

# Wheat Weekly Research Report

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### Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 2.46 percent to Rs. 2168.57 per quintal during the week ended 15th February 2019. Wheat average price were ruling at Rs 2116.44 per quintal during 01-08 February 2019. As compared to prices in the week 09-15 February 2018, the prices are firm by 21.47 percent. Prices are expected to remain weak in coming days due to abundant availability in domestic market.

As per market sources, wheat stock in central pool as on 1st February'19 stood at 239.31 lakh tonnes down by 11.76% compared to last month. This quantity is higher by around 36.38% 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 February'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.

Authorities in Haryana have advised farmers watch their crop closely for yellow rust. Higher day temperatures and lower night temperatures are conducive for yellow rust. Panchkula, Ambala, Yamunanagar, some parts of Kurukshetra and Karnal are the most-prone areas where yellow rust strikes. As of now, Overall crop condition in the state is good.

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 January-19. 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.

Wheat WPI has increased from 152.8 in December-2018 to 154.8 in January-2019. Monthly wheat inflation has increased by 1.31 percent in January-2019 compared to previous month. As compared to January-2018 wheat WPI has increased by around 9.94 percent. Wheat WPI is expected to stay steady to weak in coming months.

India mainly imports from Australia and Russia. Wheat prices have become weak in both the countries. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$356.20 (Rs 25450) per tonne and \$360.99 (Rs 25800) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 24000-24500 per tonne and Rs 24500-25000 per tonne respectively.

Indian FoB quote is hovering around \$305.47 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$241.50, \$239.75, Euro 199.05, \$228.45 and \$239.40 per tonne respectively. There is little hope for recovery at export front this year. However, India is expected to import around 1-5 thousand tonnes in MY 2018-19.

### Previous Updates

As per APEDA, India has exported 1.35 lakh tonnes of wheat during the period April-December'18 compared to 2.49 lakh tonnes during last year for the same time period. Exports are expected to stay on lower side as other countries are able to provide wheat at lower prices compared to India with assured quality.

Government has offered 61942440 tonnes of wheat in OMSS since July'18 until fifth tender in January'19 out of which 6252650 tonnes was sold. Total numbers of rakes sold were 121. State government and bulk consumers bought 603400 tonnes and 5328600 tonnes of wheat respectively. 320650 tonnes was sold in dedicated movement.

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 March contract taking care of lower and upper price tag of Rs. 1900 & 2010 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	

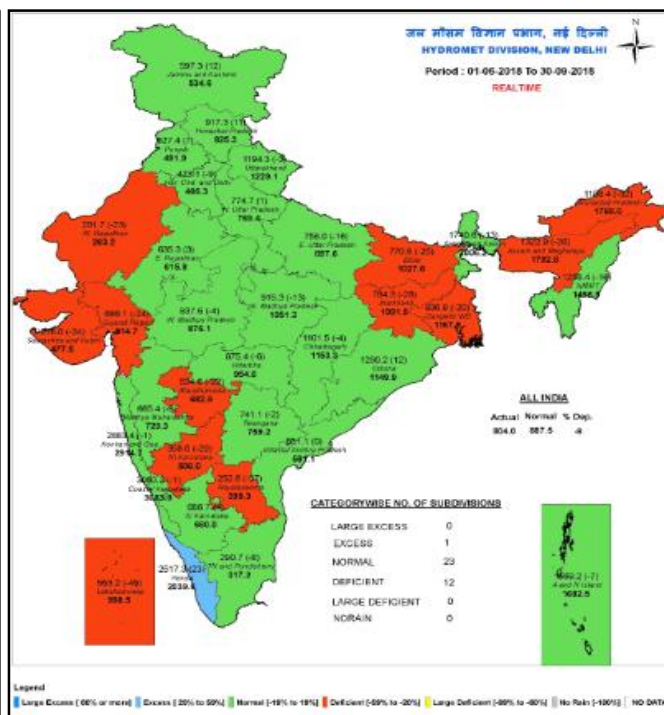
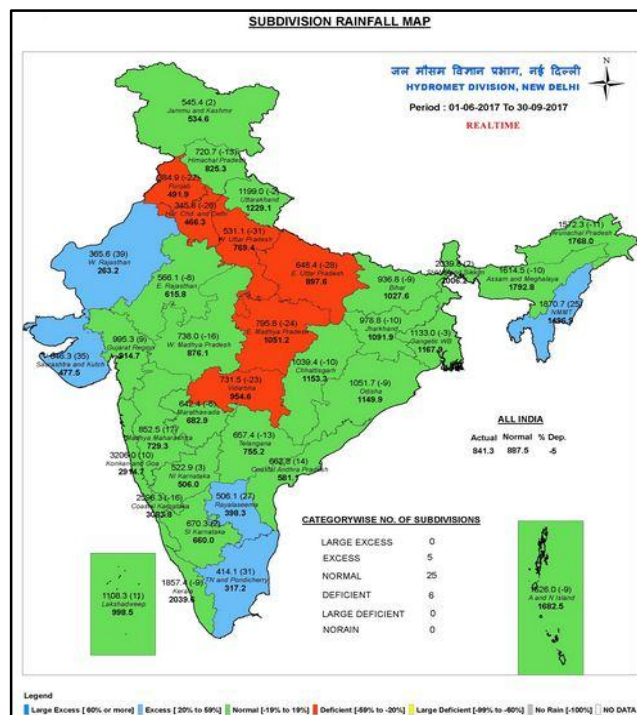
Source: Trade

### 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

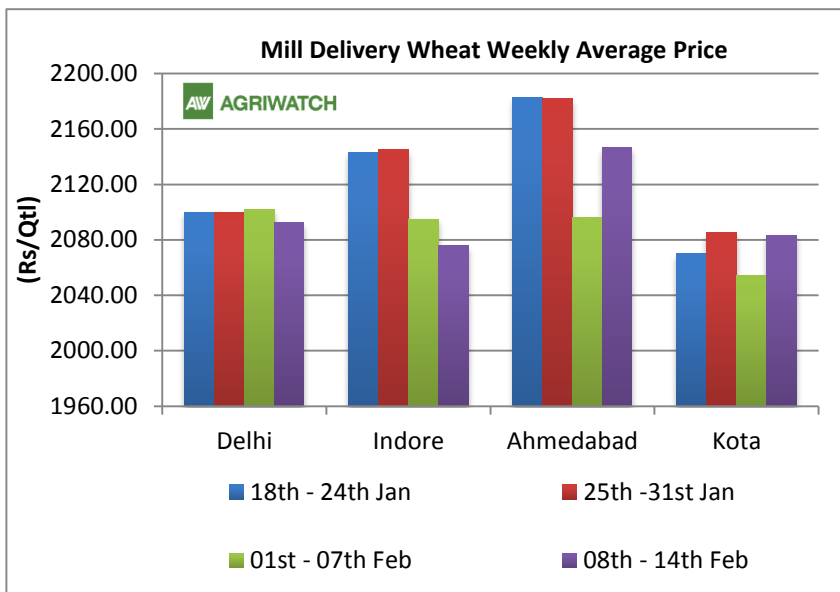


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded steady to weak in Delhi, Indore and Kota during 08<sup>th</sup> -14<sup>th</sup> February'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

<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

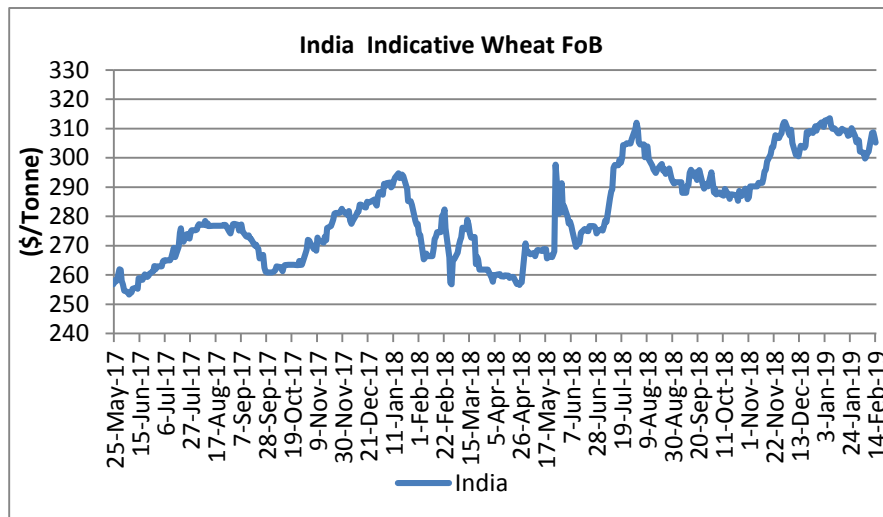
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18(Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

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Wheat FoB quote in India witnessed 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 \$300-310 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
		14-Feb-19	7-Feb-19	15-Jan-19	14-Feb-18	
USA (Chicago)	2SRW	225.20	227.10	222.60	196.10	14.84
France	FCW3	221.02	227.81	232.08	196.93	12.23
Australia	ASW	239.40	238.70	245.70	204.80	16.89
Russia	SRW	240.00	242.50	234.50	193.50	24.03
India	Fob	305.19	301.59	308.37	272.22	12.11

	14/02/2019	07/02/2019	31/01/2019	24/01/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	245	247	246	246
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	242	244	242	240

## NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price							Date:15.02.2019		
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Feb	0	2115	2115	2115	2115	30	0	60	0
19-Mar	-5	1945	1950	1945	1950	30	+30	110	+10
19-Apr	0	1850	1850	1850	1850	0	0	20	0

## Wheat Technical Analysis:

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### Technical Commentary:

- Fall in price and rise in open interest indicates short buildup.
- 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	March	1910	1900	1950	2000	2010
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	March	<b>Sell</b>	Below 1970	1945	1925	1985

## 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
	14-Feb-19	6-Feb-19	14-Jan-19	14-Feb-18	
Indore	2025	2025	NA	1713	18.21
Delhi	2095	2095	2100	1784	17.43
Kanpur	2070	2080	NA	1680	23.21
Rajkot	2085	2080	NA	1660	25.60
Kota	2091	2098	NA	1665	25.59

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 fresh arrivals and ample availability in domestic market.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			14-Feb-19	13-Feb-19	7-Feb-19	14-Jan-19	14-Feb-18
Delhi	Lawrence Road	Mill Delivery	2110	2010	2110	2100	1780
	Narella	Mill Quality Loose	2090	Closed	2090	2020	Closed
	Nazafgarh	Mill Quality Loose	2030	Closed	2030	2010	Closed
Gujarat	Rajkot	Mill Delivery	2030	2030	2025	Closed	1560
	Ahmedabad	Mill Delivery	2120	2120	2175	Closed	1750
	Surat	Mill Delivery	2170	2170	2220	Closed	1800
	Dhrol	Mill Delivery	2210	2245	2215	Closed	1725
M.P.	Indore	Mill Quality Loose	1950	1950	1950	Closed	1700
	Bhopal	Mill Delivery	1930	1925	2000	Closed	Closed
Rajasthan	Kota	Mill Quality Loose	2000	2000	2000	Closed	Closed
		Mill Delivery	2075	2075	2050	Closed	Closed
U.P.	Kanpur	Mill Delivery	2050	2030	2010	1990	1735
	Mathura	Mill Quality Loose	2075	2075	2000	1975	Closed
	Kosi	Mill Quality Loose	2020	2025	2040	2000	1620
	Hathras	Mill Quality Loose	NA	NA	2060	1980	1660
	Aligarh	Mill Quality Loose	1950	Closed	1950	1925	Closed
Punjab	Khanna	Mill Quality Loose	1930	1930	1970	1940	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1920	1920	1920	1950	1725
	Hodal	Mill Delivery	2080	2080	NR	2050	1760
	Bhiwani	Mill Quality Loose	2025	2025	2025	2010	1710
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1710
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2410	2410	2410	Closed	Closed
	Madurai	Mill Quality	2467	2510	2510	Closed	Closed
	Coimbatore	Mill Quality	2467	2560	2560	Closed	Closed
Bihar	Khagariya	Mill Delivery	2150	2150	2150	2150	1700
	Muzaffarpur	Mill Delivery	2100	2100	2100	2150	1650

[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, Australia has exported 4.47 MMT of wheat during July-December'18 down by around 40 percent compared to previous year during the same period. Of the total quantity, exports in bulk were around 3.90 MMT and the top buyers were Indonesia, Iraq and Korea.*

*Iran, Russia and Kazakhstan have already signed a memorandum for cooperating in wheat trading. Iran has reached self-sufficiency by increasing output and not allowing private millers to export flour using wheat produced domestically. Therefore, private millers may still import wheat from Russia to process and export it to neighboring countries.*

*Russian milling wheat prices became weak by \$2-5 per tonne at Novorossiysk and \$1-2 per tonne at Odessa compared to last week. Wheat prices were fell down suddenly, having lost their competitiveness. 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 \$239.00-245.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$240.00-245.00/tonne.*

*Egypt has purchased 300000 tonnes of United States, Ukraine and France wheat through tender. Glencore offered 120000 tonnes of French wheat at FOB \$224.50/tonne, Cargill offered 120000 tonnes of U.S. soft red wheat at FOB \$234.47/tonne and Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FOB \$247.90/tonne.*

*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.*

*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 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.*

*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
	14-Feb-19	7-Feb-19	14-Jan-19	14-Nov-18	14-Aug-18	14-Feb-18	
Mar-19	186.27	188.57	188.94	188.11	214.10	196.65	-5.28
May-19	187.56	189.95	190.96	191.42	217.59	198.21	-5.38
Jul-19	188.57	191.69	192.70	194.81	215.85	198.21	-4.87
Sep-19	191.78	194.54	195.73	199.13	218.24	200.88	-4.53
Dec-19	196.83	199.41	200.78	204.83	218.69	206.30	-4.59
Mar-20	200.60	202.99	204.46	209.14	220.72	209.79	-4.38

**CBOT Mar-19**

**1<sup>st</sup> Support: 178.00**  
**2<sup>nd</sup> Support: 176.00**  
**1<sup>st</sup> Resistant: 199.00**  
**2<sup>nd</sup> Resistant: 201.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.04 per bushel down by \$0.13 bushel compared to last week. CBOT fell sharply due to profit booking and poor export demand. As per USDA, export sales for the week ended January 03 were around 161400 tonnes below the trade expectation of 200000 to 500000 tonnes. United States sells around one third of its wheat to foreign buyers. However it is facing strong competition from Russia, France and Ukraine.

**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 \$ 302.05-308.71 per tonne.

US and Russian quotes are hovering in the range of \$228.72 and \$241.30 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 \$250 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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