

Commodity Profile of Wheat for May 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	April, 2019	Source
8.06	13.23~	Opening Stock in Central Pool	16.99^	DoFPD
99.70**	99.12	Production	N.A	DES
1.65	0.00*	Total Imports	0.00	DoC
109.41	112.35	Availability	-	
0.23	0.14*	Total Export	0.06	DoC
13.23~	16.99~	Ending Stock in Central Pool	32.14^	DoFPD
95.95	95.22	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 (DoAC).

**As per 4th Advance estimates for 2017-18 released on 28.08.2018. Availability: opening stock in central pool plus production plus Imports; Total Availability for Domestic Consumption: Availability minus total export plus ending stock in central pool.

For preparing estimates of 2018-19, Production is 2nd Advance estimates for 2018-19 released on 28.02.2019 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 month of April - Dec, 2018-19.

~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 01st April, 2019 is 16.99 million MT against 13.23 million MT in the corresponding period of last year. Ending stock of 32.14 MMT (01st May' 19) is average of is average of last three years.

2. Wheat estimates for the World

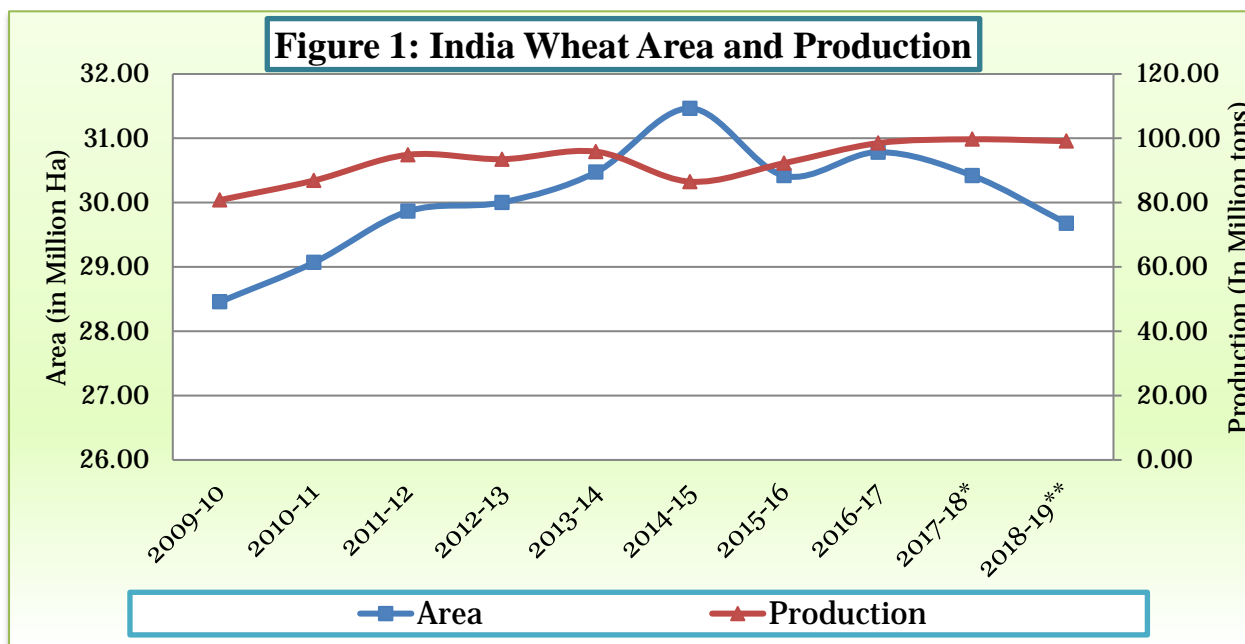
(Quantity in Million Metric Tonnes)

Particular/Year	2017-18 (Estimate)	2018-19 (Forecast)	2019-20 (Projected)
Production	763	735	762
Trade	176	172	174
Consumption	740	741	752
Carry Over Stock	271	264	274

Source: International Grains Council (IGC)

- IGC has forecasted global wheat production to be 762 MMT for 2019-20. According to forecast by IGC for 2018-19, global wheat production was around 735 MMT against 763 MMT for 2017-18. The forecast for global production is higher by 27 MMT compared to forecast for 2018-19. IGC has projected higher production for 2019-20.
- Consumption has been increased to 752 MMT for 2019-20. The projection is higher by 11 MMT compared to 2018-19.
- Carryout for 2019-20 is projected at 274 MMT compared to forecast of 264 MMT last year. It is higher by around 3 MMT compared to 2017-18.
- Higher global production and carryover stock will keep wheat prices under pressure.

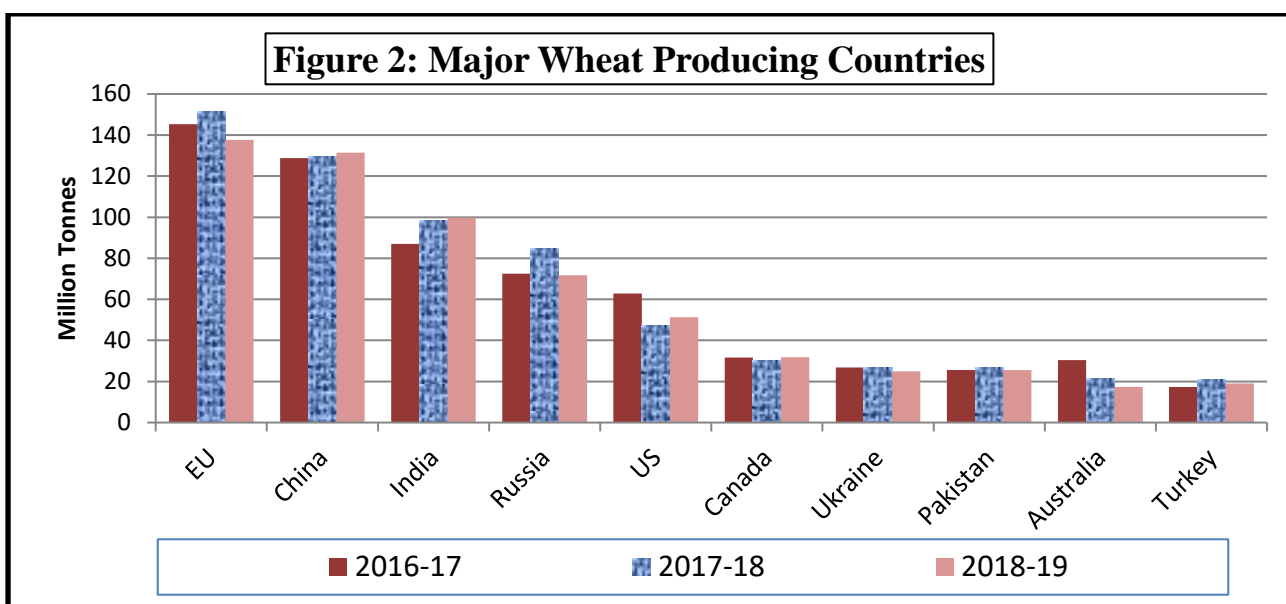
3. India's Wheat Area and Production during 2007-08 to 2017-18



Source: Directorate of Economics & Statistics
 *4th Advance Estimate Released on 28.08.2018
 **2nd Advance Estimate Released on 28.02.2019

- India's wheat production has increased at CAGR of 2.06 percent in last 10 years.
- Area under wheat cultivation has also increased at CAGR of 0.42 percent in last 10 years.

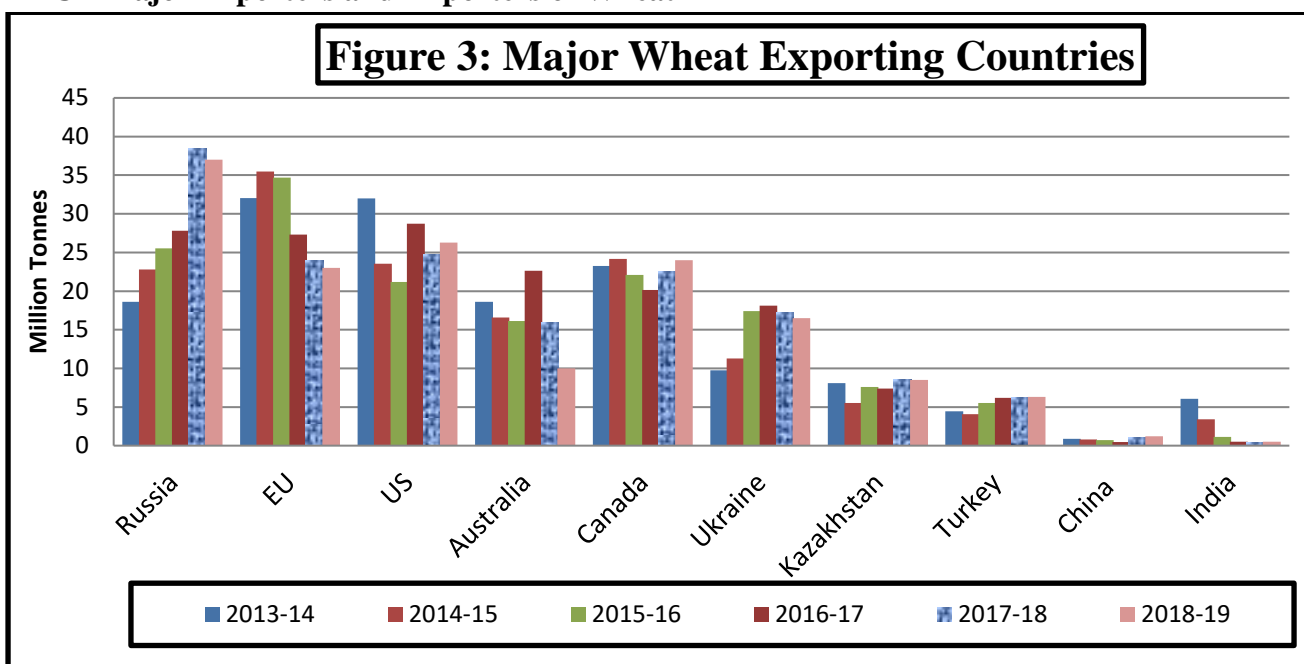
4. Global Production



Source: United States Department of Agriculture Database.

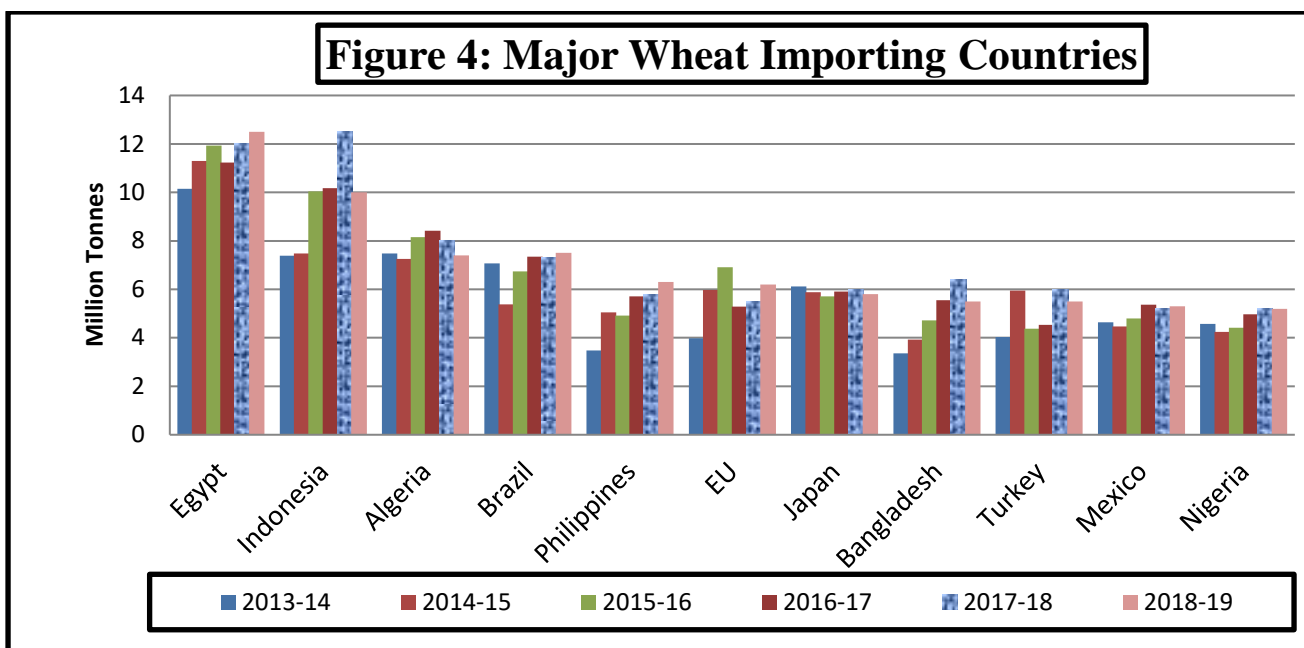
- In terms of country, China is the leading producer of wheat in the world followed by India.
- India's share in global wheat production was recorded at 13.60 percent in the year 2018-19.

5. Major Exporters and Importers of Wheat



Source: United States Department of Agriculture Database.

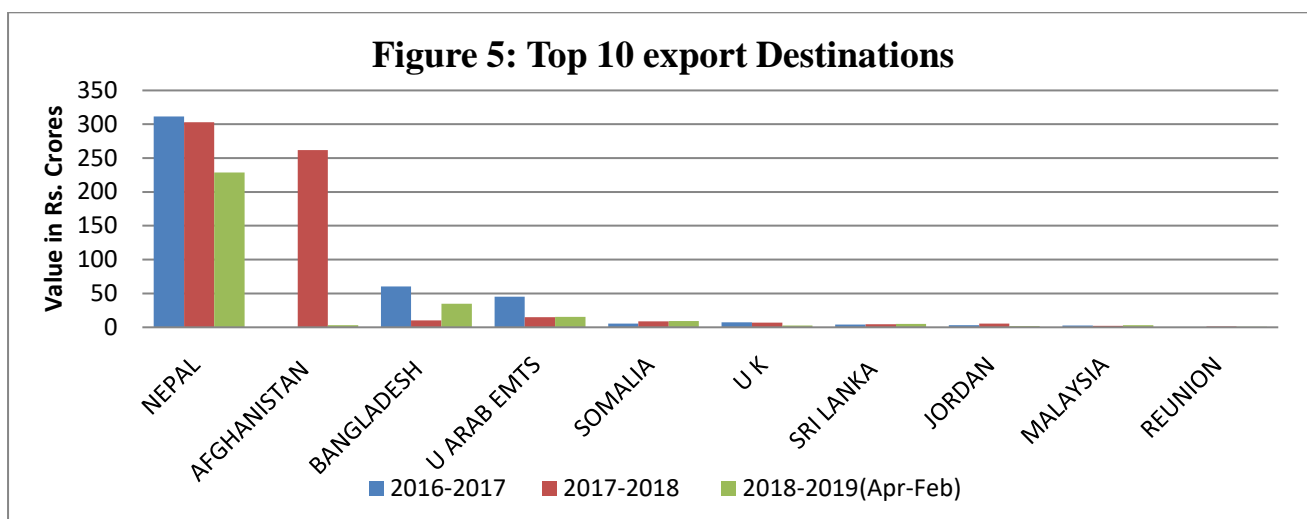
- Russia was the leading wheat exporting country in the world followed by EU and US in 2018-19.
- India's share in global exports was around 0.28 percent in the year 2018-19.



Source: United States Department of Agriculture Database.

- As shown in the Figure 4, Egypt is the largest importing country in the world followed by Indonesia, Algeria and Brazil in 2018-19.

6. India's Top 10 Export Destinations



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

- In 2017-18, India's major export destinations were Nepal, Afghanistan, UAE and Bangladesh.

7. Trade flow for Wheat

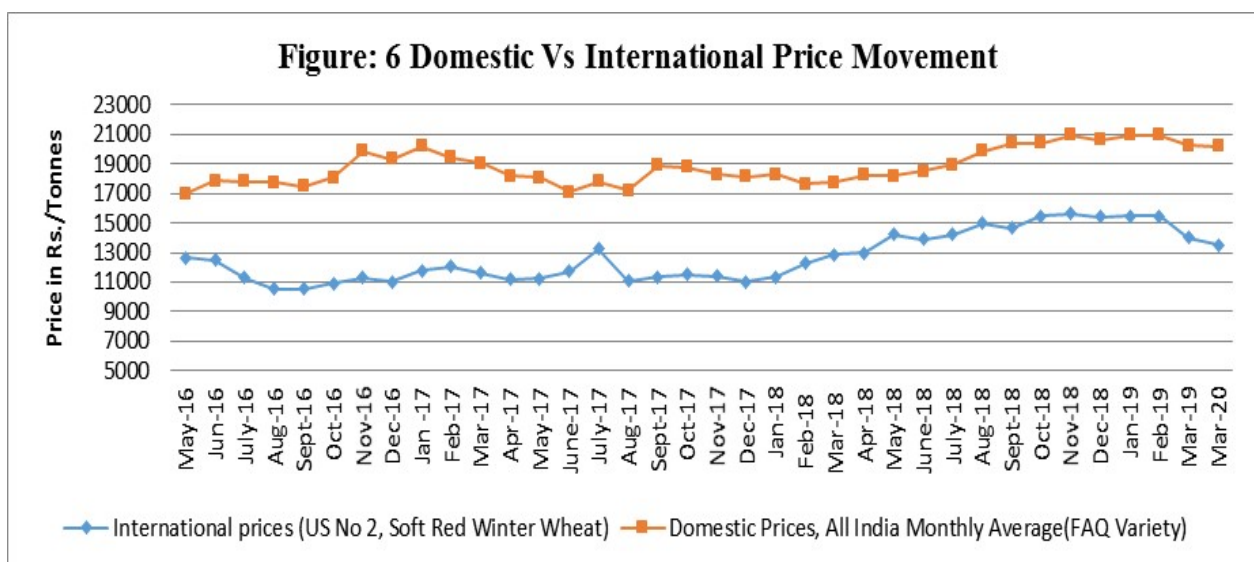
(Quantity in million MT; Value in Rs. Crores)

Year	Export		Import	
	Quantity	Value	Quantity	Value
2013-14	5.56	9261.61	0.01	26.92
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	0.18	369.17	0.0027	5.44

Source: Depart. Of Commerce

- India's wheat export in 2017-18 has increased by 18.50% 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 2017-18 has declined by 71.31% over the corresponding period of the previous year 2016-17.
- 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: Agmark database (for Domestic Price); FAO database (for international Prices)

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

9. Minimum Support Price (MSP)

(Prices in Rs/Quintal)

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 26.89 percent in the last 5 years.

10.1 Wheat Arrivals in Major Domestic Mandis

(Quantity in '000 tons)

	Arrivals April 2019-20	Arrivals March 2018-19	Arrivals April 2018-19	% Change(Over Previous Month)	% Change(Over Previous Year)
Kanpur	1806	678	1284	166.37	40.71
Mathura	708	36	9189	1887.36	-92.30
Bhopal	2453	1355	2456	81.03	-0.12
Indore	4956	3878	10124	27.78	-51.05
Khanna	3159	NA	1719	NA	83.76
Nagpur	201	117	359	72.30	-44.07
Jalana	12	28	113	-57.35	-89.50

Source: AGMARKNET and Agriwatch

- Wheat arrival in major Mandis shows that Indore was leading in April 2019-20 and April 2018-19 as well.
- Arrivals in all the mandis have increased during April 2019-20 except Jalana compared to arrivals in March 2018-19.

10.2 Domestic Price Movement in Major Mandis

(in Rs/Quintal)

Name of market	Prices April, 2019	Prices March, 2019	Prices April, 2018	% Change(Over Previous Month)	% Change(Over Previous Year)
Kanpur	1871	1969	1665	-5.00	12.34
Mathura	1840	1962	1733	-6.21	6.17
Bhopal	2166	2101	2284	3.07	-5.18
Indore	1899	1949	1790	-2.56	6.09
Khanna	1840	NR	1734	NA	6.14
Nagpur	2105	2234	2126	-5.77	-0.97
Jalana	1996	1963	1655	1.68	20.58

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

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

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
	16-May-19	9-May-19	16-Apr-19	15-Feb-19	16-Nov-18	16-May-18	
Jul-19	171.58	157.80	164.78	187.10	195.00	206.85	-17.05
Sep-19	173.96	161.10	167.72	190.50	198.86	208.68	-16.64
Dec-19	178.65	166.34	174.24	195.64	204.18	212.08	-15.76
Mar-20	183.24	171.76	180.58	199.59	208.50	214.38	-14.52
May-20	185.81	175.34	184.34	201.70	211.16	214.29	-13.29
Jul-20	185.90	176.44	185.63	200.88	210.06	211.62	-12.15

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	
1001	WHEAT AND MESLIN		Export Policy
1001 11 00	Seed	Restricted	Free
1001 19 00	Other	Import allowed through FCI subject to Para 2.11 of FTP and Import subject to Policy Condition (4) below.	Free
1001 91 00	Seed	Restricted	Free
1001 99	Other:		Free
1001 99 10	Wheat	Import allowed through FCI subject to Para 2.11 of FTP and Import subject to Policy Condition (4) below.	Free
1001 99 20	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 dt 23rd September, 2016. The Import duty on wheat was brought down to Zero vide Notification No. 60/2016-Customs dt 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 dt 8th Nov, 2017.

Import duty on Wheat has been increased from 20% to 30% vide Notification No. 46/2018-Customs dt 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.

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