



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 1.80 percent to Rs. 2085.04 per quintal during the week ended 08th August 2019. Wheat average price were ruling at Rs 2123.31 per quintal during 24-31 July 2019. As compared to prices in the week 01-08 August 2018, the prices are firm by 4.69 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 remain steady to firm in near future due to good demand in domestic market and no imports. However prices are not able to get support from exports as other countries such as Russia, Ukraine and Australia are able to provide wheat at lower prices. However sales through OMSS is still low due to good availability with traders and millers. Sales through OMSS is expected to increase from next month. Traders are advised to buy with correction.

As per latest update, demand for wheat has increased in the feed industry due to higher prices of maize. However this trend is short lived as imported quantity of maize is likely to arrive during September and new crop in domestic market will start from October. Furthermore, government will increase reserve price of wheat by Rs 55 per quintal for the third quarter (Oct-Dec) to Rs 2190 per quintal.

Arhtiyas (commission agent) play a crucial role in procurement by providing around 66 percent of farm loans. The state is rolling out the public financial management system (PFMS) in two months. Arhtiyas were fearful that they might get affected. Punjab government has made it clear that under the APMC act, it is a state subject and the government is authorized to modify PFMS to retain role of Arhtiyas.

As per latest update, the Indian institute of wheat and barley research (IIWBR) has proposed a new variety known as DBW-187. This variety has already gained acceptance in north eastern states. Now IIWBR is planning to introduce the same in Haryana, Punjab and Western Uttar Pradesh. This variety is expected to replace HD-2967 and HD-3086 variety. The DBW-187 also known as karan vandana will have more than 12 percent protein content. Furthermore, yield of DBW-187 is expected to be around 7.5 tonnes per hectare compared to 6.5 tonnes per hectare for normal variety.

Indian FoB quote is hovering around \$305.56 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$188.20, \$188.30, Euro 169.75, \$213.52 and \$204.68 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. 2028 & 2163 respectively.

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	

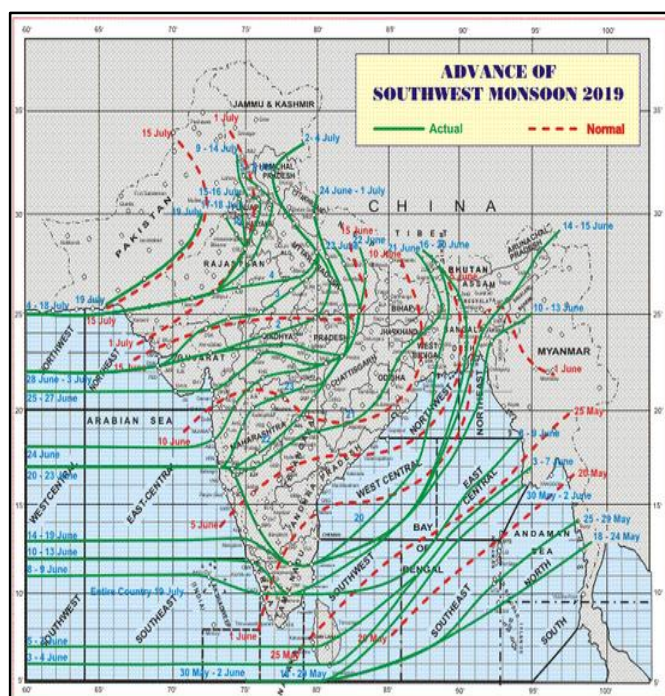
Source: Trade

Wheat Import

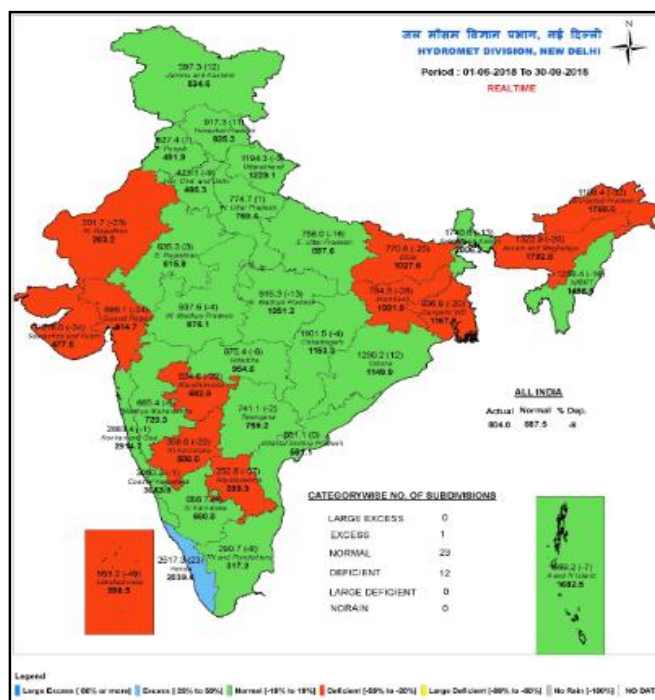
Date	Foreign Country	Port	Quantity in MT
April-2019	Australia	Tuticorin	498.77
	Total		

Source: Trade

Monsoon



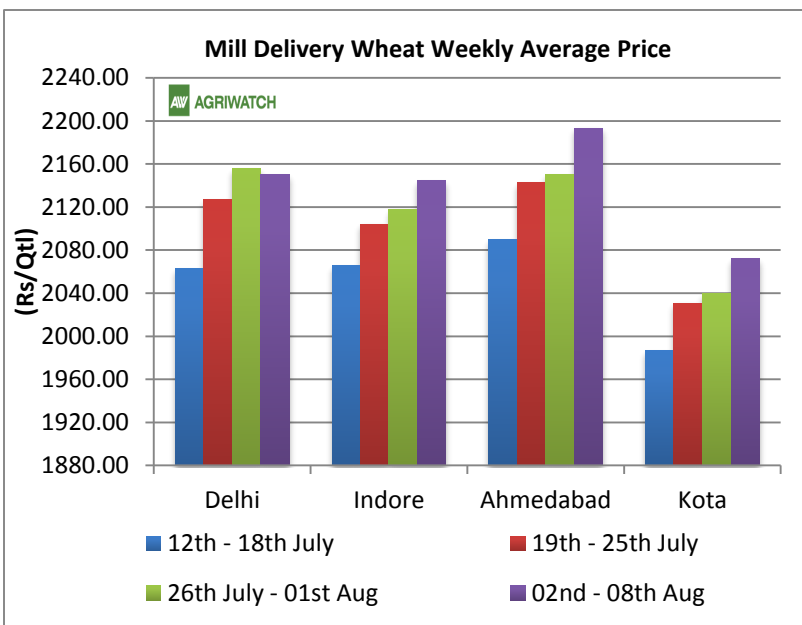
Source: IMD



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

Average mill delivery prices of Wheat traded firm in Indore, Kota and Ahmadabad except Delhi during 02nd - 08th August 2019.

Prices remained firm in past week. Market is likely to trade steady to firm in upcoming weeks as domestic demand will pick up. Government has also 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

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

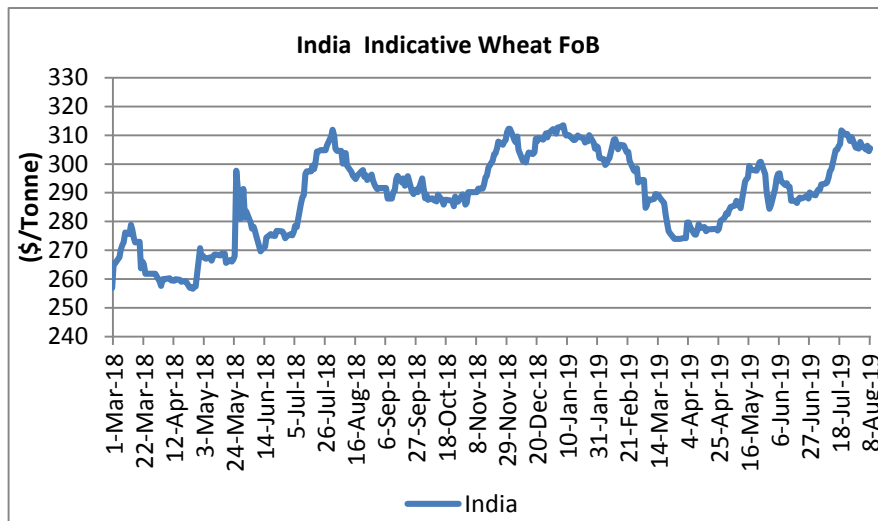
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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

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.



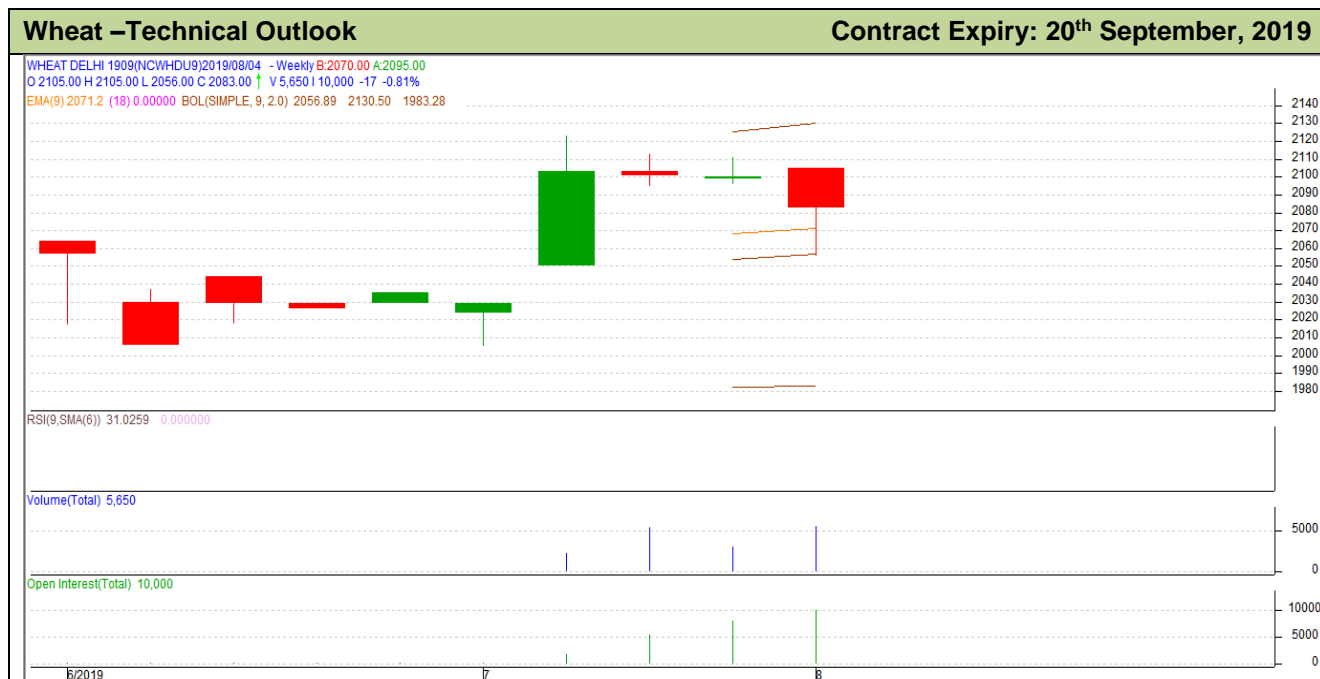
Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		8-Aug-19	1-Aug-19	8-Jul-19	8-Aug-18	
USA (Chicago)	2srw	216.20	207.80	226.30	237.00	-8.78
France	FCW3	188.94	189.63	196.26	257.51	-26.63
Australia	ASW	208.60	199.50	213.50	259.50	-19.61
Russia	SRW	189.50	188.00	183.50	217.50	-12.87
India	Fob	305.45	307.66	293.22	303.78	0.55

	08/08/2019	01/08/2019	25/07/2019	18/07/2019
Black Sea Mill Wheat 12.5% FOB Pmax.(\$/T)	195.00	194.00	195	195
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	191.00	189.00	190	187

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price
Date:09.08.2019

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Aug	-9	2057	2063	2042	2048	780	-510	3990	0
19-Sep	-3	2086	2090	2064	2083	730	-610	10000	+360
19-Oct	-9	2125	2120	2112	2116	20	0	120	+20

Wheat Technical Analysis:
[\(Back to Table of Contents\)](#)

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	2043	2028	2083	2148	2163
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	September	Buy	Above 2081	2108	2128	2065

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
	8-Aug-19	31-Jul-19	9-Jul-19	8-Aug-18	
Indore	2137	2100	1988	1991	7.33
Delhi	2148	2145	2040	1976	8.70
Kanpur	2055	2045	1935	1840	11.68
Rajkot	2100	2065	1969	2025	3.70
Kota	2062	2036	1976	1966	4.88

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. Furthermore, wheat is being used in feed instead of maize due to lower prices. 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
			8-Aug-19	7-Aug-19	1-Aug-19	8-Jul-19	8-Aug-18
Delhi	Lawrence Road	Mill Delivery	2150	2150	2150	2035	1980
	Narella	Mill Quality Loose	2050	Closed	2050	1950	Closed
	Nazafgarh	Mill Quality Loose	2000	Closed	2025	1930	Closed
Gujarat	Rajkot	Mill Delivery	2100	2100	2060	1950	2025
	Ahmedabad	Mill Delivery	2200	2200	2165	2050	2090
	Surat	Mill Delivery	2250	2260	2200	2080	2120
	Dhrol	Mill Delivery	2200	NR	1925	1960	2015
M.P.	Indore	Mill Delivery	2130	2160	Closed	2010	2060
	Bhopal	Mill Quality Loose	2100	2100	Closed	1860	1950
Rajasthan	Kota	Mill Quality Loose	1970	1965	1940	1870	1850
		Mill Delivery	2070	2080	2050	1960	1950
U.P.	Kanpur	Mill Delivery	2050	2060	2015	1975	1810
	Mathura	Mill Quality Loose	1930	1925	1940	1810	1780
	Kosi	Mill Quality Loose	1960	1960	1960	1900	1815
	Hathras	Mill Quality Loose	1940	1940	1940	1850	1790
	Aligarh	Mill Quality Loose	1950	Closed	1950	1860	Closed
Punjab	Khanna	Mill Quality Loose	1975	1970	1960	1950	1820
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2030	2035	2035	1940	1830
	Hodal	Mill Delivery	NA	NA	NA	NA	1920
	Bhiwani	Mill Quality Loose	2020	2030	2030	1960	1880
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA



Tamil Nadu	Chennai	Mill Quality	2400	2400	2300	2300	2300
	Madurai	Mill Quality	2457	2500	2550	2350	2400
	Coimbatore	Mill Quality	2457	2550	2600	2400	2450
Bihar	Khagariya	Mill Delivery	1900	1900	2000	1900	1800
	Muzaffarpur	Mill Delivery	1950	1950	2000	1850	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 on 02nd August Russia has harvested 46.70 million tonnes of wheat compared to 39.5 million tonnes a year ago for the same date. Around 12.9 million hectares of area has been harvested with an average yield of 3.62 tonnes per hectare compared to 10.9 million hectares with an average yield of 3.64 tonnes per hectare a year ago for same date. Russian wheat with 11.5% protein content is being quoted at FoB \$ 188.00 per tonne.

Farm ministry has increased soft wheat production in France to 38.2 MMT up by 12 percent compared to last year. Forecast has been increased as analysts believe that heat wave in June and July had little impact on yields.

GASC (General Authority for Supply Commodities) has purchased 415000 tonnes of Russia, Ukraine and Romanian wheat through tender. Of the total quantity 60000 tonnes was of Romanian origin, 115000 tonnes was of Ukrainian origin and 240000 tonnes was of Russian origin. Louis dreyfus purchased 60000 tonnes of Ukrainian wheat at FoB \$200.17 per tonne, Hakan purchased 60000 tonnes of Russian wheat at FoB \$203.90 per tonne, Hakan purchased 55000 tonnes of Ukrainian wheat at FoB \$198.45 per tonne, ADM purchased 60000 tonnes of Romanian wheat at FoB \$204.23 per tonne, Solaris purchased 60000 tonnes of Russian wheat at FoB \$203.90 per tonne, Posco purchased 60000 tonnes of Russian wheat at FoB \$203.90 per tonne and Garant Logistics purchased 60000 tonnes of Russian wheat at FoB \$203.90 per tonne. Egypt has bought 300000 MT of wheat in its last tender. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.

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.

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 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.

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
	8-Aug-19	1-Aug-19	8-Jul-19	8-May-19	8-Feb-19	8-Aug-18	
Sep-19	183.15	174.79	187.74	164.41	194.63	226.04	-18.98
Dec-19	183.70	176.63	192.06	169.46	199.31	229.81	-20.06
Mar-20	186.64	180.67	196.65	174.70	202.62	231.46	-19.37
May-20	188.48	182.87	198.76	177.82	203.72	229.81	-17.99
Jul-20	189.95	184.07	198.58	178.83	201.52	224.57	-15.42
Sep-20	192.70	187.01	201.06	181.77	203.72	225.49	-14.54

CBOT Sep-19

1st Support: 165.00
2nd Support: 163.00
1st Resistant: 205.00
2nd Resistant: 207.00
(\$ per tonne)

Wheat CBOT closed at \$4.99 per bushel. U.S. wheat export sales during 26th July-01st August was 488000 tonnes compared to 383000 tonnes during 19th -25th July. Sales were within the trade expectation of 250000-500000 MT. USDA expects sales for 2019-20 to be around 25.9 MMT, higher by 6% than 2018-19. As on 05th August, around 82% of the U.S. winter wheat has been harvested. U.S. spring wheat harvest is 2% complete compared to 12% last year and 73% 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.

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 \$304.45-306.62 per tonne.

US and Russian quotes are hovering in the range of \$213.52 and \$188.20 per tonne respectively. Wheat prices in international markets remained firm in last week. Wheat is expected to trade steady to weak 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.

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.

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

