

# Wheat Weekly Research Report

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices increased by 2.28 percent to Rs. 1829.62 per quintal during the week ended 23rd December 2017. Wheat average price were ruling at Rs 1788.92 per quintal during 16-23 December 2017. As compared to prices in the week 16-23 December 2016, the prices are weak by 4.00 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 21<sup>st</sup> December'17 is 262.74 lakh hectares compared to 272.62 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Rajasthan, Maharashtra, Uttar Pradesh and Madhya Pradesh compared to last year for same date.

As per latest update, wheat stock in central pool as on 1st December'17 stood at 216.65 lakh tonnes down by 9.16% compared to last month. This quantity is higher by around 31.33% compared to last year for the same month. For the month of November off take from central pool was around 21.85 lakh tonnes compared to 23.45 lakh tonnes for October '2016 and 30.10 lakh tonnes for October'2015. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

As per market sources, government may increase import duty on wheat from current 20 percent in order to put a complete stop on imports and provide support to domestic prices.

FCI has offered a total of 28105702 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 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, 294450 tonnes was sold in November against offered quantity of 5365150 tonnes and 81500 tonnes has been sold in two tenders of December against offered quantity of 2217800 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 firm tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2025-50 per quintal, ASW is being quoted at Rs 1925 per quintal and Ukrainian wheat at Rs 1760 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$283.99 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.70, \$183.33, Euro 156.00, \$179.92 and \$203.16 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 January contract taking care of lower and upper price tag of Rs 1655 & 1756 respectively.

### Agriwatch Cereals Index:

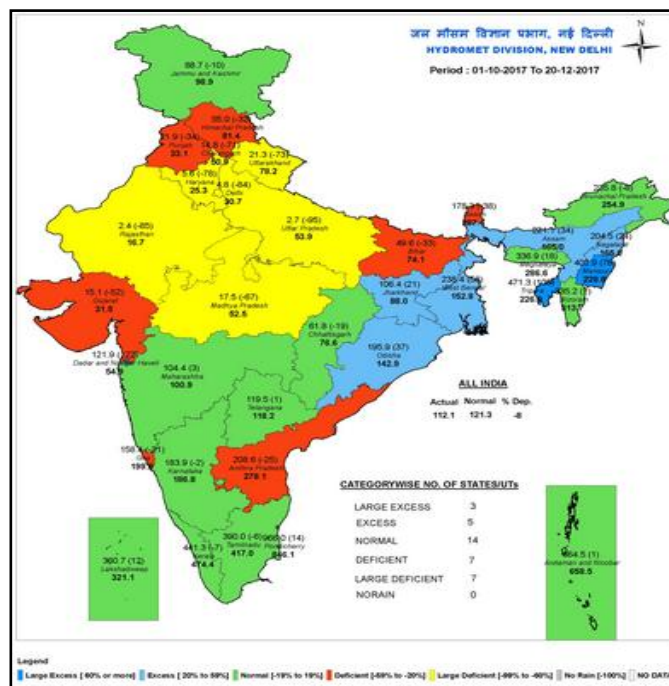
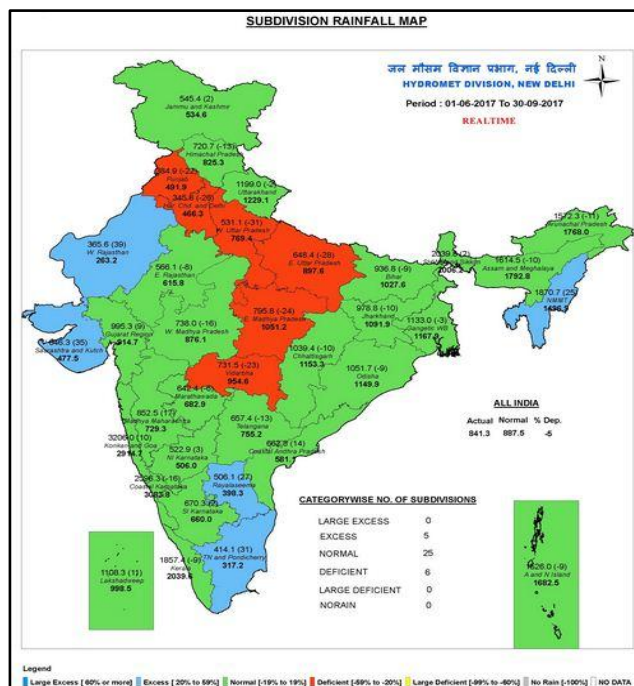
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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 firm Ahmedabad, Indore, Kota during 15<sup>th</sup> - 21<sup>st</sup> December. Prices are expected to remain steady to firm.

Prices are expected to remain steady to firm in the coming week as acreage is expected to remain lower this year and any aberration in weather can reduce the overall crop size. 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, government may also increase duty to 30 or 40 percent from current 20 percent.

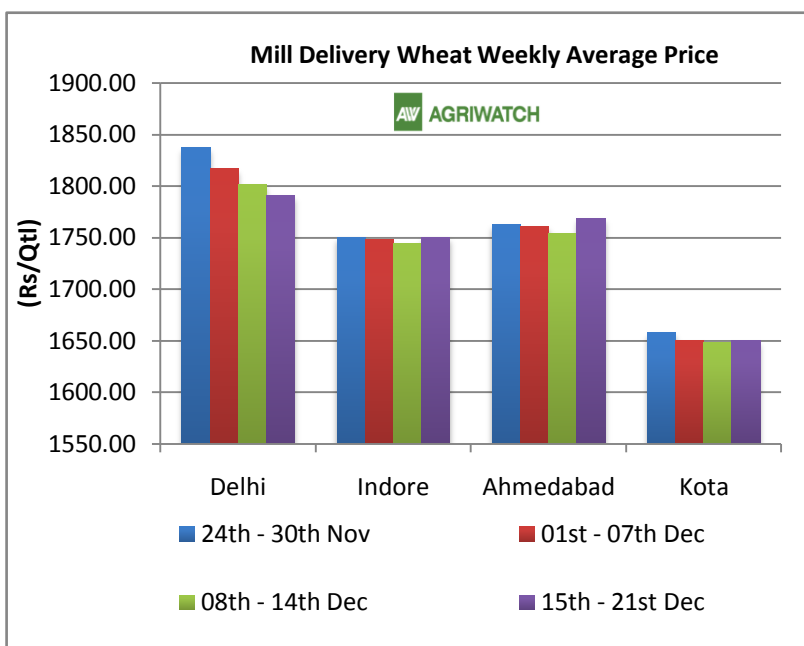

**Wheat Stock Norms**

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:**

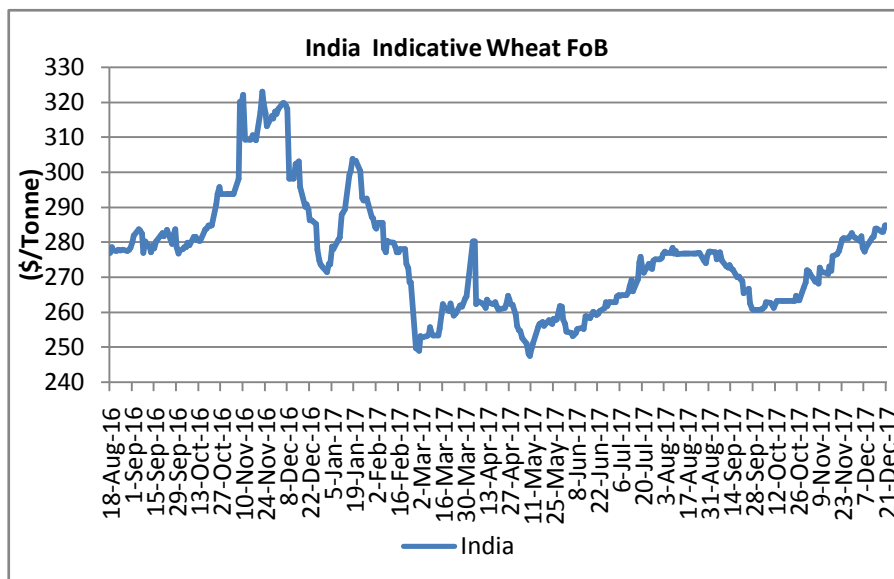
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
<b>Haryana</b>	75.00	74.11	67.52	9.76%
<b>Madhya Pradesh</b>	85.00	67.24	39.92	68.44%
<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 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 for Indian wheat in international market.



### Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		20-Dec-17	13-Dec-17	21-Nov-17	21-Dec-16	
USA (Chicago)	2srw	181.30	168.00	183.08	172.48	5.11
France	FCW3	184.96	183.69	184.11	NA	-
Australia	ASW	203.20	204.00	210.40	176.00	15.45
Russia	SRW	184.00	184.00	183.00	182.50	0.82
India	Fob	284.93	281.61	277.56	289.52	-1.59

	21/12/2017	14/12/2017	07/12/2017	30/11/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	193	193	193	192
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	185	184	185	185

### Wheat Futures Contact: NCDEX Price

Date: 22.12.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Jan	+16	1685	1709	1683	1697	3330	+1,740	7270	-720
18-Feb	+14	1708	1736	1716	1722	910	+670	790	+260
18-Mar	-7	1753	1753	1726	1733	350	+310	310	+250

**Wheat Technical Analysis:**

**Technical Commentary:**

- Rise in price and fall in open interest indicates short covering.
- 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	January	1666	1655	1697	1747	1756
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy Above	1693	1717	1734	1679

**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
	21-Dec-17	14-Dec-17	21-Nov-17	22-Dec-16	
Indore	1682	1675	1673	1948	-13.66
Delhi	1775	1805	1840	2076	-14.50
Kanpur	1650	1640	1672	1917	-13.93
Rajkot	1750	1750	1703	1878	-6.82
Kota	1666	1647	1687	1952	-14.65

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 increase in import duty, 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
			21-Dec-17	20-Dec-17	13-Dec-17	21-Nov-17	21-Dec-16
Delhi	Lawrence Road	Mill Delivery	1770	1775	1800	1845	2075
	Narella	Mill Quality Loose	1715	Closed	Closed	1740	2040
	Nazafgarh	Mill Quality Loose	1670	Closed	Closed	1740	2000
Gujarat	Rajkot	Mill Delivery	1660	1655	Closed	1640	1810
	Ahmedabad	Mill Delivery	1780	1770	1780	1775	1930
	Surat	Mill Quality Loose	1820	1810	1820	1825	1960
	Dhrol	Mill Delivery	NR	1830	1740	NR	2200
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	1880
	Bhopal	Mill Delivery	1625	1625	1625	1625	1900
Rajasthan	Kota	Mill Quality Loose	1560	1560	1560	1570	1850
		Mill Delivery	1650	1650	1650	1660	1930
U.P.	Kanpur	Mill Delivery	1640	1635	1640	1725	1925
	Mathura	Mill Quality Loose	1590	1610	1600	1630	1850
	Kosi	Mill Quality Loose	1645	1645	1660	1650	NA
	Hathras	Mill Quality Loose	1625	1680	1650	NR	2050
	Aligarh	Mill Quality Loose	1590	Closed	Closed	1600	NA
Punjab	Khanna	Mill Quality Loose	1725	1740	1740	1700	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1715	1715	1710	1725	1800
	Hodal	Mill Delivery	1795	1795	1795	1855	2140
	Bhiwani	Mill Quality Loose	1730	1730	1750	1770	1950
	Karnal	Mill Quality Loose	1720	1720	1700	1790	1870



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2060	2300
	Madurai	Mill Quality	2107	2107	2107	2117	2357
	Coimbatore	Mill Quality	2107	2107	2107	2117	2357
Bihar	Khagariya	Mill Delivery	1700	1750	1700	1650	1850
	Muzaffarpur	Mill Delivery	1610	1610	1600	1600	NA

### Progressive Sowing Status till 21<sup>st</sup> Dec-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 21.12.2017				
State	Normal area	This Year	Last Year	% Change
Andhra Pradesh	0.026	0	0	0.00
Assam	0.325	0	0	0.00
Bihar	21.24	18.88	18.43	2.44
Chhattisgarh	1.036	0.6	0.78	-23.08
Gujarat	11.56	9.36	8.14	14.99
Haryana	25.39	24.43	24.68	-1.01
Himachal Pra.	3.5	2.88	2.872	0.28
J&K	2.95	1.42	1.49	-4.89
Jharkhand	1.65	1.45	1.26	15.08
Karnataka	2.06	1.67	1.44	15.97
Madhya Pradesh	54.96	41.09	45.61	-9.91
Maharashtra	9.38	6.48	7.94	-18.39
Punjab	35.13	34.49	34.35	0.41
Rajasthan	30.47	26.89	28.12	-4.37
Uttar Pradesh	97.59	88.94	91.65	-2.96
Uttarakhand	3.53	3.25	3.22	0.93
West Bengal	3.288	0.85	2.55	-66.67
Others	0.186	0.06	0.082	-26.83
All-India	304.43	262.74	272.61	-3.62

Source: Ministry of Agriculture



**International Market Update:**

*Russian milling wheat prices remained stable compared to last week. Demand for Russian wheat is good. Russia is expected to produce 85-88 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 is being quoted at FoB \$190-193/tonne whereas milling wheat with 11.5% protein content is being quoted at FoB \$181-185/tonne. Freight rates in black sea region have eased due to higher availability of vessels in the region.*

*GASC has purchased 295000 tonnes of Russian wheat through tender. Daewoo offered 60000 tonnes of Russian wheat at FoB \$192.45 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$192.50 per tonne, Union offered 60000 tonnes of Russian wheat at FoB \$193.49 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$193.50 per tonne and Cerealcon offered 60000 tonnes of Romanian wheat at FoB \$194.43 per tonne.*

*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 Agrocorp. 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.*

*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.*

**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
	20-Dec-17	13-Dec-17	20-Nov-17	20-Sep-17	20-Jun-17	20-Dec-16	
Mar-18	155.59	153.11	161.10	172.59	192.15	173.87	-10.51
May-18	160.28	157.71	165.24	177.55	196.10	176.17	-9.02
Jul-18	165.33	162.57	169.83	181.68	198.58	177.09	-6.64
Sep-18	170.01	167.44	175.07	186.82	202.25	181.68	-6.42
Dec-18	176.17	173.96	181.68	193.34	207.31	188.29	-6.44
Mar-19	181.04	179.02	186.36	197.75	209.69	191.97	-5.69

## CBOT Mar-18

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

CBOT stayed firm in the past week. USDA has reported sale of 796300 tonnes of wheat. Prices are also getting support due to dryness and higher than expected demand. 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 \$ 283.06-284.93 per tonne.

US and Russian quotes are hovering in the range of \$179.92 and \$183.70 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 \$165 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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