

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat increased by 0.60 percent from Rs 2099.89 in July -2019 to Rs 2112.54 per qtl in August -2019. Average price in August-2019 is higher by 4.49 percent compared to Rs 2021.76 per quintal registered in August-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 \$118-120 per tonne from Black Sea Region. Russia/Ukraine (11.5% Protein content) is offering wheat at \$182.50/181.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$300.78 per tonne. India exported 23.57 thousand tonne wheat in July'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 July'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 \$300.78-309.18 per tonne in August. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$182.50-190, \$181.50-189.50, Euro 164.75-171.75, \$192.71-216.81 and \$195.64-211.10 per tonne respectively. Wheat prices in international markets witnessed weak tone in August'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 fourth advance estimate, India is likely to produce 102.19 MMT of wheat compared to 99.70 MMT in previous year. The total food grain production is expected at record 284.95 MMT compared to 285.01 MMT last year. Wheat prices are expected to remain steady to firm due to good demand in domestic market and no imports. Furthermore government has ample stock available to control any unexpected price surge.

Weather Update: India has received 297.80 mm of actual rainfall against 258.20 mm of normal rainfall during 01st August to 31st August-2019. Deficient rainfall has been recorded in Marathwada, Haryana, Chandigarh, Delhi, Uttar Pradesh, Bihar, etc. During the same period last in 2018, India received 240.20 mm of actual rainfall. India's cumulative rainfall during 01st June- 28th August is above 1% of the LPA. Good rains in August as well as September is likely to improve soil moisture for upcoming Rabi season. Farmers were already advised to slightly delay their Kharif sowing. IMD has given forecast for normal monsoon this year.

E-Auction: Government has sold 336700 tonnes of wheat in OMSS until fourth tender in August'19. No rakes were sold. State government and bulk consumers bought 245850 tonnes and 90580 tonnes of wheat respectively. In the month of August'19 government has sold 152000 tonnes against offered quantity of 7819470 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 was the main reason for lower sale through OMSS. Stock with millers/traders has diminished and sales through OMSS is likely to witness an increasing trend in upcoming weeks.

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.

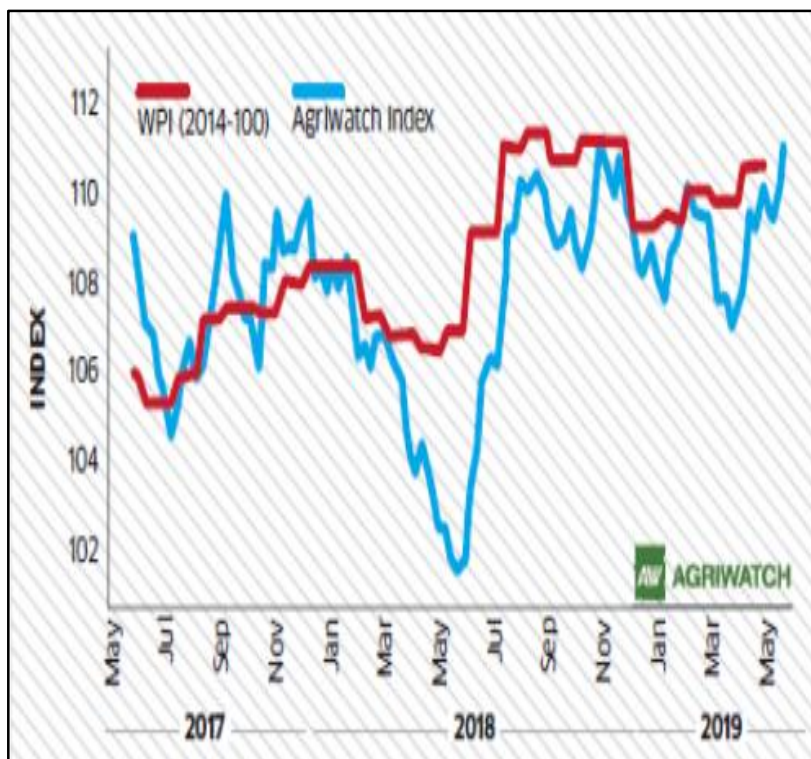
Trade Call: Market participants are advised to buy wheat at 2020 levels for a target of 2075 with a stop loss at 1987 on closing basis.

AW Cereals Index:

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The Agriwatch Agri Commodities Index fell 1.18% to 112.59 during the week ended Aug 10, 2019 from 113.93 the previous week led by lower cereals and pulses prices. The Onion Index gained 5.65% to 88.45; the Cardamom Index reached yet another record high of 560.94 while the Red Chilli Index gained 5% to 141.67.

The base for the Index and all sub-Indices is 2014 (= 100). Five of the 9 commodity group sub-Indices and 19 of the 29 individual commodity sub-Indices declined during the week. The group sub-Index values and their weekly changes are: Cereals: 120.63 (-2.12%), Pulses: 124.03 (-1.26%), Potato & Onion: 74.40 (+2.33%), Edible Oils: 111.55 (+0.07%), Oilseeds: 102.71 (-0.76%), Spices: 142.97 (+4.43%), Sweeteners: 107.09 (+2.68%) and Other Non-Food Articles: 94.18 (-2.10%).



"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 August'19 stood at 435.88 lakh tonnes down by 4.89% compared to last month. This quantity is higher by around 7.47% 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:

Arhtiyas (commission agent) play a crucial role in procurement by providing around 66 percent of farm loans. The state is rolling out the public financial management system (PFMS) in two months. Arhtiyas were fearful that they might get affected. Punjab government has made it clear that under the APMC act, it is a state subject and the government is authorized to modify PFMS to retain role of Arhtiyas.

As per latest update, the Indian institute of wheat and barley research (IIWBR) has proposed a new variety known as DBW-187. This variety has already gained acceptance in north eastern states. Now IIWBR is planning to introduce the same in Haryana, Punjab and Western Uttar Pradesh. This variety is expected to replace HD-2967 and HD-3086 variety. The DBW-187 also known as karan vandana will have more than 12 percent protein content. Furthermore, yield of DBW-187 is expected to be around 7.5 tonnes per hectare compared to 6.5 tonnes per hectare for normal variety.

As per market sources, Madhya Pradesh government is likely to reduce mandi tax by 0.5 percent to 1 percent. Generally mandi tax is paid by traders to APMC. The state government believes that traders will pass on this benefit to farmers thereby increasing their income. Madhya Pradesh is one the leading grower of wheat in the country.

As per latest update, demand for loose and unbranded wheat has reduced as consumers in urban as well as semi-urban areas are shifting to packed and branded wheat. Furthermore, easier availability of packed wheat and increase in income are also playing a vital role. Around 70 percent of millers are small/medium wheat mills and rest are large wheat millers. Therefore, small/medium millers are facing heat due to fall in demand as they are already operating on thin margins.

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 \$343.00 (Rs 24490.20) per tonne and \$435.96 (Rs 31127.54) 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 24000 per tonne. Therefore, as of now, there is no parity for wheat imports.

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.

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 increased by 0.60 percent from Rs 2099.89 in July -2019 to Rs 2112.54 per qtl in August -2019. Average prices remained weak in all major states except Assam, Maharashtra, Karnataka, Uttarakhand, Gujarat, Madhya Pradesh, Odisha and Chhattisgarh.

Prices are likely to stay steady to firm. 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. Traders are advised to buy with correction.

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

Average mill delivery prices of Wheat traded weak in Ahmedabad, Delhi and Kota except Indore during 23rd -29th August 2019.

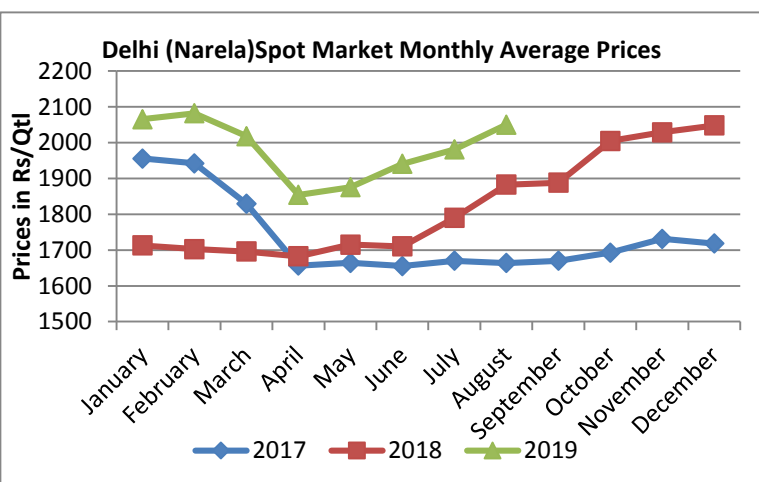
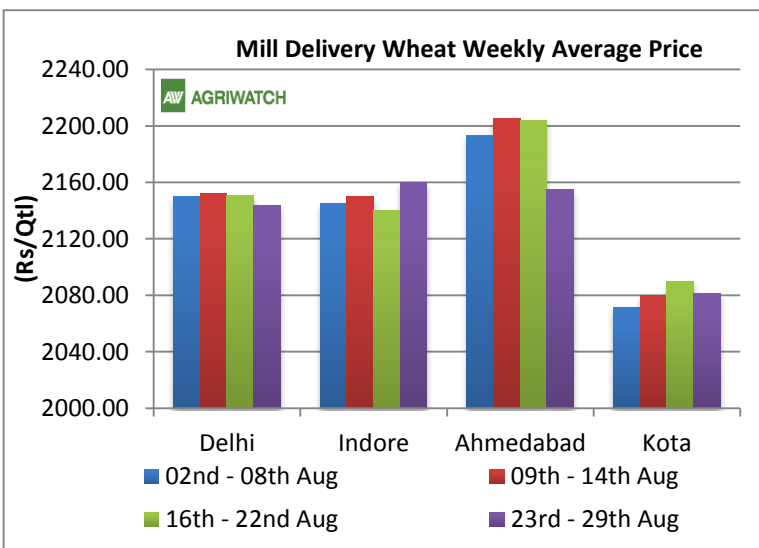
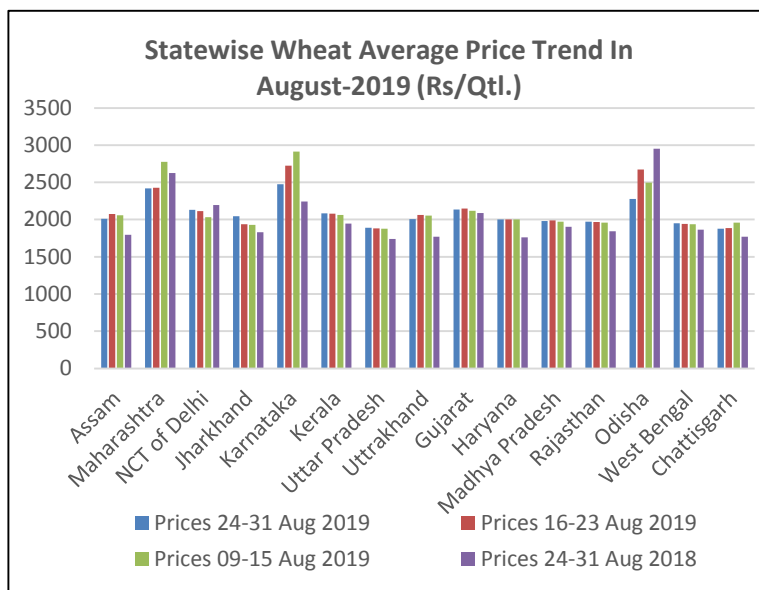
Prices remained firm in past week. No imports will increase demand for wheat with South Indian. Traders are advised to buy on dip. Abundant supplies are available in the market to meet emerging demand. Sales of wheat through OMSS is low due to good availability with private traders/millers.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 1981.00 per quintal in July-2019 to Rs 2050.00 per quintal in August-2019. Prices are likely to touch Rs 2085-2110 per quintal in Narela market in upcoming weeks.

The prices are firm by 3.48 percent compared to last month and firm by 8.88 percent compared to corresponding month last year. Arrivals in Narela have decreased by 7100 quintal to 4700 quintal in the month of August-2019.

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Wheat Exports:

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According to latest update, India exported around 23.57 thousand tonne wheat in the month of July-2019.

It is around 17.44 thousand tonnes higher compared to export quantity (6.13 thousand tonne) in June-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 (\$101 to \$120 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	23.57	363.97	186.19
19-Aug			
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	45.00	365.13	178.28

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 July-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 \$182.50 per tonne in Russia and \$181.50 per tonne in Ukraine. United States and France are also providing wheat at \$ 192.71 per tonne and Euro 166.25 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	0.00	NA	192.83
19-Jul	0.00	NA	186.19
19-Aug			
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20	0.49	378.50	178.28

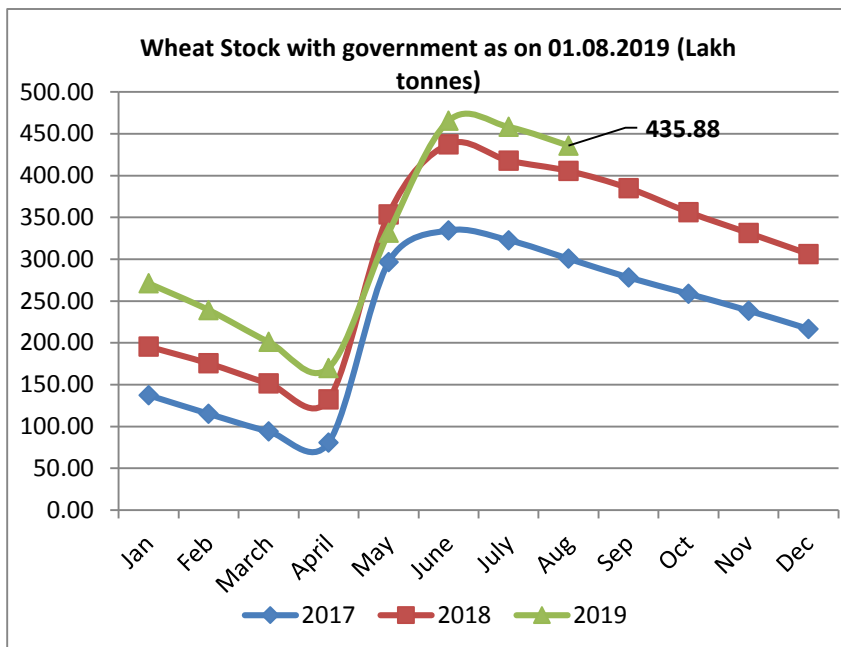
Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.08.2019 was around 435.88 lakh tonne. It is lower by 4.89 % from July-2019. Stock in central as on 01st August'19 is higher by 7.47 percent compared to last year for the same month. Government has procured around 34.10 MMT of wheat in MY 2019-20. Government has increased its procurement target to 35.70 MMT for MY 2019-20.

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.



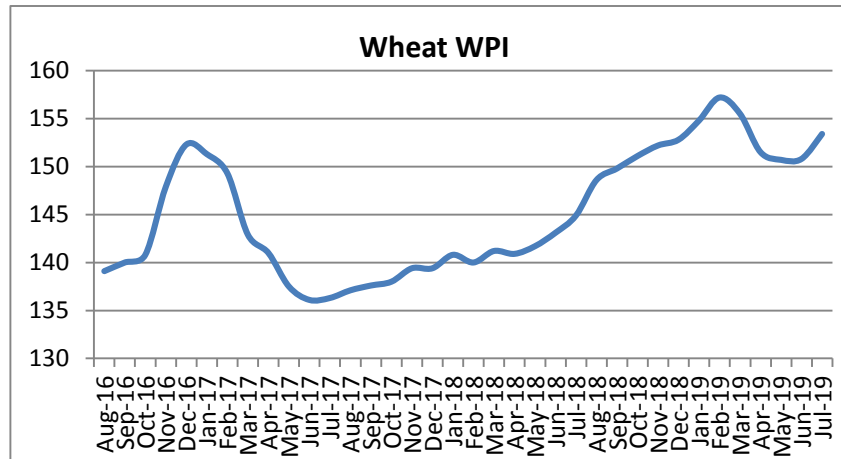
Wheat Inflation:

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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	153.4
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 150.8 in June-2019 to 153.4 in July-2019. Monthly wheat inflation has increased by 1.72 percent in July-2019 compared to previous month. As compared to July-2018 wheat WPI has increased by around 5.87 percent. Wheat WPI is expected to stay steady to firm in coming month. Food grains WPI increased by 2.0 in July-19 to 157.4 compared to 155.4 in June-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-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
19-Aug	2149.40	2147.73	2076.59	2102.89	2395.45

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
			3-Sep-19	2-Sep-19	27-Aug-19	3-Aug-19	4-Sep-18
Delhi	Lawrence Road	Mill Delivery	2150	2145	2150	2150	1985
	Narella	Mill Quality Loose	2040	2040	2030	2050	1850
	Nazafgarh	Mill Quality Loose	2025	2025	2020	2010	1900
Gujarat	Rajkot	Mill Delivery	Closed	Closed	Closed	2070	Closed
	Ahmedabad	Mill Delivery	Closed	Closed	Closed	2180	Closed
	Surat	Mill Delivery	Closed	Closed	Closed	2230	Closed
	Dhrol	Mill Delivery	NR	NR	2050	1990	Closed
M.P.	Indore	Mill Delivery	2150	Closed	2160	2125	Closed
	Bhopal	Mill Quality Loose	2050	Closed	2030	2000	1975
Rajasthan	Kota	Mill Quality Loose	Closed	Closed	Closed	1950	Closed
		Mill Delivery	Closed	Closed	Closed	2060	Closed
U.P.	Kanpur	Mill Delivery	Closed	Closed	2050	2085	1815
	Mathura	Mill Quality Loose	1920	1900	1920	1950	1815
	Kosi	Mill Quality Loose	1960	1960	1970	1960	1810
	Hathras	Mill Quality Loose	1930	1930	1920	1910	1800
	Aligarh	Mill Quality Loose	1940	1940	1950	1955	1800
Punjab	Khanna	Mill Quality Loose	1970	1950	1950	1970	1840
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2020	2020	2025	2035	1825
	Hodal	Mill Delivery	NA	Closed	NA	NA	1940
	Bhiwani	Mill Quality Loose	2010	2050	2020	2050	1850
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	Closed	Closed	Closed	2400	Closed
	Madurai	Mill Quality	Closed	Closed	Closed	2550	Closed
	Coimbatore	Mill Quality	Closed	Closed	Closed	2600	Closed
Bihar	Khagariya	Mill Delivery	2050	2050	2050	2000	1800
	Muzaffarpur	Mill Delivery	2000	2000	2025	2000	1820

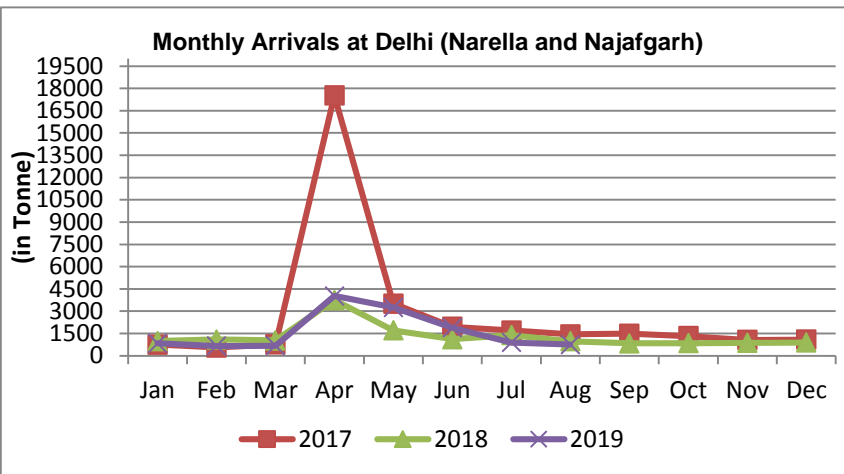
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) decreased to 755 tonnes in August-2019 compared to 895 tonnes in July-2019. Currently wheat is being traded around Rs 2040 per quintal in Narela.

Domestic Outlook:

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



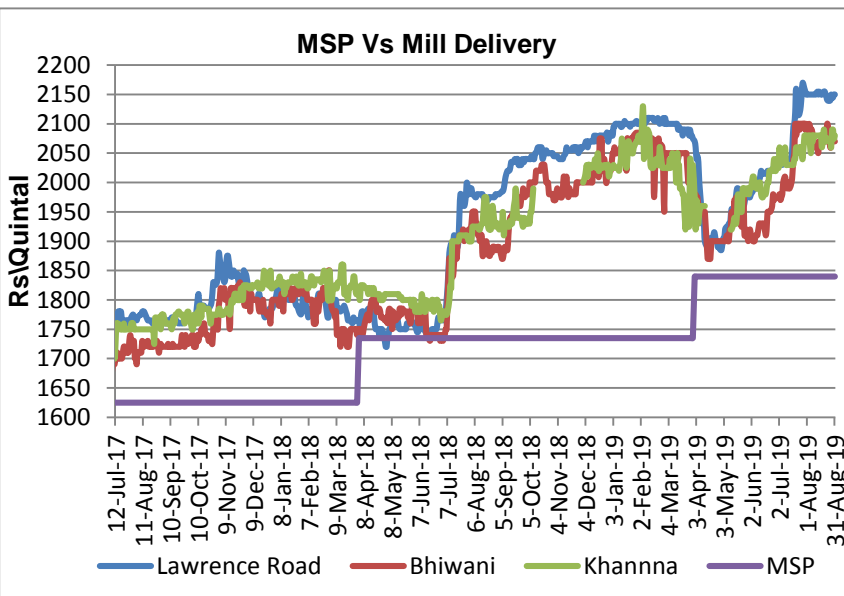
MSP Vs Mill Delivery Prices

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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**[\(Back to Table of Contents\)](#)**

As on 30th August Russia has harvested 61.00 million tonnes of wheat compared to 58.30 million tonnes a year ago for the same date. Around 18.50 million hectares of area has been harvested with an average yield of 3.29 tonnes per hectare compared to 17.50 million hectares with an average yield of 3.33 tonnes per hectare a year ago for same date. Russian wheat with 11.5% protein content is being quoted at FoB \$ 182.50 per tonne.

GASC (General Authority for Supply Commodities) has purchased 350000 tonnes of Russia, Ukraine and France wheat through tender. Of the total quantity 60000 tonnes was of French origin, 60000 tonnes was of Ukrainian origin and 230000 tonnes was of Russian origin. Egypt is the largest importer of wheat and imports around 11-12 MMT of wheat every year.

Jordan has bought 60000 tonnes of hard milling wheat at \$227.75 per tonne cost and freight for delivery in first half of November. The tender closed on Tuesday and wheat can be sourced from optional origin. The seller was trading house Nibulon. Other participants in the tender with their offers were Ameropa (\$229 a tonne CnF), Cerealcon Dolj (\$230 a tonne CnF) and Glencore (\$231 a tonne CnF).

As per latest update, Ukraine wheat production is likely to increase by 13 percent in 2019 to 27.8 MMT compared to 24.6 MMT last year. Higher global production is keeping wheat prices under pressure. As of now Ukraine wheat with 11.5 percent protein content is hovering around FoB \$ 183.50 per tonne.

As per latest update, South Korean flour mill has bought 30000 tonnes of wheat of U.S. origin. The said quantity is expected to arrive in South Korea between 20th Nov- 20th Dec. The millers paid FoB \$212.96 per tonne for soft wheat with 10.5 percent protein content, FoB \$201.56 per tonne for hard wheat with 11.5 percent protein content and FoB \$217.93 per tonne for spring wheat with 14 percent protein content.

As per latest update, SAGO has decided to buy 10 percent of its annual wheat requirement from Saudi-controlled companies based abroad. Such companies should produce 5000 tonnes of wheat and Saudi investors must own 51 percent stake. Furthermore, these companies must be registered at the kingdom's ministry of environment, water and agriculture

Russia may be able to enter yet another market as Saudi Arabia's grain agency will give some relaxation for bug damage in wheat imports. This process is likely to start from next wheat tender. However, this may hurt European Union as it is a major supplier of wheat for Saudi Arabia.

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.

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. 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.

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***
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	201.42	347.45	354.38
Nov-18	218.01	237.76	219.65	224.31	225.60	200.88	337.98	342.77
Dec-18	223.86	243.75	228.26	230.61	232.19	203.50	344.42	354.37
Jan-19	225.53	241.30	233.46	239.83	240.38	203.72	349.33	358.19
Feb-19	222.47	237.20	240.80	240.35	240.90	194.58	331.85	334.95
Mar-19	211.27	224.44	225.47	224.53	225.80	185.31	320.71	318.45
Apr-19	202.52	217.15	219.40	223.20	224.08	184.18	301.66	301.16
May-19	206.90	215.77	NA	199.44	200.81	178.74	279.91	277.22
Jun-19	232.30	232.58	203.00	192.72	194.83	179.42	309.67	307.24
Jul-19	219.02	224.77	NA	191.86	193.07	173.88	297.13	288.26
Aug-19	208.18	208.06	NA	190.14	191.80	167.88	295.73	295.45

Source: Reuters

*Figures in \$/Tonne

** Figures in Euro/Tonne

*** Figures in AUD/Tonne

Indicative Freight Quotes

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Date	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)
02.08.2019	11.85	24.46	49.16	42.74
09.08.2019	12.50	25.01	48.41	42.25
16.08.2019	13.47	26.31	52.36	45.89
23.08.2019	13.34	26.62	54.09	47.44
30.08.2019	13.39	26.68	53.71	47.19
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
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	31.07.2019	07.08.2019	14.08.2019	21.08.2019	28.08.2019
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	190-194	191-194	189-192	187-190	186-189
Milling wheat 11.5%	187-191	188-190	184-188	183-186	181-184
Feed wheat	183-189	185-187	180-185	181-185	180-184
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	193-196	191-195	190-193	188-191	188-190
Milling wheat 11.5%	185-191	187-191	182-188	184-188	180-186
Feed wheat	182-186	183-186	181-188	181-186	179-185

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			21.08.2019	28.08.2019
Russia	Wheat, 12.5% protein	Nov-Dec	190-195	190-195
Ukraine	Wheat, 11.5% protein	Nov-Dec	185-192	180-186
Ukraine/Russia	Feed wheat	Nov-Dec	182-187	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.)	
				25.07.2019	29.08.2019
Production	757	761	733	763	764
Trade	177	176	170	173	172
Consumptions	736	739	738	755	758
Carryover stocks	248	270	265	270	270
Y-O-Y change	21	22	-5	-	6
Major Export	79	82	69	67	68

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 764 MMT for 2019-20. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 761 MMT for 2017-18. The forecast for global production is higher by 31 MMT compared to estimate for 2018-19. IGC has projected higher production for 2019-20.
- Trade forecast for 2019-20 has been decreased to 172 MMT. It is 2 MMT higher compared to estimate for last year and lower by 4 MMT compared to 2017-18.
- Consumption has been increased to 758 MMT for 2019-20. The forecast is higher by 20 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 270 MMT compared to estimate of 265 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 01.09.2019)							
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	20,500	5,850	10	14,500	1,554	19,500
Australia	4,967	21,000	8,500	150	12,500	5,117	17,298
Canada	4,670	33,300	9,300	450	24,000	5,120	31,800
China	139,678	132,000	128,000	3,500	1,300	145,968	131,430
EU	9,742	150,000	127,500	5,500	26,500	11,242	136,863
India	16,992	101,200	98,000	20	500	19,712	99,870
Pakistan	3,059	25,600	25,400	5	800	2,464	25,100
Russia	7,988	73,000	40,000	475	34,000	7,463	71,685
Ukraine	1,405	29,200	9,700	75	19,500	1,480	25,057
U S	29,175	53,892	32,604	3,674	26,535	27,602	51,287
Others	56,419	128,382	269,676	165,141	22,496	57,680	120,655
World total	275,489	768,074	754,530	179,000	182,631	285,402	730,545

Source: USDA

CBOT Futures Sep-19 Chart:

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1st Support: 154.00
2nd Support: 152.00
1st Resistant: 196.00
2nd Resistant: 198.00
(\$ per tonne)

Wheat CBOT closed at \$4.56 per bushel. U.S. wheat export sales during 01st – 22nd August was 2206123 tonnes compared 1953942 tonnes during 27th June-25th July. As on 26th August, around 96% of the U.S. winter wheat has been harvested. U.S. spring wheat planting is complete and around 38% of the spring wheat has headed and 69% 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, ample availability in global market is also keeping wheat prices under pressure.



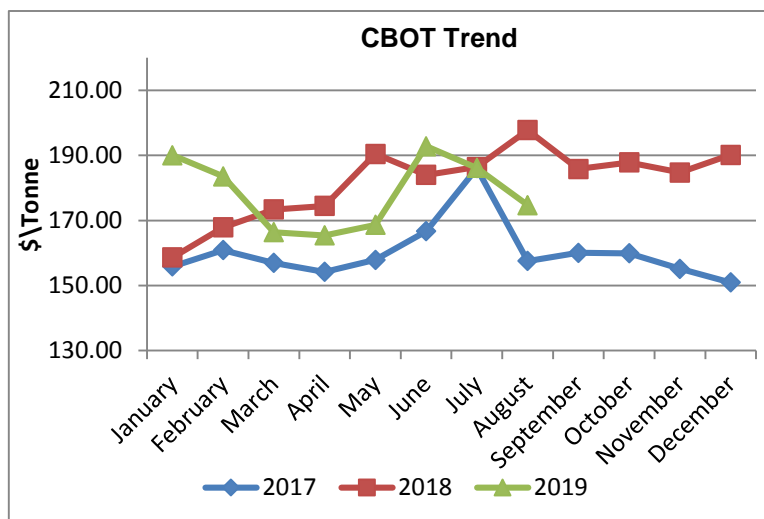
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	4-Sep-19	28-Aug-19	5-Aug-19	4-Jun-19	4-Mar-19	4-Sep-18	
Sep-19	167.63	173.50	181.68	189.12	172.77	209.42	-19.96
Dec-19	169.28	174.61	181.77	194.17	178.19	213.83	-20.83
Mar-20	171.58	176.63	185.08	198.95	182.69	216.86	-20.88
May-20	173.14	177.64	187.19	201.43	185.72	218.60	-20.80
Jul-20	174.52	178.65	188.75	202.80	185.54	217.78	-19.87
Sep-20	177.45	181.40	191.69	205.47	188.11	219.06	-18.99

CBOT Trend

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

CBOT average monthly price for August'19 is lower by \$ 23.08 per tonne compared to last year for the same month and by \$ 11.49 per tonne compared to July'19. USDA estimates production to be around 53.89 million tonnes in 2019-20 with yields around 3.47 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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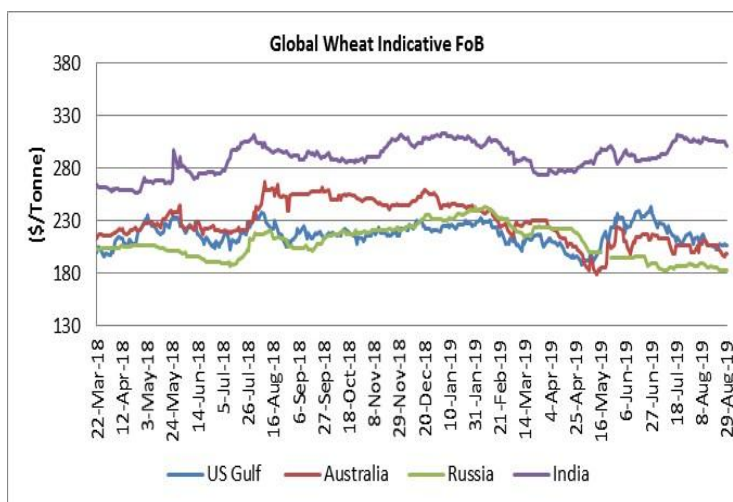
All prices are for SRW/milling grade	1st Mar-19	1st Apr-19	1st May-19	1st Jun-19	1st Jul-19	1st Aug-19	1st Sep-19
USA	209.51	204.92	191.00	232.73	226.60	207.80	192.71
France	214.17	206.87	201.24	200.34	206.35	189.63	183.51
Australia	220.81	230.75	197.38	224.25	215.60	199.50	198.99
Russia	231.00	224.00	209.50	195.00	189.00	189.50	182.50
India	298.58	274.29	282.53	285.82	289.13	307.66	300.78

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 \$300.78-309.18 per tonne.

US and Russian quotes are hovering in the range of \$192.71-216.81 and \$182.50-190.00 per tonne respectively. Wheat prices in international markets remained steady to weak in last week.

Wheat is expected to trade steady to weak and hover in the range of \$170 to \$225 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 148.7 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 75.70 MMT and 28.00 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 52.30 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 19.7 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.00 MMT in 2019-20 compared to 31.80 MMT in 2018-19.

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