

# 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 0.90 percent from Rs 2114.13 in August - 2019 to Rs 2133.11 per qtl in September -2019. Average price in September-2019 is higher by 4.81 percent compared to Rs 2035.27 per quintal registered in September-2018. Prices are expected to remain steady to firm in coming weeks due to no import parity duty and a good domestic demand.

**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 \$112-113 per tonne from Black Sea Region. Russia/Ukraine (11.5% Protein content) is offering wheat at \$189.00/190.00 per tonne on FoB basis while Indian FoB at Kandla port comes to \$302.73 per tonne. India exported 17.02 thousand tonne wheat in August'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 August'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 \$300.15-305.14 per tonne in September. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$179.50-189.00, \$179.50-190.00, Euro 161.75-169.50, \$197.40-216.30 and \$211.00-219.72 per tonne respectively. Wheat prices in international markets witnessed firm tone in September'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 Fourth 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 259.30 mm of actual rainfall against 170.20 mm of normal rainfall during 01<sup>st</sup> to 30<sup>th</sup> September-2019. Deficient rainfall has been recorded in Jammu and Kashmir, Himachal Pradesh, Haryana, Chandigarh, West Uttar Pradesh and Delhi. During the same period last in 2018, India received 132.70 mm of actual rainfall. India's cumulative rainfall during 01<sup>st</sup> June- 25<sup>th</sup> September was 910.20 mm, which is above 6% of the LPA. Good rains in 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 513100 tonnes of wheat in OMSS until third tender in September'19. No rakes were sold. State government and bulk consumers bought 201550 tonnes and 311550 tonnes of wheat respectively. In the month of September'19 government has sold 176400 tonnes in three tenders against offered quantity of 5798523 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. 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.

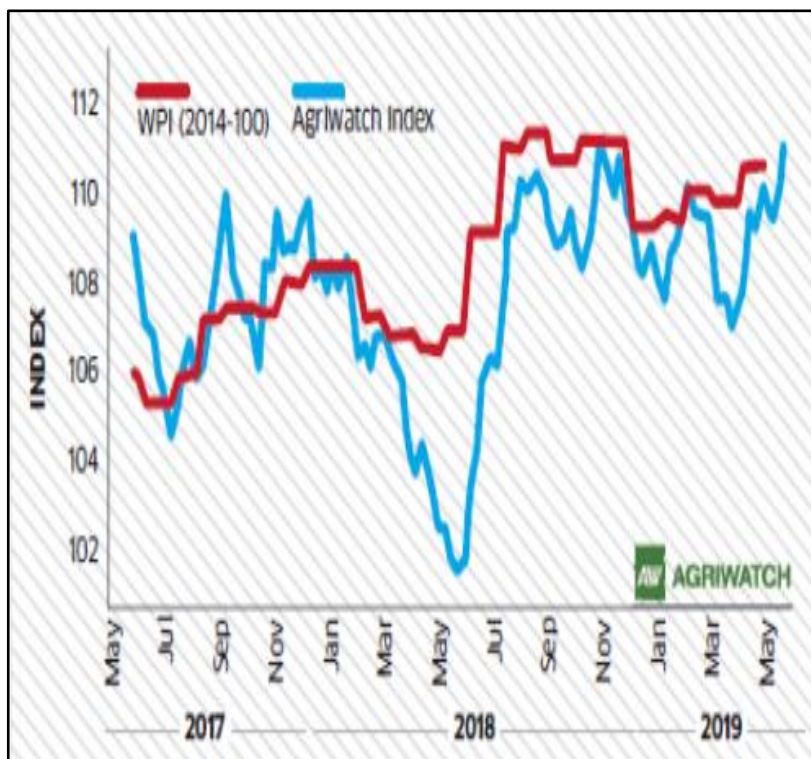
**Trade Call:** Market participants are advised to buy wheat at 2080 levels for a target of 2125 with a stop loss at 2053 on closing basis.

**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](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 September'19 stood at 414.90 lakh tonnes down by 4.81% compared to last month. This quantity is higher by around 7.74% compared to last year for the same month. Government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, government has abundant supplies this year to tackle any unexpected rise in wheat prices by selling more quantity in open market.

**Domestic Market Highlights:**

Wheat market is expected to trade steady to slightly firm due to no import parity and good domestic demand. Increase in import duty has put a complete halt on imports in MY 2019-20. Availability in domestic market is sufficient to meet domestic demand.

As per latest update, Madhya Pradesh is focusing on Malwa-nimar region to make up for losses suffered in kharif season by increasing rabi acreage. Wheat acreage in 2019 was 60 lakh hectares and it is likely to cross 63 lakh hectares in 2020. Given good soil moisture and abundant availability of water in reservoir a bumper crop can be expected under normal conditions.

Indian Agricultural Research Institute (IARI) has introduced another variety for upcoming Rabi season known as HD-3226, which is likely to have a weighted average yield of 5.75 tonnes per hectare. The variety is likely to have more protein as well as gluten content compared to HD-2967 and HD-3086. The combined acreage of HD-2967 and HD-3086 is roughly 40 percent of India's total wheat acreage.

As per latest update, Rajasthan government has sought to increase the ceiling limit for wheat under food security act. In view of the increase in population an additional 26000 tonnes of wheat is required. The existing ceiling is for 4.46 crores beneficiaries whereas the requirement is for 4.82 crores beneficiaries.

Wheat production in Punjab has remained on higher side in past years. However this high production may have led to over exploitation of ground water. Of the total 138 blocks in Punjab around 109 have been marked as over exploited in terms of underground water and the remaining are in safe zone. The number of tube wells have increased from 2.8 lakhs to 14.5 lakhs since 1980s. The rigid cropping pattern of wheat-paddy has also aggravated the problem.

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 \$341.60 (Rs 24099.88) per tonne and \$468.50 (Rs 33052.39) 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 23750-24350 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.

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

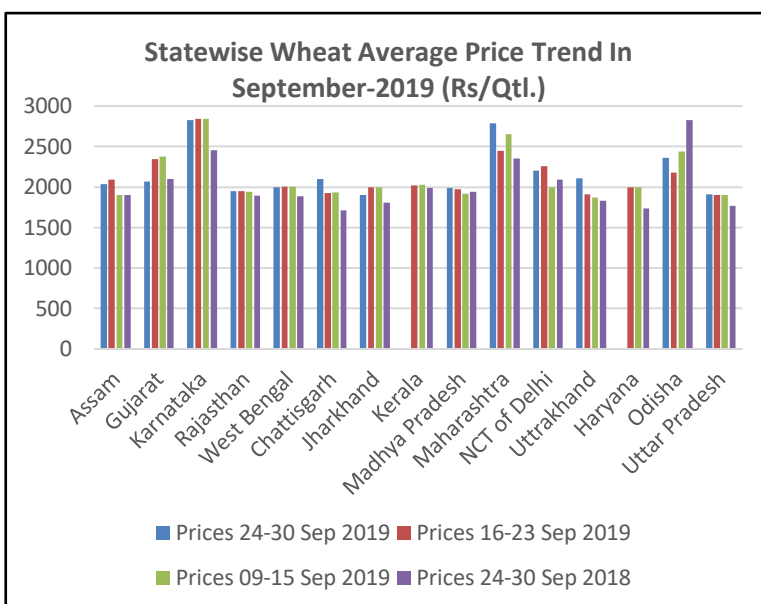
Wheat Procurement RMS 2019-20 (Source: FCI)

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:

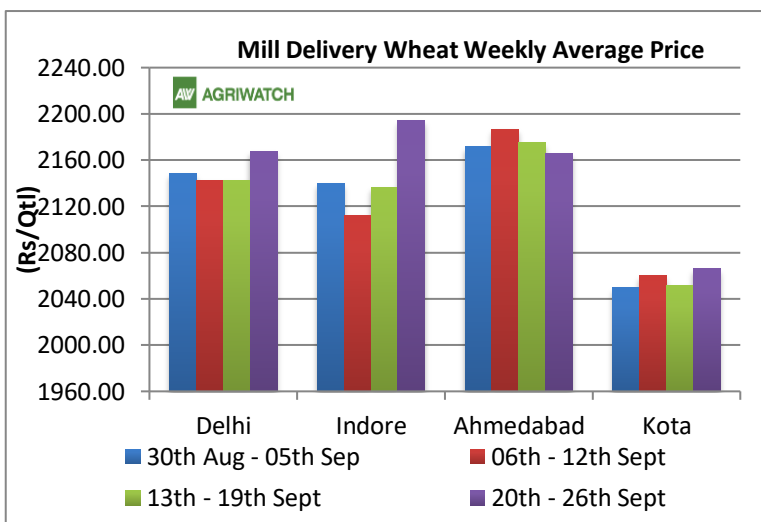
All India average monthly prices for wheat increased by 0.90 percent from Rs 2114.13 in August -2019 to Rs 2133.11 per qtl in September -2019. Average prices remained weak in all major states except Rajasthan, Chhattisgarh, Maharashtra, Madhya Pradesh, Uttarakhand, Odisha and Uttar Pradesh. Prices are likely to stay steady to firm. Sales through OMSS has improved as stock with millers and traders have decreased. Furthermore, with progression of season demand is likely to increase as no import parity will leave traders and millers dependent on domestic wheat only. 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 weak in Ahmedabad, Delhi and Kota except Indore during 20<sup>th</sup> -26<sup>th</sup> September 2019.

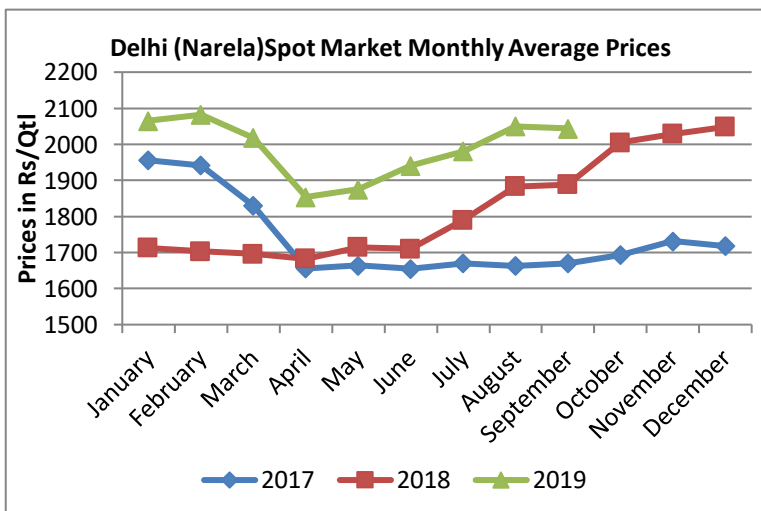
Prices witnessed firm sentiments in past week. Market is likely to trade steady to firm in upcoming weeks as domestic demand is good. Government has also increased import duty on wheat from 30 percent to 40 percent to reduce wheat imports. Domestic stock position is good leaving no room for unexpected increase in prices. Traders are advised to buy on dip.



## Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 2050.00 per quintal in August -2019 to Rs 2044.05 per quintal in September-2019. Prices are likely to touch Rs 2130-2140 per quintal in Narela market in upcoming weeks.

The prices are firm by 0.29 percent compared to last month and firm by 8.26 percent compared to corresponding month last year. Arrivals in Narela have decreased by 200 quintal to 4500 quintal in the month of September-2019.



## Wheat Exports:

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According to latest update, India exported around 17.02 thousand tonne wheat in the month of August-2019.

It is around 6.55 thousand tonnes lower compared to export quantity (23.57 thousand tonne) in July-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 (\$86 to \$114 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	17.02	314.51	174.70
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	62.02	355.00	177.57

## 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 August-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 \$189.00 per tonne in Russia and \$190.00 per tonne in Ukraine. United States and France are also providing wheat at \$ 215.98 per tonne and Euro 185.33 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	0.00	NA	174.70
19-Sep			
19-Oct			
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20	0.49	378.50	177.57

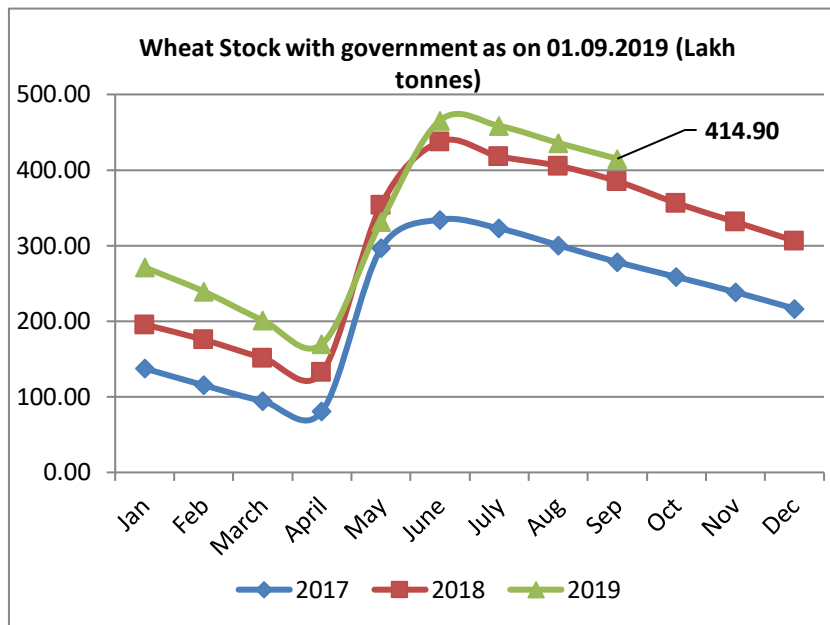
### Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.09.2019 was around 414.90 lakh tonne. It is lower by 4.81 % from August-2019. Stock in central as on 01<sup>st</sup> September'19 is higher by 7.74 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.



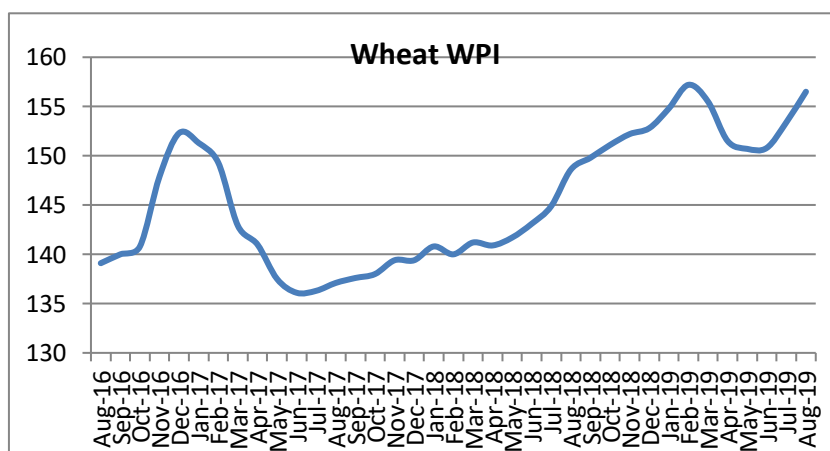
### Wheat Inflation:

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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	156.5
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 153.4 in July-2019 to 156.5 in August-2019. Monthly wheat inflation has increased by 2.02 percent in August-2019 compared to previous month. As compared to August-2018 wheat WPI has increased by around 5.32 percent. Wheat WPI is expected to stay steady to firm in coming month. Food grains WPI increased by 1.8 in August-19 to 159.2 compared to 157.4 in July-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-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
19-Sep	2155.60	2152.73	2060.00	2095.65	2366.25

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
			01-Oct-19	30-Sep-19	24-Sep-19	31-Aug-19	01-Oct-18
Delhi	Lawrence Road	Mill Delivery	2210	2200	2175	2150	2040
	Narella	Mill Quality Loose	2090	2100	2050	2040	1980
	Nazafgarh	Mill Quality Loose	2125	2100	2030	2020	1951
Gujarat	Rajkot	Mill Delivery	2075	2075	2075	2080	2050
	Ahmedabad	Mill Delivery	2160	2160	2160	2165	2120
	Surat	Mill Delivery	2240	2240	2240	2250	2150
	Dhrol	Mill Delivery	2275	NR	2200	1810	1990
M.P.	Indore	Mill Delivery	2220	2220	2200	2150	2070
	Bhopal	Mill Quality Loose	2040	2010	2040	2040	1900
Rajasthan	Kota	Mill Quality Loose	1915	1925	1930	1940	1895
		Mill Delivery	2060	2075	2070	2050	2000
U.P.	Kanpur	Mill Delivery	2030	2070	2015	2040	1950
	Mathura	Mill Quality Loose	1980	1930	1900	1900	1825
	Kosi	Mill Quality Loose	2000	2000	1960	1960	NR
	Hathras	Mill Quality Loose	1980	NR	1900	1930	1860
	Aligarh	Mill Quality Loose	1990	2000	1940	1950	1840
Punjab	Khanna	Mill Quality Loose	1950	1960	1930	1960	1840
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2020	2010	2010	2020	1835
	Hodal	Mill Delivery	NA	NA	NA	NA	2030
	Bhiwani	Mill Quality Loose	2100	2100	2030	2020	1935
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2400	2375	2375	2300	2350
	Madurai	Mill Quality	2457	2475	2475	2550	2450
	Coimbatore	Mill Quality	2457	2525	2525	2600	2500
Bihar	Khagariya	Mill Delivery	2050	2100	2050	2100	1800
	Muzaffarpur	Mill Delivery	2000	2000	2000	2000	1925

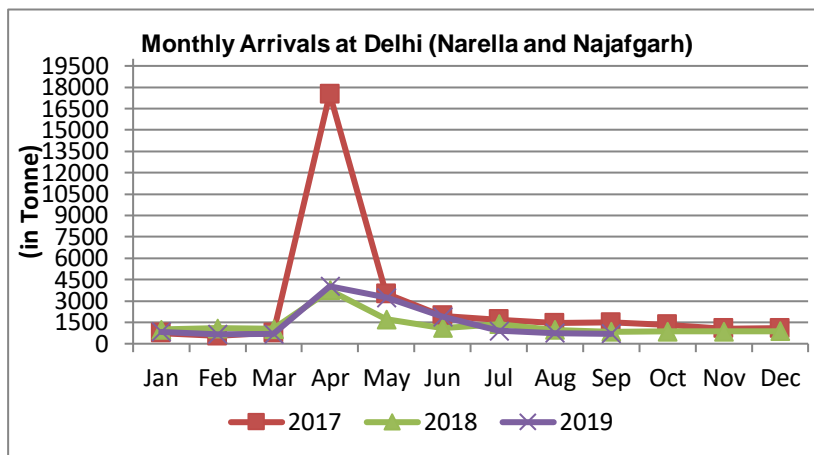
## Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) decreased to 704 tonnes in September-2019 compared to 895 tonnes in August-2019. Currently wheat is being traded around Rs 2090 per quintal in Narela.

### Domestic Outlook:

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



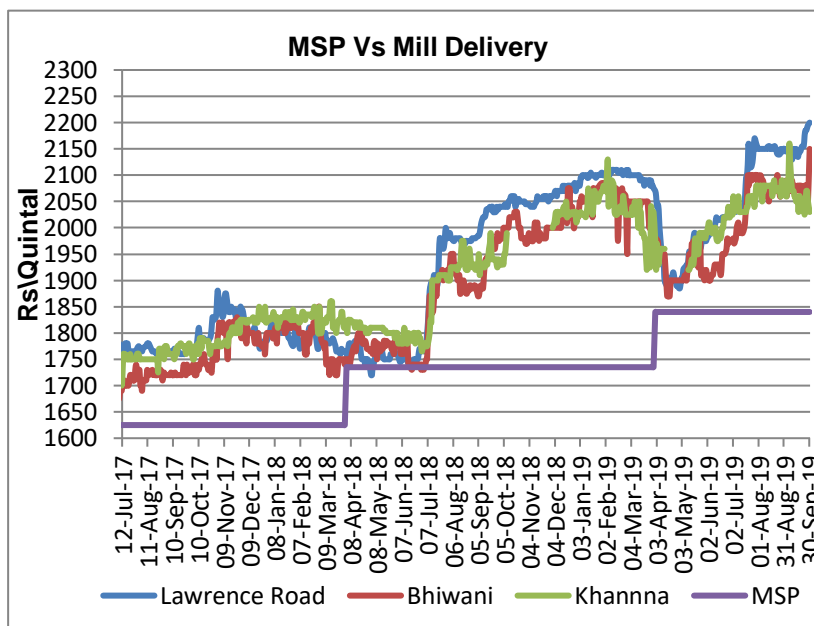
## MSP Vs Mill Delivery Prices

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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.

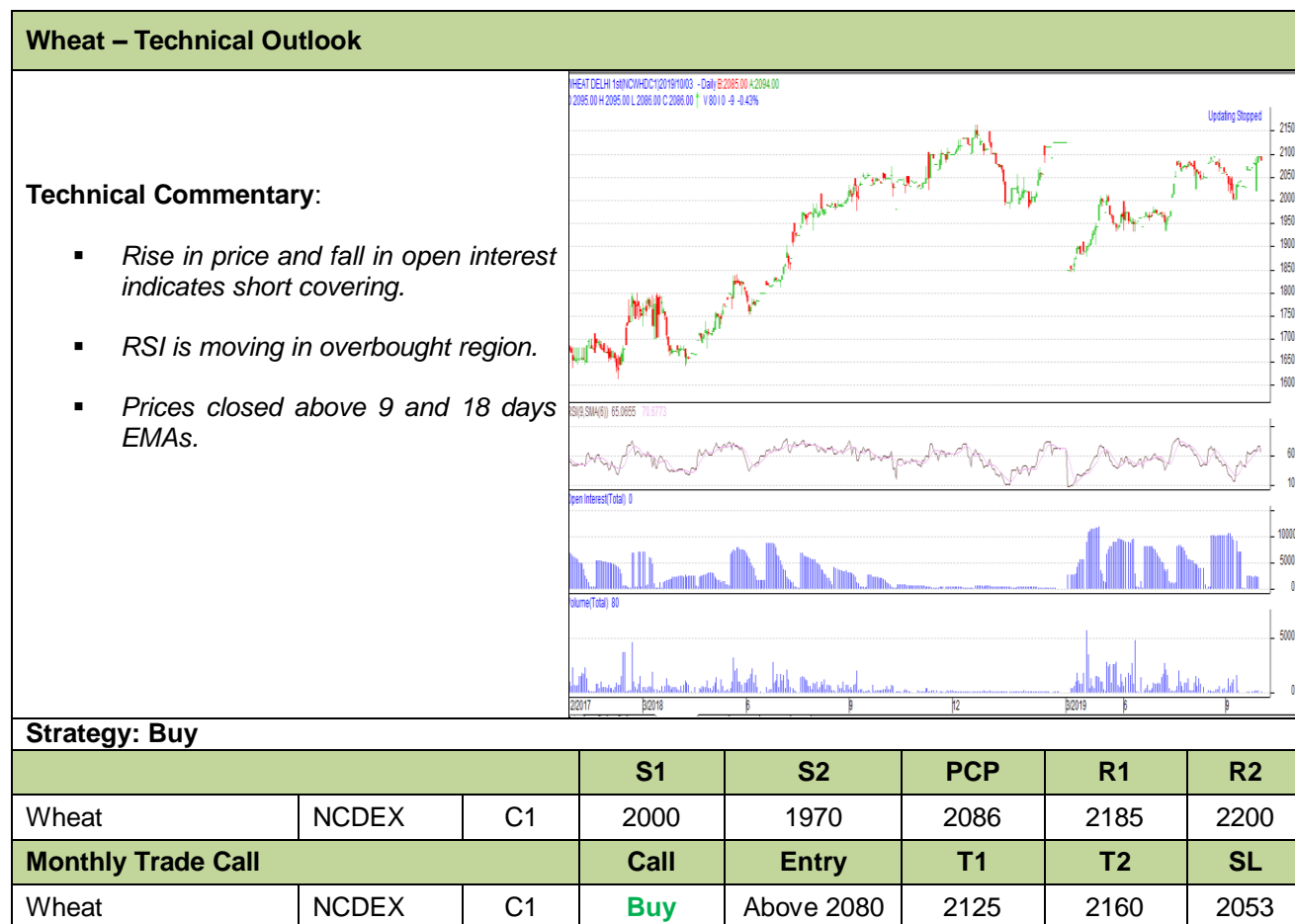
Government increased minimum support price (MSP) of wheat from Rs 1735 per quintal in 2018-19 to Rs 1840 per quintal in 2019-20. As the chart depicts mill delivery prices remained above MSP during MY 2018-19.

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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**Wheat prices saw an uptrend in the past week due to cold and wet weather in United States and Canada. Argentina and Australia are also facing dry conditions.** The main threat is to availability of quality wheat in global market. Milling and lower grades are available in ample quantity. Wheat prices in Russian wheat are ruling around \$189 per tonne. There is a lot of competition in wheat markets as global production is expected to be around 764 MMT compared to 733 MMT last year. As per IGC, Carryout is expected to be around 271 MMT, highest since 2010-11.

**The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has pegged wheat production at 19.2 MMT down from its previous estimate of 21.9 MMT.** Unfavourable weather conditions are one of the main reason for fall in production. Lower production is leading to lower exports and competitors are capturing market share of Australia in Indonesia and Korea.

**As per latest update, bumper crop of wheat is expected in France. Farm ministry is estimating the crop to be near 39.45 MMT.** Export are expected to reach 11.0 MMT, highest since 2015-16. Good competition can be expected from France on FoB basis. However, freight rates will continue to play a crucial role.

**Russia's Deloports, which owns 75% of KSK grain terminal in Novorossiysk, has started talks with potential buyers after COFCO withdrew from talks.** KSK moves around 4.5 MMT of grain annually. More investment will help KSK in expanding and reaching its goal of boosting its grain export to 6 MMT by 2021.

**GASC (General Authority for Supply Commodities) has purchased 300000 tonnes of Russian and French wheat through tender.** Of the total quantity 240000 tonnes was of Russian origin and 60000 tonnes is of French origin. Agro AST offered 60000 tonnes of Russian wheat at FoB \$196.45 per tonne, Grain Export offered 60000 tonnes of Russian wheat at FoB \$197.75 per tonne, Posco International offered 120000 tonnes of Russian wheat at FoB \$197.50 per tonne and Glencore offered 60000 tonnes of French wheat at FoB \$193.75 per tonne. Egypt is the largest importer of wheat and imports around 12 MMT of wheat every year.

**Syria has cancelled a tender to barter 100000 tonnes of durum wheat for same quantity of soft wheat from Russia.** No agreement was reached and the tender was called off. Syria's wheat production has suffered due to conflict since 2011.

**As per latest update, Japan's ministry of agriculture bought 122346 MT of food quality wheat from United States and Canada.** Around 56111 MT has been bought from United States and 66235 tonnes from Canada. Japan is the world's sixth largest importer in the world. The quantity is expected to be loaded between 21st October-20th November.

**Algeria state grains agency OAIC has bought around 600000 tonnes of milling wheat in a tender that closed on Wednesday.** The prices paid was around \$211.00-213.00 per tonne (Cost and Freight). Most of the quantity is expected to be sourced from France and Baltic Sea Region. Algeria does not disclose the results of its tenders and purchase reports are based on trade assessments.

**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, 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.



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***
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
Sep-19	210.79	208.69	NA	186.21	187.13	165.56	306.95	306.81

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)
06.09.2019	13.11	26.78	53.98	47.39
13.09.2019	12.86	26.27	53.41	46.97
20.09.2019	12.88	26.22	57.20	49.98
27.09.2019	11.70	24.78	56.97	49.85
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
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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**Egypt:** Egypt confirmed the maintenance of a moisture content of 13.5 percent in wheat imports (triticum aestivum) until April 2020.

**Russia:** Russian Federation renewed the extension of the duty-free export regime applicable to wheat until 1 July 2021. The export duty had been suspended between September 2016 and June 2019.

**Saudi Arabia:** Saudi Arabia's Grains Organization (SAGO) relaxed the threshold under its zero-tolerance policy related to insect-damage of wheat imports, to 0.5 percent. The measure is expected to increase imports from the Black Sea. On 26 August, SAGO announced that it will import 10 percent of the country's annual wheat consumption requirements from Saudi-controlled firms based abroad. The firms must be registered at the Ministry of Environment, Water and Agriculture.

**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.

**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.

## Spot Prices Black Sea Region

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Date	28.08.2019	04.09.2019	11.09.2019	18.09.2019	25.09.2019
<b>Odessa, FOB(\$/tonnes)</b>					
Milling wheat 12.5%	186-189	182-186	180-182	181-185	184-188
Milling wheat 11.5%	181-184	181-185	179-182	181-186	183-188
Feed wheat	180-184	177-181	176-180	176-181	181-186
<b>Novorossiysk, FOB(\$/tonnes)</b>					
Milling wheat 12.5%	188-190	184-187	182-185	184-187	185-189
Milling wheat 11.5%	180-186	180-185	178-182	180-186	181-186
Feed wheat	179-185	178-182	176-180	176-181	180-185

Source: Reuters

## Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			18.09.2019	25.09.2019
Russia	Wheat, 12.5% protein	Nov-Dec	184-190	186-193
Ukraine	Wheat, 11.5% protein	Nov-Dec	180-185	183-191
Ukraine/Russia	Feed wheat	Nov-Dec	-	-

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.)	
				29.08.2019	26.09.2019
Production	757	762	733	764	764
Trade	177	176	169	172	172
Consumptions	736	739	739	758	757
Carryover stocks	248	271	265	271	272
Y-O-Y change	21	22	-5	-	6
Major Export	79	83	70	68	69

[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 762 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 3 MMT higher compared to estimate for last year and lower by 4 MMT compared to 2017-18.
- Consumption has been increased to 757 MMT for 2019-20. The forecast is higher by 18 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 272 MMT compared to estimate of 265 MMT last year. It is higher by around 24 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 01.10.2019)							
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	1,894	20,500	6,050	10	14,500	1,854	19,500
Australia	4,967	19,000	8,500	150	10,500	5,117	17,298
Canada	6,184	33,300	9,600	450	24,500	5,834	31,800
China	139,768	132,000	128,000	3,200	1,300	145,668	131,430
EU	10,094	151,000	127,500	5,500	27,500	11,594	136,863
India	16,992	102,190	98,000	20	500	20,702	99,870
Pakistan	3,057	25,600	25,400	5	800	2,464	25,100
Russia	7,830	72,500	39,500	475	34,000	7,305	71,685
Ukraine	1,586	28,700	9,400	75	19,500	1,461	25,057
U S	29,175	53,892	32,604	3,674	26,535	27,602	51,287
Others	55,689	126,847	267,661	163,231	21,196	56,908	120,655
World total	277,236	765,529	752,215	176,790	180,831	286,509	730,545

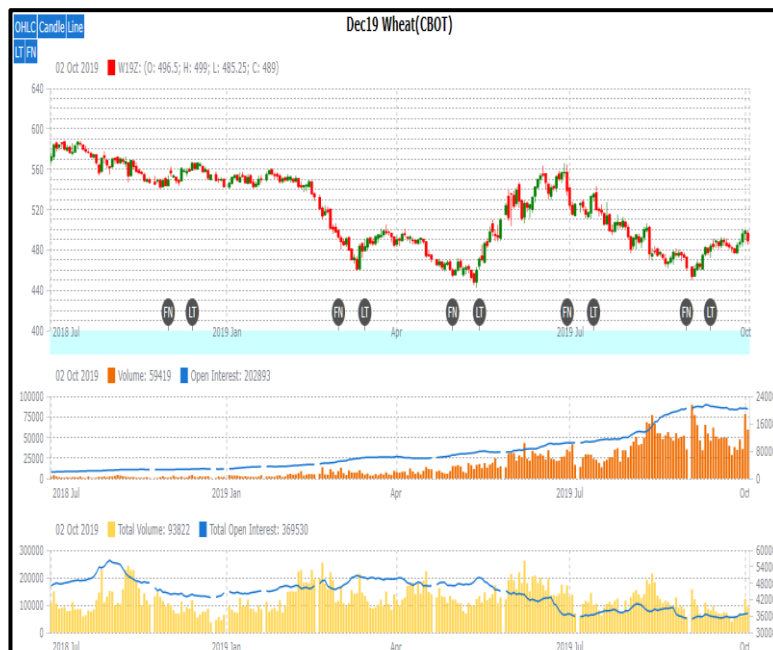
Source: USDA

## CBOT Futures Dec-19 Chart:

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**1<sup>st</sup> Support: 162.00**  
**2<sup>nd</sup> Support: 160.00**  
**1<sup>st</sup> Resistant: 203.00**  
**2<sup>nd</sup> Resistant: 205.00**  
**(\$ per tonne)**

Wheat CBOT closed at \$4.89 per bushel. U.S. wheat export sales during 29<sup>th</sup> August-19<sup>th</sup> September was 1492759 tonnes compared 2206123 tonnes during 01<sup>st</sup> – 22<sup>nd</sup> August. As on 23<sup>rd</sup> September, around 22% of the U.S. winter wheat has been planted compared to 26% last year. U.S. spring wheat planting 87% complete compared to 99% last year. Ample availability of milling and feed wheat in global market is keeping wheat prices under pressure. However, unfavourable weather conditions remain problem for quality wheat. Therefore, some bullishness can be seen in market for quality wheat.



## CBOT comparison over period of time:

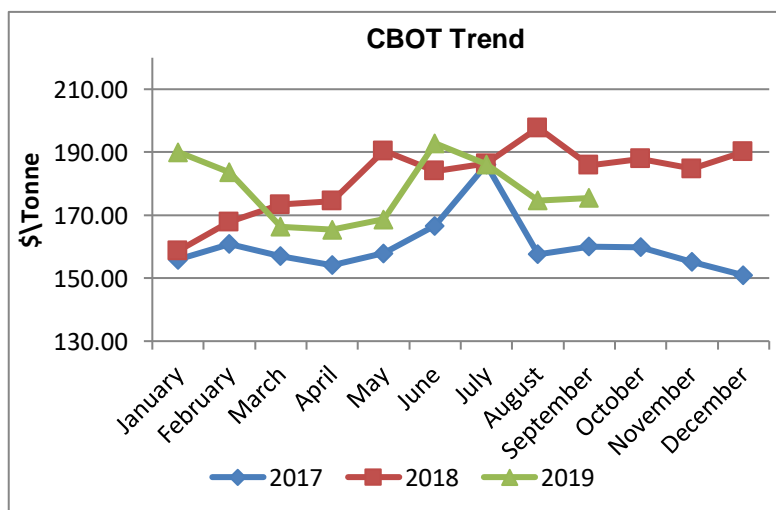
CBOT Futures Prices:(USD/T)

CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	02-Oct-19	25-Sep-19	02-Sep-19	02-Jul-19	02-Apr-19	02-Oct-18	
Dec-19	179.66	175.34	169.92	189.39	179.93	214.38	-16.20
Mar-20	182.32	177.73	172.68	194.26	184.89	218.60	-16.60
May-20	184.34	179.57	174.52	196.74	187.47	220.81	-16.51
Jul-20	185.90	181.13	176.17	197.84	188.11	218.88	-15.07
Sep-20	188.84	184.25	179.47	200.60	190.50	221.54	-14.76
Dec-20	193.53	189.21	184.16	204.83	194.72	225.40	-14.14

## CBOT Trend

CBOT remains weak from July to December under normal conditions as shown in the chart. CBOT average monthly price for September'19 is lower by \$ 10.37/tonne compared to last year for the same month and by \$ 0.79/tonne compared to August'19.

USDA estimates production to be around 53.89 MMT in 2019-20 with yields around 3.47 MT/HA compared to 51.28 MMT with yields around 3.20 MT/HA in 2018-19.



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

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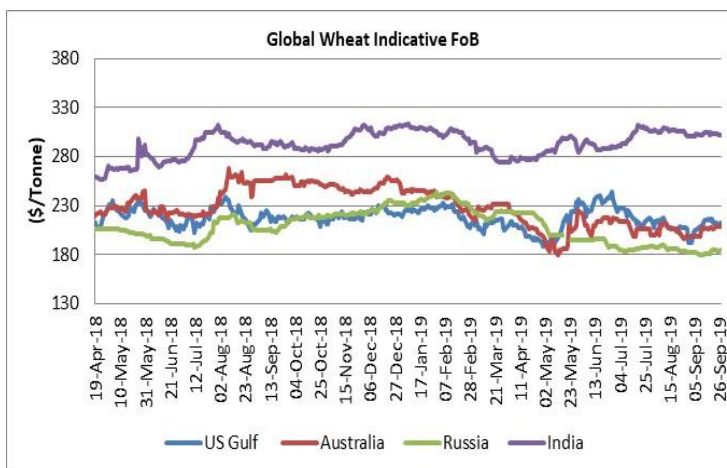
All prices are for SRW/milling grade	1st Apr-19	1st May-19	1st Jun-19	1st Jul-19	1st Aug-19	1st Sep-19	1st Oct-19
USA	204.92	191.00	232.73	226.60	207.80	192.71	215.98
France	206.87	201.24	200.34	206.35	189.63	183.51	185.33
Australia	230.75	197.38	224.25	215.60	199.50	198.99	207.70
Russia	224.00	209.50	195.00	189.00	189.50	182.50	189.00
India	274.29	282.53	285.82	289.13	307.66	300.78	302.73

## 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 \$300.15-305.14 per tonne.

US and Russian quotes are hovering in the range of \$197.40-216.30 and \$179.50-189.00 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 \$245 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 19.7MMT 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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