Wheat Monthly Research Report

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

Price Trend: *All India average monthly prices for wheat were lower by 7.92 percent from Rs 2088.30 in July -2020 to Rs 1922.71 per qtl in Aug -2020. Average price in Aug -2020 was lower by 9.95 percent compared to Rs 2114.04 per quintal registered in Aug-2019. Prices are expected to improve from here as festive season is about start from Sep and demand for wheat products will start increasing. Prices are likely to trade steady to firm.*

AW Production Estimate: *Agriwatch has pegged production at 103.20 MMT compared to 97.00 MMT last year. Production is higher this year due to better yields and higher area compared to last year. Total availability is likely to increase from 116.67 MMT in 2019-20 to 124.12 MMT this year. In comparison, as per the third advance estimate, India likely produced 107.20 MMT of wheat compared to 103.60 MMT in previous year. The total food grain production is estimated by the Ministry at record 295.67 MMT compared to 285.21 MMT last year.*

Export: *On the export front, prevailing market conditions are not in favour of Indian exporters due to huge price gap. The difference is around $38-40 per tonne from Black Sea Region. Russia/Ukraine is offering wheat at $203.64/203.43 per tonne on FoB basis while Indian FoB at Kandla port comes to $237.17 per tonne.*

FoB/CiF Quotes: *Indian FoB quote is hovering between $229.35-254.22 per tonne. Against it, Ukraine, France, U.S and Australia were offering wheat at $198-$214, $181.81-$189.57, $219.74-247.10 and $226.04-239.06 per tonne respectively. Wheat prices in international markets noticed firm tone in Aug'20. Indian FoB quote is based on local prices. There is no export in bulk volume currently.*

Export: *India exported 40.13 thousand tonne wheat in Aug'20. Total export in MY 2018-19 was registered around 2.26 lakh tonne.*

Import: *As per trade sources, there was no import reported in month of August, India had last imported 199.94 tonnes of Australian wheat during the month of March'20. The government has increased import duty from 30 percent to 40 percent to reduce flow of imports and provide support to domestic sellers. 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.*

Supply-Demand: *Supply for FAQ is likely to be good as ample stock is available in domestic market due to three consecutive good production years. FCI has procured 38.98 MMT in 2020-21 which is higher by 4.84 MMT compared to MY 2019-20. Due to good supply and the free distribution by the government under PMGKAY scheme the demand of wheat in physical market is expected to decrease, which may impact the demand and price directly.*

Demand for Flour millers of south India remains sluggish as they have demanded wheat from the government at discounted price. The government has cut the reserve prices for wheat nearly by 12% to Rs.1840 per 100Kg from Rs. 2080 to push put old stock. The cut in the prices are only applicable for Punjab & Haryana. Due to increase in government stock more than government production prices are likely to move around MSP with slight downside risk.

E-Auction: *Government has sold 171620 tonnes of wheat in OMSS through E-Auctions in the Fourth week of August'20. No rakes were sold. State government and bulk consumers bought 105280 tonnes and 66340 tonnes of wheat respectively.*

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 completed at 38.98 MMT in Sep.*

Outlook & Recommendation: *Wheat market is expected to trade range bound steady to firm in coming weeks.*

Trade Call: *Stakeholders should trade in September contract taking care of lower and upper price tag of Rs. 1774 respectively.*

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

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	Wheat MY Runs From April To March (Figures in MMT)	2019-20	2020-21
A	**Carry in**	**19.67**	**20.92**
B	Production	97.00	103.21
C	Imports	0.00	0.00
D	**Total Availability (A+B+C)**	**116.67**	**124.13**
E	Consumption	95.50	96.50
F	Exports	0.25	0.20
G	Total Usage (E+F)	95.75	96.70
H	**Carry out (D-G)**	**20.92**	**27.43**
I	Av Monthly Consumption	7.96	8.04
J	Stock to Month Use	2.63	3.41
K	Stock to Consumption Ratio	0.03	0.04

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

Supply-Demand Highlights:

As per Agriwatch production estimate is likely to be around 103.21 MMT compared to 97.00 MMT last year. Production is higher this year due to increase in yield and area. 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 June'20 stood at 558.25 lakh tonnes higher by 35.92% compared to last month. This quantity is higher by around 19.90% 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 and demand by selling more quantity in open market.

Domestic Market Highlights:

FCI has procured a record 38.98 MMT of wheat so far this season and it may end up buying 40.5 to 41 MMT. FCI currently had 558.25 MMT wheat in central pool stock as of June.

As per trade sources, India has exported around 40.13 thousand tonnes in the month of July-2020 at an average FOB of $ 16.13 per tonne and the major destinations were Nepal, Bangladesh, Sri Lanka and Afghanistan. Exports are likely to be at lower side as other countries are able to provide quality wheat at competitive prices.

According to a M.P Govt. statement, Wheat will now be available at Rs. 1 per kg for poor people across the state who were not covered under the national food security scheme as of now. At present there are more than 1.15 crore below poverty line (BPL) and Antyodaya cards holders in the state covered under National Food Security Act (NFSA), as per the state government's data.

The central government has been looking to offload excess food grains in stock in the central pool and it has potential to affect prevailing price negatively. Apart from its likely reduction in wheat prices through OMSS will also affect the prevailing sentiments in the market not only for wheat flour but also wheat products. Alternatively, the government may extend transport subsidy to south Indian mills in order to encourage them to lift the government stocks. Prices may fall below the forecast range in case the government extending transport or other subsidies.

Under PMGKA Plan-2, Rajasthan has been allocated a total of 11.15 LMT wheat for Apr-Aug free of charge, out of which 6.39 LMT wheat had been released by FCI to the state government till August 23 and uninterrupted supply is going on continuously. In Bihar 6.00 lakh tonnes of wheat have been released under various welfare schemes (including NFSA.

Prices of wheat fell across key spot markets due to weak demand and a rise in arrivals. Prices of mill-quality Wheat in Indore fell as demand softened. Prices of wheat in the key spot market of Jaipur, too, fell due to a fall in demand and increased arrivals.

Previous Updates:

The distribution of free wheat grain under the PMGKAY is extended till November end in which 80 crore people to get free ration for five more months. The eligible beneficiaries will receive 5kg of food grains till November. 5 kgs of wheat or rice will be given free of cost to the poor, as the prime reason behind the extension of the PMGKAY, would be seeing a number of upcoming festivals. India currently holds about 100 million tonnes of food grain in its stock, while the buffer stock norm for July 1 is 41 million tonnes. This is after the provision of additional food grains for the last three months. So, there is no shortage of food grains as per the latest statement of minister for Consumer Affairs, Food and Public Distribution.

Final Sowing Status:

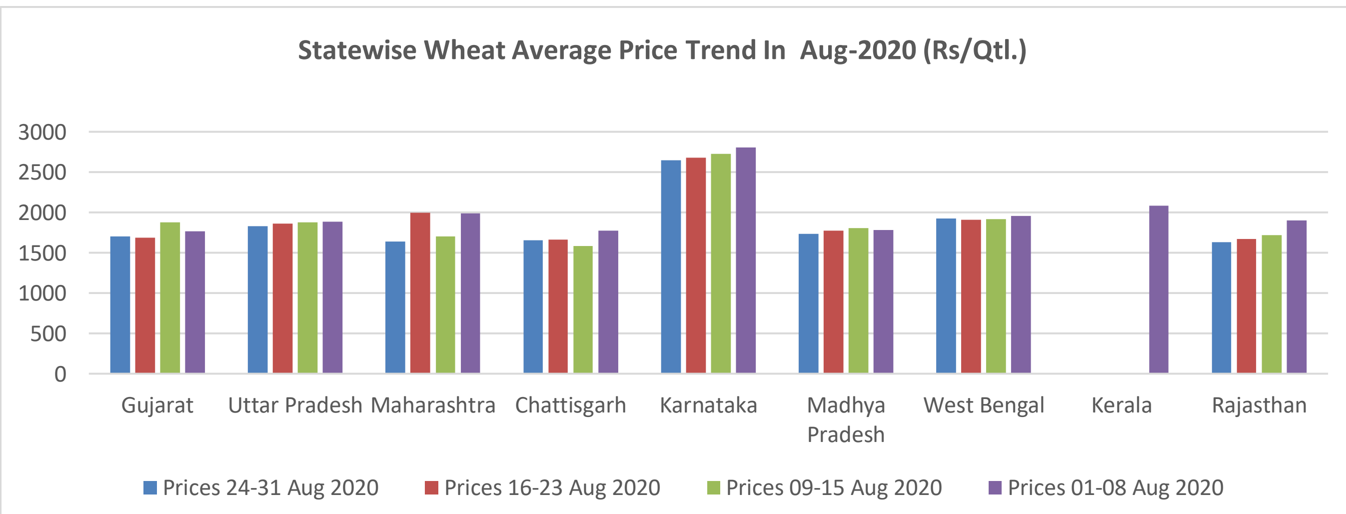
State Wise Wheat Sowing in Lakh Hectares					
State	**Normal area (2020)**	**2018**	**2019**	**2020**	**% Change 2020 vs. 2019**
Bihar	20.96	23.27	22.87	22.71	**8.35**
Chhattisgarh	1.05	1.85	1.68	1.82	**73.33**
Gujarat	10.92	10.76	8.07	13.95	**27.75**
Haryana	25.35	25.26	25.16	24.90	**-1.78**
Himachal 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) (Back to Table of Contents)

State/UTs	Procurement as on September-2020 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	14.20	112.94	127.14
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.34	34.43	35.77
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	16.29	5.96	22.25
Others	0.14	1.15	1.29
All-India	**38.67**	**351.16**	**389.83**

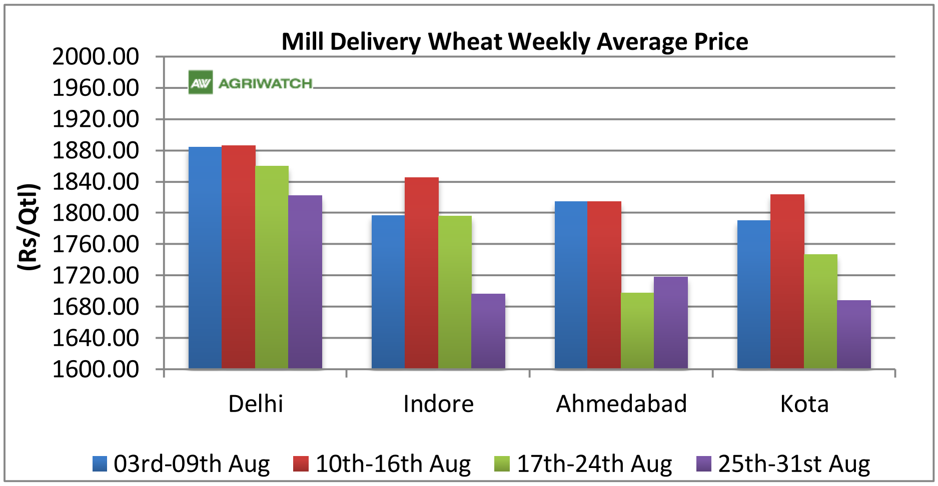
Monthly Average Price Comparison:



India average monthly prices for wheat fell by 7.92 percent from Rs 2088.3 in July -2020 to Rs 1922.71 per quintal in Aug -2020. Average prices remained mostly weak in all states of Gujarat and Madhya Pradesh. Prices are likely to notice steady to firm tone due to higher demand after lockdown ends and festive season begins in the country. Official procurement of wheat is complete. 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:

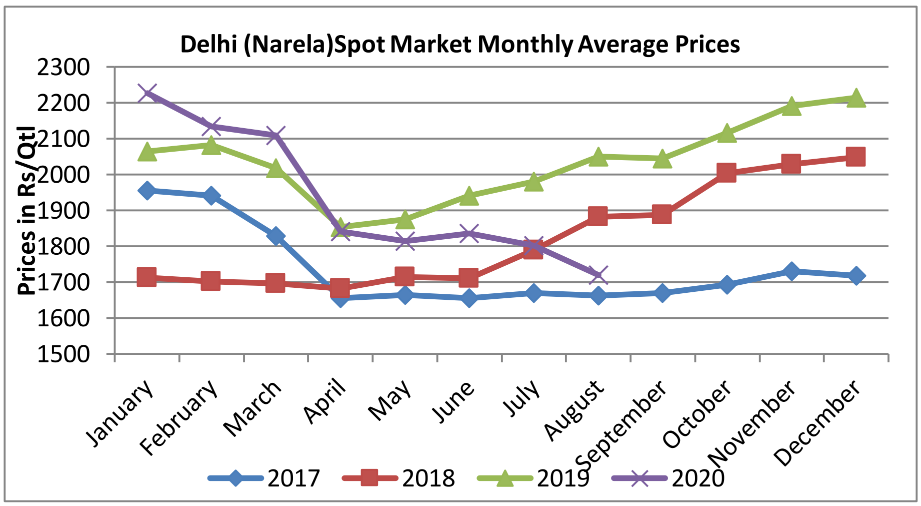
Average mill delivery prices of Wheat remained low, during 25th Aug – 31st Aug 2020 as compared to last week. All markets showed bearish movement in prices and are likely to trade steady to slightly firm in the upcoming weeks. Free distribution of wheat till Nov would keep the market moving range bound. Official procurement of the wheat has already been completed. The government has procured 38.98 MMT of wheat this season.



Wheat Delhi Average Monthly Price:

Wheat spot market Delhi (Narela) average price decreased from Rs 1802.72 per quintal in July-2020 to Rs 1720.25 per quintal in Aug-2020. Prices are likely to touch Rs 1650-1850 per quintal in Narela market in upcoming weeks.

The prices decreased by 4.57 percent compared to last month and decreased by 16.09 percent compared to corresponding month last year. Arrivals in Narela have declined by 25 percent quintal from 781.81 quintal July to 580 quintal in the month of Aug-2020.



Wheat Exports:

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According to latest update, India exported around 40.13 thousand tonne wheat in the month of July-2020.

It is around 1.2 thousand tonnes higher compared to export quantity (38.63 thousand tonne) in July-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 are still not competitive 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.

Year/Month	Wheat Export (Lakh Tonnes)	Average FoB ($/T)	CBOT Average Quotes ($/MT)
Apr-14-Mar-15	2924	279.96	230.37
Apr-15-Mar-16	666	294.88	179.9
Apr-16-Mar-17	265	338.38	157.04
Apr-17-Mar-18	322	NA	162.36
Apr-18-Mar-19	226	389.15	185.15
Apr-19-Mar-20	207.58	451.42	186.86
20-May	41.50	NA	187.31
20-Jun	38.63	174.26	192.76
20-July	40.13	136.13	197.11
Total 2019-20(000T)	207.58	451.42	186.86

Source: DGCIS/Private Traders

Wheat Import:

India has imported 0 tonnes of wheat since the month of May-2020. Prior to this India has imported 0.19 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 $198.00 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.

Year/Month	Wheat Import (In Thousand Tonne)	Average CiF ($/T)	CBOT Average Quotes ($/MT)
Apr-16-Mar-17	5957.79	220.13	157.04
Apr-17-Mar-18	1616.97	NA	162.36
Apr-18-Mar-19	1.00	239.52	185.15
Apr-19-Mar-20	500.81	229.51	185.35
20-Apr	NA	NA	198.98
20-May	NA	NA	187.31
20-Jun	NA	NA	192.76
20-July	NA	NA	197.11
Total 2019-20 (000T)	1.801	174.26	185.35

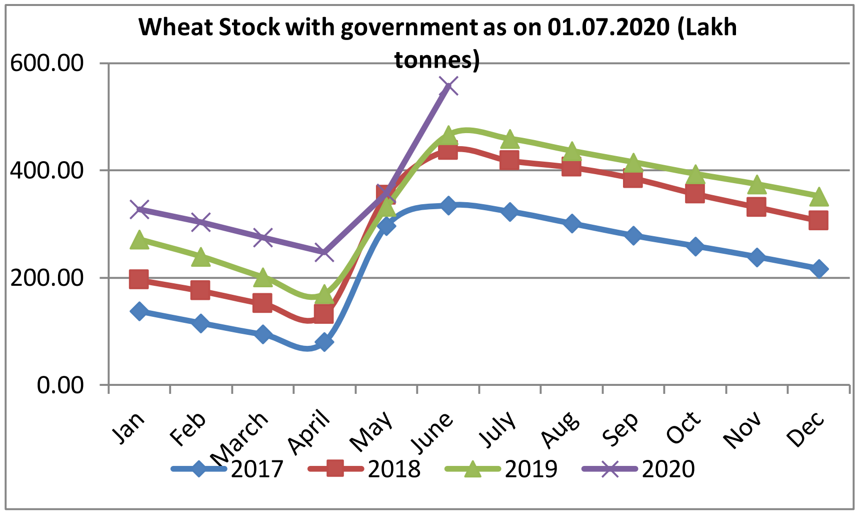
Source: DGCIS/Private Traders
Note: No Imports in the month of July.

Wheat Stock with the Government

Wheat stock in government's warehouses on 01.07.2020 was around 558.25 lakh tonnes. It is higher by 35.92 % from May-2020. Stock in central pool as on 01st June'20 is higher by 19.90 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 38.83 MMT for MY 2019-20.

The government has cut the reserve price for lustre lost wheat procured in 2019-20 (Apr-Mar) by nearly 12% to 1,840 rupees per 100 kg from 2,080 rupees earlier to push out old stock

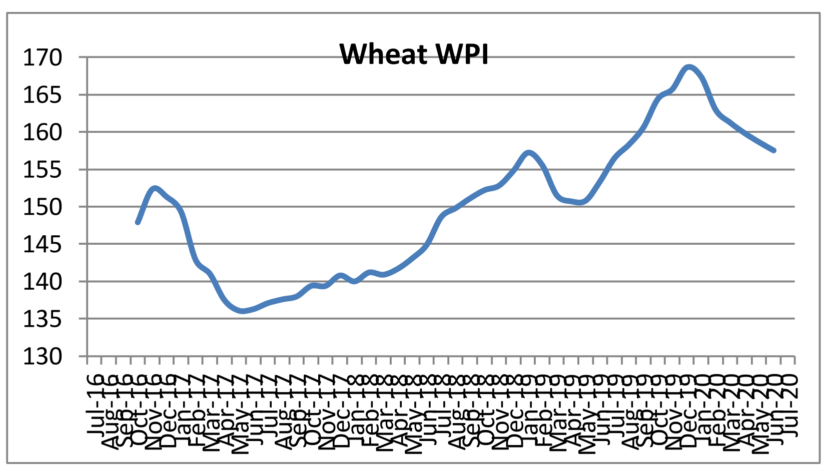
NOTE: July data is awaited



Wheat Inflation:

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	162.90
Apr	132.9	141.0	140.9	151.5	162.50
May	134.5	137.5	141.7	150.7	159.80
Jun	136.5	136.1	143.1	150.8	158.6
Jul	137.9	136.3	144.9	153.4	157.5
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 decreased from 158.6 in June-2020 to 158.6 in July-2020. Monthly wheat inflation has decreased by 2.6 percent in June-2020 compared to previous month. As compared to Jul-2019 wheat WPI has decreased by around 0.6 percent. Wheat WPI is expected to stay steady to weak in coming month. Food grains WPI increased by 0.24 in Jul-20 to 161.2 compared to Jun-20. Weight: 1.02823, base year-2011-12=1000



Monthly Average Spot Prices

Monthly Average Prices At Various Market(Rs/Quintal)					
Month	**Delhi**	**Indore**	**Kota**	**Rajkot**	**Chennai**
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
20-May	1966.92	1972.5	1837.89	1813.07	2350
20-Jun	1973.26	1885.76	1745.38	1799.40	2350
20-July	1976.0	1883.20	1877.70	1821.04	2179
20-Aug	1856.73	1770.23	1752.10	1695.83	2044.73

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
			2-Sep-20	31-Aug-20	27-Aug-20	4-Aug-20	4-Sep-19
Delhi	Lawrence Road	Mill Delivery	1815	1820	1825	1880	2150
	Narella	Mill Quality Loose	Closed	1660	1660	1730	Closed
	Nazafgarh	Mill Quality Loose	Closed	1660	1670	1710	Closed
Gujarat	Rajkot	Mill Delivery	1615	1620	1665	1740	2100
	Ahmedabad	Mill Delivery	1720	1725	1715	1830	2175
	Surat	Mill Delivery	1750	1760	1760	1885	2250
	Dhrol	Mill Delivery	NR	NR	NR	1640	2160
M.P.	Indore	Mill Delivery	1700	1650	1700	1825	2130
	Bhopal	Mill Quality Loose	1540	1600	1600	1700	2035
Rajasthan	Kota	Mill Quality Loose	1570	1575	1600	Closed	Closed
		Mill Delivery	1695	1650	1680	Closed	Closed
U.P.	Kanpur	Mill Delivery	1700	1750	1700	1790	Closed
	Mathura	Mill Quality Loose	1615	1625	1600	Closed	1910
	Kosi	Mill Quality Loose	1720	1700	1700	1750	1980
	Hathras	Mill Quality Loose	1600	1600	1570	1700	1930
	Aligarh	Mill Quality Loose	Closed	1600	1620	1700	Closed
Punjab	Khanna	Mill Quality Loose	1725	1750	1740	1760	1975
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	1725	1725	1725	1760	2010
	Hodal	Mill Delivery	NA	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	1610	1625	1650	1700	2030
	Karnal	Mill Delivery	NA	NA	NA	NA	0
	Panipat	Mill Quality Loose	NA	NA	NA	NA	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	2050	Closed	Closed
	Madurai	Mill Quality	2057	2150	2200	Closed	Closed
	Coimbatore	Mill Quality	2057	2200	2250	Closed	Closed
Bihar	Khagariya	Mill Delivery	1900	1900	1950	2100	2050
	Muzaffarpur	Mill Delivery	1625	1650	1700	1775	2000

Monthly Arrivals at Delhi:

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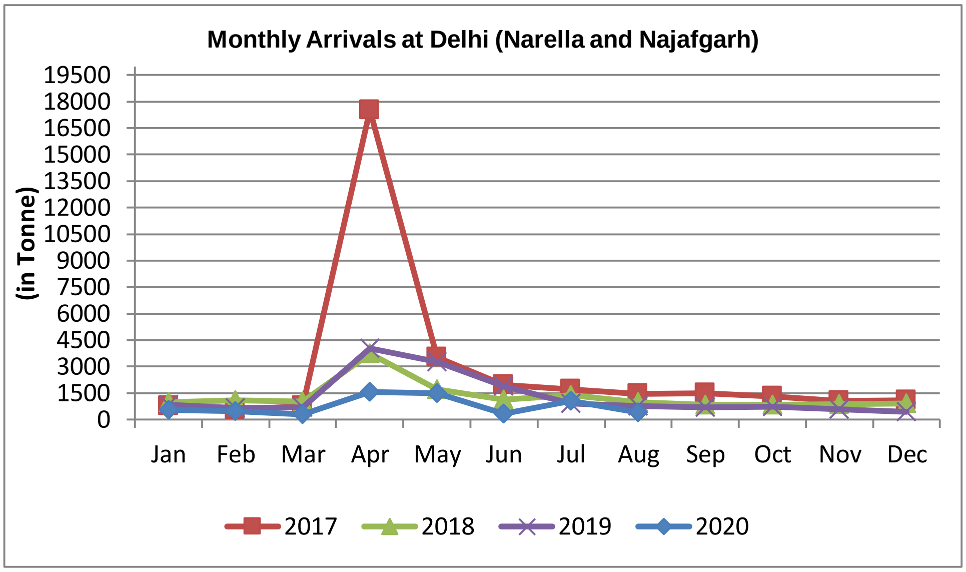
Arrivals in Delhi region (Narela and Najafgarh) increase to 386.25 tonnes in Aug-2020 compared to 1040.90tonnes in July-2020.

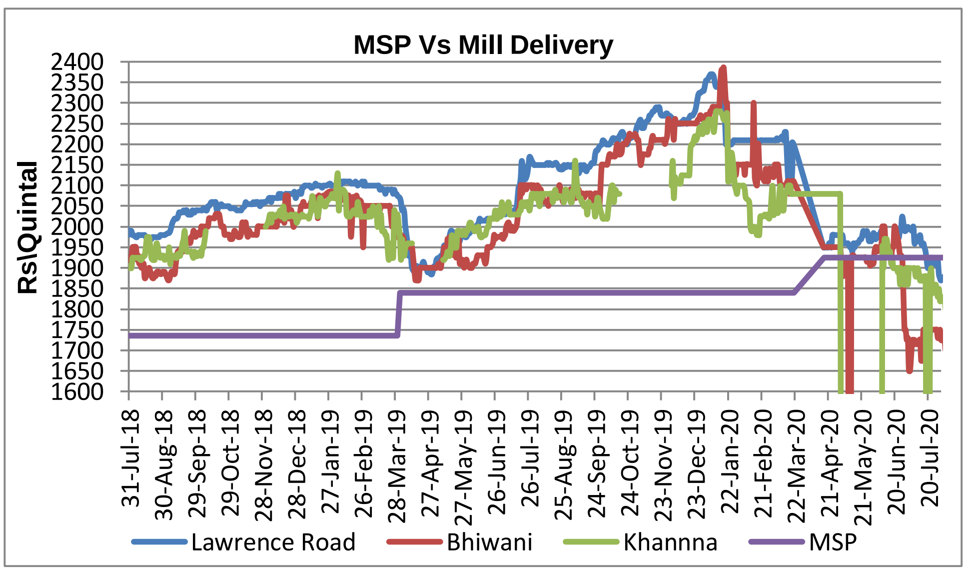


Domestic Outlook:

Wheat cash market is expected to trade range - steady to firm in Sep-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 below 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 under MSP during MY 2019-20.



Wheat Technical Analysis:

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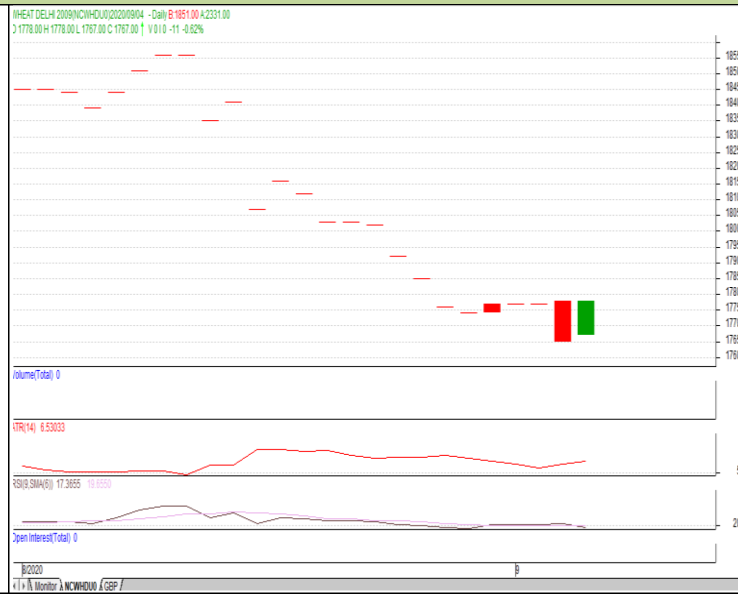
Wheat – Technical Outlook

Technical Commentary:

- Increase in price denotes sell interest in the market.
- RSI is increasing in neutral region.
- Prices closed below 9 and 18 Day EMAs.



Strategy: Sell

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	Sept	1763	1759	1778	1774	1781
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Sept	**BUY**	1778	1804	1817	1763

* Do not carry-forward the position next month.

International Market Dynamics

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USDA *According USDA's August Crop Production report, total 2020 Montana HRW production may go down 21% to 2.05 MMT on significantly reduced planted area. However, HRW conditions remained strong and the state could see a record average yield per acre, weather permitting.*

This week's commercial sales of 764,000 metric tons (MT) for delivery in 2020/21, as of Aug. 20, were up 46% from last week's 523,000 MT and above trade expectations of 400,000 MT to 700,000 MT. Year-to-date commercial sales now total 11.9 million metric tons (MMT), 7% ahead of last year's pace. USDA expects the United States will export 26.5 MMT of wheat in 2020/21, up 1% from last year, if realized.

Total U.S. spring wheat crop ratings remained steady week-over-week at 71% good to excellent as of Aug. 24. Generally dry, favorable weather across the Northern Plains is helping advance the 2020 U.S. spring wheat harvest; approximately 60% of the spring wheat crop is now in the bin, up from last week's 40%.

Ukraine *Ukrainian wheat exports are trailing 20% behind last year's pace at 5.10 MMT so far in 2020/21, said the country's Ministry of Economy. USDA expects total Ukrainian production will fall 8% on the year to 27.0 MMT on severe dryness through the growing season.*

Argentina *More than half of the 3.95 million acres (1.6 million ha) of wheat planted in Argentina's main wheat-producing regions is in poor condition after recent frosts and dry conditions, said a report by the Rosario Grain Exchange (BCR). BCR forecasts wheat yields in that region could decline by up to 50% if beneficial precipitation doesn't fall over the next couple of days. BCR forecasts final Argentinian wheat production in 2020/21 could fall to 18.0 or 19.0 MMT, in line with last year but significantly lower than the exchange's initial forecast of between 21.0 and 22.0 MMT.*

Russia *Russian farmers have harvested 67.4 MMT of wheat as of Aug. 25, 18% ahead of this time last year. According to the country's Ministry of Agriculture, the total average yield is up slightly this year at 53.3 bu/acre (3.58 MT/ha).*

Canada *According to Agriculture and Agri-Food Canada (AAFC), durum planted area for harvest in 2020 increased 16% on the year and production is expected to increase 30% from 2019/20 to 6.50 MMT. Durum exports are expected to remain stable year-over-year at 5.30 MMT. Canadian non- durum wheat planted area fell 3% from last year as 5% decrease in spring wheat planted area more than offset a 17% increase in winter wheat planted area. Despite lower planted area, non-durum wheat production is expected to increase 4% from 2019/20 to 28.4 MMT. AAFC forecasts Canadian non-durum wheat exports could increase 2% on the year to 19.1 MMT.*

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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-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	234.21	NA	224.10	222.72	193.75	257.07	-
May-20	214.58	223.48	NA	227.50	NA	193.25	248.85	-
Jun-20	208.78	217.70	NA	197.73	198.64	190.50	237.96	-
Jul-20	228.82	223.55	NA	202.22	202.61	178.50	233.83	-
Aug-20	229.69	-	NA	203.58	203.63	184.94	232.35	-

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 Production Developments

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EU: *Harvest is wrapping up under mixed conditions, most notably in northern France and Romania, which are experiencing poor conditions due to hot and dry conditions earlier in the season.*

Ukraine: *Harvest of winter wheat is wrapping up under favourable conditions across most of the country except in the south, where dryness earlier in the season dryness resulted in below-average yields.*

Russia: *Harvest is wrapping up for winter wheat with exceptional conditions in the Central and Volga districts while earlier in-season dryness has reduced yields in the southern regions. Spring wheat is under generally favourable conditions with some slightly drier than normal conditions developing.*

Canada: *Winter wheat harvest is wrapping up under favourable conditions. Spring wheat is under generally favourable conditions, however, some dryness in Saskatchewan is causing premature ripening.*

Australia: *Conditions are generally favourable except for Queensland which experienced persistent dryness. By contrast, New South Wales is showing exceptional conditions with an expansion of sown area.*

Argentina: *Conditions are mixed with favourable conditions in the provinces of Buenos Aires, Entre Ríos, and some parts of Santa Fe, however persistent dryness and frosts are lowering the prospects in the rest of the country.*

UK: *Harvesting is wrapping up under poor conditions after a season full of variable weather.*

Spot Prices Black Sea Region

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Date	02.09.2020	06.08.2020	29.07.2020	22.07.2020	18.06.2020
Odessa, FOB($/tonnes)					
Milling wheat 12.5%	209-214	200-206	204-208	201-205	202-206
Milling wheat 11.5%	207-213	199-204	202-207	202-203	198-204
Feed wheat	205-210	-	-	-	-
Novorossiysk, FOB($/tonnes)					
Milling wheat 12.5%	210-215	200-206	205-209	205-208	204-207
Milling wheat 11.5%	208-214	199-204	202-207	202-205	198-204
Feed wheat	-	-	-	-	-

Source: Reuters

Forward Prices for 2020 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			22.08.2020	02.08.2020
Russia	Wheat, 12.5% protein	Nov	203-208	205-210
Ukraine	Wheat, 11.5% protein	Nov	200-206	-
Ukraine/Russia	Feed wheat	Nov	-	-

Source: Reuter

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 (Forecast)	
				23.07.2020	23.08.2020
Production	757	762	733	762	763
Trade	177	176	169	180	181
Consumptions	736	739	739	750	749
Carryover stocks	248	271	265	288	294
Y-O-Y change	21	22	-5	12	14
Major Export	79	83	70	62	66

IGC Balance Sheet Highlight:

- *IGC has forecast global wheat production to be 762 MMT for 2019-20. Which is less by 5 MMT compared to last month's forecast. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 762 MMT for 2017-18 higher by 35 MMT.*
- *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 750 MMT for 2019-20. The forecast is higher by 11 MMT compared to 2018-19.*
- *Carryout for 2019-20 is forecast at 288 MMT compared to estimate of 265 MMT last year. It is higher by around 23 MMT compared to 2016-17.*

USDA Balance Sheet

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USDA Global Wheat Balance Sheet: 2018-19 Fig. In Thousand Tonne (As on 01.09.2020)							
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	1,692	21,000	6,200	5	14,500	1,997	21,000
Australia	3,540	26,000	7,050	200	17,500	5,190	26,000
Canada	5,463	34,000	9,800	450	24,500	5,613	34,000
China	1,51,155	1,36,000	1,30,000	6,000	1,000	1,62,155	1,36,000
EU	11,821	1,39,500	1,18,300	5,500	27,000	11,521	1,39,500
India	24,000	1,07,180	99,500	25	1000	30,705	1,07,180
Pakistan	1,084	26,100	25,500	100	300	1,484	26,100
Russia	7,279	76,500	40,500	500	36,000	7,779	76,500
Ukraine	1,249	26,500	8,800	75	17,500	1,524	26,500
U S	28,409	49,630	30,345	3,810	25,855	25,649	49,630
Others	61,428	1,26,903	2,70,828	1,66,601	22,881	2,887	1,26,903
World total	2,97,120	7,69,313	7,46,823	1,83,266	1,88,036	3,14,840	7,69,313

Source: USDA

CBOT Futures Sep-20 Chart:

1st Support: 534.67
2nd Support: 529.83
1st Resistant: 545.67
2nd Resistant: 551.83
($ per tonne)

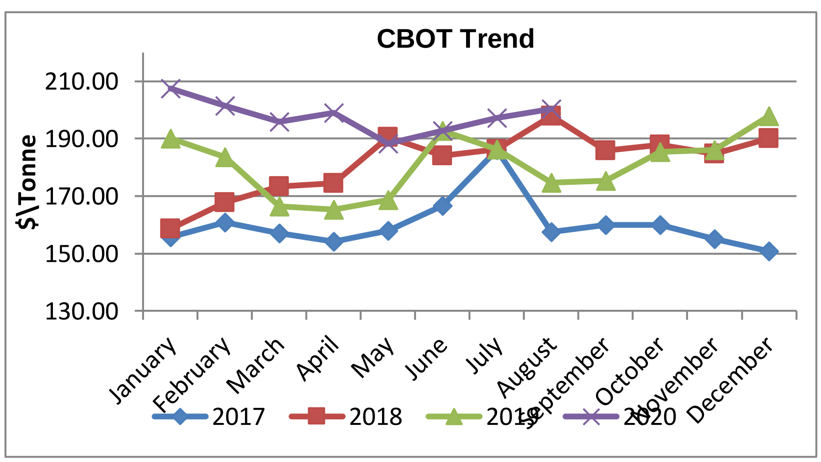
Wheat CBOT closed at $5.39 per bushel. U.S. wheat net export sales during the week ended 02th July was 2,10,000 tonnes were 87% higher compared to 2,70,000 tonnes last week. This week commercial sale was 764,000 MT which is higher by 46% from last week. USDA expects total exports for 2019-20 to be around 26.5 MMT, higher by 1% than 2019-20. U.S. Year-to-date commercial sales now total 11.9 million metric tons (MMT), 7% ahead of last year's pace. Total U.S. spring wheat crop ratings remained steady week-over-week at 71% good to excellent as of Aug.

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
	3-Sep-20	27-Aug-20	4-Aug-20	29-May-20	6-Mar-20	4-Sep-19	
Sep-20	203.26	202.35	0.00	0.00	189.49	173.14	**17.40**
Dec-20	206.39	204.92	0.00	191.32	189.85	174.52	**18.26**
Mar-21	207.95	206.30	0.00	192.33	192.52	177.45	**17.18**
May-21	207.03	206.30	0.00	195.55	196.65	193.16	**7.18**
Jul-21	208.68	208.13	0.00	198.49	200.23	196.65	**6.12**
Sep-21	211.99	208.13	0.00	198.49	212.45	198.86	**6.61**

CBOT Trend: -

CBOT remains mostly firm from January to July 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 Aug'20 is higher by $ 25.69/tonne compared to last year for the same month and higher by $ 3.28/tonne compared to July'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.



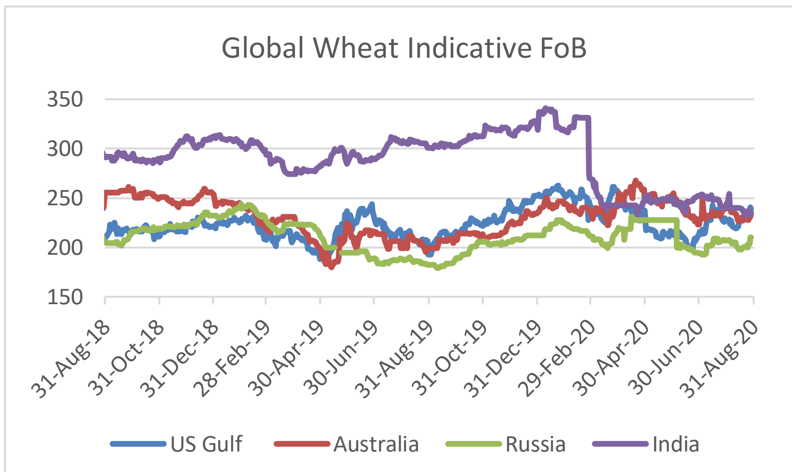
Comparative Month on Month FOB quotes: (Fig in USD/MT)

All prices are for SRW/milling grade	3rd Feb-20	2nd Mar-20	1st Apr-20	1st May-20	1st Jun-20	1st July-20	1st Aug-20	2nd Sep-202
USA	253.70	238.20	244.08	237.13	214.58	208.78	228.82	229.69
France	187.75	182.25	191.25	195.71	191.67	184.28	188.21	184.94
Australia	242.54	229.14	254.98	257.17	248.84	237.96	233.83	232.35
Russia	223.00	211.00	218.50	223.00	NA	198.64	202.61	203.63
India	316.47	268.55	NA	241.41	248.17	245.81	247.67	237.46

Global Indicative FoB Quotes:

Indian FoB quote is based on local prices. There is no export in bulk currently. Indian FoB quote is being quoted at $236.13 per tonne. US and Russian quotes are hovering in the range of $233.61 - $240.86 and $200.56-$210.80 per tonne respectively. Wheat prices in international markets noticed range -bound to weak tone in last week.

Wheat is expected to trade steady to firm and hover in the range of $200 to $250 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.