

# Wheat Weekly Research Report

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### Wheat Domestic Market Fundamentals:-

According to latest update, area sown until 19th January'18 is 298.67 lakh hectares compared to 311.17 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to last year for same date.

As per latest update, wheat stock in central pool as on 1st January'18 stood at 195.62 lakh tonnes down by 9.71% compared to last month. This quantity is higher by around 42.30% compared to last year for the same month. For the month of December'17 off take from central pool was around 21.03 lakh tonnes compared to 27.49 lakh tonnes for December'2016 and 21.22 lakh tonnes for December'2015. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

Wheat WPI has remained same at 139.4 in December-17. As compared to December-2016 wheat WPI has decreased by 8.47 percent and by 5.69 percent compared to December-2015.

FCI has offered a total of 33232162 tonnes of wheat through E-Auction since June until third tender in January. 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, 112600 tonnes was sold in December against offered quantity of 4252800 tonnes and 95450 tonnes has been sold in first two tenders in January'18 against offered quantity of 2064010 tonnes.

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 weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2065-2085 per quintal, ASW at Rs 1940-1960 per quintal and Ukrainian wheat at Rs 1915-1935 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$293.81 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$182.50, \$183.50, Euro 152.60, \$180.35 and \$202.15 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.

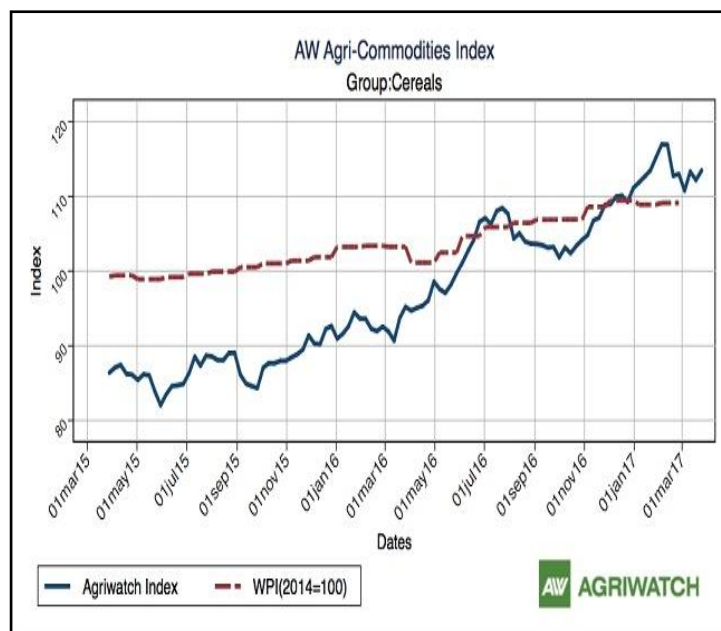
Outlook & Recommendation: Wheat cash market is expected to trade steady to weak in the coming week.

Trade Call: Stakeholders should trade in February contract taking care of lower and upper price tag of Rs 1640 & 1760 respectively.

### Agriwatch Cereals Index:

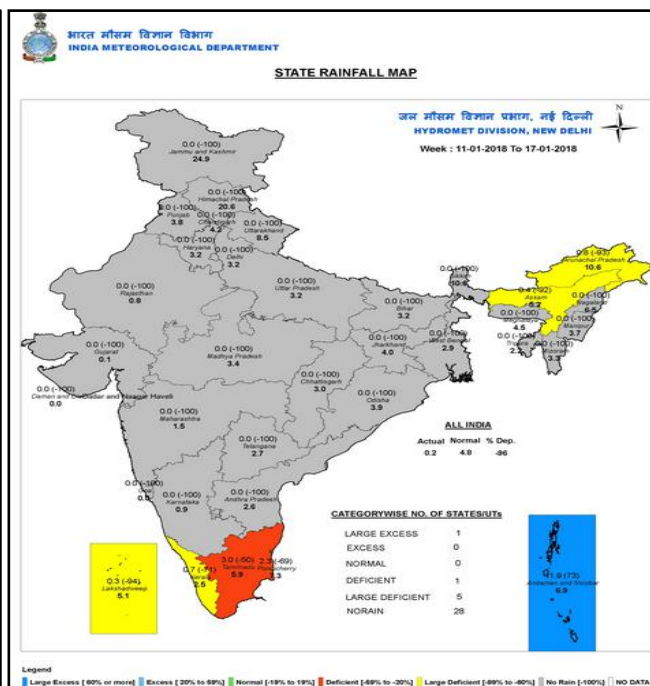
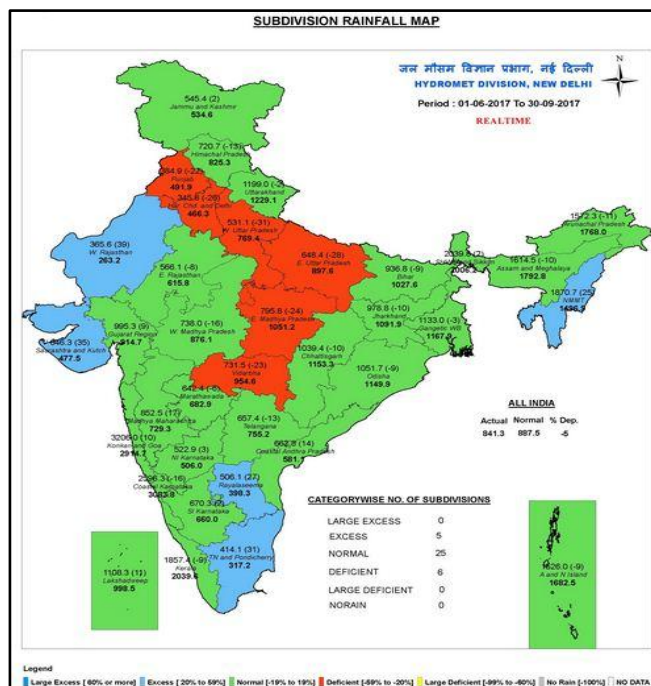
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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, Indore, Ahmedabad and Kota during 12<sup>th</sup> –18<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.

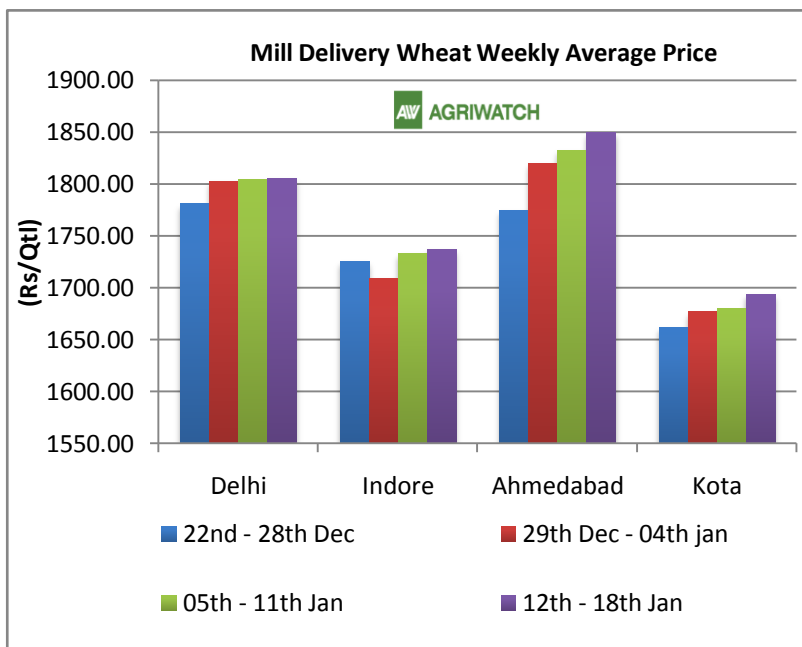

**Wheat Stock Norms**

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:**

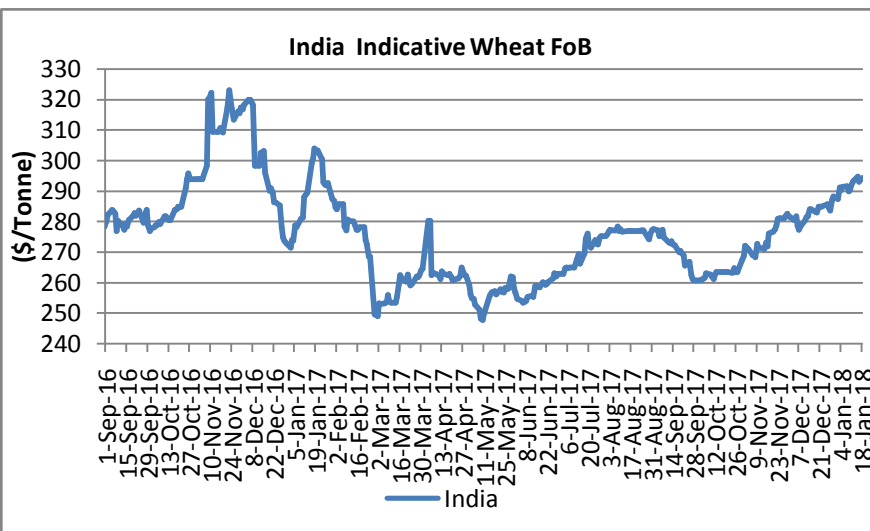
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
<b>Haryana</b>	75.00	74.11	67.52	9.76%
<b>Madhya Pradesh</b>	85.00	67.24	39.92	68.44%
<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
		17-Jan-18	10-Jan-18	15-Dec-17	17-Jan-17	
USA (Chicago)	2srw	180.60	185.20	177.50	184.97	-2.36
France	FCW3	186.45	187.88	183.23	184.85	0.87
Australia	ASW	201.60	204.00	202.40	173.00	16.53
Russia	SRW	182.50	182.50	185.00	182.00	0.27
India	Fob	293.70	290.29	284.02	300.51	-2.27

	18/01/2018	11/01/2018	04/01/2018	28/12/2017
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	194	193	191	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	184	184	185	186

### Wheat Futures Contact: NCDEX Price

Date: 19.01.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Feb	-11	1700	1697	1687	1691	790	110	5340	20
18-Mar	-10	1717	1718	1702	1710	280	120	1610	60
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
	18-Jan-18	11-Jan-18	18-Dec-17	18-Jan-17	
Indore	1723	1728	1671	1954	-11.82
Delhi	1807	1813	1787	2100	-13.95
Kanpur	1700	1680	1650	1920	-11.46
Rajkot	1780	1765	1740	1975	-9.87
Kota	1675	1672	NA	1978	-15.32

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 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
			18-Jan-18	17-Jan-18	11-Jan-18	18-Dec-17	18-Jan-17
Delhi	Lawrence Road	Mill Delivery	1805	1800	1815	1800	2110
	Narella	Mill Quality Loose	1735	Closed	1725	1710	2000
	Nazafgarh	Mill Quality Loose	1720	Closed	1715	1700	2000
Gujarat	Rajkot	Mill Delivery	1700	1700	1680	1650	NA
	Ahmedabad	Mill Delivery	1850	1850	1850	1765	NA
	Surat	Mill Quality Loose	1880	1880	1880	1810	NA
	Dhrol	Mill Delivery	NR	1840	1820	1810	1980
M.P.	Indore	Mill Quality Loose	1700	Closed	1675	Closed	2000
	Bhopal	Mill Delivery	1700	1700	1680	Closed	1900
Rajasthan	Kota	Mill Quality Loose	1600	1585	1590	Closed	1915
		Mill Delivery	1705	1700	1680	Closed	2050
U.P.	Kanpur	Mill Delivery	1755	1745	1640	1635	1950
	Mathura	Mill Quality Loose	1650	1650	1610	1620	1925
	Kosi	Mill Quality Loose	1625	1625	1650	1650	2000
	Hathras	Mill Quality Loose	1650	1650	1670	1670	1950
	Aligarh	Mill Quality Loose	1610	Closed	1610	1610	1880
Punjab	Khanna	Mill Quality Loose	1740	1740	1720	1740	1850
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1730	1730	1715	1935
	Hodal	Mill Delivery	1750	1750	1770	1795	2025
	Bhiwani	Mill Quality Loose	1770	1760	1780	1730	2020
	Karnal	Mill Quality Loose	1720	1710	1710	1710	NA



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2060	Closed	2350
	Madurai	Mill Quality	2107	2107	2117	Closed	2407
	Coimbatore	Mill Quality	2107	2107	2117	Closed	2407
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1750	2150
	Muzaffarpur	Mill Delivery	1700	1700	1625	1610	1950

### Progressive Sowing Status till 19th Jan-2018:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 19.01.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.247	22.58	22.9	-1.40
Chhattisgarh	1.036	1.54	1.68	-8.33
Gujarat	11.56	10.53	9.76	7.89
Haryana	25.39	25.26	25.38	-0.47
Himachal Pradesh	3.5	3.6	2.872	25.35
J&K	2.955	2.44	2.08	17.31
Jharkhand	1.65	2.16	2.03	6.40
Karnataka	2.06	1.88	1.56	20.51
Madhya Pradesh	54.962	53.16	61.84	-14.04
Maharashtra	9.38	8.4	10.15	-17.24
Punjab	35.13	35	35	0.00
Rajasthan	30.472	29.19	30.68	-4.86
Uttar Pradesh	97.59	98.12	98.22	-0.10
Uttarakhand	3.53	3.57	3.58	-0.28
West Bengal	3.288	1.14	3.28	-65.24
Others	0.186	0.1	0.16	-37.50
All-India	304.434	298.67	311.172	-4.02

Source: Ministry of Agriculture



**International Market Update:**

Russian milling wheat prices have become firm by \$1 per tonne compared to last week. Strengthening of rouble accompanied with unfavorable weather conditions in western hemisphere and difficulty in transportation 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 \$192-194/tonne whereas milling wheat whereas wheat with 12.5% protein content at Azov sea is being quoted at FoB \$158-166/tonne.

As per latest update, Japan's ministry of agriculture bought 91733 MMT of food quality wheat from United States, Canada and Australia. Around 24160 MMT has been bought from United States, 37383 MMT with minimum protein content of 13.5 percent has been bought from Canada and 30190 tonnes of standard white wheat from west Australia. Shipments from United States and Canada will be loaded between February 21 and March 20 whereas shipment from Australia will be loaded between March 01 and March 31.

GASC has purchased 295000 tonnes of Russian wheat through tender. GTCS offered 55000 tonnes of Russian wheat at FoB \$197.00 per tonne, AOS offered 60000 tonnes of Russian wheat at FoB \$197.45 per tonne, Garant Logistics offered 60000 tonnes of Russian wheat at FoB \$197.45 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$198.00 per tonne and Aston offered 60000 tonnes of Russian wheat at FoB \$198.00 per 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.

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.

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 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.

**IGC Wheat Balance Sheet:**

IGC Forecast( Fig-In MMT)	2014-15	2015-16	2016-2017	2017-18 (Forecast)	
			(Estimate)	23.11.2017	18.01.2018
Production	730	737	755	749	757
Trade	153	166	176	174	174
Consumptions	714	721	738	742	744
Carryover stocks	207	224	241	249	254
Y-O-Y change	16	17	17	-	14
Major Export	66	66	76	71	76

- IGC has increased its forecast for wheat to 757 MMT as on 18<sup>th</sup> January-2018 for 2017-18. According to estimate by IGC for 2016-17, global wheat production was around 755 MMT against 737 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 2 MMT to 744 MMT for 2017-18. The forecast is higher by 6 MMT compared to 2016-17.
- Carryout has been increased by 5 MMT to 254 MMT for 2017-18. It is higher by around 13 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
	17-Jan-18	10-Jan-18	17-Dec-17	17-Oct-17	17-Jul-17	17-Jan-17	
Mar-18	154.86	159.54	158.26	166.71	202.07	186.91	-17.15
May-18	159.64	164.50	163.13	171.76	205.93	189.30	-15.67
Jul-18	164.50	169.19	168.09	176.72	207.67	188.57	-12.76
Sep-18	169.74	174.24	174.61	182.41	210.70	192.15	-11.66
Dec-18	176.44	180.94	179.75	189.03	215.30	197.39	-10.61
Mar-19	181.22	185.54	183.15	193.62	217.68	201.15	-9.91

### CBOT Mar-18

**1<sup>st</sup> Support: 146.00**  
**2<sup>nd</sup> Support: 144.00**  
**1<sup>st</sup> Resistant: 167.00**  
**2<sup>nd</sup> Resistant: 170.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$ 4.22 per bushel slightly higher compared to \$ 4.20 per bushels due to weaker U.S. dollar and freezing temperature. U.S. export sales in the week ended 11<sup>th</sup> Jan'18 was 153.1 metric tonnes which is well below trade expectations of 200-500 metric tonnes.

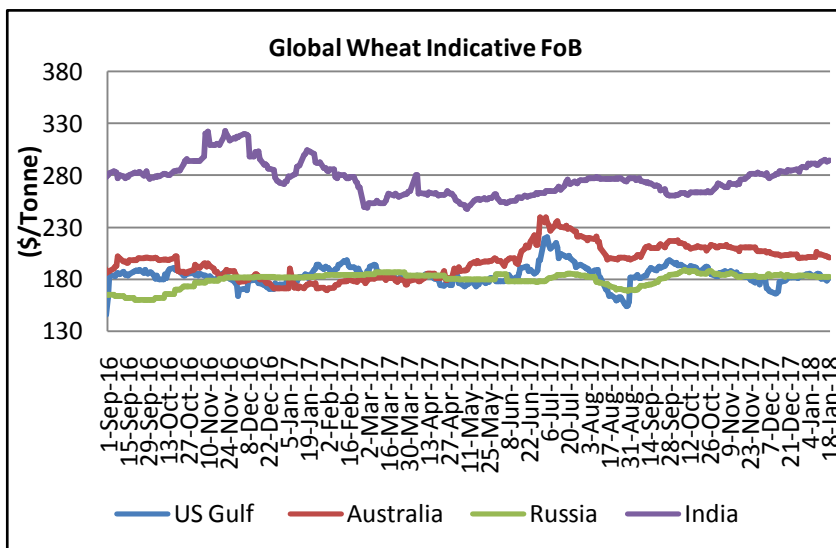


### International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$ 283.11-294.76 per tonne.

US and Russian quotes are hovering in the range of \$180.35 and \$182.50 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 152.1 MMT in 2017-18 compared to 144.2 MMT in 2016-17. 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 22.0 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 16.9MMT in 2017-18 compared to 18.4 MMT in 2016-17. Furthermore, Canada is likely to harvest around 30 MMT in 2017-18 due to lower acreage compared to 31.7 MMT in 2016-17.

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