Wheat Weekly Research Report

Table of Contents

Wheat Domestic Market Fundamentals **(*Back to Table of Contents*)**

All India weekly average prices decreased by 0.69 percent to Rs. 1965.68 per quintal during the week ended 23rd June 2018. Wheat average price were ruling at Rs 1797.30 per quintal during 09-15 June 2018. As compared to prices in the week 16-23 June 2017, the prices are weak by 2.25 percent. Prices are expected to remain firm in coming days due to decrease in arrivals and increase in import duty.

As per trade source, India has exported around 2.31 thousand tonnes in the month of May compared to 4.24 thousand tonnes in April. The quantity in March was exported at an average FOB of $ 357.87 per tonne and the major destinations were Oman, South Africa, Congo, US, and Singapore. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per trade sources, India has imported no wheat in the month of May-2018. India has imported around 31000 tonnes in the month of February-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. Main exporting countries like Australia and Russia are currently facing weather aberrations, which is likely to keep their export prices at higher side.

Government agencies have started procurement since 15th March'18. Until 22nd June'18 government has procured around 355.04 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, 50.88 lakh tonnes from Uttar Pradesh, 72.87 lakh tonnes have been procured from Madhya Pradesh, 15.31 in Rajasthan, 1.07 lakh tonnes from Uttrakhand, 0.14 lakh tonnes from Chandigarh, 0.37 lakh tonnes from Gujarat, 0.09 lakh tonnes from Bihar and 0.01 lakh tonnes from Himachal Pradesh. 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.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed slightly weak tone in the week. As of now Tuticorin port price for APW is Rs 2290-2300 per quintal, ASW is Rs 2070-2080 per quintal and Ukrainian wheat is Rs 1880-1890 per quintal. Wheat supplies are likely to tighten this year.

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 $275.11 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $192.75, $200.25, Euro 168.25, $212.68 and $222.45 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. 1782 & 1868 respectively.*

Wheat Weekly Export

(Back to Table of Contents)

Week On Week Exports	*Quantity in MT*	*Average FoB ($/T)*
01-08 May-2018	*552.18*	*332.95*
09-16 May -2018	*666.47*	*381.66*
17-24 May -2018	*588.59*	*374.96*
25-31 May -2018	*497.24*	*348.75*
Total	*2304.48*	

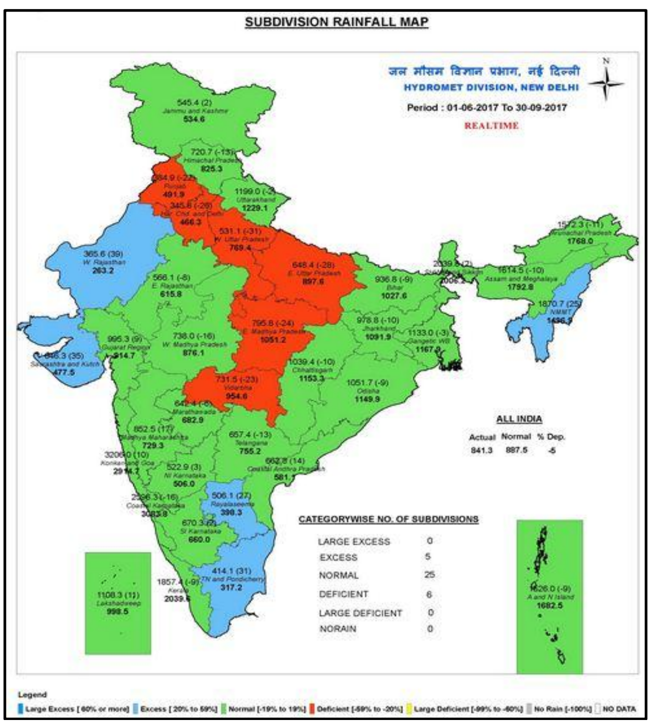
Source: Trade

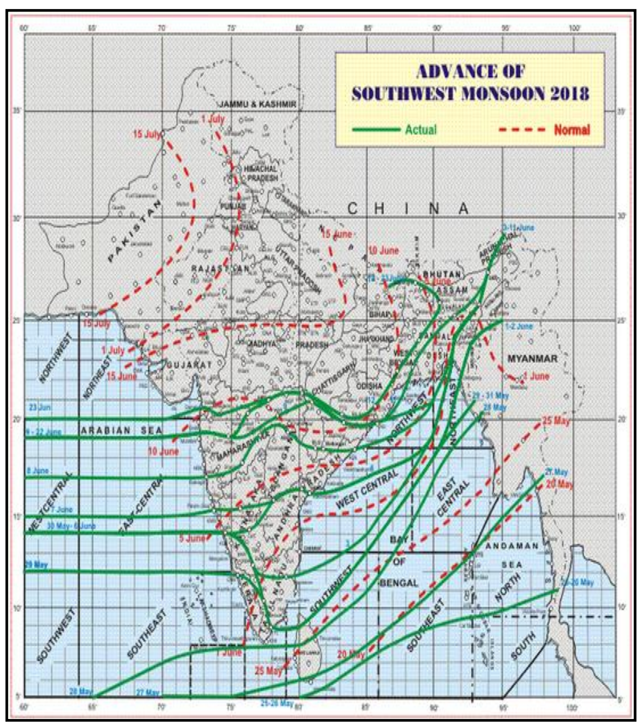
Wheat Import

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 May-2018.
Source: Trade

Monsoon & Weather Condition





Source: IMD

AGRIWATCH

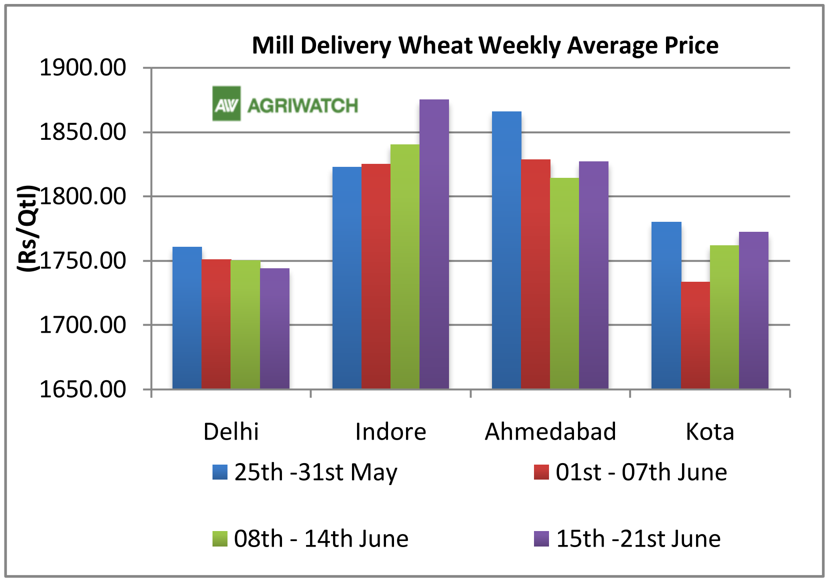
Wheat Weekly Research Report
25th, June-2018

Wheat Weekly Average Price Chart

(Back to Table of Contents)

Average mill delivery prices of Wheat traded firm in Indore, Ahmedabad and Kota during 15th-21st June. Prices are expected to remain steady to firm in the week.

Government is likely to decide reserve price for selling wheat in open market in near future. Reserve price is expected to be around Rs 1900 per quintal compared to Rs 1790 per quintal in last MY. Increase in reserve price is likely to provide further support to market. Government has procured intensively and has already surpassed its procurement target.



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 08th June-2018

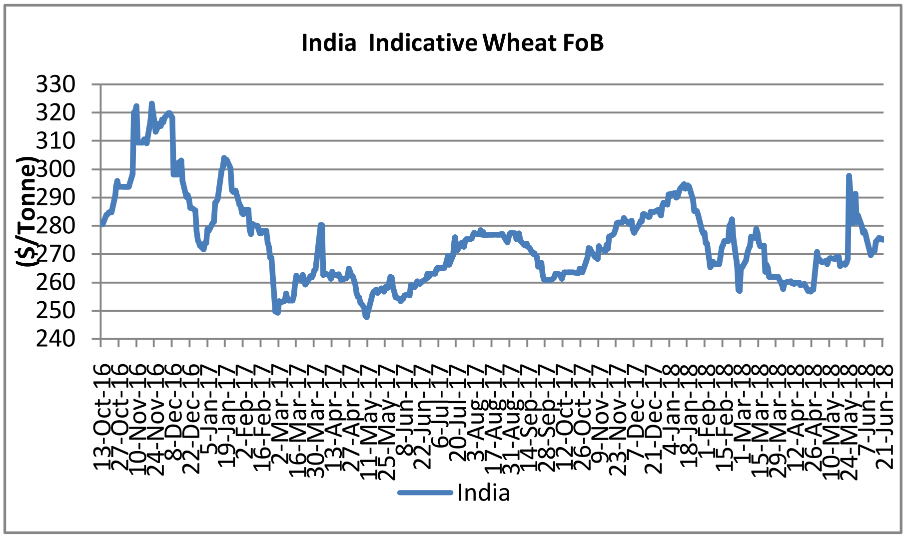
State	**Target for Procurement In Marketing Season 2018-19(April To March)**	**Progressive Procurement As on 08.06.2018 (Fig In Lakh Tonne)**		
		In Marketing Season 2018-19	**In Marketing Season 2017-18**	**% Ch Over Previous Year**
Gujarat	0.50	0.37	0.07	**428.57**
Haryana	74.00	87.39	74.32	**17.59**
Madhya Pradesh	67.00	72.87	67.24	**8.37**
Punjab	119.00	126.91	117.05	**8.42**
Rajasthan	16.00	15.07	11.86	**27.07**
Uttar Pradesh	40.00	47.59	31.72	**50.03**
Uttrakhand	1.00	1.02	0.02	**5000.00**
All-India	**320.00**	**351.40**	**302.36**	**16.22**

FOB Quote for Wheat at Kandla

(Back to Table of Contents)

Wheat FoB quote in India witnessed steady to 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 $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
		20-Jun-18	13-Jun-18	18-May-18	20-Jun-17	
USA (Chicago)	2srw	211.70	222.80	227.10	191.95	**10.29**
France	FCW3	193.92	203.70	193.14	191.99	**1.01**
Australia	ASW	222.75	228.75	232.00	210.60	**5.77**
Russia	SRW	192.50	196.50	202.50	178.00	**8.15**
India	Fob	275.41	270.63	265.64	259.85	**5.99**

	21/06/2018	14/06/2018	07/06/2018	31/05/2018
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	202	207	206	211
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	195	198	197	202

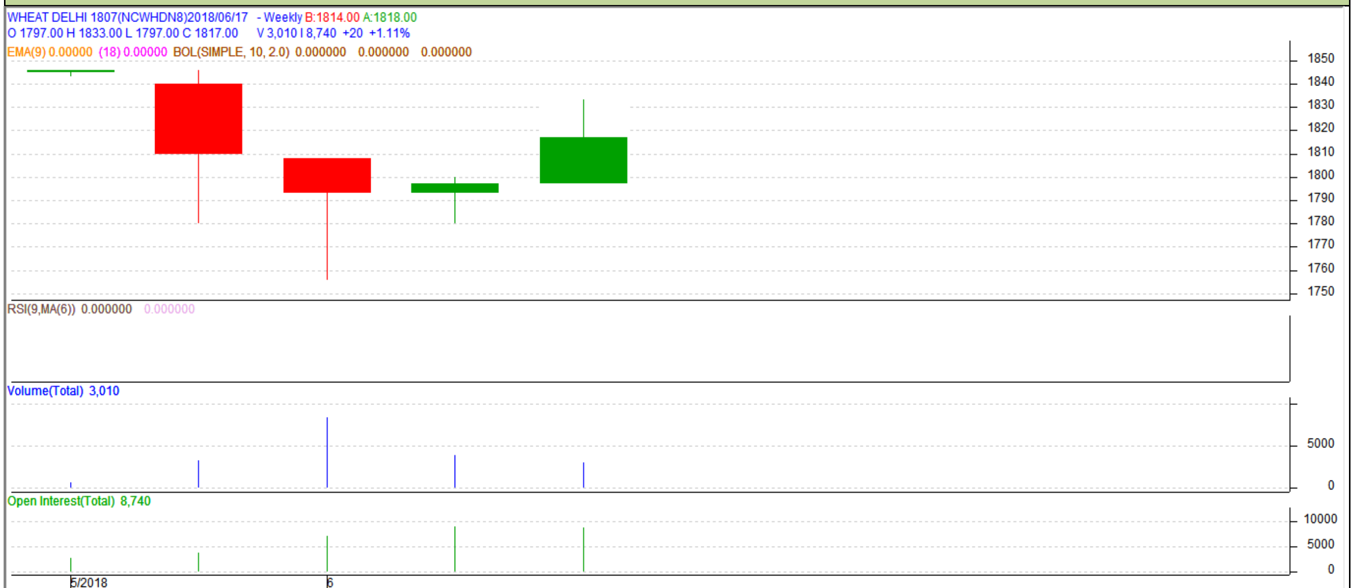
NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									Date:22.06.2018
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Jul	-1	1815	1817	1812	1817	270	+180	8740	-70
18-Aug	+2	1838	1840	1830	1840	90	+50	1320	+80
18-Sep	0	1812	1812	1812	1812	0	0	0	0

Wheat Technical Analysis:

(Back to Table of Contents)

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



Technical Commentary:

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

Strategy: Buy

			S1	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	July	1791	1782	1817	1861	1868
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	July	**Buy**	Above 1815	1836	1852	1803

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**
	21-Jun-18	**14-Jun-18**	**21-May-18**	**21-Jun-17**	
Indore	NA	1802	1783	1626	-
Delhi	1765	1764	1763	1743	**1.26**
Kanpur	1650	1650	1655	1572	**4.96**
Rajkot	1800	1770	1705	1605	**12.15**
Kota	1792	1780	1760	1642	**9.14**

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

Domestic Market Weekly Outlook:

(Back to Table of Contents)

Wheat cash market is likely to trade steady to firm in coming week, as prices are likely to get support from 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**
			21-Jun-18	**20-Jun-18**	**14-Jun-18**	**21-May-18**	**21-Jun-17**
Delhi	Lawrence Road	Mill Delivery	1745	1750	1745	1750	1740
	Narella	Mill Quality Loose	1700	1700	1700	1715	1660
	Nazafgarh	Mill Quality Loose	1700	1700	1700	1700	1640
Gujarat	Rajkot	Mill Delivery	1720	1710	1700	1630	1510
	Ahmedabad	Mill Delivery	1825	1825	1820	1830	1680
	Surat	Mill Quality Loose	1860	1860	1850	1880	1710
	Dhrol	Mill Delivery	1860	1855	1835	1800	1655
M.P.	Indore	Mill Quality Loose	1800	1800	1750	1750	1625
	Bhopal	Mill Delivery	2100	2100	2000	1750	1675
Rajasthan	Kota	Mill Quality Loose	1715	1720	1700	1660	1530
		Mill Delivery	1800	1770	1760	1820	1630
U.P.	Kanpur	Mill Delivery	1735	1735	1725	1725	1740
	Mathura	Mill Quality Loose	1640	1640	1625	1570	1570
	Kosi	Mill Quality Loose	1575	1575	1560	1570	1580
	Hathras	Mill Quality Loose	1590	1635	1635	NR	1560
	Aligarh	Mill Quality Loose	1600	1590	1600	1590	1590
Punjab	Khanna	Mill Quality Loose	1700	1710	1710	1735	1610
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1760	NA
Haryana	Sirsa	Mill Delivery loose	1725	1725	1715	1735	1635
	Hodal	Mill Delivery	1705	1705	1705	1780	1690
	Bhiwani	Mill Quality Loose	1700	1700	1700	1750	1620
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1640
	Panipat	Mill Quality Loose	NA	NA	NA	1735	1625

Tamil Nadu	Chennai	Mill Quality	2140	2150	2130	2100	1950
	Madurai	Mill Quality	2197	2270	2250	2225	2100
	Coimbatore	Mill Quality	2197	2320	2300	2275	2150
Bihar	Khagariya	Mill Delivery	1550	1550	1500	1500	1600
	Muzaffarpur	Mill Delivery	1475	1475	1465	1475	1550

Progressive Sowing Status till 09th Feb-2018:

(Back to Table of Contents)

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*)**

Russian milling wheat prices became firm by $5-7 per tonne at Novorossiysk and $3 per tonne at Odessa compared to last week. Harvesting in southern regions of both Ukraine and Russia has started that is keeping prices under pressure. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB $204.00-207.00/tonne whereas milling wheat whereas wheat with 11.5% protein content at Odessa is being quoted at FoB $194.00-197.00/tonne.

As per latest update, Japan's ministry of agriculture bought 91188 MT of food quality wheat from United States and Australia. Around 65943 MT has been bought from United States and 25245 MT of standard white wheat has been bought from west Australia. Shipments from United States and Australia will be loaded between Aug 01 and Aug 31, 2018.

South Korea has followed Japan's suit and banned Canadian wheat and flour. Canada has started working with foreign trade partners to make sure the ban is short lived and necessary clarifications as well as complete information is provided.

GASC has purchased 240000 tonnes of Romanian wheat through tender. ADM offered two cargoes of 60000 tonnes each at FoB $203.95 per tonne, CHS offered 60000 tonnes at FoB $20.95 per tonne and Cargill offered 60000 tonnes at FoB $203.95 per tonne.

As per Russian Grain Union, Russia is likely to produce 68-69 MMT of wheat. Low rains during May and June is likely to cut yields by around 30 percent. Farmers have not bought fertilizers and crop-protection chemicals due to lower profit margins; this implies that the crop is more susceptible to weather aberrations this year. Wheat CBOT has increased by around 22 percent this year and is likely to stay bullish in near future.

ABARES has cut wheat output in Australia to 21.9 MMT from 23.7 MMT in its previous forecast. As of now Australia is in need of rains for crop development. Western region has been supported by rains in past days whereas eastern region is still waiting for rains. Last year also Australia produced 21.2 MMT in 2017-18.

Japan has banned Canadian wheat after it found some genetically modified grain. This move by Japan is likely to hurt Canadian farmers as Japan alone buys around CAD 500 million worth wheat from Alberta province. GMO wheat has been banned in most countries due to consumer concerns.

Australia is expecting to produce 24 MMT in 2018-19 under normal conditions. Australia has been facing dry condition this year, which is weighing on its production. Recent rainfall in western region has provided some relief. In 2017-18, Australia was able to produce 21.2 MMT due to low yield and acreage compared to 34.4 MMT in 2016-17. Black sea region has been capitalizing on lower production in Australia by capturing Australia's market share in Indonesia.

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.

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.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

IGC Forecast(Fig-In MMT)	2015-16	2016-17 (Estimate)	2017-18 (Forecast)	2018-19(Projected) 26.04.2018	2018-19(Projected) 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 20-Jun-18	Week Ago 13-Jun-18	Month Ago 20-May-18	3 Month Ago 20-Mar-18	6 Month Ago 20-Dec-17	Year Ago 20-Jun-17	% Change over prev. year
Jul-18	179.38	189.76	190.41	172.22	165.33	198.58	-9.67
Sep-18	183.42	195.73	196.19	178.28	170.01	202.25	-9.31
Dec-18	189.95	204.27	203.82	186.09	176.17	207.31	-8.37
Mar-19	196.19	211.26	210.34	192.33	181.04	209.69	-6.44
May-19	200.42	215.39	213.73	195.64	184.16	210.34	-4.72
Jul-19	202.16	216.77	215.11	196.93	186.18	206.39	-2.05

AGRIWATCH

Wheat Weekly Research Report
25th, June-2018

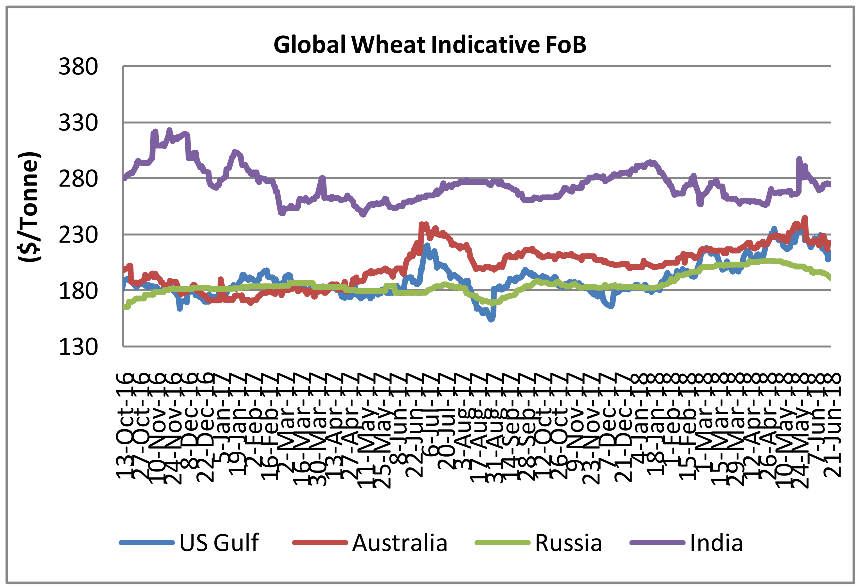
CBOT July-18

(*Back to Table of Contents*)

1st Support: 164.00
2nd Support: 162.00
1st Resistant: 203.00
2nd Resistant: 205.00
($ per tonne)

Wheat CBOT closed at $4.91 per bushel. U.S. export sales in the week of June (08th -14th) were 461600 tonnes. The sales were within the trade expectation. On June 18, USDA reported winter wheat harvest was 27% complete, ahead of the 5-year average of 19%. USDA rated the winter wheat crop 39% good to excellent, up from 38% a week ago and 32% 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 $274.39-275.65 per tonne.

US and Russian quotes are hovering in the range of $212.68 and $192.75per tonne respectively. Wheat prices in international markets remained steady to slightly firm in last week.

Wheat is expected to trade steady to slightly firm and hover in the range of $185 to $245 in coming week.

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.