



Wheat Weekly Research Report

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

All India weekly average prices declined by 0.039 percent to Rs. 2093.74 per quintal during the week ended 1-6 December 2018. Wheat average price were ruling at Rs 2094.57 per quintal during 23-29 November 2018. As compared to prices in the week 1-6 December 2017, the current week prices are firm by 16.80 percent. Prices may move lower side in coming days in absence of robust demand from millers and exporters.

According to latest update of ministry, area sown until 7th December '18 is 194.49 lakh hectares compared to 190.90 lakh hectares in the previous Rabi season. It is down by 10.76% against previous week record however, 1.88% higher from last year record during the same period of time. 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. Major wheat growing states of India as Madhya Pradesh, Punjab, Chhattisgarh, Assam have reported higher sowing area followed by 1.58 lakh Ha., 0.15 lakh Ha., 0.12 lakh Ha. and 0.03 lakh Ha. respectively. While, less area has been covered in main growing states of India as Uttar Pradesh (11.25 lakh Ha.) Bihar (3.98 lakh Ha.) Gujarat (2.77 lakh Ha.) Maharashtra (2.44 lakh Ha.) so far.

As per local traders, farmers are likely to switch from Pulses to Wheat crop in expectation of better profit margin in this season. Madhya Pradesh, Chhattisgarh, Bihar reported lower sowing area as of now due to scanty rainfall. Wheat acreage is likely to go up in the northern region, mainly in Uttar Pradesh and Madhya Pradesh. Punjab and Haryana have finished over 95 % sowing area. Wheat crop germinates better in wintery conditions. Wheat sowing has been delayed due to late maturity of paddy in this season. Falling temperatures is favourable for wheat crop cultivation. On the other hand, drought in Australia may lower global Wheat crop size.

Indian FoB quote is hovering down at \$309.62 per tonne. While, Russia, US, Australia and France are offering wheat in mixed trend at \$224.50, \$226.40, \$245.28 and \$226.20 per tonne respectively as compared to previous week. 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.

Wheat future December contract declined at Rs 2097 per quintal as compared to previous week. India wheat imports are at lower side in MY 2018-19. Prices are expected to go down on lower demand and enough stocks availability in the market.

Previous Updates

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.

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. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

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.

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.

Outlook & Recommendation: Wheat cash market is likely to trade steady to weak in the coming week.

Trade Call: Stakeholders should trade in January contract taking care of lower and upper price tag of Rs. 2020 & 2159 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	

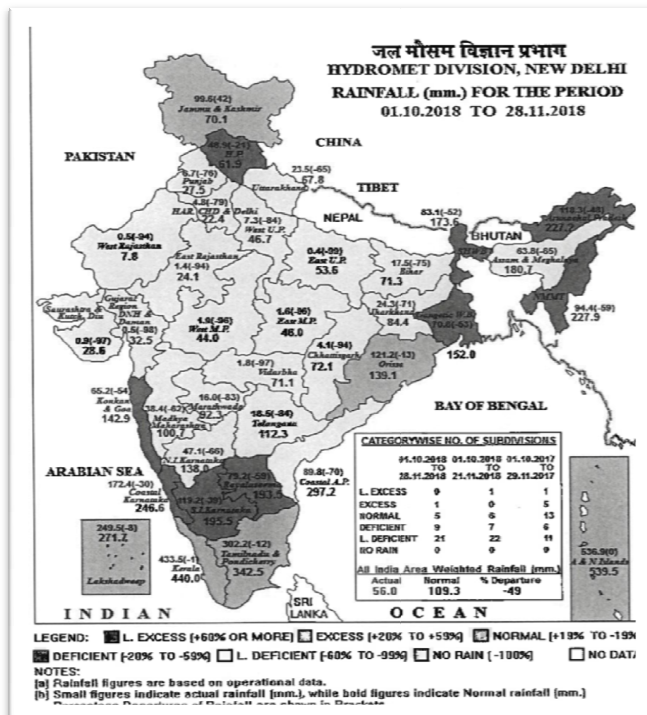
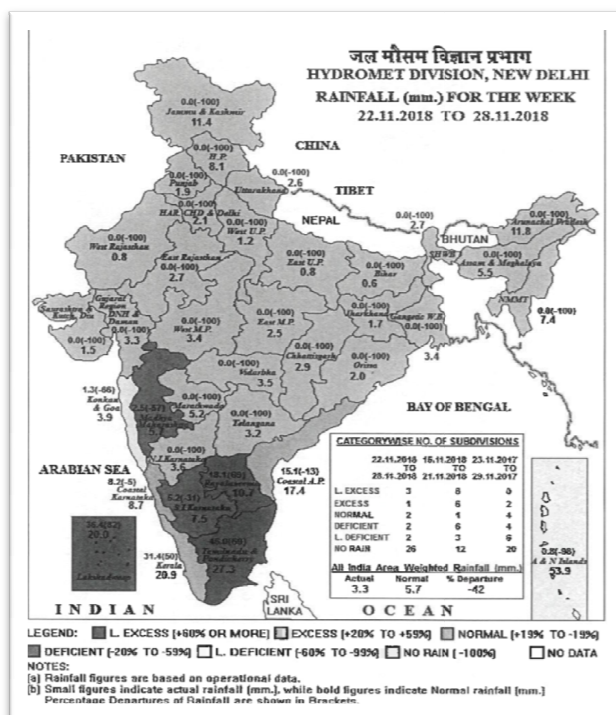
Source: Trade

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



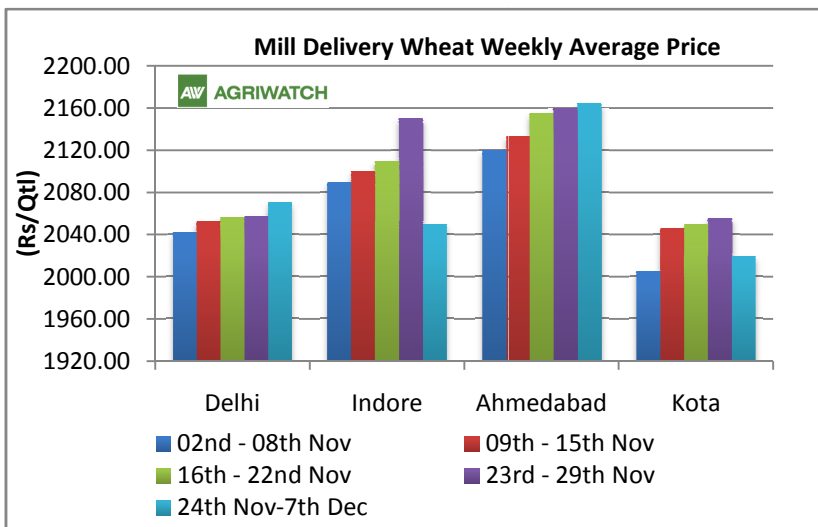
Source: IMD

Wheat Weekly Average Price Chart

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Average mill delivery prices of Wheat closed in mixed sentiments in Delhi, Ahmedabad, Indore and Kota during 24th Nov to 7th Dec 2018.

Market is likely to trade steady to go down in the coming week due to weak demand of locals and exporters. 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. In long run, 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

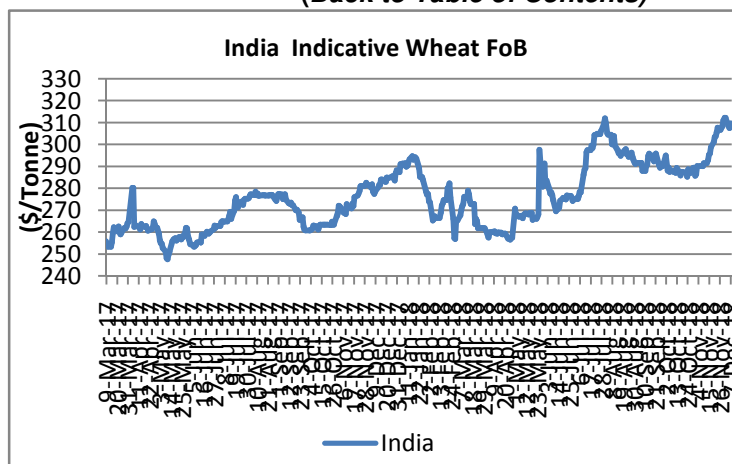
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

Wheat FoB quote in India witnessed weak tone in this 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 move steady to weak tone in the coming week and is likely to hover in the range of \$304-318 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.

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Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		6-Dec-18	29-Nov-18	6-Nov-18	6-Dec-17	
USA (Chicago)	2srw	220.60	215.50	220.50	170.30	29.54
France	FCW3	226.20	227.93	229.54	184.91	22.33
Australia	ASW	245.28	245.28	251.12	206.40	18.84
Russia	SRW	224.50	221.50	221.00	185.00	21.35
India	Fob	309.62	311.07	NA	278.55	11.15

	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:07.12.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
18-Dec	+14.00	2105	2132	2105	2132	40	10	230	-30
19-Jan	-5.00	2140	2140	2132	2140	40	0	60	20
19-Feb	0.00	2180	2180	2180	2180	-	-	-	-

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Wheat –Technical Outlook Contract Expiry: 20th Jan, 2018



Technical Commentary:

- Candlestick patterns depict weak tone in the market.
- Lower prices and rise in open interests hint short covering phase of the market.
- Traders are advised to go short on wheat for this week.

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	January	1980	2020	2097	2159	2200
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Sell	Below 2097	2070	2030	2130

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
	6-Dec-18	29-Nov-18	5-Nov-18	6-Dec-17	
Indore	2025	2050	2031	1668	21.40
Delhi	2075	2071	2046	1812	14.51
Kanpur	2005	1985	1970	1660	20.78
Rajkot	2107	2125	2067	1710	23.22
Kota	2085	2092	2031	1653	26.13

Domestic Market Weekly Outlook:

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Mixed trend featured in Wheat cash market in this week and further expected to follow same trend in coming week, as traders are not much active in the market. 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
			6-Dec-18	5-Dec-18	29-Nov-18	6-Nov-18	6-Dec-17
Delhi	Lawrence Road	Mill Delivery	2060	2070	2060	2040	1800
	Narella	Mill Quality Loose	2050	Closed	2055	2040	Closed
	Nazafgarh	Mill Quality Loose	2000	Closed	1975	1970	Closed
Gujarat	Rajkot	Mill Delivery	2020	2010	2010	Closed	Closed
	Ahmedabad	Mill Delivery	2170	2160	2160	Closed	1750
	Surat	Mill Delivery	2210	2210	2210	Closed	1800
	Dhrol	Mill Delivery	2305	2215	2165	Closed	NR
M.P.	Indore	Mill Quality Loose	2000	1980	Closed	Closed	1660
	Bhopal	Mill Delivery	1925	1925	Closed	Closed	1630
Rajasthan	Kota	Mill Quality Loose	1950	1950	1930	Closed	1560
		Mill Delivery	2060	2060	2050	Closed	1650
U.P.	Kanpur	Mill Delivery	2015	2005	1985	1980	1625
	Mathura	Mill Quality Loose	1780	NA	1760	1780	1610
	Kosi	Mill Quality Loose	1925	1920	1880	1870	1665
	Hathras	Mill Quality Loose	Closed	Closed	1905	1900	1635
	Aligarh	Mill Quality Loose	1840	Closed	1830	Closed	Closed
Punjab	Khanna	Mill Quality Loose	1930	1920	NA	NA	1730
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1870	1870	1870	1850	1700
	Hodal	Mill Delivery	NA	NA	NA	NA	1800
	Bhiwani	Mill Quality Loose	1950	1950	1950	1925	1760
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1760
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2350	2350	2345	Closed	2050
	Madurai	Mill Quality	2407	2450	2445	Closed	2150
	Coimbatore	Mill Quality	2407	2500	2495	Closed	2200
Bihar	Khagariya	Mill Delivery	2000	2000	2000	closed	1650
	Muzaffarpur	Mill Delivery	2000	1970	2000	closed	1600

[Sowing Status:](#)

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State Wise Wheat Sowing in Lakh Hectares				
State	Normal area	2017	2018 (Current week 06.12.2018)	% Change(Previous Year)
Assam	0.26	0.03	0.03	0.00
Bihar	21.18	10.43	7.35	-3.08
Chhattisgarh	1.05	0.40	0.50	0.10
Gujarat	10.85	6.68	3.63	-3.05
Haryana	25.46	21.59	21.61	0.02
Himachal Pradesh	3.48	1.62	2.42	0.80
J&K	2.94	0.73	0.89	0.16
Jharkhand	1.76	0.60	0.33	-0.27
Karnataka	1.95	1.54	1.49	-0.05
Madhya Pradesh	57.24	33.23	41.08	7.85
Maharashtra	10.24	4.11	2.26	-1.85
Punjab	35.06	32.46	33.32	0.86
Rajasthan	30.26	19.42	20.92	1.50
Uttar Pradesh	97.44	54.79	55.39	0.60
Uttarakhand	3.47	2.74	2.77	0.03
West Bengal	3.30	0.23	0.12	-0.11
Others	0.32	0.30	0.38	0.08
All-India	306.26	190.90	194.49	3.59

Source: Ministry of Agriculture

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As per recent updates, Wheat export prices went up by 3% in Russia supported by higher U.S export sales and good demand from Egypt. Egypt's state grain buyer GASC set a deal to buy 290,000 tonnes of Russian. Russia had shipped 9% higher grain at 24.6 million tonnes since the start of the 2018/19 season on July 1, which include 20.9 million tonnes of wheat.

As per sources, The Taiwan Flour Millers' Association purchased 110,000 tonnes of milling wheat from the United States in a tender on 5th Dec 2018. The first consignment was issued between Jan. 22 and Feb. 5 including 29,795 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content bought at \$259.26 a tonne FOB U.S. Pacific Northwest coast.

U.S. export sales for Wheat soft red winter shows 89% higher to 711,800 metric tonnes for the period of 23 to 29 November 2018 against previous year record. The figure is also high 58 percent from the prior four-week average. Egypt and Mexico were the major bulk buyers.

As per sources, Japan is likely to import 19,120 tonnes of feed quality wheat via a simultaneous buy and sell (SBS) auction. The ministry had sought 120,000 tonnes of feed wheat to be loaded by Feb. 8, 2019 and arrive in Japan by March 7 in the tender that is usually conducted weekly. The country is looking for same amount of feed wheat to import in upcoming auction which will be conducted on December 12, 2018.

As per the state and federal agricultural officials, farmer in Oklahoma have harvested less wheat crop by 70 Million bushel in the current year as compared to 99 million bushel in 2017 due to higher global supply, weak prices and the weather, another lucrative crop like cotton, soybean and corn. While, farmers harvested a record 136.5 million bushel in 2016. Wheat touched its highest crop size in major growing countries like U.S. Canada, France, Russia, Ukraine, Australia and Argentina as a result, demand and prices are remain down in the market.

As per sources, Russia shipped total Wheat higher by 19.3% to 20.4 million Tonnes during the period started from 1st July 2018 to 29 November 2018 in agricultural year (2018/19) against leap year on year. Exports volume increased by 10% if compare to same period of time in 2017-18 agriculture year. The Agriculture Ministry says, Russia may export total 35 million T of Wheat in this year. While, the country had sold over 40.4 million T of wheat in previous year.

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.

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.

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
	6-Dec-18	29-Nov-18	6-Nov-18	6-Sep-18	6-Jun-18	6-Dec-17	
Dec-18	185.63	182.41	187.47	206.20	194.81	184.80	0.45
Mar-19	189.39	186.55	191.97	214.10	201.52	189.49	-0.05
May-19	191.42	189.03	195.82	217.59	205.38	192.15	-0.38
Jul-19	193.07	191.60	199.04	215.85	206.85	192.43	0.33
Sep-19	196.19	195.09	203.17	218.24	209.33	195.27	0.47
Dec-19	200.88	199.77	208.59	218.69	213.46	201.34	-0.23

CBOT Dec-18

1st Support: 175.00
2nd Support: 160.00
1st Resistant: 204.00
2nd Resistant: 208.00
(\$ per tonne)

Wheat CBOT closed at \$185.63 per USD/T up by 0.45 cents compared to previous year during the same period of time. U.S. wheat export sales in the week of 23rd – 29th November recorded up by 89% to 711,800 compared to previous year record in the same period of time. 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 \$309.62-312.23 per tonne.

US and Russian quotes are hovering in the range of \$220.60 and \$226.40 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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