



Wheat Weekly Research Report

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

All India weekly average prices increased by 1.17 percent to Rs. 2106.32 per quintal during the week ended 15th December 2018. Wheat average price were ruling at Rs 2081.95 per quintal during 01-08 December 2018. As compared to prices in the week 09-15 December 2017, the prices are firm by 18.70 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 14th December'18 is 233.71 lakh hectares compared to 233.59 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.

Wheat WPI has increased from 151.1 in October-2018 to 152.2 in November-2018. Monthly wheat inflation has increased by 0.73 percent in November -2018 compared to previous month. As compared to November -2017 wheat WPI has increased by around 9.18 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 December'18 stood at 306.29 lakh tonnes down by 7.56% compared to last month. This quantity is higher by around 41.38% 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 December'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 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 \$339.00 (Rs 24310) per tonne and \$354.00 (Rs 25390) 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.

Indian FoB quote is hovering around \$301.30 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$224.50, \$224.50, Euro 204.19, \$225.38 and \$248.75 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. 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 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.

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 January contract taking care of lower and upper price tag of Rs. 2040 & 2205 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	

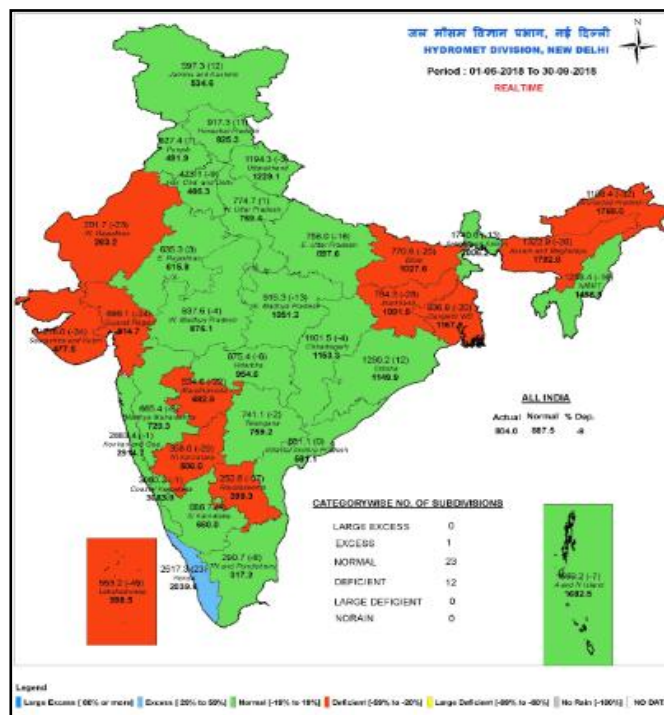
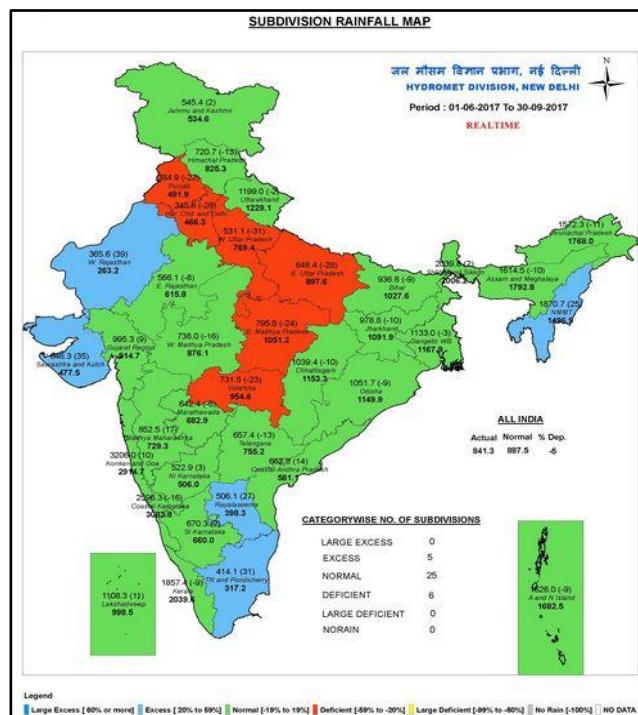
Source: Trade

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

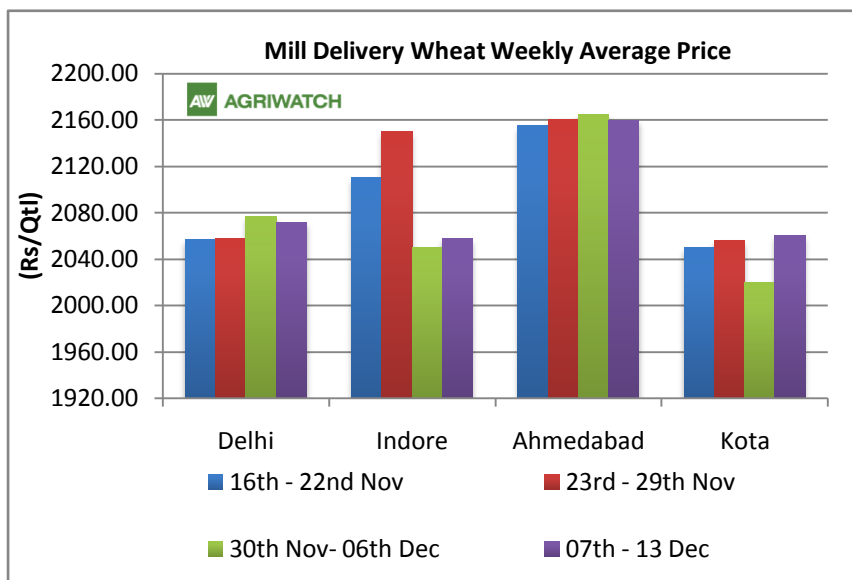


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Indore and Kota during 07th -13th December.

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

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

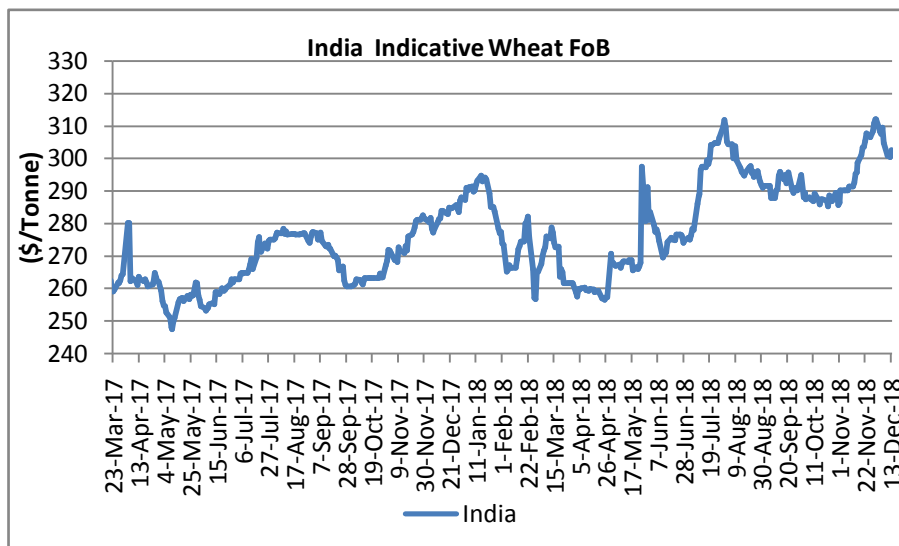
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 weak 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 \$300-310 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
		13-Dec-18	5-Dec-18	13-Nov-18	13-Dec-17	
USA (Chicago)	2SRW	230.00	221.50	219.60	168.00	36.90
France	FCW3	235.10	227.56	228.24	183.69	27.99
Australia	ASW	250.39	244.55	247.47	204.00	22.74
Russia	SRW	226.00	223.50	221.00	184.00	22.83
India	Fob	302.67	307.57	292.74	281.61	7.48

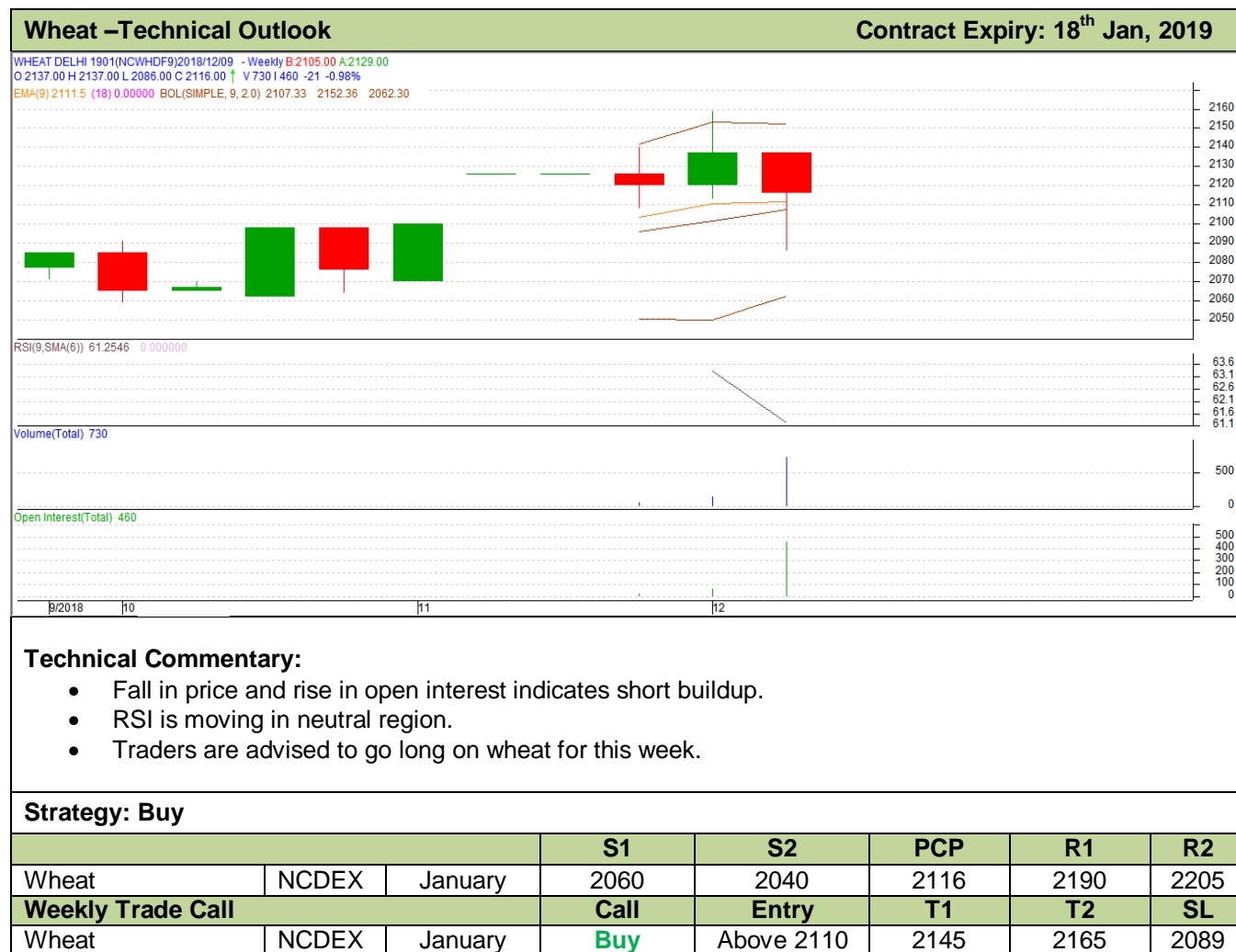
	13/12/2018	06/12/2018	29/11/2018	22/11/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	232	229	231	230
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	225	225	226	224

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price							Date: 14.12.2018		
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Jan	14	2111	2127	2111	2116	90	10	460	0
19-Feb	0	2180	2180	2180	2180	-	-	-	-
19-Mar	0	2215	2215	2215	2215	-	-	-	-

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
	13-Dec-18	6-Dec-18	12-Nov-18	13-Dec-17	
Indore	2030	2025	2043	1668	21.70
Delhi	2070	2075	2050	1800	15.00
Kanpur	2000	2005	1965	1645	21.58
Rajkot	2110	2107	2070	1745	20.92
Kota	2098	2085	2060	NA	-

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
			13-Dec-18	12-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Delhi	Lawrence Road	Mill Delivery	2080	2070	2060	2060	1800
	Narella	Mill Quality Loose	2060	Closed	2050	2000	Closed
	Nazafgarh	Mill Quality Loose	1990	Closed	2000	1950	Closed
Gujarat	Rajkot	Mill Delivery	2000	2000	2020	1975	Closed
	Ahmedabad	Mill Delivery	2160	2140	2170	2130	1780
	Surat	Mill Delivery	2210	2200	2210	2170	1820
	Dhrol	Mill Delivery	2210	2335	2305	2250	1740
M.P.	Indore	Mill Quality Loose	1950	1900	2000	1975	1650
	Bhopal	Mill Delivery	1930	1930	1925	1950	1625
Rajasthan	Kota	Mill Quality Loose	1950	1960	1950	1950	1560
		Mill Delivery	2060	2060	2060	2050	1650
U.P.	Kanpur	Mill Delivery	2025	2025	2015	1980	1640
	Mathura	Mill Quality Loose	1875	1840	1780	1800	1600
	Kosi	Mill Quality Loose	1975	1920	1925	1850	1660
	Hathras	Mill Quality Loose	1930	1935	Closed	1910	1650
	Aligarh	Mill Quality Loose	1830	Closed	1840	1810	Closed
Punjab	Khanna	Mill Quality Loose	1950	1960	1930	NA	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1875	1875	1870	1860	1710
	Hodal	Mill Delivery	NA	NA	NA	NA	1795
	Bhiwani	Mill Quality Loose	1970	1980	1950	1970	1750
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1700
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2340	2350	2350	2380	2050
	Madurai	Mill Quality	2397	2400	2450	2525	2150
	Coimbatore	Mill Quality	2397	2450	2500	2575	2200
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2000	1700
	Muzaffarpur	Mill Delivery	2000	2000	2000	closed	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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ABARES expects production of wheat to reach 16.5 MMT in MY 2018-19 down by around 20% compared to last year. Production has reduced due to drought and weather concern in eastern Australia.

Egypt's state grains buyer, GASC has purchased 180000 tonnes of wheat for shipment during 01-10 February. Of the total quantity 120000 tonnes was Russian wheat and 60000 tonnes was Romanian wheat. ADM offered 60000 tonnes of Romanian wheat at FoB \$241.26 per tonne, ADM offered 60000 tonnes of Russian wheat at FoB \$242.00 per tonne and Agro Industrial offered 60000 tonnes of Russian wheat at FoB \$242.80 per tonne.

Russia has exported 20.74 MMT of wheat during July-November'18. Russia is expected to export 2.8 MMT of wheat in December-18. Export prices for Russian wheat are expected to stay slightly firm in near future due to exhausting stocks at ports, problems in grain transportation and obtaining phytosanitary certificate.

Russian milling wheat prices became firm by \$3 per tonne at Novorossiysk and \$2-4 per tonne at Odessa compared to last week. Wheat prices were firm due to decrease in stocks at port. 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 \$226.00-232.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$224.00-230.00/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.

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
	13-Dec-18	6-Dec-18	13-Nov-18	13-Sep-18	13-Jun-18	13-Dec-17	
Dec-18	193.90	185.63	186.55	182.60	204.27	173.96	11.46
Mar-19	196.93	189.39	190.22	190.22	211.26	179.02	10.01
May-19	199.04	191.42	193.44	195.92	215.39	181.86	9.44
Jul-19	201.15	193.07	196.65	197.75	216.77	184.43	9.06
Sep-19	203.72	196.19	201.06	201.79	219.25	188.18	8.26
Dec-19	207.86	200.88	206.66	207.86	223.65	194.21	7.03

CBOT Mar-19

1st Support: 186.00
2nd Support: 184.00
1st Resistant: 203.00
2nd Resistant: 205.00
(\$ per tonne)

Wheat CBOT closed at \$5.33 per bushel. U.S. export sales in the week of 030th November -06th December were 754100. Increased export demand for high protein wheat increased protein premiums for HRW week over week. The December 13 Drought Monitor reported moderate precipitation in parts of the Pacific Northwest. In its monthly World Agricultural Supply and Demand Estimates (WASDE), USDA forecast 2018/19 world wheat production at 1,013 MMT, down 1% from 2017/18.

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 \$300.53-302.67 per tonne.

US and Russian quotes are hovering in the range of \$225.38 and \$224.50 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to slightly firm and hover in the range of \$215 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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