



# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals:-**

All India weekly average prices decreased by 3.95 percent to Rs. 1794.90 per quintal during the week ended 15th March 2018. Wheat average price were ruling at Rs 1868.76 per quintal during 01-08 March 2018. As compared to prices in the week 09-15 March 2017, the prices are weak by 8.89 percent. Prices are expected to remain steady to weak in coming days due to increasing arrival pressure.

IMD has issued warning for thunderstorm accompanied with gusty winds in wheat growing regions such as Punjab, Haryana, North Rajasthan, etc. Temperature is likely to increase by 2-3 degree celcius in coming days. Increase in temperature may affect the yield of crop in maturity or harvesting stage.

Wheat procurement in Punjab is likely to start from 01st April'18. Punjab government is targetting to procure 12.5 MMT of wheat in 2018-19. This year government has asked for a cash credit limit (CCL) of Rs. 21150 crore from RBI. Last year RBI sanctioned a Cash Credit Limit of Rs. 17,994 crore for Punjab. As per guidelines, farmers should receive their payments within 72 hours of selling their produce to state procurement agencies.

As per latest update, state and central agencies have started wheat procurement in Gujarat, Rajasthan and Madhya Pradesh for central pool. FCI expects to procure more than their target of 32 MMT for 2018-19 for 2019-19 at MSP of Rs. 1735 per quintal. Procurement in other states like punjab in Haryana is likely to start from 1st April'18. Furthermore, FCI is also expecting a major increase in procurement from Uttar Pradesh and Madhya Pradesh.

Wheat WPI has decreased slightly from 140.8 in January-18 to 140.0 in February-2018. Monthly wheat inflation has decreased by 0.57 percent in February -2018 compared to previous month. As compared to February -2017 wheat WPI has decreased by around 6.23 percent.

FCI has offered a total of 4231112 tonnes of wheat through E-Auction since June until third tender in March. Of the total quantity offered, only 1036150 tonnes of wheat has been sold until second tender in February. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

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

As per Agriwatch preliminary estimate, production is likely to be around 93.5 MMT compared to 95.0 MMT last year. Production is likely to fall due to lower acreage this year. Total availability of wheat is likely to be around 109.97 MMT in MY 2018-19 compared to 110.22 MMT in MY 2017-18.

**Latest Developments in Domestic Markets:**

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed steady to weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2190-2200 per quintal, ASW at Rs 1990-2010 per quintal and Ukrainian wheat at Rs 1820-1850 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$276.41 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$202.30, \$201.20, Euro 158.90, \$211.92 and \$215.60 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 2.0 million tonnes in MY 2017-18.

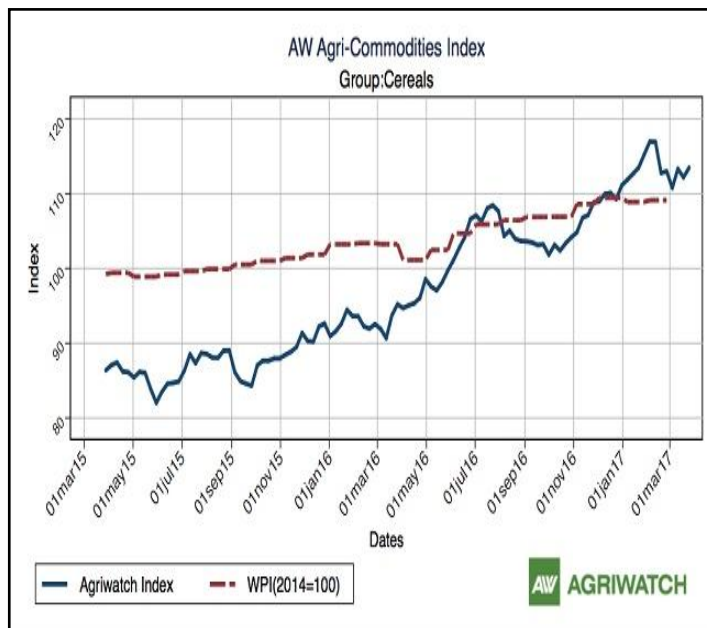
**Outlook & Recommendation:** Wheat cash market is expected to trade steady to weak in the coming week.

**Trade Call:** Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1698 & 1854 respectively.

### Agriwatch Cereals Index:

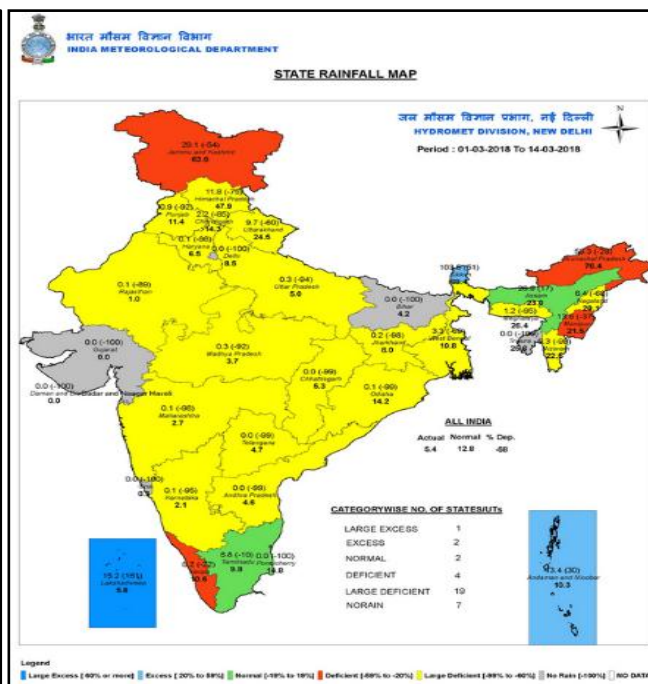
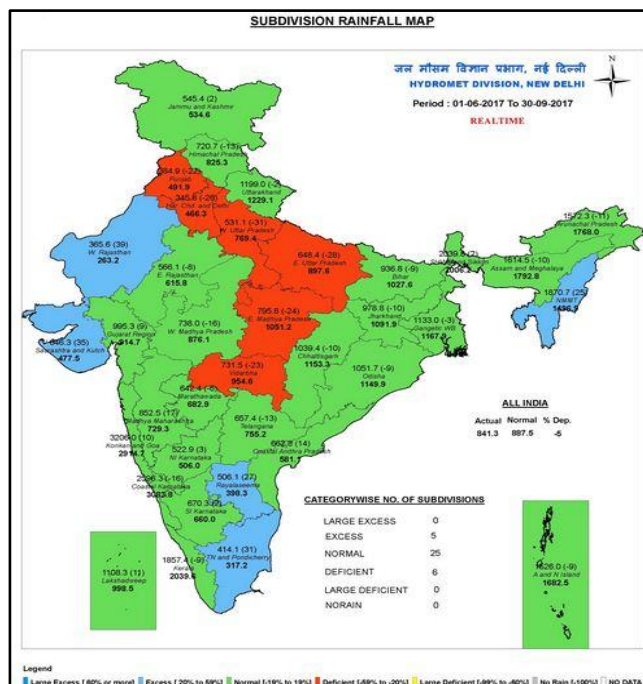
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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:

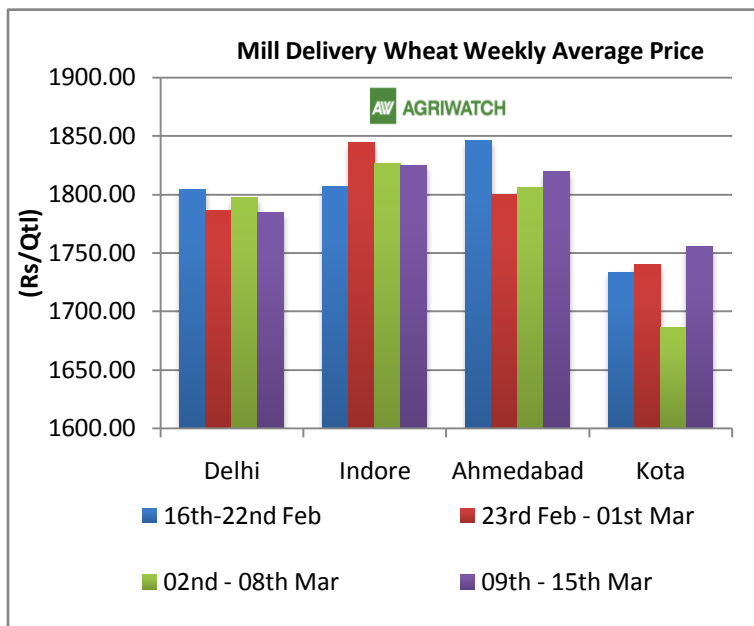


Source: IMD

### Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded weak in Delhi and Indore during 09<sup>th</sup>-15<sup>th</sup> March. Prices are expected to remain steady to firm.

Arrival pressure is likely to increase in coming days as arrivals will start from Punjab, Haryana and Uttar Pradesh. Arrivals have already started in Rajasthan, Gujarat and Madhya Pradesh. Government is likely to be left with higher stock this year. Furthermore, government will procure in 2018-19 as well. This will leave government with ample supplies. Therefore, government may increase import duty on wheat to 30 or 40 percent from current 20 percent in order to sell in open market and to put a complete halt on imports.



### Wheat Stock Norms

Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
1st April	115.8	44.6	160.4	20	30	210.4
1st July	115.4	245.8	361.2	20	30	411.2
1st Oct.	82.5	175.2	257.7	20	30	307.7
1st Jan	56.1	108	164.1	20	30	214.1
Buffer Norms w.e.f. 01.07.2017						

### Procurement As on 21<sup>st</sup> July-2017:

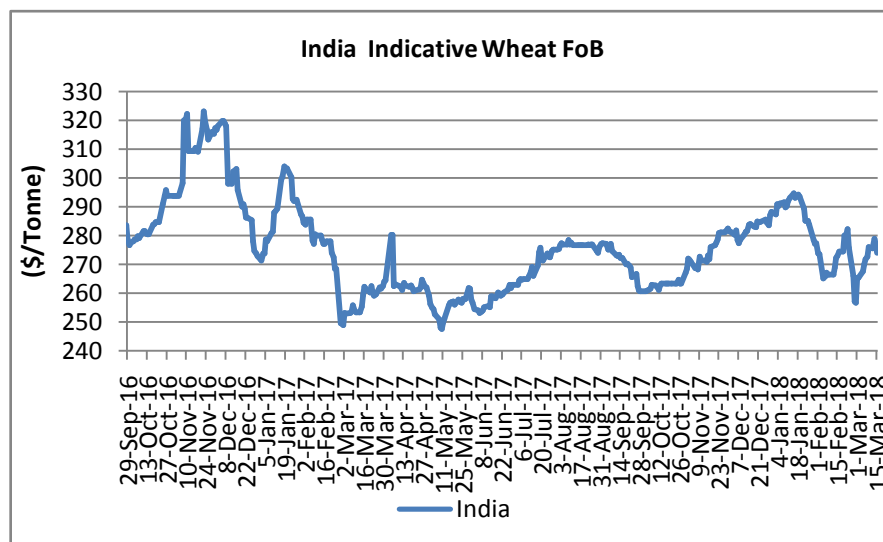
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017(Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 weak 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
		15-Mar-18	8-Mar-18	15-Feb-18	15-Mar-17	
USA (Chicago)	2srw	208.96	216.50	197.48	184.06	13.53
France	FCW3	198.23	196.02	197.58	180.93	9.56
Australia	ASW	215.60	217.60	211.20	180.80	19.25
Russia	SRW	203.50	201.00	194.50	186.50	9.12
India	Fob	274.14	272.78	273.08	259.50	5.64

	15/03/2018	08/03/2018	01/03/2018	22/02/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	209	205	203	200
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	205	200	198	195

### Wheat Futures Contact: NCDEX Price

Date: 16.03.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Mar	0	1753	1753	1753	1753	0	0	10	0
18-Apr	-4	1788	1794	1785	1785	140	+70	1180	+60
18-May	0	1751	1751	1751	1751	0	0	0	0

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

WHEAT DELHI 1804(NCWHDJ8)2018/03/18 - Weekly B:1770.00 A:1775.00  
 O 1775.00 H 1778.00 L 1766.00 C 1775.00 V 200 I 1,210 -13 -0.73%  
 EMA(9) 1749.9 (18) 1749.9 BOL(SIMPLE, 10, 2.0) 1731.10 1827.31 1634.89


**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	April	1717	1698	1788	1827	1854
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	<b>Sell Below</b>	1790	1760	1740	1808

**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
	16-Mar-18	9-Mar-18	16-Feb-18	16-Mar-17	
Indore	1778	1792	1750	1644	8.15
Delhi	1789	1792	1798	1889	-5.29
Kanpur	1675	1680	1670	1730	-3.18
Rajkot	1695	1680	1700	1635	3.67
Kota	1728	1719	1718	1716	0.70

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 weak in the coming week, as prices are likely to be under pressure due to increase in arrival pressure. 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
			16-Mar-18	15-Mar-18	9-Mar-18	16-Feb-18	16-Mar-17
Delhi	Lawrence Road	Mill Delivery	1785	1785	1785	1800	1900
	Narella	Mill Quality Loose	1680	1700	1710	1720	1910
	Nazafgarh	Mill Quality Loose	1690	1700	1690	1700	1875
Gujarat	Rajkot	Mill Delivery	1610	1600	1610	1590	1550
	Ahmedabad	Mill Delivery	1840	1820	1820	1810	1725
	Surat	Mill Quality Loose	1875	1850	1860	1860	1750
	Dhrol	Mill Delivery	1825	1820	1720	1760	1805
M.P.	Indore	Mill Quality Loose	1725	1725	1750	1675	1600
	Bhopal	Mill Delivery	1820	1820	1800	1650	1600
Rajasthan	Kota	Mill Quality Loose	1640	1640	1610	1650	1575
		Mill Delivery	1780	1780	1750	1660	1650
U.P.	Kanpur	Mill Delivery	1750	1750	1750	1735	1825
	Mathura	Mill Quality Loose	1630	1630	NR	1610	1800
	Kosi	Mill Quality Loose	1590	1590	NR	1640	1860
	Hathras	Mill Quality Loose	NA	1625	NR	1650	1750
	Aligarh	Mill Quality Loose	1610	1600	1640	1615	1720
Punjab	Khanna	Mill Quality Loose	1730	1730	1740	1740	1630
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NR	NA	NA
Haryana	Sirsa	Mill Delivery loose	1715	1715	1730	1725	1775
	Hodal	Mill Delivery	1750	1750	1750	1760	1845
	Bhiwani	Mill Quality Loose	1700	1700	1700	1740	1870
	Karnal	Mill Quality Loose	1725	1725	1725	1720	NA
	Panipat	Mill Quality	1625	1625	1625	1625	NA



		Loose					
<b>Tamil Nadu</b>	Chennai	Mill Quality	2100	2100	2100	2000	2000
	Madurai	Mill Quality	2157	2200	2200	2100	2100
	Coimbatore	Mill Quality	2157	2250	2250	2150	2150
<b>Bihar</b>	Khagariya	Mill Delivery	1700	1700	1700	1700	1700
	Muzaffarpur	Mill Delivery	1640	1640	1650	1650	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	1.036	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 firm by \$0-1 per tonne compared to last week. strong export demand especially to Egypt has strengthened prices however, stocks in Russia are still at higher side. 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 \$205.00-209.00/tonne whereas milling wheat whereas wheat with 11.5% protein content is being quoted at FoB \$202.00-205.00/tonne.

GASC has purchased 240000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 120000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. Aston offered 60000 tonnes of Russian wheat at FoB \$216.97 per tonne; GTCS offered 60000 tonnes of Russian wheat at FoB \$217.00 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB \$218.79 per tonne and Cerealcon offered 60000 tonnes of Romanian wheat at FoB \$218.79 per tonne.

As per latest update, Japan's ministry of agriculture bought 119610 MMT of food quality wheat from United States, Canada and Australia. Around 32285 MMT has been bought from United States; Around 59730 MMT has been bought from Canada and 27595 tonnes of standard white wheat from west Australia. Shipments from United States and Canada will be loaded between April 21 and May 20 whereas shipment from Australia will be loaded between May 01 and May 31.

Algeria state grains agency OAIC has bought around 150000 tonnes of milling wheat in a tender. The prices paid were in the range of \$225.00 to \$226.00 per tonne (Cost and Freight). The quantity to be shipped is due in June. The origin of wheat that is to be supplied is at seller's option.

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

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

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

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

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.

**IGC Wheat Balance Sheet:**

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

- IGC has increased its forecast for wheat to 757 MMT as on 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 2 MMT lower compared to estimate for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been decreased by 1 MMT to 743 MMT for 2017-18. The forecast is higher by 5 MMT compared to 2016-17.
- Carryout has been kept unchanged at 254 MMT for 2017-18. It is higher by around 14 MMT compared to estimate of 2016-17.

**CBOT FUTURES CONTRACT:**

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	15-Mar-18	8-Mar-18	15-Feb-18	15-Dec-17	15-Sep-17	15-Mar-17	
May-18	175.89	179.75	174.61	163.13	176.72	183.79	-4.30
Jul-18	182.23	185.72	180.03	168.09	180.85	185.35	-1.68
Sep-18	188.29	191.78	185.72	174.61	185.90	189.95	-0.87
Dec-18	195.92	199.13	193.25	179.75	192.33	195.09	0.42
Mar-19	201.79	204.37	198.76	183.15	196.56	198.58	1.62
May-19	204.73	206.75	200.32	184.71	197.57	198.30	3.24

## CBOT Mar-18

**1<sup>st</sup> Support: 156.00**  
**2<sup>nd</sup> Support: 154.00**  
**1<sup>st</sup> Resistant: 191.00**  
**2<sup>nd</sup> Resistant: 193.00**  
**(\$ per tonne)**

Wheat CBOT closed with some downward correction at \$4.67 per bushel. Technical selling and precipitation in U.S. southern plains kept wheat CBOT under pressure. U.S. export sales during 02<sup>nd</sup>-08<sup>th</sup> March were 162800 metric tonnes, which is below trade expectations of 250000-500000 metric tonnes. Total known outstanding sales and accumulated exports of all classes of wheat for 2017/18, through March 08<sup>th</sup>, 2018, were 22.2 MMT.

## 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 \$274.14-278.87 per tonne.

US and Russian quotes are hovering in the range of \$211.92 and \$20+2.30 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 \$190 to \$235 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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