

# Wheat Weekly Research Report

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices decreased by 6.82 percent to Rs. 1927.87 per quintal during the week ended 15th January 2018. Wheat average price were ruling at Rs 2068.91 per quintal during 01-08 January 2018. As compared to prices in the week 09-15 January 2017, the prices are weak by 8.28 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 12th January'18 is 295.53 lakh hectares compared to 309.99 lakh hectares in the previous Rabi season. The normal area is 301.74 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to corresponding date last year.

As per France custom department, India has imported no wheat since July'17 until November'17 compared to 107910 tonnes during the corresponding period in 2016. India fulfilled its import requirement by buying from Black sea region and Australia.

Drought in parts of Madhya Pradesh has led to a shift in area from wheat to more lucrative crop like Chana. Shift in acreage in Madhya Pradesh was mainly due to lower water levels in major reservoirs and Chana requires less water compared to wheat. Furthermore, any aberration in weather can adversely affect wheat crop of the state.

FCI has offered a total of 32160752 tonnes of wheat through E-Auction since June, until second tender in January. Total sales until fourth tender in December were 749200 tonnes. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

As per latest update, in October '17 India has imported around 497.04 thousand tonnes of wheat, highest since April'17. Imports are likely to fall in upcoming months as government has increased import duty from 10 percent to 20 percent. However in the month of October'17, India exported only 36.87 thousand tonnes of wheat. The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity.

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.

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**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 2125-2130 per quintal, ASW at Rs 1990-2000 per quintal and Ukrainian wheat at Rs 1880-1890 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$291.00 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.60, \$183.00, Euro 156.80, \$184.30 and \$203.36 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.

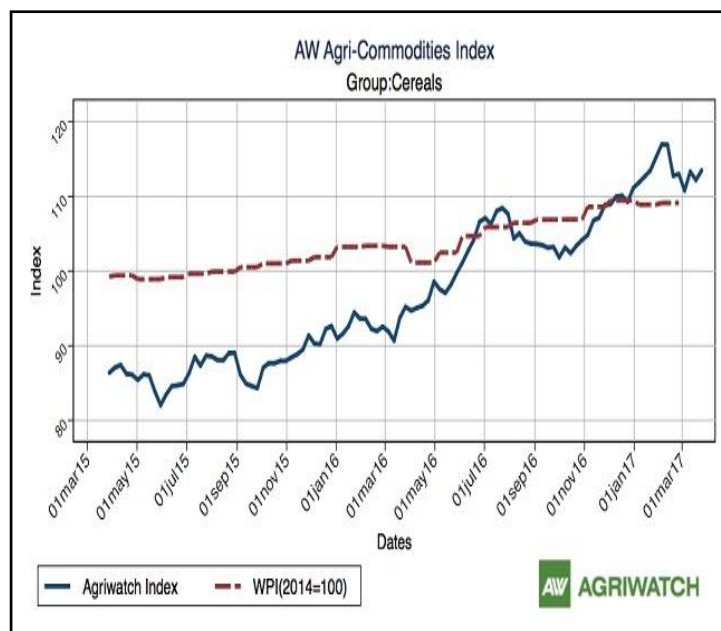
**Outlook & Recommendation:** Wheat cash market is expected to trade steady to firm in the coming week.

**Trade Call:** Stakeholders should trade in February contract taking care of lower and upper price tag of Rs 1679 & 1760 respectively.

### AgriwatchCereals Index:

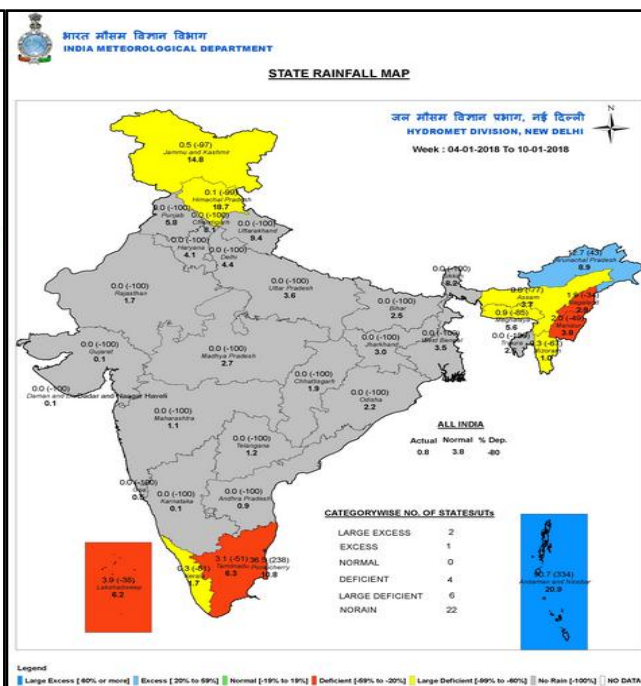
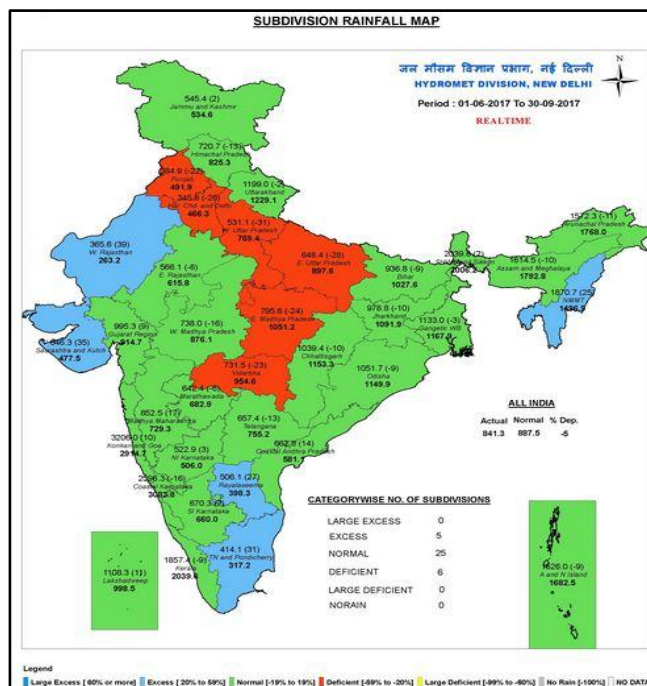
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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](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, Indore, Ahmedabad and Kota during 05<sup>th</sup> – 11<sup>th</sup> January. Prices are expected to remain steady to firm.

Prices are expected to remain steady to firm in the coming week due to lean season. Furthermore, acreage is expected to remain lower this year and even after normal weather overall crop size is expected to be lower. Government has already increased MSP from Rs 1625 per quintal to Rs 1735 per quintal. Demand from south India is still at lower side as millers in the region have already imported wheat basis their requirement, prior to increase in import duty.

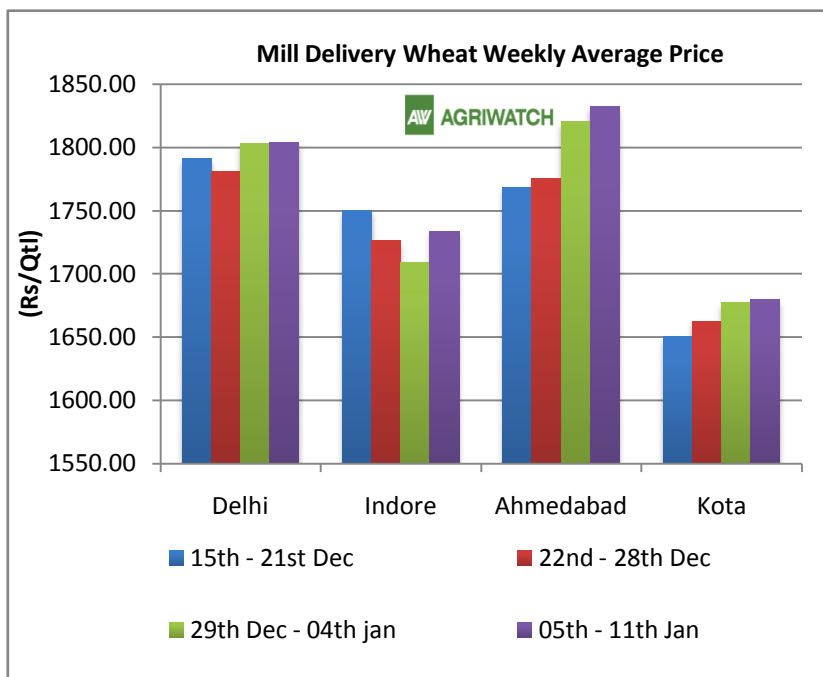

**Wheat Stock Norms**

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:**

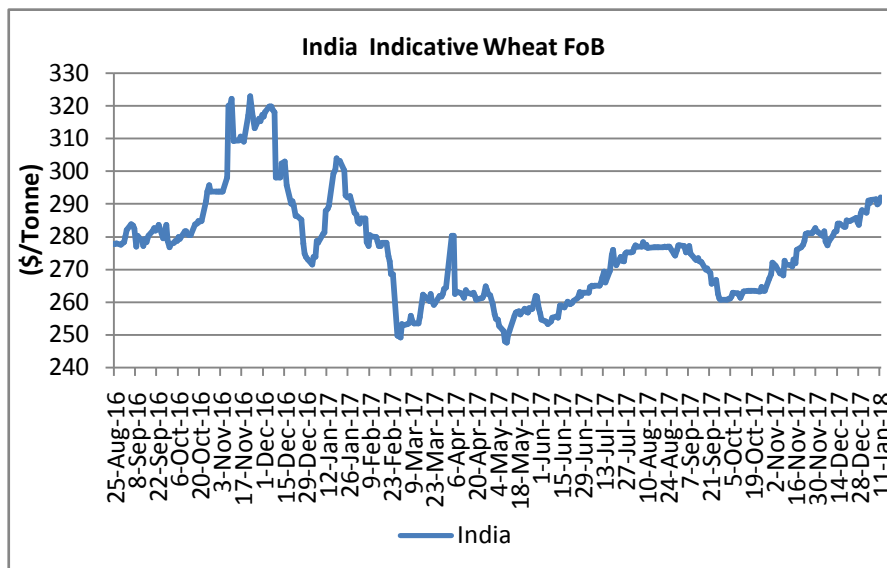
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 \$286-296 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
		10-Jan-18	3-Jan-18	11-Dec-17	10-Jan-17	
USA (Chicago)	2srw	185.20	185.00	166.30	180.70	2.49
France	FCW3	187.88	NA	184.91	183.47	2.40
Australia	ASW	204.00	201.60	204.00	174.00	17.24
Russia	SRW	182.50	183.50	184.00	181.50	0.55
India	Fob	290.29	291.06	280.45	281.37	3.17

	11/01/2018	04/01/2018	28/12/2017	21/12/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	193	191	193	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	184	185	186	185

**Wheat Futures Contact: NCDEX Price**
**Date: 12.01.2018**

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Feb	+4	1711	1728	1711	1716	1170	-1,520	5190	90
18-Mar	+3	1730	1740	1725	1727	300	-80	1110	110
18-Apr	0	1681	1681	1681	1681	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
	11-Jan-18	4-Jan-18	11-Dec-17	11-Jan-17	
Indore	1728	1725	1665	1910	-9.53
Delhi	1813	1815	1800	2100	-13.67
Kanpur	1680	1650	1660	1925	-12.73
Rajkot	1765	1770	1735	1850	-4.59
Kota	1672	1662	1666	1935	-13.59

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 and lean season. There is no problem at supply side due to ample availability.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			11-Jan-18	10-Jan-18	4-Jan-18	11-Dec-17	11-Jan-17
Delhi	Lawrence Road	Mill Delivery	1815	1800	1820	1800	2100
	Narella	Mill Quality Loose	1725	Closed	1690	1740	1885
	Nazafgarh	Mill Quality Loose	1715	Closed	1715	1700	1940
Gujarat	Rajkot	Mill Delivery	1680	1680	1670	Closed	1800
	Ahmedabad	Mill Delivery	1850	1840	1850	1710	1860
	Surat	Mill Quality Loose	1880	1880	1880	1810	1910
	Dhrol	Mill Delivery	1820	1910	1730	NR	2180
M.P.	Indore	Mill Quality Loose	1675	1675	1675	1650	1900
	Bhopal	Mill Delivery	1680	1680	1650	1625	1850
Rajasthan	Kota	Mill Quality Loose	1590	1590	1590	1560	1850
		Mill Delivery	1680	1680	1680	1650	1950
U.P.	Kanpur	Mill Delivery	1640	1640	1650	1640	1950
	Mathura	Mill Quality Loose	1610	Closed	1640	1600	1925
	Kosi	Mill Quality Loose	1650	1650	1645	1660	1910
	Hathras	Mill Quality Loose	NR	1640	1620	NR	1850
	Aligarh	Mill Quality Loose	1610	Closed	1590	1620	1850
Punjab	Khanna	Mill Quality Loose	1720	1735	1750	Closed	1750
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1730	1730	NA	1840
	Hodal	Mill Delivery	1770	1770	1795	1795	2000
	Bhiwani	Mill Quality Loose	1780	1760	1750	1750	1915
	Karnal	Mill Quality Loose	1710	1710	1710	1750	1850
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
<b>Tamil Nadu</b>	Chennai	Mill Quality	2060	2060	2060	2050	2300
	Madurai	Mill Quality	2117	2117	2117	2107	2357
	Coimbatore	Mill Quality	2117	2117	2117	2107	2357
<b>Bihar</b>	Khagariya	Mill Delivery	1700	1700	1700	1700	2150
	Muzaffarpur	Mill Delivery	1625	1625	1600	1600	1950

### Progressive Sowing Status till 12<sup>th</sup> Jan-2018:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 12.01.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.24	22.5	22.54	-0.18
Chhattisgarh	1.036	1.49	1.58	-5.70
Gujarat	11.56	10.5	9.76	7.58
Haryana	25.39	25.26	25.22	0.16
Himachal Pra.	3.5	3.53	2.87	22.91
J&K	2.955	2.03	2.08	-2.40
Jharkhand	1.65	2.12	2.01	5.47
Karnataka	2.06	1.88	1.57	19.75
Madhya Pradesh	54.96	53.16	61.8	-13.98
Maharashtra	9.38	8.01	9.66	-17.08
Punjab	35.13	35.01	35	0.03
Rajasthan	30.47	29.19	30.68	-4.86
Uttar Pradesh	97.59	96.1	98.22	-2.16
Uttarakhand	3.53	3.54	3.56	-0.56
West Bengal	3.28	1.127	3.28	-65.64
Others	0.186	0.087	0.16	-45.63
All-India	304.43	295.534	309.99	-4.66

Source: Ministry of Agriculture





### International Market Update:

Russian milling wheat prices have become firm by \$1-2 per tonne compared to last week. Unfavorable weather conditions in western hemisphere has strengthened price. Demand for Russian wheat is good. Russia has produced around 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 \$191-193/tonne whereas milling wheat whereas wheat with 12.5% protein content at Azov sea is being quoted at FoB \$155-160/tonne.

As per latest update, Russia has exported around 28.8 MMT of wheat in first eleven months of 2017, compared to 22.9 MMT during the corresponding period in 2016. Of the total quantity exported in 2017, around 27.4 MMT was exported to Non-CIS countries and the rest to CIS countries.

As per latest update, Japan's ministry of agriculture bought 91087 MMT of food quality wheat from United States and Canada. Around 56981 MMT has been bought from United States and 34106 MMT with minimum protein content of 13.5 percent has been bought from Canada. All the shipments are to be loaded between February 21 and March 20.

Taiwan flour mills association has bought 73635 tonnes of milling wheat from united states. The shipment will be done in two consignments. The first consignment is to be shipped between Feb 19 and Mar 05 with 36995 tonnes and second consignment will be shipped between Mar 08 and Mar 22 with 36680 tonnes.

GASC has purchased 115000 tonnes of Russian wheat through tender. AOS offered 55000 tonnes of Russian wheat at FoB \$192.00 per tonne and 60000 tonnes of Russian wheat at FoB \$193.30 per tonne.

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.

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, 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, 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 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 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
	10-Jan-18	3-Jan-18	10-Dec-17	10-Oct-17	10-Jul-17	10-Jan-17	
Mar-18	159.54	160.19	153.94	167.26	217.04	181.50	-12.10
May-18	164.50	164.69	158.81	172.22	220.35	183.61	-10.41
Jul-18	169.19	169.28	163.77	177.36	221.17	183.61	-7.85
Sep-18	174.24	173.96	168.91	183.15	222.83	187.56	-7.10
Dec-18	180.94	180.12	175.62	189.95	226.32	192.89	-6.19
Mar-19	185.54	184.34	180.76	194.54	227.88	196.47	-5.56

### CBOT Mar-18

**1<sup>st</sup> Support: 142.00**  
**2<sup>nd</sup> Support: 140.00**  
**1<sup>st</sup> Resistant: 169.00**  
**2<sup>nd</sup> Resistant: 172.00**  
**(\$ per tonne)**

Wheat CBOT closed at lower side last week due to larger than expected area of 2018-19 winter wheat. Although a slightly weak dollar lent some support. CBOT March fell by 10 cents to \$4.20 per bushel. U.S. export sales in the week ended 04<sup>th</sup> Jan'18 was 71500 tonnes which is well below trade expectations of 250000-400000 tonnes.

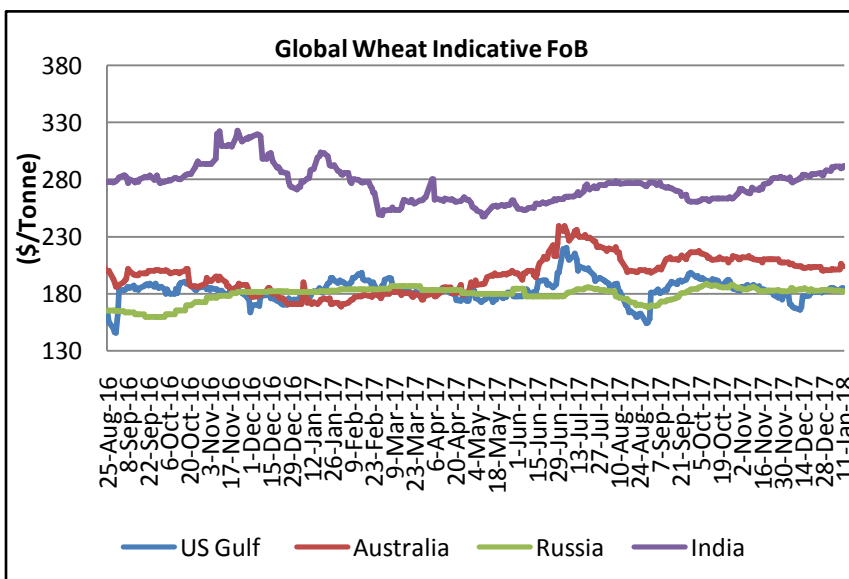


### International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$289.88-292.03 per tonne.

US and Russian quotes are hovering in the range of \$184.30 and \$182.60 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone last week.

Wheat quotes are expected to trade steady to weak and hover in the range of \$180 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 20.5 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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