

# Wheat Weekly Research Report

## Contents

- ❖ Outlook and Review
- ❖ Agriwatch Cereals Index
- ❖ Weather
- ❖ Weekly Price Change
- ❖ Stock
- ❖ Future Chart
- ❖ International Wheat Market Summary
- ❖ CBOT Trend
- ❖ International Outlook

**Wheat Domestic Market Fundamentals:-**

All India weekly average prices increased by 0.09 percent to Rs. 1796.40 per quintal during the week ended 23rd March 2018. Wheat average price were ruling at Rs 1794.90 per quintal during 09-15 March 2018. As compared to prices in the week 16-23 March 2017, the prices are weak by 11.88 percent. Prices are expected to remain steady to weak in coming days due to increasing arrival pressure.

IMD has issued no weather warning in the form of thunderstorms, hail or gusty winds for wheat growing states. Temperature in Northern states like Uttar Pradesh, Punjab and Haryana has crossed 30 degree Celsius during day and 15 degree Celsius during night. High temperature may lead to terminal heating, which will ultimately affect the overall yield of wheat crop.

FCI has offered a total of 42500712 tonnes of wheat through E-Auction since June until third tender in March. Of the total quantity offered around 1391650 tonnes has been sold. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

Wheat production in MY 2018-19 is likely to be lower compared to last year. Higher temperature, scanty rains accompanied with strong winds is likely to impact yield mainly in northern states like Uttar Pradesh, Punjab and Haryana. However, light rains in Punjab are likely to benefit wheat crop affected by aphid.

Government agencies have started procurement since 15th March'18. Until 23rd March'18 government has procured around 0.48 lakh tonnes of wheat. Of the total quantity procured, around 0.47 lakh tonnes have been procured from Madhya Pradesh and 0.01 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT.

As per latest update by DGCIS, India has exported around 192957 metric tonnes of wheat in April-January (2017-18) compared to 239308 metric tonnes in April- January (2016-17). In terms of value, exports have decreased by around 18 percent. Overall condition for Indian wheat export is not favorable and export volume would remain low in coming months as other countries are able to provide wheat at lower prices.

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 weak tone in the week. As of now Tuticorin port price for APW is being quoted at Rs 2140-2160 per quintal, ASW at Rs 1970-1990 per quintal and Ukrainian wheat at Rs 1770-1790 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$268.13 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$202.60, \$203.90, Euro 158.70, \$200.65 and \$214.56 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.

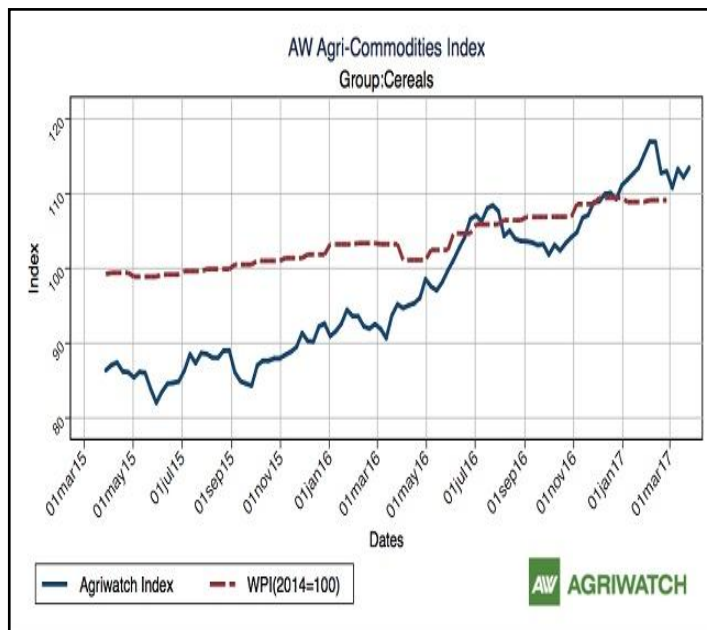
**Outlook & Recommendation:** Wheat cash market is expected to trade steady to weak in the coming week.

**Trade Call:** Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1612 & 1758 respectively.

### Agriwatch Cereals Index:

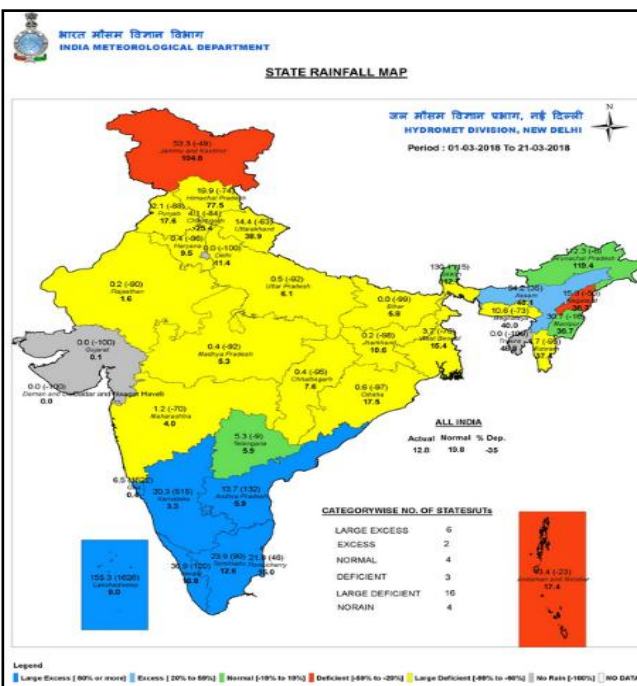
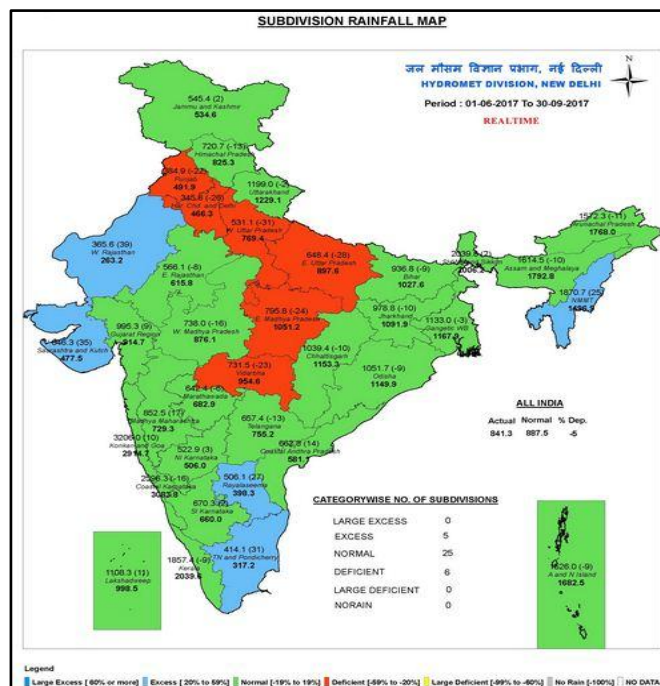
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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, Indore, Ahmedabad and Kota during 16<sup>th</sup>-22<sup>nd</sup> March. Prices are expected to remain steady to weak.

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. As per market sources, government has decided not to increase import duty to 40 percent due to lower production compared to previous year.

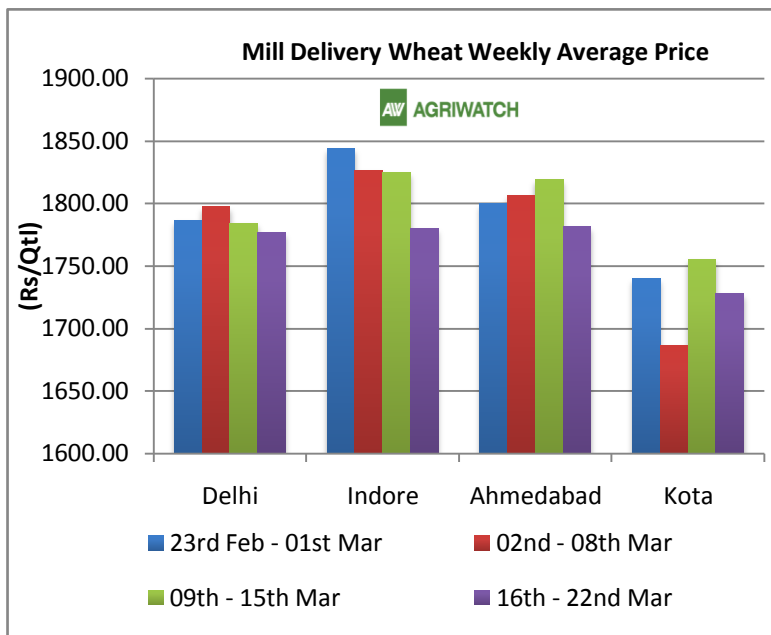

**Wheat Stock Norms**

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:**

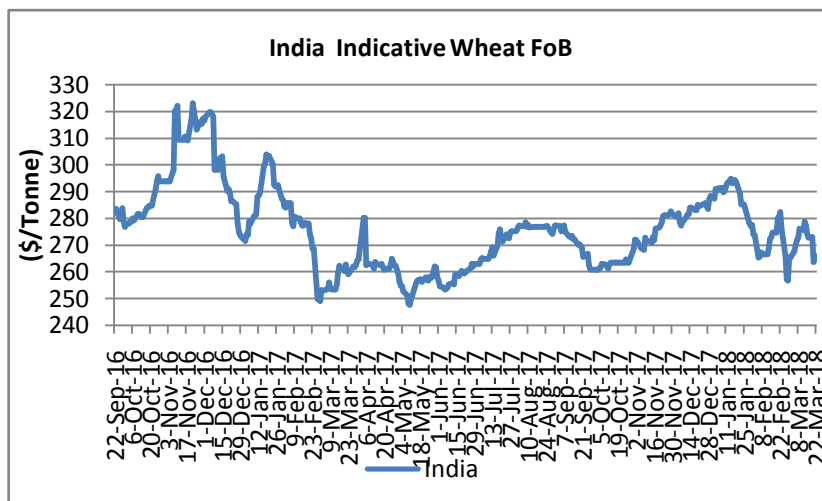
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 weak tone last week. The demand for Indian wheat in the international market is low. Export window remains restricted due to huge disparity. There are no takers at higher level.

Wheat FoB quote for Kandla is likely to witness steady to weak tone in the coming week and is likely to hover in the range of \$260-275 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
		21-Mar-18	14-Mar-18	21-Feb-18	21-Mar-17	
USA (Chicago)	2srw	199.67	212.64	192.99	180.57	10.58
France	FCW3	194.35	198.41	195.81	180.81	7.49
Australia	ASW	214.40	215.20	210.40	178.49	20.12
Russia	SRW	203.00	203.50	196.50	186.50	8.85
India	Fob	266.06	277.25	280.60	262.59	1.32

	22/03/2018	15/03/2018	08/03/2018	01/03/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	208	209	205	203
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	204	205	200	198

### Wheat Futures Contact: NCDEX Price

Date: 23.03.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Apr	-23	1706	1706	1671	1685	680	-620	1650	90
18-May	-10	1700	1704	1700	1701	140	20	190	80
18-Jun	3	1714	1717	1717	1717	0	0	0	0

**Wheat Technical Analysis:**

**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
	22-Mar-18	15-Mar-18	22-Feb-18	22-Mar-17	
Indore	1700	1783	1807	1634	4.04
Delhi	1768	1785	1810	1891	-6.50
Kanpur	1670	1680	1700	1718	-2.79
Rajkot	1626	1699	1770	1623	0.18
Kota	1713	1728	1731	1686	1.60

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 arrivals. 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
			22-Mar-18	21-Mar-18	15-Mar-18	22-Feb-18	22-Mar-17
Delhi	Lawrence Road	Mill Delivery	1765	1765	1785	1805	1910
	Narella	Mill Quality Loose	1690	Closed	1700	1715	1835
	Nazafgarh	Mill Quality Loose	1700	Closed	1700	1715	1775
Gujarat	Rajkot	Mill Delivery	1560	1565	1600	1650	1540
	Ahmedabad	Mill Delivery	1740	1725	1820	1870	1710
	Surat	Mill Quality Loose	1775	1775	1850	1915	1740
	Dhrol	Mill Delivery	Closed	NR	1820	1760	1920
M.P.	Indore	Mill Quality Loose	1675	1650	1725	1750	1600
	Bhopal	Mill Delivery	1650	1775	1820	NR	1625
Rajasthan	Kota	Mill Quality Loose	1580	1600	1640	1650	1560
		Mill Delivery	1710	1710	1780	1740	1640
U.P.	Kanpur	Mill Delivery	1740	1740	1750	1745	1815
	Mathura	Mill Quality Loose	NR	1620	1630	1670	1735
	Kosi	Mill Quality Loose	1605	1520	1590	NR	1750
	Hathras	Mill Quality Loose	1645	1640	1625	1645	1705
	Aligarh	Mill Quality Loose	1600	Closed	1600	1630	1710
Punjab	Khanna	Mill Quality Loose	1725	1740	1730	1730	1650
	Ludhiana (Jagraon)	Mill Delivery	NA	NR	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1715	Closed	1715	1725	1750
	Hodal	Mill Delivery	1750	1750	1750	1760	1845
	Bhiwani	Mill Quality Loose	1670	1710	1700	1770	1780
	Karnal	Mill Quality Loose	1700	1700	1725	1725	NA
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA



Tamil Nadu	Chennai	Mill Quality	2100	2100	2100	2115	2000
	Madurai	Mill Quality	2157	2250	2200	2215	2100
	Coimbatore	Mill Quality	2157	2300	2250	2265	2150
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1700
	Muzaffarpur	Mill Delivery	1625	1640	1640	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 weak by \$0-1 per tonne compared to last week. Weak export demand from southern Russia and higher carryover stocks has weakened prices. 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 \$206.00-208.00/tonne whereas milling wheat whereas wheat with 11.5% protein content is being quoted at FoB \$202.00-204.00/tonne.*

*As per latest update, Japan's ministry of agriculture bought 127338 MMT of food quality wheat from United States and Canada. Around 91942 MMT has been bought from United States and around 35396 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between April 21 and May 20, 2018.*

*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 Cereacom offered 60000 tonnes of Romanian wheat at FoB \$218.79 per tonne.*

*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)	2015-16	2016-17	2017-18 (Forecast)		2018-19
		(Estimate)	22.02.2018	22.03.2018	(Projected)
Production	737	754	757	758	741
Trade	166	176	174	174	179
Consumptions	720	738	743	742	744
Carryover stocks	224	240	254	256	253
Y-O-Y change	17	16	-	16	-3
Major Export	66	75	76	78	66

- IGC has projected global wheat production to be 741 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 17 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 5 MMT higher compared to forecast for last year and higher by 3 MMT compared to 2016-17.
- Consumption has been increased by 2 MMT to 744 MMT for 2018-19. The projection is higher by 6 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 253 MMT compared to forecast of 256 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
	22-Mar-18	15-Mar-18	19-Feb-18	20-Dec-17	19-Sep-17	22-Mar-17	
May-18	166.62	175.89	173.23	160.28	175.62	183.98	-9.44
Jul-18	172.40	182.23	178.74	165.33	179.75	188.02	-8.30
Sep-18	178.37	188.29	184.62	170.01	184.99	188.02	-5.13
Dec-18	186.36	195.92	192.24	176.17	191.60	193.25	-3.56
Mar-19	192.70	201.79	197.84	181.04	196.01	196.93	-2.15
May-19	195.92	204.73	199.50	184.16	197.39	149.90	30.70

## CBOT Mar-18

**1<sup>st</sup> Support: 154.00**  
**2<sup>nd</sup> Support: 152.00**  
**1<sup>st</sup> Resistant: 182.00**  
**2<sup>nd</sup> Resistant: 180.00**  
**(\$ per tonne)**

Wheat CBOT closed with some downward correction at \$4.67 per bushel. CBOT wheat eased this week as drought conditions were eased due to rainfall in southern plains. Exporters are still struggling with logistical delays caused by snow/cold temperature in northern plains and high water on gulf tributary rivers. U.S. export sales during 09<sup>th</sup> - 15<sup>th</sup> March were 265200 metric tonnes, which is within trade expectations of 100000-300000 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 \$263.72-272.95 per tonne.

US and Russian quotes are hovering in the range of \$200.65 and \$202.60 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 \$185 to \$230 in coming week.

## International Weekly Outlook:

Global wheat market is expected to trade steady to weak due to ample availability. EU is likely to produce around 148.3 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 48.30 MMT compared to last year's 47.40 MMT due to fall in area sowed. Australia is likely to produce 24.20 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.

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