

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 0.53 percent to Rs. 2045.85 per quintal during the week ended 08th April 2019. Wheat average price were ruling at Rs 2035.07 per quintal during 24-31 March 2019. As compared to prices in the week 01-08 April 2018, the prices are firm by 7.58 percent. Prices are expected to remain weak in coming days due to abundant availability and arrival pressure in domestic market.

India is not likely to import wheat in MY 2019-20 due to three consecutive good production years. India has abundant supplies to meet its domestic demand for wheat. Wheat in central pool as on 01st April'19 is expected to be around 18.50 MMT. As of now prices will remain under pressure due to fresh arrivals.

Government agencies have started procurement. Until 04th April'19 government has procured around 1.36 lakh tonnes of wheat. Of the total quantity procured, around 1.32 lakh tonnes have been procured from Madhya Pradesh and 0.04 lakh tonnes from Rajasthan. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT. Of the total target around 12.5 MMT will be procured from Punjab, 7.5 MMT from Madhya Pradesh, 8.5 MMT from Haryana, 5 MMT from Uttar Pradesh, 1.7 MMT from Rajasthan and 0.5 MMT from others. In MY 2018-19, Government surpassed its procurement target of 32.00 MMT and procured 35.50 MMT. However good procurement and low exports in MY 2018-19 have left government stocks at four-year high.

The government is planning to initiate open market sale during the procurement season. Generally open market sales starts after procurement ends. However, in this season, stock position for wheat is at higher side. Therefore to make way for new crop, government wants to liquidate wheat stocks in open market. In the previous season government sold 7 MMT of wheat in open market against a target of 10 MMT. Sale target for current season is likely to be same. As per FCI, wheat stock in central pool as on 1st March'19 stood at 201.09 lakh tonnes down by 15.97% compared to last month and government is planning to procure 35.7 MMT in MY 2019-20.

India mainly imports from Australia and Russia. Wheat prices remained steady to weak in past week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$336.70 (Rs 23400.00) per tonne and \$328.61 (Rs 22835.00) 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 21500 per tonne and Rs 22000 per tonne respectively.

Indian FoB quote is hovering around \$276.92 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$224.00, \$220.00, Euro 186.38, \$210.60 and \$226.49 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 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.

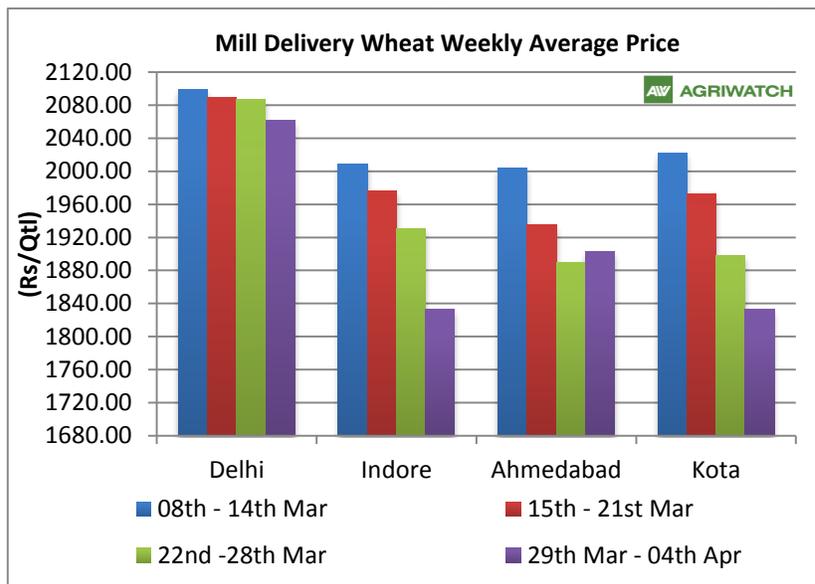
Trade Call: Stakeholders should trade in April contract taking care of lower and upper price tag of Rs. 1750 & 1915 respectively.

Wheat Weekly Average Price Chart

Average mill delivery prices of Wheat traded weak in Delhi, Indore, and Kota during 29th March' -04th April'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.

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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

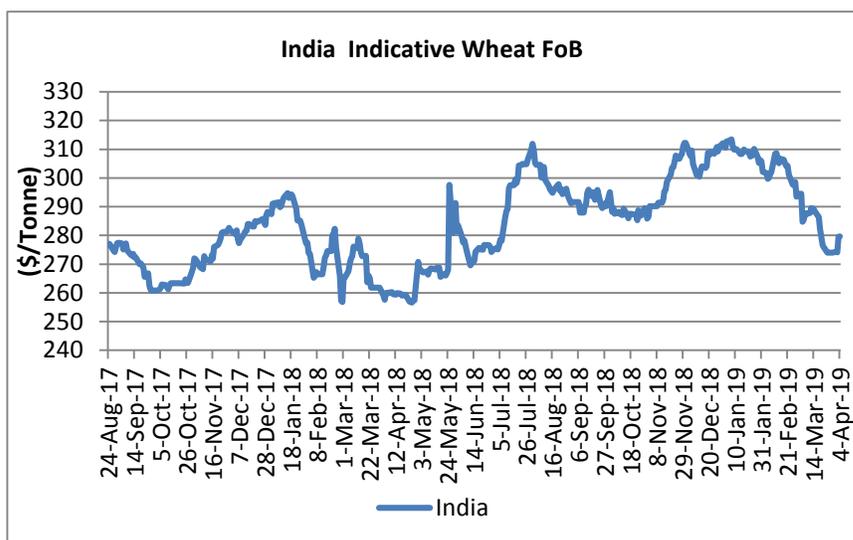
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18(Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	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 recovered in previous week due to after falling continuously for weeks 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 \$270-285 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
		4-Apr-19	28-Mar-19	4-Mar-19	4-Apr-18	
USA (Chicago)	2srw	213.40	207.38	210.00	200.50	6.43
France	FCW3	211.06	206.87	210.34	198.19	6.50
Australia	ASW	223.65	230.75	215.13	217.60	2.78
Russia	SRW	224.00	224.00	222.50	203.50	10.07
India	Fob	279.63	Closed	NA	259.92	7.58

	04/04/2019	28/03/2019	21/03/2019	14/03/2019
Black Sea Mill Wheat 12.5% FOB Pmax.(\$/T)	229	228	230	225
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	226	224	222	217

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:05.04.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Apr	-4	1849	1845	1806	1845	310	60	1240	290
19-May	-1	1846	1850	1840	1845	220	-60	800	180
19-Jun	0	1906	1906	1906	1906	0	0	0	0

Wheat Technical Analysis:

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Wheat –Technical Outlook Contract Expiry: 16th Apr,2019



Technical Commentary:

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

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	April	1770	1750	1843	1895	1915
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Sell	Below 1850	1820	1800	1868

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
	4-Apr-19	27-Mar-19	5-Mar-19	4-Apr-18	
Indore	1825	1850	1925	1707	6.91
Delhi	2016	2068	2085	1779	13.32
Kanpur	1800	1900	2100	1650	9.09
Rajkot	1856	NA	2015	1610	15.28
Kota	1873	1940	2049	1668	12.29

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	Yesterd ay	Week Ago	Month Ago	Year Ago
			4-Apr- 19	3-Apr- 19	28-Mar- 19	5-Mar- 19	4-Apr- 18
Delhi	Lawrence Road	Mill Delivery	2045	2040	2080	2100	1770
	Narella	Mill Quality Loose	1950	Closed	1970	2080	Closed
	Nazafgarh	Mill Quality Loose	1950	Closed	1950	1950	Closed
Gujarat	Rajkot	Mill Delivery	1860	1850	Closed	1950	1625
	Ahmedabad	Mill Delivery	1910	1910	Closed	2100	1725
	Surat	Mill Delivery	1960	1950	Closed	2125	1750
	Dhrol	Mill Delivery	2535	2505	Closed	2050	1710
M.P.	Indore	Mill Quality Loose	1850	1900	1900	1950	1700
	Bhopal	Mill Delivery	1850	1800	1900	1925	1650
Rajasthan	Kota	Mill Quality Loose	1700	1700	1775	1950	1525
		Mill Delivery	1850	1825	1875	2050	1605
U.P.	Kanpur	Mill Delivery	2150	2150	2150	2050	1710
	Mathura	Mill Quality Loose	1800	1840	1810	1960	Closed
	Kosi	Mill Quality Loose	1850	1820	1950	2050	1620
	Hathras	Mill Quality Loose	NA	NA	1925	NA	1620
	Aligarh	Mill Quality Loose	1780	Closed	1900	1970	Closed
Punjab	Khanna	Mill Quality Loose	1860	1860	1860	1950	1735
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1865	1865	1890	1910	1710
	Hodal	Mill Delivery	1950	2000	2060	2050	NA
	Bhiwani	Mill Quality Loose	1925	1925	1950	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	2150	2250	2200	2300	2000
	Madurai	Mill Quality	2207	2350	2300	2450	2200
	Coimbatore	Mill Quality	2207	2400	2350	2500	2250
Bihar	Khagariya	Mill Delivery	1850	1800	2100	2100	1550
	Muzaffarpur	Mill Delivery	2000	2050	2100	2125	1575

[Sowing Status:](#)

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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:

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Russian milling wheat prices remained steady to weak by \$0-1 per tonne at Novorossiysk and steady to firm at Odessa by \$0-1 per tonne compared to last week. Therefore wheat quotes did not change significantly during the past week. As per IGC, Russia is expected to produce 77.10 MMT in 2019-20 compared to 71.70 MMT in 2018-19. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$223.00-229.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$223.00-228.00/tonne.

As per latest update by ABARES, Australia is likely to produce 23.9 MMT of wheat in 2019-20 compared to 17.30 MMT in 2018-19. The forecast for 2019-20 is slightly lower than 10-year average of 23.9 MMT. The wheat output will rise only if rain arrives on time as farmers will be sowing in dry fields during April'19 and expecting rains in next few weeks.

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.

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.

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:

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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
	4-Apr-19	28-Mar-19	4-Mar-19	4-Jan-19	4-Oct-18	4-Apr-18	
Mar-19	172.95	170.66	167.35	192.06	200.60	197.75	-12.54
May-19	174.06	172.86	169.37	194.54	202.90	199.13	-12.59
Jul-19	176.81	175.89	172.77	197.94	207.58	201.70	-12.34
Sep-19	182.05	181.22	178.19	203.36	213.46	206.94	-12.03
Dec-19	186.91	186.00	182.69	207.40	217.78	210.34	-11.14
Mar-20	189.58	188.20	185.72	209.69	220.16	210.24	-9.83

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CBOT May-19

1st Support: 153.00
2nd Support: 151.00
1st Resistant: 191.00
2nd Resistant: 193.00
(\$ per tonne)

Wheat CBOT closed at \$4.67 per bushel. This week, net commercial U.S. wheat sales of 704,700 metric tons (MT) for delivery in 2018/19 were up 48% from last week's 475,700 MT. Better planting condition and increase in Canadian spring wheat planted area pressured hard red spring futures, whereas short covering supported SRW and HRW futures prices. USDA's April 1 Crop Progress report pegged 56% of U.S. winter wheat in good or excellent condition, compared to 32% last year.

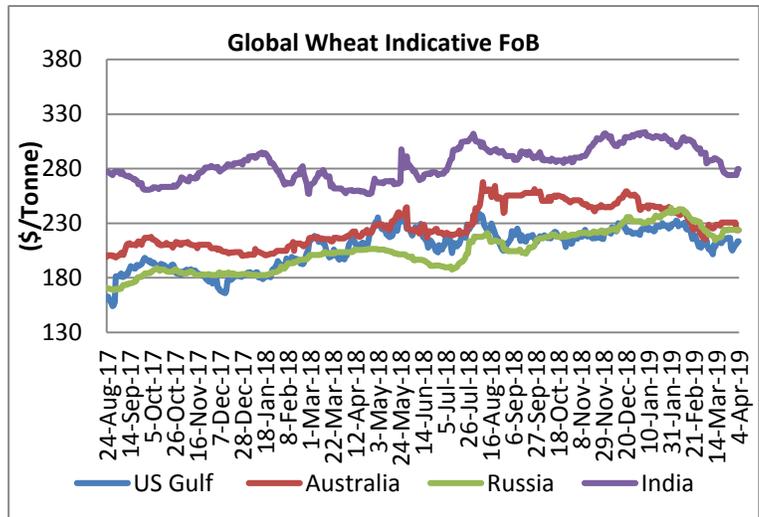


International FOB Weekly Price Movement (USD/T)

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$ 274.16-279.63 per tonne.

US and Russian quotes are hovering in the range of \$210.60 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 \$200 to \$255 in coming week.



International Weekly Outlook:

Global wheat market is expected to trade steady to weak due to ample global supplies. EU is likely to produce around 149.00 MMT in 2019-20 compared to 137.9 MMT in 2018-19. Russia and Ukraine are likely to harvest 77.1 MMT and 27.50 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 50.70 MMT compared to last year's 51.30 MMT. Australia is likely to produce 22.90 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.10 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.60 MMT in 2019-20 compared to 31.80 MMT in 2018-19.

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