

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 increased by 0.91 percent to Rs. 2035.07 per quintal during the week ended 31st March 2019. Wheat average price were ruling at Rs 2016.74 per quintal during 16-23 March 2019. As compared to prices in the week 24-31 March 2018, the prices are firm by 10.42 percent. Prices are expected to remain weak in coming days due to abundant availability and arrival pressure in domestic market.

Government has offered 11019400 tonnes of wheat in OMSS since July'18 until fourth tender in March'19 out of which 8183900 tonnes was sold. Total numbers of rakes sold were 196. State government and bulk consumers bought 749600 tonnes and 6914900 tonnes of wheat respectively. 519400 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.

As per latest update, wheat purchase has started in Madhya Pradesh and around 5000 quintals have been purchased from 119 cultivators. Only fair average quality (FAQ) wheat will be procured. Farmers are being informed that they should bring their produce after using fan-strainer and drying it properly.

As per latest update, RBI has cleared cash credit limit (CCL) of Rs 19240.91 crore for Punjab to purchase wheat in RMS 2019-20. Punjab government aims to purchase 13 MMT of wheat. The CCL will help government in making timely payments to farmers for the wheat procured. Procurement in Punjab will start from 01st April'19 at MSP of Rs 1840 per quintal.

India mainly imports from Australia and Russia. Wheat prices recovered slightly in past week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$335.40 (Rs 23190.00) per tonne and \$335.07 (Rs 23167.09) 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 22000 per tonne and Rs 22500 per tonne respectively.

Indian FoB quote is hovering around \$274.98 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$224.00, \$220.30, Euro 186.15, \$214.48 and \$230.75 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 trade sources, after increase in import duty to 30 percent imports have decreased substantially. India has imported no wheat in the month of February-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.

As per trade source, India has exported around 6.35 thousand tonnes in the month of February-2019. The quantity in February-2019 was exported at an average FOB of \$ 403.91 per tonne and the major destinations were Nepal, UAE and Kuwait. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per market sources, wheat stock in central pool as on 1st March'19 stood at 201.09 lakh tonnes down by 15.97% compared to last month.

As per final sowing update, area sown until 22nd February-19 is 299.68 lakh hectares compared to 300.12 lakh hectares in the previous Rabi season.

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

Trade Call: Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1720 & 1890 respectively.

Wheat Weekly Export

(Back to Table of Contents)

Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-07 February-2019	2305.35	312.32
08-14 February-2019	1420.66	422.71
15-21 February-2019	826.33	414.79
22-28 February-2019	1799.76	412.82
Total	6352.10	

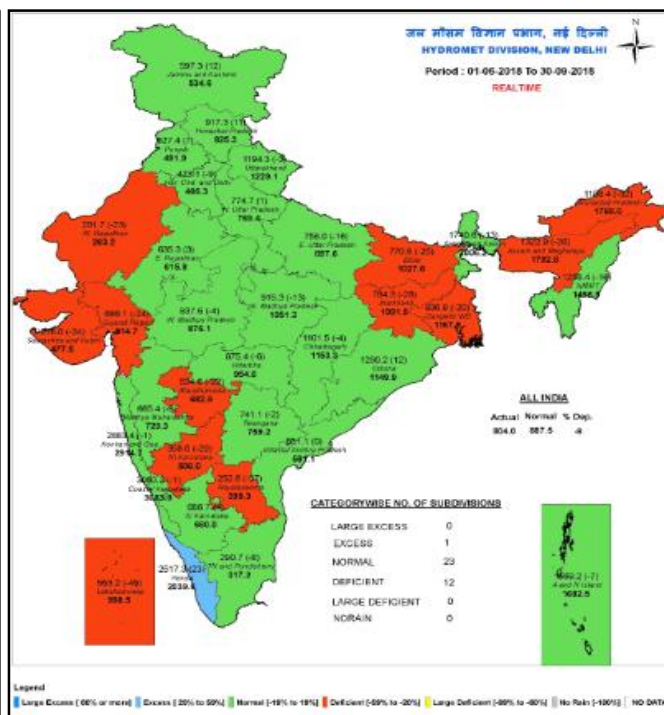
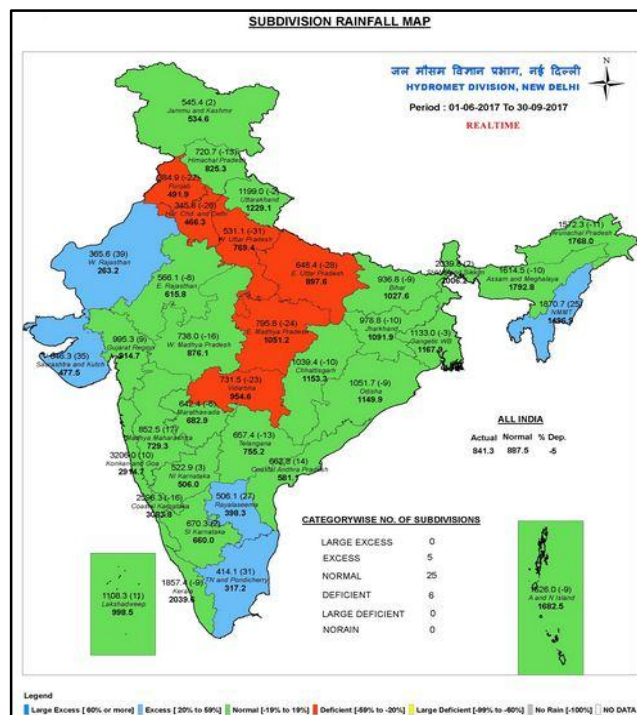
Source: Trade

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

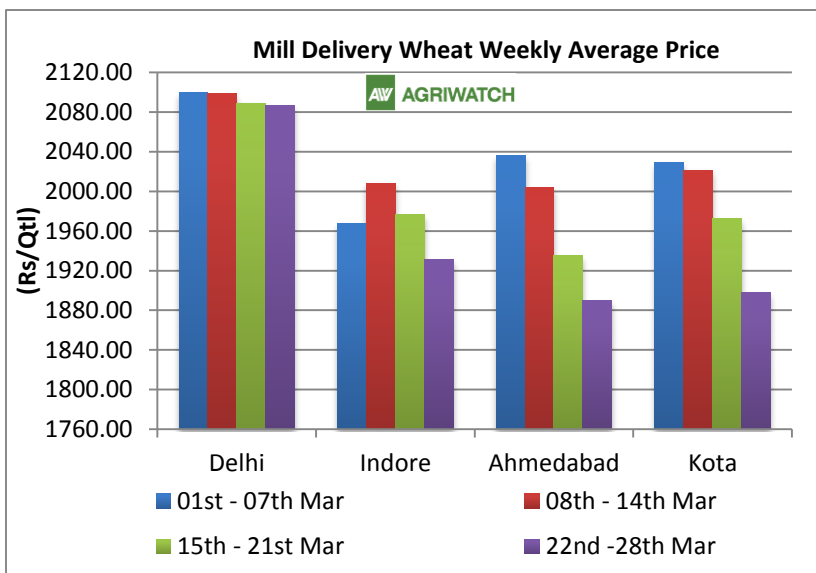


Source: IMD

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

Average mill delivery prices of Wheat traded weak in Delhi, Indore, Ahmedabad, and Kota during 22nd - 28th March'19.

Market is likely to trade steady to weak in the coming week due to ample availability. Arrivals have started in Madhya Pradesh, Punjab, Rajasthan, Maharashtra and Gujarat. Conducive weather in major growing regions has led to better yields. 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

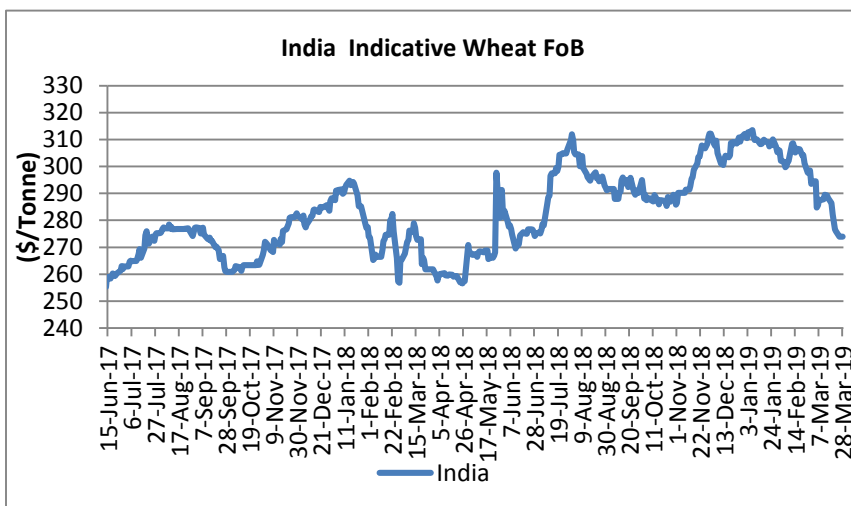
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18(Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

(Back to Table of Contents)

Wheat FoB quote in India remained weak in previous week due to arrival pressure. 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 \$265-280 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
		28-Mar-19	21-Mar-19	28-Feb-19	28-Mar-18	
USA (Chicago)	2srw	207.38	215.50	207.82	196.73	5.41
France	FCW3	206.87	212.78	213.27	198.08	4.44
Australia	ASW	230.75	230.75	220.10	216.00	6.83
Russia	SRW	224.00	224.00	227.00	203.50	10.07
India	Fob	Closed	276.65	293.54	NA	-

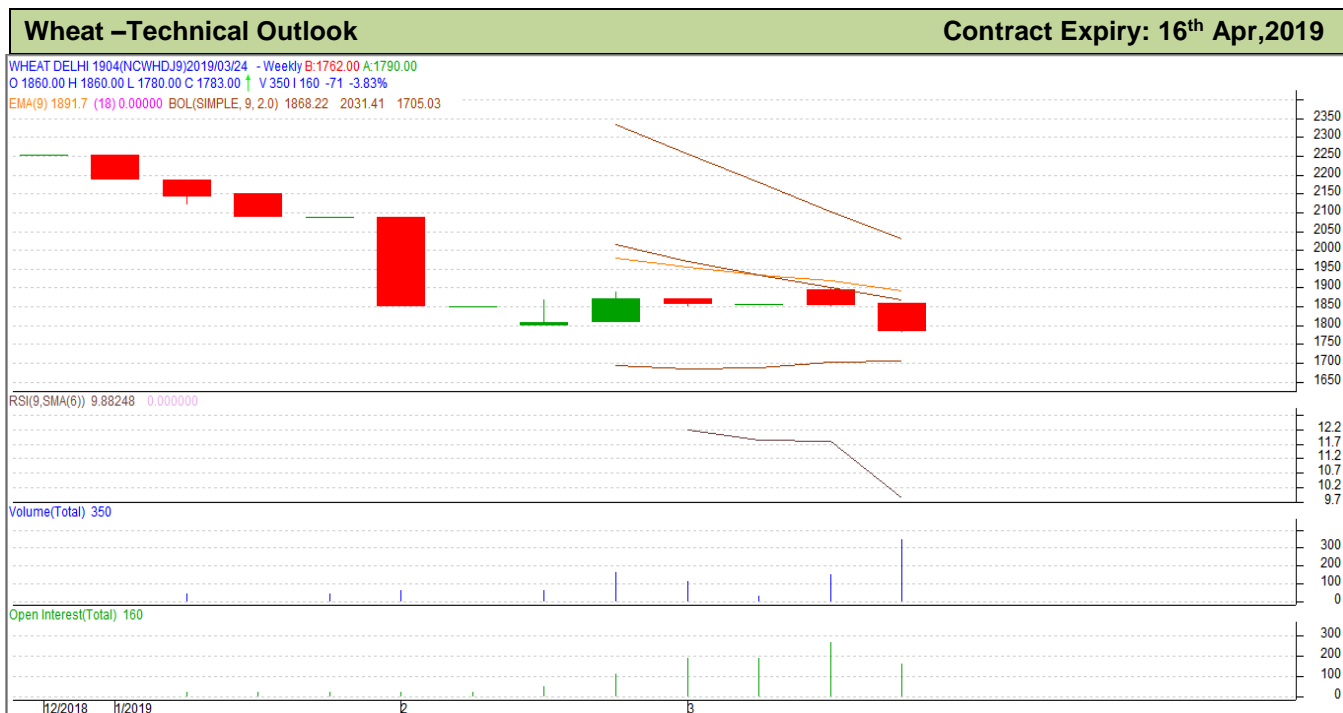
	28/03/2019	21/03/2019	14/03/2019	07/03/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	228	230	225	228
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	224	222	217	225

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date:29.03.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Apr	-33	1790	1790	1780	1783	70	-90	160	0
19-May	-23	1795	1800	1790	1797	210	+180	220	+190
19-Jun	0	1919	1919	1919	1919	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 oversold region.
- Traders are advised to go short on wheat for this week.

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	April	1735	1720	1783	1855	1890
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Sell	Below 1800	1775	1755	1815

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
	28-Mar-19	20-Mar-19	25-Feb-19	28-Mar-18	
Indore	1880	1875	1950	1678	12.04
Delhi	2068	2075	2095	1770	16.84
Kanpur	1880	NA	2100	1660	13.25
Rajkot	NA	1881	2050	NA	-
Kota	1936	1992	2082	1669	16.00

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 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
			28-Mar-19	27-Mar-19	20-Mar-19	28-Feb-19	28-Mar-18
Delhi	Lawrence Road	Mill Delivery	2080	2090	2090	2110	1765
	Narella	Mill Quality Loose	1970	Closed	Closed	2100	Closed
	Nazafgarh	Mill Quality Loose	1950	Closed	Closed	1990	Closed
Gujarat	Rajkot	Mill Delivery	Closed	Closed	1750	1925	Closed
	Ahmedabad	Mill Delivery	Closed	Closed	1900	2070	Closed
	Surat	Mill Delivery	Closed	Closed	1950	2110	Closed
	Dhrol	Mill Delivery	Closed	Closed	NR	2180	Closed
M.P.	Indore	Mill Quality Loose	1825	1825	Closed	1950	1675
	Bhopal	Mill Delivery	1900	1900	Closed	1900	Closed
Rajasthan	Kota	Mill Quality Loose	1775	1750	1850	1940	1540
		Mill Delivery	1875	1875	1950	2025	1630
U.P.	Kanpur	Mill Delivery	2150	2150	Closed	2050	1715
	Mathura	Mill Quality Loose	1810	1840	Closed	2000	1610
	Kosi	Mill Quality Loose	1950	1950	Closed	2070	1615
	Hathras	Mill Quality Loose	1925	NA	Closed	NA	1610
	Aligarh	Mill Quality Loose	1900	Closed	Closed	1980	Closed
Punjab	Khanna	Mill Quality Loose	1860	1860	1875	1930	1750
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1890	1880	1900	1910	1715
	Hodal	Mill Delivery	2060	2060	2040	2050	1700
	Bhiwani	Mill Quality Loose	1950	1950	Closed	2000	1700
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1700
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625



Tamil Nadu	Chennai	Mill Quality	2200	2200	2200	2300	2000
	Madurai	Mill Quality	2257	2300	2300	2450	2200
	Coimbatore	Mill Quality	2257	2350	2350	2500	2250
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	1700
	Muzaffarpur	Mill Delivery	2100	2100	2150	2100	1625

[Sowing Status:](#)

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

State Wise Wheat Sowing in Lakh Hectares					
State	Normal area (2019)	2017	2018	2019	% Change 2019 vs. 2018
Bihar	21.18	22.95	23.27	22.87	-1.72
Chhattisgarh	1.05	1.73	1.85	1.68	-9.19
Gujarat	10.85	9.96	10.76	8.07	-24.97
Haryana	25.46	25.38	25.26	25.16	-0.40
Himachal Pradesh	3.48	3.59	3.6	3.50	-2.78
J&K	2.94	2.31	2.93	2.44	-16.88
Jharkhand	1.76	2.08	2.31	1.64	-29.07
Karnataka	1.95	1.57	2.09	1.50	-28.37
Madhya Pradesh	57.24	64.22	53.16	60.00	12.87
Maharashtra	10.24	10.52	9.4	5.69	-39.44
Punjab	35.06	35	35.1	35.02	-0.23
Rajasthan	30.26	30.67	30.2	28.25	-6.46
Uttar Pradesh	97.44	100.52	98.67	99.13	0.47
Uttarakhand	3.47	3.59	3.58	3.45	-3.63
West Bengal	3.30	3.39	1.36	1.05	-22.79
Others	0.61	0.21	0.75	0.23	-69.33
All-India	306.29	317.81	304.29	299.68	-1.52

Source: Ministry of Agriculture

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

Feed Leaders Committee of South Korea has purchased around 65000 tonnes of feed wheat at \$212.99/tonne cost and freight. Around \$1.25 per tonne will be charged for port unloading. The quantity is likely to be shipped by September 30th. Feed wheat can be sourced from any origin.

Egypt has purchased 120000 tonnes of United States soft red wheat through tender. Cargill has offered two lots of 60000 tonnes each at FOB \$221.00/tonne FOB \$220.91/tonne.

Taiwan flour mills association has bought 110000 tonnes of milling wheat from United States. Of the total quantity, 27910 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content bought at FOB \$254.13 per tonne, 19665 tonnes of hard red winter wheat of 12.5 percent protein content was bought at FoB \$244.88 per tonne and 7425 tonnes of soft white wheat with 9 percent protein was bought at FoB \$222.30 per tonne. The seller was trading house Cargill.

Major feed mill group of South Korea has purchased around 65000 tonnes of feed wheat at \$212.99/tonne cost and freight. Around \$1.25 per tonne will be charged for port unloading. Feed wheat can be sourced from any optional worldwide origins. The seller is believed to be trading house Olam.

Algeria state grains agency OAIC has bought around 450000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$231.50 - \$234.00 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from France. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments. In its last tender on 14th February OAIC bought 600000 tonnes of wheat.

Egypt's central bank has exempted lentils, rice and wheat from a rule that made it mandatory to deposit the import fees upfront in cash. This exemption will last until 15th March'2020. This would allow letter of credit to be opened without depositing foreign currency. This rule was put in place by central bank of Egypt in 2015 during severe dollar shortage.

Sudan is expecting to buy 9 LMT of wheat from local farmers, which will meet around 42% of country's wheat demand. The purchase price will be \$38.95 per sack. Sudan has already faced anti-government protests after increase in bread prices.

Russian Agriculture Ministry has dismissed any rumors regarding imposing restriction on grain exports. Furthermore, the Russian ministry has also kept its grain export quota unchanged at 42 MMT after taking into account the data of key exporters.

Dry spell in Australia is likely to continue in coming months. This will lead to lower yields for wheat and ultimately resulting in third consecutive year of low production. Lower production in Australia is likely to keep global prices afloat.

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.

IGC Wheat Balance Sheet:

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

IGC Forecast(Fig-In MMT)	2016-17	2017-18 (Estimate)	2018-19(Forecast)		2019-20(Proj.)
			21.02.2019	28.03.2019	28.03.2019
Production	757	763	735	735	759
Trade	177	175	170	171	174
Consumptions	735	741	744	742	752
Carryover stocks	248	271	262	264	270
Y-O-Y change	22	22	-	-7	6
Major Export	79	82	66	68	68

- IGC has forecasted global wheat production to be 759 MMT for 2019-20. According to forecast by IGC for 2018-19, global wheat production was around 735 MMT against 763 MMT for 2017-18. The forecast for global production is higher by 24 MMT compared to forecast for 2018-19. IGC has projected higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 174 MMT. It is 3 MMT higher compared to forecast for last year and lower by 1 MMT compared to 2017-18.
- Consumption has been increased to 752 MMT for 2019-20. The projection is higher by 10 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 270 MMT compared to forecast of 264 MMT last year. It is lower by around 1 MMT compared to 2017-18.

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
	28-Mar-19	21-Mar-19	28-Feb-19	28-Dec-18	28-Sep-18	28-Mar-18	
Mar-19	170.66	171.39	168.82	190.59	197.75	193.16	-11.65
May-19	172.86	173.23	171.39	193.34	198.67	195.46	-11.56
Jul-19	175.89	176.35	175.16	196.74	202.71	198.67	-11.47
Sep-19	181.22	181.77	181.04	201.98	208.50	204.27	-11.29
Dec-19	186.00	186.55	185.35	205.93	212.54	207.76	-10.48
Mar-20	188.20	188.94	188.20	207.95	214.75	207.31	-9.22

CBOT May-19

1st Support: 150.00
2nd Support: 148.00
1st Resistant: 190.00
2nd Resistant: 192.00
(\$ per tonne)

Wheat CBOT closed at \$4.57 per bushel. This week, net commercial U.S. wheat sales of 475,700 metric tons (MT) for delivery in 2018/19 were up 59 percent from last week's 299,000 MT and 15 percent from the estimated previous 4-week average of 451,000 MT. Export optimism, short-covering and weather concerns supported wheat futures prices. However, during the last days of the week technical selling, strong U.S. dollar USDA's report of high March 1 ending stocks pressured all Friday wheat futures prices below last week's close.

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 \$ 273.96-276.00 per tonne.

US and Russian quotes are hovering in the range of \$214.48 and \$224.00 per tonne respectively. Wheat prices in international markets remained weak in last week.

Wheat is expected to trade steady to slightly weak and hover in the range of \$190 to \$250 in coming week.

International Weekly Outlook:

Global wheat market is expected to trade steady to weak due to ample availability. EU is likely to produce around 137.7 MMT in 2018-19 compared to 151.4 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 17.3 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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[\(Back to Table of Contents\)](#)

