



Wheat Weekly Research Report

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

As per trade source, India has exported around 2.81 thousand tonnes in the month of September compared to 1.90 thousand tonnes in August. The quantity in September was exported at an average FOB of \$ 381.68 per tonne and the major destinations were Nepal, UAE, Sri Lanka and New Zealand. 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 1000 tonnes of milling wheat from Pakistan at \$ 318.53 per tonne (Including import duty) in the month of September-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.

Wheat WPI has increased from 148.6 in August -2018 to 149.8 in September-2018. Monthly wheat inflation has increased by 0.81 percent in September -2018 compared to previous month. As compared to September-2017 wheat WPI has increased by around 8.87 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

India mainly imports from Australia and Russia. Wheat prices have become firm in both the countries due to lower production. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$343 (Rs 25230) per tonne and \$368 (Rs 27030) per tonne respectively, after including freight and import duty @30%. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23000-23500 per tonne and Rs 23500-24000 per tonne respectively.

Wheat future November contract closed at Rs 2044 per quintal after increasing by Rs 2 per quintal compared to previous week. Prices are expected to remain firm due to good demand and low imports. Furthermore, higher prices due to lower crop size in Australia and Black sea region will ensure low imports in upcoming months. Therefore, demand to large extent, will be dependent on domestically available wheat.

Indian FoB quote is hovering around \$287.51 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$218.40, \$207.50, Euro 202.70, \$220.28 and \$254.92 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 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.

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 November contract taking care of lower and upper price tag of Rs. 2019 & 2103 respectively.

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 September-2018	301.01	490.04
09-16 September -2018	456.62	452.95
17-23 September -2018	643.88	350.91
24-30 September -2018	1409.29	326.68
Total	2810.8	

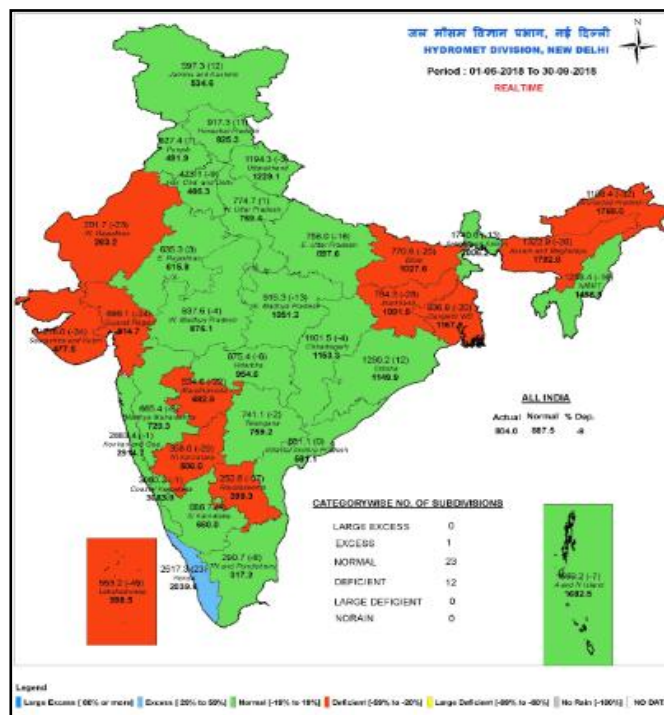
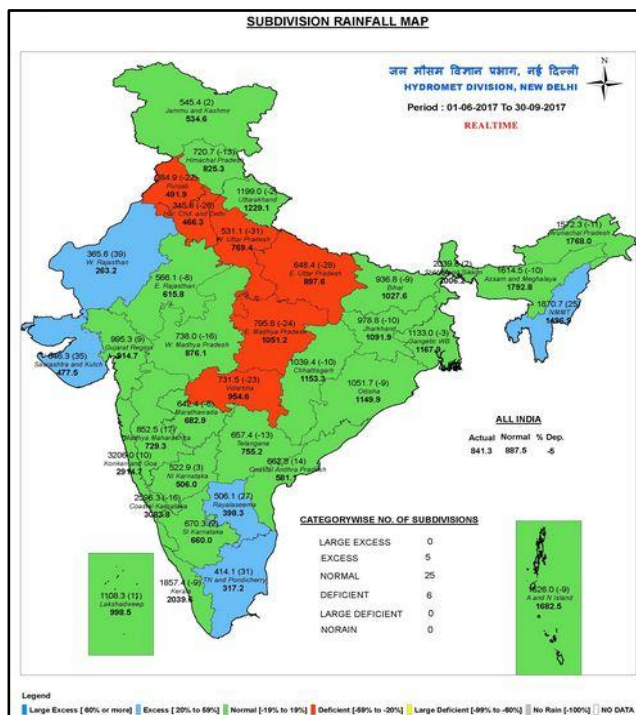
Source: Trade

Wheat Import

Date	Foreign Country	Port	Quantity in MT	Import Price Including Duty
Sept-2018	Pakistan	Tuticorin	1000	\$ 318.54 per tonne
	Total		1000	

Source: Trade

Monsoon

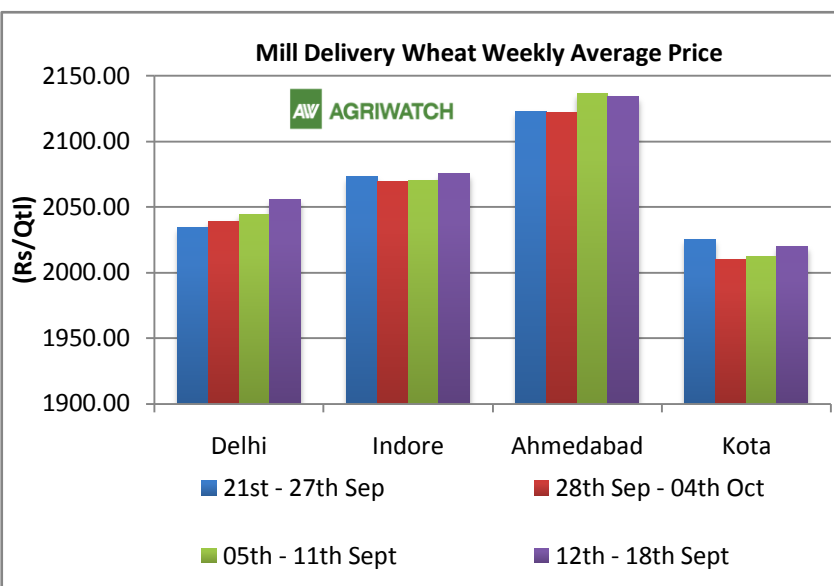


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Indore and Kota during 12th -18th September.

Market is likely to trade steady to firm in the coming week due to good demand and increase in MSP. 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. 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

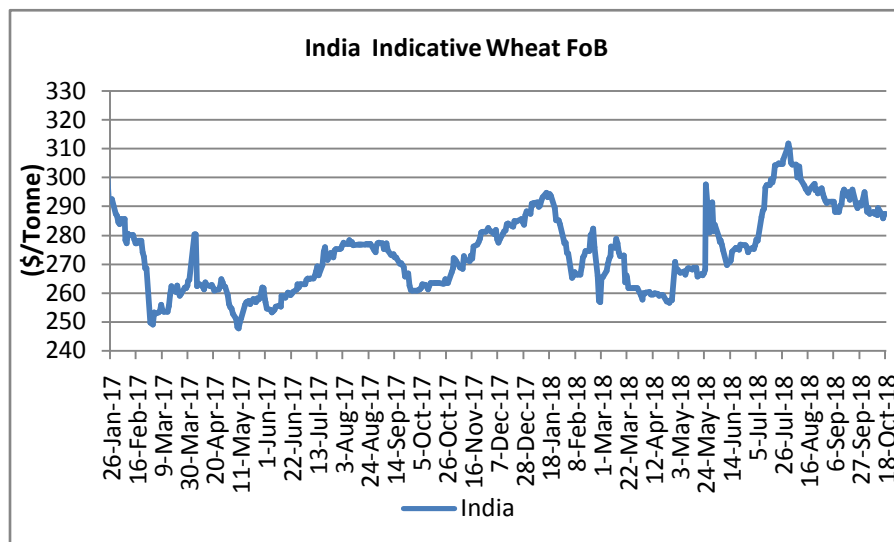
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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



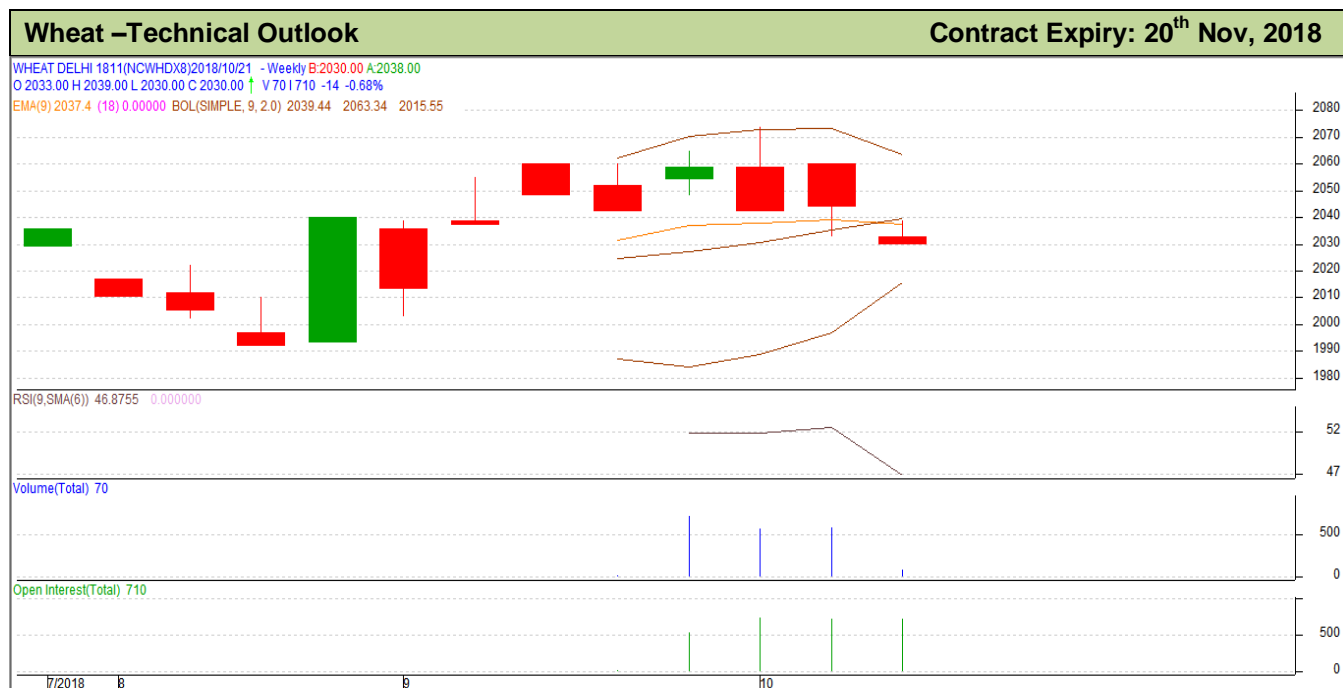
Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		18-Oct-18	11-Oct-18	18-Sep-18	18-Oct-17	
USA (Chicago)	2SRW	218.50	216.00	213.30	188.39	15.98
France	FCW3	231.93	233.86	235.12	186.53	24.34
Australia	ASW	255.50	250.39	257.69	212.00	20.52
Russia	SRW	217.50	219.00	202.00	186.00	16.94
India	Fob	287.52	287.04	295.01	NA	-

	18/10/2018	11/10/2018	04/10/2018	27/09/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	235	233	229	226
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	221	221	219	212

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 19.10.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Nov	0	2044	2044	2044	2044	0	-100	710	0
18-Dec	0	2056	2056	2056	2056	0	0	0	0
19-Jan	0	2067	2067	2067	2067	0	0	0	0

Wheat Technical Analysis:
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Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving in neutral region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	November	2027	2019	2044	2095	2103
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	November	Buy	Above 2030	2050	2065	2018

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
	18-Oct-18	11-Oct-18	18-Sep-18	18-Oct-17	
Indore	2013	2013	2025	NA	-
Delhi	2045	2056	2033	1785	14.57
Kanpur	1990	1975	1980	1700	17.06
Rajkot	2050	2055	2065	NA	-
Kota	2034	2025	2020	NA	-

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 low 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
			18-Oct-18	17-Oct-18	11-Oct-18	18-Sep-18	18-Oct-17
Delhi	Lawrence Road	Mill Delivery	2040	2060	2050	2040	1785
	Narella	Mill Quality Loose	NA	Closed	2000	1890	NA
	Nazafgarh	Mill Quality Loose	1970	Closed	1970	1940	NA
Gujarat	Rajkot	Mill Delivery	Closed	1950	1970	1980	Closed
	Ahmedabad	Mill Delivery	Closed	2130	2140	2140	Closed
	Surat	Mill Delivery	Closed	2160	2170	2180	Closed
	Dhrol	Mill Delivery	Closed	2075	2100	1995	Closed
M.P.	Indore	Mill Quality Loose	Closed	2025	2025	1950	NA
	Bhopal	Mill Delivery	Closed	Closed	1925	1950	NA
Rajasthan	Kota	Mill Quality Loose	1900	1900	1920	1900	NA
		Mill Delivery	2020	2020	2025	2000	NA
U.P.	Kanpur	Mill Delivery	1945	1945	1960	1880	1720
	Mathura	Mill Quality Loose	1825	1810	1840	1860	1585
	Kosi	Mill Quality Loose	Closed	1915	1985	1865	1585
	Hathras	Mill Quality Loose	NA	1890	1880	NR	1590
	Aligarh	Mill Quality Loose	1830	Closed	1840	1850	1560
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	1880	Closed
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1850	1845	1840	1840	NA
	Hodal	Mill Delivery	NA	NA	NA	2030	NA
	Bhiwani	Mill Quality Loose	Closed	1980	1970	1900	1690
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1710
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2300	2300	2350	2350	NA
	Madurai	Mill Quality	2357	2500	2450	2450	NA
	Coimbatore	Mill Quality	2357	2550	2500	2500	NA
Bihar	Khagariya	Mill Delivery	1900	1800	1800	1800	1600
	Muzaffarpur	Mill Delivery	1950	1950	1950	1900	NA

Sowing Status:

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State Wise Wheat Sowing in Lakh Hectares				
State	Normal area	2017	2018	% Change
Bihar	21.24	22.95	23.27	1.39
Chhattisgarh	1.036	1.736	1.85	6.57
Gujarat	11.56	9.96	10.76	8.03
Haryana	25.39	25.38	25.26	-0.47
Himachal Pradesh	3.5	3.59	3.6	0.28
J&K	2.955	2.31	2.93	26.84
Jharkhand	1.65	2.08	2.31	11.06
Karnataka	2.06	1.57	2.09	33.12
Madhya Pradesh	54.96	64.22	53.16	-17.22
Maharashtra	9.38	10.52	9.4	-10.65
Punjab	35.13	35	35.1	0.29
Rajasthan	30.472	30.677	30.2	-1.55
Uttar Pradesh	97.59	100.52	98.67	-1.84
Uttarakhand	3.53	3.59	3.58	-0.28
West Bengal	3.28	3.39	1.36	-59.88
Others	0.186	0.21	0.75	257.14
All-India	304.43	317.81	304.29	-4.25

Source: Ministry of Agriculture



International Market Update:

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Russian milling wheat prices became firm by \$2-3 per tonne at Novorossiysk and \$0-1 per tonne at Odessa compared to last week. Wheat prices remained firm due to strong ruble and difficulty in receiving phytosanitary certificates. As per USDA, Russia is expected to produce 70.00 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 \$230.00-235.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$226.00-232.00/tonne.

Morocco will suspend import duty on wheat during from 01st November-31st December'18 and a duty of 30 percent will be applicable from 01st January'19. This step has been taken to increase supply and avoid price hikes in domestic market.

As per the Rosario grain exchange, Argentina is likely to harvest 19 MMT compared to 21 MMT in its previous estimate. The forecast has been revised down due to dry weather during September and first ten days of October.

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.

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
	18-Oct-18	11-Oct-18	18-Sep-18	18-Jul-18	18-Apr-18	18-Oct-17	
Dec-18	188.48	186.64	187.56	187.65	194.91	189.03	-0.29
Mar-19	196.01	194.45	194.35	193.34	201.70	193.62	1.23
May-19	200.51	198.95	198.95	197.02	205.19	195.46	2.58
Jul-19	202.71	201.34	200.78	198.86	205.74	193.44	4.80
Sep-19	206.75	205.74	204.18	202.25	208.59	195.18	5.93
Dec-19	212.27	211.71	209.42	207.21	213.73	201.24	5.48

CBOT Dec-18

1st Support: 175.00
2nd Support: 173.00
1st Resistant: 207.00
2nd Resistant: 209.00
(\$ per tonne)

Wheat CBOT closed at \$5.14 per bushel down by around 0.03 cents compared to last week. U.S. export sales in the week of 05th – 11th October were 339000 compared to 339000 tonnes during 28th September-04th October. On October 14, USDA reported U.S. winter wheat planting is 65% complete, slightly behind the 5-year average of 67%. Winter wheat is 44% emerged, ahead of the 5-year average of 41%.

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 \$ 285.93-289.33 per tonne.

US and Russian quotes are hovering in the range of \$220.28 and \$218.40 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 \$205 to \$280 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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