



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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Wheat prices are likely to remain steady to slightly firm in coming weeks due to low demand in domestic market. Due to higher reserve price of Rs 2080 per quintal, millers/traders have bought as much as wheat they could during arrival season. Stock with traders/millers is the main reason for lower off take through open market sales scheme in domestic market. Prices are likely to move up as soon as the stock with traders/millers diminishes.

As per trade sources, after increase in import duty to 40 percent imports have decreased substantially. India has imported no wheat in the month of May-19. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 498.77 tonnes in the month of April-2019.

As per trade source, India has exported around 9.73 thousand tonnes in the month of May-2019. The quantity in May-2019 was exported at an average FOB of \$ 333.26 per tonne and the major destinations were Nepal, UAE and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

There is a gossip in the market that the government may increase quota for below poverty line and increase sale in open market to liquidate high inventories. If this move is finalized, it will not only help in reducing inventory pressure but also provide support to prices. As on 01st June FCI had a stock of 46.56 MMT and 27.58 MMT of wheat and rice respectively.

Government agencies have started procurement. Until 24th June'19 government has procured around 341.15 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, 36.87 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.03 lakh tonnes from Bihar, 14.02 lakh tonnes from Rajasthan, 0.42 lakh tonnes from Uttarakhand, 0.13 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 357.0 LMT.

Indian FoB quote is hovering around \$288.72 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$189.80, \$186.50, Euro 182.15, \$239.15 and \$214.65 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 has offered 10238931 tonnes of wheat in OMSS until second tender in June'19 out of which 85100 tonnes was sold. No rakes were sold. State government and bulk consumers bought 84600 tonnes and 500 tonnes of wheat respectively.

Government has extended procurement deadline for wheat procurement drive in Rajasthan from 16th June to 30th 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 1st June'19 stood at 465.60 lakh tonnes up by 40.41% compared to last month.

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.

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. 1906 & 2036 respectively.

Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-07 May -2019	2943.81	284.62
08-16 May -2019	2582.98	426.68
17-23 May -2019	938.35	325.86
24-31 May -2019	3266.84	308.66
Total	9731.98	

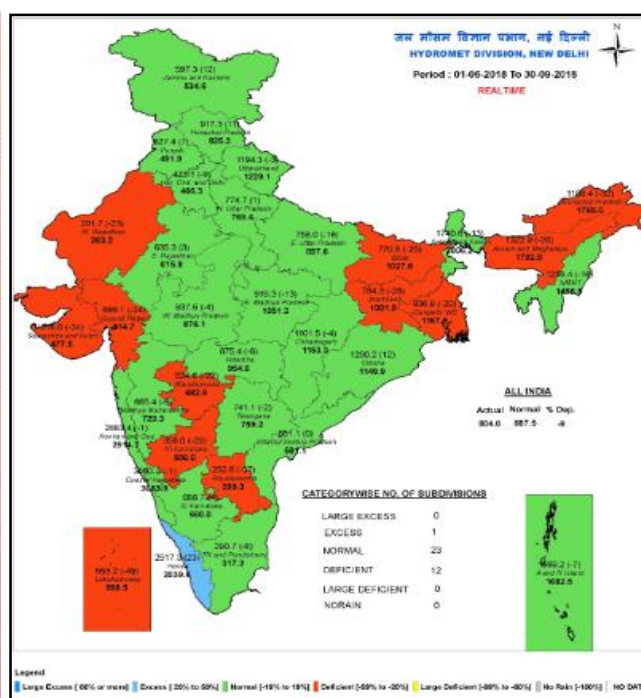
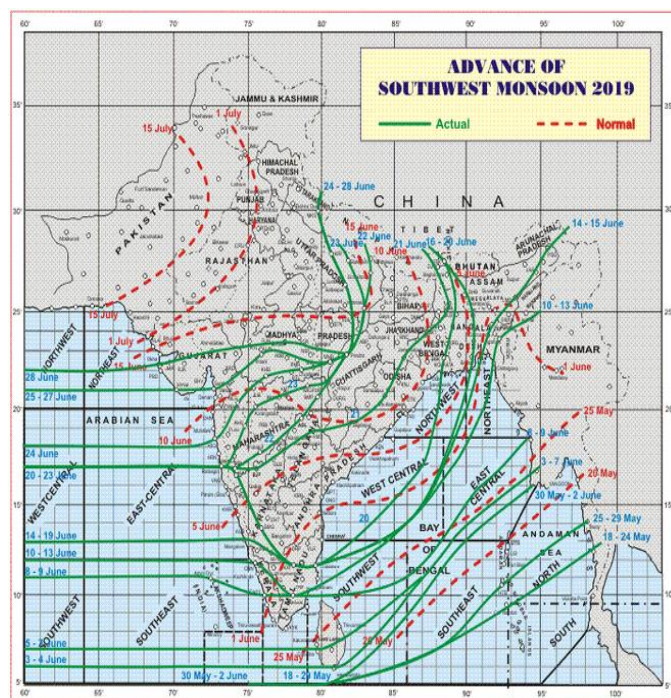
Source: Trade

Wheat Import

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

Source: Trade

Monsoon

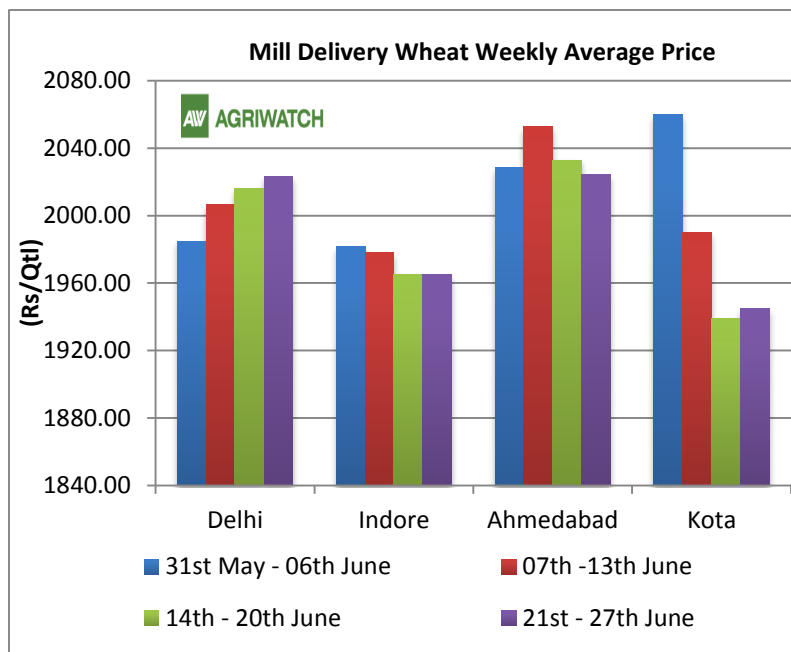


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded steady to firm in Indore, Delhi and Kota except Delhi during 21st -27th June 2019.

Government has abundant supplies to tackle any unexpected surge in prices by selling more wheat in the open market through OMSS. Prices are steady as bulk buyers purchased intensively during arrival season to avoid paying a higher reserve price of Rs 2080 per quintal. As the stock purchased by bulk buyers decreases, the market is likely to witness good demand and prices will start moving upwards. 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

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 2019-20

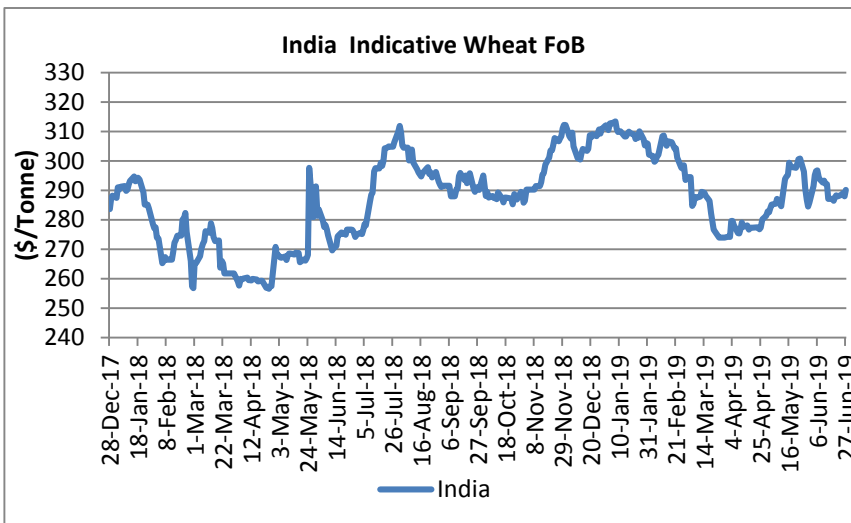
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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Wheat FoB quote in India witnessed steady to slightly firm 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 \$285-295 per tonne. Furthermore other countries such as Russia, Ukraine and Australia are offering wheat 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
		27-Jun-19	20-Jun-19	27-May-19	27-Jun-18	
USA (Chicago)	2SRW	243.91	234.06	NA	208.50	16.98
France	FCW3	207.24	200.53	202.08	203.09	2.05
Australia	ASW	213.50	217.35	207.00	225.00	-5.11
Russia	SRW	189.00	NA	194.50	191.50	-1.31
India	Fob	290.12	288.32	296.40	275.83	5.18

	27/06/2019	20/06/2019	13/06/2019	06/06/2019
Black Sea Mill Wheat 12.5% FOB Pmax.(\$/T)	195	189	194.5	193.5
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	191	188	196	195

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:28.06.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Jul	+9	1972	1985	1972	1976	880	+480	8090	0
19-Aug	+3	1999	2006	1999	2001	140	-150	790	0
19-Sep	-3	2029	2026	2026	2026	0	0	0	-30

Wheat Technical Analysis:
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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
	27-Jun-19	19-Jun-19	27-May-19	27-Jun-18	
Indore	1913	NA	1945	1789	6.93
Delhi	2030	2017	1988	1770	14.69
Kanpur	1915	1910	1920	1670	14.67
Rajkot	1962	1950	2008	1809	8.46
Kota	1954	1953	1961	1796	8.80

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 market is expected to trade steady to slightly firm 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	Yesterday	Week Ago	Month Ago	Year Ago
			27-Jun-19	26-Jun-19	20-Jun-19	27-May-19	27-Jun-18
Delhi	Lawrence Road	Mill Delivery	2030	2025	2015	1985	1770
	Narella	Mill Quality Loose	1940	Closed	1940	1900	Closed
	Nazafgarh	Mill Quality Loose	1935	Closed	1925	1875	Closed
Gujarat	Rajkot	Mill Delivery	1940	1930	1940	2000	1825
	Ahmedabad	Mill Delivery	2025	2025	2040	2030	1870
	Surat	Mill Delivery	2070	2060	2080	2080	1925
	Dhrol	Mill Delivery	2050	2150	2100	2100	1920
M.P.	Indore	Mill Quality Loose	1965	1965	Closed	1990	1900
	Bhopal	Mill Delivery	1830	1830	1800	1925	2000
Rajasthan	Kota	Mill Quality Loose	1815	1815	1800	1800	1730
		Mill Delivery	1975	1975	1950	1950	1825
U.P.	Kanpur	Mill Delivery	1950	1930	1925	1865	1745
	Mathura	Mill Quality Loose	1820	1800	1830	1800	1650
	Kosi	Mill Quality Loose	1950	1925	1940	1850	1590
	Hathras	Mill Quality Loose	1820	1825	1875	1880	1620
	Aligarh	Mill Quality Loose	1860	Closed	1860	1860	Closed
Punjab	Khanna	Mill Quality Loose	1910	1950	1900	1890	1705
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	2000	NA
Haryana	Sirsa	Mill Delivery loose	1915	1905	1900	1870	1735
	Hodal	Mill Delivery	NA	NA	Closed	NA	1715
	Bhiwani	Mill Quality Loose	1925	1925	1900	1860	1700
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	1840	NA



Tamil Nadu	Chennai	Mill Quality	2300	2300	2350	2300	2150
	Madurai	Mill Quality	2357	2450	2400	2350	2250
	Coimbatore	Mill Quality	2357	2500	2450	2400	2300
Bihar	Khagariya	Mill Delivery	1900	1900	1850	1800	1500
	Muzaffarpur	Mill Delivery	1825	1825	1825	1800	1475

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

As per Agritel, Russia is expected to produce 81.7 MMT of wheat up by around 18 percent compared to last year. Limited impact of hot and dry weather on yields is keeping production forecast at a higher side.

Russian wheat price have eased due to harvesting pressure. However prices are being closed watched due to hot weather. Sowing is declining in some areas whereas low moisture may impact yields. Russian wheat crop with 12.5% protein content is being quoted at FoB \$194/T, down by \$1/MT compared to previous week.

Taiwan flour mills association has bought 83200 tonnes of milling wheat from United States. Of the total quantity, 20700 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content was bought at FOB \$234.13 per tonne from CHS, 12850 tonnes of hard red winter wheat of 12.5 percent protein content was bought at FoB \$236.31 per tonne from United grain corp and 5875 tonnes of soft white wheat with 9 percent protein was bought at FoB \$225.19 per tonne from CHS.

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 has purchased 3.2 MMT of wheat in this harvesting season, which started on 15th April. Iraq is expected to import lower wheat during the season.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has lowered its wheat export volume by 18% to 117 lakh MT due to prevailing drought like condition in the new year starting from July-2019. Previously export estimate in March was 142 lakh MT. The major exporter of wheat is importing wheat first time to meet the needs of end users. Import may continue in new MY. Production is expected to be around 210 lakh MT against 10 years average of 244 lakh MT.

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 if 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.

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 analyst 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 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 5percent 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:

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IGC Forecast(Fig-In MMT)	2016-17	2017-18 (Estimate)	2018-19 (Forecast)	2019-20 (Proj.)	
				30.05.2019	27.06.2019
Production	757	762	733	766	769
Trade	177	176	171	174	174
Consumptions	736	739	741	753	756
Carryover stocks	248	270	263	276	275
Y-O-Y change	21	22	-7	-	12
Major Export	78	82	67	72	70

- IGC has forecasted global wheat production to be 769 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 36 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 756 MMT for 2019-20. The projection is higher by 15 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 275 MMT compared to forecast of 263 MMT last year. It is higher by around 5 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
	27-Jun-19	20-Jun-19	27-May-19	27-Mar-19	27-Dec-18	27-Jun-18	
Jul-19	201.15	193.44	179.84	174.52	193.16	197.02	2.10
Sep-19	200.88	195.36	182.51	177.55	196.56	200.23	0.32
Dec-19	204.55	198.95	187.28	182.78	201.89	205.28	-0.36
Mar-20	207.86	202.90	191.87	187.28	205.93	208.68	-0.40
May-20	208.32	204.00	194.17	189.39	208.04	210.43	-1.00
Jul-20	206.02	202.80	193.71	190.22	206.48	209.14	-1.49

CBOT Jul-19

1st Support: 173.00
2nd Support: 171.00
1st Resistant: 218.00
2nd Resistant: 220.00
(\$ per tonne)

Wheat CBOT closed at \$5.28 per bushel. U.S. wheat commercial sales until June 20th were 6.12 LMT compared to last week's 1.88 LMT. As on 24th June, around 61% of the U.S. winter wheat was in good or excellent condition. Winter wheat harvest is only 15% complete. U.S. spring wheat planting is complete and around 7% of the spring wheat has headed and 75% of it is in good or excellent condition. CBOT wheat prices showed mixed sentiments in previous week due to technical selling and expectation of dryer and warmer weather.

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 \$ 287.95-290.12 per tonne.

US and Russian quotes are hovering in the range of \$239.15 and \$189.80 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 \$265 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. However, higher production projection given by IGC will keep prices in check. 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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