

Wheat Weekly Research Report

Table of Contents

- ❖ **Review and Outlook**
- ❖ **Export/Import**
- ❖ **Weather**
- ❖ **Weekly Price Change**
- ❖ **Stocking Norms**
- ❖ **FOB Quotes**
- ❖ **NCDEX Wheat Contracts**
- ❖ **Wheat Technical Analysis**
- ❖ **Spot Price at NCDEX Delivery Centers**
- ❖ **Domestic Outlook and Spot Prices**
- ❖ **Progressive Sowing**
- ❖ **International Wheat Market**
- ❖ **IGC**
- ❖ **CBOT Future Contract**
- ❖ **CBOT Trend**
- ❖ **International FOB Trend**
- ❖ **International Weekly Outlook**

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

All India weekly average prices increased by 0.76 percent to Rs. 2236.04 per quintal during the week ended 28th December 2019. Wheat average price were ruling at Rs 2219.24 per quintal during 16-23 December 2019. As compared to prices in the week 24-31 December 2018, the prices are higher by 8.30 percent. Prices are expected to remain steady to firm in coming days amid good demand in the domestic market.

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 27th December-19 is 297.02 lakh hectares compared to 270.75 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 \$385.00 (Rs 27423.55) per tonne and \$527.80 (Rs 37595.19) 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 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around \$326.22 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at \$212.00, \$212.00, Euro 185.50, \$249.45 and \$233.16 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 November-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. 2120 & 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	

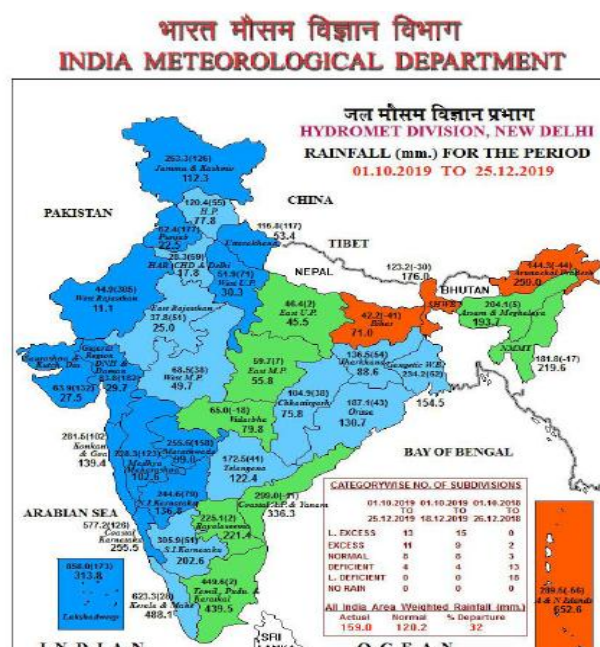
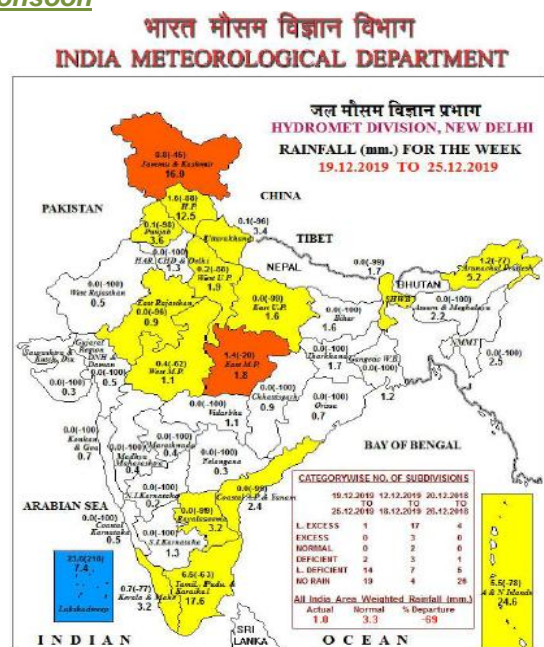
Source: Trade

Wheat Import

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

Source: Trade

Monsoon

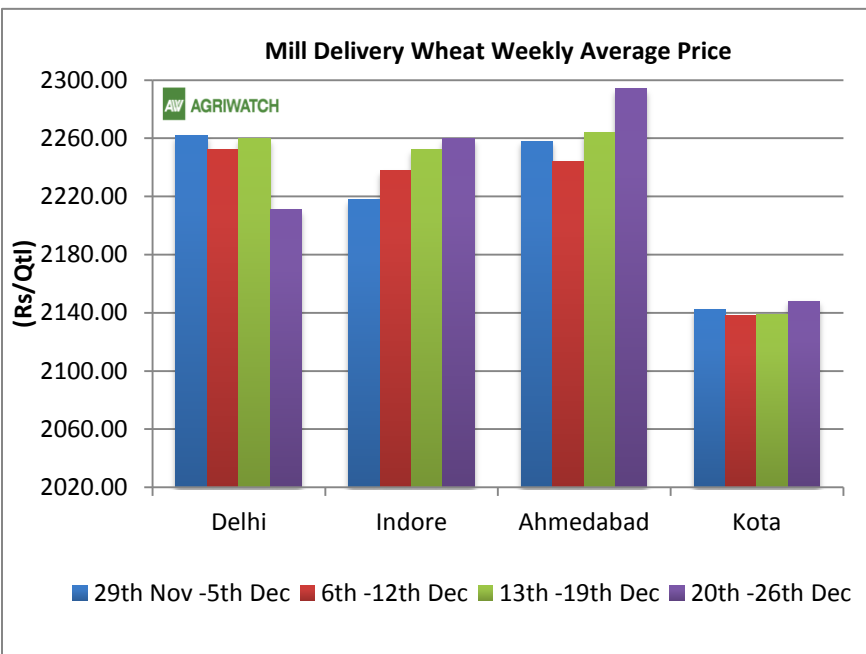


Source: IMD

Wheat Weekly Average Price Chart
[\(Back to Table of Contents\)](#)

Average mill delivery prices of Wheat traded firm in Ahmedabad, Kota, Indore and weak in Delhi during 20th - 26th December 2019.

Prices witnessed firm tone in past week. Market is likely to witness steady to firm tone in upcoming week 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		
	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

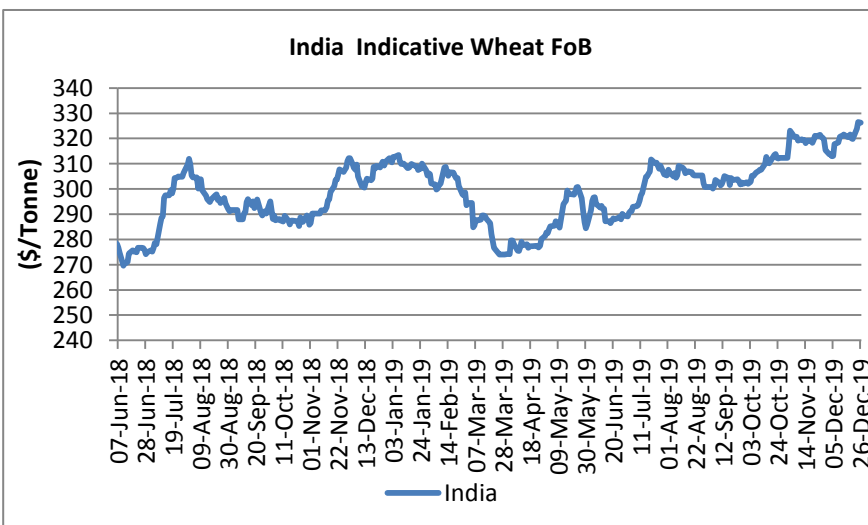
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

FOB Quote for Wheat at Kandla

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

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 firm tone in the coming week and is likely to hover in the range of \$322-330 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.



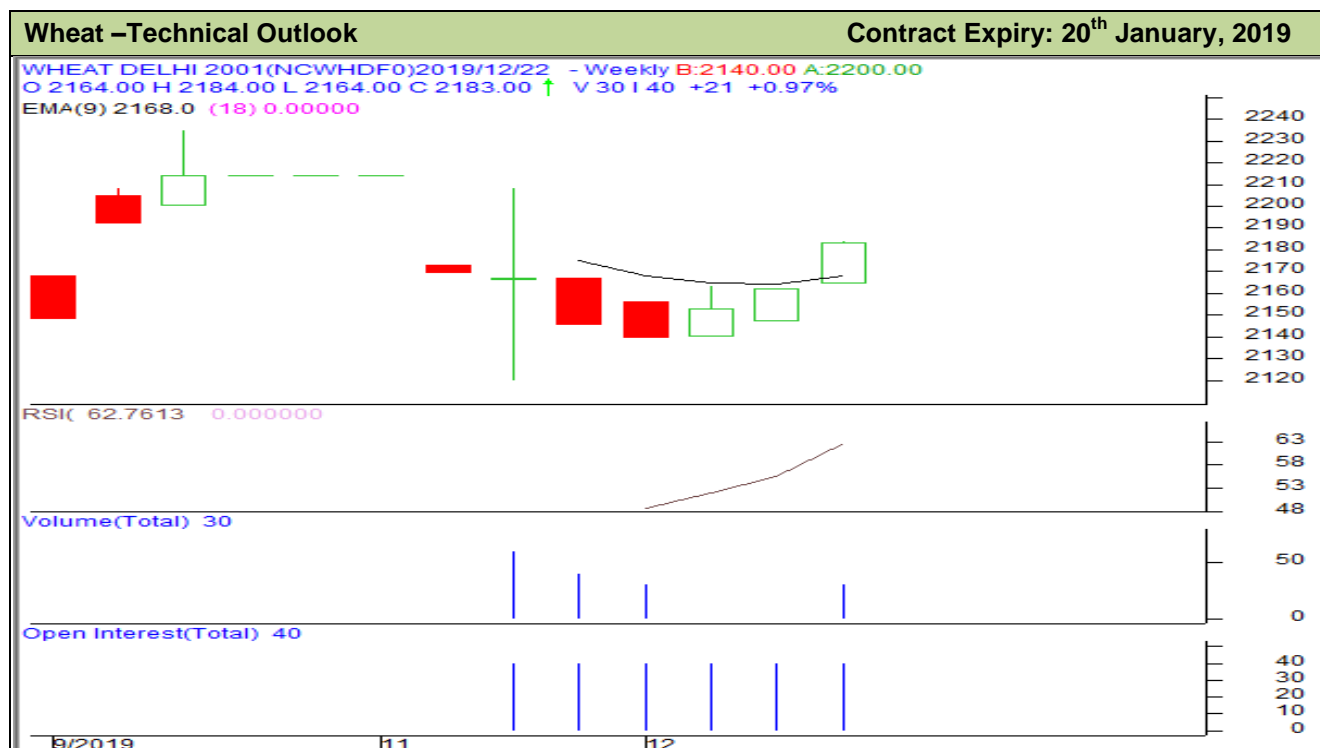
Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		26-Dec-19	19-Dec-19	28-Nov-19	27-Dec-18	
USA (Chicago)	2SRW	249.45	245.10	238.85	220.60	13.08
France	FCW3	NA	206.42	201.46	NA	-
Australia	ASW	233.16	234.50	222.44	255.50	-8.74
Russia	SRW	212.00	212.00	205.50	232.00	-8.62
India	Fob	326.22	320.11	319.63	309.26	5.48

	26/12/2019	19/12/2019	12/12/2019	5/12/2019
Black Sea Mill Wheat 12.5% FOB Pmax.(\$/T)	220	218	215	212
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	215	214	210	210

NCDEX Wheat Contracts

Wheat Futures Contract: NCDEX Price								Date: 27.12.2019	
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Dec	-	-	-	-	-	-	-	40	0
20-Jan	0.00	2194	2194	2194	2194	-	-	10	0
20-Feb	0.00	2204	2204	2204	2204	-	-	-	-

Wheat Technical Analysis:
[\(Back to Table of Contents\)](#)

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	January	2120	2100	2183	2245	2260
Weekly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	January	Buy	Above 2180	2190	2195	2174

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
	26-Dec-19	19-Dec-19	28-Nov-19	26-Dec-18	
Indore	NA	2225	2187	2050	-
Delhi	2323	2270	2270	2072	12.11
Kanpur	2120	2095	2087	2020	4.95
Rajkot	2230	2200	2210	2105	5.94
Kota	NA	2150	2133	2086	-

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 witness steady to firm tone amid good demand in the 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
			26-Dec-19	24-Dec-19	19-Dec-19	27-Nov-19	26-Dec-18
Delhi	Lawrence Road	Mill Delivery	2320	2290	2270	2275	2080
	Narella	Mill Quality Loose	2250	2230	2220	Closed	Closed
	Nazafgarh	Mill Quality Loose	NA	NA	2170	Closed	Closed
Gujarat	Rajkot	Mill Delivery	2260	2260	2210	2220	2110
	Ahmedabad	Mill Delivery	2300	2300	2275	2270	2160
	Surat	Mill Delivery	2400	2380	2340	2330	2200
	Dhrol	Mill Delivery	2130	2420	2460	2420	2350
M.P.	Indore	Mill Delivery	Closed	2260	2260	2260	2060
	Bhopal	Mill Quality Loose	Closed	2150	2150	2125	1940
Rajasthan	Kota	Mill Quality Loose	Closed	2050	2050	2035	1950
		Mill Delivery	Closed	2150	2160	2150	2060
U.P.	Kanpur	Mill Delivery	2140	2110	2090	2100	1990
	Mathura	Mill Quality Loose	2030	2025	2030	NA	1960
	Kosi	Mill Quality Loose	2120	2125	2150	2050	1980
	Hathras	Mill Quality Loose	2100	2100	2050	2025	1950
	Aligarh	Mill Quality Loose	2050	2050	2050	Closed	Closed
Punjab	Khanna	Mill Quality Loose	2110	2100	2070	NA	1920
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2150	2150	2140	2125	1900
	Hodal	Mill Delivery	NA	NA	NA	NA	2050
	Bhiwani	Mill Quality Loose	2210	2200	2200	2180	1960
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA



Tamil Nadu	Chennai	Mill Quality	Closed	2450	2450	2450	2360
	Madurai	Mill Quality	Closed	2575	2575	2600	2450
	Coimbatore	Mill Quality	Closed	2625	2625	2650	2500
Bihar	Khagariya	Mill Delivery	2200	2200	2200	2100	2000
	Muzaffarpur	Mill Delivery	2000	2000	1980	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](#))

According to the National Statistics Office, Germany's winter wheat sown area for the 2020 harvest has been reduced by 7.1pc on the year to about 2.83 million hectares. Farmers had turned to other crops such as rapeseed.

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.

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.

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.

Egypt has planted 2.750 million acres of wheat since the start of the current season in mid-November according to an agriculture ministry official. The world's largest grain importer will reach its target of 3.5 million acres of wheat (1.47 million hectares) and finish the current season by the end of December. Egypt had said in October that it aims to plant 3.5 million acres of wheat in the current season, up from around 3.16 million acres last season.

Japan's Ministry of Agriculture sought 23,048 metric tonnes of feed-quality wheat for livestock. The tender closed on Wednesday.

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.

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
	26-Dec-19	19-Dec-19	26-Nov-19	26-Sep-19	26-Jun-19	26-Dec-18	
Mar-20	201.70	200.32	195.09	180.12	207.67	205.47	-1.83
May-20	202.71	201.61	196.56	181.59	208.22	207.86	-2.47
Jul-20	203.36	202.35	196.47	183.15	206.20	206.11	-1.34
Sep-20	205.28	204.18	198.76	186.09	208.32	208.59	-1.59
Dec-20	208.68	207.40	202.35	190.77	212.27	212.82	-1.94
Mar-21	211.71	210.52	205.01	194.63	214.93	215.94	-1.96

CBOT Dec-19

1st Support: 174.00
2nd Support: 172.00
1st Resistant: 234.00
2nd Resistant: 236.00
(\$ per tonne)

Wheat CBOT closed at \$5.56 per bushel. U.S. wheat net export sales during the week ended 19th December was 715000 tonnes compared to 869000 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 \$319.75-326.54 per tonne.

US and Russian quotes are hovering in the range of \$245.96-249.45 and \$212.00 per tonne respectively. Wheat prices in international markets noticed steady to firm tone in last week.

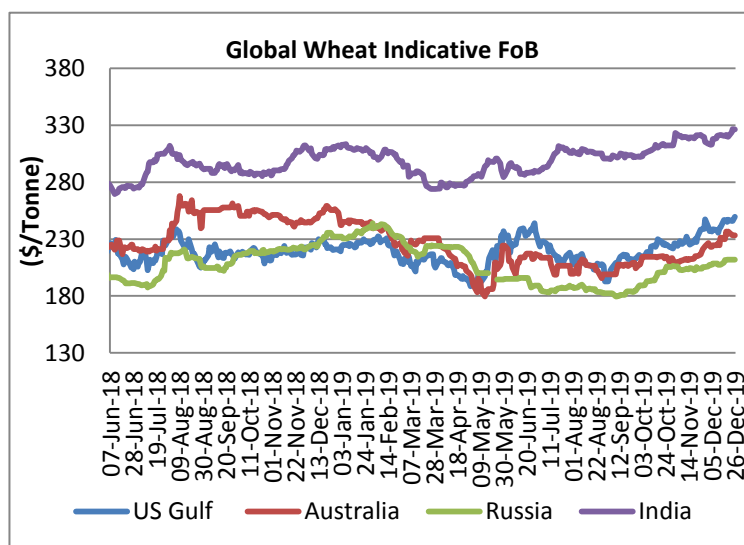
Wheat is expected to trade steady to firm and hover in the range of \$210 to \$260 per tonne in coming week.

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.

(Back to Table of Contents)

Mar20 Wheat(CBOT)



Disclaimer: The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.