

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 3.33 percent from Rs 2091.69 in February - 2019 to Rs 2022.09 per qtl in March -2019. Average price in March-2019 is higher by 12.38 percent compared to Rs 1799.34 per quintal registered in March-2018. Prices are expected to remain weak in coming days due to abundant availability and arrival pressure in domestic market.

AW Production Estimate: As per Agriwatch production estimate is likely to be around 96.50 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 116.21 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 \$50-55 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$224.00/220.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$274.29 per tonne. India exported 6.35 thousand tonne wheat in February'19. Total export in MY 2017-18 was registered around 364.4 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 February'19.

FoB/CiF Quotes: Indian FoB quote hovered around \$273.96-294.47 per tonne in February. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$214.50-226.50, \$213.00-226.00, Euro 179.75-188.25, \$201.50-216.60 and \$215.13-230.75 per tonne respectively. Wheat prices in international markets witnessed steady tone in March.

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 18.30 mm of actual rainfall against 30.90 mm of normal rainfall during the month of March-2019. During this time period, deficient rain was received in all major producing states except East Madhya Pradesh. India has received 16.50 mm of rainfall during March-2018. Actual rainfall was below normal in March-2018. Although rainfall recorded was below normal but lower temperatures during day and night have supported wheat crop.

E-Auction: Government has offered 11019400 tonnes of wheat in OMSS since July'18 until fourth tender in March'19 out of which 8183900 tonnes was sold. Total numbers of rakes sold were 196. State government and bulk consumers bought 749600 tonnes and 6914900 tonnes of wheat respectively. 519400 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 1830 levels for a target of 1780 with a stop loss at 1860 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 | 19.71 | 19.71 | 92.29 | 68.34 | 44.36 |
| Production | 95.50 | 96.50 | 96.50 | 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 | 116.21 | 116.21 | 92.29 | 68.34 | 44.36 |
| Consumption | 95.00 | 95.50 | 23.87 | 23.87 | 23.88 | 23.88 |
| Exports | 0.18 | 0.30 | 0.05 | 0.08 | 0.10 | 0.07 |
| Total Usage (E+F) | 95.18 | 95.80 | 23.92 | 23.95 | 23.98 | 23.95 |
| Carry out (D-G) | 19.71 | 20.41 | 92.29 | 68.34 | 44.36 | 20.41 |
| Av Monthly Consumption | 7.92 | 7.96 | 1.99 | 1.99 | 1.99 | 1.99 |
| Stock to Month Use | 2.49 | 2.56 | 46.40 | 34.36 | 22.29 | 10.26 |
| Stock to Consumption Ratio | 0.03 | 0.03 | 1.94 | 1.44 | 0.93 | 0.43 |

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

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

As per Agriwatch production estimate is likely to be around 96.50 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 116.21 MMT from 114.89 MMT in MY 2018-19.

Carry out is expected to be around 20.41 MMT for 2019-20 compared to 19.71 MMT for 2017-18. Domestic demand for wheat is good. Prices are likely to stay steady to weak with small recoveries. Good domestic availability will ensure that there are no unexpected surge in prices.

As per market sources, wheat stock in central pool as on 1st March'19 stood at 201.09 lakh tonnes down by 15.97% compared to last month. This quantity is higher by around 32.69% 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 March'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 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. Furthermore, imports will also remain at lower side in MY 2019-20.

Traders are expecting market to move downwards in coming weeks due to arrival pressure. Furthermore, high moisture content in early harvested crop has restricted buyers to participate in market.

As per latest update, wheat purchase has started in Madhya Pradesh and around 5000 quintals have been purchased from 119 cultivators. Only fair average quality (FAQ) wheat will be procured. Farmers are being informed that they should bring their produce after using fan-strainer and drying it properly.

India mainly imports from Australia and Russia. Wheat prices recovered slightly in past week. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$335.40 (Rs 23190.00) per tonne and \$335.07 (Rs 23167.09) 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 22000 per tonne and Rs 22500 per tonne respectively.

Previous Updates:

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

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.

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 (2019) | 2017 | 2018 | 2019 | % Change 2019 vs. 2018 |
| Bihar | 21.18 | 22.95 | 23.27 | 22.87 | -1.72 |
| Chhattisgarh | 1.05 | 1.73 | 1.85 | 1.68 | -9.19 |
| Gujarat | 10.85 | 9.96 | 10.76 | 8.07 | -24.97 |
| Haryana | 25.46 | 25.38 | 25.26 | 25.16 | -0.40 |
| Himachal Pradesh | 3.48 | 3.59 | 3.6 | 3.50 | -2.78 |
| J&K | 2.94 | 2.31 | 2.93 | 2.44 | -16.88 |
| Jharkhand | 1.76 | 2.08 | 2.31 | 1.64 | -29.07 |
| Karnataka | 1.95 | 1.57 | 2.09 | 1.50 | -28.37 |
| Madhya Pradesh | 57.24 | 64.22 | 53.16 | 60.00 | 12.87 |
| Maharashtra | 10.24 | 10.52 | 9.4 | 5.69 | -39.44 |
| Punjab | 35.06 | 35 | 35.1 | 35.02 | -0.23 |
| Rajasthan | 30.26 | 30.67 | 30.2 | 28.25 | -6.46 |
| Uttar Pradesh | 97.44 | 100.52 | 98.67 | 99.13 | 0.47 |
| Uttarakhand | 3.47 | 3.59 | 3.58 | 3.45 | -3.63 |
| West Bengal | 3.30 | 3.39 | 1.36 | 1.05 | -22.79 |
| Others | 0.61 | 0.21 | 0.75 | 0.23 | -69.33 |
| All-India | 306.29 | 317.81 | 304.29 | 299.68 | -1.52 |

Source: Ministry of Agriculture

Wheat Procurement RMS 2018-2019 (Source: FCI)

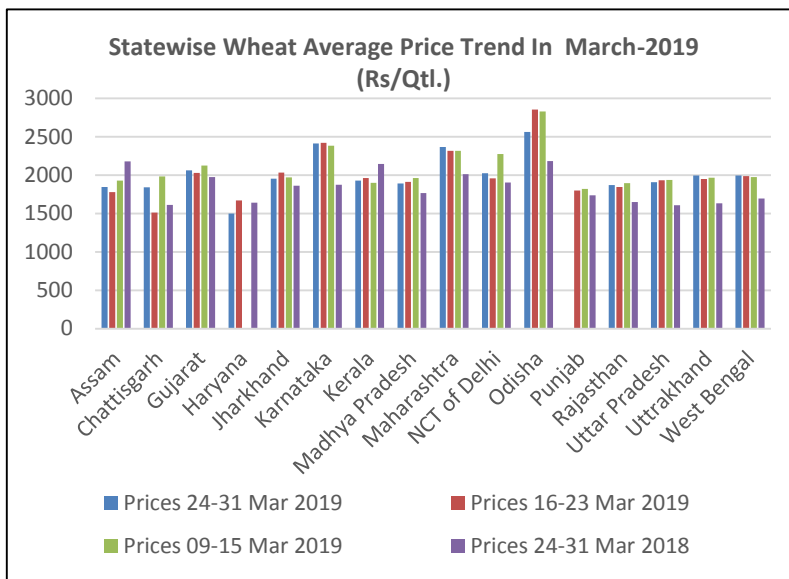
| State | Target for Procurement In Marketing Season 2018-19(April To March) | Comparative Procurement RMS 2018-19 and 2017-18 (Fig In Million Metric Tonnes) | | |
|----------------|--|--|-----------------------------|-------------------------|
| | | In Marketing Season 2018-19 | In Marketing Season 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 3.33 percent from Rs 2091.69 in February -2019 to Rs 2022.09 per qtl in March -2019. Average prices remained weak in all major states except Maharashtra, Rajasthan, Chhattisgarh and Gujarat.

Prices are likely to stay steady to weak due to arrival pressure and good availability in domestic market. Import duty of 30% on wheat will ensure there are no imports from Australia and Russia/Ukraine. Import restriction due to duty has provided favourable prices for wheat in domestic market. Domestic prices are not able to get support from exports as other major producing country are able provide wheat at lower prices.

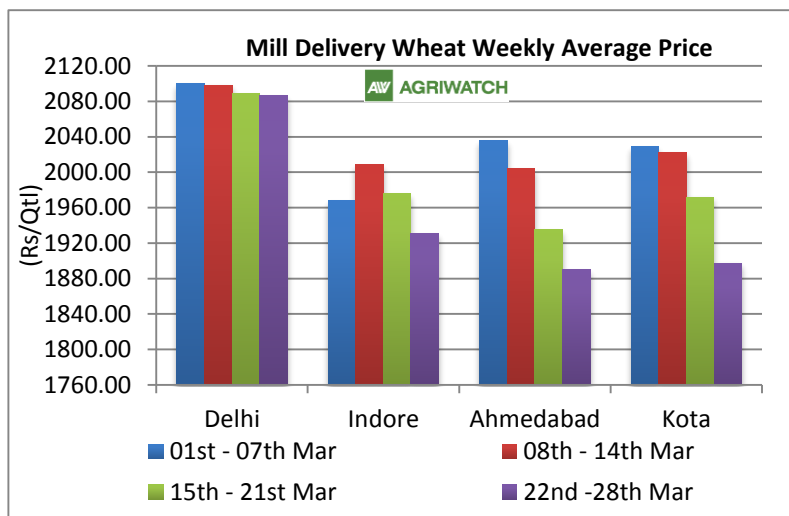
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Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

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

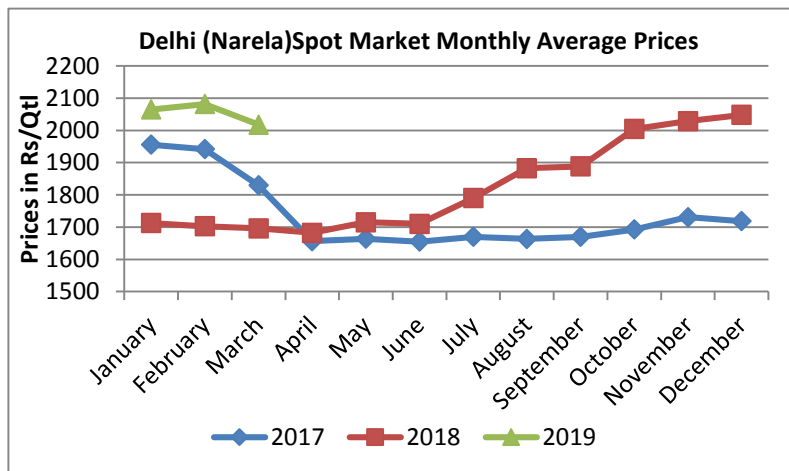
Market is likely to trade steady to weak in the coming week due to ample availability. Arrivals have started in Madhya Pradesh, Punjab, Rajasthan, Maharashtra and Gujarat. Conducive weather in major growing regions has led to better yields. Traders believe that another good production in MY 2019-20 may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



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 2082.00 per quintal in February-2019 to Rs 2018.00 per quintal in March-2019. Prices are likely to touch Rs 1825-1850 per quintal in Narela market.

The prices are weak by 3.07 percent compared to last month and firm by 18.99 percent compared to corresponding month last year. Arrivals in Narela have increased by 450 quintal to 5700 quintal in the month of March-2019.



Wheat Exports:

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According to latest update, India exported around 6.35 thousand tonne wheat in the month of February-2019.

It is around 1.84 thousand tonnes higher compared to export quantity (4.51 thousand tonne) in January-2019. 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 (\$43 to \$66 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 | 6.35 | 403.91 | 183.59 |
| 19-Mar | | | |
| Total 2018-19(000T) | 36.64 | 393.53 | 186.85 |

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 February-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 \$224.00 per tonne in Russia and \$220.00 per tonne in Ukraine. Australia and France are also providing wheat at \$ 230.75 per tonne and Euro 185.25 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 | 0.00 | 0.00 | 190.16 |
| 19-Jan | 0.00 | 0.00 | 190.06 |
| 19-Feb | 0.00 | 0.00 | 183.59 |
| 19-Mar | | | |
| Total 2018-19 | 1.00 | 239.50 | 186.85 |

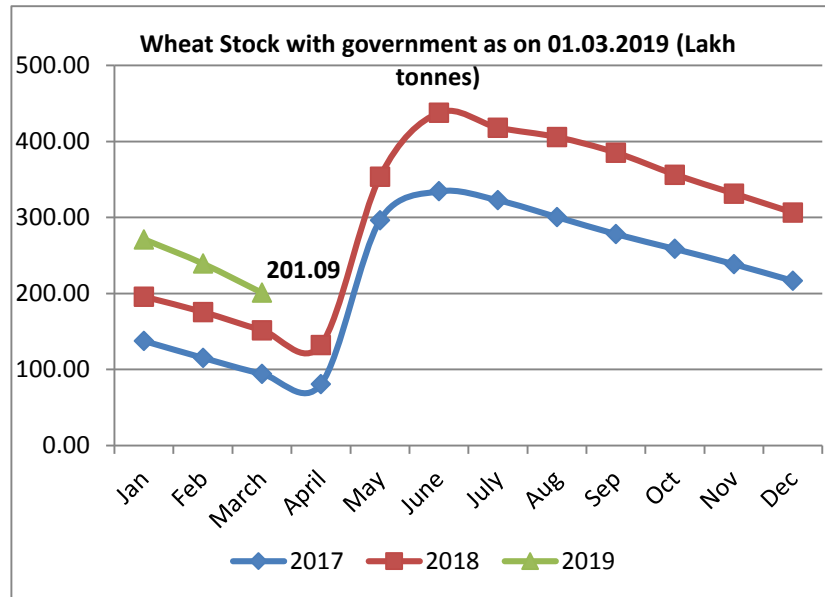
Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.03.2019 was around 201.09 lakh tonne. It is lower by 15.97 % from February-2019. Stock in central as on 01st March'19 is highest in last four years. Government has procured intensively and has surpassed its procurement target in MY 2018-19.

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 increased its procurement target to 35.70 MMT for MY 2019-20.



Wheat Inflation:

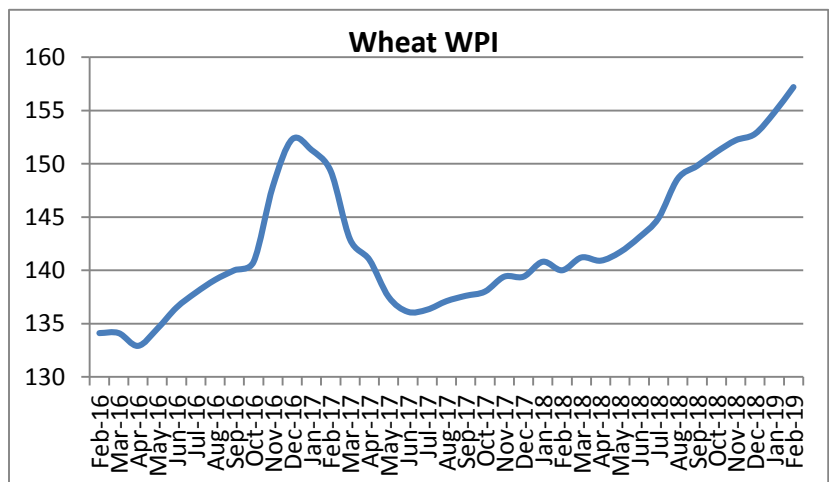
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| Month/Year | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------|-------|-------|-------|-------|-------|
| Jan | 126.3 | 134.1 | 151.3 | 140.8 | 154.8 |
| Feb | 125.9 | 134.1 | 149.3 | 140.0 | 157.8 |
| Mar | 125.9 | 134.1 | 142.9 | 141.2 | |
| Apr | 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 154.8 in January-2019 to 157.2 in February-2019. Monthly wheat inflation has increased by 1.55 percent in February-2019 compared to previous month. As compared to February-2018 wheat WPI has increased by around 12.29 percent. Wheat WPI is expected to stay steady to weak in coming months.

Food grains WPI increased by 2.5 in February-19 to 153.9 compared to 151.4 in January-19.

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-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 |
| 19-Mar | 2092.08 | 1965.94 | 1964.78 | 1924.72 | 2242.39 |

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-Apr-19 | 1-Apr-19 | 26-Mar-19 | 2-Mar-19 | 2-Apr-18 |
| Delhi | Lawrence Road | Mill Delivery | 2060 | 2070 | 2080 | 2100 | 1765 |
| | Narella | Mill Quality Loose | 1950 | 1950 | 1980 | 2070 | 1700 |
| | Nazafgarh | Mill Quality Loose | NA | 1925 | 1925 | 1950 | 1670 |
| Gujarat | Rajkot | Mill Delivery | 1760 | 1760 | Closed | 1875 | 1510 |
| | Ahmedabad | Mill Delivery | 1910 | 1880 | Closed | 2060 | NA |
| | Surat | Mill Delivery | 1950 | 1930 | Closed | 2100 | 1800 |
| | Dhrol | Mill Delivery | NR | NR | Closed | 2305 | Closed |
| M.P. | Indore | Mill Quality Loose | 1825 | Closed | 1825 | 1950 | 1600 |
| | Bhopal | Mill Delivery | 1850 | Closed | 1900 | 1925 | 1700 |
| Rajasthan | Kota | Mill Quality Loose | 1715 | 1700 | 1750 | 1900 | 1540 |
| | | Mill Delivery | 1825 | 1800 | 1875 | 2000 | 1630 |
| U.P. | Kanpur | Mill Delivery | 2150 | 2150 | 2100 | 2050 | 1715 |
| | Mathura | Mill Quality Loose | 1850 | 1850 | 1850 | 1970 | 1600 |
| | Kosi | Mill Quality Loose | 1800 | 1850 | 2000 | 2040 | 1600 |
| | Hathras | Mill Quality Loose | 1925 | 1925 | NA | NA | 1605 |
| | Aligarh | Mill Quality Loose | 1825 | 1830 | 1980 | 1960 | 1600 |
| Punjab | Khanna | Mill Quality Loose | 1860 | 1860 | 1820 | 1930 | Closed |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | NA | Closed |
| Haryana | Sirsa | Mill Delivery loose | 1865 | 1865 | 1880 | 1915 | 1715 |
| | Hodal | Mill Delivery | 2000 | 2000 | 2060 | 2050 | 1700 |
| | Bhiwani | Mill Quality Loose | 1930 | 1925 | 1960 | 2000 | 1700 |
| | Karnal | Mill Quality Loose | NA | NA | NA | NA | 1700 |
| | Panipat | Mill Quality Loose | NA | NA | NA | NA | 1625 |
| Tamil Nadu | Chennai | Mill Quality | 2250 | 2250 | 2200 | 2300 | 2000 |
| | Madurai | Mill Quality | 2307 | 2350 | 2300 | 2450 | 2200 |
| | Coimbatore | Mill Quality | 2307 | 2400 | 2350 | 2500 | 2250 |
| Bihar | Khagariya | Mill Delivery | 1800 | 1800 | 2100 | 2100 | 1700 |
| | Muzaffarpur | Mill Delivery | 2100 | 2100 | 2100 | 2100 | 1625 |

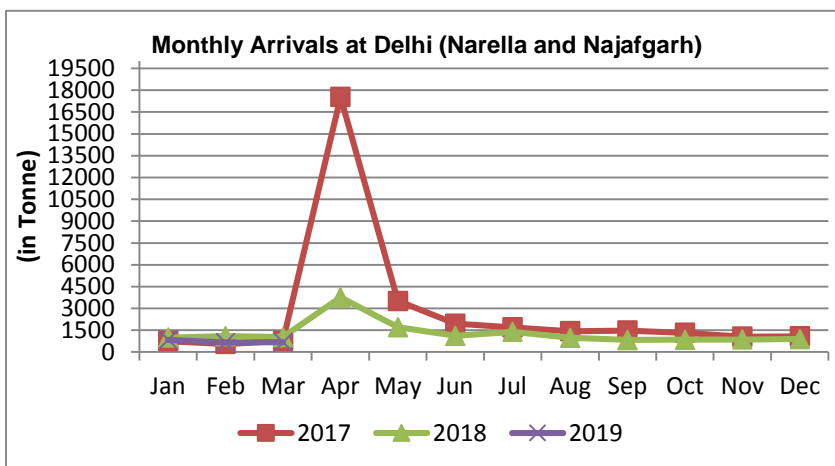
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) increased to 677 tonnes in March-2019 compared to 659 tonnes in February-2019. Currently wheat is being traded around Rs 1900-1950 per quintal in Narela.

Domestic Outlook:

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



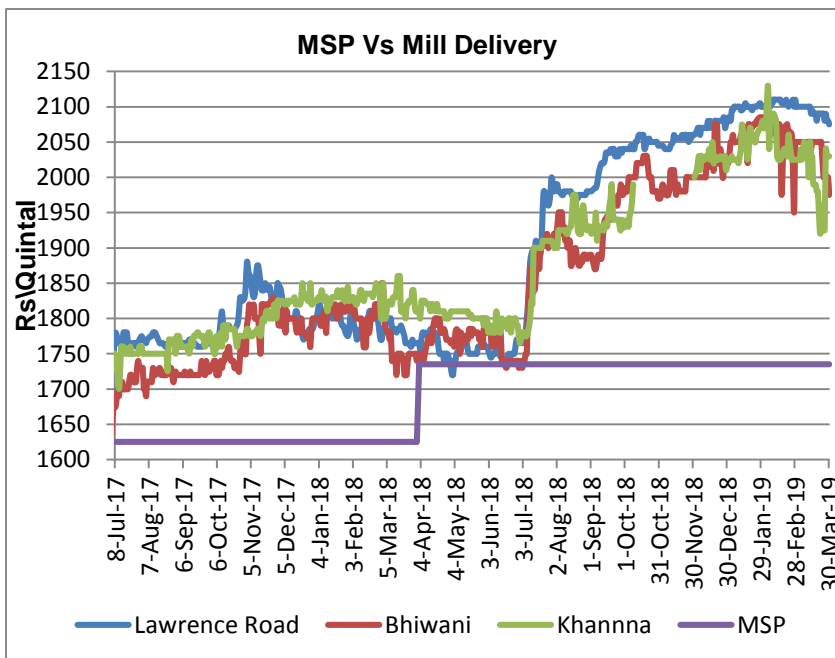
MSP Vs Mill Delivery Prices

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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.

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 Outlook

Technical Commentary:

- *Fall in price and open interest indicates long liquidation.*
- *RSI is moving in oversold region.*
- *Prices closed below 9 and 18 days EMAs.*
- *Candlesticks are denoting weak movement in past weeks.*

**Strategy: Sell**

| | | | | | | | |
|---------------------------|-------|--------|-------------|--------------|------------|-----------|-----------|
| | | | S1 | S2 | PCP | R1 | R2 |
| Wheat | NCDEX | Weekly | 1700 | 1675 | 1825 | 1905 | 1935 |
| Monthly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Wheat | NCDEX | Weekly | Sell | Below 1830 | 1780 | 1740 | 1860 |

* Do not carry-forward the position next month.

International Market Dynamics

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As per latest update by ABARES, Australia is likely to produce 23.9 MMT of wheat in 2019-20 compared to 17.30 MMT in 2018-19. The forecast for 2019-20 is slightly lower than 10-year average of 23.9 MMT. The wheat output will rise only if rain arrives on time as farmers will be sowing in dry fields during April'19 and expecting rains in next few weeks.

Taiwan flour mills association has bought 110000 tonnes of milling wheat from United States. Of the total quantity, 27910 tonnes of U.S. dark northern spring wheat of 14.5 percent protein content bought at FOB \$254.13 per tonne, 19665 tonnes of hard red winter wheat of 12.5 percent protein content was bought at FoB \$244.88 per tonne and 7425 tonnes of soft white wheat with 9 percent protein was bought at FoB \$222.30 per tonne. The seller was trading house Cargill.

Egypt has purchased 120000 tonnes of United States soft red wheat through tender. Cargill has offered two lots of 60000 tonnes each at FOB \$221.00/tonne FOB \$220.91/tonne.

Major feed mill group of South Korea has purchased around 65000 tonnes of feed wheat at \$212.99/tonne cost and freight. Around \$1.25 per tonne will be charged for port unloading. Feed wheat can be sourced from any optional worldwide origins. The seller is believed to be trading house Olam.

Algeria state grains agency OAIC has bought around 450000 tonnes of milling wheat in a tender that closed on Wednesday. The prices paid were in the range of \$231.50 - \$234.00 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from France. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments. In its last tender on 14th February OAIC bought 600000 tonnes of wheat.

Egypt's central bank has exempted lentils, rice and wheat from a rule that made it mandatory to deposit the import fees upfront in cash. This exemption will last until 15th March'2020. This would allow letter of credit to be opened without depositing foreign currency. This rule was put in place by central bank of Egypt in 2015 during severe dollar shortage.

Saudi Arabia's main state wheat buying agency the Saudi Grains Organization (SAGO) has purchased 625000 tonnes of hard wheat. The wheat can be sourced from European Union, North America, South America excluding Canada and Australia. The quantity will be shipped in 10 consignments to three ports. Of the total quantity 320000 tonnes will be delivered at Jeddah port, 250000 tonnes will be delivered at Dammam port and 55000 tonnes at Jazan port.

Russian milling wheat prices became firm by \$5 per tonne at Novorossiysk and \$5-6 per tonne at Odessa compared to last week. High domestic prices and strong ruble supported Russian wheat prices. 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 \$225.00-230.00/tonne and milling wheat with 12.5% protein content at Odessa is being quoted at FoB \$223.00-228.00/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.

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.

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*** |
|---------|----------|----------|---------------|----------------|---------------|-------------|-------------------|-------------------|
| 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 |
| Mar-19 | 211.27 | 224.44 | 225.47 | 224.53 | 225.80 | 183.57 | 320.71 | 318.45 |

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) |
|--------------------------|-------------------------------------|-----------------------------------|----------------------------|---------------------------------|
| 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 |
| 01.03.2019 | 7.07 | 17.92 | 39.68 | 34.00 |
| 08.03.2019 | 7.20 | 17.96 | 40.91 | 35.17 |
| 15.03.2019 | 7.25 | 18.08 | 39.43 | 33.76 |
| 22.03.2019 | 8.26 | 19.14 | 38.41 | 32.80 |
| 29.03.2019 | 9.15 | 19.73 | 38.04 | 32.49 |
| 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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Russia: The Russian Federation, Kazakhstan and Iran signed a Memorandum of Understanding on wheat trade cooperation. Among other features, the agreement paves the way for the Russian Federation and Kazakhstan to use Iran's logistical capabilities and transit routes to deliver wheat exports to third countries.

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 | 20.02.2019 | 27.02.2019 | 06.03.2019 | 13.03.2019 | 20.03.2019 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Odessa, FOB(\$/tonnes) | | | | | |
| Milling wheat 12.5% | 235.0-241.0 | 233.0-237.0 | 223.0-228.0 | 218.0-222.0 | 223.0-228.0 |
| Milling wheat 11.5% | 230.0-236.0 | 228.0-234.0 | 218.0-224.0 | 212.0-217.0 | 217.0-221.0 |
| Feed wheat | 225.0-230.0 | 225.0-225.0 | 211.0-215.0 | 209.0-213.0 | 212.0-216.0 |
| Novorossiysk, FOB(\$/tonnes) | | | | | |
| Milling wheat 12.5% | 236.0-239.0 | 233.0-236.0 | 224.0-228.0 | 220.0-225.0 | 225.0-230.0 |
| Milling wheat 11.5% | 230.0-236.0 | 229.0-233.0 | 220.0-225.0 | 212.0-217.0 | 217.0-222.0 |
| Feed wheat | 220.0-225.0 | 210.0-215.0 | 207.0-211.0 | 205.0-209.0 | 208.0-212.0 |

Source: Reuters

Forward Prices for 2018 Crop Black Sea Region

| Origin | Commodity | Delivery period | Price (USD/MT) | |
|----------------|----------------------|-----------------|----------------|------------|
| | | | 13.03.2019 | 20.03.2019 |
| Russia | Wheat, 12.5% protein | May-June | NA | 225-235 |
| Ukraine | Wheat, 11.5% protein | May-June | NA | 220-225 |
| Ukraine/Russia | Feed wheat | May-June | NA | NA |

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)

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| IGC Forecast(Fig-In MMT) | 2016-17 | 2017-18 (Estimate) | 2018-19(Forecast) | | 2019-20(Proj.) |
|---------------------------|---------|-----------------------|-------------------|------------|----------------|
| | | | 21.02.2019 | 28.03.2019 | 28.03.2019 |
| Production | 757 | 763 | 735 | 735 | 759 |
| Trade | 177 | 175 | 170 | 171 | 174 |
| Consumptions | 735 | 741 | 744 | 742 | 752 |
| Carryover stocks | 248 | 271 | 262 | 264 | 270 |
| Y-O-Y change | 22 | 22 | - | -7 | 6 |
| Major Export | 79 | 82 | 66 | 68 | 68 |

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 759 MMT for 2019-20. According to forecast by IGC for 2018-19, global wheat production was around 735 MMT against 763 MMT for 2017-18. The forecast for global production is higher by 24 MMT compared to forecast for 2018-19. IGC has projected higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 174 MMT. It is 3 MMT higher compared to forecast for last year and lower by 1 MMT compared to 2017-18.
- Consumption has been increased to 752 MMT for 2019-20. The projection is higher by 10 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 270 MMT compared to forecast of 264 MMT last year. It is lower by around 1 MMT compared to 2017-18.

USDA Balance Sheet

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| USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.04.2019) | | | | | | | |
|--|-----------------------|------------------------------|------------------------------|----------------|----------------|----------------------|--------------------|
| 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 | 19,500 | 5,650 | 10 | 13,500 | 599 | 18,500 |
| Australia | 5,868 | 17,300 | 9,200 | 150 | 10,000 | 4,118 | 21,300 |
| Canada | 5,920 | 31,800 | 9,300 | 450 | 24,000 | 4,780 | 29,984 |
| China | 131,263 | 131,430 | 125,000 | 3,500 | 1,200 | 139,993 | 134,334 |
| EU | 14,132 | 137,600 | 124,500 | 6,200 | 23,000 | 10,432 | 151,264 |
| India | 13,203 | 99,700 | 95,000 | 100 | 500 | 17,503 | 98,510 |
| Pakistan | 4,828 | 25,500 | 25,300 | 5 | 1,300 | 3,333 | 26,674 |
| Russia | 11,868 | 71,685 | 40,500 | 500 | 37,000 | 6,553 | 84,992 |
| Ukraine | 1,238 | 25,500 | 8,700 | 60 | 16,500 | 1,098 | 26,981 |
| U S | 29,907 | 51,287 | 30,155 | 3,850 | 28,000 | 28,722 | 47,380 |
| Others | 60,448 | 121,702 | 266,408 | 161,611 | 24,498 | 53,395 | 123,256 |
| World total | 279,614 | 733,004 | 739,713 | 176,436 | 179,498 | 270,526 | 763,175 |

Source: USDA

CBOT Futures Mar-19 Chart:

1st Support: 154.00
2nd Support: 152.00
1st Resistant: 194.00
2nd Resistant: 197.00
(\$ per tonne)

Wheat CBOT closed at \$4.64 per bushel up by \$ 0.18 per bushel compared to previous month. U.S. wheat export sales during 28th Feb-21st March was 1658966 tonnes compared 2263753 tonnes during 31st Jan-27th Feb. Wheat CBOT recovered in previous month on technical buying and short covering. However, this upper trend will be limited by ample global supplies and better than expected U.S. winter wheat condition. Winter wheat crop was rated 55 percent good to excellent condition compared to 32 percent a year ago.

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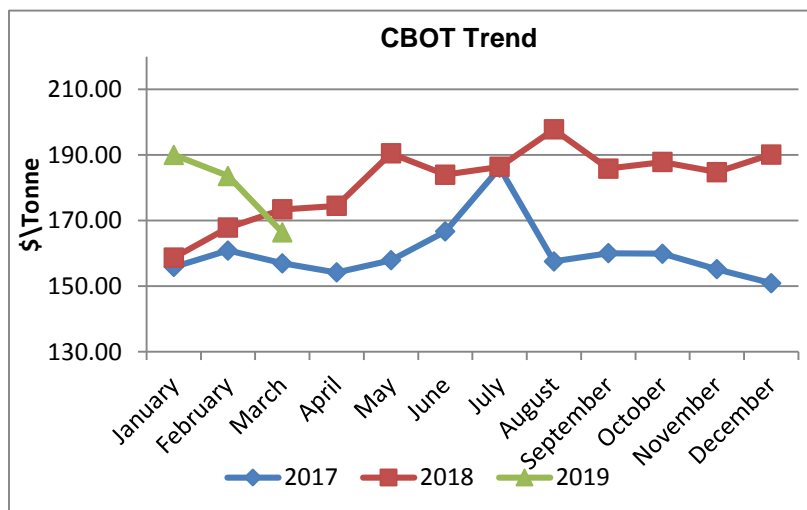
CBOT comparison over period of time:

| CBOT Futures Prices:(USD/T) | | | | | | | |
|-----------------------------|----------|-----------|-----------|-------------|-------------|----------|--------------------------|
| CONTRACT MONTH | Today | Week Ago | Month Ago | 3 Month Ago | 6 Month Ago | Year Ago | % Change over prev. year |
| | 2-Apr-19 | 26-Mar-19 | 2-Mar-19 | 2-Jan-19 | 2-Oct-18 | 2-Apr-18 | |
| Mar-19 | 170.47 | 172.40 | 167.99 | 191.05 | 201.70 | 193.71 | -12.00 |
| May-19 | 172.13 | 174.33 | 170.20 | 193.62 | 203.72 | 195.09 | -11.77 |
| Jul-19 | 174.88 | 177.27 | 173.78 | 197.29 | 208.32 | 198.21 | -11.77 |
| Sep-19 | 179.93 | 182.60 | 179.38 | 202.71 | 214.38 | 203.36 | -11.52 |
| Dec-19 | 184.89 | 187.37 | 184.07 | 206.75 | 218.60 | 206.75 | -10.57 |
| Mar-20 | 187.47 | 189.39 | 187.47 | 208.87 | 220.81 | 206.66 | -9.29 |

CBOT Trend

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

CBOT average monthly price for March'19 is lower by \$ 7.02 per tonne compared to last year for the same month and down by \$ 17.20 per tonne compared to March'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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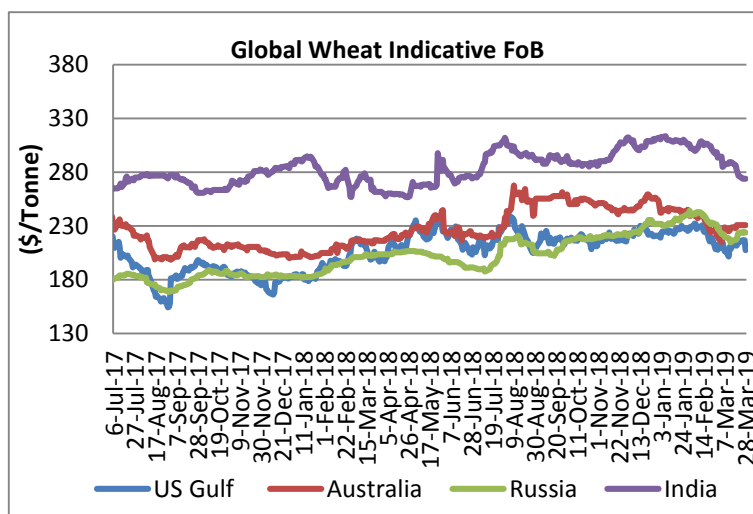
| All prices are for SRW/milling grade | 1st Oct-18 | 1st Nov-18 | 1st Dec-18 | 1st Jan-19 | 1st Feb-19 | 1st Mar-19 | 1st Apr-19 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|
| USA | 212.70 | 216.00 | 215.50 | 221.00 | 226.50 | 209.51 | 204.92 |
| France | 201.25 | 196.75 | 200.25 | 204.25 | 203.25 | 214.17 | 206.87 |
| Australia | 257.69 | 251.12 | 245.28 | 253.21 | 239.40 | 220.81 | 230.75 |
| Russia | 215.00 | 219.50 | 221.50 | 232.00 | 244.00 | 231.00 | 224.00 |
| India | 290.22 | 286.47 | 311.07 | 312.14 | 305.86 | 298.58 | 274.29 |

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 \$273.96-294.47 per tonne.

US and Russian quotes are hovering in the range of \$201.50-216.60 and \$214.50-226.50 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 \$190 to \$240 in coming week.



International Outlook:

Global wheat market is expected to trade steady to weak due to ample global supplies. EU is likely to produce around 149.00 MMT in 2019-20 compared to 137.9 MMT in 2018-19. Russia and Ukraine are likely to harvest 77.1 MMT and 27.50 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 50.70 MMT compared to last year's 51.30 MMT. Australia is likely to produce 22.90 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.10 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.60 MMT in 2019-20 compared to 31.80 MMT in 2018-19.

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