Wheat Weekly Research Report
24th Aug-2020

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India weekly average prices increased by 8.09 percent YoY to Rs. 1923.85 per quintal during the week ended 22nd Aug 2020. Wheat average prices were ruling at Rs 2078.51 per quintal during 24thJune-31st Aug 2019. Prices may go down despite festive season as supply is expected to increase from the central pool at discounted prices. However, free distribution of wheat till Nov would prevent the market from rising significantly.

Under PMGKA Plan-2, Rajasthan has been allocated a total of 11.15 LMT wheat for 5 months 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

In Gujarat 6.00 lakh tonnes of wheat have been transferred to the Gujarat State Government, Daman & Diu Administration and Dadra & Nagar Haveli Administration for free distribution among the beneficiaries under PMGKAY.

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.

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. Arrivals were pegged at 3,000 bags (1 bag = 100 kg), up from 2,000 bags on Wednesday. Prices of wheat in the key spot market of Jaipur, too, fell due to a fall in demand and increased arrivals. Arrivals were pegged at 4,000 bags as against 3,000 bags on Wednesday.

Indian FoB quote is hovering around $236.03 per tonne while Russia, Ukraine, France, US and Australia are offering wheat at $199.29, $200.50, Euro 185.88, $229.90 and $229.28 per tonne respectively. There is little hope for recovery on the export front this year. However, India is expected to import around up to 4 thousand tonnes in MY 2019-20.

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 this year. FCI currently has 558.25 MMT wheat in central pool stock in June. Which is higher by 35.92% compare to May. July fig. is awaited

India has exported 41,533 tonne wheat in the month of July'20, in June the export was 38,637 tonne.

Previous Updates

Wheat WPI has decreased from 159.8 in May-2020 to 158.6 in June-2020. Monthly wheat inflation has declined by 0.75 percent in June-2020 compared to previous month. As compared to June-2019 wheat WPI has increased by around 5.17 percent.

Outlook & Recommendation:

Wheat cash market is expected to trade steady to firm in the coming week.

Trade Call:

Stakeholders should trade in September contract taking care of lower and upper price tag of Rs. 1830 & 1845 respectively.

AGRIWATCH

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Wheat Weekly Export

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Week on Week Exports	Quantity in MT	Average FoB ($/T)
01-07 July -2020	10768.28	19921.43
08-14 July -2020	9566.67	14493.93
15-21 July -2020	7213.42	8615.59
22-31 July -2020	12587.55	12767.14
Total	**40135.93**	**13613.67**

Source: Trade

Wheat Import

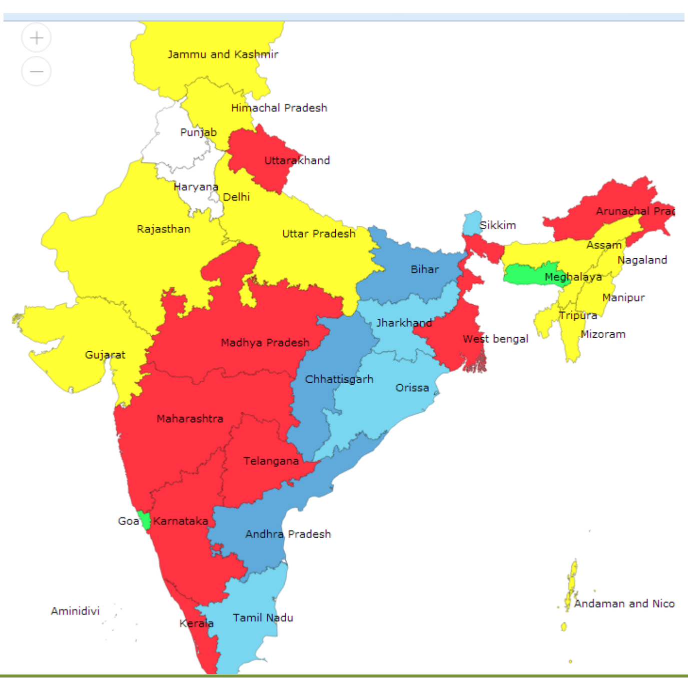
Date	Foreign Country	Port	Quantity in MT
July-2020	Australia, UK	Tuticorin	0
	Total		0

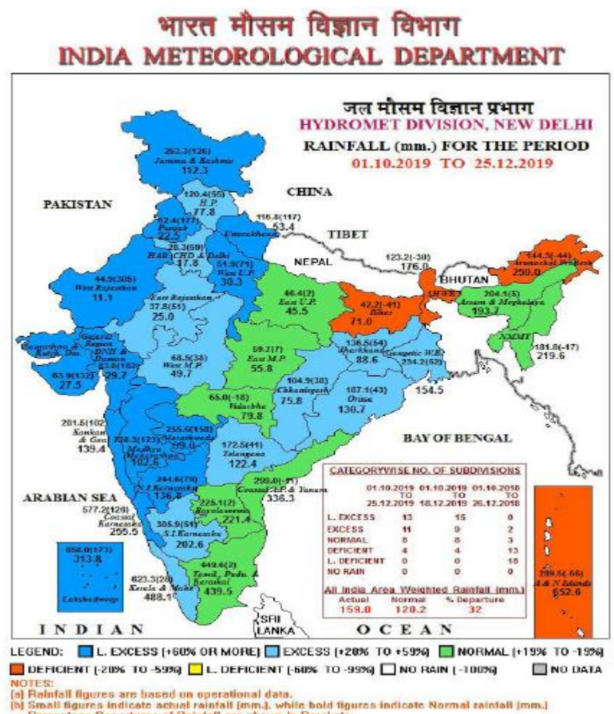
Source: Traders

Note: No Imports in the month of July.

Monsoon

Weekly Cumulative rainfall:





Source: IMD

Wheat Weekly Average Price Chart

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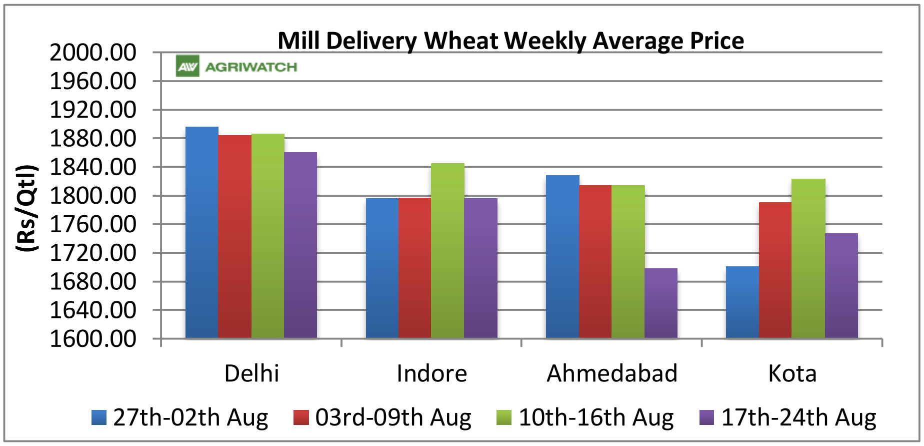
Average mill delivery prices of Wheat remained low, during 17th Aug – 24th Aug 2020as compared to last week. All markets showed bearish movement in prices and are likely to trade steady to slightly firm in upcoming weeks. Free distribution of wheat till Nov would keep the market moving range bound. Official procurement of the wheat has already been completed. The government has procured 38.98 MMT of wheat this season.



Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	**Operational Stock**			**Strategic Reserve**		
As on	**Rice**	**Wheat**	**Total**	**Rice**	**Wheat**	**Grand Total**
1st April	115.80	44.60	160.40	20.00	30.00	210.40
1st July	115.40	245.80	361.20	20.00	30.00	411.20
1st October	82.50	175.20	257.70	20.00	30.00	307.70
1st January	56.10	108.00	164.10	20.00	30.00	214.10
Buffer Norms w.e.f. 01.07.2017						

Procurement RMS 2019-20

State/UTs	**Procurement as on 10th Aug-2020 (Figures in LMT)**		
	FCI (A)	**State Agency (B)**	**Total (A+B)**
Punjab	14.19	112.93	127.12
Haryana	6.70	67.28	73.98
Uttar Pradesh	1.34	34.19	35.77
Madhya Pradesh	0.00	129.35	129.35
Bihar	0.00	0.05	0.05
Rajasthan	16.27	5.93	22.20
Others	0.15	1.15	1.29
All-India	**38.66**	**351.15**	**389.81**

FOB Quote for Wheat at Kandla

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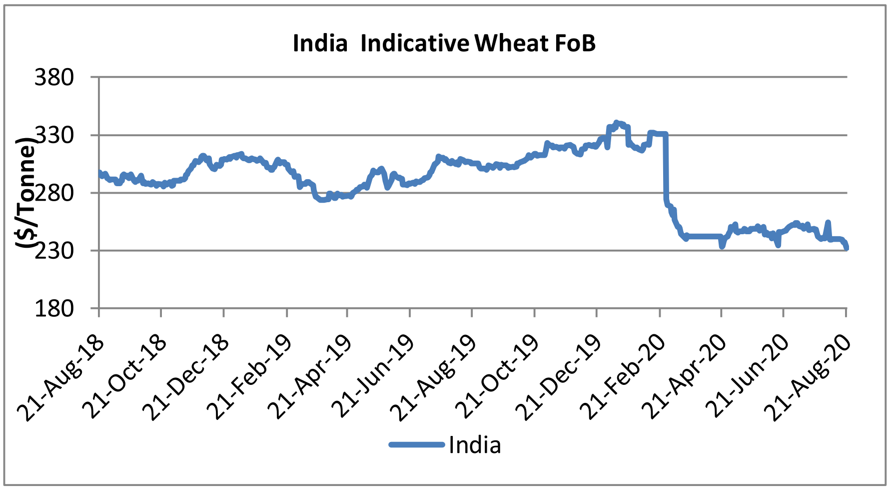
Wheat FoB quote in India noticed steady tone in the past week. The demand for Indian wheat in the international market is low. Export window remains restricted due to disparity.

Wheat FoB quotes for Kandla are likely to witness steady to firm tone in the coming weeks and likely to hover in the range of $230-$250 per tonne. Furthermore, other countries such as Russia, Ukraine and Australia are offering wheat at lower prices compared to India which has also reduced demand for Indian wheat in international market.



Indicative FOB Quotes:

Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		21-Aug-20	13-Aug-20	24-Jul-20	22-Aug-19	
USA (Chicago)	2srw	235.22	221.02	232.25	204.87	14.81
France	FCW3	220.61	216.15	220.37	183.36	20.31
Australia	ASW	231.12	226.49	231.70	202.64	14.05
Russia	SRW	201.00	199.00	206.00	184.00	9.24
India	Fob	232.19	Closed	242.32	Closed	NA

	21/08/2020	14/08/2020	07/08/2020	03/08/2020
Black Sea Mill Wheat 12.5% FOB Pmax. ($/T)	199	196.50	204	207
Black Sea Mill Wheat 11.5% FOB Pmax. ($/T)	198	195.50	202.50	204.50

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price **Date: 24.08.2020**

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
20-Aug		-	-	-	1803				
20-Sep		-	-	-	1809				
20-Oct		-	-	-	1815				

Wheat Technical Analysis:

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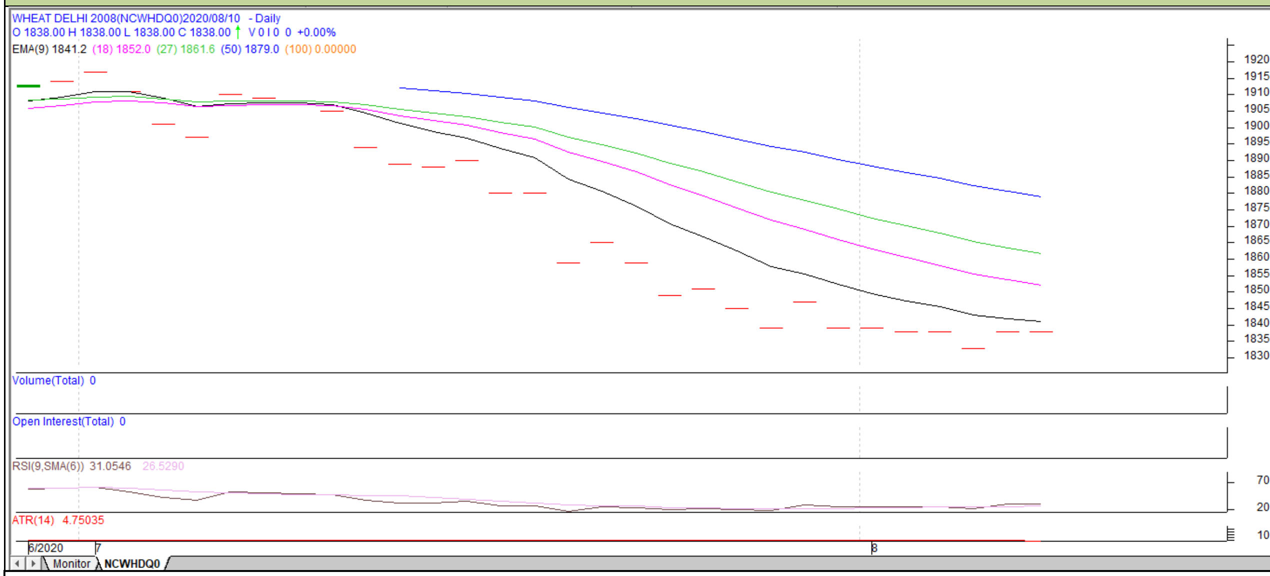
Wheat- Technical outlook	**Contract Expiry: 20th August, 2019**



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 on rise.**

Intraday Supports & Resistances			**S1**	**S2**	**PCP**	**R1**	**R2**
Wheat	NCDEX	Aug	1868	1833	1893	1942	1847
Pre-Market Intraday Trade Call*			**Call**	**Entry**	**T1**	**T2**	**SL**
Wheat	NCDEX	Aug	**SELL**	1893	1919	1932	1878

*Do not carry forward the position until the next day.

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery centers					
NCDEX SPOT	**Today**	**Week Ago**	**Month Ago**	**Year Ago**	**% Change over prev. Year**
	21-Aug-20	**14-Aug-20**	**22-Jul-20**	**22-Aug-19**	
Indore	1727	1795	1800	2107	**-18.04**
Bareilly	NA	NA	NA	0	-
Delhi	1849	1876	1925	2150	**-14.00**
Khanna	NA	NA	NA	0	-
Kanpur	1727	1766	NA	2065	**-16.37**
Karnal	NA	NA	NA	0	-
Rajkot	1737	NA	1800	0	**NA**
Kota	1797	1837	1852	2050	**-12.34**

Domestic Market Weekly Outlook:

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Wheat market is expected to notice steady –bound to firm tone as the procurement of the new crop is officially completed.

Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			22-Aug-20	21-Aug-20	17-Aug-20	24-Jul-20	23-Aug-19
Delhi	Lawrence Road	Mill Delivery	1820	1860	1875	1925	2140
	Narella	Mill Quality Loose	1740	1730	1760	1770	2050
	Nazafgarh	Mill Quality Loose	1700	1700	1720	1725	2030
Gujarat	Rajkot	Mill Delivery	1680	1675	1725	1750	Closed
	Ahmedabad	Mill Delivery	1750	1740	1780	1825	Closed
	Surat	Mill Delivery	1790	1780	1820	1890	Closed
	Dhrol	Mill Delivery	1585	1605	1625	1695	0
M.P.	Indore	Mill Delivery	1800	1800	1830	1775	Closed
	Bhopal	Mill Quality Loose	1650	1650	1700	1700	Closed
Rajasthan	Kota	Mill Quality Loose	Closed	1650	1660	1710	1950
		Mill Delivery	Closed	1750	1750	1835	2070
U.P.	Kanpur	Mill Delivery	Closed	1775	1750	Closed	Closed
	Mathura	Mill Quality Loose	Closed	1650	1680	1750	Closed
	Kosi	Mill Quality Loose	Closed	1790	1800	1830	1980
	Hathras	Mill Quality Loose	Closed	1660	1680	1700	1920
	Aligarh	Mill Quality Loose	Closed	1650	1680	1680	1950
Punjab	Khanna	Mill Quality Loose	1760	1780	1750	1760	Closed
	Ludhiana (Jagraon)	Mill Delivery	NA	NA	NA	NA	0
Haryana	Sirsa	Mill Delivery loose	1750	1750	1765	1780	2025
	Hodal	Mill Delivery	NA	NA	NA	NA	0
	Bhiwani	Mill Quality Loose	Closed	1700	1710	1700	2050
	Karnal	Mill Delivery	NA	NA	NA	NA	0
	Panipat	Mill Quality Loose	NA	NA	NA	NA	0
Tamil Nadu	Chennai	Mill Quality	Closed	2050	2050	2100	2450
	Madurai	Mill Quality	Closed	2150	2150	2200	2550

	Coimbatore	Mill Quality	Closed	2200	2200	2250	2600
Bihar	Khagariya	Mill Delivery	2050	2050	2050	2050	2050
	Muzaffarpur	Mill Delivery	1800	1800	1750	1800	2035

Sowing Status:

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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	NA.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	-NA.28
Punjab	35.06	35.1	35.02	35.08	NA.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	NA.20	NA.75	NA.23	NA.11	-45.00
All-India	305.58	304.29	299.68	336.18	10.01

Source: Ministry of Agriculture

International Market Update: **(*Back to Table of Contents*)**

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 523,000 metric tons (MT) for delivery in 2020/21, as of Aug. 13, were 42% more than last week's 368,000 MT and on the high end of trade expectations of 300,000 MT to 600,000 MT. Year-to-date commercial sales now total 11.1 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.

The United Nations (UN) Office for the Coordination of Humanitarian Affairs announced the World Food Programme would send 50,000 MT of wheat flour to Lebanon to stabilize the country's food supplies following last week's devastating explosion at the Port of Beirut.

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.*

Russia *Russian farmers have harvested 63.0 MMT of wheat, compared to the 53.7 MMT harvested this time last year. So far, official data from the country's Ministry of Agriculture shows the average wheat yield at 54.2 bu/acre (3.64 MT/ha), 3% greater than last year. IKAR, a Russian agriculture consultancy, increased its total Russian wheat production forecast by 1.0 MMT to 82.0 MMT, 11% greater than last year and the second- largest on record, if realized.*

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

T he U.S. Dollar Index increased slightly from last week to close at 93.20.

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IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2016-17	2017-18	2018-19 (Estimate)	2019-20 (Forecast)	
				25.06.2020	23.07.2020
Production	757	762	733	768	762
Trade	177	176	169	180	180
Consumptions	736	739	739	751	750
Carryover stocks	248	271	265	290	288
Y-O-Y change	21	22	-5	16	12
Major Export	79	83	70	65	62

- *IGC has forecast global wheat production to be 762 MMT for 2019-20, 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.*

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	21-Aug-20	15-Aug-20	24-Jul-20	16-May-20	25-Feb-20	22-Aug-19	
Sep-20	527.25	496.75	539.50	503.00	537.25	477.75	10.36
Dec-20	535.00	506.50	545.25	512.75	543.25	481.75	11.05
Mar-21	541.50	513.50	551.00	521.75	553.00	485.75	11.48
May-21	546.00	519.00	554.00	525.25	561.50	493.75	10.58
Jul-21	546.75	523.25	550.75	522.00	559.75	505.50	8.16
Sep-21	552.00	530.50	555.25	525.75	549.25	515.00	7.18

CBOT Aug-20

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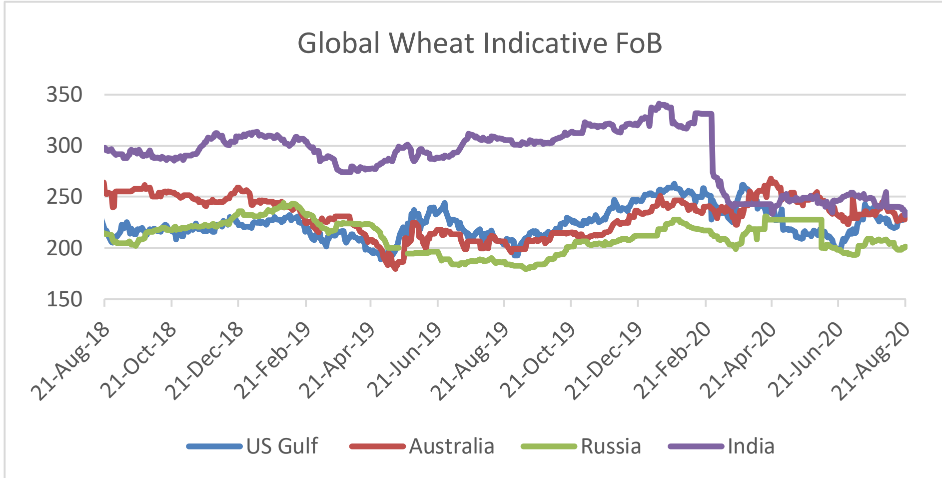
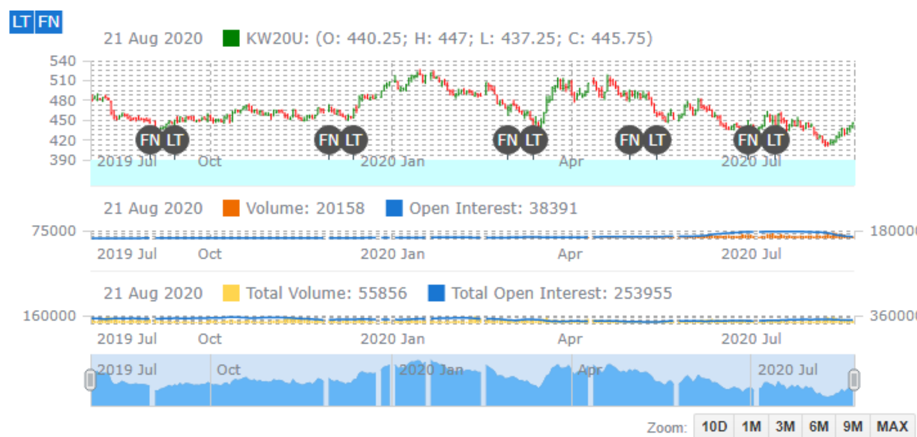


1st Support: 531.67
2nd Support: 523.83
1st Resistant: 545.67
2nd Resistant: 551.83
($ per tonne)

Wheat CBOT closed at $5.27 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 5,23,000 MT which is higher by 42% from last week. USDA expects total exports for 2019-20 to be around 26.5 MMT, higher by 1% than 2019-20. U.S. wheat commercial sales to date are 8% ahead of previous year's USDA's final export forecast. CBOT wheat prices closed lower amid profit –booking.

International FOB Weekly Price Movement

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 $224.61 - $235.86 and $226.56-$231.80 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 Weekly 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.NA 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.