



Wheat Weekly Research Report

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

All India weekly average prices increased by 3.60 percent to Rs. 2113.76 per quintal during the week ended 15th November 2018. Wheat average price were ruling at Rs 2040.39 per quintal during 01-08 November 2018. As compared to prices in the week 09-15 November 2017, the prices are firm by 11.20 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

According to latest update, area sown until 15th November'18 is 51.63 lakh hectares compared to 54.28 lakh hectares in the previous Rabi season. Sowing has started in all major wheat producing states. The normal area is 306.26 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.

Wheat WPI has increased from 149.8 in September-2018 to 151.1 in October-2018. Monthly wheat inflation has increased by 0.87 percent in October -2018 compared to previous month. As compared to October -2017 wheat WPI has increased by around 9.49 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

As per latest update, wheat stock in central pool as on 1st November'18 stood at 331.35 lakh tonnes down by 6.99% compared to last month. This quantity is higher by around 38.93% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. The stock position as on 01st November'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

India mainly imports from Australia and Russia. Wheat prices remained steady to slightly weak in Australia during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$333 (Rs 24095) per tonne and \$354.50 (Rs 25655) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost.

Indian FoB quote is hovering around \$293.87 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$221.00, \$221.90, Euro 202.06, \$219.56 and \$246.74 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. 2030 & 2135 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	

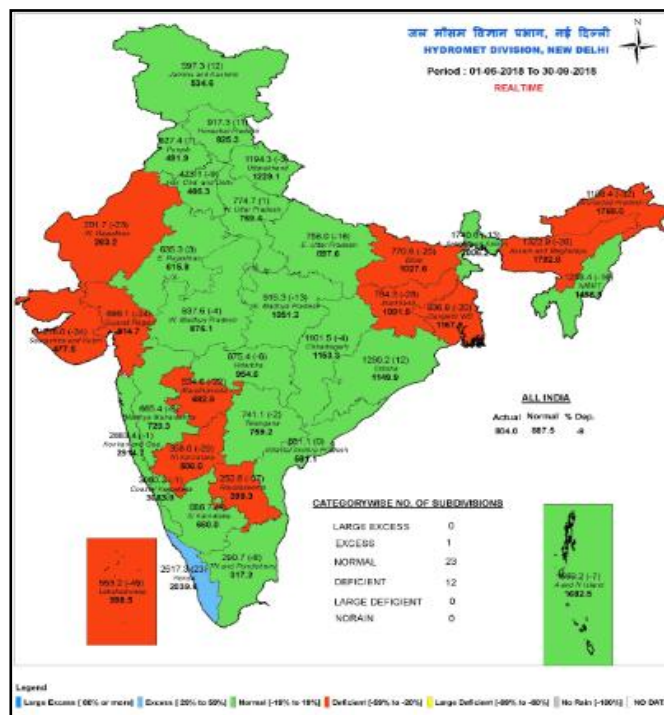
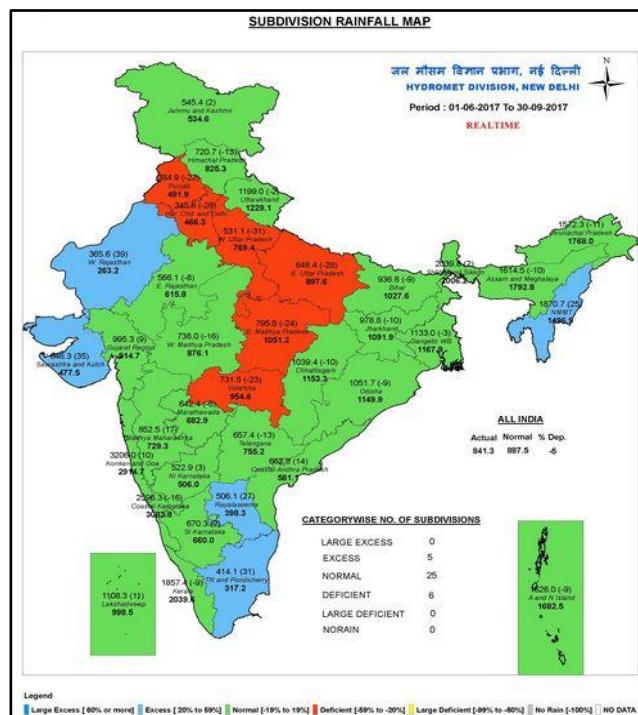
Source: Trade

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

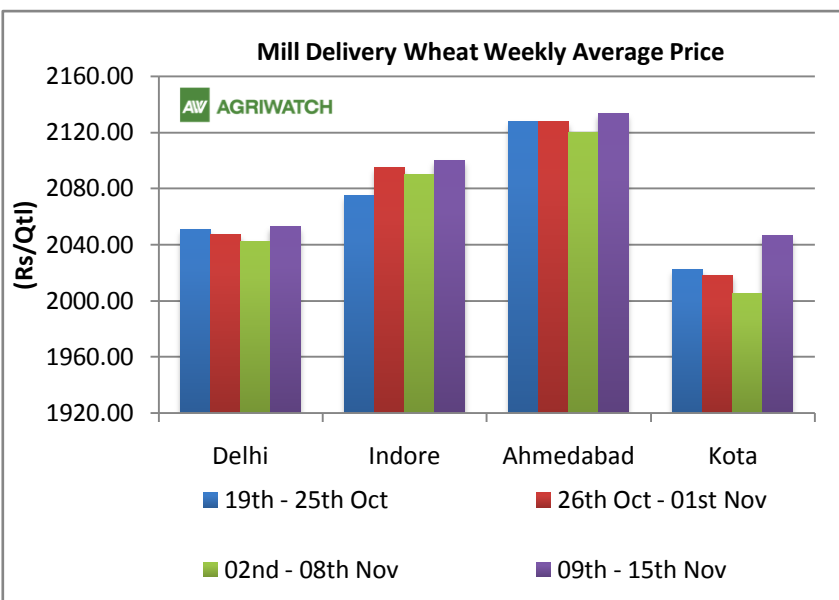


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad, Indore and Kota during 09th -15th 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

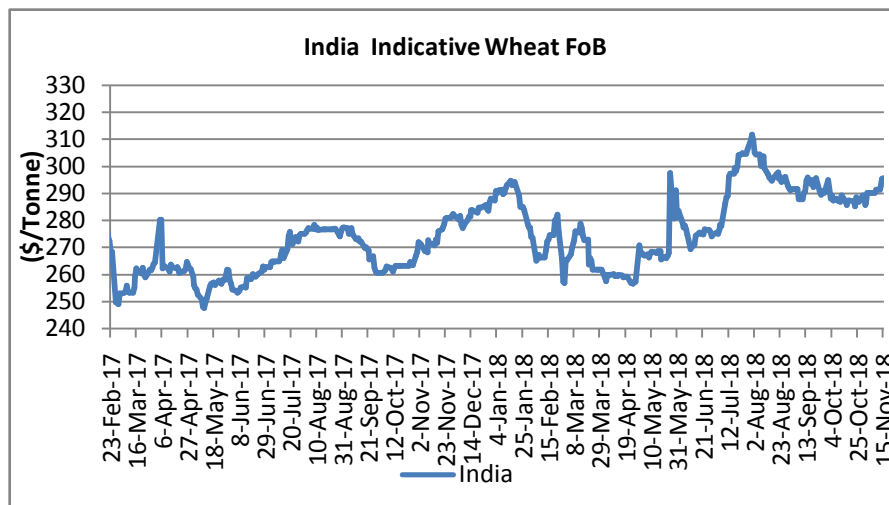
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 firm 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 \$290-300 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
		15-Nov-18	8-Nov-18	15-Oct-18	15-Nov-17	
USA (Chicago)	2SRW	218.80	219.60	222.30	183.70	19.11
France	FCW3	229.06	231.89	234.88	186.58	22.77
Australia	ASW	244.55	250.39	255.50	209.60	16.67
Russia	SRW	220.50	221.50	NA	182.50	20.82
India	Fob	295.87	NA	287.28	273.10	8.34

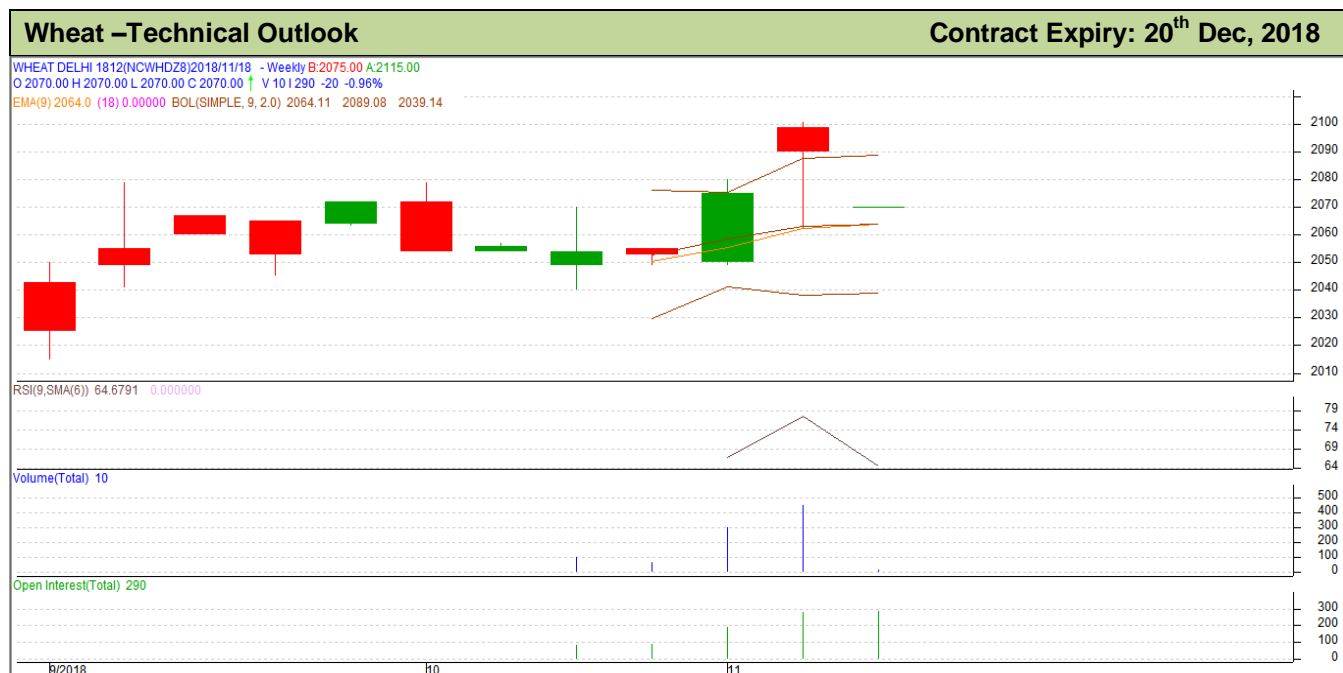
	15/11/2018	08/11/2018	01/11/2018	25/10/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	227	226	228	230
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	223	223	222	223

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 16.11.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Nov	0	2079	2079	2079	2079	0	-170	50	+50
18-Dec	0	2090	2090	2090	2090	10	0	280	0
19-Jan	0	2126	2126	2126	2126	0	0	0	0

Wheat Technical Analysis:

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Technical Commentary:

- Fall in price and rise in open interest indicates short buildup.
- 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	December	2040	2030	2090	2125	2135
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	December	Buy	Above 2070	2095	2110	2055

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
	15-Nov-18	8-Nov-18	15-Oct-18	15-Nov-17	
Indore	2037	Closed	2013	1670	21.98
Delhi	2050	Closed	2050	1842	11.29
Kanpur	1970	Closed	1985	1700	15.88
Rajkot	2077	Closed	2060	1700	22.18
Kota	2079	Closed	2031	1685	23.38

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
			15-Nov-18	14-Nov-18	8-Nov-18	15-Oct-18	15-Nov-17
Delhi	Lawrence Road	Mill Delivery	2055	2055	Closed	2060	1840
	Narella	Mill Quality Loose	2000	Closed	Closed	2000	Closed
	Nazafgarh	Mill Quality Loose	1950	Closed	Closed	1970	Closed
Gujarat	Rajkot	Mill Delivery	1980	1975	Closed	1960	1610
	Ahmedabad	Mill Delivery	2140	2135	Closed	2130	1770
	Surat	Mill Delivery	2175	2170	Closed	2160	1820
	Dhrol	Mill Delivery	2385	2240	Closed	2105	1790
M.P.	Indore	Mill Quality Loose	NA	NA	Closed	2025	1650
	Bhopal	Mill Delivery	1950	1950	Closed	1900	1625
Rajasthan	Kota	Mill Quality Loose	1955	1950	Closed	1900	1580
		Mill Delivery	2055	2050	Closed	2020	1650
U.P.	Kanpur	Mill Delivery	1980	1980	Closed	1945	1750
	Mathura	Mill Quality Loose	1790	1800	NA	1832	1625
	Kosi	Mill Quality Loose	1860	1890	Closed	1950	1660
	Hathras	Mill Quality Loose	NR	NR	Closed	1870	1690
	Aligarh	Mill Quality Loose	1800	Closed	Closed	1830	Closed
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1695
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1865	1865	Closed	1850	1730
	Hodal	Mill Delivery	NA	NA	NA	NA	1825
	Bhiwani	Mill Quality Loose	1935	1940	Closed	1970	1770
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1750



	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2480	2380	Closed	2300	2060
	Madurai	Mill Quality	2537	2525	Closed	2500	2160
	Coimbatore	Mill Quality	2537	2575	Closed	2550	2210
Bihar	Khagariya	Mill Delivery	2000	2000	closed	1800	1650
	Muzaffarpur	Mill Delivery	2000	closed	2000	1975	1615

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:**[\(Back to Table of Contents\)](#)**

As per Russia's agriculture ministry, Russia is expected to export 34-35 MMT of wheat during 2018-19 compared to its previous forecast of 33-34 MMT. Total grain exports are expected to be around 38-39 MMT. Low production in Australia is one of the main reasons for increase in exports from Russia.

Russian milling wheat prices became firm by \$1-3 per tonne at Novorossiysk and \$0-2 per tonne at Odessa compared to last week. Wheat prices were weak due to low export demand and increased competition among exporters. 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 \$223.00-227.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$222.00-226.00/tonne.

As per latest update, Japan's ministry of agriculture bought 120226 MT of food quality wheat from United States, Australia and Canada. Around 50327 MT has been bought from United States, 35549 MT of western red spring has been bought from Canada and 34350 MT has been bought from Australia. 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.

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
	15-Nov-18	8-Nov-18	15-Oct-18	15-Aug-18	15-May-18	15-Nov-17	
Dec-18	176.35	186.55	192.89	202.71	195.27	182.41	-3.32
Mar-19	184.89	190.96	199.77	210.98	201.79	187.19	-1.23
May-19	189.39	194.81	204.00	214.65	205.38	189.95	-0.29
Jul-19	193.71	198.30	205.84	212.63	206.66	191.14	1.35
Sep-19	198.86	202.71	209.88	215.02	208.68	194.08	2.46
Dec-19	206.11	208.41	215.57	218.69	212.17	200.14	2.98

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 \$5.06 per bushel up by around 0.04 cents compared to last week. U.S. export sales in the week of 02nd – 08th November were 438300 compared to 661200 tonnes during 26th October- 01st November. On November 13, USDA reported U.S. winter wheat planting is 89% complete, behind the 5-year average of 94%. Winter wheat is 77% emerged, behind the 5-year average of 83%.

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 \$291.46-295.87 per tonne.

US and Russian quotes are hovering in the range of \$219.56 and \$221.00 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 \$200 to \$250 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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