



Wheat Weekly Research Report

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

All India weekly average prices decreased by 2.31 percent to Rs. 2103.35 per quintal during the week ended 30th November 2018. Wheat average price were ruling at Rs 2153.17 per quintal during 16-23 November 2018. As compared to prices in the week 24-30 November 2017, the prices are firm by 10.25 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

As per trade sources imported wheat from various origins to Chennai port witnessed firm tone in the week. As of now Ukrainian wheat is being quoted at Rs 2140-2150 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in domestic market. Low imports have led to a fall in stock of imported wheat.

India mainly imports from Australia and Russia. Wheat prices remained steady 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 \$338.00 (Rs 24470) per tonne and \$355.00 (Rs 25720) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Therefore, there is no import parity as of now from black sea region and Australia.

Wheat future December contract closed at Rs 2100 per quintal, higher by Rs 1 per quintal compared to previous week. India wheat imports are at lower side in MY 2018-19. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat and prices are likely to stay steady to firm.

According to latest update, area sown until 30th November'18 is 152.97 lakh hectares compared to 156.76 lakh hectares in the previous Rabi season. The normal area is 306.29 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.

Indian FoB quote is hovering around \$308.32 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$222.40, \$222.30, Euro 200.75, \$216.70 and \$245.28 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 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.

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.

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.

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. 2045 & 2150 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	

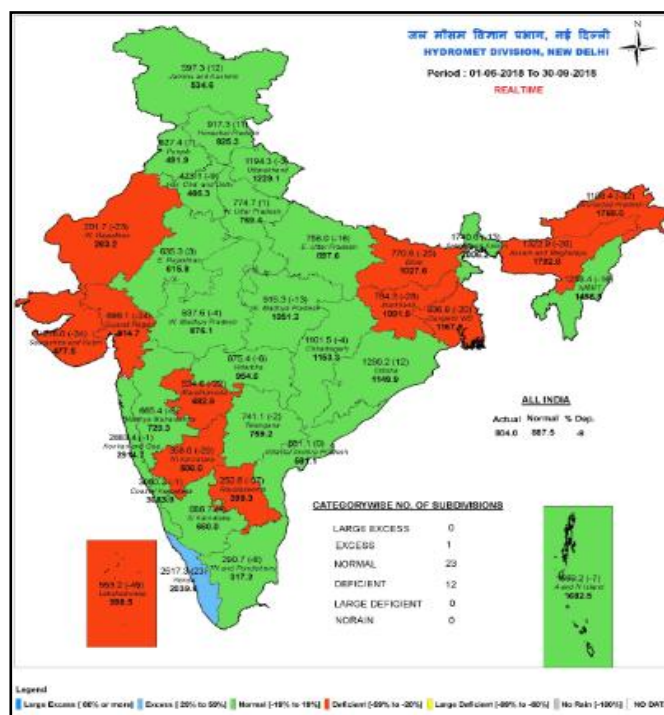
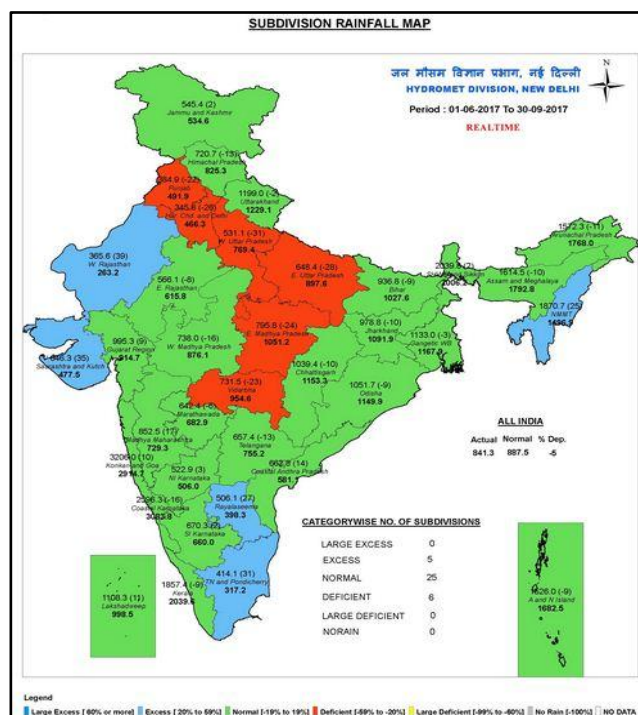
Source: Trade

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

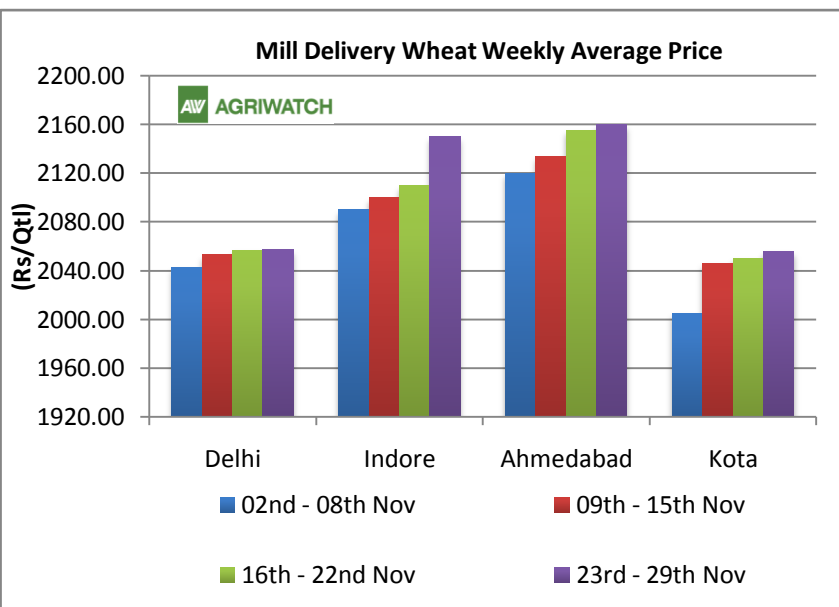


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad, Indore and Kota during 23rd -29th 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

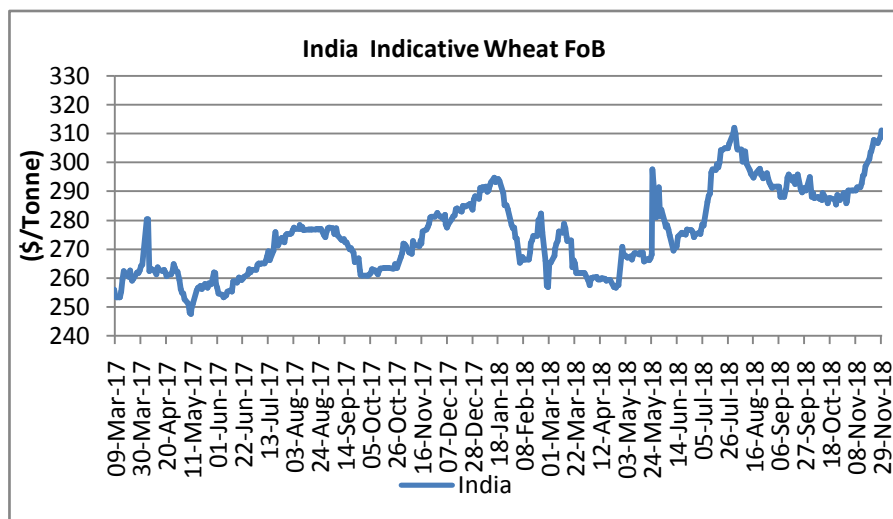
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 \$300-315 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
		29-Nov-18	22-Nov-18	29-Oct-18	29-Nov-17	
USA (Chicago)	2SRW	215.50	216.30	213.86	179.39	20.13
France	FCW3	227.93	230.98	228.58	185.17	23.09
Australia	ASW	245.28	243.09	248.93	207.20	18.38
Russia	SRW	221.50	222.00	218.50	182.50	21.37
India	Fob	311.07	305.56	289.47	282.61	10.07

	29/11/2018	22/11/2018	15/11/2018	08/11/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	231	230	227	226
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	226	224	223	223

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price							Date: 29.11.2018		
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Dec	-2	2100	2100	2100	2100	110	+100	310	+10
19-Jan	-20	2140	2120	2120	2120	10	0	20	+10
19-Feb	0	2177	2177	2177	2177	0	0	0	0

Wheat Technical Analysis:
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Technical Commentary:

- Rise in price and open interest indicates long 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	2055	2045	2100	2140	2150
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	December	Buy	Above 2085	2110	2125	2070

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
	29-Nov-18	22-Nov-18	29-Oct-18	29-Nov-17	
Indore	2050	2050	2007	1673	22.53
Delhi	2071	2060	2053	1844	12.31
Kanpur	1985	1972	1990	1685	17.80
Rajkot	2125	2107	2062	1738	22.27
Kota	2092	2092	2033	1674	24.97

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
			29-Nov-18	28-Nov-18	22-Nov-18	29-Oct-18	29-Nov-17
Delhi	Lawrence Road	Mill Delivery	2060	2055	2060	2050	1845
	Narella	Mill Quality Loose	2055	Closed	2040	2020	Closed
	Nazafgarh	Mill Quality Loose	1975	Closed	1950	1970	Closed
Gujarat	Rajkot	Mill Delivery	2010	2020	2010	1965	Closed
	Ahmedabad	Mill Delivery	2160	2160	2160	2130	1785
	Surat	Mill Delivery	2210	2210	2210	2175	1825
	Dhrol	Mill Delivery	2165	2230	2225	2215	NR
M.P.	Indore	Mill Quality Loose	Closed	Closed	NA	2000	1650
	Bhopal	Mill Delivery	Closed	Closed	2030	1925	1625
Rajasthan	Kota	Mill Quality Loose	1930	1930	1925	1900	1560
		Mill Delivery	2050	2050	2050	2020	1650
U.P.	Kanpur	Mill Delivery	1985	1985	1980	1980	1675
	Mathura	Mill Quality Loose	1760	1760	1720	1720	1630
	Kosi	Mill Quality Loose	1880	1890	1900	1850	1660
	Hathras	Mill Quality Loose	1905	1915	1915	NR	1650
	Aligarh	Mill Quality Loose	1830	Closed	1800	1860	Closed
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	1720
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1870	1870	1865	1850	1725
	Hodal	Mill Delivery	NA	NA	NA	NA	NR
	Bhiwani	Mill Quality Loose	1950	1950	1940	1930	1750
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1750



	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2345	2345	2400	2300	2050
	Madurai	Mill Quality	2402	2445	2550	2500	2150
	Coimbatore	Mill Quality	2402	2495	2600	2550	2200
Bihar	Khagariya	Mill Delivery	2000	2000	2000	1900	1650
	Muzaffarpur	Mill Delivery	2000	1970	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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Russian milling wheat prices became weak by \$1 per tonne at Novorossiysk and \$1 per tonne at Odessa compared to last week. Wheat prices were weak due to low trading activity. 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 \$224.00-231.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$223.00-227.00/tonne.

Turkey's state grains board, TMO has purchased 180000 tonnes of wheat in a tender that closed on Friday. Of the total quantity 105000 tonnes was sold by Hakan Agro, 30000 tonnes was sold by Solaris, 15000 tonnes was sold by Tekirdag, 15000 tonnes was sold by Trabzon, 7500 tonnes was sold by Tradefield and 7500 tonnes was sold by Bandirma.

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.

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)		25.10.2018	22.11.2018
Production	737	753	767	729	729
Trade	166	177	176	172	171
Consumptions	718	735	739	740	739
Carryover stocks	227	244	273	262	262
Y-O-Y change	19	18	28	-	-11
Major Export	68	79	81	65	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 171 MMT. It is 5 MMT lower compared to forecast for last year and higher by 5 MMT compared to 2015-16.
- Consumption has been decreased to 739 MMT for 2018-19. The projection is higher by 4 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
	29-Nov-18	22-Nov-18	29-Oct-18	29-Aug-18	29-May-18	29-Nov-17	
Dec-18	182.41	183.24	186.36	196.56	210.15	180.03	1.33
Mar-19	186.55	186.18	193.25	204.09	216.21	184.89	0.89
May-19	189.03	188.57	197.75	208.59	218.97	188.02	0.54
Jul-19	191.60	191.60	200.14	206.39	219.15	191.14	0.24
Sep-19	195.09	195.55	204.37	209.05	220.44	193.99	0.57
Dec-19	199.77	200.88	209.97	213.37	223.20	200.05	-0.14

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 \$5.15 per bushel up by around 0.16 cents compared to last week. U.S. export sales in the week of 16th – 22nd November were 377100 compared to 330400 tonnes during 09th – 15th November. On November 26, USDA reported U.S. winter wheat planting is 95% complete, behind the 5-year average of 99%. Winter wheat is 86% emerged, behind the 5-year average of 92%. USDA rated 55% of winter wheat in good to excellent condition, down from 56% the prior 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 \$306.73-311.07 per tonne.

US and Russian quotes are hovering in the range of \$216.70 and \$222.40 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 \$265 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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