



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 2.84 percent to Rs. 2136.21 per quintal during the week ended 31st January 2019. Wheat average price were ruling at Rs 2077.20 per quintal during 16-23 January 2019. As compared to prices in the week 24-31 January 2018, the prices are firm by 17.93 percent. Prices are expected to remain weak in coming days due to abundant availability in domestic market.

As per latest update, area sown until 01st February-19 is 297.24 lakh hectares compared to 299.34 lakh hectares in the previous Rabi season. The normal area is 306.29 lakh hectares. Acreage of wheat in Madhya Pradesh is higher as farmers have shifted from chickpea. This year, as on 01st February-19, farmers have sowed 59.11 lakh hectares of wheat in Madhya Pradesh compared to 53.16 Lakh hectares last year on same date. Lower acreage was reported in Maharashtra and Gujarat due to low availability of water.

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 December-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 sources, new wheat crop arrivals have started in Madhya Pradesh 15-20 days ahead of schedule. The new crop at Indore was quoted at Rs 1950-2000 per quintal. The prices are higher by around Rs 400 per quintal compared to previous year.

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 \$357.50 (Rs 25620) per tonne and \$372.50 (Rs 25350) 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.

AAP has proposed MSP with 50% margin at cost of production. This will increase MSP of wheat and paddy to Rs 2616 per quintal and Rs 2667 per quintal respectively. This will benefit around 20000 kisan families and lead to an additional liability of Rs 96.38 crores. Furthermore, the government will also hold Kisan Jansunwai in Narela and Najafgarh to incorporate suggestions from farmers and other stakeholders.

Indian FoB quote is hovering around \$306.96 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$240.60, \$238.20, Euro 203.85, \$226.70 and \$242.76 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 0.1 million tonnes in MY 2018-19.

Previous Updates

As per FCI, wheat stock in central pool as on 1st January'19 stood at 271.21 lakh tonnes down by 11.45% compared to last month. This quantity is higher by around 38.64% compared to last year for the same month.

Government has offered 58616080 tonnes of wheat in OMSS since July until fourth tender in January out of which 5829850 tonnes was sold. Total numbers of rakes sold were 112. State government and bulk consumers bought 564600 tonnes and 4968450 tonnes of wheat respectively. 296800 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1950 per quintal in fourth quarter.

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.

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

Trade Call: Stakeholders should trade in February contract taking care of lower and upper price tag of Rs. 1940 & 2055 respectively.

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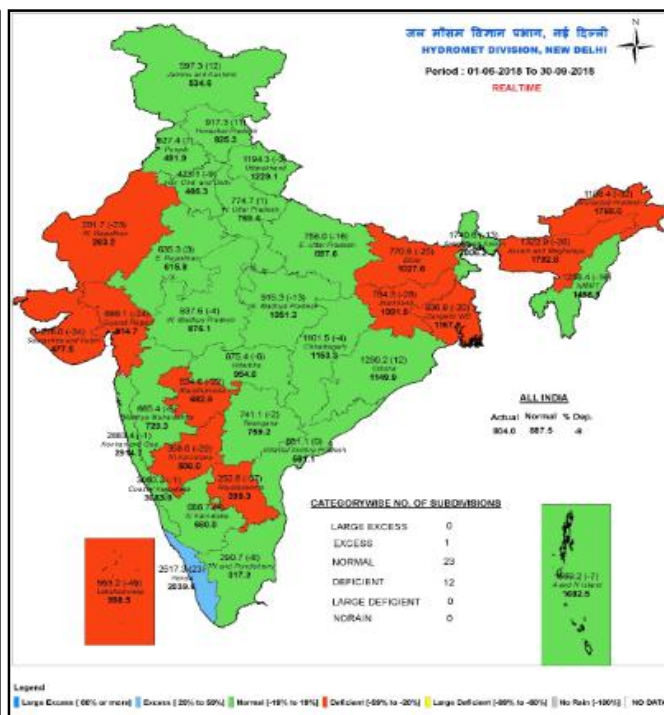
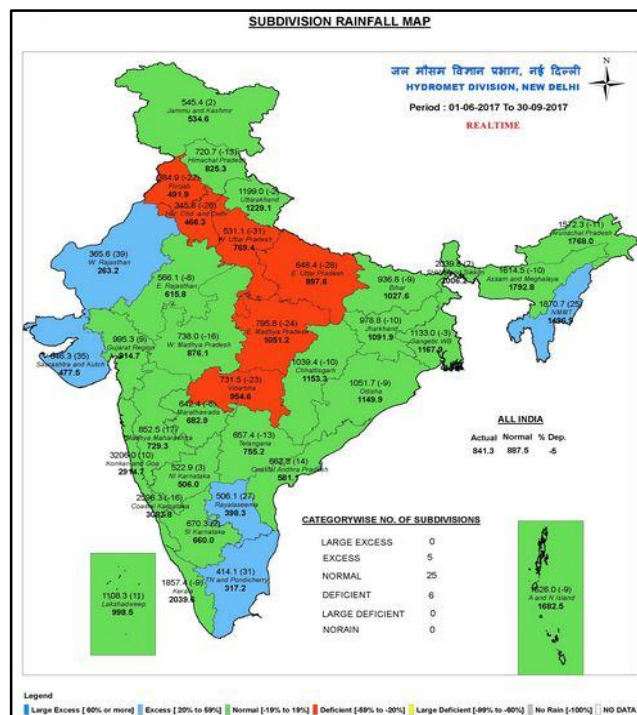
Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 November-2018	1736.26	359.98
09-15 November -2018	165.27	328.12
16-23 November -2018	544.89	434.09
24-30 November -2018	290.35	480.04
Total	2736.77	

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

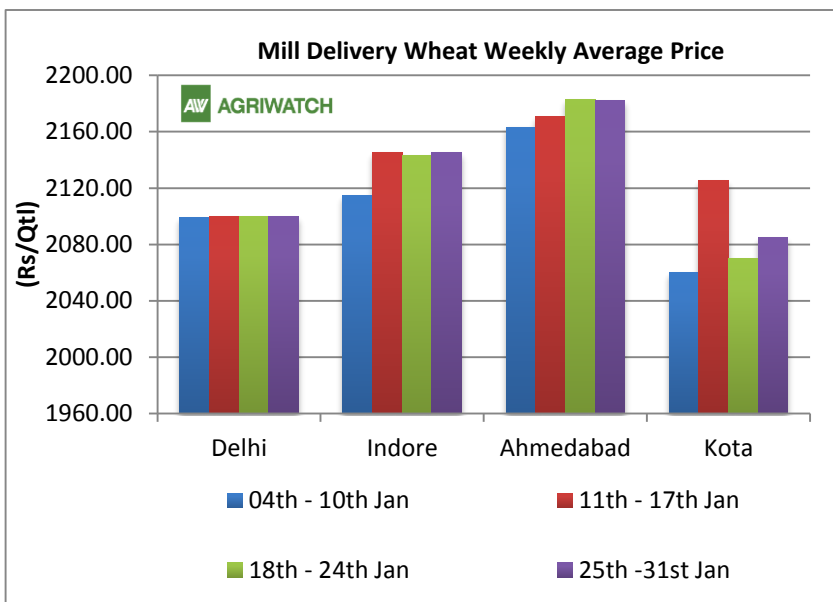
Monsoon


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded steady to weak in Delhi, and Ahmedabad during 25th -31st January'19.

Market is likely to trade steady to weak in the coming week due to ample availability. Fresh arrivals have started in Madhya Pradesh and Gujarat. Conducive weather in major growing regions is putting pressure on current prices. Traders believe that another good production in MY 2019-20 may leave market with oversupply. 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

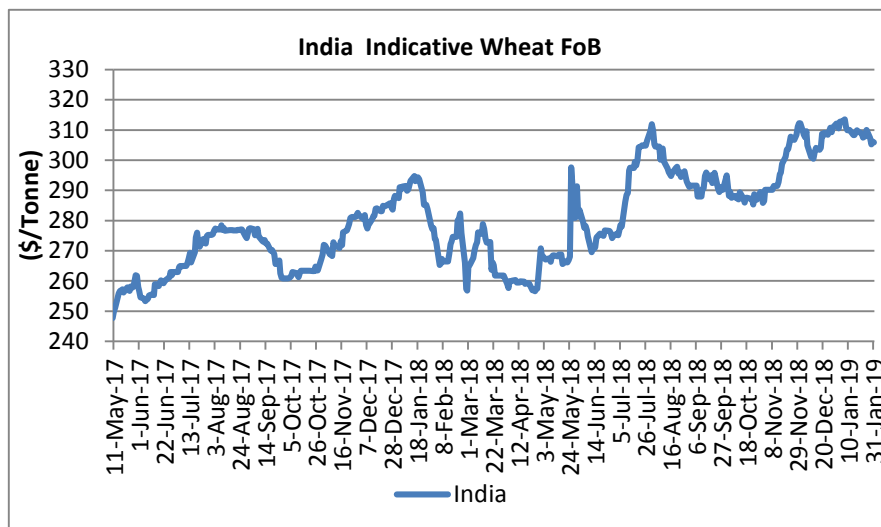
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18(Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

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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 weak tone in the coming week and is likely to hover in the range of \$302-318 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
		31-Jan-19	24-Jan-19	31-Dec-18	31-Jan-18	
USA (Chicago)	2SRW	226.50	228.30	NA	193.17	17.25
France	FCW3	233.72	232.70	NA	195.29	19.68
Australia	ASW	239.40	242.20	253.31	204.80	16.89
Russia	SRW	244.00	238.50	NA	187.00	30.48
India	Fob	305.86	307.94	312.14	277.47	10.23

	31/01/2019	24/01/2019	17/01/2019	11/01/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	246	246	243	240
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	242	240	236	234

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:01.02.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Feb	+11	1995	2020	1991	2006	30	+10	230	0
19-Mar	-1	2116	2115	2115	2115	0	0	0	0
19-Apr	0	2087	2087	2087	2087	20	+20	20	+20

Wheat Technical Analysis:

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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: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	February	1955	1940	2006	2040	2055
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	February	Sell	Below 2010	1990	1975	2022

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
	31-Jan-19	24-Jan-19	31-Dec-18	31-Jan-18	
Indore	2050	2050	2043	1680	22.02
Delhi	2100	2130	2080	1801	16.60
Kanpur	2080	2078	2045	1685	23.44
Rajkot	2113	2125	2110	1700	24.29
Kota	2090	2082	2090	1655	26.28

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 weak in coming week, due to ample availability in domestic market and expectation of higher production in MY 2019-20.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			31-Jan-19	30-Jan-19	24-Jan-19	31-Dec-18	31-Jan-18
Delhi	Lawrence Road	Mill Delivery	2100	2100	2100	2085	1800
	Narella	Mill Quality Loose	2060	Closed	2080	2070	Closed
	Nazafgarh	Mill Quality Loose	2040	Closed	2040	2000	Closed
Gujarat	Rajkot	Mill Delivery	2010	2010	2025	2015	1625
	Ahmedabad	Mill Delivery	2175	2175	2180	2160	1780
	Surat	Mill Delivery	2225	2225	2240	2210	1820
	Dhrol	Mill Delivery	2180	2260	2175	2100	NR
M.P.	Indore	Mill Quality Loose	2100	2150	2150	2050	1690
	Bhopal	Mill Delivery	1975	1975	1960	1950	1650
Rajasthan	Kota	Mill Quality Loose	1950	1950	1950	1950	1575
		Mill Delivery	2050	2050	2070	2050	1660
U.P.	Kanpur	Mill Delivery	2010	2000	2000	1990	1735
	Mathura	Mill Quality Loose	1800	1820	1840	1950	1600
	Kosi	Mill Quality Loose	2050	2030	2050	1980	1605
	Hathras	Mill Quality Loose	2070	2070	2100	1940	1645
	Aligarh	Mill Quality Loose	1940	Closed	1950	1900	Closed
Punjab	Khanna	Mill Quality Loose	1950	1970	1950	1920	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1920	1920	1930	1950	1725
	Hodal	Mill Delivery	2050	2050	2050	2050	1760
	Bhiwani	Mill Quality Loose	2030	2035	2025	1970	1770
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1725
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2400	2400	2400	2300	2050
	Madurai	Mill Quality	2457	2500	2500	2550	2150
	Coimbatore	Mill Quality	2457	2550	2550	2600	2200
Bihar	Khagariya	Mill Delivery	2150	2150	2150	2050	1700
	Muzaffarpur	Mill Delivery	2100	2100	2125	2000	1725

[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](#))**

As per latest update, Egypt is expected to produce around 9.50 MMT of wheat in 2019 compared to 9.00 last season. A total of 3.2 million feddans (1.3 million hectares) are expected to be sown compared to 2.9 million feddans last season. Egypt is the largest importer of wheat and procures around 3.0 MMT of wheat from local farmers as part of its subsidized wheat program.

Taiwan flour mills association has bought 55000 tonnes of milling wheat from United States. Of the total quantity, 27487 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content bought at FOB \$253.32 per tonne, 19613 tonnes of hard red winter wheat of 12.5 percent protein content was bought at FoB \$253.96 per tonne and 7900 tonnes of soft white wheat with 9 percent protein was bought at FoB \$241.56 per tonne. The seller was trading house ADM.

Russian milling wheat prices became firm by \$0-1 per tonne at Novorossiysk and \$2-3 per tonne at Odessa compared to last week. Wheat prices were firm due restrained supplies and high domestic prices. 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 \$240.00-246.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$240.00-246.00/tonne.

Wheat prices remained firm as Russia may curb exports to boost domestic supplies. In case Russia restricts exports, buyers may seek supplies from United States. USDA expects Russian wheat exports to be around 36.5 MMT in 2018-19 compared to 41.4 MMT last year. Furthermore, United States is expected to export 27.2 MMT of wheat compared to 24.5 MMT last year.

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.

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.

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:
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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Estimate)	2018-19(Forecast)	
				22.11.2018	24.01.2019
Production	737	753	767	729	737
Trade	166	177	175	171	170
Consumptions	718	735	741	739	745
Carryover stocks	227	244	270	262	263
Y-O-Y change	19	17	26	-	-7
Major Export	68	79	82	65	65

- IGC has forecasted global wheat production to be 737 MMT for 2018-19. According to estimate by IGC for 2017-18, global wheat production was around 767 MMT against 753 MMT for 2016-17. The forecast for global production is lower by 30 MMT compared to forecast for 2017-18. IGC has projected lower production for 2018-19 however; carryover stocks are still at higher side.
- Trade forecast for 2018-19 has been decreased to 170 MMT. It is 5 MMT lower compared to estimate for last year and higher by 4 MMT compared to 2015-16.
- Consumption has been increased to 745 MMT for 2018-19. The forecast is higher by 10 MMT compared to 2016-17.
- Carryout for 2018-19 is forecasted at 263 MMT compared to forecast of 270 MMT last year. It is higher by around 19 MMT compared to 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
	1-Feb-19	25-Jan-19	1-Jan-19	1-Nov-18	1-Aug-18	1-Feb-18	
Mar-19	192.61	191.05	188.75	192.06	218.24	192.89	-0.14
May-19	194.08	193.62	191.05	196.28	219.89	194.72	-0.33
Jul-19	195.46	195.82	193.62	198.58	219.25	195.00	0.24
Sep-19	198.21	198.76	197.29	203.26	221.63	198.58	-0.19
Dec-19	202.80	203.45	202.71	209.42	225.40	203.54	-0.36
Mar-20	206.20	206.85	206.75	213.73	227.24	207.40	-0.58

CBOT Mar-19

1st Support: 182.00
2nd Support: 180.00
1st Resistant: 200.00
2nd Resistant: 202.00
(\$ per tonne)

Wheat CBOT closed at \$5.24 per bushel up by \$0.04 bushel compared to last week. Export sales as of Dec. 27, 2018, will be published on Feb. 7, 2019. USDA will then publish a combined report on February 22, 2019, for the confirmed export sales between Jan. 10 and February 14. The U.S. federal government reopened on Jan. 25, 2019. USDA will release its WASDE, quarterly grain stocks and winter wheat seeding reports on Feb. 8, 2019.

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 \$ 305.31-310.08 per tonne.

US and Russian quotes are hovering in the range of \$226.70 and \$240.60 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 \$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 137.7 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 71.60 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 31.80 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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