	157.89	173.96	173.14	-11.62
Mar-18	159.73	161.93	162.76	166.62	180.49	177.55	-10.04
May-18	163.86	166.62	167.72	171.76	184.71	180.76	-9.35
Jul-18	168.54	171.76	172.95	176.35	187.65	184.53	-8.66
Sep-18	173.60	177.09	178.92	182.05	191.78	190.22	-8.74
Dec-18	180.03	183.79	186.27	188.84	196.65	196.65	-8.45

## CBOT-Dec-17

**1<sup>st</sup> Support: 139.00**  
**2<sup>nd</sup> Support: 137.00**  
**1<sup>st</sup> Resistant: 173.00**  
**2<sup>nd</sup> Resistant: 175.00**  
**(\$ per tonne)**

CBOT stayed steady in the past week and is likely to stay steady to slightly weak as abundant global supplies are still weighing on wheat prices. Export sales of U.S. wheat old and new crop in the past week totaled at 187400 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 \$281.17-282.61 per tonne.

US and Russian quotes are hovering in the range of \$177.42 and \$182.90 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 \$170 to \$215 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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