



# **Wheat Weekly Research Report**

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### Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 1.85 percent to Rs. 1940.47 per quintal during the week ended 15th April 2018. Wheat average price were ruling at Rs 1905.23 per quintal during 01-08 April 2018. As compared to prices in the week 09-15 April 2017, the prices are weak by 1.27 percent. Prices are expected to remain steady to weak in coming days due to arrival pressure.

Rains in past days have affected crop in various states across India. As per director of Agriculture department Uttar Pradesh around 20-25% crop has been affected. In Haryana, no major loss has been reported as per state agriculture department. In Punjab around 2% of crop has been hit as per director of agriculture. Furthermore, officials in Punjab believe that bright sunshine after rain has limited damage to the crop. Rajasthan has already harvested around 70% of their wheat, however reports of severe damage has been received from bharatpur and dholpur districts. Recent aberration in weather may lead to discoloration of grain and quality issues.

As per latest update by DGCIS, India has exported around 6.54 thousand tonnes in January-18 compared to 21.71 thousand tonnes in January-17. Overall condition for Indian wheat export is not favourable and export volume would remain low in coming months as other countries are able to provide wheat at lower prices.

FCI has offered a total of 42719512 tonnes of wheat through E-Auction since June until fifth tender in March. FCI was able to sell 1421800 tonnes in the tenders issued. Sales through E-Auction of wheat are at lower side this year due to high domestic production and imports.

Government agencies have started procurement since 15th March'18. Until 12th April'18 government has procured around 22.79 lakh tonnes of wheat. Of the total quantity procured, around 0.46 lakh tonnes have been procured from Punjab, 9.93 lakh tonnes from Haryana, 1.98 lakh tonnes from Uttar Pradesh, 19.15 lakh tonnes have been procured from Madhya Pradesh, 1.27 lakh tonnes in Rajasthan, 0.01 lakh tonnes from Uttarakhand, 0.01 lakh tonnes from Chandigarh and 0.13 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 imported around 31.08 thousand tonnes in January-18 compared to 161.02 thousand tonnes in January-17. India is likely to import lower quantity in 2018-19 due to good production in past two years.

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 weak tone in the week. Traders are not quoting prices for APW due to lower availability. As of now Tuticorin port price ASW at Rs 1940-1960 per quintal and Ukrainian wheat at Rs 1765-1780 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around \$259.77 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$204.60, \$208.40, Euro 163.50, \$213.29 and \$221.12 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.

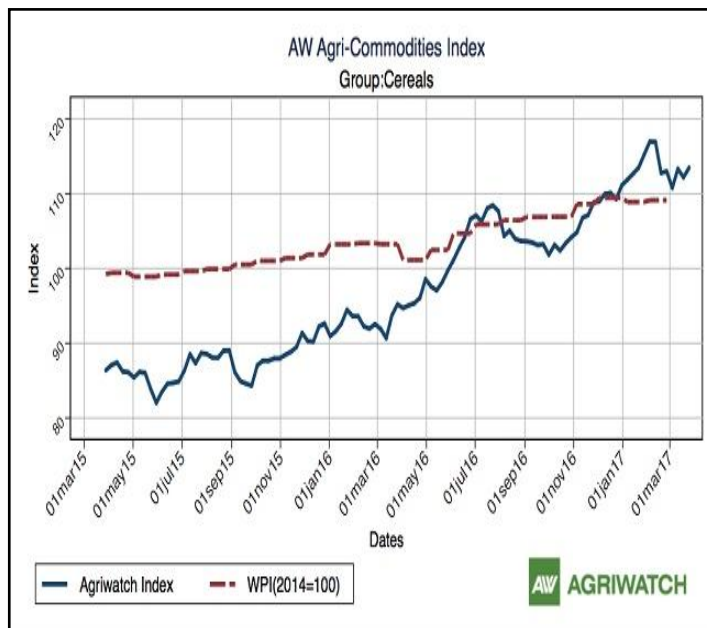
Outlook & Recommendation: Wheat cash market is expected to trade steady to weak in the coming week.

Trade Call: Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1613 & 1735 respectively.

### Agriwatch Cereals Index:

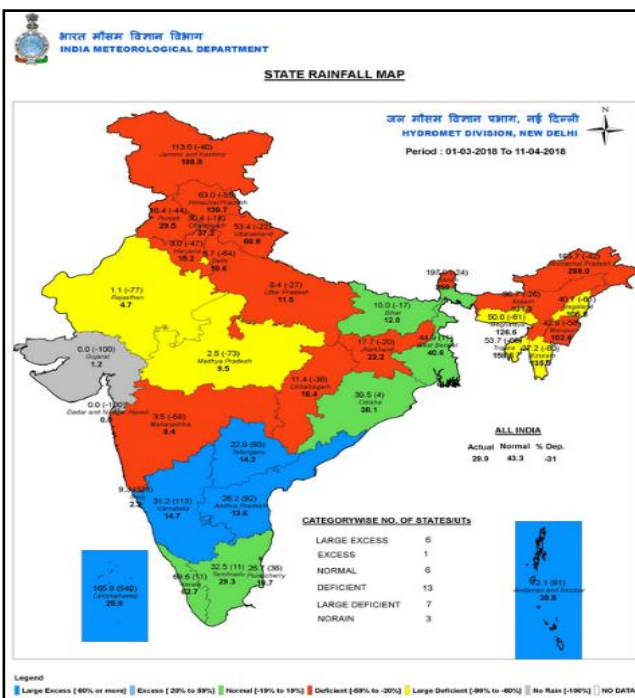
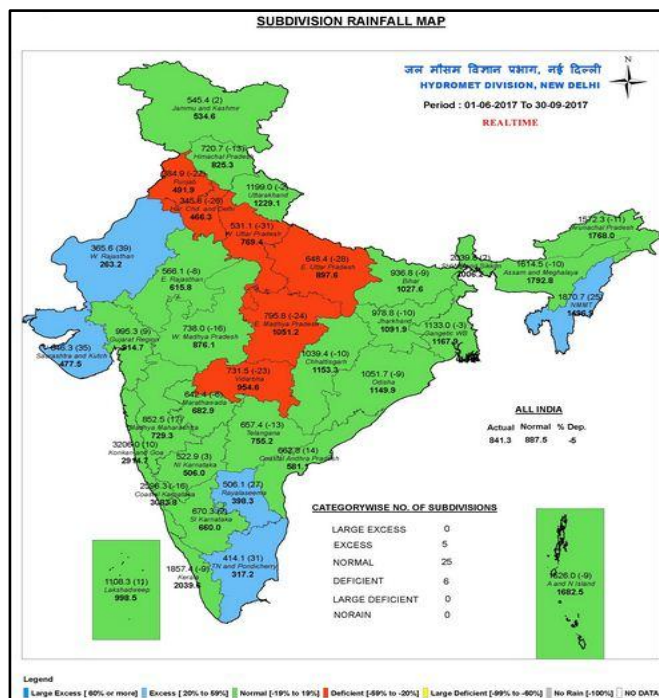
The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (=100).

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 Delhi, Indore and Kota during 06<sup>th</sup>-12<sup>th</sup> April. Prices are expected to remain steady to weak.

Prices got support in past week due to weather aberration that affected wheat crop in various states of north India. Prices are expected to decrease in the coming week due to ample availability in the market. Recent damage to crop yield won't make much difference due to higher stock position. Arrival pressure has increased from central and north India. 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.

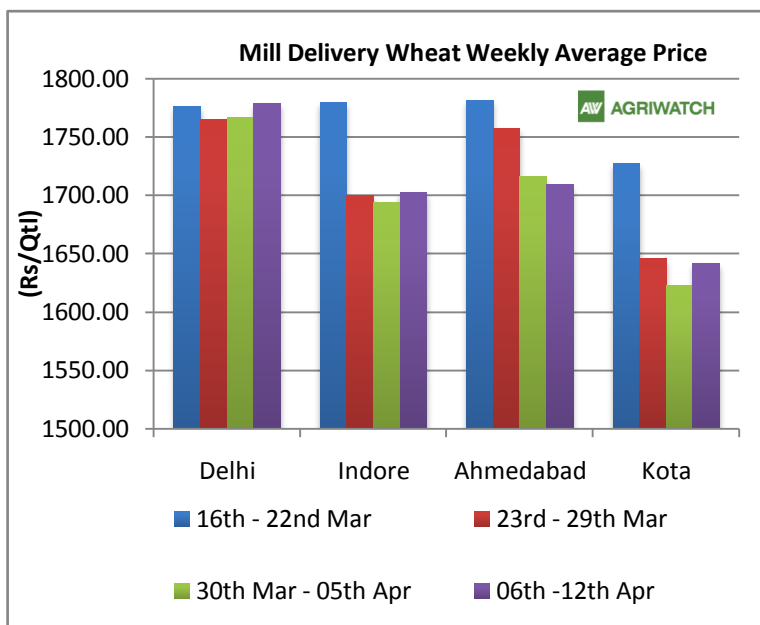

**Wheat Stock Norms**

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:**

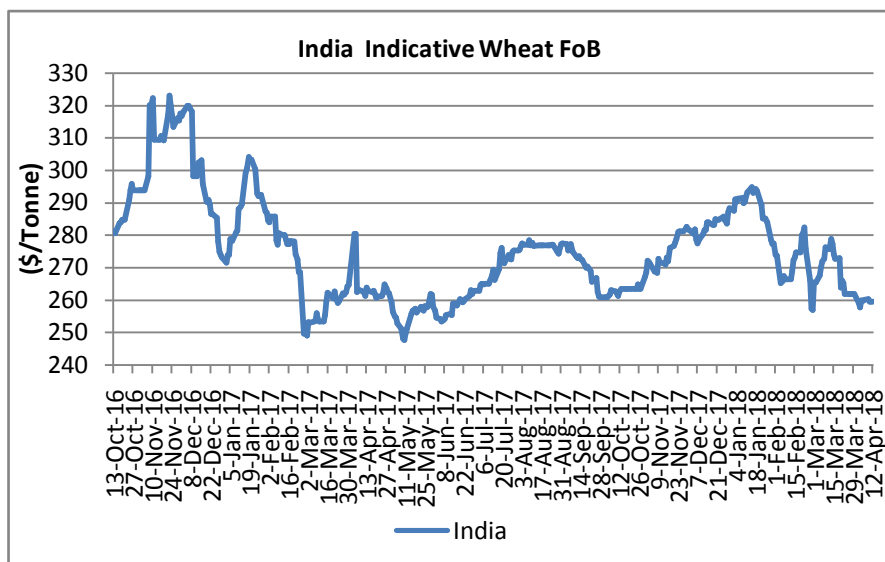
State	Target for Procurement In Marketing Season 2017-18(April To March)	Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)		
		In Marketing Season 2017-18	In Marketing Season 2016-17	% Ch Over Previous Year
Haryana	75.00	74.11	67.52	9.76%
Madhya Pradesh	85.00	67.24	39.92	68.44%
Punjab	115.00	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 steady 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 \$250-265 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
		11-Apr-18	4-Apr-18	9-Mar-18	11-Apr-17	
USA (Chicago)	2srw	213.17	200.50	212.82	184.90	15.29
France	FCW3	202.01	198.19	195.26	168.52	19.87
Australia	ASW	220.80	217.60	216.00	182.34	21.09
Russia	SRW	206.00	203.50	201.00	183.50	12.26
India	Fob	259.52	259.92	276.15	262.18	-1.01

	12/04/2018	05/04/2018	29/03/2018	22/03/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	214	211	210	208
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	208	205	205	204

### Wheat Futures Contact: NCDEX Price

Date: 13.04.2018

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Apr	11	1659	1670	1669	1670	50	-2,300	2350	0
18-May	-7	1662	1694	1662	1688	160	-120	2070	-20
18-Jun	0	1720	1720	1720	1720	10	0	100	0

**Wheat Technical Analysis:**

**Technical Commentary:**

- Fall in price and rise in open interest indicates short 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	1623	1613	1670	1717	1733
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Sell Below	1673	1653	1638	1685

**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
	12-Apr-18	5-Apr-18	15-Mar-18	11-Apr-17	
Indore	1706	1708	1783	1624	5.05
Delhi	1778	1784	1785	1750	1.60
Kanpur	1650	1645	1680	1660	-0.60
Rajkot	1610	1610	1699	1617	-0.43
Kota	1662	1659	1728	1666	-0.24

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
			12-Apr-18	11-Apr-18	5-Apr-18	12-Mar-18	12-Apr-17
Delhi	Lawrence Road	Mill Delivery	1785	1780	1780	1785	1750
	Narella	Mill Quality Loose	1660	Closed	1770	1700	1650
	Nazafgarh	Mill Quality Loose	1660	Closed	1650	1690	1620
Gujarat	Rajkot	Mill Delivery	1535	1530	1525	1625	1535
	Ahmedabad	Mill Delivery	1715	1710	1700	1825	1700
	Surat	Mill Quality Loose	1740	1750	1740	1870	1725
	Dhrol	Mill Delivery	1680	1855	1705	1715	1835
M.P.	Indore	Mill Quality Loose	1650	1650	1650	1675	1600
	Bhopal	Mill Delivery	1650	1700	1600	1775	1600
Rajasthan	Kota	Mill Quality Loose	1535	1525	1540	1625	1530
		Mill Delivery	1650	1650	1650	1750	1650
U.P.	Kanpur	Mill Delivery	1715	1715	1715	1745	1725
	Mathura	Mill Quality Loose	1585	1605	1600	1640	1550
	Kosi	Mill Quality Loose	1600	1605	1605	1620	1530
	Hathras	Mill Quality Loose	1650	1630	1645	1660	1590
	Aligarh	Mill Quality Loose	1610	Closed	1610	1650	1540
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1740	1630
	Ludhiana (Jagraon)	Mill Delivery	1760	1750	NA	NR	1760
Haryana	Sirsa	Mill Delivery loose	1735	1715	1715	1730	1625
	Hodal	Mill Delivery	1750	1750	NA	1750	1700
	Bhiwani	Mill Quality Loose	1735	1735	1700	1690	1625
	Karnal	Mill Quality Loose	1700	1700	1720	1725	1700
	Panipat	Mill Quality Loose	1735	1735	1735	1625	1625



Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2100	2000
	Madurai	Mill Quality	2057	2150	2200	2200	2150
	Coimbatore	Mill Quality	2057	2200	2250	2250	2200
Bihar	Khagariya	Mill Delivery	1600	1600	1550	1700	1600
	Muzaffarpur	Mill Delivery	1550	1550	1575	1640	1600

### 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:**

*Egypt has set its local wheat price at 570-600 Egyptian Pounds (\$32-34) per ardeb. Farmers are not appreciating this price and have warned that they can shift to more profitable crop in the season. Egypt procured 3.6 MMT of wheat from local market in last season.*

*Russian milling wheat prices have become firm by \$2-3 per tonne compared to last week. Sliding ruble 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 \$210.00-214.00/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$210.00-213.00/tonne.*

*Algeria state grains agency OAIC has bought around 330000 tonnes of milling wheat in a tender that closed on Tuesday. The price paid was around \$229.00 per tonne (Cost and Freight). The quantity to be shipped is due in June. The milling wheat can be sourced from various origins but most of it is likely to be purchased from France.*

*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*

*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
	12-Apr-18	5-Apr-18	15-Mar-18	12-Jan-18	13-Oct-17	12-Apr-17	
May-18	176.72	170.75	175.89	159.54	172.86	186.36	-5.17
Jul-18	183.06	176.81	182.23	164.04	177.91	189.21	-3.25
Sep-18	189.85	182.97	188.29	169.19	183.79	192.89	-1.57
Dec-18	198.40	191.14	195.92	176.08	190.41	197.57	0.42
Mar-19	204.92	197.39	201.79	180.94	194.91	201.43	1.73
May-19	208.04	200.78	204.73	183.70	196.56	202.35	2.81

### CBOT May-18

**1<sup>st</sup> Support: 157.00**  
**2<sup>nd</sup> Support: 155.00**  
**1<sup>st</sup> Resistant: 189.00**  
**2<sup>nd</sup> Resistant: 191.00**  
**(\$ per tonne)**

Wheat touched month low at \$ 4.72 a bushel on 13<sup>th</sup> April. U.S. export sales in the month of April (30<sup>th</sup> March- 05<sup>th</sup> April) are 120700 tonnes. The sales are within the trade expectation of 100000-300000 tonnes. On April 9, USDA rated 30% of the winter wheat crop in good to excellent condition, down from 32% good to excellent last week, and 35% of winter wheat is in poor or very poor condition.

### 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 \$259.41-260.32 per tonne.

US and Russian quotes are hovering in the range of \$213.29 and \$204.60 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 \$200 to \$235 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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