

Wheat Monthly Research Report

Contents

- ❖ Wheat Market Dynamics
- ❖ AW Cereal Index
- ❖ Wheat Quarterly Balance Sheet
- ❖ Supply Demand & Domestic Market Highlights
- ❖ Acreage
- ❖ Procurement
- ❖ Wheat Price Trend
- ❖ Export & Import
- ❖ Monthly Central Pool Stock & WPI
- ❖ Monthly Average Spot Prices
- ❖ Spot Prices at Various Centers
- ❖ Monthly Arrival
- ❖ MSP Vs Mill Delivery
- ❖ Technical Analysis
- ❖ International Wheat Market Summary
- ❖ Global Wheat Average FoB
- ❖ Indicative Freight Quotes
- ❖ Global Policy Developments
- ❖ Spot/Forward Prices at Black Sea
- ❖ IGC
- ❖ USDA Balance Sheet
- ❖ CBOT: Futures/Comparison/Trend
- ❖ FoB Quotes & International Outlook

Market Dynamics:

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

Price Trend: All India average monthly prices for wheat increased by 2.13 percent from Rs 2131.98 in October - 2019 to Rs 2177.29 per qtl in November -2019. Average price in November-2019 is higher by 4.09 percent compared to Rs 2091.70 per quintal registered in November-2018. Prices are expected to remain steady to firm amid good demand in the domestic market.

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 \$114-118 per tonne from Black Sea Region. Russia/Ukraine (11.5% Protein content) is offering wheat at \$206.00/202.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$320.25 per tonne. India exported 11.96 thousand tonne wheat in October'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 \$316.82-321.69 per tonne in November. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$202.50-206.00, \$202.00-207.00, Euro 195.37-202.63, \$224.00-247.25 and \$209.71-223.78 per tonne respectively. Wheat prices in international markets witnessed firm tone in November'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 145.90 mm of actual rainfall against 108.50 mm of normal rainfall during 01st October to 4th December-2019. Deficient rainfall has been recorded in Vidarbha, East Madhya Pradesh, Uttar Pradesh, Bihar and Arunachal Pradesh. During the same period last year in 2018, India received 57.20 mm of actual rainfall. India's cumulative rainfall during 01st October -4th December was 145.90 mm, which is above 34% of the LPA. Uttar Pradesh and Bihar, two of the main wheat producing states witnessed low rainfall during October-December. However, soil moisture is still good and farmers are likely to sow more wheat this year.

E-Auction: Government has sold 296400 tonnes of wheat in OMSS until fourth tender in November'19. No rakes were sold. State government and bulk consumers bought 73000 tonnes and 223400 tonnes of wheat respectively. In the month of November'19 government has sold 296400 tonnes in four tenders against offered quantity of 15385660 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 2120 levels for a target of 2165 with a stop loss at 2093 on closing basis.

AW Cereals Index:

(Back to Table of Contents)

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:

(Back to Table of Contents)

	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:

As per latest update, area sown until 29th November-19 is 150.74 lakh hectares compared to 141.25 lakh hectare in the previous Rabi season. The normal area is 305.58 lakh hectares. Acreage under wheat has increased in the states of Madhya Pradesh and Rajasthan till date.

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 \$373.80 (Rs 26850.05) per tonne and \$509.60 (Rs 36604.57) 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 24000-24500 per tonne. Therefore, as of now, there is no parity for wheat imports.

Wheat market is expected to trade steady to slightly weak amid increase in acreage this season and India is likely to harvest another bumper year. Lack of good demand in the domestic market will also weigh on prices to certain extent. 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 Amritsar, Punjab have to sow the seeds of the wheat crop again as the earlier sown seeds were damaged by heavy hailstorm and rain during the first week of November. The seeds did not germinate due to more moisture content in the soil. They have to face double loss of sowing the wheat again and less per acre yield amid late sowing. According to market sources, a loss of 1.5 quintal is usually witnessed if the crop sowing is delayed by one week. Now, as the sowing has been delayed by two-three weeks, it is expected that estimated per acre loss would be around four quintals.

Previous Updates:

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:

(Back to Table of Contents)

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 2.13 percent from Rs 2131.98 in October -2019 to Rs 2177.29 per quintal in November -2019.

Average prices remained mixed in all states of Gujarat, Kerala, Uttar Pradesh, Madhya Pradesh, Assam and Delhi. Prices are likely to stay steady to firm due to no import parity and good demand in open market. 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 Indore and Kota during 22nd -28th November 2019.

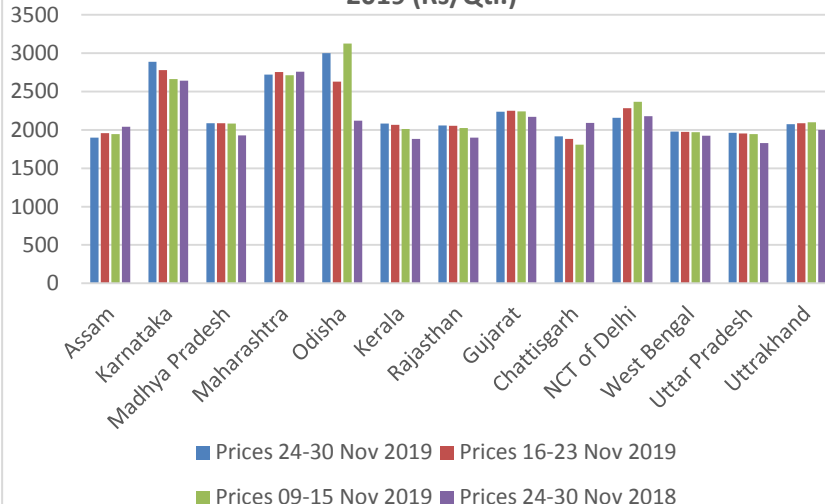
Prices witnessed mixed sentiments in past week. Market is likely to trade steady to firm in upcoming weeks due to good domestic demand and lean season. Government has increased MSP of wheat, which will motivate farmers to sow more wheat and under normal conditions another good crop can be expected. Sales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

Wheat Delhi Average Monthly Price:

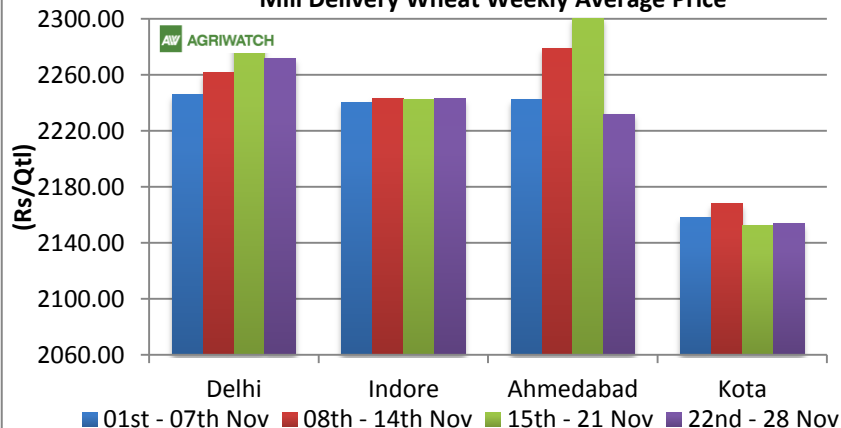
Wheat spot market Delhi (Narela) average price increased from Rs 2117.00 per quintal in October -2019 to Rs 2191.00 per quintal in November-2019. Prices are likely to touch Rs 2250-2280 per quintal in Narela market in upcoming weeks.

The prices are firm by 8.00 percent compared to last month and firm by 3.50 percent compared to corresponding month last year. Arrivals in Narela have declined by 400 quintal to 4450 quintal in the month of November-2019.

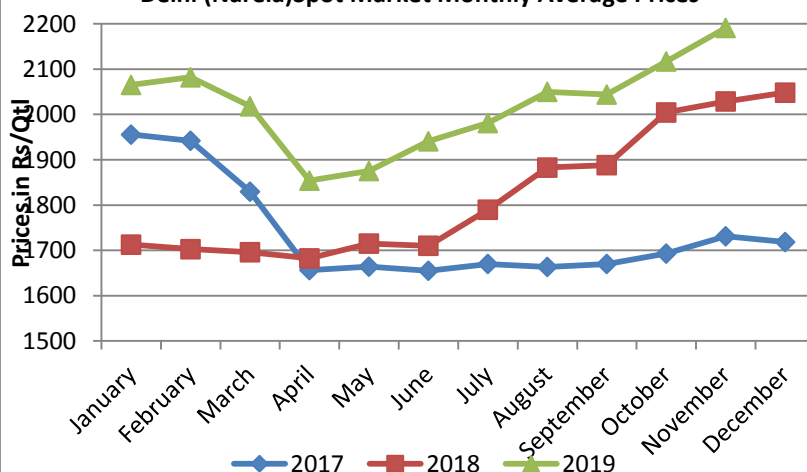
Statewise Wheat Average Price Trend In November-2019 (Rs/Qtl.)



Mill Delivery Wheat Weekly Average Price



Delhi (Narela) Spot Market Monthly Average Prices



Wheat Exports:

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

According to latest update, India exported around 11.96 thousand tonne wheat in the month of October-2019.

It is around 1.32 thousand tonnes higher compared to export quantity (10.64 thousand tonne) in September-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	11.96	304.90	186.03
19-Nov			
19-Dec			
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	84.62	350.43	178.47

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 \$213.00 per tonne in Russia and \$212.00 per tonne in Ukraine. United States and France are also providing wheat at \$ 240.70 per tonne and Euro 184.00 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

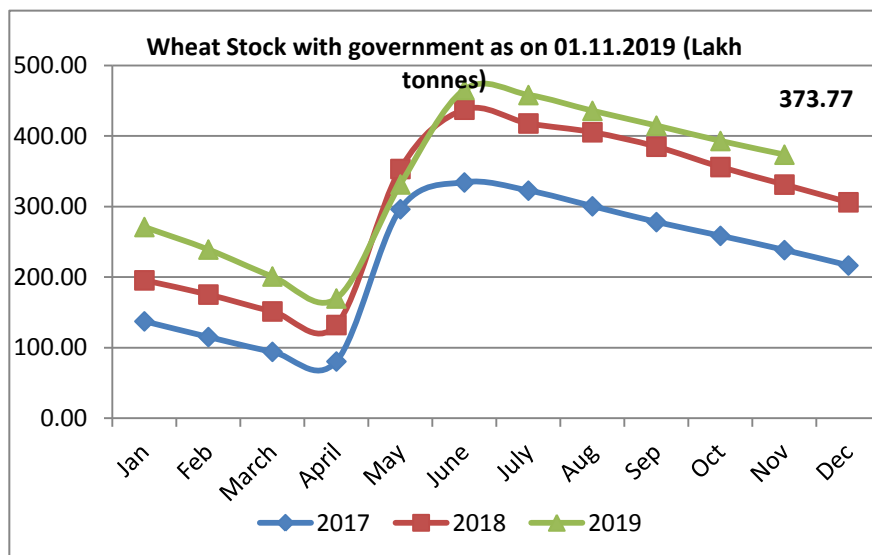
Year/Month	Wheat Import (In Thousand Tonne)	Average CiF (\$/T)	CBOT Average Quotes (\$/MT)
Apr-18 to Mar-19	1.00	239.52	185.15
19-Apr	0.49	378.05	165.43
19-May	0.00	NA	168.68
19-Jun	0.00	NA	192.83
19-Jul	0.00	NA	186.19
19-Aug	0.00	NA	174.70
19-Sep	0.59	326.42	175.46
19-Oct			
19-Nov			
19-Dec			
20-Jan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

Wheat Stock with the Government

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

Wheat stock in government's warehouses on 01.11.2019 was around 373.77 lakh tonne. It is lower by 4.93 % from September-2019. Stock in central as on 01st November'19 is higher by 12.80 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.



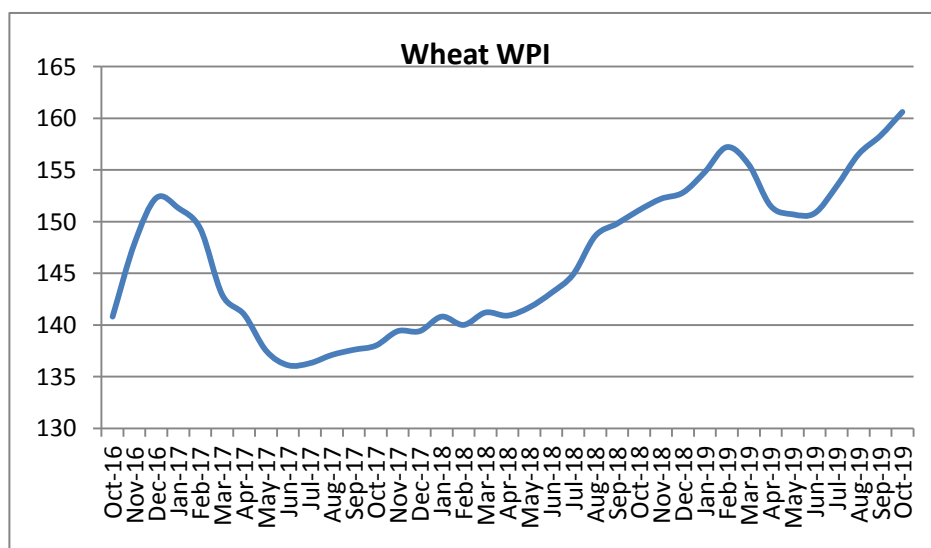
Wheat Inflation:

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

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	160.6
Nov	129.9	147.9	139.4	152.2	
Dec	131.9	152.3	139.4	152.8	

Wheat WPI has increased from 158.3 in September -2019 to 160.6 in October-2019. Monthly wheat inflation has increased by 1.45 percent in October-2019 compared to previous month. As compared to October -2018 wheat WPI has increased by around 6.29 percent. Wheat WPI is expected to stay steady to firm in coming month. Food grains WPI increased by 0.1 in October-19 to 160.2 compared to 160.1 in September-19.

Weight: 1.02823, base year-2011-12=100



Monthly Average Spot Prices
[\(Back to Table of Contents\)](#)

Monthly Average Prices At Various Market(Rs/Quintal)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
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
19-Nov	2267.00	2236.80	2157.20	2220.38	2430.00

Source: Agriwatch

[Monthly Price Comparison of Spot Markets](#)
[\(Back to Table of Contents\)](#)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			05-Dec-19	04-Dec-19	28-Nov-19	06-Nov-19	06-Dec-18
Delhi	Lawrence Road	Mill Delivery	2255	2255	2275	2240	2060
	Narella	Mill Quality Loose	2190	Closed	2200	Closed	2050
	Nazafgarh	Mill Quality Loose	2180	Closed	2180	Closed	2000
Gujarat	Rajkot	Mill Delivery	2175	2180	2220	2210	2120
	Ahmedabad	Mill Delivery	2240	2250	2275	2240	2170
	Surat	Mill Delivery	2320	2330	2340	2225	2210
	Dhrol	Mill Delivery	NR	2460	2330	2230	2305
M.P.	Indore	Mill Delivery	2240	2240	2175	2250	2050
	Bhopal	Mill Quality Loose	2125	2125	2125	2100	1925
Rajasthan	Kota	Mill Quality Loose	2030	2000	2030	2020	1950
		Mill Delivery	2150	2150	2150	2170	2060
U.P.	Kanpur	Mill Delivery	2080	2080	2100	2070	2015
	Mathura	Mill Quality Loose	NA	NA	NA	NA	1780
	Kosi	Mill Quality Loose	2060	2060	2050	2020	1925
	Hathras	Mill Quality Loose	2050	2025	2025	1990	Closed
	Aligarh	Mill Quality Loose	2050	Closed	2050	Closed	1840
Punjab	Khanna	Mill Quality Loose	2000	1960	NA	NA	1930
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2125	2125	2125	2100	1870
	Hodal	Mill Delivery	NA	NA	NA	NA	NA
	Bhiwani	Mill Quality Loose	2210	2200	2180	2125	1950
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2450	2450	2450	2450	2350
	Madurai	Mill Quality	2507	2600	2600	2600	2450
	Coimbatore	Mill Quality	2507	2650	2650	2650	2500
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2100	2000
	Muzaffarpur	Mill Delivery	2000	2000	2000	2010	2000

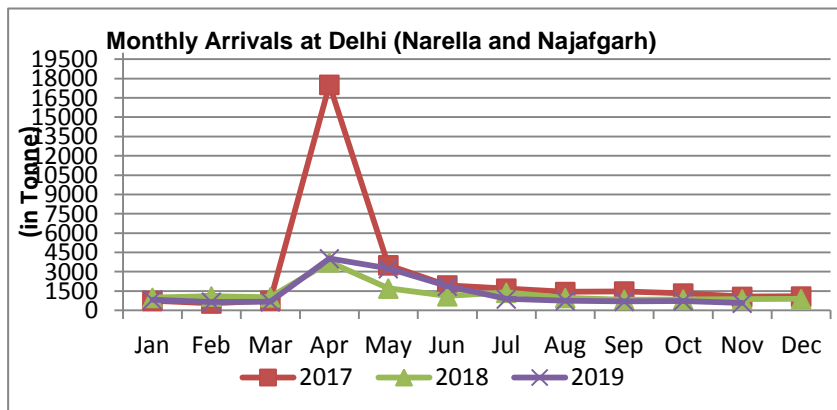
Monthly Arrivals at Delhi

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

Arrivals in Delhi region (Narela and Najafgarh) declined to 565 tonnes in November-2019 compared to 737 tonnes in October-2019. Currently wheat is being traded around Rs 2200 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to firm in December-19 under normal conditions with some corrections in between.



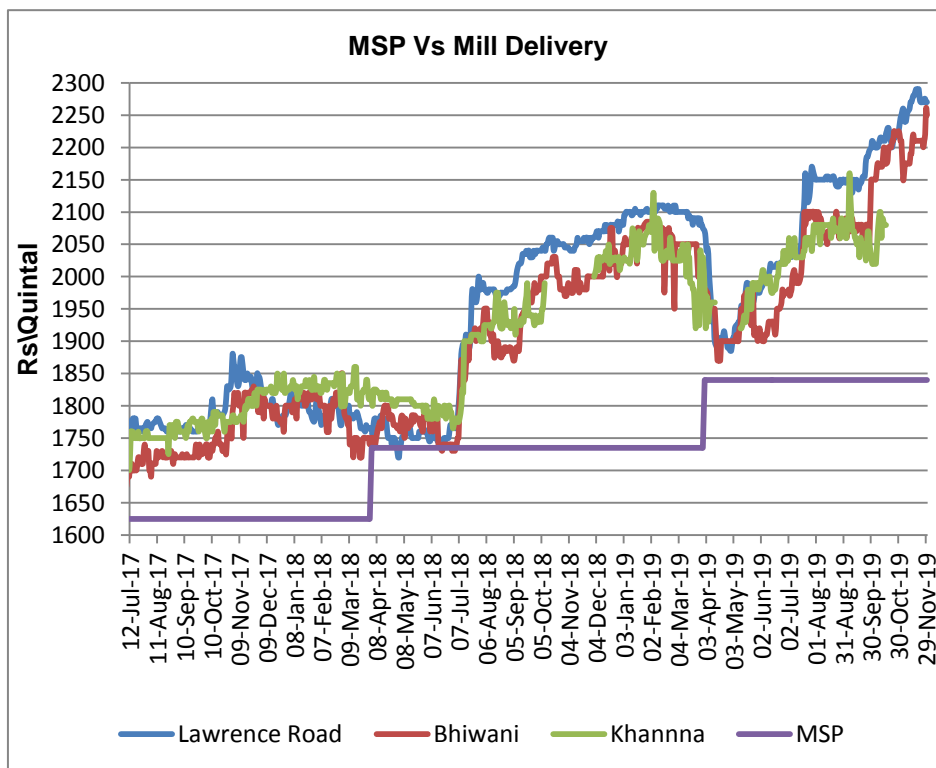
MSP Vs Mill Delivery Prices

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

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.

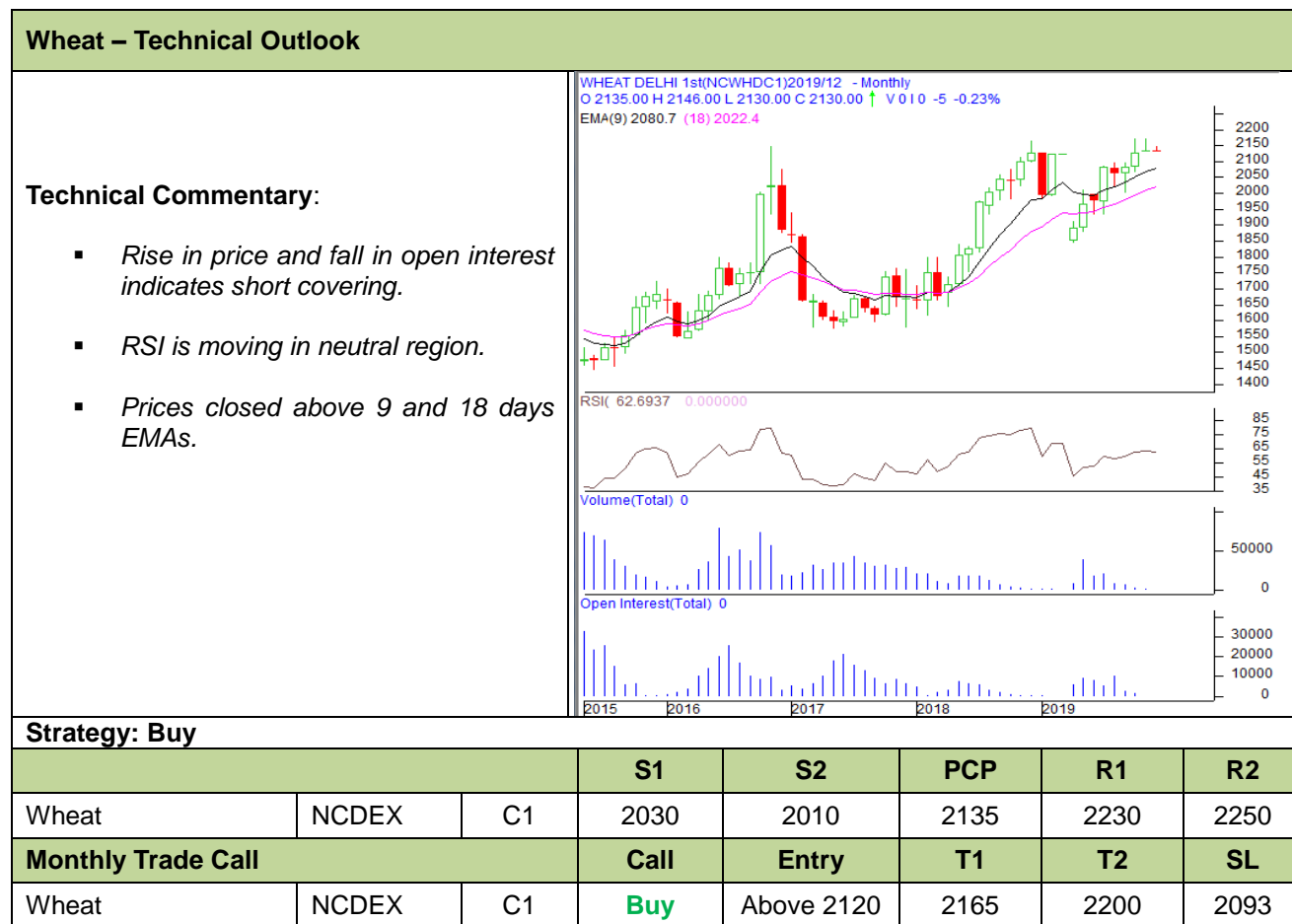
Government increased minimum support price (MSP) of wheat from Rs 1735 per quintal in 2018-19 to Rs 1840 per quintal in 2019-20. As the chart depicts mill delivery prices remained above MSP during MY 2018-19.

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:

(Back to Table of Contents)



* Do not carry-forward the position next month.

International Market Dynamics

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

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. Late autumn rains in the growing regions of UK and Europe will lend some support to the market in the near-term. 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 \$2 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 \$207-212/tonne and FoB \$207-211/tonne.

According to official sources, Egypt's state grain buyer bought 465,000 tonnes of wheat in an international purchase tender last week. The purchase comprised of 345,000 tonnes of Russian wheat and 120,000 tonnes of Ukrainian wheat.

According to government sources, Zimbabwe has removed import controls on wheat flour following a severe drought that has reduced supplies in the country. Millers will no longer be able to buy grain at subsidized prices from the state grain agency.

In U.K., area under winter wheat is forecast to decline by 10 percent compared to previous year. Continued wet weather has prolonged this autumn's drilling season and growers intend to plant 1.65 million hectares compared to 1.82 million hectares previous year.

According to the government, Algeria has decided to cap soft wheat imports at 4 million tonnes a year, down from 6.2 million tonnes. The move is designed to preserve foreign currency and reduce Algerian imports of cereals, especially soft wheat.

According to trade sources, Argentina is set to dominate Asia's grain market for a second consecutive year in 2020 as trading companies are already buying significant volumes anticipating good first-quarter demand in the region. Drought in Australia is likely to reduce exports from the country.

Japan's Ministry of Agriculture sought 119,998 tonnes of food-quality wheat from the United States and Canada in a regular tender on Tuesday. Japan is the world's sixth-largest wheat importer and keeps a tight grip on imports of the country's second-most important staple after rice and buys the majority of the grain for milling via tenders typically issued three times a month.

South Korea's largest animal feed maker has bought, NOFI, has bought around 60000 tonnes of feed wheat at \$228.70 C&F. The quantity is expected to arrive around 10th March-2020. The seller is expected to be trading house Agrocorp.

As per USDA, Russia's wheat production is expected to be 74 MMT in 2019-20. The projection is higher by 1.5 MMT compared to previous months. Russia exported 35.2 MMT of wheat during 2018-19. Exports are expected to reach 36 MMT in 2019-20.

Global Wheat Average FoB

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

Month	US SRW2*	US HRW2*	Argentina P1*	Ukraine 12.5%*	Russia 12.5%*	Rouen 11%**	Australia ASW1***	Australia APW2***
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
Nov-19	230.54	224.91	NA	206.31	208.02	179.38	319.52	321.81

Source: Reuters

*Figures in \$/Tonne

** Figures in Euro/Tonne

*** Figures in AUD/Tonne

Indicative Freight Quotes

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

Date	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)
01.11.2019	9.25	22.01	47.06	41.36
08.11.2019	8.11	20.48	41.39	36.19
15.11.2019	7.59	19.29	36.72	31.98
22.11.2019	7.59	18.69	35.85	31.38
29.11.2019	8.29	18.59	37.76	33.02
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
Vessel Class: Panamax	PoL: Novorossiysk, PoD: Damietta	PoL: Novorossiysk, PoD: Jeddah	PoL: Odessa, PoD: Japan	PoL: Odessa, PoD: Chittagong

Source: Reuters

Global Policy Developments

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

Brazil: Brazil announced the implementation of an annual duty-free rate quota (TRQ) of 750,000 tonnes of wheat imports bound in its WTO schedule of commitments. The out-of-quota duty levied on wheat imports is 10 percent, bound at 55 percent in its schedule.

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

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

Date	30.10.2019	06.11.2019	13.11.2019	20.11.2019	27.11.2019
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	205-210	202-207	204-208	203-206	206-210
Milling wheat 11.5%	203-203	200-205	203-206	200-204	205-209
Feed wheat	198-204	199-205	198-202	198-203	202-207
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	205-210	203-209	206-209	206-208	207-212
Milling wheat 11.5%	203-203	200-206	201-206	200-205	203-208
Feed wheat	198-204	199-205	201-205	198-204	202-207

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			30.10.2019	27.11.2019
Russia	Wheat, 12.5% protein	Dec-Jan	207-215	208-213
Ukraine	Wheat, 11.5% protein	Dec-Jan	205-210	207-212
Ukraine/Russia	Feed wheat	Dec-Jan	-	-

Source: Reuters

IGC Wheat Balance Sheet (Quantity in MMT)
[\(Back to Table of Contents\)](#)

IGC Forecast(Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Proj.)	
				24.10.2019	21.11.2019
Production	757	762	733	762	762
Trade	177	176	169	173	173
Consumptions	736	739	739	756	756
Carryover stocks	248	271	265	271	271
Y-O-Y change	21	22	-5	6	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
[\(Back to Table of Contents\)](#)

USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.12.2019)							
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	1,925	20,000	6,050	10	14,000	1,885	19,500
Australia	4,960	17,200	8,500	150	9,000	4,810	17,298
Canada	5,916	33,000	9,500	450	24,500	5,366	32,201
China	1,39,765	1,32,000	1,28,000	3,200	1,300	1,45,665	1,31,430
EU	10,000	1,53,000	1,27,500	5,500	29,000	12,000	1,36,863
India	16,992	1,02,190	98,000	20	500	20,702	99,870
Pakistan	3,057	25,600	25,400	5	800	2,462	25,100
Russia	7,819	74,000	39,500	475	34,500	8,294	71,685
Ukraine	1,588	29,000	9,400	75	20,000	1,263	25,057
U S	29,386	52,258	31,461	3,266	25,855	27,594	51,306
Others	56,488	1,27,303	2,67,717	1,63,381	21,221	56,468	1,20,972
World total	2,77,896	7,65,551	7,51,028	1,76,532	1,80,676	2,86,509	7,31,282

Source: USDA

CBOT Futures Dec-19 Chart:

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

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

Wheat CBOT closed at \$5.47 per bushel. U.S. wheat export sales during the week ended 21st November was 612700 tonnes compared to 438000 tonnes last week. Sales were above the trade expectation of 200000-500000 MT. USDA expects sales for 2019-20 to be around 26.50 MMT, higher by 4% than 2018-19. As on 25th November, U.S. spring wheat harvest is 100% complete. Planting of U.S. winter wheat is at 87% compared to 85% last year. CBOT wheat prices closed higher amid short-covering.



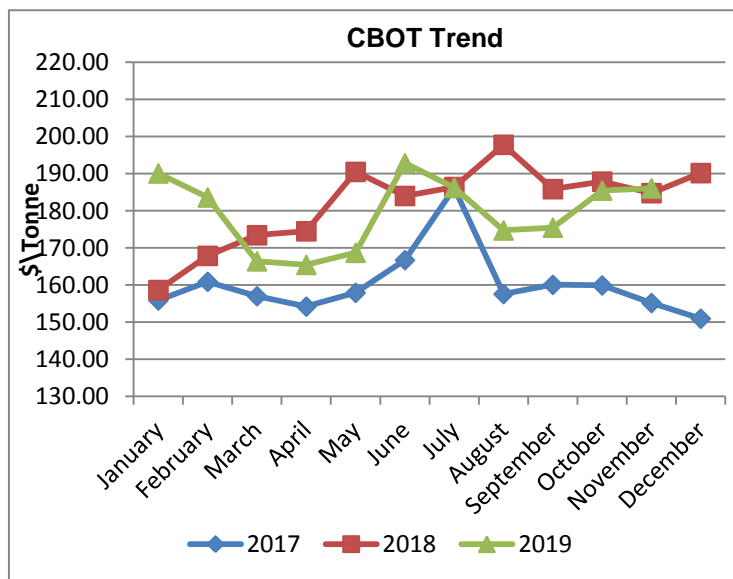
CBOT comparison over period of time:

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-Dec-19	26-Nov-19	04-Nov-19	30-Aug-19	03-Jun-19	03-Dec-18	
Dec-19	199.59	194.81	155.41	169.92	197.94	204.37	-2.34
Mar-20	196.65	195.09	160.00	172.68	202.53	208.22	-5.56
May-20	198.03	196.56	163.22	174.52	204.37	210.52	-5.93
Jul-20	197.94	196.47	166.43	176.17	203.91	209.97	-5.73
Sep-20	200.05	198.76	169.92	179.47	206.30	209.51	-4.52
Dec-20	203.63	202.35	174.70	184.16	210.43	212.54	-4.19

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 November'19 is lower by \$ 1.28/tonne compared to last year for the same month and up by \$ 0.59/tonne compared to October'19. USDA estimates production to be around 52.26 MMT in 2019-20 with yields around 3.48 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)

(Back to Table of Contents)

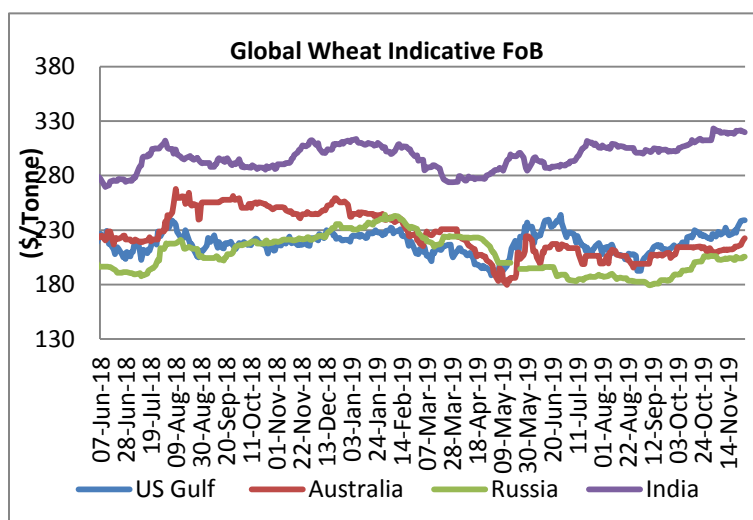
All prices are for SRW/milling grade	1st Jun-19	1st Jul-19	1st Aug-19	1st Sep-19	1st Oct-19	1st Nov-19	2nd Dec-19
USA	232.73	226.60	207.80	192.71	215.98	226.30	240.70
France	200.34	206.35	189.63	183.51	185.33	196.84	202.74
Australia	224.25	215.60	199.50	198.99	207.70	209.71	226.46
Russia	195.00	189.00	189.50	182.50	189.00	206.00	206.00
India	285.82	289.13	307.66	300.78	302.73	316.82	313.68

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 \$316.82-321.43 per tonne.

US and Russian quotes are hovering in the range of \$225.10-238.85 and \$202.50-206.00 per tonne respectively. Wheat prices in international markets remained steady to firm in last week.

Wheat is expected to trade steady to firm and hover in the range of \$195 to \$240 per tonne 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 154.9 MMT in 2019-20 compared to 137.8 MMT in 2018-19. Russia and Ukraine are likely to harvest 74.5 MMT and 29.00 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 17.00 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.0 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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