



# **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 1.53 percent to Rs. 2003.76 per quintal during the week ended 15<sup>th</sup> June 2019. Wheat average price were ruling at Rs 2034.91 per quintal during 01-18 June 2019. As compared to prices in the week 09-15 June 2018, the prices are firm by 0.43 percent. Prices are expected to remain steady to slightly in coming days due to hike in import duty and good demand in domestic market.

As per latest update, government has extended procurement deadline for wheat procurement in Rajasthan from 16<sup>th</sup> June to 30<sup>th</sup> June. This step was taken as wheat harvest as well as arrivals was slowed down due to unseasonal rainfall, hails and dust storm.

As per market sources, wheat stock in central pool as on 1<sup>st</sup> June'19 stood at 465.60 lakh tonnes up by 40.41% compared to last month. This quantity is higher by around 6.41% 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. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

India mainly imports wheat from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Australian standard wheat (ASW) and Australian premium wheat (APW) is being quoted at \$444.48 (Rs 31964.52) per tonne and \$458.01 (Rs 31964.52) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 22500 per tonne and Rs 23000 per tonne respectively.

Wheat WPI has decreased from 151.5 in April-2019 to 150.7 in May-2019. Monthly wheat inflation has decreased by 0.53 percent in May-2019 compared to previous month. As compared to May-2018 wheat WPI has increased by around 6.35 percent. Wheat WPI is expected to stay steady to firm in coming month.

Indian FoB quote is hovering around \$293.05 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$196.00, \$194.50, Euro 176.00, \$229.31 and \$205.48 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. Higher global production and carryover stocks are likely to limit increase of prices beyond a certain level.

### Previous Updates

Government agencies have started procurement. Until 07<sup>th</sup> June'19 government has procured around 338.21 lakh tonnes of wheat. Of the total quantity procured, around 129.12 lakh tonnes have been procured from Punjab, 93.20 lakh tonnes from Haryana, 34.62 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.02 lakh tonnes from Bihar, 13.40 lakh tonnes from Rajasthan, 0.42 lakh tonnes from Uttarakhand, 0.12 lakh tonnes from Chandigarh, 0.05 lakh tonnes from Gujarat and 0.01 lakh tonnes from Himachal Pradesh. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

As per trade source, India has exported around 5.57 thousand tonnes in the month of April-2019. The quantity in April-2019 was exported at an average FOB of \$ 388.15 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 trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported 498.77 MT of Australia prime hard wheat at Tuticorin port in the month of April-19. Imports are expected to be low this year due to good domestic availability and increase in import duty.

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

**Trade Call:** Stakeholders should trade in July contract taking care of lower and upper price tag of Rs. 1915 & 2055 respectively.

### Wheat Weekly Export

(Back to Table of Contents)

Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-07 April-2019	1300.91	475.69
08-16 April -2019	1480.03	397.94
17-23 April -2019	970.94	334.09
24-30 April -2019	1820.09	317.24
Total	5571.97	

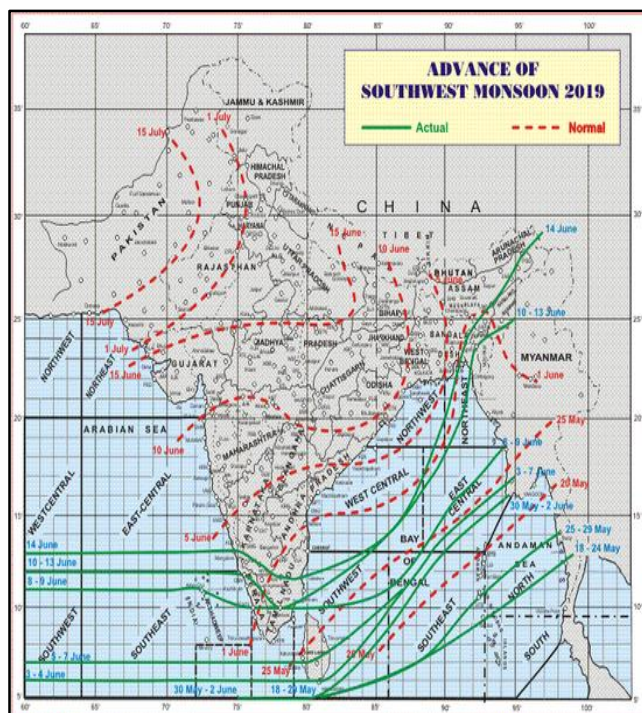
Source: Trade

### Wheat Import

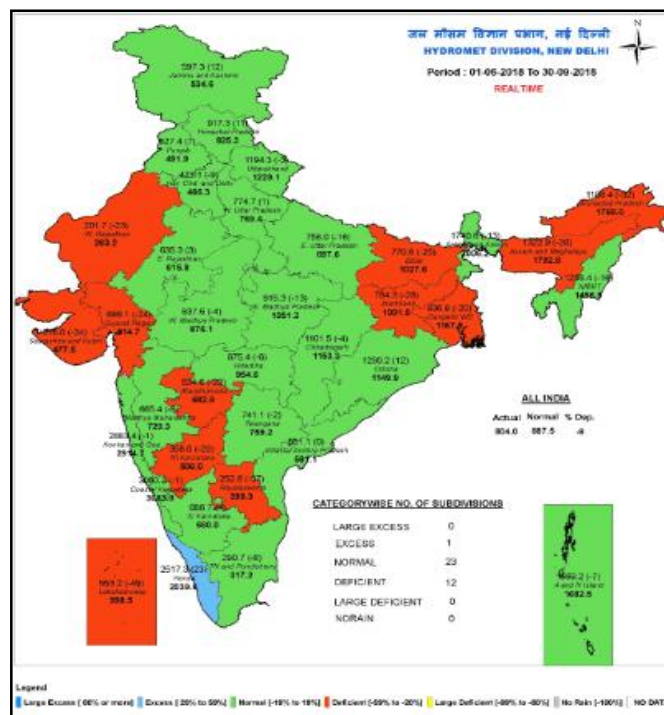
Date	Foreign Country	Port	Quantity in MT
April-2019	Australia	Tuticorin	498.77
	Total		

Source: Trade

### Monsoon



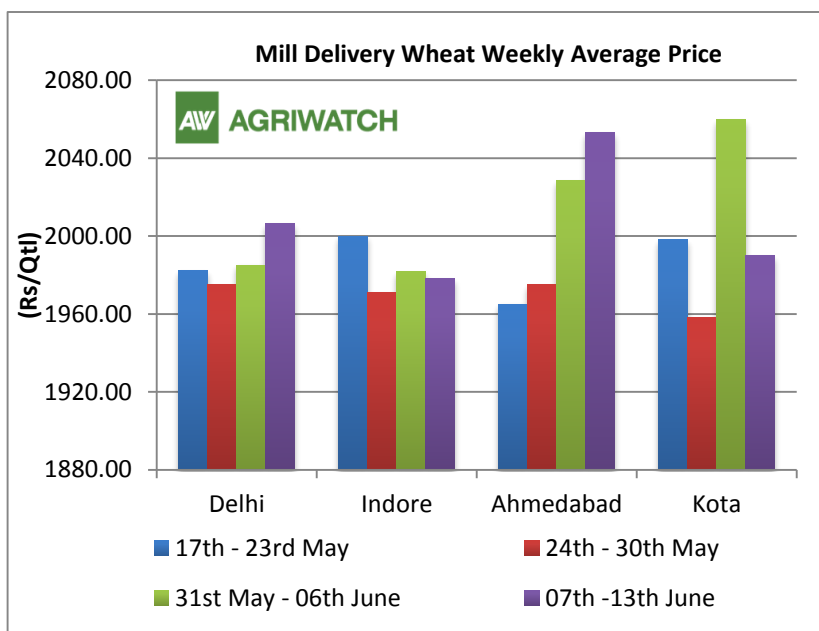
Source: IMD



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

Average mill delivery prices of Wheat traded firm in Delhi and Ahmedabad, 07<sup>th</sup> -13<sup>th</sup> June 2019.

Market has witnessed mixed sentiments in previous week. Market is likely to trade steady to slightly firm due to good demand in domestic market and hike in import duty. Government has increased import duty on wheat from 30 percent to 40 percent to reduce wheat imports. Domestic stock position is good leaving no room for unexpected increase in prices. Sales through OMSS in MY 2018-19 was around 8.2 MMT. Sales target through OMSS in MY 2019-20 has been kept same at 10 MMT.


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
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 2019-20

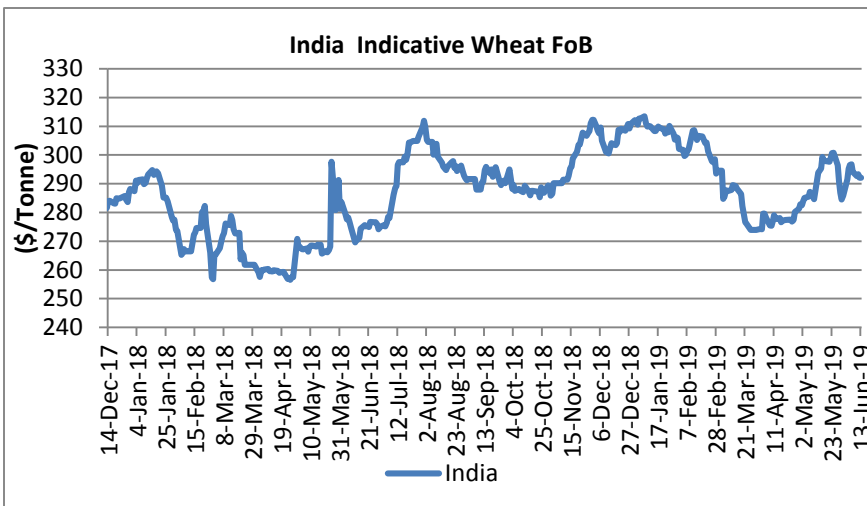
State/UTs	Procurement as on 07 <sup>th</sup> June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.03	33.59	34.62
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	11.44	1.96	13.40
Others	0.13	0.49	0.62
All-India	39.65	298.56	338.21

### FOB Quote for Wheat at Kandla

(Back to Table of Contents)

Wheat FoB quote in India witnessed weak tone 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 \$290-302 per tonne. High production and 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
		13-Jun-19	6-Jun-19	15-May-19	13-Jun-18	
USA (Chicago)	2SRW	235.84	226.19	201.60	222.80	5.85
France	FCW3	199.12	199.78	201.32	203.70	-2.25
Australia	ASW	209.07	210.45	180.60	228.75	-8.60
Russia	SRW	195.00	NA	200.00	196.50	-0.76
India	Fob	Closed	296.75	295.33	270.63	-

	13/06/2019	06/06/2019	30/05/2019	23/05/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	194.5	193.5	NA	NA
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	196	195	195	NA

### NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 14.06.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Jun	+5	1950	1955	1955	1955	10	0	400	0
19-Jul	-5	1977	1978	1970	1972	750	+420	7890	+290
19-Aug	-10	1999	1989	1989	1989	0	-20	60	0

### Wheat Technical Analysis:

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



### 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
	13-Jun-19	5-Jun-19	13-May-19	13-Jun-18	
Indore	1900	1937	1897	NA	-
Delhi	2018	1994	1950	1750	15.31
Kanpur	1930	1902	1850	1650	16.97
Rajkot	1987	1990	1975	1785	11.32
Kota	1961	1978	1960	1776	10.42

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 market is expected to trade steady to slightly due to hike in import duty and good demand in domestic market. Availability in domestic market is sufficient to meet domestic demand.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			13-Jun- 19	12-Jun- 19	6-Jun- 19	13-May- 19	13-Jun- 18
<b>Delhi</b>	Lawrence Road	Mill Delivery	2015	2020	1990	1950	1745
	Narella	Mill Quality Loose	1940	Closed	1925	1850	Closed
	Nazafgarh	Mill Quality Loose	1900	Closed	1850	1855	Closed
<b>Gujarat</b>	Rajkot	Mill Delivery	Closed	1960	1990	1970	1765
	Ahmedabad	Mill Delivery	Closed	2040	2060	1990	1815
	Surat	Mill Delivery	Closed	2080	2100	2060	1850
	Dhrol	Mill Delivery	NR	NR	2250	2315	1730
<b>M.P.</b>	Indore	Mill Quality Loose	1965	1965	1990	2000	Closed
	Bhopal	Mill Delivery	1800	1800	1825	2000	Closed
<b>Rajasthan</b>	Kota	Mill Quality Loose	1840	Closed	1900	1875	1690
		Mill Delivery	1950	Closed	2075	2000	1760
<b>U.P.</b>	Kanpur	Mill Delivery	1900	1900	1900	1860	1725
	Mathura	Mill Quality Loose	1810	Closed	1790	1770	1625
	Kosi	Mill Quality Loose	1900	1850	1850	1825	1560
	Hathras	Mill Quality Loose	1870	1870	1950	1800	1635
	Aligarh	Mill Quality Loose	1840	Closed	1850	1800	Closed
<b>Punjab</b>	Khanna	Mill Quality Loose	1880	1875	1880	1870	1705
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	1970	NA
<b>Haryana</b>	Sirsa	Mill Delivery loose	1875	1875	1865	1850	1725
	Hodal	Mill Delivery	NA	NA	NA	NA	1705
	Bhiwani	Mill Quality Loose	1880	1880	1860	1900	1740
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	1840	NA



Tamil Nadu	Chennai	Mill Quality	2300	Closed	2300	2300	2140
	Madurai	Mill Quality	2357	Closed	2450	2400	2220
	Coimbatore	Mill Quality	2357	Closed	2500	2450	2270
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1700	1500
	Muzaffarpur	Mill Delivery	1830	1830	1800	1700	1465

[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](#))**

*As per latest update, ABARES has reduced wheat production forecast for Australia by 11% to 21.2 MMT from its previous forecast of 23.9 MMT. The forecast is lower by 14% compared to 10-year average of 24.7 MMT. Australia has already agreed to import 50000-60000 MT of wheat from Canada in upcoming weeks. In case of third consecutive lower production, Australia may be seen importing more wheat.*

*GASC has purchased 120000 tonnes of Russian and Romanian wheat through tender. Of the total quantity 60000 tonnes has been sourced from Russia and 60000 tonnes has been sourced from Romania. Cofco offered 60000 tonnes of Romanian wheat at FoB \$197.49 per tonne and Aston offered 60000 tonnes of Russian wheat at FoB \$196.90 per tonne.*

*SovEcon has cut Russia's wheat production forecast for 2019 to 82.2 MMT compared to previous forecast of 82.6 MMT. Production forecast has been reduced due to low soil moisture in several regions in Russia.*

*Wheat prices in international market witnessed firm sentiments in past week due to concerns over lack of rain or dry weather in Russia, Australia, Ukraine and Canada. Wheat crop in United States is also under watch due to recent weather. Firmness in wheat market beyond a certain level is highly unlikely due to abundant availability.*

*As per latest update, Japan's ministry of agriculture bought 77042 MT of food quality wheat from United States and Australia. Around 58157 MT has been bought from United States and 18885 MT of standard white wheat has been bought from west Australia. Shipments from United States and Australia will be loaded between Aug 01 and Aug 31, 2019.*

*As per latest update, hot and dry weather is likely to continue at Australia's east coast and there is only 30 percent chance of rainfall between June 01 and August 30. Furthermore, there is 70 percent probability that entire Australia will experience warmer than average temperatures. Private analysts are expecting wheat production to be around 18 MMT in 2019-20. Australia has already agreed to import 50000-60000 MT of wheat from Canada in upcoming weeks. In case of third consecutive lower production, Australia may be seen importing more wheat.*

*Bangladesh has bought 50000 tonnes of wheat with 12.5 percent protein content from trading house Agrocorp at \$267.98 per tonne. The wheat can be sourced from United States, Canada, Russia or Ukraine. 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, Ethiopia state purchasing agency has bought 6 LMT of wheat in a tender. Of the total quantity around 5 LMT was purchased from Gemcorp commodities and 1 LMT from Agrocorp international. The wheat can be sourced from Black sea region, Europe, North America or South America.*

*Iraq has harvested about 5 LMT of wheat between since 15th April'19 until 09th May'19. The trade ministry has paid around \$122 million. Iraq is expecting to harvest 5 MMT of wheat during the season. In case, the expectation is achieved Iraq is to import fewer wheat.*

*As per the United Nations Food and Agriculture Organization (FAO), world wheat production in 2019 is expected to be at 767.00 MMT in 2019, up by 5 percent compared to 2018. Russia is expected to produce 82 MMT of wheat. World wheat prices will remain under pressure due to abundant availability.*

## 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.)	
				25.04.2019	30.05.2019
Production	757	762	733	762	766
Trade	177	176	171	174	174
Consumptions	736	739	741	752	753
Carryover stocks	248	270	263	274	276
Y-O-Y change	21	762	733	-	13
Major Export	78	176	171	72	72

- IGC has forecasted global wheat production to be 766 MMT for 2019-20. According to forecast by IGC for 2018-19, global wheat production was around 733 MMT against 762 MMT for 2017-18. The projection for global production is higher by 33 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 2 MMT compared to 2017-18.
- Consumption has been increased to 753 MMT for 2019-20. The projection is higher by 12 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 276 MMT compared to forecast of 263 MMT last year. It is higher by around 6 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
	13-Jun-19	6-Jun-19	13-May-19	13-Mar-19	13-Dec-18	13-Jun-18	
Jul-19	196.74	187.37	160.55	164.32	201.15	216.77	-9.24
Sep-19	198.03	188.94	163.58	167.26	203.72	219.25	-9.68
Dec-19	201.98	193.16	168.91	170.57	207.86	223.65	-9.69
Mar-20	205.65	197.11	173.96	175.98	210.80	225.95	-8.98
May-20	206.94	199.22	177.09	180.67	212.36	227.60	-9.08
Jul-20	206.75	200.42	177.73	182.97	211.62	225.95	-8.50

**CBOT Jul-19**

**1<sup>st</sup> Support: 170.00**  
**2<sup>nd</sup> Support: 167.00**  
**1<sup>st</sup> Resistant: 204.00**  
**2<sup>nd</sup> Resistant: 207.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.38 per bushel. U.S. wheat commercial sales until June 06<sup>th</sup> were 3.25 LMT compared to last week's 26 thousand MT. As on 10<sup>th</sup> June, around 64% of the U.S. winter wheat was in good or excellent condition. Winter wheat harvest is only 4% complete. U.S. spring wheat planting is 97% complete, which is still below 5-year average of 99%. CBOT wheat prices increased in previous week due to excessive rains in in Midwest and parts of southern plains. Abundant supplies and expectation of good global production will keep prices in check.

**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 \$ 292.12-294.08 per tonne.

US and Russian quotes are hovering in the range of \$229.31 and \$196.00 per tonne respectively. Wheat prices in international markets remained weak in last week.

Wheat is expected to trade steady to slightly firm 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 firm as major wheat producing countries are experiencing unfavorable weather conditions. 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)**

