

# Wheat Weekly Research Report

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices decreased by 0.84 percent to Rs. 1788.92 per quintal during the week ended 15th December 2017. Wheat average price were ruling at Rs 1804.00 per quintal during 01-08 December 2017. As compared to prices in the week 09-15 December 2016, the prices are weak by 11.58 percent. Prices are expected to remain steady to firm in coming days.

FCI has offered a total of 27833052 tonnes of wheat through E-Auction since June until second tender in December. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the second tender of December FCI has offered 1073200 tonnes.

According to latest update, area sown until 14th December'17 is 245.50 lakh hectares compared to 250.48 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Punjab, Haryana, Rajasthan, Maharashtra and Madhya Pradesh compared to last year for same date.

Wheat WPI has increased from 138 in October to 139.4 in November-2017. Monthly wheat inflation has increased by 1.01 percent in November -17 compared to October -17. As compared to October-2016 wheat WPI has decreased by 5.75 percent.

There is a rumor in the market that government may increase import duty from 20 percent to 30 or 40 percent in order to put a complete halt on imports and increase off take of domestic wheat.

As per market sources, wheat area in Madhya Pradesh is likely to fall this year. Dams in Madhya Pradesh were not filled even after monsoon. Wheat may be replaced by Chana in the state as it requires less water compared to wheat. Most affected areas will be Gwalior, Chambal and Rewa.

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 2000 per quintal, ASW at Rs 1870 per quintal and Ukrainian wheat at Rs 1720-1730 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$281.19 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.80, \$183.50, Euro 156.65, \$169.17 and \$204.00 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.

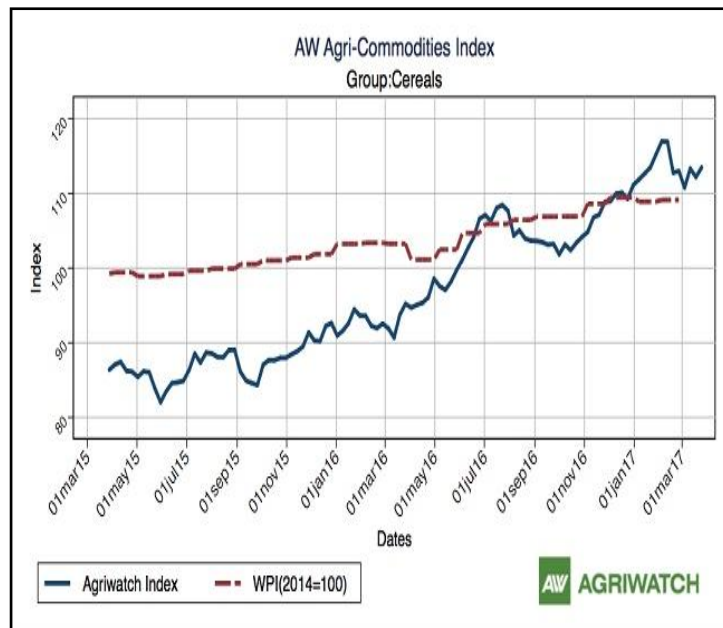
**Outlook & Recommendation:-**Wheat cash market is expected to trade steady to firm in the coming week.

**Trade Call:** Stakeholders should trade in December contract taking care of lower and upper price tag of Rs 1619 & 1749 respectively.

### Agriwatch Cereals Index:

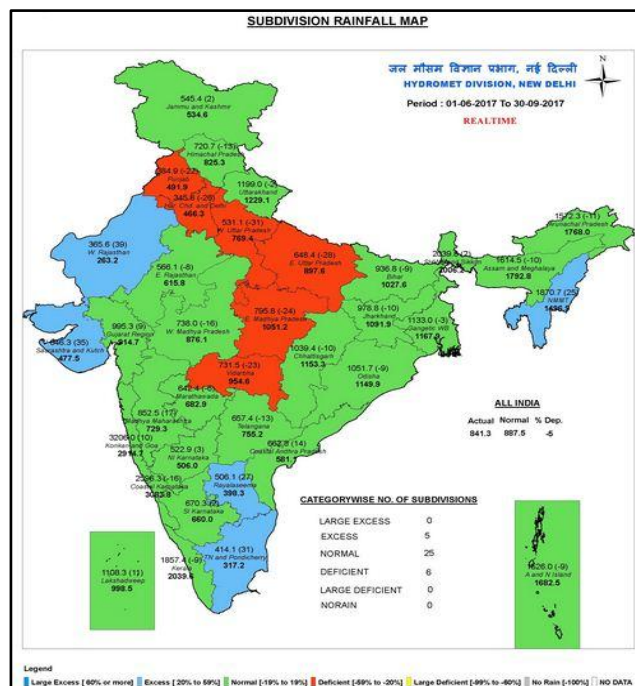
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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%).

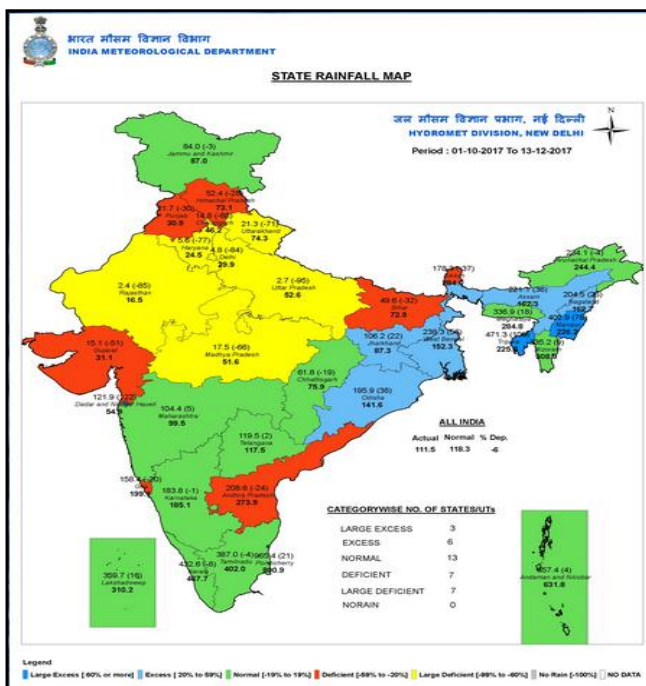


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 weak in Delhi and Ahmedabad during 08<sup>th</sup> -14<sup>th</sup> December. Prices are expected to remain steady to firm.

Prices are expected to remain steady to firm in the coming week as there is a rumor in the market that government may revise import duty and increase it to 30 or 40 percent to put a complete stop on imports. Lean season accompanied with revised MSP is likely to provide support to domestic prices. 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.

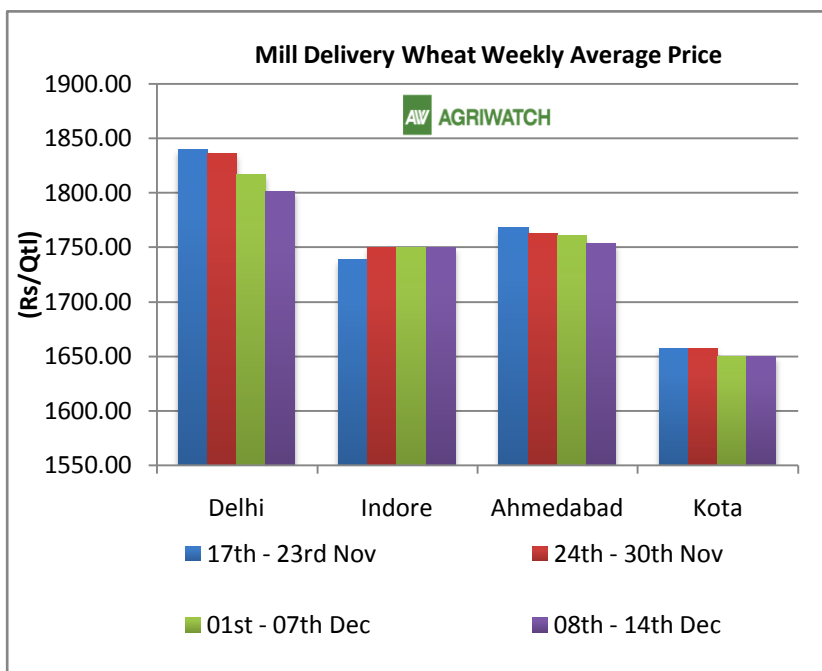

**Wheat Stock Norms**

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:**

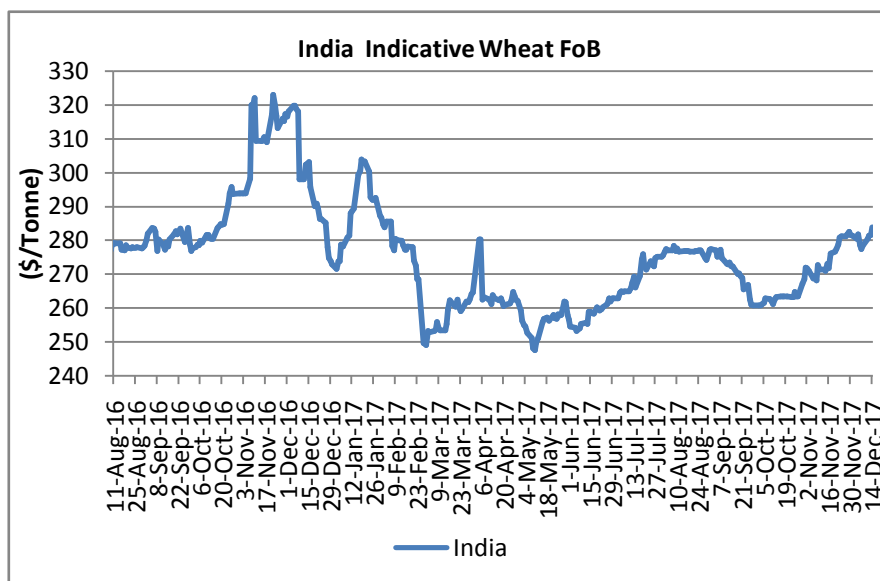
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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%
<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 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 \$280-295 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
		13-Dec-17	6-Dec-17	15-Nov-17	14-Dec-16	
USA (Chicago)	2srw	168.00	170.30	183.70	179.30	-6.30
France	FCW3	184.72	184.91	186.58	178.02	3.76
Australia	ASW	204.00	206.40	209.60	185.00	10.27
Russia	SRW	184.00	185.00	182.50	182.50	0.82
India	Fob	281.61	278.55	273.10	302.69	-6.96

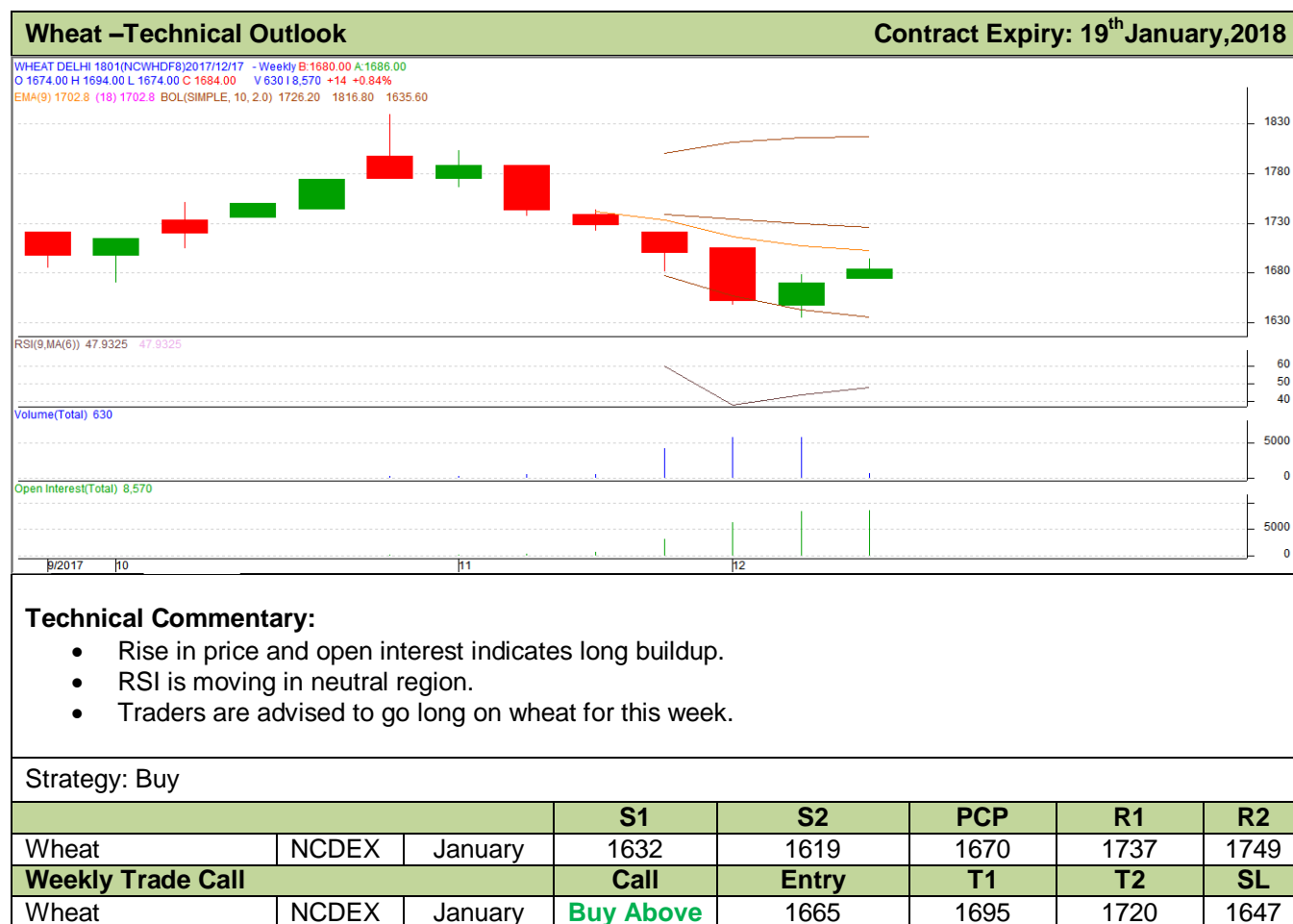
	14/12/2017	07/12/2017	30/11/2017	23/11/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	193	193	192	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	184	185	185	185

### Wheat Futures Contact: NCDEX Price

Date: 15.12.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
17-Dec	0	1632	1632	1632	1632	0	-1,140	1530	-150
18-Jan	-2	1674	1674	1665	1671	790	0	8530	100
18-Feb	0	1704	1704	1704	1704	0	-10	20	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
	14-Dec-17	7-Dec-17	14-Nov-17	15-Dec-16	
Indore	1675	1662	1665	1961	-14.58
Delhi	1805	1805	1840	2100	-14.05
Kanpur	1640	NA	1685	1900	-13.68
Rajkot	1750	1699	1710	1965	-10.94
Kota	1647	1666	1684	1987	-17.11

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 firm in the coming week, as prices are being supported by expectation of lower acreage, lean season and increase in MSP from Rs 1625 per quintal to Rs 1735 per quintal.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			14-Dec-17	13-Dec-17	6-Dec-17	14-Nov-17	14-Dec-16
Delhi	Lawrence Road	Mill Delivery	1810	1800	1800	1840	2100
	Narella	Mill Quality Loose	1725	Closed	Closed	1735	2015
	Nazafgarh	Mill Quality Loose	1700	Closed	Closed	1750	2075
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	1610	1920
	Ahmedabad	Mill Delivery	1770	1780	1750	1760	2025
	Surat	Mill Quality Loose	1810	1820	1800	1820	2060
	Dhrol	Mill Delivery	NR	1740	NR	1770	2200
M.P.	Indore	Mill Quality Loose	1650	1650	1660	1650	1950
	Bhopal	Mill Delivery	1625	1625	1630	1620	1850
Rajasthan	Kota	Mill Quality Loose	1560	1560	1560	1560	1925
		Mill Delivery	1650	1650	1650	1645	1975
U.P.	Kanpur	Mill Delivery	1625	1640	1625	1725	1915
	Mathura	Mill Quality Loose	1600	1600	1610	1635	1900
	Kosi	Mill Quality Loose	1655	1660	1665	1660	2060
	Hathras	Mill Quality Loose	1650	1650	1635	NR	2100
	Aligarh	Mill Quality Loose	1620	Closed	Closed	1620	NA
Punjab	Khanna	Mill Quality Loose	1740	1740	1730	1695	1900
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NR	NA
Haryana	Sirsa	Mill Delivery loose	1710	1710	1700	1730	1825
	Hodal	Mill Delivery	1795	1795	1800	1825	2240
	Bhiwani	Mill Quality Loose	1740	1750	1760	1770	2100
	Karnal	Mill Quality Loose	1700	1700	1760	1750	2070
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
<b>Tamil Nadu</b>	Chennai	Mill Quality	2050	2050	2050	2025	2400
	Madurai	Mill Quality	2107	2107	2107	2082	2457
	Coimbatore	Mill Quality	2107	2107	2107	2082	2457
<b>Bihar</b>	Khagariya	Mill Delivery	1700	1700	1650	1650	1800
	Muzaffarpur	Mill Delivery	1600	1600	1600	1615	NA

### Progressive Sowing Status till 14<sup>th</sup> Dec-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 14.12.2017				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.026	0	0	0.00
Arunachal Pradesh	0.035	0	0	0.00
Bihar	21.24	15.68	15.63	0.32
Chhattisgarh	1.036	0.5	0.44	12.56
Gujarat	11.56	8.53	6.3	35.40
Haryana	25.39	22.98	24.18	-4.96
Himachal Pra.	3.5	2.88	2.87	0.28
J&K	2.95	1.09	1.32	-17.67
Jharkhand	1.65	1.05	0.59	77.97
Karnataka	2.06	1.673	1.24	34.92
Madhya Pradesh	54.96	39.21	42.39	-7.50
Maharashtra	9.38	5.35	7.519	-28.85
Punjab	35.13	33.92	34.15	-0.66
Rajasthan	30.47	25.42	26.95	-5.68
Uttar Pradesh	97.59	83.1	81.9	1.47
Uttarakhand	3.53	3.104	3.16	-1.77
West Bengal	3.288	0.703	1.75	-59.83
Others	0.186	0.304	0.081	275.31
All-India	304.43	245.49	250.48	-1.99

Source: Ministry of Agriculture



**International Market Update:**

*Russian milling wheat prices weakened by \$0-1 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 \$190-193/tonne, FoB \$188-191/tonne and FoB \$153-156/tonne respectively.*

*As per latest update, agricultural ministry of Egypt has decided to end confusion regarding ergot by stating that wheat with ergot content above 0.05 would be rejected whereas shipments having ergot below this level would be treated and accepted.*

*As per latest update, Japan's ministry of agriculture bought 147696 MMT of food quality wheat from United States, Canada and Australia. Around 64736 MMT has been bought from United States, 27330 MMT of standard white wheat has been bought from west Australia and 25000 MMT with minimum protein content of 13.5 percent has been bought from Canada. All the shipments are to be loaded between January 16 and February 15.*

*As per latest update, NOFI has bought 65000 tonnes of feed wheat from Agrocrops. The origin is optional and the said quantity is likely to arrive by March 20.*

*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.*

*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.*

**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 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
	13-Dec-17	6-Dec-17	13-Nov-17	13-Sep-17	13-Jun-17	13-Dec-16	
Dec-17	144.11	146.41	155.87	162.85	176.63	172.59	-16.50
Mar-18	153.11	156.24	162.85	170.01	183.06	176.54	-13.27
May-18	157.71	160.92	167.17	175.07	187.65	178.83	-11.81
Jul-18	162.57	165.88	172.13	179.57	191.14	180.58	-9.97
Sep-18	167.44	171.30	177.64	184.62	195.27	186.73	-10.33
Dec-18	173.96	178.37	184.62	190.86	200.42	192.15	-9.46

### CBOT Mar-18

**1<sup>st</sup> Support: 140.00**  
**2<sup>nd</sup> Support: 138.00**  
**1<sup>st</sup> Resistant: 171.00**  
**2<sup>nd</sup> Resistant: 173.00**  
**(\$ per tonne)**

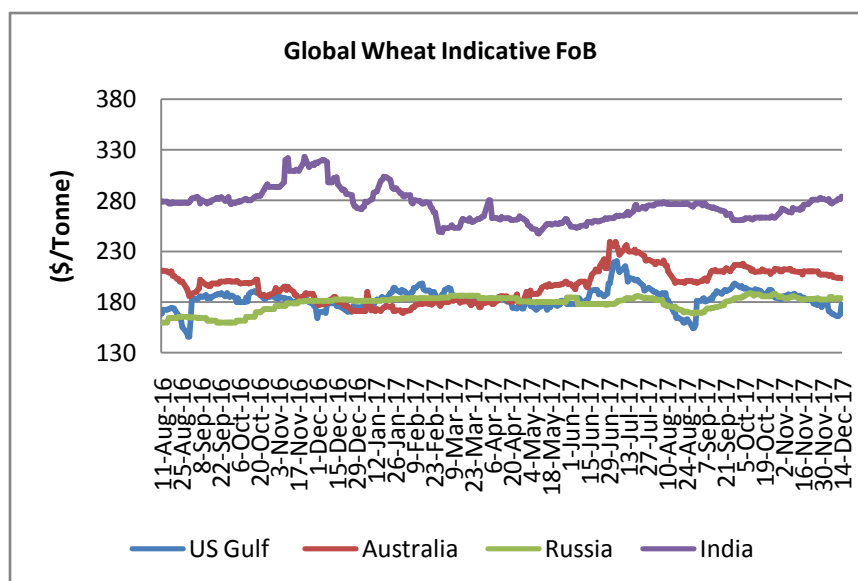
CBOT stayed firm in the past week. USDA has reported sale of 130000 tonnes of wheat to unknown destination of soft red winter wheat on Friday. Furthermore, 120000 tonnes of hard red winter wheat was also sold to Algeria in the past week. Prices are also getting support due to dryness. Prices are likely to stay steady to slightly firm.

### 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 \$ 278.47-283.96 per tonne.

US and Russian quotes are hovering in the range of \$169.17 and \$183.80 per tonne respectively. Wheat prices in international markets witnessed steady 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 15.9 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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