

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 0.79 percent from Rs 2021.81 in August - 2018 to Rs 2037.78 per qtl in September-2018. Average price in September is higher by 7.93 percent compared to Rs 1887.98 per quintal registered in September-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 94.5 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 110.12 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 \$75-83 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$215.00/207.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$290.22 per tonne. India exported 1.91 thousand tonne wheat in August. 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 August-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 \$288.00-295.92 per tonne in September. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$202.00-215.00, \$207.50-216.00, Euro 198.75-204.75, \$212.70-225.30 and \$255.50-261.34 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in September.

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 132.40 mm of actual rainfall against 173.40 mm of normal rainfall during the period the month of September. During this time period, deficient rainfall was recorded in West Rajasthan, East Madhya Pradesh, East Uttar Pradesh, Telangana, Vidharbha, Telangana etc. India has received 153.3 mm of rainfall during September-2017.

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 20396060 tonnes of wheat in OMSS since first tender in July until third tender in September, out of which 1311400 tonnes was sold. Total numbers of rakes sold were 117. State government and bulk consumers bought 284750 tonnes and 957750 tonnes of wheat respectively. 68900 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 reserve price 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.

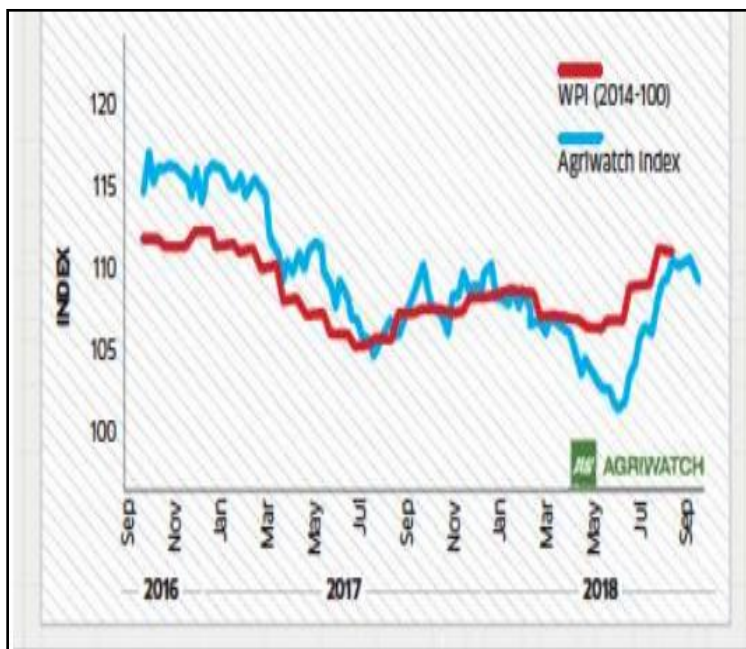
Trade Call: Market participants are advised to buy wheat at 2035 levels for a target of 2070 with a stop loss at 2014 on closing basis.

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	85.75	62.1	38.62
Production	95.5	94.5	94.5	0	0	0
Imports	1.61	0.5	0	0.15	0.3	0.05
Total Availability (A+B+C)	110.33	110.12	109.62	85.9	62.4	38.67
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	14.82	85.75	62.1	38.62	14.82
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.91	1.87	43.24	31.44	19.55	7.47
Stock to Consumption Ratio	0.02	0.02	1.82	1.33	0.83	0.31

*Agriwatch Wheat Production Estimate for Marketing Year 2018-19

Supply-Demand Highlights:**(Back to Table of Contents)**

Agriwatch expects a production of around 94.50 MMT for 2018-19 under normal weather and crop condition. Total availability is likely to be around 110.12 MMT, slightly lower compared to last year because of lower production.

Carry out is expected to be around 14.82 MMT for 2018-19 compared to 15.12 MMT for 2017-18. 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.

As per latest update, wheat stock in central pool as on 1st September'18 stood at 385.09 lakh tonnes down by 5.05% compared to last month. This quantity is higher by around 38.44% 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 September'18 is highest in last five 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:

Government has increased MSP of wheat by Rs 105 per quintal to Rs 1840 per quintal. This will motivate farmers to sow more area and thereby boost production of wheat.

As per trade sources imported wheat from various origins to Tuticorin port witnessed firm tone in the week. As of now Ukrainian wheat is being quoted at Rs 2170-2175 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in 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 12.5 percent protein content and Australian standard wheat (ASW) is being quoted at \$328 per tonne and \$363 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.

Wheat future October contract closed at Rs 2045 per quintal during September-18, higher by Rs 23 per quintal compared to August-18. India has not imported wheat since February-18 until August-18. Therefore, demand for wheat will be, to a large extent, dependent on domestically available wheat. Furthermore, reserve price for wheat for third quarter i.e. October-December will be increased by Rs 25 per quintal to Rs 1925 per quintal. As a result, firmness in prices can be expected in upcoming weeks.

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 Uttarakhand, 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 Pradesh	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 0.79 percent from Rs 2021.81 in August -2018 to Rs 2037.78 per qtl in September-2018. Average prices moved steady to firm in all major states except Maharashtra, Karnataka, Madhya Pradesh and Delhi.

Prices are likely to stay steady to firm due to decrease in arrivals and good domestic demand. Domestic market is likely to get support from increase in MSP by Rs 105 per quintal and no imports since the beginning of MY 2018-19. Furthermore sales through E-Auction are higher compared to last year. Traders and millers are actively buying milling quality wheat from government as well as private players.

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

Average mill delivery prices of Wheat traded weak in Delhi, Indore, Kota and Ahmedabad during 21st -27th September.

Major spot markets witnessed weak sentiments in the week. Market is likely to trade steady to firm in the coming month due to good demand. No import since March-2018 until July-2018 and good domestic demand is likely to support prices. Furthermore, demand is likely to increase during festive season. Government has surpassed its procurement target and can easily tackle any unexpected surge in prices by offering higher quantity in the domestic market.

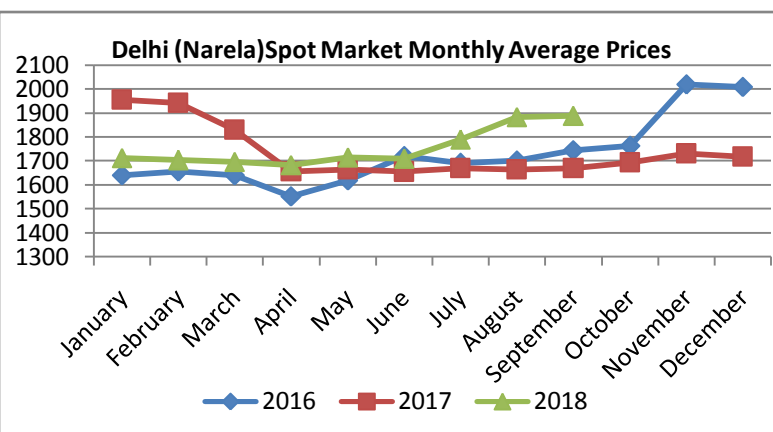
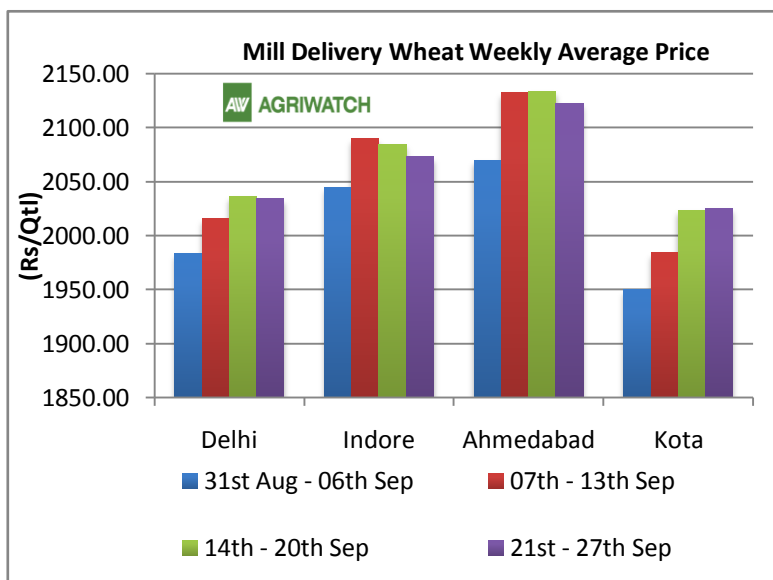
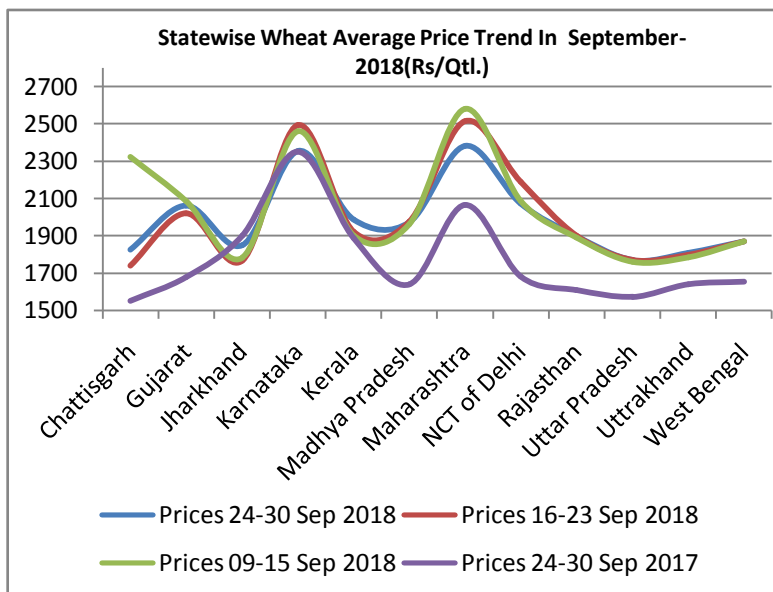
Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1882.73 in August-2018 to Rs 1888.16 per quintal in September-2018.

The prices are firm by 0.29 percent compared to last month and by 13.06 percent compared to corresponding month last year.

Arrivals in Narela have decreased by 1125 quintal to 5450 quintal in the month of September-2018.

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Wheat Exports:

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According to latest update, India exported around 1.91 thousand tonne wheat in the month of August-2018.

It is around 1.19 thousand tonnes higher compared to export quantity (0.72 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 (\$32 to \$83 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	1.91	420.97	197.78
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	11.34	409.35	186.62

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. India has not imported wheat since Match-18 until August-18. India imported around 30.78 thousand tonne wheat from Australia in February-18 compared to 31.08 thousand tonnes in January-18.

FoB quote in Black Sea region are hovering around \$215.00 per tonne in Russia and \$207.50 per tonne in Ukraine. Australia and France are also providing wheat at \$ 257.69 per tonne and Euro 201.25 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.

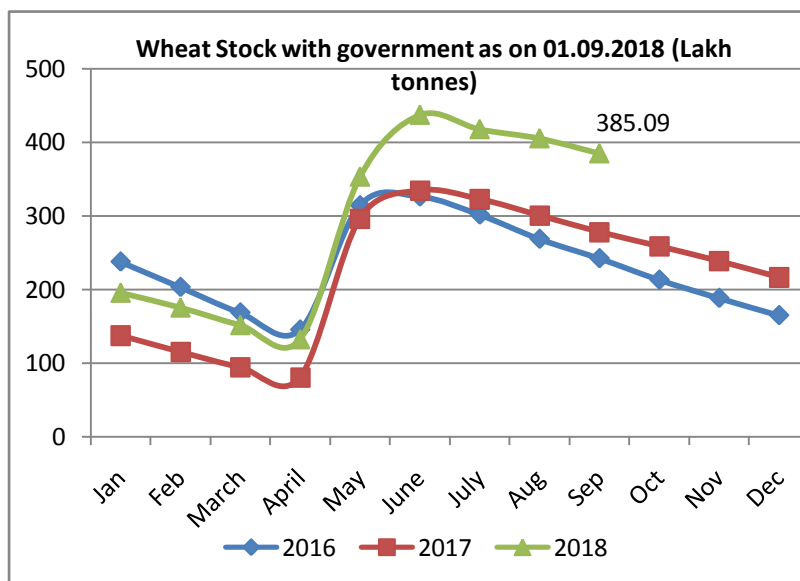
Source: DGCIS/Trade

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	0.00	NA	197.98
18-Sep			
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	0.00	0.00	186.62

Wheat Stocks with the Government as on 1st of Every Month
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Wheat stock in government's warehouses on 01.09.2018 was around 385.09 lakh tonne. It is lower by 5.05 % from August-2018. Stock in central as on 01st September'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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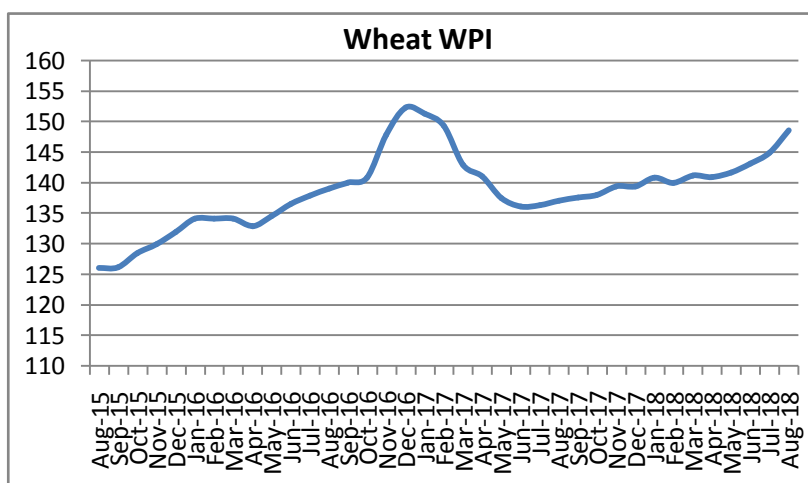
Month/Year	2014	2015	2016	2017	2018
Jan	130.0	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	143.1
Jul	121.9	124.8	137.9	136.3	144.9
Aug	122.5	126.1	139.1	137.1	148.6
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 from 144.9 in July-2018 to 148.6 in August-2018.

Monthly wheat inflation has increased by 2.55 percent in August -2018 compared to previous month. As compared to August-2017 wheat WPI has increased by around 8.39 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 2.3 in August-18 to 145.0 compared to 142.7 in July-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)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
17-Apr	1744.38	1649.32	1632.14	1627.38	1992.85
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
18-Sep	2022.29	2076.67	2013.16	2049.21	2340.00

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
			29-Sep-18	28-Sep-18	22-Sep-18	29-Aug-18	29-Sep-17
Delhi	Lawrence Road	Mill Delivery	2040	2035	2030	1980	1765
	Narella	Mill Quality Loose	1980	1950	1920	Closed	1670
	Nazafgarh	Mill Quality Loose	1930	1925	1940	Closed	1665
Gujarat	Rajkot	Mill Delivery	1950	1950	1960	1915	1560
	Ahmedabad	Mill Delivery	2110	2120	2130	2070	1720
	Surat	Mill Delivery	2150	2150	2160	2100	1760
	Dhrol	Mill Delivery	1950	2065	NR	2025	1580
M.P.	Indore	Mill Quality Loose	2060	2060	2050	1975	1650
	Bhopal	Mill Delivery	1900	Closed	1925	1950	NA
Rajasthan	Kota	Mill Quality Loose	1915	1915	1925	1850	1530
		Mill Delivery	2020	2020	2020	1950	1620
U.P.	Kanpur	Mill Delivery	1950	1950	1940	1815	Closed
	Mathura	Mill Quality Loose	1845	Closed	1865	1775	1585
	Kosi	Mill Quality Loose	1860	NR	1860	1785	1590
	Hathras	Mill Quality Loose	1880	1860	1880	1775	1580
	Aligarh	Mill Quality Loose	1850	1840	1840	Closed	1580
Punjab	Khanna	Mill Quality Loose	1840	1850	NA	1860	Closed
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1835	1835	1840	1825	1690
	Hodal	Mill Delivery	2030	2030	2030	1940	1750
	Bhiwani	Mill Quality Loose	1920	1930	1925	1850	1680
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1675
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2350	2350	2320	2325	1950
	Madurai	Mill Quality	2407	2450	2480	2425	2100
	Coimbatore	Mill Quality	2407	2500	2530	2475	2150
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1700	NA
	Muzaffarpur	Mill Delivery	1925	1925	1900	1825	NA

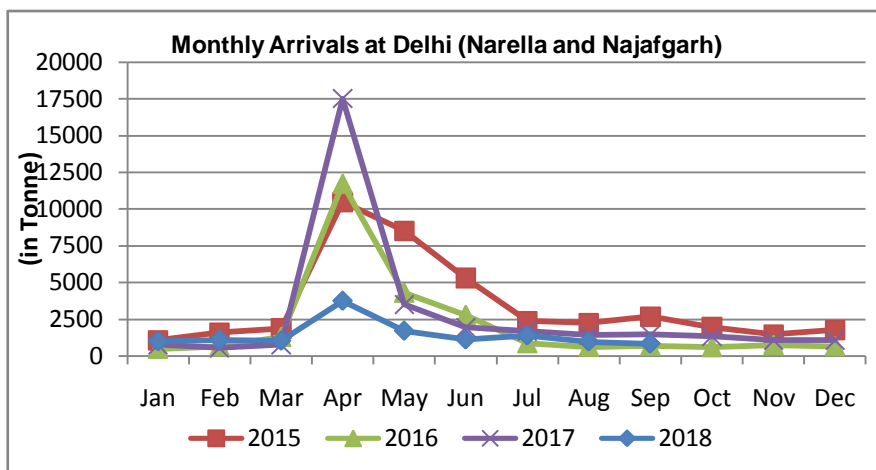
Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased to 833 tonnes in September-2018 compared to 979 tonnes in August-2018. Currently wheat is being traded around Rs 1950-1980 per quintal in Narela.

Domestic Outlook:

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

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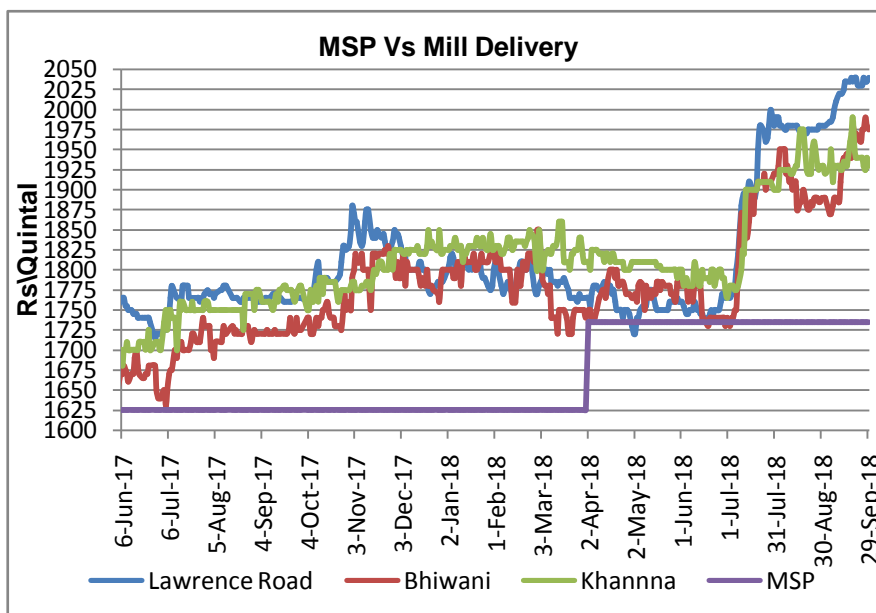
MSP Vs Mill Delivery Prices

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

Government increased minimum support price (MSP) of wheat from Rs 1735 per quintal in 2018-19 to Rs 1840 per quintal in 2019-20. Madhya Pradesh provided additional bonus of Rs 200 per quintal over MSP of Rs 1735 per quintal in MY 2018-19.

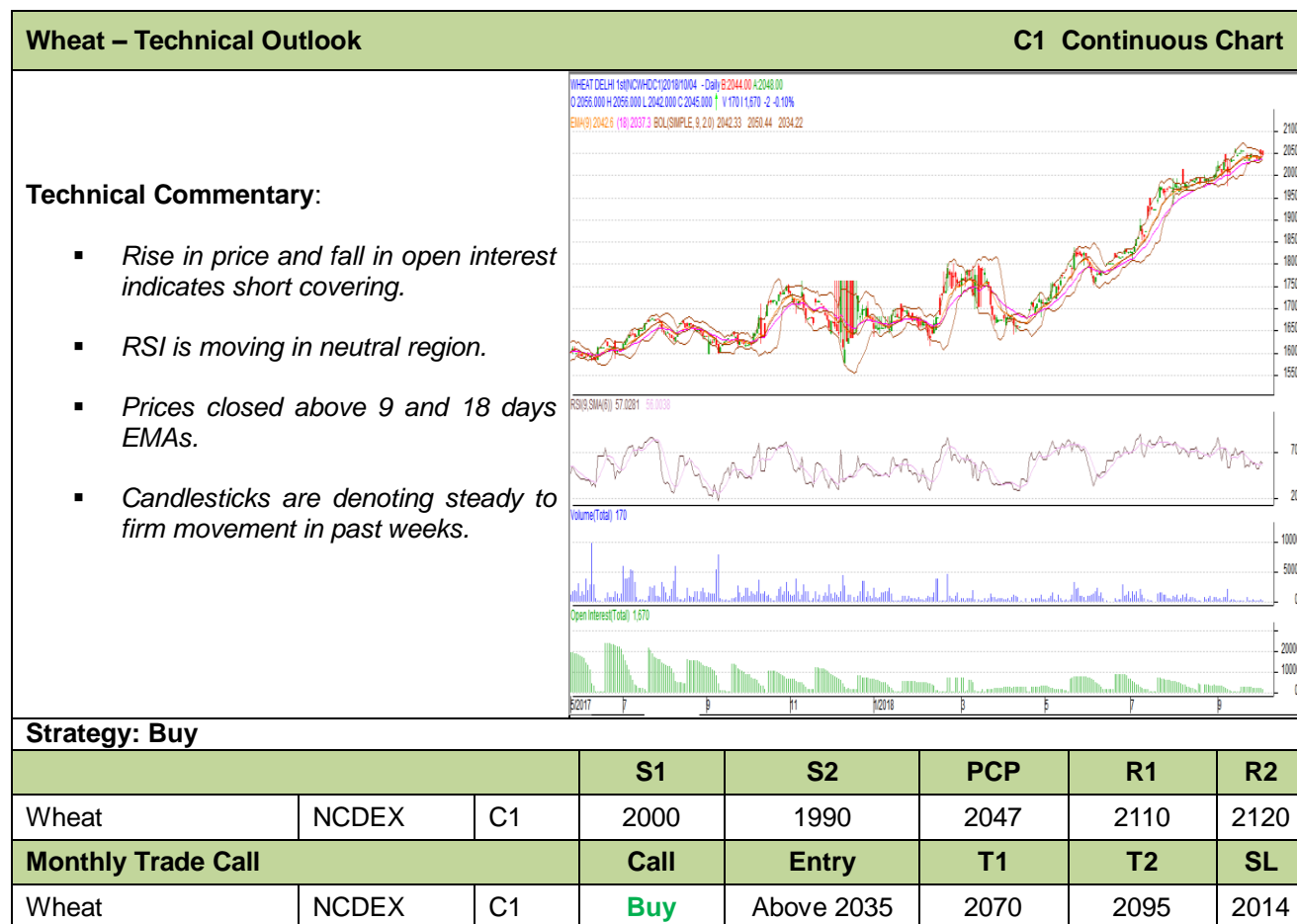
Procurement season has ended and government has procured 3.5 MMT more than their target of 32 MMT. Prices are likely to pick up with upcoming festive demand.

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Wheat Technical Analysis:

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* Do not carry-forward the position next month.

International Market Dynamics

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Russian milling wheat prices became firm by \$6-7 per tonne at Novorossiysk and \$10 per tonne at Odessa compared to last week. Russian grain market players reported long vessels' delays in the ports, waiting for phytosanitary certificates for export parcels. 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 \$220.00-226.00/tonne whereas milling wheat whereas wheat with 12.5% protein content at Odessa is being quoted at FoB \$220.00-226.00/tonne.

Egypt's state grains buyer, GASC has purchased 180000 tonnes of wheat for shipment during 01-10 November and 295000 tonnes of wheat for shipment during 11-20 November. Of the total quantity 415000 tonnes was Russian wheat and remaining was Ukrainian wheat. In its previous tender on 12th September 2018, Egypt has bought 235000 tonnes of wheat from Russia.

As per ABARES, Australia is expected to produce 19.1 MMT of wheat in 2018-19 due to unfavourable weather conditions. Australia exports around two-third of its total production. Due to fall in production, Asian flour mills may seek wheat from Argentina in coming months. Argentina has quoted \$275 per tonne including cost and freight for Asia compared to \$290 per tonne from Australia.

Algeria state grains agency OAIC has bought around 630000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$262.00 - \$263.00 per tonne (Cost and Freight). The quantity to be shipped is due in November. Most of the quantity is expected to be sourced from France and Algeria.

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.

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.

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.

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***
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
Sep-18	217.59	243.78	273.24	217.63	218.48	201.26	352.11	350.58

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)
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
07.09.2018	10.86	22.35	47.97	41.46
14.09.2018	10.58	22.21	48.37	41.81
21.09.2018	10.83	22.50	49.40	42.73
28.09.2018	11.45	23.50	52.14	45.16
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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South Africa: On 28 September, South Africa lowered wheat import tariff from ZAR 640.5 to ZAR 294.46 (USD 44.7 to USD 20.6) per tonne.

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: Faced with a sharp devaluation of the Turkish Lira and expensive input costs, on 6 September, the Ministry of Trade in Turkey temporarily limited flour exports produced from domestically grown grain to one percent of the total shipments, in order to stabilize domestic prices.

Indonesia-Australia: On 31 August, the Indonesia-Australia Comprehensive Economic Partnership Agreement was concluded. The agreement enables Australia to export 500000 tonnes of feed grains including wheat to Indonesia. The exports would be free of duty in the first year, with 5 percent of annual growth in volume thereafter. In return, Australia would immediately eliminate all remaining tariffs on Indonesian imports. The Agreement would be brought into effect by 2020.

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	29.08.2018	05.09.2018	12.09.2018	19.09.2018	26.09.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	220.0-226.0	216.0-221.0	214.0-218.0	210.0-216.0	220.0-226.0
Milling wheat 11.5%	204.0-210.0	203.0-206.0	204.0-208.0	201.0-206.0	210.0-216.0
Feed wheat	200.0-204.0	198.0-201.0	190.0-195.0	196.0-203.0	203.0-207.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	220.0-226.0	215.0-221.0	214.0-220.0	214.0-219.0	220.0-226.0
Milling wheat 11.5%	204.0-207.0	203.0-206.0	204.0-208.0	202.0-207.0	207.0-212.0
Feed wheat	197.0-202.0	193.0-198.0	190.0-196.0	196.0-201.0	197.0-202.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			19.09.2018	26.09.2018
Russia	Wheat, 12.5% protein	Nov-Dec	217-222	225-230
Ukraine	Wheat, 11.5% protein	Nov-Dec	209-212	220-225
Ukraine/Russia	Feed wheat	Nov-Dec	194-200	203-210

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)		23.08.2018	27.09.2018
Production	737	752	758	716	717
Trade	166	177	176	174	173
Consumptions	718	735	735	734	734
Carryover stocks	227	244	267	248	250
Y-O-Y change	19	17	23	-	-17
Major Export	68	79	83	62	64

IGC Balance Sheet Highlight:

- IGC has projected global wheat production to be 717 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 41 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 173 MMT. It is 3 MMT lower compared to forecast for last year and higher by 7 MMT compared to 2015-16.
- Consumption has been kept steady at 734 MMT for 2018-19. The projection is lower by 1 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 250 MMT compared to forecast of 267 MMT last year. It is higher by around 6 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 01.10.2018)							
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	13,500	310	18,000
Australia	5,398	20,000	7,600	150	14,000	3,948	21,300
Canada	6,180	31,500	9,000	450	24,500	5,130	29,984
China	126,819	128,000	122,000	4,500	1,200	136,119	129,770
EU	14,562	137,500	125,000	6,000	23,000	10,062	151,581
India	13,203	99,700	98,000	200	500	14,603	98,510
Pakistan	4,830	26,300	25,300	10	1,200	4,640	26,674
Russia	10,872	71,000	40,500	500	35,000	6,872	84,992
Ukraine	1,237	25,500	9,200	25	16,500	1,062	26,981
U S	29,945	51,078	31,353	3,700	29,000	25,448	47,371
Others	60,610	122,920	270,128	163,596	23,398	53,100	123,111
World total	274,356	732,998	743,781	179,141	181,798	261,294	758,274

Source: USDA

CBOT Futures Dec-18 Chart:

1st Support: 173.00
2nd Support: 171.00
1st Resistant: 206.00
2nd Resistant: 208.00
(\$ per tonne)

Wheat CBOT closed at \$5.15 per bushel. U.S. export sales during 24th August- 20th September was 1892900 tonnes compared 1774700 tonnes during 27th July -23rd August. On August 27, USDA reported winter wheat harvest is complete. Growers are actively seeding winter wheat and seeding is 28% complete ahead of five-year average. As per the new North American trade deal, U.S. wheat will be treated same as Canadian wheat in the Canadian grain grading system. Although as per traders, this won't result in a large influx of U.S. wheat in Canada.

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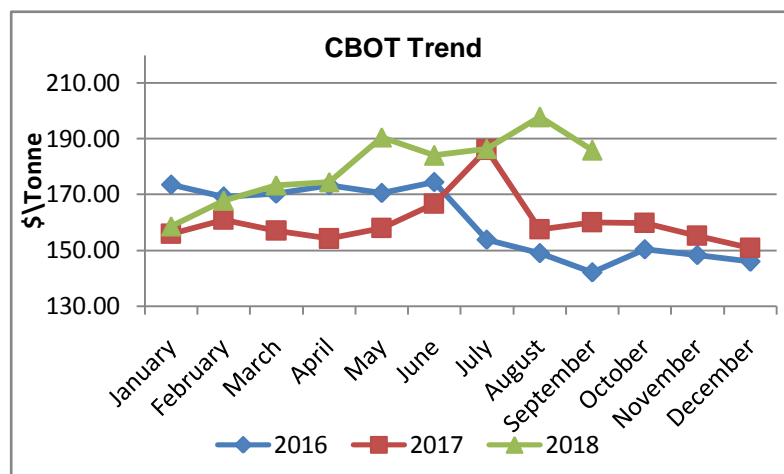
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	2-Oct-18	25-Sep-18	2-Sep-18	2-Jul-18	2-Apr-18	2-Oct-17	
Sep-18	190.77	191.32	200.42	182.51	184.43	192.24	-0.76
Dec-18	197.66	198.21	207.76	188.29	190.31	196.74	0.47
Mar-19	201.70	202.53	212.27	192.70	193.71	198.40	1.67
May-19	203.72	202.80	209.51	194.54	195.09	196.28	3.79
Jul-19	208.32	206.48	212.08	197.84	198.21	198.30	5.05
Sep-19	214.38	211.99	216.31	202.35	203.36	203.91	5.14

CBOT Trend

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

CBOT average monthly price for September'18 is higher by \$ 25.78 per tonne compared to last year for the same month and lower by \$ 11.95 per tonne compared to August'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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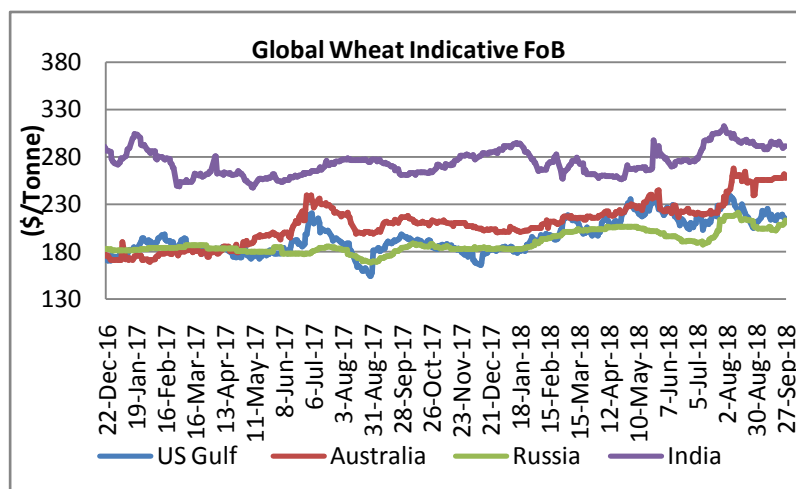
All prices are for SRW/milling grade	1st Apr-18	1st May-18	1st June-18	1st July-18	1st Aug-18	1st Sep-18	1st Oct-18
USA	198.75	229.28	226.41	210.07	232.84	211.16	212.70
France	159.75	163.25	170.50	179.00	210.75	206.25	201.25
Australia	216.80	228.08	225.00	221.25	237.75	255.50	257.69
Russia	203.50	206.50	199.50	191.50	215.00	206.00	215.00
India	261.78	270.78	291.33	274.90	311.95	291.17	290.22

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 \$288.00-295.92 per tonne.

US and Russian quotes are hovering in the range of \$202.00-215.00 and \$207.50-216.00 per tonne respectively. Wheat prices in international markets remained steady to firm in last month.

Wheat is expected to trade steady to firm and hover in the range of \$185 to \$285 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly firm due to lower production in major producing regions. EU is likely to produce around 135.9 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 68.50 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 19.10 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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