

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat declined by 3.58 percent from Rs 2219.50 in December - 2019 to Rs 2139.98 per qtl in January -2020. Average price in January -2020 is higher by 2.26 percent compared to Rs 2092.73 per quintal registered in January-2019. Prices are expected to witness steady to weak tone amid bumper crop expected this season and lack of demand from the bulk consumers.

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 favor of Indian exporters due to huge price gap. The difference is around \$92-96 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$225/224.50 per tonne on FoB basis while Indian FoB at Kandla port comes to \$317.40 per tonne. India exported 18.31 thousand tonne wheat in December'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 2550 per quintal and Rs 2650 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 is based on local price. There is no export in bulk currently. Indian FoB quote is hovering between \$317.40-340.99 per tonne. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$212.00-227.50, \$212.50-229.50, Euro 188.50-196.50, \$251.50-262.90 and \$235.84-250.58 per tonne respectively. Wheat prices in international markets witnessed firm tone in January'20.

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 28.30 mm of actual rainfall against 18.60 mm of normal rainfall during 01st January to 02nd February-2020. Deficient rainfall has been recorded in Tamil Nadu, Kerala and Lakshwadeep. Most of the wheat producing states received good rainfall during the month of January. Soil moisture is good and farmers have covered more area under 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 weak in short to medium term.

Trade Call: Market participants are advised to buy wheat at 2050 levels for a target of 2095 with a stop loss at 2023 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 December'19 stood at 351.75 lakh tonnes down by 5.89% compared to last month. This quantity is higher by around 14.84% 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 31st January-20 is 336.18 lakh hectares compared to 299.30 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, Gujarat, Maharashtra and Rajasthan till date.

As per market experts bumper production seems on the card despite unseasonal rains and locusts attack in Rajasthan. This year there will be record food grain production led by wheat along with corn and jowar. Wheat production during Rabi 2019-20 is estimated at 109 MMT which is 6.27% higher than last year production of 102.1 MMT. Production of wheat is expected to increase following higher acreage amid increase in MSP. Farmers prefer wheat over other Rabi crops in irrigated areas because of assured return as FCI undertakes procurement at MSP. Secondly, prolonged cold waves and winter rainfall in certain states have contributed to increase in yield of wheat.

Yellow rust has been reported in certain areas of Punjab and Haryana. This might bring down the yield. However agriculture departments are taking all possible measures to ensure the spread of the disease does not go beyond control. Farmers have been suggested to adopt remedial measures to deal with the situation.

Wheat WPI has increased from 164.4 in November -2019 to 165.7 in December -2019. Monthly wheat inflation has increased by 0.79 percent in December -2019 compared to previous month.

Wheat market is expected to trade steady to weak amid bumper production expected this season and lack of demand from the bulk consumers. Another year of bumper domestic production will put a cap on prices. 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.

The reserve price of wheat under OMSS has been reduced to Rs 2,135/quintal for fair average quality (FAQ) and to Rs 2,080/quintal for lower quality. The benchmark price was Rs 2,245/quintal for the January-March period of 2019-20. When the OMSS scheme was announced in April last year, the government had fixed reserve price of wheat for each quarter during FY20. The objective was to liquidate more wheat with minimum losses. Reduction has been made to make space for the procurement of the new crop. According to trade sources, about 1.7 MT of wheat has been sold under OMSS, however official data showed it was less than a million tonne until November 28, 2019.

Previous Updates:

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.

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 declined by 3.58 percent from Rs 2219.50 in December -2019 to Rs 2139.98 per quintal in January -2020.

Average prices remained mixed in all states of Gujarat, Kerala, Uttar Pradesh, Madhya Pradesh, Assam and Delhi. Prices are likely to notice steady to weak tone due to lack of demand from the bulk consumers. However small technical recovery can be expected in between. Sales through OMSS has improved as government has reduced reserve price of wheat this quarter. 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 weak in Ahmedabad, Kota, Indore and Delhi during 24th -30th January 2020.

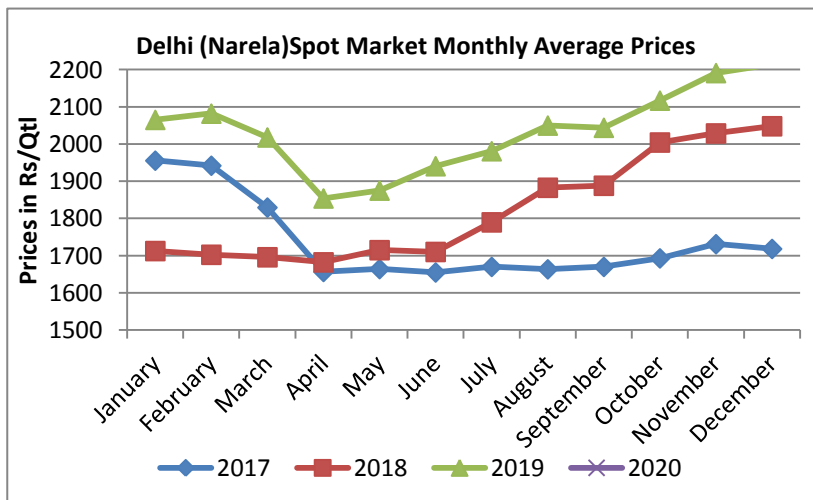
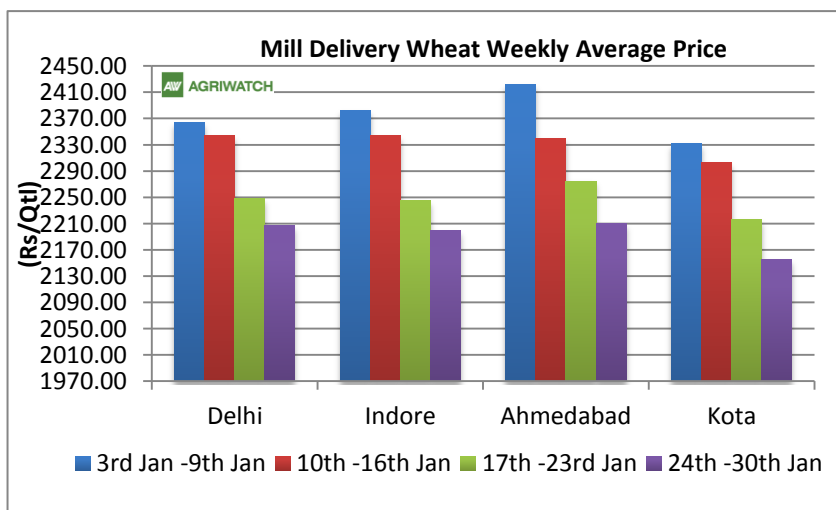
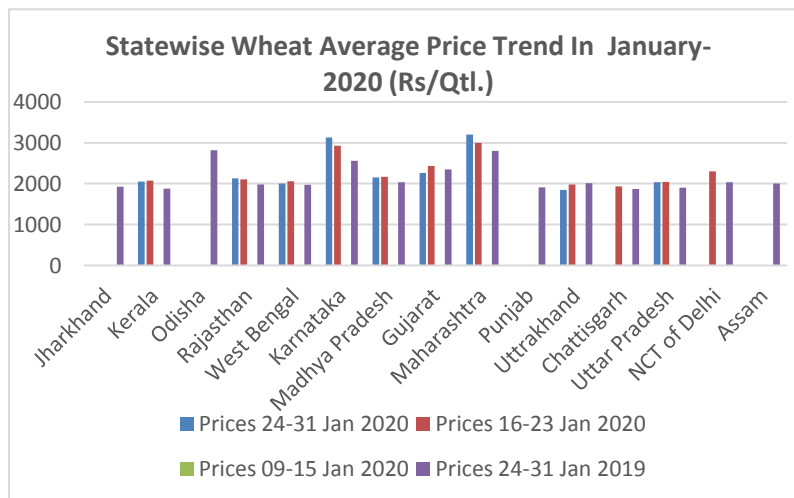
Prices noticed weak tone in past week. Market is likely to witness steady to weak tone in upcoming week amid expectation of bumper crop this season and lack of bulk demand in the spot market. Government has increased MSP of wheat, which has motivated farmers to sow more wheat and under normal conditions another good crop can be expected. Sales through OMSS has also increased in past weeks. Government has targeted a sale of 10 MMT in MY 2019-20 through OMSS. Sales through OMSS in MY 2018-19 was around 8.2 MMT.

Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price increased from Rs 2214.00 per quintal in December -2019 to Rs 2226.36 per quintal in January-2020. Prices are likely to touch Rs 2050-2100 per quintal in Narela market in upcoming weeks.

The prices are firm by 0.56 percent compared to last month and firm by 7.80 percent compared to corresponding month last year. Arrivals in Narela have declined by 250 quintal to 3600 quintal in the month of January-2020.

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Wheat Exports:

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According to latest update, India exported around 18.31 thousand tonne wheat in the month of December-2019.

It is around 3.09 thousand tonnes lower compared to export quantity (21.40 thousand tonne) in November-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 (\$57 to \$110 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	21.40	298.15	186.75
19-Dec	18.31	286.37	197.88
20-Jan			
20-Feb			
20-Mar			
Total 2019-20(000T)	124.33	337.51	181.55

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 \$220.00 per tonne in Russia and \$216.00 per tonne in Ukraine. United States and France are also providing wheat at \$ 253.05 per tonne and Euro 186.00 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

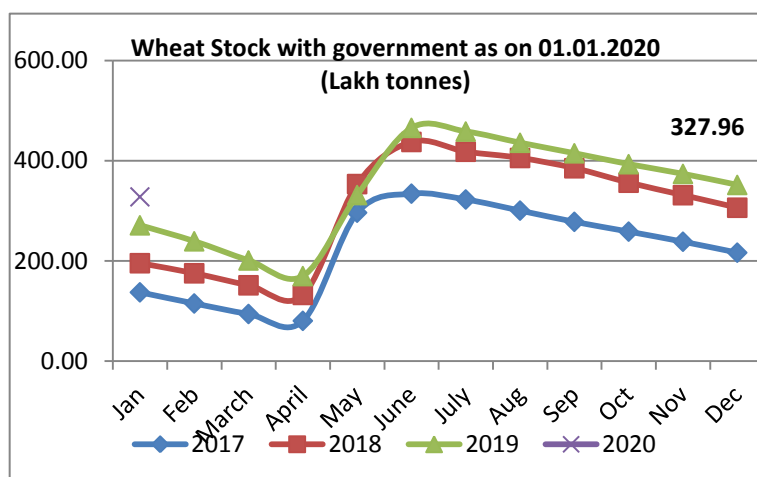
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Wheat stock in government's warehouses on 01.01.2020 was around 327.96 lakh tonnes. It is lower by 6.76 % from December-2019. Stock in central pool as on 01st January'20 is higher by 20.92 percent compared to last year for the same month. Government 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.

The reserve price of wheat under OMSS has been reduced to Rs 2,135/quintal for fair average quality (FAQ) and to Rs 2,080/quintal for lower quality. The benchmark price was Rs 2,245/quintal for the January-March period of 2019-20. When the OMSS scheme was announced in April last year, the government had fixed reserve price of wheat for each quarter during FY20. The objective was to liquidate more wheat with minimum losses. Reduction has been made to make space for the procurement of the new crop. According to trade sources, about 1.7 MT of wheat has been sold under OMSS, however official data showed it was less than a million tonne until November 28, 2019.

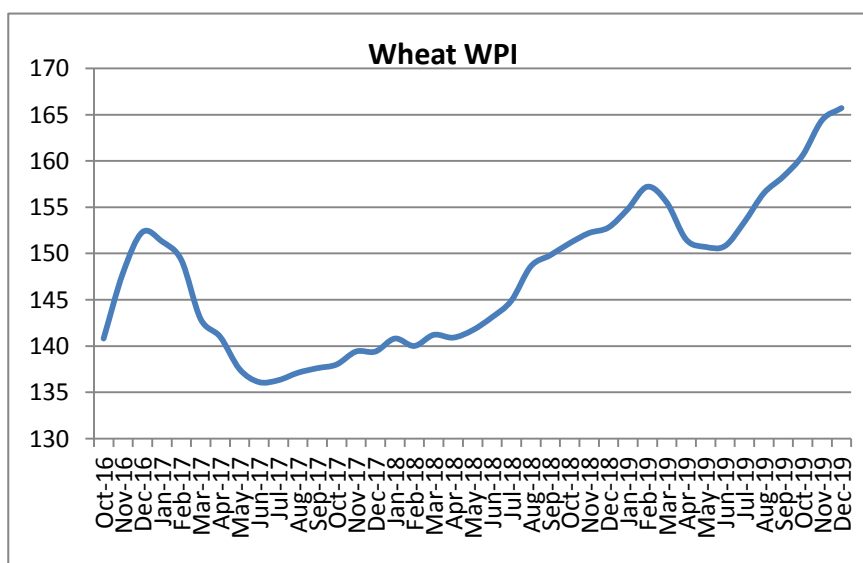
Wheat Inflation:

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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	160.6
Nov	129.9	147.9	139.4	152.2	164.4
Dec	131.9	152.3	139.4	152.8	165.7

Wheat WPI has increased from 164.4 in November -2019 to 165.7 in December-2019. Monthly wheat inflation has increased by 0.80 percent in December-2019 compared to previous month. As compared to December -2018 wheat WPI has increased by around 8.44 percent. Wheat WPI is expected to stay steady to firm in coming month. Food grains WPI increased by 0.1 in December-19 to 162.5 compared to 162.4 in November-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-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
19-Dec	2273.60	2252.38	2152.71	2221.00	2462.50
20-Jan	2290.60	2302.62	2250.21	2291.80	2585.42

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-Feb-20	04-Feb-20	29-Jan-20	07-Jan-20	06-Feb-19
Delhi	Lawrence Road	Mill Delivery	2210	2210	2210	2370	2100
	Narella	Mill Quality Loose	Closed	2140	Closed	2260	Closed
	Nazafgarh	Mill Quality Loose	Closed	2140	Closed	2225	Closed
Gujarat	Rajkot	Mill Delivery	2225	2200	2210	2360	2080
	Ahmedabad	Mill Delivery	2250	2240	2270	2430	2175
	Surat	Mill Delivery	2310	2300	2315	2500	2220
	Dhrol	Mill Delivery	2430	NR	2450	2505	2200
M.P.	Indore	Mill Delivery	2215	2215	2230	2350	2090
	Bhopal	Mill Quality Loose	2050	2050	2030	2225	1980
Rajasthan	Kota	Mill Quality Loose	2070	2000	2080	2200	1965
		Mill Delivery	2180	2100	2180	2340	2070
U.P.	Kanpur	Mill Delivery	2100	2110	2110	2235	2010
	Mathura	Mill Quality Loose	NA	NA	2150	2170	1950
	Kosi	Mill Quality Loose	2100	2120	2100	2220	2020
	Hathras	Mill Quality Loose	NR	2100	2100	2200	2060
	Aligarh	Mill Quality Loose	Closed	2050	Closed	2150	Closed
Punjab	Khanna	Mill Quality Loose	1975	1980	1975	2130	1970
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2070	2070	2100	2175	1920
	Hodal	Mill Delivery	NA	NA	NA	NA	NR
	Bhiwani	Mill Quality Loose	2100	2100	2080	2240	2020
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2550	2550	2550	2600	2410
	Madurai	Mill Quality	2607	2650	2700	2700	2510
	Coimbatore	Mill Quality	2607	2700	2750	2750	2560
Bihar	Khagariya	Mill Delivery	2100	2100	2100	2200	2150
	Muzaffarpur	Mill Delivery	2125	2125	2150	2200	2100

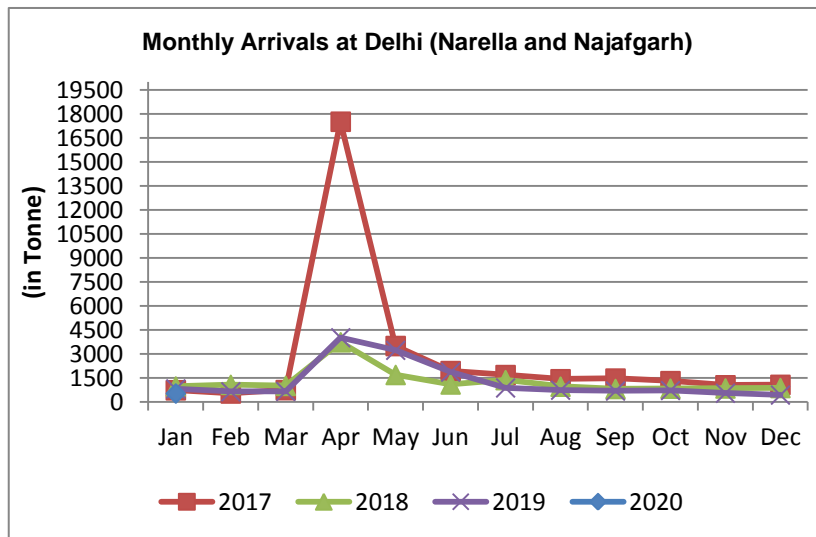
Monthly Arrivals at Delhi

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Arrivals in Delhi region (Narela and Najafgarh) increased to 548 tonnes in January-2020 compared to 452 tonnes in December-2019. Currently wheat is being traded around Rs 2140 per quintal in Narela.

Domestic Outlook:

Wheat cash market is expected to trade steady to weak in February-20 under normal conditions with some recovery in between.

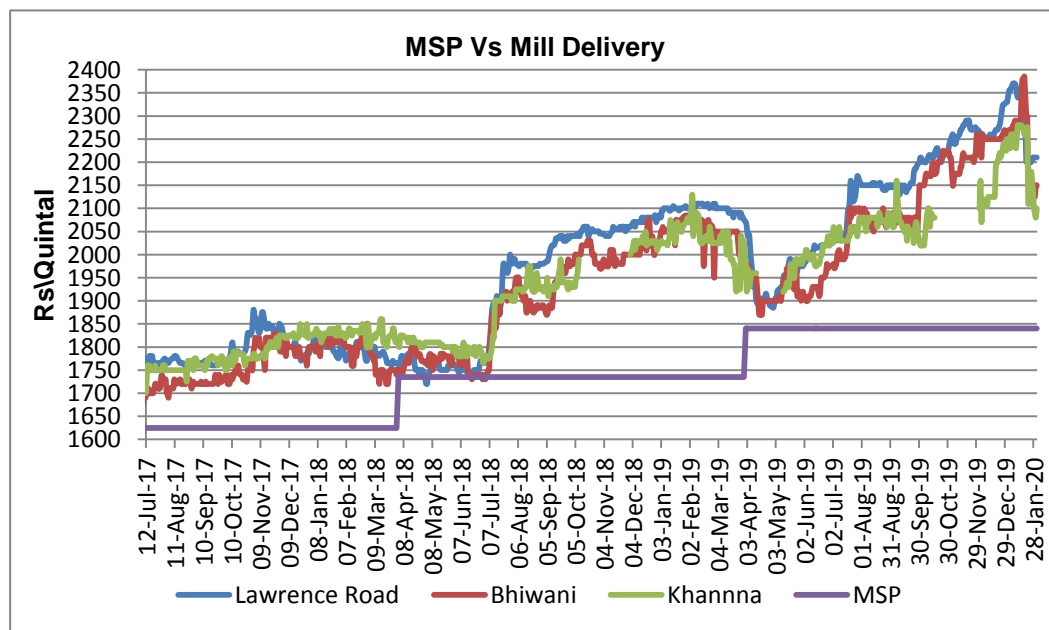


MSP Vs Mill Delivery Prices

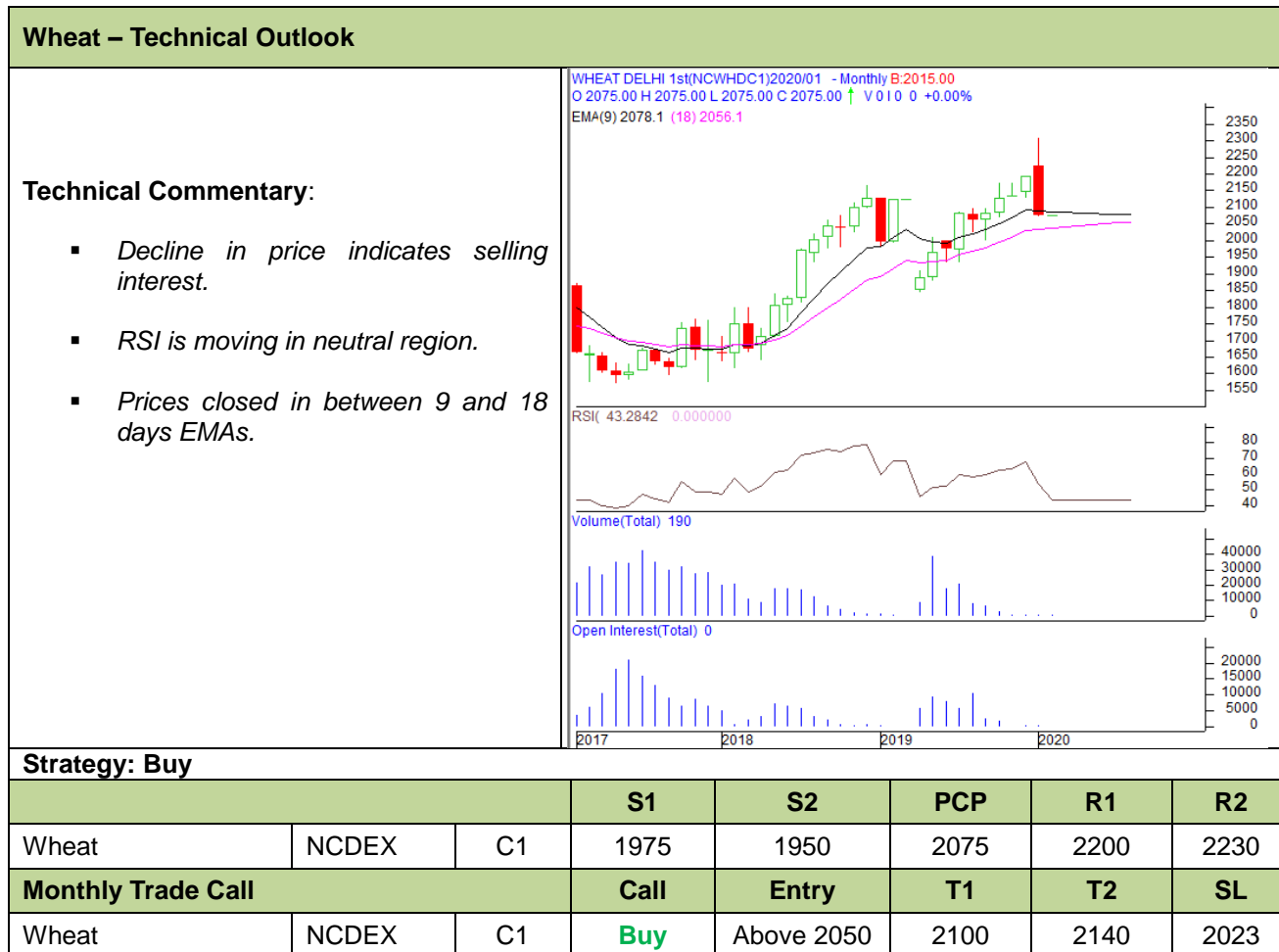
As of now mill delivery prices in Lawrence road, Karnal and Khanna market are above MSP and are likely to move steady to weak in coming weeks.

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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According to IKAR Consultancy, Russian wheat production this year could be around 79.5 MMT. Farmers have sown a record winter wheat area this season.

Australia's major wheat exporting states of South Australia, Victoria and Western Australia have exported just over 3 MMT of wheat since October according to sources at S&P. This is close to the half-way mark of the country's anticipated exportable surplus of 7 -8 MMT for the current marketing year October 2019-September 2020. Philippines was the number one destination for Australian wheat exports over October-November at close to 300,000 metric tonnes followed by South Korea and Japan at 205,000 metric tonnes and 130,000 metric tonnes respectively.

China has bought about 1MMT of Australian, Canadian and French wheat as Beijing looks to fill import quotas set by the World Trade Organization, according to trade sources. The purchases are part of the 9.6 million-ton annual wheat quota China allocates to buyers.

Serbia will import around 30,000 tonnes of high-quality wheat by the end of April, as this year's wheat yield does not meet the high standards of domestic millers and confectioners.

Sindh has asked the federal government to stop wheat exports in view of the prevailing shortages that have led to a spike in the price of the commodity and their products. The country's wheat flour crisis has worsened in a last few weeks, affecting major cities such as Karachi, Hyderabad, and Lahore and with prices increasing up to Rs70/kilogramme in some areas.

Pakistan Government has approved the import of 300,000 tonnes of wheat to relieve a shortage of flour supplies that has created a crisis in the market. Prices of flour and bread shot up last week as the ingredient disappeared from shops and wholesale markets, while bread makers shut in protest towards selling the staple at controlled prices.

Tunisia's state grains agency has issued an international tender to purchase around 117,000 tonnes of durum wheat and 100,000 tonnes of soft wheat according to European traders. The tender closed on Friday. The durum wheat was sought in four 25,000 tonnes consignments and one of 17,000 tonnes. The soft wheat was sought in four consignments of 25,000 tonnes. Durum shipment was sought between Feb. 15 and May 5 and Soft wheat shipment was sought between Feb. 10 and March 25 also depending on origin.

The area sown with soft wheat for this year's harvest in France is estimated to have declined by 10% compared with 2019 to a 19-year low after heavy rain disrupted field work. Acreage is estimated at 4.47 million hectares compared to 4.97 hectares previous year.

Japan's Ministry of Agriculture sought 117,831 metric tonnes of food-quality wheat from U.S., Canada and Australia. The tender will close on Thursday.

According to the latest data released by the Agriculture Ministry, land under wheat cultivation in Iran has reached 6 million hectares in the current cultivation season (started late September of 2019). This almost equals the area under cultivation last year, which means production will likely remain the same as last year.

Britain's wheat exports in November were 67,706 tonnes compared to previous month's 257,338 tonnes. Total wheat exports for 2019-20, which started July 1, were 741,546 tonnes, up from 134,209 tonnes during the same period previous year. Imports in November declined to 58,242 tonnes compared to 74,989 tonnes in the previous month.

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***
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
Dec-19	243.45	233.67	NA	209.86	214.33	183.45	360.55	361.70

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)
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

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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

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Date	18.12.2019	25.12.2019	15.01.2020	22.01.2020	29.01.2020
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	212-216	212-216	222-226	227-234	227-232
Milling wheat 11.5%	209-214	210-215	222-225	227-232	222-227
Feed wheat	207-212	208-213	215-220	215-220	-
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	214-218	215-220	224-228	228-234	229-234
Milling wheat 11.5%	209-214	209-215	222-225	225-230	222-228
Feed wheat	207-212	207-212	213-219	215-220	-

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			25.12.2019	29.01.2020
Russia	Wheat, 12.5% protein	Dec-Jan	215-220	-
Ukraine	Wheat, 11.5% protein	Dec-Jan	212-216	-
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.)	
				21.11.2019	23.01.2020
Production	757	762	733	762	761
Trade	177	176	169	173	175
Consumptions	736	739	739	756	754
Carryover stocks	248	271	265	271	272
Y-O-Y change	21	22	-5	6	7
Major Export	79	83	70	69	66

IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 761 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 175 MMT. It is 6 MMT higher compared to estimate for last year and lower by 1 MMT compared to 2017-18.
- Consumption has been decreased to 754 MMT for 2019-20. The forecast is higher by 15 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 01.02.2020)							
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	1,625	19,000	6,050	10	13,000	1,585	19,500
Australia	4,960	16,100	8,700	450	8,400	4,410	17,298
Canada	5,916	32,350	9,350	450	24,000	5,366	32,201
China	1,39,765	1,33,590	128,000	3,200	1,100	1,47,455	1,31,430
EU	10,000	1,53,500	127,500	5,500	29,000	12,500	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	74,500	39,500	475	35,000	8,294	71,685
Ukraine	1,588	29,000	9,400	75	20,000	1,263	25,057
U S	29,386	52,258	31,462	2,858	26,535	26,505	51,306
Others	56,737	1,27,323	2,68,167	1,64,531	21,471	58,953	1,20,972
World total	2,77,845	7,65,411	7,51,529	1,77,574	1,79,806	2,89,495	7,31,282

Source: USDA

CBOT Futures Mar-20 Chart:

1st Support: 174.00
2nd Support: 172.00
1st Resistant: 234.00
2nd Resistant: 236.00
(\$ per tonne)

Wheat CBOT closed at \$5.54 per bushel. U.S. wheat net export sales during the week ended 23rd January was 646,000 tonnes compared to 696000 tonnes last week. Sales were at the high end of trade expectation of 300000-700000 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 lower amid concerns of lower demand from China following corona virus.

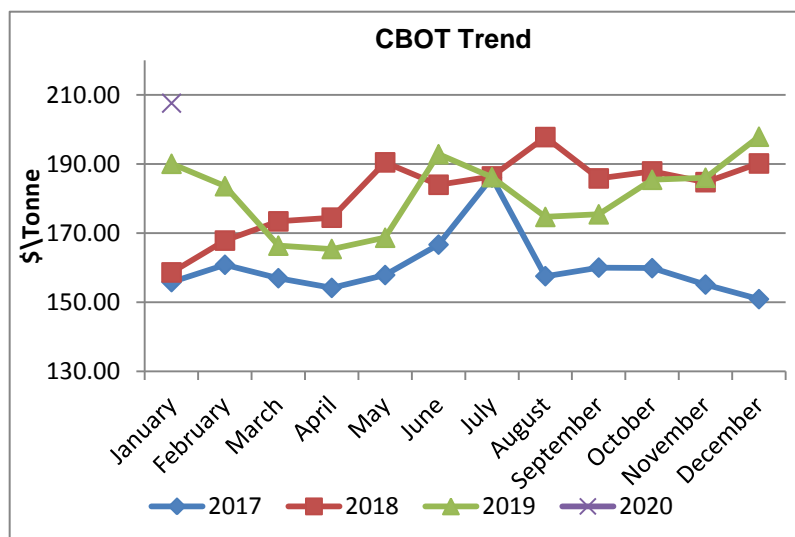
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CBOT comparison over period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	05-Feb-20	29-Jan-20	08-Jan-20	01-Nov-19	09-Aug-19	06-Feb-19	
Dec-19	206.48	206.57	203.08	191.69	187.01	205.38	0.54
Mar-20	205.38	206.20	204.37	193.44	188.84	206.48	-0.53
May-20	205.10	205.93	205.19	195.09	190.31	204.46	0.31
Jul-20	207.31	208.04	207.67	197.57	192.79	206.57	0.36
Sep-20	210.43	211.26	211.26	201.52	197.11	210.61	-0.09
Dec-20	213.18	213.83	213.92	204.27	212.45	213.64	-0.21

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 January'20 is higher by \$ 17.52/tonne compared to last year for the same month and up by \$ 9.69/tonne compared to December'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)

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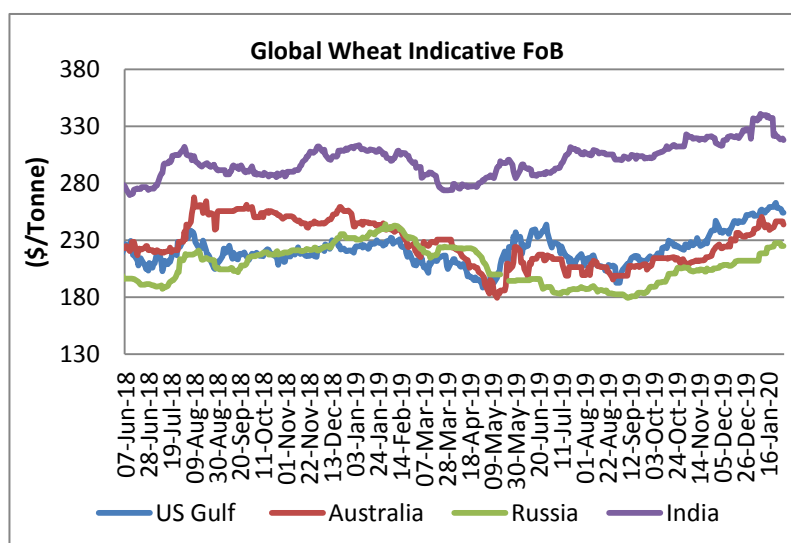
All prices are for SRW/milling grade	1st Aug-19	1st Sep-19	1st Oct-19	1st Nov-19	2nd Dec-19	2nd Jan-20	3rd Feb-20
USA	207.80	192.71	215.98	226.30	240.70	253.60	253.70
France	189.63	183.51	185.33	196.84	202.74	NA	187.75
Australia	199.50	198.99	207.70	209.71	226.46	235.84	242.54
Russia	189.50	182.50	189.00	206.00	206.00	212.00	223.00
India	307.66	300.78	302.73	316.82	313.68	337.07	316.47

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 \$317.96-321.26 per tonne.

US and Russian quotes are hovering in the range of \$254.21-258.32 and \$225.00 -227.50 per tonne respectively. Wheat prices in international markets noticed steady to weak tone in last week.

Wheat is expected to trade steady to weak and hover in the range of \$210 to \$265 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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