



Wheat Weekly Research Report

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

All India weekly average prices decreased by 7.41 percent to Rs. 1994.20 per quintal during the week ended 30th September 2018. Wheat average price were ruling at Rs 2153.88 per quintal during 16-23 September 2018. As compared to prices in the week 24-30 September 2017, the prices are firm by 3.82 percent. Prices are expected to remain firm in coming days due to good domestic demand.

Government has offered 20396060 tonnes of wheat in OMSS since first tender in July until third tender in September, out of which 1311400 tonnes was sold. Total numbers of rakes sold were 117. State government and bulk consumers bought 284750 tonnes and 957750 tonnes of wheat respectively. 68900 tonnes was sold in dedicated movement. 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 reserve price will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

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 \$328 per tonne and \$363 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.

Wheat future October contract closed at Rs 2045 per quintal, higher by Rs 11 per quintal compared to previous week. India has not imported wheat since February-18 until August-18. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat. Furthermore, reserve price for wheat for third quarter i.e. October-December will be increased by Rs 25 per quintal to Rs 1925 per quintal. As a result, firmness in prices can be expected in upcoming weeks.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Ukrainian wheat is being quoted at Rs 2170-2175 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in 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.

Indian FoB quote is hovering around \$291.56 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$209.40, \$207.50, Euro 238.32 \$216.74 and \$258.71 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 trade source, India has exported around 1.90 thousand tonnes in the month of August compared to 0.72 thousand tonnes in July. The quantity in July was exported at an average FOB of \$ 420.97 per tonne and the major destinations were South Africa, Sri Lanka, UAE, Malaysia, Congo and Bahrain. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

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 Agriwatch estimate, production is likely to be around 94.5 MMT compared to 95.5 MMT last year. Production is likely to fall due to lower acreage this year. 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. 1990 & 2110 respectively.

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 August-2018	313.74	377.64
09-16 August -2018	278.66	396.42
17-23 August -2018	375.97	367.82
24-31 August -2018	935.81	487.06
Total	1904.81	

Source: Trade

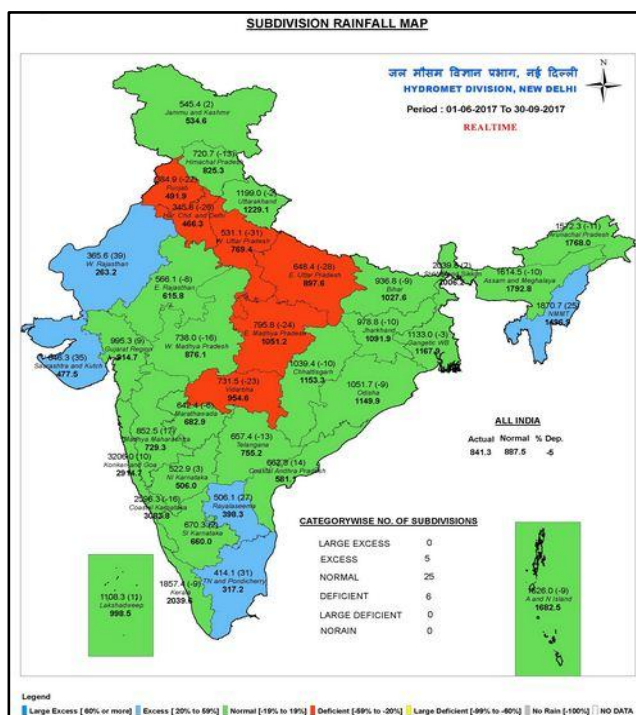
Wheat Import

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

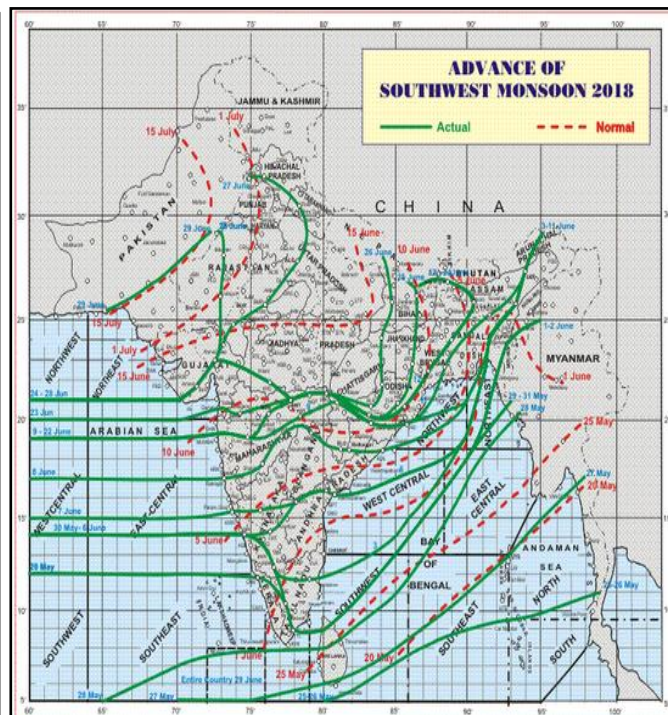
As per trade sources no quantity has been imported in the month of August-2018.

Source: Trade

Monsoon & Weather Condition



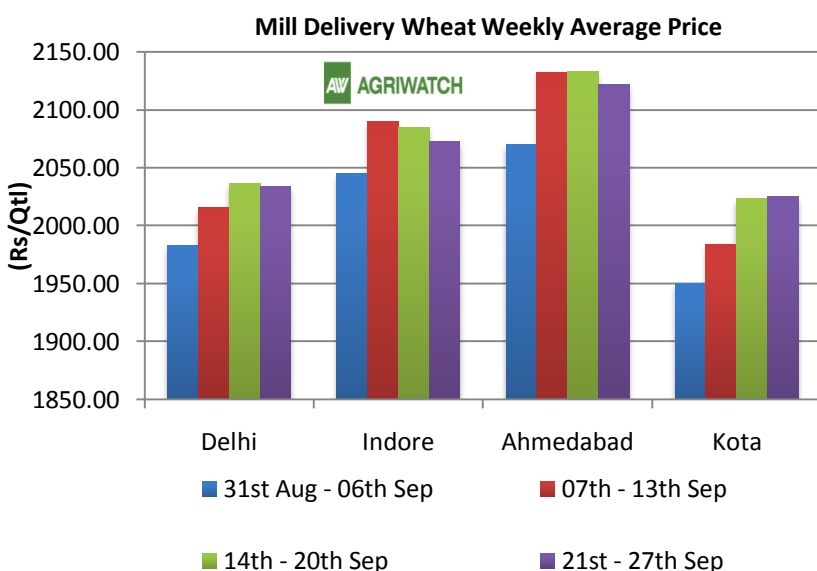
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded weak in Delhi, Indore, Kota and Ahmedabad during 21st - 27th September.

Major spot markets witnessed weak sentiments in the week. Market is likely to trade steady to firm in the coming week due to good demand. 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 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

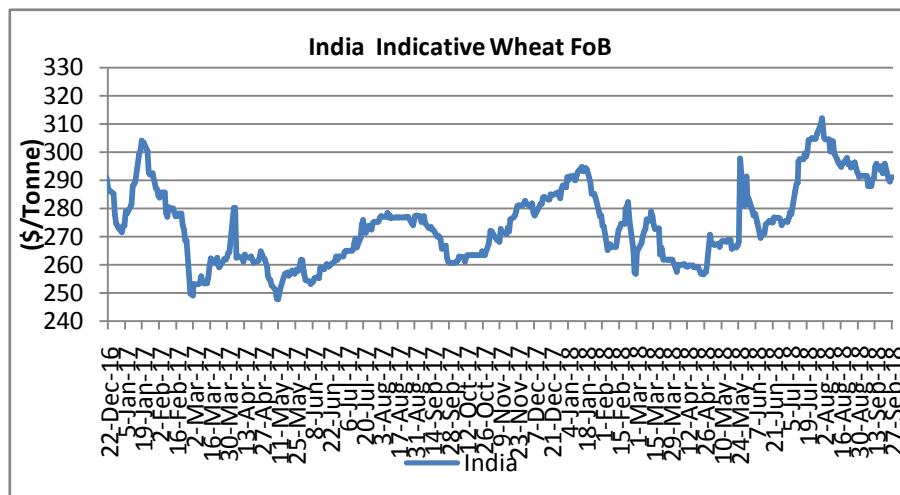
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 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 \$285-300 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
		27-Sep-18	20-Sep-18	27-Aug-18	27-Sep-17	
USA (Chicago)	2SRW	214.20	218.20	205.85	197.16	8.64
France	FCW3	235.86	236.99	233.93	191.07	23.44
Australia	ASW	257.69	257.69	252.58	214.88	19.92
Russia	SRW	213.00	205.00	212.50	182.50	16.71
India	Fob	291.12	293.79	296.30	261.07	11.51

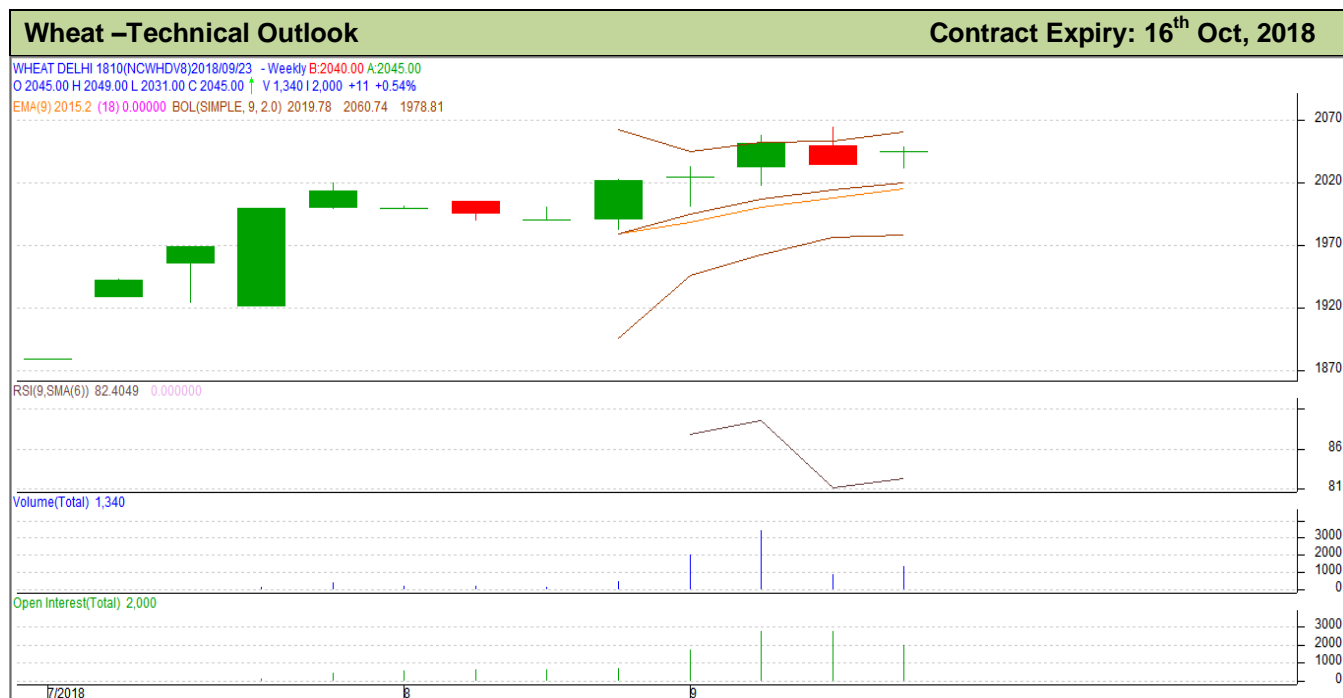
	27/09/2018	20/09/2018	13/09/2018	06/09/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	226	219	220	221
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	212	207	208	206

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:28.09.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Oct	+1	2044	2045	2043	2045	160	-40	2000	-140
18-Nov	0	2060	2060	2042	2042	10	+10	10	+10
18-Dec	-2	2055	2053	2053	2053	0	0	0	0

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	October	2005	1990	2045	2100	2110
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	October	Buy	Above 2040	2065	2085	2025

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
	27-Sep-18	20-Sep-18	27-Aug-18	27-Sep-17	
Indore	2007	2020	1969	1658	21.05
Delhi	2030	2030	1981	1765	15.01
Kanpur	1975	1935	1870	1658	19.12
Rajkot	2055	2060	2000	1639	25.38
Kota	2020	2026	1968	1652	22.28

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
			27-Sep-18	26-Sep-18	20-Sep-18	27-Aug-18	27-Sep-17
Delhi	Lawrence Road	Mill Delivery	2035	2040	2040	1975	1765
	Narella	Mill Quality Loose	1950	Closed	1870	1875	NA
	Nazafgarh	Mill Quality Loose	1930	Closed	1940	1890	NA
Gujarat	Rajkot	Mill Delivery	1950	1950	1950	1910	1570
	Ahmedabad	Mill Delivery	2120	2125	2110	2065	1735
	Surat	Mill Delivery	2150	2160	2150	2100	1800
	Dhrol	Mill Delivery	NR	NR	1955	2025	1625
M.P.	Indore	Mill Quality Loose	2060	2060	1950	1950	1650
	Bhopal	Mill Delivery	1925	1925	NR	1925	1625
Rajasthan	Kota	Mill Quality Loose	1915	1915	1920	1850	1530
		Mill Delivery	2020	2020	2050	1950	1620
U.P.	Kanpur	Mill Delivery	1950	1950	1920	1830	1705
	Mathura	Mill Quality Loose	1860	1860	1860	1800	1580
	Kosi	Mill Quality Loose	1860	1865	1860	1785	1580
	Hathras	Mill Quality Loose	1870	NR	1890	Closed	1590
	Aligarh	Mill Quality Loose	1840	Closed	1850	1790	Closed
Punjab	Khanna	Mill Quality Loose	1850	1860	1860	1870	1690
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1840	1840	1840	1830	1695
	Hodal	Mill Delivery	2030	2030	2030	1940	1750
	Bhiwani	Mill Quality Loose	1940	1925	1920	1860	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1675



	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2350	2350	2350	2325	1950
	Madurai	Mill Quality	2407	2450	2450	2425	2100
	Coimbatore	Mill Quality	2407	2500	2500	2475	2150
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1700	1600
	Muzaffarpur	Mill Delivery	1925	1925	1900	1800	1620

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 per latest update, IGC expects wheat production to increase by 1 MMT to 717 MMT. The forecast has increased due to an upward revision by Russia which has slightly offset the lower production in Australia.

As per latest update, Japan's ministry of agriculture bought 109150 MT of food quality wheat from United States, Canada and Australia. Around 49470 MT has been bought from United States, 32050 MT of western red spring has been bought from Canada and 27630 MT has been bought from West Australia. Shipments from Canada will be loaded between Oct 21 - Nov 20, 2018 and shipments from Australia will be loaded between Nov 01 - Nov 30, 2018.

Russian milling wheat prices became firm by \$6-7 per tonne at Novorossiysk and \$10 per tonne at Odessa compared to last week. Russian grain market players reported long vessels' delays in the ports, waiting for phytosanitary certificates for export parcels. 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 \$220.00-226.00/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$220.00-226.00/tonne.

Egypt's state grains buyer, GASC has purchased 180000 tonnes of wheat for shipment during 01-10 November and 295000 tonnes of wheat for shipment during 11-20 November. Of the total quantity 415000 tonnes was Russian wheat and remaining was Ukrainian wheat. In its previous tender on 12th September 2018, Egypt has bought 235000 tonnes of wheat from Russia.

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.

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.

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.

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
	27-Sep-18	20-Sep-18	27-Aug-18	27-Jun-18	27-Mar-18	27-Sep-17	
Sep-18	188.48	192.52	191.97	185.08	185.45	197.11	-4.38
Dec-18	195.00	199.31	200.69	190.77	191.51	201.43	-3.19
Mar-19	198.86	203.45	205.28	195.00	194.72	202.90	-1.99
May-19	199.22	204.37	203.72	197.02	196.93	200.42	-0.60
Jul-19	203.17	207.86	206.57	200.23	200.05	202.25	0.45
Sep-19	208.96	213.09	210.89	205.28	205.65	207.49	0.71

CBOT Dec-18

1st Support: 179.00
2nd Support: 177.00
1st Resistant: 210.00
2nd Resistant: 212.00
(\$ per tonne)

Wheat CBOT closed at \$5.09 per bushel up by around 10 cents compared to last week. U.S. export sales in the week of 14th -20th September were 657100 compared to 468400 tonnes during 07th -13th September. With all but a very few fields on northern durum left to harvest, growers are actively seeding winter wheat. At 28% complete by Sept. 24, seeding is slightly ahead of the 5-year average.

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 \$289.51-295.80 per tonne.

US and Russian quotes are hovering in the range of \$216.74 and \$209.40 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 \$195 to \$270 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to firm due to low production 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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