

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 1.38 percent from Rs 2064.78 in December - 2018 to Rs 2093.27 per qtl in January -2019. Average price in October is higher by 10.70 percent compared to Rs 1890.93 per quintal registered in January-2018. Prices are expected to remain weak in coming days due to abundant availability in domestic market.

AW Preliminary Production Estimate: As per Agriwatch preliminary production estimate is likely to be around 96.00 MMT compared to 95.50 MMT last year. Production is higher this year due to better yields compared to last year. Total availability is likely to increase to 115.89 MMT from 115.04 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 \$61-63 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$239.50/239.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$302.12 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 December-18.

FoB/CiF Quotes: Indian FoB quote hovered around \$305.31-313.49 per tonne in January. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$230.50-240.50, \$232.00-239.50, Euro 202.00-205.50, \$219.20-230.00 and \$239.40-246.40 per tonne respectively. Wheat prices in international markets witnessed steady to firm tone in January.

Supply-Demand: Supply side for FAQ is likely to be good as ample stock is available in domestic market due to good production. Government has procured intensively and surpassed its procurement target of 32 MMT. Demand from south Indian millers is good 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 58616080 tonnes of wheat in OMSS since July until fourth tender in January out of which 5829850 tonnes was sold. Total numbers of rakes sold were 112. State government and bulk consumers bought 564600 tonnes and 4968450 tonnes of wheat respectively. 296800 tonnes was sold in dedicated movement. Government will sell wheat in open market at a reserve price of Rs 1950 per quintal in fourth quarter. 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 weak in short to medium term.

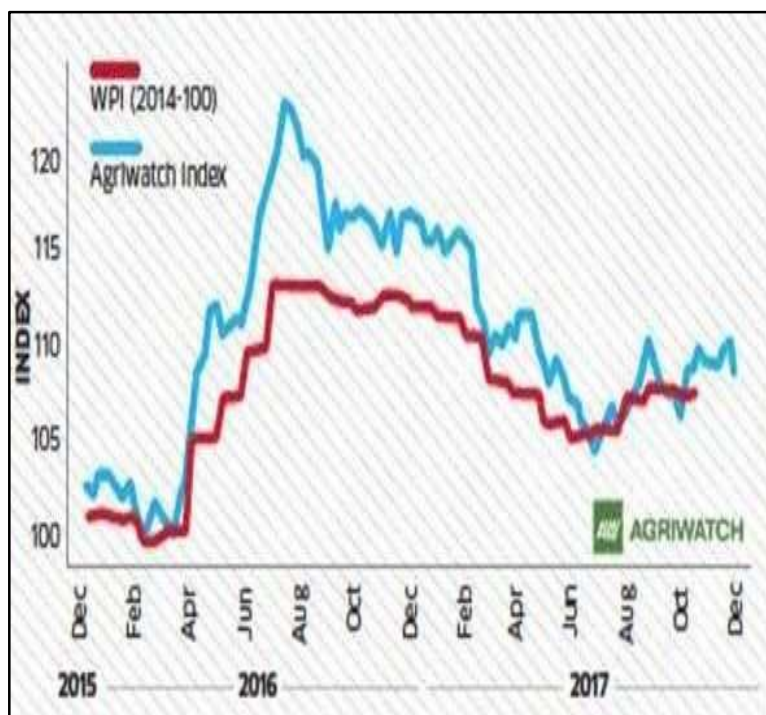
Trade Call: Market participants are advised to sell wheat at 2030 levels for a target of 1980 with a stop loss at 2060 on closing basis.

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	19.39	19.79	19.79	91.89	67.95	44.01
Production	95.50	96.00	96.00	0.00	0.00	0.00
Imports	0.15	0.10	0.02	0.01	0.04	0.03
Total Availability (A+B+C)	115.04	115.89	115.81	91.90	67.99	44.04
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)	19.79	20.09	91.89	67.95	44.01	20.09
Av Monthly Consumption	7.92	7.96	1.99	1.99	1.99	1.99
Stock to Month Use	2.50	2.52	46.20	34.16	22.12	10.10
Stock to Consumption Ratio	0.03	0.03	1.94	1.43	0.93	0.42

*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 96.00 MMT compared to 95.50 MMT last year. Production is higher this year due to increase in acreage. Total availability is likely to increase to 115.89 MMT from 115.04 MMT in MY 2018-19.

Carry out is expected to be around 20.09 MMT for 2019-20 compared to 19.79 MMT for 2017-18. Domestic demand for wheat is good. Prices are likely to stay steady to weak with slight recoveries. 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 January'19 stood at 271.00 lakh tonnes down by 11.52% compared to last month. This quantity is higher by around 38.53% 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 January'19 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. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$357.50 (Rs 25620) per tonne and \$372.50 (Rs 25350) 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.

As per latest update, area sown until 01st February-19 is 297.24 lakh hectares compared to 299.34 lakh hectares in the previous Rabi season. The normal area is 306.29 lakh hectares. Acreage of wheat in Madhya Pradesh is higher as farmers have shifted from chickpea. This year, as on 01st February-19, farmers have sowed 59.11 lakh hectares of wheat in Madhya Pradesh compared to 53.16 Lakh hectares last year on same date. Lower acreage was reported in Maharashtra and Gujarat due to low availability of water.

AAP has proposed MSP with 50% margin at cost of production. This will increase MSP of wheat and paddy to Rs 2616 per quintal and Rs 2667 per quintal respectively. This will benefit around 20000 kisan families and lead to an additional liability of Rs 96.38 crores. Furthermore, the government will also hold Kisan Jansunwai in Narela and Najafgarh to incorporate suggestions from farmers and other stakeholders.

As per trade sources, new wheat crop arrivals have started since last week of January in Madhya Pradesh 15-20 days ahead of schedule. Arrivals in Rakjot (Gujarat) mandi will start from last week of February.

Previous Updates:

Government has increased MSP of wheat by Rs 105 per quintal to Rs 1840 per quintal.

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

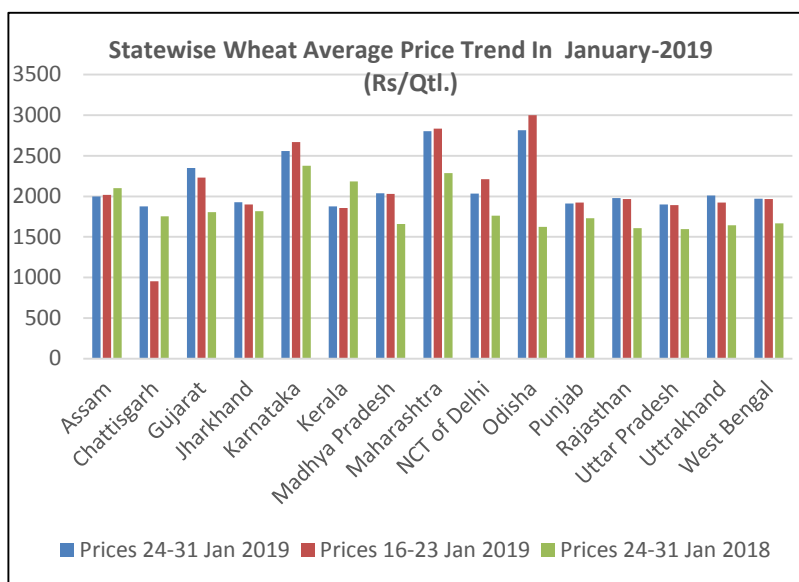
Wheat Procurement RMS 2018-2019 (Source: FCI)

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 1.38 percent from Rs 2064.78 in December -2018 to Rs 2093.27 per qtl in January -2019. Average prices remained steady to firm in all major states except Assam, Karnataka, Punjab, Delhi and Odisha.

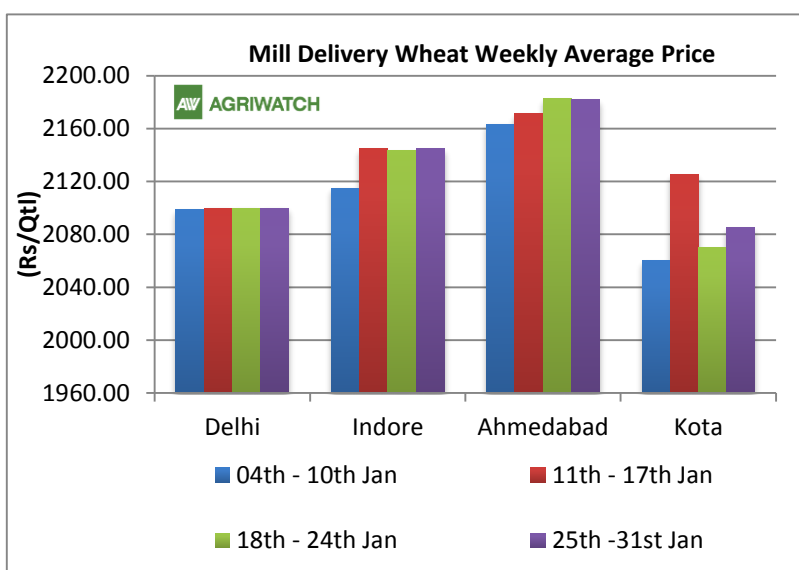
Prices are likely to stay steady to weak due to increase in fresh arrivals and good availability in domestic market. Market is witnessing normal demand and there is sufficient quantity available at supply side. Domestic prices are not able to get support from exports as other major producing country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

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

Average mill delivery prices of Wheat traded steady to weak in Delhi, and Ahmedabad during 25th -31st January'19.

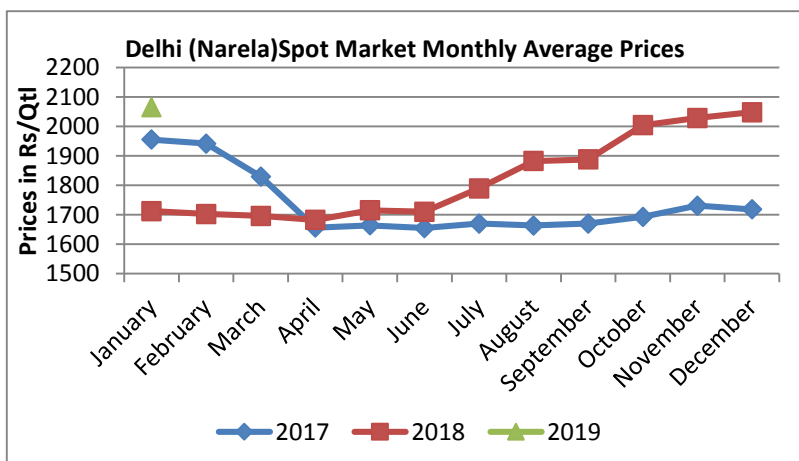
Market is likely to trade steady to weak in the coming week due to ample availability. Fresh arrivals have started in Madhya Pradesh and Gujarat. Conducive weather in major growing regions is putting pressure on current prices. Traders believe that another good production in MY 2019-20 may leave market with oversupply. Sales through OMSS are higher in MY 2018-19 compared to MY 2017-18.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 2048.10 per quintal in December-2018 to Rs 2065.25 per quintal in January-2019.

The prices are firm by 0.84 percent compared to last month and by 20.59 percent compared to corresponding month last year. Arrivals in Narela have decreased by 50 quintal to 4150 quintal in the month of January-2019.



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 (\$61 to \$73 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 December-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 \$240.00 per tonne in Russia and \$239.50 per tonne in Ukraine. Australia and France are also providing wheat at \$ 239.40 per tonne and Euro 202.50 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

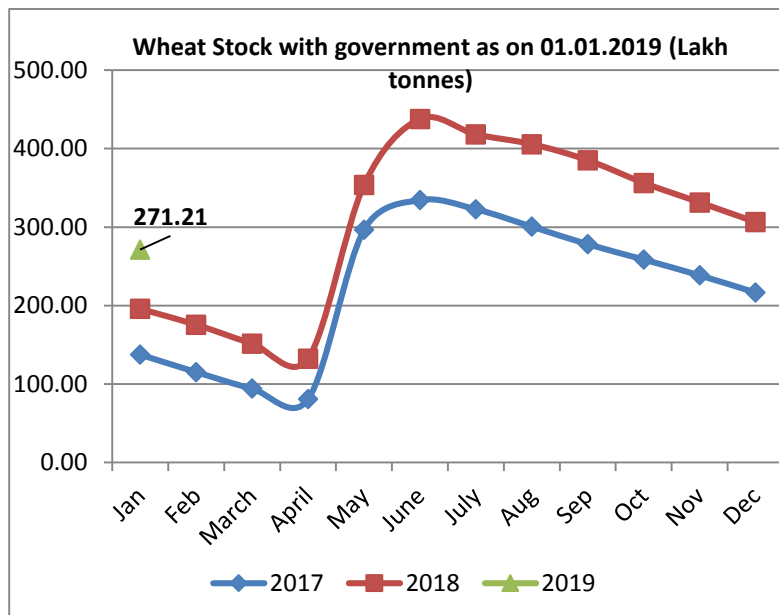
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-17 to Mar-18	1616.97	NA	162.36
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun	0.00	NA	183.99
18-Jul	0.00	NA	186.40
18-Aug	0.00	NA	197.98
18-Sep	1.00	239.50	185.83
18-Oct	0.00	0.00	187.85
18-Nov	0.00	0.00	184.75
18-Dec	0.00	0.00	190.16
19-Jan			
19-Feb			
19-Mar			
Total 2018-19	1.00	239.50	186.86

Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.01.2019 was around 306.29 lakh tonne. It is lower by 11.45 % from December-2018. Stock in central as on 01st January'19 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:

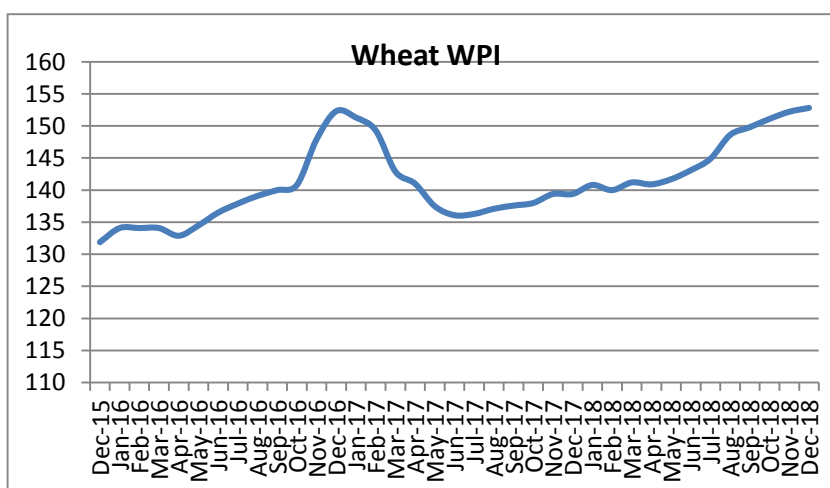
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Month/Year	2014	2015	2016	2017	2018
Jan	130.0	126.3	134.1	151.3	140.8
Feb	128.8	125.9	134.1	149.3	140.0
Mar	127.5	125.9	134.1	142.9	141.2
Apr	123.5	125.1	132.9	141.0	140.9
May	120.9	124.1	134.5	137.5	141.7
Jun	120.4	122.3	136.5	136.1	143.1
Jul	121.9	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	152.8

Wheat WPI has increased from 152.2 in November-2018 to 152.8 in December-2018. Monthly wheat inflation has increased by 0.39 percent in December -2018 compared to previous month. As compared to December -2017 wheat WPI has increased by around 9.61 percent. Wheat WPI is expected to stay steady to slightly firm in coming months.

Food grains WPI increased by 1.3 in December-18 to 149.9 compared to 148.6 in November-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-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
19-Jan	2098.80	2132.73	2052.75	2123.96	2378.75

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
			4-Feb-19	2-Feb-19	28-Jan-19	4-Jan-19	3-Feb-18
Delhi	Lawrence Road	Mill Delivery	2100	2100	2100	2095	1795
	Narella	Mill Quality Loose	2060	2050	2070	2060	1690
	Nazafgarh	Mill Quality Loose	2025	2040	2030	2010	1700
Gujarat	Rajkot	Mill Delivery	2000	2000	2020	2030	1590
	Ahmedabad	Mill Delivery	2175	2175	2180	2160	1780
	Surat	Mill Delivery	2220	2220	2230	2210	1810
	Dhrol	Mill Delivery	2280	2305	2200	2125	1870
M.P.	Indore	Mill Quality Loose	Closed	2130	2150	2050	1690
	Bhopal	Mill Delivery	Closed	1980	1960	1950	1600
Rajasthan	Kota	Mill Quality Loose	Closed	1950	1950	1935	1575
		Mill Delivery	Closed	2050	2070	2060	1660
U.P.	Kanpur	Mill Delivery	2010	2010	2000	1990	1715
	Mathura	Mill Quality Loose	1900	1850	1850	1950	1600
	Kosi	Mill Quality Loose	2015	2020	2050	1995	NR
	Hathras	Mill Quality Loose	2070	2070	2070	1980	1650
	Aligarh	Mill Quality Loose	1950	1950	2000	1890	1590
Punjab	Khanna	Mill Quality Loose	1960	1950	1950	1920	1740
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1920	1920	1925	1950	1725
	Hodal	Mill Delivery	2050	2050	2050	2050	1760
	Bhiwani	Mill Quality Loose	2025	2035	2035	2010	1770
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1710
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	Closed	2400	2400	2350	2050
	Madurai	Mill Quality	Closed	2500	2500	2450	2150
	Coimbatore	Mill Quality	Closed	2550	2550	2500	2200
Bihar	Khagariya	Mill Delivery	2150	2150	2150	2100	1700
	Muzaffarpur	Mill Delivery	2110	2100	2100	2070	1700

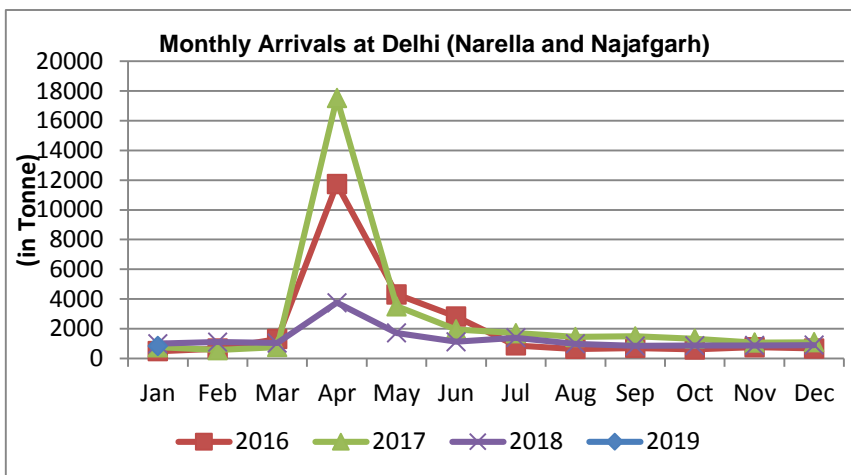
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) decreased to 837 tonnes in January-2019 compared to 893 tonnes in December-2018. Currently wheat is being traded around Rs 2060-2070 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to weak in February-19 under normal conditions.



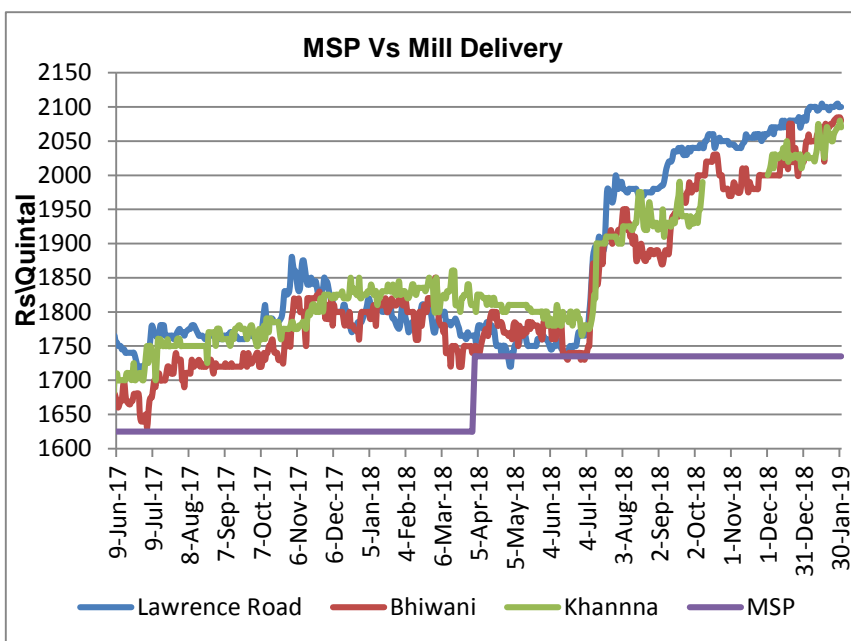
MSP Vs Mill Delivery Prices

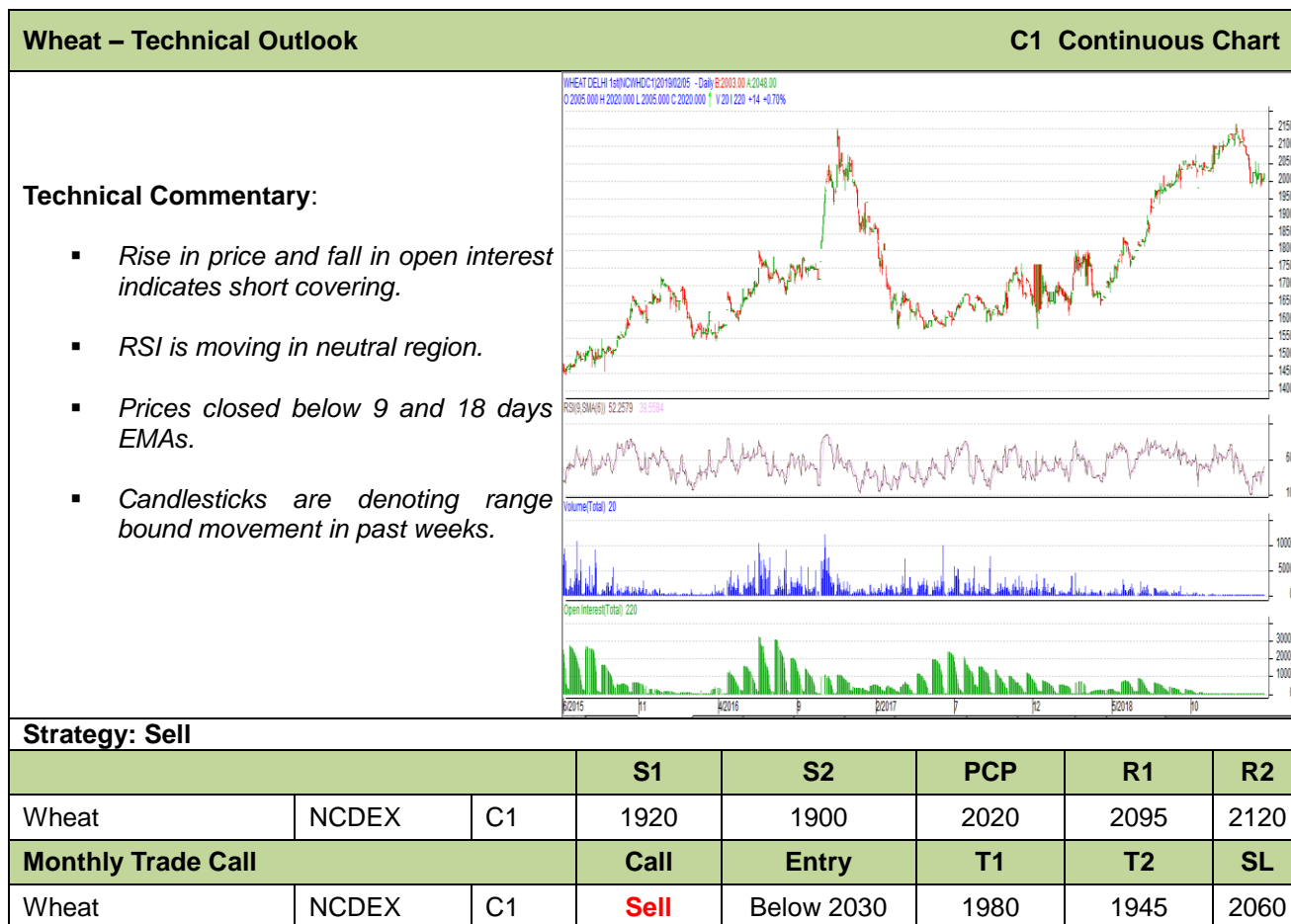
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As of now mill delivery prices in Lawrence road, Karnal and Khanna market are above MSP and are likely to move steady to firm in coming weeks.

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.



Wheat Technical Analysis:
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* Do not carry-forward the position next month.

International Market Dynamics

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Russian milling wheat prices became firm by \$0-1 per tonne at Novorossiysk and \$2-3 per tonne at Odessa compared to last week. Wheat prices were firm due restrained supplies and high domestic prices. 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 \$240.00-246.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$240.00-246.00/tonne.

As per latest update, Egypt is expected to produce around 9.50 MMT of wheat in 2019 compared to 9.00 last season. A total of 3.2 million feddans (1.3 million hectares) are expected to be sown compared to 2.9 million feddans last season. Egypt is the largest importer of wheat and procures around 3.0 MMT of wheat from local farmers as part of its subsidized wheat programme.

Taiwan flour mills association has bought 55000 tonnes of milling wheat from united states. Of the total quantity, 27487 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content bought at FOB \$253.32 per tonne, 19613 tonnes of hard red winter wheat of 12.5 percent protein content was bought at FoB \$253.96 per tonne and 7900 tonnes of soft white wheat with 9 percent protein was bought at FoB \$241.56 per tonne. The seller was trading house ADM.

Wheat prices remained firm as Russia may curb exports to boost domestic supplies. In case Russia restricts exports, buyers may seek supplies from United States. USDA expects Russian wheat exports to be around 36.5 MMT in 2018-19 compared to 41.4 MMT last year. Furthermore, United States is expected to export 27.2 MMT of wheat compared to 24.5 MMT last year.

Pakistan government on 20th November 2018 decided to export 5 LMT of subsidised wheat to reduce oversupply in domestic market. Pakistan Agricultural Storage and Services Corporation (PASSCO) issued a tender to for the same that closed on 11th January 2019. Around twelve offers were received that were above the minimum target price of \$233 per tonne ex inland store, which means that wheat can be sold without a state subsidy. FoB cost after including cargo handling and inland transport costs will be around \$250 per tonne. Wheat is likely to be sold to Sri Lanka, the United Arab Emirates, Oman and Indonesia.

As per latest update, Analyst have increased forecast for grain exports by 2.1 percent to 46.07 MMT during the 2018/19 July- June season. Of the total quantity, Ukraine is expected to export 25.75 MMT of corn, 15.5 MMT of wheat and 4.1 MMT of barley.

Indonesia has bought 30000 MT of wheat from Argentina at \$270 per tonne. Asian flour millers are expected to seek rare wheat shipments from Argentina in coming months as a second year of drought in traditional supplier Australia has curbed supplies.

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.

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.

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***
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
Jan-19	225.53	241.30	233.46	239.83	240.38	202.72	349.33	358.19

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)
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
07.12.2018	9.34	20.74	45.75	39.84
14.12.2018	8.16	19.49	43.05	37.25
21.12.2018	7.50	18.81	40.40	34.86
28.12.2018	6.44	17.43	37.19	31.90
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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EU: On 11 December 2018, the EU notified the WTO of draft revised regulations concerning the review of existing maximum residue limits (MRLs) in certain food commodities including wheat products (for 2,5-dichlorobenzoic acid methylester, mandipropamid, prochloraz and profoxydim), which are proposed to be adopted in June 2019 (G/SPS/N/EU/287). On 30 January, a second notification was issued concerning the establishment of new MRLs for chlorate on certain food commodities, including wheat products. The regulation is currently subject to EU's internal feedback and decision-making mechanisms and WTO Members are invited to provide comments by 18 February 2019 (G/SPS/N/EU/302)

China: On 20th November, China lowered the minimum purchasing price for wheat in 2019 to CNY 112 per 50kg (USD 322.2 per tonne). 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

Spot Prices Black Sea Region

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Date	19.12.2018	09.01.2019	16.01.2019	23.01.2019	30.01.2019
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	232.0-238.0	234.0-240.0	237.0-242.0	240.0-245.0	240.0-246.0
Milling wheat 11.5%	230.0-235.0	229.0-235.0	232.0-237.0	232.0-238.0	237.0-242.0
Feed wheat	218.0-223.0	218.0-224.0	220.0-225.0	220.0-226.0	223.0-228.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	235.0-241.0	235.0-240.0	238.0-243.0	241.0-246.0	240.0-246.0
Milling wheat 11.5%	229.0-235.0	228.0-234.0	232.0-238.0	235.0-240.0	238.0-242.0
Feed wheat	218.0-222.0	217.0-223.0	218.0-224.0	219.0-225.0	223.0-228.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			23.01.2019	30.01.2019
Russia	Wheat, 12.5% protein	Mar-Apr	241-250	241-250
Ukraine	Wheat, 11.5% protein	Mar-Apr	-	240-245
Ukraine/Russia	Feed wheat	Mar-Apr	-	-

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)
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IGC Forecast(Fig-In MMT)	2015-16	2016-17	2017-18 (Estimate)	2018-19(Forecast)	
				22.11.2018	24.01.2019
Production	737	753	767	729	737
Trade	166	177	175	171	170
Consumptions	718	735	741	739	745
Carryover stocks	227	244	270	262	263
Y-O-Y change	19	17	26	-	-7
Major Export	68	79	82	65	65

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 737 MMT for 2018-19. According to estimate by IGC for 2017-18, global wheat production was around 767 MMT against 753 MMT for 2016-17. The forecast for global production is lower by 30 MMT compared to forecast for 2017-18. IGC has projected lower production for 2018-19 however; carryover stocks are still at higher side.
- Trade forecast for 2018-19 has been decreased to 170 MMT. It is 5 MMT lower compared to estimate for last year and higher by 4 MMT compared to 2015-16.
- Consumption has been increased to 745 MMT for 2018-19. The forecast is higher by 10 MMT compared to 2016-17.
- Carryout for 2018-19 is forecasted at 263 MMT compared to forecast of 270 MMT last year. It is higher by around 19 MMT compared to 2016-17.

USDA Balance Sheet
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USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.02.2019)							
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	14,200	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	3,810	27,216	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	175,786	177,359	268,098	763,060

Source: USDA

CBOT Futures Mar-19 Chart:

1st Support: 178.00
2nd Support: 176.00
1st Resistant: 203.00
2nd Resistant: 205.00
(\$ per tonne)

Wheat CBOT closed at \$5.25 per bushel up by \$ 0.12 per bushel compared to previous month. Export sales as of Dec. 27, 2018, will be published on Feb. 7, 2019. USDA will then publish a combined report on February 22, 2019, for the confirmed export sales between Jan. 10 and February 14. The U.S. federal government reopened on Jan. 25, 2019. USDA will release its WASDE, quarterly grain stocks and winter wheat seeding reports on Feb. 8, 2019.

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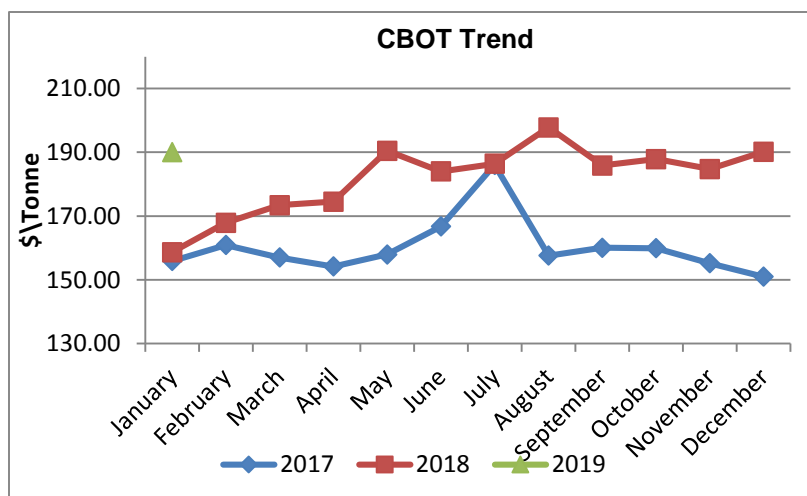
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Feb-19	25-Jan-19	1-Jan-19	1-Nov-18	1-Aug-18	1-Feb-18	
Mar-19	192.61	191.05	188.75	192.06	218.24	192.89	-0.14
May-19	194.08	193.62	191.05	196.28	219.89	194.72	-0.33
Jul-19	195.46	195.82	193.62	198.58	219.25	195.00	0.24
Sep-19	198.21	198.76	197.29	203.26	221.63	198.58	-0.19
Dec-19	202.80	203.45	202.71	209.42	225.40	203.54	-0.36
Mar-20	206.20	206.85	206.75	213.73	227.24	207.40	-0.58

CBOT Trend

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

CBOT average monthly price for January'19 is higher by \$ 31.41 per tonne compared to last year for the same month and down by \$ 0.10 per tonne compared to December'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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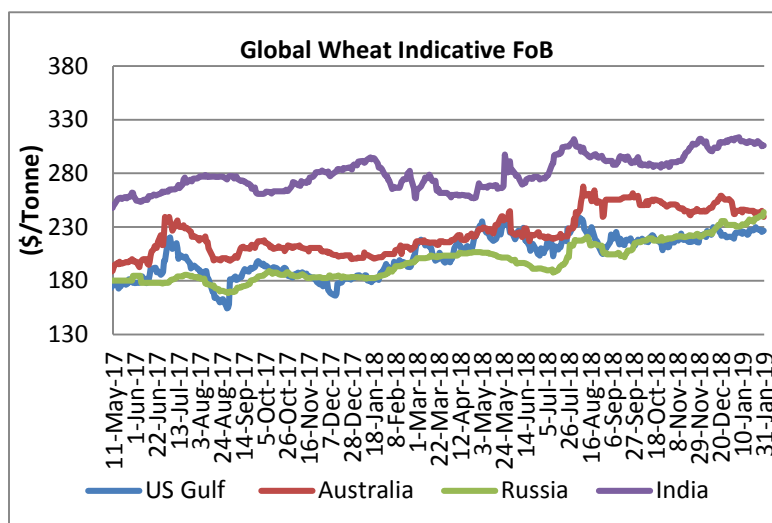
All prices are for SRW/milling grade	1st Aug-18	1st Sep-18	1st Oct-18	1st Nov-18	1st Dec-18	1st Jan-19	1st Feb-19
USA	232.84	211.16	212.70	216.00	215.50	221.00	226.50
France	210.75	206.25	201.25	196.75	200.25	204.25	203.25
Australia	237.75	255.50	257.69	251.12	245.28	253.21	239.40
Russia	215.00	206.00	215.00	219.50	221.50	232.00	244.00
India	311.95	291.17	290.22	286.47	311.07	312.14	305.86

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 \$305.31-313.49 per tonne.

US and Russian quotes are hovering in the range of \$219.20-230.00 and \$230.50-240.50 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 \$215 to \$290 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 137.7 MMT in 2018-19 compared to 151.2 MMT in 2017-18. Russia and Ukraine are likely to harvest 71.60 MMT and 25.00 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 31.80 MMT in 2018-19 compared to 30.0 MMT in 2017-18.

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