

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat increased by 4.27 percent from Rs 1894.67 in July -2018 to Rs 1986.98 per qtl in August-2018. Average price in August is higher by 2.70 percent compared to Rs 1934.74 per quintal registered in August-2017. Prices are expected to trade steady to firm due to good demand in domestic market.

AW Production Estimate: As per Agriwatch estimate production is likely to be around 94.0 MMT compared to 95.5 MMT last year. Production is slightly lower this year due to lower acreage. Total availability is likely to decrease to 109.62 MMT from 110.33 MMT in 2017-18.

Export: At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$75-86 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$206.00/216.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$291.17 per tonne. India exported 0.72 thousand tonne wheat in July. Total export in MY 2017-18 was registered around 211.60 thousand tonne.

Import: At import front, government has increased import duty from 20 percent to 30 percent to reduce flow of imports and provide support to domestic prices. No quantity has been imported since March-2018 until July-2018. In February, India imported 0.30 lakh tonne wheat compared to 0.31 lakh tonnes in the month of January. Import quotes for wheat from different origins to Tuticorin port have become firm in the past weeks.

FoB/CiF Quotes: Indian FoB quote hovered around \$291.17-309.77 per tonne in May. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$205.50-221.00, \$210.00-221.00, Euro 200.75-222.75, \$204.80-238.60 and \$231.00-267.75 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in August.

Supply-Demand: Supply side for FAQ is likely to be good as ample stock is available in domestic market due to good production and imports. Government has procured intensively and surpassed its procurement target of 32 MMT. Demand from south Indian millers is likely to pick up during lean season after application of 30% import duty. No import parity has also increased demand for domestic wheat.

Wheat Fourth Advance Estimate: As per fourth advance estimate, wheat production has been pegged at 99.70 MMT compared to 98.61 MMT in its third advance estimate issued in the month of May-2018. The fourth advance estimate for 2017-18 is higher by 4.39 percent compared to final estimate of 2016-17. Total food grain output is expected to be around 284.43 MMT compared to 279.51 MMT in earlier estimate.

Weather Update: India has received 241.40 mm of actual rainfall against 261.30 mm of normal rainfall during the period the month of August. During this time period, deficient rainfall was recorded in Rajasthan, Madhya Pradesh, Rayalseema, Punjab, Haryana, Jharkhand, etc. India has received 229.6 mm of rainfall during August-2017. India has received 655.00 mm of rainfall against normal of 700.3 mm, deviating by 6 percent during the period 01st July'18- 31st August'18.

Procurement Target: Government has fixed wheat procurement target at 32 MMT for 2018-19. Government has surpassed its procurement target as it has procured 34.19 MMT until 01st June'18. Of the total target, around 11.9 MMT will be procured from Punjab, 6.7 MMT from Madhya Pradesh, 7.4 MMT from Haryana, 4 MMT from Uttar Pradesh, 2 MMT from Bihar, 1.6 MMT from Rajasthan and 1 MMT from uttrakhand.

E-Auction: Government has offered 16295710 tonnes of wheat in OMSS since July until first tender in September, out of which 803600 tonnes was sold. Total numbers of rakes sold were 13. State government and bulk consumers bought 244900 tonnes and 524250 tonnes of wheat respectively. 34450 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1900 per quintal in the second quarter i.e. July-September. For third and fourth quarter prices will be Rs 1925 per quintal and Rs 1950 per quintal respectively.

Outlook & Recommendation: Wheat cash market is expected to trade steady to firm in short to medium term.

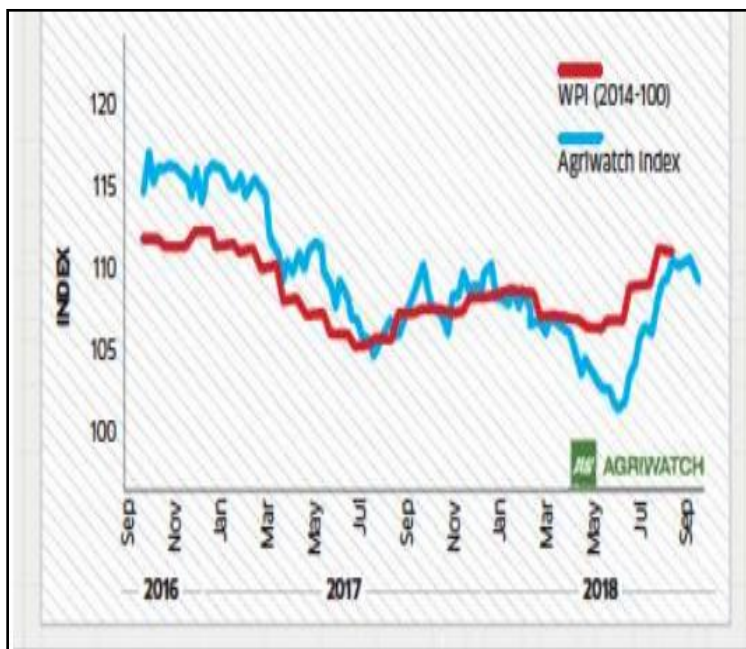
Trade Call: Market participants are advised to buy wheat at 1995 levels for a target of 2040 with a stop loss at 1968 on closing basis.

AW Cereals Index:

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The Agriwatch Agri Commodities Index fell 0.74 per cent to 109.06 during the week ended Sept 1, 2018 from 109.88 the previous week led by a broad based decline in agri-commodity prices. The base for the Index and all sub-Indices is 2014 (= 100). Seven of the nine commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices gained during the week.

The commodity group sub-Index values and their weekly changes are: Cereals: 116.09 (+0.53per cent), Pulses: 106.92 (-2.13per cent), Potato & Onion: 81.88 (-7.55per cent), Edible Oils: 111.16 (-1.16per cent), Oilseeds: 101.60 (-1.83per cent), Spices: 116.40 (+0.32per cent), Sweeteners: 102.35 (-1.26per cent), Fibres: 113.98 (-0.01per cent) and Other Non-Food Articles: 95.80 (+1.49per cent).



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

India's Wheat Quarterly Balance Sheet For 2018-19:

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Wheat MY Runs From April To March (Figures in MMT)	2017-18	2018-19*	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	13.22	15.12	15.12	85.25	61.6	38.12
Production	95.5	94.00	94	0.0	0.0	0.0
Imports	1.61	0.5	0.0	0.15	0.3	0.05
Total Availability (A+B+C)	110.33	109.62	109.12	85.4	61.9	38.17
Consumption	95	95	23.8	23.7	23.7	23.8
Exports	0.21	0.3	0.07	0.1	0.08	0.05
Total Usage (E+F)	95.21	95.3	23.87	23.8	23.78	23.85
Carry out (D-G)	15.12	14.32	85.25	61.6	38.12	14.32
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.91	1.81	42.98	31.19	19.30	7.22
Stock to Consumption Ratio	0.02	0.02	1.81	1.32	0.81	0.30

*Agriwatch Wheat Production Estimate for Marketing Year 2018-19

Balance Sheet Highlights:

- Agriwatch expects a production of around 94.00 MMT for 2018-19 under normal weather and crop condition.
- Total availability is likely to be around 109.62 MMT, slightly lower compared to last year because of lower production.
- Carry out is expected to be around 14.32 MMT for 2018-19 compared to 14.62 MMT for 2017-18.

Supply-Demand Highlights:**[\(Back to Table of Contents\)](#)**

Domestic demand for wheat is good and prices are likely to stay steady to firm with slight corrections. No imports and good domestic availability will ensure that there is no unexpected surge in prices.

Demand for domestic wheat is likely to be good in MY 2018-19 as with increase in import duty to 30 percent there is no import parity. Furthermore, Production in exporting countries like Australia and Russia is likely to stay at lower side, which is keeping their export prices at higher side. Prices in Russia as well as Australia ruled at higher side during August-2018 compared to August-2017. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat.

As per latest update, wheat stock in central pool as on 1st August'18 stood at 405.58 lakh tonnes down by 2.97% compared to last month. This quantity is higher by around 34.93% compared to last year for the same month. Government has surpassed their procurement target of 32 MMT this year. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. The stock position as on 01st August'18 is highest in last four years. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

Domestic Market Highlights:

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Ukrainian wheat is Rs 2120-2130 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) is not available in the domestic market. Stock of imported wheat has declined in past months as no quantity has been imported since February 2018 from Australia or Black sea region.

Wheat prices in Australia and Black sea region have become firm in past weeks. As of now, Russian wheat with 11.5 percent protein content and Australian standard wheat (ASW) is being quoted at \$303 per tonne and \$358 per tonne respectively, after including freight and import duty @30%. Local expenses will make imported wheat more expensive. Therefore, there is no parity for imported wheat as of now. Domestic demand for wheat is good and is likely to increase as lean season progresses.

Wheat price have increased considerably in past weeks. This increase in prices is burdening manufacturers like ITC and Britannia, who may in turn pass this burden onto consumers. Varun Berry, managing director of Britannia Industries said a 3 to 4 percent price increase across categories is on the cards.

Previous Updates:

According to last update, area sown until 09th February'18 is 304.29 lakh hectares compared to 317.88 lakh hectares in the previous Rabi season. The normal area is 304.43 lakh hectares. Progressive area was reported lower in Haryana, Maharashtra, Uttar Pradesh, Rajasthan and Madhya Pradesh compared to corresponding date last year.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 117.05 lakh tonnes from Punjab, 36.99 lakh tonnes from Uttar Pradesh, 12.45 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttrakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government could procure only 229 lakh tonnes due to lower production.

As per last update under GST, loose and unbranded wheat will not attract any duty, whereas a duty of 5% will be applicable on packed wheat sold under a brand name. Same is the case with flour and maida.

Area Coverage under Wheat Till 09th February-2018:

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State Wise Progressive Wheat Sowing Till 09.02.2018				
State	Normal area	This Year	Last Year	% Change
Bihar	21.24	23.27	22.96	1.35
Chhattisgarh	1.036	1.85	1.76	5.11
Gujarat	11.56	10.76	9.96	8.03
Haryana	25.39	25.26	25.38	-0.47
Himachal Pra.	3.5	3.6	3.59	0.28
J&K	2.955	2.93	2.31	26.84
Jharkhand	1.65	2.31	2.11	9.48
Karnataka	2.06	2.09	1.57	33.12
Madhya Pradesh	54.96	53.16	64.22	-17.22
Maharashtra	9.38	9.4	10.57	-11.07
Punjab	35.13	35.1	35	0.29
Rajasthan	30.472	30.2	30.67	-1.55
Uttar Pradesh	97.59	98.67	100.52	-1.84
Uttarakhand	3.53	3.58	3.594	-0.39
West Bengal	3.28	1.36	3.39	-59.91
Others	0.186	0.75	0.26	185.17
All-India	304.43	304.29	317.88	-4.27

Wheat Procurement RMS 2018-2019 (Source: FCI)

State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	11.90	12.69	11.70	8.46
Rajasthan	1.60	1.53	1.25	22.40
Uttar Pradesh	4.00	5.09	3.70	37.57
Others	0.10	0.19	0.02	850.00
All-India	32.00	35.53	30.83	15.24

Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 4.27 percent from Rs 1894.67 in July -2018 to Rs 1986.98 per qtl in August-2018. Average prices moved steady to firm in all major states except Chhattisgarh, Karnataka, Madhya Pradesh and Kerala.

Prices are likely to stay steady to firm due to decrease in arrivals and good domestic demand. Government has increased import duty from 20 percent to 30 percent to curb imports and provide support to domestic prices. Record rains in the month of August can help in improving soil moisture which will eventually lead to increase in wheat yields in upcoming season. Government has surpassed its procurement target and can easily tackle any unexpected increase in prices.

Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Average mill delivery prices of Wheat traded firm in Delhi, Indore and Ahmedabad during 24th -30th August.

Major spot markets witnessed firm sentiments in previous week. No import since March-2018 until July-2018 and good domestic demand is likely to support prices. Furthermore, demand is likely to increase with lean season. Abundant availability this year will allow government to control any unexpected price rise. Sales through OMSS are likely to be higher in MY 2018-19 compared to MY 2017-18.

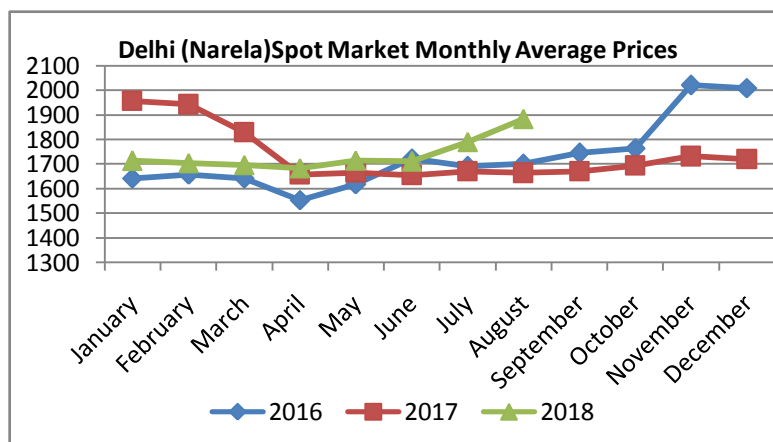
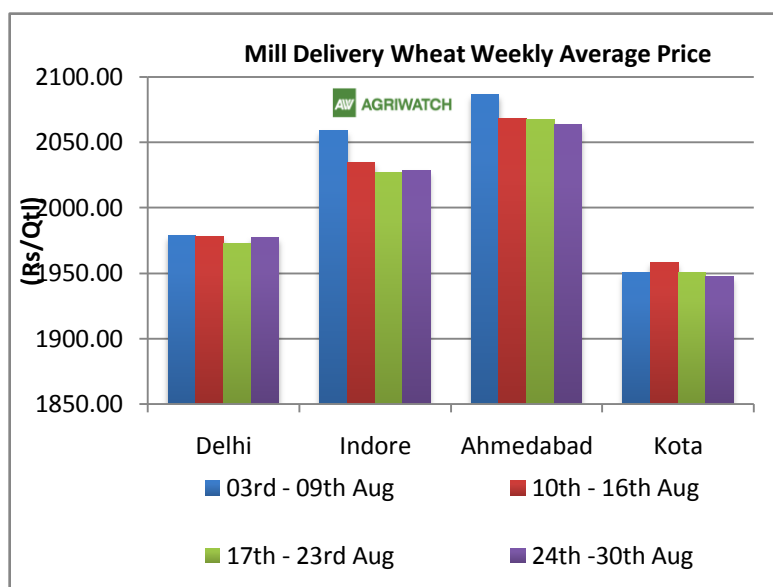
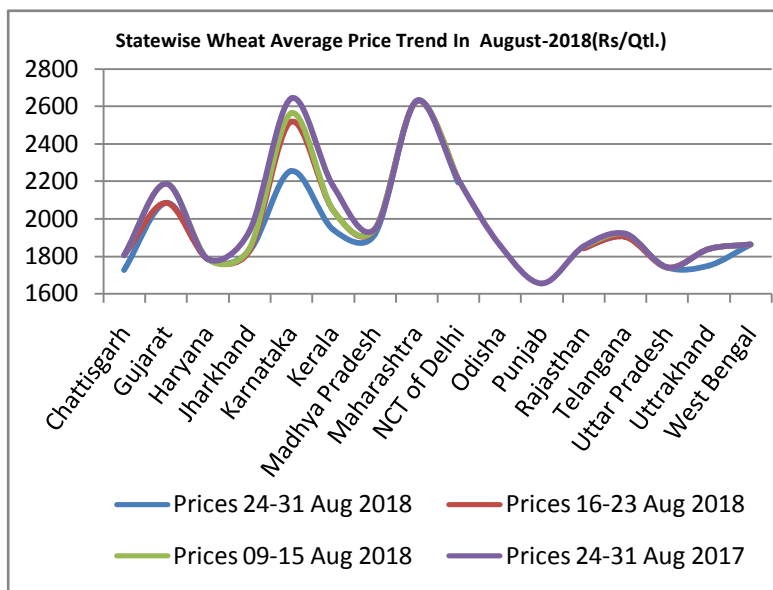
Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1789.76 in July-2018 to Rs 1882.73 per quintal in August-2018.

The prices are firm by 5.19 percent compared to last month and by 13.18 percent compared to corresponding month last year.

Arrivals in Narela have decreased by 1525 quintal to 6575 quintal in the month of August-2018.

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Wheat Exports:

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According to latest update, India exported around 0.72 thousand tonne wheat in the month of July-2018.

It is around 1.45 thousand tonnes lower compared to export quantity (2.17 thousand tonne) in July-2018. Overall condition for Indian wheat export is not favourable and export volume would remain low in coming months.

Export volume would increase but not much as prices in domestic market still ruling higher and other exporting countries are offering wheat at cheaper price (\$35 to \$86 per tonne lower from domestic price) with assured quality and delivery schedule. Huge gap between prices continue to affect wheat export from India.

Source: DGCIS/Trade

Year/Month	Wheat Export (Lakh Tonnes)	Average FoB (\$/T)	CBOT Average Quotes (\$/MT)
Apr 13 to Mar 14	55.59	282.82	241.6
Apr-14 to Mar-15	27.5	279.96	230.37
Apr-15 to Mar-16	2.01	294.88	179.9
Apr-16 to Mar-17	2.65	338.38	157.04
Apr-17 to Mar-18	2.11	NA	162.36
18-Apr	4.24	374.35	174.48
18-May	2.30	357.87	190.47
18-Jun	2.17	432.95	183.99
18-Jul	0.72	460.63	186.40
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	9.43	406.45	183.84

Wheat Import:

India imported around 5.02 lakh tonne wheat during MY 2015-16. In 2017-18 MY India imported 1.6 MMT compared to around 6 MMT in last MY 2016-17. In the month of May and June-2018 India has not imported wheat. India imported around 30.78 thousand tonne wheat from Russia, Ukraine and Australia in February-18 compared to 31.08 thousand tonnes in January-18.

FoB quote in Black Sea region are hovering around \$206.00 per tonne in Russia and \$216.00 per tonne in Ukraine. Australia and France are also providing wheat at \$ 255.50 per tonne and Euro 206.25 per tonne. Added capacity at Ukrainian ports has reduced export cost further. Government has increased import duty from 20% to 30% in order to curb imports and provide support to domestic prices.

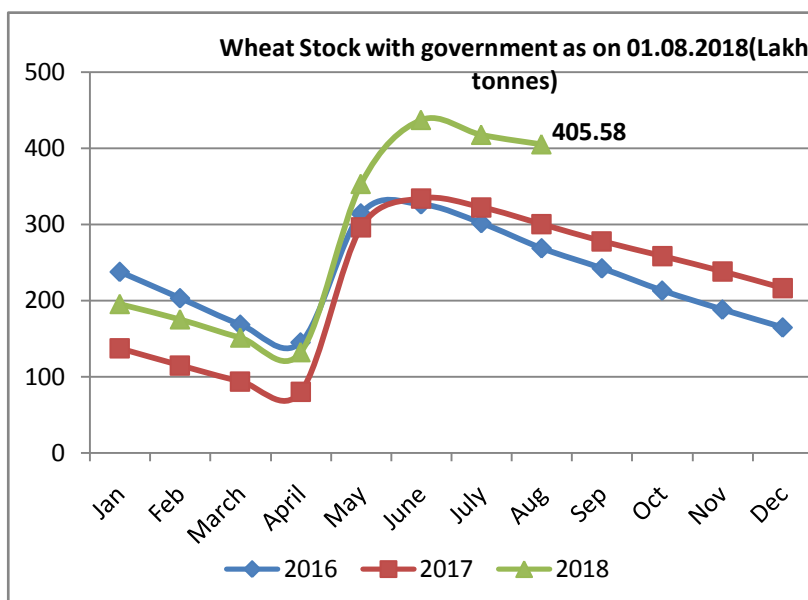
Source: DGCIS/Trade

Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-17 to Mar-18	1616.97	NA	162.36
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun	0.00	NA	183.99
18-Jul	0.00	NA	186.40
18-Aug			
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	0.00	0.00	183.84

Wheat Stocks with the Government as on 1st of Every Month
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Wheat stock in government's warehouses on 01.08.2018 was around 405.58 lakh tonne. It is lower by 2.97 % from July-2018. Stock in central as on 01st August'18 is highest in last five years. Government has procured intensively and has surpassed its procurement target. Government has set reserve price at Rs 1900 per quintal for the second quarter, which will be increased by Rs 25 per quintal in each of two upcoming quarters i.e. second and fourth quarters. Higher stock position will enable the government to counter any unexpected rise in prices.

Government has decreased its procurement target to 32 MMT from last year's 33 MMT. Government has procured 30.82 MMT in RMS 2017-18.


Wheat Inflation:
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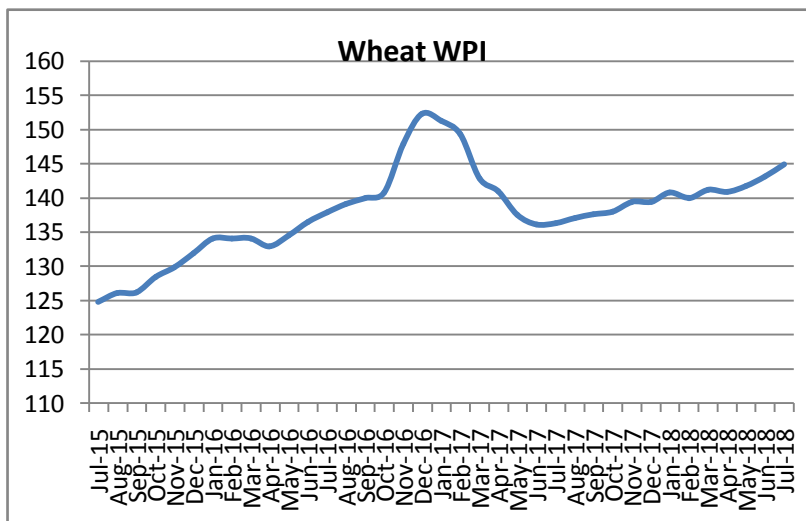
Month/Year	2014	2015	2016	2017	2018
Jan	130.0	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	143.1
Jul	121.9	124.8	137.9	136.3	144.9
Aug	122.5	126.1	139.1	137.1	
Sep	121.8	126.2	140.0	137.6	
Oct	122.3	128.5	140.8	138.0	
Nov	123.7	129.9	147.9	139.4	
Dec	125.8	131.9	152.3	139.4	

Wheat WPI has increased slightly from 143.1 in June-2018 to 144.9 in July-2018.

Monthly wheat inflation has increased by 1.26 percent in July -2018 compared to previous month. As compared to July-2017 wheat WPI has increased by around 6.31 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 1.7 in July-18 to 142.7 compared to 141.0 in June-18.

Weight: 1.02823, base year-2011-12=100



Monthly Average Spot Prices
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Monthly Average Prices At Various Market(Rs/Quintal)					
	Delhi	Indore	Kota	Rajkot	Chennai
16-Dec	2083.88	2018.69	1930.71	1949.63	2340.47
17-Jan	2061.60	1955.42	1936.88	1903.40	2312.50
17-Feb	1968.18	1824.77	1811.36	1779.29	2213.64
17-Mar	1899.81	1673.00	1669.23	1634.42	2053.84
17-Apr	1744.37	1649.32	1632.14	1627.37	1992.86
17-May	1735.74	1649.81	1606.15	1575.68	1988.08
17-Jun	1742.80	1650.45	1597.71	1594.79	1956.25
17-Jul	1760.58	1702.50	1645.87	1675.21	1950.00
17-Aug	1767.71	1762.17	1654.17	1705.00	1947.50
17-Sep	1763.40	1739.35	1629.29	1676.80	1940.00
17-Oct	1796.14	1728.75	1635.56	1649.47	2008.33
17-Nov	1846.00	1716.00	1660.77	1718.08	2050.83
17-Dec	1797.40	1741.30	1654.58	1751.88	2050.00
18-Jan	1801.4	1727.17	1686.46	1777.29	2054.17
18-Feb	1790.65	1773.41	1694.55	1685.45	2057.95
18-Mar	1779.40	1777.04	1707.04	1685.00	2084.55
18-Apr	1764.20	1731.88	1674.57	1636.80	2011.30
18-May	1753.52	1808.6	1773.46	1753.89	2100.77
18-Jun	1752.60	1857.14	1782.80	1802.50	2146.00
18-Jul	1899.42	1967.40	1911.15	1966.20	2228.46
18-Aug	1977.69	2042.21	1951.46	2012.20	2320.42

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Sep-18	31-Aug-18	25-Aug-18	1-Aug-18	1-Sep-17
Delhi	Lawrence Road	Mill Delivery	1980	1980	1975	1990	1760
	Narella	Mill Quality Loose	1860	1870	1880	Closed	1660
	Nazafgarh	Mill Quality Loose	1900	1900	1882	Closed	1665
Gujarat	Rajkot	Mill Delivery	1900	1900	1900	1970	1610
	Ahmedabad	Mill Delivery	2070	2070	2060	2100	1750
	Surat	Mill Delivery	2110	2110	2090	2140	1790
	Dhrol	Mill Delivery	Closed	Closed	2000	2000	1610
M.P.	Indore	Mill Quality Loose	1975	1975	1975	2050	1650
	Bhopal	Mill Delivery	1950	1950	1975	2000	1650
Rajasthan	Kota	Mill Quality Loose	Closed	1850	1850	1860	1550
		Mill Delivery	Closed	1950	1950	1960	1650
U.P.	Kanpur	Mill Delivery	1810	1815	1860	1820	1710
	Mathura	Mill Quality Loose	1800	1805	1790	1815	1575
	Kosi	Mill Quality Loose	1800	1790	1775	1825	1570
	Hathras	Mill Quality Loose	NR	1790	Closed	1800	1615
	Aligarh	Mill Quality Loose	1800	1800	1780	Closed	1600
Punjab	Khanna	Mill Quality Loose	1840	1840	1850	1800	1670
	Ludhiana (Jagraon)	Mill Delivery	Closed	Closed	Closed	NA	NA
Haryana	Sirsa	Mill Delivery loose	1825	1825	1830	1835	1700
	Hodal	Mill Delivery	1940	1940	1940	1920	1740
	Bhiwani	Mill Quality Loose	NR	1855	1850	1880	1670
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1670
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	Closed	2300	2340	2325	1950
	Madurai	Mill Quality	Closed	2450	2440	2450	2150
	Coimbatore	Mill Quality	Closed	2500	2490	2500	2200
Bihar	Khagariya	Mill Delivery	1700	1700	1750	1900	1650
	Muzaffarpur	Mill Delivery	1820	1820	1835	1850	1600

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased to 979 tonnes in August-2018 compared to 1386 tonnes in July-2018. Currently wheat is being traded around Rs 1870-1900 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to firm in September-2018 under normal conditions.

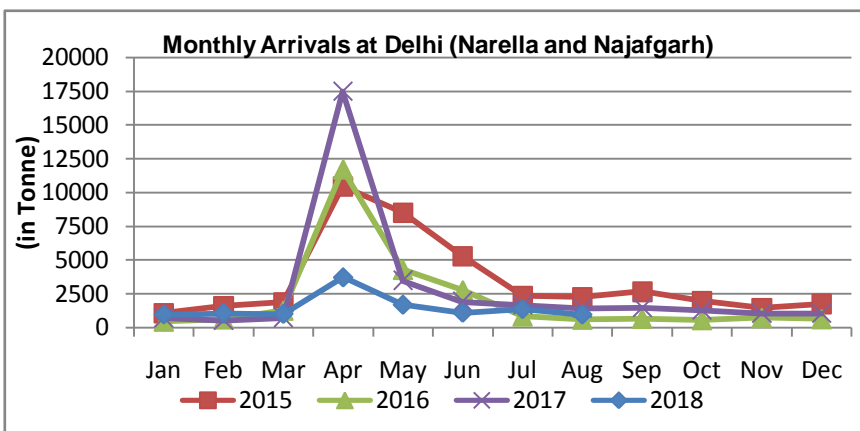
MSP Vs Mill Delivery Prices

Procurement season has ended and government has procured 3.5 MMT more than their target of 32 MMT. Prices are likely to pick up with upcoming festive demand.

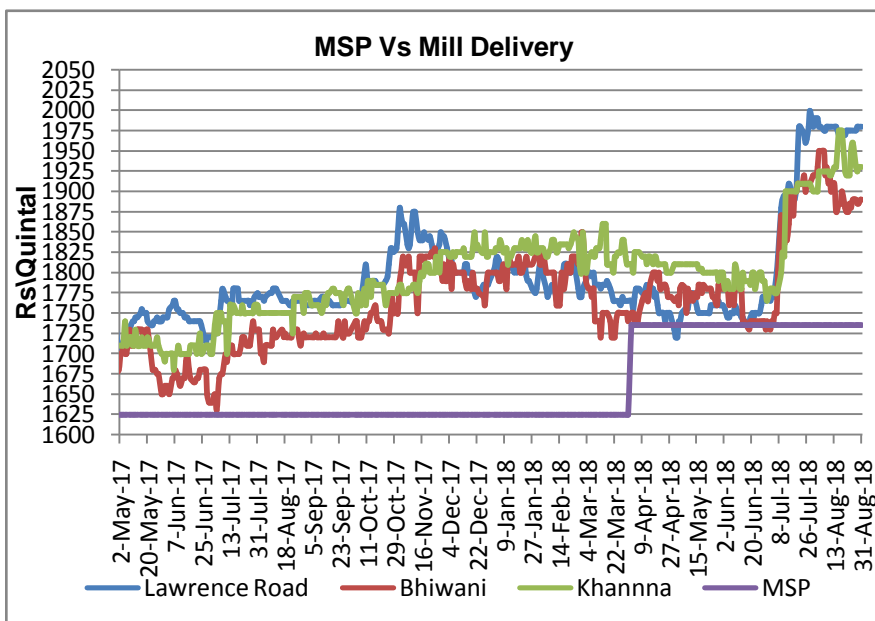
As of now mill delivery prices in Lawrence road, Karnal and Khanna market are moving above MSP and are likely to move steady to firm in coming weeks.

Government increased minimum support price (MSP) of wheat from Rs1625 per quintal in 2017-18 to Rs1735 per quintal in 2018-19. Madhya Pradesh provided additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal.

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C1 Continuous Chart

- *Rise in price and fall in open interest indicates short covering.*
- *RSI is moving in neutral region.*
- *Prices closed above 9 and 18 days EMAs.*
- *Candlesticks are denoting steady to firm movement in past weeks.*

**Strategy: Buy**

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	1945	1930	2006	2095	2110
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	Buy	Above 1995	2040	2075	1968

* Do not carry-forward the position next month.

International Market Dynamics

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Russian milling wheat prices became weak by \$5 per tonne at Novorossiysk and \$4-5 per tonne at Odessa compared to last week. Russia doesn't have any plan to curb export of grains as of now. Furthermore, importers are expecting prices to ease down a little more. As per USDA, Russia is expected to produce 68.00 MMT in 2018 compared to 84.99 MMT in 2017. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$215.00-221.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$216.00-221.00/tonne.

Russia's wheat exports have increased by 60 percent to 8.17 MMT, since the start of season from July 01 until August 29 compared to same period during last year.

As per latest update, Japan's ministry of agriculture bought 107965 MT of food quality wheat from United States and Canada. Around 54412 MT has been bought from United States and 53553 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Oct 21 and Nov 20, 2018.

Egypt has purchased 60000 tonnes of Russian wheat through tender. Garant offered 60000 tonnes of Russian wheat at FOB \$217.90/tonne. The said quantities are to be delivered during 21-30 October-2018. In its previous tender on 28th August 2018, Egypt has bought 350000 tonnes of wheat from Russia and Ukraine.

Jordan has bought 60000 tonnes of hard milling wheat at \$257 per tonne cost and freight for delivery in first half of November. The tender closed on Wednesday and wheat can be sourced from optional origin. The seller was trading house Ameropa. Two other companies, CHS and Agro Chirnogi offered wheat at \$265.27 per tonne and \$263 per tonne respectively.

Argentinean president Marci has announced a 4 peso per dollar export tax on wheat and corn shipments for improving the domestic currency, which has fallen by around 50 percent compared to U.S. dollar in over a year.

The Russian agriculture ministry has made it clear that it doesn't have any plan to curb export of grains as of now. This has led the grains market to ease a little bit. However, Russia has imposed complete export bans and duties in past years.

The Ukrainian agriculture ministry consulted with Ukrainian wheat traders has set wheat export limit at 16.00 MMT, including 8.00 MMT of milling wheat, for 2018-19. The export limit will cause Ukraine's wheat exports to fall by seven percent year on year. The export limit may be reviewed again at the end of September.

Wheat crops have suffered in Northern Europe, Australia, Canada and Russia due to unfavourable weather conditions. USDA expects world production is likely to be around 729.62 MMT in 2018-19 compared to 758 MMT last year. Strategie Grains have lowered forecast for soft wheat in Europe from 130 MMT to 127.7 MMT. As per USDA, Russia's wheat crop is expected to be around 68 MMT down from 85 MMT last year. USDA did not change forecast for Australia but private forecasters believe the crop to be around 20 MMT. Lower availability will support global wheat prices.

Egypt, one of the largest importers of wheat, has allowed wheat with 13.5 percent moisture for additional nine months and is effective retroactively from 03rd July'18. Egypt has purchased major quantity from Russia in recent years. However allowing wheat with higher moisture content will benefit other origins, such as France, which produces wheat with higher moisture content.

France's farm ministry has reduced its forecast for wheat to 35.1 MMT due to unfavourable weather conditions. In 2017, France has produced 36.6 MMT in 2017.

Global Wheat Average FoB

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Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
July-17	203.60	248.63	196.55	188.48	191.95	170.54	299.85	303.94
Aug-17	172.38	213.70	188.36	187.23	188.63	158.98	269.48	272.26
Sept-17	188.79	228.80	176.06	185.08	186.67	158.15	264.04	267.94
Oct-17	190.38	228.60	180.85	192.23	193.23	159.76	264.63	273.16
Nov-17	183.22	236.03	176.69	189.76	191.74	158.39	262.64	269.91
Dec-17	176.24	240.48	178.47	189.56	191.42	156.75	254.79	265.05
Jan-18	184.85	248.87	179.03	190.76	193.10	154.65	253.60	263.90
Feb-18	196.45	257.73	187.58	198.73	200.43	158.15	262.23	273.23
Mar-18	207.81	262.21	230.00	206.43	207.43	159.13	269.62	279.62
Apr-18	211.06	250.57	230.00	210.58	211.74	161.69	276.08	281.05
May-18	226.06	261.00	203.42	208.48	211.78	165.17	291.61	293.13
June-18	216.21	247.86	203.73	199.24	202.26	170.69	301.95	302.85
July-18	216.24	241.31	213.00	203.70	204.91	193.27	296.86	297.68
Aug-18	222.95	251.50	233.00	228.80	228.89	212.11	344.30	345.65

Source: Reuters

*Figures in \$/Tonne

** Figures in Euro/Tonne

*** Figures in AUD/Tonne

Indicative Freight Quotes

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Date	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)
06.07.2018	9.69	21.34	41.91	35.74
13.07.2018	11.02	22.64	45.03	38.76
20.07.2018	11.32	22.53	44.75	38.66
27.07.2018	11.79	22.87	46.60	40.25
03.08.2018	10.86	22.20	47.49	41.03
10.08.2018	10.02	21.46	47.82	41.39
17.08.2018	10.68	22.06	48.56	42.06
24.08.2018	11.55	23.13	49.43	42.76
31.08.2018	11.31	22.78	48.65	42.04
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

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Argentina: On 03 September, President Mauricio Marci's announced a tax of four pesos per dollar on wheat and corn shipments. This is roughly equivalent to 10 percent export tax.

Turkey: On 29 July, Turkey authorized the Turkish Grain Board (TMO) to open a duty-free tariff rate quota to import 750000 tonnes of wheat.

Japan: On 21 July, Japan revoked the suspension of wheat imports from Canada, which was imposed for five weeks on concerns over the presence of unauthorized genetically-modified wheat

Saudi Arabia: On 8 July, the Saudi Arabia Grains Organization (SAGO) approved a five-year domestic support programme to procure up to 700000 tonnes of wheat annually from producers. During the agricultural season 2018/19, acquisition prices will be at SAGO's set global import prices or at SAR 1 250 (USD 33) per tonne, whichever is higher. Prices will be subject to review after two agricultural seasons. Under the support scheme, farmers will be authorized to plant wheat on a maximum of 50 hectares.

United States: On 2 July, the US notified the WTO of new tolerance levels for residues of thiocarbazonemethyl in wheat forage, which became effective from 22 June 2018.

India: On 23rd May, Import duty on Wheat has been increased from 20% to 30% vide Notification No. 46/2018-Customs.

Spot Prices Black Sea Region

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Date	01.08.2018	08.08.2018	15.08.2018	22.08.2018	29.08.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	222.0-228.0	230.0-235.0	228.0-232.0	225.0-230.0	220.0-226.0
Milling wheat 11.5%	215.0-220.0	215.0-220.0	218.0-222.0	212.0-215.0	204.0-210.0
Feed wheat	202.0-207.0	203.0-208.0	205.0-208.0	203.0-207.0	200.0-204.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	224.0-230.0	230.0-235.0	228.0-232.0	225.0-230.0	220.0-226.0
Milling wheat 11.5%	215.0-220.0	215.0-220.0	218.0-222.0	212.0-215.0	204.0-207.0
Feed wheat	202.0-208.0	202.0-208.0	205.0-208.0	200.0-204.0	197.0-202.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			22.08.2018	29.08.2018
Russia	Wheat, 12.5% protein	Oct-Nov	227-235	220-228
Ukraine	Wheat, 11.5% protein	Oct-Nov	214-220	210-216
Ukraine/Russia	Feed wheat	Oct-Nov	206-210	202-210

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)
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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Forecast)	2018-19(Projected)	
		(Estimate)		26.07.2018	23.08.2018
Production	737	752	758	721	716
Trade	166	177	177	176	174
Consumptions	718	735	736	739	734
Carryover stocks	227	244	266	247	248
Y-O-Y change	19	17	22	-	-18
Major Export	68	79	82	63	62

IGC Balance Sheet Highlight:

- IGC has projected global wheat production to be 716 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 758 MMT against 752 MMT for 2016-17. The projection for global production is lower by 42 MMT compared to forecast for 2017-18. IGC has projected lower production for 2018-19 however; carryover stocks are still at higher side.
- Trade projection for 2018-19 has been decreased to 174 MMT. It is 3 MMT lower compared to forecast for last year and higher by 8 MMT compared to 2015-16.
- Consumption has been decreased by 2 MMT to 734 MMT for 2018-19. The projection is lower by 1 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 248 MMT compared to forecast of 266 MMT last year. It is higher by around 4 MMT compared to estimate of 2016-17.

USDA Balance Sheet
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USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.09.2018)							
Country	Opening Stock 2018-19	Production projected 2018-19	Domestic Consumption 2018-19	Import 2018-19	Export 2018-19	Ending Stock 2018-19	Production 2017-18
Argentina	700	19,500	5,700	10	14,200	310	18,000
Australia	4,898	22,000	8,100	150	16,000	2,948	21,300
Canada	5,956	32,500	9,400	450	24,500	5,006	30,000
China	126,819	128,000	122,000	4,500	1,200	136,119	129,770
EU	14,115	137,500	124,000	5,500	23,000	10,115	151,581
India	13,203	97,000	98,000	500	400	12,303	98,510
Pakistan	4,830	26,300	25,300	10	1,200	4,640	26,674
Russia	9,222	68,000	38,000	600	35,000	4,822	84,992
Ukraine	1,414	25,500	9,200	25	16,500	1,239	26,981
U S	29,945	51,078	31,353	3,674	27,896	25,448	47,371
Others	61,969	122,250	270,498	166,261	23,973	56,009	122,737
World total	273,071	729,628	741,551	181,680	183,869	258,959	757,916

Source: USDA

CBOT Futures Sept-18 Chart:

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1st Support: 168.00
2nd Support: 165.00
1st Resistant: 211.00
2nd Resistant: 214.00
(\$ per tonne)

Wheat CBOT closed at \$4.93 per bushel. U.S. export sales during 27th July -23rd August was 1774700 tonnes compared 1644000 tonnes during 22nd June- 26th July. On August 27, USDA reported winter wheat harvest is complete. USDA reported U.S. spring wheat harvest is 77% complete, ahead of the 5-year average pace of 61%. Continued dry conditions enabled harvest to progress rapidly across the U.S. Northern Plains and Pacific Northwest (PNW), but worsened drought conditions in the PNW.



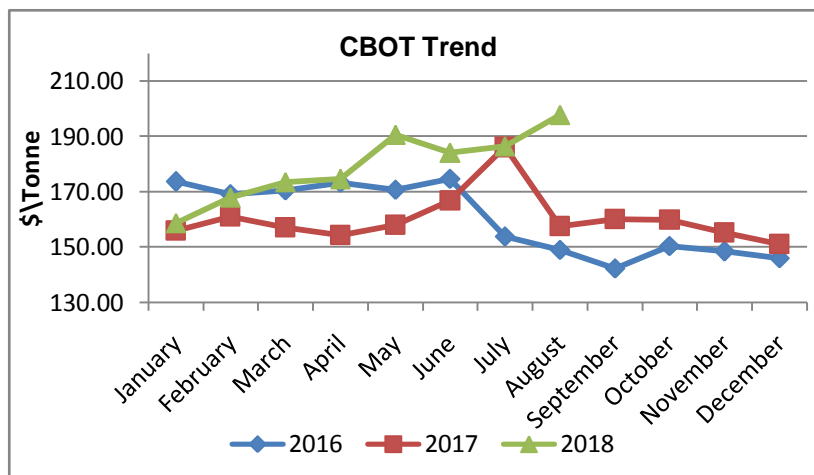
CBOT comparison over period of time:

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-Aug-18	22-Aug-18	29-Jul-18	29-May-18	28-Feb-18	29-Aug-17	
Sep-18	182.97	193.25	200.78	203.36	191.51	182.05	0.50
Dec-18	192.15	200.32	208.13	210.15	198.67	188.84	1.75
Mar-19	200.32	208.87	213.73	216.21	203.72	193.16	3.71
May-19	204.92	213.00	215.85	218.97	204.73	193.53	5.89
Jul-19	203.72	210.61	215.85	219.15	203.45	189.21	7.67
Sep-19	205.47	213.18	218.14	220.44	205.10	190.31	7.96

CBOT Trend

CBOT moves within a range from January to June under normal conditions as shown in the chart.

CBOT average monthly price for August'18 is higher by \$ 40.21 per tonne compared to last year for the same month and by \$ 11.38 per tonne compared to July'18. USDA estimates production to be around 51.07 million tonnes with yields around 3.19 MT/HA compared to 47.37 million tonnes with yields around 3.11 MT/HA in 2017-18.



Comparative Month on Month FOB quotes: (Fig in USD/MT)

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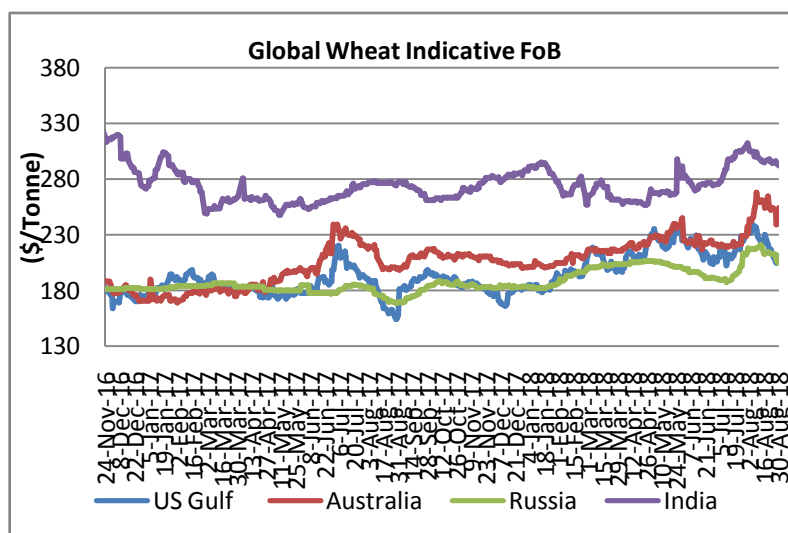
All prices are for SRW/milling grade	1st Mar-18	1st Apr-18	1st May-18	1st June-18	1st July-18	1st Aug-18	1st Sep-18
USA	211.24	198.75	229.28	226.41	210.07	232.84	211.16
France	162.25	159.75	163.25	170.50	179.00	210.75	206.25
Australia	216.00	216.80	228.08	225.00	221.25	237.75	255.50
Russia	199.00	203.50	206.50	199.50	191.50	215.00	206.00
India	256.82	261.78	270.78	291.33	274.90	311.95	291.17

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$291.17-309.77 per tonne.

Russian and U.S. quotes are hovering in the range of \$205.50-221.00 and \$204.80-238.60 per tonne respectively. Wheat prices in international markets remained steady to weak in last week.

Wheat is expected to trade steady to firm and hover in the range of \$200 to \$270 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly firm due to lower production forecast and unfavorable weather conditions in major producing regions. EU is likely to produce around 135.8 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 67.00 MMT and 25.5 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.1 MMT compared to last year's 47.40 MMT. Australia is likely to produce 20.50 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.6 MMT in 2018-19 compared to 18.5 MMT in 2017-18. Furthermore, Canada is likely to harvest around 31.00 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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