



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals**[\(Back to Table of Contents\)](#)**

All India weekly average prices increased by 2.44 percent to Rs. 1944.39 per quintal during the week ended 31st July 2018. Wheat average price were ruling at Rs 1898.00 per quintal during 16-23 July 2018. As compared to prices in the week 24-31 July 2017, the prices are firm by 2.58 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 2265-2275 per quintal and Ukrainian wheat is Rs 2055-2065 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 Black sea region. As of now ASW is being quoted at AUD 305 per tonne at Kwinana port.

Demand for domestic wheat is likely to be good in MY 2018-19 as with increase in import duty to 30 percent there is no import parity. Furthermore, Production in exporting countries like Australia and Russia is likely to stay at lower side, which is keeping their export prices at higher side. Prices in Russia have already touched a 40-month high. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

Truckers have ended their eight day strike last week after government said that it will consider their demand related to relaxation of diesel prices and rationalization of taxes. The strike called by the All India Motor Transport Congress affected about 90 Lakh goods carriers. The strike resulted in a loss of \$582 million per day for participating truckers. Furthermore, as truckers were on strike wheat arrivals in various mandi across India were low, which led to increase in prices last week. Good domestic demand for wheat is likely to keep prices on higher side even after sudden increase in arrivals as strike has ended.

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. Furthermore, 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.

Indian FoB quote is hovering around \$304.69 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$198.67, \$195.25, Euro 200.92, \$221.37 and \$222.50 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. 1900 & 2045 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

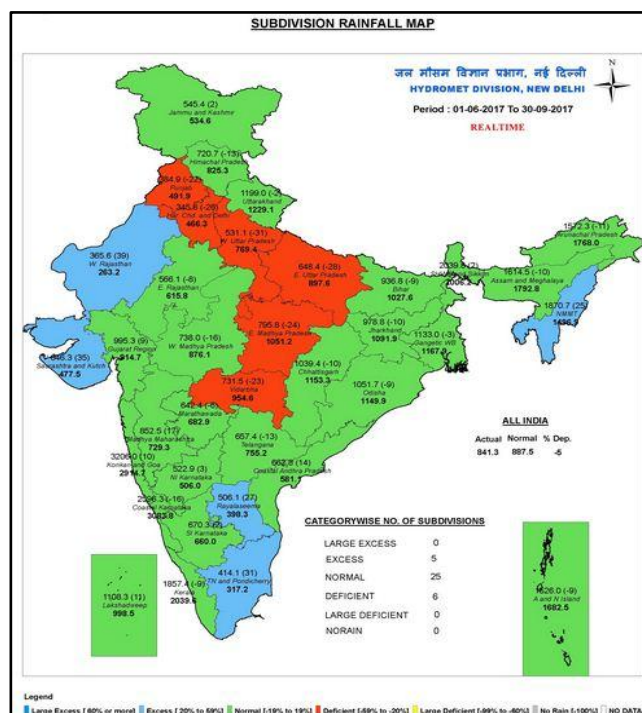
Wheat Import

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

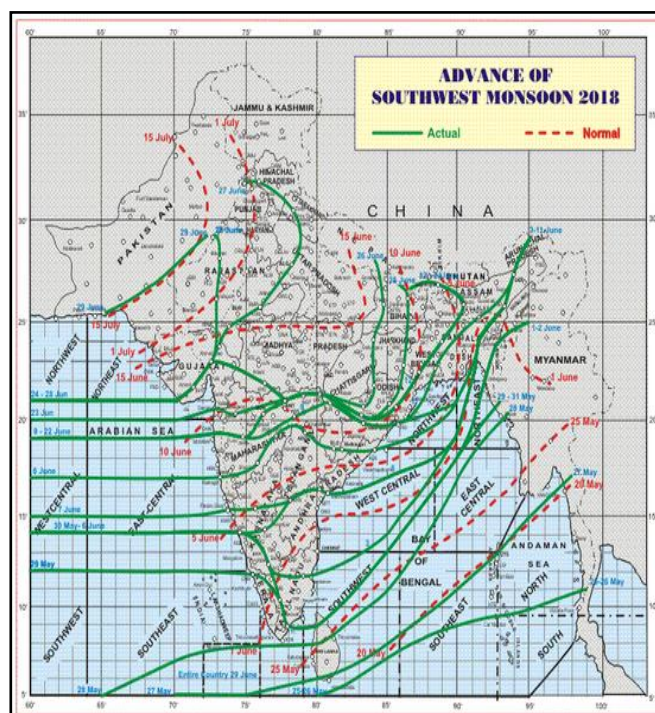
As per trade sources no quantity has been imported in the month of June-2018.

Source: Trade

Monsoon & Weather Condition



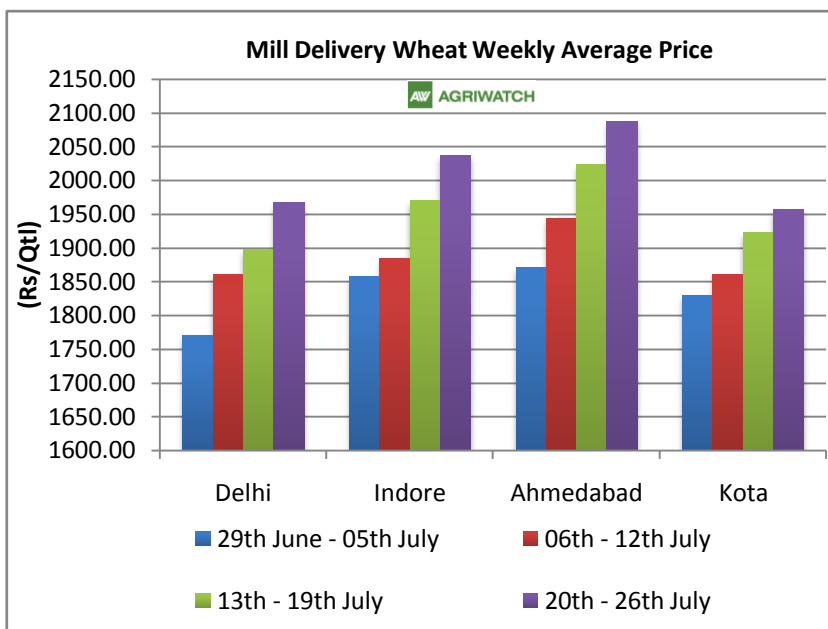
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Indore, Ahmedabad and Kota during 26th - 26th July.

Major spot markets witnessed firm sentiments in previous week and market is likely to stay steady to firm in coming week. As of now demand for domestic wheat is good. Increase in reserve price from Rs 1790 per quintal in MY 2017-18 to Rs 1900 per quintal in MY 2018-19 has also provided support to domestic wheat prices. 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						

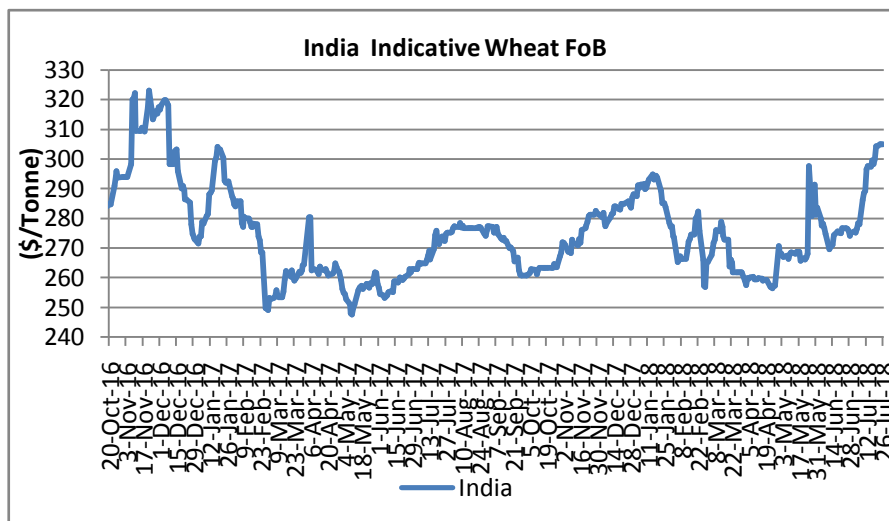
Procurement RMS 2018-2019

State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	11.90	12.69	11.70	8.46
Rajasthan	1.60	1.53	1.25	22.40
Uttar Pradesh	4.00	5.09	3.70	37.57
Others	0.10	0.19	0.02	850.00
All-India	32.00	35.53	30.83	15.24

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 \$300-315 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
		25-Jul-18	18-Jul-18	25-Jun-18	25-Jul-17	
USA (Chicago)	2SRW	228.80	211.10	207.50	191.40	19.54
France	FCW3	239.98	223.57	192.70	192.75	24.50
Australia	ASW	221.25	223.50	223.50	225.76	-2.00
Russia	SRW	202.50	193.50	191.00	184.00	10.05
India	Fob	304.85	298.28	276.64	272.73	11.78

	26/07/2018	19/07/2018	12/07/2018	05/07/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	212	205	201	200
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	201	196	194	192

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:27.07.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Aug	+8	1971	1972	1961	1970	550	-510	5960	-80
18-Sep	+2	1985	1990	1982	1989	430	+20	2190	+10
18-Oct	0	2000	2000	1999	2000	60	+40	80	+50

Wheat Technical Analysis:
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Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	August	1925	1900	1970	2030	2045
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	August	Buy	Above 1965	1990	2010	1950

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
	26-Jul-18	19-Jul-18	26-Jun-18	26-Jul-17	
Indore	2000	1938	1783	1687	18.55
Delhi	1970	1912	1787	1768	11.43
Kanpur	1970	1900	1680	1670	17.96
Rajkot	2033	2000	1813	1670	21.74
Kota	1946	1906	1791	1693	14.94

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 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
			26-Jul-18	25-Jul-18	19-Jul-18	26-Jun-18	26-Jul-17
Delhi	Lawrence Road	Mill Delivery	1965	1960	1905	1760	1760
	Narella	Mill Quality Loose	1825	Closed	1800	1715	1680
	Nazafgarh	Mill Quality Loose	1900	Closed	1830	1755	1655
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1910	1725	1590
	Ahmedabad	Mill Delivery	2100	2100	2080	1865	1745
	Surat	Mill Quality Loose	2125	2125	2120	1900	1780
	Dhrol	Mill Delivery	2035	2000	1945	1815	1580
M.P.	Indore	Mill Quality Loose	Closed	Closed	1850	1800	1650
	Bhopal	Mill Delivery	1900	1900	1850	2100	1625
Rajasthan	Kota	Mill Quality Loose	1850	1850	1825	1715	Closed
		Mill Delivery	1960	1960	1925	1800	Closed
U.P.	Kanpur	Mill Delivery	1815	1815	1810	1735	1735
	Mathura	Mill Quality Loose	Closed	1780	1760	1640	1590
	Kosi	Mill Quality Loose	Closed	1800	1740	1575	1585
	Hathras	Mill Quality Loose	1800	1800	1760	1625	1570
	Aligarh	Mill Quality Loose	NA	Closed	1715	1600	1580
Punjab	Khanna	Mill Quality Loose	1810	1810	1800	1700	1650
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1840	1840	1830	1730	1700
	Hodal	Mill Delivery	1920	1910	1875	1715	1740
	Bhiwani	Mill Quality Loose	1860	1850	1850	NR	1660
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1670
	Panipat	Mill Quality	NA	NA	NA	NA	NA



		Loose					
Tamil Nadu	Chennai	Mill Quality	2300	2270	2225	2140	Closed
	Madurai	Mill Quality	2357	2370	2350	2250	Closed
	Coimbatore	Mill Quality	2357	2420	2400	2300	Closed
Bihar	Khagariya	Mill Delivery	1500	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1850	1850	1750	1475	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:**[\(Back to Table of Contents\)](#)**

Wheat Quality Australia (WQA) has downgraded some of its varieties to feed quality. Varieties such as meering, camm, mitre, annuello, mackellar, and H46 will only be received as feed. Furthermore, Australia is likely to produce 22 MMT of wheat in 2018-19 due to dry and hot weather and lower rainfall in east Australia. Australia's exports for 2018-19 are expected to be around 16 MMT. Furthermore, Australia is expected to face strong competition from Black sea region for market share.

Russian milling wheat prices became firm by \$9-10 per tonne at Novorossiysk and \$4-10 per tonne at Odessa compared to last week. Good demand and lower crop size in major producing countries compared to last year is providing support to prices. As per USDA, Russia is expected to produce 67.00 MMT in 2018 compared to 84.99 MMT in 2017. 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 \$208.00-212.00/tonne.

As per latest update, France is likely to harvest 35.00 MMT of wheat compared to 36.6 MMT last year. Overall crop in EU is expected to be below 130 MMT due to hot and dry weather in northern/central parts of Europe.

As per latest update, Japan's ministry of agriculture bought 62957 MT of food quality wheat with protein content of 13.5 percent from Canada. Shipments from Canada will be loaded between August 11 and Sept 30, 2018.

GASC has purchased 420000 tonnes of Russian, Romanian and Ukrainian wheat through tender. Of the total quantity 240000 tonnes has been sourced from Russia, and 120000 tonnes has been sourced from Romania and 60000 tonnes from Romania. GTCS offered 60000 tonnes of Russian wheat at FoB \$217.95 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$219.35 per tonne, ADM offered 60000 tonnes of Russian wheat at FoB \$221.00 per tonne, Louis Dreyfus offered 60000 tonnes of Ukraine wheat at FoB \$218.85 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$220.5 per tonne, Ameropa offered 60000 tonnes of Romanian wheat at FoB \$220.40 per tonne and ADM offered 60000 tonnes of Romanian wheat at FoB \$220.40 per tonne.

As per latest update, Strategie Grains has reduced its estimate for 2018 European soft wheat crop, according to new estimate wheat crop is expected to be lower than 130 MMT. Increasing concerns about production in major exporting countries such as Russia, Australia and EU have supported global wheat prices.

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.

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.

IGC Wheat Balance Sheet:
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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		02.07.2018	26.07.2018
Production	737	752	758	737	721
Trade	166	177	177	177	176
Consumptions	718	736	736	743	739
Carryover stocks	227	243	265	256	247
Y-O-Y change	19	16	22	-	-18
Major Export	63	79	82	70	63

- IGC has projected global wheat production to be 721 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 758 MMT against 752 MMT for 2016-17. The projection for global production is lower by 37 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 decreased to 176 MMT. It is 1 MMT lower compared to forecast for last year and higher by 10 MMT compared to 2015-16.
- Consumption has been increased by 3 MMT to 739 MMT for 2018-19. The projection is higher by 3 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 247 MMT compared to forecast of 265 MMT last year. It is higher by around 4 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
	25-Jul-18	18-Jul-18	25-Jun-18	25-Apr-18	25-Jan-18	25-Jul-17	
Sep-18	199.41	181.68	180.21	189.30	173.78	202.99	-1.76
Dec-18	206.39	187.65	186.82	197.75	180.67	208.22	-0.88
Mar-19	211.90	193.34	193.34	204.37	185.90	211.62	0.13
May-19	214.38	197.02	197.66	207.49	188.38	210.70	1.74
Jul-19	214.65	198.86	199.59	208.78	189.39	207.31	3.54
Sep-19	216.86	202.25	203.08	211.44	192.43	207.31	4.61

CBOT Sept-18

1st Support: 175.00
2nd Support: 173.00
1st Resistant: 212.00
2nd Resistant: 214.00
(\$ per tonne)

Wheat CBOT closed at \$5.30 per bushel. U.S. export sales in the week of 13th -19th July were 385000 tonnes. On July 23, USDA reported winter wheat harvest was 80% complete, slightly ahead of the 5-year average of 79%. USDA reported 96% of U.S. spring wheat has headed, ahead of the 5-year average of 93%. USDA has rated 79% of spring in good to excellent condition down from 80% 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 \$304.33-304.95 per tonne.

US and Russian quotes are hovering in the range of \$221.37 and \$198.67 per tonne respectively. Wheat prices in international markets remained steady to slightly firm in last week.

Wheat is expected to trade steady to firm and hover in the range of \$190 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 139.9 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 66.00 MMT and 25.5 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.1 MMT compared to last year's 47.40 MMT. Australia is likely to produce 22.50 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 31.80 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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