

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices decreased by 1.01 percent to Rs. 2040.39 per quintal during the week ended 08th November 2018. Wheat average price were ruling at Rs 2061.27 per quintal during 24-31 October 2018. As compared to prices in the week 01-08 November 2017, the prices are firm by 8.09 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

Trading in wheat was subdued in last week due to diwali holidays. Majority of the spot markets remained closed and are likely to resume normal operations from Monday.

Wheat future November contract closed at Rs 2048 per quintal after increasing by Rs 18 per quintal. Stock of imported wheat from Black sea region and Australia is negligible. Fresh import is also highly unlikely as wheat in domestic market is cheaper compared to wheat imported from Russia, Ukraine or Australia. Furthermore, ample stock is available with government as well as private trade to meet domestic demand.

According to latest update, area sown until 07th November'18 is 15.19 lakh hectares compared to 12.65 lakh hectares in the previous Rabi season. Sowing has started in all major wheat producing states. The normal area is 304.39 lakh hectares. Acreage is expected to be higher this Rabi season due to increase in MSP by Rs 105 per quintal for MY 2018-19.

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 \$332 (Rs 24000) per tonne and \$358 (Rs 25930) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23800-24000 per tonne and Rs 25000-25400 per tonne respectively.

Indian FoB quote is hovering around \$290.24 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$220.38, \$220.63, Euro 200.50, \$218.03 and \$250.94 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. 1990 & 2160 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 | |

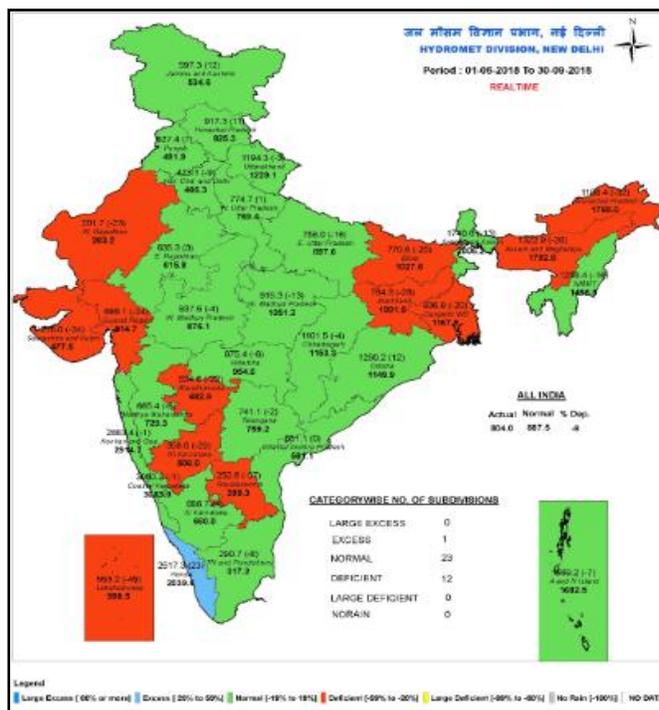
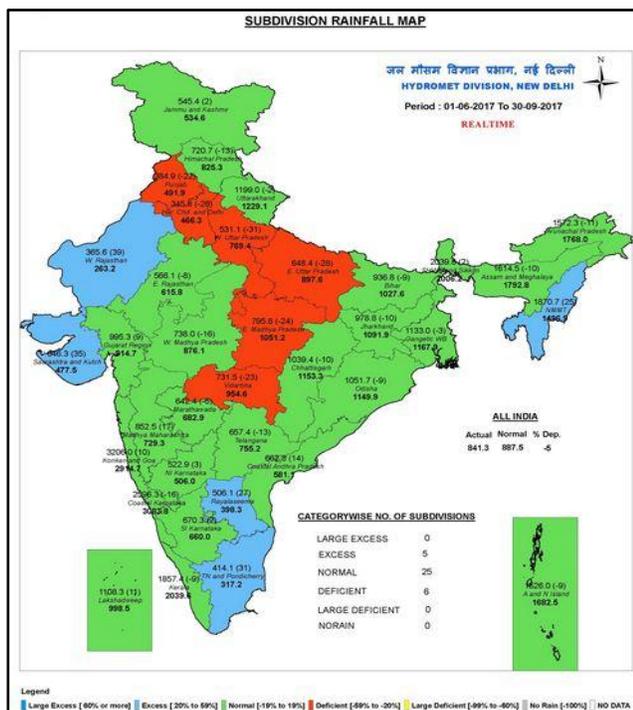
Source: Trade

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



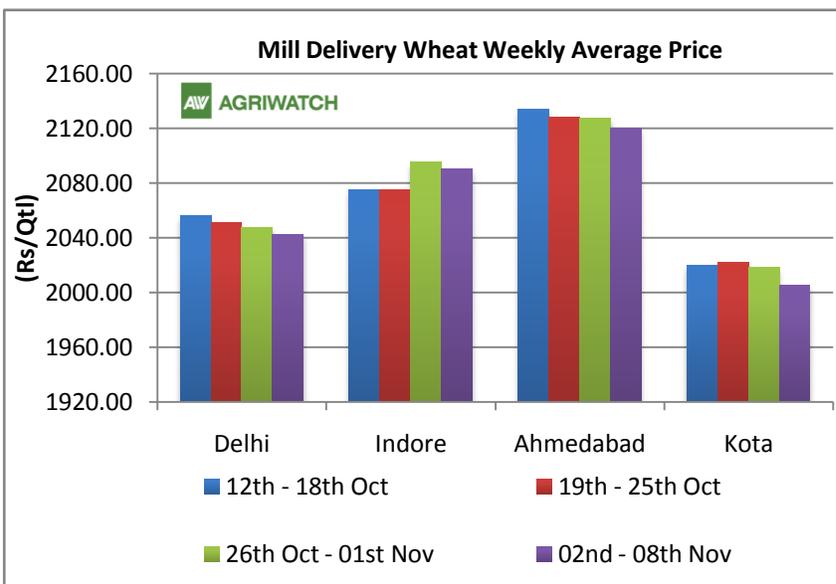
Source: IMD

Wheat Weekly Average Price Chart

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Average mill delivery prices of Wheat traded weak in Delhi, Ahmedabad, Indore and Kota during 02nd -08th November.

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

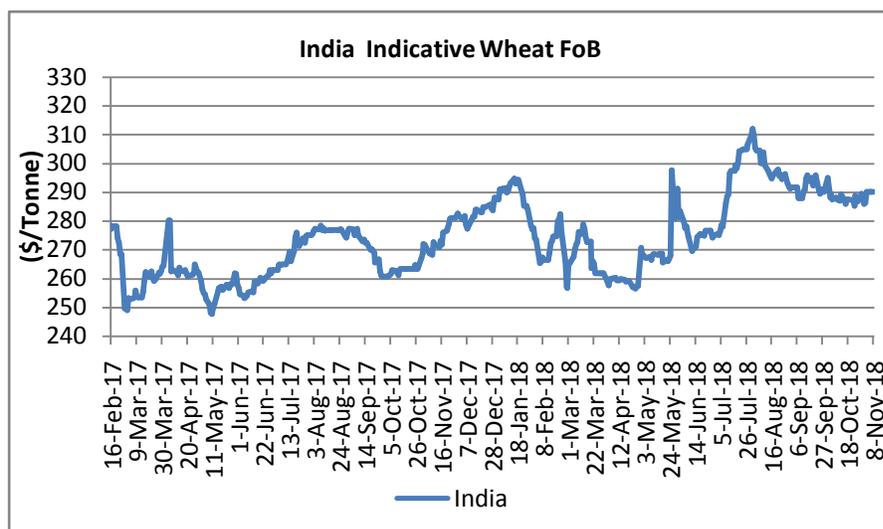
| State | Target for Procurement In Marketing Season 2018-19(April To March) | Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes) | | |
|------------------|--|--|-----------------------------|-------------------------|
| | | In Marketing Season 2018-19 | In Marketing Season 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 |
|---------------|---------|----------|----------|-----------|----------|--------------------------|
| | | 8-Nov-18 | 1-Nov-18 | 8-Oct-18 | 8-Nov-17 | |
| USA (Chicago) | 2srw | 219.60 | 216.00 | 216.40 | 186.20 | 17.94 |
| France | FCW3 | 231.89 | NA | 233.59 | 184.83 | 25.46 |
| Australia | ASW | 250.39 | 251.12 | 250.39 | 211.20 | 18.56 |
| Russia | SRW | 221.50 | 219.50 | 217.50 | 185.00 | 19.73 |
| India | Fob | 292.53 | 286.47 | 288.15 | 268.26 | 9.05 |

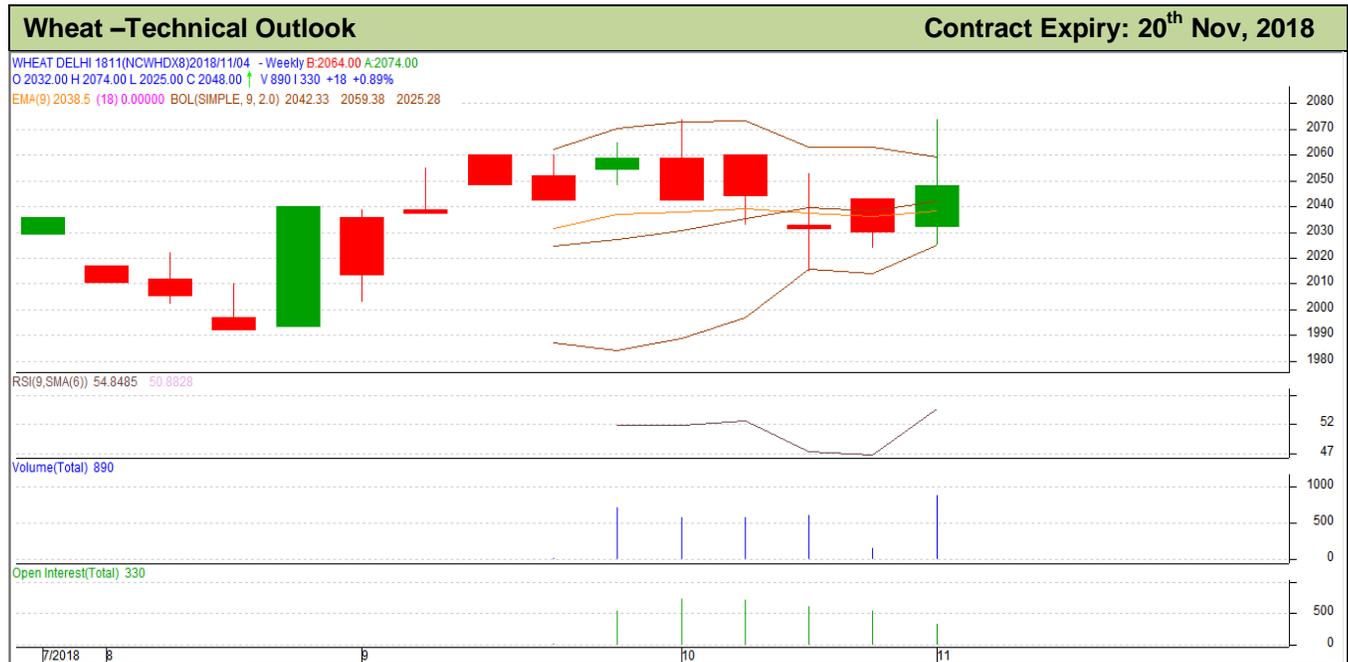
| | 08/11/2018 | 01/11/2018 | 25/10/2018 | 18/10/2018 |
|---|------------|------------|------------|------------|
| Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T) | 226 | 228 | 230 | 235 |
| Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T) | 223 | 222 | 223 | 221 |

NCDEX Wheat Contracts

| Wheat Futures Contact: NCDEX Price | | | | | | | | Date:09.11.2018 | |
|------------------------------------|--------------------------|------|------|------|-------|--------|--------------------------|-----------------|--------------------------|
| Contract Month | Change from previous day | Open | High | Low | Close | Volume | Change From previous day | Open Interest | Change From previous day |
| 18-Nov | +11 | 2035 | 2074 | 2035 | 2048 | 370 | +360 | 330 | -130 |
| 18-Dec | +26 | 2049 | 2080 | 2055 | 2075 | 100 | +90 | 190 | +60 |
| 19-Jan | 0 | 2100 | 2100 | 2100 | 2100 | 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 up in neutral region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

| | | | S1 | S2 | PCP | R1 | R2 |
|-------------------|-------|----------|------|------------|------|------|------|
| Wheat | NCDEX | November | 2000 | 1990 | 2048 | 2150 | 2160 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Wheat | NCDEX | November | Buy | Above 2046 | 2100 | 2135 | 2014 |

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 |
| | 8-Nov-18 | 1-Nov-18 | 9-Oct-18 | 8-Nov-17 | |
| Indore | Closed | 2022 | 2000 | 1662 | - |
| Delhi | Closed | 2053 | 2054 | 1834 | - |
| Kanpur | Closed | 1975 | 1944 | 1680 | - |
| Rajkot | Closed | 2067 | 2060 | 1662 | - |
| Kota | Closed | 2030 | 2022 | 1668 | - |

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 |
| | | | 8-Nov-18 | 6-Nov-18 | 1-Nov-18 | 8-Oct-18 | 8-Nov-17 |
| Delhi | Lawrence Road | Mill Delivery | Closed | 2040 | 2045 | 2040 | 1835 |
| | Narella | Mill Quality Loose | Closed | 2040 | 2050 | 2000 | Closed |
| | Nazafgarh | Mill Quality Loose | Closed | 1970 | 1970 | 1950 | Closed |
| Gujarat | Rajkot | Mill Delivery | Closed | Closed | 1950 | 1970 | 1590 |
| | Ahmedabad | Mill Delivery | Closed | Closed | 2120 | 2140 | 1740 |
| | Surat | Mill Delivery | Closed | Closed | 2160 | 2170 | 1780 |
| | Dhrol | Mill Delivery | Closed | Closed | NR | 2200 | NR |
| M.P. | Indore | Mill Quality Loose | Closed | Closed | 2000 | 2025 | 1625 |
| | Bhopal | Mill Delivery | Closed | Closed | 1950 | Closed | 1625 |
| Rajasthan | Kota | Mill Quality Loose | Closed | Closed | 1870 | 1900 | 1575 |
| | | Mill Delivery | Closed | Closed | 2010 | 2010 | 1660 |
| U.P. | Kanpur | Mill Delivery | Closed | 1980 | 1980 | 1975 | 1735 |
| | Mathura | Mill Quality Loose | NA | NA | NA | 1820 | 1630 |
| | Kosi | Mill Quality Loose | Closed | 1870 | 1850 | 1900 | 1615 |
| | Hathras | Mill Quality Loose | Closed | 1900 | 1890 | 1850 | 1680 |
| | Aligarh | Mill Quality Loose | Closed | Closed | 1830 | 1840 | Closed |
| Punjab | Khanna | Mill Quality Loose | NA | NA | NA | 1890 | 1695 |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | NA | NA |
| Haryana | Sirsa | Mill Delivery loose | Closed | 1850 | 1850 | 1845 | 1725 |
| | Hodal | Mill Delivery | NA | NA | NA | 2020 | 1825 |
| | Bhiwani | Mill Quality Loose | Closed | 1925 | 1925 | 1950 | 1750 |
| | Karnal | Mill Quality Loose | NA | NA | NA | NA | 1720 |
| | Panipat | Mill Quality Loose | NA | NA | NA | NA | 1625 |



| | | | | | | | |
|------------|-------------|---------------|--------|--------|------|------|------|
| Tamil Nadu | Chennai | Mill Quality | Closed | Closed | 2380 | 2350 | 2050 |
| | Madurai | Mill Quality | Closed | Closed | 2525 | 2450 | 2150 |
| | Coimbatore | Mill Quality | Closed | Closed | 2575 | 2500 | 2200 |
| Bihar | Khagariya | Mill Delivery | closed | closed | 2000 | 1800 | 1650 |
| | Muzaffarpur | Mill Delivery | 2000 | closed | 2000 | 1925 | 1610 |

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 \$2-3per tonne at Novorossiysk and \$2-5 per tonne at Odessa compared to last week. Wheat prices were weak sue to strong ruble and low demand. 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 \$220.00-226.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$220.00-226.00/tonne.

As per latest update, Japan's ministry of agriculture bought 121488 MT of food quality wheat from United States and Canada. Around 60728 MT has been bought from United States and 60760 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Dec 21-2018 and Jan 20-2019.

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.

IGC Wheat Balance Sheet:

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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 |
| | 8-Nov-18 | 1-Nov-18 | 8-Oct-18 | 8-Aug-18 | 8-May-18 | 8-Nov-17 | |
| Dec-18 | 186.55 | 186.64 | 188.84 | 217.23 | 203.17 | 185.35 | 0.64 |
| Mar-19 | 190.96 | 192.06 | 196.19 | 224.67 | 209.97 | 190.41 | 0.29 |
| May-19 | 194.81 | 196.28 | 199.96 | 227.70 | 213.28 | 193.16 | 0.86 |
| Jul-19 | 198.30 | 198.58 | 201.89 | 223.84 | 214.01 | 193.25 | 2.61 |
| Sep-19 | 202.71 | 203.26 | 206.66 | 226.04 | 215.85 | 196.10 | 3.37 |
| Dec-19 | 208.41 | 209.42 | 213.00 | 229.81 | 220.16 | 202.16 | 3.09 |

CBOT Dec-18

1st Support: 170.00
2nd Support: 168.00
1st Resistant: 205.00
2nd Resistant: 207.00
(\$ per tonne)

Wheat CBOT closed at \$5.02 per bushel up by around 0.06 cents compared to last week. U.S. export sales in the week of 26th October- 01st November were 661200 compared to 582500 tonnes during 19th -25th October. On Nov. 2, USDA reported U.S. winter wheat planting is 84% complete, behind the 5-year average of 90%. Winter wheat is 70% emerged, behind the 5-year average of 77%.

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 \$290.24 per tonne.

US and Russian quotes are hovering in the range of \$218.03 and \$220.8 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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