



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 5.38 percent to Rs. 1868.76 per quintal during the week ended 08th March 2018. Wheat average price were ruling at Rs. 1773.42 per quintal during 24-28 February 2018. As compared to prices in the week 01-08 March 2017, the prices are weak by 9.81 percent. Prices are expected to remain steady to firm in coming days.

IMD has issued no warning in upcoming days for major wheat producing states in India. However, temperature remains a concern. In all major wheat procuring states day temperature is above 30 degree Celsius and night temperature is above 15 degree Celsius. Temperature is expected to rise by 1-2 degree Celsius in India. Yield loss is possible for wheat crop in maturity and harvesting stage due to terminal heat. In optimal condition, day temperature should be below 30 degree Celsius during maturity and harvesting stage.

All India arrivals in the month of February'18 were around 732515 tonnes compared to 493321 tonnes for the corresponding month last year. Highest arrivals were recorded in Madhya Pradesh followed by Uttar Pradesh, Rajasthan and Gujarat. Arrivals are likely to increase in coming weeks as harvesting will pick up pace. Production is likely to be lower this year due to lower acreage. Demand from south Indian miller is likely to stay at lower levels. However, if government decides to increase duty, imports will cease and domestic prices as well as demand may get some support

As per France custom department, India has imported no wheat since July'17 until January'18 compared to 107910 tonnes during the corresponding period in 2016-2017. India fulfilled its import requirement by buying from Black sea region and Australia.

FCI has offered a total of 39872962 tonnes of wheat through E-Auction since June until second tender in March. Of the total quantity offered, only 1036150 tonnes of wheat has been sold until second tender in February. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

As per second advance estimate, India is likely to produce 97.11 MMT of wheat compared to 98.51 MMT in previous year. The total food grain production is expected at record 277.49 MMT compared to 275.11 MMT last year. This year overall acreage is lower by around 4.27% compared to last years' acreage of 317.88 lakh hectares.

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.

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 2200-2220 per quintal, ASW at Rs 2030-2050 per quintal and Ukrainian wheat at Rs 1855-1875 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$269.56 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$201.00, \$197.90, Euro 158.65, \$216.60 and \$216.64 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.

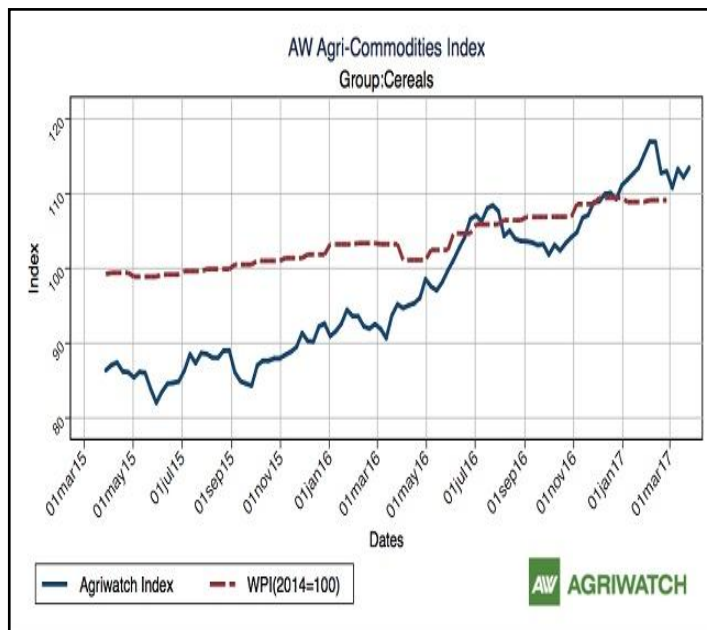
Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call: Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1736 & 1853 respectively.

Agriwatch Cereals Index:

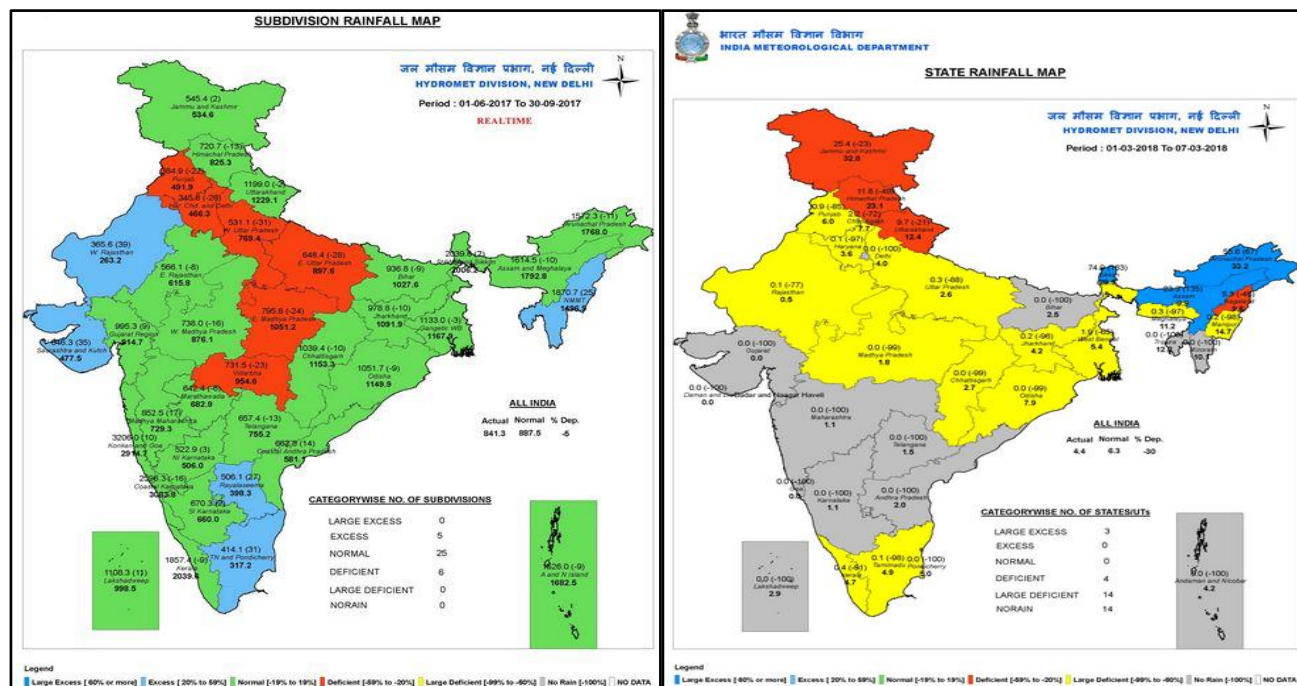
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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:

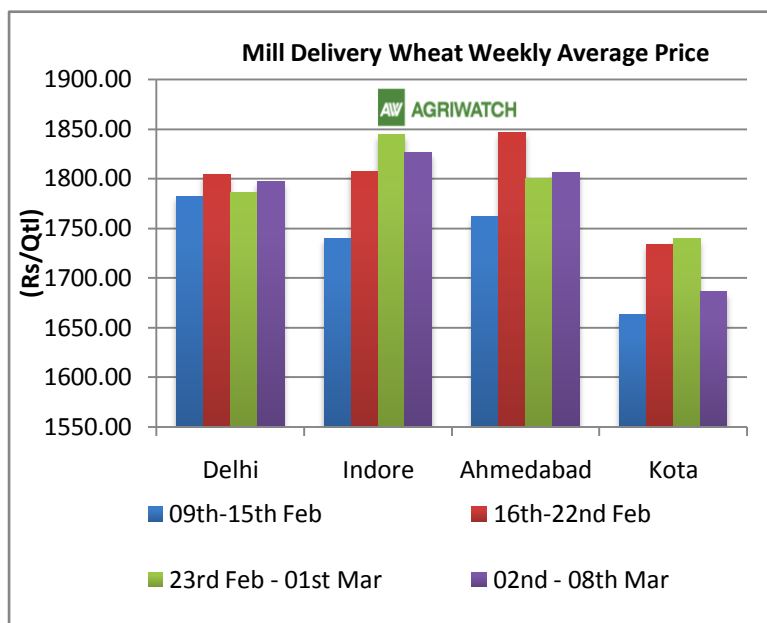


Source:IMD

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Delhi and Ahmadabad during 02nd–08th March. Prices are expected to remain steady to firm.

Arrivals are likely to pick up pace in coming weeks and prices may get support from buying activities from stockiest and millers in major states except Madhya Pradesh. Government is likely to be left with higher stock this year. Furthermore, government will procure in 2018-19 as well. This will leave government with ample supplies. Therefore, government may increase import duty on wheat to 30 or 40 percent from current 20 percent in order to sell in open market and to put a complete halt on imports.



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:

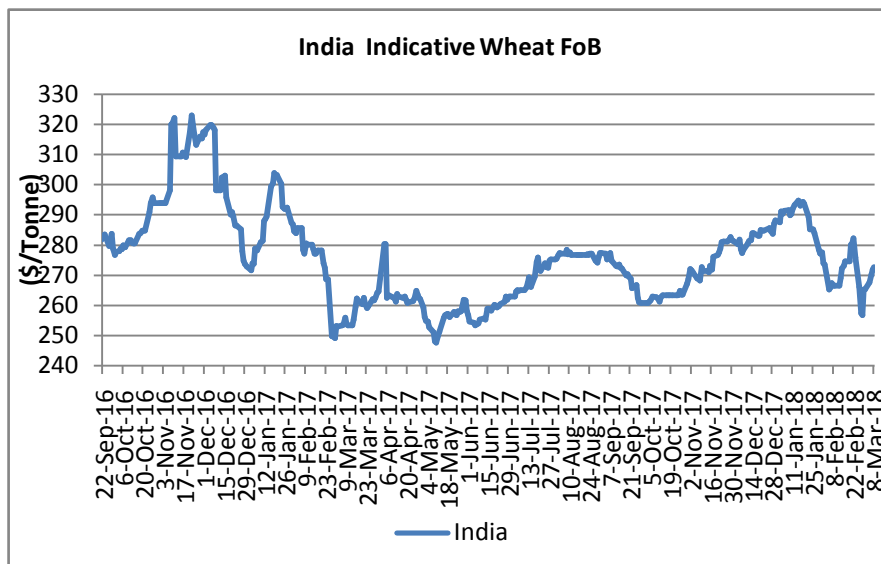
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 \$270-285 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
		7-Mar-18	28-Feb-18	7-Feb-18	7-Mar-17	
USA (Chicago)	2srw	215.76	211.24	197.80	193.40	11.56
France	FCW3	196.38	197.77	195.70	183.18	7.21
Australia	ASW	216.00	216.00	204.80	181.87	18.77
Russia	SRW	201.00	199.00	190.50	186.50	7.77
India	Fob	271.87	256.82	267.30	253.64	7.19

	08/03/2018	01/03/2018	22/02/2018	15/02/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	205	203	200	199
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	200	198	195	192

Wheat Futures Contact: NCDEX Price

Date: 09.03.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Mar	-42	1764	1765	1725	1728	1850	1,380	4850	-990
18-Apr	-1	1790	1795	1771	1781	300	290	900	110
18-May	-2	1744	1744	1744	1742	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
	8-Mar-18	28-Feb-18	8-Feb-18	8-Mar-17	
Indore	1778	1780	1676	1666	6.72
Delhi	1795	1765	1784	1950	-7.95
Kanpur	NA	1690	1680	1705	-
Rajkot	1680	1675	1645	1620	3.70
Kota	1719	1704	1641	1759	-2.27

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 lower production and expectation of increase in import duty or MSP. 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-Mar-18	6-Mar-18	1-Mar-18	8-Feb-18	8-Mar-17
Delhi	Lawrence Road	Mill Delivery	1800	1800	1780	1780	1950
	Narella	Mill Quality Loose	1700	1700	1700	1700	1800
	Nazafgarh	Mill Quality Loose	1685	1690	1690	1690	1800
Gujarat	Rajkot	Mill Delivery	1600	1580	1550	1550	1565
	Ahmedabad	Mill Delivery	1820	1800	1780	1710	1690
	Surat	Mill Quality Loose	1870	1830	1830	1740	1725
	Dhrol	Mill Delivery	1750	1680	NA	1755	1760
M.P.	Indore	Mill Quality Loose	1750	Closed	1750	1650	1650
	Bhopal	Mill Delivery	1800	Closed	1710	NR	1600
Rajasthan	Kota	Mill Quality Loose	1615	1580	Closed	1565	1650
		Mill Delivery	1750	1660	Closed	1660	1730
U.P.	Kanpur	Mill Delivery	1745	1740	Closed	1740	1895
	Mathura	Mill Quality Loose	1680	1638	Closed	1650	1725
	Kosi	Mill Quality Loose	1600	1620	Closed	1590	1790
	Hathras	Mill Quality Loose	NR	NA	NR	1660	1775
	Aligarh	Mill Quality Loose	1640	NR	NR	1590	1710
Punjab	Khanna	Mill Quality Loose	1740	1740	1710	1735	1630
	Ludhiana (Jagraon)	Mill Delivery	NR	NR	NR	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1730	1730	1725	1740
	Hodal	Mill Delivery	1750	1760	1750	1760	1850
	Bhiwani	Mill Quality Loose	1720	1720	Closed	1750	1750
	Karnal	Mill Quality Loose	1725	1725	1725	1710	NA



	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA
Tamil Nadu	Chennai	Mill Quality	2100	2115	Closed	2050	2100
	Madurai	Mill Quality	2157	2172	Closed	2107	2157
	Coimbatore	Mill Quality	2157	2172	Closed	2107	2157
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1800
	Muzaffarpur	Mill Delivery	1650	NR	Closed	1700	1800

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	1.036	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	3.5	3.6	3.59	0.28
J&K	2.955	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	9.4	10.57	-11.07
Punjab	35.13	35.1	35	0.29
Rajasthan	30.472	30.2	30.67	-1.55
Uttar Pradesh	97.59	98.67	100.52	-1.84
Uttarakhand	3.53	3.58	3.594	-0.39
West Bengal	3.28	1.36	3.39	-59.91
Others	0.186	0.75	0.26	185.17
All-India	304.43	304.29	317.88	-4.27

Source: Ministry of Agriculture

International Market Update:

Russian milling wheat prices have become firm by \$3-4 per tonne compared to last week. Strengthening ruble, higher domestic prices 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 \$206-207.50/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$206.50-208/tonne.

Japan is likely to raise prices of imported wheat, for domestic millers, by 3.5 percent. As of now the average price is around 54370 yen (\$513) per tonne. This move was taken due to higher price quotes by supplier, increase in shipping rates and a weaker yen. Japan buys most of its milling wheat through import tenders from Australia, Canada and the United States.

Major feed-mill group of south korea has purchased around 65000 tonnes of feed wheat at \$233.40/tonne cost and freight. Around \$1.5 per tonne will be charged for port unloading. The quantity is likely to be shipped between May 11 and June 10. Feed wheat can be sourced from any origin except Pakistan, India, Denmark and Argentina.

As per latest update, China has lifted embargo on import of wheat from Russia's Amur and Chelyabinsk region. In 2016, China lifted embargo from Russia's Novosibirsk, Novosibirsk, Krasnoyarsk and Altai regions. China bought 0.4 percent (17966 tonnes) of its total wheat from Russia in 2017.

Russian agriculture consultancy, SovEcon has estimated Russia is likely to export 3.2 MMT and 2.7 MMT of wheat in the month of February'18 and January'18. Russia has exported around 21.32 MMT of wheat in July-December'17. Russia, was able to capture export share of Australia in international market. Russia produced record crop of wheat and was able to sell at more competitive prices compared to Australia.

The state grains agency of Tunisia has purchased around 25000 tonnes of durum wheat in a tender which closed on Friday. The durum wheat can be sourced from optional origins and has been purchased at \$288.25 a tonne (Cost and Freight). The said quantity must be shipped between August and September.

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.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2014-15	2015/16	2016/2017	2017-18 (Forecast)	
			(Estimate)	18.01.2018	22.02.2018
Production	730	737	754	757	757
Trade	153	166	176	174	174
Consumptions	714	720	738	744	743
Carryover stocks	207	224	240	254	254
Y-O-Y change	16	17	16	-	14
Major Export	67	66	75	76	76

- IGC has increased its forecast for wheat to 757 MMT as on 22nd February-2018 for 2017-18. According to estimate by IGC for 2016-17, global wheat production was around 754 MMT against 737 MMT for 2015-16. The difference is around 17 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 decreased by 1 MMT to 743 MMT for 2017-18. The forecast is higher by 5 MMT compared to 2016-17.
- Carryout has been kept unchanged at 254 MMT for 2017-18. It is higher by around 14 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-Mar-18	28-Feb-18	4-Feb-18	5-Dec-17	4-Sep-17	7-Mar-17	
Mar-18	181.13	178.01	161.75	158.99	169.00	190.22	-4.78
May-18	182.69	181.86	166.25	163.49	173.78	191.97	-4.83
Jul-18	188.48	186.36	171.58	168.36	178.46	191.78	-1.72
Sep-18	194.35	191.51	176.81	173.50	183.98	195.00	-0.33
Dec-18	201.61	198.67	183.70	180.30	190.31	199.77	0.92
Mar-19	206.66	203.72	189.12	185.45	194.63	203.17	1.72

CBOT Mar-18

1st Support: 165.00
2nd Support: 163.00
1st Resistant: 196.00
2nd Resistant: 199.00
(\$ per tonne)

Wheat CBOT closed with some downward correction at \$4.89 per bushel. Drought conditions in southern plains kept CBOT wheat weak in past week. U.S. export sales during 23rd Feb- 01st Mar were 391500 metric tonnes, which is within trade expectations of 200000-500000 metric tonnes. Total known outstanding sales and accumulated exports of all classes of wheat for 2017/18, through March 1, 2018, were 22.0 million tonnes.

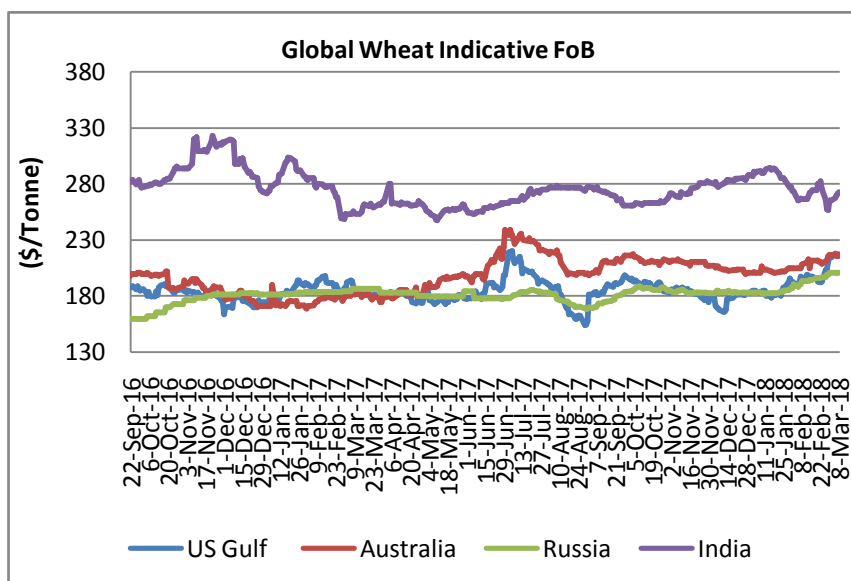


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$265.34-272.78 per tonne.

US and Russian quotes are hovering in the range of \$216.60 and \$201.00 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 \$195 to \$240 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 150.7 MMT in 2017-18 compared to 144.2 MMT in 2016-17. Russia and Ukraine are likely to harvest 84.9 MMT and 27.0 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 21.2 MMT in 2017 compared to 35 MMT in 2016 due to lower acreage and unfavorable weather conditions. Argentina is expecting to harvest around 17.9 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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