

Wheat Weekly Research Report

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

All India weekly average prices increased by 0.82 percent to Rs. 2234.40 per quintal during the week ended 30th November 2019. Wheat average price were ruling at Rs 2216.26 per quintal during 16-23 November 2019. As compared to prices in the week 23-30 November 2018, the prices are firm by 6.23 percent. Prices are expected to remain steady to weak in coming days amid increase in wheat acreage till date.

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 29th November-19 is 150.74 lakh hectares compared to 141.25 lakh hectare in the previous Rabi season. The normal area is 305.58 lakh hectares. Acreage under wheat has increased in the states of Madhya Pradesh and Rajasthan till date.

Farmers in Amritsar, Punjab have to sow the seeds of the wheat crop again as the earlier sown seeds were damaged by heavy hailstorm and rain during the first week of November. The seeds did not germinate due to more moisture content in the soil. They have to face double loss of sowing the wheat again and less per acre yield amid late sowing. According to market sources, a loss of 1.5 quintal is usually witnessed if the crop sowing is delayed by one week. Now, as the sowing has been delayed by two-three weeks, it is expected that estimated per acre loss would be around four quintals.

As per trade source, India has exported around 11.96 thousand tonnes in the month of October-2019. The quantity in October-2019 was exported at an average FOB of \$ 304.90 per tonne. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

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 \$373.80 (Rs 26850.05) per tonne and \$509.60 (Rs 36604.57) 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 24000-24500 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around \$319.63 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$205.50, \$207.00, Euro 183.00, \$238.85 and \$222.44 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

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.

Outlook & Recommendation: Wheat cash market is expected to trade steady to weak 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 October -2019 | 762.86 | 400.70 |
| 09-16 October -2019 | 2471.28 | 281.80 |
| 17-24 October -2019 | 6283.46 | 305.70 |
| 24-30 October -2019 | 2446.60 | 305.71 |
| Total | 11964.20 | |

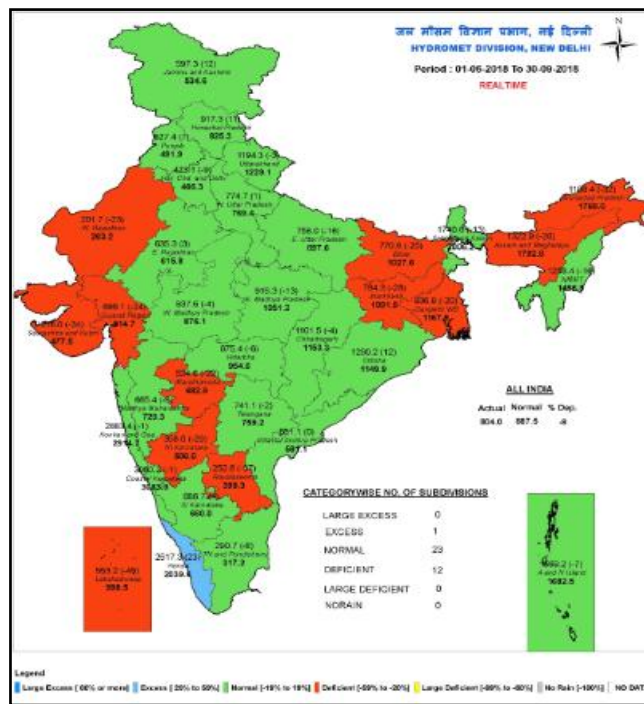
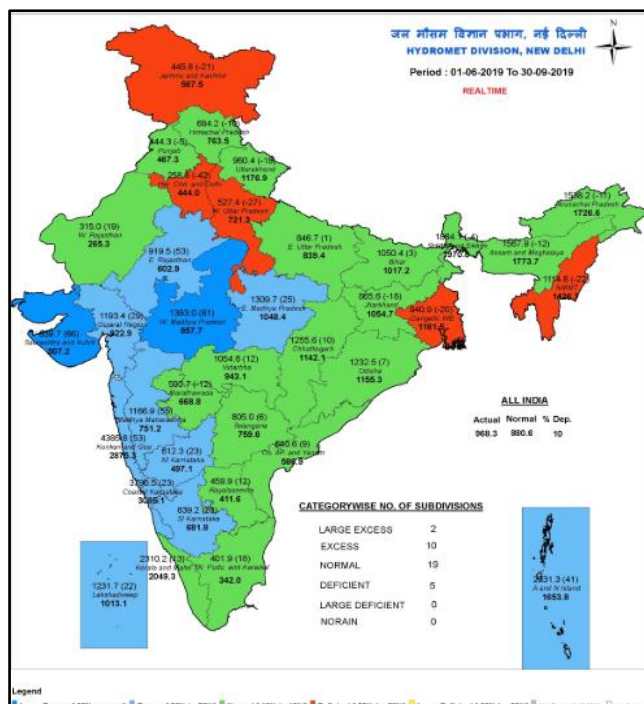
Source: Trade

Wheat Import

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

Source: Trade

Monsoon



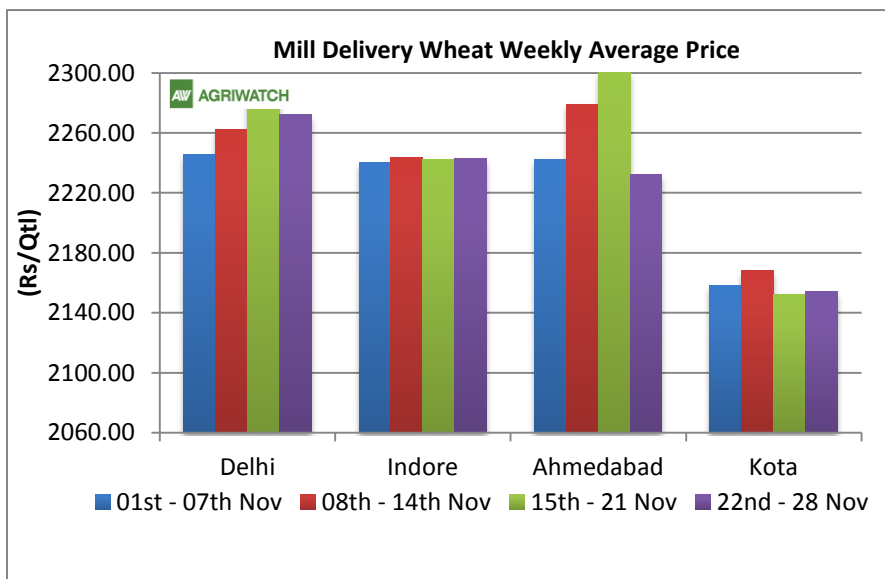
Source: IMD

Wheat Weekly Average Price Chart
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Average mill delivery prices of Wheat traded firm in Indore, Kota and weak in Delhi and Ahmedabad during 22nd - 28th November 2019.

Prices witnessed firm sentiments in past week. Market is likely to witness steady to weak tone in upcoming weeks due to increase in acreage under wheat and expected increase in production this 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

| 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

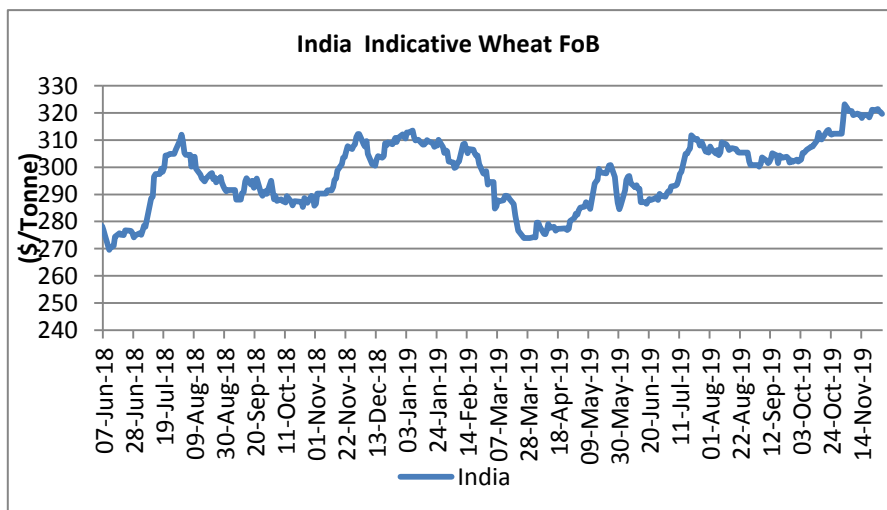
| State/UTs | Procurement as on 24 th June-2019 (Figures in LMT) | | |
|----------------|---|------------------|-------------|
| | FCI (A) | State Agency (B) | Total (A+B) |
| Punjab | 15.72 | 113.4 | 129.12 |
| Haryana | 11.33 | 81.87 | 93.20 |
| Uttar Pradesh | 1.09 | 35.78 | 36.87 |
| Madhya Pradesh | 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 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 \$312-320 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 |
|---------------|---------|-----------|-----------|-----------|-----------|--------------------------|
| | | 29-Nov-19 | 22-Nov-19 | 1-Nov-19 | 30-Nov-18 | |
| USA (Chicago) | 2SRW | 247.25 | 232.15 | 226.30 | 222.56 | 11.09 |
| France | FCW3 | 202.63 | 197.83 | 196.73 | 227.00 | -10.74 |
| Australia | ASW | 223.78 | 215.07 | 209.71 | 244.55 | -8.49 |
| Russia | SRW | 205.50 | 204.00 | 206.00 | 221.00 | -7.01 |
| India | Fob | 315.33 | 320.85 | 316.82 | 312.23 | 0.99 |

| | 28/11/2019 | 21/11/2019 | 14/11/2019 | 07/11/2019 |
|---|------------|------------|------------|------------|
| Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T) | 212 | 208 | 206 | 208 |
| Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T) | 208 | 205 | 203 | 205 |

NCDEX Wheat Contracts

| Wheat Futures Contact: NCDEX Price | | | | | | | Date: 29.11.2019 | | |
|------------------------------------|-----|------|------|------|-------|--------|--------------------------|---------------|--------------------------|
| Contract Month | +/- | Open | High | Low | Close | Volume | Change From previous day | Open Interest | Change From previous day |
| 19-Dec | 0 | 2136 | 2136 | 2136 | 2136 | 0 | 0 | 0 | 0 |
| 20-Jan | -1 | 2146 | 2145 | 2145 | 2145 | 30 | 30 | 40 | 40 |
| 20-Feb | 0 | 2156 | 2156 | 2156 | 2156 | 0 | 0 | 10 | 0 |

Wheat Technical Analysis:
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Technical Commentary:

- Decline in price denotes selling interest in the market.
- RSI is moving in neutral region.
- Prices closed below 9 and 18 day EMAs.

Strategy: Sell

| | | | S1 | S2 | PCP | R1 | R2 |
|-------------------|-------|----------|------|------------|------|------|------|
| Wheat | NCDEX | December | 2080 | 2060 | 2135 | 2210 | 2230 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Wheat | NCDEX | December | Sell | Below 2145 | 2120 | 2110 | 2160 |

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 |
| | 27-Nov-19 | 20-Nov-19 | 30-Oct-19 | 26-Nov-18 | |
| Indore | 2205 | 2212 | 2200 | 2050 | 7.56 |
| Delhi | 2272 | 2285 | 2225 | 2062 | 10.18 |
| Kanpur | 2085 | 2110 | 2095 | 1985 | 5.04 |
| Rajkot | 2215 | 2202 | NA | 2115 | 4.73 |
| Kota | 2136 | 2139 | 2090 | 2074 | 2.99 |

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 weak tone due to increase in wheat acreage and expected higher production this season. 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 |
| | | | 28-Nov-19 | 27-Nov-19 | 21-Nov-19 | 30-Oct-19 | 29-Nov-18 |
| Delhi | Lawrence Road | Mill Delivery | 2275 | 2275 | 2290 | 2225 | 2060 |
| | Narella | Mill Quality Loose | 2200 | Closed | 2200 | Closed | 2055 |
| | Nazafgarh | Mill Quality Loose | 2180 | Closed | 2100 | Closed | 1975 |
| Gujarat | Rajkot | Mill Delivery | 2220 | 2220 | 2240 | Closed | 2110 |
| | Ahmedabad | Mill Delivery | 2275 | 2270 | 2310 | Closed | 2160 |
| | Surat | Mill Delivery | 2340 | 2330 | 2360 | Closed | 2210 |
| | Dhrol | Mill Delivery | 2330 | 2420 | 2500 | Closed | 2165 |
| M.P. | Indore | Mill Delivery | 2175 | 2260 | 2250 | 2230 | Closed |
| | Bhopal | Mill Quality Loose | 2125 | 2125 | 2100 | 2100 | Closed |
| Rajasthan | Kota | Mill Quality Loose | 2030 | 2035 | 2000 | 2025 | 1930 |
| | | Mill Delivery | 2150 | 2150 | 2135 | 2150 | 2050 |
| U.P. | Kanpur | Mill Delivery | 2100 | 2100 | 2110 | 2060 | 1985 |
| | Mathura | Mill Quality Loose | NA | NA | NA | o | 1760 |
| | Kosi | Mill Quality Loose | 2050 | 2050 | 2050 | 2000 | 1880 |
| | Hathras | Mill Quality Loose | 2025 | 2025 | 2000 | 1965 | 1905 |
| | Aligarh | Mill Quality Loose | 2050 | Closed | 2000 | Closed | 1830 |
| Punjab | Khanna | Mill Quality Loose | NA | NA | NA | NA | NA |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | NA | NA |
| Haryana | Sirsa | Mill Delivery loose | 2125 | 2125 | 2110 | 2080 | 1870 |
| | Hodal | Mill Delivery | NA | NA | NA | NA | NA |
| | Bhiwani | Mill Quality Loose | 2180 | 2180 | 2160 | 2170 | 1950 |
| | Karnal | Mill Delivery | NA | NA | NA | NA | NA |
| | Panipat | Mill Quality Loose | NA | NA | NA | NA | NA |
| Tamil Nadu | Chennai | Mill Quality | 2450 | 2450 | 2450 | 2500 | 2345 |



| | | | | | | | |
|-------|-------------|---------------|------|------|------|------|------|
| | Madurai | Mill Quality | 2507 | 2600 | 2600 | 2600 | 2445 |
| | Coimbatore | Mill Quality | 2507 | 2650 | 2650 | 2650 | 2495 |
| Bihar | Khagariya | Mill Delivery | 2100 | 2100 | 2100 | 2100 | 2000 |
| | Muzaffarpur | Mill Delivery | 2000 | 2000 | 2000 | 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 | -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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According to official sources, Egypt's state grain buyer bought 465,000 tonnes of wheat in an international purchase tender last week. The purchase comprised of 345,000 tonnes of Russian wheat and 120,000 tonnes of Ukrainian wheat.

According to government sources, Zimbabwe has removed import controls on wheat flour following a severe drought that has reduced supplies in the country. Millers will no longer be able to buy grain at subsidized prices from the state grain agency.

In U.K., area under winter wheat is forecast to decline by 10 percent compared to previous year. Continued wet weather has prolonged this autumn's drilling season and growers intend to plant 1.65 million hectares compared to 1.82 million hectares previous year.

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.

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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.

IGC Wheat Balance Sheet:

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| IGC Forecast(Fig-In MMT) | 2016-17 | 2017-18 | 2018-19 (Estimate) | 2019-20 (Forecast) | |
|---------------------------|---------|---------|-----------------------|--------------------|------------|
| | | | | 24.10.2019 | 21.11.2019 |
| Production | 757 | 762 | 733 | 762 | 762 |
| Trade | 177 | 176 | 169 | 173 | 173 |
| Consumptions | 736 | 739 | 739 | 756 | 756 |
| Carryover stocks | 248 | 271 | 265 | 271 | 271 |
| Y-O-Y change | 21 | 22 | -5 | 6 | 6 |
| Major Export | 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 |
| | 29-Nov-19 | 22-Nov-19 | 30-Oct-19 | 27-Aug-19 | 31-May-19 | 30-Nov-18 | |
| Dec-19 | 201.15 | 189.30 | 187.10 | 175.16 | 192.24 | 201.79 | -0.32 |
| Mar-20 | 199.04 | 190.59 | 189.21 | 176.99 | 197.02 | 205.47 | -3.13 |
| May-20 | 200.14 | 192.06 | 190.96 | 177.91 | 198.95 | 207.76 | -3.67 |
| Jul-20 | 199.41 | 192.52 | 192.70 | 178.92 | 197.75 | 207.58 | -3.94 |
| Sep-20 | 201.24 | 195.09 | 195.46 | 181.77 | 200.14 | 210.15 | -4.24 |
| Dec-20 | 204.46 | 199.13 | 199.59 | 186.18 | 204.55 | 214.38 | -4.63 |

CBOT Dec-19

1st Support: 166.00
2nd Support: 164.00
1st Resistant: 230.00
2nd Resistant: 232.00
(\$ per tonne)

Wheat CBOT closed at \$5.47 per bushel. U.S. wheat export sales during the week ended 14th 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 25th November, U.S. spring wheat harvest is 100% complete. Planting of U.S. winter wheat is at 87% compared to 85% last year. CBOT wheat prices closed slightly higher amid short-covering.

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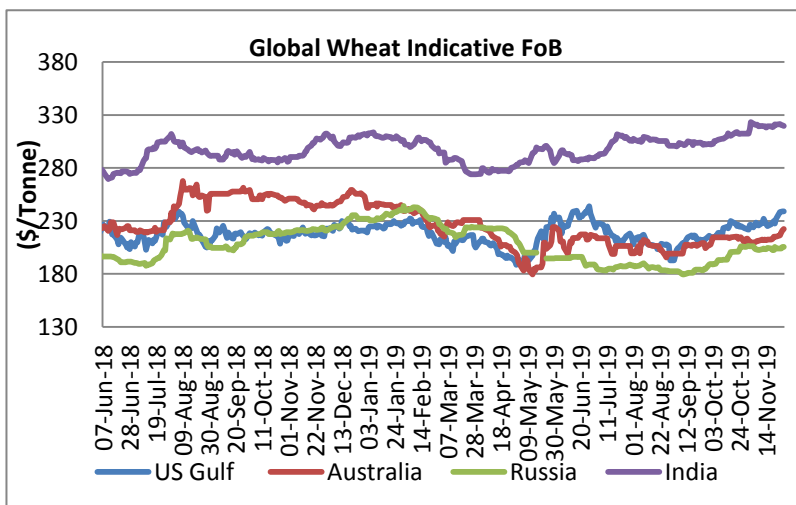


International FOB Weekly Price Movement

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$319.63-321.43 per tonne.

US and Russian quotes are hovering in the range of \$235.73 and \$204.75 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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