Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 1.47 percent to Rs. 1873.09 per quintal during the week ended 30th April 2018. Wheat average price were ruling at Rs 1845.93 per quintal during 16-23 April 2018. As compared to prices in the week 24-30 April 2017, the prices are weak by 4.92 percent. Prices are expected to remain steady to weak in coming days due to arrival pressure.

As of now, price of wheat mill quality loose are moving below MSP in all major producing states except Punjab and Haryana. Although production is slightly low this year but higher stock position with government as well as private trade has created ample availability. Wheat prices are likely to be under pressure until arrivals continue. Prices may get some support either from an increase in reserve price or putting a complete halt on imports.

Government agencies have started procurement since 15th March'18. Until 27th April'18 government has procured around 245.42 lakh tonnes of wheat. Of the total quantity procured, around 102.55 lakh tonnes have been procured from Punjab, 75.98 lakh tonnes from Haryana, 14.85 lakh tonnes from Uttar Pradesh, 43.22 lakh tonnes have been procured from Madhya Pradesh, 8.20 in Rajasthan, 0.24 lakh tonnes from Uttrakhand, 0.12 lakh tonnes from Chandigarh and 0.26 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT. Government can easily achieve its procurement target this year.

As per latest update, wheat stock in central pool as on 1st April'18 stood at 132.31 lakh tonnes down by 12.70% compared to last month. This quantity is higher by around 64.18% compared to last year for the same month. For the month of March'18 off take from central pool was around 19.24 lakh tonnes compared to 13.70 lakh tonnes for March'17 and 23.27 lakh tonnes for March'16. FCI has additional 51.72 lakh tonnes of stock as on 01st April'18 compared to last year for the same month.

As per latest update, until 26th April Traders and five government agencies have purchased a total of 71.92 lakh tonnes of wheat. Of the total quantity procured by government agencies around 21.27 lakh tonnes has been procured by food, civil supplies and consumer affairs department, 28.50 lakh tonnes by HAFED, 8.95 lakh tonnes by FCI and 13.18 lakh tonnes by Haryana warehousing corporation. Sirsa district has recorded highest arrival in the state, where 8.69 lakh tonnes of wheat has been procured.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. Traders are not quoting prices for APW due to lower availability. As of now Tuticorin port price ASW at Rs 1930-1940 per quintal and Ukrainian wheat at Rs 1795-1805 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around $257.48 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $206.30, $210.70, Euro 159.25, $213.68 and $221.60 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 1.5 million tonnes in MY 2018-19.

Previous Updates:

As per Agriwatch preliminary estimate, production is likely to be around 93.5 MMT compared to 95.0 MMT last year. Total availability is likely to be around 109.97 MMT, lower compared to last year because of lower acreage. Carry out is expected to be around 14.67 MMT for 2018-19 compared to 14.97 MMT for 2017-18.

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.

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

Trade Call: *Stakeholders should trade in May contract taking care of lower and upper price tag of Rs. 1662 & 1782 respectively.*

Wheat Weekly Export:

Week On Week Exports	Quantity in MT	Average FoB ($/T)
01-08 March-2018	273.51	368.68
09-15 March-2018	363.64	295.83
16-23 March-2018	596.84	378.54
24-31 March-2018	610.13	402.12
Total	1844.12	

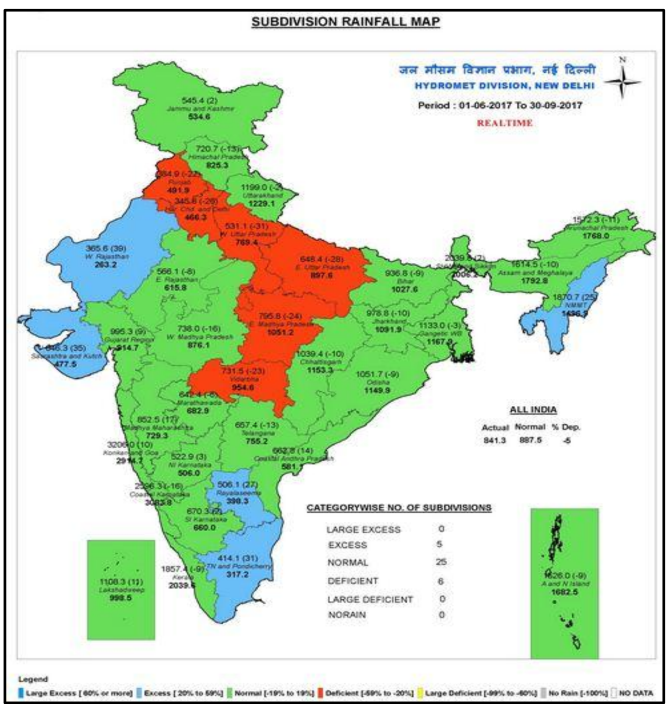
Source: Trade

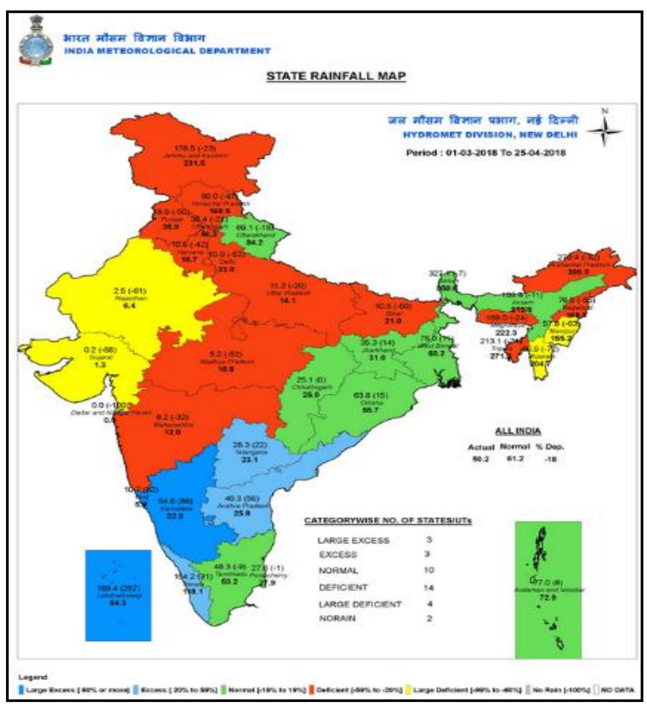
Wheat Import:

Date	Source	Port	Quantity in MT	Ave CiF ($/T)
27th Feb-2018	Australia	Tuticorin	30780.34	256.5
	Total		30780.34	

As per trade sources no quantity has been imported in the month of March-2018.
Source: Trade

Weather Condition& Monsoon:



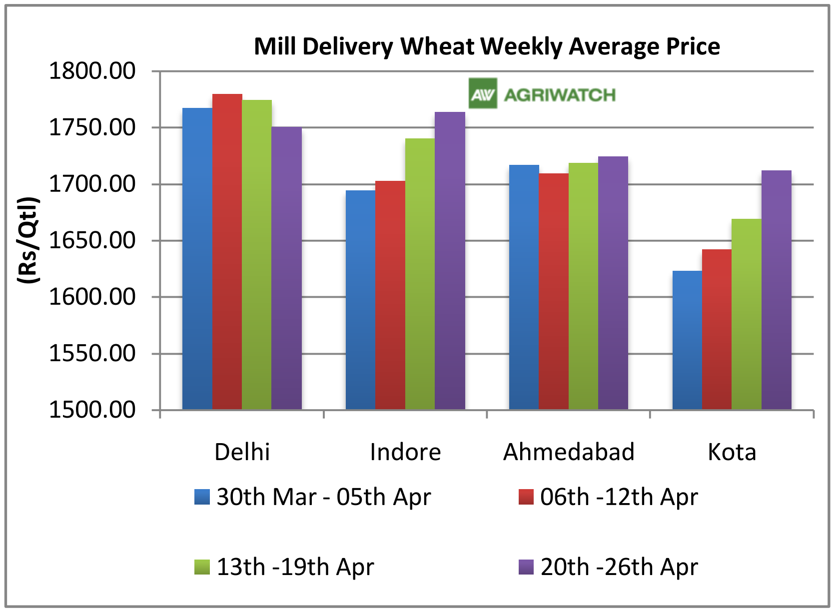


Source: IMD

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Ahmedabad, Indore and Kota during 20th -26th April. Prices are expected to remain steady to slightly weak.

Prices are expected to decrease in the coming week due to ample availability in the market. Arrival pressure has increased from central and north India. No new contracts have been entered to import wheat in bulk. As per market sources, government has decided not to increase import duty from current level of 20 percent to 40 percent due to lower production compared to previous year.



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 13th April-2018:

State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 13.04.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	0.50	0.14	0.01	**1300.00**
Haryana	74.00	12.49	20.99	**-40.50**
Madhya Pradesh	67.00	21.06	22.57	**-6.69**
Punjab	119.00	0.80	5.32	**-84.96**
Rajasthan	16.00	1.71	0.75	**128.00**
Uttar Pradesh	40.00	2.50	0.18	**1288.89**
Uttrakhand	1.00	0.01	0.01	**0.00**
All-India	**320.00**	**38.73**	**49.85**	**-22.31**

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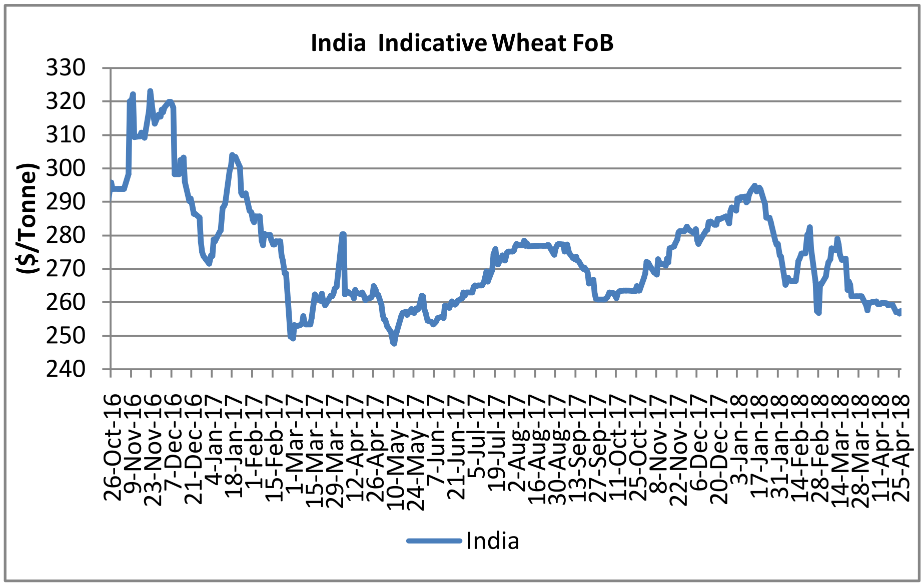
FOB Quote for Wheat at Kandla:

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 weak tone in the coming week and is likely to hover in the range of $250-260 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**
		25-Apr-18	**18-Apr-18**	**25-Mar-18**	**25-Apr-17**	
USA (Chicago)	2srw	218.05	211.70	205.90	175.90	**23.96**
France	FCW3	195.64	199.29	196.11	176.61	**10.78**
Australia	ASW	220.80	218.40	216.80	NA	-
Russia	SRW	206.50	205.50	202.50	180.50	**14.40**
India	Fob	256.58	259.20	261.78	262.18	**-2.14**

	26/04/2018	19/04/2018	12/04/2018	05/04/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	216	215	214	211
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	208	209	208	205

Wheat Futures Contact: NCDEX Price ***Date:27.04.2018***

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-May	**-10**	1710	1722	1680	1717	1070	**610**	2890	**280**
18-Jun	**-3**	1711	1734	1711	1728	120	**30**	190	**30**
18-Jul	-	-	-	-	-	-	-	-	-

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Wheat Technical Analysis:

Wheat –Technical Outlook | **Contract Expiry: 18th May,2018**

Technical Commentary:

- Rise in price and open interest indicates long buildup.
- 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	May	1672	1662	1717	1763	1782
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	May	Sell Below	1722	1702	1687	1734

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**
	26-Apr-18	**19-Apr-18**	**26-Mar-18**	**26-Apr-17**	
Indore	1733	1712	1688	1605	7.98
Delhi	1750	1758	1770	1728	1.27
Kanpur	1660	1660	1680	1561	6.34
Rajkot	1665	1611	NA	1619	2.84
Kota	1695	1694	1675	1615	4.95

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 slightly weak in coming week, as prices are likely to be under pressure due to arrivals. There is no problem at supply side due to ample availability. Procurement has reached around 77% of target (32 MMT). Government has no intention of increasing import duty from current level of 20 percent.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			26-Apr-18	25-Apr-18	19-Apr-18	26-Mar-18	26-Apr-17
Delhi	Lawrence Road	Mill Delivery	1750	1750	1760	1760	1735
	Narella	Mill Quality Loose	1670	Closed	1670	1700	1640
	Nazafgarh	Mill Quality Loose	1650	Closed	1650	1700	1615
Gujarat	Rajkot	Mill Delivery	1570	1575	1550	Closed	1525
	Ahmedabad	Mill Delivery	1730	1730	1715	Closed	1680
	Surat	Mill Quality Loose	1760	1760	1740	Closed	1720
	Dhrol	Mill Delivery	1800	1750	1730	Closed	1780
M.P.	Indore	Mill Quality Loose	1700	1700	1675	1700	1600
	Bhopal	Mill Delivery	1650	1625	1675	1650	1625
Rajasthan	Kota	Mill Quality Loose	1600	1600	1565	1540	1520
		Mill Delivery	1730	1750	1675	1630	1625
U.P.	Kanpur	Mill Delivery	1715	1715	1715	1745	1725
	Mathura	Mill Quality Loose	1560	1525	1560	1605	1550
	Kosi	Mill Quality Loose	1550	1555	1575	1615	1533
	Hathras	Mill Quality Loose	1640	1635	1635	1650	1610
	Aligarh	Mill Quality Loose	1580	Closed	1610	1600	1650
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1730	1630
	Ludhiana (Jagraon)	Mill Delivery	1760	1760	1760	NA	1725
Haryana	Sirsa	Mill Delivery loose	1735	1735	1735	1715	1625
	Hodal	Mill Delivery	1750	1705	1750	1700	1680
	Bhiwani	Mill Quality Loose	1725	1740	1740	1700	1625
	Karnal	Mill Quality Loose	NA	NA	1750	1700	1700

	Panipat	Mill Quality Loose	1735	1735	1735	1625	1625
Tamil Nadu	Chennai	Mill Quality	2050	2050	2000	2000	2000
	Madurai	Mill Quality	2107	2250	2150	2200	2150
	Coimbatore	Mill Quality	2107	2300	2200	2250	2200
Bihar	Khagariya	Mill Delivery	1550	1550	1600	1700	1600
	Muzaffarpur	Mill Delivery	1600	1600	1550	1620	1610

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 remained steady to weak by $0-1 per tonne compared to last week. Traders are focusing on new crop trading as grain season is coming to an end. 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 $210.00-216.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $210.00-213.00/tonne.

Algeria state grains agency OAIC has bought around 420000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of $224-225 per tonne (Cost and Freight). Origin of wheat is likely to be French. The country does not disclose the results of its tenders and purchase reports are based on trade assessments.

As per latest update, Russia's winter wheat growth has been delayed by two to three weeks due to cold weather in central areas and Volga valley. IKAR is expecting a production of 72-78 MMT down by around 9% compared to last year. India fulfils its import requirement of wheat from Black sea and Australia. Lower production in black sea region along with good demand from importing countries may lead to increase in prices.

As per latest update, NOFI has bought 63000 tonnes of feed wheat. The prices are likely to be around $220 per tonne (Cost and Freight). The origin is optional and the said quantity is likely to arrive by September 25th.

As per latest update, Japan's ministry of agriculture bought 101902 MMT of food quality wheat from United States and Canada. Around 68786 MMT has been bought from United States and around 33116 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between May 21 and June 20, 2018.

In financial year 2018-19, Egypt has decided to import 7 MMT of wheat at an average price of $220 per tonne (Cost and Freight). Furthermore, Egypt has set a price of $32-34 per ardeb (150 kg) for procuring in local market during financial year 2018-19.

GASC has purchased 475000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 355000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. GTCS offered 55000 tonnes of Russian wheat at FoB $217.00 per tonne; GTCS offered 60000 tonnes of Russian wheat at FoB $218.00 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB $218.40 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB $219.30 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB $219.30 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB $219.90 per tonne, Cargill offered 60000 tonnes of Romanian wheat at FoB $219.90 per tonne and Ameropa offered 60000 tonnes of Romanian wheat at FoB $219.65 per tonne

Iraq's state grain board has purchased around 100000 tonnes of hard wheat in a tender. Of the total quantity around 50000 tonnes was bought from U.S. at $332.17 per tonne C&F and 50000 tonnes was bought from Australia at $309.95 per tonne C&F.

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.

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected)	
				22.03.2018	26.04.2018
Production	737	754	758	741	739
Trade	166	175	175	179	179
Consumptions	719	736	740	744	745
Carryover stocks	226	244	263	253	257
Y-O-Y change	18	18	18	-	-6
Major Export	67	80	84	66	72

- *IGC has projected global wheat production to be 739 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 758 MMT against 754 MMT for 2016-17. The projection for global production is lower by 19 MMT compared to forecast for 2017-18. IGC has projected lower production for 2018-19 however; carryover stocks are still at higher side.*
- *Trade projection for 2018-19 has been increased to 179 MMT. It is 4 MMT higher compared to forecast for last year and higher by 13 MMT compared to 2015-16.*
- *Consumption has been increased by 1 MMT to 745 MMT for 2018-19. The projection is higher by 9 MMT compared to 2016-17.*
- *Carryout for 2018-19 is projected at 257 MMT compared to forecast of 263 MMT last year. 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**
	25-Apr-18	**18-Apr-18**	**28-Mar-18**	**25-Jan-18**	**26-Oct-17**	**25-Apr-17**	
May-18	178.65	174.61	163.68	166.71	170.57	181.31	**-1.47**
Jul-18	183.33	179.75	170.01	171.39	175.80	183.70	**-0.20**
Sep-18	189.30	186.27	176.17	176.44	181.68	186.91	**1.28**
Dec-18	197.75	194.91	184.07	183.24	188.29	191.05	**3.51**
Mar-19	204.37	201.70	189.95	188.48	193.07	193.90	**5.40**
May-19	207.49	205.19	193.16	191.05	194.91	194.81	**6.51**

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30th, April-2018

CBOT May-18

1st Support: 162.00
2nd Support: 160.00
1st Resistant: 189.00
2nd Resistant: 191.00
($ per tonne)

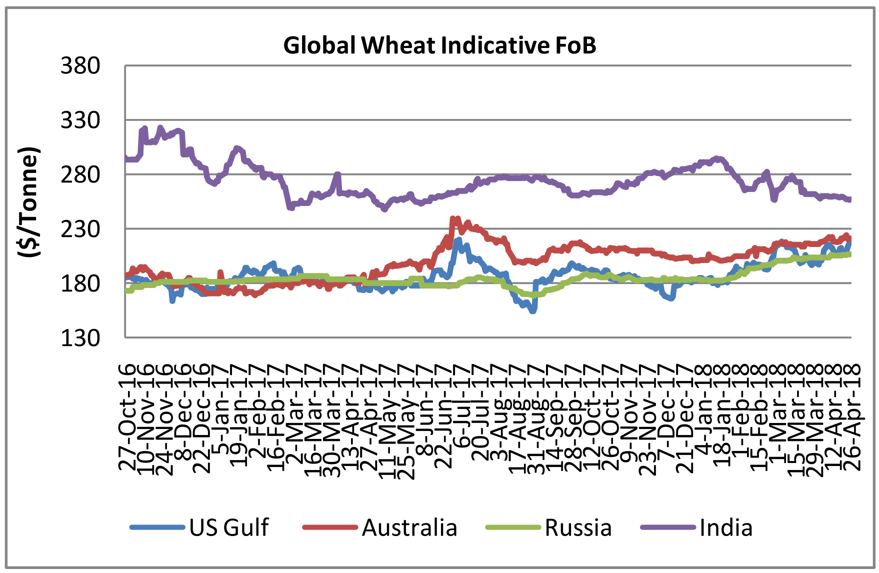
Wheat touched month low at $ 4.95 a bushel on 20th April. U.S. export sales in the week of April (13th- 19th April) were 297200 tonnes. The sales were above the trade expectation of 100000-200000 tonnes. On April 23, USDA rated 31% of the winter wheat crop in good to excellent condition, unchanged from last week, and 37% of winter wheat is in poor or very poor condition.

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 $256.58-259.30 per tonne.

US and Russian quotes are hovering in the range of $213.68 and $206.30 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 $230 in coming week.



International Weekly Outlook:

Global wheat market is expected to trade steady to weak due to ample availability. EU is likely to produce around 148.5 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 74.50 MMT and 26.7 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 47.50 MMT compared to last year's 47.40 MMT. Australia is likely to produce 24.30 MMT in 2018-19 compared to 21.20 MMT in 2017-18 as acreage is likely to return to normal level. Argentina is expecting to harvest around 17.1 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 29.9 MMT in 2018-19 compared to 30.0 MMT in 2017-18.