

# Wheat Monthly Research Report

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## Market Dynamics:

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**Price Trend:** All India average monthly prices for wheat inclined by 0.82 percent from Rs 2005.87 in March -2020 to Rs 2022.31 per qtl in April -2020. Average price in March -2020 is high by 0.37 percent compared to Rs 2014.89 per quintal registered in April-2019. Prices are expected to trade range -bound to steady amid subdued market sentiment following lockdown in the country. However prices are likely to get some support because procurement is begin.

**AW Production Estimate:** As per Agriwatch production estimate is likely to be around 103.20 MMT compared to 97.00 MMT last year. Production is higher this year due to better yields compared to last year. Total availability is likely to increase to 124.12 MMT from 116.67 MMT in 2019-20.

**Export:** At export front, prevailing market conditions are not in favor of Indian exporters due to huge price gap. The difference is around \$38-39 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at \$222.72/224.41 per tonne on FoB basis while Indian FoB at Kandla port comes to \$243.81 per tonne. India exported 11.15 thousand tonne wheat in February'20. Total export in MY 2018-19 was registered around 2.26 lakh tonne.

**Import:** As per trade sources, India has imported 199.94 tonnes of Australian wheat during the month of March'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 \$239.90-268.55 per tonne. Against it Russia, Ukraine, France, US and Australia were offering wheat at \$199.00-217.00, \$198.50-217.00, Euro 174.25-194.75, \$225.02-261.38 and \$229.14-242.78 per tonne respectively. Wheat prices in international markets noticed firm tone in March'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 47.20 mm of actual rainfall against 36.10 mm of normal rainfall during the period 1<sup>st</sup> March -5<sup>th</sup> April, 2020. Deficient rainfall has been recorded in Meghalaya and Karnataka. Most of the wheat producing states received good rainfall during this period. Soil moisture is good and farmers are likely to harvest bumper crop this season.

**E-Auction:** Government has sold 1283410 tonnes of wheat in OMSS until first week tender in May'20. No rakes were sold. State government and bulk consumers bought 802350 tonnes and 1185360 tonnes of wheat respectively. In the month of April'20 government has sold 9850 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 40.70 MMT for 2020-21. Last year government surpassed its procurement target of 32 MMT and procured 35.5 MMT. For the marketing year 2020-21, procurement is expected to start by third week of April.

**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 1895 levels for a target of 1795 with a stop loss at 1955 on closing basis.

**AW Cereals Index:**

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The Agriwatch Agri Commodities Index fell 1.18% to 112.59 during the week ended Aug 10, 2019 from 113.93 the previous week led by lower cereals and pulses prices. The Onion Index gained 5.65% to 88.45; the Cardamom Index reached yet another record high of 560.94 while the Red Chilli Index gained 5% to 141.67.

The base for the Index and all sub-Indices is 2014 (= 100). Five of the 9 commodity group sub-Indices and 19 of the 29 individual commodity sub-Indices declined during the week. The group sub-Index values and their weekly changes are: Cereals: 120.63 (-2.12%), Pulses: 124.03 (-1.26%), Potato & Onion: 74.40 (+2.33%), Edible Oils: 111.55 (+0.07%), Oilseeds: 102.71 (-0.76%), Spices: 142.97 (+4.43%), Sweeteners: 107.09 (+2.68%) and Other Non-Food Articles: 94.18 (-2.10%).



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

**India's Wheat Quarterly Balance Sheet For 2020-21:**

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	<b>Wheat MY Runs From April To March (Figures in MMT)</b>	<b>2019-20</b>	<b>2020-21</b>
<b>A</b>	<b>Carry in</b>	<b>19.67</b>	<b>20.92</b>
<b>B</b>	<b>Production</b>	<b>97.00</b>	<b>103.20</b>
<b>C</b>	<b>Imports</b>	<b>0.00</b>	<b>0.00</b>
<b>D</b>	<b>Total Availability (A+B+C)</b>	<b>116.67</b>	<b>124.12</b>
<b>E</b>	<b>Consumption</b>	<b>95.50</b>	<b>96.50</b>
<b>F</b>	<b>Exports</b>	<b>0.25</b>	<b>0.20</b>
<b>G</b>	<b>Total Usage (E+F)</b>	<b>95.75</b>	<b>96.70</b>
<b>H</b>	<b>Carry out (D-G)</b>	<b>20.92</b>	<b>27.42</b>
<b>I</b>	<b>Av Monthly Consumption</b>	<b>7.96</b>	<b>8.04</b>
<b>J</b>	<b>Stock to Month Use</b>	<b>2.63</b>	<b>3.41</b>
<b>K</b>	<b>Stock to Consumption Ratio</b>	<b>0.03</b>	<b>0.04</b>

\*Agriwatch Wheat Production Estimate for Marketing Year 2020-21

### Supply-Demand Highlights:

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As per Agriwatch production estimate is likely to be around 103.20 MMT compared to 97.00 MMT last year. Production is higher this year due to increase in yield. Total availability is likely to increase to 124.12 MMT from 116.67 MMT in MY 2019-20.

Carry out is expected to be around 27.42 MMT for 2020-21 compared to 20.92 MMT for 2018-19. Domestic availability of wheat is good. Prices are likely to trade range –bound to weak. 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 March '20 stood at 275.21 lakh tonnes down by 9.37% compared to last month. This quantity is higher by around 36.86% 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:

The Indian Council of Agricultural Research has advised wheat farmers to postpone their harvest to April 20 in the wake of the Covid-19 outbreak. The temperature in most wheat growing areas is still below long-term average and therefore, farmers can delay wheat harvesting till April 20 without incurring any significant loss. The official procurement of wheat begins in the northern states by first week of April. In view of the delayed procurement of wheat due to the ongoing lockdown, the state government has urged the Central Government's to provide incentive ranging from Rs 50 to Rs 125 per quintal to the farmers.

The distribution of free wheat grain under the PDS is of not much use to the consumers as they are unable to convert wheat into flour amid lock down. Flour mills are shut across the country amid lock down. To ensure enough food to the poor during the lockdown, the government last week started distributing free 5 kg of rice or wheat per person and 1 kg pulse per household under the Pradhan Mantri Garib Kalyan Yojana (PMGKY) to over 81 crore PDS beneficiaries. This is over and above the monthly quota of 5 kg grains per person being given at subsidised rate of Rs.2kg for wheat and Rs.3kg for rice.

As per the latest update, wheat markets remain closed following lock down in the country amid spread of Covid -19. An acute shortage of labour and transportation following country-wide lockdown to halt the spread of the coronavirus outbreak will result in delay in wheat crop harvesting. Most of the farmers will face shortage of manpower in the coming days as the migration of labourers from other states has come to a halt. Late harvests mean lower yields, reduced returns, and a smaller window to plant next season's crops, as well as leaving crops vulnerable to rain and hailstorms.

As per market sources, wheat stock in central pool as on 1st March '20 stood at 275.21 lakh tonnes down by 9.37% compared to last month. This quantity is higher by around 36.86% 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.

### Previous Updates:

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.

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 (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 6th May-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	11.16	89.00	100.16
Haryana	4.03	43.62	47.65
Uttar Pradesh	0.34	8.39	8.73
Madhya Pradesh	0.00	44.46	44.46
Rajasthan	1.67	0.69	2.36
Others	0.10	0.22	0.32
All-India	17.30	186.38	203.68

## Monthly Average Price Comparison:

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All India average monthly prices for wheat declined by 10.75 percent from Rs 2238.58 in February -2020 to Rs 1997.87 per quintal in March -2020.

Average prices remained mostly weak in all states of Gujarat, Kerala, Uttar Pradesh, Madhya Pradesh, Assam and Delhi. Prices are likely to notice range -bound to weak tone amid subdued market sentiment following lockdown in the country. However small technical recovery can be expected in between. Official procurement of wheat is likely to be delayed by 2-3 weeks. 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:

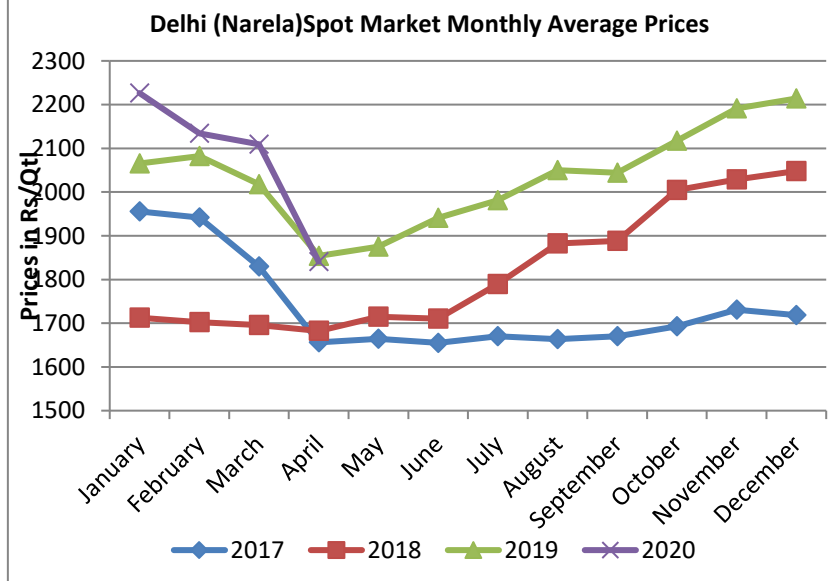
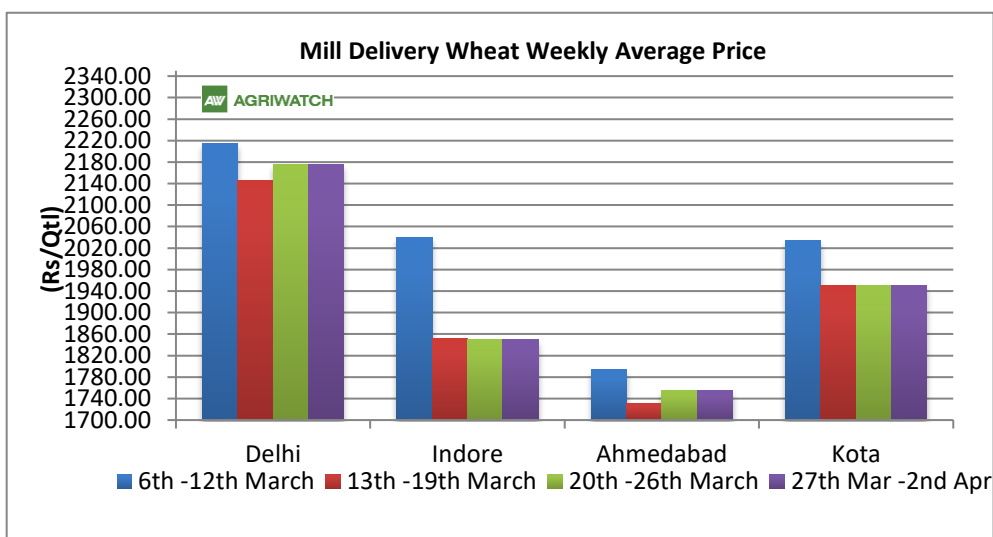
Average mill delivery prices of Wheat remained steady in Delhi, Indore, Ahmedabad and Kota during 27th April -2nd May 2020.

Markets remained closed in the country following lockdown. Market is likely to trade steady to weak in upcoming week amid new crop arrival in the market and subdued market sentiment following lock down in the country. Harvesting of the new crop and official procurement of wheat will be delayed by 2-3 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 declined from Rs 2109.28 per quintal in March-2020 -2020 to Rs 1840.71 per quintal in April-2020. Prices are likely to touch Rs 1850-2050 per quintal in Narela market in upcoming weeks.

The prices are lower by 8.13 percent compared to last month and firm by 10.21 percent compared to corresponding month last year. Arrivals in Narela have declined by 1200 quintal to 2250 quintal in the month of March-2020.



## Wheat Exports:

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According to latest update, India exported around 8.48 thousand tonne wheat in the month of March-2020.

It is around 3.02 thousand tonnes lower compared to export quantity (11.15 thousand tonne) in February-2020. 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 (\$20 to \$39 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	11.15	312.07	201.42
20-Mar	8.48		
Total 2019-20(000T)	169.81	332.30	185.72

## Wheat Import:

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	0.60	281.63	201.42
20-Mar	0.19		

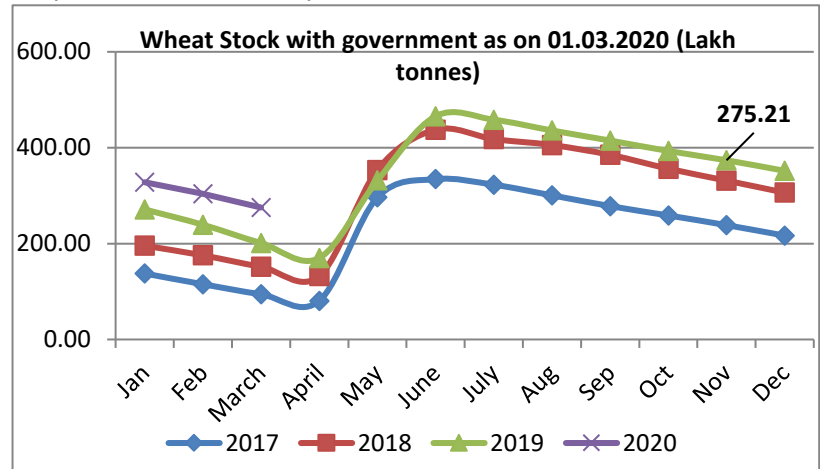
India imported around 5.02 lakh tonne wheat during MY 2015-16. In 2017-18 MY India imported 1.6 MMT compared to around 6 MMT in last MY 2016-17.

India has imported 0.19 thousand tonnes of wheat during the month of March-2020. Prior to this India has imported 0.60 thousand tonnes of wheat in Feb-20. Imports are expected to remain at lower side this year due to good domestic availability.

FoB quote in Black Sea region are hovering around \$203.00 per tonne in Russia and \$203.00 per tonne in Ukraine. United States and France are also providing wheat at \$ 245.17 per tonne and Euro 190.75 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

Total 2019-20	1.801	339.96	185.72
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## Wheat Stock with the Government

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Wheat stock in government's warehouses on 01.03.2020 was around 275.21 lakh tonnes. It is lower by 9.37 % from February-2020. Stock in central pool as on 01<sup>st</sup> March'20 is higher by 36.26 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	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	167.30
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	

<b>Dec</b>	152.3	139.4	152.8	165.7
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Wheat WPI has decreased from 168.6 in January -2020 to 167.3 in February-2020. Monthly wheat inflation has declined by 0.77 percent in March-2020 compared to previous month. As compared to February -2019 wheat WPI has increased by around 6.43 percent. Wheat WPI is expected to stay steady to weak in coming month. Food grains WPI declined by 5.9 in February-20 to 154.90 compared to January-20. Weight: 1.02823, base year-2011-12=100

## Monthly Average Spot Prices

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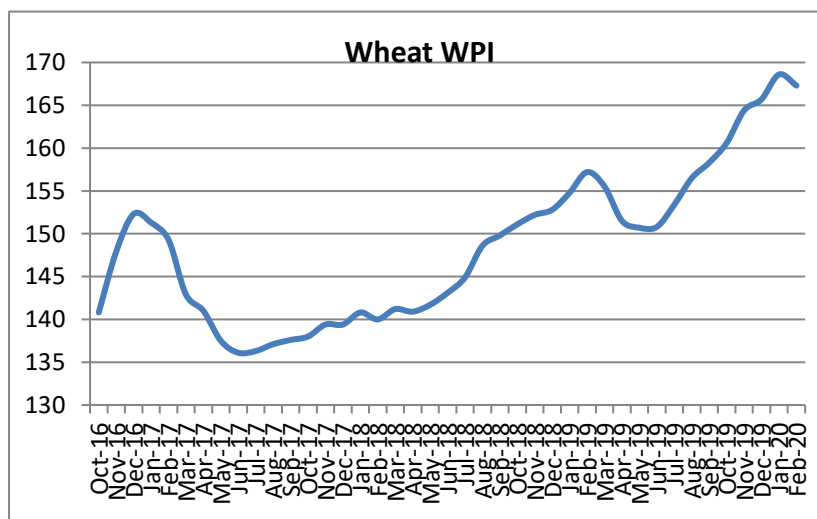
Monthly Average Prices At Various Market(Rs/Quintal)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
19-Mar	2092.08	1965.94	1964.78	1924.72	2242.39
19-Apr	1940.42	1861.18	1828.64	1865.65	2168.18
19-May	1954.81	1957.12	1978.46	1967.78	2278.85
19-Jun	2011.2	1972.63	1973.7	1952.17	2310.87
19-Jul	2084.07	2065.58	1997.59	2012.2	2312.96
19-Aug	2149.4	2147.73	2076.59	2102.89	2395.45
19-Sep	2155.6	2152.73	2060	2095.65	2366.25
19-Oct	2213.96	2194.55	2128.1	2132.5	2358.33
19-Nov	2267	2236.8	2157.2	2220.38	2430
19-Dec	2273.6	2252.38	2152.71	2221	2462.5
20-Jan	2290.6	2302.62	2250.21	2291.8	2585.42
20-Feb	2209.1	2170.65	2141.52	2176.67	2510.67
20-Mar	2184.41	1972.5	2016.18	1783.52	2350
20-Apr	1964.16	1972.5	1729.33	1772.27	2350

Source: Agriwatch

## Monthly Price Comparison of Spot Markets

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Centre	Market	Variety	Prices (Rs/Qtl)		Change
			07-May-20	06-May-20	
Delhi	Lawrence Road	Mill Delivery	1960	1960	Unch



Centre	Market	Variety	Prices (Rs/Qtl)		Change
			07-May-20	06-May-20	
	Narella	Mill Quality Loose	1815	Closed	-
	Nazafgarh	Mill Quality Loose	NA	Closed	-
Gujarat	Rajkot	Mill Delivery	1800	1800	Unch
	Ahmedabad	Mill Delivery	1900	1900	Unch
	Surat	Mill Delivery	2000	1950	50
	Dhrol	Mill Quality Loose	1720	NR	-
M.P.	Indore	Mill Delivery	Closed	Closed	-
	Bhopal	Mill Quality Loose	1925	1900	25
Rajasthan	Kota	Mill Quality Loose	Closed	1725	-
		Mill Delivery	Closed	1825	-
U.P.	Kanpur	Mill Delivery	2000	2000	Unch
	Mathura	Mill Quality Loose	1820	1815	5
	Kosi	Mill Quality Loose	1850	1850	Unch
	Hathras	Mill Quality Loose	1800	1810	-10
	Aligarh	Mill Quality Loose	1840	Closed	-
Punjab	Khanna	Mill Quality Loose	1925	1925	Unch
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	-
Haryana	Sirsa	Mill Delivery loose	1925	1925	Unch
	Hodal	Mill Delivery	NA	NA	-
	Bhiwani	Mill Quality Loose	1850	1850	Unch
	Karnal	Mill Delivery	NA	NA	-
	Panipat	Mill Quality Loose	NA	NA	-
Tamil Nadu	Chennai	Mill Quality	Closed	2100	-
	Madurai	Mill Quality	Closed	2157	-
	Coimbatore	Mill Quality	Closed	2157	-
Bihar	Khagariya	Mill Delivery	1900	1900	Unch
	Muzaffarpur	Mill Delivery	1900	1900	Unch

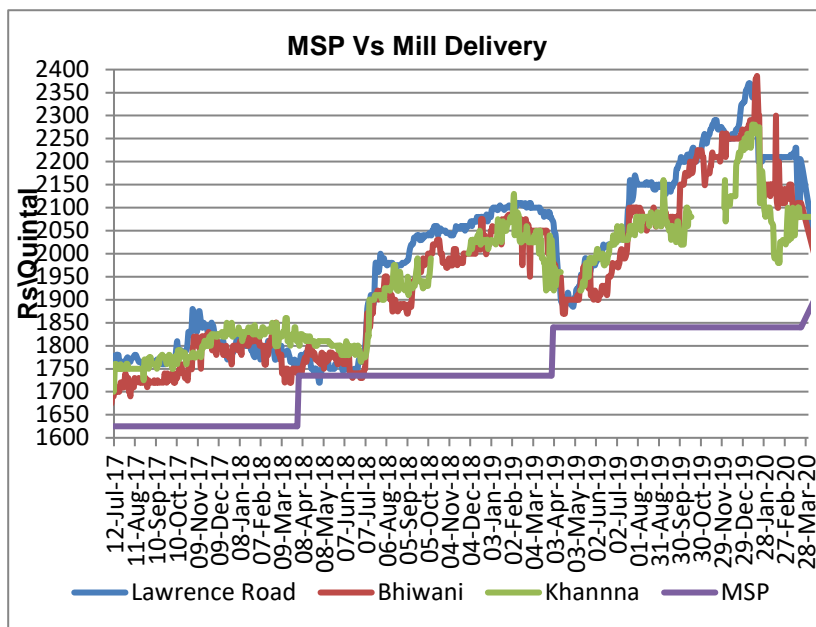
[Monthly Arrivals at Delhi](#)

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Arrivals in Delhi region (Narela and Najafgarh) declined to 300 tonnes in March-2020 compared to 485 tonnes in February-2020. Currently wheat market remains closed following lockdown in the country amid spread of Covid -19.

## Domestic Outlook:

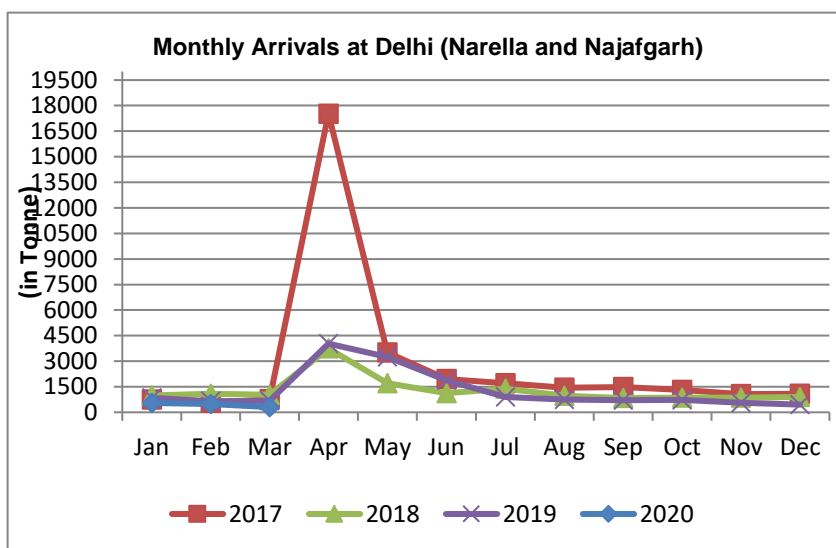
Wheat cash market is expected to trade range -bound to weak in May-20 under normal conditions with some recovery in between.



## 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 1840 per quintal in 2019-20 to Rs 1925 per quintal in 2020-21. As the chart depicts mill delivery prices remained above MSP during MY 2019-20.



Government has set procurement target of 40.7 MMT in MY 2020-21 compared to 35.7 MMT in MY 2019-20. In the previous season government surpassed its procurement target and procured 35.5 MMT.

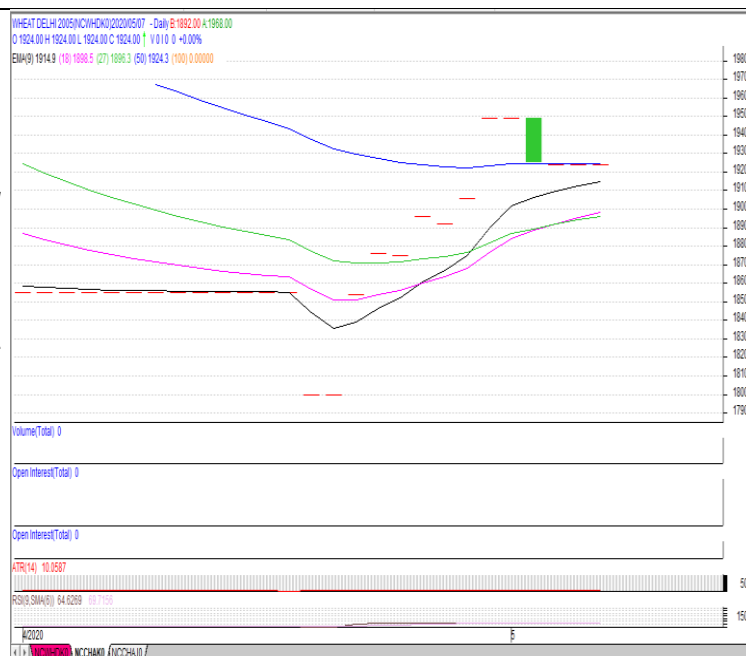
## Wheat Technical Analysis:

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## Wheat – Technical Outlook

## Technical Commentary:

- Decline in price indicates selling interest.
- RSI is steady in neutral region.
- Prices closed below 9 and 18 days EMAs.



## Strategy: Sell

			S1	S2	PCP	R1	R2
Wheat	NCDEX	C1	1730	1700	1855	1980	2000
Monthly Trade Call			Call	Entry	T1	T2	SL
Wheat	NCDEX	C1	<b>Sell</b>	Below 1895	1845	1805	1925

\* Do not carry-forward the position next month.

## International Market Dynamics Contents

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**Ukraine's wheat exports dropped 37% the week of April 18-24 following a record jump in the previous week.** Government officials have said the nation is ready to ban wheat exports if the total exceeds 20.2 million tonnes.

**According to the data. In the current season, which runs July to June, Exports declined to 215,000 tonnes from 341,000 tonnes Ukraine has already exported 18.8 million tonnes of wheat.**

**According wheat forecast for global wheat production in the 2020/21 season,** driven partly by downward revisions for Russia, Ukraine and the European Union. The inter-governmental body cut its global wheat crop forecast by 4 million tonnes to 764 million tonnes, as less than ideal conditions are harming crop prospects in Europe and the Black Sea region. Dry weather has been a concern although there have been some recent showers in Ukraine and the European Union, and rains are expected to arrive in Russia's southern regions in early May.

**European Union (EU) soft (non-durum) wheat yields for harvest in 2020/21** are expected to drop 2% from last year on excessively wet field conditions in France throughout the winter. The European Commission pegged the average EU soft wheat yield at 5.88 MT/hectare (87.5 bu/acre).

**The International Grains Council (IGC) forecasts a record global grains crop of 2.22 billion tons in 2020/21, up 2% from last year. The council pegged global wheat production at 768 MMT, up from this year's 764 MMT. Global domestic consumption in 2020/21 is estimated at 760 MMT, up from this year's 754 MMT.**

**According to the planting intentions report released by the USDA, wheat acreage is expected to be lower this season. All wheat acreage is estimated at 44.7 million acres, 1% below last year's levels and the lowest since 1919. Winter wheat area, at 30.8 million acres is down from last year but even with pre-report expectations. Of that total, 21.7 ma will be planted to hard red winter, 5.69 to soft red winter, 3.42 ma to white winter. Spring wheat acreage is expected to decline 1% from last year to 12.6 million acres.**

**Ukraine's biggest grain traders have agreed to an economy ministry proposal to limit wheat exports to 20.2 MMT in the 2019-20 season to avoid a rise in domestic bread prices. Although Ukraine is a major grain exporter and its harvest largely exceeds domestic consumption, the coronavirus pandemic has led some countries to consider feed export restrictions.**

**According to USDA, beneficial rains helped HRW crop conditions across the Great Plains. Kansas wheat conditions increased week-over-week and 48% of the crop is now in good to excellent condition. In Colorado, HRW conditions increased 8% from last week and 54% of the crop is in good to excellent condition. Crop conditions in Oklahoma improved 10% from last week and 77% of the state's winter wheat is in good to excellent condition. In Texas, winter wheat conditions are up 13% on the week and 49% of the crop is in good to excellent condition.**

## 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***
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
Mar-20	240.87	229.22	NA	209.57	210.48	184.33	375.55	379.14

Apr- 20	237.13		NA	224.10	222.72		257.07	
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Source: Reuters

\*Figures in \$/Tonne

\*\* Figures in Euro/Tonne

\*\*\* Figures in AUD/Tonne

## Indicative Freight Quotes

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Date	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)	Freight(\$/T)
06.03.2020	8.1	19.9	42.71	37.06
13.03.2020	7.53	19.22	41.52	36.25
20.03.2020	6.57	18.12	41.16	35.97
27.03.2020	5.61	16.47	37.13	32.71
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
17.01.2020	9.11	20.05	39.21	33.91
24.01.2020	8.95	19.96	39.45	34.03
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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**Kazakhstan:** On 22 March, Kazakhstan banned exports of key food products, including buckwheat and wheat flour, in effect until at least 15 April 2020. On 30 March, Kazakhstan lifted the export ban and announced quotas for export shipments in April covering wheat (200 000) and wheat flour (70 000) to ensure steady domestic supplies amid the COVID-19 crisis.

**Ukraine:** On 30 March, Ukraine set a maximum limit of wheat exports for the 2019/20 season at 20.2 million tonnes to avoid a rise in domestic bread prices.

**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.

**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	26.02.2020	04.03.2020	11.03.2020	18.03.2020	25.03.2020
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Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	211-217	208-212	207-210	202-206	202-214
Milling wheat 11.5%	210-216	205-211	204-210	198-204	208-212
Feed wheat	-	-	-	-	-
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	212-217	208-212	208-211	204-207	210-215
Milling wheat 11.5%	210-216	205-211	205-210	198-204	208-212
Feed wheat	-	-	-	-	-

Source: Reuters

## Forward Prices for 2019 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			26.02.2020	25.03.2020
Russia	Wheat, 12.5% protein	Mar-Apr	-	-
Ukraine	Wheat, 11.5% protein	Mar-Apr	-	-
Ukraine/Russia	Feed wheat	Mar-Apr	-	-

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.)	
				27.02.2020	26.03.2020
Production	757	762	733	763	768
Trade	177	176	169	176	180
Consumptions	736	739	739	753	760
Carryover stocks	248	271	265	275	283
Y-O-Y change	21	22	-5	10	9
Major Export	79	83	70	67	63

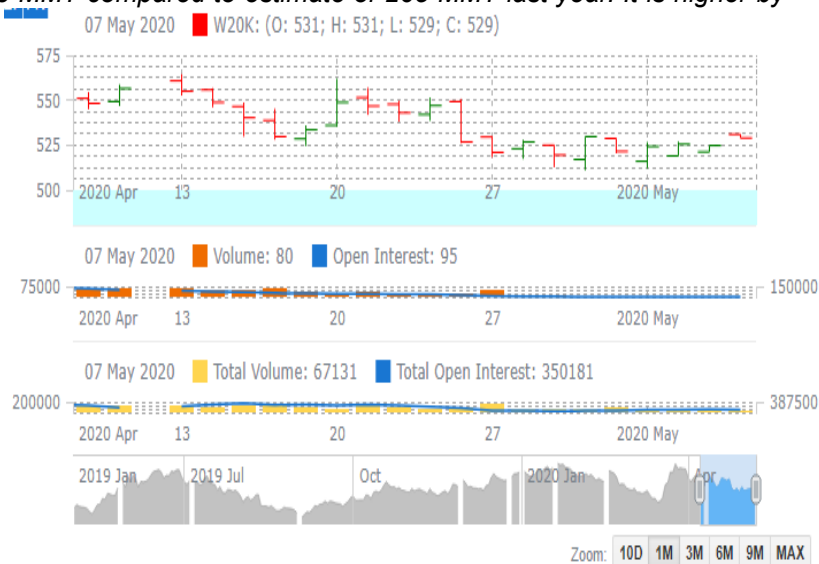
## IGC Balance Sheet Highlight:

- IGC has forecasted global wheat production to be 768 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 35 MMT compared to estimate for 2018-19. IGC has forecasted higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 180 MMT. It is 11 MMT higher compared to estimate for last year and higher by 4 MMT compared to 2017-18.

- Consumption has been increased to 760 MMT for 2019-20. The forecast is higher by 21 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 283 MMT compared to estimate of 265 MMT last year. It is higher by around 35 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 01.04.2020)							
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	19,500	6,150	10	13,500	1,597	19,500
Australia	4,960	15,200	8,700	550	8,000	4,010	17,298
Canada	6,040	32,350	9,900	500	23,000	5,990	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	1,26,500	4,800	32,000	10,300	1,36,863
India	16,992	1,03,600	98,000	20	500	22,112	99,870
Pakistan	2,586	25,600	25,400	5	500	2,291	25,100
Russia	7,819	73,610	39,500	475	35,000	7,404	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	56,698	1,25,785	2,69,362	1,67,521	22,306	58,336	1,20,972
World total	2,77,571	7,64,493	7,52,118	1,80,814	1,83,622	2,87,138	7,31,282

Source: USDA

## CBOT Futures May-20 Chart:

1<sup>st</sup> Support: 469.00

2<sup>nd</sup> Support: 462.00

1<sup>st</sup> Resistant: 213.00

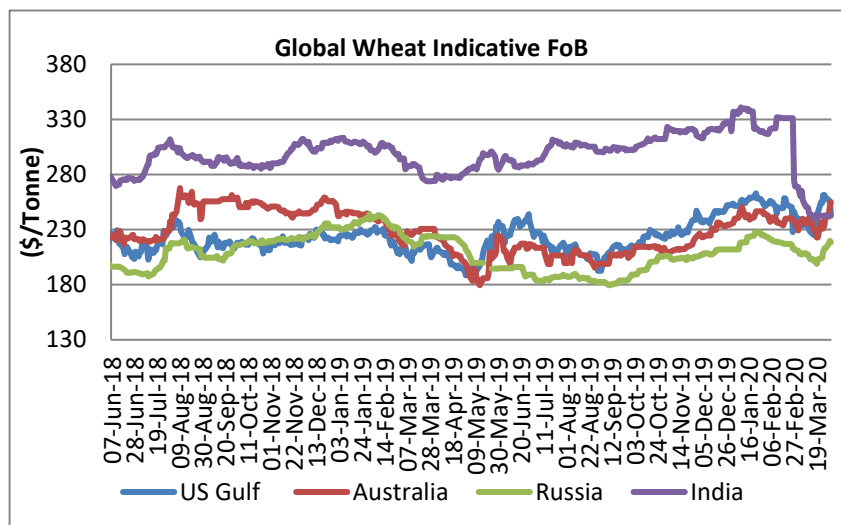
2<sup>nd</sup> Resistant: 217.00

(\$ per tonne)

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Wheat CBOT closed at \$5.07 per bushel. U.S. wheat net export sales during the week ended 23th April was 4,67,000 tonnes were 91% compared to 2,45,000 tonnes last week. This week commercial sale was 1,55,000 MT. USDA expects total exports for 2019-20 to be around 26.80 MMT, higher by 5% than 201819. U.S. wheat commercial sales to date are 1% ahead of previous year's USDA's final export forecast. CBOT wheat prices closed lower amid profit – booking.

## CBOT comparison over period of time:



## CBOT Trend

CBOT remains mostly firm from January to June under normal conditions as shown in the chart. However, this year due to outbreak of Covid-19 across several wheat producing countries prices are not following the trend. CBOT average monthly price for March'20 is lower by \$ 29.51/tonne compared to last year for the same month and lower by \$ 5.52/tonne compared to February'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)

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All prices are for SRW/milling grade	1st Nov-19	2nd Dec-19	2nd Jan-20	3rd Feb-20	2nd Mar-20	1st Apr-20	1st May-20
USA	226.30	240.70	253.6	253.70	238.20	244.08	237.13
France	196.73	202.74	NA	187.75	182.25	191.25	195.71
Australia	209.71	226.46	235.84	242.54	229.14	254.98	257.17
Russia	206.00	206.00	212	223.00	211.00	218.50	223.00
India	316.82	313.68	337.07	316.47	268.55	NA	241.41

## Global Indicative FoB Quotes:

Indian FoB quote is based on local price. There is no export in bulk currently. Indian FoB quote is being quoted at \$245.78 per tonne.

US and Russian quotes are hovering in the range of \$261.38-294.75 and \$208.00 -231.00 per tonne respectively. Wheat prices in international markets noticed range -bound to firm tone in last week.

Wheat is expected to trade steady to firm and hover in the range of \$200 to \$290 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 156.0 MMT in 2019-20 compared to 137.7 MMT in 2018-19. Russia and Ukraine are likely to harvest 73.6 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 19.8 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.

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