



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 3.61 percent to Rs. 1895.62 per quintal during the week ended 31st December 2017. Wheat average price were ruling at Rs 1829.62 per quintal during 16-23 December 2017. As compared to prices in the week 24-31 December 2016, the prices are weak by 4.77 percent. Prices are expected to remain steady to weak in coming days.

According to latest update, area sown until 28th December'17 is 273.85 lakh hectares compared to 290.74 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, Haryana and Madhya Pradesh compared to last year for same date.

As per latest update, Government of India has extended relaxation on fumigation of agriculture commodities using methyl bromide until 30th June 2018. Earlier government had provided an extension until 31st December 2017. Trade sources indicate that increase in import duty has curbed imports but it hasn't completely stopped imports.

Wheat prices are under pressure due to ample availability in the market, created by good domestic production and higher imports. This year progressive sowing is at lower side compared to last year and Madhya Pradesh has reported the highest dip due to lower availability of water. Wheat farmers in Madhya Pradesh have shifted to Chana, as it requires less irrigation.

FCI has offered a total of 30136702 tonnes of wheat through E-Auction since June until fourth 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 steady to weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2025 per quintal, ASW at Rs 1925 per quintal and Ukrainian wheat at Rs 1745 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$284.66 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.25, \$183.00, Euro 156.25, \$181.84 and \$201.47 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.

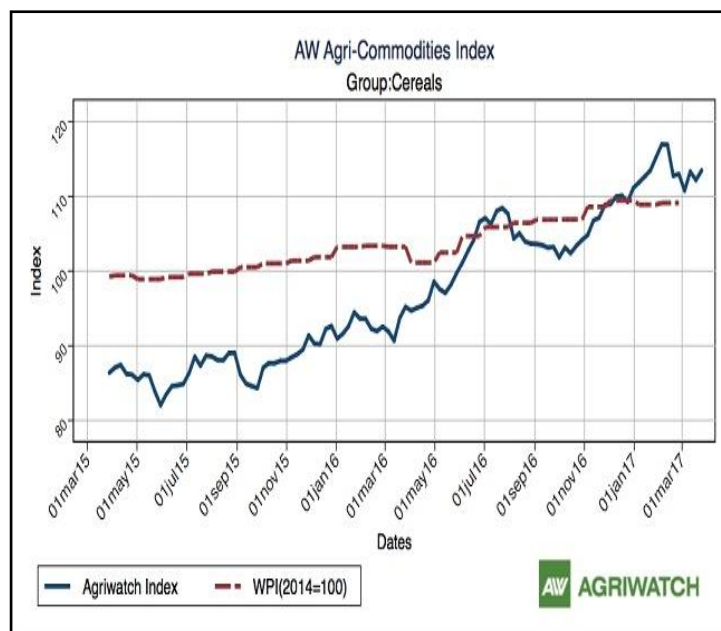
Outlook & Recommendation: Wheat cash market is expected to trade steady to weak in the coming week.

Trade Call: Stakeholders should trade in January contract taking care of lower and upper price tag of Rs 1583 & 1729 respectively.

AgriwatchCereals Index:

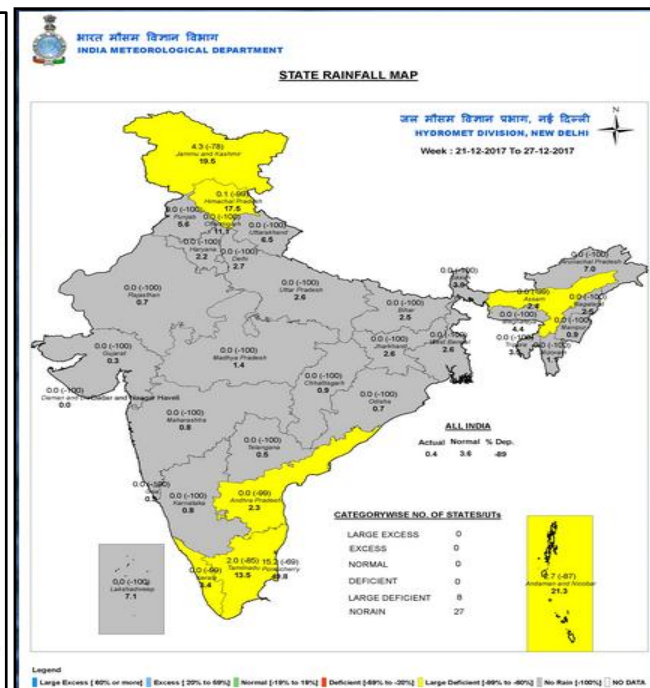
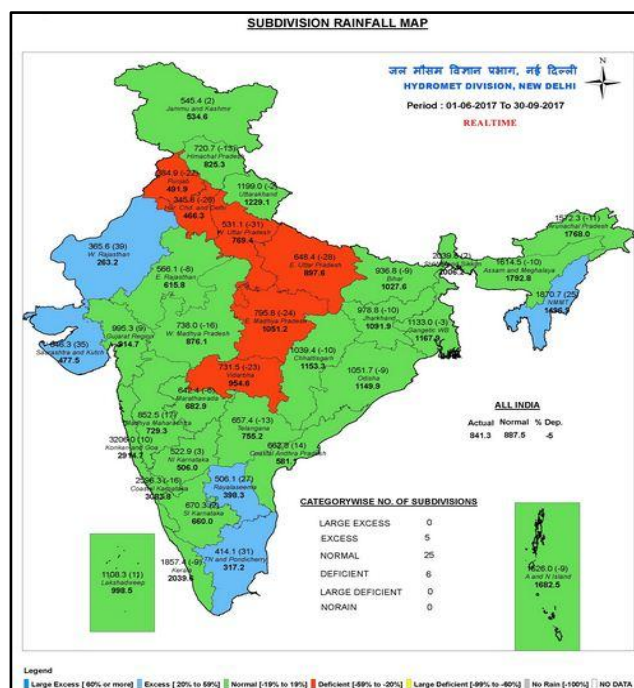
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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. 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, Indore and firm Ahmedabad, Kota during 22nd -28th 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.

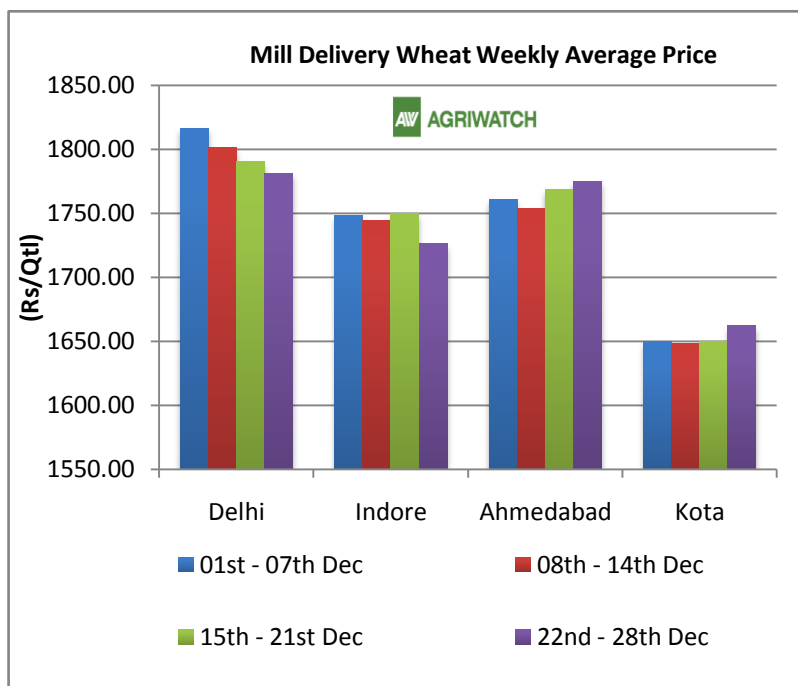

Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
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:

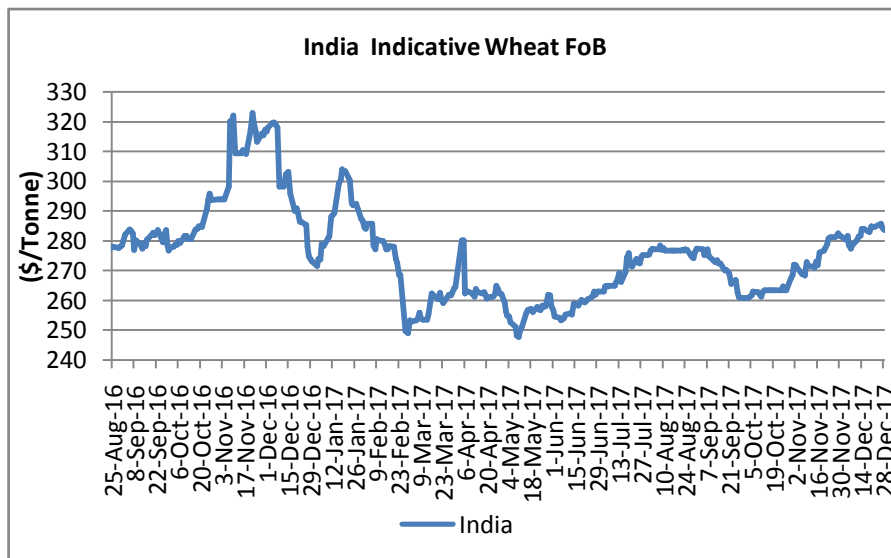
State	Target for Procurement In Marketing Season 2017-18 (April To March)	Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 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 \$278-288 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.

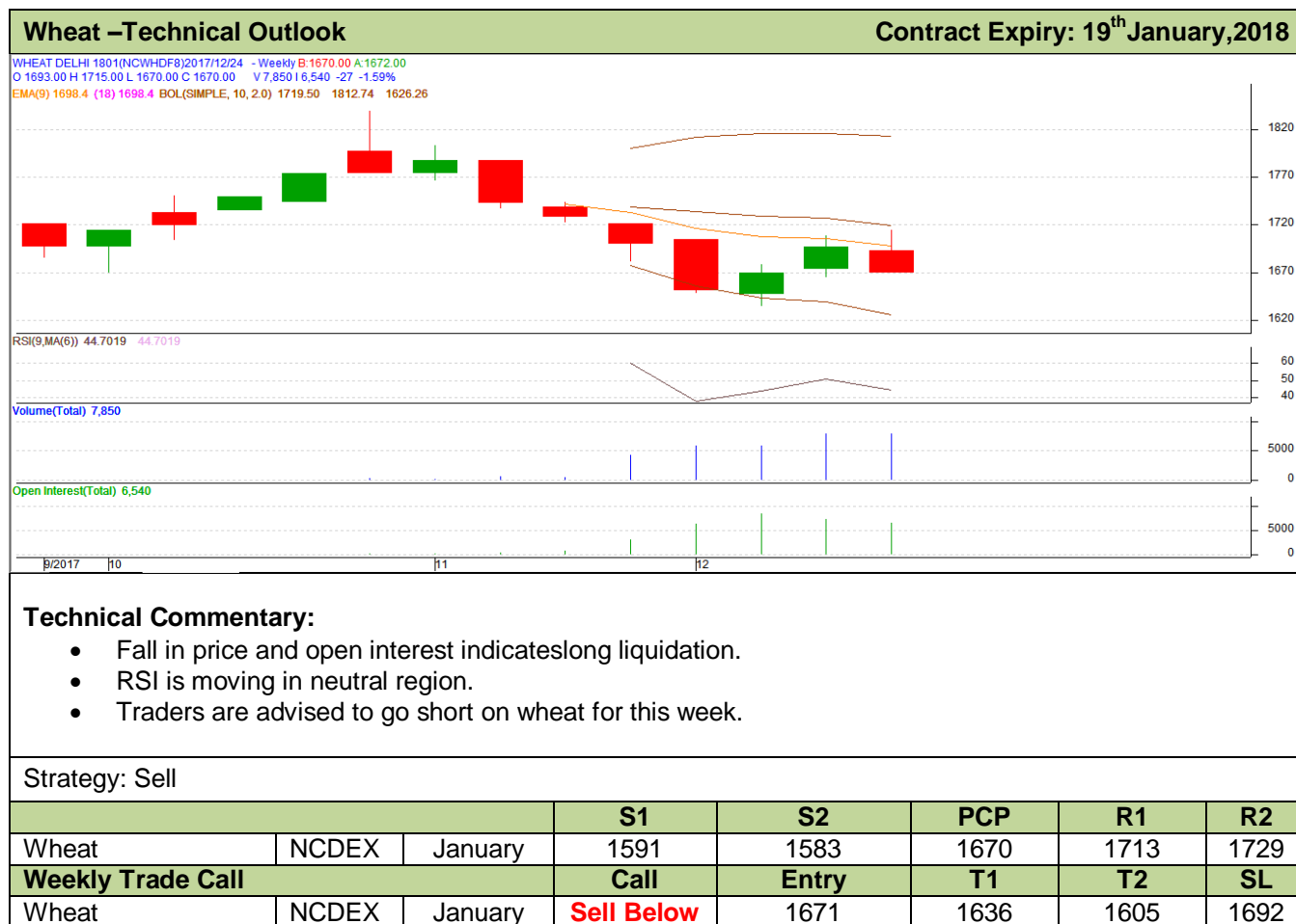

Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		27-Dec-17	20-Dec-17	27-Nov-17	27-Dec-16	
USA (Chicago)	2srw	180.86	181.30	176.64	176.16	2.67
France	FCW3	NA	184.96	185.73	171.00	-
Australia	ASW	200.80	203.20	210.40	Closed	-
Russia	SRW	183.50	184.00	183.50	181.50	1.10
India	Fob	284.49	284.93	281.17	277.98	2.34

	28/12/2017	21/12/2017	14/12/2017	07/12/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	193	193	193	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	186	185	184	185

Wheat Futures Contact: NCDEX Price
Date: 29.12.2017

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Jan	-10	1675	1683	1670	1670	530	-430	6540	-210
18-Feb	-10	1704	1716	1702	1704	430	-140	1720	260
18-Mar	-6	1735	1735	1713	1713	50	-10	420	30

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
	28-Dec-17	21-Dec-17	28-Nov-17	29-Dec-16	
Indore	1696	1682	1668	NA	-
Delhi	1790	1775	1840	1988	-9.96
Kanpur	1640	1650	1680	1863	-11.97
Rajkot	1741	1750	1727	1821	-4.39
Kota	1666	1666	1677	1922	-13.32

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
			28-Dec-17	27-Dec-17	20-Dec-17	28-Nov-17	28-Dec-16
Delhi	Lawrence Road	Mill Delivery	1785	1785	1775	1850	2000
	Narella	Mill Quality Loose	1700	Closed	Closed	1715	1950
	Nazafgarh	Mill Quality Loose	1700	Closed	Closed	1760	1950
Gujarat	Rajkot	Mill Delivery	1650	1655	1655	Closed	1730
	Ahmedabad	Mill Delivery	1770	1780	1770	1760	1840
	Surat	Mill Quality Loose	1810	1820	1810	1810	1880
	Dhrol	Mill Delivery	1720	1755	1830	1795	NA
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1650	1900
	Bhopal	Mill Delivery	1675	1700	1625	1635	1825
Rajasthan	Kota	Mill Quality Loose	1570	1570	1560	1560	1825
		Mill Delivery	1670	1670	1650	1650	1925
U.P.	Kanpur	Mill Delivery	1640	1640	1635	1655	1900
	Mathura	Mill Quality Loose	1590	1590	1610	1632	1850
	Kosi	Mill Quality Loose	1620	1630	1645	1655	1850
	Hathras	Mill Quality Loose	1610	1610	1680	NR	1925
	Aligarh	Mill Quality Loose	1590	Closed	Closed	1600	1980
Punjab	Khanna	Mill Quality Loose	1720	1740	1740	1720	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NR	NA
Haryana	Sirsa	Mill Delivery loose	1725	1720	1715	1725	1800
	Hodal	Mill Delivery	1795	1795	1795	1800	2040
	Bhiwani	Mill Quality Loose	1750	1710	1730	1750	1900
	Karnal	Mill Quality	1710	1710	1720	1750	1860



		Loose					
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2050	2350
	Madurai	Mill Quality	2107	2107	2107	2107	2407
	Coimbatore	Mill Quality	2107	2107	2107	2107	2407
Bihar	Khagariya	Mill Delivery	1700	1700	1750	1650	1800
	Muzaffarpur	Mill Delivery	1625	1615	1610	1600	1950

Progressive Sowing Status till 28th Dec-2017:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 28.12.2017				
State	Normal area	This Year	Last Year	% Change
Bihar	21.23	20.70	20.68	0.10
Chhattisgarh	1.04	1.12	1.03	8.74
Gujarat	12.4	10.13	8.94	13.34
Haryana	25.27	24.78	25.13	-1.39
Himachal Pradesh	3.53	3.54	3.46	2.31
Jammu & Kashmir	2.98	1.83	1.59	15.09
Jharkhand	1.53	1.75	1.55	12.90
Karnataka	2.22	1.74	1.47	18.37
Madhya Pradesh	51.82	42.61	50.37	-15.41
Maharashtra	10.17	6.48	7.95	-18.45
Punjab	35.13	34.80	34.70	0.29
Rajasthan	29.21	27.30	29.75	-8.24
Uttar Pradesh	97.57	92.65	97.58	-5.05
Uttarakhand	3.6	3.47	3.48	-0.29
West Bengal	3.24	0.85	2.98	-71.48
Others	0.79	0.09	0.08	9.76
All-India	301.74	273.85	290.74	-5.81

Source: Ministry of Agriculture

International Market Update:

GASC has purchased 180000 tonnes of Russian wheat through tender. GTCS offered 60000 tonnes of Russian wheat at FoB \$192.35 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$192.80 per tonne and GTCS offered 60000 tonnes of Russian wheat at FoB \$194.90 per tonne.

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 \$181-186/tonne.

As per latest update, china has sold 216589 tonnes of wheat for average price of 2510 yuan (\$323.23) per tonne at an auction of state reserves on Tuesday. The quantity sold represents around 10.88 percent of 1990314 tonnes wheat available at auction.

Egypt is likely to plant 3.25 million acres of wheat in the season. Furthermore, it has planned to import around 7 million tonnes of wheat from overseas in the fiscal year that has started in July. Egypt has bought 295000 tonnes of wheat in its last tender.

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 Agrocrop. 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.

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.

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.

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.

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
	27-Dec-17	20-Dec-17	27-Nov-17	27-Sep-17	27-Jun-17	27-Dec-16	
Mar-18	157.25	155.59	157.34	176.63	186.18	175.62	-10.46
May-18	162.12	160.28	162.02	181.31	190.22	177.73	-8.79
Jul-18	166.98	165.33	167.35	185.35	191.97	178.74	-6.58
Sep-18	171.67	170.01	172.95	190.59	195.46	183.06	-6.22
Dec-18	177.73	176.17	179.93	197.11	200.60	189.67	-6.30
Mar-19	181.95	181.04	185.08	201.43	204.18	193.90	-6.16

CBOT Mar-18

1st Support: 140.00
2nd Support: 138.00
1st Resistant: 171.00
2nd Resistant: 173.00
(\$ per tonne)

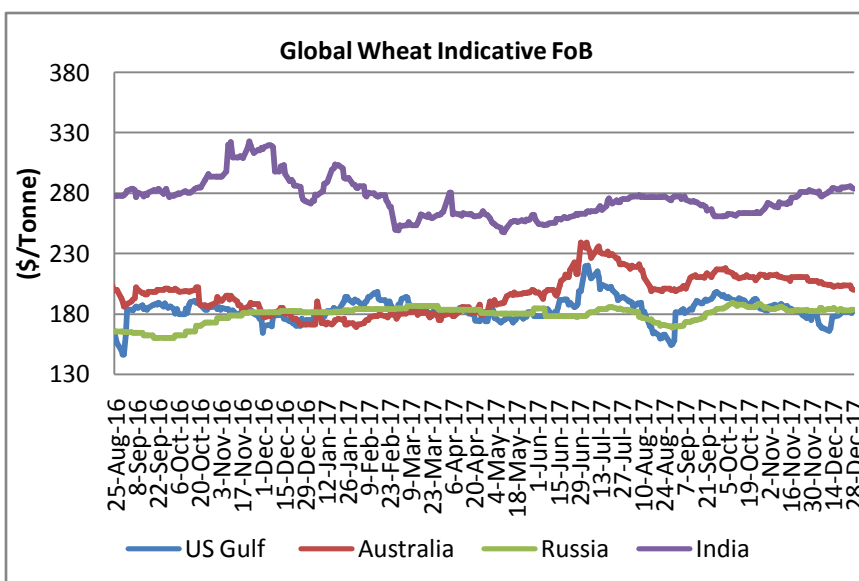
CBOT stayed firm in the past week. USDA has reported sale of 478400 tonnes of wheat. Two factors in play as of now are drought conditions in mid-west belt and formation of a polar vortex that has spread over eastern half. Any of these two conditions can negatively impact crop leading to firmness in CBOT.

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 \$283.62-285.71 per tonne.

US and Russian quotes are hovering in the range of \$181.84 and \$183.25 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 \$170 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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