



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 5.07 percent to Rs. 2121.87 per quintal during the week ended 31st July 2019. Wheat average price were ruling at Rs 2019.57 per quintal during 16-23 July 2019. As compared to prices in the week 24-31 July 2018, the prices are firm by 10.03 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and good demand in domestic market.

Wheat prices are expected to trade steady to firm in near future due to fall in arrivals in all major wheat producing states. Furthermore no imports and good demand for wheat is also providing support to prices in domestic market. The only factor that may pull down prices is the huge stock of wheat in central pool.

India has huge stockpiles of wheat. However India is not able to export wheat due to huge price difference. Neighboring country like Bangladesh has approved a purchase of 1 LMT from Russia at \$267.30 per tonne including cost, insurance, freight and port related expenses. Whereas Wheat mill delivery price in Indore is hovering around \$309 per tonne.

Supply side for FAQ is likely to be good as ample stock is available in domestic market due to three consecutive good production years. Government has procured 34.1 MMT in MY 2019-20 lower by 1.6 MMT compared to last year. Demand from south Indian millers is good after application of 40% import duty. No import parity has also increased demand for domestic wheat.

As per latest update, Punjab Chief Minister Amarinder Singh has asked the state to draw a comprehensive crop diversification model to save water that is being consumed in growing wheat and rice. CM also stressed on prioritizing less water consuming crops such as maize and cotton.

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 \$349.30 (Rs 24024.85) per tonne and \$450.52 (Rs 30986.77) 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.

Indian FoB quote is hovering around \$306.77 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$188.00, \$189.10, Euro 173.00, \$213.79 and \$202.30 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

Government has offered 2197850 tonnes of wheat in OMSS until third tender in July'19 out of which 177250 tonnes was sold. State government and bulk consumers bought 176700 tonnes and 550 tonnes of wheat respectively.

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.

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 September contract taking care of lower and upper price tag of Rs. 2045 & 2180 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	

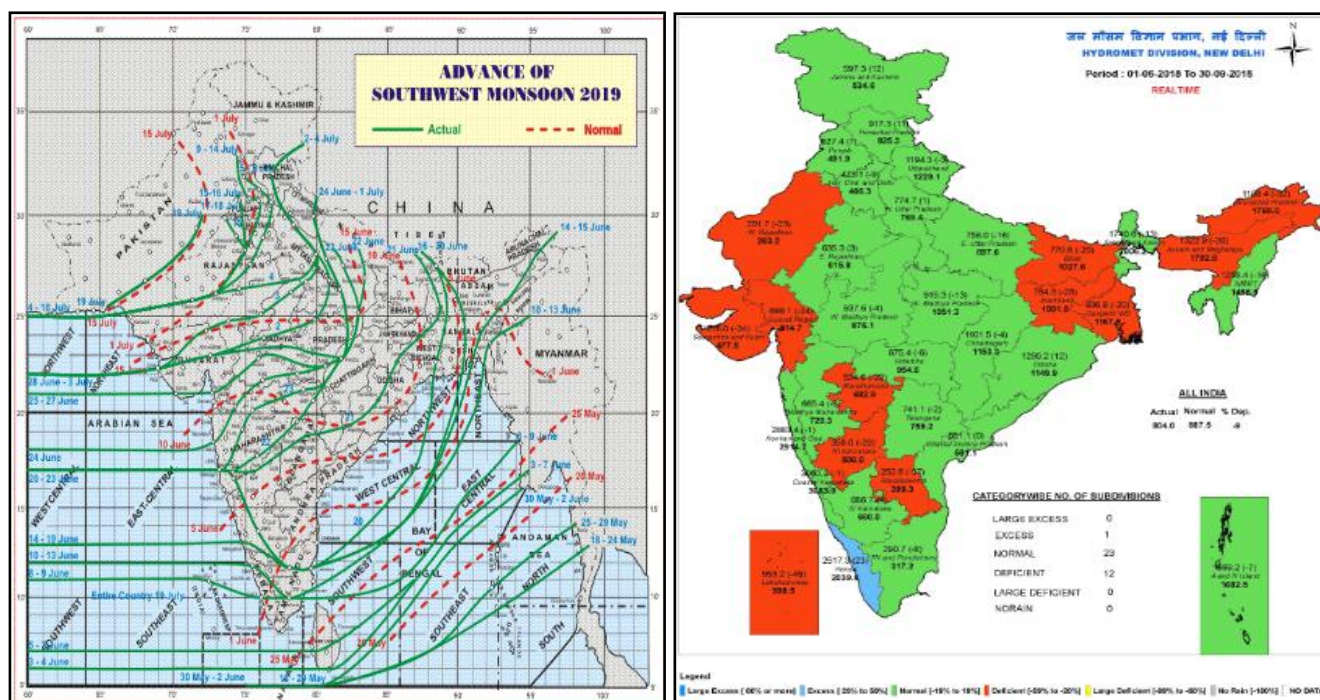
Source: Trade

Wheat Import

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

Source: Trade

Monsoon

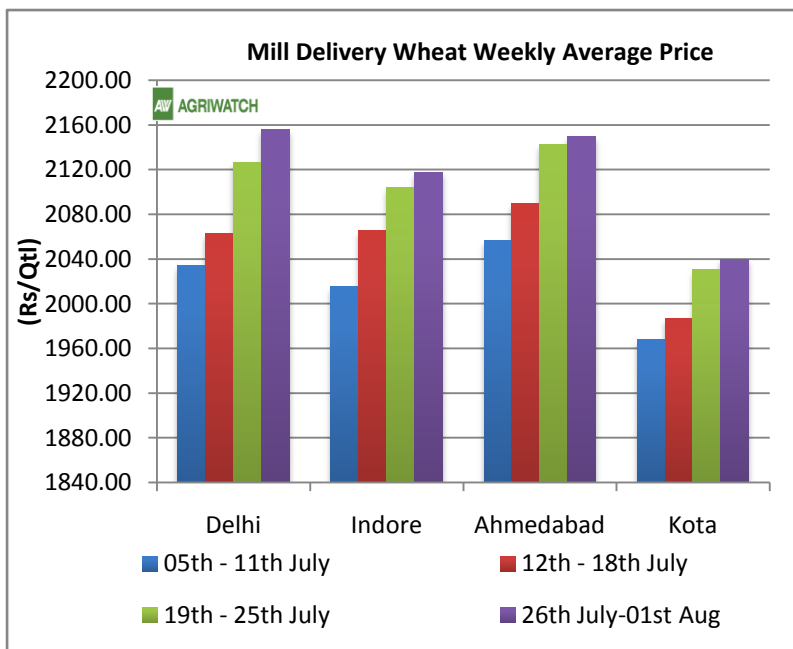


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Delhi, Indore, Kota and Ahmadabad except Delhi during 26th July-01st August 2019.

Prices remained firm in past week. Sales of wheat through OMSS is low due to good availability with private traders/millers. Sales is expected to improve in upcoming weeks due to fall in stock with private traders/millers and beginning of festive demand. 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 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

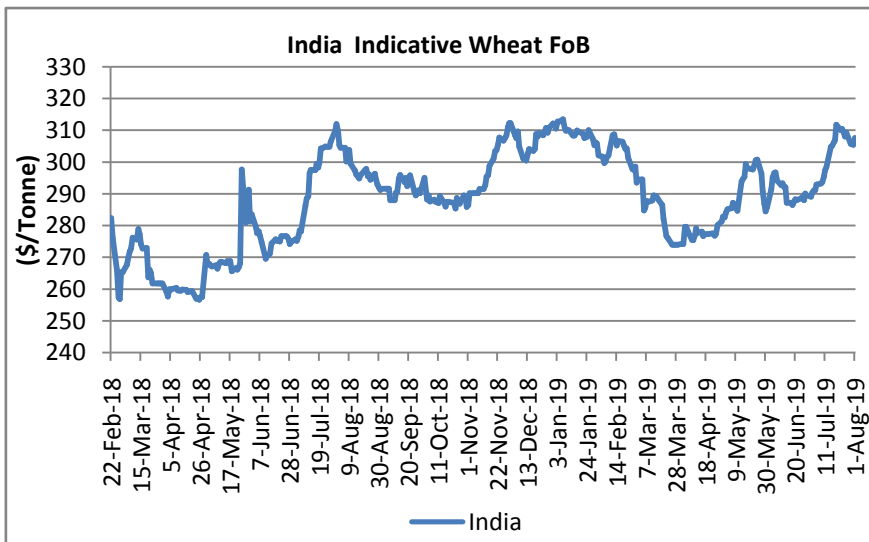
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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Wheat FoB quote in India witnessed 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
		1-Aug-19	25-Jul-19	1-Jul-19	1-Aug-18	
USA (Chicago)	2SRW	207.80	213.25	226.60	234.50	-11.39
France	FCW3	189.63	193.18	NA	249.61	-24.03
Australia	ASW	199.50	206.50	215.60	231.00	-13.64
Russia	SRW	188.00	187.00	189.00	218.00	-13.76
India	Fob	307.66	308.02	289.13	309.77	-0.68

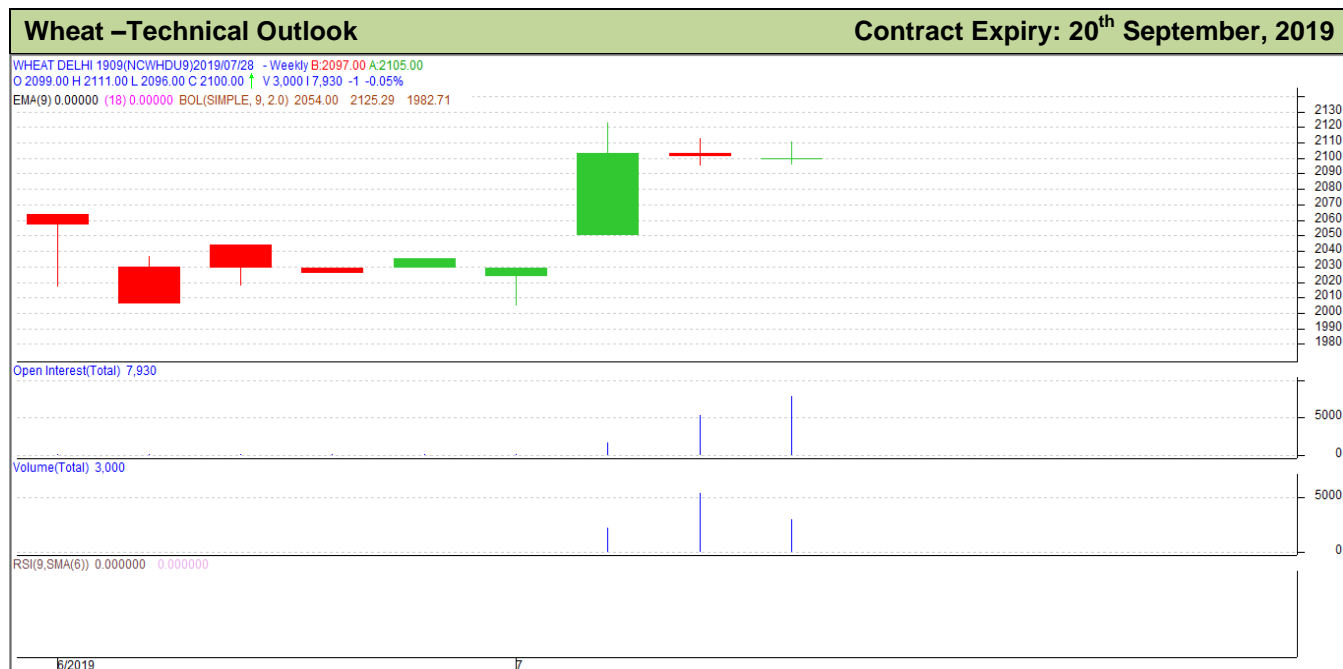
	01/08/2019	25/07/2019	18/07/2019	11/07/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	194.00	195	195	194
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	189.00	190	187	186

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 02.08.2019	
Contract Month	Change from previous day	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Aug	-2	2075	2075	2070	2073	180	0	5290	-100
19-Sep	-6	2106	2103	2096	2100	30	-280	7930	-10
19-Oct	-7	2147	2140	2139	2140	50	30	60	50

Wheat Technical Analysis:

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Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	September	2060	2045	2100	2165	2180
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	September	Buy	Above 2098	2125	2145	2082

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
	1-Aug-19	24-Jul-19	2-Jul-19	1-Aug-18	
Indore	NA	2061	NA	2050	-
Delhi	2150	2123	2031	1990	8.04
Kanpur	2050	2020	1905	1990	3.02
Rajkot	2068	2075	1960	2050	0.88
Kota	2046	2035	1948	1943	5.30

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

Domestic Market Weekly Outlook:
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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	Yesterday	Week Ago	Month Ago	Year Ago
			1-Aug-19	31-Jul-19	25-Jul-19	1-Jul-19	1-Aug-18
Delhi	Lawrence Road	Mill Delivery	2150	2150	2130	2035	1990
	Narella	Mill Quality Loose	2050	Closed	NA	1940	Closed
	Nazafgarh	Mill Quality Loose	2025	Closed	NA	1925	Closed
Gujarat	Rajkot	Mill Delivery	2060	2040	2060	1930	2060
	Ahmedabad	Mill Delivery	2165	2150	2160	2035	2100
	Surat	Mill Delivery	2200	2190	2200	2070	2140
	Dhrol	Mill Delivery	1925	1825	1960	2000	2000
M.P.	Indore	Mill Quality Loose	Closed	2130	2100	1980	2085
	Bhopal	Mill Delivery	Closed	1980	1980	1815	2000
Rajasthan	Kota	Mill Quality Loose	1940	1950	1925	1815	1860
		Mill Delivery	2050	2060	2020	1950	1960
U.P.	Kanpur	Mill Delivery	2015	2015	2060	1930	1820
	Mathura	Mill Quality Loose	1940	1940	1900	1810	1815
	Kosi	Mill Quality Loose	1960	1950	1970	1930	1825
	Hathras	Mill Quality Loose	1940	1915	1910	1820	1800
	Aligarh	Mill Quality Loose	1950	Closed	1960	1870	Closed
Punjab	Khanna	Mill Quality Loose	1960	1975	1970	1930	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2035	2035	2020	1925	1835
	Hodal	Mill Delivery	NA	NA	NA	NA	1920
	Bhiwani	Mill Quality Loose	2030	2050	2050	1925	1880
	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	2350	2325
	Madurai	Mill Quality	2357	2550	2450	2450	2450
	Coimbatore	Mill Quality	2357	2600	2500	2500	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2100	1900	1900
	Muzaffarpur	Mill Delivery	2000	2000	1950	1850	1850

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:

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Russia is expected to dominate the world wheat export market this year. Although sovecon has reduced production forecast however it is still higher compared to last year. Indonesia is one of the largest importer of wheat and a top buyer of Australian wheat. Due to third consecutive dry season availability of wheat for export in Australia has been impacted. Argentina has captured some demand but major share will be captured by Black Sea wheat. On an average, the spread between Australia standard wheat (ASW) and black sea wheat has increased from \$12 per tonne in 2017 to \$24 per tonne in 2019.

Algeria state grains agency OAIC has bought around 570000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were around \$215.50 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from France. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments.

Bangladesh will buy 100000 MT of wheat from Russia. Bangladesh will pay around \$267.30 per tonne including cost, insurance, freight and port related expenses. Prodintorg, a Russian state firm, will supply around 52000 MT of wheat in first batch of shipment which is likely to arrive during first week of August. The strong demand for wheat is due to a shift in consumer preferences towards bread. Furthermore, increased use of wheat as a substitute for more expensive rice by Bangladesh's growing population has also intensified demand.

China has approved wheat imports from kurgan region of Russia. This will bring Russia a step closer in remaining the leader in wheat exports. Russia is aiming to increase its export of wheat to 55.9 MMT by 2035. Russia is planning to export a total of 41.9 MMT of wheat in 2019-20.

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 \$189 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.

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, 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.

IGC Wheat Balance Sheet:
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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
	1-Aug-19	25-Jul-19	1-Jul-19	1-May-19	1-Feb-19	1-Aug-18	
Sep-19	174.79	183.52	188.02	162.85	198.21	221.63	-21.14
Dec-19	176.63	186.36	192.61	168.82	202.80	225.40	-21.64
Mar-20	180.67	190.41	196.93	174.88	206.20	227.24	-20.49
May-20	182.87	192.43	199.04	178.56	207.67	227.70	-19.69
Jul-20	184.07	192.89	199.96	179.66	206.11	222.46	-17.26
Sep-20	187.01	195.46	202.35	182.41	208.22	223.47	-16.32

CBOT Sep-19

1st Support: 160.00
2nd Support: 158.00
1st Resistant: 211.00
2nd Resistant: 213.00
(\$ per tonne)

Wheat CBOT closed at \$4.90 per bushel. U.S. wheat export sales during 27th June-25th July was 1953942 tonnes compared 2761439 tonnes during 30th May-20th June. As on 29th July, around 75% of the U.S. winter wheat has been harvested. U.S. spring wheat planting is complete and around 97% of the spring wheat has headed and 78% of it is in good or excellent condition. CBOT wheat prices are likely to stay steady to weak in upcoming weeks due to harvest progress. Furthermore, export demand is also limited due to ample availability in global market at lower prices.

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 \$305.38-309.33 per tonne.

US and Russian quotes are hovering in the range of \$213.39 and \$188.00 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 \$235 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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