Wheat Monthly Research Report

Contents

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

Price Trend: *All India average monthly prices for wheat increased by 4.40 percent from Rs 2139.98 in January -2020 to Rs 2238.58 per qtl in February -2020. Average price in February -2020 is higher by 7.00 percent compared to Rs 2092.14 per quintal registered in February-2019. Prices are expected to trade steady to weak amid bumper crop expected this season and new crop arrival is expected to pick up in the coming days.*

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 $55-55.30 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $208/208 per tonne on FoB basis while Indian FoB at Kandla port comes to $263.30 per tonne. India exported 25.85 thousand tonne wheat in January'20. Total export in MY 2018-19 was registered around 2.26 lakh tonne.*

Import: *As per trade sources, India has imported 114.95 tonnes of Australian wheat during the month of January'20. At import front, government has increased import duty from 30 percent to 40 percent to reduce flow of imports and provide support to domestic prices. Imports are expected to be low this year due to good domestic availability and increase in import duty. 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 $269.41-331.93 per tonne. Against it Russia, Ukraine, France, US and Australia were offering wheat at $208.00-223.00, $208.00-223.00, Euro 184.00-193.50, $256.10-227.87 and $242.54-233.83 per tonne respectively. Wheat prices in international markets witnessed weak tone in February'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 Second Advance Estimate: *As per second advance estimate, India is likely to produce 106.21 MMT of wheat compared to 103.60 MMT in previous year. The total food grain production is expected at record 291.95 MMT compared to 285.21 MMT last year. Wheat prices are expected to witness steady to weak tone amid bumper crop expected this season. Furthermore government has ample stock available to control any unexpected price surge.*

Weather Update: *India has received 3.10 mm of actual rainfall against 3.20 mm of normal rainfall during the first four days of March. Deficient rainfall has been recorded in Arunachal Pradesh, East Uttar Pradesh, Himachal Pradesh, Jammu and Kashmir and Telangana. Most of the wheat producing states received good rainfall during the month of January and February. Soil moisture is good and farmers are likely to harvest bumper crop this season.*

E-Auction: *Government has sold 2636640 tonnes of wheat in OMSS until second tender in February'20. No rakes were sold. State government and bulk consumers bought 648250 tonnes and 1985740 tonnes of wheat respectively. In the month of February'20 government has sold 199540 tonnes in the second tender against offered quantity of 4972878 tonnes 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. Reduction has been made to make space for the procurement of the new crop.*

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 sell wheat at 2150 levels for a target of 1950 with a stop loss at 2210 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 February'20 stood at 303.66 lakh tonnes down by 7.41% compared to last month. This quantity is higher by around 26.89% 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 Govt. sources the second crop forecast of India is projected to produce a record 106.2 million tonnes of wheat crop in 2019-20 because of favourable weather conditions and improve crop yields. Wheat output is expected to go up by 2.5% in the crop year. Which expected to reach 291.9 million tonnes in 2019-20 from 285.2 million tonnes last year.

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.

Cases of the yellow rust attack on wheat crop have been reported in Kangra and Una districts of Himachal Pradesh. There is lack of availability of pesticides according to the famers thereby leading to yellow rust cases in almost all parts of the district.

Wheat WPI has increased from 165.7 in December -2019 to 168.6 in January -2020. Monthly wheat inflation has increased by 1.75 percent in January -2020 compared to previous month.

As per the latest update wheat cash market is likely to stay steady to slightly weak as stock in central pool is higher and new crop is at hand. Likely bumper production this year and FCI urgency to release old stock may pressurize wheat cash market in coming weeks. If off take remains slow at this point of time. FCI may consider to decrease bench mark price.

As per Uttrakhand government, Minimum Support Price (MSP) of Wheat has been hiked by Rs. 65 to Rs. 1,925 per quintal from 1,860 per quintal.

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:

(Back to Table of Contents)

State Wise Wheat Sowing in Lakh Hectares					
State	**Normal area (2020)**	**2018**	**2019**	**2020**	**% Change 2020 vs. 2019**
Bihar	20.96	23.27	22.87	22.71	8.35
Chhattisgarh	1.05	1.85	1.68	1.82	73.33
Gujarat	10.92	10.76	8.07	13.95	27.75
Haryana	25.35	25.26	25.16	24.90	-1.78
Himachal Pradesh	3.39	3.6	3.50	3.40	0.29
J&K	2.96	2.93	2.44	2.21	-25.34
Jharkhand	1.76	2.31	1.87	2.12	20.45
Karnataka	1.88	2.09	1.50	1.97	4.79
Madhya Pradesh	57.27	53.16	60.00	79.68	39.13
Maharashtra	10.74	9.4	5.69	10.71	-0.28
Punjab	35.06	35.1	35.02	35.08	0.06
Rajasthan	29.75	30.2	28.25	33.15	11.43
Uttar Pradesh	97.48	98.67	99.13	99.05	1.61
Uttarakhand	3.42	3.58	3.45	3.48	1.75
West Bengal	2.89	1.36	1.05	1.76	-39.10
Others	0.20	0.75	0.23	0.11	-45.00
All-India	**305.58**	**304.29**	**299.68**	**336.18**	10.01

Source: Ministry of Agriculture

Wheat Procurement RMS 2019-20 (Source: FCI)

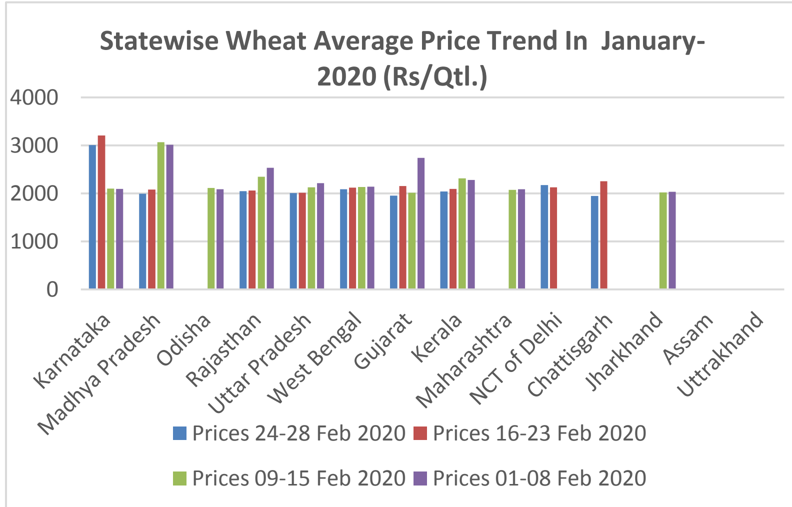
State/UTs	**Procurement as on 24th June-2019 (Figures in LMT)**		
	FCI (A)	**State Agency (B)**	**Total (A+B)**
Punjab	15.72	113.4	129.12
Haryana	11.33	81.87	93.20
Uttar Pradesh	1.09	35.78	36.87
Madhya Pradesh	0.00	67.25	67.25
Rajasthan	12.06	2.01	14.07
Others	0.14	0.50	0.64
All-India	**40.34**	**300.81**	**341.15**

Monthly Average Price Comparison:

(Back to Table of Contents)

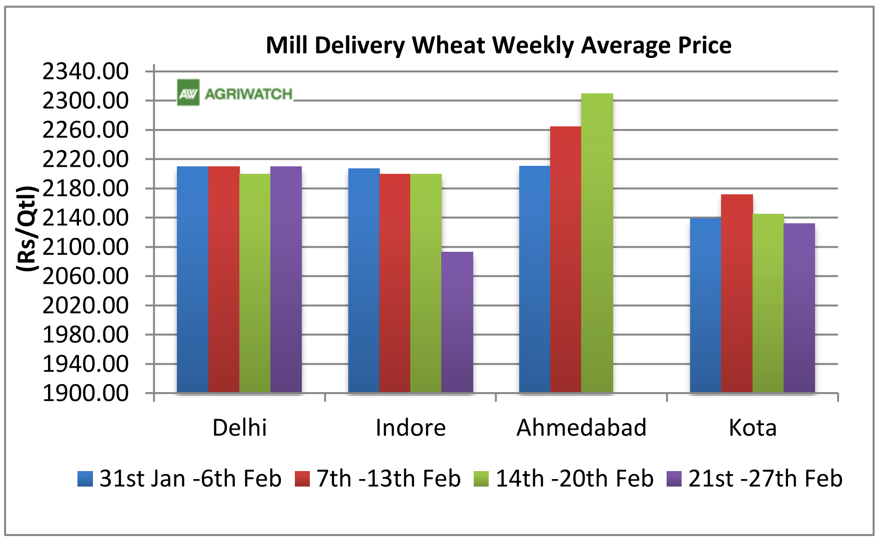
All India average monthly prices for wheat increased by 4.40 percent from Rs 2139.98 in January -2020 to Rs 2238.58 per quintal in February -2020.

Average prices remained mostly firm in all states of Gujarat, Kerala, Uttar Pradesh, Madhya Pradesh, Assam and Delhi. Prices are likely to notice steady to weak tone amid new crop arrival in the market. However small technical recovery can be expected in between. Sales through OMSS have 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 sell on any recovery.



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

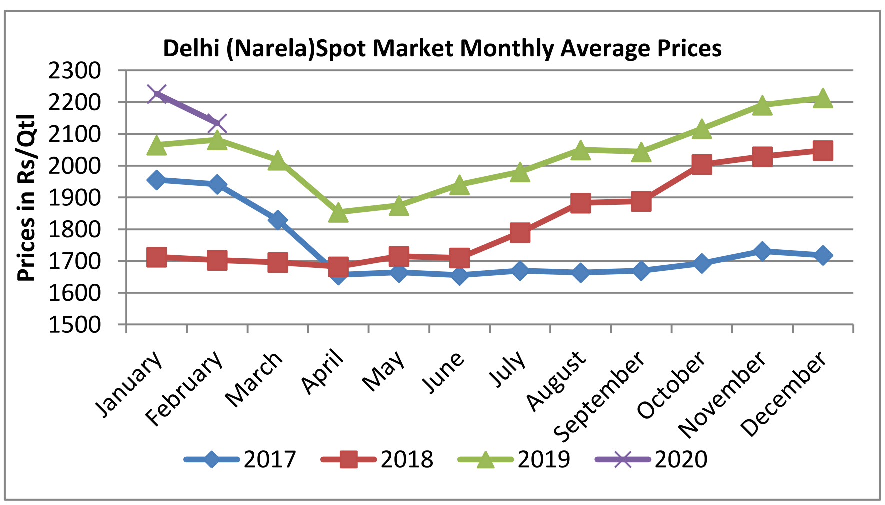
Average mill delivery prices of Wheat traded firm in Delhi and weak in Indore, Ahmedabad and Kota during 21st -27th February 2020.



Prices noticed mixed tone in past week. Market is likely to notice steady to weak tone in upcoming week amid expectation of bumper crop this season and new crop arrival. Government has increased MSP of wheat, which has motivated farmers to sow more wheat and under normal conditions another good crop can be expected. 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 declined from Rs 2226.36 per quintal in January -2020 to Rs 2133.95 per quintal in February-2020. Prices are likely to touch Rs 2000-2050 per quintal in Narela market in upcoming weeks.



The prices are lower by 4.15 percent compared to last month and firm by 2.50 percent compared to corresponding month last year. Arrivals in Narela have declined by 150 quintal to 3450 quintal in the month of February-2020.

Wheat Exports:

(Back to Table of Contents)

According to latest update, India exported around 25.85 thousand tonne wheat in the month of January-2020.

It is around 7.54 thousand tonnes higher compared to export quantity (18.31 thousand tonne) in December-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 ($24 to $56 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	25.85	305.64	207.58
20-Feb			
20-Mar			
Total 2019-20(000T)	150.18	334.32	184.15

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 0.12 thousand tonnes of wheat during the month of January-2020. Prior to this India has imported 0.59 thousand tonnes of wheat in September-19. Imports are expected to remain at lower side this year due to good domestic availability.

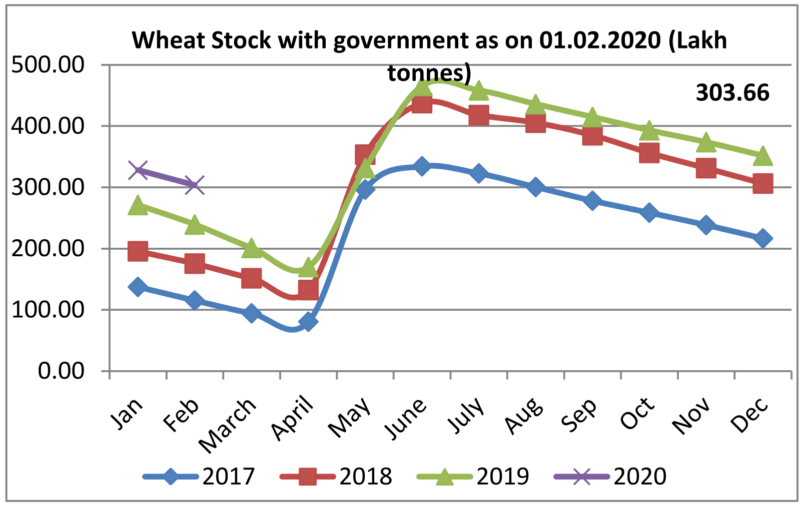
FoB quote in Black Sea region are hovering around $221.00 per tonne in Russia and $217.00 per tonne in Ukraine. United States and France are also providing wheat at $ 243.36 per tonne and Euro 183.00 per tonne. Government has increased import duty from 30% to 40% in order to curb imports and provide 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	0.12	373.74	207.58
20-Feb			
20-Mar			
Total 2019-20	1.201	359.40	184.15

Wheat Stock with the Government

(Back to Table of Contents)



Wheat stock in government's warehouses on 01.02.2020 was around 303.66 lakh tonnes. It is lower by 7.41 % from January-2020. Stock in central pool as on 01st February'20 is higher by 26.89 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.

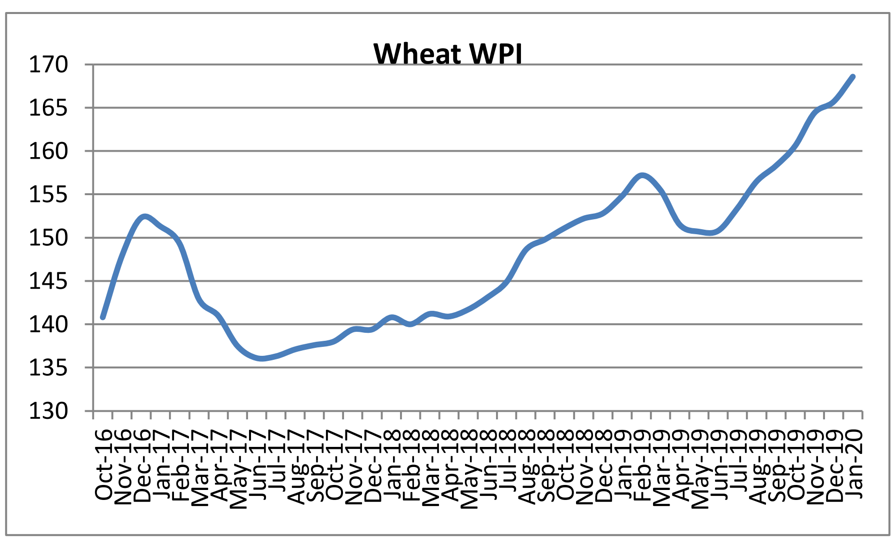
The reserve price of wheat under OMSS has been reduced to Rs 2,135/quintal for fair average quality (FAQ) and to Rs 2,080/quintal for lower quality. The benchmark price was Rs 2,245/quintal for the January-March period of 2019-20. When the OMSS scheme was announced in April last year, the government 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:

(Back to Table of Contents)

Month/Year	2016	2017	2018	2019	2020
Jan	134.1	151.3	140.8	154.8	168.6
Feb	134.1	149.3	140.0	157.8	
Mar	134.1	142.9	141.2	155.5	
Apr	132.9	141.0	140.9	151.5	
May	134.5	137.5	141.7	150.7	
Jun	136.5	136.1	143.1	150.8	
Jul	137.9	136.3	144.9	153.4	
Aug	139.1	137.1	148.6	156.5	
Sep	140.0	137.6	149.8	158.3	
Oct	140.8	138.0	151.1	160.6	
Nov	147.9	139.4	152.2	164.4	
Dec	152.3	139.4	152.8	165.7	

Wheat WPI has increased from 165.7 in December -2019 to 168.6 in January-2020. Monthly wheat inflation has increased by 1.75 percent in January-2020 compared to previous month. As compared to January -2019 wheat WPI has increased by around 8.91 percent. Wheat WPI is expected to stay steady to firm in coming month. Food grains WPI declined by 1.7 in January-20 to 160.8 compared to December-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**
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
20-Feb	2209.10	2170.65	2141.52	2176.67	2510.67

Source: Agriwatch

Monthly Price Comparison of Spot Markets

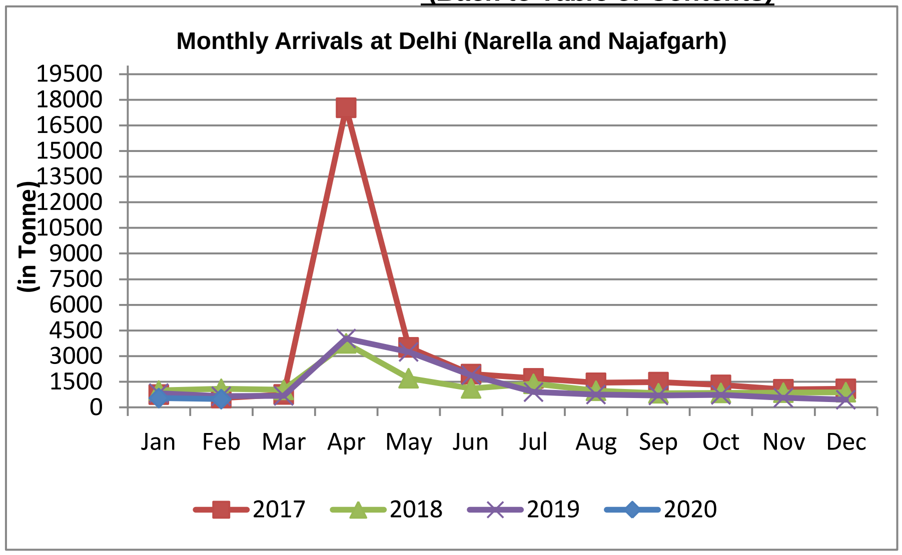
(Back to Table of Contents)

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			05-Mar-20	03-Mar-20	27-Feb-20	04-Feb-20	07-Mar-19
Delhi	Lawrence Road	Mill Delivery	2210	2210	2210	2210	2100
	Narella	Mill Quality Loose	2125	2125	2140	2140	2040
	Nazafgarh	Mill Quality Loose	2100	2100	2100	2140	1950
Gujarat	Rajkot	Mill Delivery	1875	1850	1900	2200	1950
	Ahmedabad	Mill Delivery	2000	2000	2050	2240	1950
	Surat	Mill Delivery	2030	2025	2100	2300	2000
	Dhrol	Mill Delivery	1980	2050	2280	NR	1975
M.P.	Indore	Mill Delivery	2100	2100	2100	2215	1970
	Bhopal	Mill Quality Loose	2000	2000	2020	2050	1950
Rajasthan	Kota	Mill Quality Loose	2000	2035	2000	2000	1925
		Mill Delivery	2100	2100	2100	2100	2040
U.P.	Kanpur	Mill Delivery	2090	2090	2100	2110	2100
	Mathura	Mill Quality Loose	NA	2000	NA	NA	1920
	Kosi	Mill Quality Loose	2060	2020	2000	2120	2040
	Hathras	Mill Quality Loose	2000	2025	2025	2100	NA
	Aligarh	Mill Quality Loose	2040	2045	2000	2050	1960
Punjab	Khanna	Mill Quality Loose	1930	1960	1910	1980	1950
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	NA
Haryana	Sirsa	Mill Delivery loose	2030	2040	2050	2070	1910
	Hodal	Mill Delivery	NA	NA	NA	NA	2050
	Bhiwani	Mill Quality Loose	2100	2080	2070	2100	2000
	Karnal	Mill Delivery	NA	NA	NA	NA	NA
	Panipat	Mill Quality Loose	NA	NA	NA	NA	NA
Tamil Nadu	Chennai	Mill Quality	2400	2450	2400	2550	2300
	Madurai	Mill Quality	2457	2500	2500	2650	2450
	Coimbatore	Mill Quality	2457	2550	2550	2700	2500
Bihar	Khagariya	Mill Delivery	2000	2000	2000	2100	2100
	Muzaffarpur	Mill Delivery	2060	2050	2060	2125	2125

Monthly Arrivals at Delhi

(Back to Table of Contents)

Arrivals in Delhi region (Narela and Najafgarh) declined to 485 tonnes in February-2020 compared to 548 tonnes in January-2020. Currently wheat is being traded around Rs 2125 per quintal in Narela.

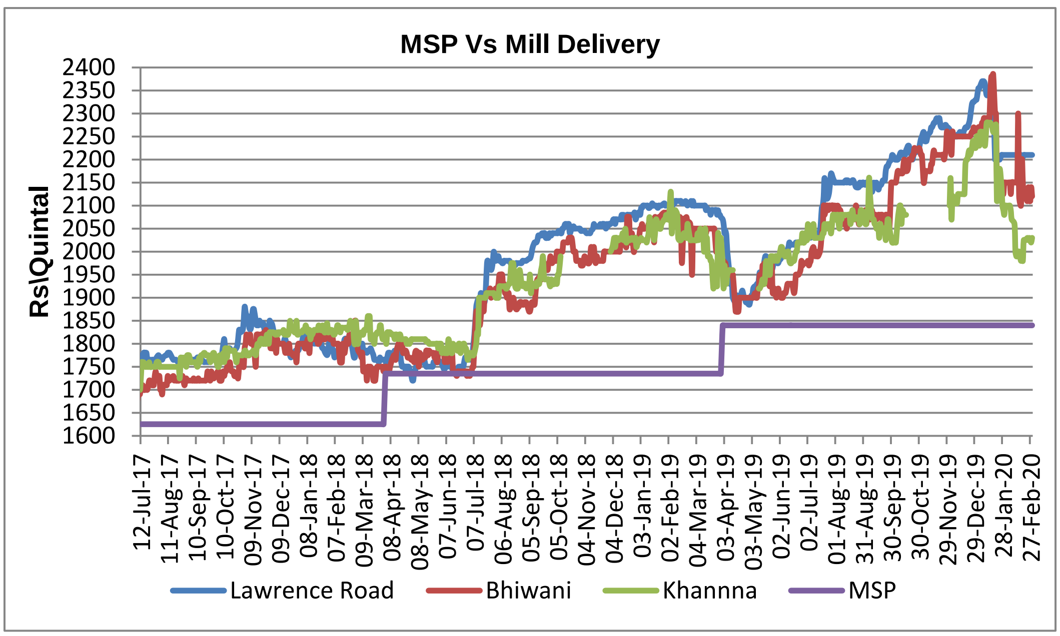


Domestic Outlook:

Wheat cash market is expected to trade steady to weak in March-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:

(*Back to Table of Contents*)

Wheat – Technical Outlook

Technical Commentary:

- *Increase in price indicates buying interest.*
- *RSI is increasing in neutral region.*
- *Prices closed above 9 and 18 days EMAs.*

Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	1975	1950	2100	2230	2250
Monthly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	C1	**Sell**	Below 2150	2100	2060	2177

* Do not carry-forward the position next month.

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

According to the latest estimates released by the International Grains Council (IGC), *world wheat production is expected to rise to a record 769 MMT in the 2020/21 season boosted by a 2% rise in area. The upward revision for 2019/20 global wheat production was partly due to an improved outlook for India where the crop is now seen rising to 103.6 MMT, up from a previous forecast of 102.2 MMT and previous season's output of 99.7 MMT.*

According to U.S. Department of Agriculture (USDA) statement, U.S wheat may now be shipped to Kenya *as Kenya has agreed to lift a decade old prohibition on US wheat. This step will allow U.S. wheat from Idaho, Oregon and Washington states to Kenya regardless of state of origin or port of export.*

According to ABARES the wheat production was 15.2 MMT in 2019, down from the 15.85 MMT *they predicted in December and behind last year's crop of 17.3 MMT. Government commodity forecaster ABARES said the 2019 wheat production was 15.2 MMT, down from the 15.85 MMT they predicted in December and behind last year's crop of 17.3 MMT.*

According to the final estimates released by the Ministry of National Food Security and Research (MNFS&R), Pakistan, *wheat during the current season was sown over an area of 8.839 million hectares against the set target of 9.062 million hectares which might affect wheat production target of 27.03 MMT fixed by the government. In Sindh, the second largest producer after Punjab, wheat was sown over an area of 1.115 million hectares against the target of 1.150 million hectares. Acreage has reduced in the major growing regions amid late start of sugarcane crushing, climatic change, heavy rains and snowfall during the sowing season.*

According to Croatia's statistical office, acreage under wheat in the autumn of 2019 declined by 4.2% to 136,000 hectares compared to previous year.

According to the final estimates released by the Ministry of National Food Security and Research (MNFS&R), Pakistan, *wheat during the current season was sown over an area of 8.839 million hectares against the set target of 9.062 million hectares which might affect wheat production target of 27.03 MMT fixed by the government. In Sindh, the second largest producer after Punjab, wheat was sown over an area of 1.115 million hectares against the target of 1.150 million hectares. Acreage has reduced in the major growing regions amid late start of sugarcane crushing, climatic change, heavy rains and snowfall during the sowing season.*

According to Croatia's statistical office, acreage under wheat in the autumn of 2019 *declined by 4.2% to 136,000 hectares compared to previous year.*

According to the latest monthly supply and demand report released by the USDA, *global wheat exports are increased 1.8 MMT led by a 1.0 MMT increase for the EU on strong shipments and more competitive prices. World imports for 2019/20 are raised 1.9 MMT led by a 0.8 MMT increase for China and a 0.7 MMT increase for Turkey. For the 2019/20 market year, global consumption and ending stocks are lowered fractionally though world ending stocks remain record large. World wheat ending stocks have been reduced to 288.03 MMT, nearly unchanged from 288.08 MMT previously and above analyst's expectation of 287.44 MMT.*

According to Ukraine's Ministry for Development of Economy, Trade and Agriculture, *Ukrainian wheat exports now total 15.9 MMT for marketing year 2019/20. Total Ukrainian grain exports are up 30% year-over-year at 36.8 MMT.*

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***
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
Jan-20	255.95	243.89	NA	221.83	226.40	192.79	362.90	363.48
Feb-20	250.69	234.01	NA	218.68	219.45	190.68	365.15	358.40

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)
07.02.2020	5.56	16.47	41.33	34.51
14.02.2020	5.65	16.98	41.71	36.05
21.02.2020	6.28	17.68	42.87	37.13
28.02.2020	6.94	18.49	43.22	37.44
03.01.2020	10.21	19.59	38.82	33.88
10.01.2020	10.42	20.77	39.83	34.57
17.01.2020	9.11	20.05	39.21	33.91
24.01.2020	8.95	19.96	39.45	34.03
31.01.2020	8.45	19.21	38.84	33.45
06.12.2019	7.66	18.09	38.68	33.16
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 extended the maintenance of a moisture content of 13.5 percent in wheat imports (triticum aestivum) until April 2021.

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	29.01.2020	05.02.2020	12.02.2020	19.02.2020	26.02.2020
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	227-232	221-226	217-222	215-220	211-217
Milling wheat 11.5%	222-227	220-224	216-222	214-220	210-216
Feed wheat	-	-	-	-	-
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	229-234	222-226	218-222	216-221	212-217
Milling wheat 11.5%	222-228	219-224	216-222	214-220	210-216
Feed wheat	-	-	-	-	-

Source: Reuters

Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			29.01.2020	26.02.2020
Russia	Wheat, 12.5% protein	Dec-Jan	-	-
Ukraine	Wheat, 11.5% protein	Dec-Jan	-	-
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.)	
				21.11.2019	27.02.2020
Production	757	762	733	762	763
Trade	177	176	169	173	176
Consumptions	736	739	739	756	753
Carryover stocks	248	271	265	271	275
Y-O-Y change	21	22	-5	6	10
Major Export	79	83	70	69	67

IGC Balance Sheet Highlight:

- *IGC has forecasted global wheat production to be 763 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 30 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.*
- *Trade forecast for 2019-20 has been increased to 176 MMT. It is 7 MMT higher compared to estimate for last year and lower by 1 MMT compared to 2017-18.*
- *Consumption has been decreased to 753 MMT for 2019-20. The forecast is higher by 14 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 275 MMT compared to estimate of 265 MMT last year. It is higher by around 27 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 01.03.2020)							
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	1,737	19,000	6,150	10	13,000	1,597	19,500
Australia	4,960	15,600	8,700	550	8,200	4,210	17,298
Canada	6,040	32,350	9,700	450	23,500	5,640	32,201
China	1,39,765	1,33,590	1,28,000	4,000	1,100	1,48,255	1,31,430
EU	10,000	1,54,000	1,27,000	5,300	32,000	10,300	1,36,863
India	16,992	1,02,190	98,000	20	500	20,702	99,870
Pakistan	2,586	25,600	25,400	5	500	2,291	25,100
Russia	7,819	73,500	39,500	475	34,000	8,294	71,685
Ukraine	1,588	29,000	8,900	75	20,500	1,263	25,057
U S	29,386	52,258	31,706	2,858	27,216	25,580	51,306
Others	57,399	1,26,863	2,68,407	1,66,351	22,306	59,900	1,20,972
World total	2,78,272	7,63,951	7,51,463	1,80,094	1,82,822	2,88,032	7,31,282

Source: USDA

CBOT Futures Mar-20 Chart:

(Back to Table of Contents)

1st Support: 165.00
2nd Support: 167.00
1st Resistant: 225.00
2nd Resistant: 227.00
($ per tonne)

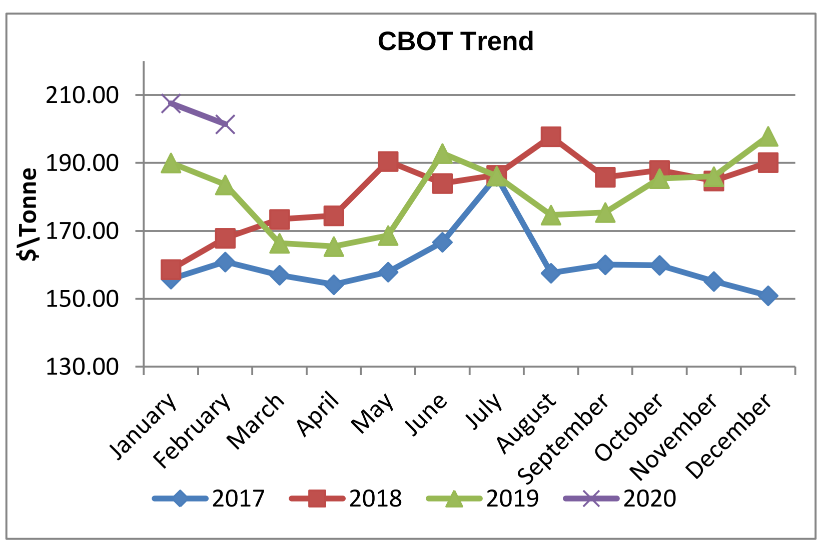
Wheat CBOT closed at $5.29 per bushel. U.S. wheat net export sales during the week ended 20th February was 382,000 tonnes compared to 346000 tonnes last week. Sales were below trade expectation of 400000-600000 MT. USDA expects total exports for 2019-20 to be around 27.20 MMT, higher by 7% than 2018-19. U.S. wheat commercial sales to date make up 83% of USDA's final export forecast. CBOT wheat prices closed lower amid profit –booking.

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-Mar-20	26-Feb-20	06-Feb-20	28-Nov-19	06-Sep-19	07-Mar-19	
Dec-19	192.61	198.49	204.37	193.53	172.86	177.82	8.32
Mar-20	190.59	196.83	203.36	195.09	174.79	181.31	5.12
May-20	190.86	196.74	203.26	195.27	175.98	181.13	5.38
Jul-20	193.44	199.04	205.19	197.57	178.92	183.88	5.19
Sep-20	197.57	202.71	208.32	201.34	183.52	188.20	4.98
Dec-20	201.15	205.84	211.16	204.18	212.45	191.23	5.19

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 February'20 is higher by $ 17.83/tonne compared to last year for the same month and lower by $ 6.16/tonne compared to January'20. 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)

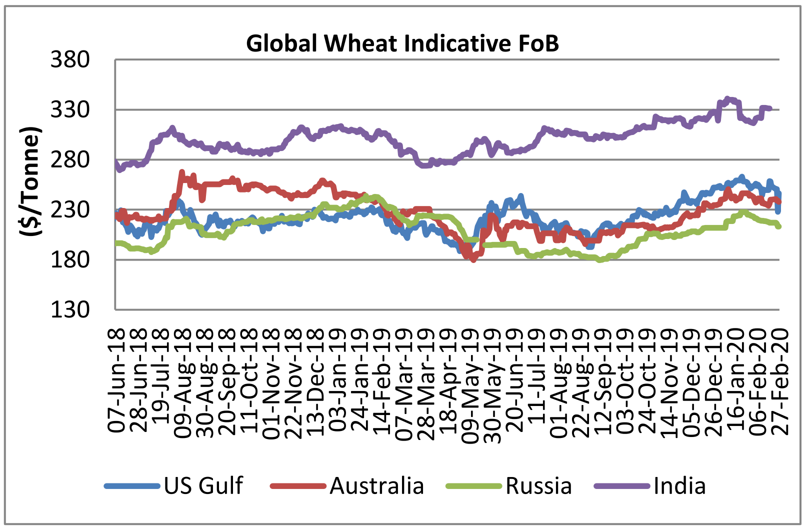
All prices are for SRW/milling grade	1st Sep-19	1st Oct-19	1st Nov-19	2nd Dec-19	2nd Jan-20	3rd Feb-20	2nd Mar-20
USA	192.71	215.98	226.30	240.70	253.60	253.70	238.20
France	183.51	185.33	196.84	202.74	NA	187.75	182.25
Australia	198.99	207.70	209.71	226.46	235.84	242.54	229.14
Russia	182.50	189.00	206.00	206.00	212.00	223.00	211.00
India	300.78	302.73	316.82	313.68	337.07	316.47	268.55

Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is hovering around $274.29 per tonne.

US and Russian quotes are hovering in the range of $227.87-250.49 and $213.00 - 217.00 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 155.9 MMT in 2019-20 compared to 137.7 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.5 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 15.20 MMT in 2019-20 compared to 17.30 MMT in 2017-18. Argentina is expecting to harvest around 19.5 MMT in 2019-20 compared to 19.5 MMT in 2018-19. Furthermore, Canada is likely to harvest around 32.30 MMT in 2019-20 compared to 32.20 MMT in 2018-19.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at http://www.agriwatch.com/disclaimer.php © 2020 Indian Agribusiness Systems Ltd