



# **Wheat Weekly Research Report**

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**Wheat Domestic Market Fundamentals****[\(Back to Table of Contents\)](#)**

All India weekly average prices decreased by 1.56 percent to Rs. 2019.57 per quintal during the week ended 22<sup>nd</sup> July 2019. Wheat average price were ruling at Rs 2051.50 per quintal during 09-15 July 2019. As compared to prices in the week 16-22 July 2018, the prices are firm by 7.92 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and good demand in domestic market.

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 6.13 thousand tonnes in the month of June-2019. The quantity in June-2019 was exported at an average FOB of \$ 375.13 per tonne and the major destinations were Nepal, UAE, Sri Lanka and Somalia. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

Wheat WPI has increased from 150.7 in May-2019 to 150.8 in June-2019. Monthly wheat inflation has increased by 0.07 percent in June-2019 compared to previous month. As compared to June-2018 wheat WPI has increased by around 5.38 percent. Wheat WPI is expected to stay steady to firm in coming month.

As per market sources, wheat stock in central pool as on 1st July'19 stood at 458.31 lakh tonnes down by 1.57% compared to last month. This quantity is higher by around 9.64% 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.

Indian FoB quote is hovering around \$304.25 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$185.20, \$186.00, Euro 174.70, \$215.82 and \$202.16 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 15252981 tonnes of wheat in OMSS until fourth tender in June'19 out of which 91000 tonnes was sold. No rakes were sold. State government and bulk consumers bought 90500 tonnes and 500 tonnes of wheat respectively. In the month of June'19, government has sold 35900 tonnes of wheat against offered quantity of 9949900 tonnes. Government sold wheat in open market at a reserve price of Rs 2080 per quintal in the first quarter i.e. April-June. For second, third and fourth quarter prices will be Rs 2135 per quintal, Rs 2190 per quintal and Rs 2245 per quintal respectively. Millers/traders have bought as much quantity as they could during arrival season due to higher reserve price. This is the main reason for lower sale through OMSS.

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.

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

**Trade Call:** Stakeholders should trade in August contract taking care of lower and upper price tag of Rs. 2035 & 2155 respectively.

### Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-07 June -2019	2415.78	386.81
08-15 June -2019	1028.15	311.33
16-23 June -2019	1018.74	336.26
24-30 June -2019	1673.40	309.82
Total	6136.07	

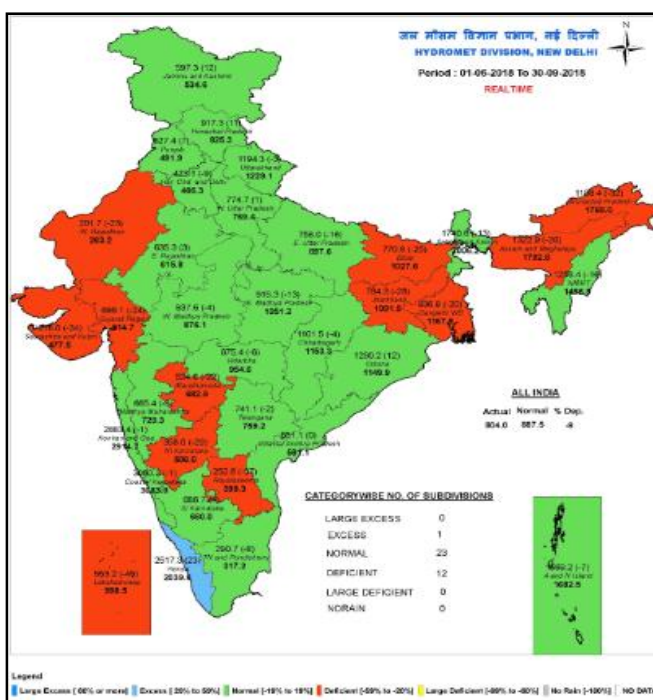
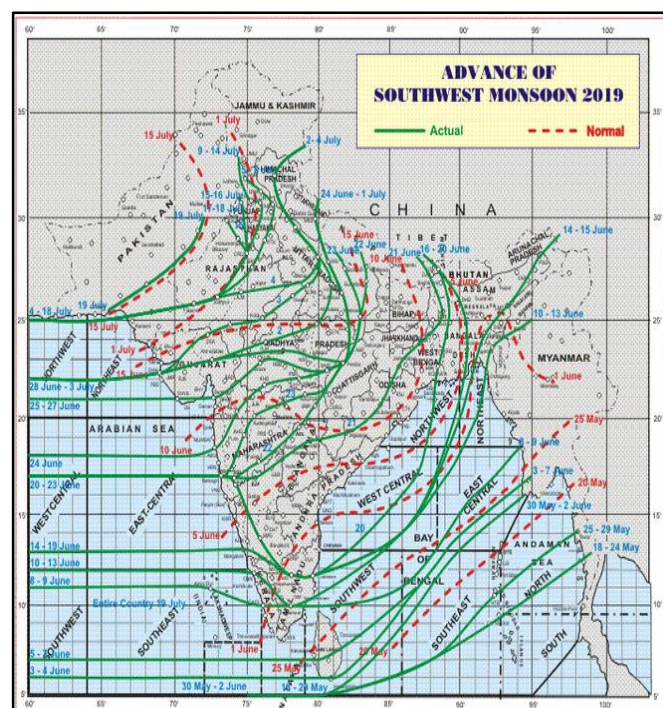
Source: Trade

### Wheat Import

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

Source: Trade

### Monsoon

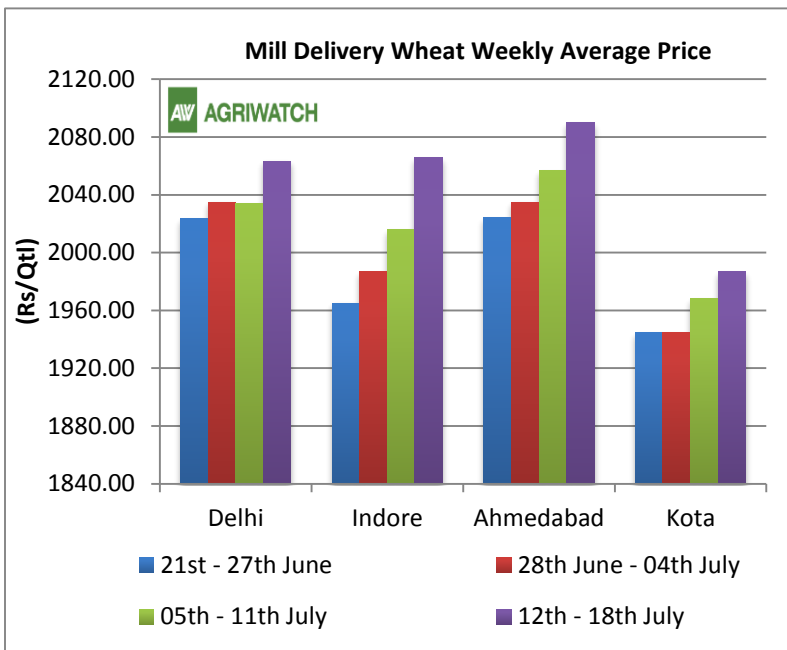


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Indore, Kota and Ahmedabad except Delhi during 12<sup>th</sup> - 18<sup>th</sup> July 2019.

Prices remained firm in past week. No imports will increase demand for wheat with South Indian millers as the season progresses. Traders are advised to buy on dip. Abundant supplies are available in the market to meet emerging demand. Sales of wheat through OMSS is low due to good availability with private traders/millers. Sales is expected to improve from next month due to fall in stock with private traders/millers and beginning of festive demand. 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

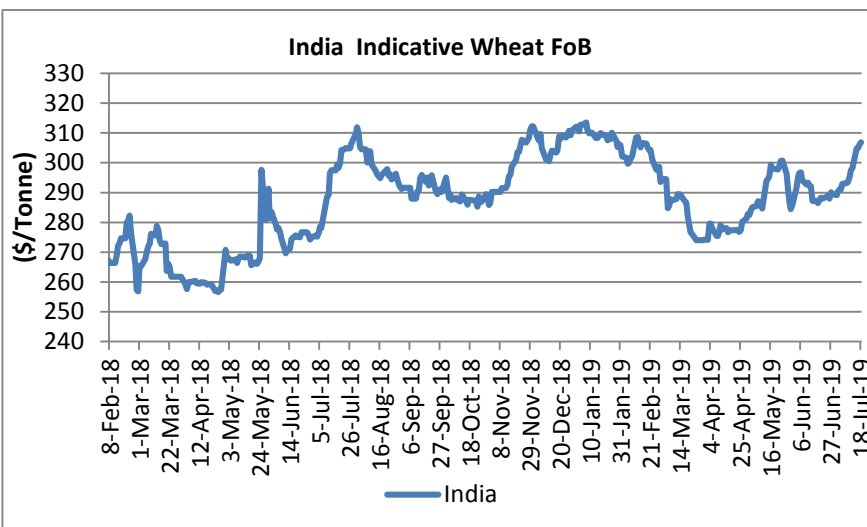
State/UTs	Procurement as on 24 <sup>th</sup> June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

## FOB Quote for Wheat at Kandla

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Wheat FoB quote in India witnessed 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 \$300-310 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
		18-Jul-19	11-Jul-19	18-Jun-19	18-Jul-18	
USA (Chicago)	2SRW	210.69	224.65	236.36	211.10	-0.19
France	FCW3	194.72	194.82	200.61	223.57	-12.90
Australia	ASW	206.50	213.50	213.90	223.50	-7.61
Russia	SRW	186.50	184.00	NA	193.50	-3.62
India	Fob	306.92	297.43	286.49	298.28	2.90

	18/07/2019	11/07/2019	04/07/2019	27/06/2019
Black Sea Mill Wheat 12.5% FOB Pmax.(\$/T)	195	194	195	195
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	187	186	187	191

## NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:19.07.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Jul	-11	2082	2085	2072	2072	560	-970	8170	+140
19-Aug	-15	2110	2111	2100	2101	500	-360	1650	+430
19-Sep	0	2149	2149	2149	2149	0	0	0	0



### Wheat Technical Analysis:

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#### Technical Commentary:

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

#### Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	August	2045	2035	2076	2140	2155
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	August	Buy	Above 2075	2100	2120	2060

### 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
	18-Jul-19	10-Jul-19	18-Jun-19	18-Jul-18	
Indore	2037	1987	NA	1938	5.11
Delhi	2103	2035	2019	1897	10.86
Kanpur	1965	1925	1940	1950	0.77
Rajkot	2025	1960	1959	1990	1.76
Kota	2013	1975	1952	1892	6.40

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 firm due to hike in import duty and good demand in domestic market. Availability in domestic market is sufficient to meet emerging domestic demand.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			18-Jul- 19	17-Jul- 19	11-Jul- 19	18-Jun- 19	18-Jul- 18
Delhi	Lawrence Road	Mill Delivery	2100	2095	2035	2015	1890
	Narella	Mill Quality Loose	1970	Closed	1950	1940	Closed
	Nazafgarh	Mill Quality Loose	NA	Closed	1920	1925	Closed
Gujarat	Rajkot	Mill Delivery	2050	2040	1970	1935	2000
	Ahmedabad	Mill Delivery	2100	2090	2070	2025	2040
	Surat	Mill Delivery	2125	2125	2110	2080	2060
	Dhrol	Mill Delivery	1945	1960	1975	2100	1900
M.P.	Indore	Mill Quality Loose	2080	2090	2020	1965	2000
	Bhopal	Mill Delivery	1935	1925	1925	1800	1850
Rajasthan	Kota	Mill Quality Loose	1925	1890	1850	1825	1840
		Mill Delivery	2020	2000	1970	1915	1910
U.P.	Kanpur	Mill Delivery	1990	1970	1945	1925	1800
	Mathura	Mill Quality Loose	NR	Closed	1850	1830	1740
	Kosi	Mill Quality Loose	2000	Closed	1910	1950	1730
	Hathras	Mill Quality Loose	1840	1840	1840	1900	1740
	Aligarh	Mill Quality Loose	1925	Closed	1870	1860	Closed
Punjab	Khanna	Mill Quality Loose	1950	1950	NA	1880	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2000	1990	1940	1900	1825
	Hodal	Mill Delivery	NA	NA	NA	NA	1875
	Bhiwani	Mill Quality Loose	2000	1980	1950	1860	1850
	Karnal	Mill Quality Loose	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA



Tamil Nadu	Chennai	Mill Quality	2300	2300	2300	2300	2230
	Madurai	Mill Quality	2357	2450	2450	2400	2330
	Coimbatore	Mill Quality	2357	2500	2500	2450	2380
Bihar	Khagariya	Mill Delivery	2000	2000	1900	1900	1700
	Muzaffarpur	Mill Delivery	1930	1925	1850	1825	1700

[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](#))**

*Egypt's GASC (General Authority for Supply Commodities) has purchased 60000 tonnes of Russian wheat through tender. The said quantity was bought at C&F \$215.54 per tonne. Egypt has purchased around 3.26 MMT of local wheat. Local wheat supply season will end on 15th July.*

*As per latest update, South Korean flour mill SPC has bought 30000 tonnes of wheat of U.S. and Canadian origin. Of the total quantity around 10000 tonnes is expected to arrive from Canada and 20000 tonnes is expected to arrive from United States. The said quantities are expected to arrive in South Korea between 01st Oct-15th Oct. The prices were not disclosed.*

*As per latest update by Rosario grain exchange, Argentine farmers are expected to harvest around 21.5 MMT of wheat in 2019-20. Wheat planting area is estimated to be around 6.87 million hectares. The acreage is highest in last eighteen years.*

*As on 15th July Russia has harvested 28.8 million tonnes of wheat compared to 24.6 million tonnes a year ago for the same date. Around 7.7 million hectares of area has been harvested with an average yield of 3.76 tonnes per hectare compared to 6.3 million hectares with an average yield of 3.88 tonnes per hectare a year ago for same date. Russian wheat with 12.5% protein content is being quoted at FoB \$ 196 per tonne.*

*As per latest update, Egypt has purchased around 3.26 MMT of local wheat. Local wheat supply season will end on 15th July. Egypt is the largest buyer of wheat in the world. Wheat is procured to ensure food security and minimize imports as much as possible.*

*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 August 01 and October 30. Furthermore, there is 80 percent probability that entire Australia will experience warmer than average temperatures. Private analyst are expecting wheat production to be around 18.00-18.50 MMT in 2019-20. Australia has already imported 50000-60000 MT of wheat from Canada. In case of third consecutive lower production, Australia may be seen importing more wheat.*

*As per SovEcon, Russia is expected to produce 76.6 MMT of wheat compared to their previous forecast of 82.2 MMT. Rains in upcoming weeks will not be able to fix the damage to winter grains caused by hot weather however it would be beneficial for spring grains. Global wheat production as well as stocks will still be on higher side keeping prices under pressure.*

*As per farm ministry, France is expected to produce 37.00 MMT of wheat in 2019, higher by around 8.5 percent compared to previous year. The average yield was around 7.73 tonnes/hectare compared to 6.98 tonnes per hectare last year. Yield was higher this year despite heat wave in late June.*

*Algeria state grains agency OAIC has bought around 360000 tonnes of milling wheat in a tender that closed on Thursday. The prices paid were in the range of \$217.00-217.50 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from Canada. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments. The quantity is to be shipped between in the month of August.*

*Bangladesh will buy 100000 MT of wheat from Russia in G2G deal. Bangladesh will pay around \$267.30 per tonne including cost, insurance, freight and port related expenses. The first batch of wheat is expected to arrive during first week of July. Bangladesh has purchased around 1.9 MMT of wheat during July'18-May'19. Demand for wheat in Bangladesh has increased as wheat is being substituted for more expensive rice.*

**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
<b>Production</b>	757	762	733	766	769
<b>Trade</b>	177	176	171	174	174
<b>Consumptions</b>	736	739	741	753	756
<b>Carryover stocks</b>	248	270	263	276	275
<b>Y-O-Y change</b>	21	22	-7	-	12
<b>Major Export</b>	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
	18-Jul-19	11-Jul-19	18-Jun-19	18-Apr-19	18-Jan-19	18-Jul-18	
<b>Jul-19</b>	181.31	191.60	196.74	167.08	197.20	202.25	<b>-10.35</b>
<b>Sep-19</b>	185.63	195.73	200.88	173.05	202.07	207.21	<b>-10.42</b>
<b>Dec-19</b>	190.22	200.14	205.10	179.20	205.56	210.80	<b>-9.76</b>
<b>Mar-20</b>	192.33	202.25	206.57	182.78	207.21	212.36	<b>-9.43</b>
<b>May-20</b>	192.61	202.71	206.02	183.98	206.20	213.00	<b>-9.57</b>
<b>Jul-20</b>	195.00	205.10	207.95	186.55	208.41	213.00	<b>-8.45</b>

## CBOT Jul-19

**1<sup>st</sup> Support: 163.00**  
**2<sup>nd</sup> Support: 161.00**  
**1<sup>st</sup> Resistant: 212.00**  
**2<sup>nd</sup> Resistant: 214.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.02 per bushel. U.S. wheat commercial sales until July 11<sup>th</sup> were 3.47 LMT compared to last week's 2.84 LMT. As on 15<sup>th</sup> July, winter wheat harvest is only 57% complete compared to 72% in previous year. U.S. spring wheat planting is complete and around 78% of the spring wheat has headed. CBOT wheat prices were weak during the past week due to technical selling and good progress in winter wheat harvest. Increased selling by farmers and limited export demand kept prices of hard red spring and hard red winter wheat prices under pressure.

## 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 \$ 298.32-306.92 per tonne.

US and Russian quotes are hovering in the range of \$215.82 and \$185.20 per tonne respectively. Wheat prices in international markets remained weak in last week.

Wheat is expected to trade steady to firm and hover in the range of \$190 to \$250 per tonne in coming week.

## International Weekly Outlook:

Global wheat market is expected to trade steady to weak due to ample availability in global market. EU is likely to produce around 151.2 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 79.50 MMT and 28.00 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 50.30 MMT compared to last year's 51.30 MMT. Australia is likely to produce 21.20 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.70 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 33.60 MMT in 2019-20 compared to 31.80 MMT in 2018-19.

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