



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 3.77 percent to Rs. 1783.61 per quintal during the week ended 15th February 2018. Wheat average price were ruling at Rs 1857.77 per quintal during 01-08 February 2018. As compared to prices in the week 09-15 February 2017, the prices are weak by 9.01 percent. Prices are expected to remain steady to firm in coming days.

Wheat WPI has increased slightly from 139.4 in December-17 to 140.8 in January-2018. Monthly wheat inflation has increased by 1.00 percent in January-2018 compared to previous month. As compared to January-2017 wheat WPI has decreased by around 6.94 percent.

Government has fixed wheat procurement target at 32 MMT for 2018-19. Of the total target around 11.9 MMT will be procured from Punjab, 6.7 MMT from Madhya Pradesh, 7.4 MMT from Haryana, 4 MMT from Uttar Pradesh, 2 MMT from Bihar, 1.6 MMT from Rajasthan and 1 MMT from Uttarakhand. Government target procurement for MY 2017-18 was 33 MMT against which it procured only 30.8 MMT.

In the past week, wheat crop has been damaged in state of Madhya Pradesh and Maharashtra due to untimely rain and hailstorm. More than one lakh hectares of crop has been damaged in Maharashtra, especially in Vidharba and Marathwada region. Sehore, Vidisha, Guna Rajgarh, Harda, Betul and Raisen were impacted in Madhya Pradesh. Farmers in both states have been warned against bad weather in upcoming days and are advised to harvest their crops as early as possible.

FCI has offered a total of 37739462 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.

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.

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 tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2100-2120 per quintal, ASW at Rs 2000-2030 per quintal and Ukrainian wheat at Rs 1840-1860 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$269.44 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$193.90, \$192.00, Euro 157.95, \$196.84 and \$209.52 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.

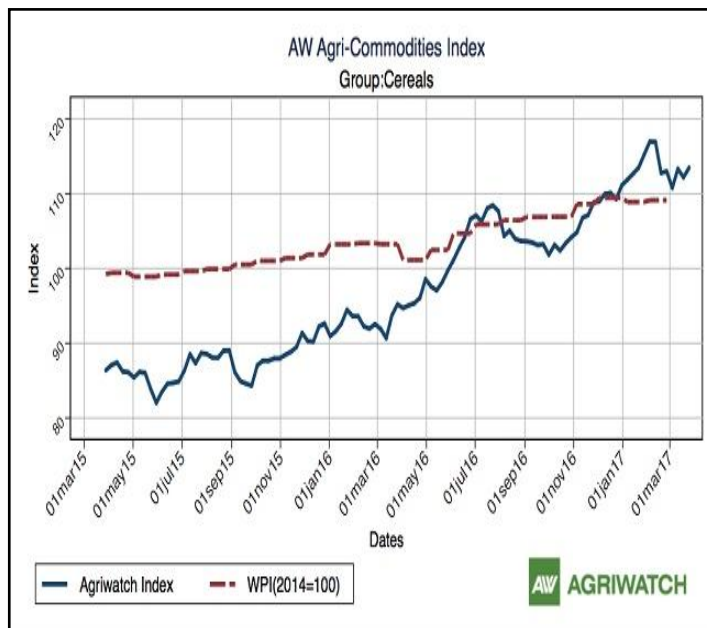
Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in March contract taking care of lower and upper price tag of Rs 1705 & 1860 respectively.

Agriwatch Cereals Index:

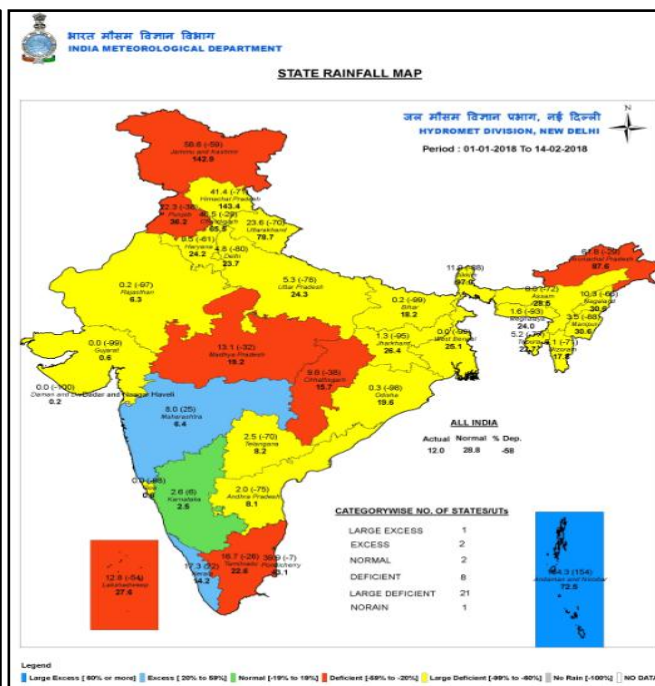
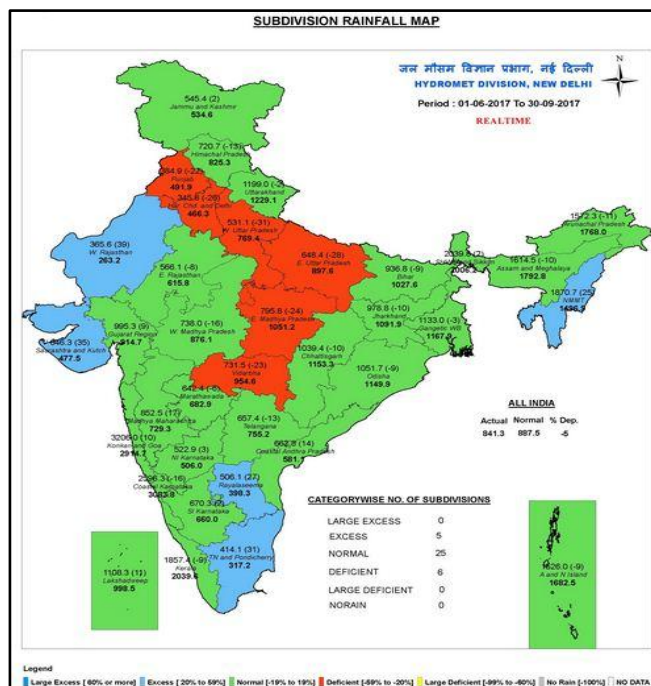
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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:

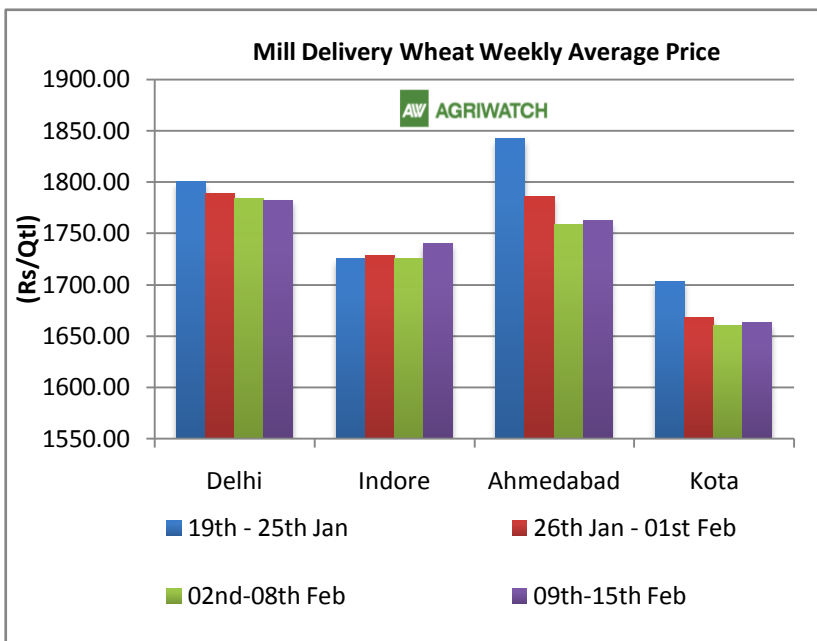


Source:IMD

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Indore, Kota and Ahmadabad during 09th -15th February. Prices are expected to remain steady to firm.

Overall availability of wheat crop is expected to be lower this year due to lower acreage. Government has already increased MSP from Rs 1625 per quintal to Rs 1735 per quintal. Madhya Pradesh Chief Minister Shivraj Singh Chouhan announced that Madhya Pradesh government will provide additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal on wheat in marketing year 2018-19.



Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
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:

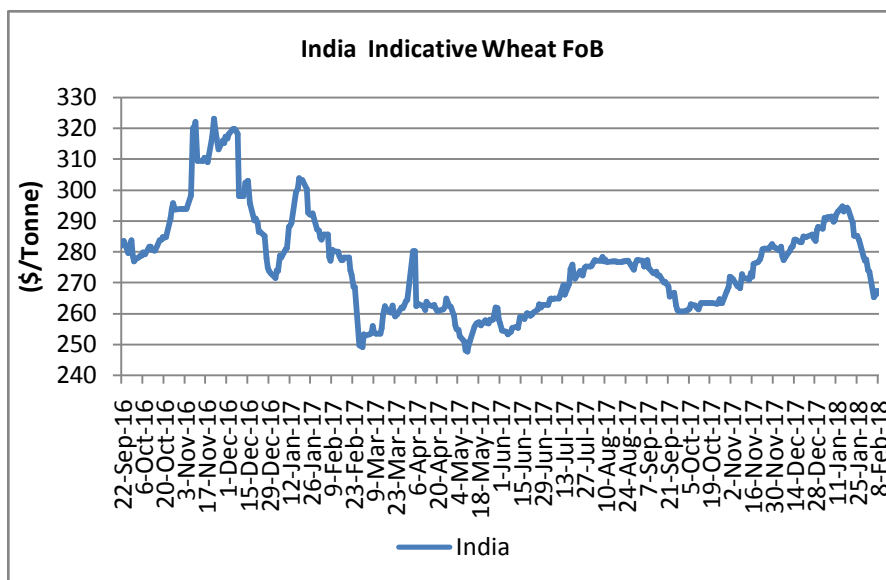
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 slightly 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 \$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
		14-Feb-18	7-Feb-18	12-Jan-18	14-Feb-17	
USA (Chicago)	2srw	196.10	197.80	180.20	196.40	-0.15
France	FCW3	158.75	195.70	186.75	185.29	-14.32
Australia	ASW	256.00	204.80	204.00	178.00	43.82
Russia	SRW	193.50	190.50	182.50	184.00	5.16
India	Fob	272.22	267.30	293.19	278.61	-2.29

	15/02/2018	08/02/2018	01/02/2018	25/01/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	199	198	197	195
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	192	192	188	186

Wheat Futures Contact: NCDEX Price
Date: 16.02.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Feb	6	1729	1735	1734	1735	140	50	120	-300
18-Mar	29	1742	1785	1733	1776	2390	10	6860	400
18-Apr	49	1749	1784	1749	1784	60	10	100	50

Wheat Technical Analysis:

Technical Commentary:

- Rise in price and open interest indicates long buildup.
- 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	March	1725	1705	1777	1850	1860
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	March	Buy Above	1775	1810	1835	1754

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
	15-Feb-18	8-Feb-18	15-Jan-18	15-Feb-17	
Indore	NA	1676	1724	1835	-
Delhi	1768	1784	1808	1950	-9.33
Kanpur	1670	1680	1680	1828	-8.64
Rajkot	1667	1645	1770	1817	-8.26
Kota	1729	1641	1675	1871	-7.59

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 and lower production. 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
			16-Feb-18	15-Feb-18	9-Feb-18	16-Jan-18	16-Feb-17
Delhi	Lawrence Road	Mill Delivery	1800	1795	1785	1805	1935
	Narella	Mill Quality Loose	1720	1700	1700	NA	1900
	Nazafgarh	Mill Quality Loose	1700	1700	1700	1730	1900
Gujarat	Rajkot	Mill Delivery	1590	1570	1550	1700	1735
	Ahmedabad	Mill Delivery	1810	1800	1750	1850	1860
	Surat	Mill Quality Loose	1860	1840	1770	1880	1880
	Dhrol	Mill Delivery	1760	1805	1715	1805	2155
M.P.	Indore	Mill Quality Loose	1675	Closed	1650	Closed	1750
	Bhopal	Mill Delivery	1650	Closed	NR	Closed	1800
Rajasthan	Kota	Mill Quality Loose	1650	1650	1560	1585	1760
		Mill Delivery	1660	1660	1660	1700	1850
U.P.	Kanpur	Mill Delivery	1735	1735	1725	1745	1950
	Mathura	Mill Quality Loose	1610	1650	1660	1630	1880
	Kosi	Mill Quality Loose	1640	1640	NR	1625	1850
	Hathras	Mill Quality Loose	NR	NR	1650	1660	1950
	Aligarh	Mill Quality Loose	1615	NR	1590	1610	1750
Punjab	Khanna	Mill Quality Loose	1740	1740	1750	1735	1900
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1725	1725	1800
	Hodal	Mill Delivery	1760	1760	1760	1750	2000
	Bhiwani	Mill Quality Loose	1740	1750	NR	1760	1860
	Karnal	Mill Quality Loose	1720	1710	1710	1710	NA
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2050	2250
	Madurai	Mill Quality	2057	2057	2057	2107	2307
	Coimbatore	Mill Quality	2057	2057	2057	2107	2307
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1900
	Muzaffarpur	Mill Delivery	1650	1650	1700	1700	1900

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:

As per latest update, Japan's ministry of agriculture bought 84683 MMT of food quality wheat from United States and Canada. Around 60463 MMT has been bought from United States and around 24220 MMT has been bought from Canada. Shipments from United States and Canada will be loaded between March 21 and April 20.

Wheat growers in black sea region have captured share of Australia in south-east Asian market. Since 2012, Australia has lost around 20 percent of its market share to black sea region. Traders in black sea region are still able to make profit despite wheat glut due to lower production cost. Furthermore they are able to increase wheat yields per hectare at a faster rate than Australia.

As per latest update by FranceAgrimer, French soft wheat exports to Non-European countries in 2017-18 season is likely to be around 9.0 MMT compared to forecast of 9.3 MMT in the previous month. It has also lowered its outlook for soft wheat shipments within EU to 8.45 MMT from 8.60 MMT last month. This downward revision of exports has led to increase in projected stocks of EU.

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 Cerealcon 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, 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.

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 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
	14-Feb-18	7-Feb-18	14-Jan-18	14-Nov-17	14-Aug-17	14-Feb-17	
Mar-18	167.44	169.19	154.49	163.58	175.34	190.22	-11.97
May-18	172.40	173.78	159.54	167.81	180.39	192.33	-10.36
Jul-18	177.73	178.65	164.04	172.68	184.34	192.06	-7.46
Sep-18	183.42	183.70	169.19	178.10	189.30	195.27	-6.07
Dec-18	190.96	190.59	176.08	184.80	195.64	200.14	-4.59
Mar-19	196.65	195.73	180.94	189.49	199.31	203.54	-3.38

CBOT Mar-18

1st Support: 152.00
2nd Support: 150.00
1st Resistant: 183.00
2nd Resistant: 186.00
(\$ per tonne)

Wheat CBOT closed with some correction at \$4.58 per bushel. Overall wheat CBOT was firm compared to last week due to effect of drought on winter wheat and steady export demand. U.S. export sales during 02nd -08th Feb'18 were 311100 metric tonnes which is within trade expectations of 200000-450000 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 \$266.43-273.08 per tonne.

US and Russian quotes are hovering in the range of \$196.84 and \$193.90 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to weak and hover in the range of \$190 to \$220 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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