

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat increased by 0.17 percent from Rs 2093.27 in January - 2019 to Rs 2096.78 per qtl in February -2019. Average price in February-2019 is higher by 19.61 percent compared to Rs 1753.03 per quintal registered in February-2018. Prices are expected to remain weak in coming days due to abundant availability and fresh arrivals 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 115.64 MMT from 114.89 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 \$67-69 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$226.50/226.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$294.49 per tonne. India exported 4.51 thousand tonne wheat in January'19. Total export in MY 2017-18 was registered around 300.9 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 January'19.

FoB/CiF Quotes: Indian FoB quote hovered around \$293.54-308.71 per tonne in February. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$226.50-243.00, \$226.00-240.00, Euro 184.75-202.50, \$207.82-232.30 and \$217.97-241.50 per tonne respectively. Wheat prices in international markets witnessed steady to weak tone in February.

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 in MY 2018-19. Demand from south Indian millers is good after application of 30% import duty. No import parity has also increased demand for domestic wheat.

Wheat Second Advance Estimate: As per second advance estimate, wheat production has been pegged at 99.12 MMT compared to 99.70 MMT in its fourth advance estimate issued in the month of August'18. The second advance estimate for 2018-19 is lower by 0.58 percent compared to fourth advance estimate of 2017-18. Total food grain output is expected to be around 281.37 MMT compared to 277.49 MMT in second advance estimate for 2017-18.

Weather Update: India has received 32.90 mm of actual rainfall against 22.20 mm of normal rainfall during the month of February-2019. During this time period, normal or excess rain was received in all major producing states except Rajasthan, East Madhya Pradesh and Maharashtra. India has received 12.70 mm of rainfall during February-2018. Actual rainfall was below normal in February-2018. Conducive weather conditions have increased the probability of good harvest.

E-Auction: Government has offered 68385740 tonnes of wheat in OMSS since July'18 until second tender in February'19 out of which 7003350 tonnes was sold. Total numbers of rakes sold were 142. State government and bulk consumers bought 667300 tonnes and 5959750 tonnes of wheat respectively. 376300 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 35.70 MMT for 2019-20. Of the total target around 12.5 MMT will be procured from Punjab, 7.5 MMT from Madhya Pradesh, 8.5 MMT from Haryana, 5 MMT from Uttar Pradesh, 1.7 MMT from Rajasthan and 0.5 MMT from others. Last year government surpassed its procurement target of 32 MMT and procured 35.5 MMT. The procurement will start from 15th March'19 in Madhya Pradesh. Procurement in Punjab and Haryana will start from 01st April'19.

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 1910 levels for a target of 1840 with a stop loss at 1952 on closing basis.

AW Cereals Index:
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The Agriwatch Agri Commodities Index dipped 0.19% to 107.96 during the week ended December 15, 2018, from 108.16 the previous week as onion (down 10.8%) and potato (down 4.73%) extended their falling trend. Pulses and spices also fell while maize, wheat and rubber gained.

The base for the Index and all sub-Indices is 2014 (= 100). Four of the 9 commodity group sub-Indices and 14 of the 29 individual commodity sub-Indices ended the week lower. The group sub-Index values and their weekly changes are: Cereals: 120.32 (+0.14%), Pulses: 120.96 (-1.04%), Potato & Onion: 53.08 (-7.45%), Edible Oils: 105.57 (+0.56%), Oilseeds: 100.57 (-0.67%), Spices: 114.88 (-3.23%), Sweeteners: 97.64 (+0.17%), Fibres: 113.94 (+0.05%) and Other Non-Food Articles: 84.14 (+1.48%).



"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	19.64	19.64	91.72	67.77	43.79
Production	95.50	96.00	96.00	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability (A+B+C)	114.89	115.64	115.64	91.72	67.77	43.79
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)	19.64	19.84	91.72	67.77	43.79	19.84
Av Monthly Consumption	7.92	7.96	1.99	1.99	1.99	1.99
Stock to Month Use	2.48	2.49	46.11	34.07	22.01	9.97
Stock to Consumption Ratio	0.03	0.03	1.93	1.43	0.92	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 115.64 MMT from 114.89 MMT in MY 2018-19.

Carry out is expected to be around 19.84 MMT for 2019-20 compared to 19.64 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 market sources, wheat stock in central pool as on 1st February'19 stood at 239.31 lakh tonnes down by 11.76% compared to last month. This quantity is higher by around 36.38% 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 February'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:

Wheat market is likely to remain weak in upcoming days due to ample availability in domestic market and expectation of good production in MY 2019-20. Despite abundant availability India was not able to export much as other countries are able to provide wheat at lower prices. Imports remained at lower side in MY 2018-2019.

Western disturbance accompanied with other climate factors has led to an extended winter. More rains have been experienced in Rajasthan, Punjab, Haryana, Madhya Pradesh and Western Uttar Pradesh. Reports of flattening or damage to Rabi crops have been received but the actual impact is still being assessed. However these showers are not expected to cause any extensive damage. Weather, in general, has been favourable for wheat crop and a good harvest can be expected in MY 2019-20.

India mainly imports from Australia and Russia. Wheat prices have become weak in both the countries. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$345.80 (Rs 24485) per tonne and \$333.22 (Rs 23600) per tonne respectively, after including freight and import duty @30%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai and Coimbatore is ruling around Rs 23000 per tonne and Rs 23500 per tonne respectively.

As per latest update, area sown until 22nd February-19 is 299.68 lakh hectares compared to 300.12 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 60.00 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.

Previous Updates:

Government has increased MSP of wheat by Rs 105 per quintal to Rs 1840 per quintal for MY 2019-20.

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.

Government agencies have started procurement since 15th March'17. For Rabi marketing season 2017-18 government has procured 308 lakh tonnes. Of the total quantity procured, around 67.24 lakh tonnes has been procured from Madhya Pradesh, 74.11 lakh tonnes from Haryana, 117.05 lakh tonnes from Punjab, 36.99 lakh tonnes from Uttar Pradesh, 12.45 lakh tonnes from Rajasthan, 0.02 lakh tonnes from Uttarakhand, 0.08 lakh tonnes from Chandigarh and 0.06 lakh tonnes from Gujarat. In Rabi marketing season 2017-18 government has set procurement target of 330 LMT. Last year government could procure only 229 lakh tonnes due to lower production.

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

Wheat Procurement RMS 2018-2019 (Source: FCI)

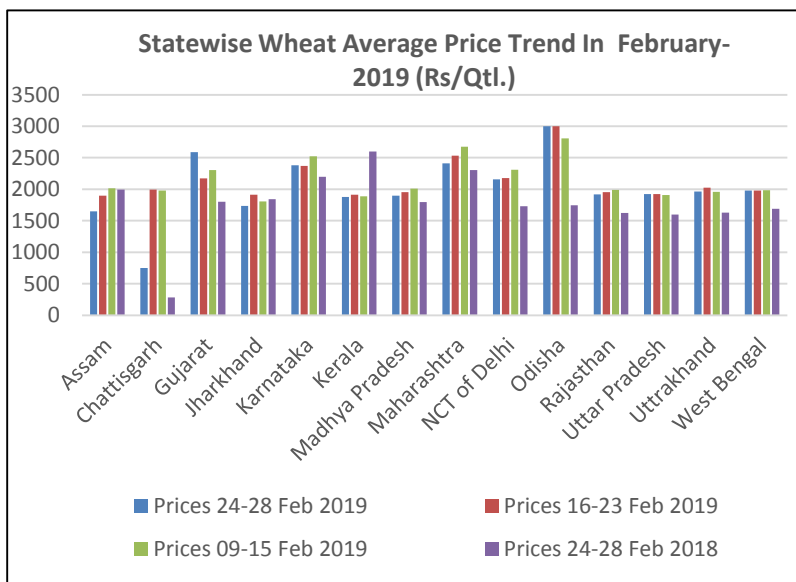
State	Target for Procurement In Marketing Season 2018-19(April To March)	Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes)		
		In Marketing Season 2018-19	In Marketing Season 2017-18	% Ch Over Previous Year
Haryana	7.40	8.74	7.43	17.63
Madhya Pradesh	6.70	7.29	6.73	8.32
Punjab	11.90	12.69	11.70	8.46
Rajasthan	1.60	1.53	1.25	22.40
Uttar Pradesh	4.00	5.09	3.70	37.57
Others	0.10	0.19	0.02	850.00
All-India	32.00	35.53	30.83	15.24

Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 0.17 percent from Rs 2093.27 in January -2019 to Rs 2096.78 per qtl in February -2019. Average prices remained weak in all major states except Odisha, Karnataka and Gujarat.

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.

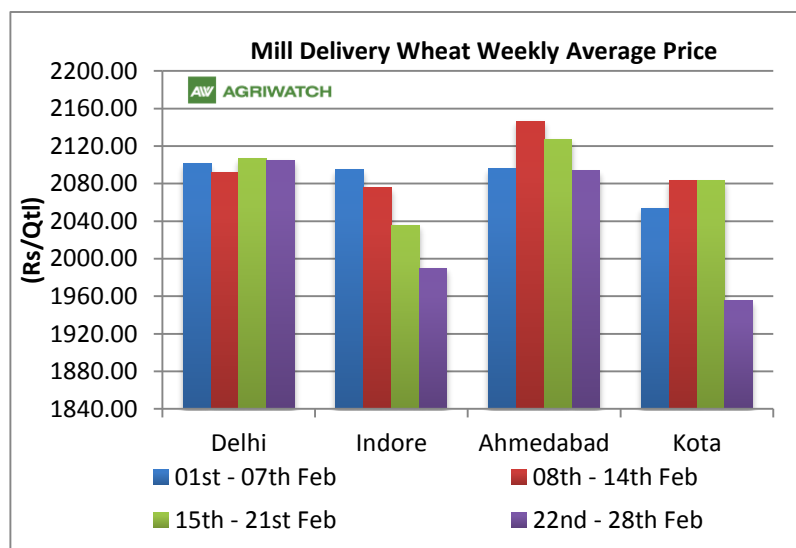
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Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Average mill delivery prices of Wheat traded weak in Delhi, Ahmedabad, Indore and Kota during 22nd -28th February '19.

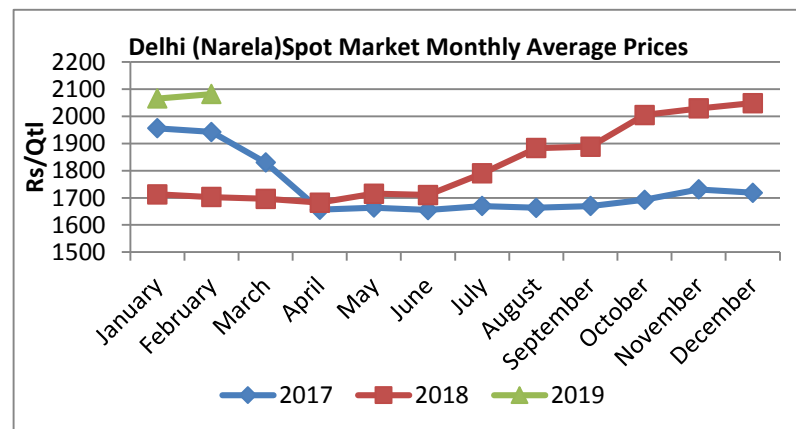
Market is likely to trade steady to weak in the coming week due to ample availability. Fresh arrivals have started in Madhya Pradesh, Punjab, Rajasthan, Maharashtra and Gujarat. Conducive weather in major growing regions has led to better yields. Traders believe that another good production in MY 2019-20 may leave market with oversupply. Mill delivery wheat prices are expected to remain weak in upcoming weeks.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 2065.25 per quintal in January-2019 to Rs 2082.00 per quintal in February-2019.

The prices are firm by 1.66 percent compared to last month and by 22.28 percent compared to corresponding month last year. Arrivals in Narela have increased by 1100 quintal to 5250 quintal in the month of February-2019.



Wheat Exports:

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According to latest update, India exported around 4.51 thousand tonne wheat in the month of January-2019.

It is around 0.89 thousand tonnes higher compared to export quantity (3.62 thousand tonne) in December-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 \$84 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	3.62	388.58	190.16
19-Jan	4.51	375.89	190.06
19-Feb			
19-Mar			
Total 2018-19(000T)	30.09	392.49	187.18

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 January-2019 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 \$226.50 per tonne in Russia and \$226.00 per tonne in Ukraine. Australia and France are also providing wheat at \$ 217.97 per tonne and Euro 184.75 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

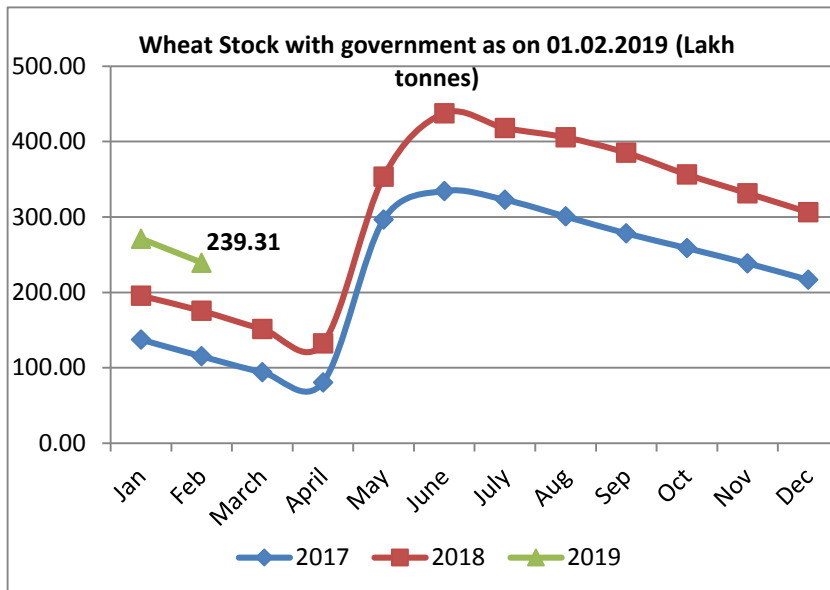
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-17 to Mar-18	1616.97	NA	162.36
18-Apr	0.00	NA	174.48
18-May	0.00	NA	190.47
18-Jun	0.00	NA	183.99
18-Jul	0.00	NA	186.40
18-Aug	0.00	NA	197.98
18-Sep	1.00	239.50	185.83
18-Oct	0.00	0.00	187.85
18-Nov	0.00	0.00	184.75
18-Dec	0.00	0.00	190.16
19-Jan	0.00	0.00	190.06
19-Feb			
19-Mar			
Total 2018-19	1.00	239.50	187.18

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:

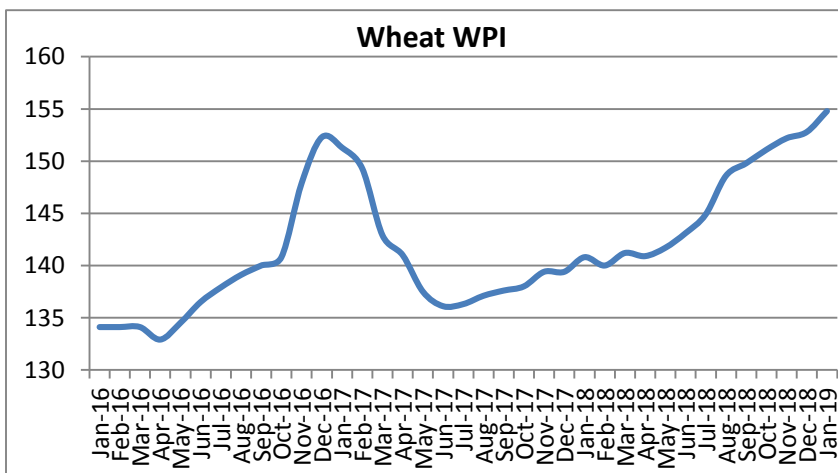
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Month/Year	2015	2016	2017	2018	2019
Jan	126.3	134.1	151.3	140.8	154.8
Feb	125.9	134.1	149.3	140.0	
Mar	125.9	134.1	142.9	141.2	
Apr	125.1	132.9	141.0	140.9	
May	124.1	134.5	137.5	141.7	
Jun	122.3	136.5	136.1	143.1	
Jul	124.8	137.9	136.3	144.9	
Aug	126.1	139.1	137.1	148.6	
Sep	126.2	140.0	137.6	149.8	
Oct	128.5	140.8	138.0	151.1	
Nov	129.9	147.9	139.4	152.2	
Dec	131.9	152.3	139.4	152.8	

Wheat WPI has increased from 152.8 in December-2018 to 154.8 in January-2019. Monthly wheat inflation has increased by 1.31 percent in January-2019 compared to previous month. As compared to January-2018 wheat WPI has increased by around 9.94 percent. Wheat WPI is expected to stay steady to weak in coming months.

Food grains WPI increased by 0.5 in January-19 to 151.4 compared to 149.9 in December-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
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
19-Feb	2105.63	2045.00	2070.65	2092.29	2379.13

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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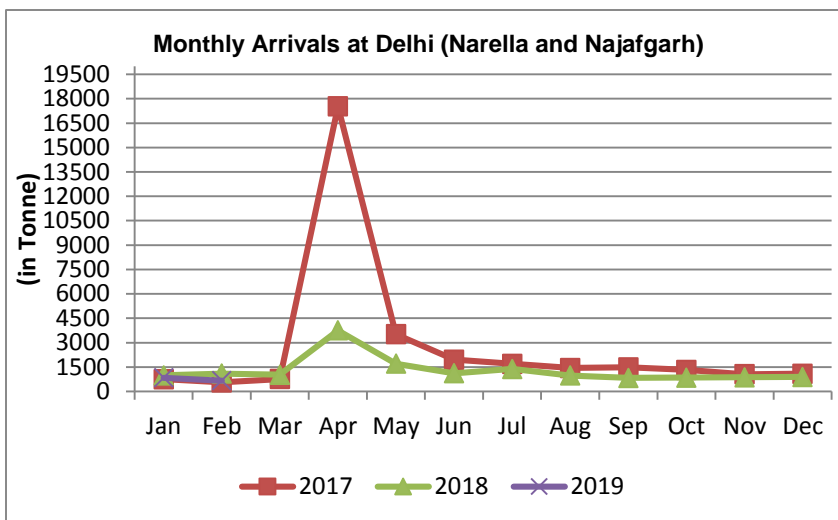
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Mar-19	28-Feb-19	22-Feb-19	30-Jan-19	1-Mar-18
Delhi	Lawrence Road	Mill Delivery	2100	2110	2100	2100	1780
	Narella	Mill Quality Loose	2080	2100	2060	Closed	1700
	Nazafgarh	Mill Quality Loose	1950	1990	2000	Closed	1690
Gujarat	Rajkot	Mill Delivery	1925	1925	1990	2010	1550
	Ahmedabad	Mill Delivery	2070	2070	2125	2175	1780
	Surat	Mill Delivery	2110	2110	2160	2225	1830
	Dhrol	Mill Delivery	2150	2180	2145	2260	NA
M.P.	Indore	Mill Quality Loose	1950	1950	1940	2150	1750
	Bhopal	Mill Delivery	1925	1900	1960	1975	1710
Rajasthan	Kota	Mill Quality Loose	1940	1940	1980	1950	Closed
		Mill Delivery	2025	2025	2100	2050	Closed
U.P.	Kanpur	Mill Delivery	2050	2050	2100	2000	Closed
	Mathura	Mill Quality Loose	1990	2000	2040	1820	Closed
	Kosi	Mill Quality Loose	2020	2070	2030	2030	Closed
	Hathras	Mill Quality Loose	NA	NA	NA	2070	NR
	Aligarh	Mill Quality Loose	1960	1980	1950	Closed	NR
Punjab	Khanna	Mill Quality Loose	1930	1930	1950	1970	1710
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1915	1910	1970	1920	1730
	Hodal	Mill Delivery	2050	2050	2070	2050	1750
	Bhiwani	Mill Quality Loose	2000	2000	2015	2035	Closed
	Karnal	Mill Quality Loose	NA	NA	NA	NA	1725
	Panipat	Mill Quality Loose	NA	NA	NA	NA	1625
Tamil Nadu	Chennai	Mill Quality	2300	2300	2300	2400	Closed
	Madurai	Mill Quality	2357	2450	2350	2500	Closed
	Coimbatore	Mill Quality	2357	2500	2400	2550	Closed
Bihar	Khagariya	Mill Delivery	2100	2100	2150	2150	1700
	Muzaffarpur	Mill Delivery	2100	2100	2100	2100	Closed

Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased to 659 tonnes in February-2019 compared to 837 tonnes in January-2019. Currently wheat is being traded around Rs 2070-2080 per quintal in Narela.

Domestic Outlook:

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



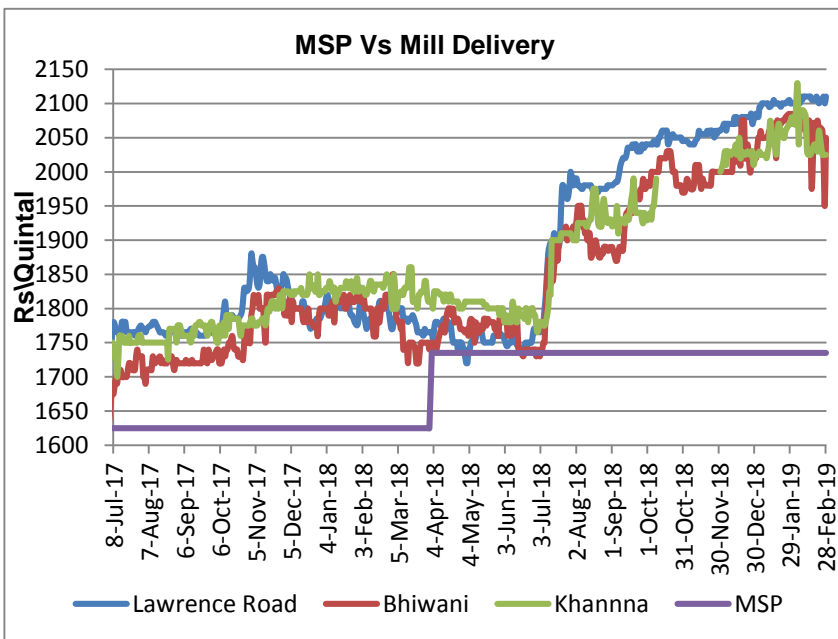
MSP Vs Mill Delivery Prices

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.

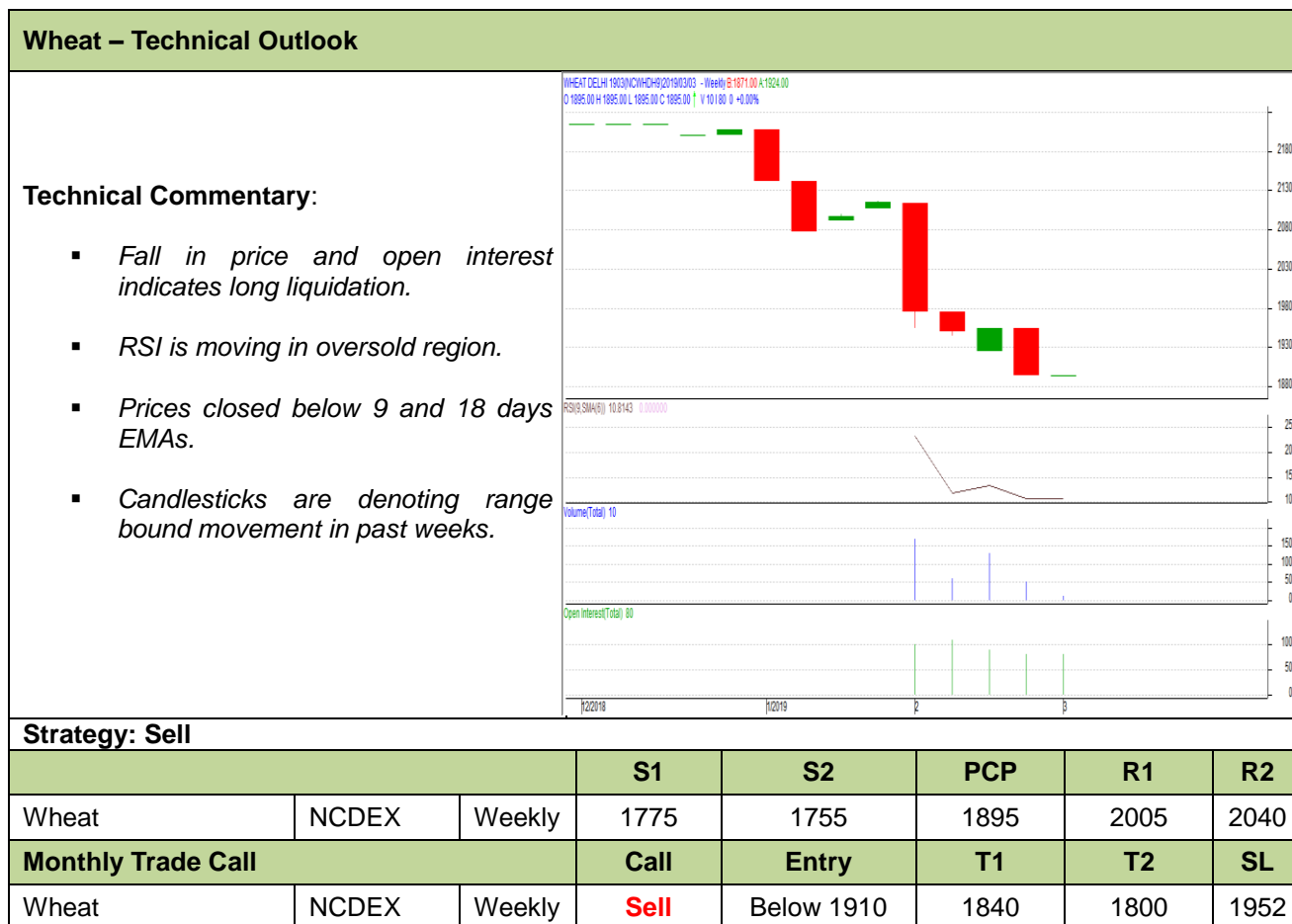
Government increased minimum support price (MSP) of wheat from Rs 1735 per quintal in 2018-19 to Rs 1840 per quintal in 2019-20. As the chart depicts mill delivery prices remained above MSP during MY 2018-19.

Government has set procurement target of 35.7 MMT in MY 2019-20 compared to 32.0 MMT in MY 2018-19. In the previous season government surpassed its procurement target and procured 35.5 MMT.

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Wheat Technical Analysis:

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* Do not carry-forward the position next month.

International Market Dynamics

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Russian milling wheat prices became weak by \$3 per tonne at Novorossiysk and \$2-4 per tonne at Odessa compared to last week. Wheat prices were weak due to weak export demand as buyers have started buying from Argentina, USA and France. As per IGC, Russia is expected to produce 71.60 MMT in 2018-19 compared to 85.10 MMT in 2017-18. As of now Russian milling wheat with 12.5% protein content at Novorossiysk port is being quoted at FoB \$233.00-236.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$233.00-237.00/tonne.

Sudan is expecting to buy 9 LMT of wheat from local farmers, which will meet around 42% of country's wheat demand. The purchase price will be \$38.95 per sack. Sudan has already faced anti-government protests after increase in bread prices.

Russian Agriculture Ministry has dismissed any rumors regarding imposing restriction on grain exports. Furthermore, the Russian ministry has also kept its grain export quota unchanged at 42 MMT after taking into account the data of key exporters.

Dry spell in Australia is likely to continue in coming months. This will lead to lower yields for wheat and ultimately resulting in third consecutive year of low production. Lower production in Australia is likely to keep global prices afloat.

As per latest update, NOFI has bought 60000 tonnes of feed wheat. The prices are likely to be around \$253.60 per tonne (Cost and Freight). The origin is optional and the said quantity is likely to arrive by July 10. The seller was trading house Bunge.

Iran, Russia and Kazakhstan have already signed a memorandum for cooperating in wheat trading. Iran has reached self-sufficiency by increasing output and not allowing private millers to export flour using wheat produced domestically. Therefore, private millers may still import wheat from Russia to process and export it to neighbouring countries.

As per latest update, Australia has exported 4.47 MMT of wheat during July-December'18 down by around 40 percent compared to previous year during the same period. Of the total quantity, exports in bulk were around 3.90 MMT and the top buyers were Indonesia, Iraq and Korea.

Egypt has purchased 300000 tonnes of United States, Ukraine and France wheat through tender. Glencore offered 120000 tonnes of French wheat at FOB \$224.50/tonne, Cargill offered 120000 tonnes of U.S. soft red wheat at FOB \$234.47/tonne and Louis Dreyfus offered 60000 tonnes of Ukrainian wheat at FOB \$247.90/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.

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.

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***
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
Feb-19	222.47	237.20	240.80	240.35	240.90	194.38	331.85	334.95

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)
28.12.2018	9.95	21.17	47.05	41.06
04.01.2019	9.34	20.74	45.75	39.84
11.01.2019	8.16	19.49	43.05	37.25
18.01.2019	7.50	18.81	40.40	34.86
25.01.2019	6.44	17.43	37.19	31.90
01.02.2019	5.89	16.42	35.56	30.37
08.02.2019	5.88	16.48	34.76	29.61
15.02.2019	6.03	16.70	35.54	30.24
22.02.2019	6.19	16.99	38.18	32.58
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: 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: 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	30.01.2019	06.02.2019	13.02.2019	20.02.2019	27.02.2019
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	240.0-246.0	242.0-246.0	240.0-245.0	235.0-241.0	233.0-237.0
Milling wheat 11.5%	237.0-242.0	237.0-241.0	238.0-242.0	230.0-236.0	228.0-234.0
Feed wheat	223.0-228.0	227.0-231.0	228.0-232.0	225.0-230.0	225.0-225.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	240.0-246.0	244.0-247.0	239.0-245.0	236.0-239.0	233.0-236.0
Milling wheat 11.5%	238.0-242.0	238.0-244.0	237.0-242.0	230.0-236.0	229.0-233.0
Feed wheat	223.0-228.0	230.0-233.0	224.0-230.0	220.0-225.0	210.0-215.0

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			20.02.2019	27.02.2019
Russia	Wheat, 12.5% protein	Apr-May	230-240	230-235
Ukraine	Wheat, 11.5% protein	Apr-May	225-235	225-230
Ukraine/Russia	Feed wheat	Apr-May	-	-

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)	
				24.01.2019	21.02.2019
Production	740	757	764	737	735
Trade	166	177	175	170	170
Consumptions	720	735	741	745	744
Carryover stocks	227	248	271	263	262
Y-O-Y change	19	22	22	-	-8
Major Export	68	79	82	65	66

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 735 MMT for 2018-19. According to estimate by IGC for 2017-18, global wheat production was around 764 MMT against 757 MMT for 2016-17. The forecast for global production is lower by 29 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 remains unchanged at 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 744 MMT for 2018-19. The forecast is higher by 9 MMT compared to 2016-17.
- Carryout for 2018-19 is forecasted at 262 MMT compared to forecast of 271 MMT last year. It is higher by around 14 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 01.03.2019)							
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	939	19,200	5,650	10	13,500	499	18,500
Australia	5,868	17,000	9,000	150	10,000	4,018	21,300
Canada	6,180	31,800	9,300	450	24,000	5,130	29,984
China	131,263	131,430	125,000	3,500	1,200	139,993	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	1,300	3,333	26,674
Russia	11,868	71,600	40,500	500	37,000	6,468	84,992
Ukraine	1,237	25,500	8,700	25	16,500	1,062	26,981
U S	29,907	51,287	30,291	3,750	29,000	27,497	47,380
Others	60,596	124,128	268,058	161,086	24,503	53,699	123,256
World total	280,021	734,745	744,799	176,176	179,503	267,534	763,175

Source: USDA

CBOT Futures Mar-19 Chart:

1st Support: 149.00
2nd Support: 147.00
1st Resistant: 196.00
2nd Resistant: 198.00
(\$ per tonne)

Wheat CBOT closed at \$4.46 per bushel up by \$ 0.79 per bushel compared to previous month. CBOT fell sharply due to cheap global supplies and technical selling in previous week. This week's (15-21 February'19) net sales of 476,400 metric tons (MT) were reported for delivery in 2018/19, down 20 percent from last week's 600,000 MT (3.57 MMT divided by 6 weeks for the time period 04th Jan'19-14th Feb'19),. Sales were in line with trade expectations of 200,000 to 500,000 MT.

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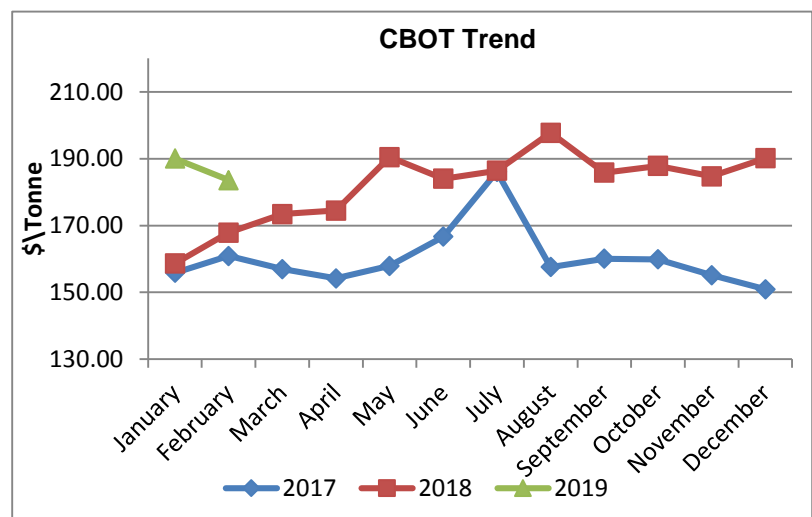
CBOT comparison over period of time:

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-Mar-19	22-Feb-19	1-Feb-19	1-Dec-18	1-Sep-18	1-Mar-18	
Mar-19	166.80	178.83	192.61	188.75	207.76	206.02	-19.04
May-19	167.99	180.67	194.08	191.05	212.27	207.58	-19.07
Jul-19	170.20	181.86	195.46	193.62	209.51	207.95	-18.15
Sep-19	173.78	185.35	198.21	197.29	212.08	212.27	-18.13
Dec-19	179.38	190.31	202.80	202.71	216.31	216.58	-17.18
Mar-20	184.07	194.17	206.20	206.75	218.97	219.34	-16.08

CBOT Trend

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

CBOT average monthly price for February'19 is higher by \$ 15.73 per tonne compared to last year for the same month and down by \$ 6.47 per tonne compared to February'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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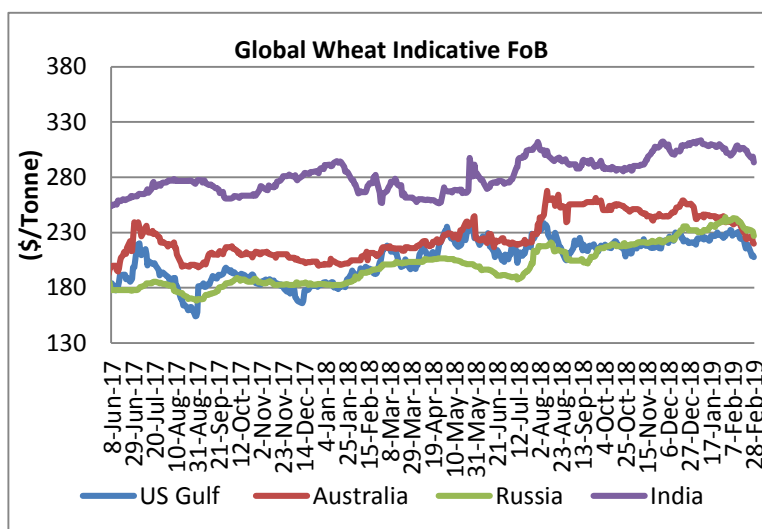
All prices are for SRW/milling grade	1st Sep-18	1st Oct-18	1st Nov-18	1st Dec-18	1st Jan-19	1st Feb-19	1st Mar-19
USA	211.16	212.70	216.00	215.50	221.00	226.50	209.51
France	206.25	201.25	196.75	200.25	204.25	203.25	214.17
Australia	255.50	257.69	251.12	245.28	253.21	239.40	220.81
Russia	206.00	215.00	219.50	221.50	232.00	244.00	231.00
India	291.17	290.22	286.47	311.07	312.14	305.86	298.58

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 \$293.54-308.71 per tonne.

US and Russian quotes are hovering in the range of \$207.82-232.30 and \$226.50-243.00 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 \$195 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 137.7 MMT in 2018-19 compared to 151.4 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 17.3 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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