Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 1.27 percent to Rs. 1857.77 per quintal during the week ended 08th February 2018. Wheat average price were ruling at Rs 1834.45 per quintal during 24-31 January 2018. As compared to prices in the week 01-08 February 2017, the prices are weak by 5.28 percent. Prices are expected to remain steady to firm in coming days.

According to latest update, area sown until 09th February'18 is 304.29 lakh hectares compared to 317.88 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Haryana, Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to last year for same date.

Light rains were observed in Vidarbha, Madhya Pradesh, Chhattisgarh and at isolated places over North Rajasthan. Light rain is beneficial for standing crop as it will lead to an increase in yield. However, the weather department has also issued warning for thunderstorm accompanied with hailstorm at isolated places over Punjab, Haryana, Himachal Pradesh, East Madhya Pradesh, Chandigarh, etc.

India is likely to import lower quantity in the upcoming marketing year 2018-19 due to ample availability in the market. Although acreage for wheat crop was lower this year, light rains are making up for lower acreage. On the export front, Indian wheat is costlier compared to other countries like Russia, Ukraine, etc. Therefore, export demand for Indian wheat is likely to stay on lower side in international market.

FCI has offered a total of 36516212 tonnes of wheat through E-Auction since June until second tender in February. Of the total quantity offered, only 844650 tonnes of wheat has been sold until second tender in January. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

There is a rumor in the market that government may increase import duty on wheat from 20 percent to 30 percent. This step will put a complete halt on imports and provide support to domestic prices.

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 slightly firm in the week. As of now Tuticorin port price for APW is being quoted at Rs 2075-2110 per quintal, ASW at Rs 1950-1965 per quintal and Ukrainian wheat at Rs 1770-1820 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around $267.71 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $190.70, $189.88, Euro 156.56, $193.76 and $205.52 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 2.5 million tonnes in MY 2017-18.

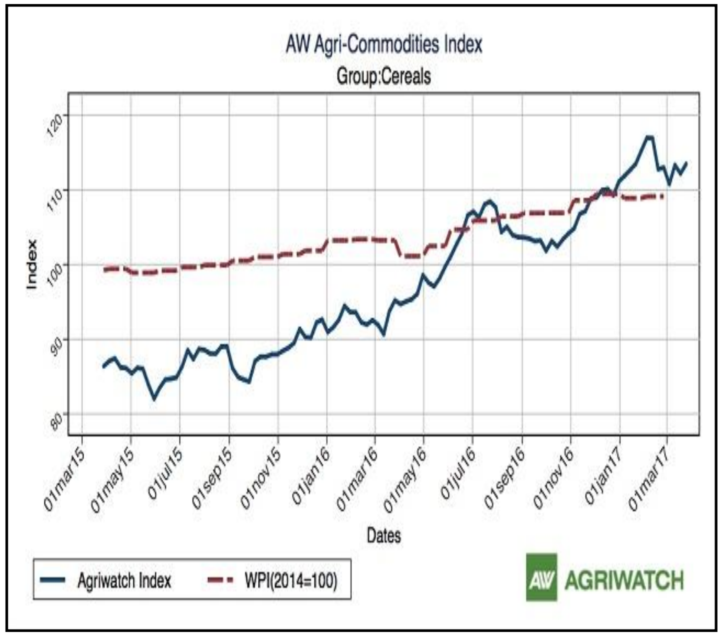
Outlook & Recommendation: *Wheat cash market is expected to trade steady to firm in the coming week.*

Trade Call: *Stakeholders should trade in February contract taking care of lower and upper price tag of Rs 1600 & 1728 respectively.*

Agriwatch Cereals Index:

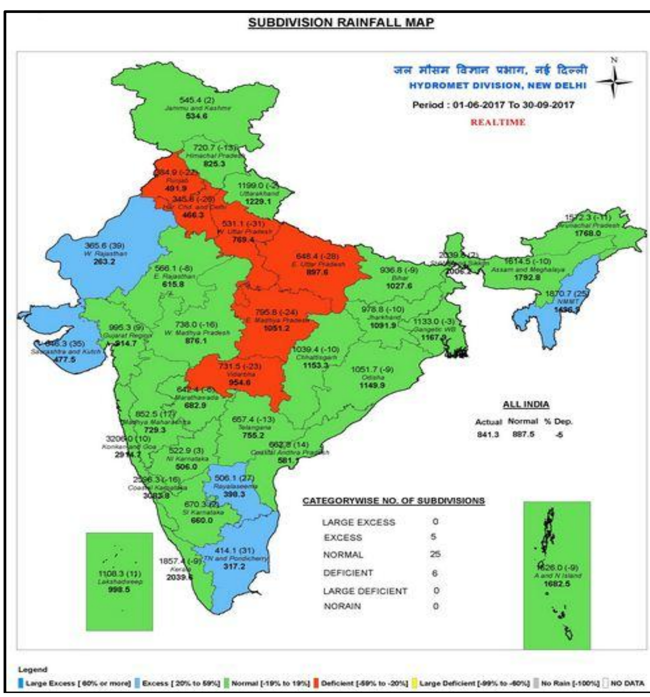
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

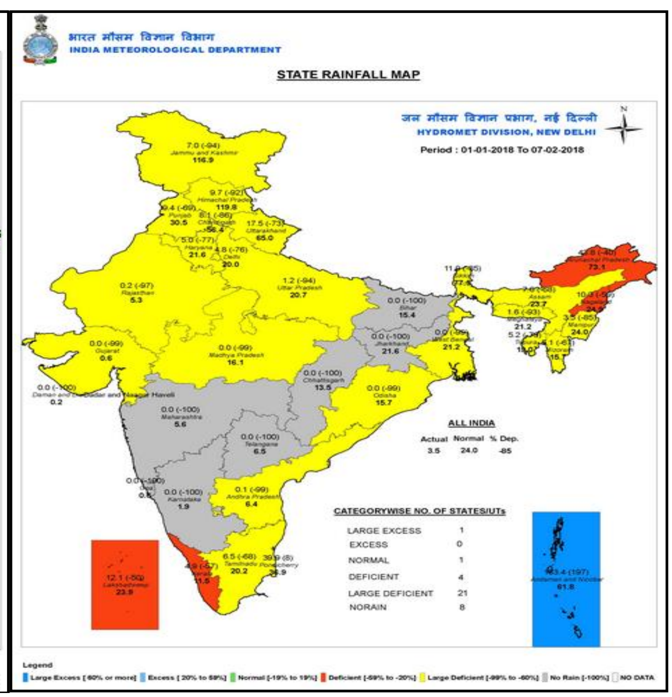
Seven of the 9 commodity group sub-Indices and 15 of the 29, individual commodity sub-Indices that constitute the main Index gained during the week. Spices and Sweeteners were the only declining groups this week. The commodity group sub-Index values and their weekly changes are as follows: Cereals: 113.47 (+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. The daily indices are available on subscription. Please contact for more details."

Weather Condition& Monsoon:



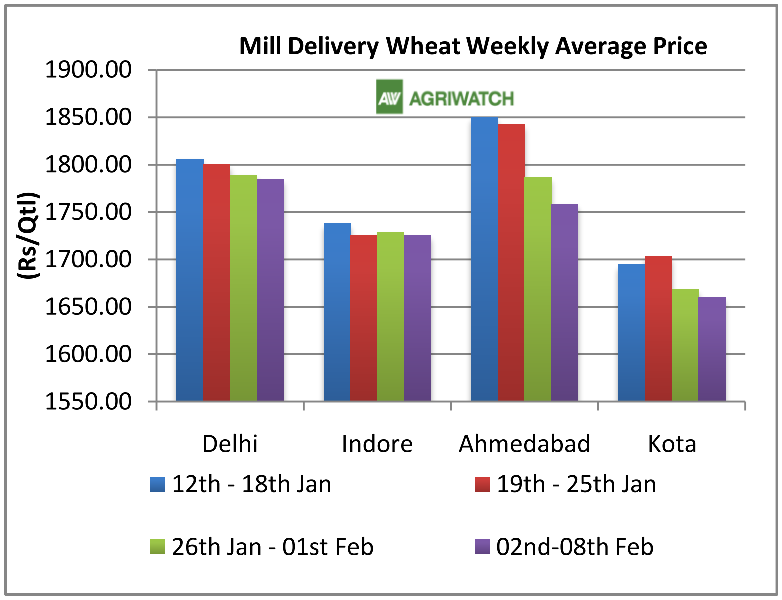


Source:IMD

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded weak in Delhi, Indore, Kota and Ahmedabad during 02nd–08th February. 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 in spite of 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**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**Grand Total**
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:

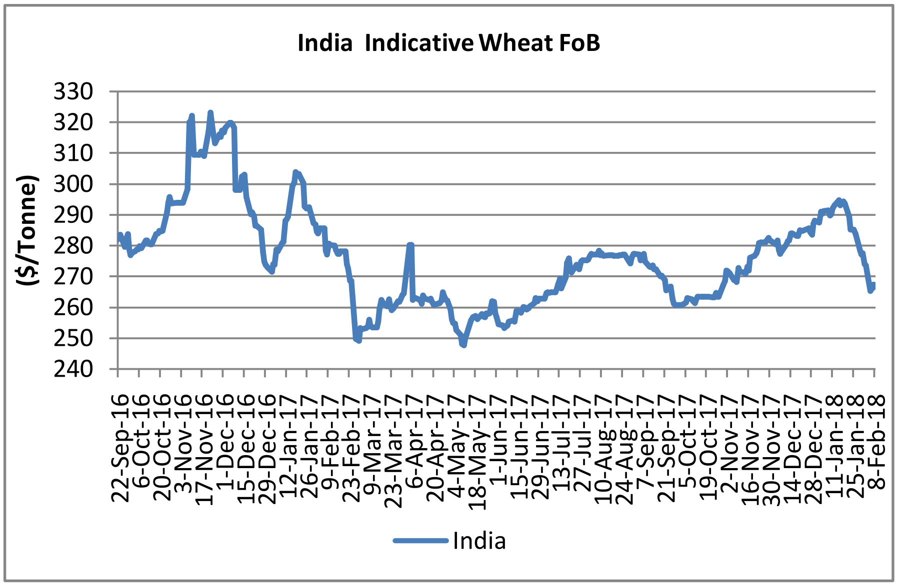
State	**Target for Procurement In Marketing Season 2017-18(April To March)**	**Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)**		
		In Marketing Season 2017-18	**In Marketing Season 2016-17**	**% Ch Over Previous Year**
Haryana	75.00	74.11	67.52	**9.76%**
Madhya Pradesh	85.00	67.24	39.92	**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 weaktone last week. The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity. There are no takersat 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 $260-275 per tonne. Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand forIndian wheat in international market.



Indicative FOB Quotes:						
Wheat FOB	**Variety**	**Yesterday**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over Prev. Year**
		7-Feb-18	**31-Jan-18**	**5-Jan-18**	**7-Feb-17**	
USA (Chicago)	2srw	197.80	193.17	184.00	189.50	**4.38**
France	FCW3	158.00	195.29	187.09	183.76	**-14.02**
Australia	ASW	204.80	204.80	201.20	174.00	**17.70**
Russia	SRW	190.50	187.00	183.00	184.00	**3.53**
India	Fob	267.30	277.47	291.29	278.36	**-3.97**

	08/02/2018	01/02/2018	25/01/2018	18/01/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*198*	*197*	*195*	*194*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*192*	*188*	*186*	*184*

Wheat Futures Contact: NCDEX Price									***Date:09.02.2018***
Contract Month	*Change from previous day*	*Open*	*High*	*Low*	*Close*	*Volume*	*Change From previous day*	*Open Interest*	*Change From previous day*
18-Feb	17	1643	1669	1649	1660	1460	830	2890	-750
18-Mar	19	1685	1702	1684	1697	2280	1,710	3420	640
18-Apr	0	1663	1663	1663	1663	0	0	0	0

Wheat Technical Analysis:

Wheat –Technical Outlook Contract Expiry: 20th February,2018

Technical Commentary:

- Fall in price and open interest indicateslong 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	February	1611	1600	1666	1719	1728
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	February	**Buy Above**	1650	1688	1706	1628

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**
	8-Feb-18	**1-Feb-18**	**8-Jan-18**	**8-Feb-17**	
Indore	1676	1686	1733	1841	**-8.96**
Delhi	1784	1810	1803	2036	**-12.38**
Kanpur	1680	1680	1650	1875	**-10.40**
Rajkot	1645	1700	1750	1802	**-8.71**
Kota	1641	1651	1669	NA	-

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
			8-Feb-18	7-Feb-18	1-Feb-18	6-Jan-18	8-Feb-17
Delhi	Lawrence Road	Mill Delivery	1780	1775	1810	1805	2035
	Narella	Mill Quality Loose	1700	Closed	1750	1740	2000
	Nazafgarh	Mill Quality Loose	1690	Closed	1700	1720	1970
Gujarat	Rajkot	Mill Delivery	1550	1540	1620	1680	1730
	Ahmedabad	Mill Delivery	1710	1750	1780	1825	1880
	Surat	Mill Quality Loose	1740	1780	1810	1840	1910
	Dhrol	Mill Delivery	1755	1835	1825	1855	2120
M.P.	Indore	Mill Quality Loose	1650	1650	1690	1675	1800
	Bhopal	Mill Delivery	NR	1650	1600	1650	1800
Rajasthan	Kota	Mill Quality Loose	1565	1565	1575	1590	NA
		Mill Delivery	1660	1660	1660	1680	NA
U.P.	Kanpur	Mill Delivery	1740	1750	1735	1640	2015
	Mathura	Mill Quality Loose	1650	1650	1600	1630	1925
	Kosi	Mill Quality Loose	1590	1620	1610	1640	1900
	Hathras	Mill Quality Loose	1660	1660	1650	1610	1850
	Aligarh	Mill Quality Loose	1590	Closed	1580	1625	1890
Punjab	Khanna	Mill Quality Loose	1735	1740	1740	1720	1900
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1730	1730	1850
	Hodal	Mill Delivery	1760	1760	1760	1795	2000
	Bhiwani	Mill Quality Loose	1750	1750	1750	1740	1940
	Karnal	Mill Quality	1710	1710	1725	1710	NA

		Loose					
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2060	NA
	Madurai	Mill Quality	2107	2107	2107	2117	NA
	Coimbatore	Mill Quality	2107	2107	2107	2117	NA
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1730	2050
	Muzaffarpur	Mill Delivery	1700	1700	1700	1625	2000

Progressive Sowing Status till 09th Feb-2018:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 09.02.2018

State	Normal area	This Year	Last Year	% Change
Bihar	21.24	23.27	22.96	**1.35**
Chhattisgarh	1.03	1.85	1.76	**5.11**
Gujarat	11.56	10.76	9.96	**8.03**
Haryana	25.39	25.26	25.38	**-0.47**
Himachal Pradesh	3.50	3.60	3.59	**0.28**
J&K	2.95	2.93	2.31	**26.84**
Jharkhand	1.65	2.31	2.11	**9.48**
Karnataka	2.06	2.09	1.57	**33.12**
Madhya Pradesh	54.96	53.16	64.22	**-17.22**
Maharashtra	9.38	9.40	10.57	**-11.07**
Punjab	35.13	35.1	35.00	**0.29**
Rajasthan	30.47	30.2	30.67	**-1.55**
Uttar Pradesh	97.59	98.67	100.52	**-1.84**
Uttarakhand	3.53	3.58	3.59	**-0.39**
West Bengal	3.28	1.36	3.39	**-59.91**
Others	0.18	0.75	0.26	**185.17**

Source: Ministry of Agriculture

International Market Update:

GASC has purchased 360000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 240000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. AOS offered 60000 tonnes of Russian wheat at FoB $206.60 per tonne; Daewoo offered 60000 tonnes of Russian wheat at FoB $207.95 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB $207.95 per tonne, CHS offered 60000 tonnes of Romanian wheat at FoB $208.43 per tonne, Union offered 60000 tonnes of Russian wheat at FoB $208.43 per tonne and Cerealcom offered 60000 tonnes of Romanian wheat at FoB $208.43 per tonne. Egypt's wheat reserves stand at four months after this purchase.

Algeria state grains agency OAIC has bought around 150000 tonnes of durum wheat in a tender that closed on Thursday. The prices paid were in the range of $292.00 - $295.00 per tonne (Cost and Freight). The quantity to be shipped is due in April and the origin is optional but major part of the quantity is likely to be sourced from Canada.

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. Russia has produced around 85-86 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 $196-198/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB $194-197/tonne.

As per latest update, flour mill in Indonesia has bought 50000 tonnes of wheat from black sea with 11.5 percent protein content at CFR $225 per tonne for shipment in March-April. Currently black sea is an economical and good source for supply, around the globe.

As per latest update, Japan's ministry of agriculture bought 100517 MMT of food quality wheat from United States, Canada and Australia. Around 33442 MMT has been bought from United States; Around 32101 MMT has been bought from Canada and 34974 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 30.

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 correspondingperiod 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.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015-16	2016-2017 (Estimate)	2017-18 (Forecast)	
				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 18th 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 2MMT 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
	7-Feb-18	31-Jan-18	7-Jan-18	7-Nov-17	7-Aug-17	7-Feb-17	
Mar-18	169.19	165.97	158.26	154.86	187.83	182.32	-7.20
May-18	173.78	171.02	162.67	159.82	192.79	184.71	-5.92
Jul-18	178.65	175.98	167.44	164.96	195.73	185.17	-3.52
Sep-18	183.70	180.85	172.49	170.38	200.23	183.70	0.00
Dec-18	190.59	187.56	179.02	177.18	206.48	190.61	-0.01
Mar-19	195.73	192.89	183.52	182.51	209.88	195.75	-0.01

Wheat Weekly Research Report
12th, February-2018

CBOT Mar-18

1st Support:150.00
2nd Support: 148.00
1st Resistant: 178.00
2nd Resistant:180.00
($ per tonne)

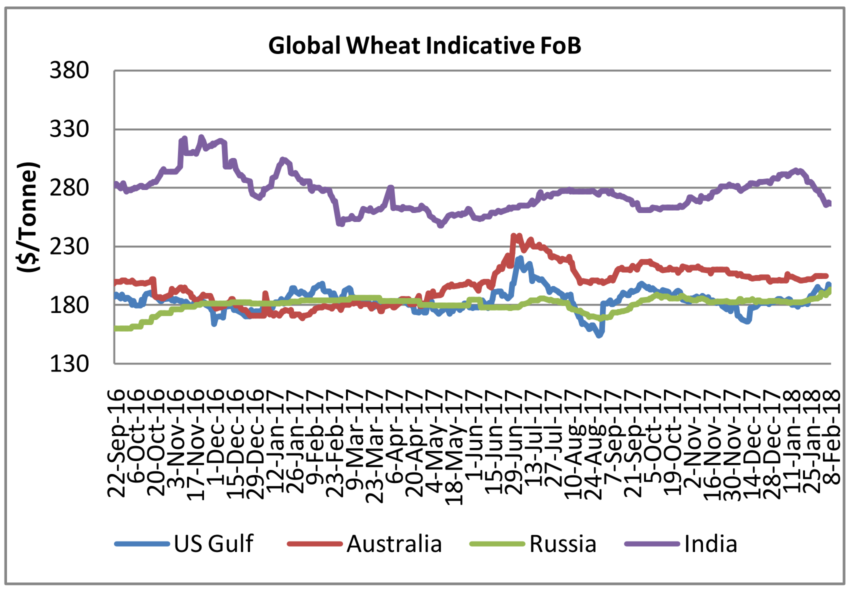
Wheat CBOT closed with some correction at $4.49 per bushel. Overall wheat CBOT was slightly firm compared to last week due to effect of drought on winter wheat. U.S. export sales during 26th Jan-01st Feb'18 were 393400 metric tonnes which is within trade expectations of 200000-500000 metric tonnes.

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 $265.29-273.62 per tonne.

US and Russian quotes are hovering in the range of $193.76and $190.70 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to weakand hover in the range of $185 to $215 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 16.9MMT 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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