



# **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 9.14 percent to Rs. 2068.91 per quintal during the week ended 08th January 2018. Wheat average prices were ruling at Rs 1895.62 per quintal during 24-31 December 2017. As compared to prices in the week 01-08 January 2017, the prices are firm by 3.85 percent. Prices are expected to remain steady to firm in coming days.

India witnessed an uneven summer monsoon, which led to either high rainfall or no rainfall in different areas. In the end the country, ended up with 5 percent less rains. Apparently, this has led a major shift in acreage for Madhya Pradesh, where farmers have shifted from wheat to chickpeas as it requires less water. Furthermore, a minor shift in acreage can also be seen in Uttar Pradesh from wheat to pulses.

The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity. Other countries like Australia, Russia and Ukraine, are able to provide wheat at lower quotes compared to India. In the month of October, India exported 36.87 thousand tonnes of wheat compared to 14.52 in the previous month. India has exported 165.16 thousand tonnes of wheat since April'17 until October'17.

As per latest update, India has imported around 497.04 thousand tonnes of wheat, highest since April'17. India has imported a total of 1151.97 thousand tonnes of wheat since April'17. Imports are likely to fall in upcoming months as government has increased import duty from 10 percent to 20 percent. India has imported 5957.79 thousand tonnes of wheat in 2016-17 due to two consecutive bad crops.

According to latest update, area sown until 05th January'18 is 283.46 lakh hectares compared to 297.67 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh and Madhya Pradesh compared to corresponding date last year.

FCI has offered a total of 31177902 tonnes of wheat through E-Auction since June until first tender in January. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

As per Agriwatch preliminary estimate production is likely to be around 91.4 MMT compared to 93.5 MMT last year. Production is likely to fall due to lower acreage this year. 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.

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.

### Latest Developments In Domestic Markets:

As per trade sources, import quotes for wheat from various origins to Tuticorin port witnessed steady to firm tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2125 per quintal, ASW at Rs 1985 per quintal and Ukrainian wheat at Rs 1800 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$288.82 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$183.38, \$183.00, Euro 156.25, \$181.13 and \$201.10 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.

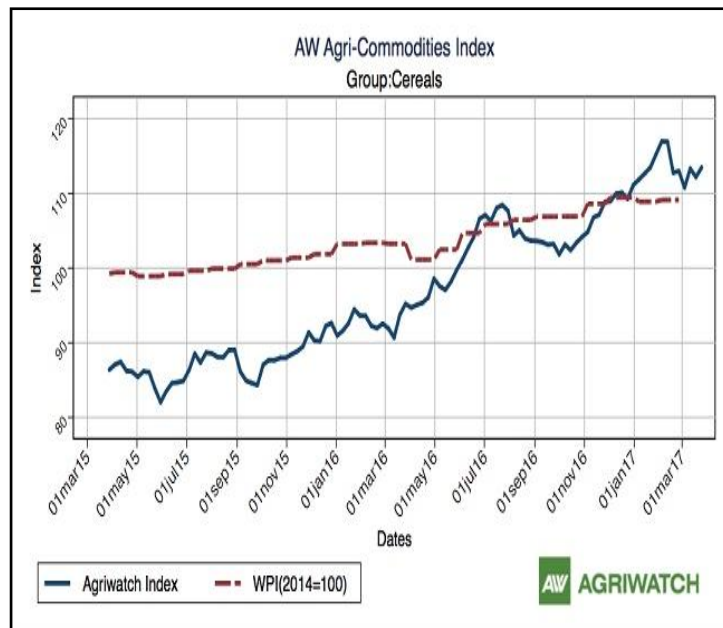
Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in January contract taking care of lower and upper price tag of Rs 1624 & 1700 respectively.

### Agriwatch Cereals Index:

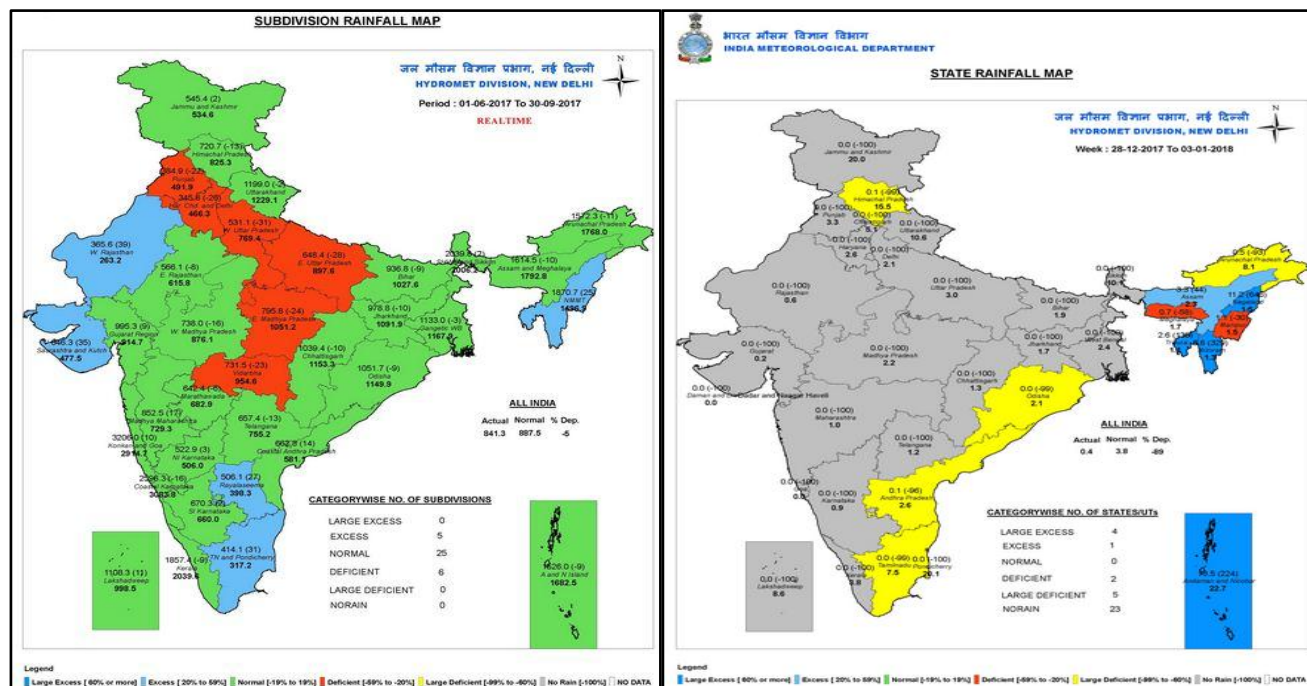
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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 firm in Delhi, Ahmedabad and Kota during 29<sup>th</sup> December- 04<sup>th</sup> January. 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, acreage is expected to be lower in current season compared to last year.

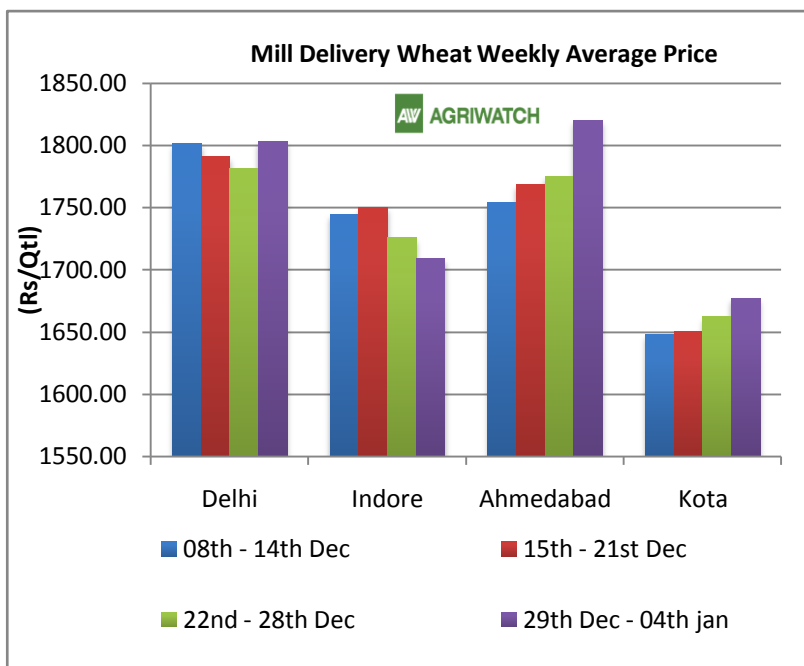

**Wheat Stock Norms**

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:**

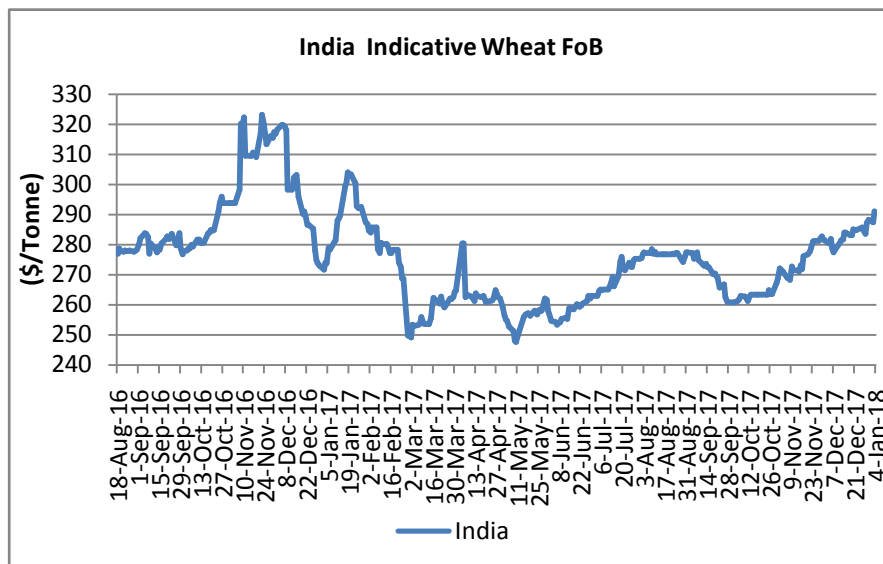
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
<b>Haryana</b>	75.00	74.11	67.52	9.76%
<b>Madhya Pradesh</b>	85.00	67.24	39.92	68.44%
<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 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 \$285-297 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:

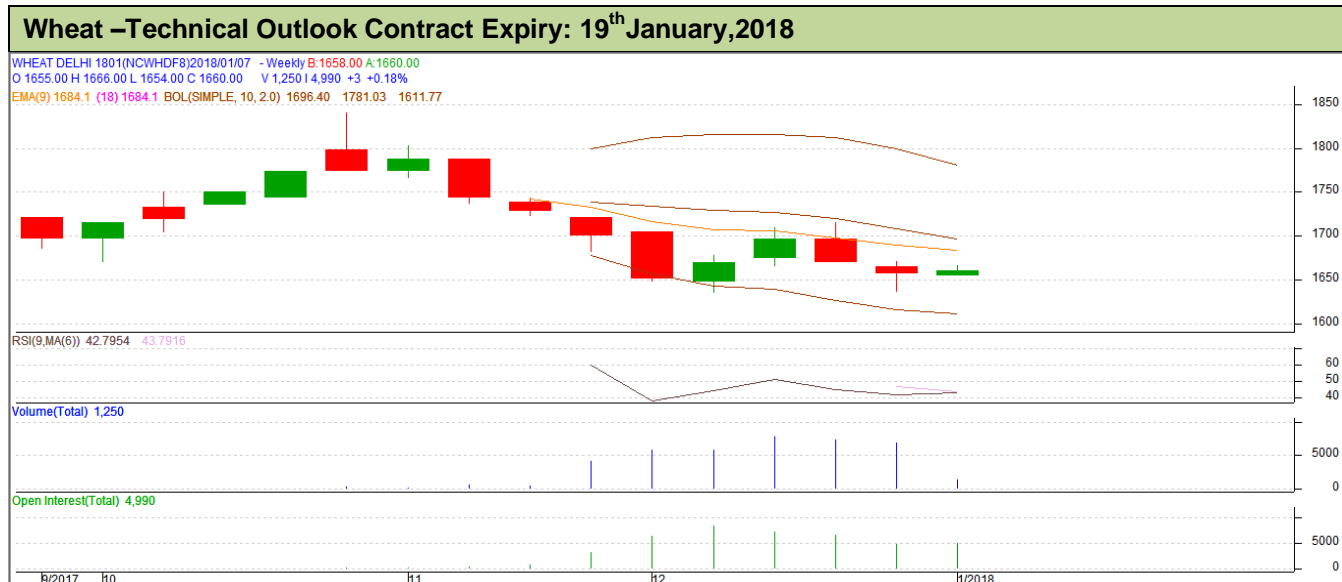
Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		3-Jan-18	27-Dec-17	2-Dec-17	3-Jan-17	
USA (Chicago)	2srw	185.00	180.86	NA	173.20	6.81
France	FCW3	NA	NA	NA	178.50	-
Australia	ASW	201.60	200.80	NA	Closed	-
Russia	SRW	183.50	183.50	NA	181.50	1.10
India	Fob	291.06	284.49	NA	273.94	6.25

	04/01/2018	28/12/2017	21/12/2017	14/12/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	191	193	193	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	185	186	185	184

### Wheat Futures Contact: NCDEX Price

Date:05.01.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Jan	-3	1654	1658	1653	1656	1430	800	4860	-690
18-Feb	-2	1693	1693	1684	1688	1370	860	3770	1,050
18-Mar	-1	1708	1713	1708	1708	100	-130	690	10

**Wheat Technical Analysis:**

**Technical Commentary:**

- Fall in price and open interest indicates long liquidation.
- 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	1631	1624	1657	1692	1700
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy Above	1654	1671	1683	1644

**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
	4-Jan-18	28-Dec-17	5-Dec-17	4-Jan-17	
Indore	1725	1696	1668	1870	-7.75
Delhi	1815	1790	1812	1954	-7.11
Kanpur	1650	1640	1660	1905	-13.39
Rajkot	1770	1741	1710	1810	-2.21
Kota	1662	1666	1653	1924	-13.62

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
			4-Jan-18	3-Jan-18	28-Dec-17	4-Dec-17	4-Jan-17
Delhi	Lawrence Road	Mill Delivery	1820	1815	1785	1815	1950
	Narella	Mill Quality Loose	1690	Closed	1700	1715	1905
	Nazafgarh	Mill Quality Loose	1715	Closed	1700	1720	1925
Gujarat	Rajkot	Mill Delivery	1670	1660	1650	Closed	1730
	Ahmedabad	Mill Delivery	1850	1830	1770	1750	1840
	Surat	Mill Quality Loose	1880	1850	1810	1810	1880
	Dhrol	Mill Delivery	1730	1850	1720	NR	2090
M.P.	Indore	Mill Quality Loose	1675	1675	1650	1660	1800
	Bhopal	Mill Delivery	1650	1650	1675	1625	1850
Rajasthan	Kota	Mill Quality Loose	1590	1590	1570	1560	1775
		Mill Delivery	1680	1680	1670	1650	1860
U.P.	Kanpur	Mill Delivery	1650	1640	1640	1615	1925
	Mathura	Mill Quality Loose	1640	1630	1590	1625	1900
	Kosi	Mill Quality Loose	1645	1625	1620	NR	1935
	Hathras	Mill Quality Loose	1620	NR	1610	NR	NR
	Aligarh	Mill Quality Loose	1590	Closed	1590	1600	1880
Punjab	Khanna	Mill Quality Loose	1750	1750	1720	1725	1750
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1730	1725	1710	1750
	Hodal	Mill Delivery	1795	1795	1795	1810	2000
	Bhiwani	Mill Quality Loose	1750	1750	1750	1770	1850
	Karnal	Mill Quality Loose	1710	1710	1710	1760	1850
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
<b>Tamil Nadu</b>	Chennai	Mill Quality	2060	2060	2050	2050	2300
	Madurai	Mill Quality	2117	2117	2107	2107	2357
	Coimbatore	Mill Quality	2117	2117	2107	2107	2357
<b>Bihar</b>	Khagariya	Mill Delivery	1700	1700	1700	1650	2000
	Muzaffarpur	Mill Delivery	1600	1600	1625	1600	1925

### Progressive Sowing Status till 05<sup>th</sup> Jan-2018:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 05.01.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.247	22.1	21.71	1.80
Chhattisgarh	1.036	1.26	1.28	-1.56
Gujarat	11.56	10.45	9.28	12.61
Haryana	25.39	25.03	25.19	-0.64
Himachal Pradesh	3.5	3.53	3.46	2.02
J&K	2.955	1.99	1.63	22.09
Jharkhand	1.65	1.92	1.93	-0.52
Karnataka	2.06	1.83	1.57	16.56
Madhya Pradesh	54.962	44.53	53.81	-17.25
Maharashtra	9.38	7.55	9.13	-17.31
Punjab	35.13	35.01	34.95	0.17
Rajasthan	30.472	28.86	29.75	-2.99
Uttar Pradesh	97.59	94.88	97.26	-2.45
Uttarakhand	3.53	3.49	3.5	-0.29
West Bengal	3.288	0.946	3.1	-69.48
Others	0.186	0.087	0.12	-27.50
All-India	304.434	283.463	297.67	-4.77

Source: Ministry of Agriculture





### International Market Update:

*Algeria state grains agency OAIC has bought around 390000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid, were in the range of \$209.25 - \$213.00 per tonne (Cost and Freight). The quantity to be shipped is due in February. Major part of the quantity is likely to be sourced from France and Argentina.*

*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.*

*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.*

*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 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.*

*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 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 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
	3-Jan-18	27-Dec-17	4-Dec-17	4-Oct-17	4-Jul-17	3-Jan-17	
Mar-18	160.19	157.25	159.91	169.19	215.85	174.15	-8.02
May-18	164.69	162.12	164.41	174.24	218.42	176.63	-6.76
Jul-18	169.28	166.98	169.28	178.65	218.97	177.45	-4.61
Sep-18	173.96	171.67	174.33	184.25	220.72	181.77	-4.30
Dec-18	180.12	177.73	181.04	191.32	225.12	188.48	-4.43
Mar-19	184.34	181.95	186.09	195.92	226.59	192.79	-4.38

### CBOT Mar-18

**1<sup>st</sup> Support: 140.00**  
**2<sup>nd</sup> Support: 138.00**  
**1<sup>st</sup> Resistant: 179.00**  
**2<sup>nd</sup> Resistant: 181.00**  
**(\$ per tonne)**

Wheat touched a year low on 11<sup>th</sup> December'17 at \$ 4.10 a bushel. U.S. export sales in the week ended 28<sup>th</sup> Dec'17 was 131000 tonnes. 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 \$287.08-291.06 per tonne.

US and Russian quotes are hovering in the range of \$181.13 and \$183.38 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 \$175 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.

**Disclaimer:** The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2018 Indian Agribusiness Systems Pvt Ltd.

