

# 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 1.25 percent to Rs. 2020.21 per quintal during the week ended 15th April 2019. Wheat average price were ruling at Rs 2045.85 per quintal during 01-08 April 2019. As compared to prices in the week 09-15 April 2018, the prices are firm by 2.95 percent. Prices are expected to remain weak in coming days due to abundant availability and arrival pressure in domestic market.

Government agencies have started procurement. Until 12th April'19 government has procured around 8.08 lakh tonnes of wheat. Of the total quantity procured, around 7.41 lakh tonnes have been procured from Madhya Pradesh, 0.48 lakh tonnes from Rajasthan, 0.14 lakh tonnes from Uttar Pradesh, 0.02 lakh tonnes from Haryana as well as Gujarat and 0.01 lakh tonnes from Punjab. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

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 March-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. 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.

As per trade source, India has exported around 10.69 thousand tonnes in the month of March-2019. The quantity in March-2019 was exported at an average FOB of \$ 341.00 per tonne and the major destinations were Nepal, UAE and Sri Lanka. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per latest update, Rain and Hail in some districts of Madhya Pradesh and damaged wheat and chickpea crop. Both the crops were fully grown and ready for harvest before the damage occurred. This damage is not likely to make any significant impact on total production due to record wheat acreage in Madhya Pradesh. Furthermore, ample stock with government will ensure that there are no unexpected surges in prices.

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 \$277.02 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$223.00, \$218.70, Euro 188.19, \$208.38 and \$219.39 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 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. 1756 & 1921 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	

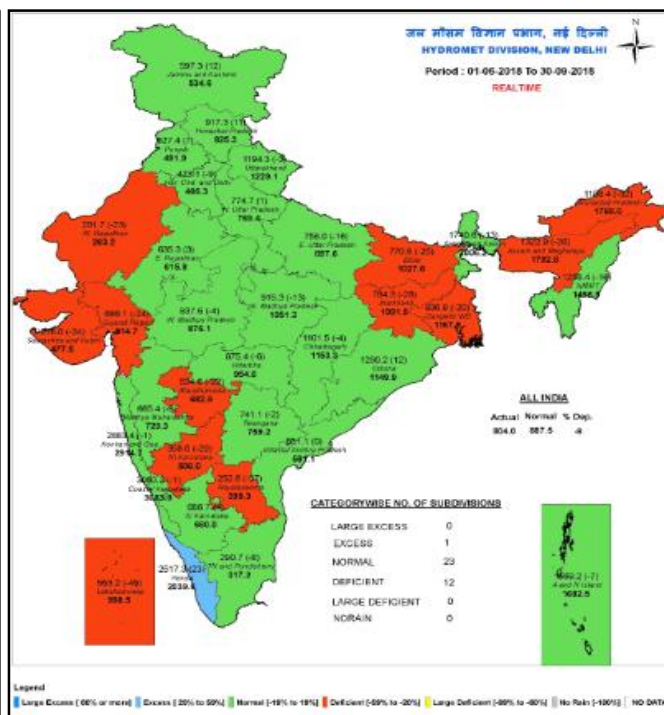
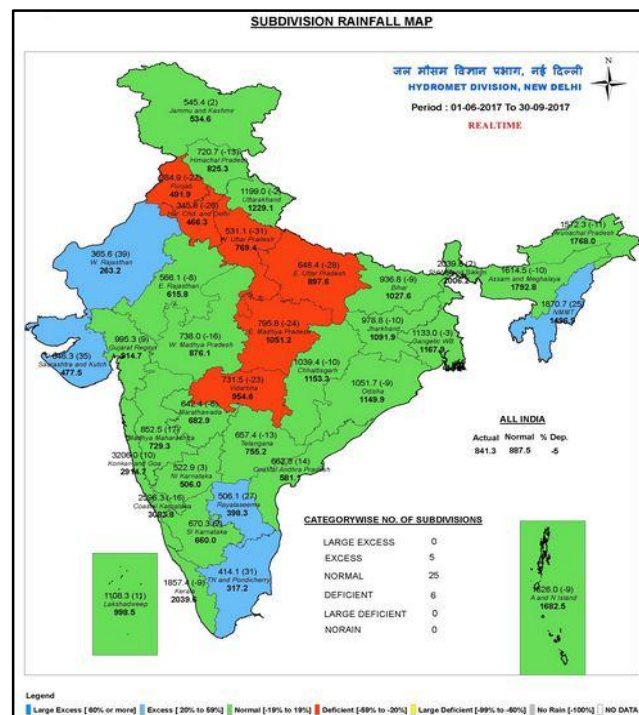
Source: Trade

### 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

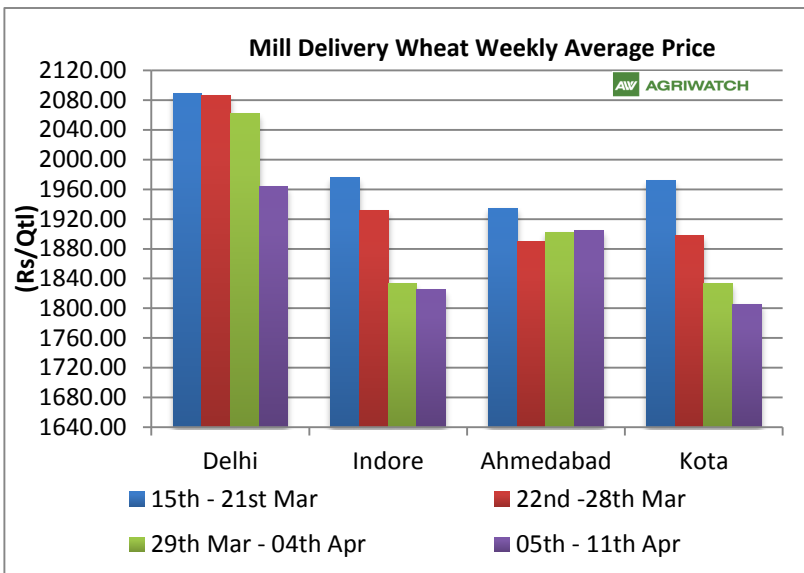


Source: IMD

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

Average mill delivery prices of Wheat traded weak in Delhi, Indore, and Kota during 05<sup>th</sup> -11<sup>th</sup> April-2019.

Fresh arrivals have started in all major wheat producing states in India. Conducive weather in major growing regions has led to better yields. Another good production year will leave domestic market with oversupply. Government is also planning to liquidate wheat stocks in open market to make way for the new crop. Market is likely to trade steady to weak in the coming week due to ample availability. 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

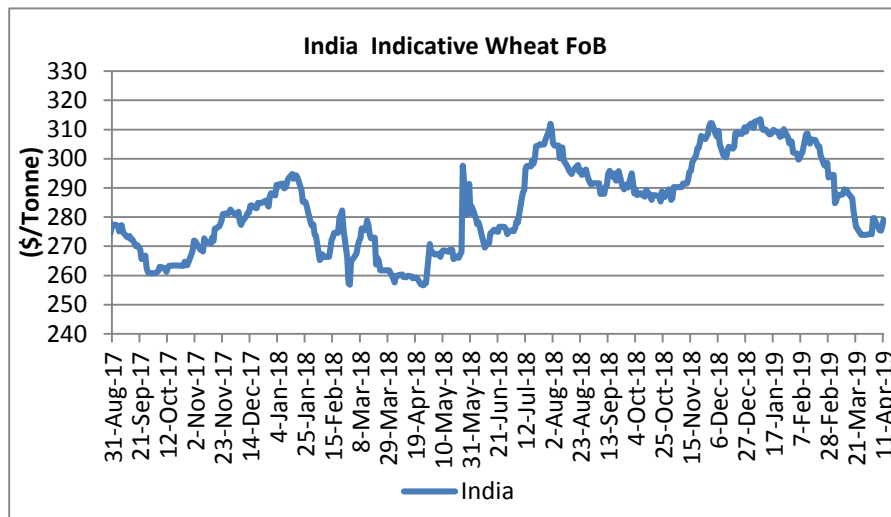
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18(Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab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

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

Wheat FoB quote in India remained range bound in the past 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 \$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
		11-Apr-19	4-Apr-19	11-Mar-19	11-Apr-18	
USA (Chicago)	2SRW	207.80	213.40	201.50	213.17	-2.52
France	FCW3	212.32	211.06	201.96	202.01	5.11
Australia	ASW	215.84	223.65	225.07	220.80	-2.25
Russia	SRW	223.00	224.00	218.50	206.00	8.25
India	Fob	279.11	279.63	287.86	259.52	7.55

	11/04/2019	04/04/2019	28/03/2019	21/03/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	227	229	228	230
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	225	226	224	222

## NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:12.04.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Apr	+2	1855	1855	1845	1845	1350	+1,280	2940	+1,300
19-May	-1	1848	1855	1832	1850	1170	+1,100	1800	+960
19-Jun	0	1889	1889	1889	1889	0	0	0	0

### Wheat Technical Analysis:

(Back to Table of Contents)



#### 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	1776	1756	1849	1901	1921
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	April	Sell	Below 1856	1826	1806	1874

### 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
	11-Apr-19	3-Apr-19	12-Mar-19	11-Apr-18	
Indore	1825	1850	1962	1688	8.12
Delhi	1928	2026	2080	1777	8.50
Kanpur	1800	1840	2090	1650	9.09
Rajkot	1858	1850	1980	1610	15.40
Kota	1862	1884	2025	1658	12.30

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
			11-Apr-19	10-Apr-19	4-Apr-19	11-Mar-19	11-Apr-18
Delhi	Lawrence Road	Mill Delivery	1930	1930	2045	2100	1780
	Narella	Mill Quality Loose	1850	Closed	1950	2020	Closed
	Nazafgarh	Mill Quality Loose	1815	Closed	1950	2000	Closed
Gujarat	Rajkot	Mill Delivery	1860	1850	1860	1925	1625
	Ahmedabad	Mill Delivery	1920	1900	1910	1950	1710
	Surat	Mill Delivery	1960	1960	1960	2000	1750
	Dhrol	Mill Delivery	2300	2325	2535	2050	1855
M.P.	Indore	Mill Quality Loose	1825	Closed	1850	Closed	1735
	Bhopal	Mill Delivery	1750	1800	1850	Closed	1700
Rajasthan	Kota	Mill Quality Loose	1680	1680	1700	1900	1525
		Mill Delivery	1800	1800	1850	2020	1650
U.P.	Kanpur	Mill Delivery	2060	2100	2150	2100	1715
	Mathura	Mill Quality Loose	1745	1725	1800	1950	1605
	Kosi	Mill Quality Loose	1850	1800	1850	2030	1605
	Hathras	Mill Quality Loose	1800	1825	NA	NA	1630
	Aligarh	Mill Quality Loose	1750	Closed	1780	1900	Closed
Punjab	Khanna	Mill Quality Loose	1850	1850	1860	NA	1735
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	1750
Haryana	Sirsa	Mill Delivery loose	1840	1865	1865	1890	1715
	Hodal	Mill Delivery	Closed	2050	1950	2050	1750
	Bhiwani	Mill Quality Loose	1900	1900	1925	2000	1735
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1700
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1735



Tamil Nadu	Chennai	Mill Quality	2150	2150	2150	2300	2000
	Madurai	Mill Quality	2207	2300	2275	2400	2150
	Coimbatore	Mill Quality	2207	2350	2325	2450	2200
Bihar	Khagariya	Mill Delivery	1750	1750	1850	2100	1600
	Muzaffarpur	Mill Delivery	1800	1800	2000	2125	1550

[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](#))**

Russian milling wheat prices were weak by \$1-2 per tonne at Novorossiysk and by \$1 per tonne at Odessa port. Trading activity in Russian wheat market is low. 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 \$222.00-227.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$222.00-227.00/tonne.

Bangladesh has bought 50000 tonnes of wheat with 12.5 percent protein content from trading house Agrocorp at \$268.92 per tonne. As per FAO Bangladesh's wheat imports for 2018-19 are expected to touch record high of 6 MMT. Demand for wheat in Bangladesh has increased as wheat is being substituted for more expensive rice.

As per latest update, Egypt has rejected French around 63000 tonnes of wheat shipment due to high ergot content. Ergot level was found at 0.1 percent whereas the acceptable limit is 0.05 percent. Earlier Egypt has rejected Romanian wheat due to a non-specified "quality issue".

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.

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.

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

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
<b>Production</b>	757	763	735	735	759
<b>Trade</b>	177	175	170	171	174
<b>Consumptions</b>	735	741	744	742	752
<b>Carryover stocks</b>	248	271	262	264	270
<b>Y-O-Y change</b>	22	22	-	-7	6
<b>Major Export</b>	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
	11-Apr-19	4-Apr-19	11-Mar-19	11-Jan-19	11-Oct-18	11-Apr-18	
<b>Mar-19</b>	169.19	172.95	157.43	192.89	198.95	210.06	<b>-19.46</b>
<b>May-19</b>	171.02	174.06	160.55	194.54	201.34	210.06	<b>-18.58</b>
<b>Jul-19</b>	173.78	176.81	163.86	197.57	205.74	212.72	<b>-18.31</b>
<b>Sep-19</b>	179.93	182.05	169.37	202.62	211.71	217.59	<b>-17.31</b>
<b>Dec-19</b>	185.35	186.91	174.15	206.11	216.21	220.72	<b>-16.02</b>
<b>Mar-20</b>	188.29	189.58	176.90	208.04	218.69	220.62	<b>-14.65</b>

### CBOT May-19

**1<sup>st</sup> Support: 152.00**  
**2<sup>nd</sup> Support: 150.00**  
**1<sup>st</sup> Resistant: 191.00**  
**2<sup>nd</sup> Resistant: 193.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$4.64 per bushel. High global as well as U.S. ending stock for wheat will keep CBOT under pressure. This week, net commercial U.S. wheat sales of 273,000 metric tons (MT) for delivery in 2018/19 were down 61% from last week's 704,700 MT and down 37% from the previous -week average of 519,000 MT. USDA's April 8 Crop Progress report rated 60% of U.S. winter wheat in good or excellent condition, well above last year's estimate of 30%. U.S. spring wheat planting is 2% complete, below the five-year average of 5%.

### International FOB Weekly Price Movement

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$ 275.38-279.11 per tonne.

US and Russian quotes are hovering in the range of \$208.38 and \$223.00 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 \$195 to \$245 per tonne 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.

**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.

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

