Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals **(Back to Table of Contents)**

All India weekly average prices declined by 1.14 percent to Rs. 2193.61 per quintal during the week ended 14th December 2019. Wheat average price were ruling at Rs 2218.98 per quintal during 01-08 December 2019. As compared to prices in the week 09-15 December 2018, the prices are firm by 6.622 percent. Prices are expected to remain steady to weak in coming days following expected bumper production this season.

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 13th December-19 is 248.03 lakh hectares compared to 226.25 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, Gujarat, Maharashtra and Rajasthan till date.

Rain and hailstorm have been reported in the wheat growing regions of Haryana. Planting had been delayed due to rains in the previous month. However any major damage is not expected as the crop is in tillering and sprouting stages. Tillering starts after 20 days of germination and sprouting starts after 30 -35 days of sowing the crop.

In Sangrur district, the attack of armyworms and pink stem borer has affected the wheat crop spread over 2,500 acres here. Farmers claim that the sowing of wheat without burning of paddy stubble has caused the disease. Agricultural experts are organising special meetings to spread awareness about preventive measures and some farmers have started ploughing their crops.

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 $378.00 (Rs 27151.74) per tonne and $518.00 (Rs 37207.94) 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 24500-25000 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around $321.12 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $207.50, $206.50, Euro 182.25, $239.60 and $224.45 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 & 2200 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	

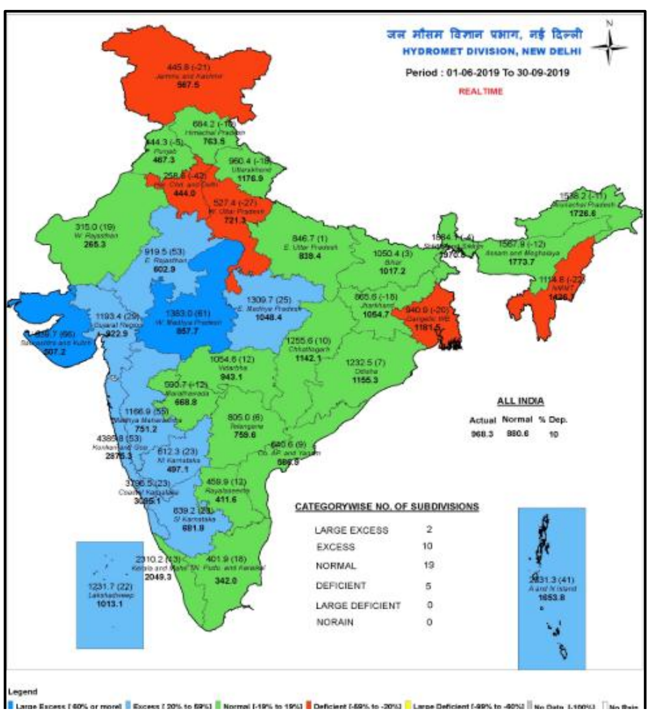
Source: Trade

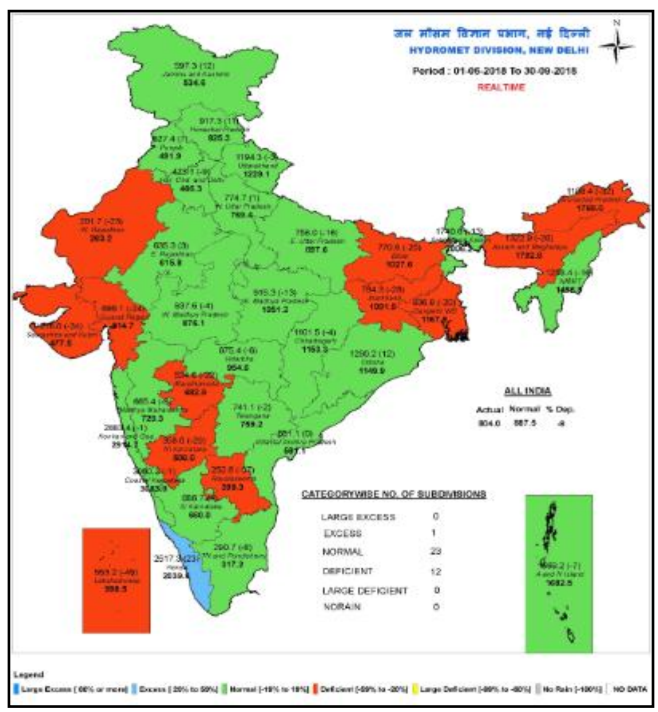
Wheat Import

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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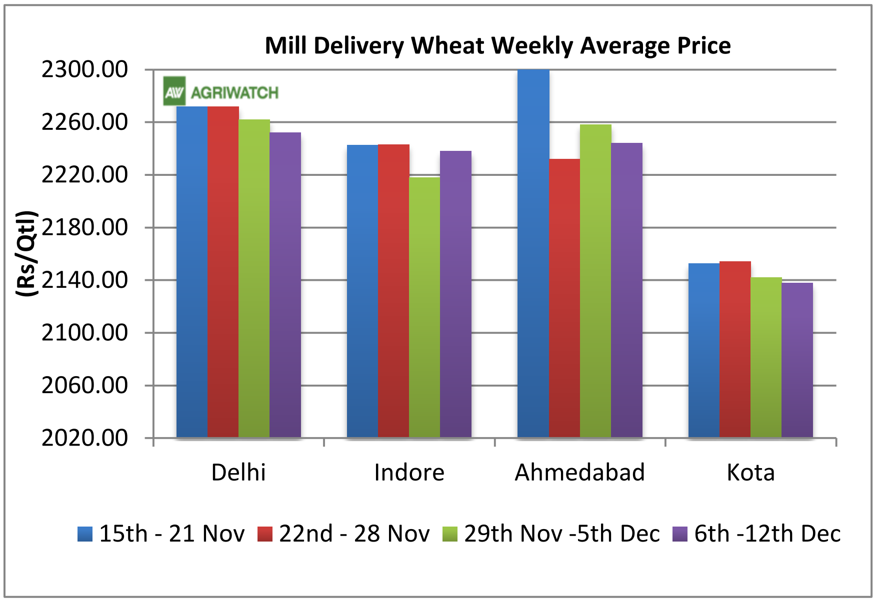

Average mill delivery prices of Wheat traded weak in Delhi, Ahmedabad, Kota and firm in Indore during 6th Nov -12th December 2019.

Prices witnessed mostly weak tone 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		
As on	Rice	Wheat	Total	Rice	Wheat	Grand Total
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 24th 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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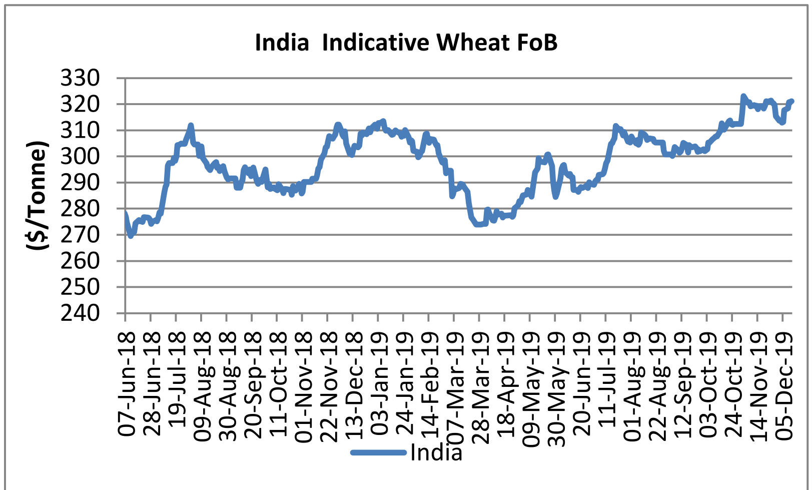
Wheat FoB quote in India noticed firm tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

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 $317-325 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**
		12-Dec-19	**5-Dec-19**	**14-Nov-19**	**13-Dec-18**	
USA (Chicago)	2srw	239.60	236.50	266.90	230.00	**4.17**
France	FCW3	203.02	201.98	195.51	235.10	**-13.65**
Australia	ASW	224.45	223.11	211.72	250.39	**-10.36**
Russia	SRW	207.50	207.50	203.50	226.00	**-8.19**
India	Fob	321.12	313.11	318.10	302.67	**6.10**

	12/12/2019	5/12/2019	28/11/2019	21/11/2019
Black Sea Mill Wheat 12.5% FOB Pmax.($/T)	215	212	212	208
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	210	210	208	205

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 13.12.2019***
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									
20-Feb	***0***	*2173*	*2173*	*2173*	*2173*	*0*	***0***	*10*	***0***

AGRIWATCH

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16th December-2019

Wheat Technical Analysis:

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

Technical Commentary:

- Increase in price denotes buying interest in the market.
- RSI is moving in neutral region.
- Prices closed above 9 and 18 day EMAs.

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	December	2075	2060	2143	2205	2225
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	December	Buy	Above 2130	2155	2165	2115

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery centers

NCDEX SPOT	Today 14-Dec-19	Week Ago 7-Dec-19	Month Ago 16-Nov-19	Year Ago 13-Dec-18	% Change over prev. Year
Indore	2200	2200	2225	2030	8.37
Delhi	2250	2250	2279	2070	8.70
Kanpur	2080	2062	2107	2000	4.00
Rajkot	2190	2200	2225	2110	3.79
Kota	2140	2124	2147	2098	2.00

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 notice steady to weak tone amid increase in wheat acreage and expected bumper 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
			12-Dec-19	11-Dec-19	05-Dec-19	13-Nov-19	13-Dec-18
Delhi	Lawrence Road	Mill Delivery	2250	2255	2255	2270	2080
	Narella	Mill Quality Loose	2200	Closed	2190	Closed	2060
	Nazafgarh	Mill Quality Loose	2150	Closed	2180	Closed	1990
Gujarat	Rajkot	Mill Delivery	2205	2210	2175	2225	2100
	Ahmedabad	Mill Delivery	2240	2245	2240	2280	2160
	Surat	Mill Delivery	2340	2330	2320	2360	2210
	Dhrol	Mill Delivery	2450	2470	NR	2270	2210
M.P.	Indore	Mill Delivery	2250	2230	2240	2235	2090
	Bhopal	Mill Quality Loose	2125	2125	2125	2090	1930
Rajasthan	Kota	Mill Quality Loose	2010	2010	2030	2030	1950
		Mill Delivery	2140	2130	2150	2160	2060
U.P.	Kanpur	Mill Delivery	2100	2090	2080	2050	2025
	Mathura	Mill Quality Loose	NA	2040	NA	NA	1875
	Kosi	Mill Quality Loose	2060	2080	2060	2050	1920
	Hathras	Mill Quality Loose	NR	2050	2050	2110	1935
	Aligarh	Mill Quality Loose	2000	Closed	2050	Closed	1830
Punjab	Khanna	Mill Quality Loose	2020	2020	2000	NA	1950
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2140	2140	2125	2100	1875
	Hodal	Mill Delivery	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	2200	2200	2210	2150	1970
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA

Tamil Nadu	Chennai	Mill Quality	2450	2500	2450	2350	2340
	Madurai	Mill Quality	2507	2600	2600	2600	2450
	Coimbatore	Mill Quality	2507	2650	2650	2650	2500
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	2000
	Muzaffarpur	Mill Delivery	1975	1975	2000	2010	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: **(*Back to Table of Contents*)**

Tunisia's state grains agency has issued an international tender to purchase around 100,000 tonnes of durum wheat and 92,000 tonnes of soft wheat. The tender closed on Dec. 13, 2019. The grains can be sourced from optional origins for 2020 shipment. The durum was sought in four consignments of 25,000 tonnes and the soft wheat in three of 25,000 tonnes and one of 17,000 tonnes. The durum shipment was sought between Jan. 15 and March 25, depending on origin selected. The soft wheat shipment was sought between Jan. 10 and Feb. 25, 2020.

According to the latest COCERAL Grain Report, European Union's wheat production estimates have been increased by 14.3% to 152.6 MMT in 2019-20 compared to previous year. The EU is the world's largest wheat producer and second-largest exporter after Russia.

According to the latest supply and demand report released by the USDA for the month of December, the outlook for 2019/20 U.S. wheat is for decreased supplies, higher exports, and lower ending stocks. Wheat imports are lowered 15 million bushels to 105 million on a slower than expected pace to date; U.S. wheat exports are raised 25 million bushels to 975 million on a strong pace to date, more competitive prices, and reduced supplies from several major competitors. With reduced supplies and higher use, 2019/20 ending stocks are cut 40 million bushels to 974 million, the lowest in 5 years.

Pakistan is expected to harvest bumper wheat crop this season. Owing to multiple factors that includes government initiatives to enhance the output of major crops, favourable weather conditions and timely harvesting of seasonal crops, it is expecting to harvest bumper wheat crop of 27 MMT during current season compared to the last year's produce of 24.47 MMT
.

According to France's Farm Ministry, winter wheat area for 2020 is estimated at 4.73 million hectares. This is 4.8% lower compared to this year. France is the largest grain producer in European Union. Heavy rain has disrupted autumn sowing of wheat in France along with other grains and oilseeds.

INTL FCStone has forecast Australian wheat production for the 2019-20 season at 14.97 MMT, below the country's latest official estimate of 15.85 MMT. Drought in the country's east shows no signs of easing thereby leading to lower production.

Japan's Ministry of Agriculture has sought 160,640 tonnes of food-quality wheat from the United States and Canada in a regular tender on December 03, 2019. Japan, the world's sixth-largest wheat importer, 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. The tender will close late Thursday on 05 December, 2019.

Iraq has outlined its wheat import goal for 2020. It has planned to purchase 750,000 tonnes of wheat from abroad in 2020 and nationwide protests that have extended to a key port were not disrupting shipments so far according to sources at the Iraq Grain Board. Iraq needs between 4.5 million and 5 million tonnes of wheat a year to supply its food rationing program. It mixes local wheat with grain from Australia, Canada and the United States.

Australia's agricultural department has reduced its forecast for wheat production in 2019-20 (April –March) following unfavourable weather in the growing regions. The wheat production is expected to fall 16.8% to 15.85 MMT according to the Bureau of Agricultural and Resource Economics and Sciences. The forecast is 8.4% lower from the amount of wheat produced in 2018-19. Western Australia, one of the major wheat producing regions in Australia was hit by below-average winter rainfall and above-average temperatures, leading to a decline in wheat production by 41% to around 6 MMT.

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
	13-Dec-19	06-Dec-19	13-Nov-19	13-Sep-19	13-Jun-19	13-Dec-18	
Dec-19	195.64	195.64	187.01	177.64	201.98	207.86	-5.88
Mar-20	196.47	192.70	188.75	179.84	205.65	210.80	-6.80
May-20	197.57	193.90	190.59	181.50	206.94	212.36	-6.96
Jul-20	199.68	194.72	191.97	182.78	206.75	211.62	-5.64
Sep-20	203.45	197.02	194.54	185.35	208.87	214.01	-4.94
Dec-20	206.85	200.78	198.76	189.85	212.82	218.24	-5.22

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CBOT Dec-19

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

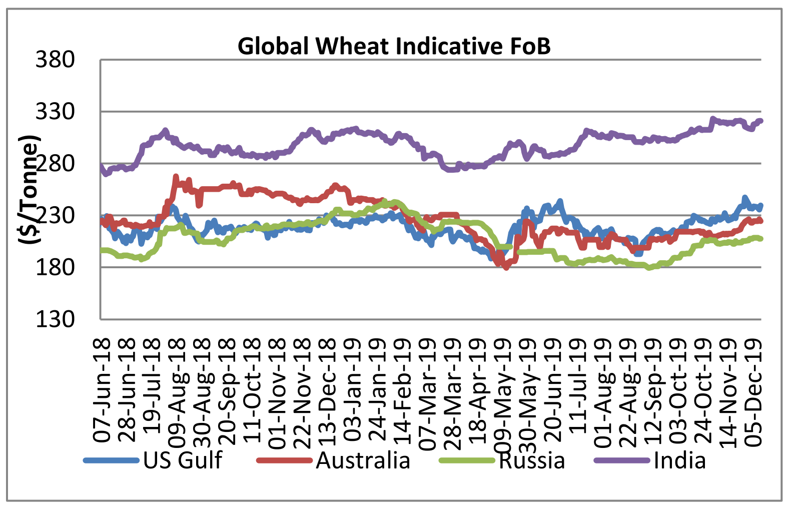
Wheat CBOT closed at $5.32 per bushel. U.S. wheat net export sales during the week ended 5th December was 502674 tonnes compared to 228000 tonnes last week. Sales were below the trade expectation of 300000-700000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As 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 higher amid strong export demand.

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 $317.76-321.12 per tonne.

US and Russian quotes are hovering in the range of $235.60-239.60 and $207.50-208.50 per tonne respectively. Wheat prices in international markets noticed steady to firm tone in last week.

Wheat is expected to trade steady to firm and hover in the range of $200 to $245 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.