

# Wheat Weekly Research Report

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

All India weekly average prices increased by 0.15 percent to Rs. 2129.75 per quintal during the week ended 15<sup>th</sup> September 2019. Wheat average price were ruling at Rs 2126.53 per quintal during 01-08 September 2019. As compared to prices in the week 09-15 September 2018, the prices are firm by 2.93 percent. Prices are expected to remain steady to firm in coming days due to hike in import duty and likely increase in 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 August-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 market sources, wheat off-take in past weeks has increased. Government has sold 121400 tonnes of wheat through OMSS in first two tenders during September. During August, sales of wheat through OMSS was 152000 tonnes. Reserve price will be increased by Rs 55 per quintal to Rs 2190 per quintal for October-December'19. Sales are expected to witness an increasing trend in upcoming weeks due to lean season and festive demand. Traders are advised to buy on dip.

As per latest update, Rajasthan government has sought to increase the ceiling limit for wheat under food security act. In view of the increase in population an additional 26000 tonnes of wheat is required. The existing ceiling is for 4.46 crores beneficiaries whereas the requirement is for 4.82 crores beneficiaries.

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 23825.76) per tonne and \$435.96 (Rs 30913.92) 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 23500-2400 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around \$302.53 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$180.20, \$180.70, Euro 164.90, \$209.32 and \$203.28 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 sold 336700 tonnes of wheat in OMSS until fourth tender in August'19. No rakes were sold. State government and bulk consumers bought 245850 tonnes and 90580 tonnes of wheat respectively.

As per trade source, India has exported around 23.57 thousand tonnes in the month of July-2019. The quantity in July-2019 was exported at an average FOB of \$ 363.97 per tonne and the major destinations were Nepal, UAE, Sri Lanka and Bahrain. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

As per fourth advance estimate, India is likely to produce 102.19 MMT of wheat compared to 99.70 MMT in previous year.

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.

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.

**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. 1975 & 2130 respectively.

Wheat Weekly Export
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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 July -2019	5148.49	593.47
09-16 July -2019	4185.17	299.86
17-24 July -2019	5515.62	311.09
25-31 July -2019	8726.00	289.49
<b>Total</b>	<b>23575.8</b>	

Source: Trade

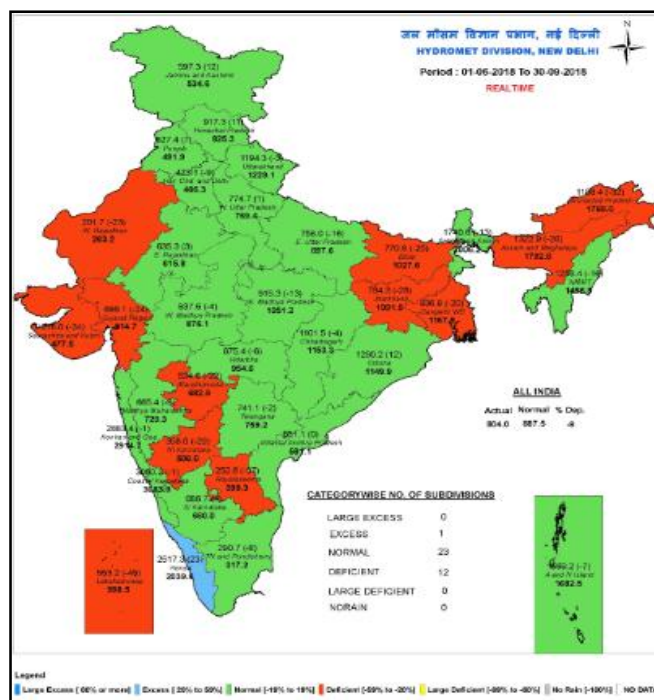
Wheat Import

Date	Foreign Country	Port	Quantity in MT
April-2019	Australia	Tuticorin	498.77
	<b>Total</b>		

Source: Trade

Monsoon

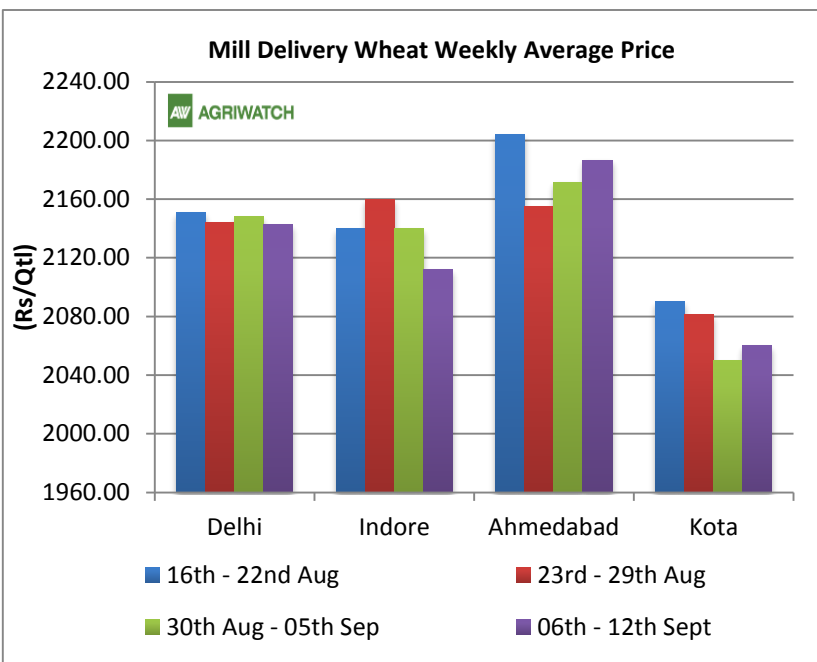

Source: IMD



Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Kota and Ahmedabad during 06<sup>th</sup> -12<sup>th</sup> September 2019. Prices were weak in Delhi and Indore.

Prices witnessed mixed sentiments in past week and are expected to remain steady to firm in upcoming 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

<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

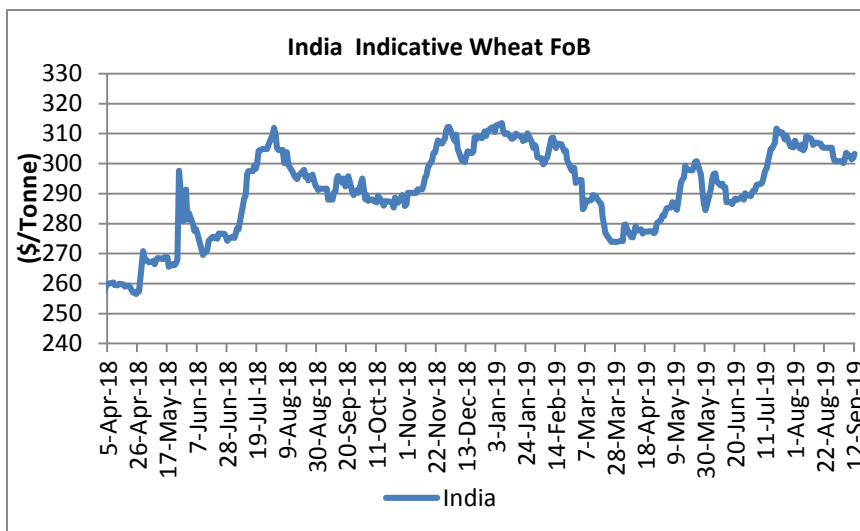
State/UTs	Procurement as on 24 <sup>th</sup> June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

### FOB Quote for Wheat at Kandla

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Wheat FoB quote in India witnessed steady 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 \$300-308 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
		12-Sep-19	5-Sep-19	12-Aug-19	12-Sep-18	
USA (Chicago)	2srw	212.60	204.40	208.20	217.40	-2.21
France	FCW3	182.55	180.87	189.73	231.23	-21.05
Australia	ASW	206.36	198.99	210.70	255.50	-19.23
Russia	SRW	180.00	182.50	186.50	206.00	-12.62
India	Fob	303.26	301.28	308.41	290.72	4.31

	12/09/2019	05/09/2019	29/08/2019	22/08/2019
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	185	187	190	191
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	182	185	186	188

### NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price								Date: 13.09.2019	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Sep	+7	2032	2041	2029	2039	0	-190	6960	0
19-Oct	-11	2067	2074	2065	2070	40	-230	2300	0
19-Nov	-10	2090	2090	2090	2090	10	-30	50	+10

## Wheat Technical Analysis:

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### Wheat –Technical Outlook Contract Expiry: 20<sup>th</sup> September, 2019

WHEAT DELHI 1909(NCWHDU9)2019/09/08 - Weekly B:2005.00 A:2034.00  
O 2015.00 H 2041.00 L 2000.00 C 2039.00 ↑ V 2,850 I 6,960 +17 +0.84%  
EMA(9) 2057.6 (18) 2000.00 BOL(SIMPLE, 9, 2.0) 2074.89 2129.02 2020.76



#### Technical Commentary:

- Rise in price and fall in open interest indicates short covering.
- 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	2000	1975	2039	2115	2130
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	September	Buy	Above 2035	2067	2092	2015

## 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
	12-Sep-19	4-Sep-19	13-Aug-19	12-Sep-18	
Indore	NA	2100	2100	2025	-
Delhi	2140	2150	2150	2020	5.94
Kanpur	2050	2045	2065	1955	4.86
Rajkot	2089	2100	2115	NA	-
Kota	NA	NA	2045	2007	-

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
			12-Sep-19	11-Sep-19	5-Sep-19	12-Aug-19	12-Sep-18
Delhi	Lawrence Road	Mill Delivery	2140	2150	2145	2155	2020
	Narella	Mill Quality Loose	2020	Closed	2050	2055	Closed
	Nazafgarh	Mill Quality Loose	2025	Closed	2025	2000	Closed
Gujarat	Rajkot	Mill Delivery	2100	2100	2100	2125	2050
	Ahmedabad	Mill Delivery	2175	2175	2175	2210	2150
	Surat	Mill Delivery	2250	2250	2260	2250	2175
	Dhrol	Mill Delivery	2195	2150	2050	2130	2085
M.P.	Indore	Mill Delivery	Closed	2100	2130	2150	2090
	Bhopal	Mill Quality Loose	NA	2020	2020	Closed	1950
Rajasthan	Kota	Mill Quality Loose	Closed	1940	Closed	1960	1880
		Mill Delivery	Closed	2075	Closed	2080	1980
U.P.	Kanpur	Mill Delivery	2000	2000	Closed	Closed	1835
	Mathura	Mill Quality Loose	1910	1880	1905	Closed	1825
	Kosi	Mill Quality Loose	1960	1950	1980	1970	1830
	Hathras	Mill Quality Loose	1890	1900	1930	NR	1880
	Aligarh	Mill Quality Loose	1940	Closed	1950	Closed	Closed
Punjab	Khanna	Mill Quality Loose	1950	1970	1975	Closed	1850
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2010	2010	2020	Closed	1830
	Hodal	Mill Delivery	NA	NA	NA	NA	2000
	Bhiwani	Mill Quality Loose	2030	2030	2040	Closed	1880
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	Closed	2300	Closed	2400	2300



	Madurai	Mill Quality	Closed	2550	Closed	2550	2450
	Coimbatore	Mill Quality	Closed	2600	Closed	2600	2500
Bihar	Khagariya	Mill Delivery	2100	2100	2000	2050	1800
	Muzaffarpur	Mill Delivery	2000	2000	2000	2010	1900

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

*Russian milling wheat prices became weak by \$2 per tonne at Novorossiysk compared to last week. Export quotes are being influenced by ample availability in global market and low demand. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$182-185/tonne. Furthermore increase in Russian wheat crop forecast by 0.5 MMT to 74.90 MMT has also kept prices under pressure.*

*As per latest update, Thailand Feed Mill Association has bought 70000 tonnes of feed wheat through tender. The wheat was bought at \$220.50 per tonne cost and freight for December delivery. Wheat can be sourced from optional origins.*

*As per latest update, bumper crop of wheat is expected in France. Farm ministry is estimating the crop to be near 39.45 MMT. Export are expected to reach 11.0 MMT, highest since 2015-16. Good competition can be expected from France on FoB basis. However, freight rates will continue to play a crucial role.*

*As per latest update, dry weather in Argentina has hit wheat crop amid expectations of bumper crop. Argentina is expecting to produce 21 MMT of wheat. If the current situation continues wheat crop production in Argentina may fall below expectations. Although ample availability in global market will ensure that there are no unexpected increase in prices.*

*Indonesian flour mills have bought two varieties (White and Red winter) of United States wheat. Flour millers bought 55000 tonnes. White wheat was purchased at \$255 per tonne Cost & Freight and red winter wheat was purchased at \$245 per tonne Cost & Freight. The said quantity will be delivered in October.*

*As on 30th August Russia has harvested 61.00 million tonnes of wheat compared to 58.30 million tonnes a year ago for the same date. Around 18.50 million hectares of area has been harvested with an average yield of 3.29 tonnes per hectare compared to 17.50 million hectares with an average yield of 3.33 tonnes per hectare a year ago for same date. Russian wheat with 11.5% protein content is being quoted at FoB \$ 182.50 per tonne.*

*GASC (General Authority for Supply Commodities) has purchased 350000 tonnes of Russia, Ukraine and France wheat through tender. Of the total quantity 60000 tonnes was of French origin, 60000 tonnes was of Ukrainian origin and 230000 tonnes was of Russian origin. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.*

*Jordan has bought 60000 tonnes of hard milling wheat at \$227.75 per tonne cost and freight for delivery in first half of November. The tender closed on Tuesday and wheat can be sourced from optional origin. The seller was trading house Nibulon. Other participants in the tender with their offers were Ameropa (\$229 a tonne CnF), Cerealcon Dolj (\$230 a tonne CnF) and Glencore (\$231 a tonne CnF).*

*As per latest update, Ukraine wheat production is likely to increase by 13 percent in 2019 to 27.8 MMT compared to 24.6 MMT last year. Higher global production is keeping wheat prices under pressure. As of now Ukraine wheat with 11.5 percent protein content is hovering around FoB \$ 183.50 per tonne.*

*As per latest update, SAGO has decided to buy 10 percent of its annual wheat requirement from Saudi-controlled companies based abroad. Such companies should produce 5000 tonnes of wheat and Saudi investors must own 51 percent stake. Furthermore, these companies must be registered at the kingdom's ministry of environment, water and agriculture*

### IGC Wheat Balance Sheet:

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IGC Forecast( Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				25.07.2019	29.08.2019
Production	757	761	733	763	764
Trade	177	176	170	173	172
Consumptions	736	739	738	755	758
Carryover stocks	248	270	265	270	270
Y-O-Y change	21	22	-5	-	6
Major Export	79	82	69	67	68

- IGC has forecasted global wheat production to be 764 MMT for 2019-20. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 761 MMT for 2017-18. The forecast for global production is higher by 31 MMT compared to estimate for 2018-19. IGC has projected higher production for 2019-20.
- Trade forecast for 2019-20 has been decreased to 172 MMT. It is 2 MMT higher compared to estimate for last year and lower by 4 MMT compared to 2017-18.
- Consumption has been increased to 758 MMT for 2019-20. The forecast is higher by 20 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 270 MMT compared to estimate of 265 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
	12-Sep-19	5-Sep-19	12-Aug-19	12-Jun-19	12-Mar-19	12-Sep-18	
Sep-19	178.46	170.47	173.32	195.09	172.31	204.00	-12.52
Dec-19	177.73	171.30	174.97	199.22	177.64	209.42	-15.13
Mar-20	179.75	173.60	177.82	202.99	182.05	213.37	-15.76
May-20	181.22	175.25	179.93	204.55	184.34	215.85	-16.04
Jul-20	182.32	176.35	181.86	204.92	184.71	213.73	-14.70
Sep-20	184.89	179.20	185.08	207.12	187.10	215.85	-14.34

## CBOT Dec-19

**1<sup>st</sup> Support: 156.00**  
**2<sup>nd</sup> Support: 154.00**  
**1<sup>st</sup> Resistant: 194.00**  
**2<sup>nd</sup> Resistant: 196.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$4.83 per bushel. U.S. wheat export sales during the week ended 05<sup>th</sup> September was 611000 tonnes compared to 312000 tonnes last week. Sales were below the trade expectation of 300000-800000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As on 08<sup>th</sup> September, U.S. spring wheat harvest is 71% complete compared to 92% last year. U.S. winter wheat has been harvested. CBOT wheat prices are likely to stay steady to weak in upcoming weeks due ample global supplies. Trade talks between U.S. and china are likely to resume in early October.

## 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 \$301.45-303.60 per tonne.

US and Russian quotes are hovering in the range of \$209.32 and \$180.20 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 \$170 to \$220 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 148.7 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 75.70 MMT and 28.00 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 52.30 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 19.7 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.00 MMT in 2019-20 compared to 31.80 MMT in 2018-19.

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