

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat increased by 2.17 percent from Rs 2014.89 in April -2019 to Rs 2058.64 per qtl in May -2019. Average price in May-2019 is higher by 7.91 percent compared to Rs 1907.82 per quintal registered in May-2018. Prices are expected to remain steady to slightly firm in coming weeks due to hike in import duty and a likely increase in demand in upcoming weeks.

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 116.22 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 \$90-91 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$195.00/193.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$285.82 per tonne. India exported 10.69 thousand tonne wheat in March'19. Total export in MY 2017-18 was registered around 2.11 lakh tonne.

Import: At import front, government has increased import duty from 30 percent to 40 percent to reduce flow of imports and provide support to domestic prices. India has imported 498.77 tonnes of Australia prime hard wheat in the month of April-2019. Imports are expected to be low this year due to good domestic availability and increase in import duty. Prior to this import of 1000 tonnes was reported in the month of September-19.

FoB/CiF Quotes: Indian FoB quote hovered around \$282.53-300.79 per tonne in April. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$194.50-209.50, \$192.00-207.50, Euro 196.50-182.50, \$191.00-236.96 and \$180.60-224.25 per tonne respectively. Wheat prices in international markets witnessed weak tone in May.

Supply-Demand: Supply side for FAQ is likely to be good as ample stock is available in domestic market due to three consecutive good production years. 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 40% import duty. No import parity has also increased demand for domestic wheat.

Wheat Third Advance Estimate: As per third advance estimate, wheat production has been pegged at 101.20 MMT compared to 99.87 MMT in its final estimate for 2017-18. The third advance estimate for 2018-19 is lower by 0.92 percent compared to target for 2018-19. Total food grain output is expected to be around 283.37 MMT compared to 285.01 MMT in its final estimate for 2017-18.

Weather Update: India has received 51.00 mm of actual rainfall against 62.30 mm of normal rainfall during the month of May-2019. During the month of May-19, deficient rain was received in most parts of India except West Rajasthan, Haryana, Punjab, Odisha, gangetic West Bengal, Jharkhand, J&k and some eastern states. India has received 64.60 mm of rainfall during May-2018. Actual rainfall was above normal in May-2018. Wheat crop has been harvested. Monsoon is expected to be late this year and is expected to arrive at Kerala around 07 June. Farmers are advised to slightly delay their Kharif sowing. The normal arrival time for monsoon at Kerala is 01 June. IMD has given forecast for normal monsoon this year.

E-Auction: Government has offered 2120600 tonnes of wheat in OMSS until second tender in May'19 out of which 40500 tonnes was sold. No rakes were sold. State government and bulk consumers bought 40000 tonnes and 500 tonnes of wheat respectively. Government will sell wheat in open market at a reserve price of Rs 2080 per quintal in the first quarter i.e. April-June. For second, third and fourth quarter prices will be Rs 2135 per quintal, Rs 2190 per quintal and Rs 2245 per quintal respectively. Reserve price for April-June'19 is higher by Rs 240 per quintal compared to MSP for MY 2019-20. Therefore private millers/traders may try to buy as much quantity as possible to during procurement season to avoid paying a higher price.

Procurement Target: Government has fixed wheat procurement target at 35.70 MMT for 2019-20. Last year government surpassed its procurement target of 32 MMT and procured 35.5 MMT.

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

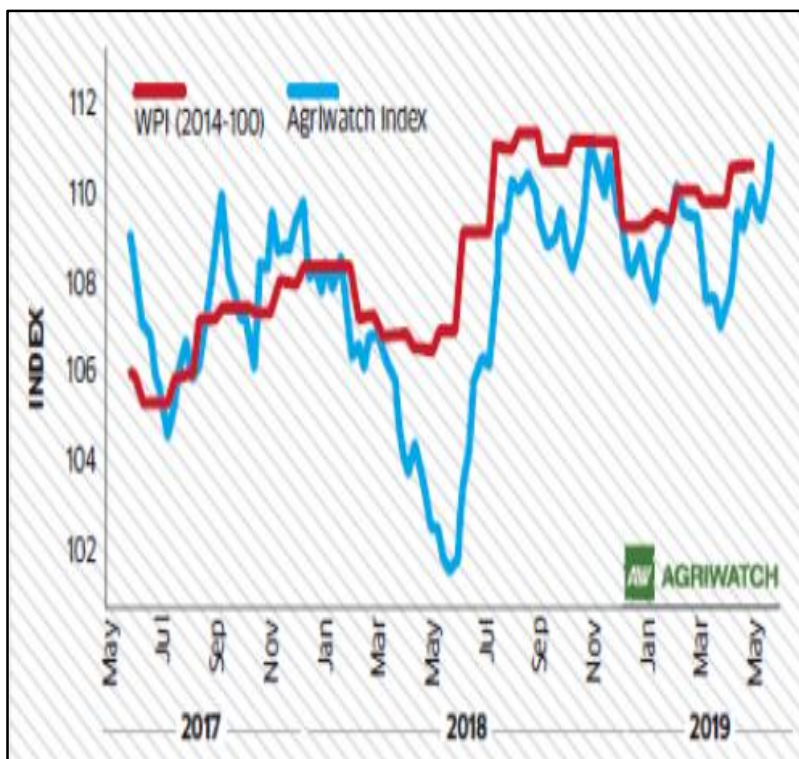
Trade Call: Market participants are advised to buy wheat at 1955 levels for a target of 2025 with a stop loss at 1913 on closing basis.

AW Cereals Index:

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The Agriwatch Agri Commodities Index jumped 1.48 per cent to 110.89 during the week ended May 18, 2019 from 109.28 the previous week in a broad based rally led by cereals, pulses, edible oils and sugar.

The base for the Index and all sub-Indices is 2014 (= 100). Seven of the nine commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices ended the week higher, with only potato (-1.1 per cent), onion (-2.5 per cent) and cotton (-2.0 per cent) being notable decliners. The group sub-Index values and their weekly changes are: Cereals: 118.36 (+1.62 per cent), Pulses: 127.92 (+2.89 per cent), Potato & Onion: 59.01 (-1.67 per cent), Edible Oils: 106.96 (+1.50 per cent), Oilseeds: 102.96 (+2.75 per cent), Spices: 120.27 (+2.65 per cent), Sweeteners: 106.37 (+1.69 per cent), Fibres: 120.39 (-2.01 per cent) and Other Non-Food Articles: 91.40 (+2.23 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	19.72	19.72	92.30	68.35	44.37
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	116.22	116.22	92.30	68.35	44.37
Consumption	95.00	95.50	23.87	23.87	23.88	23.88
Exports	0.17	0.30	0.05	0.08	0.10	0.07
Total Usage (E+F)	95.17	95.80	23.92	23.95	23.98	23.95
Carry out (D-G)	19.72	20.42	92.30	68.35	44.37	20.42
Av Monthly Consumption	7.92	7.96	1.99	1.99	1.99	1.99
Stock to Month Use	2.49	2.57	46.40	34.36	22.30	10.26
Stock to Consumption Ratio	0.03	0.03	1.94	1.44	0.93	0.43

*Agriwatch Wheat 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 yield. Total availability is likely to increase to 116.22 MMT from 114.89 MMT in MY 2018-19.

Carry out is expected to be around 20.42 MMT for 2019-20 compared to 19.72 MMT for 2017-18. Domestic demand for wheat is good. Prices are likely to stay steady to slightly firm. 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 May'19 stood at 331.60 lakh tonnes up by 95.15% compared to last month. This quantity is lower by around 6.18% 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. 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 expected to trade steady to slightly firm due to increase in import duty and a likely increase in demand in upcoming weeks. Increase in import duty is likely to put a complete halt on imports in MY 2019-20. Availability in domestic market is sufficient to meet domestic demand.

The government is set to provide additional food grains under NFSA to ease the stock position. Under NFSA 5 kg of food grains are provided to people living below poverty line at a subsidized rate of Rs 1, Rs 2 and Rs 3 per kg for Coarse grains, rice and wheat respectively. The union cabinet may decide to provide an additional 2kg of food grains to every NFSA beneficiary. This move will result in reduction of carrying cost for various food grains with the government.

India mainly imports wheat from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Australian standard wheat (ASW) and Australian premium wheat (APW) is being quoted at \$342.09 (Rs 23751.31) per tonne and \$346.92 (Rs 24086.66) per tonne respectively, after including freight and import duty @40%. 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.

Government agencies have started procurement. Until 27th May'19 government has procured around 332.16 lakh tonnes of wheat. Of the total quantity procured, around 129.12 lakh tonnes have been procured from Punjab, 93.20 lakh tonnes from Haryana, 29.95 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.01 lakh tonnes from Bihar, 12.04 lakh tonnes from Rajasthan, 0.41 lakh tonnes from Uttarakhand, 0.12 lakh tonnes from Chandigarh, 0.05 lakh tonnes from Gujarat and 0.01 lakh tonnes from Himachal Pradesh. In Rabi marketing season 2019-20 government has set procurement target of 35.70 MMT.

Previous Updates:

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

FCI will sell wheat in the open market at a reserve price of Rs 2080 per quintal during the procurement period April-June and this price will be increased by Rs 55 per quintal in subsequent quarters.

Government has increased import duty on wheat from 30 percent to 40 percent. This is done to make sure that there is no window left for cheaper imports.

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.

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 2019-20 (Source: FCI)

State/UTs	Procurement as on 27 th May-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.40	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	0.90	29.05	29.95
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	10.22	1.82	12.04
Others	0.13	0.47	0.60
All-India	38.30	293.86	332.16

Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 2.17 percent from Rs 2014.89 in April -2019 to Rs 2058.64 per qtl in May -2019. Average prices remained firm in all major states except Gujarat, Jharkhand, Karnataka, Kerala, Odisha, Delhi and Rajasthan.

Prices are likely to stay steady to slightly firm due to increase in import duty and likely increase in demand in upcoming weeks. As of now market is witnessing normal demand. Import duty of 40% on wheat will ensure there are no imports from Australia and Russia/Ukraine. However, domestic prices are not able to get support from exports as other major producing country are able provide wheat at lower prices.

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 24th-30th May 2019.

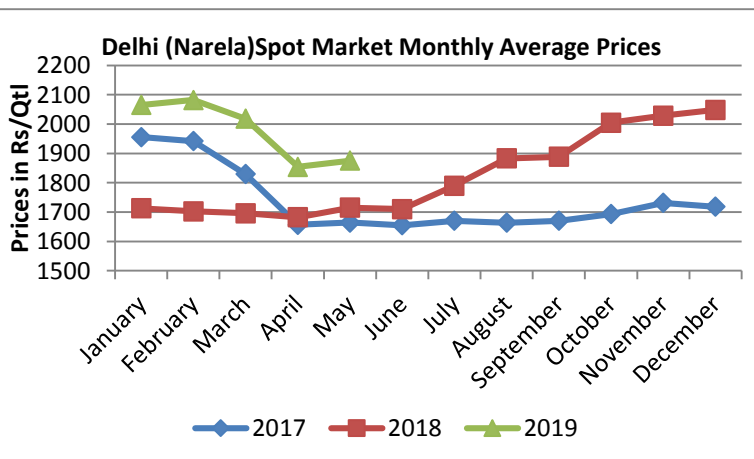
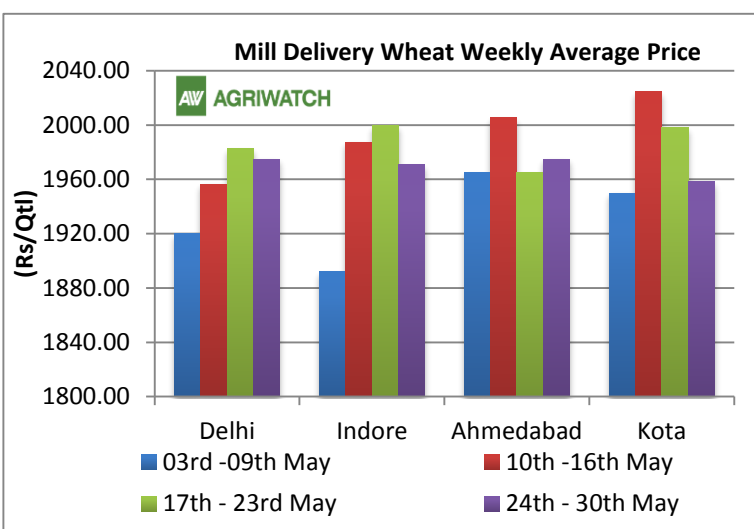
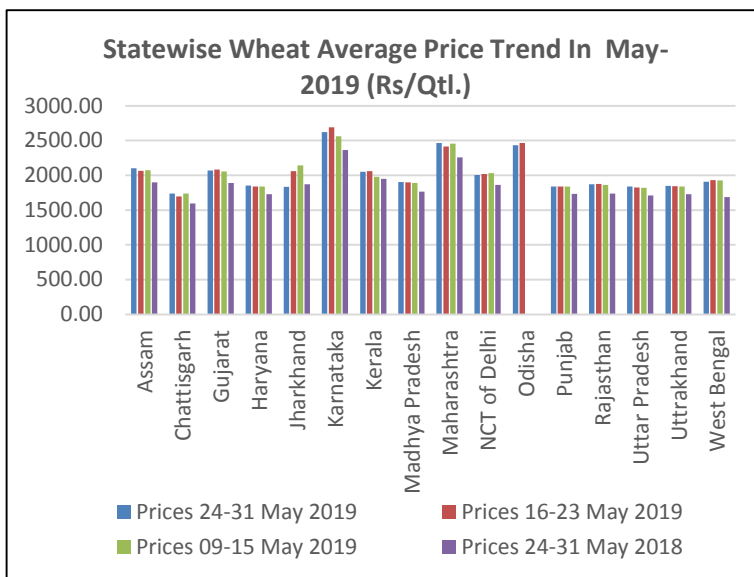
Market is likely to trade steady to slightly firm due to normal demand in domestic market and hike in import duty. Government has increased import duty on wheat from 30 percent to 40 percent to reduce wheat imports. Domestic stock position is good leaving no room for unexpected increase in prices. Sales target through OMSS in MY 2019-20 has been kept at 10 MMT.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1854.00 per quintal in April-2019 to Rs 1875.23 per quintal in May-2019. Prices are likely to touch Rs 1990-2020 per quintal in Narela market.

The prices are firm by 1.14 percent compared to last month and firm by 9.34 percent compared to corresponding month last year. Arrivals in Narela have increased by 12000 quintal to 28400 quintal in the month of May-2019.

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Wheat Exports:

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According to latest update, India exported around 5.57 thousand tonne wheat in the month of April-2019.

It is around 5.12 thousand tonnes lower compared to export quantity (10.69 thousand tonne) in March-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 (\$53 to \$91 per tonne lower from domestic price) with assured quality and delivery schedule. Huge gap between prices continue to affect wheat export from India.

Source: DGCIS/Trade

Year/Month	Wheat Export (Lakh Tonnes)	Average FoB (\$/T)	CBOT Average Quotes (\$/MT)
Apr-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
Apr-18 to Mar-19	0.18	389.15	185.15
19-Apr	5.57	388.15	165.43
19-May			
19-Jun			
19-Jul			
19-Aug			
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	5.57	388.15	165.43

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 imported 0.49 thousand tonnes of wheat during the month of April-2019. Prior to this India has imported 1000 tonnes of wheat in September-19. Imports are expected to remain at lower side this year due to good domestic availability.

FoB quote in Black Sea region are hovering around \$194.50 per tonne in Russia and \$192.00 per tonne in Ukraine. Australia and France are also providing wheat at \$ 224.25 per tonne and Euro 179.00 per tonne. Government has increased import duty from 30% to 40% 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-18 to Mar-19	1.00	239.52	185.15
19-Apr	0.49	378.05	165.43
19-May			
19-Jun			
19-Jul			
19-Aug			
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20	0.49	378.50	165.43

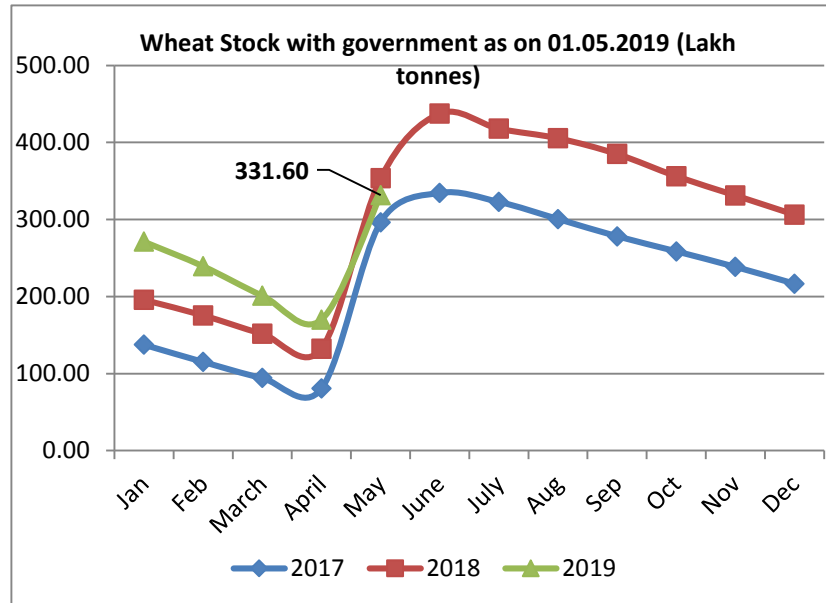
Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.05.2019 was around 331.60 lakh tonne. It is higher by 95.15 % from April-2019. Stock in central as on 01st May'19 is higher by 21.85 percent compared to last year for the same month. 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:

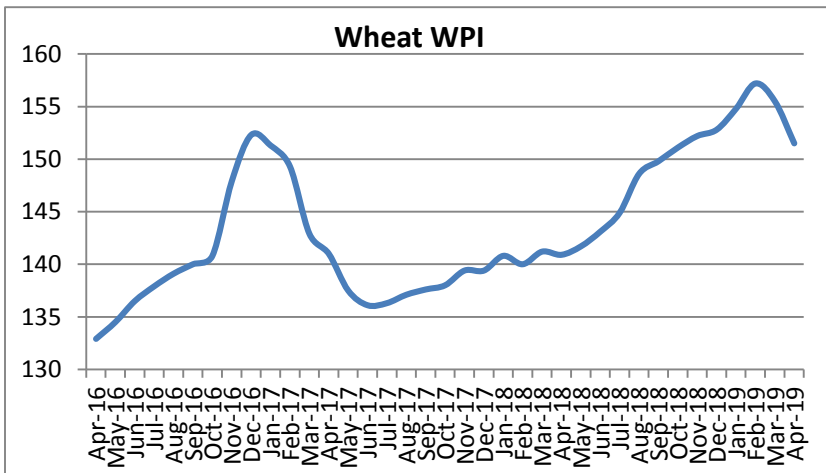
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Month/Year	2015	2016	2017	2018	2019
Jan	126.3	134.1	151.3	140.8	154.8
Feb	125.9	134.1	149.3	140.0	157.8
Mar	125.9	134.1	142.9	141.2	155.5
Apr	125.1	132.9	141.0	140.9	151.5
May	124.1	134.5	137.5	141.7	
Jun	122.3	136.5	136.1	143.1	
Jul	124.8	137.9	136.3	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 decreased from 155.5 in March-2019 to 151.5 in April-2019. Monthly wheat inflation has decreased by 2.57 percent in April-2019 compared to previous month. As compared to April-2018 wheat WPI has increased by around 7.52 percent. Wheat WPI is expected to stay steady in coming month.

Food grains WPI increased by 0.1 in April-19 to 153.5 compared to 153.4 in March-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-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
19-Apr	1940.42	1861.18	1828.64	1865.65	2168.18
19-May	1954.81	1957.12	1978.46	1967.78	2278.85

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterd ay	Week Ago	Month Ago	Year Ago
			4- Jun- 19	3-Jun- 19	28-May- 19	4-May-19	4-Jun- 18
Delhi	Lawrence Road	Mill Delivery	1990	1985	1985	1920	1745
	Narella	Mill Quality Loose	1940	1940	1900	1850	1710
	Nazafgarh	Mill Quality Loose	1850	1850	1850	1800	1700
Gujarat	Rajkot	Mill Delivery	1980	1960	1960	1910	1810
	Ahmedabad	Mill Delivery	2070	2040	1940	1960	1830
	Surat	Mill Delivery	2110	2080	1980	2010	1900
	Dhrol	Mill Delivery	2170	2080	2025	2255	1800
M.P.	Indore	Mill Delivery	1985	Closed	1960	Closed	1825
	Bhopal	Mill Quality Loose	1850	Closed	1830	Closed	1900
Rajasthan	Kota	Mill Quality Loose	1915	Closed	1800	1800	1700
		Mill Delivery	2075	Closed	1950	1950	1770
U.P.	Kanpur	Mill Delivery	1880	1880	1860	1790	1725
	Mathura	Mill Quality Loose	1800	1800	1800	1700	1625
	Kosi	Mill Quality Loose	1890	1880	1850	1780	1600
	Hathras	Mill Quality Loose	1880	1880	1880	1740	1590
	Aligarh	Mill Quality Loose	1820	1820	1825	1740	1620
Punjab	Khanna	Mill Quality Loose	1900	1900	1880	1840	1735
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	2000	1865	NA
Haryana	Sirsa	Mill Delivery loose	1870	1870	1870	1840	1745
	Hodal	Mill Delivery	NA	NA	NA	NA	1710
	Bhiwani	Mill Quality Loose	1850	1850	1860	1840	1740
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	1840	1840	NA
Tamil Nadu	Chennai	Mill Quality	2300	Closed	2300	2250	2150
	Madurai	Mill Quality	2357	Closed	2350	2300	2250
	Coimbatore	Mill Quality	2357	Closed	2400	2350	2300
Bihar	Khagariya	Mill Delivery	1800	1800	1800	1700	1550
	Muzaffarpur	Mill Delivery	1825	1825	1800	1775	1475

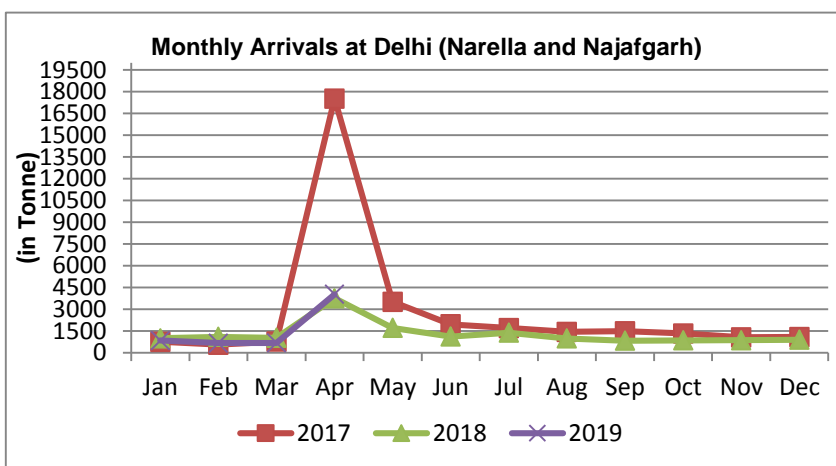
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) decreased to 3248 tonnes in May-2019 compared to 4030 tonnes in April-2019. Currently wheat is being traded around Rs 1920-1940 per quintal in Narela.

Domestic Outlook:

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



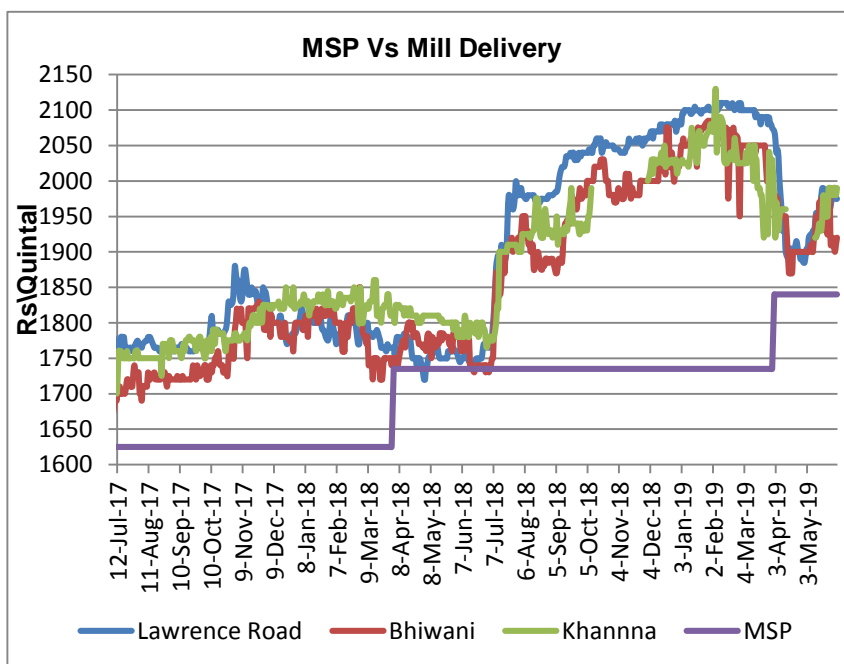
MSP Vs Mill Delivery Prices

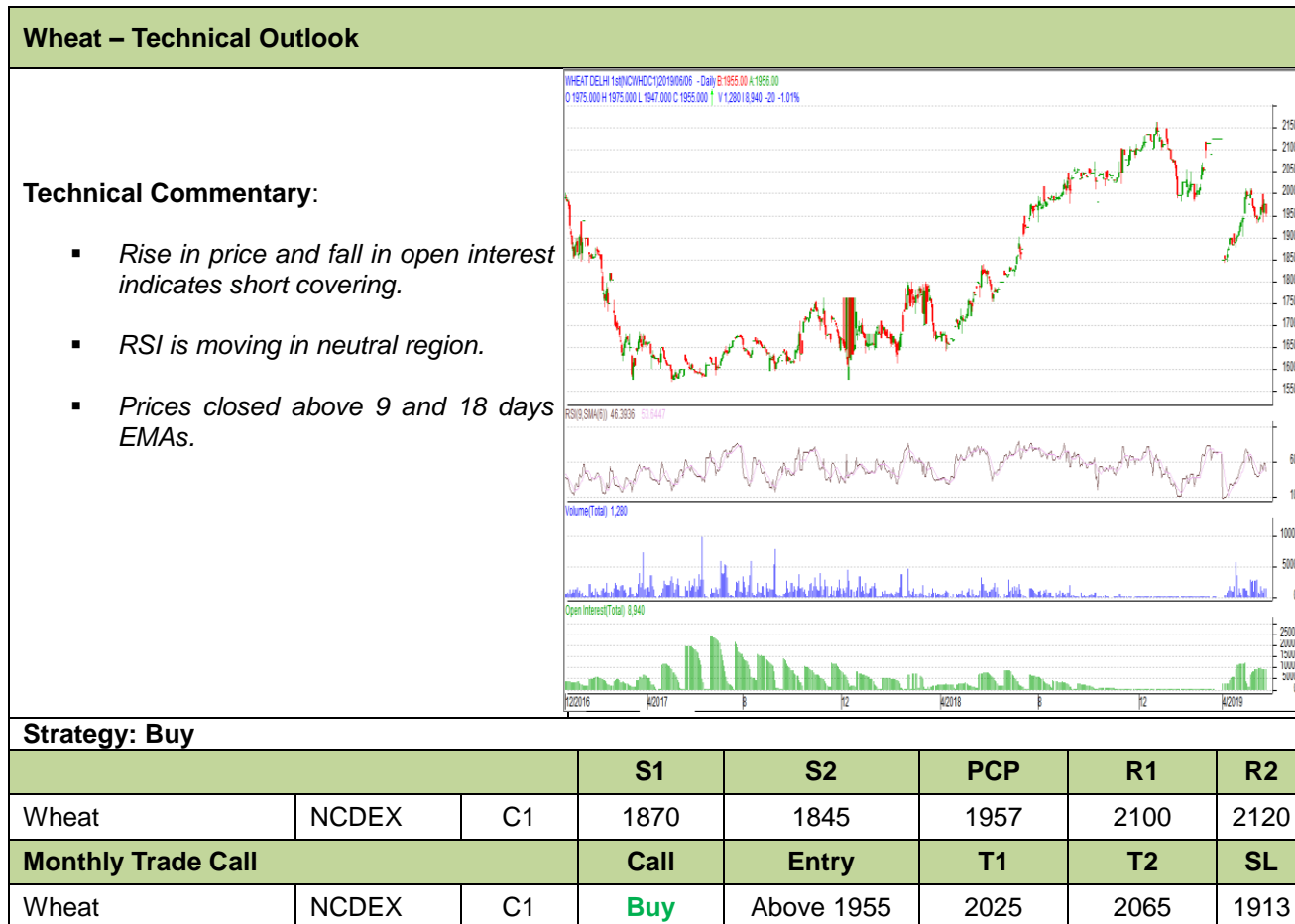
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As of now mill delivery prices in Lawrence road, Karnal and Khanna market are above MSP and are likely to move steady to slightly firm in coming weeks.

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.



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

International Market Dynamics

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As per latest update, hot and dry weather is likely to continue at Australia's east coast and there is only 30 percent chance of rainfall between June 01 and August 30. Furthermore, there is 70 percent probability that entire Australia will experience warmer than average temperatures. Private analyst are expecting wheat production to be around 18 MMT in 2019-20. Australia has already agreed to import 50000-60000 MT of wheat from Canada in upcoming weeks. In case of third consecutive lower production, Australia may be seen importing more wheat.

Russian wheat prices increased by \$2 per tonne in the past week. The firmness in prices was mainly due to increase in global benchmark such as CBOT. Wheat with 12.5 percent protein was quoted at FoB \$188 per tonne. Russia will start harvesting its winter wheat crop in late June or early July.

Major feed mill group of South Korea has purchased around 120000 tonnes of feed wheat in two consignments of 60000 tonnes each. One consignment was bought at \$207.90/tonne C&F schedule to arrive around September 30th and other at \$208.95/tonne C&F scheduled to arrive around November 30th. Feed wheat can be sourced from Black sea region.

Bangladesh has bought 50000 tonnes of wheat with 12.5 percent protein content from trading house Agrocorp at \$267.98 per tonne. The wheat can be sourced from United States, Canada, Russia or Ukraine. As per FAO Bangladesh's wheat imports for 2018-19 are expected to touch record high of 6 MMT. Demand for wheat in Bangladesh has increased as wheat is being substituted for more expensive rice.

As per latest update, Ethiopia state purchasing agency has bought 6 LMT of wheat in a tender. Of the total quantity around 5 LMT was purchased from Gemcorp commodities and 1 LMT from Agrocorp international. The wheat can be sourced from Black sea region, Europe, North America or South America.

As per latest update, Tunisia has bought around 75000 tonnes of soft milling wheat. The quantity was bought at \$195.02 per tonnes C&F. The origin for sourcing wheat is optional.

Egypt, the largest importer of wheat in the world has procured 1.62 MMT of wheat from local farmers. The procurement season has started since 15th April'19. Egypt is expecting to procure 3.6 MMT of wheat from local farmers during the season. Global prices are likely to remain under pressure due to ample availability, which will allow Egypt to import wheat at competitive prices.

As per latest update Germany is likely to produce 24.28 MMT of wheat in 2019 higher by around 20 percent compared to 2018. Last year wheat crop in Germany and west of Europe suffered damage due to drought and heat wave.

Favourable weather during spring season in black sea region has increased the probability of bumper grain harvest. The level of soil moisture is good in major grain producing regions. As per IGC, Russia and Ukraine are expected to produce 79.50 MMT and 27.50 MMT of wheat in 2019-20. Black sea is likely to dominate global exports in 2019-20.

Algeria state grains agency OAIC has bought around 200000 tonnes of durum wheat in a tender that closed on Wednesday. The prices paid were in the range of \$268.00 - \$270.00 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from Canada. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments. The quantity is to be shipped between in the month of June.

As per the United Nations Food and Agriculture Organization (FAO), world wheat production in 2019 is expected to be at 767.00 MMT in 2019, up by 5percent compared to 2018. Russia is expected to produce 82 MMT of wheat. World wheat prices will remain under pressure due to abundant availability

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***
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
Apr-19	202.52	217.15	219.40	223.20	224.08	183.65	301.66	301.16
May-19	206.90	215.77	NA	199.44	200.81	174.59	279.91	277.22

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)
03.05.2019	9.41	20.44	37.67	32.10
10.05.2019	9.37	20.45	37.59	32.09
17.05.2019	9.64	20.83	37.90	32.34
24.05.2019	9.69	20.98	37.91	32.39
31.05.2019	9.59	21.02	37.90	32.43
05.04.2019	9.30	20.02	37.90	32.34
12.04.2019	9.10	19.86	37.83	32.25
19.04.2019	9.46	20.30	37.64	32.09
26.04.2019	9.57	20.54	38.04	32.38
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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Saudi Arabia: On 5 April, Saudi Arabia announced the acquisition of 200 000 ha of farmland in Western Australia's wheat belt. Furthermore, the ban on domestic wheat production that had been in place for three years over concerns of depletion of groundwater was revoked.

Brazil: To reflect higher production costs, Brazil approved new minimum guarantee prices for all wheat grain and seed varieties for the agriculture year 2019/20. Prices were raised by 12.16 percent on average compared to 2018/19 and vary according to region and wheat type. In the key producing Southern region, the minimum price for bread wheat was raised to BRL 40.57 per 60 kg (USD 177.2 per tonne), up from BRL 36.17 (USD 157.8 per tonne); and prices of wheat seeds increased from BRL 1.48 per kg (USD 39 per tonne) to BRL 1.66 per kg (USD 43 per tonne).

Canada: Agriculture and Agri-Food Canada announced an investment of up to CAD 6.2 million (USD 4.6 million) funded through the Agri-Marketing Program to assist the Canadian International Grains Institute in expanding market access opportunities for wheat through technical support, market research, employee exchanges and customized training for customers and commercial partners worldwide.

Australia and Indonesia: Australia and Indonesia signed a Comprehensive Economic Partnership Agreement (IA-CEPA) under which Indonesia will issue automatic import permits for duty-free access of 500000tonnes of feed grains, including wheat, in the first year. The tariff quota volume will be increased by 5 percent annually thereafter. IA-CEPA is expected to come into to force in 2020, pending ratification by the Indonesian House of Representatives and the Australian Parliament.

Spot Prices Black Sea Region

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Date	24.04.2019	08.05.2019	15.05.2019	22.05.2019	29.05.2019
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	218.0-223.0	202.0-208.0	NA	NA	NA
Milling wheat 11.5%	213.0-217.0	196.0-202.0	NA	NA	NA
Feed wheat	208.0-212.0	166.0-169.0	NA	NA	NA
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	219.0-223.0	203.0-208.0	NA	NA	NA
Milling wheat 11.5%	217.0-222.0	198.0-202.0	NA	NA	NA
Feed wheat	208.0-212.0	175.0-180.0	NA	NA	NA

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			22.05.2019	29.05.2019
Russia	Wheat, 12.5% protein	July-Aug	183-190	190-195
Ukraine	Wheat, 11.5% protein	July-Aug	173-180	185-190
Ukraine/Russia	Feed wheat	July-Aug	165-173	180-185

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.)	
				25.04.2019	30.05.2019
Production	757	763	735	762	766
Trade	177	176	172	174	174
Consumptions	736	740	741	752	753
Carryover stocks	248	271	264	274	276
Y-O-Y change	21	23	-6	-	13
Major Export	78	82	68	72	72

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 766 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 projection for global production is higher by 31 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 2 MMT higher compared to forecast for last year and lower by 2 MMT compared to 2017-18.
- Consumption has been increased to 753 MMT for 2019-20. The projection is higher by 12 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 276 MMT compared to forecast of 264 MMT last year. It is higher by around 5 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 01.06.2019)							
Country	Opening Stock 2019-20	Production projected 2019-20	Domestic Consumption 2019-20	Import 2019-20	Export 2019-20	Ending Stock 2019-20	Production 2018-19
Argentina	794	20,000	5,750	10	14,000	1,054	19,500
Australia	4,118	22,500	8,500	150	13,500	4,768	17,300
Canada	4,870	34,500	9,500	450	24,000	6,320	31,800
China	139,993	132,000	128,000	3,500	1,300	146,193	131,430
EU	9,914	153,800	128,000	5,500	27,000	14,214	137,219
India	17,503	100,000	97,000	50	500	20,053	99,700
Pakistan	3,059	25,600	25,400	5	800	2,464	25,100
Russia	6,728	77,000	40,500	500	36,000	7,728	71,685
Ukraine	1,055	29,000	9,900	75	19,000	1,230	25,057
U S	30,668	51,624	30,563	3,800	23,500	31,045	51,287
Others	56,281	131,465	271,386	165,586	24,001	57,945	121,472
World total	274,983	777,489	754,499	179,626	183,601	293,014	731,550

Source: USDA

CBOT Futures Jul-19 Chart:

1st Support: 160.00
2nd Support: 157.00
1st Resistant: 206.00
2nd Resistant: 208.00
(\$ per tonne)

Wheat CBOT closed at \$4.90 per bushel. U.S. wheat export sales during 02nd May-23rd May was 406433 tonnes compared 1842716 tonnes during 28th March- 25th April. Wheat CBOT recovered in previous week on damaging heavy rains in the United States. However, this upper trend will be limited by ample global supplies. As on 28th May, U.S. winter wheat was in good or excellent condition compared to 66% in last week. Wheat CBOT is likely to remain steady to weak in upcoming weeks with small technical recoveries.

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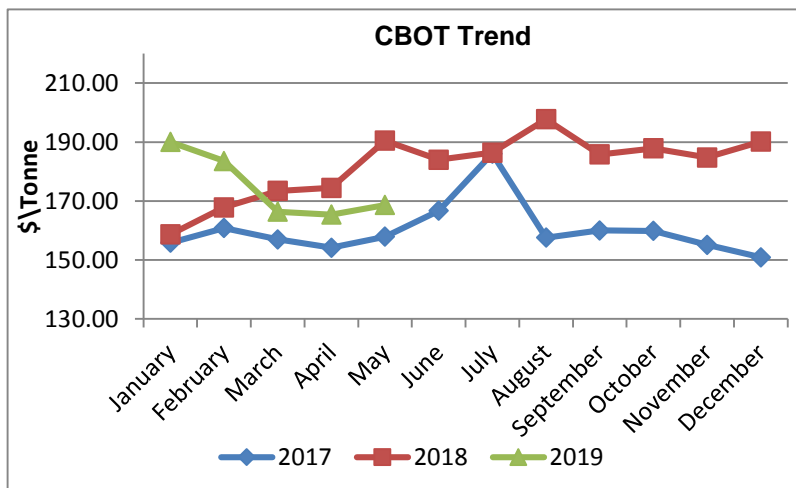
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	3-Jun-19	27-May-19	3-May-19	4-Mar-19	3-Dec-18	4-Jun-18	
Jul-19	190.96	179.84	160.92	169.37	196.10	213.09	-10.39
Sep-19	193.25	182.51	164.14	172.77	199.50	215.66	-10.39
Dec-19	197.94	187.28	170.20	178.19	204.37	219.52	-9.83
Mar-20	202.53	191.87	176.17	182.69	208.22	222.00	-8.77
May-20	204.37	194.17	179.47	185.72	210.52	222.19	-8.02
Jul-20	203.91	193.71	180.30	185.54	209.97	219.25	-7.00

CBOT Trend

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

CBOT average monthly price for May'19 is lower by \$ 21.79 per tonne compared to last year for the same month and higher by \$ 3.25 per tonne compared to March'19. USDA estimates production to be around 51.62 million tonnes in 2019-20 with yields around 3.27 MT/HA compared to 51.28 million tonnes with yields around 3.20 MT/HA in 2018-19.



Comparative Month on Month FOB quotes: (Fig in USD/MT)

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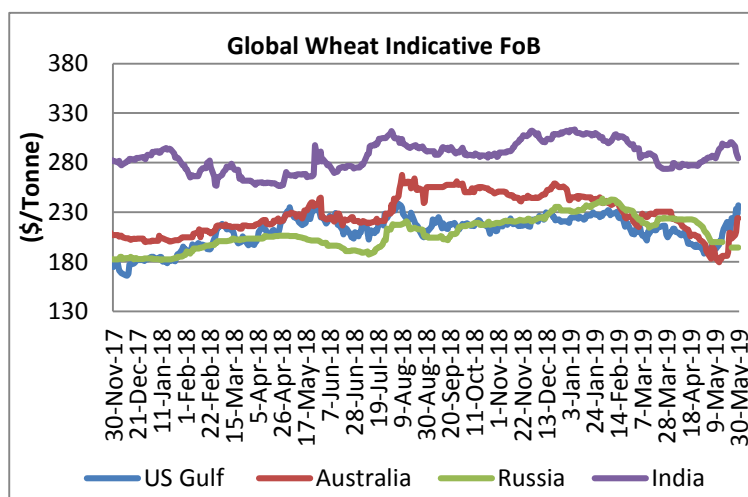
All prices are for SRW/milling grade	1st Dec-18	1st Jan-19	1st Feb-19	1st Mar-19	1st Apr-19	1st May-19	1st Jun-19
USA	215.50	221.00	226.50	209.51	204.92	191.00	232.73
France	200.25	204.25	203.25	214.17	206.87	201.24	200.34
Australia	245.28	253.21	239.40	220.81	230.75	197.38	224.25
Russia	221.50	232.00	244.00	231.00	224.00	209.50	195.00
India	311.07	312.14	305.86	298.58	274.29	282.53	285.82

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 \$282.53-300.79 per tonne.

US and Russian quotes are hovering in the range of \$191.00-236.96 and \$194.50-209.50 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to slightly weak and hover in the range of \$180 to \$255 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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