



Wheat Weekly Research Report

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

All India weekly average prices increased by 0.66 percent to Rs. 2020.39 per quintal during the week ended 23rd August 2018. Wheat average price were ruling at Rs 2019.19 per quintal during 09-15 August 2018. As compared to prices in the week 16-23 August 2017, the prices are firm by 0.80 percent. Prices are expected to remain firm in coming days due to good domestic demand.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Tuticorin port price for ASW is Rs 2315-2325 per quintal and Ukrainian wheat is Rs 2110-2120 per quintal. Australian Premium Wheat (APW) is not available in the domestic market. 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 per trade source, India has exported around 0.72 thousand tonnes in the month of July compared to 2.17 thousand tonnes in June. The quantity in July was exported at an average FOB of \$ 565.92 per tonne and the major destinations were Somalia, Sri Lanka, Nepal, UAE, Malaysia, Kuwait and Saudi Arabia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

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 July-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.

Domestic demand for wheat is good and prices are likely to stay steady to firm with slight corrections. No imports and good domestic availability will ensure that there is no unexpected surge in prices.

India imports mainly from Australia and Black Sea region. However, this year Production in Australia and Russia/Ukraine is likely to stay at lower side, which will keep their export prices at higher side. As of now Australia Premium Wheat (APW) and Russian wheat with 12.5% protein content are hovering around \$350 per tonne and \$340 per tonne respectively after including freight and import duty. Local expenses would further increase the import price. Therefore there is no parity for imported wheat as of now.

Indian FoB quote is hovering around \$296.58 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$213.60, \$218.90, Euro 211.30 \$220.08 and \$255.50 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.5 million tonnes in MY 2018-19.

Previous Updates

Government has offered 3735950 tonnes of wheat in OMSS during the month of July-2018 out of which 177400 tonnes was sold. Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September.

As per Agriwatch estimate, production is likely to be around 94.0 MMT compared to 95.5 MMT last year. Total availability is likely to be around 109.62 MMT, lower compared to last year because of lower production. Carry out is expected to be around 14.32 MMT for 2018-19 compared to 15.12 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. 1962 & 2032 respectively.

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 July-2018	266.08	388.21
09-16 July -2018	255.45	569.26
17-23 July -2018	117.6	541.29
24-31 July -2018	86.44	504.86
Total	725.57	

Source: Trade

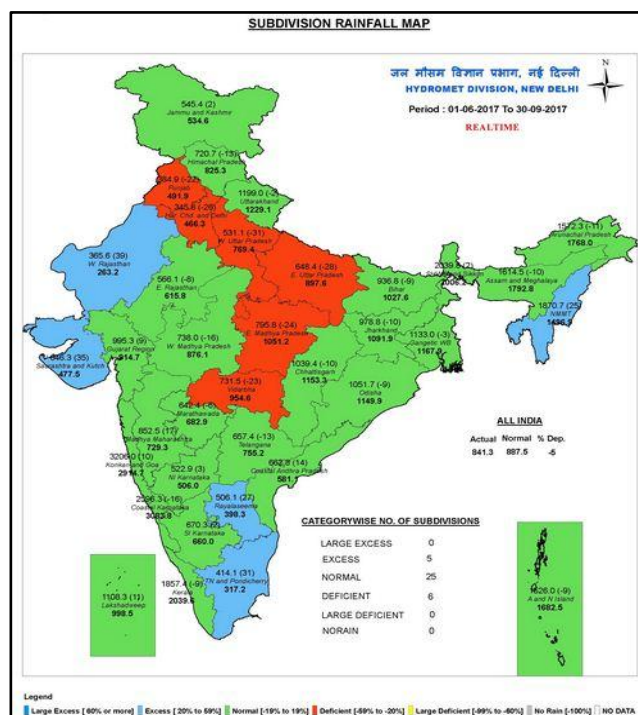
Wheat Import

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

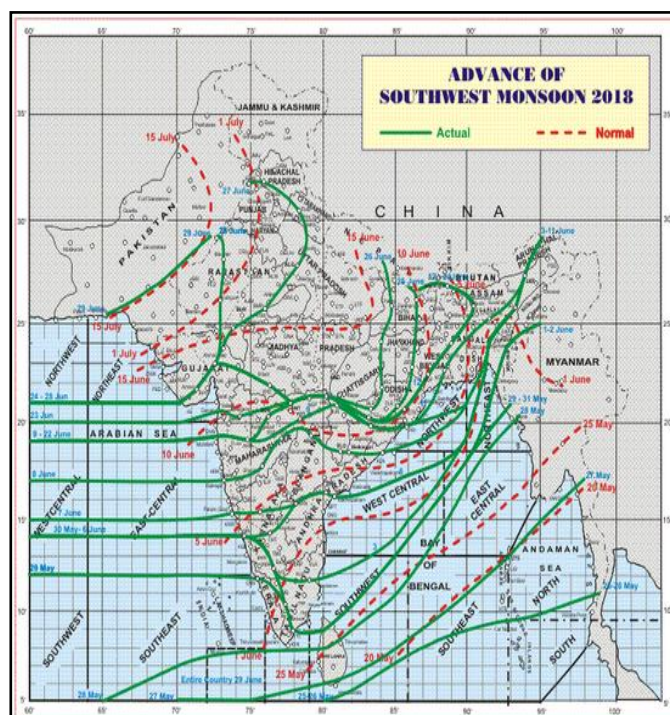
As per trade sources no quantity has been imported in the month of July-2018.

Source: Trade

Monsoon & Weather Condition



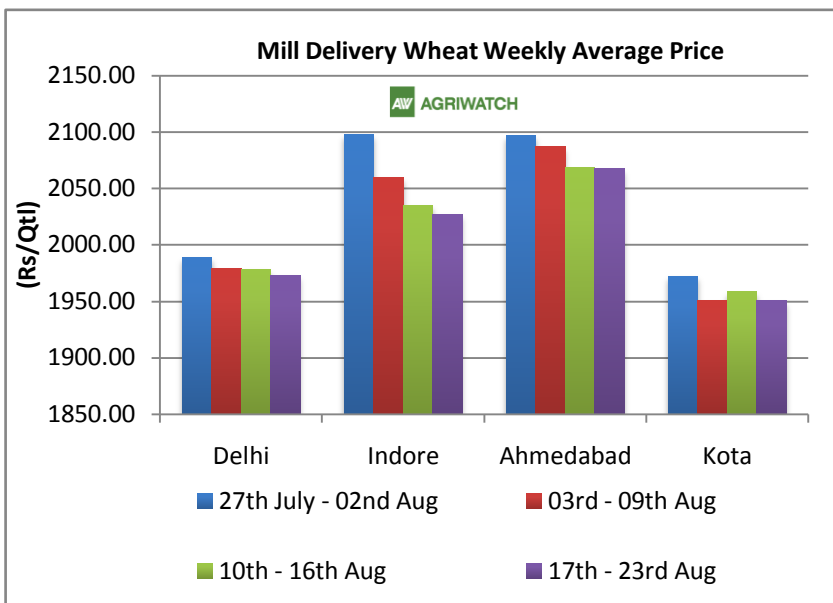
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded weak in Delhi, Indore, Kota and Ahmedabad during 10th -16th August.

Major spot markets witnessed weak sentiments in previous week. Market is likely to trade steady to slightly firm in the coming week due to good demand. Furthermore, Demand from south Indian millers is likely to pick up with lean season. Abundant availability this year will allow government to control any unexpected price rise. Sales through OMSS are likely to be higher in MY 2018-19 compared to MY 2017-18.


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

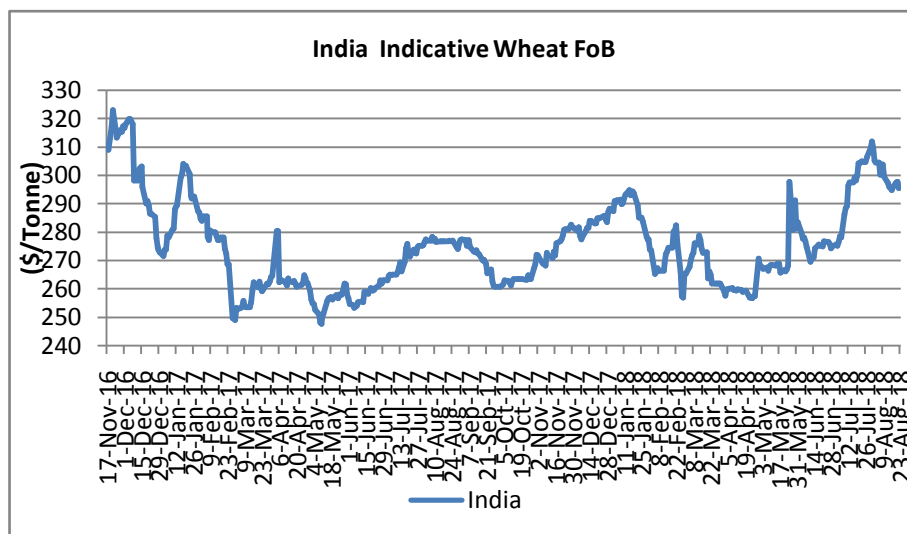
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 steady to 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 \$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
		23-Aug-18	16-Aug-18	23-Jul-18	23-Aug-17	
USA (Chicago)	2SRW	215.48	222.98	218.10	160.07	34.62
France	FCW3	240.02	241.44	231.01	181.97	31.90
Australia	ASW	252.58	260.61	221.25	198.97	26.94
Russia	SRW	213.00	213.00	197.50	170.50	24.93
India	Fob	296.17	294.79	304.95	276.82	6.99

	23/08/2018	16/08/2018	09/08/2018	02/08/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	230	232	235	224
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	215	222	220	215

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price							Date:24.08.2018		
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Sep	0	1985	1991	1985	1990	360	-290	3580	-200
18-Oct	-9	1991	1991	1991	1991	0	-70	620	0
18-Nov	-18	2010	1992	1992	1992	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
	23-Aug-18	16-Aug-18	23-Jul-18	23-Aug-17	
Indore	1975	1950	1963	1708	15.63
Delhi	1979	1976	1976	1767	12.00
Kanpur	1850	1870	1950	1665	11.11
Rajkot	2010	2000	2015	1708	17.68
Kota	1972	1962	1912	1673	17.87

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 no imports and good domestic demand. Normal firmness can be expected in the market during 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
			23-Aug-18	22-Aug-18	16-Aug-18	23-Jul-18	23-Aug-17
Delhi	Lawrence Road	Mill Delivery	1975	1975	1970	1975	1765
	Narella	Mill Quality Loose	1900	Closed	1890	1825	1660
	Nazafgarh	Mill Quality Loose	1890	Closed	1885	1900	1665
Gujarat	Rajkot	Mill Delivery	1915	1910	1935	1940	NA
	Ahmedabad	Mill Delivery	2070	2065	2080	2080	1750
	Surat	Mill Quality Loose	2100	2100	2110	2120	1800
	Dhrol	Mill Delivery	2080	2015	2000	2110	NR
M.P.	Indore	Mill Quality Loose	1950	1950	1950	Closed	1660
	Bhopal	Mill Delivery	1950	Closed	1950	1900	1675
Rajasthan	Kota	Mill Quality Loose	1850	1850	1850	1850	1560
		Mill Delivery	1950	1950	1960	1950	1650
U.P.	Kanpur	Mill Delivery	1860	Closed	1850	1840	1700
	Mathura	Mill Quality Loose	1800	1770	1805	1800	1575
	Kosi	Mill Quality Loose	1785	1785	1785	1830	1575
	Hathras	Mill Quality Loose	1760	Closed	NR	Closed	1600
	Aligarh	Mill Quality Loose	1790	Closed	1785	1800	1600
Punjab	Khanna	Mill Quality Loose	1850	1850	1850	1810	1675
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1830	1830	1830	1840	1700
	Hodal	Mill Delivery	1940	1940	1940	1910	1780
	Bhiwani	Mill Quality Loose	1850	Closed	1840	1860	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1670



	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2300	2300	2325	2300	1950
	Madurai	Mill Quality	2357	2350	2450	2400	2100
	Coimbatore	Mill Quality	2357	2400	2500	2450	2150
Bihar	Khagariya	Mill Delivery	1500	1500	1550	1550	1650
	Muzaffarpur	Mill Delivery	1850	1850	1850	1800	1600

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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As on 21st August, Russia has harvested around 54.2 MMT of wheat from 16 million hectares of land compared to 59.5 MMT last year for the same date. Harvesting in Ukraine is complete and Ukraine has harvested 25 MMT of wheat compared to 26.6 MMT last year. In July-18, Russia and Ukraine has exported 3.9 MMT has exported 0.43 MMT of wheat respectively. Prices are ruling at higher side in Black Sea due to lower production and good export demand.

Russian milling wheat prices became weak by \$2-3 per tonne at Novorossiysk and \$2-3 per tonne at Odessa compared to last week. Prices remained weak as Eid holiday kept demand at lower side. As per USDA, Russia is expected to produce 68.00 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 \$225.00-230.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$225.00-230.00/tonne.

Wheat crops have suffered in Northern Europe, Australia, Canada and Russia due to unfavourable weather conditions. USDA expects world production is likely to be around 729.63 MMT in 2018-19 compared to 758 MMT last year. Strategie Grains have lowered forecast for soft wheat in Europe from 130 MMT to 127.7 MMT. As per USDA, Russia's wheat crop is expected to be around 68 MMT down from 85 MMT last year. USDA did not change forecast for Australia but private forecasters believe the crop to be around 20 MMT. Lower availability will support global wheat prices.

Iraq has bought 300000 tonnes of wheat through tender from United States and Canada. Of the total quantity 200000 tonnes has been bought from United States and 100000 tonnes from Canada. U.S wheat is expected to be delivered in 75 days and Canadian wheat in 105 days from date of signing the contract. Trading house Cargill is believed to be the seller of U.S. wheat.

As per latest update, Japan's ministry of agriculture bought 150640 MT of food quality wheat from United States, Canada and Australia. Around 49180 MT has been bought from United States, 65450 MT of western red spring has been bought from Canada and 36010 MT of standard white wheat has been bought from west Australia. Shipments from United States, Canada and Australia will be loaded between Oct 01 and Oct 31, 2018.

France's farm ministry has reduced its forecast for wheat to 35.1 MMT due to unfavourable weather conditions. In 2017, France has produced 36.6 MMT in 2017.

Russia has exported 19.3 MMT of wheat in first six months of 2018 compared to 11.38 MMT during the same period last year. India has imported no quantity of wheat from Russia since April-2018.

GASC has purchased 240000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 180000 tonnes has been sourced from Russia and 60000 tonnes has been sourced from Romania. Aston offered 60000 tonnes of Russian wheat at FoB \$235.50 per tonne, Ameropa offered 60000 tonnes of Romanian wheat at FoB \$238.22 per tonne, GTCS offered 60000 tonnes of Russian wheat at FoB \$238.00 per tonne and Posco offered 60000 tonnes of Russian wheat at FoB \$238.25 per tonne.

Algeria state grains agency OAIC has bought around 360000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$269.00 - \$272.00 per tonne (Cost and Freight). The quantity to be shipped is due in October.

IGC Wheat Balance Sheet:
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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		26.07.2018	23.08.2018
Production	737	752	758	721	716
Trade	166	177	177	176	174
Consumptions	718	735	736	739	734
Carryover stocks	227	244	266	247	248
Y-O-Y change	19	17	22	-	-18
Major Export	68	79	82	63	62

- IGC has projected global wheat production to be 716 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 42 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 174 MMT. It is 3 MMT lower compared to forecast for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been decreased by 2 MMT to 734 MMT for 2018-19. The projection is lower by 1 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 248 MMT compared to forecast of 266 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
	22-Aug-18	15-Aug-18	22-Jul-18	22-May-18	22-Feb-18	22-Aug-17	
Sep-18	193.25	195.55	188.75	197.84	181.95	182.69	5.78
Dec-18	200.32	202.71	195.55	205.65	189.67	189.49	5.72
Mar-19	208.87	210.98	201.89	212.36	195.36	193.90	7.72
May-19	213.00	214.65	204.92	216.03	195.55	194.35	9.59
Jul-19	210.61	212.63	206.20	217.23	194.91	189.30	11.26
Sep-19	213.18	215.02	209.33	218.88	199.22	190.04	12.18

CBOT Sept-18

1st Support: 184.00
2nd Support: 182.00
1st Resistant: 218.00
2nd Resistant: 220.00
(\$ per tonne)

Wheat CBOT closed at \$5.14 per bushel. U.S. export sales in the week of 10th -16th August were 239800 tonnes. On August 20, USDA reported winter wheat harvest was 97% complete, slightly behind of the 5-year average of 98%. USDA reported U.S. spring wheat harvest is 60% complete, ahead of the 5-year average pace of 44%. USDA rated 74% of spring in good to excellent condition down from 75% 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 \$295.59-297.88 per tonne.

US and Russian quotes are hovering in the range of \$220.08 and \$213.60 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to firm and hover in the range of \$220 to \$285 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 135.8 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 67.00 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 20.50 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.6 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 31.00 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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