Wheat Weekly Research Report
13th January-2020

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 3.10 percent to Rs. 2380.46 per quintal during the week ended 11th January 2020. Wheat average price were ruling at Rs 2308.81 per quintal during 01-07 January 2020. As compared to prices in the week 08-15 January 2019, the prices are higher by 11.11 percent. Prices are expected to continue steady to firm tone 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 10th January-20 is 326.46 lakh hectares compared to 293.81 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, Haryana, Maharashtra, Rajasthan and Uttar Pradesh till date.

Wheat WPI has increased from 160.6 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.

The Food Ministry of India has decided to hike the wheat base price to Rs. 2245/100 kg during January –March quarter from the current base price of Rs.2190/100 kg. The government started offering wheat at a base price of 2080 rupees per 100 kg in Apr-Jun and subsequently, raised it by 55 rupees every quarter. This year's base price under the auction includes a 50% interest rate and warehouse charges. In non-wheat producing states, the rail freight from Ludhiana is added to the base price.

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 27377.35) per tonne and $534.80 (Rs 38029.63) 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 25500-26000 per tonne. Therefore, as of now, there is no parity for wheat imports.

Indian FoB quote is hovering around $339.61 per tonne. Against it Russia, Ukraine, France, US and Australia are offering wheat at $218.50, $212.50, Euro 191.25, $257.00 and $243.88 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. 2175 & 2325 respectively.*

Wheat Weekly Export

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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

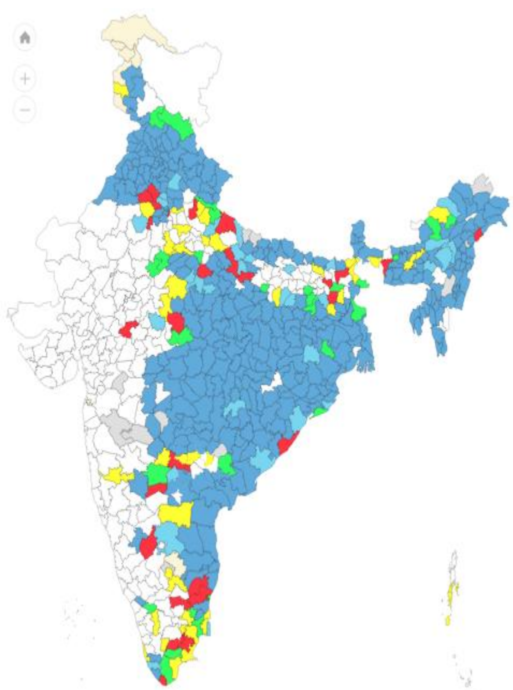
Wheat Import

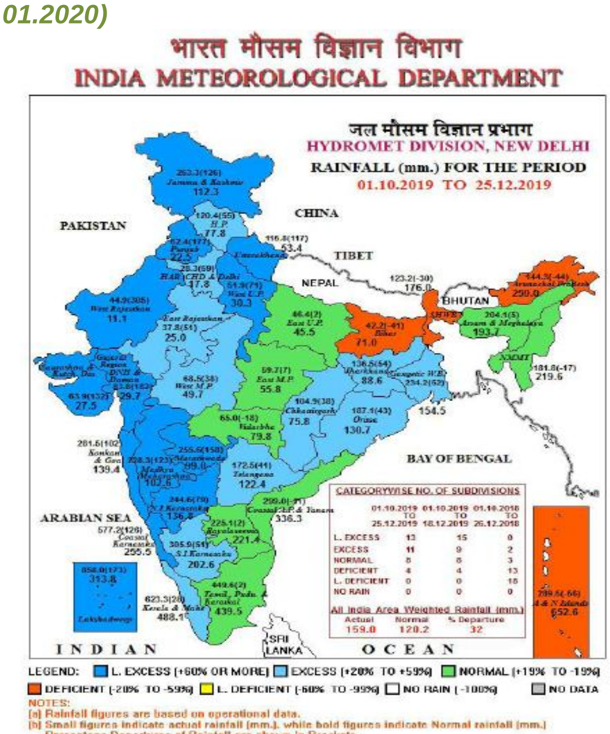
Date	Foreign Country	Port	Quantity in MT
September-2019	Australia	Tuticorin	588.41
	Total		588.41

Source: Trade

Monsoon

Weekly Cumulative rainfall (02-01-2020-08.01.2020)





Source: IMD

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Wheat Weekly Average Price Chart

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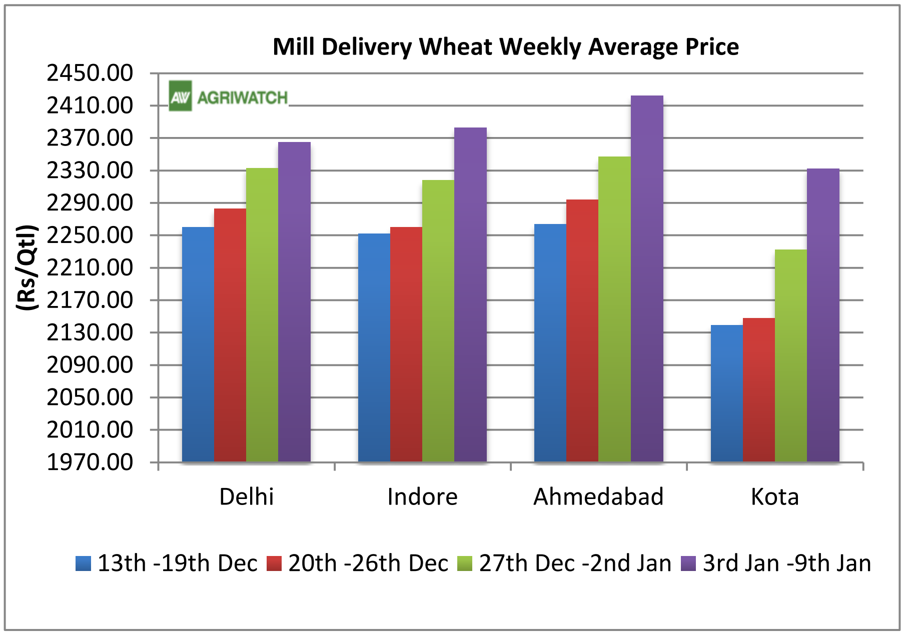
Average mill delivery prices of Wheat traded firm in Ahmedabad, Kota, Indore and Delhi during 3rd-9th January 2020.

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		
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**

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FOB Quote for Wheat at Kandla

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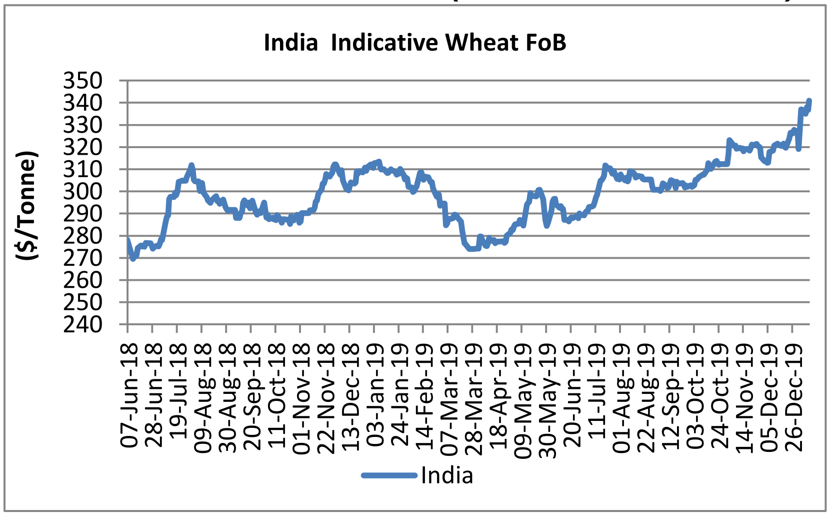
Wheat FoB quote in India witnessed firm tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quote for Kandla is likely to witness steady to firm tone in the coming week and is likely to hover in the range of $335-345 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
		9-Jan-20	3-Jan-20	12-Dec-19	10-Jan-19	
USA (Chicago)	2srw	256.20	251.50	239.60	223.60	14.58
France	FCW3	212.64	NA	203.02	233.74	-9.03
Australia	ASW	243.88	239.86	224.45	243.60	0.11
Russia	SRW	218.50	212.00	207.50	232.50	-6.02
India	Fob	340.99	336.91	321.12	309.89	10.04

	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 Contact: NCDEX Price									Date: 10.01.2020
Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
19-Dec	0	278	2278	2278	2278			40	0
20-Jan	0	2289	2289	2289	2289			10	0
20-Feb	0	2299	2299	2299	2299				

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Wheat Technical Analysis:

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

Technical Commentary:

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

Strategy: Buy

			S1	S2	PCP	R1	R2
Wheat	NCDEX	January	2210	2195	2270	2330	2345
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	January	**Buy**	Above 2260	2290	2305	2235

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	**Today** 9-Jan-20	**Week Ago** 2-Jan-20	**Month Ago** 12-Dec-19	**Year Ago** 9-Jan-19	**% Change over prev. Year**
Indore	2345	2300	2200	2037	**15.12**
Delhi	2363	2349	2250	2100	**12.52**
Kanpur	2180	2175	2075	2075	**5.06**
Rajkot	2345	2310	2180	2115	**10.87**
Kota	2273	2225	2141	NA	-

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 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
			09-Jan-20	08-Jan-20	03-Jan-20	10-Dec-19	10-Jan-19
Delhi	Lawrence Road	Mill Delivery	2365	2370	2355	2250	2100
	Narella	Mill Quality Loose	2280	Closed	2250	2200	2070
	Nazafgarh	Mill Quality Loose	NA	Closed	2240	2150	2010
Gujarat	Rajkot	Mill Delivery	2370	2360	2350	2210	2120
	Ahmedabad	Mill Delivery	2440	2460	2400	2250	2170
	Surat	Mill Delivery	2490	2500	2480	2330	2220
	Dhrol	Mill Delivery	2545	2415	2530	2520	2210
M.P.	Indore	Mill Delivery	2350	2350	2450	2230	2125
	Bhopal	Mill Quality Loose	2225	2225	2250	2125	NA
Rajasthan	Kota	Mill Quality Loose	2200	2200	2230	2010	Closed
		Mill Delivery	2325	2325	2350	2150	Closed
U.P.	Kanpur	Mill Delivery	2230	2240	2210	2090	1990
	Mathura	Mill Quality Loose	2155	2160	2125	2040	1950
	Kosi	Mill Quality Loose	2200	2200	2200	2080	1990
	Hathras	Mill Quality Loose	2200	2150	2200	2050	1980
	Aligarh	Mill Quality Loose	2150	Closed	Closed	2000	1910
Punjab	Khanna	Mill Quality Loose	2150	NA	2125	2010	1940
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2200	2175	2170	2140	1950
	Hodal	Mill Delivery	NA	NA	NA	NA	2050
	Bhiwani	Mill Quality Loose	2240	2250	2225	2200	2000
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA

Tamil Nadu	Chennai	Mill Quality	2600	2600	2500	2500	Closed
	Madurai	Mill Quality	2657	2700	2600	2600	Closed
	Coimbatore	Mill Quality	2657	2750	2650	2650	Closed
Bihar	Khagariya	Mill Delivery	2200	2200	2250	2100	2150
	Muzaffarpur	Mill Delivery	2200	Closed	2150	2000	2050

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

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International Market Update: ***(Back to Table of Contents)***

According to the latest supply and demand report released by the USDA, the outlook for 2019/20 U.S. wheat is for stable supplies, increased feed and residual use, and lower stocks. Feed and residual use is raised 10 million bushels on lower-than-expected second-quarter stocks reported in latest NASS Grain Stocks report. Ending stocks are now projected at 965 million bushels, down 9 million from the previous report.

According to the latest quarterly grains stocks report released by NASS, all wheat stored in all positions on December 1, 2019 totaled 1.83 billion bushels, down 9 percent from a year ago. On-farm stocks are estimated at 519 million bushels, up 3 percent from last December. Off-farm stocks, at 1.31 billion bushels, are down 13 percent from a year ago. The September - November 2019 indicated disappearance is 512 million bushels, 35 percent above the same period a year earlier.

Jordan's state grain buyer, the trade ministry has issued an international tender to buy 120,000 tonnes of milling wheat which can be sourced from optional origins according to European traders. The new tender seeks hard wheat for shipment in a range of possible combinations in 60,000 tonnes consignments. Shipment is sought between June 1-June 15, June 16-June 30, July 1-July 15 and July 16-July 31.

The USDA report revises its market year 2017-18 wheat import estimate for Vietnam up to 4.8 MMT while in wheat milling imports in market year 2018-19 remained flat due to a saturated local flour market. Feed wheat imports fell 55% as the country's pig population is declining amid African Swine Fever. The 2019-20 estimates for wheat and flour imports remains same as the 2018-19 estimate of 3.5 MMT.

According to Egypt's General Authority for Supply commodities, the government has purchased 300,000 tons of wheat from Russia, Ukraine and Romania through global tenders. Egypt is due to receive the new shipments of wheat between February 18 and 28, according to official sources.

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) seeks 120,000 tonnes of feed wheat to be loaded by February 15 and arrive in Japan by March 19, via a simultaneous buy and sell (SBS) auction that will be held on Jan. 15.

Japan's Ministry of Agriculture sought 106,125 metric tonnes of food-quality wheat from U.S., Canada and Australia. The tender will close on Thursday.

After record-breaking rains ruined upper Midwest wheat harvests in U.S., drought now threatens the wheat grown in farther south. Lack of rain during the fall left farmers in Kansas, Nebraska, Oklahoma and Texas (where the majority of the nation's winter wheat is grown) struggling to get their plants to grow.

Wheat crop sowing in Pakistan during current sowing season had witnessed about 1.115 percent increase as compared to cultivation during same period previous year as crop had been cultivated over an area of 7.884 million hectares as compared to the sowing of 7.797 million hectares of same period last year. According to the initial data received from the provincial governments, during current sowing season (2019-20), by the end of last month crop sowing had been completed over 87 percent area as against the set targets.

Ukraine has sown more wheat than expected this year. However dry weather has damaged some fields due for harvesting next year. As of Dec. 1, farmers planted 6.4 million hectares of wheat for the next season crop, about 8% more than the area estimated by the government's agriculture portal. Compared with last year, the acreage is about the same. This is above market expectation. Winter wheat seeds need moisture to grow into young plants that are robust enough to endure the cold season. The winter crop makes up more than 90% of Ukraine's total wheat harvest.

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.

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
	09-Jan-20	03-Jan-20	12-Dec-19	08-Oct-19	12-Jul-19	10-Jan-19	
Mar-20	206.57	203.72	194.81	186.55	201.15	204.37	1.08
May-20	207.67	204.92	195.82	188.48	203.26	206.39	0.62
Jul-20	208.41	205.93	196.93	189.76	203.17	205.93	1.20
Sep-20	210.70	208.41	199.13	192.70	205.47	208.50	1.06
Dec-20	213.92	211.81	202.71	197.39	209.60	212.63	0.60
Mar-21	216.31	214.84	206.11	200.60	212.45	215.66	0.30

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CBOT Dec-19

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

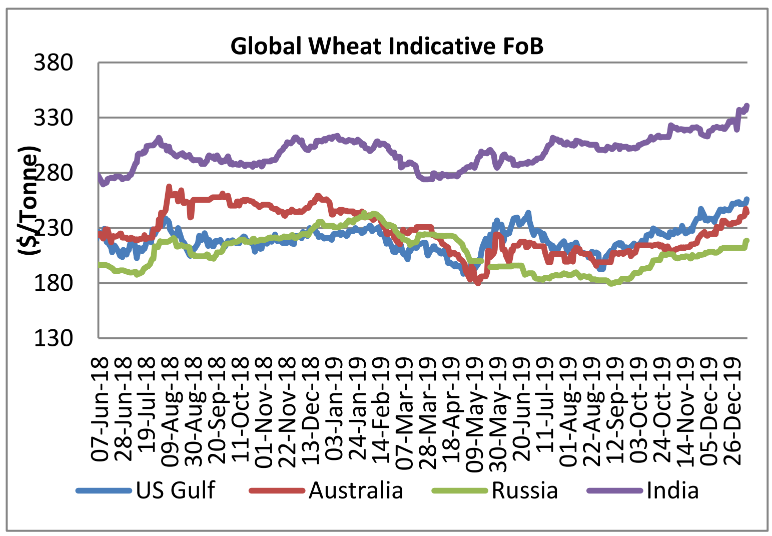
Wheat CBOT closed at $5.64 per bushel. U.S. wheat net export sales during the week ended 2nd January was 80600 tonnes compared to 313000 tonnes last week. Sales were below the trade expectation of 200000-550000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As on 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 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 $335.00-340.99 per tonne.

US and Russian quotes are hovering in the range of $251.70-256.20 and $212.00 -218.50 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 $210 to $270 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.