Wheat Weekly Research Report
04th, June-2018

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices decreased by 4.88 percent to Rs. 1852.54 per quintal during the week ended 31st May 2018. Wheat average price were ruling at Rs 1947.59 per quintal during 16-23 May 2018. As compared to prices in the week 24-31 May 2017, the prices are firm by 0.36 percent. Prices are expected to remain firm in coming days due to decrease in arrivals and increase in import duty.

Government agencies have started procurement since 15th March'18. Until 01st June'18 government has procured around 341.90 lakh tonnes of wheat. Of the total quantity procured, around 126.91 lakh tonnes have been procured from Punjab, 87.39 lakh tonnes from Haryana, 38.41 lakh tonnes from Uttar Pradesh, 72.81 lakh tonnes have been procured from Madhya Pradesh, 14.90 in Rajasthan, 0.97 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh and 0.37 lakh tonnes from Gujarat. In Rabi marketing season 2018-19 government has set procurement target of 32 MMT. Government has abundant supplies this year, which will allow it to control any unexpected price rise.

Domestic wheat market prices have got some support from increased import duty. However, prospects of good monsoon and ample availability created by good production, intensive procurement by government and imports in MY 2017-18 are weighing on prices.

As per latest update, wheat stock in central pool as on 1st May'18 stood at 353.45 lakh tonnes up by 167.14% compared to last month. This quantity is higher by around 19.24% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices The stock position as on 01st May'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

On the export front, India has exported a total of 2.11 lakh tonnes of wheat in 2017-18 compared to 2.65 lakh tonnes in 2016-17. Export window for Indian wheat has remained restricted due to higher domestic prices. Furthermore, other countries are able to price at lower prices. On the import front India has imported around 1.6 MMT of wheat in 2017-18. With increase in import duty to 30 percent the volume of imported wheat is likely to fall considerably.

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 2105-2115 per quintal and Ukrainian wheat at Rs 1910-1920 per quintal. Wheat supplies are likely to tighten this year.

Indian FoB quote is hovering around $287.10 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $200.70, $202.17, Euro 170.75, $229.30 and $237.80 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import 1.0-1.5 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 third advance estimate, India is likely to produce 98.61 MMT of wheat compared to 97.11 MMT in second estimate. The total food grain production is expected at record 279.51 MMT, up by around 0.72% compared to second estimate.

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

Trade Call: *Stakeholders should trade in June contract taking care of lower and upper price tag of Rs. 1745 & 1845 respectively.*

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB ($/T)
01-08 April-2018	1870.24	340.89
09-15 April -2018	808.61	349.59
16-23 April -2018	550.56	393.64
24-30 April -2018	1005.13	334.45
Total	4234.54	

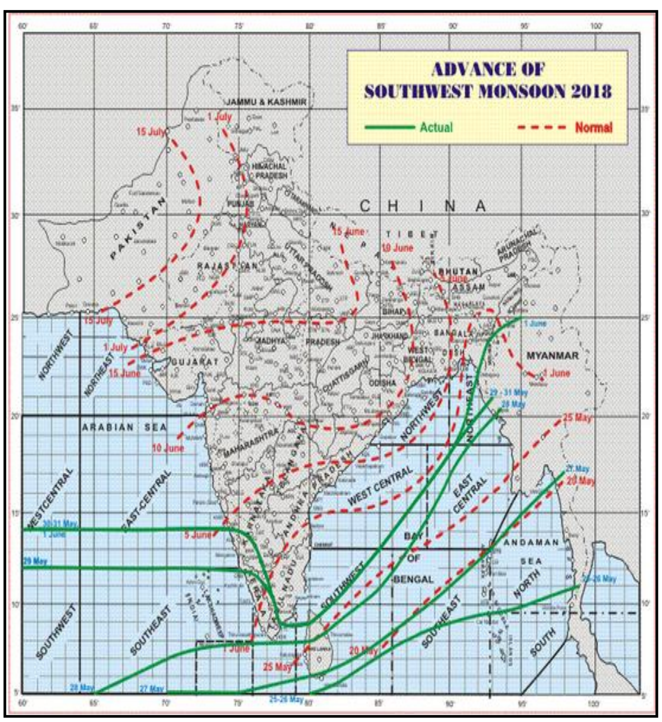
Source: Trade

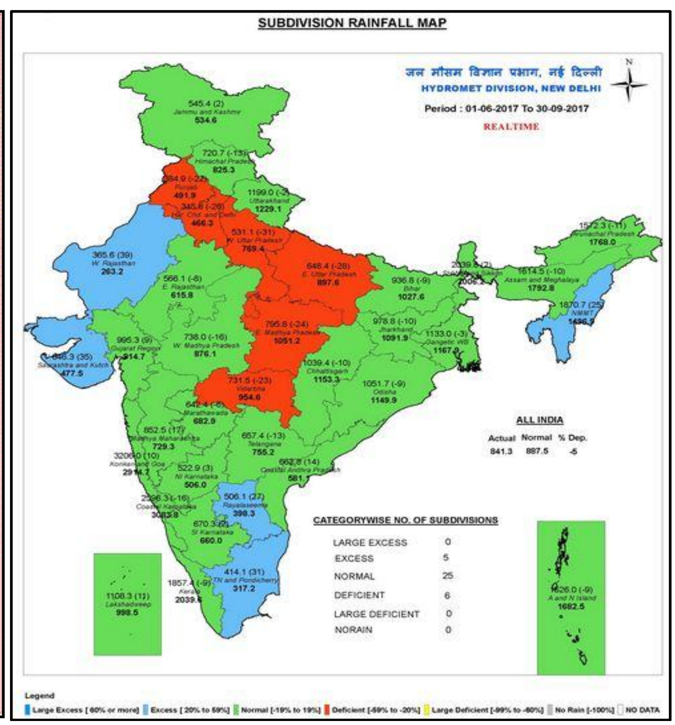
Wheat Import

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 April-2018.
Source: Trade

Monsoon & Weather Condition





Source: IMD

Wheat Weekly Average Price Chart

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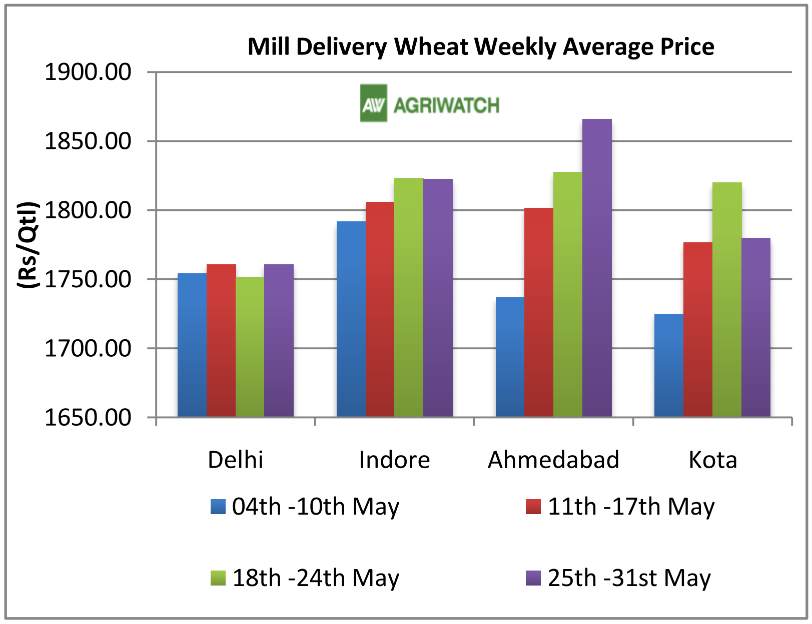
Average mill delivery prices of Wheat traded firm in Ahmedabad, Delhi and Indore during 25th -31st May. Prices are expected to remain steady to firm in the week.

Prices are getting support from decision of government to increase import duty for curbing imports. However, ample stocks and forecast for good monsoon rains is weighing on prices of wheat. Good monsoon will help in increasing soil moisture which will in turn lead to good yield and increased grain size. As of now traders are waiting for government to announce its reserve price for selling wheat in open market.



Wheat and Rice Stocking Norms

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 25th May-2018

State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 25.05.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	0.50	0.36	0.06	**500.00**
Haryana	74.00	87.37	74.32	**17.56**
Madhya Pradesh	67.00	70.56	65.44	**7.82**
Punjab	119.00	126.56	116.64	**8.50**
Rajasthan	16.00	14.47	10.82	**33.73**
Uttar Pradesh	40.00	38.19	24.77	**54.18**
Uttrakhand	1.00	0.87	0.02	**4250.00**
All-India	**320.00**	**338.53**	**292.16**	**15.87**

FOB Quote for Wheat at Kandla

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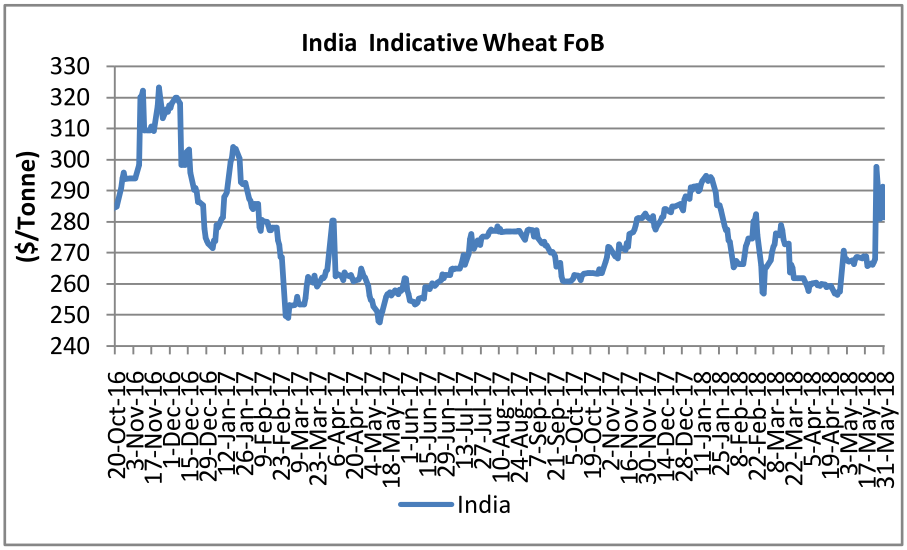
Wheat FoB quote in India witnessed firm tone last week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quote for Kandla is likely to witness steady to firm tone in the coming week and is likely to hover in the range of $275-295 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**
		30-May-18	**24-May-18**	**30-Apr-18**	**30-May-17**	
USA (Chicago)	2srw	224.83	231.62	229.28	177.99	**26.32**
France	FCW3	196.24	197.18	197.76	173.93	**12.83**
Australia	ASW	244.80	236.00	228.08	197.89	**23.71**
Russia	SRW	200.00	201.50	206.50	184.50	**8.40**
India	Fob	291.33	268.09	270.78	261.71	**11.32**

	31/05/2018	24/05/2018	17/05/2018	10/05/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	211	213	214	215
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	202	204	206	207

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									**Date:01.06.2018**
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Jun	-11	1805	1805	1790	1795	900	+90	6890	-360
18-Jul	-6	1810	1813	1804	1810	1100	+530	3580	+380
18-Aug	-1	1826	1826	1826	1825	0	-30	30	+30

AGRIWATCH

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Wheat Technical Analysis:

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Wheat –Technical Outlook	**Contract Expiry: 20th June, 2018**

Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving in neutral region.
- Traders are advised to go short on wheat for this week.

Strategy: Buy

			S1	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	June	1755	1745	1795	1835	1845
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	June	**Buy**	Above 1785	1805	1820	1773

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	**Today**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over prev. Year**
	31-May-18	**24-May-18**	**30-Apr-18**	**30-May-17**	
Indore	1815	1813	1755	1595	**13.79**
Delhi	1766	1775	1730	1744	**1.26**
Kanpur	1658	1655	1660	1586	**4.54**
Rajkot	1785	1743	1650	1585	**12.62**
Kota	1785	1799	1706	1617	**10.39**

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Domestic Market Weekly Outlook:

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Wheat cash market is likely to trade steady to firm in coming week, as prices are likely to get support from decrease in arrivals and increase in import duty to 30 percent. 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
			31-May-18	30-May-18	24-May-18	30-Apr-18	31-May-17
Delhi	Lawrence Road	Mill Delivery	1760	1760	1760	1730	1745
	Narella	Mill Quality Loose	1730	Closed	1715	1660	1665
	Nazafgarh	Mill Quality Loose	1700	Closed	1710	1650	1630
Gujarat	Rajkot	Mill Delivery	1740	1740	1665	1610	1500
	Ahmedabad	Mill Delivery	1870	1870	1840	1750	1650
	Surat	Mill Quality Loose	1930	1925	1910	1800	1680
	Dhrol	Mill Delivery	1765	1790	1685	1710	1645
M.P.	Indore	Mill Quality Loose	1725	1725	1750	Closed	1575
	Bhopal	Mill Delivery	1900	1900	1750	Closed	1600
Rajasthan	Kota	Mill Quality Loose	1700	1700	1625	1630	1525
		Mill Delivery	1780	1780	1820	1750	1610
U.P.	Kanpur	Mill Delivery	1725	1725	1750	1715	1740
	Mathura	Mill Quality Loose	1610	1600	1630	1560	1565
	Kosi	Mill Quality Loose	1580	1590	1650	1580	1575
	Hathras	Mill Quality Loose	1745	1745	NA	1640	1560
	Aligarh	Mill Quality Loose	NR	Closed	1590	1590	1570
Punjab	Khanna	Mill Quality Loose	1710	1720	1735	1735	1600
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1760	1750
Haryana	Sirsa	Mill Delivery loose	1735	1740	1735	1735	1625
	Hodal	Mill Delivery	1715	1715	1720	1750	1700
	Bhiwani	Mill Quality Loose	1740	1740	1740	1715	1610
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1640
	Panipat	Mill Quality	1735	1735	1735	1735	1625

		Loose					
Tamil Nadu	Chennai	Mill Quality	2175	2175	2100	2050	1950
	Madurai	Mill Quality	2232	2300	2225	2200	2025
	Coimbatore	Mill Quality	2232	2350	2275	2250	2075
Bihar	Khagariya	Mill Delivery	1500	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1475	1475	1480	1550	1550

Progressive Sowing Status till 09th Feb-2018:

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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:

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Wheat prices are gaining around the globe in major producing countries due to unfavourable weather conditions. Extreme heat in US HRW (Hard Red Winter) areas, Dry weather in Australia, enhancement in dry conditions in Southern Russia and Canadian prairies is threatening yields. Russia has already reduced its total grain crop by 5 MMT. Therefore new crop prices are likely to remain firm given; no improvement in current condition is seen.

As per latest update, Egypt's top administrative court has decided to freeze the order of lower court for banning ergot completely. Furthermore it has also allowed import of wheat with marginal levels. Egypt is the largest importer of wheat and receives almost 33 percent of Russian Wheat.

Russian milling wheat prices remained weak by $1-2 per tonne in Novorossiysk and $10-11 per tonne at Odessa compared to last week. Trading activity is low as traders are waiting for new crop that is likely to approach market soon. 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 $208.00-211.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB $197.00-202.00/tonne.

Algeria state grains agency OAIC has bought around 700000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of $228.0-228.50 per tonne (Cost and Freight). Origin of wheat is optional but most of it likely to be from France. The country does not disclose the results of its tenders and purchase reports are based on trade assessments.

As per latest update, Japan's ministry of agriculture bought 96870 MMT of food quality wheat from United States and Canada. Around 63735 MMT has been bought from United States and around 33135 MMT with minimum 13.5 percent protein content has been bought from Canada. Shipments from United States and Canada will be loaded between June 21 and July 20, 2018.

As per latest Update, Iraq's state grains board has purchased around 100000 tonnes of hard wheat in a tender. Of the total quantity 50000 tonnes will be sourced from United States and rest from Australia. In previous tender, Iraq bought 100000 tonnes of Australian wheat at $298 per tonne C&F. Iraq has stepped up its local wheat purchase as well due to drought conditions.

GASC has purchased 60000 tonnes of Ukrainian wheat through tender. Louis Dreyfus offered 60000 tonnes at FOB $219.90/tonne. The wheat is to be shipped between June 15-25.

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.

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.

IGC Wheat Balance Sheet:

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IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected)	
				26.04.2018	24.05.2018
Production	737	754	758	739	742
Trade	166	177	176	179	177
Consumptions	719	737	740	745	746
Carryover stocks	226	244	262	257	258
Y-O-Y change	18	18	18	-	-3
Major Export	67	80	83	72	75

- *IGC has projected global wheat production to be 742 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 16 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 177 MMT. It is 1 MMT higher compared to forecast for last year and higher by 11 MMT compared to 2015-16.*
- *Consumption has been increased by 1 MMT to 746 MMT for 2018-19. The projection is higher by 9 MMT compared to 2016-17.*
- *Carryout for 2018-19 is projected at 258 MMT compared to forecast of 262 MMT last year. It is higher by around 14 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
	30-May-18	23-May-18	30-Apr-18	2-Mar-18	30-Nov-17	30-May-17	
Jul-18	191.78	195.09	187.56	189.03	168.36	184.89	3.73
Sep-18	198.03	201.24	193.34	194.26	173.69	188.94	4.81
Dec-18	205.10	208.78	201.06	200.97	180.21	193.99	5.73
Mar-19	211.35	215.11	206.94	206.02	185.17	198.86	6.28
May-19	214.56	218.51	209.42	207.58	188.02	197.94	8.40
Jul-19	215.39	219.52	210.15	207.95	207.58	197.02	9.32

CBOT July-18

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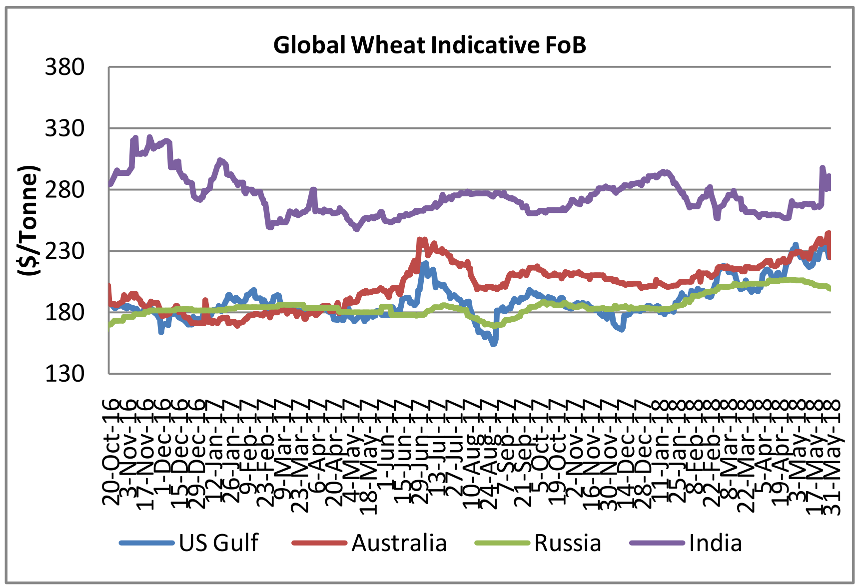
1st Support: 175.00
2nd Support: 173.00
1st Resistant: 216.00
2nd Resistant: 218.00
($ per tonne)

Wheat CBOT closed at $5.23 per bushel. U.S. export sales in the week of May (18th -24th) were 29500 tonnes. The sales were within the trade expectation Improvement in winter wheat condition has kept U.S. wheat futures down in the week. On May 30, USDA rated 38% of the winter wheat crop in good to excellent condition, unchanged from last week, and 35% 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 $280.89-297.66 per tonne.

US and Russian quotes are hovering in the range of $229.30 and $200.70 per tonne respectively. Wheat prices in international markets remained range bound in last week.

Wheat quotes are expected to trade steady to weak and hover in the range of $195 to $250 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to slightly weak due to good availability. 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.