

Commodity Profile of Wheat for September, 2019

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1. Wheat estimates for India(crop year 2017-18 and marketing year 2018- 2019)

(Quantity in Million Metric Tonnes)

2017-18	2018-19 Estimate##	Particulars/Year	Sep, 2019	Source
8.06	13.23~	Opening Stock in Central Pool	41.40^	DoFPD
99.87**	102.19	Production	N.A	DES
1.65	0.001*	Total Imports	0.00	DoC
109.58	115.42	Availability	-	
0.32	0.07*	Total Export	-	DoC
13.23~	16.99~	Ending Stock in Central Pool	27.60^	DoFPD
96.03	98.20	Total Availability for Domestic Consumption	-	

Sources: Department of Food & Public Distribution (DoFPD); Department of Commerce (DoC); Directorate of Economics & Statistics (DES); Department of Agriculture and Cooperation (DAC&FW).

**As per final estimates for 2017-18 released on 03.06.2019. Availability: opening stock in central pool plus production plus Imports; Total Availability for Domestic Consumption: Availability minus total export minus ending stock in central pool.

For preparing estimates of 2018-19, Production is 4th Advance estimates for 2018-19 released on 19.08.2019 by Directorate of Economics & Statistics (DES), opening stock in central pool is from Department of Food & Public Distribution (DoFPD).

*The figure of export and import is for the period April - July, 2019-20.

~Stock position as on 01st April'18 and 01st April'19 was 13.23 MMT and 16.99 MMT respectively.

^It may be seen that FCI stocks on 1st September, 2019 is 41.40 million MT against 38.50 million MT in the corresponding period of last year. Ending stock of 27.60 MMT (1st September'19) is average of last three years.

2. Wheat estimates for the World

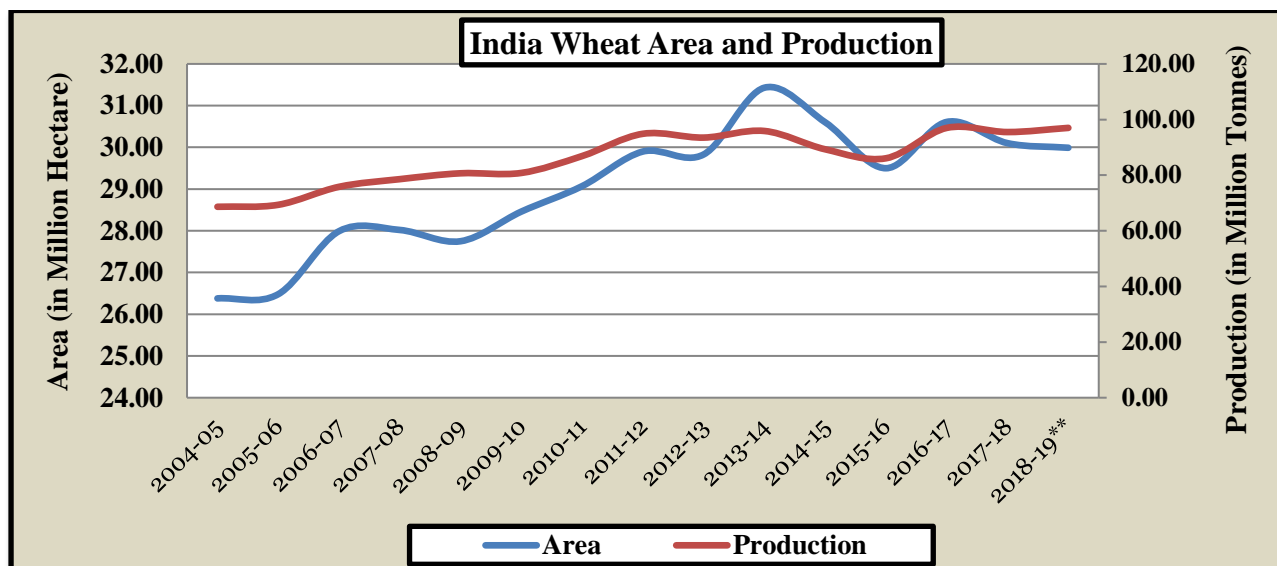
(Quantity in Million Metric Tonnes)

Particular/Year	2016-17	2017-18	2018-19 (Forecast)	2019-20 (Projected)
Production	757	761	733	763
Trade	177	176	170	173
Consumption	736	739	738	755
Carry Over Stock	248	270	265	270

Source: International Grains Council (IGC)

- IGC has forecasted global wheat production to be 763 MMT for 2019-20. According to estimate by IGC for 2018-19, global wheat production was around 733 MMT against 761 MMT for 2017-18. The forecast for global production is higher by 30 MMT compared to estimate for 2018-19. IGC has projected higher production for 2019-20.
- Trade forecast for 2019-20 has been increased to 173 MMT. It is 3 MMT higher compared to estimate for last year and equal compared to 2017-18.
- Consumption has been increased to 755 MMT for 2019-20. The forecast is higher by 17 MMT compared to 2018-19.
- Carryout for 2019-20 is forecast at 270 MMT compared to estimate of 265 MMT last year. It is higher by around 22 MMT compared to 2016-17.

3. India's Wheat Area and Production during 2007-08 to 2018-19



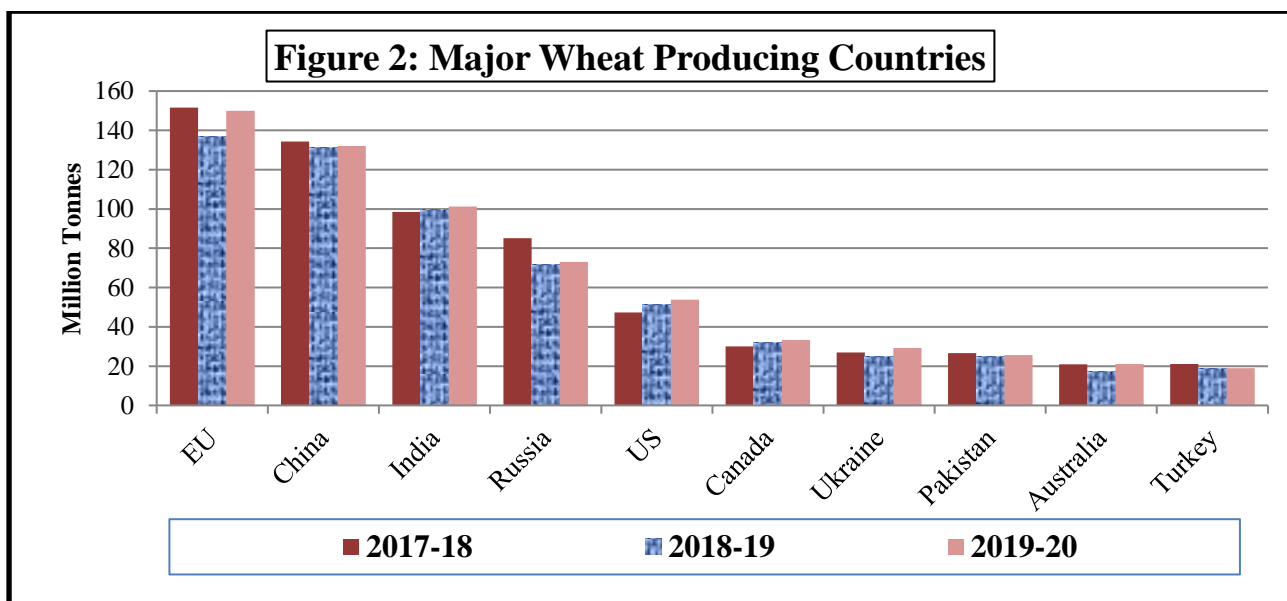
Source: Directorate of Economics & Statistics

*Final Estimate

**4th Advance Estimate Released on 19.08.2019

- India's wheat production has increased at CAGR of 2.38 percent in last 10 years.
- Area under wheat cultivation has also increased at CAGR of 0.42 percent in last 10 years.

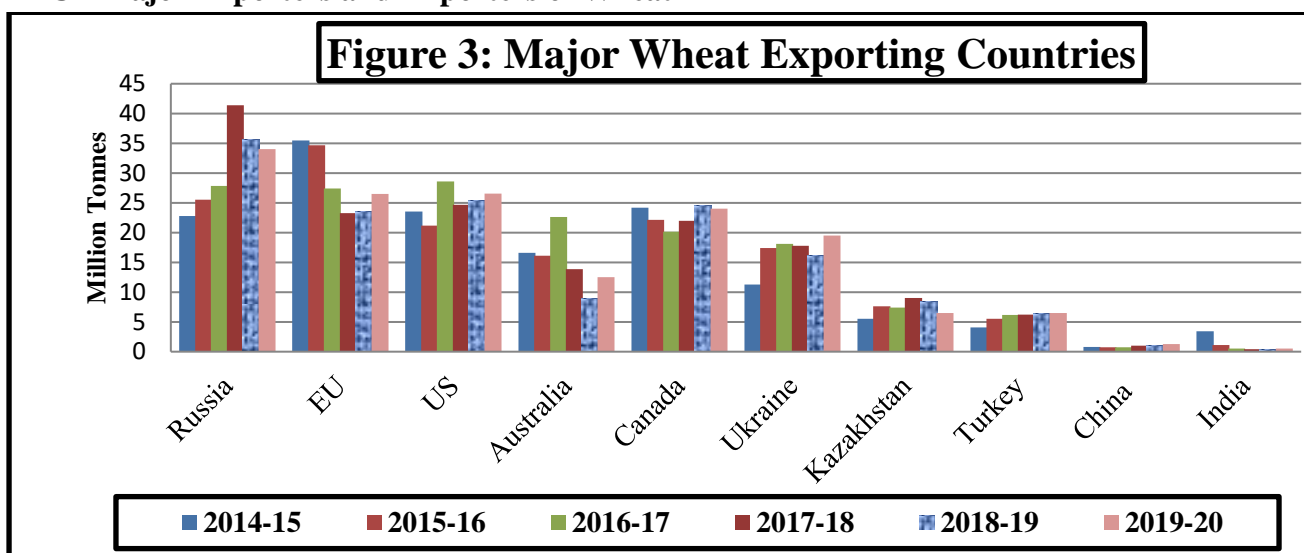
4. Global Production



Source: United States Department of Agriculture Database.

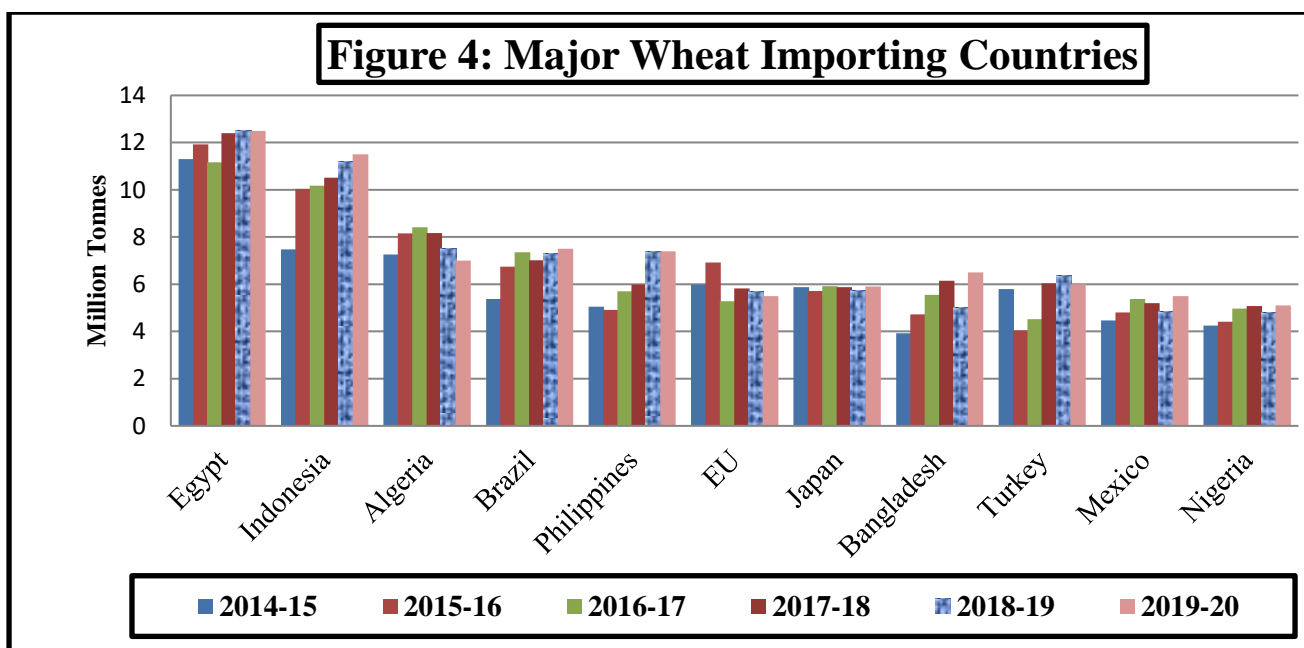
- In terms of country, China is the leading producer of wheat in the world followed by India.
- India's share in global wheat production was recorded at 13.18 percent in the year 2019-20.

5. Major Exporters and Importers of Wheat



Source: United States Department of Agriculture Database.

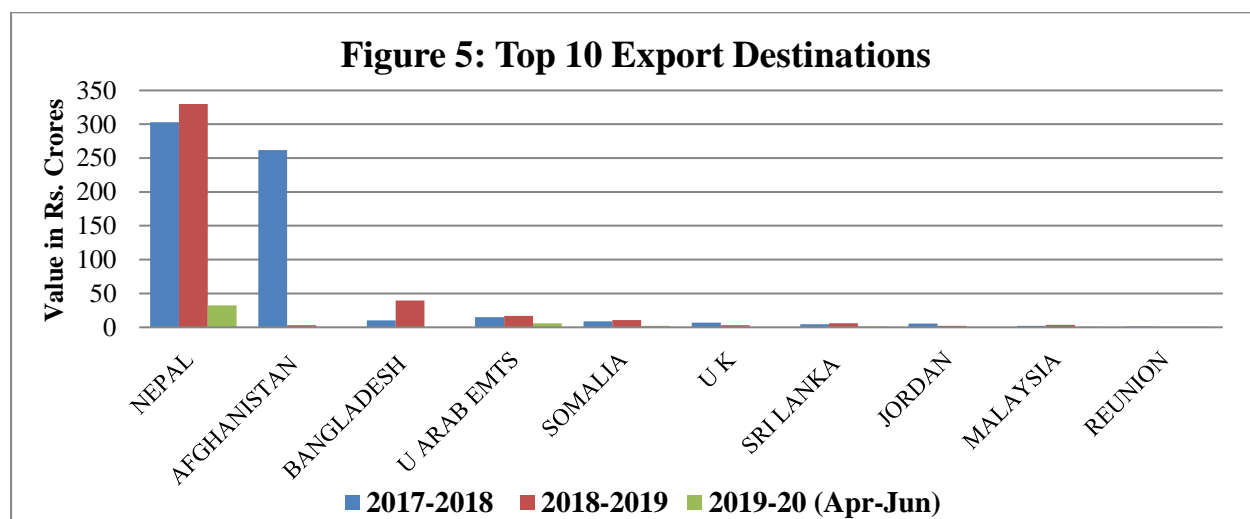
- Russia is expected to lead in wheat exports in 2019-20 followed by European Union and United States.
- India's share in global exports is expected to be around 0.27 percent in the year 2018-19. India's share will be low as other countries are able to export wheat at lower price.



Source: United States Department of Agriculture Database.

- As shown in the Figure 4, Egypt is expected to remain the largest wheat importing country in the world followed by Indonesia, Brazil and Philippines in 2019-20.
- India's wheat import will remain very low in 2019-20 due to ample availability in domestic market.

6. India's Top 10 Export Destinations



Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S)

- In 2018-19, India's major export destinations were Nepal, Bangladesh, UAE and Somalia.

7. Trade flow for Wheat

(Quantity in Million MT; Value in Rs. Crores)

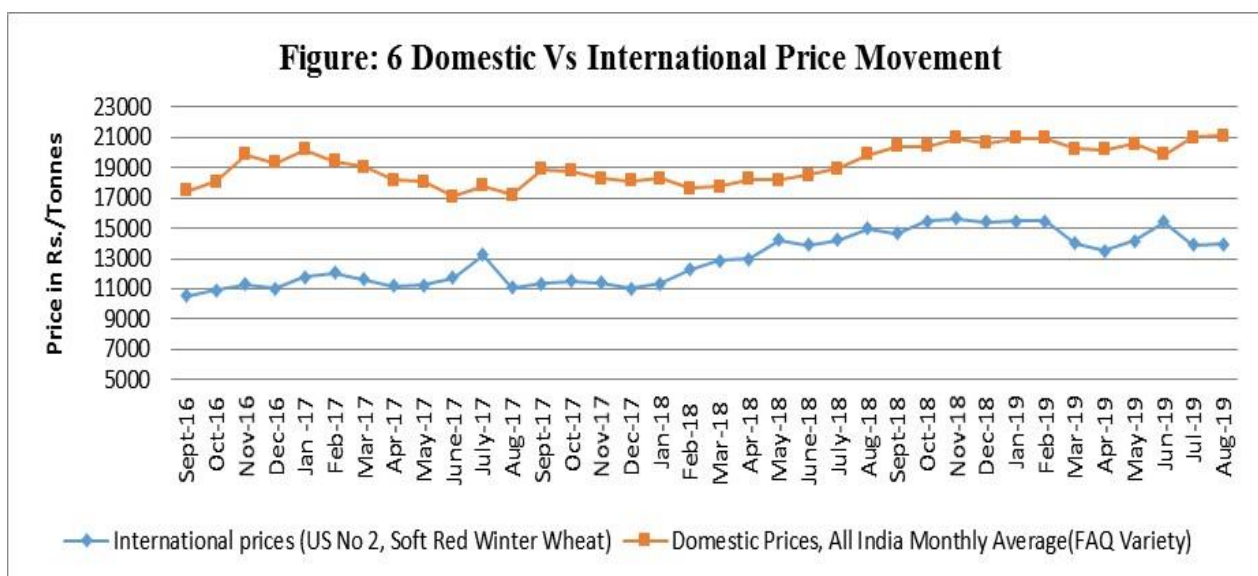
Table 3: India's Wheat Trade During 2013-14 to 2019-20

Year	Export		Import	
	Quantity	Value	Quantity	Value
2014-15	2.92	4991.84	0.03	58.74
2015-16	0.67	1061.77	0.52	870
2016-17	0.27	447.85	5.75	8509.05
2017-18	0.32	624.37	1.65	2357.84
2018-19	0.23	424.95	0.003	5.44
2019-20 (April-Jul)	0.07	126.25	0.001	1.45

Source: Department of Commerce

- India's wheat export in 2018-19 has decreased by 28.13% over the corresponding period of the previous
- On the export front, India's export in 2018-19 are likely to remain at the lower side as other countries such as Russia, Ukraine, Australia, etc are able to provide wheat at lower prices.
- India's imported quantity of wheat in 2018-19 has declined by 99.82% over the corresponding period of the previous year 2017-18.
- On the import front, India is not likely to import wheat in bulk for 2018-19 due to abundant availability in the domestic market.

8. Domestic and International Price Movement



Source: Agmarknet Database (for Domestic Price); FAO database (for international Prices)

- Domestic prices have been higher than that of International prices since July 2016 onwards.

9. Minimum Support Price (MSP)

(Prices in Rs/Quintal)

Table – 4: The MSP of Wheat for the last 5 years

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Wheat	1450	1525	1625	1735	1840

Source: Commission for Agricultural Costs and Prices (CACP)

- A secular increase of Minimum Support Price (MSP) for wheat is recorded. This figure has increased by 26.90 percent in the last 5 years.

10.1 Wheat Arrivals in Major Domestic Mandis

(Quantity in '000 tonnes)

Table 5- Wheat arrivals in Major Domestic Mandis

	Arrivals April-July 2019-20 (Cumulative)	Arrivals April-June 2019-20 (Cumulative)	Arrivals April-July 2018-19 (Cumulative)	% Change(Over Previous Month)	% Change(Over Previous Year)
Kanpur	15778	13320	9333	18.45	69.06
Mathura	1693	1623	15804	4.35	-89.29
Bhopal	4870	4668	6540	4.31	-25.54
Indore	10514	9243	15414	13.74	-31.79
Khanna	3159	3159	1726	0.00	83.02
Nagpur	443	368	673	20.21	-34.25
Jalana	54	44	237	22.80	-77.05

Source: AGMARKNET and Agriwatch

- Wheat cumulative arrivals in Apr-July 2019-20 were highest in Kanpur followed by Indore
- Cumulative arrivals in all the mandis have decreased during April-July 2019-20 except Khanna and Kanpur compared to arrivals in Apr-July 2018-19.

10.2 Domestic Price Movement in Major Mandis

(In Rs/Quintal)

Name of market	Prices Aug, 2019	Prices Jul, 2019	Prices Aug, 2018	% Change(Over Previous Month)	% Change(Over Previous Year)
Kanpur	1927	1867	1819	3.20	5.94
Mathura	1891	1860	1814	1.64	4.23
Bhopal	2084	2055	2681	1.41	-22.25
Indore	2074	1970	2055	5.27	0.90
Khanna	NA	NA	NA	NA	NA
Nagpur	2282	2302	2272	-0.90	0.41
Jalana	2091	1969	1985	6.18	5.34

Source: AGMARKNET and Agriwatch database, NA: Not Available.

- So far percentage change of wheat prices in major domestic mandis in July 2019 over July 2018 is concerned; all mandis have shown a positive growth except Bhopal.

11. Futures prices of wheat

(Unit in USD/Ton)

Contract Month	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	18-Sep-19	11-Sep-19	19-Aug-19	18-Jun-19	18-Mar-19	18-Sep-18	
Dec-19	179.84	175.43	173.60	200.88	178.83	209.42	-14.12
Mar-20	182.14	177.82	176.17	205.10	183.61	213.18	-14.56
May-20	183.70	179.47	178.19	206.57	186.00	215.39	-14.71
Jul-20	185.08	180.67	179.93	206.02	186.64	213.37	-13.26
Sep-20	187.83	183.42	182.97	207.95	189.21	215.66	-12.90
Dec-20	192.52	188.20	187.28	211.90	193.16	219.80	-12.41

Source: Chicago Board of Trade (CBOT)

- Future price for wheat is has decreased over the previous year as shown in the Table 7.
- CBOT prices are lower compared to previous year as U.S. is expecting a good crop amid abundant global supplies.

12. Trade Policy

12.1 Export Policy: Export of wheat is free under the extant export policy of Government of India.

Table 8: Export Policy			
EXIM Code	Item Description	Policy	Export Policy
1001	WHEAT AND MESLIN		
10011100	Seed	Restricted	Free
10011900	Other	Import allowed through FCI subject to Para 2.11 of FTP and Import subject to Policy Condition (4) below.	Free
10019100	Seed	Restricted	Free
100199	Other:		Free
10019910	Wheat	Import allowed through FCI subject to Para 2.11 of FTP and Import subject to Policy Condition (4) below.	Free
10019920	Meslin	Import allowed through FCI subject to Para 2.11 of FTP.	Free

12.2 Import Policy: Import of seeds is restricted. Whereas, import of wheat for human consumption is permitted through State Trading Enterprises

Table 9: Import Policy					
HS code	Item description	Import policy	Standard Duty	Bound Duty	Applied duty
10011100	Durum wheat: Of seed quality	Restricted	100	100	50%
10011900	Other Durum wheat	Free*	100	100	40%**
10019100	Other: Wheat of seed quality	Restricted	100	100	50%
10019910	Other wheat	Free*	100	100	40% **
10019920	Meslin	State Trading Enterprises	100	100	40%

Source: Directorate General of Foreign Trade (DGFT), Department of Revenue, and World Trade Organization (WTO) database.

*Import of wheat (HS code- 10011900 and 10019910) made free till further order vide DGFT's Notification No.35 Dated 8th October 2007

Import duty on wheat has been reduced from 25% to 10% vide Notification No. 51/2016-Customs dated 23rd September, 2016. The Import duty on wheat was brought down to Zero vide Notification No. 60/2016-Customs dated 8th December, 2016.

Import duty on Wheat has been increased from Zero to 10% vide Notification No. 10/2017-Customs dt 28th March, 2017. Recently, Import duty on Wheat has been increased from 10% to 20% vide Notification No. 84/2017-Customs dated 8th Nov, 2017.

Import duty on Wheat has been increased from 20% to 30% vide Notification No. 46/2018-Customs dated 23rd May, 2018.

**Import duty on Wheat has been increased from 30% to 40% vide Notification No. 13/2019-Customs dt 26th April, 2019.

13. Significant Changes for the Month: NIL.

Disclaimer: The information and opinions contained in the document have been compiled from various sources believed to be reliable. This Department will not be liable for any losses and damages in connection with the uses of the information provided in the commodity profile.