

# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices decreased by 10.63 percent to Rs. 1773.42 per quintal during the week ended 28th February 2018. Wheat average price were ruling at Rs 1984.35 per quintal during 16-23 February 2018. As compared to prices in the week 24-28 February 2017, the prices are weak by 14.17 percent. Prices are expected to remain steady to firm in coming days.

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.

IMD has issued warning for thunderstorm accompanied with hailstorm or squall in wheat growing regions such as Madhya Pradesh, Chhattisgarh, west Bengal and Jharkhand. Acreage in Madhya Pradesh is lower this year and any damage to crop may affect the total availability of the crop in the state. However as of now no reports of major damage have been reported in the state.

Authorities in Punjab have advised farmers to use pesticides to protect their wheat crop from aphids aka tela. Tela usually attacks the crop during rising temperatures. Farmers have reported tela in Kapurthala, Pathankot, Amritsar and Jalandhar districts. Wheat fields those are close to mustard crop have been affected more as yellow color attracts the insect. Punjab is likely to receive rains in coming days, which would lead to death of the pest. Furthermore Kurukshetra district of Haryana has also reported yellow rust on a small scale. Overall crop condition in both the states is good.

As per latest update, showers accompanied with hailstorm were noticed in Jaipur, Alwar, Sawai Madhopur and Jhunjhunu district of Rajasthan. No reports of damage to wheat crop have been received yet. However there are news that mustard crop have been slightly affected. Chief Minister Vasundhara Raje too has ordered for an early crop assessment to take further actions, if need be.

FCI has offered a total of 39752562 tonnes of wheat through E-Auction since June until First 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 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 2180-2200 per quintal, ASW at Rs 2020-2030 per quintal and Ukrainian wheat at Rs 1850-1855 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$264.27 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$198.60, \$196.20, Euro 160.50, \$205.42 and \$223.80 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 2.5 million tonnes in MY 2017-18.

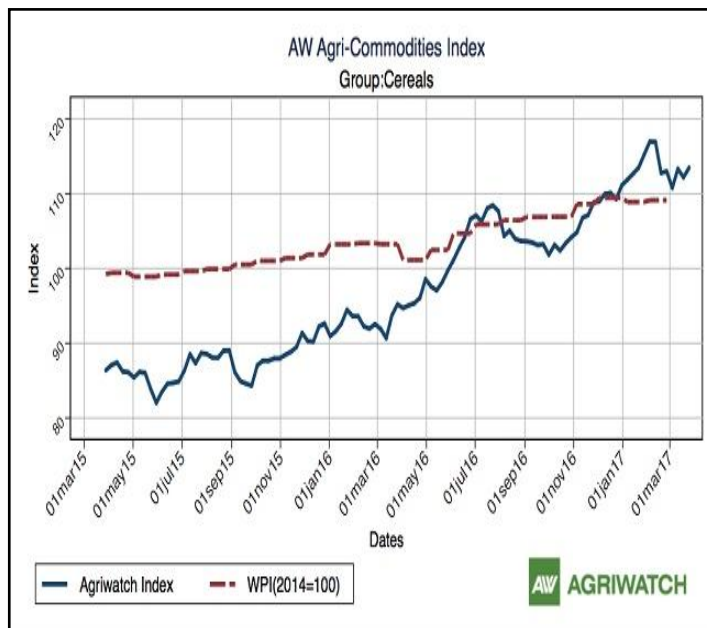
**Outlook & Recommendation:** Wheat cash market is expected to trade steady to firm in the coming week.

**Trade Call:** Stakeholders should trade in March contract taking care of lower and upper price tag of Rs 1719 & 1842 respectively.

### Agriwatch Cereals Index:

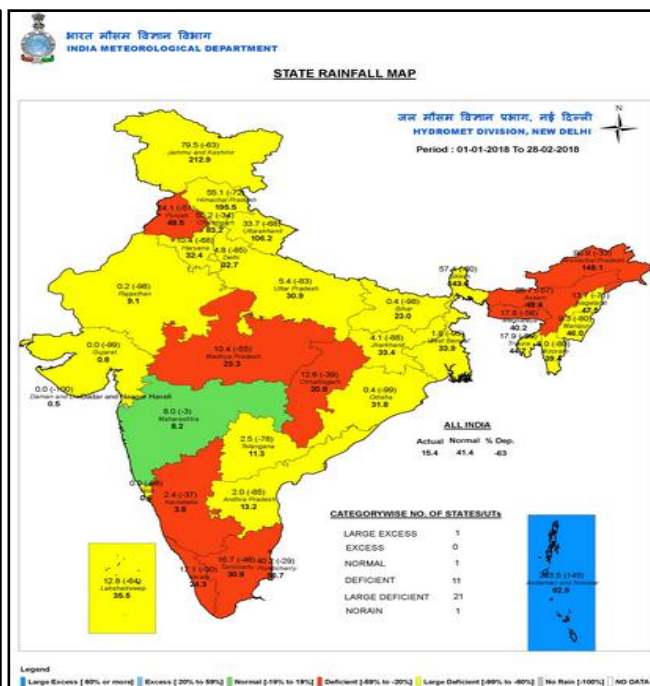
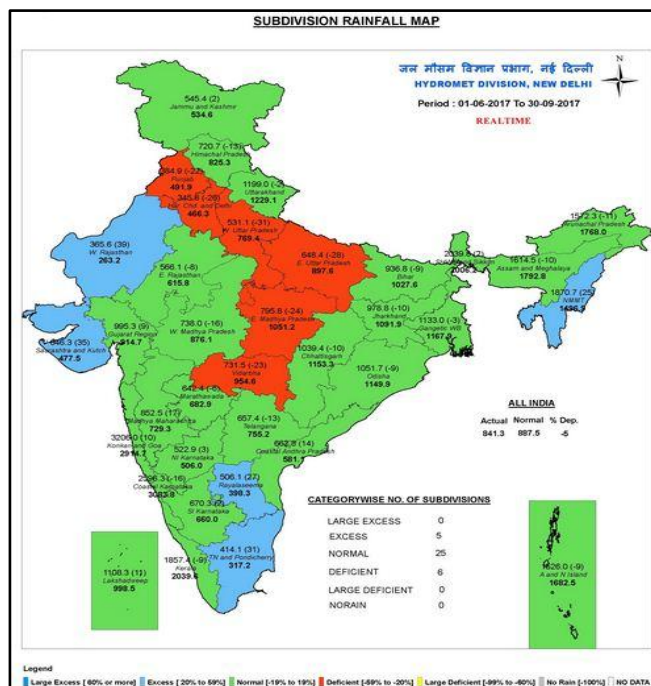
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

### Weather Condition & Monsoon:



Source: IMD

**Wheat Weekly Average Price Chart:**

Average mill delivery prices of Wheat traded firm in Indore and Kota during 23<sup>rd</sup> February- 01<sup>st</sup> March. Prices are expected to remain steady to firm.

Overall availability of wheat crop is expected to be lower this year due to lower acreage. Madhya Pradesh government will provide additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal on wheat in marketing year 2018-19. Other wheat growing states such as Punjab, Haryana, Rajasthan and Uttar Pradesh might do the same. If this does happen, prices are not expected to see a sharp increase immediately due to ample stocks.

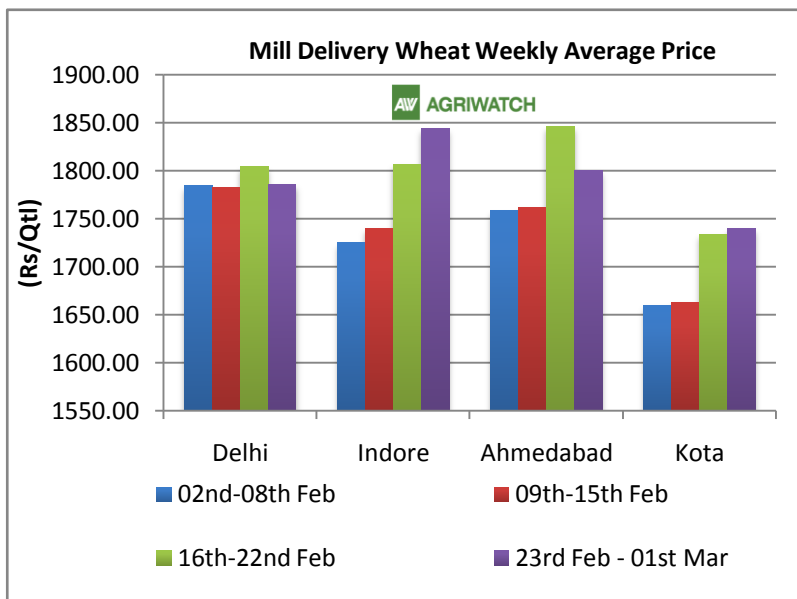

**Wheat Stock Norms**

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 21<sup>st</sup> July-2017:**

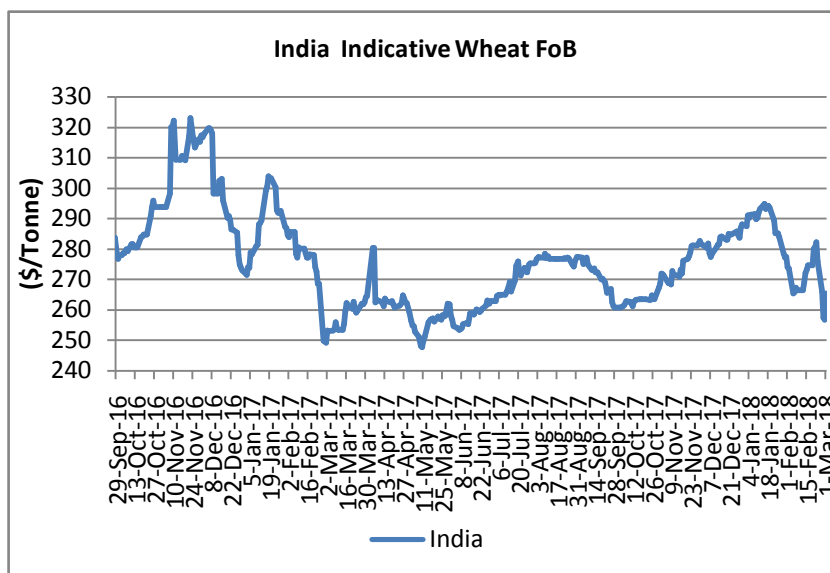
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 28<sup>th</sup> June -2016. Against set target of 33 MMT Government has procured 308.01 lakh tonnes until 21<sup>st</sup> 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 \$270-280 per tonne. Abundant availability of wheat in international market at lower prices compared to export prices of India has also reduced demand for Indian wheat in international market.



### Indicative FOB Quotes:

Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		28-Feb-18	21-Feb-18	26-Jan-18	28-Feb-17	
USA (Chicago)	2srw	211.24	192.99	187.70	178.97	<b>18.03</b>
France	FCW3	197.77	195.81	191.38	183.58	<b>7.73</b>
Australia	ASW	216.00	210.40	202.00	176.02	<b>22.71</b>
Russia	SRW	199.00	196.50	185.00	184.50	<b>7.86</b>
India	Fob	256.82	280.60	283.85	249.51	<b>2.93</b>

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

### Wheat Futures Contact: NCDEX Price

Date: 01.03.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Mar	<b>+19</b>	1765	1779	1760	1779	470	<b>+260</b>	7020	<b>-170</b>
18-Apr	0	1750	1750	1750	1750	10	0	410	0
18-May	0	1727	1727	1727	1727	0	0	0	0

**Wheat Technical Analysis:**
**Wheat –Technical Outlook Contract** **Expiry: 20<sup>th</sup> March,2018**

WHEAT DELHI 1803(NCWHDH8)2018/03/04 - Weekly B:1773.00 A:1782.00  
 O 1770.00 H 1782.00 L 1770.00 C 1773.00 V 38016,860 +6 +0.34%  
 EMA(9) 1753.0 (18) 1760.4 BOLL(SIMPLE, 10, 2.0) 1735.10 1806.39 1663.81


**Technical Commentary:**

- Fall in price and open interest indicates long liquidation.
- RSI is moving in neutral region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	March	1735	1719	1767	1831	1842
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	March	Buy Above	1765	1785	1797	1753

**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
	1-Mar-18	21-Feb-18	29-Jan-18	1-Mar-17	
Indore	1794	1807	1675	1646	8.99
Delhi	1779	1804	1785	1886	-5.67
Kanpur	1690	1690	1700	1735	-2.59
Rajkot	1660	1723	1700	1575	5.40
Kota	1714	1727	1658	1732	-1.04

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
			1-Mar-18	28-Feb-18	22-Feb-18	29-Jan-18	1-Mar-17
Delhi	Lawrence Road	Mill Delivery	1780	1770	1805	1775	1875
	Narella	Mill Quality Loose	1700	Closed	1715	1700	1850
	Nazafgarh	Mill Quality Loose	1690	Closed	1715	1715	1825
Gujarat	Rajkot	Mill Delivery	1550	1550	1650	1640	1525
	Ahmedabad	Mill Delivery	1780	1780	1870	1780	1670
	Surat	Mill Quality Loose	1830	1830	1915	1820	1710
	Dhrol	Mill Delivery	NR	1575	1760	1855	1885
M.P.	Indore	Mill Quality Loose	1750	1750	1750	1690	1600
	Bhopal	Mill Delivery	1710	1710	NR	1650	1625
Rajasthan	Kota	Mill Quality Loose	Closed	1640	1650	1575	1575
		Mill Delivery	Closed	1740	1740	1660	1650
U.P.	Kanpur	Mill Delivery	Closed	1735	1745	1750	1875
	Mathura	Mill Quality Loose	Closed	1650	1670	1600	1700
	Kosi	Mill Quality Loose	Closed	1635	NR	1600	1700
	Hathras	Mill Quality Loose	NR	1660	1645	1660	1800
	Aligarh	Mill Quality Loose	NR	Closed	1630	1580	1685
Punjab	Khanna	Mill Quality Loose	1710	1720	1730	1740	1850
	Ludhiana (Jagraon)	Mill Delivery	NR	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1730	1725	1725	1730	1725
	Hodal	Mill Delivery	1750	1750	1760	1760	1900
	Bhiwani	Mill Quality Loose	NR	1750	1770	1770	1850
	Karnal	Mill Quality Loose	1725	1725	1725	1725	NA
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
<b>Tamil Nadu</b>	Chennai	Mill Quality	Closed	2115	2115	2050	2150
	Madurai	Mill Quality	Closed	2172	2172	2107	2207
	Coimbatore	Mill Quality	Closed	2172	2172	2107	2207
<b>Bihar</b>	Khagariya	Mill Delivery	1700	1700	1700	1700	1800
	Muzaffarpur	Mill Delivery	Closed	1650	1650	1720	1800

### Progressive Sowing Status till 09<sup>th</sup> Feb-2018:

State Wise Wheat Sowing Progressive in Lakh Hectares Till 09.02.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.24	23.27	22.96	1.35
Chhattisgarh	1.03	1.85	1.76	5.11
Gujarat	11.56	10.76	9.96	8.03
Haryana	25.39	25.26	25.38	-0.47
Himachal Pradesh	3.50	3.60	3.59	0.28
J&K	2.95	2.93	2.31	26.84
Jharkhand	1.65	2.31	2.11	9.48
Karnataka	2.06	2.09	1.57	33.12
Madhya Pradesh	54.96	53.16	64.22	-17.22
Maharashtra	9.38	9.40	10.57	-11.07
Punjab	35.13	35.1	35.00	0.29
Rajasthan	30.47	30.2	30.67	-1.55
Uttar Pradesh	97.59	98.67	100.52	-1.84
Uttarakhand	3.53	3.58	3.59	-0.39
West Bengal	3.28	1.36	3.39	-59.91
Others	0.18	0.75	0.26	185.17

Source: Ministry of Agriculture



**International Market Update:**

*As per latest update, 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 milling wheat prices have become firm by \$3-5 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 \$202-205/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$201-203/tonne.*

*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.*

*GASC has purchased 360000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 240000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. AOS offered 60000 tonnes of Russian wheat at FoB \$206.60 per tonne; Daewoo offered 60000 tonnes of Russian wheat at FoB \$207.95 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$207.95 per tonne, CHS offered 60000 tonnes of Romanian wheat at FoB \$208.43 per tonne, Union offered 60000 tonnes of Russian wheat at FoB \$208.43 per tonne and Cerealcon offered 60000 tonnes of Romanian wheat at FoB \$208.43 per tonne. Egypt's wheat reserves stand at four months after this purchase.*

*Algeria state grains agency OAIC has bought around 150000 tonnes of durum wheat in a tender that closed on Thursday. The prices paid were in the range of \$292.00 - \$295.00 per tonne (Cost and Freight). The quantity to be shipped is due in April and the origin is optional but major part of the quantity is likely to be sourced from Canada.*

**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
<b>Production</b>	730	737	754	757	757
<b>Trade</b>	153	166	176	174	174
<b>Consumptions</b>	714	720	738	744	743
<b>Carryover stocks</b>	207	224	240	254	254
<b>Y-O-Y change</b>	16	17	16	-	14
<b>Major Export</b>	67	66	75	76	76

- IGC has increased its forecast for wheat to 757 MMT as on 22<sup>nd</sup> 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 2MMT 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
	28-Feb-18	21-Feb-18	28-Jan-18	28-Nov-17	28-Aug-17	28-Feb-17	
<b>Mar-18</b>	178.01	164.32	165.05	157.71	165.88	185.72	<b>-4.15</b>
<b>May-18</b>	181.86	168.82	169.74	161.93	171.21	188.11	<b>-3.32</b>
<b>Jul-18</b>	186.36	174.42	174.33	166.89	176.17	187.93	<b>-0.83</b>
<b>Sep-18</b>	191.51	180.49	179.38	172.31	181.95	191.23	<b>0.14</b>
<b>Dec-18</b>	198.67	188.29	186.27	179.02	188.75	196.19	<b>1.26</b>
<b>Mar-19</b>	203.72	194.08	191.60	183.98	193.07	199.59	<b>2.07</b>

## CBOT Mar-18

**1<sup>st</sup> Support: 156.00**  
**2<sup>nd</sup> Support: 154.00**  
**1<sup>st</sup> Resistant: 199.00**  
**2<sup>nd</sup> Resistant: 201.00**  
**(\$ per tonne)**

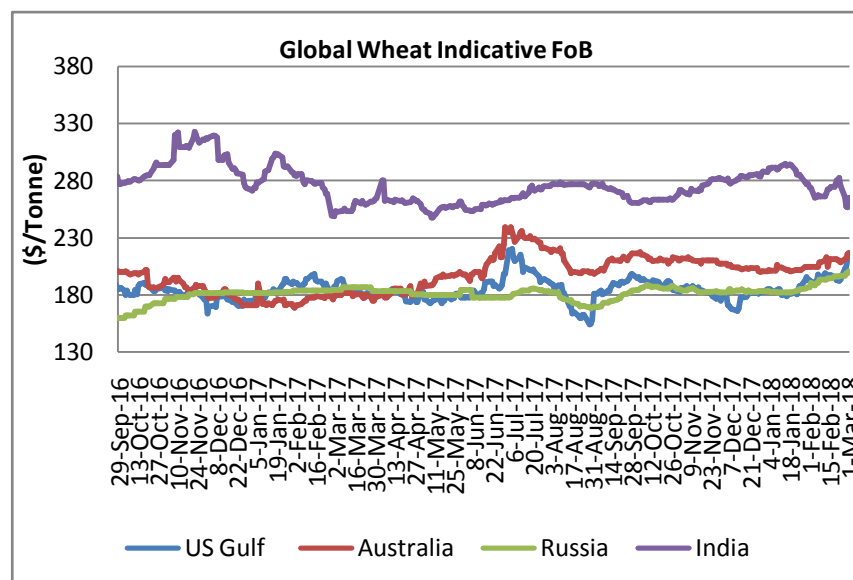
Wheat CBOT closed with some correction at \$4.92 per bushel. U.S. Weakening U.S. winter wheat crop conditions, ongoing drought across the U.S. Southern Plains, and technical buying supported sharp increase in wheat futures this week. U.S. export sales during 16<sup>th</sup>-22<sup>nd</sup> Feb'18 were 191000 metric tonnes which is within trade expectations of 200000-500000 metric tonnes.

## International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$256.82-275.89 per tonne.

US and Russian quotes are hovering in the range of \$205.42 and \$198.60 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to weak and hover in the range of \$190 to \$230 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 17.9MMT 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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