



# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices decreased by 1.97 percent to Rs. 1834.45 per quintal during the week ended 31st January 2018. Wheat average price were ruling at Rs 1871.40 per quintal during 16-23 January 2018. As compared to prices in the week 24-31 January 2017, the prices are weak by 7.83 percent. Prices are expected to remain steady to weak in coming days.

According to latest update, area sown until 02<sup>nd</sup> February'18 is 300.70 lakh hectares compared to 317.82 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 last year for same date.

FCI has offered a total of 35423662 tonnes of wheat through E-Auction since June until first tender in February. 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 of now weather conditions are conducive for wheat crop. Cold wave accompanied with rains has supported standing crop in central and north India. Forecast of rains in upcoming week can increase yields and might offset the effect of reduced acreage. Highest shift in acreage was in Madhya Pradesh. 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.

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 2065-2100 per quintal, ASW at Rs 1935-1955 per quintal and Ukrainian wheat at Rs 1750-1800 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$278.17 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.10, \$188.00, Euro 156.06, \$192.40 and \$204.24 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.

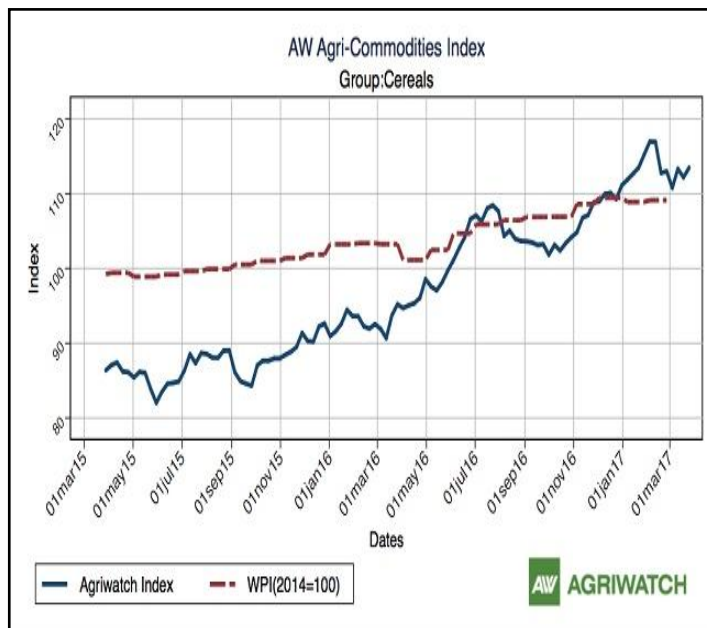
**Outlook & Recommendation:** Wheat cash market is expected to trade steady to weak in the coming week.

**Trade Call:** Stakeholders should trade in February contract taking care of lower and upper price tag of Rs 1631 & 1692 respectively.

### Agriwatch Cereals Index:

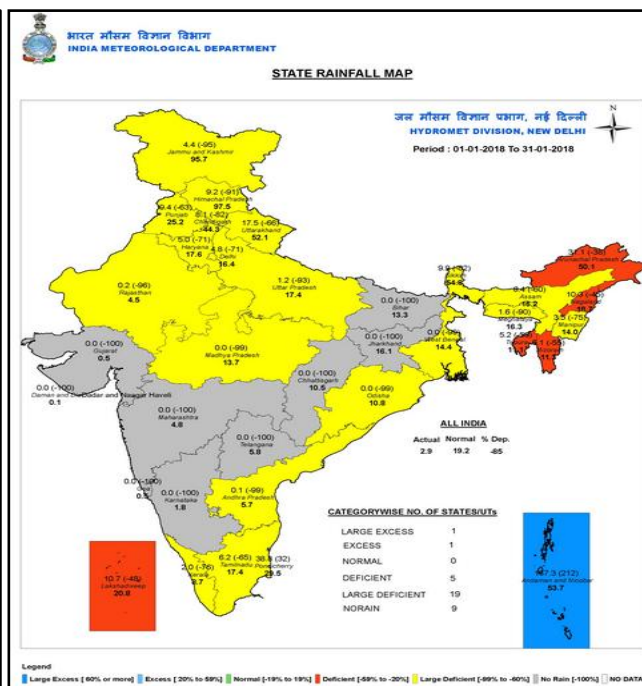
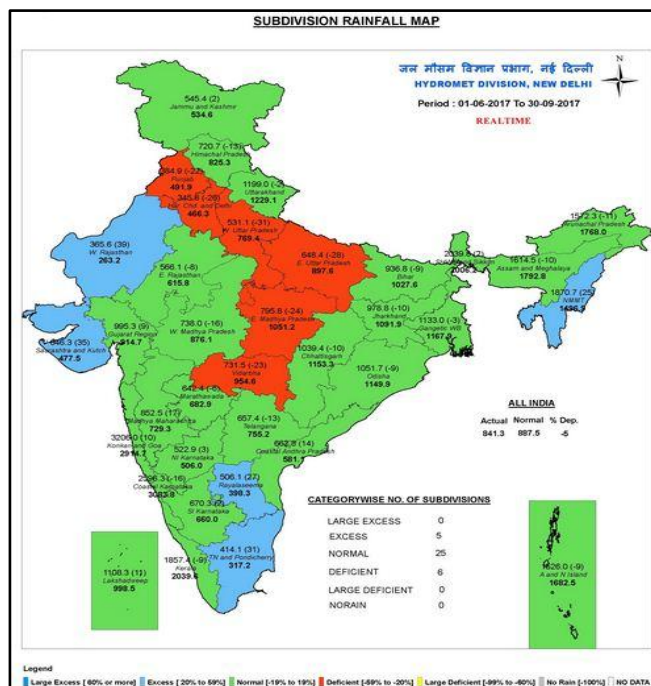
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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, Indore and Ahmedabad during 26<sup>th</sup> January- 01<sup>st</sup> February. Prices are expected to remain steady to weak.

Prices are expected to remain steady to weak in the coming week as weather conditions in the past days has supported standing crop of wheat. Furthermore, if weather conditions are conducive in the coming months then good yields might offset the impact of lower acreage. 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.

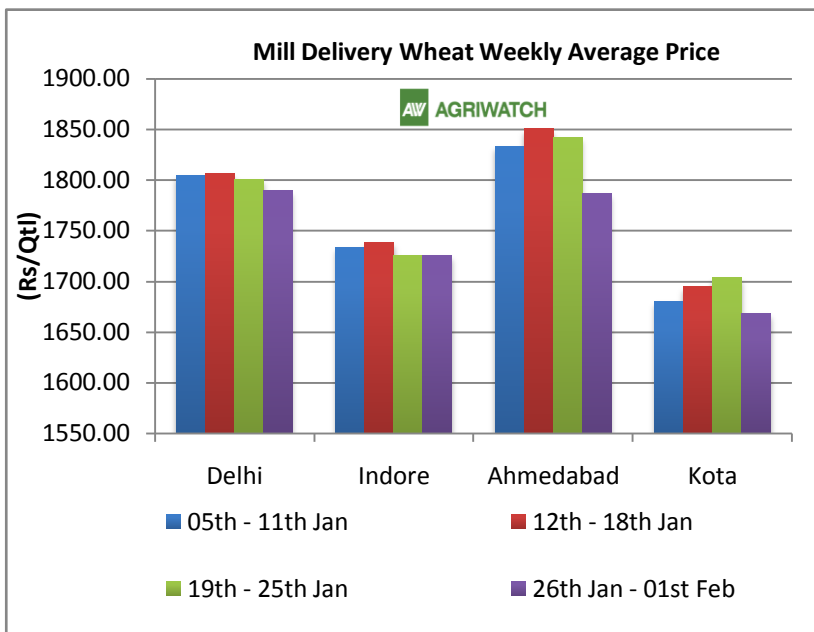

**Wheat Stock Norms**

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:**

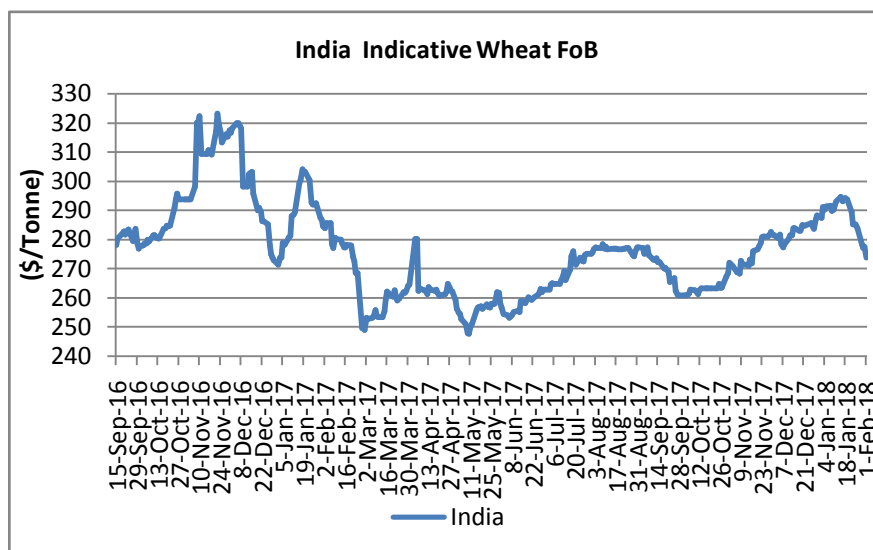
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
<b>Haryana</b>	75.00	74.11	67.52	9.76%
<b>Madhya Pradesh</b>	85.00	67.24	39.92	68.44%
<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 weak 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 \$265-280 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
		31-Jan-18	24-Jan-18	30-Dec-17	31-Jan-17	
USA (Chicago)	2srw	193.17	184.80	182.59	191.92	0.65
France	FCW3	195.29	188.91	NA	179.21	8.97
Australia	ASW	204.80	202.00	NA	170.00	20.47
Russia	SRW	187.00	184.00	NA	184.00	1.63
India	Fob	277.47	285.20	288.22	286.83	-3.26

	01/02/2018	25/01/2018	18/01/2018	11/01/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	197	195	194	193
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	188	186	184	184

Wheat Futures Contact: NCDEX Price								Date:02.02.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Feb	-3	1661	1667	1658	1658	140	-180	4710	-70
18-Mar	+8	1684	1700	1679	1692	490	180	2250	130
18-Apr	0	1675	1675	1675	1675	0	0	0	0

**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 short on wheat for this week.

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	February	1637	1631	1663	1686	1692
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Sell Below	1670	1656	1644	1678

**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
	1-Feb-18	25-Jan-18	30-Dec-17	1-Feb-17	
Indore	1686	1679	1701	1900	-11.26
Delhi	1810	1795	1789	2088	-13.31
Kanpur	1680	1690	1635	1862	-9.77
Rajkot	1700	1740	1760	1851	-8.16
Kota	1651	1660	1655	1933	-14.59

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 weak in the coming week, due to ample availability in the domestic market. Although overall acreage is expected to be lower but weather conditions have supported standing crop.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Feb-18	31-Jan-18	25-Jan-18	30-Dec-17	1-Feb-17
Delhi	Lawrence Road	Mill Delivery	1810	1800	1790	1790	2075
	Narella	Mill Quality Loose	1750	Closed	1700	1690	2000
	Nazafgarh	Mill Quality Loose	1700	Closed	1720	1700	2000
Gujarat	Rajkot	Mill Delivery	1620	1625	Closed	1660	1775
	Ahmedabad	Mill Delivery	1780	1780	Closed	1790	1900
	Surat	Mill Quality Loose	1810	1820	Closed	1825	1950
	Dhrol	Mill Delivery	1825	NR	1770	1805	2200
M.P.	Indore	Mill Quality Loose	1690	1690	1690	1650	1900
	Bhopal	Mill Delivery	1600	1650	1650	1650	1825
Rajasthan	Kota	Mill Quality Loose	1575	1575	1600	1575	NA
		Mill Delivery	1660	1660	1700	1675	NA
U.P.	Kanpur	Mill Delivery	1735	1735	1730	1640	1975
	Mathura	Mill Quality Loose	1600	1600	1610	1630	1925
	Kosi	Mill Quality Loose	1610	1605	NR	1620	1910
	Hathras	Mill Quality Loose	1650	1645	1665	1610	1880
	Aligarh	Mill Quality Loose	1580	Closed	1610	1600	1920
Punjab	Khanna	Mill Quality Loose	1740	1740	1740	1740	1850
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1725	1730	1725	1890
	Hodal	Mill Delivery	1760	1760	1770	1795	2000
	Bhiwani	Mill Quality Loose	1750	1770	1760	1750	2000
	Karnal	Mill Quality Loose	1725	1725	1725	1710	NA



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2050	NA
	Madurai	Mill Quality	2107	2107	2107	2107	NA
	Coimbatore	Mill Quality	2107	2107	2107	2107	NA
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	2050
	Muzaffarpur	Mill Delivery	1700	1725	1725	1625	1950

### Progressive Sowing Status till 02<sup>nd</sup> Feb-2018:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 02.02.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.24	22.87	22.95	-0.35
Chhattisgarh	1.03	1.65	1.736	-4.95
Gujarat	11.56	10.56	9.96	6.02
Haryana	25.39	25.26	25.38	-0.47
Himachal Pra.	3.5	3.6	3.59	0.28
J&K	2.95	2.44	2.31	5.63
Jharkhand	1.65	2.20	2.08	6.01
Karnataka	2.06	1.89	1.57	20.38
Madhya Pradesh	54.96	53.16	64.22	-17.22
Maharashtra	9.38	8.95	10.52	-14.86
Rajasthan	30.47	30	30.67	-2.21
Uttar Pradesh	97.59	98.13	100.52	-2.38
Uttarakhand	3.53	3.58	3.59	-0.28
West Bengal	3.288	1.155	3.39	-65.93
Others	0.186	0.245	0.33	-25.76
All-India	304.43	300.70	317.82	-5.39

Source: Ministry of Agriculture



**International Market Update:**

*Russian milling wheat prices have become firm by \$1-2 per tonne compared to last week. Weak U.S. dollar and strong export demand especially to Egypt 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 \$195-197/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$192-195/tonne.*

*As per latest update, Japan's ministry of agriculture bought 111294 MMT of food quality wheat from United States, Canada and Australia. Around 56286 MMT has been bought from United States; Around 32653 MMT has been bought from Canada and 22355 tonnes of standard white wheat from west Australia. Shipments from United States and Canada will be loaded between March 21 and April 20 whereas shipment from Australia will be loaded between April 01 and April 31.*

*As per latest update, china has sold 13948 tonnes of wheat for average price of 2347 yuan (\$373.22) per tonne at an auction of state reserves on Wednesday. The quantity sold represents around 1.5 percent of 928855 tonnes wheat available at auction.*

*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.*

*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
	31-Jan-18	24-Jan-18	31-Dec-17	31-Oct-17	31-Jul-17	31-Jan-17	
Mar-18	165.97	159.08	156.88	160.19	191.32	180.58	-8.09
May-18	171.02	163.68	161.75	165.05	195.73	183.61	-6.85
Jul-18	175.98	168.36	166.52	170.38	198.58	184.53	-4.63
Sep-18	180.85	173.78	171.12	176.17	202.99	188.48	-4.04
Dec-18	187.56	180.67	177.09	183.61	208.50	193.99	-3.31
Mar-19	192.89	185.90	181.22	188.75	211.71	197.39	-2.28

### CBOT Mar-18

**1<sup>st</sup> Support: 151.00**  
**2<sup>nd</sup> Support: 148.00**  
**1<sup>st</sup> Resistant: 177.00**  
**2<sup>nd</sup> Resistant: 179.00**  
**(\$ per tonne)**

Wheat CBOT closed with some correction at \$4.47 per bushel. Overall wheat CBOT remained firm compared to last week due to effect of drought on winter wheat. U.S. export sales in the week ended 11<sup>th</sup> Jan'18 was 289100 metric tonnes which is well below trade expectations of 300000-500000 metric tonnes.

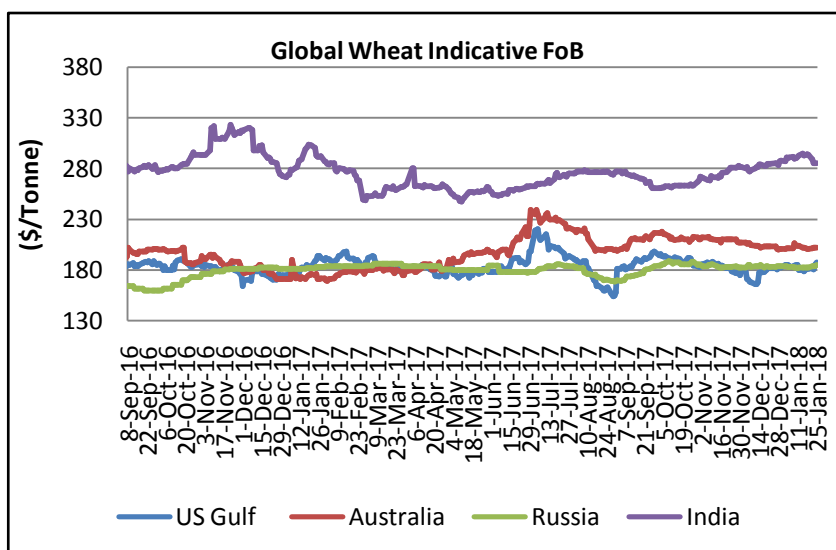


### International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$ 273.92-283.85 per tonne.

US and Russian quotes are hovering in the range of \$192.39 and \$186.10 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 84.9 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 16.9 MMT 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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