



Wheat Weekly Research Report

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

All India weekly average prices decreased by 0.88 percent to Rs. 2087.77 per quintal during the week ended 23rd December 2018. Wheat average price were ruling at Rs 2106.32 per quintal during 09-15 December 2018. As compared to prices in the week 16-23 December 2017, the prices are firm by 13.79 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

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 November-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 2.73 thousand tonnes in the month of November compared to 5.09 thousand tonnes in October. The quantity in November was exported at an average FOB of \$ 416.11 per tonne and the major destinations were Nepal, Sri Lanka and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

According to latest update, area sown until 21st December'18 is 253.52 lakh hectares compared to 257.47 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.

India mainly imports from Australia and Russia. Wheat prices were firm in Australia and Russia during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$351.00 (Rs 24620) per tonne and \$381.87 (Rs 26780) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Furthermore mill quality wheat at Chennai and Coimbatore are hovering around Rs 2370 per quintal and Rs 2430 per quintal respectively. Therefore, there is no import parity as of now from black sea region and Australia.

Indian FoB quote is hovering around \$305.70 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$230.90, \$231.70, Euro 205.75, \$227.34 and \$255.50 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

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. Government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

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. 2065 & 2230 respectively.

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 November-2018	1736.26	359.98
09-15 November -2018	165.27	328.12
16-23 November -2018	544.89	434.09
24-30 November -2018	290.35	480.04
Total	2736.77	

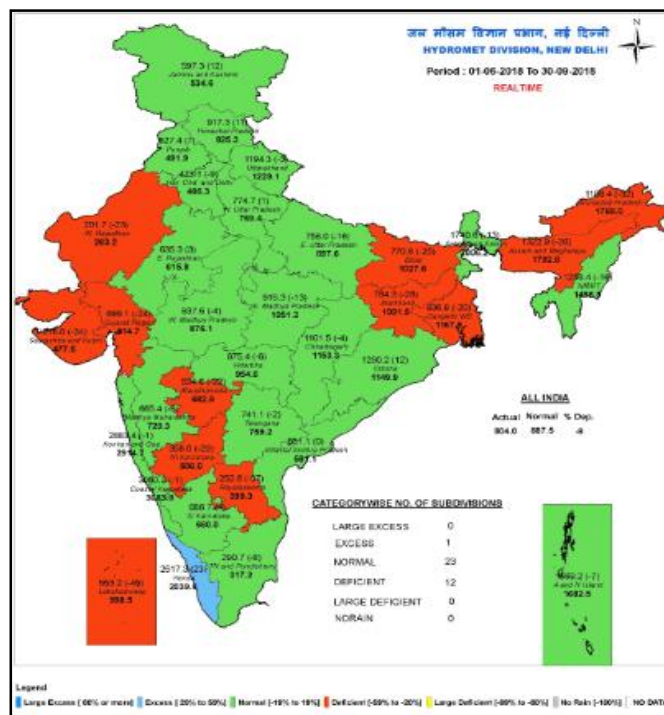
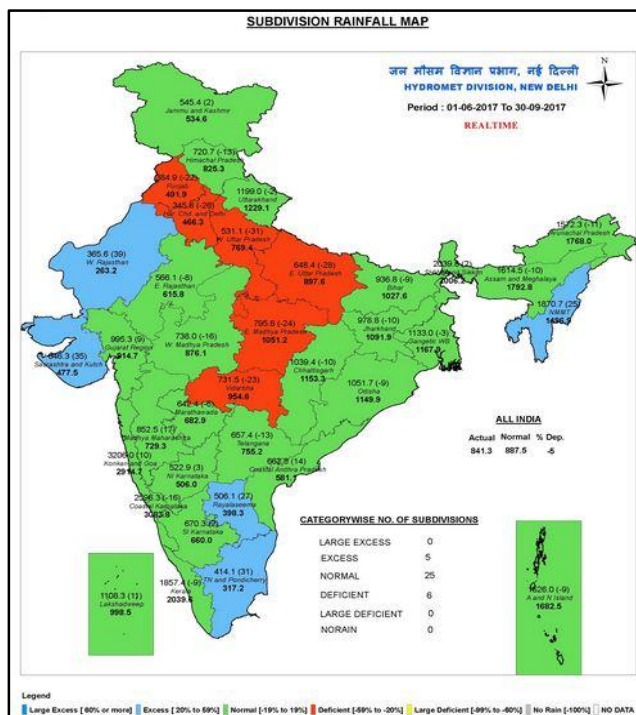
Source: Trade

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



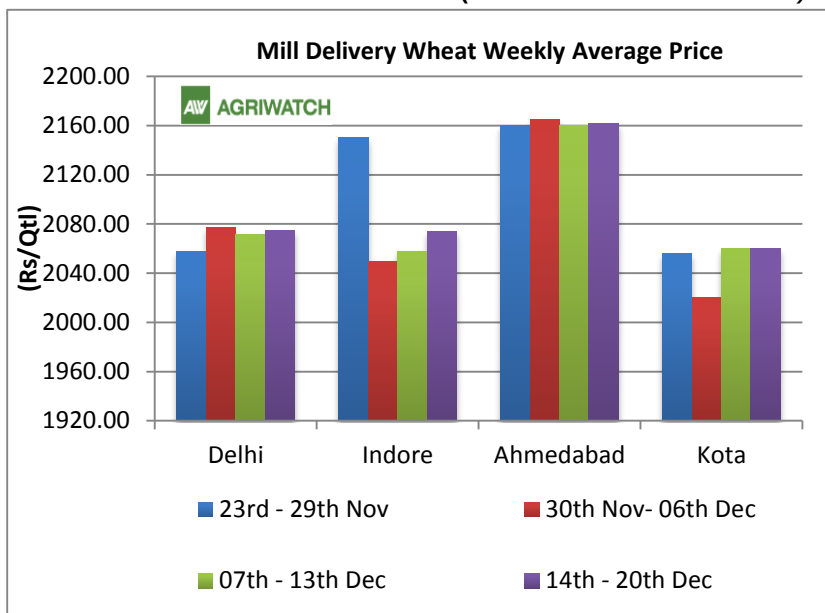
Source: IMD

Wheat Weekly Average Price Chart

Average mill delivery prices of Wheat traded firm in Delhi, Indore and Ahmedabad during 07th -13th December.

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.

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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

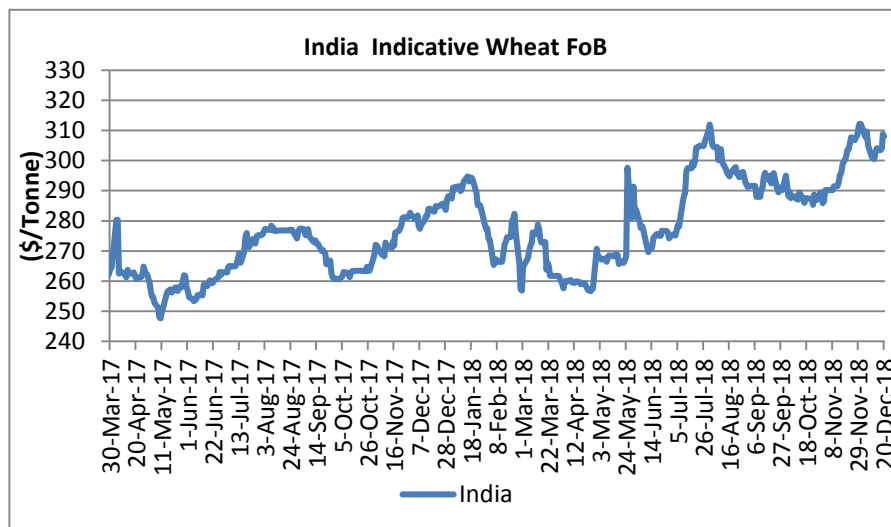
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 \$305-315 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
		20-Dec-18	13-Dec-18	20-Nov-18	20-Dec-17	
USA (Chicago)	2SRW	225.40	230.00	217.00	181.30	24.32
France	FCW3	234.35	235.10	228.76	184.96	26.70
Australia	ASW	259.15	250.39	241.63	203.20	27.53
Russia	SRW	232.50	226.00	222.50	184.00	26.36
India	Fob	308.05	302.67	303.52	284.93	8.11

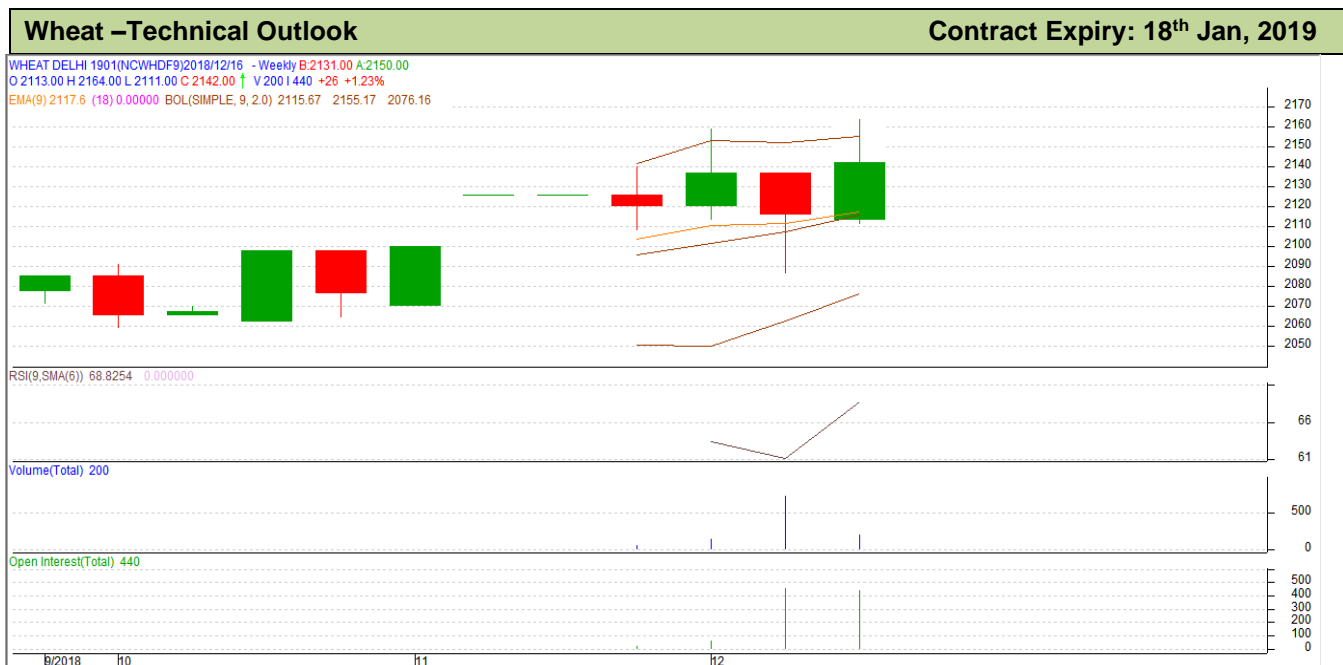
	20/12/2018	13/12/2018	06/12/2018	29/11/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	241	232	229	231
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	235	225	225	226

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price							Date: 21.12.2018		
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Jan	-9	2162	2162	2131	2142	40	-60	440	-10
19-Feb	0	2180	2180	2180	2180	0	0	0	0
19-Mar	0	2215	2215	2215	2215	0	0	0	0

Wheat Technical Analysis:

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Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- RSI is moving up in neutral region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	January	2085	2065	2142	2215	2230
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy	Above 2135	2170	2190	2114

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
	20-Dec-18	13-Dec-18	20-Nov-18	20-Dec-17	
Indore	2323	2030	2037	1677	38.52
Delhi	2092	2070	2055	1775	17.86
Kanpur	2007	2000	1970	1640	22.38
Rajkot	2110	2110	2100	1730	21.97
Kota	2087	2098	2073	1642	27.10

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
			20-Dec-18	19-Dec-18	13-Dec-18	20-Nov-18	20-Dec-17
Delhi	Lawrence Road	Mill Delivery	2080	2080	2080	2060	1775
	Narella	Mill Quality Loose	2030	Closed	2060	2000	Closed
	Nazafgarh	Mill Quality Loose	2000	Closed	1990	1950	Closed
Gujarat	Rajkot	Mill Delivery	2000	2000	2000	2005	1655
	Ahmedabad	Mill Delivery	2150	2160	2160	2160	1770
	Surat	Mill Delivery	2200	2200	2210	2210	1810
	Dhrol	Mill Delivery	2300	2265	2210	2200	1830
M.P.	Indore	Mill Quality Loose	2000	2000	1950	NA	1650
	Bhopal	Mill Delivery	1940	1925	1930	2000	1625
Rajasthan	Kota	Mill Quality Loose	1950	1950	1950	1925	1560
		Mill Delivery	2060	2060	2060	2050	1650
U.P.	Kanpur	Mill Delivery	2050	2050	2025	1980	1635
	Mathura	Mill Quality Loose	1900	1900	1875	1780	1610
	Kosi	Mill Quality Loose	NA	1990	1975	1900	1645
	Hathras	Mill Quality Loose	1940	1900	1930	1925	1680
	Aligarh	Mill Quality Loose	1850	Closed	1830	1820	Closed
Punjab	Khanna	Mill Quality Loose	1940	1950	1950	NA	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1890	1890	1875	1865	1715
	Hodal	Mill Delivery	NA	NA	NA	NA	1795
	Bhiwani	Mill Quality Loose	2000	2025	1970	1940	1730
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1720
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2370	2370	2340	2350	2050
	Madurai	Mill Quality	2427	2475	2450	2400	2150
	Coimbatore	Mill Quality	2427	2525	2500	2450	2200
Bihar	Khagariya	Mill Delivery	2050	2050	2000	2000	1750
	Muzaffarpur	Mill Delivery	2000	2000	2000	2000	1610

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

Russian milling wheat prices became firm by \$9 per tonne at Novorossiysk and \$8 per tonne at Odessa compared to last week. Wheat prices were firm due to unfavorable weather in Argentina and low export potential. As per IGC, Russia is expected to produce 69.50 MMT in 2018 compared to 84.90 MMT in 2017. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$235.00-241.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$232.00-238.00/tonne.

Egypt's state grains buyer, GASC has purchased 120000 tonnes of wheat for shipment during 01-10 February. Of the total quantity 60000 tonnes was Romanian wheat and 60000 tonnes was Ukrainian wheat. Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$246.40 per tonne and CHS offered 60000 tonnes of Romanian wheat at FoB \$248.75 per tonne.

As per latest update, Japan's ministry of agriculture bought 106100 MT of food quality wheat from United States and Canada. Around 71040 MT has been bought from United States and 35060 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Jan 16-2019 and Feb 15-2019.

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.

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.

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 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
	20-Dec-18	13-Dec-18	20-Nov-18	20-Sep-18	20-Jun-18	20-Dec-17	
Dec-18	192.33	196.93	186.82	199.31	196.19	181.04	6.24
Mar-19	195.09	199.04	189.30	203.45	200.42	184.16	5.94
May-19	197.75	201.15	192.43	204.37	202.16	186.18	6.22
Jul-19	200.60	203.72	196.47	207.86	205.28	189.49	5.87
Sep-19	205.56	207.86	201.89	213.09	210.34	195.55	5.12
Dec-19	209.33	210.80	206.11	216.86	215.57	197.48	6.00

CBOT Mar-19

1st Support: 184.00
2nd Support: 182.00
1st Resistant: 200.00
2nd Resistant: 202.00
(\$ per tonne)

Wheat CBOT closed at \$5.14 per bushel down by \$ 0.19 per bushel compared to last week. U.S. export sales in the week 07th -13th December were 313600 tonnes compared to 754100 tonnes during 30th November -06th December. The December 20 Drought Monitor reported heavy precipitation and above-normal temperatures in northeastern Oregon, eastern Washington, and the Idaho Panhandle. Warm and dry weather dominated the High Plains from the Dakotas to southern Kansas.

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 \$303.47-308.80 per tonne.

US and Russian quotes are hovering in the range of \$227.34 and \$230.90 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 \$225 to \$270 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 25.00 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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