

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 3.58 percent from Rs 2059.77 in May -2019 to Rs 1986.06 per qtl in June -2019. Average price in June-2019 is higher by 3.82 percent compared to Rs 1913.05 per quintal registered in June-2018. Prices are expected to remain steady to 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 97.00 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 116.67 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 \$99-101 per tonne from Black Sea Region. Russia/Ukraine (11.5% Protein content) is offering wheat at \$189.00/185.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$289.51 per tonne. India exported 9.73 thousand tonne wheat in May'19. Total export in MY 2018-19 was registered around 2.66 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 no wheat during May'19. Imports are expected to be low this year due to good domestic availability and increase in import duty. Prior to this India has imported 498.77 tonnes of Australia prime hard wheat in the month of April-2019

FoB/CiF Quotes: Indian FoB quote hovered around \$286.49-296.75 per tonne in April. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$187.50-196.00, \$185.00-199.00, Euro 174.50-188.75, \$218.17-243.91 and \$198.72-220.80 per tonne respectively. Wheat prices in international markets witnessed firm tone in June'19.

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 112.1 mm of actual rainfall against 166.9 mm of normal rainfall during the month of June-2019. During the month of June-19, deficient rain was received all India except East Rajasthan, Gujarat region, Konkan, Goa, Jammu and Kashmir and some parts of Karnataka. India has received 155.7 mm of actual rainfall during June-2018. Actual rainfall was below normal in June-2018. Wheat crop has been harvested. Monsoon is sluggish this year. Farmers were already 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 15252981 tonnes of wheat in OMSS until fourth tender in June'19 out of which 91000 tonnes was sold. No rakes were sold. State government and bulk consumers bought 90500 tonnes and 500 tonnes of wheat respectively. In the month of June'19, government has sold 35900 tonnes of wheat against offered quantity of 9949900 tonnes. Government sold 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. Millers/traders have bought as much quantity as they could during arrival season due to higher reserve price. This is the main reason for lower sale through OMSS.

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 firm in short to medium term.

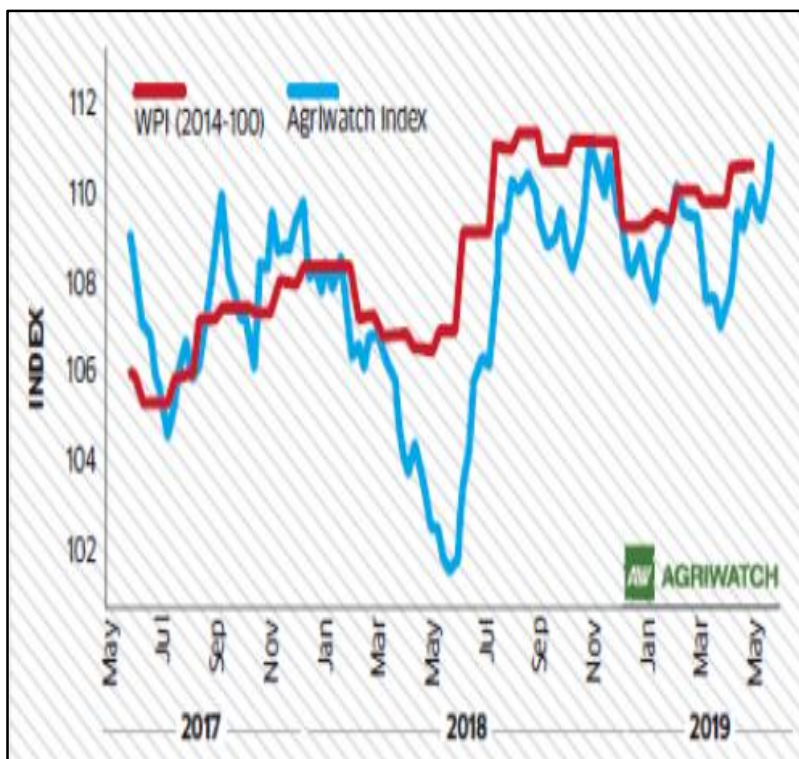
Trade Call: Market participants are advised to buy wheat at 1965 levels for a target of 2005 with a stop loss at 1941 on closing basis.

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
A	Carry in	19.39	19.67
B	Production	95.50	97.00
C	Imports	0.00	0.00
D	Total Availability (A+B+C)	114.89	116.67
E	Consumption	95.00	95.50
F	Exports	0.22	0.25
G	Total Usage (E+F)	95.22	95.75
H	Carry out (D-G)	19.67	20.92
I	Av Monthly Consumption	7.92	7.96
J	Stock to Month Use	2.48	2.63
K	Stock to Consumption Ratio	0.03	0.03

*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 97.00 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 116.67 MMT from 114.89 MMT in MY 2018-19.

Carry out is expected to be around 20.92 MMT for 2019-20 compared to 19.67 MMT for 2017-18. Domestic demand for wheat is good. Prices are likely to stay steady to 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 June'19 stood at 465.60 lakh tonnes up by 40.41% compared to last month. This quantity is higher by around 6.41% 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 prices are likely to remain steady to slightly firm in coming weeks due to low demand in domestic market. Due to higher reserve price of Rs 2080 per quintal, millers/traders have bought as much as wheat they could during arrival season. Stock with traders/millers is the main reason for lower off take through open market sales scheme in domestic market. Prices are likely to move up as soon as the stock with traders/millers diminishes.

As per market sources, government may increase quota for below poverty line and increase sale in open market to liquidate high inventories. If this move is finalized, it will not only help in reducing inventory pressure but also provide support to prices. As on 01st June FCI had a stock of 46.56 MMT and 27.58 MMT of wheat and rice respectively.

India mainly imports from Australia and Russia. Millers prefer Australian wheat over Russian/Ukrainian wheat due to better quality. As of now, Russian wheat with 12.5 percent protein content and Australian premium wheat (APW) is being quoted at \$333.2 (Rs 23010.79) per tonne and \$385.7 (Rs 26636.44) 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 22500 per tonne and Rs 23000 per tonne respectively.

Government agencies have started procurement. Until 24th June'19 government has procured around 341.15 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, 36.87 lakh tonnes from Uttar Pradesh, 67.25 lakh tonnes from Madhya Pradesh, 0.03 lakh tonnes from Bihar, 14.02 lakh tonnes from Rajasthan, 0.42 lakh tonnes from Uttarakhand, 0.13 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 357.0 LMT.

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)

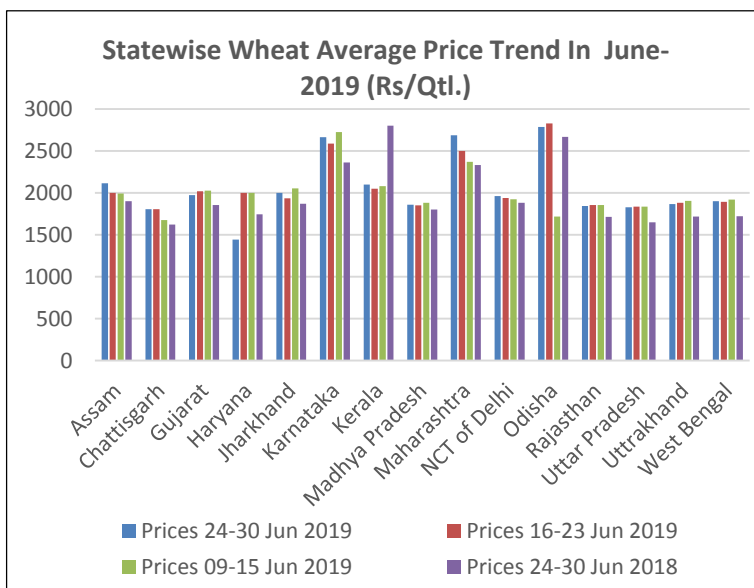
State/UTs	Procurement as on 24 th June-2019 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	40.34	300.81	341.15

Monthly Average Price Comparison:

All India average monthly prices for wheat decreased by 3.58 percent from Rs 2059.77 in May -2019 to Rs 1986.06 per qtl in June -2019. Average prices remained firm in all major states except Gujarat, Haryana, Odisha, Uttar Pradesh, Uttarakhand and Rajasthan.

Prices are likely to stay steady to firm. As of now market is witnessing normal demand. Demand is expected to increase as the MY 2019-20 progresses. Sales through OMSS is low as millers/traders have purchased wheat during arrival season due to higher reserve price. However, domestic prices are not able to get support from exports as other major producing country are able provide wheat at lower prices.

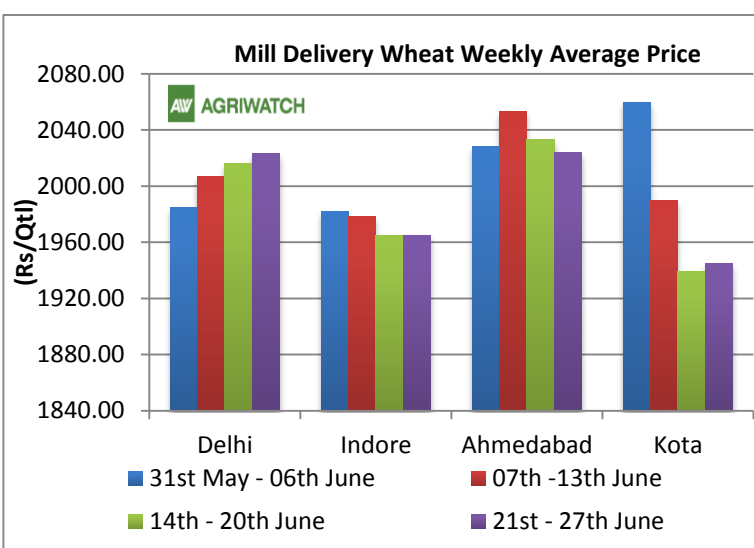
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Mill Delivery Wheat Weekly Average Price Movement at key Spot Market:

Average mill delivery prices of Wheat traded steady to firm in Indore, Delhi and Kota during 21st -27th June 2019.

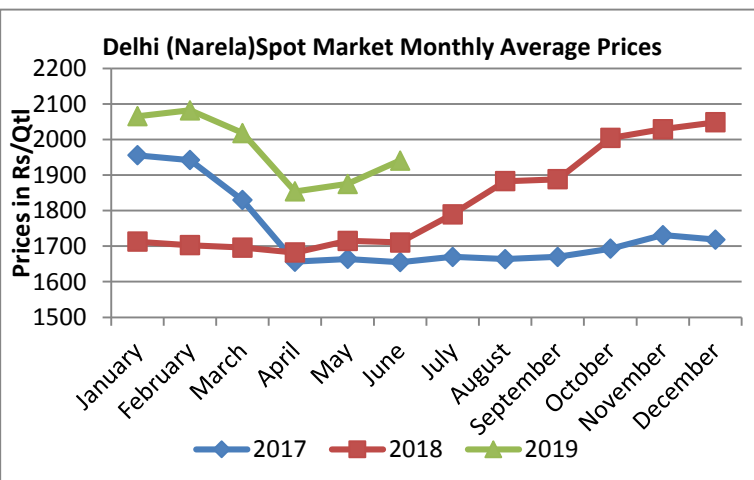
Government has abundant supplies to tackle any unexpected surge in prices by selling more wheat in the open market through OMSS. Prices are steady as bulk buyers purchased intensively during arrival season to avoid paying a higher reserve price of Rs 2080 per quintal. As the stock purchased by bulk buyers decreases, the market is likely to witness good demand and prices will start moving upwards.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1875.23 per quintal in May-2019 to Rs 1940.71 per quintal in June-2019. Prices are likely to touch Rs 1980-2000 per quintal in Narela market in upcoming weeks.

The prices are firm by 3.49 percent compared to last month and firm by 13.48 percent compared to corresponding month last year. Arrivals in Narela have decreased by 11800 quintal to 16600 quintal in the month of June-2019.



Wheat Exports:

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According to latest update, India exported around 9.73 thousand tonne wheat in the month of May-2019.

It is around 4.16 thousand tonnes higher compared to export quantity (5.57 thousand tonne) in April-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 (\$52 to \$101 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	29.24	279.96	230.37
Apr-15 to Mar-16	6.66	294.88	179.9
Apr-16 to Mar-17	2.65	338.38	157.04
Apr-17 to Mar-18	3.22	NA	162.36
Apr-18 to Mar-19	2.26	389.15	185.15
19-Apr	5.57	388.15	165.43
19-May	9.73	333.26	168.68
19-Jun			
19-Jul			
19-Aug			
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	15.30	360.71	167.06

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 no wheat of wheat during the month of May-2019. Prior to this India has imported 0.49 thousand tonnes of wheat in April-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 \$197.00 per tonne in Russia and \$196.00 per tonne in Ukraine. Australia and France are also providing wheat at \$ 221.00 per tonne and Euro 181.25 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	0.00	NA	168.68
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	167.06

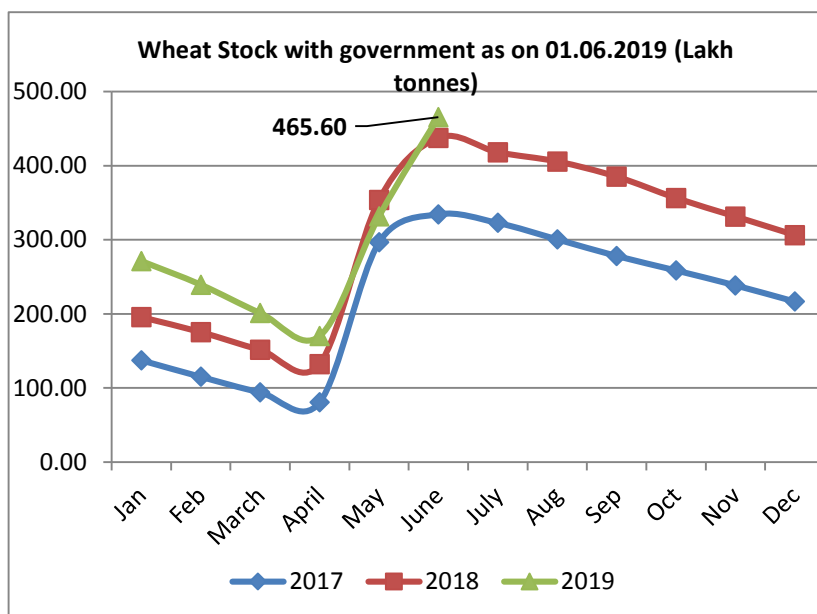
Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.06.2019 was around 465.60 lakh tonne. It is higher by 40.41 % from May-2019. Stock in central as on 01st June'19 is higher by 28.05 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:

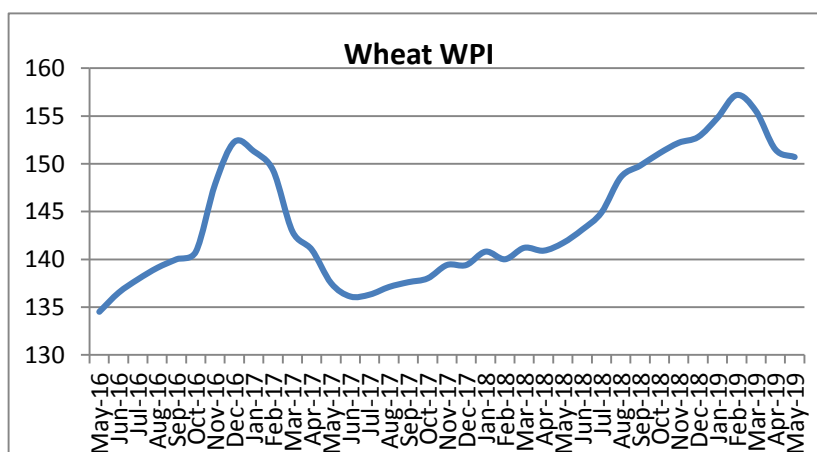
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Month/Year	2015	2016	2017	2018	2019
Jan	126.3	134.1	151.3	140.8	154.8
Feb	125.9	134.1	149.3	140.0	157.8
Mar	125.9	134.1	142.9	141.2	155.5
Apr	125.1	132.9	141.0	140.9	151.5
May	124.1	134.5	137.5	141.7	150.7
Jun	122.3	136.5	136.1	143.1	
Jul	124.8	137.9	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 151.5 in April-2019 to 150.7 in May-2019. Monthly wheat inflation has decreased by 0.53 percent in May-2019 compared to previous month. As compared to May-2018 wheat WPI has increased by around 6.35 percent. Wheat WPI is expected to stay steady in coming month.

Food grains WPI increased by 0.8 in May-19 to 154.3 compared to 153.5 in April-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-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
19-Jun	2011.20	1972.63	1973.70	1952.17	2310.87

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			4-Jul-19	3-Jul-19	27-Jun-19	4-Jun-19	4-Jul-18
Delhi	Lawrence Road	Mill Delivery	2035	2035	2030	1990	1770
	Narella	Mill Quality Loose	1950	Closed	1940	1940	Closed
	Nazafgarh	Mill Quality Loose	1930	Closed	1935	1850	Closed
Gujarat	Rajkot	Mill Delivery	Closed	1940	1940	1980	1830
	Ahmedabad	Mill Delivery	Closed	2050	2025	2070	1875
	Surat	Mill Delivery	Closed	2080	2070	2110	1925
	Dhrol	Mill Delivery	Closed	2155	2050	2170	1725
M.P.	Indore	Mill Delivery	2010	2010	1965	1985	1840
	Bhopal	Mill Quality Loose	1850	1850	1830	1850	1910
Rajasthan	Kota	Mill Quality Loose	1835	1835	1815	1915	1735
		Mill Delivery	1960	1960	1975	2075	1840
U.P.	Kanpur	Mill Delivery	1930	1930	1950	1880	1735
	Mathura	Mill Quality Loose	1820	1815	1820	1800	1615
	Kosi	Mill Quality Loose	1925	1925	1950	1890	1585
	Hathras	Mill Quality Loose	1850	1830	1820	1880	1630
	Aligarh	Mill Quality Loose	1860	Closed	1860	1820	Closed
Punjab	Khanna	Mill Quality Loose	1950	1935	1910	1900	1690
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	1940	1930	1915	1870	2020
	Hodal	Mill Delivery	NA	NA	NA	NA	300
	Bhiwani	Mill Quality Loose	1925	1920	1925	1850	100
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2300	2300	2300	2300	2100
	Madurai	Mill Quality	2357	2350	2450	2450	2300
	Coimbatore	Mill Quality	2357	2400	2500	2500	2350
Bihar	Khagariya	Mill Delivery	2000	2000	1900	1800	1550
	Muzaffarpur	Mill Delivery	1825	1825	1825	1825	1600

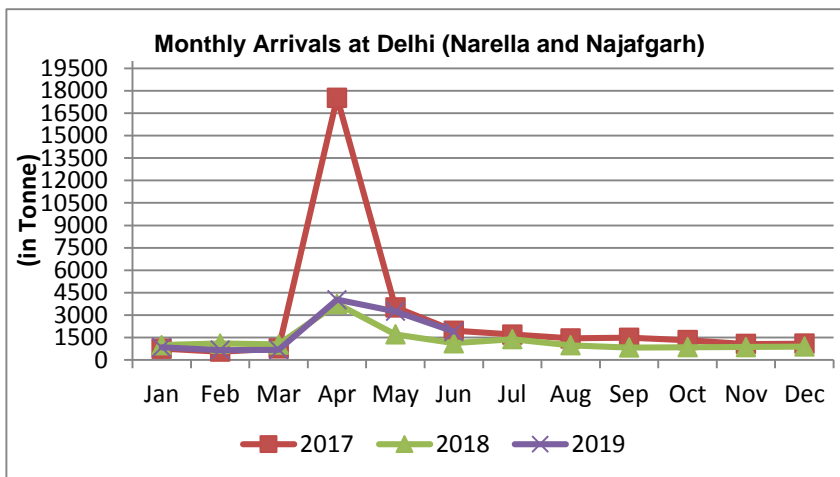
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) decreased to 1884 tonnes in June-2019 compared to 3248 tonnes in May-2019. Currently wheat is being traded around Rs 1950 per quintal in Narela.

Domestic Outlook:

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



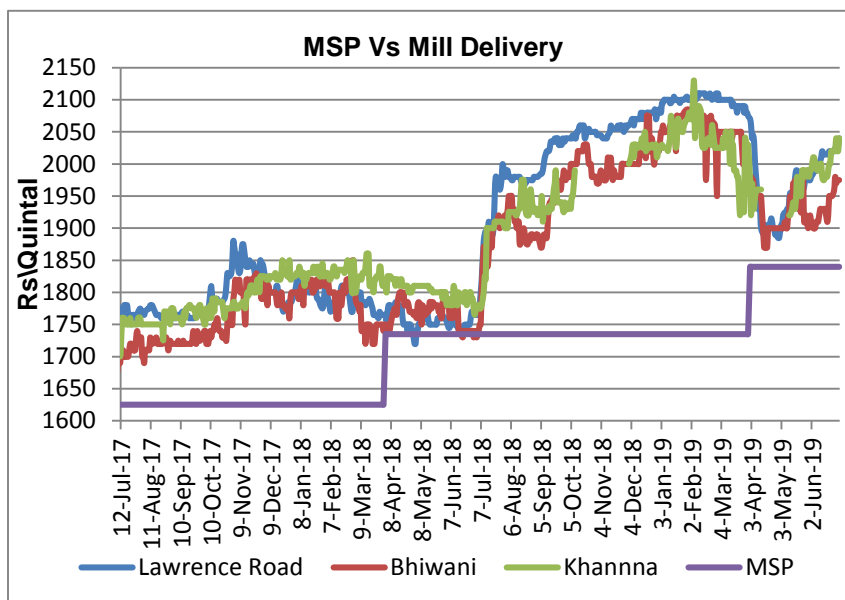
MSP Vs Mill Delivery Prices

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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.



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

International Market Dynamics

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Russian wheat prices moved up by \$ 2 per MT due to continuous dry and hot weather in Russia and Ukraine. The entire month of June was abnormally dry in both the countries. Although some rain is expected in coming weeks, however, majority of Russian regions will still remain drier than normal. As of now Russian wheat with 12.5 percent protein content is hovering around \$198 per MT.

GASC (General Authority for Supply Commodities) has purchased 60000 tonnes of Romanian wheat through tender. CHS offered 60000 tonnes of Romanian wheat at FoB \$196.96 per tonne. This tender is the first tender in Egypt's financial year which started on July 1. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.

SovEcon has cut Russia's wheat production forecast for 2019 to 82.2 MMT compared to previous forecast of 82.6 MMT. Production forecast has been reduced due to low soil moisture in several regions in Russia.

As per SovEcon, Russia has exported around 34.17 thousand tonnes of wheat during July'18-May'19. Russia is expected to export around 1.00 thousand tonnes of wheat in the month of June'19. Demand in foreign market is sluggish due to ample availability. Buyers are only considering price. As of now Russian wheat with 12.5 percent protein content at Novorossiysk port is hovering around FoB \$198 per tonne.

Bangladesh will buy 100000 MT of wheat from Russia in G2G deal. Bangladesh will pay around \$267.30 per tonne including cost, insurance, freight and port related expenses. The first batch of wheat is expected to arrive during first week of July. Bangladesh has purchased around 1.9 MMT of wheat during July'18-May'19. Demand for wheat in Bangladesh has increased as wheat is being substituted for more expensive rice.

The Saudi Arabia Grain Organization has purchased 730000 tonnes wheat through tender. The said quantity will arrive at three different ports. Around 425000 tonnes will arrive at Jeddah port, 250000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. Saudi Arabia abandoned plans of self-sufficiency in 2008 as farming in desert reduced scarce water resources and became a major importer of hard and soft wheat.

As per latest update, Japan's ministry of agriculture bought 61864 MT of food quality wheat from United States. Of the total quantity, 12715 MT is western white wheat, 12310 MT is hard red, 16415 MT is western white and 20424 MT is dark northern spring wheat. Shipments from United States will be loaded between Aug 01 and Aug 31, 2019.

As per latest update, ABARES has reduced wheat production forecast for Australia by 11% to 21.2 MMT from its previous forecast of 23.9 MMT. The forecast is lower by 14% compared to 10-year average of 24.7 MMT. 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.

As per latest update, Japan's ministry of agriculture bought 77042 MT of food quality wheat from United States and Australia. Around 58157 MT has been bought from United States and 18885 MT of standard white wheat has been bought from west Australia. Shipments from United States and Australia will be loaded between Aug 01 and Aug 31, 2019.

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.

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***
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
Jun-19	232.30	232.58	203.00	192.72	194.83	180.68	309.67	307.24

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)
07.06.2019	8.55	20.35	37.91	32.52
14.06.2019	7.92	19.76	38.08	32.77
21.06.2019	8.00	19.51	40.68	35.16
28.06.2019	9.46	20.82	43.78	37.86
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
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 Ministry of Agriculture in the Russian Federation announced extension of zero duty on wheat exports for another year beginning on 1 July 2019.

Ukraine: The Ministry of Agriculture in Ukraine announced the implementation of new quality standards on feed wheat and three milling classes for soft wheat as of 10 June 2019.

Australia: The Ministry of Agriculture in Australia approved permits for single imports of bulk wheat from Canada (subject to biosecurity risk conditions) due to a tight domestic situation caused by last year's drought-reduced crop.

Saudi Arabia: 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.

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.

Spot Prices Black Sea Region

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Date	29.05.2019	05.06.2019	13.06.2019	19.06.2019	26.06.2019
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	NA	NA	NA	190.0-194.0	192.0-196.0
Milling wheat 11.5%	NA	NA	NA	185.0-188.0	186.0-188.0
Feed wheat	NA	NA	NA	177.0-181.0	179.0-182.0
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	NA	NA	NA	193.0-196.0	194.0-197.0
Milling wheat 11.5%	NA	NA	NA	185.0-189.0	186.0-191.0
Feed wheat	NA	NA	NA	177.0-180.0	178.0-182.0

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			19.06.2019	26.06.2019
Russia	Wheat, 12.5% protein	Aug-Sep	194-199	195-198
Ukraine	Wheat, 11.5% protein	Aug-Sep	186-191	186-191
Ukraine/Russia	Feed wheat	Aug-Sep	179-184	179-183

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.)	
				30.05.2019	27.06.2019
Production	757	762	733	766	769
Trade	177	176	171	174	174
Consumptions	736	739	741	753	756
Carryover stocks	248	270	263	276	275
Y-O-Y change	21	22	-7	-	12
Major Export	78	82	67	72	70

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 769 MMT for 2019-20. According to forecast by IGC for 2018-19, global wheat production was around 733 MMT against 762 MMT for 2017-18. The projection for global production is higher by 36 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 2 MMT compared to 2017-18.
- Consumption has been increased to 756 MMT for 2019-20. The projection is higher by 15 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 275 MMT compared to forecast of 263 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 01.07.2019)							
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	1,394	20,000	5,950	10	14,000	1,454	19,500
Australia	4,809	22,500	9,000	175	13,000	4,959	17,300
Canada	4,770	34,500	9,500	450	24,000	6,220	31,800
China	139,993	132,000	128,000	3,500	1,300	146,193	131,430
EU	9,614	153,800	128,000	5,500	26,500	14,414	137,219
India	17,641	101,200	97,000	20	500	21,361	99,870
Pakistan	3,059	25,600	25,400	5	800	2,464	25,100
Russia	7,728	78,000	41,500	500	37,000	7,728	71,685
Ukraine	1,380	30,000	10,100	75	19,500	1,855	25,057
U S	29,987	51,782	31,923	3,800	23,500	29,162	51,287
Others	56,199	131,447	271,276	165,961	23,801	58,530	121,440
World total	276,574	780,829	757,649	179,996	183,901	294,340	731,688

Source: USDA

CBOT Futures Jul-19 Chart:

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1st Support: 169.00
2nd Support: 167.00
1st Resistant: 220.00
2nd Resistant: 222.00
(\$ per tonne)

Wheat CBOT closed at \$5.18 per bushel. U.S. wheat export sales during 30th May-20th June was 2761439 tonnes compared 406433 tonnes during 02nd 23rd May. As on 01st July, around 63% of the U.S. winter wheat was in good or excellent condition. Winter wheat harvest is only 30% complete. U.S. spring wheat planting is complete and around 25% of the spring wheat has headed and 75% of it is in good or excellent condition. CBOT wheat prices are likely to stay steady to slightly firm in upcoming weeks.



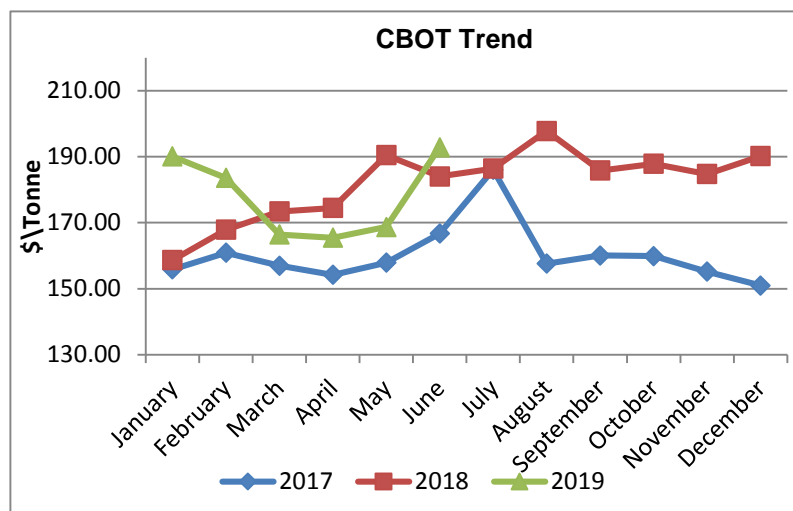
CBOT comparison over period of time:

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-Jul-19	26-Jun-19	3-Jun-19	3-Apr-19	3-Jan-19	3-Jul-18	
Jul-19	190.31	199.77	190.96	174.33	193.62	197.29	-3.54
Sep-19	188.84	200.78	193.25	176.99	197.29	200.42	-5.77
Dec-19	192.98	204.37	197.94	181.95	202.71	204.64	-5.70
Mar-20	197.39	207.67	202.53	186.82	206.75	207.49	-4.87
May-20	199.41	208.22	204.37	189.39	208.87	209.05	-4.61
Jul-20	199.87	206.20	203.91	190.04	207.12	208.41	-4.10

CBOT Trend

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

CBOT average monthly price for June'19 is higher by \$ 8.83 per tonne compared to last year for the same month and by \$ 24.14 per tonne compared to May'19. USDA estimates production to be around 51.78 million tonnes in 2019-20 with yields around 3.28 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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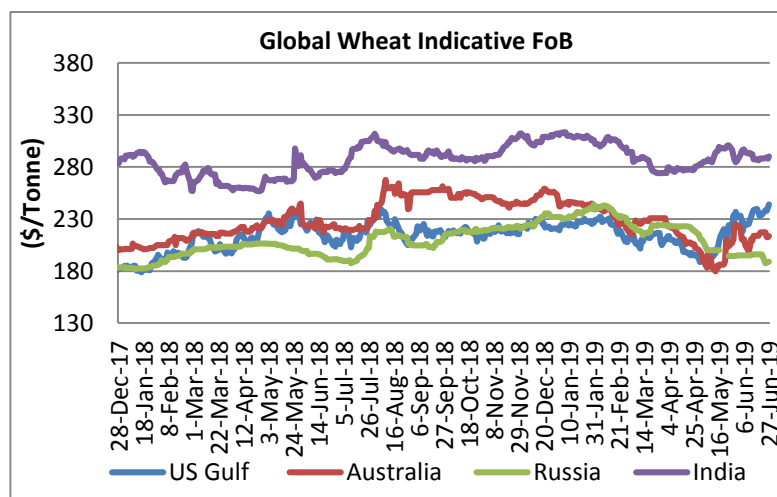
All prices are for SRW/milling grade	1st Jan-19	1st Feb-19	1st Mar-19	1st Apr-19	1st May-19	1st Jun-19	1st Jul-19
USA	221.00	226.50	209.51	204.92	191.00	232.73	226.60
France	204.25	203.25	214.17	206.87	201.24	200.34	206.35
Australia	253.21	239.40	220.81	230.75	197.38	224.25	215.60
Russia	232.00	244.00	231.00	224.00	209.50	195.00	189.00
India	312.14	305.86	298.58	274.29	282.53	285.82	289.13

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 \$286.49-296.75 per tonne.

US and Russian quotes are hovering in the range of \$218.17-243.91 and \$187.50-196.00 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 \$185 to \$260 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly firm as major wheat producing countries are experiencing unfavourable weather conditions. However, higher production projection given by IGC will keep prices in check. EU is likely to produce around 149.80 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 79.50 MMT and 27.50 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 50.30 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 19.70 MMT in 2019-20 compared to 19.50 MMT in 2018-19. Furthermore, Canada is likely to harvest around 33.60 MMT in 2019-20 compared to 31.80 MMT in 2018-19.

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