

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 2.11 percent to Rs. 2061.27 per quintal during the week ended 31st October 2018. Wheat average price were ruling at Rs 2018.69 per quintal during 16-23 October 2018. As compared to prices in the week 24-31 October 2017, the prices are firm by 6.80 percent. Prices are expected to remain firm in coming days due to good domestic demand.

According to latest update, area sown until 02nd November'18 is 9.13 lakh hectares compared to 5.76 lakh hectares in the previous Rabi season. The normal area is 304.39 lakh hectares. Acreage is expected to be higher this Rabi season. Sowing is in initial stages as of now. So far, around 55% of the paddy crop has been recovered in Punjab, which could affect the wheat crop. Generally 1 -15 November in Punjab is considered suitable for wheat sowing. This year, the paddy husk was lying in Punjab and due to the rains on the standing crop; there is a delay in harvesting which would lead to delay in sowing of wheat thereby affecting wheat yield.

Government has offered 28887160 tonnes of wheat in OMSS since July until third tender in October out of which 1855850 tonnes was sold. Total numbers of rakes sold were 29. State government and bulk consumers bought 289700 tonnes and 1489350 tonnes of wheat respectively. 76850 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 prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

India mainly imports from Australia and Russia. Wheat prices remained steady to slightly weak in both the countries during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$337 (Rs 24375) per tonne and \$346 (Rs 25490) per tonne respectively, after including freight and import duty @30%. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 24000 per tonne and Rs 25000-25500 per tonne respectively.

Indian FoB quote is hovering around \$287.51 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$219.00, \$207.50, Euro 198.95, \$213.47 and \$250.39 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.3 million tonnes in MY 2018-19.

Previous Updates

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.

As per latest update, wheat stock in central pool as on 1st October'18 stood at 356.25 lakh tonnes down by 7.49% compared to last month.

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

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.

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. 1989 & 2074 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	

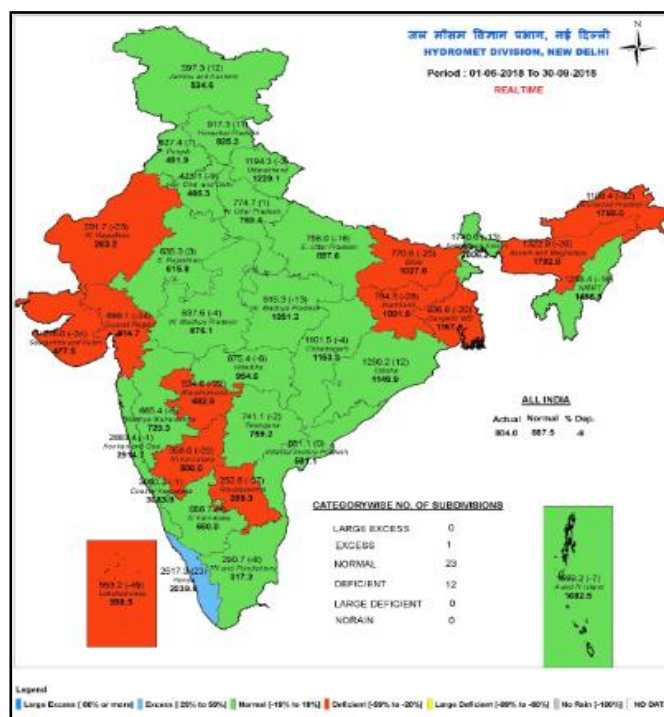
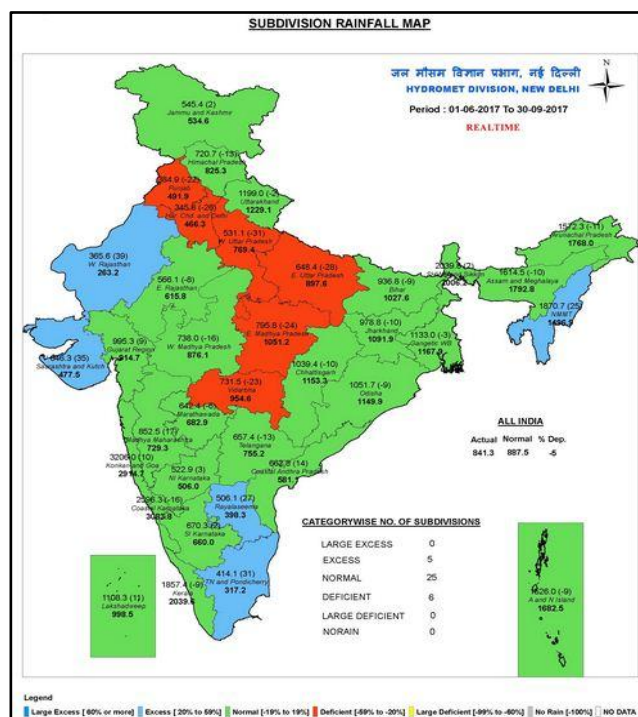
Source: Trade

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

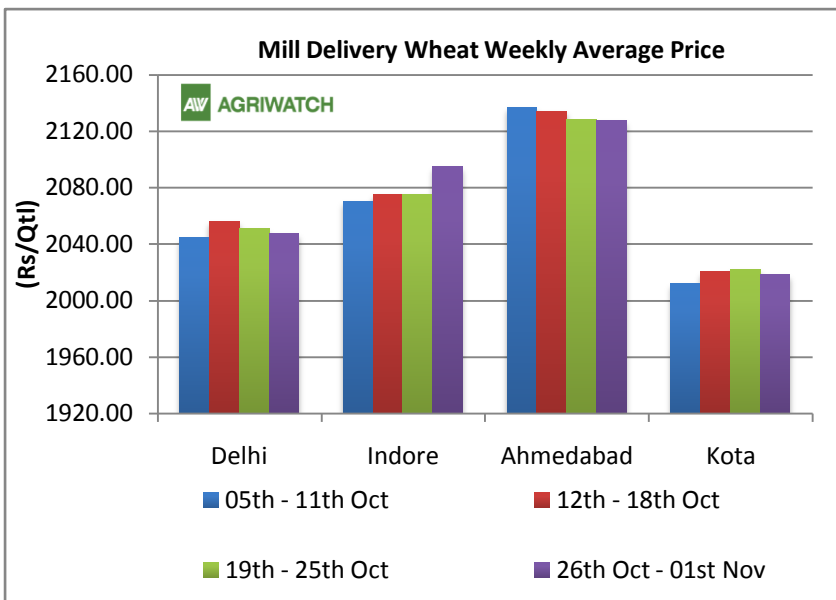


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded steady to slightly firm in Delhi, Ahmedabad and Kota during 26th October -01st November.

Low imports and good domestic demand will keep prices steady to firm in upcoming week. Furthermore, lean season and festive demand are also providing support to prices. Sowing is in initial stages as of now. However, acreage is expected to be higher in this Rabi season as farmers are motivated to sow more area due to increase in MSP for MY 2019-20. 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

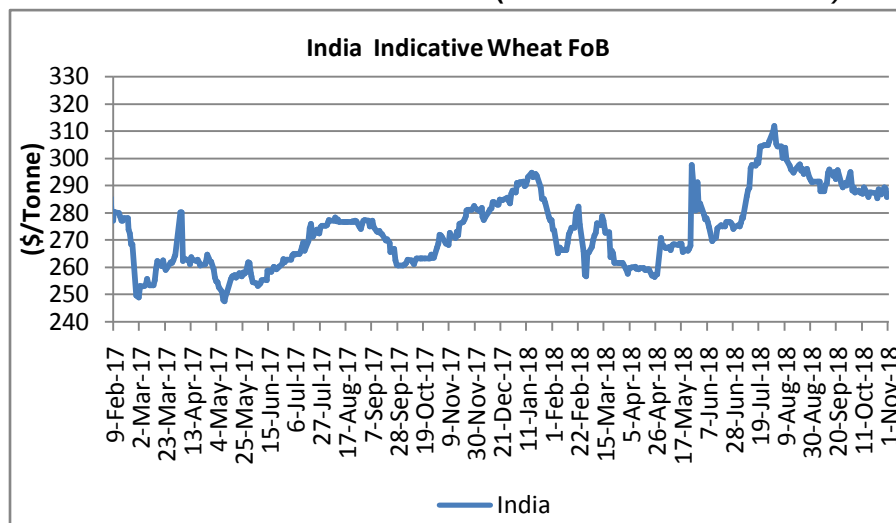
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 \$280-295 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
		1-Nov-18	25-Oct-18	1-Oct-18	1-Nov-17	
USA (Chicago)	2SRW	216.00	208.40	218.30	183.00	18.03
France	FCW3	223.12	227.74	234.53	NA	-
Australia	ASW	251.12	251.85	259.15	210.40	19.35
Russia	SRW	219.50	217.50	216.00	185.00	18.65
India	Fob	286.47	287.29	295.02	272.01	5.32

	01/11/2018	25/10/2018	18/10/2018	11/10/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	228	230	235	233
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	222	223	221	221

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:02.11.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Nov	-11	2041	2030	2024	2030	150	150	530	530
18-Dec	0	2053	2055	2050	2053	60	60	90	10
19-Jan	+12	2064	2064	2064	2076	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
	1-Nov-18	25-Oct-18	1-Oct-18	1-Nov-17	
Indore	2022	2012	2012	1674	20.79
Delhi	2053	2050	2034	1875	9.49
Kanpur	1975	1932	1950	1700	16.18
Rajkot	2067	2057	NA	1679	23.11
Kota	2030	2031	2013	1705	19.06

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 lean 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
			1-Nov-18	31-Oct-18	25-Oct-18	1-Oct-18	1-Nov-17
Delhi	Lawrence Road	Mill Delivery	2045	2045	2050	2040	1880
	Narella	Mill Quality Loose	2050	Closed	2025	1980	Closed
	Nazafgarh	Mill Quality Loose	1970	Closed	1960	1951	Closed
Gujarat	Rajkot	Mill Delivery	1950	1950	1950	1950	1600
	Ahmedabad	Mill Delivery	2120	2130	2125	2120	1760
	Surat	Mill Delivery	2160	2170	2170	2150	1810
	Dhrol	Mill Delivery	NR	Closed	2135	1990	1800
M.P.	Indore	Mill Quality Loose	2000	2000	1950	2060	1650
	Bhopal	Mill Delivery	1950	1950	1900	1900	1650
Rajasthan	Kota	Mill Quality Loose	1870	1900	1900	1895	1600
		Mill Delivery	2010	2020	2020	2000	1700
U.P.	Kanpur	Mill Delivery	1980	1980	1975	1950	1715
	Mathura	Mill Quality Loose	NA	NA	NA	1825	1630
	Kosi	Mill Quality Loose	1850	1870	1900	1870	1615
	Hathras	Mill Quality Loose	1890	1875	1900	1875	1635
	Aligarh	Mill Quality Loose	1830	Closed	1845	1840	Closed
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	1840	1700
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1850	1850	1850	1835	1725
	Hodal	Mill Delivery	NA	NA	NA	2030	NA
	Bhiwani	Mill Quality Loose	1925	1925	1930	1935	1750
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1790
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2480	2300	2300	2350	2050
	Madurai	Mill Quality	2537	2500	2500	2450	2200
	Coimbatore	Mill Quality	2537	2550	2550	2500	2250
Bihar	Khagariya	Mill Delivery	2000	1900	1900	1800	1600
	Muzaffarpur	Mill Delivery	2000	2000	2000	1925	1630

[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	1.73	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	30.67	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 weak by \$2-3 per tonne at Novorossiysk and \$1-2 per tonne at Odessa compared to last week. Wheat prices were weak as share of Russian wheat in Egyptian tender was reduced due to purchase of American and Ukrainian wheat as well. 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 \$223.00-228.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$225.00-228.00/tonne.

As per IGC, Australia is expected to produce 16.1 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.

As per latest update, Ukrainian wheat exports are expected to be lower for 2018-19 due to lower production. During July- Oct'18 Ukraine exported 7.54 MMT of wheat compared to 8.07 MMT last year in the same period.

Egypt's state grains buyer, GASC has purchased 470000 tonnes of wheat for shipment during 11-20 December. Of the total quantity 350000 tonnes was Russian wheat, 60000 tonnes was Ukrainian wheat and 60000 tonnes was U.S. wheat. ECTP offered 55000 tonnes of Russian wheat at FoB \$230.00 per tonne, GTCS offered 120000 tonnes of Russian wheat at FoB \$234.99 per tonne, Cargill offered 55000 tonnes of Russian wheat at FoB \$234.27 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$234.99 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$234.99 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$234.58 per tonne and Cargill offered 6000 tonnes of U.S. soft red wheat at FoB \$218.50 per 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.

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.

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.

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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19 (Projected)	
		(Estimate)		27.09.2018	25.10.2018
Production	737	753	767	717	729
Trade	166	177	176	173	172
Consumptions	718	735	738	734	740
Carryover stocks	227	244	273	250	262
Y-O-Y change	19	18	29	-	-11
Major Export	68	79	82	64	65

- IGC has projected global wheat production to be 729 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 767 MMT against 753 MMT for 2016-17. The projection for global production is lower by 38 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 172 MMT. It is 4 MMT lower compared to forecast for last year and higher by 6 MMT compared to 2015-16.
- Consumption has been increased to 740 MMT for 2018-19. The projection is higher by 5 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 262 MMT compared to forecast of 273 MMT last year. It is higher by around 18 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
	1-Nov-18	25-Oct-18	1-Oct-18	1-Aug-18	1-May-18	1-Nov-17	
Dec-18	186.64	179.02	190.77	212.63	207.21	183.42	1.75
Mar-19	192.06	186.55	197.66	218.24	212.72	188.57	1.85
May-19	196.28	191.42	201.70	219.89	214.84	191.60	2.44
Jul-19	198.58	194.08	203.72	219.25	215.11	192.61	3.10
Sep-19	203.26	198.49	208.32	221.63	216.58	195.46	3.99
Dec-19	209.42	204.37	214.38	225.40	220.53	201.52	3.92

CBOT Dec-18

1st Support: 171.00
2nd Support: 169.00
1st Resistant: 204.00
2nd Resistant: 206.00
(\$ per tonne)

Wheat CBOT closed at \$5.08 per bushel up by around 0.03 cents compared to last week. U.S. export sales in the week of 19th –25th October were 582500 compared to 442600 tonnes during 12th –18th October. On October 21, USDA reported U.S. winter wheat planting is 78% complete, behind the 5-year average of 83%. Winter wheat is 63% emerged, behind the 5-year average of 67%

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 \$285.85-289.47 per tonne.

US and Russian quotes are hovering in the range of \$213.47 and \$219.00 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 136.7 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 69.50 MMT and 25.50 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.3 MMT compared to last year's 47.30 MMT. Australia is likely to produce 16.6 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.1 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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