



# **Wheat Weekly Research Report**

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

All India weekly average prices increased by 1.90 percent to Rs. 2153.98 per quintal during the week ended 23rd November 2018. Wheat average price were ruling at Rs 2113.76 per quintal during 09-15 November 2018. As compared to prices in the week 16-23 November 2017, the prices are firm by 19.14 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 22nd November'18 is 111.96 lakh hectares compared to 110.69 lakh hectares in the previous Rabi season. 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.

Government has offered 39886860 tonnes of wheat in OMSS since July until third tender in November out of which 2643550 tonnes was sold. Total numbers of rakes sold were 42. State government and bulk consumers bought 370750 tonnes and 2161550 tonnes of wheat respectively. 111300 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.

As per trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of October-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 1000 tonnes in the month of September-2018.

As per trade source, India has exported around 5.09 thousand tonnes in the month of October compared to 2.80 thousand tonnes in September. The quantity in October was exported at an average FOB of \$ 315.91 per tonne and the major destinations were Nepal, UAE and Bahrain. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Indian FoB quote is hovering around \$302.52 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$221.70, \$221.60, Euro 200.50, \$217.00 and \$243.09 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 November'18 stood at 331.35 lakh tonnes down by 6.99% 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 December contract taking care of lower and upper price tag of Rs. 2040 & 2145 respectively.

### Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 October-2018	1925.59	315.92
09-16 October -2018	1532.12	302.41
17-23 October -2018	684.08	373.49
24-31 October -2018	948.81	288.45
Total	5090.6	

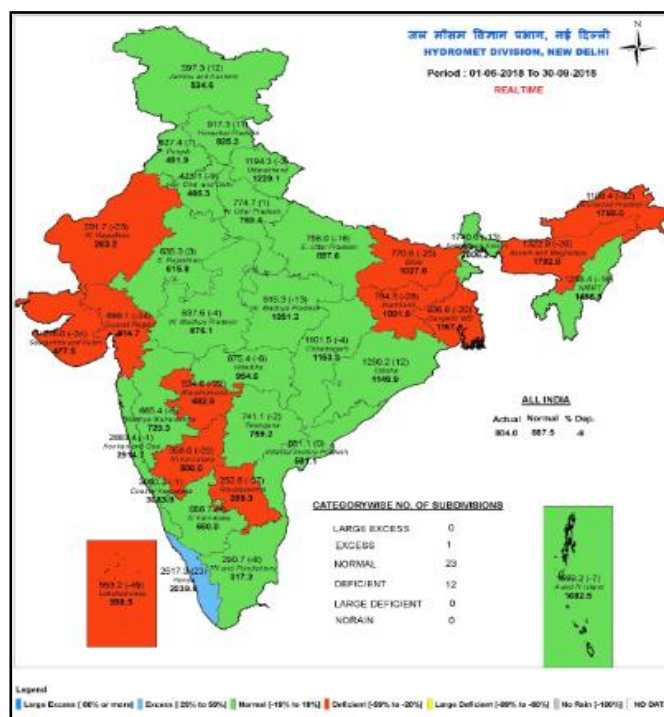
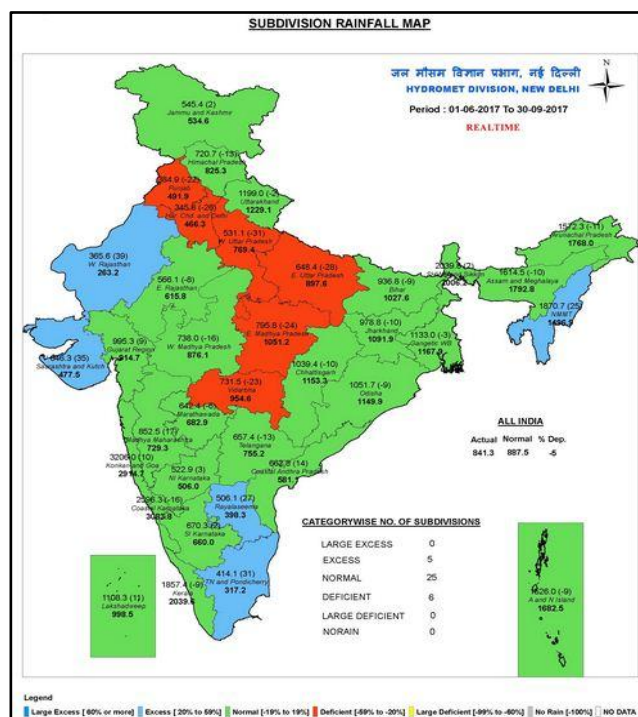
Source: Trade

### 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

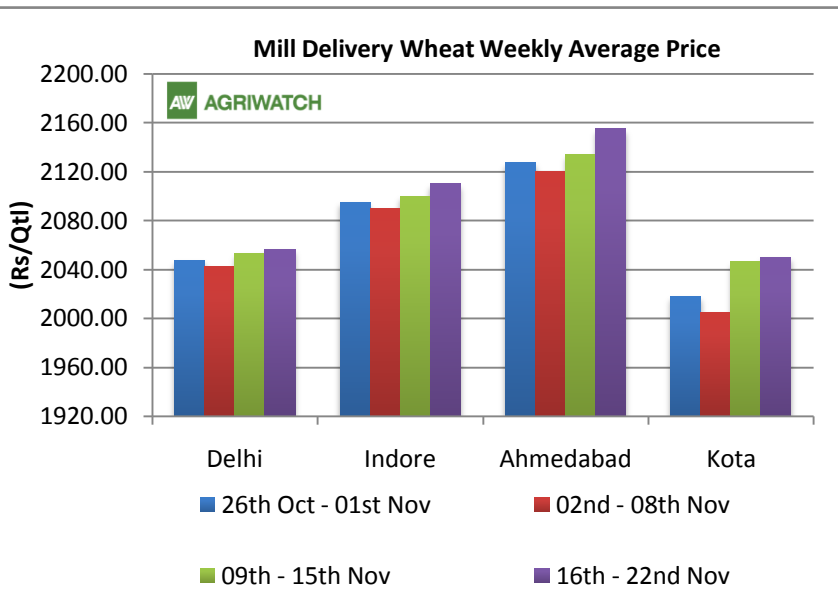


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad, Indore and Kota during 16<sup>th</sup> -22<sup>nd</sup> November.

Low imports and good domestic demand will keep prices steady to firm in upcoming week. Furthermore, lean season and good demand are also providing support to prices. 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

<b>Wheat Stock Norms</b>						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
<b>As on</b>						
<b>1st April</b>	115.8	44.6	160.4	20	30	210.4
<b>1st July</b>	115.4	245.8	361.2	20	30	411.2
<b>1st Oct.</b>	82.5	175.2	257.7	20	30	307.7
<b>1st Jan</b>	56.1	108	164.1	20	30	214.1
<b>Buffer Norms w.e.f. 01.07.2017</b>						

Procurement RMS 2018-2019

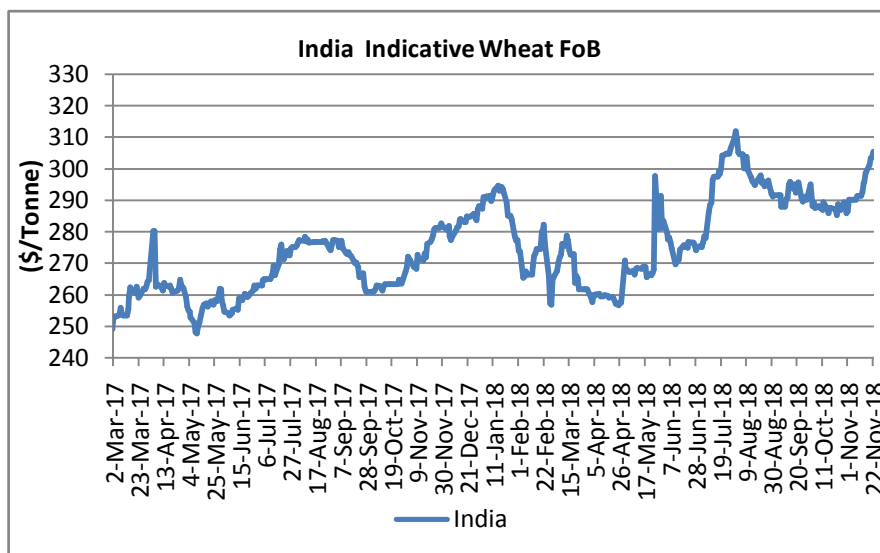
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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
<b>All-India</b>	<b>32.00</b>	<b>35.53</b>	<b>30.83</b>	<b>15.24</b>

### 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 \$295-310 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
		22-Nov-18	14-Nov-18	23-Oct-18	22-Nov-17	
USA (Chicago)	2SRW	216.30	217.90	216.40	181.81	18.97
France	FCW3	230.98	228.14	229.55	186.24	24.02
Australia	ASW	243.09	246.74	254.04	210.40	15.54
Russia	SRW	222.00	221.00	220.00	183.00	21.31
India	Fob	305.56	295.42	285.31	278.81	9.59

	22/11/2018	15/11/2018	08/11/2018	01/11/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	230	227	226	228
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	224	223	223	222

### NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price							Date: 22.11.2018		
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Nov	-2	2101	2101	2099	2099	10	-60	270	0
18-Dec	0	2126	2126	2126	2126	0	0	0	0
19-Jan	0	2166	2166	2166	2166	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
	22-Nov-18	15-Nov-18	22-Oct-18	22-Nov-17	
Indore	2050	2037	2025	1670	22.75
Delhi	2060	2050	2045	1830	12.57
Kanpur	1972	1970	1990	1673	17.87
Rajkot	2107	2077	2050	1730	21.79
Kota	2092	2079	2023	1683	24.30

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
			22-Nov-18	21-Nov-18	15-Nov-18	22-Oct-18	22-Nov-17
Delhi	Lawrence Road	Mill Delivery	2060	2055	2055	2055	1835
	Narella	Mill Quality Loose	2040	Closed	2000	2025	Closed
	Nazafgarh	Mill Quality Loose	1950	Closed	1950	1970	Closed
Gujarat	Rajkot	Mill Delivery	2010	2000	1980	1950	1635
	Ahmedabad	Mill Delivery	2160	2150	2140	2130	1770
	Surat	Mill Delivery	2210	2200	2175	2170	1825
	Dhrol	Mill Delivery	2225	2275	2385	2125	1785
M.P.	Indore	Mill Quality Loose	NA	NA	NA	NA	1650
	Bhopal	Mill Delivery	2030	2000	1950	1900	1635
Rajasthan	Kota	Mill Quality Loose	1925	1970	1955	1850	1570
		Mill Delivery	2050	2050	2055	2030	1660
U.P.	Kanpur	Mill Delivery	1980	1980	1980	1945	1725
	Mathura	Mill Quality Loose	1720	1700	1790	1800	1630
	Kosi	Mill Quality Loose	1900	NA	1860	1890	1660
	Hathras	Mill Quality Loose	1915	1925	NR	1890	NR
	Aligarh	Mill Quality Loose	1800	Closed	1800	1840	Closed
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1700
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1865	1865	1865	1850	1725
	Hodal	Mill Delivery	NA	NA	NA	NA	1855
	Bhiwani	Mill Quality Loose	1940	1940	1935	1960	1775
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1790



	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2400	2400	2380	2300	2060
	Madurai	Mill Quality	2457	2550	2525	2500	2150
	Coimbatore	Mill Quality	2457	2600	2575	2550	2200
Bihar	Khagariya	Mill Delivery	2000	2000	2000	1900	1650
	Muzaffarpur	Mill Delivery	2000	2000	2000	1975	1600

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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As per latest update, Japan's ministry of agriculture bought 99462 MT of food quality wheat from United States and Canada. Around 64000 MT has been bought from United States and 35462 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.

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 firm due to good demand, supply shortage and logistical difficulties. 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 \$225.00-230.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$223.00-228.00/tonne.

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.

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
	22-Nov-18	15-Nov-18	22-Oct-18	22-Aug-18	22-May-18	22-Nov-17	
Dec-18	183.24	176.35	186.64	200.32	205.65	183.79	-0.30
Mar-19	186.18	184.89	193.80	208.87	212.36	188.66	-1.31
May-19	188.57	189.39	198.49	213.00	216.03	190.86	-1.20
Jul-19	191.60	193.71	200.78	210.61	217.23	191.42	0.10
Sep-19	195.55	198.86	204.73	213.18	218.88	194.26	0.66
Dec-19	200.88	206.11	210.24	217.13	222.55	200.32	0.28

## CBOT Dec-18

**1<sup>st</sup> Support: 170.00**  
**2<sup>nd</sup> Support: 168.00**  
**1<sup>st</sup> Resistant: 202.00**  
**2<sup>nd</sup> Resistant: 204.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$4.99 per bushel up by around 0.07 cents compared to last week. U.S. export sales in the week of 09<sup>th</sup> – 15<sup>th</sup> November were 330400 compared to 438300 tonnes during 02<sup>nd</sup> – 08<sup>th</sup> November. On November 18, USDA reported U.S. winter wheat planting is 93% complete, behind the 5-year average of 97%. Winter wheat is 81% emerged, compared to 77% in last week.

## 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 \$298.75-305.56 per tonne.

US and Russian quotes are hovering in the range of \$217.00 and \$221.70 per tonne respectively. Wheat prices in international markets remained steady in last week.

Wheat is expected to trade steady to slightly firm and hover in the range of \$210 to \$260 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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