

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat decreased by 1.29 percent from Rs 2091.7 in November - 2018 to Rs 2064.78 per qtl in December -2018. Average price in October is higher by 13.62 percent compared to Rs 1817.31 per quintal registered in December-2017. Prices are expected to trade steady to firm due to good demand in domestic market and low imports.

AW Preliminary Production Estimate: As per Agriwatch preliminary production estimate is likely to be around 95.89 MMT compared to 94.50 MMT last year. Production is higher this year due to increase in acreage. Total availability is likely to decrease to 110.51 MMT from 109.77 MMT in 2018-19.

Export: At export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around \$80-81 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$232.00/232.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$321.14 per tonne. India exported 2.73 thousand tonne wheat in November'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. No import was reported for the month of November-18.

FoB/CiF Quotes: Indian FoB quote hovered around \$300.53-312.14 per tonne in December. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$222.50-235.50, \$221.00-234.50, Euro 199.50-206.75, \$220.40-230.00 and \$244.55-259.15 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in December.

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 14.70 mm of actual rainfall against 16.60 mm of normal rainfall during the month of December. 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 16.2 mm of rainfall during December-2017. Actual rainfall was below normal in December-18, however low temperature will help in retaining soil moisture.

E-Auction: Government has offered 6912900 tonnes of wheat in OMSS since July until third tender in December out of which 4129200 tonnes was sold. Total numbers of bidders were 181. State government and bulk consumers bought 481500 tonnes and 3504600 tonnes of wheat respectively. 143100 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 Uttarakhand.

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

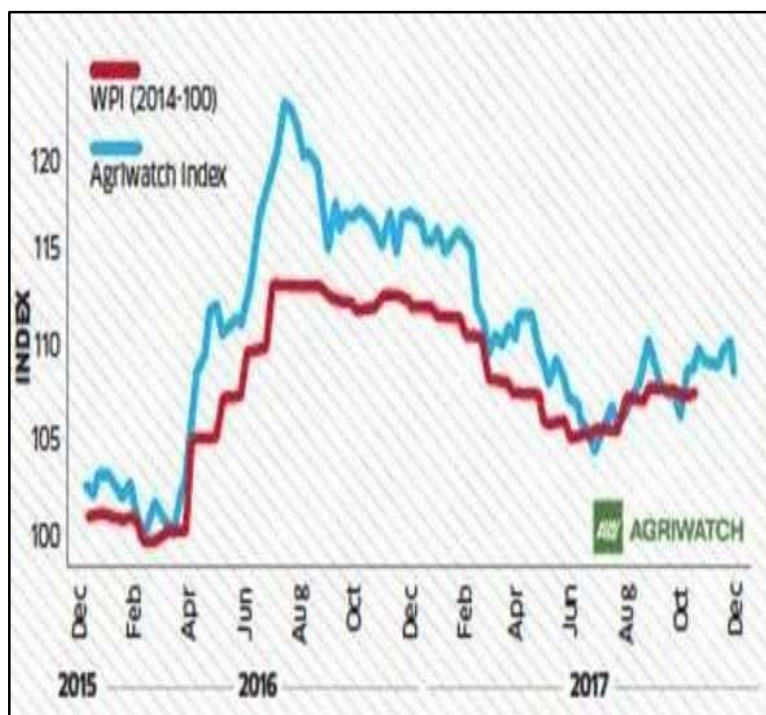
Trade Call: Market participants are advised to buy wheat at 2095 levels for a target of 2190 with a stop loss at 2038 on closing basis.

AW Cereals Index:

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The Agriwatch Agri Commodities Index fell 1.58 per cent to 107.94 during the week ended December 9, 2017 from 109.68 during the previous week as onion prices fell sharply due to higher market arrivals. Pulses and sugar also recorded significant declines, while cotton and oilseeds gained. The base for the Index and all sub-Indices is 2014 (= 100). Four of the nine commodity group sub-Indices and 14 of the 29 individual commodity sub-Indices ended higher during the week.

The commodity group sub-Index values and their weekly changes are: Cereals: 109.40 (+0.58 per cent), Pulses: 113.04 (-4.49 per cent), Vegetables: 120.37 (-22.11 per cent), Edible Oils: 108.86 (+0.20 per cent), Oilseeds: 95.54 (+1.73 per cent), Spices: 109.98 (-0.02 per cent), Sweeteners: 111.24 (-2.97 per cent), Fibres: 96.15 (+2.03 per cent) and Other Non-Food Articles: 87.35 (+3.74 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 2019-20:

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Wheat MY Runs From April To March (Figures in MMT)	2018-19	2019-20	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar
Carry in	15.12	14.52	14.52	86.51	62.57	38.63
Production	94.50	95.89	95.89	0.00	0.00	0.00
Imports	0.15	0.10	0.02	0.01	0.04	0.03
Total Availability (A+B+C)	109.77	110.51	110.43	86.52	62.61	38.66
Consumption	95.00	95.50	23.87	23.87	23.88	23.88
Exports	0.25	0.30	0.05	0.08	0.10	0.07
Total Usage (E+F)	95.25	95.80	23.92	23.95	23.98	23.95
Carry out (D-G)	14.52	14.71	86.51	62.57	38.63	14.71
Av Monthly Consumption	7.92	7.96	1.99	1.99	1.99	1.99
Stock to Month Use	1.83	1.85	43.49	31.46	19.41	7.39
Stock to Consumption Ratio	0.02	0.02	1.82	1.32	0.81	0.31

*Agriwatch Wheat Preliminary Production Estimate for Marketing Year 2019-20

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

As per Agriwatch preliminary production estimate is likely to be around 95.89 MMT compared to 94.50 MMT last year. Production is higher this year due to increase in acreage. Total availability is likely to decrease to 110.51 MMT from 109.77 MMT in 2018-19.

Carry out is expected to be around 14.71 MMT for 2019-20 compared to 14.52 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 December'18 stood at 306.29 lakh tonnes down by 7.56% compared to last month. This quantity is higher by around 41.38% 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 December'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:

In past days, minimum as well as maximum temperature has dropped below normal in Punjab and Haryana. The fall in temperature will boost the growth of shoots, which will lead to an increase in yield. Low temperature will help to retain soil moisture, which otherwise would have adversely impacted the crop due to absence of rain.

India mainly imports from Australia and Russia. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$351.00 (Rs 24552) per tonne and \$382.82 (Rs 26770) 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.

According to latest update, area sown until 28th December'18 is 277.37 lakh hectares compared to 274.16 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.

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 decreased by 1.29 percent from Rs 2091.7 in November -2018 to Rs 2064.78 per qtl in December -2018. Average prices remained steady to firm in all major states except Assam, Chhattisgarh, Gujarat, Jharkhand, Kerala and Delhi.

Prices are likely to stay steady to firm due to decrease in arrivals, 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:

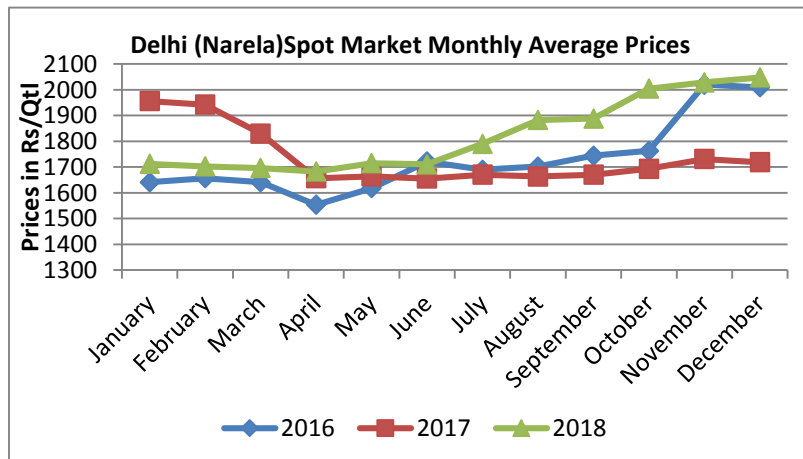
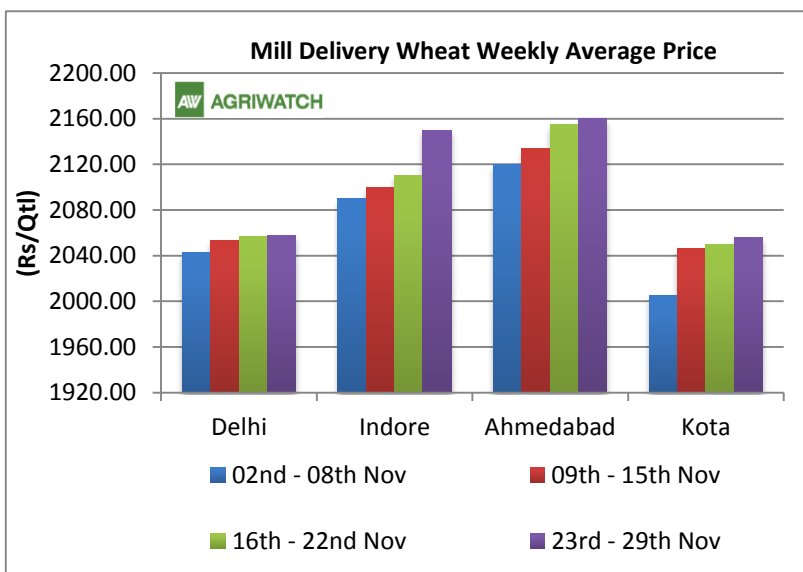
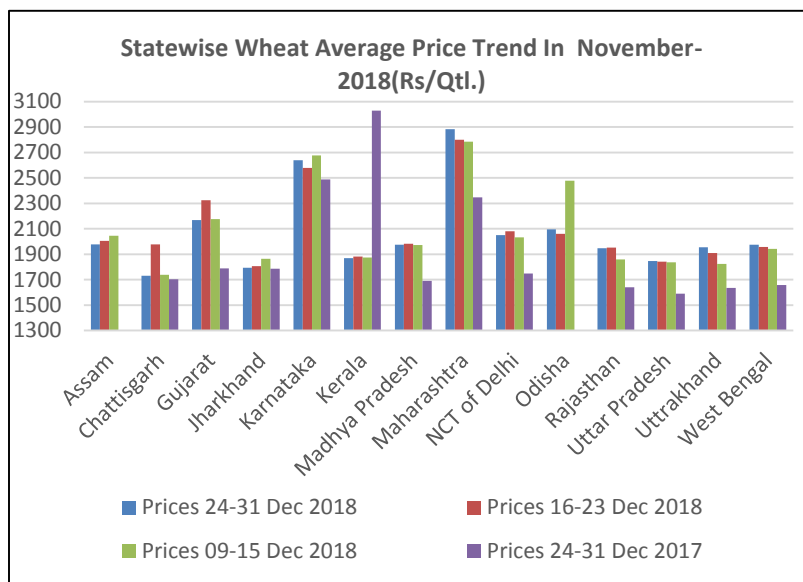
Average mill delivery prices of Wheat traded firm in Delhi/Kota and weak in Indore during 21st -27th December.

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 2028.75 per quintal in November-2018 to Rs 2048.10 per quintal in December-2018.

The prices are firm by 0.95 percent compared to last month and by 19.19 percent compared to corresponding month last year. Arrivals in Narela have decreased by 300 quintal to 7200 quintal in the month of December-2018.

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Wheat Exports:

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According to latest update, India exported around 2.73 thousand tonne wheat in the month of November-2018.

It is around 2.36 thousand tonnes lower compared to export quantity (5.09 thousand tonne) in October-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 (\$58 to \$91 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	2.73	416.11	184.75
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19(000T)	21.96	395.06	186.44

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 November-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 \$232.00 per tonne in Russia and \$232.50 per tonne in Ukraine. Australia and France are also providing wheat at \$ 253.51 per tonne and Euro 204.25 per tonne. Government has increased import duty from 20% to 30% in order to curb imports and provide support to domestic prices.

Source: DGCIS/Trade

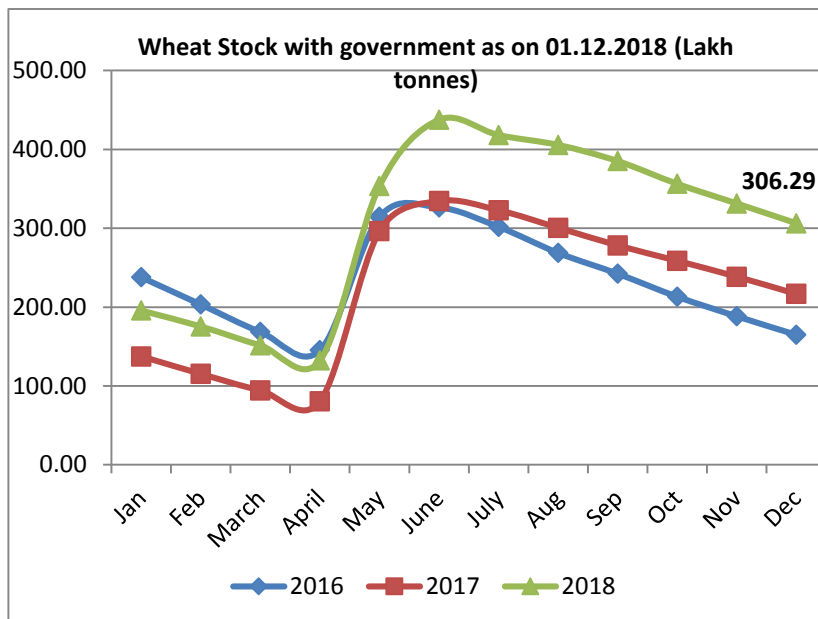
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-17 to Mar-18	1616.97	NA	162.36
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun	0.00	NA	183.99
18-Jul	0.00	NA	186.40
18-Aug	0.00	NA	197.98
18-Sep	1.00	239.50	185.83
18-Oct	0.00	0.00	187.85
18-Nov	0.00	0.00	184.75
18-Dec			
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	1.00	239.50	186.44

Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.12.2018 was around 306.29 lakh tonne. It is lower by 7.56 % from November-2018. Stock in central as on 01st December'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:

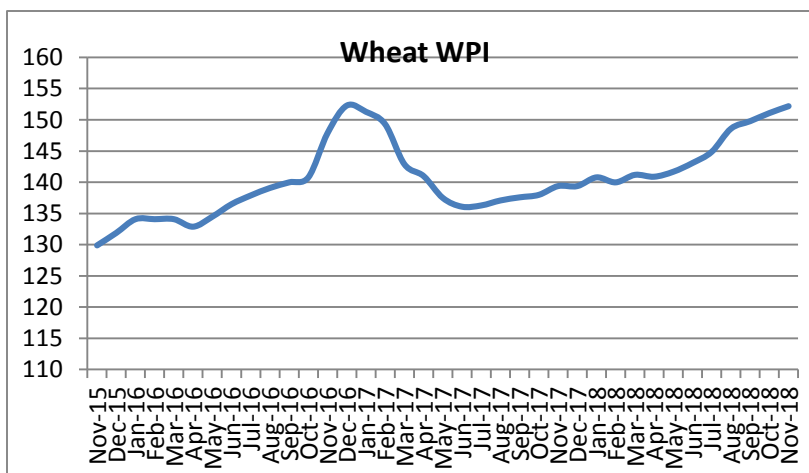
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Month/Year	2014	2015	2016	2017	2018
Jan	130.0	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	143.1
Jul	121.9	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	152.2
Dec	125.8	131.9	152.3	139.4	

Wheat WPI has increased from 151.1 in October-2018 to 152.2 in November-2018. Monthly wheat inflation has increased by 0.73 percent in November -2018 compared to previous month. As compared to November -2017 wheat WPI has increased by around 9.18 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 2.0 in November-18 to 148.8 compared to 146.6 in October-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-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
18-Dec	2073.60	2065.22	2059.17	2108.40	2352.50

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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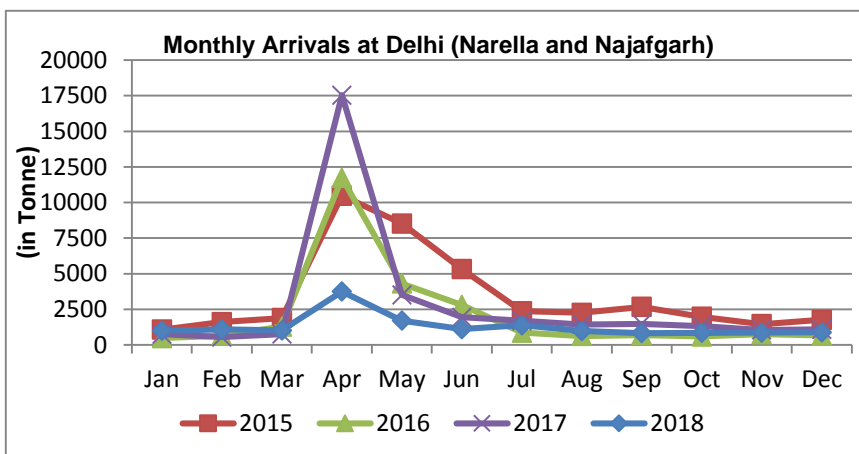
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			2-Jan-19	31-Dec-18	26-Dec-18	3-Dec-18	2-Jan-18
Delhi	Lawrence Road	Mill Delivery	2080	2085	2080	2065	1805
	Narella	Mill Quality Loose	Closed	2070	Closed	2050	1695
	Nazafgarh	Mill Quality Loose	Closed	2000	Closed	1975	1715
Gujarat	Rajkot	Mill Delivery	2020	2015	2010	2010	1660
	Ahmedabad	Mill Delivery	2160	2160	2160	2160	1830
	Surat	Mill Delivery	2210	2210	2200	2200	1850
	Dhrol	Mill Delivery	NR	2100	2350	2320	1805
M.P.	Indore	Mill Quality Loose	2050	2050	1980	1980	1630
	Bhopal	Mill Delivery	1950	1950	1940	1925	1650
Rajasthan	Kota	Mill Quality Loose	1950	1950	1950	1980	1575
		Mill Delivery	2050	2050	2060	2060	1675
U.P.	Kanpur	Mill Delivery	1990	1990	1990	2005	1640
	Mathura	Mill Quality Loose	1950	1950	1960	1760	Closed
	Kosi	Mill Quality Loose	2000	1980	1980	1900	1625
	Hathras	Mill Quality Loose	1970	1940	1950	1925	1610
	Aligarh	Mill Quality Loose	Closed	1900	Closed	1830	1600
Punjab	Khanna	Mill Quality Loose	1930	1920	1920	1920	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1950	1950	1900	1870	1725
	Hodal	Mill Delivery	2050	2050	2050	NA	1795
	Bhiwani	Mill Quality Loose	2000	1970	1960	1950	1760
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1710
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2300	2300	2360	2340	2050
	Madurai	Mill Quality	2357	2550	2450	2450	2150
	Coimbatore	Mill Quality	2357	2600	2500	2500	2200
Bihar	Khagariya	Mill Delivery	2020	2050	2000	2000	1700
	Muzaffarpur	Mill Delivery	2000	2000	2000	2000	1600

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) increased to 893 tonnes in December-2018 compared to 867 tonnes in November-2018. Currently wheat is being traded around Rs 2070-2080 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to firm in January-19 under normal conditions.

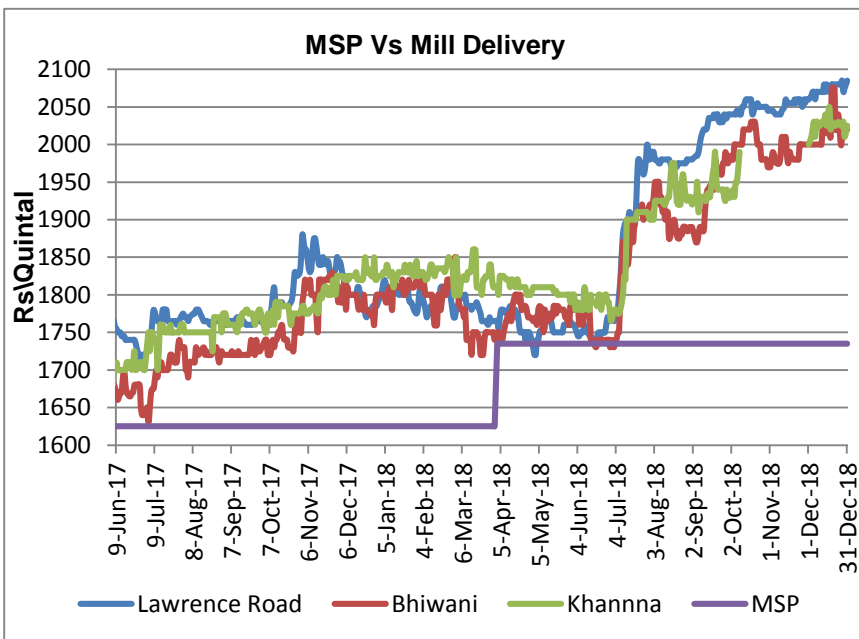
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MSP Vs Mill Delivery Prices

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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Wheat – Technical Outlook

C1 Continuous Chart

Technical Commentary:

- *Fall in price and rise in open interest indicates short buildup.*
- *RSI is moving in neutral region.*
- *Prices closed below 9 and 18 days EMAs.*
- *Candlesticks are denoting steady to firm movement in past weeks.*

**Strategy: Buy**

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	2005	1985	2100	2305	2330
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	Buy	Above 2095	2190	2270	2038

* Do not carry-forward the position next month.

International Market Dynamics**(Back to Table of Contents)**

Drought in Australia has led Agrocrops to import 33000 MT of wheat from west Australia to east Australia. West Australia wheat is generally exported to Asia and Middle-East. Therefore, west Australia wheat is being imported by east to meet the local demand.

Bangladesh has witnessed a tremendous growth in imports in past five years, due to change in consumption pattern of population. Imports have increased from 1.8 MMT in FY 2012-13 to 5.4 MMT in FY 2016-17. Bangladesh is likely to import wheat from black sea region in near future.

Russia has imposed a ban on import of more than fifty products, including wheat, from Ukraine. This is a tit-for-tat measure by the Russian government as Ukraine has banned import of more than 30 products in December-18.

As per Agriculture and Agri food Canada, All wheat production is likely to be around 31.76 MMT in 2018-19 compared to 29.98 MMT in 2017-18. Ending stock are likely to be 6.2 MMT compared to 5.9 MMT due to increase in production. Production has increased but Canada has some quality issues relating to the milling wheat.

Russian milling wheat prices became firm by \$1 per tonne at Novorossiysk and \$1 per tonne at Odessa compared to last week. Wheat prices were weak due to low demand. As per IGC, Russia is expected to produce 69.50 MMT in 2018 compared to 84.90 MMT in 2017. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$234.00-240.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$231.00-237.00/tonne.

As per latest update, Japan's ministry of agriculture bought 106100 MT of food quality wheat from United States and Canada. Around 71040 MT has been bought from United States and 35060 MT of western red spring has been bought from Canada. Shipments from United States and Canada will be loaded between Jan 16-2019 and Feb 15-2019.

Russia has exported 20.74 MMT of wheat during July-November'18. Russia is expected to export 2.8 MMT of wheat in December-18. Export prices for Russian wheat are expected to stay slightly firm in near future due to exhausting stocks at ports, problems in grain transportation and obtaining phytosanitary certificate.

Egypt's state grains buyer, GASC has purchased 180000 tonnes of wheat for shipment during 01-10 February. Of the total quantity 120000 tonnes was Russian wheat and 60000 tonnes was Romanian wheat. ADM offered 60000 tonnes of Romanian wheat at FoB \$241.26 per tonne, ADM offered 60000 tonnes of Russian wheat at FoB \$242.00 per tonne and Agro Industrial offered 60000 tonnes of Russian wheat at FoB \$242.80 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 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

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***
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
Dec-18	223.86	243.75	228.26	230.61	232.19	202.63	344.42	354.37

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)
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
07.12.2018	10.96	22.14	50.92	44.49
14.12.2018	10.69	21.81	49.34	43.04
21.12.2018	10.08	21.36	47.46	41.39
28.12.2018	9.95	21.17	47.05	41.06
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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China: On 20th November, China lowered the minimum purchasing price for wheat in 2019 to CNY 112 per 50kg (USD 322.2pertonne). This represents a 3 percent decrease compared to the 2018 price and is the second year in a row in which China has decreased its price support for wheat growers

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 840per quintal (USD 248 per tonne)

Spot Prices Black Sea Region

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Date	21.11.2018	28.11.2018	05.12.2018	12.12.2018	19.12.2018
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	223.0-228.0	223.0-227.0	222.0-226.0	224.0-230.0	232.0-238.0
Milling wheat 11.5%	220.0-225.0	220.0-224.0	220.0-224.0	222.0-226.0	230.0-235.0
Feed wheat	216.0-220.0	216.0-220.0	216.0-220.0	216.0-221.0	218.0-223.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	225.0-230.0	224.0-231.0	223.0-229.0	226.0-232.0	235.0-241.0
Milling wheat 11.5%	220.0-224.0	221.0-226.0	222.0-225.0	222.0-225.0	229.0-235.0
Feed wheat	212.0-216.0	212.0-216.0	213.0-216.0	212.0-216.0	218.0-222.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			12.12.2018	19.12.2018
Russia	Wheat, 12.5% protein	Feb-Mar	234.0-245.0	NA
Ukraine	Wheat, 11.5% protein	Feb-Mar	NA	235.0-245.0
Ukraine/Russia	Feed wheat	Feb-Mar	220.0-226.0	NA

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 01.01.2019)							
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	17,000	9,000	150	10,500	3,348	21,300
Canada	6,180	31,800	9,300	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	22,000	11,232	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	11,868	70,000	40,500	500	36,500	5,368	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	26,517	47,345
Others	60,620	123,525	267,808	160,136	23,743	52,730	123,176
World total	279,936	733,414	743,679	175,726	178,443	268,098	763,060

Source: USDA

CBOT Futures Mar-19 Chart:

1st Support: 176.00
2nd Support: 174.00
1st Resistant: 204.00
2nd Resistant: 206.00
(\$ per tonne)

Wheat CBOT closed at \$5.13 per bushel. U.S. export sales during 23rd November- 13th Dec was 1778891 tonnes compared 1806970 tonnes during 26th October- 22nd Nov. The December 20 Drought Monitor reported heavy precipitation and above-normal temperatures in northeastern Oregon, eastern Washington, and the Idaho Panhandle. Warm and dry weather dominated the High Plains from the Dakotas to southern Kansas, which now is abnormally dry. CBOT is expected to remain steady to firm in coming weeks.

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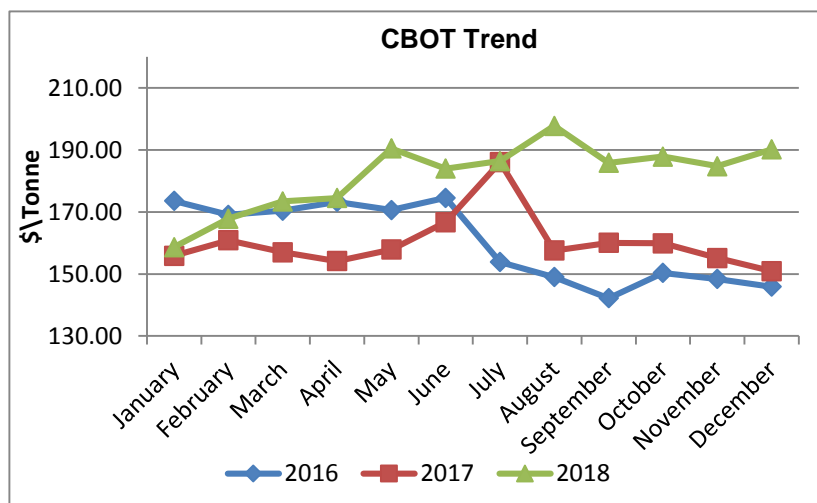
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	31-Dec-18	24-Dec-18	30-Nov-18	1-Oct-18	1-Jul-18	31-Dec-17	
Mar-19	184.89	189.76	189.49	197.66	188.29	181.22	2.03
May-19	187.56	192.33	191.51	201.70	192.70	183.79	2.05
Jul-19	190.50	195.46	193.71	203.72	194.54	186.18	2.32
Sep-19	194.08	198.67	197.02	208.32	197.84	189.95	2.18
Dec-19	199.31	203.63	201.79	214.38	202.35	196.01	1.69
Mar-20	203.36	207.49	205.47	218.60	205.74	198.67	2.36

CBOT Trend

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

CBOT average monthly price for December'18 is higher by \$ 39.23 per tonne compared to last year for the same month and by \$ 5.41 per tonne compared to November'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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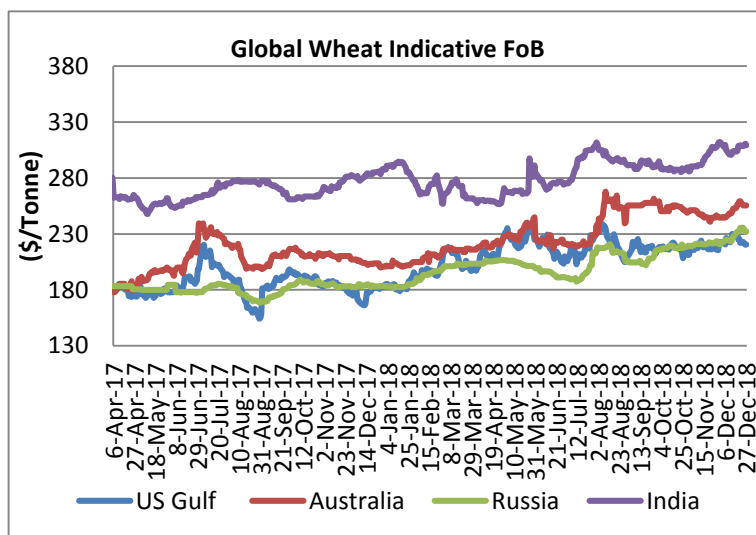
All prices are for SRW/milling grade	1st July-18	1st Aug-18	1st Sep-18	1st Oct-18	1st Nov-18	1st Dec-18	1st Jan-19
USA	210.07	232.84	211.16	212.70	216.00	215.50	221.00
France	179.00	210.75	206.25	201.25	196.75	200.25	204.25
Australia	221.25	237.75	255.50	257.69	251.12	245.28	253.21
Russia	191.50	215.00	206.00	215.00	219.50	221.50	232.00
India	274.90	311.95	291.17	290.22	286.47	311.07	312.14

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 \$300.53-312.14 per tonne.

US and Russian quotes are hovering in the range of \$220.40-230.00 and \$222.50-235.50 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to slightly firm and hover in the range of \$220 to \$275 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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