



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 0.94 percent to Rs. 2147.23 per quintal during the week ended 15th January 2019. Wheat average price were ruling at Rs 2167.57 per quintal during 01-08 January 2019. As compared to prices in the week 09-15 January 2018, the prices are firm by 15.40 percent. Prices are expected to remain slightly firm in coming days due to good demand and low imports.

As per market sources, wheat stock in central pool as on 1st January'19 stood at 271.00 lakh tonnes down by 11.52% compared to last month. This quantity is higher by around 38.53% 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 January'19 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.

As per latest update, rainfall in Punjab and Haryana has brought a great relief for farmers. Slow and continuous rain is expected to last until Wednesday. This rain will not only reduce the burden on groundwater but also increase productivity of the standing crop. However, farmers are also being advised to watch out for yellow rust, as it spreads with low temperature and strong winds.

As per latest update, area sown until 18th January'18 is 296.05 lakh hectares compared to 303.87 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. Acreage of wheat in Madhya Pradesh is higher as farmers have shifted from chickpea. This year, as on 18th January'18, farmers have sowed 59.00 lakh hectares of wheat in Madhya Pradesh compared to 58.03 Lakh hectares last year on same date.

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 \$353.60 (Rs 25155) per tonne and \$374.28 (Rs 26625) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. As of now mill quality wheat in Chennai and Coimbatore are ruling around Rs 2400 per quintal and RS 2450 per quintal respectively. Therefore, there is no import parity as of now from black sea region and Australia.

Indian FoB quote is hovering around \$309.15 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$234.20, \$233.70, Euro 202.56, \$224.46 and \$245.56 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.2 million tonnes in MY 2018-19.

Previous Updates

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.

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.

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 February contract taking care of lower and upper price tag of Rs. 1940 & 2105 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	

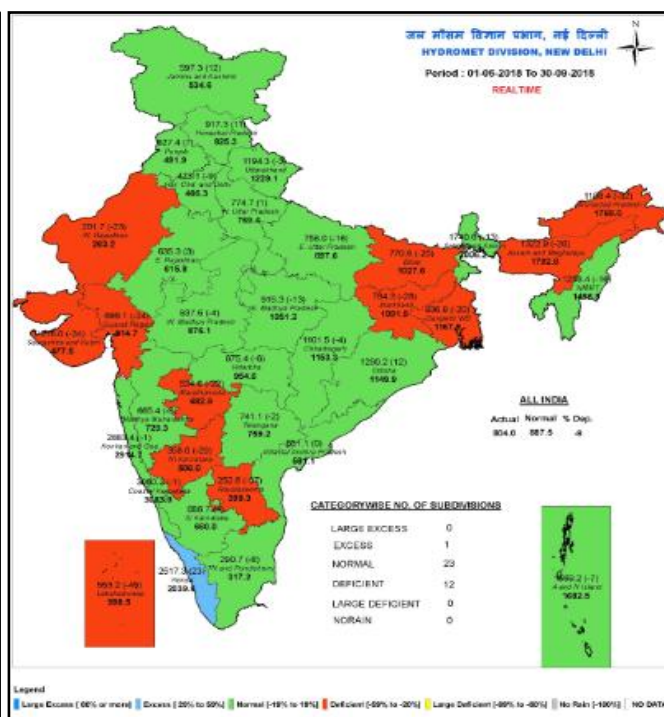
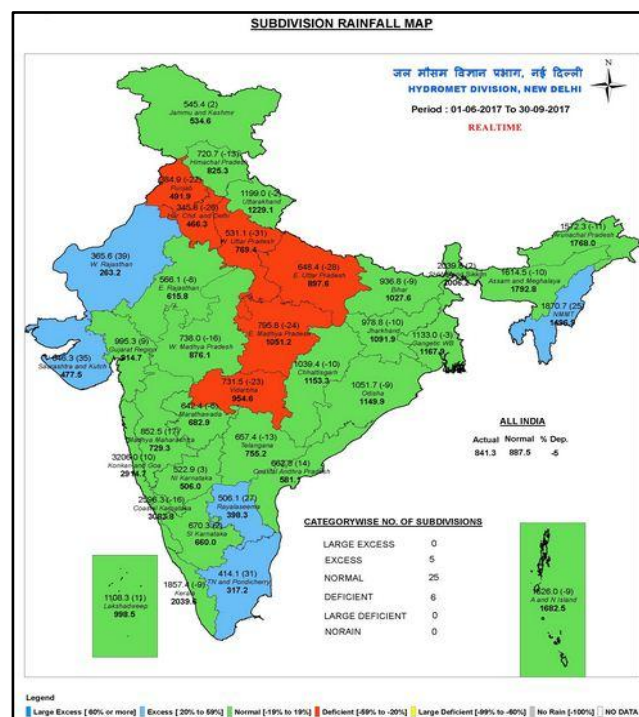
Source: Trade

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

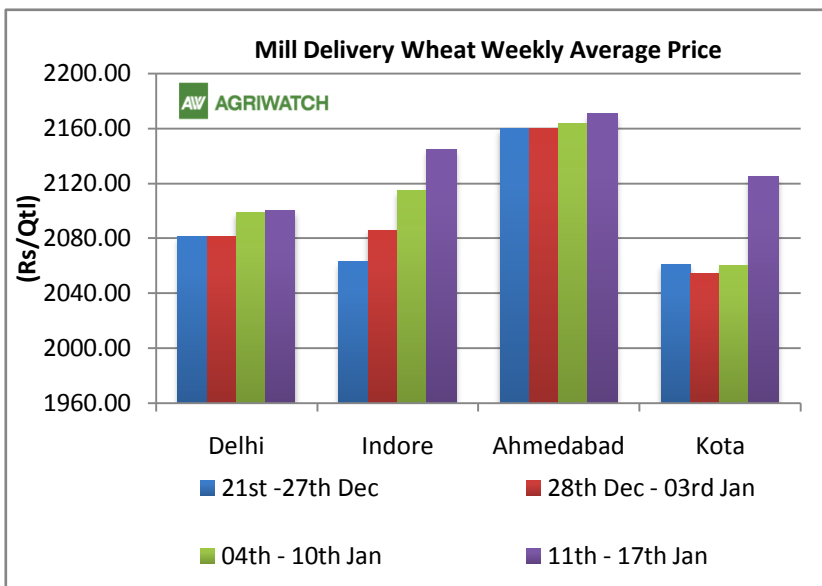


Source: IMD

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

Average mill delivery prices of Wheat traded steady to firm in Delhi, Indore, Kota and Ahmadabad during 11th - 17th January'19.

Market is likely to trade steady to weak in the coming week due to ample availability and expectation of higher production in MY 2019-20. Lower arrivals were recorded in past week as stockiest are unwilling to sell as wheat futures declined sharply in past days. Government's reserve price for fourth quarter is Rs1950 per quintal. Sales through OMSS are higher in MY 2018-19 compared to MY 2017- 18.


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

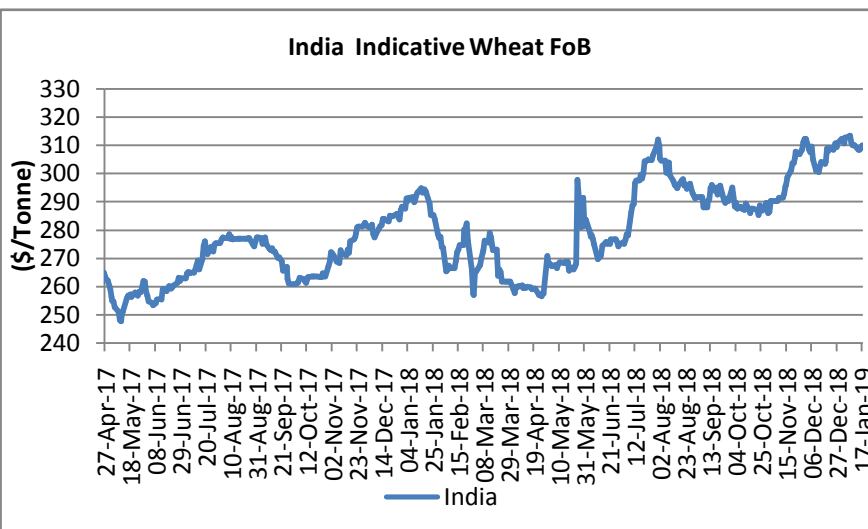
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18(Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

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

Wheat FoB quote in India witnessed slightly weak sentiments in 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. Low production and high carryover stock 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
		17-Jan-19	10-Jan-19	17-Dec-18	18-Jan-18	
USA (Chicago)	2SRW	226.90	223.60	229.70	181.90	24.74
France	FCW3	230.08	233.74	233.30	NA	-
Australia	ASW	245.00	243.60	253.31	201.60	21.53
Russia	SRW	237.00	232.50	230.50	182.50	29.86
India	Fob	309.95	309.89	303.47	294.30	5.32

	17/01/2019	11/01/2019	04/01/2019	27/12/2018
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	243	240	238	240
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	236	234	233	234

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 18.01.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Feb	+19	1991	2020	1991	2020	40	-20	290	+30
19-Mar	0	2077	2077	2077	2077	0	0	0	0
19-Apr	0	2122	2122	2122	2122	20	0	0	-20

Wheat Technical Analysis:

(Back to Table of Contents)



Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	February	1960	1940	2013	2090	2105
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Buy	Above 2010	2040	2065	1992

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
	17-Jan-19	10-Jan-19	17-Dec-18	17-Jan-18	
Indore	2052	2043	2050	NA	-
Delhi	2100	2100	2090	1810	16.02
Kanpur	2090	2080	2005	1700	22.94
Rajkot	2122	2117	2110	1780	19.21
Kota	2067	NA	2100	1674	23.48

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. There is no problem at supply side due to ample availability. However, good production this year may lead to oversupply in domestic market.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			17-Jan-19	16-Jan-19	10-Jan-19	17-Dec-18	17-Jan-18
Delhi	Lawrence Road	Mill Delivery	2100	2100	2100	2070	1800
	Narella	Mill Quality Loose	2075	Closed	2070	2060	Closed
	Nazafgarh	Mill Quality Loose	2020	Closed	2010	2000	Closed
Gujarat	Rajkot	Mill Delivery	2045	2040	2025	2010	1700
	Ahmedabad	Mill Delivery	2175	2170	2170	2170	1850
	Surat	Mill Delivery	2225	2225	2220	2210	1880
	Dhrol	Mill Delivery	2290	2250	2210	2190	1840
M.P.	Indore	Mill Quality Loose	2150	2125	2100	2000	Closed
	Bhopal	Mill Delivery	1950	1950	1950	1925	1700
Rajasthan	Kota	Mill Quality Loose	1935	1935	Closed	1950	1585
		Mill Delivery	2025	2025	Closed	2060	1700
U.P.	Kanpur	Mill Delivery	1990	1990	1990	2050	1750
	Mathura	Mill Quality Loose	1900	1900	1950	1900	1650
	Kosi	Mill Quality Loose	2010	1960	1990	1980	1625
	Hathras	Mill Quality Loose	2080	2060	1980	1940	1650
	Aligarh	Mill Quality Loose	1950	Closed	1910	1860	Closed
Punjab	Khanna	Mill Quality Loose	1930	1950	1940	1940	1735
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1900	1900	1950	1890	1730
	Hodal	Mill Delivery	2050	NR	2050	NA	1750
	Bhiwani	Mill Quality Loose	1970	2020	2000	1970	1760
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1710
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2375	2375	Closed	2340	2050
	Madurai	Mill Quality	2432	2475	Closed	2450	2150
	Coimbatore	Mill Quality	2432	2525	Closed	2500	2200
Bihar	Khagariya	Mill Delivery	2150	2150	2150	2100	1700
	Muzaffarpur	Mill Delivery	2150	2150	2050	2000	1700

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)

Jordan has bought 60000 tonnes of hard milling wheat at \$269.95 per tonne cost and freight for delivery in first half of March. The tender closed on Tuesday and wheat can be sourced from optional origin. The seller was trading house Ameropa. Two other companies, CHS and Cerealcon Dolj offered wheat at \$275.54 per tonne and \$272.70 per tonne respectively.

Pakistan government on 20th November 2018 decided to export 5 LMT of subsidized wheat to reduce oversupply in domestic market. Pakistan Agricultural Storage and Services Corporation (PASSCO) issued a tender for the same that closed on 11th January 2019. Around twelve offers were received that were above the minimum target price of \$233 per tonne ex inland store, which means that wheat can be sold without a state subsidy. FoB cost after including cargo handling and inland transport costs will be around \$250 per tonne. Wheat is likely to be sold to Sri Lanka, the United Arab Emirates, Oman and Indonesia.

As per latest update, Analyst have increased forecast for grain exports by 2.1 percent to 46.07 MMT during the 2018/19 July- June season. Of the total quantity, Ukraine is expected to export 25.75 MMT of corn, 15.5 MMT of wheat and 4.1 MMT of barley.

Indonesia has bought 30000 MT of wheat from Argentina at \$270 per tonne. Asian flour millers are expected to seek rare wheat shipments from Argentina in coming months as a second year of drought in traditional supplier Australia has curbed supplies.

Algeria state grains agency OAIC has bought around 55000 tonnes of milling wheat in a tender that closed on Tuesday. The prices paid were in the range of \$261.50 - \$262.00 per tonne (Cost and Freight). The quantity to be shipped is due in Mid-February to Mid-March. The origin is optional.

As per Agriculture and Agri food Canada, All wheat production is likely to be around 31.76 MMT in 2018-19 compared to 29.98 MMT in 2017-18. Ending stock are likely to be 6.2 MMT compared to 5.9 MMT due to increase in production. Production has increased but Canada has some quality issues relating to the milling wheat.

Russia has imposed a ban on import of more than fifty products, including wheat, from Ukraine. This is a tit-for-tat measure by the Russian government as Ukraine has banned import of more than 30 products in December-18.

Bangladesh has witnessed a tremendous growth in imports in past five years, due to change in consumption pattern of population. Imports have increased from 1.8 MMT in FY 2012-13 to 5.4 MMT in FY 2016-17. Bangladesh is likely to import wheat from black sea region in near future.

Drought in Australia has led Agrocrops to import 33000 MT of wheat from west Australia to east Australia. West Australia wheat is generally exported to Asia and Middle-East. Therefore, west Australia wheat is being imported by east to meet the local demand.

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.

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.

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
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
	17-Jan-19	10-Jan-19	17-Dec-18	17-Oct-18	17-Jul-18	17-Jan-18	
Mar-19	190.22	188.75	196.65	197.66	193.25	181.22	4.97
May-19	192.15	190.96	199.04	201.70	196.74	184.25	4.29
Jul-19	194.08	192.61	201.24	203.72	198.30	184.89	4.97
Sep-19	197.20	195.73	203.72	207.58	201.70	188.29	4.73
Dec-19	201.98	200.78	207.95	213.00	206.85	194.35	3.92
Mar-20	205.38	204.37	210.89	217.23	210.34	195.55	5.03

CBOT Mar-19

1st Support: 181.00
2nd Support: 179.00
1st Resistant: 198.00
2nd Resistant: 200.00
(\$ per tonne)

Wheat CBOT closed at \$5.17 per bushel down by \$ 0.02 per bushel compared to last week. USDA's weekly Export Sales Report will not come out again until the agency's funding is fully restored at the end of the government shutdown. However, USDA did publish its weekly export inspections for wheat which totaled 545,804 metric tons (MT), up 110% over last week's inspection volume of 260,134 MT.

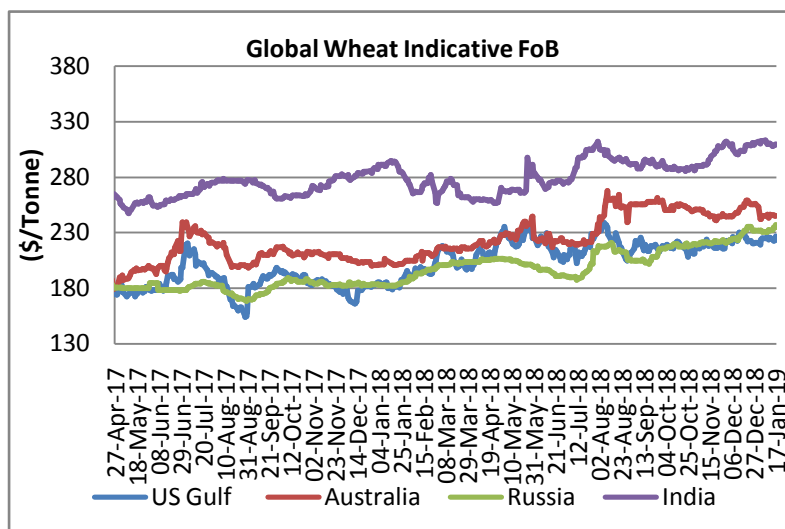
International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$ 308.32-310.06 per tonne.

US and Russian quotes are hovering in the range of \$224.46 and \$234.20 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.

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



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 19.1MMT 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> © 2019 Indian Agribusiness Systems Ltd.