



# **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 2.80 percent to Rs. 1804.00 per quintal during the week ended 08th December 2017. Wheat average price were ruling at Rs 1856.01 per quintal during 24-30 November 2017. As compared to prices in the week 01-08 December 2016, the prices are weak by 11.34 percent. Prices are expected to remain steady to weak in coming days.

According to latest update, area sown until 08<sup>th</sup> December'17 is 190.87 lakh hectares compared to 203.56 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Punjab, Haryana, Rajasthan, Maharashtra and Madhya Pradesh compared to last year for same date.

At export front, prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is around \$95-96 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$183.60/183.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$279.92 per tonne. India exported 14.42 thousand tonne wheat in September. Total export in MY 2016-17 was registered around 126.83 thousand tonne from 1st April'16. There is no hope for recovery at export front this year.

Supply side for FAQ is likely to be normal as ample stock is available in the market due to good crop. Government procured intensively to replenish their stock and is likely to sell lower quantity in OMSS compared to last year. Demand from south Indian millers is low even after application of 20% import duty. Good production and Imports have kept demand for central and north Indian wheat at lower levels this year.

FCI has offered a total of 26759852 tonnes of wheat through E-Auction since June until first tender in December. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the first tender of December FCI has offered 941850 tonnes.

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 12.98 MMT. Availability would be 108.48 MMT, higher compared to last year because of increased production. Consumption is likely to be around 95 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 being quoted at Rs 2020-2030 per quintal due to lower stock in domestic market and no new contracts have been signed for importing this grade. ASW is Rs 1880 per quintal and Ukrainian wheat at Rs 1730-1740 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$279.92 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.60, \$183.50, Euro 157.25, \$173.66 and \$206.56 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 weak in the coming week.

**Trade Call:** Stakeholders should trade in December contract taking care of lower and upper price tag of Rs1593&1704 respectively.

### Agriwatch Cereals Index:

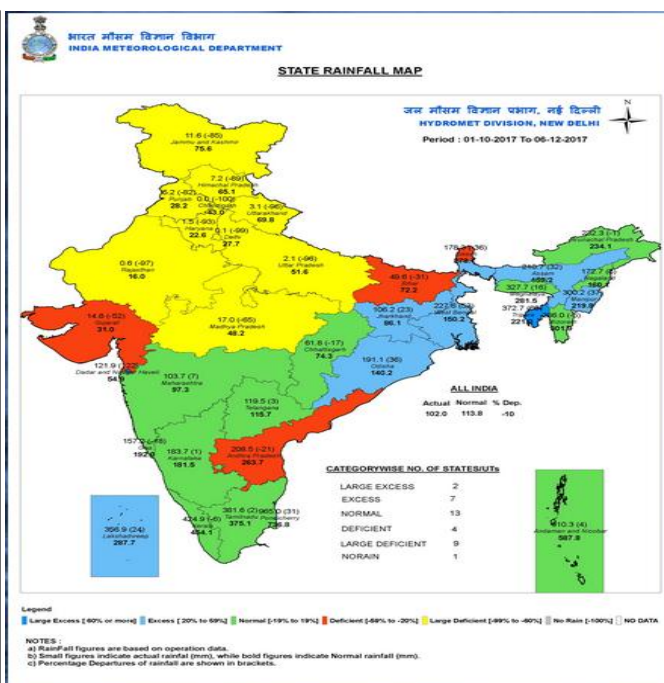
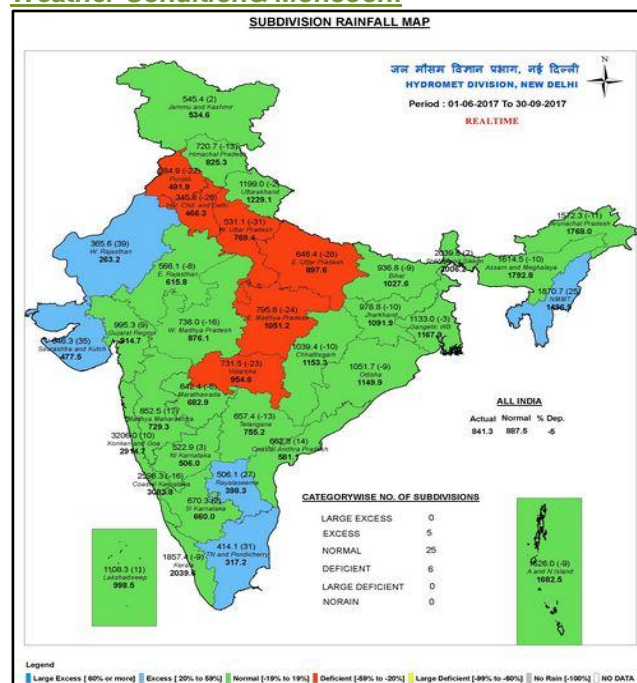
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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](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 steady to weak in Indore, Kota, Delhi and Ahmedabad during 01<sup>st</sup> -07<sup>th</sup> December. Prices are expected to remain steady to weak.

Prices are expected to remain steady to weak in the coming week due to ample availability in the domestic market created by good crop and imports. Government has increased import duty from 10 percent to 20 percent that has curbed imports. Even during lean season, off take from central pool is low. 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.

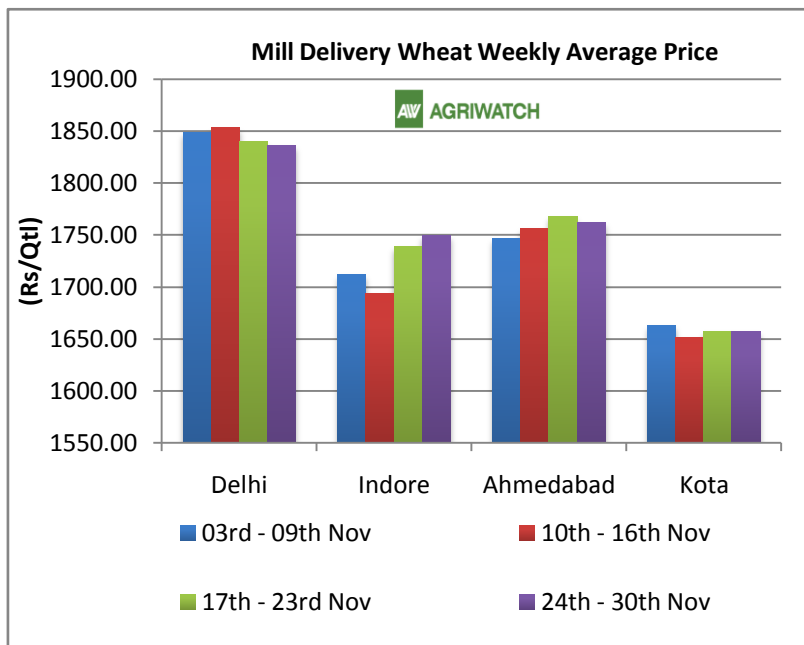

**Wheat Stock Norms**

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:**

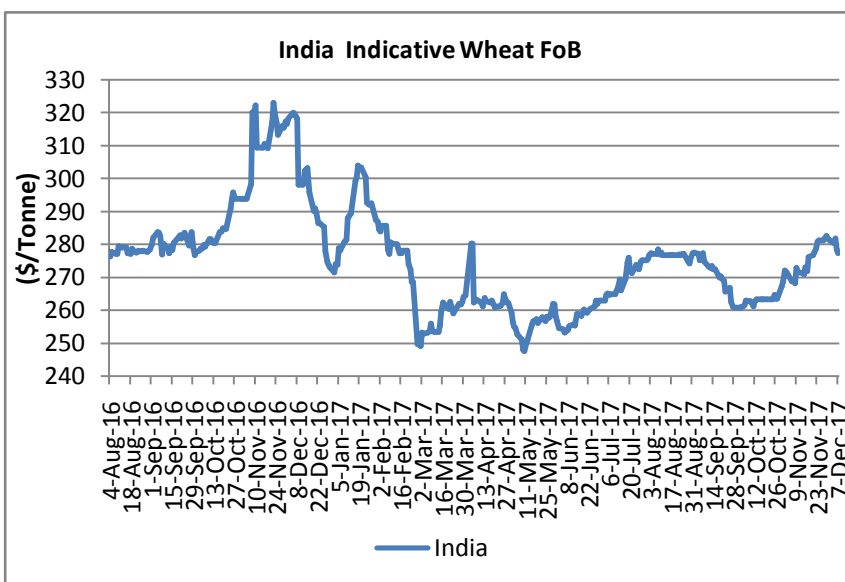
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
<b>Haryana</b>	75.00	74.11	67.52	9.76%
<b>Madhya Pradesh</b>	85.00	67.24	39.92	68.44%
<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 weak 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 weak tone in the coming week and is likely to hover in the range of \$272-285 per tonne. Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand for Indian wheat in international market.



### Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		6-Dec-17	29-Nov-17	7-Nov-17	6-Dec-16	
USA (Chicago)	2srw	170.30	179.39	186.40	170.60	-0.18
France	FCW3	184.91	185.17	186.89	176.27	4.90
Australia	ASW	206.40	207.20	212.80	178.00	15.96
Russia	SRW	185.00	182.50	185.00	181.50	1.93
India	Fob	278.55	282.61	269.29	319.81	-12.90

	07/12/2017	30/11/2017	23/11/2017	16/11/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	193	192	193	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	185	185	185	184

### Wheat Futures Contact: NCDEX Price

Date: 08.12.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Dec	-18	1629	1635	1606	1611	4330	2,720	4040	-1,900
18-Jan	-12	1665	1672	1648	1651	2420	1,190	6370	1,410
18-Feb	-6	1697	1691	1691	1691	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
	7-Dec-17	30-Nov-17	7-Nov-17	7-Dec-16	
Indore	1662	1670	1665	2000	-16.90
Delhi	1805	1837	1827	2150	-16.05
Kanpur	1665	1680	1690	1935	-13.95
Rajkot	1699	1730	1656	2062	-17.60
Kota	1666	1666	1673	2008	-17.03

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.



**Domestic Market Weekly Outlook:**

Wheat cash market is likely to trade steady to weak in the coming week, due to ample availability in the domestic market. Traders and millers in south India have imported sufficient quantity prior to hike in import duty from 10 percent to 20 percent. Therefore, there is no problem on supply side however demand from south India is still at lower levels.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			7-Dec-17	6-Dec-17	29-Nov-17	7-Nov-17	7-Dec-16
Delhi	Lawrence Road	Mill Delivery	1800	1800	1845	1830	2150
	Narella	Mill Quality Loose	1730	Closed	Closed	1735	2015
	Nazafgarh	Mill Quality Loose	NR	Closed	Closed	1750	2100
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1585	2000
	Ahmedabad	Mill Delivery	1750	1750	1785	1740	2140
	Surat	Mill Quality Loose	1800	1800	1825	1800	2160
	Dhrol	Mill Delivery	1745	NR	NR	1745	NA
M.P.	Indore	Mill Quality Loose	1660	1660	1650	1625	1950
	Bhopal	Mill Delivery	1630	1630	1625	1625	1950
Rajasthan	Kota	Mill Quality Loose	1560	1560	1560	1575	1900
		Mill Delivery	1650	1650	1650	1660	NR
U.P.	Kanpur	Mill Delivery	1625	1625	1675	1725	2000
	Mathura	Mill Quality Loose	1610	1610	1630	1630	1935
	Kosi	Mill Quality Loose	1680	1665	1660	1625	2100
	Hathras	Mill Quality Loose	1650	1635	1650	1640	1975
	Aligarh	Mill Quality Loose	1600	Closed	Closed	1600	NA
Punjab	Khanna	Mill Quality Loose	1740	1730	1720	1680	1975
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1710	1700	1725	1730	1900
	Hodal	Mill Delivery	1795	1800	NR	1825	2240
	Bhiwani	Mill Quality Loose	1750	1760	1750	1770	2130
	Karnal	Mill Quality Loose	1760	1760	1750	1720	2060



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2050	NR
	Madurai	Mill Quality	2107	2107	2107	2107	NR
	Coimbatore	Mill Quality	2107	2107	2107	2107	NR
Bihar	Khagariya	Mill Delivery	1650	1650	1650	1650	1800
	Muzaffarpur	Mill Delivery	1600	1600	1600	1610	1925

### Progressive Sowing Status till 08<sup>th</sup> Dec-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 08.12.2017				
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	10.43	10.16	2.66
Chhattisgarh	1.036	0.4	0.28	42.86
Gujarat	11.56	6.68	4.856	37.56
Haryana	25.39	21.59	23.08	-6.46
Himachal Pradesh	3.5	1.62	2.872	-43.59
J&K	2.955	0.73	1.175	-37.87
Jharkhand	1.65	0.6	0.45	33.33
Karnataka	2.06	1.54	1.23	25.20
Madhya Pradesh	54.962	33.23	37.45	-11.27
Maharashtra	9.38	4.11	5.49	-25.14
Punjab	35.13	32.46	33.29	-2.49
Rajasthan	30.472	19.42	22.78	-14.75
Uttar Pradesh	97.59	54.79	57.09	-4.03
Uttarakhand	3.53	2.74	2.75	-0.36
West Bengal	3.288	0.23	0.55	-58.18
Others	0.186	0.3	0.058	417.24
All-India	304.434	190.87	203.561	-6.23

Source: Ministry of Agriculture



**International Market Update:**

*Russian milling wheat prices recovered by \$1-2 per tonne for deep-water ports like Novorossiysk and Odessa compared to last week. Russia produced record crop of around 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 \$191-193/tonne, FoB \$189-191/tonne and FoB \$154-158/tonne respectively.*

*Government of Bangladesh has approved tender of 50000 tonnes of wheat with 12.5 percent protein content at CiF \$245.35 per tonne. The wheat was sold by South Korean company Singsong Food Corporation. The said quantity is likely to be supplied from black sea region.*

*Egypt, the largest importer of wheat in the world has about 3.4 MMT of wheat in its reserves, which is sufficient for around 4.5 months. Egypt expects to buy 7 MMT of wheat in fiscal year 2017-18 and government has already bought around 3.4 MMT from farmers. In fiscal year 2016-17 Egypt imported around 5.58 MMT compared to 4.44 MMT in the previous year.*

*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.*

*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.*

**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 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
	6-Dec-17	29-Nov-17	6-Nov-17	6-Sep-17	6-Jun-17	6-Dec-16	
Dec-17	146.41	153.02	158.26	163.77	173.05	170.75	-14.25
Mar-18	156.24	159.73	164.69	171.58	179.47	175.53	-10.99
May-18	160.92	163.86	169.28	176.44	183.70	178.65	-9.92
Jul-18	165.88	168.54	174.24	181.22	186.91	181.40	-8.56
Sep-18	171.30	173.60	179.84	186.64	191.14	186.18	-7.99
Dec-18	178.37	180.03	186.91	193.34	196.10	193.44	-7.79

## CBOT-Dec-17

**1<sup>st</sup> Support: 137.00**  
**2<sup>nd</sup> Support: 135.00**  
**1<sup>st</sup> Resistant: 173.00**  
**2<sup>nd</sup> Resistant: 175.00**  
**(\$ per tonne)**

CBOT stayed weak 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 in the past week totaled at 323000 tonnes. Analysts were expecting the weekly sales to stay in range of 250000-450000 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 \$ 277.39 - 281.79 per tonne.

US and Russian quotes are hovering in the range of \$173.66 and \$183.60 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 weak and hover in the range of \$160 to \$210 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 20.2 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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