AGRIWATCH

Wheat Weekly Research Report
07th, May-2018

Wheat Weekly Research Report

Contents

Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 2.94 percent to Rs. 1818.02 per quintal during the week ended 08th May 2018. Wheat average price were ruling at Rs 1873.09 per quintal during 24-30 April 2018. As compared to prices in the week 01-08 May 2017, the prices are weak by 8.79 percent. Prices are expected to remain steady to firm in coming days due to decrease in arrival pressure and aberration in weather.

Government agencies have started procurement since 15th March'18. Until 04th May'18 government has procured around 287.78 lakh tonnes of wheat. Of the total quantity procured, around 119.37 lakh tonnes have been procured from Punjab, 82.63 lakh tonnes from Haryana, 21.83 lakh tonnes from Uttar Pradesh, 52.71 lakh tonnes have been procured from Madhya Pradesh, 10.39 in Rajasthan, 0.41 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh and 0.30 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.

At export front, prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is around $59-65 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $206.50/211.50 per tonne on FoB basis while Indian FoB at Kandla port comes to $270.78 per tonne. India exported 1.84 thousand tonne wheat in March. Total export in MY 2017-18 was registered around 211.60 thousand tonne. There is no hope for recovery at export front this year.

Supply side for FAQ is likely to be normal as ample stock is available in the market due to good production and high imports. Government is procuring intensively and is likely to achieve its procurement target. Demand from south Indian millers is low even after application of 20% import duty. Good production and Imports, have kept demand for central and north Indian wheat at lower levels this year.

As per latest update, Punjab has procured around 121.64 LMT of wheat until 05th May. PUNGRAIN had procured 2.80 LMT, MARKFED had procured 2.66 LMT, PUNSUP had procured 2.34 LMT, PSWC had procured 16.55 LMT, PAFC had procured 12.07 MT and FCI had procured 14.38 LMT of wheat. Highest procurement was reported in Sangrur district at 10.96 LMT.

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 1955-1965 per quintal and Ukrainian wheat at Rs 1805-1815 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around $266.28 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $206.40, $211.50, Euro 164.38, $229.43 and $226.74 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 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 firm in the coming week.*

Trade Call: *Stakeholders should trade in May contract taking care of lower and upper price tag of Rs. 1701 & 1800 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	

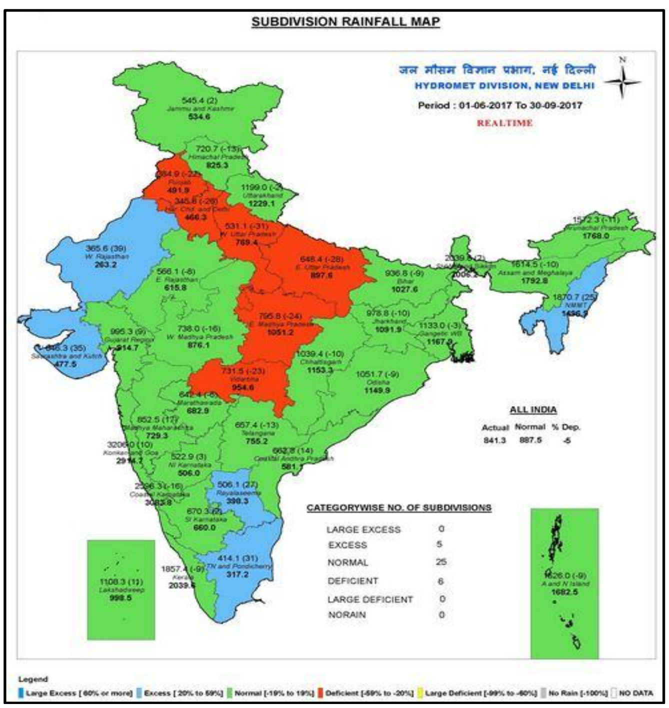
Source: Trade

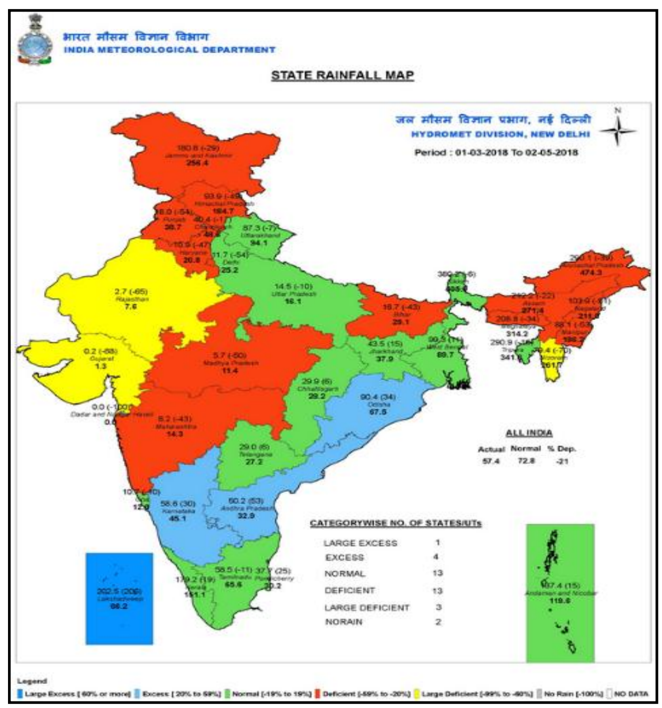
Wheat Import:

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

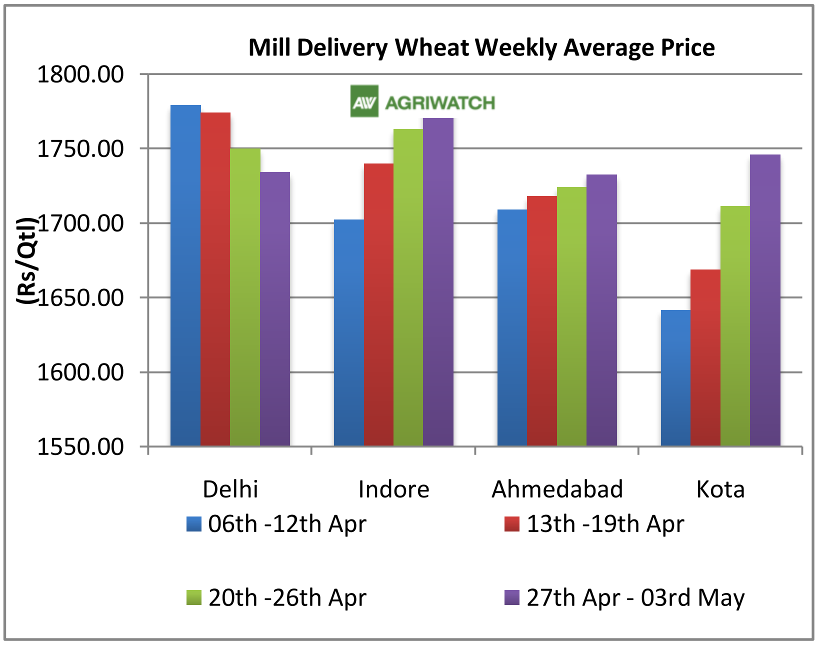
AGRIWATCH

Wheat Weekly Research Report
07th, May-2018

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Ahmedabad, Indore and Kota during 27th April-03rd May. Prices are expected to remain steady to firm in the week.

Prices are expected to increase in the coming week. Quality of wheat is not a concern this year as good quality wheat is available at lower prices. As of now Wheat (loose) prices are hovering below MSP in all major producing states except Punjab and Haryana. Increase in reserve price by government for sales in open market is likely to provide support to domestic prices. Progressive procurement is lower compared to last year during the same period.



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						

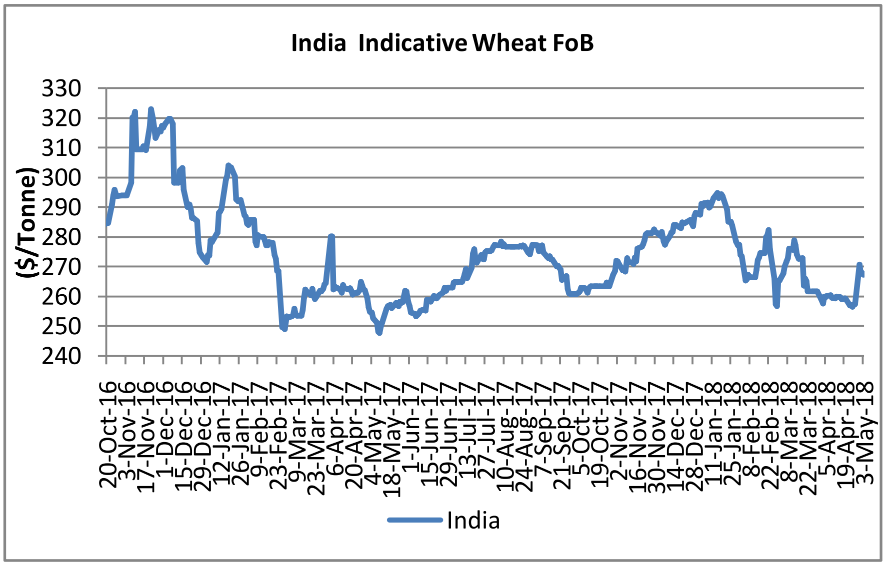
Procurement As on 26th April-2018:

State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 26.04.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	0.50	0.24	0.03	**700.00**
Haryana	74.00	74.44	65.92	**12.92**
Madhya Pradesh	67.00	41.63	43.80	**-4.95**
Punjab	119.00	96.61	93.66	**3.15**
Rajasthan	16.00	7.74	5.59	**38.46**
Uttar Pradesh	40.00	13.61	5.44	**150.18**
Uttrakhand	1.00	0.21	0.01	**2000.00**
All-India	**320.00**	**234.61**	**214.52**	**9.37**

FOB Quote for Wheat at Kandla:

Wheat FoB quote in India witnessed 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 $255-275 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**
		2-May-18	**25-Apr-18**	**30-Mar-18**	**2-May-17**	
USA (Chicago)	2srw	229.90	218.05	198.75	182.40	**26.04**
France	FCW3	198.92	195.64	197.99	179.46	**10.84**
Australia	ASW	228.00	220.80	NA	187.11	**21.85**
Russia	SRW	206.50	206.50	203.50	180.50	**14.40**
India	Fob	268.02	256.58	NA	256.23	**4.60**

	03/05/2018	26/04/2018	19/04/2018	12/04/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*216*	*216*	*215*	*214*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*208*	*208*	*209*	*208*

Wheat Futures Contact: NCDEX Price ***Date:04.05.2018***

Contract Month	*Change from previous day*	*Open*	*High*	*Low*	*Close*	*Volume*	*Change From previous day*	*Open Interest*	*Change From previous day*
18-May	***6***	*1724*	*1757*	*1720*	*1730*	*850*	***300***	*2180*	***-580***
18-Jun	***3***	*1745*	*1757*	*1740*	*1751*	*950*	***300***	*1490*	***730***
18-Jul	-	-	-	-	-	-	-	-	-

Wheat Weekly Research Report
07th, May-2018

Wheat Technical Analysis:

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

Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- RSI is moving in overbought region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	May	1710	1701	1738	1791	1800
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	May	Buy Above	1737	1762	1777	1722

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**
	3-May-18	**26-Apr-18**	**2-Apr-18**	**2-May-17**	
Indore	1760	1733	1688	1597	10.21
Delhi	1740	1750	1770	1712	1.64
Kanpur	1655	1660	1655	1563	5.89
Rajkot	1663	1665	1615	1590	4.59
Kota	1712	1695	1671	1637	4.58

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 coming week, as prices are likely to get support from decrease in arrivals and weather aberrations. 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
			3-May-18	2-May-18	26-Apr-18	3-Apr-18	3-May-17
Delhi	Lawrence Road	Mill Delivery	1740	1720	1750	1755	1710
	Narella	Mill Quality Loose	1670	Closed	1670	1700	1635
	Nazafgarh	Mill Quality Loose	1650	Closed	1650	1670	1630
Gujarat	Rajkot	Mill Delivery	1600	1600	1570	1505	1475
	Ahmedabad	Mill Delivery	1720	1720	1730	1725	1670
	Surat	Mill Quality Loose	1780	1780	1760	1750	1700
	Dhrol	Mill Delivery	1760	1600	1800	2025	1665
M.P.	Indore	Mill Quality Loose	1700	1700	1700	1675	1600
	Bhopal	Mill Delivery	1650	1650	1650	1650	1600
Rajasthan	Kota	Mill Quality Loose	1630	1630	1600	1525	1500
		Mill Delivery	1750	1750	1730	1605	1600
U.P.	Kanpur	Mill Delivery	1725	1720	1715	1715	1710
	Mathura	Mill Quality Loose	1565	1565	1560	Closed	1550
	Kosi	Mill Quality Loose	1580	1572	1550	1605	1565
	Hathras	Mill Quality Loose	1660	1680	1640	NR	1635
	Aligarh	Mill Quality Loose	1585	Closed	1580	1600	1625
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1730	1620
	Ludhiana (Jagraon)	Mill Delivery	1760	1760	1760	0	1725
Haryana	Sirsa	Mill Delivery loose	1735	1735	1735	1715	1625
	Hodal	Mill Delivery	1750	1750	1750	1700	1690
	Bhiwani	Mill Quality Loose	1725	1725	1725	1700	1650
	Karnal	Mill Quality Loose	NA	NA	NA	1700	1645
	Panipat	Mill Quality Loose	1735	1735	1735	1625	1625

Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	2000	1950
	Madurai	Mill Quality	2107	2200	2250	2200	2150
	Coimbatore	Mill Quality	2107	2250	2300	2250	2200
Bihar	Khagariya	Mill Delivery	1550	1550	1550	1700	1650
	Muzaffarpur	Mill Delivery	1550	1550	1600	1625	1575

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. Fluctuations in Russian currency and exhausting stocks have haltered grain trading. 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 $211.00-216.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $210.00-213.00/tonne.

A flour mill in Indonesia has bought around 60000 tonnes of wheat at $220-222 per tonne from black sea due for shipment in August. Indonesia usually imports from Australia. However as prices are ruling higher, black sea is taking advantage of this situation and capturing market share of Australia by providing the required quantity at lower prices.

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.

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
	4-May-18	27-Apr-18	4-Apr-18	4-Feb-18	4-Nov-17	4-May-17	
May-18	188.29	178.65	167.44	170.57	168.18	189.30	-0.53
Jul-18	187.56	183.33	173.78	175.62	173.41	190.41	-1.50
Sep-18	193.34	189.30	180.03	180.58	179.29	193.80	-0.24
Dec-18	201.06	197.75	188.20	187.37	186.64	196.56	2.29
Mar-19	206.94	204.37	194.35	192.89	191.78	199.59	3.68
May-19	209.42	207.49	197.75	194.72	194.08	200.42	4.49

AGRIWATCH

Wheat Weekly Research Report
07th, May-2018

CBOT May-18

1st Support: 168.00
2nd Support: 166.00
1st Resistant: 218.00
2nd Resistant: 220.00
($ per tonne)

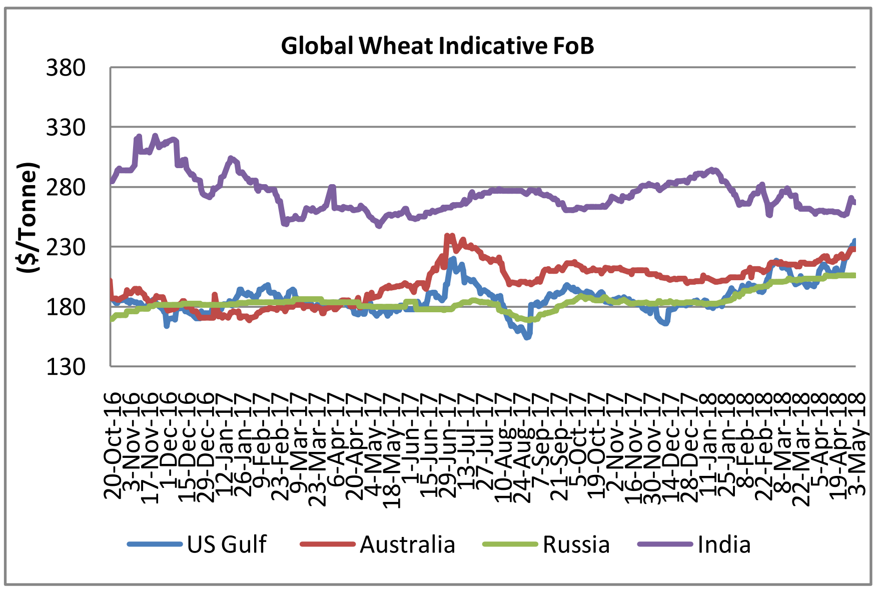
Wheat touched month low at $ 5.27 a bushel on 04th May. U.S. export sales in the week of April (20th -26th April) were 234800 tonnes. The sales were above the trade expectation of 0-200000 tonnes. On April 30, USDA rated 33% of the winter wheat crop in good to excellent condition, up from 31% last week, 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 $257.43-270.78 per tonne.

US and Russian quotes are hovering in the range of $229.43 and $206.40 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to firm and hover in the range of $200 to $255 in coming week.



International Weekly Outlook:

Global wheat market is expected to trade steady to firm due to unfavorable weather conditions in Australia and USA. 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.