



# **Wheat Weekly Research Report**

## **Table of Contents**

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **NCDEX Wheat Contracts**
- ❖ **Wheat Technical Analysis**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**
- ❖ **International Weekly Outlook**

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

All India weekly average prices decreased by 0.28 percent to Rs. 2081.86 per quintal during the week ended 31<sup>st</sup> December 2018. Wheat average price were ruling at Rs 2087.77 per quintal during 16-23 December 2018. As compared to prices in the week 24-31 December 2017, the prices are firm by 9.83 percent. Prices are expected to remain firm in coming days due to good domestic demand and low imports.

As per Agriwatch preliminary estimate, India is likely to produce 95.89 MMT of wheat for MY 2019-2020. Production is likely to be higher by 1.39 MMT compared to MY 2018-19. Higher acreage and favorable weather is the main reason for increase in production.

In past days, minimum as well as maximum temperature has dropped below normal in Punjab and Haryana. The fall in temperature will boost the growth of shoots, which will lead to an increase in yield. Low temperature will help to retain soil moisture, which otherwise would have adversely impacted the crop due to absence of rain.

According to latest update, area sown until 28th December'18 is 277.37 lakh hectares compared to 274.16 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. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$351.00 (Rs 24552) per tonne and \$382.82 (Rs 26770) 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.

Government has offered 6912900 tonnes of wheat in OMSS since July until third tender in December out of which 4129200 tonnes was sold. Total numbers of rakes sold were 181. State government and bulk consumers bought 481500 tonnes and 3504600 tonnes of wheat respectively. 143100 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.

Indian FoB quote is hovering around \$309.40 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$233.17, \$233.17, Euro 204.25, \$221.43 and \$256.41 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 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. Furthermore, India has exported around 2.73 thousand tonnes in the month of November compared to 5.09 thousand tonnes in October.

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 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.

**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. 2030 & 2220 respectively.

### Wheat Weekly Export

(Back to Table of Contents)

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	

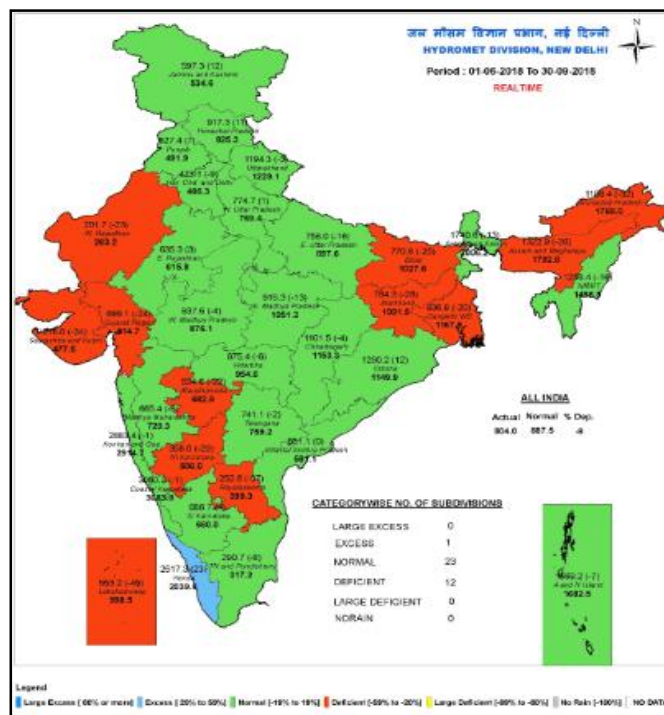
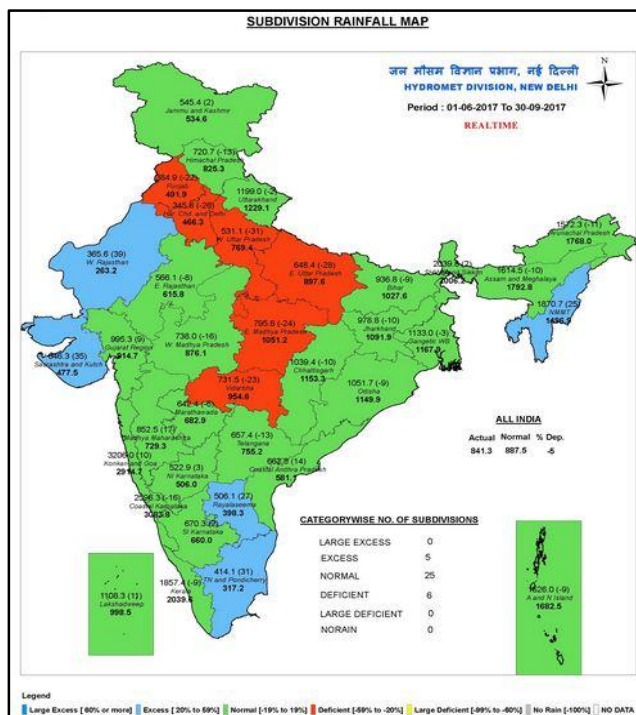
Source: Trade

### 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

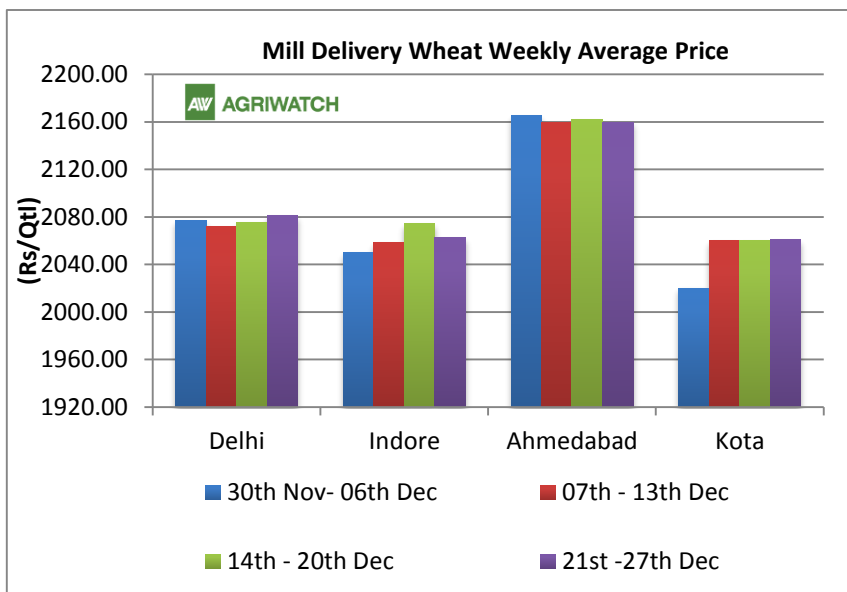


Source: IMD

Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

Average mill delivery prices of Wheat traded firm in Delhi/Kota and weak in Indore during 21<sup>st</sup> -27<sup>th</sup> 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.


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

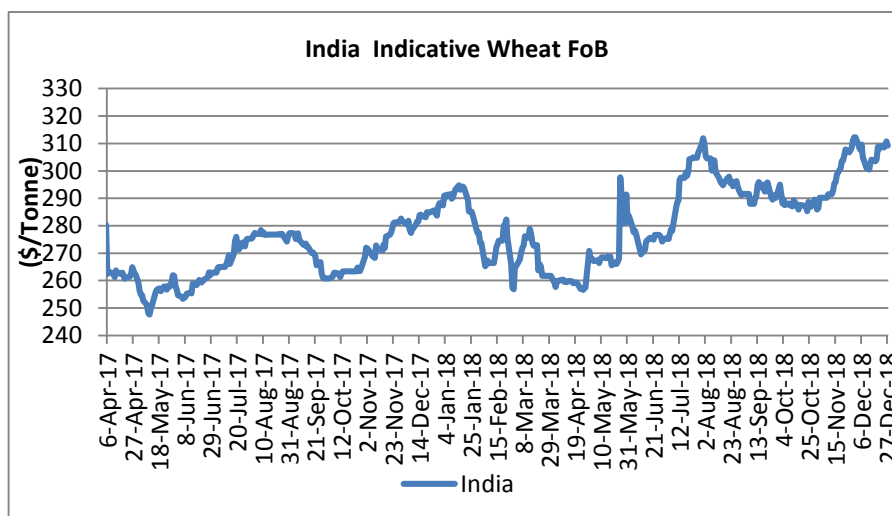
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

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

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 \$306-316 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
		27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17	
USA (Chicago)	2SRW	220.60	225.40	216.00	180.86	21.97
France	FCW3	232.41	234.35	227.40	NA	-
Australia	ASW	255.50	259.15	246.74	200.80	27.24
Russia	SRW	232.00	232.50	223.50	183.50	26.43
India	Fob	309.26	308.05	307.68	284.49	8.71

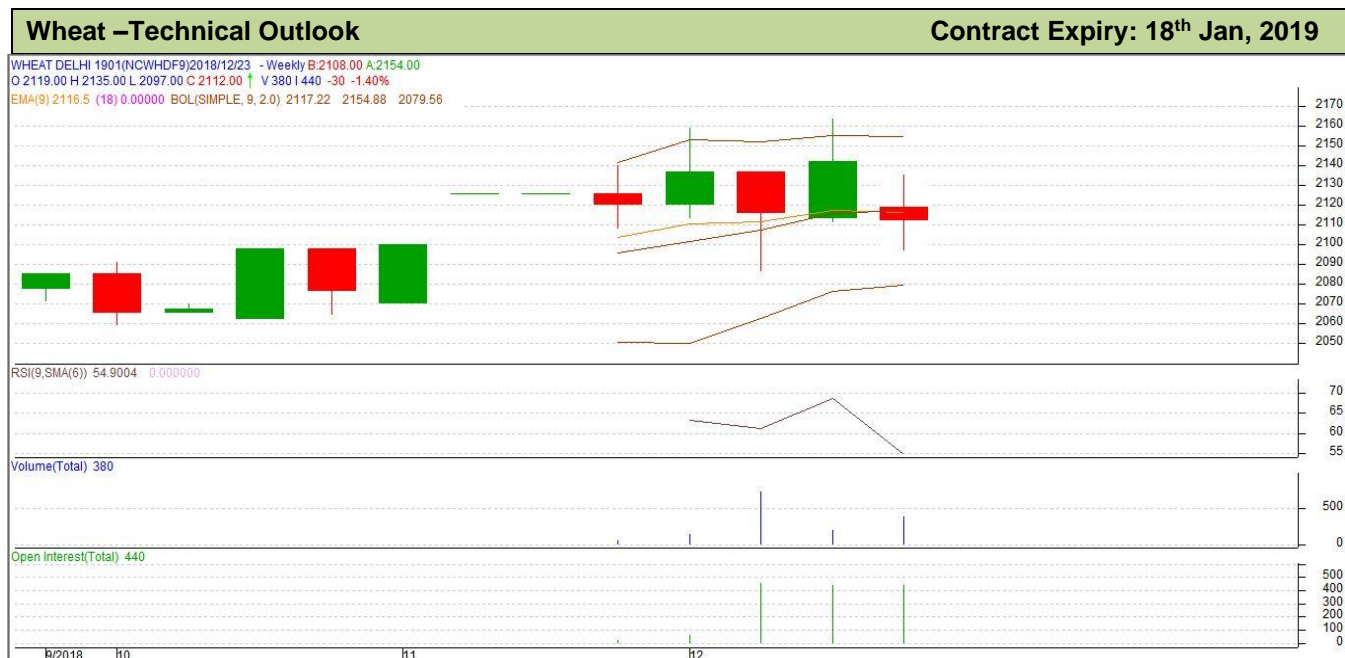
	27/12/2018	20/12/2018	13/12/2018	06/12/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	240	241	232	229
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	234	235	225	225

### NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 28.12.2018	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Jan	0	2112	2120	2108	2112	10	-110	440	20
19-Feb	0	2164	2164	2164	2164	10	10	50	0
19-Mar	0	2200	2200	2200	2200	0	0	0	0

### Wheat Technical Analysis:

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



#### Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving down in neutral region.
- Traders are advised to go long on wheat for this week.

#### Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	January	2060	2030	2112	2200	2220
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy	Above 2110	2145	2170	2089

### 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
	27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17	
Indore	2050	2323	2075	1693	21.09
Delhi	2080	2092	2065	1789	16.27
Kanpur	2035	2007	1985	1650	23.33
Rajkot	2110	2110	2120	1755	20.23
Kota	2092	2087	2088	1666	25.57

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.



**Domestic Market Weekly Outlook:**
[\(Back to Table of Contents\)](#)

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
			27-Dec-18	26-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17
Delhi	Lawrence Road	Mill Delivery	2085	2080	2080	2060	1785
	Narella	Mill Quality Loose	2050	Closed	2030	2040	Closed
	Nazafgarh	Mill Quality Loose	2000	Closed	2000	2000	Closed
Gujarat	Rajkot	Mill Delivery	2015	2010	2000	2015	1655
	Ahmedabad	Mill Delivery	2160	2160	2150	2160	1780
	Surat	Mill Delivery	2200	2200	2200	2210	1820
	Dhrol	Mill Delivery	2290	2350	2300	2175	1755
M.P.	Indore	Mill Quality Loose	2020	1980	2000	Closed	1650
	Bhopal	Mill Delivery	1940	1940	1940	Closed	1700
Rajasthan	Kota	Mill Quality Loose	1950	1950	1950	1950	1570
		Mill Delivery	2060	2060	2060	2060	1670
U.P.	Kanpur	Mill Delivery	1990	1990	2050	1980	1640
	Mathura	Mill Quality Loose	1950	1960	1900	1760	1590
	Kosi	Mill Quality Loose	1990	1980	NA	1900	1630
	Hathras	Mill Quality Loose	1950	1950	1940	1915	1610
	Aligarh	Mill Quality Loose	1870	Closed	1850	1820	Closed
Punjab	Khanna	Mill Quality Loose	1910	1920	1940	NA	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1910	1900	1890	1873	1720
	Hodal	Mill Delivery	2050	2050	NA	NA	1795
	Bhiwani	Mill Quality Loose	1960	1960	2000	1950	1710
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1710
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2360	2360	2370	2400	2050
	Madurai	Mill Quality	2417	2450	2475	2550	2150
	Coimbatore	Mill Quality	2417	2500	2525	2600	2200
Bihar	Khagariya	Mill Delivery	2100	2000	2050	2000	1700
	Muzaffarpur	Mill Delivery	2000	2000	2000	1975	1615

Sowing Status:

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

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 \$1 per tonne at Novorossiysk and \$1 per tonne at Odessa compared to last week. Wheat prices were weak due to low demand. 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 \$234.00-240.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$231.00-237.00/tonne.

As on December 26, Ukraine has exported more than 10 MMT of wheat and 11.7 LMT of wheat flour since July 2018. Demand for wheat from black sea region is at higher side.

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.

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

IGC Forecast( Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		25.10.2018	22.11.2018
<b>Production</b>	737	753	767	729	729
<b>Trade</b>	166	177	176	172	171
<b>Consumptions</b>	718	735	739	740	739
<b>Carryover stocks</b>	227	244	273	262	262
<b>Y-O-Y change</b>	19	18	28	-	-11
<b>Major Export</b>	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
	27-Dec-18	20-Dec-18	27-Nov-18	27-Sep-18	27-Jun-18	27-Dec-17	
<b>Mar-19</b>	187.56	192.33	186.09	195.00	190.77	181.95	<b>3.08</b>
<b>May-19</b>	190.22	195.09	188.29	198.86	195.00	184.43	<b>3.14</b>
<b>Jul-19</b>	193.16	197.75	190.86	199.22	197.02	186.27	<b>3.70</b>
<b>Sep-19</b>	196.56	200.60	194.45	203.17	200.23	190.04	<b>3.43</b>
<b>Dec-19</b>	201.89	205.56	199.22	208.96	205.28	196.10	<b>2.95</b>
<b>Mar-20</b>	205.93	209.33	203.17	212.91	208.68	198.76	<b>3.60</b>

## CBOT Mar-19

**1<sup>st</sup> Support: 179.00**  
**2<sup>nd</sup> Support: 176.00**  
**1<sup>st</sup> Resistant: 202.00**  
**2<sup>nd</sup> Resistant: 204.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.11 per bushel down by \$ 0.03 per bushel compared to last week. U.S. export sales in the week 07<sup>th</sup> -13<sup>th</sup> December were 313600 tonnes compared to 313600 tonnes during 30<sup>th</sup> November -06<sup>th</sup> December. As USDA has not released weekly export sales of wheat, traders are in dark. They are relying on big buyers to confirm their purchases so that they can have a rough estimate of weekly export sales. Wheat CBOT remained weak. However USDA still expects shipments will surpass 100 million bushels.

## 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 \$308.49-310.76 per tonne.

US and Russian quotes are hovering in the range of \$221.43 and \$233.75 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 \$220 to \$275 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.

**Disclaimer:** The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.

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

