

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices decreased by 0.74 percent to Rs. 1838.83 per quintal during the week ended 08th June 2018. Wheat average price were ruling at Rs 1852.54 per quintal during 24-31 May 2018. As compared to prices in the week 01-08 June 2017, the prices are weak by 1.69 percent. Prices are expected to remain firm in coming days due to decrease in arrivals and increase in import duty.

Wheat prices have witnessed downtrend in the past week due to ample domestic stocks and reduced off take by flour mills. Increase in import duty is likely to curb imports in MY 2018-19. No import in bulk has been registered since February. Dry weather in Australia/Black sea region is likely to keep international prices on higher side which will further make it difficult for millers in India to import.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed slightly 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 2095-2105 per quintal and Ukrainian wheat at Rs 1895-1905 per quintal. Wheat supplies are likely to tighten this year.

Government agencies have started procurement since 15th March'18. Until 08th June'18 government has procured around 351.39 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, 47.59 lakh tonnes from Uttar Pradesh, 72.87 lakh tonnes have been procured from Madhya Pradesh, 15.07 in Rajasthan, 1.02 lakh tonnes from Uttarakhand, 0.14 lakh tonnes from Chandigarh, 0.37 lakh tonnes from Gujarat and 0.03 lakh tonnes from Bihar. 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.

Supply side for FAQ is likely to be good as ample stock is available in the market due to good production and imports. Government has procured intensively and has already surpassed its procurement target. Demand from south Indian millers is likely to pick up during lean season after application of 30% import duty. Good production and Import, have kept demand for central and north Indian wheat at lower level in MY 2017-18.

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 provide wheat 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.

Indian FoB quote is hovering around \$279.17 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$197.50, \$200.60, Euro 172.10, \$223.00 and \$223.65 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 July contract taking care of lower and upper price tag of Rs. 1756 & 1846 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

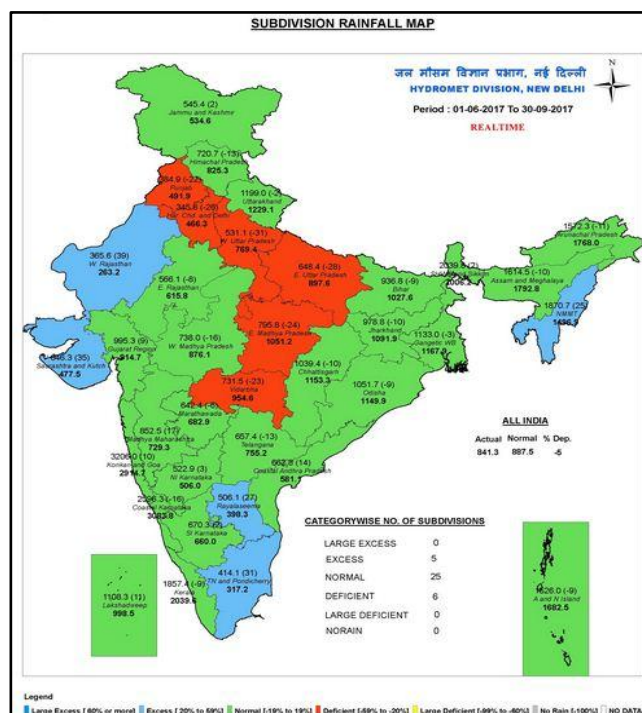
Wheat Import

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

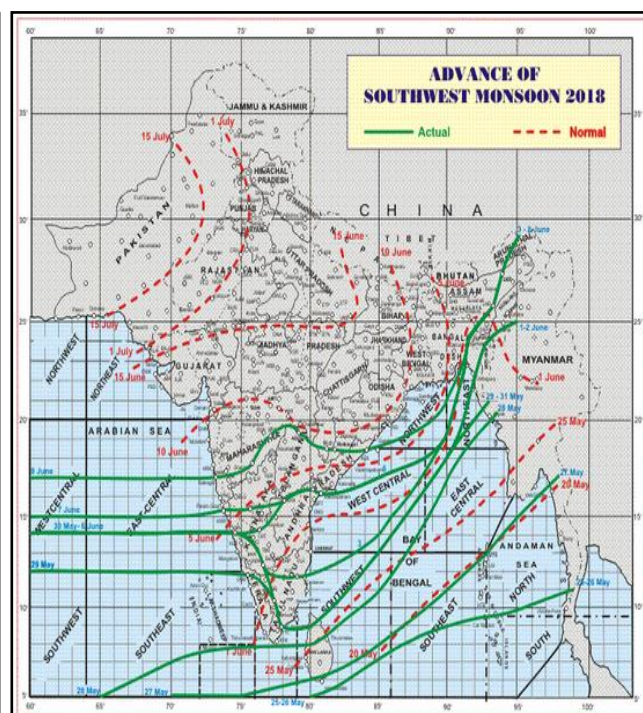
As per trade sources no quantity has been imported in the month of April-2018.

Source: Trade

Monsoon & Weather Condition



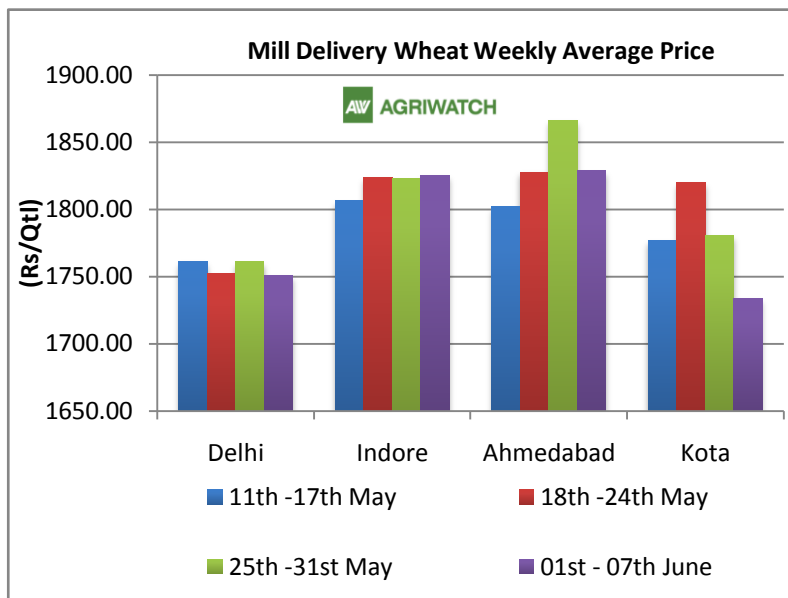
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded weak in Ahmedabad, Delhi and Kota during 01st -07th June. Prices are expected to remain steady to firm in the week.

Prices are expected to remain steady to firm in coming week. Last week prices remained weak. As of now traders are waiting for government to announce its reserve price for selling wheat in open market. Last year, government sold wheat at a reserve price of Rs 1790 per quintal and as per market sources it is likely to increase it by Rs 120-150 per quintal. This move by government is likely to provide further support to market.


Wheat and Rice Stocking Norms

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 01st June-2018

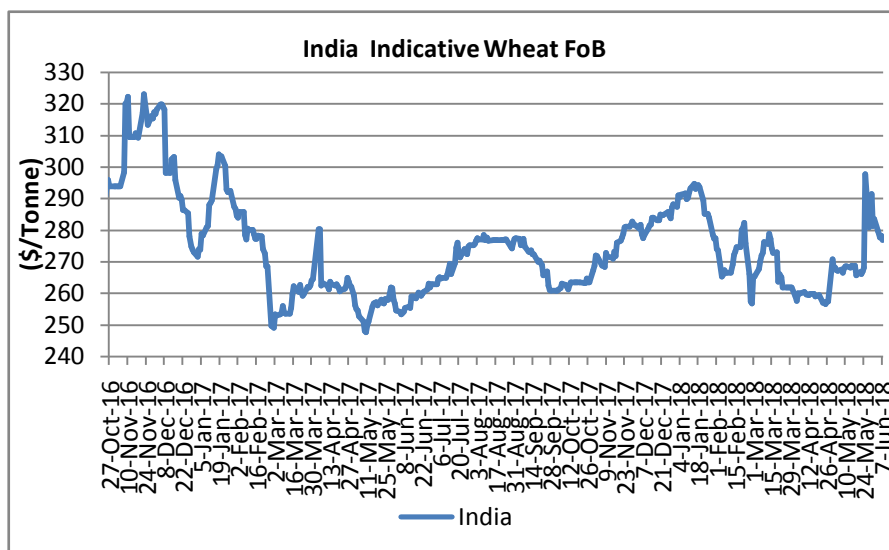
State	Target for Procurement In Marketing Season 2018-19(April To March)	Progressive Procurement As on 01.06.2018 (Fig In Lakh Tonne)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Gujarat	0.50	0.37	0.06	516.67
Haryana	74.00	87.39	74.32	17.59
Madhya Pradesh	67.00	72.81	67.24	8.28
Punjab	119.00	126.91	117.05	8.42
Rajasthan	16.00	14.90	11.39	30.82
Uttar Pradesh	40.00	38.41	28.58	34.39
Uttrakhand	1.00	0.97	0.02	4750.00
All-India	320.00	341.91	298.75	14.45

FOB Quote for Wheat at Kandla

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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 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 \$270-285 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.

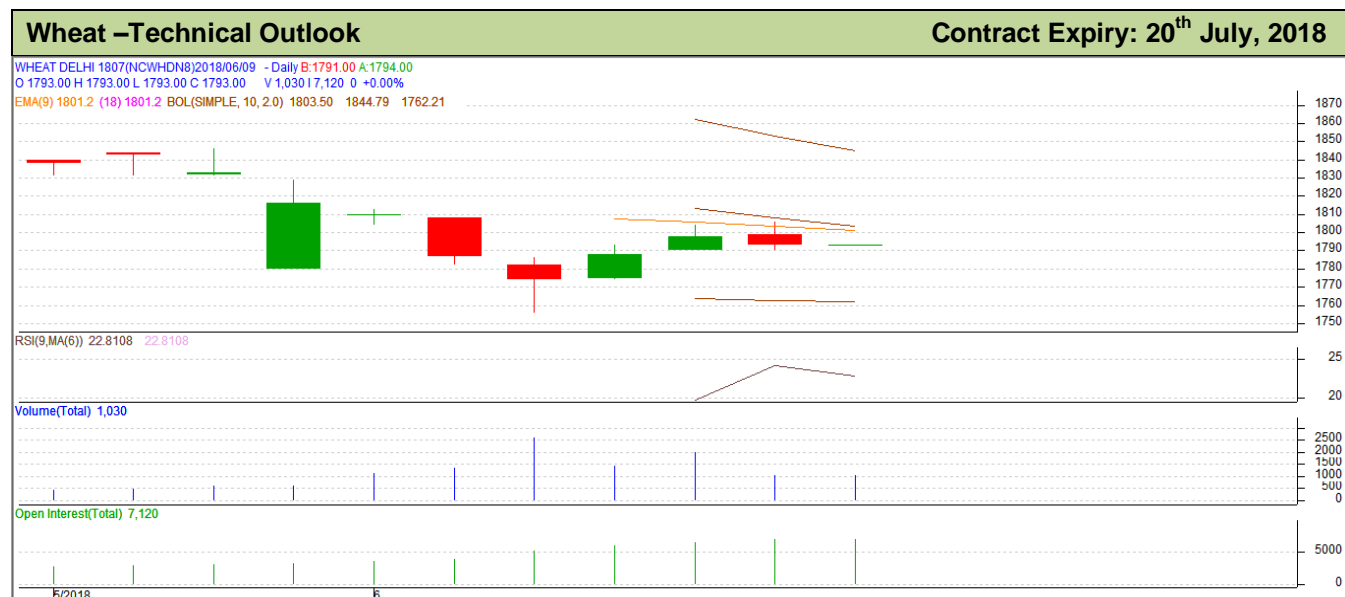


Indicative FOB Quotes:						
Wheat FOB	Variety	Yesterday	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		6-Jun-18	30-May-18	4-May-18	6-Jun-17	
USA (Chicago)	2SRW	224.00	224.83	230.10	179.20	25.00
France	FCW3	203.04	196.24	195.83	174.09	16.63
Australia	ASW	224.25	244.80	229.60	199.58	12.36
Russia	SRW	196.00	200.00	206.00	184.50	6.23
India	Fob	278.23	291.33	267.10	253.30	9.84

	07/06/2018	31/05/2018	24/05/2018	17/05/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)		211	213	214
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)		202	204	206

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:08.06.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Jun	-10	1780	1785	1774	1774	900	-1,310	3940	-350
18-Jul	-8	1799	1806	1790	1793	1030	-960	7120	+630
18-Aug	+2	1825	1825	1820	1825	20	0	140	0

Wheat Technical Analysis:
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Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	July	1765	1756	1793	1837	1846
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	July	Buy	Above 1790	1810	1825	1778

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
	7-Jun-18	31-May-18	7-May-18	7-Jun-17	
Indore	1829	1815	1769	1595	14.67
Delhi	1765	1766	1751	1762	0.17
Kanpur	1650	1658	1640	1584	4.17
Rajkot	1790	1785	1664	1577	13.51
Kota	1771	1785	1705	1633	8.45

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
			7-Jun-18	6-Jun-18	31-May-18	7-May-18	7-Jun-17
Delhi	Lawrence Road	Mill Delivery	1750	1750	1760	1755	1765
	Narella	Mill Quality Loose	1715	Closed	1730	1725	1675
	Nazafgarh	Mill Quality Loose	1700	Closed	1700	1700	1650
Gujarat	Rajkot	Mill Delivery	1700	1710	1740	1620	1475
	Ahmedabad	Mill Delivery	1830	1830	1870	1735	1650
	Surat	Mill Quality Loose	1880	1900	1930	1780	1670
	Dhrol	Mill Delivery	1755	1855	1765	1855	1570
M.P.	Indore	Mill Quality Loose	1725	1725	1725	1700	NA
	Bhopal	Mill Delivery	1900	1900	1900	1800	NA
Rajasthan	Kota	Mill Quality Loose	1700	1700	1700	1630	1480
		Mill Delivery	1770	1770	1780	1700	1570
U.P.	Kanpur	Mill Delivery	1725	1725	1725	1725	1740
	Mathura	Mill Quality Loose	1610	1610	1610	1550	1590
	Kosi	Mill Quality Loose	1570	1570	1580	1610	1580
	Hathras	Mill Quality Loose	1745	1600	1745	1640	1600
	Aligarh	Mill Quality Loose	1620	Closed	NR	1600	1580
Punjab	Khanna	Mill Quality Loose	1735	1735	1710	1735	1600
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1760	NA
Haryana	Sirsa	Mill Delivery loose	1750	1750	1735	1735	1625
	Hodal	Mill Delivery	1705	1705	1715	1740	1690
	Bhiwani	Mill Quality Loose	1725	1730	1740	1730	1620
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1625
	Panipat	Mill Quality	NA	NA	1735	1735	1625



		Loose					
Tamil Nadu	Chennai	Mill Quality	2150	2150	2175	2040	1950
	Madurai	Mill Quality	2207	2250	2300	2140	2100
	Coimbatore	Mill Quality	2207	2300	2350	2190	2150
Bihar	Khagariya	Mill Delivery	1550	1550	1500	1550	1600
	Muzaffarpur	Mill Delivery	1475	1475	1475	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:**[\(Back to Table of Contents\)](#)**

Russia was able to export around 1.14 MMT of wheat to Australia during July'17-March-18. Black sea region was able to capture market share in Indonesia due to its competitive pricing and lower freight rates. Russian wheat is also being used in various flour blends in Indonesia.

Russian milling wheat prices remained weak by \$5 per tonne at Novorossiysk and \$0-2 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 \$203.00-206.00/tonne whereas milling wheat with 11.5% protein content at Odessa is being quoted at FoB \$194.00-196.00/tonne.

As per latest update, Japan's ministry of agriculture bought 144522 MT of food quality wheat from United States, Australia and Canada. Around 90590 MT has been bought from United States, 28712 MT with minimum 13.5 percent protein content has been bought from Canada and 25220 MT of standard white wheat has been bought from Australia. Shipments from United States, Australia and Canada will be loaded between Aug 01 and Aug 31, 2018.

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.

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, 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	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		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
	6-Jun-18	30-May-18	6-May-18	6-Mar-18	6-Dec-17	6-Jun-17	
Jul-18	190.96	191.78	193.34	191.51	165.88	186.91	2.16
Sep-18	197.48	198.03	199.04	197.02	171.30	191.14	3.32
Dec-18	205.10	205.10	206.85	203.82	178.37	196.10	4.59
Mar-19	211.99	211.35	212.82	209.14	183.79	199.13	6.46
May-19	216.12	214.56	215.66	211.07	187.10	199.87	8.13
Jul-19	217.32	215.39	216.12	211.35	189.12	199.50	8.93

CBOT July-18

1st Support: 173.00
2nd Support: 171.00
1st Resistant: 215.00
2nd Resistant: 217.00
(\$ per tonne)

Wheat CBOT closed at \$5.20 per bushel. U.S. export sales in the week of May (25th -31st) were 250900 tonnes. The sales were within the trade expectation. On June 4, USDA reported winter wheat harvest was 5% complete, slightly ahead of the 5-year average. USDA rated the winter wheat crop 37% good to excellent, down from 38% a week ago and 35% of the winter wheat is in poor or very poor condition.

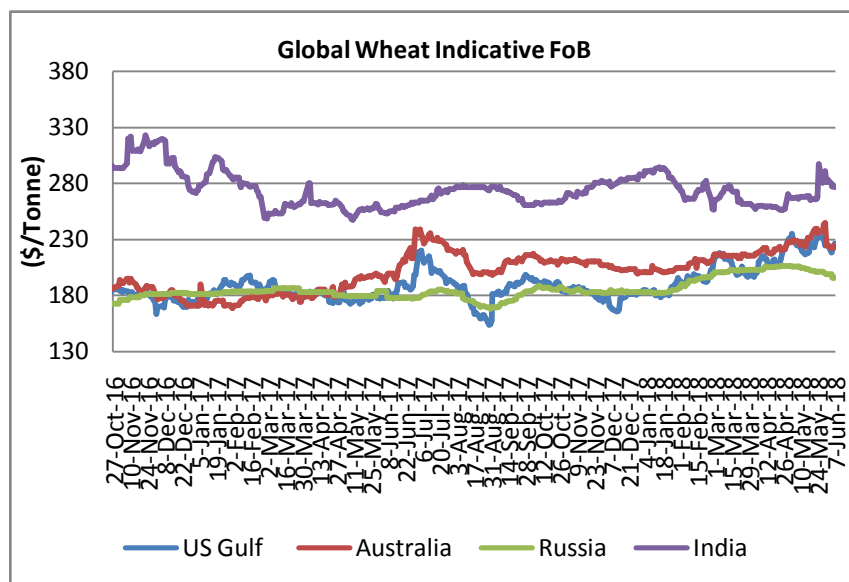
International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$276.82-\$283.57 per tonne.

US and Russian quotes are hovering in the range of \$223.00 and \$197.50 per tonne respectively. Wheat prices in international markets remained steady to slightly firm in last week.

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

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International Weekly Outlook:

Global wheat market is expected to trade steady to slightly firm due to unfavorable weather conditions in major producing regions. 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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