

# 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 5.55 percent from Rs 1986.79 in June -2019 to Rs 2097.05 per qtl in July -2019. Average price in July-2019 is higher by 11.82 percent compared to Rs 1884.54 per quintal registered in July-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 \$116-118 per tonne from Black Sea Region. Russia/Ukraine (11.5% Protein content) is offering wheat at \$189.00/188.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$305.38 per tonne. India exported 6.13 thousand tonne wheat in June'19. Total export in MY 2018-19 was registered around 2.26 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 June'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 \$289.13-311.73 per tonne in July. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$183.00-189.00, \$183.50-190.50, Euro 171.00-177.50, \$208.41-227.80 and \$198.80-215.60 per tonne respectively. Wheat prices in international markets witnessed firm tone in July'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 34.1 MMT in MY 2019-20 lower by 1.6 MMT compared to 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 410.50 mm of actual rainfall against 452.20 mm of normal rainfall during 01<sup>st</sup> June to 31<sup>st</sup> July-2019. During the same period rainfall was below LPA by 8%, 5%, 19% and 11% in Northwest India, Central India, South Peninsula and East & Northeast peninsula respectively. Deficient rainfall has been recorded in Gujarat, West Uttar Pradesh, Jharkhand, West Bengal, Orissa, Marathwada, Rayalseema, S.I Karnataka, Tamilnadu & Pondicherry. During the week (25 to 31<sup>st</sup> July) the rainfall was 42% above the LPA for the country as a whole. Wheat crop has been harvested. Farmers were already advised to slightly delay their Kharif sowing. IMD has given forecast for normal monsoon this year.

**E-Auction:** Government has offered 2197850 tonnes of wheat in OMSS until third tender in July'19 out of which 177250 tonnes was sold. No rakes were sold. State government and bulk consumers bought 176700 tonnes and 550 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.

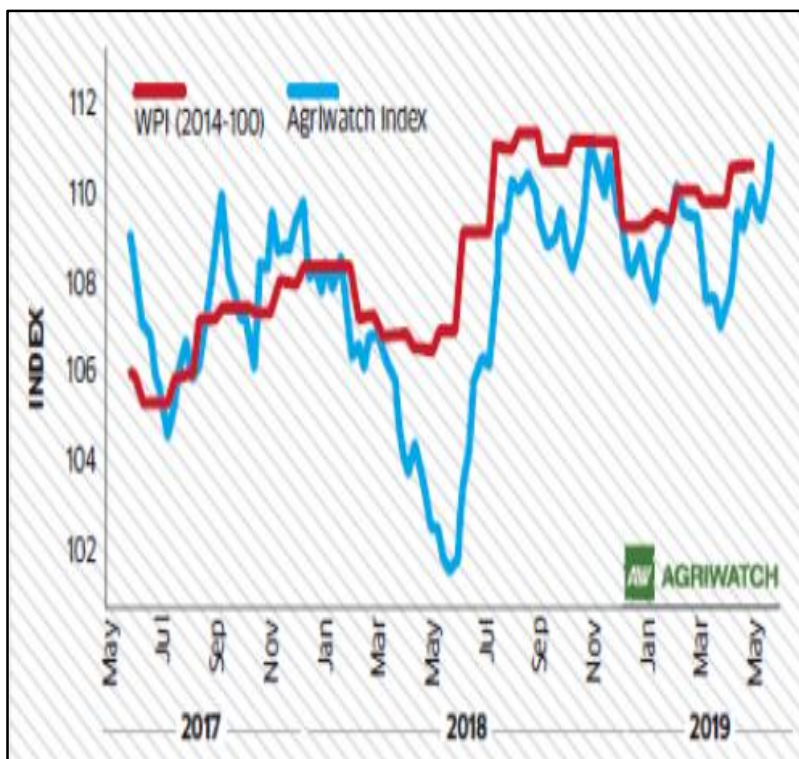
**Trade Call:** Market participants are advised to buy wheat at 2060 levels for a target of 2105 with a stop loss at 2033 on closing basis.

**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](http://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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	<b>Wheat MY Runs From April To March (Figures in MMT)</b>	<b>2018-19</b>	<b>2019-20</b>
<b>A</b>	<b>Carry in</b>	<b>19.39</b>	<b>19.67</b>
<b>B</b>	Production	95.50	97.00
<b>C</b>	Imports	0.00	0.00
<b>D</b>	<b>Total Availability (A+B+C)</b>	<b>114.89</b>	<b>116.67</b>
<b>E</b>	Consumption	95.00	95.50
<b>F</b>	Exports	0.22	0.25
<b>G</b>	<b>Total Usage (E+F)</b>	<b>95.22</b>	<b>95.75</b>
<b>H</b>	<b>Carry out (D-G)</b>	<b>19.67</b>	<b>20.92</b>
<b>I</b>	Av Monthly Consumption	7.92	7.96
<b>J</b>	Stock to Month Use	2.48	2.63
<b>K</b>	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 July'19 stood at 458.31 lakh tonnes down by 1.57% compared to last month. This quantity is higher by around 9.64% 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:**

India has huge stockpiles of wheat. However India is not able to export wheat due to huge price difference. Neighbouring country like Bangladesh has approved a purchase of 1 LMT from Russia at \$267.30 per tonne including cost, insurance, freight and port related expenses. Whereas Wheat mill delivery price in Indore is hovering around \$309 per tonne.

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 \$349.30 (Rs 24024.85) per tonne and \$450.52 (Rs 30986.77) per tonne respectively, after including freight and import duty @40%. Local expenses will further add to cost. Whereas wheat mill quality price in Chennai is ruling around Rs 23000 per tonne. Therefore, as of now, there is no parity for wheat imports.

As per latest update, roller flour mills in Punjab are facing a supply shortage even after bumper production as well as procurement in Punjab. According to Punjab Mandi Board, around 70-75 percent of wheat in the state is procured by procurement agencies. Due to luster loss this year, wheat sold by FCI is not fit for making Maida but can be used for making Aata. Therefore millers in Punjab are dependent on wheat supply from Uttar Pradesh. However that too has stopped due to better prices of wheat in Uttar Pradesh itself. Millers have met FCI official and asked for supply of wheat from August 15. FCI official have said, "We are working on it, this is not an issue which cannot be sorted out".

FSSAI has introduced +F logo on packets for Rice, Wheat, etc. This logo will help in identifying which products are nutritious. FSSAI has mandated to print +F logo on all staple food products so that all sections of the society receive appropriate nutrition. In case this instruction is not followed, the product will be termed under misbranded and legal action would be taken.

**Previous Updates:**

Government agencies have started procurement. Until 24th June'19 government has procured around 341.15 lakh tonnes of wheat.

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.

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 <sup>th</sup> 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



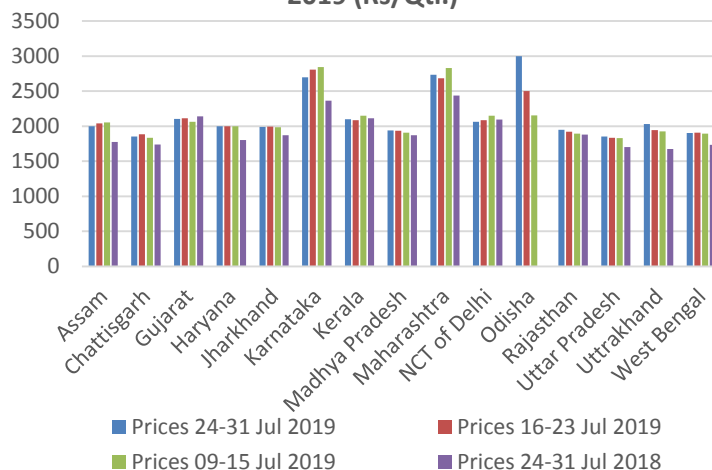
## Monthly Average Price Comparison:

All India average monthly prices for wheat increased by 5.55 percent from Rs 1986.79 in June -2019 to Rs 2097.05 per qtl in July -2019. Average prices remained firm in all major states except Assam, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Delhi and West Bengal.

Prices are likely to stay steady to firm. Wheat prices are likely to remain firm in near future with small technical corrections. Arrivals in all major states have been declining in past weeks. Domestic availability of wheat is enough to meet emerging demand in the domestic market. Furthermore, no imports due to disparity is also providing support to prices in domestic market. Traders are advised to buy with correction.

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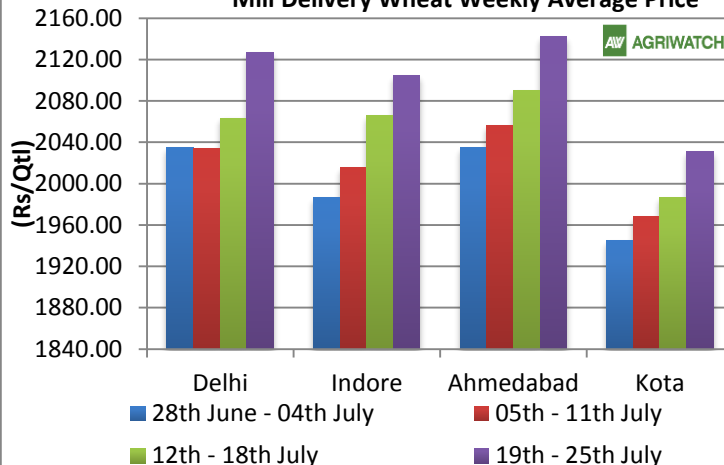
Statewise Wheat Average Price Trend In July-2019 (Rs/Qtl.)



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

Average mill delivery prices of Wheat traded firm in Delhi, Indore, Kota and Ahmedabad except Delhi during 19<sup>th</sup> -25<sup>th</sup> July 2019. No imports will increase demand for wheat with South Indian millers as the season progresses. Sales of wheat through OMSS is low due to good availability with private traders/millers. Sales is expected to improve from next month due to fall in stock with private traders/millers and beginning of festive demand. Sales target through OMSS in MY 2019-20 has been kept same at 10 MMT.

Mill Delivery Wheat Weekly Average Price

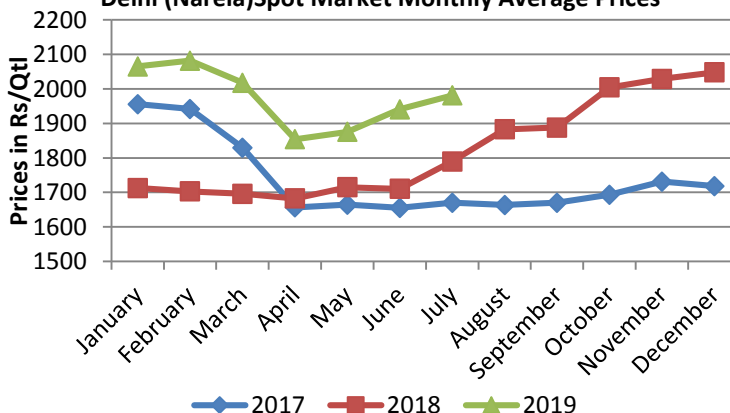


## Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1940.71 per quintal in June-2019 to Rs 1981.00 per quintal in July-2019. Prices are likely to touch Rs 2080-2130 per quintal in Narela market in upcoming weeks.

The prices are firm by 2.08 percent compared to last month and firm by 10.69 percent compared to corresponding month last year. Arrivals in Narela have decreased by 6750 quintal to 11800 quintal in the month of July-2019.

Delhi (Narela)Spot Market Monthly Average Prices



## Wheat Exports:

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According to latest update, India exported around 6.13 thousand tonne wheat in the month of June-2019.

It is around 3.60 thousand tonnes lower compared to export quantity (9.73 thousand tonne) in May-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 (\$93 to \$118 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	6.13	375.13	192.83
19-Jul			
19-Aug			
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	21.43	365.51	175.65

## 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 June-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 \$188.00 per tonne in Russia and \$189.00 per tonne in Ukraine. United States and France are also providing wheat at \$ 212.09 per tonne and Euro 172.50 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	0.00	NA	192.83
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	175.65

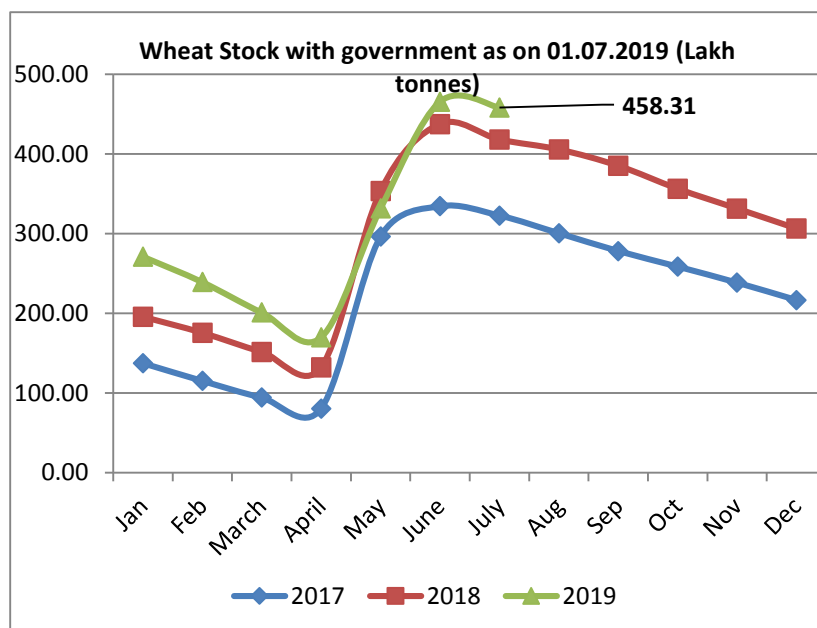
## Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.07.2019 was around 458.31 lakh tonne. It is lower by 1.57 % from June-2019. Stock in central as on 01<sup>st</sup> July'19 is higher by 9.64 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 2080 per quintal for the first quarter, which will be increased by Rs 55 per quintal in each of three upcoming 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:

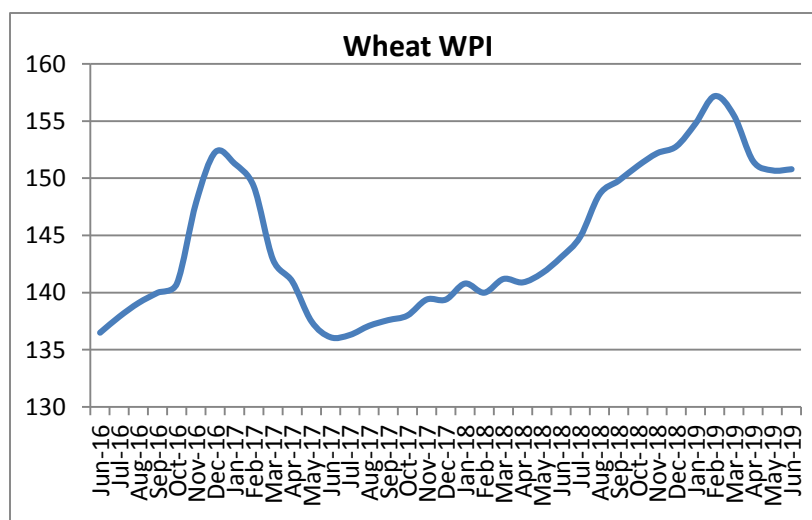
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Month/Year	2015	2016	2017	2018	2019
Jan	126.3	134.1	151.3	140.8	154.8
Feb	125.9	134.1	149.3	140.0	157.8
Mar	125.9	134.1	142.9	141.2	155.5
Apr	125.1	132.9	141.0	140.9	151.5
May	124.1	134.5	137.5	141.7	150.7
Jun	122.3	136.5	136.1	143.1	150.8
Jul	124.8	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 150.7 in May-2019 to 150.8 in June-2019. Monthly wheat inflation has increased by 0.07 percent in June-2019 compared to previous month. As compared to June-2018 wheat WPI has increased by around 5.38 percent. Wheat WPI is expected to stay steady to firm in coming month.

Food grains WPI increased by 1.1 in June-19 to 155.4 compared to 154.3 in May-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-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
19-Jul	2084.07	2065.58	1997.59	2012.20	2312.96

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
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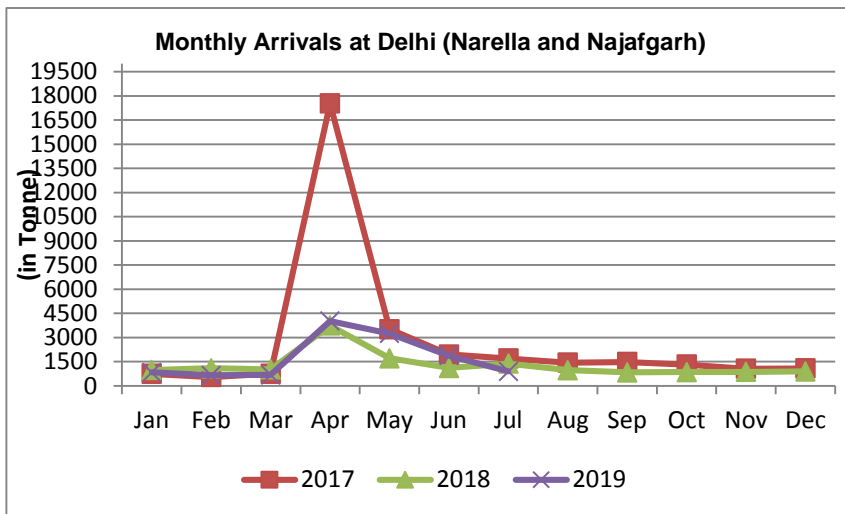
Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			1-Aug-19	31-Jul-19	25-Jul-19	1-Jul-19	1-Aug-18
Delhi	Lawrence Road	Mill Delivery	2150	2150	2130	2035	1990
	Narella	Mill Quality Loose	2050	Closed	NA	1940	Closed
	Nazafgarh	Mill Quality Loose	2025	Closed	NA	1925	Closed
Gujarat	Rajkot	Mill Delivery	2060	2040	2060	1930	2060
	Ahmedabad	Mill Delivery	2165	2150	2160	2035	2100
	Surat	Mill Delivery	2200	2190	2200	2070	2140
	Dhrol	Mill Delivery	1925	1825	1960	2000	2000
M.P.	Indore	Mill Delivery	Closed	2130	2100	1980	2085
	Bhopal	Mill Quality Loose	Closed	1980	1980	1815	2000
Rajasthan	Kota	Mill Quality Loose	1940	1950	1925	1815	1860
		Mill Delivery	2050	2060	2020	1950	1960
U.P.	Kanpur	Mill Delivery	2015	2015	2060	1930	1820
	Mathura	Mill Quality Loose	1940	1940	1900	1810	1815
	Kosi	Mill Quality Loose	1960	1950	1970	1930	1825
	Hathras	Mill Quality Loose	1940	1915	1910	1820	1800
	Aligarh	Mill Quality Loose	1950	Closed	1960	1870	Closed
Punjab	Khanna	Mill Quality Loose	1960	1975	1970	1930	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2035	2035	2020	1925	1835
	Hodal	Mill Delivery	NA	NA	NA	NA	1920
	Bhiwani	Mill Quality Loose	2030	2050	2050	1925	1880
	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	2350	2325
	Madurai	Mill Quality	2357	2550	2450	2450	2450
	Coimbatore	Mill Quality	2357	2600	2500	2500	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2100	1900	1900
	Muzaffarpur	Mill Delivery	2000	2000	1950	1850	1850

## Monthly Arrivals at Delhi

Arrivals in Delhi region (Narela and Najafgarh) decreased to 895 tonnes in July-2019 compared to 1884 tonnes in June-2019. Currently wheat is being traded around Rs 2050 per quintal in Narela.

## Domestic Outlook:

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



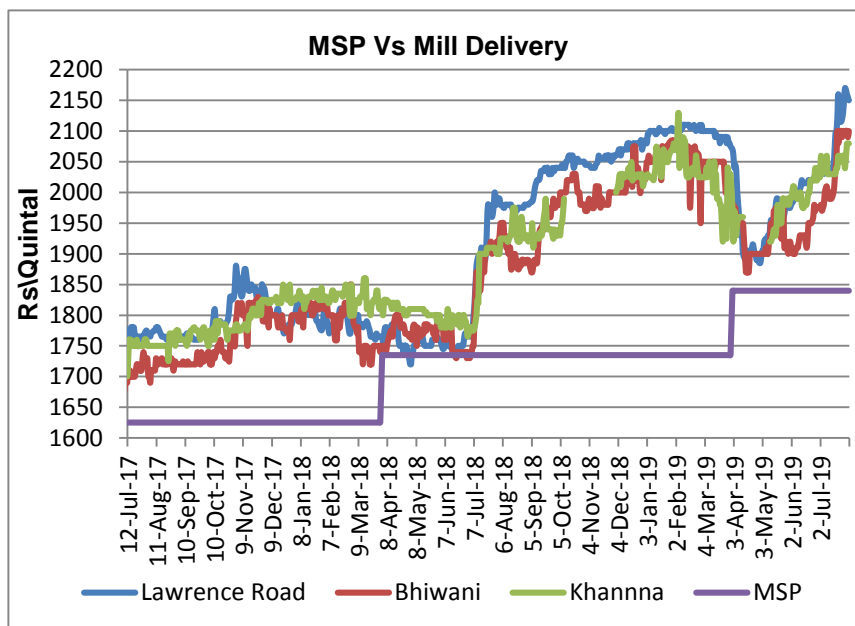
## MSP Vs Mill Delivery Prices

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

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

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

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### Wheat Technical Analysis:

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## Wheat – Technical Outlook

### Technical Commentary:

- *Fall in price and open interest indicates long liquidation.*
- *RSI is moving in overbought region.*
- *Prices closed above 9 and 18 days EMAs.*

**Strategy: Buy**

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	2000	1980	2073	2170	2190
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	Buy	Above 2060	2105	2135	2033

\* Do not carry-forward the position next month.

## International Market Dynamics

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**Russia is expected to dominate the world wheat export market this year. Although sovecon has reduced production forecast however it is still higher compared to last year.** Indonesia is one of the largest importer of wheat and a top buyer of Australian wheat. Due to third consecutive dry season availability of wheat for export in Australia has been impacted. Argentina has captured some demand but major share will be captured by Black Sea wheat. On an average, the spread between Australia standard wheat (ASW) and black sea wheat has increased from \$12 per tonne in 2017 to \$24 per tonne in 2019.

**As per SovEcon, Russia is expected to produce 73.7 MMT of wheat compared to their previous forecast of 76.6 MMT.** Forecast has been reduced due to unimpressive harvest yields. Until 15th July Russia has harvested 28.8 million tonnes of wheat compared to 24.6 million tonnes a year ago for the same date. However global production as well as carryover are still at higher side.

**As per latest update by Rosario grain exchange, Argentine farmers are expected to harvest around 21.5 MMT of wheat in 2019-20.** Wheat planting area is estimated to be around 6.87 million hectares. The acreage is highest in last eighteen years. Argentina is eyeing Latin America, Africa and Southeast Asia for exporting its surplus wheat production.

**China has approved wheat imports from kurgan region of Russia.** This will bring Russia a step closer in remaining the leader in wheat exports. Russia is aiming to increase its export of wheat to 55.9 MMT by 2035. Russia is planning to export a total of 41.9 MMT of wheat in 2019-20.

**Algeria state grains agency OAIC has bought around 570000 tonnes of milling wheat in a tender that closed on Wednesday.** The prices paid was around \$215.50 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.

**Bangladesh will buy 100000 MT of wheat from Russia. Bangladesh will pay around \$267.30 per tonne including cost, insurance, freight and port related expenses.** Prodintorg, a Russian state firm, will supply around 52000 MT of wheat in first batch of shipment which is likely to arrive during first week of August. The strong demand for wheat is due to a shift in consumer preferences towards bread. Furthermore, increased use of wheat as a substitute for more expensive rice by Bangladesh's growing population has also intensified demand.

**As per latest update, Tunisia has bought around 92000 tonnes of soft milling wheat in three consignments of 25000 tonnes each and one of 17000 tonnes.** The consignments were bought in the range of \$215.52-217.98 per tonnes C&F. The sellers were Louis Dreyfus and Cargill. The said quantity is to be delivered between August 20 and September 25.

**Bangladesh has emerged as one of the largest wheat importers in world. Bangladesh has imported 5.00 MMT of wheat in 2018-19 and is expected to import around 6.50 MMT in 2019-20.** Domestic production in Bangladesh has reduced to 1.3 MMT in 2018 compared to 1.9 MMT in 1998. The main reasons for fall in production are climate change, land scarcity and disease infestation. The strong demand for wheat reflects a shift in consumer preferences towards bread as well as increasing use of wheat as a substitute for more expensive rice by Bangladesh's growing population.

**GASC (General Authority for Supply Commodities) has purchased 300000 tonnes of Russia, Ukraine and Romanian wheat through tender.** Of the total quantity 120000 tonnes was of Romanian origin, 120000 tonnes was of Ukrainian origin and 60000 tonnes was of Russian origin. Hakan purchased 60000 tonnes of Ukrainian wheat at FoB \$198.80 per tonne, Solaris purchased 60000 tonnes of Russian wheat at FoB \$202.50 per tonne, Ameropa purchased 120000 tonnes of Romanian wheat at FoB \$203.60 per tonne, Louis-Dreyfus purchased 60000 tonnes of Ukrainian wheat at FoB \$201.60 per tonne. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.



## 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***
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
Jul-19	219.37	225.10	NA	191.86	193.00	176.14	297.13	288.26

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)
05.07.2019	11.92	23.26	45.49	39.45
12.07.2019	13.41	25.08	47.50	41.18
19.07.2019	14.13	26.74	49.95	43.44
26.07.2019	13.59	26.31	49.74	43.31
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
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	26.06.2019	03.07.2019	10.07.2019	17.07.2019	24.07.2019
<b>Odessa, FOB(\$/tonnes)</b>					
Milling wheat 12.5%	192.0-196.0	187-192	188-193	190-194	191-195
Milling wheat 11.5%	186.0-188.0	183-186	182-187	185-189	185-190
Feed wheat	179.0-182.0	177-183	176-182	177-183	179-185
<b>Novorossiysk, FOB(\$/tonnes)</b>					
Milling wheat 12.5%	194.0-197.0	190-195	188-194	190-195	191-195
Milling wheat 11.5%	186.0-191.0	183-187	180-186	184-187	184-190
Feed wheat	178.0-182.0	178-183	176-182	177-182	179-185

Source: Reuters

## Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			17.07.2019	24.07.2019
Russia	Wheat, 12.5% protein	Oct-Nov	192-197	193-200
Ukraine	Wheat, 11.5% protein	Oct-Nov	182-187	183-190
Ukraine/Russia	Feed wheat	Oct-Nov	NA	NA

Source: Reuters

**IGC Wheat Balance Sheet (Quantity in MMT)**
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IGC Forecast( Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Proj.)	
				27.06.2019	25.07.2019
Production	757	762	733	769	763
Trade	177	176	170	174	173
Consumptions	736	739	741	756	755
Carryover stocks	248	270	262	275	270
Y-O-Y change	21	22	-8	-	9
Major Export	78	82	67	70	67

**IGC Balance Sheet Highlight:**

- IGC has forecasted global wheat production to be 763 MMT for 2019-20. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 762 MMT for 2017-18. The forecast for global production is higher by 30 MMT compared to estimate for 2018-19. IGC has projected higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 173 MMT. It is 3 MMT higher compared to estimate for last year and lower by 3 MMT compared to 2017-18.
- Consumption has been increased to 755 MMT for 2019-20. The forecast is higher by 14 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 270 MMT compared to estimate of 262 MMT last year. It is higher by around 22 MMT compared to 2016-17.

**USDA Balance Sheet**
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USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.08.2019)							
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	20,000	5,950	10	14,000	1,454	19,500	20,000
Australia	21,000	8,500	150	12,500	5,057	17,298	21,000
Canada	33,300	9,300	450	24,000	5,120	31,800	33,300
China	132,000	128,000	3,500	1,300	145,893	131,430	132,000
EU	151,300	128,000	5,500	27,000	11,614	137,219	151,300
India	101,200	98,000	20	500	19,712	99,870	101,200
Pakistan	25,600	25,400	5	800	2,464	25,100	25,600
Russia	74,200	40,500	500	34,500	7,428	71,685	74,200
Ukraine	29,000	9,800	75	19,000	1,670	25,057	29,000
U S	52,281	32,195	3,810	25,855	27,216	51,287	52,281
Others	131,582	270,306	164,891	23,651	58,835	121,442	131,582
<b>World total</b>	<b>771,463</b>	<b>755,951</b>	<b>178,911</b>	<b>183,106</b>	<b>286,463</b>	<b>731,688</b>	<b>771,463</b>

Source: USDA

## CBOT Futures Jul-19 Chart:

**1<sup>st</sup> Support: 158.00**  
**2<sup>nd</sup> Support: 156.00**  
**1<sup>st</sup> Resistant: 212.00**  
**2<sup>nd</sup> Resistant: 214.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$4.90 per bushel. U.S. wheat export sales during 27<sup>th</sup> June-25<sup>th</sup> July was 1953942 tonnes compared 2761439 tonnes during 30<sup>th</sup> May-20<sup>th</sup> June. As on 29<sup>th</sup> July, around 75% of the U.S. winter wheat has been harvested. U.S. spring wheat planting is complete and around 97% of the spring wheat has headed and 78% of it is in good or excellent condition. CBOT wheat prices are likely to stay steady to weak in upcoming weeks due to harvest progress. Furthermore, export demand is also limited due to ample availability in global market at lower prices

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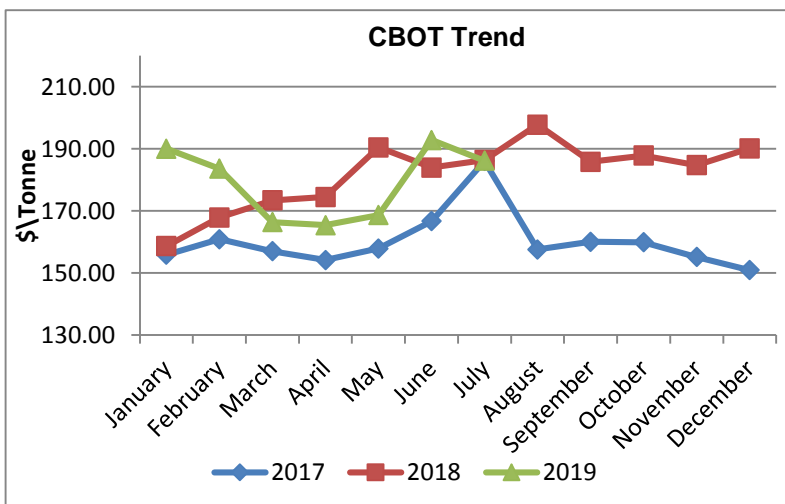
## CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Aug-19	25-Jul-19	1-Jul-19	1-May-19	1-Feb-19	1-Aug-18	
Sep-19	174.79	183.52	188.02	162.85	198.21	221.63	-21.14
Dec-19	176.63	186.36	192.61	168.82	202.80	225.40	-21.64
Mar-20	180.67	190.41	196.93	174.88	206.20	227.24	-20.49
May-20	182.87	192.43	199.04	178.56	207.67	227.70	-19.69
Jul-20	184.07	192.89	199.96	179.66	206.11	222.46	-17.26
Sep-20	187.01	195.46	202.35	182.41	208.22	223.47	-16.32

## CBOT Trend

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

CBOT average monthly price for July'19 is lower by \$ 0.21 per tonne compared to last year for the same month and by \$ 6.63 per tonne compared to June'19. USDA estimates production to be around 52.28 million tonnes in 2019-20 with yields around 3.36 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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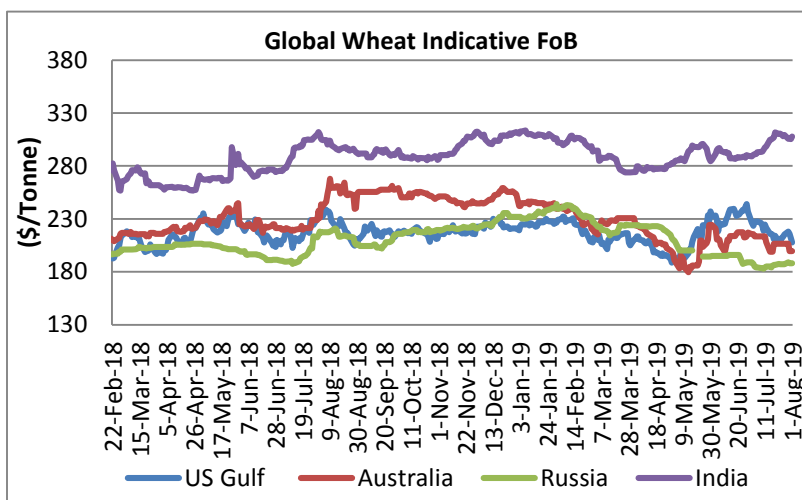
All prices are for SRW/milling grade	1st Feb-19	1st Mar-19	1st Apr-19	1st May-19	1st Jun-19	1st Jul-19	1st Aug-19
USA	226.50	209.51	204.92	191.00	232.73	226.60	207.80
France	203.25	214.17	206.87	201.24	200.34	206.35	189.63
Australia	239.40	220.81	230.75	197.38	224.25	215.60	199.50
Russia	244.00	231.00	224.00	209.50	195.00	189.00	189.50
India	305.86	298.58	274.29	282.53	285.82	289.13	307.66

## 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 \$289.13-311.73 per tonne.

US and Russian quotes are hovering in the range of \$208.41-227.80 and \$183.00-189.00 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to weak and hover in the range of \$180 to \$250 in coming week.



## International Outlook:

Global wheat market is expected to trade steady to weak due to ample availability in global market. 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 21.20 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 19.5 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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