AGRIWATCH

Wheat Weekly Research Report
23rd December-2019

Wheat Weekly Research Report

Table of Contents

Wheat Weekly Research Report
23rd December-2019

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

All India weekly average prices increased by 1.17 percent to Rs. 2219.24 per quintal during the week ended 21st December 2019. Wheat average price were ruling at Rs 2193.61 per quintal during 09-16 December 2019. As compared to prices in the week 16-23 December 2018, the prices are lower by 0.20 percent. Prices are expected to remain steady to firm in coming days amid good demand from the flour millers and stockists.

As per market sources, wheat stock in central pool as on 1st December'19 stood at 351.75 lakh tonnes down by 5.89% compared to last month. This quantity is higher by around 14.84% 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 20th December-19 is 277.91 lakh hectares compared to 250.02 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.

Wheat WPI has increased from 160.6.3 in October -2019 to 164.4 in November-2019. Monthly wheat inflation has increased by 2.37 percent in November-2019 compared to previous month.

According to FCI, wheat stocks in the central pool as on 1st December 2019, is reported at 351 lakh metric tonnes. Stocks have increased amid less demand in the domestic market. This year farmers in Madhya Pradesh, Gujarat and Maharashtra are shifting from chana towards wheat following higher soil moisture and water availability leading to higher acreage till date. Storage will become an issue for the government following higher stocks currently and another year of expected bumper production. Weather in the coming days will determine the actual output of wheat.

As per trade source, India has exported around 21.40 thousand tonnes in the month of November-2019. The quantity in November-2019 was exported at an average FOB of $ 298.15 per tonne and the major destinations were Bangladesh, Nepal, Jordan, UAE and Sri Lanka. 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 $382.20 (Rs 27193.53) per tonne and $532.00 (Rs 37851.80) 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 $320.11 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $212.00, $212.00, Euro 185.50, $245.10 and $234.50 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, 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 firm in the coming week.*

Trade Call: *Stakeholders should trade in January contract taking care of lower and upper price tag of Rs. 2100 & 2220 respectively.*

Wheat Weekly Export

(Back to Table of Contents)

Week On Week Exports	Quantity in MT	Average FoB ($/T)
01-08 November -2019	5067.35	285.96
09-16 November -2019	4573.37	300.25
17-24 November -2019	5282.06	297.34
24-30 November -2019	6476.96	309.00
Total	21399.75	

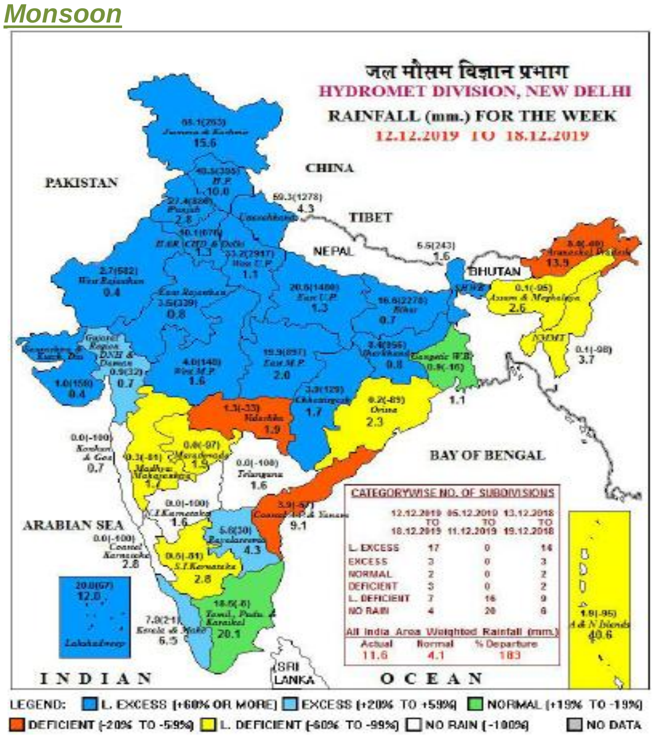
Source: Trade

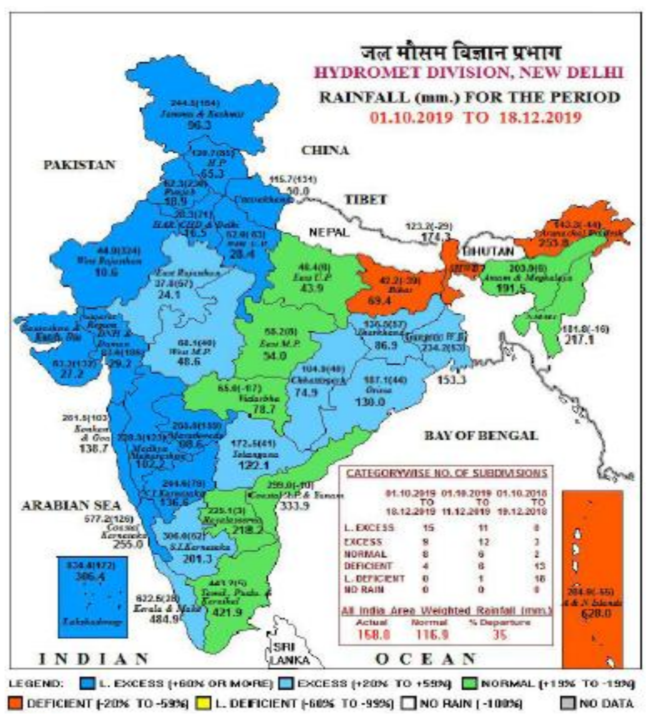
Wheat Import

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

Source: Trade

Monsoon



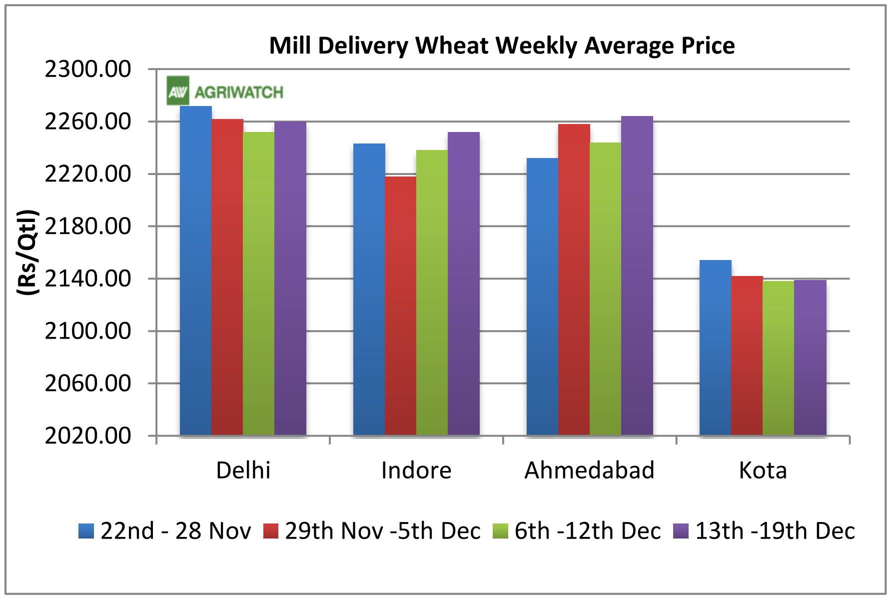


Source: IMD

Wheat Weekly Average Price Chart

(Back to Table of Contents)

Average mill delivery prices of Wheat traded firm in Delhi, Ahmedabad, Kota and Indore during 13th -19th December 2019.



Prices witnessed mostly weak tone in past week. Market is likely to witness steady to firm tone in upcoming weeks due to good demand from flour millers and stockists. 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**

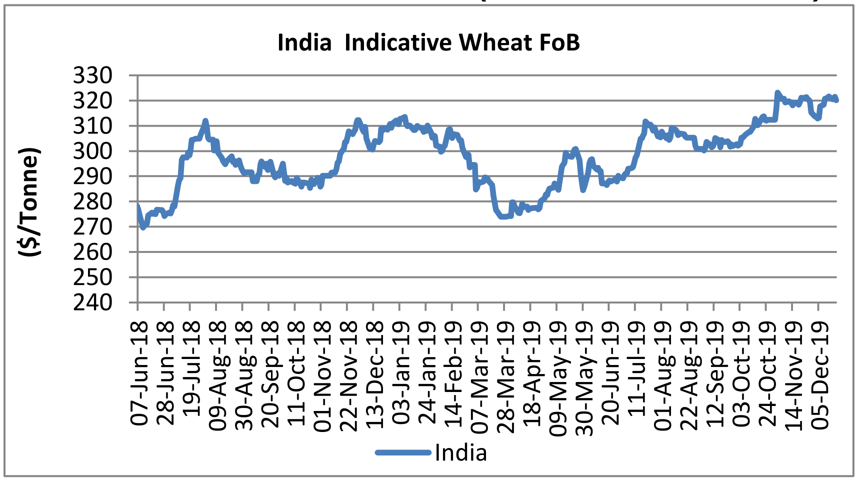
Wheat Weekly Research Report
23rd December-2019

FOB Quote for Wheat at Kandla

(Back to Table of Contents)

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 $316-324 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**
		19-Dec-19	**12-Dec-19**	**21-Nov-19**	**20-Dec-18**	
USA (Chicago)	2srw	245.10	239.60	227.40	225.40	**8.74**
France	FCW3	206.42	203.02	200.07	234.35	**-11.92**
Australia	ASW	234.50	224.45	215.07	259.15	**-9.51**
Russia	SRW	212.00	207.50	205.50	232.50	**-8.82**
India	Fob	320.11	321.12	321.12	308.05	**3.91**

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

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price									***Date: 20.12.2019***
Contract Month	***+/-***	***Open***	***High***	***Low***	***Close***	***Volume***	***Change From previous day***	***Open Interest***	***Change From previous day***
19-Dec	***0***	*2148*	*2148*	*2148*	*2148*				
20-Jan	***0***	*2158*	*2158*	*2158*	*2158*			*40*	***0***
20-Feb	***0***	*2168*	*2168*	*2168*	*2168*			*10*	***0***

AGRIWATCH

Wheat Weekly Research Report
23rd December-2019

Wheat Technical Analysis: ***(Back to Table of Contents)***

Wheat –Technical Outlook	Contract Expiry: 20th January, 2019

Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	January	2100	2080	2162	2225	2240
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	January	Buy	Above 2160	2170	2175	2154

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**
	19-Dec-19	**12-Dec-19**	**21-Nov-19**	**18-Dec-18**	
Indore	2225	2200	2220	2045	8.80
Delhi	2270	2250	2286	2090	8.61
Kanpur	2095	2075	2140	2005	4.49
Rajkot	2200	2180	2240	2110	4.27
Kota	2150	2141	2141	2090	2.87

Source: NCDEX; NCDEX delivery prices are inclusive of Mandi tax and other applicable state taxes along with handling & packaging costs.

Domestic Market Weekly Outlook:

(Back to Table of Contents)

Wheat market is expected to notice steady to firm tone amid increase in demand from flour millers and stockists. 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
			19-Dec-19	18-Dec-19	12-Dec-19	20-Nov-19	20-Dec-18
Delhi	Lawrence Road	Mill Delivery	2270	2265	2250	2290	2080
	Narella	Mill Quality Loose	2220	Closed	2200	Closed	2030
	Nazafgarh	Mill Quality Loose	2170	Closed	2150	Closed	2000
Gujarat	Rajkot	Mill Delivery	2210	2220	2205	2225	2100
	Ahmedabad	Mill Delivery	2275	2270	2240	2290	2150
	Surat	Mill Delivery	2340	2340	2340	2350	2200
	Dhrol	Mill Delivery	2460	2375	2450	2350	2300
M.P.	Indore	Mill Delivery	2260	2250	2250	2250	2060
	Bhopal	Mill Quality Loose	2150	2150	2125	2100	1940
Rajasthan	Kota	Mill Quality Loose	2050	2050	2010	2000	1950
		Mill Delivery	2160	2160	2140	2135	2060
U.P.	Kanpur	Mill Delivery	2090	2100	2100	2115	2050
	Mathura	Mill Quality Loose	2030	2020	2040	NA	1900
	Kosi	Mill Quality Loose	2150	2100	2060	2050	NA
	Hathras	Mill Quality Loose	2050	2050	NR	2000	1940
	Aligarh	Mill Quality Loose	2050	Closed	2000	Closed	1850
Punjab	Khanna	Mill Quality Loose	2070	2005	2020	NA	1940
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2140	2140	2140	2100	1890
	Hodal	Mill Delivery	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	2200	2200	2200	2160	2000
	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	2450	2370

	Madurai	Mill Quality	2507	2575	2550	2600	2475
	Coimbatore	Mill Quality	2507	2625	2600	2650	2525
Bihar	Khagariya	Mill Delivery	2200	2200	2100	2100	2050
	Muzaffarpur	Mill Delivery	1980	2000	1975	2000	2000

Sowing Status:

(Back to Table of Contents)

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***)

Argentina's new government has increased tax on wheat exports from 6.7% to 12%. In anticipation of the increase in export taxes, farmers and traders were selling grains at a rapid pace before the new government took charge on December 10. Argentina shipped 230,000 metric tonnes of wheat in October and 700,000 metric tonnes in November according to trade sources.

The Sindh food department has signed a memorandum of understanding for the procurement of 300,000 tonnes of wheat with the Pakistan Agricultural Storage and Services Corporation (PASSCO). This wheat was being supplied to flour mills at subsidised rates, with the federal and provincial governments covering 50 percent of the cost.

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.

Wheat crop in Western Australia is estimated to be lower by another 470,000 tonnes to 5.38 MMT, down by 4.77 lakh metric tonnes compared to previous year. Wheat exports from Australia (June to July basis) have also been revised down to a 12-year low of 9.22 MMT, and down 5.80 lakh metric tonnes year on year.

The Government of Sri Lanka has removed the consolidated Tax of Rs 36 per kilogram of imported wheat flour and replaced it with the Special Commodity Levy (SCL) of Rs. 8 per kg. This Special Commodity Levy has come into effect from December 14th, 2019.

According to APK consultancy, an extremely dry autumn has led to a 10% decrease in winter wheat planting in Ukraine. The area that accounts for more than 95% of Ukraine's total output declined to 5.9 million hectares from 6.64 million hectares a year ago. This year acreage is lowest since 2014. Ukraine harvested 28.1 million metric tonnes of wheat in 2019 compared with 24.6 million metric tonnes in 2018. The U.S. Department of Agriculture's Foreign Agricultural Service projects Ukraine's 2020 wheat production at 29 million metric tonnes.

Japan's Ministry of Agriculture sought 148,405 metric tonnes of food-quality wheat from the United States, Canada and Australia in a regular tender on Tuesday. The tender will close on Thursday. The shipments will be loaded between January 16 –February 15, 2020 and is expected to arrive by March 05, 2020.

According to trade sources, Iran has bought up to 1 million metric tonnes of wheat from international markets in recent weeks. Imports are expected from Russia and European Union countries including Germany. Iran is planning to import 3 million tonnes of wheat this Iranian calendar year ending in spring 2020, according to an official from the country's Federation of Food Industry Associations.

The Taiwan Flour Millers' Association purchased 104,600 tonnes of milling wheat to be sourced from the United States in a tender which closed on Thursday according to European Trade sources. The wheat was bought in two consignments comprising various wheat types for shipment from the US Pacific Northwest coast in February and March 2020.

IGC Wheat Balance Sheet:

(Back to Table of Contents)

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
	19-Dec-19	12-Dec-19	21-Nov-19	19-Sep-19	19-Jun-19	19-Dec-18	
Dec-19	200.32	194.81	188.11	181.59	200.78	208.22	-3.79
Mar-20	201.61	195.82	189.49	183.24	201.79	210.06	-4.02
May-20	202.35	196.93	190.22	184.53	200.69	208.50	-2.95
Jul-20	204.18	199.13	192.89	187.28	202.53	210.70	-3.10
Sep-20	207.40	202.71	197.02	191.78	206.66	214.93	-3.50
Dec-20	210.52	206.11	200.14	195.27	209.05	218.14	-3.49

Wheat Weekly Research Report
23rd December-2019

(Back to Table of Contents)

CBOT Dec-19

1st Support: 176.00
2nd Support: 174.00
1st Resistant: 234.00
2nd Resistant: 236.00
($ per tonne)

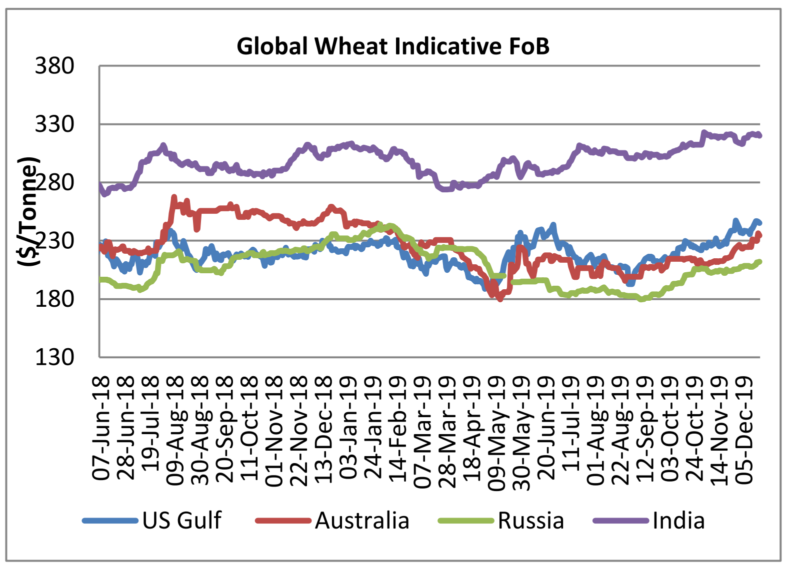
Wheat CBOT closed at $5.42 per bushel. U.S. wheat net export sales during the week ended 12th December was 869000 tonnes compared to 502674 tonnes last week. Sales were above the trade expectation of 200000-600000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As 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 lower amid profit -booking.

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 $320.11-321.60 per tonne.

US and Russian quotes are hovering in the range of $240.40-246.80 and $207.50-212.00 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 $250 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.