

Wheat Monthly Research Report

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Market Dynamics:

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Price Trend: All India average monthly prices for wheat were lower by 5.86 percent from Rs 1973.61 in Aug -2020 to Rs 1864.34 per qtl in Sep -2020. Average price in Sep -2020 was lower by 14.33 percent compared to Rs 2131.56 per quintal registered in Sep-2019. Prices are expected to improve from here as festive season is about to 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.

FoB/CiF Quotes: Indian FoB quote is hovering between \$225.35-231.22 per tonne. Against it, Ukraine, France, U.S and Australia were offering wheat at \$213-\$237, \$188.81-\$196.57, \$219.74-247.10 and \$243.04-251.06 per tonne respectively. Wheat prices in international markets noticed firm tone in Sep'20. Indian FoB quote is based on local prices. There is no export in bulk volume currently.

Export: India exported 64.56 thousand tonne wheat in Aug'20. Total export in MY 2018-19 was registered around 2.26 lakh tonne. The exports have picked up because the low prices domestically have made Indian Wheat competitive.

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 stay stable at current level, which may impact the demand and price directly.

The flour mills' condition is deteriorating as the government is giving Wheat for free, that has eliminated private demand, by and large. Due to the massive increase in government stock, prices are likely to move below MSP in the coming weeks. Leakages from the wheat distributed by FCI may also be impacting the prices and demand. The closure of hotels and restaurants has severely impacted the demand resulting in a considerable drop. Demand for All Purpose Flour (maida) has declined, which leaves no scope for the rise in demand for Wheat.

E-Auction: Government has sold 111300 tonnes of wheat in OMSS through E-Auctions in the Fourth week of September'20. No rakes were sold. State government and bulk consumers bought 11300 tonnes and 100000 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 October contract taking care of lower and upper price tag of Rs. 1725 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	96.99
F	Exports	0.25	0.30
G	Total Usage (E+F)	95.75	97.29
H	Carry out (D-G)	20.92	26.84
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 the Agriwatch production, the estimate is likely to be around 103.21 MMT compared to 97.00 MMT last year. Production is higher this year due to an 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. The domestic availability of wheat is good. Prices are likely to trade range bound to weak. Good domestic availability will ensure that there is no unexpected surge in prices.

As per market sources, wheat stock in the central pool as of 1st September'20 stood at 478.32 lakh tonnes lower by 7.30% compared to last month. This quantity is higher by around 13.25% compared to last year for the same month. The government has already applied import duty on wheat to curb imports and provide support to domestic prices. Therefore, the government has abundant supplies this year to tackle any unexpected rise in wheat prices and demand by selling more quantity in the open market.

Domestic Market Highlights:

The wheat market is expected to trade steady to slightly firm due to no import parity and good domestic demand. The increase in import duty has put a complete halt on imports in MY 2019-20. Availability in the domestic market is sufficient to meet domestic demand.

Changes in the weather system and the prices of crops directly impact the choice of crops to be sown in Rabi. Due to this, the farmers of the Rajasthan state have reduced acreages under wheat in the last five years and increased under Gram. Officials of the agriculture department are also putting up mini kits and exhibitions of Gram instead of wheat. This trend has been also led by the lack of a favourable environment at the time of sowing.

The government has sold 111300 tonnes of wheat in OMSS through E-Auctions in the fourth week of September'20. Till now, no rakes have been sold. Sale of wheat to bulk consumer 11300 and sale of Wheat to state Govt. 100000.

Wheat MSP for rabi marketing season 2021-22 has been increased by Rs 50 per quintal to Rs 1,975 per quintal to encourage farmers to increase crop cultivation. The decision was taken at a meeting of the Cabinet Committee on Economic Affairs chaired by the Prime Minister and Agriculture Minister announced it in Lok Sabha.

As per trade sources, India has exported around 64.56 thousand tonnes in the month of August-2020 at an average FOB of \$ 142.56 per tonne, and the major destinations were Nepal, Bangladesh, Afghanistan, Cambodia, and Jordan. Exports are likely to be at the higher side due to competitive price .

Wheat is being distributed in the PMGKAY scheme all over India and other schemes in Madhya Pradesh and other states, due to which the price of wheat has reduced by Rs 400-500. Usually, wheat prices rise in September, but this time the situation is different. Wheat sales through OMSS also got weakened this season. Wheat markets can be in a prolonged slump environment.

Previous Updates:

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.

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

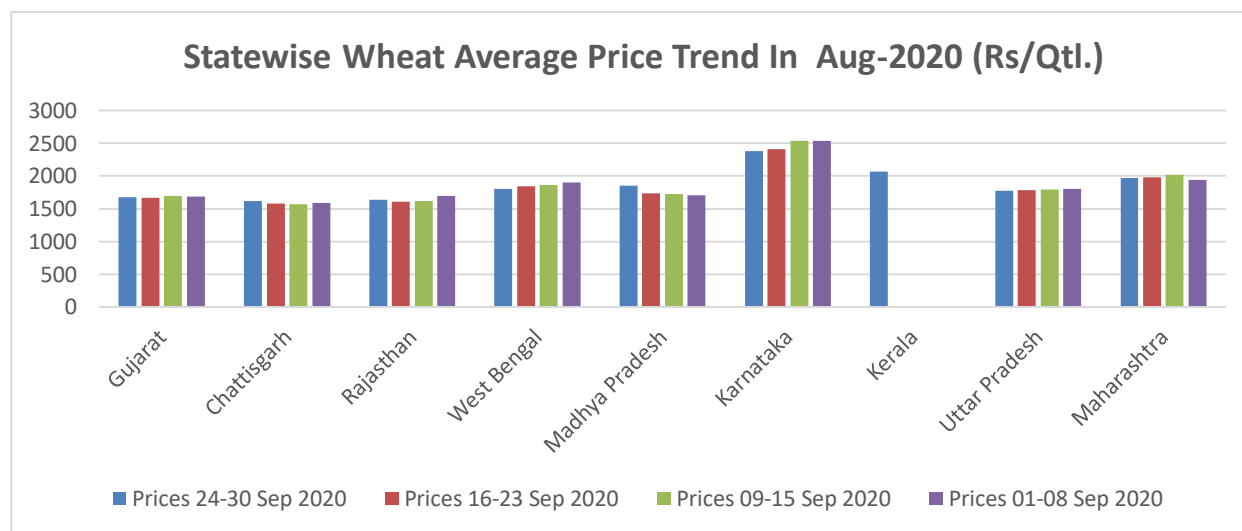
Source: Ministry of Agriculture

Final Wheat Procurement RMS 2019-20 (Source: FCI)

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State/UTs	Procurement as of 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

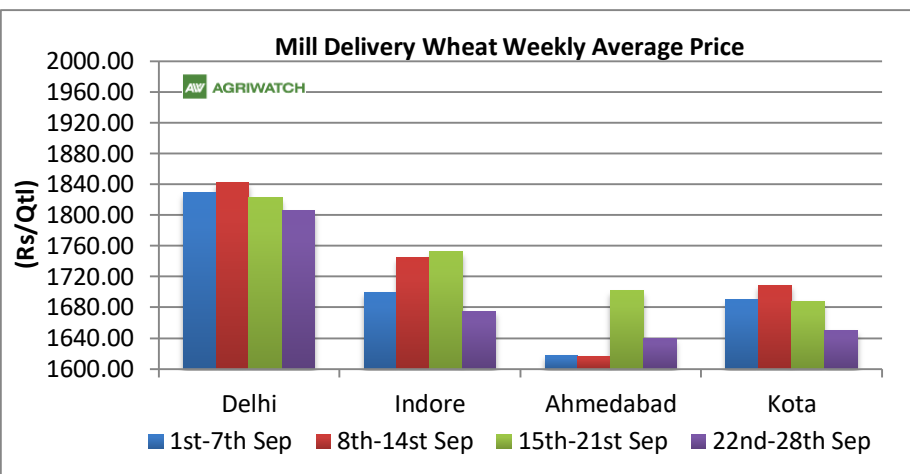
Monthly Average Price Comparison:



India's average monthly prices for wheat fell by 7.92 percent from Rs 1905.90 in Aug -2020 to Rs 1821.73 per quintal in Sep -2020. Average prices remained mostly weak in all states like Gujarat, Madhya Pradesh, Rajasthan, and Chhattisgarh. Prices are likely to notice a steady tone due to free allocation to the poor in the market, which has led to a huge reduction in the demand for flour. In the event of non-sale of flour, flour mills are reducing wheat purchases. This is why mill quality wheat prices are running below the MSP in almost all states, despite government procurement being at a record level, farmers also had high stocks. Private traders also have stock. This is the reason that markets are moving down significantly. Even if the seasonal demand improves prices will remain low unless exports pick up.. Traders are advised to sell on any recovery.

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

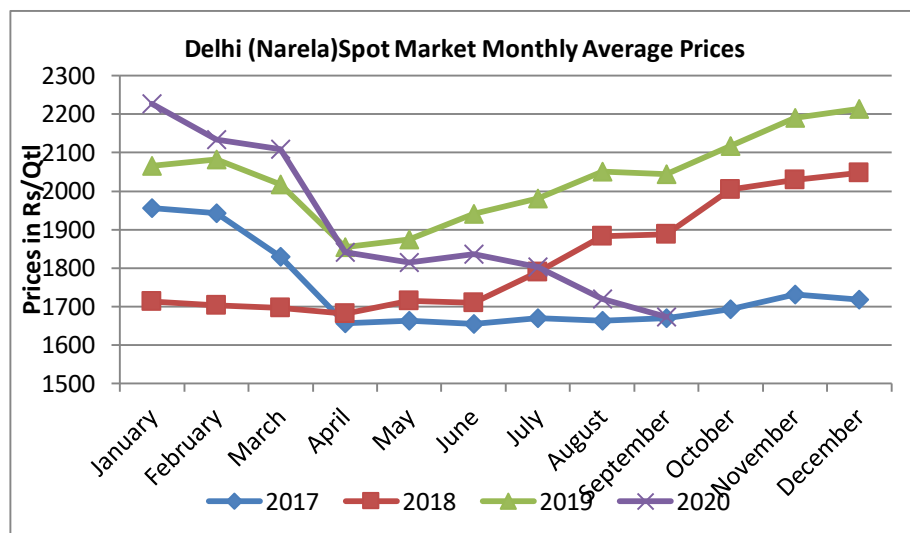
Wheat's average mill delivery prices remained low, from 22nd Sep– 28th Sep 2020 compared to last week. All markets had shown weak movement in prices last week and are likely to trade steady to slightly firm in upcoming weeks. Free distribution of Wheat till Nov would keep the market moving range bound. Usually, Wheat prices rise in September, but this time the situation is different.



Wheat Delhi Average Monthly Price:

The wheat spot market Delhi (Narela) average price decreased from Rs 1720.25 per quintal in Aug-2020 to Rs 1673.57 per quintal in Sep-2020. Prices are likely to touch Rs 1650-1750 per quintal in the Narela market in the upcoming weeks.

The prices decreased by 2.71 percent compared to last month and decreased by 18.21 percent compared to the corresponding month last year. Arrivals in Narela have declined by 29 percent quintal from 580 quintals Aug to 411.90 quintals in the month of Sep-2020.



Wheat Exports:

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According to the latest update, India exported around 40.13 thousand tonne wheat in the month of Aug-2020. It is around 24.43 thousand tonnes higher compared to the export quantity (40.13 thousand tonnes) in July-2020.

The overall condition for Indian wheat export is now favorable, and export opportunity is here as parity comes in favor of India now.

An export volume would increase in the coming months as prices in the domestic market rule equally. Other exporting countries are offering wheat at the same price with assured quality and delivery schedule.

Source: DGCIS/Private Traders

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
20-Aug	64.56	142.56	200.39
Total 2019-20(000T)	207.58	451.42	186.86

Wheat Import:

India has imported 0 tonnes of wheat since the month of Aug-2020. Before this India has imported 0.19 thousand tonnes of wheat in Feb-20. Imports are expected to remain at the lower side this year due to good domestic availability.

FoB quote in the Black Sea region is hovering around \$203.00 per tonne in Russia and \$227.45 per tonne in Ukraine. The United States and France are also providing wheat at \$191.86 per tonne and Euro 190.75 per tonne. The government has increased import duty from 30% to 40% to curb imports and provide support to domestic prices.

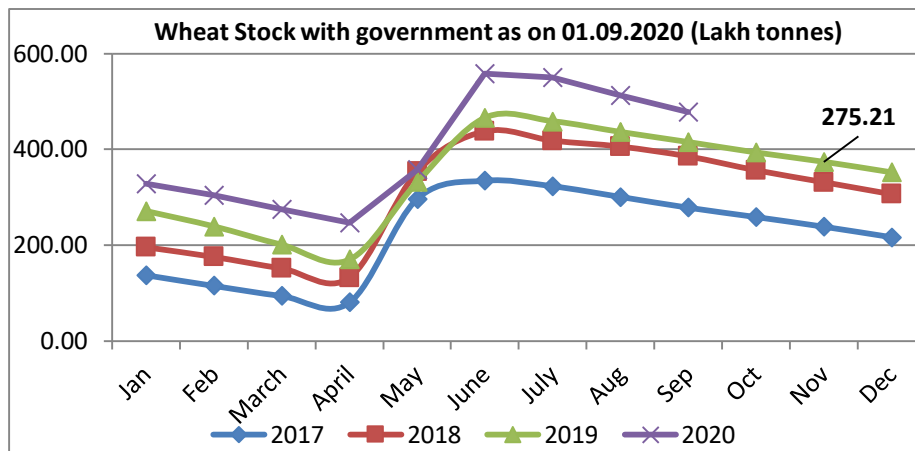
Source: DGCIS/Private Traders
Note: No Imports in Aug.

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
20-Aug	NA	NA	200.39
Total 2019-20 (000T)	1.801	174.26	185.35

Wheat Stock with the Government

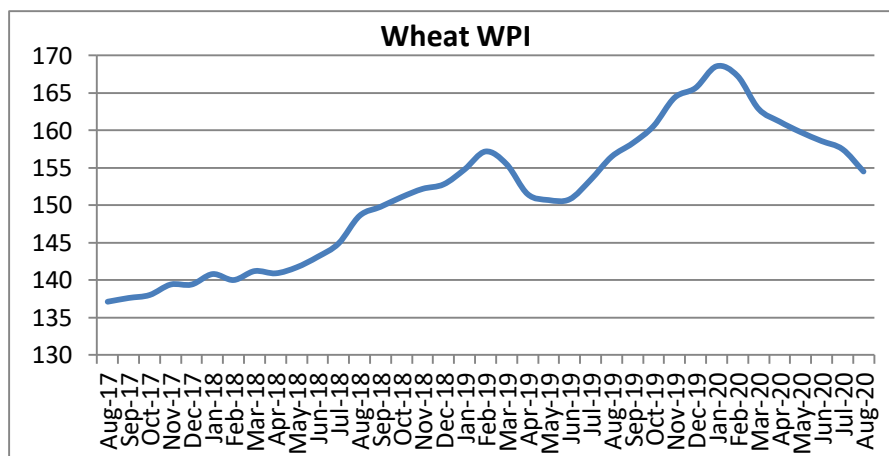
Wheat stock in government's warehouses on 01.09.2020 was around 478.32 lakh tonnes. It is lower by 6.81 % from Aug-2020. Stock in the central pool as of 01st Sep'20 is higher by 19.90 percent compared to last year for the same month. The government has increased its procurement target to 38.83 MMT for MY 2019-20 from 34.10 MMT last year.

The government has cut the reserve price for luster 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



Wheat Inflation:

Wheat WPI has decreased from 157.5 in July-2020 to 154.5 in Aug-2020. Monthly wheat inflation has decreased by 1.8 percent in Aug-2020 compared to the previous month. As compared to Jul-2019 wheat WPI has increased by around 1.28 percent. Wheat WPI is expected to stay steady to weak in the coming month. Foodgrains WPI increased by 1.06 in Aug-20 to 161.2 compared to Jul-20. Weight: 1.02823, base year-2011-12=1000.



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	154.52
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	

Monthly Average Spot Prices

Monthly Average Prices At Various Market(Rs/Quintal)					
Month	Delhi	Indore	Kota	Rajkot	Chennai
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
20-Sep	1821.37	1729.66	1680	1621.88	2000

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
			3-Oct-20	30-Sep-20	26-Sep-20	4-Sep-20	5-Oct-19
Delhi	Lawrence Road	Mill Delivery	1770	1800	1800	1830	2200
	Narella	Mill Quality Loose	1650	Closed	1660	1660	2080
	Nazafgarh	Mill Quality Loose	1620	Closed	1650	1660	2150
Gujarat	Rajkot	Mill Delivery	1600	1600	1600	1625	2100
	Ahmedabad	Mill Delivery	1620	1640	1640	1710	2160
	Surat	Mill Delivery	1680	1700	1700	1750	2240
	Dhrol	Mill Delivery	NA	NA	0	1535	2180
M.P.	Indore	Mill Delivery	Closed	Closed	Closed	Closed	2240
	Bhopal	Mill Quality Loose	Closed	Closed	Closed	Closed	2050
Rajasthan	Kota	Mill Quality Loose	1550	1525	1550	1575	1985
		Mill Delivery	1675	1650	1675	1700	2110
U.P.	Kanpur	Mill Delivery	1700	1680	Closed	1690	2080
	Mathura	Mill Quality Loose	1600	1610	Closed	1620	1975
	Kosi	Mill Quality Loose	1660	1700	Closed	1700	2050
	Hathras	Mill Quality Loose	1550	1550	Closed	1600	1970
	Aligarh	Mill Quality Loose	1640	Closed	Closed	1620	2000
Punjab	Khanna	Mill Quality Loose	1700	1700	1700	1720	1920
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	0	0	0
Haryana	Sirsa	Mill Delivery loose	1725	1715	1700	1730	2025
	Hodal	Mill Delivery	NA	NA	0	0	0
	Bhiwani	Mill Quality Loose	1670	1650	1670	1600	2100
	Karnal	Mill Delivery	NA	NA	0	0	0
	Panipat	Mill Quality Loose	NA	NA	0	0	0
Tamil Nadu	Chennai	Mill Quality	2000	2000	2000	2000	2425
	Madurai	Mill Quality	2057	2150	2150	2150	2550
	Coimbatore	Mill Quality	2057	2200	2200	2200	2600
Bihar	Khagariya	Mill Delivery	1875	1875	1900	1850	2050
	Muzaffarpur	Mill Delivery	1800	1800	1790	1600	2000

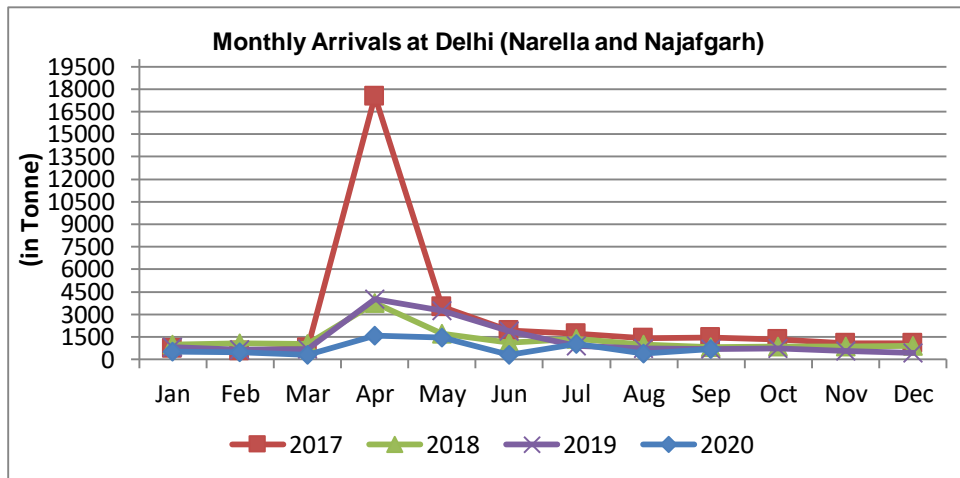
Monthly Arrivals at Delhi:

Arrivals in the Delhi region (Narela and Najafgarh) increase to 680.94 tonnes in Sep-2020 compared to 386.25 tonnes in Aug-2020.

Domestic Outlook:

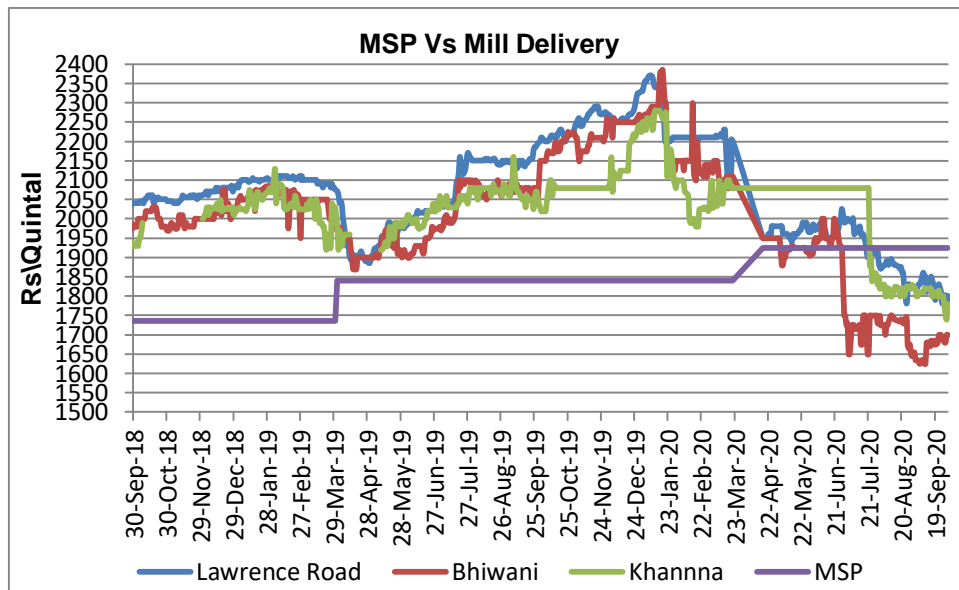
The wheat cash market is expected to trade range - steady to firm in Oct-20 under normal conditions with some recovery in between.

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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 the coming weeks. The government set the minimum support price (MSP) of wheat Rs 1925 per quintal in 2019-20 and Rs 1925 per quintal in 2020-21, now Government has increased the price from 1925 to 1975 per quintal for 2021-22. As the chart depicts mill delivery prices remained under MSP during MY 2019-20.



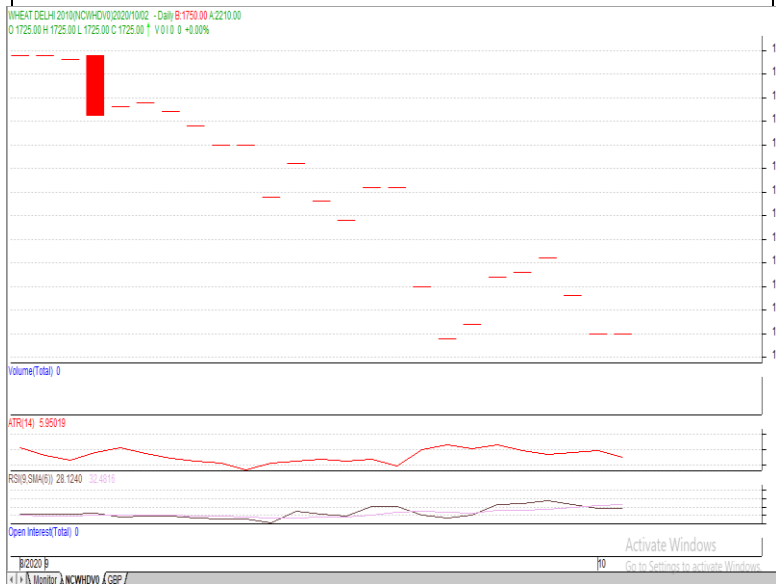
Wheat Technical Analysis:

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Wheat – Technical Outlook

Technical Commentary:

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



Strategy: Sell

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	October	1763	1759	1725	1774	1781
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	October	SELL	1725	1804	1817	1763

* Do not carry-forward the position next month.

International Market Dynamics

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USDA According to USDA, U.S. farmers have now planted 20% of the total intended winter wheat area for harvest in 2021, 2 points ahead of this time last year, and 1 point ahead of the 5-year average.

This week's commercial sales of 351,000 metric tons (MT) for delivery in 2020, as of Sept. 17, were up 5% from last week's 336,000 MT and within trade expectations of 250,000 MT to 600,000 MT. Year-to-date commercial sales now total 13.5 million metric tons (MMT), 7% ahead of last year's pace. USDA expects the United States will export 26.5 MMT in 2020/21, up 1% from last year.

The 2020 Hard red soft wheat harvest is all but complete with less than 4% of the crop remaining, well ahead of last year's pace. The 2020 northern durum harvest is 91% complete in North Dakota and 85% finished in Montana.

Europe According to Agritel, a European agriculture consultancy, French soft (non-durum) wheat production is expected to fall 25% on the year to 29.5 MMT following an overly wet fall in 2019 and an extremely dry growing season throughout 2020. The consultancy believes the drop in production could result in a 40% decrease in French soft wheat exports in marketing year 2020/21.

Ukraine Ukrainian state forecasters said on Sept. 23 that only 10% to 15% of Ukraine's arable land was suitable for planting winter crops, including wheat, due to extreme drought. However, beneficial precipitation is expected over the next few days which could help the country's farmer's advance their winter wheat sowing campaign for harvest in 2021.

Argentina According to the Buenos Aires Grain Exchange (BAGE), Argentina's wheat crop continues to suffer from persistent dryness. In the country's northern region, "harvest expectations are increasingly compromised with no chance of recovery due to extreme drought," said BAGE on Sept. 24.

Russia According to Russia's Ministry of Agriculture, farmers have now harvested 84.1 MMT of wheat or 94% of the total expected area. As of Sept. 23, producers have sown 10.5 million hectares (25.9 million acres) of winter grains or 54% of the total intended area for harvest in 2021. Minimal precipitation in the country's southern region could challenge early wheat development.

France France's Farm Ministry lowered its estimates of this year's soft wheat production due to significantly lower harvested area. The country's soft wheat production is expected to fall 25% from last year to 29.5 MMT after a tough growing season marked by torrential rain at planting and severe drought during the growing season.

U.K Dry weather over the past two weeks helped accelerate the United Kingdom's (UK) 2020 wheat harvest. Official data showed that farmers have harvested 98% of the intended area as of Sept. 25. However, quality concerns persist following an overly wet fall. UK wheat production is expected to total 9.2 MMT, significantly less than last year's bumper crop of 16.2 MMT.

Egypt According to GASC, Egypt's state grain buyer bought 235,000 tonnes of wheat at its latest international purchasing tender on Wednesday. The wheat is of Polish and Russian origin.

According to World Grain, French soft (non-durum) wheat production is expected to drop to its lowest level in 25 years at 29.2 MMT

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***
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	-
Sep-20	260.20	246.30	245	227	227.45	188.25	226.22	-

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)
03.10.2020	6.61	16.3	43.3	30.74
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

Spot Prices Black Sea Region

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Date	30.09.2020	02.09.2020	06.08.2020	29.07.2020	22.07.2020
Odessa, FOB(\$/tonnes)					
Milling wheat 12.5%	229-233	209-214	200-206	204-208	201-205
Milling wheat 11.5%	229-233	207-213	199-204	202-207	202-203
Feed wheat	-	205-210	-	-	-
Novorossiysk, FOB(\$/tonnes)					
Milling wheat 12.5%	229-233	210-215	200-206	205-209	205-208
Milling wheat 11.5%	218-221	208-214	199-204	202-207	202-205
Feed wheat	217-219	-	-	-	-

Source: Reuters

Forward Prices for 2020 Crop Black Sea Region

Origin	Commodity	Delivery period	Price (USD/MT)	
			23.09.2020	30.09.2020
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)	
				27.08.2020	24.09.2020
Production	757	762	733	763	763
Trade	177	176	169	181	183
Consumptions	736	739	739	749	749
Carryover stocks	248	271	265	294	294
Y-O-Y change	21	22	-5	14	15
Major Export	79	83	70	66	65

IGC Balance Sheet Highlight:

- IGC has forecast global wheat production at 763 MMT for 2019-20, the same as compared to last month's forecast. According to estimates by IGC the 2018-19 global wheat production was around 733 MMT and 762 MMT for 2017-18.
- The trade forecast for 2019-20 has increased to 183 MMT. It is 13 MMT higher compared to the estimate for last year and higher by 5 MMT compared to 2017-18.
- Consumption has been increased to 749 MMT for 2019-20. The forecast is higher by 10 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 294 MMT compared to an estimate of 265 MMT last year. It is higher by around 29 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

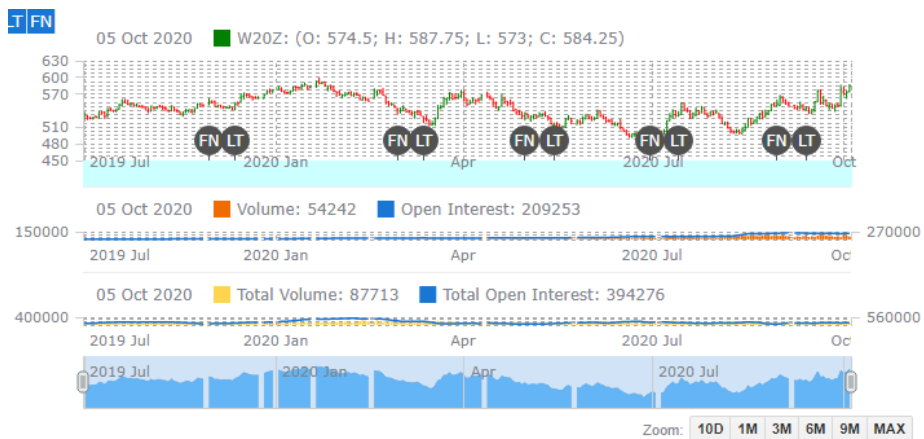
Source: USDA

CBOT Futures Oct-20 Chart:

1st Support: 530.76
2nd Support: 527.38
1st Resistant: 543.76
2nd Resistant: 550.82
(\$ per tonne)

Wheat CBOT closed at \$5.44 per bushel. This week's commercial sales of 351,000 metric tons (MT) for delivery in 2020, as of Sept. 17, were up 5% from last week's 336,000 MT and within trade expectations of 250,000 MT to 600,000 MT.

Year-to-date commercial sales now total 13.5 million metric tons (MMT), 7% ahead of last year's pace. USDA expects the United States will export 26.5 MMT in 2020/21, up 1% from last year, if realized.



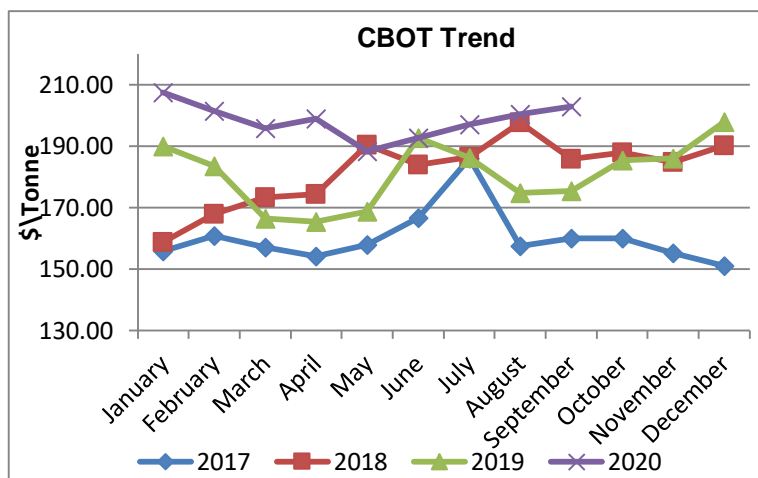
CBOT comparison over a period of time:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	1-Oct-20	24-Sep-20	1-Sep-20	25-Jun-20	9-Apr-20	1-Oct-19	
Dec-20	210.61	201.98	180.39	179.38	204.46	184.34	14.25
Mar-21	212.91	204.64	183.61	178.83	204.83	185.90	14.53
May-21	214.38	206.48	186.36	179.38	206.20	188.84	13.52
Jul-21	213.46	206.11	188.38	181.95	208.59	193.16	10.51
Sep-21	215.02	208.04	189.95	184.89	210.34	196.65	9.34
Dec-22	218.14	208.04	192.52	184.89	212.45	198.86	9.70

CBOT Trend: -

CBOT remains mostly firm from January to July under normal conditions as shown in the chart. However, this year due to the outbreak of Covid-19 across several wheat-producing countries prices is not following the trend.

CBOT average monthly price for Sep'20 is higher by \$ 27.41/tonne compared to last year for the same month and higher by \$ 2.48/tonne compared to Aug'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)

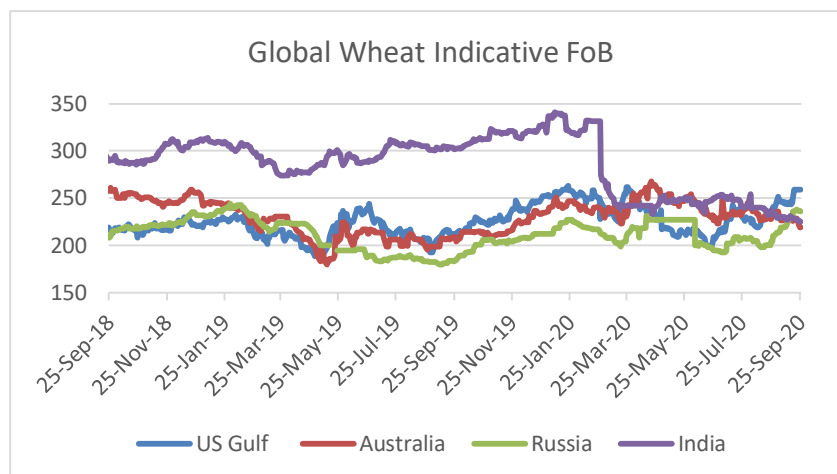
All prices are for SRW/milling grade	1st May-20	1st May-20	1st Jun-20	1st July-20	1st Aug-20	1st Sep-20	1st Oct-20
USA	NA	NA	214.58	208.78	228.82	229.69	246.4
France	NA	NA	191.67	184.28	188.21	184.94	191.86
Australia	251.52	251.52	248.84	237.96	233.83	232.35	226.22
Russia	NA	NA	NA	198.64	202.61	203.63	227.45
India	248.71	248.71	248.17	245.81	247.67	237.46	228.39

Global Indicative FoB Quotes:

Indian FoB quote is being quoted at \$229.78 per tonne. US and Russian quotes are hovering in the range of \$225.61 - \$259.86 and \$259.56-\$236.75 per tonne.

Wheat prices in international markets noticed range-bound to weak tone in last week.

Wheat is expected to trade steady to firm and hover \$200 to \$250 per tonne in the coming week.



International Outlook:

The global wheat market is expected to trade steady to weak due to ample availability in the 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 the 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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