

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat decreased by 0.58 percent from Rs 1905.68 (in June - 2018) to Rs 1894.67 per qtl in July-2018. Average price (July) is higher by 0.90 percent compared to price (Rs 1877.86 per qtl.) registered in July -2017. Prices are expected to trade steady to firm.

AW Production Estimate: As per Agriwatch estimate production is likely to be around 94.0 MMT compared to 95.5 MMT last year. Production is slightly lower this year due to lower acreage. Total availability is likely to decrease to 109.62 MMT from 110.33 MMT in 2017-18.

Export: At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$96-102 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$215.00/210.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$311.95 per tonne. India exported 2.30 thousand tonne wheat in May. Total export in MY 2017-18 was registered around 211.60 thousand tonne. Exports are likely to be higher in MY 2018-19 compared to MY 2017-18.

Import: At import front, government has increased import duty from 20 percent to 30 percent to reduce flow of imports and provide support to domestic prices. No quantity has been imported in the month of March, April, May or June. In February, India imported 0.30 lakh tonne wheat compared to 0.31 lakh tonnes in the month of January. Import quotes for wheat from different origins to Tuticorin port have become firm in the past weeks.

FoB/CiF Quotes: Indian FoB quote hovered around \$275.15-311.95 per tonne in May. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$187.50-215.00, \$191.50-210.00, Euro 181.00-210.75, \$202.70-232.84 and \$219.00-237.75 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in May. Russia and Australia are likely to harvest 68.50-69.00 MMT and 24-25 MMT respectively in 2018-19.

Supply-Demand: Supply side for FAQ is likely to be good as ample stock is available in the market due to good production and imports. Government has procured intensively and surpassed its procurement target of 32 MMT. Demand from south Indian millers is likely to pick up during lean season after application of 30% import duty. No import parity has also increased demand for domestic wheat.

Wheat Third Advance Estimate: As per third advance estimate, India is likely to produce 98.61 MMT of wheat compared to 98.51 MMT in previous year. The third advance estimate is higher by around 1.5 MMT compared to second advance estimate. The total food grain production is expected at record 279.51 MMT compared to 275.11 MMT last year.

Weather Update: India has received 384.7 mm of actual rainfall against 395.9 mm of normal rainfall during the period 01-June-18 to 25-July-18. During this time period, deficient rainfall was recorded in Uttar Pradesh, Bihar, Rayalseema, Jharkhand, etc. IMD has already issued its forecast for normal monsoon during June-September'18 and rainfall is expected to be 97% of the LPA. However, IMD may downgrade its forecast for Monsoon during August and September which will eventually lead to fall in the prediction for entire season.

Procurement Target: Government has fixed wheat procurement target at 32 MMT for 2018-19. Government has surpassed its procurement target as it has procured 34.19 MMT until 01st June'18. 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 uttrakhand.

E-Auction: Government has offered 3735950 tonnes of wheat in OMSS during the month of July-2018 out of which only 177400 tonnes was sold. Total numbers of rakes sold were 2. State government bought 85450 tonnes of wheat. 5300 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third and fourth quarter prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in short to medium term.

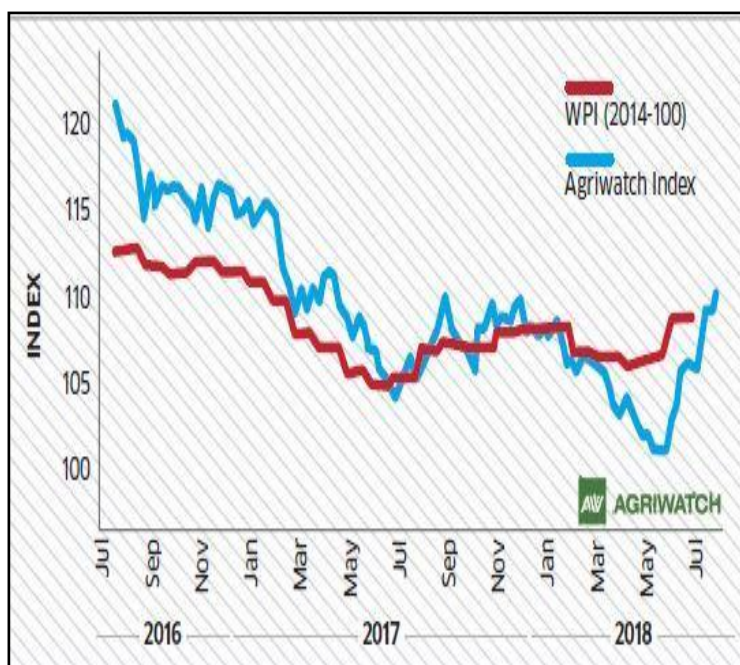
Trade Call: Market participants are advised to buy wheat at 1950 levels for a target of 2045 with a stop loss at 1920 on closing basis.

AW Cereals Index:

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The Agriwatch Agri Commodities Index rose 0.87 per cent to 110.08 during the week ended July 28, 2018 from 109.13 the previous week led by a broad based rally in the prices of agricultural commodities. The base for the Index and all sub-Indices is 2014 (= 100). Seven of the nine commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices gained during the week.

The commodity group sub-Indices gained during the week. The commodity group sub-Index values and their weekly changes are: Cereals: 114.74 (+1.44 per cent), Pulses: 111.33 (+0.72 per cent), Onion & Potato: 94.00 (+2.25 per cent), Edible Oils: 111.19 (+1.20 per cent), Oilseeds: 104.85 (+1.18 per cent), Spices: 116.73 (+2.90 per cent), Sweeteners: 105.13 (-0.82 per cent), Fibres: 114.37 (-0.59 per cent) and Other Non-Food Articles: 90.27 (+2.17 per cent).



"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."

India's Wheat Quarterly Balance Sheet For 2018-19:

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Wheat MY Runs From April To March (Figures in MMT)	2017-18	2018-19*	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	13.22	15.12	15.12	85.25	61.6	38.12
Production	95.5	94.00	94	0.0	0.0	0.0
Imports	1.61	0.5	0.0	0.15	0.3	0.05
Total Availability (A+B+C)	110.33	109.62	109.12	85.4	61.9	38.17
Consumption	95	95	23.8	23.7	23.7	23.8
Exports	0.21	0.3	0.07	0.1	0.08	0.05
Total Usage (E+F)	95.21	95.3	23.87	23.8	23.78	23.85
Carry out (D-G)	15.12	14.32	85.25	61.6	38.12	14.32
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.91	1.81	42.98	31.19	19.30	7.22
Stock to Consumption Ratio	0.02	0.02	1.81	1.32	0.81	0.30

*Agriwatch Wheat Production Estimate for Marketing Year 2018-19

Balance Sheet Highlights:

- Agriwatch expects a production of around 94.00 MMT for 2018-19 under normal weather and crop condition.
- Total availability is likely to be around 109.62 MMT, slightly lower compared to last year because of lower acreage.
- Carry out is expected to be around 14.32 MMT for 2018-19 compared to 14.62 MMT for 2017-18.

Supply-Demand Highlights:**(Back to Table of Contents)**

Demand for domestic wheat is likely to be good in MY 2018-19 as with increase in import duty to 30 percent there is no import parity. Furthermore, Production in exporting countries like Australia and Russia is likely to stay at lower side, which is keeping their export prices at higher side. Prices in Russia have already touched a 40-month high. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

As per latest update, wheat stock in central pool as on 1st July'18 stood at 418.01 lakh tonnes down by 4.47% compared to last month. This quantity is higher by around 29.52% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. The stock position as on 01st July'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

Domestic Market Highlights:

Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third quarter (October-December) and fourth quarter (January-March) the reserve price will be around Rs 1925 per quintal and Rs 1950 per quintal respectively. On this basis, market has already moved up by around Rs 150 per quintal. Therefore, from current level market is likely to move range bound to firm.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. As of now Tuticorin port price for ASW is Rs 2265-2275 per quintal and Ukrainian wheat is Rs 2055-2065 per quintal. Wheat supplies are likely to tighten this year. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Black sea region. As of now ASW is being quoted at AUD 305 per tonne at Kwinana port.

As per trade sources, after increase in import duty by 30 percent there is no parity for imported wheat. Price of imported wheat from Ukraine after duty and local expenses is coming around Rs 2400 per quintal at Bangalore. On the other hand, local wheat sourced from Uttar Pradesh for Bangalore is costing around Rs 2100 per quintal. Furthermore, there is no problem at supply side as ample domestic stock is available.

Previous Updates:

According to last 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 corresponding date last year.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 117.05 lakh tonnes from Punjab, 36.99 lakh tonnes from Uttar Pradesh, 12.45 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttarakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government could procure only 229 lakh tonnes due to lower production.

As per last update under GST, loose and unbranded wheat will not attract any duty, whereas a duty of 5% will be applicable on packed wheat sold under a brand name. Same is the case with flour and maida.

Area Coverage under Wheat Till 09th February-2018:

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State Wise Progressive Wheat Sowing 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 Pra.	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

Wheat Procurement RMS 2018-2019 (Source: FCI)

State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	11.90	12.69	11.70	8.46
Rajasthan	1.60	1.53	1.25	22.40
Uttar Pradesh	4.00	5.09	3.70	37.57
Others	0.10	0.19	0.02	850.00
All-India	32.00	35.53	30.83	15.24

Monthly Average Price Comparison:

All India average monthly prices for wheat decreased by 0.58 percent from Rs 1905.68 (in June -2018) to Rs 1894.67 per qtl in July-2018. Average prices moved steady to firm in all major states except Jharkhand, Karnataka, Madhya Pradesh and Uttarakhand.

Prices are likely to stay steady to firm due to decrease in arrivals and good domestic demand. Government has increased import duty from 20 percent to 30 percent to curb imports and provide support to domestic prices. IMD is likely to reduce its forecast for monsoon which will eventually affect the soil moisture for upcoming Rabi season. Government has surpassed its procurement target and can easily tackle any unexpected increase in prices.

Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Average mill delivery prices of Wheat traded firm in Delhi, Indore, Ahmedabad and Kota during 26th -26th July.

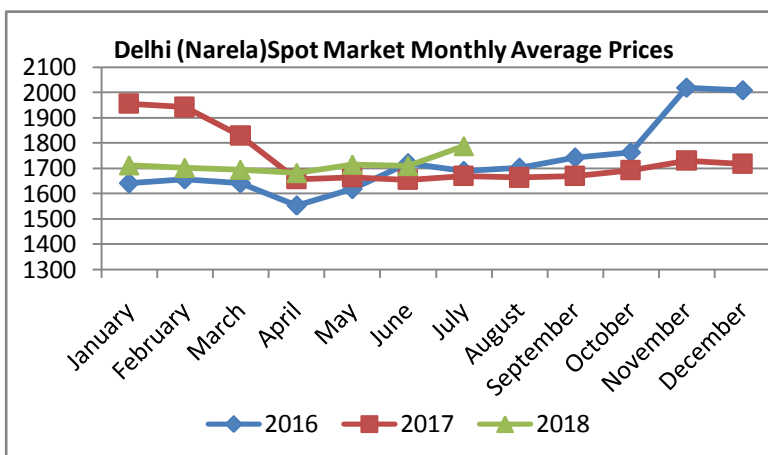
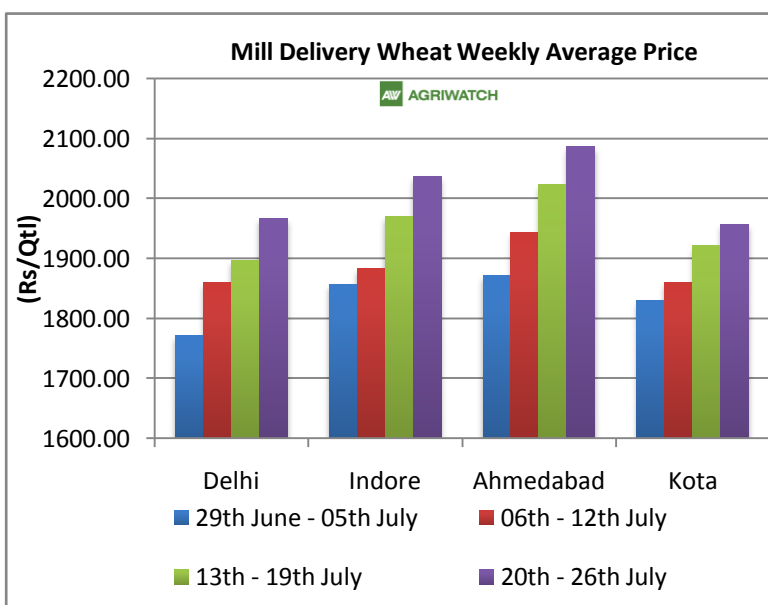
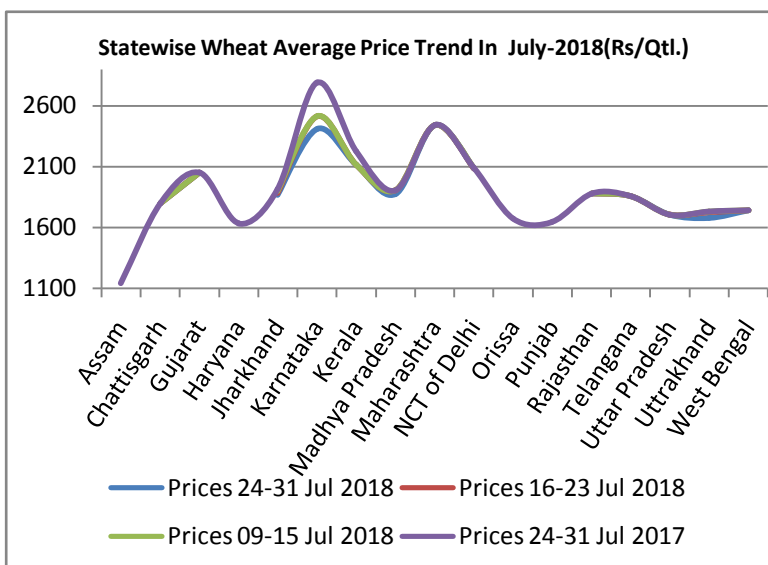
Major spot markets witnessed firm sentiments in previous week and market is likely to stay steady to firm in coming week. As of now demand for domestic wheat is good. Increase in reserve price from Rs 1790 per quintal in MY 2017-18 to Rs 1900 per quintal in MY 2018-19 has also provided support to domestic wheat prices. Abundant availability this year will allow government to control any unexpected price rise.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1710.24 in June-2018 to Rs 1789.76 per quintal in July-2018.

The prices are firm by 4.65 percent compared to last month and by 7.17 percent compared to corresponding month last year.

Arrivals in Narela have decreased by 1500 quintal to 8100 quintal in the month of July-2018.

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Wheat Exports:

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According to latest update, India exported around 2.17 thousand tonne wheat in the month of June-2018.

It is around 0.13 thousand tonnes lower compared to export quantity (2.30 thousand tonne) in June-2018. Overall condition for Indian wheat export is not favourable and export volume would remain low in coming months.

Export volume would increase but not much as prices in domestic market still ruling higher and other exporting countries are offering wheat at cheaper price (\$74 to \$102 per tonne lower from domestic price) with assured quality and delivery schedule. Huge gap between prices continue to affect wheat export from India.

Source: DGCIS/Trade

Year/Month	Wheat Export (Lakh Tonnes)	Average FoB (\$/T)	CBOT Average Quotes (\$/MT)
Apr 13 to Mar 14	55.59	282.82	241.6
Apr-14 to Mar-15	27.5	279.96	230.37
Apr-15 to Mar-16	2.01	294.88	179.9
Apr-16 to Mar-17	2.65	338.38	157.04
Apr-17 to Mar-18	2.11	NA	162.36
18-Apr	4.24	374.35	174.48
18-May	2.30	357.87	190.47
18-Jun	2.17	432.95	183.99
18-Jul			
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	8.71	388.39	182.98

Wheat Import:

India imported around 5.02 lakh tonne wheat during MY 2015-16. In 2017-18 MY India imported 1.6 MMT compared to around 6 MMT in last MY 2016-17. In the month of May and June-2018 India has not imported wheat. India imported around 30.78 thousand tonne wheat from Russia, Ukraine and Australia in February-18 compared to 31.08 thousand tonnes in January-18.

FoB quote in Black Sea region are hovering around \$215.00 per tonne in Russia and \$210.00 per tonne in Ukraine. Australia and France are also providing wheat at AUD 237.75 per tonne and Euro 210.75 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has increased import duty from 20% to 30% in order to curb imports and provide support to domestic prices.

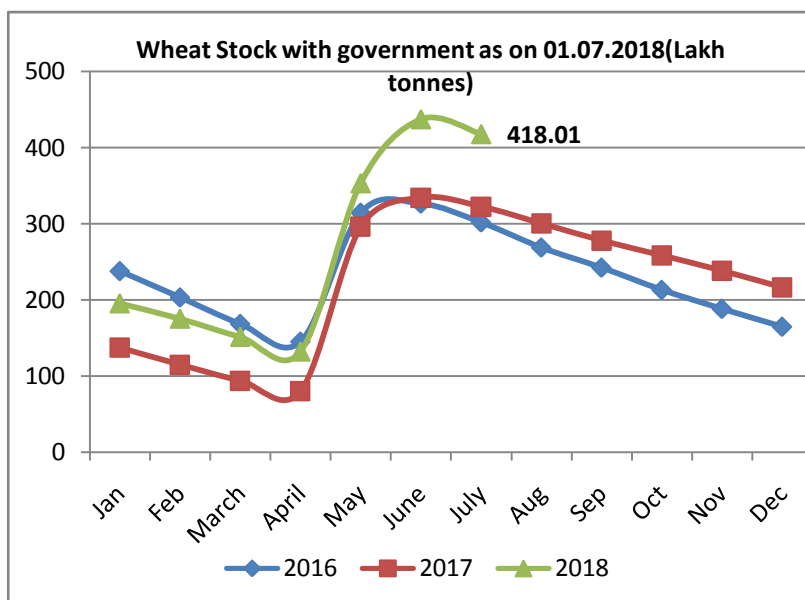
Source: DGCIS/Trade

Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-17 to Mar-18	1616.97	NA	162.36
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun	0.00	NA	183.99
18-Jul			
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	0.00	0.00	182.98

Wheat Stocks with the Government as on 1st of Every Month
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Wheat stock in government's warehouses on 01.07.2018 was around 418.01 lakh tonne. It is lower by 4.47 % from June-2018. Stock in central as on 01st July'18 is highest in last four years. Government has procured intensively and has surpassed its procurement target. Government has set reserve price at Rs 1900 per quintal for the second quarter, which will be increased by Rs 25 per quintal in each of two upcoming quarters i.e. second and fourth quarters. Higher stock position will enable the government to counter any unexpected rise in prices.

Government has decreased its procurement target to 32 MMT from last year's 33 MMT. Government has procured 30.82 MMT in RMS 2017-18.


Wheat Inflation:
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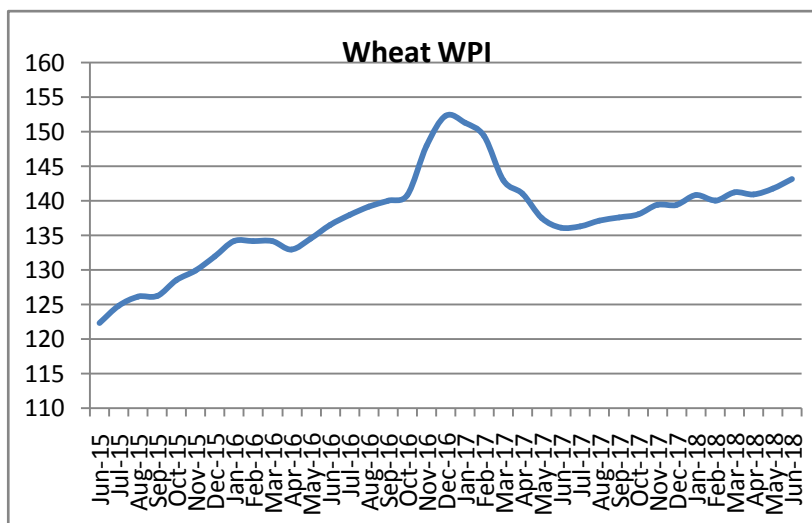
Month/Year	2014	2015	2016	2017	2018
Jan	130	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	143.1
Jul	121.9	124.8	137.9	136.3	
Aug	122.5	126.1	139.1	137.1	
Sep	121.8	126.2	140	137.6	
Oct	122.3	128.5	140.8	138.0	
Nov	123.7	129.9	147.9	139.4	
Dec	125.8	131.9	152.3	139.4	

Wheat WPI has increased slightly from 141.7 in May-2018 to 143.1 in June-2018.

Monthly wheat inflation has increased by 0.99 percent in June -2018 compared to previous month. As compared to June-2017 wheat WPI has increased by around 5.14 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 0.2 in June-18 to 141.0 compared to 140.8 in May-18.

Weight: 1.02823, base year-2011-12=100



Monthly Average Spot Prices

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Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
16-Jan	1698.18	1658.91	1693.18	1689.00	1852.27
16-Feb	1707.00	1613.48	1636.36	1660.63	1840.91
16-Mar	1698.40	1619.29	1581.52	1601.94	1831.52
16-Apr	1621.60	1665.79	1620.21	1632.38	1876.25
16-May	1677.69	1715.43	1660.00	1633.27	1913.04
16-Jun	1791.54	1825.40	1745.00	1773.20	2036.73
16-Jul	1778.27	1856.80	1765.42	1817.71	2089.58
16-Aug	1793.75	1877.39	1762.39	1796.75	2055.68
16-Sep	1810.40	1865.48	1749.00	1809.40	2061.00
16-Oct	1882.17	1871.43	1742.75	1831.09	2103.75
16-Nov	2150.00	2098.91	1997.37	2063.18	2310.53
16-Dec	2083.88	2018.69	1930.71	1949.63	2340.47
17-Jan	2061.60	1955.42	1936.88	1903.40	2312.50
17-Feb	1968.18	1824.77	1811.36	1779.29	2213.64
17-Mar	1899.81	1673.00	1669.23	1634.42	2053.84
17-Apr	1744.37	1649.32	1632.14	1627.37	1992.86
17-May	1735.74	1649.81	1606.15	1575.68	1988.08
17-Jun	1742.80	1650.45	1597.71	1594.79	1956.25
17-Jul	1760.58	1702.50	1645.87	1675.21	1950.00
17-Aug	1767.71	1762.17	1654.17	1705.00	1947.50
17-Sep	1763.40	1739.35	1629.29	1676.80	1940.00
17-Oct	1796.14	1728.75	1635.56	1649.47	2008.33
17-Nov	1846.00	1716.00	1660.77	1718.08	2050.83
17-Dec	1797.40	1741.30	1654.58	1751.88	2050.00
18-Jan	1801.4	1727.17	1686.46	1777.29	2054.17
18-Feb	1790.65	1773.41	1694.55	1685.45	2057.95
18-Mar	1779.40	1777.04	1707.04	1685.00	2084.55
18-Apr	1764.20	1731.88	1674.57	1636.80	2011.30
18-May	1753.52	1808.6	1773.46	1753.89	2100.77
18-Jun	1752.60	1857.14	1782.80	1802.50	2146.00
18-Jul	1899.42	1967.40	1911.15	1966.20	2228.46

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			2-Aug-18	1-Aug-18	26-Jul-18	2-Jul-18	2-Aug-17
Delhi	Lawrence Road	Mill Delivery	1990	1990	1965	1765	1770
	Narella	Mill Quality Loose	1900	Closed	NA	1715	1670
	Nazafgarh	Mill Quality Loose	1915	Closed	NA	1725	1670
Gujarat	Rajkot	Mill Delivery	1950	1970	Closed	1730	1600
	Ahmedabad	Mill Delivery	2060	2100	2100	1865	1755
	Surat	Mill Quality Loose	2100	2140	2125	1920	1790
	Dhrol	Mill Delivery	2015	2000	2035	1925	1620
M.P.	Indore	Mill Quality Loose	2050	2050	Closed	1775	1650
	Bhopal	Mill Delivery	2000	2000	1900	1970	1650
Rajasthan	Kota	Mill Quality Loose	1865	1860	1850	1725	1570
		Mill Delivery	1950	1960	1960	1825	1650
U.P.	Kanpur	Mill Delivery	1815	1820	1815	1740	1735
	Mathura	Mill Quality Loose	1805	1815	Closed	1610	0
	Kosi	Mill Quality Loose	1820	1825	Closed	1570	1585
	Hathras	Mill Quality Loose	1800	1800	1800	1620	1560
	Aligarh	Mill Quality Loose	1810	Closed	NA	1600	1600
Punjab	Khanna	Mill Quality Loose	1800	1800	1810	1690	Closed
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	1835	1835	1840	1745	1690
	Hodal	Mill Delivery	1920	1920	1920	1745	1740
	Bhiwani	Mill Quality Loose	1890	1880	1860	1690	1650
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1655
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2300	2325	2270	2100	1950
	Madurai	Mill Quality	2357	2450	2370	2300	2150
	Coimbatore	Mill Quality	2357	2500	2420	2350	2200
Bihar	Khagariya	Mill Delivery	1500	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1850	1850	1850	1525	1600

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased to 1386 tonnes in July-2018 compared to 1116 tonnes in June-2018. Currently wheat is being traded around Rs 1880-1900 per quintal in Narela.

Domestic Outlook:

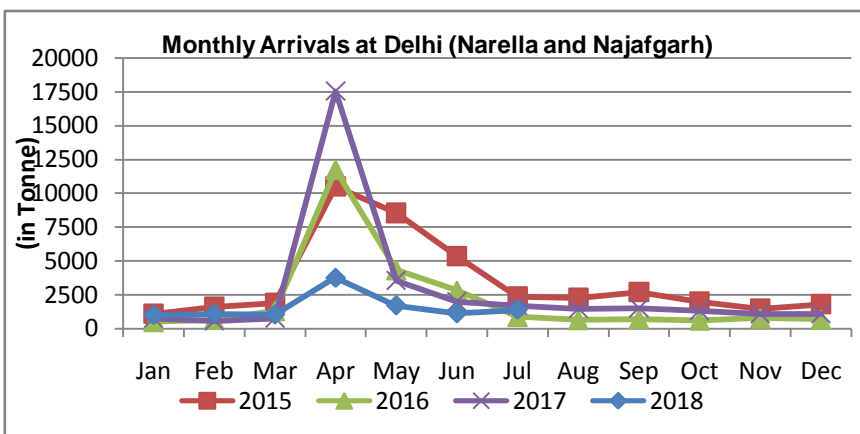
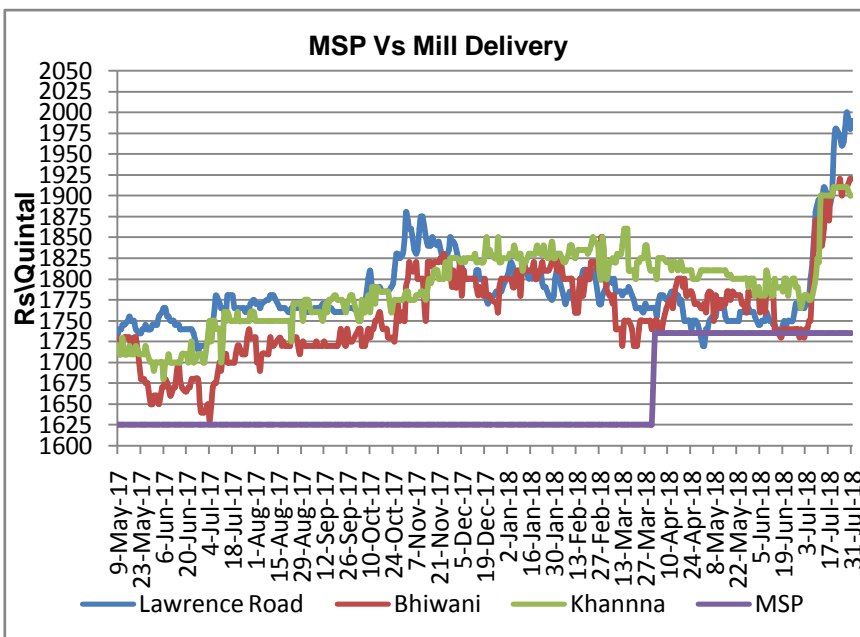
Wheat cash market is expected to trade steady to firm in August-2018 under normal conditions.

MSP Vs Mill Delivery Prices

Procurement season has ended and government has procured 3.5 MMT more than their target of 32 MMT. Prices are likely to pick up with upcoming festive demand.

As of now mill delivery prices in Lawrence road, Karnal and Khanna market are moving above MSP and are likely to move steady to firm in coming weeks.

Government increased minimum support price (MSP) of wheat from Rs1625 per quintal in 2017-18 to Rs1735 per quintal in 2018-19. Madhya Pradesh provided additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal.

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Wheat Technical Analysis:

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Wheat – Technical Outlook

C1 Continuous Chart

Technical Commentary:

- *Rise in price and fall in open interest indicates short covering.*
- *RSI is moving in overbought region.*
- *Prices closed above 9 and 18 days EMAs.*
- *Candlesticks are denoting steady to firm movement in past weeks.*

**Strategy: Buy**

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	1900	1890	1828	2070	2090
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	Buy	Above 1950	2000	2045	1920

* Do not carry-forward the position next month.

International Market Dynamics

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Russian milling wheat prices became firm by \$14-15 per tonne at Novorossiysk and \$13-14 per tonne at Odessa compared to last week. Good demand and lower crop size in major producing countries compared to last year is providing support to prices. As per USDA, Russia is expected to produce 67.00 MMT in 2018 compared to 84.99 MMT in 2017. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$224.00-230.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$222.00-228.00/tonne.

As per latest update, Japan's ministry of agriculture bought 107843 MT of food quality wheat from United States and Canada. Around 47178 MT has been bought from United States and 60665 MT of standard western red spring has been bought from west Canada. Shipments from United States will be loaded between Oct 01 and Oct 31, 2018 whereas shipments from Canada will be loaded between Sept 01 and Sept 30, 2018.

GASC has purchased 240000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 180000 tonnes has been sourced from Russia and 60000 tonnes has been sourced from Romania. Aston offered 60000 tonnes of Russian wheat at FoB \$235.50 per tonne, Ameropa offered 60000 tonnes of Romanian wheat at FoB \$238.22 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$238.00 per tonne and Posco offered 60000 tonnes of Russian wheat at FoB \$238.25 per tonne.

Algeria state grains agency OAIC has bought around 360000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$269.00 - \$272.00 per tonne (Cost and Freight). The quantity to be shipped is due in October.

Wheat Quality Australia (WQA) has downgraded some of its varieties to feed quality. Varieties such as meering, camm, mitre, annuello, mackellar, and H46 will only be received as feed. Furthermore, Australia is likely to produce 22 MMT of wheat in 2018-19 due to dry and hot weather and lower rainfall in east Australia. Australia's exports for 2018-19 are expected to be around 16 MMT. Furthermore, Australia is expected to face strong competition from Black sea region for market share.

As per latest update, France is likely to harvest 35.00 MMT of wheat compared to 36.6 MMT last year. Overall crop in EU is expected to be below 130 MMT due to hot and dry weather in northern/central parts of Europe.

As per latest update, Strategie Grains has reduced its estimate for 2018 European soft wheat crop, according to new estimate wheat crop is expected to be lower than 130 MMT. Increasing concerns about production in major exporting countries such as Russia, Australia and EU have supported global wheat prices.

As on 13th July Russia has harvested 24.6 million tonnes of wheat compared to 9.0 million tonnes a year ago for the same date. Around 6.3 million hectares of area has been harvested with an average yield of 3.88 tonnes per hectare compared to 1.9 million hectares with an average yield of 4.69 tonnes per hectare a year ago for same date. Russia is expected to harvest 68-69 million tonnes of wheat in 2018.

Egypt has procured 3.15 MMT of local wheat in this season compared to 3.6 MMT in last season. As per traders, local wheat has been purchased by the private sector at \$222.16 per tonne while the government was buying at around \$ 203.27 per tonne. The price gap created an opportunity for private sector to pay for local wheat in Egyptian pound rather than USD. Lower wheat procurement is indicating that GASC has to import more to fill its supply gap.

Global Wheat Average FoB

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Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
Mar-17	184.38	208.66	185.53	188.70	190.52	169.12	233.57	240.05
April-17	179.76	196.86	190.56	184.82	186.55	161.57	234.79	239.16
May-17	177.40	208.15	191.10	182.13	183.87	159.34	252.21	254.12
June-17	186.20	236.90	190.42	181.53	184.38	162.19	270.11	272.91
July-17	203.60	248.63	196.55	188.48	191.95	170.54	299.85	303.94
Aug-17	172.38	213.70	188.36	187.23	188.63	158.98	269.48	272.26
Sept-17	188.79	228.80	176.06	185.08	186.67	158.15	264.04	267.94
Oct-17	190.38	228.60	180.85	192.23	193.23	159.76	264.63	273.16
Nov-17	183.22	236.03	176.69	189.76	191.74	158.39	262.64	269.91
Dec-17	176.24	240.48	178.47	189.56	191.42	156.75	254.79	265.05
Jan-18	184.85	248.87	179.03	190.76	193.10	154.65	253.60	263.90
Feb-18	196.45	257.73	187.58	198.73	200.43	158.15	262.23	273.23
Mar-18	207.81	262.21	230.00	206.43	207.43	159.13	269.62	279.62
Apr-18	211.06	250.57	230.00	210.58	211.74	161.69	276.08	281.05
May-18	226.06	261.00	203.42	208.48	211.78	165.17	291.61	293.13
June-18	216.21	247.86	203.73	199.24	202.26	170.69	301.95	302.85
July-18	226.21	241.31	213.00	203.70	204.91	193.27	296.86	297.68

Source: Reuters

*Figures in \$/Tonne

** Figures in Euro/Tonne

*** Figures in AUD/Tonne

Indicative Freight Quotes

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Date	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)
01.06.2018	8.54	19.84	42.78	36.70
08.06.2018	10.08	21.16	42.51	36.48
15.06.2018	10.27	21.79	42.47	36.29
22.06.2018	9.33	21.05	42.05	36.09
29.06.2018	9.46	21.16	41.72	35.69
06.07.2018	9.69	21.34	41.91	35.74
13.07.2018	11.02	22.64	45.03	38.76
20.07.2018	11.32	22.53	44.75	38.66
27.07.2018	11.79	22.87	46.60	40.25
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

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China: On 11 June, the Ministry of Finance in China, through Communication No. 4/2018, lowered applied tariff rates on Argentinian bulgur wheat from 30 percent to 10 percent and on some cereal-based products from 25 percent to 10 percent. The new tariffs take effect 1 July 2018.

Japan & North Korea: On 15 June, the Ministries of Agriculture in Japan and the Republic of Korea temporarily banned sales of Canadian wheat after a genetically-modified trait was found in wheat coming from Alberta Province. On 26 June, the Republic of Korea lifted this temporary suspension on sales of Canadian wheat, as it had not discovered any unapproved genetically modified strains during tests on imports from Canada.

Mexico: On 7 June, Mexico notified the WTO of phytosanitary requirements for buckwheat imports from the Russian Federation. The requirement mandates a phytosanitary certification from the Russian Federation containing information on shipments to be free of pests including *Circium arvense*, *Fagopyrum tataricum*, *Galeopsis speciose* and *Sonchus arvensis*. In addition, it requires necessary treatment either at the point of origin or at the point of entry, which would further go through a risk assessment in Mexico for verification. The requirements are subject to change upon detection of quarantine pests. The final date for receiving comments on the measure is 6 August 2018 (G/SPS/N/MEX/350).

Vietnam: On 5 June, VietNam resumed wheat imports from Ukraine and introduced strict bio security control over grain imported from Ukraine. In 2015, Viet Nam temporarily stopped buying wheat from Ukraine due to contamination of shipments with grain weevils.

India: On 23^d May, Import duty on Wheat has been increased from 20% to 30% vide Notification No. 46/2018-Customs.

Spot Prices Black Sea Region

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Date	27.06.2018	04.07.2018	11.07.2018	18.07.2018	25.07.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	193.0-198.0	195.0-200.0	198.0-201.0	199.0-202.0	208.0-212.0
Milling wheat 11.5%	188.0-192.0	188.0-191.0	194.0-197.0	192.0-196.0	196.0-201.0
Feed wheat	184.0-187.0	183.0-186.0	184.0-187.0	184.0-188.0	187.0-192.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	195.0-199.0	197.0-200.0	199.0-201.0	200.0-205.0	210.0-215.0
Milling wheat 11.5%	190.0-193.0	188.0-192.0	185.0-190.0	191.0-196.0	200.0-205.0
Feed wheat	181.0-187.0	181.0-185.0	183.0-186.0	182.0-186.0	187.0-191.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			18.07.2018	25.07.2018
Russia	Wheat, 12.5% protein	Oct-Nov	207-211	220-225
Ukraine	Wheat, 11.5% protein	Oct-Nov	196-203	203-207
Ukraine/Russia	Feed wheat	Oct-Nov	186-189	185-200

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)
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IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected)	
				02.07.2018	26.07.2018
Production	737	752	758	737	721
Trade	166	177	177	177	176
Consumptions	718	736	736	743	739
Carryover stocks	227	243	265	256	247
Y-O-Y change	19	16	22	-	-18
Major Export	63	79	82	70	63

IGC Balance Sheet Highlight:

- IGC has projected global wheat production to be 721 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 758 MMT against 752 MMT for 2016-17. The projection for global production is lower by 37 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 decreased to 176 MMT. It is 1 MMT lower compared to forecast for last year and higher by 10 MMT compared to 2015-16.
- Consumption has been increased by 3 MMT to 739 MMT for 2018-19. The projection is higher by 3 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 247 MMT compared to forecast of 265 MMT last year. It is higher by around 4 MMT compared to estimate of 2016-17.

USDA Balance Sheet
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USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.08.2018)							
Country	Opening Stock 2018-19	Production projected 2018-19	Domestic Consumption 2018-19	Import 2018-19	Export 2018-19	Ending Stock 2018-19	Production 2017-18
Argentina	700	19,500	5,700	10	14,200	310	18,000
Australia	4,898	22,000	8,100	150	16,000	2,948	21,300
Canada	5,606	32,500	9,100	500	24,500	5,006	30,000
China	126,819	128,000	122,000	4,500	1,200	136,119	129,770
EU	14,387	145,000	127,000	5,500	27,500	10,387	151,581
India	13,203	97,000	98,000	500	400	12,303	98,510
Pakistan	4,830	25,500	25,300	10	1000	4,040	26,674
Russia	10,222	67,000	39,000	600	34,000	4,822	84,992
Ukraine	1,404	25,500	9,400	25	16,500	1,029	26,981
U S	29,945	51,205	31,489	3,674	26,535	26,800	47,371
Others	61,484	123,050	271,018	167,216	23,618	57,114	122,737
World total	273,498	736,255	746,107	182,685	185,453	260,878	757,916

Source: USDA

CBOT Futures July-18 Chart:

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1st Support: 182.00
2nd Support: 180.00
1st Resistant: 227.00
2nd Resistant: 229.00
(\$ per tonne)

Wheat CBOT closed at \$5.56 per bushel. U.S. export sales during 22nd June-26 August was 1644000 tonnes compared 1347057 tonnes during 25th May- 21st June. On July 30, USDA reported winter wheat harvest was 85% complete, slightly behind of the 5-year average of 86%. USDA reported U.S. spring wheat harvest is 4% complete, in line with the 5-year average. USDA rated 78% of spring in good to excellent condition down from 79% last week.



CBOT comparison over period of time:

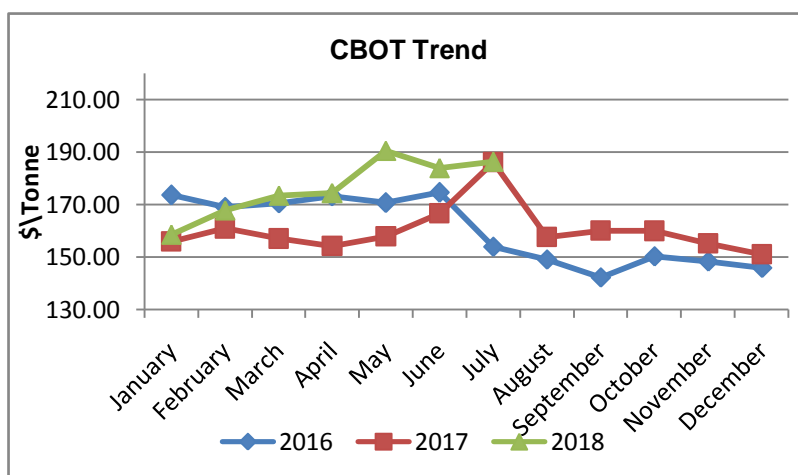
CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Aug-18	25-Jul-18	2-Jul-18	2-May-18	1-Feb-18	1-Aug-17	
18-Jul	200.78	188.75	184.16	193.34	182.51	202.99	-1.09
18-Sep	208.13	195.55	189.85	201.06	189.49	208.50	-0.18
18-Dec	213.73	201.89	195.55	206.94	195.18	211.71	0.95
19-Mar	215.85	204.92	199.77	209.42	197.11	211.35	2.13
19-May	215.85	206.20	201.52	210.15	197.11	206.55	4.50
19-Jul	218.14	209.33	204.46	212.45	200.23	206.66	5.56

CBOT Trend

CBOT moves within a range from January to June under normal conditions as shown in the chart.

CBOT average monthly price for June'18 is higher by \$ 0.33 per tonne compared to last year for the same month and by \$ 2.41 per tonne compared to June'18. USDA in its acreage report estimated all wheat acreage at 47.8 million hectares compared to 46.1 million hectares in 2017.



Comparative Month on Month FOB quotes: (Fig in USD/MT)

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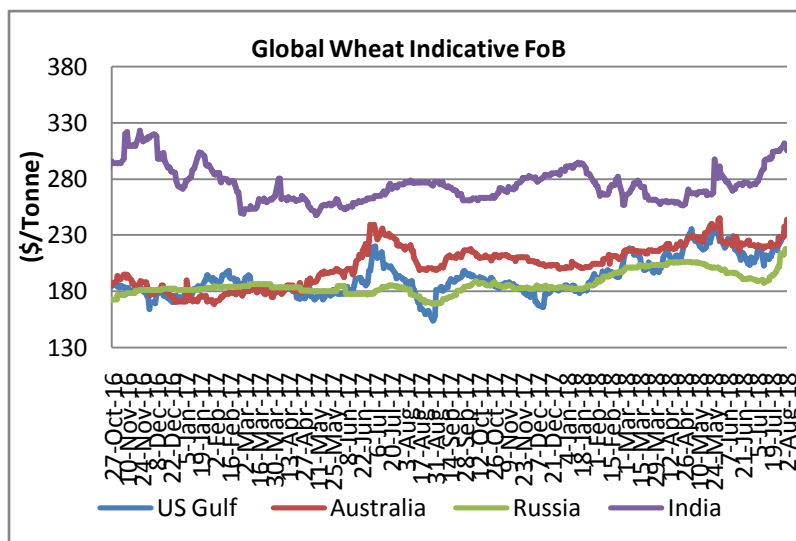
All prices are for SRW/milling grade	1st Feb-18	1st Mar-18	1st Apr-18	1st May-18	1st June-18	1st July-18	1st Aug-18
USA	193.17	211.24	198.75	229.28	226.41	210.07	232.84
France	157.00	162.25	159.75	163.25	170.50	179.00	210.75
Australia	204.80	216.00	216.80	228.08	225.00	221.25	237.75
Russia	187.00	199.00	203.50	206.50	199.50	191.50	215.00
India	277.47	256.82	261.78	270.78	291.33	274.90	311.95

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$275.15-311.95 per tonne.

US and Russian quotes are hovering in the range of \$202.70-232.84 and \$187.50-215.00 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to firm and hover in the range of \$205 to \$255 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly firm due to lower production forecast and unfavourable weather conditions in major producing regions. EU is likely to produce around 139.9 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 66.00 MMT and 25.5 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.1 MMT compared to last year's 47.40 MMT. Australia is likely to produce 22.50 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.0 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 31.80 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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