



Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 2.80 percent to Rs. 2143.36 per quintal during the week ended 15th August 2019. Wheat average price were ruling at Rs 2085.04 per quintal during 01-08 August 2019. As compared to prices in the week 09-15 August 2018, the prices are firm by 2.82 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 market sources, wheat stock in central pool as on 1st August'19 stood at 435.88 lakh tonnes down by 4.89% compared to last month. This quantity is higher by around 7.47% 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.

Wheat WPI has increased from 150.8 in June-2019 to 153.4 in July-2019. Monthly wheat inflation has increased by 1.72 percent in July-2019 compared to previous month. As compared to July-2018 wheat WPI has increased by around 5.87 percent. Wheat WPI is expected to stay steady to firm in coming month.

Government has sold 241550 tonnes of wheat in OMSS until first tender in August'19. No rakes were sold. State government and bulk consumers bought 228050 tonnes and 13500 tonnes of wheat respectively. 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 was the main reason for lower sale through OMSS. Stock with millers/traders has diminished and sales through OMSS is likely to witness an increasing trend in upcoming weeks.

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 July-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.

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 \$345.80 (Rs 24641.71) per tonne and \$467.04 (Rs 33281.27) 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 23500-24000 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around \$307.91 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$186.88, \$187.38, Euro 167.94, \$210.10 and \$209.30 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 agencies have started procurement. Until 24th June'19 government has procured around 341.15 lakh tonnes of wheat.

As per latest update, the Indian institute of wheat and barley research (IIWBR) has proposed a new variety known as DBW-187. IIWBR is planning to introduce the same in Haryana, Punjab and Western Uttar Pradesh. Yield of DBW-187 is expected to be around 7.5 tonnes per hectare compared to 6.5 tonnes per hectare for normal variety.

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

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. 2032 & 2167 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	

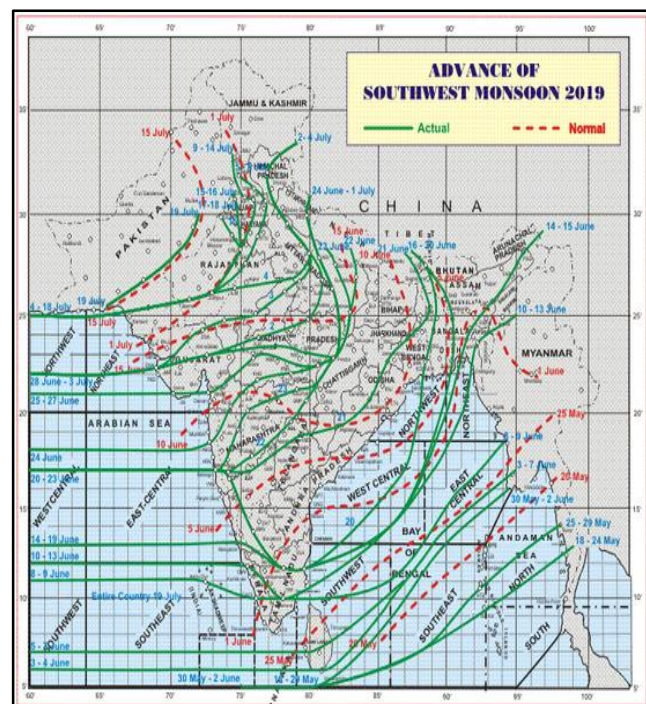
Source: Trade

Wheat Import

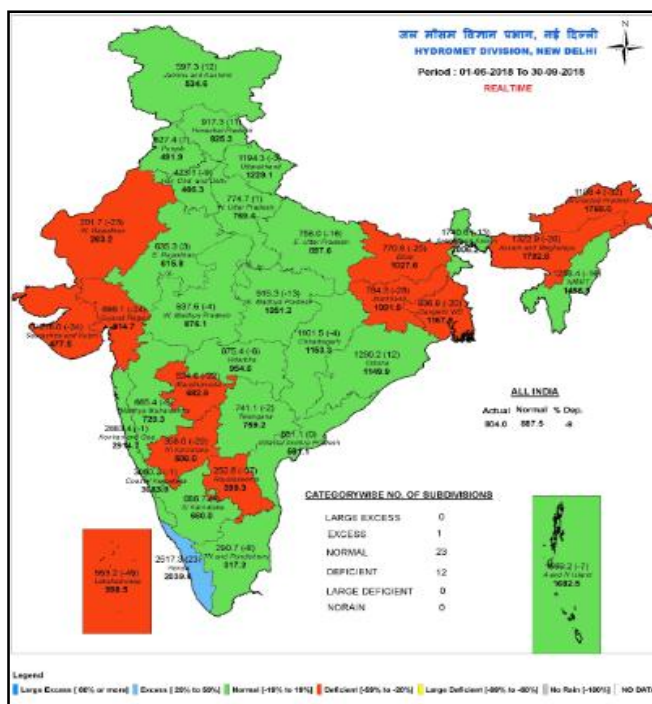
Date	Foreign Country	Port	Quantity in MT
April-2019	Australia	Tuticorin	498.77
	Total		

Source: Trade

Monsoon



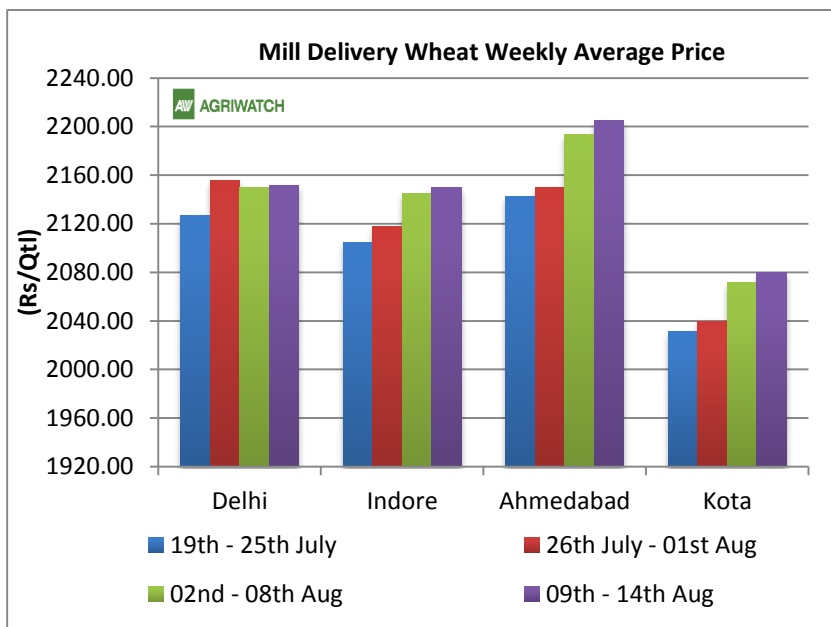
Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Indore, Kota and Ahmadabad except Delhi during 09th - 14th August 2019.

Prices remained firm in past week. Market is likely to trade steady to firm in upcoming weeks due to good demand in domestic market. 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

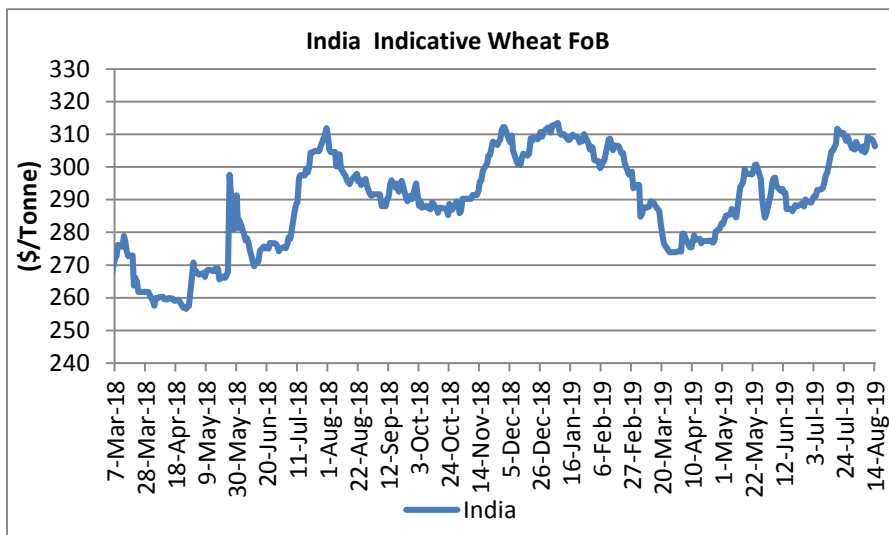
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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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
		16-Aug-19	9-Aug-19	15-Jul-19	16-Aug-18	
USA (Chicago)	2srw	207.20	216.81	215.94	222.98	-7.08
France	FCW3	184.03	190.29	197.00	241.44	-23.78
Australia	ASW	206.50	212.10	198.80	260.61	-20.76
Russia	SRW	186.50	190.00	185.00	213.00	-12.44
India	Fob	306.97	309.18	304.86	294.79	4.13

	15/08/2019	08/08/2019	01/08/2019	25/07/2019
Black Sea Mill Wheat 12.5% FOB Pmax.(\$/T)	193	195.00	194.00	195
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	188	191.00	189.00	190

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date:09.08.2019	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Sep	+17	2085	2091	2085	2088	100	-100	10160	+50
19-Oct	+8	2121	2122	2121	2122	30	+10	170	+30
19-Nov	-1	2156	2156	2156	2156	0	0	0	0

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

WHEAT DELHI 1909(NCWHDU9)2019/08/11 - Weekly B:2075.00 A:2094.00
 O 2083.00 H 2091.00 L 2070.00 C 2088.00 ↑ V 3101 10,160 +5 +0.24%
 EMA(9) 2074.5 (18) 0.00000 BOL(SIMPLE, 9, 2.0) 2066.00 2132.07 1999.93


Technical Commentary:

- Rise in price and open interest indicates long 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	2047	2032	2088	2152	2167
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	September	Buy	Above 2085	2112	2132	2069

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
	16-Aug-19	8-Aug-19	17-Jul-19	16-Aug-18	
Indore	2118	2137	2029	1950	8.62
Delhi	2151	2148	2087	1976	8.86
Kanpur	2070	2055	1955	1870	10.70
Rajkot	2118	2100	1995	2000	5.90
Kota	2043	2062	1998	1962	4.13

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
			16-Aug-19	14-Aug-19	9-Aug-19	16-Jul-19	16-Aug-18
Delhi	Lawrence Road	Mill Delivery	2150	2155	2150	2065	1970
	Narella	Mill Quality Loose	2060	Closed	2055	1960	1890
	Nazafgarh	Mill Quality Loose	2015	Closed	2025	1925	1885
Gujarat	Rajkot	Mill Delivery	2120	2110	2115	2030	2005
	Ahmedabad	Mill Delivery	2200	2190	2210	2100	2080
	Surat	Mill Delivery	2250	2240	2260	2125	2110
	Dhrol	Mill Delivery	2200	NR	2075	1860	2000
M.P.	Indore	Mill Delivery	2160	2160	2130	2090	2035
	Bhopal	Mill Quality Loose	2075	2100	2100	1940	1950
Rajasthan	Kota	Mill Quality Loose	1950	1970	Closed	1870	1850
		Mill Delivery	2100	2080	Closed	1980	1960
U.P.	Kanpur	Mill Delivery	2015	2015	2070	1960	1850
	Mathura	Mill Quality Loose	Closed	Closed	1925	Closed	1805
	Kosi	Mill Quality Loose	1970	1960	1970	Closed	1785
	Hathras	Mill Quality Loose	1835	1835	NR	1850	NR
	Aligarh	Mill Quality Loose	1950	Closed	1950	1880	1785
Punjab	Khanna	Mill Quality Loose	1975	1975	1975	NA	1850
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2025	2025	2025	1980	1830
	Hodal	Mill Delivery	NA	NA	NA	NA	1940
	Bhiwani	Mill Quality Loose	2020	2020	2010	1960	1840
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2400	2400	Closed	2300	2325



	Madurai	Mill Quality	2457	2550	Closed	2450	2450
	Coimbatore	Mill Quality	2457	2600	Closed	2500	2500
Bihar	Khagariya	Mill Delivery	2050	2150	1900	1900	1800
	Muzaffarpur	Mill Delivery	2025	2025	1950	1925	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 may be able to enter yet another market as Saudi Arabia's grain agency will give some relaxation for bug damage in wheat imports. This process is likely to start from next wheat tender. However, this may hurt European Union as it is a major supplier of wheat for Saudi Arabia.

As per latest update, Russia has exported around 2.9 MMT in July-19 lower by 24% compared to July-2018. The destination included Turkey, Egypt, Vietnam and Sudan.

As on 08th August Russia has harvested 49.80 million tonnes of wheat compared to 47.1 million tonnes a year ago for the same date. Around 13.8 million hectares of area has been harvested with an average yield of 3.61 tonnes per hectare compared to 13.2 million hectares with an average yield of 3.57 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.

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
	16-Aug-19	9-Aug-19	15-Jul-19	16-May-19	15-Feb-19	16-Aug-18	
Sep-19	172.95	183.52	186.55	173.96	190.50	218.79	-20.95
Dec-19	175.43	184.25	191.05	178.65	195.64	222.46	-21.14
Mar-20	177.82	187.01	195.82	183.24	199.59	224.39	-20.75
May-20	179.93	188.84	198.03	185.81	201.70	224.02	-19.68
Jul-20	181.86	190.31	198.30	185.90	200.88	221.91	-18.05
Sep-20	184.89	192.79	200.69	188.48	203.45	223.01	-17.09

CBOT Sep-19

1st Support: 161.00
2nd Support: 159.00
1st Resistant: 201.00
2nd Resistant: 203.00
(\$ per tonne)

Wheat CBOT closed at \$4.70 per bushel. U.S. wheat export sales during the week ended 08th August was 462000 tonnes compared to 488000 tonnes last week. Sales were within the trade expectation of 200000-500000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As on 15th August, around 89% of the U.S. winter wheat has been harvested. U.S. spring wheat harvest is 8% complete compared to 32% last year and 69% 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 \$306.29-309.18 per tonne.

US and Russian quotes are hovering in the range of \$210.10 and \$186.88 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 \$225 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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