

# Wheat Weekly Research Report

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

All India weekly average prices increased by 2.99 percent to Rs. 2054.52 per quintal during the week ended 15th September 2018. Wheat average price were ruling at Rs 1994.88 per quintal during 01-08 September 2018. As compared to prices in the week 09-15 September 2017, the prices are weak by 12.31 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 Ukrainian wheat is Rs 2170-2180 per quintal. Australian Standard Wheat (ASW) and 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.

Wheat WPI has increased from 144.9 in July-2018 to 148.6 in August-2018. Monthly wheat inflation has increased by 2.55 percent in August -2018 compared to previous month. As compared to August-2017 wheat WPI has increased by around 8.39 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

As per latest update, wheat stock in central pool as on 1st September'18 stood at 385.09 lakh tonnes down by 5.05% compared to last month. This quantity is higher by around 38.44% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices The stock position as on 01st September'18 is highest in last five years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

Wheat prices in Australia and Black sea region have become firm in past weeks. As of now, Russian wheat with 12.5 percent protein content and Australian standard wheat (ASW) is being quoted at \$320 per tonne and \$361 per tonne respectively, after including freight and import duty @30%. Local expenses will make imported wheat more expensive. Therefore, there is no parity for imported wheat as of now. Domestic demand for wheat is good and prices are likely to increase as lean season progresses.

Indian FoB quote is hovering around \$290.38 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$205.10, \$212.50, Euro 200.00 \$219.46 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**

As per fourth advance estimate, wheat production has been pegged at 99.70 MMT compared to 98.61 MMT in its third advance estimate issued in the month of May-2018. The fourth advance estimate for 2017-18 is higher by 4.39 percent and 8.03 percent compared to final estimate of 2016-17 and 2015-16 respectively. Total food grain output is expected to be around 284.43 MMT compared to 279.51 MMT in earlier estimate.

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. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices. No quantity of wheat was imported during the month of July-18.

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.

**Outlook & Recommendation:** Wheat cash market is expected to trade steady to firm in the coming week.

**Trade Call:** Stakeholders should trade in October contract taking care of lower and upper price tag of Rs. 2010 & 2115 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

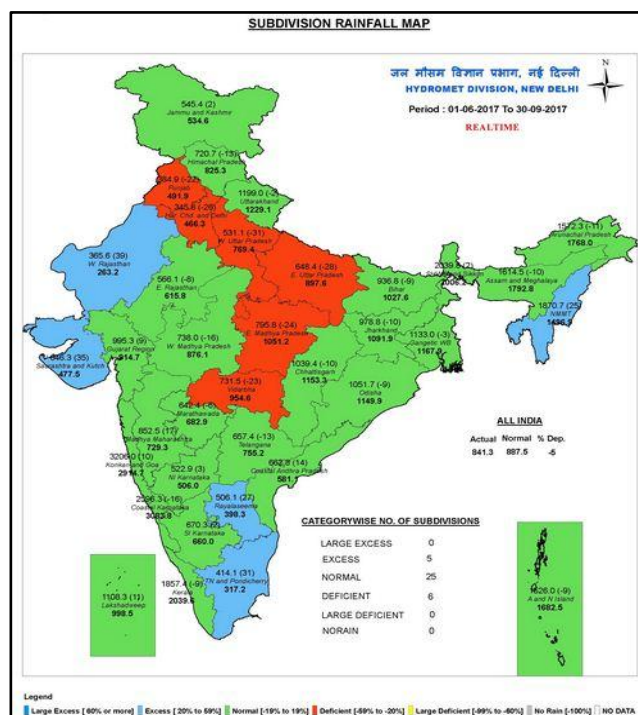
### Wheat Import

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

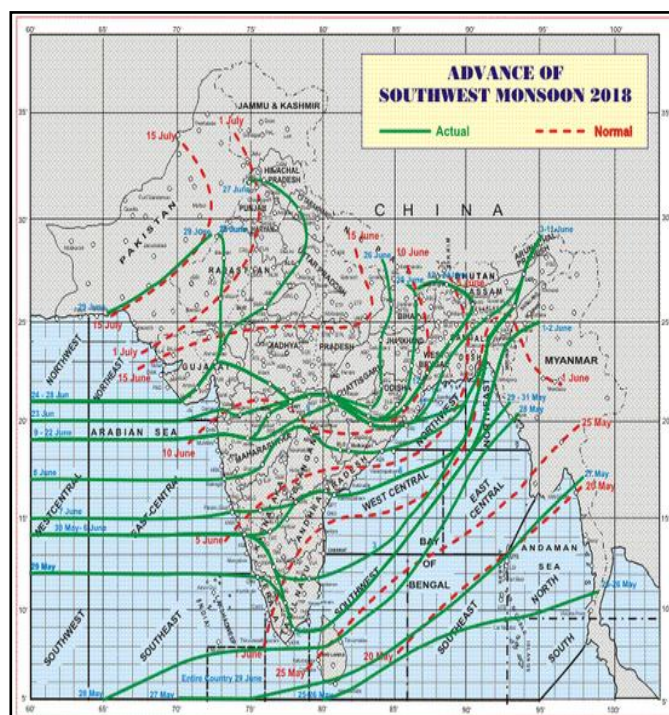
As per trade sources no quantity has been imported in the month of July-2018.

Source: Trade

### Monsoon & Weather Condition



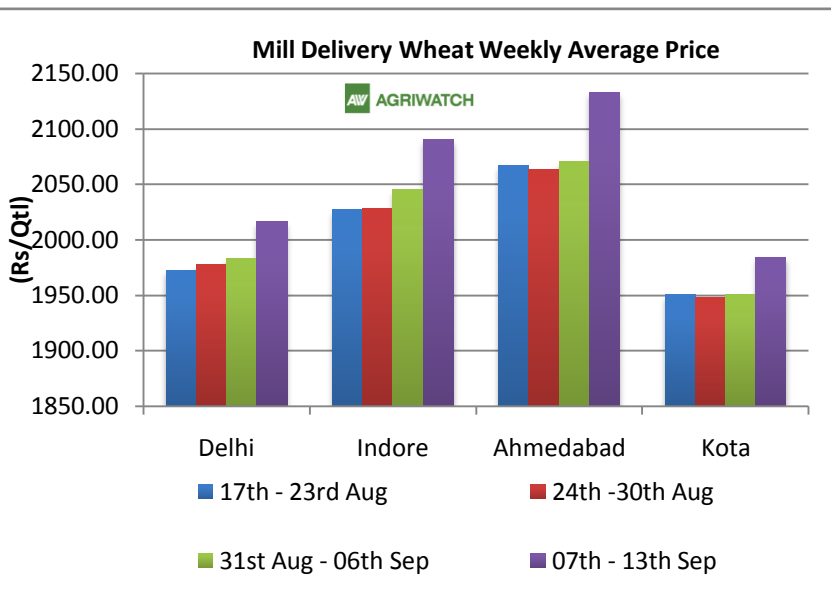
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Indore, Kota and Ahmedabad during 07<sup>th</sup> - 13<sup>th</sup> September.

Major spot markets witnessed firm sentiments in the week. No import since March-2018 until July-2018 and good domestic demand is likely to support prices. Furthermore, demand is likely to increase during festive season. Sales through OMSS are likely to be higher in MY 2018-19 compared to MY 2017-18. Prices are likely to stay firm in the upcoming week as well.


Wheat and Rice Stocking Norms

<b>Wheat Stock Norms</b>						
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

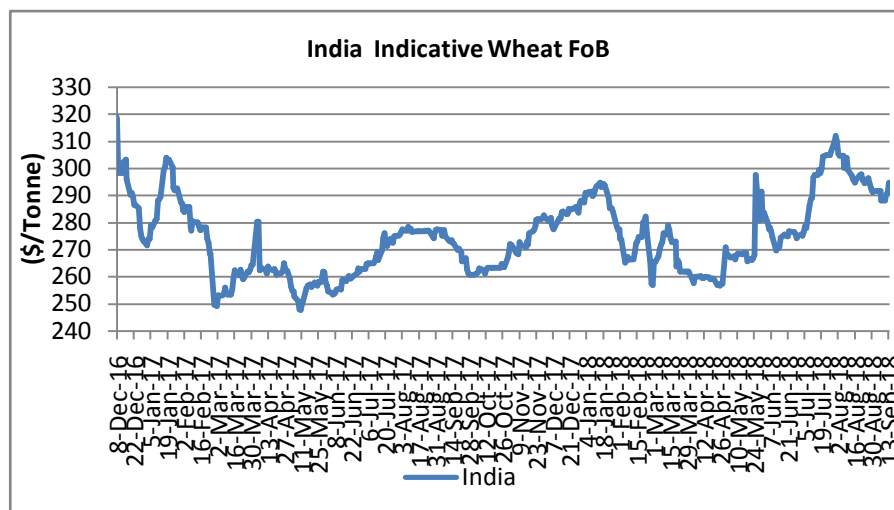
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 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:

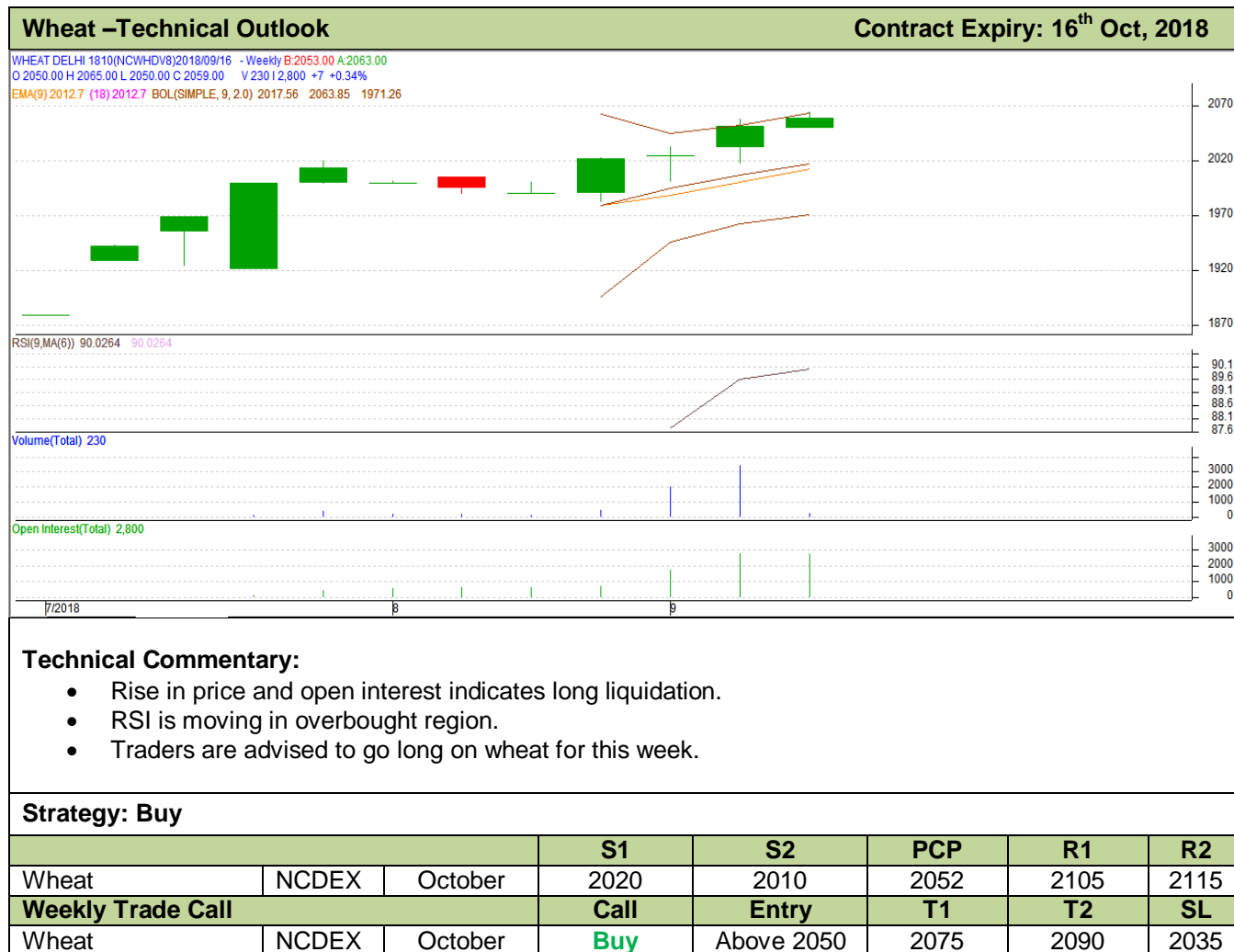
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		13-Sep-18	6-Sep-18	13-Aug-18	13-Sep-17	
USA (Chicago)	2SRW	213.80	220.00	223.50	186.80	14.45
France	FCW3	230.36	232.19	242.24	188.71	22.07
Australia	ASW	255.50	255.50	259.50	211.04	21.07
Russia	SRW	205.50	204.50	221.00	174.50	17.77
India	Fob	294.81	NA	297.29	273.52	7.78

	13/09/2018	06/09/2018	30/08/2018	23/08/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	220	221	226	230
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	208	206	207	215

### NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 14.09.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Sep	+25	2035	2060	2050	2060	20	-190	380	0
18-Oct	+17	2042	2058	2042	2054	430	+250	2790	+190
18-Nov	0	2039	2039	2039	2039	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
	12-Sep-18	5-Sep-18	13-Aug-18	12-Sep-17	
Indore	2025	NA	1994	1672	21.11
Delhi	2020	1987	1978	1770	14.12
Kanpur	1955	1910	1940	1653	18.27
Rajkot	NA	NA	2000	1672	-
Kota	2007	NA	1960	1645	22.01

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 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
			13-Sep-18	12-Sep-18	6-Sep-18	13-Aug-18	13-Sep-17
Delhi	Lawrence Road	Mill Delivery	2025	2020	1990	1980	1765
	Narella	Mill Quality Loose	1875	Closed	1850	1880	Closed
	Nazafgarh	Mill Quality Loose	1925	Closed	1900	1900	Closed
Gujarat	Rajkot	Mill Delivery	1965	1965	Closed	1925	1580
	Ahmedabad	Mill Delivery	2160	2150	Closed	2070	1750
	Surat	Mill Delivery	2180	2175	Closed	2120	1790
	Dhrol	Mill Delivery	2130	2085	Closed	1995	1600
M.P.	Indore	Mill Quality Loose	Closed	2000	Closed	1950	1650
	Bhopal	Mill Delivery	Closed	1950	Closed	2000	1675
Rajasthan	Kota	Mill Quality Loose	Closed	1880	Closed	1850	1530
		Mill Delivery	Closed	1980	Closed	1960	1630
U.P.	Kanpur	Mill Delivery	Closed	1835	1820	1810	1710
	Mathura	Mill Quality Loose	1860	1825	1810	1800	1575
	Kosi	Mill Quality Loose	1840	1830	NA	1775	1580
	Hathras	Mill Quality Loose	NR	1880	Closed	NR	1590
	Aligarh	Mill Quality Loose	1850	Closed	Closed	1780	1600
Punjab	Khanna	Mill Quality Loose	1840	1850	1820	1840	1690
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1830	1830	1825	1830	1700
	Hodal	Mill Delivery	2030	2000	1940	1940	1740
	Bhiwani	Mill Quality Loose	1900	1880	1850	1860	1670
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1665
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	Closed	2300	Closed	2325	1900
	Madurai	Mill Quality	Closed	2450	Closed	2450	2100
	Coimbatore	Mill Quality	Closed	2500	Closed	2500	2150
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1850	1650
	Muzaffarpur	Mill Delivery	1900	1900	1820	1850	1610

Progressive Sowing Status till 09<sup>th</sup> 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:****[\(Back to Table of Contents\)](#)**

*As per ABARES, Australia is expected to produce 19.1 MMT of wheat in 2018-19 due to unfavourable weather conditions. Australia exports around two-third of its total production. Due to fall in production, Asian flour mills may seek wheat from Argentina in coming months. Argentina has quoted \$275 per tonne including cost and freight for Asia compared to \$290 per tonne from Australia.*

*Russian milling wheat prices became weak by \$1 per tonne at Novorossiysk and \$2-3 per tonne at Odessa compared to last week. Russia doesn't have any plan to curb export of grains as of now. Furthermore, trading activity is low. 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 \$214.00-220.00/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$214.00-218.00/tonne.*

*Egypt has purchased 235000 tonnes of Russian wheat through tender. Daewoo offered 55000 tonnes and 60000 tonnes of Russian wheat at FOB \$222.60/tonne and FOB \$240.38/tonne respectively, Alegrow offered 60000 tonnes of Russian wheat at FOB \$223.23/tonne and Aston offered 60000 tonnes of Russian wheat at FOB \$223.23/tonne. The said quantities are to be delivered during October 25 and November 04. In its previous tender on 05th September 2018, Egypt has bought 60000 tonnes of wheat from Russia.*

*Algeria state grains agency OAIC has bought around 630000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$262.00 - \$263.00 per tonne (Cost and Freight). The quantity to be shipped is due in November. Most of the quantity is expected to be sourced from France and Algeria.*

*As per latest update, Japan's ministry of agriculture bought 107965 MT of food quality wheat from United States and Canada. Around 54412 MT has been bought from United States and 53553 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Oct 21 and Nov 20, 2018.*

*Jordan has bought 60000 tonnes of hard milling wheat at \$257 per tonne cost and freight for delivery in first half of November. The tender closed on Wednesday and wheat can be sourced from optional origin. The seller was trading house Ameropa. Two other companies, CHS and Agro Chirnogi offered wheat at \$265.27 per tonne and \$263 per tonne respectively.*

*Indonesia on an average buys 4-5 MMT of milling wheat from Australia. Of this quantity, more than half comes from West Australia. Existing grain trade to Indonesia is exclusively for milling wheat purpose. However, Indonesia- Australia comprehensive economic partnership agreement signed on Friday (31.08.2018) will allow duty free entry for 0.5 MMT of wheat, barley and sorghum.*

*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.*

*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.*

### 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
	13-Sep-18	6-Sep-18	13-Aug-18	13-Jun-18	13-Mar-18	13-Sep-17	
Sep-18	173.32	178.56	196.01	188.29	191.42	184.62	-6.12
Dec-18	181.95	188.75	203.36	193.80	198.76	190.86	-4.67
Mar-19	189.76	196.56	211.44	197.84	204.18	195.27	-2.82
May-19	195.55	201.70	215.02	199.41	206.85	196.28	-0.37
Jul-19	197.11	201.06	213.55	202.71	208.50	193.99	1.61
Sep-19	201.24	204.92	216.12	207.76	210.80	195.82	2.77

### CBOT Dec-18

**1<sup>st</sup> Support: 176.00**  
**2<sup>nd</sup> Support: 173.00**  
**1<sup>st</sup> Resistant: 209.00**  
**2<sup>nd</sup> Resistant: 212.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.11 per bushel. U.S. export sales in the week of 31<sup>st</sup> August-06<sup>th</sup> September were 387600 tonnes. On September 11, USDA reported U.S. spring wheat harvest is 93% complete, ahead of the 5-year average pace of 85%. On September 12, USDA forecast 2018/19 world wheat consumption to exceed world wheat production by 13.1MMT due to the first decline in world wheat production in 5 years.

### 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 \$288.00-294.81 per tonne.

US and Russian quotes are hovering in the range of \$219.46 and \$205.10 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 \$200 to \$265 in coming week.

### International Weekly Outlook:

Global wheat market is expected to trade steady to 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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