

# 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 2.85 percent from Rs 2034.18 in October - 2018 to Rs 2092.14 per qtl in November -2018. Average price in October is higher by 13.24 percent compared to Rs 1847.51 per quintal registered in November-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 \$90-91 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$221.00/221.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$312.23 per tonne. India exported 5.09 thousand tonne wheat in October'18. 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 has imported 1000 tonnes of milling wheat from Pakistan at \$ 318.53 per tonne (Including import duty) in the month of September-2018. Imports are expected to be low this year due to good domestic availability and increase in import duty. India has imported around 31000 tonnes in the month of February-2018.

**FoB/CiF Quotes:** Indian FoB quote hovered around \$286.47-312.23 per tonne in November. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$219.00-223.50, \$218.00-223.00, Euro 198.75-203.00, \$215.50-224.00 and \$240.90-251.12 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in November.

**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 21.00 mm of actual rainfall against 29.70 mm of normal rainfall during the month of November. During this time period, deficient rainfall was recorded in major wheat producing regions of Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Rajasthan. India has received 14.7 mm of rainfall during November-2017. Low soil moisture may slightly reduce wheat yields.

**E-Auction:** Government has offered 39886860 tonnes of wheat in OMSS since July until third tender in November out of which 2643550 tonnes was sold. Total numbers of bidders were 42. State government and bulk consumers bought 370750 tonnes and 2161550 tonnes of wheat respectively. 111300 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 01<sup>st</sup> 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 Uttarakhand.

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

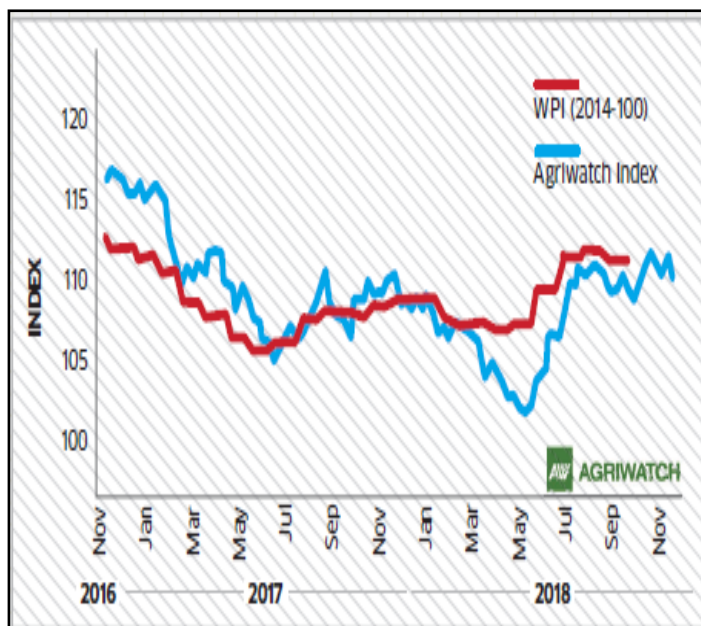
**Trade Call:** Market participants are advised to buy wheat at 2090 levels for a target of 2125 with a stop loss at 2069 on closing basis.

**AW Cereals Index:**

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The Agriwatch Agri Commodities Index fell 1.07 per cent to 109.53 during the week ended Nov 24, 2018 from 110.71 the previous week due to a sharp fall in prices of potato and onion. Sugar, pulses and edible oils also declined while cereals and cotton gained. The base for the Index and all sub-Indices is 2014 (= 100). Six of the nine commodity group sub-Indices and 17 of the 29 individual commodity sub-Indices ended lower during the week.

The group sub-Index values and their weekly changes are: Cereals: 118.87 (+0.86 per cent), Pulses: 120.62 (-2.57 per cent), Potato & Onion: 76.83 (-17.81 per cent), Edible Oils: 107.20 (-1.52 per cent), Oilseeds: 101.54 (+0.19 per cent), Spices: 120.45 (-0.10 per cent), Sweeteners: 99.22 (-1.95 per cent), Fibres: 117.84 (+0.88 per cent) and Other Non-Food Articles: 83.99 (-2.14 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](http://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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<b>Wheat MY Runs From April To March (Figures in MMT)</b>	<b>2017-18</b>	<b>2018-19*</b>	<b>Apr-Jun</b>	<b>July-Sep</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>
<b>Carry in</b>	<b>13.22</b>	<b>15.12</b>	<b>15.12</b>	<b>85.75</b>	<b>62</b>	<b>38.32</b>
<b>Production</b>	<b>95.5</b>	<b>94.5</b>	<b>94.5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Imports</b>	<b>1.61</b>	<b>0.15</b>	<b>0</b>	<b>0</b>	<b>0.1</b>	<b>0.05</b>
<b>Total Availability (A+B+C)</b>	<b>110.33</b>	<b>109.77</b>	<b>109.62</b>	<b>85.75</b>	<b>62.1</b>	<b>38.37</b>
<b>Consumption</b>	<b>95</b>	<b>95</b>	<b>23.8</b>	<b>23.7</b>	<b>23.7</b>	<b>23.8</b>
<b>Exports</b>	<b>0.21</b>	<b>0.25</b>	<b>0.07</b>	<b>0.05</b>	<b>0.08</b>	<b>0.05</b>
<b>Total Usage (E+F)</b>	<b>95.21</b>	<b>95.25</b>	<b>23.87</b>	<b>23.75</b>	<b>23.78</b>	<b>23.85</b>
<b>Carry out (D-G)</b>	<b>15.12</b>	<b>14.52</b>	<b>85.75</b>	<b>62</b>	<b>38.32</b>	<b>14.52</b>
<b>Av Monthly Consumption</b>	<b>7.92</b>	<b>7.92</b>	<b>1.98</b>	<b>1.98</b>	<b>1.98</b>	<b>1.98</b>
<b>Stock to Month Use</b>	<b>1.91</b>	<b>1.83</b>	<b>43.24</b>	<b>31.39</b>	<b>19.40</b>	<b>7.32</b>
<b>Stock to Consumption Ratio</b>	<b>0.02</b>	<b>0.02</b>	<b>1.82</b>	<b>1.32</b>	<b>0.82</b>	<b>0.31</b>

\*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 109.77 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 November'18 stood at 331.35 lakh tonnes down by 6.99% compared to last month. This quantity is higher by around 38.93% 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 November'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 Reuters, India may produce lower size of Wheat crop in 2019 followed by lower moisture levels and higher temperatures in key growing regions like Uttar Pradesh, Madhya Pradesh, and the Western state of Gujarat. Due to lower moisture level, the water supplies in the fields is the main cause therefore farmers are not able to get the efficient water through the tube wells also. As a result, prices may rise in the future which may relax to angry farmers in India. Two main state of India for growing Wheat i.e. Uttar Pradesh and Madhya Pradesh got a tenth less rainfall than normal during the June - September monsoon season in 2018. As on November 30, 2018, Indian Farmers have planted wheat near 15.3 hectares which is lower against 15.7 million hectares in the previous year during the same period of time.

According to latest update, area sown until 30th November'18 is 152.97 lakh hectares compared to 156.76 lakh hectares in the previous Rabi season. The normal area is 306.29 lakh hectares. Acreage is expected to be higher this Rabi season due to increase in MSP by Rs 105 per quintal for MY 2018-19.

India mainly imports from Australia and Russia. Wheat prices remained steady in Australia during last week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$338.00 (Rs 24470) per tonne and \$355.00 (Rs 25720) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Therefore, there is no import parity as of now from black sea region and Australia.

**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 2.85 percent from Rs 2034.18 in October -2018 to Rs 2092.14 per qtl in November -2018. Average prices remained steady to firm in all major states except Odhisa, Chhattisgarh, Jharkhand, Rajasthan and Madhya Pradesh.

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 firm in Delhi, Ahmedabad, Indore and Kota during 23<sup>rd</sup> -29<sup>th</sup> November.

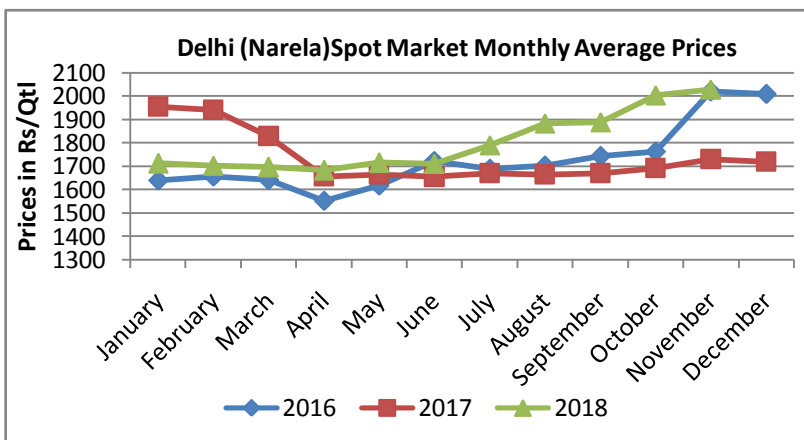
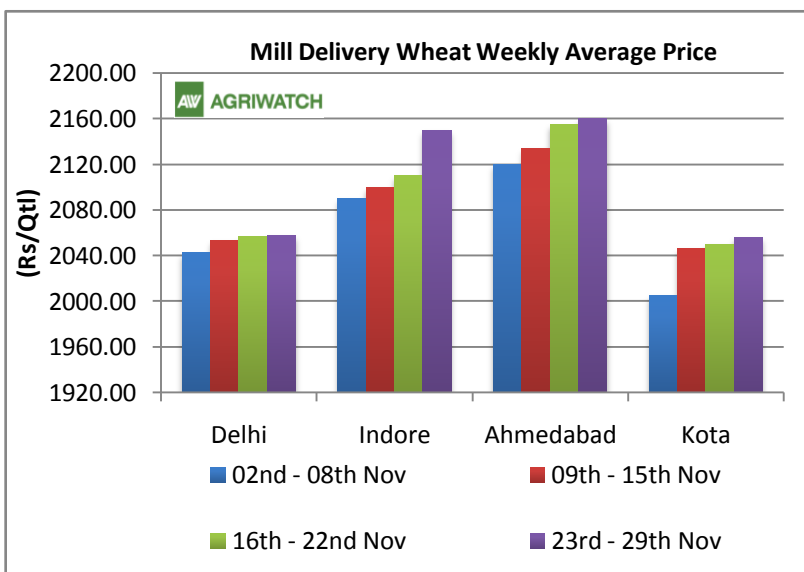
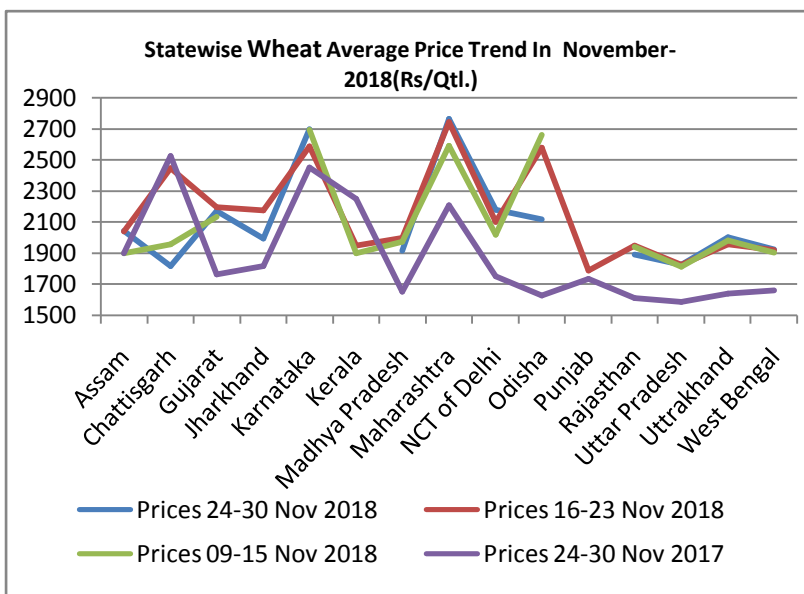
Market is likely to trade steady to firm in the coming week due to good demand and low imports. Furthermore, demand is likely to increase during festive season. Sales through OMSS are higher in MY 2018-19 compared to MY 2017-18. Government's reserve price for third quarter is Rs 1925 per quintal. Abundant 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 2004.37 in October -2018 to Rs 2028.75 per quintal in November-2018.

The prices are firm by 1.22 percent compared to last month and by 17.20 percent compared to corresponding month last year. Arrivals in Narela have increased by 950 quintal to 7500 quintal in the month of November-2018.

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## Wheat Exports:

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According to latest update, India exported around 5.09 thousand tonne wheat in the month of October-2018.

It is around 2.29 thousand tonnes higher compared to export quantity (2.80 thousand tonne) in September-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 (\$67 to \$92 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	5.09	315.91	187.85
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	19.23	392.05	186.69

## 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 during the month of October-18 compared to 1.00 thousand tonnes of milling wheat from Pakistan in September-18. 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

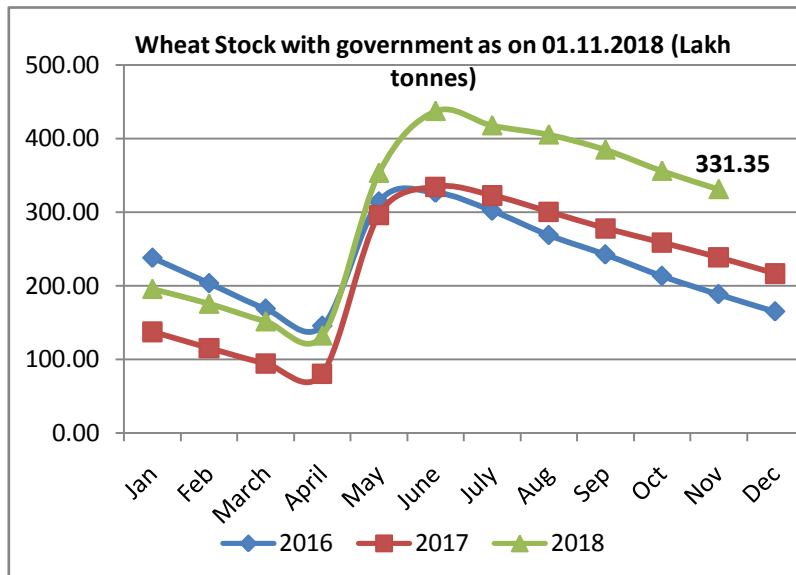
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-17 to Mar-18	1616.97	NA	162.36
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun	0.00	NA	183.99
18-Jul	0.00	NA	186.40
18-Aug	0.00	NA	197.98
18-Sep	1.00	239.50	185.83
18-Oct	0.00	0.00	187.85
18-Nov			
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	1.00	239.50	186.69

### Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.11.2018 was around 331.35 lakh tonne. It is lower by 6.99 % from October-2018. Stock in central as on 01<sup>st</sup> November'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.



### Wheat Inflation:

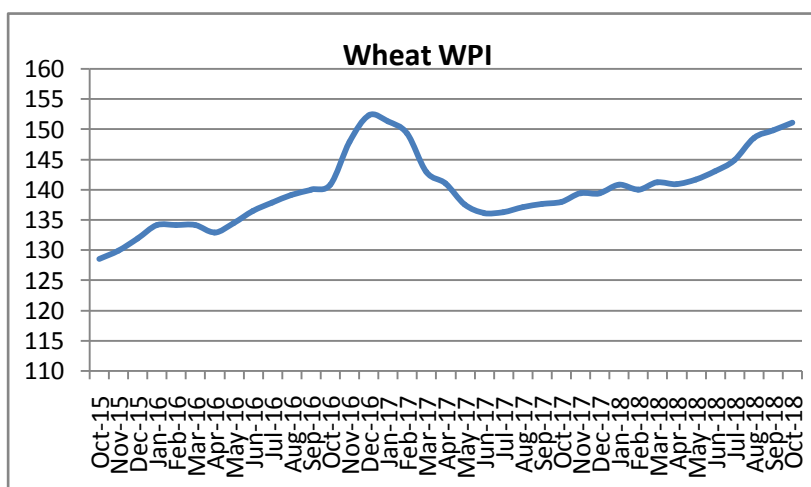
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Month/Year	2014	2015	2016	2017	2018
Jan	130.0	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	143.1
Jul	121.9	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	149.8
Oct	122.3	128.5	140.8	138.0	151.1
Nov	123.7	129.9	147.9	139.4	
Dec	125.8	131.9	152.3	139.4	

Wheat WPI has increased from 149.8 in September-2018 to 151.1 in October-2018. Monthly wheat inflation has increased by 0.87 percent in October -2018 compared to previous month. As compared to October -2017 wheat WPI has increased by around 9.49 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 1.2 in October-18 to 146.6 compared to 145.4 in September-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-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
18-Nov	2053.26	2087.50	2043.95	2092.22	2405.79

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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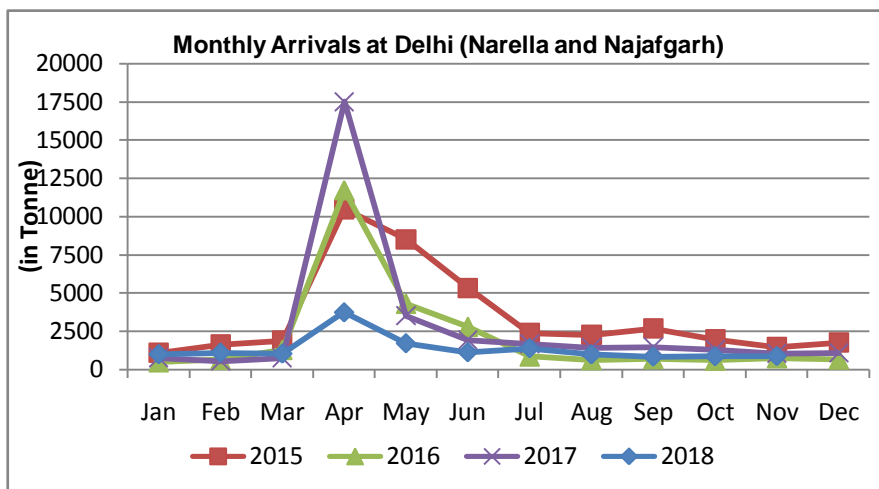
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			3-Dec-18	1-Dec-18	26-Nov-18	3-Nov-18	2-Dec-17
Delhi	Lawrence Road	Mill Delivery	2065	2060	2050	2045	1830
	Narella	Mill Quality Loose	2050	2040	2030	2020	1730
	Nazafgarh	Mill Quality Loose	1975	1975	2000	1975	1730
Gujarat	Rajkot	Mill Delivery	2010	2015	2010	Closed	Closed
	Ahmedabad	Mill Delivery	2160	2165	2160	Closed	1760
	Surat	Mill Delivery	2200	2210	2210	Closed	1810
	Dhrol	Mill Delivery	2320	2070	2200	Closed	1715
M.P.	Indore	Mill Quality Loose	1980	NA	Closed	1995	Closed
	Bhopal	Mill Delivery	1925	1950	Closed	1950	Closed
Rajasthan	Kota	Mill Quality Loose	1980	1940	1950	1865	1560
		Mill Delivery	2060	2050	2060	2005	1650
U.P.	Kanpur	Mill Delivery	2005	2005	1980	1980	1625
	Mathura	Mill Quality Loose	1760	1770	1750	1770	1635
	Kosi	Mill Quality Loose	1900	1930	1880	1870	1650
	Hathras	Mill Quality Loose	1925	1925	1910	1990	1630
	Aligarh	Mill Quality Loose	1830	1830	1820	1835	1600
Punjab	Khanna	Mill Quality Loose	1920	1900	NA	NA	1720
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1870	1870	1870	1865	1715
	Hodal	Mill Delivery	NA	NA	NA	NA	1810
	Bhiwani	Mill Quality Loose	1950	1950	1950	1940	1750
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1730
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2340	2350	2400	2380	2050
	Madurai	Mill Quality	2397	2350	2550	2525	2150
	Coimbatore	Mill Quality	2397	2400	2600	2575	2200
Bihar	Khagariya	Mill Delivery	2000	2100	2000	2000	1650
	Muzaffarpur	Mill Delivery	2000	2000	2000	2000	1600

## Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 867 tonnes in November-2018 compared to 854 tonnes in October-2018. Currently wheat is being traded around Rs 2045-2055 per quintal in Narela.

## Domestic Outlook:

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

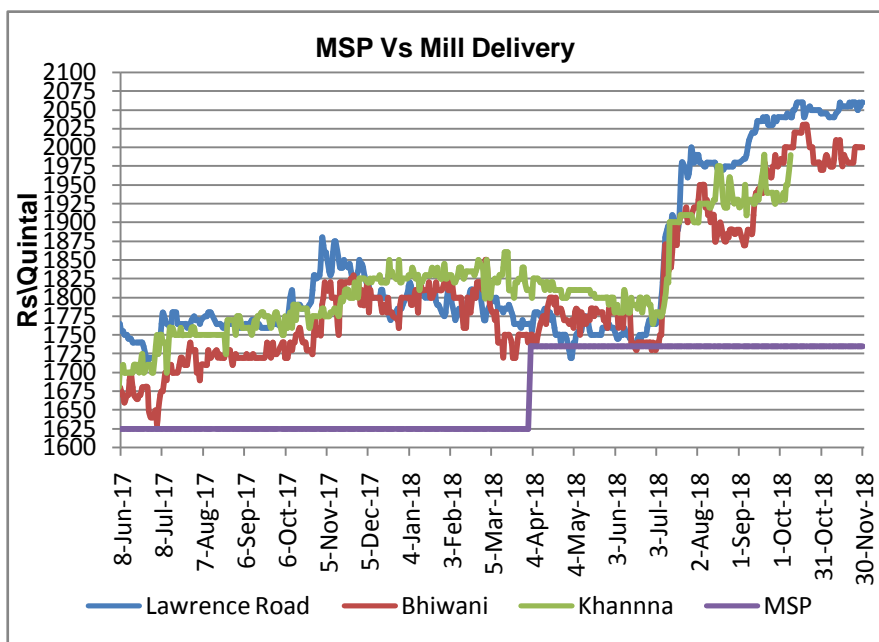
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## MSP Vs Mill Delivery Prices

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.

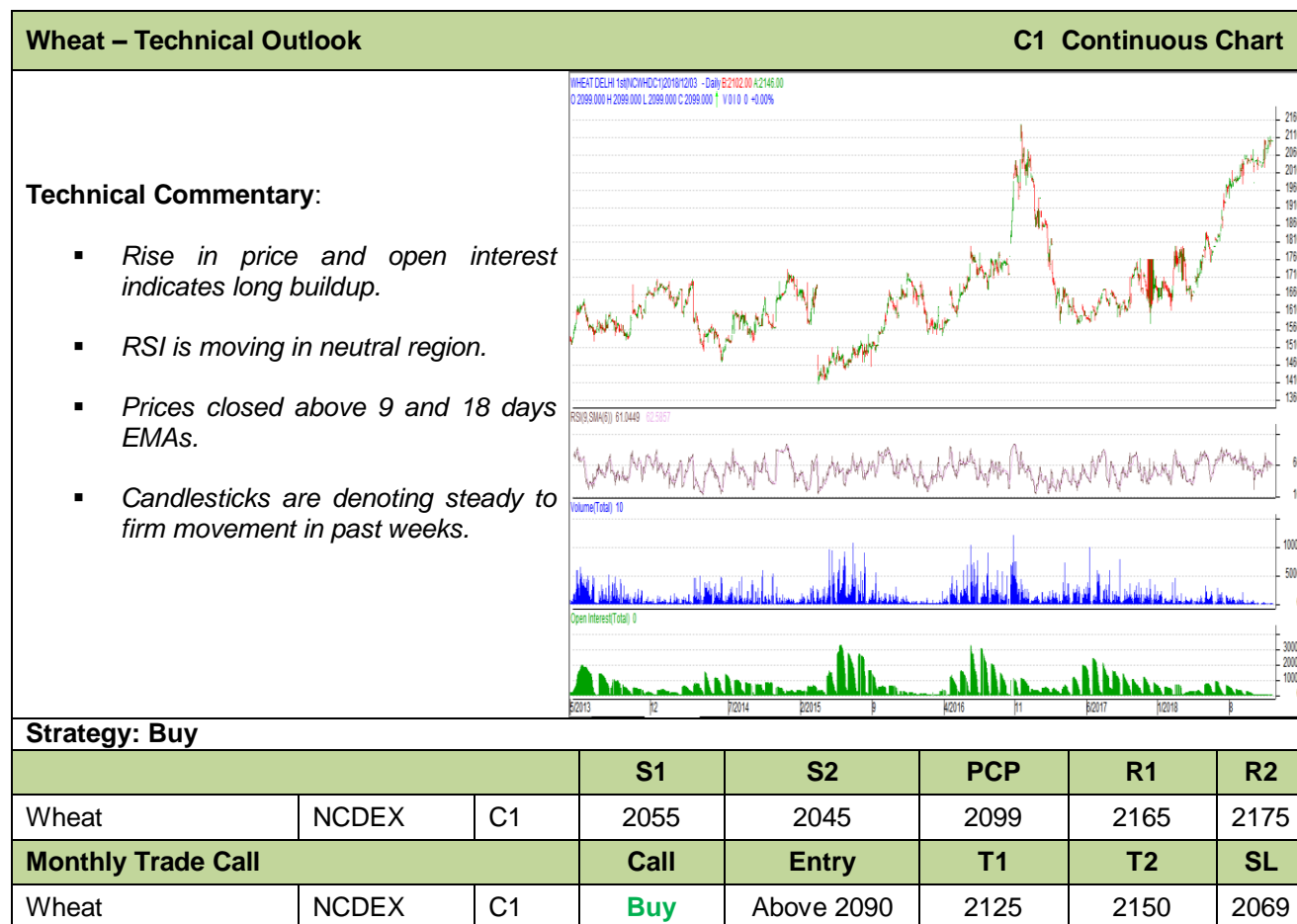
Government increased minimum support price (MSP) of wheat from Rs 1735 per quintal in 2018-19 to Rs 1840 per quintal in 2019-20. As the chart depicts mill delivery prices remained above MSP during MY 2018-19.

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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**As per latest update, ABARES has reduced its production forecast to 16.95 MMT.** ABARES has estimated total production of 19.1 MMT in its previous forecast. Australia exports around two-third of its production. However, due to lower production this year exports are expected to stay on lower side.

**Russian milling wheat prices became weak** by \$1 per tonne at Novorossiysk and \$1 per tonne at Odessa compared to last week. Wheat prices were weak due to low trading activity. 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 \$224.00-231.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$223.00-227.00/tonne.

**Turkey's state grains board, TMO has purchased 180000 tonnes of wheat** in a tender that closed on Friday. Of the total quantity 105000 tonnes was sold by Hakan Agro, 30000 tonnes was sold by Solaris, 15000 tonnes was sold by Tekirdag, 15000 tonnes was sold by Trabzon, 7500 tonnes was sold by Tradefield and 7500 tonnes was sold by Bandirma.

**As per latest update, Japan's ministry of agriculture bought 99462 MT of food quality wheat from United States and Canada.** Around 64000 MT has been bought from United States and 35462 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Dec 21-2018 and Jan 20-2019

**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.

**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.

**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***
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
Nov-18	218.01	237.76	219.65	224.31	225.60	201.51	337.98	342.77

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)
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
02.11.2018	11.05	22.56	52.04	44.99
09.11.2018	11.06	22.48	51.51	44.56
16.11.2018	11.02	22.05	51.25	44.47
23.11.2018	10.69	21.68	52.40	45.56
30.11.2018	10.97	22.05	51.72	45.04
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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**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	31.10.2018	07.11.2018	14.11.2018	21.11.2018	28.11.2018
<b>Odessa, FOB(\$/tonnes)</b>					
Milling wheat 12.5%	225.0-228.0	220.0-226.0	222.0-226.0	223.0-228.0	223.0-227.0
Milling wheat 11.5%	220.0-225.0	218.0-225.0	220.0-224.0	220.0-225.0	220.0-224.0
Feed wheat	213.0-217.0	213.0-218.0	214.0-216.0	216.0-220.0	216.0-220.0
<b>Novorossiysk, FOB(\$/tonnes)</b>					
Milling wheat 12.5%	223.0-228.0	220.0-226.0	223.0-227.0	225.0-230.0	224.0-231.0
Milling wheat 11.5%	217.0-222.0	219.0-223.0	219.0-223.0	220.0-224.0	221.0-226.0
Feed wheat	210.0-215.0	210.0-214.0	210.0-214.0	212.0-216.0	212.0-216.0

Source: Reuters

## Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			21.11.2018	28.11.2018
Russia	Wheat, 12.5% protein	Feb-Mar	230-237	225-235
Ukraine	Wheat, 11.5% protein	Feb-Mar	223-230	220-226
Ukraine/Russia	Feed wheat	Feb-Mar	220-226	220-225

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)		25.10.2018	22.11.2018
Production	737	753	767	729	729
Trade	166	177	176	172	171
Consumptions	718	735	739	740	739
Carryover stocks	227	244	273	262	262
Y-O-Y change	19	18	28	-	-11
Major Export	68	79	81	65	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 171 MMT. It is 5 MMT lower compared to forecast for last year and higher by 5 MMT compared to 2015-16.
- Consumption has been decreased to 739 MMT for 2018-19. The projection is higher by 4 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 01.12.2018)							
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	5,698	17,500	8,500	150	11,500	3,348	21,300
Canada	6,180	31,500	9,000	450	24,000	5,130	29,984
China	131,263	132,502	123,000	4,000	1,200	143,565	134,334
EU	14,132	137,600	125,000	6,500	23,000	10,232	151,264
India	13,203	99,700	98,000	200	500	14,603	98,510
Pakistan	4,828	25,500	25,300	5	1,000	4,033	26,674
Russia	10,868	70,000	40,500	500	35,000	5,868	84,992
Ukraine	1,237	25,000	8,700	25	16,500	1,062	26,981
U S	29,907	51,287	31,271	3,750	29,000	25,837	47,345
Others	60,684	123,425	267,748	160,156	23,993	52,524	123,174
World total	279,000	733,514	742,819	175,746	179,193	266,712	763,058

Source: USDA

## CBOT Futures Dec-18 Chart:

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**1<sup>st</sup> Support: 174.00**  
**2<sup>nd</sup> Support: 172.00**  
**1<sup>st</sup> Resistant: 210.00**  
**2<sup>nd</sup> Resistant: 212.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$5.15 per bushel. U.S. export sales during 26<sup>th</sup> October- 22<sup>nd</sup> November was 1806970 tonnes compared 2249243 tonnes during 21<sup>st</sup> September- 25<sup>th</sup> October. On November 26, USDA reported U.S. winter wheat planting is 95% complete, behind the 5-year average of 99%. Winter wheat is 86% emerged, behind the 5-year average of 92%. USDA rated 55% of winter wheat in good to excellent condition, down from 56% the prior week



## CBOT comparison over period of time:

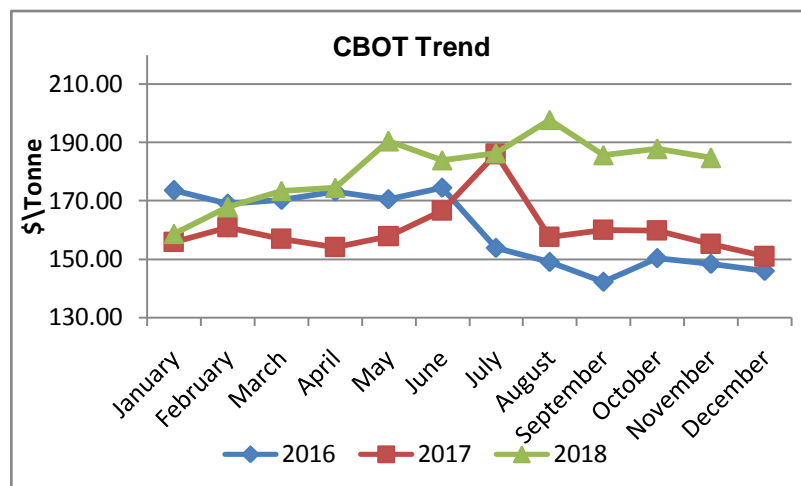
CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	29-Nov-18	22-Nov-18	29-Oct-18	29-Aug-18	29-May-18	29-Nov-17	
Dec-18	182.41	183.24	186.36	196.56	210.15	180.03	1.33
Mar-19	186.55	186.18	193.25	204.09	216.21	184.89	0.89
May-19	189.03	188.57	197.75	208.59	218.97	188.02	0.54
Jul-19	191.60	191.60	200.14	206.39	219.15	191.14	0.24
Sep-19	195.09	195.55	204.37	209.05	220.44	193.99	0.57
Dec-19	199.77	200.88	209.97	213.37	223.20	200.05	-0.14

## CBOT Trend

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

CBOT average monthly price for November'18 is higher by \$ 29.61 per tonne compared to last year for the same month and lower by \$ 3.10 per tonne compared to October'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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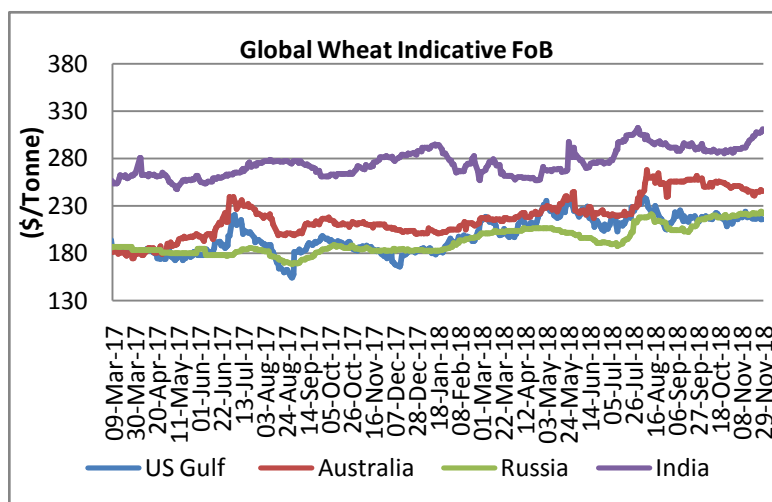
All prices are for SRW/milling grade	1st June-18	1st July-18	1st Aug-18	1st Sep-18	1st Oct-18	1st Nov-18	1st Dec-18
USA	226.41	210.07	232.84	211.16	212.70	216.00	215.50
France	170.50	179.00	210.75	206.25	201.25	196.75	200.25
Australia	225.00	221.25	237.75	255.50	257.69	251.12	245.28
Russia	199.50	191.50	215.00	206.00	215.00	219.50	221.50
India	291.33	274.90	311.95	291.17	290.22	286.47	311.07

## 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 \$286.47-312.23 per tonne.

US and Russian quotes are hovering in the range of \$215.50-224.00 and \$219.00-223.50 per tonne respectively. Wheat prices in international markets remained steady to slightly weak.

Wheat is expected to trade steady to slightly firm and hover in the range of \$205 to \$270 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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