



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 1.18 percent to Rs. 2017.72 per quintal during the week ended 08th October 2018. Wheat average price were ruling at Rs 1994.20 per quintal during 24-30 September 2018. As compared to prices in the week 01-08 October 2017, the prices are firm by 7.84 percent. Prices are expected to remain firm in coming days due to good domestic demand.

As per latest update, hybrid varieties of wheat such as HD 8579, HD 4728, HW 5207, HS 562, HD 3171 and HD 1605 have been introduced for upcoming Rabi season. All the hybrid varieties have good yields especially when used in irrigated areas. In case farmers go for these varieties in upcoming Rabi season, production is expected to increase.

Government has increased MSP of wheat by Rs 105 per quintal to Rs 1840 per quintal. This will motivate farmers to sow more area and thereby boost production of wheat. Furthermore, farmers will get additional income of Rs 62635 crore. Apart from wheat, MSP of Barley, Gram, Lentil, Rapeseed & Mustard and safflower has also been increased to Rs 1440 per quintal, Rs 4620 per quintal, Rs 4475 per quintal, Rs 4200 per quintal and Rs 4945 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 \$354 per tonne and \$364 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.

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 2180-2190 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 \$290.72 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$215.75, \$207.50, Euro 201.00 \$216.43 and \$254.77 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.

Wheat future October contract closed at Rs 2045 per quintal, higher by Rs 1 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 and prices are likely to stay steady to firm.

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.

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. 1991 & 2111 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

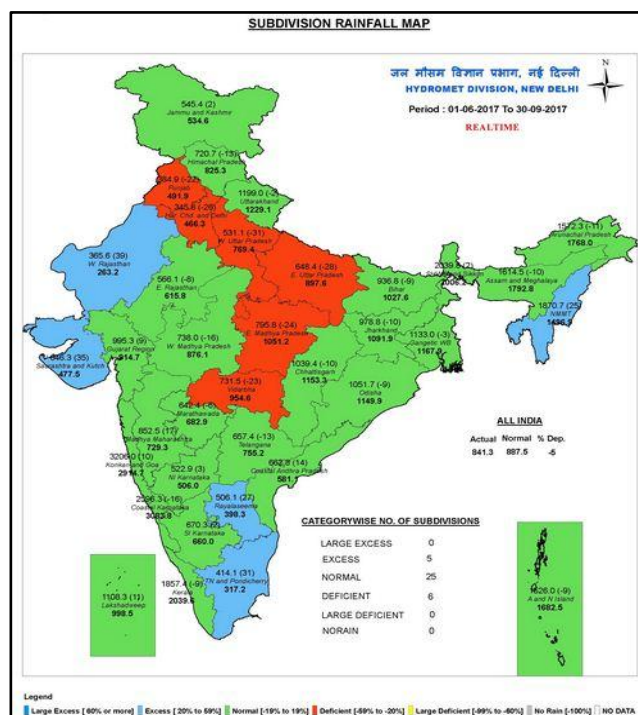
Wheat Import

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

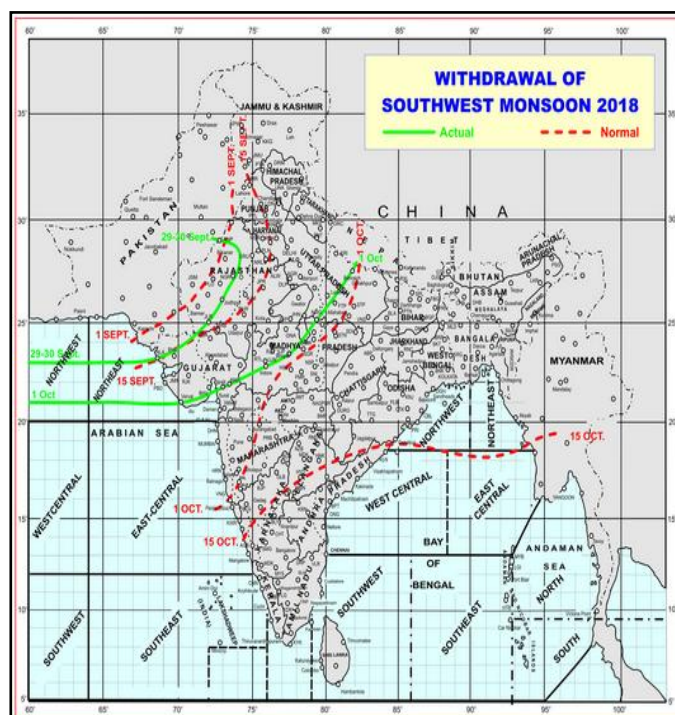
As per trade sources no quantity has been imported in the month of August-2018.

Source: Trade

Monsoon & Weather Condition



Source: IMD

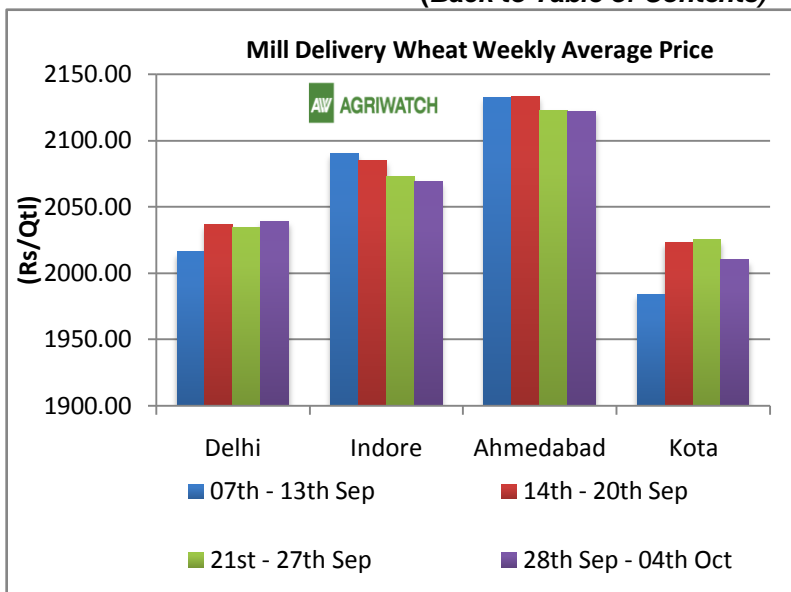


Wheat Weekly Average Price Chart

Average mill delivery prices of Wheat traded weak in Indore, Kota and Ahmedabad during 28th September-04th October.

Major spot markets witnessed mixed sentiments in the week. Market is likely to trade steady to firm in the coming week due to good demand and increase in MSP by Rs 105 per quintal to Rs 1840 per quintal. Furthermore, demand is likely to increase during festive season. Sales through OMSS are higher in MY 2018-19 compared to MY 2017-18. Government's reserve price for third quarter is Rs 1925 per quintal.

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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

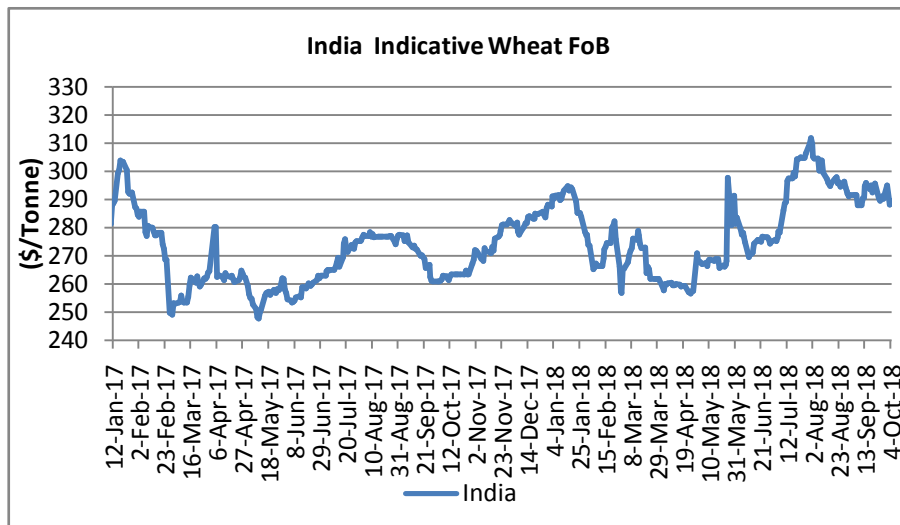
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 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 \$285-295 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.



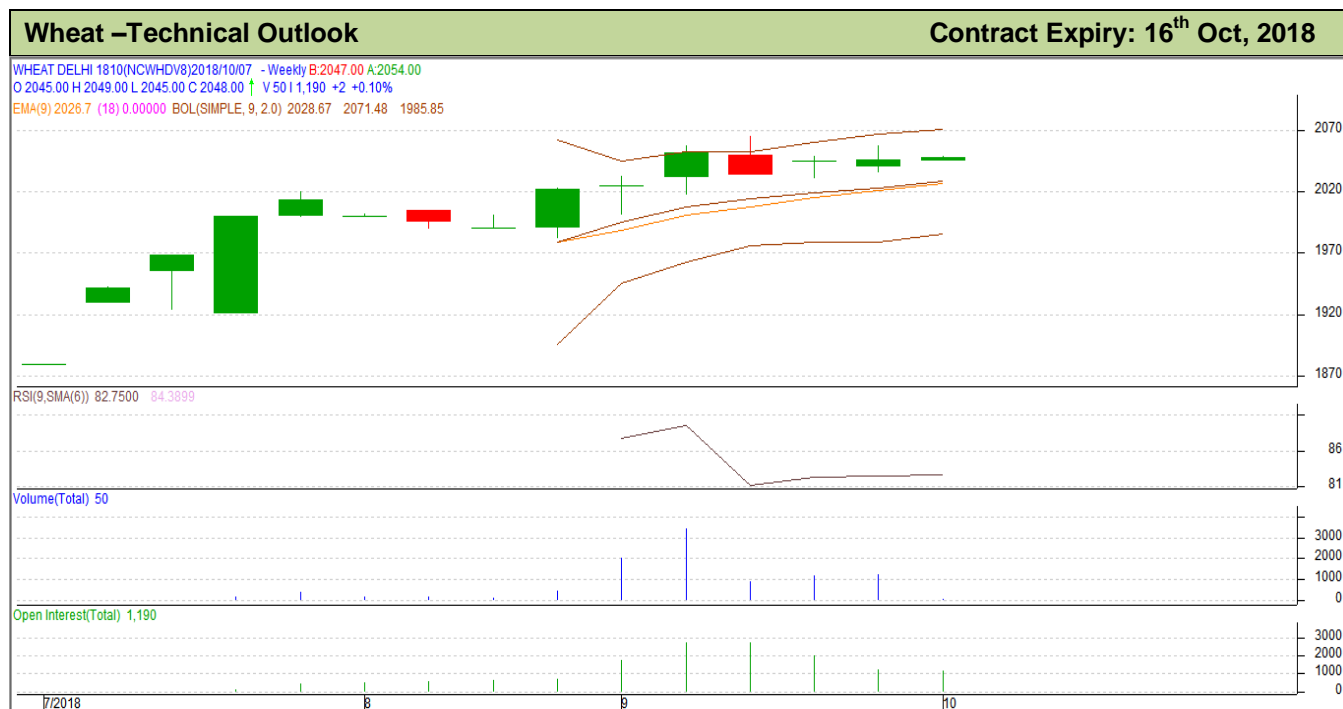
Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		4-Oct-18	27-Sep-18	4-Sep-18	4-Oct-17	
USA (Chicago)	2SRW	217.90	214.20	215.90	193.60	12.55
France	FCW3	232.53	235.86	234.68	190.34	22.16
Australia	ASW	250.39	257.69	255.50	217.60	15.07
Russia	SRW	216.00	213.00	204.50	185.50	16.44
India	Fob	289.48	291.12	NA	261.18	10.84

	04/10/2018	27/09/2018	20/09/2018	13/09/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	229	226	219	220
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	219	212	207	208

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:05.10.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Oct	0	2045	2047	2045	2047	520	+310	1210	-440
18-Nov	+2	2058	2065	2056	2060	130	-140	530	+80
18-Dec	0	2069	2069	2069	2069	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	2006	1991	2046	2101	2111
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	October	Buy	Above 2041	2066	2086	2026

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
	6-Oct-18	29-Sep-18	5-Sep-18	6-Oct-17	
Indore	2004	2012	NA	1661	20.66
Delhi	2042	2032	1987	1768	15.48
Kanpur	1943	1933	1910	1660	17.02
Rajkot	2060	NA	NA	1633	26.15
Kota	2017	2019	NA	1650	22.25

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
			4-Oct-18	3-Oct-18	27-Sep-18	4-Sep-18	4-Oct-17
Delhi	Lawrence Road	Mill Delivery	2040	2040	2035	1985	1760
	Narella	Mill Quality Loose	1980	Closed	1950	1850	NA
	Nazafgarh	Mill Quality Loose	1955	Closed	1930	1900	NA
Gujarat	Rajkot	Mill Delivery	1950	1950	1950	Closed	1555
	Ahmedabad	Mill Delivery	2130	2130	2120	Closed	1720
	Surat	Mill Delivery	2160	2160	2150	Closed	1760
	Dhrol	Mill Delivery	2015	2130	NR	Closed	1665
M.P.	Indore	Mill Quality Loose	2025	2060	2060	Closed	1650
	Bhopal	Mill Delivery	1950	1900	1925	1975	1625
Rajasthan	Kota	Mill Quality Loose	1900	1895	1915	Closed	1530
		Mill Delivery	2010	2000	2020	Closed	1620
U.P.	Kanpur	Mill Delivery	1975	1975	1950	1815	1705
	Mathura	Mill Quality Loose	1840	1825	1860	1815	1585
	Kosi	Mill Quality Loose	1900	1890	1860	NA	1600
	Hathras	Mill Quality Loose	NR	NR	1870	1800	1640
	Aligarh	Mill Quality Loose	1840	Closed	1840	1800	Closed
Punjab	Khanna	Mill Quality Loose	1850	1850	1850	1840	1660
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1830	1850	1840	1825	1695
	Hodal	Mill Delivery	2030	2030	2030	1940	1740
	Bhiwani	Mill Quality Loose	1950	1940	1940	1850	1690
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1670
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2350	2350	2350	Closed	Closed
	Madurai	Mill Quality	2407	2450	2450	Closed	Closed
	Coimbatore	Mill Quality	2407	2500	2500	Closed	Closed
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1800	1600
	Muzaffarpur	Mill Delivery	1925	1925	1925	1820	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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Russian milling wheat prices became firm by \$3 per tonne at Novorossiysk and \$3 per tonne at Odessa compared to last week. Wheat prices remained firm due to strong ruble and concerns over export related matters such as tightening phytosanitary rules and longer time to get necessary certificates. As per USDA, Russia is expected to produce 68.50 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 \$223.00-229.00/tonne whereas milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$223.00-229.00/tonne.

As per latest update, France has exported 1.48 MMT of soft wheat in August-18. Of the total quantity, around 0.74 MMT of wheat was exported to Argentina. Total wheat exports during July-August'18 were 2.78 MMT up by around 9 percent year on year.

Egypt's state grains buyer, GASC has purchased 180000 tonnes of Russian wheat. Daewoo offered 60000 tonnes of Russian wheat at FOB \$233.95/tonne. Aston offered 60000 tonnes of Russian wheat at FOB \$235.80/tonne. Garant offered 60000 tonnes of Russian wheat at FOB \$236.90/tonne. In its previous tender on 18th September 2018, Egypt has bought 475000 tonnes of wheat from Russia.

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.

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.

IGC Wheat Balance Sheet:

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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19 (Projected)	
		(Estimate)		23.08.2018	27.09.2018
Production	737	752	758	716	717
Trade	166	177	176	174	173
Consumptions	718	735	735	734	734
Carryover stocks	227	244	267	248	250
Y-O-Y change	19	17	23	-	-17
Major Export	68	79	83	62	64

- IGC has projected global wheat production to be 717 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 41 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 173 MMT. It is 3 MMT lower compared to forecast for last year and higher by 7 MMT compared to 2015-16.
- Consumption has been kept steady at 734 MMT for 2018-19. The projection is lower by 1 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 250 MMT compared to forecast of 267 MMT last year. It is higher by around 6 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
	4-Oct-18	27-Sep-18	4-Sep-18	4-Jul-18	4-Apr-18	4-Oct-17	
Sep-18	189.30	188.48	195.27	186.09	188.20	191.32	-1.06
Dec-18	196.47	195.00	202.62	191.60	194.35	195.92	0.28
Mar-19	200.60	198.86	207.76	195.46	197.75	197.57	1.53
May-19	202.90	199.22	206.48	197.29	199.13	195.64	3.71
Jul-19	207.58	203.17	209.42	200.42	201.70	197.57	5.07
Sep-19	213.46	208.96	213.83	204.64	206.94	203.08	5.11

CBOT Dec-18

1st Support: 178.00
2nd Support: 176.00
1st Resistant: 208.00
2nd Resistant: 210.00
(\$ per tonne)

Wheat CBOT closed at \$5.21 per bushel up by around 12 cents compared to last week. U.S. export sales in the week of 21st-27th September were 435300 compared to 657100 tonnes during 14th-20th September. On September 30, USDA reported U.S. spring wheat harvest was complete. U.S. winter wheat planting is 43% complete, slightly ahead the 5-year average of 40%. Winter wheat is 14% emerged, in line with 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 \$288.14-295.02 per tonne.

US and Russian quotes are hovering in the range of \$216.43 and \$215.75 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 \$205 to \$270 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to slightly firm due to lower production in major producing regions. EU is likely to produce around 135.9 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 68.50 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 19.10 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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