



# **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 decreased by 2.03 percent to Rs. 1759.97 per quintal during the week ended 31st March 2018. Wheat average price were ruling at Rs 1796.46 per quintal during 16-23 March 2018. As compared to prices in the week 24-31 March 2017, the prices are weak by 7.58 percent. Prices are expected to remain steady to weak in coming days due to increasing arrival pressure.

Government agencies have started procurement since 15th March'18. Until 02nd April'18 government has procured around 4.97 lakh tonnes of wheat. Of the total quantity procured, around 4.91 lakh tonnes have been procured from Madhya Pradesh, 0.06 lakh tonnes from Gujarat and 0.13 in Rajasthan. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT.

FCI has offered a total of 42719512 tonnes of wheat through E-Auction since June until fourth tender in March. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports. In the month of June 115000 tonnes was sold against offered quantity of 1104050 tonnes, 34400 tonnes was sold in July against offered quantity of 4934602 tonnes, 43550 tonnes was sold in August against offered quantity of 5770100 tonnes, 18050 tonnes was sold in September against offered quantity of 4437300 tonnes, 131150 tonnes was sold in October against offered quantity of 4276700 tonnes, 294450 tonnes was sold in November against offered quantity of 5365150 tonnes, 112600 tonnes was sold in December against offered quantity of 4252800 tonnes, 18550 tonnes was sold in January against offered quantity of 4260160 tonnes, 250950 tonnes was sold in February against offered quantity of 4595300 tonnes and 214300 tonnes has been sold in first four tender tenders in March'18 against offered quantity of 3723350 tonnes.

As per latest update, wheat stock in central pool as on 1st March'18 stood at 151.55 lakh tonnes down by 13.63% compared to last month. This quantity is higher by around 60.73% compared to last year for the same month. For the month of February'18 off take from central pool was around 23.92 lakh tonnes compared to 20.96 lakh tonnes for February'17 and 34.70 lakh tonnes for February'16. FCI is currently selling wheat through E-Auction at a reserve price of Rs. 1790 per quintal.

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.

**Latest Developments in Domestic Markets:**

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed steady weak tone in the week. As of now Tuticorin port price ASW at Rs 1965-1980 per quintal and Ukrainian wheat at Rs 1780-1790 per quintal. Traders are not quoting prices for APW due to lower availability. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$261.78 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$203.25, \$204.50, Euro 159.38, \$199.87 and \$216.32 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.

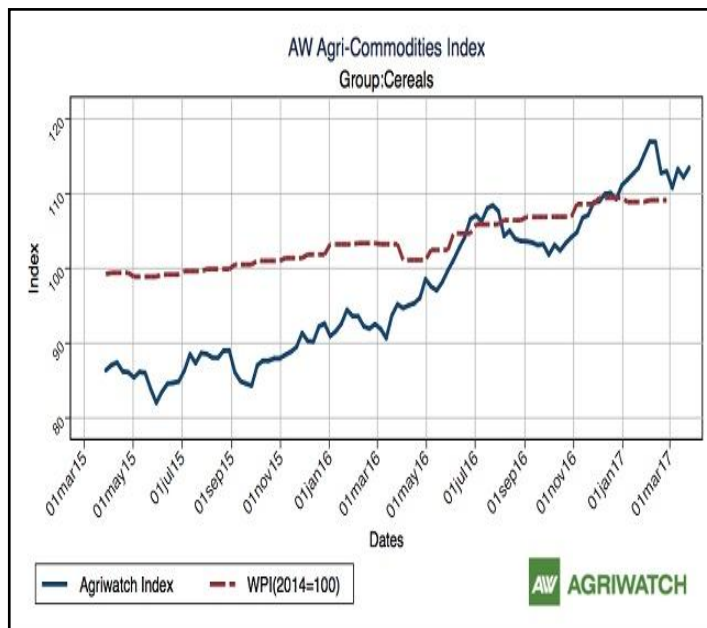
**Outlook & Recommendation:** Wheat cash market is expected to trade steady to weak in the coming week.

**Trade Call:** Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1625 & 1745 respectively.

### Agriwatch Cereals Index:

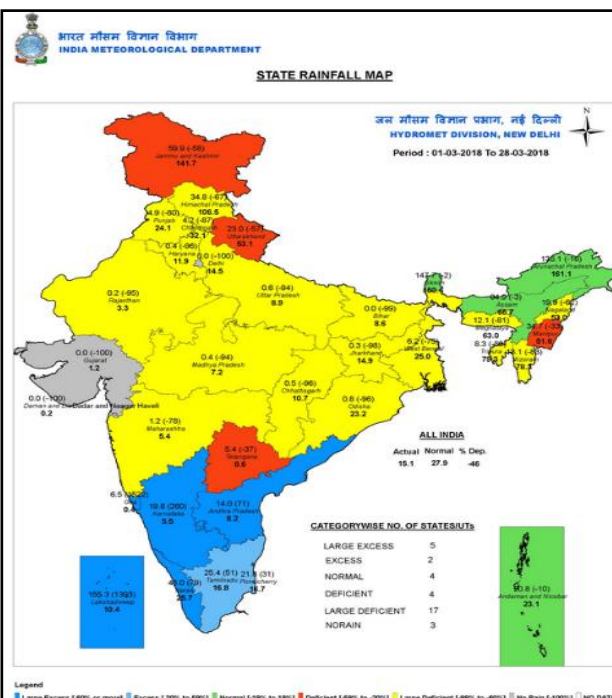
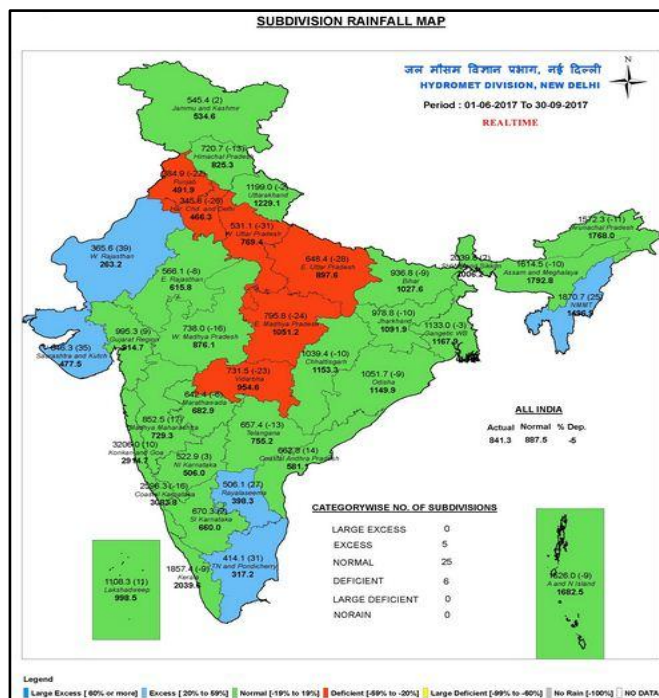
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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 23<sup>rd</sup> -29<sup>th</sup> March. Prices are expected to remain steady to weak.

Prices are expected to decrease in the coming week due to ample availability in the market. Stock position is likely to be higher compared to last year. Arrival pressure will increase in coming days as arrivals will start from Punjab, Haryana and Uttar Pradesh. As per market sources, government has decided not to increase import duty from current level of 20 percent to 40 percent due to lower production compared to previous year.

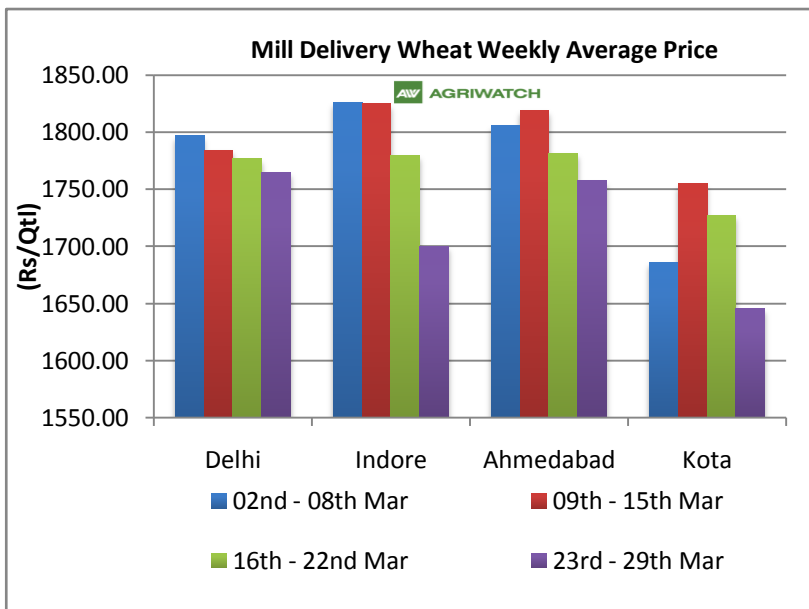

**Wheat Stock Norms**

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:**

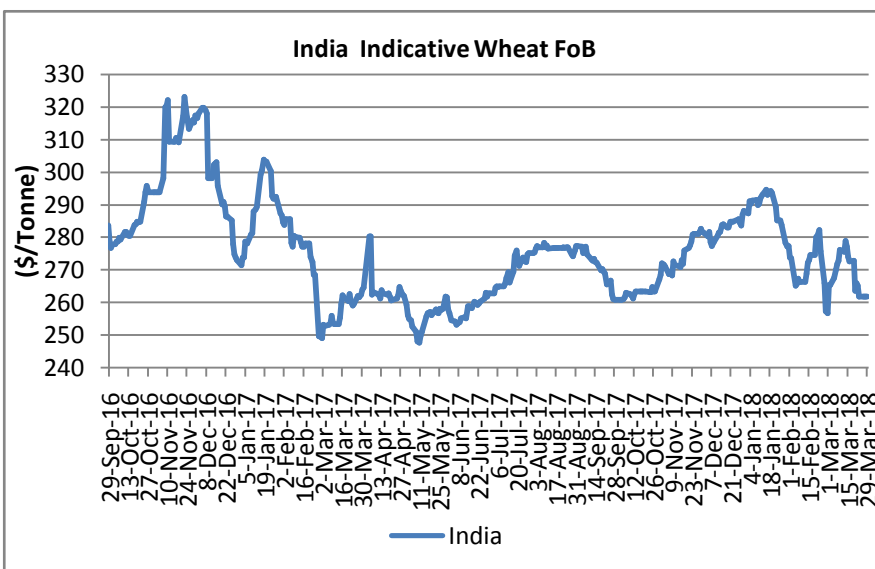
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 \$255-265 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-Mar-18	21-Mar-18	28-Feb-18	28-Mar-17	
USA (Chicago)	2srw	196.73	199.67	211.24	181.67	8.29
France	FCW3	159.75	194.35	197.77	178.47	-10.49
Australia	ASW	216.00	214.40	216.00	174.79	23.58
Russia	SRW	203.50	203.00	199.00	183.50	10.90
India	Fob	261.78	266.06	256.82	261.74	0.02

	29/03/2018	22/03/2018	15/03/2018	08/03/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	210	208	209	205
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	205	204	205	200

### Wheat Futures Contact: NCDEX Price

Date: 28.03.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Apr	-3	1670	1675	1670	1675	480	180	2130	430
18-May	-7	1692	1692	1690	1692	40	-30	240	-10
18-Jun	-11	1720	1720	1720	1709	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
	28-Mar-18	21-Mar-18	28-Feb-18	28-Mar-17	
Indore	1678	1681	1780	1636	2.57
Delhi	1770	1773	1765	1848	-4.22
Kanpur	1660	1668	1690	1713	-3.09
Rajkot	NA	1641	1675	NA	-
Kota	1669	1722	1704	1683	-0.83

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
			29-Mar-18	28-Mar-18	22-Mar-18	28-Feb-18	29-Mar-17
Delhi	Lawrence Road	Mill Delivery	Closed	1765	1765	1770	1850
	Narella	Mill Quality Loose	Closed	Closed	1690	Closed	1875
	Nazafgarh	Mill Quality Loose	Closed	Closed	1700	Closed	1710
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1560	1550	1540
	Ahmedabad	Mill Delivery	Closed	Closed	1740	1780	1710
	Surat	Mill Quality Loose	Closed	Closed	1775	1830	1740
	Dhrol	Mill Delivery	Closed	Closed	Closed	1575	NR
M.P.	Indore	Mill Quality Loose	Closed	1675	1675	1750	1600
	Bhopal	Mill Delivery	Closed	Closed	1650	1710	1600
Rajasthan	Kota	Mill Quality Loose	Closed	1540	1580	1640	1550
		Mill Delivery	Closed	1630	1710	1740	1670
U.P.	Kanpur	Mill Delivery	Closed	1715	1740	1735	1740
	Mathura	Mill Quality Loose	1600	1610	NR	1650	1630
	Kosi	Mill Quality Loose	1600	1615	1605	1635	1620
	Hathras	Mill Quality Loose	1610	1610	1645	1660	1725
	Aligarh	Mill Quality Loose	1585	Closed	1600	Closed	1720
Punjab	Khanna	Mill Quality Loose	1730	1750	1725	1720	1620
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1715	1715	1715	1725	1750
	Hodal	Mill Delivery	1700	1700	1750	1750	1800
	Bhiwani	Mill Quality Loose	1700	1700	1670	1750	1700
	Karnal	Mill Quality Loose	1700	1700	1700	1725	1725
	Panipat	Mill Quality Loose	1625	1625	1625	1625	NA



Tamil Nadu	Chennai	Mill Quality	Closed	2000	2100	2115	2000
	Madurai	Mill Quality	Closed	2200	2250	2215	2100
	Coimbatore	Mill Quality	Closed	2250	2300	2265	2150
Bihar	Khagariya	Mill Delivery	1700	1700	1700	1700	1700
	Muzaffarpur	Mill Delivery	1625	1625	1625	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:**

*As per latest update, china has sold 8129 tonnes of wheat for average price of 2277 yuan (\$363.35) per tonne at an auction of state reserves. The quantity sold represents around 0.46 percent of 1749156 tonnes wheat available at auction.*

*GASC has purchased 475000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 355000 tonnes has been sourced from Russia and remaining 120000 tonnes from Romania. GTCS offered 55000 tonnes of Russian wheat at FoB \$217.00 per tonne; GTCS offered 60000 tonnes of Russian wheat at FoB \$218.00 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$218.40 per tonne, ADM offered 60000 tonnes of Romanian wheat at FoB \$219.30 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$219.30 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$219.90 per tonne, Cargill offered 60000 tonnes of Romanian wheat at FoB \$219.90 per tonne and Ameropa offered 60000 tonnes of Romanian wheat at FoB \$219.65 per tonne*

*Russian milling wheat prices remained steady. Record export shipments accompanied with increase in purchase and transportation costs is supporting 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 \$206.00-210.00/tonne whereas milling wheat whereas wheat with 11.5% protein content is being quoted at FoB \$202.00-205.00/tonne.*

*Algeria state grains agency OAIC has bought around 150000-175000 tonnes of durum wheat in a tender that closed on Thursday. The prices paid were in the range of \$295.00 - \$296.00 per tonne (Cost and Freight). The quantity to be shipped is due in May. The durum wheat can be sourced from various origins but a part of it is likely to be purchased from Mexico.*

*Iraq's state grain board has purchased around 100000 tonnes of hard wheat in a tender. Of the total quantity around 50000 tonnes was bought from U.S. at \$332.17 per tonne C&F and 50000 tonnes was bought from Australia at \$309.95 per tonne C&F.*

*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.*

*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.*

*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.*

**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
	28-Mar-18	21-Mar-18	28-Feb-18	28-Dec-17	28-Sep-17	28-Mar-17	
May-18	163.68	166.43	181.86	161.93	179.02	182.14	-10.14
Jul-18	170.01	172.22	186.36	166.89	183.24	183.88	-7.54
Sep-18	176.17	178.28	191.51	171.48	188.57	188.02	-6.30
Dec-18	184.07	186.09	198.67	177.45	195.18	193.07	-4.66
Mar-19	189.95	192.33	203.72	181.68	199.68	196.56	-3.36
May-19	193.16	195.64	204.73	184.25	201.24	197.20	-2.05

### CBOT Mar-18

**1<sup>st</sup> Support: 155.00**  
**2<sup>nd</sup> Support: 153.00**  
**1<sup>st</sup> Resistant: 183.00**  
**2<sup>nd</sup> Resistant: 181.00**  
**(\$ per tonne)**

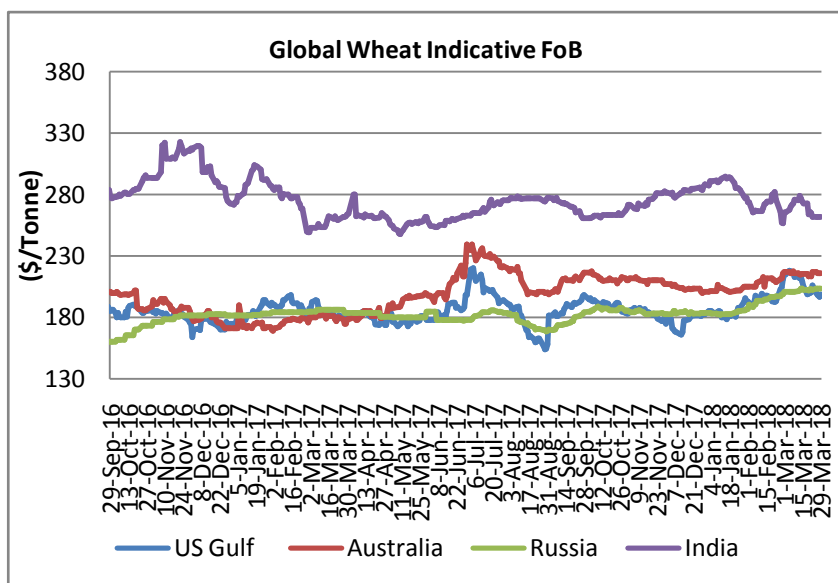
Wheat CBOT closed with some downward correction at \$4.51 per bushel compared to \$4.67 per bushel last week. CBOT wheat eased this week due to continuous rainfall in southern plains, technical selling and higher than expected wheat acreage released by USDA for 2018-19. U.S. export sales during 16<sup>th</sup>-22<sup>nd</sup> March were 353800 metric tonnes, which is within trade expectations of 200000-400000 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 \$261.78-265.14 per tonne.

US and Russian quotes are hovering in the range of \$199.87 and \$203.25 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 \$225 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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