Wheat Weekly Research Report
23rd, April-2018

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices decreased by 4.87 percent to Rs. 1845.93 per quintal during the week ended 23rd April 2018. Wheat average price were ruling at Rs 1940.47 per quintal during 09-15 April 2018. As compared to prices in the week 16-23 April 2017, the prices are weak by 6.57 percent. Prices are expected to remain steady to weak in coming days due to arrival pressure.

As per latest update, until 22nd April Traders and five government agencies have purchased a total of 65.08 lakh tonnes of wheat. Of the total quantity procured by government agencies around 18.73 lakh tonnes has been procured by food, civil supplies and consumer affairs department, 26.29 lakh tonnes by HAFED, 7.79 lakh tonnes by FCI and 12.08 lakh tonnes by Haryana warehousing corporation. Sirsa district has recorded highest arrival in the state, where 7.59 lakh tonnes of wheat has been procured.

Wheat WPI has increased slightly from 140.0 in February -18 to 141.2 in March-2018. Monthly wheat inflation has increased by 0.86 percent in March -2018 compared to previous month. As compared to February -2017 wheat WPI has decreased by around 1.19 percent.

As per trade source, India has imported around 30780.34 tonne wheat from Australia in the month of February at an average CIF of $256.50 per tonne. The entire quantity has been imported at Tuticorin port. Furthermore, no wheat has been imported in the month of March due to expectation of good crop.

As per trade source, India has exported around 1.84 thousand tonnes in the month of March compared to 1.82 thousand tonnes in February. The quantity in March was exported at an average FOB of $ 369.51 per tonne and the major destinations were UAE, UK, Sri Lanka and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Government agencies have started procurement since 15th March'18. Until 20th April'18 government has procured around 145.19 lakh tonnes of wheat. Of the total quantity procured, around 44.56 lakh tonnes have been procured from Punjab, 55.78 lakh tonnes from Haryana, 7.12 lakh tonnes from Uttar Pradesh, 32.24 lakh tonnes have been procured from Madhya Pradesh, 5.14 in Rajasthan, 0.08 lakh tonnes from Uttrakhand, 0.08 lakh tonnes from Chandigarh and 0.19 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT

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 1900-1910 per quintal and Ukrainian wheat at Rs 1795-1800 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

Indian FoB quote is hovering around $259.42 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $205.50, $210.50, Euro 160.65, $209.56 and $218.88 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 May contract taking care of lower and upper price tag of Rs. 1655 & 1775 respectively.*

Wheat Weekly Export:

Week On Week Exports	Quantity in MT	Average FoB ($/T)
01-08 March-2018	273.51	368.68
09-15 March-2018	363.64	295.83
16-23 March-2018	596.84	378.54
24-31 March-2018	610.13	402.12
Total	1844.12	

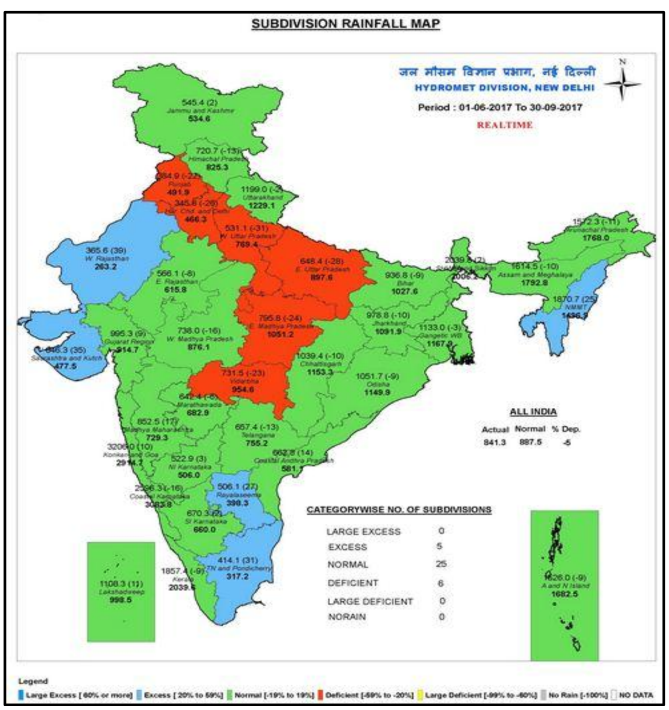
Source: Trade

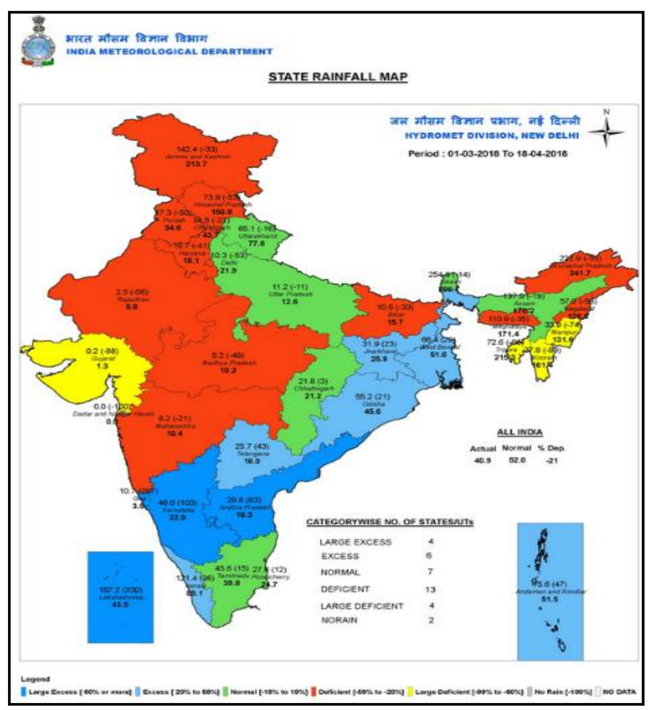
Wheat Import:

Date	Source	Port	Quantity in MT	Ave CiF ($/T)
27th Feb-2018	Australia	Tuticorin	30780.34	256.5
	Total		30780.34	

As per trade sources no quantity has been imported in the month of March-2018.
Source: Trade

Weather Condition& Monsoon:





Source: IMD

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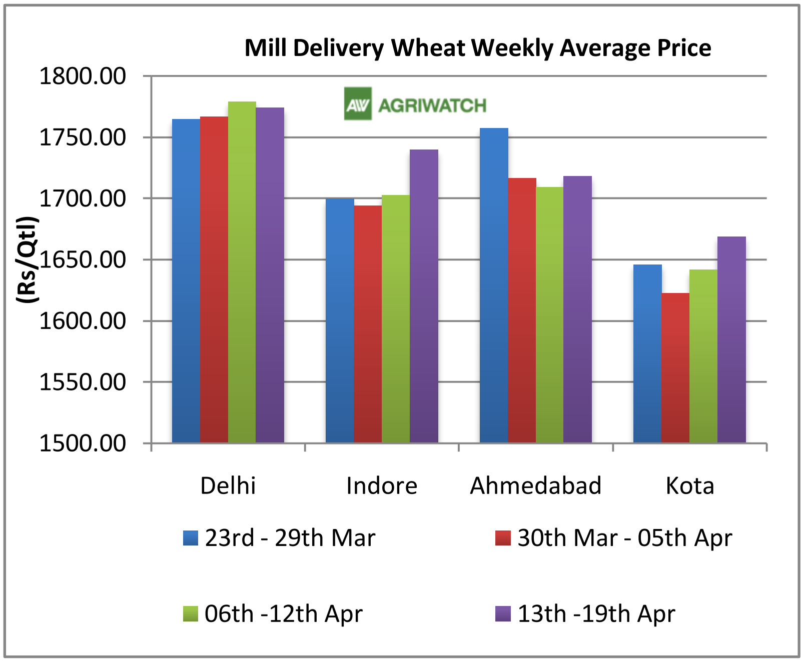
Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Ahmedabad, Indore and Kota during 13th -19th April. Prices are expected to remain steady to weak.

Weather aberrations have damaged standing crops slightly. Recent damage to crop yield won't make much difference due to higher stock position. Prices are expected to decrease in the coming week due to ample availability in the market. 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**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**Grand Total**
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 21st July-2017:

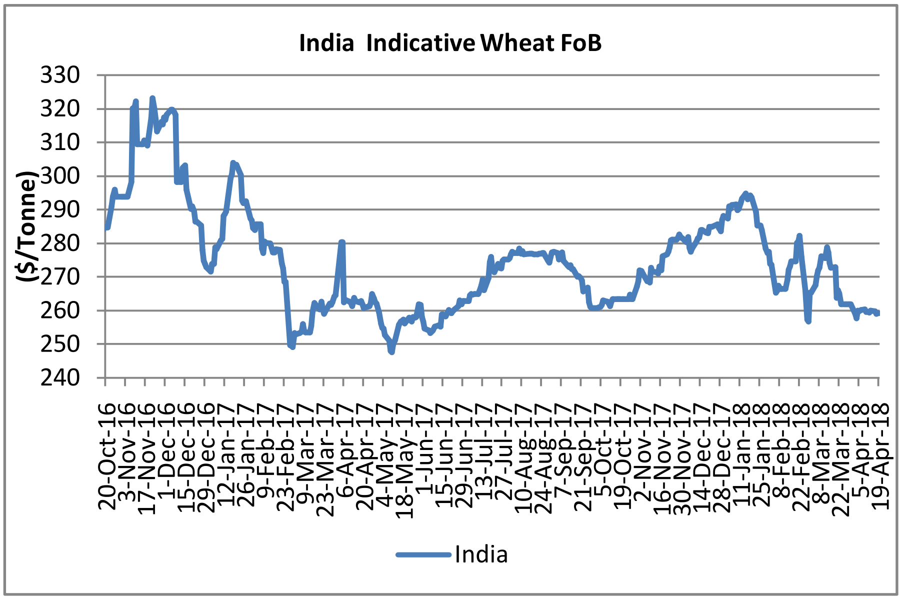
State	**Target for Procurement In Marketing Season 2017-18(April To March)**	**Progressive Procurement As on 21.07.2017 (Fig In Lakh Tonne)**		
		In Marketing Season 2017-18	**In Marketing Season 2016-17**	**% Ch Over Previous Year**
Haryana	75.00	74.11	67.52	**9.76%**
Madhya Pradesh	85.00	67.24	39.92	**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 28th June -2016.Against set target of 33 MMT Government has procured 308.01 lakh tonnes until 21st 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 $255-270 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
		18-Apr-18	11-Apr-18	16-Mar-18	18-Apr-17	
USA (Chicago)	2srw	211.70	213.17	204.92	180.90	17.03
France	FCW3	199.29	202.01	196.79	172.22	15.72
Australia	ASW	218.40	220.80	215.60	180.80	20.80
Russia	SRW	205.50	206.00	202.50	183.50	11.99
India	Fob	259.20	259.52	272.74	262.86	-1.39

	19/04/2018	12/04/2018	05/04/2018	29/03/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*215*	*214*	*211*	*210*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*209*	*208*	*205*	*205*

Wheat Futures Contact: NCDEX Price — ***Date:20.04.2018***

Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-May	7	1707	1715	1705	1714	400	-7,560	2290	-110
18-Jun	0	1734	1734	1734	1734	100	80	100	0
18-Jul	-	-	-	-	-	-	-	-	-

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Wheat Technical Analysis:

Wheat –Technical Outlook	Contract Expiry: 18th May,2018

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	May	1665	1655	1712	1755	1775
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	May	Sell Below	1715	1695	1680	1727

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**
	19-Apr-18	**12-Apr-18**	**22-Mar-18**	**18-Apr-17**	
Indore	1712	1706	1700	1615	**6.01**
Delhi	1758	1778	1768	1736	**1.27**
Kanpur	1660	1650	1670	1590	**4.40**
Rajkot	1611	1610	1626	1614	**-0.19**
Kota	1694	1662	1713	1630	**3.93**

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. Weather aberrations may support prices in short term.

Spot Market Price:

Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			19-Apr-18	18-Apr-18	12-Apr-18	19-Mar-18	19-Apr-17
Delhi	Lawrence Road	Mill Delivery	1760	1775	1785	1780	1735
	Narella	Mill Quality Loose	1670	Closed	1660	1690	1640
	Nazafgarh	Mill Quality Loose	1650	Closed	1660	1700	1620
Gujarat	Rajkot	Mill Delivery	1550	1550	1535	1610	1530
	Ahmedabad	Mill Delivery	1715	1725	1715	1830	1670
	Surat	Mill Quality Loose	1740	1750	1740	1870	1710
	Dhrol	Mill Delivery	1730	NR	1680	1850	1730
M.P.	Indore	Mill Quality Loose	1675	1675	1650	Closed	1600
	Bhopal	Mill Delivery	1675	Closed	1650	Closed	1600
Rajasthan	Kota	Mill Quality Loose	1565	Closed	1535	1625	1510
		Mill Delivery	1675	Closed	1650	1725	1625
U.P.	Kanpur	Mill Delivery	1715	1710	1715	1750	1705
	Mathura	Mill Quality Loose	1560	1545	1585	1630	1545
	Kosi	Mill Quality Loose	1575	1570	1600	1590	1535
	Hathras	Mill Quality Loose	1635	1625	1650	1665	1625
	Aligarh	Mill Quality Loose	1610	Closed	1610	1600	1540
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1720	1630
	Ludhiana (Jagraon)	Mill Delivery	1760	1760	1760	NA	1730
Haryana	Sirsa	Mill Delivery loose	1735	1735	1735	1715	1625
	Hodal	Mill Delivery	1750	1750	1750	1750	1690
	Bhiwani	Mill Quality Loose	1740	1750	1735	1670	1625
	Karnal	Mill Quality Loose	1750	1750	1700	1725	1725
	Panipat	Mill Quality	1735	1735	1735	1625	1625

		Loose					
Tamil Nadu	Chennai	Mill Quality	2000	Closed	2000	2100	2000
	Madurai	Mill Quality	2057	Closed	2150	2250	2150
	Coimbatore	Mill Quality	2057	Closed	2200	2300	2200
Bihar	Khagariya	Mill Delivery	1600	1600	1600	1700	1600
	Muzaffarpur	Mill Delivery	1550	1550	1550	1640	1610

Progressive Sowing Status till 09th 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. Wheat prices are being supported by unstable ruble. 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 $211.00-215.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $210.00-213.00/tonne.

As per latest update, Japan's ministry of agriculture bought 101902 MMT of food quality wheat from United States and Canada. Around 68786 MMT has been bought from United States and around 33116 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between May 21 and June 20, 2018.

In financial year 2018-19, Egypt has decided to import 7 MMT of wheat at an average price of $220 per tonne (Cost and Freight). Furthermore, Egypt has set a price of $32-34 per ardeb (150 kg) for procuring in local market during financial year 2018-19.

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.

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
	18-Apr-18	11-Apr-18	21-Mar-18	18-Jan-18	19-Oct-17	18-Apr-17	
May-18	174.61	179.02	166.43	161.01	170.93	184.07	**-5.14**
Jul-18	179.75	185.26	172.22	165.79	175.71	186.36	**-3.55**
Sep-18	186.27	192.06	178.28	171.21	181.50	190.04	**-1.98**
Dec-18	194.91	200.51	186.09	178.10	188.11	194.45	**0.24**
Mar-19	201.70	207.03	192.33	183.06	192.79	197.66	**2.04**
May-19	205.19	210.06	195.64	186.18	194.45	198.58	**3.33**

AGRIWATCH

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CBOT May-18

1st Support: 157.00
2nd Support: 155.00
1st Resistant: 188.00
2nd Resistant: 190.00
($ per tonne)

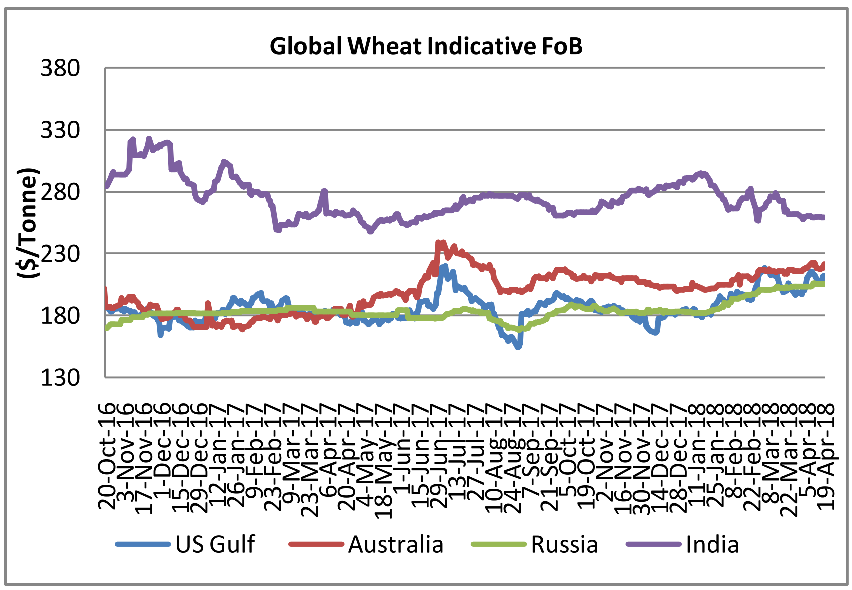
Wheat touched month low at $ 4.63 a bushel on 20th April. U.S. export sales in the week of April (06th- 12th April) were 66900 tonnes. The sales are below the trade expectation of 100000-300000 tonnes. On April 16, USDA rated 31% of the winter wheat crop in good to excellent condition, up slightly from last week, and 37% of winter wheat 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 $259.02-259.89 per tonne.

US and Russian quotes are hovering in the range of $209.56 and $205.50 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 $195 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.