

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 0.37 percent from Rs 2033.99 in September - 2018 to Rs 2041.48 per qtl in October-2018. Average price in October is higher by 8.83 percent compared to Rs 1875.80 per quintal registered in October -2017. Prices are expected to trade steady to firm due to good demand in domestic market and low imports.

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 \$66-79 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$219.50/207.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$286.47 per tonne. India exported 2.80 thousand tonne wheat in September. 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. India imported 1000 tonnes of milling wheat from Pakistan at \$318.53 per tonne (Including duty). Prior to this, India imported 0.30 lakh tonne wheat in the month of February-18. 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 \$285.31-295.02 per tonne in October. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$216.00-220.50, \$207.50, Euro 196.75-204.50, \$208.40-222.30 and \$248.93-259.15 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in October.

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 35.60 mm of actual rainfall against 80.90 mm of normal rainfall during the period the month of October. During this time period, deficient rainfall was recorded in all major wheat producing states. Furthermore low soil moisture and delayed harvest of Kharif crop may have a negative impact on rabi sowing.

E-Auction: Government has offered 28887160 tonnes of wheat in OMSS since July until third tender in October out of which 1855850 tonnes was sold. Total numbers of rakes sold were 29. State government and bulk consumers bought 289700 tonnes and 1489350 tonnes of wheat respectively. 76850 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.

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.

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

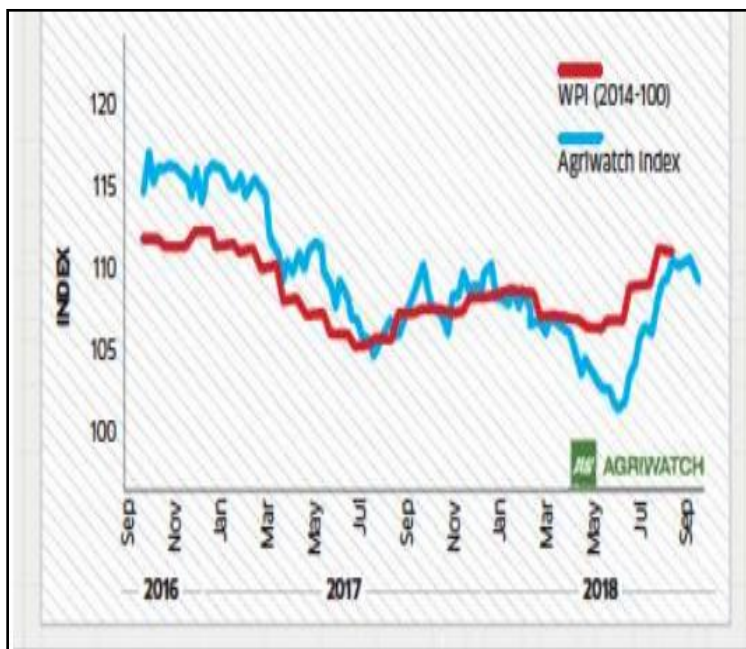
Trade Call: Market participants are advised to buy wheat at 2020 levels for a target of 2055 with a stop loss at 1999 on closing basis.

AW Cereals Index:

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The Agriwatch Agri Commodities Index rose 1.06 per cent to 110.99 during the week ended Oct 27, 2018 from 109.83 amid a broad-based rally in prices of agricultural commodities. 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: 117.96 (+1.58 per cent), Pulses: 108.23 (+0.47 per cent), Potato & Onion: 108.81 (+10.66 per cent), Edible Oils: 110.66 (+0.41 per cent), Spices: 118.04 (+3.69 per cent), Sweeteners: 104.61 (+0.04 per cent), Fibres: 115.92 (-1.49 per cent) and Other Non-Food Articles: 89.75 (+0.84 per 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	38.32
Production	95.5	94.5	94.5	0	0	0
Imports	1.61	0.15	0	0	0.1	0.05
Total Availability (A+B+C)	110.33	109.77	109.62	85.75	62.1	38.37
Consumption	95	95	23.8	23.7	23.7	23.8
Exports	0.21	0.25	0.07	0.05	0.08	0.05
Total Usage (E+F)	95.21	95.25	23.87	23.75	23.78	23.85
Carry out (D-G)	15.12	14.52	85.75	62	38.32	14.52
Av Monthly Consumption	7.92	7.92	1.98	1.98	1.98	1.98
Stock to Month Use	1.91	1.83	43.24	31.39	19.40	7.32
Stock to Consumption Ratio	0.02	0.02	1.82	1.32	0.82	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 14.52 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. Low 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 October'18 stood at 356.25 lakh tonnes down by 7.49% compared to last month. This quantity is higher by around 37.73% 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. The stock position as on 01st October'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:

India mainly imports from Australia and Russia. Wheat prices remained steady to slightly weak in both the countries during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$337 (Rs 24375) per tonne and \$346 (Rs 25490) per tonne respectively, after including freight and import duty @30%. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 24000 per tonne and Rs 25000-25500 per tonne respectively.

According to latest update, area sown until 02nd November'18 is 9.13 lakh hectares compared to 5.76 lakh hectares in the previous Rabi season. The normal area is 304.39 lakh hectares. Acreage is expected to be higher this Rabi season. Sowing is in initial stages as of now. So far, around 55% of the paddy crop has been recovered in Punjab, which could affect the wheat crop. Generally 1-15 November in Punjab is considered suitable for wheat sowing. This year, the paddy husk was lying in Punjab and due to the rains on the standing crop; there is a delay in harvesting which would lead to delay in sowing of wheat thereby affecting wheat yield.

As per trade sources imported wheat from various origins to Tuticorin port witnessed weak tone in the week. As of now Ukrainian wheat is being quoted at Rs 2175-2185 per quintal. Australian Standard Wheat (ASW) and Australian Premium Wheat (APW) are not available in domestic market. Stock of imported wheat is very low. Therefore, demand to large extent, will be dependent on domestically available wheat.

Previous Updates:

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.

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.

Sowing Status:

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State Wise Wheat Sowing in Lakh Hectares				
State	Normal area	2017	2018	% Change
Bihar	21.24	22.95	23.27	1.39
Chhattisgarh	1.036	1.73	1.85	6.57
Gujarat	11.56	9.96	10.76	8.03
Haryana	25.39	25.38	25.26	-0.47
Himachal Pradesh	3.5	3.59	3.6	0.28
J&K	2.95	2.31	2.93	26.84
Jharkhand	1.65	2.08	2.31	11.06
Karnataka	2.06	1.57	2.09	33.12
Madhya Pradesh	54.96	64.22	53.16	-17.22
Maharashtra	9.38	10.52	9.4	-10.65
Punjab	35.13	35	35.1	0.29
Rajasthan	30.47	30.67	30.2	-1.55
Uttar Pradesh	97.59	100.52	98.67	-1.84
Uttarakhand	3.53	3.59	3.58	-0.28
West Bengal	3.28	3.39	1.36	-59.88
Others	0.186	0.21	0.75	257.14
All-India	304.43	317.81	304.29	-4.25

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 0.37 percent from Rs 2033.99 in September -2018 to Rs 2041.48 per qtl in October-2018. Average prices remained steady to firm in all major states except Gujarat, Chhattisgarh, Uttarakhand and Delhi.

Prices are likely to stay steady to firm due to low imports and good domestic demand. Market is witnessing normal demand and there is sufficient quantity available at supply side. Domestic prices are not able to get support from exports as other major producing country are able provide wheat at lower prices. Sales through OMSS are higher in MY 2018-19 compared to MY 2017-18.

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

Average mill delivery prices of Wheat traded steady to slightly firm in Delhi, Ahmedabad and Kota during 26th October - 01st November.

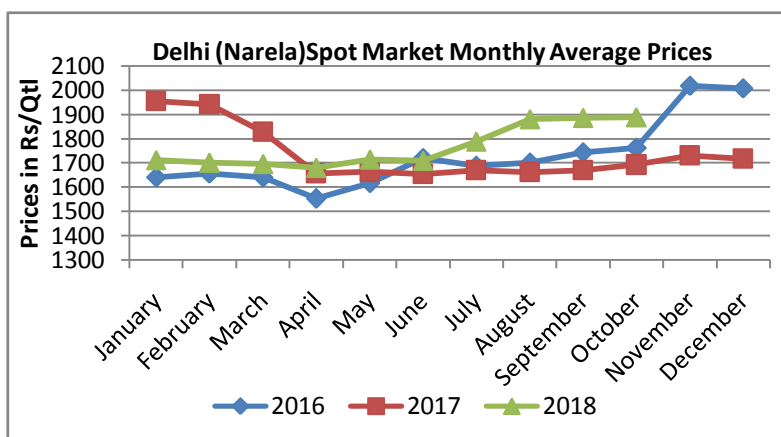
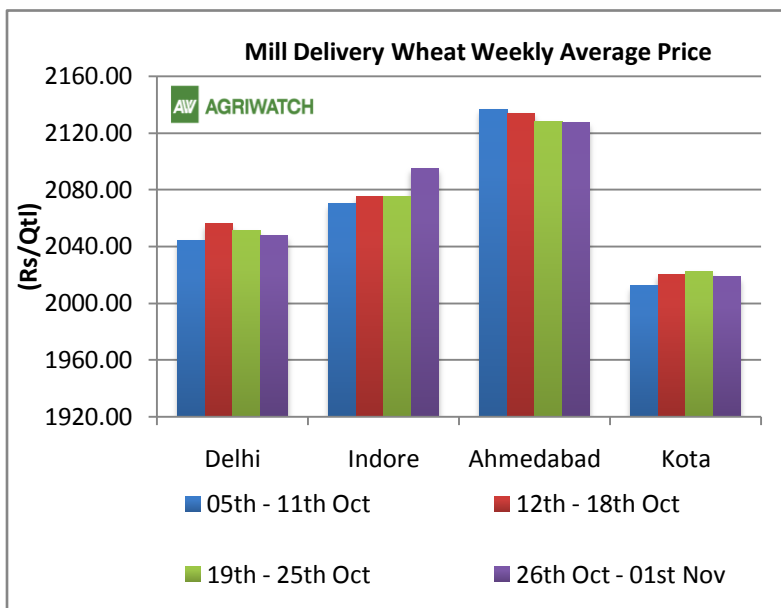
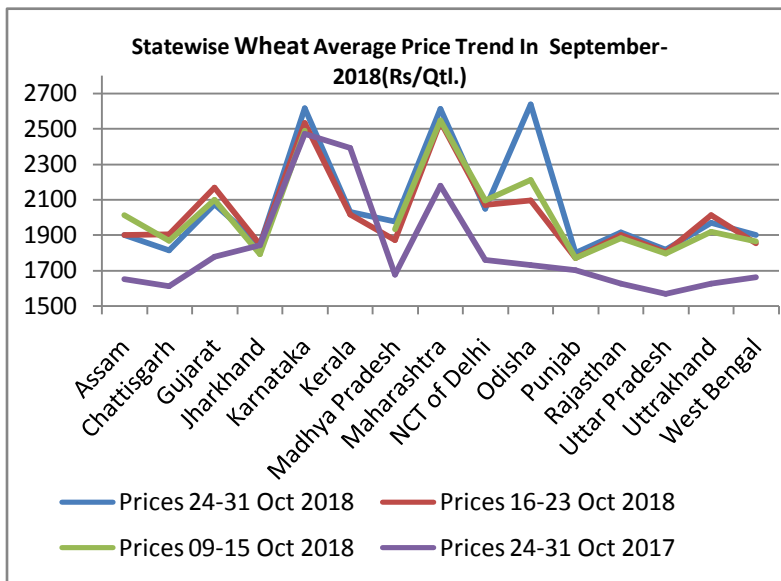
Low imports and good domestic demand will keep prices steady to firm in upcoming week. Furthermore, lean season and festive demand are also providing support to prices. Sowing is in initial stages as of now. However, acreage is expected to be higher in this Rabi season as farmers are motivated to sow more area due to increase in MSP for MY 2019-20. Abundant availability this year will allow government to control any unexpected price rise

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1888.16 in September-2018 to Rs 1889.72 per quintal in October-2018.

The prices are firm by 0.08 percent compared to last month and by 11.62 percent compared to corresponding month last year. Arrivals in Narela have increased by 1100 quintal to 6550 quintal in the month of October-2018.

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Wheat Exports:

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According to latest update, India exported around 2.80 thousand tonne wheat in the month of September-2018.

It is around 0.89 thousand tonnes higher compared to export quantity (1.91 thousand tonne) in August-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 (\$66 to \$90 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	2.80	381.68	185.83
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	14.14	404.74	186.49

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 imported 1.00 thousand tonnes of milling wheat from Pakistan. Imports are expected to remain at lower side this year due to good domestic availability.

FoB quote in Black Sea region are hovering around \$219.00 per tonne in Russia and \$207.50 per tonne in Ukraine. Australia and France are also providing wheat at \$ 250.39 per tonne and Euro 196.75 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.

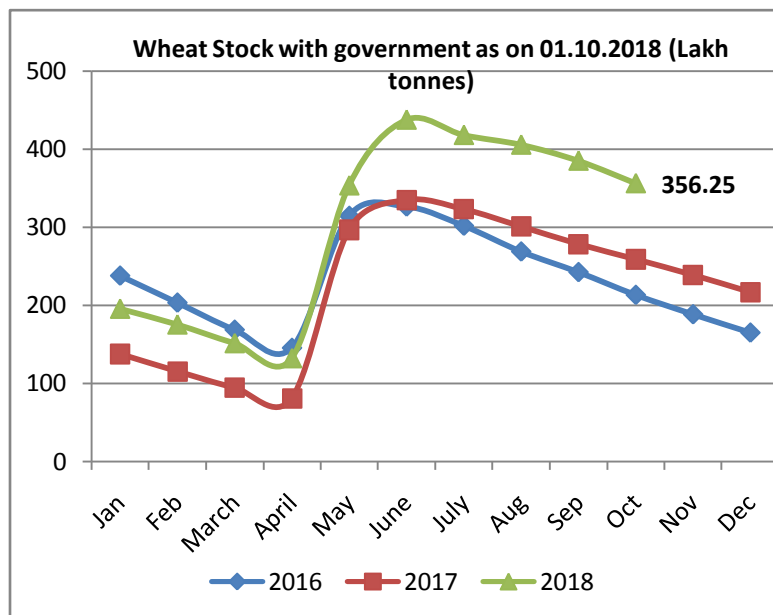
Source: DGCIS/Trade

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	1.00	239.50	185.83
18-Oct			
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	1.00	239.50	186.49

Wheat Stocks with the Government as on 1st of Every Month
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Wheat stock in government's warehouses on 01.10.2018 was around 356.25 lakh tonne. It is lower by 7.49 % from September-2018. Stock in central as on 01st October'18 is highest in last four 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.

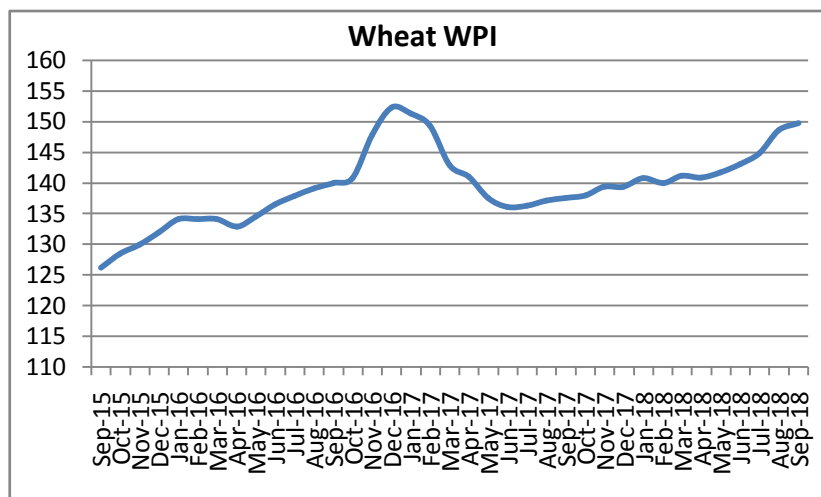

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Wheat Inflation:

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	149.8
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 148.6 in August -2018 to 149.8 in September-2018. Monthly wheat inflation has increased by 0.81 percent in September -2018 compared to previous month. As compared to September-2017 wheat WPI has increased by around 8.87 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 0.4 in September-18 to 145.4 compared to 145.0 in August-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-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
18-Oct	2048.60	2077.75	2016.67	2056.04	2316.67

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
			2-Nov-18	1-Nov-18	26-Oct-18	3-Oct-18	2-Nov-17
Delhi	Lawrence Road	Mill Delivery	2045	2045	2050	2040	1870
	Narella	Mill Quality Loose	2040	2050	2025	Closed	Closed
	Nazafgarh	Mill Quality Loose	1975	1970	1970	Closed	1725
Gujarat	Rajkot	Mill Delivery	Closed	1950	1950	1950	1600
	Ahmedabad	Mill Delivery	Closed	2120	2130	2130	1750
	Surat	Mill Delivery	Closed	2160	2170	2160	1810
	Dhrol	Mill Delivery	Closed	NR	2275	2130	1800
M.P.	Indore	Mill Quality Loose	1995	2000	2000	2060	1650
	Bhopal	Mill Delivery	1950	1950	1900	1900	1650
Rajasthan	Kota	Mill Quality Loose	1865	1870	1900	1895	1600
		Mill Delivery	2005	2010	2020	2000	1700
U.P.	Kanpur	Mill Delivery	1980	1980	1975	1975	1730
	Mathura	Mill Quality Loose	NA	NA	NA	1825	1630
	Kosi	Mill Quality Loose	1880	1850	1875	1890	1620
	Hathras	Mill Quality Loose	1890	1890	1900	NR	1650
	Aligarh	Mill Quality Loose	1850	1830	1850	Closed	1600
Punjab	Khanna	Mill Quality Loose	NA	NA	NA	1850	1700
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1860	1850	1850	1850	1730
	Hodal	Mill Delivery	NA	NA	NA	2030	NA
	Bhiwani	Mill Quality Loose	1930	1925	1930	1940	1760
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1790
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2480	2380	2300	2350	2050
	Madurai	Mill Quality	2537	2525	2500	2450	2200
	Coimbatore	Mill Quality	2537	2575	2550	2500	2250
Bihar	Khagariya	Mill Delivery	2000	2000	1900	1800	1600
	Muzaffarpur	Mill Delivery	2000	2000	2000	1925	1630

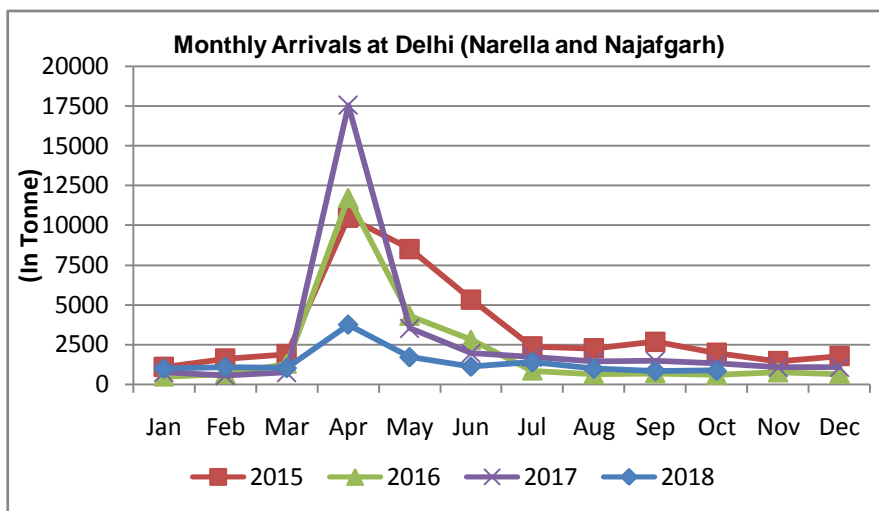
Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 854 tonnes in October-2018 compared to 833 tonnes in September-2018. Currently wheat is being traded around Rs 2020-2040 per quintal in Narela.

Domestic Outlook:

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

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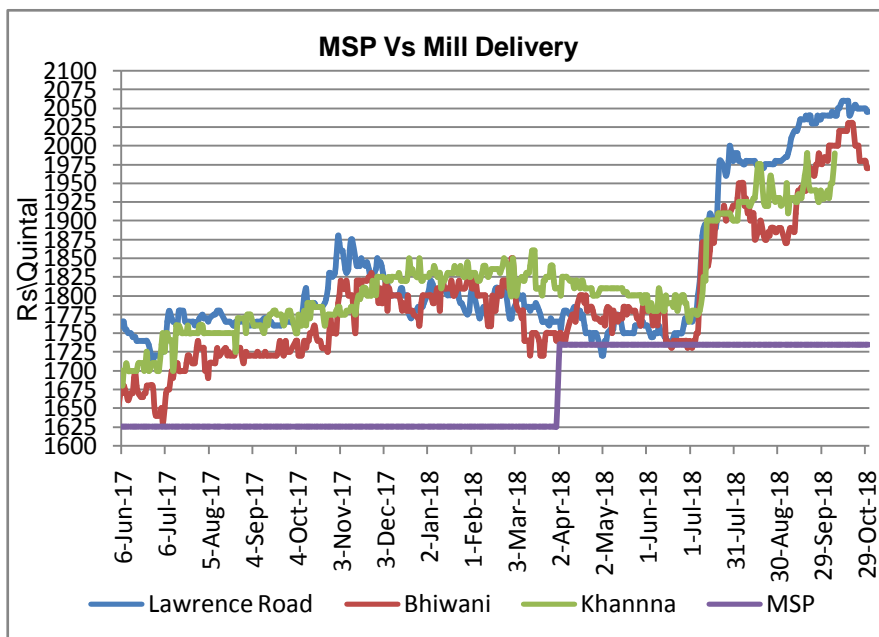
MSP Vs Mill Delivery Prices

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.

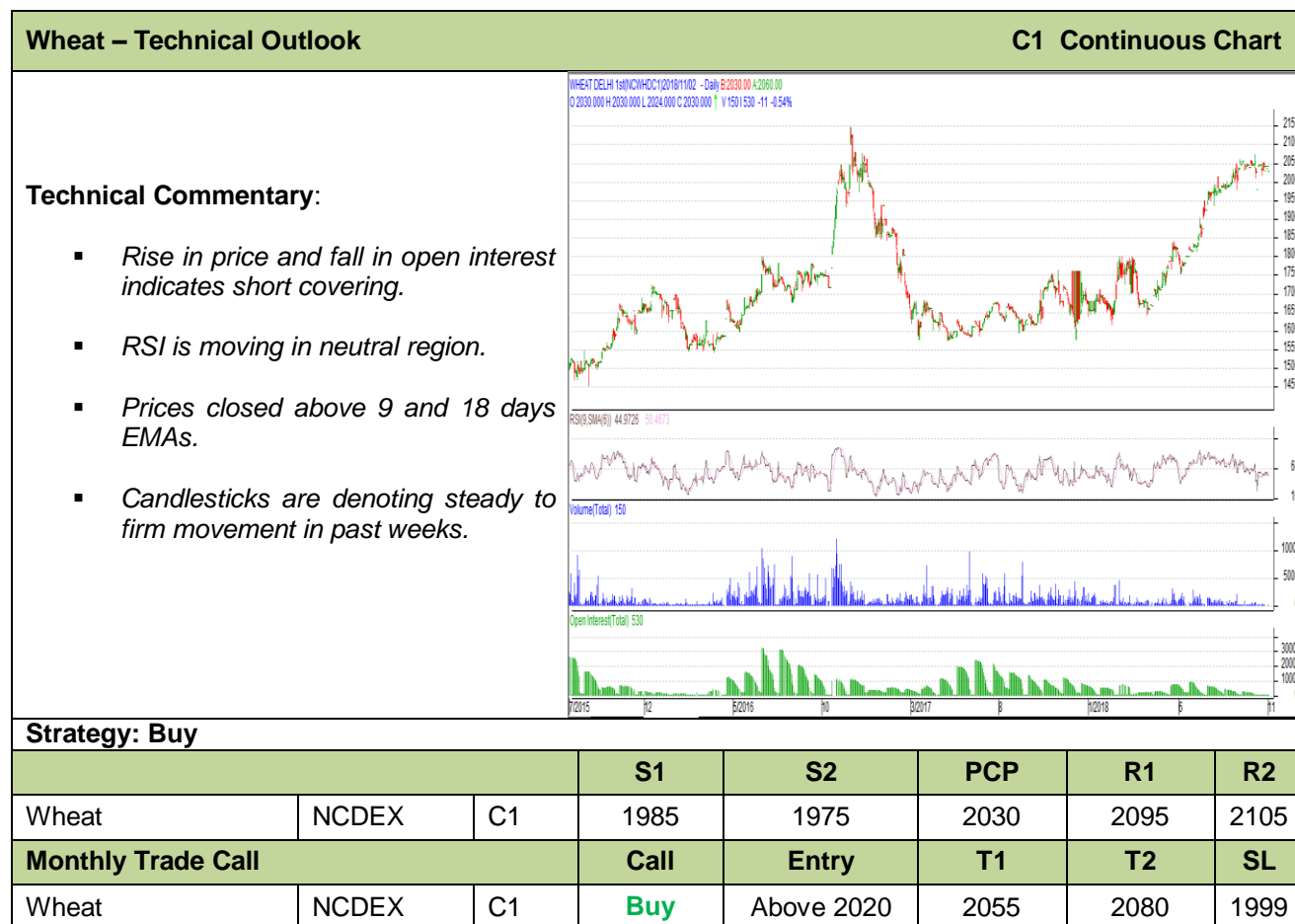
Government increased minimum support price (MSP) of wheat from Rs 1735 per quintal in 2018-19 to Rs 1840 per quintal in 2019-20. As the chart depicts mill delivery prices remained above MSP during MY 2018-19.

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 and lean season.

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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 weak by \$2-3 per tonne at Novorossiysk and \$1-2 per tonne at Odessa compared to last week. Wheat prices were weak as share of Russian wheat in Egyptian tender was reduced due to purchase of American and Ukrainian wheat as well. As per USDA, Russia is expected to produce 70.00 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 \$223.00-228.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$225.00-228.00/tonne.

As per latest update, Ukrainian wheat exports are expected to be lower for 2018-19 due to lower production. During July- Oct'18 Ukraine exported 7.54 MMT of wheat compared to 8.07 MMT last year in the same period.

Egypt's state grains buyer, GASC has purchased 470000 tonnes of wheat for shipment during 11-20 December. Of the total quantity 350000 tonnes was Russian wheat, 60000 tonnes was Ukrainian wheat and 60000 tonnes was U.S. wheat. ECTP offered 55000 tonnes of Russian wheat at FoB \$230.00 per tonne, GTCS offered 120000 tonnes of Russian wheat at FoB \$234.99 per tonne, Cargill offered 55000 tonnes of Russian wheat at FoB \$234.27 per tonne, Daewoo offered 60000 tonnes of Russian wheat at FoB \$234.99 per tonne, Aston offered 60000 tonnes of Russian wheat at FoB \$234.99 per tonne, Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FoB \$234.58 per tonne and Cargill offered 6000 tonnes of U.S. soft red wheat at FoB \$218.50 per tonne.

Morocco will suspend import duty on wheat during from 01st November-31st December'18 and a duty of 30 percent will be applicable from 01st January'19. This step has been taken to increase supply and avoid price hikes in domestic market.

As per IGC, Australia is expected to produce 16.1 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, Australia's exports are expected to decline from 14.00 MMT in 2017-18 to 10.00 MMT in 2018-19.

Jordan has bought 60000 tonnes of hard milling wheat at \$257 per tonne cost and freight for delivery in second half of December. The tender closed on Wednesday and wheat can be sourced from optional origin. The seller was trading house CHS. One other companies, Ameropa offered wheat at \$266.70 per tonne.

As per the Rosario grain exchange, Argentina is likely to harvest 19 MMT compared to 21 MMT in its previous estimate. The forecast has been revised down due to dry weather during September and first ten days of October

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.

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.

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.

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***
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
Oct-18	216.38	242.06	221.33	227.41	228.59	203.00	347.45	354.38

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)
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
05.10.2018	11.86	23.76	53.01	45.80
12.10.2018	12.20	24.09	53.36	46.14
19.10.2018	12.32	24.07	52.92	45.81
26.10.2018	11.45	22.94	53.13	45.95
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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USMCA: As part of the recently-concluded US, Mexico and Canada (USMCA) agreement, the quality and certification requirements for wheat trade between Canada and the US will be harmonized. New provisions on biotechnology and innovative plant breeding techniques will also enter into force once the agreement is ratified by each of the three signatories

United States: On 15 October, the US Patent and Trademark Office granted a patent to Arcadia Biosciences, Inc. for a new technology that extends the storage life of wheat flour by mitigating the oxidation process

India: On 3 October, India increased the minimum support price for wheat by 6 percent for the 2019/20 season to INR 1 840 per quintal (USD 248 per tonne)

Spot Prices Black Sea Region

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Date	03.10.2018	10.10.2018	17.10.2018	24.10.2018	31.10.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	223.0-229.0	226.0-231.0	226.0-232.0	224.0-230.0	225.0-228.0
Milling wheat 11.5%	213.0-219.0	216.0-221.0	216.0-222.0	220.0-224.0	220.0-225.0
Feed wheat	203.0-209.0	205.0-211.0	212.0-218.0	212.0-218.0	213.0-217.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	223.0-229.0	227.0-233.0	230.0-235.0	226.0-230.0	223.0-228.0
Milling wheat 11.5%	213.0-219.0	215.0-221.0	215.0-221.0	218.0-223.0	217.0-222.0
Feed wheat	197.0-203.0	198.0-204.0	208.0-213.0	210.0-216.0	210.0-215.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			24.10.18	31.10.18
Russia	Wheat, 12.5% protein	Dec-Jan	231-240	230-238
Ukraine	Wheat, 11.5% protein	Dec-Jan	223-230	222-228
Ukraine/Russia	Feed wheat	Dec-Jan	218-223	218-221

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)		27.09.2018	25.10.2018
Production	737	753	767	717	729
Trade	166	177	176	173	172
Consumptions	718	735	738	734	740
Carryover stocks	227	244	273	250	262
Y-O-Y change	19	18	29	-	-11
Major Export	68	79	82	64	65

IGC Balance Sheet Highlight:

- IGC has projected global wheat production to be 729 MMT for 2018-19. According to forecast by IGC for 2017-18, global wheat production was around 767 MMT against 753 MMT for 2016-17. The projection for global production is lower by 38 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 172 MMT. It is 4 MMT lower compared to forecast for last year and higher by 6 MMT compared to 2015-16.
- Consumption has been increased to 740 MMT for 2018-19. The projection is higher by 5 MMT compared to 2016-17.
- Carryout for 2018-19 is projected at 262 MMT compared to forecast of 273 MMT last year. It is higher by around 18 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 01.11.2018)							
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	1,000	19,500	5,800	10	13,500	510	18,500
Australia	5,398	18,500	7,700	150	13,000	3,348	21,300
Canada	6,180	31,500	9,000	450	24,000	5,130	29,984
China	126,819	128,000	122,000	4,500	1,200	136,119	129,770
EU	14,549	137,500	125,000	6,000	23,000	10,049	151,681
India	13,203	99,700	98,000	200	500	14,603	98,510
Pakistan	4,828	26,300	25,300	5	1,200	4,633	26,674
Russia	10,868	70,000	40,500	500	35,000	5,868	84,992
Ukraine	1,237	25,500	9,200	25	16,500	1,062	26,981
U S	29,907	51,287	31,080	3,750	29,000	26,028	47,345
Others	60,865	123,135	269,398	162,126	23,903	52,825	123,001
World total	274,854	730,922	742,978	177,716	180,803	260,175	758,738

Source: USDA

CBOT Futures Dec-18 Chart:
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1st Support: 172.00
2nd Support: 170.00
1st Resistant: 205.00
2nd Resistant: 207.00
(\$ per tonne)

Wheat CBOT closed at \$5.08 per bushel. U.S. export sales during 21st September-25th October was 2249243 tonnes compared 1892900 tonnes during 24th August- 20th September. On October 21, USDA reported U.S. winter wheat planting is 78% complete, behind the 5-year average of 83%. Winter wheat is 63% emerged, behind the 5-year average of 67%. As per USDA, export demand for American wheat has hit eight year low due to decrease in demand from Mexico.

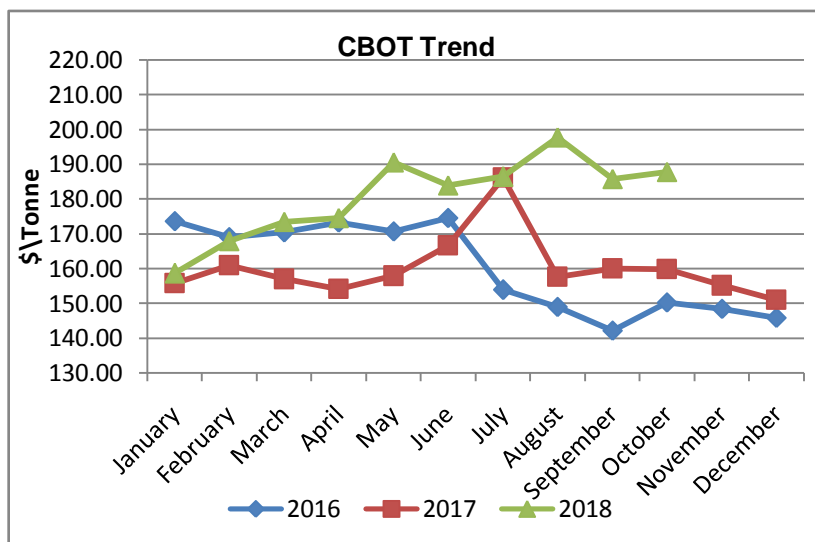

CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Nov-18	25-Oct-18	1-Oct-18	1-Aug-18	1-May-18	1-Nov-17	
Dec-18	186.64	179.02	190.77	212.63	207.21	183.42	1.75
Mar-19	192.06	186.55	197.66	218.24	212.72	188.57	1.85
May-19	196.28	191.42	201.70	219.89	214.84	191.60	2.44
Jul-19	198.58	194.08	203.72	219.25	215.11	192.61	3.10
Sep-19	203.26	198.49	208.32	221.63	216.58	195.46	3.99
Dec-19	209.42	204.37	214.38	225.40	220.53	201.52	3.92

CBOT Trend

CBOT remains weak from July to December under normal conditions as shown in the chart.

CBOT average monthly price for October'18 is higher by \$ 27.96 per tonne compared to last year for the same month and lower by \$ 2.02 per tonne compared to September'18. USDA estimates production to be around 51.28 million tonnes with yields around 3.20 MT/HA compared to 47.34 million tonnes with yields around 3.12 MT/HA in 2017-18.



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

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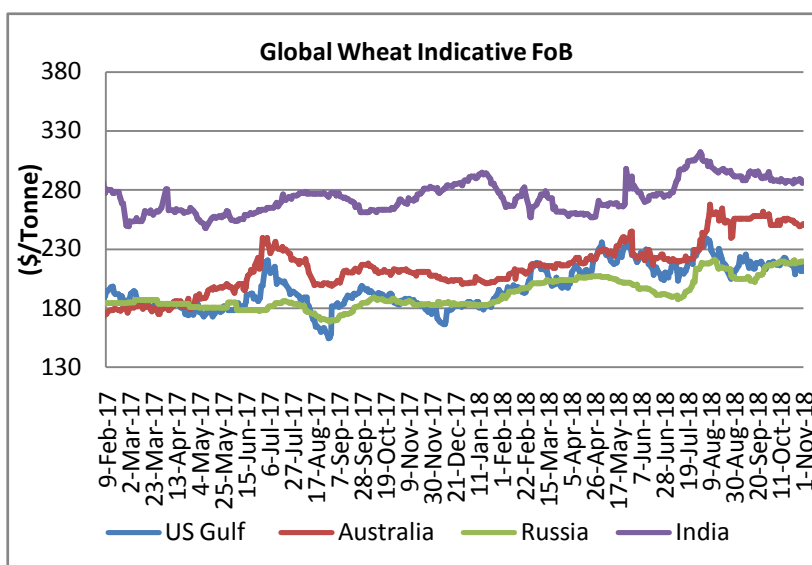
All prices are for SRW/milling grade	1st May-18	1st June-18	1st July-18	1st Aug-18	1st Sep-18	1st Oct-18	1st Nov-18
USA	229.28	226.41	210.07	232.84	211.16	212.70	216.00
France	163.25	170.50	179.00	210.75	206.25	201.25	196.75
Australia	228.08	225.00	221.25	237.75	255.50	257.69	251.12
Russia	206.50	199.50	191.50	215.00	206.00	215.00	219.50
India	270.78	291.33	274.90	311.95	291.17	290.22	286.47

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 \$285.31-295.02 per tonne.

US and Russian quotes are hovering in the range of \$208.40-222.30 and \$216.00-220.50 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to firm and hover in the range of \$205 to \$280 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 136.7 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 69.50 MMT and 25.50 MMT of wheat in 2018-19 respectively. Production in US is likely to be around 51.3 MMT compared to last year's 47.30 MMT. Australia is likely to produce 16.6 MMT in 2018-19 compared to 21.20 MMT in 2017-18. Argentina is expecting to harvest around 19.1 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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