

**XV Black Sea Grains
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**Asian Outlook for Grains
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Five critical drivers of world commodities market

- **Economic growth**
- **Geopolitics**
- **Monetary policy**
- **Currency**
- **Weather**

ASIA

- China, India, Pakistan, Bangladesh, Indonesia, Thailand, the Philippines, others
- Home to 40% of world population
- China and India - world's largest producers and consumers of wheat
- India – world's largest producer, importer and consumer of pulses

World Wheat Market

Fundamentals (million tons)

• Year	2015-16	2016-17	2017-18	2018-19
Output	737	754	758	741
-China	130	129	130	
-India*	92	98	97	
-Pakistan	25	26	27	
Use	720	738	742	744
-China	112	118	117	
-India*	89	97	98	
-Pakistan	24	24	25	

World Wheat Market

Fundamentals (million tons)

- | Year | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------------|------------|------------|------------|------------|
| Import | 166 | 176 | 174 | 179 |
| -China | 3 | 5 | 4 | |
| -India | 1 | 6 | 2 | |
| -Pakistan | neg | neg | neg | |
| Stocks | 224 | 240 | 256 | 253 |

India – the big story

- Production for 2017-18 somewhat overstated at 97.1 ml t
- Lower at 92-93 ml t; further reduced due rains last week
- Agencies ignore huge government held stocks when estimating domestic consumption

India: Wheat Production and Procurement (million tons)

- | Year | Harvest | Procurement |
|---------|---------|-------------|
| 2015-16 | 92 | 23 |
| 2016-17 | 98 | 31 |
| 2017-18 | 97 | 32 (t) |

Government holds large stocks of wheat and rice for welfare programs across India

Currently, 20% duty on import

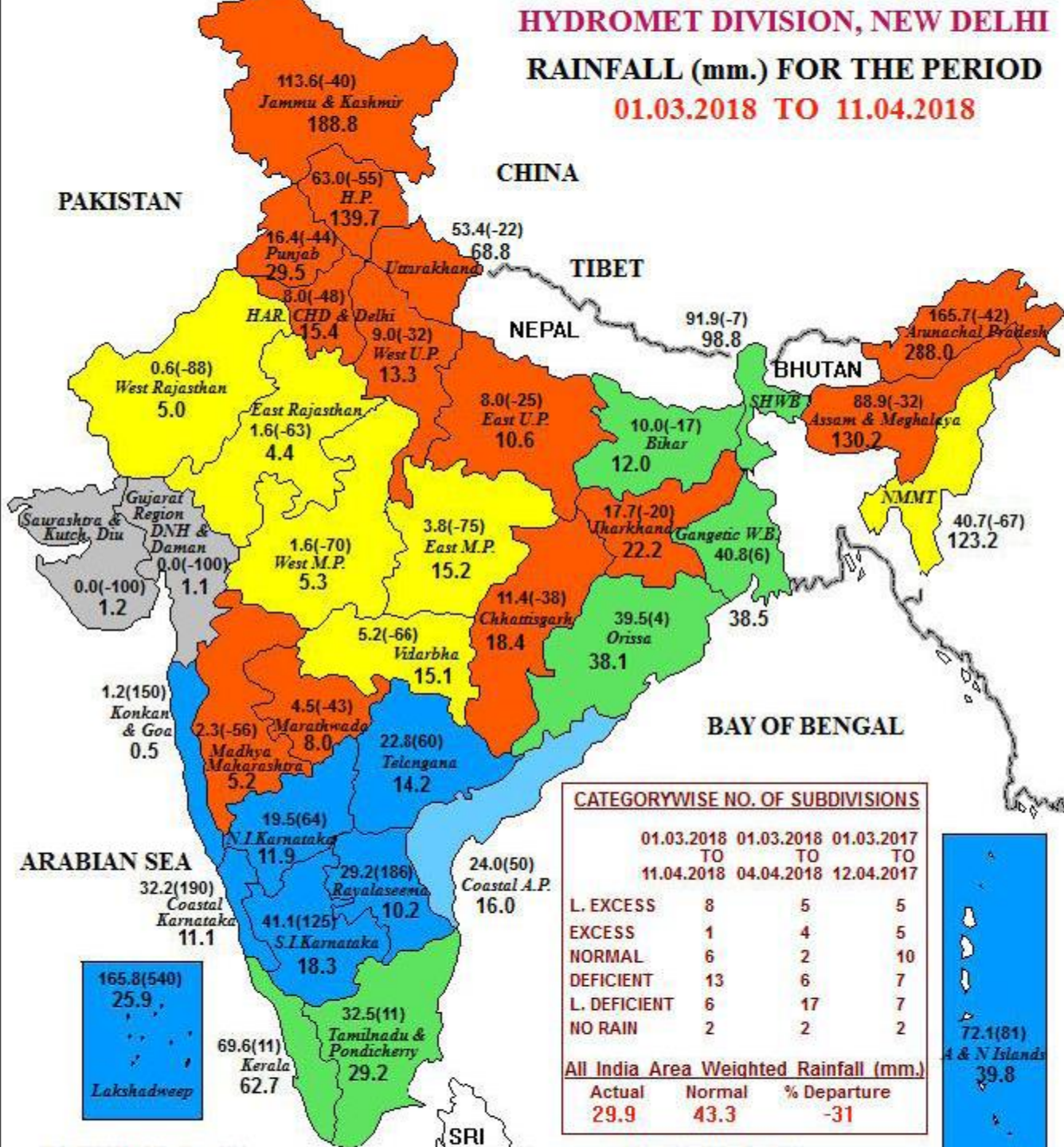
Farm-gate prices close to procurement price

Long-term effect of GW/CC

HYDROMET DIVISION, NEW DELHI

RAINFALL (mm.) FOR THE PERIOD

01.03.2018 TO 11.04.2018



CATEGORYWISE NO. OF SUBDIVISIONS

	01.03.2018 TO 11.04.2018	01.03.2018 TO 04.04.2018	01.03.2017 TO 12.04.2017
L. EXCESS	8	5	5
EXCESS	1	4	5
NORMAL	6	2	10
DEFICIENT	13	6	7
L. DEFICIENT	6	17	7
NO RAIN	2	2	2
All India Area Weighted Rainfall (mm.)			
Actual	29.9	Normal	43.3
		% Departure	-31



Pulses

- India: world's largest acreage, production, processing, import and consumption
- South Asia: India, Bangladesh, Pakistan, Sri Lanka account for 40% of world import
- Huge appetite for consumption

India - the epicenter of pulses

- Production expanded last 2 years; Huge inventory build up; Demand growth sluggish; Farm-gate prices below MSP; Growers angry; Government forced to impose QRs and tariffs on import; may take up to 6 months for market to balance

India: Production + Import

(million tons)

- | Year | 2015-16 | 2016-17 | 2017-18 |
|---------|---------|---------|---------|
| Harvest | 16.4 | 23.1 | 24.0 |
| Import | 5.9 | 6.6 | 5.0 |
- India's capacity to absorb large volume suspect
- India far from self-sufficient; Agriculture vulnerable; world trade destabilized by kneejerk reaction; suppliers alienated;

Thank You

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