

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals:-

All India weekly average prices increased by 0.26 percent to Rs. 1822.82 per quintal during the week ended 15th May 2018. Wheat average price were ruling at Rs 1818.02 per quintal during 01-08 May 2018. As compared to prices in the week 09-15 May 2017, the prices are weak by 8.30 percent. Prices are expected to remain steady to firm in coming days due to decrease in arrivals.

There is a rumor in the market that government may increase import duty from 20 percent to 30 or 40 percent. In case government increases import duty to 40 percent, it will put a complete halt on imports providing support to domestic wheat prices. Government has ample wheat stock this year due to good procurement and if inflow of wheat from other countries like Australia and Russia/Ukraine is not stopped, it can make difficult for government to sell wheat in open market.

As per latest update, U.S. has said in a statement that India is supporting its rice and wheat farmers by paying them higher amounts than it has reported to WTO as market price support (MPS). The statement also says that MPS for wheat and rice is over 60% and 70% higher respectively. India's commitment to WTO allows India to subsidize not more than 10% of total value of crop production.

Government agencies have started procurement since 15th March'18. Until 11th May'18 government has procured around 308.70 lakh tonnes of wheat. Of the total quantity procured, around 123.4 lakh tonnes have been procured from Punjab, 85.30 lakh tonnes from Haryana, 27.00 lakh tonnes from Uttar Pradesh and 59.00 lakh tonnes have been procured from Madhya Pradesh. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT. Government can easily achieve its procurement target this year.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. Traders are not quoting prices for APW due to lower availability. As of now Tuticorin port price ASW at Rs 2000 per quintal and Ukrainian wheat at Rs 1860 per quintal. Ample availability in the market is keeping global wheat prices under pressure.

As per latest update, until 10th May Traders and five government agencies have purchased a total of 87.04 lakh tonnes of wheat. Of the total quantity procured by government agencies around 26.09 lakh tonnes has been procured by food, civil supplies and consumer affairs department, 35.10 lakh tonnes by HAFED, 10.52 lakh tonnes by FCI and 15.32 lakh tonnes by Haryana warehousing corporation. Sirsa district has recorded highest arrival in the state, where 12.03 lakh tonnes of wheat has been procured.

Indian FoB quote is hovering around \$267.49 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$205.80, \$211.50, Euro 163.10, \$225.54 and \$227.68 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 1.5 million tonnes in MY 2018-19.

Previous Updates:

As per Agriwatch estimate, production is likely to be around 93.5 MMT compared to 95.0 MMT last year. Total availability is likely to be around 109.97 MMT, lower compared to last year because of lower acreage. Carry out is expected to be around 14.67 MMT for 2018-19 compared to 14.97 MMT for 2017-18.

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.

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

Trade Call: Stakeholders should trade in May contract taking care of lower and upper price tag of Rs. 1725 & 1867 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

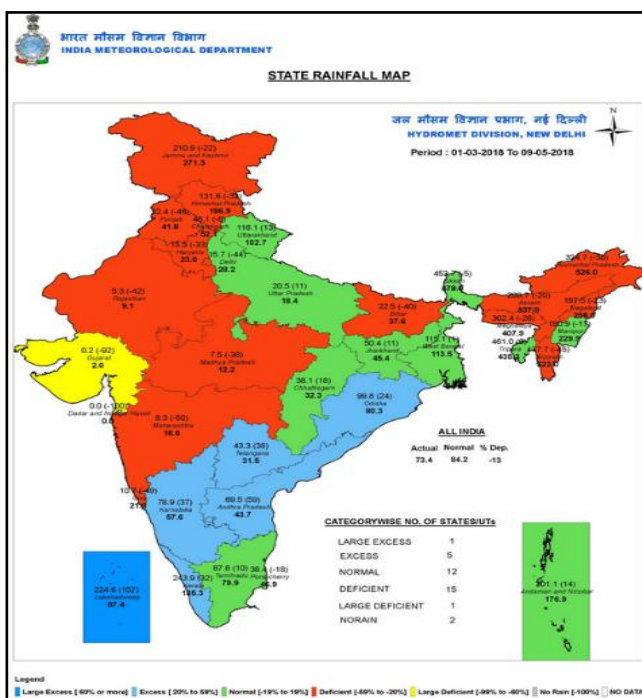
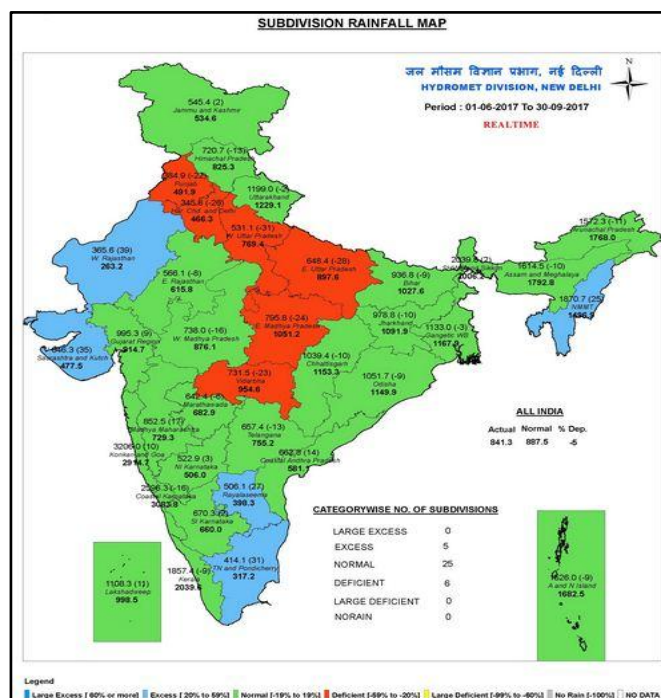
Wheat Import:

Date	Source	Port	Quantity in MT	Ave CiF (\$/T)
27 th 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

Wheat Weekly Average Price Chart:

Average mill delivery prices of Wheat traded firm in Ahmedabad, Indore and Delhi during 04th-10th May. Prices are expected to remain steady to firm in the week.

Prices are expected to increase in the coming week. Increase in reserve price by government for sales in open market is likely to provide support to domestic prices. There is a rumor in the market that government may revise import duty and increase it to 30 or 40 percent to put a complete stop on imports. Arrivals as well as Progressive procurement is higher compared to last year during the same period.

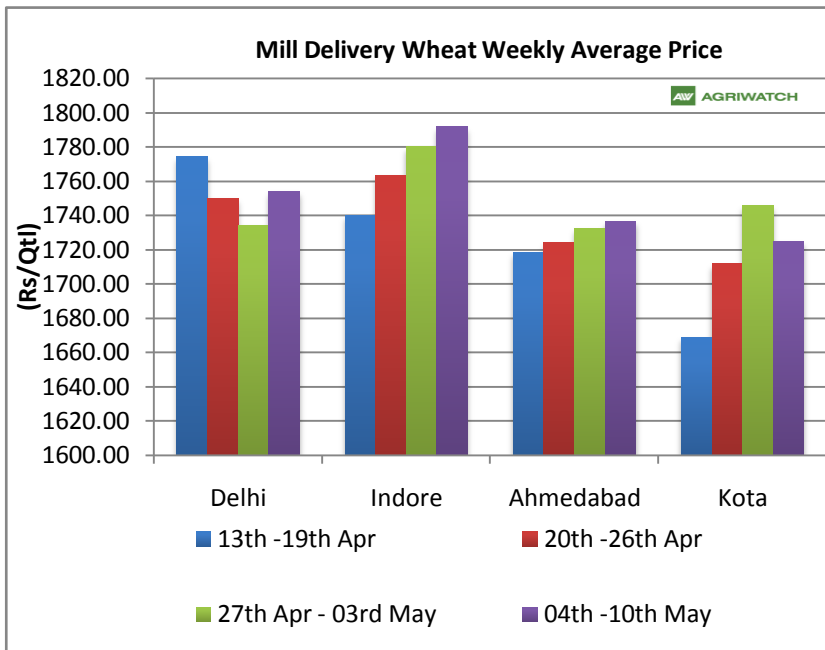
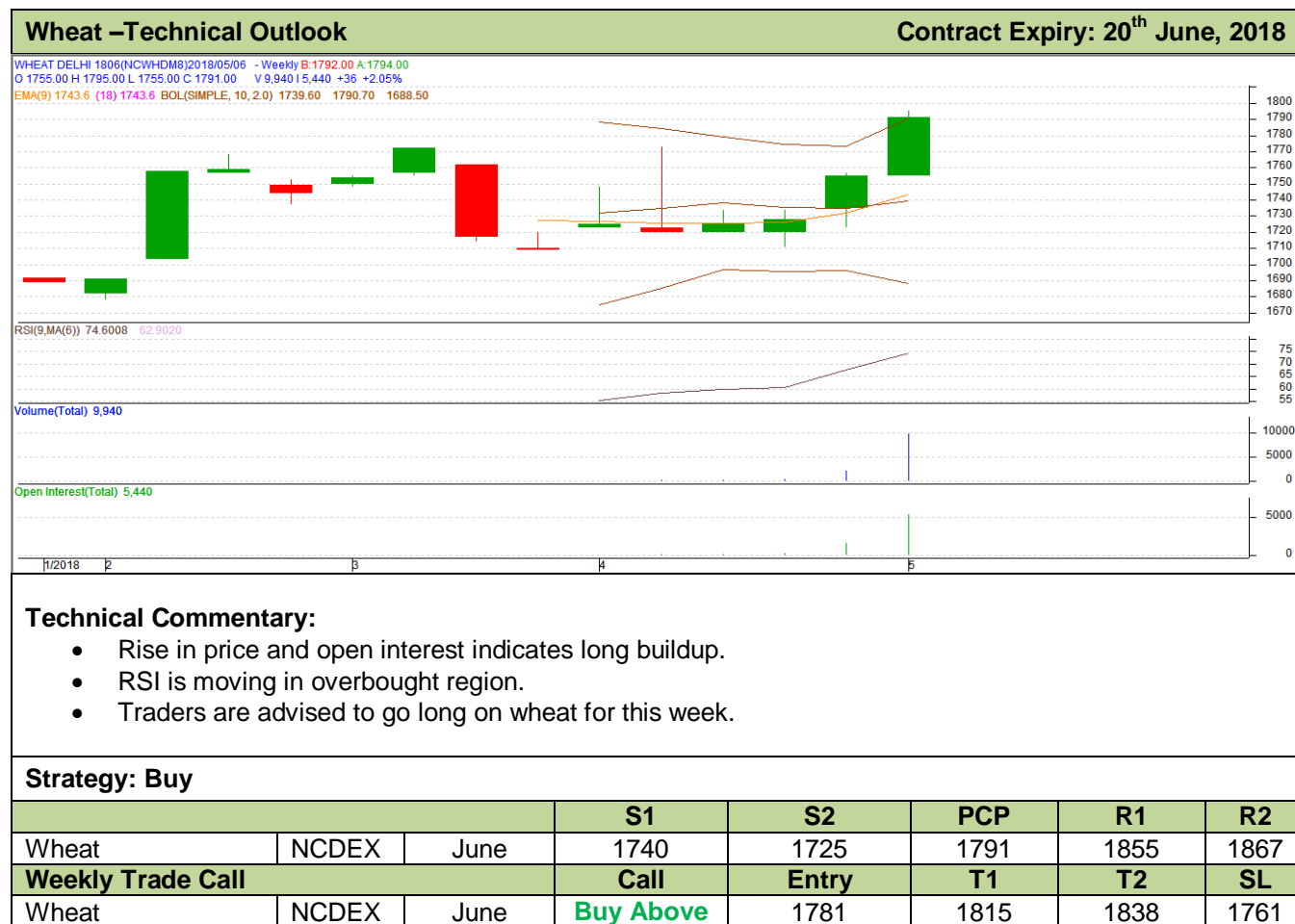

Wheat Stock Norms

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 26th April-2018:

State	Target for Procurement In Marketing Season 2018-19(April To March)	Progressive Procurement As on 26.04.2018 (Fig In Lakh Tonne)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Gujarat	0.50	0.24	0.03	700.00
Haryana	74.00	74.44	65.92	12.92
Madhya Pradesh	67.00	41.63	43.80	-4.95
Punjab	119.00	96.61	93.66	3.15
Rajasthan	16.00	7.74	5.59	38.46
Uttar Pradesh	40.00	13.61	5.44	150.18
Uttrakhand	1.00	0.21	0.01	2000.00
All-India	320.00	234.61	214.52	9.37

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
	10-May-18	3-May-18	9-Apr-18	9-May-17	
Indore	1764	1760	1688	1600	10.25
Delhi	1769	1740	1777	1743	1.49
Kanpur	1650	1655	1640	1568	5.23
Rajkot	1670	1663	1610	1552	7.60
Kota	1737	1712	1660	1616	7.49

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 firm in coming week, as prices are likely to get support from rumors of import duty and decrease 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
			10-May-18	9-May-18	3-May-18	10-Apr-18	10-May-17
Delhi	Lawrence Road	Mill Delivery	1770	1755	1740	1775	1740
	Narella	Mill Quality Loose	1730	Closed	1670	1700	1665
	Nazafgarh	Mill Quality Loose	1680	Closed	1650	1680	1650
Gujarat	Rajkot	Mill Delivery	1630	1625	1600	1525	1460
	Ahmedabad	Mill Delivery	1760	1750	1720	1710	1660
	Surat	Mill Quality Loose	1800	1800	1780	1740	1690
	Dhrol	Mill Delivery	1615	1655	1760	2000	1755
M.P.	Indore	Mill Quality Loose	1700	1700	1700	1650	1600
	Bhopal	Mill Delivery	1800	2000	1650	1650	1600
Rajasthan	Kota	Mill Quality Loose	1640	1640	1630	1525	1510
		Mill Delivery	1750	1750	1750	1625	1610
U.P.	Kanpur	Mill Delivery	1700	1720	1725	1715	1710
	Mathura	Mill Quality Loose	1620	1600	1565	Closed	1580
	Kosi	Mill Quality Loose	1610	1575	1580	1600	1580
	Hathras	Mill Quality Loose	1630	1680	1660	1610	1600
	Aligarh	Mill Quality Loose	1600	Closed	1585	1610	1625
Punjab	Khanna	Mill Quality Loose	1735	1735	1735	1735	1630
	Ludhiana (Jagraon)	Mill Delivery	1760	1760	1760	1750	1725
Haryana	Sirsa	Mill Delivery loose	1735	1735	1735	1720	1625
	Hodal	Mill Delivery	NR	1740	1750	1750	1690
	Bhiwani	Mill Quality Loose	1710	1730	1725	1735	1650
	Karnal	Mill Quality Loose	NA	NA	NA	1700	1645
	Panipat	Mill Quality Loose	1735	1735	1735	1735	1625



Tamil Nadu	Chennai	Mill Quality	2050	2050	2050	1980	2150
	Madurai	Mill Quality	2107	2200	2200	2150	2200
	Coimbatore	Mill Quality	2107	2250	2250	2200	2250
Bihar	Khagariya	Mill Delivery	1550	1550	1550	1600	NA
	Muzaffarpur	Mill Delivery	1500	1500	1550	1550	1550

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:

As per latest update, Moroccan government has decided to give subsidy to wheat millers for using locally harvested wheat. The subsidy would be 10 dirham's per 100kg of soft wheat. The government has also raised its import duty to 135 percent from 30 percent to reduce imports. Morocco imported around 4.2 MMT of soft wheat and 8.5 LMT of durum wheat.

Russian milling wheat prices remained weak by \$1 per tonne compared to last week. Export prices eased due to strong ruble. Russia is expected to produce around 74 MMT of wheat in 2018-19. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$210.00-215.00/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$210.00-213.00/tonne.

As per latest update, china has sold 310297 tonnes of wheat for average price of 2399 yuan (\$376.51) per tonne at an auction of state reserves on Wednesday. The quantity sold represents around 14.9 percent of wheat available at auction.

As per latest update, Japan's ministry of agriculture bought 95740 MMT of food quality wheat from United States and Australia. Around 61380 MMT has been bought from United States and around 34360 MMT of standard wheat has been bought from Australia. Shipments from United States will be loaded between June 21 and July 20, 2018 whereas Shipments from United States will be loaded between July 01 and July 31.

A flour mill in Indonesia has bought around 60000 tonnes of wheat at \$220-222 per tonne from black sea due for shipment in August. Indonesia usually imports from Australia. However as prices are ruling higher, black sea is taking advantage of this situation and capturing market share of Australia by providing the required quantity at lower prices.

Algeria state grains agency OAIC has bought around 420000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of \$224-225 per tonne (Cost and Freight). Origin of wheat is likely to be French. The country does not disclose the results of its tenders and purchase reports are based on trade assessments.

As per latest update, Russia's winter wheat growth has been delayed by two to three weeks due to cold weather in central areas and Volga valley. IKAR is expecting a production of 72-78 MMT down by around 9% compared to last year. India fulfils its import requirement of wheat from Black sea and Australia. Lower production in black sea region along with good demand from importing countries may lead to increase in prices.

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.

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

IGC Wheat Balance Sheet:

IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		22.03.2018	26.04.2018
Production	737	754	758	741	739
Trade	166	175	175	179	179
Consumptions	719	736	740	744	745
Carryover stocks	226	244	263	253	257
Y-O-Y change	18	18	18	-	-6
Major Export	67	80	84	66	72

- IGC has projected global wheat production to be 739 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 19 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 4 MMT higher compared to forecast for last year and higher by 13 MMT compared to 2015-16.
- Consumption has been increased by 1 MMT to 745 MMT for 2018-19. The projection is higher by 9 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 257 MMT compared to forecast of 263 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
	9-May-18	2-May-18	11-Apr-18	8-Feb-18	9-Nov-17	9-May-17	
May-18	189.03	193.16	179.02	172.40	167.53	181.40	4.20
Jul-18	187.56	193.53	185.26	177.27	172.31	183.98	1.95
Sep-18	193.71	199.22	192.06	182.60	177.73	203.17	-4.66
Dec-18	201.61	206.75	200.51	189.76	184.53	196.56	2.57
Mar-19	208.59	212.63	207.03	195.27	189.21	210.15	-0.74
May-19	211.99	215.30	210.06	197.29	191.87	213.09	-0.52

CBOT July-18

1st Support: 167.00
2nd Support: 165.00
1st Resistant: 198.00
2nd Resistant: 200.00
(\$ per tonne)

Wheat CBOT closed at \$4.98 per bushel. U.S. export sales in the week of April (27th April -03rd May) were 35200 tonnes. The sales were above the trade expectation of 0-350000 tonnes. On May 7, USDA rated 34% of the winter wheat crop in good to excellent condition, up from 33% last week, and 37% of the 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 \$266.40-268.52 per tonne.

US and Russian quotes are hovering in the range of \$225.54 and \$205.80 per tonne respectively. Wheat prices in international markets witnessed steady to slightly firm tone last week.

Wheat quotes are expected to trade steady to firm and hover in the range of \$200 to \$255 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to firm due to unfavorable weather conditions in Australia and USA. EU is likely to produce around 148.5 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 47.50 MMT compared to last year's 47.40 MMT. Australia is likely to produce 24.30 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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