

Wheat Monthly Research Report

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Market Dynamics:**(Back to Table of Contents)**

Price Trend: All India average monthly prices for wheat decreased by 0.05 percent from Rs 2133.11 in September -2019 to Rs 2131.98 per qtl in October -2019. Average price in October-2019 is higher by 4.81 percent compared to Rs 2034.16 per quintal registered in September-2018. Prices are expected to remain steady to firm in coming weeks due to no import parity duty and 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 \$110-113 per tonne from Black Sea Region. Russia/Ukraine (11.5% Protein content) is offering wheat at \$206.00/204.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$316.82 per tonne. India exported 10.64 thousand tonne wheat in September'19. Total export in MY 2018-19 was registered around 2.26 lakh tonne.

Import: As per trade sources, India has imported 588.41 tonnes of Australian wheat during the month of September'19. The wheat has been imported in two lots. The first lot is for 484.74 MT at \$507.50 per tonne and the second lot is for 103.67 MT at \$406.49 per tonne. Both the prices are inclusive of import duty @ 40%. It can be seen that there is no import parity as mill quality and lokwan wheat in south India are being offered around Rs 2400 per quintal and Rs 2600 per quintal respectively. Therefore, the imported wheat is solely for the purpose of mixing to improve the overall quality of wheat.

FoB/CiF Quotes: Indian FoB quote hovered around \$302.05-316.82 per tonne in September. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$189.00-206.50, \$190.00-205.50, Euro 170.25-178.50, \$214.50-230.39 and \$207.70-215.07 per tonne respectively. Wheat prices in international markets witnessed firm tone in October'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 109.70 mm of actual rainfall against 76.00 mm of normal rainfall during 01st to 31st October-2019. Deficient rainfall has been recorded in Jammu and Kashmir, Himachal Pradesh, Haryana, Chandigarh, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh and Delhi. During the same period last in 2018, India received 35.60 mm of actual rainfall. India's cumulative rainfall during 01st -30th October was 106.50 mm, which is above 42% of the LPA. Uttar Pradesh and Haryana, two main wheat producing states witnessed low rainfall during October. However, soil moisture is still good and farmers are likely to sow more wheat 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. For second, third and fourth quarter reserve 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.

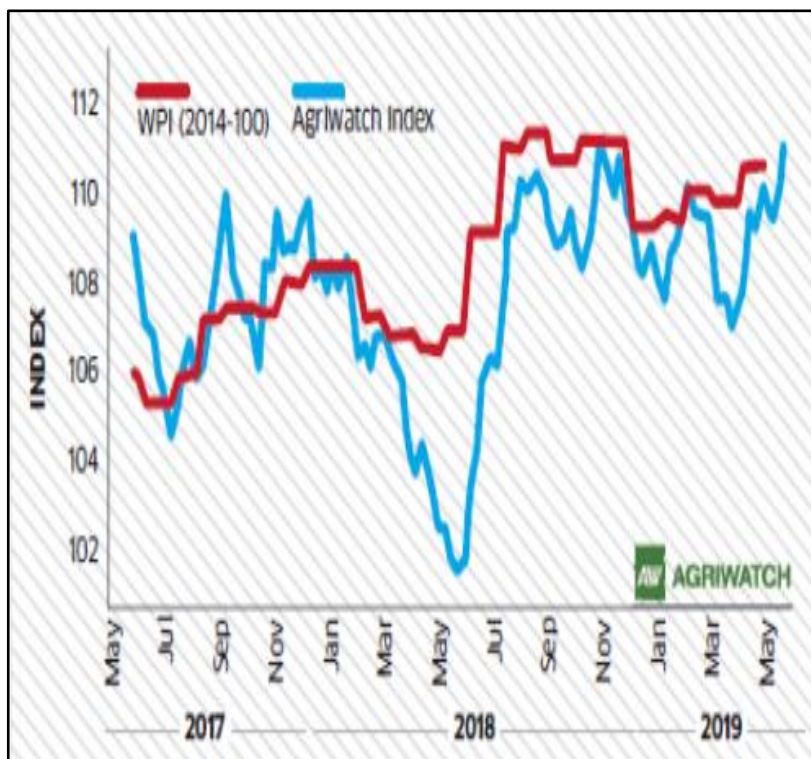
Trade Call: Market participants are advised to buy wheat at 2150 levels for a target of 2195 with a stop loss at 2123 on closing basis.

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 October'19 stood at 393.16 lakh tonnes down by 5.24% compared to last month. This quantity is higher by around 10.36% 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 MSP for rabi marketing season 2020-21 has been increased by Rs 85 per quintal to Rs 1925 per quintal. The government further said that the increase in MSP is at least 1.5 times of all India weighted average cost of production. This move will motivate farmers to increase sowing of wheat.

India has raised MSP by Rs 85 per quintal to Rs 1925 per quintal for MY 2020-21. The hike in MSP is lowest in last three years. Even though this increase is lower it has still widened the gap between domestic and international prices. India wheat FoB at Kandla is ruling around \$312 per tonne compared to \$203.5 per tonne for Russian wheat with 11.5 percent protein content.

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 \$371.00 (Rs 25988.55) per tonne and \$460.88 (Rs 32284.64) 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 23500-2400 per tonne. Therefore, as of now, there is no parity for wheat imports.

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.

Farmers in Punjab's flood affected area are likely to get free wheat seed. The state government will provide high quality wheat seeds to farmers in flood hit districts such as Moga, Jalandhar, Kapurthala, Fazilka, etc. The flood affected 30000 hectares of land therefore, around 30000 quintal of seed will be provided. Although flood adversely affected the crop, it has increased soil moisture for upcoming rabi crops.

Previous Updates:

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.

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

Monthly Average Price Comparison:

All India average monthly prices for wheat decreased by 0.05 percent from Rs 2133.11 in September -2019 to Rs 2131.98 per quintal in October -2019.

Average prices remained weak in all major states except Gujarat, Kerala, Uttar Pradesh, Madhya Pradesh, Assam and Delhi. Prices are likely to stay steady to firm due to good domestic demand. However small technical corrections can be expected. 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. 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 firm in Delhi, Indore and Ahmedabad during 25th -31st October 2019.

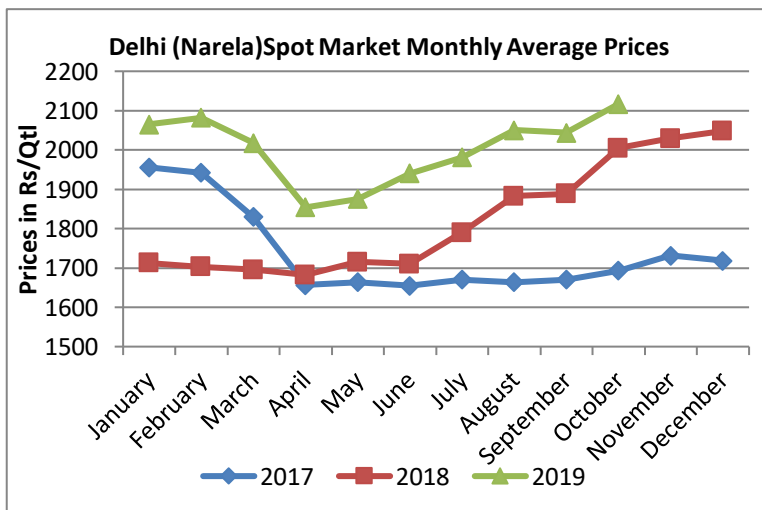
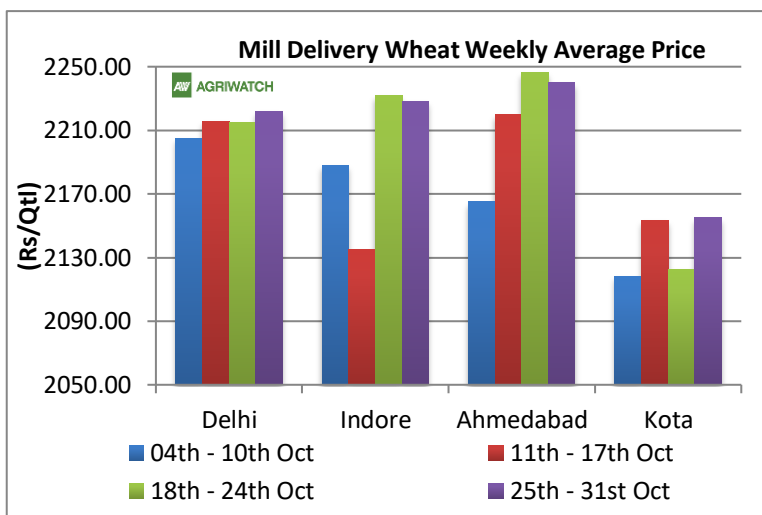
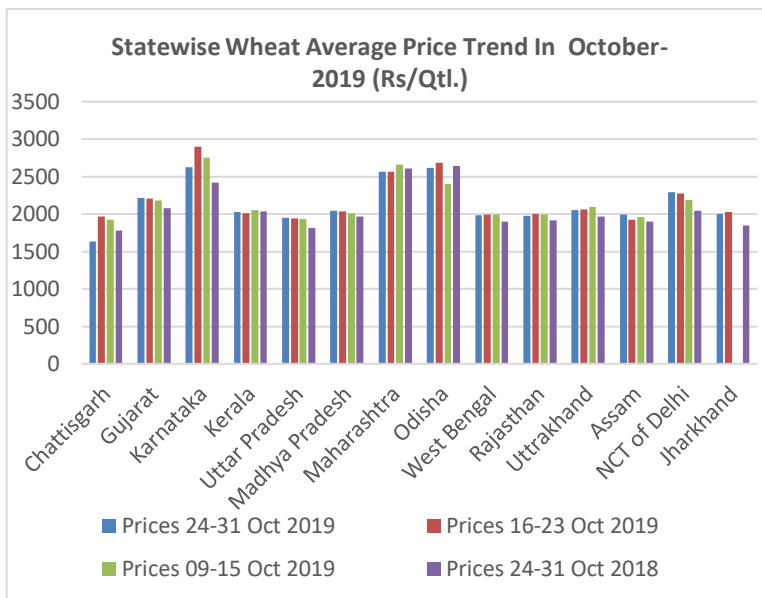
Prices witnessed firm sentiments in past week. Market is likely to trade steady to firm in upcoming weeks due to good domestic demand and lean season. Government has increased MSP of wheat, which will motivate farmers to sow more wheat and under normal conditions another good crop can be expected. Sales through OMSS has also increased in past weeks.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 2044.05 per quintal in September -2019 to Rs 2117.00 per quintal in October-2019. Prices are likely to touch Rs 2180-2230 per quintal in Narela market in upcoming weeks.

The prices are firm by 3.57 percent compared to last month and firm by 5.62 percent compared to corresponding month last year. Arrivals in Narela have increased by 350 quintal to 4850 quintal in the month of October-2019.

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Wheat Exports:

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According to latest update, India exported around 10.64 thousand tonne wheat in the month of September-2019.

It is around 6.38 thousand tonnes lower compared to export quantity (17.02 thousand tonne) in August-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 (\$90 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 | 17.02 | 314.51 | 174.70 |
| 19-Sep | 10.64 | 373.12 | 175.46 |
| 19-Oct | | | |
| 19-Nov | | | |
| 19-Dec | | | |
| 20-Jan | | | |
| 20-Feb | | | |
| 20-Mar | | | |
| Total 2019-20(000T) | 72.66 | 358.02 | 177.22 |

Wheat Import:

India imported around 5.02 lakh tonne wheat during MY 2015-16. In 2017-18 MY India imported 1.6 MMT compared to around 6 MMT in last MY 2016-17.

India has imported 0.59 thousand tonnes of wheat during the month of September-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 \$206.00 per tonne in Russia and \$204.50 per tonne in Ukraine. United States and France are also providing wheat at \$ 226.30 per tonne and Euro 176.25 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

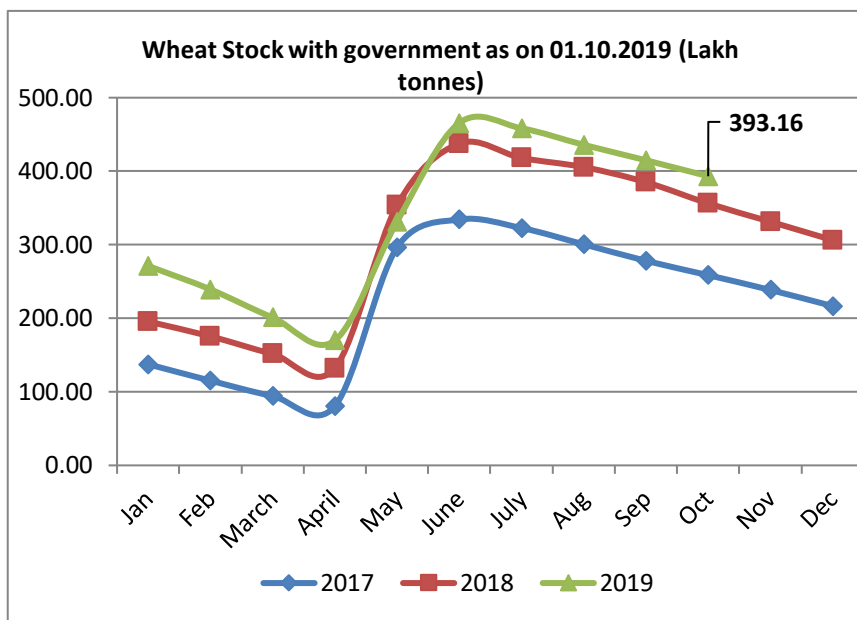
| Year/Month | Wheat Import (In Thousand Tonne) | Average CiF (\$/T) | CBOT Average Quotes (\$/MT) |
|------------------|----------------------------------|--------------------|-----------------------------|
| Apr-18 to Mar-19 | 1.00 | 239.52 | 185.15 |
| 19-Apr | 0.49 | 378.05 | 165.43 |
| 19-May | 0.00 | NA | 168.68 |
| 19-Jun | 0.00 | NA | 192.83 |
| 19-Jul | 0.00 | NA | 186.19 |
| 19-Aug | 0.00 | NA | 174.70 |
| 19-Sep | 0.59 | 326.42 | 175.46 |
| 19-Oct | | | |
| 19-Nov | | | |
| 19-Dec | | | |
| 20-Jan | | | |
| 20-Feb | | | |
| 20-Mar | | | |
| Total 2019-20 | 1.086 | 352.24 | 177.22 |

Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.10.2019 was around 393.16 lakh tonne. It is lower by 5.24 % from September-2019. Stock in central as on 01st October'19 is higher by 10.36 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.



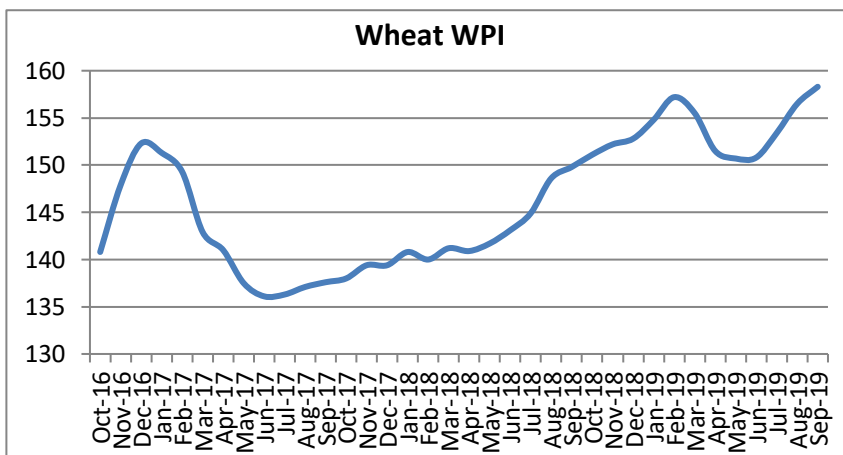
Wheat Inflation:

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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 | 158.3 |
| 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 156.5 in August -2019 to 158.3 in September-2019. Monthly wheat inflation has increased by 1.15 percent in September-2019 compared to previous month. As compared to September - 2018 wheat WPI has increased by around 5.67 percent. Wheat WPI is expected to stay steady to firm in coming month. Food grains WPI increased by 0.9 in September-19 to 160.1 compared to 159.2 in August-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-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 |
| 19-Oct | 2213.96 | 2194.55 | 2128.10 | 2132.50 | 2358.33 |

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 |
| | | | 05-Nov-19 | 04-Nov-19 | 30-Oct-19 | 05-Oct-19 | 05-Nov-18 |
| Delhi | Lawrence Road | Mill Delivery | 2240 | 2260 | 2225 | 2200 | 2040 |
| | Narella | Mill Quality Loose | 2200 | 2160 | Closed | 2080 | 2020 |
| | Nazafgarh | Mill Quality Loose | 2130 | 2110 | Closed | 2150 | 1970 |
| Gujarat | Rajkot | Mill Delivery | 2210 | 2220 | Closed | 2100 | Closed |
| | Ahmedabad | Mill Delivery | 2250 | 2275 | Closed | 2160 | Closed |
| | Surat | Mill Delivery | 2225 | 2235 | Closed | 2240 | Closed |
| | Dhrol | Mill Delivery | 2335 | 2240 | Closed | 2180 | Closed |
| M.P. | Indore | Mill Delivery | 2250 | 2250 | 2230 | 2240 | Closed |
| | Bhopal | Mill Quality Loose | 2100 | 2100 | 2100 | 2050 | Closed |
| Rajasthan | Kota | Mill Quality Loose | 2020 | 1995 | 2025 | 1985 | Closed |
| | | Mill Delivery | 2150 | 2160 | 2150 | 2110 | Closed |
| U.P. | Kanpur | Mill Delivery | 2070 | 2050 | 2060 | 2080 | 1980 |
| | Mathura | Mill Quality Loose | NA | NA | NA | 1975 | 1780 |
| | Kosi | Mill Quality Loose | 2000 | 2020 | 2000 | 2050 | 1880 |
| | Hathras | Mill Quality Loose | NR | NR | 1965 | 1970 | 1950 |
| | Aligarh | Mill Quality Loose | 1960 | 1950 | Closed | 2000 | 1830 |
| Punjab | Khanna | Mill Quality Loose | NA | NA | NA | 1920 | NA |
| | Ludhiana (Jagraon) | Mill Delivery | NA | NA | NA | NA | NA |
| Haryana | Sirsa | Mill Delivery loose | 2100 | 2090 | 2080 | 2025 | 1850 |
| | Hodal | Mill Delivery | NA | NA | NA | NA | NA |
| | Bhiwani | Mill Quality Loose | 2120 | 2100 | 2170 | 2100 | 1930 |
| | Karnal | Mill Delivery | NA | NA | NA | NA | NA |
| | Panipat | Mill Quality Loose | NA | NA | NA | NA | NA |
| Tamil Nadu | Chennai | Mill Quality | 2450 | 2450 | 2500 | 2425 | 2380 |
| | Madurai | Mill Quality | 2507 | 2600 | 2600 | 2550 | 2525 |
| | Coimbatore | Mill Quality | 2507 | 2650 | 2650 | 2600 | Closed |
| Bihar | Khagariya | Mill Delivery | 2100 | 2100 | 2100 | 2050 | 2000 |
| | Muzaffarpur | Mill Delivery | 2025 | 2025 | 2025 | 2000 | 2000 |

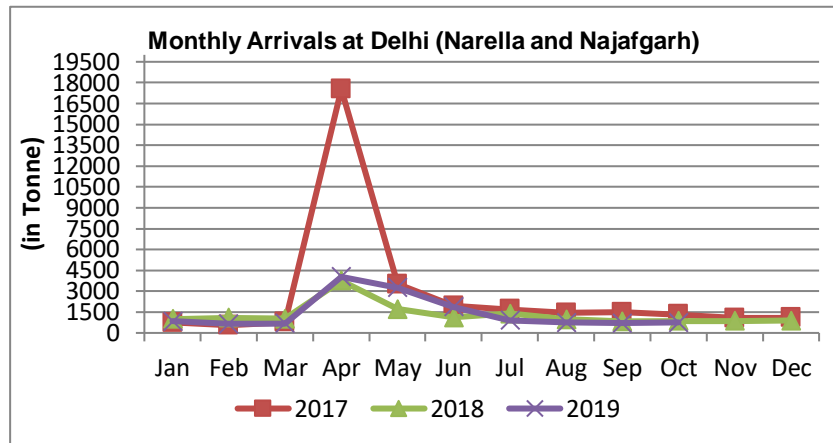
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) increased to 737 tonnes in October-2019 compared to 704 tonnes in September-2019. Currently wheat is being traded around Rs 2100 per quintal in Narela.

Domestic Outlook:

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



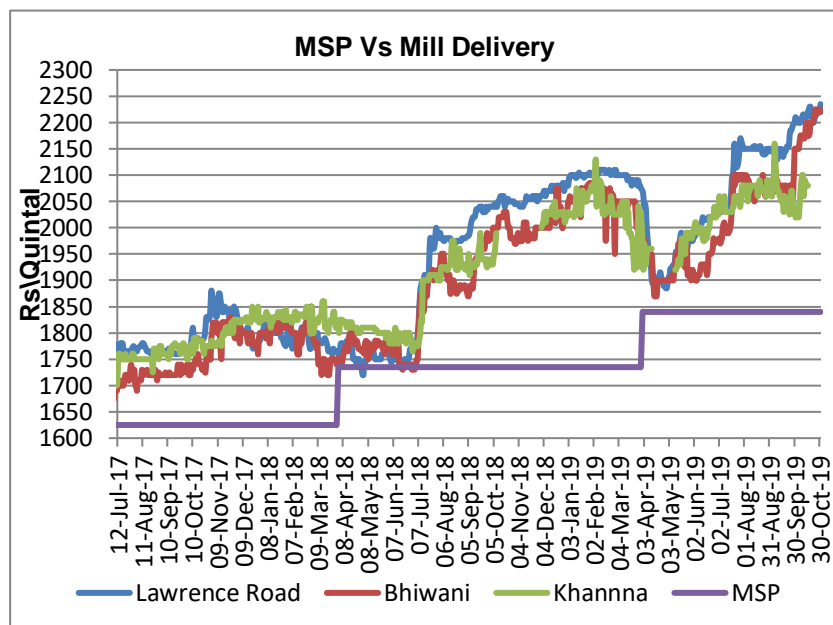
MSP Vs Mill Delivery Prices

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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 market remains oversupplied and higher prices in past weeks have encouraged more sowing of winter wheat in Europe. Latest forecast by IGC has reduced production by 2 MMT to 762 MMT, which has provided further support to the wheat market in past weeks. Prices of quality wheat are expected to trade slightly firm. However, milling wheat is available in abundant quality and not much firmness in prices can be expected.

Black sea milling wheat prices became firm by \$1 per tonne at Novorossiysk and \$0-1 per tonne at Odessa port compared to last week. Lower wheat production forecast from Argentina has increased demand for Black sea wheat. However black sea wheat prices are already trading at a premium. As of now Russian milling wheat with 12.5% protein content at Novorossiysk and Odessa port are being quoted at FoB \$208-211/tonne and FoB \$205-210/tonne.

Argentina wheat harvest for 2019-20 is expected to be 18.8 MMT compared to 19.8 MMT in previous forecast. Unfavourable weather conditions such as alternating temperatures with frequent frost has negatively impacted the crop. Argentina wheat is expected to be more competitive in global market. However, if current conditions continue the scenario may change.

GASC has purchased 60000 tonnes of French wheat in a tender. The said quantity was purchased at \$ 214.86 per tonne. The seller was trading house Glencore. The wheat will be shipped during 05-15 December. In its last tender on 16th October GASC purchased 405000 tonnes of wheat.

As per the National Australia Bank, wheat output is likely to be around 15.5 MMT well below the market expectation of 19.0 MMT due to third consecutive year of drought. "It is mainly due to heat, dry weather and frost," said Phin Ziebell, agribusiness economist at NAB.

As per latest update, Phillipines has bought 165000 tonnes of feed wheat through tender. The said quantity will be delivered between December'19-February'20. The price range for feed wheat was \$253-255 per tonne C&F. The seller was trading house CBH and the wheat is likely to be sourced from Australia.

The Saudi Arabia Grain Organization has purchased 605000 tonnes wheat through tender. The wheat was bought at an average price of C&F \$242.51 per tonne. The said quantity will arrive at three different ports. Around 370000 tonnes will arrive at Jeddah port, 180000 tonnes at Dammam and the remaining 55000 tonnes at Jizan port. The wheat is expected to arrive in Saudi Arabia during February-March 2020. The seller has the option of selecting origin.

As per latest update, Japan's ministry of agriculture bought 114012 MT of food quality wheat from United States and Canada. Around 60052 MT has been bought from United States and 53960 tonnes from Canada. Japan is the world's sixth largest importer in the world. The quantity is expected to be loaded between 21st November-20th December.

South Korea's largest animal feed maker has bought, NOFI, has bought around 60000 tonnes of feed wheat at \$225.87 C&F. The quantity is expected to arrive around 20th Jan-2020. The seller is expected to be trading house glencore.

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.

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.

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*** |
|--------|----------|----------|---------------|----------------|---------------|-------------|-------------------|-------------------|
| 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 | 184.36 | 186.21 | 165.56 | 306.95 | 306.81 |
| Oct-19 | 221.91 | 218.82 | NA | 200.22 | 202.07 | 175.70 | 319.14 | 320.55 |

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) |
|--------------------------|-------------------------------------|-----------------------------------|----------------------------|---------------------------------|
| 04.10.2019 | 10.93 | 23.77 | 53.92 | 47.34 |
| 11.10.2019 | 11.65 | 24.61 | 52.29 | 45.93 |
| 18.10.2019 | 11.12 | 23.97 | 51.34 | 45.18 |
| 25.10.2019 | 10.31 | 23.08 | 50.30 | 44.68 |
| 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 |
| 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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Brazil: Brazil notified the WTO of maximum residue limits of glufosinate on certain commodities including wheat. The regulation established a limit of 0.5 mg per kg. Comments can be made on the regulation until 26 October 2019.

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.

Spot Prices Black Sea Region

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| Date | 02.10.2019 | 09.10.2019 | 16.10.2019 | 23.10.2019 | 23.10.2019 |
|-------------------------------------|------------|------------|------------|------------|------------|
| Odessa, FOB(\$/tonnes) | | | | | |
| Milling wheat 12.5% | 190-194 | 192-196 | 198-203 | 205-209 | 205-210 |
| Milling wheat 11.5% | 188-192 | 191-195 | 195-199 | 198-203 | 203-203 |
| Feed wheat | 185-190 | 187-192 | 192-198 | 196-200 | 198-204 |
| Novorossiysk, FOB(\$/tonnes) | | | | | |
| Milling wheat 12.5% | 190-194 | 192-196 | 198-203 | 205-209 | 205-210 |
| Milling wheat 11.5% | 188-192 | 191-195 | 195-199 | 198-203 | 203-203 |
| Feed wheat | 185-190 | 187-192 | 192-198 | 196-200 | 198-204 |

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

| Origin | Commodity | Delivery period | Price (USD/MT) | |
|----------------|----------------------|-----------------|----------------|------------|
| | | | 23.10.2019 | 30.10.2019 |
| Russia | Wheat, 12.5% protein | Dec-Jan | 210-215 | 207-215 |
| Ukraine | Wheat, 11.5% protein | Dec-Jan | 200-208 | 205-210 |
| Ukraine/Russia | Feed wheat | Dec-Jan | - | - |

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.) | |
|---------------------------|---------|---------|-----------------------|-----------------|------------|
| | | | | 26.09.2019 | 24.10.2019 |
| Production | 757 | 762 | 733 | 764 | 762 |
| Trade | 177 | 176 | 169 | 172 | 173 |
| Consumptions | 736 | 739 | 739 | 757 | 756 |
| Carryover stocks | 248 | 271 | 265 | 272 | 271 |
| Y-O-Y change | 21 | 22 | -5 | - | 6 |
| Major Export | 79 | 83 | 70 | 69 | 69 |

[IGC Balance Sheet Highlight:](#)

- IGC has forecasted global wheat production to be 762 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 29 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 173 MMT. It is 4 MMT higher compared to estimate for last year and lower by 3 MMT compared to 2017-18.
- Consumption has been decreased to 756 MMT for 2019-20. The forecast is higher by 17 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 271 MMT compared to estimate of 265 MMT last year. It is higher by around 23 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 01.11.2019) | | | | | | | |
|--|-----------------------|------------------------------|------------------------------|----------------|----------------|----------------------|--------------------|
| 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 | 1,825 | 20,500 | 6,050 | 10 | 14,500 | 1,785 | 19,500 |
| Australia | 4,966 | 18,000 | 8,500 | 150 | 9,500 | 5,116 | 17,298 |
| Canada | 5,916 | 33,000 | 9,500 | 450 | 24,500 | 5,366 | 31,800 |
| China | 139,765 | 132,000 | 128,000 | 3,200 | 1,300 | 145,665 | 131,430 |
| EU | 10,000 | 152,000 | 127,500 | 5,500 | 28,000 | 12,000 | 136,863 |
| India | 17,106 | 102,190 | 98,000 | 20 | 500 | 20,816 | 99,870 |
| Pakistan | 3,057 | 25,600 | 25,400 | 5 | 800 | 2,462 | 25,100 |
| Russia | 8,246 | 72,500 | 39,500 | 475 | 34,000 | 7,721 | 71,685 |
| Ukraine | 1,588 | 28,700 | 9,400 | 75 | 19,500 | 1,463 | 25,057 |
| U S | 29,386 | 53,390 | 31,788 | 3,266 | 25,855 | 28,399 | 51,287 |
| Others | 55,829 | 127,347 | 267,471 | 162,526 | 21,221 | 57,010 | 120,655 |
| World total | 277,684 | 765,227 | 751,109 | 175,677 | 179,676 | 287,803 | 730,545 |

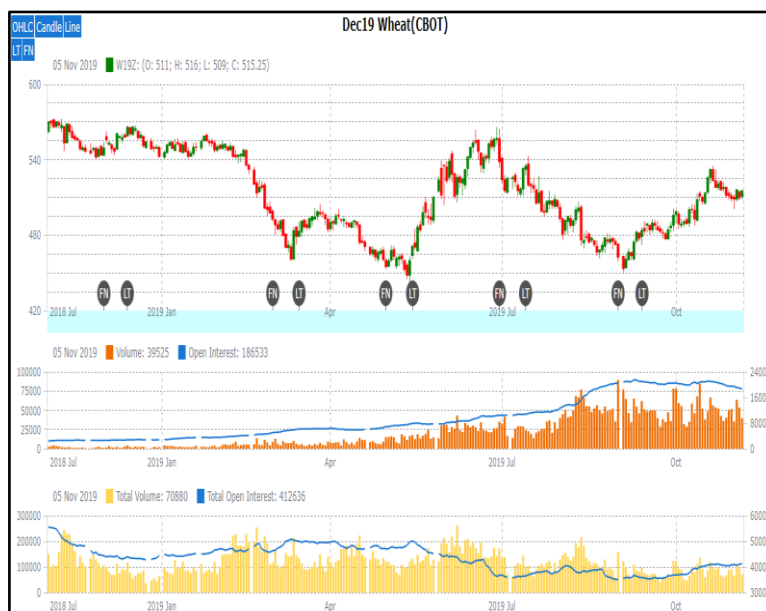
Source: USDA

CBOT Futures Dec-19 Chart:

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1st Support: 163.00
2nd Support: 160.00
1st Resistant: 208.00
2nd Resistant: 211.00
(\$ per tonne)

Wheat CBOT closed at \$5.15 per bushel. U.S. wheat export sales during 26th September- 24th November was 2001751 tonnes compared 1492759 tonnes during 29th August-19th September. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As on 21st October, U.S. spring wheat harvest is 100% complete. Planting of U.S. winter wheat is at 85% compared to 77% last year. CBOT wheat prices closed firm due to minimal farmer and elevator selling. In latest forecast by IGC carryout is still at higher side.



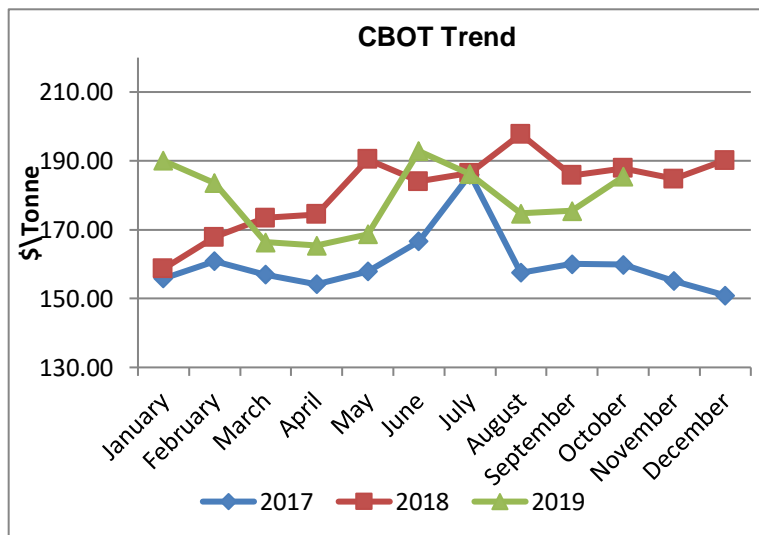
CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)

| CONTRACT MONTH | Today | Week Ago | Month Ago | 3 Month Ago | 6 Month Ago | Year Ago | % Change over prev. year |
|----------------|-----------|-----------|-----------|-------------|-------------|-----------|--------------------------|
| | 01-Nov-19 | 25-Oct-19 | 01-Oct-19 | 01-Aug-19 | 01-May-19 | 01-Nov-18 | |
| Dec-19 | 189.58 | 190.22 | 179.66 | 176.63 | 168.82 | 209.42 | -9.47 |
| Mar-20 | 191.69 | 192.33 | 182.32 | 180.67 | 174.88 | 213.73 | -10.31 |
| May-20 | 193.44 | 194.26 | 184.34 | 182.87 | 178.56 | 216.21 | -10.54 |
| Jul-20 | 195.09 | 195.64 | 185.90 | 184.07 | 179.66 | 214.75 | -9.15 |
| Sep-20 | 197.57 | 198.21 | 188.84 | 187.01 | 182.41 | 217.04 | -8.97 |
| Dec-20 | 201.52 | 202.35 | 193.53 | 191.87 | 187.47 | 221.36 | -8.96 |

CBOT Trend

CBOT remains weak from July to December under normal conditions as shown in the chart. However, this year due to aberration in weather across several wheat producing countries prices are not following the trend. CBOT average monthly price for October'19 is lower by \$ 2.41/tonne compared to last year for the same month and up by \$ 9.99/tonne compared to September'19. USDA estimates production to be around 53.39 MMT in 2019-20 with yields around 3.47 MT/HA compared to 51.30 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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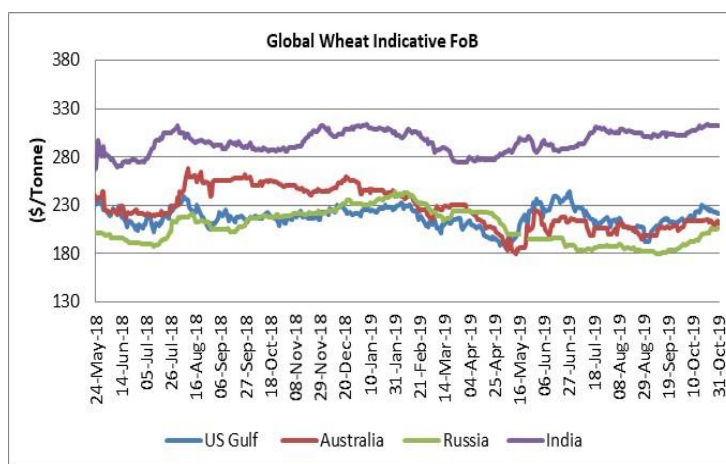
| All prices are for SRW/milling grade | 1st May-19 | 1st Jun-19 | 1st Jul-19 | 1st Aug-19 | 1st Sep-19 | 1st Oct-19 | 1st Nov-19 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|
| USA | 191.00 | 232.73 | 226.60 | 207.80 | 192.71 | 215.98 | 226.30 |
| France | 201.24 | 200.34 | 206.35 | 189.63 | 183.51 | 185.33 | 196.73 |
| Australia | 197.38 | 224.25 | 215.60 | 199.50 | 198.99 | 207.70 | 209.71 |
| Russia | 209.50 | 195.00 | 189.00 | 189.50 | 182.50 | 189.00 | 206.00 |
| India | 282.53 | 285.82 | 289.13 | 307.66 | 300.78 | 302.73 | 316.82 |

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$302.05-316.82 per tonne.

US and Russian quotes are hovering in the range of \$214.50-230.39 and \$189.00-206.50 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 \$190 to \$255 in coming week.



International Outlook:

Global wheat market is expected to trade steady to slightly firm due to low production forecast by IGC. However, carryout still remains at higher side. EU is likely to produce around 152.3 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.7 MMT and 29.00 MMT of wheat in 2019-20 respectively. Production in US is likely to be around 53.90 MMT compared to last year's 51.30 MMT. Australia is likely to produce 19.10 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 20.4 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.60 MMT in 2019-20 compared to 32.20 MMT in 2018-19.

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