AGRIWATCH

Wheat Weekly Research Report
29th, July-2019

Wheat Weekly Research Report

Table of Contents

Wheat Domestic Market Fundamentals

(*Back to Table of Contents)*

Wheat prices are likely to trade steady to firm in near future due to good demand and no imports. However prices are not getting support from exports due to huge price gap. Export quantity still remain low as other countries such Russia, Ukraine and Australia are able to provide wheat at lower prices. Traders are advised to buy on dip.

India mainly imports from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at $336.00 (Rs 23157.12) per tonne and $366.58 (Rs 25264.42) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai is ruling around Rs 23000 per tonne. Therefore, as of now, there is no parity for wheat imports.

FSSAI has introduced +F logo on packets for Rice, Wheat, etc. This logo will help in identifying which products are nutritious. FSSAI has mandated to print +F logo on all staple food products so that all sections of the society receive appropriate nutrition. In case this instruction is not followed, the product will be termed under misbranded and legal action would be taken.

As per latest update, roller flour mills in Punjab are facing a supply shortage even after bumper production as well as procurement in Punjab. According to Punjab Mandi Board, around 70-75 percent of wheat in the state is procured by procurement agencies. Due to luster loss this year, wheat sold by FCI is not fit for making Maida but can be used for making Aata. Therefore millers in Punjab are dependent on wheat supply from Uttar Pradesh. However that too has stopped due to better prices of wheat in Uttar Pradesh itself. Millers have met FCI official and asked for supply of wheat from August 15. FCI official have said, "We are working on it, this is not an issue which cannot be sorted out".

Government has offered 2197850 tonnes of wheat in OMSS until third tender in July'19 out of which 177250 tonnes was sold. No rakes were sold. State government and bulk consumers bought 176700 tonnes and 550 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.

Indian FoB quote is hovering around $309.28 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $187.00, $187.40, Euro 173.05, $211.27 and $206.50 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 40 percent imports have decreased substantially. India has imported no wheat in the month of May-19.

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 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.

Government agencies have started procurement. Until 24th June'19 government has procured around 341.15 lakh tonnes of wheat.

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. 2025 & 2065 respectively.*

Wheat Weekly Research Report
29th, July-2019

Wheat Weekly Export

(Back to Table of Contents)

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	

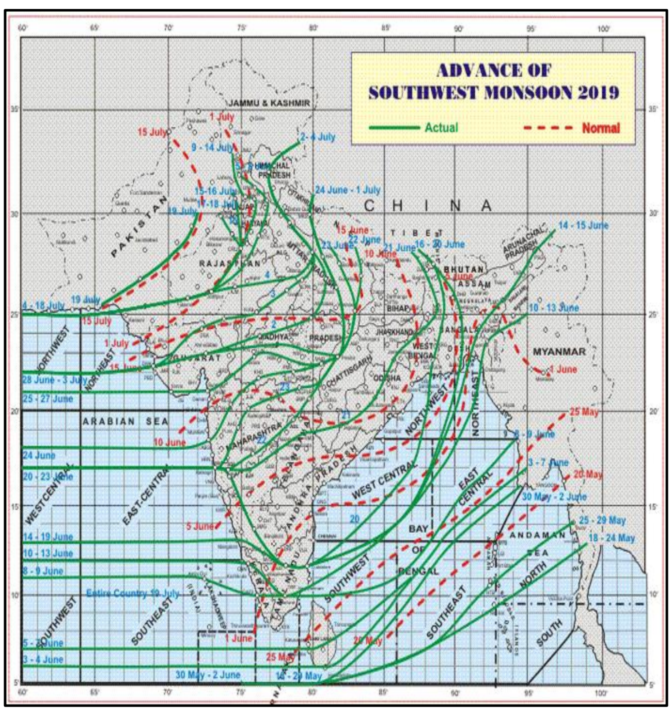
Source: Trade

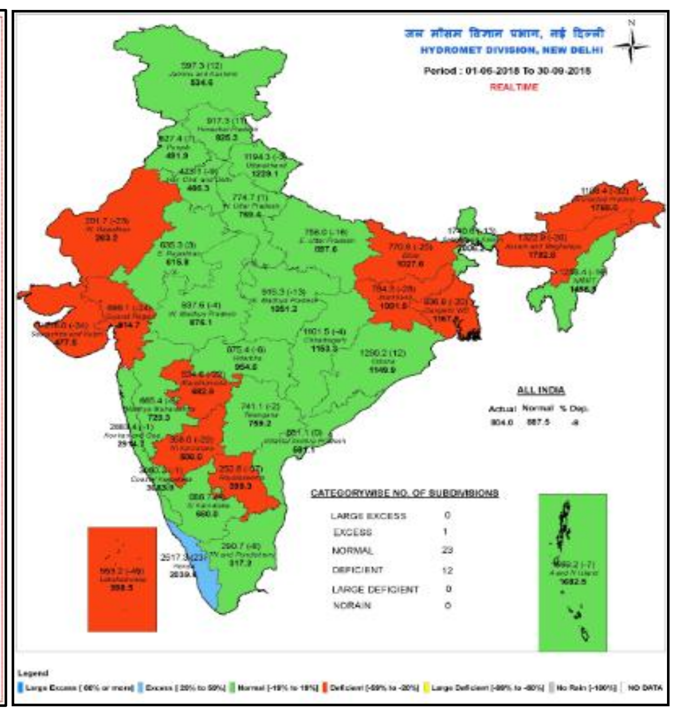
Wheat Import

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

Source: Trade

Monsoon





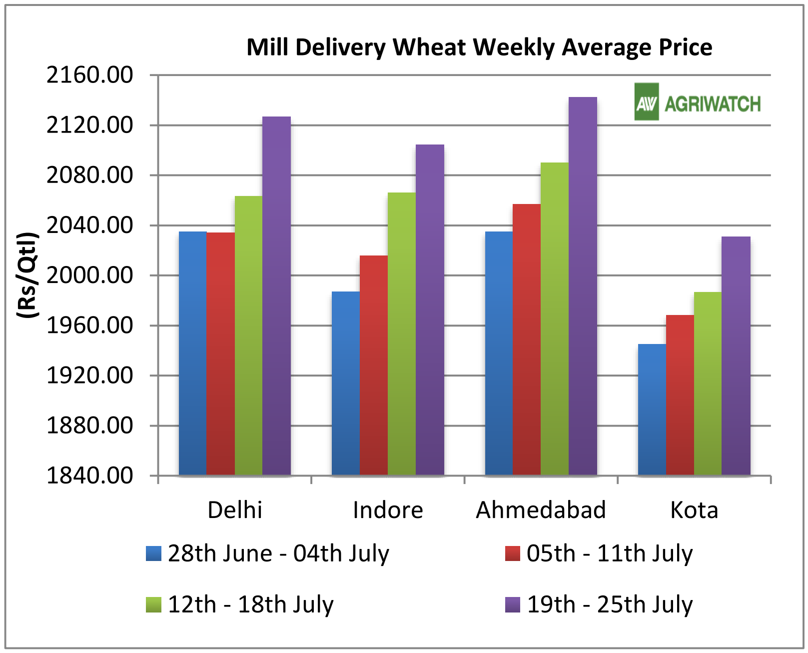
Source: IMD

Wheat Weekly Average Price Chart

(Back to Table of Contents)

Average mill delivery prices of Wheat traded firm in Delhi, Indore, Kota and Ahmedabad except Delhi during 19th - 25th 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

Wheat Stock Norms						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
As on	Rice	Wheat	Total	Rice	Wheat	Grand Total
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 24th 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**

AGRIWATCH

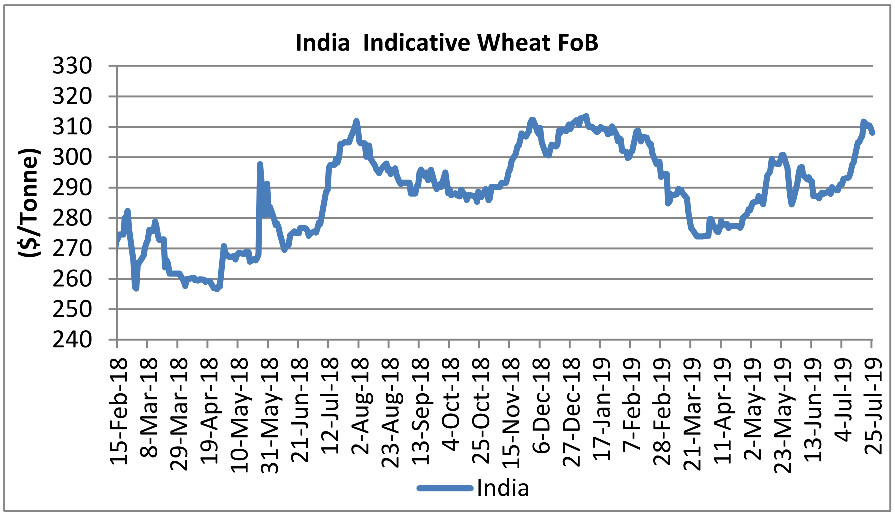
Wheat Weekly Research Report
29th, July-2019

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 $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**
		25-Jul-19	**18-Jul-19**	**25-Jun-19**	**25-Jul-18**	
USA (Chicago)	2srw	213.25	210.69	237.87	228.80	**-6.80**
France	FCW3	193.18	194.72	214.93	239.98	**-19.50**
Australia	ASW	206.50	206.50	212.52	221.25	**-6.67**
Russia	SRW	187.00	186.50	188.00	202.50	**-7.65**
India	Fob	308.02	306.92	289.03	304.85	**1.04**

	25/07/2019	18/07/2019	11/07/2019	04/07/2019
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	*195*	*195*	*194*	*195*
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	*190*	*187*	*186*	*187*

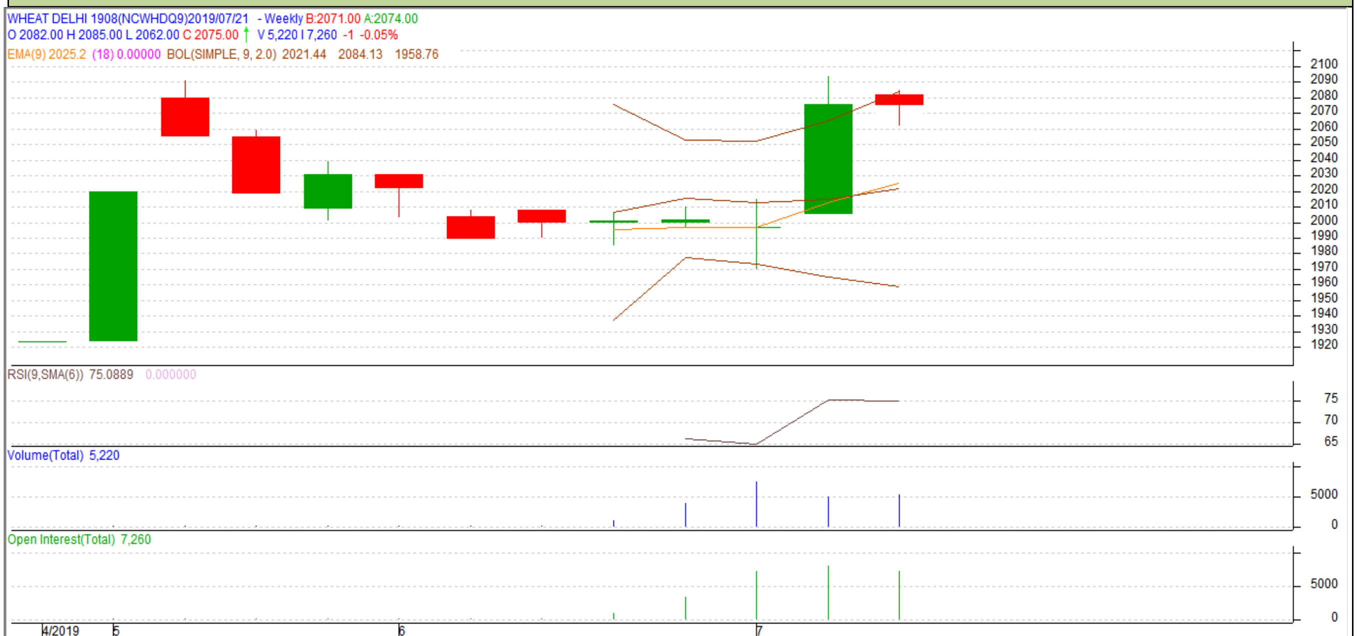
NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date:26.07.2019***
Contract Month	***Change from previous day***	***Open***	***High***	***Low***	***Close***	***Volume***	***Change From previous day***	***Open Interest***	***Change From previous day***
19-Aug	***2***	*2070*	*2075*	*2070*	*2075*	*830*	***690***	*7260*	***-730***
19-Sep	***1***	*2097*	*2103*	*2097*	*2101*	*970*	***670***	*5280*	***800***
19-Oct	*0*	*2127*	*2127*	*2127*	*2127*	*0*	*0*	*0*	*0*

Wheat Technical Analysis:

(*Back to Table of Contents*)

Wheat –Technical Outlook **Contract Expiry: 20th August,2019**



Technical Commentary:

- Fall in price and open interest indicates long liquidation.
- RSI is moving in overbought region.
- Traders are advised to go long on wheat for this week.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	August	2040	2025	2075	2045	2065
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	August	**Buy**	Above 2074	2098	2117	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**
	25-Jul-19	**17-Jul-19**	**25-Jun-19**	**25-Jul-18**	
Indore	2027	2029	1902	2000	**1.35**
Delhi	2107	2087	2028	1955	**7.77**
Kanpur	2020	1955	1915	1950	**3.59**
Rajkot	2060	1995	1971	2033	**1.33**
Kota	2019	1998	1954	1936	**4.29**

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Domestic Market Weekly Outlook:

(Back to Table of Contents)

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	Yesterday	Week Ago	Month Ago	Year Ago
			25-Jul-19	24-Jul-19	18-Jul-19	25-Jun-19	25-Jul-18
Delhi	Lawrence Road	Mill Delivery	2130	2120	2100	2025	1960
	Narella	Mill Quality Loose	NA	Closed	1970	1940	Closed
	Nazafgarh	Mill Quality Loose	NA	Closed	NA	1925	Closed
Gujarat	Rajkot	Mill Delivery	2060	2070	2050	1940	2040
	Ahmedabad	Mill Delivery	2160	2150	2100	2020	2100
	Surat	Mill Delivery	2200	2200	2125	2065	2125
	Dhrol	Mill Delivery	1960	1960	1945	2050	2000
M.P.	Indore	Mill Quality Loose	2100	2100	2080	1965	2040
	Bhopal	Mill Delivery	1980	1980	1935	1825	1900
Rajasthan	Kota	Mill Quality Loose	1925	1935	1925	1800	1850
		Mill Delivery	2020	2035	2020	1930	1960
U.P.	Kanpur	Mill Delivery	2060	1990	1990	1930	1815
	Mathura	Mill Quality Loose	1900	1910	NR	1800	1780
	Kosi	Mill Quality Loose	1970	1960	2000	1940	1800
	Hathras	Mill Quality Loose	1910	1850	1840	1825	1800
	Aligarh	Mill Quality Loose	1960	Closed	1925	1860	Closed
Punjab	Khanna	Mill Quality Loose	1970	1960	1950	1890	1810
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2020	2015	2000	1905	1840
	Hodal	Mill Delivery	NA	NA	NA	NA	1910
	Bhiwani	Mill Quality Loose	2050	2040	2000	1920	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	2350	2300	2300	2270
	Madurai	Mill Quality	2357	2450	2450	2450	2370
	Coimbatore	Mill Quality	2357	2500	2500	2500	2420
Bihar	Khagariya	Mill Delivery	2100	2100	2000	1900	1750
	Muzaffarpur	Mill Delivery	1950	1950	1930	1830	1850

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 SovEcon, Russia is expected to produce 73.7 MMT of wheat compared to their previous forecast of 76.6 MMT. Forecast has been reduced due to unimpressive harvest yields. Until 15th July Russia has harvested 28.8 million tonnes of wheat compared to 24.6 million tonnes a year ago for the same date. As of now, Russian wheat with 12.5 Percent protein content and 11.5 Percent protein content are being offered at $195 per tonne and $190 per tonne respectively.

As per latest update, Tunisia has bought around 92000 tonnes of soft milling wheat in three consignments of 25000 tonnes each and one of 17000 tonnes. The consignments were bought in the range of $215.52-217.98 per tonnes C&F. The sellers were Louis Dreyfus and Cargill. The said quantity is to be delivered between August 20 and September 25.

GASC (General Authority for Supply Commodities) has purchased 300000 tonnes of Russia, Ukraine and Romanian wheat through tender. Of the total quantity 120000 tonnes was of Romanian origin, 120000 tonnes was of Ukrainian origin and 60000 tonnes was of Russian origin. Hakan purchased 60000 tonnes of Ukrainian wheat at FoB $198.80 per tonne, Solaris purchased 60000 tonnes of Russian wheat at FoB $202.50 per tonne, Ameropa purchased 120000 tonnes of Romanian wheat at FoB $203.60 per tonne, Louis-Dreyfus purchased 60000 tonnes of Ukrainian wheat at FoB $201.60 per tonne. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.

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 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.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

IGC Forecast(Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				27.06.2019	25.07.2019
Production	757	762	733	769	763
Trade	177	176	170	174	173
Consumptions	736	739	741	756	755
Carryover stocks	248	270	262	275	270
Y-O-Y change	21	22	-8	-	9
Major Export	78	82	67	70	67

- *IGC has forecasted global wheat production to be 763 MMT for 2019-20. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 762 MMT for 2017-18. The forecast for global production is higher by 30 MMT compared to estimate for 2018-19. IGC has projected higher production for 2019-20.*
- *Trade forecast for 2019-20 has been increased to 173 MMT. It is 3 MMT higher compared to estimate for last year and lower by 3 MMT compared to 2017-18.*
- *Consumption has been increased to 755 MMT for 2019-20. The forecast is higher by 14 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 270 MMT compared to estimate of 262 MMT last year. It is higher by around 22 MMT compared to 2016-17.*

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
	25-Jul-19	18-Jul-19	25-Jun-19	25-Apr-19	25-Jan-19	25-Jul-18	
Jul-19	183.52	181.31	198.40	165.05	198.76	216.86	-15.37
Sep-19	186.36	185.63	202.25	171.21	203.45	220.72	-15.56
Dec-19	190.41	190.22	205.74	177.09	206.85	222.92	-14.59
Mar-20	192.43	192.33	206.57	180.67	208.50	224.02	-14.10
May-20	192.89	192.61	204.83	182.51	206.48	224.02	-13.90
Jul-20	195.46	195.00	206.75	185.17	208.50	224.76	-13.04

AGRIWATCH

Wheat Weekly Research Report
29th, July-2019

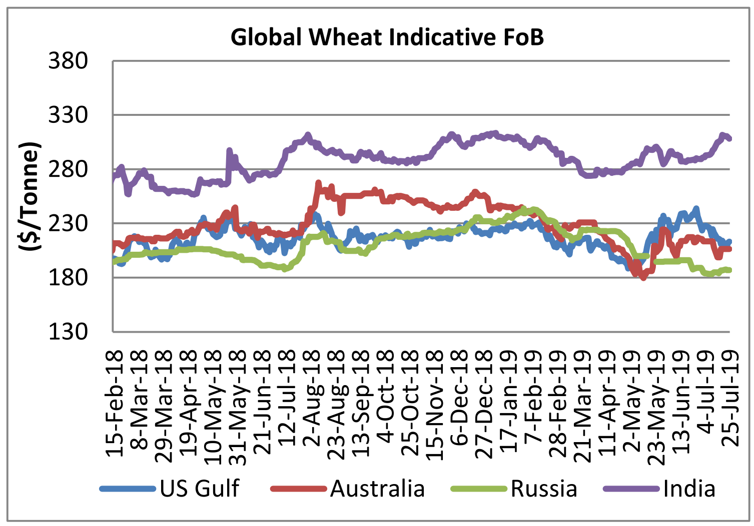
CBOT Jul-19

(Back to Table of Contents)

1st Support: 165.00
2nd Support: 163.00
1st Resistant: 212.00
2nd Resistant: 214.00
($ per tonne)

Wheat CBOT closed at $4.96 per bushel. U.S. wheat commercial sales until July 18th were 6.60 LMT compared to last week's 3.47 LMT. As on 22nd July, winter wheat harvest is 69% complete compared to 79% in previous year. U.S. spring wheat planting is complete and around 92% of the spring wheat has headed. Furthermore around 76% of spring wheat is in good to excellent condition. CBOT wheat prices were weak during the past week due to technical selling and spillover pressure from weak corn and soybean futures.

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 $ 308.02-311.73 per tonne.

US and Russian quotes are hovering in the range of $211.27 and $187.00 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 $180 to $230 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.