

# Wheat Weekly Research Report

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

All India weekly average prices declined by 0.46 percent to Rs. 2216.26 per quintal during the week ended 22<sup>nd</sup> November 2019. Wheat average price were ruling at Rs 2226.58 per quintal during 09-16 November 2019. As compared to prices in the week 16-22 November 2018, the prices are firm by 3.08 percent. Prices are expected to remain steady to firm in coming days due to no import parity and expected increase in demand in domestic market.

As per market sources, wheat stock in central pool as on 1st November'19 stood at 373.77 lakh tonnes down by 4.93% compared to last month. This quantity is higher by around 12.80% 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.

As per latest update, area sown until 22nd November-19 is 96.77 lakh hectares compared to 99.64 lakh hectares in the previous Rabi season. The normal area is 305.58 lakh hectares. In Gujarat, irrigated wheat sowing is reported on about 40,000 hectares, which is barely 4 per cent of the normal sowing.

Wheat WPI has increased from 158.3 in September -2019 to 160.6 in October-2019. Monthly wheat inflation has increased by 1.45 percent in October-2019 compared to previous month.

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 October-19. Imports are expected to be low this year due to good domestic availability and high import duty. India has imported 588.41 tonnes of Australian wheat during the month of September'19.

Indian FoB quote is hovering around \$320.85 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$204.00, \$204.50, Euro 178.75, \$232.15 and \$215.07 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, India has imported 588.41 tonnes of Australian wheat during the month of September'19. The wheat has been imported in two lots. The first lot is for 484.74 MT at \$507.50 per tonne and the second lot is for 103.67 MT at \$406.49 per tonne. Both the prices are inclusive of import duty @ 40%. It can be seen that there is no import parity as mill quality and lokwan wheat in south India are being offered around Rs 2400 per quintal and Rs 2600 per quintal respectively. Therefore, the imported wheat is solely for the purpose of mixing to improve the overall quality of wheat.

As per trade source, India has exported around 10.64 thousand tonnes in the month of September-2019. The quantity in September-2019 was exported at an average FOB of \$ 373.12 per tonne. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

**Outlook & Recommendation:** Wheat cash market is expected to trade steady to firm in the coming week.

**Trade Call:** Stakeholders should trade in December contract taking care of lower and upper price tag of Rs. 2080 & 2260 respectively.

### Wheat Weekly Export

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Week On Week Exports	Quantity in MT	Average FoB (\$/T)
01-08 September -2019	5200.21	371.11
09-16 September -2019	2502.67	307.78
17-23 September -2019	1681.90	378.80
24-30 September -2019	1255.81	326.99
Total	10640.59	

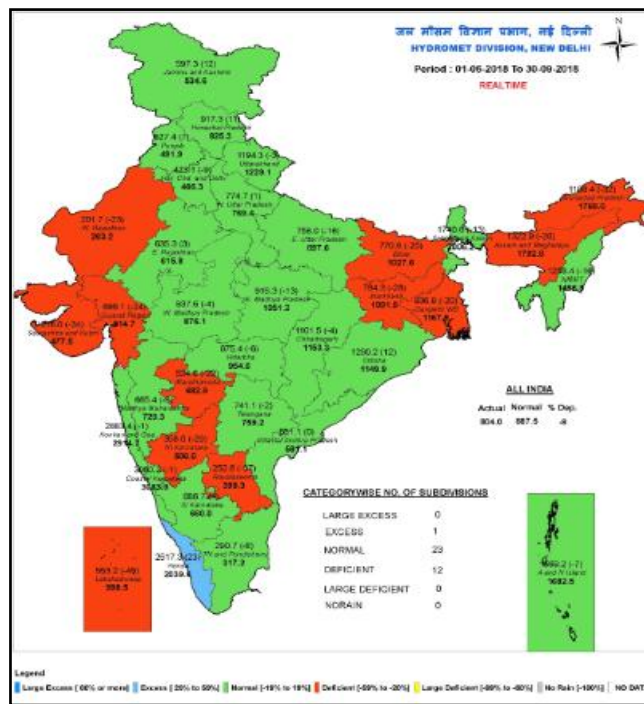
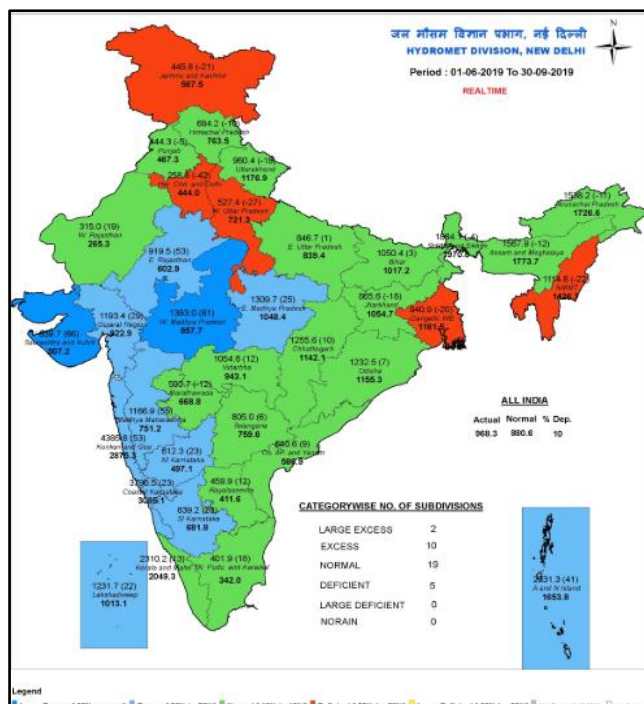
Source: Trade

### Wheat Import

Date	Foreign Country	Port	Quantity in MT
September-2019	Australia	Tuticorin	588.41
	Total		588.41

Source: Trade

### Monsoon

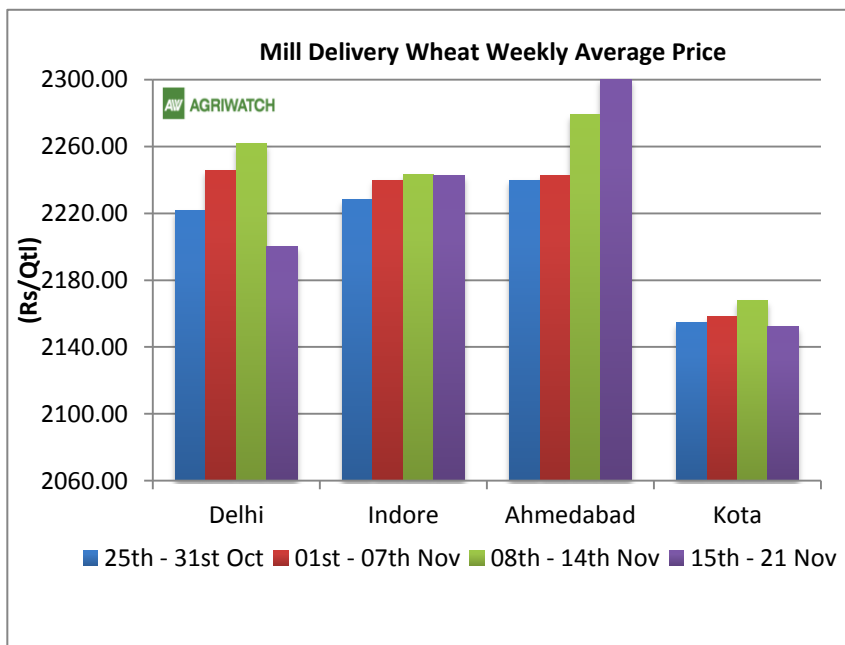


Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Ahmedabad and weak in Delhi, Indore and Kota during 09<sup>th</sup> -15<sup>th</sup> November 2019.

Prices witnessed firm sentiments in past week. Market is likely to witness steady to firm tone in upcoming weeks due to good domestic demand and lean season. Government has increased MSP of wheat, which will motivate farmers to sow more wheat and under normal conditions another good crop can be expected. Sales through OMSS has also increased in past weeks. Government has targeted a sale of 10 MMT in MY 2019-20 through OMSS. Sales through OMSS in MY 2018-19 was around 8.2 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

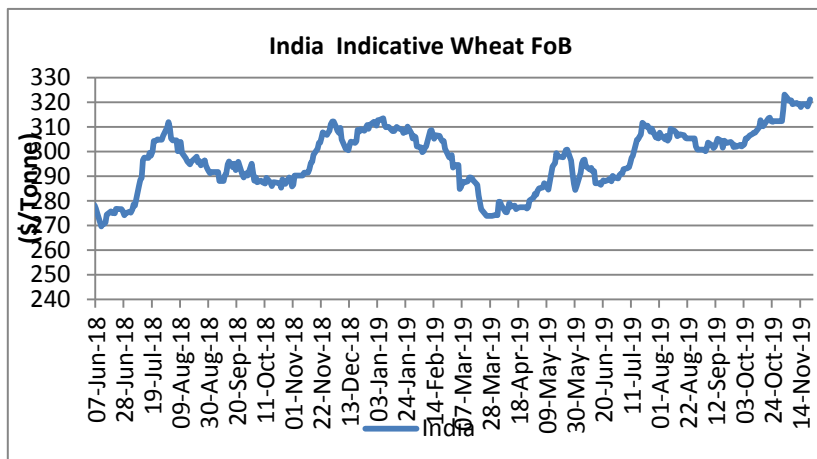
State/UTs	Procurement as on 24 <sup>th</sup> June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

### FOB Quote for Wheat at Kandla

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Wheat FoB quote in India witnessed firm 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 \$318-325 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.

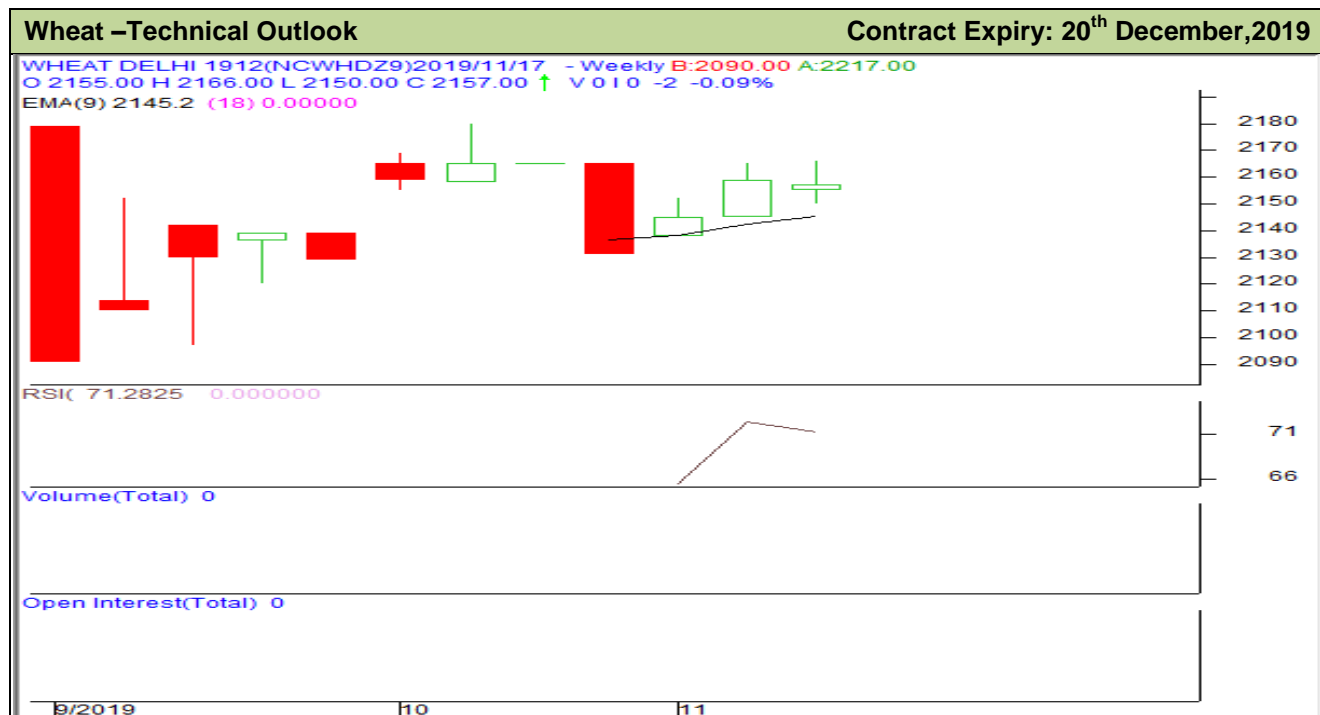


### Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		22-Nov-19	15-Nov-19	23-Oct-19	22-Nov-18	
USA (Chicago)	2SRW	232.15	225.10	226.17	216.30	7.33
France	FCW3	196.95	196.10	198.38	230.98	-14.73
Australia	ASW	215.07	212.39	213.06	243.09	-11.53
Russia	SRW	204.00	204.50	201.00	222.00	-8.11
India	Fob	320.85	319.16	312.28	305.56	5.00

### NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 22.11.2019	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Dec	0	2153	2153	2153	2153	0	0	0	0
20-Jan	0	2184	2184	2184	2184	10	-30	40	0
20-Feb	0	2215	2250	2215	2215	10	0	10	0

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**Technical Commentary:**

- Rise in price and open interest indicates long buildup.
- RSI is moving in neutral region.
- Prices closed above 9 and 18 day EMAs.

**Strategy: Buy**

			S1	S2	PCP	R1	R2
Wheat	NCDEX	December	2100	2080	2157	2240	2260
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	December	Buy	Above 2145	2185	2210	2121

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
	20-Nov-19	13-Nov-19	20-Oct-19	18-Nov-18	
Indore	2212	2225	2195	2024	9.29
Delhi	2285	2242	2222	2053	11.30
Kanpur	2110	2100	2068	1970	7.11
Rajkot	2202	2200	2153	2100	4.86
Kota	2139	2130	2069	2064	3.63

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 witness steady to firm tone due to no import parity 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
			21-Nov-19	20-Nov-19	15-Nov-19	21-Oct-19	21-Nov-18
Delhi	Lawrence Road	Mill Delivery	2290	2290	2280	2215	2055
	Narella	Mill Quality Loose	2200	Closed	2200	2150	Closed
	Nazafgarh	Mill Quality Loose	2100	Closed	2100	2100	Closed
Gujarat	Rajkot	Mill Delivery	2240	2225	2225	2160	2100
	Ahmedabad	Mill Delivery	2310	2290	2300	2250	2150
	Surat	Mill Delivery	2360	2350	2365	2310	2200
	Dhrol	Mill Delivery	2500	2350	2300	2235	2275
M.P.	Indore	Mill Delivery	2250	2250	2235	2250	NA
	Bhopal	Mill Quality Loose	2100	2100	2100	2100	2000
Rajasthan	Kota	Mill Quality Loose	2000	2000	2030	1985	1970
		Mill Delivery	2135	2135	2175	2080	2050
U.P.	Kanpur	Mill Delivery	2110	2115	NR	Closed	1980
	Mathura	Mill Quality Loose	NA	NA	NA	NA	1700
	Kosi	Mill Quality Loose	2050	2050	2030	2000	NA
	Hathras	Mill Quality Loose	2000	2000	2015	NR	1925
	Aligarh	Mill Quality Loose	2000	Closed	1940	NA	Closed
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	NA	NA
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2110	2100	2100	Closed	1865
	Hodal	Mill Delivery	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	2160	2160	2170	Closed	1940
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2450	2450	2350	2300	2400





	Madurai	Mill Quality	2507	2600	2600	2550	2550
	Coimbatore	Mill Quality	2507	2650	2650	2600	2600
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	2000
	Muzaffarpur	Mill Delivery	2000	2000	2010	2025	2000

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	<b>-1.72</b>	
Chhattisgarh	1.05	1.73	1.85	1.68	<b>-9.19</b>	
Gujarat	10.85	9.96	10.76	8.07	<b>-24.97</b>	
Haryana	25.46	25.38	25.26	25.16	<b>-0.40</b>	
Himachal Pradesh	3.48	3.59	3.6	3.50	<b>-2.78</b>	
J&K	2.94	2.31	2.93	2.44	<b>-16.88</b>	
Jharkhand	1.76	2.08	2.31	1.64	<b>-29.07</b>	
Karnataka	1.95	1.57	2.09	1.50	<b>-28.37</b>	
Madhya Pradesh	57.24	64.22	53.16	60.00	<b>12.87</b>	
Maharashtra	10.24	10.52	9.4	5.69	<b>-39.44</b>	
Punjab	35.06	35	35.1	35.02	<b>-0.23</b>	
Rajasthan	30.26	30.67	30.2	28.25	<b>-6.46</b>	
Uttar Pradesh	97.44	100.52	98.67	99.13	<b>0.47</b>	
Uttarakhand	3.47	3.59	3.58	3.45	<b>-3.63</b>	
West Bengal	3.30	3.39	1.36	1.05	<b>-22.79</b>	
Others	0.61	0.21	0.75	0.23	<b>-69.33</b>	
All-India	<b>306.29</b>	<b>317.81</b>	<b>304.29</b>	<b>299.68</b>	<b>-1.52</b>	

Source: Ministry of Agriculture



**International Market Update:**

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*According to the government, Algeria has decided to cap soft wheat imports at 4 million tonnes a year, down from 6.2 million tonnes. The move is designed to preserve foreign currency and reduce Algerian imports of cereals, especially soft wheat.*

*According to trade sources, Argentina is set to dominate Asia's grain market for a second consecutive year in 2020 as trading companies are already buying significant volumes anticipating good first-quarter demand in the region. Drought in Australia is likely to reduce exports from the country.*

*Japan's Ministry of Agriculture sought 119,998 tonnes of food-quality wheat from the United States and Canada in a regular tender on Tuesday. Japan is the world's sixth-largest wheat importer and keeps a tight grip on imports of the country's second-most important staple after rice and buys the majority of the grain for milling via tenders typically issued three times a month.*

*South Korea's largest animal feed maker has bought, NOFI, has bought around 60000 tonnes of feed wheat at \$228.70 C&F. The quantity is expected to arrive around 10th March-2020. The seller is expected to be trading house Agrocorp.*

*As per USDA, Russia's wheat production is expected to be 74 MMT in 2019-20. The projection is higher by 1.5 MMT compared to previous months. Russia exported 35.2 MMT of wheat during 2018-19. Exports are expected to reach 36 MMT in 2019-20.*

*Argentina wheat harvest for 2019-20 is expected to be 18.8 MMT compared to 19.8 MMT in previous forecast. Unfavorable weather conditions such as alternating temperatures with frequent frost has negatively impacted the crop. Argentina wheat is expected to be more competitive in global market. However, if current conditions continue the scenario may change.*

*As per latest update, Phillipines has bought 165000 tonnes of feed wheat through tender. The said quantity will be delivered between December'19-February'20. The price range for feed wheat was \$253-255 per tonne C&F. The seller was trading house CBH and the wheat is likely to be sourced from Australia.*

*Taiwan flour mill association has bought 88900 tonnes of wheat of U.S. origin in a tender. The wheat was bought in two consignments. The first consignment for shipment between Dec. 5 and Dec. 19 involved 20,700 tonnes of U.S. northern spring wheat of 14.5% protein content bought at \$274.84 a tonne FOB U.S. Pacific Northwest coast. The first consignment also included 14,200 tonnes of hard red winter wheat of 12.5% protein content bought at \$238.22 a tonne FOB and 5,100 tonnes of soft white wheat with 9% protein bought at \$239.70 a tonne FOB. The first consignment was all sold by trading house CHS. The second consignment for shipment between Dec. 21 and Jan. 4 involved 25,700 tonnes of U.S. northern spring wheat of 14.5% protein content bought at \$280.95 a tonne FOB U.S. Pacific Northwest coast from trading house ADM. The second consignment included 17,750 tonnes of hard red winter wheat of 12.5% protein content bought at \$242.58 a tonne FOB purchased from the United Grain Corporation. It also included 5,450 tonnes of soft white wheat of 9% protein purchased at \$233.81 a tonne FOB which was also sold by ADM.*

*The Saudi Arabia Grain Organization has purchased 605000 tonnes wheat through tender. The wheat was bought at an average price of C&F \$242.51 per tonne. The said quantity will arrive at three different ports. Around 370000 tonnes will arrive at Jeddah port, 180000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. The wheat is expected to arrive in Saudi Arabia during February-March 2020. The seller has the option of selecting origin.*

IGC Wheat Balance Sheet:
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IGC Forecast( Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				26.09.2019	24.10.2019
<b>Production</b>	757	762	733	764	762
<b>Trade</b>	177	176	169	172	173
<b>Consumptions</b>	736	739	739	757	756
<b>Carryover stocks</b>	248	271	265	272	271
<b>Y-O-Y change</b>	21	22	-5	-	6
<b>Major Export</b>	79	83	70	69	69

- IGC has forecasted global wheat production to be 762 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 29 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 173 MMT. It is 4 MMT higher compared to estimate for last year and lower by 3 MMT compared to 2017-18.
- Consumption has been decreased to 756 MMT for 2019-20. The forecast is higher by 17 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 271 MMT compared to estimate of 265 MMT last year. It is higher by around 23 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
	22-Nov-19	15-Nov-19	23-Oct-19	22-Aug-19	22-May-19	22-Nov-18	
<b>Dec-19</b>	189.30	184.71	191.32	173.32	181.59	200.88	<b>-5.76</b>
<b>Mar-20</b>	190.59	185.90	193.25	175.53	186.27	205.10	<b>-7.08</b>
<b>May-20</b>	192.06	187.65	195.09	176.99	188.20	207.95	<b>-7.64</b>
<b>Jul-20</b>	192.52	189.03	196.38	178.46	187.28	213.83	<b>-9.97</b>
<b>Sep-20</b>	195.09	191.78	198.86	181.40	189.76	216.31	<b>-9.81</b>
<b>Dec-20</b>	199.13	196.10	202.90	185.72	187.56	220.53	<b>-9.70</b>

## CBOT Dec-19

**1<sup>st</sup> Support: 166.00**  
**2<sup>nd</sup> Support: 164.00**  
**1<sup>st</sup> Resistant: 207.00**  
**2<sup>nd</sup> Resistant: 209.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.09 per bushel. U.S. wheat export sales during the week ended 14<sup>th</sup> November was 438000 tonnes compared to 239000 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 18<sup>th</sup> November, U.S. spring wheat harvest is 100% complete. Planting of U.S. winter wheat is at 95% compared to 92% last year. CBOT wheat prices closed slightly higher amid short-covering.

## 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 \$318.33-321.12 per tonne.

US and Russian quotes are hovering in the range of \$227.52 and \$203.80 per tonne respectively. Wheat prices in international markets noticed mixed tone in last week.

Wheat is expected to trade steady to weak and hover in the range of \$195 to \$240 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 154.9 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 74.5 MMT and 29.00 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 17.00 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.0 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.60 MMT in 2019-20 compared to 32.20 MMT in 2018-19.

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