



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices decreased by 0.66 percent to Rs. 1898.00 per quintal during the week ended 23rd July 2018. Wheat average price were ruling at Rs 1910.64 per quintal during 09-15 July 2018. As compared to prices in the week 16-23 July 2017, the prices are weak by 0.02 percent. Prices are expected to remain firm in coming days due to increase in import duty and good domestic demand.

As per trade sources, import quotes for wheat from various origins to Tuticorin port, witnessed firm tone in the week. As of now Tuticorin port price for ASW is Rs 2245-2255 per quintal and Ukrainian wheat is Rs 2040-2050 per quintal. Wheat supplies are likely to tighten this year. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Ukraine.

As per trade source, India has exported around 2.17 thousand tonnes in the month of June compared to 2.31 thousand tonnes in May. The quantity in June was exported at an average FOB of \$ 432.95 per tonne and the major destinations were Nepal, UAE, Malaysia, Kuwait and Singapore. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Wheat WPI has increased slightly from 141.7 in May-2018 to 143.1 in June-2018. Monthly wheat inflation has increased by 0.99 percent in June -2018 compared to previous month. As compared to June-2017 wheat WPI has increased by around 5.14 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Government has offered 1652800 tonnes of wheat in OMSS during third week of July-2018 out of which only 74150 tonnes was sold. Total numbers of rakes offered were 74. No wheat was sold under dedicated movement or through rakes. Furthermore, Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third and fourth quarter prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

As per trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of June-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 31000 tonnes in the month of February-2018. Production in exporting countries like Australia and Russia is likely to stay at lower side, which is likely to keep their export prices at higher side. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

Indian FoB quote is hovering around \$298.54 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$191.70, \$192.10, Euro 190.50, \$211.78 and \$220.80 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 1.0 million tonnes in MY 2018-19.

Previous Updates

As per Agriwatch estimate, production is likely to be around 94.0 MMT compared to 95.0 MMT last year. Total availability is likely to be around 109.62 MMT, lower compared to last year because of lower acreage. Carry out is expected to be around 14.32 MMT for 2018-19 compared to 14.62 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 August contract taking care of lower and upper price tag of Rs. 1885 & 2005 respectively.

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 June-2018	425.91	452.45
09-16 June -2018	534.16	524.43
17-23 June -2018	698.07	349.44
24-30 June -2018	521.08	386.45
Total	2179.22	

Source: Trade

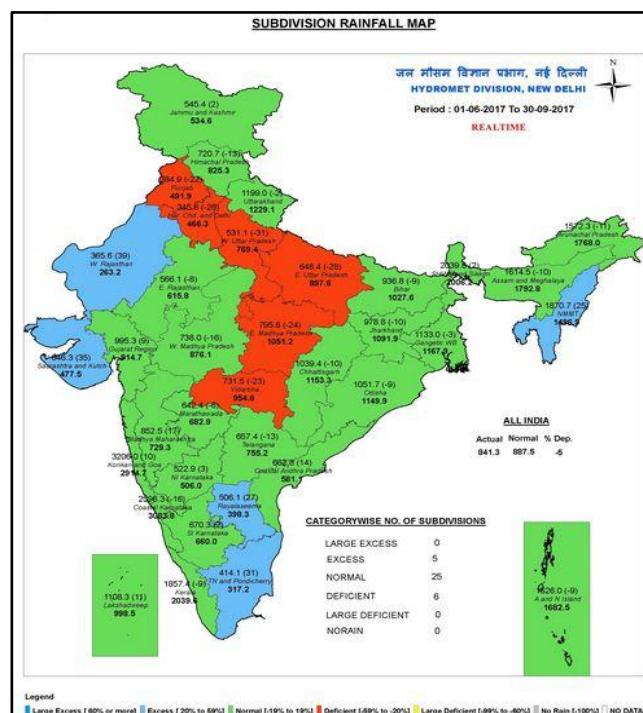
Wheat Import

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

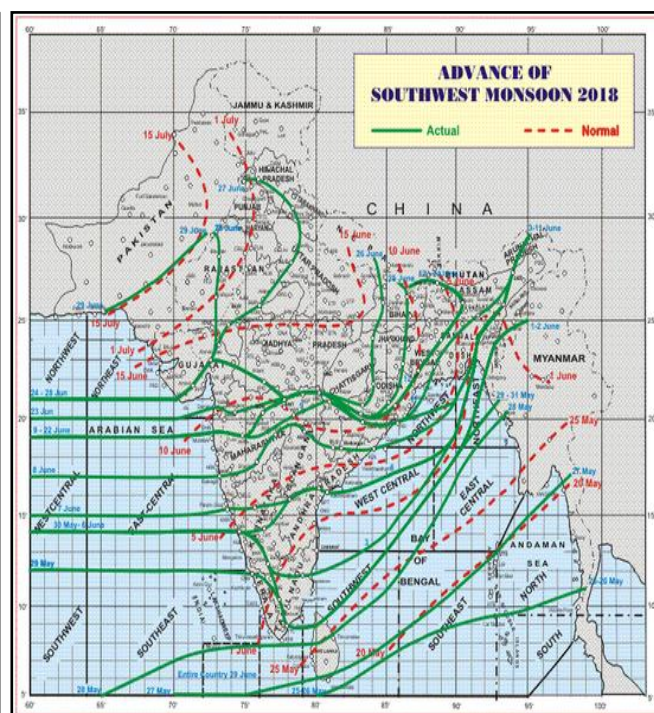
As per trade sources no quantity has been imported in the month of June-2018.

Source: Trade

Monsoon & Weather Condition



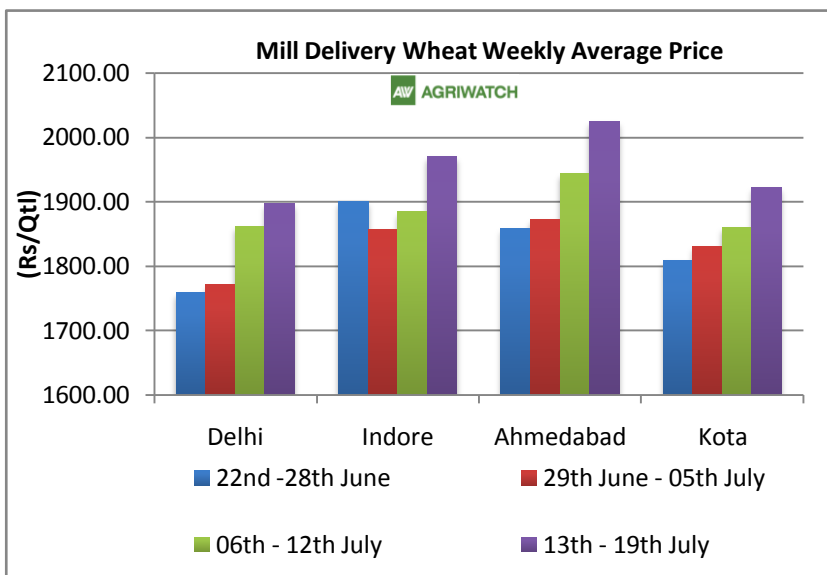
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Indore, Ahmedabad and Kota during 13th - 19th July.

Major spot markets witnessed firm sentiments in previous week and market is likely to stay steady to firm in coming week. Sales through OMSS are higher in July-18 compared to July-17. There is no import parity after taking into account 30% import duty and local expenses. Abundant availability this year will allow government to control any unexpected price rise.


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 06th July-2018

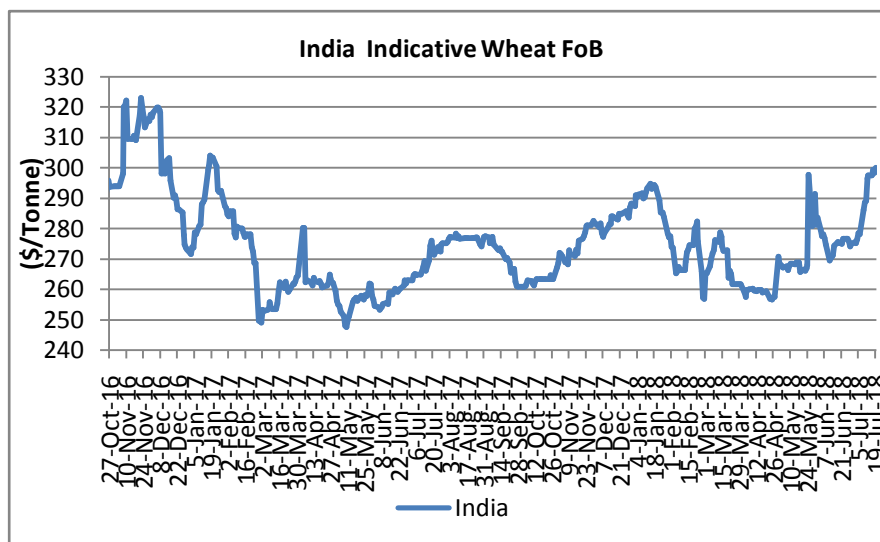
State	Target for Procurement In Marketing Season 2018-19(April To March)	Progressive Procurement As on 06.07.2018 (Fig In Lakh Tonne)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Gujarat	0.50	0.37	0.07	428.57
Haryana	74.00	87.39	74.32	17.59
Madhya Pradesh	67.00	72.87	67.24	8.37
Punjab	119.00	126.91	117.06	8.41
Rajasthan	16.00	15.31	12.27	24.78
Uttar Pradesh	40.00	50.88	35.62	42.84
Uttrakhand	1.00	1.09	0.02	5350.00
All-India	320.00	355.22	306.65	15.84

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 \$290-310 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-Jul-18	11-Jul-18	18-Jun-18	18-Jul-17	
USA (Chicago)	2SRW	211.10	202.70	212.30	201.62	4.70
France	FCW3	223.57	214.54	195.33	195.35	14.45
Australia	ASW	223.50	219.75	216.75	231.62	-3.51
Russia	SRW	193.50	187.50	194.00	185.00	4.59
India	Fob	298.28	289.16	275.65	274.37	8.71

	19/07/2018	12/07/2018	05/07/2018	28/06/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	205	201	200	199
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	196	194	192	193

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:20.07.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Aug	+12	1942	1948	1937	1945	1330	-80	6850	-460
18-Sep	+17	1950	1964	1950	1964	290	-250	810	+190
18-Oct	0	1961	1961	1961	1961	0	0	0	0

Wheat Technical Analysis:
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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
	19-Jul-18	12-Jul-18	19-Jun-18	19-Jul-17	
Indore	1938	1880	1784	1662	16.61
Delhi	1912	1888	1763	1770	8.02
Kanpur	1900	1800	1655	1650	15.15
Rajkot	2000	1955	1808	1681	18.98
Kota	1906	1877	1786	1686	13.05

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 getting support from increase in import duty and increase in reserve price. Normal firmness can be expected in the market in upcoming festive season. 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
			19-Jul-18	18-Jul-18	12-Jul-18	19-Jun-18	19-Jul-17
Delhi	Lawrence Road	Mill Delivery	1905	1890	1880	1745	1765
	Narella	Mill Quality Loose	1800	Closed	1760	1700	1685
	Nazafgarh	Mill Quality Loose	1830	Closed	1820	1700	1660
Gujarat	Rajkot	Mill Delivery	1910	1900	1875	1710	1600
	Ahmedabad	Mill Delivery	2080	2040	2000	1830	1750
	Surat	Mill Quality Loose	2120	2060	2050	1860	1790
	Dhrol	Mill Delivery	1945	1900	1870	1905	NR
M.P.	Indore	Mill Quality Loose	1850	1850	1800	1800	1650
	Bhopal	Mill Delivery	1850	1850	1825	2100	1625
Rajasthan	Kota	Mill Quality Loose	1825	1840	1800	1720	1580
		Mill Delivery	1925	1910	1875	1770	1680
U.P.	Kanpur	Mill Delivery	1810	1800	1720	1725	1735
	Mathura	Mill Quality Loose	1760	1740	1710	1630	1600
	Kosi	Mill Quality Loose	1740	1730	1730	1565	1570
	Hathras	Mill Quality Loose	1760	1740	1725	1640	1580
	Aligarh	Mill Quality Loose	1715	Closed	1700	1590	1590
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	1700	1660
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1830	1825	1835	1725	1700
	Hodal	Mill Delivery	1875	1875	1850	1705	1740
	Bhiwani	Mill Quality Loose	1850	1850	1800	1700	1650
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1660
	Panipat	Mill Quality	NA	NA	NA	NA	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	2225	2230	2170	2150	1950
	Madurai	Mill Quality	2282	2330	2350	2270	2150
	Coimbatore	Mill Quality	2282	2380	2400	2320	2200
Bihar	Khagariya	Mill Delivery	1500	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1750	1700	1650	1465	1500

[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:**[\(Back to Table of Contents\)](#)**

Russian milling wheat prices became firm by \$1-4 per tonne at Novorossiysk and \$1-2 per tonne at Odessa compared to last week. Good demand and lower crop size compared to last year is providing support to prices. As per Agriculture ministry, Russia is expected to produce 64.4 MMT in 2018. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$200.00-205.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$199.00-202.00/tonne.

As on 13th July Russia has harvested 24.6 million tonnes of wheat compared to 9.0 million tonnes a year ago for the same date. Around 6.3 million hectares of area has been harvested with an average yield of 3.88 tonnes per hectare compared to 1.9 million hectares with an average yield of 4.69 tonnes per hectare a year ago for same date. Russia is expected to harvest 68-69 million tonnes of wheat in 2018.

As per latest update, Japan's ministry of agriculture bought 57914 MT of food quality wheat from United States. Shipments from United States will be loaded between Sept 01 and Sept 31, 2018.

As per USDA, Australia is likely to produce 21 MMT of wheat this year due to dry and hot weather and lower rainfall in east Australia. Australia's exports for 2018-19 are expected to be around 15 MMT. Furthermore, Australia is expected to face strong competition from Black sea region for market share.

As per latest update, Russia and Ukraine are expected to produce 70.5 MMT and 25.4 MMT of wheat respectively in 2018. Production is expected to be lower in Russia compared to last year due to weather aberrations. Russia and Ukraine are expected to export 35.1 MMT and 16.4 MMT of wheat respectively in 2018-19.

Egypt has procured 3.15 MMT of local wheat in this season compared to 3.6 MMT in last season. As per traders, local wheat has been purchased by the private sector at \$222.16 per tonne while the government was buying at around \$ 203.27 per tonne. The price gap created an opportunity for private sector to pay for local wheat in Egyptian pound rather than USD. Lower wheat procurement is indicating that GASC has to import more to fill its supply gap.

China's acreage for quality wheat increased by around 2.5 percent to 30 percent. Yield for wheat was low due to rains during sowing and low temperature in April. Therefore increased acreage may offset some damage to yield caused by weather aberration. As of now agricultural production is being impacted as parts of northeast is facing drought and there are constant rains in south.

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.

IGC Wheat Balance Sheet:
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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		24.05.2018	02.07.2018
Production	737	752	758	742	737
Trade	166	177	176	177	177
Consumptions	719	737	738	746	743
Carryover stocks	226	242	261	258	256
Y-O-Y change	18	16	20	-	-6
Major Export	67	78	81	75	70

- IGC has projected global wheat production to be 737 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 21 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 5 MMT to 743 MMT for 2018-19. The projection is higher by 6 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 256 MMT compared to forecast of 261 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
	18-Jul-18	11-Jul-18	18-Jun-18	18-Apr-18	18-Jan-18	18-Jul-17	
Sep-18	181.68	173.32	184.25	186.27	171.21	209.23	-13.17
Dec-18	187.65	180.21	191.51	194.91	178.10	214.01	-12.32
Mar-19	193.34	187.10	198.30	201.70	183.06	216.40	-10.65
May-19	197.02	191.69	202.99	205.19	186.18	214.01	-7.94
Jul-19	198.86	193.90	205.19	205.74	187.01	208.87	-4.79
Sep-19	202.25	197.48	207.95	208.59	190.22	208.87	-3.17

CBOT Sept-18

1st Support: 167.00
2nd Support: 165.00
1st Resistant: 201.00
2nd Resistant: 203.00
(\$ per tonne)

Wheat CBOT closed at \$5.16 per bushel. U.S. export sales in the week of 06th -12th July were 300000 tonnes. On July 16, USDA reported winter wheat harvest was 74% complete, ahead of the 5-year average of 71%. USDA reported 93% of U.S. spring wheat has headed, ahead of the 5-year average of 85%. USDA rated 80% of spring in good to excellent condition, unchanged from last week.

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 \$297.46-300.01 per tonne.

US and Russian quotes are hovering in the range of \$211.78 and \$191.70 per 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 \$240 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to slightly firm due to lower production forecast and unfavorable weather conditions in major producing regions. EU is likely to produce around 147.3 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 70.90 MMT and 26.2 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 48.20 MMT compared to last year's 47.40 MMT. Australia is likely to produce 23.50 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.0 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 31.20 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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